



# OFFICE OF MANAGEMENT & BUDGET

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## MEMORANDUM

**To:** The Honorable Marvin L. Abney, Chairman, House Finance Committee  
The Honorable Louis P. DiPalma, Chairman, Senate Finance Committee

**From:** Joseph Codega Jr., Budget Officer *John M. Codega Jr.*

**Date:** March 21, 2025

**Subject:** Amendments to the FY 2026 Appropriations Act (25-H-5076)

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### **Governor's Budget Amendment #9**

The Governor requests amendments to the FY 2026 Appropriations Act within Article 2, Relating to State Funds. The provisions and policy goals underlying these amendments are set forth below.

This amendment clarifies that the Director of Administration may charge capitalized costs to agencies benefiting from initiatives funded through the Large Systems Initiatives Fund (LSIF) and specifies that the State Controller transfer these costs, along with any future interest earnings accrued in the fund, to the Information Technology restricted receipt account.

Please feel free to contact me with any questions about these requested changes.

cc: Sharon Reynolds Ferland, House Fiscal Advisor  
Stephen Whitney, Senate Fiscal Advisor  
Brian Daniels, Director, Office of Management and Budget  
Jonathan Womer, Director of Administration

**25-H-5076: RELATING TO MAKING APPROPRIATIONS IN SUPPORT OF FY 2026**

**Article 2 – Relating to State Funds**

New Section 5. Insert new Section 5 on page 54, after line 5, and renumber all subsequent sections accordingly.

**Section 5. Section 42-11-2.5 of the General Laws in Chapter 42-11 entitled “Department of Administration” is hereby amended as follows:**

**42-11-2.5. Information technology restricted receipt account and large systems initiatives fund.**

(a) All sums from the sale of any land and the buildings and improvements thereon, and other real property, title to which is vested in the state, except as provided in § 37-7-15(b) through (d), shall be transferred to an information technology restricted receipt account (ITRR account) that is hereby established. This ITRR account shall consist of such sums from the sale of any land and the buildings and improvements thereon, and other real property, title to which is vested in the state, except as provided in § 37-7-15(b) through (d), as well as a share of first response surcharge revenues collected under the provisions of § 39-21.1-14. This ITRR account may also consist of such sums as the state may from time to time appropriate; as well as money received from the disposal of information technology hardware, loan, interest, and service charge payments from benefiting state agencies; as well as interest earnings, money received from the federal government, gifts, bequests, donations, or otherwise from any public or private source. Any such funds shall be exempt from the indirect cost recovery provisions of § 35-4-27.

(1) This ITRR account shall be used for the purpose of acquiring information technology improvements, including, but not limited to: hardware, software, consulting services, and ongoing maintenance and upgrade contracts for state departments and agencies.

(2) The division of enterprise technology strategy and services of the Rhode Island department of administration shall adopt rules and regulations consistent with the purposes of this chapter and chapter 35 of this title, in order to provide for the orderly and equitable disbursement of funds from this ITRR account.

(3) For all requests for proposals that are issued for information technology projects, a corresponding information technology project manager shall be assigned.

(b) There is also hereby established a special fund to be known as the large systems initiatives fund (LSI fund), separate and apart from the general fund of the state, to be administered by the chief information officer within the department of administration for the purpose of implementing and maintaining enterprise-wide software projects for executive branch departments. The LSI fund shall consist of such sums as the state may from time to time directly appropriate to the LSI fund, any accrued interest, and any funds collected pursuant to 42-11-2.5(b)(1). After the completion of any project, the chief digital officer shall inform the state controller of unexpended sums previously transferred to the LSI Fund for that project and the state controller shall subsequently transfer any such unexpended funds to the information technology restricted receipt account. The State Controller shall transfer any excess interest accrued in the LSI Fund and any funds collected pursuant to 42-11-2.5(b)(1) to the ITRR account.

(1) The Director of Administration may allocate and charge capitalized costs to agencies that benefit from initiatives funded through the LSI Fund.

(c) For any new project initiated using sums expended from the LSI Fund, as part of its budget submission pursuant to § 35-3-4 relative to state fiscal year 2025 and thereafter, the department of administration shall include a statement of project purpose and the estimated project cost.