

STATE OF RHODE ISLAND  
EXECUTIVE SUMMARY

**FISCAL YEAR 2027  
BUDGET PROPOSAL**

GOVERNOR DANIEL J. MCKEE  
SEMIQUINCENTENNIAL EDITION

# **Executive Summary**

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# EXECUTIVE SUMMARY

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

January 15, 2026

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

Through the hard work and prudent fiscal management of my administration, and the efforts of hardworking Rhode Island families and businesses growing our economy, our revenues are increasing at 2.5 percent and the state's projected deficit is smaller than in past years. However, with the Trump Administration's tariffs, its inaction to address the cost of living, and the passage of H.R. 1 last July, the State faces a different set of challenges.

These challenges call for clear direction and decisive leadership—and this budget reflects both. My priorities are clear: putting more money back in families' pockets, protecting the most vulnerable from President Trump's safety net cuts, and keeping Rhode Island building to support good-paying jobs and long-term economic growth.

***Affordability for All***

My number one priority is affordability. As prices increase nationwide, I know many families are having difficult conversations about the rising cost of health insurance and utility bills or not being able to afford the home they want to buy. Steep and erratic tariffs and H.R. 1 have only made those pressures worse. To begin addressing this, my FY 2027 budget provides significant tax relief for families and seniors by:

- Eliminating the state income tax on Social Security benefits;
- Creating the first-ever Child Tax Credit to help low- and moderate-income families;
- Lowering the gas tax by five percent; and
- Establishing the first-ever Marketplace Affordability Program to protect the most vulnerable on the health exchange from the reckless actions of President Trump and Congressional Republicans in not extending Affordable Care Act (ACA) subsidies.

Affordability must also extend to energy costs. In addition to the \$150 million negotiated by my administration that must be taken up by the Public Utilities Commission this year, my budget provides another \$151 million in reduced costs in 2027 and \$1 billion in relief over the next five years. We achieve this by reforming the 25% of your energy bill that comes from state programs and taxes. This includes reforming ratepayer-funded energy programs to ensure a more affordable path to decarbonization, while eliminating unnecessary bonuses or incentive payments to Rhode Island Energy that are borne by ratepayers. Over the next five years, this will leave the average household about \$180 better off on their energy bills each year.

My budget also continues to reduce homeownership costs and expand housing opportunities. In addition to the historic 2024 housing bond, I am proposing an additional \$120 million bond this year to continue our progress, aligned with our Housing 2030 goal of creating 15,000 new homes by the end of 2030. This proposal prioritizes homeownership, including expanding affordable manufactured homes for young families and first-time buyers.

Finally, to control healthcare costs, my budget requires carriers and large providers exceeding the 3.2% cost-growth target to enter performance improvement plans with enforceable penalties. We will expand access to low-cost care by modernizing certificate-of-need laws, joining the Physician Assistant Licensure Compact, expanding scope-of-practice authority for pharmacists and dental hygienists, and advancing Pharmacy Benefit Manager reforms to help rein in prescription drug costs.

And to avoid unnecessary tax increases at a time when affordability is front-of-mind for every Rhode Islander, my budget proposes placing a line-item veto before voters in 2026—strengthening fiscal discipline and aligning Rhode Island with 43 other states.

### ***Protecting the Most Vulnerable***

H.R. 1 is expected to take a toll on our state budget and, more importantly, on Rhode Island families. After its passage, my administration estimated that this law will threaten Medicaid coverage for over 30,000 Rhode Islanders, cut 2,300 households off SNAP, and, by not extending enhanced ACA tax credits, risk coverage loss for 13,000 Rhode Islanders on the state's health exchange.

No state can fully backfill an entire federal program, but as my administration demonstrated during the SNAP crisis, when President Trump used hungry families as bargaining chips, we will act with compassion and use limited state resources to protect the most vulnerable.

My budget includes the state's first-ever premium assistance program for vulnerable individuals on the ACA health exchange, mitigating approximately half of those who would otherwise lose coverage due to inaction in Washington.

In anticipation of increased uncompensated care at hospitals under H.R. 1, my budget also takes an initial step by establishing a \$10 million fund to help offset those costs. We will also invest \$19.3 million in new technologies and in engagement efforts to ensure residents remain insured despite damaging H.R. 1 requirements.

As a result of my administration securing over \$156 million in the first year alone from the Rural Health Transformation Program, we will also be able to invest strategically in our health care system by strengthening federally qualified health centers; expanding access to primary care; combating the opioid crisis by launching crisis stabilization facilities and recovery centers; building a sustainable health workforce through new training and education-to-employment

pathways; and supporting hospitals and primary care providers in adopting advanced alternative payment models that reward coordination, prevention, and care delivered in lower-cost settings.

Lastly, H.R. 1 includes cuts that run counter to our values, further threatening SNAP recipients and reducing reimbursement for essential reproductive health providers like Planned Parenthood. In response, my budget doubles the state grant to the Rhode Island Community Food Bank and provides new funding to Planned Parenthood to help fill the gap created by Congressional Republicans.

### ***Keep Rhode Island Building***

Under my administration, Rhode Island is advancing a historic pipeline of public and private infrastructure investments across the state—investments that will strengthen long-term economic competitiveness and make Rhode Island a more attractive place to live, work, and invest.

These investments include a new state-of-the-art State Health Laboratory; the RhodeRestore program, which has leveraged more than \$135 million for local road upgrades across all 39 cities and towns; the creation of the Institute for Cybersecurity & Emerging Technologies at Rhode Island College; nearly \$200 million in port investments at Galilee and Davisville; and the largest infrastructure project in state history—the more than \$800 million I-95 “15 Bridges” project replacing aging and structurally deficient bridges along the I-95 and Route 10 corridor.

My budget builds on that momentum with a \$600 million “Keep Rhode Island Building” bond proposal to strengthen Rhode Island’s future, including: \$120 million for housing and homeownership; more than \$105 million for a new integrated health building at URI’s Kingston Campus; \$115 million for pad-ready industrial sites, modern life sciences and R&D facilities, and expanded maritime and defense infrastructure through Smart Bay and the Quonset Development Corporation; a new \$60 million Workforce Innovation Center at the Community College of Rhode Island; major investments in student facilities at Rhode Island College; \$50 million for a statewide career and technical education strategy; and \$20 million to improve community resilience and public safety in the face of flooding, severe storms, and environmental degradation.

### **Looking Ahead**

If the May Revenue and Caseload Estimating Conferences indicate an improved fiscal outlook, I recommend directing any additional available resources to the following priorities:

- Building on my administration’s proposed investments in education;
- Further strengthening my administration’s proposals to address rising uncompensated care costs by increasing support for hospitals; and
- Adding a supplemental young child bonus for children under age five as part of my proposed Child Tax Credit.

Given the difficult decisions required to address the projected deficit, submit a balanced budget, and respond to challenges imposed by the Trump administration, I anticipate many conversations with the General Assembly in the months ahead. My administration welcomes that dialogue and the opportunity to explain how this budget charts a responsible path forward—addressing the cost of living, protecting the most vulnerable, and continuing to invest in building Rhode Island’s future.

Being the Governor of a small state means I have the opportunity to hear the voices others don’t. I hear the families who don’t have a lobbyist or the loudest voice on Smith Hill. I hear from the early retiree watching her Social Security benefits shrink as health insurance premiums rise; from parents of two feeling the squeeze as tariffs drive up the cost of groceries and utility bills; and from the laborer working to buy his first home and provide for his family, while worrying about whether the next job will be there.

I submit my budget proposal for those families, for all families.

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 long, sweeping underline.

Daniel J. McKee

Governor

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# INTRODUCTION

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## Fiscal Year 2027 Budget Proposals

### Ballot Initiatives

The Governor recommends placing six general obligation bond questions totaling \$600 million on the November ballot.

#### Higher Education Facilities – \$215.0 million

- *University of Rhode Island Integrated Health Building:* Provides \$105.0 million to build a facility on the Kingston Campus to advance health education, clinical training, and workforce development.
- *Community College of Rhode Island Workforce Innovation Center:* Provides \$60.0 million to build a workforce innovation center on the Warwick Campus designed to support workforce readiness and address critical workforce shortages.
- *Rhode Island College Adams Library:* Provides \$50.0 million to construct a student success and career readiness center within Adams Library.

#### Housing and Homeownership – \$120.0 million

- Increases and preserves the State’s affordable housing portfolio through redevelopment, new construction, property acquisition, and infrastructure improvements. Of the \$120.0 million in funding, \$25.0 million would go toward producing housing units intended for homeownership.

#### Economic Development – \$115.0 million

- *Site Development:* Provides \$70.0 million to acquire land, make infrastructure improvements, and prepare sites for development. Eligible uses include, but are not limited to, large-scale industrial site developments in the Quonset Development Park and investments in the I-195 District.
- *Growth Industry Infrastructure:* Provides \$45.0 million to finance infrastructure, facilities, projects, and investments that support Rhode Island’s ocean, defense, life sciences, data analytics, and related industries.

#### Career and Technical Education – \$50.0 million

- Finances the creation of new career and technical education programs and improvements to existing programs across Rhode Island’s local education agencies.

#### Cultural Economy – \$50.0 million

- *State History Center:* Provides \$45.0 million to construct a facility to permanently display the State’s founding documents and provide space for rotating exhibits and rooms for events, functions, and programming.
- *State Preservation Grants Program:* Provides \$5.0 million to be administered by the Rhode Island Historical Preservation and Heritage Commission as matching grants for municipalities and nonprofits to preserve and renovate historic sites that are open to the public.

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# INTRODUCTION

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## Green Economy and Clean Energy Bonds – \$50.0 million

- *Resilient Rhody Infrastructure Fund*: Provides \$20.0 million to assist local government units in improving infrastructure resiliency and vulnerable coastal habitats as well as restoring river and stream floodplains. These funds would be prioritized to leverage significant matching funds.
- *Energy Efficiency*: Provides \$10.0 million to finance energy efficiency infrastructure.
- *Facility Improvements*: Provides \$8.0 million to renovate and repair recreational facilities and construct new facilities and parks.
- *Narragansett Bay Watershed Restoration*: Provides \$7.0 million to restore and protect the water quality of Narragansett Bay to ensure its continued sustainability and value to Rhode Island. Eligible activities include nonpoint source pollution abatement, including stormwater management; nutrient loading abatement; commercial, industrial, and agricultural pollution abatement; and riparian buffer and watershed ecosystem restoration.
- *Brownfields Remediation and Economic Development*: Provides \$3.0 million to offer up to 80-percent matching grants to public, private, and nonprofit entities for brownfield remediation projects.
- *Local Recreation Projects*: Provides \$1.0 million to offer up to 80-percent matching grants to municipalities to acquire, develop, or rehabilitate recreational facilities.
- *Marine Infrastructure and Pier Development*: Provides \$1.0 million to protect and repair facilities, including recreational facilities, office space, and marine infrastructure.

## Affordability for All Agenda

For the last few years, Americans have confronted stubborn inflation that has increased the cost of everyday goods and services. Governor McKee recognizes the need to make life more affordable for aging Rhode Islanders and families – by driving down their bills and offering tax relief so that residents keep more of their earnings.

### *Eliminating Taxes on Social Security Benefits*

The Governor recognizes that seniors on fixed incomes are facing disproportionate financial strain due to rising healthcare and prescription drug costs, compounded by cost increases driven by tariffs and broader inflationary pressures. Rhode Island is one of eight states that tax Social Security benefits on at least a portion of its beneficiaries. The Governor recommends joining most states in fully exempting all retirees from State income tax on these benefits by initiating a three-year phaseout starting in tax year 2027, with the elimination of the age threshold that will save 10,600 taxpayers approximately \$3.0 million. In the following two years, the income threshold would be raised, with the tax eliminated as of tax year 2029. The elimination would save approximately 32,000 resident taxpayers and 7,700 non-resident taxpayers approximately \$60.1 million as of Fiscal Year 2030.

### *Creating the State's First Child Tax Credit*

The budget proposal recommends upgrading the State's dependent tax deduction to a fully refundable tax credit of \$325 per child per year. Approximately 20,000 Rhode Island filers, making up 18 percent of filers with dependents, earn too little to have the State income tax liability necessary to benefit from the current exemption. Additionally, the current exemption provides a greater dollar benefit for higher-income taxpayers, while the proposed credit provides equal benefit for all eligible taxpayers. The change would deliver a meaningful financial boost to lower-income families who do not benefit under the current structure. The credit is projected to provide \$14.7 million in benefits in Fiscal Year 2027 and \$29.7 million in Fiscal Year 2028, which represents the first, full-year impact of the initiative.

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## *Utility Ratepayer Relief*

The Governor has consistently highlighted the rising cost of electricity as a critical affordability challenge, as national price pressures intensify. Rhode Island now has the fourth-highest residential electricity rates in the country. These cost pressures are exacerbated by the Trump Administration's actions that materially undermine Rhode Island's ability to meet its statutory greenhouse-gas emissions-reduction requirements, while shifting additional compliance costs onto ratepayers.

The Governor recommends aligning several ratepayer-funded programs with peer states in the region and scaling back others to reflect disruptive federal actions and affordability constraints, with a particular focus on the roughly 25 percent of the average utility bill driven by State programs, mandates, and taxes that are directly within the State's control. This approach is intended to moderate near-term utility costs while creating a more affordable path to decarbonization, delivering more than \$151 million in ratepayer relief in 2027 alone and over \$1 billion in cumulative savings over five years.

## *Repealing Gas Tax Increase*

The proposal reverses a 2-cent motor fuel tax hike enacted by the General Assembly in the Fiscal Year 2026 Budget. The decrease from 40 cents to 38 cents is projected to save Rhode Islanders \$8.6 million in Fiscal Year 2027. The 2.0 cents now available for tax relief had been used to pay off motor fuel bonds, and as of December 1, 2025, the State had defeased all outstanding motor fuel bonds. The proposal does not change current law allocating two cents of the gas tax to the Rhode Island Public Transit Authority.

## *Launching a Targeted Affordability Program to Keep Rhode Islanders Insured*

The recent expiration of the enhanced Affordable Care Act subsidies impacts approximately 41,400 Rhode Islanders insured through HealthSource RI (HSRI). These individuals and families are seeing their premium costs double on average. HSRI estimates that approximately 13,100 customers will forgo coverage by 2027 because of this steep cost increase.

To ensure that individuals and families keep their insurance, Governor McKee proposes a targeted affordability program to replace the expired subsidies for households under 200 percent of the federal poverty level. The program, which would be funded with \$9.5 million in Fiscal Year 2027, keeps coverage affordable for approximately 20,000 individuals. Of this total, it is projected that approximately 6,500 would allow their coverage to lapse without this support.

## *Curbing Health Care Spending Growth*

To rein in rising healthcare costs, the budget proposal empowers the Office of the Health Insurance Commissioner (OHIC) to set annual cost growth targets and establish requirements for payers, such as commercial insurers and public payers for Medicare and Medicaid. As of July 1, 2027, and every five years after, the Health Insurance Commissioner would establish the growth targets for each of the next five calendar years.

Payers would be responsible for reporting data to calculate the healthcare cost growth target; evaluate performance against the target; and measure quality, public health, and health equity performance. Any payer whose spending growth exceeds the growth target in any two out of three performance years may be required to develop and implement a performance improvement plan, with enforceable penalties.

## *Pharmacy Benefit Manager Transparency*

Beginning in 2027, Pharmacy Benefit Managers would be required to report detailed information to the Health Insurance Commissioner on rebates, retained rebates, spread pricing, administrative fees, and core business practices, with public disclosure structured to protect legitimate trade secrets. The proposal further directs the Commissioner to conduct a comprehensive study benchmarking Rhode Island against other states and evaluating potential regulatory options to inform future policy decisions.

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## INTRODUCTION

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By emphasizing transparency, oversight, and rigorous analysis, this component of the Governor’s proposal is an essential first step toward addressing prescription drug costs, ensuring that any subsequent reforms are targeted, evidence based, and capable of delivering meaningful savings to consumers and the healthcare system.

### *Line-Item Veto*

The proposal calls for the implementation of a line-item veto to empower the Governor to strike specific line items from an appropriations bill without having to approve or veto the entire bill. Forty-four states currently provide the governor some level of line-item veto authority to control spending. Even with line-item veto authority, the General Assembly would be able to override any vetoes with a three-fifths vote in both chambers.

### **Protecting Rhode Islanders**

The federal reconciliation bill called H.R. 1 makes significant changes to Medicaid and the Supplemental Nutrition Assistance Program (SNAP) – two bedrock safety-net programs that assist hundreds of thousands of Rhode Islanders. The State cannot fully backfill the loss of federal funds, but the Governor is committed to limiting the negative impacts to the greatest extent possible by leveraging limited State resources.

H.R.1 requires that states increase their share of SNAP administrative costs from 50 percent to 75 percent, requiring an additional \$9.3 million in FY 2027 and approximately \$13.0 million in FY 2028. Furthermore, H.R. 1 established a state cost-sharing requirement for SNAP benefits, which are currently fully federal funded, based on each state’s payment error rate. Starting in federal Fiscal Year 2028, states with an error rate between 6 and 8 percent must contribute 5 percent of SNAP benefits; states with an error rate between 8 and 10 percent must contribute 10 percent; and states with an error rate greater than 10 percent must contribute 15 percent. Under those conditions, Rhode Island may have to pay as much as \$50.0 million in FY 2028, emphasizing the importance of reducing the State’s SNAP error rate.

### *Investing in Technology and Personnel to Navigate Federal Changes*

Effective December 31, 2026, approximately 24,600 Medicaid beneficiaries are projected to be at risk for Medicaid disenrollment because of a new work requirement. Similarly, a SNAP work requirement, which was expanded to new populations effective July 4, 2025, applies to about 9,000 households.

Implementation of H.R.1 will require \$19.3 million in investments for information technology, personnel, and resources to ensure that Rhode Islanders can retain their benefits, reduce its SNAP error rate and maximize the amount of federal funding that the State receives for these critical programs.

### *Supporting Uncompensated Care*

As some Rhode Islanders let their insurance coverage lapse because of increasing costs or lose Medicaid coverage due to federal changes, more individuals and families will turn to hospitals for services. The Governor recommends investing \$4.2 million in general revenue, \$10.0 million from all sources of funds, to be distributed through the established Disproportionate Share Hospitals payment.

### *Social and Human Services Provider Rates*

The Governor recommends providing \$23.0 million in general revenue to increase social and human services provider rates following the OHIC rate review, capping the gross rate increase to the lower of either the OHIC recommendation or the equivalent Medicare rate.

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### *Doubling the Rhode Island Community Food Bank Grant*

As evidenced by the federal government shutdown this fall, the Rhode Island Community Food Bank continues to play a vital role in feeding vulnerable Rhode Islanders. Given the impacts of inflation and federal policy changes, demand will likely remain elevated in the near term. To help meet the anticipated need, the Governor recommends doubling State support from \$1.0 million to \$2.0 million in Fiscal Year 2027, of which \$250,000 will be provided to other community food organizations.

### *Planned Parenthood*

To help preserve access to essential preventive and reproductive health services amid federal funding reductions, the Governor proposes a \$600,000 State grant to Planned Parenthood of Southern New England.

### *Fully Reopening the Veterans Home*

The Governor recommends providing \$3.0 million to partially reopen the Foxtrot Neighborhood at the Rhode Island Veterans Home. The funding proposal supports staffing and operations for 16 additional beds, which is half of the neighborhood's capacity, including 24 full-time equivalent positions, of which 22 are involved in direct care and facility operations. The Governor envisions fully reopening the Foxtrot neighborhood in FY 2028 to ensure that all available beds at the Veterans Home are filled.

### *Leveraging Federal Funds in the Rural Health Transformation Program*

To strengthen access to care in underserved communities, Rhode Island secured more than \$156 million in first-year funding through the federal Rural Health Transformation Program (RHTP) – including a significant discretionary award above the State's mandatory allocation. This historic investment will expand access to care through Federally Qualified Health Centers, make major new investments in primary care and preventive services, support hospital-level care delivered safely in patients' homes, advance value-based care models that reward quality and outcomes, expand behavioral health and addiction-treatment capacity, modernize health IT systems, grow the healthcare workforce, and strengthen mobile health and emergency medical services. It will also support local health systems, such as Block Island and the Narragansett Indian Tribe, and build integrated, community-based care so Rhode Islanders in rural areas can access coordinated, affordable services closer to home.

The Office of Management and Budget will submit a Governor's Budget Amendment reflecting the final spending plan developed with federal and local partners, while advancing targeted policy reforms aligned with the RHTP and the priorities of the McKee Administration. These reforms expand access and the healthcare workforce by reducing unnecessary regulatory barriers, including scaling back certificate of need laws, joining the physician assistant licensure compact, and expanding scope-of-practice authorities to support a more competitive, patient-centered healthcare system.

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## Supporting K-12 and Higher Education

The Governor is committed to improving educational outcomes so that children can meet their full potential and fill in-demand, good-paying jobs across the Rhode Island economy. The Administration has prioritized infrastructure investments across school districts, launched an initiative to prioritize learning outside school hours, and focused on increasing school attendance.

### *K-12 Funding Formula Aid*

The Governor recommends adding \$17.5 million in per-pupil aid compared to the Fiscal Year 2026 enacted level for public and charter local education agencies, and the Central Falls, Met, and Davies school districts – a 3.1 percent increase in per-pupil spending. The proposal recommends calculating the funding formula with October 2025 enrollment data and increasing the student success factor from 40 percent to 43 percent for all local education agencies. Increasing the student success factor provides an additional \$14.2 million for schools to support the needs of educating children in poverty.

### *High-Cost Special Education Funding*

The proposed budget provides \$20.0 million – an increase of \$2.5 million from Fiscal Year 2026 – to reimburse districts serving students whose needs exceed four times the core instructional amount.

### *Learn365RI*

The Governor recommends providing \$2.0 million for grants as part of the Learn365RI program, which is designed to shift learning from the traditional 180 school days to 365 days of learning by supporting partnerships between municipalities, local education agencies, and community-based organizations. Of the \$2.0 million,

- \$1.7 million would be provided as grants to municipalities to conduct Learn365RI initiatives and activities related to the program goals of improving attendance, increasing reading and math scores, and supporting FAFSA completion.
- \$100,000 would be provided for the Rhode Island Afterschool Network to support tutoring initiatives and staff training to support the Youth Development Apprenticeship Program and technical support of learning centers.
- \$100,000 would be provided to Teach for America Ignite to support tutoring initiatives to focus on reading and math skill development for third to eighth grade.
- \$100,000 would be provided to Onward We Learn Learn365RI tutoring initiatives supporting students to focus on reading and math skill development for third to eighth grade and for statewide FAFSA support.

### *Making Hope Scholarship a Permanent Program*

The Governor recommends transitioning the Rhode Island Hope Scholarship, which provides in-state students their junior and senior years tuition free at Rhode Island College, from a pilot program to a permanent one.

### *Operating Support for Institutions of Higher Education*

The proposal increases unrestricted operating support by 2.5 percent, or \$6.2 million, to the State's three institutions of higher education – an additional \$2.9 million for the University of Rhode Island, \$1.8 million for Rhode Island College, and \$1.6 million for the Community College of Rhode Island.

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## **Growing the Economy and Improving Transportation**

### *Destination Marketing*

The Governor recommends allocating \$1.5 million to advertise Rhode Island as a destination for tourism and business travel in support of airline routes to T.F. Green International Airport.

### *Innovation Initiative*

To incentivize innovation and entrepreneurship in sectors such as STEM, design, and manufacturing, the budget proposal includes \$1.0 million for three programs: Innovation Vouchers, Network Matching Grants, and the Invention Incentive.

### *Main Street Streetscape Improvements*

The budget proposal includes \$1.0 million to finance awards, grants, or loans on a competitive basis for improvements to commercial districts, such as enhanced sidewalks, new street furniture, new way-finding signage, upgraded building facades, and improved street lighting.

### *Placemaking*

The Governor recommends providing \$0.5 million to finance short- and long-term projects aimed at developing place-based event programming and developing new attractions.

### *RhodeRestore*

The Governor recommends investing \$10.0 million toward RhodeRestore to continue defraying the cost of municipal transportation projects. Federal, pandemic-era funding made it possible for the State to launch the initiative in Fiscal Year 2024. This program requires a 67.0 percent local contribution.

### *RIPTA*

The Governor recommends a \$9.3 million annual increase in the base share of Highway Maintenance Account revenue allocated to the Rhode Island Transit Public Authority (RIPTA) for operating support. RIPTA projects a total operating shortfall of \$13.8 million in Fiscal Year 2027, with the remaining deficit addressed through the Governor's recommended addition of \$3.5 million in Rhode Island Capital Plan Funds for bus purchases and \$1.0 million in additional cruise operator fees.

## **Revenue**

### *Decoupling from H.R. 1's Research and Development Tax Provision*

Rhode Island is decoupled from all tax year 2025 and earlier impacts of H.R. 1 that directly flow to State tax returns. The Governor proposes permanently decoupling from H.R. 1's provision regarding research and development expensing that allows entities to accelerate the expensing of costs related to research and development, such as wages, supplies, rent, and equipment, over a one-year or two-year period. Before Congress passed H.R. 1, these expenses were required to be amortized over five years.

Decoupling means that while entities can accelerate expensing for federal tax purposes, they can only claim one-fifth of that deduction on their State returns. Decoupling is projected to save Rhode Island approximately \$22.6 million in both Fiscal Years 2026 and 2027.

### *New Income Tax Bracket*

The Governor recommends creating a fourth personal income tax tier at 8.99 percent for income over \$1 million starting in tax year 2027. This represents a 3-percentage point increase above the current top bracket. The new tax bracket is projected to generate \$67.1 million in Fiscal Year 2027.

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### *Tax Amnesty*

The budget proposal recommends launching a tax amnesty program in Fiscal Year 2027 to incentivize delinquent taxpayers to pay outstanding taxes owed to the State. The program is projected to generate \$26.3 million in Fiscal Year 2027.

### *Cigarette and Cigar Tax Changes*

The budget proposal increases the per-pack cigarette tax from \$4.50 to \$5.25, which is projected to increase revenues by \$6.6 million; repeals the cigarette stamp discount, which is projected to increase revenues by \$0.8 million; and raises the cigar tax cap, which is projected to increase revenues by \$0.6 million.

# EXPENDITURE SUMMARY

The following outlines the revised FY 2026 and recommended FY 2027 Budgets as proposed by Governor McKee on January 15, 2026.

## Expenditures by Source

The following table shows state expenditures by source of funds. Statewide all funds expenditures for the revised FY 2026 Budget total \$15.168 billion, an increase of \$831.7 million compared to the enacted level. Of this total, \$5.825 billion, or 38.4 percent, is from general revenue. Of the \$831.7 million increase, \$292.3 million represents the carryforward for funding associated with the American Rescue Plan Act, including the State Fiscal Recovery Fund and the Capital Projects Fund; \$196.9 million represents carryforward in the Intermodal Surface Transportation Fund; and \$209.2 million represents carryforward in the Rhode Island Capital Plan Fund.

All funds expenditures for FY 2027 are \$14.859 billion, an increase of \$522.6 million compared to the FY 2026 enacted level. Of this total, \$5.955 billion, or 40.1 percent, is from general revenue.

### Enacted and Proposed Expenditures by Source

Sources of Funds	FY 2026 Enacted	FY 2026 Revised	Change from Enacted	FY 2027 Recommended	Change from FY 2026 Enacted
General Revenue	\$5,809.4	\$5,825.0	\$15.6	\$5,954.7	\$145.4
Federal Funds	5,108.5	5,508.9	400.4	5,506.0	397.5
Restricted Receipts	458.5	557.1	98.5	459.8	1.3
Other Funds	2,960.0	3,277.1	317.1	2,938.5	(21.5)
<b>Total (millions)</b>	<b>\$14,336.4</b>	<b>\$15,168.1</b>	<b>\$831.7</b>	<b>\$14,859.0</b>	<b>\$522.6</b>

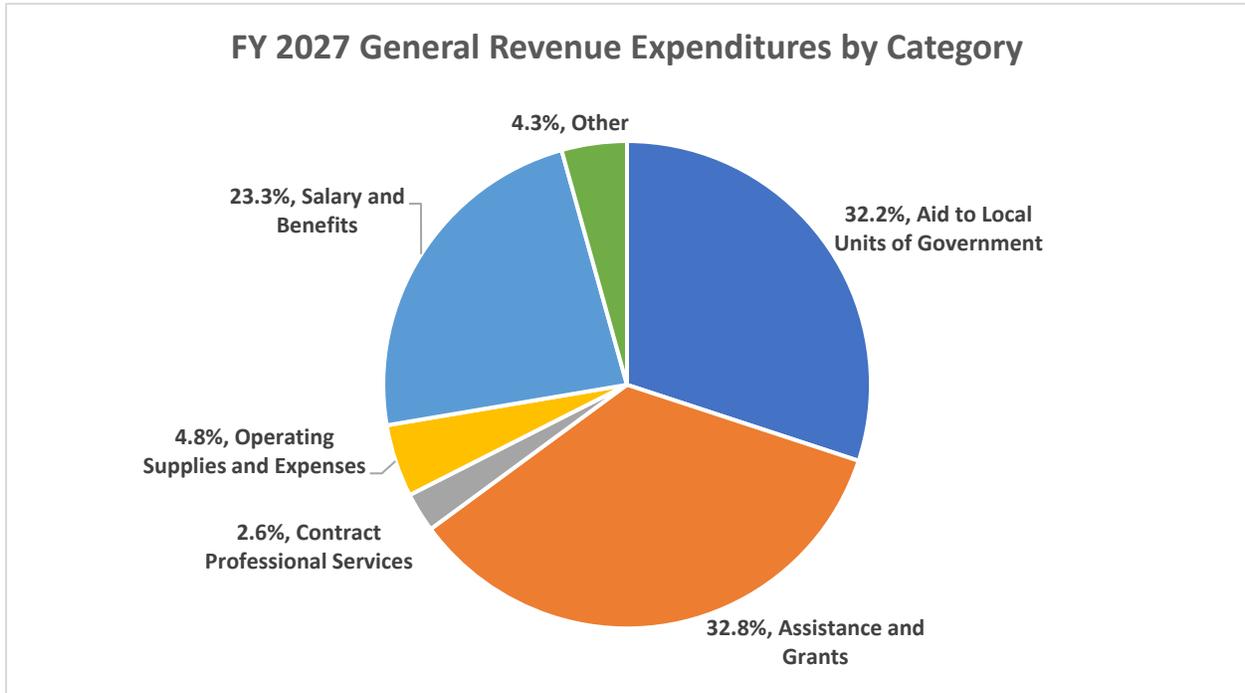
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# EXPENDITURE SUMMARY

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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 32.2 percent of general revenue expenditures in FY 2027, a slight increase from the 32.9 percent of general revenue expenditures in FY 2026. Personnel expenditures have increased slightly from 22.8 percent of general revenues in FY 2026 to 23.3 percent in FY 2027. Meanwhile, the 34.2 percent of general revenues in FY 2026 spent on grants and benefits, which is comprised of Medical Assistance benefit expenditures, is proportionately similar to the 32.8 percent in FY 2027.



# EXPENDITURE SUMMARY

## Expenditures by Functional Unit of Government

The FY 2027 general revenue budget is up \$145.4 million compared to the enacted FY 2026 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 \$5.5 million to fully finance all general government agencies at current services.
- Health and Human Services expenditures increased by \$97.6 million, largely attributable to the Office of the Health Insurance Commissioner’s rate review, investments in response to H.R. 1, and adjustments to anticipated caseloads.
- Education expenditures are up \$15.9 million due to proposed changes to education aid.
- Public Safety expenditures are up by \$23.7 million, largely attributable to updated compensation rates, higher operating costs, and reappropriations.
- Natural Resources expenditures are up by \$2.7 million to fully finance all natural resources agencies at current services.

### General Revenue Appropriations by Function

Source of Funds	FY 2026 Enacted	FY 2026 Revised	Change from Enacted	FY 2027 Recommended	Change from FY 2026 Enacted
General Government	\$842.9	\$840.8	(\$2.1)	\$848.4	\$5.5
Health and Human Services	2,254.4	2,252.4	(2.0)	2,352.0	97.6
Education	1,992.1	1,997.9	5.8	2,008.1	15.9
Public Safety	657.7	671.2	13.5	681.4	23.7
Natural Resources	62.3	62.7	0.4	64.9	2.7
<b>Total (millions)</b>	<b>\$5,809.4</b>	<b>\$5,825.0</b>	<b>\$15.6</b>	<b>\$5,954.7</b>	<b>\$145.4</b>

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# EXPENDITURE SUMMARY

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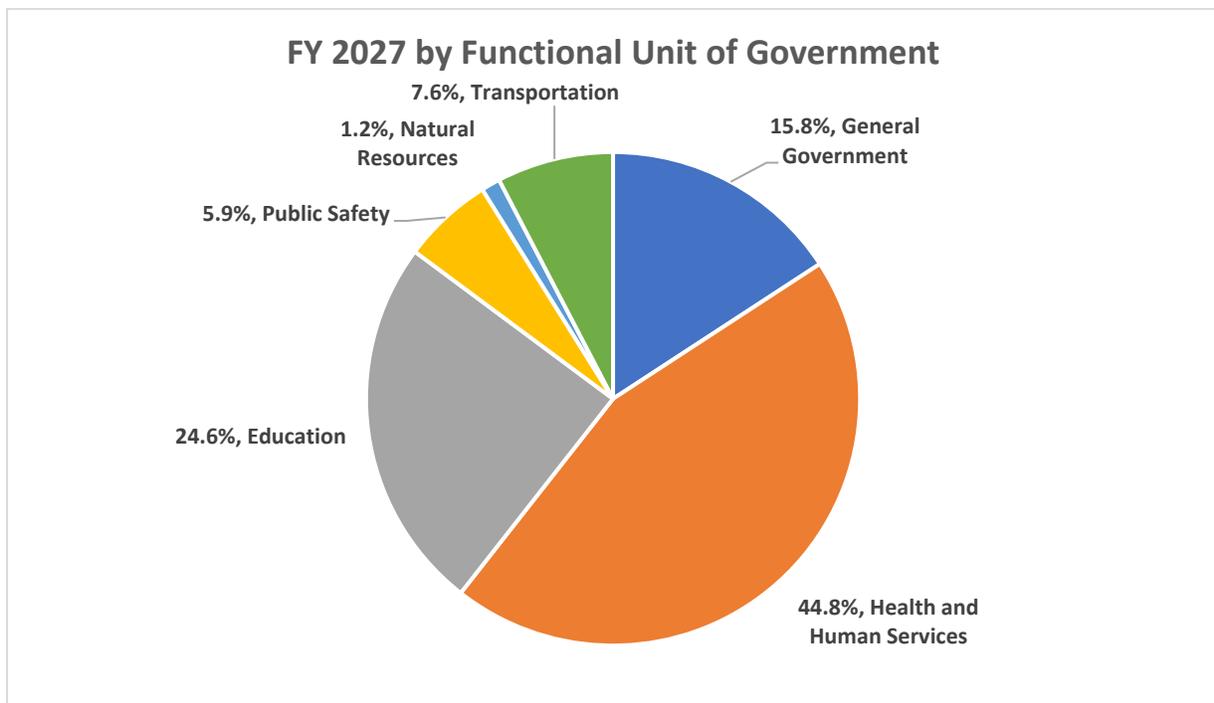
**FY 2027 All Funds expenditures by functional units total \$14.859 billion and include:**

General Government

Approximately 15.8 percent of all expenditures are for General Government, totaling \$2.347 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 44.8 percent of all expenditures are for Health and Human Services, totaling \$6.654 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 24.6 percent of all expenditures are for Education, totaling \$3.654 billion. This includes state support for local education aid, support for the state university and colleges, and scholarships.

Public Safety

Approximately 5.9 percent of all expenditures are for Public Safety, totaling \$883.7 million. Public Safety agencies provide law enforcement, adjudication, perform correctional and rehabilitative services, and handle emergencies impacting Rhode Island’s citizens.

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## **EXPENDITURE SUMMARY**

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### Natural Resources

Approximately 1.2 percent of all expenditures are for Natural Resources, totaling \$185.1 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, including land, air, and water resources, while the CRMC seeks to preserve, protect and restore the coastal resources of the State.

### Transportation

Approximately 7.6 percent of all expenditures are for Transportation, totaling \$1.135 billion. The Department of Transportation 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 \$187.9 million is programmed in the recommended FY 2026 revised and FY 2027 Budgets. The following table shows the SFRF projects with the total budgeted amounts for FY 2026 and FY 2027.

Project	Budgeted Amount
9-8-8 Hotline	\$ 2,412,677
Adult Education Providers	\$ 1,539,362
Assistance to Impacted Industries	\$ 1,341,963
Bioscience Investments	\$ 24,189,278
Certified Community Behavioral Health Clinics	\$ 1,908,422
Child Care Support	\$ 1,004,309
Community Learning Center Programming Support Grant	\$ 2,000,000
COVID-19 Operational Support	\$ 229,342
Crisis Intervention Trainings	\$ 1,217,506
Development of Affordable Housing	\$ 40,002,001
Electric Heat Pump Grant Program	\$ 697,440
Enhanced Real Jobs	\$ 65,508
Fresh Start Scholarship	\$ 1,199,287
Home Repair and Community Revitalization	\$ 9,738,194
Homelessness Assistance Program	\$ 9,010,861
Homelessness Infrastructure	\$ 4,185,576
Housing Related Infrastructure	\$ 1,927,964
Municipal Homelessness Support Initiative	\$ 719,104
Municipal Planning	\$ 1,658,224
Municipal Public Safety Infrastructure	\$ 4,400,236
Municipal Roads Grant Program	\$ 11,421,717
Out of School Time Education Providers	\$ 2,047,238
Pandemic Recovery Office	\$ 1,907,321
Port of Davisville	\$ 279
Predevelopment and Capacity Building	\$ 41,192
Proactive Housing Development	\$ 700,000
Provider Workforce Stabilization	\$ 257,093
Psychiatric Residential Treatment Facility	\$ 6,561,123

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## EXPENDITURE SUMMARY

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<b>Project</b>	<b>Budgeted Amount</b>
Public Health Response Warehouse Support	\$ 1,000,562
RI Reconnect	\$ 4,600,385
RIC Cybersecurity Center	\$ 475,006
Site Acquisition	\$ 900
SNAP Retail Incentive Pilot	\$ 1,350
Statewide Housing Plan	\$ 1,017,513
Support for Survivors of Domestic Violence	\$ 4,595,789
Targeted Housing Development	\$ 18,001,903
Unemployment Insurance Trust Fund Contribution	\$ 1,196
Washington Bridge Project	\$ 16,969,911
Workforce Housing	\$ 8,325,097
ERP Implementation Support	\$ 563,506
<b>Total</b>	<b>\$ 187,936,335</b>

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



## Building a Rhode to Prosperity

### RI 2030 Goals

- Enhance workforce development and post-secondary education.
- Improve the housing ecosystem and prioritizing homeownership.
- Support small business and create a competitive tax environment.
- Drive economic development and growth.

### Performance Measures

- Real Jobs RI Placements
- Real Jobs RI Employer Engagement
- FAFSA Completion
- Total Housing Construction
- Small Business Loans



## Strengthening K-12 Education

### RI 2030 Goals

- Expand year-round out-of-school learning opportunities.
- Modernize school facilities and support teachers.
- Invest in all students.
- Expand career and technical education opportunities.

### Performance Measures

- Student Chronic Absenteeism Rate
- High-quality Pre-K Seats
- Early College Opportunities Participation
- High School Graduates Earning Diploma Plus
- English Language Proficiency Rate



# Charting a Course for the Future of the Ocean State



## Creating a Healthier Rhode Island

### RI 2030 Goals

- Support physical health.
- Support behavioral health and individuals with intellectual or developmental disabilities.
- Strengthen the healthcare system
- Support veterans and seniors.
- Reduce homelessness and promote housing stability

### Performance Measures

- Blood Lead Screening Rate
- Overdoses
- Emergency Room Diversions
- Integrated Employment
- Long Term Care Spending
- Affordable Housing Construction



## Advancing Infrastructure and Energy

### RI 2030 Goals

- Improve roads and bridges.
- Invest in transit infrastructure.
- Invest in port and water infrastructure.
- Expand broadband infrastructure and digital equity.
- Advance affordable energy initiatives and environmental resilience.

### Performance Measures

- Bridge Conditions
- Interstate Pavement Condition
- Construction On-Time Rate
- Roadway Fatalities
- Broadband Performance
- Commercial Fish Landings

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# RHODE ISLAND'S ECONOMY

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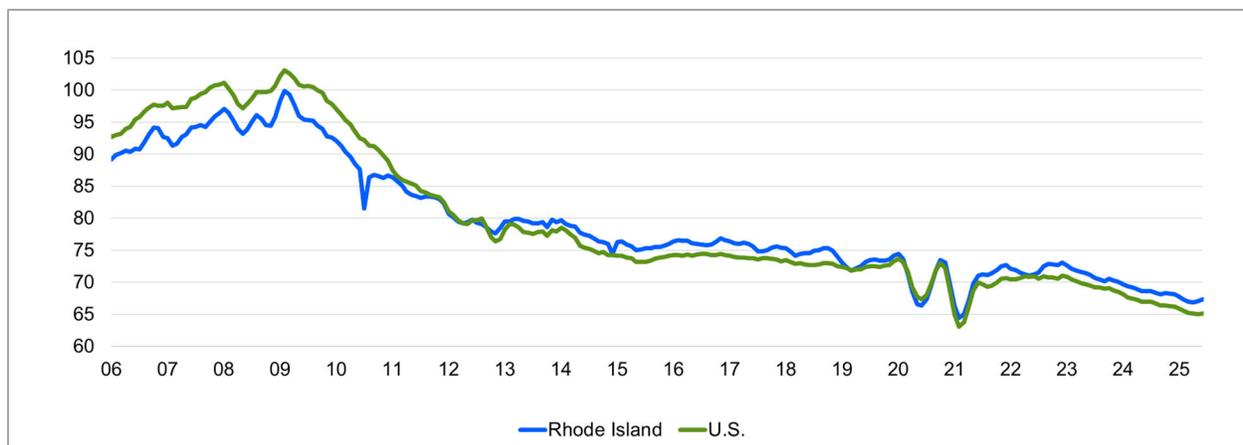
## Overview

Rhode Island's economy enters 2025 from a position of resilience, having achieved a full recovery from the pandemic and reached new employment highs. Growth is moderating following several years of expansion, consistent with broader national trends. While the state faces external headwinds, including federal policy uncertainty, slower job growth, and ongoing consumer price pressures, Rhode Island continues to benefit from sectoral strengths that should help moderate the pace of deceleration. Rising wages, a strong professional services sector, and strategic advantages in defense and research provide important sources of stability as the economy recalibrates.

The consensus economic forecast adopted at the November 2025 Revenue Estimating Conference (REC) projects relatively stable labor market conditions over the next five years, with total job growth flattening and unemployment rates averaging around 5 percent. At the same time, several indicators support a more constructive outlook. Total wage growth, personal income, and consumer spending are all projected to continue outpacing inflation over the current forecast horizon, which extends through FY 2031.

Rhode Island and the nation enter this period of slower growth from a position of relative strength compared to recent benchmarks. Debt burdens are markedly lower than they were heading into the Great Recession in 2008, when many individuals were significantly overleveraged, particularly in housing. Supported by this improvement and the solid economic growth of the past five years, household balance sheets are generally in much stronger condition than they were nearly two decades ago. Figure 1 illustrates this long-term trend using outstanding debt data for the United States and Rhode Island.

**Figure 1:** Total Debt Outstanding as a Share of Total Personal Income, %



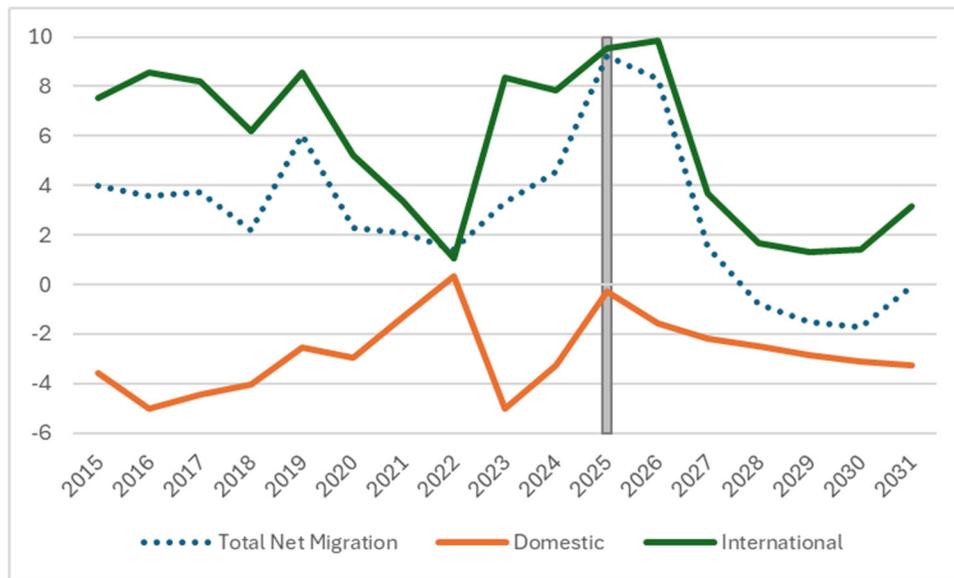
Sources: Equifax, U.S. Bureau of Economic Analysis, and Moody's Analytics

National policy developments continue to shape the economic outlook, particularly in the areas of federal monetary, trade, and immigration policy. Consumer price inflation is projected to rise modestly to 3.5 percent in FY 2026, reflecting, in part, tariff-related upward pressure on certain consumer goods prices. At the same time, demographic trends remain an important consideration for the labor force, especially in states such as Rhode Island with aging populations that rely on continued in-migration to support workforce and economic growth.

# RHODE ISLAND'S ECONOMY

As illustrated in Figure 2, Rhode Island has experienced modestly positive net migration dating back to FY 2015, with inflows consistently exceeding outflows. This trend has been driven largely by positive international migration offsetting mostly negative domestic migration. Under current assumptions, international migration is expected to slow beginning in FY 2027, dropping the state's total net migration into the negative by FY 2028.

**Figure 2:** Rhode Island Total, Domestic, and International Net Migration FY 2015 – FY 2031  
(Thousands of People; Forecast after Gray Bar)



Sources: U.S. Census Bureau (History) and Moody's Analytics (Forecast)

National job creation has become more uneven across industries, as reflected in the six-month average employment diffusion index. As of August 2025, the index stood at 48 percent, indicating that 48 percent of industries were adding jobs while 52 percent experienced employment declines. Figure 3 places this reading in historical context by showing the index over a 34-year period, with recessionary periods highlighted.

Healthcare employment has accounted for a substantial share of recent national job gains, driven by rising demand associated with an aging population. Rhode Island's labor market includes a relatively high concentration of healthcare employment, positioning the state to benefit from these longer-term demand trends, even as the sector continues to navigate operational and workforce challenges.

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# RHODE ISLAND'S ECONOMY

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**Figure 3:** Six-Month Employment Diffusion index, %  
(50 = even share of industries growing and shrinking)



Sources: U.S. Bureau of Labor Statistics and Moody's Analytics

Rhode Island's economy in 2025 continued to expand at a more moderate pace as the state moved beyond the period of exceptionally strong post-pandemic employment gains. The labor market is showing signs of adjusting to a post-pandemic environment. Inflation pressures, while still elevated, are becoming more manageable, and the housing market is showing signs of stabilization.

## Labor Market

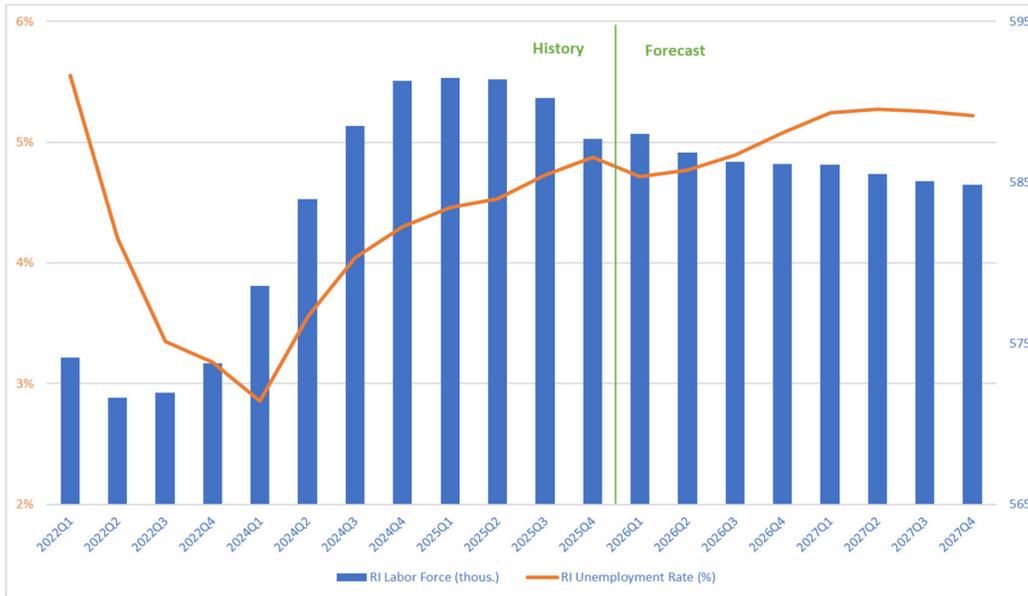
Rhode Island's labor market performance in 2025 reflects a transition from the rapid post-pandemic expansion toward a more sustainable pace. The state reached a record high of 515,800 jobs in April 2025 and has since experienced a net decline of approximately 1,900 jobs through November, largely concentrated in accommodation and food services.

Rhode Island's seasonally adjusted unemployment rate rose modestly from 4.5 percent in November 2024 to 4.9 percent in April and May 2025 before declining to 4.3 percent by November 2025. Throughout this period, the unemployment rate remained below 5 percent, a level traditionally associated with full employment, and as of November stood slightly below the national rate of 4.6 percent.

Over the same period, Rhode Island's labor force declined by 433 individuals in the year preceding November 2025, reflecting a combination of demographic trends, retirements, and labor force exits. Declining labor force participation—particularly among younger and prime-age workers—continues to present a longer-term structural challenge, influenced in part by the state's aging population. Nevertheless, Rhode Island's overall labor force participation rate (63.8 percent as of November 2025) remains above the national average (62.5 percent), and wage growth continues to be strong. Figure 4 presents Rhode Island's labor force size alongside the unemployment rate. The adopted consensus forecast anticipates a slight further contraction in the labor force, with unemployment projected to edge modestly above the 5 percent full employment threshold.

# RHODE ISLAND'S ECONOMY

**Figure 4:** Rhode Island Labor Force Size (#, thousands) and Unemployment Rate (%) by Fiscal Quarter



Sources: U.S. Bureau of Labor Statistics (History) and Moody's Analytics (Forecast)

Total wage and salary disbursements rose 4.7 percent in calendar year 2024, and average annual wages increased 3.1 percent, extending a decade-long pattern of solid income growth in Rhode Island. These gains have continued even as the labor market adjusts, underscoring the resilience of household income growth.

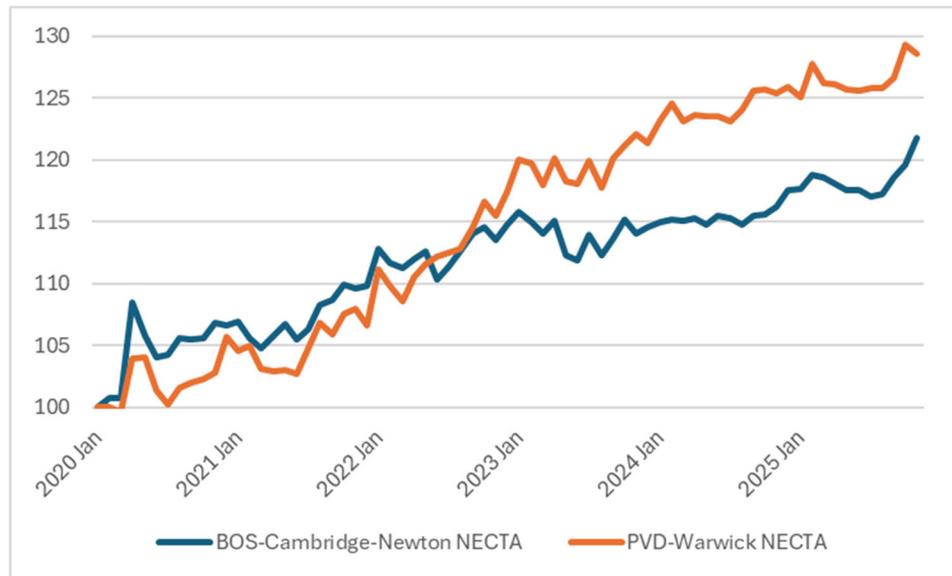
Workers in Rhode Island's urban core, the Providence–Warwick New England City and Town Area (NECTA), have also continued to make strong relative gains in average wages compared with the Boston–Cambridge–Newton NECTA. As shown in Figure 5, which indexes average hourly earnings in both areas to January 2020, Providence-area wages have consistently narrowed the gap since mid–calendar year 2022. While nominal wages remain higher in the Boston area, the index highlights Rhode Island's improving relative wage performance over time.

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# RHODE ISLAND'S ECONOMY

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**Figure 5:** Boston-Cambridge-Newton NECTA vs. Providence-Warwick NECTA Average Hourly Earnings (Indexed Jan. 2020 = 100)



Source: U.S. Bureau of Labor Statistics

Defense-related employment continues to be a standout strength for Rhode Island. Major submarine and undersea warfare contracts centered at Quonset Point are supporting steady hiring and helping to buffer the state from broader softness in manufacturing activity. Research and life sciences employment, anchored by Brown University and sustained federal funding, also remains an important source of mid- to high-wage jobs, even as institutions emphasize near-term cost discipline. As with many sectors, future performance will continue to be influenced by federal policy decisions, including those affecting higher education and clean energy investment.

## **Inflation, Consumer Spending, and Housing**

Inflation pressures affecting Rhode Island largely reflect national dynamics. Tariffs are gradually feeding into consumer prices, though the pass-through has been slower than initially expected, and softer demand has helped limit upward pressure on inflation. Consumer spending patterns have moderated, with some households adopting a more cautious approach, while higher-income earners continue to spend, supporting sustained growth in personal consumption expenditures.

Figure 6 shows year-over-year growth in total personal consumption expenditures (PCE) in Rhode Island alongside the goods and services components. Prior to 2020, goods spending generally grew slightly faster than services. Goods spending surged early in the pandemic, but the growth trends reversed in FY 2022 as pent-up demand for services led services spending growth to outpace goods. This pattern has remained in place since then, with services spending projected to continue exceeding goods growth over at least the next five years, supporting continued strength in overall consumption.

Although consumer spending growth has decelerated and goods spending has slowed to a more modest pace, total PCE growth continues to exceed both inflation and the average growth rates observed in the years immediately preceding the pandemic. The evolving mix between goods and services has implications

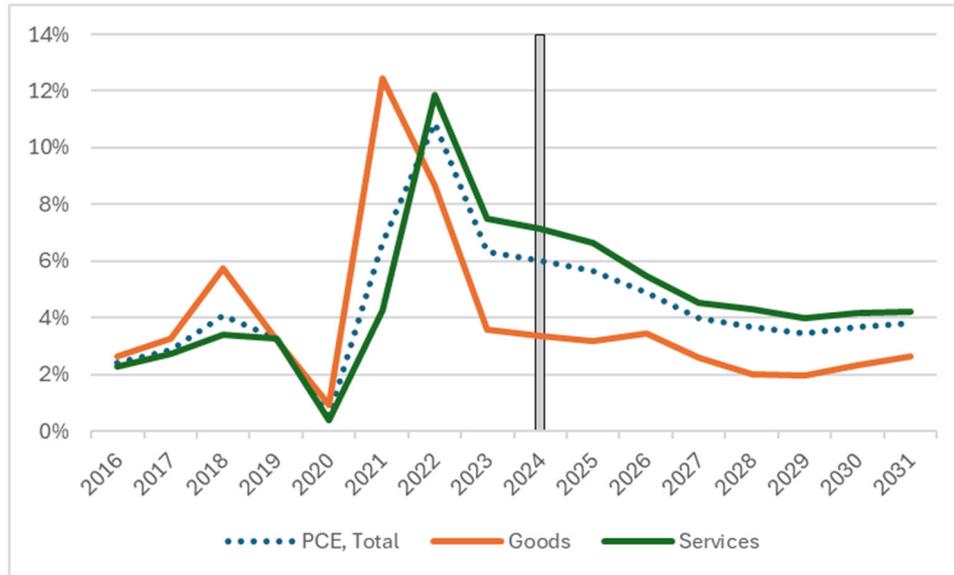
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## RHODE ISLAND'S ECONOMY

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for state revenue, as Rhode Island's sales tax is primarily applied to goods purchases.

**Figure 6:** Rhode Island Personal Consumption Expenditures Year-over-Year Growth by Fiscal Year



Sources: U.S. Bureau of Economic Analysis (History) and Moody's Analytics (Forecast)

Rhode Island's housing market is moving toward a more balanced footing. After several years of rapid appreciation, house price growth has leveled off, providing modest improvements in affordability. At the same time, increased residential construction activity is expanding supply, supporting longer-term housing stability and helping address structural shortages without signs of overheating.

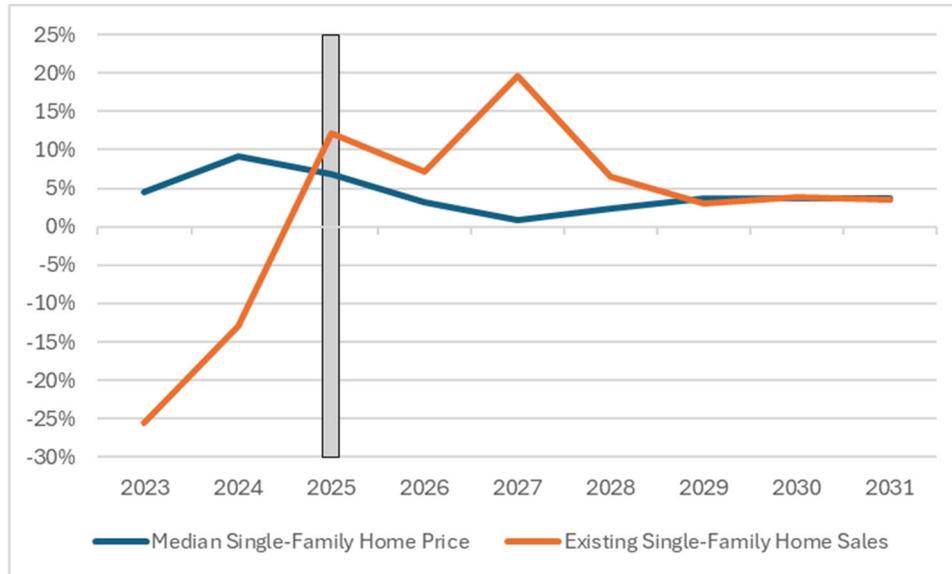
Multifamily construction permits rose sharply to 900 units in FY 2025, an increase of 49.8 percent from FY 2024, while single-family permits increased by nearly 10 percent year over year. Figure 7 illustrates year-over-year changes in the median existing single-family home sale price alongside single-family home sales volume in Rhode Island. Sales activity declined significantly in FY 2023 as elevated prices and interest rates cooled an overheated market. As price appreciation plateaued and interest rates eased modestly in FY 2025, sales activity recovered, and the housing market shows signs of stability throughout the forecast horizon.

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# RHODE ISLAND'S ECONOMY

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**Figure 7: Rhode Island Single-Family Home Sale Price and Volume Year-over-Year Growth by Fiscal Year**



Sources: U.S. Census Bureau (History) and Moody's Analytics (Forecast)

## Consensus Economic Forecast

The economic forecast adopted at the November 2025 Revenue Estimating Conference is presented below. Overall, the forecast anticipates a period of relatively stable economic conditions, with employment growth expected to be flat to slightly lower and the Rhode Island unemployment rate projected to edge modestly above 5 percent over the next two fiscal years.

The forecast assumes that the Federal Reserve continues a gradual easing cycle, with interest rates declining to approximately 2.7 percent by the third quarter of FY 2027 and stabilizing near the estimated neutral rate of 3 percent by the second quarter of FY 2028. It also assumes that the effective tariff rate rises to roughly 15 percent in the second half of FY 2026 and remains elevated before gradually easing toward the end of the decade. Under these assumptions, inflation is projected to remain above 3 percent through FY 2027 before moderating to below 3 percent beginning in FY 2028.

The forecast incorporates the effects of the recent federal legislation, H.R.1, which is expected to provide a modest near-term boost to economic activity through federal tax reductions, followed by longer-term negative effects associated with reduced healthcare spending. While geopolitical developments continue to present uncertainty, the forecast largely reflects a status quo assumption and does not embed significant macroeconomic disruptions from ongoing geopolitical events.

# RHODE ISLAND'S ECONOMY

November 2025 Consensus Economic Forecast						
	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
<b>Nominal Level</b>						
Nonfarm Employment (Thous.)	513.6	512.9	512.8	513.3	514.7	516.8
Personal Income (Millions \$)	83,584	87,190	90,254	93,306	96,760	100,485
Housing Starts (Thous.)	1.4	1.3	1.3	1.3	1.3	1.2
<b>Annual Growth Rates (% Year-over-Year)</b>						
Nonfarm Employment Growth	-0.1	-0.1	0.0	0.1	0.3	0.4
Personal Income Growth	4.1	4.3	3.5	3.4	3.7	3.8
Wage and Salaries Income Growth	3.4	3.7	2.9	2.7	3.3	3.7
Dividends, Interest and Rent Growth	1.9	1.7	2.7	5.0	5.1	4.9
Personal Consumption Expenditures Growth	4.9	4.0	3.7	3.4	3.7	3.8
Consumer Price Index (US)	3.2	3.3	2.3	1.9	1.8	1.8
Corporate Profits Growth (US)	7.3	1.1	5.7	5.9	4.9	5.5
S&P 500 Index Growth (US)	10.7	-2.4	3.1	7.0	7.7	7.1
<b>Rates (%)</b>						
Unemployment Rate (RI)	4.9	5.2	5.1	4.9	4.7	4.5

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## REVENUE

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The Governor's recommended budget is based on estimated general revenue of \$5.823 billion in FY 2026 and \$6.043 billion in FY 2027. Annual estimated growth during FY 2026 and FY 2027 is 3.8 percent in both years.

### **FY 2026 Revised Revenues**

The principals of the November 2025 Revenue Estimating Conference (REC) adopted revenue estimates that were \$29.2 million more than the enacted FY 2026 revenue estimates. The Governor's revised FY 2026 Budget recommends an increase of \$27.1 million from the amount adopted at the REC. (See *Changes to FY 2026 Enacted Revenue Estimates* in Appendix A.)

The Governor proposes to permanently decouple the State from full expensing of research and development costs by businesses. This was a policy change included in H.R. 1, federal legislation that was adopted last year. Formerly, federal law required businesses to spread research and development expensing over five years for tax purposes. Rhode Island is expected to lose \$22.6 million of revenue in each of FY 2026 and FY 2027 if the federal provision is allowed to pass through to the state tax base, and decoupling will preserve that revenue by maintaining the State's current tax treatment. The State is already decoupled from full research and development expensing for tax year 2025 and earlier, due to a provision in the enacted FY 2026 Budget.

The Governor recommends transferring excess reserves totaling \$2.0 million from the Rhode Island Infrastructure Bank (RIIB) and \$2.5 million from the Rhode Island Health and Educational Building Corporation (RIHEBC). Rhode Island General Laws (R.I.G.L.) § 35-3-7(a)(2) requires that, when a Governor's budget submission includes transfers of resources from public corporations to the general fund, the submission also identify alternatives to those transfers. Consistent with this requirement, the Governor proposes reductions in funding for economic development initiatives at the Commerce Corporation and for the special education categorical aid program at the Department of Elementary and Secondary Education, in lieu of transfers from RIIB and RIHEBC, respectively.

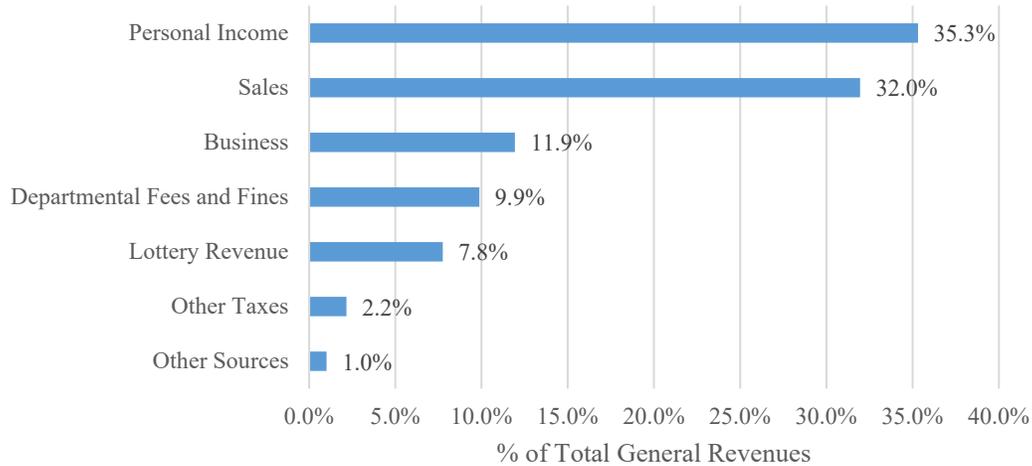
The Governor also recommends two intra-fund transfers of excess reserves. Unlike the transfers discussed above, these amounts are not reflected as additional general revenue, as they represent funds shifted from existing state accounts into the general revenues.

The first transfer consists of \$1.3 million in state restricted receipt revenue that had been set aside for an economic development project located on Dexter Street in Pawtucket. These funds originated from baseline revenues generated within the applicable economic development districts and were intended to support debt service on bonds for a project approved by the Commerce Corporation under R.I.G.L. § 45-33.4, entitled the "City of Pawtucket Downtown Redevelopment Project" Act. That project approval was subsequently voided, while a modified version of the project secured full financing through other economic development programs and sources and is on track for completion without the issuance of the bonds that would have been supported by this revenue.

The second transfer is \$5.0 million from the marijuana trust fund, which has generated revenues in excess of what is required to administer the adult-use cannabis market. These funds enable the Governor's budget recommendation to support \$1.0 million in general revenue expenditures for 988 lifeline operations at the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals, as well as \$4.0 million in general revenue expenditures to support the continued operations of Certified Community Behavioral Health Centers.

# REVENUE

## FY 2026 Revised General Revenues

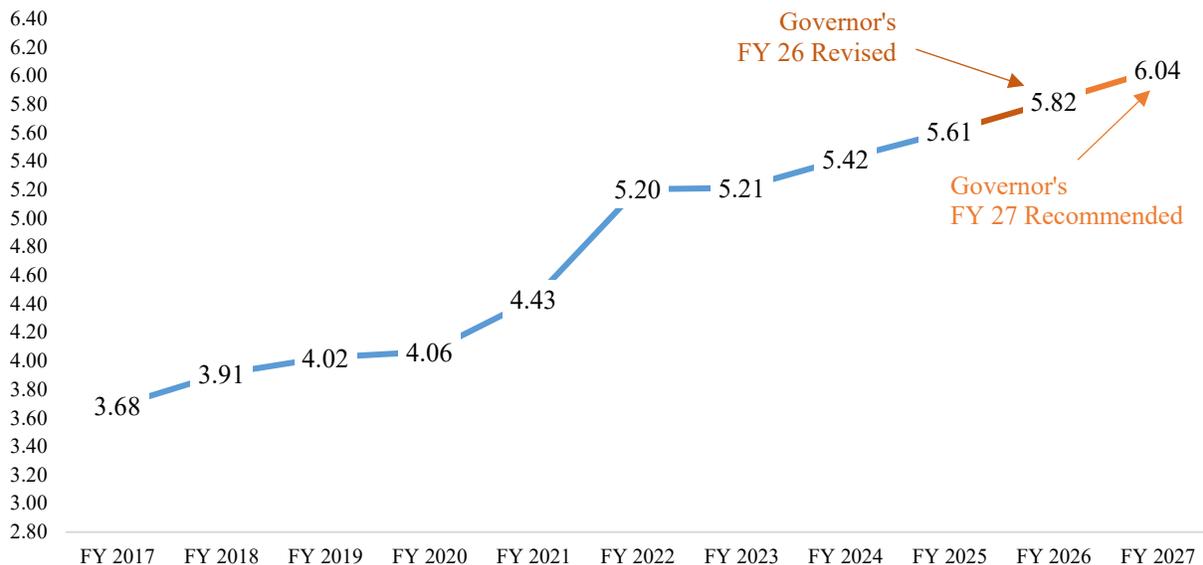


## FY 2027 Recommended Revenues

The Governor’s recommended FY 2027 revenues are comprised of \$5,706.6 billion of revenue estimated at the November 2025 REC for FY 2027 and \$336.9 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 2027 revenue proposals. (See *Changes to FY 2027 Adopted Revenue Estimates* in Appendix A.)

## General Fund Revenue: Recent History & Forecast

Billions of Dollars



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## REVENUE

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### Improving Affordability

The Governor recommends several tax policy proposals to improve affordability for Rhode Islanders. The budget proposes to phase out the current tax on Social Security income, which applies to taxpayers who do not meet current low income or retirement age thresholds. Currently, only eight states (including Rhode Island) tax Social Security income. In 2027, the age threshold (generally age 67) would be eliminated, allowing early retirees and others to exempt their Social Security income from the personal income tax. In 2028 the current income threshold would be increased so that around half of current taxpayers would no longer pay the tax. In 2029, the tax would be fully eliminated. This proposal will reduce personal income tax revenue by \$3.0 million in FY 2027, growing to a full impact of \$60.1 million in FY 2030.

The budget also includes a new refundable child tax credit for residents for any dependent age 18 or younger. Rhode Island would join the federal government and 17 other states, including three New England states, in offering a child tax credit. The tax credit is expected to be worth \$325 per dependent when it becomes effective in 2027, with that amount indexed to inflation. The tax credit takes the place of the dependent exemption on the resident personal income tax form, which currently lowers income for each dependent claimed. Because the tax credit is fully refundable, it will benefit low-income taxpayers who are not able to receive the full benefit of the current exemption. This will lower personal income tax revenue by \$14.7 million in FY 2027, which annualizes to a full impact of \$29.7 million in FY 2028.

The Governor recommends reducing the gas tax by two cents. The current gas tax rate is \$0.40 per gallon (plus an additional \$0.01 environmental protection fee). This would lower the gas tax to \$0.38 starting in July 2026. The reduction of two cents would come from the share of the gas tax that is pledged toward motor fuel bonds (which have been fully paid) and would not impact the allocation to the Rhode Island Public Transit Authority (RIPTA). This would lower gas tax revenue by \$8.6 million (which is not general revenue).

The budget also includes a set of initiatives aimed at lowering energy costs for Rhode Island ratepayers by an estimated \$136 million in calendar year 2027. Because Rhode Island taxes the gross receipts collected by electric companies, reduced payments by ratepayers will correspondingly lower tax collections, providing additional relief. As a result, these initiatives are expected to reduce public utilities gross receipts tax revenues by \$2.3 million in FY 2027, annualizing to \$(4.8) million in FY 2028.

### Ensuring Sustainable Revenue

The recommended budget includes several targeted tax changes to offset the cost of tax relief measures and to improve the long-term fiscal outlook. The budget includes a new personal income tax bracket for taxpayers with over \$1 million of income. This bracket adds a tax of 3 percent for this income, for a new total top tax bracket of 8.99 percent, and is effective January 1, 2027. This is expected to increase revenue by \$67.1 million in FY 2027, annualizing to \$135.3 million in FY 2028.

The budget also includes an increase in the fee charged to each cruise ship that arrives at or departs from Newport. The current fee, administered by the City of Newport, is \$10 and will increase to \$15 beginning in July 2026. The additional \$5 per vessel will be allocated to the RIPTA and is expected to generate approximately \$1.0 million annually. The fee is a municipal charge administered by the City of Newport with a portion allocated to RIPTA and does not constitute state revenue.

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# REVENUE

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## Providing Tax Amnesty

The budget proposal creates a tax amnesty program to allow taxpayers to pay outstanding tax debts. The Division of Taxation would waive penalties and reduce interest owed by 25% for participants in the program, which would run from December 2026 through February 2027. This initiative is expected to increase general revenue collections by \$26.3 million in FY 2027. The State's last tax amnesty was conducted in December 2017. Necessary costs of administration are included in the Governor's budget recommendation for the Department of Revenue.

## Reforming Tobacco Taxation

The Governor proposes three measures to reform tobacco taxation, with the goal of reducing tobacco consumption. The proposal includes a cigarette tax increase of \$0.75, which would increase the State's cigarette tax from \$4.50 a pack to \$5.25 a pack. This is expected to increase cigarette tax revenue by \$6.4 million in FY 2027 and \$4.3 million in FY 2028 (the first year is higher because of the floor stock tax on existing inventory).

The Governor also recommends removing the 1.25 percent discount on cigarette tax stamps purchased by distributors. This is expected to increase cigarette tax revenue by \$0.8 million.

Finally, the budget proposal includes an increase of the cap on the cigar tax from \$0.50 to \$2.00. Cigars are taxed under the other tobacco products tax, which is 80 percent of the wholesale cost. However, the tax on cigars is currently capped at \$0.50, meaning any cigar with a wholesale cost of \$0.63 or higher pays at the cap. The new cap would apply to any cigars with a wholesale cost of \$2.50 or higher. This is estimated to increase other tobacco products tax collections by \$0.6 million.

## Other Items

The recommended FY 2027 Budget includes several Medicaid initiatives that impact payments to health insurers and nursing homes. Because these groups pay a tax on their revenue, there is a subsequent impact on State tax collections. This is expected to decrease revenue by \$0.2 million in FY 2027, mostly due to higher Medicaid reimbursement rates set by the Office of the Health Insurance Commissioner (which increases revenue) and the removal of GLP-1 coverage (which decreases revenue).

In December 2025, the Pawtucket Redevelopment Agency refinanced the bonds related to the Tidewater Landing project in Pawtucket, which will result in debt service savings. This debt service is paid out of the general revenue collections (of income tax, business corporations tax, and sales tax) in that area of Pawtucket. This will decrease the general revenue allocated to this debt service, increasing revenue by \$0.5 million in FY 2027. This refinancing generates a total of \$15.1 million in general revenue savings realized during the life of the bonds through FY 2053.

# **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 office of Commerce, Executive Office of Housing, 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; promoting financial accountability through sound accounting controls and procedures; leading the State's strategic technology initiatives and protecting its IT infrastructure; determining and maintaining standards 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. The Department also oversees the State's health exchange, which, at the end of 2025, connected more than 48,000 Rhode Islanders with affordable health insurance through its individual and family marketplace, and an additional 8,800 individuals from 1,200 employers through its small group program.

### Recent Department achievements and highlights include:

- The Office of Accounts and Control, the Division of Human Resources (HR), and the Division of Enterprise Technology Strategy and Services (ETSS) led the transition of the State's legacy payroll, HR, and finance functions to the Enterprise Resource Planning (ERP) system. The HR and payroll system launched in November, completing the State's transition to a modern, cloud-based platform, ensuring greater accuracy in reporting, improving security, and saving countless hours navigating decades-old legacy systems and manual, paper processes.
- The State received Gold Certification in Results for America's 2025 Invest in What Works State Standard of Excellence, making Rhode Island one of the top six states in the country using evidence and data in policymaking. Results for America is a non-partisan non-profit that supports all levels of government in harnessing the power of evidence and data to solve complex problems. The Gold Certification recognizes Rhode Island's use of results-driven budgeting, grantmaking, and direct services to deliver better results and improve outcomes for all Rhode Islanders.
- In Fiscal Year 2025, the Office of Internal Audit and Program Integrity's (OIAPI) Performance Audit team conducted 13 audits of State agencies, a 116% increase year-over-year. OIAPI's Fraud Detection and Prevention Unit, which investigates benefit program fraud, identified 3,479 skimming incidents and, by ascertaining skimming patterns, prevented 3,598 households from losing benefits to theft.
- The Division of Diversity, Equity, and Inclusion (DEDI) moved its minority business enterprise/women business enterprise certification application to an online platform, streamlining the application process for small businesses seeking certification. The number of State-certified businesses increased by 73% year-over-year.
- The Division of Capital Asset Management and Maintenance (DCAMM) completed the Powers Building Exterior Envelope project, which included repairing the granite façade and upgrading to energy-efficient windows incorporating Low-E glazing technology. These windows can reduce heat loss in winter and heat gain in summer by up to 50%, delivering significant energy savings and creating a more comfortable environment for employees and visitors.

## Budget Highlight

### Marketplace Affordability Program.

Establishes a premium subsidy program for certain HealthSource RI (HSRI) customers to partially offset the premium increases resulting from the recent expiration of the enhanced Advance Premium Tax Credits.

# GENERAL GOVERNMENT

## Department of Administration

Source of Funds	FY 2024 Actuals	FY 2025 Actuals	FY 2026 Enacted	FY 2026 Revised	FY 2027 Recommended
General Revenue	\$279,490,215	\$219,518,810	\$249,311,650	\$234,330,541	\$247,978,609
Federal Funds	\$44,102,130	\$54,287,272	\$47,598,341	\$124,317,667	\$15,387,136
Restricted Receipts	\$152,718,315	\$22,868,911	\$24,124,275	\$62,736,351	\$26,405,480
Other Funds	\$42,430,555	\$39,476,775	\$41,423,675	\$40,693,544	\$35,826,148
RI Capital Plan Fund	\$58,771,779	\$74,128,033	\$68,171,000	\$170,703,738	\$84,765,043
<b>Total Funding</b>	<b>\$577,512,994</b>	<b>\$410,279,801</b>	<b>\$430,628,941</b>	<b>\$632,781,841</b>	<b>\$410,362,416</b>
<b>FTE Authorization</b>	<b>674.6</b>	<b>667.6</b>	<b>684.6</b>	<b>683.6</b>	<b>682.6</b>

### Full-Time Equivalent Positions

The Governor recommends 682.6 FTE positions in the FY 2027 Budget, and 683.6 FTE positions in the revised FY 2026 Budget. The latter is a reduction of 1.0 FTE position from the enacted FY 2026 Budget. The impacted FTE position is:

- Programming Services Officer (-1.0 FTE)

### Proposed FY 2027 Budget Actions

- *Big River Management Area – FTE Position.* The Governor recommends transferring ownership of the Big River Management Area from the Water Resources Board in DOA to the Department of Environmental Management. This includes the transfer of \$148,296 in general revenue and 1.0 FTE position from DOA to DEM.
- *Rhode Island Marketplace Affordability Program.* The Governor recommends an increase of \$9.5 million in general revenue to establish the Rhode Island Marketplace Affordability Program, a State-based premium subsidy program for certain HealthSource RI (HSRI) customers to partially offset the premium increases that most HSRI customers are experiencing with the recent expiration of the enhanced Advance Premium Tax Credits.
- *Accounts and Control Internal Service Fund.* The Governor recommends the establishment of an Accounts and Control internal service fund, transferring the funding source for responsibilities such as centralizing accounting and financial reporting from primarily direct general revenue to charges assessed to State agencies. This would result in a general revenue decrease of \$6.2 million within DOA and charges of \$9.3 million assessed to agencies.
- *Division of Capital Asset Management and Maintenance Project Manager Allocation.* The Governor recommends a decrease of \$2.2 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.
- *Statewide Adjustments.* The Governor recommends an increase of \$1.4 million in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including facilities management, information technology, human resources, and Enterprise Resource Planning maintenance and operations.

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# GENERAL GOVERNMENT

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## Proposed FY 2026 Budget Revisions

- *Reappropriation.* The Governor recommends the reappropriation of \$700,000 in general revenue from FY 2025 to FY 2026 for the cybersecurity response to the RIBridges data breach incident of December 2024.
- *General Obligation Debt Service.* The Governor recommends a decrease of \$13.3 million in general revenue from the enacted FY 2026 level for general obligation bond debt service, attributable to an updated debt service schedule.
- *FEMA Reserve and Contingency.* The Governor recommends a net increase of \$140,041 in general revenue from the enacted FY 2026 level for the FEMA Reserve and Contingency, composed of a \$1.1 million reappropriation from FY 2025 to FY 2026 and a \$1.0 million reduction. The FY 2026 revised recommendation includes a total of \$2.6 million in appropriations as a contingency in the event that reimbursement claims for COVID-era emergency expenses are disputed or adjusted in final review by federal authorities.
- *Statewide Adjustments.* The Governor recommends a decrease of \$620,569 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including information technology and Enterprise Resource Planning maintenance and operations.

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# GENERAL GOVERNMENT

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## 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 Rhode Island as a national leader in the new clean energy economy.

### Recent Office achievements and highlights include:

- Launched the second phase of the National Electric Vehicle Infrastructure (NEVI) program under the Infrastructure Investment and Jobs Act, expanding support to a statewide, community-based electric vehicle (EV) charging program for both private and public stations. Rhode Island is the first state in the U.S. to launch this NEVI Phase 2 community program.
- Implementing the federal Home Electrification and Appliance Rebates (HEAR) program that provides rebates to low- and moderate-income households for electrical and appliance upgrades. As of November 2025, over 700 households were awarded rebates. OER is working to launch the second phase of the HEAR program for moderate-income households in the first quarter of 2026.
- Continuing to award and deploy heat pumps in households through the Clean Heat RI program. As of November 2025, OER awarded over 4,200 heat pumps installations through the program.
- Increasing the adoption of EVs and Electric Bicycles (E-Bikes). As of November 2025, OER has awarded over 2,900 EV rebates and 1,850 E-Bike rebates.
- Supporting over 164 state, municipal, and school energy efficiency, renewable energy, and EV charging station projects through OER Lead by Example program.

## Budget Highlight

### Weatherization Assistance Program.

Transfers authority for this program from the Department of Human Services to OER in recognition of its experience and expertise in operating energy efficiency programs.

# GENERAL GOVERNMENT

## Office of Energy Resources

Source of Funds	FY 2024 Actuals	FY 2025 Actuals	FY 2026 Enacted	FY 2026 Revised	FY 2027 Recommended
General Revenue	-	\$224,687	-	\$275,313	-
Federal Funds	-	\$17,734,073	\$31,554,214	\$24,035,259	\$32,548,662
Restricted Receipts	-	\$14,659,953	\$39,089,028	\$37,704,824	\$38,536,799
Other Funds	-	\$172,197	\$4,668,785	\$14,570,140	\$14,570,364
RI Capital Plan Fund	-	\$1,329,411	\$1,000,000	\$1,000,000	\$1,000,000
<b>Total Funding</b>	-	<b>\$34,120,322</b>	<b>\$76,312,027</b>	<b>\$77,585,536</b>	<b>\$86,655,825</b>
<b>FTE Authorization</b>	-	<b>16.0</b>	<b>17.0</b>	<b>17.0</b>	<b>21.0</b>

### Full-Time Equivalent Positions

The Governor recommends 21.0 FTE positions in the FY 2027 Budget, and 17.0 FTE positions in the revised FY 2026 Budget. The latter is unchanged from the enacted FY 2026 Budget. The additional FTE positions are:

- Assistant Administrator Community and Planning Services (1.0 FTE)
- Senior Resource Specialist (3.0 FTE)

### Proposed FY 2027 Budget Actions

- *Weatherization Assistance Program Transfer.* The Governor recommends transferring the Weatherization Assistance Program, including \$10.9 million in federal funds and 4.0 FTE positions, from the Department of Human Services to OER, unifying all energy efficiency programming under OER.

### Proposed FY 2026 Budget Revisions

- *Reappropriations.* The Governor recommends the reappropriation of \$275,313 in general revenue from FY 2025 to FY 2026, including \$219,202 for Electric Leaf Blower Rebates and \$56,111 for E-Bike Rebates.

# GENERAL GOVERNMENT

## Department of Business Regulation

The Department of Business Regulation’s (DBR) primary function is to implement State laws mandating the regulation and licensing of designated businesses, professions, occupations, and other specified activities. The areas regulated include Banking, Securities, Commercial Licensing, 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 300,000 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 2025, returned \$980,466 to consumers because of complaint investigations; received \$2.0 million as a result of multistate activity with other states; and received \$501,810 in fines or penalties.
- Licensed more than 300,000 professionals utilizing online licensing systems 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.
- In March 2025, the Office of the Health Insurance Commissioner (OHIC) promulgated new regulations that mandate commercial health insurers to annually increase funding for primary care so that by the end of 2028, 10 percent of insurers’ total medical spending is directed to primary care. OHIC estimates that this will double per-person funding for primary care, offering a needed boost to resourcing for this vital component of Rhode Island’s health care system.
- The Rhode Island Fire Training Academy graduated 162 recruits from the Municipal Fire and Call/Volunteer Training programs. 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

#### Contractors’ Registration and Licensing Board.

Adds 2.0 FTE position to help implement the new Residential Construction and Structural Remodeling Licensing program.

### Department of Business Regulation

Source of Funds	FY 2024 Actuals	FY 2025 Actuals	FY 2026 Enacted	FY 2026 Revised	FY 2027 Recommended
General Revenue	\$22,113,009	\$24,552,716	\$25,769,781	\$25,646,550	\$26,381,481
Federal Funds	\$1,018,821	\$644,207	\$786,088	\$873,588	\$896,734
Restricted Receipts	\$7,190,133	\$10,435,384	\$5,486,102	\$7,190,782	\$7,560,116
Other Funds					
RI Capital Plan Fund	\$64,921	\$67,300	\$52,983	\$67,306	\$68,580
<b>Total Funding</b>	<b>\$30,956,164</b>	<b>\$37,359,402</b>	<b>\$39,094,954</b>	<b>\$41,618,151</b>	<b>\$35,868,911</b>
<b>FTE Authorization</b>	<b>181.0</b>	<b>181.0</b>	<b>155.0</b>	<b>155.0</b>	<b>157.0</b>

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# GENERAL GOVERNMENT

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## Full-Time Equivalent Positions

The Governor recommends 157.0 FTE positions in the FY 2027 Budget, and 155.0 FTE positions in the revised FY 2026 Budget, unchanged from the enacted FY 2026 Budget. The additional FTE positions are:

- Enforcement Aide (1.0 FTE)
- Administrative Officer (1.0 FTE)

### Proposed FY 2027 Budget Actions

- *Operations.* The Governor recommends financing operations with \$26.4 million in general revenue in FY 2027. This reflects a \$734,931, or 2.9 percent, increase over the prior year revised recommendation.
- *Contractors' Registration and Licensing Board – FTE Positions.* The Governor recommends \$211,235 in restricted receipts to finance an additional 2.0 FTE positions comprised of an Enforcement Aide and Administrative Officer for the Contractors' Registration and Licensing Board to aid in the implementation the new Residential Construction and Structural Remodeling Licensing program enacted in 2025 by the General Assembly.
- *Statewide Adjustments.* The Governor recommends an increase of \$211,621 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including facilities management, information technology, human resources, and Enterprise Resource Planning maintenance and operations.

### Proposed FY 2026 Budget Revisions

- *Statewide Adjustments.* The Governor recommends an increase of \$60,490 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including facilities management, information technology, human resources, and Enterprise Resource Planning maintenance and operations.

# 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.

### Budget Highlight

#### Rhode Island Cannabis Control Commission Personnel.

Adds a Senior Legal Counsel and Data Analyst to the staff.

#### Recent Commission achievements and highlights include:

- Promulgated comprehensive adult-use cannabis regulations and formally established the Cannabis Office as the operational arm of the Cannabis Control Commission.
- Conducted the social equity applicant status certification and certified 36 eligible applicants.
- Administered the adult-use cannabis retail license application period.
- Delivered statewide technical assistance for prospective applicants.
- Assumed full regulatory oversight of hemp and hemp-derived products.

### Rhode Island Cannabis Control Commission

Source of Funds	FY 2024 Actuals	FY 2025 Actuals	FY 2026 Enacted	FY 2026 Revised	FY 2027 Recommended
General Revenue	-	-	-	-	-
Federal Funds	-	-	-	-	-
Restricted Receipts	-	-	\$7,303,563	\$7,286,530	\$7,964,425
Other Funds	-	-	-	-	-
RI Capital Plan Fund	-	-	-	-	-
<b>Total Funding</b>	-	-	<b>\$7,303,563</b>	<b>\$7,286,530</b>	<b>\$7,964,425</b>
<b>FTE Authorization</b>	-	-	<b>26.0</b>	<b>26.0</b>	<b>28.0</b>

#### Full-Time Equivalent Positions

The Governor recommends 28.0 FTE positions in the FY 2027 Budget, and 26.0 FTE positions in the revised FY 2026 Budget. The recommendation in FY 2027 represents an increase of 2.0 FTE positions from the revised FY 2026 Budget.

- Senior Legal Counsel (1.0 FTE)
- Data Analyst II (1.0 FTE)

#### Proposed FY 2027 Budget Actions

- *Additional Personnel for Cannabis Control Commission.* The Governor recommends \$344,710 in general revenue to finance 2.0 FTE positions comprised of a Senior Legal Counsel and Data Analyst II.

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## GENERAL GOVERNMENT

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- *Statewide Adjustments.* The Governor recommends an increase of \$169,122 in restricted receipts for the financing of personnel adjustments and agency charges for certain centralized services, including facilities management, information technology, human resources, and Enterprise Resource Planning maintenance and operations.

### **Proposed FY 2026 Budget Revisions**

- *Statewide Adjustments.* The Governor recommends an increase of \$109,051 in restricted receipts for the financing of personnel adjustments and agency charges for certain centralized services, including facilities management, information technology, human resources, and Enterprise Resource Planning maintenance and operations.
- *Marijuana Trust Fund Transfer.* The Governor recommends a one-time transfer of \$5.0 million to general revenues from the marijuana trust fund, which has generated revenues in excess of what is required to administer the adult-use cannabis market. These funds enable the Governor's budget recommendation to support \$1.0 million in general revenue expenditures for 988 Lifeline operations at the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals, as well as \$4.0 million in general revenue expenditures to support the continued operations of Certified Community Behavioral Health Centers. These uses are consistent with the intended uses of the fund, as defined in statute.

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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. 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:

- In 2025, awarded \$2 million in grants for 25 projects through the Placemaking program to support outdoor business and public space capital improvement projects, and event programming across Rhode Island.
- Awarded \$1.1 million in Innovation Voucher grants to 16 small businesses to support their growth in Rhode Island by providing access to tools and resources, and developing partnerships with local higher education institutions or in-house for manufacturers.
- Awarded over \$28.1 million in loans to 111 small businesses through RI Commerce's Innovate RI Small Business Loan Fund, State Small Business Credit Initiative, Small Business Assistance Program, and Small Business Development Fund.
- Supported approximately 1,407 businesses with 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 12 grants from the Invention Incentive program.
- Awarded \$16.6 million in tax credits from the Rebuild Rhode Island Tax Credit Program to companies to expand and/or locate operations in Rhode Island.
- Launched 309 projects through the Renewable Energy Fund to support renewable energy projects that have the potential to produce electricity in a cleaner, more sustainable manner, while stimulating job growth in the green technology and energy sectors.

## Budget Highlights

### Ballot Initiative.

Provides \$115.0 million to spur development in the Quonset Development Park and I-195 District, and finance investments that support the ocean, defense, life science, and data analytics sectors.

### Destination Marketing.

Invests \$1.5 million in support of airline routes to Rhode Island T.F. Green International Airport.

### Placemaking.

Provides \$500,000 in general revenue for the Placemaking Initiative to fund short- and long-term projects aimed at developing place-based events programming and developing new attractions.

# GENERAL GOVERNMENT

## Executive Office of Commerce

Source of Funds	FY 2024 Actuals	FY 2025 Actuals	FY 2026 Enacted	FY 2026 Revised	FY 2027 Recommended
General Revenue	\$66,223,935	\$40,274,659	\$33,532,824	\$33,549,695	\$29,520,382
Federal Funds	\$19,451,448	\$91,345,481	\$20,000,000	\$50,870,825	\$21,292,601
Restricted Receipts	-	-	-	-	-
Other Funds	-	-	-	-	-
RI Capital Plan Fund	\$606,489	\$6,361,708	\$5,300,000	\$6,691,802	\$4,000,000
<b>Total Funding</b>	<b>\$86,281,872</b>	<b>\$137,981,847</b>	<b>\$58,832,824</b>	<b>\$91,112,322</b>	<b>\$54,812,983</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 2027 Budget, and 5.0 FTE positions in the revised FY 2026 Budget, unchanged from the enacted FY 2026 Budget.

### Proposed FY 2027 Budget Actions

- *Rebuild RI Tax Credit.* The Governor recommends increasing the tax credit and sales and use tax exemption cap by \$25.0 million to ensure the program can continue to stimulate business development, retention, and attraction, and create well-paying jobs. Furthermore, the recommendation includes \$6.1 million to cover obligations for the program.
- *Destination Marketing.* The Governor recommends \$1.5 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 in State Fiscal Recovery Funds that was appropriated in FY 2023 and FY 2024, and \$1.4 million in general revenue appropriated in FY 2025 and \$1.4 million FY 2026.
- *Main Streets.* The Governor recommends \$1.0 million in general revenue for the Main Street RI Streetscape Improvement program. This amount is in addition to \$5.0 million in one-time general revenue appropriated in FY 2023, \$1.0 million appropriated in FY 2024, and \$125,000 appropriated in FY 2026.
- *Innovation Initiative.* The Governor recommends \$1.0 million in general revenue for Innovation Vouchers and Networking Matching Grants to award additional vouchers and grants to higher education institutions and intermediaries that provide Rhode Island small businesses with technical assistance, access to capital, or space on flexible terms.
- *Placemaking.* The Governor recommends \$500,000 in general revenue for the Placemaking Initiative to fund short- and long-term projects aimed at developing place-based events programming and developing new attractions.
- *Innovation Opportunities.* The Governor recommends \$250,000 in general revenue to showcase Rhode Island's distinctive strengths in innovation, research, and industry. This effort would help position the state as a global hub for advanced industries and serve as a dynamic platform to attract sustained investment into Rhode Island from government, industry, and the private sector.

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## GENERAL GOVERNMENT

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- *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.
- *Sunset Extensions.* The Governor recommends extending sunset provisions for the following programs from December 31, 2026, to December 31, 2027: Rebuild RI 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 an increase of \$31,372 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including facilities management, information technology, human resources, and Enterprise Resource Planning maintenance and operations.

### **Proposed FY 2026 Budget Revisions**

- *Statewide Adjustments.* The Governor recommends an increase of \$16,260 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including facilities management, information technology, human resources, and Enterprise Resource Planning maintenance and operations.

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# GENERAL GOVERNMENT

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## Executive Office of Housing

The Executive Office of Housing (EOH) 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 Office 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 Office is charged with coordinating the housing, homelessness, and community development programs of the State and its departments, agencies, commissions, corporations, and subdivisions.

### Recent Office achievements and highlights include:

- Completed the first set of awards for the State's Low-Income Housing Tax Credit (LIHTC) program, providing \$30 million in tax credit authorization to match federal 4% and 9% LIHTCs. The seven projects awarded in spring 2025 are in seven municipalities and will support the development of 600 new units and preservation of 30 existing units.
- *Housing 2030*, Rhode Island's comprehensive statewide housing plan, was officially approved by the State Planning Council as a State Guide Plan element on December 11, 2025. *Housing 2030* provides an in-depth analysis of the state's housing landscape, sets concrete housing production goals for all 39 municipalities, and establishes long-term policy direction to guide the State's housing strategy for the next five years.
- Developed and released programs to allocate \$86 million of the State's 2024 housing bond, with programs to allocate the remaining funds underway. Funds currently available include \$51 million for construction of new rental housing; \$10 million for acquisition and revitalization of blighted properties; \$5 million for preservation of affordable units; \$8 million for municipalities and developers to offset the cost of essential infrastructure; and \$1 million to assist municipalities with architectural and engineering work. In addition, the State selected a vendor to run a \$6 million home repair program and issued a request for proposals to select a vendor to run a site acquisition fund for nonprofits using \$5 million of bond funds. As of December 2025, development of additional programs were underway to use the remaining \$34 million in 2024 bond funds, including \$20 million for home ownership.
- EOH is partnering with RIHousing for the Transit-Oriented Development Technical Assistance Program and awarded over \$600,000 to municipalities to expand housing opportunities by making zoning changes near transit. EOH hired consultants to kickstart Housing Forward, a housing education and training program aimed at building capacity at the local level, and to manage the new Housing Visualizations Program, a tool that helps analyze where housing should be built and illustrates the State's best options through renderings and visual tools.

## Budget Highlights

### Ballot Initiative.

Requests voter approval of \$120.0 million in general obligation bonds to finance programs that increase the housing supply, including \$25.0 million to produce units for homeownership.

### Low-Income Housing Tax Credit.

Initially supported by \$4.0 million in FY 2026, the program, which is intended to increase the development of affordable housing by closing financing gaps, will be supported by non-owner occupied property tax revenues starting in FY 2027.

# GENERAL GOVERNMENT

- Provided \$20.4 million through the Consolidated Homeless Fund to prevent and respond to homelessness and developed strategies focused on prevention and emphasizing housing solutions through new regional access point infrastructure. Awarded an additional \$2 million through the State’s Winter Response Grant to support the opening and expansion of seasonal emergency shelter beds, strengthening Rhode Island’s coordinated response for individuals and families experiencing homelessness.

## Executive Office of Housing

Source of Funds	FY 2024 Actuals	FY 2025 Actuals	FY 2026 Enacted	FY 2026 Revised	FY 2027 Recommended
General Revenue	\$4,275,216	\$5,195,669	\$6,464,465	\$7,654,125	\$8,343,617
Federal Funds	\$126,348,950	\$93,346,091	\$15,596,037	\$116,985,345	\$19,300,731
Restricted Receipts	\$13,398,123	\$5,226,487	\$23,018,954	\$39,808,090	\$23,018,954
Other Funds	-	-	-	-	-
RI Capital Plan Fund	-	-	-	\$300,000	\$1,700,000
<b>Total Funding</b>	<b>\$144,022,290</b>	<b>\$103,768,247</b>	<b>\$45,079,456</b>	<b>\$164,747,560</b>	<b>\$52,363,302</b>
<b>FTE Authorization</b>	<b>38.0</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 2027 Budget, and 38.0 FTE positions in the revised FY 2026 Budget, unchanged from the enacted FY 2026 Budget.

### Proposed FY 2027 Budget Actions

- *Operations.* The Governor recommends financing operations with \$8.3 million in general revenue in FY 2027. This amount represents a \$689,492, or 9.0 percent, increase over the prior year revised recommendation. The increase reflects the recently established agency reaching near full staffing levels as well as new general revenue expenditures, including emergency shelter operations, discussed below.
- *Emergency Shelter Operations.* The Governor recommends \$1.7 million in general revenue to support the operations of three State-owned properties in Providence: 1 Victor St., 100 Randall St., and 662 Hartford Ave. The properties are year-round emergency shelters for Rhode Islanders experiencing homelessness. The Office also maintains contracted property management services.
- *Statewide Adjustments.* The Governor recommends an increase of \$142,267 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including facilities management, information technology, human resources, and Enterprise Resource Planning maintenance and operations.

### Proposed FY 2026 Budget Revisions

- *Emergency Shelter Operations.* The Governor recommends \$850,000 in general revenue to support the operations of three State-owned properties in Providence: 1 Victor St., 100 Randall St., and 662 Hartford Ave. The properties are year-round emergency shelters for Rhode Islanders experiencing homelessness. The Office also maintains contracted property management services.

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## GENERAL GOVERNMENT

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- *Statewide Adjustments.* The Governor recommends an increase of \$52,660 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including facilities management, information technology, human resources, and Enterprise Resource Planning maintenance and operations.

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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 2025, the American Job Centers/DLT Career Centers served more than 3,800 new participants, and the Virtual Career Center facilitated meetings for thousands more job seekers, providing services such as resume assistance, mock interviews, job and training program searches, and job coach support.
- In Fiscal Year 2025, approximately 7,700 participants completed training programs through the workforce development program, Real Jobs RI. This included over 4,300 job seekers, approximately 2,800 incumbent workers, and business owners. Of those job seekers, nearly 60 percent secured employment upon completing their training. The youth-centered program, Real Skills for Youth, served approximately 1,600 youth.
- Successfully resolved or closed more than 400 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 \$1.3 million in back wages and penalties.
- Awarded \$4.2 million through the US Department of Labor's 2025 State Apprenticeship Expansion Formula Competitive Grant, which will be used to support and expand the State's Registered Apprenticeship ecosystem, targeting sectors critical to Rhode Island's economic future, including construction, manufacturing, and early childhood education. This initiative closely aligns with the Governor's Rhode to Prosperity framework and will support the elevation of family incomes through building sustainable workforce pipelines in aging and undersupplied in-demand sectors.

### Budget Highlight

#### Real Jobs Rhode Island.

Provides \$6.0 million in general revenue for the program that provides career readiness, workforce development, and supportive services to upskill and place individuals in sustainable jobs and on resilient career paths.

# GENERAL GOVERNMENT

## Department of Labor and Training

Source of Funds	FY 2024 Actuals	FY 2025 Actuals	FY 2026 Enacted	FY 2026 Revised	FY 2027 Recommended
General Revenue	\$18,297,855	\$19,309,886	\$18,179,242	\$18,877,241	\$18,332,180
Federal Funds	\$56,883,268	\$51,021,171	\$41,996,527	\$44,125,242	\$41,925,276
Restricted Receipts	\$28,605,335	\$28,180,831	\$35,411,768	\$38,208,051	\$37,022,458
Other Funds	\$464,843,257	\$503,011,686	\$536,680,146	\$556,888,453	\$595,851,826
RI Capital Plan Fund	-	-	-	-	-
<b>Total Funding</b>	<b>\$568,629,715</b>	<b>\$601,344,657</b>	<b>\$632,267,683</b>	<b>\$658,098,987</b>	<b>\$693,131,740</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 2027 Budget, and 461.7 FTE positions in the revised FY 2026 Budget, unchanged from the enacted FY 2026 Budget.

### Proposed FY 2027 Budget Actions

- *Operations.* The Governor recommends financing operations with \$18.3 million in general revenue in FY 2027. Exclusive of the prior year reappropriation, this represents a \$100,719, or 0.6 percent, increase over the prior year revised recommendation. The department is financed primarily with non-general revenue sources, such as federal funds, or restricted receipts. On an all funds basis, the Governor recommends financing operations with \$693.1 million in FY 2027, reflecting a \$35.0 million, or 5.3%, increase from the revised recommendation.
- *Real Jobs Rhode Island.* The Governor recommends financing the Real Jobs Rhode Island program with \$6.0 million in general revenue in FY 2027, reflecting a funding level consistent with the prior year recommendation. The Real Jobs Rhode Island program provides career readiness, workforce development, and supportive services to upskill and place individuals in sustainable jobs and on resilient career paths.
- *Statewide Adjustments.* The Governor recommends a decrease of \$102,006 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including facilities management, information technology, human resources, and Enterprise Resource Planning maintenance and operations.

### Proposed FY 2026 Budget Revisions

- *Reappropriations.* The Governor recommends the reappropriation of \$645,780 in general revenue, from FY 2025 to FY 2026, including \$565,780 for Healthcare Workforce Training programs, and \$80,000 to finance part of the Fireman's Relief Fund Benefit.
- *Police and Fire Relief Funds.* The Governor recommends an additional \$118,792 to fully cover benefits under the Police Relief Fund and Firefighter Relief Funds. These programs provide benefits to police officers and fire fighters injured in the line of duty.
- *Statewide Adjustments.* The Governor recommends a decrease of \$95,206 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including facilities management, information technology, human resources, and Enterprise Resource Planning maintenance and operations.

# 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:

- The Division of Taxation processed more than 3.59 million tax returns, payments, and related documents (an increase of more than 120,000 over Fiscal Year 2024), collected \$5.45 billion (an increase of \$318 million over Fiscal Year 2024), and issued 520,280 refunds totaling \$595 million across all tax types.
- The Office of Revenue Analysis, in conjunction with the Division of Taxation, published a 2025 report evaluating the State tax impacts of the federal H.R. 1.
- The Division of Municipal Finance joined with the University of Rhode Island to create the State and Municipal Finance Academy, a certificate program for municipal finance professionals.
- The Central Collections Unit (CCU) collected more than \$3.6 million in delinquent debt, bringing the total amount collected by the CCU on behalf of Rhode Island State agencies since its inception to over \$15 million.
- The Division of Municipal Finance joined with the University of Rhode Island to create the State and Municipal Finance Academy, a certificate program for municipal finance professionals.
- For the first time a Rhode Island registration plate – commemorating the Rose Island Lighthouse – was recognized as the best in the country by the Automobile License Plate Collectors Association.
- Sportsbook RI will process approximately 8.1 million wagers in 2025. Approximately \$1.5 billion will have been wagered on the iGaming platform during that time.

## Budget Highlights

### Social Security Tax Relief.

Phases out the tax on Social Security income by eliminating the age threshold in tax year 2027 and phases out the income threshold from tax year 2028 to tax year 2029.

### Child Tax Credit.

Creates the State’s first fully refundable tax credit of \$325 per child.

### Tax Amnesty.

Recommends a tax amnesty program in FY 2027 that is projected to generate \$26.3 million in revenue from delinquent taxpayers.

## Department of Revenue

Source of Funds	FY 2024 Actuals	FY 2025 Actuals	FY 2026 Enacted	FY 2026 Revised	FY 2027 Recommended
General Revenue	\$372,380,441	\$402,120,004	\$413,452,869	\$414,469,234	\$413,010,117
Federal Funds	\$528,204	\$675,254	\$493,061	\$400,000	\$300,000
Restricted Receipts	\$5,236,446	\$5,326,660	\$11,084,929	\$8,515,457	\$10,047,432
Other Funds	\$397,207,826	\$403,137,982	\$448,217,227	\$433,511,887	\$433,934,131
RI Capital Plan Fund	-	\$93,681	-	\$756,319	-
<b>Total Funding</b>	<b>\$775,352,917</b>	<b>\$811,353,580</b>	<b>\$873,248,086</b>	<b>\$857,652,897</b>	<b>\$857,291,680</b>
<b>FTE Authorization</b>	<b>587.5</b>	<b>599.5</b>	<b>605.5</b>	<b>605.5</b>	<b>605.5</b>

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# GENERAL GOVERNMENT

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## Full-Time Equivalent Positions

The Governor recommends 605.5 FTE positions in the FY 2027 Budget, and 605.5 FTE positions in the revised FY 2026 Budget, unchanged from the enacted FY 2026 Budget.

### Proposed FY 2027 Budget Actions

- *Operations.* The Governor recommends financing agency operations, excluding state aid passed through to cities and towns, with \$82.8 million in general revenue in FY 2027. Exclusive of the prior year reappropriation of \$750,000, this represents a \$1.4 million, or 1.8 percent, increase over the prior year revised recommendation. The Governor recommends a total of \$330.2 million in state aid to local cities and towns in FY 2027.
- *Social Security Tax Relief.* The Governor recommends phasing out the tax on Social Security income by eliminating the age threshold in tax year (TY) 2027 and phasing out the income threshold over a two-year period, from TY 2028 to TY 2029, at which time the tax would be eliminated. The phaseout is expected to save taxpayers ~\$3.0 million in FY 2027, which represents a half-year impact.
- *Fully Refundable Child Tax Credit.* The Governor recommends the creation of the State's first fully refundable child tax credit in TY 2027. The proposal replaces the dependent deduction with a fully refundable credit expected to be \$325 per child, leaving all taxpayers with a net benefit. The tax credit is expected to save taxpayers \$14.7 million in FY 2027, which represents a half-year impact.
- *New Personal Income Tax Bracket.* The Governor recommends the creation of a new personal income tax bracket for high earners who would be taxed at an additional rate of 3.00 percent in TY 2027. The new tax bracket is expected to raise an estimated \$67.1 million in general revenue in FY 2027, which represents a half-year impact.
- *Tax Amnesty.* The Governor recommends holding a tax amnesty program in FY 2027. Taxpayers with tax debts prior to the period of December 31, 2025, would apply to receive a waiver of penalties and a reduction in the amount of interest owed during the period covered by the amnesty program. The tax amnesty program is expected to raise \$26.3 million in FY 2027.
- *Cigarette Tax Increases.* The Governor recommends increasing the cigarette tax by \$0.75, from \$4.50 to \$5.25 per pack, which would raise an estimated \$6.6 million in general revenue in FY 2027. This proposal would also impose a cigarette floor stock tax of \$0.75 per pack.
- *Raise the Cigar Tax Cap.* The Governor recommends increasing the cigar tax cap by \$1.50, from \$0.50 to \$2.00, which would apply to cigars with a wholesale value of \$2.50 or above. Raising the cigar tax cap is estimated to raise \$621,090 in FY 2027, representing a partial year impact.
- *Decoupling the State's Tax Code from H.R. 1 R&D Provisions.* The Governor recommends decoupling the State's tax code from H.R. 1's research and development (R&D) tax provisions under the Internal Revenue Code (IRC) § 174. As identified in an October 2025 report from the Department of Revenue titled "Analysis of H.R. 1 Tax Provisions," the change in the federal government's treatment of R&D expensing is expected to decrease State tax revenue by \$22.6 million in FY 2026, by the same amount in FY 2027, and by diminishing amounts going forward.

### State Aid to Cities and Towns

- *Motor Vehicle Excise Tax Phaseout.* The Governor recommends financing the Motor Vehicle Excise Tax at \$239.6 million in general revenue in FY 2027. In addition, the Governor recommends the elimination of outyear inflator determined based on sales tax growth and instead holds this amount flat in the outyears.

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## GENERAL GOVERNMENT

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- *Payment-in-Lieu-of-Taxes.* The Governor recommends financing the Payment-in-Lieu-of-Taxes program at \$49.2 million in general revenue in FY 2027, which is the amount necessary to fully fund the program at 27.0 percent.
- *Tangible Property Reimbursement.* The Governor recommends financing the tangible property reimbursement program at \$25.9 million in general revenue.
- *Distressed Communities Relief Program.* The Governor recommends financing the Districted Communities Relief Program at \$14.9 million in general revenue. The release date for the census data that is used to determine eligibility for the program is delayed until late January. Current law states the most recent census data must be used for the calculation; therefore, the FY 2027 recommendation uses prior-year census data.
- *Statewide Adjustments.* The Governor recommends a decrease of \$225,258 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including facilities management, information technology, human resources, and Enterprise Resource Planning maintenance and operations.

### **Proposed FY 2026 Budget Revisions**

- *Reappropriation.* The Governor recommends the reappropriation of \$750,000 in general revenue for a mobile motor vehicle registry unit, which would allow the Division of Motor Vehicles to provide services to communities without permanent Division of Motor Vehicles locations.
- *Statewide Adjustments.* The Governor recommends an increase of \$266,365 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including facilities management, information technology, human resources, and Enterprise Resource Planning maintenance and operations.

# GENERAL GOVERNMENT

## 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.

<b>Legislature</b>					
<b>Source of Funds</b>	<b>FY 2024 Actuals</b>	<b>FY 2025 Actuals</b>	<b>FY 2026 Enacted</b>	<b>FY 2026 Revised</b>	<b>FY 2027 Recommended</b>
General Revenue	\$48,096,215	\$53,403,946	\$58,734,623	\$67,160,602	\$61,280,709
Federal Funds	-	-	-	-	-
Restricted Receipts	\$2,018,651	\$2,334,156	\$2,690,297	\$2,738,904	\$2,785,548
Other Funds	-	-	-	-	-
RI Capital Plan Fund	-	-	-	-	-
<b>Total Funding</b>	<b>\$50,114,865</b>	<b>\$55,738,102</b>	<b>\$61,424,920</b>	<b>\$69,899,506</b>	<b>\$64,066,257</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 2027 Budget, and 298.5 FTE positions in the revised FY 2026 Budget, unchanged from the enacted FY 2026 Budget.

#### Proposed FY 2027 Budget Actions

- *Operations.* The Governor recommends financing operations with \$61.3 million in general revenue in FY 2027. Exclusive of the prior year reappropriation, this amount represents a \$2.4 million, or 4.0 percent, increase over the prior year revised recommendation.
- *Statewide Adjustments.* The Governor recommends an increase of \$292,248 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including information technology and Enterprise Resource Planning maintenance and operations.

#### Proposed FY 2026 Budget Revisions

- *Reappropriation.* The General Assembly closed FY 2025 with a \$10.7 million surplus that was automatically reappropriated. The agency requested \$8.3 million of that funding in FY 2026.
- *Statewide Adjustments.* The Governor recommends an increase of \$167,975 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including information technology and Enterprise Resource Planning maintenance and operations.

# GENERAL GOVERNMENT

## Office of the Governor

The Office of the Governor was established under the Rhode Island Constitution as one of the five general officers subject to election by the voters of Rhode Island. The Office is responsible for the enactment of reform and change in government for the betterment of the citizens of the State of Rhode Island. In accomplishing this task, the Office coordinates the services of a staff that oversees various responsibilities, including legislative affairs, communications, community engagement, legal affairs, policy, and boards and commissions.

### Office of the Governor

Source of Funds	FY 2024 Actuals	FY 2025 Actuals	FY 2026 Enacted	FY 2026 Revised	FY 2027 Recommended
General Revenue	\$7,532,310	\$8,906,788	\$9,334,918	\$9,369,511	\$9,630,312
Federal Funds	-	-	-	-	-
Restricted Receipts	-	-	-	-	-
Other Funds	-	-	-	-	-
RI Capital Plan Fund	-	-	-	-	-
<b>Total Funding</b>	<b>\$7,532,310</b>	<b>\$8,906,788</b>	<b>\$9,334,918</b>	<b>\$9,369,511</b>	<b>\$9,630,312</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>

### Full-Time Equivalent Positions

The Governor recommends 45.0 FTE positions in the FY 2027 Budget, and 45.0 FTE positions in the revised FY 2026 Budget, unchanged from the enacted FY 2026 Budget.

#### Proposed FY 2027 Budget Actions

- *Operations.* The Governor recommends financing operations with \$9.6 million in general revenue in FY 2027. This amount represents a \$260,801, or 2.8 percent, increase over the prior year revised recommendation.
- *Statewide Adjustments.* The Governor recommends an increase of \$101,226 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including information technology and Enterprise Resource Planning maintenance and operations.

#### Proposed FY 2026 Budget Revisions

- *Statewide Adjustments.* The Governor recommends an increase of \$34,593 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including information technology and Enterprise Resource Planning maintenance and operations.

# GENERAL GOVERNMENT

## Office of the Lieutenant Governor

The Office of the Lieutenant Governor was established under the Rhode Island Constitution as one of the five general officers 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 areas such as emergency management, veterans affairs, education, economic development, the environment, long-term care, healthcare, and elderly affairs. The Office also serves as a liaison between citizens and state agencies.

### Office of Lieutenant Governor

Source of Funds	FY 2024 Actuals	FY 2025 Actuals	FY 2026 Enacted	FY 2026 Revised	FY 2027 Recommended
General Revenue	\$1,255,655	\$1,331,546	\$1,519,219	\$1,532,262	\$1,574,369
Federal Funds	-	-	-	-	-
Restricted Receipts	-	-	-	-	-
Other Funds	-	-	-	-	-
RI Capital Plan Fund	-	-	-	-	-
<b>Total Funding</b>	<b>\$1,255,655</b>	<b>\$1,331,546</b>	<b>\$1,519,219</b>	<b>\$1,532,262</b>	<b>\$1,574,369</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>

### Full-Time Equivalent Positions

The Governor recommends 8.0 FTE positions in the FY 2027 Budget, and 8.0 FTE positions in the revised FY 2026 Budget, unchanged from the enacted FY 2026 Budget.

### Proposed FY 2027 Budget Actions

- *Operations.* The Governor recommends financing operations with \$1.6 million in general revenue in FY 2027. This amount represents a \$42,107, or 2.7 percent, increase over the prior year revised recommendation.
- *Statewide Adjustments.* The Governor recommends an increase of \$25,945 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including information technology and Enterprise Resource Planning maintenance and operations.

### Proposed FY 2026 Budget Revisions

- *Statewide Adjustments.* The Governor recommends an increase of \$13,043 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including information technology and Enterprise Resource Planning maintenance and operations.

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# GENERAL GOVERNMENT

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## Secretary of State

The Secretary of State was established under the Rhode Island Constitution as one of the five general officers 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.

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Secretary of State					
Source of Funds	FY 2024 Actuals	FY 2025 Actuals	FY 2026 Enacted	FY 2026 Revised	FY 2027 Recommended
General Revenue	\$10,786,205	\$12,696,484	\$12,861,732	\$12,848,882	\$13,841,085
Federal Funds	\$519,579	\$913,818	\$2,000,000	\$2,000,000	\$2,000,000
Restricted Receipts	\$334,577	\$379,205	\$429,790	\$411,159	\$418,474
Other Funds	-	-	-	-	-
RI Capital Plan Fund	-	\$5,433	-	-	-
<b>Total Funding</b>	<b>\$11,640,361</b>	<b>\$13,989,507</b>	<b>\$15,291,522</b>	<b>\$15,260,041</b>	<b>\$16,259,559</b>
<b>FTE Authorization</b>	<b>61.0</b>	<b>62.0</b>	<b>62.0</b>	<b>62.0</b>	<b>62.0</b>

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### Full-Time Equivalent Positions

The Governor recommends 62.0 FTE positions in the FY 2027 Budget, and 62.0 FTE positions in the revised FY 2026 Budget, unchanged from the enacted FY 2026 Budget.

#### Proposed FY 2027 Budget Actions

- *State History Center*: The Governor recommends placing a general obligation bond question on the November ballot to provide \$45.0 million to construct a facility to permanently display the State's founding documents and provide space for rotating exhibits and rooms for events, functions, and programming.
- *Election Cycle Adjustments*. The increase in funding from FY 2026 to FY 2027 is the result of the costs of the statewide General Election in FY 2027. There are no scheduled statewide elections in FY 2026.
- *Statewide Adjustments*. The Governor recommends an increase of \$8,257 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including information technology and Enterprise Resource Planning maintenance and operations.

#### Proposed FY 2026 Budget Revisions

- *Statewide Adjustments*. The Governor recommends a decrease of \$12,850 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including information technology and Enterprise Resource Planning maintenance and operations.

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# GENERAL GOVERNMENT

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## Office of the General Treasurer

The Office of the General Treasurer was established under the Rhode Island Constitution as one of the five general officers subject to voter election. 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.

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 responsibilities of the General Treasurer include cooperation with the Executive Office of Health and Human Services in the ABLE (Achieving A Better Life Experience Accounts) savings program 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

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<b>Source of Funds</b>	<b>FY 2024 Actuals</b>	<b>FY 2025 Actuals</b>	<b>FY 2026 Enacted</b>	<b>FY 2026 Revised</b>	<b>FY 2027 Recommended</b>
General Revenue	\$3,879,699	\$4,197,144	\$4,600,223	\$5,387,264	\$4,417,820
Federal Funds	\$594,003	\$748,081	\$833,127	\$829,769	\$833,984
Restricted Receipts	\$15,602,020	\$15,705,262	\$19,906,235	\$20,058,316	\$20,435,722
Other Funds	\$671,275	\$531,358	\$635,331	\$618,513	\$630,621
RI Capital Plan Fund	-	-	-	-	-
<b>Total Funding</b>	<b>\$20,746,997</b>	<b>\$21,181,845</b>	<b>\$25,974,916</b>	<b>\$26,893,862</b>	<b>\$26,318,147</b>
<b>FTE Authorization</b>	<b>91.0</b>	<b>91.0</b>	<b>92.0</b>	<b>92.0</b>	<b>93.0</b>

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# GENERAL GOVERNMENT

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## Full-Time Equivalent Positions

The Governor recommends 93.0 FTE positions in the FY 2027 Budget, and 92.0 FTE positions in the revised FY 2026 Budget. This is an increase of 1.0 FT E position in FY 2027 from the enacted FY 2026 Budget. The additional FTE position is:

- Retirement Aide (1.0 FTE)

### Proposed FY 2027 Budget Actions

- *Operations.* The Governor recommends financing operations with \$4.4 million in general revenue in FY 2027. Exclusive of the prior year reappropriation, this represents a \$88,645, or 2.0 percent, decrease over the prior year revised recommendation, which is largely due to cyclical expenses incurred in FY 2026 that are not anticipated to be necessary in FY 2027.
- *Employees' Retirement System of Rhode Island Staffing – FTE.* The Governor recommends \$99,510 in restricted receipts for a new Retirement Aide position. The position would perform data validation for members to accurately review benefit determinations so that retirees receive their retirement packages in a timely manner.
- *Statewide Adjustments.* The Governor recommends a decrease of \$87,008 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including facilities management, information technology, human resources, and Enterprise Resource Planning maintenance and operations.

### Proposed FY 2026 Budget Revisions

- *Reappropriation.* The Governor recommends the full reappropriation of \$880,899 for the continuation of the Office of the General Treasurer's Medical Debt Relief Program. This program acquires and forgives existing medical debt held by Rhode Islanders.
- *Statewide Adjustments.* The Governor recommends a decrease of \$93,859 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including facilities management, information technology, human resources, and Enterprise Resource Planning maintenance and operations.

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# GENERAL GOVERNMENT

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## Board of Elections

The Board of Elections supervises all elections as well as 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 Rhode Island. It also trains and supervises all individuals who serve as statewide voter registration agents. The Board conducts voter registration drives throughout Rhode Island and at each institution of higher education. 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

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<b>Source of Funds</b>	<b>FY 2024 Actuals</b>	<b>FY 2025 Actuals</b>	<b>FY 2026 Enacted</b>	<b>FY 2026 Revised</b>	<b>FY 2027 Recommended</b>
General Revenue	\$4,694,417	\$5,260,825	\$4,474,931	\$4,981,278	\$9,147,157
Federal Funds	-	-	-	-	-
Restricted Receipts	-	-	-	-	-
Other Funds	-	-	-	-	-
RI Capital Plan Fund	-	-	-	-	-
<b>Total Funding</b>	<b>\$4,694,417</b>	<b>\$5,260,825</b>	<b>\$4,474,931</b>	<b>\$4,981,278</b>	<b>\$9,147,157</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>

### Full-Time Equivalent Positions

The Governor recommends 13.0 FTE positions in the FY 2027 Budget, and 13.0 FTE positions in the revised FY 2026 Budget, unchanged from the enacted FY 2026 Budget.

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# GENERAL GOVERNMENT

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## Proposed FY 2027 Budget Actions

- *Operations.* The Governor recommends financing operations with \$9.1 million in general revenue in FY 2027. Exclusive of the prior year reappropriation, this amount represents a \$4.7 million, or 104.1% percent, increase over the prior year revised reappropriation. The increase in general revenue expenditures is primarily the result of anticipated need for matching public funds for campaign activity and investments in election equipment, discussed below.
- *Matching Public Funds.* The Governor recommends \$3.0 million in general revenue for Matching Public Funds. Per R.I.G.L. § 17-25-20, eligible candidates for Governor, Lieutenant Governor, General Treasurer, Secretary of State, and Attorney General receive funding for their campaigns. Candidates who wish to apply for public funds do so after the primary, and the agency distributes said funds in January. The Governor's recommendation fully funds Matching Public Funds in FY 2027.
- *Election Cycle Adjustments.* The increase in funding from FY 2026 to FY 2027 is substantially the result of the costs of the statewide General Election in FY 2027. There are no scheduled statewide elections in FY 2026. There is also \$276,683 to complete the Poll Pads procurement.
- *Statewide Adjustments.* The Governor recommends an increase of \$25,598 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including information technology and Enterprise Resource Planning maintenance and operations.

## Proposed FY 2026 Budget Revisions

- *Reappropriations.* The Governor recommends the reappropriation of \$500,000 in general revenue from FY 2025 to FY 2026, including \$429,492 to procure Poll Pads and \$70,508 for the Campaign Finance System upgrade.
- *Statewide Adjustments.* The Governor recommends an increase of \$6,347 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including information technology and Enterprise Resource Planning maintenance and operations.

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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 and 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 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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<b>Rhode Island Ethics Commission</b>					
<b>Source of Funds</b>	<b>FY 2024 Actuals</b>	<b>FY 2025 Actuals</b>	<b>FY 2026 Enacted</b>	<b>FY 2026 Revised</b>	<b>FY 2027 Recommended</b>
General Revenue	\$2,028,754	\$2,244,873	\$2,419,632	\$2,460,415	\$2,556,898
Restricted Receipts	-	-	-	-	-
Other Funds	-	-	-	-	-
RI Capital Plan Fund	-	-	-	-	-
<b>Total Funding</b>	<b>\$2,028,754</b>	<b>\$2,244,873</b>	<b>\$2,419,632</b>	<b>\$2,460,415</b>	<b>\$2,556,898</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>

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### Full-Time Equivalent Positions

The Governor recommends 12.0 FTE positions in the FY 2027 Budget, and 12.0 FTE positions in the revised FY 2026 Budget, unchanged from the enacted FY 2026 Budget.

### Proposed FY 2027 Budget Actions

- *Operations.* The Governor recommends financing operations with \$2.6 million in general revenue in FY 2027. This amount represents a \$96,483, or 3.9 percent, increase over the prior year revised recommendation.
- *Statewide Adjustments.* The Governor recommends an increase of \$56,708 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including facilities management, information technology, human resources, and Enterprise Resource Planning maintenance and operations.

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# GENERAL GOVERNMENT

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## Proposed FY 2026 Budget Revisions

- *Statewide Adjustments.* The Governor recommends a decrease of \$73,724 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including facilities management, information technology, human resources, and Enterprise Resource Planning maintenance and operations.

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# GENERAL GOVERNMENT

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## Rhode Island Commission for Human Rights

The Rhode Island Commission for Human Rights (Commission) 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 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 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. 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 a 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. 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 2024 Actuals	FY 2025 Actuals	FY 2026 Enacted	FY 2026 Revised	FY 2027 Recommended
General Revenue	\$2,117,475	\$2,224,630	\$2,249,158	\$2,285,857	\$2,358,433
Federal Funds	\$309,698	\$512,016	\$523,529	\$498,223	\$443,446
Restricted Receipts	-	-	-	-	-
Other Funds	-	-	-	-	-
RI Capital Plan Fund	-	-	-	-	-
<b>Total Funding</b>	<b>\$2,427,173</b>	<b>\$2,736,645</b>	<b>\$2,772,687</b>	<b>\$2,784,080</b>	<b>\$2,801,879</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 2027 Budget, and 15.0 FTE positions in the revised FY 2026 Budget, unchanged from the enacted FY 2027 Budget.

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# GENERAL GOVERNMENT

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## Proposed FY 2027 Budget Actions

- *Operations.* The Governor recommends financing operations with \$2.4 million in general revenue in FY 2027. This amount represents a \$72,576, or 3.2 percent, increase over the prior year recommendation.
- *Relocation to the Shepard Building.* The Governor recommends the relocation of the Rhode Island Commission for Human Rights from its leased location on Westminster Street to the State-owned Shepard Building. This is expected to save approximately \$164,876 in rental costs in FY 2027, and approximately \$195,850 annually in future fiscal years.
- *Statewide Adjustments.* The Governor recommends an increase of \$29,302 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including facilities management, information technology, human resources, and Enterprise Resource Planning maintenance and operations.

## Proposed FY 2026 Budget Revisions

- *Statewide Adjustments.* The Governor recommends an increase of \$6,209 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including facilities management, information technology, human resources, and Enterprise Resource Planning maintenance and operations.

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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 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 2024 Actuals	FY 2025 Actuals	FY 2026 Enacted	FY 2026 Revised	FY 2027 Recommended
Federal Funds	\$592,218	\$709,130	\$753,555	\$771,107	\$759,025
Restricted Receipts	\$10,852,777	\$10,985,899	\$14,754,719	\$14,897,013	\$15,258,327
Other Funds	-	-	-	-	-
RI Capital Plan Fund	-	-	-	-	-
<b>Total Funding</b>	<b>\$11,444,995</b>	<b>\$11,695,029</b>	<b>\$15,508,274</b>	<b>\$15,668,120</b>	<b>\$16,017,352</b>
<b>FTE Authorization</b>	<b>54.0</b>	<b>57.0</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 2027 Budget, and 57.0 FTE positions in the revised FY 2026 Budget, unchanged from the enacted FY 2026 Budget.

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# GENERAL GOVERNMENT

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## Proposed FY 2027 Budget Actions

- *Affordability Initiatives.* As part of the FY 2027 budget proposal, the Governor recommends ratepayer-relief legislation to moderate near-term utility costs by expanding eligibility for zero-emission technologies, aligning Rhode Island’s programs with practices in peer states, and recalibrating ratepayer-funded programs to affordable and sustainable levels—establishing a more affordable path to decarbonization that delivers more than \$151 million in ratepayer relief in 2027 alone and over \$1 billion in cumulative savings over five years.
- *Statewide Adjustments.* The Governor recommends an increase of \$111,411 in all funds for the financing of personnel adjustments and agency charges for certain centralized services, including facilities management, information technology, human resources, and Enterprise Resource Planning maintenance and operations.

## Proposed FY 2026 Budget Revisions

- *Executive Climate Change Coordinating Council Contract Funding.* The Governor recommends \$105,000 in restricted receipts for the continued funding of a contract employee to work on a number of initiatives, including energy efficiency, the Renewable Energy Growth Program, electric time of use rates, electric grid modernization, leak prone gas pipeline replacement review, gas system design and gas supply procurement, microgrids, resilience, and the Future of Gas Docket. This contracted position funding is aligned with the Executive Climate Change Coordinating Council's FY 2026 spending plan.
- *Statewide Adjustments.* The Governor recommends an increase of \$58,448 in all funds for the financing of personnel adjustments and agency charges for certain centralized services, including facilities management, information technology, human resources, and Enterprise Resource Planning maintenance and operations.

# **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:

- Led the Federal Compliance Advisory Group to identify considerations for federal policy changes affecting the Supplemental Nutrition Assistance Program, Medicaid, and the Health Insurance Marketplace. EOHHS monitored and tracked over 450 policies, assessing their impacts across all the agencies within the Secretariat.
- Expanded access to children's mobile crisis response services and saw continued utilization of enhanced behavioral health services and mobile crisis response through eight Certified Community Behavioral Health Clinics. There was a 44 percent increase in the number of Medicaid members attributed to a CCBHC since the program started in late 2024.
- Convening an interagency collaborative to develop, recruit, and retain the state's health and human services workforce and implement the Ladders to Licensure grant program, which has provided tuition to 67 healthcare workers.
- Awarded \$6.7 million in grants to 85 primary care practices to support the recruitment and retention of primary care providers and increase access and capacity to serve Rhode Islanders.
- The Centers for Medicare & Medicaid Services (CMS) recently approved Rhode Island's 1115 Medicaid Demonstration Waiver, effective January 1, 2026, through December 31, 2030. This approval is a significant milestone that provides the state with greater flexibility to innovate in how care is delivered and financed, while continuing to meet federal standards.
- CMS selected Rhode Island to participate in the AHEAD Model (Achieving Healthcare Efficiency through Accountable Design), aimed at improving access to healthcare and reducing healthcare costs through a total cost of care approach. Rhode Island will receive up to \$12 million in funding over the next five to six years to implement the model.

## Budget Highlights

### RI Bridges System Compliance.

Provides \$13.0 million in general revenue to finance technology modifications to the RIBridges software to maintain compliance for various health and human services programs to align with H.R. 1 requirements.

### Support for Uncompensated Care.

Allocates an additional \$4.2 million in general revenue, \$10.0 million from all sources of funds, to offset a portion of Rhode Island-based hospitals' losses for uncompensated care.

### Planned Parenthood State Directed Grant.

Grants Planned Parenthood of Southern New England a one-time \$600,000 State-directed grant to support the provision of healthcare services.

# HEALTH AND HUMAN SERVICES

## Executive Office of Health and Human Services

Source of Funds	FY 2024 Actuals	FY 2025 Actuals	FY 2026 Enacted	FY 2026 Revised	FY 2027 Recommended
General Revenue	\$1,265,715,000	\$1,380,027,167	\$1,490,421,244	\$1,477,236,040	\$1,549,504,451
Federal Funds	\$2,299,863,309	\$2,454,156,396	\$2,709,529,994	\$2,702,904,113	\$2,844,819,555
Restricted Receipts	\$44,119,574	\$37,786,831	\$26,485,546	\$45,145,648	\$14,627,708
Other Funds	-	-	-	-	-
RI Capital Plan Fund	-	-	-	-	-
<b>Total Funding</b>	<b>\$3,609,697,882</b>	<b>\$3,871,970,394</b>	<b>\$4,226,436,784</b>	<b>\$4,225,285,801</b>	<b>\$4,408,951,714</b>
<b>FTE Authorization</b>	<b>218.0</b>	<b>233.0</b>	<b>243.0</b>	<b>243.0</b>	<b>252.0</b>

### Full-Time Equivalent Positions

The Governor recommends 252.0 FTE positions in the FY 2027 Budget, and 243.0 FTE positions in the revised FY 2026 Budget. In FY 2027, this represents a total increase of 9.0 FTE positions.

- Chief Human Services Business Officer (1.0 FTE)
- Chief Strategic Planning, Monitoring, and Evaluation (1.0 FTE)
- Data Analyst II (1.0 FTE)
- Interdepartmental Project Manager (3.0 FTE)
- Senior Human Services Policy and Systems Specialist (1.0 FTE)
- Chief Office of Special Projects (1.0 FTE)

### Proposed FY 2027 Budget Actions

#### Central Management

- *H.R. 1 Response.* The Executive Office of Health and Human Services, in partnership with the Department of Human Services (DHS), is leading the State's response to the federal reconciliation bill called H.R. 1. EOHHS will employ a multifaceted strategic plan to maximize the number of Rhode Islanders who maintain SNAP benefits and Medicaid coverage, ensure efficient and secure access to eligibility system platforms, and simplify the navigation of new federal compliance mandates.
  - *RIBridges System Compliance.* The Governor recommends \$12.9 million in general revenue, \$32.7 million all funds, to finance technology modifications to the RIBridges software to maintain compliance for various health and human services programs to align with H.R. 1 requirements, as well as ensuring efficient, secure access to perform eligibility determination for Medicaid, Qualified Health Plans, SNAP and other public health benefits. The recommendation also includes funding for RIBridges technology costs for the DHS Office of Program Integrity and Enhanced Training initiatives described below, a work requirement platform, and adds 1.0 FTE position within EOHHS to manage the interagency coordination and workstream integration of the H.R. 1 compliance efforts impacting EOHHS, DHS and HealthSource RI (HSRI).
  - *Support for Uncompensated Care.* The Governor recommends \$4.2 million in general revenue, \$10.0 million from all sources of funds, to offset a portion of Rhode Island-based

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## HEALTH AND HUMAN SERVICES

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hospitals' losses for uncompensated care. The funding would be distributed through the established Disproportionate Share Hospitals (DSH) payment.

- *Community Engagement.* The Governor recommends \$1.0 million in general revenue to invest in increasing community capacity to maximize the number of Rhode Islanders who maintain SNAP benefits and Medicaid coverage by easily meeting volunteering, educational, and/or work requirements every six months.
- *Medicaid Resources.* The Governor recommends \$1.2 million in general revenue, \$2.3 million from all funds, to finance resource needs required for the State Medicaid program to implement and come into compliance with the federal H.R. 1 requirements. The recommendation adds 7.0 FTE positions and contractual technical, fiscal, and actuarial support services to support implementation and ongoing work to meet federal regulations.
- *Parent and Caregiver Premium Assistance Program:* The Governor recommends \$342,177 in general revenue, \$805,122 from all sources of funds, to leverage the Parent and Caregiver Premium Assistance Program as authorized in the State's 1115 waiver to improve the affordability of Marketplace coverage and mitigate steep premium increases that will impact Marketplace customers. This recommendation is a part of the Rhode Island Marketplace Affordability Program within the DOA budget effective January 1, 2027 as described below.
- *Rhode Island Marketplace Affordability Program.* Within the DOA budget, the Governor recommends an increase of \$9.5 million in general revenue to establish the Rhode Island Marketplace Affordability Program, a State-based premium subsidy program for certain HealthSource RI (HSRI) customers to partially offset the premium increases that most HSRI customers are experiencing with the recent expiration of the enhanced Advance Premium Tax Credits.
- *Call Center Accuracy and Modernization Improvements.* Within the DHS budget, the Governor recommends \$3.0 million in general revenue, \$4.9 million from all sources of funds, to finance technology improvements at the DHS Call Center and increase customer-facing staff by 15.0 FTE positions to effectively handle the expected call volume increase. Technology improvements include knowledge base and natural language understanding updates to existing phone systems, AI-powered chat bots to handle immediate customer questions, and call recording and analytics to improve customer service. Additionally, there are 3.0 FTE positions that would allow DHS to manage the expected call volume increase due to compliance changes and efficiently guide customers through the streamlined community engagement process.
- *Office of Program Integrity.* Within the DHS budget, the Governor recommends \$503,321 in general revenue, \$878,448 from all sources of funds, to finance the creation of the Office of Program Integrity (OPI). This includes 6.0 FTE positions to shift DHS from reactive corrections to proactive and preventive oversight across SNAP, Medicaid, Temporary Assistance for Needy Families, CCAP, and related programs. OPI would also strengthen DHS's ability to create real-time dashboards to effectively track payment error rate and compliance metrics.
- *Enhanced Training.* Within the DHS budget, the Governor recommends \$708,311 in general revenue, \$1.2 million from all funds, to finance technology modernization, new training support roles, and increased program accuracy. This includes 5.0 FTE positions to create and administer targeted trainings in high-error areas, build out a unified statewide training program for all DHS programs, and utilize real-time dashboards to monitor and adjust staff training.

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## HEALTH AND HUMAN SERVICES

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- *Medicaid Management Information System.* The Governor recommends an increase of \$1.6 million in general revenue, \$10.1 million from all sources of funds, to finance critical modifications to the Medicaid Management Information System (MMIS) including mandatory federal compliance with the Centers for Medicare and Medicaid Services (CMS) rules, adding the FraudCapture platform to more efficiently identify, address, and prevent fraud, waste, and abuse, and updates the MMIS operating system. The Governor's recommendation includes total financing of \$7.8 million in general revenue, \$36.1 million from all sources of funds, for MMIS operations.
- *Modern MMIS.* The Governor recommends \$7.4 million in general revenue, \$73.8 million from all sources of funds, to continue the replacement of the current MMIS legacy system with a modern modular system which is required by CMS and will move Rhode Island away from single-contract solutions. The recommendation includes an increase of \$99,957 in general revenue, \$1.0 million from all sources of funds, to finance 5.0 FTE positions to support successful implementation, including: procurement, application design, development, testing, deployment and overall project support. It is expected that these positions would be accommodated within the existing FTE authorization.
- *H.R. 1 SNAP Administrative Cost Share.* The Governor recommends \$2.2 million in general revenue to finance the State's increased administrative cost share for the Supplemental Nutrition Assistance Program. H.R. 1 shifted the cost share from 50/50 state and federal funding to 75/25 State and federal funding, effective October 1, 2026.
- *Planned Parenthood State Directed Grant:* The Governor recommends \$600,000 in general revenue to finance a one-time State directed grant to support Planned Parenthood of Southern New England for the provision of healthcare services.
- *Primary Care Assessment.* The Governor recommends \$290,500 in general revenue to finance contractual services to support the implementation of the primary care assessment beginning January 1, 2026, pursuant to R.I.G.L. § 42-7.4-3.
- *RI Ecosystem.* The Governor recommends an increase of \$321,262 in general revenue to finance continued operation of the Ecosystem, an integrated data system that improves agency performance and operational analytics. The recommendation also includes a decrease of \$1.4 million in federal funds to align budget with prior spend and adjusting for incremental transitions in some instances from a 90/10 match to a 75/25 match as the program moves from design, development, and implementation to maintenance and operations.
- *Home and Community-Based Services Staff Support.* The Governor recommends an increase of \$260,945 in general revenue, \$945,120 from all funds, to finance contract support and 1.0 FTE position to comply with Home and Community-Based Services (HCBS) settings provider certification requirements. This recommendation includes funding for training, improved level of care assessments, and enhanced oversight of HCBS providers in compliance with federal requirements. It is expected that this position would be accommodated within the existing FTE authorization.
- *Long Term Services and Supports IT System.* The Governor recommends an increase of \$1.6 million in general revenue, \$11.0 million from all sources of funds, to support the e-Long Term Services and Supports (LTSS) Case Management IT system which incorporates person-centered practices throughout the LTSS process and allows for the management of Medicaid members' services across programs as the members' needs change. This program supports management of services for both Elders and Adults with Disabilities and individuals with intellectual and developmental disabilities. Funding would support continued IT system operations and development, and funding for 1.0 FTE position to manage the project, IT system design and implementation, and outreach efforts. It is expected that this position would be accommodated within the existing FTE authorization.

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## HEALTH AND HUMAN SERVICES

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- *Certified Community Behavioral Health Clinics and Mobile Response & Stabilization Services Contract Services.* The Governor recommends an increase of \$143,705 in general revenue, \$234,047 from all funds, to finance existing administrative support services for the Certified Community Behavioral Health Clinics (CCBHC) and Mobile Response & Stabilization Services (MRSS) programs formerly funded with expiring federal funds. General revenue support would ensure ongoing effective implementation and management of the statewide CCBHC program and the MRSS program fundamental to the State's behavioral health system.
- *RIBridges Total Financing.* The Governor's recommendation includes total financing of \$42.0 in general revenue, \$130.8 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. In addition to the H.R. 1 system compliance funding noted above, this recommendation includes an increase of \$727,688 in general revenue, \$1.9 million from all sources of funds, to finance contractual inflators of the RIBridges system contract.
- *Chief of Office of Special Projects – FTE Position.* The Governor recommends an increase of 1.0 FTE position, the Chief of Office of Special Projects, within the Olmstead program. This position would be transferred from the Department of Health to the Executive Office of Health and Human Services and align with its funding source in EOHHS.
- *DCYF Consent Decree Court Monitor.* The Governor recommends a total of \$250,000 in general revenue, a \$75,000 increase above the FY 2026 enacted, 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.
- *Thundermist.* The Governor recommends a decrease of \$500,000 in general revenue for Thundermist's Family Residency Program, leveraging other sources of funding to support this program in FY 2027.
- *Personal Care Attendant Wages.* The Governor recommends an increase of \$995,037 in general revenue to accommodate wage increases for non-employee Personal Care Attendants
- *Pay for Success.* The Governor's recommendation includes an amendment to extend the Pay for Success pilot program by one year to account for start-up delays and allow for pay back on final outcomes to social investors when the program ends. Pay for Success would provide housing and supportive services intervention for 125 persons in Rhode Island experiencing chronic homelessness who are high utilizers of the healthcare and justice systems.
- *Ladders to Licensure.* The Governor's recommendation includes an amendment to expand the impact of the Ladders to Licensure program allowing EOHHS to determine the number, type, and size of grantee partnerships and to provide funding for partnership development and tuition supports. The primary objective of the Ladders to Licensure program is to develop healthcare career ladders to increase the number of licensed health professionals in Rhode Island.
- *Opioid Crisis Response Funding.* The Governor recommends \$4.6 million in restricted receipts for continued support of existing and new initiatives in Rhode Island's response to the opioid and substance abuse crisis. This includes total financing of \$473,300 in Opioid Stewardship Funds and \$4.1 million in Statewide Opioid Abatement Funds.
- *Statewide Adjustments.* The Governor recommends an increase of \$213,233 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including facilities management, information technology, human resources, and Enterprise Resource Planning maintenance and operations.

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# HEALTH AND HUMAN SERVICES

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## Medical Assistance

- *Caseload Estimating Conference.* The Governor's recommended budget is predicated on the November 2025 Caseload Estimating Conference estimate of \$1.443.6 billion in general revenue in FY 2027, or a \$17.2 million increase compared to the enacted FY 2026 Budget.

## Adjustments to the Adopted Caseload Estimates

- *Office of the Health Insurance Commissioner's Rate Review.* The Governor recommends an increase of \$23.2 million general revenue and \$58.8 million all funds across the health human services agencies of the Executive Office of Health and Human Services, the Department of Human Services and the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals of which \$15.1 million in general revenue, \$39.4 million all funds is to implement the increased social and human services program rates resulting from the Office of the Health Insurance Commissioner's (OHIC) rate review, capping the gross rate increase to the lower of either the OHIC recommendation or the Medicare rate. The Governor recommends phasing in the rate increase over two fiscal years, and finances 50 percent of the total recommendation in FY 2027 effective October 1, 2026, and the full recommendation in FY 2028 effective October 1, 2027.
- *Align Certain Annual Medicaid Inflationary Adjustments to Revenue Growth.* The Governor recommends aligning the annual inflationary adjustment to the nursing facilities, hospital inpatient/outpatient, and federally qualified health center Medicaid rates with state revenue growth in FY 2027, projected to be 2.5 percent. This proposal generates \$3.7 million general revenue, \$9.9 million all funds, in Medicaid program savings compared to the November Caseload Estimating Conference, while still providing a \$27.1 million increase from all funds compared to the FY 2026 revised recommendation.
- *Substance Abuse Residential Services Rate Inflationary Adjustment Elimination.* The Governor recommends Medicaid program savings of \$669,761 in general revenue, \$1.6 million from all sources of funds, for the elimination of the annual inflationary adjustment to substance abuse residential services (SUD) Medicaid rates. The SUD rates subject to the annual inflationary adjustment are part of OHIC's biennial review of the social and human services program rates, which would address necessary rate adjustments going forward.
- *Glucagon-like Peptide-1 (GLP-1) Coverage Removal.* The Governor recommends removal of optional coverage for GLP-1s effective October 1, 2026, except if prescribed to treat type 2 diabetes, resulting in \$6.3 million in general revenue, \$20.3 million from all funds, of savings in the Medicaid program.
- *Support for Uncompensated Care.* The Governor recommends \$4.2 million in general revenue, \$10.0 million from all sources of funds, to offset a portion of Rhode Island-based hospitals' losses for uncompensated care. The funding would be distributed through the established Disproportionate Share Hospitals (DSH) payment in response to H.R. 1, as described above.
- *Parent and Caregiver Premium Assistance Program:* The Governor recommends \$342,177 in general revenue, \$805,122 from all sources of funds, to leverage the Parent and Caregiver Premium Assistance Program as authorized in the State's 1115 waiver, to improve the affordability of Marketplace coverage and mitigate steep premium increases that will impact Marketplace customers in response to H.R. 1, as described above. This recommendation is a part of the Rhode Island Marketplace Affordability Program within the DOA budget effective January 1, 2027.

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# HEALTH AND HUMAN SERVICES

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## Proposed FY 2026 Budget Revisions

### Central Management

- *Medicaid Management Information System (MMIS)*. The Governor recommends an increase of \$1.7 million in general revenue, \$10.1 million all funds, to finance critical modifications to the MMIS including mandatory federal compliance with the CMS rules, adding the FraudCapture platform to more efficiently identify, address, and prevent fraud, waste, and abuse, and updates to the MMIS operating system. The Governor's recommendation includes total financing of \$7.7 million in general revenue, \$35.7 million all funds, for MMIS operations.
- *Modern Modular Medicaid Management Information System (MMIS)*. The Governor recommends \$1.3 million in general revenue and \$4.8 million all 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 recommendation recognizes savings of \$0.5 million in general revenue, \$9.4 million all sources funds, compared to the FY 2026 enacted budget due to project delays.
- *Government Efficiency Grant*. The Governor recommends \$2.0 million in federal funds to finance statewide interagency initiatives for community engagement requirements of the H.R. 1 federal reconciliation bill.
- *Primary Care Assessment*. The Governor recommends \$193,667 in general revenue to finance contractual services to support the implementation of the primary care assessment beginning January 1, 2026, pursuant to R.I.G.L. § 42-7.4-3.
- *Opioid Crisis Response Funding*. The Governor recommends \$22.8 million in restricted receipts for continued support of existing and new initiatives in Rhode Island's response to the opioid and substance abuse crisis. This is total financing of \$536,331 in Opioid Stewardship Funds, \$22.0 million in Statewide Opioid Abatement Funds, and \$266,731 in McKinsey Opioid Settlement Funds.
- *Statewide Adjustments*. The Governor recommends an increase of \$355,536 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including facilities management, information technology, human resources, and Enterprise Resource Planning maintenance and operations.

### Medical Assistance

- *Caseload Estimating Conference*. The Governor's recommended budget is predicated on the November 2025 Caseload Estimating Conference estimate of \$1.412.7 billion in general revenue in FY 2026, or a \$13.7 million decrease compared to the enacted FY 2026 Budget.

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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's family and child well-being, children's behavioral health, and juvenile justice agency, which promotes child safety, permanence, and well-being. The Department also provides access to preventive services to children and families in and out of DCYF care.

DCYF's mission is to build a system of care where every child grows up in a safe and loving family environment and to support the development of strong, resilient families throughout Rhode Island.

### Recent Department achievements and highlights include:

- Achieved accreditation in February 2025 through the Council on Accreditation (COA), which is an objective, independent verification of an agency's performance against best practice standards. The COA accreditation increases organizational capacity and accountability by creating a framework for ongoing quality improvement. Rhode Island became one of only six states in the nation and the first in New England to receive this designation.
- Submitted and marked the adoption of new foster care and pre-adoptive regulations. They remove outdated terminology and clarify licensing requirements around areas such as home safety, health requirements, respite care, extracurricular activities, first aid and CPR training, discipline, and emergency response planning.
- Joined in April 2025 the National Partnership for Child Safety, a quality improvement collaborative whose mission is to improve child safety and prevent child maltreatment fatalities. DCYF is adopting the organization's safety-science approach to learning from critical incidents and participating in data sharing, peer learning, and workforce-strengthening training.
- Led by DCYF's Division of Youth Development, Rhode Island was selected as one of six to participate in The Council of State Governments' Collaborating for Youth and Public Safety Initiative. The program aims to prevent young people from entering the juvenile justice system unnecessarily and improve public safety by fostering statewide strategies to address youth crime, violence, and behavioral health needs, as well as by strengthening community-based services.
- Piloting, with Living Innovations, a program that provides shared living arrangements for 18- to 21-year-olds who qualify for adult services based on an intellectual/developmental disability diagnosis, improving youths' transition between the DCYF and BHDDH systems of care.
- In the 2024-25 academic year, 38 foster youth received more than \$300,000 in grants through the Postsecondary Education Tuition Assistance Program. Grants were calculated to cover the gap between students' total cost of attendance and funds available to them through grant aid and family resources.
- Since December 2022, DCYF, in collaboration with Family Care Community Partnerships, has supported more than 300 families in obtaining more permanent housing opportunities. In addition, since January 2024, through a collaboration with RIHousing, Family Services of Rhode Island, and Foster Forward, the Family Unification Voucher Program provided housing vouchers to 25 families and four youth, enabling them to spend no more than 30% of their income on housing.

## Budget Highlights

### Psychiatric Residential Treatment Facility.

Provides \$1.0 million in general revenue for the maintenance of a newly purchased psychiatric residential treatment facility at the former St. Mary's Home for Children.

### Consent Decree.

Allocates \$4.4 million in general revenue to effectuate a consent decree related to the hospitalization of children with behavioral health disabilities in state care.

# HEALTH AND HUMAN SERVICES

## Department of Children, Youth, and Families

Source of Funds	FY 2024 Actuals	FY 2025 Actuals	FY 2026 Enacted	FY 2026 Revised	FY 2027 Recommended
General Revenue	\$215,101,477	\$266,817,349	\$262,775,058	\$262,755,483	\$268,265,257
Federal Funds	\$97,594,044	\$83,898,560	\$118,620,365	\$122,689,267	\$113,201,292
Restricted Receipts	\$1,452,514	\$1,360,775	\$1,744,971	\$1,870,604	\$1,670,684
Other Funds	-	-	-	-	-
RI Capital Plan Fund	\$1,531,769	\$13,344,796	\$11,250,000	\$27,077,161	\$22,750,000
<b>Total Funding</b>	<b>\$315,679,804</b>	<b>\$365,421,481</b>	<b>\$394,390,394</b>	<b>\$414,392,515</b>	<b>\$405,887,233</b>
<b>FTE Authorization</b>	<b>705.5</b>	<b>714.5</b>	<b>713.5</b>	<b>719.5</b>	<b>719.5</b>

### Full-Time Equivalent Positions

The Governor recommends 719.5 FTE positions in the FY 2027 Budget, and 719.5 FTE positions in the revised FY 2026 Budget, increased by 6.0 FTEs from the enacted FY 2026 Budget of 713.5 FTEs. These additional FTE positions are working to implement the DCYF's Children's Behavioral Health Consent Decree plan. The recommended FTE positions are as follows:

- Social Service Analyst (5.0 FTE)
- Caseload Worker Supervisor (1.0 FTE)

### Proposed FY 2027 Budget Actions

- *Operations.* The Governor recommends financing operations with \$268.3 million in general revenue in FY 2027. This amount is \$5.5 million, or 2.1 percent, more than the prior year revised recommendation.
- *Children's Behavioral Health Consent Decree.* The Governor recommends \$4.4 million in general revenue and \$5.4 million all funds for expenditures made in connection with a 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. This includes 5.0 Social Service Analyst and 1.0 Caseload Worker Supervisor II additional FTE positions. The formal agreement is intended to remedy the State's compliance with the ADA and Section 504 through the implementation of an agreed-upon multi-year remedial plan.
- *Psychiatric Residential Treatment Facility (PRTF) Property Maintenance.* The Governor recommends \$1.0 million in general revenue for the maintenance of the newly acquired property formerly known as the St. Mary's Home for Children psychiatric residential treatment facility. In FY 2026, the State purchased the North Providence facility to establish a new PRTF to serve youths with psychiatric needs.
- *Discretionary Expenditures Reduction.* The Governor recommends \$1.3 million in general revenue savings by reducing non-essential discretionary spending across the agency. This would include stopping all non-essential travel and training, discontinuing office-wide events, reducing operating costs related to non-essential supplies, evaluating and removing non-essential contracted services, and reducing other non-essential services as needed.
- *Family Care Community Partnerships (FCCP) Flex Fund Reduction.* The Governor recommends \$600,000 in general revenue savings by decreasing the Family Care Community Partnership (FCCP) Flex Funds by 8.5 percent. FCCP Flex Funds are used as a catch-all for unforeseen expenses related to the care of children in DCYF custody.

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## HEALTH AND HUMAN SERVICES

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- *Family Care Community Partnerships (FCCP) Region Establishment.* The Governor recommends a budget article to formally establish in statute the current FCCP regional service coverage policy of the DCYF. The DCYF contracts with one FCCP provider in for each a defined region of the State to provide critical prevention resources. Codifying these requirements assures that DCYF can continue obtaining Medicaid reimbursement for this service when it implements a new Medicaid rate payment methodology likely in FY 2028. An accompanying Medicaid budget article resolution request is also being submitted in anticipation of the new payment methodology implementation.
- *Overtime Reductions.* The Governor recommends \$950,000 in general revenue savings and \$1.1 million all funds savings by recognizing the expected reduction in overtime hours with the achievement of accreditation as well as better management of existing overtime policies.
- *Statewide Adjustments.* The Governor recommends an increase of \$363,754 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including facilities management, information technology, human resources, and Enterprise Resource Planning maintenance and operations.

### **Proposed FY 2026 Budget Revisions**

- *Children's Behavioral Health Consent Decree – FTE Positions.* The Governor recommends \$317,230 in general revenue and \$417,416 all funds along with 6.0 additional FTEs for the 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. This includes 5.0 Social Service Analyst and 1.0 Caseload Worker Supervisor II additional FTE positions. The formal agreement is intended to remedy the State's compliance with the ADA and Section 504 through the implementation of an agreed-upon multi-year remedial plan.
- *Statewide Adjustments.* The Governor recommends a decrease of \$19,575 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including facilities management, information technology, human resources, and Enterprise Resource Planning maintenance and operations.

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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:

- Helped launch the Northeast Public Health Collaborative, a regional coalition of public health agencies and leaders brought together to share expertise, improve coordination, enhance capacity, strengthen regional readiness, and promote and protect evidence-based public health.
- Completed construction of the new 80,000-square-foot State Health Laboratory facility in the life sciences building at 150 Richmond St. in the 195 District. The State Health Laboratories has migrated all operations from the previous location on Orms Street and is functioning exclusively out of the new space. Along with the upgraded laboratory spaces, this project included several immediate process improvements, including the institution of a digital faxing system and other workflow upgrades.
- Rolled out the public dashboard of Rhode Island's new Rental Registry. With this dashboard, a resident can look up their rental property to see if the property's landlord has secured a Certificate of Lead Conformance, or other lead certificate, for the property. This new public database promotes transparency, safety, and accountability for people who rent their homes in Rhode Island.
- Awarded \$2 million in grants to 34 community-based primary care sites across Rhode Island to expand clinical training capacity for medical students, residents, nurse practitioner students, and physician assistant students. These awards support a projected 68% increase in training slot capacity among participating sites. The program is run in partnership with the Care Transformation Collaborative of Rhode Island (CTC-RI). Originally co-convened by OHIC and EOHHS, CTC-RI works to pilot and support initiatives statewide that improve and transform primary care.
- As part of the process of replacing all lead service lines in Rhode Island's public water systems, RIDOH launched a new, interactive map of drinking water service lines (pipes) in the state. The dashboard shows if service lines are made of lead, non-lead, or unknown material. Rhode Islanders can check the material of both the public side of the service line and the private side of the service line on their property.
- Launched Rhode Island Responsible, a public health campaign aimed at providing evidence-based information and practical resources that promote cannabis prevention among youth, pregnant individuals, and drivers, as well as responsible use across the state. As cannabis use becomes more

## Budget Highlights

### Opioid Crisis Response.

Allocates \$6.9 million in restricted receipts in Fiscal Year 2027 to support initiatives in Rhode Island's response to the opioid and substance abuse crisis.

### Nursing Home Minimum Staffing.

Provides \$200,000 in general revenue for contract costs associated with implementing the Nursing Home Staffing and Quality Care Act.

### Rhode Island Kratom Act.

Adds one FTE position to implement the act that was signed into law in 2025 and requires RIDOH to monitor, license, and regulate kratom product sales.

# HEALTH AND HUMAN SERVICES

widespread, RIDOH and its partners are working to ensure that adults ages 21 and older, healthcare professionals, caregivers, educators, and families have access to clear, accurate, and culturally inclusive cannabis information.

- Worked with community and clinical partners to implement evidence-based interventions that resulted in the nation’s best rates of lung cancer screening among people at high risk due to smoking histories (31%, compared with a national average of 18.2%).

## Department of Health

Source of Funds	FY 2024 Actuals	FY 2025 Actuals	FY 2026 Enacted	FY 2026 Revised	FY 2027 Recommended
General Revenue	\$34,032,135	\$37,618,084	\$40,825,075	\$41,964,523	\$42,552,271
Federal Funds	\$204,666,164	\$214,493,127	\$152,861,675	\$161,218,423	\$147,739,496
Restricted Receipts	\$74,881,462	\$68,142,602	\$93,076,141	\$92,774,233	\$86,779,254
Other Funds	-	-	-	-	-
RI Capital Plan Fund	\$370,546	\$1,162,294	\$8,763,883	\$16,057,007	\$400,000
<b>Total Funding</b>	<b>\$313,950,307</b>	<b>\$321,416,106</b>	<b>\$295,526,774</b>	<b>\$312,014,186</b>	<b>\$277,471,021</b>
<b>FTE Authorization</b>	<b>575.6</b>	<b>572.6</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 2027 Budget, and 572.6 FTE positions in the revised FY 2026 Budget, unchanged from the enacted FY 2026 Budget. In FY 2027, there is a 1.0 FTE position increase for the Rhode Island Kratom Act to enforce kratom sales oversight and ensure compliance with state regulations. Also in FY 2027, there is a transfer of 1.0 FTE position to the Executive Office of Health and Human Services (EOHHS) to align the Olmstead position with its funding source in EOHHS. This net-zero FTE change in FY 2027 is as follows:

- Environmental Health Food Specialist (1.0 FTE)
- Chief of Office of Special Projects (-1.0 FTE)

### Proposed FY 2027 Budget Actions

- *Environmental Health Food Specialist – FTE Position.* The Governor recommends \$251,252 in general revenue for 1.0 additional FTE Environmental Health Food Specialist position to implement the Rhode Island Kratom Act. This bill was signed into law in 2025 and requires RIDOH to monitor, license, and regulate kratom product sales.
- *Chief of Office of Special Projects – FTE Position.* The Governor recommends a decrease of 1.0 FTE position, the Chief of Office of Special Projects, within the Olmstead program. This position would be transferred to the Executive Office of Health and Human Services (EOHHS) and aligned with its funding source in EOHHS.
- *My License Office Replacement.* The Governor recommends \$2.1 million in general revenue in FY 2027 to replace RIDOH’s current professional medical licensing software, My License Office (MLO), which will reach end of life in 2027, at which point it will receive no further support, updates, or security

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protection. To prevent any lapses in the professional medical licensing process, the new software would be purchased and implemented as an enterprise-wide license by the MLO end-of-life date.

- *Laboratory Facility.* The Governor recommends \$1.1 million in general revenue and \$1.9 million all funds for the new Rhode Island State Health Laboratory's operating expenses in FY 2027. Located in Providence, the lab opened in fall 2025.
- *Durable Medical Equipment Contract.* The Governor recommends \$500,000 in general revenue for the contracted storage, maintenance, repair, and deployment of the State's durable medical equipment (DME). The DME contract is currently funded by federal COVID-19 funding, which will be exhausted in 2026. The contract covers all preventive and corrective maintenance; replacement of used, damaged, or expired supplies; and the deployment of assets to any location in Rhode Island.
- *Center for Health Facilities Regulation (CHFR) Centers for Medicare and Medicaid Services (CMS) Funding Deficit.* The Governor recommends \$291,628 in restricted receipts to cover the anticipated gap in federal funding support from CMS. .
- *Nursing Home Minimum Staffing.* The Governor recommends \$200,000 in general revenue for the contract costs associated with implementing the Nursing Home Staffing and Quality Care Act. The amended bill takes effect in 2026 and requires RIDOH to enforce staffing requirements for all Rhode Island nursing homes. The contracted services include collecting and analyzing data to calculate penalties for noncompliant nursing home facilities.
- *Tuberculosis Clinic Miriam Hospital.* To achieve general revenue savings, the Governor recommends a decrease of \$315,000 in general revenue supporting the Miriam Hospital's Tuberculosis Clinic.
- *Academic Institute Reorganization.* The Governor recommends a decrease of \$300,560 in general revenue and \$363,619 all funds to reflect ongoing reorganization within RIDOH's Academic Institute. This would reflect the Academic Institute's current and ongoing operational needs.
- *Opioid Crisis Response Funding.* The Governor recommends \$4.5 million in restricted receipts for continued support of existing and new initiatives in Rhode Island's response to the opioid and substance abuse crisis. This includes total financing of \$1.3 million in Opioid Stewardship Funds and \$3.3 million in Statewide Opioid Abatement Funds.
- *Statewide Adjustments.* The Governor recommends a decrease of \$375,190 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including facilities management, information technology, human resources, and Enterprise Resource Planning maintenance and operations.

### **Proposed FY 2026 Budget Revisions**

- *Reappropriation – Primary Care Training Sites.* The Governor recommends \$502,422 in general revenue for the approved reappropriation of unspent funds from FY 2025. The funding would support the Primary Care Training Sites Program implementation costs.
- *Reappropriation – RI Rental Registry.* The Governor recommends \$364,000 in general revenue for the approved reappropriation of unspent funds from FY 2025. The funding would support system implementation and public outreach necessary for full scaling and compliance of the statewide Rental Registry program.
- *Laboratory Facility.* The Governor recommends \$1.1 million in general revenue and \$2.4 million all funds for the new Rhode Island State Health Laboratory's operating expenses in FY 2026. Located in Providence, the lab opened in fall 2025.

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## HEALTH AND HUMAN SERVICES

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- *Center for Health Facilities Regulation (CHFR) Centers for Medicare and Medicaid Services (CMS) Funding Deficit.* The Governor recommends \$735,185 in restricted receipts to cover the anticipated gap in federal funding support from CMS.
- *Health Professional Loan Repayment Program.* The Governor recommends a reduction of \$200,000 in general revenue for this program only in FY 2026 due to a delay from the federal government's application process.
- *Opioid Crisis Response Funding.* The Governor recommends \$10.6 million in restricted receipts for continued support of existing and new initiatives in Rhode Island's response to the opioid and substance abuse crisis. This includes total financing of \$2.0 million in Opioid Stewardship Funds, \$8.5 million in Statewide Opioid Abatement Funds, and \$91,530 in McKinsey Settlement Funds.
- *Statewide Adjustments.* The Governor recommends a decrease of \$663,441 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including facilities management, information technology, human resources, and Enterprise Resource Planning maintenance and operations.

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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:

- Leveraged technology to strengthen customer access and eligibility processing by expanding SNAP Connect, increasing same-day interviews, and speeding benefit delivery. The agency also deployed new intake, application, and verification tools that reduced avoidable errors and improved application quality. Through the continuation of Processing Wednesdays, DHS also provided staff with dedicated time to focus on case processing, resulting in more consistent policy application and improved statewide timeliness.
- Continued to support the centralization of child care data in the Rhode Island Start Early System, now containing critical data on 9,600 educators and 800 providers. The system will help DHS identify areas of concern for the child care sector and help inform future policy decisions for Rhode Island providers and families.
- Through a Temporary Assistance for Needy Families block grant, mobilized to prevent evictions and assist at-risk families to move into stable housing. More than 1,300 children and 830 adults received critical support for their social, mental, and physical well-being – helping minimize disruptions at work or school for these impacted households.
- Launched an expanded Veterans Cafe in July 2025 through the Office of Veterans Services in partnership with Meals on Wheels of Rhode Island. Now in its second year, the cafe offers an opportunity for veterans to share a nutritious meal, socialize, and connect with vital benefits like those provided by DHS and the Veterans Affairs Health Care system in Providence. The cafe is held monthly and moves across the state.
- Continued to support and enhance the Rhode Island Aging and Disability Resource Center (ADRC) to better align with current vision and connect more deeply with customers and stakeholders. A rebranding clarified the mission and direction for the ADRC and their service to older Rhode Islanders, adults living with disabilities, and family caregivers. The ADRC fielded over 20,000 inquiries, serving over

## Budget Highlights

### H.R. 1 Investments.

Provides \$4.1 million to launch a multifaceted strategic plan to lower Rhode Island's payment error rate, ensure accurate and efficient service delivery, and simplify the navigation of new federal compliance mandates.

### Rhode Island Veterans Home.

Invests \$3.0 million in general revenue to partially reopen the Foxtrot Neighborhood at the Rhode Island Veterans Home.

### Rhode Island Community Food Bank.

Increases support for the organization from \$1.0 million to \$2.0 million.

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6,000 Rhode Islanders in federal Fiscal Year 2025 with information and guidance, counseling options, and application assistance.

- Through strong partnership with elected officials and executive agencies, the Office of Healthy Aging’s (OHA) State Health Insurance Assistance Program assisted many of the 20,000 Rhode Islanders who lost Medicare Advantage plan coverage at a large hospital system. OHA provided information, counseling, plan evaluation, and change supports, while working with Centers for Medicare and Medicaid Services to establish a special enrollment period for impacted Rhode Islanders.
- The partnership between OHA and the University of Rhode Island’s Cyber-Seniors program has been nationally recognized as a “program of distinction” by Generations United for work to improve the lives of children and older adults through intergenerational collaboration. The Cyber-Seniors program was deployed by OHA to bridge the technology and generational gap as students teach older adults to use technological devices. Generations United included Cyber-Seniors in an elite class of intergenerational programs that demonstrate excellence in bringing together people of different ages for mutual benefit and positive impact.

## Department of Human Services

Source of Funds	FY 2024 Actuals	FY 2025 Actuals	FY 2026 Enacted	FY 2026 Revised	FY 2027 Recommended
General Revenue	\$144,835,014	\$134,321,586	\$136,022,692	\$137,181,005	\$151,791,028
Federal Funds	\$635,889,778	\$667,595,690	\$689,957,887	\$655,562,074	\$635,891,749
Restricted Receipts	\$4,602,143	\$8,001,197	\$6,010,641	\$7,541,305	\$6,362,964
Other Funds	\$4,020,669	\$4,354,131	\$4,267,406	\$4,286,866	\$4,651,722
RI Capital Plan Fund	\$1,284,466	\$840,729	\$1,130,000	\$1,987,227	\$1,402,240
<b>Total Funding</b>	<b>\$790,632,069</b>	<b>\$815,113,333</b>	<b>\$837,388,626</b>	<b>\$806,558,477</b>	<b>\$800,099,703</b>
<b>FTE Authorization</b>	<b>1070.0</b>	<b>1079.0</b>	<b>1079.0</b>	<b>1089.0</b>	<b>1128.0</b>

### Full-Time Equivalent Positions

The Governor recommends 1,128.0 FTE positions in the FY 2027 Budget, and 1,089.0 FTE positions in the revised FY 2026 Budget. In FY 2026, this represents a total increase of 10.0 FTE positions. In FY 2027, this represents a total increase of 39.0 FTE positions compared to the enacted budget. The additional FTE positions are:

- Certified Nursing Assistants (12.0 FTE)
- Eligibility Technician I (10.0 FTE)
- Eligibility Technician Specialists (7.0 FTE)
- Cooks (4.0 FTE)
- Interdepartmental Project Managers (3.0 FTE)
- Registered Nurse A (3.0 FTE)
- Registered Nurse B (3.0 FTE)
- Clinical Training Specialists (2.0 FTE)

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## HEALTH AND HUMAN SERVICES

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- Data Analyst I (2.0 FTE)
- Principal Human Services Policy and Systems Specialists (2.0 FTE)
- Assistant Administrator Community Engagement and Customer Education (1.0 FTE)
- Chief Casework Supervisor (1.0 FTE)
- Supervisor Eligibility Technician (1.0 FTE)
- Chief Program Development (1.0 FTE)
- Nursing Instructor (1.0 FTE)
- Assistant Administrator Community and Planning Services (-1.0 FTE)
- Senior Resource Specialist (-3.0 FTE)

### Proposed FY 2027 Budget Actions

- *H.R. 1 Response.* The Department, in partnership with the Executive Office of Health and Human Services, is leading the State's response to the federal reconciliation bill called H.R. 1. DHS will employ a multifaceted strategic plan to lower Rhode Island's SNAP payment error rate (PER), ensure accurate and efficient service delivery, and simplify the navigation of new federal compliance mandates.
  - *Call Center Accuracy and Modernization Improvements.* The Governor recommends \$3.0 million in general revenue, \$4.9 million from all sources of funds, to finance technology improvements at the DHS Call Center and increase customer-facing staff by 15.0 FTE positions to effectively handle the expected call volume increase. Technology improvements include knowledge base and natural language understanding updates to existing phone systems, AI-powered chat bots to handle immediate customer questions, and call recording and analytics to improve customer service. Additionally, there are 3.0 FTE administrative positions that would allow DHS to strengthen interagency coordination, monitor compliance changes, and ensure proper performance of the streamlined community engagement process.
  - *Office of Program Integrity.* The Governor recommends \$503,321 in general revenue, \$878,448 from all sources of funds, to finance the creation of the Office of Program Integrity (OPI). This includes 6.0 FTE positions to shift DHS from reactive corrections to proactive and preventive oversight across SNAP, Medicaid, Temporary Assistance for Needy Families, CCAP, and related programs. OPI would also strengthen DHS's ability to create real-time dashboards to effectively track PER and compliance metrics.
  - *Enhanced Training.* The Governor recommends \$708,311 in general revenue, \$1.2 million from all sources of funds, to finance technology modernization, new training support roles, and increased program accuracy. This includes 5.0 FTE positions to create and administer targeted trainings in high-error areas, build out a unified statewide training program for all DHS programs, and utilize real-time dashboards to monitor and adjust staff training.
- *H.R. 1 SNAP Administrative Cost Share.* The Governor recommends \$7.1 million in general revenue to finance the State's increased administrative cost share for the Supplemental Nutrition Assistance Program. H.R. 1 shifted the cost share from 50/50 state and federal funding to 75/25 state and federal funding, effective October 1, 2026.

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## HEALTH AND HUMAN SERVICES

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- *Office of the Health Insurance Commissioner's Rate Review.* The Governor recommends an increase of \$23.2 million general revenue and \$58.8 million all funds across the health human services agencies of the Executive Office of Health and Human Services, the Department of Human Services and the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals. There is \$200,000 general revenue and \$477,986 all funds within the Office of Healthy Aging, to implement the increased social and human services program rates resulting from the Office of the Health Insurance Commissioner's (OHIC) rate review. This will cap the gross rate increase to the lower of either the OHIC recommendation or the Medicare rate. The Governor recommends phasing in the rate increase over two fiscal years, and finances 50 percent of the total recommendation in FY 2027 effective October 1, 2026, and the full recommendation in FY 2028 effective October 1, 2027.
- *Rhode Island Community Food Bank and Community Organizations.* The Governor recommends an additional one-time appropriation of \$1.0 million in general revenue to support the Rhode Island Community Food Bank of which \$250,000 will be dedicated to sub awards for other local community food pantries. This represents an increase in funding from \$950,000 to \$2.0 million. In addition, the Governor recommends \$25,000 each in grant funding for each of the following three community organizations: Higher Ground, Oasis International, and New Bridges for Haitian Success.
- *Senior Centers.* The Governor recommends an additional \$200,000 in general revenue grant funding for senior centers across Rhode Island. This increases senior center funding from \$1.6 million to \$1.8 million. This represents \$9.00 per senior and continued progress towards the Governor's goal of providing \$10.00 per senior in senior center funding.
- *Child Support Enforcement Case Management System Transition.* The Governor recommends \$156,000 in all funds to transition the Child Support Services Case Management System off the mainframe platform.
- *Weatherization Assistance Program Transfer.* The Governor recommends transferring the Weatherization Assistance Program, including \$10.9 million in federal funds and 4.0 FTE positions, from DHS to the Office of Energy Resources, unifying all energy efficiency programming under the Office of Energy Resources.
- *Caseload Estimating Conference.* The Governor's recommended budget is predicated on the November 2025 Caseload Estimating Conference estimate of \$28.8 million in general revenue in FY 2027 for caseload programs within DHS including RI Works, CCAP, State Supplemental Income, and General Public Assistance, which represents a \$1,711 increase compared to the enacted FY 2026 Budget.
- *Rhode Island Veterans Home Foxtrot Neighborhood Reopening.* The Governor recommends \$3.0 million in general revenue, \$3.1 million all funds, to finance the partial reopening of the Foxtrot Neighborhood at the Rhode Island Veterans Home. This includes 24.0 FTE positions to open 16 beds, half of the neighborhood, by the end of FY 2027. Of the 24.0 FTE positions, 22.0 FTE positions are related to direct care and facility operations support, and 2.0 are for administration and would focus on staff training, recruitment and retention. This puts the Veterans Home on a path to full occupancy in FY 2028.
- *Statewide Adjustments.* The Governor recommends an increase of \$2.4 million in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including facilities management, information technology, human resources, and Enterprise Resource Planning maintenance and operations.

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# HEALTH AND HUMAN SERVICES

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## Proposed FY 2026 Budget Revisions

*H.R. 1 Response.* The Governor recommends utilizing a projected personnel surplus of \$811,260 in general revenue, \$1.6 million from all sources of funds, to finance 10.0 FTE positions and technology upgrades to begin work to lower the State's SNAP payment error rate (PER). Federal Fiscal Year 2026, which began on October 1, 2025, is the final year on which the State can base its potential benefit cost-sharing requirement. It is imperative that the State achieve the lowest PER possible before the end of Federal Fiscal Year 2026.

- *Reappropriation – SNAP Eat Well, Be Well Pilot.* In accordance with R.I.G.L. § 40-6-8.2, the Governor recommends reappropriating \$3.8 million in State Fiscal Recovery Funds (SFRF) to continue the administration of the SNAP Eat Well, Be Well Pilot.
- *Reappropriation – Digitalization Project.* The Governor recommends \$250,000 in general revenue for the digitization project in the Office of Veterans Services. The enacted FY 2024 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 \$10,000 in general revenue for the approved reappropriation of unspent funds from FY 2025 for delayed invoicing for the Volunteer Guardianship Program.
- *Caseload Estimating Conference.* The Governor's recommended budget is predicated on the November 2025 Caseload Estimating Conference estimate of \$28.6 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 \$200,994 decrease compared to the enacted FY 2026 Budget.
- *Statewide Adjustments.* The Governor recommends a decrease of \$564,157 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including facilities management, information technology, human resources, and Enterprise Resource Planning maintenance and operations.

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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:

- Opened a third Enhanced Mental Health Psychiatric Rehabilitative Residence, increasing the State's capacity to provide residential treatment and rehabilitation, with 27 beds now available for individuals with complex mental health and medical conditions.
- With partners at EOHHS, supported the private agencies that operate eight Certified Behavioral Health Clinics (CCBHC) in Rhode Island. These clinics provide nine core services, including 24/7 mobile crisis response teams for both adults and children, offer expanded hours, including evenings and weekends, and provide same-day access and walk-in availability.
- Met the consent decree employment goals for individuals with intellectual and/or developmental disabilities.
- Updated the support intensity scale assessment process to more effectively identify the needs of individuals with intellectual and/or developmental disabilities.
- With our partners at DCAMM, remained on time and on budget with an ongoing \$70 million renovation of Eleanor Slater Hospital's Regan Building, which is projected to reopen in mid-2026. When finished, the project will provide a modern, ligature-resistant, 78-bed psychiatric hospital, along with upgrades to the building's exterior and HVAC systems.
- Reduced the average length of stay at the Rhode Island State Psychiatric Hospital from two years to five months, expanding statewide access and reducing per-patient costs.
- Through the Department's new dedicated Forensic Division, expanded community-based treatment options for justice-involved individuals, successfully diverting many from costly State hospitalization, resulting in a more accessible, cost-effective, and community-focused model of care.

## Budget Highlights

### 9-8-8 Hotline.

Provides \$1.0 million in general revenue for the continued operations of the 9-8-8 National Suicide Prevention Lifeline, with the expiration of State Fiscal Recovery Funds.

### Opioid Crisis Response.

Allocates \$3.9 million in restricted receipts in Fiscal Year 2027 to support 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 2024 Actuals	FY 2025 Actuals	FY 2026 Enacted	FY 2026 Revised	FY 2027 Recommended
General Revenue	\$311,396,804	\$322,751,679	\$318,778,838	\$327,072,619	\$334,100,085
Federal Funds	\$333,704,280	\$355,872,528	\$385,365,078	\$391,752,899	\$403,828,487
Restricted Receipts	\$8,639,757	\$12,118,848	\$12,054,683	\$25,027,132	\$12,279,183
Other Funds	-	-	-	-	-
RI Capital Plan Fund	\$359,107	\$302,507	\$500,000	\$1,007,929	\$5,500,000
<b>Total Funding</b>	<b>\$654,099,948</b>	<b>\$691,045,563</b>	<b>\$716,698,599</b>	<b>\$744,860,579</b>	<b>\$755,707,755</b>
<b>FTE Authorization</b>	<b>1204.4</b>	<b>1221.4</b>	<b>1223.4</b>	<b>1223.4</b>	<b>1223.4</b>

### Full-Time Equivalent Positions

The Governor recommends 1,223.4 FTE positions in the FY 2027 Budget, and 1,223.4 FTE positions in the revised FY 2026 Budget, unchanged from the enacted FY 2026 Budget.

### Proposed FY 2027 Budget Actions

- *Operating.* The Governor recommends financing operations with \$334.1 million in general revenue in FY 2027. This amount represents a \$7.0 million, or 2.1 percent, increase over the prior year revised recommendation.
- *Increased Forensic Examination Caseload.* The Governor recommends an increase of \$416,000 in general revenue to increase physician contract hours to reduce the backlog of court-ordered forensic evaluations.
- *Office of the Health Insurance Commissioner's Rate Review.* The Governor recommends an increase of \$23.2 million general revenue and \$58.8 million all funds across the health human services agencies of the Executive Office of Health and Human Services, the Department of Human Services and the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals of which \$7.7 million in general revenue and \$18.3 million all funds is within the Private Community DD Services within BHDDH to implement the increased social and human services program rates resulting from the Office of the Health Insurance Commissioner's (OHIC) rate review, capping the gross rate increase to the lower of either the OHIC recommendation or the Medicare rate. The Governor recommends phasing in the rate increase over two fiscal years, and finances 50 percent of the total recommendation in FY 2027 effective October 1, 2026, and the full recommendation in FY 2028 effective October 1, 2027.
- *Private Community Developmentally Disabled Services Program Caseload Adjustments.* The Governor's recommended budget is predicated on the November 2025 Caseload Estimating Conference estimate of \$201.1 million in general revenue, \$469.0 million all funds which represents \$6.4 million more in general revenue than the enacted FY 2026 Budget.
- *RI 9-8-8 Suicide & Crisis Lifeline.* The Governor recommends \$1.0 million in general revenue and \$5.0 million all funds to ensure the continued financing of the 9-8-8 National Suicide Prevention Lifeline. The Governor also includes a budget article codifying BHDDH's oversight authority for the RI 9-8-8 call center in a manner consistent with federal statute.
- *Operating Savings from Regan Building Renovation.* With the transfer of some Eleanor Slater hospital operations to the newly renovated portions of the Regan Building and decommissioning of the Adolph Meyer (AM) Building, the Governor recommends \$620,157 in general revenue and \$1.5 million all funds savings. Savings are realized as staff no longer need to perform 5-minutes patient safety checks and other

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## HEALTH AND HUMAN SERVICES

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administratively burdensome measures due to the layout constraints and infrastructure limitations of the AM Building. This initiative repurposes 18.0 FTE positions throughout the Department, resulting in no net change to the FTE authorization.

- *Electronic Medical Records Implementation (EMR)*. The Governor recommends a net addition of 5.0 total FTE positions to support the new EMR system for the Eleanor Slater and RI State Psychiatric Hospitals. The new system, financed with the Large Systems Initiative Fund (LSIF) and slated to go-live in FY 2027 will allow electronic capturing and tracking of patient data thereby eliminating manual transcriptions and paper file storage and better enabling evidence-based health care decisions, improving patient care, and bringing both hospitals in compliance with federal recordkeeping law. State personnel will be needed prior to the end of the development phase to assist with implementation and system transition with other positions needed for ongoing system operation. A total of 3.0 FTE positions will be repurposed in order to minimize the need for an increase in the overall BHDDH FTE authorization.
- *Various Third-Party Hospital Billing Improvements*. The Governor recommends a savings of \$11.0 million in general revenue within the Eleanor Slater Hospital for various improvements to hospital reimbursement processes including An increase in federal Medicaid reimbursements from optimizing billable bed days for patients not currently eligible for Long Term Services and Support billing, updating the billing process to capture Medicaid reimbursements for newly eligible patient populations under the expansion category, the introduction of a singular billing rate at Eleanor Slater Hospital and an increase in Medicare billing from higher expected receipts in part due to the credentialing of doctors at the hospital.
- *RI State Psychiatric Hospital Operational Savings*. The Governor recommends a one-for-one replacement of contractor positions with 13.0 FTE positions, all within the Department's FTE authorization, leading to a total of \$358,213 in general revenue savings. RISPH seeks to restructure its workforce to a more stable and cost-efficient model leading to better quality of care.
- *Opioid Crisis Response Funding*. The Governor recommends \$3.9 million in restricted receipts for continued support of existing and new initiatives in Rhode Island's response to the opioid and substance abuse crisis. This includes total financing of \$1.3 million in Opioid Stewardship Funds and \$2.7 million in Statewide Opioid Abatement Funds.
- *Statewide Adjustments*. The Governor recommends an increase of \$1.1 million in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including facilities management, information technology, human resources, and Enterprise Resource Planning maintenance and operations.

### **Proposed FY 2026 Budget Revisions**

- *Increased Forensic Examination Caseload*. The Governor recommends an increase of \$416,000 in general revenue to increase physician contract hours to reduce the backlog of court -ordered forensic evaluations.
- *9-8-8 Hotline*. The Governor recommends \$2.4 million in State Fiscal Recovery Funds and \$2.0 million in other federal funds to ensure the continued financing of the 9-8-8 National Suicide Prevention Lifeline.
- *Private Community Developmentally Disabled Services Program Caseload Adjustments*. The Governor's recommended budget is predicted on the November 2025 Caseload Estimating Conference estimate of \$459.4 million, including \$199.5 million from general revenue, \$4.8 million more in general revenue than the enacted FY 2026 Budget.
- *Third Party Hospital Billing Improvements*. The Governor recommends a savings of \$3.3 million in general revenue within the Eleanor Slater Hospital to recognize an increase in federal Medicaid reimbursements from optimizing billable bed days for patients not currently eligible for Long Term Services and Support billing.

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## HEALTH AND HUMAN SERVICES

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- *RI State Psychiatric Hospital Operational Savings.* The Governor recommends a one-for-one replacement of contractor positions with 13.0 FTE positions leading to a total of \$132,478 in general revenue savings. RISPH seeks to restructure its workforce to a more stable and cost-efficient model leading to better quality of care.
- *Opioid Crisis Response Funding.* The Governor recommends \$15.3 million in restricted receipts for continued support of existing initiatives in Rhode Island’s response to the opioid and substance abuse crisis. This includes total financing of \$2.3 million in Opioid Stewardship Funds, \$13.0 million in Statewide Opioid Abatement Funds, and \$118,535 in McKinsey Settlement Funds.
- *Statewide Adjustments.* The Governor recommends an increase of \$826,379 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including facilities management, information technology, human resources, and Enterprise Resource Planning maintenance and operations.

# HEALTH AND HUMAN SERVICES

## Office of the Child Advocate

The Office of the Child Advocate is charged with fulfilling a statutory mandate to protect the legal, civil, and special rights of all children and youth involved in the care of the Department of Children, Youth, and Families (DCYF). In so doing, the Office strives to improve conditions and circumstances through monitoring, compliance, and advocacy. The Office is responsible for oversight of children under DCYF care and yearly monitoring site visits of group homes and residential programs. 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. The Office also files Victim Compensation claims for children who have been physically and/or sexually assaulted and are in State care.

### Office of the Child Advocate

Source of Funds	FY 2024 Actuals	FY 2025 Actuals	FY 2026 Enacted	FY 2026 Revised	FY 2027 Recommended
General Revenue	\$1,429,015	\$1,707,790	\$2,264,613	\$2,185,010	\$2,405,487
Federal Funds	\$(33,989)	\$6,984	-	-	-
Restricted Receipts	-	-	-	-	-
Other Funds	-	-	-	-	-
RI Capital Plan Fund	-	-	-	-	-
<b>Total Funding</b>	<b>\$1,395,026</b>	<b>\$1,714,774</b>	<b>\$2,264,613</b>	<b>\$2,185,010</b>	<b>\$2,405,487</b>
<b>FTE Authorization</b>	<b>10.0</b>	<b>13.0</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 2027 Budget, and 13.0 FTE positions in the revised FY 2026 Budget, unchanged from the enacted FY 2026 Budget.

### Proposed FY 2027 Budget Actions

- *Operations.* The Governor recommends financing operations with \$2.4 million in general revenue in FY 2027. This amount represents a \$220,477, or 10.1 percent, increase over the prior year revised recommendation. The increase primarily reflects the restoration of savings assumed in the current year revised budget related to vacant positions, based on the assumption that those positions will be filled in FY 2027.
- *Statewide Adjustments.* The Governor recommends an increase of \$60,296 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including facilities management, information technology, human resources, and Enterprise Resource Planning maintenance and operations.

### Proposed FY 2026 Budget Revisions

- *Statewide Adjustments.* The Governor recommends an increase of \$12,019 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including facilities management, information technology, human resources, and Enterprise Resource Planning maintenance and operations.

# HEALTH AND HUMAN SERVICES

## Governor’s Commission on Disabilities

The Commission consists of 18 volunteer Commissioners appointed by the Governor and numerous volunteers who serve on several committees. The Accessibility Committee develops the State’s 504/Americans with Disabilities Act (ADA) Transition Plan, which removes barriers to access (physical and communication) in state-owned buildings, schools, colleges, beaches, and parks. This Committee oversees the ADA accessibility training and services and monitors 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 during National Disability Employment Awareness Month in October. The Legislation Committee conducts forums during the last full week in July to solicit concerns of people with disabilities and their families. 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 Rhode Island. The State Coordinating Committee on Disability Rights steers the State in carrying out disability rights laws. The Hearing Board’s members decide if discrimination was caused by access barriers (R.I.G.L. § 42-87). If so, the Board can order corrective action and award damages.

### Governor's Commission on Disabilities

Source of Funds	FY 2024 Actuals	FY 2025 Actuals	FY 2026 Enacted	FY 2026 Revised	FY 2027 Recommended
General Revenue	\$1,298,969	\$1,588,367	\$1,386,032	\$2,300,684	\$1,422,299
Federal Funds	\$329,086	\$331,443	\$340,067	\$340,092	\$340,092
Restricted Receipts	\$10,852	\$2,771	\$79,943	\$67,190	\$67,190
Other Funds	-	-	-	-	-
RI Capital Plan Fund	-	-	-	-	-
<b>Total Funding</b>	<b>\$1,638,906</b>	<b>\$1,922,581</b>	<b>\$1,806,042</b>	<b>\$2,707,966</b>	<b>\$1,829,581</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 2027 Budget, and 5.0 FTE positions in the revised FY 2026 Budget, unchanged from the enacted FY 2026 Budget.

### Proposed FY 2027 Budget Actions

- *Operations.* The Governor recommends financing operations with \$1.4 million in general revenue in FY 2027. Exclusive of the prior year reappropriation, this represents a \$42,180, or 3.1 percent, increase over the prior year revised recommendation.
- *Statewide Adjustments.* The Governor recommends an increase of \$12,441 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including facilities management, information technology, human resources, and Enterprise Resource Planning maintenance and operations.

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# HEALTH AND HUMAN SERVICES

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## Proposed FY 2026 Budget Revisions

- *Reappropriation – Community Outreach Grants.* The Governor recommends \$30,000 in general revenue for the approved reappropriation of unspent funds from FY 2025. The funding would support community outreach for the Livable Homes Modification Grants.
- *Reappropriation – Livable Homes Modification Grant.* The Governor recommends \$585,533 in general revenue for the approved reappropriation of unspent funds from FY 2025. The funding would support the Livable Homes Modification implementation costs.
- *Statewide Adjustments.* The Governor recommends an increase of \$3,733 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including facilities management, information technology, human resources, and Enterprise Resource Planning maintenance and operations.

# HEALTH AND HUMAN SERVICES

## Rhode Island Commission on the Deaf and Hard of Hearing

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

### Commission on the Deaf & Hard of Hearing

Source of Funds	FY 2024 Actuals	FY 2025 Actuals	FY 2026 Enacted	FY 2026 Revised	FY 2027 Recommended
General Revenue	\$745,741	\$670,845	\$786,233	\$767,663	\$835,904
Federal Funds	-	-	-	-	-
Restricted Receipts	\$54,428	\$48,922	\$142,921	\$209,289	\$118,177
Other Funds	-	-	-	-	-
RI Capital Plan Fund	-	-	-	-	-
<b>Total Funding</b>	<b>\$800,168</b>	<b>\$719,767</b>	<b>\$929,154</b>	<b>\$976,952</b>	<b>\$954,081</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 2027 Budget, and 4.0 FTE positions in the revised FY 2026 Budget, unchanged from the enacted FY 2026 Budget.

### Proposed FY 2027 Budget Actions

- *Operations.* The Governor recommends financing operations with \$835,904 in general revenue in FY 2027. This amount represents a \$68,241, or 8.9 percent, increase over the prior year revised recommendation. The increase primarily reflects the restoration of savings assumed in the current year revised budget related to vacant positions, based on the assumption that those positions will be filled in FY 2027.
- *Statewide Adjustments.* The Governor recommends an increase of \$34,927 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including facilities management, information technology, human resources, and Enterprise Resource Planning maintenance and operations.

### Proposed FY 2026 Budget Revisions

- *Office Renovations.* The Governor recommends \$58,729 in general revenue in FY 2026 for the Commission’s office renovations and equipment. This renovation includes new cubicles, carpet, telecom equipment, and electrical equipment.
- *Statewide Adjustments.* The Governor recommends an increase of \$16,579 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including facilities management, information technology, human resources, and Enterprise Resource Planning maintenance and operations.

# HEALTH AND HUMAN SERVICES

## Office of the Mental Health Advocate

The Office of the Mental Health Advocate is directed by statute to ensure 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; 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, who are 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 2024 Actuals	FY 2025 Actuals	FY 2026 Enacted	FY 2026 Revised	FY 2027 Recommended
General Revenue	\$769,629	\$752,370	\$1,117,164	\$932,441	\$1,111,709
Restricted Receipts	-	-	-	-	-
Other Funds	-	-	-	-	-
RI Capital Plan Fund	-	-	-	-	-
<b>Total Funding</b>	<b>\$769,629</b>	<b>\$752,370</b>	<b>\$1,117,164</b>	<b>\$932,441</b>	<b>\$1,111,709</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 2027 Budget, and 6.0 FTE positions in the revised FY 2026 Budget, unchanged from the enacted FY 2026 Budget.

### Proposed FY 2027 Budget Actions

- *Operations.* The Governor recommends financing operations with \$1.1 million in general revenue in FY 2027. This amount represents a \$179,268, or 19.2 percent, increase over the prior year revised recommendation. The increase primarily reflects the restoration of savings assumed in the current year revised budget related to vacant positions, based on the assumption that those positions will be filled in FY 2027.
- *Statewide Adjustments.* The Governor recommends a decrease of \$48,560 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including facilities management, information technology, human resources, and Enterprise Resource Planning maintenance and operations.

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# HEALTH AND HUMAN SERVICES

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## Proposed FY 2026 Budget Revisions

- *Statewide Adjustments.* The Governor recommends an increase of \$286 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including facilities management, information technology, human resources, and Enterprise Resource Planning maintenance and operations.

# **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.

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# EDUCATION

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## 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 the Postsecondary Commissioner 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:

- Released the 2025 state assessment results showing continued academic gains for students statewide. Student RICAS math proficiency continued to exceed pre-pandemic levels, rising 1.3 percentage points from 30.1 percent in 2024 to 31.4 percent in 2025, up from 29.8 percent in 2018-19. English Language Arts (ELA) RICAS proficiency increased 2.9 percentage points from 30.8 percent in 2024 to 33.7 percent in 2025, continuing a positive trend and approaching the pre-pandemic level of 38.5 percent in 2018-19. SAT proficiency in ELA increased significantly by 3.8 percentage points from 47.8 percent to 51.6 percent, and steadily in math with a 1.6 percentage point increase, from 21.7 percent to 23.3 percent. SAT ELA proficiency levels have rebounded above pre-pandemic levels.
- Published the 2025 school accountability ratings showing continued progress. Nearly 60 percent of schools earned three stars or higher, and 37 schools improved their rating over 2024. The latest results highlight strong elementary performance and the need for continued focus on the secondary level.
- Continued to be a national leader in attendance improvement efforts through the Attendance Matters RI campaign, achieving a third consecutive year of reduced chronic absenteeism, declining to 22.1 percent statewide in school year 2024-25. This represents a 12-percentage point drop since 2021-22 when chronic absenteeism peaked in the state and nationally. Through improved attendance, students have recovered approximately 3.7 million learning hours as part of deep efforts to improve academic outcomes.
- Awarded nearly \$3.5 million in two rounds of Learn365RI grants to 38 communities to strengthen math and literacy skills and boost student attendance as part of the State's Math Matters RI and Attendance Matters RI campaigns. Funding supports high-quality, out-of-school learning programs

## Budget Highlights

### Ballot Initiative.

Requests voter approval of \$50.0 million in general obligation bonds to finance the creation of new career and technical education programs and improvements to existing programs.

### K-12 Education Formula Aid.

Increases per-pupil education formula aid by 3.1 percent for public and charter local education agencies, and the Central Falls, Met and Davies school districts, compared to the FY 2026 enacted level.

### Learn365RI.

Provides \$2.0 million in general revenue to support high-quality, out-of-school time programming with a specific focus on critical skills development.

## EDUCATION

focused on mathematics, ELA, RICAS preparation, and engagement strategies to improve attendance.

- Launched a statewide math innovation partnership with New Classrooms, funded by the Bezos Family Foundation, to bring personalized, competency-based learning to 50,000 students in grades 4 through Algebra I over the next three years. This initiative aligns with the State’s Math Matters RI initiative, which aims to promote and improve math skills and understanding statewide.
- Invested \$6.5 million in grant funding for the first year of implementation of the RI Reads initiative aimed to improve literacy statewide. Twenty-three grants will support literacy initiatives in early childhood, elementary, and secondary education levels. The support is made possible by a five-year federal Comprehensive Literacy State Development grant secured by RIDE in August 2024.
- Introduced Rhode Island’s first Registered Apprenticeship Program for Principals (RIRAPP) to strengthen the pipeline of school leaders amid a national shortage, in partnership with the Center for Leadership and Educational Equity. RIRAPP made \$100,000 available to provide free tuition for five candidates who successfully complete the program and agree to work in a local education agency for three consecutive years.

### Elementary and Secondary Education

Source of Funds	FY 2024 Actuals	FY 2025 Actuals	FY 2026 Enacted	FY 2026 Revised	FY 2027 Recommended
General Revenue	\$1,493,846,919	\$1,587,101,129	\$1,659,208,810	\$1,660,507,362	\$1,660,788,322
Federal Funds	\$495,011,856	\$311,056,080	\$256,918,301	\$275,865,572	\$259,228,296
Restricted Receipts	\$51,904,840	\$58,747,615	\$50,745,881	\$61,349,157	\$61,650,354
Other Funds	\$83,275	-	-	-	-
RI Capital Plan Fund	\$1,604,683	\$3,405,423	\$42,577,150	\$13,356,613	\$25,718,691
<b>Total Funding</b>	<b>\$2,042,451,574</b>	<b>\$1,960,310,246</b>	<b>\$2,009,450,142</b>	<b>\$2,011,078,704</b>	<b>\$2,007,385,663</b>
<b>FTE Authorization</b>	<b>334.1</b>	<b>340.1</b>	<b>342.1</b>	<b>342.1</b>	<b>343.1</b>

### Full-Time Equivalent Positions

The Governor recommends 343.1 FTE positions in the FY 2027 Budget, and 342.1 FTE positions in the revised FY 2026 Budget, unchanged from the enacted FY 2026 Budget. The additional FTE position is:

- Legal Counsel – Hearing Officer (1.0 FTE)

### Proposed FY 2027 Budget Actions

- *Operations.* The Governor recommends financing operations with \$36.6 million in general revenue in FY 2027. Exclusive of the prior year reappropriations totaling \$4.6 million, this represents a \$2.3 million, or 6.7 percent, increase over the prior year revised recommendation.
- *New Investigator – FTE.* The Governor recommends \$151,704 from general revenues for a new investigator position. The position would support RIDE’s Legal Office by investigating teacher misconduct cases.

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## EDUCATION

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- *K-12 Education Formula Aid.* The Governor recommends an increase of \$17.5 million in general revenue in education aid to public and charter local education agencies, and the Central Falls, Met and Davies school districts, compared to the FY 2026 enacted level. The formula aid calculations included in the Governor’s recommendation use October 2025 enrollment data, which indicate reductions in overall enrollment, as well as in the reported numbers of students in poverty and multilingual learners. To address the needs of students in poverty, the Governor recommends increasing the Student Success Factor, from 40 percent to 43 percent, for all local education agencies – an increase of \$14.2 million. Overall, per-pupil spending increases by 3.1% compared to the FY 2026 enacted budget.
- *High-Cost Special Education.* The Governor recommends a total of \$20.0 million in general revenue for High-Cost Special Education categorical aid. This represents an increase of \$2.5 million from the FY 2026 enacted level.
- *Group Home Aid.* The Governor recommends a total of \$3.6 million in general revenue for Group-Home categorical aid. This represents an increase of \$34,000 from the FY 2026 enacted, which reflects an additional two licensed beds.
- *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 \$884,382 compared to the FY 2026 enacted level – reflecting a reduction of \$1.8 million in formula aid resulting from enrollment declines, partially offset by an increase of \$865,775 to the Central Falls Transition Fund.
- *Davies Career and Technical High School.* As part of the Education Aid Funding Formula, the Governor recommends \$21.1 million in general revenue for Davies Career and Technical High School. This represents an increase of \$2.6 million compared to the enacted FY 2026 level.
- *Metropolitan Regional Career and Technical Center.* As part of the Education Aid Funding Formula, the Governor recommends \$14.7 million in general revenue for the Metropolitan Regional Career and Technical Center. This represents an increase of \$1.7 million compared to the enacted FY 2026 level.
- *Rhode Island School for the Deaf.* Funded outside the Education Aid Funding Formula, the Governor recommends \$9.0 million for the Rhode Island School for the Deaf. This represents an increase of \$229,401 million over the enacted FY 2026 level.
- *Learn365RI.* The Governor recommends \$2.0 million in general revenue to support providing high-quality, out-of-school time programming with a specific focus on critical skills development. Of the \$2.0 million:
  - \$100,000 will be provided for the Rhode Island Afterschool Network, to support tutoring initiatives and staff training, as well as to support the Youth Development Apprenticeship Program and technical support of learning centers
  - \$100,000 will be provided for Teach for America Ignite, to support tutoring initiatives to focus on reading and math skill development for 3<sup>rd</sup> to 8<sup>th</sup> grade
  - \$100,000 will be provided to Onward We Learn Learn365RI tutoring initiatives supporting students to focus on reading and math skill development for 3<sup>rd</sup> to 8<sup>th</sup> grade and for and statewide FAFSA support
- *State Support for Special Education Programs.* The Governor recommends \$1.3 million in general revenue to support special education programs including the Rhode Island Auditory/Oral Education Program at the Foster School District, the Rhode Island Vision Education Services Program at the Sherlock Center, and the Rhode Island Surrogate Parent Program at the Sherlock Center. Providing general revenue support will allow the department of elementary and secondary education to use federal funding to address areas of critical need within special education statewide.

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## EDUCATION

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### *School Construction Aid*

- *Traditional Housing Aid.* The Governor recommends a decrease of \$17.0 million in general revenue compared to the enacted FY 2026 level, for a total of \$102.9 million in general revenue, for school housing aid. This adjustment reflects an effort to restore the prior practice, allowable under current law, of reimbursing school housing aid over a one- to three-year period. The budget also requires that annual housing aid appropriations must be used for their intended purpose and may no longer be deposited into the School Building Authority Capital Fund.

### *Department-wide*

- *Statewide Adjustments.* The Governor recommends an increase of \$133,635 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including facilities management, information technology, human resources, and Enterprise Resource Planning maintenance and operations.

### **Proposed FY 2026 Budget Revisions**

- *Reappropriations.* The Governor recommends the reappropriation of \$4.6 million in general revenue from FY 2025 to FY 2026, including \$2.7 million for Learn365RI after-school grants, and \$1.9 million for a settlement relating to special education.
- *Statewide Adjustments.* The Governor recommends an increase of \$123,559 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including facilities management, information technology, human resources, and Enterprise Resource Planning maintenance and operations.

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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 the Community College of Rhode Island (CCRI), Rhode Island College (RIC), 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 Community College of Rhode Island (CCRI), Rhode Island College (RIC), and OPC have initiated a system-wide review of security and safety protocols at the campuses and education centers. The study will focus on physical security measures, emergency communications, behavioral threat assessment, staffing, training, and the use of force continuum. The three entities also convened a work group to recommend the purchase and implementation of a new system-wide enterprise resource planning system for student services, finance, and human resources. The work group will report back to the Council on Postsecondary Education with a recommendation at the conclusion of their study.
- Since the inception of the dual enrollment fund, the number of students participating has grown by almost 70 percent (6,436), and the total number of enrolled courses has increased by 87.4 percent (11,029). In the 2024-25 academic year, the program — which is operated jointly by OPC, the public institutions of higher education, and RIDE — saw a 10-percent increase in enrollments. In the 2024-25 academic year, Rhode Island high school students earned over 36,000 college credits.
- Together, the Westerly Education Center, Woonsocket Education Center, and Rhode Island Nursing Education Center served the education and workforce training needs of 8,000-plus students in 2025, enabling them to earn the postsecondary credentials needed to enter their chosen careers. This total surpasses the 6,451 students served in 2024.
- OPC's Rhode Island Reconnect program has assisted more than 4,470 participants enrolled in workforce training programs, of whom more than 3,500 individuals persisted in earning a certification. Additionally, more than 1,300 students seeking degrees have sought assistance from the program, and 185 as of December 2025.
- The Council on Postsecondary Education passed a seamless transfer policy for general education credits between CCRI and RIC, thus reducing student costs, eliminating redundancies and administrative complexities, and improving efficiencies between the institutions.

## Budget Highlights

### Ballot Initiative.

Requests voter approval of \$215.0 million in general obligation bonds to finance construction projects at each of the three public institutions of higher education.

### Hope Scholarship.

Converts the scholarship at Rhode Island College from a pilot program to a permanent program.

### Operating Support.

Increases operating support to the three public institutions of higher education by 2.5 percent, representing a total increase of \$6.2 million.

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- The Interinstitutional Articulation Transfer Committee, led by OPC, hosted a Transfer Day 2025 whereby over 100 representatives from the University of Rhode Island (URI), CCRI, and RIC established eight new transfer courses and 11 new joint admissions policy agreements in order to facilitate transfers from CCRI to RIC or URI.

### Higher Education

Source of Funds	FY 2024 Actuals	FY 2025 Actuals	FY 2026 Enacted	FY 2026 Revised	FY 2027 Recommended
General Revenue	\$309,805,900	\$314,864,727	\$327,246,516	\$331,685,905	\$341,249,967
Federal Funds	\$11,970,766	\$12,716,181	\$5,642,208	\$11,704,544	\$5,377,602
Restricted Receipts	\$7,429,756	\$5,323,850	\$12,736,631	\$12,686,729	\$12,816,833
Other Funds	\$989,032,412	\$1,084,389,212	\$1,116,671,145	\$1,124,432,752	\$1,156,549,993
RI Capital Plan Fund	\$58,044,776	\$65,384,572	\$135,598,236	\$135,708,913	\$121,036,327
<b>Total Funding</b>	<b>\$1,376,283,610</b>	<b>\$1,482,678,542</b>	<b>\$1,597,894,736</b>	<b>\$1,616,218,843</b>	<b>\$1,637,030,722</b>
<b>FTE Authorization</b>	<b>4394.3</b>	<b>4415.3</b>	<b>4517.3</b>	<b>1846.3</b>	<b>1846.3</b>

### Full-Time Equivalent Positions

The Governor recommends eliminating the FTE cap for the University of Rhode Island in the recommended FY 2027 Budget and the revised FY 2026 Budget. For consistency of presentation, in various summary tables throughout this budget volume, the FTE authorization for URI may be presented in FY 2026 and FY 2027 as equal to the FY 2026 enacted level of 2,671.0 FTE positions.

The Governor recommends 1,798.3 FTE positions for the remaining two institutions of higher education in the FY 2027 Budget, and 1,798.3 FTE positions in the revised FY 2026 Budget, unchanged from the enacted FY 2026 Budget. Individual FTE position totals for the proposed FY 2027 Budget are as follows:

- 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 2027 Budget, and 48.0 FTE positions in the revised FY 2026 Budget, unchanged from the enacted FY 2026 Budget.

### Proposed FY 2027 Budget Actions

#### Office of the Postsecondary Commissioner

- Statewide Adjustments.* The Governor recommends an increase of \$3,850 in general revenue for the financing of personnel adjustments and agency charges for certain 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 \$4.2 million in general revenue compared to the enacted Fiscal Year 2026 level. Of the increase, \$2.9 million is intended to cover rising costs for personnel and operating current services, and \$1.3 million is intended to cover billings for certain centralized services, including facilities management, information technology, and Enterprise Resource Planning maintenance and operations.

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## EDUCATION

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- *Rhode Island College.* The Governor recommends an increase of \$2.0 million in general revenue compared to the enacted Fiscal Year 2026 level. Of the increase, \$1.8 million is intended to cover rising costs for personnel and operating current services, and \$240,675 is intended to cover billings for certain centralized services, including information technology and Enterprise Resource Planning maintenance and operations.
- *Community College of Rhode Island.* The Governor recommends an increase of \$2.0 million in general revenue compared to the enacted Fiscal Year 2026 level. Of the increase, \$1.6 million is intended to cover rising costs for personnel and operating current services, and \$362,294 is intended to cover billings for certain centralized services, including information technology and 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 \$694,490 in general revenue from the FY 2026 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 2027 funding for this scholarship is \$8.1 million, which reflects updated enrollment projections and funds the anticipated level of need.
- *Hope Scholarship.* Included in the Office of the Postsecondary Commissioner's budget, the Governor recommends an increase of \$1.6 million in general revenue from the FY 2026 enacted level for the continued support of the Hope Scholarship for juniors and seniors at Rhode Island College. Total FY 2027 funding for this scholarship is \$7.1 million, which reflects updated enrollment projections and funds the anticipated level of need. The Governor also recommends eliminating the June 30, 2030, sunset for the Hope Scholarship to make the program permanent.

### Debt Service

- *University of Rhode Island.* The Governor recommends an increase of \$1.3 million in general revenue from the enacted FY 2026 level for general obligation bond debt service, attributable to an updated debt service schedule for the University.
- *Rhode Island College.* The Governor recommends an increase of \$1.2 million in general revenue from the enacted FY 2026 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 a reduction of \$163,334 in general revenue from the enacted FY 2026 level for general obligation bond debt service, attributable to an updated debt service schedule for the College.

### Proposed FY 2026 Budget Revisions

#### Office of the Postsecondary Commissioner

- *Statewide Adjustments.* The Governor recommends an increase of \$14,522 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including information technology and Enterprise Resource Planning maintenance and operations.

#### Institutional Operations

- *University of Rhode Island.* The Governor recommends a decrease of \$68,907 in general revenue compared to the enacted Fiscal Year 2026 level to cover billings for certain centralized services, including information technology and Enterprise Resource Planning maintenance and operations.
- *Rhode Island College.* The Governor recommends a decrease of \$95,387 in general revenue compared to the enacted Fiscal Year 2026 level to cover billings for certain centralized services, including information technology and Enterprise Resource Planning maintenance and operations.

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- *Community College of Rhode Island.* The Governor recommends an increase of \$555,615 in general revenue compared to the enacted Fiscal Year 2026 level. Of the increase, \$338,511 is intended to cover rising costs for personnel and operating current services, and \$217,104 is intended to cover billings for certain centralized services, including information technology and 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 \$149,266 in general revenue from the FY 2026 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 \$7.5 million, which reflects updated enrollment projections and funds the anticipated level of need.
- *Hope Scholarship.* Included in the Office of the Postsecondary Commissioner's budget, the Governor recommends a decrease of \$239,557 in general revenue from the FY 2026 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 \$5.2 million, which reflects updated enrollment projections and funds the anticipated level of need.

### Debt Service

- *University of Rhode Island.* The Governor recommends an increase of \$3.2 million in general revenue from the enacted FY 2026 level for general obligation bond debt service, attributable to an updated debt service schedule for the University.
- *Rhode Island College.* The Governor recommends an increase of \$796,740 in general revenue from the enacted FY 2026 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 a reduction of \$5,760 in general revenue from the enacted FY 2026 level for general obligation bond debt service, attributable to an updated debt service schedule for the College.

# EDUCATION

## Rhode Island Council on the Arts

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

### Rhode Island Council on the Arts

Source of Funds	FY 2024 Actuals	FY 2025 Actuals	FY 2026 Enacted	FY 2026 Revised	FY 2027 Recommended
General Revenue	\$2,297,462	\$2,412,493	\$2,414,685	\$2,416,128	\$2,610,565
Federal Funds	\$976,489	\$825,041	\$1,022,711	\$1,093,573	\$1,160,576
Restricted Receipts	-	-	\$115,058	-	-
Other Funds	\$171,487	\$489,791	\$690,000	\$701,000	\$742,000
RI Capital Plan Fund	-	-	-	-	-
<b>Total Funding</b>	<b>\$3,445,438</b>	<b>\$3,727,326</b>	<b>\$4,242,454</b>	<b>\$4,210,701</b>	<b>\$4,513,141</b>
<b>FTE Authorization</b>	<b>10.0</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 2027 Budget, and 10.0 FTE positions in the revised FY 2026 Budget, unchanged from the enacted FY 2026 Budget.

### Proposed FY 2027 Budget Actions

- *Operations.* The Governor recommends financing operations with \$2.6 million in general revenue, in FY 2027. This amount represents a \$194,437, or 8.0 percent, increase over the prior year revised recommendation. The increase is attributable to the restoration of general revenue financing based on updated assumptions regarding the share of administrative expenses expected to be covered by federal grants. Additionally, the Governor recommends the programmatic enhancement, noted below.
- *Arts and Health Grant Program.* The Governor recommends \$50,000 in general revenue for the Arts and Health Grant Program to expand eligibility to individual artists who are not eligible to receive federal funding through the National Endowment for the Arts grant program.
- *Statewide Adjustments.* The Governor recommends an increase of \$1,485 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including facilities management, information technology, human resources, and Enterprise Resource Planning maintenance and operations.

### Proposed FY 2026 Budget Revisions

- *Statewide Adjustments.* The Governor recommends an increase of \$1,443 in general revenue for the financing of personnel adjustments.

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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 (URI), Bay Campus, in Narragansett. RINSC operates a research reactor and provides laboratories and classrooms for URI and other institutions of higher education across the state and region. Additionally, staff administers the radiation safety program for URI. Operating without incident since 1962, RINSC provides medical, biological, environmental, and materials research, offers educational programs, and supports commercial activities benefiting residents.

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### Rhode Island Atomic Energy Commission

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Source of Funds	FY 2024 Actuals	FY 2025 Actuals	FY 2026 Enacted	FY 2026 Revised	FY 2027 Recommended
General Revenue	\$1,119,280	\$1,187,147	\$1,278,282	\$1,282,191	\$1,316,004
Federal Funds	-	\$63,200	-	-	-
Restricted Receipts	\$18,646	\$(980)	\$25,036	\$25,036	\$25,036
Other Funds	\$297,200	\$316,626	\$361,177	\$328,084	\$335,818
RI Capital Plan Fund	\$50,000	\$42,035	\$50,000	\$57,966	\$50,000
<b>Total Funding</b>	<b>\$1,485,127</b>	<b>\$1,608,027</b>	<b>\$1,714,495</b>	<b>\$1,693,277</b>	<b>\$1,726,858</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 2027 Budget, and 8.6 FTE positions in the revised FY 2026 Budget, unchanged from the enacted FY 2026 Budget.

### Proposed FY 2027 Budget Actions

- *Operations.* The Governor recommends financing operations with \$1.3 million in general revenue in FY 2027. This amount represents a \$33,813, or 2.6 percent, increase over the prior year recommendation.
- *Statewide Adjustments.* The Governor recommends an increase of \$13,701 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including facilities management, information technology, human resources, and Enterprise Resource Planning maintenance and operations.

### Proposed FY 2026 Budget Revisions

- *Statewide Adjustments.* The Governor recommends an increase of \$3,909 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including facilities management, information technology, human resources, and Enterprise Resource Planning maintenance and operations.

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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 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 that allow 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 Rhode Island. 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. In addition, the Commission 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.”

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### Historical Preservation and Heritage Commission

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Source of Funds	FY 2024 Actuals	FY 2025 Actuals	FY 2026 Enacted	FY 2026 Revised	FY 2027 Recommended
General Revenue	\$1,204,648	\$1,713,667	\$1,969,751	\$2,017,033	\$2,097,428
Federal Funds	\$807,741	\$724,841	\$822,451	\$807,253	\$893,987
Restricted Receipts	\$134	\$57	\$511,827	\$511,827	\$511,827
Other Funds	\$128,739	\$34,800	\$144,602	\$140,400	\$148,449
RI Capital Plan Fund	-	-	-	\$50,000	-
<b>Total Funding</b>	<b>\$2,141,262</b>	<b>\$2,473,364</b>	<b>\$3,448,631</b>	<b>\$3,526,513</b>	<b>\$3,651,691</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 2027 Budget, and 15.6 FTE positions in the revised FY 2026 Budget, unchanged from the enacted FY 2026 Budget.

### Proposed FY 2027 Budget Actions

- *Operations.* The Governor recommends financing operations with \$2.1 million in general revenue in FY 2027. This amount represents a \$80,395, or 4.0 percent, increase over the prior year revised recommendation.
- *Statewide Adjustments.* The Governor recommends an increase of \$104,578 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including facilities management, information technology, human resources, and Enterprise Resource Planning maintenance and operations.

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# EDUCATION

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## Proposed FY 2026 Budget Revisions

- *Statewide Adjustments.* The Governor recommends an increase of \$47,124 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including facilities management, information technology, human resources, and Enterprise Resource Planning maintenance and operations.

# **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 was established under the Rhode Island Constitution as one of the five general officers subject to voter election. 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 district courts.

The Attorney General initiates legal action to protect the interests of Rhode Island citizens 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 the Attorney General is divided into four programs: Criminal, Civil, Bureau of Criminal Identification, and General.

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### Office of Attorney General

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Source of Funds	FY 2024 Actuals	FY 2025 Actuals	FY 2026 Enacted	FY 2026 Revised	FY 2027 Recommended
General Revenue	\$35,044,453	\$36,669,822	\$38,244,427	\$38,389,891	\$39,369,297
Federal Funds	\$2,295,046	\$3,388,273	\$3,568,559	\$3,348,549	\$3,221,855
Restricted Receipts	\$4,171,089	\$7,325,138	\$8,149,821	\$8,662,867	\$8,105,783
Other Funds	-	-	-	-	-
RI Capital Plan Fund	\$943,273	\$114,830	\$2,525,000	\$2,525,000	\$1,150,000
<b>Total Funding</b>	<b>\$42,453,862</b>	<b>\$47,498,063</b>	<b>\$52,487,807</b>	<b>\$52,926,307</b>	<b>\$51,846,935</b>
<b>FTE Authorization</b>	<b>264.1</b>	<b>264.1</b>	<b>268.1</b>	<b>268.1</b>	<b>268.1</b>

### Full-Time Equivalent Positions

The Governor recommends 268.1 FTE positions in the FY 2027 Budget, and 268.1 FTE positions in the revised FY 2026 Budget, unchanged from the enacted FY 2026 Budget.

### Proposed FY 2027 Budget Actions

- *Operations.* The Governor recommends financing operations with \$39.4 million in general revenue in FY 2027. This amount represents a \$979,406, or 2.6 percent, increase over the prior year revised recommendation.
- *Statewide Adjustments.* The Governor recommends an increase of \$318,188 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including facilities management, information technology, human resources, and Enterprise Resource Planning maintenance and operations.

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## **PUBLIC SAFETY**

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### **Proposed FY 2026 Budget Revisions**

- *Statewide Adjustments.* The Governor recommends an increase of \$145,464 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including facilities management, information technology, human resources, and Enterprise Resource Planning maintenance and operations.

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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. 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:

- In early 2025, the Department's Behavioral Health Unit (BMU) opened at the Intake Service Center. The BMU is a specialized mental health housing unit intended for the treatment of incarcerated people diagnosed with serious and persistent mental illnesses. To address this, the BMU uses a phased, incentive-based program with an individualized treatment plan. The unit also uses a multi-disciplinary treatment team approach with a focus on identifying pro-social and maladaptive behaviors to help support patients in achieving their treatment goals.
- DOC's 2025-2029 Strategic Plan drives progress through collaboration, innovation, and a commitment to continuous improvement. Examples include: hiring a full-time recruitment and retention position; certifying six staff in core correctional practices to assist with enhancing pro-social behavior, overhauling Correctional Industries so participants can receive relevant job skills; and creating a Leadership Academy that offers college credit.
- Thanks to the shared vision and expertise of staff, community partners and stakeholders, the Strategic Plan shows measurable accomplishments in areas such as staff safety, wellness and development, recidivism reduction, and improving justice-involved lives through sound fiscal practices and technological innovations.
- Successfully applied for \$500,000 in federal funding to diversify offerings in Correctional Industries. With the support of this federal funding, Correctional Industries has begun establishing new shops and laying the foundation for additional openings soon. The embroidery shop is expected to be fully operational by the end of 2025, aligning with the launch of the digital plate shop, which will also begin producing plates. Additionally, the print shop has acquired a new multifunction printer that significantly expands its capabilities beyond traditional printing.
- 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. In Fiscal Year 2025, this program was expanded to include the Medium Security Facility.

## Budget Highlight

### Opioid Crisis Response.

Allocates \$1.3 million in restricted receipts in FY 2027 to support initiatives in Rhode Island's response to the opioid and substance abuse crisis.

# PUBLIC SAFETY

## Department of Corrections

Source of Funds	FY 2024 Actuals	FY 2025 Actuals	FY 2026 Enacted	FY 2026 Revised	FY 2027 Recommended
General Revenue	\$263,728,573	\$302,877,506	\$324,014,603	\$325,669,067	\$335,029,054
Federal Funds	\$23,141,432	\$4,328,478	\$1,758,102	\$3,576,844	\$2,717,452
Restricted Receipts	\$1,332,560	\$1,615,745	\$1,303,091	\$1,495,866	\$1,253,091
Other Funds	-	-	-	-	-
RI Capital Plan Fund	\$1,096,091	\$12,999,004	\$39,275,662	\$37,413,180	\$11,676,281
<b>Total Funding</b>	<b>\$289,298,679</b>	<b>\$321,820,728</b>	<b>\$366,351,458</b>	<b>\$368,154,957</b>	<b>\$ 350,675,878</b>
<b>FTE Authorization</b>	<b>1461.0</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 2027 Budget, and 1,461.0 FTE positions in the revised FY 2026 Budget, unchanged from the enacted FY 2026 Budget.

### Proposed FY 2027 Budget Actions

- *Operations.* The Governor recommends financing operations with \$335.0 million in general revenue in FY 2027. Exclusive of the prior year reappropriation, this represents a \$9.9 million, or 3.1 percent, increase over the prior year revised recommendation.
- *Opioid Crisis Response Funding.* The Governor recommends \$1.3 million in restricted receipts in Opioid Stewardship Funds for continued support of existing and new initiatives in Rhode Island's response to the opioid and substance abuse crisis.
- *RIBCO Contract Step Increase.* The RIBCO Rhode Island Brotherhood of Correctional Officers union contract reduced the number of pay scale steps from 15 to 13, which resulted in a one to five percent pay increase across the correctional officers in the affected steps in both FY 2026 and FY 2027 (approximately 250 correctional officers). The impact of the step changes in combination with the cost-of-living adjustment totals approximately \$5.25 million across FY 2026 and FY 2027.
- *Operating and Contract Expenditure Decreases.* The Governor recommends a net decrease of \$589,514 to resolve a structural excess imbalance in the Department's general revenue financing level for contract expenses across all programs and to better align with previous year expenditures.
- *Statewide Adjustments.* The Governor recommends an increase of \$307,645 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including facilities management, information technology, human resources, and Enterprise Resource Planning maintenance and operations.

### Proposed FY 2026 Budget Revisions

- *Reappropriations.* In accordance with R.I.G.L. § 35-3-15, the Governor recommends \$581,138 which consists of unexpended FY 2025 appropriations for critical healthcare workforce incentives addressing staffing shortages, including Pathways Training, equipment allowances, mentoring, and recruitment bonuses. Expenditure of enacted FY 2025 financing has been delayed to FY 2026 as the Department continues to implement final program planning for this initiative.

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## PUBLIC SAFETY

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- *Operating and Contract Expenditure Decreases.* The Governor recommends a net decrease of \$870,712 to resolve a structural imbalance in the Department's general revenue financing for contract expenses across all programs and to better align with previous year expenditures.
- *Opioid Crisis Response Funding.* The Governor recommends \$1.5 million in restricted receipts for continued support of existing and new initiatives in Rhode Island's response to the opioid and substance abuse crisis all of which are in the Opioid Stewardship Funds.
- *Statewide Adjustments.* The Governor recommends an increase of \$1.2 million in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including facilities management, information technology, human resources, and Enterprise Resource Planning maintenance and operations.

# PUBLIC SAFETY

## 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.

<b>Judiciary</b>					
<b>Source of Funds</b>	<b>FY 2024 Actuals</b>	<b>FY 2025 Actuals</b>	<b>FY 2026 Enacted</b>	<b>FY 2026 Revised</b>	<b>FY 2027 Recommended</b>
General Revenue	\$118,821,242	\$131,104,664	\$133,516,539	\$135,551,052	\$139,466,764
Federal Funds	\$5,014,517	\$5,198,132	\$6,294,895	\$5,424,840	\$5,417,996
Restricted Receipts	\$12,628,668	\$13,173,977	\$15,787,999	\$15,721,305	\$16,755,096
Other Funds	-	-	-	-	-
RI Capital Plan Fund	\$5,628,087	\$4,723,264	\$3,625,000	\$3,674,768	\$3,875,000
<b>Total Funding</b>	<b>\$142,092,514</b>	<b>\$154,200,038</b>	<b>\$159,224,433</b>	<b>\$160,371,965</b>	<b>\$165,514,856</b>
<b>FTE Authorization</b>	<b>743.3</b>	<b>745.3</b>	<b>749.3</b>	<b>749.3</b>	<b>749.3</b>

### Full-Time Equivalent Positions

The Governor recommends 749.3 FTE positions in the FY 2027 Budget, and 749.3 FTE positions in the revised FY 2026 Budget, unchanged from the enacted FY 2026 Budget.

#### Proposed FY 2027 Budget Actions

- *Operations.* The Governor recommends financing operations with \$139.5 million in general revenue in FY 2027. Exclusive of the prior year reappropriation, this represents a \$5.7 million, or 4.3 percent, increase over the prior year revised recommendation.
- *Statewide Adjustments.* The Governor recommends an increase of \$557,785 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including facilities management, information technology, human resources, and Enterprise Resource Planning maintenance and operations.

#### Proposed FY 2026 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 2026 as directed by the State Court Administrator. As such, the Governor includes a \$1.9 million reappropriation.

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## PUBLIC SAFETY

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- *Statewide Adjustments.* The Governor recommends an increase of \$185,851 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including facilities management, information technology, human resources, and Enterprise Resource Planning maintenance and operations.

# PUBLIC SAFETY

## Military Staff

The agency is directed by the Adjutant General who is appointed by the Governor. The Adjutant General is nominated as a Major General by the President and confirmed by the United States Senate. The Adjutant General directs the establishment, operation, organization, and maintenance of the military forces of the State, composed of reserve units of the United States Army and Air Force, the Rhode Island National Guard, and State Historic Militia.

The National Guard Program budget is financed with general revenue and state capital funds and federal funds, as well as direct federal funding for active-duty guard members, services, and construction costs. Additionally, there exists between the State of Rhode Island and National Guard Bureau a legal contract referred to as the Master Cooperative Agreement (MCA). The MCA provides State support for the federal mission in the form of employment of State personnel; the purchase of goods and services through State vendors; and a readied, state-of-the-art trained military force. The State is obligated through the MCA to match the federal funds with general revenue as a condition of the grant. Military training is 100 percent federally financed.

<b>Military Staff</b>					
<b>Source of Funds</b>	<b>FY 2024 Actuals</b>	<b>FY 2025 Actuals</b>	<b>FY 2026 Enacted</b>	<b>FY 2026 Revised</b>	<b>FY 2027 Recommended</b>
General Revenue	\$3,392,720	\$3,045,930	\$3,424,058	\$3,508,092	\$3,634,593
Federal Funds	\$28,625,471	\$27,436,433	\$28,982,412	\$67,232,266	\$45,498,537
Restricted Receipts	\$21,771	\$25,603	\$66,000	\$66,000	\$66,000
Other Funds	-	-	-	-	-
RI Capital Plan Fund	\$2,525,167	\$4,180,292	\$9,175,261	\$17,695,822	\$9,196,902
<b>Total Funding</b>	<b>\$34,565,129</b>	<b>\$34,688,258</b>	<b>\$41,647,731</b>	<b>\$88,502,180</b>	<b>\$58,396,032</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 2027 Budget, and 93.0 FTE positions in the revised FY 2026 Budget, unchanged from the enacted FY 2026 Budget.

#### Proposed FY 2027 Budget Actions

- *Operations.* The Governor recommends financing operations with \$3.6 million in general revenue in FY 2027. This amount represents a \$126,501, or 3.6 percent, increase over the prior year revised recommendation.
- *Statewide Adjustments.* The Governor recommends a decrease of \$33,445 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including facilities management, information technology, human resources, and Enterprise Resource Planning maintenance and operations.

#### Proposed FY 2026 Budget Revisions

- *Statewide Adjustments.* The Governor recommends a decrease of \$60,565 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including facilities management, information technology, human resources, and Enterprise Resource Planning maintenance and operations.

# PUBLIC SAFETY

## Rhode Island Emergency Management Agency

The Rhode Island Emergency Management Agency (RIEMA) is responsible for establishing, sustaining, and coordinating the resources of the federal, state, and local governments; non-governmental organizations; and the private sector to effectively meet the challenges faced during a natural and/or manmade 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 manmade incidents. RIEMA and the State Emergency Operation Center provide a central location from which all state government can provide interagency coordination and executive decision-making in support of any regional incident or local response. This is accomplished by information gathering, evaluation, executive decision-making, priority setting, management, coordination and tracking of resources, and interoperable communication facilitation.

### Rhode Island Emergency Management Agency

Source of Funds	FY 2024 Actuals	FY 2025 Actuals	FY 2026 Enacted	FY 2026 Revised	FY 2027 Recommended
General Revenue	\$6,671,411	\$6,920,907	\$7,457,256	\$7,644,182	\$8,375,436
Federal Funds	\$48,396,267	\$15,153,026	\$34,906,616	\$47,746,964	\$51,235,300
Restricted Receipts	\$49,016	\$150,778	\$428,308	\$641,417	\$417,066
Other Funds	-	-	-	-	-
RI Capital Plan Fund	\$3,316,263	\$1,983,223	\$865,404	\$1,014,566	\$3,548,908
<b>Total Funding</b>	<b>\$58,432,957</b>	<b>\$24,207,934</b>	<b>\$43,657,584</b>	<b>\$57,047,129</b>	<b>\$63,576,710</b>
<b>FTE Authorization</b>	<b>37.0</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 2027 Budget, and 38.0 FTE positions in the revised FY 2026 Budget, unchanged from the enacted FY 2026 Budget.

### Proposed FY 2027 Budget Actions

- *Operations.* The Governor recommends financing operations with \$8.4 million in general revenue in FY 2027. This amount represents a \$731,254, or 9.6 percent, increase over the prior year revised recommendation. The increase is primarily attributable to public safety warehouse costs being allocated to general revenue as a result of diminishing availability of federal funds.
- *Public Safety Warehouse.* The Governor recommends an additional \$159,682 in general revenue to support the operations of RIEMA’s public safety warehouse. These funds would be used to cover operating expenses such as electricity, insurance, taxes, management fees, and common area maintenance charges. The warehouse stores the State’s stockpile of personal protective equipment, medical supplies, and other emergency supplies.

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## PUBLIC SAFETY

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- *Statewide Adjustments.* The Governor recommends an increase of \$298,908 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including facilities management, information technology, human resources, and Enterprise Resource Planning maintenance and operations.

### **Proposed FY 2026 Budget Revisions**

- *FIFA World Cup 2026 Security.* The Governor recommends a one-time allocation of \$250,000 in general revenue for security expenses associated with FIFA World Cup 2026. Gillette Stadium is hosting seven men's soccer games, and several teams are expected to reside and train in Rhode Island during the tournament. While most operational costs are expected to be covered through reimbursements from the event sponsor and federal grants, this funding will serve as a contingency to support state agencies in the event of any unreimbursed expenses.
- *Public Safety Warehouse.* The Governor recommends shifting \$299,516 in general revenue for the public safety warehouse to available federal State Fiscal Recovery Funds. The warehouse houses the State's stockpile of personal protective equipment, medical supplies, and other emergency supplies. Beginning in FY 2027, the public safety warehouse lease and associated costs are expected to be covered by general revenue.
- *Statewide Adjustments.* The Governor recommends an increase of \$196,442 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including facilities management, information technology, human resources, and Enterprise Resource Planning maintenance and operations.

# 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.

### Budget Highlight

#### State Police Academy.

Creates an academy for 20 recruits to replace troopers who will reach mandatory retirement in September 2026.

#### Recent Department achievements and highlights include:

- Purchased more than 1,900 body worn cameras through October 2025 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 16 recruits in the Rhode Island State Police Recruit Training Academy in June 2025. The next academy class is being finalized and is expected to launch in early 2026 with up to 15 State Police recruits.
- The State Police Southern Public Safety Complex in West Greenwich is expected to reach substantial completion in June 2026, with final completion in August 2026.
- In Fiscal Year 2025, graduated 22 Sheriff recruits and three Capitol Police officer recruits, and hired 12 E-911 telecommunicators. In 2025, the Division of Sheriffs and the Capitol Police were awarded Rhode Island Police Accreditation Commission re-accreditation, and the State Police was awarded Commission on Accreditation for Law Enforcement Agencies re-accreditation “with excellence”.
- The Statewide Computer Aided Dispatch and Records Management System launched in Fiscal Year 2025. Ten public safety agencies were operating with the system in June 2025, and 20 more agencies are expected to be implemented by June 2026.
- Awarded \$10.5 million in State Fiscal Recovery Funds to five victim services agencies. As of October 2025, six properties were purchased by the agencies.

### Department of Public Safety

Source of Funds	FY 2024 Actuals	FY 2025 Actuals	FY 2026 Enacted	FY 2026 Revised	FY 2027 Recommended
General Revenue	\$117,775,561	\$128,379,261	\$132,842,119	\$142,198,690	\$136,717,145
Federal Funds	\$13,652,720	\$19,811,764	\$27,053,323	\$30,282,853	\$16,123,197
Restricted Receipts	\$9,144,960	\$11,981,884	\$14,313,880	\$14,778,066	\$14,788,601
Other Funds	\$3,803,654	\$5,180,379	\$3,908,811	\$6,334,552	\$5,153,088
RI Capital Plan Fund	\$3,119,578	\$12,219,476	\$19,750,048	\$21,741,715	\$2,015,000
<b>Total Funding</b>	<b>\$149,100,694</b>	<b>\$179,371,969</b>	<b>\$199,527,584</b>	<b>\$217,184,248</b>	<b>\$176,691,892</b>
<b>FTE Authorization</b>	<b>632.0</b>	<b>633.0</b>	<b>634.0</b>	<b>635.0</b>	<b>638.0</b>

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# PUBLIC SAFETY

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## Full-Time Equivalent Positions

The Governor recommends 638.0 FTE positions in the FY 2027 Budget and 635.0 FTE positions in the revised FY 2026 Budget. This reflects an increase of 3.0 FTE positions from FY 2026 Revised to FY 2027 and a 4.0 FTE position increase from FY 2026 Enacted to FY 2027. In the revised FY 2026 Budget, there is an ETSS position transferred from the Department of Administration. The additional FTE positions in FY 2027 are:

- E-911 Telecommunicators (2.0 FTE)
- Shift Supervisor (1.0 FTE)

## Proposed FY 2027 Budget Actions

- *Operations.* The Governor recommends financing operations with \$136.7 million in general revenue in FY 2027. Exclusive of the prior year reappropriation this represents a \$3.8 million, or 2.9 percent, increase over the prior year revised recommendation.
- *Body Worn Camera and Taser Contract Renewal.* The Governor recommends \$600,000 in general revenue to fund a new five-year contract for body worn cameras, vehicle cameras, and taser replacement.
- *Rhode Island State Police Academy.* The Governor recommends a trooper academy consisting of 20 recruits to replace the 20 troopers who will reach mandatory retirement in September 2026.
- *RI Police Officers Commission on Standards and Training State Grant.* The Governor recommends directing \$75,000 to the Rhode Island Police Officers Commission on Standards and Training to finance administrative expenses for Rhode Island Law Enforcement Officer Disciplinary and Post-Termination Actions hearings and other requirements of State law.
- *Statewide Adjustments.* The Governor recommends an increase of \$743,079 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including facilities management, information technology, human resources, and Enterprise Resource Planning maintenance and operations.

## Proposed FY 2026 Budget Revisions

- *Reappropriations.* Pursuant to R.I.G.L. § 35-3-15, the Governor recommends a reappropriation from FY 2025 to FY 2026 of \$256,247 for the Department of Public Safety. The reappropriation includes: \$158,089 for the Family Services of Rhode Island “GO Team” grant; \$51,718 for the Division of Sheriffs for delayed procurements of uniforms, dispatch workstation equipment, and computer replacements; and \$46,440 for various items planned and/or procured for FY 2025 but not yet delivered for the State Police program, including graduating troopers’ equipment, microwave radio equipment, and headquarters cleaning services.
- *State Police and Division of Sheriffs Vehicles.* The Governor recommends repurposing \$3.0 million of the FY 2025 agency general revenue and road construction detail surplus to purchase vehicles for the State Police and the Division of Sheriffs instead of using the State Fleet Revolving Loan Fund.
- *Statewide Adjustments.* The Governor recommends an increase of \$756,948 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including facilities management, information technology, human resources, and Enterprise Resource Planning maintenance and operations.

# PUBLIC SAFETY

## Office of the Public Defender

The Office of the Public Defender is statutorily mandated to represent indigent adults and juveniles who are charged with criminal offenses or who are in jeopardy of losing custody of their children to the State. Referrals come from the Supreme, Superior, District, and Family courts. Financially eligible individuals are assigned a staff attorney for representation in the appropriate court. This representation includes 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. Support staff including social workers, investigators, interpreters, information technology staff, intake staff, and clerical staff assist the attorneys who deliver the primary service of the Office. 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 2024 Actuals	FY 2025 Actuals	FY 2026 Enacted	FY 2026 Revised	FY 2027 Recommended
General Revenue	\$14,670,121	\$16,598,499	\$18,178,679	\$18,189,774	\$18,765,889
Federal Funds	\$88,182	\$90,168	\$85,035	\$85,035	\$85,035
Restricted Receipts	-	-	-	-	-
Other Funds	-	-	-	-	-
RI Capital Plan Fund	-	-	-	-	-
<b>Total Funding</b>	<b>\$14,758,303</b>	<b>\$16,688,668</b>	<b>\$18,263,714</b>	<b>\$18,274,809</b>	<b>\$18,850,924</b>
<b>FTE Authorization</b>	<b>104.0</b>	<b>104.0</b>	<b>104.0</b>	<b>104.0</b>	<b>105.0</b>

### Full-Time Equivalent Positions

The Governor recommends 105.0 FTE positions in the FY 2027 Budget, and 104.0 FTE positions in the revised FY 2026 Budget, unchanged from the enacted FY 2026 Budget. The additional FTE position is:

- Assistant Public Defender I (1.0 FTE)

### Proposed FY 2027 Budget Actions

- *Operations.* The Governor recommends financing with \$18.8 million in general revenue in FY 2027. This amount represents a \$576,115, or 3.2 percent, increase over the prior year revised recommendation.
- *Assistant Public Defender I – FTE Position.* The Governor recommends \$186,985 in general revenue for 1.0 additional FTE position and associated operating expenses to reduce attorney caseloads. The Office of the Public Defender has historically experienced caseloads significantly over the recommended amount.
- *Statewide Adjustments.* The Governor recommends an increase of \$80,628 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including facilities management, information technology, human resources, and Enterprise Resource Planning maintenance and operations.

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## **PUBLIC SAFETY**

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### **Proposed FY 2026 Budget Revisions**

- *Statewide Adjustments.* The Governor recommends an increase of \$32,941 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including facilities management, information technology, human resources, and Enterprise Resource Planning maintenance and operations.

# **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 on 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:

- Launched new online permitting and licensing portals for the Office of Water Resources and the Division of Agriculture and Forest Environment, shifting tens of thousands of transactions to fully digital workflows. DEM also expanded the Rhode Island Outdoors platform, originally launched in 2022 for hunting and fishing licenses, to include online renewal of boat, ATV, and snowmobile registrations.
- Continued improvements to the Port of Galilee’s working waterfront through the \$21.4 million “Phase IV of Improvements to the Port of Galilee” project, scheduled for completion in winter 2026. DEM oversaw construction of a new 450-linear-foot bulkhead, reconstruction of Pier I, and associated landside and utility improvements. As part of the same project, DEM also designed and permitted the reconstruction of Piers A and G, which are planned for construction in 2026.
- Awarded \$2.7 million in grants through the Brownfields Remediation and Economic Development Fund to support the cleanup and redevelopment of contaminated sites statewide. Ten projects in four cities and towns received funding, made possible by the voter-approved 2022 and 2024 Green Bonds as well as remaining dollars from previous grant rounds. Notably, nine of the 10 projects are located in Environmental Justice focus areas, helping direct investment to communities that need it most.
- As required under the Act on Climate and the Rhode Island Acts on Coasts, the Executive Climate Change Coordinating Council (EC4) and members of DEM staff are responsible for developing both a Climate Action Strategy and Resilience Plan. In 2025, a broad range of stakeholders completed these plans, establishing a roadmap toward meeting its 2030 climate goals. Throughout this process, shifts in federal programs and national priorities have created challenges for Rhode Island’s planning efforts, influencing how the State will continue to advance its climate and resilience objectives.

## Budget Highlights

### Ballot Initiative.

Requests voter approval of \$50.0 million in general obligation bonds to finance various projects related to recreational facilities, water quality, energy efficiency, and coastal resiliency.

### Local Agriculture and Seafood Act Grants.

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

### 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.

# NATURAL RESOURCES

- With millions visiting Rhode Island’s beaches, parks, and campgrounds each year, DEM is advancing several major capital projects to modernize facilities. At Roger Wheeler State Beach, a new bulkhead and boardwalk will deliver sustainable, accessible amenities by spring 2026. Misquamicut State Beach is getting a new entrance with several new entry lanes to ease traffic. At Burlingame Campground, the first phase of restroom upgrades was completed in 2025, replacing outdated facilities in Mills Camp, Midpark North, and Fish Camp. The second phase, scheduled for completion in 2027, will add new shower and restroom facilities in Legiontown, Midpark South, and Main Camp, including indoor and outdoor showers.
- Awarded \$80,000 in Water Safety Grants to provide free swim lessons for youth from low-income households, with new paddlecraft safety lessons added this year. To date, the program has supported more than 1,045 swim lessons, two paddlecraft lessons, and the installation of 12 life rings at State properties statewide.
- Thirty-three local farmers, fishers, and specialty food producers received Local Agriculture and Seafood Act grant program awards, totaling \$486,000 for projects that advance the growth, development, and marketing of local farms, seafood harvesters, and food businesses.

## Department of Environmental Management

Source of Funds	FY 2024 Actuals	FY 2025 Actuals	FY 2026 Enacted	FY 2026 Revised	FY 2027 Recommended
General Revenue	\$55,457,395	\$56,014,424	\$58,380,368	\$58,553,292	\$60,615,642
Federal Funds	\$30,509,005	\$46,572,386	\$44,708,519	\$48,187,396	\$51,204,137
Restricted Receipts	\$15,102,590	\$21,295,674	\$24,775,624	\$26,710,589	\$27,287,646
Other Funds	\$67,082	\$95,847	\$1,857,967	\$1,848,648	\$1,850,999
RI Capital Plan Fund	\$12,449,035	\$10,512,241	\$34,701,709	\$28,823,621	\$24,910,056
<b>Total Funding</b>	<b>\$113,585,108</b>	<b>\$134,490,571</b>	<b>\$164,424,187</b>	<b>\$164,123,546</b>	<b>\$165,868,480</b>
<b>FTE Authorization</b>	<b>425.0</b>	<b>439.0</b>	<b>439.0</b>	<b>439.0</b>	<b>440.0</b>

### Full-Time Equivalent Positions

The Governor recommends 440.0 FTE positions in the FY 2027 Budget, and 439.0 FTE positions in the revised FY 2026 Budget, unchanged from the enacted FY 2026 Budget. The additional FTE position is:

- Programming Services Officer (1.0 FTE)

### Proposed FY 2027 Budget Actions

- *Operations.* The Governor recommends financing operations with \$60.6 million in general revenue in FY 2027. This reflects a \$2.1 million, or 3.5 percent, increase over the prior year revised recommendation.
- *Big River Management Area – FTE Position.* The Governor recommends transferring ownership of the Big River Management Area from the Water Resources Board in the Department of Administration to the Department of Environmental Management. This includes the transfer of \$148,296 in general revenue and 1.0 FTE position from DOA to DEM.

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## NATURAL RESOURCES

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- *Permitting Portal Operations and Maintenance.* The Governor recommends \$752,000 in general revenue for the operations and maintenance of DEM's online application portal, which supports construction permitting and business licensing programs. The platform hosts the Department's largest land development programs, including septic system permitting, in addition to nearly 30 Division of Agriculture and Forest Environment programs.
- *Litter-Free Rhody.* The Governor recommends continuing \$100,000 in continued general revenue financing 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 \$100,000 in continued general revenue financing 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 would 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.
- *Local Agriculture and Seafood Act Grants.* The Governor recommends \$500,000 in continued general revenue financing for the Local Agriculture and Seafood Act Grants program. This supports the growth, development, and marketing of the local food and seafood ecosystem in Rhode Island.
- *Statewide Adjustments.* The Governor recommends an increase of \$732,355 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including facilities management, information technology, human resources, and Enterprise Resource Planning maintenance and operations.

### **Proposed FY 2026 Budget Revisions**

- *Statewide Adjustments.* The Governor recommends an increase of \$202,104 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including facilities management, information technology, human resources, and Enterprise Resource Planning maintenance and operations.

# NATURAL RESOURCES

## Coastal Resources Management Council

Rhode Island law mandates that the Coastal Resources Management Council (CRMC) preserve, protect, develop, and, where possible, restore the coastal resources of the state. The council is administered by members and staffed by professional engineers, biologists, environmental scientists, and marine resource specialists. The public can comment on the management of state coastal resources at public hearings.

The council carries out its permitting, enforcement, and planning functions primarily through its management programs. Coastal Resources Management Plans are 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, municipal waters.

CRMC is closely involved with the National Oceanic and Atmospheric Administration in a series of initiatives to improve the management of the state’s coastal resources. In 1996, legislation authorized CRMC to be the lead agency (including permitting and planning activities) for dredging and aquaculture and transferred certain freshwater wetlands and permitting responsibilities from the Department of Environmental Management to the council. CRMC is also the lead agency of offshore windfarms, including one site off the coast of New Shoreham, which was the first in the country.

### Coastal Resources Management Council

Source of Funds	FY 2024 Actuals	FY 2025 Actuals	FY 2026 Enacted	FY 2026 Revised	FY 2027 Recommended
General Revenue	\$3,331,462	\$3,929,471	\$3,904,812	\$4,174,013	\$4,324,771
Federal Funds	\$1,672,161	\$1,671,853	\$3,331,166	\$3,108,657	\$3,151,314
Restricted Receipts	\$225,000	\$76,076	\$624,768	\$335,811	\$335,811
Other Funds	-	-	-	-	-
RI Capital Plan Fund	-	\$(1,173)	\$7,000,000	\$7,050,000	\$11,380,000
<b>Total Funding</b>	<b>\$5,228,623</b>	<b>\$5,676,227</b>	<b>\$14,860,746</b>	<b>\$14,668,481</b>	<b>\$19,191,896</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 2027 Budget, and 32.0 FTE positions in the revised FY 2026 Budget, unchanged from the enacted FY 2026 Budget.

### Proposed FY 2027 Budget Actions

- *Operations.* The Governor recommends financing for operations with \$4.3 million in general revenue for FY 2027. This amount represents a \$150,758, or 3.6 percent, increase over the prior year revised recommendation.
- *Statewide Adjustments.* The Governor recommends an increase of \$94,338 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including facilities management, information technology, human resources, and Enterprise Resource Planning maintenance and operations.

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# NATURAL RESOURCES

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## Proposed FY 2026 Budget Revisions

- *Revised Federal Share of Administrative Expenses.* The Governor recommends an additional \$288,857 in general revenue. This increase is attributable to the restoration of general revenue financing based on updated assumptions regarding the share of administrative expenses expected to be covered by federal grants.
- *Statewide Adjustments.* The Governor recommends an increase of \$30,243 in general revenue for the financing of personnel adjustments and agency charges for certain centralized services, including facilities management, information technology, human resources, and Enterprise Resource Planning maintenance and operations.

# **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 340 projects that are addressing 457 bridges at a total value of \$5.9 billion. As of late September 2025, the Department completed 278 projects, including the repair and replacement of 351 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 fourth year of a five-year, nearly \$500 million investment in paving.
- The original Municipal Road and Bridge Program – now known as RhodeRestore – is assisting cities and towns in completing local road, bridge, and sidewalk projects. The State has provided a total of \$33.5 million across three rounds of funding. A second round of funding was made available, resulting in a total investment of \$27 million. Combined with local matching funds, the total value of improvements exceeds \$137 million, representing more than 805 resurfaced lane miles and nearly 82,610 linear feet of sidewalk. All 39 municipalities are participating.
- Received more than \$4.23 billion in federal funding (including the increase through the IIJA). This includes about \$1.42 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, all bridges along the Route 37 corridor, and the Washington Bridge reconstruction.
- Maintained an on-budget and on-time performance of nearly 100 percent on capital projects in the past three federal fiscal years. Prior to the largest Department reorganization in its history in 2015-2016, with the transition to a best-practice project management structure, only about 50 percent of its projects were on time and on budget.

## Budget Highlights

### RhodeRestore.

Invests \$10.0 million to continue the RhodeRestore initiative that helps cities and towns defray the cost of local road, bridge, and sidewalk projects.

### RIPTA.

Includes multiple recommendations, including the allocation of \$9.3 million in Highway Maintenance Account revenue, to fully close RIPTA's FY 2027 projected deficit.

### Bridge Inspection Oversight.

Adds two Chief Civil Engineer positions to support RIDOT's bridge section on inspection oversight.

# TRANSPORTATION

## Department of Transportation

Source of Funds	FY 2024 Actuals	FY 2025 Actuals	FY 2026 Enacted	FY 2026 Revised	FY 2027 Recommended
Federal Funds	\$442,425,238	\$507,833,359	\$474,582,143	\$610,225,733	\$779,180,935
Restricted Receipts	\$1,961,978	\$2,306,202	\$6,066,037	\$1,899,965	\$4,459,559
Other Funds	\$211,837,719	\$338,928,993	\$273,173,914	\$460,151,179	\$291,120,300
RI Capital Plan Fund	\$116,735,823	\$11,418,635	\$128,973,497	\$130,010,032	\$59,993,553
<b>Total Funding</b>	<b>\$772,960,758</b>	<b>\$860,487,189</b>	<b>\$882,795,591</b>	<b>\$1,202,286,909</b>	<b>\$1,134,754,347</b>
<b>FTE Authorization</b>	<b>755.0</b>	<b>755.0</b>	<b>755.0</b>	<b>755.0</b>	<b>757.0</b>

### Full-Time Equivalent Positions

The Governor recommends 757.0 FTE positions in the FY 2027 Budget, and 755.0 FTE positions in the revised FY 2026 Budget, unchanged from the enacted FY 2026 Budget. The additional FTE positions are:

- Chief Civil Engineer (2.0 FTE)

### Proposed FY 2027 Budget Actions

- *Bridge Inspection Oversight – FTE Positions.* The Governor recommends \$356,492 in funding for 2.0 additional FTE positions comprised of Chief Civil Engineers to support the Department’s bridge section on inspection oversight.
- *RhodeRestore.* The Governor recommends investing \$10.0 million in existing state resources toward RhodeRestore 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.
- *Additional Highway Maintenance Account Revenues Operating Support for RIPTA.* The Governor recommends a \$9.3 million annual increase – from \$5.0 million to \$14.3 million – in the base share of Highway Maintenance Account revenues allocated to the Rhode Island Transit Public Authority (RIPTA) for operating support. RIPTA projects a total operating shortfall of \$13.8 million in FY 2027, with the remaining deficit addressed through the Governor’s recommended addition of \$3.5 million in Rhode Island Capital Plan Funds for bus purchases and \$1.0 million in additional cruise operator fees.
- *Repeal 2.0 Cent Increase to Motor Fuel Tax.* The Governor recommends a 2.0 cent reduction of the motor fuel tax from 40.0 cents to 38.0 cents. The 2.0 cents were used to pay off motor fuel bonds. As of December 1, 2025, the State has defeased all outstanding motor fuel bonds.
- *RhodeWorks Truck Tolling Implementation.* The Governor recommends revenue assumptions of approximately \$20.0 million in FY 2027, increasing to \$40.0 million in FY 2028, to account for the anticipated resumption of truck tolling. In 2016, the RhodeWorks program established the collection of toll revenues on tractor trailers at 13 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.
- *Statewide Adjustments.* The Governor recommends an increase of \$271,216 for the financing of personnel adjustments and agency charges for certain centralized services, including facilities management, information technology, human resources, and Enterprise Resource Planning maintenance and operations.

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# TRANSPORTATION

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## Proposed FY 2026 Budget Revisions

- *Gas Tax Carryforward Proceeds.* The Governor recommends \$14.4 million in gas tax carryforward proceeds for the replacement of maintenance vehicles, winter maintenance operations, and welcome center renovations.
- *Statewide Adjustments.* The Governor recommends an increase of \$119,766 for the financing of personnel adjustments and agency charges for certain centralized services, including facilities management, information technology, human resources, and Enterprise Resource Planning maintenance and operations.

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

# FY 2027 General Revenue Budget Surplus

	FY 2024 Audited	FY 2025 Draft Audited*	FY 2026 Enacted	FY 2026 Revised	FY 2027 Recommended
<b>Surplus</b>					
Opening Surplus	\$412,262,973	\$326,355,037	\$230,213,058	\$241,634,407	\$96,181,104
Adjustment to Opening Surplus- FEMA	23,811,475	703,083	-	-	-
Adjustment to Opening Surplus- Other	-	-	-	-	-
Reappropriated Surplus	45,152,130	34,569,423	-	38,796,839	-
Subtotal	<b>\$481,226,578</b>	<b>\$361,627,543</b>	<b>\$230,213,058</b>	<b>\$280,431,246</b>	<b>\$96,181,104</b>
<b>General Taxes</b>	4,377,950,240	4,569,545,995	4,695,177,193	4,715,300,000	4,867,900,000
Changes to the Adopted Estimates		-	-	22,600,000	96,283,867
Subtotal	<b>\$4,377,950,240</b>	<b>\$4,569,545,995</b>	<b>\$4,695,177,193</b>	<b>\$4,737,900,000</b>	<b>\$4,964,183,867</b>
<b>Departmental Revenues</b>	552,303,254	541,202,692	574,268,879	574,900,000	341,000,000
Changes to the Adopted Estimates		-	-	-	240,602,939
Subtotal	<b>\$552,303,254</b>	<b>\$541,202,692</b>	<b>\$574,268,879</b>	<b>\$574,900,000</b>	<b>\$81,602,939</b>
<b>Other Sources</b>					
Other Miscellaneous	38,439,513	33,395,825	27,337,022	25,300,000	20,100,000
Changes to the Adopted Estimates		-	-	4,500,000	-
Lottery	426,419,555	433,594,991	441,000,000	451,300,000	453,100,000
Changes to the Adopted Estimates		-	-	-	-
Unclaimed Property	23,591,279	34,272,938	28,800,000	29,000,000	24,500,000
Changes to the Adopted Estimates		-	-	-	-
Subtotal	<b>\$488,450,347</b>	<b>\$501,263,754</b>	<b>497,137,022</b>	<b>510,100,000</b>	<b>\$497,700,000</b>
<b>Total Revenues</b>	<b>\$5,418,703,841</b>	<b>\$5,612,012,441</b>	<b>\$5,766,583,094</b>	<b>5,822,900,000</b>	<b>\$6,043,486,806</b>
<b>Transfer to Budget Reserve and Cash Stabilization Account</b>	<b>(\$175,124,919)</b>	<b>(\$178,800,524)</b>	<b>(\$179,903,885)</b>	<b>(\$181,936,032)</b>	<b>(\$184,190,037)</b>
<b>Total Available</b>	<b>\$5,724,805,500</b>	<b>\$5,794,839,460</b>	<b>\$5,816,892,267</b>	<b>\$5,921,395,214</b>	<b>\$5,955,477,873</b>
Actual/Enacted Expenditures	\$5,236,111,578	\$5,535,537,980	\$5,809,363,121	\$5,809,363,121	\$5,954,722,537
Reappropriations (from prior year)		-	-	38,796,839	-
Nov Caseload Est. Conference Changes		-	-	(9,054,567)	-
Other Changes in Expenditures		-	-	(\$14,094,483)	-
<b>Total Expenditures</b>	<b>\$5,236,111,578</b>	<b>\$5,535,537,980</b>	<b>\$5,809,363,121</b>	<b>\$5,825,010,910</b>	<b>\$5,954,722,537</b>
Intrafund Transfers to/from Restricted Accounts	(\$91,000,000)	(\$520,212)	(\$6,500,000)	(\$203,200)	-
Transfer to Supplemental State Budget Reserve	(21,649,978)	-	-	-	-
Transfer to Employees' Retirement System	(21,649,978)	-	-	-	-
Partial/full suspension of RIGL 35-6-1(e)	6,530,494	21,649,978	-	-	-
<b>Total Ending Balances</b>	<b>\$360,924,460</b>	<b>\$280,431,246</b>	<b>\$1,029,146</b>	<b>\$96,181,104</b>	<b>\$755,336</b>
Reappropriations (to following year)	(34,569,423)	(38,796,839)	-	-	-
<b>Free Surplus</b>	<b>\$326,355,037</b>	<b>\$241,634,407</b>	<b>\$1,029,146</b>	<b>\$96,181,104</b>	<b>\$755,336</b>

\* FY 2025 Final Audited Closing Statements are unpublished as of January 15, 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 2024	FY 2025	FY 2026 Enacted	FY 2026 Revised	FY 2027 Recommended
<b>General Government</b>					
Department of Administration	\$577,512,993	\$410,279,802	\$430,628,941	\$632,781,841	\$410,362,416
Office of Energy Resources	-	\$34,120,322	\$76,312,027	\$77,585,536	\$86,655,825
Department of Business Regulation	\$30,956,164	\$37,359,402	\$39,094,954	\$41,618,151	\$35,868,911
Rhode Island Cannabis Control Commission	-	-	\$7,303,563	\$7,286,530	\$7,964,425
Executive Office of Commerce	\$86,281,872	\$137,981,847	\$58,832,824	\$91,112,322	\$54,812,983
Executive Office of Housing	\$144,022,290	\$103,768,247	\$45,079,456	\$164,747,560	\$52,363,302
Department of Labor and Training	\$568,629,715	\$601,344,657	\$632,267,683	\$658,098,987	\$693,131,740
Department of Revenue	\$775,352,917	\$811,353,580	\$873,248,086	\$857,652,897	\$857,291,680
General Assembly	\$50,114,865	\$55,738,102	\$61,424,920	\$69,899,506	\$64,066,257
Office of Lieutenant Governor	\$1,255,655	\$1,331,546	\$1,519,219	\$1,532,262	\$1,574,369
Secretary of State	\$11,640,362	\$13,994,940	\$15,291,522	\$15,260,041	\$16,259,559
Office of the General Treasurer	\$20,746,997	\$21,181,845	\$25,974,916	\$26,893,862	\$26,318,147
Board of Elections	\$4,694,417	\$5,260,825	\$4,474,931	\$4,981,278	\$9,147,157
Rhode Island Ethics Commission	\$2,028,754	\$2,244,873	\$2,419,632	\$2,460,415	\$2,556,898
Office of the Governor	\$7,532,310	\$8,906,788	\$9,334,918	\$9,369,511	\$9,630,312
Rhode Island Commission for Human Rights	\$2,427,173	\$2,736,645	\$2,772,687	\$2,784,080	\$2,801,879
Public Utilities Commission	\$11,444,995	\$11,695,029	\$15,508,274	\$15,668,120	\$16,017,352
<b>Subtotal - General Government</b>	<b>\$2,294,641,479</b>	<b>\$2,259,298,450</b>	<b>\$2,301,488,553</b>	<b>\$2,679,732,899</b>	<b>\$2,346,823,212</b>
<b>Health and Human Services</b>					
Executive Office of Health and Human Services	\$3,609,697,882	\$3,871,970,394	\$4,226,436,784	\$4,225,285,801	\$4,408,951,714
Department of Children, Youth, and Families	\$315,679,804	\$359,199,613	\$394,390,394	\$414,392,515	\$405,887,233
Department of Health Behavioral Healthcare, Developmental Disabilities and Hospitals	\$313,950,307	\$321,416,106	\$295,526,774	\$312,014,186	\$277,471,021
Hospitals	\$654,099,948	\$691,045,563	\$716,698,599	\$744,860,579	\$755,707,755
Department of Human Services	\$790,632,069	\$815,113,333	\$837,388,626	\$806,558,477	\$800,099,703
Commission on the Deaf & Hard of Hearing	\$800,168	\$719,767	\$929,154	\$976,952	\$954,081
Governor's Commission on Disabilities	\$1,638,906	\$1,922,581	\$1,806,042	\$2,707,966	\$1,829,581
Office of the Child Advocate	\$1,395,026	\$1,714,774	\$2,264,613	\$2,185,010	\$2,405,487
Office of the Mental Health Advocate	\$769,629	\$752,370	\$1,117,164	\$932,441	\$1,111,709
<b>Subtotal - Health and Human Services</b>	<b>\$5,688,663,739</b>	<b>\$6,063,854,501</b>	<b>\$6,476,558,150</b>	<b>\$6,509,913,927</b>	<b>\$6,654,418,284</b>
<b>Education</b>					
Elementary and Secondary Education	\$2,042,451,574	\$1,960,310,246	\$2,009,450,142	\$2,011,078,704	\$2,007,385,663
Office of the Postsecondary Commissioner	\$49,883,034	\$53,426,966	\$55,263,498	\$60,538,773	\$57,022,951
University of Rhode Island	\$957,690,065	\$1,033,888,301	\$1,111,723,299	\$1,109,249,900	\$1,123,709,806
Rhode Island College	\$195,810,346	\$205,841,523	\$216,421,110	\$234,118,548	\$232,598,905
Community College of Rhode Island	\$172,900,165	\$187,176,442	\$214,486,829	\$212,311,622	\$223,699,060
Rhode Island Council on the Arts	\$3,445,438	\$3,727,326	\$4,242,454	\$4,210,701	\$4,513,141
Rhode Island Atomic Energy Commission	\$1,485,127	\$1,608,027	\$1,714,495	\$1,693,277	\$1,726,858
Historical Preservation and Heritage Commission	\$2,141,262	\$2,473,364	\$3,448,631	\$3,526,513	\$3,651,691
<b>Subtotal - Education</b>	<b>\$3,425,807,011</b>	<b>\$3,448,452,195</b>	<b>\$3,616,750,458</b>	<b>\$3,636,728,038</b>	<b>\$3,654,308,075</b>
<b>Public Safety</b>					
Office of Attorney General	\$42,453,862	\$47,498,063	\$52,487,807	\$52,926,307	\$51,846,935
Department of Corrections	\$289,298,655	\$321,820,732	\$366,351,458	\$368,154,957	\$350,675,878
Judiciary	\$142,092,514	\$154,200,038	\$159,224,433	\$160,371,965	\$165,514,856
Military Staff	\$34,565,129	\$34,688,258	\$41,647,731	\$88,502,180	\$58,396,032
Rhode Island Emergency Management Agency	\$58,432,957	\$24,207,934	\$43,657,584	\$57,047,129	\$63,576,710
Department of Public Safety	\$147,496,473	\$177,563,282	\$197,868,181	\$215,335,876	\$174,797,031
Office of Public Defender	\$14,758,303	\$16,688,668	\$18,263,714	\$18,274,809	\$18,850,924
<b>Subtotal - Public Safety</b>	<b>\$729,097,893</b>	<b>\$776,666,975</b>	<b>\$879,500,908</b>	<b>\$960,613,223</b>	<b>\$883,658,366</b>
<b>Natural Resources</b>					
Department of Environmental Management	\$113,585,108	\$134,490,571	\$164,424,187	\$164,123,546	\$165,868,480
Coastal Resources Management Council	\$5,228,623	\$5,676,227	\$14,860,746	\$14,668,481	\$19,191,896
<b>Subtotal - Natural Resources</b>	<b>\$118,813,731</b>	<b>\$140,166,798</b>	<b>\$179,284,933</b>	<b>\$178,792,027</b>	<b>\$185,060,376</b>
<b>Transportation</b>					
Department of Transportation	\$772,960,746	\$860,487,179	\$882,795,591	\$1,202,286,909	\$1,134,754,347
<b>Subtotal - Transportation</b>	<b>\$772,960,746</b>	<b>\$860,487,179</b>	<b>\$882,795,591</b>	<b>\$1,202,286,909</b>	<b>\$1,134,754,347</b>
<b>Total:</b>	<b>\$13,029,984,599</b>	<b>\$13,548,926,098</b>	<b>\$14,336,378,593</b>	<b>\$15,168,067,023</b>	<b>\$14,859,022,660</b>

# Expenditures from General Revenue

	FY 2024	FY 2025	FY 2026 Enacted	FY 2026 Revised	FY 2027 Recommended
<b>General Government</b>					
Department of Administration	\$279,490,215	\$219,518,810	\$249,311,650	\$234,330,541	\$247,978,609
Office of Energy Resources	-	\$224,687	-	\$275,313	-
Department of Business Regulation	\$22,113,009	\$24,552,716	\$25,769,781	\$25,646,550	\$26,381,481
Executive Office of Commerce	\$66,223,935	\$40,274,659	\$33,532,824	\$33,549,695	\$29,520,382
Executive Office of Housing	\$4,275,216	\$5,195,669	\$6,464,465	\$7,654,125	\$8,343,617
Department of Labor and Training	\$18,297,855	\$19,309,886	\$18,179,242	\$18,877,241	\$18,332,180
Department of Revenue	\$372,380,441	\$402,120,004	\$413,452,869	\$414,469,234	\$413,010,117
General Assembly	\$48,096,215	\$53,403,946	\$58,734,623	\$67,160,602	\$61,280,709
Office of Lieutenant Governor	\$1,255,655	\$1,331,546	\$1,519,219	\$1,532,262	\$1,574,369
Secretary of State	\$10,786,205	\$12,696,484	\$12,861,732	\$12,848,882	\$13,841,085
Office of the General Treasurer	\$3,879,699	\$4,197,144	\$4,600,223	\$5,387,264	\$4,417,820
Board of Elections	\$4,694,417	\$5,260,825	\$4,474,931	\$4,981,278	\$9,147,157
Rhode Island Ethics Commission	\$2,028,754	\$2,244,873	\$2,419,632	\$2,460,415	\$2,556,898
Office of the Governor	\$7,532,310	\$8,906,788	\$9,334,918	\$9,369,511	\$9,630,312
Rhode Island Commission for Human Rights	\$2,117,475	\$2,224,630	\$2,249,158	\$2,285,857	\$2,358,433
<b>Subtotal - General Government</b>	<b>\$843,171,401</b>	<b>\$801,462,667</b>	<b>\$842,905,267</b>	<b>\$840,828,770</b>	<b>\$848,373,169</b>
<b>Health and Human Services</b>					
Executive Office of Health and Human Services	\$1,265,715,000	\$1,380,027,167	\$1,490,421,244	\$1,477,236,040	\$1,549,504,451
Department of Children, Youth, and Families	\$215,101,477	\$260,595,481	\$262,775,058	\$262,755,483	\$268,265,257
Department of Health Behavioral Healthcare, Developmental Disabilities and Hospitals	\$34,032,135	\$37,618,084	\$40,825,075	\$41,964,523	\$42,552,271
Department of Human Services	\$311,396,804	\$322,751,679	\$318,778,838	\$327,072,619	\$334,100,085
Commission on the Deaf & Hard of Hearing	\$144,835,014	\$134,321,586	\$136,022,692	\$137,181,005	\$151,791,028
Governor's Commission on Disabilities	\$745,741	\$670,845	\$786,233	\$767,663	\$835,904
Office of the Child Advocate	\$1,298,969	\$1,588,367	\$1,386,032	\$2,300,684	\$1,422,299
Office of the Mental Health Advocate	\$1,429,015	\$1,707,790	\$2,264,613	\$2,185,010	\$2,405,487
Office of the Mental Health Advocate	\$769,629	\$752,370	\$1,117,164	\$932,441	\$1,111,709
<b>Subtotal - Health and Human Services</b>	<b>\$1,975,323,784</b>	<b>\$2,140,033,369</b>	<b>\$2,254,376,949</b>	<b>\$2,252,395,468</b>	<b>\$2,351,988,491</b>
<b>Education</b>					
Elementary and Secondary Education	\$1,493,846,919	\$1,587,101,129	\$1,659,208,810	\$1,660,507,362	\$1,660,788,322
Office of the Postsecondary Commissioner	\$25,754,018	\$29,770,245	\$33,322,291	\$33,350,629	\$36,172,492
University of Rhode Island	\$144,744,926	\$144,401,600	\$148,637,923	\$151,797,766	\$154,763,934
Rhode Island College	\$78,276,228	\$78,158,461	\$80,448,058	\$81,149,411	\$83,682,828
Community College of Rhode Island	\$61,030,728	\$62,534,421	\$64,838,244	\$65,388,099	\$66,630,713
Rhode Island Council on the Arts	\$2,297,462	\$2,412,493	\$2,414,685	\$2,416,128	\$2,610,565
Rhode Island Atomic Energy Commission	\$1,119,280	\$1,187,147	\$1,278,282	\$1,282,191	\$1,316,004
Historical Preservation and Heritage Commission	\$1,204,648	\$1,713,667	\$1,969,751	\$2,017,033	\$2,097,428
<b>Subtotal - Education</b>	<b>\$1,808,274,209</b>	<b>\$1,907,279,163</b>	<b>\$1,992,118,044</b>	<b>\$1,997,908,619</b>	<b>\$2,008,062,286</b>
<b>Public Safety</b>					
Office of Attorney General	\$35,044,453	\$36,669,822	\$38,244,427	\$38,389,891	\$39,369,297
Department of Corrections	\$263,728,573	\$302,877,506	\$324,014,603	\$325,669,067	\$335,029,054
Judiciary	\$118,821,242	\$131,104,664	\$133,516,539	\$135,551,052	\$139,466,764
Military Staff	\$3,392,720	\$3,045,930	\$3,424,058	\$3,508,092	\$3,634,593
Rhode Island Emergency Management Agency	\$6,671,411	\$6,920,907	\$7,457,256	\$7,644,182	\$8,375,436
Department of Public Safety	\$117,775,561	\$128,369,779	\$132,842,119	\$142,198,690	\$136,717,145
Office of Public Defender	\$14,670,121	\$16,598,499	\$18,178,679	\$18,189,774	\$18,765,889
<b>Subtotal - Public Safety</b>	<b>\$560,104,081</b>	<b>\$625,587,107</b>	<b>\$657,677,681</b>	<b>\$671,150,748</b>	<b>\$681,358,178</b>
<b>Natural Resources</b>					
Department of Environmental Management	\$55,457,395	\$56,014,424	\$58,380,368	\$58,553,292	\$60,615,642
Coastal Resources Management Council	\$3,331,462	\$3,929,471	\$3,904,812	\$4,174,013	\$4,324,771
<b>Subtotal - Natural Resources</b>	<b>\$58,788,857</b>	<b>\$59,943,895</b>	<b>\$62,285,180</b>	<b>\$62,727,305</b>	<b>\$64,940,413</b>
<b>Total:</b>	<b>\$5,245,662,332</b>	<b>\$5,534,306,201</b>	<b>\$5,809,363,121</b>	<b>\$5,825,010,910</b>	<b>\$5,954,722,537</b>

# Expenditures from Federal Funds

	FY 2024	FY 2025	FY 2026 Enacted	FY 2026 Revised	FY 2027 Recommended
<b>General Government</b>					
Department of Administration	\$44,102,130	\$54,287,272	\$47,598,341	\$124,317,667	\$15,387,136
Office of Energy Resources	-	\$17,734,073	\$31,554,214	\$24,035,259	\$32,548,662
Department of Business Regulation	\$1,018,821	\$644,207	\$786,088	\$873,588	\$896,734
Executive Office of Commerce	\$19,451,448	\$91,345,481	\$20,000,000	\$50,870,825	\$21,292,601
Executive Office of Housing	\$126,348,950	\$93,346,091	\$15,596,037	\$116,985,345	\$19,300,731
Department of Labor and Training	\$56,883,268	\$51,021,171	\$41,996,527	\$44,125,242	\$41,925,276
Department of Revenue	\$528,204	\$675,254	\$493,061	\$400,000	\$300,000
Secretary of State	\$519,579	\$913,818	\$2,000,000	\$2,000,000	\$2,000,000
Office of the General Treasurer	\$594,003	\$748,081	\$833,127	\$829,769	\$833,984
Rhode Island Commission for Human Rights	\$309,698	\$512,016	\$523,529	\$498,223	\$443,446
Public Utilities Commission	\$592,218	\$709,130	\$753,555	\$771,107	\$759,025
<b>Subtotal - General Government</b>	<b>\$250,348,319</b>	<b>\$311,936,594</b>	<b>\$162,134,479</b>	<b>\$365,707,025</b>	<b>\$135,687,595</b>
<b>Health and Human Services</b>					
Executive Office of Health and Human Services	\$2,299,863,309	\$2,454,156,396	\$2,709,529,994	\$2,702,904,113	\$2,844,819,555
Department of Children, Youth, and Families	\$97,594,044	\$83,898,560	\$118,620,365	\$122,689,267	\$113,201,292
Department of Health Behavioral Healthcare, Developmental Disabilities and Hospitals	\$204,666,164	\$214,493,127	\$152,861,675	\$161,218,423	\$147,739,496
Department of Human Services	\$333,704,280	\$355,872,528	\$385,365,078	\$391,752,899	\$403,828,487
Department of Human Services	\$635,889,778	\$667,595,690	\$689,957,887	\$655,562,074	\$635,891,749
Governor's Commission on Disabilities	\$329,086	\$331,443	\$340,067	\$340,092	\$340,092
Office of the Child Advocate	(\$33,989)	\$6,984	-	-	-
<b>Subtotal - Health and Human Services</b>	<b>\$3,572,012,672</b>	<b>\$3,776,354,728</b>	<b>\$4,056,675,066</b>	<b>\$4,034,466,868</b>	<b>\$4,145,820,671</b>
<b>Education</b>					
Elementary and Secondary Education	\$495,011,856	\$311,056,080	\$256,918,301	\$275,865,572	\$259,228,296
Office of the Postsecondary Commissioner	\$11,212,855	\$12,716,181	\$5,642,208	\$11,704,544	\$5,377,602
Community College of Rhode Island	\$757,911	-	-	-	-
Rhode Island Council on the Arts	\$976,489	\$825,041	\$1,022,711	\$1,093,573	\$1,160,576
Rhode Island Atomic Energy Commission	-	\$63,200	-	-	-
Historical Preservation and Heritage Commission	\$807,741	\$724,841	\$822,451	\$807,253	\$893,987
<b>Subtotal - Education</b>	<b>\$508,766,852</b>	<b>\$325,385,343</b>	<b>\$264,405,671</b>	<b>\$289,470,942</b>	<b>\$266,660,461</b>
<b>Public Safety</b>					
Office of Attorney General	\$2,295,046	\$3,388,273	\$3,568,559	\$3,348,549	\$3,221,855
Department of Corrections	\$23,141,432	\$4,328,478	\$1,758,102	\$3,576,844	\$2,717,452
Judiciary	\$5,014,517	\$5,198,132	\$6,294,895	\$5,424,840	\$5,417,996
Military Staff	\$28,625,471	\$27,436,433	\$28,982,412	\$67,232,266	\$45,498,537
Rhode Island Emergency Management Agency	\$48,396,267	\$15,153,026	\$34,906,616	\$47,746,964	\$51,235,300
Department of Public Safety	\$13,652,720	\$19,811,764	\$27,053,323	\$30,282,853	\$16,123,197
Office of Public Defender	\$88,182	\$90,168	\$85,035	\$85,035	\$85,035
<b>Subtotal - Public Safety</b>	<b>\$121,213,635</b>	<b>\$75,406,274</b>	<b>\$102,648,942</b>	<b>\$157,697,351</b>	<b>\$124,299,372</b>
<b>Natural Resources</b>					
Department of Environmental Management	\$30,509,005	\$46,572,386	\$44,708,519	\$48,187,396	\$51,204,137
Coastal Resources Management Council	\$1,672,161	\$1,671,853	\$3,331,166	\$3,108,657	\$3,151,314
<b>Subtotal - Natural Resources</b>	<b>\$32,181,166</b>	<b>\$48,244,239</b>	<b>\$48,039,685</b>	<b>\$51,296,053</b>	<b>\$54,355,451</b>
<b>Transportation</b>					
Department of Transportation	\$442,425,242	\$507,833,362	\$474,582,143	\$610,225,733	\$779,180,935
<b>Subtotal - Transportation</b>	<b>\$442,425,242</b>	<b>\$507,833,362</b>	<b>\$474,582,143</b>	<b>\$610,225,733</b>	<b>\$779,180,935</b>
<b>Total:</b>	<b>\$4,926,947,886</b>	<b>\$5,045,160,540</b>	<b>\$5,108,485,986</b>	<b>\$5,508,863,972</b>	<b>\$5,506,004,485</b>

# Expenditures from Restricted Receipts

	FY 2024	FY 2025	FY 2026 Enacted	FY 2026 Revised	FY 2027 Recommended
<b>General Government</b>					
Department of Administration	\$152,718,315	\$22,868,911	\$24,124,275	\$62,736,351	\$26,405,480
Office of Energy Resources	-	\$14,659,953	\$39,089,028	\$37,704,824	\$38,536,799
Department of Business Regulation	\$7,190,133	\$10,435,384	\$5,486,102	\$7,190,782	\$7,560,116
Rhode Island Cannabis Control Commission	-	-	\$7,303,563	\$7,286,530	\$7,964,425
Executive Office of Housing	\$13,398,123	\$5,226,487	\$23,018,954	\$39,808,090	\$23,018,954
Department of Labor and Training	\$28,605,335	\$28,180,831	\$35,411,768	\$38,208,051	\$37,022,458
Department of Revenue	\$5,236,446	\$5,326,660	\$11,084,929	\$8,515,457	\$10,047,432
General Assembly	\$2,018,651	\$2,334,156	\$2,690,297	\$2,738,904	\$2,785,548
Secretary of State	\$334,577	\$379,205	\$429,790	\$411,159	\$418,474
Office of the General Treasurer	\$15,602,020	\$15,705,262	\$19,906,235	\$20,058,316	\$20,435,722
Public Utilities Commission	\$10,852,777	\$10,985,899	\$14,754,719	\$14,897,013	\$15,258,327
<b>Subtotal - General Government</b>	<b>\$235,956,377</b>	<b>\$116,102,748</b>	<b>\$183,299,660</b>	<b>\$239,555,477</b>	<b>\$189,453,735</b>
<b>Health and Human Services</b>					
Executive Office of Health and Human Services	\$44,119,574	\$37,786,831	\$26,485,546	\$45,145,648	\$14,627,708
Department of Children, Youth, and Families	\$1,452,514	\$1,360,775	\$1,744,971	\$1,870,604	\$1,670,684
Department of Health Behavioral Healthcare, Developmental Disabilities and Hospitals	\$74,881,462	\$68,142,602	\$93,076,141	\$92,774,233	\$86,779,254
Hospitals	\$8,639,757	\$12,118,848	\$12,054,683	\$25,027,132	\$12,279,183
Department of Human Services	\$4,602,143	\$8,001,197	\$6,010,641	\$7,541,305	\$6,362,964
Commission on the Deaf & Hard of Hearing	\$54,428	\$48,922	\$142,921	\$209,289	\$118,177
Governor's Commission on Disabilities	\$10,852	\$2,771	\$79,943	\$67,190	\$67,190
<b>Subtotal - Health and Human Services</b>	<b>\$133,760,730</b>	<b>\$127,461,946</b>	<b>\$139,594,846</b>	<b>\$172,635,401</b>	<b>\$121,905,160</b>
<b>Education</b>					
Elementary and Secondary Education	\$51,904,840	\$58,747,615	\$50,745,881	\$61,349,157	\$61,650,354
Office of the Postsecondary Commissioner	\$6,556,796	\$4,430,117	\$11,783,189	\$11,717,954	\$11,818,299
Community College of Rhode Island	\$872,960	\$893,733	\$953,442	\$968,775	\$998,534
Rhode Island Council on the Arts	-	-	\$115,058	-	-
Rhode Island Atomic Energy Commission	\$18,646	(\$980)	\$25,036	\$25,036	\$25,036
Historical Preservation and Heritage Commission	\$134	\$57	\$511,827	\$511,827	\$511,827
<b>Subtotal - Education</b>	<b>\$59,353,376</b>	<b>\$64,070,542</b>	<b>\$64,134,433</b>	<b>\$74,572,749</b>	<b>\$75,004,050</b>
<b>Public Safety</b>					
Office of Attorney General	\$4,171,089	\$7,325,138	\$8,149,821	\$8,662,867	\$8,105,783
Department of Corrections	\$1,332,560	\$1,615,745	\$1,303,091	\$1,495,866	\$1,253,091
Judiciary	\$12,628,668	\$13,173,977	\$15,787,999	\$15,721,305	\$16,755,096
Military Staff	\$21,771	\$25,603	\$66,000	\$66,000	\$66,000
Rhode Island Emergency Management Agency	\$49,016	\$150,778	\$428,308	\$641,417	\$417,066
Department of Public Safety	\$9,144,960	\$11,981,884	\$14,313,880	\$14,778,066	\$14,788,601
<b>Subtotal - Public Safety</b>	<b>\$27,348,064</b>	<b>\$34,273,125</b>	<b>\$40,049,099</b>	<b>\$41,365,521</b>	<b>\$41,385,637</b>
<b>Natural Resources</b>					
Department of Environmental Management	\$15,102,590	\$21,295,674	\$24,775,624	\$26,710,589	\$27,287,646
Coastal Resources Management Council	\$225,000	\$76,076	\$624,768	\$335,811	\$335,811
<b>Subtotal - Natural Resources</b>	<b>\$15,327,590</b>	<b>\$21,371,750</b>	<b>\$25,400,392</b>	<b>\$27,046,400</b>	<b>\$27,623,457</b>
<b>Transportation</b>					
Department of Transportation	\$1,961,976	\$2,306,205	\$6,066,037	\$1,899,965	\$4,459,559
<b>Subtotal - Transportation</b>	<b>\$1,961,976</b>	<b>\$2,306,205</b>	<b>\$6,066,037</b>	<b>\$1,899,965</b>	<b>\$4,459,559</b>
<b>Total:</b>	<b>\$473,708,113</b>	<b>\$365,586,316</b>	<b>\$458,544,467</b>	<b>\$557,075,513</b>	<b>\$459,831,598</b>

# Expenditures from Other Funds

	FY 2024	FY 2025	FY 2026 Enacted	FY 2026 Revised	FY 2027 Recommended
<b>General Government</b>					
Department of Administration	\$101,202,333	\$113,604,808	\$109,594,675	\$211,397,282	\$120,591,191
Office of Energy Resources	-	\$1,501,608	\$5,668,785	\$15,570,140	\$15,570,364
Department of Business Regulation	\$634,200	\$1,727,095	\$7,052,983	\$7,907,231	\$1,030,580
Executive Office of Commerce	\$606,489	\$6,361,708	\$5,300,000	\$6,691,802	\$4,000,000
Executive Office of Housing	-	-	-	\$300,000	\$1,700,000
Department of Labor and Training	\$464,843,257	\$502,832,768	\$536,680,146	\$556,888,453	\$595,851,826
Department of Revenue	\$397,207,826	\$403,231,662	\$448,217,227	\$434,268,206	\$433,934,131
Secretary of State	-	\$5,433	-	-	-
Office of the General Treasurer	\$671,275	\$531,358	\$635,331	\$618,513	\$630,621
<b>Subtotal - General Government</b>	<b>\$965,165,380</b>	<b>\$1,029,796,440</b>	<b>\$1,113,149,147</b>	<b>\$1,233,641,627</b>	<b>\$1,173,308,713</b>
<b>Health and Human Services</b>					
Department of Children, Youth, and Families	\$1,531,769	\$13,344,796	\$11,250,000	\$27,077,161	\$22,750,000
Department of Health Behavioral Healthcare, Developmental Disabilities and Hospitals	\$370,546	\$1,162,294	\$8,763,883	\$16,057,007	\$400,000
Hospitals	\$359,107	\$302,507	\$500,000	\$1,007,929	\$5,500,000
Department of Human Services	\$5,305,135	\$5,194,860	\$5,397,406	\$6,274,093	\$6,053,962
<b>Subtotal - Health and Human Services</b>	<b>\$7,566,557</b>	<b>\$20,004,457</b>	<b>\$25,911,289</b>	<b>\$50,416,190</b>	<b>\$34,703,962</b>
<b>Education</b>					
Elementary and Secondary Education	\$1,687,958	\$3,405,423	\$42,577,150	\$13,356,613	\$25,718,691
Office of the Postsecondary Commissioner	\$6,359,365	\$6,510,424	\$4,515,810	\$3,765,646	\$3,654,558
University of Rhode Island	\$812,945,139	\$889,486,700	\$963,085,376	\$957,452,134	\$968,945,872
Rhode Island College	\$117,534,118	\$127,683,062	\$135,973,052	\$152,969,137	\$148,916,077
Community College of Rhode Island	\$110,238,566	\$123,748,288	\$148,695,143	\$145,954,748	\$156,069,813
Rhode Island Council on the Arts	\$171,487	\$489,791	\$690,000	\$701,000	\$742,000
Rhode Island Atomic Energy Commission	\$347,200	\$358,660	\$411,177	\$386,050	\$385,818
Historical Preservation and Heritage Commission	\$128,739	\$34,800	\$144,602	\$190,400	\$148,449
<b>Subtotal - Education</b>	<b>\$1,049,412,572</b>	<b>\$1,151,717,148</b>	<b>\$1,296,092,310</b>	<b>\$1,274,775,728</b>	<b>\$1,304,581,278</b>
<b>Public Safety</b>					
Office of Attorney General	\$943,273	\$114,830	\$2,525,000	\$2,525,000	\$1,150,000
Department of Corrections	\$1,096,091	\$12,999,004	\$39,275,662	\$37,413,180	\$11,676,281
Judiciary	\$5,628,087	\$4,723,264	\$3,625,000	\$3,674,768	\$3,875,000
Military Staff	\$2,525,167	\$4,180,292	\$9,175,261	\$17,695,822	\$9,196,902
Rhode Island Emergency Management Agency	\$3,316,263	\$1,983,223	\$865,404	\$1,014,566	\$3,548,908
Department of Public Safety	\$6,923,232	\$17,399,855	\$23,658,859	\$28,076,267	\$7,168,088
<b>Subtotal - Public Safety</b>	<b>\$20,432,113</b>	<b>\$41,400,468</b>	<b>\$79,125,186</b>	<b>\$90,399,603</b>	<b>\$36,615,179</b>
<b>Natural Resources</b>					
Department of Environmental Management	\$12,516,117	\$10,608,088	\$36,559,676	\$30,672,269	\$26,761,055
Coastal Resources Management Council	-	(\$1,173)	\$7,000,000	\$7,050,000	\$11,380,000
<b>Subtotal - Natural Resources</b>	<b>\$12,516,117</b>	<b>\$10,606,915</b>	<b>\$43,559,676</b>	<b>\$37,722,269</b>	<b>\$38,141,055</b>
<b>Transportation</b>					
Department of Transportation	\$328,573,528	\$350,347,613	\$402,147,411	\$590,161,211	\$351,113,853
<b>Subtotal - Transportation</b>	<b>\$328,573,528</b>	<b>\$350,347,613</b>	<b>\$402,147,411</b>	<b>\$590,161,211</b>	<b>\$351,113,853</b>
<b>Total:</b>	<b>\$2,383,666,267</b>	<b>\$2,603,873,041</b>	<b>\$2,959,985,019</b>	<b>\$3,277,116,628</b>	<b>\$2,938,464,040</b>

# Full-Time Equivalent Positions

	FY 2024	FY 2025	FY 2026 Enacted	FY 2026 Revised	FY 2027 Recommended
<b>General Government</b>					
Department of Administration	674.6	667.6	684.6	683.6	682.6
Office of Energy Resources	-	16.0	17.0	17.0	21.0
Department of Business Regulation	181.0	181.0	155.0	155.0	157.0
Rhode Island Cannabis Control Commission	-	-	26.0	26.0	28.0
Executive Office of Commerce	5.0	5.0	5.0	5.0	5.0
Executive Office of Housing	38.0	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	587.5	599.5	605.5	605.5	605.5
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	61.0	62.0	62.0	62.0	62.0
Office of the General Treasurer	91.0	91.0	92.0	92.0	93.0
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	57.0	57.0	57.0	57.0
<b>Subtotal - General Government</b>	<b>2,545.3</b>	<b>2,570.3</b>	<b>2,595.3</b>	<b>2,594.3</b>	<b>2,602.3</b>
<b>Health and Human Services</b>					
Executive Office of Health and Human Services	218.0	233.0	243.0	243.0	252.0
Department of Children, Youth, and Families	705.5	714.5	713.5	719.5	719.5
Department of Health	575.6	572.6	572.6	572.6	572.6
Hospitals	1,204.4	1,221.4	1,223.4	1,223.4	1,223.4
Department of Human Services	1,070.0	1,079.0	1,079.0	1,089.0	1,128.0
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	13.0	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>3,798.5</b>	<b>3,848.5</b>	<b>3,859.5</b>	<b>3,875.5</b>	<b>3,923.5</b>
<b>Education</b>					
Elementary and Secondary Education	334.1	340.1	342.1	342.1	343.1
Office of the Postsecondary Commissioner	45.0	46.0	48.0	48.0	48.0
University of Rhode Island <sup>(1)</sup>	2,551.0	2,571.0	2,671.0	2,671.0	2,671.0
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	10.0	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>4,762.6</b>	<b>4,789.6</b>	<b>4,893.6</b>	<b>4,893.6</b>	<b>4,894.6</b>
<b>Public Safety</b>					
Office of Attorney General	264.1	264.1	268.1	268.1	268.1
Department of Corrections	1,461.0	1,461.0	1,461.0	1,461.0	1,461.0
Judiciary	743.3	745.3	749.3	749.3	749.3
Military Staff	93.0	93.0	93.0	93.0	93.0
Rhode Island Emergency Management Agency	37.0	38.0	38.0	38.0	38.0
Department of Public Safety	632.0	633.0	634.0	635.0	638.0
Office of Public Defender	104.0	104.0	104.0	104.0	105.0
<b>Subtotal - Public Safety</b>	<b>3,334.4</b>	<b>3,338.4</b>	<b>3,347.4</b>	<b>3,348.4</b>	<b>3,352.4</b>
<b>Natural Resources</b>					
Department of Environmental Management	425.0	439.0	439.0	439.0	440.0
Coastal Resources Management Council	32.0	32.0	32.0	32.0	32.0
<b>Subtotal - Natural Resources</b>	<b>457.0</b>	<b>471.0</b>	<b>471.0</b>	<b>471.0</b>	<b>472.0</b>
<b>Transportation</b>					
Department of Transportation	755.0	755.0	755.0	755.0	757.0
<b>Subtotal - Transportation</b>	<b>755.0</b>	<b>755.0</b>	<b>755.0</b>	<b>755.0</b>	<b>757.0</b>
<b>Total Personnel Authorizations</b>	<b>15,652.8</b>	<b>15,772.8</b>	<b>15,921.8</b>	<b>15,937.8</b>	<b>16,001.8</b>

(1) The Governor recommends elimination of the authorized FTE cap for the University of Rhode Island. For consistency of presentation the FTE authorization for the University is shown at the enacted level in both FY 2026 Revised and FY 2027 Recommended.

## General Revenues as Recommended

	FY 2024 Audited	FY 2025 Draft Audited**	FY 2026 Enacted	FY 2026 Revised	FY 2027 Recommended
<b>Personal Income Tax</b>	\$ 1,819,193,007	\$ 1,972,276,406	\$ 2,000,882,929	\$ 2,056,400,000	\$ 2,189,222,782
<b>General Business Taxes</b>					
Business Corporations	\$ 367,504,982	\$ 333,050,756	\$ 350,360,028	\$ 339,600,000	\$ 357,106,985
Public Utilities Gross Earnings	75,169,736	116,322,106	112,500,000	115,000,000	115,507,651
Financial Institutions	47,678,060	7,603,962	21,200,000	11,500,000	16,777,224
Insurance Companies	180,418,052	174,291,413	180,217,698	176,900,000	185,308,289
Bank Deposits	5,519,620	5,110,306	5,200,000	5,200,000	5,400,000
Health Care Provider Assessment	40,684,166	44,764,572	47,170,185	46,800,000	49,773,782
<b>Sales and Use Taxes</b>					
Sales and Use	\$ 1,635,427,555	\$ 1,672,708,738	\$ 1,726,581,707	\$ 1,726,000,000	\$ 1,778,600,791
Motor Vehicle (Duplicate Fees)*	14,201	-	-	-	-
Cigarettes	119,314,097	117,233,396	119,100,000	114,500,000	119,261,038
Alcohol	20,788,520	21,849,386	21,900,000	20,000,000	20,200,000
<b>Other Taxes</b>					
Estate and Transfer	\$ 49,842,008	\$ 84,884,357	\$ 83,600,000	\$ 98,800,000	\$ 96,225,325
Racing and Athletics	664,568	685,745	700,000	700,000	700,000
Realty Transfer	15,731,668	18,764,852	25,764,646	26,500,000	30,100,000
<b>Total Taxes</b>	<b>\$ 4,377,950,240</b>	<b>\$ 4,569,545,995</b>	<b>\$ 4,695,177,193</b>	<b>\$ 4,737,900,000</b>	<b>\$ 4,964,183,867</b>
<b>Departmental Receipts</b>	<b>\$ 552,303,254</b>	<b>\$ 541,202,692</b>	<b>\$ 574,268,879</b>	<b>\$ 574,900,000</b>	<b>\$ 581,602,939</b>
<b>Taxes and Departmentals</b>	<b>\$ 4,930,253,494</b>	<b>\$ 5,110,748,687</b>	<b>\$ 5,269,446,072</b>	<b>\$ 5,312,800,000</b>	<b>\$ 5,545,786,806</b>
<b>Other Sources</b>					
Other Miscellaneous	\$ 38,439,513	\$ 33,395,825	\$ 27,337,022	\$ 29,800,000	\$ 20,100,000
Lottery	426,419,555	433,594,991	441,000,000	451,300,000	453,100,000
Unclaimed Property	23,591,279	34,272,938	28,800,000	29,000,000	24,500,000
<b>Other Sources</b>	<b>\$ 488,450,347</b>	<b>\$ 501,263,754</b>	<b>\$ 497,137,022</b>	<b>\$ 510,100,000</b>	<b>\$ 497,700,000</b>
<b>Total General Revenues</b>	<b>\$ 5,418,703,841</b>	<b>\$ 5,612,012,441</b>	<b>\$ 5,766,583,094</b>	<b>\$ 5,822,900,000</b>	<b>\$ 6,043,486,806</b>

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

\*\* Includes pending audit adjustments known as of publication of the Governor's recommended budget; subject to change.

## Changes to FY 2026 Enacted Revenue Estimates

	FY 2026 Enacted	November REC Consensus Changes	Changes to Adopted Estimates	Total
<b>Personal Income Tax</b>	\$ 2,000,882,929	\$ 55,517,071	\$ -	\$ 2,056,400,000
<b>General Business Taxes</b>				
Business Corporations	\$ 350,360,028	\$ (33,360,028)	\$ 22,600,000	\$ 339,600,000
Public Utilities Gross	112,500,000	2,500,000	-	115,000,000
Financial Institutions	21,200,000	(9,700,000)	-	11,500,000
Insurance Companies	180,217,698	(3,317,698)	-	176,900,000
Bank Deposits	5,200,000	-	-	5,200,000
Health Care Provider	47,170,185	(370,185)	-	46,800,000
<b>Sales and Use Taxes</b>				
Sales and Use	\$ 1,726,581,707	\$ (581,707)	\$ -	\$ 1,726,000,000
Cigarettes	119,100,000	(4,600,000)	-	114,500,000
Alcohol	21,900,000	(1,900,000)	-	20,000,000
<b>Other Taxes</b>				
Estate and Transfer	\$ 83,600,000	\$ 15,200,000	\$ -	\$ 98,800,000
Racing and Athletics	700,000	-	-	700,000
Realty Transfer	25,764,646	735,354	-	26,500,000
<b>Total Taxes</b>	<b>\$ 4,695,177,193</b>	<b>\$ 20,122,807</b>	<b>\$ 22,600,000</b>	<b>\$ 4,737,900,000</b>
<b>Departmental Receipts</b>	574,268,879	631,121	-	574,900,000
<b>Total Taxes and Departmentals</b>	<b>\$ 5,269,446,072</b>	<b>\$ 20,753,928</b>	<b>\$ 22,600,000</b>	<b>\$ 5,312,800,000</b>
<b>Other Sources</b>				
Other Miscellaneous	\$ 27,337,022	\$ (2,037,022)	\$ 4,500,000	\$ 29,800,000
Lottery	441,000,000	10,300,000	-	451,300,000
Unclaimed Property	28,800,000	200,000	-	29,000,000
<b>Other Sources</b>	<b>\$ 497,137,022</b>	<b>\$ 8,462,978</b>	<b>\$ 4,500,000</b>	<b>\$ 510,100,000</b>
<b>Total General Revenues</b>	<b>\$ 5,766,583,094</b>	<b>\$ 29,216,906</b>	<b>\$ 27,100,000</b>	<b>\$ 5,822,900,000</b>

## Changes to FY 2027 Adopted Revenue Estimates

	Revenue Estimating Conference Estimates	Changes to Adopted Estimates	Total
<b>Personal Income Tax</b>	\$ 2,130,800,000	\$ 58,422,782	\$ 2,189,222,782
<b>General Business Taxes</b>			
Business Corporations	\$ 332,000,000	\$ 25,106,985	\$ 357,106,985
Public Utilities Gross	117,800,000	(2,292,349)	115,507,651
Financial Institutions	16,700,000	77,224	16,777,224
Insurance Companies	185,200,000	108,289	185,308,289
Bank Deposits	5,400,000	-	5,400,000
Health Care Provider	48,500,000	1,273,782	49,773,782
<b>Sales and Use Taxes</b>			
Sales and Use	\$ 1,774,400,000	\$ 4,200,791	\$ 1,778,600,791
Cigarettes	110,700,000	8,561,038	119,261,038
Alcohol	20,200,000	-	20,200,000
<b>Other Taxes</b>			
Estate and Transfer	\$ 95,400,000	\$ 825,325	\$ 96,225,325
Racing and Athletics	700,000	-	700,000
Realty Transfer	30,100,000	-	30,100,000
<b>Total Taxes</b>	<b>\$ 4,867,900,000</b>	<b>\$ 96,283,867</b>	<b>\$ 4,964,183,867</b>
<b>Departmental Receipts</b>	\$ 341,000,000	\$ 240,602,939	\$ 581,602,939
<b>Total Taxes and Departmentals</b>	<b>\$ 5,208,900,000</b>	<b>\$ 336,886,806</b>	<b>\$ 5,545,786,806</b>
<b>Other Sources</b>			
Other Miscellaneous	\$ 20,100,000	\$ -	\$ 20,100,000
Lottery	453,100,000	-	453,100,000
Unclaimed Property	24,500,000	-	24,500,000
<b>Other Sources</b>	<b>\$ 497,700,000</b>	<b>\$ -</b>	<b>\$ 497,700,000</b>
<b>Total General Revenues</b>	<b>\$ 5,706,600,000</b>	<b>\$ 336,886,806</b>	<b>\$ 6,043,486,806</b>

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## **FY 2026 General Revenue Changes to Adopted Estimates**

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### **Business Corporations Tax**

Decouple from H.R. 1 Accelerated R&D Expensing	\$	22,600,000
<i>General Business Taxes Subtotal</i>		<i>\$ 22,600,000</i>

### **Other Miscellaneous Revenue**

Transfer Excess Reserves from RI Infrastructure Bank to General Fund	\$	2,000,000
Transfer Excess Reserves from RI Health & Educational Building Corp. to General Fund	\$	2,500,000
<i>Other Sources Subtotal</i>		<i>\$ 4,500,000</i>

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<i><b>Total Proposed Changes to FY 2026 Adopted General Revenues</b></i>	<i><b>\$ 27,100,000</b></i>
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## FY 2027 General Revenue Changes to Adopted Estimates

<b>Personal Income Tax</b>		
New Tax Bracket at 3% on Income over \$1 Million	\$	67,090,404
Tax Amnesty	\$	8,797,480
Adjustment to Pawtucket TIF Debt Service Schedule	\$	213,071
Phaseout Tax on Social Security Income	\$	(2,976,997)
Refundable Child Tax Credit	\$	(14,701,176)
<b>Personal Income Tax Subtotal</b>		<b>\$ 58,422,782</b>
<b>Business Corporations Tax</b>		
Decouple from H.R. 1 Accelerated R&D Expensing	\$	22,600,000
Tax Amnesty	\$	2,488,348
Adjustment to Pawtucket TIF Debt Service Schedule	\$	18,637
<b>Public Utilities Gross Earnings Tax</b>		
Tax Amnesty	\$	15,547
Utility Ratepayer Savings Initiatives	\$	(2,307,896)
<b>Financial Institutions Tax</b>		
Tax Amnesty	\$	77,224
<b>Insurance Companies Gross Premiums Tax - Personal and Casualty</b>		
Tax Amnesty	\$	99,910
<b>Insurance Companies Gross Premiums Tax - HMO</b>		
OHIC Rate Increase	\$	517,651
Nursing Home Rate Reduction	\$	(6,882)
Inpatient/Outpatient Hospital Rate Reduction	\$	(7,267)
Substance Abuse Residential Services Rate Freeze	\$	(30,336)
Federally Qualified Health Center Rate Reduction	\$	(58,899)
GLP-1 Coverage Removal	\$	(405,888)
<b>Health Care Provider Assessment</b>		
Tax Amnesty	\$	1,459,148
Nursing Home Rate Reduction	\$	(185,366)
<b>General Business Taxes Subtotal</b>		<b>\$ 24,273,931</b>
<b>Sales and Use Tax</b>		
Tax Amnesty	\$	4,362,121
Adjustment to Pawtucket TIF Debt Service Schedule	\$	272,005
Cigarette Tax Increase \$0.75 to \$5.25 (Elasticity Revenue Loss)	\$	(433,335)
<b>Cigarettes - Cigarettes (including Floor Stock)</b>		
Cigarette Tax Increase \$0.75 to \$5.25	\$	4,540,374
Cigarette Floor Stock Tax	\$	2,467,926
Repeal Cigarette Stamp Discount for Distributors	\$	762,064
Tax Amnesty	\$	2,039
<b>Cigarettes - Smokeless (and Other Tobacco Products)</b>		
Increase Cigar Tax Cap from \$0.50 to \$2.00	\$	621,090
Tax Amnesty	\$	167,545
<b>Sales and Excise Taxes Subtotal</b>		<b>\$ 12,761,829</b>
<b>Estate and Transfer Taxes</b>		
Tax Amnesty	\$	825,325
<b>Other Taxes Subtotal</b>		<b>\$ 825,325</b>
<b>Departmental Receipts</b>		
Re-Adopt Hospital Licensing Fee at Current Rates and Base Year	\$	232,549,633
Tax Amnesty (Interest on Overdue Taxes)	\$	8,002,699
Tax Amnesty (Hard-to-Dispose Items Surcharges)	\$	28,754
Tax Amnesty (First Response Wireless Surcharge)	\$	21,853
<b>Departmental Receipts Subtotal</b>		<b>\$ 240,602,939</b>
<b>Total Proposed Changes to FY 2027 Adopted General Revenues</b>		<b>\$ 336,886,806</b>

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

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# FY 2027 – FY 2031 OVERVIEW

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## Introduction

The five-year financial projection of anticipated general revenues, receipts, and expenditures is prepared in accordance with R.I. Gen. Laws § 35-3-1 and includes details on the principal revenue sources and major program expenditures. 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 (CEF) adopted at the November 2025 Revenue Estimating Conference (REC), as well as projections from state actuarial consultants, the federal government, and other noted sources.

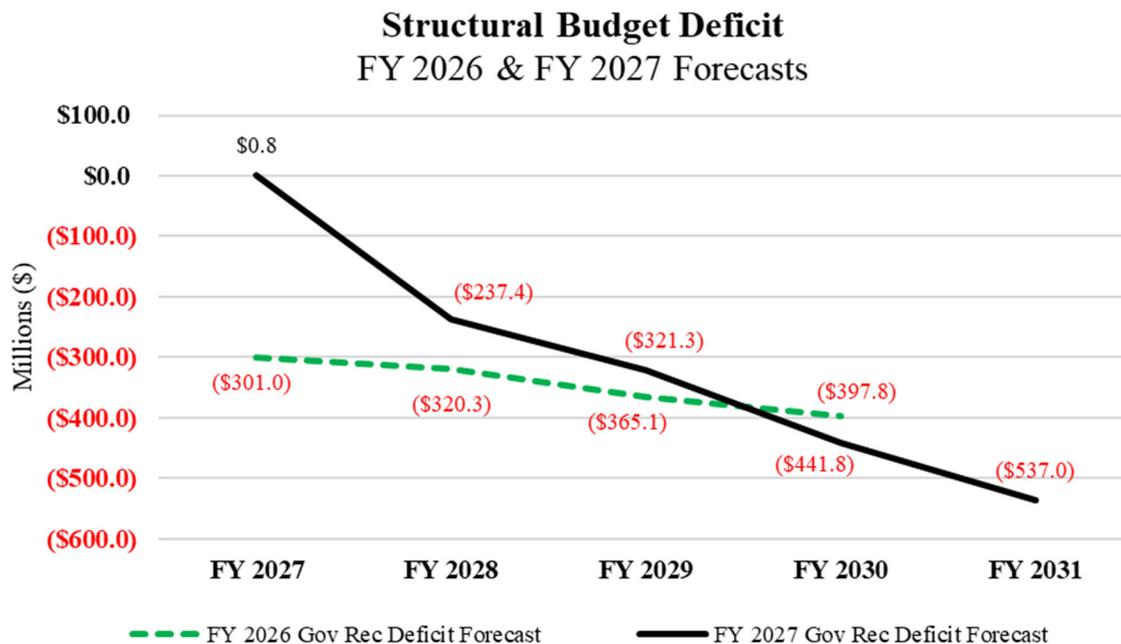
The purpose of this five-year forecast is to provide a baseline fiscal outlook for the State of Rhode Island. While the forecast may serve as a useful benchmark in evaluating the affordability and desirability of alternative policy options, caution is advised when interpreting its results. Forward-looking estimates are inherently subject to 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 direct control. The estimates and forecasts are current as of the date they were prepared and must be reconsidered as conditions evolve.

Because the state is required to maintain a balanced budget each year, forecasted outyear surpluses or deficits would not be realized as stated, even if projected trends were to materialize. When outyear forecasts show a deficit or surplus, they signal 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 2027 – FY 2031 OVERVIEW

## Overview and Summary

Based on appropriations levels recommended in the Governor’s budget submission, the Budget Office projects a closing surplus of \$0.8 million in FY 2027. In FY 2028 through FY 2031, expenditures are projected to exceed revenues in each outyear, beginning with a \$237.4 million deficit in FY 2028 and increasing to a \$537.0 million deficit in FY 2031.



## FY 2027 Budget Outlook

Since enactment of the FY 2026 budget, several material developments have affected the FY 2027 budget outlook. In December 2025, the Budget Office published a report summarizing these changes. At the beginning of the Governor’s FY 2027 budget development process, the deficit projection corresponding with the Current Services Level (CSL) budget target was approximate \$237.1 million. Various updates which have occurred since that time have reduced the size of the FY 2027 budget deficit to approximately \$101.3 million – including the release of the State Controller’s FY 2025 Preliminary Closing Statements, the Budget Office First Quarter Report, and revisions to revenue and expenditure estimates from the Revenue and Caseload Estimating Conferences.<sup>1</sup>

**FY 2026 Enacted Budget Baseline.** Based on the FY 2026 Enacted Budget and growth assumptions consistent with the Current Services Level (CSL) budget target, and using information available as of July 2025, the Budget Office initially projected an FY 2027 deficit of \$237.1 million.

**FY 2025 Preliminary Close.** The Preliminary Closing Statements reported a surplus of \$250.3 million, which is \$20.0 million above the enacted level of \$230.2 million allocated for FY 2026 expenditures.

<sup>1</sup> The FY 2027 Budget Outlook report is available at: <https://omb.ri.gov/sites/g/files/xkgbur751/files/2025-12/Budget%20as%20Enacted%20Report%20Fiscal%20Year%202026.pdf>

# FY 2027 – FY 2031 OVERVIEW

**November Caseload Estimating Conference (CEC).** Consistent with the CSL target, the Budget Office assumes caseload expenditures grow in line with projections from the Centers for Medicare and Medicaid Services (CMS) Office of the Actuary. Relative to these projections, the November CEC revised caseload estimates downward by \$56.1 million.

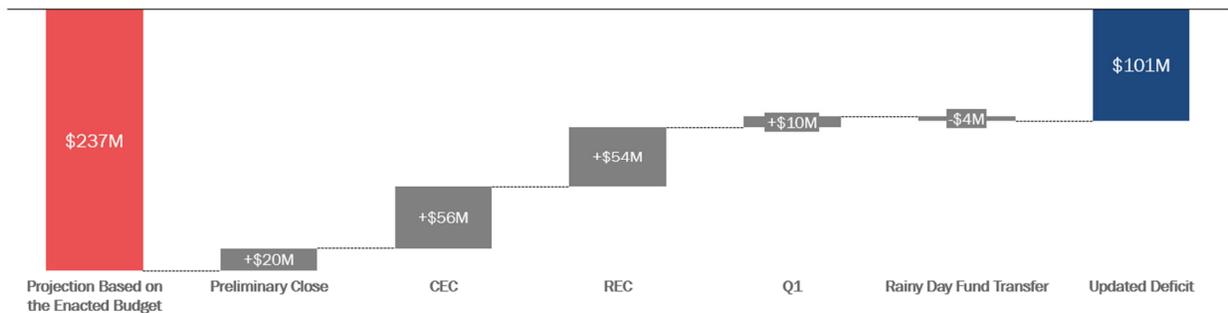
**November Revenue Estimating Conference (REC).** Relative to prior projections prepared by the Budget Office in consultation with the Department of Revenue, Office of Revenue Analysis, the November REC revised revenue estimates upward by \$53.8 million.

**Budget Office First Quarter Report.** After incorporating first-quarter trends, FY 2026 agency expenditures are projected to be \$10.0 million below enacted levels, reducing the FY 2027 deficit outlook by a corresponding amount.

**Statutory Rainy Day Fund Transfers.** The cumulative effect of these changes increases the required transfer to the Budget Reserve and Cash Stabilization Account (informally, the “Rainy Day Fund”), resulting in a \$4.2 million increase in the FY 2027 deficit.

Taken together, these adjustments reduce the projected FY 2027 deficit from \$237.1 million to \$101.3 million, as shown in Figure 1. It should be noted that the \$101.3 million deficit projection generally does not include the impacts of the One Big Beautiful Bill Act (H.R.1).

## Waterfall: Updates to FY 2027 Deficit Forecast through FY 2026Q1



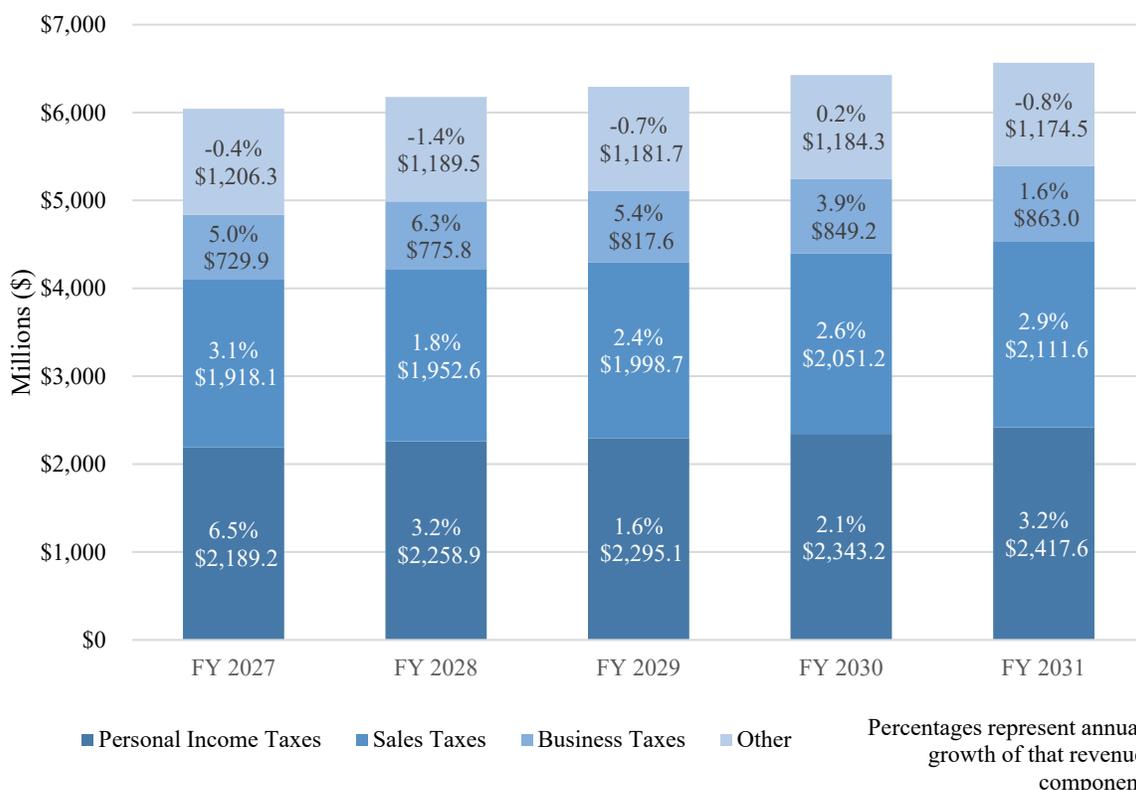
**Note:** The waterfall illustration shows updates to the FY 2027 deficit outlook which occurred between budget enactment (June 2025) through the release of the Budget Office First Quarter Report (November 2025). The \$101 million deficit outlook is approximately the shortfall solved in the Governor’s FY 2027 budget submission. This deficit notably does *not* include impacts of the federal H.R.1 policy changes nor anticipated agency budget requests, including rate recommendations from the Office of the Health Insurance Commissioner.

# FY 2027 – FY 2031 OVERVIEW

## Five-Year Revenue Outlook

Revenue projections contained in the five-year forecast incorporate the Governor’s proposed FY 2027 general revenue changes to the estimates adopted at the November 2025 REC. Overall revenues are expected to grow from \$6.043 billion in FY 2027 to \$6.567 billion in FY 2031, an average annual growth rate of 2.4 percent.

FY 2027 - FY 2031 General Revenue Forecast



**Personal Income Taxes.** The economic forecast adopted at the November 2025 Revenue Estimating Conference (REC) projects personal income growth averaging 3.8 percent from FY 2027 through FY 2031, with wage growth averaging 3.3 percent. The five-year revenue projection assumes personal income tax withholding grows at the same rate as overall wages (although recent fiscal years have seen withholding growth that exceeds wage growth).

The projection includes outyear impacts from the federal H.R. 1. legislation. The largest impact in income tax is the reduction in usage of the elective pass-through entity tax, which was adopted in response to the federal state and local tax (SALT) deduction cap. This elective tax yields revenue for the state, and the increase of the federal SALT cap will decrease usage and thus decrease state revenue. This decrease is estimated at \$5.2 million annually. There is another \$4.0 million of annual personal income tax revenue loss from other H.R. 1 provisions.

The five-year revenue forecast incorporates the Governor’s personal income tax proposals, including the creation of a new top tier tax bracket at a marginal rate of 3 percent on incomes over \$1.0 million beginning tax year 2027. The half-year impact in FY 2027 is projected to increase revenues by \$67.1 million, which annualizes to \$135.3 million in FY 2028. The forecast assumes revenue from this new tax bracket grows at

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## FY 2027 – FY 2031 OVERVIEW

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the same rate as overall personal income tax; however, growth in higher-income tax collections is likely to be more volatile than other income tax revenue.

The forecast incorporates the Governor's tax amnesty proposal, which is projected to bring in \$8.8 million in personal income tax revenue (which is a one-time impact).

The forecast includes revenue reductions for the Governor's tax relief proposals. These include a reduction of \$14.7 million for the fully refundable child tax credit (annualizing to \$29.7 million in FY 2028) and \$3.0 million for the beginning of the proposed phase-out of income tax on Social Security income (increasing to \$14.6 million in FY 2028 and \$60.1 million in FY 2030, the first full fiscal year after the phase-out is fully implemented in TY 2029).

**Sales Taxes.** The consensus forecast predicts 3.7 percent average growth in nominal consumer spending from FY 2027 through FY 2031. Sales and use tax revenue is forecasted to grow at an average annual rate of 2.9 percent from FY 2027 through FY 2031.

The revenue forecast incorporates \$4.4 million in additional revenue in FY 2027 from the Governor's tax amnesty proposal. There are also minor adjustments incorporated for sales tax revenue loss due to elasticity of demand related to the Governor's cigarette tax increase proposal as well as a small revenue gain from the updated Pawtucket Tax Increment Financing (TIF) agreement. These minor adjustments net out to an impact of (\$0.2) million.

**Business Taxes.** The forecast incorporates \$22.6 million of additional revenue each in both FY 2026 and 2027 for the Governor's proposal to decouple Rhode Island's tax code from the provision of H.R. 1 that allows businesses to fully deduct research and development expenses in the year the expenses were incurred rather than the current requirement to amortize them over five years. The impact of decoupling decreases quickly in the outyears, falling to \$2.0 million by FY 2031. This is because upfront research and development expensing represents a timing shift of when those deductions are claimed rather than an increase the total allowable deductions.

Beyond the research and development expensing impact, H.R. 1 leads to a revenue loss of \$3.9 million in FY 2027 from other business tax provisions. Those impacts become positive in the outyears, averaging an annual revenue gain of \$1.6 million.

Other proposals incorporated into the forecast include \$4.1 million revenue gained across all business tax types in FY 2027 for the tax amnesty proposal, a loss of \$2.3 million in FY 2027 (annualizing to \$4.8 million in FY 2028) in public service corporations gross earnings taxes related to the Governor's energy savings proposals, and a net decrease of \$0.2 million in insurance and health care provider taxes related to the indirect impacts of several healthcare rate initiatives, including the OHIC rate increase recommendations and various Medicaid initiatives that have implications for the gross earnings of managed care organizations and nursing homes.

The projection incorporates the likely impact of H.R. 1 on insurance companies gross premiums tax. H.R. 1 reduces the allowable tax rate for provider taxes from the current cap of 6.0 percent to 3.5 percent. This reduction begins in FY 2028 and concludes in FY 2032. The insurance premiums tax is subject to this rule because it is levied on Medicaid managed care organizations. While the insurance premiums tax rate is only 2.0 percent, managed care organizations are also subject to four other assessments related to children's health, immunizations, and primary care. These bring the overall tax rate up to 4.69 percent. H.R. 1 is expected to lower insurance company tax revenue by \$8.6 million in FY 2030 and \$32.9 million in FY 2031. FY 2032, which is outside the five-year projection, is expected to see a revenue loss of \$59.6 million.

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## **FY 2027 – FY 2031 OVERVIEW**

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*Other Taxes / Departmental Receipts / Other Sources.* Across all other revenue streams not mentioned above, the revenue forecast includes an additional \$9.0 million in collections from the tax amnesty proposal.

Other noteworthy initiatives include the Governor's three tobacco tax increase proposals. The proposals for increasing the cigarette tax from \$4.50 to \$5.25 per pack, eliminating the cigarette stamp discount for distributors, and raising the cigar tax cap from \$0.50 to \$2.00 result in an additional \$8.4 million for nine months of impact in FY 2027, including the cigarette floor stock tax. This annualizes to \$6.8 million in FY 2028 (with the lower estimate driven by the lack of the floor stock tax in the outyears). Even given this policy proposals, overall tobacco revenue is expected to shrink by 4.0 percent toward the end of the forecast period, reflecting the structural decline in cigarette smoking. This decline is somewhat mitigated by growth in other tobacco products tax (from the state's imposition of that tax on nicotine pouches in 2025) and e-cigarettes.

The forecast begins by assuming the hospital licensing fee (HLF) is enacted in each of the outyears. As discussed in the prior section, H.R. 1 reduces the cap on provider taxes from 6.0 percent to 3.5 percent. Currently, the HLF is assessed at a tax rate of approximately 5.8 percent, which will have to be reduced starting in FY 2028. This change is expected to lead to a revenue loss of \$12.2 million in FY 2028, growing to a revenue loss of \$71.5 million in FY 2031. FY 2032, which is outside the five-year projection, is expected to see a revenue loss of \$91.3 million.

Also included is the Governor's proposal to transfer \$2.0 million and \$2.5 million of excess cash balances to the general fund from the Rhode Island Infrastructure Bank and Health and Education Building Corporation, respectively. These transfers would occur in FY 2026 and would be nonrecurring.

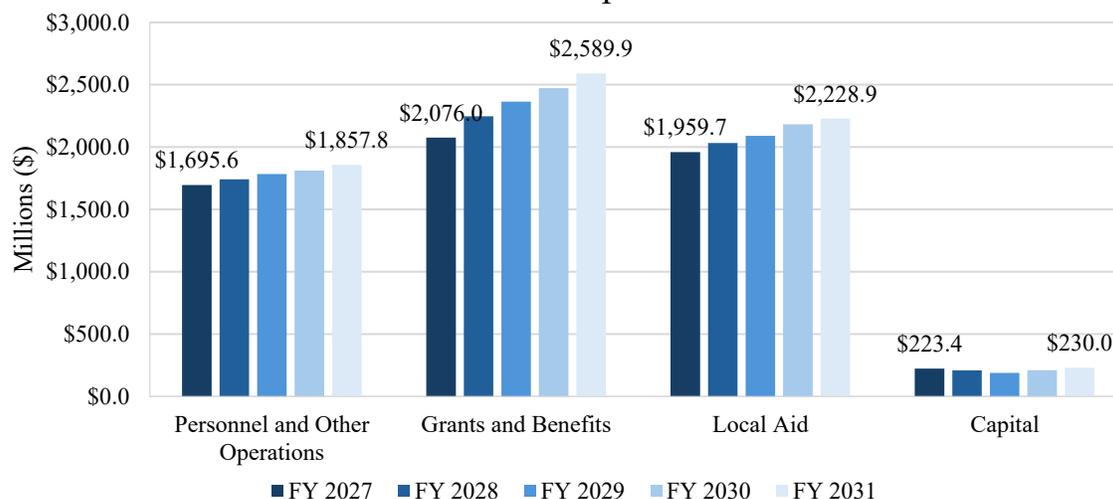
Gaming revenue is generally forecast using the 2025 gaming study from Christiansen Capital Advisors. Current law establishes a casino smoking ban that takes effect on January 1, 2027. This leads to a half-year revenue loss in FY 2027 and additional loss in FY 2028 when the ban is in effect for the entire fiscal year. The study assumes an annual structural decline in video lottery terminal revenue of 0.5 percent, and a decline in table game revenue of 1.0 percent. This is counterbalanced by growth in sports betting and iGaming activity. These offsetting trends essentially hold overall lottery revenue flat in the outyears.

### **Expenditures**

The expenditure projections contained in the five-year forecast incorporate the Governor's FY 2027 proposed expenditures. Overall expenditures are expected to grow by 16.0 percent from \$5.945 billion in FY 2027 to \$6.907 billion in FY 2031, an average annual growth rate of 3.5 percent.

# FY 2027 – FY 2031 OVERVIEW

FY 2027 - FY 2031 Expenditure Forecast



## Personnel and Contract Expenditures

Personnel and contract expenditures are forecast to increase by 9.3 percent from \$1.545 billion in FY 2027 to \$1.688 billion in FY 2031, an average annual growth rate of 2.9 percent. Labor agreements remain in place through the end of FY 2027. The Governor’s budget recommendation incorporates a cost-of-living adjustment (COLA) of 3.0 percent in FY 2027, consistent with the terms of the contract, but increases beyond this time are subject to future labor negotiations, job classification public hearings, and management decisions. The Budget Office projections assumes that wages and salaries will grow in proportion with CPI-U and the count of filled positions will remain at the FY 2027 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).

## Other Operations

The costs of other operations are forecast to increase by 15.7 percent from \$150.7 million in FY 2027 to \$174.4 million in FY 2031. Expenditures in this category are assumed to grow at the rate of CPI-U except when adjusted based on specific policy assumptions.

This category broadly includes contract and operating expenditures which are recurring or trend driven. The forecast methodology makes a separate adjustment in this category, which is listed in the forecast table as “Impact of Initiatives/Other Changes” to account for various one-time, non-recurring, and variable expenditures in this category.

Outyear adjustments include cyclical expenditures associated with elections and public safety recruit classes, which occur every other year, as well as project-based initiatives such as major IT projects, financing economic development, and restoring one-time spending and savings proposals recommended in FY 2027.

There are various administrative expenditures associated with the direct and indirect impacts of the federal legislation known as H.R.1. Because the impacts span multiple categories of revenue and expenditures, those impacts are summarized in a standalone section at the end of this report.

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# FY 2027 – FY 2031 OVERVIEW

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## Grants and Benefits

Grants and benefits are projected to increase by 23.3 percent from \$2.076 billion in FY 2027 to \$2.560 billion in FY 2031, an average annual growth rate of 5.2 percent. This forecast generally assumes that federal block grants for major programs such as Rhode Island Works will continue at current levels, and that Medicaid matching rates (FMAP) will remain close to those in effect FY 2027. Grants and benefit programs are generally assumed to grow at rates consistent with those prepared by the Centers for Medicare & Medicaid Services (CMS) Office of the Actuary.

The Rhode Island Office of the Health Insurance Commissioner (OHIC) conducts a biennial rate review of social and human service programs and provides recommendations to budget makers regarding rate growth necessary to sustain service delivery. These recommendations are designed to cover inflationary growth over a two-year period and reflect the midpoint of the applicable rate cycle. Consistent with this framework, the Governor’s FY 2027 budget recommendation implements 50 percent of the FY 2027–FY 2028 OHIC rate recommendations. As a result, the forecast includes an increase of \$32.4 million in FY 2028 to fund the second year of the current rate cycle, after which affected grants and benefit programs are assumed to grow at rates consistent with projections from the CMS Office of the Actuary.

This forecast of general revenue expenditures includes a state contribution for the Supplemental Nutrition Assistance Program (SNAP). Historically, SNAP benefits have been financed entirely with federal funds, while administrative expenses have been shared equally between the federal government and the State. Provisions of the federal legislation known as H.R. 1 significantly modify this structure by increasing required state participation in both administrative and benefit costs.

Effective October 1, 2026 (FY 2027), the state share of SNAP administrative expenses increases from 50 percent to 75 percent. This impact is reflected in the Governor’s FY 2027 budget recommendation, and the annualized effect beginning in FY 2028 is incorporated within the Other Operations category discussed above.

In addition, effective October 1, 2027 (FY 2028), states may be required to contribute a portion of SNAP benefit costs, depending on their federally calculated payment error rate (PER). The PER is a federally defined performance metric that measures the proportion of SNAP payments that were overpaid or underpaid due to eligibility or benefit calculation errors.<sup>2</sup> Under H.R. 1, state benefit cost-sharing is determined as follows:

- Payment error rate below 6 percent: 0 percent state cost share
- Payment error rate of 6 percent to less than 8 percent: 5 percent state cost share
- Payment error rate of 8 percent to less than 10 percent: 10 percent state cost share
- Payment error rate of 10 percent or greater: 15 percent state cost share

The legislation also permits states with exceptionally high error rates to delay implementation of benefit cost-sharing requirements to a later fiscal year.

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<sup>2</sup> State’s “Payment Error Rates” are published by the U.S. Department of Agriculture, Food and Nutrition Service and available online at: <https://www.fns.usda.gov/snap/qc/per>. As of the date of budget submission, data was available only through federal FY 2024. The initial state cost share effective for federal FY 2028 will be based upon federal FY 2025 PER, which is not yet available.

## FY 2027 – FY 2031 OVERVIEW

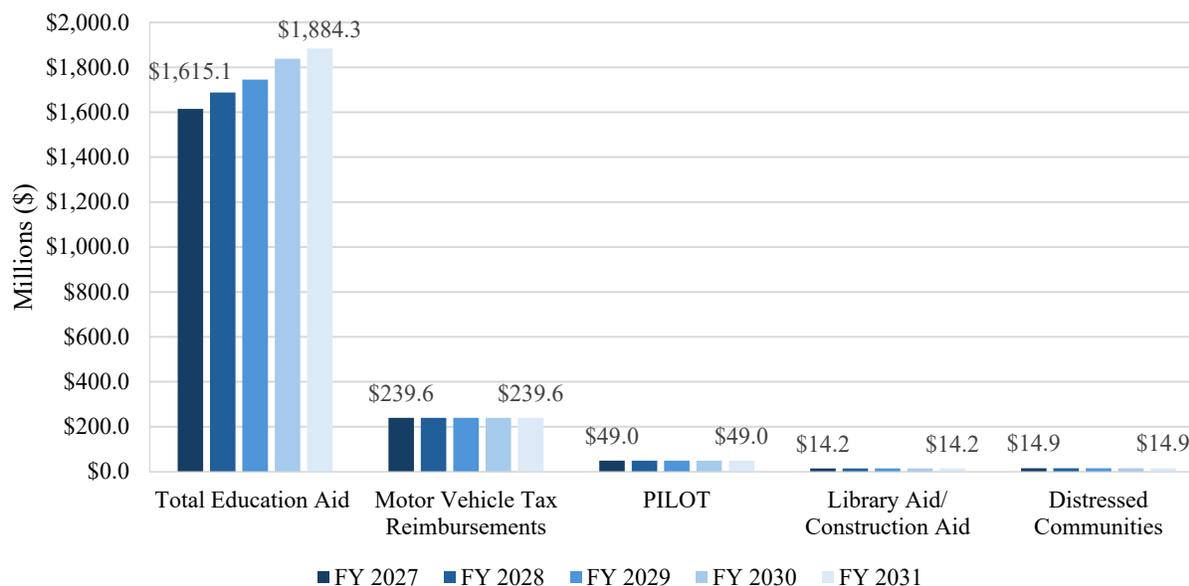
While the Rhode Island Department of Human Services continues to implement operational improvements aimed at reducing the SNAP payment error rate, and additional resources to support these efforts are included in the Governor’s budget submission, recent performance suggests there is a reasonable likelihood that Rhode Island may become subject to state benefit cost-sharing beginning in FY 2028. Accordingly, this forecast adopts a neutral planning assumption that the state will be responsible for 7.5 percent of total SNAP benefit costs, representing the midpoint between the minimum possible cost share (0 percent) and the maximum statutory cost share (15 percent). This assumption is intended solely for forecasting purposes and is held constant in the outyears; actual state costs will vary based on future error rate determinations.

Based on this assumption, the forecast includes a state general revenue contribution for SNAP benefits of \$21.5 million in FY 2028, growing to \$30.2 million in FY 2031.

### Local Aid

Local Aid expenditures are projected to increase by 13.7 percent from \$1.960 billion in FY 2027 to \$2.229 billion in FY 2031, an average annual growth rate of 2.6 percent.

FY 2027 - FY 2031 Local Aid Expenditure Forecast



Of the five largest local aid categories, three are expected to be level funded over the next five years: Distressed Communities Aid, Payments in Lieu of Taxes (PILOT) aid, and Library Aid/Library Construction Aid. Motor Vehicle Excise Tax Reimbursement Aid is subject to a statutory inflator, but is also held constant in the outyears, consistent with the Governor’s recommendation to eliminate the statutory inflation adjustment tied to state sales tax yield, which resulting in savings equal to \$4.8 million in FY 2027 and growing to \$24.9 million in FY 2031.

Total Education Aid is expected to increase from \$1.615 billion in FY 2027 to \$1.884 in FY 2031, equivalent to an average annual rate of 3.2 percent. The Education Funding Formula, the largest component of Education Aid, is expected to grow in line with school age population trends, which are slightly negative over the forecast period, and changes in the Core Instructional Amount, an index of education expenditures in select New England states that generally reflects a lagged measure of inflation.

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# FY 2027 – FY 2031 OVERVIEW

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## Capital

Capital expenditures are projected to increase from \$223.4 million in FY 2027 to \$230.0 million in FY 2031, an average annual growth rate of 1.6 percent. Because of the availability of Rhode Island Capital Plan (RICAP) funds, transportation funds, and federal funds, there is relatively little direct expenditure of general revenue on capital projects. Rather, this category is largely comprised of general revenue-financed debt service.

General revenue-financed debt service on general obligation bonds, which is the largest component of debt service, is expected to increase by 21.5 percent, from \$169.7 million in FY 2027 to \$206.2 million in FY 2031, an average annual increase of 5.4 percent. The Budget Office assumes that future general obligation bond issuances will follow a five-year rolling average, adjusted and grown to account for inflation, with an additional adjustment to reflect the sizing of the Governor’s proposed November 2026 ballot referendum. The increase in anticipated general obligation debt service is partially offset by reductions in certain debts related to the Rhode Island Convention Center Authority and Historic Structures Tax Credit Program.

## Risks, Commentary, and Discussion

### *Growth Rates by Category of Expenditures*

Analyzing growth rates by category of expenditure provides insight into the trends driving structural balance or imbalance. The following chart shows the average annual rate of growth during the forecast period for various categories of expenditures.

### **Five-Year Projected Average Annual Growth Rates by Category**

<b>Category</b>	<b>Avg. Ann. Growth</b>
State Personnel & Operations	2.6%
Grants & Benefits	5.2%
Local Aid	2.6%
Capital	1.6%
<b>Total Expenditures</b>	<b>3.5%</b>
<b>General Revenues</b>	<b>2.4%</b>

A comparison of growth rates across expenditure categories shows total spending growing at an average annual rate of 3.5 percent over the forecast period. Spending on Personnel & State Operations, Capital, and Local Aid (including education aid) is projected to grow more slowly than this overall trend. In contrast, Grants and Benefits are expected to grow faster than the average, driven primarily by health and social service programs such as Medicaid. This reflects ongoing expectations that healthcare and social service costs will continue to outpace inflation, a trend intensified by federal policy changes that shift a greater share of these costs to the State. Overall expenditure growth is expected to outpace revenue growth throughout the forecast period.

# FY 2027 – FY 2031 OVERVIEW

## *H.R. 1 and Other Federal Impacts*

The Governor’s budget recommendation and outyear forecast include estimates of the direct, indirect, and discretionary policy impacts of recent federal legislation referred to as H.R. 1 and other recent federal policy changes impacting the availability and administration of to health benefit programs. While these impacts are discussed throughout the document, they are summarized below.

### **Recommended and Forecast Budget Impacts and Policy Responses to H.R. 1** (\$, Millions)

<b>Category</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>	<b>FY 2029</b>	<b>FY 2030</b>	<b>FY 2031</b>
General Tax Impacts	\$ (34.7)	\$ (36.4)	\$ (20.6)	\$ (15.2)	\$ (9.3)	\$ (10.3)
Healthcare Tax Impacts	\$ -	\$ -	\$ (12.2)	\$ (31.9)	\$ (60.3)	\$ (104.4)
R&D Decoupling	\$ 22.6	\$ 22.6	\$ 10.9	\$ 8.0	\$ 2.8	\$ 2.0
<i>Revenue Subtotal</i>	<i>\$ (12.1)</i>	<i>\$ (13.8)</i>	<i>\$ (21.9)</i>	<i>\$ (39.1)</i>	<i>\$ (66.8)</i>	<i>\$ (112.7)</i>
SDP Reduction	\$ -	\$ -	\$ -	\$ (11.4)	\$ (21.6)	\$ (30.8)
SNAP Admin & Benefits	\$ -	\$ 9.3	\$ 34.5	\$ 42.2	\$ 42.7	\$ 43.2
PER Reduction Strategies	\$ -	\$ 4.1	\$ 3.7	\$ 3.7	\$ 3.7	\$ 3.7
Compliance and Community Engagement Response	\$ -	\$ 14.3	\$ 11.3	\$ 8.1	\$ 6.4	\$ 6.1
Policy Responses for Uninsured	\$ -	\$ 14.1	\$ 22.6	\$ 23.6	\$ 24.6	\$ 25.1
<i>Expenditure Subtotal</i>	<i>\$ -</i>	<i>\$ 41.8</i>	<i>\$ 72.1</i>	<i>\$ 66.2</i>	<i>\$ 55.8</i>	<i>\$ 47.3</i>
<b>Total Impact</b>	<b>\$ (12.1)</b>	<b>\$ (55.6)</b>	<b>\$ (94.0)</b>	<b>\$ (105.3)</b>	<b>\$ (122.6)</b>	<b>\$ (160.0)</b>

The direct, indirect, and discretionary policy responses to H.R. 1 represent a significant portion of expenditure and revenue changes in the Governor’s budget recommendation and five-year forecast. Taking into account the combined revenue and expenditure impacts, the net fiscal effect is a \$12.1 million increase to the deficit in FY 2026, growing to a \$160.0 million increase by FY 2031.

Net revenue impacts attributable to H.R. 1—including the Governor’s recommendation to partially decouple from certain federal provisions—result in a revenue loss of \$12.1 million in FY 2026, increasing to a \$112.7 million loss by FY 2031.

With respect to revenues, the table reflects impacts beginning in state fiscal year 2026 and thereafter, even though certain provisions of H.R. 1 have retroactive effects reaching back to tax year 2022. Legislative action taken by the Rhode Island General Assembly in the FY 2026 enacted budget to decouple Rhode Island from federal changes generally prevented these retroactive provisions from affecting state tax revenues in TY 2025 and prior years. The Governor’s recommendation makes decoupling permanent with respect to research and development (R&D) expensing, but some other general tax impacts remain.

Health care provider tax impacts are shown separately in the table. Like many states, Rhode Island imposes taxes on certain health care providers, including managed care organizations and hospitals. H.R. 1 imposes several outyear limitations on these taxes; however, for purposes of the five-year forecast, the most significant provision is the phased reduction in the maximum allowable provider tax rate. This change results in a revenue loss of \$12.2 million beginning in FY 2028, growing to more than \$100 million by FY 2031.

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## FY 2027 – FY 2031 OVERVIEW

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Expenditure impacts are driven primarily by changes affecting Rhode Island’s Medical Assistance Program (Medicaid) and the state-administered Supplemental Nutrition Assistance Program (SNAP). The table summarizes the major categories of new expenditures associated with program administration, compliance activities, changes in state and federal cost-sharing requirements under both programs, and discretionary responses related to these programs.

In Medicaid, the state is expected to experience some offsetting savings related to caseload reductions. More restrictive eligibility requirements are expected to result in the loss of benefits for thousands of enrolled individuals. The associated expenditure reductions are not reflected in the table above, as much of the near-term impact has already been incorporated into the Caseload Estimating Conference forecast.

Total expenditures associated with the direct, indirect, and discretionary responses to H.R. 1 are estimated at \$41.8 million in FY 2027, growing to \$47.3 million by FY 2031.

H.R. 1 imposes new constraints on the State Directed Payment (SDP) program. Rhode Island uses the SDP program to provide supplemental hospital stabilization payments administered through managed care organizations. Under prior policy, states could use SDPs to increase hospital Medicaid payments toward parity with commercial insurance rates; H.R. 1 limits this flexibility by requiring SDP payment levels to align more closely with Medicare rates. Although Rhode Island’s existing SDP arrangement is expected to be treated as grandfathered for the near term, phased compliance with the new federal limits will begin impacting the state in FY 2029. As a result, general revenue expenditures are projected to decline by \$11.4 million beginning in FY 2029, growing to \$30.8 million by FY 2031. The corresponding reduction in hospital revenues will be larger when accounting for the loss of associated federal matching funds.

As noted above in the expenditure forecast portion of this document, H.R. 1 imposes increased cost sharing on the Supplemental Nutrition Assistance Program (SNAP) with respect to administration and benefits. State cost-sharing percentages for SNAP benefits will be determined based on future payment error rate (PER) calculations, so this forecast uses an assumption of 7.5 percent to provide an order-of-magnitude estimate of the impact. Given the incentives to reduce the PER and minimize the state cost-share burden, this forecast also reflects the continuation of personnel and technology expenses aimed at reducing the PER.

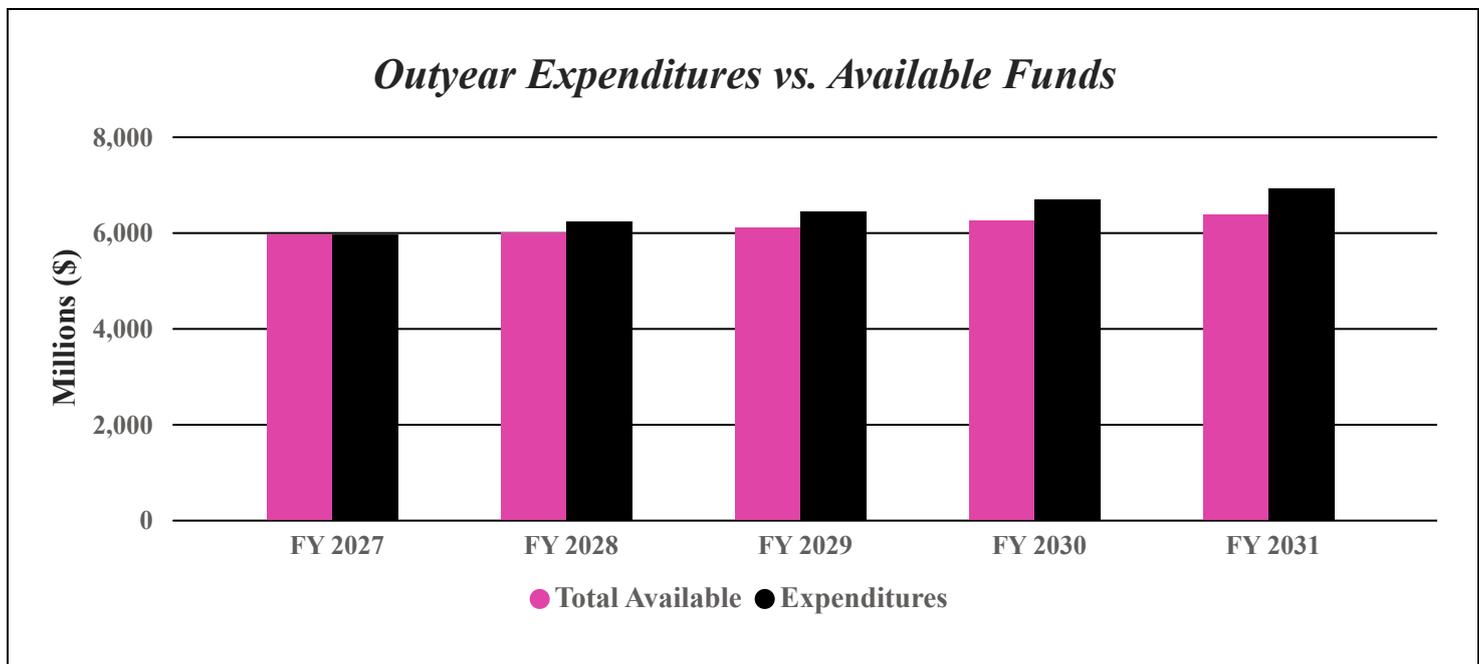
The forecast also includes expenditures related to maintaining compliance with new eligibility redetermination procedures required by H.R. 1, which include maximizing compliance with the community engagement, or so-called “work requirements,” provisions of H.R. 1. This includes operational needs such as IT and systems programming, as well as programmatic investments in tools and strategies to assist Rhode Islanders in maintaining compliance with these requirements.

Finally, caseload projections assume that a large number of Rhode Islanders will lose health benefits coverage as a result of changes to Medicaid under H.R. 1, as well as the expiration of enhanced federal advance premium tax credits under current law. For this reason, the forecast includes the continuation of programs recommended in the Governor’s budget submission that are intended to mitigate the potential impacts of Rhode Islanders losing health care coverage. These mitigation strategies include enhanced state-funded health insurance marketplace subsidies and increased funding for uncompensated care through the Disproportionate Share Hospital (DSH) program.

This remains an evolving policy area and is subject to ongoing federal guidance, rulemaking, and potential legislative action. To the extent that federal authorities and the United States Congress take steps to modify, delay, or clarify the policies enacted under H.R. 1, the fiscal impacts reflected in this forecast may change materially. Accordingly, the estimates presented here should be viewed as subject to revision as additional information becomes available. State policymakers must therefore closely monitor federal developments affecting state revenues, expenditures, and program administration.

# General Revenue Outyear Estimates FY 2027 - FY 2031

	Gov Recommend FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
<b>Opening Surplus*</b>	96.2	0.8	0.0	0.0	0.0
Budget Stabilization Fund	(184.2)	(185.3)	(188.8)	(192.8)	(197.0)
Other Sources	497.7	492.9	502.6	503.0	504.4
Taxes and Departmentals	5,545.8	5,683.9	5,790.5	5,924.8	6,062.3
<b>Total Available</b>	<b>5,955.5</b>	<b>5,992.3</b>	<b>6,104.3</b>	<b>6,235.0</b>	<b>6,369.7</b>
<b>Minus Expenditures</b>	<b>5,954.7</b>	<b>6,229.7</b>	<b>6,425.6</b>	<b>6,676.9</b>	<b>6,906.6</b>
<b>Equals Ending Balance</b>	<b>0.8</b>	<b>(237.4)</b>	<b>(321.3)</b>	<b>(441.8)</b>	<b>(537.0)</b>
<i><b>Operating Surplus or Deficit</b></i>	<i><b>(95.4)</b></i>	<i><b>(238.2)</b></i>	<i><b>(321.3)</b></i>	<i><b>(441.8)</b></i>	<i><b>(537.0)</b></i>
Budget & Cash Stabilization Balance	307.0	308.9	314.7	321.4	328.3
<b>Disbursements to Rhode Island Capital Fund</b>	<b>180.4</b>	<b>183.4</b>	<b>183.0</b>	<b>186.1</b>	<b>190.1</b>



\*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 2027	FY 2028	FY 2029	FY 2030	FY 2031
<b>Personal Income Tax</b>	<b>\$2,189,222,782</b>	<b>\$2,258,915,596</b>	<b>\$2,295,079,780</b>	<b>\$2,343,184,239</b>	<b>\$2,417,573,965</b>
Business Corporations	357,106,985	392,940,780	421,294,398	449,183,712	475,020,386
Public Utilities	115,507,651	115,878,190	115,578,152	115,153,945	115,089,750
Financial Institutions	16,777,224	16,818,374	18,495,748	19,670,685	20,601,264
Insurance Companies	185,308,289	192,630,986	201,232,538	200,450,230	183,578,280
Bank Deposits	5,400,000	5,719,680	6,037,694	6,387,880	6,764,127
Health Care Provider	49,773,782	51,785,756	54,987,261	58,357,267	61,980,023
<b>General Business Taxes</b>	<b>\$729,873,931</b>	<b>\$775,773,765</b>	<b>\$817,625,792</b>	<b>\$849,203,720</b>	<b>\$863,033,830</b>
Sales and Use	1,778,600,791	1,822,811,114	1,873,257,377	1,930,080,824	1,994,530,173
Cigarettes	119,261,038	109,578,625	105,206,808	100,917,125	96,848,253
Alcohol	20,200,000	20,200,000	20,200,000	20,200,000	20,200,000
<b>Sales and Use Taxes</b>	<b>\$1,918,061,829</b>	<b>\$1,952,589,740</b>	<b>\$1,998,664,185</b>	<b>\$2,051,197,949</b>	<b>\$2,111,578,426</b>
Estate and Transfer	96,225,325	87,800,000	88,200,000	93,600,000	100,300,000
Racing and Athletics	700,000	700,000	700,000	700,000	700,000
Realty Transfer Tax	30,100,000	32,830,045	35,088,291	37,750,185	40,473,374
<b>Other Taxes</b>	<b>\$127,025,325</b>	<b>\$121,330,045</b>	<b>\$123,988,291</b>	<b>\$132,050,185</b>	<b>\$141,473,374</b>
<b>Total Taxes</b>	<b>\$4,964,183,867</b>	<b>\$5,108,609,146</b>	<b>\$5,235,358,048</b>	<b>\$5,375,636,094</b>	<b>\$5,533,659,595</b>
Departmental Receipts	581,602,939	575,314,876	555,101,170	549,177,690	528,619,003
<b>Taxes and Departmentals</b>	<b>\$5,545,786,806</b>	<b>\$5,683,924,021</b>	<b>\$5,790,459,219</b>	<b>\$5,924,813,785</b>	<b>\$6,062,278,598</b>
Other Miscellaneous	20,100,000	14,330,408	21,354,156	21,146,649	20,827,927
Lottery Commission Receipts	453,100,000	453,500,000	455,700,000	455,900,000	457,100,000
Unclaimed Property	24,500,000	25,071,903	25,543,011	25,994,697	26,457,438
<b>Other Sources</b>	<b>\$497,700,000</b>	<b>\$492,902,312</b>	<b>\$502,597,167</b>	<b>\$503,041,345</b>	<b>\$504,385,365</b>
<b>Total General Revenues</b>	<b>\$6,043,486,806</b>	<b>\$6,176,826,333</b>	<b>\$6,293,056,386</b>	<b>\$6,427,855,130</b>	<b>\$6,566,663,963</b>

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## General Revenue Outyear Estimates - Percentage Changes

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	Gov Recommended				
	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
<b>Personal Income Tax</b>	<b>6.5%</b>	<b>3.2%</b>	<b>1.6%</b>	<b>2.1%</b>	<b>3.2%</b>
Business Corporations	5.2%	10.0%	7.2%	6.6%	5.8%
Public Utilities	0.4%	0.3%	(0.3%)	(0.4%)	(0.1%)
Financial Institutions	45.9%	0.2%	10.0%	6.4%	4.7%
Insurance Companies	4.8%	4.0%	4.5%	(0.4%)	(8.4%)
Bank Deposits	3.8%	5.9%	5.6%	5.8%	5.9%
Health Care Provider	6.4%	4.0%	6.2%	6.1%	6.2%
<b>General Business Taxes</b>	<b>5.0%</b>	<b>6.3%</b>	<b>5.4%</b>	<b>3.9%</b>	<b>1.6%</b>
Alcohol	1.0%	0.0%	0.0%	0.0%	0.0%
Cigarettes	4.2%	(8.1%)	(4.0%)	(4.1%)	(4.0%)
Sales and Use	3.0%	2.5%	2.8%	3.0%	3.3%
<b>Sales and Use Taxes</b>	<b>3.1%</b>	<b>1.8%</b>	<b>2.4%</b>	<b>2.6%</b>	<b>2.9%</b>
Realty Transfer Tax	13.6%	9.1%	6.9%	7.6%	7.2%
Racing and Athletics	0.0%	0.0%	0.0%	0.0%	0.0%
Estate and Transfer	(2.6%)	(8.8%)	0.5%	6.1%	7.2%
<b>Other Taxes</b>	<b>0.8%</b>	<b>(4.5%)</b>	<b>2.2%</b>	<b>6.5%</b>	<b>7.1%</b>
<b>Total Taxes</b>	<b>4.8%</b>	<b>2.9%</b>	<b>2.5%</b>	<b>2.7%</b>	<b>2.9%</b>
Departmental Receipts	1.2%	(1.1%)	(3.5%)	(1.1%)	(3.7%)
<b>Taxes and Departmentals</b>	<b>4.4%</b>	<b>2.5%</b>	<b>1.9%</b>	<b>2.3%</b>	<b>2.3%</b>
Unclaimed Property	(15.5%)	2.3%	1.9%	1.8%	1.8%
Lottery Commission Receipts	0.4%	0.1%	0.5%	0.0%	0.3%
Other Miscellaneous	(32.6%)	(28.7%)	49.0%	(1.0%)	(1.5%)
<b>Other Sources</b>	<b>(2.4%)</b>	<b>(1.0%)</b>	<b>2.0%</b>	<b>0.1%</b>	<b>0.3%</b>
<b>Total General Revenues</b>	<b>3.8%</b>	<b>2.2%</b>	<b>1.9%</b>	<b>2.1%</b>	<b>2.2%</b>

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# General Revenue Outyear Expenditure Estimates

State Operations	Gov Recommended				
	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Personnel and Contract Services	1,544,966,823	1,584,237,948	1,618,988,871	1,653,005,530	1,688,323,052
Other State Operations/Capital	150,665,589	157,593,063	163,299,596	168,770,866	174,376,056
Impact of Initiatives/Other Changes	-	(285,288)	737,159	(9,948,862)	(4,862,954)
<b>Subtotal</b>	<b>1,695,632,412</b>	<b>1,741,545,723</b>	<b>1,783,025,626</b>	<b>1,811,827,533</b>	<b>1,857,836,155</b>
<b>Grants and Benefits</b>					
<b>Executive Office of Health and Human Services</b>					
Hospitals	137,128,974	155,891,253	152,915,588	150,053,675	148,560,771
Managed Care	729,231,359	770,108,496	802,827,832	833,350,739	865,863,610
Nursing Care	200,251,776	212,647,361	225,618,850	239,720,028	254,534,726
Home Care (HCBS)	128,212,807	144,735,744	157,341,757	169,224,863	182,099,767
Other Medicaid	52,015,040	55,043,649	57,413,444	59,599,218	61,927,494
Pharmacy	881,507	934,926	990,835	1,051,672	1,114,983
Clawback	98,100,000	104,044,860	110,266,743	117,037,121	124,082,756
DSH	10,083,410	10,754,965	11,403,489	11,964,541	12,550,804
ACA - MA Population Expansion	76,927,969	80,518,360	83,751,404	86,925,425	90,305,581
<b>Department of Human Services</b>					
DEA Medicaid/CNOM	4,463,229	5,077,424	5,531,278	5,950,929	6,405,605
Cash Assistance - RIW/CCAP/GPA	9,784,221	10,509,231	11,264,845	12,089,432	12,982,840
Cash Assistance - SSI	16,569,000	17,796,763	19,076,350	20,472,739	21,985,674
SNAP	-	21,476,152	29,172,926	29,688,800	30,217,301
<b>Department of Children, Youth &amp; Families</b>					
Children & Family Services	160,614,878	170,942,960	181,659,422	193,245,993	205,766,604
<b>Department of Behavioral Healthcare, Developmental Disabilities &amp; Hospitals</b>					
Developmental Disabilities - Private	205,432,297	231,520,761	251,570,481	270,551,282	291,116,275
Developmental Disabilities - RICLAS	15,065,466	16,181,817	17,345,290	18,614,966	19,990,612
Eleanor Slater Hospital	52,297,174	55,780,167	59,143,711	62,053,583	65,094,208
<b>Higher Education</b>					
Rhode Island Promise Scholarship	8,061,950	8,250,140	8,405,162	8,553,794	8,706,063
Hope Scholarship	7,062,826	7,227,694	7,363,504	7,493,715	7,627,113
Last Dollar Scholarship & Dual Enrollment	6,495,000	6,495,000	6,495,000	6,495,000	6,495,000
<b>Other Grants and Benefits</b>	<b>157,277,296</b>	<b>160,948,620</b>	<b>164,705,643</b>	<b>168,550,367</b>	<b>172,484,838</b>
<b>Subtotal</b>	<b>2,075,956,179</b>	<b>2,246,886,343</b>	<b>2,364,263,553</b>	<b>2,472,687,882</b>	<b>2,589,912,627</b>

## General Revenue Outyear Expenditure Estimates (Cont.)

Local Aid	Gov Recommended				
	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Education Aid	1,615,128,638	1,687,681,518	1,745,565,874	1,837,817,153	1,884,328,360
Motor Vehicle Tax Reimbursements	239,550,236	239,550,236	239,550,236	239,550,236	239,550,236
PILOT	49,049,142	49,049,142	49,049,142	49,049,142	49,049,142
Tangible Property Tax Reimbursement	25,908,469	25,908,469	25,908,469	25,908,469	25,908,469
Distressed Communities	14,884,458	14,884,458	14,884,458	14,884,458	14,884,458
Library Aid	12,095,022	12,095,022	12,095,022	12,095,022	12,095,022
Library Construction Aid	2,097,515	2,097,515	2,097,515	2,097,515	2,097,515
Property Revaluation Program	826,038	826,038	826,038	826,038	826,038
Central Falls Pension Plan	195,000	195,000	195,000	195,000	195,000
<b>Subtotal</b>	<b>1,959,734,518</b>	<b>2,032,287,398</b>	<b>2,090,171,754</b>	<b>2,182,423,032</b>	<b>2,228,934,240</b>
<b>Capital</b>					
<b>General Revenue Debt Service</b>					
General Obligation (General Revenue)	169,679,993	172,110,609	161,159,219	185,352,612	206,221,197
Central Falls School Project	10,826,488	10,823,988	10,820,738	10,821,238	10,819,738
Historic Tax Credit Program	9,892,534	9,895,853	-	-	-
COPS/Other Leases	8,602,075	8,626,932	8,682,932	6,262,120	5,432,682
Convention Center Debt	23,339,190	7,399,816	7,399,621	7,397,376	7,398,466
Performance Based	954,054	-	-	-	-
IRBA Obligations	105,094	105,094	90,000	90,000	90,000
<b>Other Debt Service</b>					
General Obligation (Gas Tax/HMA)	[27,630,704]	[26,806,289]	[21,238,685]	[21,233,674]	[11,597,474]
<b>Subtotal</b>	<b>223,399,428</b>	<b>208,962,292</b>	<b>188,152,510</b>	<b>209,923,346</b>	<b>229,962,083</b>
<b>Total Expenditures</b>	<b>5,954,722,537</b>	<b>6,229,681,755</b>	<b>6,425,613,443</b>	<b>6,676,861,794</b>	<b>6,906,645,104</b>

# General Revenue Outyear Planning Values

Revenue and Economic Inflat	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Personal Income <sup>1</sup>	4.3%	3.5%	3.4%	3.7%	3.8%
Nonfarm Employment <sup>1</sup>	(0.1%)	0.0%	0.1%	0.3%	0.4%
CPI-U (U.S.) <sup>1</sup>	3.3%	2.3%	1.9%	1.8%	1.8%
Personal Income Tax Revenue <sup>2</sup>	6.5%	3.2%	1.6%	2.1%	3.2%
Business Corporations Tax <sup>2</sup>	5.2%	10.0%	7.2%	6.6%	5.8%
Provider Tax <sup>2</sup>	4.2%	2.2%	2.4%	(8.4%)	(30.5%)
Sales Tax <sup>2</sup>	3.0%	2.5%	2.8%	3.0%	3.3%
Other Taxes and Departmentals <sup>3</sup>	2.4%	(1.2%)	(0.9%)	0.7%	(0.4%)
U.S. Federal Funds Rate <sup>4</sup>	2.9%	2.9%	3.0%	2.8%	2.7%
<b>Personnel Inflat</b>					
Personnel Cost Growth <sup>5</sup>	3.0%	2.3%	1.9%	1.8%	1.8%
Medical Benefits Growth Rate <sup>6</sup>	7.4%	6.4%	6.3%	5.8%	5.8%
Dental Benefits Growth Rate <sup>6</sup>	1.4%	2.5%	3.0%	3.0%	3.0%
Vision Benefits Growth Rate <sup>6</sup>	(0.5%)	2.5%	3.0%	3.0%	3.0%
Retiree Health Rates <sup>7</sup>	3.1%	3.1%	3.1%	3.1%	3.1%
ERSRI Employer Retirement Contributions <sup>8</sup>	28.0%	27.5%	27.2%	27.0%	26.8%
<b>NHE Medicaid Expenditure Inflat</b>					
Managed Care & Other Medicaid <sup>9</sup>	3.3%	3.9%	3.8%	3.8%	3.9%
Hospital Care <sup>9</sup>	5.7%	6.7%	6.0%	4.9%	4.9%
Home Health Care <sup>9</sup>	8.0%	7.4%	7.2%	7.3%	7.4%
Pharmaceuticals <sup>9</sup>	6.7%	6.1%	6.0%	6.1%	6.0%
Nursing Home Care <sup>9</sup>	6.8%	6.2%	6.1%	6.3%	6.2%

1. November 2025 Consensus Economic Forecast based on Moody's Analytics Rhode Island Forecast adopted at the November 2025 REC.
2. Growth in estimates for FY 2027 as adopted at the November 2025 REC, inclusive of the Governor's proposals, Budget Office estimated growth for FY 2027 - FY 2030.
3. Growth in estimates for FY 2027 as adopted at the November 2025 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. Moody's Analytics Rhode Island Forecast as prepared for November 2025 Revenue Estimating Conference.
5. Adopted COLA in FY 2027, CPI-U in FY 2028 through FY 2031.
6. Segal Projected Medical/Rx, Dental, and Vision Rate Supplemental Projections, September 2025.
7. State of Rhode Island Budget Office Estimate consistent with current actuarial rate.
8. Estimate of actuarially required contribution based upon a percentage of payroll, ERSRI Actuarial Valuation as of June 30, 2025.
9. 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 2026		FY 2027	
	FTE	Cost	FTE	Cost
Classified	9,586.9	808,302,424	9,643.0	848,691,481
Non-Classified	3,715.8	373,573,168	3,718.8	386,599,126
Unclassified	2,629.0	268,739,688	2,634.0	280,612,348
<b>Subtotal</b>	<b>15,931.8</b>	<b>1,450,615,280</b>	<b>15,995.8</b>	<b>1,515,902,955</b>
Transfer Out		(99,155)		(103,578)
Transfer In		99,155		103,578
Salaries Adjustment		(2,975,540)		(1,308,475)
Other Adjustments		(47,470,227)		(52,434,299)
Overtime		109,953,081		108,297,821
Seasonal/Special Salaries/Wages		111,753,428		115,906,515
Turnover		(86,725,580)		(91,800,426)
<b>Total Salaries</b>		<b>1,551,537,534</b>		<b>1,610,951,183</b>
<b>Benefits</b>				
FICA		101,472,192		105,809,388
Health Benefits		267,179,603		286,627,432
Holiday		12,418,682		13,505,174
Other		421,290		428,004
Payroll Accrual		7,280,725		7,517,599
Retiree Health		39,766,723		40,591,513
Retirement		342,414,580		347,601,551
Workers Compensation		266,296		266,296
<b>Subtotal</b>		<b>771,220,091</b>		<b>802,346,957</b>
<b>Total Salaries and Benefits</b>	<b>15,931.7</b>	<b>2,322,757,625</b>	<b>15,995.8</b>	<b>2,413,298,140</b>
<b>Cost Per FTE Position (Excluding Temporary and Seasonal)</b>		<b>145,804</b>		<b>150,881</b>
Statewide Benefit Assessment		36,161,920		38,721,518
<b>Payroll Costs</b>	<b>15,931.7</b>	<b>2,358,919,545</b>	<b>15,995.8</b>	<b>2,452,019,658</b>
<b>Purchased Services</b>				
Buildings and Ground Maintenance		11,100,253		11,142,731
Clerical and Temporary Services		43,655,119		42,948,300
Design and Engineering Services		75,560,434		72,804,483
Information Technology		119,054,474		210,252,961
Legal Services		11,403,772		11,084,395
Management & Consultant Services		128,263,609		115,745,262
Medical Services		27,227,134		26,703,738
Other Contracts		18,745,214		18,278,879
Training and Educational Services		102,213,075		97,844,108
University and College Services		31,315,792		30,341,832
<b>Subtotal</b>		<b>568,538,876</b>		<b>637,146,689</b>

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## Personnel Agency Summary

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### Statewide Summary

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	FY 2026		FY 2027	
	FTE	Cost	FTE	Cost
<b>Total Personnel</b>	<b>15,931.7</b>	<b>2,927,458,421</b>	<b>15,995.8</b>	<b>3,089,166,347</b>
<b>Distribution by Source of Funds</b>				
General Revenue	8,681.9	1,462,271,671	8,696.9	1,544,727,950
Federal Funds	1,232.6	576,623,706	1,237.6	644,743,085
Restricted Receipts	495.7	236,027,925	505.7	231,463,375
Operating Transfers from Other Funds	18.0	11,606,051	18.0	11,822,435
Other Funds	5,503.5	640,929,068	5,537.5	656,409,502
<b>Total All Funds</b>	<b>15,931.7</b>	<b>2,927,458,421</b>	<b>15,995.8</b>	<b>3,089,166,347</b>

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Please refer to the “Technical Appendix - Appendix B: Changes in Budgeting Practices and Presentation” under Behavioral Healthcare, Developmental Disabilities and Hospitals under Health and Human Services for information regarding a change in budgeting practices within Department of Behavioral Health, Developmental Disabilities and Hospitals in FY 2026 and FY 2027.

**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 2026 Budget provides \$51.3 million for PILOT, a level equal to the enacted FY 2026 Budget, corresponding to a funding rate of 27.0 percent, and PILOT is funded at \$49.2 million in the FY 2027 recommendation, a rate of 27.0 percent. Data used to determine distribution amounts is updated annually to reflect the most recent data. The FY 2027 recommendation reflects a fully funded program yet constitutes a decrease in the overall level of funding from FY 2026. This reduction results from updated reimbursements to a large community that recently conducted a property reevaluation and subsequently reduced property tax rates.

**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 2026 Budget provides \$14.9 million for the program, a level equal to the enacted FY 2026 Budget, and the program is financed at \$14.9 million in the FY 2027 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 2026 Budget funds the program at \$712,390, a level equal to the enacted FY 2026 Budget. The proposed FY 2027 Budget funds the program at \$826,038 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 \$12.1 million in the revised FY 2026 Budget, and at \$12.1 million in the recommended FY 2027 Budget. Funding for Library Construction Aid is provided at \$2.1 million in the revised FY 2026 Budget and \$2.1 million in the recommended FY 2027 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.

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 2025 General Assembly capped the annual growth of the reimbursement amount at 2.0 percent.

The Motor Vehicle Excise Tax Phase-Out is financed at \$239.6 million in the revised FY 2026 Budget, which matches the enacted level, and at \$239.6 million in the recommended FY 2027 Budget. The FY 2027 recommendation reflects the elimination of the inflator used to grow the reimbursement aid stream.

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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 \$25.9 million in the final enacted FY 2025 Budget, an amount that is not recalculated. The revised FY 2026 Budget provides \$25.9 million, equal to the enacted FY 2026 Budget. The recommended FY 2027 Budget provides \$25.9 million in general revenue to fully finance 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 2026 Budget totaled \$15.7 million, and the proposed FY 2027 Budget disbursements are estimated to be \$13.2 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. The 2025 General Assembly raised the local hotel tax from 1.0 percent to 2.0 percent.

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. The Governor's recommended FY 2026 Budget proposed 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 were to be dedicated to the Housing Resources and Homelessness restricted receipt account. The 2025 General Assembly concurred with the Governor's recommendation of imposing a 5.0 percent whole-home short-term rental tax, however allocated 50.0 percent of revenues to the Housing Resources and Homelessness restricted receipt account, with 25.0 percent each allocated to the municipality and tourism district in which the rental occurred.

For the revised FY 2026 Budget, the combined distributions to municipalities from the municipal share of State and local hotel tax revenue is estimated to total \$19.2 million. For the proposed FY 2027 Budget, distributions to municipalities from the municipal share of State and local hotel tax revenue is estimated to total \$24.8 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 \$43.2 million in the revised FY 2026 Budget and \$45.1 million in the proposed FY 2027 Budget.

## SUMMARY OF FORMULA AID TO CITIES AND TOWNS

	FY 2024 Actual	FY 2025 Actual	FY 2026 Revised	FY 2027 Recommended
Public Service Corporation Tax	14,471,968	15,482,934	15,681,726	13,208,207
Meals and Beverage Tax	38,407,469	45,859,759	43,240,390	45,142,968
Hotel Tax (4.50%) <sup>1</sup>	13,621,507	14,546,842	19,168,441	24,814,923
Payment In Lieu of Taxes (PILOT)	49,201,412	49,201,412	51,317,647	49,049,142
<b>Total Miscellaneous Aid</b>	<b>\$115,702,356</b>	<b>\$125,090,947</b>	<b>\$129,408,204</b>	<b>\$132,215,239</b>
Dist. Comm. - General Appropriation	12,384,458	12,384,458	14,884,458	14,884,458
<b>Total Distressed Communities Aid</b>	<b>\$12,384,458</b>	<b>\$12,384,458</b>	<b>\$14,884,458</b>	<b>\$14,884,458</b>
Motor Vehicle Tax Phase-out Program <sup>2</sup>	234,712,307	234,712,313	239,550,236	239,550,236
<b>Total Motor Vehicle Tax Phase-out Prog.</b>	<b>\$234,712,307</b>	<b>\$234,712,313</b>	<b>\$239,550,236</b>	<b>\$239,550,236</b>
Tangible Property Reimbursement	0	25,908,469	25,908,469	25,908,469
<b>Total Tangible Property Reimbursement</b>	<b>\$0</b>	<b>\$25,908,469</b>	<b>\$25,908,469</b>	<b>\$25,908,469</b>
<b>Subtotal Formula Aid - All Sources</b>	<b>\$362,799,121</b>	<b>\$398,096,187</b>	<b>\$409,751,367</b>	<b>\$412,558,402</b>
<b>Percent Change from prior year</b>	<b>2.19%</b>	<b>9.73%</b>	<b>2.93%</b>	<b>0.69%</b>
Resource Sharing & Library Aid <sup>3</sup>	11,475,314	11,853,403	12,095,022	12,095,022
Library Construction Aid	1,909,317	2,232,819	2,115,628	2,097,515
<b>Total Library Aid</b>	<b>\$13,384,631</b>	<b>\$14,086,222</b>	<b>\$14,210,650</b>	<b>\$14,192,537</b>
Property Revaluation Program	691,884	1,381,306	712,390	826,038
<b>Total Other Aid</b>	<b>\$691,884</b>	<b>\$1,381,306</b>	<b>\$712,390</b>	<b>\$826,038</b>
<b>Total Aid</b>	<b>\$376,875,636</b>	<b>\$413,563,715</b>	<b>\$424,674,407</b>	<b>\$427,576,977</b>
<b>Percent Change from prior year</b>	<b>2.32%</b>	<b>9.73%</b>	<b>2.69%</b>	<b>0.68%</b>

<sup>1</sup> Municipalities receive a 25.0 percent local share of the 5.0 percent state traditional hotel tax. The local hotel tax increased by 1.0 percent, from 1.0 percent to 2.0 percent on January 1, 2026. Additionally, municipalities receive a 25.0 percent local share of the 5.0 percent state whole-home rental tax (effective January 1, 2026).

<sup>2</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>3</sup> Resource Sharing and Library Aid for state institutions is included in these totals.

## Fiscal Year 2026 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	Total Appropriated State Aid
Barrington	18,467		363,559	6,013,312	83,638	6,478,976
Bristol	1,388,333		228,644	2,970,720	147,284	4,734,981
Burrillville	64,050		226,290	5,150,845	72,656	5,513,841
Central Falls		305,400	37,420	2,132,210	351,907	2,826,938
Charlestown			70,183	1,030,171	18,324	1,118,678
Coventry		804,459	270,579	5,989,355	365,715	7,430,108
Cranston	3,525,471		845,964	22,783,506	1,738,596	28,893,537
Cumberland			379,507	6,204,972	505,178	7,089,656
East Greenwich	961,042		151,498	2,467,614	546,636	4,126,790
East Providence	312,444		514,759	11,667,263	1,883,783	14,378,249
Exeter			69,192	2,275,955	53,418	2,398,565
Foster			44,961	1,677,019	100,687	1,822,668
Glocester			99,782	2,419,699	203,566	2,723,047
Hopkinton			45,698	1,653,062	189,737	1,888,497
Jamestown			121,905	646,850	23,473	792,228
Johnston			137,708	10,589,179	1,391,119	12,118,006
Lincoln			272,688	5,797,695	483,036	6,553,420
Little Compton			48,338	383,319	35,997	467,654
Middletown			180,903	2,012,423	300,020	2,493,347
Narragansett			213,764	1,868,679	77,223	2,159,665
Newport	1,483,160		516,192	2,275,955	304,205	4,579,511
New Shoreham			112,867	167,702	14,181	294,751
North Kingstown	51		365,865	5,486,249	329,980	6,182,144
North Providence		1,275,820	246,816	9,822,542	907,238	12,252,416
North Smithfield			98,311	4,480,037	449,370	5,027,719
Pawtucket	2,622	2,021,793	526,294	16,842,066	1,377,212	20,769,987
Portsmouth			144,364	2,467,614	168,858	2,780,837
Providence	39,807,256	8,185,589	1,501,739	34,834,087	6,101,330	90,430,003
Richmond			30,114	1,485,360	104,948	1,620,422
Scituate			145,945	2,012,423	146,895	2,305,263
Smithfield	1,298,117		382,758	7,235,141	1,331,050	10,247,065
South Kingstown	188,759		280,456	4,000,889	211,379	4,681,482
Tiverton			153,750	1,772,849	153,001	2,079,600
Warren			79,754	2,132,210	179,960	2,391,924
Warwick	1,746,777		927,993	25,778,183	3,080,934	31,533,887
Westerly	156,006		463,542	5,893,525	485,171	6,998,244
West Greenwich			74,315	1,365,573	163,578	1,603,466
West Warwick		1,295,536	231,839	5,797,695	829,938	8,155,008
Woonsocket	365,090	995,860	237,964	9,511,095	834,588	11,944,597
<b>Subtotal</b>	<b>51,317,647</b>	<b>14,884,458</b>	<b>\$10,844,217</b>	<b>\$239,095,045</b>	<b>25,745,809</b>	<b>341,887,175</b>
Distribution to Fire Districts				455,191	162,660	617,851
Statewide Reference Library Resource Grant			1,169,541			1,169,541
Grant-In-Aid to Institutional Libraries			81,264			81,264
Library Construction Reimbursement			2,115,628			2,115,628
<b>Total</b>	<b>\$51,317,647</b>	<b>\$14,884,458</b>	<b>\$14,210,650</b>	<b>\$239,550,236</b>	<b>\$25,908,469</b>	<b>\$345,871,460</b>

(1) The FY 2026 Motor Vehicle distribution above is an estimate based on the calculation specified in R.I. Gen. Laws § 44-34.1-2(c), as amended by the FY 2026 Enacted Budget. The actual distribution won't be known until the state's FY 2025 audit is finalized.

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

City or Town	Public Service Corporation Tax	Hotel and Whole-home Rental Taxes <sup>(1) (2)</sup>	Meals and Beverage Tax <sup>(2)</sup>	Total Shared Taxes State Aid	Total Shared & Appropriated Aid
Barrington	244,996	5,387	269,263	519,646	6,998,622
Bristol	319,498	128,673	767,603	1,215,774	5,950,755
Burrillville	232,541	417	282,469	515,427	6,029,268
Central Falls	321,846	925	307,068	629,839	3,456,776
Charlestown	114,774	167,601	248,146	530,521	1,649,199
Coventry	511,910	152,380	637,479	1,301,769	8,731,877
Cranston	1,182,989	47,821	3,068,495	4,299,305	33,192,842
Cumberland	520,972	1,273	746,455	1,268,701	8,358,357
East Greenwich	206,256	5,299	1,197,687	1,409,242	5,536,032
East Providence	672,439	100,748	1,608,541	2,381,729	16,759,978
Exeter	101,646	1,072	170,147	272,866	2,671,431
Foster	64,152	2,375	18,550	85,077	1,907,745
Glocester	144,123	4,043	146,403	294,570	3,017,616
Hopkinton	120,558	3,611	59,983	184,152	2,072,649
Jamestown	79,384	95,032	166,236	340,652	1,132,881
Johnston	423,177	21,645	1,150,701	1,595,523	13,713,529
Lincoln	323,135	314,208	1,064,131	1,701,473	8,254,893
Little Compton	51,553	65,292	53,884	170,729	638,383
Middletown	242,233	2,058,686	1,244,525	3,545,443	6,038,790
Narragansett	208,160	620,520	1,057,845	1,886,525	4,046,190
Newport	358,324	5,495,573	3,827,178	9,681,075	14,260,587
New Shoreham	11,868	1,269,354	597,648	1,878,871	2,173,621
North Kingstown	397,079	201,141	972,163	1,570,382	7,752,527
North Providence	485,897	4,603	805,398	1,295,897	13,548,313
North Smithfield	180,143	7,859	499,740	687,742	5,715,460
Pawtucket	1,077,736	140,555	1,414,667	2,632,958	23,402,945
Portsmouth	253,972	51,009	488,454	793,435	3,574,272
Providence	2,723,172	3,175,562	8,883,221	14,781,955	105,211,958
Richmond	116,063	75,702	256,317	448,082	2,068,504
Scituate	149,134	13,538	113,758	276,429	2,581,691
Smithfield	316,034	314,764	1,319,495	1,950,293	12,197,358
South Kingstown	458,195	500,443	1,297,687	2,256,325	6,937,807
Tiverton	232,784	12,010	481,166	725,960	2,805,560
Warren	159,456	4,913	611,238	775,607	3,167,532
Warwick	1,186,411	1,799,078	4,305,759	7,291,249	38,825,136
Westerly	333,829	1,816,466	1,464,208	3,614,502	10,612,746
West Greenwich	94,459	180,951	179,213	454,624	2,058,090
West Warwick	444,165	223,755	601,144	1,269,064	9,424,073
Woonsocket	616,663	84,156	856,325	1,557,144	13,501,741
<b>Subtotal</b>	<b>15,681,726</b>	<b>\$19,168,441</b>	<b>\$43,240,390</b>	<b>\$78,090,557</b>	<b>\$419,977,732</b>
Distribution to Fire Districts					617,851
Statewide Reference Library Resource Grant					1,169,541
Grant-In-Aid to Institutional Libraries					81,264
Library Construction Reimbursement					2,115,628
<b>Total</b>	<b>\$15,681,726</b>	<b>\$19,168,441</b>	<b>\$43,240,390</b>	<b>\$78,090,557</b>	<b>\$423,962,017</b>

(1) Amount includes 1% local tax (which increases to 2% on January 1, 2026), 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, and 25.0% local share of the 5.0% whole-home rental tax (effective January 1, 2026).

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

## Fiscal Year 2027 Proposed State Aid to Cities and Towns

City or Town	Payment In Lieu of Tax Exempt Property	Distressed Community Relief Fund <sup>(1)</sup>	State Library Aid	Motor Vehicle Excise Tax Reimbursement <sup>(2)</sup>	Tangible Property Reimbursement	Total Appropriated State Aid
Barrington	19,206		376,927	6,013,312	83,638	6,493,083
Bristol	1,272,090		251,792	2,970,720	147,284	4,641,886
Burrillville	45,450		235,858	5,150,845	72,656	5,504,808
Central Falls		283,906	36,269	2,132,210	351,907	2,804,291
Charlestown			69,649	1,030,171	18,324	1,118,144
Coventry		1,581,883	276,371	5,989,355	365,715	8,213,323
Cranston	3,594,530		836,564	22,783,506	1,738,596	28,953,196
Cumberland			365,928	6,204,972	505,178	7,076,077
East Greenwich	961,042		153,754	2,467,614	546,636	4,129,046
East Providence	308,356		558,389	11,667,263	1,883,783	14,417,791
Exeter			69,070	2,275,955	53,418	2,398,442
Foster			44,766	1,677,019	100,687	1,822,472
Glocester			98,664	2,419,699	203,566	2,721,929
Hopkinton			46,228	1,653,062	189,737	1,889,027
Jamestown			121,561	646,850	23,473	791,884
Johnston			142,931	10,589,179	1,391,119	12,123,230
Lincoln			261,987	5,797,695	483,036	6,542,718
Little Compton			46,549	383,319	35,997	465,865
Middletown			178,976	2,012,423	300,020	2,491,420
Narragansett			232,183	1,868,679	77,223	2,178,084
Newport	1,526,284		497,037	2,275,955	304,205	4,603,481
New Shoreham			113,857	167,702	14,181	295,740
North Kingstown	55		365,353	5,486,249	329,980	6,181,637
North Providence		1,165,297	257,982	9,822,542	907,238	12,153,059
North Smithfield			99,527	4,480,037	449,370	5,028,935
Pawtucket	2,793	1,930,433	514,187	16,842,066	1,377,212	20,666,690
Portsmouth			140,557	2,467,614	168,858	2,777,029
Providence	37,144,858	7,781,873	1,465,947	34,834,087	6,101,330	87,328,096
Richmond			30,870	1,485,360	104,948	1,621,179
Scituate			146,121	2,012,423	146,895	2,305,439
Smithfield	1,802,349		374,151	7,235,141	1,331,050	10,742,690
South Kingstown	169,364		275,273	4,000,889	211,379	4,656,905
Tiverton			155,476	1,772,849	153,001	2,081,326
Warren			76,419	2,132,210	179,960	2,388,590
Warwick	1,756,150		911,167	25,778,183	3,080,934	31,526,434
Westerly	125,925		456,644	5,893,525	485,171	6,961,265
West Greenwich			75,672	1,365,573	163,578	1,604,823
West Warwick		1,198,228	231,924	5,797,695	829,938	8,057,785
Woonsocket	320,690	942,838	251,637	9,511,095	834,588	11,860,848
<b>Subtotal</b>	<b>49,049,142</b>	<b>\$14,884,458</b>	<b>\$10,844,217</b>	<b>\$239,095,045</b>	<b>\$25,745,809</b>	<b>\$339,618,671</b>
Distribution to Fire Districts				\$455,191	\$162,660	617,851
Statewide Reference Library Resource Grant			1,169,541			1,169,541
Grant-In-Aid to Institutional Libraries			81,264			81,264
Library Construction Reimbursement			2,097,515			2,097,515
<b>Total</b>	<b>\$49,049,142</b>	<b>\$14,884,458</b>	<b>\$14,192,538</b>	<b>\$239,550,236</b>	<b>\$25,908,469</b>	<b>\$343,584,842</b>

(1) Data reflects the 2024 Census; 2025 census data will be released January 2026 and the FY 2027 Proposed distribution is an estimate which may change once the final Census data and total enacted statewide appropriation are known.

(2) The FY 2027 Motor Vehicle Excise Tax reimbursement is an estimate based on the Governor's proposed Budget Article 4 which requires that the amount distributed for FY 2027 be equal to the distribution in FY 2026. As noted on the FY 2026 Revised Motor Vehicle distribution table, the state's FY 2025 audit is still pending and, as a result, the distribution for FY 2026 Revised and FY 2027 Proposed are estimates.

## Fiscal Year 2027 Proposed Pass Through Aid to Cities & Towns

City or Town	Public Service Corporation Tax <sup>(3)</sup>	Hotel and Whole-home Rental Taxes <sup>(1) (2)</sup>	Meals and Beverage Tax <sup>(2)</sup>	Total Shared Taxes State Aid	Total Shared & Appropriated Aid
Barrington	206,352	6,873	281,110	494,335	6,987,418
Bristol	269,103	161,100	801,378	1,231,580	5,873,466
Burrillville	195,861	516	294,898	491,276	5,996,084
Central Falls	271,080	1,170	320,579	592,829	3,397,120
Charlestown	96,671	268,683	259,064	624,418	1,742,563
Coventry	431,165	191,284	665,528	1,287,977	9,501,300
Cranston	996,394	60,192	3,203,509	4,260,095	33,213,291
Cumberland	438,798	1,655	779,299	1,219,752	8,295,829
East Greenwich	173,723	6,733	1,250,385	1,430,841	5,559,887
East Providence	566,374	126,558	1,679,317	2,372,249	16,790,040
Exeter	85,613	1,350	177,634	264,597	2,663,039
Foster	54,033	2,991	19,366	76,390	1,898,863
Glocester	121,390	5,064	152,845	279,299	3,001,227
Hopkinton	101,542	4,447	62,622	168,612	2,057,639
Jamestown	66,863	140,693	173,551	381,107	1,172,991
Johnston	356,428	27,126	1,201,332	1,584,886	13,708,116
Lincoln	272,166	393,528	1,110,953	1,776,646	8,319,364
Little Compton	43,422	94,956	56,254	194,632	660,497
Middletown	204,025	2,593,214	1,299,284	4,096,522	6,587,942
Narragansett	175,326	889,905	1,104,390	2,169,621	4,347,705
Newport	301,805	7,068,495	3,995,573	11,365,874	15,969,354
New Shoreham	9,996	1,782,646	623,945	2,416,587	2,712,328
North Kingstown	334,446	259,295	1,014,938	1,608,680	7,790,316
North Providence	409,255	5,602	840,835	1,255,693	13,408,752
North Smithfield	151,728	9,838	521,728	683,295	5,712,229
Pawtucket	907,742	176,210	1,476,912	2,560,864	23,227,554
Portsmouth	213,913	64,861	509,946	788,720	3,565,749
Providence	2,293,639	4,074,276	9,274,083	15,641,998	102,970,094
Richmond	97,756	101,734	267,594	467,084	2,088,263
Scituate	125,610	16,995	118,763	261,368	2,566,807
Smithfield	266,185	394,819	1,377,553	2,038,557	12,781,248
South Kingstown	385,923	651,746	1,354,785	2,392,454	7,049,359
Tiverton	196,066	15,363	502,337	713,766	2,795,093
Warren	134,304	6,077	638,133	778,514	3,167,104
Warwick	999,275	2,257,851	4,495,213	7,752,339	39,278,772
Westerly	281,173	2,337,721	1,528,633	4,147,527	11,108,792
West Greenwich	79,560	227,031	187,099	493,690	2,098,513
West Warwick	374,106	280,726	627,595	1,282,427	9,340,212
Woonsocket	519,395	105,599	894,003	1,518,998	13,379,846
<b>Subtotal</b>	<b>\$13,208,207</b>	<b>\$24,814,923</b>	<b>\$45,142,968</b>	<b>\$83,166,097</b>	<b>\$422,784,769</b>
Distribution to Fire Districts					617,851
Statewide Reference Library Resource Grant					1,169,541
Grant-In-Aid to Institutional Libraries					81,264
Library Construction Reimbursement					2,097,515
<b>Total</b>	<b>\$13,208,207</b>	<b>\$24,814,923</b>	<b>\$45,142,968</b>	<b>\$83,166,097</b>	<b>\$426,750,940</b>

(1) Amount includes 1% local tax (which increases to 2% on January 1, 2026), 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, and 25.0% local share of the 5.0% whole-home rental tax (effective January 1, 2026).

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

(3) FY 2027 PSCT is an estimate and will be revised after actual declarations are received and processed in the spring of 2026.

## Changes in Formula Aid - FY 2027 Proposed vs. FY 2026 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	739	-	13,368	-	-	14,107
Bristol	(116,244)	-	23,149	-	-	(93,095)
Burrillville	(18,601)	-	9,568	-	-	(9,033)
Central Falls	-	(21,495)	(1,152)	-	-	(22,646)
Charlestown	-	-	(534)	-	-	(534)
Coventry	-	777,423	5,792	-	-	783,215
Cranston	69,059	-	(9,400)	-	-	59,659
Cumberland	-	-	(13,579)	-	-	(13,579)
East Greenwich	-	-	2,256	-	-	2,256
East Providence	(4,088)	-	43,630	-	-	39,542
Exeter	-	-	(122)	-	-	(122)
Foster	-	-	(196)	-	-	(196)
Glocester	-	-	(1,118)	-	-	(1,118)
Hopkinton	-	-	530	-	-	530
Jamestown	-	-	(344)	-	-	(344)
Johnston	-	-	5,224	-	-	5,224
Lincoln	-	-	(10,701)	-	-	(10,701)
Little Compton	-	-	(1,789)	-	-	(1,789)
Middletown	-	-	(1,927)	-	-	(1,927)
Narragansett	-	-	18,419	-	-	18,419
Newport	43,124	-	(19,155)	-	-	23,969
New Shoreham	-	-	990	-	-	990
North Kingstown	4	-	(512)	-	-	(508)
North Providence	-	(110,523)	11,166	-	-	(99,357)
North Smithfield	-	-	1,216	-	-	1,216
Pawtucket	171	(91,360)	(12,108)	-	-	(103,297)
Portsmouth	-	-	(3,807)	-	-	(3,807)
Providence	(2,662,398)	(403,716)	(35,792)	-	-	(3,101,906)
Richmond	-	-	756	-	-	756
Scituate	-	-	177	-	-	177
Smithfield	504,232	-	(8,607)	-	-	495,626
South Kingstown	(19,395)	-	(5,182)	-	-	(24,577)
Tiverton	-	-	1,726	-	-	1,726
Warren	-	-	(3,335)	-	-	(3,335)
Warwick	9,373	-	(16,826)	-	-	(7,453)
Westerly	(30,081)	-	(6,898)	-	-	(36,979)
West Greenwich	-	-	1,357	-	-	1,357
West Warwick	-	(97,308)	85	-	-	(97,223)
Woonsocket	(44,400)	(53,022)	13,672	-	-	(83,749)
<b>Subtotal</b>	<b>(2,268,505)</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(2,268,504)</b>
Motor Vehicle Phase Out Reimbursement - Fire Districts				0	0	-
Statewide Reference Library Resource Grant			(0)			(0)
Grant-In-Aid to Institutional Libraries			-			-
Library Construction Reimbursement			(18,113)			(18,113)
<b>Total</b>	<b>(\$2,268,505)</b>	<b>(\$0)</b>	<b>(\$18,113)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$2,286,618)</b>

## Changes in Formula Aid - FY 2027 Proposed vs. FY 2026 Revised

City or Town	Public Service Corporation Tax	Hotel and Whole-home Rental Taxes	Meals and Beverage Tax	Total Pass Through State Aid Difference	Total All State Aid Difference
Barrington	(38,644)	1,486	11,848	(25,311)	(11,204)
Bristol	(50,395)	32,427	33,775	15,806	(77,289)
Burrillville	(36,679)	99	12,429	(24,151)	(33,184)
Central Falls	(50,766)	245	13,511	(37,010)	(59,656)
Charlestown	(18,104)	101,083	10,918	93,897	93,364
Coventry	(80,745)	38,904	28,049	(13,792)	769,423
Cranston	(186,596)	12,372	135,014	(39,211)	20,449
Cumberland	(82,174)	381	32,844	(48,949)	(62,528)
East Greenwich	(32,533)	1,434	52,698	21,599	23,855
East Providence	(106,066)	25,810	70,776	(9,480)	30,062
Exeter	(16,033)	277	7,486	(8,269)	(8,392)
Foster	(10,119)	616	816	(8,687)	(8,882)
Glocester	(22,733)	1,020	6,442	(15,271)	(16,389)
Hopkinton	(19,016)	836	2,639	(15,540)	(15,010)
Jamestown	(12,521)	45,661	7,314	40,454	40,110
Johnston	(66,749)	5,482	50,631	(10,636)	(5,413)
Lincoln	(50,969)	79,320	46,822	75,173	64,471
Little Compton	(8,132)	29,664	2,371	23,903	22,114
Middletown	(38,208)	534,528	54,759	551,079	549,152
Narragansett	(32,834)	269,385	46,545	283,096	301,515
Newport	(56,519)	1,572,922	168,396	1,684,798	1,708,768
New Shoreham	(1,872)	513,292	26,297	537,717	538,707
North Kingstown	(62,632)	58,154	42,775	38,297	37,789
North Providence	(76,642)	1,000	35,437	(40,205)	(139,561)
North Smithfield	(28,414)	1,979	21,989	(4,447)	(3,231)
Pawtucket	(169,994)	35,655	62,245	(72,094)	(175,390)
Portsmouth	(40,060)	13,852	21,492	(4,715)	(8,522)
Providence	(429,533)	898,714	390,862	860,043	(2,241,864)
Richmond	(18,307)	26,031	11,278	19,003	19,759
Scituate	(23,523)	3,457	5,005	(15,060)	(14,884)
Smithfield	(49,849)	80,055	58,058	88,264	583,890
South Kingstown	(72,272)	151,303	57,098	136,129	111,552
Tiverton	(36,718)	3,353	21,171	(12,193)	(10,467)
Warren	(25,151)	1,164	26,894	2,907	(428)
Warwick	(187,136)	458,772	189,453	461,090	453,637
Westerly	(52,656)	521,255	64,425	533,025	496,046
West Greenwich	(14,899)	46,080	7,885	39,066	40,423
West Warwick	(70,059)	56,971	26,450	13,362	(83,861)
Woonsocket	(97,268)	21,443	37,678	(38,146)	(121,896)
<b>Subtotal</b>	<b>(2,473,519)</b>	<b>5,646,482</b>	<b>1,902,577</b>	<b>5,075,540</b>	<b>2,807,036</b>
Motor Vehicle Phase Out Reimbursement - Fire Districts					-
Statewide Reference Library Resource Grant					(0)
Grant-In-Aid to Institutional Libraries					-
Library Construction Reimbursement					(18,113)
<b>Total</b>	<b>(\$2,473,519)</b>	<b>\$5,646,482</b>	<b>\$1,902,577</b>	<b>\$5,075,540</b>	<b>\$2,788,923</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 \$1.707 billion from all sources of funds, of which \$1.624 billion is from general revenue, in the recommended FY 2027 Budget. Total general revenue financed education support decreases by \$818,035 from the FY 2026 Enacted Budget, or 0.1 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 2027 is \$13,859, a 4.0 percent increase of \$537 over the FY 2026 CIA of \$13,322.
- *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 recommended FY 2027 Budget includes a provision to provide an additional 3 percentage points in student success factor funding for all local education agencies (LEAs), raising the student success factor from 40.0 percent to 43.0 percent. The Student Success Factor used in FY 2027 is \$5,959.
- *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 2027 is \$12.7 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 2027 is \$3.6 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 categorical 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 2027 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 2027, total Distributed Education Aid, which includes formula aid to districts, Central Falls, charter schools, and group home aid, increases by \$17.0 million compared to the enacted FY 2026 Budget.

Moreover, the FY 2027 recommendation continues the twelfth 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 is provided financing of \$1.9 million in the FY 2027 Governor’s Recommendation.

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 \$11.7 million for Central Falls Stabilization Fund to cover costs outside of those calculated by the education aid funding formula. This amount represents a \$0.9 million increase relative to FY 2026 enacted levels.

### **State Schools**

Davies Career and Technical School, Metropolitan Career and Technical School, and Rhode Island School for the Deaf are collectively financed at \$44.8 million in general revenue for FY 2027. This includes stabilization funds for Davies (\$10.4 million) and the Met Center (\$3.6 million). Relative to the FY 2026 enacted level, this represents a collective total increase of \$4.5 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 2027 increases by \$2.5 million from the enacted FY 2026 Budget, from \$64.5 million to \$66.1 million. Non-Distributed aid includes:

- *Categorical Funds – High-Cost Special Education.* The Governor recommends \$20.0 million for the high-cost special education categorical fund in FY 2027, constituting an increase of \$2.5 million from the FY 2026 Enacted Budget. 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 \$79,273.
- *Categorical Funds – Early Childhood.* The Governor recommends \$28.9 million for the early childhood categorical fund in FY 2027, an amount consistent with the FY 2026 Enacted Budget. 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 2027, an amount consistent from the FY 2026 Enacted Budget. 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 2027, an amount consistent with the FY 2026 Enacted Budget. 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 2027, an amount consistent with the FY 2026 Enacted Budget. 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 \$841,337 in restricted receipts for the State E-Rate program in FY 2027. 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 2027, consistent with the enacted FY 2026 Budget.
- *Subsidy for Reduced Breakfast and Lunch.* In FY 2027, 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 2026 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 2027, which aligns the budgeted amount with prior year expenditures.

### **Other Aid**

Other aid includes School Construction Aid, also known as “Housing Aid”, and state appropriations to the Teachers’ Retirement program. The Governor recommends \$233.1 million in general revenue in FY 2027 for these programs.

- *School Construction.* Within the School Construction Aid program, the Governor recommends FY 2027 appropriations of \$102.9 million in general revenue, all for the school housing aid program established by R.I.G.L. §16-7-35. This funding level reflects an effort to restore the prior practice, allowable under current law, of reimbursing school housing aid over a one- to three- year period. The budget also requires that annual housing aid appropriations must be used for their intended purpose and may no longer be deposited into the School Building Authority Capital Fund.
- *Teacher Retirement.* Within the Teacher Retirement program, the Governor recommends FY 2027 appropriations of \$130.2 million in general revenue. 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.

### **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.

### **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.

# EDUCATION AID TO LOCAL GOVERNMENTS

## Contribution Rates for Teachers' Retirement Fund

### Defined Benefit Retirement Plan

	<u>Employer Share</u>				
	<u>Actuarial Contribution</u>	<u>Local</u>	<u>State</u>	<u>Total</u>	<u>Teacher</u>
	<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%
2027	29.08%	14.75%	10.58%	25.33%	3.75%

\*Adjusted for deferral liability

\*Rate components may not sum due to rounding.

# **EDUCATION AID TO LOCAL GOVERNMENTS**

## **Defined Contribution Retirement Plan**

<b>Required Contribution</b>		<b>Employer Share*</b>			<b>Teacher Share</b>
<b><u>Rate of Payroll</u></b>		<b>Local (60%)</b>	<b>State (40%)</b>	<b>Subtotal</b>	
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**

<b><u>Fiscal Year</u></b>	<b><u>State Share</u></b>
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
2025 Actual	\$135,020,903
FY 2026 Revised	\$133,600,078
FY 2027 Revised	\$130,236,201

### **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 2027 Formula Recommend	FY 2027 Total Aid Recommend*	Change from FY 2026 Enacted
<b>LEA Aid</b>			
Barrington	\$11,781,203	\$12,869,938	\$1,217,540
Bristol/Warren	\$10,741,246	\$14,618,269	(\$266,759)
Burrillville	\$13,641,107	\$14,146,969	\$58,402
Central Falls (1)	\$53,683,500	\$53,847,527	(\$920,553)
Chariho		\$3,446,713	\$6,448
Charlestown	\$1,457,309	\$1,457,309	(\$59,430)
Coventry	\$29,619,581	\$30,785,307	\$1,292,203
Cranston	\$82,553,232	\$84,840,078	\$1,810,422
Cumberland	\$30,266,462	\$30,583,929	\$2,120,935
East Greenwich	\$5,186,025	\$6,027,412	(\$272,573)
East Providence	\$40,269,765	\$41,953,536	\$1,325,452
Exeter/W Greenwich	\$6,904,240	\$9,695,080	\$87,817
Foster	\$1,343,378	\$1,388,009	\$116,799
Foster/Glocester	\$5,810,667	\$6,958,123	\$343,359
Glocester	\$2,979,572	\$3,135,404	(\$45,786)
Hopkinton	\$8,207,572	\$8,207,572	\$1,001,592
Jamestown	\$374,411	\$541,550	(\$39,507)
Johnston	\$25,200,889	\$26,624,876	\$1,176,911
Lincoln	\$20,568,250	\$21,134,896	(\$290,063)
Little Compton	\$416,696	\$416,696	\$95,107
Middletown	\$5,980,981	\$6,501,493	(\$260,710)
Narragansett	\$1,950,373	\$2,177,067	\$254,620
New Shoreham	\$199,991	\$199,991	\$101,485
Newport	\$15,047,978	\$15,574,279	\$241,260
North Kingstown	\$13,317,042	\$13,643,312	\$255,550
North Providence	\$31,425,311	\$32,588,272	\$972,019
North Smithfield	\$9,123,195	\$9,370,594	(\$191,609)
Pawtucket	\$113,683,681	\$115,941,144	\$2,618,626
Portsmouth	\$2,982,713	\$3,819,034	\$124,573
Providence	\$299,974,375	\$303,647,980	(\$2,009,535)
Richmond	\$6,075,433	\$6,075,433	(\$331,064)
Scituate	\$4,007,667	\$4,134,705	(\$316,311)
Smithfield	\$11,693,997	\$11,968,442	\$1,000,551
South Kingstown	\$5,126,233	\$5,477,798	(\$457,927)
Tiverton	\$5,235,269	\$5,975,411	(\$2,260)
Warwick	\$51,045,183	\$52,577,222	\$2,464,859
West Warwick	\$43,476,413	\$44,035,750	\$1,212,234
Westerly	\$8,154,016	\$8,589,257	(\$172,443)
Woonsocket	\$88,245,366	\$88,677,429	(\$827,884)
Subtotal District Aid (1) (2)	\$ 1,067,750,322	\$ 1,103,653,806	\$ 13,434,350

## Education Aid to Local Units of Government

	FY 2027 Formula Recommend	FY 2027 Total Aid Recommend*	Change from FY 2026 Enacted
<b>LEA Aid- Charter Schools</b>			
Achievement First	\$48,549,737	\$48,549,737	\$1,413,884
Apprenticeship Exploration School (AES)	\$2,013,064	\$2,013,064	\$24,154
Beacon Charter School	\$4,966,677	\$4,966,677	\$40,918
Blackstone Academy	\$5,307,779	\$5,307,779	\$118,534
Blackstone Valley Prep	\$31,042,859	\$31,066,689	\$1,078,481
Charette	\$2,571,020	\$2,571,020	(\$10,906)
Compass School	\$983,258	\$983,258	\$32,837
Excel Academy	\$6,593,665	\$6,593,665	\$255,958
Greene School	\$1,677,088	\$1,677,088	\$22,872
Highlander	\$7,933,705	\$7,991,790	(\$563,729)
Hope Academy	\$4,718,303	\$4,723,134	\$33,350
International Charter School	\$4,801,586	\$4,801,586	\$67,780
Kingston Hill Academy	\$1,217,428	\$1,217,428	\$43,509
Learning Community	\$9,551,637	\$9,561,076	\$254,602
Nuestro Mundo	\$5,724,502	\$5,724,502	\$367,045
Nurses Institute	\$7,046,835	\$7,046,835	\$368,549
Paul Cuffee Charter School	\$11,536,786	\$11,538,495	(\$220,211)
Providence Prep	\$3,747,083	\$3,747,083	\$140,311
RISE Mayoral Academy	\$11,571,030	\$11,571,030	\$1,346,938
Segue Institute for Learning	\$9,935,996	\$9,935,996	\$1,426,405
Southside Elementary	\$2,150,080	\$2,150,080	\$31,045
Times 2 Academy	\$10,514,317	\$10,553,741	\$270,164
Trinity Academy	\$4,684,630	\$4,684,630	\$121,006
Village Green	\$2,801,942	\$2,801,942	(\$157,627)
Subtotal Charter Aid	\$201,641,007	\$201,778,325	\$6,505,869
Davies C&T (1)	\$21,082,757	\$21,082,757	\$2,550,605
Met Center (1)	\$14,669,329	\$14,669,329	\$1,702,403
Nowell Academy: R.I.G.L. 16-114-7	\$2,399,520	\$2,399,520	(\$264,592)
Urban Collaborative: R.I.G.L. 16-3.1-11	\$1,949,354	\$1,949,354	(\$347,092)
Youth Build Academy: R.I.G.L. 16-3.1-21	\$1,962,532	\$1,962,532	\$144,287
<b>Total</b>	<b>\$ 1,311,454,821</b>	<b>\$ 1,347,495,623</b>	<b>\$ 23,725,830</b>

\*FY 2027 Total Aid includes: Group Home, High-Cost Special Education, Regional Transportation and Non-Public Transportation.

(1) Includes both Formula Aid and Stabilization funds in FY 2026 and FY 2027. Does not include Career & Technical and Early Childhood, which are allocated through a separate process.

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

# Education Aid to Local Units of Government

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

	FY 2026 Revised		FY 2027 Recommend		Difference
<b>Distributed Aid</b>					
Distributed LEA Aid (1)	\$ 1,060,321,477	\$	1,071,320,322	\$	10,998,845
Distributed LEA Aid - Charter Schools	\$ 202,016,622	\$	207,952,413	\$	5,935,791
Subtotal	\$ 1,262,338,099	\$	1,279,272,735	\$	16,934,636

	FY 2026 Revised		FY 2027 Recommend		Difference
<b>Non-Distributed Aid</b>					
Textbook Expansion	\$60,000		\$60,000		-
School Breakfast	\$270,000		\$270,000		-
Reduced Lunch and Breakfast Subsidy	\$812,952		\$812,952		-
Early Childhood Demonstration	\$28,884,568		\$28,884,568		-
Transportation Categorical	\$4,662,543		\$4,662,543		-
Regional District Transportation	\$7,808,259		\$7,808,259		-
High Cost Special Ed Categorical	17,500,000		\$20,000,000		\$2,500,000
Career and Tech Categorical	4,500,000		4,500,000		-
Subtotal	\$64,498,322		\$66,998,322		\$2,500,000

	FY 2026 Revised		FY 2027 Recommend		Difference
<b>State Schools</b>					
Metropolitan School (2)	\$12,966,926	\$	14,669,329		\$1,702,403
School for the Deaf	\$8,829,611		\$9,039,339		\$209,728
Davies School (2)	\$19,483,917	\$	21,082,757		\$1,598,840
Subtotal (2)	\$41,280,454		\$44,791,425		\$3,510,971
<b>Other Aid</b>					
Teachers' Retirement (3)	\$133,600,078		\$130,236,201		(\$3,363,878)
School Housing Aid (4)	\$119,887,755		\$102,869,291		(\$17,018,464)
Subtotal	\$253,487,833		\$233,105,492		(\$20,382,342)
<b>Total</b>	<b>\$1,621,604,708</b>		<b>\$1,624,167,974</b>		<b>\$2,563,265</b>

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

(2) Includes both Formula Aid and Stabilization funds in FY 2026 and FY 2027.

(3) State's Share of Employer Contribution Rate decreases from 11.09 percent to 10.58 percent from FY 2026 to FY 2027.

(4) 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 R.I.G.L. § 35-3-7 and 35-3-8, 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 2027 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 2027 is the fiscal year commencing on July 1, 2026, and ending June 30, 2027). 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 five-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

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# THE BUDGET PROCESS: A PRIMER

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Governor's budget for these programs shall be based, and the appropriations by the assembly shall be made.

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.

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# THE BUDGET PROCESS: A PRIMER

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**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* include services purchased from outside contractors and vendors.
- *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

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## **THE BUDGET PROCESS: A PRIMER**

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projects. Also, the constitutional amendment increased the budget reserve account by limiting annual appropriations to 97.0 percent of estimated revenues and increasing the cap on the budget reserve account to 5.0 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 98.0 percent of revenues to 97.0 percent of revenues. Additionally, the budget reserve account maximum balance would be gradually increase 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 of that year. Revenues are estimated based on when they are "earned" by the State. For example, the estimate of gas tax revenues reflects 12 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 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.

# THE BUDGET PROCESS: A PRIMER

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.
Third Thursday in January	Statutory date for current-year Governor's Supplemental Appropriation bill submitted to Legislature.
Third 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.

**EXECUTIVE SUMMARY**  
**APPENDIX G**  
**CHILDREN'S BUDGET**

# Children’s Budget

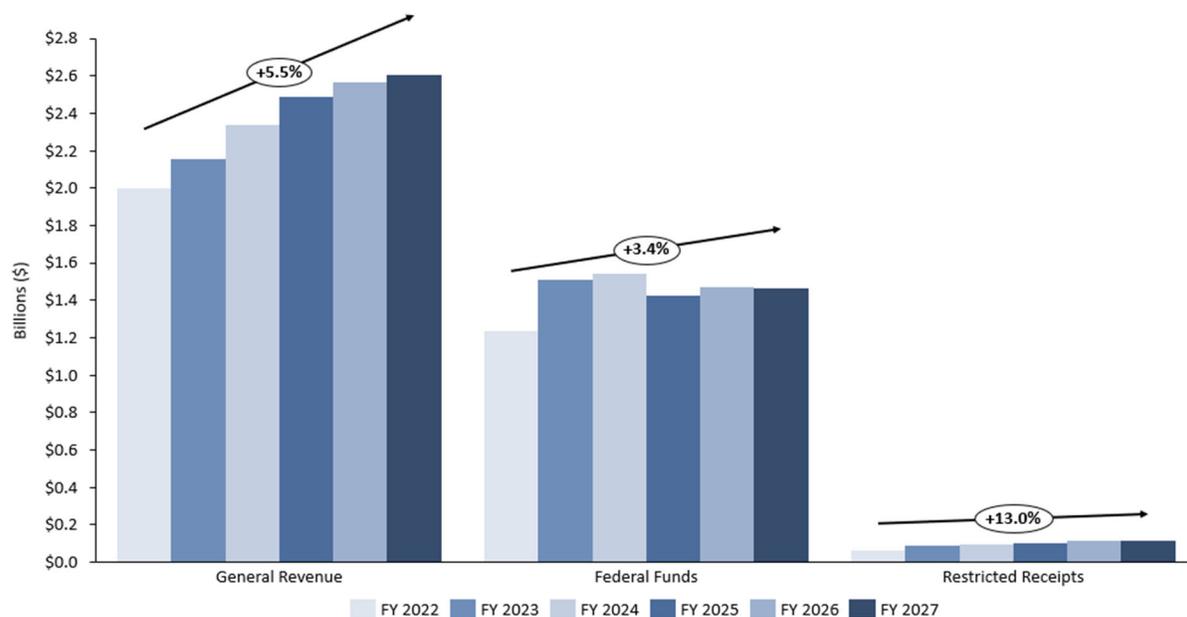
As required under R.I.G.L. § 42- 72.5(2), the following constitutes the FY 2027 Children’s Budget prepared by the Rhode Island Children’s Cabinet.

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 outline 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 2022, there has been a continued increase in investment in children and youth across all fund sources. The FY 2027 analysis shows that Rhode Island continues to prioritize children and youth with a 5.5 percent compound annual growth rate of general revenue funds since FY 2022. Due to the anticipated end of various federal stimulus funding streams, there is a decrease in federal funds between FY 2026 and FY 2027, but the overall trend remains positive since FY 2022.

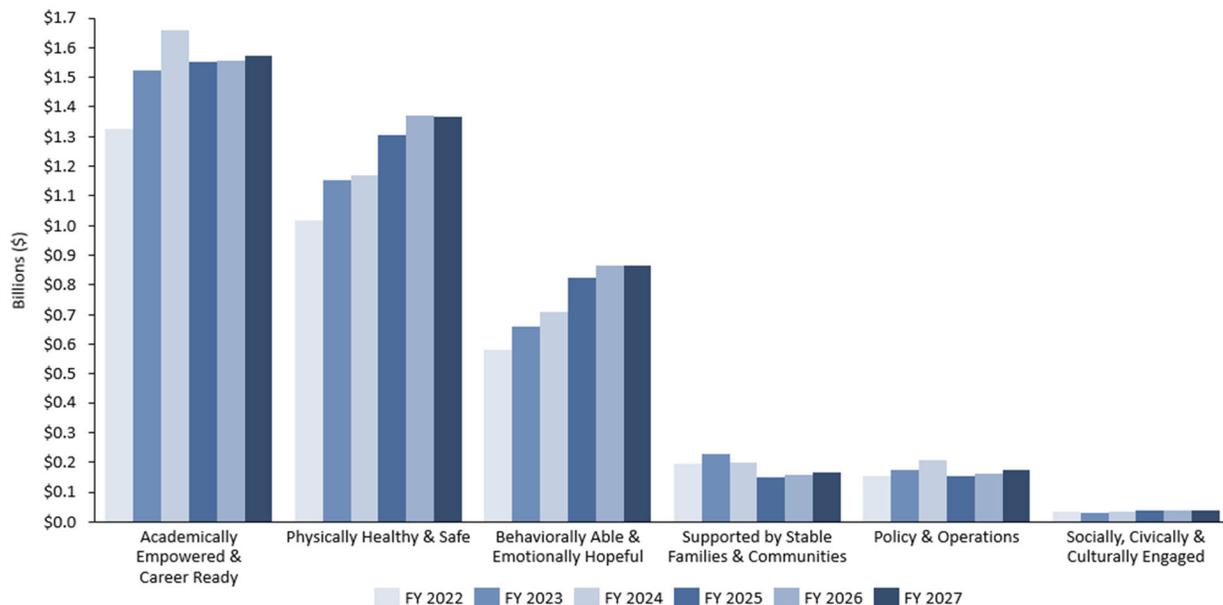
**Graph A: Children and Youth Investments by Fund Source, FY 2022 – FY 2027**



Since FY 2022, Rhode Island has increased investments across many of the desired outcome areas, with the greatest increases in the categories of Academically Empowered and Career Ready, Physically Healthy and Safe, and Behaviorally Able and Emotionally Hopeful. The FY 2027 Governor’s Proposed budget includes vital investments in the 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 2022 – FY 2027**



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 eighth year of an initiative conducted as a partnership between the Children’s Cabinet, OMB, and State agencies. The FY 2027 scan used the same protocols as the FY 2026 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.

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## Children's Budget

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- *Supported by Stable Families and Communities.* Children and families are supported by stable wages and housing and maintain stability during periods of unemployment or under-employment.

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

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# Office of Management & Budget Staff Listing

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## **Brian M. Daniels, Director**

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Technical Support

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Community College of Rhode Island  
Department of Administration  
Legislature  
Internal Service Funds  
Office of Energy Resources  
Office of the Governor  
Office of the Lieutenant Governor  
Office of the Post-Secondary Commissioner  
Rhode Island College  
RI Student Loan Authority  
Secretary of State  
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Hearing  
Public Utilities Commission  
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Department of Transportation  
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I-195 Commission  
RI Airport Corporation  
Public Utilities Commission  
RI Cannabis Control 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  
Corporation  
RI Public Transit Authority  
RI Turnpike and Bridge Authority  
Quonset Development Corporation

**Megan Murra Roche****Budget & Policy Analyst**

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**Brian Shreck****Data Analyst III, Designee to the Office of  
Revenue Analysis**

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Coastal Resources Management Council  
Department of Environmental Management  
Department of Housing  
Department of the Attorney General  
Emergency Management Agency  
Narragansett Bay Water Quality Commission  
Office of the Public Defender  
Resource Recovery Corporation  
RI Council on the Arts  
RI Housing and Mortgage Finance  
Corporation

**Christopher Tyburski****Budget Analyst**

Department of Human Services

**Andrew Zito****Budget & Policy Analyst**

RI Atomic Energy Commission  
Department of Labor & Training  
Department of Revenue  
Department of Elementary and Secondary  
Education  
Office of the General Treasurer  
RI Commission for Human Rights

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# Office of Management & Budget Staff Listing

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## **Office of Regulatory Review**

Michelle Charochak, Director of Regulatory Review  
Irene Cox, Principal Economic & Policy Analyst  
Sarah Westphal, Principal Economic & Policy Analyst  
Valerie Womer, Chief Economic & Policy Analyst

## **A Special Thanks To:**

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Jane Cole, Department of Revenue  
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Katherine Connors De, Budget Analyst\*  
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Karen Greco, Department of Administration  
Daniel Majcher, DOA Office of Legal Services  
Matt McCabe, DOR Office of Revenue Analysis  
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Brianna Ruggiero, DOA Human Resources  
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Thomas Verdi, Director, Department of Revenue  
Rebecca Webber, Department of Administration  
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\*Former staff who made valuable contributions

## **Performance Management Unit**

Kevin Simpson, Chief Data Analyst  
Lydia Jin, Principal Economic & Policy Analyst  
Mike Matkowski, Senior Economic & Policy  
Analyst  
Andrew Mullan, Chief Economic & Policy  
Analyst