

STATE OF RHODE ISLAND EXECUTIVE SUMMARY



**FISCAL YEAR 2024
BUDGET PROPOSAL**
GOVERNOR DANIEL J. MCKEE

EXECUTIVE SUMMARY



STATE OF RHODE ISLAND
OFFICE OF GOVERNOR DANIEL J. MCKEE

January 19, 2023

To the People of Rhode Island and the Honorable General Assembly:

Rhode Island is ready.

From achieving the lowest unemployment rate in our state's history to having a top-ranked economic recovery, Rhode Island has momentum and a tremendous opportunity ahead. And it is no mistake that we are heading in the right direction; it is a direct product of the persistence, community spirit, and teamwork at the State House, across our 39 cities and towns, and in households in every corner of our state. Everyone has stepped up to play a role, affording us the opportunity to build a more resilient state that works for each and every Rhode Islander.

Getting to this point required aligning on a vision for how the state would emerge from the pandemic as well as what we want the state to become in the years ahead. To chart this path forward, our Administration engaged in conversations with residents, municipal leaders, members of the General Assembly, and representatives from nonprofits to create RI 2030 – our state's master plan. This document provides a series of recommendations and goals for the issues that matter most – housing, education, health, climate change, jobs, among others.

Progress is underway toward these goals through the targeted investment of the \$1.13 billion in State Fiscal Recovery Funds in the enacted Fiscal Year 2023 budget. The State is using these once-in-a-lifetime funds to build housing, stabilize the child care workforce, support small businesses and industries that were hit hard by the pandemic, create capacity for the burgeoning offshore wind industry, and train Rhode Islanders to succeed in good-paying, resilient jobs. Our Administration is committed to the effective and efficient execution of these and other projects using State Fiscal Recovery Funds, so their positive impacts are felt as soon as possible.

My Fiscal Year 2024 budget proposal is aimed at making further progress toward our RI 2030 goals. There are three goals, in particular, that remain at the top of my mind: raising incomes for all Rhode Islanders, improving educational outcomes that meet Massachusetts' levels by 2030; and creating a healthier state where we reduce chronic illness and improve health outcomes.

Rising prices at checkout aisle and gas pump have placed undue stress on Rhode Islanders. Families and households have had to confront difficult financial decisions because their dollar does not stretch as far

as it once did. With these challenges in mind, I am proposing initiatives to help Rhode Islanders navigate inflationary pressures. My budget proposal halts the scheduled 3-cent increase on the gas tax scheduled to take effect on July 1 and refunds the gross receipts tax on electricity and natural gas bills this winter. It also lowers the 7-percent sales tax rate – the second highest in the country – to 6.85 percent.

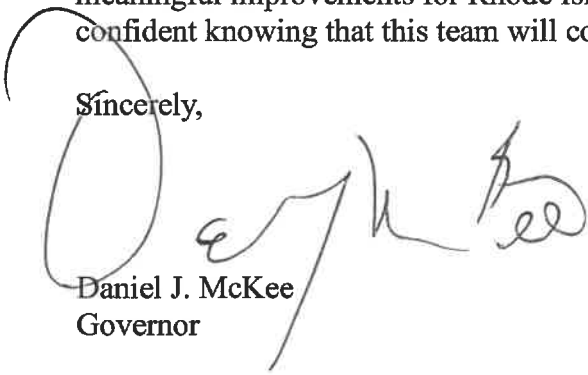
Getting our students back on track will take years of recovery. That’s why I’m proposing a year-over-year increase of \$57.8 million for K-12 funding. This increase will aid school districts in supporting economically disadvantaged students and multilingual learners, as well as compensate districts’ enrollment losses, which have intensified since the pandemic. I am also calling for strategic investments at all three public institutions of higher education and funding to prepare 35 pre-K classrooms as we work toward the goal of having 5,000 pre-K seats by 2028.

My budget proposal continues to make critical investments in the state’s health care system, including providing funding for reimbursement rates for certified community behavioral health clinics that are being developed with State Fiscal Recovery Funds, setting aside funds in case state agencies experience any COVID-19 related costs beyond what is covered in the Department of Health’s budget, and expanding homelessness infrastructure to provide temporary housing while individuals find stable, permanent housing.

In addition, our team is working to develop a project to create a middle-income housing development for in-demand sectors of Rhode Island’s workforce such as teaching and nursing. As my office works on further developing this project, I will keep the General Assembly updated on the progress and submit a budget amendment when it is ready to be reviewed.

Our Administration will continue to work with all stakeholders to invest in strategies that result in meaningful improvements for Rhode Islanders. I am excited about the opportunity that is before us and confident knowing that this team will continue pulling in one direction to take full advantage of it.

Sincerely,

A handwritten signature in black ink, appearing to read "Daniel J. McKee". The signature is fluid and cursive, with a large loop at the beginning and a long, sweeping tail.

Daniel J. McKee
Governor

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Key Fiscal Year 2024 Operating Budget Proposals

Education

The budget demonstrates a commitment to education at all levels – from pre-K to college. These investments will help Rhode Island match Massachusetts’ educational outcomes by 2030 and improve incomes for Rhode Islanders.

K-12

Educators, students, and families have worked incredibly hard to repair the learning loss caused by the pandemic. Despite these efforts, Governor McKee understands that progress remains impacted for many, especially students already facing systemic educational disparities, such as students from low-income communities, students of color, differently-abled students, and multilingual learners.

Coupled with this challenge, public school districts are confronted with enrollment changes that have intensified during the pandemic. Since Fiscal Year 2020, districts have lost about 7,900 students. For the last three years, the state budget has held communities harmless for enrollment losses. While the State cannot continue this practice in perpetuity, reverting to the funding formula without any changes would reduce funding to public schools by about \$30.0 million. With this in mind, the budget proposal invests an additional \$57.8 million in K-12 education and modifies the funding formula to help school districts navigate enrollment shifts, support students with greater educational needs, and improve educational outcomes. Some of the initiatives to increase support include:

- **Increasing the student success factor from 40 percent to 42 percent.** The student success factor provides additional support to school districts for economically disadvantaged students. Increasing the student success factor from 40 percent to 42 percent would provide an additional \$9.9 million to school districts.
- **Creating the Public Schools of Choice Supplemental Transition Fund.** Based on a Massachusetts program, this fund would compensate school districts experiencing enrollment losses when students move to charter schools. Districts would receive 60 percent of the student funding in the first year and 30 percent in the second year, giving schools more time to adjust to enrollment changes. This initiative would be funded with \$7.9 million in Fiscal Year 2024.
- **Providing Temporary Enrollment Transitional Support.** This one-time, \$8.5 million allocation would assist school districts experiencing enrollment losses for other reasons, such as students moving to private schools or to school districts in other municipalities or states, or for changes in the number of students in poverty.
- **Increasing multilingual learner and special education funding.** The budget proposal increases multilingual learner categorical funding by \$7.8 million and high-cost special education categorical funding by \$4.8 million, fully funding both programs.
- **Providing an adjustment for students experiencing homelessness.** The budget proposal provides an additional \$2.5 million to school districts for students experiencing homelessness.

The budget proposal also includes \$4.0 million in State Fiscal Recovery Funds to be directly distributed through the Department of Education’s Office of Student, Community, and Academic Supports to community organizations to expand access to educational programs out of school hours.

Higher Education

Almost every job created since 2008 requires postsecondary credentials, underlining the need for Rhode Islanders to have easy access to the State’s higher education and job training credentialing opportunities. The Governor’s budget proposal maintains a strong commitment to higher education by increasing aid

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year-over-year by \$14.2 million, or 6.8 percent, to the State's three institutions of higher education – \$7.9 million to the University of Rhode Island, \$3.6 million to Rhode Island College, and \$2.6 million to the Community College of Rhode Island. Additionally, the proposal makes the following strategic investments in postsecondary education and credentialing:

- Provides \$2.5 million to the Community College of Rhode Island in one-time funding for the Fresh Start Scholarship, which is aimed at re-enrolling Rhode Islanders who earned some credits at the Community College of Rhode Island but stopped before earning a degree. The program would support tuition and fees for 1,000 students for one semester, at which point students would become eligible for federal financial aid.
- Strengthens the RI Reconnect initiative in the Office of the Postsecondary Commissioner using \$8.0 million in State Fiscal Recovery Funds to improve postsecondary degree and credential attainment among underserved, working-age Rhode Islanders. Staff members will work with students to address barriers to education and workforce training completion, particularly among communities of color and lower socio-economic strata, to provide economic stability of working-age Rhode Islanders.

Pre-K

High-quality pre-K programs are demonstrated to improve educational outcomes. The Governor's budget proposal invests in pre-K to further progress toward the goal of having 5,000 pre-K seats by 2028. The proposal includes \$7.0 million to preserve 800 seats that are funded by an expiring federal grant and \$1.3 million to prepare 35 new classrooms for the 2024-25 school year.

Tax Relief

Governor McKee believes targeted tax relief will not only help households and small businesses navigate short-term, inflationary pressures but also make Rhode Island more competitive in the long term. The budget proposal recommends the following one-time and permanent changes to various taxes:

- Reduce Rhode Island's 7-percent sales tax rate – the second highest in the country – to 6.85 percent, using \$25.8 million in general revenue. The new rate would result in projected annual savings, on average, of \$77 per household.
- Forgo the 3-cent increase – from 35 cents to 38 cents – to the gasoline tax that is scheduled to take effect July 1, 2023. This measure would save motorists approximately \$24.6 million combined in Fiscal Years 2024 and 2025.
- Refund the gross receipts tax on electricity and natural gas from December 2022 through March 2023 using \$35.6 million in surplus funds. The four-month suspension would provide an average of \$30 in relief for about 250,000 natural gas customers and \$24 in relief for about 450,000 electric customers.
- Cut the corporate minimum tax from \$400 to \$375, which would result in projected annual taxpayer savings of approximately \$1.0 million in Fiscal Year 2024 and \$2.1 million in Fiscal Year 2025 for more than 70,000 entities.
- Exempts from the sales and use tax the trade-in value of trucks with a gross weight of 14,000 pounds or less to mirror exemptions for passenger cars and motorcycles. The exemption is projected to save individuals about \$3.7 million in Fiscal Year 2024 and \$5.0 million in Fiscal Year 2025.
- Deposits \$4.4 million in the Workers' Compensation Fund to prevent an employer rate increase.

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- Ends the litter tax paid by local businesses. Under the current structure, the nearly \$1.0 million collected from this tax is not directed to support litter removal or environmental initiatives. In its place, the Governor is proposing \$100,000 for the Litter-Free Rhody program to engage the public and encourage community involvement in the removal of trash and litter from state parks, beaches, and management areas.

Transportation

Rhode Island must continue leveraging the State Transportation Improvement Program to bring roads and bridges into good repair. The Governor proposes the following investments to help create a 21st-century transportation system by 2030 that improves quality of life, connects all Rhode Islanders, and drives economic growth.

Infrastructure Investment and Jobs Act (IIJA) Matching Funds

The Governor proposes allocating \$87.8 million in surplus funds to unlock federal funds provided through the federal IIJA, which requires a state match for projects that address roads, bridges, highways, transit facilities, electric buses, and electric vehicle charging infrastructure. Setting aside funds to satisfy the matching requirement through Fiscal Year 2025 allows the State to avoid borrowing costs and reduce future budget impacts.

Toll Revenue Backfill

With the status of the State's commercial truck tolling program still pending, the State must replace anticipated revenues from the program so that scheduled projects on the I-Way, I-95, the 6/10 Connector, and Huntington Viaduct continue uninterrupted. The Governor proposes using \$70.0 million in surplus funds to make up for the lost tolling revenue.

Municipal Road Program

In recognition of the need to improve transportation infrastructure on municipal roads as well, the budget proposal recommends creating a \$20.0 million fund from State Fiscal Recovery Funds that cities and towns can access to complete road projects.

Fiscal Responsibility

The Office of Management and Budget is projecting an operating surplus of \$610.0 million in Fiscal Year 2023. Like the prior fiscal year, there are several reasons for this unusually large surplus – strong revenues, lower spending because of unfilled positions, and additional federal government support during the pandemic. Recognizing that the State's financial outlook is more complex than the projection for any one fiscal year, the Governor recommends using the surplus to address long-standing problems and reduce future operating costs.

Rainy Day Fund

State law requires that 3 percent of state revenues are deposited into the rainy day fund every year until the fund balance exceeds 5 percent of state general revenues, at which point all additional funds are deposited in the Rhode Island Capital Plan Fund. The 5-percent cap is significantly lower than the 15-percent cap used by Massachusetts and Connecticut. A larger fund balance would better position Rhode Island to weather economic downturns and would be viewed favorably by ratings agencies. The Governor proposes creating an additional fund to supplement the rainy day fund with \$55.0 million in surplus funds (approximately 1 percent of state general revenues).

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Clean and Drinking Water Match

To leverage additional federal funding for investments in water, sewer, and stormwater management, the budget proposal transfers \$28.5 million in surplus funds to the Rhode Island Infrastructure Bank to satisfy state matching requirements through Fiscal Year 2028 to access the federal funds.

Rhode Island Capital Plan Fund

To protect the State's capital infrastructure and prevent more costly repairs in the future, the budget proposal transfers \$60.0 million in surplus funds to the Rhode Island Capital Plan Fund for various projects, such as renovations at Davies Career and Technical High School, State House renovations, and investments in State-owned group homes.

Rebuild Rhode Island Cap Increase

The budget proposal raises the program cap from \$210.0 million to \$225.0 million for Rebuild Rhode Island, which issues tax credits to qualified commercial, residential, and mixed-use projects to stimulate business development. Additionally, the proposal pre-funds the cap increase with \$15.0 million in surplus funds instead of allocating \$3.0 million over the next five fiscal years.

Retiring Debt

To limit future interest payments, the Governor recommends using \$35.0 million in surplus funds to retire various state debts. It is anticipated that retiring these debts in Fiscal Year 2024 will result in annual savings of approximately \$4.5 million.

Raising Incomes and Economic Development

The State's economic momentum is evident, with a strong recovery from the pandemic that has been recognized in national rankings. Despite this progress, more work must be done; Rhode Island has a lower average household income than other southern New England states. To improve household income the Governor recommends investing in economic development programs with a proven track record and projects that leverage Rhode Island's competitive advantages.

Bioscience Investments

The Governor calls for spending \$45.0 million in State Fiscal Recovery Funds to fund a program for the life sciences sector, enabling the growth of one of the fastest-growing advanced industries in New England. This program would include the development of one or more wet lab incubator spaces in collaboration with industry partners, and the creation of a fund to provide wraparound services to aid in the commercialization of technology and business development and growth of the biosciences talent pipeline.

South Quay Marine Terminal

The enacted Fiscal Year 2023 budget included \$35.0 million in State Fiscal Recovery Funds for the City of East Providence's improvements to the South Quay Marine Terminal that will result in a centralized hub of intermodal shipping designed to support the offshore wind industry. The funding was for the first phase of the project that includes design activities and developing the waterfront portion of the terminal into a robust marine-industrial facility. The Governor recommends allocating an additional \$25.0 million in State Fiscal Recovery Funds for future phases of the project.

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Small Business Assistance – Energy Efficiency

The budget proposal adds \$5.0 million in State Fiscal Recovery Funds to an ongoing project to assist small businesses with ventilation improvements at their facilities. The new funding would complement the \$7.5 million in State Fiscal Recovery Funds appropriated in Fiscal Year 2022 and provide energy efficiency support.

Small Business Assistance Program

The budget proposal adds \$2.6 million to the Small Business Assistance Program, which connects businesses struggling to obtain lines of credit from traditional lending organizations with community-based lenders, who provide access to capital along with business planning, financial education, and credit counseling.

Wavemaker Fellowship

The Wavemaker Fellowship incentivizes recent college graduates to start their careers in Rhode Island by defraying student loan payments for up to four years. In Fiscal Year 2023, the program was open to graduates in the fields of science, technology, engineering, math, design, and healthcare. The Governor recommends \$2.4 million in funding, including \$0.8 million to expand the program to teachers.

SupplyRI

The Governor recommends increasing funding from \$0.3 million to \$1.0 million for SupplyRI, a program that helps connect local suppliers to the procurement needs of larger Rhode Island institutions. The additional funds would allow for greater engagement with smaller businesses, an expansion of core initiatives, and the creation of a five-year program assessment.

First Wave Closing Fund

The budget proposal adds \$20.0 million to the First Wave Closing Fund, which is used to provide last-dollar flexible financing to attract, develop, and retain businesses.

Health

The Governor is focused on creating a healthier state with reduced rates of chronic illness and better health outcomes.

Ongoing COVID-19 Response

The enacted Fiscal Year 2023 budget provided \$186.9 million for the State's ongoing COVID-19 response. The State has not used any of these funds to date, and the Governor recommends appropriating \$34.9 million in Fiscal Year 2024 for the Department of Health's baseline COVID-19 response. The budget also reserves \$61.0 million to cover COVID-19 mitigation activities and to provide COVID-related contingency funds for state agencies.

Certified Community Behavioral Health Clinics (CCBHCs)

The State is using \$30.0 million in State Fiscal Recovery Funds to support the planning and infrastructure necessary for behavioral health and community organizations to transition to the federal CCBHC model, which offers the greatest potential to improve shortcomings in Rhode Island's behavioral health system. As it is anticipated that CCBHCs will come online in Fiscal Year 2024, the budget proposal sets aside \$7.5 million so that reimbursement rates can be established for the provision of care at these facilities.

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Homelessness Infrastructure

The Governor recommends adding \$30.0 million in State Fiscal Recovery Funds to the \$15.0 million appropriated in Fiscal Year 2023 to expand shelter capacity to better respond to the needs of individuals experiencing homelessness. This is being accomplished by adding both temporary and permanent shelter beds to the system. The overarching goal is to increase the State's capacity to provide temporary housing while individuals are in the process of finding stable, permanent housing.

HealthSource RI Auto-Enrollment

The auto-enrollment program is creating a pathway for individuals and families at or below 200 percent of the federal poverty level to retain health coverage when they are transitioned off Medicaid once the public health emergency ends. HealthSource RI received \$1.3 million in State Fiscal Recovery Funds in Fiscal Year 2023 to pay for the first two months of a qualified health plan for individuals and families who are no longer eligible for Medicaid under redetermination. An additional \$1.3 million in State Fiscal Recovery Funds is recommended to reflect revised estimates for the number of people transitioning off Medicaid.

9-8-8 Hotline

The Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals received \$1.9 million in State Fiscal Recovery Funds to operate the federally mandated 9-8-8 hotline. An additional \$1.6 million is needed to maintain the 9-8-8 hotline operations throughout Fiscal Year 2024 as the State identifies a permanent funding source.

EXPENDITURE SUMMARY

The following outlines the FY 2023 Revised and the FY 2024 Recommended Budgets as proposed by Governor McKee on January 19, 2023

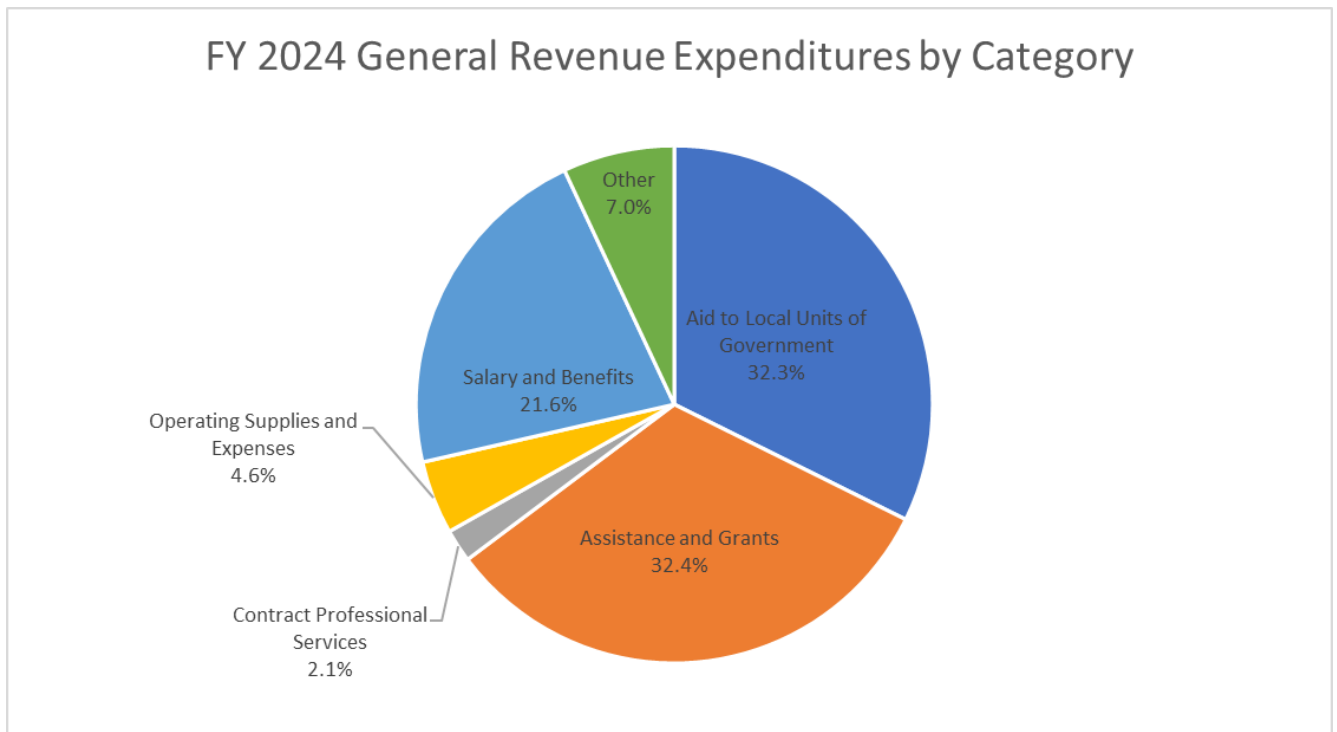
Expenditures by Source

The following table shows state expenditures by source of funds. Statewide all fund expenditures for the revised FY 2023 budget total \$14.138 billion, an increase of \$535.5 million compared to the enacted level. Of this total, \$5.042 billion, or 37.3 percent, is from general revenue. All funds expenditures for FY 2024 are \$13.751 billion, an increase of \$148.6 million compared to the FY 2023 enacted level. Of this total, \$5.303 billion, or 38.6 percent, is from general revenue.

Enacted and Proposed Expenditures by Source

Sources of Funds	FY 2023 Enacted	FY 2023 Revised	Change from Enacted	FY 2024 Recommended	Change from FY 2023 Enacted
General Revenue	\$5,042.2	\$5,266.6	\$224.4	\$5,302.8	\$260.6
Federal Funds	5,708.4	5,951.3	243.0	5,526.0	(182.3)
Restricted Receipts	453.5	470.1	16.5	386.8	-66.7
Other Funds	2,398.4	2,450.0	51.6	2,535.4	137.0
Total (millions)	\$13,602.5	\$14,138.0	\$535.5	\$13,751.1	\$148.6

Expenditures are sorted into categories to group similar types of expenditures across departments. The below chart shows the percentage of expenditures by category for general revenue. Local aid has increased from 32.0 percent of general revenue spending in FY 2018 to 32.3 percent in FY 2024, driven by additional funding for local education and the continued phase-out of the Motor Vehicle Excise Tax. Personnel expenditures have decreased from 23.1 percent of general revenues in FY 2018 to 21.6 percent in FY 2024. Meanwhile, spending on grants and benefits declined from 33.2 percent of general revenues in FY 2018 to 32.4 percent in FY 2024.



EXPENDITURE SUMMARY

One-time and Non-recurring Investments

The Governor’s Recommended Budget assumes that a significant portion of available revenues are non-recurring and therefore directs these resources to one-time and non-recurring investments. The Governor recommends a total of \$522.3 million in non-recurring commitments, of which \$352.9 million is recommended in FY 2023 and \$169.4 million in FY 2024.

Item	FY 2023	FY 2024
Pre-Fund Transportation State Match	\$87.8M	-
Toll Revenue Backfill	\$70.0M	-
Forgoing Statutory 3 Cent Gas Tax Increase	\$24.6M	-
RICAP Transfer to Fund Various Projects	\$60.0M	-
Rainy Day Fund 1% Transfer	-	\$55.0M
Suspend 4% Gross Receipt Tax on Electricity Bills and 3% Gross Receipt Tax on Natural Gas	\$35.6M	-
Defeasance of Existing Debt	-	\$35.0M
Correctional Officer Contract- FY 21 & FY 22 Retro/FY23 COLA	\$35.0M	-
Pre-Fund Clean/Drinking Water Match	\$28.5M	-
RI Office of Child Support Services - Transition off of Mainframe	-	\$22.0M
Economic Development - First Wave Closing Fund	-	\$20.0M
Pre-Fund RI Rebuild Cap Increase	-	\$15.0M
Education Aid - One-time Supplemental Funding	-	\$8.5M
Municipal Matching Fund Pool - Federal Grants	\$5.5M	-
Gateway to Government	-	\$5.0M
Worker's Compensation Fund Supplement	\$4.4M	-
Other	\$1.5M	\$8.8M
Total	\$352.9M	\$169.4M

Expenditures by Functional Unit of Government

The FY 2024 general revenue budget is up \$260.6 million compared to the FY 2023 Enacted Budget. The increases are primarily due to the following changes:

- General Government expenditures are up \$63.9 million; significant growth drivers include the prepayment of debt and the establishment of the First Wave Closing Fund.
- Health and Human Services expenditures increase by \$109.4 million due to the cessation of the temporary enhancement to each qualifying state’s Federal Medical Assistance Percentage (FMAP) from the Families First Coronavirus Response Act (FFCRA), and adjustments to anticipated caseloads.
- Education expenditures are up \$64.8 million due to proposed changes to the education aid funding formula and increased support for the public higher education intuitions.
- Public Safety expenditures are up by \$20.3 million which fully finances all public safety agencies at current services.
- Natural Resources expenditures are up \$2.3 million which fully finances all natural resources agencies at current services.

EXPENDITURE SUMMARY

General Revenue Appropriations by Function

Sources of Funds	FY 2023 Enacted	FY 2023 Revised	Change from Enacted	FY 2024 Recommended	Change from FY 2023 Enacted
General Government	\$823.0	\$1,077.5	\$254.5	\$886.9	\$63.9
Health and Human Services	1,896.6	1,797.8	-98.9	2,006.0	109.4
Education	1,711.5	1,712.5	1.1	1,776.3	64.8
Public Safety	554.6	593.0	38.5	574.8	20.3
Natural Resources	56.4	85.7	29.3	58.7	2.3
Total (millions)	\$5,042.2	\$5,266.6	\$224.4	\$5,302.8	\$260.6

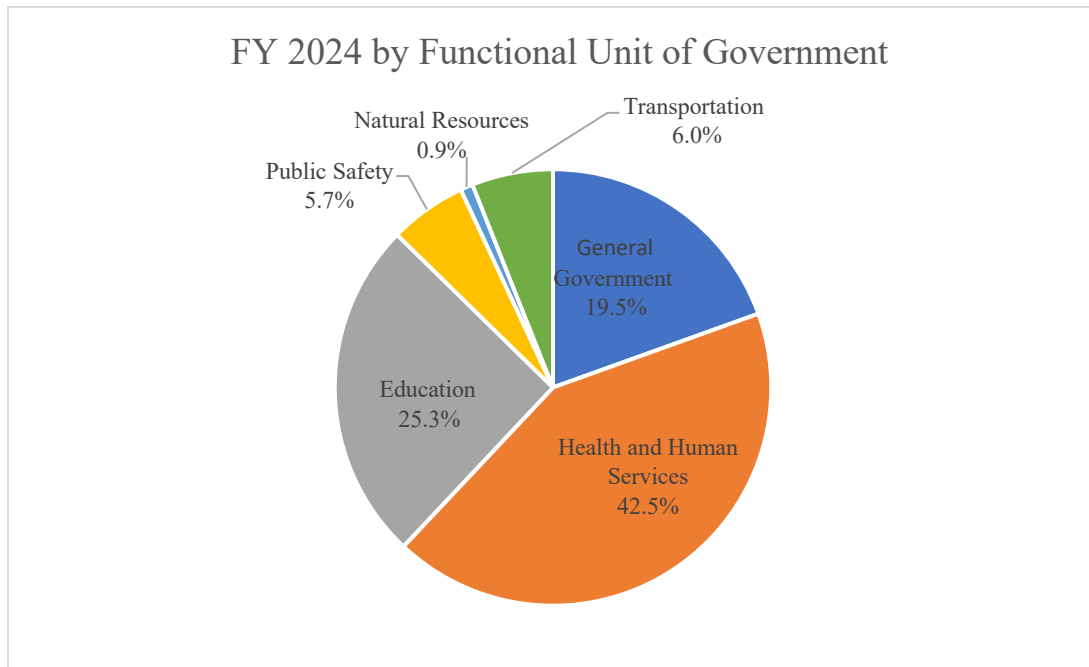
FY 2023 All funds expenditures by functional units total \$13,751.0 million and include:

General Government

Approximately 19.5 percent of all expenditures are for General Government, totaling \$2.683 billion. This includes agencies that provide general administrative services to other state agencies, assist in developing the state’s workforce, assist municipalities in achieving fiscal health, and those that perform state licensure and regulatory functions.

Human and Human Services

Approximately 42.5 percent of all expenditures are for Health and Human Services, totaling \$5.844 billion. The Health and Human Services function of state government engages in a broad spectrum of activities including, but not limited to, medical assistance, economic support, rehabilitation services, client subsidies, case management, residential supports, behavioral healthcare, and services for at-risk children, advocacy, and medical provider regulation.



Education

Approximately 25.3 percent of all expenditures are for Education, totaling \$3.482 billion. This includes state support for local education aid, support for the state university and colleges, and scholarships.

Public Safety

EXPENDITURE SUMMARY

Approximately 5.7 percent of all expenditures are for Public Safety, totaling \$787.1 million. Public Safety agencies provide law enforcement, adjudication, perform correction and rehabilitative services, and handle emergencies impacting Rhode Island's citizens.

Natural Resources

Approximately 0.9 percent of all expenditures are for Natural Resources, totaling \$127.4 million. Agencies include the Department of Environmental Management (DEM) and the Coastal Resources Management Council (CRMC). The DEM manages and protects Rhode Island's public and common natural assets, including land, air and water resources, while the CRMC seeks to preserve, protect and restore the coastal resources of the State.

Transportation

Approximately 6.0 percent of all expenditures are for Transportation, totaling \$827.3 million. The Department maintains the State's transportation infrastructure.

Please see Appendix A-2 to see a breakdown of each functional unit by source.

CHILDREN’S BUDGET

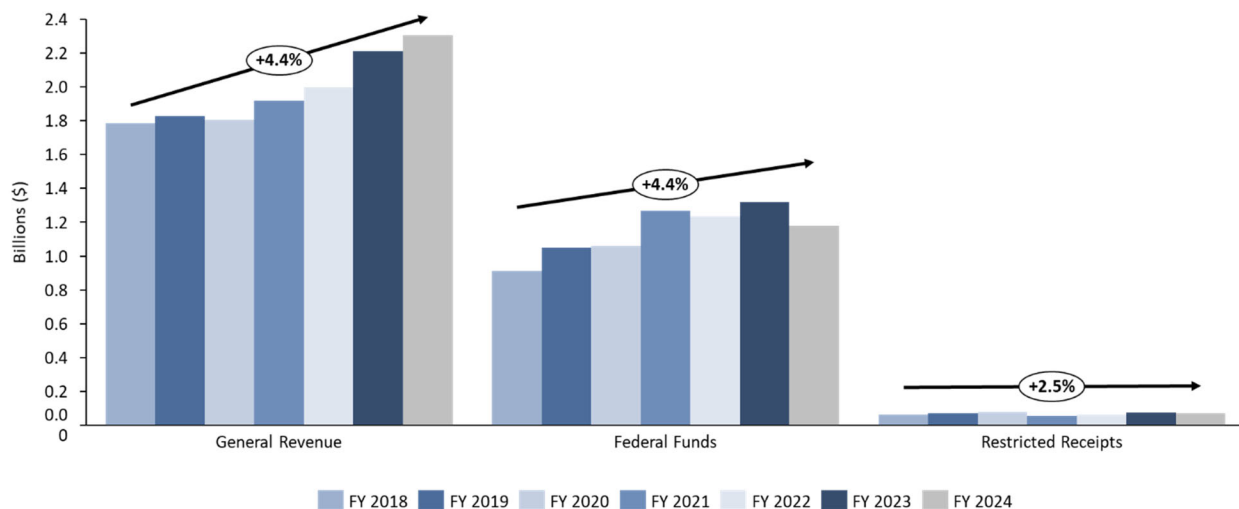
As required under R.I.G.L. § 42- 72.5(2), the following constitutes the FY 2024 Children’s Budget prepared by the Rhode Island Children’s Cabinet.

Pursuant to R.I.G.L. § 42-72.5, the Children’s Cabinet was established within the executive branch and meets monthly to address issues relating to children’s needs and services, with emphasis on those issues that cross departmental lines. By providing the overarching leadership necessary to improve the well-being of children and youth ages 0-24, the Children’s Cabinet strives to set Rhode Island on a path toward a more stable and successful future.

With leadership from the Office of Management and Budget (OMB) and per the strategic plan, the Children’s Cabinet analyzed Cabinet agency appropriations to identify and map investments supportive of the Cabinet’s desired outcomes for children and youth. Through this mapping exercise, the Children’s Cabinet will be better able to assess, align, and maximize investments in children, develop resource maps to track spending toward desired outcomes, and leverage resources across public and private sources to achieve shared goals.

This year’s budget analysis showed that since FY 2018, there has been a continued increase in investment in children and youth across all fund sources. Between FY 2023 and FY 2024, however, while general revenue investments for children and youth have increased, there has been a decrease in federal investments, primarily driven by the anticipated end dates of various federal stimulus funding streams.

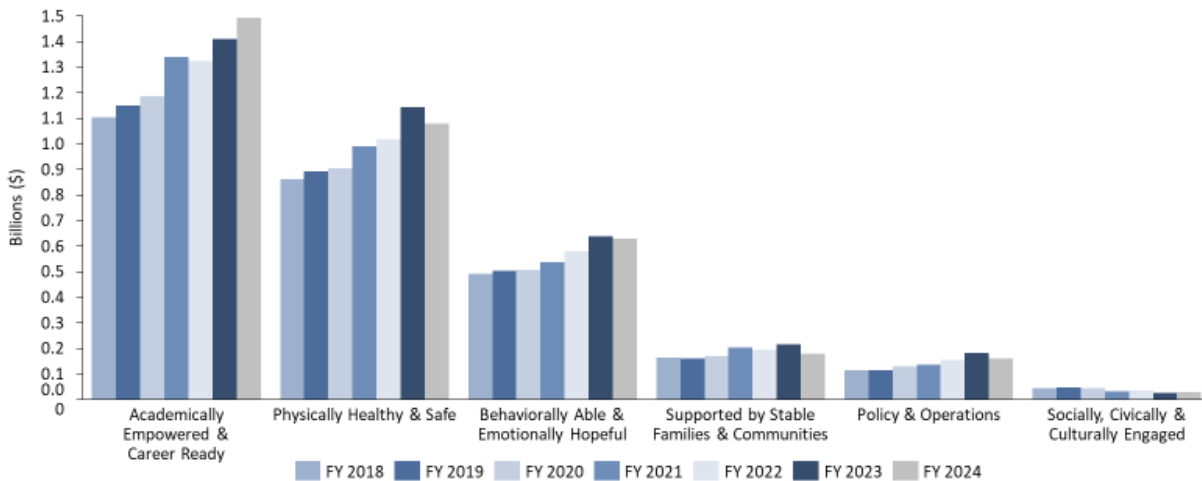
Graph A: Children and Youth Investments by Fund Source, FY 2018 – FY 2024



Since FY 2018, Rhode Island has continued to increase investment across all desired outcome areas, with the greatest increase in the Academically Empowered & Career Ready category. The FY24 Governor’s Proposed budget includes vital investments in the School Funding Formula, RI Pre-K sustainability and expansion readiness, out-of-school learning time, and higher education access. Together, these investments will support children and youth in furthering their academic journeys and being on a path to career readiness.

CHILDREN’S BUDGET

Graph B: Investments in Children and Youth by Desired Outcome Area, FY 2018 – FY 2024



The analysis also demonstrated that investments in children and youth are allocated across departments, as several outcome areas have multiple departments with related programs and funding. This validates the ongoing value of coordination across agencies to leverage resources and ensure alignment to achieve shared goals. With input from stakeholders, the Children’s Cabinet will continue to use the budget scan to support future analysis and to drive coordination and maximization of these funds.

Children’s Budget Scan Background

The budget analysis represented the fifth year of an initiative conducted as a partnership between the Children’s Cabinet, OMB, and State agencies. The Children’s Cabinet used the FY2022 data to explore funding streams being utilized for different key outcome areas and identify opportunities for collaboration across agencies on initiatives such as high-quality early childhood programs. The FY 2024 scan used the same protocols as the FY 2023 scan, and categorized investments by the desired outcome areas from the Children’s Cabinet strategic plan. These desired outcome areas include:

- *Physically Healthy & Safe.* Children live in safe and healthy living environments, develop appropriately, access high-quality healthcare services, and avoid harmful incidents and behaviors.
- *Behaviorally Able & Emotionally Hopeful.* Children with (or who are at risk of) behavioral health issues receive appropriate preventative supports, interventions, and treatment and make successful transitions.
- *Academically Empowered & Career Ready.* Children access high-quality early learning and development programs to be ready for elementary school; progress appropriately in school; access, afford and complete college; and prepare for and thrive in appropriate in-demand jobs.
- *Socially, Civically, and Culturally Engaged.* Children and youth engage positively with each other and their communities, avoid juvenile justice system involvement, and access community-based programming and supports.
- *Supported by Stable Families and Communities.* Children and families are supported by stable wages and housing and maintain stability during periods of unemployment or under-employment.

Agencies were asked to provide estimations and assumptions about budget items where some data was not readily available, such as the percent of program recipients who were children and youth ages 0-24. Figures include these estimations and assumptions and therefore should be regarded as directional rather than conclusive.

RHODE ISLAND'S ECONOMY

The Pandemic Recovery

The Rhode Island economy in 2022 continued its recovery from the COVID-19 pandemic. Though the year began with the peak of a wave of infections brought by the Omicron variant, infection numbers began dropping quickly early in the year, and the remainder of the year saw the state and the nation moving into the endemic stage of COVID-19. This included the tapering of public health measures that were put in place at the end of 2021 in response to the Omicron variant.

The year saw several events with significant economic impacts. Most notably, funds began flowing to states and municipalities through the Infrastructure Investment and Jobs Act, which was passed near the end of 2021, and both Congress and the Federal Reserve responded to stubbornly persistent inflation through the passage of the Inflation Reduction Act and the fastest interest rate increases since the 1980s, respectively. Global economic shocks created some headwinds for the economic recovery as the Russian invasion of Ukraine caused oil and other commodity prices to soar, resulting in high gas prices, energy rate increases, and rising food costs. The consensus economic forecast adopted at the state's November 2022 Revenue Estimating Conference showed FY 2022 inflation at 7.2 percent and forecasted FY 2023 inflation at 6.5 percent.

Household balance sheets in 2022 remained relatively strong compared to pre-pandemic levels despite a lack of pandemic-era federal stimulus and enhanced unemployment benefits. Nationally, household net worth remains 22 percent higher as of the third quarter of CY 2022 than in the last full quarter prior to the beginning of the pandemic, in spite of some retrenchment over the past year largely attributed to stock market losses. Additionally, Rhode Island returned to its pre-pandemic unemployment rate of 3.5 percent (seasonally adjusted) in July 2022, before ticking back up slightly to 3.6 percent in November. Finally, some components of the American Rescue Plan Act (passed in 2021) continued to buoy household finances in 2022 through provisions such as expansion of the federal child tax credit and earned income tax credit. Rhode Island families were further aided in the latter part of 2022 by the disbursement of a state child tax rebate of \$250 per child (up to three children) as part of the fiscal year 2023 budget passed in June 2022.

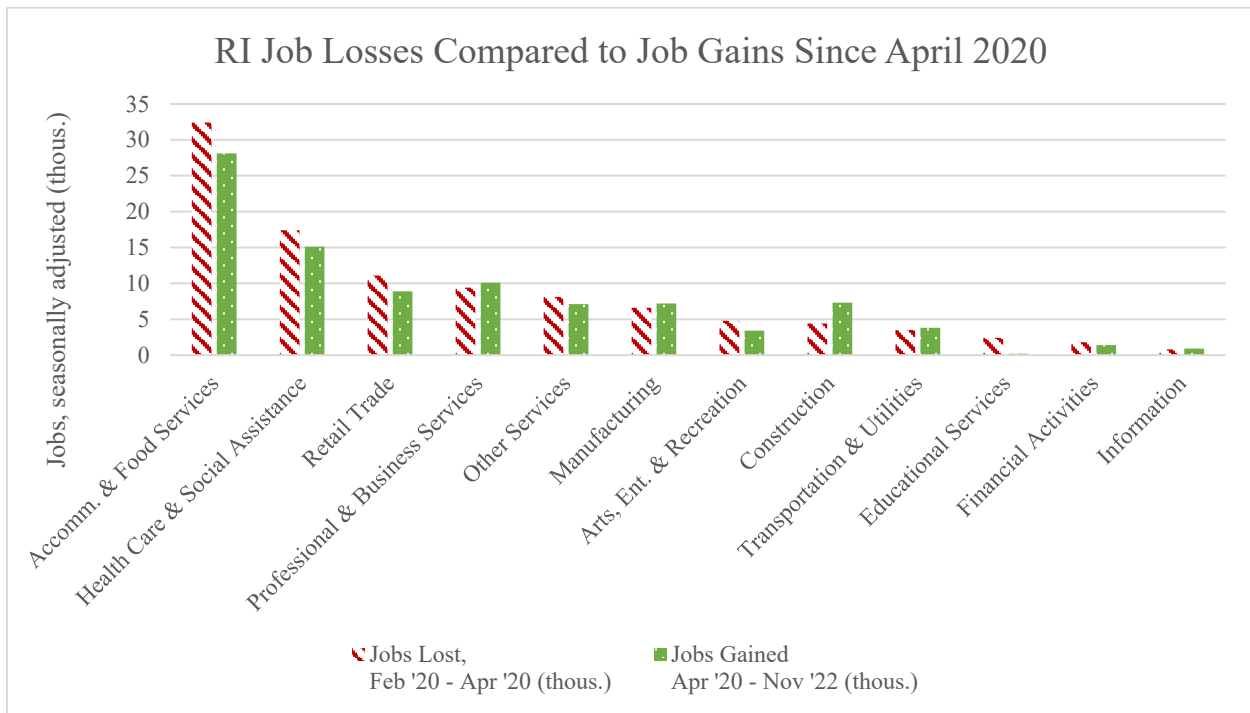
The state's Consensus Economic Forecast predicts that the U.S. and Rhode Island will experience a brief and mild recession, with three consecutive quarters of negative real gross domestic product growth beginning in the fourth quarter of CY 2022. This recession is expected to be an investment-driven downturn, as high Federal Reserve interest rates slow the housing market and business investment. This, in turn, is expected to impact the labor market through higher unemployment and lower wage growth.

The Labor Market

Rhode Island lost 108,000 jobs between February 2020 and April 2020 and has since gained back 91 percent of those jobs (as of November 2022). Lower wage industries were much more impacted by the pandemic, with industries with average wages less than \$50,000 accounting for 58 percent of job losses despite making up only 32 percent of total jobs in the state.

The largest gains since April 2020 have been experienced by sectors that saw the largest losses. The accommodation and food services and health care and social assistance sectors, the hardest hit parts of the economy, have both recovered 87 percent of jobs lost. Arts, entertainment, and recreation businesses have lagged a bit, recovering only 71 percent of jobs lost. Several sectors have gained back more jobs than were initially lost, including construction, manufacturing, and professional and business services.

RHODE ISLAND'S ECONOMY



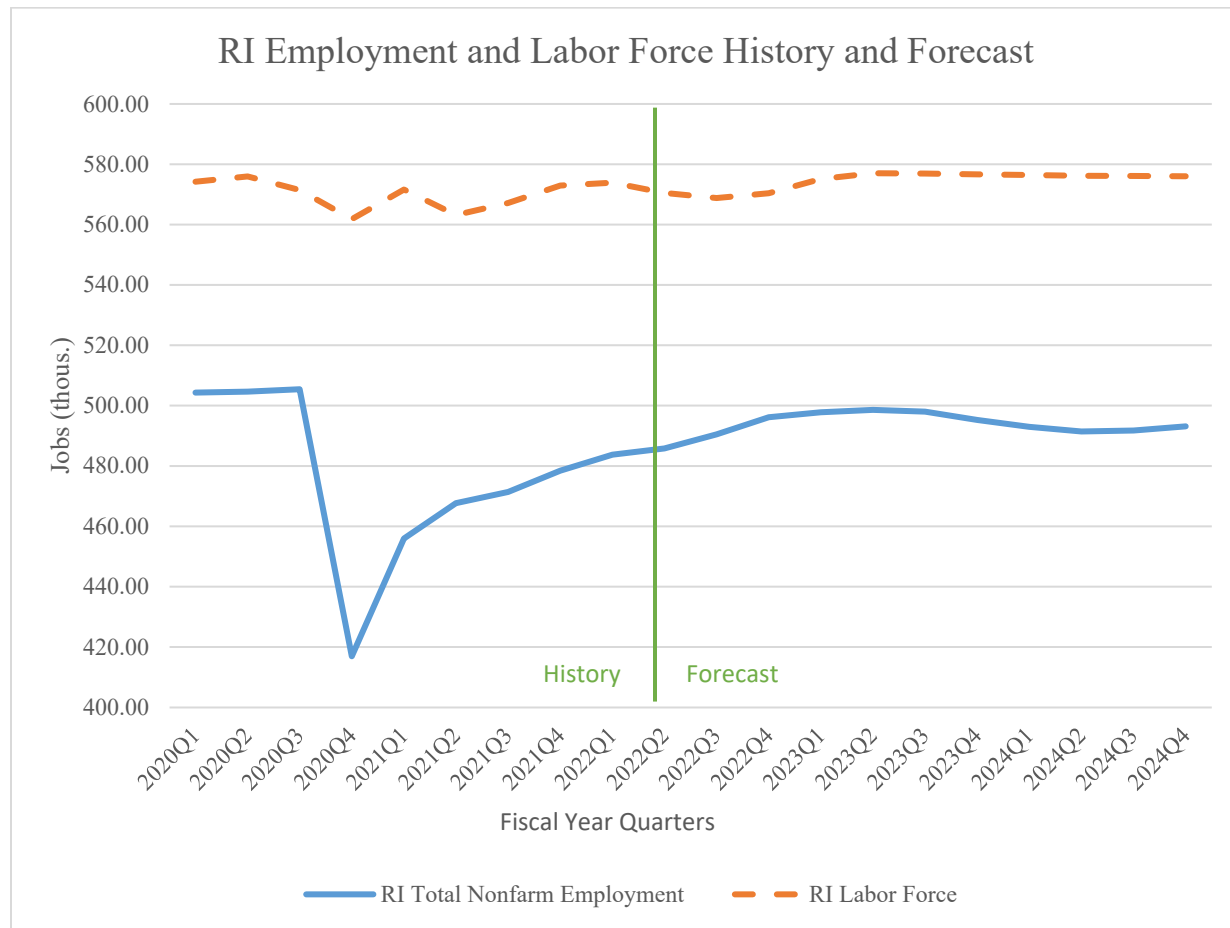
Rhode Island’s labor market continues to be characterized by robust demand for workers. However, increases in demand for labor appear to have outpaced growth in the state’s labor force. Job openings in Rhode Island, according to the Bureau of Labor Statistics’ Job Openings and Labor Turnover Survey, were 24,000 in January 2021. These openings peaked at 43,000 in March 2022 before slowly declining to 34,000 in September 2022. The five years prior to the pandemic saw monthly job openings average 22,000.

Rhode Island’s labor force has also rebounded from the pandemic downturns, though apparently not quickly enough to absorb the increase in job openings. As of November 2022, there are 4,916 more Rhode Islanders in the labor force as compared to February 2020 (a 0.9 percent increase). Rhode Island’s labor force participation rate as of November 2022 was 63.8 percent, almost identical to February 2020. The seasonally adjusted labor force participation rate hit a low during the early days of the pandemic of 61.0 percent in April 2020.

This improvement in labor force trends over the past year may be attributable at least in part to increasing international migration trends as they begin to rebound from pandemic lows. International net migration in Rhode Island shrank by 29 percent in FY 2020 at the beginning of the pandemic, and by another 76 percent in FY 2021. However, the trend is estimated to have reversed in FY 2022, growing at 184 percent from the reduced base rate. International migration is expected to grow further in FY 2023 and to reach 3,650 in FY 2024, which is slightly higher than the FY 2019 pre-pandemic net immigration number.

The Consensus Economic Forecast anticipates that employment growth will taper off in the coming years and turn negative due to the forecasted recession, with growth of -1.0 percent in FY 2024. The state’s unemployment rate is expected to reach 5.1 percent in FY 2024 and remain above 4.0 percent for the next several years.

RHODE ISLAND'S ECONOMY



Consumer Spending, Housing, and Inflation

Robust consumer spending continued during FY 2022, although there were some shifts in spending patterns. The pandemic shifted consumer spending into goods purchases as public health measures and COVID-19 concerns moved people away from service spending such as meals out, travel, and entertainment. The movement toward the endemic stage of the virus and the termination of public health restrictions in 2022 shifted these patterns back, and pent-up demand for services was released. Rhode Island spending on goods grew at 9 percent in FY 2022, still robust but down significantly from its peak of 13 percent growth in FY 2021. However, while consumer spending on services grew by only 3 percent in FY 2021 (from a diminished FY 2020 base), it grew by 12 percent in FY 2022.

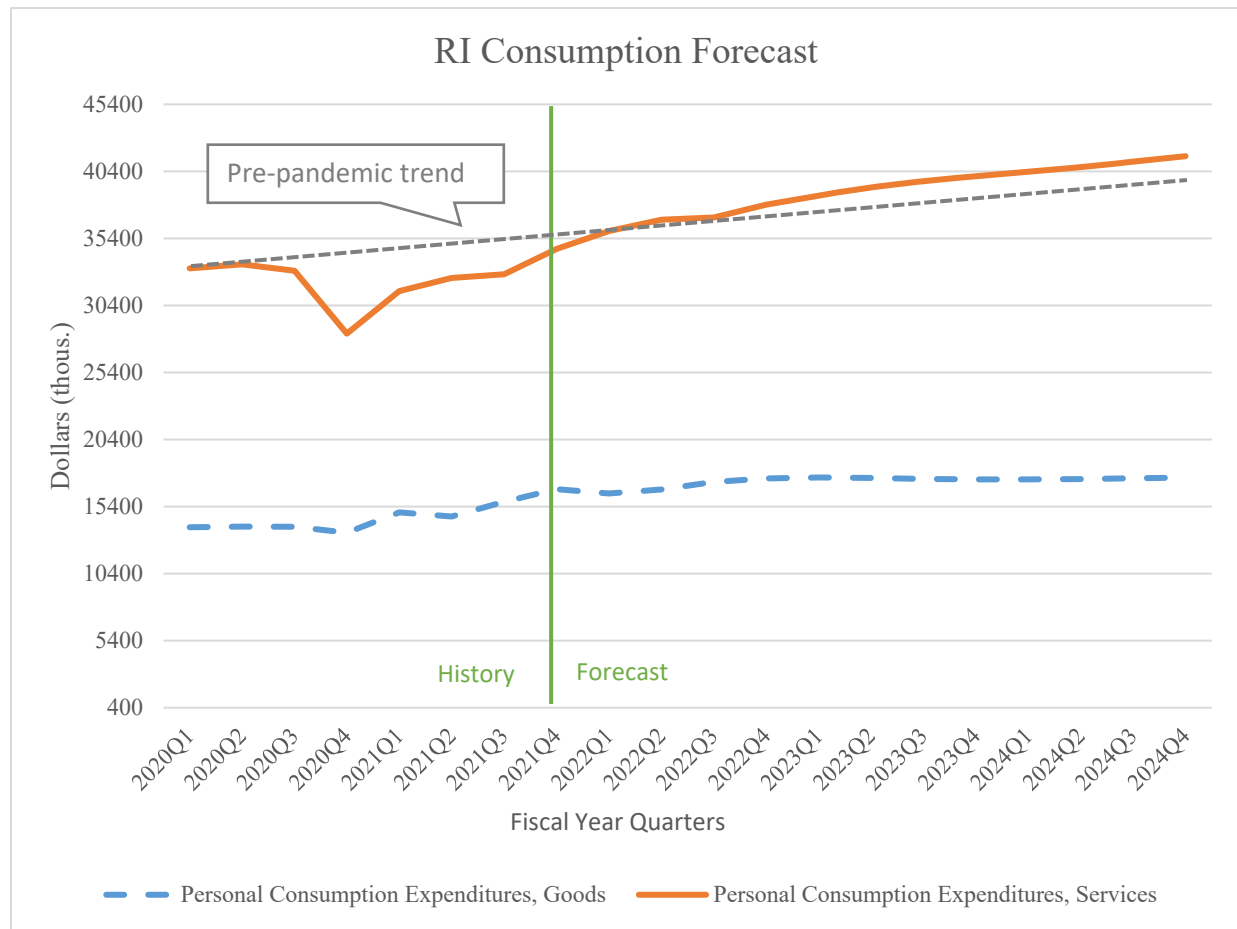
Consumer spending growth in general is expected to weaken over the next few fiscal years, as the job market is expected to tighten and inflation is expected to erode real purchasing power. However, services spending is expected to remain strong at 7 percent and 4 percent growth in FYs 2023 and 2024, respectively. Goods spending is expected to grow at a more modest rate of 3 percent in FY 2023, with no growth in FY 2024.

Price appreciation in the Rhode Island housing market continued in FY 2022, with the median existing single-family home price growing at 18 percent for the year. This growth is expected to fall to 7 percent in FY 2023 before rising back up to 14 percent in FY 2024. Housing starts have been more volatile and are

RHODE ISLAND'S ECONOMY

estimated to have fallen by 22 percent in FY 2022. However, they are expected to reverse to 1.4 percent growth in FY 2023 and 1.8 percent in FY 2024.

Inflation is expected to be high in the short term, with 6.5 percent inflation in FY 2023, largely driven by the tight labor market putting upward pressure on wages. However, the forecast assumes the Federal Reserve continues increasing interest rates through FY 2023 and that this strategy is ultimately effective, easing inflation down to 2.9 percent in FY 2024.



Revisions to the Consensus Economic Forecast

The economic forecast adopted at the November 2022 Revenue Estimating Conference is shown below. Most notably, that forecast predicts a three quarter recession starting at the end of CY 2022. The forecast includes impacts of the Infrastructure Investment and Jobs Act (IIJA), though it assumes those impacts to be relatively small. It does not treat the Inflation Reduction Act as a significant macroeconomic event, and therefore does not model any impacts from that legislation. Aside from a small impact from IIJA, the forecast largely assumes that the effects of federal fiscal stimulus have passed. This waning impact of federal stimulus, expectations of continued aggressive Federal Reserve interest rate hikes, and signs of a tightening labor market are the primary contributors to the recession prediction.

RHODE ISLAND'S ECONOMY

The November 2022 Consensus Economic Forecast						
Rates of Growth (%)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Nonfarm Employment	1.7	-1.0	0.7	0.6	0.4	0.2
Personal Income	3.4	3.9	4.7	4.6	4.3	4.2
Wage and Salary Income	5.3	3.1	5.2	4.9	4.4	4.0
Dividends, Interest and Rent	4.6	6.1	4.4	3.6	3.5	3.7
Personal Consumption	5.6	2.8	3.7	4.0	3.8	3.8
Nominal Rates						
Housing Starts (Ths.)	1.0	1.1	1.3	1.4	1.3	1.3
RI Unemployment Rate (%)	3.4	5.1	4.9	4.6	4.4	4.3
U.S. CPI-U (%)	6.5	2.9	2.4	2.2	2.2	2.2

REVENUE

The Governor's recommended budget is based on estimated general revenue of \$5.211 billion in FY 2023 and \$5.275 billion in FY 2024. Annual estimated growth during FY 2023 and FY 2024 is 0.1 percent and 1.2 percent, respectively.

FY 2023 Revised Revenues

The principals of the November 2022 Revenue Estimating Conference (REC) adopted revenue estimates that were \$358.9 million more than the enacted FY 2023 revenue estimates. The Governor's revised FY 2023 Budget recommends a decrease of \$49.1 million from the amount adopted at the REC. (See Changes to FY 2023 Enacted Revenue Estimates in Appendix A.)

There are three changes to the FY 2023 adopted estimates.

Utility Rate Tax Relief

The Governor continues to work with the General Assembly to pass legislation suspending the gross earnings tax on electricity and natural gas utilities to pass this savings along to ratepayers who are absorbing significant rate increases this winter. The proposal would suspend the gross earnings tax for four months from December 2022 through March 2023 and is estimated to result in a revenue reduction of \$35.6 million. This proposal will be submitted as standalone legislation to the General Assembly in January and is also accounted for in the Governor's budget.

Food Donation Tax Credit

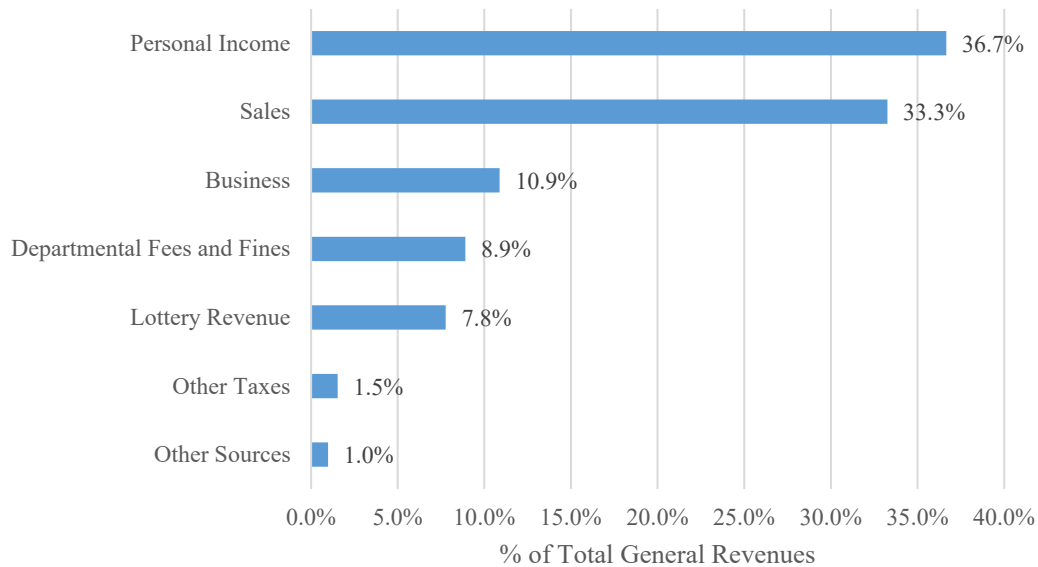
The Governor recommends creating a tax credit for food products raised or grown in Rhode Island that are donated by food producers to qualified food banks in the State. The Governor proposes making this nonrefundable tax credit effective retroactively beginning January 1, 2023. This would result in a revenue loss of \$9,000 in FY 2023 for a half year impact and \$18,000 in FY 2024 for a full year impact.

Lottery Payment Technical Adjustment

Finally, there is a technical correction related to the recognition of contractual payments from the contractor that provides the State's lottery services. The REC recognized the full amounts of two payments of \$13.5 million each as revenue in each of fiscal years 2023 and 2024. Accounting best practice requires these payments to be amortized over the 20-year span of the contract, which begins in FY 2024. This results in a \$13.5 million reduction in revenue for FY 2023 and a reduction of \$12.8 million in FY 2024. This adjustment will then create general revenue increases in the amount of \$1.4 million per year in each year from FY 2025 through FY 2043, when the contract expires.

REVENUE

FY 2023 Revised General Revenues

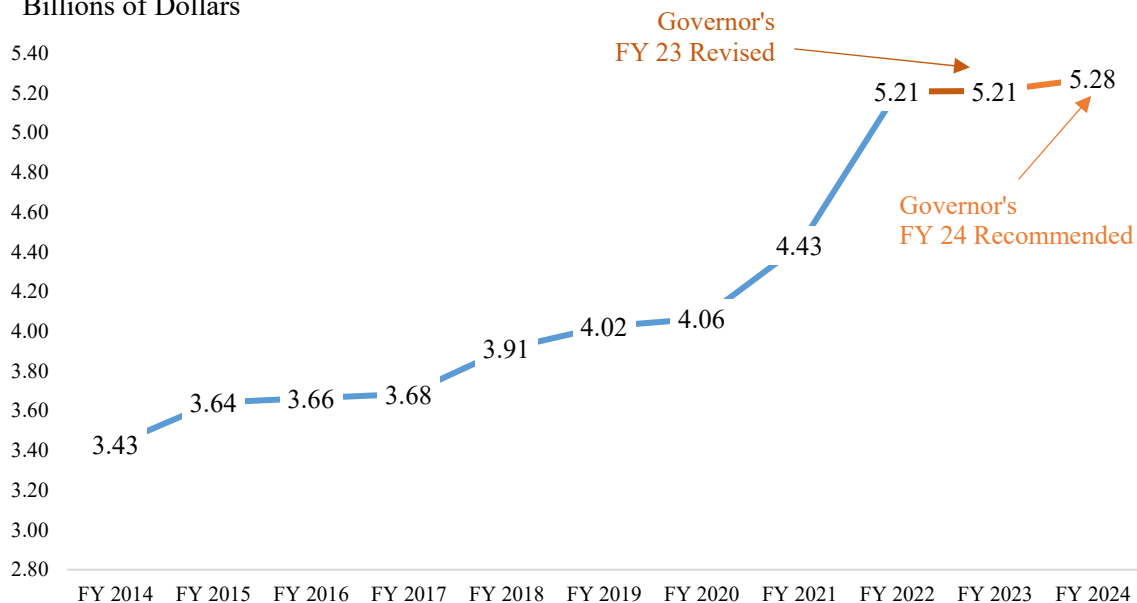


FY 2024 Recommended Revenues

The Governor's recommended FY 2024 revenues include \$5.105 billion of revenue estimated at the November 2022 REC for FY 2024 and \$170.3 million of recommended changes to these adopted estimates. Below are descriptions of selected FY 2024 revenue proposals. (See *Changes to FY 2024 Adopted Revenue Estimates* in Appendix A.)

General Fund Revenue: Recent History & Forecast

Billions of Dollars



Sales Tax Relief

The Governor recommends two initiatives that would provide sales tax relief for Rhode Islanders. The first is an across-the-board sales tax rate reduction to 6.85 percent (compared to the current rate of 7 percent),

REVENUE

effective on October 1, 2023. This would result in a revenue reduction of \$25.0 million for FY 2024, with a full-year impact of \$34.7 million in FY 2025.

Second, the Governor recommends expanding the trade-in sales tax exemption on vehicle purchases to include the trade-in value of trucks with gross vehicle weights under 14,000 lbs. Individuals trading in passenger vehicles or motorcycles are already entitled to such an exemption. This proposal results in a revenue reduction of \$3.7 million for FY 2024. This estimate assumes an October 1, 2023 implementation date. The revenue reduction increases to \$5.0 million in FY 2025, with a full year of implementation.

Corporate Minimum Tax Relief

The Governor proposes reducing the corporate minimum tax from \$400 to \$375, impacting around 70,000 taxpayers. This proposal is estimated to result in a reduction of \$1.0 million of general revenue in FY 2024, given the January 1, 2024, effective date. This grows to a reduction of \$2.1 million in FY 2025 for a full-year impact.

Repeal of Litter Control Permit

The Governor proposes repealing the requirement for businesses that sell to-go food or beverages to obtain a litter control participation permit and to renew the permit annually. This will result in a general revenue reduction of \$816,000 annually beginning in FY 2024.

Hospital Licensing Fee

The Governor's recommended budget includes a reenactment of the hospital licensing fee, which is typically adopted in the budget each year. The FY 2024 fee would incorporate a tiered rate structure based on hospital type and is estimated to yield \$217.2 million in revenue.

Pawtucket Economic Development

The Governor proposes allocating revenue to pursuant to the City of Pawtucket Downtown Redevelopment Act to support the Tidewater Landing project. This act allows the allocation of State revenues from certain areas in Pawtucket to be used to support infrastructure projects in those areas. This will result in a general revenue reduction of approximately \$2.9 million per year beginning in FY 2024.

**GENERAL
GOVERNMENT**

GENERAL GOVERNMENT

General Government includes agencies that provide general administrative services to all other state agencies, and those that perform state licensure and regulatory functions. It includes: most elected officials, including the Governor, Lieutenant Governor, General Treasurer, the Secretary of State, and the Legislature; administrative agencies, including the Department of Administration, the Department of Revenue, Executive of Commerce, the Department of Housing, the Department of Labor and Training, the Board of Elections, and the Commission for Human Rights; and regulatory agencies, including the Department of Business Regulation and the Public Utilities Commission.

GENERAL GOVERNMENT

Department of Administration

The Department of Administration provides supportive services to all Rhode Island departments and agencies for effective coordination and direction of state programs within the framework of a changing administrative and fiscal environment. The Department also provides policy direction for executive leadership in a variety of financial and administrative matters. It is responsible for the statewide implementation of policy decisions and delivery of services administered and supported by the State.

Headed by the Director of Administration, the Department includes the programmatic functions of Central Management, Legal Services, Accounts and Control, Management and Budget, Purchasing, Auditing, Human Resources, Personnel Appeal Board, Capital Asset Management and Maintenance, Information Technology, Library and Information Services, Planning, Energy Resources, HealthSource RI, and various Internal Services Programs.

Recent Department achievements and highlights include:

- In 2022, legislation was signed into law to substantially increase renewable energy production and supply by requiring that 100 percent of Rhode Island’s electricity be offset by renewable production by 2033 – the most aggressive renewable energy standard by any state. Planning for this legislation was done in conjunction with the Office of Energy Resources.
- In one of several ongoing projects to modernize regular business processes, launched a \$7 million enterprise-wide grants management system on time and under budget. Designed to give the State more tools to oversee federal funding, the automated system standardizes and centralizes grant application, monitoring, and reporting practices across all departments. In Fiscal Year 2022, the State managed 1,405 federal awards totaling approximately \$5.4 billion in obligations, inclusive of pandemic funding and Medicare/Medicaid payments.
- Through the Pandemic Recovery Office, continues to provide policy coordination and compliance support for the federal COVID-19-related stimulus funds made available to the State.

Budget Highlights

Retiring Debt.

Allocates \$35.0 million to pay down outstanding debt that will achieve interest cost savings

Compliance Management Software System.

Provides \$250,000 to procure software for the Division of Diversity, Equity, and Inclusion to create a centralized, cloud-based certification and compliance management system.

DEPARTMENT OF ADMINISTRATION					
Source of Funds	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Enacted	FY 2023 Revised	FY 2024 Recommended
General Revenue	\$350,166,983	\$823,590,658	\$270,317,985	\$512,083,251	\$306,972,201
Federal Funds	\$268,960,473	\$286,932,303	\$342,012,430	\$337,623,440	\$236,893,542
Restricted Receipts	\$23,421,193	\$32,219,534	\$88,035,853	\$113,638,395	\$48,620,086
Other Funds	\$63,596,979	\$44,735,036	\$48,316,820	\$47,703,447	\$42,733,016
RI Capital Plan Fund	\$11,320,311	\$16,752,645	\$71,652,542	\$86,461,997	\$135,823,677
Total Funding	\$717,465,938	\$1,204,230,176	\$820,335,630	\$1,097,510,530	\$771,042,522
FTE Authorization	647.7	650.7	662.7	662.7	674.7

GENERAL GOVERNMENT

Full-Time Equivalent Positions

The Governor recommends 674.7 FTE positions in the FY 2024 Budget, and 662.7 FTE positions in the revised FY 2023 Budget. The 12.0 FTE position increase in the FY 2024 recommendation includes 1.0 FTE position in the Division of Diversity, Equity, and Inclusion, 2.0 FTE positions in Central Management, 2.0 FTE positions in the Office of Management and Budget, 2.0 FTE positions in Purchasing, 2.0 FTE positions in the Division of Human Resources, 2.0 FTE positions in the Division of Planning, and 1.0 FTE position for HealthSource RI. The recommendation finances 9.0 FTE positions from general revenue, 1.0 FTE position from restricted receipts, and 2.0 FTE positions from Internal Service Fund funds.

Proposed FY 2024 Budget Actions

- *Division of Diversity, Equity, and Inclusion Staffing.* The Governor recommends an increase of \$123,615 in general revenue to fund an additional 1.0 FTE for a Programming Services Officer position. This staffing addresses recommendations in the Disparity Study released in July 2021, which examined whether minority and women-owned business enterprises were fairly and equitably awarded State Agency prime contracts and subcontracts. The position would oversee the contracting process while monitoring contractor performance to ensure compliance with State guidelines.
- *Compliance Management Software System.* The Governor recommends an increase of \$250,000 in general revenue for the Division of Diversity, Equity, and Inclusion to purchase and implement a Compliance Management Software System. This new software system is essential for the transition from an outdated paper-based certification process to a centralized cloud-based certification and compliance management system.
- *Division of Purchases Staffing.* The Governor recommends an increase of \$310,692 in general revenue to fund an additional 2.0 FTE positions, a Deputy Purchasing Agent and a Programming Services Officer. These positions would provide the operational support needed to implement and provide training for the Ocean State Procures centralized procurement system.
- *Office of Management and Budget Staffing.* The Governor recommends an increase of \$303,047 in general revenue to fund an additional 2.0 FTE positions, a Principal Economic and Policy Analyst position and a Senior Economic and Policy Analyst. This recommendation provides additional staffing for the Performance Management unit within the Office of Management and Budget for a total of 4.0 FTE positions. Performance Management is responsible for developing and monitoring agency performance measures to maximize statewide improvement.
- *Central Management Staffing.* The Governor recommends an increase of \$168,850 in general revenue to fund 1.0 FTE position, an Assistant Director - Financial and Contract Management. This position would be responsible for coordinating efforts between purchasing, accounts payable, and the requisitioning staff to ensure process consistency and efficiency. The role also includes taking the lead in Central Management's implementation process for the Enterprise Resource Planning system. In addition, the Governor recommends an increase of \$138,297 in general revenue to fund 1.0 FTE position for a Senior Economic and Policy Analyst.
- *Division of Planning Staffing.* The Governor recommends \$269,963 in general revenue to fund an additional 2.0 FTE positions for a Programming Services Officer and a Data Analyst I within the Division's Water Resources Board unit. This recommendation supports the Board's statutory responsibilities as well as ongoing efforts to consistently engage stakeholders and the public to ensure water supply issues and initiatives are communicated effectively.
- *Division of Human Resources Staffing.* The Governor recommends \$254,038 in Human Resources Service Center Internal Service Fund expenditures to support Rhode Island's compensation and classification system, the implementation of the Enterprise Resource Planning system, and expansion of learning development programs and initiatives. The recommendation includes financing for 1.0 FTE Compensation Manager position and 1.0 FTE Performance Development Coordinator position.

GENERAL GOVERNMENT

- *HealthSource RI Staffing.* The Governor recommends an additional 1.0 FTE for a Project Manager I position, financed from restricted receipts, to fill a technical role within the Rhode Island Health Exchange program's operations team.
- *Establishment of the Large Systems Initiatives Fund.* The Governor recommends the establishment of a new fund outside of the general fund of the state. This fund, as is the case with the current Information Technology Investment Fund restricted receipt account, would be administered by the Chief Information Officer within the Department of Administration for the purpose of implementing and maintaining enterprise-wide software projects for executive branch departments. The establishment of a fund is a necessary accounting arrangement which will facilitate federal participation in major information technology projects.
- *Transfer to the Large Systems Initiatives Fund.* The Governor recommends a \$27.0 million transfer in available FY 2022 general revenue to the Large Systems Initiative Fund. Of this amount, \$22.0 million will be allocated to transitioning the RIKidsBridge Child Support Case Management system, within the Department of Health, from a legacy mainframe-based application to a web-based platform. An additional \$5.0 million will support Gateway to Government, an expansion of the Digital Government pilot program of the Department of Business and Regulation, which aims to transition licensing processes toward a single paperless platform housing digital identities and credentialing information.
- *Information Technology Critical Infrastructure.* The Governor recommends \$1.8 million in Information Processing Internal Service Fund expenditures to support contractual obligations for operations and critical infrastructure hardware replacement, licensing, and ongoing maintenance.
- *Information Technology One-Time Investments.* The Governor recommends \$2.5 million in Information Processing Internal Service Fund expenditures to support one-time and periodic investments. Projects include end-of-life cybersecurity hardware replacement, core network investments such as switch replacements, and cybersecurity infrastructure for improved data protection.
- *Federal Homeland Security Cybersecurity Grant.* The Governor recommends \$500,000 in general revenue for the state matching requirement associated with an expected \$2.5 million in grant funding from the Homeland Security State and Local Cybersecurity Improvement Act.
- *Building Maintenance and Repairs.* In order to maintain the safety and security of state facilities for employees and the public they serve, the Governor recommends \$500,000 in Facilities Management Internal Service Fund expenditures to finance critical maintenance and repairs at state facilities.
- *Security Systems Maintenance.* The Governor recommends \$212,000 in Statewide Facility Services Internal Service Fund expenditures to support increased costs associated with security systems maintenance and service for the Capitol Hill and Pastore Campus networks.
- *Paying Down State Debt.* The Governor recommends \$35.0 million in general revenue to pay down outstanding debt which will make available additional debt capacity and reduce debt service in future years.
- *General Obligation Debt Service.* The Governor recommends a general revenue increase of \$13.6 million for general obligation bond debt service, attributable to an updated debt service schedule.
- *City of Central Falls School Project Debt Service.* The Governor recommends a general revenue increase of \$13.4 million for anticipated debt service on the City of Central Falls school project based on the assumption that state appropriations-backed debt, as authorized by a previous act of

GENERAL GOVERNMENT

the General Assembly, will be issued in support of Central Falls school construction in the current fiscal year.

- *Library Express Delivery Service.* The Governor recommends an increase of \$57,840 in general revenue for the Office of Library and Information Services to return express delivery stops to pre-pandemic levels for Rhode Island public libraries and schools.
- *HealthSource RI Public Health Emergency Unwinding.* Within the Department of Administration, the Governor recommends a total of \$1.0 million in general revenue financing for HealthSource RI to support redetermination activities during the unwinding phase of the public health emergency.
- *State Employee Abortion Coverage.* The Governor recommends \$29,500 in Health Insurance Internal Service Fund expenditures to add abortion coverage to the State Employee Health Insurance plan.
- *Employment Advertising.* The Governor recommends \$200,000 in Human Resource Service Center Internal Service Fund expenditures to support employment advertising opportunities by utilizing multiple media sources.
- *Federal Lobbying Services Contract.* To ensure the State remains compliant with all relevant federal funding requirements and maximizes future resources through competitive awards, the Governor recommends \$180,000 in general revenue for a federal lobbying advisory firm contract. This contract will support future federal funding opportunities and existing opportunities already awarded to the State.
- *Natural Gas.* The Governor recommends an increase of \$12.0 million to the Central Utilities Fund expenditure limit for increased natural gas costs. This adjustment represents a 134.9 percent increase compared to the enacted FY 2023 Budget and is attributable to costs determined at the natural gas supply auction held in fall 2022. These costs are charged to state agencies based on actual usage, whose respective budgets have been adjusted accordingly.
- *Woonsocket Public Safety Facility.* The Governor recommends \$7.0 million in State Fiscal Recovery Funds to support building a new public safety facility for the City of Woonsocket that houses fire headquarters, fire stations, emergency management, dispatch, police headquarters, and the police station.
- *Electric Heat Pump Grant Program.* The Governor recommends \$20.0 million in State Fiscal Recovery Funds to support a grant program to assist homeowners and small-to-mid-size business owners with the purchase and installation of high-efficiency electric heat pumps. The appropriation schedule for this project in the enacted FY 2023 Budget included \$10.0 million in FY 2024 and FY 2025. This recommendation consolidates the appropriation in FY 2024 to ensure the timely obligation of these funds to comply with U.S. Treasury rules. It does not change the total funding amount of \$25.0 million.
- *Funding for Executive Climate Change Council Projects at the Office of Energy Resources.* The Governor recommends establishing a dedicated funding source through the Utility System Benefits Charge for the Executive Climate Change Council to use for climate change activities to support implementation of the 2021 Act on Climate. Generating \$4.5 million in restricted receipts annually and administered by the Office of Energy Resources, eligible uses include renewables, energy efficiency, clean transportation, clean heating, energy storage and other climate change activities.
- *Public Health Warehouse Support.* The Governor recommends \$1.4 million in State Fiscal Recovery Funds for the proper storage of personal protective equipment and other necessary COVID-19 response-related supplies, in partnership with the Emergency Management Agency.

GENERAL GOVERNMENT

This amount is in addition to the \$2.0 million in State Fiscal Recovery Funds appropriated for this purpose in FY 2023.

- *Auto-Enrollment Program.* The Governor recommends \$1.3 million in State Fiscal Recovery Funds to automatically enroll qualified individuals transitioned off Medicaid coverage at the end of the COVID-19 public health emergency into qualified health plans. This amount is in addition to the \$1.3 million in State Fiscal Recovery Funds appropriated for this purpose in FY 2023.
- *Municipal Roads Grant Project.* The Governor recommends \$20.0 million in State Fiscal Recovery Funds to create a fund available to cities and towns to complete road, sidewalk, and bridge projects.
- *Pandemic Recovery Office.* The Governor recommends a total of \$6.9 million in State Fiscal Recovery Funds in FY 2024 to finance the operations of the Pandemic Recovery Office. This includes a \$1.9 million increase for additional contract support over two years. Furthermore, the recommendation consolidates the entire appropriation schedule in FY 2024 to ensure the timely obligation of these funds to comply with U.S. Treasury rules. The total funding amount for the Pandemic Recovery Office across all fiscal years, \$18.9 million, is an increase of \$1.9 million over the FY 2023 enacted amount.
- *Ongoing COVID-19 Response.* The Governor recommends \$34.0 million in State Fiscal Recovery Funds for the Department of Health's baseline pandemic response.
- *Statewide Adjustments.* The Governor recommends an increase of \$1.4 million in general revenue for the financing of agency charges for certain centralized services, including facilities management, human resources, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

Proposed FY 2023 Budget Revisions

- *One-time Transfer to Rhode Island Capital Plan for Transformational State Capital Improvements.* The Governor recommends \$60.0 million in available FY 2022 general revenue surplus to be transferred to the Rhode Island Capital Plan Fund. This financing facilitates enhancements to capital projects such as Davies Career and Technical High School Wing Renovation, State House Renovations, and investments in the State-owned group homes.
- *Transportation State Match Transfer to the Rhode Island Capital Plan Fund.* The Governor recommends \$182.4 million in available FY 2022 general revenue surplus be transferred to the Rhode Island Capital Plan Fund to serve as state match to federal transportation funds and to hold harmless the Department of Transportation on expected toll revenue losses through FY 2024. \$24.6 million of the available FY 2022 general surplus will be allocated in FY 2024 and FY 2025 to hold harmless the highway improvement program in recognition of a pause on the scheduled Consumer Price Index adjustment to the motor fuel tax rate. These funds will leverage the recently enacted Investment Infrastructure and Jobs Act (IIJA, or Bipartisan Infrastructure Bill) for the Department of Transportation over FY 2023 to FY 2025.
- *General Obligation Debt Service.* The Governor recommends a general revenue decrease of \$3.1 million below the enacted level for general obligation bond debt service, attributable to an updated debt service schedule.
- *General Officer Transition Costs.* The Governor recommends a reduction of \$350,000 in general revenue for transition costs associated with the 2022 general election. The recommendation finances these costs within the applicable General Officer-elect agency budgets.
- *Federal Homeland Security Cybersecurity Grant.* The Governor recommends \$219,050 in general revenue for the State of Rhode Island matching requirement associated with \$2.2 million expected in grant funding from the Homeland Security State and Local Cybersecurity Improvement Act.

GENERAL GOVERNMENT

- *Library Express Delivery Service.* The Governor recommends an increase of \$61,025 in general revenue for the Office of Library and Information Services to return express delivery stops to pre-pandemic levels for Rhode Island public libraries and schools.
- *HealthSource RI Public Health Emergency Unwinding.* Within the Department of Administration, the Governor recommends a total of \$1.1 in general revenue financing for HealthSource RI to support redetermination activities during the unwinding phase of the public health emergency.
- *Federal Emergency Management Agency (FEMA) Contingency Reserve.* In recognition of the ongoing uncertainty associated with FEMA reimbursements for costs incurred in response to the COVID-19 PHE, the Governor's recommendation maintains \$15.0 million in general revenue included in the enacted FY 2023 Budget as a contingency reserve. Should actual FEMA reimbursements differ substantially from current state assumptions, this reserve would absorb some or all of the impact of an unanticipated shortfall.
- *Natural Gas.* The Governor recommends an increase of \$8.0 million to the Central Utilities Fund expenditure limit for increased natural gas costs. This adjustment represents a 90.1 percent increase compared to the enacted FY 2023 Budget and is attributable to costs determined at the natural gas supply auction held in fall 2022. These costs are charged to state agencies based on actual usage, whose respective budgets have been adjusted accordingly.
- *Pandemic Recovery Office.* The Governor recommends a total of \$5.9 million in State Fiscal Recovery Funds in FY 2023 to finance the Pandemic Recovery Office. This includes a reappropriation of \$917,703 from FY 2022.
- *Ongoing COVID-19 Response.* The Governor recommends \$61.0 million in State Fiscal Recovery Funds, including \$43.0 million to continue COVID-19 mitigation activities and to address the public health impacts of the pandemic, \$15.0 million for state agency costs that are not covered in the Department of Health's baseline budget, and \$3.0 million for personnel costs for the Department of Corrections. This amount is a reduction from the appropriation schedule for this project in the enacted FY 2023 Budget that included \$186.9 million in total in FY 2023, FY 2024, and FY 2025.
- *Statewide Adjustments.* The Governor recommends an increase of \$941,446 in general revenue for the financing of agency charges for certain centralized services, including facilities management, human resources, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

GENERAL GOVERNMENT

Department of Business Regulation

The Department of Business Regulation’s primary function is to implement state laws pertaining to the regulation and licensure of designated businesses, professions, occupations, and other specified activities. The areas regulated include Banking, Securities, Commercial Licensing, Cannabis, Gaming and Athletics, Insurance, Accountants, Contractors, and Design Professionals.

The Department also houses the Office of the State Fire Marshal, the Office of the State Building Commissioner, and numerous boards and commissions, including the Real Estate Commission, Real Estate Appraisal Board, Rhode Island Board of Accountancy, and the Certified Constables’ Board.

The Department issues over 350,000 licenses annually and conducts administrative hearings involving licensees, which can include administrative penalties, denials, suspensions, and/or revocations.

Recent Department achievements and highlights include:

- In Fiscal Year 2022, returned \$783,830 to consumers because of complaint investigations and received \$232,960 in fines or penalties due to oversight activity.
- Licensed five compassion centers to begin adult-use cannabis sales on December 1, 2022, launching Rhode Island’s adult-use program six months after the Cannabis Act was signed into law.
- Updated examination processes for select licenses to give applicants the choice of taking examinations virtually or in person at a test center.
- Developed and implemented an online process for requesting a letter of good standing (certificate of licensure) for real estate in April 2022, which enables licensees to enhance their business by getting quickly licensed in other states. Additionally, the Department updated and simplified all real estate applications, including online applications, to encourage their use.
- In October 2022, launched an online short-term rental registration system as required by state law.

Budget Highlights

Rate Review.

Provides general revenue funding to continue the rate review of social and human service programs.

Vehicle Purchases.

Allocates \$186,280 in general revenue to purchase five vehicles – three for the Office of Cannabis Regulation and two for Building Officials.

GENERAL GOVERNMENT

DEPARTMENT OF BUSINESS REGULATION					
Source of Funds	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Enacted	FY 2023 Revised	FY 2024 Recommended
General Revenue	\$15,221,380	\$19,539,175	\$26,270,761	\$25,495,172	\$25,928,212
Federal Funds	\$3,869,737	\$817,183	\$691,187	\$869,963	\$641,503
Restricted Receipts	\$5,513,688	\$6,469,207	\$10,789,638	\$10,298,764	\$9,966,273
Other Funds	\$64,921	\$10,820	\$69,727	\$69,727	\$71,915
RI Capital Plan Fund	-	-	\$675,000	\$675,000	\$5,715,000
Total Funding	\$24,669,726	\$26,836,385	\$38,496,313	\$37,408,626	\$42,322,903
FTE Authorization	161.0	162.0	181.0	181.0	181.0

Full-Time Equivalent Positions

The Governor recommends 181.0 FTE positions in the FY 2024 Budget, and 181.0 FTE positions in the revised FY 2023 Budget consistent with the enacted level.

Proposed FY 2024 Budget Actions

- *Sustaining the Social and Human Service Programs Rate Review.* The Governor recommends \$590,829 in general revenue to continue funding for the rate review of social and human service programs having a contract with or licensed by the state as functions enumerated in R.I.G.L. 42-14.5-3(t).
- *Vehicle Purchases.* The Governor recommends \$186,280 in one-time general revenue for vehicle purchases for the State Building Code Commission and the Office of Cannabis Regulation. This includes two vehicles for Building Officials and three vehicles for the Office of Cannabis Regulation in FY 2024.
- *Statewide Adjustments.* The Governor recommends an increase of \$226,753 for the financing of agency charges for certain centralized services, including facilities management, human resources, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

Proposed FY 2023 Budget Revisions

- *Reduction of Funding for the Disposal of Firefighting Foam.* The enacted FY 2023 Budget included \$592,780 in general revenue for the replacement of firefighting foam held by municipal departments that contain perfluorinated and polyfluorinated substances with more environmentally friendly foam. Funds were appropriated at the Department of Business Regulation, State Fire Marshal's Office for the purchase of new foam and at the Department of Environmental Management for the disposal of existing, hazardous foam. The Governor recommends reallocating \$126,124 in general revenue from the State Fire Marshal's Office to the Department of Environmental Management to reflect the actual costs associated with foam replacement and disposal across the two departments.
- *Statewide Adjustments.* The Governor recommends a decrease of \$774,712 from general revenue for the financing of agency charges for certain centralized services, including facilities management, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

GENERAL GOVERNMENT

Executive Office of Commerce

The Executive Office of Commerce serves as the principal agency of the Executive Branch of state government charged with promoting commerce and fostering an economic environment in which Rhode Island's businesses can grow and prosper. The Secretary of Commerce, appointed by the Governor with the advice and consent of the Senate, administers the Executive Office of Commerce, which oversees the Rhode Island Commerce Corporation and its subsidiaries: the Quonset Development Corporation, the I-195 Redevelopment District Commission, the RI Airport Authority, the East Providence Waterfront District; as well as the Department of Business Regulation and the Office of the Health Insurance Commissioner. From time to time, the Executive Office of Commerce is also tasked with facilitating other special governmental programs and initiatives.

Recent Office achievements and highlights include:

- Throughout the pandemic, helped coordinate a safe economic reopening and recovery strategy, which has contributed to Rhode Island experiencing one of the strongest recoveries in the nation and the best in the Northeast, per Moody's Analytics "Back-to-Normal" Index.
- Assisted small businesses recover from the pandemic through direct grants and technical assistance. In 2022, the Small Business Direct Grant program assisted 2,489 businesses in 2022 with grants of up to \$5,000, and the Hospitality, Tourism, and Events Grant program provided financial assistance to 161 businesses through larger grants.
- Announced \$4.8 million in awards for 21 intermediary organizations through the Take It Outside program, which supports outdoor activities for small businesses to help them recover from the pandemic and to slow the spread of the virus.
- Supported municipalities and partner organizations through \$2.9 million in grants to fund the development of outdoor and public space capital improvements or event programming through a placemaking initiative.
- Continued assisting the small business community through programs such as the Network Matching Grant Program, SupplyRI, the Small Business Assistance Program, and the Innovation Vouchers program. In 2022, the Office reached the milestone of awarding more than 100 innovation vouchers during the lifetime of the program that invests in research and development to catalyze innovation in Rhode Island.

Budget Highlights

Bioscience Investments.

Provides \$45.0 million in State Fiscal Recovery Funds to invest in the biosciences industry, including supporting the development of wet lab incubator space in collaboration with industry partners, and create a fund that will support wraparound services.

Gateway to Government.

Expands the Digital Government pilot to transition licensing processes toward a single, paperless platform, managing digital identities and credentialing information.

Small Business Assistance Program.

Invests \$2.6 million more in the program that supports businesses and entrepreneurs that are having difficulty obtaining adequate lines of credit from traditional lending organizations.

Wavemaker Fellowship.

Leverages an additional \$800,000 in funding to expand fellowship eligibility to teachers.

GENERAL GOVERNMENT

EXECUTIVE OFFICE OF COMMERCE					
Source of Funds	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Enacted	FY 2023 Revised	FY 2024 Recommended
General Revenue	\$59,658,803	\$84,243,173	\$49,213,782	\$54,244,460	\$77,671,142
Federal Funds	\$48,445,645	\$66,453,957	\$185,07,699	\$207,294,149	\$187,073,500
Restricted Receipts	\$5,132,883	\$5,064,835	\$7,664,150	\$7,664,150	-
Other Funds	-	-	-	-	-
RI Capital Plan Fund	\$263,883	\$6,589,069	\$805,000	\$1,060,322	\$700,000
Total Funding	\$113,501,215	\$162,351,034	\$242,690,331	\$270,263,081	\$265,444,642
FTE Authorization	14.0	16.0	20.0	20.0	5.0

Full-Time Equivalent Positions

The Governor recommends 5.0 FTE positions in the FY 2024 Budget, and 20.0 FTE positions in the revised FY 2023 Budget. The latter is equivalent to the enacted FY 2023 Budget. Following the departure of the Office of Housing and Community Development, which will become part of the new Department of Housing, the Governor recommends an additional 2.0 FTE positions financed through general revenues for the Executive Office of Commerce in FY 2024 to maintain operations.

Proposed FY 2024 Budget Actions

- *Executive Office Staffing.* The Governor recommends \$267,854 in general revenue to finance an additional 2.0 FTE positions in the Executive Office of Commerce to maintain a staffing level necessary to operate following the shift of the Office of Housing and Community Development to the new Department of Housing. This includes 1.0 Administrative Secretary and 1.0 Chief Fiscal Manager.
- *Rebuild Rhode Island Tax Credit.* The Governor recommends a total of \$26.4 million from general revenue to finance the Rebuild Rhode Island Tax Credit program. The recommendation includes a one-time, \$15.0 million infusion to fully finance an increase in the tax credit and sales and use tax exemption total program cap from \$210.0 million to \$225.0 million. The increased cap will ensure that the program can continue to stimulate business development, retention, and attraction, and create well-paying jobs in Rhode Island in FY 2024. Furthermore, the recommendation includes \$11.4 million to cover existing program obligations. The Governor also recommends extending the program sunset to December 31, 2024.
- *First Wave Closing Fund.* The Governor recommends an additional \$20.0 million in general revenue to recapitalize the First Wave Closing Fund. The First Wave Closing Fund is used to provide last-dollar flexible financing for business attraction, development, and retention when funding is not available from other sources.
- *Gateway to Government.* The Governor recommends an additional \$5.0 million to support the Executive Office of Commerce's Gateway to Government initiative, an expansion of the Digital Government pilot of the Department of Business and Regulation, which will transition licensing processes toward a single, paperless platform, managing digital identities and credentialing information. The \$5.0 million will be financed through the Large Systems Initiative Fund administered within the Department of Administration.
- *Small Business Assistance Program (SBAP).* The Governor recommends an additional \$2.6 million in general revenue for the SBAP, which supports small businesses and entrepreneurs in Rhode Island that are having difficulty obtaining adequate credit from traditional lending organizations, and allows lending partners to provide technical assistance services, including business planning, financial education, credit counseling, and marketing advice.

GENERAL GOVERNMENT

- *Innovation Vouchers and Network Matching Grants.* The Governor recommends an additional \$1.0 million in general revenue for Innovation Vouchers and Networking Matching Grants to allow the award of additional vouchers and grants to higher education institutions and intermediaries that provide Rhode Island small businesses with technical assistance, access to capital, or space on flexible terms. The Governor also recommends increasing the program grant cap from \$50,000 to \$75,000.
- *SupplyRI.* The Governor recommends an additional \$700,000 in general revenue to support the expansion of the SupplyRI program to include a five-year program assessment, engagement of tier-two supplier businesses, and an expansion of current core initiatives and related costs.
- *Main Streets.* The Governor recommends an additional \$1.0 million in general revenue for the Main Street RI Streetscape Fund. The enacted FY 2023 Budget included \$5.0 million in one-time general revenue appropriations to the Main Streets Revitalization program.
- *Continued Support for Wavemaker Fellowship Expansion for Healthcare and Mental Health Professionals.* The Governor recommends \$1.6 million in general revenue to continue funding for the expanded Wavemaker Fellowship program to healthcare and mental health professionals that was included in the enacted FY 2023 Budget.
- *Teachers Expansion for Wavemaker Fellowship.* The Governor recommends an additional \$800,000 in general revenue to expand the Wavemaker Fellowship program to teaching professions. The executive office will work closely with the Rhode Island Department of Elementary and Secondary Education to promulgate rules and regulations related to this expansion.
- *I-195 Redevelopment Fund and District Operations.* The Governor recommends an additional \$2.3 million in general revenue for the I-195 Redevelopment District Commission. This includes \$2.0 million for the I-195 Redevelopment Project Fund to support additional projects in the District, and \$284,050 to support financing of personnel expenditures for one additional position and for increases in operating expenses.
- *Continued Support for Rhode Island Commerce Corporation.* The Governor recommends an additional \$342,710 in general revenue for the Rhode Island Commerce Corporation base appropriation. This additional financing covers personnel costs, increased health insurance costs, as well as a variety of operating cost increases, such as energy costs and upgrades to anti-virus software.
- *Sunset Extensions.* The Governor recommends extending sunset provisions for the following programs from December 31, 2023, to December 31, 2024: Rhode Island Tax Increment Financing, the Tax Stabilization Incentive, the First Wave Closing Fund, the I-195 Redevelopment Project Fund, the Small Business Assistance Program, the Wavemaker Fellowship, the Main Street RI Streetscape Improvement Fund, the Innovation Initiative, the High School, College, and Employer Partnerships (P-TECH), the Air Service Development Fund, and the Rhode Island Qualified Jobs Incentive Act.
- *Port of Davisville.* The Governor recommends \$54.0 million in State Fiscal Recovery Funds to develop infrastructure and services at the Port of Davisville in Quonset. The appropriation schedule for this project in the enacted FY 2023 Budget included \$19.4 million in FY 2024, \$27.0 million in FY 2025, and \$7.6 million in FY 2026. This recommendation consolidates the appropriation in FY 2024 to ensure the timely obligation of these funds to comply with U.S. Treasury rules. It does not change the total funding amount of \$60.0 million.
- *Destination Marketing.* The Governor recommends \$1.5 million in State Fiscal Recovery Funds in FY 2024 for destination marketing in support of airline routes. The appropriation schedule for this project in the enacted FY 2023 Budget included \$1.5 million in FY 2024. Total funding for the project remains \$3.0 million.

GENERAL GOVERNMENT

- *Minority Business Accelerator.* The Governor recommends \$4.0 million in State Fiscal Recovery Funds in FY 2024 for additional resources to enhance the growth of minority business enterprises. The appropriation schedule for this project in the enacted FY 2023 Budget included \$4.0 million in FY 2024. Total funding for the project remains \$6.0 million.
- *South Quay Marine Terminal.* The Governor recommends a total of \$48.0 million in State Fiscal Recovery Funds to support the development of a hub of intermodal shipping designed for the offshore wind industry along Memorial Parkway in the City of East Providence. The appropriation schedule for this project in the enacted FY 2023 Budget included \$23.0 million in FY 2024. The recommendation includes an additional \$25.0 million for a subsequent phase of the project that will include dredging to provide additional berthing depth, expanding the cargo laydown area by approximately 18 acres, and making various utility and security improvements.
- *Small Business Assistance.* The Governor recommends \$5.0 million in State Fiscal Recovery Funds in small business public health capital improvements and energy efficiency initiatives. This amount is in addition to \$7.5 million that was appropriated in FY 2022 for energy efficiency improvements.
- *Bioscience Investments.* The Governor recommends \$45.0 million in State Fiscal Recovery Funds to support a program to invest in the biosciences industry in Rhode Island. This program would help develop of one or more wet lab incubator spaces in collaboration with industry partners and create a fund that would support wraparound services to aid in the commercialization of technology and business development, foster the growth of the biosciences talent pipeline, and support two full-time Rhode Island Commerce Corporation staff to implement the Bioscience Investments initiative.
- *Statewide Adjustments.* The Governor recommends a general revenue decrease of \$2,908 for the financing of agency charges for certain centralized services, including facilities management, human resources, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

Proposed FY 2023 Budget Revisions

- *Municipal Infrastructure Matching Pool.* The Governor recommends \$5.5 million in general revenue, to be allocated for the creation of a Municipal Matching Grant Pool for cities and towns that apply for Federal Infrastructure Investment and Jobs Act (IIJA) funds, but lack matching funds.
- *Statewide Adjustments.* The Governor recommends a general revenue increase of \$6,345 for the financing of agency charges for certain centralized services, including facilities management, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

GENERAL GOVERNMENT

Department of Housing

The Department of Housing was established as a separate department within the Executive Branch effective January 1, 2023, by the General Assembly during the legislative session in 2022.

The law creating the Department of Housing elevated the position of Deputy Secretary of Housing to Secretary of Housing, who provides direct oversight over the Office of Housing and Community Development and is tasked with coordinating with all agencies directly related to housing initiatives, including the Rhode Island Housing and Mortgage Finance Corporation, Coastal Resources Management Council, Department of Environmental Management, Department of Business Regulation, Department of Transportation, and Housing Resources Commission.

The creation of the Department of Housing will allow the State to better address the housing challenges facing Rhode Islanders with the state and federal resources available.

Recent Department achievements and highlights include:

- Implementing projects totaling \$250 million in State Fiscal Recovery Funds that are investing in housing development, home ownership, community revitalization, and support for individuals experiencing homelessness.
- Submitted an organizational plan to the General Assembly in December 2022 that made recommendations on how to organize housing functions that currently live across multiple state entities, makes recommendations for how the Department of Housing can be structured, and proposes a governance structure for further discussion with state agencies, quasi-governmental agencies, and community partners.

Budget Highlights

Department Organization.

Allocates an additional \$2.7 million in general revenue to finance additional FTEs for the new Department.

State Fiscal Recovery Fund Investments.

Continues investments of State Fiscal Recovery Funds to develop affordable housing units, provide down payment assistance, and add capacity to the homelessness system.

DEPARTMENT OF HOUSING					
Source of Funds	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Enacted	FY 2023 Revised	FY 2024 Recommended
General Revenue	-	-	-	-	\$4,757,895
Federal Funds	-	-	-	-	\$169,493,898
Restricted Receipts	-	-	-	-	\$7,664,150
Other Funds	-	-	-	-	-
RI Capital Plan Fund	-	-	-	-	-
Total Funding	-	-	-	-	\$181,915,943
FTE Authorization	-	-	-	-	38.0

Full-Time Equivalent Positions

The Governor recommends 38.0 FTE positions in the FY 2024 Budget for the newly established Department of Housing. This includes 17.0 FTE positions transferred from the Office of Housing and Community Development, previously housed within the Executive Office of Commerce, in addition to 21.0 FTE positions included in the Governor's recommendation.

GENERAL GOVERNMENT

Proposed FY 2024 Budget Actions

- *Additional Personnel for Department of Housing.* The Governor recommends an additional \$2.7 million in general revenue to finance an additional 21.0 FTE positions for the Department of Housing, beginning FY 2024. These additional positions bring the total number of positions recommended for the new Department to 38.0 FTE.
- *Operating Expenses.* The Governor recommends an additional \$240,000 in general revenue to finance office space for the planned expansion of the Department of Housing. This includes an estimated lease cost and office related expenses.
- *Affordable Housing Predevelopment Program.* The Governor recommends \$7.5 million in State Fiscal Recovery Funds to support predevelopment work for proposed affordable housing developments. The appropriation schedule for this project in the enacted FY 2023 Budget included \$2.5 million in FY 2024, FY 2025, and FY 2026. This recommendation consolidates the appropriation in FY 2024 to ensure the timely obligation of these funds to comply with U.S. Treasury rules. It does not change the total funding amount \$10.0 million.
- *Development of Affordable Housing.* The Governor recommends \$55.0 million in State Fiscal Recovery Funds to invest in the development of affordable housing units. The appropriation schedule for this project in the enacted FY 2023 Budget included \$30.0 million in FY 2024 and \$25.0 million in FY 2025. This recommendation consolidates the appropriation in FY 2024 to ensure the timely obligation of these funds to comply with U.S. Treasury rules. It does not change the total funding amount of \$90.0 million.
- *Down Payment Assistance in Hard Hit Neighborhoods.* The Governor recommends \$20.0 million in State Fiscal Recovery Funds to provide down payment assistance to eligible first-time home buyers. The appropriation schedule for this project in the enacted FY 2023 Budget included \$10.0 million each in FY 2024 and FY 2025. This recommendation consolidates the appropriation in FY 2024 to ensure the timely obligation of these funds to comply with U.S. Treasury rules. It does not change the total funding amount of \$30.0 million.
- *Site Acquisition.* The Governor recommends \$10.0 million in State Fiscal Recovery Funds toward the acquisition of properties for redevelopment as affordable and supportive housing. The appropriation schedule for this project in the enacted FY 2023 Budget included \$5.0 million in FY 2024 and FY 2025. This recommendation consolidates the appropriation in FY 2024 to ensure the timely obligation of these funds to comply with U.S. Treasury rules. It does not change the total funding amount of \$25.0 million.
- *Homelessness Assistance Program.* The Governor recommends \$13.0 million in State Fiscal Recovery Funds to expand housing navigation, behavioral health, and stabilization services to address pandemic-related homelessness. The appropriation schedule for this project in the enacted FY 2023 Budget included \$7.0 million in FY 2024 and \$6.0 million in FY 2025. This recommendation consolidates the appropriation in FY 2024 to ensure the timely obligation of these funds to comply with U.S. Treasury rules. It does not change the total funding amount of \$21.5 million.
- *Home Repair and Community Revitalization.* The Governor recommends \$10.0 million in State Fiscal Recovery Funds to finance the acquisition and redevelopment of blighted properties to increase the number of commercial and community spaces in disproportionately impacted communities and/or to increase the development of affordable housing. The appropriation schedule for this project in the enacted FY 2023 Budget included \$10.0 million in FY 2024. Total funding for the project remains \$25.0 million.
- *Workforce Housing.* The Governor recommends \$8.0 million in State Fiscal Recovery Funds to support a program to increase the housing supply for families earning up to 120 percent of area median income.

GENERAL GOVERNMENT

The appropriation schedule for this project in the enacted FY 2023 budget included \$8.0 million in FY 2024. Total funding for the project remains \$20.0 million.

- *Predevelopment and Capacity Building.* The Governor recommends \$500,000 in State Fiscal Recovery Funds to support a program to increase contract staffing capacity to administer affordable housing projects. The appropriation schedule for this project in the FY 2023 Enacted Budget included \$500,000 in FY 2024. Total funding for the project remains \$1.5 million.
 - *Homelessness Infrastructure.* The Governor recommends \$30.0 million in State Fiscal Recovery Funds to respond to and prevent homelessness, including but not limited to, acquisition or construction of temporary or permanent shelter and other housing solutions and stabilization programs. The amount is in addition to \$15.0 million that was appropriated in FY 2023 for the same purpose.
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GENERAL GOVERNMENT

Department of Labor and Training

The Department of Labor and Training is the primary workforce agency responsible for the administration of a comprehensive array of employment and training services to Rhode Island’s job seekers and business community. It executes programs and administers laws governing the following program areas: Income Support, Workforce Development, Workers’ Compensation, Workforce Regulation and Safety, and Labor Market Information.

The Executive Office is responsible for strategic planning, policy, and oversight to promote all Departmental functions and to ensure the efficient and effective use of federal and state resources. The Income Support division encompasses all functions and activities related to Unemployment Insurance, Temporary Disability Insurance, and Temporary Caregiver Insurance.

The Workforce Development Services division administers federal and state employment and training programs designed to help individuals find gainful employment and employers hire skilled workers. The Department also oversees the Governor’s Workforce Board, which was established to unify the governing mandates defined by both federal and state legislation and to institute common statewide policies, goals, and strategies for the coordination of employment and training programs, employment-associated educational programs, and related services for all system stakeholders. This alignment ensures strategies that create and address a demand-driven workforce agenda that is responsive to the needs of Rhode Island businesses.

The Workers’ Compensation division regulates and administers the State’s workers’ compensation system and educates workers and employers regarding workers’ compensation laws and regulations. The Chief Judge Robert F. Arrigan Rehabilitation Center provides rehabilitation services for workers injured on the job. The Workforce Regulation and Safety division is responsible for enforcing laws pertaining to professional regulation, labor standards, occupational health and safety, and certification of weights and measures. The Labor Market Information division collects, analyzes, and disseminates a wide variety of information on the Rhode Island labor market.

Recent Department achievements and highlights include:

- In early 2022, established an Office of Community Engagement in the Executive Office tasked with leading and implementing diversity, equity, and inclusion efforts across the Department. The aim of the Office is to ensure equitable access to programs and services for Rhode Islanders from marginalized backgrounds, and to engage with the community to identify and mitigate potential barriers.
- Secured a \$15 million Quality Jobs, Equity, Strategy, and Training grant from the U.S. Department of Labor (USDOL) in September 2022 aimed at supporting Rhode Islanders who are entering, returning to, or advancing in high-quality jobs in growth industries, such as infrastructure and the care economy. Work on this grant will continue through September 2024 and will bring together a diverse coalition of worker, business, and community voices to leverage Rhode Island’s demand-driven workforce development platform to address long-standing systemic inequities.
- Invested in equitable access to the unemployment insurance (UI) program through a \$2.3 million equity grant from USDOL awarded in July 2022 that is being used to hire additional bilingual staff in UI operations and support staff at career centers to assist claimants with barriers to access and expand language access services to claimants.

Budget Highlights

Digital Credential.

Funds the development and implementation of a system to digitally issue credentials arising from workforce development programs.

Office of Community Engagement.

Supports the Office that aims to develop partnerships and equitably distribute services and resources.

GENERAL GOVERNMENT

- Improved delivery of in-person services through a significant remodel of the West Warwick Career Center in October 2022. Renovations included technological upgrades that will provide Rhode Islanders with easier access to Department resources.
- Launched a new partnership with the Department of Corrections in late 2021 to bring new employment opportunities to the Women’s and Minimum-Security facilities. Department of Labor and Training job coaches worked in person with incarcerated individuals on resume and interview skills. Participants engaged in a virtual job fair in June 2022, interviewing one-on-one with employers ready to hire, with three participants receiving on-the-spot post-release offers. The partnership is ongoing, with a second job fair planned for spring 2023.

DEPARTMENT OF LABOR AND TRAINING					
Source of Funds	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Enacted	FY 2023 Revised	FY 2024 Recommended
General Revenue	\$12,667,543	\$15,466,165	\$22,842,351	\$22,634,298	\$17,725,177
Federal Funds	\$2,021,370,538	\$377,652,140	\$187,176,605	\$171,277,006	\$75,724,375
Restricted Receipts	\$19,794,601	\$27,206,409	\$32,302,318	\$35,313,317	\$30,935,203
Other Funds	\$567,286,199	\$362,991,771	\$392,132,722	\$35,313,317	\$405,082,666
RI Capital Plan Fund	-	-	-	-	-
Total Funding	\$2,621,118,882	\$783,316,484	\$634,453,996	\$611,290,000	\$529,467,421
FTE Authorization	425.7	462.7	461.7	461.7	461.7

Full-Time Equivalent Positions

The Governor recommends 461.7 FTE positions in the FY 2024 Budget, and 461.7 FTE positions in the revised FY 2023 Budget consistent with the enacted level.

Proposed FY 2024 Budget Actions

- *Digital Credential.* The Governor recommends \$1.0 million in general revenue to develop and implement a system for the issuance of digital credentials arising from workforce development programming, as required by statute.
- *Support for the Office of Community Engagement.* The Governor recommends \$100,000 in general revenue for the recently established Office of Community Engagement, which aims to support and develop partnerships and equitable distribution of services and resources through meaningful community engagement.
- *Enhanced Real Jobs.* The Governor recommends \$20.0 million in State Fiscal Recovery Funds to support the development of job partnerships, connecting industry employers adversely impacted by the pandemic to individuals enrolled in workforce training programs. The appropriation schedule for this project in the FY 2023 Enacted Budget included \$10.0 million each in FY 2024 and FY 2025. This recommendation consolidates the appropriation in FY 2024 to ensure the timely obligation of these funds to comply with U.S. Treasury rules. It does not change the total funding amount of \$30.0 million.
- *Statewide Adjustments.* The Governor recommends a general revenue decrease of \$611,213 for the financing of agency charges for certain centralized services, including facilities management, human resources, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

GENERAL GOVERNMENT

Proposed FY 2023 Budget Revisions

- *Workers' Compensation Fund Supplement.* The Governor recommends a one-time direct infusion of \$4.4 million in general revenue to the Workers' Compensation program, to address the decline in Workers' Compensation premiums during the COVID-19 pandemic and avoid an increase in premium rates for employers.
- *Statewide Adjustments.* The Governor recommends a general revenue decrease of \$607,269 for the financing of agency charges for certain centralized services, including facilities management, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

GENERAL GOVERNMENT

Department of Revenue

The Department of Revenue was established as a separate department within the Executive Branch by the 2006 General Assembly. The Department is headed by the Director of Revenue, who is appointed by the Governor, with the advice and consent of the Senate. The Department’s programmatic functions are the Office of the Director, Taxation, State Lottery, Division of Motor Vehicles, Revenue Analysis, Municipal Finance, and Collections.

Recent Department achievements and highlights include:

- In 2022, issued almost 110,000 checks totaling over \$43 million for the Child Tax Rebate program that is providing families with critical aid.
- Launched the Taxpayer Experience Office, with a dedicated taxpayer experience liaison to improve constituent service.
- Collected more than \$2.7 million in delinquent debt owed to Rhode Island state agencies in Fiscal Year 2022, as well as \$1.0 million so far in Fiscal Year 2023 through the Central Collections Unit. This is an increase of \$160,000 through the same period in Fiscal Year 2022.
- In conjunction with the Pandemic Recovery Office, distributed \$263 million in American Rescue Plan Act funds to cities and town.
- Converted the central lottery system, with the replacement of ticket machine hardware at the approximately 1,200 Lottery retailers and the central system software.
- Transferred \$388.6 million to the general fund from the Lottery in Fiscal Year 2022 – a 29% increase from Fiscal Year 2021.
- Selected a new design for the standard-issue Rhode Island license plate from among 900 designs submitted in a public contest. The Division of Motor Vehicles will begin issuing license plates with the new design in January 2023.

Budget Highlights

Sales Tax.

Reduces the 7.0 percent sales and use tax to 6.85 percent.

Corporate Minimum Tax.

Reduces the corporate minimum tax from \$400 to \$375 in tax year 2024.

Trade-in Value for Trucks.

Exempts from sales tax the trade-in value of trucks to mirror exemptions for private passenger cars and motorcycles.

DEPARTMENT OF REVENUE					
Source of Funds	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Enacted	FY 2023 Revised	FY 2024 Recommended
General Revenue	\$122,575,064	\$258,598,504	\$371,897,350	\$371,233,155	\$370,390,549
Federal Funds	\$185,729,440	\$132,797,058	\$132,177,594	\$132,177,594	\$599,904
Restricted Receipts	\$2,233,220	\$1,983,339	\$6,646,413	\$6,653,533	\$9,556,818
Other Funds	\$261,736,301	\$364,764,848	\$436,147,155	\$389,581,867	\$390,024,764
RI Capital Plan Fund	-	-	\$850,000	\$850,000	-
Total Funding	\$572,274,024	\$758,143,749	\$947,718,512	\$900,496,149	\$770,572,035
FTE Authorization	602.5	570.5	575.5	575.5	575.5

Full-Time Equivalent Positions

The Governor recommends 575.5 FTE positions in the FY 2024 Budget, and 575.5 FTE positions in the revised FY 2023 Budget. The latter is unchanged from the enacted FY 2023 Budget.

GENERAL GOVERNMENT

Proposed FY 2024 Budget Actions

- *Sales Tax Rate Reduction.* The Governor recommends permanently reducing the current 7.0 percent sales and use tax rate to 6.85 percent. This reduction is estimated to save taxpayers \$25.0 million in FY 2024 and \$34.7 million in FY 2025.
- *Corporate Minimum Tax Reduction.* The Governor recommends a \$25 reduction to the corporate minimum tax, from \$400 to \$375, beginning in tax year 2024. This reduction is estimated to save businesses \$1.0 million in FY 2024 and \$2.1 million in FY 2025.
- *Trade-in Value for Trucks.* The Governor recommends an exemption from sales tax the trade-in value of trucks. Under current law, only private passenger automobiles not for hire and motorcycles are eligible for the exemption. This proposal is estimated to save taxpayers \$3.7 million in FY 2024 and \$5.0 million in FY 2025.
- *Litter Control Participation Permit.* The Governor recommends eliminating the litter control participation permit that is required for establishments that sell food or beverages to-go and includes a fee determined by the establishment's prior year gross receipts. This proposal is estimated to save businesses \$815,604 beginning in FY 2024.
- *Food Donation Tax Credit.* The Governor recommends creating a tax credit for food products raised or grown in Rhode Island donated by food producers to qualified food banks. The nonrefundable tax credit is equal to 15 percent of the value of the donated food, capped at \$5,000 per donor per year.
- *Motor Vehicle Excise Tax Phase-Out.* The Governor recommends fully funding the Motor Vehicle Excise Tax Phase-out in FY 2024 and that it be financed with \$234.7 million in general revenue. The Motor Vehicle Excise Tax was eliminated in FY 2023.
- *Distressed Communities Relief Program.* The Governor recommends financing the Distressed Communities Relief Program at \$12.4 million in general revenue in FY 2024.
- *Payments-in-Lieu-of-Taxes (PILOT).* The Governor recommends financing the PILOT program at \$50.2 million in general revenue in FY 2024, fully funding the program at the 27 percent reimbursement rate.
- *Statewide Adjustments.* The Governor recommends an increase of \$543,516 for the financing of agency charges for certain centralized services, including facilities management, human resources, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

Proposed FY 2023 Budget Revisions

- *Electric and Natural Gas Gross Receipts Tax Temporary Relief.* The Governor recommends a rebate on the collection of the public utilities gross receipts tax for electric and gas utilities for the months of December 2022 through March 2023, which would allow electric and natural gas utility customers to receive a credit. This proposal will save utility customers \$35.6 million.
- *Statewide Adjustments.* The Governor recommends an increase of \$56,694 for the financing of agency charges for certain centralized services, including facilities management, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

GENERAL GOVERNMENT

Legislature

The Rhode Island Legislature, the General Assembly, consists of two chambers. The Senate is comprised of 38 members. The House of Representatives is comprised of 75 members. The Office of the Speaker of the House, President of the Senate Staff, the Joint Committee on Legislative Affairs, the Legislative Council, the Fiscal Advisory Staff, the Office of the Auditor General, the Legislative Press and Public Information Bureau, State Government Internship Office, the Law Revision Office, the Research and Proofing Offices, and the Special Legislative Commissions assist the General Assembly in executing its constitutional role.

LEGISLATURE					
Source of Funds	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Enacted	FY 2023 Revised	FY 2024 Recommended
General Revenue	\$38,496,939	\$42,745,912	\$48,542,952	\$57,035,606	\$50,998,683
Federal Funds	\$980,910	\$(3)	-	-	-
Restricted Receipts	\$1,613,497	\$1,300,000	\$1,919,241	\$2,027,763	\$2,090,093
Other Funds	-	-	-	-	-
RI Capital Plan Fund	-	-	-	-	-
Total Funding	\$41,091,346	\$44,045,908	\$50,462,193	\$59,063,369	\$53,088,776
FTE Authorization	298.5	298.5	298.5	298.5	298.5

Full-Time Equivalent Positions

The Governor recommends 298.5 FTE positions in the FY 2024 Budget, and 298.5 FTE positions in the revised FY 2023 Budget. The latter is unchanged from the enacted FY 2023 Budget.

Proposed FY 2024 Budget Actions

- *Statewide Adjustments.* The Governor recommends financing for the General Assembly consistent with the agency request except for the following technical adjustments. The Governor recommends an increase of \$54,827 for the financing of agency charges for certain centralized services, including facilities management, human resources, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

Proposed FY 2023 Budget Revisions

- *Statewide Adjustments.* The Governor recommends financing for the General Assembly consistent with the agency request except for the following technical adjustments. The Governor recommends an increase of \$28,537 for the financing of agency charges for certain centralized services, including facilities management, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.
- *Reappropriation.* The General Assembly closed FY 2022 with a \$9.3 million surplus that was automatically reappropriated. The agency requested only \$8.5 million of that funding as an increase in FY 2023.

GENERAL GOVERNMENT

Office of the Governor

The Executive Department, or Office of the Governor, is subject to election by the voters of Rhode Island. The Department is responsible for the enactment of reform and change in the state government for the betterment of the citizens of the State of Rhode Island. In accomplishing this task, the Department coordinates the services of a staff of professionals that oversees various responsibilities, including legislative affairs, communications, community engagement, legal affairs, policy, and boards and commissions.

OFFICE OF THE GOVERNOR					
Source of Funds	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Enacted	FY 2023 Revised	FY 2024 Recommended
General Revenue	\$6,477,752	\$7,098,447	\$7,152,280	\$7,599,267	\$8,406,547
Federal Funds	\$11,115	-	-	-	-
Restricted Receipts	-	-	-	-	-
Other Funds	-	-	-	-	-
RI Capital Plan Fund	-	-	-	-	-
Total Funding	\$6,488,866	\$7,098,447	\$7,152,280	\$7,599,267	\$8,406,547
FTE Authorization	45.0	45.0	45.0	45.0	45.0

Full-Time Equivalent Positions

The Governor recommends 45.0 FTE positions in the FY 2024 Budget, and 45.0 FTE positions in the revised FY 2023 Budget, unchanged from the enacted FY 2023 Budget.

Proposed FY 2024 Budget Actions

- *Personnel Expenditures.* The Governor recommends an increase of \$994,512 in general revenue above the current service level for estimated personnel costs.
- *General Officer Salary Increase.* The Governor's recommendation for the financing of salary and benefits in the Office of the Governor includes \$25,021 for the Governor's salary increase and associated benefits beginning January 3, 2023. The Governor's salary is adjusted at the beginning of each term as described in R.I.G.L. § 36-6-1 and 36-6-2.
- *Statewide Adjustments.* The Governor recommends an increase of \$2,375 for the financing of agency charges for certain centralized services, including facilities management, human resources, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

Proposed FY 2023 Budget Revisions

- *Personnel Expenditures.* The Governor recommends an increase of \$450,347 in general revenue for estimated personnel costs.
- *General Officer Salary Increase.* The Governor's recommendation for the financing of salary and benefits in the Office of the Governor includes \$11,548 for the Governor's salary increase and associated benefits beginning January 3, 2023. The Governor's salary is adjusted at the beginning of each term as described in R.I.G.L. § 36-6-1 and 36-6-2.
- *Statewide Adjustments.* The Governor recommends a decrease of \$3,360 for the financing of agency charges for certain centralized services, including facilities management, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

GENERAL GOVERNMENT

Office of the Lieutenant Governor

The Lieutenant Governor was established as one of the five general offices subject to voter election under the Constitution of Rhode Island. The Lieutenant Governor fulfills the executive responsibilities of the Governor upon his/her death, resignation, impeachment, or inability to serve. The Lieutenant Governor appoints members of the general public to serve on committees and commissions established by the General Assembly. Additionally, the Lieutenant Governor chairs and serves on various commissions and advisory boards. The Office of the Lieutenant Governor initiates legislation and has assumed advocacy and leadership roles in such areas as emergency management, veterans affairs, education, economic development, the environment, long-term care, healthcare, and elderly affairs. The Office also serves as a liaison between citizens and state agencies

OFFICE OF THE LIEUTENANT GOVERNOR					
Source of Funds	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Enacted	FY 2023 Revised	FY 2024 Recommended
General Revenue	\$1,002,553	\$1,073,989	\$1,353,568	\$1,366,773	\$1,411,331
Federal Funds	\$624	-	-	-	-
Restricted Receipts	-	-	-	-	-
Other Funds	-	-	-	-	-
RI Capital Plan Fund	-	-	-	-	-
Total Funding	\$1,003,177	\$1,073,989	\$1,353,568	\$1,366,773	\$1,411,331
FTE Authorization	8.0	8.0	8.0	8.0	8.0

Full-Time Equivalent Positions

The Governor recommends 8.0 FTE positions in the FY 2024 Budget, and 8.0 FTE positions in the revised FY 2023 Budget, unchanged from the enacted FY 2023 Budget.

Proposed FY 2024 Budget Actions

- *General Officer Salary Increase.* The Governor's recommendation for the financing of salary and benefits in the Office of the Lieutenant Governor includes \$21,664 for the Governor's salary increase and associated benefits beginning January 3, 2023. The Governor's salary is adjusted at the beginning of each term as described in R.I.G.L. § 36-6-1 and 36-6-2.
- *Statewide Adjustments.* The Governor recommends an increase of \$4,185 for the financing of agency charges for certain centralized services, including facilities management, human resources, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

Proposed FY 2023 Budget Revisions

- *General Officer Salary Increase.* The Governor's recommendation for the financing of salary and benefits in the Office of the Governor includes \$9,725 for the Governor's salary increase and associated benefits beginning January 3, 2023. The Governor's salary is adjusted at the beginning of each term as described in R.I.G.L. § 36-6-1 and 36-6-2.
- *Reappropriation.* In accordance with R.I.G.L. § 35-3-15, the Governor authorized a reappropriation of unexpended FY 2022 appropriations totaling \$10,00 for Office of the Lieutenant Governor. This funding will be used to support professional development staff training which were delayed in FY 2022.

GENERAL GOVERNMENT

- *Statewide Adjustments.* The Governor recommends an increase of \$3,205 for the financing of agency charges for certain centralized services, including facilities management, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

GENERAL GOVERNMENT

Secretary of State

The Secretary of State was established under the Rhode Island Constitution as one of the five general offices subject to voter election. As the custodian of state records, the Department plays a vital role in providing the public with basic information about the workings of State government. The Department consists of six programs and one internal service program.

SECRETARY OF STATE					
Source of Funds	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Enacted	FY 2023 Revised	FY 2024 Recommended
General Revenue	\$12,264,120	\$10,137,060	\$11,867,015	\$11,940,190	\$11,113,799
Federal Funds	\$2,336,420	\$1,000,551	\$1,621,565	\$1,621,565	\$2,001,207
Restricted Receipts	\$1,104,646	\$554,868	\$545,197	\$551,375	\$583,028
Other Funds	-	-	-	-	-
RI Capital Plan Fund	-	-	-	\$170,000	-
Total Funding	\$15,705,186	\$11,692,479	\$14,033,777	\$14,283,130	\$13,698,034
FTE Authorization	59.0	59.0	59.0	59.0	59.0

Full-Time Equivalent Positions

The Governor recommends 59.0 FTE positions in the FY 2024 Budget, and 59.0 FTE positions in the revised FY 2023 Budget. The latter is unchanged from the enacted FY 2023 Budget.

Proposed FY 2024 Budget Actions

- *Current Operations.* The Governor recommends full financing for current operations and enacted staffing authorizations, totaling \$11.1 million in general revenue in FY 2024. The decrease in funding from FY 2023 to FY 2024 is substantially the result of the lower costs of the Presidential Preference Primary in FY 2024 relative to the General Election in FY 2023.
- *General Officer Salary Increase.* The Governor's recommendation for the financing of salary and benefits in the Department of State includes \$34,861 for the Secretary of State's salary increase beginning January 3, 2023. The Secretary of State's salary is adjusted at the beginning of each term as described in R.I.G.L. § 36-6-1 and 36-6-2.
- *Statewide Adjustments.* The Governor recommends an increase of \$5,942 for the financing of agency charges for certain centralized services, including facilities management, human resources, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

Proposed FY 2023 Budget Revisions

- *General Officer Transition Costs.* The Governor recommends \$50,000 in general revenue for transition costs associated with the 2022 general election. The funding was centrally budgeted in the Department of Administration in the enacted budget, and the recommendation transfers this funding to the Department of State.
- *General Officer Salary Increase.* The Governor's recommendation for the financing of salary and benefits in the Department of State includes \$17,383 for the Secretary of State's salary increase beginning January 3, 2023. The Secretary of State's salary is adjusted at the beginning of each term as described in R.I.G.L. § 36-6-1 and 36-6-2.

GENERAL GOVERNMENT

- *Statewide Adjustments.* The Governor recommends an increase of \$23,175 for the financing of agency charges for certain centralized services, including facilities management, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

GENERAL GOVERNMENT

Office of the General Treasurer

The Office of the General Treasurer is established under the Rhode Island Constitution as one of the five general offices subject to election by the voters. The General Treasurer is the custodian of State funds, charged with the safe and prudent management of the State's finances. The General Treasurer serves on the State Investment Commission, the State Retirement Board, the Public Finance Management Board, the Rhode Island Housing and Mortgage Finance Corporation, the Higher Education Assistance Board, the Rhode Island Student Loan Authority, the State Properties Commission, and the Rhode Island Infrastructure Bank. Programs and Sub-Programs are defined to streamline the administration of various functions and resources. Under the control and guidance of the General Treasurer are: the Employees' Retirement System of Rhode Island, the administrative unit for participating public employee groups for both defined benefit and defined contribution plans; the Unclaimed Property Program which collects tangible and intangible abandoned property for the purpose of returning the property to its rightful owner; the Investments and Finance Division which provides investment and cash management services to state government, and issues and manages the State's general obligation debt; the CollegeBound Program and its contribution of fee revenue for state college assistance programs; the Business Office, which validates and distributes the State's imprest/benefit check payments, prints vendor and non-vendor checks, and reconciles a majority of the State's accounts to the financial institutions and the State Controller's records; and the Crime Victim Compensation Program which compensates crime victims for financial losses suffered as a result of a violent crime. Other areas under the Treasurer's responsibility include cooperation with the Executive Office of Health and Human Services in the ABLE savings program (Achieving A Better Life Experience Accounts) for tax free income growth for certain qualified disability expenditures; the care and management of the Abraham Touro Fund; and the Childhood Disease Fund.

OFFICE OF THE GENERAL TREASURER					
Source of Funds	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Enacted	FY 2023 Revised	FY 2024 Recommended
General Revenue	\$3,437,549	\$3,424,376	\$3,558,632	\$3,685,450	\$3,773,498
Federal Funds	\$548,285	\$574,217	\$773,245	\$754,690	\$766,369
Restricted Receipts	\$12,803,404	\$14,561,135	\$17,823,100	\$17,610,496	\$18,471,853
Other Funds	\$701,319	\$558,549	\$693,892	\$731,183	\$695,256
RI Capital Plan Fund	-	-	-	-	-
Total Funding	\$17,490,557	\$19,118,279	\$22,848,869	\$22,781,819	\$23,706,976
FTE Authorization	89.0	89.0	89.0	89.0	89.0

Full-Time Equivalent Positions

The Governor recommends 89.0 FTE positions in the FY 2024 Budget, and 89.0 FTE positions in the revised FY 2023 Budget.

Proposed FY 2024 Budget Actions

- *General Officer Salary Increase.* The Governor's recommendation for the financing of salary and benefits in the Office of the General Treasurer includes \$18,039 for the General Treasurer's salary increase beginning January 3, 2023. The General Treasurer's salary is adjusted at the beginning of each term as described in R.I.G.L. § 36-6-2 and 36-6-2.
- *Current Operations.* The Governor recommends full financing for current operations and enacted staffing authorizations, totaling \$3.8 million in general revenue.
- *Statewide Adjustments.* The Governor recommends an increase of \$115,665 in general revenue for the financing of agency charges for certain centralized services, including facilities management, human

GENERAL GOVERNMENT

resources, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

Proposed FY 2023 Budget Revisions

- *General Officer Transition Costs.* The Governor recommends \$50,000 in general revenue for transition costs associated with the 2022 general election. The funding was centrally budgeted in the Department of Administration in the enacted budget, and the recommendation transfers this funding to the Office of the General Treasurer.
- *General Officer Salary Increase.* The Governor's recommendation for the financing of salary and benefits in the Office of the General Treasurer includes \$8,689 for the General Treasurer's salary increase beginning January 3, 2023. The General Treasurer's salary is adjusted at the beginning of each term as described in R.I.G.L. § 36-6-2 and 36-6-2.
- *Statewide Adjustments.* The Governor recommends an increase of \$76,818 in general revenue for the financing of agency charges for certain centralized services, including facilities management, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

GENERAL GOVERNMENT

Board of Elections

The Board of Elections supervises all elections as well as both state and local referenda. The Board supervises the maintenance, preparation, and delivery of voting equipment, election return forms, and other supplies used at polling places. It instructs and certifies all election officials assigned to polls and prepares and distributes poll worker guides and related materials. The Board also appoints, trains, and assigns bipartisan pairs of supervisors for the mail ballot program for institutionally confined persons. It certifies the results of all elections under its jurisdiction, including tabulating machine and mail ballot votes cast; conducts recounts; certifies results to the Secretary of State; issues certificates of election to candidates; and provides an official tabulation of returns.

The Board oversees voter registration and public education activities and provides all registration materials used in the state. It also trains and supervises all individuals who serve as statewide voter registration agents. The Board conducts voter registration drives throughout the state and at each institution of higher education in Rhode Island. It oversees and coordinates the registration of voters at other state agencies and departments as part of the National Voter Registration Act. The Board carries out the mandates of the Rhode Island Campaign Contributions and Expenditures Reporting Act (the “Act”). The Board oversees and monitors the campaign finance activities of candidates, political action committees, and state vendors. The Board’s responsibilities also include the development, printing, and distribution of forms required for candidate, committee, and vendor reports. It is also responsible for the publication of manuals describing and explaining the requirements set forth in the statutes. It reviews and makes available for inspection all reports filed, prepares summaries and an annual report, and is authorized to investigate suspected violations of the Act. The Board also oversees and administers the public financing of campaigns program for each of the State’s five general offices.

BOARD OF ELECTIONS					
Source of Funds	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Enacted	FY 2023 Revised	FY 2024 Recommended
General Revenue	\$3,368,251	\$2,591,770	\$6,249,463	\$6,380,949	\$3,637,565
Federal Funds	-	-	-	-	-
Restricted Receipts	-	-	-	-	-
Other Funds	-	-	-	-	-
RI Capital Plan Fund	-	-	-	-	-
Total Funding	\$3,368,251	\$2,591,770	\$6,249,463	\$6,380,949	\$3,637,565
FTE Authorization	13.0	13.0	13.0	13.0	13.0

Full-Time Equivalent Positions

The Governor recommends 13.0 FTE positions in the FY 2024 Budget, and 13.0 FTE positions in the revised FY 2023 Budget. The latter is unchanged from the enacted FY 2023 Budget.

Proposed FY 2024 Budget Actions

- *Election Cycle Adjustments.* The decrease in funding from FY 2023 to FY 2024 is substantially the result of the lower costs of the Presidential Preference Primary in FY 2024 relative to the General Election in FY 2023, including the public matching funds for general officers that will not be needed again until FY 2027.
- *Statewide Adjustments.* The Governor recommends an increase of \$11,127 for the financing of agency charges for certain centralized services, including facilities management, human resources, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

GENERAL GOVERNMENT

Proposed FY 2023 Budget Revisions

- *Statewide Adjustments.* The Governor recommends an increase of \$8,486 for the financing of agency charges for certain centralized services, including facilities management, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

GENERAL GOVERNMENT

Rhode Island Ethics Commission

The Rhode Island Ethics Commission was created as an independent, non-partisan division of Rhode Island Government by the voters of Rhode Island through a 1986 amendment to the Rhode Island Constitution. The Commission’s constitutional authority includes adopting a Code of Ethics that applies to all state and municipal elected officials, appointed officials and public employees in such areas that expressly include, but are not limited to, conflicts of interest, confidential information, use of position, contracts with government agencies and financial disclosure. Its constitutional authority also includes the investigation and enforcement of alleged violations of the Code of Ethics and the imposition of penalties for noncompliance. The Ethics Commission administers and enforces a financial disclosure requirement for more than 4,000 public officials annually and makes such filings readily available for public inspection. It issues numerous written advisory opinions each year, maintains public contact with dozens of inquiring citizens each week, and provides regular training to state and municipal public officials and employees as to the requirements of the Code of Ethics. The nine-member Ethics Commission is appointed by the Governor, with a majority of its members nominated by legislative leaders. The staff of the Ethics Commission is headed by an Executive Director/Chief Prosecutor, who is hired by the Commission. The Ethics Commission’s operations are funded solely with general revenue.

RHODE ISLAND ETHICS COMMISSION					
Source of Funds	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Enacted	FY 2023 Revised	FY 2024 Recommended
General Revenue	\$1,832,318	\$1,801,742	\$2,035,145	\$2,007,481	\$2,097,059
Federal Funds	-	-	-	-	-
Restricted Receipts	-	-	-	-	-
Other Funds	-	-	-	-	-
RI Capital Plan Fund	-	-	-	-	-
Total Funding	\$1,832,318	\$1,801,742	\$2,035,145	\$2,007,481	\$2,097,059
FTE Authorization	12.0	12.0	12.0	12.0	12.0

Full-Time Equivalent Positions

The Governor recommends 12.0 FTE positions in the FY 2024 Budget, and 12.0 FTE positions in the revised FY 2023 Budget, unchanged from the enacted FY 2023 budget.

Proposed FY 2024 Budget Actions

- *Current Operations.* The Governor recommends full financing for current operations, enacted staffing authorizations, and case management system upgrade, totaling \$2.1 million in general revenue in FY 2024.
- *Statewide Adjustments.* The Governor recommends an increase of \$8,475 for the financing of agency charges for certain centralized services, including facilities management, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

Proposed FY 2023 Budget Revisions

- *Current Operations.* The Governor recommends full financing for current operations and enacted staffing authorizations, totaling \$2.0 million in general revenue in FY 2023.
- *Statewide Adjustments.* The Governor recommends an increase of \$2,336 for the financing of agency charges for certain centralized services, including facilities management, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

GENERAL GOVERNMENT

Rhode Island Commission for Human Rights

The Rhode Island Commission for Human Rights enforces Rhode Island anti-discrimination laws in the areas of employment, housing, public accommodations, credit, and, delivery of services. The employment and public accommodation statutes prohibit discrimination based on race, color, sex, religion, age, sexual orientation and gender identity/expression, disability, and ancestral origin. In addition to prohibiting discrimination on the aforementioned bases, the housing and credit statutes also prohibit discrimination based on marital, familial, and military statuses. The housing statute additionally prohibits discrimination on the basis of status as a victim of domestic abuse, housing status and association with members of a protected class. The delivery of services statute prohibits discrimination on the basis of disability. The employment law also prohibits employers from inquiring before a first interview, either via an employment application or otherwise, whether an applicant has been convicted of a crime; certain enumerated exceptions apply. The Commission’s major program activities include outreach and education, intake, investigation, conciliation, and administrative hearings. Staff members perform outreach and education activities voluntarily and frequently after normal working hours. Intake involves the receipt and evaluation of inquiries. If the allegations present a prima facie case of discrimination, a formal charge of discrimination is prepared and forwarded to the respondent. Investigators conduct an impartial analysis of evidence obtained from both parties, compare all elements of the case, and attempt to negotiate a resolution. Where resolution is not achieved, investigators make a recommendation on the merits of the charge to a Preliminary Investigating Commissioner (PIC). The PIC makes a formal ruling as to whether there is “Probable Cause” or “No Probable Cause” in respect to the allegations of the charge. A “No Probable Cause” ruling terminates proceedings at the Commission. Upon a “Probable Cause” ruling, the Commission attempts to conciliate the matter. The parties have the opportunity to elect that the matter be heard in Superior Court. Where conciliation is unsuccessful and the parties have elected to proceed at the Commission, an administrative hearing is conducted. At the administrative hearing, evidence is admitted and sworn testimony is heard before a Commissioner; a court stenographer also is present. The Commission renders a formal decision and order following an administrative hearing.

RHODE ISLAND COMMISSION FOR HUMAN RIGHTS					
Source of Funds	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Enacted	FY 2023 Revised	FY 2024 Recommended
General Revenue	\$1,347,294	\$1,524,555	\$1,744,334	\$1,811,976	\$1,824,202
Federal Funds	\$408,969	\$311,672	\$408,411	\$395,214	\$359,101
Restricted Receipts	-	-	-	-	-
Other Funds	-	-	-	-	-
RI Capital Plan Fund	-	-	-	-	-
Total Funding	\$1,756,263	\$1,836,227	\$2,152,745	\$2,207,190	\$2,183,303
FTE Authorization	14.5	14.0	15.0	15.0	15.0

Full-Time Equivalent Positions

The Governor recommends 15.0 FTE positions in the FY 2024 Budget, and 15.0 FTE positions in the revised FY 2023 Budget.

Proposed FY 2024 Budget Actions

- *Current Operations.* The Governor recommends full financing for current operations and enacted staffing authorizations, totaling \$1.8 million in general revenue.
- *Statewide Adjustments.* The Governor recommends a decrease of \$3,023 in general revenue for the financing of agency charges for certain centralized services, including facilities management, human

GENERAL GOVERNMENT

resources, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

Proposed FY 2023 Budget Revisions

- *Case Management System.* The Governor recommends a reallocation of \$95,400 in general revenue for additional design and implementation costs required to properly integrate the new case management system with the U.S. Equal Employment Opportunity Commission (EEOC).
- *Reappropriation.* The Governor recommends an increase of \$55,553 in general revenue which was unspent in FY 2022 for the initial design and software licensing costs associated with the new case management system.
- *Statewide Adjustments.* The Governor recommends an increase of \$12,927 in general revenue for the financing of agency charges for certain centralized services, including facilities management, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

GENERAL GOVERNMENT

Public Utilities Commission

The Public Utilities Commission (PUC) comprises two distinct regulatory bodies: a three-member Commission (Commission) and the Division of Public Utilities and Carriers (Division). The Commission serves as a quasi-judicial tribunal with jurisdiction, powers, and duties to implement and enforce the standards of conduct under R.I.G.L. § 39-1-27.6. Its duties include holding investigations and hearings involving the rates, tariffs, tolls, and charges, and the sufficiency and reasonableness of facilities and accommodations of railroad, ferry boats, gas, electric distribution, water, telephone, telegraph, and pipeline public utilities; the location of railroad depots and stations and the control of grade crossings; the revocation, suspension, or alteration of certificates issued pursuant to R.I.G.L. § 39-19-4; appeals under R.I.G.L. § 39-1-30; petitions under R.I.G.L. § 39-1-31; and proceedings under R.I.G.L. § 39-1-32.

Through participation in the Energy Facility Siting Board, the Commission’s chair also exercises jurisdiction over the siting of major energy facilities, pursuant to R.I.G.L. § 42-98. The Division, which is headed by an Administrator, who is not a Commissioner, exercises the jurisdiction, supervision, powers, and duties not specifically assigned to the Commission, including the execution of all laws relating to public utilities and carriers and all regulations and orders of the Commission governing the conduct and charges of public utilities. The Division has exclusive jurisdiction over the rates, tariffs, tolls, and charges, and the sufficiency and reasonableness of facilities and accommodations of common carriers of property and passengers over the State’s public roadways, pursuant to R.I.G.L. § 39-12, § 39-13, and § 39-14. Additionally, the Division supervises and regulates Community Antenna Television Systems (CATV) in Rhode Island; certifies all public utilities; and has independent regulatory authority over the transactions between public utilities and affiliates, and all public utility equity and debt issuances.

PUBLIC UTILITIES COMMISSION					
Source of Funds	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Enacted	FY 2023 Revised	FY 2024 Recommended
General Revenue	-	-	-	-	-
Federal Funds	\$223,657	\$523,710	\$582,689	\$523,718	\$593,775
Restricted Receipts	\$8,979,736	\$10,407,271	\$12,987,076	\$13,196,639	\$13,567,525
Other Funds	-	-	-	-	-
RI Capital Plan Fund	-	-	-	-	-
Total Funding	\$9,203,393	\$10,930,981	\$13,569,765	\$13,720,357	\$14,161,300
FTE Authorization	52.0	54.0	54.0	54.0	54.0

Full-Time Equivalent Positions

The Governor recommends 54.0 FTE positions in the FY 2024 Budget, and 54.0 FTE positions in the revised FY 2023 Budget, unchanged from the enacted FY 2023 Budget.

Proposed FY 2024 Budget Actions

- *Current Operations.* The Governor recommends full financing for current operations, and enacted staffing authorizations, totaling \$14.2 million in FY 2024.
- *Statewide Adjustments.* The Governor recommends an increase of \$46,528 for the financing of agency charges for certain centralized services, including facilities management, human resources, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

GENERAL GOVERNMENT

Proposed FY 2023 Budget Revisions

- *Statewide Adjustments.* The Governor recommends an increase of \$15,591 for the financing of agency charges for certain centralized services, including facilities management, human resources, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

**HEALTH &
HUMAN SERVICES**

HEALTH AND HUMAN SERVICES

The Health and Human Services function of state government engages in a broad spectrum of activities including, but not limited to, medical assistance, economic support, rehabilitation services, client subsidies, case management, residential supports, behavioral healthcare, and services for at-risk children, advocacy, and medical provider regulation.

HEALTH AND HUMAN SERVICES

Executive Office of Health and Human Services

The Executive Office of Health and Human Services is the principal agency of the Executive Branch responsible for overseeing the organization, finance, and delivery of publicly funded health and human services.

In this capacity, the Office administers the State's Medicaid program and provides strategic direction to Rhode Island's four health and human services agencies: the Departments of Health; Human Services; Children, Youth and Families; and Behavioral Healthcare, Developmental Disabilities and Hospitals. The Office and the agencies under its umbrella provide direct services to more than 300,000 Rhode Islanders. These agencies deliver an array of regulatory, protective, and health promotion services.

In the course of its work, the Office strives to promote access, equity, health system transformation, and continuous improvement as it works to help all Rhode Islanders live healthy, fulfilling lives.

Recent Office achievements and highlights include:

- Strengthening the state's healthcare workforce by implementing adequate pay structures and increased rates for pediatricians, Early Intervention providers, and home- and community-based service providers such as home care, adult day care, and behavioral health agencies.
- Launching the Certified Community Behavioral Health Clinics (CCBHCs) model that has been proven to improve community health outcomes, reduce health disparities, support providers to deliver higher-quality services, and lead to savings. The CCBHC Infrastructure Grant program is designed to help behavioral health and equity-focused organizations prepare to provide a de-institutionalized, comprehensive range of behavioral health, medical screening and monitoring, and social services to particularly vulnerable populations with complex needs.
- Building a roadmap for a more comprehensive and coordinated children's behavioral health system of care, including investments in services such as the mobile response and stabilization services program. This mobile behavioral health crisis service ensures that children with urgent behavioral health crises get referred to mobile in-home services from schools or hospitals – and avoid long waits in emergency department.
- Approved using \$20 million in Fiscal Year 2023 funding to help tackle the state's opioid crisis through investments in social determinants of health, harm reduction, treatment, recovery, and prevention.
- Investing in technology through the proper maintenance of the Office's Medicaid Management Information System so the agency can modernize, integrate, and transform health information technology and data systems to support value-based systems of care.

Budget Highlights

Certified Community Behavioral Health Clinics (CCBHCs).

Provides \$22.4 million to administer and finance CCBHCs that are designed to ensure access to coordinated comprehensive behavioral health care.

Equality in Abortion Coverage.

Expands the Reproductive Privacy Act of 2019 to ensure abortion coverage to individuals enrolled in Medicaid.

Public Health Emergency Unwinding.

Makes the necessary preparations for Medicaid redetermination activities.

HEALTH AND HUMAN SERVICES

EXECUTIVE OFFICE OF HEALTH AND HUMAN SERVICES					
Source of Funds	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Enacted	FY 2023 Revised	FY 2024 Recommended
General Revenue	\$909,547,933	\$992,631,889	\$1,196,906,846	\$1,121,866,242	\$1,313,077,538
Federal Funds	\$1,918,019,195	\$2,311,142,694	\$2,336,438,660	\$2,373,032,003	\$2,397,017,753
Restricted Receipts	\$30,971,406	\$65,020,826	\$81,092,012	\$56,501,613	\$52,538,210
Other Funds	-	-	-	-	-
RI Capital Plan Fund	-	-	-	-	-
Total Funding	\$2,858,538,534	\$3,368,795,409	\$3,614,437,518	\$3,551,399,858	\$3,762,633,501
FTE Authorization	192.0	190.0	204.0	204.0	225.0

Full-Time Equivalent Positions

The Governor recommends 225.0 FTE positions in the FY 2024 Budget, and 204.0 FTE positions in the revised FY 2023 Budget. In FY 2024, this represents a total FTE increase of 21.0 positions within the Executive Office of Health and Human Services, of which 10.0 are transfers from other agencies. These FTEs include:

- Core Structure Staffing (7.0 FTEs)
- Health Equity Zones, Rhode Island Department of Health Transfer (7.0 FTEs)
- Public Health Emergency Unwinding (3.0 FTEs)
- Medicaid Eligibility Quality Control, DHS Transfer (3.0 FTEs)
- Certified Community Behavioral Health Clinics (1.0 FTE)

Impact of Recent Federal Actions on the Public Health Emergency Unwinding

The U.S. Congress enacted the Families First Coronavirus Response Act (FFCRA) of 2020 which provided for a 6.2 percentage point increase in the federal Medicaid reimbursement rate (i.e. Federal Medical Assistance Percentage or FMAP) for the duration of the COVID-19 Public Health Emergency (PHE) as declared by the U.S. Secretary of Health and Human Services. As a requirement of receiving this temporary benefit, states, including Rhode Island, have been unable to terminate enrollment for most individuals enrolled in Medicaid, a provision known as the continuous enrollment condition. States that have been receiving enhanced FMAP must over time return to normal eligibility and enrollment operations when this continuous enrollment condition ends, a process which has been referred to as the PHE “unwinding.”

On December 29, 2022, President Biden signed the Consolidated Appropriations Act, 2023 (CAA, 2023), which includes significant changes to the FFCRA. The newly enacted CAA, 2023 does not address the end date of the PHE, and as of January 2023, the PHE is still in effect; it does, however, address the end of the continuous enrollment condition, the temporary FMAP increase, and the unwinding process.

Under the CAA, 2023, expiration of the continuous enrollment condition and receipt of the temporary FMAP increase will no longer be linked to the end of the PHE. The continuous enrollment condition will end on March 31, 2023, and the FFCRA’s temporary FMAP increase will be gradually phased down beginning April 1, 2023 and will end on December 31, 2023. The 6.2 percentage points will remain in place through CY Q1 2023, phase down to 5 percentage points in Q2 2023, 2.5 percentage points in Q3 2023, then 1.5 percentage points in Q4 2023. Beginning April 1, 2023, states will be able to terminate Medicaid enrollment for individuals no longer eligible. Additionally, the CAA, 2023 establishes new, additional conditions for receiving the FMAP increase, beginning April 1, 2023, including a mandate to provide one year of continuous eligibility for children in Medicaid and CHIP and other procedural requirements related to the redetermination process.

HEALTH AND HUMAN SERVICES

Rhode Island is awaiting guidance from CMS on any potential impacts to the State's current redetermination plan. State agencies continue to review the impacts of this recently enacted legislation while they await guidance from federal authorities. As this remains an emergent issue at the time of budget submission, the Governor's recommendations do not include the impact of enhanced FMAP nor any additional expenditures associated with CAA, 2023. Instead, budget recommendations are consistent with assumptions adopted at the November 2022 Caseload Estimating Conference which had assumed that enhanced FMAP would end on April 1, 2023 with no phase down. The Governor anticipates submitting an amendment to recognize the impact of the CAA, 2023, which will likely be a net fiscal benefit to the state.

Proposed FY 2024 Budget Actions

Central Management

- *1115 Waiver Implementation.* The Governor recommends an increase of \$320,000 in general revenue financing, \$940,000 from all sources of funds, for technical/implementation support of approved changes to the Medicaid 1115 Waiver. This waiver gives the Secretary the authority to approve experimental, pilot, or demonstration projects that will assist in promoting the objectives of the Medicaid program.
- *Medicare-Medicaid Plan (MMP) Ombudsmen/System Upgrades.* The Governor recommends an increase of \$169,737 in general revenue financing, \$339,474 from all sources of funds, to extend the current MMP demonstration for the dual eligible population including the federally required state Ombudsman program in order to comply with a required transition to the Fully Integrated Dual Eligible Special Needs Plan (FIDE-SNP) health plan.
- *Medicaid Eligibility Quality Control (MEQC) Transfer.* The Governor recommends an increase of \$186,974 in general revenue financing, \$373,948 from all sources of funds, to transfer 3.0 FTE positions and associated funding to separate oversight and eligibility tasks relating to Medical Assistance benefits. This funding/FTE shift, from the Department of Human Services to the Executive Office of Health and Human Services, will have no additional financial or FTE impact statewide.
- *Resources for Nursing Facility Minimum Staffing Compliance Tasks.* The Governor recommends an increase of \$172,500 in general revenue financing, \$345,000 from all sources of funds, to include contracted auditor support to the Executive Office of Health and Human Services in the verification of nursing facility compliance with the wage pass through provisions of the nursing facility minimum staffing law.
- *Public Health Emergency (PHE) Unwinding Staffing.* The Governor recommends an increase of \$206,160 in general revenue financing, \$373,425 from all sources of funds, to hire three appeals officers to manage the higher volume of eligibility appeals attributable to the ending of the PHE. These 3.0 FTE positions shall be hired by the agency as time limited for the duration of the PHE unwinding.
- *UHIP PHE Unwinding.* Within the Executive Office of Health and Human Services, the Governor recommends a total of \$1.3 million in general revenue financing, \$5.7 million from all sources of funds, for the Unified Health Infrastructure Project (UHIP) to support redetermination activities during the unwinding phase of the PHE. This total excludes the 3.0 FTEs cited in the previous bullet.

HEALTH AND HUMAN SERVICES

- *Core Structure Staffing.* The Governor recommends an increase of \$559,262 in general revenue financing, \$1.1 million from all sources of funds, to hire 7.0 FTE positions to support the core agency structure and increase the legal capacity of the Department of Children, Youth, and Families and the Department of Human Services. A brief categorization of the positions are as follows:
 - 2.0 FTEs: DCYF legal staff to reduce attorney caseload ratios
 - 1.0 FTE: DHS legal staff for child support enforcement
 - 3.0 FTEs: EOHHS to build finance and budgeting capacity
 - 1.0 FTE: EOHHS Medicaid Chief of Pharmacy
- *Health Equity Zones (HEZ) Transfer.* The Governor recommends transferring the 7.0 FTE positions associated with HEZ, excluding funding, from the Department of Health to the Executive Office of Health and Human Services. The Executive Office of Health and Human Services is responsible for overarching, interagency initiatives and is best positioned to operate and expand the HEZ initiative.
- *Modern Modular Medicaid Management Information System (MMIS).* The Governor recommends a total of \$644,219 in general revenue financing, \$6.4 million from all sources funds, to continue the planning and implementation of assessing the current MMIS legacy system and moving to a modern modular system which is required by the Centers for Medicare and Medicaid Services (CMS) and will move Rhode Island away from single-contract solutions. The project would be financed 90 percent by federal Medicaid dollars.
- *Opioid Crisis Response Funding.* The Governor recommends restricted receipts in the Executive Office of Health and Human Services for continued support of existing and new initiatives in Rhode Island's response to the opioid and substance abuse crisis including total financing of \$662,739 in Opioid Stewardship Funds, \$3.4 million in Statewide Opioid Abatement Funds and \$100,000 in McKinsey Opioid Settlement Funds.
- *Impact of Consolidated Appropriations Act (CAA), 2023.* The Governor's budget recommendation corresponds with the anticipated end of the enhanced Federal Medical Assistance Percentage (FMAP) and timeline of the Public Health Emergency (PHE) unwinding assumed as of the November 2022 Caseload Estimating Conference. Consequently, it does not yet include impacts of the CAA, 2023 which was signed into law by President Biden on December 29, 2022. The Governor anticipates the submission of an amendment later in the legislative session to accommodate changes therein.
- *Statewide Adjustments.* The Governor recommends increase of \$118,381 in general revenue for the financing of agency charges for certain centralized services, including facilities management, human resources, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

Medical Assistance

- *Caseload Estimating Conference (CEC).* The Governor's recommended budget is predicated on the November 2022 CEC estimate of \$1.214 billion in general revenue in FY 2024, or a \$66.9 million increase compared to the FY 2023 enacted level. This total includes adopted changes to the blended Federal Medical Assistance Percentage (FMAP) rate from 54.19 percent to 54.75 percent.

Adjustments to the Adopted Caseload Estimates

- *Hospital Licensing Fee.* The Governor proposes amending the Hospital Licensing Fee as authorized under R.I.G.L § 23-17-38.1 to include an average 6.0 percent inpatient and outpatient three-tiered hospital tax as allowed by CMS, generating an additional \$38.1 million in state revenues, from \$179.1 million to \$217.2 million.

HEALTH AND HUMAN SERVICES

- *Managed Care Direct Payments to Hospitals.* The Governor recommends an increase of \$91.4 million in general revenue financing, \$288.0 million from all sources of funds, for new managed care organizations direct care payments to hospitals to promote systematic access and quality.
- *Disproportionate Share Hospitals (DSH).* The Governor recommends a reduction of \$54.7 million in general revenue financing, \$121.6 million in all funds, in annual DSH payments to hospitals, compared to the enacted level. This total is compliant with the DSH cap reduction anticipated in federal FY 2024.
- *Equality in Abortion Coverage/Reproductive Justice.* The Governor recommends an increase of \$592,405 in general revenue financing to expand the Reproductive Privacy Act of 2019 to individuals who lack the financial means, ensuring abortion coverage to individuals enrolled in Medicaid.
- *Certified Community Behavioral Health Clinics (CCBHC).* The Governor recommends an increase of \$7.2 million in general revenue financing, \$22.4 million from all sources of funds, to administer and finance CCBHCs. The federal CCBHC model is designed to ensure access to coordinated comprehensive behavioral health care, where certified providers are required to meet standards for a range of required services. This initiative will be implemented in February 2024 and includes 1.0 FTE position.
- *Conflict Free Case Management.* The Governor recommends an increase of \$6.5 million in general revenue financing, \$14.4 million from all sources of funds, to create and implement a person centered, conflict free case management (CFCM) system for Long-term Services and Supports (LTSS) and Home- and Community-Based Services recipients, required by federal rule.
- *Cedar Family Centers.* The Governor recommends an increase of \$551,955 in general revenue financing, \$1.2 million from all sources of funds, to increase rates for the Cedar Family Centers to support and sustain current activities ensuring equitable access to services for Medicaid eligible children with special healthcare needs and their families and to expand capacity to adequately serve children through the Katie Beckett Medicaid eligibility pathway.
- *Medicaid First Connections/Family Home Visiting Transfer.* The Governor recommends an increase of \$919,070 in general revenue financing, \$2.0 million from all sources of funds, to recognize a shift of the Medicaid financed portions of the First Connections and Family Home Visiting programs from the RI Department of Health to the Executive Office of Health and Human Services' Medicaid program. This shift in funding will have no financial impact statewide.

Proposed FY 2023 Budget Revisions

Central Management

- *UHIP PHE Unwinding.* Within the Executive Office of Health and Human Services, the Governor recommends a total of \$755,339 in general revenue financing, \$3.4 million from all sources of funds, for the UHIP to support redetermination activities during the unwinding phase of the Public Health Emergency. Per the November 2022 CEC, eligibility redeterminations will commence in April 2023.
- *Modern Modular MMIS.* The Governor recommends a total of \$372,983 in general revenue financing, \$3.7 million from all sources funds, to begin the planning and implementation of assessing the current MMIS legacy system and moving to a modern modular system which is required by CMS and will move Rhode Island away from single-contract solutions. The project would be financed 90 percent by federal Medicaid dollars.
- *Opioid Crisis Response Funding.* The Governor recommends restricted receipts in the Executive Office of Health and Human Services for continued support of existing and new initiatives in Rhode Island's response to the opioid and substance abuse crisis including total financing of \$148,108 in Opioid Stewardship Funds, \$10.2 million in Statewide Opioid Abatement Funds and \$510,000 in McKinsey Opioid Settlement Funds.

HEALTH AND HUMAN SERVICES

- *Impact of Consolidated Appropriations Act (CAA), 2023.* The Governor's budget recommendation corresponds with the anticipated end of the enhanced Federal Medical Assistance Percentage (FMAP) and timeline of the Public Health Emergency (PHE) unwinding assumed as of the November 2022 Caseload Estimating Conference. Consequently, it does not yet include impacts of the CAA, 2023 which was signed into law by President Biden on December 29, 2022. The Governor anticipates the submission of an amendment later in the legislative session to accommodate changes therein.
- *Statewide Adjustments.* The Governor recommends increase of \$15,629 in general revenue for the financing of agency charges for certain centralized services, including facilities management, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

Medical Assistance

- *CEC.* The revised recommendation is predicated on the November 2022 CEC estimate of \$1.073 billion in general revenue in FY 2023, \$74.3 million less than the FY 2023 enacted level. At the time of the enactment of the FY 2023 Appropriations Act, the PHE had been extended through the third quarter of calendar year 2022. Since enactment, the public health emergency has been extended, thus the revised FY 2023 Budget assumes that the Families First Coronavirus Response Act-enhanced FMAP will be available until March 31, 2023, or for the first three quarters of FY 2023.

HEALTH AND HUMAN SERVICES

Department of Children, Youth, and Families

The Department of Children, Youth, and Families was established by the General Assembly in 1980 by merging children’s programs previously administered by four different state departments. The Department is responsible for supporting children and their families involved in child protection, behavioral health, and juvenile justice. Rhode Island is one of a small group of states that integrates these three major public responsibilities for children, youth, and families in one agency.

Today, the Department is an agency within the Executive Office of Health and Human Services and works to ensure that vulnerable children and families are provided with the supports they need to succeed. Working to mobilize the human, physical, and financial resources available, the Department plans, develops, and evaluates a statewide comprehensive and integrated program of services designed to ensure the opportunity for children to reach their full potential.

The Department continues to focus on four pivotal areas with respect to its practices: prevention, safety and well-being, authentic engagement, and permanency for children.

Recent Department achievements and highlights include:

- Received approval from the federal Administration for Children and Families to begin implementing the Family First Prevention Services Act through a five-year plan (federal Fiscal Year 2022 through federal Fiscal Year 2026). The Department is leveraging Family First Prevention Services Plan funding to support its prevention service system of care and continue to drive toward the goals of eliminating disproportionality and disparity in the child welfare system; creating equitable access to services and programming; and ensuring culturally appropriate options are available to families.
- Reshaping how the Department engages with families through the implementation of a comprehensive safety decision-making and intervention practice framework. Over the last four years, the Department has realized significant accomplishments in its performance metrics, including achieving a 20 percent reduction in the number of children in out-of-home care; the simultaneous reduction in the rate of children entering the child care system and increase in the rate of children exiting the system; and significant improvement on performance outcomes for children based on a reduction in disproportionalities tied to race and ethnicity.
- Continued collaborating and engaging with the provider community that is experiencing pandemic-related staffing shortages, continuum of care concerns, and higher costs. Through the use of a wage stabilization program and temporary rate increases, the Department has assisted the provider community navigate the impacts.
- Working on developing an in-state psychiatric residential treatment facility and a residential treatment facility step-down unit, demonstrating a significant investment into needed services to support the female youth of Rhode Island.
- Partnered with a vendor on the planning phase of the multi-year development of a modern comprehensive child welfare information system that will optimize the availability of data to inform decision-making; measure outcomes; meet reporting needs and maximize funding opportunities; and support a mobile workforce.
- In 2022, chartered a Race Equity Advisory committee which will work in collaboration with all Department divisions to examine, identify, and advise on racial and ethnic disproportionalities that may

Budget Highlights

Provider Rates.

Provides \$3.3 million to accommodate an expected rate once current contracts with placement (foster care and congregate care) and community-based providers, expire.

HEALTH AND HUMAN SERVICES

exist; monitor and report on Department progress; and suggest sustainable solutions toward achieving race, equity, and diversity goals.

DEPARTMENT OF CHILDREN, YOUTH, AND FAMILIES					
Source of Funds	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Enacted	FY 2023 Revised	FY 2024 Recommended
General Revenue	\$166,024,587	\$171,702,486	\$206,600,999	\$204,450,336	\$218,427,815
Federal Funds	\$78,402,658	\$91,849,274	\$105,120,290	\$110,298,470	\$106,852,414
Restricted Receipts	\$1,633,354	\$1,282,440	\$1,785,158	\$1,509,734	\$1,491,123
Other Funds	-	-	-	-	-
RI Capital Plan Fund	\$766,102	\$56,989	\$1,000,000	\$105,500	\$15,250,000
Total Funding	\$249,826,702	\$264,891,189	\$314,506,447	\$317,264,040	\$342,021,352
FTE Authorization	617.5	702.5	702.5	702.5	705.5

Full-Time Equivalent Positions

The Governor recommends 705.5 FTE positions in the FY 2024 Budget, and 702.5 FTE positions in the revised FY 2023 Budget. In FY 2024, this represents an increase of 3.0 Juvenile Program Workers at the Rhode Island Training School to manage the increasing average daily census.

Proposed FY 2024 Budget Actions

- *Placement and Community-Based Provider Rate Increase.* The Governor recommends an increase of \$3.3 million in general revenue to accommodate an expected rate increase to result from the expiration of current contracts with the Department of Children, Youth, and Families' placement (foster care and congregate care) and community-based providers, which are set to expire on July 1, 2023.
- *Rhode Island Training School FTEs.* The Governor recommends an increase of \$286,941 in general revenue for 3.0 FTE positions at the Rhode Island Training School. The average daily population has increased in recent time requiring the need for staffing to cover additional mod openings based upon health and safety requirements for the facility.
- *Council on Accreditation and Workload Study FTE positions.* The Governor recommends funding in the FY 2024 Budget to accommodate the hiring of 3.0 FTE positions to support the efforts underway for Department of Children, Youth, and Families' accreditation by the Council on Accreditation as well 2.0 FTE positions to meet workload study standards in accordance with the Children's Rights Lawsuit settlement of mutually agreed upon commitments for improvement. The Governor recommends filling these positions within the existing agency FTE authorization.
- *Caseload Adjustment.* The Governor recommends estimated savings of \$3.0 million in general revenue, \$5.0 million all funds, attributable to updated caseload projections in Department of Children, Youth, and Families programs for FY 2024.
- *Department of Human Services Child Care Caseload Estimating Conference (CEC) Adopted Adjustment.* The Governor recommends an increase of \$17,662 in general revenue, \$51,073 in all funds, for the financing of the adjusted estimate of Department of Human Services child care recipients in Department of Children, Youth, and Families programs, in accordance with the total Child Care Assistance Program caseload adopted at the November 2022 CEC.
- *Medical Assistance Federal Medical Assistance (FMAP) Adjustment.* The Governor recommends \$1.3 million to recognize changes in the blended FMAP rate from 54.19 percent to 54.75 percent. This is adjustment aligns the FMAP adopted at the November 2022 CEC.
- *Impact of Consolidated Appropriations Act (CAA), 2023.* The Governor's budget recommendation corresponds with the anticipated end of the enhanced Federal Medical Assistance Percentage (FMAP)

HEALTH AND HUMAN SERVICES

and timeline of the Public Health Emergency (PHE) unwinding assumed as of the November 2022 Caseload Estimating Conference. Consequently, it does not yet include impacts of the CAA, 2023 which was signed into law by President Biden on December 29, 2022. The Governor anticipates the submission of an amendment later in the legislative session to accommodate changes therein.

- *Foster Home Lead Abatement and Fire Safety.* The Governor recommends \$375,000 in State Fiscal Recovery Funds to provide financial assistance to foster families for lead remediation and fire suppression upgrades. The appropriation schedule for this project in the enacted FY 2023 Budget included \$375,000 in FY 2024. Total funding for the project remains \$1.875 million.
- *Statewide Adjustments.* The Governor recommends an increase of \$1.2 million in general revenue for the financing of agency charges for certain centralized services, including facilities management, human resources, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

Proposed FY 2023 Budget Revisions

- *Caseload Budget Level.* The Governor recommends total financing of \$204.4 million in general revenue including \$169.8 million for caseload expenses thereby level funding the Department of Children, Youth, and Families at the enacted FY 2023 Budget level to accommodate reinvestment of any caseload savings back into the system of care for this population.
- *Department of Human Services Day Care CEC Adopted Adjustment.* The Governor recommends a decrease of \$41,483 in general revenue, \$117,954 in all funds, to adjust the estimate of Department of Human Services day care recipients in Department of Children, Youth, and Families programs, in accordance with the total Child Care Assistance Program caseload adopted at the November 2022 CEC.
- *Enhanced FMAP Adjustment.* The Governor recommends an estimated savings of \$2.0 million in general revenue for the extension of the Families First Coronavirus Response Act (FFCRA)-enhanced FMAP from one to three quarters of FY 2023. At the time of the enactment of the FY 2023 Appropriations Act, the public health emergency (PHE) had been extended through the third quarter of calendar year 2022. Since enactment, the PHE has been extended, thus the revise FY 2023 Budget assumes that the FFCRA-enhanced FMAP will be available until March 31, 2023, or for the first three quarters of FY 2023.
- *Impact of Consolidated Appropriations Act (CAA), 2023.* The Governor's budget recommendation corresponds with the anticipated end of the enhanced Federal Medical Assistance Percentage (FMAP) and timeline of the Public Health Emergency (PHE) unwinding assumed as of the November 2022 Caseload Estimating Conference. Consequently, it does not yet include impacts of the CAA, 2023 which was signed into law by President Biden on December 29, 2022. The Governor anticipates the submission of an amendment later in the legislative session to accommodate changes therein.
- *Statewide Adjustments.* The Governor recommends a decrease of \$63,881 in general revenue for the financing of agency charges for certain centralized services, including facilities management, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

HEALTH AND HUMAN SERVICES

Department of Health

The mission of the Department of Health is to prevent disease and protect and promote the health and safety of Rhode Islanders.

While the Department has made strides in achieving its statewide health goals, disparities persist, and for the first time in modern history the current generation of children may have a shorter life expectancy than their parents. Looking forward to its Healthy Rhode Island 2020 goals, the Department has four strategic objectives that will frame its work: reduce the burden of disease and disability in the population; encourage safe and healthy environments; ensure access for all to high-quality health services; and promote healthy behaviors and practices.

Recent Department achievements and highlights include:

- Helped manage the transition of Rhode Island’s COVID-19 pandemic response to an endemic response, which entailed the integration of testing, vaccination, and other forms of prevention and care into the traditional healthcare system.
- Refined plans for the new State Health Laboratories – a 212,000-square-foot, seven-story building in Rhode Island’s Innovation and Design District that will also house life science laboratories for Brown University and additional bio-technology space.
- Oversaw vaccination and public education campaigns in response to a global outbreak of monkeypox virus. This involved close coordination with healthcare providers, community organizations, and businesses that serve higher-risk populations. These efforts were complemented by case interviewing and contact identification, contact monitoring, and the coordination of post-exposure vaccination and antiviral treatment.
- Promulgated regulations for the licensing of harm reduction centers in response to the drug overdose crisis. These sites will connect people to essential treatment services and recovery support services, such as housing and employment opportunities, and will allow people to safely consume pre-obtained controlled substances in a supportive setting where medical professionals are on-site.
- Secured a \$750,000 federal grant to coordinate with the Providence Veterans Administration Medical Center, other state agencies, and a range of community partners to implement a three-year program to address the issues of mental health and suicide among Rhode Island veterans and their families.

Budget Highlights

FTE Increase.

Increases the Department’s cap by 21.0 FTE positions to implement federal requirements around clean drinking water and to backfill high-priority, federally funded positions.

Opioid Crisis Response.

Provides \$3.6 million in continued support of existing and new initiatives in Rhode Island’s response to the opioid and substance abuse crisis.

DEPARTMENT OF HEALTH					
Source of Funds	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Enacted	FY 2023 Revised	FY 2024 Recommended
General Revenue	\$207,495,584	\$248,140,610	\$32,872,378	\$33,816,016	\$34,442,151
Federal Funds	\$217,978,570	\$182,432,393	\$266,107,628	\$285,418,444	\$221,318,646
Restricted Receipts	\$45,833,537	\$60,406,433	\$73,973,524	\$77,080,588	\$63,537,693
Other Funds	-	-	-	-	-
RI Capital Plan Fund	\$195,649	\$423,988	\$400,000	\$576,012	\$400,000
Total Funding	\$471,503,341	\$491,403,423	\$373,353,530	\$396,891,060	\$319,698,490
FTE Authorization	513.6	530.6	535.4	543.4	556.4

HEALTH AND HUMAN SERVICES

Full-Time Equivalent Positions

The Governor recommends 556.4 FTE positions in the FY 2024 Budget, and 543.4 FTE positions in the revised FY 2023 Budget. In FY 2023, this represents an 8.0 FTE position increase to enacted to accommodate the immediate hiring of 8.0 FTE positions to implement the requirements imposed by the terms of newly awarded Capitalization Grants for Drinking Water State Revolving Funds through the Safe Drinking Water Act and Bipartisan Infrastructure Law/Infrastructure Investment and Jobs Act. In FY 2024, this represents a total FTE increase of 21.0 positions within the Department. These FTEs include:

- Bipartisan Infrastructure Law, Drinking Water FTE positions (8.0 FTE)
- Federally Funded FTE Authorization Increase (20.0 FTE)
- Health Equity Zones (HEZ), EOHHS Transfer (-7.0 FTE)

Proposed FY 2024 Budget Actions

- *FTE Position Authorization Increase.* The Governor recommends increasing the authorized FTE position cap of the Department of Health by 21.0 FTE positions from its current cap of 535.4 to a revised cap of 556.4. This increase captures the continuation of a Governor recommended 8.0 FTE position increase to the enacted FY 2023 Budget to implement the requirements imposed by the Capitalization Grants for Drinking Water State Revolving Funds through the Safe Drinking Water Act and Bipartisan Infrastructure Law/Infrastructure Investment and Jobs Act. An additional 20.0 FTE positions are recommended to enable the Department of Health to backfill high-priority, federally funded positions which are currently being held vacant due to the hiring constraints of the Department of Health being near the current FTE position cap. The recommended increase is offset by an initiative to transfer 7.0 FTE positions associated with the HEZ from the Department of Health to the Executive Office of Health and Human Services.
- *HEZ Transfer.* The Governor recommends transferring 7.0 FTEs not including funding associated with the State's HEZ from the Department of Health to the Executive Office of Health and Human Services. The Executive Office of Health and Human Services is responsible for overarching, interagency initiatives and is best positioned to operate and expand the HEZ initiative.
- *Forensic Pathology Contractors.* The Governor recommends an increase of \$478,251 in general revenue for forensic pathology contractors in the Health Laboratories and Medical Examiner program. The vacant Chief Medical Examiner and two Assistant Medical Examiner positions are expected to remain unfilled through FY 2024. Contractors will continue to perform the necessary work of the Office until the positions are filled. Contract costs for forensic pathology services exceed FTE costs, therefore supplemental funding is necessary to maintain contractors, accreditation, and the current service level of death investigations by the State.
- *Livery Services.* The Governor recommends an increase of \$236,440 in general revenue for higher than budgeted decedent livery services in the Health Laboratories and Medical Examiner program due to increased contractor costs
- *Medicaid First Connections/Family Home Visiting Transfer.* The Governor recommends a transfer of \$946,318 in general revenue financing, \$2.0 million from all sources of funds, to recognize a shift of the Medicaid financed portions of the First Connections and Family Home Visiting programs from the Department of Health to the Executive Office of Health and Human Services' Medicaid program. This shift in funding will have no net financial impact statewide.
- *Opioid Crisis Response Funding.* The Governor recommends restricted receipts in the Department of Health for continued support of existing and new initiatives in Rhode Island's response to the opioid and substance abuse crisis including total financing of \$1.8 million in Opioid Stewardship Funds, \$1.7 million in Statewide Opioid Abatement Funds, and \$110,000 in McKinsey Opioid Settlement Funds.

HEALTH AND HUMAN SERVICES

- *Statewide Adjustments.* The Governor recommends an increase of \$892,534 for the financing of agency charges for certain centralized services, including facilities management, human resources, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.
- *COVID-19 Response.* In FY 2024, the Governor recommends federal funds totaling \$91.0 million, of which \$34.9 million is comprised of ARPA State Fiscal Recovery Funds, to finance all COVID-19 pandemic response and recovery activities.

Proposed FY 2023 Budget Revisions

- *FTE Position Authorization Increase.* The Governor recommends increasing the authorized FTE position cap by an additional 8.0 FTE positions from its current cap of 535.4 to 543.4. This increase represents an 8.0 FTE position increase to the enacted FY 2023 Budget to accommodate the immediate hiring needs of implementing the requirements imposed by the Capitalization Grants for Drinking Water State Revolving Funds through the Safe Drinking Water Act and Bipartisan Infrastructure Law/Infrastructure Investment and Jobs Act.
- *Forensic Pathology Contractors.* The Governor recommends an increase of \$444,181 in general revenue for higher than budgeted forensic pathology contract expenses in the Health Laboratories and Medical Examiner program. The vacant Chief Medical Examiner and two Assistant Medical Examiner positions remain unfilled. Contractors will continue to perform the necessary work of the Office. Contract costs for forensic pathology services exceed FTE costs, therefore supplemental funding is necessary to maintain contractors, accreditation, and the current service level of death investigations by the State.
- *Livery Services.* The Governor recommends an increase of \$152,640 in general revenue for higher than budgeted decedent livery services in the Health Laboratories and Medical Examiner program due to increased contractor costs.
- *Opioid Crisis Response Funding.* The Governor recommends restricted receipts in the Department of Health for continued support of existing and new initiatives in Rhode Island's response to the opioid and substance abuse crisis including total financing of \$1.9 million in Opioid Stewardship Funds, \$3.0 million in Statewide Opioid Abatement Funds and \$740,000 in McKinsey Opioid Settlement Funds.
- *Statewide Adjustments.* The Governor recommends an increase of \$499,457 for the financing of agency charges for certain centralized services, including facilities management, human resources, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.
- *COVID-19 Response.* In FY 2023, the Governor recommends federal funds totaling \$147.5 million to finance all COVID-19 pandemic response and recovery, which does not include any allocation of ARPA State Fiscal Recovery Funds.

HEALTH AND HUMAN SERVICES

Department of Human Services

The Department of Human Services operates programs that assist Rhode Island residents who are in need. The programs and services are designed to help families become strong, productive, healthy, and independent; help adults achieve their full potential; ensure that children are safe, healthy, ready to learn, and able to reach their full potential; honor, employ, and care for the state's veterans; and assist aging Rhode Islanders and persons with disabilities to enhance their quality of life and sustain their independence.

These programs and services provide quality and accessible healthcare, child care, supportive services, and options for working parents as well as individuals and families. The Department strives to always provide high-quality and efficient services to its providers and customers.

The majority of the Department's budget is federally funded, which allows the State to enact laws and regulations that use this funding to meet the needs of vulnerable Rhode Islanders.

The Department administers programs like Temporary Assistance for Needy Families, a block grant program that allows the agency to assist families transitioning from cash assistance to employment. It also administers the Rhode Island Works program that encourages adult family members to work by offering benefits and support services. The Department continues to examine policies to understand how they can be implemented in ways that achieve federal compliance while also maximizing revenue and services for the residents who need them.

Recent Department achievements and highlights include:

- Effective July 2022, the resource limit of Rhode Island Works increased so that families can save while maintaining eligibility.
- Received approximately \$11.9 million in Fiscal Year 2023 for staffing, technology, and operations funding to support work associated with the resumption of Medicaid redeterminations.
- Improving the functionality of and access to RIBridges mobile application, and enhancing the child care portal to include attendance tracking.
- Effective July 2022, eligibility of families for Child Care Assistance Program benefits was expanded from 180 percent to 200 percent of the federal poverty limit, and the threshold for families to lose eligibility was expanded from 225 percent to 300 percent of the federal poverty level.
- The EOHHS budget includes financing to support the legal capacity at DHS by hiring 1.0 FTE for child support enforcement legal staff.

Budget Highlights

Family Child Care Provider Contract.

Updates the State's contract with family child care providers with a retroactive rate increase of approximately 30 percent for calendar year 2022 and an additional 2.5 percent rate increase in 2023.

Community Grants.

Provides \$500,000 in general revenue to finance community grants to several local organizations serving Rhode Islanders.

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DEPARTMENT OF HUMAN SERVICES					
Source of Funds	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Enacted	FY 2023 Revised	FY 2024 Recommended
General Revenue	\$99,159,087	\$114,400,672	\$152,311,791	\$151,683,553	\$143,479,731
Federal Funds	\$657,277,960	\$777,034,861	\$739,510,589	\$779,370,374	\$638,693,106
Restricted Receipts	\$3,862,805	\$5,513,645	\$4,954,671	\$5,095,450	\$5,933,660
Other Funds	\$4,476,236	\$3,876,726	\$4,593,213	\$5,570,400	\$5,467,121
RI Capital Plan Fund	\$56,938	\$348,156	\$765,000	\$586,636	\$1,130,505
Total Funding	\$764,833,026	\$901,174,061	\$902,135,264	\$942,306,413	\$794,704,123
FTE Authorization	1,038.1	1,047.1	1,067.0	1,067.0	1,068.0

Full-Time Equivalent Positions

The Governor recommends 1,068.0 FTE positions in the FY 2024 Budget, and 1,067.0 FTE positions in the revised FY 2023 Budget. This includes the transfer of 3.0 FTE positions from the Department of Human Services to the Executive Office of Health and Human Services to separate oversight from eligibility tasks relating to Medical Assistance benefits and the conversion of 6.0 seasonal employees to 4.0 FTE positions at the Rhode Island Veterans' Memorial Cemetery to assist in the additional workload associated with the federal law change which obligates states to allow burial equity for national guard, reservists, and out-of-state veterans in veterans' cemeteries.

Proposed FY 2024 Budget Actions

- *Family Child Care Provider Contract Update.* The Governor recommends an increase of \$2.8 million in federal funds to finance the updates to the State's contract with family child care providers (FCCPs), who are represented by Services Employees International Union (SEIU Local 1199). This update includes a retroactive increase, effective from January 1, 2022, to December 31, 2022, of approximately 30.0 percent to rates paid to FCCPs, an additional 2.5 percent increase to rates paid to FCCPs effective January 1, 2023, and \$375,000 in training supports.
- *Medicaid Eligibility Quality Control (MEQC) Transfer.* The Governor recommends a decrease of \$200,342 in general revenue financing, \$400,990 from all sources of funds, to transfer 3.0 FTE positions and associated funding to separate oversight from eligibility tasks relating to Medical Assistance benefits. This funding/FTE shift, from the Department of Human Services to the Executive Office of Health and Human Services, will have no additional financial or FTE impact statewide.
- *Unified Health Infrastructure Project (UHIP) Public Health Emergency (PHE) Unwinding.* Within the Department of Human Services, the Governor recommends a total of \$6.6 million in general revenue financing, \$11.7 million from all sources of funds, for the UHIP to support redetermination activities during the unwinding phase of the PHE.
- *Impact of Consolidated Appropriations Act (CAA), 2023.* The Governor's budget recommendation corresponds with the anticipated end of the enhanced Federal Medical Assistance Percentage (FMAP) and timeline of the Public Health Emergency (PHE) unwinding assumed as of the November 2022 Caseload Estimating Conference. Consequently, it does not yet include impacts of the CAA, 2023 which was signed into law by President Biden on December 29, 2022. The Governor anticipates the submission of an amendment later in the legislative session to accommodate changes therein.
- *Rhode Island Veterans Home.* The Governor recommends funding for the Rhode Island Veterans Home to achieve full capacity by the start of the fourth quarter of FY 2024 and recognizes the annual inflationary adjustment to the federal per diem rate for appropriate residents by including an additional \$1.8 million.

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- *Conversion of Seasonal Cemetery Aids at Rhode Island Veteran Memorial Cemetery to FTE positions.* The Governor recommends an increase of \$550,000 in general revenue to finance the conversion of 6.0 seasonal cemetery aids to 4.0 FTE positions and additional operating costs to accommodate the Rhode Island Veteran Memorial Cemetery's increased burial and maintenance needs due to the federal law change which obligates states to allow burial equity for national guard, reservists, and out-of-state veterans in veterans' cemeteries.
- *Office of Veterans Services - DD-214 Digitalization Project.* The Governor recommends a one-time increase of \$250,000 in general revenue to fund the digitalization of DD-214s, an essential record of service for veterans to receive their benefits.
- *Community Grants.* The Governor recommends an increase of \$500,000 in general revenue to finance community grants to several local organizations serving Rhode Islanders. This includes additional funding to the following:
 - Rhode Island senior centers: \$200,000
 - Boys and Girls Club of RI: \$100,000
 - Meals on Wheels RI: \$100,000
 - Operation Stand Down: \$50,000
 - Center for Southeast Asians RI: \$25,000
 - Higher Ground International: \$25,000
- *Conflict Free Case Management.* The Governor recommends a reduction of \$132,522 in general revenue to create and implement a person centered, conflict free case management (CFCM) system for Long-term Services and Supports (LTSS) and Home- and Community-Based Services recipients, required by Medicaid federal rule.
- *Caseload Estimating Conference (CEC).* The revised recommendation is predicated on the November 2022 CEC estimate of \$29.0 million in general revenue in FY 2024, \$1.2 million more than the FY 2023 enacted level. This total includes adopted changes to the blended Federal Medical Assistance Percentage (FMAP) rate from 54.19 percent to 54.75 percent.
- *Child Care Support.* The Governor recommends \$1.7 million in State Fiscal Recovery Funds in FY 2024 to provide retention bonuses and technical assistance grants for FCC providers, and to support quality improvements, the creation of a workforce registry, and educational opportunities for direct care staff. The appropriation schedule for this project in the enacted FY 2023 Budget included \$1.2 million in FY 2024 and \$500,000 in FY 2025. This recommendation consolidates the appropriation in FY 2024 to ensure the timely obligation of these funds to comply with U.S. Treasury rules. It does not change the total funding amount of \$42.0 million.
- *Statewide Adjustments.* The Governor recommends an increase of \$1.2 million in general revenue for the financing of agency charges for certain centralized services, including facilities management, human resources, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

Proposed FY 2023 Budget Revisions

- *Reappropriations - UHIP and PHE Unwinding.* The Governor recommends \$130,974 in reappropriations to be utilized to complete IT work for the UHIP system associated with the unwinding of the PHE.
- *UHIP PHE Unwinding.* Within the Department of Human Services, the Governor recommends a total of \$5.0 million in general revenue financing, \$8.6 million from all sources of funds, for UHIP to support

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redetermination activities during the unwinding phase of the Public Health Emergency. Per the November 2022 CEC, eligibility redeterminations will commence in April 2023.

- *Impact of Consolidated Appropriations Act (CAA), 2023.* The Governor's budget recommendation corresponds with the anticipated end of the enhanced Federal Medical Assistance Percentage (FMAP) and timeline of the Public Health Emergency (PHE) unwinding assumed as of the November 2022 Caseload Estimating Conference. Consequently, it does not yet include impacts of the CAA, 2023 which was signed into law by President Biden on December 29, 2022. The Governor anticipates the submission of an amendment later in the legislative session to accommodate changes therein.
- *RIKidsBridge Transition off Mainframe.* The Governor recommends a transfer of \$22.0 million in general revenue to the Information Technology Investment Fund (ITIF) to finance the transition of the Office of Child Support Services' (OCSS) RIKidsBridge management system off the State's legacy mainframe. The RIKidsBridge management system is the system of record for all child support cases. While some modules for OCSS have migrated to web-based systems, the bulk of functionality remains in the natural mainframe system. The remaining state offices are discontinuing use of the mainframe system in the next three to five years, and the transition of OCSS off the mainframe is part of the plan to phase out the outdated system.
- *FCC Contract Update.* The Governor recommends an increase of \$3.9 million in federal funds to finance the updates to the State's contract with FCCs, who are represented by Services Employees International Union (SEIU Local 1199). This update includes a retroactive increase, effective from January 1, 2022 to December 31, 2022, of approximately 30.0 percent to rates paid to FCCs, an additional 2.5 percent increase to rates paid to FCCs effective January 1, 2023, one-time technology subsidies of \$1,000 per provider, and \$350,000 in training supports.
- *CEC.* The revised recommendation is predicated on the November 2022 CEC estimate of \$27.7 million in general revenue in FY 2023, 68,260 less than the FY 2023 enacted level. At the time of the enactment of the FY 2023 Appropriations Act, the PHE had been extended through the third quarter of calendar year 2022. Since enactment, the PHE has been extended, thus the revised FY 2023 Budget assumes that the Families First Coronavirus Response Act-enhanced FMAP will be available until March 31, 2023, or for the first three quarters of FY 2023.
- *Statewide Adjustments.* The Governor recommends an increase of \$1.1 million in general revenue for the financing of agency charges for certain centralized services, including facilities management, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

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Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals

The Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals guarantees high-quality, safe, and accessible healthcare services for all individuals with differing intellectual/developmental abilities or mental health/substance use conditions, including those who are in the care of facilities administered by the Department. Through this integrated healthcare landscape, the goal is to ensure that all Rhode Islanders will thrive.

The Department remains true to its core values, which are embodied in the State's motto: Hope. In fulfillment of this vision, the Department seeks to promote and inspire hope for good health, a safe home, a supportive community, and living a purposeful life. These pillars support its foundational values of dignity, respect, person-centered choice, and accountability.

Recent Department achievements and highlights include:

- In October 2022, opened the Rhode Island State Psychiatric Hospital, which provides care and treatment for court-ordered forensic patients. Operating this separately licensed hospital better positions the State to care for these patients. It also better positions the State to seek federal matches to support patient care.
- Eleanor Slater Hospital participated in a review by The Joint Commission, which accredited the hospital for three years. Eleanor Slater Hospital also addressed concerns raised by the Centers for Medicare and Medicaid Services (CMS) in areas of life safety, physical environment, nursing services, and patient rights. These outcomes reflect the hospital's commitment to high-quality patient care.
- Moved forward with the consent decree action plan agreed to with the federal Department of Justice, through which the State is making significant investments in its system of care. Progress included implementing a wage increase for direct support professionals; awarding \$10 million in grants to community providers to develop strategies to stabilize the workforce and increase access to employment and community activities; allocating \$2 million in grants to adults with differing intellectual/developmental abilities for technology to assist with daily activities; initiating a Medicaid rate methodology review; and engaging in a statewide workforce initiative.
- Managed 261 contracts totaling \$54 million to support Rhode Island's response to the overdose crisis, address gaps in behavioral health treatment, and support prevention and recovery initiatives.
- Launched Emergency Respite, a pilot program that helps adults who are experiencing circumstances, such as abuse, neglect, mistreatment, or homelessness, that could lead to a behavioral health crisis. The goal is to provide a safe place to reside while alternative placements are explored.

Budget Highlights

Direct Support Professional Wage Increase.

Raises the starting wage to \$20 per hour for direct support professionals who work for developmental disability organizations.

9-8-8 Hotline.

Provides \$1.6 million in additional State Fiscal Recovery Funds to ensure the continued financing of the 9-8-8 National Suicide Prevention Lifeline.

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BEHAVIORAL HEALTHCARE, DEVELOPMENTAL DISABILITIES AND HOSPITALS					
Source of Funds	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Enacted	FY 2023 Revised	FY 2024 Recommended
General Revenue	\$189,777,354	\$257,410,510	\$303,000,232	\$280,980,818	\$291,906,484
Federal Funds	\$251,200,256	\$241,878,834	\$288,459,956	\$290,640,281	\$314,961,402
Restricted Receipts	\$2,866,122	\$2,325,431	\$5,201,845	\$14,792,481	\$12,328,797
Other Funds	-	-	-	-	-
RI Capital Plan Fund	\$1,198	\$381,637	\$400,000	\$814,000	\$400,000
Total Funding	\$443,844,931	\$501,996,412	\$597,062,033	\$587,227,580	\$619,596,683
FTE Authorization	1,188.4	1,190.4	1,200.4	1,200.4	1,202.4

Full-Time Equivalent Positions

The Governor recommends 1,202.4 FTE positions in the FY 2024 Budget, and 1,200.4 FTE positions in the revised FY 2023 Budget. The latter represents the same level of FTE positions as the enacted budget and the former represents 2.0 FTE positions more than the Enacted Budget. These 2.0 FTE positions are allocated to the Services for the Private Community Developmentally Disabled Services program to support the review and implementation of a new rate remodel.

Proposed FY 2024 Budget Actions

- *Developmental Disabilities System Direct Support Professionals (DSP) Wage Increase.* The Governor recommends \$13.9 million in additional general revenue financing, \$30.8 million from all funds, pursuant to the Consent Decree Action Plan. This funding allows for the rates paid to Developmental Disability Organizations (DDOs) to support the average starting wage of a DSP at \$20 per hour. Additionally, the rate remodel report commissioned by the State is currently under review and may further increase the recommended amount of financing allocated to the Private Community Developmentally Disabled Services program.
- *Consent Decree Implementation Resources.* The Governor recommends \$495,394 in additional general revenue, offset by a decrease of \$292,119 in federal funding for a net all funds increase of \$203,275, for the hiring of ten personnel within the Developmentally Disabled Services Program to facilitate timely implementation of recent Consent Decree court orders. The recommendation finances the personnel by redistributing resources across the Private Community Developmentally Disabled Services and Rhode Island Community Living Supports (RICLAS) subprograms. This results in a net 2.0 FTE cap increase along with the reallocation of an existing, vacant 8.0 FTE positions and turnover savings anticipated within the RICLAS subprogram. Two of the positions will assist with the implementation of the new rate remodel and the remaining FTE positions will facilitate the implementation of the tenets of the Consent Decree as outlined in the December 6, 2022, court order.
- *Private Community Developmentally Disabled Services Program Caseload Adjustments.* The Governor's recommended budget is predicated on the November 2022 Caseload Estimating Conference (CEC) estimate of \$338.6 million including \$185.2 million from federal funds and \$153.5 million from general revenue, \$6.1 million more in general revenue than the enacted FY 2023 Budget.
- *Federal Medical Assistance Percentage (FMAP) Adjustment and Billing Assumptions for Eleanor Slater (ESH) and Zambarano Hospitals.* The Governor recommends financing totaling \$49.3 million in federal Medicaid funds in FY 2024 for the Eleanor Slater and Zambarano Hospitals. The budget adjusts for the annualization of a full year of resumed ESH System Medicaid billing and operations at the new Rhode Island State Psychiatric Hospital and updated patient census across both hospital systems. The recommendation also accounts for the change to the blended FMAP from 54.19 percent to 54.75 percent.

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- *Resumption of Billing Medicare Part D and Non-Medicaid Reimbursements at ESH and Zambarano Hospitals.* The Governor recommends a shift of \$2.9 million from general revenue to restricted receipts to account for the resumption of revenue collection at the hospitals both from Medicare Part D and from non-Medicaid reimbursement in the form of patient applied income collection.
- *ESH and Rhode Island Community Living Supports (RICLAS) Vehicle Expenses.* The Governor recommends a one-time increase of \$336,826 in general revenue financing, \$774,367 from all funds, for vehicle purchases in FY 2024. This includes nine vehicles for the RICLAS program, four vehicles for the ESH program at the Zambarano Campus, and four vehicles for the ESH program at the Pastore Campus.
- *RICLAS FMAP and Other Adjustments.* The Governor recommends a reduction of \$1.2 million in general revenue both to align the program budget with anticipated expenses and to recognize the change to the blended FMAP rate from 54.19 percent to 54.75 percent.
- *Opioid Crisis Response Funding.* The Governor recommends restricted receipts in Behavioral Healthcare, Developmental Disabilities, and Hospitals for continued support of existing and new initiatives in Rhode Island's response to the opioid and substance abuse crisis including total financing of \$1.9 million in Opioid Stewardship Funds and \$5.1 million in Statewide Opioid Abatement Funds.
- *9-8-8 Hotline.* The Governor recommends \$1.6 million in State Fiscal Recovery Funds to ensure the continued financing of the 9-8-8 National Suicide Prevention Lifeline. This amount is in addition to the \$1.9 million in State Fiscal Recovery Funds appropriated for this purpose in the enacted FY 2023 Budget. Total funding for the project is \$3.5 million.
- *Crisis Intervention Trainings.* The Governor recommends \$1.7 million in State Fiscal Recovery Funds to provide crisis intervention training for law enforcement as well as continuing education opportunities. The appropriation schedule for this project in the enacted FY 2023 Budget included \$550,000 in FY 2024, FY 2025, and FY 2026. This recommendation consolidates the appropriation in FY 2024 to ensure the timely obligation of these funds to comply with U.S. Treasury rules. It does not change the total project funding amount of \$2.2 million.
- *Impact of Consolidated Appropriations Act (CAA), 2023.* The Governor's budget recommendation corresponds with the anticipated end of the enhanced Federal Medical Assistance Percentage (FMAP) and timeline of the Public Health Emergency (PHE) unwinding assumed as of the November 2022 Caseload Estimating Conference. Consequently, it does not yet include impacts of the CAA, 2023 which was signed into law by President Biden on December 29, 2022. The Governor anticipates the submission of an amendment later in the legislative session to accommodate changes therein.
- *Statewide Adjustments.* The Governor recommends an increase of \$8.0 million in general revenue for the financing of agency charges for certain centralized services, including facilities management, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

Proposed FY 2023 Budget Revisions

- *Private Community Developmentally Disabled Services Program Caseload Adjustments Caseload Adjustments.* The Governor's recommended budget is predicated on the November 2022 CEC estimate of \$323.9 million including \$190.3 million from federal funds and \$133.6 million from general revenue, \$13.8 million less in general revenue than the FY 2023 enacted level, primarily from the extension of the enhanced Medicaid match for an additional two quarters.

HEALTH AND HUMAN SERVICES

- *Consent Decree Implementation Resources.* The Governor recommends \$70,345 in additional general revenue, offset by a decrease of \$71,768 in federal funding for a net all funds decrease of \$1,423, for the hiring of eight personnel within the Developmentally Disabled Services Program to facilitate timely implementation of recent Consent Decree court orders. The recommendation finances the personnel by redistributing resources across the Private Community Developmentally Disabled Services and Rhode Island Community Living Supports (RICLAS) subprograms, reallocation of an existing, vacant 8.0 FTE positions, and realizing turnover savings anticipated within the RICLAS subprogram. The eight FTE positions are anticipated to be hired in Q4 of FY 2023 and will facilitate the timely implementation of the tenets of the Consent Decree as outlined in the December 6, 2022, court order.
- *Reappropriation - Developmental Disabilities System State Infrastructure and Technology Acquisition.* The Governor recommends an increase of \$1.7 million in general revenue financing for the automatic reappropriation of unspent FY 2022 funds associated with the Developmental Disability Consent Decree including \$367,893 for technology acquisition for DD clients and \$803,178 for additional state infrastructure.
- *Updated Timeline for Operations of Rhode Island State Psychiatric Hospital.* The Governor recommends aligning the budget for ESH system with the updated timelines for the opening of the new Rhode Island State Psychiatric Hospital (RISPH). The RISPH opened on October 25, 2022, and the ESH system designation as an Institute of Mental Disease (IMD) was removed by Executive Office of Health and Human Services Medicaid on December 1, 2023, with billing to resume retroactive to the date of the RISPH opening. Therefore, the agency will fully resume billing Medicaid for ESH operations two months earlier than the date assumed in the enacted FY 2023 Budget of January 1, 2023.
- *FMAP Adjustment and Billing Assumptions for Eleanor Slater and Zambarano Hospitals.* The Governor recommends a reduction of \$14.9 million in general revenue to account for adjusted Medicaid billing assumptions for Eleanor Slater and Zambarano Hospitals. These billing assumptions reflect the removal of the IMD designation of ESH retroactively to October 25, 2022, and updated patient census following the opening of the RISPH. This also includes the change in FMAP. At the time of the enactment of the FY 2023 Appropriations Act, the public health emergency (PHE) had been extended through the third quarter of calendar year 2022. Since enactment, the PHE has been extended, thus the revised FY 2023 Budget assumes that the Families First Coronavirus Response Act (FFCRA)-enhanced FMAP will be available until March 31, 2023, or for the first three quarters of FY 2023.
- *Resumption of Billing Medicare Part D and Non-Medicaid Reimbursements at Eleanor Slater) and Zambarano Hospitals.* The Governor recommends a shift of \$2.2 million from general revenue to restricted receipts to account for the resumption of revenue collection at the hospitals both from Medicare Part D and from non-Medicaid reimbursement in the form of patient applied income collection.
- *RICLAS FMAP and Other Adjustments.* The Governor recommends a reduction of \$2.3 million in general revenue from the change in the FFCRA-enhanced FMAP. At the time of the enactment of the FY 2023 Appropriations Act, the PHE had been extended through the third quarter of calendar year 2022. Since enactment, the PHE has been extended, thus the revise FY 2023 Budget assumes that the FFCRA-enhanced FMAP will be available until March 31, 2023, or for the first three quarters of FY 2023.
- *Opioid Crisis Response Funding.* The Governor recommends restricted receipts in Behavioral Healthcare, Developmental Disabilities, and Hospitals for continued support of existing and new initiatives in Rhode Island's response to the opioid and substance abuse crisis including total financing of \$3.1 million in Opioid Stewardship Funds, \$6.8 million in Statewide Opioid Abatement Funds and \$250,000 in McKinsey Opioid Settlement Funds.

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- *9-8-8 Hotline.* The Governor recommends a total of \$1.6 million in State Fiscal Recovery Funds in FY 2024 to support the operations of the 9-8-8 hotline. This amount is in addition to the \$1.9 million in State Fiscal Recovery Funds appropriated for this purpose in FY 2023. Total funding for the project is \$3.5 million.
- *Impact of Consolidated Appropriations Act (CAA), 2023.* The Governor's budget recommendation corresponds with the anticipated end of the enhanced Federal Medical Assistance Percentage (FMAP) and timeline of the Public Health Emergency (PHE) unwinding assumed as of the November 2022 Caseload Estimating Conference. Consequently, it does not yet include impacts of the CAA, 2023 which was signed into law by President Biden on December 29, 2022. The Governor anticipates the submission of an amendment later in the legislative session to accommodate changes therein.
- *Statewide Adjustments.* The Governor recommends an increase of \$5.7 million in general revenue for the financing of agency charges for certain centralized services, including facilities management, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

HEALTH AND HUMAN SERVICES

Office of the Child Advocate

The Office of the Child Advocate is charged with fulfilling a statutory mandate to protect the legal, civil, and special rights of all children and youth involved in the care of the Department of Children, Youth, and Families (DCYF). In so doing, the Office strives to improve conditions and circumstances through monitoring, compliance, and advocacy. The office is staffed with 10.0 authorized FTE positions. The Office is responsible for oversight of children under DCYF care and yearly monitoring site visits of group-homes and residential programs in the state. The Office also provides direct legal representation for a portion of children voluntarily placed in state care. The Office reviews and monitors systematic and individual issues related to residents at the Rhode Island Training School. It provides direct oversight and on-site visits on a weekly basis. The Office also files Victim Compensation claims for children who have been physically and/or sexually assaulted and are in the care of the State.

OFFICE OF THE CHILD ADVOCATE					
Source of Funds	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Enacted	FY 2023 Revised	FY 2024 Recommended
General Revenue	\$937,682	\$1,033,943	\$1,494,065	\$1,485,060	\$1,630,743
Federal Funds	\$53,492	\$54,674	-	-	-
Restricted Receipts	-	-	-	-	-
Other Funds	-	-	-	-	-
RI Capital Plan Fund	-	-	-	-	-
Total Funding	\$991,174	\$1,088,617	\$1,494,065	\$1,485,060	\$1,630,743
FTE Authorization	10.0	10.0	10.0	10.0	10.0

Full-Time Equivalent Positions

The Governor recommends 10.0 FTE positions in the FY 2024 Budget, and 10.0 FTE positions in the revised FY 2023 Budget. The latter is unchanged from the enacted FY 2023 Budget.

Proposed FY 2024 Budget Actions

- *Current Operations.* The Governor recommends full financing for current operations and enacted staffing authorizations, totaling \$1.63 million in general revenue in FY 2024.
- *Statewide Adjustments.* The Governor recommends an increase of \$32,924 in general revenue for the financing of agency charges for certain centralized services, including facilities management, human resources, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

Proposed FY 2023 Budget Revisions

- *Turnover Savings.* The Governor recommends a reduction of \$22,584 in general revenue to recognize turnover savings for two vacancies. A portion of the anticipated savings were repurposed in the current year to cover one-time operating expenditures.
- *Statewide Adjustments.* The Governor recommends an increase of \$13,830 in general revenue for the financing of agency charges for certain centralized services, including facilities management, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

HEALTH AND HUMAN SERVICES

Governor’s Commission on Disabilities

The Commission consists of 18 volunteer Commissioners appointed by the Governor and numerous volunteers who serve on several committees. The Accessibility Committee develops the State’s 504/Americans with Disabilities Act (ADA) Transition Plan, which removes access (physical and communication) barriers in state-owned buildings, schools, colleges, beaches, and parks. This committee oversees the ADA accessibility training and services, as well as monitoring accessibility to state and local government services, including elections. The Disability Business Enterprises Committee certifies small businesses owned by person(s) with a disability to receive preferential points when bidding on state contracts for goods and services. The Employment Committee oversees the ADA employment training and services. The Committee promotes both work and work incentives. The committee also plans an annual employment conference in October (National Disability Employment Awareness Month). The Legislation Committee conducts forums to find out the concerns of people with disabilities and their families during the last full week in July. The Public Awareness Committee develops and oversees a broad public awareness campaign aimed at the adoption of state government policies that will ensure people with disabilities are afforded opportunities to exercise all the rights and responsibilities accorded to citizens of this state. The State Coordinating Committee on Disability Rights steers the State to carry out disability rights laws. The Hearing Board’s members decide if discrimination was caused by access barriers (R.I.G.L. § 42-87). If so, the Board can order corrective action and award damages.

GOVERNOR’S COMMISSION ON DISABILITIES					
Source of Funds	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Enacted	FY 2023 Revised	FY 2024 Recommended
General Revenue	\$834,299	\$1,014,840	\$1,752,601	\$1,835,632	\$1,292,951
Federal Funds	\$429,040	\$305,139	\$378,658	\$378,638	\$378,638
Restricted Receipts	\$3,225	\$38,404	\$84,235	\$55,573	\$62,131
Other Funds	-	-	-	-	-
RI Capital Plan Fund	-	-	-	-	-
Total Funding	\$1,266,564	\$1,358,383	\$2,215,494	\$2,269,843	\$1,733,720
FTE Authorization	4.0	4.0	5.0	5.0	5.0

Full-Time Equivalent Positions

The Governor recommends 5.0 FTE positions in the FY 2024 Budget, and 5.0 FTE positions in the revised FY 2023 Budget. The latter is unchanged from the enacted FY 2023 Budget.

Proposed FY 2024 Budget Actions

- *Current Operations.* The Governor recommends full financing for current operations and enacted staffing authorizations, totaling \$1.29 million in general revenue in FY 2024.
- *Statewide Adjustments.* The Governor recommends an increase of \$15,411 in general revenue for the financing of agency charges for certain centralized services, including facilities management, human resources, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

Proposed FY 2023 Budget Revisions

- *Reappropriations – Livable Homes Modification Grant Program.* The Governor recommends an increase of \$86,765 in general revenue for the auto-reappropriation for the Livable Home Modification Grant (LHMG) program. The FY 2022 budget included proviso language to allow any fiscal year end unexpended and unencumbered balances for the LHMP program to be reappropriated to the ensuing

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fiscal year. The program partially reimburses accessible home modification that allows individuals who have disabilities to live safer in their homes and remain in the community.

- *Statewide Adjustments.* The Governor recommends a decrease of \$3,734 in general revenue for the financing of agency charges for certain centralized services, including facilities management, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

HEALTH AND HUMAN SERVICES

Rhode Island Commission on the Deaf and Hard of Hearing

The Rhode Island Commission on the Deaf and Hard on Hearing is a service-providing, coordinating, and advocating entity committed to promoting an environment in which more than 200,000 Rhode Island citizens who are deaf or hard of hearing are afforded equal opportunity in all aspects of their lives. The Commission is independent of any existing agency or department within the State, according to R.I.G.L. § 23-1.8-2. The legislative mandates of the Commission include engagement and advocacy to promote accessibility of services, as well as providing general training and technical assistance on various topics –such as technology, accommodations, culture, legal, and education – related to deaf and hard of hearing issues.

COMMISSION ON THE DEAF AND HARD OF HEARING					
Source of Funds	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Enacted	FY 2023 Revised	FY 2024 Recommended
General Revenue	\$575,032	\$863,783	\$716,876	\$741,245	\$764,208
Federal Funds	-	-	-	-	-
Restricted Receipts	\$180,041	\$(44,527)	\$100,000	\$105,599	\$104,467
Other Funds	-	-	-	-	-
RI Capital Plan Fund	-	-	-	-	-
Total Funding	\$755,073	\$819,256	\$816,876	\$846,844	\$868,675
FTE Authorization	4.0	4.0	4.0	4.0	4.0

Full-Time Equivalent Positions

The Governor recommends 4.0 FTE positions in the FY 2024 Budget, and 4.0 FTE positions in the revised FY 2023 Budget. The latter is unchanged from the enacted FY 2023 Budget.

Proposed FY 2024 Budget Actions

- *Current Operations.* The Governor recommends full financing for current operations and enacted staffing authorizations, totaling \$0.8 million in general revenue in FY 2024.
- *Statewide Adjustments.* The Governor recommends an increase of \$23,347 in general revenue for the financing of agency charges for certain centralized services, including facilities management, human resources, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

Proposed FY 2023 Budget Revisions

- *Turnover Savings.* The Governor recommends a budget neutral adjustment repurposing turnover savings to cover additional contract expenditures in FY 2023. The anticipated \$56,557 turnover savings from the Commission’s Executive Director position is repurposed to finance the Interim Executive Director contractor position and a one-time recruitment services contract to conduct a professional search to backfill the role permanently.
- *Statewide Adjustments.* The Governor recommends an increase of \$24,369 in general revenue for the financing of agency charges for certain centralized services, including facilities management, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

HEALTH AND HUMAN SERVICES

Office of the Mental Health Advocate

The Office of the Mental Health Advocate is directed by statute to insure the legal, civil, and special rights of people with mental illness in Rhode Island. The Office accomplishes its mission by providing legal representation and advocacy related to several issues unique to persons living with mental illness. These include representation at Civil Commitment Proceedings and Petitions for Instruction regarding substituted consent for medication; housing retention, including defending tenants from eviction proceedings; and monitoring and ensuring right to treatment for forensic patients, or persons involved in the criminal justice system who are deemed incompetent to stand trial, not guilty by reason of insanity, or who need specialized services that are not available in a correctional setting. The Office also engages in legislative advocacy, community outreach, education, and collaboration in promoting policies and practices conducive to improving the mental health system and combating stigmatization and discrimination associated with mental illness. The Office also provides consultation to members of the Bar regarding clients with mental health issues and responds to inquiries where direct representation cannot be provided by referral to appropriate services, legal or otherwise.

OFFICE OF THE MENTAL HEALTH ADVOCATE					
Source of Funds	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Enacted	FY 2023 Revised	FY 2024 Recommended
General Revenue	\$635,518	\$716,646	\$973,329	\$900,494	\$976,078
Federal Funds	-	-	-	-	-
Restricted Receipts	-	-	-	-	-
Other Funds	-	-	-	-	-
RI Capital Plan Fund	-	-	-	-	-
Total Funding	\$635,518	\$716,646	\$973,329	\$900,494	\$976,078
FTE Authorization	4.0	4.0	6.0	6.0	6.0

Full-Time Equivalent Positions

The Governor recommends 6.0 FTE positions in the FY 2024 Budget, and 6.0 FTE positions in the revised FY 2023 Budget, unchanged from the enacted FY 2023 Budget.

Proposed FY 2024 Budget Actions

- *Current Operations.* The Governor recommends full financing for current operations and enacted staffing authorizations totaling \$976,078 in general revenue in FY 2024.
- *Statewide Adjustments.* The Governor recommends a decrease of \$26,905 in general revenue for the financing of agency charges for certain centralized services, including facilities management, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

Proposed FY 2023 Budget Revisions

- *Current Operations.* The Governor recommends full financing for current operations and enacted staffing authorizations totaling \$900,494 in general revenue in FY 2023.
- *Turnover Savings.* The Governor recommends a decrease of \$84,290 in general revenue to reflect savings incurred from the delayed hiring timeline of the 2.0 FTE Mental Health Court positions new to FY 2023. The FY 2023 Enacted budget assumed these positions would be hired in July 2022, while the attorney position was filled in November and the social worker is expected to be hired in February 2023.

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- *Statewide Adjustments.* The Governor recommends an increase of \$11,455 in general revenue for the financing of agency charges for certain centralized services, including facilities management, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

EDUCATION

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The Education function of state government includes services provided by the Department of Elementary and Secondary Education, Public Higher Education (Office of the Postsecondary Commissioner, the University of Rhode Island, Rhode Island College, and the Community College of Rhode Island), the Rhode Island State Council on the Arts, the Rhode Island Atomic Energy Commission, and the Rhode Island Historical Preservation and Heritage Commission.

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Department of Elementary and Secondary Education

The role of the Department of Elementary and Secondary Education is to ensure that all Rhode Island students are ready for success in college, career, and life. The Department works with schools and districts to prioritize equity in education, support world-class talent in the classrooms, foster excellence in learning for students, improve governance structures, and engage communities so that everyone has a voice in public education.

The challenges the state faces in education in the wake of the COVID-19 pandemic are significant, but with these challenges comes opportunity to build a stronger, more equitable education system. With the report and recommendations of the Learning, Equity & Accelerated Pathways Task Force, which was convened to help learning recovery and to address educational inequities, Rhode Island has built a strong foundation and is well positioned to follow through on a strategic and long-term vision that will ensure high-quality educational opportunities and better outcomes for all students.

In February 2022, the Rhode Island Board of Education approved an updated *Together Through Opportunity: Pathways to Student Success, Rhode Island's Strategic Plan for PK-12 Education*. The strategic plan for 2021-2027 was developed in collaboration with the Rhode Island Office of Postsecondary Education and other key stakeholders and aims to unify students, families, and educators around the priorities and commitments that will advance opportunities for all Rhode Island students. It incorporates the foundational guidance provided by the Commissioner's vision for education and the Rhode Island Foundation's *Chart a Course, Stay the Course* plan, and was developed with input from student, family, and educator SurveyWorks results, local education agency leader surveys and feedback, staff surveys, interviews, and focus groups.

Recent Department achievements and highlights include:

- Engaged students, families, and educators in an 18-month, community-centered process to reimagine and improve the high school experience and pass new statewide graduation requirements, culminating in the November 2022 approval of the most-commented set of regulations in Rhode Island K-12 education history.
- Convened the inaugural Reimagining Education and New England's Workforce Summit in August 2022, which allowed Rhode Island to lead a strategic discussion with education leaders on regional collaboration to accelerate student learning and build college and career pathways post-pandemic.
- Launched the second round of School Building Authority's Facility Equity Initiative (FEI) with \$30 million in additional funding. FEI ensures that underserved school communities receive an equitable share of state school construction funding. The first round of funding in 2021 provided approximately \$13.4 million to support 26 projects for the districts of Central Falls, Woonsocket, Pawtucket, Providence, and West Warwick.
- Established a \$15 million 21st Century Technology and Equipment Fund in October 2022 that will provide critical resources for districts to secure innovative technology and equipment that foster a

Budget Highlights

Education Aid Funding Formula.

Fully funds the Education Aid Funding Formula and includes several significant changes to education aid, such as an updated measure of student poverty and the direction of additional funding to high-need student populations and Local Education Agencies.

Educational Resources.

Creates two new positions, a transformation specialist to support the State's persistently lowest-achieving schools, and a multilingual learner specialist to develop and train educators in model practices for teaching multilingual learners.

All Course Network Initiative.

Maintains current level of services for the program that prepares students for high school and the college transition, and provides opportunities to earn postsecondary credits and career credential courses.

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science, technology, engineering, and math project-based learning approach and career and technical education pathways. Local education agencies, including district and charter school systems, will be eligible for funding on a per-student basis, with a minimum award of \$25,000.

- Launched a new \$5 million Art Reengages Talent in All Students initiative in May 2022 through which each public school district and charter school system will receive at least \$10,000 to support arts through the purchase of items such as musical instruments, auditorium upgrades, artists in residence, murals, sculptures, professional development, individual sponsorships, audio/visual or culinary equipment, and other investments that help provide high-quality arts education.
- Convening the Civic Readiness Task Force through March 2023 to consider specific measures to enhance civics education in Rhode Island. The diverse coalition of stakeholders is expected to submit an initial report and recommendations to the Commissioner of the Department by March 31, 2023.
- Launched “Let It Out,” a robust mental health campaign that addresses the needs of students by connecting them with trusted members of their school community and focused mental health services throughout Rhode Island. The “Let It Out” website, which was made available in March 2022, showcases familiar faces in school communities that students can confide in and features classroom activities, educator toolkits, and other informational materials and resources to help students cope with mental health challenges.

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION					
Source of Funds	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Enacted	FY 2023 Revised	FY 2024 Recommended
General Revenue	\$1,280,130,112	\$1,328,151,989	\$1,440,698,219	\$1,442,343,813	\$1,476,681,977
Federal Funds	\$281,247,844	\$350,595,771	\$520,724,004	\$614,368,376	\$543,431,771
Restricted Receipts	\$36,227,363	\$39,462,404	\$47,621,163	\$46,769,925	\$47,345,545
Other Funds	\$423,277	\$353,504	\$359,000	\$359,000	\$359,000
RI Capital Plan Fund	\$325,000	\$842,704	\$9,050,000	\$9,156,000	\$5,381,000
Total Funding	\$1,598,353,593	\$1,719,406,450	\$2,018,452,386	\$2,112,997,114	\$2,073,199,293
FTE Authorization	325.1	326.1	326.1	326.1	330.1

Full-Time Equivalent Positions

The Governor recommends 330.1 FTE positions in the FY 2024 Budget, and 326.1 FTE positions in the revised FY 2023 Budget. The recommendation in FY 2024 represents an increase of 4.0 FTE positions from the enacted FY 2023 Budget and the recommendation for the revised FY 2023 Budget remains unchanged.

Proposed FY 2024 Budget Actions

Administration of the Comprehensive Education Strategy

- *Transformation Specialist.* The Governor recommends an increase of \$133,907 in general revenue financing for 1.0 FTE position to support the transformation of Rhode Island’s persistently lowest-achieving schools. The position will collaborate with the local districts to address the specific causes of the academic underperformance of schools.
- *Multilingual Learner Specialist.* The Governor recommends an increase of \$155,909 in general revenue financing for 1.0 FTE position to support Multilingual Learners, who are a growing segment of school population yet continuously show disparities in learning outcomes. The position will increase the agency’s capacity to develop and train school leaders and teachers in the implementation of model practices for teaching Multilingual Learners, as outlined in RIDE’s Rhode Island Blueprint for Multilingual Learner Success.

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- *All Course Network Initiative General Revenue Support.* The Governor recommends \$250,000 in general revenue financing to maintain the current level of services provided by RIDE through the All Course Network Initiative, an ongoing program that serves thousands of Rhode Island students and families. Students that participate in the All Course Network have access to courses that prepare them for high school and college transition, opportunities to earn postsecondary credits and career credential courses. In prior years, this initiative was funded through \$150,000 in general revenue and several federal grants, which expire in FY 2024.
- *Enroll RI Support and Staffing.* The Governor recommends a total of \$338,799 from general revenue for salary and benefit financing of \$133,907 for 1.0 FTE position and additional financing of \$204,892 to maintain the operation of the Enroll RI platform. This platform allows families to search for programs available to students, including the All Course Network Initiative, the Charter Public School Common Application and school finder, adult education and career, and technical programs. Maintenance costs for this platform were previously covered by a federal grant expiring in FY 2024.
- *Data Assessment Position and Professional Development.* The Governor recommends a total of \$500,000 from general revenue for salary and benefit financing of \$133,907 for 1.0 FTE position and additional financing of \$366,093 to plan and implement a data and assessment-focused professional development program for Local Education Agencies. Increased capacity will improve RIDE's ability to process data and provide educators with additional opportunities to use assessment results in a proactive way to improve student outcomes.

Education Aid/State School Support

- *Education Aid Funding Formula.* The Governor recommends fully funding the Education Aid Funding Formula in FY 2024. Furthermore, the recommended FY 2024 Budget includes several significant changes to education aid, which includes an updated measure of student poverty and the direction of additional funding to high-need student populations and Local Education Agencies.
- The enacted FY 2023 Budget directed RIDE to develop and utilize a new poverty measure for use in the funding formula that does not rely on data collected through free and reduced-price lunch school programs. The updated poverty measure uses direct certification, which is based on Supplemental Nutrition Assistance Program (SNAP) participation.
- The recommended FY 2024 Budget includes an increase of \$43.9 million in general revenue as compared to the enacted FY 2023 Budget and implements the following changes to the education funding formula:
 - *Increases the student success factor from 40 percent to 42 percent.* The student success factor provides additional per-student funding to meet the needs of students in poverty. Increasing the student success factor would provide an additional \$9.9 million to school districts.
 - *Establishes the Public Schools of Choice Supplemental Transition Fund.* Based on a similar program in Massachusetts, this financing compensates school district experiencing enrollment losses due to student movement to charter schools. Districts would receive 60 percent of the student funding in the first year and 30 percent in the second year, giving schools more time to adjust to enrollment changes. The Public Schools of Choice Supplemental Transition Fund would be funded with \$7.9 million in FY 2024.
 - *Provides additional funding to support students experiencing homelessness.* The recommended Fiscal Year 2024 Budget provides an additional \$2.5 million to school districts for students who are experiencing homelessness.
 - *One-time Supplemental Support.* In addition to the Education Aid Funding Formula adjustments described above, the recommended FY 2024 Budget provides a one-time, \$8.5 million fund to

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assist school districts experiencing enrollment losses for other reasons, such as students moving to private schools or school districts in other municipalities or states.

- *Central Falls.* The Governor recommends total general revenue financing of \$50.2 million for the Central Falls School District. This represents a general revenue increase of \$1.2 million compared to the enacted level.
- *Davies Career and Technical High School Formula Aid.* As part of the Education Aid Funding Formula, the Governor recommends total general revenue financing of \$15.9 million for Davies Career and Technical High School. This represents a general revenue increase of \$1.1 million compared to the enacted level. Of this total, \$0.5 million is attributed to changes in calculated Education Aid Funding Formula (described above) and \$0.6 million were changes recommended by the Governor to accommodate increased personnel, operating, and transportation costs (described below).
- *Davies Career and Technical High School Transportation Costs.* The Governor recommends \$150,000 in general revenue in FY 2024 to accommodate an increase in transportation costs for the school.
- *Metropolitan Regional Career and Technical Center.* As part of the Education Aid Funding Formula, the Governor recommends total general revenue financing of \$11.2 million for the Metropolitan Regional Career and Technical Center. This represents a total general revenue increase of \$1.4 million. Of this amount, \$0.4 million is allocated through the Education Aid Funding Formula.
- *Metropolitan Regional Career and Technical Center – Stabilization Funding.* The Governor recommends an additional \$968,135 in general revenue in FY 2024 to offset increased costs and decreased revenue for the Metropolitan Career and Technical Center. Stabilization funds for the school were level-funded at \$9.3 million from FY 2017 through FY 2022. The recommended increase in stabilization funding will address rising operating expenses, including teacher salaries, utility rates, and healthcare costs that have compounded over the past several year.
- *Rhode Island School for the Deaf.* Funded outside the Education Aid Funding Formula, the Governor recommends total general revenue financing of \$8.3 million for the Rhode Island School for the Deaf. This amount includes an increase of \$170,419 in general revenue for costs associated with updated teacher contracts.
- *Group Home Beds.* Per R.I.G.L. § 16-7-22 and § 16-64-1.1, the Governor recommends \$1.8 million total general revenue financing, an adjustment to reflect updated group home bed counts.
- *Adult Education Providers.* The Governor recommends \$3.0 million in State Fiscal Recovery Funds to expand access to educational programs and literacy services. The appropriation schedule for this project in the enacted FY 2023 Budget included \$1.5 million in FY 2024 and FY 2025. This recommendation consolidates the appropriation in FY 2024 to ensure the timely obligation of these funds to comply with U.S. Treasury rules. It does not change the total funding amount of \$5.0 million.
- *Out-of-School Time Learning Grants.* The Governor recommends a total of \$4.0 million in State Fiscal Recovery Funds to be directly distributed through the Office of Student, Community, and Academic Supports to community organizations to expand access to educational programs.

Teacher's Retirement

- *Defined Benefit and Defined Contribution Plans.* The Governor recommends an increase of \$1.9 million from general revenue in FY 2024 compared to the enacted FY 2023 level in order to adequately fund teachers' retirement, for a total of \$132.7 million from general revenue.

School Construction Aid

- *Traditional Housing Aid.* The Governor recommends general revenue financing in FY 2024 that represents an increase of \$14.9 million as compared to enacted levels, for a total of \$103.5 million.

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Statewide Adjustments

- *Statewide Adjustments.* The Governor recommends an increase of \$22,311 for the financing of agency charges for certain centralized services, including facilities management, human resources, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

Proposed FY 2023 Budget Revisions

- *Rhode Island School for the Deaf.* The Governor recommends an increase of \$65,486 in general revenue for costs associated with updated teacher contracts.
- *Davies Transportation Costs.* The Governor recommends a reduction of \$150,000 in general revenue in FY 2023 to accommodate an increase in transportation costs for the school.
- *Statewide Adjustments.* The Governor recommends an increase of \$381,108 for the financing of agency charges for certain centralized services, including facilities management, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

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Higher Education

Office of the Postsecondary Commissioner

The Office of the Postsecondary Commissioner is the administrative and research arm supporting the work of the Council on Postsecondary Education, which is responsible for providing oversight for the system of public higher education as well as independent institutions. The system consists of three public postsecondary institutions and 13 independent institutions. Together with the Council on Elementary and Secondary Education, they comprise the Board of Education.

Recent Office achievements and highlights include:

- Opened a new postsecondary workforce training center, the Woonsocket Education Center, in September 2022. Courses in the spring and summer semesters were held in a former school until the new 15,000-square-foot facility was finished. Public and private colleges, government, and private businesses are working together to address the training needs of the people living in northern Rhode Island by helping them qualify for work for local employers.
- In 2022, the Office’s Rhode Island Reconnect program aided 625 people in their efforts to enroll and persist in postsecondary degree programs and workforce training. The program sponsored a drop-in-day event for adults in June, with 45 percent of attendees then enrolling in a postsecondary program.
- Served 6,180 students in postsecondary education and workforce training in the three workforce centers: Westerly Education Center, Rhode Island Nursing Education Center, and the Woonsocket Education Center. Since 2017, 28,800 students have been enrolled in training and education at the centers.
- Published a report that provided data about the higher education landscape affecting the postsecondary ecosystem, attainment rates, affordability, and the drive toward equitable access to postsecondary degrees and credentials.

Budget Highlights

Fresh Start Scholarship.

Provides \$2.5 million to the Community College of Rhode Island in one-time funding for the Fresh Start Scholarship, which is aimed at re-enrolling Rhode Islanders who earned some credits at the Community College of Rhode Island but stopped before earning a degree.

Institutional Operations.

Increases support to the University of Rhode Island, Rhode Island College, and the Community College of Rhode Island by a combined \$14.1 million.

HIGHER EDUCATION					
Source of Funds	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Enacted	FY 2023 Revised	FY 2024 Recommended
General Revenue	\$238,027,137	\$266,718,346	\$265,876,018	\$265,364,972	\$294,567,164
Federal Funds	\$12,866,282	\$9,927,384	\$9,823,257	\$11,308,746	\$16,381,833
Restricted Receipts	\$2,552,262	\$4,213,232	\$4,850,193	\$4,882,600	\$6,732,644
Other Funds	\$905,245,577	\$954,912,369	\$981,278,335	\$978,976,892	\$983,096,730
RI Capital Plan Fund	\$9,349,979	\$18,281,287	\$56,129,017	\$61,390,374	\$98,587,856
Total Funding	\$1,168,041,237	\$1,254,052,619	\$1,317,956,820	\$1,321,923,584	\$1,399,366,227
FTE Authorization	4,384.3	4,386.3	4,387.3	4,387.3	4,394.3

EDUCATION

Full-Time Equivalent Positions

The Governor recommends 4,349.3 FTE positions for the three institutions of higher education in the FY 2024 Budget, and 4,353.3 FTE positions in the revised FY 2023 Budget. The latter is unchanged from the enacted FY 2023 Budget. Individual FTE position totals for the proposed FY 2024 Budget are as follows:

- University of Rhode Island: 2,551.0
- Rhode Island College: 949.2
- Community College of Rhode Island: 849.1

For the Office of the Postsecondary Commissioner, the Governor recommends 45.0 FTE positions in the FY 2024 Budget, and 34.0 FTE positions in the revised FY 2023 Budget. The latter is unchanged from the enacted FY 2023 Budget.

Proposed FY 2024 Budget Actions

Office of the Postsecondary Commissioner

- *Rhode Island Longitudinal Data System (RILDS)*. The Governor recommends an increase of \$575,000 in general revenue to establish the RILDS under the auspices of the Office of the Postsecondary Commissioner. Providing general revenue funding for the first time will allow the RILDS to produce data-driven, actionable analyses on programmatic outcomes across a wider scope of state government. As a part of this proposal, DataSpark would move from the University of Rhode Island to the Office of the Postsecondary Commissioner, including 4.0 existing FTE positions, and 3.0 new FTE positions would be added.
- *Rhode Island Reconnect*. The Governor recommends an increase of \$313,501 in general revenue for an additional 3.0 FTE positions to implement Rhode Island Reconnect, which would support participants through advising, support and training, to receive postsecondary credentials including workforce training programs, associates degrees and bachelor's degrees. An additional \$8.0 million for contracted services and operating costs would be financed through the State Fiscal Recovery Fund, and the FTE positions would be term limited when the State Fiscal Recovery Fund funding ends.
- *Director P20 Position*. The Governor recommends an increase of \$140,668 in general revenue for an additional 1.0 FTE position to serve as the Director of P-20 Readiness and Transition, which would focus on implementing the state's PK-20 Public Education Strategic Plan.
- *Higher Education Finance Review*. The Governor recommends an increase of \$205,500 in general revenue for a review of higher education funding policy and state-funded scholarship programs.
- *Statewide Adjustments*. The Governor recommends a decrease of \$262 for the financing of agency charges for certain centralized services, including facilities management, human resources, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

Institutional Operations

- *University of Rhode Island*. The Governor recommends a general revenue increase of \$7.9 million compared to the FY 2023 enacted level. Of the increase, \$6.4 million is intended to cover rising costs for personnel and operating current services and \$1.5 million is intended as an investment in URI's focus on the Blue Economy.
- *Rhode Island College*. The Governor recommends a general revenue increase of \$3.6 million compared to the FY 2023 enacted level. Of the increase, \$3.1 million is intended to cover rising costs for personnel and operating current services and \$500,000 is intended as an investment in the new Applied Biology and Biosciences Certificate.

EDUCATION

- *Community College of Rhode Island.* The Governor recommends a general revenue increase of \$2.6 million compared to the FY 2023 enacted level. Of the increase, \$1.7 million is intended to cover rising costs for personnel and operating current services and \$922,294 is intended to fund a new program that would provide financial coaching and connections to resources for students, a new program that would better connect CCRI directly to communities, and for technology upgrades.
- *Fresh Start Scholarship.* Included in the Office of the Postsecondary Commissioner's budget, the Governor recommends an increase of \$2.5 million in general revenue for a new one-time scholarship program at the Community College of Rhode Island that would support adult students with some college credits and no degree.
- *Rhode Island Promise Scholarship.* Included in the Office of the Postsecondary Commissioner's budget, the Governor recommends a general revenue increase of \$668,101 above the FY 2023 enacted level for the continued support of the Rhode Island Promise Scholarship for recently graduated high school seniors that enroll at the Community College of Rhode Island. Total FY 2024 funding for this scholarship is \$8.6 million. The recommendation fully funds Rhode Island Promise at the level estimated by the Community College of Rhode Island, which has increased due to updated enrollment projections.
- *Last Dollar Scholarship.* Included in the Office of the Postsecondary Commissioner's budget, the Governor recommends an increase of \$4.8 million in general revenue to maintain total funding for the Last Dollar Scholarship of \$9.6 million. The program, which funds scholarships for Rhode Island residents at the University of Rhode Island, Rhode Island College, Community College of Rhode Island, and in-state private institutions, received no general revenue funding in FY 2023, but the reserves of the Division of Higher Education Assistance, which had been the main funding source, are declining rapidly.

Debt Service

- *University of Rhode Island.* The Governor recommends a general revenue increase of \$2.8 million above the enacted level for general obligation bond debt service, attributable to an updated debt service schedule at the University.
- *Rhode Island College.* The Governor recommends a general revenue increase of \$2.7 million above the enacted level for general obligation bond debt service, attributable to an updated debt service schedule for Rhode Island College.
- *Community College of Rhode Island.* The Governor recommends a general revenue decrease of \$597,307 below the enacted level for general obligation bond debt service, attributable to an updated debt service schedule for the Community College.

Proposed FY 2023 Budget Revisions

Office of the Postsecondary Commissioner

- *Statewide Adjustments.* The Governor recommends a decrease of \$35,232 for the financing of agency charges for certain centralized services, including facilities management, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

Debt Service

- *University of Rhode Island.* The Governor recommends a general revenue increase of \$253,084 above the enacted level for general obligation bond debt service, attributable to an updated debt service schedule at the University.

EDUCATION

- *Rhode Island College.* The Governor recommends a general revenue increase of \$216,936 above the enacted level for general obligation bond debt service, attributable to an updated debt service schedule for Rhode Island College.
- *Community College of Rhode Island.* The Governor recommends a general revenue increase of \$36,180 above the enacted level for general obligation bond debt service, attributable to an updated debt service schedule for the Community College.

EDUCATION

Rhode Island Council on the Arts

The Rhode Island State Council on the Arts (RISCA) was established in 1967. RISCA achieves its mission by distributing grants and offering technical assistance and support to artists, arts organizations, schools, community centers, social service organizations, and local governments. RISCA employs a variety of methods to carry out its work, including grant-making, strategic partnerships, and public outreach.

RHODE ISLAND COUNCIL ON THE ARTS					
Source of Funds	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Enacted	FY 2023 Revised	FY 2024 Recommended
General Revenue	\$2,002,288	\$2,023,260	\$2,198,276	\$2,185,921	\$2,232,328
Federal Funds	\$1,689,731	\$1,453,013	\$1,331,719	\$1,521,448	\$1,347,593
Restricted Receipts	\$284	\$3,781	\$50,000	\$50,500	\$50,000
Other Funds	\$271,606	\$426,206	\$585,000	\$585,000	\$585,000
RI Capital Plan Fund	-	-	-	-	-
Total Funding	\$3,963,909	\$3,906,261	\$4,164,995	\$4,342,869	\$4,214,921
FTE Authorization	8.6	9.6	9.6	9.6	9.6

Full-Time Equivalent Positions

The Governor recommends 9.6 FTE positions in the FY 2024 Budget, and 9.6 FTE positions in the revised FY 2023 Budget, unchanged from the enacted FY 2023 Budget.

Proposed FY 2024 Budget Actions

- *Current Operations.* The Governor recommends full financing for current operations and enacted staffing authorizations, totaling \$2.23 million in general revenue in FY 2024.
- *Statewide Adjustments.* The Governor recommends a decrease of \$7,650 for the financing of agency charges for certain centralized services, including facilities management, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

Proposed FY 2023 Budget Revisions

- *Current Operations.* The Governor recommends full financing for current operations and enacted staffing authorizations, totaling \$2.19 million in general revenue in FY 2023.
- *Statewide Adjustments.* The Governor recommends a decrease of \$12,355 for the financing of agency charges for certain centralized services, including facilities management, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

EDUCATION

Rhode Island Atomic Energy Commission

The Rhode Island Nuclear Science Center (RINSC) is located at the University of Rhode Island, Bay Campus, in Narragansett. The RINSC operates a 2-MWth research reactor and provides laboratories and classrooms for research and educational programs for the University of Rhode Island (URI) and other colleges and universities in Rhode Island and throughout New England. The RINSC has operated on a daily basis without incident since 1962, providing medical, biological, environmental, and materials research, offering educational programs, and supporting commercial activities benefiting the citizens of Rhode Island. Much of the research and educational activities are funded by grants from federal agencies. In addition, the staff administers the radiation safety program for the University of Rhode Island under an agreement with the University, providing partial financial support for three staff members.

RHODE ISLAND ATOMIC ENERGY COMMISSION					
Source of Funds	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Enacted	FY 2023 Revised	FY 2024 Recommended
General Revenue	\$1,004,579	\$1,055,145	\$1,146,763	\$1,101,589	\$1,158,737
Federal Funds	\$143	\$206,885	-	\$206,742	-
Restricted Receipts	-	\$10,632	\$25,036	\$25,036	\$25,036
Other Funds	\$301,635	\$276,691	\$314,597	\$328,446	\$344,971
RI Capital Plan Fund	\$44,937	\$15,924	\$50,000	\$50,000	\$50,000
Total Funding	\$1,351,294	\$1,565,277	\$1,536,396	\$1,711,813	\$1,578,744
FTE Authorization	8.6	8.6	8.6	8.6	8.6

Full-Time Equivalent Positions

The Governor recommends 8.6 FTE positions in the FY 2024 Budget and in the revised FY 2023 Budget.

Proposed FY 2024 Budget Actions

- *Current Operations.* The Governor recommends full financing for current operations and enacted staffing authorizations, totaling \$1.2 million in general revenue in FY 2024.
- *Statewide Adjustments.* The Governor recommends a decrease of \$9,900 for the financing of agency charges for certain centralized services, including facilities management, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

Proposed FY 2023 Budget Revisions

- *Statewide Adjustments.* The Governor recommends a decrease of \$10,985 for the financing of agency charges for certain centralized services, including facilities management, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

EDUCATION

Rhode Island Historical Preservation and Heritage Commission

The Rhode Island Historical Preservation and Heritage Commission is the state office for historic preservation and for sponsorship of state heritage activities. It is Rhode Island’s only statewide preservation program to identify and protect historic buildings, districts, and archeological sites. The Commission is responsible for developing a state historical preservation plan, and for survey and planning activities which provide for in-depth studies of each city and town to identify, evaluate, and record sites, structures, districts, and objects of historical, architectural, cultural, or archeological significance to the State. The Commission sponsors and/or coordinates heritage festivals, heritage seminars, conferences, and symposia, and publishes scholarly and popular works relating to the social, political, and cultural development of the State. It also coordinates programs with other private or public groups or agencies to meet the cultural needs of Rhode Island’s citizens. The Commission also develops and implements programs for the preservation of historic resources. Federal and state projects are reviewed by the Commission to assess their effect on specific cultural resources. The Commission administers programs of financial assistance, which include grants, loans, and tax credits for restoration projects. A wide range of information and technical assistance is provided to citizens who own historic properties or are interested in preserving the heritage of their neighborhood and community. The Commission certifies municipal historic district zoning programs, which must meet minimum standards, and annually administers funds to these “certified local governments.”

RHODE ISLAND HISTORICAL PRESERVATION AND HERITAGE COMMISSION					
Source of Funds	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Enacted	FY 2023 Revised	FY 2024 Recommended
General Revenue	\$1,382,358	\$1,305,113	\$1,572,452	\$1,551,670	\$1,689,697
Federal Funds	\$585,246	\$632,902	\$1,359,283	\$1,359,037	\$1,393,147
Restricted Receipts	\$19,983	-	\$424,100	\$425,100	\$422,800
Other Funds	\$92,249	\$106,252	\$156,901	\$106,903	\$110,327
RI Capital Plan Fund	-	-	-	-	-
Total Funding	\$2,079,836	\$2,044,267	\$3,512,736	\$3,441,710	\$3,615,971
FTE Authorization	15.6	15.6	15.6	15.6	15.6

Full-Time Equivalent Positions

- The Governor recommends 15.6 FTE positions in the FY 2024 Budget, and 15.6 FTE positions in the revised FY 2022 Budget, unchanged from the enacted FY 2023 Budget.

Proposed FY 2024 Budget Actions

- *Slave History Medallion Grants.* The Governor recommends \$25,000 in general revenue for the Rhode Island Slave History Medallion project, a statewide public awareness program for historic sites connected to the history of slavery in Rhode Island.
- *Statewide Adjustments.* The Governor recommends an increase of \$59,074 for the financing of agency charges for certain centralized services, including facilities management, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

Proposed FY 2023 Budget Revisions

- *Statewide Adjustments.* The Governor recommends an increase of \$36,150 for the financing of agency charges for certain centralized services, including facilities management, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

PUBLIC SAFETY

PUBLIC SAFETY

The quality of life in Rhode Island is enhanced through the administration of a public safety system that provides law enforcement, adjudicates justice, protects life and property, and handles emergencies impacting Rhode Island's citizens. The seven agencies included in public safety are the Department of Corrections; the court system (Attorney General; the Judiciary; and the Office of the Public Defender); the Homeland security system (Military Staff/National Guard and the Emergency Management Agency); and the Department of Public Safety (State Police, Capitol Police & Sheriffs, E-911, and the Municipal Police Training Academy).

PUBLIC SAFETY

Office of the Attorney General

The Office of the Attorney General is established under the Rhode Island Constitution as one of the five general officers subject to election by the voters. As the State’s central legal agency, the Attorney General is responsible for the prosecution of all felony criminal cases, misdemeanor appeals, and misdemeanor cases brought by state law enforcement action in the various district courts. The Attorney General initiates legal action to protect the interests of the citizens of Rhode Island regarding compliance with the Open Meetings Act and the Access to Public Records Act, and protection of the public from deceptive business practices and anti-trust violations. Additionally, the Attorney General provides legal advice to state officers and represents all agencies, departments, and commissions in litigation. The State Bureau of Criminal Identification, the central repository for all criminal records in the state, is operated and maintained by the Attorney General. The Office of Attorney General is divided into four programs: Criminal, Civil, Bureau of Criminal Identification, and General.

OFFICE OF THE ATTORNEY GENERAL					
Source of Funds	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Enacted	FY 2023 Revised	FY 2024 Recommended
General Revenue	\$28,341,623	\$30,772,379	\$33,505,968	\$33,730,488	\$34,862,891
Federal Funds	\$2,622,863	\$2,776,619	\$2,884,123	\$3,087,352	\$2,909,219
Restricted Receipts	\$2,401,041	\$2,206,820	\$3,222,936	\$3,288,863	\$3,397,809
Other Funds	-	-	-	-	-
RI Capital Plan Fund	\$24,259	\$336	\$1,890,000	\$2,043,196	\$150,000
Total Funding	\$33,389,786	\$35,756,155	\$41,503,027	\$42,149,899	\$41,319,919
FTE Authorization	239.1	247.1	249.1	249.1	249.1

Full-Time Equivalent Positions

The Governor recommends 249.1 FTE positions in the FY 2024 Budget, and 249.1 FTE positions in the revised FY 2023 Budget, unchanged from the enacted FY 2023 Budget.

Proposed FY 2024 Budget Actions

- *Operating Expenses.* The Governor recommends an increase of \$195,945 in general revenue for various operating expense increases, including personnel financing, contracted professional services, and operating supplies.
- *General Officer Salary Increase.* The Governor’s recommendation for the financing of salary and benefits in the Office of the Attorney General includes \$23,018 for the Attorney General’s salary increase beginning January 3, 2023. The Attorney General’s salary is adjusted at the beginning of each term as described in R.I.G.L. § 36-6-1 and 36-6-2.
- *Statewide Adjustments.* The Governor recommends an increase of \$7,556 for the financing of agency charges for certain centralized services, including facilities management, human resources, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

Proposed FY 2023 Budget Revisions

- *Reappropriation.* In accordance with RIGL § 35-3-15, the Governor authorized a reappropriation of unexpended FY 2022 appropriations totaling \$222,887 for the Office of the Attorney General for computer equipment to support the ongoing information technology hardware refresh project.
- *General Officer Salary Increase.* The Governor’s recommendation for the financing of salary and benefits in the Office of the Attorney General includes \$10,332 for the Attorney General’s salary

PUBLIC SAFETY

increase beginning January 3, 2023. The Attorney General's salary is adjusted at the beginning of each term as described in R.I.G.L. § 36-6-1 and 36-6-2.

- *Statewide Adjustments.* The Governor recommends an increase of \$463 for the financing of agency charges for certain centralized services, including facilities management, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

PUBLIC SAFETY

Department of Corrections

The Department of Corrections provides appropriate, safe, secure, and humane control of incarcerated individuals, while actively assisting and encouraging them to become productive and law-abiding members of the community. Additionally, the Rhode Island State Parole Board is budgeted as a unit of the Department but has independent programmatic decision-making authority.

The Department’s other major functions include serving state, municipal, and nonprofit agencies through the Central Distribution Center; performing grounds maintenance activities at the Pastore Center and other public grounds; and operating Correctional Industries, which provides work opportunities for incarcerated individuals and services to governmental agencies and nonprofit organizations, ranging from printing to modular workstation furniture construction and installation.

Recent Department achievements and highlights include:

- Anticipates completing the installation of Wi-Fi at all Adult Correctional Institutions (ACI) facilities by spring 2023. Incarcerated individuals will have access to a secure, closed internet system that will provide remote learning opportunities, online commissary orders, and telemedicine services. Additionally, the Department will be able to digitize recordkeeping for counts and daily activity logs.
- In 2022, started providing tablets to all incarcerated individuals upon two weeks of incarceration. The tablets can be used for secure messaging, books, and commissary orders. As the Department prepares to install Wi-Fi, it is exploring virtual programming and education opportunities.
- In partnership with Polaris MEP and the Community College of Rhode Island, launched an advanced manufacturing program at the Women’s Facility – the first of its kind offered to women at the ACI. Successful participants will earn an Occupational Safety and Health Administration 10 certificate and take the exam to earn a Certified Logistics Technician certificate.
- In partnership with Building Futures Rhode Island, will launch a Multi-Craft Core curriculum pre-apprenticeship program in 2023, which will serve more than 50 incarcerated individuals over three years. Successful participants will earn a nationally recognized certification, and all participants will have a direct pipeline into Building Futures Rhode Island’s apprenticeship program upon release.

Budget Highlights

Correctional Officer Training Academy.

Funds two additional classes of 50 recruits to address the significant attrition anticipated within the Correctional Officer classifications.

FTE Positions.

Funds 32.0 new FTE positions to meet the required out-of-cell time, programming opportunities, and recreation for the Restrictive Housing Unit and the Behavioral Management Unit.

DEPARTMENT OF CORRECTIONS					
Source of Funds	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Enacted	FY 2023 Revised	FY 2024 Recommended
General Revenue	\$108,846,151	\$242,260,516	\$245,850,615	\$286,133,142	\$271,089,688
Federal Funds	\$132,278,102	\$7,290,463	\$2,144,117	\$2,674,314	\$2,219,859
Restricted Receipts	\$147,826	\$2,062,202	\$2,944,321	\$2,952,925	\$1,433,109
Other Funds	-	-	-	-	-
RI Capital Plan Fund	\$6,036,072	\$4,233,274	\$5,375,000	\$9,329,880	\$4,100,000
Total Funding	\$247,308,151	\$255,846,455	\$256,314,053	\$301,090,261	\$278,842,656
FTE Authorization	1,411.0	1,424.0	1,427.0	1,427.0	1,459.0

PUBLIC SAFETY

Full-Time Equivalent Positions

The Governor recommends 1,459.0 FTE positions in the FY 2024 Budget, and 1,427.0 FTE positions in the revised FY 2023 Budget. The latter is unchanged from the enacted FY 2023 Budget, while the former constitutes a 32.0 FTE position increase from the enacted FY 2023 Budget. The additional FTE positions in FY 2024 are recommended to meet increased staffing requirements for the Restrictive Housing Unit and the Behavioral Management Unit.

Proposed FY 2024 Budget Actions

- *FTE Positions for the Restrictive Housing Unit and Behavioral Management Unit.* The Governor recommends an increase of \$3.5 million in general revenue for 32.0 new FTE positions to meet the required out-of-cell time, programming opportunities, and recreation for the Restrictive Housing Unit and the Behavioral Management Unit. The additional FTE positions recommended in FY 2024 include 28.0 Correctional Officers, 1.0 Adult Counselor, 1.0 Clinical Social Worker, 1.0 Administrative Officer, and 1.0 Hearing Officer.
- *Two Additional Correctional Officer Training Academy Classes.* The Governor recommends a net increase of \$1.4 million in general revenue to fund two additional classes of 50 recruits in FY 2024 to address the significant attrition anticipated within the Correctional Officer classifications. With this recommendation, the graduation of three total classes at the Training Academy is now planned for FY 2024.
- *Community Confinement Savings.* The Governor recommends a decrease of \$488,545 in general revenue to reflect expected overtime savings related to the provision contained in Section 9 of Article 3, *Relating to Government Reform and Reorganization*. The provision grants the Department of Corrections the authority, in instances when inmates who are sentenced to life without parole, and are incapacitated with no chance of recovery, to cease in-person monitoring of such an individual by a Correctional Officer while the inmate is confined to a medical facility.
- *Opioid Crisis Response Funding.* The Governor recommends restricted receipts in the Department of Corrections for continued support of existing and new initiatives in Rhode Island's response to the opioid and substance abuse crisis including total financing of \$1.3 million in Opioid Stewardship Funds.
- *Housing Module Closures.* The Governor recommends savings totaling \$6.6 million in general revenue to reflect savings generated by the planned closure and consolidation of 13 housing modules in FY 2024.
- *Vehicles.* The Governor recommends an increase of \$645,000 in general revenue to replace aging Department of Corrections fleet vehicles that need immediate replacement.
- *Rhode Island Brotherhood of Correctional Officers (RIBCO) Contract Reserve.* The Governor recommends \$15 million in general revenue to reserve sufficient resources to meet the projected costs associated with the pending, but currently unfinalized, collective bargaining agreement with RIBCO.
- *Statewide Adjustments.* The Governor recommends an increase of \$4.7 million for the financing of agency charges for certain centralized services, including facilities management, human resources, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

PUBLIC SAFETY

Proposed FY 2023 Budget Revisions

- *Reappropriation.* In accordance with R.I.G.L. § 35-3-15, the Governor authorized a reappropriation of unexpended FY 2022 appropriations totaling \$833,181 for the Department of Corrections for delayed payment of contract invoices and for the planning and creation of the Behavioral Management Unit.
- *FY 2023 Operating Deficit Resolution and Expenditure Rebasings.* As of the close of the first quarter of FY 2023, the Department was projected to be in a significantly unfavorable general revenue closing position relative to enacted appropriations of \$14.9 million. This deficit was the combined result of unachieved savings programmed in the enacted budget for the closure of 13 housing modules delayed due to COVID-19 safety protocols as well as substantial increases required for unbudgeted overtime expenses, contracted nursing and hospital/health services, pharmaceuticals, building maintenance, food costs, and other operating expenses. In the FY 2023 revised budget, the Governor recommends a substantial base adjustment totaling approximately \$13.3 million to accommodate unachievable savings and to permanently correct structural shortfalls in the Department's general revenue financing level while maintaining fiscal accountability.
- *Housing Module Closures: FY 2023 Fourth Quarter Start.* As described above, the Department will undertake to consolidate 13 housing modules in FY 2024, as originally envisioned in the enacted FY 2023 Budget. While the Governor recommends restoring the majority of the FY 2023 reduction, the expectation is that the module closure process will commence during the fourth quarter of FY 2023, yielding \$750,000 in projected general revenue savings.
- *Additional Correctional Officer Training Academy Class.* The Governor recommends a net increase of \$669,833 in general revenue to fund an additional class in FY 2023 to address significant vacancies that currently exist within the classification of Correctional Officer.
- *Opioid Crisis Response Funding.* The Governor recommends restricted receipts in the Department of Corrections for continued support of existing and new initiatives in Rhode Island's response to the opioid and substance abuse crisis including total financing of \$2.9 million in Opioid Stewardship Funds.
- *RIBCO Contract Reserve.* The Governor recommends \$35 million in general revenue to reserve sufficient resources to meet the projected costs associated with the pending, but currently unfinalized, collective bargaining agreement with RIBCO.
- *Statewide Adjustments.* The Governor recommends a decrease of \$480,765 for the financing of agency charges for certain centralized services, including facilities management, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

PUBLIC SAFETY

Judiciary Department

Rhode Island has a unified court system composed of six statewide courts. The Supreme Court is the court of last resort, the Superior Court is the court of general jurisdiction, and the Family, District, Traffic Tribunal, and Workers' Compensation courts are courts of limited jurisdiction. The entire system in Rhode Island is state-funded, except for probate courts, which are the responsibility of cities and towns, and the municipal courts, which are local courts of limited jurisdiction. The Chief Justice of the Supreme Court is the executive head of the Rhode Island Judiciary and has authority over the judicial budget. The Chief Justice appoints the State Court Administrator and an administrative staff to handle budgetary and general administrative functions. Under the direction of the Chief Justice, the State Court Administrator has control of judicial appropriations for all state courts, except those as provided otherwise by law. Each court has responsibility over its own operations and has a chief judge who appoints an administrator to handle internal court management.

JUDICIARY DEPARTMENT					
Source of Funds	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Enacted	FY 2023 Revised	FY 2024 Recommended
General Revenue	\$99,677,774	\$109,663,084	\$116,525,248	\$116,557,886	\$120,987,916
Federal Funds	\$3,005,704	\$4,023,489	\$5,145,376	\$5,398,758	\$4,972,193
Restricted Receipts	\$11,137,429	\$11,712,940	\$14,796,990	\$15,152,370	\$14,912,867
Other Funds	-	-	-	-	-
RI Capital Plan Fund	\$2,098,027	\$4,847,504	\$4,975,000	\$5,262,245	\$5,625,000
Total Funding	\$115,918,933	\$130,247,017	\$141,442,614	\$142,371,259	\$146,497,976
FTE Authorization	726.3	726.3	739.3	739.3	739.3

Full-Time Equivalent Positions

The Governor recommends 739.3 FTE positions in the FY 2024 Budget, and 739.3 FTE positions in the revised FY 2023 Budget, unchanged from the enacted FY 2023 Budget.

Proposed FY 2024 Budget Actions

- *Current Operations.* The Governor recommends full financing for current operations, and enacted staffing authorizations, including adjustments for turnover in line with historical trends, totaling \$121.0 million in FY 2024.
- *Statewide Adjustments.* The Governor recommends an increase of \$38,148 for the financing of agency charges for certain centralized services, including facilities management, human resources, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

Proposed FY 2023 Budget Revisions

- *Reappropriation.* R.I.G.L. § 35-3-15 requires the Judiciary's FY 2022 \$4.5 million balance of unspent general revenue appropriations from the prior fiscal year to be reappropriated to FY 2023. However, the Judiciary declined to include the amount of the reappropriation in their FY 2023 Revised Budget Submission. Accordingly, the Governor recommends general revenue at the enacted level plus the statewide adjustments referenced below.
- *Statewide Adjustments.* The Governor recommends an increase of \$32,638 for the financing of agency charges for certain centralized services, including facilities management, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

PUBLIC SAFETY

Military Staff

The agency is directed by the Adjutant General who is appointed by the Governor. The Adjutant General is nominated as a Major General by the President and confirmed by the United States Senate. The Adjutant General directs the establishment, operation, organization and maintenance of the military forces of the State, composed of reserve units of the United States Army and Air Force, the Rhode Island National Guard and State Historic Militia. The National Guard Program budget is financed with approximately 26 percent general revenue and state capital funds and 74 percent federal funds, as well as direct federal funding for active duty guardsmen, services, and construction costs. Additionally, there exists between the State of Rhode Island and National Guard Bureau (NGB) a legal contract referred to as the Master Cooperative Agreement (MCA). The MCA provides for State support for the Federal mission in the form of employment of State personnel, the purchase of goods and services through State vendors, and provides a readied, state-of-the-art trained military force. The State is obligated through the MCA to match the federal funds with general revenues as a condition of the grant. Military training is 100% federally financed. The Rhode Island National Guard is authorized in excess of 3,300 members (2,178 in the Army National Guard and 1,136 in the Air National Guard). National Guard installations located in Rhode Island include fourteen armories, three air bases, two training sites, and ten support buildings and shops including one Army Aviation Support Facility (AASF), four Organizational Maintenance Shops (OMS) and one Combined Support Maintenance Shop (CSMS). Federal equipment housed and secured at these facilities is valued in excess of \$500 million dollars. The estimated annual economic impact on the State attributed to National Guard programs exceeds \$238 million dollars.

MILITARY STAFF					
Source of Funds	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Enacted	FY 2023 Revised	FY 2024 Recommended
General Revenue	\$2,730,653	\$2,891,177	\$3,365,511	\$3,333,815	\$3,819,141
Federal Funds	\$19,039,370	\$20,424,640	\$34,311,530	\$39,903,450	\$65,078,662
Restricted Receipts	-	-	\$55,000	\$55,000	\$55,000
Other Funds	-	-	-	-	-
RI Capital Plan Fund	\$956,426	\$1,255,236	\$2,857,933	\$3,047,683	\$9,762,550
Total Funding	\$22,726,449	\$24,571,053	\$40,589,974	\$46,339,948	\$78,715,353
FTE Authorization	92.0	92.0	93.0	93.0	93.0

Full-Time Equivalent Positions

The Governor recommends 93.0 FTE positions in the FY 2024 Budget, and 93.0 FTE positions in the revised FY 2023 Budget, unchanged from the FY 2023 Enacted Budget.

Proposed FY 2024 Budget Actions

- *RI National Guard IT.* The Governor recommends a one-time investment of \$500,000 in general revenue for the RI National Guard to purchase IT equipment compatible with state systems. The current equipment used by the RI National Guard is solely compatible with United States Department of Defense systems, and the RI National Guard requires state system-compatible equipment to participate in response to public safety matters involving other state agencies.
- *Statewide Adjustments.* The Governor recommends a decrease of \$27,336 for the financing of agency charges for certain centralized services, including facilities management, human resources, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

PUBLIC SAFETY

Proposed FY 2023 Budget Revisions

- *Statewide Adjustments.* The Governor recommends a decrease of \$20,752 for the financing of agency charges for certain centralized services, including facilities management, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

PUBLIC SAFETY

Rhode Island Emergency Management Agency

The Rhode Island Emergency Management Agency (RIEMA) is responsible for establishing, sustaining, and coordinating the resources of the federal, state, local governments, non-governmental organizations, and the private sector to effectively meet the challenges faced during a natural and/or man-made incident. This will be accomplished by the Director through the Governor’s authority under R.I.G.L § 30-15. The organization’s primary goal is to create and oversee a statewide system with an all hazards approach to emergency management and homeland security. The Agency is also responsible to strengthen the 32 core capabilities outlined by the National Preparedness Goal as established by Presidential Policy Directive 8 to reduce loss of life and property within the State of Rhode Island during natural and/or man-made incidents. The Agency and the State Emergency Operation Center (SEOC) will provide a central location from which all state government at any level can provide interagency coordination and executive decision-making in support of any regional incident or local response. This will be done by information collection and evaluation, executive decision-making, priority setting, management, coordination and tracking of resources, and interoperable communication facilitation to support any overall response efforts.

RHODE ISLAND EMERGENCY MANAGEMENT AGENCY					
Source of Funds	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Enacted	FY 2023 Revised	FY 2024 Recommended
General Revenue	\$12,648,863	\$4,874,532	\$4,308,154	\$4,335,886	\$5,138,562
Federal Funds	\$26,958,661	\$8,466,778	\$29,462,797	\$40,789,363	\$38,294,380
Restricted Receipts	\$173,739	\$215,909	\$457,420	\$396,870	\$406,774
Other Funds	-	-	-	-	-
RI Capital Plan Fund	\$1,494,414	\$1,494,400	\$3,153,457	\$3,403,457	\$6,210,775
Total Funding	\$41,275,678	\$15,051,619	\$37,381,828	\$48,925,576	\$50,050,491
FTE Authorization	32.0	33.0	35.0	35.0	35.0

Full-Time Equivalent Positions

The Governor recommends 35.0 FTE positions in the FY 2024 Budget, and 35.0 FTE positions in the revised FY 2023 Budget, unchanged from the enacted FY 2023 Budget.

Proposed FY 2024 Budget Actions

- *Rhode Island State Communications Network (RISCON) Maintenance Contract.* The Governor recommends an increase of \$552,486 in general revenue to fully fund the updated maintenance contract for the Rhode Island State Communications Network system (RISCON). The RISCON system acts as a centralized communications network providing interoperability between state and local public safety agencies and ensuring reliable communication during emergency situations. This contract will increase in cost due to re-negotiation, and the agency requires additional general revenue funding to defray the cost.
- *RISCON Cybersecurity Contract.* The Governor recommends an increase of \$219,930 in general revenue to fund a new contract providing additional cybersecurity protections and support for the RISCON system.
- *Statewide Adjustments.* The Governor recommends an increase of \$30,505 for the financing of agency charges for certain centralized services, including facilities management, human resources, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

PUBLIC SAFETY

Proposed FY 2023 Budget Revisions

- *Statewide Adjustments.* The Governor recommends an increase of \$53,685 for the financing of agency charges for certain centralized services, including facilities management, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

PUBLIC SAFETY

Department of Public Safety

The Department of Public Safety includes the Central Management Office, E-911 Uniform Emergency Telephone System, Security Services, Municipal Police Training Academy, and the State Police.

Recent Department achievements and highlights include:

- In August 2022, the Rhode Island State Police Academy graduated a 31-member State Police Trooper class.
- Received U.S. Department of Justice approval of State Police’s rules and regulations for the Statewide Body Worn Camera program, releasing \$1.5 million in federal funds for 11 local law enforcement agencies, including the State Police, to supplement the \$15 million statewide-funded program.
- Purchased two new K-9s – a therapy K-9 for the purpose of assisting victims of violent crimes and traumatic incidents, and an electronics K-9 to assist in solving child pornography cases.
- Rhode Island E-911 implemented Emergency Medical Dispatch in accordance with state law in August 2022.
- Implemented communications and data storage upgrades through general revenue and National Criminal History Information Program funding.

Budget Highlights

Professional Development and Wellness.

Establishes a program that provides mental and emotional training, resiliency training, critical incident stress management training, physical fitness, and nutrition, health screening and family support.

Community, Diversity, and Equity Unit.

Funds overtime and supplies for State Troopers to attend community events, increase outreach efforts, and increase recruitment of a more diverse candidate pool.

DEPARTMENT OF PUBLIC SAFETY					
Source of Funds	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Enacted	FY 2023 Revised	FY 2024 Recommended
General Revenue	\$43,129,414	\$99,798,069	\$136,304,942	\$134,251,894	\$123,513,201
Federal Funds	\$73,469,559	\$15,852,279	\$21,363,493	\$29,682,057	\$24,157,221
Restricted Receipts	\$5,669,123	\$7,933,821	\$9,590,570	\$9,884,744	\$10,350,524
Other Funds	\$3,164,016	\$4,158,119	\$3,477,179	\$4,014,773	\$4,014,917
RI Capital Plan Fund	\$883,177	\$1,598,838	\$17,267,309	\$13,189,364	\$14,168,473
Total Funding	\$126,315,289	\$129,341,126	\$188,003,493	\$191,022,832	\$176,204,336
FTE Authorization	593.6	622.6	632.2	632.2	632.2

Full-Time Equivalent Positions

The Governor recommends 632.2 FTE positions in the FY 2024 Budget, and 632.2 FTE positions in the revised FY 2023 Budget, unchanged from the enacted FY 2023 Budget.

PUBLIC SAFETY

Proposed FY 2024 Budget Actions

- *Trainee Trooper Salary and Reimbursement of Meals.* The Governor recommends an increase of \$341,729 in general revenue to increase Trainee Trooper compensation from \$1,300 to \$1,800 biweekly. The Governor also recommends eliminating the meal reimbursement requirement for trainees at the Rhode Island State Police Training Academy, yielding an estimated general revenue loss of \$88,800.
- *State Police Professional Development and Wellness.* The Governor recommends \$100,000 in general revenue to establish a professional development training program that provides mental and emotional training, resiliency training, critical incident stress management training, physical fitness and nutrition, health screening, and family support.
- *Civilian Fleet Operations Manager.* The Governor recommends \$124,770 in general for a civilian Fleet Operations Manager position to manage the nearly 400 vehicles, trailers, off-road, and maintenance vehicles maintained and operated by the Department. The Governor recommends that the Department of Public Safety utilizes existing FTE authority to fill this position but increases the Department's budget accordingly.
- *Digital Forensic Analyst.* The Governor recommends \$147,850 in general revenue for a civilian Digital Forensic Analyst position within the State Police Computer Crimes Unit forensic lab. The position is recommended to address the 10-month backlog of cases and will conduct forensic examinations of phones, tablets, computers, and similar electronic devices. The Governor recommends that the Department of Public Safety utilizes existing FTE authority to fill this position but increases the Department's budget accordingly.
- *Job Task Analysis.* The Governor recommends utilizing \$100,000 in general revenue for the Rhode Island State Police Job Task Analysis (JTA) to identify updates to education and defensible curricula. A new JTA will provide decision makers and law enforcement training personnel up to date information relative to the primary job functions performed by police officers in Rhode Island. This information is essential for developing training curriculum needed to meet the needs identified in the JTA for future law enforcement officers.
- *State Police Community, Diversity and Equity Unit.* The Governor recommends \$85,000 in general revenue for overtime and programmatic supplies for State Troopers to attend community events, forums, meetings, increase outreach efforts, and increase recruitment of a more diverse candidate pool.
- *Body Worn Cameras and Vehicle Camera System.* The Governor recommends \$87,590 in general revenue to finance a shortfall between the contracted price of cameras and the statewide program per-camera cost limit, inclusive of an annual allocation of \$40,000 for training costs.
- *Drug Recognition Expert Training.* The Governor recommends an increase of \$153,000 in general revenue to finance the training program for 15 additional certified Drug Recognition Experts (DREs). Due to the recent legalization of recreational marijuana in Rhode Island, there is a heightened need for State Troopers to obtain specialized training in detecting drivers impaired due to drug use.
- *Aquidneck Island Feasibility Study.* The Governor recommends \$100,000 in general revenue to finance a feasibility study examining the appropriate operational presence of the State Police on Aquidneck Island.
- *Support for Survivors of Domestic Violence.* The Governor recommends \$7.0 million in State Fiscal Recovery Funds to invest in the nonprofit community to provide additional services in housing and clinical and mental health to victims of domestic violence and sexual assault. The appropriation schedule for this project in the enacted FY 2023 Budget included \$3.5 million in FY 2024 and FY 2025.

PUBLIC SAFETY

This recommendation consolidates the appropriation in FY 2024 to ensure the timely obligation of these funds to comply with U.S. Treasury rules. It does not change the total funding amount of \$10.5 million.

- *Statewide Adjustments.* The Governor recommends an increase of \$1.7 million for the financing of agency charges for certain centralized services, including facilities management, human resources, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

Proposed FY 2023 Budget Revisions

- *Reappropriation.* In accordance with R.I.G.L. § 35-3-15, the Governor authorized a reappropriation of unexpended FY 2022 appropriations totaling \$942,886 for the Department of Public Safety for information technology equipment, radio equipment, and rain gear delayed due to chip shortage and supply chain delays.
- *FY 2024 Initiatives Commencing in FY 2023.* Due to significant savings that will be realized by the Department of Public Safety in FY 2023, largely from personnel vacancies, the Governor recommends that various initiatives recommended for FY 2024 be commenced in FY 2023. These initiatives include Body Worn Cameras and Vehicle Camera System (\$229,801), State Police Professional Development and Wellness (\$100,000), State Police Community, Diversity and Equity Unit (\$105,000), and the Job Task Analysis (\$50,000).
- *State Police Vehicles.* The Governor recommends re-purposing \$1.8 million of FY 2023 agency surplus to purchase State Police Vehicles outright, in lieu of utilizing the State Fleet Revolving Loan Fund for vehicle acquisitions in FY 2023.
- *Statewide Adjustments.* The Governor recommends an increase of \$1.5 million for the financing of agency charges for certain centralized services, including facilities management, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

PUBLIC SAFETY

Office of the Public Defender

The Office of the Public Defender is statutorily mandated to represent indigent adults and juveniles who are charged with criminal offenses or who are in jeopardy of losing custody of their children to the State. Referrals come from the Supreme, Superior, District, and Family courts. All who are financially eligible are assigned to a staff attorney for representation in the appropriate court. The Office carries out a single program: representation of indigent individuals. Within this program are activities associated with adult and juvenile criminal matters; termination of parental rights; and dependency and neglect petitions filed by the Department of Children, Youth and Families. The Office offers appellate representation in the Rhode Island Supreme Court in those areas in which it offers trial-level representation. Assisting the attorneys who deliver the primary service of the Office is a support staff of social workers, investigators, interpreters, information technology staff, intake staff, and clerical staff. The Public Defender is appointed by the Governor with the advice and consent of the Senate for a six-year term.

OFFICE OF THE PUBLIC DEFENDER					
Source of Funds	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Enacted	FY 2023 Revised	FY 2024 Recommended
General Revenue	\$12,163,521	\$13,546,645	\$14,708,807	\$14,699,203	\$15,407,864
Federal Funds	\$137,897	\$32,580	\$65,665	\$95,665	\$100,665
Restricted Receipts	-	-	-	-	-
Other Funds	-	-	-	-	-
RI Capital Plan Fund	-	-	-	-	-
Total Funding	\$12,301,419	\$13,579,225	\$14,774,472	\$14,794,868	\$15,508,529
FTE Authorization	96.0	99.0	100.0	100.0	102.0

Full-Time Equivalent Positions

The Governor recommends 102.0 FTE positions in the FY 2024 Budget, and 100.0 FTE positions in the revised FY 2023 Budget. The latter is unchanged from the enacted FY 2023 Budget, while the former includes 2.0 additional FTE Assistant Public Defender IV positions.

Proposed FY 2024 Budget Actions

- *Additional Assistant Public Defender IV FTE Positions.* The Governor recommends 2.0 additional Assistant Public Defender IV positions, supported by \$253,574 in general revenue in FY 2024. These positions will provide additional resources to help the Office mitigate excessive caseload levels that jeopardize the Office's ability to fulfill statutory and constitutional mandates.
- *Statewide Adjustments.* The Governor recommends an increase of \$6,424 for the financing of agency charges for certain centralized services, including facilities management, human resources, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

Proposed FY 2023 Budget Revisions

- *Statewide Adjustments.* The Governor recommends a decrease of \$2,651 for the financing of agency charges for certain centralized services, including facilities management, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

NATURAL RESOURCES

NATURAL RESOURCES

The Natural Resources function includes the Department of Environmental Management and the Coastal Resources Management Council. Certain debt service for general obligation bonds issued to finance capital projects for the Narragansett Bay Commission and the Rhode Island Infrastructure Bank are appropriated in the Department of Administration, though these agencies themselves are not part of the state budget. A major focus shaping the goals and mission of the Department of Environmental Management and the Coastal Resources Management Council is and will continue to be climate change and its impact on Rhode Island.

NATURAL RESOURCES

Department of Environmental Management

The Department of Environmental Management is charged with safeguarding, restoring, and maintaining air, water, and land resources to protect public health and ecological integrity. The Department works to ensure that residents have equal access to environmental benefits and to prevent any segment of Rhode Island's population from bearing a disproportionate share of environmental risks and pollution.

The Department manages, preserves, and protects state parks, beaches, campgrounds, wildlife management areas, and natural habitats; promotes fishing, shellfishing, and agriculture; and works to ensure that all residents and visitors can enjoy a diverse mix of well-maintained, scenic, and accessible outdoor recreation facilities and opportunities. It is responsible for managing fish and wildlife and natural habitats to maintain species biodiversity.

The Department is charged with protecting the environment by ensuring compliance with federal and state environmental laws and regulations through inspection, permitting, compliance, and restoration. It educates residents, businesses, and other organizations to practice an environmental ethic based upon an understanding of how their actions affect the environment, including preventing pollution and minimizing waste at the source. The Department promotes green jobs and economic opportunities that preserve the state's resources and improve quality of life. With the April 2021 passage of the Act on Climate, it leads state government efforts to reduce greenhouse gases, strengthen community resiliency, and prepare for the effects of climate change.

Recent Department achievements and highlights include:

- With support from Department staff, the Rhode Island Executive Climate Change Coordinating Council (EC4) met community engagement priorities directed by Governor McKee and advanced toward carbon reduction mandate deadlines codified by the Act on Climate. Under the leadership of the Department and the Office of Energy Resources, the EC4 has completed nearly 20 public listening sessions and workshops to gather input for the 2022 update to the 2016 Rhode Island Greenhouse Gas Emissions Reduction Plan. The efforts culminated in the issuance of an update of the plan in December 2022, which is the first milestone required by the Act on Climate.
- Launched new state freshwater wetlands rules in July 2022 that strengthen the protection of natural resources while improving permit processing times and augmenting compliance monitoring efforts.
- Distributed \$2.9 million in COVID-19-related disaster relief payments 37 commercial fishermen, four seafood dealers/processors, three aquaculturists, and one party/charter boat skipper that suffered severe economic losses. Additionally, the Department administered a pandemic response block grant program that reimbursed nearly \$343,000 to nine Rhode Island-based seafood processor-dealers for pandemic-related health and safety expenditures.
- Led the State's response to highly pathogenic avian influenza (HPAI), a virulent bird flu that as of December 2022 had been confirmed in more than 45 states, killing over 50 million domestic birds. The Department conducted a yearlong outreach campaign aimed at raising awareness of HPAI and its

Budget Highlights

Federally Funded Personnel.

Funds eight positions to support initiatives associated with environmental protection, wildlife conservation, environmental justice, and climate change.

Litter-Free Rhody.

Supports the new initiative to engage the public and encourage involvement in the removal of litter from state parks, beaches, and management areas.

Local Agricultural and Seafood Act Grants.

Increases the allocation to the grant program by \$500,000 to further support local producers and nonprofits and support the state food system.

NATURAL RESOURCES

potentially harmful economic impacts and urging poultry owners – whether owners of commercial or backyard flocks – to implement basic biosecurity measures to protect their birds.

- As of the end of 2022, the Department had four large-scale projects underway in the north bulkhead area of the Port of Galilee, which is one of Rhode Island’s economic and jobs powerhouses. Totalling approximately \$15 million in investments, the work is aimed at modernization and mitigating the effects of sea level rise. It includes replacing 1,000 feet of steel bulkhead, replacing heavy-duty docks for large commercial vessels, strengthening many other docks, and raising the height of the bulkhead and docks to combat rising seas and protect against storm surges.

DEPARTMENT OF ENVIRONMENTAL MANAGEMENT					
Source of Funds	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Enacted	FY 2023 Revised	FY 2024 Recommended
General Revenue	\$42,594,248	\$71,024,381	\$53,097,245	\$82,430,393	\$55,287,605
Federal Funds	\$26,345,310	\$25,166,130	\$34,749,860	\$34,487,566	\$30,738,283
Restricted Receipts	\$11,663,090	\$13,676,295	\$17,395,663	\$17,678,392	\$17,771,478
Other Funds	\$437,840	\$98,135	\$1,792,986	\$1,805,464	\$1,806,552
RI Capital Plan Fund	\$3,628,545	\$11,120,417	\$14,966,890	\$18,501,697	\$15,880,202
Total Funding	\$84,669,032	\$121,085,359	\$122,002,644	\$154,903,512	\$121,484,120
FTE Authorization	394.0	401.0	417.0	417.0	425.0

Full-Time Equivalent Positions

The Governor recommends 425.0 FTE positions in the FY 2024 Budget, and 417.0 FTE positions in the revised FY 2023 Budget. The latter is unchanged from the FY 2023 Enacted Budget.

Proposed FY 2024 Budget Actions

- *New FTE Positions.* The Governor recommends an increase of 8.0 FTE positions financed with federal funds to support new initiatives associated with environmental protection, wildlife conservation, environmental justice, and climate change. The positions include engineers and scientists focusing on clean water and wildlife conservation, policy staff focusing on environmental justice and climate change programs, and development crew to improve capacity for public use of management areas. The addition of these positions is general revenue neutral.
- *Local Agriculture and Seafood Act (LASA) Grants.* The Governor recommends the second year of an increase of \$500,000 to LASA grants. These grants are available to local producers and nonprofits and support the state food system. The priorities of the LASA grant program include the entry and sustainability of small or new agriculture and aquaculture producers, supporting BIPOC producers, developing new products and distribution channels, and fostering connections between producers and between producers and the market.
- *Litter-Free Rhody.* The Governor recommends an investment of \$100,000 in general revenue to support the new Litter-Free Rhody initiative. This program engages the public and encourages community involvement in the removal of trash and litter from state parks, beaches, and management areas.
- *Recreational Safety.* The Governor recommends an increase of \$85,000 in general revenue to support contracted water safety education at state parks and beaches.
- *Paint and Mattress Recycling Reforms.* The Governor recommends statutory changes to R.I.G.L. § 23-24.12, which governs the state’s paint recycling program, and to R.I.G.L. § 23-90, which governs the

NATURAL RESOURCES

state's mattress recycling program. The goal of these changes is to move towards a competitive process for selecting the organizations responsible for administering each these programs. Similar reforms are proposed, but the two programs will continue to operate distinctly. These statutory changes also place new rules for the programs, such as allowance for reserve funds, a process for transfer of funds, and a cap to administrative expenses. In the case of no response to the solicitation, the Rhode Island Resource Recovery Corporation shall be responsible for these programs.

- *Statewide Adjustments.* The Governor recommends an increase of \$1.5 million for the financing of agency charges for certain centralized services, including facilities management, human resources, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

Proposed FY 2023 Budget Revisions

- *Clean Water State Revolving Fund (CWSRF) and Drinking Water State Revolving Fund (DWSRF) State Match.* The Governor recommends an increase of \$28.5 million to transfer to the Rhode Island Infrastructure Bank to provide the state match for CWSRF and FWSRF through FY 2028.
- *Firefighting Foam Disposal.* The Governor recommends a transfer of \$126,124 from the Department of Business Regulation to the Department of Environmental Management to complete disposal of used firefighting foam. The disposal was bid for FY 2022, but the project was not completed because of increasing costs.
- *Reappropriation.* In accordance with R.I.G.L. § 35-3-15, the Governor authorized a reappropriation of unexpended FY 2022 appropriations totaling \$142,395 for the Department of Environmental Management: \$132,486 for the disposal of contaminated firefighting foam and \$9,909 for LASA grants to award to other grant recipients.
- *Statewide Adjustments.* The Governor recommends an increase of \$526,516 for the financing of agency charges for certain centralized services, including facilities management, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

NATURAL RESOURCES

Coastal Resources Management Council

Rhode Island law mandates the Coastal Resources Management Council (CRMC) to preserve, protect, develop and, where possible, restore the coastal resources of the state. The council is administered by 16 appointed representatives from the public and from state and local governments and staffed by professional engineers, biologists, environmental scientists, and marine resource specialists. The public is given regular opportunities at public hearings to comment on the management of state coastal resources. The council carries out its permitting, enforcement and planning functions primarily through its management programs. Coastal Resources Management Plans are considered to be the environmental management “blueprint” for coastal zone management in the state and are drafted to meet federal mandates. Special Area Management Plans address specific issues associated with designated management areas. Municipal Harbor Management Plans address issues at the municipal level regarding the management of activities occurring in, or on, the waters of a town. The CRMC is closely involved with the National Oceanic and Atmospheric Administration of the U.S. Department of Commerce in a series of initiatives to improve the management of the state’s coastal resources. In 1996, legislation authorized the CRMC as the lead agency (including permitting and planning activities) for dredging and aquaculture, as well as transferring certain freshwater wetlands and permitting responsibility from the Department of Environmental Management to the council. The CRMC oversees the Coastal Habitat Restoration Program to include and is charged with developing a Marine Resources Development Plan and an Ocean Special Area Management plan. The CRMC is also the lead agency on siting of offshore windfarms, the first of which in the country was built off the coast of New Shoreham.

COASTAL RESOURCES MANAGEMENT COUNCIL					
Source of Funds	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Enacted	FY 2023 Revised	FY 2024 Recommended
General Revenue	\$2,467,607	\$2,659,663	\$3,327,275	\$3,272,397	\$3,396,395
Federal Funds	\$1,657,083	\$1,907,080	\$1,980,304	\$2,964,609	\$2,264,374
Restricted Receipts	\$220,000	\$225,000	\$250,000	\$250,000	\$250,000
Other Funds	-	-	-	-	-
RI Capital Plan Fund	\$21,241	\$600,612	\$2,000,000	\$2,000,000	-
Total Funding	\$4,354,930	\$5,392,354	\$7,557,579	\$8,487,006	\$5,910,769
FTE Authorization	30.0	30.0	32.0	32.0	32.0

Full-Time Equivalent Positions

The Governor recommends 32.0 FTE positions in the FY 2024 Budget, and 32.0 FTE positions in the revised FY 2023 Budget, unchanged from the enacted FY 2023 Budget.

Proposed FY 2024 Budget Actions

- *Current Operations.* The Governor recommends full financing for current operations and enacted staffing authorizations, totaling \$3.4 million in general revenue in FY 2024.
- *Statewide Adjustments.* The Governor recommends an increase of \$2,593 for the financing of agency charges for certain centralized services, including facilities management, human resources, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

NATURAL RESOURCES

Proposed FY 2023 Budget Revisions

- *Statewide Adjustments.* The Governor recommends a decrease of \$445 for the financing of agency charges for certain centralized services, including facilities management, information technology, natural gas billings, and state fleet operations, combined with an increase to the employee health benefit rates.

TRANSPORTATION

TRANSPORTATION

Department of Transportation

The Department of Transportation serves as the steward of a statewide multimodal transportation network, consisting of 2,900 lane miles of roadway, 1,175 bridges, five rail stations, and over 60 miles of bike and pedestrian paths.

The Department provides for the maintenance and construction of quality infrastructure that reflects the transportation needs of Rhode Islanders. The function is implemented through the Department's core programs (Central Management, Management and Budget, Infrastructure Engineering, and Infrastructure Maintenance) and transportation development and maintenance. Transportation development includes construction and design, traffic management, environmental and intermodal planning, capital programming, bridge rehabilitation/replacement, and highway safety.

In addition to the traditional highway construction and maintenance activities, the Department has considerable responsibility for intermodal transportation, including planning, developing, and implementing projects in the areas of transit, rail, water, bicycle, and pedestrian transportation, in addition to responsibilities for air quality planning and coordination for all transportation projects. The Department oversees the Rideshare and Fringe Parking programs and the administration of rail modernization funding, and coordinates with the Rhode Island Public Transit Authority on capital development and operations.

Recent Department achievements and highlights include:

- Led the execution of the landmark 2016 RhodeWorks legislation, which is allowing for the replacement 150 structurally deficient bridges and repair of an additional 500. As of September 2022, the Department has completed 203 projects, including the repair and replacement of 244 bridges, totaling \$1.1 billion. The total value of all projects under RhodeWorks is \$3.2 billion, a total of 284 projects addressing 380 bridges.
- Accelerated more than 100 projects, valued at \$2.2 billion, by an average of four years because of the new federal Infrastructure Investment and Jobs Act. Additionally, in 2022, the Department invested \$92 million in paving projects as part of a five-year, nearly \$500 million investment in paving.
- Received more than \$400 million in grants and other funding to begin significant bridge reconstruction and replacement projects, including the Henderson Bridge, the Washington Bridge, the Providence Viaduct North, the Huntington Viaduct, and bridges along the Route 37 corridor.
- Launched a successful seasonal ferry service between Providence and Newport that has sold nearly 250,000 tickets in its first seven years.
- Completed the largest Department reorganization in its history, transitioning to a best-practice project management structure. The Department went from having about 50 percent of its projects being on-time and on-budget to more than 90 percent being on time and on budget.

Budget Highlights

Transportation State Match and Toll Revenue Loss.

Transfers \$157.8 million to the Rhode Island Capital Plan Fund to serve as state match to federal transportation funds and hold the Department harmless on expected toll revenue losses.

Gasoline Tax.

Allocates \$24.6 million to hold harmless the highway improvement program in recognition of pausing the scheduled 3-cent increase to the gasoline tax.

TRANSPORTATION

DEPARTMENT OF TRANSPORTATION					
Source of Funds	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Enacted	FY 2023 Revised	FY 2024 Recommended
General Revenue	-	-	-	-	-
Federal Funds	\$326,902,146	\$406,036,468	\$456,552,574	\$471,825,401	\$439,359,663
Restricted Receipts	\$1,293,531	\$2,391,305	\$5,949,070	\$6,164,531	\$6,210,256
Other Funds	\$259,510,109	\$183,475,331	\$256,353,194	\$305,604,437	\$217,655,483
RI Capital Plan Fund	\$981,902	\$65,524,499	\$77,859,628	\$112,885,373	\$164,058,312
Total Funding	\$588,687,688	\$657,427,603	\$796,714,466	\$896,479,742	\$827,283,714
FTE Authorization	755.0	755.0	755.0	755.0	755.0

Full-Time Equivalent Positions

The Governor recommends 755.0 FTE positions in the FY 2024 Budget, and 755.0 FTE positions in the revised FY 2023 Budget, unchanged from the enacted FY 2023 Budget.

Proposed FY 2024 Budget Actions

- *Transportation State Match and Toll Revenue Loss.* The Governor recommends \$157.8 million in general revenue surplus be transferred to the Rhode Island Capital Plan Fund to serve as state match to federal transportation funds. Of this amount, \$70.0 million is necessary to hold the Department of Transportation harmless on expected toll revenue losses through FY 2024. These funds will leverage enacted Investment Infrastructure and Jobs Act funds (IIJA, or Bipartisan Infrastructure Bill) for the Department of Transportation over FY 2023 to FY 2025.
- *Motor Fuel Tax Rate Pause.* The Governor recommends \$24.6 million in general revenue surplus be transferred to the Rhode Island Capital Plan Fund to hold harmless the highway improvement program in FY 2024 and FY 2025 in recognition of a pause on the scheduled Consumer Price Index (CPI) adjustment to the motor fuel tax rate. This transfer prevents a tax increase of 3 cents per gallon which would otherwise go into effect on July 1, 2023.
- *Bridge Structure Definition.* The Governor recommends updates to the definition of a bridge in Rhode Island General Law to define which structures are considered bridges, which are considered smaller structures, and the states responsibility for those structures. The new definition will make the definition consistent with federal regulations and most surrounding New England states.
- *Fee Transfer to the Highway Maintenance Account.* The Governor recommends the allocation of remaining license fee revenues (REAL ID fees) that are currently being allocated to the general fund to the Highway Maintenance Account. The Department of Revenue estimates approximately \$1.0 million annually will be diverted from the General Fund and into the Highway Maintenance Account.
- *Statewide Adjustments.* The Governor recommends an increase of \$41,859 in other funds for the financing of adjustments to employee health benefit rates.

Proposed FY 2023 Budget Revisions

- *Maintenance and Garage Facility Purchase.* The Governor recommends an increase of \$8.0 million in gas tax proceeds for the purchase of the leased maintenance and garage facility located on Allens Avenue in Providence.
- *Vehicle Maintenance.* The Governor recommends an increase of \$3.8 million in gas tax proceeds for the replacement of aging fleet vehicles and equipment for highway and bridge maintenance.
- *Statewide Adjustments.* The Governor recommends an increase of \$19,001 in other funds for the financing of adjustments to employee health benefit rates.

EXECUTIVE SUMMARY

APPENDIX A

SCHEDULES

FY 2024 General Revenue Budget Surplus

	FY 2021 Audited	FY 2022 Preliminary Unaudited	FY 2023 Enacted	FY 2023 Revised	FY 2024 Recommend
Surplus					
Opening Surplus	\$156,188,375	\$374,425,433	\$10,345,571	\$216,589,660	\$257,099,837
Adjustment to Opening Surplus- FEMA	105,804,512	155,277,927	278,859,677	243,666,679	-
Adjustment to Opening Surplus- Other	(13,159,126)	-	-	-	-
Reappropriated Surplus	5,336,653	8,446,365	-	19,442,046	-
Subtotal	\$254,170,414	\$538,149,725	\$289,205,248	\$479,698,385	\$257,099,837
General Taxes	\$3,701,252,027	\$4,363,036,869	\$4,042,048,663	\$4,326,400,000	\$4,371,100,000
Changes to the Adopted Estimates				(35,648,372)	(33,212,251)
Subtotal	\$3,701,252,027	\$4,363,036,869	\$4,042,048,663	\$4,290,751,628	\$4,337,887,749
Departmental Revenues	\$402,634,288	\$428,096,658	\$434,034,620	\$464,000,000	\$280,000,000
Changes to the Adopted Estimates					216,288,675
Subtotal	\$402,634,288	\$428,096,658	\$434,034,620	\$464,000,000	\$496,288,675
Other Sources					
Other Miscellaneous	\$9,619,381	\$9,110,984	\$24,479,637	\$37,300,000	\$30,400,000
Changes to the Adopted Estimates				(13,500,000)	(13,116,125)
Lottery	\$301,803,081	\$388,597,483	\$387,788,985	\$418,700,000	\$410,700,000
Changes to the Adopted Estimates				-	675,000
Unclaimed Property	\$16,269,787	\$19,003,313	\$13,100,000	\$14,000,000	\$12,600,000
Changes to the Adopted Estimates				-	-
Subtotal	\$327,692,249	\$416,711,780	\$425,368,622	\$456,500,000	\$441,258,875
Total Revenues	\$4,431,578,564	\$5,207,845,307	\$4,901,451,905	\$5,211,251,628	\$5,275,435,299
Transfer to Budget Reserve and Cash Stabilization Account	(\$137,238,234)	(\$167,468,122)	(\$147,353,924)	(\$162,835,239)	(\$165,976,054)
Total Available	\$4,548,510,744	\$5,578,526,910	\$5,043,303,229	\$5,528,114,774	\$5,366,559,082
Actual/Enacted Expenditures	\$4,078,638,946	\$5,236,495,204	\$5,042,159,928	\$5,042,159,928	\$5,302,778,725
Reappropriations (from prior year)				19,442,046	
Nov Caseload Est. Conference Changes				(88,266,692)	
Other Changes in Expenditures				293,235,211	
Total Expenditures	\$4,078,638,946	\$5,236,495,204	\$5,042,159,928	\$5,266,570,493	\$5,302,778,725
FY 2021 Transfer to HTC Fund	(\$20,000,000)	-	-	-	-
Intrafund Transfers to Restricted Accounts	(\$67,000,000)	(\$106,000,000)	-	(4,444,444)	-
Transfer to Supplemental State Budget Res	-	-	-	-	(\$55,000,000)
Total Ending Balances	\$382,871,798	\$236,031,706	\$1,143,301	\$257,099,837	\$8,780,357
Reappropriations (to following year)	(\$8,446,365)	(\$19,442,046)	-	-	-
Free Surplus	\$374,425,433	\$216,589,660	\$1,143,301	\$257,099,837	\$8,780,357

Expenditures from All Funds

	FY 2021	FY 2022	FY 2023 Enacted	FY 2023 Revised	FY 2024 Recommended
General Government					
Department of Administration	\$717,465,938	\$1,204,230,176	\$820,335,630	\$1,097,510,530	\$771,042,522
Department of Business Regulation	\$24,669,726	\$26,836,385	\$38,496,313	\$37,408,626	\$42,322,903
Executive Office of Commerce	\$113,501,215	\$162,351,034	\$242,690,331	\$270,263,081	\$265,444,642
Department of Housing	-	-	-	-	\$182,155,943
Department of Labor and Training	\$2,621,118,882	\$783,316,484	\$634,453,996	\$611,290,000	\$529,467,421
Department of Revenue	\$572,274,024	\$758,143,749	\$947,718,512	\$900,496,149	\$770,572,035
General Assembly	\$41,091,346	\$44,045,908	\$50,462,193	\$59,063,369	\$53,088,776
Office of Lieutenant Governor	\$1,003,177	\$1,073,989	\$1,353,568	\$1,366,773	\$1,411,331
Secretary of State	\$15,705,186	\$11,692,479	\$14,033,777	\$14,283,130	\$13,698,034
Office of the General Treasurer	\$17,490,557	\$19,118,279	\$22,848,869	\$22,781,819	\$23,706,976
Board of Elections	\$3,368,251	\$2,591,770	\$6,249,463	\$6,380,949	\$3,637,565
Rhode Island Ethics Commission	\$1,832,318	\$1,801,742	\$2,035,145	\$2,007,481	\$2,097,059
Office of the Governor	\$6,488,866	\$7,098,447	\$7,152,280	\$7,599,267	\$8,406,547
Rhode Island Commission for Human Rights	\$1,756,263	\$1,836,227	\$2,152,745	\$2,207,190	\$2,183,303
Public Utilities Commission	\$9,203,393	\$10,930,981	\$13,569,765	\$13,720,357	\$14,161,300
Subtotal - General Government	\$4,146,969,142	\$3,035,067,650	\$2,803,552,587	\$3,046,378,721	\$2,683,396,357
Health and Human Services					
Executive Office of Health and Human Services	\$2,858,538,534	\$3,368,795,409	\$3,614,437,518	\$3,551,399,858	\$3,762,633,501
Department of Children, Youth, and Families	\$246,826,702	\$264,891,189	\$314,506,447	\$317,264,040	\$342,021,352
Department of Health Behavioral Healthcare, Developmental Disabilities and Hospitals	\$471,503,341	\$491,403,423	\$373,353,530	\$396,891,060	\$319,698,490
Department of Human Services	\$443,844,931	\$501,996,412	\$597,062,033	\$587,227,580	\$619,596,683
Department of Human Services	\$764,833,026	\$901,174,061	\$902,135,264	\$942,306,413	\$794,704,123
Commission on the Deaf & Hard of Hearing	\$755,073	\$815,340	\$816,876	\$846,844	\$868,675
Governor's Commission on Disabilities	\$1,266,564	\$1,358,383	\$2,215,494	\$2,269,843	\$1,733,720
Office of the Child Advocate	\$991,174	\$1,088,617	\$1,494,065	\$1,485,060	\$1,630,743
Office of the Mental Health Advocate	\$635,518	\$716,646	\$973,329	\$900,494	\$976,078
Subtotal - Health and Human Services	\$4,789,194,863	\$5,532,239,480	\$5,806,994,556	\$5,800,591,192	\$5,843,863,365
Education					
Elementary and Secondary Education	\$1,598,353,593	\$1,719,406,455	\$2,018,452,386	\$2,112,997,114	\$2,073,199,293
Office of the Postsecondary Commissioner	\$41,727,393	\$41,814,388	\$44,366,666	\$44,119,892	\$56,478,323
University of Rhode Island	\$812,007,514	\$873,337,238	\$881,914,597	\$898,029,021	\$962,589,391
Rhode Island College	\$158,803,737	\$160,657,328	\$195,401,161	\$193,019,636	\$201,102,911
Community College of Rhode Island	\$155,502,593	\$178,243,665	\$196,274,396	\$186,755,035	\$179,195,602
Rhode Island Council on the Arts	\$3,963,909	\$3,906,261	\$4,164,995	\$4,342,869	\$4,214,921
Rhode Island Atomic Energy Commission	\$1,351,294	\$1,565,277	\$1,536,396	\$1,711,813	\$1,578,744
Historical Preservation and Heritage Commission	\$2,079,836	\$2,044,267	\$3,512,736	\$3,441,710	\$3,615,971
Subtotal - Education	\$2,773,789,869	\$2,980,974,879	\$3,345,623,333	\$3,444,417,090	\$3,481,975,156
Public Safety					
Office of Attorney General	\$33,389,786	\$35,756,155	\$41,503,027	\$42,149,899	\$41,319,919
Department of Corrections	\$247,308,151	\$255,846,455	\$256,314,053	\$301,090,261	\$278,842,656
Judiciary	\$115,918,933	\$130,247,017	\$141,442,614	\$142,371,259	\$146,497,976
Military Staff	\$22,726,449	\$24,571,053	\$40,589,974	\$46,339,948	\$78,715,353
Rhode Island Emergency Management Agency	\$41,275,678	\$15,051,619	\$37,381,828	\$48,925,576	\$50,050,491
Department of Public Safety	\$126,315,289	\$129,341,126	\$188,003,493	\$191,022,832	\$176,204,336
Office of Public Defender	\$12,301,419	\$13,579,225	\$14,774,472	\$14,794,868	\$15,508,529
Subtotal - Public Safety	\$599,235,705	\$604,392,650	\$720,009,461	\$786,694,643	\$787,139,260
Natural Resources					
Department of Environmental Management	\$84,669,032	\$121,085,359	\$122,002,644	\$154,903,512	\$121,484,120
Coastal Resources Management Council	\$4,354,930	\$5,392,354	\$7,557,579	\$8,487,006	\$5,910,769
Subtotal - Natural Resources	\$89,023,962	\$126,477,713	\$129,560,223	\$163,390,518	\$127,394,889
Transportation					
Department of Transportation	\$588,687,675	\$657,427,583	\$796,714,466	\$896,479,742	\$827,283,714
Subtotal - Transportation	\$588,687,675	\$657,427,583	\$796,714,466	\$896,479,742	\$827,283,714
Total:	\$12,986,901,216	\$12,936,579,955	\$13,602,454,626	\$14,137,951,906	\$13,751,052,741

Expenditures from General Revenue

	FY 2021	FY 2022	FY 2023 Enacted	FY 2023 Revised	FY 2024 Recommended
General Government					
Department of Administration	\$350,166,983	\$823,590,658	\$270,317,985	\$512,083,251	\$306,972,201
Department of Business Regulation	\$15,221,380	\$19,539,175	\$26,270,761	\$25,495,172	\$25,928,212
Executive Office of Commerce	\$59,658,803	\$84,243,173	\$49,213,482	\$54,244,460	\$77,671,142
Department of Housing	-	-	-	-	\$4,997,895
Department of Labor and Training	\$12,667,543	\$15,466,165	\$22,842,351	\$22,634,298	\$17,725,177
Department of Revenue	\$122,575,064	\$258,598,504	\$371,897,350	\$371,233,155	\$370,390,549
General Assembly	\$38,496,939	\$42,745,912	\$48,542,952	\$57,035,606	\$50,998,683
Office of Lieutenant Governor	\$1,002,553	\$1,073,989	\$1,353,568	\$1,366,773	\$1,411,331
Secretary of State	\$12,264,120	\$10,137,060	\$11,867,015	\$11,940,190	\$11,113,799
Office of the General Treasurer	\$3,437,549	\$3,424,376	\$3,558,632	\$3,685,450	\$3,773,498
Board of Elections	\$3,368,251	\$2,591,770	\$6,249,463	\$6,380,949	\$3,637,565
Rhode Island Ethics Commission	\$1,832,318	\$1,801,742	\$2,035,145	\$2,007,481	\$2,097,059
Office of the Governor	\$6,477,752	\$7,098,447	\$7,152,280	\$7,599,267	\$8,406,547
Rhode Island Commission for Human Rights	\$1,347,294	\$1,524,555	\$1,744,334	\$1,811,976	\$1,824,202
Subtotal - General Government	\$628,516,549	\$1,271,835,526	\$823,045,318	\$1,077,518,028	\$886,947,860
Health and Human Services					
Executive Office of Health and Human Services	\$909,547,933	\$992,631,889	\$1,196,906,846	\$1,121,866,242	\$1,313,077,538
Department of Children, Youth, and Families	\$166,024,587	\$171,702,486	\$206,600,999	\$204,450,336	\$218,427,815
Department of Health	\$207,495,584	\$248,140,610	\$32,872,378	\$33,816,016	\$34,442,151
Behavioral Healthcare, Developmental Disabilities and Hospitals	\$189,777,354	\$257,410,510	\$303,000,232	\$280,980,818	\$291,906,484
Department of Human Services	\$99,159,087	\$114,400,672	\$152,311,791	\$151,683,553	\$143,479,731
Commission on the Deaf & Hard of Hearing	\$575,032	\$863,783	\$716,876	\$741,245	\$764,208
Governor's Commission on Disabilities	\$834,299	\$1,014,840	\$1,752,601	\$1,835,632	\$1,292,951
Office of the Child Advocate	\$937,682	\$1,033,943	\$1,494,065	\$1,485,060	\$1,630,743
Office of the Mental Health Advocate	\$635,518	\$716,646	\$973,329	\$900,494	\$976,078
Subtotal - Health and Human Services	\$1,574,987,076	\$1,787,915,379	\$1,896,629,117	\$1,797,759,396	\$2,005,997,699
Education					
Elementary and Secondary Education	\$1,280,130,108	\$1,328,151,989	\$1,440,698,219	\$1,442,343,813	\$1,476,681,977
Office of the Postsecondary Commissioner	\$16,869,692	\$25,438,409	\$18,597,940	\$17,580,694	\$28,102,355
University of Rhode Island	\$109,533,078	\$120,194,762	\$121,835,645	\$122,088,729	\$132,639,444
Rhode Island College	\$57,878,556	\$66,124,960	\$68,343,852	\$68,560,788	\$74,690,295
Community College of Rhode Island	\$53,745,811	\$54,960,215	\$57,098,581	\$57,134,761	\$59,135,070
Rhode Island Council on the Arts	\$2,002,288	\$2,023,260	\$2,198,276	\$2,185,921	\$2,232,328
Rhode Island Atomic Energy Commission	\$1,004,579	\$1,055,145	\$1,146,763	\$1,101,589	\$1,158,737
Historical Preservation and Heritage Commission	\$1,382,358	\$1,305,113	\$1,572,452	\$1,551,670	\$1,689,697
Subtotal - Education	\$1,522,546,470	\$1,599,253,853	\$1,711,491,728	\$1,712,547,965	\$1,776,329,903
Public Safety					
Office of Attorney General	\$28,341,623	\$30,772,379	\$33,505,968	\$33,730,488	\$34,862,891
Department of Corrections	\$108,846,151	\$242,260,516	\$245,850,615	\$286,133,142	\$271,089,688
Judiciary	\$99,677,774	\$109,663,084	\$116,525,248	\$116,557,886	\$120,987,916
Military Staff	\$2,730,653	\$2,891,177	\$3,365,511	\$3,333,815	\$3,819,141
Rhode Island Emergency Management Agency	\$12,648,863	\$4,874,532	\$4,308,154	\$4,335,886	\$5,138,562
Department of Public Safety	\$43,129,414	\$99,798,069	\$136,304,942	\$134,251,894	\$123,513,201
Office of Public Defender	\$12,163,521	\$13,546,645	\$14,708,807	\$14,699,203	\$15,407,864
Subtotal - Public Safety	\$307,537,999	\$503,806,402	\$554,569,245	\$593,042,314	\$574,819,263
Natural Resources					
Department of Environmental Management	\$42,594,248	\$71,024,381	\$53,097,245	\$82,430,393	\$55,287,605
Coastal Resources Management Council	\$2,456,607	\$2,659,663	\$3,327,275	\$3,272,397	\$3,396,395
Subtotal - Natural Resources	\$45,050,855	\$73,684,044	\$56,424,520	\$85,702,790	\$58,684,000
Total:	\$4,078,638,949	\$5,236,495,204	\$5,042,159,928	\$5,266,570,493	\$5,302,778,725

Expenditures from Federal Funds

	FY 2021	FY 2022	FY 2023 Enacted	FY 2023 Revised	FY 2024 Recommended
General Government					
Department of Administration	\$268,960,473	\$286,932,303	\$342,012,430	\$337,623,440	\$236,893,542
Department of Business Regulation	\$3,869,737	\$817,183	\$691,187	\$869,963	\$641,503
Executive Office of Commerce	\$48,445,645	\$66,453,957	\$185,007,699	\$207,294,149	\$187,073,500
Department of Housing	-	-	-	-	\$169,493,898
Department of Labor and Training	\$2,021,370,538	\$377,652,140	\$187,176,605	\$171,277,006	\$75,724,375
Department of Revenue	\$185,729,440	\$132,797,058	\$132,177,594	\$132,177,594	\$599,904
General Assembly	\$980,910	(\$3)	-	-	-
Office of Lieutenant Governor	\$624	-	-	-	-
Secretary of State	\$2,336,420	\$1,000,551	\$1,621,565	\$1,621,565	\$2,001,207
Office of the General Treasurer	\$548,285	\$574,217	\$773,245	\$754,690	\$766,369
Office of the Governor	\$11,115	-	-	-	-
Rhode Island Commission for Human Rights	\$408,969	\$311,672	\$408,411	\$395,214	\$359,101
Public Utilities Commission	\$223,657	\$523,710	\$582,689	\$523,718	\$593,775
Subtotal - General Government	\$2,532,885,813	\$867,062,788	\$850,451,425	\$852,537,339	\$674,147,174
Health and Human Services					
Executive Office of Health and Human Services	\$1,918,019,195	\$2,311,142,694	\$2,336,438,660	\$2,373,032,003	\$2,397,017,753
Department of Children, Youth, and Families	\$78,402,658	\$91,849,274	\$105,120,290	\$110,298,470	\$106,852,414
Department of Health	\$217,978,570	\$182,432,393	\$266,107,628	\$285,418,444	\$221,318,646
Behavioral Healthcare, Developmental Disabilities and Hospitals	\$251,200,256	\$241,878,834	\$288,459,956	\$290,640,281	\$314,961,402
Department of Human Services	\$657,277,960	\$777,034,861	\$739,510,589	\$779,370,374	\$638,693,106
Governor's Commission on Disabilities	\$429,040	\$305,139	\$378,658	\$378,638	\$378,638
Office of the Child Advocate	\$53,492	\$54,674	-	-	-
Subtotal - Health and Human Services	\$3,123,361,171	\$3,604,697,869	\$3,736,015,781	\$3,839,138,210	\$3,679,221,959
Education					
Elementary and Secondary Education	\$281,247,844	\$350,595,771	\$520,724,004	\$614,368,376	\$543,431,771
Office of the Postsecondary Commissioner	\$12,866,282	\$7,971,942	\$8,004,422	\$8,011,910	\$16,381,833
Community College of Rhode Island	-	\$1,955,442	\$1,818,835	\$3,296,836	-
Rhode Island Council on the Arts	\$1,689,731	\$1,453,013	\$1,331,719	\$1,521,448	\$1,347,593
Rhode Island Atomic Energy Commission	\$143	\$206,885	-	\$206,742	-
Historical Preservation and Heritage Commission	\$585,246	\$632,902	\$1,359,283	\$1,359,037	\$1,393,147
Subtotal - Education	\$296,389,246	\$362,815,955	\$533,238,263	\$628,764,349	\$562,554,344
Public Safety					
Office of Attorney General	\$2,622,863	\$2,776,619	\$2,884,123	\$3,087,352	\$2,909,219
Department of Corrections	\$132,278,102	\$7,290,463	\$2,144,117	\$2,674,314	\$2,219,859
Judiciary	\$3,005,704	\$4,023,489	\$5,145,376	\$5,398,758	\$4,972,193
Military Staff	\$19,039,370	\$20,424,640	\$34,311,530	\$39,903,450	\$65,078,662
Rhode Island Emergency Management Agency	\$26,958,661	\$8,466,778	\$29,462,797	\$40,789,363	\$38,294,380
Department of Public Safety	\$73,469,559	\$15,852,279	\$21,363,493	\$29,682,057	\$24,157,221
Office of Public Defender	\$137,897	\$32,580	\$65,665	\$95,665	\$100,665
Subtotal - Public Safety	\$257,512,156	\$58,866,848	\$95,377,101	\$121,630,959	\$137,732,199
Natural Resources					
Department of Environmental Management	\$26,345,310	\$25,166,130	\$34,749,860	\$34,487,566	\$30,738,283
Coastal Resources Management Council	\$1,657,083	\$1,907,080	\$1,980,304	\$2,964,609	\$2,264,374
Subtotal - Natural Resources	\$28,002,393	\$27,073,210	\$36,730,164	\$37,452,175	\$33,002,657
Transportation					
Department of Transportation	\$326,902,151	\$406,036,452	\$456,552,574	\$471,825,401	\$439,359,663
Subtotal - Transportation	\$326,902,151	\$406,036,452	\$456,552,574	\$471,825,401	\$439,359,663
Total:	\$6,565,052,930	\$5,326,553,122	\$5,708,365,308	\$5,951,348,433	\$5,526,017,996

Expenditures from Restricted Receipts

	FY 2021	FY 2022	FY 2023 Enacted	FY 2023 Revised	FY 2024 Recommended
General Government					
Department of Administration	\$23,421,193	\$32,219,534	\$88,035,853	\$113,638,395	\$48,620,086
Department of Business Regulation	\$5,513,688	\$6,469,207	\$10,789,638	\$10,298,764	\$9,966,273
Executive Office of Commerce	\$5,132,883	\$5,064,835	\$7,664,150	\$7,664,150	-
Department of Housing	-	-	-	-	\$7,664,150
Department of Labor and Training	\$19,794,601	\$27,206,409	\$32,302,318	\$35,313,317	\$30,935,203
Department of Revenue	\$2,233,220	\$1,983,339	\$6,646,413	\$6,653,533	\$9,556,818
General Assembly	\$1,613,497	\$1,300,000	\$1,919,241	\$2,027,763	\$2,090,093
Secretary of State	\$1,104,646	\$554,868	\$545,197	\$551,375	\$583,028
Office of the General Treasurer	\$12,803,405	\$14,561,137	\$17,823,100	\$17,610,496	\$18,471,853
Public Utilities Commission	\$8,979,736	\$10,407,271	\$12,987,076	\$13,196,639	\$13,567,525
Subtotal - General Government	\$80,596,869	\$99,766,600	\$178,712,986	\$206,954,432	\$141,455,029
Health and Human Services					
Executive Office of Health and Human Services	\$30,971,406	\$65,020,826	\$81,092,012	\$56,501,613	\$52,538,210
Department of Children, Youth, and Families	\$1,633,354	\$1,282,440	\$1,785,158	\$1,509,734	\$1,491,123
Department of Health	\$45,833,537	\$60,406,433	\$73,973,524	\$77,080,588	\$63,537,693
Behavioral Healthcare, Developmental Disabilities and Hospitals	\$2,866,122	\$2,325,431	\$5,201,845	\$14,792,481	\$12,328,797
Department of Human Services	\$3,862,805	\$5,513,645	\$4,954,671	\$5,095,450	\$5,933,660
Commission on the Deaf & Hard of Hearing	\$180,041	(\$44,527)	\$100,000	\$105,599	\$104,467
Governor's Commission on Disabilities	\$3,225	\$38,404	\$84,235	\$55,573	\$62,131
Subtotal - Health and Human Services	\$85,350,490	\$134,542,652	\$167,191,445	\$155,141,038	\$135,996,081
Education					
Elementary and Secondary Education	\$36,227,363	\$39,462,405	\$47,621,163	\$46,769,925	\$47,345,545
Office of the Postsecondary Commissioner	\$1,815,677	\$3,460,794	\$4,045,406	\$4,078,726	\$5,904,272
Community College of Rhode Island	\$736,585	\$752,438	\$804,787	\$803,874	\$828,372
Rhode Island Council on the Arts	\$284	\$3,781	\$50,000	\$50,500	\$50,000
Rhode Island Atomic Energy Commission	-	\$10,632	\$25,036	\$25,036	\$25,036
Historical Preservation and Heritage Commission	\$19,983	-	\$424,100	\$424,100	\$422,800
Subtotal - Education	\$38,799,892	\$43,690,050	\$52,970,492	\$52,152,161	\$54,576,025
Public Safety					
Office of Attorney General	\$2,401,041	\$2,206,820	\$3,222,936	\$3,288,863	\$3,397,809
Department of Corrections	\$147,826	\$2,062,202	\$2,944,321	\$2,952,925	\$1,433,109
Judiciary	\$11,137,429	\$11,712,940	\$14,796,990	\$15,152,370	\$14,912,867
Military Staff	-	-	\$55,000	\$55,000	\$55,000
Rhode Island Emergency Management Agency	\$173,739	\$215,909	\$457,420	\$396,870	\$406,774
Department of Public Safety	\$5,669,123	\$7,933,821	\$9,590,570	\$9,884,744	\$10,350,524
Subtotal - Public Safety	\$19,529,158	\$24,131,692	\$31,067,237	\$31,730,772	\$30,556,083
Natural Resources					
Department of Environmental Management	\$11,663,090	\$13,676,295	\$17,395,663	\$17,678,392	\$17,771,478
Coastal Resources Management Council	\$220,000	\$225,000	\$250,000	\$250,000	\$250,000
Subtotal - Natural Resources	\$11,883,090	\$13,901,295	\$17,645,663	\$17,928,392	\$18,021,478
Transportation					
Department of Transportation	\$1,293,528	\$2,391,305	\$5,949,070	\$6,164,531	\$6,210,256
Subtotal - Transportation	\$1,293,528	\$2,391,305	\$5,949,070	\$6,164,531	\$6,210,256
Total:	\$237,453,027	\$318,423,594	\$453,536,893	\$470,071,326	\$386,814,952

Expenditures from Other Funds

	FY 2021	FY 2022	FY 2023 Enacted	FY 2023 Revised	FY 2024 Recommended
General Government					
Department of Administration	\$74,917,290	\$61,487,681	\$119,969,362	\$134,165,444	\$178,556,693
Department of Business Regulation	\$64,921	\$10,820	\$744,727	\$744,727	\$5,786,915
Executive Office of Commerce	\$263,883	\$6,589,069	\$805,000	\$1,060,322	\$700,000
Department of Labor and Training	\$567,286,199	\$362,991,771	\$392,132,722	\$382,065,379	\$405,082,666
Department of Revenue	\$261,736,301	\$364,764,848	\$436,997,155	\$390,431,867	\$390,024,764
Secretary of State	-	-	-	\$170,000	-
Office of the General Treasurer	\$701,319	\$558,549	\$693,892	\$731,183	\$695,256
Subtotal - General Government	\$904,969,913	\$796,402,738	\$951,342,858	\$909,368,922	\$980,846,294
Health and Human Services					
Department of Children, Youth, and Families	\$766,102	\$56,989	\$1,000,000	\$1,005,500	\$15,250,000
Department of Health Behavioral Healthcare, Developmental Disabilities and Hospitals	\$195,649	\$423,988	\$400,000	\$576,012	\$400,000
Department of Human Services	\$1,198	\$381,637	\$400,000	\$814,000	\$400,000
Department of Human Services	\$4,533,174	\$4,224,882	\$5,358,213	\$6,157,036	\$6,597,626
Subtotal - Health and Human Services	\$5,496,123	\$5,087,496	\$7,158,213	\$8,552,548	\$22,647,626
Education					
Elementary and Secondary Education	\$748,277	\$1,196,289	\$9,409,000	\$9,515,000	\$5,740,000
Office of the Postsecondary Commissioner	\$10,175,742	\$4,943,242	\$13,718,898	\$14,448,562	\$6,089,863
University of Rhode Island	\$702,474,436	\$753,142,476	\$760,078,952	\$775,940,292	\$829,949,947
Rhode Island College	\$100,925,181	\$94,532,368	\$127,057,309	\$124,458,848	\$126,412,616
Community College of Rhode Island	\$101,020,197	\$120,575,570	\$136,552,193	\$125,519,564	\$119,232,160
Rhode Island Council on the Arts	\$271,606	\$426,206	\$585,000	\$585,000	\$585,000
Rhode Island Atomic Energy Commission	\$346,572	\$292,615	\$364,597	\$378,446	\$394,971
Historical Preservation and Heritage Commission	\$92,249	\$106,252	\$156,901	\$106,903	\$110,327
Subtotal - Education	\$916,054,260	\$975,215,018	\$1,047,922,850	\$1,050,952,615	\$1,088,514,884
Public Safety					
Office of Attorney General	\$24,259	\$336	\$1,890,000	\$2,043,196	\$150,000
Department of Corrections	\$6,036,072	\$4,233,274	\$5,375,000	\$9,329,880	\$4,100,000
Judiciary	\$2,098,027	\$4,847,504	\$4,975,000	\$5,262,245	\$5,625,000
Military Staff	\$956,426	\$1,255,236	\$2,857,933	\$3,047,683	\$9,762,550
Rhode Island Emergency Management Agency	\$1,494,414	\$1,494,400	\$3,153,457	\$3,403,457	\$6,210,775
Department of Public Safety	\$4,047,193	\$5,756,957	\$20,744,488	\$17,204,137	\$18,183,390
Subtotal - Public Safety	\$14,656,391	\$17,587,707	\$38,995,878	\$40,290,598	\$44,031,715
Natural Resources					
Department of Environmental Management	\$4,066,384	\$11,218,552	\$16,759,876	\$20,307,161	\$17,686,754
Coastal Resources Management Council	\$21,241	\$600,612	\$2,000,000	\$2,000,000	-
Subtotal - Natural Resources	\$4,087,625	\$11,819,164	\$18,759,876	\$22,307,161	\$17,686,754
Transportation					
Department of Transportation	\$260,491,996	\$248,999,826	\$334,212,822	\$418,489,810	\$381,713,795
Subtotal - Transportation	\$260,491,996	\$248,999,826	\$334,212,822	\$418,489,810	\$381,713,795
Total:	\$2,105,756,308	\$2,055,111,949	\$2,398,392,497	\$2,449,961,654	\$2,535,441,068

Full Time Equivalent Positions

	FY 2021	FY 2022	FY 2023 Enacted	FY 2023 Revised	FY 2024 Recommended
General Government					
Department of Administration	647.7	650.7	662.7	662.7	674.7
Department of Business Regulation	161.0	162.0	181.0	181.0	181.0
Executive Office of Commerce	14.0	16.0	20.0	20.0	5.0
Department of Housing	-	-	-	-	38.0
Department of Labor and Training	425.7	461.7	461.7	461.7	461.7
Department of Revenue	602.5	570.5	575.5	575.5	575.5
General Assembly	298.5	298.5	298.5	298.5	298.5
Office of Lieutenant Governor	8.0	8.0	8.0	8.0	8.0
Secretary of State	59.0	59.0	59.0	59.0	59.0
Office of the General Treasurer	89.0	89.0	89.0	89.0	89.0
Board of Elections	13.0	13.0	13.0	13.0	13.0
Rhode Island Ethics Commission	12.0	12.0	12.0	12.0	12.0
Office of the Governor	45.0	45.0	45.0	45.0	45.0
Rhode Island Commission for Human Rights	14.5	14.0	15.0	15.0	15.0
Public Utilities Commission	52.0	54.0	54.0	54.0	54.0
Subtotal - General Government	2,441.9	2,453.4	2,494.4	2,494.4	2,529.4
Health and Human Services					
Executive Office of Health and Human Services	192.0	190.0	204.0	204.0	225.0
Department of Children, Youth, and Families	617.5	702.5	702.5	702.5	705.5
Department of Health	513.6	530.4	535.4	543.4	556.4
Behavioral Healthcare, Developmental Disabilities	1,188.4	1,190.4	1,200.4	1,200.4	1,202.4
Department of Human Services	1,038.1	1,047.0	1,067.0	1,067.0	1,068.0
Commission on the Deaf & Hard of Hearing	4.0	4.0	4.0	4.0	4.0
Governor's Commission on Disabilities	4.0	4.0	5.0	5.0	5.0
Office of the Child Advocate	10.0	10.0	10.0	10.0	10.0
Office of the Mental Health Advocate	4.0	4.0	6.0	6.0	6.0
Subtotal - Health and Human Services	3,571.6	3,682.3	3,734.3	3,742.3	3,782.3
Education					
Elementary and Secondary Education	325.1	326.1	326.1	326.1	330.1
Office of the Postsecondary Commissioner	31.0	33.0	34.0	34.0	45.0
University of Rhode Island	2,555.0	2,555.0	2,555.0	2,555.0	2,551.0
Rhode Island College	949.2	949.2	949.2	949.2	949.2
Community College of Rhode Island	849.1	849.1	849.1	849.1	849.1
Rhode Island Council on the Arts	8.6	9.6	9.6	9.6	9.6
Rhode Island Atomic Energy Commission	8.6	8.6	8.6	8.6	8.6
Historical Preservation and Heritage Commission	15.6	15.6	15.6	15.6	15.6
Subtotal - Education	4,742.2	4,746.2	4,747.2	4,747.2	4,758.2
Public Safety					
Office of Attorney General	239.1	247.1	249.1	249.1	249.1
Department of Corrections	1,411.0	1,424.0	1,427.0	1,427.0	1,459.0
Judiciary	726.3	726.3	739.3	739.3	739.3
Military Staff	92.0	92.0	93.0	93.0	93.0
Rhode Island Emergency Management Agency	32.0	33.0	35.0	35.0	35.0
Department of Public Safety	593.6	628.6	632.2	632.2	632.2
Office of Public Defender	96.0	99.0	100.0	100.0	102.0
Subtotal - Public Safety	3,190.0	3,250.0	3,275.6	3,275.6	3,309.6
Natural Resources					
Department of Environmental Management	394.0	401.0	417.0	417.0	425.0
Coastal Resources Management Council	30.0	30.0	32.0	32.0	32.0
Subtotal - Natural Resources	424.0	431.0	449.0	449.0	457.0
Transportation					
Department of Transportation	755.0	755.0	755.0	755.0	755.0
Subtotal - Transportation	755.0	755.0	755.0	755.0	755.0
Total Personnel Authorizations	15,124.7	15,317.9	15,455.5	15,463.5	15,591.5

General Revenues as Recommended

	FY 2021 Audited	FY 2022 Preliminary	FY 2023 Enacted	FY 2023 Revised	FY 2024 Recommended
Personal Income Tax	\$ 1,615,512,279	\$ 1,998,500,414	\$ 1,774,966,218	\$ 1,910,291,105	\$ 1,978,355,784
General Business Taxes					
Business Corporations	\$ 201,788,847	\$ 288,450,198	\$ 214,900,000	\$ 252,000,000	\$ 260,175,124
Public Utilities Gross Earnings	93,474,936	90,447,160	90,900,000	65,360,523	95,000,000
Financial Institutions	34,856,030	36,263,375	31,100,000	38,900,000	34,500,000
Insurance Companies	131,446,789	159,708,472	157,983,465	166,700,000	165,400,130
Bank Deposits	3,818,574	4,208,761	4,200,000	4,500,000	4,500,000
Health Care Provider Assessment	35,121,483	38,043,997	38,133,314	39,500,000	41,200,000
Sales and Use Taxes					
Sales and Use	\$ 1,341,467,185	\$ 1,511,435,956	\$ 1,508,565,666	\$ 1,575,000,000	\$ 1,549,756,711
Motor Vehicle	681,739	965,283	1,000,000	1,000,000	-
Cigarettes	159,713,136	149,745,624	129,000,000	133,900,000	117,200,000
Alcohol	22,200,641	23,323,085	24,400,000	23,300,000	23,300,000
Controlled Substances	5,043	16,793			
Other Taxes					
Estate and Transfer	\$ 42,986,729	\$ 39,301,855	\$ 42,300,000	\$ 58,800,000	\$ 47,000,000
Racing and Athletics	404,040	507,844	800,000	500,000	500,000
Realty Transfer	17,774,576	22,118,052	23,800,000	21,000,000	21,000,000
Total Taxes	\$ 3,701,252,027	\$ 4,363,036,869	\$ 4,042,048,663	\$ 4,290,751,628	\$ 4,337,887,749
Departmental Receipts	\$ 402,634,288	\$ 428,096,658	\$ 434,034,620	\$ 464,000,000	\$ 496,288,675
Taxes and Departmentals	\$ 4,103,886,315	\$ 4,791,133,527	\$ 4,476,083,283	\$ 4,754,751,628	\$ 4,834,176,424
Other Sources					
Other Miscellaneous	\$ 9,619,381	\$ 9,110,984	\$ 24,479,637	\$ 23,800,000	\$ 17,283,875
Lottery	301,803,081	388,597,483	387,788,985	418,700,000	411,375,000
Unclaimed Property	16,269,787	19,003,313	13,100,000	14,000,000	12,600,000
Other Sources	\$ 327,692,249	\$ 416,711,780	\$ 425,368,622	\$ 456,500,000	\$ 441,258,875
Total General Revenues	\$ 4,431,578,564	\$ 5,207,845,307	\$ 4,901,451,905	\$ 5,211,251,628	\$ 5,275,435,299

The audited revenues displayed above reflect gross receipts, including reimbursement of tax credits issued through the Historical Structures Tax credit program. The state's consolidated financial report reflects the reimbursement as a transfer from other funds, rather than within each tax source.

Changes to FY 2023 Enacted Revenue Estimates

	FY 2023 Enacted	November REC Consensus Changes	Changes to Adopted Estimates	Total
Personal Income Tax	\$ 1,774,966,218	\$ 135,333,782	\$ (8,895)	\$ 1,910,291,105
General Business Taxes				
Business Corporations	\$ 214,900,000	\$ 37,100,000	\$ -	\$ 252,000,000
Public Utilities Gross	90,900,000	10,100,000	(35,639,477)	65,360,523
Financial Institutions	31,100,000	7,800,000	-	38,900,000
Insurance Companies	157,983,465	8,716,535	-	166,700,000
Bank Deposits	4,200,000	300,000	-	4,500,000
Health Care Provider	38,133,314	1,366,686		39,500,000
Sales and Use Taxes				
Sales and Use	\$ 1,508,565,666	\$ 66,434,334	\$ -	\$ 1,575,000,000
Motor Vehicle	1,000,000	-		1,000,000
Cigarettes	129,000,000	4,900,000	-	133,900,000
Alcohol	24,400,000	(1,100,000)	-	23,300,000
Other Taxes				
Estate and Transfer	\$ 42,300,000	\$ 16,500,000	\$ -	\$ 58,800,000
Racing and Athletics	800,000	(300,000)	-	500,000
Realty Transfer	23,800,000	(2,800,000)	-	21,000,000
Total Taxes	\$ 4,042,048,663	\$ 284,351,337	\$ (35,648,372)	\$ 4,290,751,628
Departmental Receipts	434,034,620	29,965,380		464,000,000
Total Taxes and Departmentals	\$ 4,476,083,283	\$ 314,316,717	\$ (35,648,372)	\$ 4,754,751,628
Other Sources				
Other Miscellaneous	\$ 24,479,637	\$ 12,820,363	\$ (13,500,000)	\$ 23,800,000
Lottery	387,788,985	30,911,015		418,700,000
Unclaimed Property	13,100,000	900,000	-	14,000,000
Other Sources	\$ 425,368,622	\$ 44,631,378	\$ (13,500,000)	\$ 456,500,000
Total General Revenues	\$ 4,901,451,905	\$ 358,948,095	\$ (49,148,372)	\$ 5,211,251,628

Changes to FY 2024 Adopted Revenue Estimates

	Revenue Estimating Conference Estimates	Changes to Adopted Estimates	Total
Personal Income Tax	\$ 1,979,600,000	\$ (1,244,216)	\$ 1,978,355,784
General Business Taxes			
Business Corporations	\$ 261,300,000	\$ (1,124,876)	\$ 260,175,124
Public Utilities Gross	95,000,000	-	95,000,000
Financial Institutions	34,500,000	-	34,500,000
Insurance Companies	165,000,000	400,130	165,400,130
Bank Deposits	4,500,000	-	4,500,000
Health Care Provider	41,200,000	-	41,200,000
Sales and Use Taxes			
Sales and Use	\$ 1,580,000,000	\$ (30,243,289)	\$ 1,549,756,711
Motor Vehicle	1,000,000	(1,000,000)	0
Cigarettes	117,200,000	-	117,200,000
Alcohol	23,300,000	-	23,300,000
Other Taxes			
Estate and Transfer	\$ 47,000,000	\$ -	\$ 47,000,000
Racing and Athletics	500,000	-	500,000
Realty Transfer	21,000,000	-	21,000,000
Total Taxes	\$ 4,371,100,000	\$ (33,212,251)	\$ 4,337,887,749
Departmental Receipts	\$ 280,000,000	\$ 216,288,675	\$ 496,288,675
Total Taxes and Departmentals	\$ 4,651,100,000	\$ 183,076,424	\$ 4,834,176,424
Other Sources			
Other Miscellaneous	\$ 30,400,000	\$ (13,116,125)	\$ 17,283,875
Lottery	410,700,000	675,000	411,375,000
Unclaimed Property	12,600,000	-	12,600,000
Other Sources	\$ 453,700,000	\$ (12,441,125)	\$ 441,258,875
Total General Revenues	\$ 5,104,800,000	\$ 170,635,299	\$ 5,275,435,299

General Revenue Changes to Adopted Estimates

FY 2023	Governor Recommend
<u>Taxes</u>	
<u>Personal Income Tax</u>	
<i>Final Payments</i>	
Food Donation Tax Credit	\$ (8,895)
<i>Subtotal: Final Payments</i>	\$ (8,895)
<i>Subtotal: Personal Income Tax</i>	\$ (8,895)
 <i>Public Utilities Gross Earnings Tax</i>	
Suspend Gross Earnings Tax on Nat. Gas and Electricity Dec. 2022 - Mar. 2023	\$ (35,639,477)
<i>Subtotal: Public Utilities Gross Earnings Tax</i>	\$ (35,639,477)
<i>Subtotal: General Business Taxes</i>	\$ (35,639,477)
 Subtotal: All Taxes	 \$ (35,648,372)
 <u>Other Sources</u>	
<i>Other Miscellaneous Revenues</i>	
Lottery Contract Payment Change in Accounting Recognition	\$ (13,500,000)
<i>Subtotal: Other Miscellaneous Revenues</i>	\$ (13,500,000)
<i>Subtotal: Other Sources</i>	\$ (13,500,000)
 FY 2023 Total General Revenue Changes	 \$ (49,148,372)

General Revenue Changes to Adopted Estimates

FY 2024	Governor Recommend
<u>Taxes</u>	
<u>Personal Income Tax</u>	
<i>Withholding</i>	
Pawtucket Economic Activity Taxes Transfer	\$ (1,226,426)
<i>Subtotal: Withholding</i>	\$ (1,226,426)
<i>Final Payments</i>	
Food Donation Tax Credit	\$ (17,790)
<i>Subtotal: Final Payments</i>	\$ (17,790)
<i>Subtotal: Personal Income Tax</i>	\$ (1,244,216)
<u>General Business Taxes</u>	
<i>Business Corporations Tax</i>	
Reduce Corporate Minimum Tax from \$400 to \$375	\$ (1,017,600)
Pawtucket Economic Activity Taxes Transfer	\$ (107,276)
<i>Subtotal: Business Corporations Tax</i>	\$ (1,124,876)
<i>Insurance Companies Gross Premiums</i>	
<i>Health Maintenance Organizations</i>	
Certified Community Behavioral Health Clinics	\$ 371,831
Conflict-Free Case Management	\$ 25,834
Cedar Family Center Rates	\$ 2,465
<i>Subtotal: Health Maintenance Organizations</i>	\$ 400,130
<i>Subtotal: Insurance Companies Gross Premiums Tax</i>	\$ 400,130
<i>Subtotal: General Business Taxes</i>	\$ (724,746)
<u>Sales and Excise Taxes</u>	
<i>Sales and Use Tax</i>	
Sales Tax Rate Reduction to 6.85%	\$ (24,962,789)
Exempt Trade-In Value of Trucks under 14,000 lbs. Gross Weight from Sales and Use Tax	\$ (3,714,850)
Pawtucket Economic Activity Taxes Transfer	\$ (1,565,650)
<i>Subtotal: Sales and Use Tax</i>	\$ (30,243,289)
<i>Motor Vehicle</i>	
Move Duplicate License Fees to Highway Maintenance Account	\$ (1,000,000)
<i>Subtotal: Motor Vehicle</i>	\$ (1,000,000)
<i>Subtotal: Sales and Excise Taxes</i>	\$ (31,243,289)
Subtotal: All Taxes	\$ (33,212,251)
<u>Departmental Receipts</u>	
<i>Licenses and Fees</i>	
Hospital Licensing Fee	\$ 217,193,039
Litter Control Permit Repeal	\$ (815,564)
DPS: Repeal Trooper Trainee Meal Reimbursement	\$ (88,800)
<i>Subtotal: Licenses and Fees</i>	\$ 216,288,675
<i>Subtotal: Departmental Receipts</i>	\$ 216,288,675
<u>Other Sources</u>	
<i>Other Miscellaneous Revenues</i>	
Central Falls School Debt Service - Local Reimbursement	\$ 333,875
HMA Cost Recovery: Move Duplicate License Fees to Highway Maintenance Account	\$ 50,000
Lottery Contract Payment Change in Accounting Recognition	\$ (13,500,000)
<i>Subtotal: Other Miscellaneous Revenues</i>	\$ (13,116,125)
<i>Lottery</i>	
Lottery Contract Payment Amortization	\$ 675,000
<i>Subtotal: Lottery</i>	\$ 675,000
<i>Subtotal: Other Sources</i>	\$ (12,441,125)
FY 2024 Total General Revenue Changes	\$ 170,635,299

EXECUTIVE SUMMARY
APPENDIX B
FIVE-YEAR FINANCIAL
PROJECTION

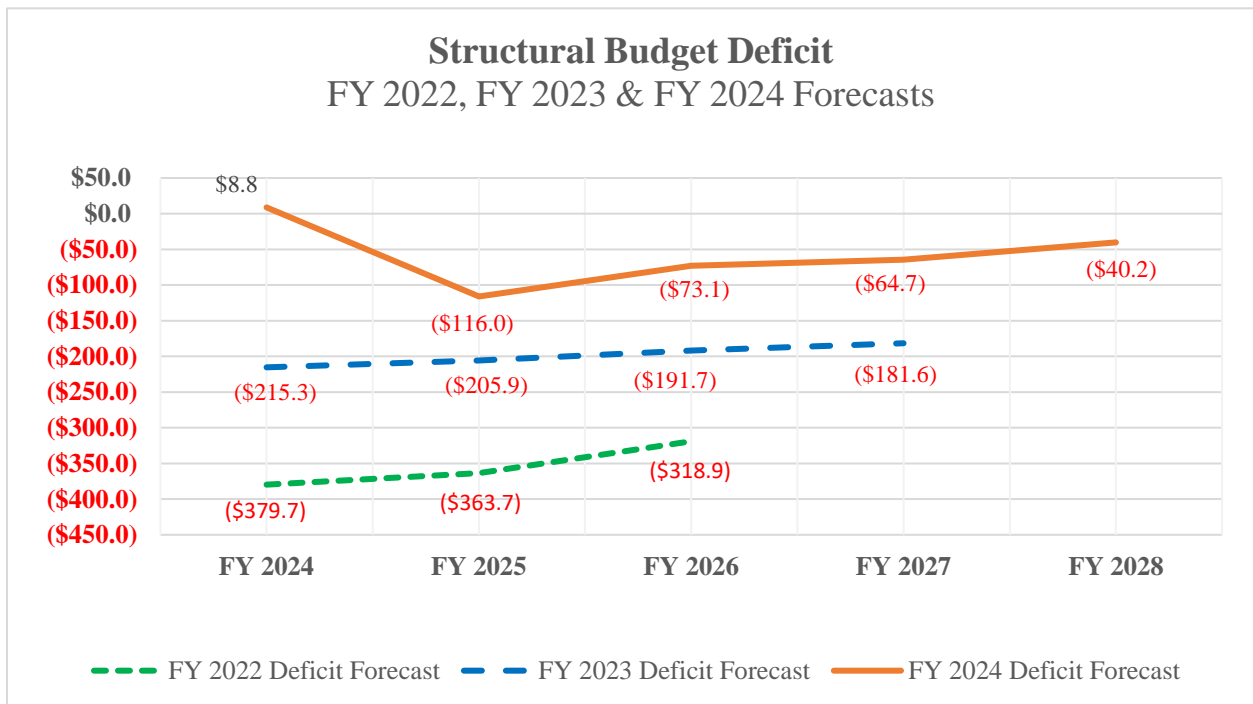
FY 2024 – FY 2028 OVERVIEW

Summary

This five-year financial projection of anticipated general revenues, receipts, and expenditures, including detail of principal revenue sources and expenditures by major program areas is prepared in accordance with R.I.G.L. §35-3-1. Additionally, this forecast contains a discussion of risks, uncertainties, and policy decisions which may impact future revenues and expenditures. Finally, accompanying this forecast are tables that provide detail on the planning values utilized in these projections. The planning values reflect Budget Office policy assumptions as well as economic and demographic forecasts sourced from the November 2022 Revenue Estimating Conference Consensus Economic Forecast, state actuarial consultants, and federal government projections, among other sources as noted.

The purpose of the five-year forecast is to provide a baseline fiscal outlook for the State of Rhode Island. Although the forecast may be used as a benchmark in assessing the affordability and desirability of alternative policy options, caution should be exercised in interpreting this forecast. Forward-looking estimates, such as those made in this forecast, are inherently subject to a variety of risks and uncertainties that could cause actual results to differ materially from those projected. Many of these risks such as national economic and business conditions, and political or legal impediments, are beyond the control of the State. The estimates and forecasts made here are as of the date they were prepared and will change as factors used in the forecasts change.

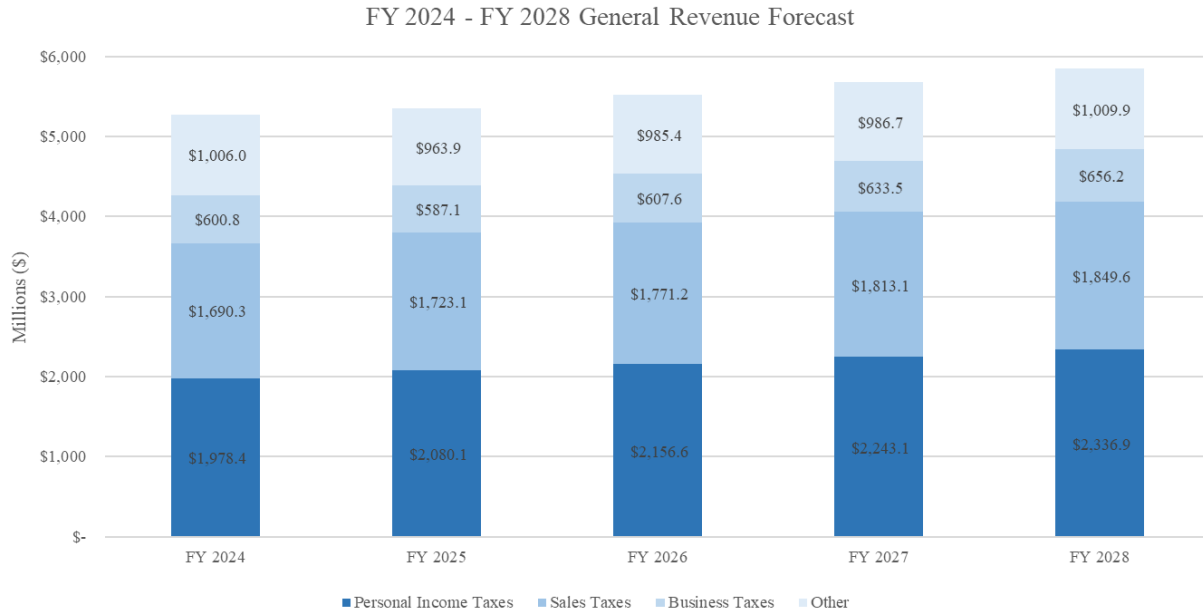
According to appropriations levels recommended in the Governor’s budget submission, the Budget Office projects a closing surplus in FY 2024 of \$8.8 million. In FY 2025 through FY 2028, expenditures will exceed revenues in each of the out-years through FY 2028 beginning with a \$116.0 million deficit in FY 2025 and declining to a \$40.2 million deficit in FY 2028.



FY 2024 – FY 2028 OVERVIEW

Revenue

The revenue projections contained in the five-year forecast incorporate the Governor’s proposed FY 2024 general revenue changes to the estimates adopted at the November 2022 Revenue Estimating Conference. Overall revenues are expected to grow from \$5.275 billion in FY 2024 to \$5.853 billion in FY 2028, an average annual growth rate of 2.6 percent.



Personal Income Taxes: The five-year projected personal income tax revenue is estimated to grow by an average of 4.1 percent annually over this period. This growth is largely driven by strong income tax withholding payments, averaging 4.4 percent annual growth. After a year of projected negative employment growth in FY 2024, overall wage growth is expected to be strong during the FY 2025 through FY 2028 period, driving this withholding growth. Estimated and final payments, often attributable to individuals who receive income from capital gains, are expected to dip in FY 2024 due to the weak stock market and forecasted recession. Some bounce back in estimated and final payments is expected in FY 2025 before moderate growth returns in the outyears.

Sales Taxes: Average growth across all sales and excise taxes is estimated at 1.3 percent annually over FY 2024 through FY 2028. Sales and use tax, the largest component of all sales taxes, is expected to shrink in FY 2024, growing at -1.6 percent (compared to 4.2 percent in FY 2023). The negative growth in FY 2024 is attributable to the Governor’s recommendation to reduce the sales and use tax rate from 7 percent to 6.85 percent effective October 1, 2023, resulting in a reduction of \$25.0 million from the estimate adopted at the November 2022 Revenue Estimating Conference. In general, sales tax growth is return to more typical levels in the outyears after seeing extraordinary growth during the pandemic years. This extraordinary growth was driven by elevated levels of goods purchases (because of hesitancy to consume services during the pandemic) and high inflation, and both trends are expected to subside in the next few years.

The projection assumes a possible federal ban on menthol cigarettes will depress cigarette revenue in FY 2023 and FY 2024, with cigarette revenue eventually returning to a structural negative growth of around 3 to 4 percent.

FY 2024 – FY 2028 OVERVIEW

Given that the Governor's FY 2024 budget moves the last remaining motor vehicle fees from general revenue into the Highway Maintenance Account, this revenue has been zeroed out for the duration of the projection.

The Governor's Recommendation signals his intent to consider incremental reductions to the sales tax in future years. However, the budget as recommended does not include any specific schedule or triggers. Therefore, this forecast considers that any additional reductions to the sales tax will be a decision for future policymakers based on the fiscal outlook at that time.

Business Taxes: Average growth across all business taxes is estimated at 3.0 percent annually over FY 2024 through FY 2028. After hitting an all-time high in FY 2022, corporate income tax is expected to see negative growth in FY 2023 and moderate growth averaging 3.9 percent annually in FY 2024 through FY 2028. The other business taxes, which are generally gross receipts taxes, are expected to show lower average growth between FY 2024 and FY 2028.

One revenue impact in the forecast that affects these estimates is the Governor's proposal to suspend the gross earnings tax on public utilities (for electricity and natural gas) from December 2022 through March 2023. The 27.7 percent decline in this tax in FY 2023 is largely attributable to this proposal, and the 45.3 percent expected positive growth in FY 2024 is a result of growing off of the reduced FY 2023 base. Between FY 2025 and FY 2028, this tax is expected to revert to recent year trends of slight negative growth. This is in part attributable to long-term structural decline in the telecommunications portion of this tax due to the continued shift away from land lines.

Finally, the Small Business Development Fund (SBDF) also impacts this forecast. This program, passed by the General Assembly in 2019, allows up to \$65 million in investment in small businesses against which \$42 million in tax credits can be claimed. The state has approved \$20 million in investments, or \$12.9 million in tax credits, through the end of CY 2021. The forecast assumes those initial credits begin to be redeemed in FY 2024, with an annual revenue loss of \$4.3 million through FY 2026. This revenue impact is assumed to occur against insurance companies tax.

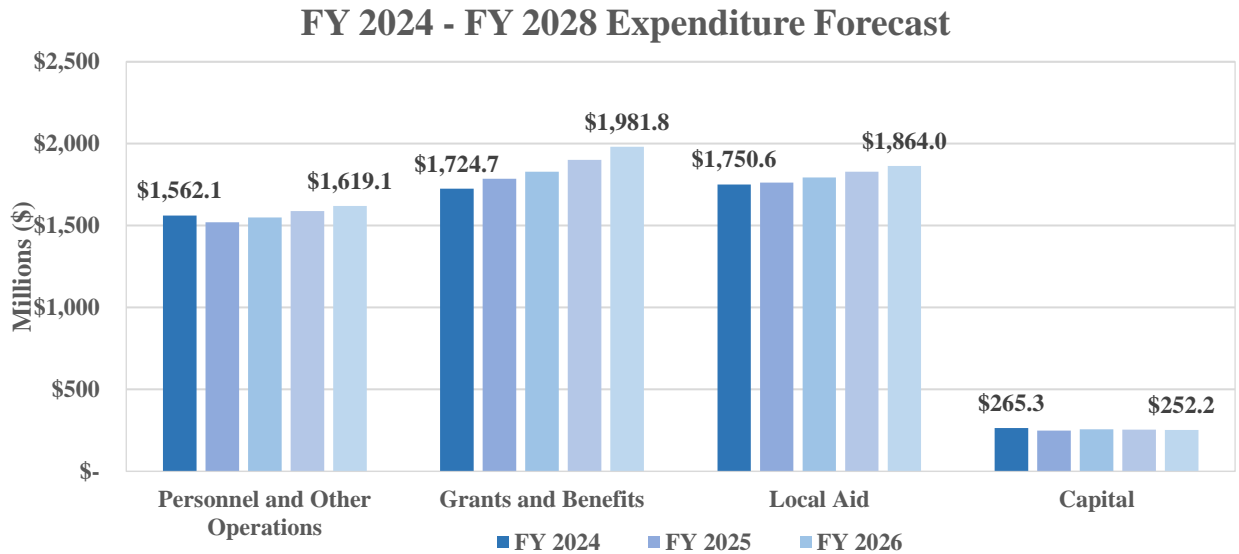
Other Taxes/Other Sources: The largest single category in other sources of revenue is the lottery transfer, which is expected to grow at -1.7 percent in FY 2024, despite what is expected to be a full year of normal operations. Competition from sports betting in Connecticut (which began in September 2021) and Massachusetts (expected to begin in early CY 2023) accounts for much of this decline. Connecticut sports betting is expected to lower video lottery terminal (VLT) revenue by 0.9 percent, table game revenue by 1.4 percent, and sports betting revenue by 1.5 percent. Massachusetts sports betting is expected to additionally lower VLT revenue by 0.5 percent, table game revenue by 1.7 percent, and sports betting revenue by 11.8 percent. Average annual growth in lottery receipts between FY 2025 and FY 2028 is 0.9 percent, as some strength in table games and sports betting is offset by a structural decline in VLT activity. This long-term forecast does not assume any changes to the gaming environment, such as a tribal casino in East Taunton, Massachusetts.

Other miscellaneous revenue has seen recent strength due to strong interest earnings on state funds, but this is expected to moderate as projected fund balances and interest rates decline during the forecast period. The forecast includes anticipated reimbursements to the State by the City of Central Falls for school construction debt service. The City will reimburse the State for as much as 2.5 percent of the State's debt service payments on the bonds, which is anticipated to generate approximately \$334,000 in FY 2024. These payments reduce to approximately \$289,000 per year in the outyears and continue through FY 2043.

FY 2024 – FY 2028 OVERVIEW

Expenditures

The expenditure projections contained in the five-year forecast incorporate the Governor’s FY 2024 proposed expenditures. Overall expenditures are expected to grow by 7.8 percent from \$5.303 billion in FY 2024 to \$5.717 billion in FY 2028, an average annual growth rate of 1.9 percent.



Personnel

Personnel costs are forecast to increase by 10.5 percent from \$1.239 billion in FY 2024 to \$1.369 billion in FY 2028, an average annual growth rate of 2.5 percent. Current labor agreements provide for annual cost-of-living increases of 2.5 percent through FY 2024. Any increases beyond this time are subject to future labor negotiations, job classification public hearings, and management decisions. The Budget Office projection assumes that the costs of salaries and wages will grow in proportion with CPI-U and that the count of filled FTEs will remain at the FY 2024 recommended level.

The projected costs of other employee benefits including retirement, healthcare, dental, and vision are consistent with actuarial analysis from the Department of Administration Division of Human Resources and the Employee Retirement System of Rhode Island (ERSRI).

Employer retirement contributions as a percent of covered payroll are forecast to decline from their current rates of 28.97 percent in FY 2024 to 28.25 percent in FY 2028 for the largest covered group of state employees. Combined with various adjustments in other employer groups, this results in the budgeted employer contribution to ERSRI growing from approximately \$147.3 million in FY 2024 to \$157.1 million in FY 2028, an average annual growth rate of 1.6 percent.¹ These estimates reflect the impact of the FY 2023 supplemental pension contribution in the amount of \$61.8 million. This contribution has the impact of reducing the employer contribution by 0.33 percentage points in FY 2025 which is equivalent to an annual savings of \$2.8 million by

¹ R.I.G.L. 36-10-2(g) requires that in the event that the required employer contribution declines year-over-year that 20.0 percent of such decrease be appropriated as a supplemental appropriation to the pension plan. Beginning in FY 2025, the actuarial valuation projects that such supplemental appropriations will be necessary and are included in these projections. The impact in FY 2025 is forecast to be \$162,072 and \$343,333 for the State Employees and Teachers groups, respectively (“ERSRI Actuarial Valuation Report as of June, 30 2022,” Page 4, Rows I and J). Outyear impacts calculated by Budget Office.

FY 2024 – FY 2028 OVERVIEW

having eliminated the adjustment in the valuation amortizing the impact of deferred pension contributions in 1991/92.²

Other Operations

The current five-year forecast assumes 3.2 percent average growth with \$1.383 billion in non-personnel operating costs in FY 2024 and \$1.570 billion in FY 2028. Expenditures in this category are assumed to grow at the rate of CPI-U except when adjusted based on specific policy assumptions.

Significant adjustments are made to reflect one-time and non-recurring expenditures in FY 2024. The Governor's Recommended Budget assumes that a significant portion of surplus revenues are non-recurring and therefore directs these resources to one-time and non-recurring investments. The Governor recommends a total of \$522.3 million in non-recurring expenditures in total, of which \$352.9 million are requested in FY 2023 and \$169.4 million in FY 2024. This forecast includes adjustments so that these one-time expenditures are excluded from the outyear base.

Additionally, some savings are included in the outyear forecast. The Governor's Recommended Budget includes a \$15.0 million program cap increase for the Rebuild RI tax credit program, which would otherwise result in an additional \$3.0 million annually in outyear appropriations. However, this impact is offset by the recommendation to appropriate an additional \$15.0 million one-time appropriation to the fund. Additional savings are recognized in FY 2028 following the implementation of the Enterprise Resource Planning IT initiative, which will result from the decommissioning of the obsolete mainframe system and other operational efficiencies. Consistent with assumptions in prior years, this forecast assumes outyear savings resulting from capital projects, notably at the Pastore Campus, as obsolete steam and power plant infrastructure is replaced resulting in maintenance and energy efficiency savings.

The forecast contains adjustments for certain cyclical patterns including costs associated with the four-year election cycle and State Police training academies, which typically take place other year.

The Governor's Recommended Budget requests that the sunset date for various economic initiatives be extended through December 31, 2024. The forecast assumes that annual general revenue funding is provided for the Air Service Development Fund (\$2.25 million), Wavemaker Fellowship (\$4.0 million), Innovation Initiative (\$2.0 million), and Small Business Assistance (\$3.25 million) totaling \$11.5 million annually through FY 2025. However, this forecast assumes that such funding is eliminated in FY 2026 and beyond as a result of the statutory sunset provisions.

Upward adjustments to account for inflation in the cost of goods, services, and utilities have been made throughout the FY 2024 Recommended Budget which remain in the base throughout the forecast period, but risk remains that a persistent inflationary environment will result in growth beyond what is currently incorporated in the Consensus Economic Forecast.

Grants and Benefits

Grants and benefits are projected to increase by an average annual rate of 3.5 percent from \$1.725 billion in FY 2024 to \$1.982 billion in FY 2028. This growth rate results in an increase of \$257.2 million or 14.9 percent in this category of spending over the five-year horizon. This forecast generally assumes that major

² Additionally, the FY 2023 enacted supplemental contribution results in savings to the State Teacher plan, which is included as an expense in the Education Aid category below. With respect to the state-portion of employer contributions to the ERSRI for the teacher group, the projected contribution was reduced by 0.31 percentage points which is equivalent to a reduction of an additional \$3.7 million in FY 2025 and thereafter.

FY 2024 – FY 2028 OVERVIEW

federal block grants for major programs such as Rhode Island Works program will continue at current levels, and that Medicaid matching rates (FMAP) will remain close to those in effect for FY 2024. Grants and benefits programs are generally assumed to grow at rates consistent with those projected by the Office of the Actuary in the Centers for Medicare & Medicaid Services (CMS) except where otherwise noted in the planning values tables.

During the period of Public Health Emergency (PHE) as declared by the U.S. Secretary of Health and Human Services, federal authorities have imposed upon states a “continuous eligibility” requirement as a condition of enhanced Medicaid reimbursement. This requirement generally prevents states from terminating coverage for beneficiaries and has paused all redetermination activity. In FY 2023 this redetermination activity is set to resume. Significant risk is inherent in this forecast regarding the management and execution of the resumption of eligibility redetermination activity. Furthermore, while the count of enrollees in Medicaid programs has significantly grown during the pandemic, there is significant uncertainty as to the number of current beneficiaries which will be terminated following the resumption of eligibility redeterminations.

The forecast reflects continuation and annualization of budget year initiatives including the implementation of Conflict Free Case Management, which grows from \$6.5 million general revenue in FY 2024 (\$14.4 all funds) to a fully annualized cost of approximately \$6.9 million general revenue (\$15.3 million all funds), and Certified Community Behavioral Health Centers (CCBHC), excluding administrative costs, which grows from \$6.9 million general revenue in FY 2024 (\$21.8 million all funds) to a fully annualized cost of approximately \$18.9 million general revenue (\$55.9 million all funds). An additional \$2.9 million in general revenue is added in FY 2025 to reflect the estimated utilization ramp up for the “Cover All Kids” initiative enacted in FY 2023, which brings the total annualized cost for this program to approximately \$6.7 million of general revenue.

The five-year forecast reflects the assumption that an additional \$65.5 million annually in general revenue will be necessary by FY 2028 in order to replace federal funds currently sustaining the Child Care Assistance Program (CCAP) in the Department of Human Services. CCAP is presently supported by federal funds. Historically, this program has received consistent funding which is expected to continue from several federal grant programs which are expected to continue including Child Care Development Fund (CCDF), Social Services Block Grant (SSBG), and Temporary Assistance to Needy Families (TANF). These funds have been supplemented in recent years with the award of supplemental Pandemic-era federal grants and the availability of significant TANF carryforward. Expenditures have also grown in the past year as a result of legislatively enacted rate increases and settled negotiations with SEIU on behalf of Family Child Care Providers. The net result is that various federal funding sources will support CCAP through FY 2026 but in FY 2027 an increasing amount of general revenue, or other yet to be identified funding sources, will be necessary.

This forecast assumes that the DSH payment will remain substantially at the FY 2024 level, adjusted only for inflation, throughout the forecast period. Current federal law dictates that state allotments for the Disproportionate Share Hospital (DSH) payments shall be significantly reduced in FY 2024 through FY 2027.³ This has the impact of reducing Rhode Island’s DSH payment allotment by approximately 90 percent in these fiscal years relative the amount otherwise authorized – a reduction of \$54.7 million general revenue (\$121.6 million all funds) compared to the FY 2024 adopted estimate from the 2022 November Caseload Estimating Conference. While technically under current law the allotment is expected to revert to its “unreduced” level in FY 2028, the Budget Office assumes that if federal authorities allowed these

³ Medicaid and CHIP Payment and Access Commission (MACPAC), “Annual Analysis of Disproportionate Share Hospital Allotments to States,” March 2022, Page 72. Available: <https://www.macpac.gov/wp-content/uploads/2022/03/Chapter-3-Annual-Analysis-of-Disproportionate-Share-Hospital-Allotments-to-States.pdf>

FY 2024 – FY 2028 OVERVIEW

reductions to expire it may be accompanied by other state and federal policy changes, making a level-funded assumption neutral and reasonable for purposes of this forecast.

The FY 2023 Enacted Budget charged the Office of the Health Insurance Commissioner with undertaking a comprehensive provider rate review of all social and human services programs. This effort is underway, but the results and finding of this work are not yet available. No specific provision is made for the outcome of this analysis beyond the fact that outyear costs are projected to grow at the specified planning value rates. There is outyear risk in the forecast to the extent that findings of the rate review initiative result in the adoption of rates which are above or below the projected level.

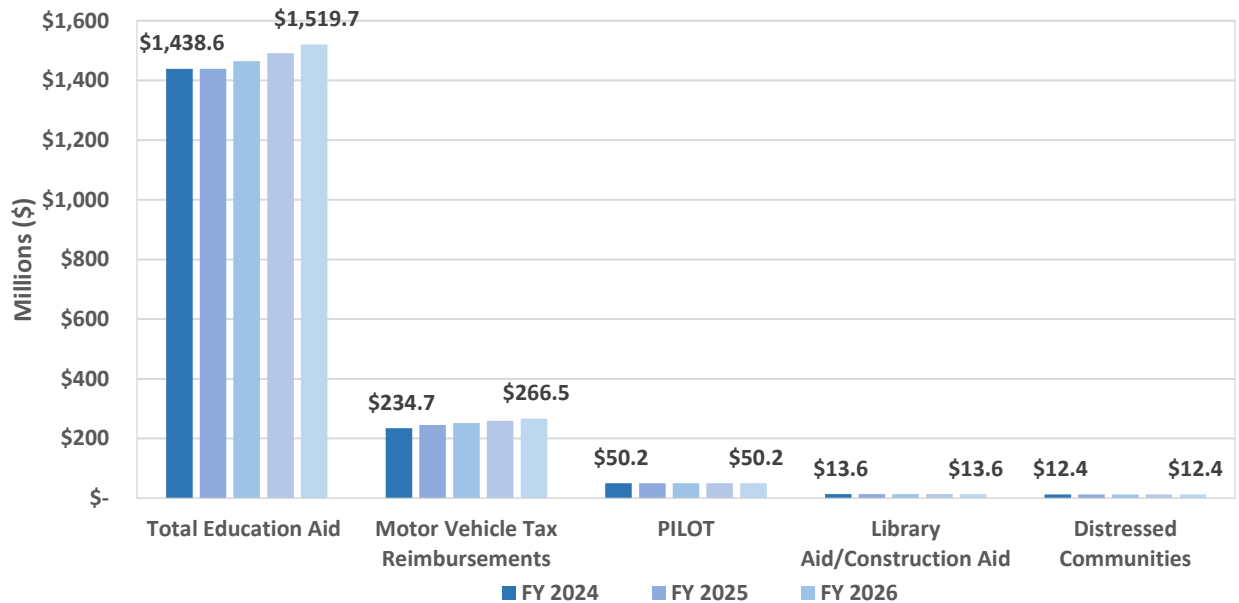
There is significant uncertainty with respect to expenditures for services to individuals with intellectual and developmental disabilities served by private providers. The state remains committed to fulfilling all requirements imposed by federal courts as part of the ongoing consent decree proceeding. For this reason, the Governor has requested significant resources including staff and fundings for rate increases in the FY 2024 Governor’s Recommended Budget. Further requirements imposed by the court may result in additional costs beyond what is currently projected. Such changes may be reflected in budget amendments, Caseload Conference estimates, and future year budgets as necessary.

Broader risks facing the grants and benefits during the forecast period include changes in federal policy, demographic challenges with respect to a declining youth population and increasing older populations, labor market shortages among providers, changes in the rate of utilization of services among those eligible

Local Aid

The current five-year forecast assumes 6.5 percent total growth with \$1.751 billion of local aid in FY 2024 and \$1.864 billion in FY 2028. This represents an average annual growth rate of 1.6 percent.

FY 2024 - FY 2028 Local Aid Expenditure Forecast



Of the five largest local aid categories, three are expected to be level funded over the next five years: Payment in Lieu of Taxes (PILOT), Distressed Communities Aid, and Library Aid/Library Construction Aid. The forecast also includes other categories of local aid: Property Revaluation Program and Central Falls Pension Plan.

FY 2024 – FY 2028 OVERVIEW

With the enactment of the FY 2023 budget, the Motor Vehicle Excise Tax Phaseout is now fully implemented. This forecast includes the impact of statutorily required inflationary increases tied to state sales tax yield beginning in FY 2025 and continue throughout the forecast period. This results in an increase of 13.9 percent or \$32.5 million in reimbursement aid growth from FY 2024 to FY 2028 which is an average annual increase of 3.3 percent.

Within the category Total Education Aid, the Education Aid program is expected to increase from \$1.439 billion in FY 2024 to \$1.520 billion in FY 2028. The five-year forecast assumes annual growth of the base educational aid funding formula ranging from 2.3 percent to 4.6 percent from FY 2023 through FY 2027 which reflects projected changes in school age population and inflation. Population growth in the K-12 student demographic is expected to decline modestly, but this is offset by inflation assumptions. According to IHS Markit data provided to the state in support of the Consensus Economic Forecast, the average annual population growth for Rhode Islanders ages 5-19 is equal to -0.45 percent during the forecast period.

Another cost driver of total aid is the School Construction Aid Program, which exceeded its historical \$80 million appropriation for the first time in FY 2023, and is now forecast grow to \$115.0 million of projected costs by FY 2028. These appropriations are separate and additional to debt service on School Construction Program bonds, including those expected to be issued by the State on behalf of the Central Falls School District, referenced in the next section.

State contributions for teachers' retirement are projected to increase from \$132.7 million in FY 2024 to \$141.2 million in FY 2028. The forecast uses the FY 2024 budgeted amount grown in accordance with the actuarial assumptions in the most recent adopted ERSRI valuation, which implicitly reflect the impact of the \$3.7 million in state savings in FY 2025 and beyond resulting from the supplemental payment enacted in the FY 2023 budget.

The five-year forecast includes additional expenditures to account for expansion in the number of prekindergarten seats in FY 2025. The FY 2023 Enacted Budget required the Department of Elementary and Secondary Education, in collaboration with the Department of Human Services and the Children's Cabinet, to submit a report to the Legislature by December 30, 2022 describing an annual growth plan to expand the state pre-kindergarten program to 5,000 seats for three-and four-year old children over a period of five years beginning in FY 2024. The projection includes costs to bring the total number of seats financed by the Pre-K categorical to approximately 3,000, adding an additional 35 classrooms at an incremental cost of \$8.4 million in FY 2025. Budget Office projections assume that any expansion of seats beyond FY 2025 will require the decision of future policymakers.

Capital

The projection of capital project disbursements and debt service costs reflects updated debt service projections as included in the FY 2024 – FY 2028 Capital Improvement Program. General-revenue-funded debt service on all tax-supported obligations is projected to decrease by 4.9 percent from \$265.3 million in FY 2024 to \$252.2 million in FY 2028, which is an average annual growth rate of negative 1.2 percent.

Growth in debt service is driven by its largest component, General Obligation Bonds. This category is expected to increase by 13.4 percent, from \$177.8 million in FY 2024 to \$201.6 million in FY 2028. The Budget Office assumes issuances through FY 2025 are consistent with projected cash needs to finance existing authorized projects. In FY 2026 and beyond, Budget Office assumes that issuances will follow a six-year rolling average, adjusted and grown to account for inflation. This methodology implicitly assumes that future authorizations in November 2024 and 2026 are in line with the past several historic issuances, adjusted for inflation.

FY 2024 – FY 2028 OVERVIEW

While the Governor’s FY 2024 recommended budget does not contain a specific request for borrowing authorization as the terms of the project are not yet finalized, the capital plan assumes that \$20.0 million for the Contained Aquatic Disposal (CAD) cells project administered by the Coastal Resources Management Council will be financed by COPS to be issued in FY 2025. This potential issuance is included in the projection of debt service.

The Governor’s Budget contains a recommendation to appropriate \$35.0 million for the purpose of reducing existing outstanding debt obligations. Pending an evaluation and decision as to which specific outstanding issues shall be defeased, this five-year forecast includes a reduction of approximately \$4.5 million annually representing the amount saved from hypothetical 5 percent debt service compounded semi-annually for a ten-year amortization period.

Debt service associated with the School Construction Program bonds is a significant factor in this increase, as is the new \$400 million in general obligation bonds approved by voters on March 2, 2021. This growth is offset by decreases to debt service related to the Historic Preservation Tax Credit program and outstanding Certificates of Participation. Included throughout the forecast period is annual debt service of \$11.6 million to support \$144.0 million in authorized appropriations-backed debt to be issued by the State for the benefit of the Central Falls School District.

Disbursements for many capital projects are funded from the Rhode Island Capital Plan Fund, not general revenue, and therefore are not reflected in the five-year report as operating costs.

Financing of transportation infrastructure is a risk not accounted for in the outyear forecast. In FY 2023, and recommended in FY 2024, the budget includes appropriations of general revenue surplus into the Rhode Island Capital Plan Fund to pre-fund state match obligations for federal transportation funding. This has allowed the state to remain one to two years ahead of known obligations. However, shortfalls are still projected for transportation state match in later years of the forecast. Recently, a federal court decision declaring the state truck tolling program to be unconstitutional and ordering toll collections to cease has created an additional \$40 to \$45 million annual shortfall in state transportation funding. This deficiency is not accounted for in the five-year forecast. Resolving this issue will require some combination of continued general revenue support, revenue enhancements, expenditure reductions, borrowing, or other fiscal solutions in the coming years.

Risks

The potential for a recession in FY 2023 is the main risk to near-term revenue. The consensus economic forecast upon which the budget is based includes a mild, three-quarter recession starting at the end of CY 2023. While data for the fourth calendar quarter has yet to be released as of this writing, obvious signs of a recession have yet to emerge. However, there are numerous risks to the national and state economies. This includes persistent inflation, heightened energy prices caused by a prolonged war in Ukraine, continued supply chain disruptions, and a pullback in consumer spending due to worsening financial conditions. There is also the risk that federal fiscal or monetary policy will become a drag on the economy, such as through a debt ceiling crisis or the Federal Reserve raising interest rates too quickly.

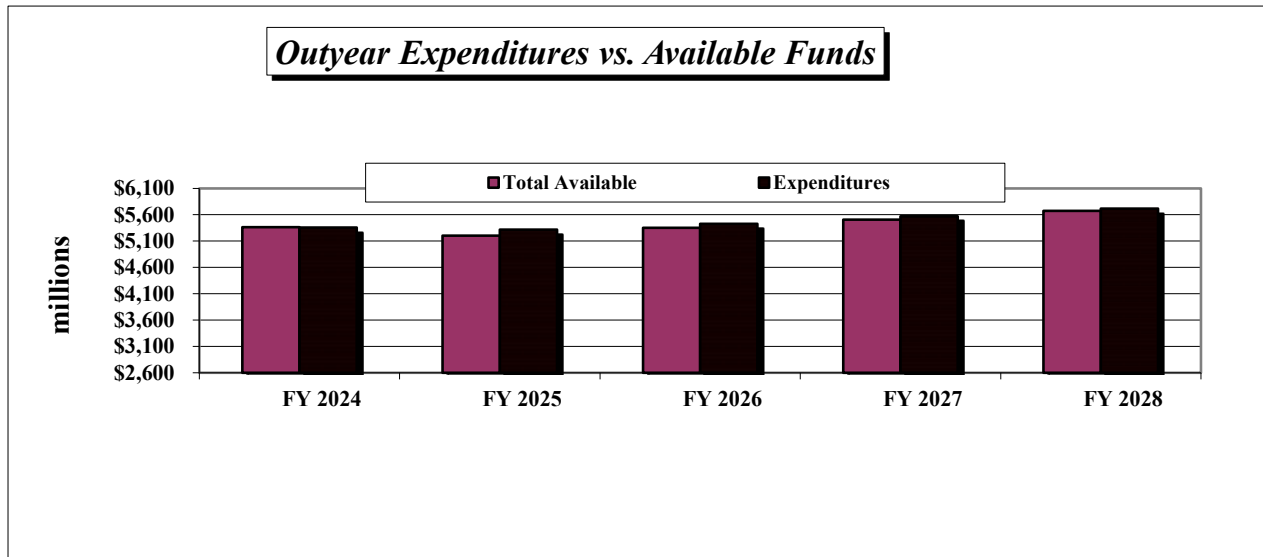
Inflation has proven especially difficult to forecast. Between the May 2022 Revenue Estimating Conference (REC) and the November 2022 REC, the FY 2023 inflation forecast was raised from 4.4 percent to 6.5 percent. The May forecast had inflation after FY 2023 averaging 2.0 percent per year, while the November forecast averages 2.4 percent per year. If significant inflation persists into FY 2024 and beyond, the risks to the economic outlook are sizeable

FY 2024 – FY 2028 OVERVIEW

It is also worth noting that general revenue collections in FY 2022 reached historic highs, especially for personal income tax. The revenue estimates from the November 2022 REC do assume some of this FY 2022 activity is one time, likely driven by extraordinary federal stimulus and strong market performance. But forecasting immediately after an outlier event is inherently difficult, and the five-year forecast may fail to account for possible retrenchment in revenue.

General Revenue Outyear Estimates FY 2024 - FY 2028

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Opening Surplus ⁽¹⁾	\$257.1	\$8.8	\$0.0	\$0.0	\$0.0
Plus					
Taxes and Departmental's Other	4,834.2	4,916.3	5,081.3	5,234.6	5,407.8
Sources (incl. Lottery) Budget	441.3	438.0	439.6	441.8	444.8
Stabilization Fund	(166.0)	(160.9)	(165.6)	(170.3)	(175.6)
Total Available	5,366.6	5,202.1	5,355.3	5,506.2	5,677.0
Minus Expenditures	5,357.8	5,318.2	5,428.3	5,570.8	5,717.2
Equals Ending Balance	\$8.8	(\$116.0)	(\$73.1)	(\$64.7)	(\$40.2)
<i>Operating Surplus or Deficit</i>	<i>(\$248.3)</i>	<i>(\$124.8)</i>	<i>(\$73.1)</i>	<i>(\$64.7)</i>	<i>(\$40.2)</i>
Budget & Cash Stabilization Balance	\$276.6	\$268.2	\$276.0	\$283.8	\$292.6
Rhode Island Capital Fund					
Capital Projects Disbursements	483.4	510.5	249.3	177.3	147.2



(1) Under the Rhode Island Constitution, the budget must be balanced each year, thus deficits in any given fiscal year cannot be carried forward to the ensuing fiscal year.

(2) FY 2024 Expenditure line includes an Intrafund Transfer of \$55.0 million.

General Revenue Outyear Estimates

	Gov Recommended FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Personal Income Tax	\$ 1,978,355,784	\$ 2,080,112,859	\$ 2,156,600,231	\$ 2,243,089,331	\$ 2,336,874,694
General Business Taxes:					
Business Corporations	260,175,124	255,863,438	270,848,740	287,035,419	304,105,015
Public Utilities	95,000,000	94,941,540	94,124,992	93,308,444	92,491,896
Financial Institutions	34,500,000	28,360,097	29,232,364	30,107,069	31,106,882
Insurance Companies	165,400,130	160,993,418	165,828,113	175,161,208	180,447,806
Bank Deposits	4,500,000	4,070,510	4,219,569	4,299,768	4,317,969
Health Care Provider	41,200,000	42,896,046	43,343,270	43,611,427	43,777,418
General Business Taxes	\$ 600,775,254	\$ 587,125,050	\$ 607,597,048	\$ 633,523,336	\$ 656,246,986
Sales and Use Taxes:					
Sales and Use	1,549,756,711	1,580,203,924	1,633,755,059	1,680,495,715	1,720,402,187
Motor Vehicle	-	-	-	-	-
Cigarettes	117,200,000	119,010,708	112,980,254	107,508,900	103,404,368
Alcohol	23,300,000	23,858,130	24,505,908	25,136,543	25,793,647
Controlled Substances	-	-	-	-	-
Sales and Use Taxes	\$ 1,690,256,711	\$ 1,723,072,763	\$ 1,771,241,221	\$ 1,813,141,158	\$ 1,849,600,202
Other Taxes:					
Estate and Transfer	47,000,000	43,471,085	44,576,868	45,678,115	46,764,800
Racing and Athletics	500,000	500,000	500,000	500,000	500,000
Realty Transfer Tax	21,000,000	22,776,707	23,885,192	24,901,453	25,531,943
Other Taxes	\$ 68,500,000	\$ 66,747,792	\$ 68,962,059	\$ 71,079,568	\$ 72,796,743
Total Taxes	\$ 4,337,887,749	\$ 4,457,058,464	\$ 4,604,400,560	\$ 4,760,833,392	\$ 4,915,518,625
Total Departmental Receipts	496,288,675	459,194,349	476,850,751	473,816,251	492,258,331
Taxes and Departmentals	\$ 4,834,176,424	\$ 4,916,252,813	\$ 5,081,251,311	\$ 5,234,649,643	\$ 5,407,776,956
Other Sources					
Other Miscellaneous	17,283,875	14,091,612	14,132,167	15,089,447	16,041,674
Lottery Commission Receipts	411,375,000	410,997,632	412,317,568	413,244,456	414,991,457
Unclaimed Property	12,600,000	12,896,936	13,179,520	13,473,286	13,772,963
Other Sources	\$ 441,258,875	\$ 437,986,180	\$ 439,629,255	\$ 441,807,189	\$ 444,806,095
Total General Revenues	\$ 5,275,435,299	\$ 5,354,238,993	\$ 5,520,880,566	\$ 5,676,456,832	\$ 5,852,583,051

General Revenue Outyear Estimates – Percentage Changes

	Gov Rec				
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Personal Income Tax	3.6%	5.1%	3.7%	4.0%	4.2%
General Business Taxes:					
Business Corporations	3.2%	-1.7%	5.9%	6.0%	5.9%
Public Utilities	45.3%	-0.1%	-0.9%	-0.9%	-0.9%
Financial Institutions	-11.3%	-17.8%	3.1%	3.0%	3.3%
Insurance Companies	-0.8%	-2.7%	3.0%	5.6%	3.0%
Bank Deposits	0.0%	-9.5%	3.7%	1.9%	0.4%
Health Care Provider	4.3%	4.1%	1.0%	0.6%	0.4%
General Business Taxes	6.0%	-2.3%	3.5%	4.3%	3.6%
Sales and Use Taxes:					
Sales and Use	-1.6%	2.0%	3.4%	2.9%	2.4%
Motor Vehicle	-100.0% *	*	*	*	
Cigarettes	-12.5%	1.5%	-5.1%	-4.8%	-3.8%
Alcohol	0.0%	2.4%	2.7%	2.6%	2.6%
Controlled Substances					
Sales and Use Taxes	-2.5%	1.9%	2.8%	2.4%	2.0%
Other Taxes:					
Estate and Transfer	-20.1%	-7.5%	2.5%	2.5%	2.4%
Racing and Athletics	0.0%	0.0%	0.0%	0.0%	0.0%
Realty Transfer Tax	0.0%	8.5%	4.9%	4.3%	2.5%
Other Taxes	-14.7%	-2.6%	3.3%	3.1%	2.4%
Total Taxes	1.1%	2.7%	3.3%	3.4%	3.2%
Total Departmental Receipts	7.0%	-7.5%	3.8%	-0.6%	3.9%
Taxes and Departmentals	1.7%	1.7%	3.4%	3.0%	3.3%
Other Sources					
Other Miscellaneous	-27.4%	-18.5%	0.3%	6.8%	6.3%
Lottery Commission Receipts	-1.7%	-0.1%	0.3%	0.2%	0.4%
Unclaimed Property	-10.0%	2.4%	2.2%	2.2%	2.2%
Other Sources	-3.3%	-0.7%	0.4%	0.5%	0.7%
Total General Revenues	1.2%	1.5%	3.1%	2.8%	3.1%

General Revenue Outyear Estimates – Expenditure Estimates

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
State Operations					
Personnel and Contract Services	\$1,238,820,000	\$1,269,880,000	\$1,302,310,000	\$1,335,280,000	\$1,369,110,000
Other State Operations/Capital	323,329,319	359,120,000	364,770,000	370,630,000	376,620,000
Impact of Initiatives/Other Changes	-	(108,610,000)	(117,410,000)	(118,290,000)	(126,590,000)
Subtotal	\$1,562,149,319	\$1,520,390,000	\$1,549,670,000	\$1,587,620,000	\$1,619,140,000
Grants and Benefits					
Executive Office of Health and Human Services & Department of Human Services					
Hospitals	118,860,000	121,680,000	125,140,000	128,970,000	133,500,000
Managed Care	666,920,000	683,220,000	697,950,000	711,830,000	725,730,000
Nursing Care	162,000,000	166,650,000	172,180,000	178,090,000	184,630,000
Home Care (HCBS)	57,690,000	60,310,000	63,290,000	66,500,000	69,990,000
Other Medicaid	74,860,000	92,080,000	94,060,000	95,930,000	97,800,000
Pharmacy	480,000	510,000	540,000	570,000	600,000
DEA Medicaid/CNOM	5,030,000	5,260,000	5,520,000	5,800,000	6,110,000
Cash Assistance- RIW/CCAP/GPA	10,210,000	10,450,000	10,680,000	39,560,000	76,670,000
Cash Assistance - SSI	17,110,000	17,190,000	17,280,000	17,370,000	17,450,000
Clawback	91,400,000	93,550,000	95,600,000	97,730,000	99,910,000
DSH	6,630,000	6,790,000	6,940,000	7,090,000	7,250,000
ACA- MA Population Expansion	87,510,000	89,650,000	91,580,000	93,400,000	95,230,000
Department of Children Youth & Families					
Children & Family Services	120,930,000	123,880,000	126,550,000	129,070,000	131,590,000
Department of Behavioral Healthcare, Developmental Disabilities & Hospitals					
Developmental Disabilities-Private	167,690,000	171,790,000	175,500,000	178,990,000	182,480,000
Rhode Island Promise Scholarship					
Promise 1.0 and Dual Enrollment	8,570,000	8,770,000	8,960,000	9,160,000	9,360,000
	4,800,000	7,800,000	8,000,000	8,000,000	8,000,000
Other Grants and Benefits					
	123,980,000	126,900,000	129,680,000	132,570,000	135,520,000
Subtotal	\$1,724,670,000	\$1,786,480,000	\$1,829,450,000	\$1,900,630,000	\$1,981,820,000
Local Aid					
Education Aid	1,438,609,406	1,438,370,907	1,464,857,177	1,491,207,761	1,519,702,042
Motor Vehicle Tax Reimbursements	234,710,000	245,050,000	251,240,000	259,400,000	266,520,000
PILOT	50,180,000	50,180,000	50,180,000	50,180,000	50,180,000
Distressed Communities	12,380,000	12,380,000	12,380,000	12,380,000	12,380,000
Library Aid	11,480,000	11,480,000	11,480,000	11,480,000	11,480,000
Library Construction Aid	2,120,000	2,120,000	2,120,000	2,120,000	2,120,000
Property Revaluation Prgm	910,000	1,730,000	710,000	940,000	1,400,000
Central Falls Pension Plan	260,000	260,000	260,000	260,000	260,000
Subtotal	\$1,750,649,406	\$1,761,570,907	\$1,793,227,177	\$1,827,967,761	\$1,864,042,042
Capital					
<i>Debt Service</i>					
General Obligation	177,800,000	183,760,000	201,050,000	202,040,000	201,630,000
Central Falls School Project	13,360,000	11,560,000	11,550,000	11,550,000	11,560,000
Historic Tax Credit Program	19,410,000	9,890,000	9,900,000	9,890,000	9,900,000
EDC Job Creation Guaranty/Other	3,560,000	3,620,000	3,680,000	3,750,000	3,820,000
COPS/Other Leases	24,430,000	19,890,000	8,780,000	8,030,000	6,880,000
Convention Center Debt	25,800,000	24,510,000	24,510,000	22,850,000	22,850,000
Performance Based	950,000	950,000	950,000	950,000	0
Pre-Payment Debt Service Savings	0	(4,460,000)	(4,460,000)	(4,460,000)	(4,460,000)
Subtotal	\$265,310,000	\$249,720,000	\$255,960,000	\$254,600,000	\$252,180,000
Expenditures	\$5,302,778,725	\$5,318,160,907	\$5,428,307,177	\$5,570,817,761	\$5,717,182,042

General Revenue Outyear Planning Values

Estimates and Growth	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Personal Income (billions) [1]	\$75.1	\$78.6	\$82.2	\$85.7	\$89.4
<i>Change</i>	3.9%	4.7%	4.6%	4.3%	4.2%
Nonfarm Employment (thousands) [1]	492.3	495.9	498.8	500.6	501.5
<i>Change</i>	-1.0%	0.7%	0.6%	0.4%	0.2%
CPI-U (U.S.) [1]	2.9%	2.4%	2.2%	2.2%	2.2%
Personal Income Tax [2]	3.6%	5.1%	3.7%	4.0%	4.2%
Business Corporations Tax [2]	3.2%	-1.7%	5.9%	6.0%	5.9%
Provider Tax [2]	4.3%	4.1%	1.0%	0.6%	0.4%
Sales Tax [2]	-1.6%	2.0%	3.4%	2.9%	2.4%
Other Taxes and Departmentals [3]	2.7%	-4.7%	2.0%	0.4%	2.3%
Salaries and Fringe Benefits					
Salary COLA/Steps/Longevity [7]	5.41%	4.86%	4.69%	4.73%	4.72%
Medical Benefits Cost Growth [12]	5.38%	5.85%	6.25%	5.75%	5.50%
Retiree Health Rates [8]	4.52%	4.52%	4.52%	4.52%	4.52%
State Employees Retirement Rates [9]	28.97%	28.54%	28.46%	28.33%	28.25%
Home Health Care					
Expenditure Growth [4]	5.00%	4.53%	4.95%	5.06%	5.25%
Nursing Home Care					
Expenditure Growth [5]	3.71%	2.87%	3.32%	3.43%	3.67%
Managed Care					
Expenditure Growth [6]	2.91%	2.44%	2.16%	1.99%	1.95%
Other Medicaid					
Expenditure Growth [6]	2.91%	2.44%	2.16%	1.99%	1.95%
DCYF Services					
Expenditure Growth [6]	2.91%	2.44%	2.16%	1.99%	1.95%
BHDDH- DD					
Expenditure Growth [6]	2.91%	2.44%	2.16%	1.99%	1.95%
Pharmacy					
Expenditure Growth [10]	8.32%	6.05%	6.02%	6.12%	6.28%
Hospital Care					
Expenditure Growth [11]	1.46%	2.40%	5.03%	5.76%	7.53%

[1] November 2022 Consensus Economic Forecast based on IHS Market Rhode Island Forecast adopted at the November 2022 REC.

[2] Growth in estimates for FY 2024 as adopted at the November 2022 REC, inclusive of the Governor's proposals, Budget Office estimated growth for FY 2025 - FY 2028.

[3] Growth in estimates for FY 2024 as adopted at the November 2022 REC for total general revenues inclusive of the Governor's proposals, excluding personal income taxes, business corporations tax, health care provider assessment, sales and use tax and other sources.

[4] CMS National Health Expenditure Projections, July 2021, Home Health Care: State Medicaid

[5] CMS National Health Expenditure Projections, July 2021, Nursing Home Care: State Medicaid

[6] CMS National Health Expenditure Projections, July 2021, National Health Expenditures- Private Health Insurance as proxy with 50 percent policy adjustment

[7] Personnel Growth based on CPI-U and COLA adjustment of 2.5% in FY 2024 (annualized) as recently ratified.

[8] State of Rhode Island Budget Office Estimate consistent with current actuarial rate.

[9] Estimate of actuarially required contribution based upon a % of payroll (GRS Valuation Report, Dec. 2022)

[10] CMS National Health Expenditure Projections, July 2021, Prescription Drugs: State Medicaid

[11] CMS National Health Expenditure Projections, July 2021, Hospital Care: State Medicaid

[12] Segal Projected Medical/Rx, Dental, and Vision Rate Supplemental Projections, December 2022, Employer contributions to private health insurance premiums.

EXECUTIVE SUMMARY
APPENDIX C
STATEWIDE
PERSONNEL SUMMARY

Personnel Agency Summary

Statewide Summary

	FY 2023		FY 2024	
	FTE	Cost	FTE	Cost
Classified	9,396.4	673,170,076	9,510.4	704,743,223
Non-Classified	3,480.3	319,156,548	3,497.3	328,604,877
Unclassified	2,586.8	228,098,148	2,583.8	237,000,794
Subtotal	15,463.5	1,220,424,772	15,591.5	1,270,348,894
Transfer Out		(2,698,961)		(3,335,341)
Transfer In		2,698,961		3,335,341
Salaries Adjustment		5,149,680		5,224,968
Overtime		74,943,184		48,416,492
Correctional Officers' Briefing		1,680,603		1,680,603
Seasonal/Special Salaries/Wages		102,952,210		106,696,733
Turnover		(54,698,184)		(48,083,698)
Total Salaries		1,350,452,265		1,384,283,992
Benefits				
Contract Reserve		35,000,000		15,000,000
Contract Stipends		17,172,867		5,956,242
FICA		92,194,512		93,345,273
Health Benefits		213,999,204		228,582,684
Holiday		7,823,141		7,344,186
Other		8,646,562		9,775,873
Payroll Accrual		0		6,572,096
Retiree Health		47,361,268		50,027,071
Retirement		295,137,028		318,179,280
Workers Compensation		276,101		276,962
Subtotal		717,610,683		735,059,667
Total Salaries and Benefits	15,463.5	2,068,062,948	15,591.5	2,119,343,659
Cost Per FTE Position (Excluding Temporary and Seasonal)		133,747		135,938
Statewide Benefit Assessment		44,614,842		46,068,368
Payroll Costs	15,463.5	2,112,677,790	15,591.5	2,165,412,027
Purchased Services				
Buildings and Ground Maintenance		14,882,006		13,714,611
Clerical and Temporary Services		32,344,370		12,328,692
Design and Engineering Services		71,313,655		70,171,770
Information Technology		139,011,790		110,247,680
Legal Services		10,074,579		11,239,783
Management & Consultant Services		137,058,313		173,884,467
Medical Services		34,172,428		25,808,124
Other Contracts		35,668,162		30,946,244
Training and Educational Services		121,669,023		107,496,536
University and College Services		23,317,509		21,833,838
Subtotal		619,511,835		577,671,745
Total Personnel	15,463.5	2,732,189,625	15,591.5	2,743,083,772
Distribution by Source of Funds				
General Revenue	8,379.4	1,227,751,290	8,495.4	1,254,388,397
Federal Funds	1,176.1	653,119,380	1,189.1	632,452,640
Restricted Receipts	478.4	193,225,308	479.4	198,926,175
Operating Transfers from Other Funds	15.0	8,372,653	15.0	8,762,767
Other Funds	5,414.6	649,720,994	5,412.6	648,553,793
Total All Funds	15,463.5	2,732,189,625	15,591.5	2,743,083,772

EXECUTIVE SUMMARY

APPENDIX D

AID TO CITIES &

TOWNS

FORMULA AID TO CITIES AND TOWNS

The Payment-in-Lieu-of-Taxes (PILOT) program reimburses communities for up to 27.0 percent of what they would have collected in property taxes from certain designated tax-exempt property (subject to appropriation). The revised FY 2023 Budget provides \$48.4 million for PILOT, a level equal to the enacted FY 2023 Budget, and PILOT is funded at \$50.2 million in the FY 2024 recommendation; in both years the rate is 27.0 percent. Data used to determine distribution amounts is updated annually to reflect the most recent data. The FY 2024 PILOT distributions for each eligible municipality are not yet available. The Department of Revenue Division of Municipal Finance is reviewing municipal PILOT submissions for eligibility as required by R.I.G.L. § 45-13-5.1 and/or valuation per R.I.G.L. § 45-13-5.2, which may result in significant changes to the distribution for all eligible PILOT communities.

The Distressed Communities Relief Fund provides state assistance to municipalities with the highest property tax burdens relative to the wealth of taxpayers. Municipalities are eligible if they meet a statutorily determined distress test in three of four categories. The revised FY 2023 Budget provides \$12.4 million for the program, a level equal to the enacted FY 2023 Budget, and the program is funded at \$12.4 million in the FY 2024 recommendation.

The Property Valuation Statistical Update Program partially reimburses cities and towns for legislatively mandated real property valuation statistical updates on a per parcel basis. The revised FY 2023 Budget funds the program at \$620,163, which is an increase of \$205,216 over the enacted FY 2023 Budget due to reappropriating funding not spent in FY 2022. The proposed FY 2024 Budget funds the program at \$906,329 for the estimated cost of reimbursement, which will be updated as communities' contracts for statistical update services are received.

Funding for Aid to Local Libraries is financed at \$11.0 million in the revised FY 2023 Budget, and at \$11.5 million in the proposed FY 2024 Budget. In addition, funding for library construction aid is provided at \$1.9 million in the revised FY 2023 Budget and \$2.1 million in the proposed FY 2024 Budget to finance anticipated debt service or construction reimbursement obligations under this program.

The 1998 General Assembly enacted the **Motor Vehicle Excise Tax Phase-Out** legislation to phase out the excise tax on motor vehicles and trailers over an original seven-year period. There have been various changes to the legislation since its inception. For FY 2011 through FY 2017, the General Assembly enacted legislation that mandated a \$500 exemption for which the State reimbursed municipalities an amount subject to appropriation. The legislation further allowed municipalities to provide an additional exemption; however, that additional exemption was not subject to reimbursement. It also allowed for rates and ratios of assessment to be lowered.

The 2017 General Assembly again enacted legislation to phase-out the motor vehicle excise tax. Under this new legislation, the tax would be fully repealed in FY 2024. Cities and towns, as well as eligible fire districts would be reimbursed for lost revenues by the State. State reimbursement is calculated as the difference between the FY 2018 base line (determined as the FY 2018 motor vehicle excise tax levy as calculated using the motor vehicle excise tax calculation methodology that existed in FY 2017) and the motor vehicle excise tax levy is calculated as the difference between the FY 2018 baseline levy and the tax levy generated in any given year, with the appropriate phaseout parameters applied.

The Motor Vehicle Excise Tax Phase-Out is financed at \$231.0 million in the revised FY 2023 budget, which matches the enacted level. The FY 2024 recommendation provides full funding for the Motor Vehicle Excise Tax Phase-Out. The base reimbursement for each municipality is its share of the \$10.0 million of aggregate reimbursement aid appropriated in FY 2017. In addition, the proposed FY 2024 Budget would provide \$224.7 million to municipalities as well as eligible fire districts.

Municipal COVID-19 Response Fund The federal Coronavirus Relief Fund, established under the Coronavirus Aid, Relief, and Economic Security Act, includes funds for the State to use to pay costs incurred by December 30, 2020 in responding to the COVID-19 public health emergency. In recognition

FORMULA AID TO CITIES AND TOWNS

of the burden that the public health emergency has placed on local governments, a Municipal COVID-19 Response Fund was created to provide municipalities with Coronavirus Relief Fund funds. The Municipal COVID-19 Response Fund, administered by the Department of Revenue, is designed to distribute up to \$136,528,120, subject to appropriation, to municipalities to reimburse them for eligible COVID-19 response costs incurred between March 1, 2020 and December 30, 2020. As a condition of participation in the Municipal Fund program, municipalities are required to comply with all federal laws, regulations, and terms and conditions applicable to the receipt of federal funds. Municipal COVID-19 Response Fund funds are distributed in accordance with P.L. 2021, Chapter 80, art. 1, §1.

The Public Service Corporation Tax is for certain tangible personal property of telegraph, cable and telecommunications corporations and express corporations that is exempt from local taxation, and instead is subject to taxation by the State. The revenue from this tax flows through the State (it is not appropriated by the State). The revenues (apart from some administrative expenses) are apportioned to the cities and towns based on the ratio of each municipality's population relative to the total population of Rhode Island. The disbursements for revised FY 2023 Budget totaled \$13.1 million, and proposed FY 2024 Budget disbursements are estimated to be \$13.1 million as well.

The 1986 General Assembly enacted the **State Hotel Tax**, a five percent tax upon the total consideration charged for occupancy of any space furnished by any hotel in the state. Twenty-five percent of the revenues generated from the state 5.0 percent hotel tax are distributed to the municipalities where the individual hotels are located. Furthermore, the 2004 General Assembly enacted a local one percent hotel tax on the total consideration charged for occupancy of any space furnished by a hotel of the state. The taxes are collected by the Division of Taxation and the City of Newport and are distributed at least quarterly to the city or town where the hotel was located.

For the revised FY 2023 Budget, a combined amount of state and local hotel tax revenue is estimated at \$13.8 million. For the proposed FY 2024 Budget, the combined state and local hotel tax amount is estimated to be \$14.0 million. Effective July 1, 2015, the hotel tax base was expanded to include the rental of rooms by online travel companies and hosting platforms, and the rental of vacation homes by realtors and home owners. The rental of rooms by online travel companies and via hosting platforms is subject to the state 5.0 percent hotel tax and the local 1.0 percent hotel tax while the rental of vacation homes by realtors and home owners is only subject to the local 1.0 percent hotel tax.

The 2003 General Assembly enacted the **Local Meals and Beverage Tax**, a one percent additional tax on gross receipts from the sale of food and beverages sold in or delivered from eating and drinking establishments. The tax is collected by the Division of Taxation and then distributed back to the city or town in which the meals and beverages were consumed or delivered. Distributions under this tax are projected to total \$35.7 million in the revised FY 2023 Budget and \$37.7 million in the proposed FY 2024 Budget.

SUMMARY OF FORMULA AID TO CITIES AND TOWNS

	FY 2021 Actual	FY 2022 Final Enacted	FY 2023 Revised	FY 2024 Recommended
Public Service Corporation Tax	13,159,804	12,591,223	13,104,333	13,104,333
Meals and Beverage Tax	24,314,187	31,830,459	35,700,599	37,665,625
Hotel Tax (2.25%)	6,286,476	11,288,727	13,753,513	14,003,106
Payment In Lieu of Taxes (PILOT)	19,203,960	46,089,504	48,433,591	50,180,167
Total Miscellaneous Aid	\$62,964,427	\$101,799,913	\$110,992,036	\$114,953,231
Dist. Comm. - General Appropriation	2,580,095	12,384,458	12,384,458	12,384,458
Total Distressed Communities Aid	\$2,580,095	\$12,384,458	\$12,384,458	\$12,384,458
Motor Vehicle Tax Phase-out Program ¹	37,635,609	129,696,664	230,954,881	234,712,307
Total Motor Vehicle Tax Phase-out Prog.	\$37,635,609	\$129,696,664	\$230,954,881	\$234,712,307
Municipal COVID-19 Response Fund	136,528,120	-	-	-
Total Municipal COVID-19 Response Fund	\$136,528,120	\$0	\$0	\$0
Subtotal Formula Aid - All Sources	\$239,708,251	\$243,881,035	\$354,331,375	\$362,049,996
Percent Change from prior year	21.85%	1.74%	45.29%	2.18%
Resource Sharing & Library Aid ²	9,562,072	9,562,072	10,991,049	11,475,314
Library Construction Aid	2,702,866	2,102,866	1,859,673	2,118,554
Total Library Aid	\$12,264,938	\$11,664,938	\$12,850,722	\$13,593,868
Property Revaluation Program	853,931	1,503,677	620,163	906,329
Total Other Aid	\$853,931	\$1,503,677	\$620,163	\$906,329
Total Aid	\$252,827,120	\$257,049,650	\$367,802,260	\$376,550,193
Percent Change from prior year	21.08%	1.67%	43.09%	2.38%

¹ Amounts for the Motor Vehicle Excise Tax represent final payments due each community based upon the exemption amounts in effect for the given fiscal year. Actual cash payments may have occurred over multiple fiscal years.

² Resource Sharing and Library Aid for state institutions is included in these totals.

Fiscal Year 2023 Revised State Aid to Cities and Towns

City or Town	Payment In Lieu of Tax Exempt Property	Distressed Community Relief Fund	State Library Aid ⁽²⁾	Motor Vehicle Excise Tax Reimbursement Base Amount	Motor Vehicle Phase Out Reimbursement ⁽¹⁾	Motor Vehicle Excise Tax Total Reimbursement ⁽¹⁾	FY 2022 Total Appropriated State Aid
Barrington	18,133		327,745	221,581	5,673,241	5,894,822	6,240,700
Bristol	1,408,285		220,836	109,436	2,796,382	2,905,818	4,534,939
Burrillville	105,242		202,102	207,065	4,846,868	5,053,933	5,361,277
Central Falls		235,462	36,645	102,184	1,975,790	2,077,974	2,350,082
Charlestown			64,396	44,815	976,062	1,020,877	1,085,273
Coventry			224,402	251,244	5,621,151	5,872,396	6,096,797
Cranston	5,004,163	1,342,778	781,617	1,042,441	21,269,806	22,312,247	29,440,805
Cumberland			337,599	253,650	5,819,819	6,073,469	6,411,068
East Greenwich	774,131		135,464	84,112	2,333,221	2,417,332	3,326,928
East Providence	282,016		513,132	516,914	6,686,693	7,203,608	7,998,755
Exeter			57,313	93,419	2,147,962	2,241,381	2,298,694
Foster			39,461	74,174	1,578,077	1,652,251	1,691,712
Glocester			95,338	104,711	2,277,231	2,381,941	2,477,279
Hopkinton			42,139	72,384	1,556,875	1,629,259	1,671,398
Jamestown			128,801	22,334	600,459	622,793	751,594
Johnston			131,840	437,352	9,945,432	10,382,785	10,514,625
Lincoln			234,360	206,198	5,476,818	5,683,015	5,917,375
Little Compton			43,716	13,465	353,311	366,775	410,492
Middletown			168,217	76,147	1,900,301	1,976,448	2,144,665
Narragansett			100,000	61,720	1,769,531	1,831,251	1,931,251
Newport	1,688,961		486,280	80,642	2,143,029	2,223,671	4,398,912
New Shoreham			97,282	6,910	156,388	163,298	260,580
North Kingstown	1,149		345,378	192,589	5,186,229	5,378,818	5,725,344
North Providence		1,075,446	240,904	393,779	9,225,507	9,619,286	10,935,636
North Smithfield			95,323	183,264	4,215,266	4,398,531	4,493,854
Pawtucket	3,061	1,651,225	385,419	821,285	15,674,222	16,495,506	18,535,211
Portsmouth			132,188	94,646	2,319,596	2,414,242	2,546,430
Providence	35,772,362	6,171,331	1,516,635	1,620,464	32,511,132	34,131,596	77,591,924
Richmond			31,429	66,710	1,381,745	1,448,455	1,479,884
Scituate			129,909	71,269	1,905,858	1,977,127	2,107,036
Smithfield	910,957		363,908	267,692	6,831,002	7,098,694	8,373,559
South Kingstown	217,065		262,022	142,445	3,788,010	3,930,455	4,409,542
Tiverton			146,250	62,598	1,685,576	1,748,175	1,894,425
Warren			76,680	94,349	1,996,562	2,090,911	2,167,590
Warwick	1,578,435		735,072	1,013,712	24,232,542	25,246,254	27,559,761
Westerly	197,328		411,306	220,009	5,545,514	5,765,523	6,374,156
West Greenwich			56,285	55,996	1,275,729	1,331,725	1,388,010
West Warwick		1,063,602	203,446	238,429	5,435,315	5,673,744	6,940,792
Woonsocket	472,304	844,614	226,504	377,867	8,946,910	9,324,776	10,868,197
Subtotal	48,433,591	\$12,384,458	\$9,827,339	\$10,000,000	\$220,061,164	\$230,061,164	\$300,706,552
Motor Vehicle Phase Out Reimbursement - Fire Districts					421,271	421,271	421,271
Supplemental Motor Vehicle Aid (1)					473,787	473,787	473,787
Statewide Reference Library Resource Grant			1,101,101				1,101,101
Grant-In-Aid to Institutional Libraries			62,609				62,609
Library Construction Reimbursement			1,859,673				1,859,673
Total	\$48,433,591	\$12,384,458	\$12,850,722	\$10,000,000	\$220,956,222	\$230,956,222	\$304,624,994

(1) The base motor vehicle distribution is \$10 million. The state's FY 2023 motor vehicle phase-out reimbursement corresponds with the FY 2023 local fiscal year for all communities except for the City of East Providence for which it corresponds with their local FY 2022. Effective July 1, 2022, with the exception of East Providence, all municipalities and fire districts may no longer tax motor vehicles and will instead receive reimbursement from the state in the amount of their FY 2018 Baseline Levy. In addition, for any community that the department of revenue certifies that their budgeted motor vehicle levy for the assessment date 12/31/21 was in excess of its FY 2023 reimbursement amount will receive an additional amount equal to that difference. Any fire district reimbursement amounts outstanding as of the FY 23 budget enactment (\$135,357) have been distributed.

(2) In addition to Library Aid, federal Coronavirus Relief Funds via the American Rescue Plan Act were provided to cities, towns, and in some cases directly to libraries in varying amounts totaling \$511,670 statewide.

Fiscal Year 2023 Revised Pass Through Aid to Cities & Towns

City or Town	Public Service Corporation Tax ⁽¹⁾	Hotel Tax ⁽²⁾ ⁽³⁾	Meals and Beverage Tax ⁽³⁾	FY 2022 Total Shared Taxes State Aid	FY 2022 Total Shared & Appropriated Aid
Barrington	199,439	4,768	181,559	385,766	6,626,466
Bristol	273,410	96,880	612,963	983,253	5,518,192
Burrillville	206,687	257	256,063	463,007	5,824,284
Central Falls	240,792	469	194,559	435,820	2,785,902
Charlestown	97,025	86,232	213,768	397,025	1,482,298
Coventry	430,457	126,066	580,904	1,137,427	7,234,224
Cranston	1,006,575	52,302	2,536,967	3,595,845	33,036,649
Cumberland	433,343	987	669,733	1,104,063	7,515,130
East Greenwich	162,262	3,594	892,418	1,058,274	4,385,201
East Providence	587,726	89,205	1,325,140	2,002,072	10,000,827
Exeter	83,138	442	146,550	230,130	2,528,824
Foster	58,498	2,053	25,235	85,786	1,777,498
Glocester	126,386	4,732	101,846	232,964	2,710,243
Hopkinton	100,469	2,973	66,997	170,440	1,841,838
Jamestown	68,061	50,996	97,464	216,521	968,115
Johnston	363,300	14,068	939,424	1,316,792	11,831,417
Lincoln	269,979	172,131	928,460	1,370,570	7,287,945
Little Compton	43,310	36,714	66,136	146,159	556,651
Middletown	197,990	1,522,511	986,928	2,707,430	4,852,095
Narragansett	191,412	383,109	871,282	1,445,803	3,377,054
Newport	305,954	3,724,083	3,113,674	7,143,712	11,542,624
New Shoreham	10,790	825,105	509,693	1,345,588	1,606,169
North Kingstown	325,676	162,516	804,811	1,293,004	7,018,348
North Providence	403,017	4,584	560,737	968,339	11,903,974
North Smithfield	154,581	5,229	418,056	577,866	5,071,720
Pawtucket	889,741	125,349	1,251,099	2,266,189	20,801,400
Portsmouth	214,714	34,725	370,728	620,167	3,166,598
Providence	2,223,355	2,466,498	7,212,914	11,902,767	89,494,691
Richmond	95,675	23,059	189,594	308,327	1,788,211
Scituate	132,171	10,079	87,794	230,044	2,337,080
Smithfield	269,260	230,731	1,077,156	1,577,147	9,950,706
South Kingstown	379,714	307,426	1,164,114	1,851,254	6,260,796
Tiverton	194,868	21,438	380,928	597,234	2,491,659
Warren	129,780	2,589	434,447	566,816	2,734,406
Warwick	1,003,986	1,488,066	3,796,062	6,288,113	33,847,874
Westerly	278,749	1,246,976	1,203,461	2,729,186	9,103,342
West Greenwich	78,009	166,157	160,829	404,995	1,793,005
West Warwick	358,481	181,490	523,396	1,063,366	8,004,158
Woonsocket	515,552	76,923	746,709	1,339,184	12,207,381
Subtotal	13,104,333	\$13,753,513	\$35,700,599	\$62,558,444	\$363,264,997
Motor Vehicle Phase Out Reimbursement - Fire Districts					421,271
Supplemental Motor Vehicle Aid					473,787
Statewide Reference Library Resource Grant (Providence)					1,101,101
Grant-In-Aid to Institutional Libraries					62,609
Library Construction Reimbursement					1,859,673
Total	\$13,104,333	\$13,753,513	\$35,700,599	\$62,558,444	\$367,183,438

(1) Based on actual declarations received in the spring of 2022

(2) Amount includes 1.0% local tax and 25.0% local share of state 5.0% tax on traditional lodging rentals, lodging rentals by room resellers and hosting platforms, and vacation rentals by homeowners and realtors

(3) Hotel Tax and Meals & Beverage Tax are estimated and subject to change.

Fiscal Year 2024 Proposed State Aid to Cities and Towns

City or Town	Payment In Lieu of Tax Exempt Property ⁽²⁾	Distressed Community Relief Fund ⁽³⁾	State Library Aid	Motor Vehicle Excise Tax Reimbursement Base Amount	Motor Vehicle Phase Out Reimbursement	Motor Vehicle Excise Tax Total Reimbursement ⁽¹⁾	FY 2023 Total Appropriated State Aid
Barrington			379,347	221,581	5,673,241	5,894,822	6,274,169
Bristol			206,100	109,436	2,796,382	2,905,818	3,111,917
Burrillville			224,266	207,065	4,846,868	5,053,933	5,278,198
Central Falls		263,947	36,917	102,184	1,975,790	2,077,974	2,378,839
Charlestown			64,266	44,815	976,062	1,020,877	1,085,143
Coventry			251,550	251,244	5,621,151	5,872,396	6,123,945
Cranston			797,557	1,042,441	21,269,806	22,312,247	23,109,804
Cumberland			353,926	253,650	5,819,819	6,073,469	6,427,395
East Greenwich			149,839	84,112	2,333,221	2,417,332	2,567,171
East Providence			445,181	516,914	10,916,564	11,433,479	11,878,659
Exeter			56,782	93,419	2,147,962	2,241,381	2,298,163
Foster			41,835	74,174	1,578,077	1,652,251	1,694,087
Glocester			95,338	104,711	2,277,231	2,381,941	2,477,279
Hopkinton			44,300	72,384	1,556,875	1,629,259	1,673,559
Jamesstown			120,781	22,334	600,459	622,793	743,574
Johnston			133,453	437,352	9,945,432	10,382,785	10,516,238
Lincoln			259,616	206,198	5,476,818	5,683,015	5,942,631
Little Compton			42,594	13,465	353,311	366,775	409,369
Middletown			180,903	76,147	1,900,301	1,976,448	2,157,351
Narragansett			210,276	61,720	1,769,531	1,831,251	2,041,527
Newport			486,394	80,642	2,143,029	2,223,671	2,710,065
New Shoreham			108,269	6,910	156,388	163,298	271,567
North Kingstown			353,799	192,589	5,186,229	5,378,818	5,732,617
North Providence		1,168,448	246,714	393,779	9,225,507	9,619,286	11,034,448
North Smithfield			95,325	183,264	4,215,266	4,398,531	4,493,856
Pawtucket		1,799,105	474,735	821,285	15,674,222	16,495,506	18,769,346
Portsmouth			134,841	94,646	2,319,596	2,414,242	2,549,083
Providence		7,069,428	1,551,521	1,620,464	32,511,132	34,131,596	42,752,545
Richmond			32,206	66,710	1,381,745	1,448,455	1,480,661
Scituate			133,807	71,269	1,905,858	1,977,127	2,110,934
Smithfield			363,925	267,692	6,831,002	7,098,694	7,462,619
South Kingstown			258,400	142,445	3,788,010	3,930,455	4,188,855
Tiverton			147,750	62,598	1,685,576	1,748,175	1,895,925
Warren			73,963	94,349	1,996,562	2,090,911	2,164,873
Warwick			778,781	1,013,712	24,232,542	25,246,254	26,025,035
Westerly			441,250	220,009	5,545,514	5,765,523	6,206,773
West Greenwich			61,668	55,996	1,275,729	1,331,725	1,393,393
West Warwick		1,167,490	201,979	238,429	5,435,315	5,673,744	7,043,212
Woonsocket		916,041	240,870	377,867	8,946,910	9,324,776	10,481,687
Subtotal		\$12,384,458	\$10,281,019	\$10,000,000	\$224,291,035	\$234,291,035	\$256,956,512
Payment In Lieu of Taxes (PILOT) Reimbursement (2)	50,180,167						50,180,167
Motor Vehicle Phase Out Reimbursement - Fire Districts					421,271	421,271	421,271
Statewide Reference Library Resource Grant			1,123,123				1,123,123
Grant-In-Aid to Institutional Libraries			71,172				71,172
Library Construction Reimbursement			2,118,554				2,118,554
Total	\$50,180,167	\$12,384,458	\$13,593,868	\$10,000,000	\$224,712,307	\$234,712,307	\$310,870,800

(1) The base motor vehicle distribution is \$10 million. The additional amount of \$224.3 million in Motor Vehicle Phase-Out Reimbursement in FY 2024 is due to municipalities under the Governor's Proposed budget for the continuation of the motor vehicle phase-out under current law. An additional amount of \$421,271 will be provided to the fire districts in the Town of Lincoln for the motor vehicle phase-out.

(2) The PILOT reimbursement amount shown here is an estimate and is subject to change. The amount identified under Payment In Lieu of Taxes (PILOT) Reimbursement will be allocated upon finalization subject to Rhode Island General Laws 42-11-2.9.

(3) The Distressed Community Relief Fund distribution shown here is an estimate and is subject to change.

Fiscal Year 2024 Proposed Pass Through Aid to Cities & Towns

City or Town	Public Service Corporation Tax ⁽¹⁾	Hotel Tax ⁽²⁾	Meals and Beverage Tax ⁽³⁾	FY 2023 Total Shared Taxes State Aid	FY 2023 Total Shared & Appropriated Aid
Barrington	199,439	5,161	191,552	396,153	6,670,321
Bristol	273,410	98,866	646,702	1,018,978	4,130,895
Burrillville	206,687	278	270,157	477,122	5,755,321
Central Falls	240,792	508	205,268	446,567	2,825,406
Charlestown	97,025	91,961	225,535	414,521	1,499,664
Coventry	430,457	127,526	612,878	1,170,861	7,294,807
Cranston	1,006,575	53,344	2,676,606	3,736,525	26,846,329
Cumberland	433,343	1,068	706,596	1,141,007	7,568,403
East Greenwich	162,262	3,830	941,538	1,107,631	3,674,802
East Providence	587,726	90,672	1,398,079	2,076,477	13,955,136
Exeter	83,138	479	154,616	238,233	2,536,396
Foster	58,498	2,086	26,624	87,208	1,781,294
Glocester	126,386	4,826	107,452	238,663	2,715,943
Hopkinton	100,469	3,127	70,685	174,281	1,847,841
Jamestown	68,061	54,506	102,829	225,397	968,971
Johnston	363,300	14,257	991,132	1,368,689	11,884,927
Lincoln	269,979	173,927	979,564	1,423,469	7,366,100
Little Compton	43,310	38,763	69,776	151,848	561,217
Middletown	197,990	1,545,749	1,041,251	2,784,989	4,942,341
Narragansett	191,412	400,791	919,239	1,511,442	3,552,968
Newport	305,954	3,781,685	3,285,057	7,372,696	10,082,761
New Shoreham	10,790	855,114	537,747	1,403,651	1,675,218
North Kingstown	325,676	166,894	849,110	1,341,680	7,074,297
North Providence	403,017	4,963	591,602	999,581	12,034,029
North Smithfield	154,581	5,313	441,066	600,960	5,094,816
Pawtucket	889,741	127,036	1,319,962	2,336,739	21,106,085
Portsmouth	214,714	36,613	391,133	642,461	3,191,544
Providence	2,223,355	2,503,041	7,609,925	12,336,322	55,088,867
Richmond	95,675	23,963	200,029	319,667	1,800,328
Scituate	132,171	10,222	92,626	235,019	2,345,953
Smithfield	269,260	233,246	1,136,445	1,638,951	9,101,570
South Kingstown	379,714	314,814	1,228,189	1,922,717	6,111,572
Tiverton	194,868	22,497	401,895	619,259	2,515,184
Warren	129,780	2,802	458,360	590,942	2,755,816
Warwick	1,003,986	1,506,307	4,005,004	6,515,297	32,540,332
Westerly	278,749	1,267,553	1,269,701	2,816,004	9,022,776
West Greenwich	78,009	167,939	169,681	415,629	1,809,022
West Warwick	358,481	183,496	552,204	1,094,181	8,137,392
Woonsocket	515,552	77,883	787,809	1,381,245	11,862,932
Subtotal	\$13,104,333	\$14,003,106	\$37,665,625	\$64,773,064	\$321,729,576
Payment In Lieu of Taxes (PILOT) Reimbursement					50,180,167
Motor Vehicle Phase Out Reimbursement - Fire Districts					421,271
Statewide Reference Library Resource Grant (Providence)					1,123,123
Grant-In-Aid to Institutional Libraries					71,172
Library Construction Reimbursement					2,118,554
Total	\$13,104,333	\$14,003,106	\$37,665,625	\$64,773,064	\$375,643,864

(1) Public Service Corporation Tax is an estimate is based on the FY 2023 Revised distribution. The FY 2024 distribution will be updated after actual declarations are received and processed in the spring of 2023.

(2) Amount includes 1.0% local tax and 25.0% local share of state 5.0% tax on traditional hotel rentals as well as the rental of rooms or residential dwellings via room resellers, hosting platforms, realtors, and homeowners.

(3) Hotel Tax and Meals & Beverage Tax distributions are estimated and subject to change.

Changes in Formula Aid - FY 2024 Proposed vs. FY 2023 Revised

City or Town	Payment In Lieu of Tax Exempt Property	Distressed Community Relief Fund	State Library Aid	Motor Vehicle Excise Tax Reimbursement Base Amount	Motor Vehicle Phase Out Reimbursement	Motor Vehicle Excise Tax Total Reimbursement	Total Appropriated Difference (1)
Barrington		-	51,601	-	-	-	
Bristol		-	(14,736)	-	-	-	
Burrillville		-	22,163	-	-	-	
Central Falls		28,484	272	-	-	-	
Charlestown		-	(130)	-	-	-	
Coventry		-	27,148	-	-	-	
Cranston		(1,342,777)	15,939	-	-	-	
Cumberland		-	16,327	-	-	-	
East Greenwich		-	14,375	-	-	-	
East Providence		-	(67,951)	-	4,229,871	4,229,871	
Exeter		-	(530)	-	-	-	
Foster		-	2,374	-	-	-	
Glocester		-	-	-	-	-	
Hopkinton		-	2,161	-	-	-	
Jamestown		-	(8,019)	-	-	-	
Johnston		-	1,613	-	-	-	
Lincoln		-	25,256	-	-	-	
Little Compton		-	(1,122)	-	-	-	
Middletown		-	12,686	-	-	-	
Narragansett		-	110,275	-	-	-	
Newport		-	113	-	-	-	
New Shoreham		-	10,987	-	-	-	
North Kingstown		-	8,421	-	-	-	
North Providence		93,001	5,810	-	-	-	
North Smithfield		-	2	-	-	-	
Pawtucket		147,879	89,315	-	-	-	
Portsmouth		-	2,652	-	-	-	
Providence		898,096	34,886	-	-	-	
Richmond		-	777	-	-	-	
Scituate		-	3,897	-	-	-	
Smithfield		-	17	-	-	-	
South Kingstown		-	(3,622)	-	-	-	
Tiverton		-	1,499	-	-	-	
Warren		-	(2,716)	-	-	-	
Warwick		-	43,709	-	-	-	
Westerly		-	29,944	-	-	-	
West Greenwich		-	5,383	-	-	-	
West Warwick		103,887	(1,467)	-	-	-	
Woonsocket		71,427	14,366	-	-	-	
Subtotal		\$0	\$453,679	\$0	\$4,229,871	\$4,229,871	
Payment In Lieu of Taxes (PILOT) Reimbursement (1)							
Motor Vehicle Phase Out Reimbursement - Fire Districts					-	-	
Statewide Reference Library Resource Grant			22,022				
Grant-In-Aid to Institutional Libraries			8,563				
Library Construction Reimbursement			258,880				
Total	\$1,746,576	\$0	\$743,144	\$0	\$3,756,085	\$3,756,085	\$6,245,806

(1) Year-over-year changes for PILOT, Total Appropriated State Aid, and Total Shared and Appropriated Aid are not available by municipality because FY 2024 PILOT amounts are not available by municipality.

Changes in Formula Aid - FY 2024 Proposed vs. FY 2023 Revised

City or Town	Public Service Corporation Tax	Hotel Tax	Meals and Beverage Tax	Total Pass Through State Aid Difference	Total All State Aid Difference (1)
Barrington	-	393	9,993	10,387	
Bristol	-	1,986	33,739	35,725	
Burrillville	-	21	14,094	14,115	
Central Falls	-	39	10,709	10,748	
Charlestown	-	5,729	11,766	17,496	
Coventry	-	1,460	31,974	33,434	
Cranston	-	1,041	139,639	140,681	
Cumberland	-	81	36,863	36,945	
East Greenwich	-	237	49,120	49,357	
East Providence	-	1,467	72,938	74,405	
Exeter	-	36	8,066	8,103	
Foster	-	32	1,389	1,421	
Glocester	-	94	5,606	5,700	
Hopkinton	-	154	3,688	3,842	
Jamestown	-	3,510	5,365	8,875	
Johnston	-	189	51,708	51,897	
Lincoln	-	1,795	51,104	52,899	
Little Compton	-	2,049	3,640	5,689	
Middletown	-	23,237	54,322	77,559	
Narragansett	-	17,681	47,957	65,638	
Newport	-	57,602	171,382	228,985	
New Shoreham	-	30,008	28,054	58,063	
North Kingstown	-	4,378	44,298	48,676	
North Providence	-	378	30,864	31,242	
North Smithfield	-	84	23,011	23,094	
Pawtucket	-	1,687	68,863	70,550	
Portsmouth	-	1,889	20,406	22,294	
Providence	-	36,544	397,012	433,556	
Richmond	-	904	10,436	11,339	
Scituate	-	143	4,832	4,975	
Smithfield	-	2,515	59,289	61,804	
South Kingstown	-	7,388	64,075	71,463	
Tiverton	-	1,059	20,967	22,026	
Warren	-	214	23,913	24,126	
Warwick	-	18,242	208,942	227,184	
Westerly	-	20,577	66,241	86,818	
West Greenwich	-	1,782	8,852	10,634	
West Warwick	-	2,006	28,809	30,814	
Woonsocket	-	961	41,100	42,061	
Subtotal	\$0	\$249,594	\$1,965,026	\$2,214,620	
Payment In Lieu of Taxes (PILOT) Reimbursement					
Motor Vehicle Phase Out Reimbursement - Fire Districts					
Statewide Reference Library Resource Grant (Providence)					
Grant-In-Aid to Institutional Libraries					
Library Construction Reimbursement					
Total	\$0	\$249,594	\$1,965,026	\$2,214,620	\$8,460,426

(1) Year-over-year changes for PILOT, Total Appropriated State Aid, and Total Shared and Appropriated Aid are not available by municipality because FY 2024 PILOT amounts are not available by municipality.

EXECUTIVE SUMMARY

APPENDIX E

AID TO SCHOOLS

Education Aid to Local Governments

Education Aid to Local Governments totals \$1.749 billion from all sources of funds, of which \$1.447 billion is from general revenue, in the recommended FY 2024 Budget. Total general revenue financed education support increases by \$32.8 million from the FY 2023 Enacted Budget, or 2.3 percent. This total increase is diminished by the inclusion of a one-time \$50 million general revenue increase for the SBA Capital Fund in FY 2023. Total Education Aid includes: local public schools; public charter schools; the Rhode Island School for the Deaf; Davies Career and Technical School; the Central Falls School District; the Metropolitan Career and Technical Center; support for the State's share of Teachers' Retirement; the School Housing Aid program; the textbook expansion program; school breakfast program; aid to the Recovery High School; and state support for the E-Rate program.

The enacted FY 2023 budget directed the Department of Elementary and Secondary Education to develop and utilize a new poverty measure for use in the funding formula that does not rely on data collected through free and reduced-price lunch school programs. These programs experienced declines in participation during and after the pandemic, making them an unreliable measure of children in poverty. The updated poverty measure uses direct certification, which is based on Supplemental Nutrition Assistance Program (SNAP) participation. This enrollment data is multiplied by a factor of 1.6, as established by the United States Department of Agriculture Food and Nutrition Service, to more accurately account for concentrations of student poverty.

Distributed formula aid is based on the following components:

- *Core Instruction Amount.* Using expenditure data from the National Center of Education Statistics (NCES), the Core Instruction Amount (CIA) is derived using a four-state average (Connecticut, Massachusetts, New Hampshire, and Rhode Island) for costs that have the greatest impact on a child's ability to learn, including instruction, instructional support, and leadership. Due to the age of the data, currently a four-year lag, the CIA average is inflated using CPI-U (Consumer Price Index for all Urban Consumers). The Core Instruction Amount used in FY 2024 is \$11,876.
- *Student Success Factor.* Calculated by applying an additional allocation equivalent to a percent of the prevailing Core Instruction Amount for those students identified as being in poverty, the Student Success Factor provides additional funding to support student needs beyond the core services listed above, with the goal of closing student achievement gaps. Beginning in FY 2024, the budget recommendation includes a student success factor calculated at 42 percent of the Core Instruction Amount, an increase from the 40 percent student success factor currently used. The Student Success Factor used in FY 2024 is \$4,988.
- *State Share Ratio.* State Share Ratio is a formula which addresses two key questions: (1) How to account for differences in the revenue-generation capacity of communities and (2) how to allocate funding to communities based on the supports students need. The state share ratio is dependent on district property values weighted for median family income, and students eligible for free and reduced-price lunch.
- *Public Schools of Choice Transition Fund.* The FY 2024 budget recommendation includes the establishment of an ongoing Public Schools of Choice Transition Fund. Based on a similar program in Massachusetts, this financing compensates school districts experiencing enrollment losses due to student movement to charter schools. Sixty percent of per-student funding lost due to this type of enrollment shift would be covered in the first year, 30 percent covered in the second year, and no costs covered starting in the third year. The Public Schools of Choice Supplemental Transition Fund would be funded with \$7.9 million of general revenue in FY 2024.

Education Aid to Local Governments

- *Homeless Student Distribution.* The FY 2024 recommendation creates a new component to the education aid funding formula, which provides funding to Local Education Agencies to educate and support students whose family is currently experiencing homelessness. Creating this funding component will begin to better address the necessary funding needs of this student population. The funding will be determined using 25 percent of the core student per pupil education expenses multiplied by the homeless enrollment and the state share ratio.
- *One-time Supplemental Support.* In addition to the education funding formula adjustments described above, the recommended Fiscal Year 2024 budget provides a one-time, \$8.5 million fund to assist school districts experiencing enrollment losses for other reasons, such as students moving to private schools or school districts in other municipalities or states.

Data plays a crucial role in how education aid is distributed to districts, public charter schools, Davies Career and Technical School, and the Metropolitan Career and Technical Center. The funding formula incorporates annual data updates including student counts (average daily membership), NCES expenditure data, the most recently assessed community property values, and the most recent median family income data to ensure aid distribution is based on the best data available. The formula establishes a platform for creating horizontal equity. It attempts to get a like amount of funding to children who have similar characteristics regardless of where they reside, which in turn gradually rebalances education funding to provide all districts a common level of purchasing power.

Funding formula allocations were phased in over ten years based on a transition model, where overfunded districts would have a 10-year period of reductions, while underfunded districts underwent a transition of seven years. FY 2021 was the tenth and final year of formula transient, starting in FY 2022 both overfunded and underfunded districts are fully transitioned.

In addition, specific categorical funds for certain high-cost items were established outside the formula distribution: high-cost special education, career and technical education, early childhood education, transportation, regional transportation, regional district bonuses, and, in FY 2017, two new categoricals for English learners, now Multilingual learners (MLL), and charter “density” support. “Stabilization Funds” were also created for Central Falls, Davies, and the Met Center to ensure that appropriate funding is available to support the district in response to concerns regarding local capacity (Central Falls), and the lack of tax levying power at the two state schools. In FY 2019, the General Assembly created the newest categorical for school resource officers (SRO) support, funding half the personnel costs of newly hired SROs. The SRO categorical sunset at the conclusion of FY 2021, and the FY 2024 recommendation replaces funding through the charter density support distribution with a new Public Schools of Choice Transition Fund.

The following sections summarize changes to the various aid categories that comprise total FY 2024 Education Aid.

Distributed Aid

Beginning in FY 2012, distributed aid reflects aid to both districts and public charter schools as a result of the education aid funding formula. In prior years, charter schools were displayed within the non-distributed aid category of the education aid tables following this section. In FY 2024, total Distributed Education Aid, which includes formula aid to districts, Central Falls, charter schools, and group home aid, increases by \$42.2 million compared to the FY 2023 Enacted Budget.

Moreover, the FY 2024 recommendation continues with the eleventh year of funding the Urban Collaborative, in accordance with R.I.G.L. §16-3.1-11. This provision is budget-neutral to the state, the five current sending communities (Central Falls, Cranston, North Providence, Providence, and Warwick) will see a reduction in state education aid due to students sent. The Urban Collaborative increases by \$75,039 from general revenue compared to the FY 2023 Enacted Budget.

Education Aid to Local Governments

Finally, as required by R.I.G.L. §16-7.2-6(d), additional funding for the Central Falls Stabilization Fund is included in the Governor's FY 2024 Budget. In FY 2024 the Governor recommends \$9.8 million for Central Falls Stabilization Fund to cover costs outside of those calculated by the education aid funding formula.

State Schools

Davies Career and Technical School, Metropolitan Career and Technical School, and Rhode Island School for the Deaf are collectively financed at \$35.4 million in general revenue for FY 2024. This includes stabilization funds for Davies (\$6.4 million) and the Met Center (\$2.1). Relative to the FY 2023 enacted level, this represents a collective total increase of \$2.9 million from general revenue.

Non-Distributed Aid

Non-distributed aid in FY 2024 increases by \$21.4 million from FY 2023 Enacted budget, from \$40.0 million to \$61.5 million. Non-Distributed aid includes:

- *Categorical Funds – Multilingual Learners (MLL)*. The Governor recommends \$12.8 million for the Multilingual Learners categorical, formerly the English Learners (EL) in FY 2024, an increase of \$7.8 million from the FY 2023 enacted level. Monitored by the Department, this categorical is meant to finance evidence-based programs to the outcomes of MLLs.
- *Categorical Funds – High-Cost Special Education*. The Governor recommends \$9.3 million for the high-cost special education categorical fund in FY 2024, an increase \$4.8 million from the FY 2023 enacted level. The high-cost special education categorical provides financial support to districts that are serving students with extraordinary needs. The threshold for qualifying for the High-Cost Special Education categorical is five times the “Core Foundation Amount” (Core Instruction Amount plus the Student Success Factor), or \$84,320.
- *Categorical Funds – Early Childhood*. The Governor recommends \$22.9 million for the early childhood categorical fund in FY 2024, an increase of \$8.0 million from the FY 2023 enacted level. This categorical is used to increase access to high quality pre-kindergarten programs, with the Department distributing funds on a competitive basis. The additional funding in FY 2024 will serve to prepare for expansion in FY 2025. The Governor's recommendation also includes \$0.3 million in the Department of Elementary and Secondary Education's Administration of the Comprehensive Education Strategy program, which will support the development of a new state pre-kindergarten program lottery application system which will support more efficient service delivery as the number of available seats increases.
- *Categorical Funds – Transportation*. The Governor recommends \$3.5 million for the transportation categorical fund in FY 2024, consistent with the FY 2023 enacted level. The transportation categorical fund is used to reimburse districts for a portion of costs associated with transporting students to out-of-district, non-public schools. Districts must participate in the statewide transportation system to be eligible for reimbursement.
- *Categorical Funds – Regional District Transportation*. The Governor recommends \$7.2 million for the Regional District Transportation fund in FY 2024, an increase of \$1.4 million from the FY 2023 enacted level. This categorical fund is used to reimburse regional school districts for a portion of intra-district transportation costs. Districts must participate in the statewide transportation system to be reimbursement eligible.
- *Categorical Funds – Career and Technical*. The Governor recommends \$4.5 million for the career and technical education categorical fund in FY 2024, consistent with the FY 2023 enacted level. The career and technical categorical fund is used to support the start-up of new programs and to offset the higher than average per-pupil costs associated with existing career and technical programs.

Education Aid to Local Governments

- *E-Rate*. The Governor recommends approximately \$400,000 in general revenue financing for the State E-Rate program in FY 2024, consistent with the FY 2023 enacted level. The E-Rate program is used to bring Wi-Fi and broadband connectivity to schools.
- *School Breakfast*. Pursuant to R.I.G.L. §16-8-10.1, all public schools are required to provide a breakfast program, and the Department of Education provides an administrative subsidy for each breakfast served to students. The Governor recommends \$270,000 from general revenue for this purpose in FY 2024, consistent with the enacted FY 2023 budget.
- *Textbook Expansion*. Pursuant to R.I.G.L. §16-23-3.1, the Department is required to reimburse LEAs for the cost of providing English/language arts and history/social studies textbooks for students in grades K-12 attending non-public schools. The Governor recommends \$240,000 for this purpose in FY 2024, consistent with the FY 2023 enacted Budget.
- *Recovery High School*. In FY 2024 the Governor recommends \$500,000 for the State’s Recovery High School, consistent with the FY 2023 enacted Budget. The high school provides individualized programs to students recovering from substance abuse, supporting both personal recovery and academic achievement.

Other Aid

Other aid includes School Construction Aid, also known as “Housing Aid”, and state appropriations to the Teachers’ Retirement program. Other aid in FY 2024 increases by \$16.8 million from general revenue when compared to the FY 2023 enacted level, increasing from \$219.4 million to \$236.2 million.

- *School Construction*. Within the School Construction Aid program, the Governor recommends FY 2024 appropriations of \$103.5 million from general revenue, all for the school housing aid program established by R.I.G.L. §16-7-35. This represents an increase of \$14.9 million compared to FY 2023 enacted levels.
- *Central Falls School Project*. The Governor’s recommendation includes a general revenue increase of \$13.4 million for the City of Central Falls school project based on the assumption that state appropriations-backed debt, as authorized by a previous act of the General Assembly, will be issued in support of Central Falls school construction in the current fiscal year.

The FY 2021 General Assembly enacted Local Acts 106 and 107 authorizing the issuance of \$144.0 million of conduit debt through the Rhode Island Health and Educational Building Corporation to be backed by state appropriations. The financing arrangement effectively replaces state housing aid otherwise due to Central Falls with direct debt state service appropriations. It is anticipated that the state will appropriate 100 percent of debt service costs and seek reimbursement from Central Falls for the local share.

- *Teacher Retirement*. Within the Teacher Retirement program, the Governor recommends FY 2024 appropriations of \$132.7 million from general revenue, \$1.9 million greater than the FY 2023 enacted level. Per R.I.G.L. §16-16-22, Rhode Island funds 40.0 percent of the employer share of retirement contributions on behalf of teachers who are members of the Teacher’s Retirement System.

One-Time Aid Associated with COVID-19 Response

Since the onset of the COVID-19 pandemic, the federal government has allocated funds to the state for the purpose of financing the state and local response to the pandemic. Notably, the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was signed into law on March 27, 2020, provided funds which were systematically passed along to LEAs as education aid. This included a distribution of the state’s allocation of the Coronavirus Relief Fund (CRF) and the Elementary and Secondary School Emergency Relief Fund (ESSERF). The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), which was

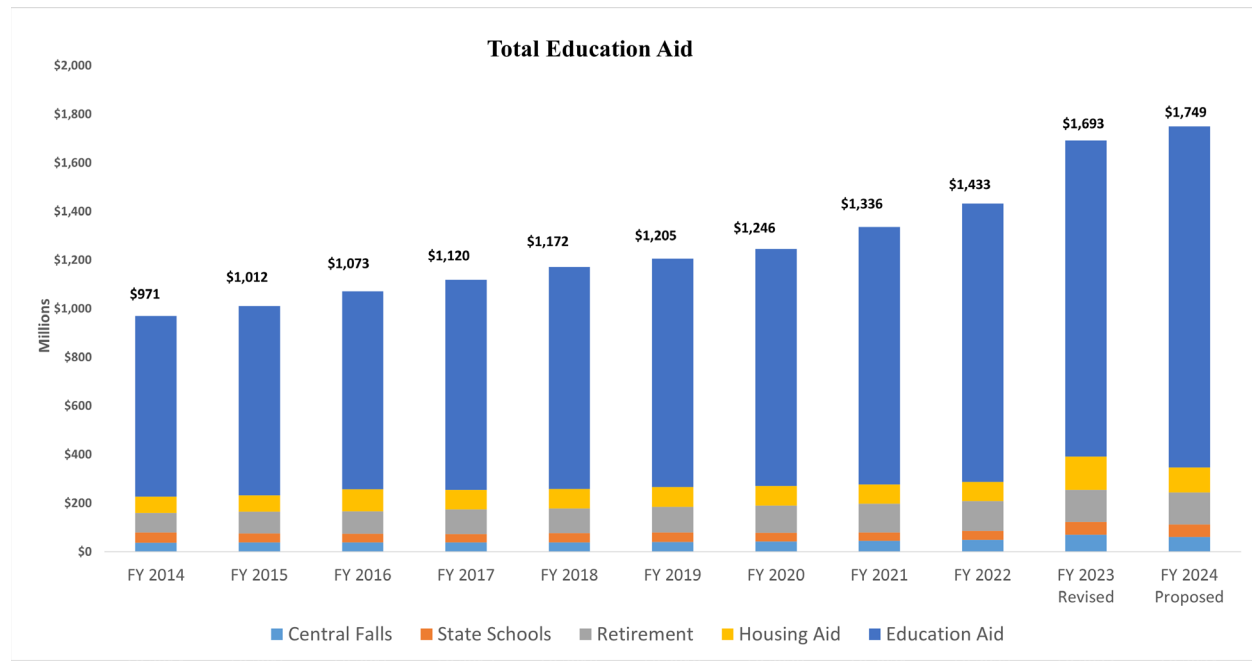
Education Aid to Local Governments

signed into law on December 27, 2020, included additional allocations of ESSERF and Governor's Emergency Education Relief (GEER) funds distributed directly to LEAs. The American Rescue Plan Act (ARP Act), which was signed into law on March 11, 2021 provided additional funding to LEAs provided additional aid under ESSER III. The FY 2024 Budget includes \$209.2 million in ESSER III funding, distributed through the ARP Act. At least 20 percent of funding distributed to LEAs through the ARP Act must be used to address learning loss through evidence-based interventions. Furthermore, the FY 2024 budget includes an allocation of \$74.8 million in combined funding from the CRRSAA, ARP, and CARES Act, as mentioned above.

Education Aid to Local Governments

Total Education Aid – All Sources of Funds

The following graph displays total school aid from FY 2014 to FY 2024, from all sources of funds. The “Education Aid” component includes all aid categories under the standard Education Aid program. This includes such items as the Funding Formula Distribution and Group Home Aid, as well as non-distributed aid. Other components of total aid include: State Contributions for Teachers’ Retirement; School Housing Aid; Central Falls School District; and State Schools (Davies, Deaf, and the Metropolitan School).



School Construction Aid

School Construction Aid (or “Housing Aid”) provides school districts and charter schools with a reimbursement for approved and completed school construction, repair, and renovation projects supported by bonds or capital reserve funds. This aid is provided to guarantee adequate school housing for all public-school children in the State and to prevent the cost of school housing from interfering with the effective operation of schools. The program supports school-district building and infrastructure needs based on partial reimbursement of successfully completed locally funded capital projects. The reimbursement is linked to district fiscal capacity, with relatively poorer communities receiving a higher reimbursement, all else equal.

The 2015 General Assembly established a School Building Authority (SBA) at the Department of Elementary and Secondary Education to ensure equitable and adequate school housing for all public-school children. The SBA within the Department oversees and manages the school housing aid program and the SBA Capital Fund. The fund is administered by the Rhode Island Health and Educational Building Corporation (RIHEBC). Upon transfer of the funding from the Department of Elementary and Secondary Education, RIHEBC holds the funds in trust until they are ready for release to the appropriate LEA.

In FY 2019, the Governor transferred the personnel costs of the SBA employees to RIHEBC, noting the individuals will be still housed within RIDE.

Education Aid to Local Governments

Teachers' Retirement

R.I.G.L. §16-16-22 requires the State of Rhode Island to make contributions to the teacher retirement system. The State shall contribute a percentage of the employer's share, with the school districts contributing the balance. The State's share has varied over the years based upon the total actuarially determined rate of payroll, but since FY 1993 it has been fixed at 40.0 percent, with the municipalities contributing 60.0 percent. Each district receives the same percentage, regardless of district wealth.

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Education Aid to Local Governments

Contribution Rates for Teachers' Retirement Fund

Defined Benefit Retirement Plan

	Actuarial Contribution Rate of Payroll	Employer Share			Teacher Contribution
		Local (60%)*	State (40%)*	Total Employer Share	
2001	21.51%	6.86%	5.15%	12.01%	9.50%
2002	19.45%	5.73%	4.22%	9.95%	9.50%
2003	21.47%	6.93%	5.04%	11.97%	9.50%
2004	23.22%	7.99%	5.73%	13.72%	9.50%
2005	24.34%	8.72%	6.12%	14.84%	9.50%
2006	25.97%	9.72%	6.75%	16.47%	9.50%
2007	29.14%	11.62%	8.02%	19.64%	9.50%
2008	31.51%	13.04%	8.97%	22.01%	9.50%
2009	29.57%	11.89%	8.18%	20.07%	9.50%
2010	29.57%	11.89%	8.18%	20.07%	9.50%
2011	28.51%	11.25%	7.76%	19.01%	9.50%
2012	31.82%	13.23%	9.09%	22.32%	9.50%
2013	23.04%	11.41%	7.88%	19.29%	3.75%
2014	24.43%	12.26%	8.42%	20.68%	3.75%
2015	26.35%	13.41%	9.19%	22.60%	3.75%
2016	26.89%	13.73%	9.41%	23.14%	3.75%
2017	26.88%	13.18%	9.95%	23.13%	3.75%
2018	26.88%	13.24%	9.89%	23.13%	3.75%
2019	27.26%	14.11%	9.40%	23.51%	3.75%
2020	28.36%	14.77%	9.84%	24.61%	3.75%
2021	29.00%	15.15%	10.10%	25.25%	3.75%
2022	29.47%	15.43%	10.29%	25.72%	3.75%
2023	29.91%	15.70%	10.46%	26.16%	3.75%
2024	29.91%	15.03%	10.68%	26.16%	3.75%

*Adjusted for deferral liability

*Rate components may not sum due to rounding.

Education Aid to Local Governments

Defined Contribution Retirement Plan

Required Contribution		Employer Share*			Teacher Share
Rate of Payroll		Local (60%)	State (40%)	Subtotal	
2022 and 2023	6.0% to 6.5%	0.6% to 0.9%	0.4% to 0.6%	1.0% to 1.5%	5.0%
2022 and 2023 (Non-Social Security-eligible position)	10.0% to 10.5%	2.6% to 2.9%	0.4% to 0.6%	3.0% to 3.5%	7.0%

*For teachers with less than 20 years of service as of June 30, 2012 the employer contribution varies from 1.0% to 1.5% (for Social Security eligible positions). Teachers with 20+ years of service have no further contributions, employer or employee, as of July 1, 2015.

State Contributions for Teachers' Retirement Program

<u>Fiscal Year</u>	<u>State Share</u>
2014 Actual	\$80,351,295
2015 Actual	\$89,529,396
2016 Actual	\$91,610,186
2017 Actual	\$100,358,782
2018 Actual	\$102,157,673
2019 Actual	\$106,256,564
2020 Actual	\$112,916,232
2021 Actual	\$116,889,437
2022 Actual	\$120,762,804
FY 2023 Revised	\$130,855,471
FY 2024 Recommended	\$132,744,129

Explanation of Education Aid Table by LEAs

The following table displays education aid by apportionment among the state's local and regional education agencies. "Distributed LEA Aid" consists of the various categories of aid that are directly distributed to school districts on a regular (usually monthly) basis, including formula aid to all districts, public charter schools, and group home aid. "State Schools" include the Met Center, Davies, and the RI School for the Deaf. "Non-Distributed Aid" includes several categories of aid such as the various categorical funds, some of which are distributed on a monthly basis and others that are not distributed at regular intervals. "Other Aid" consists of allocations for School Construction Aid and State contributions to the Teachers' Retirement Fund.

EDUCATION AID TO LOCAL GOVERNMENTS

	FY 2023 Revised	FY 2024 Recommend	Difference
Distributed LEA Aid			
Barrington	8,549,881	\$10,263,947	\$ 1,714,066
Bristol/Warren	11,874,702	11,581,883	(292,819)
Burrillville	14,202,416	13,803,280	(399,136)
Central Falls (1)	48,961,338	50,162,617	1,201,279
Chariho District		-	
Charlestown	1,341,690	1,404,973	63,283
Coventry	25,050,512	25,963,700	913,188
Cranston	70,899,984	72,408,184	1,508,200
Cumberland	22,111,359	23,841,395	1,730,036
East Greenwich	4,603,416	5,382,884	779,468
East Providence	37,955,116	36,952,144	(1,002,972)
Exeter/W Greenwich	4,612,098	5,097,108	485,010
Foster	1,114,963	1,160,017	45,054
Foster/Glocester	5,307,321	5,639,025	331,704
Glocester	2,525,892	2,746,401	220,509
Hopkinton	5,826,031	6,390,279	564,248
Jamestown	303,378	340,995	37,617
Johnston	20,222,498	21,302,344	1,079,846
Lincoln	16,934,160	16,801,279	(132,881)
Little Compton	448,877	362,903	(85,974)
Middletown	8,437,018	7,816,203	(620,815)
Narragansett	2,263,400	2,203,141	(60,259)
New Shoreham	219,323	158,816	(60,507)
Newport	15,619,090	15,258,022	(361,068)
North Kingstown	11,488,078	11,443,328	(44,750)
North Providence	27,524,593	27,164,398	(360,195)
North Smithfield	6,430,600	7,277,181	846,581
Pawtucket	98,408,578	96,212,903	(2,195,675)
Portsmouth	3,655,604	3,204,926	(450,678)
Providence	273,694,217	272,124,261	(1,569,956)
Richmond	5,414,854	5,967,425	552,571
Scituate	2,447,265	3,520,931	1,073,666
Smithfield	7,305,808	8,705,149	1,399,341
South Kingstown	4,878,144	5,265,261	387,117
Tiverton	7,026,480	6,281,862	(744,618)
Warwick	41,145,822	44,186,407	3,040,585
West Warwick	32,061,919	34,049,909	1,987,990
Westerly	8,313,966	8,219,683	(94,283)
Woonsocket	72,118,992	80,455,255	8,336,263
Subtotal ⁽¹⁾⁽²⁾	\$ 931,299,383	\$ 951,120,419	\$ 19,821,036

EDUCATION AID TO LOCAL GOVERNMENTS

	FY 2023		FY 2024	
	Revised		Recommend	Difference
Distributed LEA Aid- Charter Schools				
Achievement First	27,806,574		38,196,944	10,390,370
Beacon Charter School	3,850,125		4,224,216	374,091
Blackstone Academy	4,419,542		4,423,049	3,507
Blackstone Valley Prep	23,042,044		23,624,466	582,422
Charette	2,181,850		2,322,959	141,109
Compass School	635,349		689,510	54,161
Excel Academy	1,468,592		3,747,652	2,279,060
Greene School	1,537,999		1,670,645	132,646
Highlander	7,608,381		7,411,248	(197,133)
Hope Academy	3,846,449		4,155,685	309,236
International Charter School	4,103,563		3,930,416	(173,147)
Kingston Hill Academy	954,530		1,023,534	69,004
Learning Community	7,771,604		8,053,118	281,514
New England Laborers	1,458,394		1,633,247	174,853
Nowell Academy	1,965,739		2,225,067	259,328
Nuestro Mundo	2,607,483		4,277,816	1,670,333
Nurses Institute	4,834,906		5,683,137	848,231
Paul Cuffee Charter School	10,232,454		10,453,905	221,451
Providene Prep	2,429,177		3,552,512	1,123,335
RISE Mayoral Academy	4,393,363		5,644,541	1,251,178
Segue Institute for Learning	4,516,589		5,536,907	1,020,318
Southside Elementary	1,834,825		1,898,007	63,182
Times 2 Academy	9,037,997		9,016,325	(21,672)
Trinity Academy	2,634,325		2,839,549	205,224
Village Green	2,575,730		2,734,300	158,570
Subtotal	\$ 137,747,584		\$ 158,968,755	\$ 21,221,171
Urban Collaborative: R.I.G.L. 16-3.1-11	\$ 1,693,976		1,769,015	\$ 75,039
Youth Build Academy: R.I.G.L. 16-3.1-21	1,727,458		2,709,604	982,146
Subtotal	\$ 1,072,468,401		\$ 1,114,567,793	\$ 42,099,392

EDUCATION AID TO LOCAL GOVERNMENTS

	FY 2023	FY 2024		Difference
	Revised	Recommend		
Non-Distributed Aid				
Textbook Expansion	\$ 240,000	\$ 240,000	\$	-
School Breakfast	270,000	270,000		-
Telecommunications Access	400,000	400,000		-
Recovery High School	500,000	500,000		-
Early Childhood Demonstration	14,850,000	22,850,081		8,000,081
Transportation Categorical	3,476,076	3,476,076		-
Regional District Transportation	5,793,117	7,154,527		1,361,410
High Cost Special Ed Categorical	4,500,000	9,313,548		4,813,548
Career and Tech Categorical	4,500,000	4,500,000		-
Multilingual Learner Categorical (MLL)	5,000,000	12,761,546		7,761,546
Density Fund - Choice Schools	520,500	-		(520,500)
Subtotal	\$ 40,049,693	\$ 61,465,778	\$	21,416,085
	FY 2023	FY 2024		Difference
	Revised	Recommend		
State Schools				
Metropolitan School ⁽¹⁾	\$ 9,790,163	\$ 11,160,738	\$	1,370,575
School for the Deaf	7,940,337	8,341,094		400,757
Davies School ⁽¹⁾	14,774,827	15,892,211		1,117,384
Subtotal ⁽¹⁾	\$ 32,505,327	\$ 35,394,043	\$	2,888,716
Other Aid				
Teachers' Retirement	\$ 130,855,471	\$ 132,744,129	\$	1,888,658
School Housing Aid ⁽³⁾	138,536,507	103,462,946		(35,073,561)
Subtotal	\$ 269,391,978	\$ 236,207,075	\$	(33,184,903)
Total	\$ 1,414,415,399	\$ 1,447,634,689	\$	33,219,290

(1) Includes both Formula Aid and Stabilization funds in FY 2023 and FY 2024.

(2) Non-Charter LEAs include Group Home Aid within distributed aid totals.

(3) Includes the School Building Authority Capital Fund.

EXECUTIVE SUMMARY

APPENDIX F

THE BUDGET PROCESS

THE BUDGET PROCESS: A PRIMER

The purpose of this primer is to clarify the annual budget and appropriations processes.

Appropriation Process. According to Article IX, Section 15 of the Rhode Island Constitution, and Sections 35-3-7 and 35-3-8 of Rhode Island General Laws, the Governor must present spending recommendations to the General Assembly. *The Governor's Budget* reflects recommended expenditures for both the current and upcoming fiscal year and identifies the sources of financing for those expenditures.

On or before the third Thursday in January, unless delayed by act of the General Assembly, the Governor must submit to the General Assembly a budget containing a complete plan of estimated revenues and proposed expenditures, with a personnel supplement detailing the number and titles of positions of each agency and estimates of personnel costs for the next fiscal year. Commencing with the Governor's FY 2014 budget, this supplementary personnel information has been merged into the multivolume document currently entitled *Fiscal Year 2024 Budget*.

The budget is proposed by the Governor and considered by the General Assembly, which may increase, decrease, alter, or strike out any item in the budget, provided that the action would not cause an excess of appropriations over anticipated revenue receipts. No appropriation in excess of budget recommendations may be made by the General Assembly unless it provides the necessary additional revenue to cover such appropriation. The Governor may veto legislative appropriations, although not on an individual "line item" basis. The Legislature may override any veto by a three-fifths majority vote.

The general laws of the state provide that if the General Assembly fails to pass the annual appropriation bill, amounts equal to those appropriated in the prior fiscal year shall be automatically available for expenditure, subject to monthly or quarterly allotments as determined by the Office of Management and Budget. Expenditures for general obligation bond indebtedness of the state shall be made as required regardless of the passage of the annual budget or the amount provided for in the prior fiscal year.

Fiscal Years. It is important when reading the budget to consider which fiscal year is being discussed. The state *fiscal year* runs from July 1 to the following June 30 and is numbered for the calendar year in which it ends (e.g. FY 2024 is the fiscal year commencing on July 1, 2023 and ending June 30, 2024). The *current fiscal year* is the one which ends the coming June. The *actual fiscal years* are the years which concluded on June 30 of the two previous years. The *budget year* refers to the next fiscal year, which begins the July 1 following the submission of the Governor's Budget for that fiscal year. Finally, the term *out-years* refer to any fiscal years beyond the budget year and is often used in the context of the state's 5-year Capital Improvement Plan.

By law, *The Budget* must record two actual fiscal years of spending, as well as the Governor's revised spending recommendations for the current fiscal year, and the Governor's full recommendations for the budget year.

Revenue Estimates and Caseload Estimates. Receipt estimates for the current year and budget year are those adopted by the State Revenue Estimating Conference, as adjusted by any changes recommended by the Governor.

The State Revenue Estimating Conference was created by the 1990 General Assembly to provide the Governor and the Assembly with estimates of general revenues. It is composed of the State Budget Officer, the House Fiscal Advisor, and the Senate Fiscal Advisor, with the chair rotating among the three. It must meet no less than twice per year, in November and May, and can be convened at any other time by call of any member and must reach consensus on revenues. The 1991 Assembly created a Medical Assistance and Public Assistance Caseload Estimating Conference, similar to the Revenue Estimating Conference, to adopt consensus medical assistance (Medicaid) expenditures and caseload estimates for various programs of cash assistance and developmental disabilities, upon which the Governor's budget for these programs shall be based, and the appropriations by the assembly shall be made.

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The consensus revenue estimate is the official revenue projection for general revenue. Estimates of revenues for federal funds, restricted receipts, and other funds are prepared by individual state agencies, in conjunction with the Office of Management and Budget and included in *The Governor's Budget*.

Classification of State Spending. The State of Rhode Island classifies state spending by function of government, category of expenditure, and source of funds

Function of government classifies expenditures by grouping agencies that make expenditures for similar programs and purposes. There are six functions of government defined in *The Governor's Budget*: General Government, Health and Human Services, Education, Public Safety, Natural Resources, and Transportation.

The following explains the six functions of government included in *The Governor's Budget*.

- *General Government* includes the administrative, policymaking, and regulatory functions of state government. Certain elected officials (Governor, Lieutenant Governor, General Treasurer, Secretary of State), the General Assembly (Legislature), and the Department of Administration are agencies that perform an administrative and/or policymaking function. The Department of Business Regulation, the Department of Labor and Training, and the Public Utilities Commission are examples of agencies that perform a regulatory function. The Department of Revenue coordinates the general revenue collection activities of the state and administers the State Lottery.
- *Health and Human Services* includes agencies that provide services to individuals. These services provided include: the care of the disabled by the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals; child protective and social services provided by the Department of Children, Youth and Families; health programs at the Department of Health and the Executive Office of Health and Human Services; financial assistance and social services provided by the Department of Human Services; and various support programs for Rhode Island's senior citizens at the Office of Healthy Aging. The Executive Office of Health and Human Services centrally coordinates the legal, budgetary, and policymaking activities of the Health and Human Services agencies.
- The *Education* function provides various educational services and educational policy coordination on behalf of Rhode Islanders. The Department of Elementary and Secondary Education, the Office of the Postsecondary Commissioner, and the three state institutions of higher education provide direct education services under the aegis of the Board of Education and the Board of Trustees for the University of Rhode Island
- *Public Safety* is the function that provides safety and security services to Rhode Island citizens. Agencies in this function include the Department of Corrections, the Judiciary, the Attorney General and the Department of Public Safety.
- The *Natural Resources* function protects the natural and physical resources of the state and regulates the use of those resources. Agencies included in this function are the Department of Environmental Management and the Coastal Resources Management Council.
- *Transportation* includes the Department of Transportation, which is the only agency in this function. It is responsible for maintaining and constructing highways in Rhode Island, and for planning and financing all surface transportation modes.

Categories of expenditure classify expenditures by budgeting and accounting objects of expenditure: personnel; state operations; aid to local units of government; assistance, grants, and benefits; and capital. Objects of expenditures define how funds are encumbered and expended.

- *Personnel* includes the salaries, wages, and benefits of state employees, including overtime.
- *Contract Professional Services* includes services purchased from outside contractors and vendors.

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- *Operating Supplies and Expenses* include expenses incurred while conducting the day-to-day business of state government. This category is often referred to simply as "operating". Operating expenses comprise non- personnel expenditures for operations of state government, including facilities maintenance, program and office supplies, rental of outside property, telecommunications, and insurance.
- *Aid to Local Units of Government* is payments made to governmental units that provide services at the local level. Education Aid to local education agencies budgeted within the Department of Elementary and Secondary Education is the largest segment of this category, followed by state aid to municipalities budgeted at the Department of Revenue.
- *Assistance and Grants* constitute transfer payments, various subsidies, and healthcare/medical benefits to individuals or community agencies.
- *Capital Purchases and Equipment* include capital improvements and new capital construction financed via the Rhode Island Capital Plan Fund (RICAP), general revenues, or federal funds. Please note that most capital improvements, supported by other forms of financing (i.e. debt instruments), are generally found in the *Capital Budget*.
- *Debt Service* includes periodic payments of principal and interest on short term tax anticipation notes, long term general obligation bonds, certificates of participation, and university/college revenue bonds.
- *Operating Transfers* include inter-fund and inter-agency transfers of financial resources.

Source of Funds. Frequent reference is made in *The Governor's Budget* to "general revenue" expenditures and expenditures from "all funds". Expenditures from all funds include both general revenue expenditures and expenditures from federal funds, restricted receipts, and other funds.

General revenue receives the most attention in the budget because it is the largest of the "uncommitted" revenue sources available to finance the operations of state government. It is also the fund source to which most general tax receipts are credited. The General Assembly may appropriate general revenue dollars for any purpose.

Federal funds, restricted receipts, and other funds, by contrast, are dedicated to specific purposes. For example, the General Assembly may not appropriate monies from the Unemployment Insurance Fund to build new prisons. Other funds include the University and College Funds, the Transportation Fund, the Unemployment Insurance Fund, the Temporary Disability Insurance Fund, and the Rhode Island Capital Plan Fund.

Rhode Island Capital Plan Funds. On November 7, 2006, Rhode Island voters approved a constitutional amendment limiting state expenditures commencing in FY 2008 such that appropriations do not result in general fund expenditures exceeding 98.0 percent of general fund revenues in FY 2008, and 97.0 percent in FY 2013 and thereafter. This amendment to the Rhode Island Constitution has also restricted, as of July 1, 2007, the use of excess funds in the Rhode Island Capital Fund solely for capital projects. Previously, the fund could be used for debt reduction, payment of debt service, and capital projects. Also, the constitutional amendment increased the budget reserve account by limiting annual appropriations to ninety-seven (97%) percent of estimated revenues and increasing the cap on the budget reserve account to five (5%) percent of estimated revenues. During the 2007 Session of the General Assembly, a statutory schedule was enacted to provide for incremental decreases of 0.2 percentage points to gradually move spending from 98 percent of revenues to 97 percent of revenues. Additionally, the budget reserve account maximum balance would be gradually increased by increments of 0.4 percent to gradually move from 3.0 percent to 5.0 percent of resources. For FY 2015 and thereafter, the spending is limited to 97.0 percent of revenues and the budget reserve fund is capped at 5.0 percent of resources.

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Budget Basis. *The Budget* is prepared on the same basis that the state's year end financial statements, which is a modified accrual basis. Briefly, this means that obligations of the state are budgeted as expenditures if the goods or services are expected to be received during the fiscal year, regardless of whether a cash payment is expected to be made by the state by June 30th of that year. Revenues are estimated based on when they are "earned" by the state. For example, the estimate of gas tax revenues reflects twelve months of revenues. However, due to a one-month difference in the time the liability is incurred, and the actual cash payment is made by the taxpayer, the revenue estimate reflects cash received from August through July.

The Comprehensive Annual Financial Report (CAFR) shows the status of the state's finances based on "generally accepted accounting principles" (GAAP). Every attempt is made in preparing the budget to ensure that it is consistent with the auditing standards upon which the state's financial position will be determined.

The Budget Process. Production of a budget is a continuous process. It does, however, have certain discrete phases. In the Executive Branch, the budget process begins as soon as the legislative session ends.

In the spring and early summer, budget instructions and allocations ("targets") are distributed by the Office of Management and Budget to state agencies. At those times, agencies are instructed by the Office of Management and Budget to prepare a capital and operating budget. The capital budget contains a five-year capital improvement plan.

Agencies are requested to prepare operating budgets at specified target levels for submission on or before September 15 or as specified by the Office of Management and Budget.

The individual budgets submitted by the state agencies show program expenditures, with appropriate funding sources for each program within the agency. These data are shown for the actual year, the current year, and the target for the budget year.

In the fall and early winter, analysts in the Office of Management and Budget review agency budget requests. The Office of Management and Budget staff prepares recommendations for the Governor. An analysis of items added or reduced from the target request is presented to the Governor. The analysis includes the basis for the agency's request and the Office of Management and Budget recommendation and the basis for it. The Governor then makes a budget determination. This process is repeated for all issues in all agencies. These decisions form the Governor's recommendations. The Office of Management and Budget compiles the individual recommendations, aggregates them, and prepares *The Governor's Budget*

The Governor's budget recommendations traditionally are incorporated in one consolidated Appropriations Act, which also includes articles containing any statutory changes which would be required to implement the Governor's budget. In some budget cycles, two separate consolidated Appropriations Acts are submitted to the Generally Assembly; the first containing revised appropriations for the current fiscal year and the second presenting appropriations for the budget year.

The following table summarizes the **budget calendar** during the budget cycle:

Mid-July	Capital Budget Requests due to Office of Management and Budget.
Late July	Budget Instructions and Funding Targets distributed to Agencies.
Mid September	Budget requests of Agencies with enacted all funds budget of \$15.0 million or less due to Office of Management and Budget.
Late Sept./Early Oct.	Budget requests of Agencies with enacted all funds budget of over \$15.0 million due to Office of Management and Budget.

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Oct./Nov.	Agency Meetings to review Budget Recommendations.
Late Dec./Early Jan.	Gubernatorial Decisions on current year supplement and budget year recommendations.
3 rd Thursday in January	Statutory date for current-year Governor's Supplemental Appropriation bill submitted to Legislature.
3 rd Thursday in January	Statutory date for budget-year Governor's Budget Recommendation bill submitted to Legislature.

Consideration by House of Representatives and Senate. The Appropriations Act(s) are introduced into the House of Representatives and are first considered by the House Finance Committee. The Senate Finance Committee also begins hearings on the budget bill, as introduced by the Governor. The chairpersons of the committees appoint subcommittees to consider appropriations for various agencies. Subcommittees vary in size, usually between two and six persons. After reviewing the budget requests and the Governor's budget, the subcommittees recommend adjustments to the full committee for consideration. A committee may adjust the recommendations of its subcommittee. The Appropriation Act(s) are reprinted to reflect the recommendations of the full committee. The bill is then presented to the full House of Representatives, and upon passage is transmitted to the Senate. The process for review of an appropriation bill in the Senate mirrors the steps followed in the House of Representatives. Once the Act (or Acts) is presented and approved by the full Senate, the Governor has three options: 1) sign the Act into law, 2) veto the Act, or 3) allow the bill to become law without signature (after six days, Sundays excepted, the bill automatically becomes law without the Governor's signature). The General Assembly may overturn the Governor's veto with a three-fifths vote in each chamber.

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