

# STATE OF RHODE ISLAND EXECUTIVE SUMMARY



**FISCAL YEAR 2026  
BUDGET PROPOSAL**  
GOVERNOR DANIEL J. MCKEE



# **Executive Summary**



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# EXECUTIVE SUMMARY

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**STATE OF RHODE ISLAND  
OFFICE OF GOVERNOR DANIEL J. McKEE**

January 16, 2025

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

As I considered my budget proposal for Fiscal Year 2026, there was a simple math problem that was top of mind. Over the next five years, state revenues are expected to grow 2.5 percent annually, fueled by our investments and robust economy – that’s good news. However, over the same period, expenditures are expected to increase at 3.7 percent. Based on the trajectory of these two key figures, the projected deficit by Fiscal Year 2030 was projected to reach concerning levels. As we navigate these conditions, it is crucial to prioritize fiscal responsibility and protect Rhode Island taxpayers. To address this projected deficit, we must make tough decisions to streamline operations, eliminate redundancy, and ensure every dollar is used efficiently.

We are not alone in facing a difficult fiscal outlook. Like every other state in the country, Rhode Island must adjust to a post-pandemic economy without the influx of federal funds that allowed us to make historic investments in housing, health and human services, education, and workforce development. But as we return to a more normal fiscal environment, we must start taking steps to right-size government while preserving programs that raise incomes, improve educational outcomes, and make our residents healthier – three pillars of Rhode Island 2030.

And I am proud to share with you a budget proposal that achieves that balance. We are providing a roadmap to close an approximately \$250 million deficit without any broad-based tax increases or cuts to critical services upon which Rhode Islanders rely.

Much of the hard work to make this possible involved turning a critical eye to our operations to identify cost-cutting measures that do not negatively impact our customers. The proposals range from consolidating underutilized facilities to cutting back on contract expenses and implementing other common-sense reductions, such as removing desk phones for state employees who do not use them.

Given the five-year fiscal outlook, the examination of state operations must continue in the years to come, but I am encouraged by the progress captured in this budget proposal.

Despite the fiscal challenges we face, I am also proud of the targeted, strategic investments that are included in this spending plan, such as increasing K-12 state aid by approximately \$40 million; creating two dedicated revenue streams for homelessness support initiatives; financing work-training programs that help individuals at all stages in their career – from those still in school, to those seeking their first full-time job, and those seeking to diversify their skillset to move into more challenging positions; and supporting primary care providers by expanding loan

forgiveness opportunities and ensuring the Office of the Health Insurance Commissioner includes primary care in its next rate review.

My budget proposal also includes the funding needed to transition RhodeRestore from a one-time initiative to a permanent fixture to help cities and towns pay for infrastructure improvements. Across 1,000 projects in all 39 municipalities, construction crews are building and repairing roads, bridges, and sidewalks, with 700 lane miles and 25 miles of sidewalk being improved. The budget calls for an annual investment of \$6.5 million to provide a reliable funding source to defray the costs of local infrastructure projects.

One other critical policy proposal in my recommended budget is an assault weapons ban. I have strongly endorsed this common-sense policy to keep our neighbors and loved ones safe. The time to act is now, and I am confident that together we will get a bill to my desk for a signature.

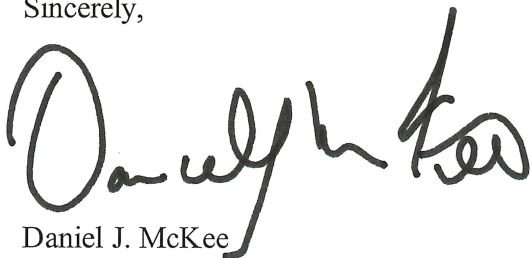
If the May Revenue and Caseload Estimating Conferences indicate an improved fiscal outlook, I recommend exploring the following initiatives:

- Supplementing our educational investments to continue to close the achievement gap with Massachusetts; and
- Building on our targeted investments for primary care providers.

With the difficult decisions necessary to address the deficit and submit a balanced budget, I anticipate many questions from the General Assembly in the coming months. My Administration welcomes the opportunity to articulate in detail how we thoughtfully crafted a path forward that ensures state government lives within its means, protects taxpayers, and continues to meet the needs of all Rhode Islanders.

Every day, I witness the diligent work going on across our state – from city halls and school buildings to small businesses and community organizations – and I know that we are on the right path to reach our full potential. And I am honored to do my part at the helm of this Administration to do everything in state government's power to make that possible.

Sincerely,

A handwritten signature in black ink, appearing to read "Daniel J. McKee". The signature is fluid and cursive, with a large initial "D" and a stylized "M".

Daniel J. McKee

Governor



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# INTRODUCTION

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## Fiscal Year 2026 Budget Proposals

### Rhode to Prosperity

Governor McKee’s Rhode to Prosperity effort aims to improve Rhode Islanders’ ability to attain higher-paying jobs and boost income in every household. In November 2024, voters approved two bond questions to prepare our workforce for innovative new industries – \$87.5 million for the University of Rhode Island’s Biomedical Sciences building and \$73.0 million for Rhode Island College’s Institute of Cybersecurity and Emerging Technologies. The recommended FY 2026 Budget builds on that progress by including additional funding for various Rhode to Prosperity programs.

#### *Work-Based Learning*

The Governor recommends \$2.0 million in new general revenue to support work-based learning opportunities for more than 1,000 young people. This funding would supplement \$4.0 million in existing Job Development Funds that allows for meaningful work experience through programs such as Real Skills for Youth and the PrepareRI High School Internship.

#### *Real Jobs Rhode Island*

Real Jobs Rhode Island provides career readiness, workforce development, and supportive services to place individuals in sustainable jobs and on resilient career paths. The recommended budget invests \$14.0 million in Real Jobs Rhode Island to train approximately 3,000 individuals. The recommended budget adds \$2.3 million in new Real Jobs Rhode Island funding by requiring nonprofits with more than 500 employees to contribute to the Job Development Fund employer assessment that is required for other employers in the state.

#### *Ready to Build*

An investment of \$800,000 in general revenue would launch a signature, pre-apprenticeship pathway to the building trades at the Community College of Rhode Island. The pathway is intended to increase the number of qualified candidates for registered apprenticeships or careers in residential construction or construction-related fields, particularly among women, veterans, and communities of color, across all trades. The curriculum provides a deeper understanding of various careers in the construction and building trades, thereby enhancing workforce readiness throughout Rhode Island’s construction and trades industries.

#### *Culinary and Hospitality Hub*

The Community College of Rhode Island’s Newport Campus is an ideal location for a culinary and hospitality hub given its location in one of the state’s premier tourism destinations. The recommended budget includes a total of \$850,000 in capital funds over the next two fiscal years to build out space and install equipment to train the next generation of culinary and hospitality workers.

#### *Dual and Concurrent Enrollment*

The Governor recommends allocating \$2.9 million in Fiscal Year 2026 for the dual and concurrent enrollment programs, supported by resources from the Rhode Island Student Loan Authority. This level of support would sufficiently meet demand and make it possible for high school students to take postsecondary courses at an institution of higher education or at their high school.

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# INTRODUCTION

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## Education

### *K-12 Funding*

The Governor recommends adding \$43.4 million in education aid compared to the Fiscal Year 2025 enacted level for public and charter local education agencies, and the Central Falls, Met, and Davies school districts. To proposal recommends calculating the funding formula with October 2024 enrollment data, which demonstrated a decline from March 2024 enrollment. The proposal would also increase the student success factor from 40 percent to 43 percent for school districts where at least 60 percent of enrolled students were in poverty: Central Falls, Newport, Pawtucket, Providence, and Woonsocket.

### *Learn365RI*

The Governor recommends \$2.5 million in general revenue for the Learn365RI initiative that focuses on making education a 365-day per year endeavor by building partnerships among municipalities, local education agencies, and community-based organizations. The funds, which complement \$5.0 million appropriated in Fiscal Year 2025, would finance the next round of municipal grants.

### *Higher Education*

The Fiscal Year 2026 Budget continues the McKee Administration’s commitment to higher education so that Rhode Islanders can develop the skills to excel in the jobs that will propel the state’s economy. The Governor recommends an additional \$10.6 million, or 4.0 percent, for the University of Rhode Island, Rhode Island College, and the Community College of Rhode Island, of which \$1.7 million will support career readiness, career placement, and internships – consistent with the goals of Rhode to Prosperity. The Governor also recommends investments at the Office of the Postsecondary Commissioner to develop a federated integrated data system connecting data systems across all state agencies to help determine which programs have the greatest impact on improved outcomes for Rhode Islanders.

## Transportation

### *RhodeRestore*

Federal pandemic funding made it possible for the State to launch the Municipal Roads Grant Program – now known as RhodeRestore. The Department of Transportation is distributing \$27 million in State Fiscal Recovery Funds across all 39 cities and towns to build and maintain roads, bridges, and sidewalks. The program requires a 67 percent local contribution, meaning that the federal funds are leveraging an additional investment from cities and towns. Seven hundred lane-miles of road and almost 25 miles of sidewalks are being improved.

The Governor recommends investing \$6.5 million more in RhodeRestore, with the intent of making it a permanent program and providing cities and towns with a reliable funding source to defray the costs of transportation infrastructure projects.

Additionally, the budget proposal makes it easier for cities and towns to unlock the new funding for RhodeRestore, which would be made available through the Rhode Island Infrastructure Bank. The quasi-public agency would be able to issue funding to approved projects without first requiring their placement on a priority project list, as is the case when cities and towns seek financing from the Rhode Island Infrastructure Bank for other types of projects.

### *Electric Vehicle Fee*

The State must ensure sufficient funding for transportation infrastructure as gas tax revenue is projected to decline amid the rising adoption of electric and plug-in hybrid vehicles. While the Administration encourages the adoption of alternatives to gas-powered vehicles, it understands that all vehicles – regardless of their power source – impact our roads and bridges and should contribute to their upkeep.

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## INTRODUCTION

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The Governor recommends new registration fees for battery electric vehicles (\$150 per year, \$300 per two-year registration) and plug-in hybrid vehicles (\$75 per year, \$150 per registration). The fees are calibrated to forgone gas tax revenue, as the owner of an average gas-powered vehicle pays about \$150 annually in gas tax. Fee revenue, which is projected to total \$1.7 million in Fiscal Year 2026 and more in the future, would be deposited in the Highway Maintenance Account to maintain the State's transportation infrastructure and support the RhodeRestore initiative and other projects. Most states have implemented similar fees, with 39 having an additional battery electric vehicle fee and 32 having an additional plug-in hybrid fee.

### Housing

#### *Housing and Homelessness Initiatives*

The State made an historic investment by dedicating over \$300 million of the State's \$1.1 billion State Fiscal Recovery Fund allocation to support housing, including \$76 million to add temporary and permanent shelter beds and provide housing stabilization services to help individuals and families obtain permanent housing.

The Administration understands that consistent efforts are needed to develop enough homes to support Rhode Islanders across all income levels. After the investment of SFRF, the State of Rhode Island took multiple steps to build further momentum, including the creation of the Department of Housing and passage of a \$120 million housing bond in November 2024.

The State is continuing to spend pandemic funds on the homelessness support system and must prepare now for when those one-time funds are exhausted. The proposal includes \$15.7 million from multiple sources for homelessness initiatives, including two new sustainable funding sources.

The Governor recommends closing the whole-home short-term rental tax loophole as a new dedicated funding stream for the Housing Resources and Homelessness Fund. The 5.0 percent hotel tax currently applies to hotels, motels, and partial home short-term rentals (i.e., renting a room in a home) – but not to whole-home short-term rentals. The Governor proposes eliminating this exception and applying the 5.0 percent tax to whole-home short-term rentals effective January 1, 2026. The proposal is projected to generate \$2.1 million over the last six months of Fiscal Year 2026 and \$4.7 million in Fiscal Year 2027.

The budget also proposes increasing the real estate conveyance tax for properties above \$800,000 from 0.92 percent to 1.25 percent to match Connecticut's rate, starting October 1, 2025, with additional revenues allocated to the Housing Resources and Homelessness Fund. This change would generate an additional \$2.3 million in Fiscal Year 2026 and \$3.4 million in Fiscal Year 2027 to assist people experiencing homelessness.

### Health and Wellness

#### *Assault Weapons Ban and Gun Safety Sales Tax Exemption*

The Governor endorses an assault weapon ban that is modeled on legislation filed in 2024 that would prohibit the future possession, purchase, sale, control, and manufacture of assault weapons, including a variety of semi-automatic firearms and high-capacity/detachable magazines. The proposed ban promotes a balanced approach by grandfathering in previously obtained firearms if they are registered with the appropriate police department.

Additionally, the recommended budget includes a sales tax exemption for gun safety items, such as lock boxes, safes, and barrel/trigger locks to encourage gun owners to take all steps to safely store and use their firearms.



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## INTRODUCTION

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### *Primary Care Provider Rates and Loan Forgiveness*

Following the approval of increased rates for social and human services programs in the enacted Fiscal Year 2025 Budget, the Governor recommends including primary care provider rates as part of the Office of the Health Insurance Commissioner’s biennial review for which recommendations are due in September 2027.

To encourage primary care providers to practice in Rhode Island, the recommended Fiscal Year 2026 Budget includes \$0.2 million in general revenue, coupled with \$0.2 million in federal funds, for the Health Professional Loan Repayment Program. This investment, which would specifically benefit primary care providers, offers loan repayment assistance for individuals who commit to practicing in federally designated health professional shortage areas in the state for two years. Awards typically range from \$10,000 to \$40,000.

### *Senior Services Support*

The budget proposal increases funding from \$1.4 million to \$1.6 million for senior services support to improve the delivery of services, particularly food distribution, transportation, and caregiver support. This increased level of support is the equivalent of \$8.19 per senior and represents continued progress toward the Governor’s goal of providing \$10 per senior in senior services support. The funds are intended to be delivered as a formula allocation.

### *Cigarette Tax*

The recommended budget increases the per-pack cigarette tax by 50 cents to \$5.00 as part of ongoing efforts to reduce tobacco use. The new fee is projected to generate an additional \$4.4 million in Fiscal Year 2026.

## **Government Efficiencies**

### *State Office Consolidation*

The availability of a 210,000-square-foot commercial building in East Providence offers a rare opportunity to co-locate multiple state agencies and achieve long-term savings by forgoing a costly agency lease and vacating one or more buildings with significant capital needs. The building under consideration can accommodate approximately 800 employees, includes a 60,000-square-foot, state-of-the-art data center, and has an open and configurable floorplan to address multiple agencies’ needs.

The building would house the Department of Environmental Management, which is currently in leased space, as well as agencies in buildings with significant capital needs, such as the Division of Enterprise Technology Strategy and Services. Further, the Administration intends to co-locate the Office of Energy Resources with the Department of Environmental Management in the new facility to encourage greater cooperation on clean energy and climate change efforts.

To finance the acquisition, the Governor recommends using the Rhode Island Capital Plan Fund, which avoids interest costs associated with other financing vehicles. The combination of not renewing DEM’s lease – saving at least \$2.6 million annually in rent – and avoiding capital upgrades elsewhere is projected to result in net savings after about five years. In addition to avoiding costs of aging facilities and costly leases, the proposed building offers long-term value, especially in the form of a state-of-the-art data center.

Additional lease consolidations in FY 2026 and in the outyears include the Commission for Human Rights, which currently leases office space in Providence, relocating to the Shepard Building; the Division of Statewide Planning leaving their leased space and moving to the Powers Building; and the Executive Office of Commerce co-locating with the Commerce Corporation.

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## INTRODUCTION

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The budget proposal also includes various cost-cutting measures, such as reducing contractor expenses and getting rid of telephone landlines for state employees who no longer use the devices.

### *Adult Correctional Institutions*

The average daily population of the state's Minimum Security Facility is only 23.8 percent of its capacity, with an annual per-inmate cost of \$132,000. The budget proposal recommends closing the Minimum Security Facility and creating a new, separate, and secure unit within the Medium Security Facility, which has underutilized space and per-inmate costs of \$91,000. Medium Security also offers more programming and job opportunities, particularly in the work-release unit. The budget assumes partial-year savings associated with the consolidation in Fiscal Year 2026. The capital budget proposal includes Rhode Island Capital Project Funds to modify the Medium Security Facility to accommodate the consolidation.

### *Enhanced Enforcement of Benefit Programs*

The budget includes several provisions to identify and prevent waste, fraud, and abuse in state-administered programs. The budget proposes adding four full-time equivalents (FTEs) in Medicaid to identify Medicaid provider fraud. It also provides additional authority in the Office of Internal Audit to conduct program integrity efforts, recommending two FTEs for additional investigations and data analysis.

### *Investing for Better Outcomes and Future Savings*

The Fiscal Year 2025 budget included an additional \$20.6 million to expand services and capacity for Department of Children, Youth and Families (DCYF) providers. Those investments will allow DCYF to move children from congregate placements to home-based settings and from out-of-state placements to in-state foster care placements. These efforts will lead to better child welfare outcomes and save an estimated \$7.0 million in Fiscal Year 2026.

With pharmacy costs representing a significant Medicaid cost driver, the Fiscal Year 2026 Budget recommends adding four FTEs to review the pharmacy program and make recommendations. Other states have achieved substantial savings through creating a single preferred drug pricing list and/or statewide pharmacy benefits manager. The effort is expected to save \$3.7 million in Fiscal Year 2027 and \$8.0 million in Fiscal Year 2028.

## **Economy**

### *Extending the R&D Expense Tax Credit and Streamlining Tax Credits*

The Governor recommends extending the number of years that eligible businesses can use the Research and Development Expense Tax Credit from seven to 15 to bring us in line with Massachusetts and Connecticut. Rhode Island's current relatively short carryforward means that startups with low tax liabilities do not experience noteworthy tax benefits before the credit expires.

A recent review by the Office of Revenue Analysis found that every dollar of investment in the tax credit returned \$3.76 in state revenues. Extending the timeline of the credit is projected to increase the claiming by \$0.9 million in tax year 2034 and by \$3.6 million in tax year 2040.

Further, eliminating various tax credits that are obsolete or minimally used allows the State to prioritize proven tax credits, such as the Research and Development Expense Tax Credit. The Fiscal Year 2026 Budget recommends the elimination of the Research and Development Property Credit, Research and Development Facilities Deduction, Small Business Capital Investment Wage Credit, Jobs Growth Act, the Specialized Investment Tax Credit, Small Business Capital Investment Modification/Deduction, and the Employment Tax Credit (Welfare Bonus Program) – all of which have been evaluated by the Office of Revenue Analysis and recommended for removal.

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### *Destination Marketing*

The budget proposal recommends investing \$1.4 million in general revenue for tourism marketing in support of airline routes to T.F. Green International Airport. This amount is in addition to the combined total of \$3.0 million in State Fiscal Recovery Funds that was appropriated in Fiscal Years 2023 and 2024, and \$1.4 million in general revenue appropriated in Fiscal Year 2025.

### *Innovation Partnership*

The budget recommends \$0.3 million for an initiative to strengthen collaboration between Rhode Island's higher education institutions and private industry to drive workforce development and innovation. Partnership efforts may include creating talent pipelines, fostering research partnerships, supporting internships and training programs, conducting workforce assessments, enhancing business recruitment, offering relocation incentives, and attracting skilled professionals to Rhode Island.

### *Small Business Initiatives*

The Governor recommends numerous initiatives to ease the burden on small businesses, including lifting the requirement for retailers to have a holiday operating license, and removing home occupation fees for remote workers.

## **Revenue**

### *Digital Advertising Tax*

Digital advertising is a multi-billion revenue source for media companies, such as Google and Facebook. The budget proposal recommends a new 10.0 percent tax on business revenues derived in Rhode Island from digital advertising for companies with at least \$1 billion in global revenues. The proposal includes a January 1, 2026, start date and is projected to generate \$9.5 million in Fiscal Year 2026 and \$19.6 million in Fiscal Year 2027.

### *Financial Institution Data Match*

The Governor recommends a statutory change to allow the Division of Taxation to scale data matching nationwide to match bank accounts to delinquent taxpayers and issue bank levies, which helps the State improve tax collection for the many debtors who live out of state.

Rhode Island would join more than 20 states, including Massachusetts and Connecticut, in using data matching. The proposal anticipates that the State would begin in October 2025, with revenues projected to be \$5.3 million in Fiscal Year 2026 and \$8.0 million in Fiscal Year 2027.



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## EXPENDITURE SUMMARY

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The following outlines the revised FY 2025 and recommended FY 2026 Budgets as proposed by Governor McKee on January 16, 2025.

### Expenditures by Source

The following table shows state expenditures by source of funds. Statewide all funds expenditures for the revised FY 2025 Budget total \$14.933 billion, an increase of \$970.0 million compared to the enacted level. Of this total, \$5.611 billion, or 37.6 percent, is from general revenue. Of the \$970.0 million increase, \$471.0 million represents the carryforward for funding associated with the American Rescue Plan Act, including the State Fiscal Recovery Fund and the Capital Projects Fund; \$204.8 represents carryforward in the Intermodal Surface Transportation Fund; \$101.2 million represents carryforward in the Rhode Island Capital Plan Fund; \$46.7 million reflects growth in the institutional funds of URI, RIC, and CCRI; and \$24.0 million is in the Lottery Fund, largely reflecting growth in iGaming payouts.

All funds expenditures for FY 2026 are \$14.216 billion, an increase of 252.8 million compared to the FY 2025 enacted level. Of this total, \$5.743 billion, or 40.4 percent, is from general revenue.

#### Enacted and Proposed Expenditures by Source

Sources of Funds	FY 2025 Enacted	FY 2025 Revised	Change from Enacted	FY 2026 Recommended	Change from FY 2025 Enacted
General Revenue	\$5,594.9	\$5,610.7	\$15.8	\$5,743.1	\$148.2
Federal Funds	\$5,066.5	\$5,660.4	593.8	\$5,090.2	23.7
Restricted Receipts	\$463.1	\$491.0	27.8	\$446.2	-16.9
Other Funds	\$2,838.7	\$3,171.1	332.5	\$2,936.6	97.9
Total (millions)	\$13,963.2	\$14,933.2	\$970.0	\$14,216.1	\$252.8

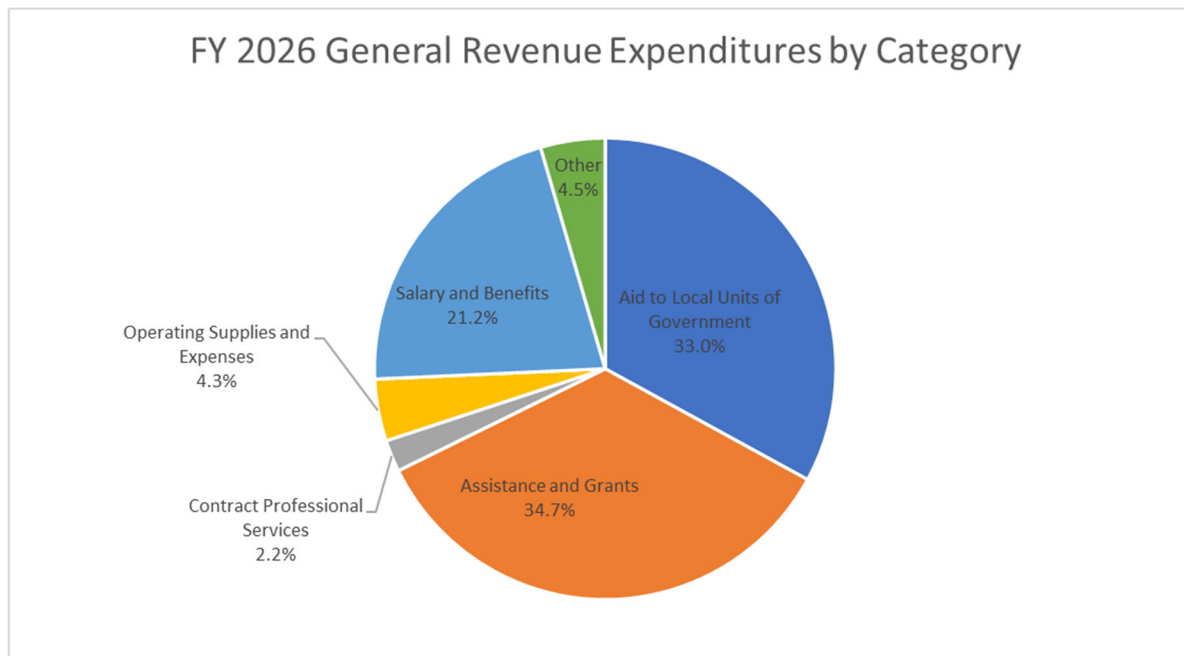
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# EXPENDITURE SUMMARY

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## General Revenue Expenditures by Category

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 is 33.0 percent of general revenue expenditures in FY 2026, proportionally equal to the 33.0 of general revenue expenditures in FY 2023. Personnel expenditures have increased slightly from 21.0 percent of general revenues in FY 2023 to 21.2 percent in FY 2026. Meanwhile, spending on grants and benefits which is comprised of Medical Assistance benefit expenditures increased from 28.2 percent of general revenues in FY 2023 to 34.7 percent in FY 2026, driven by increases to various social and human services rates and changes in budget presentation for Medicaid revenue receipts within the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals.



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## Expenditures by Functional Unit of Government

The FY 2026 general revenue budget is up \$148.2 million compared to the enacted FY 2025 Budget. In addition to statewide trends, such as personnel cost-of-living adjustments, the increases are due to the changes such as the following:

- General Government expenditures are up \$12.4 million; which includes investments to support the Governor's Rhode to Prosperity initiative.
- Health and Human Services expenditures increase by \$56.9 million; attributable to the annualization of the Office of the Health Insurance Commissioner's recommended rates, investments in Certified Community Behavioral Health Clinics, and adjustments to anticipated caseloads.
- Education expenditures are up \$69.0 million due to proposed changes to education aid.
- Public Safety expenditures are up by \$8.6 million to fully finance all public safety agencies at current services.
- Natural Resources expenditures are up by \$1.2 million to fully finance all natural resources agencies at current services.

### General Revenue Appropriations by Function

Sources of Funds	FY 2025 Enacted	FY 2025 Revised	Change from Enacted	FY 2026 Recommended	Change from FY 2025 Enacted
General Government	\$838.2	\$839.5	\$1.3	\$850.7	\$12.4
Health and Human Services	2,171.5	2,163.7	-7.8	2,228.4	56.9
Education	1,908.8	1,916.6	7.8	1,977.8	69.0
Public Safety	615.5	630.9	15.4	624.1	8.6
Natural Resources	60.8	60.0	(0.9)	62.1	1.2
Total (millions)	\$5,594.9	\$5,610.7	\$15.8	\$5,743.1	\$148.2



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# EXPENDITURE SUMMARY

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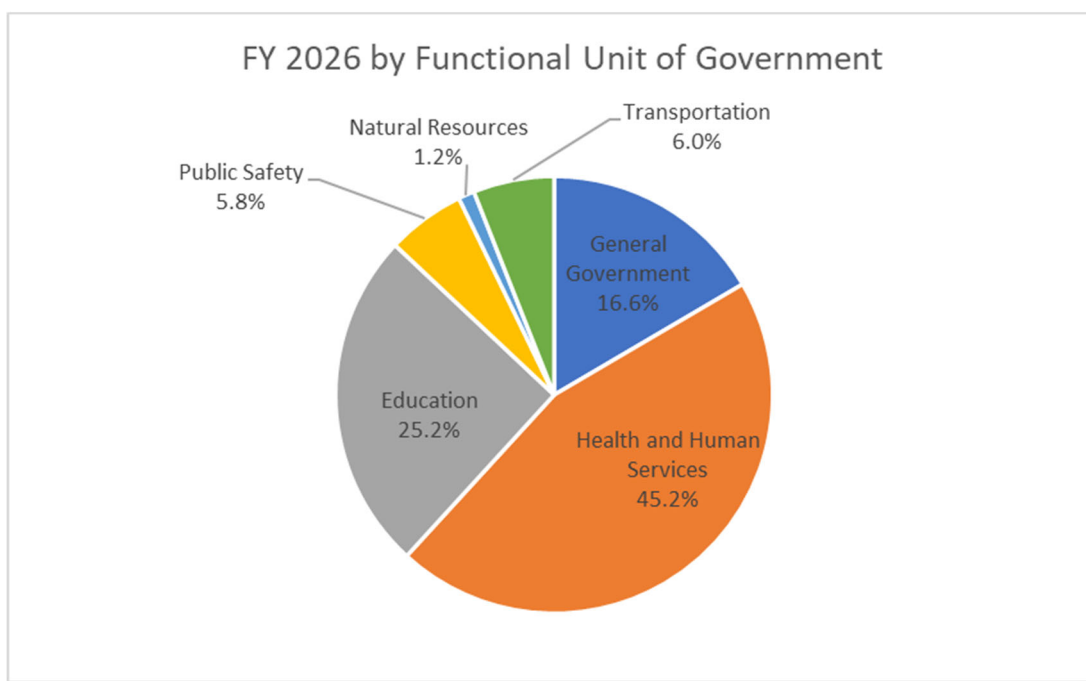
**FY 2026 All Funds expenditures by functional units total \$14,216.1 million and include:**

## General Government

Approximately 16.6 percent of all expenditures are for General Government, totaling \$2.353 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 45.2 percent of all expenditures are for Health and Human Services, totaling \$6.431 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 25.2 percent of all expenditures are for Education, totaling \$3.585 billion. This includes state support for local education aid, support for the state university and colleges, and scholarships.

## Public Safety

Approximately 5.8 percent of all expenditures are for Public Safety, totaling \$824.0 million. Public Safety agencies provide law enforcement, adjudication, perform correction and rehabilitative services, and handle emergencies impacting Rhode Island's citizens.

## Natural Resources

Approximately 1.2 percent of all expenditures are for Natural Resources, totaling \$170.1 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,

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## EXPENDITURE SUMMARY

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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 \$851.2 million. The Department maintains the State's transportation infrastructure.

# EXPENDITURE SUMMARY

## State Fiscal Recovery Fund

The State continues to spend its \$1.13 billion State Fiscal Recovery Fund (SFRF) allocation that has a spending deadline of December 31, 2026. While all program funds have been budgeted, a total of \$456.3 million is programmed in the recommended FY 2025 revised and FY 2026 Budgets. The following table shows the SFRF projects with the total budgeted amounts for FY 2025 and FY 2026.

Project	Budgeted Amount
9-8-8 Hotline	\$ 3,512,658
Adult Education Providers	\$ 3,679,639
Assistance to Impacted Industries	\$ 2,000,001
Auto-Enrollment Program	\$ 166,065
Bioscience Investments	\$ 42,999,400
Certified Community Behavioral Health Clinics*	\$ 7,164,426
Child Care Support	\$ 2,689,791
Community Learning Center Programming Support Grant	\$ 2,000,000
COVID-19 Operational Support	\$ 12,233,311
Crisis Intervention Trainings	\$ 1,649,886
Development of Affordable Housing	\$ 60,055,876
Electric Heat Pump Grant Program*	\$ 14,033,712
Enhanced Real Jobs	\$ 5,943,056
Fresh Start Scholarship	\$ 3,002,747
Health Care Facilities	\$ 10,000,000
Home Repair and Community Revitalization	\$ 17,502,101
Homelessness Assistance Program	\$ 23,095,840
Homelessness Infrastructure	\$ 17,615,951
Housing Related Infrastructure	\$ 3,000,000
Minority Business Accelerator	\$ 2,406,662
Municipal Homelessness Support Initiative	\$ 1,887,465
Municipal Planning	\$ 2,300,000
Municipal Public Safety Infrastructure	\$ 7,333,768
Municipal Roads Grant Program	\$ 23,183,415
Out of School Time Education Providers	\$ 4,000,000
Pandemic Recovery Office	\$ 3,276,317
Pediatric Provider Relief and Recovery	\$ 129
Port of Davisville	\$ 45,635,990
Predevelopment and Capacity Building	\$ 256,825

## EXPENDITURE SUMMARY

Project	Budgeted Amount
Preservation of Affordable Housing Units	\$ 500,000
Proactive Housing Development	\$ 1,400,000
Provider Workforce Stabilization	\$ 1,967,672
Psychiatric Residential Treatment Facility*	\$ 5,781,955
Public Health Clinics	\$ 984,027
Public Health Response Warehouse Support	\$ 1,928,972
Rhode Island College Foster Care Youth Scholarship	\$ 1,021,859
RI Reconnect	\$ 7,196,921
RIC Cybersecurity Center	\$ 1,595,322
RIPTA Operating Subsidy	\$ 15,000,000
Site Acquisition	\$ 900
Small Business Assistance	\$ 2,457,517
SNAP Retail Incentive Pilot**	\$ 4,500,000
Statewide Housing Plan	\$ 1,961,351
Support for Survivors of Domestic Violence	\$ 9,378,682
Targeted Housing Development	\$ 26,000,000
Turnpike and Bridge Authority – Safety Barriers Study	\$ 641,764
Washington Bridge Project	\$ 35,000,000
Workforce Housing	\$ 16,327,497
<b>Total</b>	<b>\$ 456,269,470</b>

\* Funds from these projects are recommended to be appropriated to the SNAP Retail Incentive Pilot.

\*\* The SNAP Retail Incentive Pilot is a new project recommended in the budget proposal.

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

# CHILDREN’S BUDGET

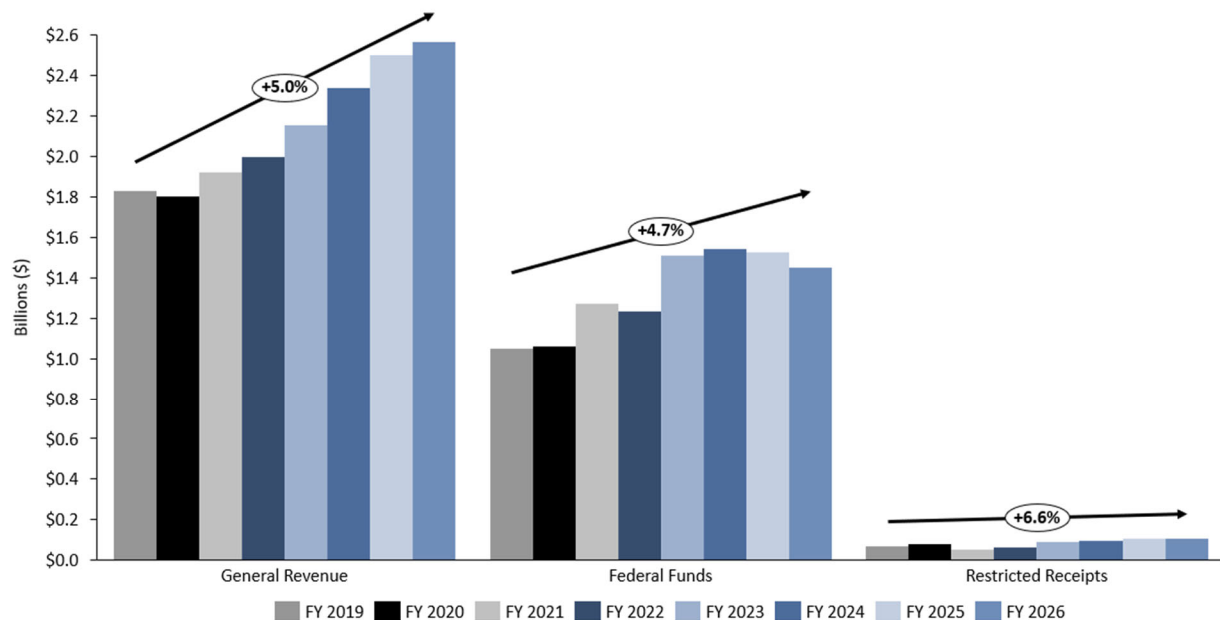
As required under R.I.G.L. § 42- 72.5(2), the following constitutes the FY 2026 Children’s Budget prepared by the Rhode Island Children’s Cabinet.

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 as outlined in the Rhode Island 2030 Plan.

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 from general revenue sources. The FY 2026 analysis shows that Rhode Island continues to prioritize children and youth with a 5.0 compound annual growth rate of general revenue since FY 2018. Due to the anticipated end of various federal stimulus funding streams, there is a decrease in federal funds between FY 2025 and FY 2026, though the overall trend remains positive since FY 2018.

**Graph A: Children and Youth Investments by Fund Source, FY 2018 – FY 2026**

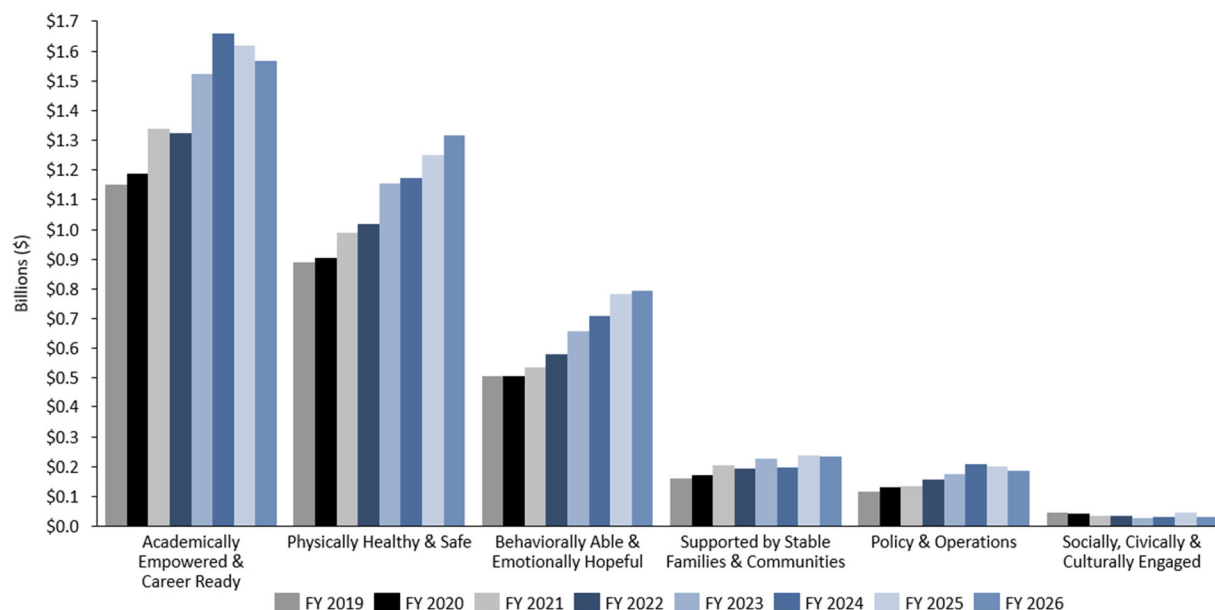


Since FY 2018, Rhode Island has continued to increase investment across all desired outcome areas, with the greatest increase in the Academically Empowered & Career Ready category. The FY 2026 Governor’s Proposed budget includes vital investments in the Child Care Assistance Program (CCAP), School Funding Formula, 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 2026**



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 seventh year of an initiative conducted as a partnership between the Children's Cabinet, OMB, and State agencies. The FY 2026 scan used the same protocols as the FY 2025 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.

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## **CHILDREN'S BUDGET**

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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.



## Economy

### RI 2030 Goal

- Increase access to reliable, high-speed/broadband internet.
- Support small business and enhance workforce development.
- Increase tourism spending.

### Performance Measures

- Broadband Performance
- Real Jobs Rhode Island Job Placements
- Tourist and Visitor Expenditures



## Education

### RI 2030 Goal

- Decrease the level of chronic absences among students.
- Support students transitioning from K-12 and provide increased financial support for post-secondary students.
- Ensure children are successful in school and beyond.

### Performance Measures

- Student Chronic Absenteeism Rate
- FAFSA Completion
- High School Graduates Earning Diploma Plus



## Health and Human Services

### RI 2030 Goal

- Increase access to quality primary and preventative care.
- Decrease overdose fatalities.

### Performance Measures

- LTSS Spending
- Timeliness of Early Intervention Evaluation
- Opioid Overdose Fatalities



# Charting a Course for the Future of the Ocean State



## Housing and Community Development

### RI 2030 Goal

- Advance the creation of new affordable, workforce, and market-rate housing.
- Prioritize housing with increased access to seniors and those with disability challenges.

### Performance Measures

- Affordable Housing Construction
- Promoting Safe and Livable Homes



## Infrastructure and Energy

### RI 2030 Goal

- Provide well-maintained roads and bridges that are safe, reliable, and structurally sound.
- Increase energy efficiency for public and private buildings.

### Performance Measures

- Bridge and Pavement Conditions
- State Government Energy Consumption



## Moving State Government into 2030

### RI 2030 Goal

- Increase government efficiency.
- Reduce enduring inequities throughout Rhode Island's economy.

### Performance Measures

- DMV Wait Times
- Online Tax Filing Rate
- State Government Workforce Diversity

# INSIGHTS INTO RHODE ISLAND'S POPULATION

## Overview of Population and Demographic Trends

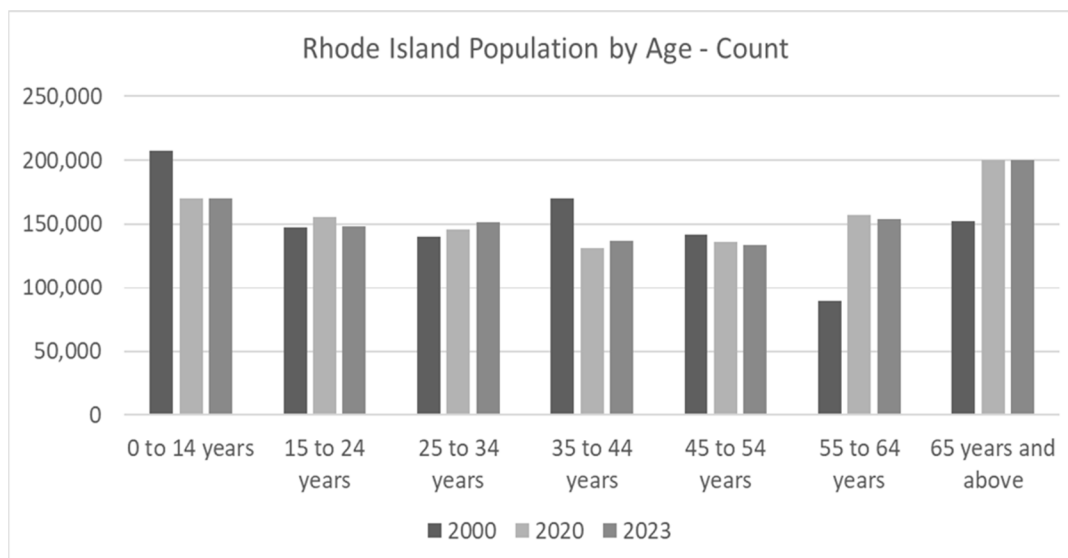
Rhode Island's population continues to change, with notable shifts in age distribution and socioeconomic indicators. Between 2000 and 2023, the number of residents aged 14 and below declined by 18 percent, while those aged 55 and older increased by 48 percent, reflecting an aging population (Figure 1).

Educational attainment has risen steadily. In 2023, 90 percent of adults aged 25 and older had a high school diploma or higher, compared to 84 percent in 2010 (Figure 3). Similarly, the percentage of adults with a bachelor's degree or higher grew from 30 percent to 37 percent over the same period. Although Rhode Island now surpasses national averages in these metrics, it remains below the New England regional average (Figure 4).

Household income levels also indicate improvement. Between 2010 and 2023, the proportion of households earning three or more times the federal poverty level increased from 62 percent to 70 percent, suggesting greater economic stability for some residents (Figure 5).

These demographic trends provide valuable context for evaluating fiscal policies and priorities. The following charts offer further details on Rhode Island's population changes and related indicators.

**Figure 1**

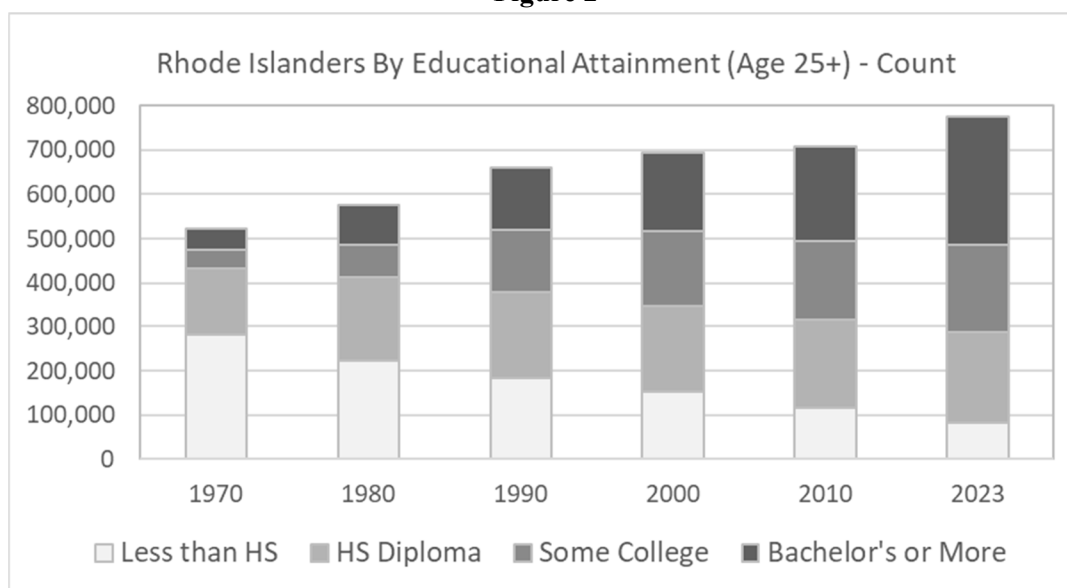


Sources: 2000 and 2020 Decennial Census, 2023 American Community Survey 5 Year Estimate

Overall, Rhode Island has an aging population. Compared to the year 2000, there are fewer young Rhode Islanders, with the number of Rhode Islanders aged 14 and below decreasing by 18 percent from 207,171 in 2000 to 170,394 in 2023. During that same interval, the number of Rhode Islanders aged 55 and above increased 48 percent from 241,391 to 354,109.

# INSIGHTS INTO RHODE ISLAND'S POPULATION

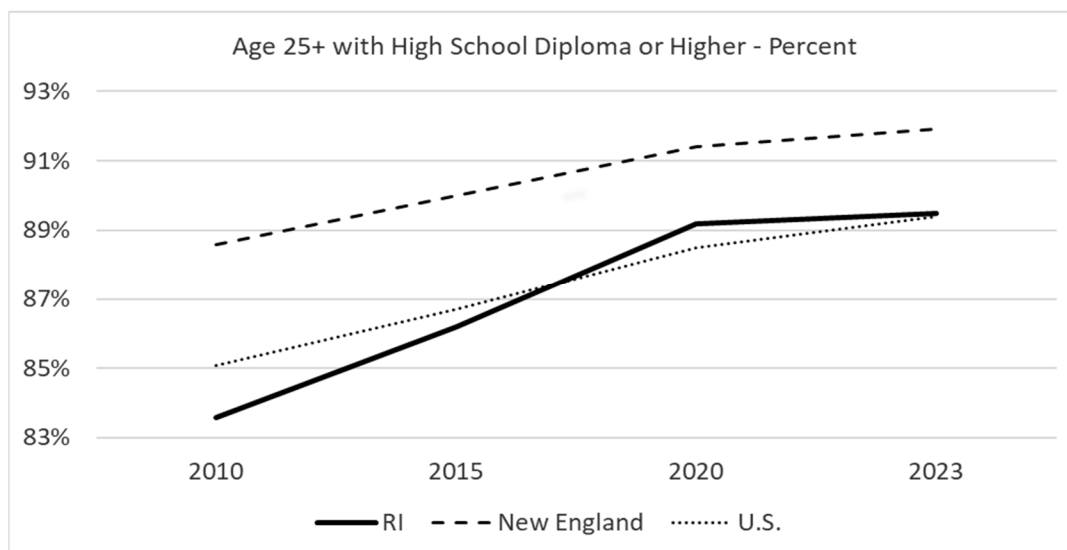
**Figure 2**



Sources: 1970 – 2000 Decennial Census, 2010, 2023 American Community Survey 5 Year Estimate

The educational attainment of Rhode Islanders has increased significantly over the last 50 years. While in 1970 approximately 54 percent of Rhode Islanders did not have a high school degree, in 2023 only approximately 11 percent of Rhode Islanders did not have one. Meanwhile, the percentage of Rhode Islanders with some college or college degrees has increased from 17 percent to 63 percent during the same period.

**Figure 3**



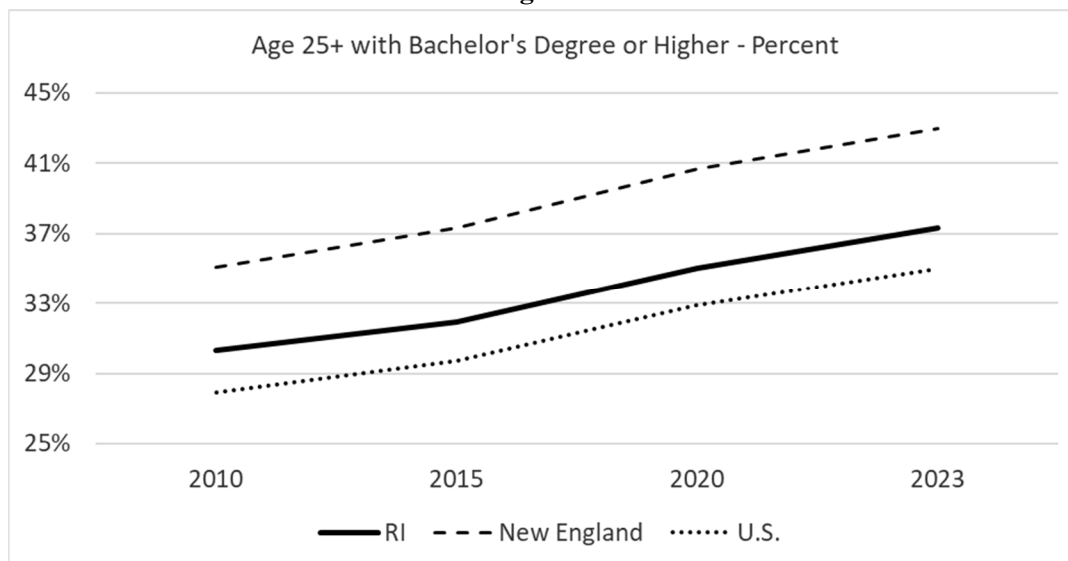
Sources: 2010, 2015, 2020, 2023 American Community Survey 5 Year Estimate

In 2010, Rhode Island was below the national average in the percentage of individuals aged 25 and above with a high school diploma or higher. In 2023, Rhode Island now exceeds the national average with approximately 90 percent of individuals having a high school diploma or higher. However, Rhode Island does still lag other New England states in educational attainment (New England region was approximately 92 percent in 2023).



# INSIGHTS INTO RHODE ISLAND'S POPULATION

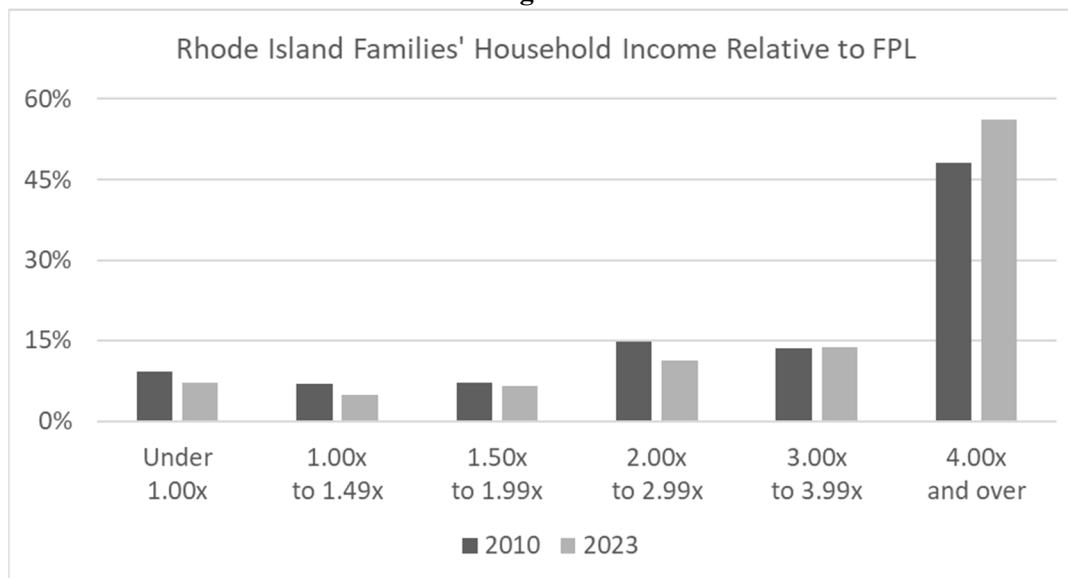
Figure 4



Sources: 2010, 2015, 2020, 2023 American Community Survey 5 Year Estimate

The percentage of Rhode Islanders with a bachelor's degree or higher has increased from approximately 30 percent to 37 percent between 2010 and 2023. Rhode Island's performance on this measure is higher than the national average (35 percent in 2023) but remains lower than that of the New England region (43 percent in 2023).

Figure 5



Sources: 2010 and 2023 American Community Survey 1 Year Estimate

Rhode Islanders' family household income has risen significantly relative to the federal poverty level (FPL) between 2010 and 2023. The percentage of Rhode Islanders whose incomes place them at three or more times above the federal poverty level has increased from 62 percent to 70 percent between 2010 and 2023.

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# RHODE ISLAND'S ECONOMY

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## Introduction

The Rhode Island economy in 2024 experienced modest to moderate growth across most key indicators; however, it experienced the effects of Federal Reserve monetary policy aimed at reining in inflation, most noticeably in a slight ramp-up in the unemployment rate. After hitting a record low of 2.6 percent in May 2023, Rhode Island's seasonally adjusted unemployment rate began steadily rising to 4.6 percent by November 2024. However, this upward movement in the unemployment rate is in part a natural effect of a proportional upward movement in labor force size and participation rate. As more of the working age population have entered and reentered the labor market in recent months, the unemployment rate will naturally increase as these individuals look for jobs. The consensus economic forecast adopted at the November 2024 Revenue Estimating Conference (REC) projects that the unemployment rate is unlikely to rise materially from its current level, but rather will stabilize at this level for the next five to six years.

The consensus forecast predicts that Rhode Island will continue to experience modest-to-moderate growth commensurate with rates seen over the previous year by most key measures. While the November 2023 consensus forecast had predicted a prolonged period of below trend growth, the updated November 2024 forecast projects more cause for optimism, with wages, personal income, and consumer spending growth all outpacing inflation. Most notable is consumer spending growth, which is expected to tick up slightly to 5.1 percent in FY 2025 from the estimated 4.1 percent growth seen in FY 2024. FY 2026 spending growth is also upwardly revised by 0.4 percentage points from the May 2024 consensus forecast.

While the forecast largely projects strength and a “soft landing” for the U.S. economy as a whole from the precarious position of the last few years, headwinds and downside risks remain. Most notably, the forecast projects a slight downturn in the stock market in FY 2026, with a slight decline in the S&P 500 index on the heels of double-digit growth in the prior two fiscal years. The forecast also projects FY 2026 corporate profits to be flat to the FY 2025 level. These factors are likely to constrain growth in investment and business income nationwide. In Rhode Island, the benefits of strong growth in personal income and consumer spending are likely to be somewhat tempered by the tight housing market. Finally, an important caveat to interpreting this forecast is that it was developed in October 2024 and assumed divided control of the federal government.

## The Labor Market

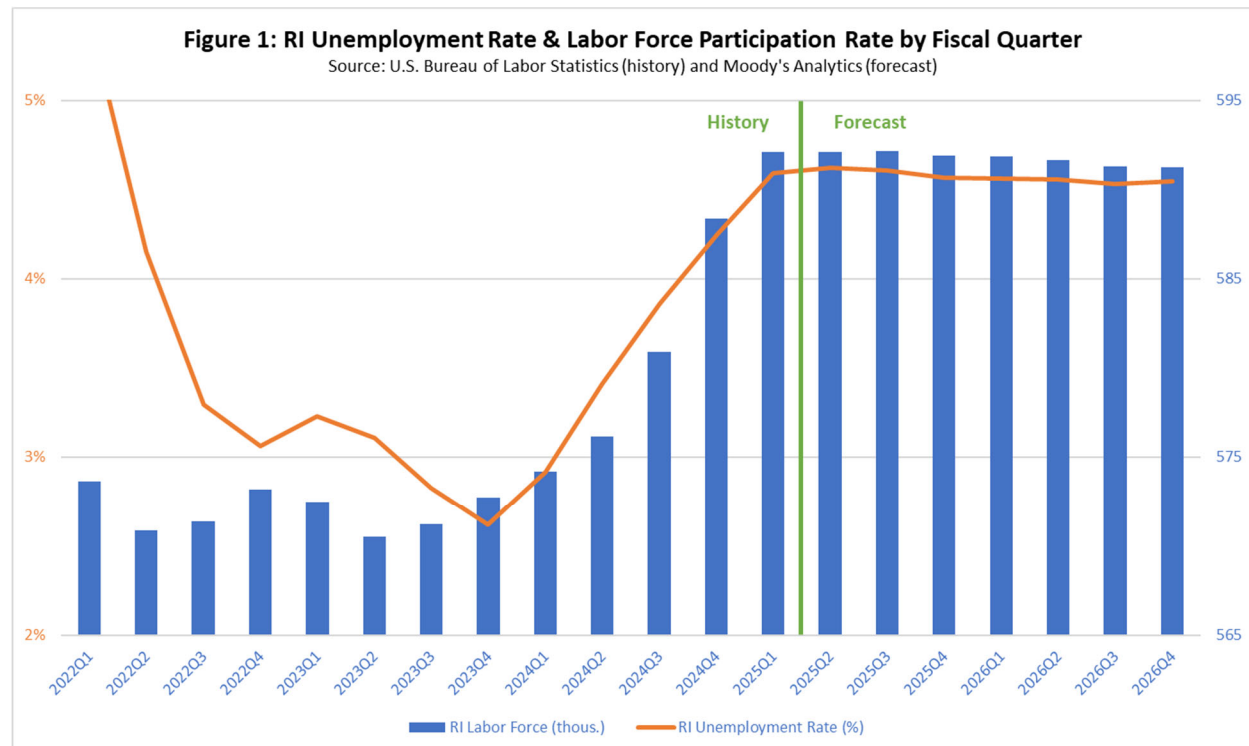
The past year has seen strong performance in jobs, wages, and the size of the Rhode Island labor force. According to testimony from the Department of Labor and Training (DLT) at the November 2024 REC, Rhode Island added approximately 6,500 jobs in the first half of CY 2024 compared to the first half of 2023, after an anticipated downward benchmark revision that will affect 2024 jobs numbers nationally.

However, unemployment has trended upward in recent months, and Rhode Island's November rate of 4.6 percent is the highest in New England. This is slightly above the national rate, but slightly below the generally accepted 5 percent full employment rate. There are likely two primary factors influencing this upward movement in unemployment. First, increased unemployment is the anticipated effect of the Federal Reserve's monetary tightening policies as it sought over the last two years to move inflation back to the 2 percent target rate by raising interest rates. Second, in Rhode Island specifically, it is likely a natural effect of a significant rise in labor force size and participation rate. From a post-pandemic low in the third quarter of FY 2023 to the first quarter of FY 2025 Rhode Island's labor force grew 3.8 percent and is projected in the consensus forecast to remain at or only slightly below that level in the coming years. The labor force participation rate (the percentage of the working age population that is either employed or actively seeking employment) increased from 63.4 percent to 65.1 percent during that time. According to DLT's Regional

# RHODE ISLAND'S ECONOMY

Economic Overview, over the last year Rhode Island experienced the second largest percentage increase in the state's labor force in New England, trailing only Massachusetts. During that same period, Rhode Island saw the second largest percentage job growth, behind New Hampshire.

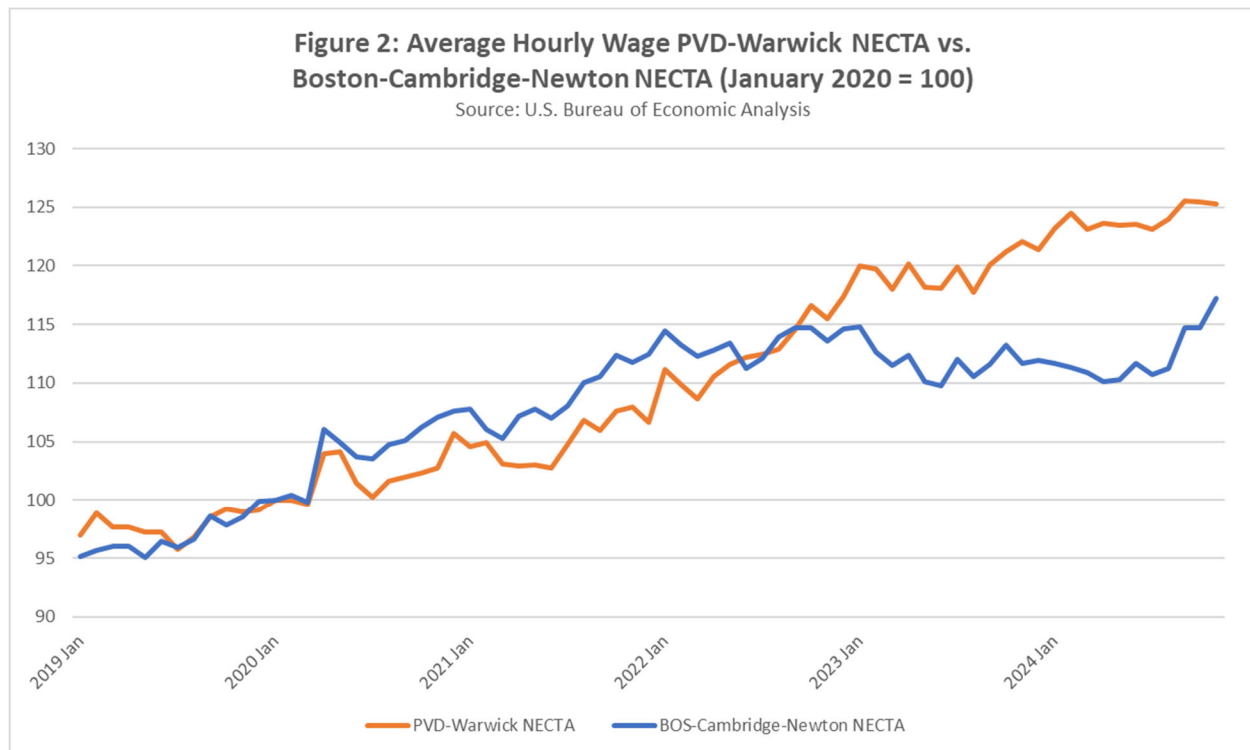
As more individuals enter the labor market or re-enter the labor market (perhaps after leaving the market during the pandemic years) unemployment will naturally rise as these individuals search for jobs. Figure 1 shows Rhode Island's unemployment rate from FY 2022 through the forecasted FY 2026 rate plotted against the size of the state's labor force in thousands.



A significant positive sign in Rhode Island's labor market over the past two years has been the recovery of wage growth relative to the Boston metropolitan area. According to the Bureau of Economic Analysis, average wage growth in the Providence-Warwick New England city and town area (NECTA) has outpaced that in the Boston-Cambridge-Nashua NECTA through all of CYs 2023 and 2024. While nominal wages remain higher in the Boston area, the gap has narrowed after consistently widening during the early pandemic years. Figure 2 shows the average hourly wage in the Providence and Boston areas plotted against one another and indexed for comparison using January 2020 as a baseline. The vertical axis can be interpreted as a given month's average wage as a percentage of the January 2020 average.

Slightly tempering this good news is the fact that the consensus forecast expects job growth to slow considerably in the coming years beginning with FY 2025. The forecast projects job growth rates of 0.4 percent and 0.5 percent in FYs 2025 and 2026, respectively before stagnating entirely in FYs 2027 through 2030. (See the consensus forecast table below for more detail.)

## RHODE ISLAND'S ECONOMY



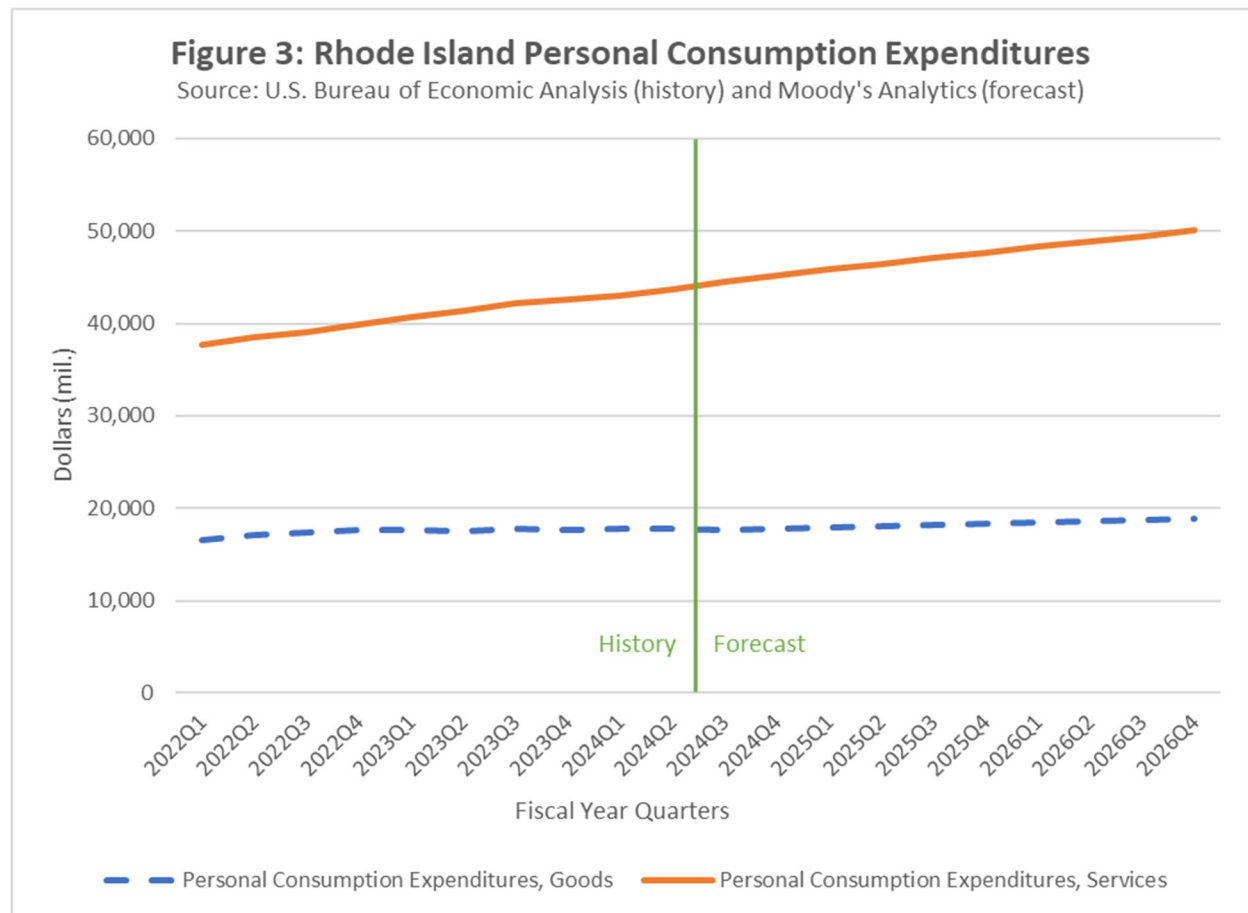
### Consumer Spending, Housing, and Inflation

Consumer spending is a major bellwether of the economy. Personal consumption expenditures (PCE) in Rhode Island soared during the early pandemic years, as they did throughout the rest of the nation. While the last couple of years have still seen strong gains relative to those outlier years, nominal PCE growth has tempered some. The consensus forecast anticipates it will continue to temper very modestly throughout the forecast horizon to FY 2030 but landing at 3.8 percent and continuing to show positive year-over-year changes that consistently outpace inflation (which is projected to hover in between 2.2 percent and 2.5 percent over the next five years). As anticipated, growth in the services sector has continued to outpace the growth of goods spending. This trend is attributable to consumers returning to more typical pre-pandemic spending patterns regarding healthcare, restaurant meals, and vacations. The growth of nominal services consumption was 5.6 percent in FY 2024 and is expected to rise to 6.1 percent in FY 2025 before falling to 4.3 percent over the next five years. This contrasts with nominal goods consumption growth of 0.5 percent in FY 2024. Goods consumption is projected to rise to 2.5 percent and 2.8 percent in FY 2025 and 2026 before dropping into the 2.1 percent to 2.3 percent range for the remainder of the forecast, roughly pacing at the projected consumer inflation rates during those years.

Price appreciation in the Rhode Island housing market continued in FY 2024, with the median existing single-family home price growing at 9.2 percent for the year. This growth is expected to fall to 4.7 percent in FY 2025 and further to 1.9 percent in FY 2026. High mortgage rates have curtailed the housing market, with home sales of existing single-family homes falling 11.7 percent in FY 2024. Sales are expected to rebound in FY 2025 due to interest rate loosening, growing at around 24.0 percent. Housing starts also took a hit due to high rates, falling 23.0 percent in FY 2024, but are also forecasted to rebound in FY 2025, growing at 28.7 percent.

## RHODE ISLAND'S ECONOMY

Inflation moderated to 3.3 percent in FY 2024 and is expected to drop to 2.2 percent by the end of the forecast horizon in FY 2030. However, while consumer prices have moderated nationally, they are not moderating in Rhode Island or New England as quickly as the rest of the country. According to testimony from Moody's Analytics at the November 2024 REC, this dynamic is largely driven by housing prices, as the primary difference is in the portion of CPI that consists of shelter costs.



### Consensus Economic Forecast

The economic forecast adopted at the November 2024 Revenue Estimating Conference is shown below. Most notably, the forecast predicts relatively flat growth in overall employment and for the Rhode Island unemployment rate to remain at its current slightly elevated state. The forecast assumes that the Federal Reserve continues to cut interest rates at 0.25 percent per quarter through the middle of CY 2026, when rates are expected to stabilize around 3 percent. However, as noted above, this version of the forecast does not include the tariff and immigration policies favored by the incoming federal administration, which are seen by many economists as likely inflationary. This policy direction could result in inflation being stickier than the forecast predicts, prompting the Fed to slow down its rate cut plans. The forecast largely assumes status quo in terms of geopolitical events. It expects the Russia/Ukraine conflict to continue, though with diminishing impact on global energy and other commodity prices. It expects Middle East conflict to continue, but not to spread beyond the region. Finally, it predicts U.S./China relations will remain tense but stable, with some economic decoupling.

# RHODE ISLAND'S ECONOMY

November 2024 Consensus Economic Forecast						
	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
<b>Nominal Level</b>						
Nonfarm Employment (Thous.)	511.1	513.6	513.8	513.5	513.1	512.6
Personal Income (Millions \$)	79,676	83,079	86,329	89,669	93,226	96,908
Housing Starts (Thous.)	1.3	1.4	1.5	1.5	1.5	1.4
<b>Annual Growth Rates (% Year-over-Year)</b>						
Nonfarm Employment Growth	0.4	0.5	0.0	-0.1	-0.1	-0.1
Personal Income Growth	4.5	4.3	3.9	3.9	4.0	3.9
Wage and Salaries Income Growth	4.4	4.0	3.5	3.5	3.5	3.4
Dividends, Interest and Rent Growth	2.2	2.8	2.6	3.1	4.0	3.9
Personal Consumption Expenditures Growth	5.1	4.4	4.1	4.0	3.9	3.8
Consumer Price Index (US)	2.4	2.5	2.4	2.3	2.3	2.2
Corporate Profits Growth (US)	1.8	0.0	1.5	4.1	4.2	3.9
S&P 500 Index Growth (US)	16.6	-0.3	4.0	6.3	5.3	4.9
<b>Rates (%)</b>						
Unemployment Rate (RI)	4.6	4.6	4.6	4.6	4.6	4.6



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## REVENUE

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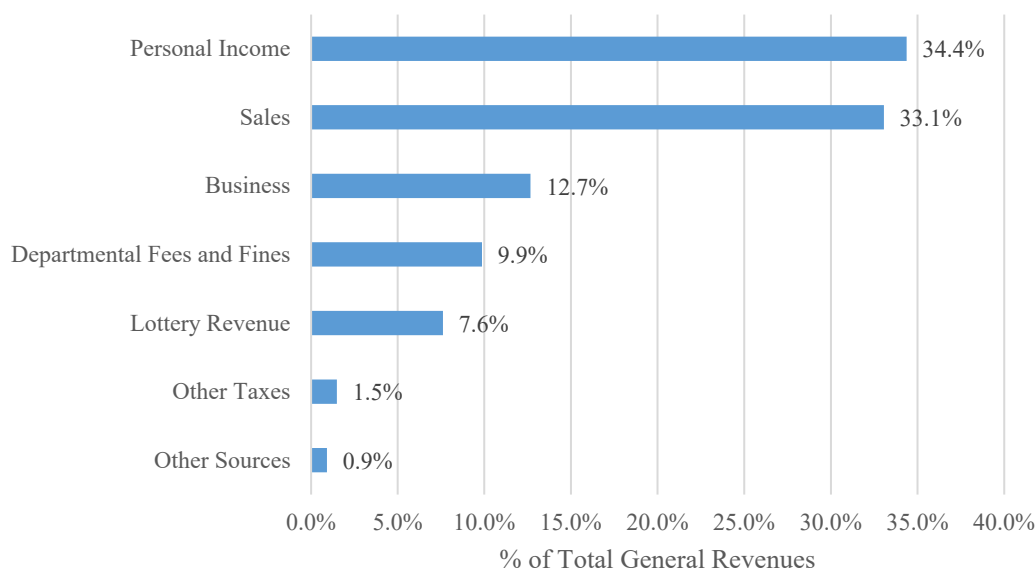
The Governor's recommended budget is based on estimated general revenue of \$5.567 billion in FY 2025 and \$5.734 billion in FY 2026. Annual estimated growth during FY 2025 and FY 2026 is 2.7 percent and 3.0 percent, respectively.

### FY 2025 Revised Revenues

The principals of the November 2024 Revenue Estimating Conference (REC) adopted revenue estimates that were \$67.5 million more than the enacted FY 2025 revenue estimates. The Governor's revised FY 2025 Budget recommends an increase of \$10.6 million from the amount adopted at the REC. (See *Changes to FY 2025 Enacted Revenue Estimates* in Appendix A.)

The Governor recommends the transfer of excess reserves in the amount of \$2.0 million from the Rhode Island Infrastructure Bank and \$2.7 million from the Rhode Island Student Loan Authority (RISLA). The transfer from RISLA will support the state's dual and concurrent enrollment programs. In addition, the budget increases the Disproportionate Share Hospital payment to Eleanor Slater Hospital by \$5.9 million.

### FY 2025 Revised General Revenues



R.I.G.L. § 35-5-7(a)(2) requires that if the budget submission includes any transfers of resources from public corporations to the general fund, the submission must include alternatives to those transfers. With respect to the transfer from RISLA, these resources are critical for maintaining funding for the dual and concurrent enrollment program, which enables high school students to take college-level courses financed through the Office of the Postsecondary Commissioner. Without these resources, the alternative would be to reduce funding for dual and concurrent enrollment in FY 2025 and FY 2026. In FY 2027 and beyond, dual and concurrent enrollment falls under the scope of the Postsecondary Commissioner's ongoing study on statewide financial assistance programs, allowing budget makers to consider this program's priority relative to other postsecondary financial assistance programs.

Regarding the transfer from the RI Infrastructure Bank, the Bank has benefited from one-time federal and state appropriations, including \$50.7 million in general revenue to provide the required state match for the clean and drinking water revolving funds through FY 2028. The Bank also received general revenue for

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## REVENUE

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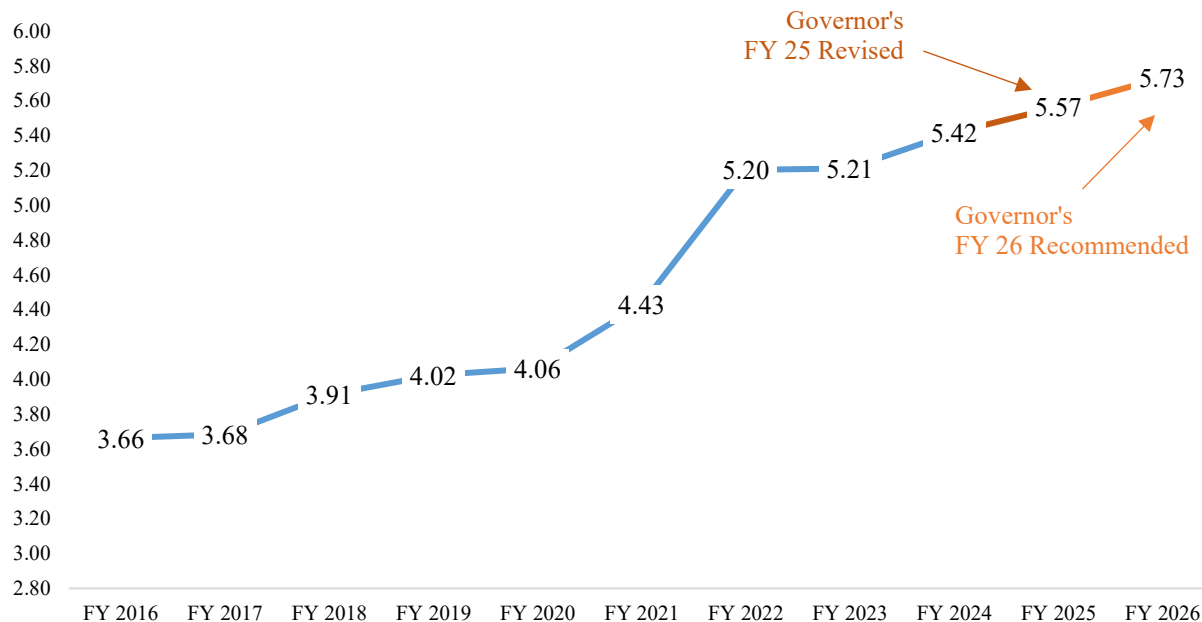
municipal infrastructure and coastal resilience programs. These contributions elevated interest income earned on the Bank's financial holdings in recent years, which have increased its net position and brought the unrestricted fund balance to over \$30 million. A one-time transfer of this size is not expected to materially affect the Bank's fiscal outlook. Because the prior general revenue contributions have supported environmental and infrastructure programs, an alternative to this transfer would be to reduce funding by \$2.0 million in other comparable programs such as at the Department of Environmental Management or Department of Transportation.

### FY 2026 Recommended Revenues

The Governor's recommended FY 2026 revenues are comprised of \$5.467 billion of revenue estimated at the November 2024 REC for FY 2026 and \$267.0 million of recommended changes to these adopted estimates. Of this total, \$232.5 million results from the readoption of the hospital licensing fee, which is a standard part of the recommended budget. Below are descriptions of selected FY 2026 revenue proposals. (See *Changes to FY 2026 Adopted Revenue Estimates* in Appendix A.)

### General Fund Revenue: Recent History & Forecast

Billions of Dollars



### Investing in Transportation, Education, and the Workforce

The Governor proposes a new fee for battery electric vehicles (BEVs) and plug-in hybrid electric vehicles (PHEVs), due upon registration. This fee revenue is not general revenue and instead will be directed to the Rhode Island Highway Maintenance Account and help support RhodeRestore, the state's municipal road and bridge program. BEVs will pay an annual fee of \$150, which corresponds to the lost gas tax revenue for an average passenger vehicle; the annual PHEV fee is \$75. The fee, effective January 1, 2026, is expected to bring in \$1.8 million in FY 2026, increasing to \$5.3 million in FY 2027.

The budget also includes an increase of the Division of Motor Vehicles (DMV) technology surcharge fee by \$1 to \$3.50, which is included on most DMV transactions. This restricted receipt revenue directly supports DMV's computer system and will help fund maintenance and enhancements to that system.

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## REVENUE

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The Governor proposes to include nonprofit organizations with at least 500 employees in the state's the Job Development Fund assessment of 0.21 percent of wages taxable under unemployment insurance. The \$2.6 million of new revenue for the Job Development Fund will support additional job training for Rhode Island residents.

The budget includes an additional \$2.9 million transfer from RISLA excess reserves to support dual/concurrent enrollment programs in FY 2026.

### Improving Housing, Health, and Safety

The Governor recommends increasing resources for the Housing Resources and Homelessness Fund by \$4.4 million in FY 2026 through two separate proposals. First, the budget adds a 5 percent tax to the short-term rental of whole homes. These short-term rentals are currently exempt from the 5 percent state hotel tax, and this proposal will equalize the tax rate for across whole-home and partial home rentals to 13 percent (inclusive of the 7 percent sales tax and 1 percent local hotel tax). Second, the budget adds an additional tax on real estate sales for the portion of that sales that exceed \$800,000. Currently, that value is taxed at 0.92%, which is made up of the state's standard real estate conveyance tax of 0.46% and the Housing Production Fund tax of 0.46%. This proposal would add an additional tax of 0.33% on value above \$800,000 to bring the total tax to 1.25%. These proposals would add \$8.1 million to the Housing Resources and Homelessness Fund by FY 2027.

As part of the Governor's gun safety initiative, the FY 2026 budget includes an exemption from the sales tax for firearm safety and storage purchases such as safes and trigger locks. This exemption reduces sales tax revenue by \$0.1 million.

The Governor also recommends a proposal from the General Treasurer creating a "baby bond" program, which would allocate \$3,000 to every child newly born to a family eligible for Temporary Assistance for Needy Families. The Governor also recommends a proposal from the General Treasurer creating a "baby bond" program, which would allocate \$3,000 to every child newly born to a family eligible for Temporary Assistance for Needy Families. Beneficiaries would be able to spend that bond (including any investment earnings) on eligible expenses when they turn eighteen. This proposal is expected to reduce the unclaimed property transfer by \$0.5 million annually starting in FY 2027.

The budget increases the cigarette tax by \$0.50 to a total tax of \$5.00 per pack. This increase adds \$4.4 million of revenue in FY 2026, which decreases to \$3.3 million in FY 2027 (FY 2026 includes the floor stock tax on current inventory).

### Reforming Tax Incentives

The Governor recommends repealing seven underutilized tax incentives in order to streamline the tax code and make state tax administration more efficient. In total, these repeals are expected to increase revenue by \$0.2 million in FY 2026 and \$0.4 million in FY 2027. The majority of this increased revenue comes from the repeal of two relatively minor research and development (R&D) incentives, the R&D property credit and the R&D facilities deduction.

The budget also recommends enhancing the state's R&D expense credit, which is tied to the federal research credit and is much more heavily utilized than the R&D property credit and facilities deduction. The Governor recommends increasing the carryforward period for unused R&D expense credits from seven to 15 years, which would align Rhode Island with the carryforward period in Massachusetts and Connecticut. Because this longer carryforward period only applies to credits earned in tax year (TY) 2026 and beyond, there is no fiscal impact until TY 2034. At most, this longer carryforward is expected to roughly double the revenue loss from the R&D expense credit, reducing state revenue by just under \$4 million by TY 2040.

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## REVENUE

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### Enhancing Tax Enforcement

The budget includes legislation to allow the Division of Taxation to initiate a financial institution data match program. This would allow the division to match tax debts to financial institution accounts to support the collection of owed state tax liability from noncompliant taxpayers in an efficient manner. This matching already occurs under current law, but under a less efficient, manual process. This program is expected to increase revenue by \$5.3 million in FY 2026 and \$8.0 million in FY 2027.

### Other Items

The Governor proposes a new tax on the gross revenues from digital advertising in Rhode Island. Only companies with \$1.0 billion or more in worldwide revenue would be subject to a 10 percent tax. This tax, patterned on one implemented in Maryland in 2021 with some modification, is expected to yield \$9.5 million in a half-year of revenue in FY 2026, and \$19.6 million in FY 2027.

The budget includes an increase to the indirect cost recovery percentage for restricted receipt accounts, which is a share of restricted receipt revenue that is transferred to the general fund to cover agency overhead costs. This percentage is increased from 10 percent to 15 percent, resulting in \$6.8 million in additional revenue in FY 2026.

As noted earlier, the FY 2026 budget includes a hospital licensing fee of \$232.5 million. This fee is \$16.8 million higher than the FY 2025 fee because the FY 2026 fee is calculated as a percentage of hospital fiscal year 2023 patient revenue, while the FY 2025 fee is based on 2022 patient revenue.

Like the FY 2025 revised budget, the FY 2026 recommended budget includes \$5.9 million in additional Disproportionate Share Hospital payments to Eleanor Slater Hospital, which brings the total payment to \$12.9 million in both years.

The budget also includes a general revenue reduction of \$0.5 million because of various Medicaid initiatives. Because Rhode Island has a gross receipts tax on insurance companies and nursing homes, a change in Medicaid spending in these areas often has resulting impacts on state general revenue.

# **General Government**



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## GENERAL GOVERNMENT

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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 Labor and Training, the Board of Elections, the Commission for Human Rights, and the Office of Energy Resources; and regulatory agencies, including the Department of Business Regulation, the Cannabis Control Commission, and the Public Utilities Commission.



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# GENERAL GOVERNMENT

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## Department of Administration

The Department of Administration (DOA) provides supportive services to all Rhode Island departments and agencies for the effective coordination and direction of state programs within a changing administrative and fiscal environment, while ensuring accountability and value for public dollars. The Department also provides policy direction for executive leadership in financial and administrative matters.

DOA's principal responsibilities include developing and administering the state budget; determining and maintaining standard specifications for purchases, contracts, bids, and awards for state purchases; maintaining and procuring state facilities; administering the statewide planning program; and managing the personnel of state departments and agencies.

### Recent Department achievements and highlights include:

- Through the Division of Enterprise Technology Strategy and Services, modernizing the State's technology systems to improve agencies' ability to make data-driven decisions that strengthen government operations and programs.
- Leading the transition of the State's human resources and finance functions to a new, cloud-based Enterprise Resource Planning system, which will ensure greater accuracy in reporting, improve security, and save countless hours navigating an outdated legacy system.
- Broke ground on two significant projects through the Division of Capital Asset Management and Maintenance (DCAMM) – the 16-bed female youth residential facility in Exeter and the Rhode Island State Police Southern Barracks, which consolidates State Police operations for the southern part of the state. DCAMM also oversaw the refurbishment of the Independent Man, the repair of the marble pedestal, and dome on which the statue stands.
- Administering the State's \$1.13 billion allocation of State Fiscal Recovery Funds (SFRF) through the Pandemic Recovery Office (PRO). As of November 2024, approximately \$730 million had been spent to increase the number of affordable housing units, build the resiliency of small businesses, bolster health care facilities, and provide education and workforce training programs to help Rhode Islanders reach their full potential.
- Launched the Rhode Map to Success Pilot Program through the Division of Equity, Diversity, and Inclusion to help state-certified firms receive technical assistance and support in navigating state and private sector procurement.
- Oversaw the successful issuance of \$142.4 million in GARVEE bonds through the Office of Management and Budget, marking a milestone in financing the rebuilding of the Washington Bridge.

## Budget Highlights

### Enhanced Enforcement.

Adds two positions in the Office of Internal Audit and Program Integrity to enhance the State's capacity to detect and prevent mismanagement of public funds.

### AI Pilot Project.

Provides \$750,000 to facilitate a limited artificial intelligence pilot project.

### Procurement Assessment Fee.

Recommends a 0.33 percent administrative fee be assessed on all state contracts starting on January 1, 2026. The fee will replace the current 1 percent administrative fee on master price agreements.

# GENERAL GOVERNMENT

## Department of Administration

Source of Funds	FY 2023 Actuals	FY 2024 Actuals	FY 2025 Enacted	FY 2025 Revised	FY 2026 Recommended
General Revenue	\$489,769,564	\$279,490,215	\$255,026,334	\$239,384,144	\$262,776,439
Federal Funds	\$210,085,376	\$44,102,130	\$78,720,050	\$152,041,032	\$48,547,422
Restricted Receipts	\$66,714,157	\$152,718,315	\$49,989,447	\$34,470,272	\$24,323,516
Other Funds	\$45,453,250	\$42,430,555	\$46,080,985	\$40,806,192	\$41,336,086
RI Capital Plan Fund	\$34,381,191	\$58,771,779	\$124,286,759	\$181,618,761	\$120,736,740
<b>Total Funding</b>	<b>\$846,403,537</b>	<b>\$577,512,993</b>	<b>\$554,103,575</b>	<b>\$648,320,401</b>	<b>\$497,720,203</b>
<b>FTE Authorization</b>	<b>662.7</b>	<b>674.6</b>	<b>683.6</b>	<b>667.6</b>	<b>669.6</b>

### Full-Time Equivalent Positions

The Governor recommends 669.6 FTE positions in the FY 2026 Budget and 667.6 FTE positions in the revised FY 2025 Budget. The revised FY 2025 total is 16.0 FTE positions fewer than enacted, reflecting the Office of Energy Resources becoming an independent agency. The net increase of 2.0 FTE positions in FY 2026 is composed of:

- A transfer of 16.0 FTE positions currently recognized in the Department of Administration's FTE authorization will instead be included in the Office of Energy Resources' (OER) separate authorization, as OER becomes a standalone agency in FY 2025 and FY 2026.
- An increase of 2.0 FTE positions in the Office of Internal Audit and Program Integrity
- An increase of 2.0 FTE positions in the Division of Enterprise Technology and Services for Integrated Data Systems initiative.
- A decrease of 2.0 FTE positions in the Division of Capital Asset Management and Maintenance due to transferring RICLAS positions to the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals

### Proposed FY 2026 Budget Actions

- **Current Operations.** The Governor recommends financing current operations and enacted staffing authorizations totaling \$262.8 million in general revenue in FY 2026. This amount is \$23.4 million, or 9.8 percent, above the prior year revised recommendation. This growth is mostly driven by debt service and statewide personnel funding. Exclusive of these two programs, the agency budget grew by \$1.4 million, or 2.2 percent, in general revenue in FY 2026 above the prior year revised recommendation.
- **Procurement Assessment Fee.** The Governor recommends that a 0.33 percent administrative fee be assessed on all state contracts beginning on January 1, 2026. The current 1 percent administrative fee on master price agreements (MPA) would be reduced to 0.33 percent as part of this initiative. Revenue from the fee would be restricted to support the operations of the Division of Purchases. The Governor recommends a reduction of \$500,000 in general revenue expenditures due to shifting costs on to the restricted receipts account. Restricted receipt revenue will decrease by \$387,787 in FY 2026 from the FY 2025 enacted level due to the decrease in the MPA fee and the staggered rollout of the new fee to

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## GENERAL GOVERNMENT

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only contracts that renew or commence after January 1, 2026, but would exceed the baseline beginning in FY 2027.

- *Office of Internal Audit and Program Integrity Enhancement.* The Governor recommends an increase of \$299,967 in general revenue for an additional 2.0 FTE positions to facilitate the enhancement of the Office of Internal Audit and Program Integrity. This will enhance the State's capacity to investigate fraudulent activities and detect and prevent mismanagement of public funds, supporting operational effectiveness and program integrity efforts.
- *Integrated Data Systems.* The Governor recommends an additional 2.0 FTE positions in the Division of Enterprise Technology and Services (ETSS) as part of the effort to form a federated integrated data system. These positions will allow the development, data integration, and data analysis efforts to be less reliant on contractors. Operating savings will be taken to completely offset the cost of the new positions.
- *RICLAS FTE Positions Transfer.* The Governor recommends that 2.0 FTE positions in the Division of Capital Asset Management and Maintenance that help maintain Rhode Island Community Living and Supports (RICLAS) properties be transferred from the Department of Administration to the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals for a reduction of \$222,868 in Statewide Facility Services Internal Service Fund expenditures.
- *Division of Capital Asset Management and Maintenance Project Manager Allocation.* The Governor recommends a decrease of \$2.0 million in general revenue for the Capital Asset Management and Maintenance program. The Department will charge project manager costs directly to relevant projects funded out of the Rhode Island Capital Plan Fund.
- *Artificial Intelligence Pilot Project.* The Governor recommends an increase of \$750,000 in Information Technology Internal Service Fund expenditures to support a limited artificial intelligence (AI) pilot project. This initiative will provide desktop AI applications to participating state agencies on a voluntary basis. Agencies choosing to participate will be billed on a per-seat basis, meaning the associated costs will not be incorporated into statewide rates, but will be accommodated within the budgets of the participating agencies.
- *COLA Reserve for Non-Ratified Unions.* The Governor recommends that \$19.0 million in general revenue be held in reserve in the Department of Administration to accommodate cost-of-living adjustments for personnel in unions in the Department of Corrections, Department of Public Safety, and Department of Elementary and Secondary Education that have not yet ratified new contracts.
- *Indirect Cost Recovery on Federal Funds.* The Governor recommends \$193,701 in general revenue savings from recoveries of indirect costs on federal grants, beginning in State Fiscal Year 2026. On October 1, 2024, Federal OMB's Uniform Guidance increased the "de minimis" rate of recovery from 10 percent to 15 percent of applicable direct costs, pursuant to 2 CFR § 200.414(f). This increase in federal cost recovery will facilitate a larger portion of agency overhead to be covered with restricted receipts, which would otherwise have required appropriations of general revenue.
- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$2.2 million in general revenue. This reflects a 4.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$24,710. In addition, the Governor recommends a net increase of \$1.7 million in general revenue for the financing of agency charges for various centralized services, including facilities management, information technology, human resources, Enterprise Resource Planning maintenance and operations, and central utilities.

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# GENERAL GOVERNMENT

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## Proposed FY 2025 Budget Revisions

- *COLA Reserve for Non-Ratified Unions.* The Governor recommends that \$11.2 million in general revenue be held in reserve in the Department of Administration to accommodate cost-of-living adjustments for personnel in unions in the Department of Corrections, Department of Public Safety, and Department of Elementary and Secondary Education that have not yet ratified new contracts.
- *Rescoping the Classification and Compensation Study.* The Governor recommends a decrease of \$1.3 million to reduce the scope of the Classification and Compensation Study. Remaining funding will allow three components of the original scope of work to be completed and will allow the Department to remain focused on the implementation of the Enterprise Resource Planning system.
- *General Obligation Debt Service.* The Governor recommends \$159.5 million in general revenue for FY 2025 debt service obligations, reflecting a \$4.9 million decrease due to a delay in the planned general obligation bond issuance. After reviewing bond fund balances, OMB determined that issuing additional funds in November 2024 was unnecessary. Delaying issuance to May 2025 will not affect any ongoing capital project because sufficient balances remain. Furthermore, the delay allows for the inclusion of projects approved in the November 2024 voter referendum, if needed, and provides additional refunding opportunities.
- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$1.2 million in general revenue. This reflects a 5.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$8,046. In addition, the Governor recommends a net increase of \$276,828 in general revenue for the financing of agency charges for information technology and Enterprise Resource Planning centralized services.

# GENERAL GOVERNMENT

## Office of Energy Resources

The Office of Energy Resources' (OER) mission is to lead the state toward a clean, affordable, reliable, and equitable energy future. OER develops policies and programs that respond to the state's evolving energy needs, while advancing environmental sustainability, energy security, and a vibrant clean energy economy. OER is committed to working with public- and private-sector stakeholders to ensure that all Rhode Islanders have access to cost-effective, resilient, and sustainable energy solutions.

Rhode Islanders spend over \$3 billion per year on energy to light their homes, keep the heat on, and fuel their vehicles. Fossil fuels such as natural gas, fuel oil, and gasoline supply the vast majority of these energy needs. By developing and implementing smart energy policies – such as those that promote energy efficiency and renewable energy – OER helps reduce Rhode Island's dependence on these out-of-state fuels, advancing our state as a national leader in the new clean energy economy.

### Recent Office achievements and highlights include:

- In July, Rhode Island became the first state in the nation to complete Phase 1 of the National Electric Vehicle Infrastructure program under the Infrastructure Investment and Jobs Act.
- Launched the federal Home Electrification and Appliance Rebates Program for low-income households. A version of the program for moderate-income households is scheduled to launch in 2025. This \$31.8 million initiative provides rebates to low- and moderate-income households for electrification and appliance upgrades.
- Rhode Island remains a key player in advancing offshore wind development. In a groundbreaking coordinated procurement with Massachusetts, 2,678 megawatts of offshore wind capacity were selected – the first collaboration of its kind in the nation. From this procurement, Rhode Island secured 200 megawatts, enough to power 125,000 homes.
- Awarded \$3.37 million in federal funding to prevent outages and enhance the resilience of the electric grid.

## Budget Highlight

### Federal Grant Program Implementation.

Adds two positions to manage new federal grant programs, Solar for All and the Home Electrification and Appliance Rebate program.

### Office of Energy Resources

Source of Funds	FY 2023 Actuals	FY 2024 Actuals	FY 2025 Enacted	FY 2025 Revised	FY 2026 Recommended
General Revenue	-	-	-	\$500,000	-
Federal Funds	-	-	-	\$35,438,362	\$31,842,712
Restricted Receipts	-	-	-	\$26,431,400	\$39,258,984
Other Funds	-	-	-	\$4,674,978	\$4,668,785
RI Capital Plan Fund	-	-	-	\$1,329,411	\$1,000,000
<b>Total Funding</b>	-	-	-	<b>\$68,374,151</b>	<b>\$76,770,481</b>
<b>FTE Authorization</b>	-	-	-	<b>16.0</b>	<b>20.0</b>

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# GENERAL GOVERNMENT

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## Full-Time Equivalent Positions

The Governor recommends 20.0 FTE positions in the FY 2026 Budget, and 16.0 positions in the revised FY 2025 Budget. The latter is unchanged from the enacted FY 2025 Budget, when the Office of Energy Resources was a component of the Department of Administration.

### Proposed FY 2026 Budget Actions

- *Current Operations.* The Governor recommends financing current operations and enacted staffing operations totaling \$76.8 million in all funds in FY 2026. This amount is \$8.4 million, or 12.3 percent, above the prior year revised recommendation.
- *Federal Program Administrators.* The Governor recommends an increase of \$288,498 in federal funds for an additional 2.0 FTE positions to manage two new federal grant programs, Solar for All and the Home Electrification and Appliance Rebate program.
- *Legal Counsel.* The Governor recommends an increase of \$169,956 in restricted receipts for an additional 1.0 FTE position to serve as a full-time legal counsel, reflecting greater responsibilities than can be met under the current arrangement of sharing half of the time of a Department of Administration legal counsel.
- *State Facilities Benchmarking and Performance Standards Program.* The Governor recommends an increase of \$139,069 in restricted receipts for an additional 1.0 FTE position to administer the State Facilities Benchmarking and Performance Standards Program, facilitating the collection and reporting of annual energy usage and greenhouse gas emissions data for State-owned, State-occupied facilities and developing performance standards to guide emissions reductions.

### Proposed FY 2025 Budget Revisions

- *Current Operations.* The Governor recommends financing to maintain the current operations and enacted staffing authorizations of the Office of Energy Resources, formerly a program within the Department of Administration, as an independent agency, totaling \$68.4 million from all funds in FY 2025.

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# GENERAL GOVERNMENT

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## Department of Business Regulation

The Department of Business Regulation's (DBR) primary function is the implementation of state laws mandating the regulation and licensing of designated businesses, professions, occupations, and other specified activities. The areas regulated include Banking, Securities, Commercial Licensing, Office of Cannabis Regulation, Gaming and Athletics, Insurance, Accountants, and the Division of Building, Design and Fire Professionals.

DBR's mission is to assist, educate, and protect the public through the implementation and enforcement of state laws on these activities while recognizing the need to foster a sound business environment.

The Department issues over 200,000 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 2024, returned \$660,000 to consumers because of complaint investigations; received \$1.5 million as a result of multistate activity with other states; and received \$500,000 in fines or penalties, including \$300,000 by the Office of Cannabis Regulation.
- Licensed more than 300,000 professionals utilizing an online licensing system to enhance efficiency, security, and the user experience. Many of these individuals were able to electronically receive licenses in other states because of their Rhode Island license.
- Assisted more than 2,700 Rhode Island consumers in their dealings with professionals licensed by DBR.
- Finalized implementation of an online, solar retailer registration system with a strong focus on consumer protection and transparency as required by state law.
- The Office of the Health Insurance Commissioner (OHIC), through its Health Spending Accountability and Transparency Program, published new insights into the drivers of health care spending growth. OHIC published its annual report on health care spending and quality, published a new chartbook and data dashboards, and held a public forum to discuss state policies to improve health care affordability. OHIC also saved Rhode Islanders \$29.6 million by cutting increases proposed by commercial health insurers for 2025, including \$10.4 million for small businesses.
- The Rhode Island Fire Training Academy graduated 145 recruits from the Municipal Fire and Call/Volunteer Training programs. The Academy used the federal Assistance to Firefighters Grant Program to purchase a new flashover simulator, pump simulator, ground ladder, fire stream nozzles, and forcible entry doors. A major capital expansion of the Fire Academy is under way, with plans to expand the footprint of the Academy by adding classrooms, an auditorium, and a five-bay fire station.

## Budget Highlight

### Dental Insurance Loss Ratio Reporting.

Allocates \$0.4 million in general revenue for the report conducted by the Office of Health Insurance Commissioner that is due by October 1, 2026.



# GENERAL GOVERNMENT

## Department of Business Regulation

Source of Funds	FY 2023 Actuals	FY 2024 Actuals	FY 2025 Enacted	FY 2025 Revised	FY 2026 Recommended
General Revenue	\$23,204,707	\$22,113,009	\$24,091,628	\$24,722,492	\$25,593,781
Federal Funds	\$910,863	\$1,018,821	\$749,043	\$759,546	\$586,088
Restricted Receipts	\$6,957,526	\$7,190,133	\$12,156,568	\$12,356,525	\$5,486,102
Other Funds	\$64,629	\$64,921	\$67,300	\$50,686	\$52,983
RI Capital Plan Fund	-	\$569,279	\$7,056,000	\$7,086,720	\$3,375,000
<b>Total Funding</b>	<b>\$31,137,725</b>	<b>\$30,956,164</b>	<b>\$44,120,539</b>	<b>\$44,975,969</b>	<b>\$35,093,954</b>
<b>FTE Authorization</b>	<b>181.0</b>	<b>181.0</b>	<b>181.0</b>	<b>181.0</b>	<b>155.0</b>

### Full-Time Equivalent Positions

The Governor recommends 155.0 FTE positions in the FY 2026 Budget, and 181.0 FTE positions in the revised FY 2025 Budget, unchanged from the enacted FY 2025 Budget.

### Proposed FY 2026 Budget Actions

- *Controlling Growth.* The agency budget totals \$25.6 million in general revenue in FY 2026. This amount is \$871,289, or 3.5 percent, above the prior year revised recommendation. To manage growth within budget constraints, the Governor's budget recommendation reflects adjustments to operating expenses, personnel vacancy and turnover assumptions, and other strategies to control expenditure growth in both FY 2025 and FY 2026.
- *Rhode Island Cannabis Control Commission.* The Governor recommends that the Office of Cannabis Regulation become an independent agency called the Rhode Island Cannabis Control Commission. The Cannabis Control Commission was established pursuant to the Rhode Island Cannabis Act of 2022, R.I.G.L. § 21-28.11 and will operate as an independent state agency.
- *Dental Insurance Loss Ratio Reporting.* The Governor recommends \$0.2 million in general revenues to finance the required report conducted by the Office of Health Insurance Commissioner pursuant to the Dental Insurance Loss Ratio Reporting and Study Act. The commissioner has been tasked with providing a study report pursuant to R.I.G.L. § 27-82-6 to the General Assembly by October 1, 2026.
- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$1.6 million in general revenue. This reflects a 4.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$11,534. In addition, the Governor recommends a net increase of \$309,076 in general revenue for the financing of agency charges for various centralized services, including facilities management, information technology, human resources, Enterprise Resource Planning maintenance and operations, and central utilities.

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## GENERAL GOVERNMENT

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- *Indirect Cost Recovery.* The Governor recommends \$39,014 in general revenue savings from recoveries of indirect costs on federal grants, beginning in FY 2026. On October 1, 2024, Federal OMB's Uniform Guidance increased the "de minimis" rate of recovery from 10 percent to 15 percent of applicable direct costs, pursuant to 2 CFR § 200.414(f). This increase in federal cost recovery will facilitate a larger portion of agency overhead to be covered with restricted receipts, which would otherwise have required appropriations of general revenue. This increase in federal cost recovery will facilitate a larger portion of agency overhead to be covered with restricted receipts, which would otherwise have required appropriations of general revenue.

### **Proposed FY 2025 Budget Revisions**

- *Dental Insurance Loss Ratio Reporting.* The Governor recommends \$0.2 million in general revenues to finance the required report conducted by the Office of Health Insurance Commissioner pursuant to the Dental Insurance Loss Ratio Reporting and Study Act. The commissioner has been tasked with providing a study report pursuant to R.I.G.L. § 27-82-6 to the General Assembly by October 1, 2026.
- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$837,040 in general revenue. This reflects a 5.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$6,484. In addition, the Governor recommends a net increase of \$166,044 in general revenue for the financing of agency charges for information technology and Enterprise Resource Planning centralized services.

# GENERAL GOVERNMENT

## Rhode Island Cannabis Control Commission

The Rhode Island Cannabis Control Commission is responsible for overseeing the regulation, enforcement, and control of regulated adult use and medical cannabis, and is authorized to exercise all powers necessary for the implementation, administration, and enforcement of cannabis regulation and policy.

### Recent Commission achievements and highlights include:

- Hired key personnel, including the first-ever Administrator of the Commission, convened the Cannabis Advisory Board, which advises on statutorily mandated requirements, and is preparing to publish its first adult-use regulations.

## Budget Highlight

### Rhode Island Cannabis Control Commission.

Makes the Office of Cannabis Regulation an independent agency.

### Rhode Island Cannabis Control Commission

Source of Funds	FY 2023 Actuals	FY 2024 Actuals	FY 2025 Enacted	FY 2025 Revised	FY 2026 Recommended
General Revenue	-	-	-	-	-
Federal Funds	-	-	-	-	-
Restricted Receipts	-	-	-	-	\$7,556,626
Other Funds	-	-	-	-	-
RI Capital Plan Fund	-	-	-	-	-
<b>Total Funding</b>	-	-	-	-	<b>\$7,556,626</b>
<b>FTE Authorization</b>	-	-	-	-	<b>28.0</b>

### Full-Time Equivalent Positions

The Governor recommends 28.0 FTE positions in the FY 2026 Budget for the newly established Rhode Island Cannabis Control Commission. This includes 26.0 FTE positions transferred from the Office of Cannabis Regulation, previously housed within the Department of Business Regulation, in addition, 2.0 new FTE positions in the Governor's recommendation.

### Proposed FY 2026 Budget Actions

- *Current Operations.* The Governor recommends financing current operations and enacted staffing authorizations totaling \$7.6 million in restricted in FY 2026. This amount is \$508,797 million, or 7.2 percent, above the prior year revised recommendation in which the Commission had formerly operated as the Office of Cannabis Regulation within the Department of Business Regulation.
- *Rhode Island Cannabis Control Commission.* The Governor recommends that the Office of Cannabis Regulation become an independent agency called the Rhode Island Cannabis Control Commission. The Cannabis Control Commission was established pursuant to the Rhode Island Cannabis Act of 2022, R.I.G.L. § 21-28.11.
- *Additional Personnel for the Cannabis Control Commission.* The Governor recommends an additional \$253,063 in restricted receipts for 2.0 FTE positions including a Senior Legal Counsel and an Administrative Officer. These additional positions bring the total number of positions recommended from 26.0 to 28.0 FTE positions.

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# GENERAL GOVERNMENT

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## Executive Office of Commerce

The Executive Office of Commerce (EOC) plays a pivotal role in stimulating economic growth within the state by providing strategic leadership and direction for economic development initiatives. The EOC oversees several key entities, including the Rhode Island Commerce Corporation (RI Commerce), the Department of Business Regulation, the I-195 Redevelopment District Commission, and the Quonset Development Corporation, ensuring a cohesive and dynamic approach to advancing the state's economic objectives.

### Recent Office achievements and highlights include:

- Developed Ocean State Accelerates, the State's long-term, economic development vision and policy, as well as a strategic plan for implementation. This plan was adopted by the Economic Development Planning Council in November 2023 and fulfills the requirements of the U.S. Economic Development Administration for a Comprehensive Economic Development Strategy.
- Awarded grants totaling \$4 million in 2024 for 18 projects through the Main Street RI Streetscape Improvement Fund to help revitalize main streets and downtown business districts.
- Awarded Innovation Voucher grants totaling \$800,000 to 13 small businesses to support their growth in Rhode Island by providing access to tools and resources, and by developing partnerships with local higher education institutions or in house for manufacturers.
- Collaborated with the cities of Providence and East Providence on a grant program to support businesses most significantly impacted by the Washington Bridge reconstruction.
- Awarded over \$14.7 million in loans to 91 small businesses through RI Commerce's Small Business Loan Fund, State Small Business Credit Initiative, Small Business Assistance Program, and Small Business Development Fund.
- Supported over 950 businesses in technical assistance services in areas such as accounting and bookkeeping, marketing and communications, and web development, with 70 percent of businesses served being women- or minority-owned businesses. Awarded \$8.6 million from the First Wave Closing Fund to three mixed-use and commercial projects in the cities of Pawtucket and Providence, and the Town of North Kingstown.
- Awarded \$15.5 million in tax credits from the Rebuild Rhode Island Tax Credit Program to companies to expand and/or locate operations in Rhode Island.

## Budget Highlights

### Destination Marketing.

Provides \$1.4 million in general revenue to support airline routes to Rhode Island T.F. Green International Airport.

### Air Service Development Fund.

Includes an additional \$1.5 million in general revenue for agreements with carriers to incentivize air service to Rhode Island T.F. Green International Airport.

### Sunset Extensions.

Extends various business and economic development programs for an additional year through December 31, 2026.

# GENERAL GOVERNMENT

## Executive Office of Commerce

Source of Funds	FY 2023 Actuals	FY 2024 Actuals	FY 2025 Enacted	FY 2025 Revised	FY 2026 Recommended
General Revenue	\$57,085,654	\$66,223,935	\$40,380,983	\$40,431,623	\$31,857,824
Federal Funds	\$92,398,662	\$19,451,448	\$22,000,000	\$141,286,070	\$20,000,000
Restricted Receipts	\$19,538,012	-	-	-	-
Other Funds	-	-	-	-	-
RI Capital Plan Fund	\$881,228	\$606,489	\$8,396,180	\$8,753,509	\$4,300,000
<b>Total Funding</b>	<b>\$169,903,556</b>	<b>\$86,281,872</b>	<b>\$70,777,163</b>	<b>\$190,471,202</b>	<b>\$56,157,824</b>
<b>FTE Authorization</b>	<b>20.0</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>

### Full-Time Equivalent Positions

The Governor recommends 5.0 FTE positions in the FY 2026 Budget, and 5.0 FTE positions in the revised FY 2025 Budget, unchanged from the enacted FY 2025 Budget.

### Proposed FY 2026 Budget Actions

- *Controlling Growth.* The agency budget totals \$31.9 million in general revenue in FY 2026 and includes the operating budget for the Executive Office of Commerce, operating support for the Commerce Corporation, and programmatic investments in economic development initiatives. The operating support for the Executive Office totals \$6.5 million in general revenue in FY 2026, which is an increase of \$155,765, or 2.5 percent, above the prior year revised recommendation. Operating support for the Commerce Corporation totals \$8.5 million, which is equal to the prior year revised recommendation.
- *Air Service Development Fund.* The Governor recommends an additional \$1.5 million in general revenue to fulfill contractual obligations related to the Air Service Development Fund. The additional funding brings the recommended appropriation to \$2.7 million in general revenue in FY 2026. This fund finances agreements with air carriers and cargo carriers to incentivize air service to Rhode Island T.F. Green International Airport.
- *Destination Marketing.* The Governor recommends \$1.4 million in general revenue for destination tourism marketing in support of airline routes to Rhode Island T.F. Green International Airport. This amount is in addition to the combined total of \$3.0 million of State Fiscal Recovery Funds that was appropriated in FY 2023 and FY 2024, and \$1.4 million in general revenue appropriated in FY 2025.
- *Innovation Ecosystem.* The Governor recommends \$250,000 in general revenue for the Rhode Island innovation ecosystem initiative. Funds allocated to this initiative will support efforts to strengthen collaboration between Rhode Island's higher education institutions and private industry to drive workforce development and innovation. This may include creating talent pipelines, fostering research partnerships, supporting internships and training programs, conducting workforce assessments, enhancing business recruitment, offering relocation incentives, and attracting skilled professionals to Rhode Island.
- *Rhode Island Industrial-Recreational Building Authority Obligations.* The Governor recommends \$105,094 in general revenue to fulfill outstanding debt service obligations of the Industrial Recreational Building Authority for FY 2026.

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## GENERAL GOVERNMENT

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- *Wavemaker Fellowship.* The Governor recommends \$1.0 million in general revenue in funding for the Wavemaker Fellowship, which is a \$3.1 million decrease from the prior year level. The recommended appropriation will provide adequate funding for existing cohorts and will allow approximately 85 new fellows to be added during FY 2026. The Office of the Postsecondary Commissioner is currently engaged in a systematic evaluation of the postsecondary assistance and scholarship programs, including the Wavemaker Fellowship. The results of the evaluation will likely be implemented in the FY 2027 Budget.
- *Sunset Extensions.* The Governor recommends extending sunset provisions for the following programs from December 31, 2025, to December 31, 2026: Rebuild Rhode Island Tax Credit program, Rhode Island Tax Increment Financing, the Tax Stabilization Incentive, the First Wave Closing Fund, the I-195 Redevelopment Project Fund, the Wavemaker Fellowship, the Main Street RI Streetscape Improvement Fund, the Innovation Initiative, and the Rhode Island Qualified Jobs Incentive Act.
- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$60,458 in general revenue. This reflects a 4.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$394. In addition, the Governor recommends a net increase of \$16,602 in general revenue for the financing of agency charges for various centralized services, including facilities management, information technology, human resources, Enterprise Resource Planning maintenance and operations, and central utilities.

### **Proposed FY 2025 Budget Revisions**

- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$31,774 in general revenue. This reflects a 5.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$224. In addition, the Governor recommends a net increase of \$15,072 in general revenue for the financing of agency charges for various centralized services, including facilities management, information technology, human resources, Enterprise Resource Planning maintenance and operations, and central utilities.

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# GENERAL GOVERNMENT

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## Department of Housing

The Department of Housing (Department) is the State's lead agency for housing, homelessness, and community development. Established in the 2022 legislative session and amended during the 2023 legislative session, the Department is headed by the Secretary of Housing, who is appointed by the Governor with the advice and consent of the Senate. The current Secretary also serves as Chairperson of the RI Housing and Mortgage Finance Corporation (RIHousing).

The Department is charged with coordinating the housing, homelessness, and community development programs of the State and its departments, agencies, commissions, corporations, and subdivisions.

### Recent Department achievements and highlights include:

- Financing over 2,600 homes, including over 2,000 that are affordable and 250 for middle-income households through the most recent consolidated funding round and previous investments of State Fiscal Recovery Funds (SFRF). From January through November 2024, RIHousing awarded funding for 482 housing units, of which 451 are new construction.
- Launched the first solicitation for the Low-Income Housing Tax Credit (LIHTC) program, which will provide up to \$30 million in tax credit authorization to match federal 4 percent and 9 percent LIHTCs. Before this program was established in Fiscal Year 2024, Rhode Island was one of only two New England states without a state LIHTC program.
- Released an updated Landlord Tenant Handbook in September 2024 that reflects recent changes to Rhode Island's laws affecting housing and the relationship between landlords and tenants.
- In November 2024, voters approved the largest housing bond in state history, totaling \$120 million to support the development and preservation of housing.
- Supported 1,672 first-time homebuyers with \$17,500 for down payment and closing cost assistance through the Down Payment Assistance program administered by RIHousing. The program was funded with \$30 million in SFRF and closed in July 2024 after funds were exhausted.
- Made key strides in supporting municipal housing development by awarding \$1.15 million for fellowships to boost staff capacity and securing \$3.8 million in federal funds to strengthen nonprofit developers and accelerate affordable housing projects. In partnership with the Rhode Island Infrastructure Bank, \$2.9 million was allocated for infrastructure improvements in five communities to support affordable housing. Through its Municipal Technical Assistance Program RIHousing funds consultants to help municipalities improve housing production, update zoning laws, and engage the public.
- Sustained the level of homelessness services from the winter of 2023-2024 through awards to homelessness services providers for temporary emergency shelter beds, rapid rehousing programming, permanent housing initiatives, and Housing Problem Solving. This coordinated homelessness response supports individuals and families regain stability and focus on finding long-term housing solutions while providing temporary shelter.

## Budget Highlights

### Low-Income Housing Tax Credit.

Provides a total of \$8.0 million in general revenue across Fiscal Years 2025 and 2026 for the tax credit that is aimed at increasing the development of affordable housing by closing financing gaps.

### Dedicated Funding Sources for Homelessness Supports.

Invests revenues generated by the proposed 5 percent tax on whole-home short-term rentals to support housing stability and homelessness efforts, as well as an additional 0.33 percent real estate conveyance tax on properties over \$800,000.

# GENERAL GOVERNMENT

## Department of Housing

Source of Funds	FY 2023 Actuals	FY 2024 Actuals	FY 2025 Enacted	FY 2025 Revised	FY 2026 Recommended
General Revenue	-	\$4,275,216	\$9,840,596	\$9,167,713	\$10,719,465
Federal Funds	-	\$126,348,950	\$35,830,670	\$190,310,070	\$15,096,037
Restricted Receipts	-	\$13,398,123	\$12,664,150	\$12,664,150	\$17,083,231
Other Funds	-	-	-	-	-
RI Capital Plan Fund	-	-	-	-	-
<b>Total Funding</b>	-	<b>\$144,022,290</b>	<b>\$58,335,416</b>	<b>\$212,141,933</b>	<b>\$42,898,733</b>
<b>FTE Authorization</b>	-	<b>38.0</b>	<b>38.0</b>	<b>38.0</b>	<b>38.0</b>

### Full-Time Equivalent Positions

The Governor recommends 38.0 FTE positions in the FY 2026 Budget, and 38.0 FTE positions in the revised FY 2025 Budget, unchanged from the enacted FY 2025 Budget.

### Proposed FY 2026 Budget Actions

- *Current Operations.* The agency budget totals \$10.7 million in general revenue in FY 2026. This amount is \$1.6 million, or 16.9 percent, above the prior year revised recommendation. While some adjustments were made to capture savings from underspending on personnel and operations in FY 2025, full financing for current operations and staffing is provided in FY 2026. Additionally, the Governor recommends certain programmatic enhancements and creation of new, non-general revenue sources for the agency, noted below.
- *New Dedicated Housing Stability and Homelessness Funding Sources.* The Governor recommends two new funding sources which will raise a combined \$4.4 million in FY 2026 and \$8.1 million in FY 2027 to support housing stability and homelessness efforts.
  - *Whole-Home Short-Term Rental Tax.* The Governor recommends an increase of \$2.1 million in restricted receipts for the Housing Resources and Homelessness restricted receipt account, which will support housing stability and homelessness efforts. These funds will be generated by applying an additional 5 percent tax on whole-home short-term rentals, which will align the tax rate for whole-home short-term rentals with partial home short-term rentals. The full year impact of the whole-home short-term rental tax, which will be realized in FY 2027, is \$4.7 million.
  - *Real Estate Conveyance Tax.* The Governor recommends an increase of \$2.3 million in restricted receipts for the Housing Resources and Homelessness restricted receipt account. These funds will be generated by applying an additional 0.33 percent real estate conveyance tax on properties over \$800,000, which are currently taxed at 0.92 percent. In FY 2027, this new revenue source will generate \$3.4 million in restricted receipts to support housing stability and homelessness efforts.
- *Data Operations.* The Governor recommends \$250,000 in general revenue in FY 2026 to expand capacity for program and policy evaluation, planning, analytics, and research at the Department of Housing and to inform more effective housing policy.



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## GENERAL GOVERNMENT

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- *Low-Income Housing Tax Credit.* The Governor recommends \$4.0 million in general revenue in FY 2026 for the Low-Income Housing Tax Credit program.
- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$418,453 in general revenue. This reflects a 4.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$3,443. In addition, the Governor recommends a net increase of \$100,403 in general revenue for the financing of agency charges for various centralized services, including facilities management, information technology, human resources, Enterprise Resource Planning maintenance and operations, and central utilities.

### **Proposed FY 2025 Budget Revisions**

- *Low-Income Housing Tax Credit Program.* The Governor recommends \$4.0 million in general revenue in the revised FY 2025 Budget for the Low-Income Housing Tax Credit program.
- *Current Year Adjustments.* The Governor recommends non-recurring savings resulting from year-to-date personnel vacancy and expenditure trends totaling \$1.0 million to reflect personnel vacancy achieved to date, offset by increases for operating expenses to more accurately reflect agency needs. The total decrease compared to the enacted FY 2025 budget is \$672,883.
- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$179,909 in general revenue. This reflects a 5.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$1,935. In addition, the Governor recommends a net increase of \$21,286 in general revenue for the financing of agency charges for information technology and Enterprise Resource Planning centralized services.

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# GENERAL GOVERNMENT

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## Department of Labor and Training

The Department of Labor and Training (DLT) provides workforce development, workforce security, and workforce protection to workers, employers, and citizens. DLT protects the workforce by enforcing labor laws, prevailing wage rates, and workplace health and safety standards. It also provides temporary income support to unemployed and temporarily disabled workers.

The Department executes programs and administers laws governing the following program areas: Income Support, Workforce Development Services, Workers' Compensation, Workforce Regulation and Safety, Labor Market Information, and Community Engagement.

The Income Support Division provides financial assistance to Rhode Islanders who are temporarily out of work; the Workforce Development Services Division administers federal and state employment and training programs that guide job seekers to suitable employment and introduce employers to qualified workers; the Workers' Compensation Division ensures that all required employers have insurance coverage, that appropriate documents are filed to protect injured workers and employers, that claims are paid properly, and that measures are taken to detect and prevent fraud; the Workforce Regulation and Safety Division is charged with enforcing the safety laws that protect Rhode Island's workforce; the Labor Market Information Division is a central resource for a variety of data pertaining to the Rhode Island economy; and the Office of Community Engagement leads DLT's commitment to be a diverse, equitable, and inclusive organization.

### Recent Department achievements and highlights include:

- In 2024, the American Job Centers/DLT Career Centers served more than 3,700 new participants, and the Virtual Career Center facilitated meetings for approximately 5,000 job seekers, providing services such as resume assistance, mock interviews, job and training program searches, and support from job coaches.
- In Fiscal Year 2024, more than 6,500 participants completed training programs through Real Jobs RI. This included over 4,400 job seekers and 2,100 incumbent workers and business owners. Of those job seekers, 64 percent secured employment upon completing their training.
- Served more than 1,900 youth in 2024 through Real Skills for Youth. To further support this demographic, DLT launched a Youth and Young Adult Employment Resource webpage, featuring training and internship opportunities, child labor law information, and a comprehensive young adult resources guide.
- Successfully resolved or closed 356 labor standards violations, safeguarding employees from exploitative practices. The Department's continued commitment to ensuring equitable and rigorous labor law enforcement yielded significant results, including securing over \$1.1 million in back wages and penalties.
- Updated messaging on all phone lines to include Spanish and continues to translate essential documents into Spanish, with plans to provide translations in additional languages as part of DLT's ongoing language accessibility efforts.

## Budget Highlights

### Job Development Fund Assessment.

Applies the 0.21 percent assessment to non-profit employers with at least 500 employees to support additional job training for Rhode Island residents.

### Rhode to Prosperity

Provides \$2.0 million in general revenue to support work-based learning opportunities for Rhode Island youth through programs such as Real Skills for Youth and the PrepareRI High School Internship.

# GENERAL GOVERNMENT

## Department of Labor and Training

Source of Funds	FY 2023 Actuals	FY 2024 Actuals	FY 2025 Enacted	FY 2025 Revised	FY 2026 Recommended
General Revenue	\$18,204,551	\$18,297,855	\$17,790,653	\$20,448,193	\$20,379,242
Federal Funds	\$150,859,898	\$56,883,268	\$42,711,594	\$58,967,295	\$41,996,527
Restricted Receipts	\$34,183,144	\$28,605,335	\$31,962,084	\$38,377,324	\$37,961,768
Other Funds	\$397,253,035	\$464,843,257	\$501,606,931	\$509,733,949	\$536,680,146
RI Capital Plan Fund	-	-	-	-	-
<b>Total Funding</b>	<b>\$600,500,627</b>	<b>\$568,629,715</b>	<b>\$594,071,262</b>	<b>\$627,526,761</b>	<b>\$637,017,683</b>
<b>FTE Authorization</b>	<b>461.7</b>	<b>461.7</b>	<b>461.7</b>	<b>461.7</b>	<b>461.7</b>

### Full-Time Equivalent Positions

The Governor recommends 461.7 FTE positions in the FY 2026 Budget and 461.7 FTE positions in the revised FY 2025 Budget, unchanged from the enacted FY 2025 Budget.

### Proposed FY 2026 Budget Actions

- *Current Operations.* The Governor recommends financing current operations and enacted staffing authorizations, totaling \$637.0 million from all sources of funds in FY 2026. This amount is \$9.5 million, or 1.5% percent, above the prior year revised recommendation.
- *Job Development Fund Assessment.* The Governor recommends applying the 0.21 percent Job Development Fund assessment to non-profit employers with at least 500 employees, which will raise an estimated \$2.6 million in restricted receipts. \$2.3 million will be allocated to the Job Development Fund to support additional job training for Rhode Island residents through the Real Jobs RI program, and \$244,000 will support unemployment insurance program administration.
- *Future Workforce.* The Governor recommends \$2.0 million in general revenue to support work-based learning opportunities for Rhode Island youth, as part of the Governor's Rhode to Prosperity initiative. This funding will supplement existing Job Development Fund programming and will allow an additional 1,300 youth to gain meaningful work experience through programs such as Real Skills for Youth and the PrepareRI High School Internship.
- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$432,626 in general revenue. This reflects a 4.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$4,427. In addition, the Governor recommends a net increase of \$87,766 in general revenue for the financing of agency charges for various centralized services, including facilities management, information technology, human resources, Enterprise Resource Planning maintenance and operations, and central utilities.

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# GENERAL GOVERNMENT

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## Proposed FY 2025 Budget Revisions

- *Reappropriations.* The Governor recommends the reappropriation of \$2.2 million in general revenue from FY 2024 to FY 2025, including \$1.9 million for Skills for Rhode Island's Future healthcare workforce partnership, and \$287,919 supporting enhanced training for direct care and support services staff at nursing facilities.
- *Unemployment Insurance Administration.* The Governor recommends \$250,000 in general revenue to support administrative costs for the unemployment insurance program. Administrative funding supports unemployment insurance, the Board of Review, and the Employer Tax Unit.
- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$252,264 in general revenue. This reflects a 5.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$2,406. In addition, the Governor recommends a net decrease of \$49,096 in general revenue for the financing of agency charges for information technology and Enterprise Resource Planning centralized services.

# GENERAL GOVERNMENT

## Department of Revenue

The Department of Revenue (DOR) oversees programs that affect the financial management of every community and touch the daily lives of every Rhode Islander. Its programmatic functions are Taxation, State Lottery, Division of Motor Vehicles (DMV), Revenue Analysis, Municipal Finance, and Central Collections.

### Recent Department achievements and highlights include:

- Through the Division of Taxation, processed more than 3.4 million tax documents and collected \$5.32 billion in state tax revenue.
- Collected more than \$2.9 million in delinquent debt in Fiscal Year 2024.
- The Rhode Island Lottery celebrated its 50-year anniversary with various celebratory promotions, culminating in a \$1 million “Pick Till You Win” giveaway game in December 2024.
- Since the launch of the DMV’s online customer portal in August 2023, more than 169,000 unique customers have accessed it.
- Through the Office of Revenue Analysis, produced five tax-incentive evaluation reports and a 400-page Tax Expenditure Report.
- Distributed more than \$298 million of state aid payments to municipalities.
- DMV met federal commercial driver’s license mandates for exclusive electronic exchange and drug and alcohol clearinghouse, helping to ensure the safety of Rhode Island’s roads.

## Budget Highlights

### Whole-Home Short-Term Rental Tax

Applies the 5-percent tax for hotels, motels, and partial home short-term rentals to whole-home rentals.

### Financial Institution Data Match.

Provides the State support in collecting state tax liability from non-compliant taxpayers.

### Sales Tax Exemption for Gun Safety.

Adopts an exemption for purchase of firearm safety equipment, including gun lock boxes, gun safes, barrel locks, and trigger locks.

## Department of Revenue

Source of Funds	FY 2023 Actuals	FY 2024 Actuals	FY 2025 Enacted	FY 2025 Revised	FY 2026 Recommended
General Revenue	\$363,463,744	\$372,380,441	\$400,471,730	\$402,288,592	\$403,892,388
Federal Funds	\$132,434,739	\$528,204	\$805,667	\$728,092	\$493,061
Restricted Receipts	\$4,575,546	\$5,236,446	\$9,481,272	\$9,535,239	\$11,084,929
Other Funds	\$411,875,227	\$397,207,826	\$423,156,930	\$447,206,003	\$448,217,227
RI Capital Plan Fund	-	-	\$690,000	\$629,138	-
<b>Total Funding</b>	<b>\$912,349,256</b>	<b>\$775,352,917</b>	<b>\$834,605,599</b>	<b>\$860,387,064</b>	<b>\$863,687,605</b>
<b>FTE Authorization</b>	<b>575.5</b>	<b>587.5</b>	<b>599.5</b>	<b>599.5</b>	<b>604.5</b>

### Full-Time Equivalent Positions

The Governor recommends 604.5 FTE positions in the FY 2026 Budget, and 599.5 FTE positions in the revised FY 2025 Budget. The latter is unchanged from the enacted FY 2025 Budget.

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# GENERAL GOVERNMENT

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## Proposed FY 2026 Budget Actions

- *Controlling Growth.* The agency budget totals \$403.9 million in general revenue in FY 2026. This amount is \$1.6 million, or 0.4 percent, above the prior year revised recommendation. To manage growth within budget constraints, the Governor's budget recommendation reflects adjustments to contracted services, operating expenses, personnel vacancy and turnover assumptions, managing overtime costs, maximizing use of restricted receipt balances, and other strategies to control expenditure growth in both FY 2025 and FY 2026.
- *Whole-Home Short-Term Rental Tax.* The Governor recommends applying a 5-percent tax to residential dwellings rented in their entirety, which would bring the tax rate for whole-home short-term rentals into alignment with partial home short-term rentals. Currently, whole-home short-term rentals pay the state sales tax (7 percent) and the local hotel tax (1 percent), but not the state hotel tax (5 percent). Applying an additional 5-percent tax to whole-home short-term rentals closes a loophole whereby partial home short-term rentals are currently taxed at a significantly higher rate (13%) than whole-home short-term rentals (8%). The whole-home short-term rental tax will raise \$2.1 million for the Housing Resources and Homelessness restricted receipt account in FY 2026 to fund housing stability and homelessness efforts, which increases to \$4.7 million in FY 2027. The Governor recommends \$315,675 in general revenue for an additional 3.0 FTE positions to oversee the administration of this tax and \$150,000 in general revenue for implementation costs.
- *Real Estate Conveyance Tax.* The Governor recommends applying an additional 0.33 percent real estate conveyance tax on properties over \$800,000, which are currently taxed at 0.92 percent. 2.3 million in restricted receipts for the Housing Resources and Homelessness restricted receipt account In FY 2027, this new revenue source will generate \$3.4 million in restricted receipts. *Sales Tax Exemption for Gun Safety.* The Governor recommends the adoption of a sales tax exemption for purchases of firearm safety equipment, including gun lock boxes, gun safes, barrel locks, and trigger locks. The exemption is estimated to save consumers \$85,714 in FY 2026 and \$115,438 in FY 2027.
- *Digital Advertising Tax.* The Governor recommends imposing a 10-percent tax on gross revenue from digital advertising services sourced in the state for entities with over \$1.0 billion in global revenue, which would raise an estimated \$9.5 million in general revenue in FY 2026 and \$19.6 million in FY 2027. The Governor recommends an increase of \$218,059 in general revenue for an additional 2.0 FTE positions to oversee tax administration and \$350,000 in implementation costs.
- *Electric Vehicle Fees.* The Governor recommends a new two-year registration fee for battery electric vehicles (\$300) and plug-in hybrid vehicles (\$150). The fees are estimated to generate \$1.7 million in FY 2026, with revenue projected to grow to \$13.9 million by FY 2030. Fee revenue would be deposited in the Highway Maintenance Account to maintain the State's transportation infrastructure to supplement gas tax revenue, which is projected to decline amid the rising adoption of electric and plug-in hybrid vehicles. This additional revenue helps to facilitate transportation investments such as the RhodeRestore initiative, which provides state matching funds for local paving projects.
- *Division of Motor Vehicles Tech Fee Surcharge Increase.* The Governor recommends increasing the Division of Motor Vehicles Tech Fee surcharge by \$1.00, from \$2.50 to \$3.50, which would raise an estimated \$1.6 million in restricted receipts in FY 2026 to be used in support and maintenance of the Division's information technology system.
- *Financial Institution Data Matching.* The Governor recommends providing the Division of Taxation with the statutory authority to initiate a Financial Institution Data Matching program, which would raise an estimated \$5.3 million in general revenue in FY 2026 and \$8.0 million in FY 2027. The program matches financial accounts to non-compliant taxpayers to support the collection of state tax liability. Current Rhode Island law allows for financial institution data matching for child support, and similar

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## GENERAL GOVERNMENT

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initiatives have been implemented in Massachusetts, Connecticut, Maine, Vermont, New York, as well as 15 other states.

- *Cigarette Tax Increases.* The Governor recommends increasing the cigarette tax by \$0.50 from \$4.50 to \$5.00 per pack, which would raise an estimated \$4.4 million in general revenue in FY 2026. This proposal would also impose a cigarette floor stock tax of \$0.50 per pack.
- *Research and Development Expense Credit.* The Governor recommends amending the Research and Development expense credit to extend the carryforward of the credit from 7 to 15 years beginning in tax year 2026. Under current law, the State offers a credit of 22.5 percent on expenses up to \$111,111 and a credit of 16.9 percent on expenses over \$111,111 for qualified research expenses under the federal Credit for Increasing Research Activities, with a maximum reduction to tax liability of 50 percent.
- *Repeal of Underutilized Tax Incentives.* The Governor recommends the repeal of seven tax incentives. This tax incentives have been recommended for repeal by the Office of Revenue Analysis due to obsolescence, minimal usage, or overlap with other incentives. Those repeals are expected to increase general revenue by \$219,874 in FY 2026, which represents a half-year impact. The incentives recommended for repeal are:
  - The Research and Development Property Credit, which provides a credit worth 10 percent of the cost of tangible personal property related to research and development;
  - The Research and Development Facilities Deduction, which provides a corporate or personal income tax deduction for the construction, reconstruction, erection, or acquisition of new tangible research and development property, in lieu of depreciation or the Investment Tax Credit;
  - The Small Business Capital Investment Wage Tax Credit, which provides a wage credit available against an entrepreneur's personal income tax for their share of wages paid by a qualifying business entity;
  - The Small Business Capital Investment Modification/Deduction, which provides a deduction or modification for investments in a certified venture capital partnership;
  - The Jobs Growth Act, which provides employees of certified companies a deduction of half their bonus compensation against their personal income tax;
  - The Welfare Bonus Program Tax Credit, which provides a \$250 credit for a business that hires an employee on the Aid to Families with Dependent Children program, a now-defunct federal assistance program; and
  - The Specialized Investment Tax Credit, which provides a credit of 10 percent for rehabilitation and reconstruction costs of certified buildings as determined by the Mill Building and Economic Revitalization Act, which was repealed on August 8, 2009.
- *Motor Vehicle Excise Tax Phaseout.* The Governor recommends financing the Motor Vehicle Excise Tax at \$234.9 million in general revenue in FY 2026. In addition, the Governor recommends the elimination of the sales tax calculation and holding individual municipal distributions at the greater of the FY 2024 and FY 2025 aid amounts, which would have increased funding by \$9.7 million in general revenue in FY 2026.
- *Payments-in-Lieu-of-Taxes.* The Governor recommends financing the Payment-in-Lieu-of-Taxes program at \$49.2 million in general revenue in FY 2026, matching the enacted FY 2025 amount.
- *Tangible Property Reimbursement.* The Governor recommends financing the Tangible Property Reimbursement at \$25.9 million in general revenue. New estimates from the Division of Municipal

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## GENERAL GOVERNMENT

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Finance estimate distributions to municipalities and fire districts for lost revenue due to the tangible tax exemption to amount to \$25.9 million in FY 2025, an amount which is not recalculated for FY 2026.

- *Distressed Communities Relief Program.* The Governor recommends financing the Districted Communities Relief Program at \$12.4 million in general revenue.
- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$4.5 million in general revenue. This reflects a 4.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$43,286. In addition, the Governor recommends a net increase of \$806,425 in general revenue for the financing of agency charges for various centralized services, including facilities management, information technology, human resources, Enterprise Resource Planning maintenance and operations, and central utilities.

### **Proposed FY 2025 Budget Revisions**

- *License Plate Reissuance Reappropriations.* The Governor recommends the reappropriation of \$957,971 in general revenue for the license plate reissuance program. Full funding for the two-year process was appropriated in FY 2023, and the program has been completed as of December 31, 2024, although the Division of Motor Vehicles will allow late renewals for up to a year.
- *Mobile Division of Motor Vehicles Reappropriations.* The Governor recommends the reappropriation of \$750,000 in general revenue for a mobile motor vehicle registry unit. The mobile motor vehicle registry unit will allow the Division of Motor Vehicles to provide services to communities without permanent Division of Motor Vehicles locations.
- *Tangible Property Reimbursement.* The Governor recommends \$25.9 million in general revenue for the Tangible Property Reimbursement program in the revised FY 2025 Budget, a reduction of \$2.1 million from the \$28.0 million included in the enacted FY 2025 Budget. The Division of Municipal Finance estimates that distributions to municipalities and fire districts for lost revenue due to the tangible tax exemption to be less than the appropriated \$28.0 million in the enacted FY 2025 Budget.
- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$2.4 million in general revenue. This reflects a 5.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$25,412. In addition, the Governor recommends a net increase of \$173,553 in general revenue for the financing of agency charges for information technology and Enterprise Resource Planning centralized services.



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# GENERAL GOVERNMENT

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## Legislature

The Rhode Island Legislature, the General Assembly, consists of two chambers. The Senate is composed of 38 members. The House of Representatives is composed 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 2023 Actuals	FY 2024 Actuals	FY 2025 Enacted	FY 2025 Revised	FY 2026 Recommended
General Revenue	\$45,119,050	\$48,096,215	\$53,358,280	\$64,146,864	\$58,734,623
Federal Funds	-	-	-	-	-
Restricted Receipts	\$1,695,593	\$2,018,651	\$2,431,651	\$2,590,409	\$2,690,297
Other Funds	-	-	-	-	-
RI Capital Plan Fund	-	-	-	-	-
<b>Total Funding</b>	<b>\$46,814,643</b>	<b>\$50,114,865</b>	<b>\$55,789,931</b>	<b>\$66,737,273</b>	<b>\$61,424,920</b>
<b>FTE Authorization</b>	<b>298.5</b>	<b>298.5</b>	<b>298.5</b>	<b>298.5</b>	<b>298.5</b>

### Full-Time Equivalent Positions

The Governor recommends 298.5 FTE positions in the FY 2026 Budget, and 298.5 FTE positions in the revised FY 2025 Budget, unchanged from the enacted FY 2025 Budget.

#### Proposed FY 2026 Budget Actions

- *Current Operations.* The Governor recommends financing current operations and enacted staffing authorizations totaling \$58.7 million in general revenue in FY 2026. Exclusive of the prior year reappropriation, this represents a \$5.4 million, or 10.1 percent, increase over the prior year revised recommendation.
- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$3.2 million in general revenue. This reflects a 4.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$45,997. In addition, the Governor recommends a net increase of \$52,026 in general revenue for the financing of agency charges for various centralized services, including information technology and Enterprise Resource Planning maintenance and operations.

#### Proposed FY 2025 Budget Revisions

- *Reappropriation.* The General Assembly closed FY 2024 with a \$9.4 million surplus that was automatically reappropriated. The agency requested \$8.9 million of that funding in FY 2025.

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## GENERAL GOVERNMENT

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- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$1.8 million in general revenue. This reflects a 5.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$19,844. In addition, the Governor recommends a net increase of \$6,189 in general revenue for the financing of agency charges for information technology centralized services.

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# GENERAL GOVERNMENT

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## 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.

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Office of the Governor					
Source of Funds	FY 2023 Actuals	FY 2024 Actuals	FY 2025 Enacted	FY 2025 Revised	FY 2026 Recommended
General Revenue	\$7,426,985	\$7,532,310	\$8,471,265	\$8,973,819	\$9,334,918
Federal Funds	\$41,852	-	-	-	-
Restricted Receipts	-	-	-	-	-
Other Funds	-	-	-	-	-
RI Capital Plan Fund	-	-	-	-	-
<b>Total Funding</b>	<b>\$7,468,837</b>	<b>\$7,532,310</b>	<b>\$8,471,265</b>	<b>\$8,973,819</b>	<b>\$9,334,918</b>
<b>FTE Authorization</b>	<b>45.0</b>	<b>45.0</b>	<b>45.0</b>	<b>45.0</b>	<b>45.0</b>

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### Full-Time Equivalent Positions

The Governor recommends 45.0 FTE positions in the FY 2026 Budget, and 45.0 FTE positions in the revised FY 2025 Budget, unchanged from the enacted FY 2025 Budget.

### Proposed FY 2026 Budget Actions

- *Current Operations.* The Governor recommends financing current operations and enacted staffing authorizations totaling \$9.3 million in general revenue in FY 2026. This amount is \$361,099, or 4.0 percent, above the prior year revised recommendation.
- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$675,437 in general revenue. This reflects a 4.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$3,838. In addition, the Governor recommends a net increase of \$111,745 in general revenue for the financing of agency charges for various centralized services, including information technology and Enterprise Resource Planning maintenance and operations.

### Proposed FY 2025 Budget Revisions

- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$362,244 in general revenue. This reflects a 5.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$2,179. In addition, the Governor recommends a net increase of \$112,863 in general revenue for the financing of agency charges for information technology and Enterprise Resource Planning centralized services.

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# GENERAL GOVERNMENT

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## 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.

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Office of Lieutenant Governor					
Source of Funds	FY 2023 Actuals	FY 2024 Actuals	FY 2025 Enacted	FY 2025 Revised	FY 2026 Recommended
General Revenue	\$1,316,886	\$1,255,655	\$1,447,015	\$1,370,103	\$1,519,219
Federal Funds	\$(624)	-	-	-	-
Restricted Receipts	-	-	-	-	-
Other Funds	-	-	-	-	-
RI Capital Plan Fund	-	-	-	-	-
<b>Total Funding</b>	<b>\$1,316,262</b>	<b>\$1,255,655</b>	<b>\$1,447,015</b>	<b>\$1,370,103</b>	<b>\$1,519,219</b>
<b>FTE Authorization</b>	<b>8.0</b>	<b>8.0</b>	<b>8.0</b>	<b>8.0</b>	<b>8.0</b>

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### Full-Time Equivalent Positions

The Governor recommends 8.0 FTE positions in the FY 2026 Budget, and 8.0 FTE positions in the revised FY 2025 Budget, unchanged from the enacted FY 2025 Budget.

### Proposed FY 2026 Budget Actions

- *Current Operations.* The Governor recommends financing current operations and enacted staffing authorizations totaling \$1.5 million in general revenue in FY 2026. This amount is \$149,116, or 10.9 percent, above the prior year revised recommendation. The year-over-year growth is primarily attributable to restoring non-recurring personnel savings from the prior year.
- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$81,596 in general revenue. This reflects a 4.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$568. In addition, the Governor recommends a net increase of \$1,971 in general revenue for the financing of agency charges for various centralized services, including facilities management, information technology, human resources, Enterprise Resource Planning maintenance and operations, and central utilities.

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## GENERAL GOVERNMENT

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### Proposed FY 2025 Budget Revisions

- *Current Year Personnel Adjustments.* The Governor recommends \$47,444 of savings resulting from non-recurring personnel vacancy experienced to date. The vacant positions have been filled, and the recommendation includes enough funding for full staffing for the remainder of the fiscal year.
- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$43,279 in general revenue. This reflects a 5.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$239. In addition, the Governor recommends a net increase of \$4,421 in general revenue for the financing of agency charges for information technology and Enterprise Resource Planning centralized services.

# 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 2023 Actuals	FY 2024 Actuals	FY 2025 Enacted	FY 2025 Revised	FY 2026 Recommended
General Revenue	\$11,966,378	\$10,786,205	\$12,462,241	\$12,807,184	\$12,111,732
Federal Funds	\$562,060	\$519,579	\$2,001,207	\$2,001,207	\$2,000,000
Restricted Receipts	\$496,939	\$334,577	\$409,347	\$418,662	\$429,790
Other Funds	-	-	-	-	-
RI Capital Plan Fund	-	-	\$500,000	\$500,000	-
<b>Total Funding</b>	<b>\$13,025,377</b>	<b>\$11,640,362</b>	<b>\$15,372,795</b>	<b>\$15,727,053</b>	<b>\$14,541,522</b>
<b>FTE Authorization</b>	<b>59.0</b>	<b>61.0</b>	<b>62.0</b>	<b>62.0</b>	<b>62.0</b>

### Full-Time Equivalent Positions

The Governor recommends 62.0 FTE positions in the FY 2026 Budget, and 62.0 FTE positions in the revised FY 2025 Budget, unchanged from the enacted FY 2025 Budget.

### Proposed FY 2026 Budget Actions

- *Current Operations.* The Governor recommends financing current operations and enacted staffing operations totaling \$12.1 million in general revenue in FY 2026. This amount is \$695,452, or 5.4 percent, below the prior year revised recommendation. The decrease in funding from FY 2025 to FY 2026 is primarily the result of there being no scheduled statewide elections in FY 2026.
- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$585,650 in general revenue. This reflects a 4.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$4,654. In addition, the Governor recommends a net increase of \$51,653 in general revenue for the financing of agency charges for various centralized services, including information technology and Enterprise Resource Planning maintenance and operations.

### Proposed FY 2025 Budget Revisions

- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$315,690 in general revenue. This reflects a 5.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$2,626. In addition, the Governor recommends a net increase of \$2,629 in general revenue for the financing of agency charges for information technology and Enterprise Resource Planning centralized services.

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# GENERAL GOVERNMENT

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## 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.

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Office of the General Treasurer					
Source of Funds	FY 2023 Actuals	FY 2024 Actuals	FY 2025 Enacted	FY 2025 Revised	FY 2026 Recommended
General Revenue	\$3,624,715	\$3,879,699	\$4,915,333	\$5,100,717	\$4,600,223
Federal Funds	\$706,783	\$594,003	\$763,030	\$786,809	\$833,127
Restricted Receipts	\$13,092,060	\$15,602,020	\$17,607,485	\$18,092,687	\$19,906,235
Other Funds	\$637,964	\$671,275	\$601,026	\$608,906	\$635,331
RI Capital Plan Fund	-	-	-	-	-
<b>Total Funding</b>	<b>\$18,061,523</b>	<b>\$20,746,997</b>	<b>\$23,886,874</b>	<b>\$24,589,119</b>	<b>\$25,974,916</b>
<b>FTE Authorization</b>	<b>89.0</b>	<b>91.0</b>	<b>91.0</b>	<b>91.0</b>	<b>92.0</b>

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### Full-Time Equivalent Positions

The Governor recommends 92.0 FTE positions in the FY 2026 Budget, and 91.0 FTE positions in the revised FY 2025 Budget, unchanged from the enacted FY 2025 Budget. The recommendation in FY 2026 represents a 1.0 FTE position increase from the enacted FY 2025 Budget.

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# GENERAL GOVERNMENT

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## Proposed FY 2026 Budget Actions

- *Current Operations.* The Governor recommends financing current operations and enacted staffing authorizations, totaling \$26.0 million from all sources of funds. This amount is \$1.4 million, or 5.6 percent, above the prior year revised recommendation.
- *Cybersecurity Manager.* The Governor recommends \$206,714 from all sources of funds, including \$41,343 from general revenue, for a new Cybersecurity Manager position. The position will help ensure the security of Personally Identifiable Information (PII) of state employees, Employees' Retirement System of Rhode Island (ERSRI) participants, and Unclaimed Property and Crime Victim Compensation program data.
- *Rhode Island Baby Bond Trust.* The Governor recommends a program which would create a \$3,000 trust for each Rhode Island child between the ages zero and one born to a family enrolled in the Rhode Island Works Program. Upon the child's 18th birthday and subject to in-state residency requirements, they would be eligible to withdraw the initial contribution and investment proceeds to use on eligible expenditures such as higher education expenses, purchase of an in-state home, or investment in a business. The Baby Bond trust aims to address generational wealth disparities while building long term wealth for Rhode Islanders. The program would commence in FY 2027, and as a result there is no fiscal impact in FY 2026.
- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$229,630 in general revenue. This reflects a 4.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$1,319. In addition, the Governor recommends a net increase of \$222,485 in general revenue for the financing of agency charges for various centralized services, including facilities management, information technology, human resources, Enterprise Resource Planning maintenance and operations, and central utilities.

## Proposed FY 2025 Budget Revisions

- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$119,948 in general revenue. This reflects a 5.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$525. In addition, the Governor recommends a net increase of \$56,280 in general revenue for the financing of agency charges for information technology and Enterprise Resource Planning centralized services.



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# GENERAL GOVERNMENT

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## 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 campaign programs for each of the State’s five general offices.

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Board of Elections					
Source of Funds	FY 2023 Actuals	FY 2024 Actuals	FY 2025 Enacted	FY 2025 Revised	FY 2026 Recommended
General Revenue	\$5,861,156	\$4,694,417	\$5,682,615	\$5,726,638	\$4,474,931
Federal Funds	\$(5,639)	-	-	-	-
Restricted Receipts	-	-	-	-	-
Other Funds	-	-	-	-	-
RI Capital Plan Fund	-	-	-	-	-
<b>Total Funding</b>	<b>\$5,855,517</b>	<b>\$4,694,417</b>	<b>\$5,682,615</b>	<b>\$5,726,638</b>	<b>\$4,474,931</b>
<b>FTE Authorization</b>	<b>13.0</b>	<b>13.0</b>	<b>13.0</b>	<b>13.0</b>	<b>13.0</b>

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### Full-Time Equivalent Positions

The Governor recommends 13.0 FTE positions in the FY 2026 Budget, and 13.0 FTE positions in the revised FY 2025 Budget, unchanged from the enacted FY 2025 Budget.

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## GENERAL GOVERNMENT

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### **Proposed FY 2026 Budget Actions**

- *Current Operations.* The Governor recommends financing current operations and enacted staffing operations totaling \$4.5 million in general revenue in FY 2026. This amount is \$1.3 million, or 21.9 percent, below the prior year revised recommendation. The decrease in funding from FY 2025 to FY 2026 is primarily the result of there being no scheduled statewide elections in FY 2026.
- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$134,561 in general revenue. This reflects a 4.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$1,844. In addition, the Governor recommends a net increase of \$29,527 in general revenue for the financing of agency charges for various centralized services, including information technology and Enterprise Resource Planning maintenance and operations.

### **Proposed FY 2025 Budget Revisions**

- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$71,931 in general revenue. This reflects a 5.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$963. In addition, the Governor recommends a net increase of \$29,519 in general revenue for the financing of agency charges for information technology and Enterprise Resource Planning centralized services.

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# GENERAL GOVERNMENT

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## 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.

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### Rhode Island Ethics Commission

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Source of Funds	FY 2023 Actuals	FY 2024 Actuals	FY 2025 Enacted	FY 2025 Revised	FY 2026 Recommended
General Revenue	\$1,923,524	\$2,028,754	\$2,234,502	\$2,326,169	\$2,419,632
Restricted Receipts	-	-	-	-	-
Other Funds	-	-	-	-	-
RI Capital Plan Fund	-	-	-	-	-
<b>Total Funding</b>	<b>\$1,923,524</b>	<b>\$2,028,754</b>	<b>\$2,234,502</b>	<b>\$2,326,169</b>	<b>\$2,419,632</b>
<b>FTE Authorization</b>	<b>12.0</b>	<b>12.0</b>	<b>12.0</b>	<b>12.0</b>	<b>12.0</b>

### Full-Time Equivalent Positions

The Governor recommends 12.0 FTE positions in the FY 2026 Budget, and 12.0 FTE positions in the revised FY 2025 Budget, unchanged from the enacted FY 2025 Budget.

### Proposed FY 2026 Budget Actions

- *Current Operations.* The Governor recommends financing current operations and enacted staffing authorizations totaling \$2.4 million in general revenue in FY 2026. This amount is \$93,463, or 4.0 percent, above the prior year revised recommendation.
- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$152,059 in general revenue. This reflects a 4.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$888. In addition, the Governor recommends a net increase of \$44,864 in general revenue for the financing of agency charges for various centralized services, including facilities management, information technology, human resources, Enterprise Resource Planning maintenance and operations, and central utilities.

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## GENERAL GOVERNMENT

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### Proposed FY 2025 Revisions

- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$82,079 in general revenue. This reflects a 5.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$495. In addition, the Governor recommends a net decrease of \$89,042 in general revenue for the financing of agency charges for information technology and Enterprise Resource Planning centralized services.

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## GENERAL GOVERNMENT

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### 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.

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#### Rhode Island Commission for Human Rights

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Source of Funds	FY 2023 Actuals	FY 2024 Actuals	FY 2025 Enacted	FY 2025 Revised	FY 2026 Recommended
General Revenue	\$1,758,445	\$2,117,475	\$2,055,616	\$2,143,802	\$2,249,158
Federal Funds	\$263,984	\$309,698	\$450,110	\$547,860	\$523,529
Restricted Receipts	-	-	-	-	-
Other Funds	-	-	-	-	-
RI Capital Plan Fund	-	-	-	-	-
<b>Total Funding</b>	<b>\$2,022,428</b>	<b>\$2,427,173</b>	<b>\$2,505,726</b>	<b>\$2,691,662</b>	<b>\$2,772,687</b>
<b>FTE Authorization</b>	<b>15.0</b>	<b>15.0</b>	<b>15.0</b>	<b>15.0</b>	<b>15.0</b>

#### Full-Time Equivalent Positions

The Governor recommends 15.0 FTE positions in the FY 2026 Budget, and 15.0 positions in the revised FY 2025 Budget, unchanged from the enacted FY 2025 Budget.

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## GENERAL GOVERNMENT

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### **Proposed FY 2026 Budget Actions**

- *Current Operations.* The Governor recommends financing current operations and enacted staffing authorizations totaling \$2.2 million in general revenue in FY 2026. This amount is \$105,356, or 4.9 percent, above the prior year revised recommendation.
- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$143,551 in general revenue. This reflects a 4.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$1,143. In addition, the Governor recommends a net increase of \$54,577 in general revenue for the financing of agency charges for various centralized services, including facilities management, information technology, human resources, Enterprise Resource Planning maintenance and operations, and central utilities.

### **Proposed FY 2025 Budget Revisions**

- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$77,098 in general revenue. This reflects a 5.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$639. In addition, the Governor recommends a net increase of \$5,576 in general revenue for the financing of agency charges for information technology and Enterprise Resource Planning centralized services.

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# GENERAL GOVERNMENT

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## 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.

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### Public Utilities Commission

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Source of Funds	FY 2023 Actuals	FY 2024 Actuals	FY 2025 Enacted	FY 2025 Revised	FY 2026 Recommended
Federal Funds	\$522,308	\$592,218	\$711,984	\$726,117	\$753,555
Restricted Receipts	\$10,804,459	\$10,852,777	\$13,895,536	\$14,316,860	\$14,754,719
Other Funds	-	-	-	-	-
RI Capital Plan Fund	-	-	-	-	-
<b>Total Funding</b>	<b>\$11,326,767</b>	<b>\$11,444,995</b>	<b>\$14,607,520</b>	<b>\$15,042,977</b>	<b>\$15,508,274</b>
<b>FTE Authorization</b>	<b>54.0</b>	<b>54.0</b>	<b>57.0</b>	<b>57.0</b>	<b>57.0</b>

### Full-Time Equivalent Positions

The Governor recommends 57.0 FTE positions in the FY 2026 Budget, and 57.0 FTE positions in the revised FY 2025 Budget, unchanged from the enacted FY 2025 Budget.

### Proposed FY 2026 Budget Actions

- *Current Operations.* The Governor recommends financing current operations and enacted staffing authorizations totaling \$15.5 million from all funds in FY 2026. This amount is \$465,297, or 3.1 percent, above the prior year revised recommendation.

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## GENERAL GOVERNMENT

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### **Proposed FY 2025 Budget Revisions**

- *Current Operations.* The Governor recommends financing current operations and enacted staffing authorization totaling \$15.0 million from all funds in the revised FY 2025 Budget.



# **Health & Human Services**



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## HEALTH AND HUMAN SERVICES

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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.

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# HEALTH AND HUMAN SERVICES

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## Executive Office of Health and Human Services

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

EOHHS administers the State's Medicaid program and is responsible for managing the Department of Health, Department of Human Services, Office of Healthy Aging, Office of Veterans Services, Department of Children, Youth and Families, and Department of Behavioral Healthcare, Developmental Disabilities and Hospitals. The Office and the agencies under its umbrella provide direct services to more than 300,000 Rhode Islanders.

EOHHS strives to foster and strengthen a community-driven, equitable, comprehensive, responsive, and high-quality health and human services system.

### Recent Office achievements and highlights include:

- Governor McKee issued an executive order in February 2024 establishing a Health Care System Planning Cabinet and the EOHHS Independent Advisory Council to take a unified, interdepartmental approach to evaluating and proposing recommendations to improve Rhode Island's health care system by focusing on quality, affordability, and equity across the continuum of care.
- Launched Certified Community Behavioral Health Clinics (CCBHCs) in October 2024 to offer expanded access to behavioral health care. The CCBHC model has been proven to improve community health outcomes, reduce health disparities, and support providers to deliver higher-quality services. EOHHS managed the CCBHC Infrastructure Grant program, which provided over \$24 million to behavioral health and equity-focused organizations to prepare them to provide a de-institutionalized, comprehensive range of behavioral health, medical screening and monitoring, and social services to particularly vulnerable populations with complex needs.
- Effective October 1, 2024, implemented updated reimbursement rates per the Office of the Health Insurance Commissioner's (OHIC) recent rate review. This rate increase is the largest in the program's history and required significant coordination among the State, federal partners, managed care organizations, and providers to successfully implement.
- To help tackle the State's overdose crisis, investing over \$70 million in social determinants of health, harm reduction, treatment, recovery, and prevention, as well as cross-cutting areas such as surveillance, evaluation, and racial equity. These investments include: developing and implementing a recovery program within the construction industry; addressing emerging drug supply issues by deploying mobile skilled wound care services; improving access to substance-use treatment and recovery for adults and youth; and increasing access to the life-saving medication naloxone by distributing 69,786 kits in 2023 in high-burden communities and to families. This is double the number of naloxone kits distributed in 2022.

## Budget Highlights

### Medicaid Management Information System.

Provides \$5.6 million in general revenue and \$56.1 million in all funds to continue the replacement of the current legacy system with a modern modular system, which is required by the Centers for Medicare and Medicaid Services.

### Opioid Crisis Response.

Invests \$11.8 million in restricted receipts in Fiscal Year 2026 to provide continued support of initiatives in Rhode Island's response to the opioid and substance abuse crisis.

# HEALTH AND HUMAN SERVICES

- Launched and expanded a pilot Medical Respite Program, using American Rescue Plan Act, Home- and Community-Based Services, and Enhanced Federal Medical Assistance Percentages to provide recuperative care and supportive services for Rhode Islanders experiencing homelessness. Over 150 clients have been served through three locations – two in Providence and one in Woonsocket – since the sites opened in 2023 and 2024.

## Executive Office of Health and Human Services

Source of Funds	FY 2023 Actuals	FY 2024 Actuals	FY 2025 Enacted	FY 2025 Revised	FY 2026 Recommended
General Revenue	\$1,076,415,174	\$1,265,715,000	\$1,416,418,232	\$1,390,933,011	\$1,469,676,177
Federal Funds	\$2,232,280,998	\$2,299,863,309	\$2,543,855,296	\$2,515,710,990	\$2,708,539,855
Restricted Receipts	\$32,806,267	\$44,119,574	\$57,478,345	\$60,467,747	\$23,885,658
Other Funds	-	-	-	-	-
RI Capital Plan Fund	-	-	-	-	-
<b>Total Funding</b>	<b>\$3,341,502,439</b>	<b>\$3,609,697,882</b>	<b>\$4,017,751,873</b>	<b>\$3,967,111,748</b>	<b>\$4,202,101,690</b>
<b>FTE Authorization</b>	<b>204.0</b>	<b>218.0</b>	<b>233.0</b>	<b>233.0</b>	<b>243.0</b>

## Full-Time Equivalent Positions

The Governor recommends 243.0 FTE positions in the FY 2026 Budget, and 233.0 FTE positions in the revised FY 2025 Budget. In FY 2026, this represents a total increase of 10.0 FTE positions. These positions include:

- Program Integrity Enhancement (4.0 FTE)
- Pharmacy Cost Containment Implementation (4.0 FTE)
- Integrated Data Systems (2.0 FTE)

## Proposed FY 2026 Budget Actions

### Central Management

- Modern Modular Medicaid Management Information System.* The Governor recommends \$5.6 million in general revenue, \$56.1 million from all sources of funds, to continue the replacement of the current Medicaid Management Information System legacy system with a modern modular system which is required by the Centers for Medicare and Medicaid Services and will move Rhode Island away from single-contract solutions. The project will be financed 90 percent by federal Medicaid dollars.
- Medicaid 1115 Demonstration Waiver Renewal Costs.* The Governor recommends an increase of \$221,346 in general revenue, \$442,692 from all sources of funds, to support EOHHS's renewal of the 1115 Demonstration Waiver.
- DCYF Consent Decree Court Monitor.* The Governor recommends an increase of \$175,000 in general revenue to finance the costs associated with a court monitor to oversee the State's compliance with the DCYF consent decree, which has been entered into with the United States Department of Justice related to the hospitalization of children with behavioral health disabilities in State care.

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## HEALTH AND HUMAN SERVICES

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- *RIBridges Operating Cost Consolidation.* The Governor recommends consolidating the contract and operating costs of the RIBridges system within EOHHS, transferring \$8.8 million in general revenue, \$17.0 million from all sources of funds. This increase is offset by equal, corresponding reductions in the Department of Administration and the Department of Human Services. This initiative centralizes a total of \$50.5 million of general revenue, \$72.1 million from all sources of funds, of operating and contract costs within EOHHS. This consolidation of expenditures is meant to present the operating costs of RIBridges in a unified and transparent fashion and does not represent a change in the governance or management of RIBridges system. Personnel costs for eligibility staff traditionally included in the RIBridges budget and included in the Implementation Advanced Planning Document (IAPD) are not impacted by this change in budget presentation and remain in the Department of Human Services.
- *RIBridges Total Financing.* The Governor's recommendation includes total financing of \$25.3 in general revenue, \$94.5 million from all sources of funds, for RIBridges operations. This includes all contract, operating, and personnel costs within the Executive Office of Health and Human Services, the Department of Human Services, and the Department of Administration. The recommendation represents a \$2.0 million general revenue, \$3.0 million, from all sources, reduction from the FY 2025 revised recommendation, which removes financing added in previous years to support maintaining special eligibility and redetermination processes during the public health emergency and subsequent return to normal operations.
- *Integrated Data Systems.* The Governor recommends a budget neutral reallocation of contract professional services financing for an additional 2.0 FTE positions as part of the effort to form a federated integrated data system. These positions will allow the development, data integration, and data analysis efforts to be less reliant on contractors.
- *Opioid Crisis Response Funding.* The Governor recommends \$11.8 million in restricted receipts for continued support of existing and new initiatives in Rhode Island's response to the opioid and substance abuse crisis including total financing of \$539,128 in Opioid Stewardship Funds, \$11.2 million in Statewide Opioid Abatement Funds, and \$24,000 in McKinsey Opioid Settlement Funds.
- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$1.7 million in general revenue. This reflects a 4.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$11,864. In addition, the Governor recommends a net increase of \$1.4 million in general revenue for the financing of agency charges for various centralized services, including facilities management, information technology, human resources, Enterprise Resource Planning maintenance and operations, and central utilities.

### Medical Assistance

- *Caseload Estimating Conference.* The Governor's recommended budget is predicated on the November 2024 Caseload Estimating Conference estimate of \$1.419 billion in general revenue in FY 2026, or a \$60.6 million increase compared to the enacted FY 2025 Budget. This total includes adopted changes to the blended Federal Medical Assistance Percentage rate from 55.99 percent to 57.20 percent.

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# HEALTH AND HUMAN SERVICES

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## Adjustments to the Adopted Caseload Estimates

- *Hospital Licensing Fee Base Year Shift and Partial State Directed Payment Reinvestment.* The Governor recommends advancing the Hospital Licensing Fee (HLF) data reference year from 2022 to 2023 for the HLF collected in FY 2026, generating an additional \$16.8 million in revenue. Additionally, the Governor recommends increasing the State Directed Payments to hospitals by \$5.0 million in general revenue, \$16.8 million from all sources of funds. The combination of these two initiatives results in no net impact to Rhode Island's hospital system.
- *Reduce/Shift Disproportionate Share Hospital Payments to State Directed Payments.* The Governor recommends a shift of \$13.7 million from all sources of funds from the Disproportionate Share Hospital (DSH) payments to the State Directed Payments (SDP) by an equal amount. This initiative continues the transition from DSH, which is being phased out at the federal level, to the SDP which seeks to provide appropriate rates to Rhode Island hospitals to promote accessible and quality healthcare. The shift generates an additional \$1.8 million in general revenue savings.
- *Disproportionate Share Hospital Payment to Eleanor Slater Hospital.* The Governor recommends an increase of \$2.5 million in general revenue, \$5.9 million from all sources of funds, for the Disproportionate Share Hospital (DSH) payment to Eleanor Slater Hospital based on updated estimates of the hospital's uncompensated care costs as reported in agency testimony at the November 2024 Caseload Estimating Conference. This increases the total FY 2026 DSH payment to \$12.9 million for Eleanor Slater Hospital.
- *Establishment of Interprofessional Consultation Program.* The Governor recommends an increase of \$20,765 in general revenue, \$83,059 from all sources of funds, to create a program in the Medicaid fee-for-service **and Managed Care** program, generating an estimated **\$152,283** in general revenue Medicaid program savings. This initiative will help lower healthcare costs for patients needing to consult with specialists.
- *Eliminate Hospital Upper Payment Limit Payments.* The Governor recommends a reduction of \$6.7 million in general revenue, \$18.3 million from all sources of funds, for the elimination of the Upper Payment Limit payments to hospitals. These payments are not federally required and are made based on fee-for-service activity, representing the gap between the aggregate Medicaid payments for hospital services and what Medicare would have paid for the same services.
- *Align Certain Annual Medicaid Inflationary Adjustments to Revenue Growth.* The Governor recommends aligning the annual inflationary adjustment to the nursing facilities and hospital inpatient/outpatient Medicaid rates with state revenue growth in FY 2026, projected to be 2.3 percent. This proposal generates \$4.9 million general revenue, \$13.0 million from all sources of funds, in Medicaid program savings compared to the November Caseload Estimating Conference, while still providing a \$67.8 million increase from all sources of funds compared to the FY 2025 revised recommendation.
- *Home and Community Based Services Inflationary Adjustment Elimination.* The Governor recommends Medicaid program savings of \$4.3 million in general revenue, \$10.1 million from all sources of funds, for the elimination of the annual inflationary adjustment to Home and Community Based Services (HCBS) Medicaid rates. The HCBS rates subject to the annual inflationary adjustment are part of the Office of the Health Insurance Commissioner's biennial review of the social and human services program rates, which will address necessary rate adjustments going forward.
- *Pharmacy Cost Containment Implementation.* The Governor recommends an increase of \$255,299 in general revenue, \$510,598 from all sources of funds, and 4.0 FTE positions to evaluate and implement cost containment strategies and reforms to the payment and eligibility structure for Medicaid pharmacy costs. The proposal will generate \$3.7 million in general revenue Medicaid program savings in FY 2027, increasing to \$8.0 million in FY 2028.

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## HEALTH AND HUMAN SERVICES

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- *Program Integrity Enhancement.* The Governor recommends an increase of \$380,265 in general revenue, \$760,526 from all sources of funds, and adds funding for 5.0 FTE positions in total with an increase in authority to add 4.0 new FTE positions to enhance the program integrity functions in EOHHS, generating an estimated \$2.9 million in general revenue Medicaid program savings. The additional staff will bolster EOHHS' investigative capacity, thereby increasing recoveries from fraud, waste, and abuse. This initiative includes an additional 1.0 FTE position in the Department of Administration's Office of Internal Audit and Program Integrity.
- *Establishment of Interprofessional Consultation Program.* The Governor recommends an increase of \$20,765 in general revenue, \$83,059 from all sources of funds, to create an interprofessional consultation program in Medicaid fee-for-service, generating an estimated \$189,094 in general revenue Medicaid program savings. This initiative will help lower healthcare costs for patients needing to consult with specialists.
- ~~*Align Annual Inflationary Adjustments to Revenue Growth.* The Governor recommends aligning the annual inflationary adjustment to the nursing facilities and hospital inpatient/outpatient Medicaid rates with state revenue growth in FY 2026, projected to be 2.3 percent. This proposal generates \$4.9 million in general revenue, \$13.0 million from all sources of funds, in Medicaid program savings compared to the November Caseload Estimating Conference, while still providing \$67.8 million increase from all sources of funds compared to the FY 2025 revised recommendation.~~

### Proposed FY 2025 Budget Revisions

#### Central Management

- *Income Verification Software Contract Delays.* The Governor recommends a decrease of \$1.2 million in general revenue, \$4.8 million from all sources of funds, for contract savings resulting from implementation delays for the income verification software initiative.
- *Opioid Crisis Response Funding.* The Governor recommends \$18.8 million in restricted receipts for continued support of existing and new initiatives in Rhode Island's response to the opioid and substance abuse crisis including total financing of \$415,599 in Opioid Stewardship Funds, \$18.1 million in Statewide Opioid Abatement Funds, and \$262,676 in McKinsey Opioid Settlement Funds.
- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$900,753 in general revenue. This reflects a 5.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$6,288. In addition, the Governor recommends a net increase of \$756,470 in general revenue for the financing of agency charges for information technology and Enterprise Resource Planning centralized services.

#### Medical Assistance

- *Caseload Estimating Conference.* The Governor's recommended budget is predicated on the November 2024 Caseload Estimating Conference estimate of \$1.331 billion in general revenue in FY 2025, or a \$26.9 million decrease compared to the enacted FY 2025 Budget.

#### Adjustments to the Adopted Caseload Estimates

- *Disproportionate Share Hospital Payment to Eleanor Slater Hospital.* The Governor recommends an increase of \$2.6 million in general revenue, \$5.9 million from all sources of funds, for the Disproportionate Share Hospital payment to Eleanor Slater Hospital based on updated estimates of the hospital's uncompensated care costs as reported in agency testimony at the November 2024 Caseload Estimating Conference. This increases the total FY 2026 DSH payment to \$12.9 million for Eleanor Slater Hospital.



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# HEALTH AND HUMAN SERVICES

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## Department of Children, Youth and Families

The Department of Children, Youth and Families (DCYF) is the state child welfare, children's mental health, and juvenile justice services agency which promotes safety, permanence, and well-being of children. The Department also plans and implements support programs and service delivery systems which will achieve the goals of developing the full potential of children in care.

DCYF's mission is to partner with families and communities to raise safe and healthy children and youth in a caring environment, which requires a family-focused and community inclusive approach.

### Recent Department achievements and highlights include:

- Safely reduced the number of children removed from their homes by 12.1 percent from federal Fiscal Year 2022 to 2023 – contributing to an overall decline of 26.7 percent since federal Fiscal Year 2019.
- Conducted a review of the foster care payment structure across all levels of need and increased stipends to reflect the rising costs of food, shelter, clothing, and other living expenses.
- Received federal approval to begin implementing a new Comprehensive Child Welfare System that will replace the State's legacy client-server RICHIST application that has been in use for over 27 years.
- Launched the 2025-2030 strategic plan that proposes a foundational shift in the State's system of care that prioritizes Prevention, Accountability, Collaboration, and Engagement (PACE), while providing excellence in service delivery.
- Improved upon youth and family engagement and collaboration with the launch of the Child Well-Being Advisory Committee (CWAC). In July 2024, DCYF convened current and former foster youth, parents and legal guardians, resource caregivers, DCYF staff, and leaders from community organizations to address targeted areas for improvements in process and service delivery.
- Completed procurement for congregate care services, expanding the range of programs to support youth in need. These services provide intensive interventions to stabilize youth with the goal of transitioning them to less restrictive settings and, whenever possible, reunifying them with their families.
- Partnered with multiple agencies to deliver a comprehensive array of services for children and youth involved with DCYF, as well as to prevent entry into the child welfare system. These efforts aim to support children in family settings and to prevent separation whenever possible. Through these initiatives, the Department has expanded program availability by 82 percent with 65 programs in its service array. These services include crisis intervention, family stabilization, and a variety of evidence-based interventions designed to meet the unique needs of children and families.

## Budget Highlights

### Reduction in Congregate Care and Out-of-State Placements.

Recommends initiatives to move eligible youth to the least restrictive settings to best meet their needs and improve outcomes.

### Emergency Housing.

Allocates \$6.1 million in Fiscal Year 2026 for emergency hotel housing for families for whom housing is a barrier to reunification.

# HEALTH AND HUMAN SERVICES

## Department of Children, Youth, and Families

Source of Funds	FY 2023 Actuals	FY 2024 Actuals	FY 2025 Enacted	FY 2025 Revised	FY 2026 Recommended
General Revenue	\$192,600,438	\$215,101,477	\$261,358,200	\$261,352,456	\$262,985,058
Federal Funds	\$92,585,762	\$97,594,044	\$121,743,506	\$120,350,473	\$117,430,501
Restricted Receipts	\$1,023,457	\$1,452,514	\$703,557	\$1,477,948	\$1,534,971
Other Funds	-	-	-	-	-
RI Capital Plan Fund	\$157,058	\$1,531,769	\$15,250,000	\$28,968,231	\$15,250,000
<b>Total Funding</b>	<b>\$286,366,715</b>	<b>\$315,679,804</b>	<b>\$399,055,263</b>	<b>\$412,149,108</b>	<b>\$397,200,530</b>
<b>FTE Authorization</b>	<b>702.5</b>	<b>705.5</b>	<b>714.5</b>	<b>714.5</b>	<b>713.5</b>

### Full-Time Equivalent Positions

The Governor recommends 713.5 FTE positions in the FY 2026 Budget, and 714.5 FTE positions in the revised FY 2025 Budget. In FY 2026, this represents a net decrease of 1.0 FTE position within the Department of Children, Youth and Families, which is a transfer to the Department of Human Services. The transferred position is the Early Childhood System Coordinator, who serves to ensure cohesive and efficient delivery of early learning and development services, maximizing federal funding opportunities, and supporting the state's early childhood goals as outlined in the 2023 Governance Systems Analysis. The position will operate under the Office of Child Care at DHS.

### Proposed FY 2026 Budget Actions

- *Controlling Growth.* The agency budget totals \$263.0 million in general revenue in FY 2026. This amount is \$1.6 million, or 0.6 percent, above the prior year revised recommendation. The agency budget totals \$397.2 million from all funding sources in FY 2026. This amount is \$14.9 million, or 3.6 percent, below the prior year revised recommendation. To manage growth within budget constraints, the Governor's budget recommendation reflects adjustments to contracted services, overtime management, personnel vacancy and turnover assumptions, optimizing federal funding sources, and other strategies to control expenditure growth in both FY 2025 and FY 2026.
- *Reduction in Congregate Care Placements.* The Governor recommends a reduction of \$2.4 million in general revenue to support the reduction of congregate care placements for youth in DCYF custody. DCYF intends to reduce youth in congregate care placements through a concerted effort to increase foster care placements and required wrap-around services, supported by new investments in the recent provider services procurement. A step-down process with trained foster parents will enable eligible youth to transition from congregate care to foster care and home-based settings. This decision aligns with best practices that call for children in protective custody to be placed in the least restrictive setting appropriate for their care needs.
- *Reduction in Out-of-State Placements.* The Governor recommends a reduction of \$4.5 million in general revenue to support the reduction of out-of-state placements for youth in DCYF custody. DCYF intends to reduce out-of-state congregate care placements through a concerted effort to increase in-state foster care placements and required wrap-around services, supported by new investments in the recent provider services procurement. This decision aligns with best practices that maintain that less restrictive settings for youth in custody and closer proximity to biological families improve outcomes for youth in care.

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## HEALTH AND HUMAN SERVICES

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- *Emergency Housing.* The Governor recommends total financing of a \$6.1 million federal funds for emergency hotel housing for families for whom housing is a barrier to reunification. DCYF can reduce general revenue financing by primarily using available Temporary Assistance for Needy Families (TANF) transfer to Social Services Block Grant (SSBG) funding. States may transfer up to 10 percent of their TANF block grants to the SSBG and use the funding for programs or services to children or their families whose income is less than 200 percent of the federal income poverty guideline (FPL). TANF is also recommended as a continued funding source where appropriate. The recommendation assumes a slight reduction in utilization of hoteling compared to those assumed for FY 2025 as the DCYF continues to partner with the Family Court and Department of Housing on viable and more appropriate solutions for the temporary emergency housing of DCYF-involved families.
- *Unclaimed Local Education Authorities (LEA) Costs.* The Governor recommends \$3.0 million in general revenue savings from reducing annual, recurring, uncollected receivables due from the LEAs. LEAs are required to pay education rates established by the Rhode Island Department of Education towards the cost of educating DCYF youth in residential treatment centers. This initiative seeks to bolster efforts to ensure that LEAs reimburse DCYF in a timely fashion for the up-front payments made by the State to providers caring for the DCYF population.
- *Consent Decree Consultant.* The Governor recommends \$750,000 in general revenue for a consultant to oversee the State's compliance with the DCYF consent decree, which has been entered into with the United States Department of Justice (USDOJ) related to the hospitalization of children with behavioral health disabilities in State care. Correspondingly, an additional \$175,000 in general revenue has been added to the Executive Office of Health and Human Services' budget in FY 2026 for a court monitor.
- *Financial Consultant Support.* The Governor recommends \$1.0 million less in general revenue, \$1.5 million from all funding sources, for contractor costs associated with a rate setting review for the Child Welfare and Children's Behavioral Health programs. Funding is provided in FY 2025 when it is expected to be completed. The recommendation removes the temporary funding included in the proposed revised FY 2025 Budget for temporary financial consulting services.
- *Comprehensive Needs Study.* The Governor recommends a total of \$250,000, which is a \$50,000 decrease from the prior year recommendation, in general revenue for the Comprehensive Needs Study. Financing was included in the enacted FY 2025 Budget and augmented in the proposed revised FY 2025 Budget to identify areas of improvement.
- *Early Childhood System Coordinator.* The Governor recommends transferring the Early Childhood Systems Coordinator position from DCYF to DHS. The position will facilitate interagency coordination to advance the State's early childhood goals. It is expected that this position will be accommodated within the existing FTE authorization.
- *Reduction in Overtime.* The Governor recommends an \$800,000 decrease in general revenue to support a reduction in overtime. With a concerted effort by DCYF executive staff and supervisors, this reduction in overtime is feasible with the latest hiring projections, retention rates, and census of clients in care. This estimated general revenue savings initiative is based on historical data, including actuals based on census data and operational requirements.
- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$5.9 million in general revenue. This reflects a 4.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$54,298. In addition, the Governor recommends a net increase of \$222,536 in general revenue for the financing of agency charges for various centralized services, including facilities management, information technology, human resources, Enterprise Resource Planning maintenance and operations, and central utilities.

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# HEALTH AND HUMAN SERVICES

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## Proposed FY 2025 Budget Revisions

- *Emergency Housing.* The Governor recommends total financing of a \$6.8 million from federal funds for emergency hotel housing for families for whom housing is a barrier to reunification. DCYF can reduce general revenue financing by primarily using available Temporary Assistance for Needy Families (TANF) transfer to Social Services Block Grant (SSBG) funding. States may transfer up to 10 percent of their TANF block grants to the SSBG and use the funding for programs or services to children or their families whose income is less than 200 percent of the federal income poverty guideline (FPL). TANF is also recommended as a continued funding source where appropriate. The recommendation assumes a slight reduction in utilization of hoteling compared to those assumed for FY 2024 as the DCYF continues to partner with the Family Court and Department of Housing on viable and more appropriate solutions for the temporary emergency housing of DCYF-involved families.
- *Psychiatric Residential Treatment Facility.* The Governor recommends \$6.4 million of available State Fiscal Recovery Funds in the revised FY 2025 Budget for the expansion and maintenance of a psychiatric residential treatment facility at Bradley Hospital. In FY 2023, DCYF entered into a contract with St. Mary's Home for Children to construct a psychiatric residential treatment facility to serve youths with psychiatric needs. Due to the closure of St. Mary's in August 2024, the unspent funds were recovered by the State and reallocated to the expansion and maintenance of the psychiatric residential treatment facility at Bradley Hospital.
- *Consent Decree Consultant.* The Governor recommends a \$500,000 increase in general revenue for a USDOJ Consent Decree Consultant in FY 2025 to oversee the State's compliance with the DCYF consent decree, which has been entered into with the United States Department of Justice (USDOJ) related to the hospitalization of children with behavioral health disabilities in State care.
- *Comprehensive Needs Study.* The Governor recommends a total of \$350,000, an increase of \$150,000, in general revenue for the comprehensive needs study. Financing was included in the enacted FY 2025 Budget to identify areas of improvement and in complying with the DCYF consent decree.
- *Financial Consultant Support.* The Governor recommends a \$700,000 general revenue increase for supportive temporary financial consulting services.
- *Statewide Adjustments.* The Governor recommends a \$3.7 million general revenue increase for statewide adjustments. The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$3.3 million in general revenue. This reflects a 5.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$31,023. In addition, the Governor recommends a net increase of \$212,579 in general revenue for the financing of agency charges for various centralized services, including facilities management, information technology, human resources, Enterprise Resource Planning maintenance and operations, and central utilities.

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# HEALTH AND HUMAN SERVICES

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## Department of Health

The mission of the Department of Health (RIDOH) is to prevent disease and protect and promote the health and safety of Rhode Islanders. The Department's priorities include addressing the socioeconomic and environmental determinants of health, eliminating disparities of health and promoting health equity, and ensuring access to quality health services to Rhode Islanders, including vulnerable populations.

### Recent Department achievements and highlights include:

- Implemented a range of community-focused interventions to prevent drug overdoses and save lives, many of which were coordinated through Governor McKee's Overdose Prevention Task Force. Interventions included distributing 31,603 doses of the life-saving drug naloxone (in the first three quarters of 2024); implementing an EMS-based naloxone leave-behind program to expand naloxone distribution into rural areas; doing a targeted overdose prevention text message campaign for Rhode Islanders living in overdose hot spots; and expanding healthcare professional education on opioid prescribing and substance-use disorder treatment.
- Issued an approval for the sale of Roger Williams Medical Center and Our Lady of Fatima Hospital, which included several, stringent conditions to ensure the financial viability of the hospitals, stable operating structures, and a continued commitment to health equity and the needs of all patients.
- Deploying a new statewide Rhode Island Rental Registry to help protect children and families from the lifelong effects of lead exposure.
- Substantial construction occurred on the site of the new Life Sciences Hub in Providence's Innovation and Design District. This site will include a new, 80,000-square-foot State Health Laboratory, as well as life science laboratories for Brown University and additional bio-technology space. The new facility is expected to be ready for occupancy in 2025.
- Helped launch an Alzheimer's Disease and Related Disorders 2024-2029 State Plan in February 2024. The plan details 36 strategic recommendations on how to improve the quality of life and accessibility of care for Rhode Islanders with dementia and their caregivers.
- Worked to have Rhode Island rejoin the Nurse Licensure Compact, allowing nurses in 42 states who hold a nationally recognized multi-state license to come to Rhode Island and work. Rhode Island nurses with multi-state licenses are permitted to work in any of these other states.
- Put into place several school-based initiatives to address youth vaping and help encourage students to quit tobacco and nicotine products, including e-cigarettes. RIDOH provided education to schools on the implementation of tobacco-free model strategies and the importance of providing an alternative to suspension that includes cessation counseling and support for those caught using, held statewide workshops for school staff, and invested in a media campaign to promote youth prevention education and available cessation resources.

## Budget Highlights

### Health Professional Loan Repayment Program.

Invests \$200,000 in general revenue, coupled with \$200,000 in matching funds, to provide loan repayment assistance to primary care physicians and pediatricians.

### Opioid Crisis Response.

Allocates \$6.9 million in restricted receipts in Fiscal Year 2026 to provide continued support of initiatives in Rhode Island's response to the opioid and substance abuse crisis.

### Gloria Gemma Breast Cancer Resource Foundation.

Provides \$50,000 in general revenue for the organization's survivorship and well-being center.

# HEALTH AND HUMAN SERVICES

## Department of Health

Source of Funds	FY 2023 Actuals	FY 2024 Actuals	FY 2025 Enacted	FY 2025 Revised	FY 2026 Recommended
General Revenue	\$33,548,890	\$34,032,135	\$40,053,947	\$40,533,357	\$38,075,075
Federal Funds	\$193,174,227	\$204,666,164	\$205,109,529	\$248,320,198	\$152,861,675
Restricted Receipts	\$62,899,711	\$74,881,462	\$108,069,735	\$95,308,488	\$92,414,141
Other Funds	-	-	-	-	-
RI Capital Plan Fund	\$567,023	\$370,546	\$3,021,762	\$3,660,205	\$8,763,883
<b>Total Funding</b>	<b>\$290,189,850</b>	<b>\$313,950,307</b>	<b>\$356,254,973</b>	<b>\$387,822,248</b>	<b>\$292,114,774</b>
<b>FTE Authorization</b>	<b>543.4</b>	<b>575.6</b>	<b>572.6</b>	<b>572.6</b>	<b>572.6</b>

### Full-Time Equivalent Positions

The Governor recommends 572.6 FTE positions in the FY 2026 Budget, and 572.6 FTE positions in the revised FY 2025 Budget, unchanged from the enacted FY 2025 Budget. In FY 2026, this represents a 1.0 FTE position increase to bolster oversight of cannabis testing laboratories and ensure compliance with state regulations and a 1.0 FTE position decrease in the Policy, Information, and Communications program through consolidation and streamlining of work performed within the program.

- Cannabis Testing Oversight (1.0 FTE)
- Workforce Efficiency (-1.0 FTE)

### Proposed FY 2026 Budget Actions

- *Controlling Growth.* The agency budget totals \$292.1 million from all sources of funds in FY 2026. This amount is \$95.7 million, or 32.8 percent, below the prior year revised recommendation. The reduction in the all funds budget is largely driven by the ending of COVID-era federal funds. To manage growth within budget constraints, the Governor's budget recommendation reflects adjustments to contracted services, operating expenses, personnel vacancy and turnover assumptions, maximizing use of restricted receipt balances, and other strategies to control expenditure growth in both FY 2025 and FY 2026.
- *Streamline Certificate of Need Process.* The Governor's recommendation includes an amendment to streamline the Certificate of Need (CON) process by removing various outpatient services and low-cost alternatives to traditional care (e.g., home health, hospice, outpatient surgical centers) from review, raising the capital expenditure threshold to \$50 million, eliminating reapproval requirement for minor cost increases, adding exemptions for state projects, and limiting procedural delays by competitors post-approval. These changes align Rhode Island's policies with other states, foster new healthcare entrants, reduce regulatory burdens, and expand access to underserved communities.
- *Health Professional Loan Repayment Program.* The Governor recommends \$200,000 in general revenue for loan repayment assistance specifically targeted at primary care physicians and pediatricians. Investment of state general revenue will leverage matching funds, resulting in a total of \$400,000 in loan repayment assistance.
- *Gloria Gemma Breast Cancer Resource Foundation.* The Governor recommends \$50,000 in general revenue to support the Gloria Gemma Breast Cancer Resource Foundation and the organization's new survivorship and well-being center in Lincoln.

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## HEALTH AND HUMAN SERVICES

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- *Cannabis Testing Oversight FTE.* The Governor recommends \$154,300 in restricted receipts financed through the Marijuana Trust Fund for the addition of 1.0 FTE position to bolster oversight of cannabis testing laboratories. The position will focus on managing the growing demands of cannabis product testing, responding to compliance investigations, and ensuring that Rhode Island's cannabis products meet stringent public health and safety standards.
- *Workforce Efficiency.* The Governor recommends a decrease of \$173,608 in general revenue, \$180,269 from all sources of funds, to recognize efficiencies of work performed within the Policy, Information, and Communications program. This includes a decrease of 1.0 FTE position and one contractor position. The Department will be able to absorb the responsibilities performed by these positions through consolidation and streamlining within the program. This personnel reduction will be managed through expected attrition.
- *Food Inspector FTE - Restricted Receipt.* To achieve general revenue savings, the Governor recommends shifting \$127,874 in general revenue to restricted receipts to finance an Environmental Health Food Inspector FTE position.
- *Opioid Crisis Response Funding.* The Governor recommends \$6.9 million in restricted receipts for continued support of existing and new initiatives in Rhode Island's response to the opioid and substance abuse crisis including total financing of \$1.4 million in Opioid Stewardship Funds and \$5.5 million in Statewide Opioid Abatement Funds.
- *COVID-19 Response.* The Governor recommends \$15.2 million in federal funds to finance all COVID-19 pandemic response and recovery activities. This amount does not include any additional allocation of State Fiscal Recovery Funds.
- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$2.0 million in general revenue. This reflects a 4.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$14,319. In addition, the Governor recommends a net decrease of \$855,772 in general revenue for the financing of agency charges for various centralized services, including facilities management, information technology, human resources, Enterprise Resource Planning maintenance and operations, and central utilities.

### Proposed FY 2025 Budget Revisions

- *Opioid Crisis Response Funding.* The Governor recommends \$8.2 million in restricted receipts for continued support of existing and new initiatives in Rhode Island's response to the opioid and substance abuse crisis including total financing of \$2.4 million in Opioid Stewardship Funds, \$5.7 million in Statewide Opioid Abatement Funds, and \$135,646 in McKinsey Opioid Settlement Funds.
- *COVID-19 Response.* The Governor recommends \$100.6 million in federal funds to finance all COVID-19 pandemic response and recovery activities, of which \$12.2 million is comprised of State Fiscal Recovery Funds.
- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$1.1 million in general revenue. This reflects a 5.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$8,218. In addition, the Governor recommends a net decrease of \$641,111 in general revenue for the financing of agency charges for information technology and Enterprise Resource Planning centralized services.

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# HEALTH AND HUMAN SERVICES

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## Department of Human Services

The Department of Human Services (DHS) operates programs that 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 and care for veterans; and provide services to older adults and individuals with disabilities that enhance their quality of life.

These programs and services provide quality and accessible healthcare, child care, supportive services, and options for working parents as well as individuals and families.

DHS administers programs such as the Supplemental Nutrition Assistance Program (SNAP), Rhode Island Works (RIW), the Child Care Assistance Program (CCAP), and other health and social services programs to help strengthen and stabilize families and individuals in need of support who are living in Rhode Island.

### Recent Department achievements and highlights include:

- Commenced the SNAP Eat Well, Be Well Pilot, which promotes healthier eating habits by reimbursing 50 cents for every \$1 spent on fresh fruits and vegetables, up to \$25 per month. Since the pilot program began in January 2024, eligible households have been issued over \$3.2 million in additional benefits.
- Implemented the early child education workforce registry in February 2024, marking a milestone in centralizing child care data across the state. The system will help provide key insights into the child care sector to optimize resources and supports for families, children, providers, and educators.
- Effective July 1, 2024, rates increased 5 percent for child care centers serving children in CCAP, which is comparable to the increase that family child care providers received.
- Effective July 1, 2024, RIW beneficiaries who have earned income received up to \$112.50 more per month. The extra benefits are the result of increasing the earned-income disregard, allowing RIW families to keep more of their earnings.
- Launched the Veterans Cafe in July 2024 through the Office of Veterans Services in partnership with the Office of Healthy Aging (OHA) and Meals on Wheels of Rhode Island. The cafe offers an opportunity for veterans over the age of 60 to share a nutritious meal, socialize, and connect with benefits like those provided by DHS and the Veterans Affairs Health Care system in Providence.
- Through 2024, delivered more than 450 tablets, 150 hotspots, and 10,000 online classes to older Rhode Islanders through OHA's digiAge initiative, which launched in 2021.
- Providing access to Veterans Service Officers (VSOs) at eight recently certified community behavioral health clinics across the state. The VSOs help veterans and their families navigate access to benefits and provide mental health and substance-use services.

## Budget Highlights

### SNAP Eat Well, Be Well Pilot.

Provides \$8.3 million in Fiscal Year 2025 for the pilot program that gives customers 50 cents in SNAP benefits for every \$1 spent on qualifying fruits and vegetables.

### Senior Centers.

Increases senior center funding from \$1.4 million to \$1.6 million.



# HEALTH AND HUMAN SERVICES

## Department of Human Services

Source of Funds	FY 2023 Actuals	FY 2024 Actuals	FY 2025 Enacted	FY 2025 Revised	FY 2026 Recommended
General Revenue	\$122,222,195	\$135,284,256	\$142,790,800	\$147,328,344	\$135,580,989
Federal Funds	\$744,049,154	\$645,440,536	\$659,709,433	\$697,326,473	\$682,192,831
Restricted Receipts	\$4,450,887	\$4,602,143	\$6,243,767	\$9,900,575	\$6,010,641
Other Funds	\$4,883,234	\$4,020,669	\$4,572,554	\$4,292,076	\$4,267,406
RI Capital Plan Fund	\$57,330	\$1,284,466	\$1,425,000	\$1,657,989	\$1,130,000
<b>Total Funding</b>	<b>\$875,662,799</b>	<b>\$790,632,069</b>	<b>\$814,741,554</b>	<b>\$860,505,457</b>	<b>\$829,181,867</b>
<b>FTE Authorization</b>	<b>1067.0</b>	<b>1070.0</b>	<b>1079.0</b>	<b>1079.0</b>	<b>1079.0</b>

### Full-Time Equivalent Positions

The Governor recommends 1,079.0 FTE positions in the FY 2026 Budget, and 1,079.0 FTE positions in the revised FY 2025 Budget, unchanged from the FY 2025 Budget.

### Proposed FY 2026 Budget Actions

- *Controlling Growth.* The agency budget totals \$829.2 million from all sources of funds. Exclusive of the prior year reappropriation, this represents a \$21.5 million, or 2.6 percent, decrease over the prior year revised recommendation. To manage growth within budget constraints, the Governor's budget recommendation reflects adjustments to contracted services, operating expenses, personnel vacancy and turnover assumptions, maximizing use of restricted receipt balances, and other strategies to control expenditure growth in both FY 2025 and FY 2026.
- *Child Support Enforcement Case Management System Transition.* The Governor recommends \$300,000 from all sources of funds (\$102,000 in restricted receipts and \$198,000 in federal funds) to transition the Child Support Services Case Management System off the mainframe platform.
- *Housing Security and Senior Centers.* The Governor recommends eliminating the Security for Housing for the Elderly program grant funds and investing the \$85,000 in savings to help provide \$200,000 in additional community grant funding for senior centers across Rhode Island. This represents an increase in senior center funding from \$1.4 million to \$1.6 million. This represents \$8.19 per senior and represents continued progress towards the Governor's goal of providing \$10.00 per senior in senior center funding.
- *Early Childhood System Coordinator.* The Governor recommends transferring the Early Childhood Systems Coordinator position from DCYF to DHS. The position will facilitate interagency coordination to advance the State's early childhood goals. It is expected that this position will be accommodated within the existing FTE authorization.
- *RI Bridges Operating Cost Consolidation.* The Governor recommends consolidating the contract and operating costs of the RIBridges system within EOHHS, transferring \$8.1 million in general revenue, \$16.3 million from all sources of funds, from DHS to EOHHS. This initiative centralizes costs within EOHHS and is intended in a unified and transparent way and does not represent a change in the governance or management of RIBridges system. Personnel costs for eligibility staff traditionally included in the RIBridges budget and included in the Implementation Advanced Planning Document are not impacted by this change in budget presentation and remain in DHS.

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## HEALTH AND HUMAN SERVICES

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- *Shift Field Operation Expenses to Block Grants.* The Governor recommends shifting \$2.0 million in personnel expenses from general revenue to the administrative funding available from the Temporary Assistance to Needy Families Block Grant.
- *Reduction of Operational Expenses.* The Governor recommends a decrease of \$519,011 in general revenue, \$1.1 million from all sources of funds, to reduce operational expenses, such as record retention and software maintenance.
- *Office of Healthy Aging Administrative Savings.* The Governor recommends a decrease of \$10,400 in general revenue for discretionary administrative expenses.
- *Caseload Estimating Conference.* The Governor's recommended budget is predicated on the November 2024 Caseload Estimating Conference estimate of \$28.8 million in general revenue in FY 2026 for caseload programs within DHS including RI Works, Child Care Assistance Program, State Supplemental Income, and General Public Assistance, which represents a \$58,944 decrease compared to the enacted FY 2025 Budget.
- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$5.0 million in general revenue. This reflects a 4.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$55,564. In addition, the Governor recommends a net increase of \$1.0 million in general revenue for the financing of agency charges for various centralized services, including facilities management, information technology, human resources, Enterprise Resource Planning maintenance and operations, and central utilities.

### Proposed FY 2025 Budget Revisions

- *SNAP Eat Well, Be Well Pilot.* In accordance with R.I.G.L. § 40-6-8.2, the Governor recommended reappropriations of \$8.3 million from general revenue to continue the administration of the SNAP Eat Well, Be Well Pilot. The Governor recommends revising the source of financing for this program but leaves the total funding level unchanged. The revised recommendation includes \$4.5 million from State Fiscal Recovery Funds (SFRF) and \$3.8 million in general revenue. The additional SFRF was made available as several SFRF-financed projects are expected to complete with expenditures below the enacted appropriation.
- *Reappropriation – Field Office Renovations.* The Governor recommends \$1.2 million in general revenue for the approved reappropriation of unspent funds from FY 2024 for capital and equipment costs related to field office renovations, including the new location at the State-owned Shepard Building.
- *Reappropriation – Digitalization Project.* The Governor recommends \$250,000 in general revenue for the digitization project in the Office of Veterans Services. The FY 2024 enacted Budget included proviso language to allow unexpended and unencumbered balances at the end of any fiscal year for the program to be reappropriated to the next fiscal year. The project allows the Office of Veterans Services to scan, digitize, and store physical documents of military services records and discharge paperwork in a searchable database.
- *Reappropriation – Office of Healthy Aging.* The Governor recommends \$30,495 in general revenue for the approved reappropriation of unspent funds from FY 2024 for payments of delayed invoicing.
- *Child Support Services Case Management System.* The Governor recommends shifting \$70,833 in approved general revenue reappropriation of unspent funds from FY 2024 to agency restricted receipts for the strategic planning vendor needed to transition the Child Support Services Case Management System off the mainframe platform.

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## HEALTH AND HUMAN SERVICES

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- *Caseload Estimating Conference.* The Governor's recommended budget is predicated on the November 2024 Caseload Estimating Conference estimate of \$28.7 million in general revenue in FY 2025 for caseload programs within DHS including RI Works, Child Care Assistance Program, State Supplemental Income, and General Public Assistance, which represents a \$164,348 decrease compared to the enacted FY 2025 Budget.
- *Restricted Receipts.* To achieve general revenue savings, the Governor recommends shifting \$4.0 million of general revenue to restricted receipts to finance various operating and contracting expenditures within agency operations.
- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$2.7 million in general revenue. This reflects a 5.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$30,263. In addition, the Governor recommends a net increase of \$26,596 in general revenue for the financing of agency charges for information technology and Enterprise Resource Planning centralized services.

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# HEALTH AND HUMAN SERVICES

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## Department of Behavioral Healthcare, Developmental Disabilities and Hospitals

The Department of Behavioral Healthcare, Developmental Disabilities and Hospitals (BHDDH) provides services to approximately 50,000 Rhode Islanders, who are living with mental illness and/or substance-use conditions, have developmental disabilities, or need long-term acute care in one of the state hospitals. BHDDH also administers funds which support a statewide network of prevention and mental health promotion initiatives.

The Department has three divisions: Behavioral Health, Developmental Disabilities, and the state hospitals: Eleanor Slater Hospital for medical care located on two campuses, Cranston and Burrillville, and the Rhode Island State Psychiatric Hospital in Cranston.

BHDDH remains true to a set of core values which are embodied in the State's motto: Hope. Promoting and inspiring hope for good health, a safe home, a supportive community, and living a purposeful life. These four pillars support the Department's foundational values of dignity, respect, person-centered choice, and accountability.

### Recent Department achievements and highlights include:

- Launched two Enhanced Mental Health Psychiatric Rehabilitative Residence programs in 2024, with capacity to provide residential treatment and rehabilitation for a total of 18 individuals with challenging mental health and medical conditions. Two more sites, serving another 18 individuals, are also in the works through this collaboration between BHDDH, Rhode Island Medicaid, and community providers.
- Opened a 10-bed medical respite program for individuals with behavioral health conditions. This short-term residential program, also a collaboration between BHDDH and Rhode Island Medicaid, provides care and treatment for individuals who no longer receive in-patient care for their medical conditions.
- Implemented a conflict-free case management system that eliminates instances where the same entity oversees eligibility assessment and other services such as enrollment, case management, or direct services for individuals with developmental disabilities.
- Launched a new assessment tool to determine the level of need for individuals with developmental disabilities when they apply for services.
- Completed a \$3.6 million renovation on Eleanor Slater Hospital's Burrillville campus to accommodate a nine-bed wing for ventilator patients.
- Achieved a 50-percent increase in the discharge rate from July 2023 to December 2024 at the Rhode Island State Psychiatric Hospital, which allows the hospital to provide greater access to care for individuals who need services.

## Budget Highlight

### Opioid Crisis Response

Allocates \$5.3 million in restricted receipts in Fiscal Year 2026 to provide continued support of initiatives in Rhode Island's response to the opioid and substance abuse crisis.

# HEALTH AND HUMAN SERVICES

## Behavioral Healthcare, Developmental Disabilities and Hospitals

Source of Funds	FY 2023 Actuals	FY 2024 Actuals	FY 2025 Enacted	FY 2025 Revised	FY 2026 Recommended
General Revenue	\$261,580,691	\$311,396,804	\$305,694,995	\$317,638,693	\$316,304,980
Federal Funds	\$295,064,657	\$333,704,280	\$353,159,441	\$366,488,015	\$376,934,950
Restricted Receipts	\$3,224,851	\$8,639,757	\$12,907,116	\$21,946,178	\$10,454,683
Other Funds	-	-	-	-	-
RI Capital Plan Fund	\$473,528	\$359,107	\$600,000	\$810,436	\$500,000
<b>Total Funding</b>	<b>\$560,343,728</b>	<b>\$654,099,948</b>	<b>\$672,361,552</b>	<b>\$706,883,322</b>	<b>\$704,194,613</b>
<b>FTE Authorization</b>	<b>1200.4</b>	<b>1204.4</b>	<b>1221.4</b>	<b>1221.4</b>	<b>1223.4</b>

### Full-Time Equivalent Positions

The Governor recommends 1,223.4 FTE positions in the FY 2026 Budget, and 1,221.4 FTE positions in the revised FY 2025 Budget. The former represents an increase of 2.0 FTE positions over the authorization in the enacted FY 2025 Budget. The increase is comprised of two facilities management positions at the Rhode Island Community Living and Supports program, which have been transferred from the Department of Administration's Division of Capital Asset Management and Maintenance per mutual agreement between the two agencies.

### Proposed FY 2026 Budget Actions

- *Controlling Growth.* The agency budget totals \$316.3 million in general revenue in FY 2026. This amount is \$1.3 million, or 0.4 percent, below the prior year revised recommendation. The agency budget totals \$704.2 million from all sources of funds in FY 2026. This amount is \$2.7 million, or 0.4 percent, below the prior year revised recommendation. To manage growth within budget constraints, the Governor's budget recommendation reflects adjustments to contracted services, operating expenses, personnel vacancy and turnover assumptions, maximizing use of restricted receipt balances, and other strategies to control expenditure growth in both FY 2025 and FY 2026.
- *Developmental Disabilities System State Infrastructure and Technology Acquisition.* The Governor recommends an increase of \$0.9 million in general revenue associated with the Developmental Disability Consent Decree Transformation and Technology Funds. At the end of FY 2024, a combined \$1.9 million in general revenue remained unspent from the enacted funding. The Governor recommends that remaining funds be continued into future years in accordance with the Consent Decree Action Plan. In consultation with the agency, the \$1.9 million in unspent FY 2024 appropriations is requested to be split between FY 2025 and FY 2026.
- *Private Community Developmentally Disabled Services Program Caseload Adjustments.* The Governor's recommended budget is predicated on the November 2024 Caseload Estimating Conference estimate of \$440.6 million, including \$250.4 million from federal funds and \$190.2 million from general revenue, \$2.4 million more in general revenue than the enacted FY 2025 Budget. This total includes adopted changes to the blended Federal Medical Assistance Percentage rate from 55.99 percent to 57.20 percent.

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## HEALTH AND HUMAN SERVICES

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- *Operational Savings at the Private Community Developmentally Disabled Services Program.* The Governor recommends a reduction of \$86,744 in general revenue, as the net impact after federal Medicaid revenue implications, from decreased overtime costs at the Rhode Island Community Living and Supports program.
- *Transfer of 2.0 FTEs from Department of Administration.* The Governor recommends that 2.0 facilities management FTEs and associated funding be transferred to the Rhode Island Community Living and Support program from the Department of Administration's Division of Capital Asset Management and Maintenance per mutual agreement between the two agencies.
- *Federal Medical Assistance Percentage Adjustment and Billing Assumptions for Rhode Island Community Living and Supports.* The Governor recommends a total of \$19.6 million in federal Medicaid funds in FY 2026 for the Rhode Island Community Living and Supports program. The recommendation also accounts for the change to the blended FY 2026 Federal Medical Assistance Percentage from 55.99 percent to 57.20 percent.
- *Opioid Crisis Response Funding.* The Governor recommends restricted receipts in the Department of 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 \$1.3 million in Opioid Stewardship Funds and \$4.0 million in Statewide Opioid Abatement Funds.
- *Contracting Oversight Services for Certified Community Behavioral Health Clinics.* The Governor recommends \$208,363 in general revenues at the Behavioral Healthcare Services program so that the agency may fulfill its responsibilities in the oversight and licensing of Certified Community Behavioral Health Clinics. This expense is partially offset by a reduction of State Fiscal Recovery Funds at the Executive Office of Health and Human Services that were previously earmarked for this purpose but have been reallocated elsewhere.
- *Indirect Cost Rate.* The Governor recommends a reduction of \$930,000 in general revenue, offset by increases to federal funding and restricted receipts, related to the Department's initiative to acquire federal approval for a more beneficial indirect cost recovery rate.
- *Federal Medical Assistance Percentage Adjustment and Billing Assumptions for Eleanor Slater and Zambarano Hospitals.* The Governor recommends a total of \$61.5 million in federal Medicaid funds in FY 2026 for the Eleanor Slater and Zambarano Hospitals. The recommendation also accounts for the change to the blended FY 2026 Federal Medical Assistance Percentage (FMAP), the calculation of which has been modified in consultation with the agency. When accounting for billing practices, the blended FY 2026 FMAP for the Hospital programs is 57.30 percent.
- *Operational Savings at the Eleanor Slater and Zambarano Hospitals.* The Governor recommends a total reduction of \$3.5 million in general revenue from the Hospital and Community Rehabilitation Services program related to the following operational savings:
  - A shift of \$2.4 million from general revenue to federal Medicaid funds from optimizing billable patient head count at the hospitals within current staffing levels.
  - A shift of \$875,000 from general revenue to restricted receipt funding from optimizing the billing of Medicare Part D and other non-Medicaid revenue sources.
  - A reduction of \$276,635 million in general revenue as the net impact after federal Medicaid revenue implications from decrease expenditures on overtime and contracting services.

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## HEALTH AND HUMAN SERVICES

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- *Operational Savings at the Rhode Island State Psychiatric Hospital.* The Governor recommends a total reduction of \$2.5 million in general revenue from the Rhode Island Psychiatric Hospital program related to the following operational savings:
  - A shift of \$144,000 from general revenue to restricted receipt funding from optimizing the billing of Medicare Part D.
  - A reduction of \$2.3 million in general revenue from decrease expenditures on overtime, various operating expenses, and contracting services.
- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$12.4 million in all funds. This reflects a 4.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$113,065 in all funds. In addition, the Governor recommends a net increase of \$3.2 million in all funds for the financing of agency charges for various centralized services, including facilities management, information technology, human resources, Enterprise Resource Planning maintenance and operations, and central utilities. Due to the receipt of federal Medicaid revenue at the Eleanor Slater and Zambarano Hospitals and the Rhode Island Community Living and Supports program, the impact of these adjustments is estimated to be offset by an increase of \$7.1 million federal funds. This results in an expected net increase to the agency of \$8.4 million in general revenue from these adjustments.

### Proposed FY 2025 Budget Revisions

- *Developmental Disabilities System State Infrastructure and Technology Acquisition.* The Governor recommends an increase of \$982,957 in general revenue associated with the Developmental Disability Consent Decree Transformation and Technology Funds. At the end of FY 2024, a combined \$1.9 million in general revenue remained unspent from the enacted funding. The Governor recommends that remaining funds be continued into future years in accordance with the Consent Decree Action Plan. In consultation with the agency, the \$1.9 million in unspent FY 2024 appropriations is requested to be split between FY 2025 and FY 2026.
- *Community Developmentally Disabled Services Program Caseload Adjustments Caseload Adjustments.* The Governor's recommended budget is predicated on the November 2024 Caseload Estimating Conference estimate of \$431.7 million, including \$240.2 million from federal funds and \$191.6 million from general revenue, \$3.7 million more in general revenue than the enacted FY 2025 Budget.
- *Federal Medical Assistance Percentage Adjustment and Billing Assumptions for Eleanor Slater and Zambarano Hospitals.* The Governor recommends a total of \$55.3 million in federal Medicaid funds in FY 2025 for the Eleanor Slater and Zambarano Hospitals. The recommendation also accounts for the change to the blended FY 2025 Federal Medical Assistance Percentage (FMAP), the calculation of which has been modified in consultation with the agency. When accounting for billing practices, the blended FY 2025 FMAP for the Hospital programs is 56.09 percent.
- *Contracting Oversight Services for Certified Community Behavioral Health Clinics.* The Governor recommends \$120,955 in general revenues at the Behavioral Healthcare Services program so that the agency may fulfill its responsibilities in the oversight and licensing of Certified Community Behavioral Health Clinics. This expense is partially offset by a reduction of State Fiscal Recovery Funds at the Executive Office of Health and Human Services. These expenses represent an ongoing operating cost that is more appropriate to finance with agency operating funds rather than non-recurring State Fiscal Recovery Funds.

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## HEALTH AND HUMAN SERVICES

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- *9-8-8 Hotline.* The Governor recommends \$3.5 million in State Fiscal Recovery Funds and \$1.0 million in other federal funds to ensure the continued financing of the 9-8-8 National Suicide Prevention Lifeline. This amount represents an increase of \$1.6 million over the enacted FY 2025 Budget, all of which is a reappropriation of unspent funding appropriated for this purpose in the enacted FY 2024 Budget. Of the recommended other federal funds, \$875,975 originates from federal Substance Abuse and Mental Health Services Administration grant funding earmarked to finance enhanced services at the Hotline program.
- *Opioid Crisis Response Funding.* The Governor recommends restricted receipts in the Department of 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 \$3.8 million in Opioid Stewardship Funds, \$10.3 million in Statewide Opioid Abatement Funds, and \$247,937 in McKinsey Opioid Settlement Funds.
- *Indirect Cost Rate.* The Governor recommends a reduction of \$930,000 in general revenue, offset by increases to federal funding and restricted receipts, related to the agency's initiative to acquire federal approval for a more beneficial indirect cost recovery rate.
- *Operational Savings at the Rhode Island State Psychiatric Hospital.* The Governor recommends a total reduction of \$1.7 million in general revenue from the Rhode Island Psychiatric Hospital program related to the reductions in various operating expenses and contracting services.
- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$6.7 million in all funds. This reflects a 5.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$59,884 in all funds. In addition, the Governor recommends a net increase of \$882,626 in all funds for the financing of agency charges for information technology and Enterprise Resource Planning centralized services. Due to the receipt of federal Medicaid revenue at the Eleanor Slater and Zambarano Hospitals and the Rhode Island Community Living and Supports program, the impact of these adjustments is estimated to be offset by an increase of \$2.5 million federal funds. This results in an expected net increase to the agency of \$5.1 million in general revenue from these adjustments.



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## HEALTH AND HUMAN SERVICES

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### 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.

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#### Office of the Child Advocate

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Source of Funds	FY 2023 Actuals	FY 2024 Actuals	FY 2025 Enacted	FY 2025 Revised	FY 2026 Recommended
General Revenue	\$1,259,570	\$1,429,015	\$1,891,426	\$1,913,740	\$2,264,613
Federal Funds	\$11,942	\$(33,989)	-	-	-
Restricted Receipts	-	-	-	-	-
Other Funds	-	-	-	-	-
RI Capital Plan Fund	-	-	-	-	-
<b>Total Funding</b>	<b>\$1,271,513</b>	<b>\$1,395,026</b>	<b>\$1,891,426</b>	<b>\$1,913,740</b>	<b>\$2,264,613</b>
<b>FTE Authorization</b>	<b>10.0</b>	<b>10.0</b>	<b>13.0</b>	<b>13.0</b>	<b>13.0</b>

#### Full-Time Equivalent Positions

The Governor recommends 13.0 FTE positions in the FY 2026 Budget, and 13.0 FTE positions in the revised FY 2025 Budget, unchanged from the enacted FY 2025 Budget.

#### Proposed FY 2026 Budget Actions

- *Current Operations.* The Governor recommends financing current operations and enacted staffing authorizations totaling \$2.3 million in general revenue in FY 2026. This amount is \$350,873, or 18.3 percent, above the prior year revised recommendation. The growth in year-over-year funding reflects a full-year of salaries and benefits for 3.0 FTE positions which were hired mid-year in the prior year.
- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$136,645 in general revenue. This reflects a 4.0 percent cost-of-living adjustment (COLA). In addition, the Governor recommends a net increase of \$48,671 in general revenue for the financing of agency charges for various centralized services, including facilities management, information technology, human resources, Enterprise Resource Planning maintenance and operations, and central utilities.

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## HEALTH AND HUMAN SERVICES

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### Proposed FY 2025 Budget Revisions

- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$88,684 in general revenue. This reflects a 5.0 percent cost-of-living adjustment (COLA). In addition, the Governor recommends a net increase of \$9,820 in general revenue for the financing of agency charges for information technology and Enterprise Resource Planning centralized services.

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## HEALTH AND HUMAN SERVICES

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### 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.

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#### Governor's Commission on Disabilities

Source of Funds	FY 2023 Actuals	FY 2024 Actuals	FY 2025 Enacted	FY 2025 Revised	FY 2026 Recommended
General Revenue	\$1,153,698	\$1,298,969	\$1,530,392	\$2,331,664	\$1,610,527
Federal Funds	\$320,336	\$329,086	\$340,000	\$340,067	\$340,067
Restricted Receipts	\$40,254	\$10,852	\$66,539	\$67,190	\$105,448
Other Funds	-	-	-	-	-
RI Capital Plan Fund	-	-	-	-	-
<b>Total Funding</b>	<b>\$1,514,288</b>	<b>\$1,638,906</b>	<b>\$1,936,931</b>	<b>\$2,738,921</b>	<b>\$2,056,042</b>
<b>FTE Authorization</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>

#### Full-Time Equivalent Positions

The Governor recommends 5.0 FTE positions in the FY 2026 Budget, and 5.0 FTE positions in the revised FY 2025 Budget, unchanged from the enacted FY 2025 Budget.

#### Proposed FY 2026 Budget Actions

- *Current Operations.* The Governor recommends financing current operations and enacted staffing authorizations totaling \$1.6 million in general revenue in FY 2026. Exclusive of the prior year reappropriations, this represents a \$9,428, or 0.6 percent, increase over the prior year revised recommendation.

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## HEALTH AND HUMAN SERVICES

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- *Indirect Cost Recovery.* The Governor recommends \$38,258 in general revenue savings from recoveries of indirect costs on federal grants, beginning in FY 2026. On October 1, 2024, Federal OMB's Uniform Guidance increased the "de minimis" rate of recovery from 10 percent to 15 percent of applicable direct costs, pursuant to 2 CFR § 200.414(f). This increase in federal cost recovery will facilitate a larger portion of agency overhead to be covered with restricted receipts, which would otherwise have required appropriations of general revenue.
- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$49,569 in general revenue. This reflects a 4.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$433. In addition, the Governor recommends a net increase of \$10,766 in general revenue for the financing of agency charges for various centralized services, including facilities management, information technology, human resources, Enterprise Resource Planning maintenance and operations, and central utilities.

### **Proposed FY 2025 Budget Revisions**

- *Reappropriations.* The Governor recommends \$730,565 in general revenue reappropriations, including \$640,565 for the Livable Homes Modification Grant and \$90,000 for Community Outreach Grants.
- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$27,901 in general revenue. This reflects a 5.0 percent cost-of-living adjustment (COLA). In addition, the Governor recommends a net increase of \$10,658 in general revenue for the financing of agency charges for information technology and Enterprise Resource Planning centralized services.

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## HEALTH AND HUMAN SERVICES

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### 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.

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#### Commission on the Deaf & Hard of Hearing

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Source of Funds	FY 2023 Actuals	FY 2024 Actuals	FY 2025 Enacted	FY 2025 Revised	FY 2026 Recommended
General Revenue	\$738,910	\$745,741	\$782,651	\$762,680	\$786,233
Federal Funds	-	-	-	-	-
Restricted Receipts	\$136,034	\$54,428	\$131,533	\$141,829	\$142,921
Other Funds	-	-	-	-	-
RI Capital Plan Fund	-	-	-	-	-
<b>Total Funding</b>	<b>\$874,944</b>	<b>\$800,168</b>	<b>\$914,184</b>	<b>\$904,509</b>	<b>\$929,154</b>
<b>FTE Authorization</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>

#### Full-Time Equivalent Positions

The Governor recommends 4.0 FTE positions in the FY 2026 Budget, and 4.0 FTE positions in the revised FY 2025 Budget, unchanged from the enacted FY 2025 Budget.

#### Proposed FY 2026 Budget Actions

- *Current Operations.* The Governor recommends financing current operations and enacted staffing authorizations totaling \$786,233 in general revenue in FY 2026. This amount is \$23,553, or 3.1 percent, above the prior year revised recommendation.
- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$41,608 in general revenue. This reflects a 4.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$560. In addition, the Governor recommends a net decrease of \$35,360 in general revenue for the financing of agency charges for various centralized services, including facilities management, information technology, human resources, Enterprise Resource Planning maintenance and operations, and central utilities.

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## HEALTH AND HUMAN SERVICES

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### Proposed FY 2025 Budget Revisions

- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$22,704 in general revenue. This reflects a 5.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$314. In addition, the Governor recommends a net decrease of \$36,065 in general revenue for the financing of agency charges for information technology and Enterprise Resource Planning centralized service.

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# HEALTH AND HUMAN SERVICES

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## 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 2023 Actuals	FY 2024 Actuals	FY 2025 Enacted	FY 2025 Revised	FY 2026 Recommended
General Revenue	\$832,176	\$769,629	\$981,608	\$875,673	\$1,117,164
Federal Funds	-	-	-	-	-
Restricted Receipts	-	-	-	-	-
Other Funds	-	-	-	-	-
RI Capital Plan Fund	-	-	-	-	-
<b>Total Funding</b>	<b>\$832,176</b>	<b>\$769,629</b>	<b>\$981,608</b>	<b>\$875,673</b>	<b>\$1,117,164</b>
<b>FTE Authorization</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>

### Full-Time Equivalent Positions

The Governor recommends 6.0 FTE positions in the FY 2026 Budget, and 6.0 FTE positions in the revised FY 2025 Budget, unchanged from the enacted FY 2025 Budget.

### Proposed FY 2026 Budget Actions

- *Current Operations.* The Governor recommends financing current operations and enacted staffing authorizations totaling \$1.1 million in general revenue in FY 2026. This amount is \$241,491, or 27.6 percent, above the prior year revised recommendation. The variance is due to vacancy savings anticipated in FY 2025 resulting from the delayed hiring of 2.0 FTE positions.
- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$70,592 in general revenue. This reflects a 4.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$637. In addition, the Governor recommends a net increase of \$79,157 in general revenue for the financing of agency charges for various centralized services, including facilities management, information technology, human resources, Enterprise Resource Planning maintenance and operations, and central utilities.

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## HEALTH AND HUMAN SERVICES

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### Proposed FY 2025 Budget Revisions

- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$38,199 in general revenue. This reflects a 5.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$287. In addition, the Governor recommends a net decrease of \$1,355 in general revenue for the financing of agency charges for information technology and Enterprise Resource Planning centralized service.



**Education**



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## 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.

### Department of Elementary and Secondary Education

The role of the Department of Elementary and Secondary Education (RIDE) is to ensure that 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.

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.

#### Recent Department achievements and highlights include:

- Supported schools and districts in reducing chronic absenteeism through on-the-ground technical assistance, comprehensive data dashboards, the nationally recognized Attendance Matters RI campaign, and more. During the 2023-2024 school year, 89% of school districts improved their chronic absenteeism rates, representing a nearly 10-point decline from the height of the pandemic.
- Developed and published curriculum frameworks for world language, the arts, and social studies in collaboration with Rhode Island educators. These guidelines and standards outline goals, expectations, and methods for teaching and learning within schools, and follow the release of math, science, English Language Arts (ELA)/literacy, and early learning frameworks.
- Earned the top spot in the nation in a U.S. Department of Education study of career readiness pathways through a robust and innovative approach to preparing students for success in a dynamic workforce. The State met all 15 indicators in five categories: dual enrollment, work-based learning, workforce credentials, career advising and navigation, and an additional foundational category.
- Secured a \$40 million Comprehensive Literacy State Development federal grant from the U.S. Department of Education, which complements \$5 million in state funding awarded for instructional coaching in mathematics and ELA for more than 20 schools and districts.
- Launched in March 2024 the Facilitated Individualized Education Program (FIEP)/504 Plan Service, supported by state funding, which provides neutral facilitation where disagreements may exist and reduces schools' reliance on formal dispute resolution. The FIEP/504 Plan Service earned a 100 percent success rate in its first three months of service.
- Awarded a second round of Learn365RI grants benefiting 29 municipalities, whose programs focus on improving attendance, FAFSA completion rates, and academic achievement, among other efforts. The investments in out-of-school learning followed \$3.3 million in Nita M. Lowey 21<sup>st</sup> Century Grants to support community-based organizations and local education agencies that provide high-quality afterschool and summer learning programs for students.
- Hosted the inaugural Student Food Truck Roundup, where student-operated food trucks and trailers served an array of sweet and savory dishes to hundreds of guests. This unique event showcased the entrepreneurial skills students developed through RIDE's Menu for Success program, offering them a real-world platform to demonstrate culinary talents, business acumen, and customer service skills.

### Budget Highlights

#### K-12 Education Aid.

Increases education aid by \$43.4 million, with a core instruction amount of \$13,322 – an increase of \$705 from the enacted level.

#### Learn365RI.

Provides \$2.5 million in general revenue to support high-quality, out-of-school time programming with a specific focus on critical skills development.

# EDUCATION

## Elementary and Secondary Education

Source of Funds	FY 2023 Actuals	FY 2024 Actuals	FY 2025 Enacted	FY 2025 Revised	FY 2026 Recommend
General Revenue	\$1,436,665,777	\$1,493,846,919	\$1,588,830,390	\$1,595,323,261	\$1,643,071,869
Federal Funds	\$454,942,378	\$495,011,856	\$318,458,763	\$355,718,501	\$256,479,925
Restricted Receipts	\$47,252,342	\$51,904,840	\$53,019,127	\$49,393,524	\$50,456,858
Other Funds	\$171,487	\$83,275	-	-	-
RI Capital Plan Fund	\$555,207	\$1,604,683	\$42,853,898	\$15,287,374	\$31,175,477
<b>Total Funding</b>	<b>\$1,939,587,191</b>	<b>\$2,042,451,574</b>	<b>\$2,003,162,178</b>	<b>\$2,015,722,660</b>	<b>\$1,981,184,129</b>
<b>FTE Authorization</b>	<b>326.1</b>	<b>334.1</b>	<b>340.1</b>	<b>340.1</b>	<b>342.1</b>

### Full-Time Equivalent Positions

The Governor recommends 342.1 FTE positions in the FY 2026 Budget, an increase of 2.0 FTE positions from the enacted FY 2025 Budget.

### Proposed FY 2026 Budget Actions

- *Current Operations.* The Governor recommends financing current operations and enacted staffing authorizations totaling \$1,643.1 million in general revenue in FY 2026. This amount is \$47.7 million, or 3.0 percent, above the prior year revised recommendation.
- *Learn365RI.* The Governor recommends \$2.5 million in general revenue to support providing high-quality, out-of-school time programming with a specific focus on critical skills development.
- *K-12 Education Aid.* The Governor recommends an increase of \$43.4 million, or 3.4 percent, in general revenue in education aid to public and charter local education agencies, and the Central Falls, Met and Davies school districts, as compared to the FY 2025 enacted level. Furthermore, the Governor recommends increasing the Student Success Factor, from 40 percent to 43 percent, for qualifying local education agencies with student poverty ratios above 60 percent. The formula aid calculations included in the Governor's recommendation utilizes October 2024 enrollment data.
- *Pre-K.* The Governor recommends \$28.9 million in general revenue for Early Childhood Demonstration, to maintain 2,997 seats statewide. This represents a \$1.0 million decrease to the Early Childhood Demonstration categorical compared to the FY 2025 enacted level, which aligns the level of financing with classroom capacity.
- *Central Falls.* As part of the Education Aid Funding Formula, the Governor recommends a total of \$53.7 million in general revenue for the Central Falls School District. This represents a decrease of \$494,863 compared to the FY 2025 enacted level. This amount includes a \$300,000 reduction to supplemental funding provided to Central Falls School District as part of a recommendation to transition Central Falls School District finances and governance back to local control.

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## EDUCATION

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- *Davies Career and Technical High School.* As part of the Education Aid Funding Formula, the Governor recommends \$18.9 million in general revenue for Davies Career and Technical High School. This represents an increase of \$0.8 million compared to the enacted FY 2025 level. The Governor also recommends adding 2.0 FTE art teacher positions to Davies Career and Technical High School that are needed to satisfy updated student graduation requirements. The funding for these positions totals \$0.2 million from restricted receipts.
- *Metropolitan Regional Career and Technical Center.* As part of the Education Aid Funding Formula, the Governor recommends \$13.0 million in general revenue for the Metropolitan Regional Career and Technical Center. This represents an increase of \$1.9 million compared to the enacted FY 2025 level.
- *Rhode Island School for the Deaf.* Funded outside the Education Aid Funding Formula, the Governor recommends \$8.8 million for the Rhode Island School for the Deaf. This represents an increase of \$0.1 million over the enacted FY 2025 level.

### *Teachers' Retirement*

- *Defined Benefit and Defined Contribution Plans.* The Governor recommends an increase of \$5.7 million in general revenue compared to the enacted FY 2025 level to adequately fund teachers' retirement, for a total of \$138.0 million in general revenue.

### *School Construction Aid*

- *Traditional Housing Aid.* The Governor recommends an increase of \$13.7 million in general revenue over the enacted FY 2025 level, for a total of \$119.9 million in general revenue, for school housing aid.

### *Department-wide*

- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$329,944 in general revenue. This reflects a 4.0 percent cost-of-living adjustment (COLA). However, negotiations are ongoing for a majority of employees at RIDE, and as a result the Governor recommends a COLA reserve for RIDE and other agencies budgeted in the Department of Administration. This increase is partially offset by reductions to employee health benefit rates of \$982. In addition, the Governor recommends a net increase of \$206,902 in general revenue for the financing of agency charges for various centralized services, including facilities management, information technology, human resources, Enterprise Resource Planning maintenance and operations, and central utilities.
- *COLA Reserve for Non-Ratified Unions.* The Governor recommends that funding be held in reserve in the Department of Administration to accommodate cost-of-living adjustments (COLA) for personnel in unions in the Department of Elementary and Secondary Education that have not yet ratified new contracts.

### **Proposed FY 2025 Budget Revisions**

- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$220,585 in general revenue. This reflects a 5.0 percent cost-of-living adjustment (COLA). Other personnel adjustments include a small increase to employee health benefit rates of \$176. In addition, the Governor recommends a net increase of \$200 in general revenue for the financing of agency charges for information technology and Enterprise Resource Planning centralized services.

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## EDUCATION

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- *COLA Reserve for Non-Ratified Unions.* The Governor recommends that funding be held in reserve in the Department of Administration to accommodate cost-of-living adjustments (COLA) for personnel in unions in the Department of Elementary and Secondary Education that have not yet ratified new contracts.

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# EDUCATION

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## Higher Education

### Office of the Postsecondary Commissioner

The Office of the Postsecondary Commissioner (OPC) is the administrative and research arm supporting the work of the Council on Postsecondary Education, which is responsible for providing oversight for the public higher education system that consists of Rhode Island College, the Community College of Rhode Island, and the Office of the Postsecondary Commissioner.

OPC serves as the definitive resource for information on and the interpretation of Council on Postsecondary Education policy for public higher education and the postsecondary institutions in Rhode Island that are under the authority of the Council on Postsecondary Education. OPC looks for shared opportunities to advance the objectives of postsecondary education with the public and independent institutions.

#### Recent Office achievements and highlights include:

- The proportion of working-age Rhode Islanders with postsecondary degrees or credentials rose by 3.4 percent to 56.7 percent from March 2023 to March 2024; the national average is 54.3 percent. Relative to its population, Rhode Island is ranked sixth in the U.S. for the highest rate of college-going individuals.
- Establishing a program in collaboration with the Department of Labor and Training at the University of Rhode Island to create a municipal finance workforce pipeline that cities and towns can use to address the shortage of available workers in this field.
- Supported the creation of the Hope Scholarship – a last-dollar tuition and mandatory fee scholarship for in-state, Rhode Island College (RIC) students during their third and fourth years. The scholarship was created in the Fiscal Year 2024 budget and was extended through 2030 in the Fiscal Year 2025 budget.
- The Council on Postsecondary Education passed a seamless transfer policy for general education credits between the Community College of Rhode Island and RIC, thus reducing student costs, eliminating redundancies, and improving efficiencies between the institutions.
- Served the education and workforce training needs of 6,451 students in 2024 through the Westerly Education Center, Rhode Island Nursing Education Center, and Woonsocket Education Center. The programming enables students to earn the necessary postsecondary credentials to embark on their chosen careers.
- In 2024, OPC's Rhode Island Reconnect program aided 776 people in their efforts to enroll and persist in postsecondary degree programs and workforce training.

### Budget Highlights

#### Ready to Build.

Invests \$800,000 in general revenue to launch a signature, pre-apprenticeship pathway to the building trades at the Community College of Rhode Island.

#### Dual and Concurrent Enrollment.

Fully funds both programs to make it possible for high school students to take postsecondary courses at an institution of higher education or at their high school.

#### Career Readiness.

Provides a total of \$1.7 million in general revenue to support programming related to career readiness, career placement, internships, and work-based learning.



# EDUCATION

- OPC is currently engaged in a systematic evaluation of the State's postsecondary scholarship and financial assistance offerings. This includes the Last Dollar Scholarship, Rhode Island Promise, Hope Scholarship, dual and concurrent enrollment, temporary programs like Reconnect and Fresh Start, the Foster Care Youth Scholarship, and the Wavemaker Fellowship, among others. The results of the evaluation are expected to be available in time to inform the FY 2027 Budget.

## Higher Education

Source of Funds	FY 2023 Actuals	FY 2024 Actuals	FY 2025 Enacted	FY 2025 Revised	FY 2026 Recommended
General Revenue	\$264,356,298	\$309,805,902	\$314,514,386	\$315,871,060	\$329,066,351
Federal Funds	\$10,881,439	\$11,970,769	\$5,982,632	\$17,801,726	\$5,642,208
Restricted Receipts	\$7,484,695	\$7,429,755	\$8,669,141	\$8,891,195	\$9,336,631
Other Funds	\$996,549,442	\$989,032,414	\$1,043,375,681	\$1,090,076,231	\$1,120,071,145
RI Capital Plan Fund	\$28,559,034	\$58,044,776	\$98,295,643	\$121,849,050	\$129,998,236
<b>Total Funding</b>	<b>\$1,307,830,908</b>	<b>\$1,376,283,616</b>	<b>\$1,470,837,483</b>	<b>\$1,554,489,262</b>	<b>\$1,594,114,571</b>
<b>FTE Authorization</b>	<b>4387.3</b>	<b>4394.3</b>	<b>4415.3</b>	<b>4415.3</b>	<b>4417.3</b>

## Full-Time Equivalent Positions

The Governor recommends 4,369.3 FTE positions for the three institutions of higher education in the FY 2026 Budget, and 4,369.3 FTE positions in the revised FY 2025 Budget, unchanged from the enacted FY 2025 Budget. Individual FTE position totals for the proposed FY 2026 Budget are as follows:

- University of Rhode Island: 2,571.0
- Rhode Island College: 949.2
- Community College of Rhode Island: 849.1

For the Office of the Postsecondary Commissioner, the Governor recommends 48.0 FTE positions in the FY 2026 Budget, and 46.0 FTE positions in the revised FY 2025 Budget, unchanged from the enacted FY 2025 Budget.

## Proposed FY 2026 Budget Actions

### Office of the Postsecondary Commissioner

- *Integrated Data Systems.* The Governor recommends an increase of \$250,323 in restricted receipts for an additional 2.0 FTE positions as part of the effort to form a federated integrated data system. These positions will allow the development, data integration, and data analysis efforts to be less reliant on contractors.
- *Rhode to Prosperity Data Systems.* The Governor recommends an increase of \$200,000 in general revenue to support essential data to signal necessary adjustments to education and workforce programs to secure economic return for Rhode Islanders.
- *Dual and Concurrent Enrollment.* The Governor recommends total funding of \$2.9 million in general revenue, an increase of \$600,000, to fully fund dual and concurrent enrollment at the level estimated by the Office of the Postsecondary Commissioner. Dual enrollment students are enrolled in a secondary

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school while simultaneously enrolled part-time or full-time as a non-matriculating student at a postsecondary institution, and concurrent enrollment students are enrolled in a dual enrollment course that is offered at the secondary school and taught by a secondary school teacher who is approved by a postsecondary institution. In the 2023-2024 academic year 6,241 students were enrolled in early college opportunities and participating institutions were comprised of CCRI, URI, and RIC. The \$2.9 million allocation for dual and concurrent enrollment will be supported by a transfer of reserves from the Rhode Island Student Loan Authority.

- *College Visions.* The Governor recommends an increase of \$50,000 in general revenue for a new grant to expand student access to the College Visions Summer college planning, career awareness, and academic preparation program.
- *Rhode Island School for Progressive Education.* The Governor recommends a decrease of \$100,000 in general revenue for grant funding allocated to the Rhode Island School for Progressive Education, from \$200,000 in FY 2025 to \$100,000 in FY 2026.
- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$511,762 in general revenue. This reflects a 4.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$1,348. In addition, the Governor recommends a net increase of \$6,033 in general revenue for the financing of agency charges for various centralized services, including facilities management, information technology, and Enterprise Resource Planning maintenance and operations.

### Institutional Operations

- *University of Rhode Island.* The Governor recommends an increase of \$4.5 million in general revenue compared to the FY 2025 enacted level. This amount is \$4.4 million, or 3.9 percent, above the prior year revised recommendation. Of the increase, \$1.0 million is intended to finance a 4.0 percent cost-of-living adjustment (COLA) to those eligible union employees due to the most recent State employee contract negotiations; \$2.5 million is intended to finance rising costs for personnel and operating current services; \$874,069 is intended to support programming related to career readiness, career placement, internships, and work-based learning; and \$101,609 is intended to finance billings for Enterprise Resource Planning maintenance and operations.
- *Rhode Island College.* The Governor recommends an increase of \$2.8 million in general revenue compared to the FY 2025 enacted level. This amount is \$2.5 million, or 3.7 percent, above the prior year revised recommendation. Of the increase, \$710,342 is intended to finance a 4.0 percent cost-of-living adjustment (COLA) to those eligible union employees due to the most recent State employee contract negotiations; \$1.5 million is intended to finance rising costs for personnel and operating current services; \$464,377 is intended to support programming related to career readiness, career placement, internships, and work-based learning; and \$95,773 is intended to finance billings for Enterprise Resource Planning maintenance and operations.
- *Community College of Rhode Island.* The Governor recommends an increase of \$3.3 million in general revenue compared to the FY 2025 enacted level. This amount is \$3.1 million, or 5.0 percent, above the prior year revised recommendation. Of the increase, \$800,000 is intended to finance the Rhode to Prosperity Ready to Build initiative to launch a signature pre-apprenticeship pathway to building trades; \$668,135 is intended to finance a 4.0 percent cost-of-living adjustment (COLA) to those eligible union employees due to the most recent State employee contract negotiations; \$1.4 million is intended to finance rising costs for personnel and operating current services; \$391,175 is intended to support programming related to career readiness, career placement, internships, and work-based learning; and \$59,244 is intended to finance billings for Enterprise Resource Planning maintenance and operations.

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- *Rhode Island Promise Scholarship.* Included in the Office of the Postsecondary Commissioner's budget, the Governor recommends an increase of \$958,645 in general revenue from the FY 2025 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 2026 funding for this scholarship is \$8.3 million. The recommendation fully funds the RI Promise Scholarship at the level estimated by the College, which reflects updated enrollment projections.
- *Hope Scholarship.* Included in the Office of the Postsecondary Commissioner's budget, the Governor recommends an increase of \$2.1 million in general revenue from the FY 2025 enacted level for the continued support of the Hope Scholarship for juniors and seniors at Rhode Island College. Total FY 2026 funding for this scholarship is \$5.5 million. The recommendation fully funds the Hope Scholarship at the level estimated by the College, which reflects updated enrollment projections.

### Debt Service

- *University of Rhode Island.* The Governor recommends a reduction of \$137,579 in general revenue from the enacted FY 2025 level for general obligation bond debt service, attributable to an updated debt service schedule for the University.
- *Rhode Island College.* The Governor recommends a reduction of \$245,056 in general revenue from the enacted FY 2025 level for general obligation bond debt service, attributable to an updated debt service schedule for the College.
- *Community College of Rhode Island.* The Governor recommends an increase of \$43,189 in general revenue from the enacted FY 2025 level for general obligation bond debt service, attributable to an updated debt service schedule for the College.

### Proposed FY 2025 Budget Revisions

#### Office of the Postsecondary Commissioner

- *Dual and Concurrent Enrollment.* The Governor recommends total funding of \$2.7 million in general revenue, an increase of \$400,000, to fully fund dual and concurrent enrollment at the level estimated by the Office of the Postsecondary Commissioner. The full \$2.7 million allocation for dual and concurrent enrollment will be supported by a transfer of reserves from the Rhode Island Student Loan Authority.
- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$262,003 in general revenue. This reflects a 5.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$774. In addition, the Governor recommends a net increase of \$4,399 in general revenue for the financing of agency charges for information technology and Enterprise Resource Planning centralized services.

#### Institutional Operations

- *University of Rhode Island.* The Governor recommends an increase of \$170,825 in general revenue compared to the FY 2025 enacted level. An increase of \$566,492 is intended to finance a 5.0 percent cost-of-living adjustment (COLA) to those eligible union employees due to the most recent State employee contract negotiations, offset by a reduction of \$395,667 to reflect updated billing estimates for Enterprise Resource Planning maintenance and operations.
- *Rhode Island College.* The Governor recommends an increase of \$272,475 in general revenue compared to the FY 2025 enacted level. An increase of \$386,059 is intended to finance a 5.0 cost-of-living adjustment (COLA) to those eligible union employees due to the most recent State employee

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contract negotiations, offset by a reduction of \$113,584 to reflect updated billing estimates for Enterprise Resource Planning maintenance and operations.

- *Community College of Rhode Island.* The Governor recommends an increase of \$247,881 in general revenue compared to the FY 2025 enacted level. An increase of \$363,114 is intended to finance a 5.0 percent cost-of-living adjustment (COLA) to those eligible union employees due to the most recent State employee contract negotiations, offset by a reduction of \$115,233 to reflect updated billing estimates for Enterprise Resource Planning maintenance and operations.
- *Rhode Island Promise Scholarship.* Included in the Office of the Postsecondary Commissioner's budget, the Governor recommends an increase of \$6,015 in general revenue from the FY 2025 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 2025 funding for this scholarship is \$7.4 million. The recommendation fully funds the RI Promise Scholarship at the level estimated by the College, which reflects updated enrollment projections.
- *Hope Scholarship.* Included in the Office of the Postsecondary Commissioner's budget, the Governor recommends an increase of \$198,601 in general revenue from the FY 2025 enacted level for the continued support of the Hope Scholarship for juniors and seniors at Rhode Island College. Total FY 2025 funding for this scholarship is \$3.6 million. The recommendation fully funds the Hope Scholarship at the level estimated by the College, which reflects updated enrollment projections.

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## EDUCATION

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### 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 2023 Actuals	FY 2024 Actuals	FY 2025 Enacted	FY 2025 Revised	FY 2026 Recommended
General Revenue	\$2,129,661	\$2,297,462	\$2,395,211	\$2,412,492	\$2,414,685
Federal Funds	\$1,082,807	\$976,489	\$996,126	\$1,011,780	\$1,022,711
Restricted Receipts	\$33,164	-	-	-	\$115,058
Other Funds	\$153,983	\$171,487	\$585,000	\$660,000	\$690,000
RI Capital Plan Fund	-	-	-	-	-
<b>Total Funding</b>	<b>\$3,399,615</b>	<b>\$3,445,438</b>	<b>\$3,976,337</b>	<b>\$4,084,272</b>	<b>\$4,242,454</b>
<b>FTE Authorization</b>	<b>9.6</b>	<b>10.0</b>	<b>10.0</b>	<b>10.0</b>	<b>10.0</b>

### Full-Time Equivalent Positions

The Governor recommends 10.0 FTE positions in the FY 2026 Budget, and 10.0 FTE positions in the revised FY 2025 Budget, unchanged from the enacted FY 2025 Budget.

### Proposed FY 2026 Budget Actions

- *Current Operations.* The Governor recommends financing current operations and enacted staffing authorizations totaling \$4.2 million from all sources of funds in FY 2026. This amount is \$158,182, or 3.9 percent, above the prior year revised recommendation.
- *Indirect Cost Recovery.* The Governor recommends \$115,058 in general revenue savings from recoveries of indirect costs on federal grants, beginning in FY 2026. On October 1, 2024, Federal OMB's Uniform Guidance increased the "de minimis" rate of recovery from 10 percent to 15 percent of applicable direct costs, pursuant to 2 CFR § 200.414(f). This increase in federal cost recovery will facilitate a larger portion of agency overhead to be covered with restricted receipts, which would otherwise have required appropriations of general revenue.
- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$86,943 in general revenue. This reflects a 4.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$863. In addition, the Governor recommends a net increase of \$10,110 in general revenue for the financing of agency charges for various centralized services, including facilities management, information technology, human resources, Enterprise Resource Planning maintenance and operations, and central utilities.

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## EDUCATION

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### **Proposed FY 2025 Budget Revisions**

- *Current Operations.* The Governor recommends full financing for current operations and enacted staffing authorizations, totaling \$4.1 million from all sources of funds, including \$2.4 million in general revenue. This represents a \$107,935 increase in all sources of funds from the enacted FY 2025 Budget.
- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$46,533 in general revenue. This reflects a 5.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$225. In addition, the Governor recommends a net increase of \$9,190 in general revenue for the financing of agency charges for information technology and Enterprise Resource Planning centralized services.

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## EDUCATION

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### 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.

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#### Rhode Island Atomic Energy Commission

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Source of Funds	FY 2023 Actuals	FY 2024 Actuals	FY 2025 Enacted	FY 2025 Revised	FY 2026 Recommended
General Revenue	\$1,035,829	\$1,119,280	\$1,180,419	\$1,231,639	\$1,278,282
Federal Funds	\$206,885	-	-	-	-
Restricted Receipts	\$7,735	\$18,646	\$25,036	\$25,036	\$25,036
Other Funds	\$286,136	\$297,200	\$338,456	\$348,012	\$361,177
RI Capital Plan Fund	\$21,174	\$50,000	\$50,000	\$50,000	\$50,000
<b>Total Funding</b>	<b>\$1,557,759</b>	<b>\$1,485,127</b>	<b>\$1,593,911</b>	<b>\$1,654,687</b>	<b>\$1,714,495</b>
<b>FTE Authorization</b>	<b>8.6</b>	<b>8.6</b>	<b>8.6</b>	<b>8.6</b>	<b>8.6</b>

#### Full-Time Equivalent Positions

The Governor recommends 8.6 FTE positions in the FY 2026 Budget, and 8.6 FTE positions in the revised FY 2025 Budget, unchanged from the enacted FY 2025 Budget.

#### Proposed FY 2026 Budget Actions

- *Current Operations.* The Governor recommends financing for current operations and enacted staffing authorizations totaling \$1.3 million in general revenue in FY 2026. This amount is \$46,643, or 3.8 percent, above the prior year revised recommendation.
- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$88,549 in general revenue. This reflects a 4.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$386. In addition, the Governor recommends a net increase of \$1,289 in general revenue for the financing of agency charges for various centralized services, including facilities management, information technology, human resources, Enterprise Resource Planning maintenance and operations, and central utilities.

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## EDUCATION

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### **Proposed FY 2025 Budget Revisions**

*Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$47,711 in general revenue. This reflects a 5.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$219. In addition, the Governor recommends a net decrease of \$231 in general revenue for the financing of agency charges for information technology and Enterprise Resource Planning centralized services.



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## EDUCATION

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### 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."

Historical Preservation and Heritage Commission					
Source of Funds	FY 2023 Actuals	FY 2024 Actuals	FY 2025 Enacted	FY 2025 Revised	FY 2026 Recommended
General Revenue	\$1,040,750	\$1,204,648	\$1,898,100	\$1,747,211	\$1,986,751
Federal Funds	\$636,937	\$807,741	\$1,267,431	\$1,613,889	\$822,451
Restricted Receipts	\$12	\$134	\$419,300	\$419,300	\$511,827
Other Funds	\$104,557	\$128,739	\$142,829	\$135,440	\$144,602
RI Capital Plan Fund	-	-	-	\$50,000	-
<b>Total Funding</b>	<b>\$1,782,255</b>	<b>\$2,141,262</b>	<b>\$3,727,660</b>	<b>\$3,965,840</b>	<b>\$3,465,631</b>
<b>FTE Authorization</b>	<b>15.6</b>	<b>15.6</b>	<b>15.6</b>	<b>15.6</b>	<b>15.6</b>

#### Full-Time Equivalent Positions

The Governor recommends 15.6 FTE positions in the FY 2026 Budget, and 15.6 FTE positions in the revised FY 2025 Budget, unchanged from the enacted FY 2025 budget.

#### Proposed FY 2026 Budget Actions

- *Current Operations.* The Governor recommends financing current operations and enacted staffing authorizations totaling \$2.0 million in general revenue in FY 2026. This amount is \$239,540, or 13.7 percent, above the prior year revised recommendation.
- *Indirect Cost Recovery.* The Governor recommends \$92,527 in general revenue savings from recoveries of indirect costs on federal grants, beginning in FY 2026. On October 1, 2024, Federal OMB's *Uniform Guidance* increased the "de minimis" rate of recovery from 10 percent to 15 percent of applicable direct costs, pursuant to 2 CFR § 200.414(f). This increase in federal cost recovery will facilitate a larger portion of agency overhead to be covered with restricted receipts, which would otherwise have required appropriations of general revenue.

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## EDUCATION

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- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$119,287 in general revenue. This reflects a 4.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$1,229. In addition, the Governor recommends a net decrease of \$39,982 in general revenue for the financing of agency charges for various centralized services, including facilities management, information technology, human resources, Enterprise Resource Planning maintenance and operations, and central utilities.

### **Proposed FY 2025 Budget Revisions**

- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$62,338 in general revenue. This reflects a 5.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$692. In addition, the Governor recommends a net increase of \$19,188 in general revenue for the financing of agency charges for information technology and Enterprise Resource Planning centralized services.

# **Public Safety**



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## **PUBLIC SAFETY**

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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).

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## PUBLIC SAFETY

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### 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.

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Office of Attorney General					
Source of Funds	FY 2023 Actuals	FY 2024 Actuals	FY 2025 Enacted	FY 2025 Revised	FY 2026 Recommended
General Revenue	\$32,228,827	\$35,044,453	\$35,103,418	\$36,677,279	\$38,244,427
Federal Funds	\$2,406,890	\$2,295,046	\$3,265,105	\$3,967,174	\$3,568,559
Restricted Receipts	\$2,332,042	\$4,171,089	\$7,938,104	\$9,269,168	\$7,301,432
Other Funds	-	-	-	-	-
RI Capital Plan Fund	\$45,231	\$943,273	\$150,000	\$265,000	\$2,525,000
<b>Total Funding</b>	<b>\$37,012,990</b>	<b>\$42,453,862</b>	<b>\$46,456,627</b>	<b>\$50,178,621</b>	<b>\$51,639,418</b>
<b>FTE Authorization</b>	<b>249.1</b>	<b>264.1</b>	<b>264.1</b>	<b>264.1</b>	<b>264.1</b>

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### Full-Time Equivalent Positions

The Governor recommends 264.1 FTE positions in the FY 2026 Budget, and 264.1 FTE positions in the revised FY 2025 Budget, unchanged from the enacted 2025 Budget.

### Proposed FY 2026 Budget Actions

- *Current Operations.* The Governor recommends financing for current operations and enacted staffing authorizations totaling \$51.6 million from all sources of funds. This amount is \$1.5 million, or 2.9 percent, above the prior year revised recommendation.
- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$2.7 million in general revenue. This reflects a 4.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$19,721. In addition, the Governor recommends a net increase of \$72,698 in general revenue for the financing of agency charges for various centralized services, including facilities management, information technology, human resources, Enterprise Resource Planning maintenance and operations, and central utilities.

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## PUBLIC SAFETY

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### Proposed FY 2025 Budget Revisions

- *Reappropriation.* In accordance with R.I.G.L. § 35-3-15, the Governor authorized a reappropriation of unexpended FY 2024 appropriations totaling \$11,813 for outstanding contractual obligations to expert witnesses.
- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$1.5 million in general revenue. This reflects a 5.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$10,906. In addition, the Governor recommends a net decrease of \$15,029 in general revenue for the financing of agency charges for information technology and Enterprise Resource Planning centralized services.

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## PUBLIC SAFETY

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### Department of Corrections

The Department of Corrections (DOC) contributes to public safety by maintaining a balanced correctional system of institutional and community programs that provide a range of custodial options, supervision, and rehabilitative services to facilitate successful offender reentry into the community upon release.

DOC maintains appropriate, safe, secure, and humane correctional environments while providing for community-based management, supervision, and intervention services for criminal offenders. The Department's correctional facilities, collectively known as the Adult Correctional Institutions (ACI), are located at the Pastore Center in Cranston.

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:

- **The Department of Corrections applied and received \$1.7 million in Congressional Earmark Funding for vehicles (\$1.2 million), and equipment (\$500,000) to modernize the Correctional Industries (CI) programs. The new programs to be offered at CI will include: an embroidery shop, a print shop, and laser engraving services. These programs will diversify our product offerings and enhance inmate job training opportunities.**
- Added the Last Mile program at the Medium Security Facility for incarcerated individuals who are to be imminently released to attain computer coding skills that they can use to pursue careers in technology.
- Polaris MEP and the Community College of Rhode Island established an Advanced Manufacturing Program at the Women's Facility and at the Minimum Security Facility. Participants learn to operate and maintain computer numeric control machines. Upon completion of the program, participants receive an industry-recognized certification and are invited attend the next phase of the program post-release.
- Collaborating with the Department of Labor and Training (DLT) to have job coaches visit the Men's Minimum Security and Women's facilities and assist incarcerated individuals with resume writing, job searches, interview preparation, and support with how to discuss their justice involvement with potential employers, etc.
- Providing currently and formerly incarcerated individuals with an affordable pathway to accredited post-secondary and certificate programs that are infused in the reentry process through the Reentry Campus Program. Participants are enrolled in a variety of programs at Roger Williams University, including case management and criminal justice.
- In partnership with Building Futures Rhode Island, launched a pre-apprenticeship program in 2023. Successful participants earn a nationally recognized certification and have a direct pipeline into Building Futures Rhode Island's apprenticeship program upon release.

### Budget Highlight

#### Minimum Facility and Medium Facility Consolidation.

Recommends closing the Minimum Security Facility and creating a new, separate, and secure unit within the Medium Security Facility, which offers more programming and job opportunities, particularly in the work-release unit.



# PUBLIC SAFETY

## Department of Corrections

Source of Funds	FY 2023 Actuals	FY 2024 Actuals	FY 2025 Enacted	FY 2025 Revised	FY 2026 Recommended
General Revenue	\$284,260,537	\$263,728,573	\$293,746,087	\$295,736,435	\$296,697,754
Federal Funds	\$2,374,706	\$23,141,432	\$1,819,835	\$3,698,939	\$1,758,102
Restricted Receipts	\$1,753,198	\$1,332,560	\$1,386,843	\$1,981,387	\$1,303,091
Other Funds	-	-	-	-	-
RI Capital Plan Fund	\$3,104,491	\$1,096,091	\$31,226,325	\$43,934,827	\$22,791,748
<b>Total Funding</b>	<b>\$291,492,931</b>	<b>\$289,298,655</b>	<b>\$328,179,090</b>	<b>\$345,351,588</b>	<b>\$322,550,695</b>
<b>FTE Authorization</b>	<b>1427.0</b>	<b>1461.0</b>	<b>1461.0</b>	<b>1461.0</b>	<b>1461.0</b>

### Full-Time Equivalent Positions

The Governor recommends 1,461.0 FTE positions in the FY 2026 Budget, and 1,461.0 FTE positions in the revised FY 2025 Budget, unchanged from the enacted FY 2025 Budget.

### Proposed FY 2026 Budget Actions

- *Current Operations.* The Governor recommends financing current operations and enacted staffing authorizations totaling \$296.7 million in general revenue in FY 2026. This amount is \$961,319, or 0.3 percent, above the prior year revised recommendation. Note that the Governor's recommendation does not include cost-of-living adjustments (COLAs) for union groups not yet settled and instead includes a reserve fund, budgeted in the Department of Administration, as noted below.
- *Contract Expenditure Decreases.* The Governor recommends a net decrease of \$463,024 to better align the general revenue financing level for contract expenses across all programs with historical expenditure trends.
- *Minimum Facility and Medium Facility Consolidation.* The Governor recommends closing the Minimum Security Facility and transferring the population housed in Minimum to the Medium Security Facility. A separate module will be constructed to maintain separation of the inmate populations. The consolidation, effective January 1, 2026, will create estimated general revenue savings of \$6.2 million in FY 2026 and an estimated out-year savings of \$12.7 million in FY 2027.
- *Opioid Crisis Response Funding.* The Governor recommends \$1.3 million in Opioid Stewardship Funds for continued support of existing and new initiatives in Rhode Island's response to the opioid and substance abuse crisis.
- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$3.2 million in general revenue. This reflects a 4.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates, however in this Department it is an increase of \$6,240. In addition, the Governor recommends a net increase of \$5.4 million in general revenue for the financing of agency charges for various centralized services, including facilities management, information technology, human resources, Enterprise Resource Planning maintenance and operations, and central utilities.

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## PUBLIC SAFETY

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- *COLA Reserve for Non-Ratified Unions.* The Governor recommends that funding be held in reserve in the Department of Administration to accommodate cost-of-living adjustments (COLA) for personnel in unions in the Department of Corrections that have not yet ratified new contracts.

### **Proposed FY 2025 Budget Revisions**

- *Reappropriations.* In accordance with R.I.G.L. § 35-3-15, the Governor recommends \$1.3 million in approved reappropriations of unspent funds from FY 2024. These funds shall be used for critical healthcare workforce incentives addressing staff shortages, equipment, mentoring/recruitment bonuses, and delayed disbursement of retroactive cost of living adjustments. Funds will also be used to defray invoices received from vendors which were received after the FY 2024 processing deadline.
- *Operating and Contract Expenditure Decreases.* The Governor recommends a net decrease of \$1.01 million to better align the general revenue financing level for contract expenses across all programs with historical expenditure trends.
- *Opioid Crisis Response Funding.* The Governor recommends \$2.0 million in Opioid Stewardship Funds for continued support of existing and new initiatives in Rhode Island's response to the opioid and substance abuse crisis.
- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$1.7 million in general revenue. This reflects a 5.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$1,432. In addition, the Governor recommends a net increase of \$26,705 in general revenue for the financing of agency charges for information technology and Enterprise Resource Planning centralized services.
- *COLA Reserve for Non-Ratified Unions.* The Governor recommends that funding be held in reserve in the Department of Administration to accommodate cost-of-living adjustments (COLA) for personnel in unions in the Department of Corrections that have not yet ratified new contracts.

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## PUBLIC SAFETY

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### Judiciary

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					
Source of Funds	FY 2023 Actuals	FY 2024 Actuals	FY 2025 Enacted	FY 2025 Revised	FY 2026 Recommended
General Revenue	\$113,993,543	\$118,821,242	\$124,336,261	\$132,962,235	\$133,516,539
Federal Funds	\$3,528,236	\$5,014,517	\$4,417,956	\$6,071,460	\$6,294,895
Restricted Receipts	\$12,323,496	\$12,628,668	\$14,839,020	\$15,037,352	\$15,787,999
Other Funds	-	-	-	-	-
RI Capital Plan Fund	\$4,860,110	\$5,628,087	\$4,375,000	\$4,773,032	\$3,625,000
<b>Total Funding</b>	<b>\$134,705,385</b>	<b>\$142,092,514</b>	<b>\$147,968,237</b>	<b>\$158,844,079</b>	<b>\$159,224,433</b>
<b>FTE Authorization</b>	<b>739.3</b>	<b>743.3</b>	<b>745.3</b>	<b>745.3</b>	<b>749.3</b>

### Full-Time Equivalent Positions

The Governor recommends 749.3 FTE positions in the FY 2026 budget, and 745.3 FTE positions in the revised FY 2025 budget. The revised FY 2025 recommendation is unchanged from the enacted FY 2025 level. In FY 2026, the Governor's recommendation includes an increase to the personnel authorization reflecting the 4.0 FTE positions as requested by the Judiciary.

### Proposed FY 2026 Budget Actions

- *Current Operations.* The Governor recommends financing current operations and enacted staffing authorizations totaling \$133.5 million in general revenue in FY 2026. Exclusive of the prior year reappropriation, this represents a \$4.5 million, or 3.5 percent, increase over the prior year revised recommendation.
- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$8.1 million in general revenue. This reflects a 4.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$65,249. In addition, the Governor recommends a net increase of \$194,339 in general revenue for the financing of agency charges for various centralized services, including facilities management, information technology, human resources, Enterprise Resource Planning maintenance and operations, and central utilities.

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## PUBLIC SAFETY

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### Proposed FY 2025 Budget Revisions

- *Reappropriation.* R.I.G.L. § 35-3-15(a) requires that all or a portion of the Judiciary's balance of unspent general revenue appropriations from the prior fiscal year to be reappropriated to FY 2025 as directed by the State Court Administrator. As such, the Governor includes a \$3.9 million reappropriation.
- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$4.4 million in general revenue. This reflects a 5.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$37,088. In addition, the Governor recommends a net decrease of \$92,336 in general revenue for the financing of agency charges for information technology and Enterprise Resource Planning centralized services.

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## PUBLIC SAFETY

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### 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 2023 Actuals	FY 2024 Actuals	FY 2025 Enacted	FY 2025 Revised	FY 2026 Recommended
General Revenue	\$2,913,982	\$3,392,720	\$3,276,320	\$3,195,718	\$3,424,058
Federal Funds	\$23,366,634	\$28,625,471	\$86,857,534	\$85,921,172	\$28,982,412
Restricted Receipts	\$27,022	\$21,771	\$55,000	\$66,000	\$66,000
Other Funds	-	-	-	-	-
RI Capital Plan Fund	\$842,907	\$2,525,167	\$11,433,991	\$13,246,893	\$4,923,588
<b>Total Funding</b>	<b>\$27,150,545</b>	<b>\$34,565,129</b>	<b>\$101,622,845</b>	<b>\$102,429,783</b>	<b>\$37,396,058</b>
<b>FTE Authorization</b>	<b>93.0</b>	<b>93.0</b>	<b>93.0</b>	<b>93.0</b>	<b>93.0</b>

### Full-Time Equivalent Positions

The Governor recommends 93.0 FTE positions in the FY 2026 Budget, and 93.0 FTE positions in the revised FY 2025 Budget, unchanged from the enacted FY 2025 Budget.

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## PUBLIC SAFETY

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### **Proposed FY 2026 Budget Actions**

- *Current Operations.* The Governor recommends financing current operations and enacted staffing authorizations totaling \$3.4 million in general revenue in FY 2026. This amount is \$228,340, or 7.1 percent, above the prior year revised recommendation.
- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$115,446 in general revenue. This reflects a 4.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$775. In addition, the Governor recommends a net increase of \$65,500 in general revenue for the financing of agency charges for various centralized services, including facilities management, information technology, human resources, Enterprise Resource Planning maintenance and operations, and central utilities.

### **Proposed FY 2025 Budget Revisions**

- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$62,562 in general revenue. This reflects a 5.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$440. In addition, the Governor recommends a net increase of \$12,519 in general revenue for the financing of agency charges for information technology and Enterprise Resource Planning centralized services.

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## PUBLIC SAFETY

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### 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 is 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. RIEMA is also responsible for strengthening 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. RIEMA and the State Emergency Operation Center (SEOC) 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 is accomplished 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 2023 Actuals	FY 2024 Actuals	FY 2025 Enacted	FY 2025 Revised	FY 2026 Recommended
General Revenue	\$5,615,004	\$6,671,411	\$7,007,474	\$7,062,596	\$7,457,256
Federal Funds	\$68,626,239	\$48,396,267	\$28,880,583	\$35,315,706	\$34,906,616
Restricted Receipts	\$158,384	\$49,016	\$412,371	\$419,898	\$428,308
Other Funds	-	-	-	-	-
RI Capital Plan Fund	\$2,391,183	\$3,316,263	\$220,000	\$2,632,386	\$865,404
<b>Total Funding</b>	<b>\$76,790,809</b>	<b>\$58,432,957</b>	<b>\$36,520,428</b>	<b>\$45,430,586</b>	<b>\$43,657,584</b>
<b>FTE Authorization</b>	<b>35.0</b>	<b>37.0</b>	<b>38.0</b>	<b>38.0</b>	<b>38.0</b>

#### Full-Time Equivalent Positions

The Governor recommends 38.0 FTE positions in the FY 2026 Budget, and 38.0 FTE positions in the revised FY 2025 Budget, unchanged from the enacted FY 2025 Budget.

#### Proposed FY 2026 Budget Actions

- *Current Operations.* The Governor recommends financing for current operations and enacted staffing authorizations totaling \$43.7 million from all sources of funds in FY 2026. This general revenue amount is \$394,660, or 5.6 percent, above the prior year revised recommendation.
- *Public Safety Warehouse.* The Governor recommends an increase of \$299,516 in general revenue to support the operations of RIEMA's public safety warehouse. These funds will be used for contract staff and operating expenses to ensure continuous functioning of the warehouse, which contains the State's stockpile of personal protective equipment, medical supplies, and other emergency supplies. The funds also will be used to hire an additional FTE position and contractors to manage warehouse operations.

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## PUBLIC SAFETY

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- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$144,624 in general revenue. This reflects a 4.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$730. In addition, the Governor recommends a net increase of \$30,825 in general revenue for the financing of agency charges for various centralized services, including facilities management, information technology, human resources, Enterprise Resource Planning maintenance and operations, and central utilities.

### **Proposed FY 2025 Budget Revisions**

- *Reappropriation.* In accordance with R.I.G.L. § 35-3-15, the Governor authorized a reappropriation of unexpended FY 2024 appropriations totaling \$25,855 for RIEMA to support the response to the September 2023 flooding in Providence County. This includes matching funds for the FEMA Individual Assistance Program resulting from President Biden's January 7, 2024, disaster declaration as well as support for on-the-ground operations.
- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$77,107 in general revenue. This reflects a 5.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$420. In addition, the Governor recommends a net increase of \$12,849 in general revenue for the financing of agency charges for information technology and Enterprise Resource Planning centralized services.



# PUBLIC SAFETY

## Department of Public Safety

The Department of Public Safety (DPS) was created in 2008 to consolidate the State's public safety agencies to more efficiently deliver services provided by the State Police, E-911 Uniform Emergency Telephone System, Capitol Police, Municipal Police Training Academy, Division of Sheriffs, and Public Safety Grants Administration Office. DPS' priorities are protecting lives and promoting safety for Rhode Islanders, and increasing public confidence and accountability.

### Recent Department achievements and highlights include:

- Purchased more than 1,800 body worn cameras through October 2024 and provided more than 2,300 hours of training through the Statewide Body Worn Camera Program, which includes grant funding from the U.S. Department of Justice.
- Graduated 29 recruits in the 59<sup>th</sup> Rhode Island State Police Recruit Training Academy in June 2024. The 60<sup>th</sup> Training Academy Class has been selected and is expected to launch in early 2025 with up to 22 recruits.
- Marked the groundbreaking ceremony in October 2024 for the Rhode Island State Police Southern Public Safety Complex that is expected to reach substantial completion in summer 2026.
- Awarded \$10.5 million in State Fiscal Recovery Funds to five victim services agencies. As of September 2024, more than 4,600 victims received services through the funding.
- The total duration of E-911 emergency calls remaining in queue has decreased by over 57% from 2023 due to the DPS' successful employee recruitment and retention efforts combined with greater call-taking proficiency with Emergency Medical Dispatch.

## Budget Highlight

### COPS Anti-Heroin Task Force Program.

The Department received a \$4.0 million grant award for the Anti-Heroin Task Force. This program will be a statewide initiative with the goal of eradicating the largest suppliers of opioids within Rhode Island communities.

### Department of Public Safety

Source of Funds	FY 2023 Actuals	FY 2024 Actuals	FY 2025 Enacted	FY 2025 Revised	FY 2026 Recommended
General Revenue	\$111,485,599	\$117,775,561	\$135,410,334	\$138,094,150	\$126,568,454
Federal Funds	\$11,947,216	\$13,652,720	\$32,744,693	\$36,447,879	\$26,747,999
Restricted Receipts	\$8,910,239	\$9,144,960	\$12,509,218	\$13,245,878	\$14,313,880
Other Funds	\$2,907,645	\$3,803,654	\$3,753,912	\$3,992,334	\$3,907,508
RI Capital Plan Fund	\$2,388,616	\$3,119,578	\$26,720,048	\$26,823,102	\$19,750,048
<b>Total Funding</b>	<b>\$137,639,314</b>	<b>\$147,496,473</b>	<b>\$211,138,205</b>	<b>\$218,603,343</b>	<b>\$191,287,889</b>
<b>FTE Authorization</b>	<b>632.2</b>	<b>632.0</b>	<b>633.0</b>	<b>633.0</b>	<b>634.0</b>

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## PUBLIC SAFETY

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### Full-Time Equivalent Positions

The Governor recommends 634.0 FTE positions in the FY 2026 Budget, and 633.0 FTE positions in the revised FY 2024 Budget. In FY 2026, this reflects a net increase of 1.0 FTE position from the enacted FY 2025 level for an additional Capitol Police screener position.

### Proposed FY 2026 Budget Actions

- *Current Operations.* The Governor recommends financing current operations and enacted staffing authorizations totaling \$126.6 million in general revenue in FY 2026. This amount is \$11.5 million, or 8.3 percent, less than the prior year revised recommendation. This decrease is largely due to the lapse of one-time financing for the statewide body worn camera program of \$11.5 million.
- *Capitol Police Screener FTE.* The Governor recommends \$89,972 in general revenue and 1.0 FTE position for a Capitol Police screener to provide general security, screening, and inspection of all visitors.
- *One-Time Use of State Forfeiture Funds.* The Governor recommends about \$460,000 in residual forfeiture account balances for the Gaming and High Intensity Drug Trafficking Area (HIDTA) units to fund overtime costs in FY 2026, with equivalent general revenue savings.
- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$2.9 million in general revenue. This reflects a 4.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$5,134. In addition, the Governor recommends a net decrease of \$177,903 in general revenue for the financing of agency charges for various centralized services, including facilities management, information technology, human resources, Enterprise Resource Planning maintenance and operations, and central utilities.
- *COLA Reserve for Non-Ratified Unions.* The Governor recommends that funding be held in reserve in the Department of Administration to accommodate cost-of-living adjustments (COLA) for personnel in unions in the Department of Public Safety that have not yet ratified new contracts.

### Proposed FY 2025 Budget Revisions

- *Reappropriation.* Pursuant to R.I.G.L. § 35-3-15, the Governor recommends a reappropriation from FY 2024 to FY 2025 of \$1.6 million for various equipment acquisitions, including equipment for graduating Troopers, the Aquidneck Island study, lighting packages for vehicle, radio equipment, and dive equipment maintenance. Additional reappropriations for the statewide body worn camera program, per Article 13 of the FY 2025 Appropriations Act, totals \$24,954. Combined, the Governor's reappropriation recommendation totals \$1.6 million for the Department of Public Safety.
- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$1.5 million in general revenue. This reflects a 5.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$12,641. In addition, the Governor recommends a net increase of \$30,010 in general revenue for the financing of agency charges for information technology and Enterprise Resource Planning centralized services.
- *COLA Reserve for Non-Ratified Unions.* The Governor recommends that funding be held in reserve in the Department of Administration to accommodate cost-of-living adjustments (COLA) for personnel in unions in the Department of Public Safety that have not yet ratified new contracts.

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## PUBLIC SAFETY

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### 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 Public Defender					
Source of Funds	FY 2023 Actuals	FY 2024 Actuals	FY 2025 Enacted	FY 2025 Revised	FY 2026 Recommended
General Revenue	\$13,750,533	\$14,670,121	\$16,585,559	\$17,176,936	\$18,178,679
Federal Funds	\$23,453	\$88,182	\$85,035	\$85,035	\$85,035
Restricted Receipts	-	-	-	-	-
Other Funds	-	-	-	-	-
RI Capital Plan Fund	-	-	-	-	-
<b>Total Funding</b>	<b>\$13,773,985</b>	<b>\$14,758,303</b>	<b>\$16,670,594</b>	<b>\$17,261,971</b>	<b>\$18,263,714</b>
<b>FTE Authorization</b>	<b>100.0</b>	<b>104.0</b>	<b>104.0</b>	<b>104.0</b>	<b>104.0</b>

### Full-Time Equivalent Positions

The Governor recommends 104.0 FTE positions in the FY 2026 Budget, and 104.0 FTE positions in the revised FY 2025 Budget, unchanged from the enacted FY 2025 Budget.

### Proposed FY 2026 Budget Actions

- *Current Operations.* The Governor recommends financing for current operations and enacted staffing authorizations totaling \$18.3 million in general revenue. This amount is \$1.0 million, or 5.8 percent, above the prior year revised recommendation.
- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$1.2 million in general revenue. This reflects a 4.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$11,185. In addition, the Governor recommends a net decrease of \$45 in general revenue for the financing of agency charges for various centralized services, including facilities management, information technology, human resources, Enterprise Resource Planning maintenance and operations, and central utilities.

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## PUBLIC SAFETY

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### Proposed FY 2025 Budget Revisions

- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$658,581 in general revenue. This reflects a 5.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$6,298. In addition, the Governor recommends a net decrease of \$26,545 in general revenue for the financing of agency charges for information technology and Enterprise Resource Planning centralized services.

# **Natural Resources**



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## NATURAL RESOURCES

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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.

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# NATURAL RESOURCES

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## Department of Environmental Management

The Department of Environmental Management (DEM) serves as the chief steward of the state's natural resources, with the mission of protecting, restoring, and promoting the environment to ensure Rhode Island remains a wonderful place to live, work, raise a family, and visit.

DEM manages state parks, beaches, campgrounds, wildlife management areas, and state forests; 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 protecting natural habitats to maintain species biodiversity.

DEM is charged with protecting the environment by ensuring compliance with federal and state environmental laws and regulations through inspection, permitting, enforcement, and restoration. It educates residents, businesses, and 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. DEM promotes green jobs and economic opportunities that preserve the state's resources and improve quality of life.

### Recent Department achievements and highlights include:

- With support from DEM staff, the Rhode Island Executive Climate Change Coordinating Council, approved the Fiscal Year 2025 spending plan that allocated \$1.7 million across state agencies to support continued implementation of the Act on Climate.
- On Election Day, Rhode Island voters overwhelmingly supported the 2024 Green Bond, with all 39 cities and towns approving the \$53 million bond question. This critical investment will support projects that improve infrastructure, preserve natural places, create jobs, and promote community resilience.
- Received a nearly \$15.5 million Federal Emergency Management Agency Hazard Mitigation Grant Program award in October 2024 – the largest grant ever received by Rhode Island through the program that is being supplemented by a 10 percent state match from Rhode Island Capital Plan Funds. These funds will be used to improve resilience amid the increasing impacts of climate change by elevating structures at the Port of Galilee and Wickford Dock, and replacing eight docks at Galilee, the Division of Marine Fisheries' Jerusalem facility, and the Division of Law Enforcement's Wickford Marine Base.
- Received \$1.3 million in Inflation Reduction Act funding and a congressional earmark to replace and upgrade existing air quality monitoring equipment, purchase portable air monitoring equipment, locate new monitoring sites, and locate low-cost sensors in several communities across Rhode Island to help protect air quality.
- Responded to 548 environmental emergency incidents in 2024 through the Office of Emergency Response as part of Rhode Island's first line of defense in protecting the public and environment.

## Budget Highlights

### Litter-Free Rhody.

Provides \$100,000 in general revenue to continue the program that features a public information and engagement campaign to reduce litter and foster community and intergovernmental partnerships to address litter.

### Local Agriculture and Seafood Act Grants.

Invests \$500,000 in general revenue in Local Agriculture and Seafood Act Grants to support local seafood in Rhode Island.

### Seafood Marketing Collaborative.

Provides \$100,000 in general revenue to support the Rhode Island Seafood Marketing Collaborative, which works with local fishers, seafood producers, and small businesses to increase awareness and consumption of local catch.



## NATURAL RESOURCES

- More than 40 local farmers, fishers, and specialty food producers received Local Agriculture and Seafood Act grant program awards, splitting \$660,000 for projects that support the growth, development, and marketing of local farms, seafood harvesters, and food businesses. Over \$270,000 was awarded through the Specialty Crop Block Grant Program to support farmers of local fruits, vegetables, tree nuts, and nursery crops.
- Engaged volunteers, who contributed over 2,700 hours of service in 2024, in support of wildlife and fisheries conservation efforts.

### Department of Environmental Management

Source of Funds	FY 2023 Actuals	FY 2024 Actuals	FY 2025 Enacted	FY 2025 Revised	FY 2026 Recommended
General Revenue	\$81,631,405	\$55,457,395	\$57,238,872	\$56,014,410	\$58,380,368
Federal Funds	\$28,034,573	\$30,509,005	\$36,020,076	\$47,071,238	\$44,708,519
Restricted Receipts	\$14,180,496	\$15,102,590	\$21,304,790	\$27,261,032	\$24,775,624
Other Funds	\$23,533	\$67,082	\$1,803,769	\$1,852,364	\$1,857,967
RI Capital Plan Fund	\$9,677,185	\$12,449,035	\$27,365,077	\$30,442,019	\$30,701,709
<b>Total Funding</b>	<b>\$133,547,193</b>	<b>\$113,585,108</b>	<b>\$143,732,584</b>	<b>\$162,641,063</b>	<b>\$160,424,187</b>
<b>FTE Authorization</b>	<b>417.0</b>	<b>425.0</b>	<b>439.0</b>	<b>439.0</b>	<b>439.0</b>

### Full-Time Equivalent Positions

The Governor recommends 439.0 FTE positions in the FY 2026 Budget, and 439.0 FTE positions in the revised FY 2025 Budget, unchanged from the enacted FY 2025 Budget.

### Proposed FY 2026 Budget Actions

- *Controlling Growth.* The agency budget totals \$58.4 million in general revenue expenditures in FY 2026. This amount is \$2.4 million, or 4.2 percent, above the prior year revised recommendation. To manage growth within budget constraints, the Governor's budget recommendation reflects adjustments to operating expenses, personnel vacancy and turnover assumptions, maximizing use of restricted receipt balances, and other strategies to control expenditure growth in both FY 2025 and FY 2026.
- *Litter-Free Rhody.* The Governor recommends continuing financing of \$100,000 in general revenue for the Litter-Free Rhody program, which features a public information and engagement campaign to reduce litter and fosters community and intergovernmental partnerships to address litter issues statewide.
- *Seafood Marketing Collaborative.* The Governor recommends continued financing of \$100,000 in general revenue to support the Rhode Island Seafood Marketing Collaborative, which works with local fishers, seafood producers, and small businesses to increase awareness and consumption of local catch. The funding will be used to partner with the Atlantic Fisheries Management Council, the leading expert organization on fisheries management and economics, to run public information and engagement campaigns with the goal of increasing economic activity in the fisheries and fishing sectors. The Rhode Island Seafood Marketing Collaborative is also partially supported by the Local Agriculture and Seafood Act Grants.

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## NATURAL RESOURCES

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- *Local Agriculture and Seafood Act Grants.* The Governor recommends continued financing of \$500,000 in general revenue for the Local Agriculture and Seafood Act Grants to support the growth, development, and marketing of local food and seafood in Rhode Island. The program also partially funds the Rhode Island Seafood Marketing Collaborative.
- *Redirection of General Revenue to Other Available Financing Sources.* The Governor recommends \$744,539 in general revenue savings by shifting personnel expenses to other available sources of funds including restricted receipts and federal grants.
- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$2.6 million in general revenue. This reflects a 4.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$23,746. In addition, the Governor recommends a net increase of \$160,790 in general revenue for the financing of agency charges for various centralized services, including facilities management, information technology, human resources, Enterprise Resource Planning maintenance and operations, and central utilities.

### **Proposed FY 2025 Budget Revisions**

- *Underground Storage Tank Fund Transfer.* The Governor recommends transferring \$3.0 million in restricted receipts from the Underground Storage Tank Fund to general revenue.
- *Non-recurring Redirection of General Revenue to Restricted Receipt Funds.* The Governor recommends \$2.3 million in general revenue savings for one-time shifts of personnel expenses from general revenue to various restricted receipt accounts with excess reserves.
- *Non-recurring Redirection of General Revenue to Federal Indirect Cost Recovery Balance.* The Governor recommends \$500,000 in general revenue savings for a one-time redirection to federal indirect cost recoveries.
- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$1.4 million in general revenue. This reflects a 5.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$13,299. In addition, the Governor recommends a net increase of \$215,392 in general revenue for the financing of agency charges for information technology and Enterprise Resource Planning centralized services.

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## NATURAL RESOURCES

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### 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 10 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.

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#### Coastal Resources Management Council

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Source of Funds	FY 2023 Actuals	FY 2024 Actuals	FY 2025 Enacted	FY 2025 Revised	FY 2026 Recommended
General Revenue	\$2,744,410	\$3,331,462	\$3,607,384	\$3,957,427	\$3,704,812
Federal Funds	\$1,776,739	\$1,672,161	\$2,319,579	\$6,919,009	\$3,331,166
Restricted Receipts	\$230,000	\$225,000	\$250,000	\$250,000	\$624,768
Other Funds	-	-	-	-	-
RI Capital Plan Fund	\$1,900,000	-	-	\$100,000	\$2,000,000
<b>Total Funding</b>	<b>\$6,651,149</b>	<b>\$5,228,623</b>	<b>\$6,176,963</b>	<b>\$11,226,436</b>	<b>\$9,660,746</b>
<b>FTE Authorization</b>	<b>32.0</b>	<b>32.0</b>	<b>32.0</b>	<b>32.0</b>	<b>32.0</b>

#### Full-Time Equivalent Positions

The Governor recommends 32.0 FTE positions in the FY 2026 Budget, and 32.0 FTE positions in the revised FY 2025 Budget, unchanged from the enacted FY 2025 Budget.

#### Proposed FY 2026 Budget Actions

- *Current Operations.* The Governor recommends financing for current operations and enacted staffing authorizations totaling \$3.7 million from general revenue. This amount is \$252,615, or 6.4 percent, below the prior year revised recommendation.

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## NATURAL RESOURCES

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- *Indirect Cost Recovery.* The Governor recommends \$374,768 in general revenue savings from recoveries of indirect costs on federal grants, beginning in FY 2026. On October 1, 2024, Federal OMB's Uniform Guidance increased the "de minimis" rate of recovery from 10 percent to 15 percent of applicable direct costs, pursuant to 2 CFR § 200.414(f). This increase in federal cost recovery will facilitate a larger portion of agency overhead to be covered with restricted receipts, which would otherwise have required appropriations of general revenue. This increase in federal cost recovery will facilitate a larger portion of agency overhead to be covered with restricted receipts, which would otherwise have required appropriations of general revenue.
- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$267,622 in general revenue. This reflects a 4.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$2,247. In addition, the Governor recommends a net increase of \$49,877 in general revenue for the financing of agency charges for various centralized services, including facilities management, information technology, human resources, Enterprise Resource Planning maintenance and operations, and central utilities.

### **Proposed FY 2025 Budget Revisions**

- *Personnel Reclassification Retroactive Pay.* The Governor recommends an increase of \$64,671 in general revenue for retroactive pay from a recent salary reclassification. The reclassification affected 10.0 FTE positions, eight of which are funded by general revenue.
- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$144,063 in general revenue. This reflects a 5.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$1,308. In addition, the Governor recommends a net decrease of \$1,886 in general revenue for the financing of agency charges for information technology and Enterprise Resource Planning centralized services.

# **Transportation**



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# TRANSPORTATION

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## Department of Transportation

The Department of Transportation (RIDOT) 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.

RIDOT provides for the maintenance and construction of quality infrastructure that reflects the transportation needs of Rhode Islanders. In addition to 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.

### Recent Department achievements and highlights include:

- Through the landmark 2016 RhodeWorks legislation, spearheading 321 projects that are addressing 429 bridges at a total value of \$5.3 billion. As of September 2024, the Department has completed 250 projects, including the repair and replacement of 282 bridges.
- Accelerated more than 100 projects, valued at \$2.2 billion, by an average of four years because of the 2021 Infrastructure Investment and Jobs Act (IIJA). Additionally, the Department is wrapping up its third year of a five-year, nearly \$500 million investment in paving.
- Launched the Municipal Road and Bridge Program – now known as RhodeRestore in 2023 – that is assisting cities and towns in completing local road, bridge, and sidewalk projects. In 2024, a second round of funding was made available, bringing the investment of state funding to \$27 million. Combined with local matching funds, the total value of improvements exceeds \$107 million, representing 673 resurfaced lane miles and nearly 132,000 linear feet of sidewalk.
- Received more than \$3.3 billion in federal funding (including the increase through the IIJA). This includes about \$1.2 billion in competitive and other special grant funds. These dollars allowed RIDOT to begin significant bridge reconstruction and replacement projects, including the new I-95 15 Bridges Project, the Route 146 Project, the upcoming Route 4 Missing Move Project, the Henderson Bridge, the Providence Viaduct North, and all bridges along the Route 37 corridor.
- Maintained an on-budget and on-time performance of 90 percent on its active capital projects. Prior to the largest Department reorganization in its history in 2015-2016, transitioning to a best-practice project management structure, only about 50 percent of its projects were on time and on budget.

## Budget Highlights

### RhodeRestore.

Provides \$6.5 million to continue the RhodeRestore initiative that helps defray the cost of local road, bridge, and sidewalk projects.

### Truck Tolling.

Accounts for \$10.0 million in revenue from the anticipated re-implementation of RhodeWorks truck tolling.

### Electric Vehicle Fees.

Recommends a new two-year registration fee for battery electric vehicles and plug-in hybrid vehicles, with revenue deposited in the Highway Maintenance Account.

# TRANSPORTATION

## Department of Transportation

Source of Funds	FY 2023 Actuals	FY 2024 Actuals	FY 2025 Enacted	FY 2025 Revised	FY 2026 Recommended
Federal Funds	\$495,535,838	\$442,425,242	\$474,772,781	\$526,603,533	\$474,885,393
Restricted Receipts	\$(2,749,665)	\$1,961,976	\$6,116,969	\$6,165,817	\$6,066,037
Other Funds	\$205,548,363	\$211,837,705	\$248,453,912	\$401,417,247	\$261,269,118
RI Capital Plan Fund	\$62,022,420	\$116,735,823	\$160,216,575	\$170,823,676	\$108,973,497
<b>Total Funding</b>	<b>\$760,356,957</b>	<b>\$772,960,746</b>	<b>\$889,560,237</b>	<b>\$1,105,010,273</b>	<b>\$851,194,045</b>
<b>FTE Authorization</b>	<b>755.0</b>	<b>755.0</b>	<b>755.0</b>	<b>755.0</b>	<b>755.0</b>

### Full-Time Equivalent Positions

The Governor recommends 755.0 FTE positions in the FY 2026 Budget, and 755.0 FTE positions in the revised FY 2025 Budget, unchanged from the enacted FY 2025 Budget.

### Proposed FY 2026 Budget Actions

- *RhodeRestore*. The Governor recommends investing \$6.5 million in existing state resources toward RhodeRestore, with the intent of making it a permanent program that provides cities and towns with a reliable funding source to defray the costs of transportation infrastructure projects. Federal, pandemic funding made it possible for the State to launch the initiative, originally called the Municipal Road Grant Program, in FY 2024. The Department of Transportation is distributing \$27.0 million in State Fiscal Recovery Funds across all 39 cities and towns to build and maintain roads, bridges, and sidewalks. This program requires a 67.0 percent local contribution. Seven-hundred lane miles of road and almost 25 miles of sidewalks are being improved.
- *Municipal Road and Bridge Revolving Fund*. The Governor recommends legislation expanding eligibility of the Municipal Road and Bridge Revolving Fund administered by the Rhode Island Infrastructure Bank. The proposal allows the Rhode Island Infrastructure Bank to issue financing to approved RhodeRestore projects without having to first be placed on the State's priority project list, as is the case for cities and towns currently seeking other types of Rhode Island Infrastructure Bank financing.
- *Electric Vehicle Fee*. The Governor recommends a new two-year registration fee for battery electric vehicles (\$300) and plug-in hybrid vehicles (\$150). The fees are estimated to generate \$1.7 million in FY 2026, with revenue projected to grow to \$13.9 million by FY 2030. Fee revenue would be deposited in the Highway Maintenance Account to maintain the State's transportation infrastructure to supplement gas tax revenue, which is projected to decline amid the rising adoption of electric and plug-in hybrid vehicles. This additional revenue helps to facilitate transportation investments such as the RhodeRestore initiative, which provides state matching funds for local paving projects.
- *RhodeWorks Truck Tolling Re-Implementation*. The Governor recommends revenue assumptions of approximately \$10.0 million in FY 2026, increasing to \$40.0 million in FY 2027, to account for the anticipated reimplementation of truck tolling. In 2016, the RhodeWorks program established the collection of toll revenues on tractor trailers at thirteen locations on six highways throughout the state. In 2022 toll collections ceased following a court-ordered injunction. In December 2024, the federal First Circuit Court of Appeals ruled in favor of the State allowing tolling to resume.



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## TRANSPORTATION

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- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$5.5 million in other funds. This reflects a 4.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$56,586.

### **Proposed FY 2025 Budget Revisions**

- *FY 2024 Carryforward.* The agency budget totals \$401.4 million in other funds expenditures. This amount is \$153.0 million, or 38.1 percent, above the FY 2025 enacted budget largely due to available FY 2024 carryforward in Highway Maintenance Account funds. In the last year, the Department obtained additional discretionary awards to offset infrastructure costs on the State Transportation Improvement Plan, including a \$95.5 million Infrastructure for Rebuilding America (INFRA) grant, a \$125.4 million MEGA grant, and a \$251.0 million Federal Bridge Investment Program (BIP) grant. Carryforward will continue to fund a portion of maintenance expenditures and provide state match for future federally funded capital infrastructure expenditures.
- *Current Year Personnel Adjustments.* The Governor recommends \$2.9 million in savings resulting from non-recurring personnel vacancies anticipated for the remainder of FY 2025 to manage growth within budget constraints. The Governor's budget recommendation reflects adjustments to personnel vacancies and turnover assumptions to control expenditure growth and prioritize state transportation funds for future federally funded capital infrastructure expenditures.
- *Statewide Adjustments.* The Governor recommends statewide personnel adjustments negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$3.0 million in other funds. This reflects a 5.0 percent cost-of-living adjustment (COLA). This increase is partially offset by reductions to employee health benefit rates of \$29,891.



**EXECUTIVE SUMMARY**  
**APPENDIX A**  
**SCHEDULES**



# FY 2026 General Revenue Budget Surplus

	FY 2023 Audited	FY 2024 Draft Audited	FY 2025 Enacted	FY 2025 Revised	FY 2026 Recommended
<b>Surplus</b>					
Opening Surplus	\$209,649,745	\$412,262,973	\$279,019,055	\$326,355,052	\$187,403,011
Adjustment to Opening Surplus- FEMA	270,762,495	23,811,475	-	-	-
Adjustment to Opening Surplus- Other	-	-	-	-	-
Reappropriated Surplus	19,442,046	45,152,130	-	34,569,423	-
Subtotal	<b>\$499,854,286</b>	<b>\$481,226,578</b>	<b>\$279,019,055</b>	<b>\$360,924,475</b>	<b>\$187,403,011</b>
<b>General Taxes</b>	4,235,156,196	4,377,950,240	4,474,226,640	4,542,400,000	4,675,400,000
Changes to the Adopted Estimates				-	18,711,963
Subtotal	<b>\$4,235,156,196</b>	<b>\$4,377,950,240</b>	<b>\$4,474,226,640</b>	<b>\$4,542,400,000</b>	<b>\$4,694,111,963</b>
<b>Departmental Revenues</b>	491,637,590	552,303,254	517,617,468	543,500,000	315,000,000
Changes to the Adopted Estimates				5,900,000	245,282,052
Subtotal	<b>\$491,637,590</b>	<b>\$552,303,254</b>	<b>\$517,617,468</b>	<b>\$549,400,000</b>	<b>\$560,282,052</b>
<b>Other Sources</b>					
Other Miscellaneous	32,701,548	38,212,761	27,273,253	25,400,000	23,500,000
Changes to the Adopted Estimates				4,700,000	2,990,497
Lottery	434,666,769	426,419,555	449,400,000	424,000,000	432,700,000
Changes to the Adopted Estimates				-	-
Unclaimed Property	18,502,832	23,591,279	20,600,000	21,300,000	20,500,000
Changes to the Adopted Estimates				-	-
Subtotal	<b>\$485,871,149</b>	<b>\$488,223,595</b>	<b>\$497,273,253</b>	<b>\$475,400,000</b>	<b>\$479,690,497</b>
<b>Total Revenues</b>	<b>\$5,212,664,935</b>	<b>\$5,418,477,089</b>	<b>\$5,489,117,361</b>	<b>\$5,567,200,000</b>	<b>\$5,734,084,512</b>
<b>Transfer to Budget Reserve and Cash Stabilization Account</b>	<b>(\$162,669,440)</b>	<b>(\$174,922,202)</b>	<b>(\$173,044,092)</b>	<b>(\$176,806,652)</b>	<b>(\$177,644,626)</b>
<b>Total Available</b>	<b>\$5,549,849,781</b>	<b>\$5,724,781,465</b>	<b>\$5,595,092,324</b>	<b>\$5,751,317,823</b>	<b>\$5,743,842,897</b>
<b>Actual/Enacted Expenditures</b>	\$5,074,929,246	\$5,236,111,564	\$5,594,861,257	5,594,861,257	\$5,743,054,676
Reappropriations (from prior year)				34,569,423	-
Nov Caseload Est. Conference Changes				(23,293,832)	-
Other Changes in Expenditures				4,533,672	-
<b>Total Expenditures</b>	<b>\$5,074,929,246</b>	<b>\$5,236,111,564</b>	<b>\$5,594,861,257</b>	<b>\$5,610,670,520</b>	<b>\$5,743,054,676</b>
Intrafund Transfers to Restricted Accounts	(4,444,444)	(91,000,000)	(100,000)	3,479,788	-
Transfer to Supplemental State Budget Reserve	(6,530,494)	(\$21,637,960)	-	-	-
Transfer to Employees' Retirement System	(6,530,494)	(21,637,960)	-	-	-
Partial/full suspension of RIGL 35-6-1(e)	-	6,530,494	-	43,275,920	-
<b>Total Ending Balances</b>	<b>\$457,415,103</b>	<b>\$360,924,475</b>	<b>\$131,067</b>	<b>\$187,403,011</b>	<b>\$788,221</b>
Reappropriations (to following year)	(45,152,130)	(34,569,423)	-	-	-
<b>Free Surplus</b>	<b>\$412,262,973</b>	<b>\$326,355,052</b>	<b>\$131,067</b>	<b>\$187,403,011</b>	<b>\$788,221</b>

\* FY 2024 Final Audited Closing Statements are unpublished as of January 16, 2025. "Draft Audited" figures represent most accurate data available as of the date of budget release, but remain subject to further revision.

# Expenditures from All Funds

	FY 2023	FY 2024	FY 2025 Enacted	FY 2025 Revised	FY 2026 Recommended
<b>General Government</b>					
Department of Administration	\$846,403,538	\$577,512,993	\$554,103,575	\$648,320,401	\$497,720,203
Office of Energy Resources	-	-	-	\$68,374,151	\$76,770,481
Department of Business Regulation	\$31,137,725	\$30,956,164	\$44,120,539	\$44,975,969	\$35,093,954
Rhode Island Cannabis Control Commission	-	-	-	-	\$7,556,626
Executive Office of Commerce	\$169,903,556	\$86,281,872	\$70,777,163	\$190,471,202	\$56,157,824
Department of Housing	-	\$144,022,290	\$58,335,416	\$212,141,933	\$42,898,733
Department of Labor and Training	\$600,500,627	\$568,629,715	\$594,071,262	\$627,526,761	\$637,017,683
Department of Revenue	\$912,349,256	\$775,352,917	\$834,605,599	\$860,387,064	\$863,687,605
General Assembly	\$46,814,643	\$50,114,865	\$55,789,931	\$66,737,273	\$61,424,920
Office of Lieutenant Governor	\$1,316,262	\$1,255,655	\$1,447,015	\$1,370,103	\$1,519,219
Secretary of State	\$13,025,377	\$11,640,362	\$15,372,795	\$15,727,053	\$14,541,522
Office of the General Treasurer	\$18,061,523	\$20,746,997	\$23,886,874	\$24,589,119	\$25,974,916
Board of Elections	\$5,855,517	\$4,694,417	\$5,682,615	\$5,726,638	\$4,474,931
Rhode Island Ethics Commission	\$1,923,524	\$2,028,754	\$2,234,502	\$2,326,169	\$2,419,632
Office of the Governor	\$7,468,837	\$7,532,310	\$8,471,265	\$8,973,819	\$9,334,918
Rhode Island Commission for Human Rights	\$2,022,428	\$2,427,173	\$2,505,726	\$2,691,662	\$2,772,687
Public Utilities Commission	\$11,326,767	\$11,444,995	\$14,607,520	\$15,042,977	\$15,508,274
<b>Subtotal - General Government</b>	<b>\$2,668,109,580</b>	<b>\$2,294,641,479</b>	<b>\$2,286,011,797</b>	<b>\$2,795,382,294</b>	<b>\$2,354,874,128</b>
<b>Health and Human Services</b>					
Executive Office of Health and Human Services	\$3,341,502,439	\$3,609,697,882	\$4,017,751,873	\$3,967,111,748	\$4,202,101,690
Department of Children, Youth, and Families	\$286,366,715	\$315,679,804	\$399,055,263	\$412,149,108	\$397,200,530
Department of Health	\$290,189,850	\$313,950,307	\$356,254,973	\$387,822,248	\$292,114,774
Behavioral Healthcare, Developmental Disabilities and Hospitals	\$560,343,728	\$654,099,948	\$672,361,552	\$706,883,322	\$704,194,613
Department of Human Services	\$875,662,799	\$790,632,069	\$814,741,554	\$860,505,457	\$829,181,867
Commission on the Deaf & Hard of Hearing	\$874,944	\$800,168	\$914,184	\$904,509	\$929,154
Governor's Commission on Disabilities	\$1,514,288	\$1,638,906	\$1,936,931	\$2,738,921	\$2,056,042
Office of the Child Advocate	\$1,271,513	\$1,395,026	\$1,891,426	\$1,913,740	\$2,264,613
Office of the Mental Health Advocate	\$832,176	\$769,629	\$981,608	\$875,673	\$1,117,164
<b>Subtotal - Health and Human Services</b>	<b>\$5,358,558,452</b>	<b>\$5,688,663,739</b>	<b>\$6,265,889,364</b>	<b>\$6,340,904,726</b>	<b>\$6,431,160,447</b>
<b>Education</b>					
Elementary and Secondary Education	\$1,939,587,191	\$2,042,451,574	\$2,003,162,178	\$2,015,722,660	\$1,981,184,129
Office of the Postsecondary Commissioner	\$43,532,333	\$49,883,034	\$51,799,867	\$63,218,405	\$56,283,333
University of Rhode Island	\$906,846,062	\$957,690,065	\$1,017,965,011	\$1,058,187,934	\$1,108,723,299
Rhode Island College	\$179,367,158	\$195,810,346	\$205,135,912	\$225,812,999	\$216,421,110
Community College of Rhode Island	\$178,085,355	\$172,900,165	\$195,936,693	\$207,269,924	\$212,686,829
Rhode Island Council on the Arts	\$3,399,615	\$3,445,438	\$3,976,337	\$4,084,272	\$4,242,454
Rhode Island Atomic Energy Commission	\$1,557,759	\$1,485,127	\$1,593,911	\$1,654,687	\$1,714,495
Historical Preservation and Heritage Commission	\$1,782,255	\$2,141,262	\$3,727,660	\$3,965,840	\$3,465,631
<b>Subtotal - Education</b>	<b>\$3,254,157,728</b>	<b>\$3,425,807,011</b>	<b>\$3,483,297,569</b>	<b>\$3,579,916,721</b>	<b>\$3,584,721,280</b>
<b>Public Safety</b>					
Office of Attorney General	\$37,012,990	\$42,453,862	\$46,456,627	\$50,178,621	\$51,639,418
Department of Corrections	\$291,492,931	\$289,298,655	\$328,179,090	\$345,351,588	\$322,550,695
Judiciary	\$134,705,385	\$142,092,514	\$147,968,237	\$158,844,079	\$159,224,433
Military Staff	\$27,150,545	\$34,565,129	\$101,622,845	\$102,429,783	\$37,396,058
Rhode Island Emergency Management Agency	\$76,790,809	\$58,432,957	\$36,520,428	\$45,430,586	\$43,657,584
Department of Public Safety	\$137,639,314	\$147,496,473	\$211,138,205	\$218,603,343	\$191,287,889
Office of Public Defender	\$13,773,985	\$14,758,303	\$16,670,594	\$17,261,971	\$18,263,714
<b>Subtotal - Public Safety</b>	<b>\$718,565,959</b>	<b>\$729,097,893</b>	<b>\$888,556,026</b>	<b>\$938,099,971</b>	<b>\$824,019,791</b>
<b>Natural Resources</b>					
Department of Environmental Management	\$133,547,193	\$113,585,108	\$143,732,584	\$162,641,063	\$160,424,187
Coastal Resources Management Council	\$6,651,149	\$5,228,623	\$6,176,963	\$11,226,436	\$9,660,746
<b>Subtotal - Natural Resources</b>	<b>\$140,198,342</b>	<b>\$118,813,731</b>	<b>\$149,909,547</b>	<b>\$173,867,499</b>	<b>\$170,084,933</b>
<b>Transportation</b>					
Department of Transportation	\$760,356,957	\$772,960,746	\$889,560,237	\$1,105,010,273	\$851,194,045
<b>Subtotal - Transportation</b>	<b>\$760,356,957</b>	<b>\$772,960,746</b>	<b>\$889,560,237</b>	<b>\$1,105,010,273</b>	<b>\$851,194,045</b>
<b>Total:</b>	<b>\$12,899,947,018</b>	<b>\$13,029,984,599</b>	<b>\$13,963,224,540</b>	<b>\$14,933,181,484</b>	<b>\$14,216,054,624</b>

# Expenditures from General Revenue

	FY 2023	FY 2024	FY 2025 Enacted	FY 2025 Revised	FY 2026 Recommended
<b>General Government</b>					
Department of Administration	\$489,769,564	\$279,490,215	\$255,026,334	\$239,384,144	\$262,776,439
Office of Energy Resources	-	-	-	\$500,000	-
Department of Business Regulation	\$23,204,707	\$22,113,009	\$24,091,628	\$24,722,492	\$25,593,781
Executive Office of Commerce	\$57,085,654	\$66,223,935	\$40,380,983	\$40,431,623	\$31,857,824
Department of Housing	-	\$4,275,216	\$9,840,596	\$9,167,713	\$10,719,465
Department of Labor and Training	\$18,204,551	\$18,297,855	\$17,790,653	\$20,448,193	\$20,379,242
Department of Revenue	\$363,463,744	\$372,380,441	\$400,471,730	\$402,288,592	\$403,892,388
General Assembly	\$45,119,050	\$48,096,215	\$53,358,280	\$64,146,864	\$58,734,623
Office of Lieutenant Governor	\$1,316,886	\$1,255,655	\$1,447,015	\$1,370,103	\$1,519,219
Secretary of State	\$11,966,378	\$10,786,205	\$12,462,241	\$12,807,184	\$12,111,732
Office of the General Treasurer	\$3,624,715	\$3,879,699	\$4,915,333	\$5,100,717	\$4,600,223
Board of Elections	\$5,861,156	\$4,694,417	\$5,682,615	\$5,726,638	\$4,474,931
Rhode Island Ethics Commission	\$1,923,524	\$2,028,754	\$2,234,502	\$2,326,169	\$2,419,632
Office of the Governor	\$7,426,985	\$7,532,310	\$8,471,265	\$8,973,819	\$9,334,918
Rhode Island Commission for Human Rights	\$1,758,445	\$2,117,475	\$2,055,616	\$2,143,802	\$2,249,158
<b>Subtotal - General Government</b>	<b>\$1,030,725,359</b>	<b>\$843,171,401</b>	<b>\$838,228,791</b>	<b>\$839,538,053</b>	<b>\$850,663,575</b>
<b>Health and Human Services</b>					
Executive Office of Health and Human Services	\$1,076,415,174	\$1,265,715,000	\$1,416,418,232	\$1,390,933,011	\$1,469,676,177
Department of Children, Youth, and Families	\$192,600,438	\$215,101,477	\$261,358,200	\$261,352,456	\$262,985,058
Department of Health	\$33,548,890	\$34,032,135	\$40,053,947	\$40,533,357	\$38,075,075
Behavioral Healthcare, Developmental Disabilities and Hospitals	\$261,580,691	\$311,396,804	\$305,694,995	\$317,638,693	\$316,304,980
Department of Human Services	\$122,222,195	\$135,284,256	\$142,790,800	\$147,328,344	\$135,580,989
Commission on the Deaf & Hard of Hearing	\$738,910	\$745,741	\$782,651	\$762,680	\$786,233
Governor's Commission on Disabilities	\$1,153,698	\$1,298,969	\$1,530,392	\$2,331,664	\$1,610,527
Office of the Child Advocate	\$1,259,570	\$1,429,015	\$1,891,426	\$1,913,740	\$2,264,613
Office of the Mental Health Advocate	\$832,176	\$769,629	\$981,608	\$875,673	\$1,117,164
<b>Subtotal - Health and Human Services</b>	<b>\$1,690,351,742</b>	<b>\$1,965,773,026</b>	<b>\$2,171,502,251</b>	<b>\$2,163,669,618</b>	<b>\$2,228,400,816</b>
<b>Education</b>					
Elementary and Secondary Education	\$1,436,665,777	\$1,493,846,919	\$1,588,830,390	\$1,595,323,261	\$1,643,071,869
Office of the Postsecondary Commissioner	\$16,718,621	\$25,754,018	\$30,122,180	\$30,781,353	\$34,342,126
University of Rhode Island	\$121,948,714	\$144,744,926	\$144,224,440	\$144,401,585	\$148,637,923
Rhode Island College	\$68,537,023	\$78,276,228	\$77,881,228	\$78,153,703	\$80,448,058
Community College of Rhode Island	\$57,151,940	\$61,030,728	\$62,286,538	\$62,534,419	\$65,638,244
Rhode Island Council on the Arts	\$2,129,661	\$2,297,462	\$2,395,211	\$2,412,492	\$2,414,685
Rhode Island Atomic Energy Commission	\$1,035,829	\$1,119,280	\$1,180,419	\$1,231,639	\$1,278,282
Historical Preservation and Heritage Commission	\$1,040,750	\$1,204,648	\$1,898,100	\$1,747,211	\$1,986,751
<b>Subtotal - Education</b>	<b>\$1,705,228,315</b>	<b>\$1,808,274,209</b>	<b>\$1,908,818,506</b>	<b>\$1,916,585,663</b>	<b>\$1,977,817,938</b>
<b>Public Safety</b>					
Office of Attorney General	\$32,228,827	\$35,044,453	\$35,103,418	\$36,677,279	\$38,244,427
Department of Corrections	\$284,260,537	\$263,728,573	\$293,746,087	\$295,736,435	\$296,697,754
Judiciary	\$113,993,543	\$118,821,242	\$124,336,261	\$132,962,235	\$133,516,539
Military Staff	\$2,913,982	\$3,392,720	\$3,276,320	\$3,195,718	\$3,424,058
Rhode Island Emergency Management Agency	\$5,615,004	\$6,671,411	\$7,007,474	\$7,062,596	\$7,457,256
Department of Public Safety	\$111,485,599	\$117,775,561	\$135,410,334	\$138,094,150	\$126,568,454
Office of Public Defender	\$13,750,533	\$14,670,121	\$16,585,559	\$17,176,936	\$18,178,679
<b>Subtotal - Public Safety</b>	<b>\$564,248,025</b>	<b>\$560,104,081</b>	<b>\$615,465,453</b>	<b>\$630,905,349</b>	<b>\$624,087,167</b>
<b>Natural Resources</b>					
Department of Environmental Management	\$81,631,405	\$55,457,395	\$57,238,872	\$56,014,410	\$58,380,368
Coastal Resources Management Council	\$2,744,410	\$3,331,462	\$3,607,384	\$3,957,427	\$3,704,812
<b>Subtotal - Natural Resources</b>	<b>\$84,375,815</b>	<b>\$58,788,857</b>	<b>\$60,846,256</b>	<b>\$59,971,837</b>	<b>\$62,085,180</b>
<b>Total:</b>	<b>\$5,074,929,256</b>	<b>\$5,236,111,574</b>	<b>\$5,594,861,257</b>	<b>\$5,610,670,520</b>	<b>\$5,743,054,676</b>

# Expenditures from Federal Funds

	FY 2023	FY 2024	FY 2025 Enacted	FY 2025 Revised	FY 2026 Recommended
<b>General Government</b>					
Department of Administration	\$210,085,376	\$44,102,130	\$78,720,050	\$152,041,032	\$48,547,422
Office of Energy Resources	-	-	-	\$35,438,362	\$31,842,712
Department of Business Regulation	\$910,863	\$1,018,821	\$749,043	\$759,546	\$586,088
Executive Office of Commerce	\$92,398,662	\$19,451,448	\$22,000,000	\$141,286,070	\$20,000,000
Department of Housing	-	\$126,348,950	\$35,830,670	\$190,310,070	\$15,096,037
Department of Labor and Training	\$150,859,898	\$56,883,268	\$42,711,594	\$58,967,295	\$41,996,527
Department of Revenue	\$132,434,739	\$528,204	\$805,667	\$728,092	\$493,061
Office of Lieutenant Governor	(\$624)	-	-	-	-
Secretary of State	\$562,060	\$519,579	\$2,001,207	\$2,001,207	\$2,000,000
Office of the General Treasurer	\$706,783	\$594,003	\$763,030	\$786,809	\$833,127
Board of Elections	(\$5,639)	-	-	-	-
Office of the Governor	\$41,852	-	-	-	-
Rhode Island Commission for Human Rights	\$263,984	\$309,698	\$450,110	\$547,860	\$523,529
Public Utilities Commission	\$522,308	\$592,218	\$711,984	\$726,117	\$753,555
<b>Subtotal - General Government</b>	<b>\$588,780,262</b>	<b>\$250,348,319</b>	<b>\$184,743,355</b>	<b>\$583,592,460</b>	<b>\$162,672,058</b>
<b>Health and Human Services</b>					
Executive Office of Health and Human Services	\$2,232,280,998	\$2,299,863,309	\$2,543,855,296	\$2,515,710,990	\$2,708,539,855
Department of Children, Youth, and Families	\$92,585,762	\$97,594,044	\$121,743,506	\$120,350,473	\$117,430,501
Department of Health	\$193,174,227	\$204,666,164	\$205,109,529	\$248,320,198	\$152,861,675
Behavioral Healthcare, Developmental Disabilities and Hospitals	\$295,064,657	\$333,704,280	\$353,159,441	\$366,488,015	\$376,934,950
Department of Human Services	\$744,049,154	\$645,440,536	\$659,709,433	\$697,326,473	\$682,192,831
Governor's Commission on Disabilities	\$320,336	\$329,086	\$340,000	\$340,067	\$340,067
Office of the Child Advocate	\$11,942	(\$33,989)	-	-	-
<b>Subtotal - Health and Human Services</b>	<b>\$3,557,487,076</b>	<b>\$3,581,563,430</b>	<b>\$3,883,917,205</b>	<b>\$3,948,536,216</b>	<b>\$4,038,299,879</b>
<b>Education</b>					
Elementary and Secondary Education	\$454,942,378	\$495,011,856	\$318,458,763	\$355,718,501	\$256,479,925
Office of the Postsecondary Commissioner	\$8,519,337	\$11,212,855	\$5,982,632	\$17,801,726	\$5,642,208
Community College of Rhode Island	\$2,362,102	\$757,911	-	-	-
Rhode Island Council on the Arts	\$1,082,807	\$976,489	\$996,126	\$1,011,780	\$1,022,711
Rhode Island Atomic Energy Commission	\$206,885	-	-	-	-
Historical Preservation and Heritage Commission	\$636,937	\$807,741	\$1,267,431	\$1,613,889	\$822,451
<b>Subtotal - Education</b>	<b>\$467,750,446</b>	<b>\$508,766,852</b>	<b>\$326,704,952</b>	<b>\$376,145,896</b>	<b>\$263,967,295</b>
<b>Public Safety</b>					
Office of Attorney General	\$2,406,890	\$2,295,046	\$3,265,105	\$3,967,174	\$3,568,559
Department of Corrections	\$2,374,706	\$23,141,432	\$1,819,835	\$3,698,939	\$1,758,102
Judiciary	\$3,528,236	\$5,014,517	\$4,417,956	\$6,071,460	\$6,294,895
Military Staff	\$23,366,634	\$28,625,471	\$86,857,534	\$85,921,172	\$28,982,412
Rhode Island Emergency Management Agency	\$68,626,239	\$48,396,267	\$28,880,583	\$35,315,706	\$34,906,616
Department of Public Safety	\$11,947,216	\$13,652,720	\$32,744,693	\$36,447,879	\$26,747,999
Office of Public Defender	\$23,453	\$88,182	\$85,035	\$85,035	\$85,035
<b>Subtotal - Public Safety</b>	<b>\$112,273,374</b>	<b>\$121,213,635</b>	<b>\$158,070,741</b>	<b>\$171,507,365</b>	<b>\$102,343,618</b>
<b>Natural Resources</b>					
Department of Environmental Management	\$28,034,573	\$30,509,005	\$36,020,076	\$47,071,238	\$44,708,519
Coastal Resources Management Council	\$1,776,739	\$1,672,161	\$2,319,579	\$6,919,009	\$3,331,166
<b>Subtotal - Natural Resources</b>	<b>\$29,811,312</b>	<b>\$32,181,166</b>	<b>\$38,339,655</b>	<b>\$53,990,247</b>	<b>\$48,039,685</b>
<b>Transportation</b>					
Department of Transportation	\$495,535,838	\$442,425,242	\$474,772,781	\$526,603,533	\$474,885,393
<b>Subtotal - Transportation</b>	<b>\$495,535,838</b>	<b>\$442,425,242</b>	<b>\$474,772,781</b>	<b>\$526,603,533</b>	<b>\$474,885,393</b>
<b>Total:</b>	<b>\$5,251,638,308</b>	<b>\$4,936,498,644</b>	<b>\$5,066,548,689</b>	<b>\$5,660,375,717</b>	<b>\$5,090,207,928</b>



# Expenditures from Restricted Receipts

	FY 2023	FY 2024	FY 2025 Enacted	FY 2025 Revised	FY 2026 Recommended
<b>General Government</b>					
Department of Administration	\$66,714,157	\$152,718,315	\$49,989,447	\$34,470,272	\$24,323,516
Office of Energy Resources	-	-	-	\$26,431,400	\$39,258,984
Department of Business Regulation	\$6,957,526	\$7,190,133	\$12,156,568	\$12,356,525	\$5,486,102
Rhode Island Cannabis Control Commission	-	-	-	-	\$7,556,626
Executive Office of Commerce	\$19,538,012	-	-	-	-
Department of Housing	-	\$13,398,123	\$12,664,150	\$12,664,150	\$17,083,231
Department of Labor and Training	\$34,183,144	\$28,605,335	\$31,962,084	\$38,377,324	\$37,961,768
Department of Revenue	\$4,575,546	\$5,236,446	\$9,481,272	\$9,535,239	\$11,084,929
General Assembly	\$1,695,593	\$2,018,651	\$2,431,651	\$2,590,409	\$2,690,297
Secretary of State	\$496,939	\$334,577	\$409,347	\$418,662	\$429,790
Office of the General Treasurer	\$13,092,060	\$15,602,020	\$17,607,485	\$18,092,687	\$19,906,235
Public Utilities Commission	\$10,804,459	\$10,852,777	\$13,895,536	\$14,316,860	\$14,754,719
<b>Subtotal - General Government</b>	<b>\$158,057,436</b>	<b>\$235,956,377</b>	<b>\$150,597,540</b>	<b>\$169,253,528</b>	<b>\$180,536,197</b>
<b>Health and Human Services</b>					
Executive Office of Health and Human Services	\$32,806,267	\$44,119,574	\$57,478,345	\$60,467,747	\$23,885,658
Department of Children, Youth, and Families	\$1,023,457	\$1,452,514	\$703,557	\$1,477,948	\$1,534,971
Department of Health	\$62,899,711	\$74,881,462	\$108,069,735	\$95,308,488	\$92,414,141
Behavioral Healthcare, Developmental Disabilities and Hospitals	\$3,224,851	\$8,639,757	\$12,907,116	\$21,946,178	\$10,454,683
Department of Human Services	\$4,450,887	\$4,602,143	\$6,243,767	\$9,900,575	\$6,010,641
Commission on the Deaf & Hard of Hearing	\$136,034	\$54,428	\$131,533	\$141,829	\$142,921
Governor's Commission on Disabilities	\$40,254	\$10,852	\$66,539	\$67,190	\$105,448
<b>Subtotal - Health and Human Services</b>	<b>\$104,581,461</b>	<b>\$133,760,730</b>	<b>\$185,600,592</b>	<b>\$189,309,955</b>	<b>\$134,548,463</b>
<b>Education</b>					
Elementary and Secondary Education	\$47,252,342	\$51,904,840	\$53,019,127	\$49,393,524	\$50,456,858
Office of the Postsecondary Commissioner	\$6,724,778	\$6,556,796	\$7,854,557	\$7,964,628	\$8,383,189
Community College of Rhode Island	\$759,917	\$872,960	\$814,584	\$926,567	\$953,442
Rhode Island Council on the Arts	\$33,164	-	-	-	\$115,058
Rhode Island Atomic Energy Commission	\$7,735	\$18,646	\$25,036	\$25,036	\$25,036
Historical Preservation and Heritage Commission	\$12	\$134	\$419,300	\$419,300	\$511,827
<b>Subtotal - Education</b>	<b>\$54,777,948</b>	<b>\$59,353,376</b>	<b>\$62,132,604</b>	<b>\$58,729,055</b>	<b>\$60,445,410</b>
<b>Public Safety</b>					
Office of Attorney General	\$2,332,042	\$4,171,089	\$7,938,104	\$9,269,168	\$7,301,432
Department of Corrections	\$1,753,198	\$1,332,560	\$1,386,843	\$1,981,387	\$1,303,091
Judiciary	\$12,323,496	\$12,628,668	\$14,839,020	\$15,037,352	\$15,787,999
Military Staff	\$27,022	\$21,771	\$55,000	\$66,000	\$66,000
Rhode Island Emergency Management Agency	\$158,384	\$49,016	\$412,371	\$419,898	\$428,308
Department of Public Safety	\$8,910,239	\$9,144,960	\$12,509,218	\$13,245,878	\$14,313,880
<b>Subtotal - Public Safety</b>	<b>\$25,504,381</b>	<b>\$27,348,064</b>	<b>\$37,140,556</b>	<b>\$40,019,683</b>	<b>\$39,200,710</b>
<b>Natural Resources</b>					
Department of Environmental Management	\$14,180,496	\$15,102,590	\$21,304,790	\$27,261,032	\$24,775,624
Coastal Resources Management Council	\$230,000	\$225,000	\$250,000	\$250,000	\$624,768
<b>Subtotal - Natural Resources</b>	<b>\$14,410,496</b>	<b>\$15,327,590</b>	<b>\$21,554,790</b>	<b>\$27,511,032</b>	<b>\$25,400,392</b>
<b>Transportation</b>					
Department of Transportation	(\$2,749,665)	\$1,961,976	\$6,116,969	\$6,165,817	\$6,066,037
<b>Subtotal - Transportation</b>	<b>(\$2,749,665)</b>	<b>\$1,961,976</b>	<b>\$6,116,969</b>	<b>\$6,165,817</b>	<b>\$6,066,037</b>
<b>Total:</b>	<b>\$354,582,057</b>	<b>\$473,708,113</b>	<b>\$463,143,051</b>	<b>\$490,989,070</b>	<b>\$446,197,209</b>

# Expenditures from Other Funds

	FY 2023	FY 2024	FY 2025 Enacted	FY 2025 Revised	FY 2026 Recommended
<b>General Government</b>					
Department of Administration	\$79,834,441	\$101,202,333	\$170,367,744	\$222,424,953	\$162,072,826
Office of Energy Resources	-	-	-	\$6,004,389	\$5,668,785
Department of Business Regulation	\$64,629	\$634,200	\$7,123,300	\$7,137,406	\$3,427,983
Executive Office of Commerce	\$881,228	\$606,489	\$8,396,180	\$8,753,509	\$4,300,000
Department of Labor and Training	\$397,253,035	\$464,843,257	\$501,606,931	\$509,733,949	\$536,680,146
Department of Revenue	\$411,875,227	\$397,207,826	\$423,846,930	\$447,835,141	\$448,217,227
Secretary of State	-	-	\$500,000	\$500,000	-
Office of the General Treasurer	\$637,964	\$671,275	\$601,026	\$608,906	\$635,331
<b>Subtotal - General Government</b>	<b>\$890,546,524</b>	<b>\$965,165,380</b>	<b>\$1,112,442,111</b>	<b>\$1,202,998,253</b>	<b>\$1,161,002,298</b>
<b>Health and Human Services</b>					
Department of Children, Youth, and Families	\$157,058	\$1,531,769	\$15,250,000	\$28,968,231	\$15,250,000
Department of Health	\$567,023	\$370,546	\$3,021,762	\$3,660,205	\$8,763,883
Behavioral Healthcare, Developmental Disabilities and Hospitals	\$473,528	\$359,107	\$600,000	\$810,436	\$500,000
Department of Human Services	\$4,940,563	\$5,305,135	\$5,997,554	\$5,950,065	\$5,397,406
<b>Subtotal - Health and Human Services</b>	<b>\$6,138,172</b>	<b>\$7,566,557</b>	<b>\$24,869,316</b>	<b>\$39,388,937</b>	<b>\$29,911,289</b>
<b>Education</b>					
Elementary and Secondary Education	\$726,694	\$1,687,958	\$42,853,898	\$15,287,374	\$31,175,477
Office of the Postsecondary Commissioner	\$11,569,597	\$6,359,365	\$7,840,498	\$6,670,698	\$7,915,810
University of Rhode Island	\$784,897,348	\$812,945,139	\$873,740,571	\$913,786,349	\$960,085,376
Rhode Island College	\$110,830,135	\$117,534,118	\$127,254,684	\$147,659,296	\$135,973,052
Community College of Rhode Island	\$117,811,396	\$110,238,566	\$132,835,571	\$143,808,938	\$146,095,143
Rhode Island Council on the Arts	\$153,983	\$171,487	\$585,000	\$660,000	\$690,000
Rhode Island Atomic Energy Commission	\$307,311	\$347,200	\$388,456	\$398,012	\$411,177
Historical Preservation and Heritage Commission	\$104,557	\$128,739	\$142,829	\$185,440	\$144,602
<b>Subtotal - Education</b>	<b>\$1,026,401,021</b>	<b>\$1,049,412,572</b>	<b>\$1,185,641,507</b>	<b>\$1,228,456,107</b>	<b>\$1,282,490,637</b>
<b>Public Safety</b>					
Office of Attorney General	\$45,231	\$943,273	\$150,000	\$265,000	\$2,525,000
Department of Corrections	\$3,104,491	\$1,096,091	\$31,226,325	\$43,934,827	\$22,791,748
Judiciary	\$4,860,110	\$5,628,087	\$4,375,000	\$4,773,032	\$3,625,000
Military Staff	\$842,907	\$2,525,167	\$11,433,991	\$13,246,893	\$4,923,588
Rhode Island Emergency Management Agency	\$2,391,183	\$3,316,263	\$220,000	\$2,632,386	\$865,404
Department of Public Safety	\$5,296,261	\$6,923,232	\$30,473,960	\$30,815,436	\$23,657,556
<b>Subtotal - Public Safety</b>	<b>\$16,540,183</b>	<b>\$20,432,113</b>	<b>\$77,879,276</b>	<b>\$95,667,574</b>	<b>\$58,388,296</b>
<b>Natural Resources</b>					
Department of Environmental Management	\$9,700,719	\$12,516,117	\$29,168,846	\$32,294,383	\$32,559,676
Coastal Resources Management Council	\$1,900,000	-	-	\$100,000	\$2,000,000
<b>Subtotal - Natural Resources</b>	<b>\$11,600,719</b>	<b>\$12,516,117</b>	<b>\$29,168,846</b>	<b>\$32,394,383</b>	<b>\$34,559,676</b>
<b>Transportation</b>					
Department of Transportation	\$267,570,784	\$328,573,528	\$408,670,487	\$572,240,923	\$370,242,615
<b>Subtotal - Transportation</b>	<b>\$267,570,784</b>	<b>\$328,573,528</b>	<b>\$408,670,487</b>	<b>\$572,240,923</b>	<b>\$370,242,615</b>
<b>Total:</b>	<b>\$2,218,797,403</b>	<b>\$2,383,666,267</b>	<b>\$2,838,671,543</b>	<b>\$3,171,146,177</b>	<b>\$2,936,594,811</b>

# Full-Time Equivalent Positions

	FY 2023	FY 2024	FY 2025 Enacted	FY 2025 Revised	FY 2026 Recommended
<b>General Government</b>					
Department of Administration	662.7	674.6	683.6	667.6	669.6
Office of Energy Resources	-	-	-	16.0	20.0
Department of Business Regulation	181.0	181.0	181.0	181.0	155.0
Rhode Island Cannabis Control Commission	-	-	-	-	28.0
Executive Office of Commerce	20.0	5.0	5.0	5.0	5.0
Department of Housing	-	38.0	38.0	38.0	38.0
Department of Labor and Training	461.7	461.7	461.7	461.7	461.7
Department of Revenue	575.5	587.5	599.5	599.5	604.5
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	61.0	62.0	62.0	62.0
Office of the General Treasurer	89.0	91.0	91.0	91.0	92.0
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	15.0	15.0	15.0	15.0	15.0
Public Utilities Commission	54.0	54.0	57.0	57.0	57.0
<b>Subtotal - General Government</b>	<b>2,494.4</b>	<b>2,545.3</b>	<b>2,570.3</b>	<b>2,570.3</b>	<b>2,584.3</b>
<b>Health and Human Services</b>					
Executive Office of Health and Human Services	204.0	218.0	233.0	233.0	243.0
Department of Children, Youth, and Families	702.5	705.5	714.5	714.5	713.5
Department of Health	543.4	575.6	572.6	572.6	572.6
Behavioral Healthcare, Developmental Disabilities	1,200.4	1,204.4	1,221.4	1,221.4	1,223.4
Department of Human Services	1,067.0	1,070.0	1,079.0	1,079.0	1,079.0
Commission on the Deaf & Hard of Hearing	4.0	4.0	4.0	4.0	4.0
Governor's Commission on Disabilities	5.0	5.0	5.0	5.0	5.0
Office of the Child Advocate	10.0	10.0	13.0	13.0	13.0
Office of the Mental Health Advocate	6.0	6.0	6.0	6.0	6.0
<b>Subtotal - Health and Human Services</b>	<b>3,742.3</b>	<b>3,798.5</b>	<b>3,848.5</b>	<b>3,848.5</b>	<b>3,859.5</b>
<b>Education</b>					
Elementary and Secondary Education	326.1	334.1	340.1	340.1	342.1
Office of the Postsecondary Commissioner	34.0	45.0	46.0	46.0	48.0
University of Rhode Island	2,555.0	2,551.0	2,571.0	2,571.0	2,571.0
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	9.6	10.0	10.0	10.0	10.0
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
<b>Subtotal - Education</b>	<b>4,747.2</b>	<b>4,762.6</b>	<b>4,789.6</b>	<b>4,789.6</b>	<b>4,793.6</b>
<b>Public Safety</b>					
Office of Attorney General	249.1	264.1	264.1	264.1	264.1
Department of Corrections	1,427.0	1,461.0	1,461.0	1,461.0	1,461.0
Judiciary	739.3	743.3	745.3	745.3	749.3
Military Staff	93.0	93.0	93.0	93.0	93.0
Rhode Island Emergency Management Agency	35.0	37.0	38.0	38.0	38.0
Department of Public Safety	632.2	632.0	633.0	633.0	634.0
Office of Public Defender	100.0	104.0	104.0	104.0	104.0
<b>Subtotal - Public Safety</b>	<b>3,275.6</b>	<b>3,334.4</b>	<b>3,338.4</b>	<b>3,338.4</b>	<b>3,343.4</b>
<b>Natural Resources</b>					
Department of Environmental Management	417.0	425.0	439.0	439.0	439.0
Coastal Resources Management Council	32.0	32.0	32.0	32.0	32.0
<b>Subtotal - Natural Resources</b>	<b>449.0</b>	<b>457.0</b>	<b>471.0</b>	<b>471.0</b>	<b>471.0</b>

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## Full-Time Equivalent Positions

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	FY 2023	FY 2024	FY 2025 Enacted	FY 2025 Revised	FY 2026 Recommended
<b>Transportation</b>					
Department of Transportation	755.0	755.0	755.0	755.0	755.0
<b>Subtotal - Transportation</b>	<b>755.0</b>	<b>755.0</b>	<b>755.0</b>	<b>755.0</b>	<b>755.0</b>
<b>Total Personnel Authorizations</b>	<b>15,463.5</b>	<b>15,652.8</b>	<b>15,772.8</b>	<b>15,772.8</b>	<b>15,806.8</b>

# General Revenue as Recommended

	FY 2023 Audited	FY 2024 Draft Audited**	FY 2025 Enacted	FY 2025 Revised	FY 2026 Recommended
<b>Personal Income Tax</b>	\$ 1,813,605,110	\$ 1,819,193,007	\$ 1,865,528,793	\$ 1,913,500,000	\$ 1,991,509,788
<b>General Business Taxes</b>					
Business Corporations	\$ 272,217,435	\$ 367,504,982	\$ 346,570,968	\$ 342,600,000	\$ 357,352,261
Public Utilities Gross Earnings	97,409,661	75,169,736	105,800,000	105,300,000	106,900,000
Financial Institutions	31,653,500	47,678,060	29,048,050	39,500,000	25,300,000
Insurance Companies	154,637,561	180,418,052	170,107,978	167,500,000	171,878,580
Bank Deposits	4,623,813	5,519,620	5,100,000	5,700,000	5,900,000
Health Care Provider Assessment	39,850,814	40,684,166	41,900,000	44,400,000	46,534,250
Digital Advertising	-	-	-	-	9,464,191
<b>Sales and Use Taxes</b>					
Sales and Use	\$ 1,564,773,929	\$ 1,635,427,555	\$ 1,701,970,187	\$ 1,704,000,000	\$ 1,761,698,205
Motor Vehicle (Duplicate Fees)*	935,486	14,201	-	-	-
Cigarettes	133,559,917	119,314,097	116,000,664	115,300,000	114,774,688
Alcohol	22,478,567	20,788,520	21,200,000	21,200,000	21,200,000
<b>Other Taxes</b>					
Estate and Transfer	\$ 82,315,543	\$ 49,842,008	\$ 53,700,000	\$ 65,500,000	\$ 62,700,000
Racing and Athletics	583,121	664,568	600,000	700,000	700,000
Realty Transfer	16,511,739	15,731,668	16,700,000	17,200,000	18,200,000
<b>Total Taxes</b>	<b>\$ 4,235,156,196</b>	<b>\$ 4,377,950,240</b>	<b>\$ 4,474,226,640</b>	<b>\$ 4,542,400,000</b>	<b>\$ 4,694,111,963</b>
<b>Departmental Receipts</b>	<b>\$ 491,637,590</b>	<b>\$ 552,303,254</b>	<b>\$ 517,617,468</b>	<b>\$ 549,400,000</b>	<b>\$ 560,282,052</b>
<b>Taxes and Departmentals</b>	<b>\$ 4,726,793,786</b>	<b>\$ 4,930,253,494</b>	<b>\$ 4,991,844,108</b>	<b>\$ 5,091,800,000</b>	<b>\$ 5,254,394,015</b>
<b>Other Sources</b>					
Other Miscellaneous	\$ 32,701,548	\$ 38,212,761	\$ 27,273,253	\$ 30,100,000	\$ 26,490,497
Lottery	434,666,769	426,419,555	449,400,000	424,000,000	432,700,000
Unclaimed Property	18,502,832	23,591,279	20,600,000	21,300,000	20,500,000
<b>Other Sources</b>	<b>\$ 485,871,149</b>	<b>\$ 488,223,595</b>	<b>\$ 497,273,253</b>	<b>\$ 475,400,000</b>	<b>\$ 479,690,497</b>
<b>Total General Revenues</b>	<b>\$ 5,212,664,935</b>	<b>\$ 5,418,477,089</b>	<b>\$ 5,489,117,361</b>	<b>\$ 5,567,200,000</b>	<b>\$ 5,734,084,512</b>

\* Consists of certain fees collected by DMV reallocated to restricted Highway Maintenance Account effective through FY 2024.

\*\* Includes estimated audit adjustments and assumptions about which revenue items would be impacted by those adjustments, subject to change.

# Changes to FY 2025 Enacted Revenue Estimates

	FY 2025 Enacted	November REC Consensus Changes	Changes to Adopted Estimates	Total
<b>Personal Income Tax</b>	\$ 1,865,528,793	\$ 47,971,207	\$ -	\$ 1,913,500,000
<b>General Business Taxes</b>				
Business Corporations	\$ 346,570,968	\$ (3,970,968)	\$ -	\$ 342,600,000
Public Utilities Gross	105,800,000	(500,000)	-	105,300,000
Financial Institutions	29,048,050	10,451,950	-	39,500,000
Insurance Companies	170,107,978	(2,607,978)	-	167,500,000
Bank Deposits	5,100,000	600,000	-	5,700,000
Health Care Provider	41,900,000	2,500,000	-	44,400,000
<b>Sales and Use Taxes</b>				
Sales and Use	\$ 1,701,970,187	\$ 2,029,813	\$ -	\$ 1,704,000,000
Cigarettes	116,000,664	(700,664)	-	115,300,000
Alcohol	21,200,000	-	-	21,200,000
<b>Other Taxes</b>				
Estate and Transfer	\$ 53,700,000	\$ 11,800,000	\$ -	\$ 65,500,000
Racing and Athletics	600,000	100,000	-	700,000
Realty Transfer	16,700,000	500,000	-	17,200,000
<b>Total Taxes</b>	<b>\$ 4,474,226,640</b>	<b>\$ 68,173,360</b>	<b>\$ -</b>	<b>\$ 4,542,400,000</b>
<b>Departmental Receipts</b>	517,617,468	25,882,532	5,900,000	549,400,000
<b>Total Taxes and Departmentals</b>	<b>\$ 4,991,844,108</b>	<b>\$ 94,055,892</b>	<b>\$ 5,900,000</b>	<b>\$ 5,091,800,000</b>
<b>Other Sources</b>				
Other Miscellaneous	\$ 27,273,253	\$ (1,873,253)	\$ 4,700,000	\$ 30,100,000
Lottery	449,400,000	(25,400,000)	-	424,000,000
Unclaimed Property	20,600,000	700,000	-	21,300,000
<b>Other Sources</b>	<b>\$ 497,273,253</b>	<b>\$ (26,573,253)</b>	<b>\$ 4,700,000</b>	<b>\$ 475,400,000</b>
<b>Total General Revenues</b>	<b>\$ 5,489,117,361</b>	<b>\$ 67,482,639</b>	<b>\$ 10,600,000</b>	<b>\$ 5,567,200,000</b>

# Changes to FY 2026 Adopted Revenue Estimates

	Revenue Estimating Conference Estimates	Changes to Adopted Estimates	Total
<b>Personal Income Tax</b>	\$ 1,989,100,000	\$ 2,409,788	\$ 1,991,509,788
<b>General Business Taxes</b>			
Business Corporations	\$ 356,000,000	\$ 1,352,261	\$ 357,352,261
Public Utilities Gross	106,900,000	-	106,900,000
Financial Institutions	25,300,000	-	25,300,000
Insurance Companies	172,000,000	(121,420)	171,878,580
Bank Deposits	5,900,000	-	5,900,000
Health Care Provider	46,900,000	(365,750)	46,534,250
Digital Advertising		9,464,191	9,464,191
<b>Sales and Use Taxes</b>			
Sales and Use	\$ 1,760,400,000	\$ 1,298,205	\$ 1,761,698,205
Cigarettes	110,100,000	4,674,688	114,774,688
Alcohol	21,200,000	-	21,200,000
<b>Other Taxes</b>			
Estate and Transfer	\$ 62,700,000	\$ -	\$ 62,700,000
Racing and Athletics	700,000	-	700,000
Realty Transfer	18,200,000	-	18,200,000
<b>Total Taxes</b>	<b>\$ 4,675,400,000</b>	<b>\$ 18,711,963</b>	<b>\$ 4,694,111,963</b>
<b>Departmental Receipts</b>	\$ 315,000,000	\$ 245,282,052	\$ 560,282,052
<b>Total Taxes and Departmentals</b>	<b>\$ 4,990,400,000</b>	<b>\$ 263,994,015</b>	<b>\$ 5,254,394,015</b>
<b>Other Sources</b>			
Other Miscellaneous	\$ 23,500,000	\$ 2,990,497	\$ 26,490,497
Lottery	432,700,000	-	432,700,000
Unclaimed Property	20,500,000	-	20,500,000
<b>Other Sources</b>	<b>\$ 476,700,000</b>	<b>\$ 2,990,497</b>	<b>\$ 479,690,497</b>
<b>Total General Revenues</b>	<b>\$ 5,467,100,000</b>	<b>\$ 266,984,512</b>	<b>\$ 5,734,084,512</b>

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## General Revenue Changes to Adopted Estimates

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<b>FY 2025</b>	<b>Governor Recommend</b>
<b><u>Departmental Receipts</u></b>	
<i>Sales and Services</i>	
Eleanor Slater Hospital Disproportionate Share Payment Increase	\$ 5,900,000
<i>Subtotal: Sales and Services</i>	\$ 5,900,000
<b>Subtotal: Departmental Receipts</b>	\$ 5,900,000
<b><u>Other Sources</u></b>	
<i>Other Miscellaneous Revenues</i>	
Transfer Excess Reserves from Rhode Island Student Loan Authority	\$ 2,700,000
Transfer Excess Reserves from Rhode Island Infrastructure Bank	\$ 2,000,000
<i>Subtotal: Other Miscellaneous Revenues</i>	\$ 4,700,000
<b>Subtotal: Other Sources</b>	\$ 4,700,000
<b>FY 2025 Total General Revenue Changes</b>	\$ 10,600,000



## General Revenue Changes to Adopted Estimates

FY 2026

Governor Recommendation

### Taxes

#### Personal Income Tax

##### *Final Payments*

Financial Institutions Data Matching	\$	2,403,997
Repeal New R&D Facilities Credit	\$	912
Repeal Small Business Capital Investment Deduction	\$	2,587
Repeal Jobs Growth Act Modification	\$	2,292

*Subtotal: Final Payments*

**\$ 2,409,788**

*Subtotal: Personal Income Tax*

**\$ 2,409,788**

#### General Business Taxes

##### *Business Corporations Tax*

Financial Institutions Data Matching	\$	1,164,296
Repeal R&D Property Credit	\$	48,724
Repeal New R&D Facilities Credit	\$	136,080
Repeal Small Business Capital Investment Deduction	\$	3,964
Repeal Jobs Growth Act Tax	\$	(803)

*Subtotal: Business Corporations Tax*

**\$ 1,352,261**

##### *Insurance Companies Gross Premiums*

##### *Property and Casualty Insurance Companies*

Repeal R&D Property Credit	\$	26,118
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*Subtotal: Property and Casualty Insurance Companies*

**\$ 26,118**

##### *Health Maintenance Organizations*

e-Consults Program	\$	(14,650)
Inpatient/Outpatient Hospital Rate Reduction	\$	(42,888)
Parent/Caretaker Eligibility	\$	(90,000)

*Subtotal: Health Maintenance Organizations*

**\$ (147,538)**

*Subtotal: Insurance Companies Gross Premiums Tax*

**\$ (121,420)**

##### *Healthcare Provider Assessment*

Nursing Facilities Rate Reduction	\$	(365,750)
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*Subtotal: Healthcare Provider Assessment*

**\$ (365,750)**

##### *Digital Advertising*

Digital Advertising Tax	\$	9,464,191
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*Subtotal: Digital Advertising*

**\$ 9,464,191**

*Subtotal: General Business Taxes*

**\$ 10,329,282**

#### Sales and Excise Taxes

##### *Sales and Use Tax*

Exempt Firearm Safety Devices	\$	(85,714)
Cigarette Tax Increase to \$5.00/pack (Sales Tax Loss Due to Decreased Consumption)	\$	(297,788)
Financial Institutions Data Matching	\$	1,681,707

*Subtotal: Sales and Use Tax*

**\$ 1,298,205**

##### *Cigarettes*

##### *Cigarette Tax*

Cigarette Tax Increase to \$5.00/pack	\$	4,674,688
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*Subtotal: Cigarette Tax*

**\$ 4,674,688**

*Subtotal: Cigarettes*

**\$ 4,674,688**

*Subtotal: Sales and Excise Taxes*

**\$ 5,972,893**

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## General Revenue Changes to Adopted Estimates

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<b>Subtotal: All Taxes</b>	<b>\$</b>	<b>18,711,963</b>
<b><u>Departmental Receipts</u></b>		
<i>Licenses and Fees</i>		
Hospital Licensing Fee Re-Enactment and Base Year Advancement	\$	232,549,633
<i>Subtotal: Licenses and Fees</i>	<b>\$</b>	<b>232,549,633</b>
<i>Sales and Services</i>		
Eleanor Slater Hospital Disproportionate Share Payment Increase	\$	5,900,000
<i>Subtotal: Sales and Services</i>	<b>\$</b>	<b>5,900,000</b>
<i>Miscellaneous Departmental Revenues</i>		
Increase Indirect Cost Recovery on Restricted Accounts to 15%	\$	6,832,419
<i>Subtotal: Miscellaneous Departmental Revenues</i>	<b>\$</b>	<b>6,832,419</b>
<b>Subtotal: Departmental Receipts</b>	<b>\$</b>	<b>245,282,052</b>
<b><u>Other Sources</u></b>		
<i>Other Miscellaneous</i>		
Transfer Excess Reserves from Rhode Island Student Loan Authority	\$	2,900,000
Statutory 5% Cost Recovery on Electric Vehicle Registration Fee from Highway Maintenance Account	\$	90,497
<i>Subtotal: Other Miscellaneous</i>	<b>\$</b>	<b>2,990,497</b>
<b>Subtotal: Other Sources</b>	<b>\$</b>	<b>2,990,497</b>
<b>FY 2026 Total General Revenue Changes</b>	<b>\$</b>	<b>266,984,512</b>

**EXECUTIVE SUMMARY**  
**APPENDIX B**  
**FIVE-YEAR FINANCIAL**  
**PROJECTION**



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# FY 2026 – FY 2030 OVERVIEW

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## Introduction

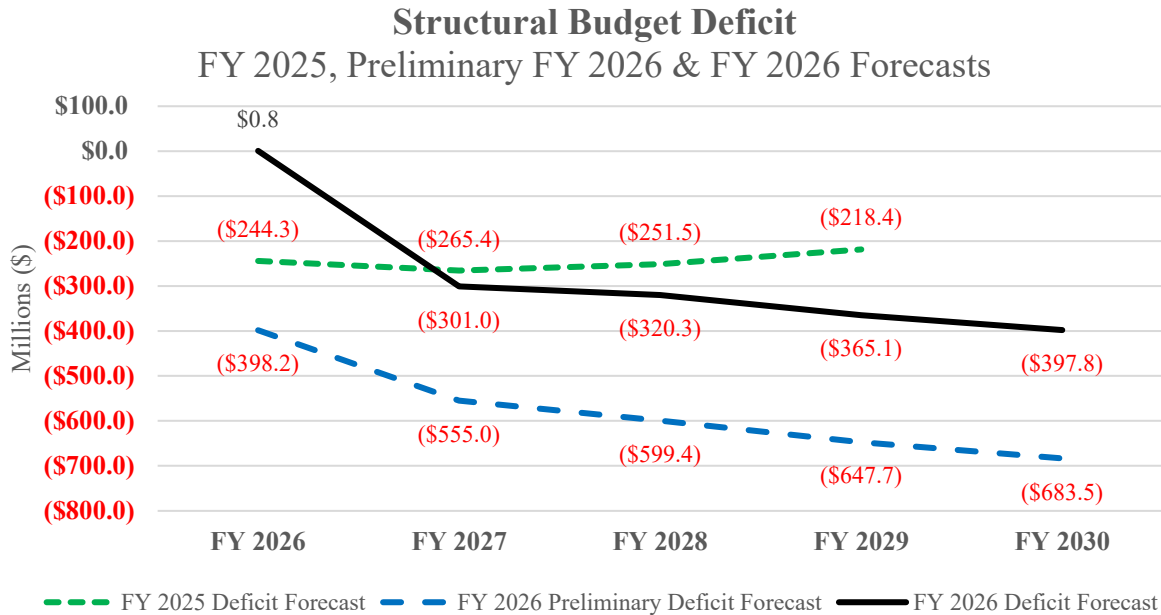
The five-year financial projection of anticipated general revenues, receipts, and expenditures, which includes details on principal revenue sources and major program expenditures, is prepared in accordance with R.I.G.L. §35-3-1. This forecast also discusses potential risks, uncertainties, and policy decisions that may affect future expenditures. Finally, it is accompanied by tables illustrating the planning values used in these projections. These planning values reflect Budget Office policy assumptions and incorporate economic and demographic forecasts from the Consensus Economic Forecast adopted at the November 2024 Revenue Estimating Conference, as well as projections from state actuarial consultants, the federal government, and other noted sources.

The purpose of this five-year forecast is to provide a baseline fiscal outlook for the State of Rhode Island. While the forecast may serve as a useful benchmark in evaluating the affordability and desirability of alternative policy options, caution is advised when interpreting its results. Forward-looking estimates are inherently subject to numerous risks and uncertainties, any of which could cause actual outcomes to differ significantly from projections. Many of these risks—such as broader economic and business conditions, or certain legal and political constraints—lie beyond the State’s control. The estimates and forecasts are current as of the date they were prepared, and they must be reconsidered as factors evolve.

Moreover, even if the forecasted surpluses or deficits were to materialize as projected, they would not be realized as stated because the state must maintain a balanced budget each year. Whenever outyear forecasts show a deficit or surplus, this signals a potential misalignment between revenue growth and expenditure growth. In practice, the Governor and General Assembly will adjust revenues and expenditures annually to ensure that spending does not exceed available resources. Therefore, outyear surplus or deficit figures are primarily illustrative. They highlight the trends driving these imbalances and underscore the extent of the corrective actions likely to be required in future years.

## FY 2026 – FY 2030 OVERVIEW

According to appropriations levels recommended in the Governor’s budget submission, the Budget Office projects a closing surplus of \$0.8 million in FY 2026. In FY 2027 through FY 2030, expenditures will exceed revenues in each of the outyears, beginning with a \$301.0 million deficit in FY 2027 and increasing to a \$397.8 million deficit in FY 2030.



### Factors Driving Changes to Prior Deficit Forecasts

Following the issuance of the FY 2024 Preliminary Closing Statements, the Budget Office published an estimate of the FY 2026 deficit of \$398.2 million in October 2024. Significant updates to the fiscal outlook have occurred since this time. Following the November Revenue and Caseload Estimating Conferences, the deficit outlook improved to approximately \$256.8 million. The State Controller provided further updates regarding potential FY 2024 audit adjustments, which bring the FY 2026 projected deficit to \$223.3 million.

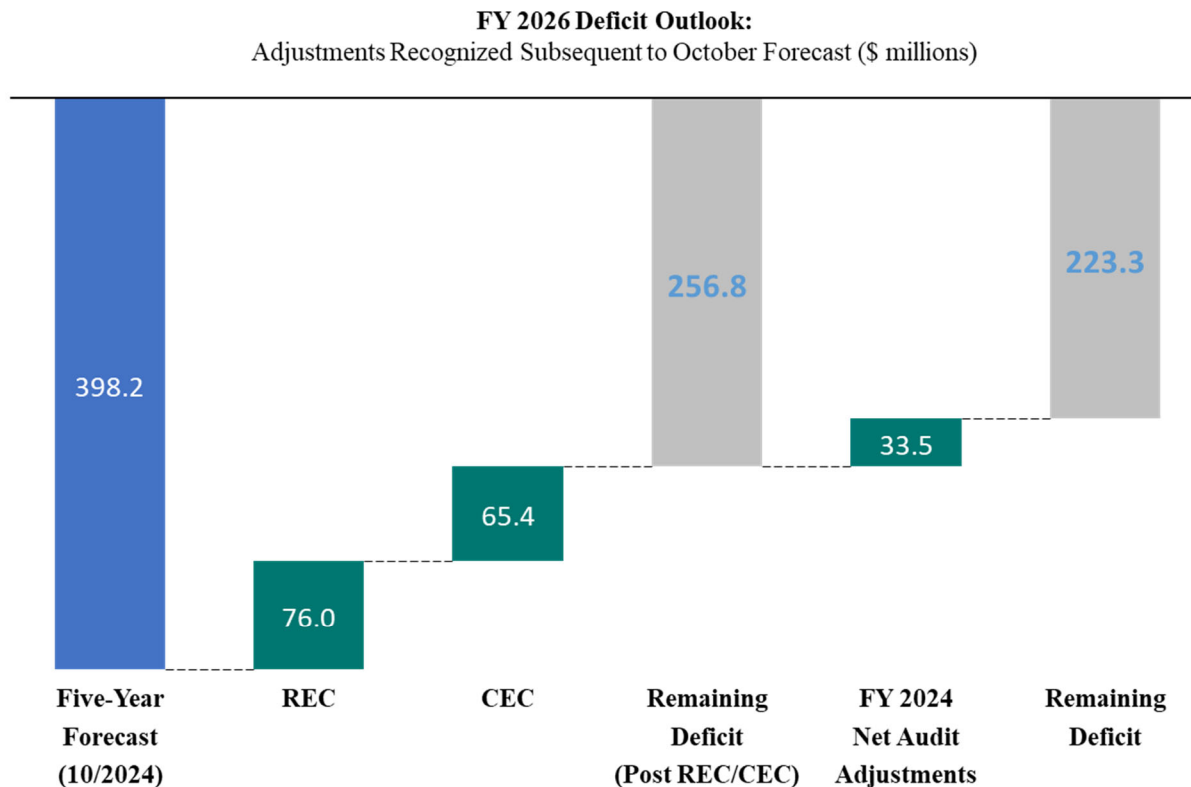
**November 2024 Revenue Estimating Conference.** Relative to the enacted and prior forecasted levels, revenue estimates were revised upward by \$76.0 million over the two-year period, comprised of an increase of \$32.2 million in FY 2025 over the enacted level, and \$43.8 million in FY 2026 over the prior forecast level.

**November 2024 Caseload Estimating Conference Results.** The Caseload Estimating Conference made approximately \$65.4 million of downward adjustments to general revenue expenditures over the two-year budget period, comprised of a \$26.9 million in FY 2025 and \$38.5 million in FY 2026, relative to the prior forecast assumption. This incorporates favorable adjustments to the Federal Medical Assistance Percentage (FMAP), noted below.

General revenue cost savings for medical assistance (Medicaid) stemmed largely from reduced spending projections after a period of uncertainty surrounding Medicaid expenditures. This shift followed the implementation of the OHIC rate review and the “Return to Normal Operations” (RTNO) after the

## FY 2026 – FY 2030 OVERVIEW

COVID-19 Public Health Emergency (PHE), when the state conducted eligibility redeterminations for all Medicaid enrollees.



*Note: The figure shows the impact of various adjustments to the FY 2026 deficit forecast following publication of the OMB deficit projection in October 2024. Following the Revenue and Caseload Estimating conferences, there was a \$256.8 million FY 2026 deficit remaining. Since that time, further audit adjustments have brought the remaining deficit to \$223.3 million. These adjustments are explained in the surrounding text.*

A major factor behind the downward revisions in state medical assistance costs was the lower-than-anticipated enrollment following RTNO. During the PHE, when federal rules prohibited terminating members and offered enhanced reimbursements, Rhode Island's Medicaid enrollment rose from 293,370 to 373,989—an increase of 27.5 percent or 80,619 individuals. Once the PHE ended, the state embarked on a 12-month “unwinding” period to systematically resume normal eligibility redeterminations. It was expected that many individuals who enrolled during the PHE would be found ineligible and therefore disenrolled.

Initial estimates from the Nov 2023 Caseload Estimating Conference projected that enrollment would decline from its peak by 28,111 members to 345,878 (34.9 percent of the PHE-driven increases). By the November 2024 Caseload Estimating Conference, with the 12-month RTNO period concluded, Medicaid enrollment had in fact fallen by 56,220 members to 317,769 (69.7 percent of PHE-related additions). In October 2024 alone, EOHHS noted an additional 10,265 disenrollments, further contributing to the overall cost savings and bringing enrollment to 307,504 members. These larger than expected reductions in enrollment are among the factors driving expenditure savings at recent caseload conferences.

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## FY 2026 – FY 2030 OVERVIEW

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**Favorable Adjustments to FMAP.** The Federal Medical Assistance Percentage (FMAP) is the rate that determines what share of a state’s Medicaid expenditures will be reimbursed by federal funds. It is annually calculated using a formula that compares a state’s per capita income to the national average, so states with lower per capita incomes receive higher FMAP rates. Currently, these rates range from 50.0% to 83.0% nationwide.<sup>1</sup>

Previous forecasts generally assumed stable FMAP rates over the forecast period. However, Rhode Island recently benefited from an increase in its rate. In October 2024, updated FMAP rates for the federal fiscal year beginning October 1, 2025, were announced, with Rhode Island’s rate was 0.37 percentage points higher than the preliminary estimate and 1.19 higher than the prior year. To put the magnitude of this change in context, each tenth of a percentage point of FMAP corresponds to roughly \$2.7 million in FY 2026 expenditures.

Because the Caseload Estimating Conference (CEC) uses the most current FMAP data, the fiscal impact of this adjustment is included in the November 2024 CEC results, above.

### Rhode Island Federal Medicaid Assistance Percentage (FMAP) Rates

	2022	2023	2024	2025	2026
Federal Fiscal Year	61.08%	60.16%	55.01%	56.31%	57.50%
State Fiscal Year Blended Rate	60.88%	58.84%	55.75%	55.99%	57.20%

*Note:* 2022-2024 FMAP rates include the FFCRA-enhanced FMAP

**FY 2024 Anticipated Audit Adjustments.** The preliminary FY 2024 closing statements showed a surplus of \$291.8 million. However, draft audit data provided by the State Controller now projects a surplus of \$326.4 million—an increase of \$34.6 million.<sup>2</sup> This reflects a \$49.7 million revenue adjustment stemming largely from the IRS’s extended 2023 tax filing deadline, which shifted \$46.4 million in payments into FY 2024. Although this revenue boost raises the surplus, only \$5.1 million is available to reduce outyear deficits; the remaining \$44.6 million must be transferred to the Supplemental Rainy Day Fund and ERSRI under R.I.G.L. §35-6-1(e). Additionally, the draft audit recognizes \$29.7 million in expenditure corrections for FY 2024, most notably involving the medical assistance program. These adjustments align with November 2024 testimony from EOHHS at the Caseload Estimating Conference, which had forecast \$22.8 million in FY 2024 expenditure corrections. The combination of higher revenue and offsetting expenditure adjustments produces the final revised FY 2024 closing position.

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<sup>1</sup> <https://www.kff.org/medicaid/state-indicator/federal-matching-rate-and-multiplier/>

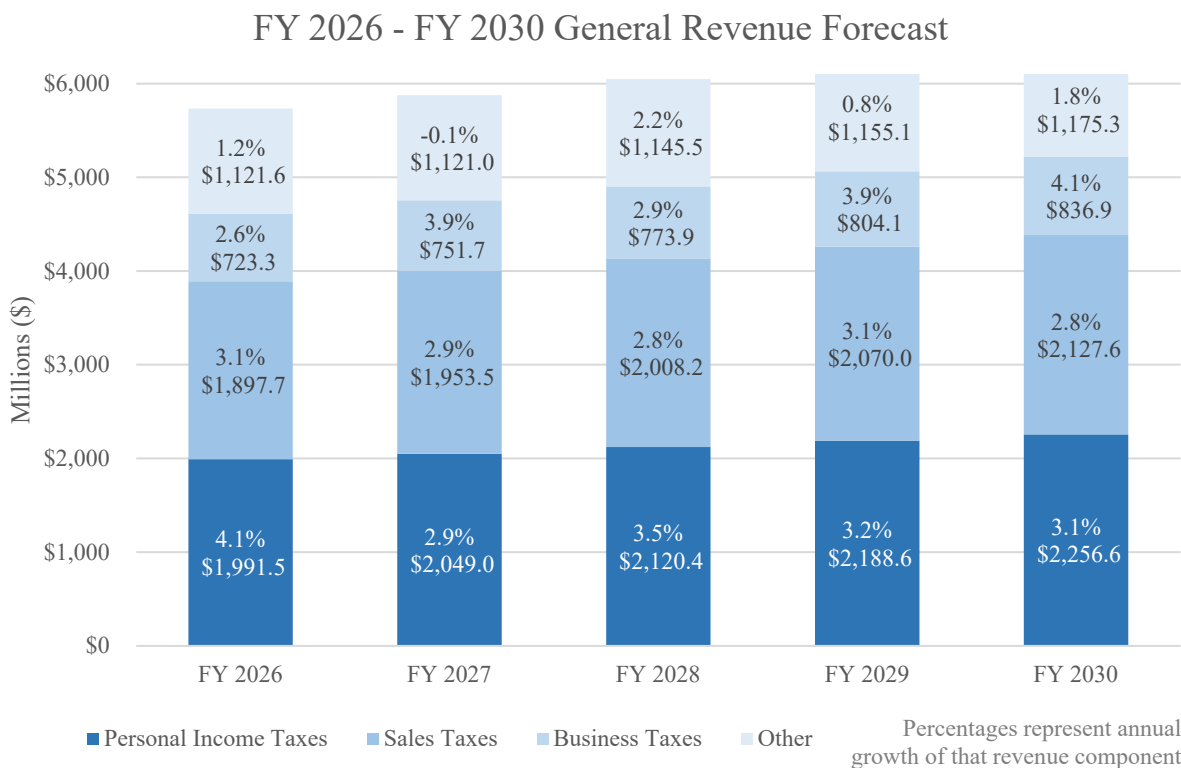
<sup>2</sup> Note that opening surplus is subject to the statutory 3 percent transfer to the budget reserve and cash stabilization account (i.e., “Rainy Day Fund”) so these audit adjustments decrease the projected deficit by \$33.5 million.



# FY 2026 – FY 2030 OVERVIEW

## Revenue

The revenue projections contained in the five-year forecast incorporate the Governor’s proposed FY 2026 general revenue changes to the estimates adopted at the November 2024 Revenue Estimating Conference. Overall revenues are expected to grow from \$5.734 billion in FY 2026 to \$6.396 billion in FY 2030, an average annual growth rate of 2.8 percent.



*Personal Income Taxes:* The five-year projected personal income tax revenue is estimated to grow by an average of 3.4 percent annually over this period. This growth is largely driven by strong income tax withholding payments, averaging 3.7 percent annual growth. Although the employment forecast for FY 2026 and beyond is fairly flat, wage growth is expected to remain above 3.0 percent during the FY 2026 through FY 2030 period, driving this withholding growth. Estimated payments, often attributable to individuals who receive income from capital gains, are expected to show little growth in FY 2027 followed by higher growth in the remaining outyears. This corresponds to forecasted stock market performance, which shows accelerating growth in the outyears.

The FY 2026 recommended budget item with the largest impact on personal income taxes is the financial institution data match proposal, which increases revenue by \$2.4 million in FY 2027. This is a partial-year impact, which annualizes to \$3.7 million in FY 2027. The other tax types that are most impacted by this proposal are sales and use tax, with \$1.7 million and \$2.6 million in FY 2026 and FY 2027 collections, respectively, and business corporations tax with \$1.2 million and \$1.8 million. The forecast assumes that the remaining outyears see a slight degradation of this revenue of 15 percent per year as the Division of Taxation works through existing tax debts.

Some provisions of the federal Tax Cuts and Jobs Act (TCJA) expire at the end of tax year 2025. Generally, the TCJA broadened personal and corporate tax bases, leading to increased state revenue. The increase to

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## FY 2026 – FY 2030 OVERVIEW

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corporate income tax was more significant and estimated at around \$30.0 million per year; the impact on personal income tax was about half that amount. The expiration of certain personal income tax provisions is only expected to directly cost the state several million dollars in revenue, while the corporate provisions are largely permanent.

It is anticipated that the incoming federal administration will propose to extend most TCJA provisions, alongside additional federal tax changes. Notably, Rhode Island will be impacted by any changes to the federal state and local tax (SALT) deduction. TCJA capped that federal deduction at \$10,000, and in response Rhode Island adopted an elective pass-through entity tax that allowed payment of state tax at the entity level (federal law does not cap the deduction of state and local tax payments by pass-through entities). Members of pass-through entities can claim an offsetting credit on their Rhode Island personal income tax to avoid double taxation at the entity and personal levels.

Rhode Island collects around \$200 million per year from this elective pass-through entity tax, which is not new revenue but reflects revenue that was formerly paid as personal income tax estimated and final payments. However, the personal income tax credit that offsets the pass-through entity members liability was reduced to 90% in tax year 2025. This is expected to yield \$9 million in FY 2025 and \$14 million in FY 2026 and beyond. Within the FY 2026 figure, the Budget Office assumes includes a 25 percent reduction to account for uncertainty about how the SALT deduction cap will be addressed by Congress.

*Sales Taxes:* Average growth across all sales and excise taxes is estimated at 2.9 percent annually over FY 2026 through FY 2030. Growth in the largest component of that category, the state's sales and use tax, is expected to average 3.5 percent annually in that same period, which represents consistent performance with recent trends. Sales and use tax grew by double digits in FY 2021 and FY 2022, driven by pandemic-era purchasing patterns that favored taxable goods over untaxed services. These trends have normalized, and strong household finances (especially for middle- and high-income households) have driven continued growth in consumption and subsequently in sales and use tax.

The forecast projects a 0.5 percent decline in combined cigarette, other tobacco products, and electronic nicotine delivery system (ENDS) revenue in FY 2026. This reduction is significantly smaller than the long-term structural decline in this revenue stream. This is due to the Governor's proposal to increase the tax on cigarettes from \$4.50 to \$5.50 per pack, and the first full year of the ENDS tax. The cigarette tax increase results in \$4.4 million in FY 2026 revenue, which annualizes to \$3.3 million in FY 2027. The annual revenue from the cigarette tax increase is lower because FY 2026 includes \$1.4 million of floor stock tax on existing cigarette inventory. The average annual revenue decline across all tobacco categories is 9.1 percent in the FY 2028 through FY 2030 period, mostly driven by the structural decline in cigarette revenue.

*Business Taxes:* Average growth across all business taxes is estimated at 3.5 percent annually over FY 2026 through FY 2030. Corporate profits growth is expected to accelerate in the forecast period, plateauing at around four percent in FY 2028.

The other business taxes, which are generally gross receipts taxes, are expected to show similar if not higher growth between FY 2026 and FY 2030. Insurance premiums, nursing home spending, and financial institution income is generally expected to continue recent strong performance. The forecast is impacted by the first full year of the ability of financial institutions to elect single-sales factor apportionment, which lowers revenue by \$15.6 million in FY 2026 and a similar level in the outyears.

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## FY 2026 – FY 2030 OVERVIEW

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The one gross receipts tax with relatively flat growth, averaging 0.8 percent annual growth during the forecast period, is public utilities tax. 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, along with more efficient energy use. Evolving trends for high energy use industries, such as electric cars and data centers, may impact the forecast in the outyears.

The budget includes one new business tax, a gross revenues tax on digital advertising. Any business with worldwide revenue above \$1 billion is required to pay a 10 percent gross revenues tax on their Rhode Island-sourced digital advertising revenue. This new tax is expected to generate \$9.5 million in FY 2026, which annualizes to \$19.6 million in FY 2027. This revenue stream is expected to grow at an average annual rate 6.2 percent in the remaining outyears, which reflects market forecasts of digital advertising spending.

The forecast accounts for revenue reductions from the State Economic Activity Taxes Agreement with the City of Pawtucket (known colloquially as the “Pawtucket Super TIF (Tax Increment Financing)”). There are two parts to this impact. Debt-financed projects in the TIF district can access current state revenue collected in those areas of Pawtucket to pay debt service costs on those projects’ bonds. Those payments, which begin in FY 2027, total \$2.0 million based on the current debt service schedule, and reduce available personal income tax, business corporations tax, and sales and use tax. By FY 2030 those total payments grow to \$4.7 million. In addition, any incremental revenue above the FY 2019 baseline revenue in that district is allocated to Pawtucket. The baseline is \$8.9 million in personal income tax, business corporations tax, and sales and use tax revenue. Testimony at the November 2024 Revenue Estimating Conference suggests that it is possible that district tax revenue may exceed the baseline for the first time in FY 2025, which is accounted for in Budget Office revenue projections. This baseline revenue allocation to Pawtucket reduces state general revenue by \$4.0 million in FY 2025. The five-year projection assumes district revenue will grow at the same underlying rate as the impacted revenue streams. When the static baseline of \$8.9 million is factored into this projection of district revenue, the loss grows to \$6.5 million by FY 2030.

Finally, the Small Business Development Fund also impacts this forecast. This program, passed by the General Assembly in 2019, allows up to \$40.0 million in investment in small businesses against which \$25.8 million in tax credits can be claimed. The state has approved the full amount of allowable investments. The forecast assumes the initial credits begin to be redeemed in FY 2025, with an annual revenue loss of \$4.1 million through FY 2027, increasing to \$4.3 million through FY 2030. This revenue impact is against insurance companies tax.

*Other Taxes/Departmental Receipts/Other Sources:* The main notable trend in departmental receipts and other miscellaneous revenue are declining interest payments on general fund and bond funds. Prior to FY 2023, these payments averaged around \$4 million per year. These payments hit a high of \$90.5 million in FY 2024, driven by large fund balances and high interest rates. The five-year projections estimate outyear interest revenue will be around \$26 million as interest rates and fund balances shrink. The forecast also includes anticipated arbitrage rebate and yield restriction payments, which are necessary to maintain the tax-exempt status of outstanding debt. These payments occur when investment earnings on bond funds exceed the interest owed to bondholders and must be remitted to the IRS. Current estimates show arbitrage payments of approximately \$3.5 million in FY 2027 and FY 2028 and \$0.8 million in FY 2029.

The other largest category in other sources of revenue besides departmental receipts is the lottery transfer, which is expected to grow at 2.1 percent in FY 2026 and FY 2027, before averaging growth of 0.6 percent in the remaining years of the forecast. The higher near-term growth in lottery revenue is driven by continued growth in the early stages of iGaming (app-based casino-style games) which launched in March 2024. In addition, traditional lottery revenue is expected to grow given the price increase from \$2 to \$5 for Mega Millions in April 2025. The most recent regional gaming change was the adoption of iLottery in Massachusetts, which is expected to come online in April 2026. Rhode Island is projected to lose around

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## FY 2026 – FY 2030 OVERVIEW

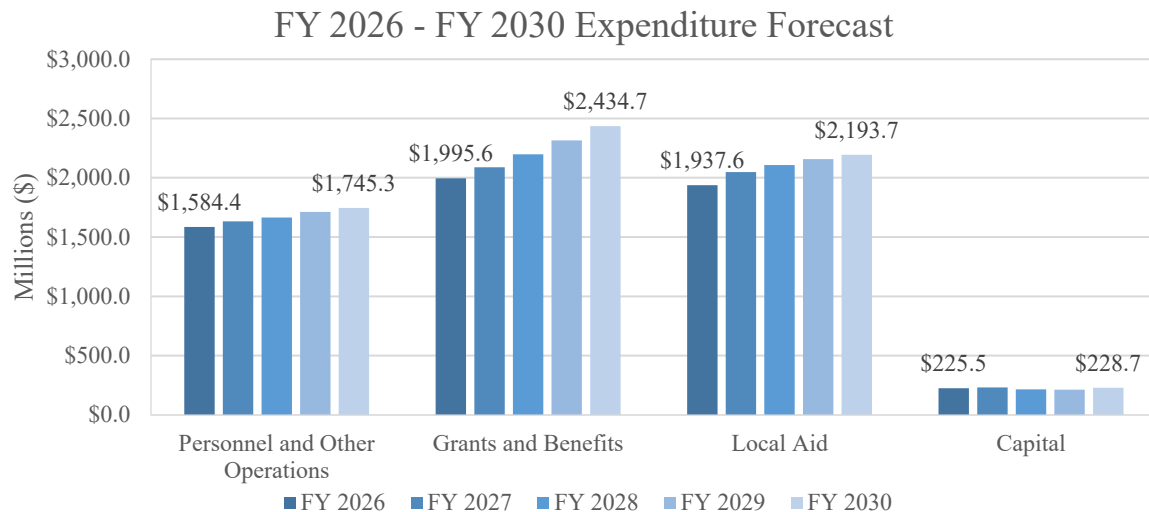
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\$500,000 per fiscal year from the introduction of Massachusetts iLottery. This forecast does not assume any other changes to the gaming environment, such as a tribal casino in East Taunton, Massachusetts.

Finally, the FY 2026 recommended budget includes a proposal to give each child born to a family enrolled in Rhode Island Works a \$3,000 “baby bond.” State residents who are part of the program can, when they turn eighteen, use the bond for eligible expenses such as education and home ownership. There are around 150 births to TANF-eligible families each year, equating to an annual cost of around \$0.5 million. These funds will be diverted from the unclaimed property transfer, with this reduction in unclaimed property revenue beginning in FY 2027. Because any births after January 1, 2026, are eligible, the FY 2027 revenue reduction is slightly larger at \$0.8 million (to account for the January 2026 through June 2026 births that are included in FY 2027 along with the July 2026 through June 2027 births).

### Expenditures

The expenditure projections contained in the five-year forecast incorporate the Governor’s FY 2026 proposed expenditures. Overall expenditures are expected to grow by 15.0 percent from \$5.743 billion in FY 2026 to \$6.602 billion in FY 2030, an average annual growth rate of 3.5 percent.



### Personnel

Personnel costs are forecast to increase by 10.3 percent from \$1.345 billion in FY 2026 to \$1.483 billion in FY 2030, an average annual growth rate of 2.5 percent. Labor agreements remain in place through the end of FY 2027. The projection assumes salary growth of 3.0 percent in FY 2027, consistent with the terms of the contract, but 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 2026 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).

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## FY 2026 – FY 2030 OVERVIEW

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Employer retirement contributions as a percent of covered payroll are forecast to decline from their current rates of 30.75 percent in FY 2025 to 28.40 percent in FY 2030 for the largest covered group of state employees.

### Other Operations

The current five-year forecast assumes 2.4 percent average growth with \$239.1 million in non-personnel operating costs in FY 2026 and \$263.4 million in FY 2030. Expenditures in this category are assumed to grow at the rate of CPI-U except when adjusted based on specific policy assumptions.

The forecast accommodates adjustments to reflect one-time, non-recurring, and variable expenditures, many of which are included within the category of Other Operations. This includes initiatives with additional outyear costs or savings. The net impact of such adjustments totals a net increase of \$9.3 million in FY 2027 and decreases to a net reduction of \$1.6 million in FY 2030.

These adjustments include cyclical expenditures associated with elections and public safety recruit classes that occur every other year, as well as project-based initiatives such as major IT projects, financing economic development and housing incentives, and restoring one-time spending and savings proposals recommended for FY 2026. Notable outyear adjustments include \$12.7 million in operational savings from consolidating the minimum-security corrections population within the existing medium security facility. Several major IT initiatives—including the Medicaid Enterprise System and the child support enforcement case management system—also affect outyear costs. As the state manages multiple enterprise IT projects, an area of fiscal risk is the growing need to replace final legacy mainframe applications and update existing systems to meet increasing program complexity and provide modern technology services.

The Governor's Recommended Budget requests that the sunset date for various economic initiatives be extended through December 31, 2026. The forecast assumes that general revenue funding is provided for the Wavemaker Fellowship (\$6.1 million), and Innovation Initiatives (\$4.0 million), totaling \$9.1 million through FY 2026. However, this forecast assumes that such funding is eliminated in FY 2027 and beyond as a result of the statutory sunset provisions. The Forecast also assumes total general revenue funding for the Air Service Development Fund at \$1.2 million annually through FY 2030 (\$8.7 million). While beyond the sunset date of December 31, 2027, this schedule aligns with a current agreement with a partner airline extending through FY 2032.

### Grants and Benefits

Grants and benefits are projected to increase by an average annual rate of 5.1 percent from \$1.996 billion in FY 2026 to \$2.435 billion in FY 2030. This growth rate results in an increase of \$439.0 million or 22.0 percent in this category of spending over the five-year horizon. This forecast generally assumes that major 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 2026. 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).

The forecast includes the impact of savings initiatives in the outyears including a pharmacy initiative. In FY 2026 the Governor recommends staff and related expenses for a pharmacy savings initiative which is expected to yield savings of \$3.7 million in FY 2027 and growing to \$8.2 million in FY 2030, employing a new approach to Medicaid pharmacy benefit delivery. Prescription drug cost is expected to continue to be an increasing major source of Medicaid spending and may require new approaches to pharmacy delivery service models.

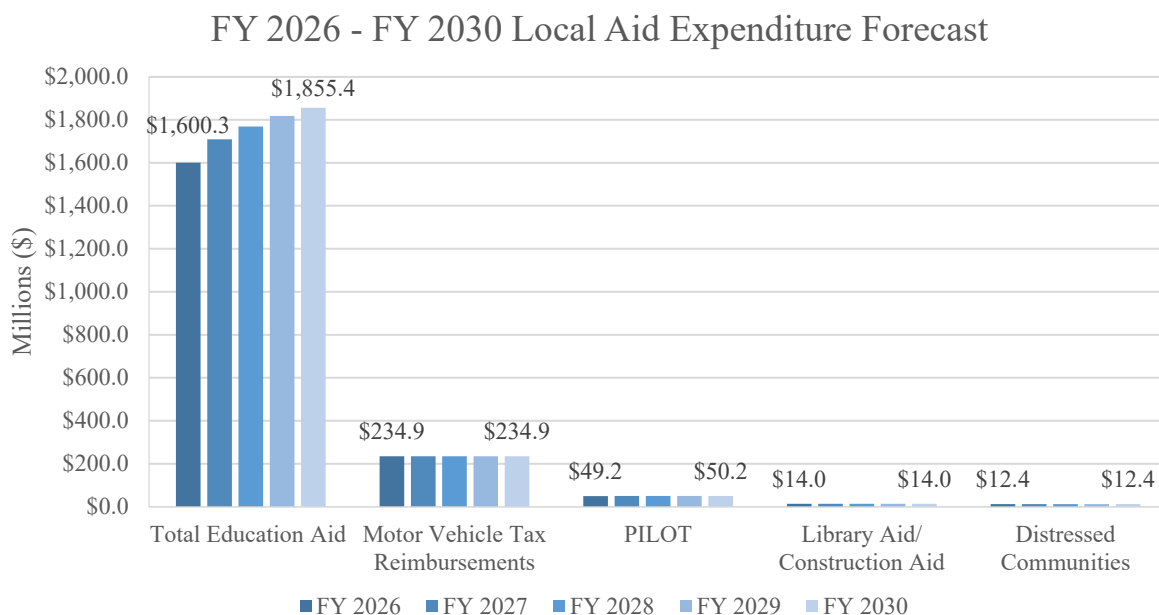
## FY 2026 – FY 2030 OVERVIEW

Specific risks not fully accounted for in the forecast include the expenditure impact of the DCYF consent decree and the future availability of federal Temporary Assistance to Needy Families (TANF) funds. The state entered into a consent decree with the U.S. Department of Justice regarding hospitalization of children with behavioral health disabilities in state care. While the five-year forecast includes costs for a court monitor and consultant, it does not include any programmatic investments that may be required by the Court. Another risk is outyear TANF availability. In recent years, the state accumulated a significant TANF surplus—exceeding \$100 million—and increased spending to draw it down. Planned TANF annual expenditures of about \$120 million now surpass forecast federal awards of \$94.7 million, and though reserves can cover this gap for several years, the state could face a TANF shortfall beginning in FY 2029 unless adjustments are made.

Broader risks facing the grants and benefits category during the forecast period include changes in federal policy, anticipated growth in healthcare costs outpacing inflation and measures of economic growth, 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 13.2 percent total growth with \$1.938 billion of local aid in FY 2026 and \$2.194 billion in FY 2030. This represents an average annual growth rate of 3.2 percent.



Of the five largest local aid categories, three are expected to be level funded over the next five years: Distressed Communities Aid, and Library Aid/Library Construction Aid. The outyear forecast for the Payment in Lieu of Taxes (PILOT) program includes a \$1.0 million increase in FY 2027 through FY 2030, reflecting the impact of a potential hospital conversion. The forecast also includes other categories of local aid: Property Revaluation Program and Central Falls Pension Plan. With the enactment of the FY 2023 budget, the Motor Vehicle Excise Tax Phaseout is now fully implemented. The forecast holds this aid stream level at \$234.9 million as a result of the Governor's recommendation to eliminate the statutory inflation adjustment tied to state sales tax yield, which in FY 2026 saves \$9.7 million relative to current law.

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## FY 2026 – FY 2030 OVERVIEW

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Within the category Total Education Aid, the Education Aid program is expected to increase from \$1.600 billion in FY 2026 to \$1.855 billion in FY 2030, equivalent to an average annual rate of 3.8 percent.

The education funding formula is the primary component of education aid, and its growth is largely driven by student demographics and inflation. Population growth in the K-12 student demographic is expected to decline modestly (an average annual rate of -0.5 percent), but this is offset by CPI growth (the average annual of applicable CPI growth over this time period 2.7 percent) and other factors. The FY 2026 budget includes a \$300,000 reduction to supplemental funding provided to Central Falls School District as part of a recommendation to transition Central Falls School District finances and governance back to local control. The forecast includes an additional \$300,000 reduction in each year, growing to a total reduction of \$1.5 million by FY 2030.

Another cost driver of total aid is the School Construction Aid Program. The program of support for local school construction is forecast to grow from \$119.9 million in FY 2026 to \$178.9 million in FY 2030. These appropriations are separate and additional to debt service on School Construction Program bonds. Debt service related to the Central Falls School Project is considered in the next section.

### Capital

The projection of capital project disbursements and debt service costs reflects updated debt service projections as included in the FY 2026 – FY 2030 Capital Improvement Program. General revenue-funded debt service on all tax-supported obligations is projected to increase by 1.5 percent from \$225.5 million in FY 2026 to \$228.7 million in FY 2030, which is an average annual growth rate of 0.5 percent.

General revenue-financed debt service on General Obligation Bonds, which is the largest component of debt service, is expected to increase by 21.2 percent, from \$170.0 million in FY 2026 to \$206.0 million in FY 2030. The Budget Office assumes issuances through FY 2027 are consistent with projected cash needs to finance existing authorized projects. In FY 2028 and beyond, Budget Office assumes that issuances will follow a five-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. The decline in existing debt service is largely driven by certain debts related to the Rhode Island Convention Center Authority and Historic Structures Tax Credit Program being retired in FY 2027 and FY 2028, respectively, along with reductions in other appropriations-backed debt.

Debt service projections include the impact of state appropriations-backed Central Falls School Project bonds. \$93.5 million of the \$144.0 million authorization was issued in August 2023, and the five-year forecast assumes that the remaining portion will be issued in FY 2026, with the first debt service payment occurring in FY 2026.

Disbursements for many capital projects are funded through the Rhode Island Capital Plan Fund, not general revenue, and thus are not reflected as operating costs in the five-year forecast. However, significant RICAP investments can reduce borrowing needs and generate operating efficiencies. In FY 2022 and FY 2023, \$820.4 million in general revenue surplus was contributed to RICAP, allowing for investments that otherwise might have required borrowing and potentially lowering future operating and leasing costs. For example, the five-year forecast includes net operating savings from acquiring a new state office building starting in FY 2027, as well as potential efficiency savings from long-term investments in Pastore Campus infrastructure.

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## FY 2026 – FY 2030 OVERVIEW

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Although financing transportation infrastructure presents a risk in the outyear forecast, recent developments and actions taken in the Governor’s recommendation help mitigate that risk. Previous budgets have used general revenue surpluses to pre-fund state match obligations for federal transportation funding through the Rhode Island Capital Plan Fund, allowing the state to stay one to two years ahead of known obligations. The FY 2026 Recommended Budget further reduces potential shortfalls by assuming the resumption of truck tolling and introducing a fee on electric and plug-in hybrid vehicles to offset declining motor fuel revenues. While outyear transportation match shortfalls remain a concern—particularly with elevated project activity from supplemental federal Infrastructure Investment and Jobs Act (IIJA) funding—these steps bring the outlook closer to balance.

### Risks

Recession risks have largely abated in the near term as the national economy achieved a “soft landing” after the recent spike in inflation. However, inflation is not yet back to the Federal Reserve’s two percent target and has proven stickier than many forecasters envisioned.

The state’s current consensus economic forecast adopted at the November 2024 Revenue Estimating Conference projected a divided federal government, along with four Federal Reserve rate cuts in 2025. Continued economic growth, higher-than-expected inflation, and simulative federal fiscal policy under a unified government seems likely in the near term. On a nominal basis, this may drive continued revenue growth but also presents risks.

Federal policy presents the biggest near-term uncertainty in the forecast. According to U.S. Census Bureau data, Rhode Island had the seventh highest per capita revenue from the federal government in FY 2022 out of all states and Washington, D.C. While pandemic-era support likely influenced this metric, the federal government plays a substantial role in the state’s economy (through activities like defense spending) and budget (through significant programs like Medicaid and highway aid). Changes to this allocation of federal money could present significant outyear budget challenges.

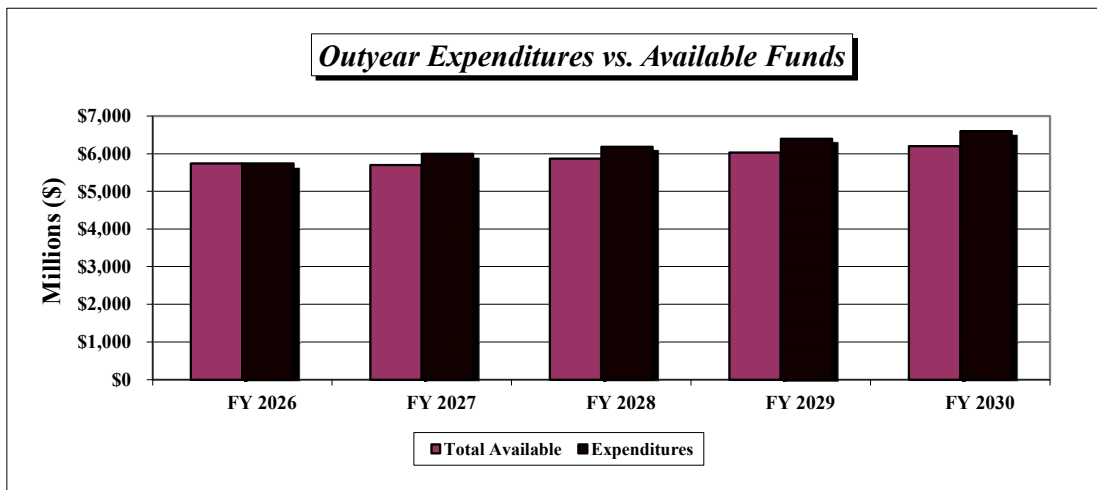
Changes in federal tax policy can have direct impacts on state revenue, and lead to behavioral changes that have secondary impacts. If the federal Tax Cuts and Jobs Act (which partially expires at the end of 2025) is extended, this extension would largely represent the status quo with little marginal change on state revenue.

Long-term, the state faces an aging population and stagnant population growth. Constrained housing supply also impacts the ability of the state to attract new residents and create new households. However, Rhode Island’s significant investments in housing and infrastructure suggest that population growth is possible if the state can attract and retain residents.



## General Revenue Outyear Estimates FY 2026 - FY 2030

	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
<b>Opening Surplus <sup>(1)</sup></b>	<b>187.4</b>	<b>0.8</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Plus:</b>					
Taxes and Departmentals	5,254.4	5,394.0	5,561.5	5,725.5	5,902.4
Other Sources (incl. Lottery)	479.7	481.1	486.4	492.2	494.0
Budget Stabilization Fund	(177.6)	(176.3)	(181.4)	(186.5)	(191.9)
<b>Total Available</b>	<b>5,743.8</b>	<b>5,699.6</b>	<b>5,866.5</b>	<b>6,031.1</b>	<b>6,204.5</b>
<b>Minus Expenditures</b>	<b>5,743.1</b>	<b>6,000.6</b>	<b>6,186.7</b>	<b>6,396.2</b>	<b>6,602.4</b>
<b>Equals Ending Balance</b>	<b>0.8</b>	<b>(301.0)</b>	<b>(320.3)</b>	<b>(365.1)</b>	<b>(397.8)</b>
<i>Operating Surplus or Deficit</i>	<i>(186.6)</i>	<i>(301.8)</i>	<i>(320.3)</i>	<i>(365.1)</i>	<i>(397.8)</i>
Budget & Cash Stabilization Balance	296.1	293.8	302.4	310.9	319.8
<b>Rhode Island Capital Fund</b>					
Disbursements to Fund	<b>176.2</b>	178.6	172.8	178.0	183.0



<sup>(1)</sup> 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.

# General Revenue Outyear Estimates

	Gov Recommended		FY 2026		FY 2027		FY 2028		FY 2029		FY 2030	
<b>Personal Income Tax</b>	\$		<b>1,991,509,788</b>	\$	<b>2,048,962,713</b>	\$	<b>2,120,382,497</b>	\$	<b>2,188,561,294</b>	\$	<b>2,256,553,898</b>	
<b>General Business Taxes:</b>												
Business Corporations			357,352,261		363,490,844		372,569,594		388,038,441		406,013,711	
Public Utilities			106,900,000		107,844,191		108,415,833		109,117,414		109,556,125	
Financial Institutions			25,300,000		26,299,360		27,949,659		29,431,063		30,887,376	
Insurance Companies			171,878,580		178,203,376		184,005,972		191,467,381		199,437,084	
Bank Deposits			5,900,000		6,238,003		6,604,266		6,972,264		7,339,416	
Health Care Provider			46,534,250		50,020,664		53,331,275		56,724,933		60,175,322	
Digital Advertising			9,464,191		19,617,375		20,995,769		22,310,896		23,505,679	
<b>General Business Taxes</b>	\$		<b>723,329,282</b>	\$	<b>751,713,813</b>	\$	<b>773,872,368</b>	\$	<b>804,062,391</b>	\$	<b>836,914,713</b>	
<b>Sales and Use Taxes:</b>												
Sales and Use			1,761,698,205		1,828,465,487		1,893,507,153		1,960,500,820		2,028,132,654	
Cigarettes			114,774,688		103,793,207		93,472,040		88,273,841		78,291,378	
Alcohol			21,200,000		21,200,000		21,200,000		21,200,000		21,200,000	
<b>Sales and Use Taxes</b>	\$		<b>1,897,672,893</b>	\$	<b>1,953,458,694</b>	\$	<b>2,008,179,193</b>	\$	<b>2,069,974,661</b>	\$	<b>2,127,624,031</b>	
<b>Other Taxes:</b>												
Estate and Transfer			62,700,000		65,000,000		68,400,000		71,800,000		75,100,000	
Racing and Athletics			700,000		700,000		700,000		700,000		700,000	
Realty Transfer Tax			18,200,000		18,850,551		19,580,734		20,326,591		21,085,449	
<b>Other Taxes</b>	\$		<b>81,600,000</b>	\$	<b>84,550,551</b>	\$	<b>88,680,734</b>	\$	<b>92,826,591</b>	\$	<b>96,885,449</b>	
<b>Total Taxes</b>	\$		<b>4,694,111,963</b>	\$	<b>4,838,685,771</b>	\$	<b>4,991,114,792</b>	\$	<b>5,155,424,938</b>	\$	<b>5,317,978,091</b>	
Total Departmental Receipts			560,282,052		555,337,498		570,379,696		570,059,788		584,426,353	
<b>Taxes and Departmentals</b>	\$		<b>5,254,394,015</b>	\$	<b>5,394,023,269</b>	\$	<b>5,561,494,488</b>	\$	<b>5,725,484,726</b>	\$	<b>5,902,404,445</b>	
<b>Other Sources</b>												
Other Miscellaneous			26,490,497		18,854,708		19,028,993		21,818,805		21,472,756	
Lottery Commission Receipts			432,700,000		442,000,000		446,400,000		448,900,000		450,600,000	
Unclaimed Property			20,500,000		20,240,907		20,966,083		21,449,726		21,941,002	
<b>Other Sources</b>	\$		<b>479,690,497</b>	\$	<b>481,095,615</b>	\$	<b>486,395,076</b>	\$	<b>492,168,531</b>	\$	<b>494,013,758</b>	
<b>Total General Revenues</b>	\$		<b>5,734,084,512</b>	\$	<b>5,875,118,884</b>	\$	<b>6,047,889,565</b>	\$	<b>6,217,653,256</b>	\$	<b>6,396,418,203</b>	

# General Revenue Outyear Estimates - Percentage Changes

	Gov Recommended FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
<b>Personal Income Tax</b>	<b>4.1%</b>	<b>2.9%</b>	<b>3.5%</b>	<b>3.2%</b>	<b>3.1%</b>
<b>General Business Taxes:</b>					
Business Corporations	4.3%	1.7%	2.5%	4.2%	4.6%
Public Utilities	1.5%	0.9%	0.5%	0.6%	0.4%
Financial Institutions	-35.9%	4.0%	6.3%	5.3%	4.9%
Insurance Companies	2.6%	3.7%	3.3%	4.1%	4.2%
Bank Deposits	3.5%	5.7%	5.9%	5.6%	5.3%
Health Care Provider	4.8%	7.5%	6.6%	6.4%	6.1%
Digital Advertising	(N/A)	107.3%	7.0%	6.3%	5.4%
<b>General Business Taxes</b>	<b>2.6%</b>	<b>3.9%</b>	<b>2.9%</b>	<b>3.9%</b>	<b>4.1%</b>
<b>Sales and Use Taxes:</b>					
Sales and Use	3.4%	3.8%	3.6%	3.5%	3.4%
Cigarettes	-0.5%	-9.6%	-9.9%	-5.6%	-11.3%
Alcohol	0.0%	0.0%	0.0%	0.0%	0.0%
Controlled Substances					
<b>Sales and Use Taxes</b>	<b>3.1%</b>	<b>2.9%</b>	<b>2.8%</b>	<b>3.1%</b>	<b>2.8%</b>
<b>Other Taxes:</b>					
Estate and Transfer	-4.3%	3.7%	5.2%	5.0%	4.6%
Racing and Athletics	0.0%	0.0%	0.0%	0.0%	0.0%
Realty Transfer Tax	5.8%	3.6%	3.9%	3.8%	3.7%
<b>Other Taxes</b>	<b>-2.2%</b>	<b>3.6%</b>	<b>4.9%</b>	<b>4.7%</b>	<b>4.4%</b>
<b>Total Taxes</b>	<b>3.3%</b>	<b>3.1%</b>	<b>3.2%</b>	<b>3.3%</b>	<b>3.2%</b>
<b>Total Departmental Receipts</b>	<b>2.0%</b>	<b>-0.9%</b>	<b>2.7%</b>	<b>-0.1%</b>	<b>2.5%</b>
<b>Taxes and Departmentals</b>	<b>3.2%</b>	<b>2.7%</b>	<b>3.1%</b>	<b>2.9%</b>	<b>3.1%</b>
<b>Other Sources</b>					
Other Miscellaneous	-12.0%	-28.8%	0.9%	14.7%	-1.6%
Lottery Commission Receipts	2.1%	2.1%	1.0%	0.6%	0.4%
Unclaimed Property	-3.8%	-1.3%	3.6%	2.3%	2.3%
<b>Other Sources</b>	<b>0.9%</b>	<b>0.3%</b>	<b>1.1%</b>	<b>1.2%</b>	<b>0.4%</b>
<b>Total General Revenues</b>	<b>3.0%</b>	<b>2.5%</b>	<b>2.9%</b>	<b>2.8%</b>	<b>2.9%</b>

# General Revenue Outyear Expenditure Estimates

	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
<b>State Operations</b>					
Personnel and Contract Services	1,345,296,000	1,378,427,000	1,412,228,000	1,447,707,000	1,483,460,000
Other State Operations/Capital	239,101,000	245,225,000	251,235,000	257,384,000	263,400,000
Impact of Initiatives/Other Changes	-	9,273,000	1,553,000	6,108,000	(1,606,000)
<b>Subtotal</b>	<b>1,584,397,000</b>	<b>1,632,925,000</b>	<b>1,665,016,000</b>	<b>1,711,199,000</b>	<b>1,745,254,000</b>
<b>Grants and Benefits</b>					
<b>Executive Office of Health and Human Services &amp; Department of Human Services</b>					
Hospitals	119,783,000	126,459,000	135,285,000	143,712,000	150,608,000
Managed Care	700,494,000	716,080,000	742,291,000	773,805,000	806,800,000
Nursing Care	197,392,000	210,526,000	224,460,000	238,743,000	253,265,000
Home Care (HCBS)	113,592,000	123,450,000	133,426,000	143,819,000	154,935,000
Other Medicaid	76,025,000	78,322,000	81,622,000	85,055,000	88,652,000
Pharmacy	1,189,000	1,276,000	1,369,000	1,463,000	1,555,000
DEA Medicaid/CNOM	5,872,000	6,382,000	6,898,000	7,435,000	8,010,000
Cash Assistance - RIW/CCAP/GPA	9,892,000	10,750,000	11,619,000	12,524,000	13,492,000
Cash Assistance - SSI	16,638,000	18,082,000	19,543,000	21,065,000	22,694,000
Clawback	98,400,000	105,581,000	113,299,000	121,079,000	128,736,000
DSH	5,884,000	6,239,000	6,705,000	7,146,000	7,496,000
ACA - MA Population Expansion	78,367,000	80,734,000	84,137,000	87,675,000	91,383,000
<b>Department of Children Youth &amp; Families</b>					
Children & Family Services	158,054,000	169,230,000	181,115,000	193,495,000	206,692,000
<b>Department of Behavioral Healthcare, Developmental Disabilities &amp; Hospitals</b>					
Developmental Disabilities - Private	185,324,000	197,441,000	209,656,000	222,354,000	235,797,000
Developmental Disabilities - RICLAS	14,698,000	15,973,000	17,264,000	18,608,000	20,047,000
Eleanor Slater Hospital	59,912,000	63,530,000	68,276,000	72,767,000	76,328,000
<b>Rhode Island Promise Scholarship</b>	<b>8,337,000</b>	<b>8,537,000</b>	<b>8,734,000</b>	<b>8,935,000</b>	<b>9,131,000</b>
<b>Hope Scholarship</b>	<b>5,477,000</b>	<b>5,608,000</b>	<b>5,737,000</b>	<b>5,869,000</b>	<b>5,998,000</b>
<b>Last Dollar Scholarship and Dual Enrollment</b>	<b>6,495,000</b>	<b>6,495,000</b>	<b>6,495,000</b>	<b>6,495,000</b>	<b>6,495,000</b>
<b>Other Grants and Benefits</b>	<b>133,799,000</b>	<b>137,010,000</b>	<b>140,161,000</b>	<b>143,385,000</b>	<b>146,539,000</b>
<b>Subtotal</b>	<b>1,995,624,000</b>	<b>2,087,705,000</b>	<b>2,198,092,000</b>	<b>2,315,429,000</b>	<b>2,434,654,000</b>
<b>Local Aid</b>					
Education Aid	1,600,315,000	1,709,218,000	1,768,597,000	1,818,061,000	1,855,447,000
Motor Vehicle Tax Reimbursements	234,853,000	234,853,000	234,853,000	234,853,000	234,853,000
PILOT	49,201,000	50,161,000	50,161,000	50,161,000	50,161,000
Tangible Property Tax Reimbursement	25,903,000	25,903,000	25,903,000	25,903,000	25,903,000
Distressed Communities	12,384,000	12,384,000	12,384,000	12,384,000	12,384,000
Library Aid	11,855,000	11,855,000	11,855,000	11,855,000	11,855,000
Library Construction Aid	2,116,000	2,116,000	2,116,000	2,116,000	2,116,000
Property Revaluation Prgm	712,000	825,000	1,397,000	892,000	781,000
Central Falls Pension Plan	220,000	220,000	220,000	220,000	220,000
<b>Subtotal</b>	<b>1,937,559,000</b>	<b>2,047,535,000</b>	<b>2,107,486,000</b>	<b>2,156,445,000</b>	<b>2,193,720,000</b>
<b>Capital</b>					
<i>Debt Service</i>					
General Obligation (General Revenue)	169,999,000	179,338,000	181,065,000	187,971,000	206,036,000
General Obligation (Gas Tax/HMA)	<u>32,983,000</u>	<u>27,712,000</u>	<u>26,875,000</u>	<u>21,239,000</u>	<u>21,234,000</u>
Central Falls School Project	10,740,000	11,280,000	11,270,000	11,270,000	11,270,000
Historic Tax Credit Program	9,896,000	9,890,000	9,900,000	-	-
EDC Job Creation Guaranty/Other	-	-	-	-	-
COPS/Other Leases	8,777,000	8,030,000	6,880,000	6,900,000	4,450,000
Convention Center Debt	25,002,000	22,850,000	6,910,000	6,910,000	6,900,000
Performance Based	954,000	950,000	-	-	-
IRBA Obligations	105,000	105,000	90,000	90,000	90,000
<b>General Revenue Subtotal</b>	<b>225,473,000</b>	<b>232,443,000</b>	<b>216,115,000</b>	<b>213,141,000</b>	<b>228,746,000</b>
<b>Expenditures</b>	<b>5,743,053,000</b>	<b>6,000,608,000</b>	<b>6,186,709,000</b>	<b>6,396,214,000</b>	<b>6,602,373,000</b>

# General Revenue Outyear Planning Values

Estimates and Growth	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
<b>Revenue and Economic Inflat</b>					
Personal Income (1)	4.3%	3.9%	3.9%	4.0%	3.9%
Nonfarm Employment (1)	0.5%	0.0%	-0.1%	-0.1%	-0.1%
CPI-U (U.S.) (1)	2.5%	2.4%	2.3%	2.3%	2.2%
Personal Income Tax (2)	4.1%	2.9%	3.5%	3.2%	3.1%
Business Corporations Tax (2)	4.3%	1.7%	2.5%	4.2%	4.6%
Provider Tax (2)	4.8%	7.5%	6.6%	6.4%	6.1%
Sales Tax (2)	3.4%	3.8%	3.6%	3.5%	3.4%
Other Taxes and Departmentals (3)	0.9%	0.5%	1.7%	0.9%	1.8%
<b>Personnel Inflat</b>					
Personnel Cost Growth (4)	4.0%	3.0%	2.3%	2.3%	2.2%
Medical Benefits Growth Rate (5)	6.8%	5.5%	5.6%	5.6%	5.5%
Dental Benefits Growth Rate (5)	0.2%	1.3%	3.0%	3.0%	3.0%
Vision Benefits Growth Rate (5)	0.7%	1.6%	3.0%	3.0%	3.0%
Retiree Health Rates (6)	3.3%	3.3%	3.3%	3.3%	3.3%
ERSRI Employer Retirement Contributions (7)	30.9%	29.5%	29.0%	28.6%	28.4%
<b>NHE Medicaid Expenditure Inflat</b>					
Managed Care & Other Medicaid	3.1%	3.0%	4.2%	4.2%	4.2%
Hospital Care	4.8%	6.0%	7.5%	6.6%	4.9%
Home Health Care	8.8%	8.7%	8.1%	7.8%	7.7%
Pharmacy	6.6%	7.3%	7.3%	6.9%	6.3%
Nursing Home Care	5.9%	6.7%	6.6%	6.4%	6.1%

(1) November 2024 Consensus Economic Forecast based on Moody's Analytics Rhode Island Forecast adopted at the November 2024 REC.

(2) Growth in estimates for FY 2026 as adopted at the November 2024 REC, inclusive of the Governor's proposals, Budget Office estimated growth for FY 2027 - FY 2030.

(3) Growth in estimates for FY 2026 as adopted at the November 2024 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) Adopted COLAs FY 2026 through FY 2027, CPI-U in FY 2028 through FY 2030.

(5) Segal Projected Medical/Rx, Dental, and Vision Rate Supplemental Projections, September 2024.

(6) State of Rhode Island Budget Office Estimate consistent with current actuarial rate.

(7) Estimate of actuarially required contribution based upon a percentage of payroll, ERSRI Actuarial Valuation as of June 30, 2024.

(8) Center for Medicare and Medicaid Services, Office of the Actuary, National Healthcare Expenditures Report prepared for State of Rhode Island.



**EXECUTIVE SUMMARY**  
**APPENDIX C**  
**STATEWIDE**  
**PERSONNEL SUMMARY**





# Personnel Agency Summary

## Statewide Summary

	FY 2025		FY 2026	
	FTE	Cost	FTE	Cost
Classified	9,555.4	755,665,580	9,587.4	796,242,574
Non-Classified	3,591.0	354,314,242	3,588.0	368,080,482
Unclassified	2,626.4	254,167,622	2,631.4	268,686,508
<b>Subtotal</b>	<b>15,772.8</b>	<b>1,364,147,444</b>	<b>15,806.8</b>	<b>1,433,009,564</b>
Transfer Out		(3,362,483)		(3,137,874)
Transfer In		3,362,483		3,137,874
Salaries Adjustment		(2,914,618)		(2,678,865)
Overtime		104,919,454		97,120,802
Correctional Officers' Briefing		1,680,778		1,660,897
Medicaid Revenue- BHDDH Only- 10		(60,025,091)		(64,140,532)
Seasonal/Special Salaries/Wages		111,195,487		111,898,628
Turnover		(81,300,569)		(84,323,240)
<b>Total Salaries</b>		<b>1,437,702,885</b>		<b>1,492,547,254</b>
<b>Benefits</b>				
Contract Reserve		12,239,189		20,642,448
Contract Stipends		4,101,409		3,781,377
FICA		99,720,046		104,308,294
Health Benefits		251,155,355		266,928,354
Holiday		11,486,661		10,813,170
Medicaid Revenue		(32,187,920)		(35,959,265)
Other		11,851,503		12,935,362
Payroll Accrual		7,083,482		7,332,340
Retiree Health		42,404,292		36,903,971
Retirement		343,750,178		365,783,914
Workers Compensation		266,296		266,223
<b>Subtotal</b>		<b>751,870,491</b>		<b>793,736,188</b>
<b>Total Salaries and Benefits</b>	<b>15,772.8</b>	<b>2,189,573,376</b>	<b>15,806.8</b>	<b>2,286,283,442</b>
<b>Cost Per FTE Position (Excluding Temporary and Seasonal)</b>		<b>138,864</b>		<b>144,686</b>
Statewide Benefit Assessment		36,973,376		37,539,278
<b>Payroll Costs</b>	<b>15,772.8</b>	<b>2,226,546,752</b>	<b>15,806.8</b>	<b>2,323,822,720</b>
<b>Purchased Services</b>				
Buildings and Ground Maintenance		16,296,138		15,267,007
Clerical and Temporary Services		31,935,201		23,312,175
Design and Engineering Services		80,703,013		79,531,474
Information Technology		128,531,571		104,938,982
Legal Services		12,084,521		11,281,809
Management & Consultant Services		198,385,332		167,159,772
Medical Services		31,509,577		29,627,848

## Personnel Agency Summary

### Statewide Summary

	FY 2025		FY 2026	
	FTE	Cost	FTE	Cost
<b>Purchased Services</b>				
Other Contracts		54,596,471		40,999,592
Training and Educational Services		98,729,377		88,298,059
University and College Services		30,272,239		25,999,859
<b>Subtotal</b>		<b>683,043,440</b>		<b>586,416,577</b>
<b>Total Personnel</b>	<b>15,772.8</b>	<b>2,909,590,192</b>	<b>15,806.8</b>	<b>2,910,239,297</b>
<b>Distribution by Source of Funds</b>				
General Revenue	8,607.6	1,299,990,777	8,632.6	1,345,295,563
Federal Funds	1,156.9	653,026,792	1,158.9	606,909,978
Restricted Receipts	506.8	220,284,184	513.8	208,168,643
Operating Transfers from Other Funds	14.0	9,467,294	14.0	9,811,652
Other Funds	5,487.5	726,821,145	5,487.5	740,053,461
<b>Total All Funds</b>	<b>15,772.8</b>	<b>2,909,590,192</b>	<b>15,806.8</b>	<b>2,910,239,297</b>

**EXECUTIVE SUMMARY**  
**APPENDIX D**  
**AID TO CITIES & TOWNS**



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## FORMULA AID TO CITIES AND TOWNS

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**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 2025 Budget provides \$49.2 million for PILOT, a level equal to the enacted FY 2025 Budget, corresponding to a funding rate of 26.7 percent, and PILOT is funded at \$49.2 million in the FY 2026 recommendation, a rate of 25.9 percent. Data used to determine distribution amounts is updated annually to reflect the most recent data.

**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 2025 Budget provides \$12.4 million for the program, a level equal to the enacted FY 2025 Budget, and the program is funded at \$12.4 million in the FY 2026 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 2025 Budget funds the program at \$1.9 million, a level equal to the enacted FY 2025 Budget. The proposed FY 2026 Budget funds the program at \$712,390 for the estimated cost of reimbursement, which will be updated as the communities' contracts for statistical update services are received.

**Funding for Aid to Local Libraries** is composed of two programs, Library Resource Sharing Aid and Library Construction Aid. Library Resource Sharing Aid is financed at \$11.9 million in the revised FY 2025 Budget, and at \$11.9 million in the recommended FY 2026 Budget. Funding for Library Construction Aid is provided at \$2.2 million in the revised FY 2025 Budget and \$2.1 million in the recommended FY 2026 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 legislation, the tax was scheduled to 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 baseline (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 phase-out parameters applied.

The 2022 General Assembly fully repealed the tax a year ahead of schedule in FY 2023. Beginning in FY 2024 the reimbursement amounts for municipalities and fire districts were written directly into statute, with an inflator based on sales tax receipts that was to have resulted in annual increases beginning in FY 2026. However, the proposed FY 2026 Budget would eliminate the sales tax inflator and provide municipalities with the greater of FY 2024 or FY 2025 aid distributions.

The Motor Vehicle Excise Tax Phase-Out is financed at \$234.7 million in the revised FY 2025 Budget, which matches the enacted level, and at \$234.9 million in the recommended FY 2026 Budget.

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## FORMULA AID TO CITIES AND TOWNS

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Under **Tangible Property Reimbursement**, municipalities and fire districts must provide each tangible property taxpayer an exemption from taxation of \$50,000 on the aggregate amount of all ratable, tangible personal property not otherwise exempt from taxation, beginning with the December 31, 2023, assessment. Beginning in FY 2025, municipalities and fire districts receive a reimbursement equal to the tangible property levy for the December 31, 2022, assessment minus the tangible personal property levy for the December 31, 2023, assessment. The Tangible Property Reimbursement was financed at \$28.0 million in the enacted FY 2025 Budget. Based on updated estimates of reimbursements to municipalities, the revised FY 2025 Budget provides \$25.9 million, \$2.1 million less than the enacted FY 2025 Budget. The recommended FY 2026 Budget provides \$25.9 million in general revenue to fund the program.

**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 2025 Budget totaled \$15.5 million, and the proposed FY 2026 Budget disbursements are estimated to be \$14.8 million.

The 1986 General Assembly enacted the **State Hotel Tax**, a 5.0 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 5.0 percent hotel tax are distributed to the municipalities where the individual hotels are located. Furthermore, the 2004 General Assembly enacted a local 1.0 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.

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 homeowners. 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 homeowners is only subject to the local 1.0 percent hotel tax. However, the Governor's recommended FY 2026 Budget would impose a 5.0 percent tax upon vacation homes rented in their entirety, thereby taxing partial home and whole-home short term rentals at equal rates. The revenues generated from the 5.0 percent tax imposed upon whole-home short term rentals are to be dedicated to the Housing Resources and Homelessness restricted receipt account.

For the revised FY 2025 Budget, a combined amount of state and local hotel tax revenue is estimated at \$14.6 million. For the proposed FY 2026 Budget, the combined state and local hotel tax amount is estimated at \$15.0 million.

The 2003 General Assembly enacted the **Local Meals and Beverage Tax**, a 1.0 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 \$39.6 million in the revised FY 2025 Budget and \$41.4 million in the proposed FY 2026 Budget.

## SUMMARY OF FORMULA AID TO CITIES AND TOWNS

	FY 2023 Actual	FY 2024 Final Enacted	FY 2025 Revised	FY 2026 Recommended
Public Service Corporation Tax	12,591,223	13,104,333	15,482,934	14,834,605
Meals and Beverage Tax	37,498,657	38,461,402	39,638,361	41,407,915
Hotel Tax (2.25%)	13,333,871	13,531,356	14,585,297	14,957,249
Payment In Lieu of Taxes (PILOT)	48,433,591	49,201,412	49,201,412	49,201,412
<b>Total Miscellaneous Aid</b>	<b>\$111,857,342</b>	<b>\$114,298,503</b>	<b>\$118,908,004</b>	<b>\$120,401,181</b>
Dist. Comm. - General Appropriation	12,384,458	12,384,458	12,384,458	12,384,458
<b>Total Distressed Communities Aid</b>	<b>\$12,384,458</b>	<b>\$12,384,458</b>	<b>\$12,384,458</b>	<b>\$12,384,458</b>
Motor Vehicle Tax Phase-out Program <sup>1</sup>	230,779,362	234,712,307	234,712,313	234,853,173
<b>Total Motor Vehicle Tax Phase-out Prog.</b>	<b>\$230,779,362</b>	<b>\$234,712,307</b>	<b>\$234,712,313</b>	<b>\$234,853,173</b>
Tangible Property Reimbursement	-	-	25,903,228	25,903,228
<b>Total Tangible Property Reimbursement</b>	<b>\$0</b>	<b>\$0</b>	<b>\$25,903,228</b>	<b>\$25,903,228</b>
<b>Subtotal Formula Aid - All Sources</b>	<b>\$355,021,162</b>	<b>\$361,395,268</b>	<b>\$391,908,003</b>	<b>393,542,040</b>
<b>Percent Change from prior year</b>	<b>44.76%</b>	<b>1.80%</b>	<b>8.44%</b>	<b>0.42%</b>
Resource Sharing & Library Aid <sup>2</sup>	10,991,049	11,475,314	11,855,428	11,855,428
Library Construction Aid	1,859,673	1,909,317	2,232,819	2,115,628
<b>Total Library Aid</b>	<b>\$12,850,722</b>	<b>\$13,384,631</b>	<b>\$14,088,247</b>	<b>\$13,971,056</b>
Property Revaluation Program	466,059	906,329	1,887,448	712,390
<b>Total Other Aid</b>	<b>\$466,059</b>	<b>\$906,329</b>	<b>\$1,887,448</b>	<b>\$712,390</b>
<b>Total Aid</b>	<b>\$368,337,943</b>	<b>\$375,686,228</b>	<b>\$407,883,698</b>	<b>\$408,225,486</b>
<b>Percent Change from prior year</b>	<b>43.00%</b>	<b>1.99%</b>	<b>8.57%</b>	<b>0.08%</b>

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

<sup>2</sup> Resource Sharing and Library Aid for state institutions is included in these totals.

## Fiscal Year 2025 Revised State Aid to Cities and Towns

City or Town	Payment In Lieu of Tax Exempt Property	Distressed Community Relief Fund	State Library Aid	Motor Vehicle Excise Tax Total Reimbursement <sup>(1)</sup>	Tangible Property Reimbursement <sup>(2)</sup>	Total Appropriated State Aid
Barrington	18,976		374,472	5,891,868	83,638	6,368,954
Bristol	1,324,937		218,673	2,910,724	147,284	4,601,619
Burrillville	60,737		237,425	5,046,819	72,656	5,417,637
Central Falls		268,136	37,296	2,089,148	351,907	2,746,487
Charlestown			68,182	1,009,366	18,324	1,095,871
Coventry			269,635	5,868,395	365,715	6,503,744
Cranston	4,037,181		801,676	22,323,373	1,738,596	28,900,826
Cumberland			362,208	6,079,657	505,178	6,947,043
East Greenwich	819,440		153,342	2,417,779	546,636	3,937,196
East Providence	296,967		457,226	11,431,633	1,883,783	14,069,609
Exeter			65,245	2,229,990	53,418	2,348,653
Foster			42,989	1,643,150	100,687	1,786,827
Glocester			99,016	2,370,831	203,566	2,673,413
Hopkinton			44,300	1,619,677	189,737	1,853,714
Jamestown			121,534	633,787	23,473	778,793
Johnston			130,296	10,375,322	1,391,119	11,896,737
Lincoln			273,980	5,680,606	483,036	6,437,622
Little Compton			44,558	375,577	35,997	456,133
Middletown			180,903	1,971,781	300,020	2,452,704
Narragansett			246,158	1,830,939	77,223	2,154,320
Newport	1,773,418		500,366	2,229,990	304,205	4,807,978
New Shoreham			118,589	164,315	14,181	297,085
North Kingstown	50		325,575	5,375,449	329,980	6,031,054
North Providence		1,140,776	243,155	9,624,167	907,238	11,915,337
North Smithfield			98,289	4,389,559	449,370	4,937,218
Pawtucket	3,087	1,808,532	513,563	16,501,926	1,377,212	20,204,320
Portsmouth			139,256	2,417,779	168,858	2,725,893
Providence	37,273,505	7,107,546	1,528,268	34,130,583	6,101,330	86,141,232
Richmond			32,604	1,455,362	104,948	1,592,914
Scituate			137,687	1,971,781	146,895	2,256,363
Smithfield	1,217,452		375,697	7,089,021	1,331,050	10,013,219
South Kingstown	186,342		262,439	3,920,088	211,379	4,580,248
Tiverton			150,750	1,737,045	153,001	2,040,796
Warren			78,191	2,089,148	179,960	2,347,300
Warwick	1,691,043		925,461	25,257,570	3,080,934	30,955,008
Westerly	151,026		453,238	5,774,500	485,171	6,863,935
West Greenwich			71,408	1,337,994	163,578	1,572,980
West Warwick		1,157,378	210,823	5,680,606	829,938	7,878,745
Woonsocket	347,251	902,090	235,701	9,319,011	834,588	11,638,640
<b>Subtotal</b>	<b>\$49,201,412</b>	<b>12,384,458</b>	<b>\$10,630,172</b>	<b>\$234,266,315</b>	<b>25,745,809</b>	<b>332,228,165</b>
Distribution to Fire Districts				445,998	157,419	445,998
Statewide Reference Library Resource Grant			1,145,585			1,145,585
Grant-In-Aid to Institutional Libraries			79,671			79,671
Library Construction Reimbursement			2,232,819			2,232,819
<b>Total</b>	<b>\$49,201,412</b>	<b>\$12,384,458</b>	<b>\$14,088,248</b>	<b>\$234,712,313</b>	<b>\$25,903,228</b>	<b>\$336,132,239</b>

(1) The FY 2025 Motor Vehicle Excise Tax distributions will be based the calculation specified in RI General Law 44-34.1(c). This calculation requires that the distribution amounts be based on a share of the state's sales tax. However, the calculation cannot be finalized until the state finalizes their FY 2024 audit. The FY 2025 Motor Vehicle distribution shown are estimates and will be updated once the calculation is finalized.

(2) The Tangible Property Reimbursement has been finalized and distributed for all municipalities and fire districts except for one fire district. This table includes an estimate for the one fire district and will be adjusted once final documentation is received and finalized by the Division.



## Fiscal Year 2025 Revised Pass Through Aid to Cities & Towns

City or Town	Public Service Corporation Tax	Hotel Tax <sup>(1)</sup> <sup>(2)</sup>	Meals and Beverage Tax <sup>(2)</sup>	Total Shared Taxes State Aid	Total Shared & Appropriated Aid
Barrington	242,251	4,310	168,588	415,149	6,784,102
Bristol	317,229	102,585	714,557	1,134,370	5,735,989
Burrillville	229,290	260	265,144	494,694	5,912,331
Central Falls	316,365	781	277,566	594,713	3,341,200
Charlestown	113,167	98,406	228,976	440,549	1,536,421
Coventry	504,509	119,696	590,335	1,214,541	7,718,285
Cranston	1,170,024	55,520	2,780,908	4,006,452	32,907,278
Cumberland	513,282	1,005	715,471	1,229,759	8,176,802
East Greenwich	202,124	3,984	1,104,421	1,310,529	5,247,726
East Providence	665,190	88,863	1,418,339	2,172,391	16,242,000
Exeter	98,366	722	161,766	260,855	2,609,508
Foster	63,545	1,822	23,720	89,087	1,875,914
Glocester	142,045	3,755	126,799	272,599	2,946,012
Hopkinton	118,883	2,879	60,752	182,514	2,036,228
Jamestown	78,586	60,564	143,320	282,469	1,061,262
Johnston	418,043	17,022	1,063,116	1,498,180	13,394,917
Lincoln	318,021	220,031	985,825	1,523,877	7,961,499
Little Compton	51,249	42,974	54,679	148,903	605,035
Middletown	240,666	1,609,145	1,105,030	2,954,841	5,407,545
Narragansett	206,906	419,109	966,121	1,592,137	3,746,457
Newport	354,965	4,099,144	3,580,502	8,034,611	12,842,590
New Shoreham	13,612	892,420	579,233	1,485,264	1,782,349
North Kingstown	392,206	158,303	908,572	1,459,081	7,490,136
North Providence	480,300	4,353	696,327	1,180,980	13,096,317
North Smithfield	177,362	5,795	461,409	644,567	5,581,785
Pawtucket	1,063,692	117,282	1,297,262	2,478,237	22,682,557
Portsmouth	252,509	38,855	449,634	740,999	3,466,892
Providence	2,684,345	2,467,232	8,191,705	13,343,282	99,484,515
Richmond	114,284	45,924	206,767	366,975	1,959,889
Scituate	147,210	11,598	105,419	264,227	2,520,589
Smithfield	312,503	252,818	1,195,141	1,760,461	11,773,680
South Kingstown	451,761	372,406	1,192,474	2,016,640	6,596,888
Tiverton	230,974	17,347	443,619	691,941	2,732,736
Warren	157,298	3,328	553,519	714,146	3,061,445
Warwick	1,171,326	1,442,028	3,980,085	6,593,440	37,548,448
Westerly	330,204	1,397,805	1,334,506	3,062,514	9,926,449
West Greenwich	92,466	154,001	174,424	420,891	1,993,871
West Warwick	437,342	178,426	544,971	1,160,740	9,039,484
Woonsocket	608,833	72,796	787,360	1,468,988	13,107,629
<b>Subtotal</b>	<b>15,482,934</b>	<b>\$14,585,297</b>	<b>\$39,638,361</b>	<b>\$69,706,592</b>	<b>\$401,934,758</b>

Distribution to Fire Districts	445,998
Statewide Reference Library Resource Grant	1,145,585
Grant-In-Aid to Institutional Libraries	79,671
Library Construction Reimbursement	2,232,819

<b>Total</b>	<b>\$15,482,934</b>	<b>\$14,585,297</b>	<b>\$39,638,361</b>	<b>\$69,706,592</b>	<b>\$405,838,832</b>
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(1) 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.

(1) 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.

## Fiscal Year 2026 Proposed State Aid to Cities and Towns

City or Town	Payment In Lieu of Tax Exempt Property	Distressed Community Relief Fund	State Library Aid	Motor Vehicle Excise Tax Reimbursement <sup>(1)</sup>	Tangible Property Reimbursement <sup>(2)</sup>	Total Appropriated State Aid
Barrington	17,705		356,383	5,894,822	83,638	6,352,548
Bristol	1,331,081		224,131	2,910,724	147,284	4,613,220
Burrillville	61,409		221,823	5,053,933	72,656	5,409,821
Central Falls		254,105	36,682	2,089,148	351,907	2,731,842
Charlestown			68,798	1,020,877	18,324	1,107,999
Coventry		669,342	265,238	5,872,396	365,715	7,172,691
Cranston	3,380,088		829,266	22,323,373	1,738,596	28,271,323
Cumberland			372,016	6,079,657	505,178	6,956,851
East Greenwich	921,411		148,508	2,417,779	546,636	4,034,333
East Providence	299,560		504,598	11,433,479	1,883,783	14,121,420
Exeter			67,827	2,241,381	53,418	2,362,625
Foster			44,074	1,652,251	100,687	1,797,013
Glocester			97,812	2,381,941	203,566	2,683,319
Hopkinton			44,796	1,629,259	189,737	1,863,792
Jamestown			119,499	633,787	23,473	776,758
Johnston			134,989	10,382,785	1,391,119	11,908,893
Lincoln			267,306	5,683,015	483,036	6,433,358
Little Compton			47,384	375,577	35,997	458,958
Middletown			177,333	1,976,448	300,020	2,453,801
Narragansett			209,544	1,831,251	77,223	2,118,018
Newport	1,421,998		506,003	2,229,990	304,205	4,462,195
New Shoreham			110,639	164,315	14,181	289,136
North Kingstown	48		358,643	5,378,818	329,980	6,067,490
North Providence		1,061,533	241,944	9,624,167	907,238	11,834,882
North Smithfield			96,371	4,398,531	449,370	4,944,272
Pawtucket	2,514	1,682,212	515,906	16,501,926	1,377,212	20,079,770
Portsmouth			141,515	2,417,779	168,858	2,728,151
Providence	38,165,686	6,810,734	1,472,097	34,131,596	6,101,330	86,681,445
Richmond			29,520	1,455,362	104,948	1,589,830
Scituate			143,064	1,977,127	146,895	2,267,086
Smithfield	1,244,585		375,203	7,098,694	1,331,050	10,049,531
South Kingstown	180,975		274,920	3,930,455	211,379	4,597,729
Tiverton			150,715	1,748,175	153,001	2,051,891
Warren			78,180	2,090,911	179,960	2,349,051
Warwick	1,674,744		909,676	25,257,570	3,080,934	30,922,924
Westerly	149,573		454,393	5,774,500	485,171	6,863,637
West Greenwich			72,848	1,337,994	163,578	1,574,420
West Warwick		1,077,937	227,263	5,680,606	829,938	7,815,744
Woonsocket	350,035	828,595	233,267	9,324,776	834,588	11,571,261
<b>Subtotal</b>	<b>49,201,412</b>	<b>\$12,384,458</b>	<b>\$10,630,172</b>	<b>\$234,407,175</b>	<b>\$25,745,809</b>	<b>\$332,369,025</b>
Distribution to Fire Districts				\$445,998	\$157,419	445,998
Statewide Reference Library Resource Grant			1,145,585			1,145,585
Grant-In-Aid to Institutional Libraries			79,671			79,671
Library Construction Reimbursement			2,115,628			2,115,628
<b>Total</b>	<b>\$49,201,412</b>	<b>\$12,384,458</b>	<b>\$13,971,057</b>	<b>\$234,853,173</b>	<b>\$25,903,228</b>	<b>\$336,155,908</b>

(1) The FY 2026 Motor Vehicle Excise Tax reimbursement is an estimate that assumes passage of Article 5 of the Governor's Recommended Budget, which requires that the amount distributed for FY 2026 be based on the higher of FY 2024 or FY 2025 distributions. As noted on the FY 2025 Motor Vehicle distribution table, the state's FY 2024 audit is still pending and, as a result, the distribution for FY 2025 is an estimate. Due to the pending audit, the FY 2026 distribution shown is also an estimate and will be revised once the calculation is finalized.

(2) As required by RI General Laws 44-5.3-2, the Tangible Property Reimbursement amounts represented are based on the amounts distributed in FY 2025, except for one fire district which has been estimated, as this fire district has yet to finalize documentation with the Division. Once the amount for FY 2025 has been finalized the FY 2026 distribution will be updated.

## Fiscal Year 2026 Proposed Pass Through Aid to Cities & Towns

City or Town	Public Service Corporation Tax <sup>(3)</sup>	Hotel Tax <sup>(1) (2)</sup>	Meals and Beverage Tax <sup>(2)</sup>	Total Shared Taxes State Aid	Total Shared & Appropriated Aid
Barrington	231,761	4,617	176,114	412,492	6,765,040
Bristol	302,239	105,706	746,456	1,154,401	5,767,621
Burrillville	219,979	279	276,980	497,238	5,907,059
Central Falls	304,460	835	289,957	595,252	3,327,094
Charlestown	108,574	101,404	239,198	449,176	1,557,175
Coventry	484,257	122,533	616,689	1,223,479	8,396,170
Cranston	1,119,085	57,184	2,905,055	4,081,323	32,352,646
Cumberland	492,830	1,076	747,411	1,241,317	8,198,167
East Greenwich	195,114	4,250	1,153,725	1,353,090	5,387,422
East Providence	636,115	91,236	1,481,657	2,209,007	16,330,427
Exeter	96,155	778	168,988	265,921	2,628,547
Foster	60,686	1,868	24,779	87,333	1,884,346
Glocester	136,337	3,856	132,459	272,653	2,955,972
Hopkinton	114,046	3,047	63,464	180,557	2,044,349
Jamestown	75,096	63,102	149,718	287,916	1,064,674
Johnston	400,317	17,445	1,110,576	1,528,339	13,437,232
Lincoln	305,679	225,096	1,029,835	1,560,610	7,993,967
Little Compton	48,768	44,428	57,120	150,317	609,275
Middletown	229,147	1,651,282	1,154,361	3,034,790	5,488,591
Narragansett	196,915	432,644	1,009,252	1,638,811	3,756,829
Newport	338,968	4,197,976	3,740,345	8,277,288	12,739,483
New Shoreham	11,227	913,991	605,091	1,530,309	1,819,445
North Kingstown	375,629	163,843	949,133	1,488,604	7,556,094
North Providence	459,649	4,696	727,413	1,191,758	13,026,640
North Smithfield	170,412	5,945	482,008	658,364	5,602,635
Pawtucket	1,019,517	120,245	1,355,175	2,494,938	22,574,707
Portsmouth	240,253	40,904	469,707	750,863	3,479,015
Providence	2,576,067	2,531,004	8,557,403	13,664,474	100,345,919
Richmond	109,793	47,344	215,998	373,135	1,962,965
Scituate	141,077	11,879	110,125	263,082	2,530,168
Smithfield	298,962	258,708	1,248,495	1,806,165	11,855,696
South Kingstown	433,444	382,802	1,245,709	2,061,954	6,659,683
Tiverton	220,209	18,259	463,424	701,891	2,753,782
Warren	150,842	3,601	578,229	732,672	3,081,722
Warwick	1,122,322	1,476,693	4,157,766	6,756,781	37,679,705
Westerly	315,796	1,431,941	1,394,081	3,141,818	10,005,454
West Greenwich	89,357	157,550	182,210	429,117	2,003,537
West Warwick	420,171	182,635	569,300	1,172,107	8,987,851
Woonsocket	583,351	74,566	822,510	1,480,427	13,051,688
<b>Subtotal</b>	<b>\$14,834,605</b>	<b>\$14,957,249</b>	<b>\$41,407,915</b>	<b>\$71,199,769</b>	<b>\$403,568,794</b>
Distribution to Fire Districts					445,998
Statewide Reference Library Resource Grant					1,145,585
Grant-In-Aid to Institutional Libraries					79,671
Library Construction Reimbursement					2,115,628
<b>Total</b>	<b>\$14,834,605</b>	<b>\$14,957,249</b>	<b>\$41,407,915</b>	<b>\$71,199,769</b>	<b>\$407,355,677</b>

(1) 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.

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

(3) FY 2026 PSCT is an estimate and will be revised after actual declarations are received and processed in the spring of 2025.

## Changes in Formula Aid - FY 2026 Proposed vs. FY 2025 Revised

City or Town	Payment In Lieu of Tax Exempt Property	Distressed Community Relief Fund	State Library Aid	Motor Vehicle Excise Tax Total Reimbursement	Tangible Property Reimbursement	Total Appropriated Difference
Barrington	(1,270)	-	(18,089)	2,954	-	(16,405)
Bristol	6,144	-	5,457	-	-	11,601
Burrillville	672	-	(15,602)	7,114	-	(7,816)
Central Falls	-	(14,031)	(615)	-	-	(14,645)
Charlestown	-	-	616	11,511	-	12,127
Coventry	-	669,342	(4,397)	4,001	-	668,946
Cranston	(657,093)	-	27,590	-	-	(629,503)
Cumberland	-	-	9,808	-	-	9,808
East Greenwich	101,971	-	(4,835)	-	-	97,136
East Providence	2,593	-	47,372	1,846	-	51,811
Exeter	-	-	2,582	11,391	-	13,973
Foster	-	-	1,085	9,101	-	10,186
Glocester	-	-	(1,204)	11,110	-	9,906
Hopkinton	-	-	496	9,583	-	10,079
Jamestown	-	-	(2,034)	-	-	(2,034)
Johnston	-	-	4,693	7,463	-	12,156
Lincoln	-	-	(6,674)	2,410	-	(4,265)
Little Compton	-	-	2,826	-	-	2,826
Middletown	-	-	(3,571)	4,667	-	1,097
Narragansett	-	-	(36,614)	312	-	(36,302)
Newport	(351,421)	-	5,638	-	-	(345,783)
New Shoreham	-	-	(7,949)	-	-	(7,949)
North Kingstown	(1)	-	33,069	3,368	-	36,435
North Providence	-	(79,243)	(1,211)	-	-	(80,455)
North Smithfield	-	-	(1,918)	8,972	-	7,053
Pawtucket	(573)	(126,321)	2,343	-	-	(124,550)
Portsmouth	-	-	2,259	-	-	2,259
Providence	892,182	(296,812)	(56,171)	1,013	-	540,213
Richmond	-	-	(3,084)	-	-	(3,084)
Scituate	-	-	5,377	5,347	-	10,724
Smithfield	27,133	-	(494)	9,673	-	36,312
South Kingstown	(5,367)	-	12,481	10,368	-	17,481
Tiverton	-	-	(35)	11,130	-	11,095
Warren	-	-	(11)	1,762	-	1,751
Warwick	(16,300)	-	(15,784)	-	-	(32,084)
Westerly	(1,453)	-	1,155	-	-	(298)
West Greenwich	-	-	1,439	-	-	1,439
West Warwick	-	(79,441)	16,440	-	-	(63,001)
Woonsocket	2,783	(73,495)	(2,433)	5,766	-	(67,379)
<b>Subtotal</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>	<b>140,860</b>	<b>0</b>	<b>140,860</b>
Motor Vehicle Phase Out Reimbursement - Fire Districts				0		-
Statewide Reference Library Resource Grant			-			-
Grant-In-Aid to Institutional Libraries			-			-
Library Construction Reimbursement			(117,191)			(117,191)
<b>Total</b>	<b>\$0</b>	<b>(\$0)</b>	<b>(\$117,191)</b>	<b>\$140,860</b>	<b>\$0</b>	<b>\$23,669</b>

## Changes in Formula Aid - FY 2026 Proposed vs. FY 2025 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
Barrington	(10,490)	307	7,526	(2,656)	(19,062)
Bristol	(14,990)	3,121	31,900	20,031	31,632
Burrillville	(9,311)	19	11,837	2,545	(5,272)
Central Falls	(11,905)	53	12,391	539	(14,106)
Charlestown	(4,592)	2,997	10,222	8,627	20,755
Coventry	(20,253)	2,837	26,354	8,938	677,885
Cranston	(50,940)	1,664	124,147	74,871	(554,632)
Cumberland	(20,452)	70	31,940	11,558	21,366
East Greenwich	(7,010)	266	49,304	42,560	139,697
East Providence	(29,075)	2,373	63,318	36,616	88,427
Exeter	(2,211)	56	7,222	5,066	19,039
Foster	(2,859)	46	1,059	(1,753)	8,432
Glocester	(5,708)	101	5,661	53	9,959
Hopkinton	(4,837)	168	2,712	(1,957)	8,121
Jamestown	(3,490)	2,538	6,398	5,446	3,412
Johnston	(17,725)	424	47,460	30,159	42,315
Lincoln	(12,342)	5,065	44,010	36,733	32,469
Little Compton	(2,481)	1,454	2,441	1,414	4,240
Middletown	(11,519)	42,137	49,331	79,950	81,046
Narragansett	(9,991)	13,535	43,130	46,674	10,373
Newport	(15,997)	98,831	159,842	242,677	(103,106)
New Shoreham	(2,385)	21,571	25,858	45,045	37,096
North Kingstown	(16,577)	5,539	40,561	29,523	65,958
North Providence	(20,651)	342	31,086	10,777	(69,677)
North Smithfield	(6,951)	150	20,598	13,797	20,851
Pawtucket	(44,175)	2,963	57,913	16,701	(107,849)
Portsmouth	(12,257)	2,048	20,073	9,865	12,123
Providence	(108,278)	63,772	365,698	321,192	861,405
Richmond	(4,491)	1,420	9,231	6,160	3,075
Scituate	(6,133)	281	4,706	(1,145)	9,578
Smithfield	(13,541)	5,890	53,354	45,703	82,016
South Kingstown	(18,317)	10,396	53,235	45,314	62,795
Tiverton	(10,765)	912	19,804	9,951	21,046
Warren	(6,457)	272	24,710	18,526	20,277
Warwick	(49,005)	34,665	177,681	163,341	131,257
Westerly	(14,408)	34,136	59,576	79,304	79,005
West Greenwich	(3,109)	3,549	7,787	8,226	9,666
West Warwick	(17,171)	4,210	24,329	11,368	(51,633)
Woonsocket	(25,482)	1,770	35,150	11,438	(55,941)
<b>Subtotal</b>	<b>(648,329)</b>	<b>371,951</b>	<b>1,769,554</b>	<b>1,493,176</b>	<b>1,634,036</b>
Motor Vehicle Phase Out Reimbursement - Fire Districts					-
Statewide Reference Library Resource Grant					-
Grant-In-Aid to Institutional Libraries					-
Library Construction Reimbursement					(117,191)
<b>Total</b>	<b>(\$648,329)</b>	<b>\$371,951</b>	<b>\$1,769,554</b>	<b>\$1,493,176</b>	<b>\$1,516,845</b>



**EXECUTIVE SUMMARY**

**APPENDIX E**

**AID TO SCHOOLS**





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## EDUCATION AID TO LOCAL GOVERNMENTS

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Education Aid to Local Governments totals \$1.655 billion from all sources of funds, of which \$1.609 billion is from general revenue, in the recommended FY 2026 Budget. Total general revenue financed education support increases by \$59.3 million from the FY 2025 Enacted Budget, or 3.4 percent. 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; 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 and administration. Due to the age of the federal data, the CIA average is inflated using CPI-U (Consumer Price Index for all Urban Consumers). The CIA in FY 2026 is \$13,322, a 5.6 percent increase of \$705 over the FY 2025 CIA of \$12,617.
- *Student Success Factor.* Calculated by applying an additional allocation equivalent to 40.0 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. The Student Success Factor used in FY 2026 is \$5,329. The recommended FY 2026 Budget includes a provision to provide an additional 3 percentage points in student success factor funding for LEAs that have a poverty concentration of greater than 60 percent. Five LEAs are impacted by this change in FY 2026: Central Falls, Newport, Pawtucket, Providence, and Woonsocket.
- *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 with family income that is at or below 185 percent of the federal poverty level.
- *Enrollment Transition Fund.* The enacted FY 2024 Budget included statutory changes that provide additional formula aid to compensate districts for any student enrollment declines. Districts receive 40 percent of funding for lost students in the first year and 25 percent of losses in the second year. The value of the enrollment transition fund in FY 2026 is \$10.3 million.
- *Poverty Loss Stabilization Fund.* The enacted FY 2024 budget included statutory changes that provide additional funding to compensate districts experiencing a decline in the state share ratio of more than 2 percent over the prior year. If a district's state share ratio declines by more than 2 percent compared to the prior year, the poverty loss stabilization compensates the district for 50 percent of that loss. The value of the poverty loss stabilization fund in FY 2026 is \$5.5 million.

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## EDUCATION AID TO LOCAL GOVERNMENTS

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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, later changed to Multilingual learners (MLL), and charter “density” support. In FY 2025, the General Assembly eliminated the Multilingual Learners categorical and included funding for MLLs in the base calculation of funding formula aid. “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.

The following sections summarize changes to the various aid categories that comprise total FY 2026 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 2026, total Distributed Education Aid, which includes formula aid to districts, Central Falls, charter schools, and group home aid, increases by \$39.6 million compared to the enacted FY 2025 Budget.

Moreover, the FY 2026 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, as 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 \$150,521 from general revenue compared to the enacted FY 2025 Budget.

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 budget. In FY 2026, the Governor recommends \$10.8 million for Central Falls Stabilization Fund to cover costs outside of those calculated by the education aid funding formula. This amount represents a \$0.3 million reduction relative to FY 2025 enacted levels, as part of a recommendation to transition Central Falls School District finances and governance back to local control.

### **State Schools**

Davies Career and Technical School, Metropolitan Career and Technical School, and Rhode Island School for the Deaf are collectively financed at \$40.6 million in general revenue for FY 2026. This includes stabilization funds for Davies (\$8.1 million) and the Met Center (\$2.1 million). Relative to the FY 2025 enacted level, this represents a collective total increase of \$2.6 million in general revenue.

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# EDUCATION AID TO LOCAL GOVERNMENTS

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## Non-Distributed Aid

Non-distributed aid in FY 2026 decreases by \$2.3 million from the enacted FY 2025 Budget, from \$64.3 million to \$62.0 million. Non-Distributed aid includes:

- *Categorical Funds – High-Cost Special Education.* The Governor recommends \$15.0 million for the high-cost special education categorical fund in FY 2026, consistent with the FY 2025 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 four times the “Core Foundation Amount” (Core Instruction Amount plus the Student Success Factor), or \$74,603.
- *Categorical Funds – Early Childhood.* The Governor recommends \$28.9 million for the early childhood categorical fund in FY 2026, a decrease of \$1.0 million from the FY 2025 enacted level, consistent with the projected pre-kindergarten classroom capacity in FY 2026. This categorical is used to increase access to high quality pre-K programs, with the Department distributing funds on a competitive basis. The funding in FY 2026 will serve to maintain the number of currently supported seats in the state Pre-K program.
- *Categorical Funds – Transportation.* The Governor recommends \$4.7 million for the transportation categorical fund in FY 2026, an increase of \$0.7 million from the FY 2025 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 \$7.8 million for the Regional District Transportation fund in FY 2026, an increase of \$0.5 million from the FY 2025 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 2026, a decrease of \$2.0 million from the FY 2025 enacted level, which included a one-time increase of \$2.0 million. 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.
- *E-Rate.* The Governor recommends approximately \$400,000 in general revenue for the State E-Rate program in FY 2025 and recommends removing funding in FY 2026. The Governor recommends that the Department utilize available restricted receipt funding to cover these costs in FY 2026. 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 in general revenue for this purpose in FY 2026, consistent with the enacted FY 2025 Budget.
- *Subsidy for Reduced Breakfast and Lunch.* In FY 2026, the Governor recommends \$812,952 in general revenue to support a state subsidy for students eligible for reduced-price breakfast and lunch. Consistent with the enacted FY 2025 Budget, this supports the provision of free breakfast and lunch to all reduced-eligible students in Rhode Island public, charter, and state schools.

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## EDUCATION AID TO LOCAL GOVERNMENTS

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- *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 \$60,000 for this purpose in FY 2026, which aligns the budgeted amount with prior year expenditures, and represents a decrease of \$180,000 compared to the enacted FY 2025 Budget.

### **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 2026 increases by \$19.4 million in general revenue when compared to the FY 2025 enacted level, increasing from \$238.5 million to \$257.9 million.

- *School Construction.* Within the School Construction Aid program, the Governor recommends FY 2026 appropriations of \$119.9 million in general revenue, all for the school housing aid program established by R.I.G.L. §16-7-35. This represents an increase of \$13.7 million compared to FY 2025 enacted levels.
- *Teacher Retirement.* Within the Teacher Retirement program, the Governor recommends FY 2026 appropriations of \$138.0 million in general revenue, \$5.7 million more than the FY 2025 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.

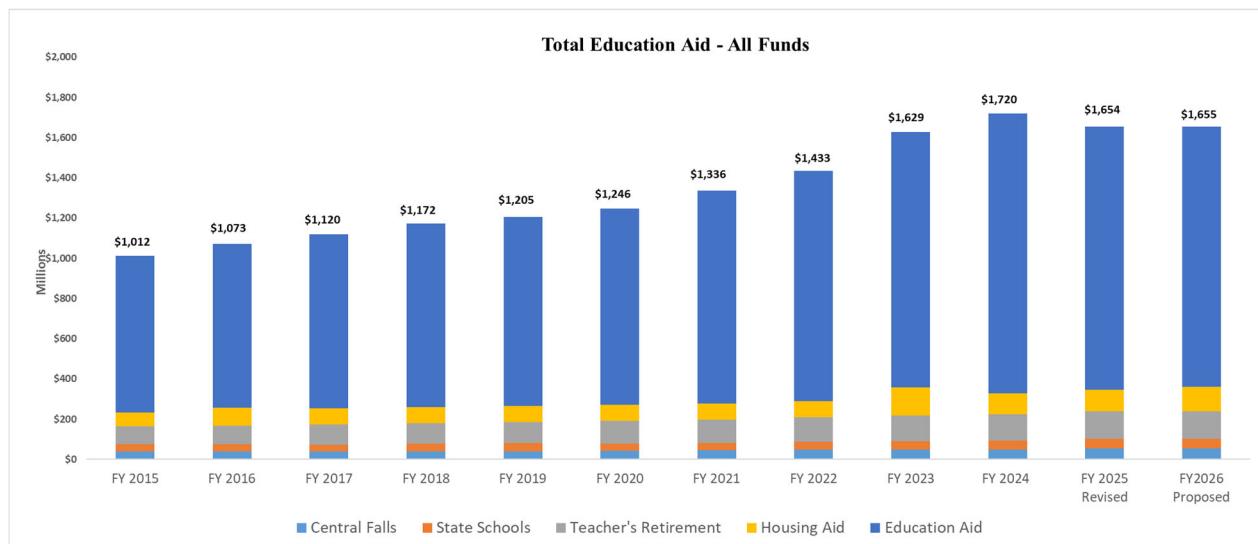
### **One-Time Aid Associated with COVID-19 Response**

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 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 2025 Budget includes \$54.9 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.

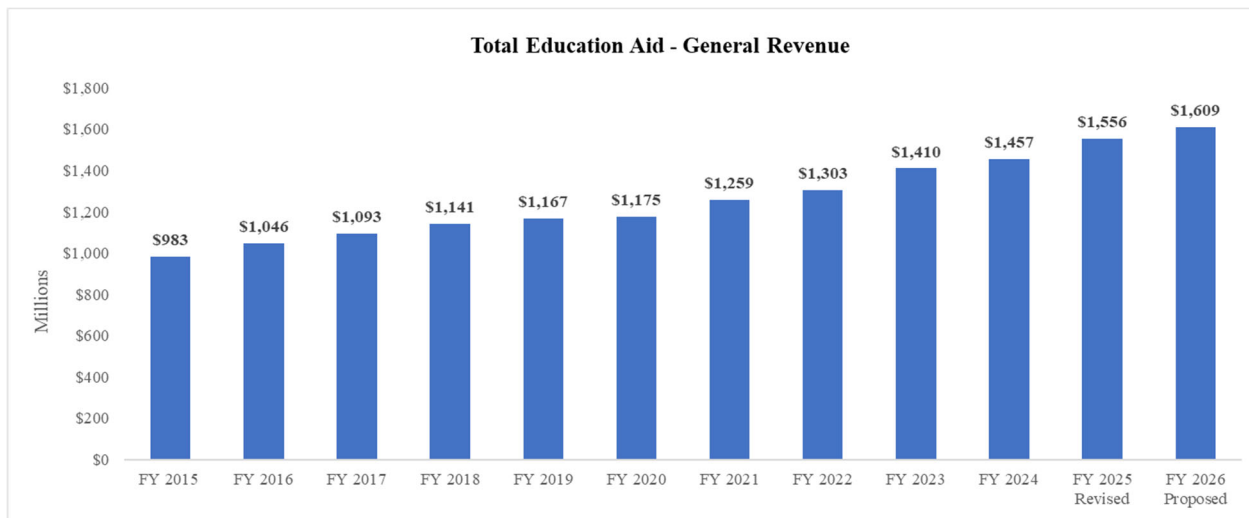
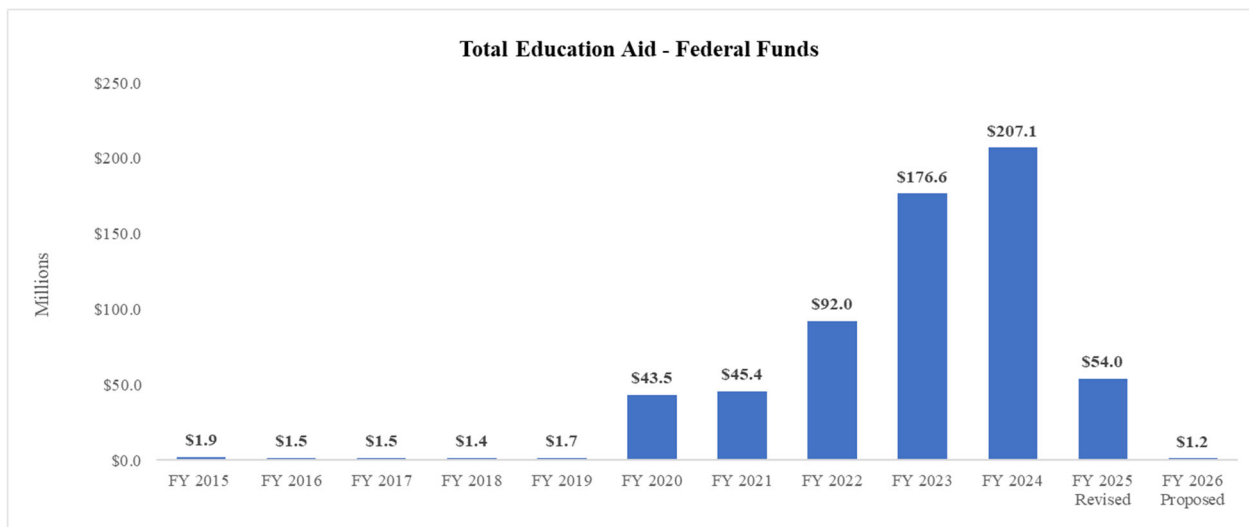
# EDUCATION AID TO LOCAL GOVERNMENTS

## Total Education Aid – All Sources of Funds

The following graph displays total school aid from FY 2015 to FY 2026, 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). Note that the decrease in total aid from all fund sources in the FY 2026 Governor’s Recommended Budget is primarily the result of the expiration of pandemic-era federal funds. See Total Education – Federal Funds, next page.



# EDUCATION AID TO LOCAL GOVERNMENTS



## **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, although the employees are still housed within RIDE.

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## EDUCATION AID TO LOCAL GOVERNMENTS

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### 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

Employer Share					
Actuarial Contribution	Local	State	Total	Teacher	
<u>Rate of Payroll</u>	<u>(60%)*</u>	<u>(40%)*</u>	<u>Employer Share</u>	<u>Contribution</u>	
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%	15.04%	11.12%	26.16%	3.75%
2024	29.91%	15.03%	11.13%	26.16%	3.75%
2025	30.71%	15.54%	11.42%	26.96%	3.75%
2026	29.94%	15.10%	11.09%	26.19%	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	
2025 and 2026	6.0% to 6.5%	0.6% to 0.9%	0.4% to 0.6%	1.0% to 1.5%	5.0%
2025 and 2026 (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-plus 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>
2015 Actual	\$88,625,881
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
2023 Actual	\$127,014,082
2024 Actual	\$131,509,407
FY 2025 Revised	\$138,298,470
FY 2026 Recommended	\$137,991,006

## 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 Units of Government

	FY 2026 Formula Recommend	FY 2026 Total Aid Recommend*	Change from FY 2025 Enacted
<b>LEA Aid</b>			
Barrington	\$11,082,454	\$11,638,820	(\$473,736)
Bristol/Warren	\$11,199,480	\$14,758,146	(\$74,704)
Burrillville	\$13,578,004	\$13,974,531	\$19,467
Central Falls (1)	\$53,688,083	\$53,870,631	(\$494,863)
Chariho**		\$3,426,558	(\$28,885)
Charlestown	\$1,552,647	\$1,552,647	\$4,573
Coventry	\$28,615,956	\$29,209,276	\$1,326,555
Cranston	\$79,454,052	\$81,740,418	\$2,194,874
Cumberland	\$28,259,253	\$28,455,687	\$1,918,492
East Greenwich	\$5,595,651	\$6,252,606	(\$820,609)
East Providence	\$39,161,568	\$40,425,446	\$1,339,501
Exeter/W Greenwich	\$7,168,197	\$9,486,892	\$1,813,241
Foster	\$1,238,694	\$1,259,044	(\$46,354)
Foster/Glocester	\$5,741,951	\$6,746,505	\$36,391
Glocester	\$3,047,719	\$3,147,438	\$36,074
Hopkinton	\$7,314,044	\$7,314,044	\$526,518
Jamestown	\$384,930	\$560,046	(\$149,853)
Johnston	\$24,450,079	\$25,282,938	\$532,010
Lincoln	\$20,999,299	\$21,311,010	\$2,527,075
Little Compton	\$334,798	\$335,081	(\$8,572)
Middletown	\$6,773,782	\$6,935,782	(\$461,215)
Narragansett	\$1,808,452	\$1,914,691	(\$291,656)
New Shoreham	\$99,435	\$99,435	\$8,551
Newport	\$15,391,776	\$15,448,185	(\$277,517)
North Kingstown	\$13,266,261	\$13,348,112	(\$146,680)
North Providence	\$30,144,038	\$30,907,391	\$455,705
North Smithfield	\$9,337,854	\$9,535,355	\$1,500,939
Pawtucket	\$111,088,897	\$112,190,511	\$627,256
Portsmouth	\$2,921,987	\$3,612,266	\$23,422
Providence	\$292,993,381	\$298,067,651	\$3,751,117
Richmond	\$6,499,644	\$6,499,644	\$129,277
Scituate	\$4,307,151	\$4,440,208	\$749,904
Smithfield	\$10,575,507	\$10,786,218	\$660,048
South Kingstown	\$5,194,949	\$5,842,120	(\$166,400)
Tiverton	\$5,532,535	\$5,911,858	\$61,077
Warwick	\$48,338,091	\$49,298,965	\$2,511,807
West Warwick	\$41,964,100	\$42,018,926	\$1,913,988
Westerly	\$8,339,965	\$8,695,881	(\$89,427)
Woonsocket	\$88,381,040	\$88,864,653	\$3,782,027
Subtotal District Aid (1) (2)	\$ 1,045,825,704	\$ 1,075,165,616	\$ 24,919,418

## Education Aid to Local Units of Government

	FY 2026 Formula Recommend	FY 2026 Total Aid Recommend*	Change from FY 2025 Enacted
<b>LEA Aid- Charter Schools</b>			
Achievement First	\$47,067,703	\$47,067,703	\$3,510,087
Apprenticeship Exploration School (AES)	\$1,971,278	\$1,971,278	\$160,864
Beacon Charter School	\$4,867,863	\$4,867,863	\$206,756
Blackstone Academy	\$5,181,111	\$5,181,111	\$458,333
Blackstone Valley Prep	\$28,073,603	\$28,104,598	\$1,109,807
Charette	\$2,623,803	\$2,623,803	\$183,946
Compass School	\$935,655	\$935,655	\$87,070
Excel Academy	\$7,734,664	\$7,734,664	\$3,419,905
Greene School	\$1,677,795	\$1,677,795	\$37,272
Highlander	\$8,333,254	\$8,333,254	\$349,687
Hope Academy	\$4,657,996	\$4,660,285	\$205,321
International Charter School	\$4,662,210	\$4,662,210	\$104,727
Kingston Hill Academy	\$1,165,399	\$1,165,399	\$13,410
Learning Community	\$9,224,744	\$9,225,512	\$215,819
Med Prep Academy	\$2,371,696	\$2,371,696	-
Nuestro Mundo	\$5,181,769	\$5,181,769	(\$211,849)
Nurses Institute	\$6,608,107	\$6,608,107	(\$79,934)
Paul Cuffee Charter School	\$11,288,430	\$11,288,430	(\$104,287)
Providence Prep	\$3,418,193	\$3,418,193	\$113,789
RISE Mayoral Academy	\$10,136,862	\$10,136,862	\$1,960,951
Segue Institute for Learning	\$7,822,964	\$7,822,964	\$691,072
Southside Elementary	\$2,111,650	\$2,111,650	\$63,790
Times 2 Academy	\$10,111,298	\$10,111,298	\$435,869
Trinity Academy	\$3,907,651	\$3,907,651	\$270,696
Village Green	\$2,934,003	\$2,934,003	\$63,521
Subtotal Charter Aid	\$194,069,701	\$194,103,753	\$15,638,318
	FY 2026 Formula Recommend	FY 2026 Total Aid Recommend*	Change from FY 2025 Enacted
Davies C&T (1)	\$18,772,462	\$18,772,462	\$641,073
Met Center (1)	\$12,977,328	\$12,977,328	\$1,846,186
Nowell Academy: R.I.G.L. 16-114-7	\$2,802,638	\$2,802,638	\$490,880
Urban Collaborative: R.I.G.L. 16-3.1-11	\$2,262,135	\$2,262,135	\$150,521
Youth Build Academy: R.I.G.L. 16-3.1-21	\$1,825,270	\$1,825,270	(\$312,620)
<b>Total</b>	<b>\$1,278,535,238</b>	<b>\$1,307,909,202</b>	<b>\$43,373,776</b>

\*FY 2026 Total Aid includes: Group Home, High-Cost Special Education, Regional Transportation and Non-Public Transportation.

\*\*Aid to the Chariho school district is paid directly to member towns (Charlestown, Hopkinton, Richmond).

# Education Aid to Local Units of Government

## Aid by Category: Distributed, Non-Distributed, State Schools, and Other Aid

	FY 2025 Revised	FY 2026 Recommend	Difference
<b>Distributed Aid</b>			
Distributed LEA Aid (2)	\$1,024,468,048	\$1,047,728,866	\$23,260,818
Distributed LEA Aid - Charter/Other Schools	\$184,884,149	\$200,959,742	\$16,075,593
Subtotal	\$1,209,352,197	\$1,248,688,608	\$39,336,411
	FY 2025 Revised	FY 2026 Recommend	Difference
<b>Non-Distributed Aid</b>			
Textbook Expansion	\$240,000	\$60,000	(\$180,000)
School Breakfast	\$270,000	\$270,000	
Reduced Lunch and Breakfast Subsidy	\$812,952	\$812,952	
Telecommunications Access	\$400,000		(\$400,000)
Early Childhood Demonstration	\$29,884,568	\$28,884,568	(\$1,000,000)
Transportation Categorical	\$3,931,589	4,662,543	\$730,954
Regional District Transportation	\$7,295,110	\$7,808,259	\$513,149
High Cost Special Ed Categorical	\$15,000,000	\$15,000,000	
Career and Tech Categorical	\$6,500,000	\$4,500,000	(\$2,000,000)
Subtotal	\$64,334,219	\$61,998,322	(\$2,335,897)
	FY 2025 Revised	FY 2026 Recommend	Difference
<b>State Schools</b>			
Metropolitan School (1)	\$11,131,142	\$12,977,328	\$1,846,186
School for the Deaf	\$8,606,208	\$8,809,938	\$203,730
Davies School (1)	\$18,239,763	\$18,772,462	532,699
Subtotal (1)	\$37,977,113	\$40,559,728	\$2,582,615
<b>Other Aid</b>			
Teachers' Retirement	\$138,298,470	\$137,991,006	(\$307,464)
School Housing Aid (3)	\$106,198,555	\$119,887,755	\$13,689,200
Subtotal	\$244,497,025	\$257,878,761	\$13,381,736
<b>Total</b>	<b>\$1,556,160,554</b>	<b>\$1,609,125,419</b>	<b>\$52,964,865</b>

(1) Includes both Formula Aid and Stabilization funds in FY 2025 and FY 2026.

(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**



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# THE BUDGET PROCESS: A PRIMER

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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 2026 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 2026 is the fiscal year commencing on July 1, 2025 and ending June 30, 2026). 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 BUDGET PROCESS: A PRIMER

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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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## THE BUDGET PROCESS: A PRIMER

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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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## THE BUDGET PROCESS: A PRIMER

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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 30<sup>th</sup> 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 General Assembly; the first containing revised appropriations for the current fiscal year and the second presenting appropriations for the budget year.

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## THE BUDGET PROCESS: A PRIMER

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

I-195 Commission

RI Commerce Corporation

RI Convention Center Authority

RI Ethics Commission

RI Industrial-Recreational Building Authority

RI Industrial Facilities Corporation

RI Infrastructure Bank

RI Health and Educational Building  
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