



STATE OF RHODE ISLAND EXECUTIVE SUMMARY

FISCAL YEAR 2023 BUDGET PROPOSAL

GOVERNOR DANIEL J. MCKEE

EXECUTIVE SUMMARY



STATE OF RHODE ISLAND
OFFICE OF GOVERNOR DANIEL J. MCKEE

January 20, 2022

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

Over the past two years, the pandemic has tested our resolve, our patience, and our strength, but time and time again, Rhode Islanders showed that we are tougher and more determined – and that even when we are faced with unimaginable challenges, we never lose hope.

A year ago at this time, the immediate tasks before us were clear: Get shots in arms. Help Rhode Islanders get back to work. Get businesses back in business. Ensure students could safely return to the classroom where they learn best. Because Rhode Islanders stepped up, and lifted each other up, we made great progress on those goals. We were united as one team, all 39 cities and towns.

Today, we know there are still many pandemic-related challenges that we must once again come together to address – with our top priority being the health and safety of Rhode Islanders. At the same time, we have an historic opportunity to write Rhode Island’s next chapter now, with \$1.13 billion in federal funds and an over \$600 million surplus available to invest in our state’s future. The decisions we make this year have the potential to strengthen Rhode Island’s economic rebound and propel our state into the next decade with strength.

My Fiscal Year 2023 operating budget proposal – coupled with my plan to invest the \$1.13 billion State Fiscal Recovery funds and \$112.3 million Capital Projects funds under the American Rescue Plan Act (ARPA) – address the ongoing needs posed by the pandemic while also embracing the opportunity to lay the foundation for a more resilient Rhode Island now and into 2030. Some of the needs facing our state are urgent, and if circumstances require swift action on some components of the State Fiscal Recovery Fund, I stand ready to work with General Assembly leadership to enact that relief into law.

Throughout much of 2021, Lieutenant Governor Matos, members of my Administration, and I engaged with thousands of residents through a process that we called, “Rhode Island 2030” – a series of community conversations on topics such as housing, tourism, small business, climate change, children and youth services, health, higher education, and more. The outcome was a working document outlining a wide array of priorities – your priorities – for Rhode Island’s next decade.

Those conversations helped inform my decisions in this budget and our ARPA investment plan. With these two proposals, we have a comprehensive, fiscally responsible strategy that addresses pandemic-related health needs; builds more affordable and workforce housing; ensures every young Rhode Islander reaches their full potential; assists small businesses and revives our hard-hit hospitality industry; thinks big about bolstering growing sectors such as the blue economy and biosciences; invests in our workforce to get Rhode Islanders into more resilient jobs and sets the stage to help us increase the per capita income for every family across our state, among others.

To the Honorable General Assembly

January 20, 2022

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These are big goals that require long-term commitments. The ARPA funds provide an opportunity to repair the harms of the pandemic and build a better Rhode Island. As a one-time revenue source, we must avoid investing them in a way that will result in future obligations. Those items that require recurring investments must be incorporated in the operating budget when it is possible to responsibly do so.

Looking ahead, we should also prepare for the possibility of additional revenues – whether from supplementary federal support or through higher revenues from the May Revenue Estimating Conference. Any new funds should be invested to expand my budget's \$50 million proposal to address the pandemic's impact on health care providers and workforce. We must also collaborate with the University of Rhode Island, Rhode Island College and the Community College of Rhode Island, state agencies and hospitals and health care providers to expand capacity of training and certification programs to grow our health care workforce.

I am confident that our budget and investment proposals will help us achieve a strong recovery and pave the way for a brighter, more resilient future.

We know this cannot be accomplished alone. I look forward to working with all of you to make meaningful improvements for all Rhode Islanders in the next year – and decade – ahead. We are writing Rhode Island's next chapter now, and I know that together, we have the dedication and vision to get the job done.

Sincerely,

A handwritten signature in black ink, appearing to read "Daniel J. McKee". The signature is written in a cursive, flowing style.

Daniel J. McKee
Governor

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INTRODUCTION

Governor McKee's budget submissions accelerate Rhode Island's recovery from the pandemic, while charting a course for Rhode Island 2030 that is anchored in sustainable investments – the cornerstone of a long-term recovery and growth. The Fiscal Year 2023 operating budget provides a sturdy foundation that will allow Rhode Island to confidently move ahead. At the same time, the budget includes a plan to appropriate the remaining American Rescue Plan Act funds.

State Fiscal Recovery Fund

The Governor's proposal for the American Rescue Plan Act's State Fiscal Recovery funds tackles both the urgent issues confronting Rhode Islanders and problems that predated the pandemic that were only made worse by it. Additionally, it makes large-scale, sustainable investments in the climate, blue and green economies, workforce, public health care, housing, and more.

Of the \$1.13 billion allocation, the Legislature has appropriated \$119.0 million to address immediate needs identified by the Governor in the Rhode Island Rebounds plan. The plan represents a down payment on small business supports, retention bonuses in targeted sectors, and incentives to build more affordable housing, among other needs. The following breakdown includes the Rhode Island Rebounds proposals for which funding has been appropriated, as well as the remainder of the \$1.13 billion allocation that will be spent from Fiscal Year 2022 through Fiscal Year 2027. A table with all of the projects that make up the State Fiscal Recovery Fund allocation is included at the end of this section.

Public Health

The State continues to employ an aggressive response to the pandemic amid the emergence of new variants. A high vaccination rate, vaccine boosters, widespread testing, and targeted health measures have helped mitigate the impact and spread of COVID-19. While the State must remain vigilant to keep Rhode Islanders healthy and safe, these efforts have allowed us to resume many daily activities and are key to Rhode Island's recovery. The Governor's Administration remains committed to investing in the public health care system and efforts to mitigate the effects of the pandemic.

A recommended allocation of \$150.0 million will continue the public health response, supporting ongoing mitigation activities. By leveraging mechanisms and processes developed throughout the pandemic, this investment will allow the State to respond to the evolving nature of the pandemic with the appropriate level of support for vaccination efforts; testing; case investigation and contact tracing; efforts to control the spread in health care settings; protection of vulnerable or high-risk populations; and collaboration with the health care system to manage system capacity. Of that total, \$50.0 million is recommended to support health care facilities with the impacts of the pandemic on their operations, finances, and workforce.

Finally, the ongoing federal declaration of a Public Health Emergency has allowed Rhode Islanders to maintain enrollment in Medicaid. The Governor recommends allocating approximately \$1.7 million to maintain this enrollment until the emergency expires and then auto-enroll these individuals into a Qualified Health Plan through HealthSource RI if they do not have employer insurance. This initiative will ensure a smooth transition for individuals to maintain critical health coverage.

Children, Families, and Early Education

Given that the early years of a person's life are among the most important developmentally, early childhood services and supports are critical to ensuring every Rhode Islander reaches their full potential. However, even before the pandemic, families too often struggled to access affordable and equitable early learning opportunities and health services. The pandemic has only aggravated these problems and introduced new ones, such as disruptions in regular preventative care that is often the front door to services. Families have faced increased difficulty in accessing needed supports for development, behavioral health, food, and housing. With the right investments, the State can make up for lost time to provide Rhode Island children and families the supports they need to grow and succeed.

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Child Care Supports

Child care providers are strained by supply and demand: Due to persistent low compensation in the field, it is a struggle to hire employees and retain existing ones to keep classrooms open, yet parents and caregivers need stable child care to re-enter the workforce.

To address both, the Governor has recommended allocating a total \$37.4 million in retention bonuses for over 6,000 direct care staff – up to \$3,000 a year for two years. Additionally, a recommended investment of \$600,000 will provide \$2,000 startup grants and technical assistance to 200 new Family Child Care providers to increase capacity in a vital part of the mixed delivery system.

Wage Stabilization for Department of Children, Youth and Families Providers

Due to provider caps and site closures, the Department of Children, Youth and Families has lost 87 available beds for youth, or 30 percent of the total capacity, since the beginning of the pandemic. This resulted from a combination of employee stress, labor shortages, and a lack of pay increases. To retain as many staff as possible across the 37 congregate care and home and community-based services organizations, the Governor and General Assembly have invested in pay increases for 1,500 direct care workers who earn less than \$75,000 using \$12.5 million in State Fiscal Recovery funds.

Pediatric Relief and Recovery

Building upon the successful CARES Act-funded Pediatric Relief Program will address the gap in preventative care that is harming children, particularly children of color and children whose families are publicly insured. As of December 2021, compared to 2019, there was a cumulative deficit of over 80,000 regular pediatric vaccine shots, and over 6,000 fewer children had been screened for lead.

The Governor has recommended allocating a total of \$12.0 million for stabilization grants to over 200 pediatric primary care providers who serve more than 110,000 children insured by Medicaid. Grant amounts will be based on the size of the practice and performance metrics (i.e., the number of vaccinations and lead screenings completed). Additionally, it is recommended that a total of \$3.0 million be provided to pediatric practices for enhanced health screenings to better account for social-emotional needs and social determinants of health. Together, these two initiatives will help children catch up on preventative care and engage them in services to address the trauma of the pandemic.

Early Intervention Relief and Recovery

In November 2021, all nine of the State’s Early Intervention providers were closed to new referrals because of staffing shortages. The Governor proposes a total of \$11.0 million to support programs through stabilization grants and performance bonuses. Stabilization grants will help cover staff salaries and retention bonuses, technology for outreach, safety supplies, and professional development. Performance bonuses will be available for providers who hit certain targets, such as recovering referral numbers and achieving reduced staff turnover.

RIBridges Mobile Access and Child Care Tracking

During the pandemic, the Department of Human Services and HealthSource RI pivoted to remote services to engage customers, including the system’s first mobile application, HealthyRhode. Customers could check their benefit eligibility and EBT card balance, and upload required documents. Adding functionality to the application so that individuals can digitally submit applications, recertifications, and reports will reduce the need for in-person services, prevent the loss of needed benefits, and improve efficiencies. More robust attendance practices for child care programs are needed to better understand absenteeism and support targeted quality investments to support attendance. Preventing chronic absenteeism in early childhood and elementary grades is one of the leading indicators for preventing third-grade reading loss – a critical benchmark to ensure quality outcomes. With these goals in mind, the Governor recommends investing \$6.7 million in this technological infrastructure.

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Municipal Learning Centers

Partnering with municipalities, the State will support the creation of centers operated by municipalities to provide programs, such as tutoring, art and music classes, early education opportunities, and nonprofit services. The programs will be available year-round for free or a fee-for-service rate structure, with an emphasis on out-of-school time and vacations. This model will increase the capacity of municipalities alongside community-based organizations to leverage existing resources and assets to address the needs of students and their families. The long-term goal is for each of the 39 cities and towns to operate at least one program. A proposed investment of \$15.0 million in State Fiscal Recovery funds will establish 11 programs.

Nonprofit Assistance

The Governor recommends providing \$10.0 million to the Rhode Island Foundation to support nonprofit organizations in addressing needs that have been exacerbated by COVID-19, including housing and food insecurity, and behavioral health issues, among others.

Housing

For Rhode Island to be an attractive place to live, work, and raise a family, the State must address the availability, affordability, and quality of housing, focusing on Rhode Islanders with specific needs: young residents and families who cannot afford rising housing prices, aging individuals who want to remain in their home, and individuals experiencing homelessness. The Governor calls for the largest share of State Fiscal Recovery Fund, a quarter of a billion dollars, to be invested in housing and homelessness assistance.

Rhode Island is experiencing a housing shortage because, for too long, too few units have been built. The recent spike in demand for housing has further increased prices, exacerbating the challenges many households are facing to afford to rent or buy. Investments are needed to create more housing units and support households so that everyone has an affordable and safe place to call home.

Investing in Development

The Governor calls for an investment of \$90.0 million in project financing to create and preserve approximately 1,500 units for households earning up to 80 percent of the area median income (AMI) (up to approximately \$69,200 for a four-person household in most parts of Rhode Island).

The Governor also recommends establishing a \$25.0 million grant program, which will be administered by Rhode Island Housing, for the acquisition of properties to be redeveloped into affordable and supportive housing, as well as allocating \$10.0 million to increase developers' ability to get projects under way. Recognizing that the State must increase the housing supply at varying price points, the Governor calls for using \$20.0 million to support workforce housing for Rhode Island families.

In addition to developing new units and preserving existing ones, the State must boost the potential of vacant and blighted properties and invest in critical home repairs. Given the conditions of the real estate market, projects that address community needs often require public investments. To ensure that these properties strengthen neighborhoods, particularly low-income communities or those disproportionately impacted by the pandemic, it is recommended that \$25.0 million be made available to redevelop these properties for the express purpose of creating housing and community/commercial spaces that satisfy community needs, as well as supporting critical home repairs.

Down Payment Assistance

Homeownership is one of the most important ways to build generational wealth, yet Rhode Island has one of the lowest homeownership rates in the country, largely because many households cannot afford the down payment. To bring homeownership in reach for more Rhode Islanders, an allocation of \$50.0 million is proposed to provide \$17,500 in down payment assistance to households.

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Homelessness Assistance

The Governor calls for spending \$21.5 million to assist individuals and households experiencing homelessness or housing instability. The funding supports both operating subsidies for extremely low-income housing units and services for people transitioning from homelessness to housing, including individuals transitioning out of the Adult Correctional Institutions. The budget also includes \$5.0 million to increase facility capacity for individuals experiencing homelessness.

Aid to Small Businesses and Impacted Industries

Small businesses are a major driver of the Rhode Island economy, making up nearly 99 percent of the state's businesses and employing 52.2 percent of its workers. The small business community has been significantly impacted by the global pandemic. According to recent data from the U.S. Census Bureau's Small Business Pulse Survey, 65.4 percent of small businesses in Rhode Island continue to experience either a moderate or large negative effect from COVID-19.

From installing improved ventilation systems and moving services outdoors to shifting in-person sales online, small businesses swiftly adapted their operations during the pandemic. To ease the transition and compensate for lost revenue, the State has provided more than \$140.0 million in federal funds to 9,000 small businesses.

Still, uncertainty persists, as new variants emerge and achieving full staffing remains difficult. The State will continue providing relief and support to small businesses, including minority-owned businesses and the tourism, hospitality, and events sectors that have been disproportionately impacted, to help them navigate challenges and serve their customers.

Small Business Assistance

The Governor proposes investing \$45.0 million in small business assistance for direct grants; technical assistance for capacity-building, e.g., upgrading point-of-sale systems, developing e-commerce platforms, improving technology, etc.; and support in taking activities outdoors and implementing public health improvements.

Small Business Access to Capital

Accessing capital is a roadblock for many businesses, especially small businesses. Making \$20.0 million available to small businesses will assist them with real estate costs, short- and long-term working capital, debt refinancing, and the purchase of furniture, fixtures, and supplies. Under this program, the Executive Office of Commerce will deploy access to capital for a period of approximately 18 months via grant or loan structures, such as direct payments, lines of credit, loan loss reserves, or other lending structures. This program will also seek to leverage other private and public resources, such as the Small Business Administration 7(a) loan program, to maximize its impact.

Aid to Impacted Industries

The tourism, hospitality, and events industries were hit hard by the pandemic. The Governor proposes allocating \$28.5 million to these sectors through direct support; placemaking, attraction development, and events programming; and tourism marketing.

Minority Business Support Initiative

Small businesses, especially those owned by people of color, often face barriers and higher financing costs. The State strives to help minority-owned businesses succeed through its existing minority business enterprise program, which makes State procurement opportunities more readily available to minority-owned businesses.

INTRODUCTION

More needs to be done, though. A step in the right direction is establishing a minority business accelerator through a \$10.0 million allocation using State Fiscal Recovery funds. The accelerator will provide a range of supports and programming, e.g., technical and financial assistance, entrepreneurship training, space for programming and co-working, and access to low-interest loans.

Rhode Island Convention Center

Every dollar spent operating the Rhode Island Convention Center generates \$9.30 in local economic activity, according to a 2018 report. The venue experienced a significant revenue decline during the pandemic when it was used as an alternative hospital and mass vaccination site. To rebuild its core business and stimulate activity for the hospitality sector, the Governor proposes spending \$47.0 million, of which \$38.0 million is for facility improvements and \$9.0 million to cover operating expenses.

Unemployment Insurance Trust Fund Contribution

Rhode Island maintains its own Unemployment Insurance trust fund – a reserve built from state taxes, primarily on employers – that is used to pay claims. The trust fund balance declined during the pandemic, raising the possibility of a future increase to employer contribution rates. The Governor proposes a \$30.0 million infusion into the trust fund on an as-needed basis to make up for any lost revenue or address tax schedule shifts. Holding these funds in reserve allows for the ability for the State to rapidly respond if a shortfall is identified in the trust fund that could result in increased employer rates.

Economic Development

The State Fiscal Recovery Fund provides an unprecedented opportunity for Rhode Island to pursue forward-thinking economic development initiatives that will create jobs and increase incomes. The State must prioritize investments in sectors where Rhode Island holds a competitive edge, especially those related to the blue economy and bioscience.

Blue Economy

Rhode Island's blue economy is ripe for growth and will benefit from a \$70.0 million investment in a number of fields, such as ports and shipping, defense, marine trades, ocean-based renewables, aquaculture and fisheries, and tourism and recreation. This investment will support the development of a Smart Bay platform for developing and testing new technology, the creation of a Blue Technology Innovation Center for businesses to collaborate on shared challenges, workforce development, renewables infrastructure, and seafood technology.

Bioscience Investments

The Governor calls for spending \$30.0 million to grow Rhode Island's life sciences sector, enabling the state to further establish and grow one of the fastest-growing advanced industries in New England. Funding will support the creation of a shared wet lab space for startups and technology transfer supports to make it easier for research generated by institutions of higher education to be used by the private sector.

Port of Galilee Rehabilitation

The Port of Galilee takes in over 48 million pounds of seafood every year, making it one of the largest commercial fishing ports on the East Coast and the largest contributor to Rhode Island's 4,400 seafood industry jobs. An engineering assessment of the port's North Bulkhead infrastructure determined that a wholesale replacement and rehabilitation are necessary. An investment of \$46.0 million will secure the North Bulkhead, replace docks, upgrade the Coastal Resources Maintenance Building, and make other improvements, which will ensure that the port remains an economic driver.

Workforce Development

INTRODUCTION

The pandemic resulted in unprecedented job loss. Few, if any, sectors went unscathed, though some industries were hit harder, including tourism, hospitality, retail, and manufacturing.

Many Rhode Islanders who lost their jobs will never return to the positions or industries in which they worked. It is the State's responsibility to provide these individuals opportunities to have well-paying jobs and career opportunities.

A lesson reinforced by the pandemic is that a credential beyond a high school diploma provides more job security amid economic uncertainty. A study by the Federal Reserve Bank of San Francisco found that between March 2020 and May 2020, unemployment rates increased far more for individuals with a high school diploma or less when compared to those with a bachelor's degree (12 percentage points compared and 5.5 percentage points, respectively).

To equip Rhode Islanders with the tools they need to compete in an evolving economy, the State must leverage existing programs and connect postsecondary educational institutions with recent high school graduates and residents seeking credentials tied to growing industries.

Enhanced Real Jobs

The Governor proposes allocating \$40.0 million to the Department of Labor and Training's Enhanced Real Jobs to meet the needs of thousands of workers and hundreds of employers. By leveraging this existing training and placement platform, Rhode Islanders will be connected to the resources they need to return to the workforce in more resilient jobs and careers. Additionally, this is an opportunity to address long-standing inequities and systemic challenges facing workers in the hardest-hit communities. The funding will provide career readiness programming, job-related skills education, supportive services, financial literacy, and workforce development training.

Higher Education Academies

A coordinated system of postsecondary education and training is critical to make sure all Rhode Islanders rebound from the pandemic and find a strong foothold in the economy. The State must offer a direct service approach – meeting people where they are, instead of waiting for students to step through the door.

Toward this end, the Governor calls for \$22.5 million to be spent on supports, such as targeted coaching and wraparound supports, for those age 16 and older to continue their education. The Office of the Postsecondary Commissioner will implement a cycle of three academies to serve 1,000 students annually: a fall academy focused on rising seniors and recent graduates; a summer academy focused on ensuring a seamless transition to postsecondary education or workforce training; and a spring academy focused on college readiness coursework and support to enroll in summer courses.

Wi-Fi and Educational Programming at the Adult Correctional Institutions

When programming was halted at the Adult Correctional Institutions to slow the spread of COVID-19 at the beginning of the pandemic, educational opportunities were delayed because the facility lacks the Wi-Fi connectivity needed for online learning. Reliable internet access will allow incarcerated individuals to complete online courses and build the skills needed for post-release education and employment, helping to reduce transitional barriers. The Governor recommends spending \$3.3 million to outfit the Adult Correctional Institutions with Wi-Fi connectivity to fill this gap.

Climate

The consequences of climate change are clear in Rhode Island, with encroaching waters threatening the communities that dot the hundreds of miles of shoreline and those with rivers prone to frequent flooding. While climate change requires collective action, Rhode Island is uniquely positioned to do its part. Under the 2021 Act on Climate, the State is developing a plan to reduce climate emissions to net zero by 2050.

INTRODUCTION

Home to the country's first offshore wind farm off the coast of Block Island, Rhode Island must leverage its position as a key player in this growing industry by increasing capacity to accommodate what the industry needs, specifically space at ports to offload cargo.

Other solutions involve changes at the household level. The heating sector accounts for approximately one-third of Rhode Island's greenhouse gas emissions, but the State does not have dedicated, sustainable funding for the transition to thermal energy. Making clean energy more affordable and accessible will not only lower prices for consumers but also help the State reach its climate goals.

Port of Davisville

As offshore wind developers pursue federal permits for construction off the New England coast, the State needs to prepare to accommodate increased activity. A key step is a proposed \$60.0 million infrastructure investment in the Port of Davisville, which is operated by the Quonset Development Corp., that will enable construction of Terminal 5 Pier and completion of required dredging; preparation of about 34 acres to accommodate additional cargo laydown; and reconstruction and hardening of the existing surface of Pier 1. Together, these investments will accommodate the existing finished automobile importing and processing businesses that call the facility home, while expanding capacity specifically for the offshore wind developers.

South Quay Marine Terminal

The City of East Providence's proposed improvements to the South Quay Marine Terminal will create a large, integrated, and centralized hub of intermodal shipping designed to support the offshore wind industry. The Governor recommends allocating \$35.0 million to phase one of the project, which includes finishing design activities and developing the waterfront portion of the terminal into a robust marine-industrial facility.

Electric Heat Pumps

The Governor calls for using \$37.0 million from the State Fiscal Recovery Fund to support the purchase and installation of high-efficiency electric heat pumps in homes – with additional incentives for low- and moderate-income households – as well as energy efficiency improvements in community-based organizations. Some of the funding will be used to sponsor an apprenticeship program, in coordination with the Department of Labor and Training, that will provide employment opportunities for individuals in Qualified Census Tracts and expand the clean heating workforce.

Behavioral Health

The pandemic underscored significant challenges for Rhode Island's health system, such as health disparities, a behavioral health crisis, and unequal access, as well as opportunities for innovation that must be leveraged to address the challenges. The Governor's proposal invests a total of \$42.4 million in the behavioral health care system to promote mental health and well-being.

Certified Community Behavioral Health Clinics

The proposal includes \$28.1 million to support Certified Community Behavioral Health Clinics, which are designed to provide a de-institutionalized, comprehensive range of behavioral health supports, medical screening and monitoring, and social services to particularly vulnerable populations with complex needs. Infrastructure grants will be established to pave the way for behavioral health providers and community mental health organizations to develop the capacity to operate as clinics; enable designated collaborating/partner organizations to be equipped to participate in service delivery and collaboration with clinics; and support State implementation of this initiative through project management, evaluation, technical assistance, and administration.

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Crisis Intervention Training

Since the start of the pandemic, police departments have reported significant increases in mental health-related calls. There are over 2,700 communities nationwide with comprehensive crisis intervention training programs. In 2019, Rhode Island began efforts in Washington County and expanded statewide with funding from a federal Justice System Reinvestment grant. The Governor recommends supplementing the program by spending \$2.2 million to provide an eight-hour training every three years for law enforcement as well as continuing education opportunities.

Mental Health Court Pilot Program

A recommended District Court pilot program funded with \$4.2 million will allow defendants with mental illnesses to be connected with community treatment programs, with the goals of reducing recidivism and keeping these individuals out of criminal courts. Participants will receive wraparound services, including treatment, monitoring, and additional support. Successful completion may result in jail diversion, the reduction of charges, alternative sentencing, or the dismissal of charges.

Psychiatric Residential Treatment Facility

The Governor's budget includes \$6.0 million to establish a Psychiatric Residential Treatment Facility (PRTF). Rhode Island does not have intensive residential treatment options for adolescent girls and young women who face severe and complex behavioral health challenges. Funding will support at least one PRTF and prevent disruptive out-of-state placements for this vulnerable population.

Public Infrastructure and Technology

All the pieces that make up infrastructure in the 21st century bring people together in an increasingly interconnected world. Further investments in infrastructure, particularly digital technologies, are crucial for Rhode Island to compete in an environment where distance is no longer a divide.

Permitting and Licensing Investments

The Governor recommends spending \$5.8 million to replace the antiquated information technology at the Department of Environmental Management that is used to support permit and licensure transactions, e-transactions, workflow management, and other business functions. The updates will improve constituents' access to permits and licenses, as well as the Department's ability to review applications and issue permits and licenses.

Health Spending Accountability and Transparency Program

Spending on health care by private and government payers generally grows at a faster rate than Rhode Island's economic growth. To curb health care spending, the Governor proposes spending \$500,000 for the Health Spending Accountability and Transparency Program at the Office of the Health Insurance Commissioner. This initiative, in partnership with health care stakeholders, analyzes health care spending and economic data to establish and measure progress against a state Health Care Cost Growth Target. This program will motivate the actions of private health care entities and provide actionable data for the Executive Branch and the General Assembly to make policies and pass legislation that address the causes of excessive health care spending growth.

Pawtucket Bus Hub Passenger Facility

The Pawtucket-Central Falls Commuter Rail Station will connect 10 bus routes across the Blackstone Valley and create a seamless transfer experience for customers of both Rhode Island Public Transit Authority and Massachusetts Bay Transportation Authority services. To provide quality amenities for the projected 1,200 customers who will visit the station each day, the Governor recommends investing \$5.0 million to create a facility outfitted with restrooms, customer service windows, and covered waiting areas.

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Main Streets Revitalization

The Governor proposes \$5.0 million to continue investments in municipal commercial districts and infrastructure. The program, which requires a local match, has already assisted 16 communities with signage, lighting, façade, and sidewalk improvements that support local businesses and economic growth.

| Governor's State Fiscal Recovery Fund Recommendation | Total Amount | RI Rebounds |
|---|----------------------|---------------------|
| Housing | \$250,000,000 | \$29,000,000 |
| Development of Affordable Housing | \$90,000,000 | \$15,000,000 |
| Down Payment Assistance | \$50,000,000 | |
| Acquisition Program | \$25,000,000 | \$12,000,000 |
| Home Repair & Community Revitalization Program | \$25,000,000 | |
| Homelessness Assistance Programs | \$21,500,000 | \$1,500,000 |
| Workforce Housing | \$20,000,000 | |
| Predevelopment Program | \$10,000,000 | |
| Homelessness Infrastructure | \$5,000,000 | |
| Housing Strategic Plan | \$2,000,000 | |
| OHCD Support and Capacity | \$1,500,000 | \$500,000 |
| Economic and Workforce Development | \$211,825,000 | |
| Blue Economy Investments | \$70,000,000 | |
| Port of Galilee Rehabilitation | \$46,000,000 | |
| Enhanced Real Jobs | \$40,000,000 | |
| Bioscience Investments | \$30,000,000 | |
| Higher Ed Academies | \$22,500,000 | |
| Wi-Fi and Tech at the ACI | \$3,325,000 | |
| Aid to Small Business and Impacted Industry | \$180,535,000 | \$45,000,000 |
| Convention Center | \$47,035,000 | |
| Small Business Assistance Grants | \$45,000,000 | \$32,000,000 |
| UI Trust Fund Contribution | \$30,000,000 | |
| Assistance to Impacted Industries | \$28,500,000 | \$13,000,000 |
| Small Business Access to Capital | \$20,000,000 | |
| Minority Business Accelerator | \$10,000,000 | |
| Public Health | \$152,292,751 | |
| COVID-19 Ongoing Response | \$150,052,439 | |
| Medicaid Eligibility Extension/HSRI Auto-Enrollment Program | \$1,690,312 | |
| Emergency Staffing at ESH/RIVH | \$550,000 | |

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| | | |
|--|------------------------|----------------------|
| Climate | \$132,000,000 | |
| Port of Davisville | \$60,000,000 | |
| OER Electric Heat Pumps | \$37,000,000 | |
| South Quay Marine Terminal | \$35,000,000 | |
| Children, Families, and Early Education | \$118,575,000 | \$44,500,000 |
| Child Care Support | \$42,000,000 | \$19,000,000 |
| Pediatric Relief and Recovery | \$15,000,000 | \$7,500,000 |
| Municipal Learning Centers | \$15,000,000 | |
| DCYF Wage Stabilization | \$12,500,000 | \$12,500,000 |
| Early Intervention Relief and Recovery | \$11,000,000 | \$5,500,000 |
| Nonprofit Assistance/Food Insecurity | \$10,000,000 | |
| RIbridges Mobile Access and Child Care Tracking | \$6,700,000 | |
| Support for Survivors of Domestic Violence | \$4,500,000 | |
| Lead Abatement and Fire Safety Upgrades in Foster Homes | \$1,875,000 | |
| Behavioral Health | \$42,392,390 | |
| Certified Community Behavioral Health Clinics | \$28,100,000 | |
| Psychiatric Residential Treatment Facility | \$6,000,000 | |
| Mental Health Court Pilot Program | \$4,217,390 | |
| Crisis Intervention Trainings | \$2,200,000 | |
| 9-8-8 Mental Health Hotline | \$1,875,000 | |
| Public Infrastructure and Technology | \$26,475,000 | \$500,000 |
| DEM Permit and Licensing IT Investments | \$5,825,000 | |
| Pawtucket Bus Hub Passenger Facility | \$5,000,000 | |
| Main Streets Revitalization | \$5,000,000 | |
| DOC Radio System | \$2,700,000 | |
| DBR e-Licensing and Blockchain Digital Identity | \$2,500,000 | |
| DOR Tax Modernization - STAARS Cloud Migration and Other IT | \$2,250,000 | |
| DOA ERP Implementation | \$2,200,000 | |
| Broadband State Office and Development of Statewide Plan | \$500,000 | \$500,000 |
| OHIC Health Spending Accountability and Transparency Program | \$500,000 | |
| Admin (1.5%) | \$16,965,916 | |
| Total | \$1,131,061,057 | \$119,000,000 |

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Capital Projects Fund

In accordance with guidance from the U.S. Department of the Treasury, the Governor recommends deploying the State's \$112.3 million American Rescue Plan Act Capital Projects Fund allocation to invest in high-quality broadband infrastructure and other projects that enable workforce development, education, and health monitoring. Administrative costs account for \$5.6 million of the total.

Municipal Community Center Matches

Since his first day in office, the Governor has believed in engaging and partnering with every one of the 39 cities and towns. The Governor wants to leverage the State's federal funds with municipalities' federal funds to maximize the impact from their investments. The recommendation is to make \$46.7 million available as a matching fund for cities and towns that renovate or build a community wellness center that meets Treasury's workforce development, education, and health monitoring requirements.

Last-Mile Broadband Projects

Twenty percent of Rhode Islanders do not have wired internet at home. In parts of the urban core, that number is closer to 50 percent. At a time when internet is a basic utility – for remote work, distance learning, telehealth, and engagement with digital government – this creates a deep digital divide. Yet, Rhode Island can capitalize on its small size, flat terrain, and middle-mile infrastructure to quickly expand broadband access.

It is critical for Rhode Island to close its digital divide, and the Governor recommends a \$25.0 million investment in last-mile projects to provide high-speed, reliable internet to all Rhode Islanders. Specifically, the Executive Office of Commerce, in partnership with the Department of Business Regulation, will run a series of requests for proposals for broadband infrastructure projects, providing funds to municipalities, public housing authorities, business cooperatives, and local internet service providers for last-mile projects targeted at those unserved and underserved by the current infrastructure. This investment will help access a minimum of \$100 million in federal funds for broadband investment through the Infrastructure Investment and Jobs Act.

Rhode Island College Student Services Center

A centralized hub at Rhode Island College, where students can complete essential tasks such as paying bills or inquiring about financial aid, will provide a more convenient experience. A proposed \$35.0 million allocation will consolidate services that are currently handled at various locations across campus in one facility that is convenient and accessible to all students.

Responsible One-Time Investments

As of October 2021, the Office of Management and Budget projected an operating surplus of \$618.4 million in Fiscal Year 2022. This unusually large surplus is the result of several factors – strong revenue collections, lower agency spending from unfilled personnel positions, and FEMA and temporarily enhanced Medicaid reimbursements. The Fiscal Year 2022 surplus largely represents one-time revenues and does not suggest that State's structural deficit has ended. For that reason, these one-time funds must be invested responsibly to address long-standing problems and to reduce future operating costs.

State Facility Improvements

Buildings and facilities require regular maintenance and upgrades to reap the greatest benefit from the initial investment to construct them. The State, like many other entities, has made strategic decisions about when and how much to invest in its real estate portfolio to maximize this investment. Due to limited resources, in some cases, the State has had to defer some maintenance. The longer these projects are left undone, the more costly they can become.

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The Governor recommends a transfer of \$210.0 million to the RI Capital Plan Fund (RICAP) to help address deferred maintenance at buildings and facilities. Combined with existing RICAP funds, this investment will support the construction of a new Zambarano medical hospital (\$108.2 million), and essential upgrades to the Pastore Campus (\$120.8 million total), State House (\$45.1 million), and State-run group homes (\$13.1 million).

The water, heating, and electricity infrastructure that powers the 35 buildings that make up the Pastore Campus in Cranston was not designed to support today's operations. The existing infrastructure, which is either at or near the end of its useful life, is inefficient and results in waste. With the one-time infusion of funds, each of these systems can be addressed with a deliberate and comprehensive approach. The State will reap cost savings, reduced repairs, and minimal disruption of services with this approach, whereas the alternative – making incremental progress one system at a time – would be disruptive and cost more.

Eleanor Slater Hospital

Eleanor Slater Hospital, with its patient care facilities across the Pastore Campus and the Zambarano Campus in Burrillville, requires RICAP investments to continue serving Rhode Islanders whose needs are difficult to address in the broader health care landscape.

The long-term benefit of this plan is aligning the facilities more closely with anticipated needs. The Department of Behavioral Healthcare, Development Disabilities and Hospitals envisions an integrated medical facility supporting different levels of care at the Zambarano Campus, which will focus exclusively on medical care. The Regan Building at the Pastore Campus will provide psychiatric care to civil psychiatric admissions and some forensic patients, while the Benton Building at the Pastore Campus will continue to support psychiatric services for the most acute forensic patients.

The Governor proposes \$108.2 million toward the construction of a new facility on the Zambarano Campus with more than 100 beds tailored to meet the needs of the patients already served at the facility, including long-term acute care beds, beds for other services with limited availability in the state, and beds for services for specialized populations.

It is critical for the State to invest in the existing infrastructure at both campuses to provide excellent care while this new facility is under construction. With that in mind, the Governor calls for \$14.3 million in mechanical systems upgrades at the Zambarano Campus and \$3.2 million to upgrade a ventilator unit at the Beazley Building. Additionally, \$19.7 million in existing debt proceeds are recommended to address safety issues at the Regan Building.

Information Technology Investment Fund

Like physical infrastructure, the State's information technology backbone is vital to the efficient operations of government. The Governor proposes \$50.0 million of the Fiscal Year 2022 surplus for the Information Technology Investment Fund (ITIF) to fund necessary projects. Of that total, \$19.4 million will be used to replace the Department of Labor and Training's legacy mainframe with modern systems for Temporary Disability Insurance and employer tax functions.

Also, in conjunction with physical renovations of Eleanor Slater Hospital, an ITIF allocation of \$22.4 million will be used to implement an Electronic Medical Records Hospital Information System that is similar to software used by the vast majority of acute care hospitals. This type of system consists of a suite of administrative, financial, and clinical modules, which electronically collect and track eligibility requirements, demographics, assessments, care plans, physician orders, medication administration, progress notes, outcomes, billing, claims, and more.

Transportation Match

A proposed allocation of an additional \$100.0 million from surplus funds will unlock up to \$400.0 million in federal funds provided through the federal Infrastructure Investment and Jobs Act. The law requires a

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state match for projects that address roads, bridges, highways, transit facilities, electric buses, and electric vehicle charging infrastructure. By setting aside funds for state obligations through Fiscal Year 2024 with available surplus, the State can avoid borrowing and reduce future budget impacts while investing in the State's critical infrastructure.

Clean Water and Drinking Water

Similarly, to leverage additional federal funding available for investments in water, sewer, and stormwater management, the State is required to provide matching funds. For this purpose, the Governor recommends using \$21.9 million in Fiscal Year 2022 surplus funds to ensure improvements in building healthy, green communities for the next two years.

Pension Liability

In 1991 and 1992, the State deferred its pension contributions for State employees and teachers. That liability remains on the books, and the State is scheduled to pay \$6.0 million in Fiscal Year 2023 toward that obligation. The Governor proposes allocating \$62.0 million of surplus funds to retire that pension liability, resulting in annual savings for more than a decade.

Key Fiscal Year 2023 Operating Budget Proposals

Ballot Initiatives

The Fiscal Year 2023 proposal includes three initiatives totaling \$350.0 million to be placed on the ballot in November 2022, including:

K-12 School Construction Bond – \$250.0 million

- Provides \$250.0 million, of which \$200.0 million will provide direct funding for school construction projects and \$50.0 million will fund the School Building Authority Capital Fund to enable projects that address high priority building, health, and fire safety code deficiencies.

Higher Education Bond – \$62.0 million

- *University of Rhode Island Narragansett Bay Campus Improvements* – Provides \$50.0 million to repair and construct facilities in support of the educational and research needs for the marine disciplines.
- *Community of Rhode Island Academic Enhancements* – Provides \$12.0 million to restore and enhance academic and student support spaces and other infrastructure on the four campuses.

Green Economy Bond – \$38.0 million

- *Municipal Resiliency Matching Grants* – Provides \$16.0 million for up to 75 percent matching grants to municipalities to restore and improve the resiliency of infrastructure, vulnerable coastal habitats, and floodplains.
- *Small Business Energy Loan Program* – Provides \$5.0 million for grants to remove impediments to clean energy project implementation and provide zero-interest and below-market loans for clean energy projects.
- *Narragansett Bay and Watershed Restoration* – Provides \$3.0 million to restore and protect water quality and enhance the economic viability and environmental sustainability of the bay and watersheds.
- *Forest Conservation* – Provides \$3.0 million to maintain forest and wildlife habitat and infrastructure.

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- *Brownfields Remediation and Economic Development* – Provides \$4.0 million for up to 80 percent matching grants to public, private, and/or nonprofit entities for brownfield remediation projects.
- *State Open Space Land Acquisition Program* – Provides \$3.0 million to acquire conservation easements for open space, farmland, and recreation lands.
- *Local Open Space Land Acquisition Program* – Provides \$2.0 million for up to 50 percent matching grants to municipalities, local land trusts, and nonprofit organizations to acquire development rights or conservation easements on open space and urban parklands.
- *Local Recreation Grant Program* – Provides \$2.0 million for up to 80 percent matching grants to municipalities to develop and improve public recreational facilities.

Education Aid

The Governor recommends fully funding the Education Aid Funding Formula in Fiscal Year 2023. Recognizing that enrollment losses associated with the pandemic and ongoing enrollment shifts to non-traditional schools, the recommendation includes a Transition Fund totaling \$49.7 million.

The Transition Fund provides local education agencies, charter schools, Central Falls, state schools, and the Urban Collaborative with enacted Fiscal Year 2022 funding levels if statutorily mandated Fiscal Year 2023 funding levels represent a decrease. As a result, no local education agency will receive a reduction in aid compared to Fiscal Year 2022. The statewide impact of reductions in funding formula aid offset by increases in Transition Fund appropriations total a net increase of \$23.0 million in education support.

Small Business Initiatives

Recognizing the integral role that Rhode Island small businesses play in job creation and economic growth, the Governor's budget recommends the following initiatives to assist small businesses:

- Reduces the corporate minimum tax to \$375, which will benefit about 65,000 entities;
- Creates a taxpayer steward position within the Division of Taxation at a cost of \$145,000 annually to guide small businesses and individuals through the taxation process and resolve various taxation challenges;
- Allows cities and towns to provide a local tax exemption for tangible property taxes on business assets;
- Reduces from 18 percent to 12 percent the interest rate for late payments on non-trust fund taxes, e.g., personal and corporate income tax, bringing Rhode Island in line with its neighbors;
- Eliminates the sunset provision on the sale of liquor to-go, allowing restaurants and brewpubs to permanently sell alcoholic beverages with take-out orders;
- Allows individuals to use home kitchens through a more accessible cottage food license to make baked goods for retail sale (annual sales capped at \$25,000) – an activity that currently requires the use of a commercial kitchen;
- Exempts from sales tax the trade-in value of motorcycles; and
- Expands the types of entities eligible for the Small Business Development Fund, provides discretion for tax credit awards, and expands the types of taxes against which the tax credits are allowed.

Wavemaker Fellowship

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To address the staffing shortfalls in the health care industry, the budget recommends an \$800,000 increase from general revenues to expand the Wavemaker Fellowship program. About 100 health care professionals would receive a two-year fellowship (\$4,000 each year per recipient). The Executive Office of Commerce will work closely with the Executive Office of Health and Human Services in the evaluation and selection of applicants.

Act on Climate

In support of the Executive Climate Change Council and to implement the Act on Climate, the Governor recommends establishing a dedicated funding source of \$6.0 million per year for eligible uses, such as renewable energy, energy efficiency, clean heating, clean transportation, and energy storage. Additionally, the budget creates three positions in the Office of Energy Resources and one in the Department of Environmental Management to support state efforts to address and mitigate climate change.

Adult-use Marijuana Program

The Governor's budget proposes legalizing adult-use marijuana under a program that is anchored in principles of equity, public health, and safety. The proposal invests in Health Equity Zones to expand community-based health initiatives and infrastructure; treatment, prevention, and surveillance through multiple state agencies; and state and local law enforcement training and capacity building. Additionally, it allows for the automatic expungement of marijuana-related convictions.

Postpartum Expansion and Cover All Kids

A proposed increase in \$6.6 million from all funding sources, including \$4.3 million in general revenues, will extend Medicaid coverage to women from 60 days postpartum to 12 months postpartum, regardless of immigration status. Additionally, an investment of \$1.9 million in general revenues will extend Medicaid coverage to children who would otherwise be eligible except for their immigration status.

Child Care Assistance Program

The Governor recommends increasing the Child Care Assistance Program (CCAP) rates to make progress toward meeting the equal access standard. This will help ensure children utilizing CCAP have access to higher quality early learning programs, and early learning programs will have additional needed resources to invest in quality and staff compensation. In addition, the Governor proposes expanding income eligibility for CCAP from 180 percent of the Federal Poverty Level to 200 percent of the Federal Poverty Level, ensuring that more working families have support in affording child care.

Military Pensions

The Governor recommends amending state law to phase out over the next five years the taxation of military service pensions. The percentage of the taxpayer's military service pension benefits included in federal adjusted gross income to be subtracted for Rhode Island taxable income would be 20 percent for tax year 2023, 40 percent for tax year 2024, 60 percent for tax year 2025, 80 percent for tax year 2026, and 100 percent for tax year 2027 and all subsequent tax years.

Motor Vehicle Excise Tax Phaseout

The Governor proposes continuing to phase out the motor vehicle excise tax on schedule, providing \$166.6 million in general revenue to cities and towns to replace lost revenues.

Environmental Protection Permitting and Compliance

The Department of Environmental Management has experienced an increase in permitting activity, requiring an investment of \$500,000 for six new positions. The positions will enhance customer service, support businesses, and improve the overall quality of the permitting process. To offset the cost of these positions, the Governor recommends fee increases that would match neighboring states and keep pace with

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inflation, as well as the implementation of new fees for annual compliance and the resubmission of applications that require multiple reviews. All these changes are projected to result in a net savings of approximately \$75,000.

Rebuild Rhode Island Tax Credit

The Governor recommends investing \$13.5 million in the Rebuild Rhode Island Tax Credit program that transforms historic real estate infrastructure. Furthermore, the Governor recommends raising the program cap from \$210.0 million to \$225.0 million, ensuring that the program can continue stimulating the economy, providing affordable housing, and revitalizing communities.

Air Service Development Fund

Allocating \$2.25 million to the Air Service Development Fund will incentivize airlines and cargo services to connect to Rhode Island T.F. Green International Airport, which will increase tourism to the state and benefit multiple sectors. The last time an allocation was made to the fund, 17 new routes were added to the airport.

EXPENDITURE SUMMARY

The following outlines the FY 2022 Revised and the FY 2023 Recommended Budgets as proposed by Governor McKee on January 20, 2022

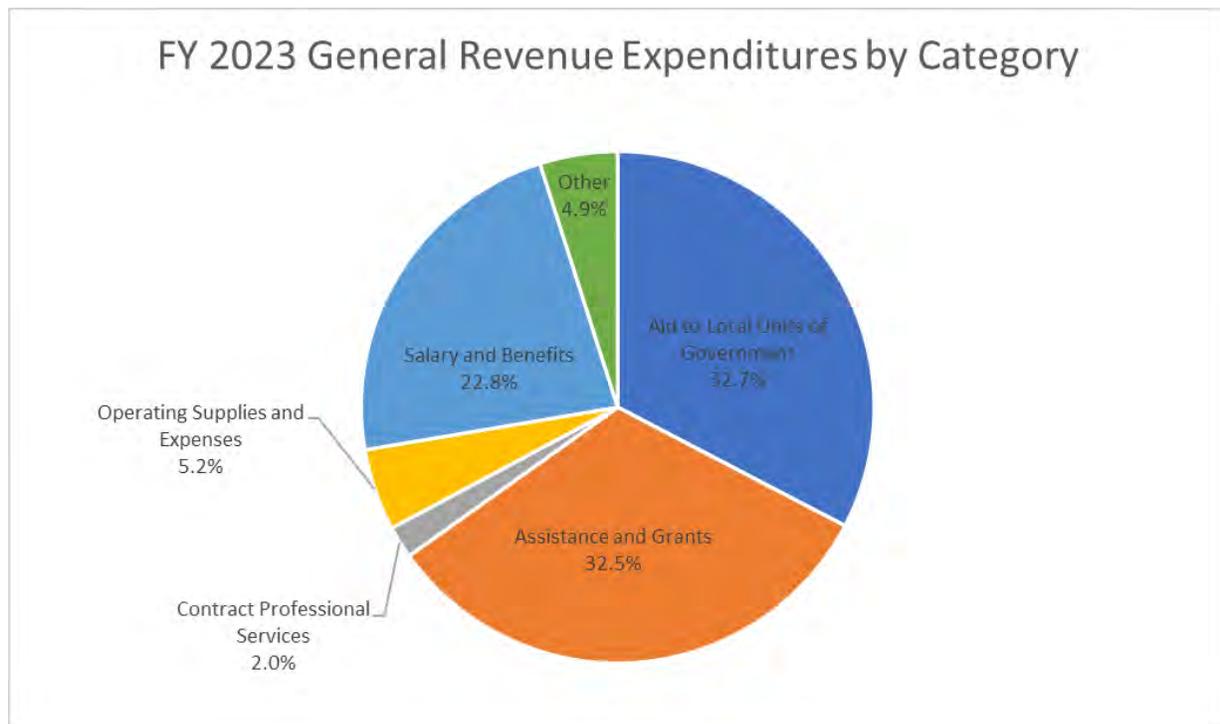
Expenditures by Source

The following table shows state expenditures by source of funds. Statewide all fund expenditures for the revised FY 2022 budget total \$12.825 billion, an increase of \$641.8 million compared to the enacted level. Of this total, \$4.999 billion, or 36.3 percent, is from general revenue. All funds expenditures for FY 2023 are \$12.825 billion, a decrease of \$295.8 million compared to the FY 2022 enacted level. Of this total, \$4.731 billion, or 36.9 percent, is from general revenue.

Enacted and Proposed Expenditures by Source

| Sources of Funds | FY 2022 Enacted | FY 2022 Revised | Change from Enacted | FY 2023 Recommended | Change from FY 2022 Enacted |
|-------------------------|-------------------|-------------------|---------------------|---------------------|-----------------------------|
| General Revenue | \$4,550.8 | \$4,998.9 | \$448.1 | \$4,731.3 | \$180.5 |
| Federal Funds | 5,862.7 | 6,051.1 | 188.4 | 5,311.0 | (551.7) |
| Restricted Receipts | 372.7 | 448.0 | 75.3 | 432.2 | 59.5 |
| Other Funds | 2,334.6 | 2,264.6 | (70.0) | 2,350.4 | 15.8 |
| Total (millions) | \$13,120.8 | \$13,762.6 | \$641.8 | \$12,825.0 | (\$295.8) |

Expenditures are sorted into categories to group similar types of expenditures across departments. The below chart shows the percentage of expenditures by category for general revenue. Local aid has increased from 32.0 percent of general revenue spending in FY 2018 to 32.7 percent in FY 2023, driven by additional funding for local education and the continued phase-out of the Motor Vehicle Excise Tax. Personnel expenditures have decreased from 23.1 percent of general revenues in FY 2018 to 22.8 percent in FY 2023. Meanwhile, spending on grants and benefits declined from 33.2 percent of general revenues in FY 2018 to 32.5 percent in FY 2023.



EXPENDITURE SUMMARY

Expenditures by Functional Unit of Government

The FY 2023 general revenue budget is up \$185.5 million compared to the FY 2022 Enacted Budget. The increases are primarily due to the following changes:

- General Government expenditures are up \$20.4 million; significant growth drivers include continuation of reimbursements to cities and towns due to the motor vehicle excise tax phase-out and a general revenue contingency the COVID-19 Pandemic related expenditures, offset by reductions in the Rebuild RI program.
- Health and Human Services expenditures increase by \$109.9 million due to the cessation of the temporary enhancement to each qualifying state’s Federal Medical Assistance Percentage (FMAP) from the Families First Coronavirus Response Act (FFCRA).
- Education expenditures are up \$45.9 million primarily due to fully funding the Education Aid Funding Formula and a Transition Fund to hold harmless any LEAs which would otherwise experience reductions in aid as well as increases in support for higher education.
- Public Safety expenditures are up by \$3.5 million which fully finances all public safety agencies at current services.
- Natural Resources expenditures are up \$5.8 million due to increased investment in the Department of Environmental Management to improve the efficiency of the agency’s permitting process.

General Revenue Appropriations by Function

| Sources of Funds | FY 2022 Enacted | FY 2022 Revised | Change from Enacted | FY 2023 Recommended | Change from FY 2022 Enacted |
|---------------------------|------------------|------------------|---------------------|---------------------|-----------------------------|
| General Government | \$669.1 | \$1,120.9 | \$451.8 | \$684.6 | \$15.4 |
| Health and Human Services | 1,723.8 | 1,661.3 | (62.5) | 1,833.7 | 109.9 |
| Education | 1,595.3 | 1,604.6 | 9.3 | 1,641.2 | 45.9 |
| Public Safety | 513.5 | 538.2 | 24.7 | 517.1 | 3.5 |
| Natural Resources | 49.0 | 73.8 | 24.8 | 54.8 | 5.8 |
| Total (millions) | \$4,550.8 | \$4,998.9 | \$448.1 | \$4,731.3 | \$180.5 |

FY 2023 All funds expenditures by functional units total \$12,825.0 million and include:

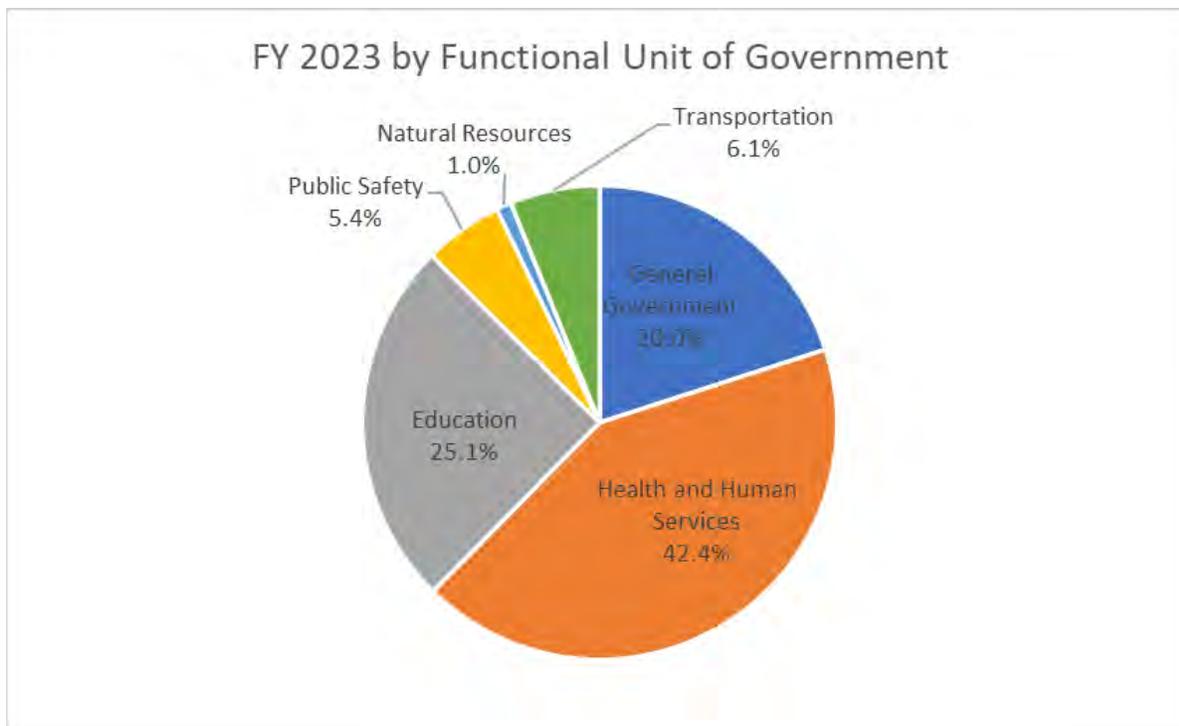
General Government

Approximately 20.0 percent of all expenditures are for General Government, totaling \$2.566 billion. This includes agencies that provide general administrative services to other state agencies, assist in developing the state’s workforce, assist municipalities in achieving fiscal health, and those that perform state licensure and regulatory functions.

Human and Human Services

Approximately 42.4 percent of all expenditures are for Health and Human Services, totaling \$5.437 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.

EXPENDITURE SUMMARY



Education

Approximately 25.1 percent of all expenditures are for Education, totaling \$3.214 billion. This includes state support for local education aid, support for the state university and colleges, and scholarships.

Public Safety

Approximately 5.4 percent of all expenditures are for Public Safety, totaling \$692.0 million. Public Safety agencies provide law enforcement, adjudication, perform correction and rehabilitative services, and handle emergencies impacting Rhode Island's citizens.

Natural Resources

Approximately 1.0 percent of all expenditures are for Natural Resources, totaling \$131.0 million. Agencies include the Department of Environmental Management (DEM) and the Coastal Resources Management Council (CRMC). The DEM manages and protects Rhode Island's public and common natural assets, including land, air and water resources, while the CRMC seeks to preserve, protect and restore the coastal resources of the State.

Transportation

Approximately 6.1% percent of all expenditures are for Transportation, totaling \$784.4 million. The Department maintains the State's transportation infrastructure.

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

CHILDREN’S BUDGET

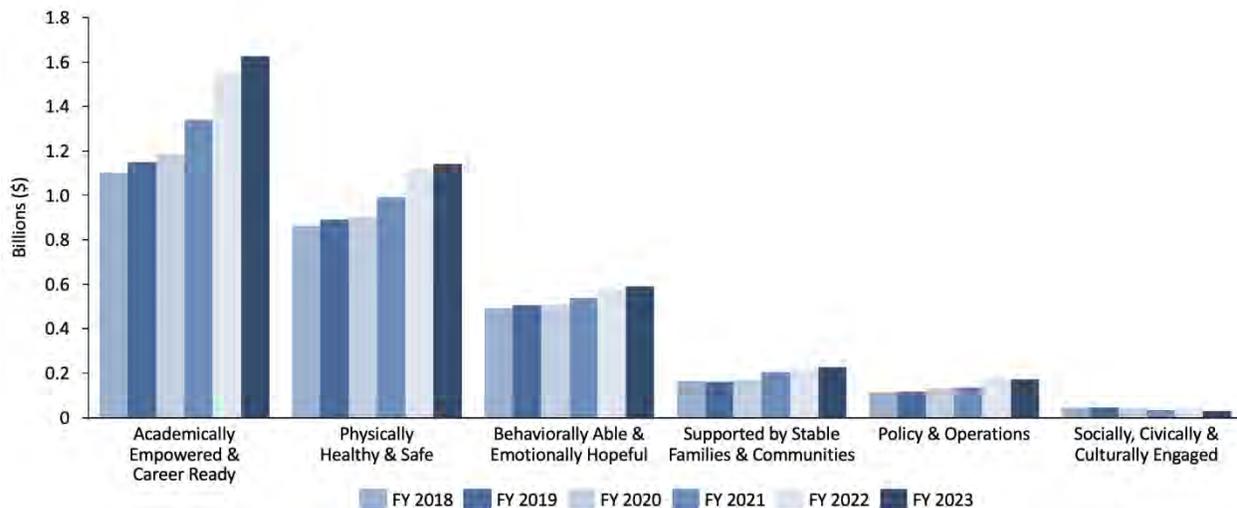
As required under R.I.G.L. § 42-72.5(2), the following constitutes the FY 2023 Children’s Budget prepared by the Rhode Island Children’s Cabinet.

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.

Per the strategic plan, the Children’s Cabinet, with leadership from the Office of Management and Budget (OMB), 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 continued growth in investments in key desired outcome areas for children and youth over the last six fiscal years. As seen in Graph A, investments in programs that support outcomes related to Academically Empowered & Career Ready and Physically Health & Safe have increased at the fastest rates.

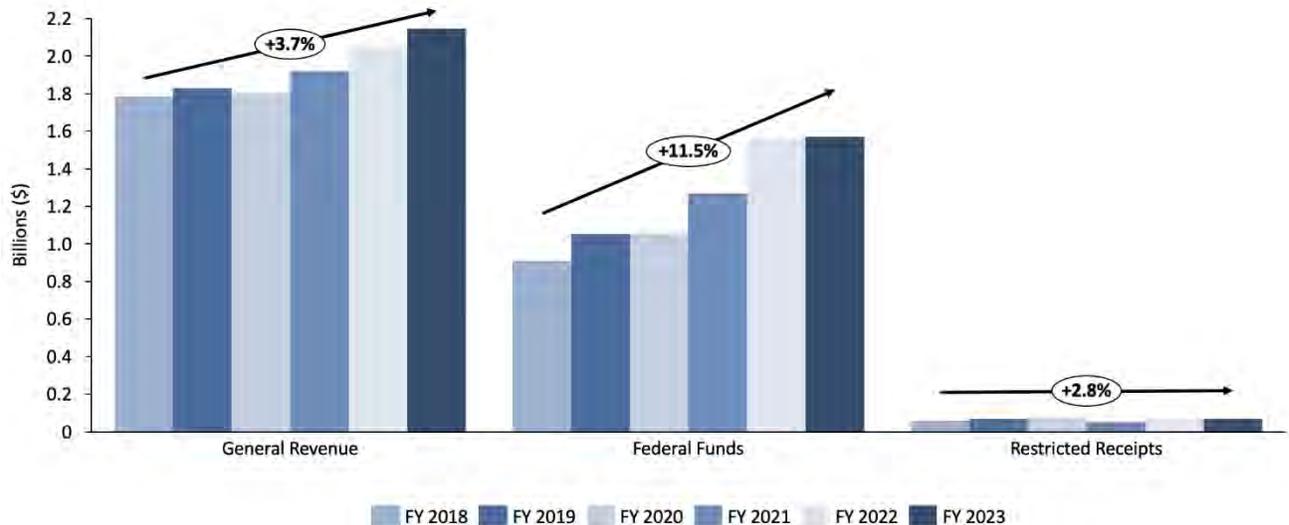
Graph A: Spending on Children & Youth, FY18-FY23 by Desired Outcome Area



In FY 2023, the Governor recommends an investment of \$3.77 billion in children-and-youth-related spending, inclusive of federal stimulus funds and COVID recovery related spending. Graph B shows the breakdown of spending by source for children and youth. The COVID-19 crisis has had an immense impact on children’s education, health, and mental health. Compared to 2019, as of December 2021, there is a cumulative deficit of over 80,000 regular pediatric vaccine shots. The pandemic also exacerbated existing issues, such as workforce recruitment and retention in children’s services due to persistent low compensation driven by low rates. As a result, families have struggled to access needed services like high quality child care and Early Intervention. The FY 2023 budget builds on the RI Rebounds investments to make additional investments in child care, Early Intervention, and pediatrics, as well as proposes to Cover All Kids in Medicaid and extend Medicaid postpartum cover to twelve months, regardless of immigration status.

CHILDREN'S BUDGET

Graph B: Children & Youth Spending by Fund Source, FY18-FY23



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 validated 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 fourth year of an initiative conducted as a partnership between the Children's Cabinet, OMB, and State agencies. The Children's Cabinet used the FY 2022 scan to explore funding streams being utilized for different key outcome areas and identify opportunities for collaboration across agencies on initiatives such as programs related to children, prenatal to age three. The FY 2023 scan used the same protocols as the FY 2022 scan, and categorized investments by the desired outcome areas from the Children's Cabinet strategic plan. These desired outcome areas include:

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

CHILDREN'S BUDGET

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

RHODE ISLAND'S ECONOMY

The Pandemic Recovery

The Rhode Island economy in 2021 continued to be driven by COVID-19 pandemic and responses to the pandemic by the public and private sector. The year saw several events with significant economic impacts: the peak of a wave of COVID-19 cases in January, the widespread availability of COVID-19 vaccines early in the year, the American Rescue Plan Act federal stimulus bill in March, the phaseout of most public health restrictions in May, and the new variants that emerged at the end of the year.

Rhode Island lost 108,000 jobs between February 2020 and April 2020 and has since gained back 77 percent of those jobs (as of November 2021). Lower wage industries were hit harder by the pandemic, with industries with average wages less than \$40,000 accounting for 52 percent of job losses despite making up only 26 percent of total jobs in the state.

The largest gains since April 2020 have been experienced by sectors that had previously seen the largest losses. The accommodation and food services sector, the hardest hit part of the economy, has recovered 80 percent of jobs lost. Rebound in the health care sector has been more sluggish with 70 percent of those jobs recovered. Arts, entertainment, and recreation businesses have struggled further, recovering only 58 percent of jobs lost. Several sectors have gained back more jobs than were initially lost, including construction, manufacturing, wholesale trade, and transportation businesses. Strong performance in these industries corresponds to strong demand for durable goods and housing during the pandemic.

| RI Job Losses Compared to Job Gains Since April 2020 | | | |
|---|--|---|------------------------------------|
| Industry | Jobs Lost, Feb '20 - Apr '20 (thous.) | Jobs Gained Apr '20 - Nov '21 (thous.) | Share of Jobs Recovered |
| Accomm. & Food Services | 32.6 | 26.2 | 80% |
| Health Care & Social Assistance | 17.4 | 12.1 | 70% |
| Retail Trade | 11.2 | 8.8 | 79% |
| Professional & Business Services | 9.4 | 6.2 | 66% |
| Other Services | 7.7 | 5.8 | 75% |
| Manufacturing | 6.6 | 7.6 | 115% |
| Arts, Ent. & Recreation | 4.8 | 2.8 | 58% |
| Construction | 4.2 | 5.3 | 126% |
| Transportation & Utilities | 3.6 | 3.7 | 103% |
| Educational Services | 3.2 | -0.4 | -13% |
| Financial Activities | 1.9 | 0.4 | 21% |
| Information | 0.8 | 0.3 | 38% |

Source: RI Department of Labor and Training, Current Employment Statistics, Seasonally Adjusted

Robust federal stimulus continued into 2021 with the passage of the American Rescue Plan Act (ARPA) in March 2021. ARPA extended expanded unemployment benefits through early September, provided \$1,400 stimulus payments to individuals, and expanded the child tax credit and the earned income tax credit. The bill also provided new funding for numerous other programs, including pandemic response, state and local fiscal recovery funds, rental assistance, and the Paycheck Protection Program.

The impact of this support can be seen in the economic data. Nationally, household net worth rose 24 percent during the pandemic. As of November 2021, national revolving consumer credit (such as credit

RHODE ISLAND'S ECONOMY

cards) was \$60 billion (or 5.5 percent) lower than pre-pandemic. This indicates that consumer borrowing has plenty of room to grow, which will help driven continued consumption growth.

In Rhode Island, personal income growth is estimated at 6.5 percent in FY 2020 and another 5.6 percent in FY 2021. FY 2022 is expected to see personal income growth of -0.1 percent as federal stimulus recedes. The largest component of personal income, wages, are expected to grow 8.1 percent in FY 2022; this robust wage growth will help take the place of federal stimulus and ensure personal income doesn't drop sharply in FY 2022.

The September peak of Delta variant coronavirus cases did little to slow the state's economy recovery, with jobs and unemployment data remaining stable. It remains to be seen how the much larger wave of Omicron cases impacts the state's economy. The economic forecast presented in this document was prepared before the rise of the Omicron variant.

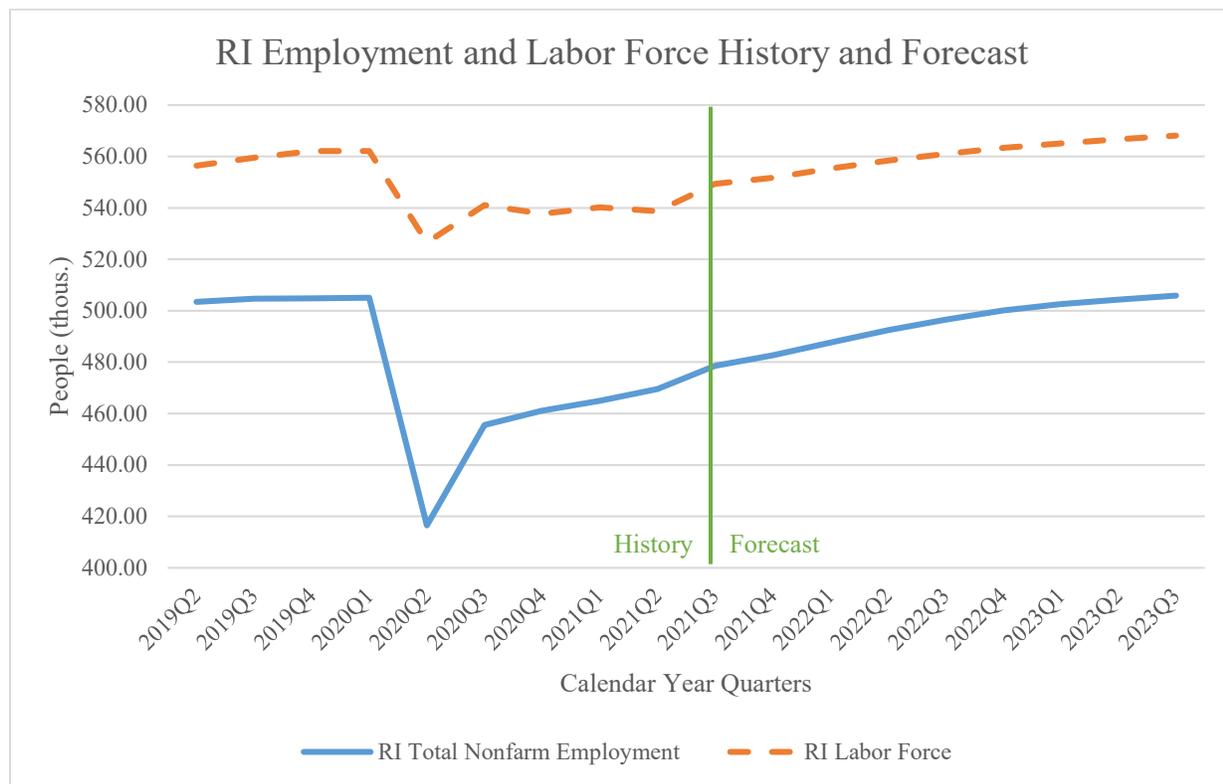
The Labor Market

The two main stories of Rhode Island's labor market are a robust demand for labor combined with a diminished labor force. Job openings in Rhode Island, according to the Bureau of Labor Statistics' Job Openings and Labor Turnover Survey, were 24,000 in January 2021. These openings spiked to 46,000 in June 2021 and have remained elevated, with October 2021 openings at 39,000. The five years prior to the pandemic saw monthly job openings average 21,000.

Despite a strong demand for labor, Rhode Island's labor force remains smaller than before the pandemic. As of November 2021, there are 8,250 fewer Rhode Islanders in the labor force as compared to February 2020 (a 1.5 percent reduction). Economists have speculated on the reasons for this trend, which has been seen nationally. Possible explanations include the spike in household wealth allowing some people to wait for better opportunities, retire early, or convert from a two-earner household to a one-earner household; layoffs and supply chain issues causing mismatches between job openings and job seekers; and lingering COVID-19 fear making some people hesitant to return to work. Nationally, weak immigration has also impacted the labor market. Immigration in 2020 was half the level of 2015. Rhode Island did receive good population news in the 2020 Census, as the state's population came in 40,000 residents higher than the previous estimate.

While the state job market has not fully recovered to pre-pandemic highs, labor force and employment trends over the last year have been positive. Between January 2021 and November 2021, the labor force increased by 13,488 and employers added 18,900 jobs. This recovery is expected to continue over the next several years, although at a more gradual pace. The labor force is forecasted to reach its pre-pandemic peak by the middle of FY 2023, while the state's employment reaches the same milestone by early FY 2024.

RHODE ISLAND'S ECONOMY



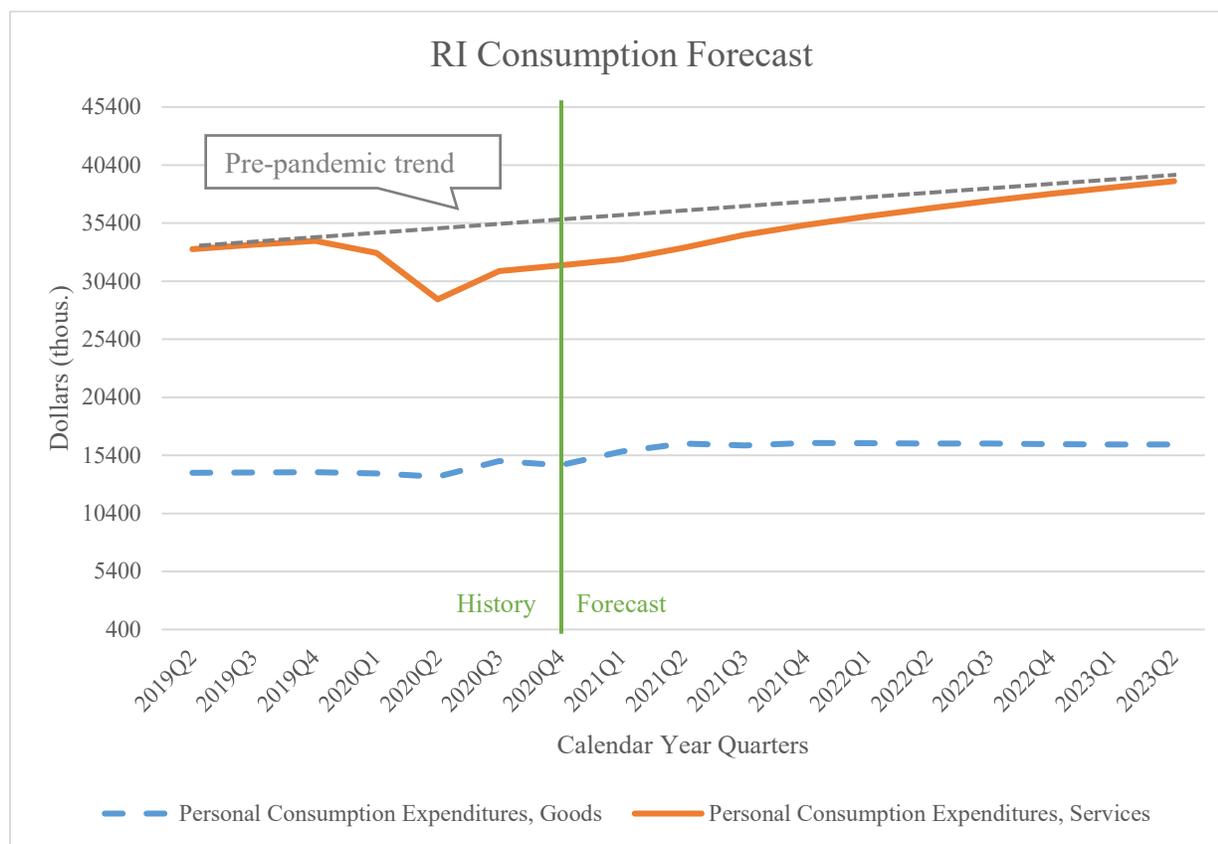
Consumer Spending, Housing and Inflation

Robust consumer spending continued during FY 2021. During the pandemic, consumers replaced a sizeable share of service-sector spending with goods purchases. Many service-related businesses either faced public health restrictions or wary customers, and people chose to use federal stimulus payments on new goods. In FY 2021, goods spending in Rhode Island is estimated to have increased 11.4% while service spending declined 0.4%. These trends are expected to revert somewhat in the coming fiscal years. Service spending is forecasted to get back on its pre-pandemic trend by the end of FY 2023. Goods spending is forecasted to remain at the elevated level achieved during the pandemic, although with very little growth over the next few fiscal years.

The Rhode Island housing market has been dominated by price appreciation, which is expected to continue, albeit at a lower trajectory. The estimated increase in the median price of current homes is 11.9 percent in FY 2022 before dropping to 4 to 5 percent in the following years. Housing starts have been more volatile and are expected to fall by 3.9 percent in FY 2022 before bouncing back in FY 2023 with 5.5 percent growth.

Inflation is expected to be high in the short term, with 4.6 percent inflation in FY 2022. The growth in the price of goods is anticipated to ease by the end of FY 2022, although the increased demand for services will drive prices higher. Overall, inflation in FY 2023 is expected at 2.0%, with this moderation partially driven by increased interest rates from the Federal Reserve at the end of FY 2023.

RHODE ISLAND'S ECONOMY



Revisions to the Consensus Economic Forecast

The economic forecast adopted at the November 2021 Revenue Estimating Conference is shown below. That forecast includes impacts from the American Rescue Plan Act and the Infrastructure Investment and Jobs Act but does not model additional federal social spending or tax policy changes.

| The November 2021 Consensus Economic Forecast | | | | | | |
|---|---------|---------|---------|---------|---------|---------|
| Rates of Growth (%) | FY 2022 | FY 2023 | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
| Nonfarm Employment | 4.9 | 3.2 | 1.3 | 0.7 | 0.3 | 0.2 |
| Personal Income | -0.1 | 4.7 | 4.8 | 4.9 | 4.8 | 4.7 |
| Wage and Salary Income | 8.1 | 6.6 | 5.2 | 4.7 | 4.5 | 4.4 |
| Dividends, Interest and Rent | 2.3 | 3.8 | 4.5 | 4.7 | 5.1 | 5.3 |
| Personal Consumption | 9.3 | 5.0 | 4.3 | 4.8 | 4.9 | 5.0 |
| Nominal Rates | | | | | | |
| Housing Starts (Ths.) | 1.3 | 1.4 | 1.4 | 1.4 | 1.4 | 1.3 |
| RI Unemployment Rate (%) | 5.0 | 3.9 | 3.8 | 3.8 | 4.0 | 4.1 |
| U.S. CPI-U (%) | 4.6 | 2.0 | 2.1 | 2.2 | 2.3 | 2.3 |

REVENUE

The Governor’s recommended budget is based on estimated general revenue of \$4.690 billion in FY 2022 and \$4.750 billion in FY 2023. Annual estimated growth during FY 2022 and FY 2023 is 5.8 percent and 1.3 percent, respectively.

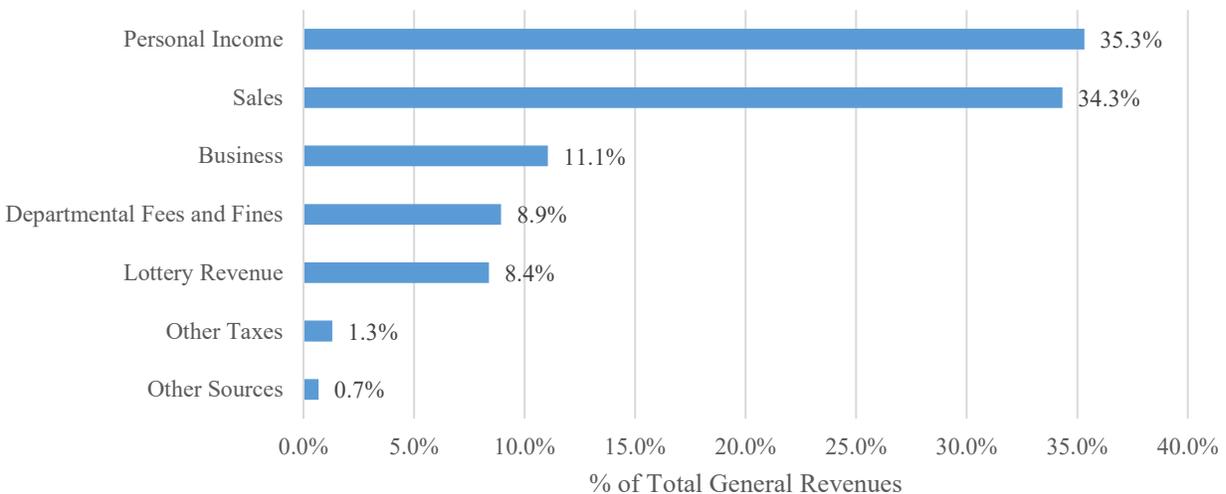
FY 2022 Revised Revenues

The principals of the November 2021 Revenue Estimating Conference (REC) adopted revenue estimates that were \$273.6 million more than the enacted FY 2022 revenue estimates. The Governor’s revised FY 2022 Budget recommends an increase of \$6.0 million over the amount adopted at the REC. (See *Changes to FY 2022 Enacted Revenue Estimates* in Appendix A.)

There are two changes to the FY 2022 adopted estimates. The Office of Accounts and Control has determined that a \$5.9 million payment from the forward delivery of bond refunding proceeds should be recognized in FY 2022 instead of FY 2021. This change will lower FY 2021 audited general revenues by \$5.9 million and add the same amount to FY 2022. The second change is increased fee revenue from the banking and insurance industries, which is assessed to cover increased staffing costs at the Department of Business Regulation. This change is expected to increase general revenues by \$0.1 million in both FY 2022 and FY 2023.

After incorporating this change, revenues for FY 2022 reflect 5.8 percent growth in total general revenues over the prior fiscal year.

FY 2022 Revised General Revenues

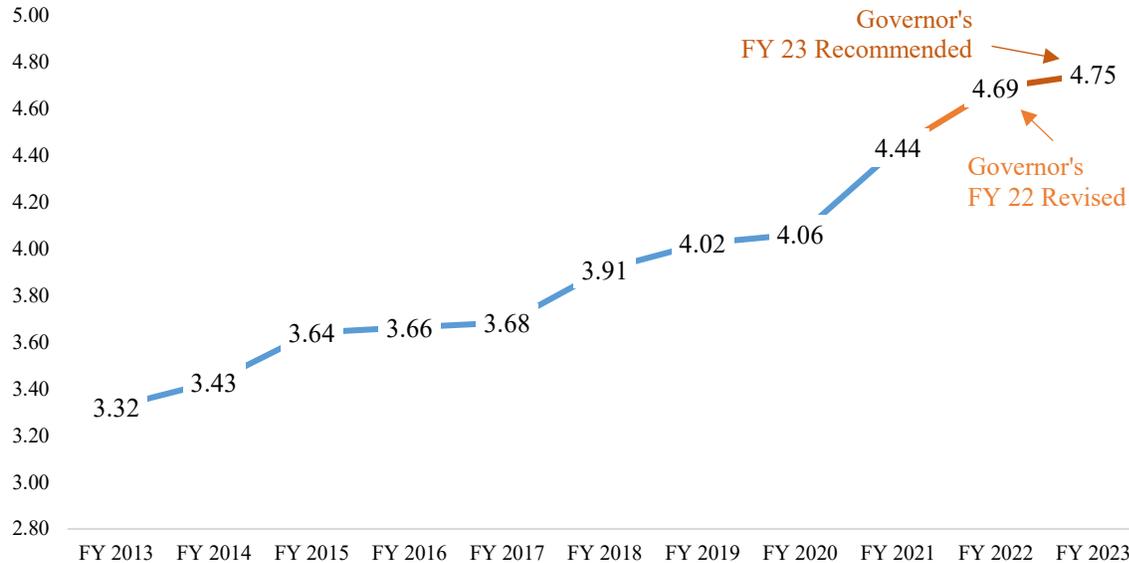


FY 2023 Recommended Revenues

The Governor’s recommended FY 2023 revenues include \$4.583 billion of revenue, estimated at the November 2021 REC for FY 2023, and \$167.2 million of recommended changes to these adopted estimates. Below are descriptions of selected FY 2023 revenue proposals. (See *Changes to FY 2023 Adopted Revenue Estimates* in Appendix A.)

REVENUE

General Fund Revenue: Recent History & Forecast Billions of Dollars



Support for Veterans

The Governor recommends phasing out military service pension income from the state's personal income tax. This phase out would begin by allowing military retirees to subtract 20 percent of pension benefits from taxable income for tax year 2023. Each subsequent year would increase this allowance by 20 percentage points, until the tax on military pensions is eliminated during tax year 2027. This proposal will reduce personal income tax revenue by \$0.7 million in FY 2023, and will cost the state \$5.8 million when fully phased in.

Small Business Reforms

The FY 2023 proposed budget includes a suite of reforms targeted at small businesses. Three proposals result in revenue reductions: a reduction in the interest rate for late tax payments from 18 percent to 12 percent, a reduction in the corporate minimum tax from \$400 to \$375, and a change in law to allow the trade-in value of motorcycles to be exempt from sales and use tax. These proposals will reduce revenue by \$3.4 million in FY 2023, increasing to a \$8.1 million reduction in FY 2024. One small business initiative will raise revenue: a new cottage food license, costing \$65, will allow small-scale food producers to operate as regulated businesses.

Adult-Use Cannabis Program

The Governor recommends creating a strictly regulated legal market for adult-use cannabis in the state. This proposal would create a weight-based excise tax on marijuana cultivation, an additional retail excise tax of 10 percent, and also apply sales tax to cannabis transactions. The proposal allocates 25 percent of these revenues (along with licensing fee revenue) to the regulatory, public health, and public safety costs associated with adult-use cannabis. An additional 15 percent of these revenues are allocated to cities and towns. This revenue proposal mirrors the Governor's prior recommended budget.

Adult-use cannabis sales are expected to start in April 2023. Given the limited sales revenue in FY 2023, the share of revenue devoted to state expenditures is temporarily increased to 89 percent in FY 2023. This is expected to yield \$8.0 million in restricted receipt revenue in FY 2023, much of it to support regulatory oversight at the Department of Business Regulation, Department of Health, and Division of Taxation. This

REVENUE

revenue also supports various public health and safety needs, including a \$1.1 million investment dedicated to equity zones, \$0.5 million in funding for local police, and \$0.3 million to help the state oversee prevention and treatment programs. Beyond the portion dedicated to state expenditures, the proposal will result in \$1.2 million in general revenue in FY 2023. General revenues increase to \$16.9 million with a full year of sales in FY 2024.

The proposal also includes an automatic expungement provision and provides resources to the Judiciary and the Attorney General to administer that program. Beyond the expenditures, expungement is also expected to decrease general revenues. This decrease, estimated at \$0.4 million in FY 2023, is due to the loss of annual court revenue associated with cannabis possession convictions and a write-off of some unpaid charges associated with past convictions.

The proposed budget also includes an information technology investment in the Department of Business Regulation's medical marijuana program, which upgrades the agency's seed-to-sale, commercial licensing, patient registration, and home-grow tagging systems. This investment will be funded from the agency's dedicated revenue stream associated with the program; however, because surplus medical marijuana revenue is transferred to the general fund, there will be a one-time \$0.7 million reduction in general revenue from the loss of a portion of this transfer.

Revenue for Environmental Management

The Governor proposes a collection of new or increased fees as the Department of Environmental Management to support the agency's mission protecting the state's air and water resources. This proposal generally adds or increases fees to bring them in line with neighboring states or increases current fees that have failed to keep pace with inflation. In total, these fees are expected to raise \$0.6 million annually. This increase in revenue helps to facilitate the Governor's recommendation for the Department to add 6.0 FTE positions to the Bureau of Environmental Protection to improve the efficiency of the permitting process and enhance the agency's focus on customer service.

Healthcare Reforms

There are also general revenue impacts from some of the proposed Medicaid enhancements which will increase health insurance and nursing home tax revenue. Together, these items are expected to increase general revenues by \$0.3 million.

Hospital Licensing Fee

The Governor proposes to reenact the hospital licensing fee at 5.725 percent of patient revenue, on par with the current FY 2022 fee. This proposal would increase general revenue by \$170.2 million in FY 2023.

GENERAL GOVERNMENT

GENERAL GOVERNMENT

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

GENERAL GOVERNMENT

Department of Administration

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

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

Recent Department achievements and highlights include:

- The Office of Diversity, Equity, and Opportunity commissioned a disparity study to ensure minority- and women-owned businesses receive fair and equitable access to State procurement opportunities. The final report, which was released in 2021, provided recommendations to improve the overall implementation of the State's minority business enterprise program.
- Through the Pandemic Recovery Office, continues to provide policy coordination and compliance support for the federal COVID-19-related stimulus funds made available to the State.
- The Division of Information Technology enabled nearly 3,000 state employees to telework at the beginning of the COVID-19 pandemic and assisted agencies in providing customer services online.
- Eliminated 8,000 pages of unnecessary or duplicative government regulations in the largest regulatory overhaul the State has seen in at least 50 years.
- To achieve the goal of meeting 100 percent of Rhode Island's electricity demand with renewable energy by 2030, the Rhode Island Office of Energy Resources conducted an economic and energy market analysis, and developed policy and programmatic pathways. In 2020, the Office published its report that provides economic analysis of the key factors that will guide Rhode Island in the coming years as the state accelerates its adoption of carbon-free renewable resources.
- In October 2018, State government exceeded the diversity hiring goal of 30 percent, originally set for 2020, and has continued to exceed that target.

Budget Highlights

Workforce Study.

Allocates \$2.0 million for a study of state workforce efficiency, classification, and compensation to ensure the State can attract and maintain a skilled workforce.

Executive Climate Change Council Projects.

Establishes a dedicated funding source through the utility's system benefits charge to use for activities in support of the 2021 Act on Climate.

Pandemic Recovery Office.

Creates seven positions funded through restricted receipts to support the implementation of projects using the State Fiscal Recovery Fund.

GENERAL GOVERNMENT

| DEPARTMENT OF ADMINISTRATION | | | | | |
|------------------------------|----------------------|----------------------|----------------------|------------------------|----------------------|
| Source of Funds | FY 2020 Actuals | FY 2021 Actuals | FY 2022 Enacted | FY 2022 Revised | FY 2023 Recommended |
| General Revenue | \$219,395,027 | \$350,166,983 | \$196,032,533 | \$644,429,102 | \$224,631,464 |
| Federal Funds | \$107,478,549 | \$268,960,473 | \$275,440,907 | \$314,709,871 | \$155,732,634 |
| Restricted Receipts | \$32,650,278 | \$23,421,193 | \$45,798,133 | \$111,626,923 | \$193,108,882 |
| Other Funds | \$40,216,046 | \$63,596,979 | \$46,267,505 | \$47,213,990 | \$48,316,820 |
| RI Capital Plan Fund | \$34,189,981 | \$11,320,311 | \$31,630,967 | \$35,128,446 | \$53,297,542 |
| Total Funding | \$433,929,882 | \$717,465,938 | \$595,170,045 | \$1,153,108,332 | \$680,087,342 |
| FTE Authorization | 647.7 | 647.7 | 650.7 | 650.7 | 660.7 |

Full-Time Equivalent Positions

The Governor recommends 660.7 FTE positions in the FY 2023 Budget, and 650.7 FTE positions in the revised FY 2022 Budget. The 10.0 FTE increase in the FY 2023 recommendation, all of which are financed from restricted receipts, includes 7.0 FTEs to support the Pandemic Recovery Office and 3.0 FTEs in the Office of Energy Resources.

Proposed FY 2023 Budget Actions

- Pandemic Recovery Office Staffing.* The Governor recommends 7.0 FTE positions, financed from restricted receipts, to support the Pandemic Recovery Office within the Accounts and Control program. The Pandemic Recovery Office is Rhode Island's central office for coordination and compliance for federal COVID-19-related stimulus funds, including the American Rescue Plan Act of 2021 and the \$1.13 billion in State Fiscal Recovery Funds allocated to Rhode Island under that Act. These positions will support the implementation phase of projects across all state agencies that receive allocations of federal stimulus funds.
- Statewide Workforce Efficiency, Classification, and Compensation Study.* The Governor recommends \$2,000,000 in general revenue for a study of statewide workforce efficiency, classification, and compensation. A comprehensive personnel study is necessary to ensure that the state is able to attract and maintain a skilled workforce.
- Office of Energy Resources Staffing.* The Governor recommends an additional 3.0 FTE Programming Services Officer positions from restricted receipts to support the work of the Office and the Executive Climate Change Coordinating Council for which the Office of Energy Resources serves as Vice Chair. These positions would (1) support efforts related to climate mitigation, resilience, and reporting, (2) be responsible for efforts related to energy distribution systems, focusing on tasks that advance affordable, reliable, and equitable electric grid, and pipeline system, and (3) engage in energy-related stakeholder engagement.
- Funding for Executive Climate Change Council Projects at the Office of Energy Resources.* The Governor recommends establishing a dedicated funding source through the utility's system benefits charge for the Executive Climate Change Council to use for climate change activities to support implementation of the 2021 Act on Climate. Generating \$6.0 million in restricted receipts annually and administered by the Office of Energy Resources, eligible uses include renewables, energy efficiency, clean transportation, clean heating, energy storage and other climate change activities.
- Division of Capital Asset Management and Maintenance Staffing.* In recognition of the substantial investments in statewide capital projects included in the FY 2022 revised and recommended FY 2023 budgets, the Governor recommends an increase of \$586,692 in Facilities Management Internal Service

GENERAL GOVERNMENT

Fund expenditures to finance additional staffing capacity in the Division of Capital Asset Management and Maintenance. The recommendation includes 1.0 FTE Assistant Director of Statewide Capital Asset Project Manager, 1.0 FTE Senior Planner, 1.0 FTE Project Manager, and 1.0 FTE Waste Water Monitor. The Governor recommends these positions be filled within the Department's existing FTE authorization.

- *Division of Information Technology Staffing.* The Governor recommends \$714,050 in Information Technology Internal Service Fund expenditures to support ongoing maintenance for, as well as planning and implementation of IT projects and programs in agencies across the state. The recommendation includes financing for 1.0 FTE Senior Information Technology Project Manager position, 2.0 FTE Information Technology Project Manager positions, and 1.0 FTE Interdepartmental Project Manager position, all of which would be filled within the Department's existing FTE authorization.
- *Division of Human Resources Staffing.* The Governor recommends \$175,699 from general revenues for 1.0 FTE Information Technology Project Manager position within the Division of Human Resources to support the implementation of the Enterprise Resource Planning system (ERP). The agency will fill the position within its existing FTE authorization.
- *Emergency Preparedness.* In order to improve the safety and security of State facilities for employees and the public they serve, the Governor recommends \$230,000 in Facilities Management Internal Service Fund expenditures to finance safety and security enhancements at State facilities.
- *FEMA Contingency Reserve.* In recognition of the ongoing uncertainty associated with Federal Emergency Relief Administration reimbursements for costs incurred in response to the COVID-19 public health emergency, the Governor recommends \$15.0 million in general revenue as a contingency reserve. Should actual FEMA reimbursements differ substantially from current state assumptions, this reserve would absorb some or all of the impact of an unanticipated shortfall.
- *General Officer Transition Costs.* The Governor recommends \$350,000 in general revenue for transition costs associated with the 2022 general election. The recommendation centrally budgets these funds within the Department of Administration and would be made available following the November 2022 election to any General Officer-elect.
- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$1.7 million in general revenue, which reflect a 2.5% cost-of-living adjustment (COLA) along with an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. The FY 2023 COLA is third year of the four-year contract in which state employees will receive 10.0% over the term of the contract. State employees will be eligible for the fourth-year COLA of 2.5% beginning in FY 2024. In addition, the Governor recommends a net increase \$432,774 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, human resources, and information technology, combined with a decrease to FY 2023 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.

Proposed FY 2022 Budget Revisions

- *1991/1992 Pension Deferral Payment.* Recognizing the historical 1991 and 1992 pension payment deferral for state employees and teachers that remains an unfunded liability for the state retirement system, the Governor recommends \$61.9 million in the revised FY 2022 budget. The additional payment will result in a lower unfunded liability in the state pension system, which currently reflects an annual amortization payment equal to approximately \$6.0 million.

GENERAL GOVERNMENT

- *One-time Transfer to RICAP for Transformational State Capital Improvements.* The Governor recommends \$238.0 million in available FY 2021 general revenue surplus to be transferred to the RI Capital Plan Fund in general revenue. The Governor recommends that \$238.0 million be used to advance key state capital asset projects, including financing to make capital improvements to the Pastore Campus, the State House, Group Homes, as well as a new Long-Term Acute Care Hospital. In addition, the Governor recommends \$3.0 million be used in FY 2023 and FY 2024 for a deferred maintenance study, which will ensure that the State asset protection projects are documented and appropriately prioritized, resulting in a more efficient use of state dollars.
- *Transportation State Match Transfer to RICAP.* The Governor recommends \$100.0 million in available FY 2021 general revenue surplus be transferred to the RI Capital Plan Fund to serve as state match to federal transportation funds. These funds will leverage the recently enacted Investment Infrastructure and Jobs Act (IIJA, or Bipartisan Infrastructure Bill) for both the Department of Transportation and the Rhode Island Public Transit Authority (RIPTA). \$71.3 million is allocated to the Department of Transportation and \$28.7 million to RIPTA over FY 2023 to FY 2025.
- *Transfer to the Information Technology Investment Fund.* The Governor recommends a \$50.0 million transfer in available FY 2021 general revenue to the Information Technology Investment Fund within the Department. This infusion will be allocated to transformative information technology projects across the state, including the replacement of an outdated mainframe used by the Department of Labor and Training, an electronic medical records system, as well as several smaller but nonetheless important information technology improvements.
- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$1.8 million in general revenue, which reflects a 2.5% cost-of-living adjustment (COLA) retroactive payment for the first year of the four-year labor contract (FY 2021), a 2.5% COLA for year-two of the contract and for an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. In addition, the Governor recommends a net decrease of \$714,437 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, combined with a decrease to FY 2022 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.

GENERAL GOVERNMENT

Department of Business Regulation

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

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

The Department issues over 200,000 licenses annually and conducts administrative hearings involving licensees which can include administrative penalties, denials, suspensions, and/or revocations.

Recent Department achievements and highlights include:

- Transitioning as many paper-based forms to electronic forms to realize savings, in terms of time and money, for the State and customers.
- Expanded a streamlined, online permitting process that is now used by 31 of the state's 39 cities and towns. The system has successfully moved municipalities' building, electrical, mechanical, plumbing, moving, and demolition permits into one easy-to-navigate online system, accessible through each community's website. Rhode Island is believed to be the only state where state government is leading an effort to coordinate with municipalities and digitize their permitting processes.
- Through the Office of Cannabis Regulation, promulgated a detailed set of regulations pertaining to the sale and distribution of hemp-derived consumable CBD products, ensuring compliance with federal law and predictability for entrepreneurs in this growing market.
- Shifted all statutorily mandated financial examinations of domestic insurers, state-chartered banks, and credit unions to virtual platforms.
- Maintained accreditation from the National Association of Insurance Commissioners for the Insurance Division, providing a business-friendly environment for insurance companies domiciling in Rhode Island.

Budget Highlights

E-permitting.

Assists all 39 cities and town in adopting and participating in the statewide e-permitting system for the submission of building permits and plans.

Small Business Omnibus.

Eliminates or amends unnecessary statutes and provides other relief aimed at improving the experiences of small businesses.

Take-out Liquor Sales.

Removes the sunset provision so restaurants and brewpubs are permitted to continue selling alcoholic beverages with take-out food.

GENERAL GOVERNMENT

| DEPARTMENT OF BUSINESS REGULATION | | | | | |
|-----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Source of Funds | FY 2020 Actuals | FY 2021 Actuals | FY 2022 Enacted | FY 2022 Revised | FY 2023 Recommended |
| General Revenue | \$15,696,311 | \$15,221,380 | \$19,239,606 | \$20,815,504 | \$22,949,009 |
| Federal Funds | \$2,180,159 | \$3,869,737 | \$306,000 | \$498,339 | \$3,191,150 |
| Restricted Receipts | \$5,325,946 | \$5,513,688 | \$6,519,509 | \$6,622,242 | \$12,141,456 |
| Other Funds | \$64,921 | \$64,921 | \$67,928 | \$71,220 | \$69,727 |
| RI Capital Plan Fund | \$345,576 | - | - | - | \$150,000 |
| Total Funding | \$23,612,913 | \$24,669,726 | \$26,133,043 | \$28,007,305 | \$38,501,342 |
| FTE Authorization | 161.0 | 161.0 | 162.0 | 162.0 | 176.0 |

Full-Time Equivalent Positions

The Governor recommends 176.0 FTE positions in the FY 2023 Budget, and 162.0 FTE positions in the revised FY 2022 Budget. The latter is equivalent to the enacted FY 2022 Budget. 13.0 FTE positions are added to the Office of Cannabis Regulation for adult-use marijuana, and 1.0 FTE position is added to the State Building Code Commission to support the expansion of the state's streamlined, online permitting process.

Proposed FY 2023 Budget Actions

- *E-permitting Expansion.* The Governor recommends \$1.2 million in general revenue to standardize the submission and approval of building permits and plans, and improve the scheduling of inspections, tracking of projects, and the collection of fees. Of this amount, \$0.2 million is for staffing costs for 1.0 FTE positions, which would provide technical support, system configuration, and database administration for the statewide e-permitting platform. The remaining expenditures will be used on system expansions and programming related to additional permits or licenses that may be created, software maintenance agreements, and to cover costs to assist municipalities in adopting and participating in the statewide e-permitting system.
- *Fire Marshal Bomb Squad Equipment.* The Governor recommends \$920,700 in general revenue for safety equipment required for the Explosives Operations Division to secure the minimum requirements necessary for FBI accreditation. This includes a once-in-a-decade investment in bomb disposal robots which are integral to the division's operations.
- *Adult-Use Marijuana.* The Governor recommends \$3.6 million in restricted receipts for licensing and regulation of adult-use cultivators, retailers, and other licensees. This includes \$2.1 million in operating costs and \$1.5 million in staffing costs. The Department is expected to work closely with the Department of Health, Department of Revenue, Department of Public Safety, and other health and human service agencies to effectively tax and regulate the State's legal adult-use marijuana market.
- *Small Business Omnibus.* The Governor recommends a small business package that would eliminate or amend unnecessary statutes, provide for the issuance of registrations for establishments involved in the sterilization of bedding, provide clarification on mixed-martial arts exhibition licensing requirements, allow municipalities to regulate establishments with three or more pool tables, and amend statutory language on Class P caterer licenses, the interpreter for the deaf license provision, and the constables certification statutes.
- *Support for Liquor Small Business.* The Governor recommends eliminating the sunset provisions of R.I.G.L. § 3-7-7, and permanently allow Rhode Island Class B restaurants and licensed brewpubs to sell alcoholic beverages with takeout food.

GENERAL GOVERNMENT

- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$1.1 million in general revenue, which reflect a 2.5% cost-of-living adjustment (COLA) along with an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. The FY 2023 COLA is third year of the four-year contract in which state employees will receive 10.0% over the term of the contract. State employees will be eligible for the fourth-year COLA of 2.5% beginning in FY 2024. In addition, the Governor recommends a net increase of \$471,386 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, human resources, and information technology, combined with a decrease to FY 2023 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.

Proposed FY 2022 Budget Revisions

- *One-time Funds for Revenue Shortfall in Contractor's Registration and Licensing Board.* The Governor recommends \$375,000 of one-time general revenue funds to accommodate revenue shortfalls in the Contractor's Registration and Licensing Board and support the division's current level of operations. Following the full implementation of a new fee rate structure enacted in the FY 2022 Budget, the account is expected to be in balance in FY 2023.
- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$1.2 million in general revenue, which reflects a 2.5% cost-of-living adjustment (COLA) retroactive payment for the first year of the four-year labor contract (FY 2021), a 2.5% COLA for year-two of the contract and for an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. In addition, the Governor recommends a net increase of \$10,883 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, combined with a decrease to FY 2022 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.

GENERAL GOVERNMENT

Executive Office of Commerce

The Executive Office of Commerce is authorized and established as the State’s lead agency for economic development throughout Rhode Island and serves as the principal agency of the Executive Branch of state government for managing the promotion of commerce and the economy within the state. The Secretary of Commerce, appointed by the Governor with the advice and consent of the Senate, oversees the Executive Office of Commerce. The Secretary is charged with coordinating a cohesive direction of the state’s economic development activities. The agency oversees the State’s Office of Housing and Community Development, the Commerce Corporation (and all pass-through grant appropriations), the I-195 Redevelopment District Commission, the Department of Business Regulation and the Office of the Health Insurance Commissioner. From time to time, the Executive Office of Commerce is also tasked with facilitating other special governmental programs and initiatives.

Recent Office achievements and highlights include:

- During the pandemic, helped coordinate a safe economic reopening strategy, which has contributed to our state experiencing one of the strongest recoveries in the nation and the best in the Northeast (Moody’s Analytics “Back to Normal” index).
- Supported 3,700 small businesses in 2021 with direct financial support through the \$18.5 million Rhode Island Small Business Relief Grant program.
- In December 2021, the Office of Housing and Community Development announced the largest single-year state affordable housing investment in memory, with a nearly \$31 million investment from the 2021 housing bond, which is expected to fund 23 projects and create or preserve more than 600 units of affordable housing.
- Supported small businesses through programs such as the Network Matching Grant Program, the Small Business Assistance Program, and SupplyRI. Through the Network Matching Grant program, awarded more than \$1.4 million in 2021 to 11 firms and nonprofit organizations to support small businesses.
- The Rebuild RI Tax Incentive Program helped spur seven projects in 2021 and is creating thousands of jobs.
- Launched RI Ready, a statewide site readiness program coordinated by the Quonset Development Corporation, that will enable parcels of land to become “shovel ready” and spur industrial development.
- Rhode Island successfully advanced two applications to the finalist stage in President Biden’s Build Back Better Regional Challenge. The two applications – a plan coordinated by the University of Rhode Island’s Research Foundation in the area of maritime technology and a three-state biomanufacturing consortium featuring the I-195 Providence Innovation & Design District – were among 60 finalists out of 529 applications, with each group receiving \$500,000 to develop their plans.

Budget Highlights

Rebuild Rhode Island Tax Credit.

Raises the program cap from \$210.0 million to \$225.0 million to ensure it can continue to stimulate business development, retention, and attraction, and create well-paying jobs.

Wavemaker Fellowship.

Leverages an additional \$800,000 in funding to expand fellowship eligibility to approximately 100 healthcare professionals.

Air Service Development Fund.

Provides \$2.3 million in general revenue to incentivize air and cargo carriers to provide service to Rhode Island T.F. Green International Airport.

GENERAL GOVERNMENT

| EXECUTIVE OFFICE OF COMMERCE | | | | | |
|------------------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
| Source of Funds | FY 2020 Actuals | FY 2021 Actuals | FY 2022 Enacted | FY 2022 Revised | FY 2023 Recommended |
| General Revenue | \$17,781,116 | \$59,658,803 | \$98,845,603 | \$98,520,166 | \$38,133,622 |
| Federal Funds | \$6,480,656 | \$48,445,644 | \$79,612,387 | \$143,654,727 | \$204,732,699 |
| Restricted Receipts | \$4,160,177 | \$5,132,883 | \$7,698,884 | \$7,664,932 | \$7,664,150 |
| Other Funds | - | - | - | - | - |
| RI Capital Plan Fund | \$9,298,718 | \$263,883 | \$6,578,000 | \$6,844,391 | \$3,905,000 |
| Total Funding | \$37,720,666 | \$113,501,213 | \$192,734,874 | \$256,684,216 | \$254,435,471 |
| FTE Authorization | 14.0 | 14.0 | 16.0 | 16.0 | 21.0 |

Full-Time Equivalent Positions

The Governor recommends 21.0 FTE positions in the FY 2023 Budget, and 16.0 FTE positions in the revised FY 2022 Budget. The latter is equivalent to the enacted FY 2022 Budget. In FY 2023 5.0 FTE positions are added to the Office of Housing and Community Development and financed by general revenues to support housing initiatives and investments included in the recommended budget financed through both general revenues and federal funds.

Proposed FY 2023 Budget Actions

- *Rebuild Rhode Island Tax Credit.* The Governor recommends a total of \$13.5 million from general revenues to finance the Rebuild RI Tax Credit program. The recommended amount raises the total program cap from \$210.0 million to \$225.0 million in tax credits and sales and use tax exemptions. The increased cap will ensure that the program can continue to stimulate business development, retention, and attraction, and create well-paying jobs in Rhode Island in FY 2023. The Governor also recommends extending the program sunset to December 31, 2023.
- *Healthcare Professions Expansion for Wavemaker Fellowship.* The Governor recommends an additional \$800,000 in general revenues to expand the Wavemaker Fellowship program to healthcare professions. The recommended funding will be able to accept about 100 healthcare applicants for a two-year fellowship. The agency will work closely with the Executive Office of Health and Human Services in the evaluation and selection of applicants.
- *Additional Staffing for the Office of Housing and Community Development.* The Governor recommends 5.0 new FTE positions dedicated to expanding affordable housing capacity in the state, which also includes the new housing initiatives from the federal American Rescue Plan Act funds. Of the 5.0 FTE positions, 2.0 FTE position will be dedicated to community and homelessness services development, 1.0 FTE position will perform data and research analysis, 1.0 FTE position will be a project manager, and 1.0 FTE position will be for communication and stakeholder engagement.
- *Air Service Development Fund.* The Governor recommends a total of \$2.3 million in general revenues for the Air Service Development Fund in FY 2023. This fund finances agreements with air carriers and cargo carriers to provide incentives to air service to Rhode Island T.F. Green International Airport. This additional financing will help support an industry that was particularly hit hard by COVID-19.
- *Small Business Development Fund Act Modifications.* The Governor's budget proposes to modify the Small Business Development Fund Act to help more small businesses access needed capital. These changes would improve the quality and effectiveness of the program by expanding eligibility to community and other local lenders, strengthening the selection process to approve applications for tax

GENERAL GOVERNMENT

credits up to the program's currently authorized levels, expanding the tax streams that the tax credits can be used against, and allowing tax credits to be transferred/sold.

- *Continued Support for RI Commerce Corporation.* The Governor recommends an additional \$288,213 from general revenues for the RI Commerce Corporation base appropriation. This additional financing covers staff COLAs, increased health insurance costs, as well as a variety of operating cost increases, such as lease costs.
- *I-195 Park Maintenance Operations.* The Governor recommends \$200,000 to maintain the seven-acre Providence Innovation District park. The additional funding is required for ongoing maintenance and operation of the park, including lawn mowing and landscaping, snow removal, and trash and litter pick up and removal.
- *Sunset Extensions.* The Governor recommends extending sunset provisions for various programs from December 31, 2022, to December 31, 2023.
- *Municipal Infrastructure Bank Program.* The enacted FY 2022 budget included \$1.0 million for the Municipal Infrastructure Grant Program, the first state appropriation for the program, and transferred the program to the Rhode Island Infrastructure Bank. The Governor does not recommend funding for this program in FY 2023.
- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$160,278 in general revenue, which reflect a 2.5% cost-of-living adjustment (COLA) along with an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. The FY 2023 COLA is the third year of the four-year contract in which state employees will receive 10.0% over the term of the contract. State employees will be eligible for the fourth-year COLA of 2.5% beginning in FY 2024. In addition, the Governor recommends a net decrease of \$112,469 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, human resources, and information technology, combined with a decrease to FY 2023 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.

Proposed FY 2022 Budget Revisions

- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$94,026 in general revenue, which reflects a 2.5% cost-of-living adjustment (COLA) retroactive payment for the first year of the four-year labor contract (FY 2021), a 2.5% COLA for year-two of the contract and for an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. In addition, the Governor recommends a net increase of \$197 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, combined with a decrease to FY 2022 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.

GENERAL GOVERNMENT

Department of Labor and Training

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

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

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

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

Recent Department achievements and highlights include:

- Through the combined workforce initiatives of Real Jobs RI and Back to Work RI, engaged over 10,000 Rhode Islanders in training for new career paths during the COVID-19 pandemic.
- Continued to be a national leader in providing unemployment benefits expeditiously. Guided tens of thousands of unemployment recipients toward career resources and other assistance once the federal COVID-19 benefit programs ended in September 2021.
- Implemented 401 Works, the law change that allows unemployment recipients to earn more and keep more of their benefits while returning to work part time. Since May 2021, over 12,000 Rhode Islanders were able to increase their benefits, and over 4,000 received a payment for which they would not have previously been eligible.
- Launched the Back to Business grant program in November 2021, providing up to \$5,000 to businesses facing recruitment and hiring challenges.
- Enforced labor laws that ensure workers are treated and paid fairly. Referred significant wage theft cases to the Attorney General's Office.

Budget Highlights

Enhanced Real Jobs

Allocates \$40.0 million from the State Fiscal Recovery Fund in addition to maintaining \$6.1 million of general revenue financing to this existing training and placement platform to connect thousands of Rhode Islanders to the resources they need to return to the workforce in more resilient jobs and careers.

GENERAL GOVERNMENT

| DEPARTMENT OF LABOR AND TRAINING | | | | | |
|----------------------------------|------------------------|------------------------|----------------------|----------------------|----------------------|
| Source of Funds | FY 2020 Actuals | FY 2021 Actuals | FY 2022 Enacted | FY 2022 Revised | FY 2023 Recommended |
| General Revenue | \$14,025,682 | \$12,667,543 | \$15,366,720 | \$16,633,876 | \$16,357,270 |
| Federal Funds | \$1,052,872,090 | \$2,021,370,538 | \$435,765,035 | \$414,181,348 | \$117,176,605 |
| Restricted Receipts | \$28,452,201 | \$19,794,601 | \$27,918,720 | \$32,672,006 | \$32,302,318 |
| Other Funds | \$637,901,013 | \$567,286,199 | \$489,698,490 | \$427,469,464 | \$392,132,722 |
| RI Capital Plan Fund | - | - | - | - | - |
| Total Funding | \$1,733,250,987 | \$2,621,118,880 | \$968,748,965 | \$890,956,694 | \$557,968,915 |
| FTE Authorization | 390.7 | 425.7 | 462.7 | 461.7 | 461.7 |

Full-Time Equivalent Positions

The Governor recommends 461.7 FTE positions in the FY 2023 Budget, and 461.7 FTE positions in the revised FY 2022 Budget, a reduction of 1.0 FTE positions from the enacted FY 2022 Budget.

Proposed FY 2023 Budget Actions

- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$369,330 in general revenue, which reflect a 2.5% cost-of-living adjustment (COLA) along with an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. The FY 2023 COLA is the third year of the four-year contract in which state employees will receive 10.0% over the term of the contract. State employees will be eligible for the fourth-year COLA of 2.5% beginning in FY 2024. In addition, the Governor recommends a net increase of \$427,754 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, human resources, and information technology, combined with a decrease to FY 2023 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.

Proposed FY 2022 Budget Revisions

- *Fire and Police Death Benefit Payments.* The Governor recommends \$436,332 in general revenue to provide three death benefit payments. The State of RI is required to provide a 40% match to federal death benefit payments from the U.S. DOJ's Public Safety Officers' Benefits (PSOB) Program, which provides death benefits for law enforcement officers and firefighters killed in the line of duty.
- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$567,417 in general revenue, which reflects a 2.5% cost-of-living adjustment (COLA) retroactive payment for the first year of the four-year labor contract (FY 2021), a 2.5% COLA for year-two of the contract and for an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. In addition, the Governor recommends a net increase of \$86,308 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, combined with a decrease to FY 2022 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.

GENERAL GOVERNMENT

Department of Revenue

The Department of Revenue was established as a separate department within the Executive Branch by the 2006 General Assembly.

The Department is headed by the Director of Revenue, who is appointed by the Governor, with the advice and consent of the Senate. The Department's programmatic functions are the Office of the Director, Taxation, State Lottery, Division of Motor Vehicles, Revenue Analysis, Municipal Finance, and Collections.

Recent Department achievements and highlights include:

- Through February 2021, disbursed \$136 million in COVID-19 relief funds to municipalities.
- Distributed more than \$45 million to over 3,000 Rhode Island businesses and individuals in the winter of 2020-2021 during a surge of COVID-19 cases and issued approximately \$370 million in personal income tax refunds at a record pace in Fiscal Year 2021.
- Collected more than \$2.7 million in delinquent debt owed to Rhode Island state agencies in 2021 through the Central Collections Unit.
- Launched redesigned websites to simplify and expedite services for customers.

Budget Highlights

Military Veterans Pension Tax Phase-out.

Phases out the taxation of military service pensions for state tax purposes over a five-year period ending in tax year 2027.

Tangible Tax Reform.

Provides consistency across all 39 cities and towns by giving each of them discretion whether to adopt a tangible tax exemption threshold of their choosing.

Taxpayer Steward.

Establishes a taxpayer steward within the Division of Taxation to help taxpayers resolve issues.

Motor Vehicle Excise Tax Phase-out

Provides \$166.6 million in general revenue, keeping the phase-out on track to be completed in Fiscal Year 2024.

GENERAL GOVERNMENT

| DEPARTMENT OF REVENUE | | | | | |
|--------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Source of Funds | FY 2020 Actuals | FY 2021 Actuals | FY 2022 Enacted | FY 2022 Revised | FY 2023 Recommended |
| General Revenue | \$210,230,635 | \$122,575,064 | \$267,868,120 | \$260,144,822 | \$300,382,840 |
| Federal Funds | \$1,728,860 | \$185,729,440 | \$132,419,998 | \$132,241,259 | \$132,927,594 |
| Restricted Receipts | \$3,159,190 | \$2,233,220 | \$4,909,519 | \$4,717,857 | \$6,596,413 |
| Other Funds | \$269,303,867 | \$261,736,301 | \$434,370,853 | \$366,816,453 | \$436,147,155 |
| RI Capital Plan Fund | - | - | - | - | \$850,000 |
| Total Funding | \$484,422,551 | \$572,274,024 | \$839,568,490 | \$763,920,391 | \$876,904,002 |
| FTE Authorization | 602.5 | 602.5 | 570.5 | 570.5 | 575.5 |

Full-Time Equivalent Positions

The Governor recommends 575.5 FTE positions in the FY 2023 Budget, and 570.5 FTE positions in the revised FY 2022 Budget. The 5.0 FTE increase in FY 2023 compared to the revised FY 2022 Budget includes 1.0 FTE Taxpayer Steward position and 4.0 FTE positions to support the Adult Use Marijuana proposal.

Proposed FY 2023 Budget Actions

- *Military Veterans Pension Tax Phase-out.* The Governor recommends effectively phasing out the taxation of military service pensions for state tax purposes over a five-year period, with 20 percent of taxpayer's military service pension benefits included in federal adjusted gross income subtracted for tax year 2023, 40 percent for tax year 2024, 60 percent for tax year 2025, 80 percent for tax year 2026, and 100 percent for tax year 2027. This proposal will reduce personal income tax revenue by \$0.7 million in FY 2023 and will cost the state \$5.8 million when fully phased in (for more detailed, comprehensive discussion of revenue initiatives, see *Revenues* section).
- *Reduce Delinquent Tax Payment Interest Rate to 12 percent.* The Governor recommends reducing the effective interest rate for delinquent payments of certain taxes to 12 percent beginning in tax year 2023. This is estimated to save taxpayers \$2.5 million in FY 2023 and \$6.3 million in FY 2024. The amendment lowers the future interest rate for certain taxes but does not impact past delinquent tax payments or failures to file and pay certain taxes. Any existing bills will not be reduced (See *Revenues*).
- *Corporate Minimum Tax Reduction.* The Governor recommends a \$25 reduction to the corporate minimum tax, from \$400 to \$375, beginning in tax year 2023. This reduction is estimated to save businesses \$812,138 in FY 2023 and \$1.6 million in FY 2024 (See *Revenues*).
- *Taxpayer Steward.* The Governor recommends an increase of \$104,323 in general revenue and an additional 1.0 FTE in FY 2023 to establish a Taxpayer Steward within the Rhode Island Division of Taxation. The Taxpayer Steward will assist taxpayers, resolve taxpayer issues, provide recommendations, and submit a report summarizing the activities and recommendations of the preceding fiscal year.
- *Tangible Tax Reform.* Municipalities assess tangible property tax on personal property owned and used by a business. Currently, the statutory authority to offer an exemption from taxation varies from municipality to municipality. The Governor recommends reforming tangible tax to provide consistency across all 39 cities and towns by giving them all the discretion to adopt – or not adopt – a tangible tax exemption threshold of their choosing.
- *Trade-in Value for Motorcycles.* The Governor recommends an exemption from sales tax for the trade-in value of motorcycles. Under current law, only private passenger automobiles not for hire are eligible

GENERAL GOVERNMENT

for the exemption. This change would align Rhode Island with Massachusetts and Connecticut, where a taxpayer may deduct the trade-in value when calculating sales tax on a newly purchased motorcycle.

- *Motor Vehicle Excise Tax Phase-Out.* The Governor recommends fully funding the Motor Vehicle Excise Tax Phase-out in FY 2023 and that it be financed with \$166.6 million in general revenue. Fully funding the car tax ensures that all phaseout parameters continue to advance, providing additional tax relief to taxpayers in all 39 cities and towns. Under current law, the Motor Vehicle Excise Tax will be eliminated in FY 2024.
- *Distressed Communities Relief Program.* The Governor recommends financing the Distressed Communities Relief Program at \$12.4 million in general revenue in FY 2023.
- *Payments-in-Lieu-of-Taxes.* The Governor recommends financing the PILOT program at \$46.1 million in general revenue in FY 2023, equal to the level of financing provided in FY 2022.
- *Adult-Use Marijuana.* The Governor recommends \$424,522 in restricted receipts for 4.0 FTE positions and contract costs necessary to ensure compliance with the tax provisions of the adult-use marijuana legalization proposal.
- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$3.9 million in general revenue, which reflect a 2.5% cost-of-living adjustment (COLA) along with an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. The FY 2023 COLA is the third year of the four-year contract in which state employees will receive 10.0% over the term of the contract. State employees will be eligible for the fourth-year COLA of 2.5% beginning in FY 2024. In addition, the Governor recommends a net decrease \$396,015 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, human resources, and information technology, combined with a decrease to FY 2023 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.

Proposed FY 2022 Budget Revisions

- *Tax Compliance Improvement Program.* The Governor recommends \$1.8 million in general revenue to adequately financing an existing contract associated with the Tax Compliance Improvement Program in FY 2022. While financing for this contract was included in the FY 2021 budget, due to the unfavorable closing position of general revenue expenditures versus final FY 2021 appropriations reported in the preliminary closing statements the Governor was unable to recommend any discretionary reappropriations in FY 2022. This item ensures that the state meets an existing contractual obligation.
- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$3.8 million in general revenue, which reflects a 2.5% cost-of-living adjustment (COLA) retroactive payment for the first year of the four-year labor contract (FY 2021), a 2.5% COLA for year-two of the contract and for an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. In addition, the Governor recommends a net decrease of \$184,066 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, combined with a decrease to FY 2022 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.

GENERAL GOVERNMENT

Legislature

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

| LEGISLATURE | | | | | |
|--------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Source of Funds | FY 2020 Actuals | FY 2021 Actuals | FY 2022 Enacted | FY 2022 Revised | FY 2023 Recommended |
| General Revenue | \$41,474,787 | \$38,496,939 | \$44,844,662 | \$52,014,528 | \$48,542,952 |
| Federal Funds | \$21,636 | \$980,910 | - | - | - |
| Restricted Receipts | \$1,550,000 | \$1,613,497 | \$1,782,425 | \$1,901,617 | \$1,919,241 |
| Other Funds | - | - | - | - | - |
| RI Capital Plan Fund | - | - | - | - | - |
| Total Funding | \$43,046,423 | \$41,091,346 | \$46,627,087 | \$53,916,145 | \$50,462,193 |
| FTE Authorization | 298.5 | 298.5 | 298.5 | 298.5 | 298.5 |

Full-Time Equivalent Positions

The Governor recommends 298.5 FTE positions in the FY 2023 Budget and in the revised FY 2022 Budget consistent with the enacted level.

Proposed FY 2023 Budget Actions

- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$2.5 million in general revenue, which reflect a 2.5% cost-of-living adjustment (COLA) along with an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. The FY 2023 COLA is third year of the four-year contract in which state employees will receive 10.0% over the term of the contract. State employees will be eligible for the fourth-year COLA of 2.5% beginning in FY 2024. In addition, the Governor recommends a net decrease of \$414,734 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, human resources, and information technology, combined with a decrease to FY 2023 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.

Proposed FY 2022 Budget Revisions

- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$2.4 million in general revenue, which reflects a 2.5% cost-of-living adjustment (COLA) retroactive payment for the first year of the four-year labor contract (FY 2021), a 2.5% COLA for year-two of the contract and for an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. In addition, the Governor recommends a net decrease of \$199,675 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, combined with a decrease to FY 2022 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.

GENERAL GOVERNMENT

Office of the Governor

The Executive Department, or Office of the Governor, is subject to election by the voters of Rhode Island. The Department is responsible for the enactment of reform and change in the state government for the betterment of the citizens of the State of Rhode Island. In accomplishing this task, the Department coordinates the services of a staff of professionals that oversees various responsibilities, including legislative affairs, communications, community engagement, legal affairs, policy, and boards and commissions. The Administration of Governor Daniel McKee began on March 2, 2021.

| EXECUTIVE DEPARTMENT | | | | | |
|--------------------------|--------------------|--------------------|--------------------|--------------------|---------------------|
| Source of Funds | FY 2020 Actuals | FY 2021 Actuals | FY 2022 Enacted | FY 2022 Revised | FY 2023 Recommended |
| General Revenue | \$5,493,031 | \$6,477,752 | \$6,703,626 | \$7,135,886 | \$7,152,280 |
| Federal Funds | \$1,112,913 | \$11,115 | - | \$24,840 | - |
| Restricted Receipts | - | - | - | - | - |
| Other Funds | - | - | - | - | - |
| RI Capital Plan Fund | - | - | - | - | - |
| Total Funding | \$6,605,944 | \$6,488,866 | \$6,703,626 | \$7,160,726 | \$7,152,280 |
| FTE Authorization | 45.0 | 45.0 | 45.0 | 45.0 | 45.0 |

Full-Time Equivalent Positions

The Governor recommends 45.0 FTE positions in the FY 2023 Budget, and 45.0 FTE positions in the revised FY 2022 Budget, unchanged from the enacted FY 2022 Budget.

Proposed FY 2023 Budget Actions

- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$454,491 in general revenue, which reflect a 2.5% cost-of-living adjustment (COLA) along with an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. The FY 2023 COLA is third year of the four-year contract in which state employees will receive 10.0% over the term of the contract. State employees will be eligible for the fourth-year COLA of 2.5% beginning in FY 2024. In addition, the Governor recommends a net increase of \$11,866 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, human resources, and information technology, combined with a decrease to FY 2023 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.

Proposed FY 2022 Budget Revisions

- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$441,546 in general revenue, which reflects a 2.5% cost-of-living adjustment (COLA) retroactive payment for the first year of the four-year labor contract (FY 2021), a 2.5% COLA for year-two of the contract and for an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. In addition, the Governor recommends a net decrease of \$9,286 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, combined with a decrease to FY 2022 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.

GENERAL GOVERNMENT

Office of the Lieutenant Governor

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

| OFFICE OF LIEUTENANT GOVERNOR | | | | | |
|-------------------------------|--------------------|--------------------|--------------------|--------------------|---------------------|
| Source of Funds | FY 2020 Actuals | FY 2021 Actuals | FY 2022 Enacted | FY 2022 Revised | FY 2023 Recommended |
| General Revenue | \$1,142,644 | \$1,002,553 | \$1,199,161 | \$1,263,354 | \$1,353,568 |
| Federal Funds | - | \$624 | - | - | - |
| Restricted Receipts | - | - | - | - | - |
| Other Funds | - | - | - | - | - |
| RI Capital Plan Fund | - | - | - | - | - |
| Total Funding | \$1,142,644 | \$1,003,177 | \$1,199,161 | \$1,263,354 | \$1,353,568 |
| FTE Authorization | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 |

Full-Time Equivalent Positions

The Governor recommends 8.0 FTE positions in the FY 2023 Budget, and 8.0 FTE positions in the revised FY 2022 Budget, unchanged from the enacted FY 2022 Budget.

Proposed FY 2023 Budget Actions

- Statewide Adjustments.** The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$69,542 in general revenue, which reflect a 2.5% cost-of-living adjustment (COLA) along with an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. The FY 2023 COLA is the third year of the four-year contract in which state employees will receive 10.0% over the term of the contract. State employees will be eligible for the fourth-year COLA of 2.5% beginning in FY 2024. In addition, the Governor recommends a net increase of \$9,916 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, human resources, and information technology, combined with a decrease to FY 2023 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.

Proposed FY 2022 Budget Revisions

- Statewide Adjustments.** The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$65,236 in general revenue, which reflects a 2.5% cost-of-living adjustment (COLA) retroactive payment for the first year of the four-year labor contract (FY 2021), a 2.5% COLA for year-two of the contract and for an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. In addition, the Governor recommends a net decrease of \$1,043 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, combined with a decrease to FY 2022 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.

GENERAL GOVERNMENT

Secretary of State

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

| SECRETARY OF STATE | | | | | |
|--------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Source of Funds | FY 2020 Actuals | FY 2021 Actuals | FY 2022 Enacted | FY 2022 Revised | FY 2023 Recommended |
| General Revenue | \$9,305,239 | \$12,264,120 | \$9,775,071 | \$10,264,710 | \$11,727,015 |
| Federal Funds | \$2,458,169 | \$2,336,420 | \$1,810,000 | \$2,012,835 | \$1,621,565 |
| Restricted Receipts | \$475,518 | \$1,104,646 | \$472,148 | \$639,872 | \$545,197 |
| Other Funds | - | - | - | - | - |
| RI Capital Plan Fund | - | - | - | - | \$170,000 |
| Total Funding | \$12,238,925 | \$15,705,186 | \$12,057,219 | \$12,917,417 | \$14,063,777 |
| FTE Authorization | 59.0 | 59.0 | 59.0 | 59.0 | 59.0 |

Full-Time Equivalent Positions

The Governor recommends 59.0 FTE positions in the FY 2023 Budget and in the revised FY 2022 Budget.

Proposed FY 2023 Budget Actions

- *Election Costs.* The Governor recommends an increase of \$382,641 in general revenue for various election-related expenses. These include printing costs, mail ballot scanners and processing equipment, software maintenance agreements and leasing costs for voting machines, annual fees related to the Central Voter Registration system, seasonal wages for temporary workers during the election and costs for radio, television, and other advertising.
- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$495,326 in general revenue, which reflect a 2.5% cost-of-living adjustment (COLA) along with an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. The FY 2023 COLA is the third year of the four-year contract in which state employees will receive 10.0% over the term of the contract. State employees will be eligible for the fourth-year COLA of 2.5% beginning in FY 2024. In addition, the Governor recommends a net decrease of \$14,172 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, human resources, and information technology, combined with a decrease to FY 2023 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.

Proposed FY 2022 Budget Revisions

- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$501,032 in general revenue, which reflects a 2.5% cost-of-living adjustment (COLA) retroactive payment for the first year of the four-year labor contract (FY 2021), a 2.5% COLA for year-two of the contract and for an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. In addition, the Governor recommends a net decrease of \$11,393 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, combined with a decrease to FY 2022 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.

GENERAL GOVERNMENT

Office of the General Treasurer

The Office of the General Treasurer is established under the Rhode Island Constitution as one of the five general offices subject to election by the voters. The General Treasurer is the custodian of State funds, charged with the safe and prudent management of the State's finances. The General Treasurer serves on the State Investment Commission, the State Retirement Board, the Public Finance Management Board, the Rhode Island Housing and Mortgage Finance Corporation, the Higher Education Assistance Board, the Rhode Island Student Loan Authority, the State Properties Commission, and the Rhode Island Infrastructure Bank. Programs and Sub-Programs are defined to streamline the administration of various functions and resources. Under the control and guidance of the General Treasurer are: the Employees' Retirement System of Rhode Island, the administrative unit for participating public employee groups for both defined benefit and defined contribution plans; the Unclaimed Property Program which collects tangible and intangible abandoned property for the purpose of returning the property to its rightful owner; the Investments and Finance Division which provides investment and cash management services to state government, and issues and manages the State's general obligation debt; the CollegeBound Program (new to Treasury in 2016) and its contribution of fee revenue for state college assistance programs; the Business Office, which validates and distributes the State's imprest/benefit check payments, prints vendor and non-vendor checks, and reconciles a majority of the State's accounts to the financial institutions and the State Controller's records; and the Crime Victim Compensation Program which compensates crime victims for financial losses suffered as a result of a violent crime. Other areas under the Treasurer's responsibility include cooperation with the Executive Office of Health and Human Services in the ABLE savings program (Achieving A Better Life Experience Accounts) for tax free income growth for certain qualified disability expenditures; the care and management of the Abraham Touro Fund; and the Childhood Disease Fund.

| OFFICE OF THE GENERAL TREASURER | | | | | |
|--|------------------------|------------------------|------------------------|------------------------|----------------------------|
| Source of Funds | FY 2020 Actuals | FY 2021 Actuals | FY 2022 Enacted | FY 2022 Revised | FY 2023 Recommended |
| General Revenue | \$2,965,894 | \$3,437,549 | \$3,228,310 | \$3,413,127 | \$3,558,632 |
| Federal Funds | \$1,067,635 | \$548,285 | \$730,909 | \$774,763 | \$773,245 |
| Restricted Receipts | \$35,806,668 | \$12,803,405 | \$43,214,747 | \$44,074,145 | \$44,374,683 |
| Other Funds | \$574,185 | \$701,319 | \$645,897 | \$692,016 | \$693,892 |
| RI Capital Plan Fund | - | - | - | - | - |
| Total Funding | \$40,414,381 | \$17,490,557 | \$47,819,863 | \$48,954,051 | \$49,400,452 |
| FTE Authorization | 89.0 | 89.0 | 89.0 | 89.0 | 90.0 |

Full-Time Equivalent Positions

The Governor recommends 90.0 FTE positions in the FY 2023 Budget and 89.0 FTE positions in the revised FY 2022 Budget. The latter is unchanged from the enacted FY 2022 Budget.

Proposed FY 2023 Budget Actions

- *Retirement Aide.* The Governor recommends an increase of \$78,365 in restricted receipts in the Retirement program. This includes an increase of 1.0 FTE position to add an administrative aide.
- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$172,429 in general revenue, which reflect a 2.5% cost-of-living adjustment (COLA) along with an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. The FY 2023 COLA is the third year of the four-year contract in which state employees will receive 10.0% over the term of the contract. State employees will be eligible for the fourth-year COLA of 2.5% beginning in FY 2024. In addition, the Governor

GENERAL GOVERNMENT

recommends a net increase of \$60,880 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, human resources, and information technology, combined with a decrease to FY 2023 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.

Proposed FY 2022 Budget Revisions

- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$171,212 in general revenue, which reflects a 2.5% cost-of-living adjustment (COLA) retroactive payment for the first year of the four-year labor contract (FY 2021), a 2.5% COLA for year-two of the contract and for an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. In addition, the Governor recommends a net increase of \$13,605 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, combined with a decrease to FY 2022 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.

GENERAL GOVERNMENT

Board of Elections

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

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

| BOARD OF ELECTIONS | | | | | |
|--------------------------|--------------------|--------------------|--------------------|--------------------|---------------------|
| Source of Funds | FY 2020 Actuals | FY 2021 Actuals | FY 2022 Enacted | FY 2022 Revised | FY 2023 Recommended |
| General Revenue | \$2,536,695 | \$3,368,251 | \$2,671,768 | \$2,783,896 | \$6,126,861 |
| Federal Funds | \$5,639 | - | - | - | - |
| Restricted Receipts | - | - | - | - | - |
| Other Funds | - | - | - | - | - |
| RI Capital Plan Fund | - | - | - | - | - |
| Total Funding | \$2,542,334 | \$3,368,251 | \$2,671,768 | \$2,783,896 | \$6,126,861 |
| FTE Authorization | 13.0 | 13.0 | 13.0 | 13.0 | 13.0 |

Full-Time Equivalent Positions

The Governor recommends 13.0 FTE positions in the FY 2023 Budget and in the revised FY 2022 Budget.

Proposed FY 2023 Budget Actions

- *Matching Public Funds.* The Governor recommends \$2.7 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 2023.
- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$133,794 in general revenue, which reflect a 2.5% cost-of-living adjustment (COLA) along with an extra-payment of \$1,500 to those eligible union employees due to the most

GENERAL GOVERNMENT

recent State employee contract negotiations. The FY 2023 COLA is the third year of the four-year contract in which state employees will receive 10.0% over the term of the contract. State employees will be eligible for the fourth-year COLA of 2.5% beginning in FY 2024. In addition, the Governor recommends a net decrease of \$39,145 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, human resources, and information technology, combined with a decrease to FY 2023 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.

Proposed FY 2022 Budget Revisions

- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$114,864 in general revenue, which reflects a 2.5% cost-of-living adjustment (COLA) retroactive payment for the first year of the four-year labor contract (FY 2021), a 2.5% COLA for year-two of the contract and for an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. In addition, the Governor recommends a net decrease of \$2,736 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, combined with a decrease to FY 2022 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.

GENERAL GOVERNMENT

Rhode Island Ethics Commission

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

| RHODE ISLAND ETHICS COMMISSION | | | | | |
|---------------------------------------|------------------------|------------------------|------------------------|------------------------|----------------------------|
| Source of Funds | FY 2020 Actuals | FY 2021 Actuals | FY 2022 Enacted | FY 2022 Revised | FY 2023 Recommended |
| General Revenue | \$1,803,364 | \$1,832,318 | \$1,867,351 | \$1,969,646 | \$2,029,145 |
| Federal Funds | - | - | - | - | - |
| Restricted Receipts | - | - | - | - | - |
| Other Funds | - | - | - | - | - |
| RI Capital Plan Fund | - | - | - | - | - |
| Total Funding | \$1,803,364 | \$1,832,318 | \$1,867,351 | \$1,969,646 | \$2,029,145 |
| FTE Authorization | 12.0 | 12.0 | 12.0 | 12.0 | 12.0 |

Full-Time Equivalent Positions

The Governor recommends 12.0 FTE positions in the FY 2023 Budget, and 12.0 FTE positions in the revised FY 2022 Budget, unchanged from the enacted FY 2022 Budget.

Proposed FY 2023 Budget Actions

- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$110,151 in general revenue, which reflect a 2.5% cost-of-living adjustment (COLA) along with an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. The FY 2023 COLA is the third year of the four-year contract in which state employees will receive 10.0% over the term of the contract. State employees will be eligible for the fourth-year COLA of 2.5% beginning in FY 2024. In addition, the Governor recommends a net decrease of \$1,074 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, human resources, and information technology, combined with a decrease to FY 2023 employee health benefit rates. The Governor’s recommendation aligns the agencies budgets with anticipated charges.

Proposed FY 2022 Budget Revisions

- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$107,480 in general revenue, which reflects a 2.5% cost-of-living adjustment

GENERAL GOVERNMENT

(COLA) retroactive payment for the first year of the four-year labor contract (FY 2021), a 2.5% COLA for year-two of the contract and for an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. In addition, the Governor recommends a net decrease of \$5,185 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, combined with a decrease to FY 2022 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.

GENERAL GOVERNMENT

Rhode Island Commission for Human Rights

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

| RHODE ISLAND COMMISSION FOR HUMAN RIGHTS | | | | | |
|---|------------------------|------------------------|------------------------|------------------------|----------------------------|
| Source of Funds | FY 2020 Actuals | FY 2021 Actuals | FY 2022 Enacted | FY 2022 Revised | FY 2023 Recommended |
| General Revenue | \$1,229,233 | \$1,347,294 | \$1,486,581 | \$1,580,108 | \$1,632,904 |
| Federal Funds | \$539,173 | \$408,969 | \$422,418 | \$405,321 | \$408,411 |
| Restricted Receipts | - | - | - | - | - |
| Other Funds | - | - | - | - | - |
| RI Capital Plan Fund | - | - | - | - | - |
| Total Funding | \$1,768,406 | \$1,756,263 | \$1,908,999 | \$1,985,429 | \$2,041,315 |
| FTE Authorization | 14.5 | 14.5 | 14.0 | 14.0 | 14.0 |

Full-Time Equivalent Positions

The Governor recommends 14.0 FTE positions in the FY 2023 Budget and in the revised FY 2022 Budget.

Proposed FY 2023 Budget Actions

- *Case Management System.* The Governor recommends an increase of \$25,000 in general revenue for the annual maintenance costs of a new modern case management system financed in the Governor’s FY 2022 Revised Recommendation.
- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$100,105 in general revenue, which reflect a 2.5% cost-of-living adjustment

GENERAL GOVERNMENT

(COLA) along with an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. The FY 2023 COLA is third year of the four-year contract in which state employees will receive 10.0% over the term of the contract. State employees will be eligible for the fourth-year COLA of 2.5% beginning in FY 2024. In addition, the Governor recommends a net increase of \$6,651 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, human resources, and information technology, combined with a decrease to FY 2023 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.

Proposed FY 2022 Budget Revisions

- *Case Management System.* The Governor recommends a reallocation of \$85,000 in general revenue for the procurement of a modern case management system to replace the current highly manual case management process.
- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$99,296 in general revenue, which reflects a 2.5% cost-of-living adjustment (COLA) retroactive payment for the first year of the four-year labor contract (FY 2021), a 2.5% COLA for year-two of the contract and for an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. In addition, the Governor recommends a net decrease of \$5,742 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, combined with a decrease to FY 2022 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.

GENERAL GOVERNMENT

Public Utilities Commission

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

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

| PUBLIC UTILITIES COMMISSION | | | | | |
|-----------------------------|--------------------|--------------------|---------------------|---------------------|---------------------|
| Source of Funds | FY 2020 Actuals | FY 2021 Actuals | FY 2022 Enacted | FY 2022 Revised | FY 2023 Recommended |
| General Revenue | - | - | - | - | - |
| Federal Funds | \$200,098 | \$223,657 | \$540,253 | \$566,124 | \$582,689 |
| Restricted Receipts | \$9,371,538 | \$8,979,736 | \$11,926,093 | \$13,211,355 | \$12,837,076 |
| Other Funds | - | - | - | - | - |
| RI Capital Plan Fund | - | - | - | - | - |
| Total Funding | \$9,571,635 | \$9,203,393 | \$12,466,346 | \$13,777,479 | \$13,419,765 |
| FTE Authorization | 52.0 | 52.0 | 54.0 | 54.0 | 54.0 |

Full-Time Equivalent Positions

The Governor recommends 54.0 FTE positions in the FY 2023 Budget, and 54.0 FTE positions in the revised FY 2022 Budget, unchanged from the enacted Budget.

Proposed FY 2023 Budget Actions

- *Statewide Adjustment.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$564,444 in restricted receipts, which reflect a 2.5% cost-of-living adjustment (COLA) along with an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. The FY 2023 COLA is the third year of the four-year contract in which state employees will receive 10.0% over the term of the contract. State employees will be eligible for the fourth-year COLA of 2.5% beginning in FY 2024. In addition, the Governor recommends a net decrease of \$19,065 in restricted receipts revenue for the financing of agency charges for certain centralized services, including facilities maintenance, human resources, and information technology, combined with a decrease to FY 2023 employee health benefit rates. The Governor’s recommendation aligns the agencies budgets with anticipated charges.

GENERAL GOVERNMENT

Proposed FY 2022 Budget Revisions

- *PPL Transfer.* The Governor recommends an increase of \$500,000 from the PUC's dedicated restricted receipt account for the review and approval for National Grid to sell the Narragansett Electric Company, which serves electric and natural gas customers in Rhode Island to Pennsylvania based PPL Corp for \$3.8 billion dollars. On May 4, 2021, PPL Corp and National Grid filed a petition with the Rhode Island Division of Public Utilities Carriers for approval of PPL Rhode Island's purchase of 100% of the outstanding shares of common stock in Narragansett Electric Company from National Grid. Pursuant to R.I.G.L. § 39-3-24 and § 39-3-25, as well as the Division's Rules of Practice and Procedure, Division approval is required before the transfer can occur. The docket was opened, and the proceedings are underway. This docket will require the Division's Advocacy section to thoroughly review and vet this petition, with both existing staff and expert witnesses. The expert witness costs are the driver behind this cost increase in FY 2022.
- *Statewide Adjustment.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$546,342 in restricted receipts, which reflects a 2.5% cost-of-living adjustment (COLA) retroactive payment for the first year of the four-year labor contract (FY 2021), a 2.5% COLA for year-two of the contract and for an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. In addition, the Governor recommends a net decrease of \$19,065 in restricted receipts for the financing of agency charges for certain centralized services, including facilities maintenance, combined with a decrease to FY 2022 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.

HEALTH AND HUMAN SERVICES

HEALTH AND HUMAN SERVICES

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

HEALTH AND HUMAN SERVICES

Executive Office of Health and Human Services

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

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

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

Recent Office achievements and highlights include:

- Investing in Long Term Services and Supports (LTSS) to provide Rhode Islanders a choice of where to live as they age by changing how the State pays for assisted living, incentivizing home care workers to become trained in behavioral health, and helping residents save money by staying in the community.
- Implementing workforce recruitment and retention programs in LTSS and behavioral health, as well as mobile crisis infrastructure payments, through the enhanced funding opportunities within the American Rescue Plan Act.
- Advancing equity and social determinant-focused programs through Health System Transformation Project investments, such as Rhode to Equity and the implementation of the Community Resource Platform.

Budget Highlights

Medicaid Management Information System.

Provides \$576,303 in general revenue and \$5.2 million all funds to begin the planning and implementation of adopting a modern modular system, which is required by Centers for Medicare & Medicaid Services and will move Rhode Island away from single contract solutions.

Medicaid National Fingerprint Background Checks.

Allows the State to send National Fingerprint Background Checks to the FBI for high-risk providers to protect the health and safety of vulnerable Medicaid beneficiaries receiving at-home services.

Prescription Drug Monitoring Program.

Leverages \$135,000 from the Opioid Stewardship Fund to make it easier for prescribers and pharmacies to access the Prescription Drug Monitoring Program through their own Electronic Health Records, thereby improving the ability to help stem the opioid epidemic.

HEALTH AND HUMAN SERVICES

| EXECUTIVE OFFICE OF HEALTH AND HUMAN SERVICES | | | | | |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|
| Source of Funds | FY 2020 Actuals | FY 2021 Actuals | FY 2022 Enacted | FY 2022 Revised | FY 2023 Recommended |
| General Revenue | \$896,330,862 | \$909,547,933 | \$1,100,190,655 | \$1,023,899,791 | \$1,163,179,267 |
| Federal Funds | \$1,645,506,467 | \$1,918,019,195 | \$2,054,881,356 | \$2,319,922,806 | \$2,068,159,491 |
| Restricted Receipts | \$61,939,907 | \$30,971,406 | \$40,690,447 | \$82,810,647 | \$53,978,003 |
| Other Funds | - | \$0 | - | - | - |
| RI Capital Plan Fund | - | - | - | - | - |
| Total Funding | \$2,603,777,235 | \$2,858,538,534 | \$3,195,762,458 | \$3,426,633,244 | \$3,285,316,761 |
| FTE Authorization | 186.0 | 192.0 | 190.0 | 190.0 | 200.0 |

Full-Time Equivalent Positions

The Governor recommends 200.0 FTE positions in the FY 2023 Budget, and 190.0 FTE positions in the revised FY 2022 Budget. The latter is identical to the enacted FY 2022 Budget. The net increase of 10.0 FTE positions in the FY 2023 Budget is attributable to the following recommended budget actions:

1. An increase of 8.0 FTE positions converted from current contracted staff, building in-house staff capacity and reducing reliance on temporary staff and contractors.
2. An increase of 1.0 FTE position for a project manager tasked with implementing the move from the current Medicaid Management Information System (MMIS) legacy system, to a modern modular MMIS system.
3. An increase of 1.0 FTE position included in the transfer of the Opioid Stewardship Fund (OSF) from the Department of Health to the Executive Office of Health and Human Services.

Proposed FY 2023 Budget Actions

Central Management

- *1115 Waiver Renewal.* The Governor recommends an increase of \$250,000 in general revenue, \$500,000 from all sources of funds, for additional contracted consulting support to complete the 1115 Waiver, also known as the “Demonstration Renewal Waiver,” which is due to federal CMS every five years. The Waiver itself gives the Secretary the authority to approve experimental, pilot, or demonstration projects that will assist in promoting the objectives of the Medicaid program.
- *Contractor to FTE Position Conversion.* The Governor recommends a reduction of \$68,270 in general revenues, or \$141,613 from all sources of funds, for savings associated with the conversion of contracted staff to 8.0 FTE positions, building in-house staff capacity and reducing reliance on temporary staff and contract agreements.
- *MMIS Operations Contract.* The Governor recommends an increase of \$1.4 million general revenues, \$2.3 million from all sources of funds, for contract costs associated with the extended contract with the vendor responsible for maintenance and operations of the State’s Medicaid Management Information System (MMIS).
- *Modern Modular MMIS System.* The Governor recommends \$576,303 in general revenue and \$5.2 million all funds to begin the planning and implementation of assessing the current MMIS legacy system and moving to a modern modular system which is required by CMS and will move Rhode Island away from single contract solutions. The project would be financed 90 percent by federal Medicaid dollars.

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- *Medicaid National Fingerprint Background Checks.* Federal CMS requires certain Medicaid provider and supplier applicants to submit to a National Fingerprint Background Check (NFBC) through the FBI national fingerprint database (NCIC). The implementation of this initiative will give RI the authority to send NFBC checks to the FBI for high-risk providers, more specifically, those with more than 5.0 percent ownership of Home Health Services, Durable Medical Equipment services, those providers/owners that have been sanctioned within the last ten (10) years, or those providers with an existing State Medicaid Plan qualifying overpayment, as well as, direct care attendants who provide services to vulnerable Medicaid beneficiaries living in the community. The Governor recommends a statutory change to bring Rhode Island into federal compliance, while protecting the health and safety of vulnerable Medicaid beneficiaries receiving Medicaid services at home. Without this change, the NFBC background checks will not be processed by the FBI and the State will be susceptible to federal audit and financial penalty.
- *Adult-Use Marijuana.* The Governor recommends \$1.4 million in restricted receipts to support health equity zones, which will address community needs related to the adult-use marijuana proposal. Of this amount, the Governor recommends \$333,333 million to support the data ecosystem necessary to assess the public health impacts of adult-use marijuana legalization.
- *Opioid Stewardship Fund.* The Governor recommends that proceeds of the Opioid Stewardship Fund (OSF) support both the continuation of critical substance abuse treatment support programs and the inception of several new initiatives throughout the state. To improve the coordination of behavioral healthcare efforts in opioid and substance abuse response across state health and human services programs, the Governor recommends the transfer of the OSF fund including 1.0 FTE support position from the Department of Health to the Executive Office of Health and Human Services. Within the Executive Office of Health and Human Services, the Governor recommends \$2.5 million. An increase of \$135,000 represents a shift of budgeted funds from the FY 2022 Enacted Budget to the FY 2023 Budget for the Prescription Drug Monitoring Program (PDMP) expansion work to reflect a delay in the implementation of the initiative. Funding will support integration work to facilitate access for prescribers and pharmacies to access the PDMP through their own Electronic Health Records thereby improving the ability to help stem Rhode Island's opioid epidemic. Remaining funding will support several new initiatives throughout the state.
- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$1.0 million in general revenue, which reflect a 2.5% cost-of-living adjustment (COLA) along with an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. The FY 2023 COLA is the third year of the four-year contract in which state employees will receive 10.0% over the term of the contract. State employees will be eligible for the fourth-year COLA of 2.5% beginning in FY 2024. In addition, the Governor recommends a net increase of \$208,545 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, human resources, and information technology, combined with a decrease to FY 2023 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.

Medical Assistance

- *Caseload Conference.* The Governor's recommended budget is predicated on the November 2021 Caseload Estimating Conference (CEC) estimate of \$1.132 billion in general revenue in FY 2023, \$116.1 million more than the FY 2022 enacted level. This total includes adopted changes to the Federal Medical Assistance Percentage (FMAP) rate from 54.68 percent to 54.19 percent.

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Adjustments to the Adopted Caseload Estimate

- *Meals on Wheels.* The Governor recommends an increase of \$165,129 in general revenue, \$360,466 from all sources of funds, to increase the Medicaid rates associated with Meals on Wheels, as well as tying these rates to an inflationary index.
- *Postpartum Expansion.* The Governor recommends an increase \$4.3 million in general revenues, \$6.6 million from all sources of funds, to extend full benefit Medicaid coverage to women 12-months postpartum, compared to the current 60-days. This coverage will also extend to women if their only barrier to the benefit is their immigration status. Of this total, \$792,000 of general revenues, \$1.4 million from all sources of funds, will be used for technology infrastructure necessary to implement this program.
- *Cover All Kids.* The Governor recommends an increase of \$1.9 million in general revenues, \$1.9 million from all sources of funds, to extend full benefit medical assistance to children who would otherwise be eligible for Medicaid, but not for their immigration status. Of this total, \$660,000 of general revenues will be used for technology infrastructure necessary to implement this program.
- *Nursing Home Inflationary Rate Adjustment.* The Governor recommends \$1.4 million in general revenues, \$3.1 million from all sources of funds, to increase the anticipated nursing facility inflationary rate adjustment from 1.9 percent to 3.0 percent, effective October 1, 2022. This total is independent of the 1.0 percent increase associated with the minimum staffing law, a 1.0 percent increase October 2022.
- *Home- and Community-Based Services eFMAP.* The Governor recommends \$25.8 million in restricted receipts, \$47.6 million from all sources of funds, to enhance and expand home- and community-based (HCBS) services throughout the state. This increased investment is associated with a 10.0 percent enhanced Federal Medical Assistance Percentage (FMAP) match for such services included in the American Rescue Plan Act (ARPA).
- *Perry Sullivan.* The Governor recommends a reduction of \$17.7 million in general revenues, \$38.6 million from all sources of funds, for a one-year exemption from Perry Sullivan, which requires that resources be added to the home and community care program if there has been a reduction in nursing home days. This reduction is more than compensated for through the HCBS investments associated with ARPA.

Proposed FY 2022 Budget Revisions

- *Caseload Conference.* The revised recommendation is predicated on the November 2021 Caseload Estimating Conference (CEC) estimate of \$978.9 million in general revenue in FY 2022, \$37.3 million less than the FY 2022 enacted level. At the time of the enactment of the FY 2022 Appropriations Act, the public health emergency had been extended through calendar year 2021. Since enactment, the public health emergency has been extended, thus the FY 2022 Revised Budget assumes that the FFCRA-enhanced FMAP will be available until March 31, 2022, or for the first three quarters of FY 2022.
- *FMAP Reserve.* The Governor recommend a reduction of \$39.0 million in general revenues to remove the enacted FFCRA-enhanced FMAP reserve. This funding was included as a contingency if the public health emergency (PHE) ended unexpectedly after first quarter of the fiscal year. Since the PHE was extended this contingency is no longer necessary.
- *Home- and Community-Based Services eFMAP.* The Governor recommends \$50.1 million in restricted receipts, \$118.6 million from all sources of funds, to enhance and expand home- and community-based (HCBS) services throughout the state. This increased investment is associated with a 10.0 percent enhanced Federal Medical Assistance Percentage (FMAP) match for such services included in the American Rescue Plan Act (ARPA).

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- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$966,205 in general revenue, which reflects a 2.5% cost-of-living adjustment (COLA) retroactive payment for the first year of the four-year labor contract (FY 2021), a 2.5% COLA for year-two of the contract and for an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. In addition, the Governor recommends a net decrease of \$102,885 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, combined with a decrease to FY 2022 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.

HEALTH AND HUMAN SERVICES

Department of Children, Youth and Families

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

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

Recent Department achievements and highlights include:

- Through the recently enacted Federal Family First Prevention Services Act (FFPSA), the Department is ensuring it has the right services to meet the needs of families and prevent the removal of children from homes. By reorienting child welfare systems around prevention and expanding the evidence base in child welfare, the State will improve family stability and well-being.
- Continuing to implement the Safety Assessment Through Family Engagement, which is a comprehensive safety decision-making model and intervention practice framework. The goal of this model is to keep more children safely at home while expediting permanency for those children who are placed out of their homes. The model standardizes practice across the agency and creates support systems to reduce the risk of re-maltreatment.
- Helped stabilize families and prevent them from having any involvement or further involvement with the State's child welfare system through the Department's Family Care Community Partnerships (FCCPs). Since 2015, on average, 95 percent of families remained in the community without opening to the Department within six months of their FCCP cases closing.
- Following national best practices and trends, led efforts to focus on prevention, diversion, and strengthened re-entry supports within the juvenile justice system to help youth receive the right interventions at the right time. Between December 2015 and December 2020, the total number of youth in the Rhode Island Training School has fallen by 72 percent. During this time, the number of youth on probation has fallen by 59 percent.

Budget Highlights

Home-based Services Savings.

Reduces general revenue costs by \$921,230 because of savings achieved by claiming federal Medicaid funds available for home-based services for recipients who are otherwise not Medicaid eligible.

HEALTH AND HUMAN SERVICES

| DEPARTMENT OF CHILDREN, YOUTH, AND FAMILIES | | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Source of Funds | FY 2020 Actuals | FY 2021 Actuals | FY 2022 Enacted | FY 2022 Revised | FY 2023 Recommended |
| General Revenue | \$170,737,334 | \$166,024,587 | \$193,284,942 | \$195,690,266 | \$200,369,523 |
| Federal Funds | \$79,351,997 | \$78,402,658 | \$81,456,413 | \$93,349,912 | \$92,320,948 |
| Restricted Receipts | \$1,868,198 | \$1,633,354 | \$1,487,111 | \$1,760,568 | \$1,780,439 |
| Other Funds | - | - | - | - | - |
| RI Capital Plan Fund | \$104,386 | \$766,102 | \$250,000 | \$250,000 | \$1,000,000 |
| Total Funding | \$252,061,916 | \$246,826,702 | \$276,478,466 | \$291,050,746 | \$295,470,910 |
| FTE Authorization | 621.5 | 617.5 | 702.5 | 702.5 | 702.5 |

Full-Time Equivalent Positions

The Governor recommends 702.5 FTE positions in the FY 2023 Budget, and 702.5 FTE positions in the revised FY 2022 Budget. Both FY 2022 and FY 2023 FTE positions remain at the Enacted Level.

Proposed FY 2023 Budget Actions

- *Budget Population 17 Claiming.* The Governor recommends a reduction of \$921,230 in general revenue to account for savings achieved by claiming federal Medicaid funds available for DCYF home-based services for recipients who are otherwise not Medicaid eligible.
- *Council on Accreditation.* The Governor recommends \$9.2 million in FY 2023 and \$9.4 million in FY 2022 including statewide personnel adjustments for full continued support of the Department's accreditation plan including funding first provided in the FY 2022 Enacted Budget totaling \$9.4 million for 75.0 additional FTE positions and various other accreditation fees and costs.
- *Caseload and Federal Medical Assistance Percentage (FMAP).* The Governor recommends an estimated increase of \$483,514 in general revenue and \$3.5 million in all funds attributable to the Department's updated caseload projections for FY 2023 as well as the change of the FMAP rate of 59.33 percent to 54.19 percent in FY 2023, compared to the FY 2022 enacted level.
- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$5.7 million in general revenue, which reflect a 2.5% cost-of-living adjustment (COLA) along with an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. The FY 2023 COLA is third year of the four-year contract in which state employees will receive 10.0% over the term of the contract. State employees will be eligible for the fourth-year COLA of 2.5% beginning in FY 2024. In addition, the Governor recommends a net increase of \$220,440 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, human resources, and information technology, combined with a decrease to FY 2023 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.

Proposed FY 2022 Budget Revisions

- *Caseload and Enhanced Federal Medical Assistance Percentage (FMAP).* The Governor recommends estimated savings of \$3.3 million in general revenue and \$5.0 million in all funds attributable to the Department's updated caseload projections for FY 2022 as well as the anticipated extension of the FFCRA-enhanced FMAP from two to three quarters of FY 2022 compared to the FY 2022 enacted level.

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- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$5.3 million in general revenue, which reflects a 2.5% cost-of-living adjustment (COLA) retroactive payment for the first year of the four-year labor contract (FY 2021), a 2.5% COLA for year-two of the contract and for an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. In addition, the Governor recommends a net increase of \$169,336 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, combined with a decrease to FY 2022 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.

HEALTH AND HUMAN SERVICES

Department of Health

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

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

Recent Department achievements and highlights include:

- Implemented and managed a statewide COVID-19 vaccination campaign, including primary vaccination series, third doses for moderately or severely immunocompromised individuals, booster doses, and vaccines for those age five to 11. As of November 2021, 93.7 percent of Rhode Islanders age 18 or older were at least partially vaccinated, and 82.2 percent of all Rhode Islanders were at least partially vaccinated.
- Maintained a nationally recognized, robust COVID-19 testing system, with nearly 6 million tests conducted as of November 2021. At maximum capacity, an estimated 25,000 tests were conducted daily. Same-day appointments are available and test results are delivered, on average, within 48 hours.
- Continue to invest in its 15 community-led Health Equity Zones that bring together residents and community partners to address the root causes of health issues and build healthier, more resilient communities. The Department received a \$19 million federal health disparities grant award that will enhance the State's ability to address health disparities related to COVID-19 and advance health equity by expanding capacity and services.
- Received an \$82 million grant from the Centers for Disease Control and Prevention for the construction of a Rhode Island Center of Excellence for Laboratory Sciences. In addition to addressing the current building's aging infrastructure, the new building would make Rhode Island better prepared for any future epidemic or pandemic.
- The sunset provision on the requirement that the Office of State Medical Examiners be responsible for a multidisciplinary team review of drug-related overdose deaths was removed.

Budget Highlights

COVID-19 Response.

Allocates \$167.4 million in federal funds for pandemic response and recovery activities distinct from investments in public health using the State Fiscal Recovery Fund.

Hospital Conversion Monitoring.

Creates a restricted receipts account for revenues collected from hospital conversions to fund three positions focused on quality-related conditions of approval.

Cottage Food Manufacturers.

Allows individuals to use home kitchens to make baked goods for retail sale – an activity that currently requires the use of a commercial kitchen.

HEALTH AND HUMAN SERVICES

| DEPARTMENT OF HEALTH | | | | | |
|--------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Source of Funds | FY 2020 Actuals | FY 2021 Actuals | FY 2022 Enacted | FY 2022 Revised | FY 2023 Recommended |
| General Revenue | \$38,272,941 | \$207,495,584 | \$31,030,190 | \$33,225,823 | \$32,752,820 |
| Federal Funds | \$112,011,353 | \$217,978,570 | \$368,284,737 | \$475,829,565 | \$282,519,401 |
| Restricted Receipts | \$42,480,962 | \$45,833,537 | \$70,930,376 | \$81,581,368 | \$57,316,468 |
| Other Funds | - | - | - | - | - |
| RI Capital Plan Fund | \$398,705 | \$195,649 | \$600,000 | \$600,000 | \$400,000 |
| Total Funding | \$193,163,962 | \$471,503,340 | \$470,845,303 | \$591,236,756 | \$372,988,689 |
| FTE Authorization | 499.6 | 513.6 | 530.6 | 530.4 | 535.4 |

Full-Time Equivalent Positions

The Governor recommends 535.4 FTE positions in the FY 2023 Budget, and 530.4 FTE positions in the revised FY 2022 Budget. The latter is 0.2 FTE positions below the enacted FY 2022 Budget. The FY 2023 recommendation reflects 5.0 FTE positions more than the enacted FY 2022 Budget. These 5.0 FTE positions include 2.0 FTE positions to comply with statutory requirements and focus on hospital conversion monitoring, 2.0 FTE positions to oversee and support the expansion of the cottage food manufacture program for home-based non-farmers, 2.0 FTE positions and operations support to access and mitigate the public health impacts of adult-use marijuana legalization, and a reduction of 1.0 FTE as part of the transfer of the Opioid Stewardship Fund.

Proposed FY 2023 Budget Actions

- *Hospital Conversion Monitoring.* The Governor recommends the creation of a restricted receipt account to capture revenues collected for hospital conversions. In compliance with R.I.G.L. §23-17.14-28(d)(3), revenue will be used to cover costs required to monitor, evaluate, and assess compliance with each condition of approval for a five-year period. This request includes adding 2.0 FTE positions, consisting of 1.0 Planning and Program Specialist and 1.0 Nursing Care Evaluator, to comply with statutory requirements and focus on monitoring quality-related conditions of approval.
- *Cottage Food Manufacturers.* The Governor recommends \$114,048 in general revenue for 2.0 FTE positions to oversee and support the expansion of the cottage food manufacture program for home-based non-farmers.
- *Adult-Use Marijuana.* The Governor recommends \$371,407 in restricted receipts for 2.0 FTE positions and operations support to access and mitigate the public health impacts of adult-use marijuana legalization.
- *Transfer Opioid Stewardship Fund and McKinsey Settlement Fund to the Executive Office of Health and Human Services.* The Governor recommends the Opioid Stewardship Fund and the McKinsey Settlement Fund transfer from the Department of Health to the Executive Office of Health and Human Services for programmatic purposes. As part of this shift, 1.0 FTE position is moved from DOH to the Executive Office of Health and Human Services (EOHHS).
- *Opioid Stewardship Fund.* The Governor recommends that proceeds of the Opioid Stewardship Fund (OSF) support both the continuation of critical substance abuse treatment support programs and the inception of several new initiatives throughout the state. To improve the coordination of behavioral healthcare efforts in opioid and substance abuse response across state health and human services programs, the Governor recommends the transfer of the OSF fund including 1.0 support position from the Department of Health to the Executive Office of Health and Human Services. Within the

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Department of Health, the Governor recommends a total of \$1.2 million in FY 2023 to finance various costs, including continued support for the staffing costs of Rhode Island's opioid response efforts through the Prescription Drug Monitoring Program (PDMP). The Governor also recommends continued support for the Harm Reduction and Syringe Services Access Program as well as an additional \$1.0 million to increase the State's naloxone supply.

- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$1,768,973 in general revenue, which reflect a 2.5% cost-of-living adjustment (COLA) along with an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. The FY 2023 COLA is third year of the four-year contract in which state employees will receive 10.0% over the term of the contract. State employees will be eligible for the fourth-year COLA of 2.5% beginning in FY 2024. In addition, the Governor recommends a net decrease of \$247,317 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, human resources, and information technology, combined with a decrease to FY 2023 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.
- *COVID-19 Response.* In FY 2023, the Governor recommends federal funds totaling \$167.4 million for purposes related to COVID-19 pandemic response and recovery activities. This includes anticipated reimbursements from various federal grants, such as the Expanding Laboratory Capacity grant. Please note that this is distinct from any investments in public health from the American Rescue Plan Act State Fiscal Recovery Fund (ARPA SFRF).

Proposed FY 2022 Budget Revisions

- *Medical Examiner's Office Contractors.* The Governor recommends an increase of \$467,374 in general revenue to allow for forensic pathology contractors to take on the burden caused by vacancies of the Chief Medical Examiner and two Assistant Medical Examiners. This initiative also includes \$222,116 in general revenue to cover these vacancies in FY 2023.
- *Reduction for Dockside Shellfish Program.* The Governor recommends a reduction of \$266,046 of general revenue, which funded 3.0 FTE positions for the dockside shellfish program. This FY 2022 initiative, which implements a competitive permit fee to support sampling, lab testing, and administrative time is experiencing substantive implementation delays, and these FTE positions are no longer necessary for FY 2022.
- *COVID-19 Response.* In FY 2022, the Governor recommends federal funds totaling \$358.6 million for purposes related to COVID-19 pandemic response and recovery activities. This includes anticipated reimbursements from the Federal Emergency Management Agency (FEMA) and other federal grants, such as the Expanding Laboratory Capacity grant. Please note that this is distinct from any investments in public health from the American Rescue Plan Act State Fiscal Recovery Fund (ARPA SFRF).
- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$2,001,154 in general revenue, which reflects a 2.5% cost-of-living adjustment (COLA) retroactive payment for the first year of the four-year labor contract (FY 2021), a 2.5% COLA for year-two of the contract and for an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. In addition, the Governor recommends a net decrease of \$6,849 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, combined with a decrease to FY 2022 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.

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Department of Human Services

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

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

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

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

Recent Department achievements and highlights include:

- Supported the child care sector during the pandemic through key initiatives that include implementing a CCAP co-pay waiver; awarding \$18.6 million to child care providers during the first phase of the Coronavirus Response and Relief Supplemental Appropriations Act stabilization grants; finalizing the methodology for phase two of the child care stabilization grants that resulted in \$16.5 million being disbursed as of November 2021; and working with Local Initiatives Support Corporation to administer \$5 million from the Child Care Provider Relief Fund.
- Worked with federal partners to offer P-EBT and Summer P-EBT benefits to children from SNAP households and in child care settings who may have missed meals due to COVID-19. Benefits were issued, in some cases retroactively, from October 2020 through August 2021.
- At the start of the pandemic, worked quickly to plan and implement extra, emergency SNAP and P-EBT benefits, which allowed Rhode Island to become the first state in the nation to offer such benefits. Extra, emergency SNAP was further expanded in April 2021 to allow even more families to receive the maximum SNAP allotment for their household size.
- In spring 2021, completed a massive migration of the websites to the new eCMS system, providing a more user-friendly and streamlined experience for the public.

Budget Highlights

Child Care Assistance Program Rate Increase.

Increases rates paid to child care providers to move toward equal access as defined by the federal government.

Child Care Eligibility.

Expands eligibility of State-provided child care to families who earn up to 200 percent of the federal poverty level to increase access.

Child Care Reimbursement.

Continues practice of reimbursing providers based on enrollment rather than attendance to ensure child care provider stability.

RI Works.

Increases the resource limit so that families are not prevented from saving for their futures.

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- Collaborated with the federal Office of Refugee Settlement, Dorcas International, and the Diocese of Providence to assist Afghan evacuees arriving in Rhode Island in 2021.
- Since October 2020, significantly expanded retail participants in the online purchasing program – allowing SNAP households to use their EBT card to purchase groceries online.

| DEPARTMENT OF HUMAN SERVICES | | | | | |
|------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Source of Funds | FY 2020 Actuals | FY 2021 Actuals | FY 2022 Enacted | FY 2022 Revised | FY 2023 Recommended |
| General Revenue | \$87,201,160 | \$99,159,087 | \$123,896,295 | \$125,717,323 | \$127,939,433 |
| Federal Funds | \$512,997,272 | \$657,277,960 | \$607,062,243 | \$798,011,825 | \$744,526,506 |
| Restricted Receipts | \$28,661,605 | \$3,862,805 | \$6,190,477 | \$7,994,348 | \$4,954,671 |
| Other Funds | \$4,167,029 | \$4,476,236 | \$4,269,970 | \$4,385,711 | \$4,385,711 |
| RI Capital Plan Fund | \$132,886 | \$56,938 | \$895,000 | \$783,062 | \$665,000 |
| Total Funding | \$633,159,951 | \$764,833,025 | \$742,313,985 | \$936,892,269 | \$882,471,321 |
| FTE Authorization | 1038.1 | 1038.1 | 1047.1 | 1047.0 | 1047.0 |

Full-Time Equivalent Positions

The Governor recommends 1047.0 FTE positions in the FY 2023 Budget, and 1047.0 FTE positions in the revised FY 2022 Budget. Both FY 2022 and FY 2023 FTE positions remain at the Enacted Level.

Proposed FY 2023 Budget Actions

- *Child Care Assistance Program Rate Increase for Increased Equity.* The Governor recommends an increase of \$4.7 million in federal funds from the American Rescue Plan Act Child Care Development Fund to increase rates paid to child care providers to move towards federally defined equal access to child care in Rhode Island.
- *Expansion of Eligibility to 200% of the Federal Poverty Level.* The Governor recommends an increase of \$2.7 million in federal funds from the American Rescue Plan Act Child Care Development Fund to expand the eligibility of state-provided child care to families who fall at or below two hundred percent (200%) of the federal poverty level. This will increase the proportion of low-income families who benefit from the state's Child Care Assistance Program.
- *Reimbursement Based on Enrollment Rather than Attendance.* The Governor recommends an increase of \$1.5 million in federal funds from the American Rescue Plan Act Child Care Development Fund to continue to reimburse child care providers based on program enrollment rather than attendance, a policy adopted in Rhode Island during the COVID-19 public health emergency. Retaining this policy provides a more equitable child care experience for all Rhode Island families and supports child care provider stability, encouraging this critical sector to remain operational.
- *Expand Child Care Assistance Program (CCAP) for College Students.* The Governor recommends permanently lifting the sunset on the CCAP for low-income college students and includes \$375,000 in federal Temporary Assistance for Needy Families (TANF) grant funds to finance the program.
- *RI Works Income Disregards.* The Governor recommends \$150,000 in federal Temporary Assistance for Needy Families (TANF) grant funds to increase allowable income disregards so that more working families experiencing poverty can access the RI Works program.
- *RI Works Resource Limit.* The Governor recommends \$100,000 in federal Temporary Assistance for Needy Families (TANF) grant funds to expand the RI Works resource limit so that families are not limited in their ability to save for their futures. The change will also accommodate the changing tax

HEALTH AND HUMAN SERVICES

structure brought about by the American Rescue Plan which excludes child tax credits from being counted towards TANF resources for twelve months.

- *Designated Grants.* The Governor recommends a total of \$700,000 for several directed grants for local organizations that have been working to support Rhode Islanders who have been adversely affected by the pandemic and its impact on the economy, families and seniors. Funding will also provide resettlement support to refugees which is vital in assisting Rhode Island's newest residents.
- *FFCRA-Enhanced Federal Medical Assistance Percentage (FMAP).* The Governor recommends an estimated increase of \$92,194 in general revenue due to the change from the enhanced FMAP rate of 59.33 percent to 54.19 percent in FY 2023.
- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$4.5 million in general revenue, which reflect a 2.5% cost-of-living adjustment (COLA) along with an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. The FY 2023 COLA is third year of the four-year contract in which state employees will receive 10.0% over the term of the contract. State employees will be eligible for the fourth-year COLA of 2.5% beginning in FY 2024. In addition, the Governor recommends a net decrease of \$155,952 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, human resources, and information technology, combined with a decrease to FY 2023 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.

Proposed FY 2022 Budget Revisions

- *Continue Freeze on Co-Pays.* The Governor recommends an increase of \$615,598 in federal funds from the Coronavirus Response and Relief Supplemental Appropriations Act Child Care and Development Fund to continue the freeze on co-pays which families must pay towards child care while on the CCAP program.
- *Reimbursement Based on Enrollment Rather than Attendance.* The Governor recommends an increase of \$1.3 million in federal funds from the American Rescue Plan Act Child Care Development Fund to continue to reimburse child care providers based on program enrollment rather than attendance, a policy adopted in the state during the COVID-19 public health emergency. Retaining this policy provides a more equitable child care experience for all Rhode Island families and supports child care provider stability, encouraging this critical sector to remain operational.
- *FFCRA-Enhanced Federal Medical Assistance Percentage (FMAP).* The Governor recommends estimated savings of \$158,829 in general revenue from the anticipated extension of the FFCRA-enhanced FMAP from two to three quarters of FY 2022.
- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$4.4 million in general revenue, which reflects a 2.5% cost-of-living adjustment (COLA) retroactive payment for the first year of the four-year labor contract (FY 2021), a 2.5% COLA for year-two of the contract and for an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. In addition, the Governor recommends a net decrease of \$37,695 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, combined with a decrease to FY 2022 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.

HEALTH AND HUMAN SERVICES

Department of Behavioral Healthcare, Developmental Disabilities and Hospitals

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

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

Recent Department achievements and include:

- In partnership with the Community Care Alliance and Horizon Health Partners, the Department opened the State's first 24/7 Behavioral Health Link Triage & Call Center (BH Link). BH Link serves individuals who are experiencing a mental health or substance use crisis and fills a major gap in Rhode Island's behavioral health care system.
- Launched the Person-Centered Supported Employment Performance Program (PCSEPP), a customized employment program for individuals with intellectual or developmental disabilities. PCSEPP identifies a person's strengths and identifies potential employer matches.
- In partnership with the Rhode Island Quality Institute, the Department implemented the RI Behavioral Health Open Beds system, which provides Rhode Islanders access to timely psychiatric and substance use treatment bed availability, such as inpatient psychiatric beds, detox beds, mental health crisis stabilization beds, substance use residential treatment programs, and substance use recovery housing.
- Received \$10 million through the federal Promoting Integration of Primary and Behavioral Health Care Grant to provide evidence-based services and assist agencies in integrating medical and behavioral health care in primary care settings that serve youth and family members with mental illness, substance use conditions, and chronic health conditions.
- Closed all sheltered workshops in Rhode Island as part of the State's commitment to a competitive supported employment model for individuals with differing intellectual/developmental abilities.
- Agreed to an action plan with the federal Department of Justice, through which the State is making significant investments in its system of care of care for individuals with differing intellectual/developmental abilities. Through this action plan, the State is providing additional funding for wage increases, system transformation, technology, and other investments, with the goal of better serving individuals with differing intellectual/developmental abilities, increasing their independence where appropriate, and supporting the private agencies that they depend upon for many services.

Budget Highlights

Direct Support Professional Wage Increase.

Raises the starting wage to \$18 per hour for direct support professionals who work for developmental disability organizations.

Outpatient Clinic.

Provides \$730,519 to open an outpatient forensic clinic for individuals who do not require a hospital level of care but need clinical treatment.

State of RI Psychiatric Hospital.

Creates a hospital separate from Eleanor Slater Hospital with \$30.5 million in funding.

HEALTH AND HUMAN SERVICES

| BEHAVIORAL HEALTHCARE, DEVELOPMENTAL DISABILITIES AND HOSPITALS | | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Source of Funds | FY 2020 Actuals | FY 2021 Actuals | FY 2022 Enacted | FY 2022 Revised | FY 2023 Recommended |
| General Revenue | \$243,500,372 | \$189,777,353 | \$271,942,823 | \$279,157,219 | \$305,683,880 |
| Federal Funds | \$211,720,001 | \$251,200,255 | \$247,059,780 | \$266,263,713 | \$286,232,084 |
| Restricted Receipts | \$1,520,212 | \$2,866,121 | \$4,196,650 | \$4,034,622 | \$4,100,518 |
| Other Funds | - | - | - | - | - |
| RI Capital Plan Fund | \$288,619 | \$1,198 | \$400,000 | \$798,802 | \$400,000 |
| Total Funding | \$457,029,203 | \$443,844,927 | \$523,599,253 | \$550,254,356 | \$596,416,482 |
| FTE Authorization | 1,189.4 | 1,188.4 | 1,190.4 | 1,190.4 | 1,201.4 |

Full-Time Equivalent Positions

The Governor recommends 1,201.4 FTE positions in the FY 2023 Budget, and 1,190.4 FTE positions in the revised FY 2022 Budget. The latter represents the same level of FTE positions as the enacted budget and the former represents 11.0 FTE positions above the enacted budget. These 11.0 FTE positions include 5.0 FTE positions to serve as the administration for the new State of RI Psychiatric Hospital, 4.0 FTE positions to support the Department during capital, operating, and administrative projects related to the hospital and the Department overall, and 2.0 FTE positions to promote and oversee prevention and treatment programming related to adult-use marijuana legalization.

Proposed FY 2023 Budget Actions

- *Developmental Disabilities System Transformation Fund.* The Governor recommends an increase of 8.0 million all-funds, of which \$4.7 million is general revenue for a Transformation Fund pursuant to Consent Decree Action Plan. This Transformation Fund includes \$2.0 million in general revenue specifically for those who self-direct services for creation of regional service advisement models and pool of substitute staff.
- *Developmental Disabilities System Technology Fund.* The Governor recommends an increase of \$1.0 million all funds, of which \$458,100 is general revenue for a Technology Fund pursuant to the Consent Decree Action Plan. This Technology Fund supports technology acquisition for individuals within the developmental disabilities system.
- *Developmental Disabilities System Direct Support Professional (DSP) Wage Increase.* The Governor recommends an increase of \$35.0 million all funds, of which \$16.0 million is general revenue pursuant to the Consent Decree Action Plan. This funding increases the rates paid to DDOs to support the starting wage for DSPs to \$18 per hour.
- *Private Community Services for Individuals with Developmental Disabilities Caseload Adjustments.* The Governor's recommended budget is predicated on the November 2021 Caseload Estimating Conference (CEC) estimate of \$306.9 million including \$164.2 million from federal funds and \$142.8 million from general revenue, \$15.9 million more in general revenue than the FY 2022 enacted level.
- *Creation of the State of RI Psychiatric Hospital.* The Governor recommends \$30.5 million in general revenue to create a State of RI Psychiatric Hospital separate from Eleanor Slater Hospital (ESH). The funding assumes the State of RI Psychiatric Hospital opens on September 1, 2022. A total of \$29.7 million of these funds represent existing costs from the ESH system, which have now shifted to the new State of RI Psychiatric Hospital. The remaining \$797,082 represents funding for 5.0 new FTE positions to serve as the administration for the new hospital. These 5.0 FTE positions include a Chief

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Executive Officer, Chief Medical Officer, Chief Nursing Officer, Chief Financial Officer, and Chief Quality Officer.

- *Project Management Office to Support Hospital Implementation.* The Governor recommends \$379,963 all funds, of which \$253,308 is general revenue for 4.0 FTE positions to support the Department during capital, operating, and administrative projects related to the hospital and the Department overall.
- *New Outpatient Clinic.* The Governor recommends \$730,519 all-funds to open and maintain an outpatient forensic clinic for individuals that do not require a hospital level of care but need clinical treatment. These funds do not represent new funding for the budget but rather a shift from an existing federal grant and general revenue. This clinic ensures there is a broader continuum of care for patients in the State.
- *Adjusted Billing Assumptions for Eleanor Slater and Zambarano Hospitals.* The Governor recommends a reduction of \$29.9 million in general revenue to account for adjusted Medicaid billing assumptions for Eleanor Slater and Zambarano. These billing assumptions capture the change in the Federal Medical Assistance Percentage (FMAP) from the enhanced 59.33 percent to 54.19 percent in FY 2023.
- *Adult-Use Marijuana.* The Governor recommends \$381,679 in restricted receipts for 2.0 FTE positions and operations support to promote and oversee prevention and treatment programming related to adult-use marijuana legalization.
- *Opioid Stewardship Fund.* The Governor recommends that proceeds of the Opioid Stewardship Fund (OSF) support both the continuation of critical substance abuse treatment support programs and the inception of several new initiatives throughout the state. Within the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals, the Governor recommends a total of \$2.0 million in FY 2023 including the transfer of a total of \$350,000 from the FY 2022 Enacted Budget to the FY 2023 Budget to reflect delays in the enhancement of the Behavioral Health Online Database (BHOLD) system. The OSF proceeds will finance the continuation of several initiatives including the expansion of the uninsured person's access to all FDA-approved medications to treat opioid disorder through the Medication Assisted Treatment Program, and an increase to the number of individuals served by the Recovery Friendly Workplace and Recovery Housing programs.
- *RICLAS Federal Medical Assistance Percentage (FMAP) Adjustment.* The Governor recommends an estimated increase of \$695,585 in general revenue from the change in FMAP from the enhanced 59.33 percent to 54.19 percent in FY 2023.
- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$1,768,973 in general revenue, which reflect a 2.5% cost-of-living adjustment (COLA) along with an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. The FY 2023 COLA is third year of the four-year contract in which state employees will receive 10.0% over the term of the contract. State employees will be eligible for the fourth-year COLA of 2.5% beginning in FY 2024. In addition, the Governor recommends a net decrease of \$1,359,143 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, human resources, and information technology, combined with a decrease to FY 2023 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.

HEALTH AND HUMAN SERVICES

Proposed FY 2022 Budget Revisions

- *Developmental Disabilities Organizations Elimination of Receivable.* The Governor recommends a one-time increase of \$12.6 million to write off a receivable related to state start up loans made to Developmental Disability Organizations (DDOs) dating back to the deinstitutionalization of the Ladd School.
- *Private Community Services for Individuals with Developmental Disabilities Caseload Adjustments.* The Governor's recommended budget is predicated on the November 2021 Caseload Estimating Conference (CEC) estimate of \$294.8 million in FY 2022, including \$172.6 million from federal funds and \$122.3 million from general revenue. This is \$0.7 million less than enacted from all sources including \$4.6 million less from general revenue, primarily from the extension of the enhanced Medicaid match for an additional quarter.
- *Developmental Disabilities System Technology Fund.* The Governor recommends an increase of \$1.0 million all funds, of which \$406,700 is general revenue for a Technology Fund pursuant to the Consent Decree Action Plan. This Technology Fund supports technology acquisition for individuals within the developmental disabilities system.
- *Adjusted Billing Assumptions for Eleanor Slater and Zambarano Hospitals.* The Governor recommends a reduction of \$17.7 million in general revenue to account for adjusted Medicaid billing assumptions for Eleanor Slater and Zambarano Hospitals. These billing assumptions include the anticipated extension of the FFCRA-enhanced FMAP from two to three quarters in FY 2022.
- *RICLAS FFCRA-Enhanced Federal Medical Assistance Percentage (FMAP).* The Governor recommends estimated savings of \$1.1 million in general revenue from the anticipated extension of the FFCRA-enhanced FMAP from two to three quarters in FY 2022.
- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$6,971,429 in general revenue, which reflects a 2.5% cost-of-living adjustment (COLA) retroactive payment for the first year of the four-year labor contract (FY 2021), a 2.5% COLA for year-two of the contract and for an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. In addition, the Governor recommends a net decrease of \$3,319,300 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, combined with a decrease to FY 2022 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.

HEALTH AND HUMAN SERVICES

Office of the Child Advocate

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

| OFFICE OF THE CHILD ADVOCATE | | | | | |
|------------------------------|--------------------|------------------|--------------------|--------------------|---------------------|
| Source of Funds | FY 2020 Actuals | FY 2021 Actuals | FY 2022 Enacted | FY 2022 Revised | FY 2023 Recommended |
| General Revenue | \$865,116 | \$937,682 | \$1,036,219 | \$1,104,557 | \$1,152,930 |
| Federal Funds | \$163,258 | \$53,492 | \$207,307 | \$61,974 | \$7,538 |
| Restricted Receipts | - | - | - | - | - |
| Other Funds | - | - | - | - | - |
| RI Capital Plan Fund | - | - | - | - | - |
| Total Funding | \$1,028,374 | \$991,174 | \$1,243,526 | \$1,166,531 | \$1,160,468 |
| FTE Authorization | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 |

Full-Time Equivalent Positions

The Governor recommends 10.0 FTE positions in the FY 2023 Budget, and 10.0 FTE positions in the revised FY 2022 Budget. The latter is unchanged from the enacted FY 2022 Budget.

Proposed FY 2023 Budget Actions

- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$71,885 in general revenue, which reflect a 2.5% cost-of-living adjustment (COLA) along with an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. The FY 2023 COLA is the third year of the four-year contract in which state employees will receive 10.0% over the term of the contract. State employees will be eligible for the fourth-year COLA of 2.5% beginning in FY 2024. In addition, the Governor recommends a net increase of \$32,893 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, human resources, and information technology, combined with a decrease to FY 2023 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.

Proposed FY 2022 Budget Revisions

- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$69,385 in general revenue, which reflects a 2.5% cost-of-living adjustment (COLA) retroactive payment for the first year of the four-year labor contract (FY 2021), a 2.5% COLA for year-two of the contract and for an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. In addition, the Governor recommends a net decrease of \$1,047 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, combined with a decrease to FY 2022 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.

HEALTH AND HUMAN SERVICES

Governor’s Commission on Disabilities

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

| GOVERNOR'S COMMISSION ON DISABILITIES | | | | | |
|--|----------------------------|----------------------------|----------------------------|----------------------------|--------------------------------|
| Source of Funds | FY 2020 Actuals | FY 2021 Actuals | FY 2022 Enacted | FY 2022 Revised | FY 2023 Recommended |
| General Revenue | \$996,864 | \$834,299 | \$1,090,710 | \$1,118,123 | \$1,141,489 |
| Federal Funds | \$458,709 | \$429,040 | \$380,316 | \$378,658 | \$378,658 |
| Restricted Receipts | \$19,642 | \$3,225 | \$59,455 | \$70,425 | \$84,235 |
| Other Funds | - | - | - | - | - |
| RI Capital Plan Fund | - | - | - | - | - |
| Total Funding | \$1,475,215 | \$1,266,564 | \$1,530,481 | \$1,567,206 | \$1,604,382 |
| FTE Authorization | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 |

Full-Time Equivalent Positions

The Governor recommends 4.0 FTE positions in the FY 2023 Budget, and 4.0 FTE positions in the revised FY 2022 Budget. The latter is unchanged from the enacted FY 2022 Budget.

Proposed FY 2023 Budget Actions

- *Reappropriations – Livable Homes Modification Grant Program.* The Governor recommends allowing any fiscal year end unexpended and unencumbered balances for the Livable Homes Modification Grant Program to be reappropriated to the ensuing fiscal year starting in FY 2022. The program partially reimburses accessible home modification that allows individuals who have disabilities to live safer in their homes and remain in the community. Reappropriations will better align financing methods to the needs of the program which involves reimbursing home project costs for which completions may extend beyond the fiscal year in which the approved award is issued.
- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$30,054 in general revenue, which reflect a 2.5% cost-of-living adjustment (COLA) along with an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. The FY 2023 COLA is the third year of the four-year contract in which state employees will receive 10.0% over the term of the contract. State employees will be eligible

HEALTH AND HUMAN SERVICES

for the fourth-year COLA of 2.5% beginning in FY 2024. In addition, the Governor recommends a net increase of \$22,561 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, human resources, and information technology, combined with a decrease to FY 2023 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.

Proposed FY 2022 Budget Revisions

- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$28,972 in general revenue, which reflects a 2.5% cost-of-living adjustment (COLA) retroactive payment for the first year of the four-year labor contract (FY 2021), a 2.5% COLA for year-two of the contract and for an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. In addition, the Governor recommends a net decrease of \$1,559 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, combined with a decrease to FY 2022 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.

HEALTH AND HUMAN SERVICES

Rhode Island Commission of the Deaf & Hard of Hearing

The Rhode Island Commission on the Deaf and Hard of 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 2020 Actuals | FY 2021 Actuals | FY 2022 Enacted | FY 2022 Revised | FY 2023 Recommended |
| General Revenue | \$496,574 | \$575,031 | \$655,862 | \$699,765 | \$716,876 |
| Federal Funds | \$46,056 | - | - | - | - |
| Restricted Receipts | \$131,369 | \$180,041 | \$162,802 | \$80,320 | \$100,000 |
| Other Funds | - | - | - | - | - |
| RI Capital Plan Fund | - | - | - | - | - |
| Total Funding | \$674,000 | \$755,073 | \$818,664 | \$780,085 | \$816,876 |
| FTE Authorization | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 |

Full-Time Equivalent Positions

The Governor recommends 4.0 FTE positions in the FY 2023 Budget, and 4.0 FTE positions in the revised FY 2022 Budget. The latter is unchanged from the enacted FY 2022 Budget.

Proposed FY 2023 Budget Actions

- *EPCAF Increase.* The Governor recommends an increase of \$20,000 to the annual transfer of the surcharge revenue from the Public Utility Commission to the Emergency and Public Communication Access Fund. This increase will make the total transfer \$100,000 annually to the Rhode Island Commission of Deaf and Hard of Hearing restricted receipt account to better enable the agency to meet its core mission of providing emergency communication services.
- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$33,419 in general revenue, which reflect a 2.5% cost-of-living adjustment (COLA) along with an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. The FY 2023 COLA is third year of the four-year contract in which state employees will receive 10.0% over the term of the contract. State employees will be eligible for the fourth-year COLA of 2.5% beginning in FY 2024. In addition, the Governor recommends a net increase of \$28,295 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, human resources, and information technology, combined with a decrease to FY 2023 employee health benefit rates. The Governor’s recommendation aligns the agencies budgets with anticipated charges.

Proposed FY 2022 Budget Revisions

- *Operational Expenses.* The Governor recommends an increase of \$11,401 in general revenue to offset costs typically funded by the EPCAF Restricted Receipts account. The EPCAF account is constrained and unable to absorb the additional operating expenses being experienced during the pandemic for the

HEALTH AND HUMAN SERVICES

emergency communications needs of the Deaf and Hard of Hearing community after allowable federal pandemic funding is applied.

- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$33,212 in general revenue, which reflects a 2.5% cost-of-living adjustment (COLA) retroactive payment for the first year of the four-year labor contract (FY 2021), a 2.5% COLA for year-two of the contract and for an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. In addition, the Governor recommends a net decrease of \$710 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, combined with a decrease to FY 2022 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.

HEALTH AND HUMAN SERVICES

Office of the Mental Health Advocate

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

| OFFICE OF THE MENTAL HEALTH ADVOCATE | | | | | |
|--------------------------------------|------------------|------------------|------------------|------------------|---------------------|
| Source of Funds | FY 2020 Actuals | FY 2021 Actuals | FY 2022 Enacted | FY 2022 Revised | FY 2023 Recommended |
| General Revenue | \$620,923 | \$635,518 | \$680,190 | \$721,334 | \$738,882 |
| Federal Funds | - | - | - | - | \$234,447 |
| Restricted Receipts | - | - | - | - | - |
| Other Funds | - | - | - | - | - |
| RI Capital Plan Fund | - | - | - | - | - |
| Total Funding | \$620,923 | \$635,518 | \$680,190 | \$721,334 | \$973,329 |
| FTE Authorization | 4.0 | 4.0 | 4.0 | 4.0 | 6.0 |

Full-Time Equivalent Positions

The Governor recommends 6.0 FTE positions in the FY 2023 Budget, and 4.0 FTE positions in the revised FY 2022 Budget. This represents an increase of 2.0 FTE positions from the enacted FY 2022 Budget for a new Mental Health Court initiative to be financed with American Rescue Plan Act State Fiscal Recovery Funds to better address the needs of defendants with mental illness and divert them from the criminal justice system.

Proposed FY 2023 Budget Actions

- Statewide Adjustments.** The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$40,814 in general revenue, which reflect a 2.5% cost-of-living adjustment (COLA) along with an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. The FY 2023 COLA is third year of the four-year contract in which state employees will receive 10.0% over the term of the contract. State employees will be eligible for the fourth-year COLA of 2.5% beginning in FY 2024. In addition, the Governor recommends a net increase of \$14,861 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, human resources, and information technology, combined with a decrease to FY 2023 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.

HEALTH AND HUMAN SERVICES

Proposed FY 2022 Budget Revisions

- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$40,419 in general revenue, which reflects a 2.5% cost-of-living adjustment (COLA) retroactive payment for the first year of the four-year labor contract (FY 2021), a 2.5% COLA for year-two of the contract and for an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. In addition, the Governor recommends a net increase of \$725 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, combined with a decrease to FY 2022 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.

EDUCATION

EDUCATION

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

Department of Elementary and Secondary Education

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

The challenges the State faces in education are significant, especially in the wake of the COVID-19 pandemic, but with these challenges come an opportunity. Rhode Island has a strong foundation in place including a framework to accelerate student learning and address educational inequities statewide and is well positioned to follow through on a strategic and long-term vision that will ensure high-quality educational opportunities for all students.

In December 2020, the Council on Elementary and Secondary Education unanimously approved *Together Through Opportunity: Pathways to Student Success, Rhode Island's Strategic Plan for PK-12 Education*. RIDE's strategic plan for 2021-2025 was developed in collaboration with key stakeholders across the state and aims to unify students, families, and educators around the priorities and commitments that will advance opportunities for all Rhode Island students. It incorporates the foundational guidance provided by the Commissioner's vision for education and the Rhode Island Foundation's *Chart a Course, Stay the Course* plan, and was developed with input from the 2020 student, family, and educator SurveyWorks results, local education agency leader surveys and feedback, RIDE staff surveys, interviews, and focus groups.

Recent Department achievements and highlights include:

- Convened the Learning, Equity, and Accelerated Pathways (LEAP) Task Force during the COVID-19 pandemic that released a report in April 2021 that provided recommendations on how to address the impacts of pandemic-related learning disruption.
- Launched the LEAP District Support Program, a two-year program to support districts that were disproportionately impacted by COVID-19 and align their post-pandemic recovery efforts to the recommendations of the LEAP Task Force. Participants are eligible for matching funds from a pool of more than \$20 million to invest in programs that will accelerate student learning in the coming years and provide specialized supports.
- Convened a diverse group of stakeholders to develop and publish Rhode Island's first Blueprint for Multilingual Learner (MLL) Success, which provides a policy framework with a clear vision for the future of MLL in Rhode Island, including dedicated supports to help them achieve academic success.
- Launched the development of new social studies standards for K-12 education in partnership with the Rhode Island History and Social Studies Advisory Committee, prioritizing community engagement and gathering public input. The Department is also developing an implementation guide to support high schools in meeting the State's new financial literacy requirements.

Budget Highlights

Educational Resources.

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

Transition Fund.

Provides \$49.7 million to local education agencies, charter schools, state schools, Central Falls, and the Urban Collaborative in recognition of enrollment losses associated with the pandemic and ongoing enrollment shifts. Ensures that education aid is not adversely impacted because of pandemic-related fluctuations in student enrollment counts and demographics.

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- Launched Rhode Island’s first-ever summer learning initiative in 2020 through the All Course Network: Summer Academy for Interactive Learning, which served over 14,000 students through in-person and virtual programming. There were over 400 courses available to K-12 students and 142 providers who participated across the nation. In 2021, over 1,150 pre-K-12 students participated in 154 courses.
- In collaboration with Skills for RI’s Future, reimagined the PrepareRI summer internship program to bring about 475 high school and college interns together for a real-world view into the evolving work landscape.

| DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION | | | | | |
|---|------------------------|------------------------|------------------------|------------------------|----------------------------|
| Source of Funds | FY 2020 Actuals | FY 2021 Actuals | FY 2022 Enacted | FY 2022 Revised | FY 2023 Recommended |
| General Revenue | \$1,194,967,194 | \$1,280,130,108 | \$1,330,848,245 | \$1,333,374,881 | \$1,372,667,896 |
| Federal Funds | \$232,287,188 | \$281,247,844 | \$865,552,301 | \$396,213,470 | \$469,576,095 |
| Restricted Receipts | \$32,132,770 | \$36,227,363 | \$46,702,937 | \$47,223,169 | \$47,621,163 |
| Other Funds | \$161,697 | \$423,277 | \$359,000 | \$361,294 | \$359,000 |
| RI Capital Plan Fund | \$985,879 | \$325,000 | \$2,565,000 | \$2,841,500 | \$6,050,000 |
| Total Funding | \$1,460,534,728 | \$1,598,353,593 | \$2,246,027,483 | \$1,780,014,314 | \$1,896,274,154 |
| FTE Authorization | 325.1 | 325.1 | 326.1 | 326.1 | 328.1 |

Full-Time Equivalent Positions

The Governor recommends 328.1 FTE positions in the FY 2023 Budget, and 326.1 FTE positions in the revised FY 2022 Budget. The recommendation in FY 2023 represents an increase of 2.0 FTE positions from the FY 2022 Enacted Budget and the recommendation for the revised FY 2022 Budget remains unchanged.

Proposed FY 2023 Budget Actions

Administration of the Comprehensive Education Strategy

- *Transformation Specialist.* The Governor recommends an increase of \$135,311 in general revenue financing for 1.0 FTE position to support the transformation of Rhode Island’s persistently lowest-achieving schools. The position will collaborate with the local districts to address the specific causes of the academic underperformance of the schools.
- *Multilingual Learner Specialist.* The Governor recommends an increase of \$135,311 in general revenue financing for 1.0 FTE position to support Multilingual Learners, who are a growing segment of school population yet continuously show disparities in learning outcomes. The position will increase the agency’s capacity to develop and train school leaders and teachers in the implementation of model practices for teaching Multilingual Learners, as outlined in RIDE’s Rhode Island Blueprint for Multilingual Learner Success.

Education Aid/State School Support

- *Funding Formula Aid & FY 2023 Transition Fund.* The Governor recommends fully funding the Education Aid Funding Formula in FY 2023. Furthermore, recognizing enrollment losses associated with the COVID-19 pandemic and ongoing enrollment shifts to non-traditional schools, the FY 2023 recommendation includes a Transition Fund totaling \$49.7 million. The Transition Fund provides LEAs, charter schools, Central Falls, state schools and the Urban Collaborative with funding levels

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equal to those enacted in FY 2022 if statutorily mandated education funding formula aid in FY 2023 would have resulted in a loss to those LEAs relative to the FY 2022 funding level. As a result, no LEA will experience an education aid reduction compared to FY 2022. The statewide impact of reductions in funding formula aid offset by increases in Transition Fund appropriations total a net increase of \$23.0 million in education support.

- *Central Falls.* The Governor recommends total general revenue financing of \$48.7 million for the Central Falls School District. This represents a general revenue increase of \$1.0 million compared to the enacted level.
- *Davies Career and Technical High School.* As part of funding formula aid, the Governor recommends total general revenue financing of \$14.7 million for the Davies Career and Technical High School. This represents a general revenue increase of \$236,742 compared to the enacted FY 2022 level.
- *Metropolitan Regional Career and Technical Center.* As part of the funding formula aid, the Governor recommends total general revenue financing of \$9.5 million for the Metropolitan Regional Career and Technical Center. This represents a general revenue increase of \$137,291 compared to the enacted level.
- *Rhode Island School for the Deaf.* Funded outside the funding formula, the Governor recommends total general revenue financing of \$7.5 million for the Rhode Island School for the Deaf. This represents a general revenue increase of \$65,351 million compared to the enacted level.
- *Group Home Beds.* Per R.I.G.L. § 16-7-22 and § 16-64-1.1, the Governor recommends \$2.3 million total general revenue financing, an adjustment to reflect updated group home bed counts.
- *FY 2022 Funding Formula Adjustments.* The Governor recommends a total of \$842,580 from general revenue in FY 2023 to hold LEAs harmless from FY 2022 education aid payment realignments as outlined in R.I.G.L. § 16-7-20. In the event that the calculation of the state's share for any LEA is calculated incorrectly after the state budget for that fiscal year has been enacted, the Department of Elementary and Secondary Education realigns aid payments to affected local education agencies in the following fiscal year by recapturing the amount of aid from overpaid local education agencies. In FY 2022, the state share of several LEAs was determined to have been calculated incorrectly. The Governor's recommendation avoids any reduction in FY 2023 education funding formula aid due to the FY 2022 calculation errors.

Teacher's Retirement

- *Defined Benefit and Defined Contribution Plans.* The Governor recommends an increase of \$6.9 million from general revenue in FY 2023 compared to the enacted FY 2022 level in order to adequately fund teacher's retirement, for a total of \$130.9 million from general revenue.

School Construction Aid

- *Traditional Housing Aid.* The Governor recommends general revenue financing in FY 2023 that represents an increase of \$8.5 million over the enacted FY 2022 level, for a total of \$88.5 million.
- *School Building Authority Capital Fund.* The Governor recommends that \$50.0 million in general obligation bonds, if approved on the November 2022 ballot, be transferred to the School Building Authority Capital Fund to help ensure school facility equity between Rhode Island students.

Statewide Adjustments

- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$2,520,269 in general revenue, which reflect a 2.5% cost-of-living adjustment (COLA) along with an extra-payment of \$1,500 to those eligible union employees due to the most

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recent State employee contract negotiations. The FY 2023 COLA is third year of the four-year contract in which state employees will receive 10.0% over the term of the contract. State employees will be eligible for the fourth-year COLA of 2.5% beginning in FY 2024. In addition, the Governor recommends a net decrease of \$104,232 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, human resources, and information technology, combined with a decrease to FY 2023 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.

Proposed FY 2022 Budget Revisions

- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$2,530,695 in general revenue, which reflects a 2.5% cost-of-living adjustment (COLA) retroactive payment for the first year of the four-year labor contract (FY 2021), a 2.5% COLA for year-two of the contract and for an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. In addition, the Governor recommends a net decrease of \$75,547 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, combined with a decrease to FY 2022 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.

EDUCATION

Higher Education

Office of the Postsecondary Commissioner

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

Recent Office achievements and highlights include:

- Manages two workforce training centers – the Westerly Education Center and the Rhode Island Nursing Education Center in Providence. Despite the cancellation of many in-person trainings and courses because of the pandemic, served more than 3,744 students Westerly Education and 965 at the Rhode Island Nursing Education Center in 2020 and 2021.
- Of the 1,575 individuals who sought services in 2020 and 2021 from the RI Reconnect program to earn degrees, certifications, and credentials, 88 percent completed their training or education offered in the program.
- Created statistical dashboards for each of the state’s 39 municipalities, summarizing postsecondary attainment data, graduation rates, FAFSA rates, unemployment rates, and median individual earnings, by race, age and, ethnicity to design local postsecondary strategies to improve attainment.
- Supported the reopening of all public, private, and independent institutions of higher education after the spring 2020 semester was shut down by the pandemic. Staff assisted with guidance campus needs, mitigation, testing, protocols, and quarantining/isolation, among other items. Enacted a mandatory vaccination policy, the first public institute of higher education system in the U.S. to promulgate such a measure.

Budget Highlights

Rhode Island Promise Scholarship.

Provides \$7.7 million in continued support of Rhode Island Promise for recently graduated high school seniors that enroll at the Community College of Rhode Island.

| HIGHER EDUCATION | | | | | |
|--------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Source of Funds | FY 2020 Actuals | FY 2021 Actuals | FY 2022 Enacted | FY 2022 Revised | FY 2023 Recommended |
| General Revenue | \$231,444,861 | \$238,027,137 | \$259,968,593 | \$266,524,498 | \$263,669,406 |
| Federal Funds | \$23,932,059 | \$51,073,955 | \$140,433,569 | \$13,822,533 | \$16,341,174 |
| Restricted Receipts | \$1,679,827 | \$2,552,265 | \$4,145,833 | \$4,529,125 | \$4,815,193 |
| Other Funds | \$913,486,551 | \$867,037,906 | \$933,327,868 | \$949,007,605 | \$981,278,335 |
| RI Capital Plan Fund | \$36,965,349 | \$9,349,980 | \$33,541,017 | \$37,700,650 | \$43,105,335 |
| Total Funding | \$1,207,568,647 | \$1,168,041,243 | \$1,371,416,880 | \$1,271,584,411 | \$1,309,209,443 |
| FTE Authorization | 4,384.3 | 4,384.3 | 4,386.3 | 4,386.3 | 4,390.3 |

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Full-Time Equivalent Positions

The Governor recommends 4,353.3 FTE positions for the three institutions of higher education in the FY 2023 Budget, and 4,353.3 FTE positions in the revised FY 2022 Budget. The latter is unchanged from the enacted FY 2022 Budget. Individual FTE position totals for the proposed FY 2023 Budget are as follows:

- University of Rhode Island: 2,555.0
- Rhode Island College: 949.2
- Community College of Rhode Island: 849.1

For the Office of the Postsecondary Commissioner (OPC), the Governor recommends 37.0 FTE positions in the FY 2023 Budget, and 33.0 FTE positions in the revised FY 2022 Budget. The latter is unchanged from the enacted FY 2022 Budget. This includes an increase of 3.0 FTE positions for an American Rescue Plan State Fiscal Recovery Funds proposal, Higher Education Academies.

Proposed FY 2023 Budget Actions

Office of the Postsecondary Commissioner

- *Northern Rhode Island Higher Education Center.* The Governor recommends an increase of \$101,270 in restricted receipts. This includes an additional 1.0 FTE position for the Northern Rhode Island Education Center, increasing the total authorized FTE level to 11.0 FTE positions. This allocation is shared between both the Northern Rhode Island and Westerly Higher Education centers, and these positions are self-financed with restricted receipts generated from the centers' own revenues.
- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$83,790 in general revenue, which reflect a 2.5% cost-of-living adjustment (COLA) along with an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. The FY 2023 COLA is third year of the four-year contract in which state employees will receive 10.0% over the term of the contract. State employees will be eligible for the fourth-year COLA of 2.5% beginning in FY 2024. In addition, the Governor recommends a net increase of \$9,385 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, human resources, and information technology, combined with a decrease to FY 2023 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.

Institutional Operations

- *Institutional Support.* The Governor recommends a general revenue increase of \$4.9 million compared to the FY 2022 enacted level. This increase ensures that state general revenue support keeps pace with increases in tuition and fees at the three institutions, which are scheduled to increase by approximately 2.5 percent. Total general revenue increases include:
 - o University of Rhode Island: \$2.1 million
 - o Rhode Island College: \$1.5 million
 - o Community College of Rhode Island: \$1.3 million
- *Increased Personnel Costs.* The Governor recommends labor negotiated personnel increases at the institutions, which reflect a 2.5% cost-of-living adjustment (COLA) along with an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. The FY 2023 COLA is third year of the four-year contract in which state employees will receive 10.0% over the term of the contract. State employees will be eligible for the fourth-year COLA of 2.5% beginning in FY 2024. Total general revenue increases include:
 - o University of Rhode Island: \$4.9 million

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- o Rhode Island College: \$1.7 million
- o Community College of Rhode Island: \$1.4 million
- *State Crime Laboratory.* The Governor recommends an increase of \$190,568 in general revenue for the State Crime Laboratory, housed at URI. This includes an additional 2.0 FTE positions for the Crime Lab, composed of a criminalist and a technician. This will improve operations and address a substantial increase in analysis requests. These positions would be added without increasing URI's existing FTE cap.
- *Rhode Island Promise Scholarship.* Included in the Office's budget, the Governor recommends a general revenue decrease of \$10,195 below the FY 2022 enacted level for the continued support of Rhode Island Promise for recently graduated high school seniors that enroll at the Community College of Rhode Island. Total FY 2023 funding for this scholarship is \$7.7 million. The recommendation fully funds Rhode Island Promise at the level estimated by CCRI, and slightly declined due to shifting enrollment projections.

Debt Service

- *University of Rhode Island.* The Governor recommends a general revenue decrease of \$787,861 below the enacted level for general obligation bond debt service, attributable to an updated debt service schedule at the University.
- *Rhode Island College.* The Governor recommends a general revenue decrease of \$22,433 below the enacted level for general obligation bond debt service, attributable to an updated debt service schedule for Rhode Island College.
- *Community College of Rhode Island.* The Governor recommends a general revenue increase of \$309,614 above the enacted level for general obligation bond debt service, attributable to an updated debt service schedule for the Community College.

Proposed FY 2022 Budget Revisions

Office of the Postsecondary Commissioner

- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$85,786 in general revenue, which reflects a 2.5% cost-of-living adjustment (COLA) retroactive payment for the first year of the four-year labor contract (FY 2021), a 2.5% COLA for year-two of the contract and for an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. In addition, the Governor recommends a net increase of \$38,207 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, combined with a decrease to FY 2022 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.

Institutional Operations

- *Increased Personnel Costs.* The Governor recommends labor negotiated personnel increases at the institutions, which reflects a 2.5% cost-of-living adjustment (COLA) retroactive payment for the first year of the four-year labor contract (FY 2021), a 2.5% COLA for year-two of the contract and for an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. Total general revenue increases include:
 - o University of Rhode Island: \$4.9 million
 - o Rhode Island College: \$1.6 million
 - o Community College of Rhode Island: \$1.4 million

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 2020 Actuals | FY 2021 Actuals | FY 2022 Enacted | FY 2022 Revised | FY 2023 Recommended |
| General Revenue | \$2,002,856 | \$2,002,288 | \$2,048,651 | \$2,112,307 | \$2,134,088 |
| Federal Funds | \$1,038,635 | \$1,689,731 | \$2,677,642 | \$1,950,990 | \$1,324,677 |
| Restricted Receipts | \$43,319 | \$284 | \$40,000 | \$40,000 | \$15,000 |
| Other Funds | \$254,480 | \$271,606 | \$495,000 | \$495,000 | \$585,000 |
| RI Capital Plan Fund | | | | | |
| Total Funding | \$3,339,291 | \$3,963,909 | \$5,261,293 | \$4,598,297 | \$4,058,765 |
| FTE Authorization | 8.6 | 8.6 | 9.6 | 9.6 | 9.6 |

Full-Time Equivalent Positions

The Governor recommends 9.6 FTE positions in the FY 2023 Budget, and 9.6 FTE positions in the revised FY 2022 Budget, unchanged from the enacted FY 2022 Budget.

Proposed FY 2023 Budget Actions

- *Reclassification Compensation Adjustments.* The Governor recommends \$59,610 in general revenue to properly finance recent position reclassifications at the Rhode Island Council on the Arts. These reclassifications and corresponding compensation adjustments were submitted to the Department of Administration Division of Human Resources in March 2021 and passed public hearing on November 8, 2021. This item ensures that the Council is adequately funded in FY 2023.
- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$16,703 in general revenue, which reflect a 2.5% cost-of-living adjustment (COLA) along with an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. The FY 2023 COLA is the third year of the four-year contract in which state employees will receive 10.0% over the term of the contract. State employees will be eligible for the fourth-year COLA of 2.5% beginning in FY 2024. In addition, the Governor recommends a net decrease of \$22,447 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, human resources, and information technology, combined with a decrease to FY 2023 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.

Proposed FY 2022 Budget Revisions

- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$63,253 in general revenue, which reflects a 2.5% cost-of-living adjustment (COLA) retroactive payment for the first year of the four-year labor contract (FY 2021), a 2.5% COLA for year-two of the contract and for an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. In addition, the Governor recommends a net decrease of \$598 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, combined with a decrease to FY 2022 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.

EDUCATION

Rhode Island Atomic Energy Commission

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

| RHODE ISLAND ATOMIC ENERGY COMMISSION | | | | | |
|---------------------------------------|--------------------|--------------------|--------------------|--------------------|---------------------|
| Source of Funds | FY 2020 Actuals | FY 2021 Actuals | FY 2022 Enacted | FY 2022 Revised | FY 2023 Recommended |
| General Revenue | \$1,002,739 | \$1,004,579 | \$1,076,170 | \$1,139,351 | \$1,146,763 |
| Federal Funds | - | \$143 | \$477,000 | \$477,000 | - |
| Restricted Receipts | \$(23,599) | - | \$25,036 | \$25,036 | \$25,036 |
| Other Funds | \$280,674 | \$301,635 | \$331,367 | \$315,966 | \$314,597 |
| RI Capital Plan Fund | \$50,096 | \$44,937 | \$50,000 | \$55,063 | \$50,000 |
| Total Funding | \$1,309,912 | \$1,351,294 | \$1,959,573 | \$2,012,416 | \$1,536,396 |
| FTE Authorization | 8.6 | 8.6 | 8.6 | 8.6 | 8.6 |

Full-Time Equivalent Positions

The Governor recommends 8.6 FTE positions in the FY 2023 Budget and in the revised FY 2022 Budget.

Proposed FY 2023 Budget Actions

- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$65,449 in general revenue, which reflect a 2.5% cost-of-living adjustment (COLA) along with an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. The FY 2023 COLA is third year of the four-year contract in which state employees will receive 10.0% over the term of the contract. State employees will be eligible for the fourth-year COLA of 2.5% beginning in FY 2024. In addition, the Governor recommends a net increase of \$10,285 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, human resources, and information technology, combined with a decrease to FY 2023 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.

Proposed FY 2022 Budget Revisions

- The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$63,776 in general revenue, which reflects a 2.5% cost-of-living adjustment (COLA) retroactive payment for the first year of the four-year labor contract (FY 2021), a 2.5% COLA for year-two of the contract and for an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. In addition, the Governor recommends a net decrease of \$595 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, combined with a decrease to FY 2022 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.

EDUCATION

Rhode Island Historical Preservation and Heritage Commission

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

| HISTORICAL PRESERVATION AND HERITAGE COMMISSION | | | | | |
|---|--------------------|--------------------|--------------------|--------------------|------------------------|
| Source of Funds | FY 2020 Actuals | FY 2021 Actuals | FY 2022 Enacted | FY 2022 Revised | FY 2023 Recommended |
| General Revenue | \$1,351,210 | \$1,382,358 | \$1,390,704 | \$1,462,059 | \$1,572,452 |
| Federal Funds | \$642,863 | \$585,246 | \$697,162 | \$741,889 | \$759,283 |
| Restricted Receipts | \$20,074 | \$19,983 | \$424,100 | \$424,588 | \$424,100 |
| Other Funds | \$131,293 | \$92,249 | \$150,379 | \$157,612 | \$156,901 |
| RI Capital Plan Fund | | | | | |
| Total Funding | \$2,145,440 | \$2,079,836 | \$2,662,345 | \$2,786,148 | \$2,912,736 |
| FTE Authorization | 15.6 | 15.6 | 15.6 | 15.6 | 15.6 |

Full-Time Equivalent Positions

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

Proposed FY 2023 Budget Actions

- *Executive Director Position.* The Governor recommends filling the vacant Executive Director position in FY 2023 at a total general revenue cost of \$149,723, assuming a start date of pay period nine.
- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$79,237 in general revenue, which reflect a 2.5% cost-of-living adjustment (COLA) along with an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. The FY 2023 COLA is the third year of the four-year contract in which state employees will receive 10.0% over the term of the contract. State employees will be eligible for the fourth-year COLA of 2.5% beginning in FY 2024. In addition, the Governor recommends a net decrease of \$27,109 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, human resources, and information technology, combined with a decrease to FY 2023 employee health benefit rates. The Governor’s recommendation aligns the agencies budgets with anticipated charges.

EDUCATION

Proposed FY 2022 Budget Revisions

- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$73,776 in general revenue, which reflects a 2.5% cost-of-living adjustment (COLA) retroactive payment for the first year of the four-year labor contract (FY 2021), a 2.5% COLA for year-two of the contract and for an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. In addition, the Governor recommends a net decrease of \$2,421 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, combined with a decrease to FY 2022 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.

PUBLIC SAFETY

PUBLIC SAFETY

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

PUBLIC SAFETY

Office of the Attorney General

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

| OFFICE OF ATTORNEY GENERAL | | | | | |
|----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Source of Funds | FY 2020 Actuals | FY 2021 Actuals | FY 2022 Enacted | FY 2022 Revised | FY 2023 Recommended |
| General Revenue | \$28,045,699 | \$28,341,623 | \$29,820,364 | \$32,022,145 | \$32,301,963 |
| Federal Funds | \$4,215,594 | \$2,622,863 | \$3,444,560 | \$3,639,889 | \$3,088,128 |
| Restricted Receipts | \$2,365,550 | \$2,401,041 | \$2,383,437 | \$2,893,248 | \$3,222,936 |
| Other Funds | - | - | - | - | - |
| RI Capital Plan Fund | \$18,801 | \$24,259 | \$150,000 | \$153,532 | \$1,890,000 |
| Total Funding | \$34,645,643 | \$33,389,786 | \$35,798,361 | \$38,708,814 | \$40,503,027 |
| FTE Authorization | 239.1 | 239.1 | 247.1 | 247.1 | 249.1 |

Full-Time Equivalent Positions

The Governor recommends 249.1 FTE positions in the FY 2023 Budget, and 247.1 FTE positions in the revised FY 2022 Budget. This represents an increase of 2.0 FTE positions from the enacted FY 2022 Budget for a new Mental Health Court initiative to be financed with American Rescue Plan Act State Fiscal Recovery Funds to better address the needs of defendants with mental illness and divert them from the criminal justice system.

Proposed FY 2023 Budget Actions

- *Adult-Use Marijuana Expungements.* The Governor recommends \$380,000 in restricted receipts to the Rhode Island Attorney General for contract and operating costs for automatic expungement of marijuana related convictions. Of this amount, the Governor recommends \$200,000 for software costs to support necessary record storage.
- *Personnel, Contract, Operating, and Capital Expenses.* The Governor recommends an increase of \$666,774 in general revenue to cover increases for existing staffing needs, expert witness obligations related to pending complex litigation as well as general operating and capital costs primarily for protection of state witnesses, IT and computer software costs as data security becomes more critical and building maintenance.
- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$1,875,367 in general revenue, which reflect a 2.5% cost-of-living adjustment (COLA) along with an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. The FY 2023 COLA is the third year of the four-year contract in which state employees will receive 10.0% over the term of the contract. State employees will be eligible for the fourth-year COLA of 2.5% beginning in FY 2024. In addition, the Governor

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recommends a net decrease of \$60,542 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, human resources, and information technology, combined with a decrease to FY 2023 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.

Proposed FY 2022 Budget Revisions

- *Personnel, Contract, Operating, and Capital Expenses.* The Governor recommends an increase of \$427,871 in general revenue to cover increases for existing staffing needs, expert witness obligations related to pending complex litigation as well as general operating and capital costs primarily for protection of state witnesses, IT and computer software costs as data security becomes more critical and building maintenance.
- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$1,832,803 in general revenue, which reflects a 2.5% cost-of-living adjustment (COLA) retroactive payment for the first year of the four-year labor contract (FY 2021), a 2.5% COLA for year-two of the contract and for an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. In addition, the Governor recommends a net decrease of \$58,893 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, combined with a decrease to FY 2022 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.

PUBLIC SAFETY

Department of Corrections

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

Other major functions performed by the Department 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 2019, began implementing a \$649,338 Bureau of Justice Second Chance Act grant to provide re-entry services for probation violators from Providence and Kent counties with co-occurring mental and substance use disorders. The program is allowing for the creation of case/treatment plans that are used by probation officers and the court system to order targeted treatment and services to meet the identified needs of participants.
- In 2020, applied for and received \$655,628 through the federal Justice Reinvestment Initiative that will be used to identify innovative methods to address domestic violence by assessing the criminal justice system's comprehensive response of domestic violence incidents.
- In collaboration with the Office of Veterans Services, the Department is identifying veterans under the Department's supervision who may be eligible for veterans' assistance programs. This initiative will help discharge planners pre-screen veterans to connect them with re-entry programs prior to release.
- Implementing a comprehensive probation and parole automated case management system, which represents a first step in providing paperless case files.

Budget Highlights

Expansion of Medication Assisted Treatment.

Utilizes funding from the Opioid Stewardship Fund to finance the expansion of the highly successful Medication Assisted Treatment (MAT) Program with a "medication first" approach, which offers MAT the night of commitment.

Behavioral Management Unit.

Conducts a feasibility study for the unit that will accommodate incarcerated individuals designated as seriously and persistently mentally ill (SPMI) who are unsuccessful in adjusting to living among the general population.

Communication System.

Replaces the obsolete communication and radio system used within the six facilities operated by the Department.

PUBLIC SAFETY

| DEPARTMENT OF CORRECTIONS | | | | | |
|---------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Source of Funds | FY 2020 Actuals | FY 2021 Actuals | FY 2022 Enacted | FY 2022 Revised | FY 2023 Recommended |
| General Revenue | \$185,063,799 | \$108,846,151 | \$236,349,944 | \$248,193,611 | \$234,393,527 |
| Federal Funds | \$53,025,578 | \$132,278,102 | \$2,107,186 | \$2,513,338 | \$7,944,117 |
| Restricted Receipts | \$3,466,878 | \$147,826 | \$2,339,020 | \$2,350,763 | \$2,944,321 |
| Other Funds | - | - | - | - | - |
| RI Capital Plan Fund | \$16,263,192 | \$6,036,072 | \$5,125,000 | \$8,488,154 | \$5,375,000 |
| Total Funding | \$257,819,446 | \$247,308,151 | \$245,921,150 | \$261,545,866 | \$250,656,965 |
| FTE Authorization | 1411.0 | 1411.0 | 1424.0 | 1424.0 | 1427.0 |

Full-Time Equivalent Positions

The Governor recommends 1,427.0 FTE positions in the FY 2023 Budget, and 1,424.0 FTE positions in the revised FY 2022 Budget. The latter is unchanged from the enacted FY 2022 Budget, while the former constitutes a 3.0 FTE position increase from the enacted FY 2022 budget. The additional FTE positions recommended in FY 2023 include 3.0 FTE Certified Nursing Assistants to staff an in-house care unit for patients that need constant monitoring and support.

Proposed FY 2023 Budget Actions

- *Behavioral Management Unit.* The Governor recommends an increase of \$250,000 in RICAP funds to conduct a feasibility study for the proposed Behavioral Management Unit. The study will determine the appropriate site, needs, design, and cost for the unit, which will be constructed for inmates designated as seriously and persistently mentally ill (SPMI) who demonstrate an inability to successfully adjust to living in the general population.
- *Opioid Stewardship Fund.* The Governor recommends that proceeds of the Opioid Stewardship Fund (OSF) support both the continuation of critical substance abuse treatment support programs and the inception of several new initiatives throughout the state. Within the Department of Corrections, the Governor recommends a total of \$2.9 million in FY 2023 in OSF proceeds to finance the continuation of several initiatives, including a substance abuse counseling program and the Medication Assisted Treatment (MAT) Program with a “medication first” approach which offers MAT the night of commitment to people those stays in the ACI may not be long enough to support traditional induction into the program. To continue strengthening the MAT program for improved outcomes, the Governor recommends new funding for wrap-around services including peer navigation and transitional housing for MAT enrollees. The Governor also recommends additional funding for other improvements to opioid treatment programming at the ACI including funding to provide opioid withdrawal management with buprenorphine on the first days after commitment as well as access to injectable buprenorphine treatment which has been shown to increase patient follow up after release from incarceration. The Governor also recommends funding for low-barrier access to life-saving intranasal naloxone through installation of Narcan vending machines at the ACI.
- *Certified Nursing Assistants and Hospital Beds.* The Governor recommends a reduction of \$283,476 in general revenue for office overtime to guard inmates at off-site hospitals. This expected reduction in general revenue will be realized through the employment of 3.0 FTE Certified Nursing Assistants and the purchase of 4 hospital beds to staff an in-house care unit for patients that need constant monitoring and support. This in-house care unit will no longer require Correctional Officers to stay with patients during overnight hospitalizations at either private hospitals or Eleanor Slater Hospital.

PUBLIC SAFETY

- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$4,223,312 in general revenue, which reflect a 2.5% cost-of-living adjustment (COLA) along with an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. The FY 2023 COLA is the third year of the four-year contract in which state employees will receive 10.0% over the term of the contract. State employees will be eligible for the fourth-year COLA of 2.5% beginning in FY 2024. In addition, the Governor recommends a net decrease of \$1,408,823 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, human resources, and information technology, combined with a decrease to FY 2023 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.

Proposed FY 2022 Budget Revisions

- *One-time Loan Payback to Correctional Industries Program from the General Fund.* The Governor recommends an increase of \$1.9 million in general revenue to the Correctional Industries program. The program provides printing, furniture restoration, license plate production, auto maintenance, clothing and linens, groundskeeping, janitorial, moving, and various other services to state, municipal and nonprofit agencies with the costs reflected in the budgets of the user agencies and operates as a separate fund. The program requires a \$1.4 million one-time increase in its budget in order to pay back the general fund as a result of the long-standing practice of using interfund loans to accommodate operating losses. The practice will cease, but a one-time increase to repay this loan is required. The remaining balance would cover the current year projected shortfall discounted for corrective action plan savings developed by the Department
- *Departmental Deficits -Module Closures.* The Governor recommends an increase of \$3.2 million in general revenue to restore savings included in the FY 2022 Enacted budget. Due to COVID social distancing, the assumed closure of 13 housing modules can no longer be realized.
- *Departmental Deficits - Holiday and Briefing Pay.* The Governor recommends an increase of \$1.0 million in general revenue to restore savings included the FY 2022 Enacted budget. Due to COVID social distancing, the housing module closure savings assumed for FY 2022 will not be realized. As a result, an increase is needed for holiday pay and Correctional Officer briefing time due to the modules being kept open and requiring more officers during holidays. Officers are also contractually obligated to be paid for 8 minutes of overtime for briefing on each shift.
- *Departmental Deficits - Absenteeism Initiative.* The Governor recommends an increase of \$982,999 in general revenue to restore savings included the FY 2022 Enacted budget. The absenteeism initiative, which was aimed at limiting the overuse of sick time among Custody and Security staff, was unable to be implemented due to a pending labor dispute.
- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$6,845,874 in general revenue, which reflects a 2.5% cost-of-living adjustment (COLA) retroactive payment for the first year of the four-year labor contract (FY 2021), a 2.5% COLA for year-two of the contract and for an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. In addition, the Governor recommends a net increase of \$530,133 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, combined with a decrease to FY 2022 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.

PUBLIC SAFETY

Judiciary Department

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

| JUDICIARY DEPARTMENT | | | | | |
|--------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Source of Funds | FY 2020 Actuals | FY 2021 Actuals | FY 2022 Enacted | FY 2022 Revised | FY 2023 Recommended |
| General Revenue | \$101,864,392 | \$99,677,774 | \$107,908,680 | \$114,094,038 | \$115,267,766 |
| Federal Funds | \$4,277,604 | \$3,005,704 | \$3,928,259 | \$4,438,932 | \$5,274,283 |
| Restricted Receipts | \$11,296,697 | \$11,137,429 | \$13,638,415 | \$14,178,193 | \$14,796,990 |
| Other Funds | - | - | - | - | - |
| RI Capital Plan Fund | \$5,294,210 | \$2,098,027 | \$4,950,000 | \$5,135,342 | \$4,975,000 |
| Total Funding | \$122,732,902 | \$115,918,933 | \$130,425,354 | \$137,846,505 | \$140,314,039 |
| FTE Authorization | 726.3 | 726.3 | 726.3 | 725.7 | 732.7 |

Full-Time Equivalent Positions

The Governor recommends 733.3 FTE positions in the FY 2023 Budget and 726.3 FTE positions in the revised FY 2022 Budget. The latter is unchanged from the enacted FY 2022 Budget. The increase of 7.0 FTE positions is for a new Mental Health Court initiative to be financed with American Rescue Plan Act State Fiscal Recovery Funds to better address the needs of defendants with mental illness and divert them from the criminal justice system.

Proposed FY 2023 Budget Actions

- *Adult-Use Marijuana Expungements.* The Governor recommends \$340,000 in restricted receipts to the Judiciary Department for personnel and contract costs for automatic expungement of marijuana related convictions. Of this amount, the Governor recommends \$85,000 for a one-time contract to assist the department in addressing any prior misdemeanor or felony possession of a marijuana-related offense that has been decriminalized, and \$255,000 for overtime costs for the records center and finance staff.
- *Turnover Savings.* The Governor recommends general revenue turnover savings of \$2.7 million, or approximately 3% across all general revenue salary and benefits categories. The Governor's recommendation is approximately aligned with the actual turnover rate at the agency in FY 2020, which was 2.95%
- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$6.6 million in general revenue, which reflect a 2.5% cost-of-living adjustment (COLA) along with an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. The FY 2023 COLA is third year of the four-year contract in which state employees will receive 10.0% over the term of the contract. State employees will be eligible for the fourth-year COLA of 2.5% beginning in FY 2024. In addition, the Governor

PUBLIC SAFETY

recommends a net decrease of \$421,038 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, human resources, and information technology, combined with a decrease to FY 2023 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges

Proposed FY 2022 Budget Revisions

- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$6.4 million in general revenue, which reflects a 2.5% cost-of-living adjustment (COLA) retroactive payment for the first year of the four-year labor contract (FY 2021), a 2.5% COLA for year-two of the contract and for an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. In addition, the Governor recommends a net decrease of \$209,962 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, combined with a decrease to FY 2022 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.
- *Reappropriation.* R.I.G.L. § 35-3-15 allows the State Court Administrator to determine whether the Judiciary's unspent balance of general revenue appropriations from the prior fiscal year shall be reappropriated in the current fiscal year. The Judiciary formally declined the reappropriation for FY 2022 as part of their agency budget request. The Governor's Recommendation therefore does not include a reappropriation in FY 2022.

PUBLIC SAFETY

Military Staff

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

| MILITARY STAFF | | | | | |
|--------------------------|------------------------|------------------------|------------------------|------------------------|----------------------------|
| Source of Funds | FY 2020 Actuals | FY 2021 Actuals | FY 2022 Enacted | FY 2022 Revised | FY 2023 Recommended |
| General Revenue | \$6,717,011 | \$2,730,653 | \$2,723,714 | \$2,965,991 | \$3,145,133 |
| Federal Funds | \$21,188,639 | \$19,039,370 | \$36,614,294 | \$41,816,515 | \$40,305,712 |
| Restricted Receipts | \$52,320 | - | \$55,000 | \$55,000 | \$55,000 |
| Other Funds | | | | | |
| RI Capital Plan Fund | \$3,419,225 | \$956,426 | \$1,831,763 | \$2,845,279 | \$3,491,433 |
| Total Funding | \$31,377,195 | \$22,726,449 | \$41,224,771 | \$47,682,785 | \$46,997,278 |
| FTE Authorization | 92.0 | 92.0 | 92.0 | 92.0 | 93.0 |

Full-Time Equivalent Positions

The Governor recommends 93.0 FTE positions in the FY 2023 Budget, and 92.0 FTE positions in the revised FY 2022 Budget. The latter is identical to the enacted FY 2022 Budget. The net increase of 1.0 FTE position in the FY 2023 Budget is attributable to the addition of a Project Manager FTE position, a role that has been filled by a federally provided contractor. A new state position, which will also be federally funded, will ensure stability in the management and supervision of capital projects at Military Staff due to the possibility that the federal contractor arrangement may be discontinued by the federal government.

Proposed FY 2023 Budget Actions

- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$96,508 in general revenue, which reflect a 2.5% cost-of-living adjustment (COLA) along with an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. The FY 2023 COLA is the third year of the four-year contract in which state employees will receive 10.0% over the term of the contract. State employees will be eligible for the fourth-year COLA of 2.5% beginning in FY 2024. In addition, the Governor

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recommends a net increase of \$34,537 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, human resources, and information technology, combined with a decrease to FY 2023 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.

Proposed FY 2022 Budget Revisions

- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$96,785 in general revenue, which reflects a 2.5% cost-of-living adjustment (COLA) retroactive payment for the first year of the four-year labor contract (FY 2021), a 2.5% COLA for year-two of the contract and for an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. In addition, the Governor recommends a net decrease of \$2,146 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, combined with a decrease to FY 2022 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.

PUBLIC SAFETY

Rhode Island Emergency Management Agency

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

| RHODE ISLAND EMERGENCY MANAGEMENT AGENCY | | | | | |
|---|------------------------|------------------------|------------------------|------------------------|----------------------------|
| Source of Funds | FY 2020 Actuals | FY 2021 Actuals | FY 2022 Enacted | FY 2022 Revised | FY 2023 Recommended |
| General Revenue | \$66,323,907 | \$12,648,863 | \$2,710,290 | \$2,798,313 | \$4,038,154 |
| Federal Funds | \$10,927,297 | \$26,958,661 | \$17,552,433 | \$32,016,877 | \$29,462,797 |
| Restricted Receipts | \$189,175 | \$173,739 | \$527,563 | \$459,455 | \$457,420 |
| Other Funds | - | - | - | - | - |
| RI Capital Plan Fund | \$1,494,414 | \$1,494,414 | \$1,744,400 | \$1,744,400 | \$3,153,457 |
| Total Funding | \$78,934,793 | \$41,275,678 | \$22,534,686 | \$37,019,045 | \$37,111,828 |
| FTE Authorization | 32.0 | 32.0 | 33.0 | 33.0 | 33.0 |

Full-Time Equivalent Positions

The Governor recommends 33.0 FTE positions in the FY 2023 Budget, and 33.0 FTE positions in the revised FY 2022 Budget. Both FY 2022 and FY 2023 FTE positions remain at the Enacted Level.

Proposed FY 2023 Budget Actions

- *Matching Funds for the Emergency Management Performance Grant (EMPG) from the American Rescue Plan Act (ARPA).* The Governor recommends an increase of \$1.9 million all-funds, of which \$940,446 is general revenue to provide the required matching funds for the EMPG award the Agency received under ARPA. These matching funds will ensure the Agency is equipped for future COVID-19 response related to the warehouses, which store critical PPE and other materials.
- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$55,639 in general revenue, which reflect a 2.5% cost-of-living adjustment (COLA) along with an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. The FY 2023 COLA is the third year of the four-year contract in which state employees will receive 10.0% over the term of the contract. State employees will be eligible for the fourth-year COLA of 2.5% beginning in FY 2024. In addition, the Governor recommends a net increase of \$13,228 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, human resources, and information technology, combined with a decrease to FY 2023 employee health benefit rates. The Governor’s recommendation aligns the agencies budgets with anticipated charges.

PUBLIC SAFETY

Proposed FY 2022 Budget Revisions

- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$90,296 in general revenue, which reflects a 2.5% cost-of-living adjustment (COLA) retroactive payment for the first year of the four-year labor contract (FY 2021), a 2.5% COLA for year-two of the contract and for an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. In addition, the Governor recommends a net decrease of \$2,273 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, combined with a decrease to FY 2022 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.

PUBLIC SAFETY

Department of Public Safety

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

Recent Department achievements and highlights include:

- The State Police conducted a body worn camera pilot program from October 2020 through February 2021 to evaluate two camera systems for documenting law enforcement interactions with the public.
- Launched a \$15 million grant program to provide multiyear funding to all police departments to purchase and operate body worn cameras and require the development of statewide policies to ensure a program grounded in best practices.
- Established the State Police Special Victims Unit to investigate crimes involving sexual assault, domestic violence, or victims of other crimes who require special handling.
- In April 2021, launched a four-month recruitment drive for the 2022 State Police Recruit Training Academy that is expected to have 50 recruits, representing the largest in State Police history.
- Began architectural and engineering designs for both the refurbishment of the State Police Portsmouth Barracks and construction of the new State Police Southern Barracks, which will consolidate the Hope Valley and Wickford Barracks.

Budget Highlights

Body Worn Cameras.

Increases general revenue by \$358,696 to fund 2.6 FTE positions, overtime costs, and training to implement State Police body worn camera operations.

Vehicle Cameras.

Installs vehicle camera systems in all 155 State Police patrol vehicles using \$240,000 in general revenue.

State Police Trooper Academy.

Launches a 40-person Trooper Academy class that will begin in Fiscal Year 2024.

| DEPARTMENT OF PUBLIC SAFETY | | | | | |
|-----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Source of Funds | FY 2020 Actuals | FY 2021 Actuals | FY 2022 Enacted | FY 2022 Revised | FY 2023 Recommended |
| General Revenue | \$77,870,708 | \$43,129,414 | \$120,604,312 | \$123,920,921 | \$113,379,333 |
| Federal Funds | \$42,974,377 | \$73,469,559 | \$17,464,330 | \$23,423,530 | \$18,252,780 |
| Restricted Receipts | \$5,965,021 | \$5,669,123 | \$8,515,325 | \$9,794,498 | \$10,569,095 |
| Other Funds | \$3,230,708 | \$3,164,016 | \$3,050,000 | \$3,971,901 | \$3,252,549 |
| RI Capital Plan Fund | \$1,405,274 | \$883,177 | \$4,228,370 | \$5,882,686 | \$16,355,929 |
| Total Funding | \$131,446,088 | \$126,315,289 | \$153,862,337 | \$166,993,536 | \$161,809,686 |
| FTE Authorization | 593.6 | 593.6 | 622.6 | 631.2 | 635.2 |

Full-Time Equivalent Positions

The Governor recommends 635.2 FTE positions in the FY 2023 Budget, and 631.2 FTE positions in the revised FY 2022 Budget. This latter constitutes an 8.6 FTE position increase from the FY 2022 enacted and the former constitutes a 12.6 FTE position increase from the FY 2022 enacted. The additional FTE positions recommended in FY 2022 include 2.6 FTE administrative positions to implement the State Police body-worn camera operations and 6.0 FTE positions to implement the newly statutorily mandated Emergency Medical Dispatch (EMD). The additional FTE positions recommended in FY 23 include 1.0 FTE Forensic Scientist position to join the State Police Forensic Services Unit, 3.0 Detective

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Troopers for Adult-Use Marijuana, as well as the 2.6 FTE administrative positions to implement the State Police body-worn camera operations and 6.0 FTE positions to implement the newly statutorily mandated Emergency Medical Dispatch (EMD) recommended in FY 2022.

Proposed FY 2023 Budget Actions

- *Rhode Island State Police Trooper Training Academy.* The Governor recommends an increase of \$120,000 from general revenue to conduct recruitment for the FY 2024 State Police Training Academy. Class recruitment would be conducted during the 2nd and 3rd quarters of FY 2023. The forty-person (40.0) Trooper Academy class would begin in FY 2024. The graduating class would be hired as full-time RISP Troopers in April 2024.
- *Forensic Equipment and Scientist.* The Governor recommends an increase of \$183,537 in general revenue for the State Police Forensic Services Unit (FSU). The FSU was recently eliminated for consideration of federal grant funding for forensic equipment that it had received every year since 2010 because the Unit could not meet the grant requirement of employing a full-time scientist due to a State Trooper retirement. The Governor recommends an increase of 1.0 FTE position and \$123,537 to hire a Forensic Scientist to obtain federal grant funding and lab accreditation status as well as \$60,000 to cover the forensic equipment costs.
- *Body Worn Cameras - State Police Administration.* The Governor recommends an increase of \$358,696 in general revenue to hire 2.6 FTE administrators as well as for overtime and training to implement the State Police body-worn camera operations. The Department of Public Safety's FY 2022 Enacted Budget contains \$15.0 million to implement a statewide body-worn camera system; however, the funding is exclusively for equipment purchases and is not for the administration of a State Police program. To effectively implement a body-worn camera program, support mechanisms must address technical issues and legal requests. In addition, funding for continuous training is required for a successful program. Duties of the FTE positions include addressing legal and additional community requests for the release of body-worn camera data and maintaining records and the system in accordance with policies established as part of the statewide body-worn camera policies and procedures. The FTE positions identified are MIS Program Manager (1.0), Staff Attorney (0.6), and Legal Assistant (1.0).
- *Body Worn Cameras – Statewide Implementation.* The Governor recommends \$70,000 in general revenue to hire a contractor effective January 2022 to implement a statewide body-worn camera system. The Department of Public Safety's FY 2022 Enacted Budget contains \$15.0 million to implement a statewide body-worn camera system; however, it lacks sufficient staffing to accomplish this over the next five years. The Department expects municipal leaders to express their interest in participating in the program in the latter part of FY 2022. Therefore, the Governor recommends funding a contractor to stand up the sub-recipient application process and begin outreach and evaluation of potential programs.
- *Vehicle Cameras.* The Governor recommends \$240,000 in general revenue to install vehicle camera systems in all one hundred fifty-five (155) State Police patrol vehicles. The current pool of funding allocated to the statewide body-worn camera program is exclusively for body worn camera equipment and does not include funding for the equally important component of public safety vehicle cameras.
- *State Police Vehicles.* The Governor recommends \$600,000 in general revenues and \$1.8 million from the State Fleet Revolving Loan Fund to ensure the State Police continues to adhere to its vehicle replacement schedule.
- *Shifting 35 Hour Sheriffs to 37.5 Hour Sheriffs.* The Governor recommends \$74,986 in general revenue to shift 12 deputies from 35-hour shifts to 37.5-hour shifts. This shift will expand the number of hours

PUBLIC SAFETY

available to complete obligations to the Judiciary regarding courtroom security and prisoner transportation.

- *E-911 Staffing Emergency Medical Dispatch.* The Governor recommends \$833,276 in restricted receipts to implement the Emergency Medical Dispatch (EMD) within R.I.G.L. § 39-21.1-8 (d) by September 1, 2022. This act requires 911 system dispatchers, in response to requests for emergency medical or ambulance services, to communicate instructions to callers during the period before the arrival of emergency responders.
- *Adult-Use Marijuana.* The Governor recommends \$1.1 million in restricted receipts to the State Police, of which \$0.4 million is for staffing costs to enforce the impaired driving provisions of the adult-use marijuana proposal. This recommendation also contains \$500,000 in restricted receipts to allow the Department to support the needs of local police departments.
- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$2,980,103 in general revenue, which reflect a 2.5% cost-of-living adjustment (COLA) along with an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. The FY 2023 COLA is the third year of the four-year contract in which state employees will receive 10.0% over the term of the contract. State employees will be eligible for the fourth-year COLA of 2.5% beginning in FY 2024. In addition, the Governor recommends a net decrease of \$341,011 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, human resources, and information technology, combined with a decrease to FY 2023 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.

Proposed FY 2022 Budget Revisions

- *Forensic Equipment.* The Governor recommends utilizing \$60,000 in current year general revenue surplus funds to finance forensic equipment for State Police Forensic Services Unit (FSU). The State Police Forensic Services Unit (FSU) was recently eliminated for consideration of federal grant funding for forensic equipment that it had received every year since 2010 because the Unit could not meet the grant requirement of employing a full-time scientist due to a State Trooper retirement.
- *Body Worn Cameras - State Police Administration.* The Governor recommends utilizing current year surplus general revenue totaling \$148,070 to hire 2.6 FTE administrators effective January 2022 to implement the State Police body-worn camera operations. The Department of Public Safety's FY 2022 Enacted Budget contains \$15.0 million to implement a statewide body-worn camera system; however, the funding is exclusively for equipment purchases and is not for the administration of a State Police program. To effectively implement a body-worn camera program, support mechanisms must address technical issues and legal requests. In addition, funding for continuous training is required for a successful program. Duties of the FTE positions include addressing legal and additional community requests for the release of body-worn camera data and maintaining records and the system in accordance with policies established as part of the statewide body-worn camera policies and procedures. The FTE positions identified are MIS Program Manager (1.0), Staff Attorney (0.6), and Legal Assistant (1.0).
- *Body Worn Cameras – Statewide Implementation.* The Governor recommends utilizing current year surplus general revenue totaling \$35,000 to hire a contractor effective January 2022 to implement a statewide body-worn camera system. The Department of Public Safety's FY 2022 Enacted Budget contains \$15.0 million to implement a statewide body-worn camera system; however, it lacks sufficient staffing to accomplish this over the next five years. The Department expects municipal leaders to express their interest in participating in the program in the latter part of FY 2022. Therefore, the

PUBLIC SAFETY

Governor recommends funding a contractor to stand up the sub-recipient application process and begin outreach and evaluation of potential programs.

- *E-911 Staffing Emergency Medical Dispatch.* The Governor recommends \$814,937 in restricted receipts to implement Emergency Medical Dispatch (EMD) per RI Gen. Law § 39-21.1-8 (d) by September 1, 2022. This Act requires 911 system dispatchers, in response to requests for emergency medical or ambulance services, to communicate instructions to callers during the period before the arrival of emergency responders.
- *Next Generation 911 (NG-911).* The Governor recommends \$543,216 in restricted receipts to upgrade the E-911 system to a fiber optic i3 network which will be more reliable and have greater functionality. Rhode Island is the only New England state that operates both inbound and outbound network on legacy (copper facilities) which has been deemed “end-of life.”
- *DPS Information Technology.* The Governor recommends utilizing current year surplus general revenue totaling \$879,500 to finance the necessary replacement of the State Police data store system and network switch infrastructure. The current system is over 90 percent capacity, been deemed at “end of life”, and is not supported by the vendor.
- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$3,753,613 in general revenue, which reflects a 2.5% cost-of-living adjustment (COLA) retroactive payment for the first year of the four-year labor contract (FY 2021), a 2.5% COLA for year-two of the contract and for an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. In addition, the Governor recommends a net decrease of \$129,581 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, combined with a decrease to FY 2022 employee health benefit rates. The Governor’s recommendation aligns the agencies budgets with anticipated charges.

PUBLIC SAFETY

Office of the Public Defender

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

| OFFICE OF PUBLIC DEFENDER | | | | | |
|---------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Source of Funds | FY 2020 Actuals | FY 2021 Actuals | FY 2022 Enacted | FY 2022 Revised | FY 2023 Recommended |
| General Revenue | \$12,112,368 | \$12,163,521 | \$13,431,599 | \$14,217,650 | \$14,568,485 |
| Federal Funds | \$98,704 | \$137,897 | \$75,665 | \$95,052 | \$65,665 |
| Restricted Receipts | - | - | - | - | - |
| Other Funds | - | - | - | - | - |
| RI Capital Plan Fund | - | - | - | - | - |
| Total Funding | \$12,211,072 | \$12,301,419 | \$13,507,264 | \$14,312,702 | \$14,634,150 |
| FTE Authorization | 96.0 | 96.0 | 99.0 | 99.0 | 99.0 |

Full-Time Equivalent Positions

The Governor recommends 99.0 FTE in the FY 2023 and FY 2022.

Proposed FY 2023 Budget Actions

- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$40,814 in general revenue, which reflect a 2.5% cost-of-living adjustment (COLA) along with an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. The FY 2023 COLA is third year of the four-year contract in which state employees will receive 10.0% over the term of the contract. State employees will be eligible for the fourth-year COLA of 2.5% beginning in FY 2024. In addition, the Governor recommends a net increase of \$14,861 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, human resources, and information technology, combined with a decrease to FY 2023 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.

Proposed FY 2022 Budget Revisions

- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$40,419 in general revenue, which reflects a 2.5% cost-of-living adjustment (COLA) retroactive payment for the first year of the four-year labor contract (FY 2021), a 2.5% COLA for year-two of the contract and for an extra-payment of \$1,500 to those eligible union employees due

PUBLIC SAFETY

to the most recent State employee contract negotiations. In addition, the Governor recommends a net increase of \$725 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, combined with a decrease to FY 2022 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.

NATURAL RESOURCES

NATURAL RESOURCES

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

NATURAL RESOURCES

Department of Environmental Management

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

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

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

Recent Department achievements and highlights include:

- Formed a coalition with environmental advocacy groups to promote the \$74 million Beach, Clean Water, and Green Bond, which Rhode Island voters approved with 78.3 percent support in March 2021. The bond included an investment of \$33 million in state parks, beaches, and campgrounds; \$15 million in clean water and drinking water programs; \$7 million in municipal resiliency; \$6 million to continue the dredging of the Providence River and ensure the viability of WaterFire; \$4 million to develop a park on former I-195 land in Providence; \$4 million in local recreation grants; \$3 million in forestland and farmland conservation; and \$2 million to improve infrastructure and develop recreational projects along the Woonasquatucket River and its greenway.
- In May 2021, opened 1,900 acres in the lower Providence River to shellfishing for the first time in 75 years. The combination of strong laws and enforcement efforts, infrastructure investments, and the Narragansett Bay Commission's combined sewage overflow projects has made Narragansett Bay cleaner and healthier than it has been in generations.
- Bolstered the green economy by awarding \$250,000 in Local Agriculture and Seafood Act grants to small businesses in the agriculture, aquaculture, and seafood sectors, and awarding \$150,000 in Specialty Crop Block Grant Program grants to local farmers and planters. In November 2021, launched a new mental health and wellness program for farmers, commercial fishermen, and workers in forestry-related industries that is funded through a \$475,000 grant obtained from the United States Department of Agriculture.
- Stabilized the commercial fishing industry by administering a second round of COVID-19-related disaster relief.

Budget Highlights

Permitting Efficiency.

Funds six positions in the Bureau of Environmental Protection for the more efficient processing of permits in alignment with the agency's focus on customer service.

Act on Climate.

Creates one position in the Office of the Director responsible for coordinating the Department's efforts to address and mitigate climate change.

Expansion of Local Agricultural and Seafood Act Grants.

Increases the allocation to the grant program by \$150,000 to further support for local agricultural businesses.

NATURAL RESOURCES

| DEPARTMENT OF ENVIRONMENTAL MANAGEMENT | | | | | |
|--|---------------------|---------------------|----------------------|----------------------|----------------------|
| Source of Funds | FY 2020 Actuals | FY 2021 Actuals | FY 2022 Enacted | FY 2022 Revised | FY 2023 Recommended |
| General Revenue | \$42,861,516 | \$42,594,248 | \$46,183,840 | \$70,791,943 | \$51,597,245 |
| Federal Funds | \$22,563,416 | \$26,345,309 | \$32,388,890 | \$35,539,294 | \$43,574,860 |
| Restricted Receipts | \$12,439,629 | \$11,663,090 | \$17,101,791 | \$18,579,240 | \$17,645,663 |
| Other Funds | \$759,675 | \$437,840 | \$1,835,851 | \$1,794,021 | \$1,792,986 |
| RI Capital Plan Fund | \$5,686,839 | \$3,628,545 | \$10,410,000 | \$15,897,978 | \$8,966,890 |
| Total Funding | \$84,311,076 | \$84,669,031 | \$107,920,372 | \$142,602,476 | \$123,577,644 |
| FTE Authorization | 394.0 | 394.0 | 401.0 | 401.0 | 410.0 |

Full-Time Equivalent Positions

The Governor recommends 410.0 FTE positions in the FY 2023 Budget and 401.0 FTE positions in the revised FY 2022 Budget. The latter is unchanged from the enacted FY 2022 Budget.

Proposed FY 2023 Budget Actions

- *Improving Permitting Efficiency.* The Governor recommends an increase of 6.0 FTE positions in the Bureau of Environmental Protection, consisting of three environmental engineers, an environmental scientist, an air quality specialist, and a limnologist. This will improve the efficiency of the permitting process and enhance the agency's focus on customer service by expediting permit processing times. The Governor recommends new performance-driven fees, in addition to increases in certain existing fees to bring costs in line with neighboring states.
- *Stewardship of State Management Areas.* The Governor recommends an increase of 2.0 FTE positions in the Bureau of Natural Resources. A new administrative officer will support commercial fishing operations and recreational fishing opportunities, and a new district resources manager will improve opportunities to fish and hunt in Wildlife Management Areas through better maintenance and management. Both positions will be substantially federally funded.
- *Implementation of Act on Climate.* The Governor recommends an increase of 1.0 FTE position in the Office of the Director to focus on the implementation of the Act on Climate. The new programming services officer will coordinate DEM's efforts to address and mitigate climate change. The position will be funded out of DEM's existing allotment of Regional Greenhouse Gas Initiative (RGGI) funding.
- *Parks and Recreation Seasonal Staff.* The Governor recommends an increase of \$269,125 in general revenue in the Division of Parks and Recreation to increase wages for seasonal employees in order to better attract and retain staff.
- *Local Agriculture and Seafood Act (LASA) Grants.* The Governor recommends an increase of \$150,000 to expand grant support to local agricultural businesses through the successful LASA program, bringing total financing for the program to \$250,000.
- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$3.0 million in general revenue, which reflect a 2.5% cost-of-living adjustment (COLA) along with an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. The FY 2023 COLA is the third year of the four-year contract in which state employees will receive 10.0% over the term of the contract. State employees will be eligible for the fourth-year COLA of 2.5% beginning in FY 2024. In addition, the Governor recommends a net increase of \$237,852 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, human resources, and information

NATURAL RESOURCES

technology, combined with a decrease to FY 2023 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.

Proposed FY 2022 Budget Revisions

- *CWSRF and DWSRF State Match.* The Governor recommends an increase of \$21.9 million to transfer to the Rhode Island Infrastructure Bank to provide the state match for the Clean Water State Revolving Fund and the Drinking Water State Revolving Fund through FY 2025.
- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$2.8 million in general revenue, which reflects a 2.5% cost-of-living adjustment (COLA) retroactive payment for the first year of the four-year labor contract (FY 2021), a 2.5% COLA for year-two of the contract and for an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. In addition, the Governor recommends a net decrease of \$105,319 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, combined with a decrease to FY 2022 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.

NATURAL RESOURCES

Coastal Resources Management Council

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

| COASTAL RESOURCES MANAGEMENT COUNCIL | | | | | |
|--------------------------------------|--------------------|--------------------|--------------------|--------------------|---------------------|
| Source of Funds | FY 2020 Actuals | FY 2021 Actuals | FY 2022 Enacted | FY 2022 Revised | FY 2023 Recommended |
| General Revenue | \$2,831,189 | \$2,456,607 | \$2,809,533 | \$2,988,872 | \$3,177,275 |
| Federal Funds | \$1,982,306 | \$1,657,083 | \$1,850,628 | \$2,296,902 | \$1,980,304 |
| Restricted Receipts | \$265,189 | \$220,000 | \$250,000 | \$250,000 | \$250,000 |
| Other Funds | - | - | - | - | - |
| RI Capital Plan Fund | \$538,998 | \$21,241 | \$550,115 | \$619,424 | \$2,000,000 |
| Total Funding | \$5,617,682 | \$4,354,930 | \$5,460,276 | \$6,155,198 | \$7,407,579 |
| FTE Authorization | 30.0 | 30.0 | 30.0 | 30.0 | 31.0 |

Full-Time Equivalent Positions

The Governor recommends 31.0 FTE positions in the FY 2023 Budget and 30.0 FTE positions in the revised FY 2022 Budget. The latter is unchanged from the enacted FY 2022 Budget.

Proposed FY 2023 Budget Actions

- *Coastal Policy Analyst.* The Governor recommends an increase of \$124,769 in general revenue. This includes an increase of 1.0 FTE position to add a new coastal policy analyst position. This will expand CRMC's analytical capacity to address the increasing number of wind farm projects the agency must evaluate and will allow the agency to better address public access and rights of way issues.
- *Hearing Officer.* The Governor recommends an increase of \$15,000 in general revenue for a new part-time hearing officer position, which will allow CRMC to hear appeals of enforcement actions more rapidly.
- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$206,481 in general revenue, which reflect a 2.5% cost-of-living adjustment (COLA) along with an extra-payment of \$1,500 to those eligible union employees due to the most

NATURAL RESOURCES

recent State employee contract negotiations. The FY 2023 COLA is the third year of the four-year contract in which state employees will receive 10.0% over the term of the contract. State employees will be eligible for the fourth-year COLA of 2.5% beginning in FY 2024. In addition, the Governor recommends a net decrease of \$26,212 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, human resources, and information technology, combined with a decrease to FY 2023 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.

Proposed FY 2022 Budget Revisions

- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$190,638 in general revenue, which reflects a 2.5% cost-of-living adjustment (COLA) retroactive payment for the first year of the four-year labor contract (FY 2021), a 2.5% COLA for year-two of the contract and for an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. In addition, the Governor recommends a net decrease of \$11,299 in general revenue for the financing of agency charges for certain centralized services, including facilities maintenance, combined with a decrease to FY 2022 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.

TRANSPORTATION

DEPARTMENT OF TRANSPORTATION

Department of Transportation

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

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

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

Recent Department achievements and highlights include:

- Led the execution of the landmark 2016 RhodeWorks legislation, which is allowing for the replacement 150 structurally deficient bridges and repair of an additional 500. The Department has completed 186 projects, including the repair and replacement of 204 bridges, totaling \$2.8 billion.
- Received nearly \$400 million in grants and other funding to begin significant bridge reconstruction and replacement projects, including the Henderson Bridge, the Washington Bridge, the Providence Viaduct North, the Huntington Viaduct, and bridges along the Route 37 corridor.
- Started a successful seasonal ferry service between Providence and Newport that has sold more than 212,000 tickets in its first six years.
- Completed the largest Department reorganization in its history, transitioning to a best-practice project management structure. The Department went from having about 50 percent of its projects being on-time and on-budget to more than 90 percent being on-time and on-budget.

Budget Highlights

Transportation State Match.

Transfers \$100.0 million to the RI Capital Plan Fund to serve as state match to federal transportation funds, specifically funds under the recently enacted Investment Infrastructure and Jobs Act.

Vehicle Maintenance.

Provides an additional \$3.9 million in gas tax proceeds for the replacement of aging fleet vehicles and equipment for highway and bridge maintenance.

DEPARTMENT OF TRANSPORTATION

| DEPARTMENT OF TRANSPORTATION | | | | | |
|------------------------------|----------------------|----------------------|----------------------|----------------------|------------------------|
| Source of Funds | FY 2020 Actuals | FY 2021 Actuals | FY 2022 Enacted | FY 2022 Revised | FY 2023 Recommended |
| General Revenue | - | - | - | - | - |
| Federal Funds | \$317,509,124 | \$326,902,151 | \$451,046,525 | \$470,275,459 | \$453,752,574 |
| Restricted Receipts | \$4,648,259 | \$1,293,528 | \$2,589,202 | \$4,692,654 | \$5,949,070 |
| Other Funds | \$249,136,196 | \$259,510,094 | \$242,704,463 | \$264,126,265 | \$253,731,859 |
| RI Capital Plan Fund | \$37,419,971 | \$981,902 | \$71,540,808 | \$71,993,392 | \$70,964,628 |
| Total Funding | \$608,713,550 | \$588,687,675 | \$767,880,998 | \$811,087,770 | \$784,398,131 |
| FTE Authorization | 755.0 | 755.0 | 755.0 | 755.0 | 755.0 |

Full-Time Equivalent Positions

The Governor recommends 755.0 FTE positions in the FY 2023 Budget, and 755.0 FTE positions in the revised FY 2022 Budget, unchanged from the FY 2022 Enacted Budget.

Proposed FY 2023 Budget Actions

- *Transportation State Match.* The Governor recommends \$100.0 million in available FY 2021 general revenue surplus be transferred to the RI Capital Plan Fund to serve as state match to federal transportation funds. These funds will leverage the recently enacted Investment Infrastructure and Jobs Act (IIJA, or Bipartisan Infrastructure Bill) for both the Department of Transportation and the Rhode Island Public Transit Authority (RIPTA). \$71.3 million is allocated to the Department of Transportation and \$28.7 million to RIPTA over FY 2023 to FY 2025.
- *New Federal RAISE Grant.* Of this \$100.0 million total, the Governor recommends that \$225,000 finance state match requirements for the recently awarded Rebuilding American Infrastructure with Sustainability and Equity (RAISE) grant by the U.S. Department of Transportation for a Metro Providence High-Capacity Transit Corridor study to connect downtown Providence and other activity centers to low-income neighborhoods.
- *Vehicle Maintenance.* The Governor recommends an increase of \$3.9 million in gas tax proceeds for the replacement of aging fleet vehicles and equipment for highway and bridge maintenance.
- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$3,657,579 in other funds, which reflect a 2.5% cost-of-living adjustment (COLA) along with an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. The FY 2023 COLA is third year of the four-year contract in which state employees will receive 10.0% over the term of the contract. State employees will be eligible for the fourth-year COLA of 2.5% beginning in FY 2024. In addition, the Governor recommends a net decrease of \$2,638,607 in other funds for the financing of agency charges for certain centralized services, including facilities maintenance, human resources, and information technology, combined with a decrease to FY 2023 employee health benefit rates. The Governor’s recommendation aligns the agencies budgets with anticipated charges.

Proposed FY 2022 Budget Revisions

- *Vehicle Maintenance.* The Governor recommends an increase of \$4.2 million in gas tax proceeds for the replacement of aging fleet vehicles and equipment for highway and bridge maintenance.

DEPARTMENT OF TRANSPORTATION

- *Statewide Adjustments.* The Governor recommends labor negotiated personnel statewide adjustments totaling an increase of \$3,678,572 in other funds, which reflects a 2.5% cost-of-living adjustment (COLA) retroactive payment for the first year of the four-year labor contract (FY 2021), a 2.5% COLA for year-two of the contract and for an extra-payment of \$1,500 to those eligible union employees due to the most recent State employee contract negotiations. In addition, the Governor recommends a net decrease of \$138,577 in other funds for the financing of agency charges for certain centralized services, including facilities maintenance, combined with a decrease to FY 2022 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.

EXECUTIVE SUMMARY
APPENDIX A
SCHEDULES

FY 2023 General Revenue Budget Surplus

| | FY 2020 Audited | FY 2021 Audited | FY 2022 Enacted | FY 2022 Revised | FY 2023 Recommend |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Surplus | | | | | |
| Opening Surplus | \$ 30,502,912 | \$ 156,188,375 | \$ 281,411,255 | \$ 374,956,654 | \$ 135,509,903 |
| Adjustment to Opening Surplus | \$ - | \$ 93,176,701 | \$ - | \$ 212,685,030 | \$ - |
| Reappropriated Surplus | \$ 10,296,451 | \$ 5,336,653 | \$ - | \$ 8,446,365 | \$ - |
| Subtotal | \$ 40,799,363 | \$ 254,701,729 | \$ 281,411,255 | \$ 596,088,049 | \$ 135,509,903 |
| General Taxes | \$ 3,279,993,849 | \$ 3,701,252,027 | \$ 3,585,985,469 | \$ 3,845,800,000 | \$ 3,917,200,000 |
| Changes to the Adopted Estimates | \$ - | \$ - | \$ - | \$ - | \$ (608,195) |
| Subtotal | \$ 3,279,993,849 | \$ 3,701,252,027 | \$ 3,585,985,469 | \$ 3,845,800,000 | \$ 3,916,591,805 |
| Departmental Revenues | \$ 434,973,609 | \$ 402,634,288 | \$ 422,313,579 | \$ 419,200,000 | \$ 252,400,000 |
| Changes to the Adopted Estimates | \$ - | \$ - | \$ - | \$ 63,000 | \$ 168,472,122 |
| Subtotal | \$ 434,973,609 | \$ 402,634,288 | \$ 422,313,579 | \$ 419,263,000 | \$ 420,872,122 |
| Other Sources | | | | | |
| Other Miscellaneous | \$ 52,794,681 | \$ 9,619,381 | \$ 12,377,299 | \$ 11,300,000 | \$ 10,700,000 |
| Changes to the Adopted Estimates | \$ - | \$ - | \$ - | \$ 5,900,000 | \$ (700,000) |
| Lottery | \$ 283,870,548 | \$ 301,803,081 | \$ 375,860,000 | \$ 393,300,000 | \$ 391,100,000 |
| Changes to the Adopted Estimates | \$ - | \$ - | \$ - | \$ - | \$ - |
| Transfer from Budget Reserve | \$ 120,000,000 | \$ - | \$ - | \$ - | \$ - |
| Unclaimed Property | \$ 12,080,719 | \$ 16,269,787 | \$ 14,200,000 | \$ 14,700,000 | \$ 11,800,000 |
| Changes to the Adopted Estimates | \$ - | \$ - | \$ - | \$ - | \$ - |
| Subtotal | \$ 468,745,948 | \$ 327,692,249 | \$ 402,437,299 | \$ 425,200,000 | \$ 412,900,000 |
| Total Revenues | \$ 4,183,713,406 | \$ 4,431,578,564 | \$ 4,410,736,347 | \$ 4,690,263,000 | \$ 4,750,363,927 |
| Transfer to Budget Reserve and Cash Stabilization Account | \$ (126,426,490) | \$ (137,238,234) | \$ (140,764,428) | \$ (151,956,590) | \$ (146,576,215) |
| Total Available | \$ 4,098,086,279 | \$ 4,549,042,059 | \$ 4,551,383,174 | \$ 5,134,394,459 | \$ 4,739,297,615 |
| Actual/Enacted Expenditures | \$ 3,936,561,251 | \$ 4,078,639,040 | \$ 4,550,811,637 | \$ 4,550,811,637 | \$ 4,731,312,148 |
| Reappropriations (from prior year) | \$ - | \$ - | \$ - | \$ 8,446,365 | \$ - |
| Nov. Caseload Est. Conf. Changes | \$ - | \$ - | \$ - | \$ (41,840,279) | \$ - |
| Other Changes in Expenditures | \$ - | \$ - | \$ - | \$ 481,466,833 | \$ - |
| Total Expenditures | \$ 3,936,561,251 | \$ 4,078,639,040 | \$ 4,550,811,637 | \$ 4,998,884,556 | \$ 4,731,312,148 |
| Transfers to ITIF and HTC | \$ - | \$ (87,000,000) | \$ - | \$ - | \$ - |
| Total Ending Balances | \$ 161,525,028 | \$ 383,403,019 | \$ 571,537 | \$ 135,509,903 | \$ 7,985,467 |
| Reappropriations (to following year) | (5,336,653) | \$ (8,446,365) | \$ - | \$ - | \$ - |
| Free Surplus | \$156,188,375 | \$ 374,956,654 | \$ 571,537 | \$ 135,509,903 | \$ 7,985,467 |

* FY 2021 Final Audited Closing Statements are unpublished as of January 20, 2022. Figures represent most accurate data available as of the date of budget release, but remain subject to further revision.

Expenditures from All Funds

| | FY 2020 | FY 2021 | FY 2022 Enacted | FY 2022 Revised | FY 2023 Recommend |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| General Government | | | | | |
| Department of Administration | \$ 433,929,882 | \$ 717,465,938 | \$ 595,170,045 | \$ 1,153,108,332 | \$ 674,988,778 |
| Department of Business Regulation | 23,612,913 | 24,669,726 | 26,133,043 | 27,964,105 | 38,501,342 |
| Executive Office of Commerce | 37,720,666 | 113,501,215 | 192,734,874 | 256,684,216 | 271,935,471 |
| Department of Labor and Training | 1,733,250,987 | 2,621,118,882 | 968,748,965 | 890,956,694 | 557,968,915 |
| Department of Revenue | 484,422,551 | 572,274,024 | 839,568,490 | 763,920,391 | 876,904,002 |
| General Assembly | 43,046,423 | 41,091,346 | 46,627,087 | 53,916,145 | 50,462,193 |
| Office of Lieutenant Governor | 1,142,644 | 1,003,177 | 1,199,161 | 1,263,354 | 1,353,568 |
| Secretary of State | 12,238,925 | 15,705,186 | 12,057,219 | 12,917,417 | 14,063,777 |
| Office of the General Treasurer | 40,414,381 | 17,490,557 | 47,819,863 | 48,954,051 | 49,400,452 |
| Board of Elections | 2,542,334 | 3,368,251 | 2,671,768 | 2,783,896 | 6,126,861 |
| Rhode Island Ethics Commission | 1,803,364 | 1,832,318 | 1,867,351 | 1,969,646 | 2,029,145 |
| Office of the Governor | 6,605,944 | 6,488,866 | 6,703,626 | 7,160,726 | 7,152,280 |
| Rhode Island Commission for Human Rights | 1,768,406 | 1,756,263 | 1,908,999 | 1,985,429 | 2,041,315 |
| Public Utilities Commission | 9,571,635 | 9,203,393 | 12,466,346 | 13,777,479 | 13,419,765 |
| Subtotal - General Government | \$ 2,832,071,055 | \$ 4,146,969,142 | \$ 2,755,676,837 | \$ 3,237,361,881 | \$ 2,566,347,864 |
| Health and Human Services | | | | | |
| Executive Office of Health and Human Services | \$ 2,603,777,235 | \$ 2,858,538,534 | \$ 3,195,762,458 | \$ 3,426,633,244 | \$ 3,285,316,761 |
| Department of Children, Youth, and Families | 252,061,916 | 246,826,702 | 276,478,466 | 291,050,746 | 295,470,910 |
| Department of Health | 193,163,962 | 471,503,341 | 470,845,303 | 591,236,756 | 372,988,689 |
| Behavioral Healthcare, Developmental Disabilities and Hospitals | 457,029,203 | 443,844,931 | 523,599,253 | 550,254,356 | 596,462,607 |
| Department of Human Services | 633,159,951 | 764,833,026 | 742,313,985 | 936,892,269 | 882,471,321 |
| Commission on the Deaf & Hard of Hearing | 674,000 | 755,073 | 818,664 | 780,085 | 816,876 |
| Governor's Commission on Disabilities | 1,475,215 | 1,266,564 | 1,530,481 | 1,567,206 | 1,604,382 |
| Office of the Child Advocate | 1,028,374 | 991,174 | 1,243,526 | 1,166,531 | 1,160,468 |
| Office of the Mental Health Advocate | 620,923 | 635,518 | 680,190 | 721,334 | 973,329 |
| Subtotal - Health and Human Services | \$ 4,142,990,779 | \$ 4,789,194,863 | \$ 5,213,272,326 | \$ 5,800,302,527 | \$ 5,437,265,343 |
| Education | | | | | |
| Elementary and Secondary Education | \$ 1,460,534,728 | \$ 1,598,353,593 | \$ 2,246,027,483 | \$ 1,780,014,314 | \$ 1,896,274,154 |
| Office of the Postsecondary Commissioner | 35,380,670 | 41,727,393 | 46,468,206 | 48,390,029 | 47,487,083 |
| University of Rhode Island | 823,284,260 | 812,007,514 | 867,427,334 | 846,053,221 | 875,814,597 |
| Rhode Island College | 184,784,139 | 158,803,737 | 225,778,545 | 186,154,165 | 190,196,194 |
| Community College of Rhode Island | 164,059,572 | 155,502,593 | 231,742,795 | 190,986,996 | 195,711,569 |
| Rhode Island Council on the Arts | 3,339,291 | 3,963,909 | 5,261,293 | 4,598,297 | 4,058,765 |
| Rhode Island Atomic Energy Commission | 1,309,912 | 1,351,294 | 1,959,573 | 2,012,416 | 1,536,396 |
| Historical Preservation & Heritage Commission | 2,145,440 | 2,079,836 | 2,662,345 | 2,786,148 | 2,912,736 |
| Subtotal - Education | \$ 2,674,838,012 | \$ 2,773,789,869 | \$ 3,627,327,574 | \$ 3,060,995,586 | \$ 3,213,991,494 |
| Public Safety | | | | | |
| Office of Attorney General | \$ 34,645,643 | \$ 33,389,786 | \$ 35,798,361 | \$ 38,708,814 | \$ 40,503,027 |
| Department of Corrections | 257,819,446 | 247,308,151 | 245,921,150 | 261,545,866 | 250,656,965 |
| Judiciary | 122,732,902 | 115,918,933 | 130,425,354 | 137,846,505 | 140,314,039 |
| Military Staff | 31,377,195 | 22,726,449 | 41,224,771 | 47,682,785 | 46,997,278 |
| Rhode Island Emergency Management Agency | 78,934,793 | 41,275,678 | 22,534,686 | 37,019,045 | 37,111,828 |
| Department of Public Safety | 131,446,088 | 126,315,289 | 153,862,337 | 166,993,536 | 161,809,686 |
| Office of Public Defender | 12,211,072 | 12,301,419 | 13,507,264 | 14,312,702 | 14,634,150 |
| Subtotal - Public Safety | \$ 669,167,139 | \$ 599,235,705 | \$ 643,273,923 | \$ 704,109,253 | \$ 692,026,973 |
| Natural Resources | | | | | |
| Department of Environmental Management | \$ 84,311,076 | \$ 84,669,032 | \$ 107,920,372 | \$ 142,602,476 | \$ 123,577,644 |
| Coastal Resources Management Council | 5,617,682 | 4,354,930 | 5,460,276 | 6,155,198 | 7,407,579 |
| Subtotal - Natural Resources | \$ 89,928,758 | \$ 89,023,962 | \$ 113,380,648 | \$ 148,757,674 | \$ 130,985,223 |
| Transportation | | | | | |
| Department of Transportation | \$ 608,713,550 | \$ 588,687,675 | \$ 767,880,998 | \$ 811,087,770 | \$ 784,398,131 |
| Subtotal - Transportation | \$ 608,713,550 | \$ 588,687,675 | \$ 767,880,998 | \$ 811,087,770 | \$ 784,398,131 |
| Total: | \$ 11,017,709,293 | \$ 12,986,901,216 | \$ 13,120,812,306 | \$ 13,762,614,691 | \$ 12,825,015,028 |

Expenditures from General Revenue

| | FY 2020 | FY 2021 | FY 2022 Enacted | FY 2022 Revised | FY 2023 Recommend |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| General Government | | | | | |
| Department of Administration | \$ 219,395,027 | \$ 350,166,983 | \$ 196,032,533 | \$ 644,429,102 | \$ 224,631,464 |
| Department of Business Regulation | 15,696,311 | 15,221,380 | 19,239,606 | 20,790,554 | 22,949,009 |
| Executive Office of Commerce | 17,781,116 | 59,658,803 | 98,845,603 | 98,520,166 | 38,133,622 |
| Department of Labor and Training | 14,025,682 | 12,667,543 | 15,366,720 | 16,633,876 | 16,357,270 |
| Department of Revenue | 210,230,635 | 122,575,064 | 267,868,120 | 260,144,822 | 300,382,840 |
| General Assembly | 41,474,787 | 38,496,939 | 44,844,662 | 52,014,528 | 48,542,952 |
| Office of Lieutenant Governor | 1,142,644 | 1,002,553 | 1,199,161 | 1,263,354 | 1,353,568 |
| Secretary of State | 9,305,239 | 12,264,120 | 9,775,071 | 10,264,710 | 11,727,015 |
| Office of the General Treasurer | 2,965,894 | 3,437,549 | 3,228,310 | 3,413,127 | 3,558,632 |
| Board of Elections | 2,536,695 | 3,368,251 | 2,671,768 | 2,783,896 | 6,126,861 |
| Rhode Island Ethics Commission | 1,803,364 | 1,832,318 | 1,867,351 | 1,969,646 | 2,029,145 |
| Office of the Governor | 5,493,031 | 6,477,752 | 6,703,626 | 7,135,886 | 7,152,280 |
| Rhode Island Commission for Human Rights | 1,229,233 | 1,347,294 | 1,486,581 | 1,580,108 | 1,632,904 |
| Subtotal - General Government | \$ 543,079,658 | \$ 628,516,549 | \$ 669,129,112 | \$ 1,120,943,775 | \$ 684,577,562 |
| Health and Human Services | | | | | |
| Executive Office of Health and Human Services | \$ 896,330,862 | \$ 909,547,933 | \$ 1,100,190,655 | \$ 1,023,899,791 | \$ 1,163,179,267 |
| Department of Children, Youth, and Families | 170,737,334 | 166,024,587 | 193,284,942 | 195,690,266 | 200,369,523 |
| Department of Health | 38,272,941 | 207,495,584 | 31,030,190 | 33,225,823 | 32,752,820 |
| Behavioral Healthcare, Developmental Disabilities and Hospitals | 243,500,372 | 189,777,354 | 271,942,823 | 279,157,219 | 305,683,880 |
| Department of Human Services | 87,201,160 | 99,159,087 | 123,896,295 | 125,717,323 | 127,939,433 |
| Commission on the Deaf & Hard of Hearing | 496,574 | 575,032 | 655,862 | 699,765 | 716,876 |
| Governor's Commission on Disabilities | 996,864 | 834,299 | 1,090,710 | 1,118,123 | 1,141,489 |
| Office of the Child Advocate | 865,116 | 937,682 | 1,036,219 | 1,104,557 | 1,152,930 |
| Office of the Mental Health Advocate | 620,923 | 635,518 | 680,190 | 721,334 | 738,882 |
| Subtotal - Health and Human Services | \$ 1,439,022,146 | \$ 1,574,987,076 | \$ 1,723,807,886 | \$ 1,661,334,201 | \$ 1,833,675,100 |
| Education | | | | | |
| Elementary and Secondary Education | \$ 1,194,967,194 | \$ 1,280,130,108 | \$ 1,330,848,245 | \$ 1,333,374,881 | \$ 1,372,667,896 |
| Office of the Postsecondary Commissioner | 16,105,122 | 16,869,692 | 26,979,920 | 25,439,821 | 18,167,940 |
| University of Rhode Island | 112,716,710 | 109,533,078 | 115,332,755 | 120,194,762 | 121,735,645 |
| Rhode Island College | 54,144,918 | 57,878,556 | 64,133,153 | 65,930,610 | 67,238,885 |
| Community College of Rhode Island | 48,478,109 | 53,745,811 | 53,522,765 | 54,959,305 | 56,526,936 |
| Rhode Island Council on the Arts | 2,002,856 | 2,002,288 | 2,048,651 | 2,112,307 | 2,134,088 |
| Rhode Island Atomic Energy Commission | 1,002,739 | 1,004,579 | 1,076,170 | 1,139,351 | 1,146,763 |
| Historical Preservation & Heritage Commission | 1,351,210 | 1,382,358 | 1,390,704 | 1,462,059 | 1,572,452 |
| Subtotal - Education | \$ 1,430,768,858 | \$ 1,522,546,470 | \$ 1,595,332,363 | \$ 1,604,613,096 | \$ 1,641,190,605 |
| Public Safety | | | | | |
| Office of Attorney General | \$ 28,045,699 | \$ 28,341,623 | \$ 29,820,364 | \$ 32,022,145 | \$ 32,301,963 |
| Department of Corrections | 185,063,799 | 108,846,151 | 236,349,944 | 248,193,611 | 234,393,527 |
| Judiciary | 101,864,392 | 99,677,774 | 107,908,680 | 114,094,038 | 115,267,766 |
| Military Staff | 6,717,011 | 2,730,653 | 2,723,714 | 2,965,991 | 3,145,133 |
| Rhode Island Emergency Management Agency | 66,323,907 | 12,648,863 | 2,710,290 | 2,798,313 | 4,038,154 |
| Department of Public Safety | 77,870,708 | 43,129,414 | 120,604,312 | 123,920,921 | 113,379,333 |
| Office of Public Defender | 12,112,368 | 12,163,521 | 13,431,599 | 14,217,650 | 14,568,485 |
| Subtotal - Public Safety | \$ 477,997,884 | \$ 307,537,999 | \$ 513,548,903 | \$ 538,212,669 | \$ 517,094,361 |
| Natural Resources | | | | | |
| Department of Environmental Management | \$ 42,861,516 | \$ 42,594,248 | \$ 46,183,840 | \$ 70,791,943 | \$ 51,597,245 |
| Coastal Resources Management Council | 2,831,189 | 2,456,607 | 2,809,533 | 2,988,872 | 3,177,275 |
| Subtotal - Natural Resources | \$ 45,692,705 | \$ 45,050,855 | \$ 48,993,373 | \$ 73,780,815 | \$ 54,774,520 |
| Total | \$ 3,936,561,251 | \$ 4,078,638,949 | \$ 4,550,811,637 | \$ 4,998,884,556 | \$ 4,731,312,148 |

Expenditures from Federal Funds

| | FY 2020 | FY 2021 | FY 2022 Enacted | FY 2022 Revised | FY 2023 Recommend |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| General Government | | | | | |
| Department of Administration | \$ 107,478,549 | \$ 268,960,473 | \$ 275,440,907 | \$ 373,674,573 | \$ 265,997,831 |
| Department of Business Regulation | 2,180,159 | 3,869,737 | 306,000 | 498,339 | 3,191,150 |
| Executive Office of Commerce | 6,480,656 | 48,445,645 | 79,612,387 | 143,654,727 | 222,232,699 |
| Department of Labor and Training | 1,052,872,090 | 2,021,370,538 | 435,765,035 | 414,181,348 | 117,176,605 |
| Department of Revenue | 1,728,860 | 185,729,440 | 132,419,998 | 132,241,259 | 132,927,594 |
| General Assembly | 21,636 | 980,910 | - | - | - |
| Office of Lieutenant Governor | - | 624 | - | - | - |
| Secretary of State | 2,458,169 | 2,336,420 | 1,810,000 | 2,012,835 | 1,621,565 |
| Office of the General Treasurer | 1,067,635 | 548,285 | 730,909 | 774,763 | 773,245 |
| Board of Elections | 5,639 | - | - | - | - |
| Office of the Governor | 1,112,913 | 11,115 | - | 24,840 | - |
| Rhode Island Commission for Human Rights | 539,173 | 408,969 | 422,418 | 405,321 | 408,411 |
| Public Utilities Commission | 200,098 | 223,657 | 540,253 | 566,124 | 582,689 |
| Subtotal - General Government | \$ 1,176,145,577 | \$ 2,532,885,813 | \$ 927,047,907 | \$ 1,068,034,129 | \$ 744,911,789 |
| Health and Human Services | | | | | |
| Executive Office of Health and Human Services | \$ 1,645,506,467 | \$ 1,918,019,195 | \$ 2,054,881,356 | \$ 2,319,922,806 | \$ 2,068,159,491 |
| Department of Children, Youth, and Families | 79,351,997 | 78,402,658 | 81,456,413 | 93,349,912 | 92,320,948 |
| Department of Health | 112,011,353 | 217,978,570 | 368,284,737 | 475,829,565 | 282,519,401 |
| Behavioral Healthcare, Developmental Disabilities and Hospitals | 211,720,001 | 251,200,256 | 247,059,780 | 266,263,713 | 286,278,209 |
| Department of Human Services | 512,997,272 | 657,277,960 | 607,062,243 | 798,011,825 | 744,526,506 |
| Commission on the Deaf & Hard of Hearing | 46,056 | - | - | - | - |
| Governor's Commission on Disabilities | 458,709 | 429,040 | 380,316 | 378,658 | 378,658 |
| Office of the Child Advocate | 163,258 | 53,492 | 207,307 | 61,974 | 7,538 |
| Office of the Mental Health Advocate | - | - | - | - | 234,447 |
| Subtotal - Health and Human Services | \$ 2,562,255,113 | \$ 3,123,361,171 | \$ 3,359,332,152 | \$ 3,953,818,453 | \$ 3,474,425,198 |
| Education | | | | | |
| Elementary and Secondary Education | \$ 232,287,188 | \$ 281,247,844 | \$ 865,552,301 | \$ 396,213,470 | \$ 469,576,095 |
| Office of the Postsecondary Commissioner | 8,287,901 | 12,866,282 | 7,180,470 | 10,388,164 | 14,522,339 |
| University of Rhode Island | 4,471,400 | 38,207,670 | 31,102,250 | - | - |
| Rhode Island College | 6,967,912 | - | 34,573,206 | - | - |
| Community College of Rhode Island | 4,204,847 | - | 67,577,643 | 3,434,369 | 1,818,835 |
| Rhode Island Council on the Arts | 1,038,635 | 1,689,731 | 2,677,642 | 1,950,990 | 1,324,677 |
| Rhode Island Atomic Energy Commission | - | 143 | 477,000 | 477,000 | - |
| Historical Preservation & Heritage Commission | 642,863 | 585,246 | 697,162 | 741,889 | 759,283 |
| Subtotal - Education | \$ 257,900,746 | \$ 334,596,916 | \$ 1,009,837,674 | \$ 413,205,882 | \$ 488,001,229 |
| Public Safety | | | | | |
| Office of Attorney General | \$ 4,215,594 | \$ 2,622,863 | \$ 3,444,560 | \$ 3,639,889 | \$ 3,088,128 |
| Department of Corrections | 53,025,578 | 132,278,102 | 2,107,186 | 2,513,338 | 7,944,117 |
| Judiciary | 4,277,604 | 3,005,704 | 3,928,259 | 4,438,932 | 5,274,283 |
| Military Staff | 21,188,639 | 19,039,370 | 36,614,294 | 41,816,515 | 40,305,712 |
| Rhode Island Emergency Management Agency | 10,927,297 | 26,958,661 | 17,552,433 | 32,016,877 | 29,462,797 |
| Department of Public Safety | 42,974,376 | 73,469,559 | 17,464,330 | 23,423,530 | 18,252,780 |
| Office of Public Defender | 98,704 | 137,897 | 75,665 | 95,052 | 65,665 |
| Subtotal - Public Safety | \$ 136,707,792 | \$ 257,512,156 | \$ 81,186,727 | \$ 107,944,133 | \$ 104,393,482 |
| Natural Resources | | | | | |
| Department of Environmental Management | \$ 22,563,416 | \$ 26,345,310 | \$ 32,388,890 | \$ 35,539,294 | \$ 43,574,860 |
| Coastal Resources Management Council | 1,982,306 | 1,657,083 | 1,850,628 | 2,296,902 | 1,980,304 |
| Subtotal - Natural Resources | \$ 24,545,722 | \$ 28,002,393 | \$ 34,239,518 | \$ 37,836,196 | \$ 45,555,164 |
| Transportation | | | | | |
| Department of Transportation | \$ 317,509,124 | \$ 326,902,151 | \$ 451,046,525 | \$ 470,275,459 | \$ 453,752,574 |
| Subtotal - Transportation | \$ 317,509,124 | \$ 326,902,151 | \$ 451,046,525 | \$ 470,275,459 | \$ 453,752,574 |
| Total: | \$ 4,475,064,074 | \$ 6,603,260,600 | \$ 5,862,690,503 | \$ 6,051,114,252 | \$ 5,311,039,436 |

Expenditures from Restricted Receipts

| | FY 2020 | FY 2021 | FY 2022 Enacted | FY 2022 Revised | FY 2023 Recommend |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| General Government | | | | | |
| Department of Administration | \$ 32,650,278 | \$ 23,421,193 | \$ 45,798,133 | \$ 52,662,221 | \$ 82,745,121 |
| Department of Business Regulation | 5,325,946 | 5,513,688 | 6,519,509 | 6,603,992 | 12,141,456 |
| Executive Office of Commerce | 4,160,177 | 5,132,883 | 7,698,884 | 7,664,932 | 7,664,150 |
| Department of Labor and Training | 28,452,201 | 19,794,601 | 27,918,720 | 32,672,006 | 32,302,318 |
| Department of Revenue | 3,159,190 | 2,233,220 | 4,909,519 | 4,717,857 | 6,596,413 |
| General Assembly | 1,550,000 | 1,613,497 | 1,782,425 | 1,901,617 | 1,919,241 |
| Secretary of State | 475,518 | 1,104,646 | 472,148 | 639,872 | 545,197 |
| Office of the General Treasurer | 35,806,668 | 12,803,405 | 43,214,747 | 44,074,145 | 44,374,683 |
| Public Utilities Commission | 9,371,538 | 8,979,736 | 11,926,093 | 13,211,355 | 12,837,076 |
| Subtotal - General Government | \$ 120,951,516 | \$ 80,596,869 | \$ 150,240,178 | \$ 164,147,997 | \$ 201,125,655 |
| Health and Human Services | | | | | |
| Executive Office of Health and Human Services | \$ 61,939,907 | \$ 30,971,406 | \$ 40,690,447 | \$ 82,810,647 | \$ 53,978,003 |
| Department of Children, Youth, and Families | 1,868,198 | 1,633,354 | 1,487,111 | 1,760,568 | 1,780,439 |
| Department of Health | 42,480,962 | 45,833,537 | 70,930,376 | 81,581,368 | 57,316,468 |
| Behavioral Healthcare, Developmental Disabilities and Hospitals | 1,520,212 | 2,866,122 | 4,196,650 | 4,034,622 | 4,100,518 |
| Department of Human Services | 28,661,605 | 3,862,805 | 6,190,477 | 7,994,348 | 4,954,671 |
| Commission on the Deaf & Hard of Hearing | 131,369 | 180,041 | 162,802 | 80,320 | 100,000 |
| Governor's Commission on Disabilities | 19,642 | 3,225 | 59,455 | 70,425 | 84,235 |
| Subtotal - Health and Human Services | \$ 136,621,895 | \$ 85,350,490 | \$ 123,717,318 | \$ 178,332,298 | \$ 122,314,334 |
| Education | | | | | |
| Elementary and Secondary Education | \$ 32,132,770 | \$ 36,227,363 | \$ 46,702,937 | \$ 47,223,169 | \$ 47,621,163 |
| Office of the Postsecondary Commissioner | 1,052,880 | 1,815,677 | 3,485,642 | 3,747,622 | 4,010,406 |
| Community College of Rhode Island | 626,944 | 736,585 | 660,191 | 781,503 | 804,787 |
| Rhode Island Council on the Arts | 43,319 | 284 | 40,000 | 40,000 | 15,000 |
| Rhode Island Atomic Energy Commission | (23,599) | - | 25,036 | 25,036 | 25,036 |
| Historical Preservation & Heritage Commission | 20,074 | 19,983 | 424,100 | 424,588 | 424,100 |
| Subtotal - Education | \$ 33,852,388 | \$ 38,799,892 | \$ 51,337,906 | \$ 52,241,918 | \$ 52,900,492 |
| Public Safety | | | | | |
| Office of Attorney General | \$ 2,365,550 | \$ 2,401,041 | \$ 2,383,437 | \$ 2,893,248 | \$ 3,222,936 |
| Department of Corrections | 3,466,878 | 147,826 | 2,339,020 | 2,350,763 | 2,944,321 |
| Judiciary | 11,296,697 | 11,137,429 | 13,638,415 | 14,178,193 | 14,796,990 |
| Military Staff | 52,320 | - | 55,000 | 55,000 | 55,000 |
| Rhode Island Emergency Management Agency | 189,175 | 173,739 | 527,563 | 459,455 | 457,420 |
| Department of Public Safety | 5,965,021 | 5,669,123 | 8,515,325 | 9,794,498 | 10,569,095 |
| Subtotal - Public Safety | \$ 23,335,641 | \$ 19,529,158 | \$ 27,458,760 | \$ 29,731,157 | \$ 32,045,762 |
| Natural Resources | | | | | |
| Department of Environmental Management | \$ 12,439,629 | \$ 11,663,090 | \$ 17,101,791 | \$ 18,579,240 | \$ 17,645,663 |
| Coastal Resources Management Council | 265,189 | 220,000 | 250,000 | 250,000 | 250,000 |
| Subtotal - Natural Resources | \$ 12,704,818 | \$ 11,883,090 | \$ 17,351,791 | \$ 18,829,240 | \$ 17,895,663 |
| Transportation | | | | | |
| Department of Transportation | \$ 4,648,259 | \$ 1,293,528 | \$ 2,589,202 | \$ 4,692,654 | \$ 5,949,070 |
| Subtotal - Transportation | \$ 4,648,259 | \$ 1,293,528 | \$ 2,589,202 | \$ 4,692,654 | \$ 5,949,070 |
| Total: | \$ 332,114,517 | \$ 237,453,027 | \$ 372,695,155 | \$ 447,975,264 | \$ 432,230,976 |

Expenditures from Other Funds

| | FY 2020 | FY 2021 | FY 2022 Enacted | FY 2022 Revised | FY 2023 Recommend |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| General Government | | | | | |
| Department of Administration | \$ 74,406,027 | \$ 74,917,290 | \$ 77,898,472 | \$ 82,342,436 | \$ 101,614,362 |
| Department of Business Regulation | 410,497 | 64,921 | 67,928 | 71,220 | 219,727 |
| Executive Office of Commerce | 9,298,718 | 263,883 | 6,578,000 | 6,844,391 | 3,905,000 |
| Department of Labor and Training | 637,901,013 | 567,286,199 | 489,698,490 | 427,469,464 | 392,132,722 |
| Department of Revenue | 269,303,867 | 261,736,301 | 434,370,853 | 366,816,453 | 436,997,155 |
| Secretary of State | - | - | - | - | 170,000 |
| Office of the General Treasurer | 574,185 | 701,319 | 645,897 | 692,016 | 693,892 |
| Subtotal - General Government | \$ 991,894,307 | \$ 904,969,913 | \$ 1,009,259,640 | \$ 884,235,980 | \$ 935,732,858 |
| Health and Human Services | | | | | |
| Department of Children, Youth, and Families | \$ 104,386 | \$ 766,102 | \$ 250,000 | \$ 250,000 | \$ 1,000,000 |
| Department of Health | 398,705 | 195,649 | 600,000 | 600,000 | 400,000 |
| Behavioral Healthcare, Developmental Disabilities and Hospitals | 288,619 | 1,198 | 400,000 | 798,802 | 400,000 |
| Department of Human Services | 4,299,915 | 4,533,174 | 5,164,970 | 5,168,773 | 5,050,711 |
| Subtotal - Health and Human Services | \$ 5,091,625 | \$ 5,496,123 | \$ 6,414,970 | \$ 6,817,575 | \$ 6,850,711 |
| Education | | | | | |
| Elementary and Secondary Education | \$ 1,147,576 | \$ 748,277 | \$ 2,924,000 | \$ 3,202,794 | \$ 6,409,000 |
| Office of the Postsecondary Commissioner | 9,934,767 | 10,175,742 | 8,822,174 | 8,814,422 | 10,786,398 |
| University of Rhode Island | 706,096,150 | 664,266,766 | 720,992,329 | 725,858,459 | 754,078,952 |
| Rhode Island College | 123,671,309 | 100,925,181 | 127,072,186 | 120,223,555 | 122,957,309 |
| Community College of Rhode Island | 110,749,672 | 101,020,197 | 109,982,196 | 131,811,819 | 136,561,011 |
| Rhode Island Council on the Arts | 254,480 | 271,606 | 495,000 | 495,000 | 585,000 |
| Rhode Island Atomic Energy Commission | 330,771 | 346,572 | 381,367 | 371,029 | 364,597 |
| Historical Preservation & Heritage Commission | 131,293 | 92,249 | 150,379 | 157,612 | 156,901 |
| Subtotal - Education | \$ 952,316,018 | \$ 877,846,590 | \$ 970,819,631 | \$ 990,934,690 | \$ 1,031,899,168 |
| Public Safety | | | | | |
| Office of Attorney General | \$ 18,801 | \$ 24,259 | \$ 150,000 | \$ 153,532 | \$ 1,890,000 |
| Department of Corrections | 16,263,192 | 6,036,072 | 5,125,000 | 8,488,154 | 5,375,000 |
| Judiciary | 5,294,210 | 2,098,027 | 4,950,000 | 5,135,342 | 4,975,000 |
| Military Staff | 3,419,225 | 956,426 | 1,831,763 | 2,845,279 | 3,491,433 |
| Rhode Island Emergency Management Agency | 1,494,414 | 1,494,414 | 1,744,400 | 1,744,400 | 3,153,457 |
| Department of Public Safety | 4,635,982 | 4,047,193 | 7,278,370 | 9,854,587 | 19,608,478 |
| Subtotal - Public Safety | \$ 31,125,824 | \$ 14,656,391 | \$ 21,079,533 | \$ 28,221,294 | \$ 38,493,368 |
| Natural Resources | | | | | |
| Department of Environmental Management | \$ 6,446,515 | \$ 4,066,384 | \$ 12,245,851 | \$ 17,691,999 | \$ 10,759,876 |
| Coastal Resources Management Council | 538,998 | 21,241 | 550,115 | 619,424 | 2,000,000 |
| Subtotal - Natural Resources | \$ 6,985,513 | \$ 4,087,625 | \$ 12,795,966 | \$ 18,311,423 | \$ 12,759,876 |
| Transportation | | | | | |
| Department of Transportation | \$ 286,556,167 | \$ 260,491,996 | \$ 314,245,271 | \$ 336,119,657 | \$ 324,696,487 |
| Subtotal - Transportation | \$ 286,556,167 | \$ 260,491,996 | \$ 314,245,271 | \$ 336,119,657 | \$ 324,696,487 |
| Total | \$ 2,273,969,454 | \$ 2,067,548,638 | \$ 2,334,615,011 | \$ 2,264,640,619 | \$ 2,350,432,468 |

Full-Time Equivalent Positions

| | FY 2020 | FY 2021 | FY 2022 | FY 2022 Revised | FY 2023 |
|---|-----------------|-----------------|-----------------|--------------------|-----------------|
| General Government | | | | | |
| Department of Administration | 647.7 | 647.7 | 650.7 | 650.7 | 660.7 |
| Department of Business Regulation | 161.0 | 161.0 | 162.0 | 162.0 | 176.0 |
| Executive Office of Commerce | 14.0 | 14.0 | 16.0 | 16.0 | 21.0 |
| Department of Labor and Training | 390.7 | 425.7 | 462.7 | 461.7 | 461.7 |
| Department of Revenue | 602.5 | 602.5 | 570.5 | 570.5 | 575.5 |
| General Assembly | 298.5 | 298.5 | 298.5 | 298.5 | 298.5 |
| Office of Lieutenant Governor | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 |
| Secretary of State | 59.0 | 59.0 | 59.0 | 59.0 | 59.0 |
| Office of the General Treasurer | 89.0 | 89.0 | 89.0 | 89.0 | 90.0 |
| Board of Elections | 13.0 | 13.0 | 13.0 | 13.0 | 13.0 |
| Rhode Island Ethics Commission | 12.0 | 12.0 | 12.0 | 12.0 | 12.0 |
| Office of the Governor | 45.0 | 45.0 | 45.0 | 45.0 | 45.0 |
| Rhode Island Commission for Human Rights | 14.5 | 14.5 | 14.0 | 14.0 | 14.0 |
| Public Utilities Commission | 52.0 | 52.0 | 54.0 | 54.0 | 54.0 |
| Subtotal - General Government | 2,406.9 | 2,441.9 | 2,454.4 | 2,453.4 | 2,488.4 |
| Human Services | | | | | |
| Executive Office of Health and Human Services | 186.0 | 192.0 | 190.0 | 190.0 | 200.0 |
| Department of Children, Youth, and Families | 621.5 | 617.5 | 702.5 | 702.5 | 702.5 |
| Department of Health | 499.6 | 513.6 | 530.6 | 530.4 | 535.4 |
| Behavioral Healthcare, Developmental Disabilities and Hospitals | 1,189.4 | 1,188.4 | 1,190.4 | 1,190.4 | 1,201.4 |
| Department of Human Services | 1,038.1 | 1,038.1 | 1,047.1 | 1,047.0 | 1,047.0 |
| Commission on the Deaf & Hard of Hearing | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 |
| Governor's Commission on Disabilities | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 |
| Office of the Child Advocate | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 |
| Office of the Mental Health Advocate | 4.0 | 4.0 | 4.0 | 4.0 | 6.0 |
| Subtotal - Human Services | 3,556.6 | 3,571.6 | 3,682.6 | 3,682.3 | 3,710.3 |
| Education | | | | | |
| Elementary and Secondary Education | 325.1 | 325.1 | 326.1 | 326.1 | 328.1 |
| Office of the Postsecondary Commissioner | 31.0 | 31.0 | 33.0 | 33.0 | 37.0 |
| University of Rhode Island | 2,555.0 | 2,555.0 | 2,555.0 | 2,555.0 | 2,555.0 |
| Rhode Island College | 949.2 | 949.2 | 949.2 | 949.2 | 949.2 |
| Community College of Rhode Island | 849.1 | 849.1 | 849.1 | 849.1 | 849.1 |
| Rhode Island Council on the Arts | 8.6 | 8.6 | 9.6 | 9.6 | 9.6 |
| Rhode Island Atomic Energy Commission | 8.6 | 8.6 | 8.6 | 8.6 | 8.6 |
| Historical Preservation and Heritage Commission | 15.6 | 15.6 | 15.6 | 15.6 | 15.6 |
| Subtotal - Education | 4,742.2 | 4,742.2 | 4,746.2 | 4,746.2 | 4,752.2 |
| Public Safety | | | | | |
| Office of Attorney General | 239.1 | 239.1 | 247.1 | 247.1 | 249.1 |
| Department of Corrections | 1,411.0 | 1,411.0 | 1,424.0 | 1,424.0 | 1,427.0 |
| Judiciary | 726.3 | 726.3 | 726.3 | 726.3 | 733.3 |
| Military Staff | 92.0 | 92.0 | 92.0 | 92.0 | 93.0 |
| Rhode Island Emergency Management Agency | 32.0 | 32.0 | 33.0 | 33.0 | 33.0 |
| Department of Public Safety | 593.6 | 593.6 | 622.6 | 631.2 | 635.2 |
| Office of Public Defender | 96.0 | 96.0 | 99.0 | 99.0 | 99.0 |
| Subtotal - Public Safety | 3,190.0 | 3,190.0 | 3,244.0 | 3,252.6 | 3,269.6 |
| Natural Resources | | | | | |
| Department of Environmental Management | 394.0 | 394.0 | 401.0 | 401.0 | 410.0 |
| Coastal Resources Management Council | 30.0 | 30.0 | 30.0 | 30.0 | 31.0 |
| Subtotal - Natural Resources | 424.0 | 424.0 | 431.0 | 431.0 | 441.0 |
| Transportation | | | | | |
| Transportation | 755.0 | 755.0 | 755.0 | 755.0 | 755.0 |
| Subtotal - Transportation | 755.0 | 755.0 | 755.0 | 755.0 | 755.0 |
| Total Personnel Authorizations | 15,074.7 | 15,124.7 | 15,313.2 | 15,320.5 | 15,416.5 |

General Revenues as Recommended

| | FY 2020 Audited | FY 2021 Audited | FY 2022 Enacted | FY 2022 Revised | FY 2023 Recommended |
|---------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Personal Income Tax | \$ 1,405,508,489 | \$ 1,615,512,279 | \$ 1,549,365,915 | \$ 1,656,600,000 | \$ 1,703,364,337 |
| General Business Taxes | | | | | |
| Business Corporations | 148,605,498 | 201,788,847 | 179,009,821 | 209,900,000 | 202,487,862 |
| Public Utilities Gross Earnings | 108,634,550 | 93,474,936 | 101,000,000 | 94,300,000 | 94,600,000 |
| Financial Institutions | 44,612,484 | 34,856,030 | 26,900,000 | 35,700,000 | 31,100,000 |
| Insurance Companies | 130,470,984 | 131,446,789 | 138,010,715 | 137,500,000 | 139,542,293 |
| Bank Deposits | 3,325,216 | 3,818,574 | 3,500,000 | 3,800,000 | 3,800,000 |
| Health Care Provider Assessment | 42,600,286 | 35,121,483 | 38,829,212 | 37,200,000 | 38,471,307 |
| Sales and Use Taxes | | | | | |
| Sales and Use | 1,167,418,649 | 1,341,467,185 | 1,305,200,000 | 1,432,000,000 | 1,462,036,598 |
| Motor Vehicle | 937,239 | 681,739 | 1,000,000 | 1,000,000 | 1,000,000 |
| Cigarettes | 137,604,201 | 159,713,136 | 156,000,000 | 153,800,000 | 148,500,000 |
| Alcohol | 20,235,117 | 22,200,641 | 22,400,000 | 23,200,000 | 23,700,000 |
| Cannabis | | | | | 589,408 |
| Controlled Substances | 4,813 | 5,043 | | | |
| Other Taxes | | | | | |
| Estate and Transfer | 55,290,559 | 42,986,729 | 45,000,000 | 39,800,000 | 45,200,000 |
| Racing and Athletics | 820,669 | 404,040 | 1,000,000 | 500,000 | 800,000 |
| Realty Transfer | 13,925,095 | 17,774,576 | 18,769,806 | 20,500,000 | 21,400,000 |
| Total Taxes | \$ 3,279,993,849 | \$ 3,701,252,027 | \$ 3,585,985,469 | \$ 3,845,800,000 | \$ 3,916,591,805 |
| Departmental Receipts | \$ 434,973,609 | \$ 402,634,288 | \$ 422,313,579 | \$ 419,263,000 | \$ 420,872,122 |
| Taxes and Departmentals | \$ 3,714,967,458 | \$ 4,103,886,315 | \$ 4,008,299,048 | \$ 4,265,063,000 | \$ 4,337,463,927 |
| Other Sources | | | | | |
| Other Miscellaneous | 52,794,681 | 9,619,381 | 12,377,299 | 17,200,000 | 10,000,000 |
| Lottery | 283,870,548 | 301,803,081 | 375,860,000 | 393,300,000 | 391,100,000 |
| Unclaimed Property | 12,080,719 | 16,269,787 | 14,200,000 | 14,700,000 | 11,800,000 |
| Other Sources | \$ 348,745,948 | \$ 327,692,249 | \$ 402,437,299 | \$ 425,200,000 | \$ 412,900,000 |
| Total General Revenues | \$ 4,063,713,406 | \$ 4,431,578,564 | \$ 4,410,736,347 | \$ 4,690,263,000 | \$ 4,750,363,927 |

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

Changes to FY 2022 Enacted Revenue Estimates

| | FY 2022 Enacted | November REC Consensus Changes | Changes to Adopted Estimates | Total |
|--------------------------------------|-------------------------|-----------------------------------|---------------------------------|-------------------------|
| Personal Income Tax | \$ 1,549,365,915 | \$ 107,234,085 | \$ - | \$ 1,656,600,000 |
| General Business Taxes | | | | |
| Business Corporations | \$ 179,009,821 | \$ 30,890,179 | \$ - | \$ 209,900,000 |
| Public Utilities Gross | 101,000,000 | (6,700,000) | - | 94,300,000 |
| Financial Institutions | 26,900,000 | 8,800,000 | - | 35,700,000 |
| Insurance Companies | 138,010,715 | (510,715) | - | 137,500,000 |
| Bank Deposits | 3,500,000 | 300,000 | - | 3,800,000 |
| Health Care Provider | 38,829,212 | (1,629,212) | - | 37,200,000 |
| Sales and Use Taxes | | | | |
| Sales and Use | \$ 1,305,200,000 | \$ 126,800,000 | \$ - | \$ 1,432,000,000 |
| Motor Vehicle | 1,000,000 | - | - | 1,000,000 |
| Cigarettes | 156,000,000 | (2,200,000) | - | 153,800,000 |
| Alcohol | 22,400,000 | 800,000 | - | 23,200,000 |
| Other Taxes | | | | |
| Estate and Transfer | \$ 45,000,000 | \$ (5,200,000) | \$ - | \$ 39,800,000 |
| Racing and Athletics | 1,000,000 | (500,000) | - | 500,000 |
| Realty Transfer | 18,769,806 | 1,730,194 | - | 20,500,000 |
| Total Taxes | \$ 3,585,985,469 | \$ 259,814,531 | \$ - | \$ 3,845,800,000 |
| Departmental Receipts | \$ 422,313,579 | \$ (3,113,579) | \$ 63,000 | \$ 419,263,000 |
| Total Taxes and Departmentals | \$ 4,008,299,048 | \$ 256,700,952 | \$ 63,000 | \$ 4,265,063,000 |
| Other Sources | | | | |
| Other Miscellaneous | \$ 12,377,299 | \$ (1,077,299) | \$ 5,900,000 | \$ 17,200,000 |
| Lottery | 375,860,000 | 17,440,000 | - | 393,300,000 |
| Unclaimed Property | 14,200,000 | 500,000 | - | 14,700,000 |
| Other Sources | \$ 402,437,299 | \$ 16,862,701 | \$ 5,900,000 | \$ 425,200,000 |
| Total General Revenues | \$ 4,410,736,347 | \$ 273,563,653 | \$ 5,963,000 | \$ 4,690,263,000 |

Changes to FY 2023 Adopted Revenue Estimates

| | Revenue Estimating Conference Estimates | Changes to Adopted Estimates | Total |
|--------------------------------------|--|---------------------------------|-------------------------|
| Personal Income Tax | \$ 1,704,100,000 | \$ (735,663) | \$ 1,703,364,337 |
| General Business Taxes | | | |
| Business Corporations | \$ 203,300,000 | \$ (812,138) | \$ 202,487,862 |
| Public Utilities Gross | 94,600,000 | - | 94,600,000 |
| Financial Institutions | 31,100,000 | - | 31,100,000 |
| Insurance Companies | 139,400,000 | 142,293 | 139,542,293 |
| Bank Deposits | 3,800,000 | - | 3,800,000 |
| Health Care Provider | 38,300,000 | 171,307 | 38,471,307 |
| Sales and Use Taxes | | | |
| Sales and Use | \$ 1,462,000,000 | \$ 36,598 | \$ 1,462,036,598 |
| Motor Vehicle | 1,000,000 | | 1,000,000 |
| Cigarettes | 148,500,000 | - | 148,500,000 |
| Alcohol | 23,700,000 | - | 23,700,000 |
| Cannabis | | 589,408 | 589,408 |
| Other Taxes | | | |
| Estate and Transfer | \$ 45,200,000 | \$ - | \$ 45,200,000 |
| Racing and Athletics | 800,000 | - | 800,000 |
| Realty Transfer | 21,400,000 | - | 21,400,000 |
| Total Taxes | \$ 3,917,200,000 | \$ (608,195) | \$ 3,916,591,805 |
| Departmental Receipts | \$ 252,400,000 | \$ 168,472,122 | \$ 420,872,122 |
| Total Taxes and Departmentals | \$ 4,169,600,000 | \$ 167,863,927 | \$ 4,337,463,927 |
| Other Sources | | | |
| Other Miscellaneous | \$ 10,700,000 | \$ (700,000) | \$ 10,000,000 |
| Lottery | 391,100,000 | - | 391,100,000 |
| Unclaimed Property | 11,800,000 | - | 11,800,000 |
| Other Sources | \$ 413,600,000 | | |

General Revenue Changes to Adopted Estimates

| FY 2022 | Governor Recommend |
|---|-------------------------------|
| <u>Departmental Receipts</u> | |
| <i>Licenses and Fees</i> | |
| DBR: Increased Banking Fee Assessment to Cover Staff Upgrades | \$ 23,000 |
| DBR: Increased Insurance Examination Fee Assessment to Cover Staff Upgrades | 40,000 |
| <i>Subtotal: Licenses and Fees</i> | \$ 63,000 |
| <i>Subtotal: Departmental Receipts</i> | \$ 63,000 |
| <u>Other Sources</u> | |
| <i>Other Miscellaneous Revenues</i> | |
| Shift Bond Refunding Payment from FY 2021 to FY 2022 | \$ 5,900,000 |
| <i>Subtotal: Other Miscellaneous Revenues</i> | \$ 5,900,000 |
| <i>Subtotal: Other Sources</i> | \$ 5,900,000 |
| FY 2023 Total General Revenue Changes | \$ 5,963,000 |

General Revenue Changes to Adopted Estimates

| FY 2023 | Governor Recommend |
|--|-----------------------|
| <u>Taxes</u> | |
| <u>Personal Income Tax</u> | |
| <i>Final Payments</i> | |
| Phase-Out of Military Pensions from Adjusted Gross Income, 20% Per Year Starting in Tax Year 2023 | \$ (735,663) |
| <i>Subtotal: Final Payments</i> | \$ (735,663) |
| <i>Subtotal: Personal Income Tax</i> | \$ (735,663) |
| <u>General Business Taxes</u> | |
| <i>Business Corporations Tax</i> | |
| Reduce Corporate Minimum Tax from \$400 to \$375 | \$ (812,138) |
| <i>Subtotal: Business Corporations Tax</i> | \$ (812,138) |
| <i>Insurance Companies Gross Premiums</i> | |
| <i>Health Maintenance Organizations</i> | |
| Postpartum Coverage Extension | \$ 103,500 |
| Cover All Kids Initiative | 31,584 |
| Increase Meals on Wheels Rates | 7,209 |
| <i>Subtotal: Health Maintenance Organizations</i> | \$ 142,293 |
| <i>Subtotal: Insurance Companies Gross Premiums Tax</i> | \$ 142,293 |
| <i>Health Care Provider Assessment</i> | |
| <i>Nursing Homes</i> | |
| Nursing Homes Alternative Rate Adjustment | \$ 171,307 |
| <i>Subtotal: Nursing Homes</i> | \$ 171,307 |
| <i>Subtotal: Health Care Provider Assessment</i> | \$ 171,307 |
| <i>Subtotal: General Business Taxes</i> | \$ (498,538) |
| <u>Sales and Excise Taxes</u> | |
| <i>Sales and Use Tax</i> | |
| Adult-Use Cannabis Sales and Use Tax Collections (11.0% GR share in FY 23, 60% GR share after) | 181,685 |
| Exempt Trade-In Value of Motorcycles from Sales and Use Tax | (145,087) |
| <i>Subtotal: Sales and Use Tax</i> | \$ 36,598 |
| <i>Cannabis</i> | |
| <i>Cultivator Excise Tax</i> | |
| Impose a Weight-Based Excise Tax on All Cannabis (11% GR share in FY 23, 60% GR share after) | \$ 329,858 |
| <i>Subtotal: Cultivator Excise Tax</i> | \$ 329,858 |
| <i>Retail Excise Tax</i> | |
| Impose a 10 Percent Retail Excise Tax on Adult-Use Cannabis Sales (11% GR share in FY 23, 60% GR share after) | \$ 259,550 |
| <i>Subtotal: Retail Excise Tax</i> | \$ 259,550 |
| <i>Subtotal: Cannabis</i> | \$ 589,408 |
| <i>Subtotal: Sales and Excise Taxes</i> | \$ 626,006 |
| Subtotal: All Taxes | \$ (608,195) |

General Revenue Changes to Adopted Estimates

Departmental Receipts

Licenses and Fees

| | | |
|--|-----------|--------------------|
| Establish a 5.725% Hospital Licensing Fee on HFY 2020 Base | \$ | 170,246,830 |
| DBR: Adult-Use Cannabis Licensing Fees (11% GR Share in FY 23, 60% GR Share FY 24+) | | 418,881 |
| RIDOH: New Cottage Food License of \$65 | | 12,610 |
| DBR: Increased Banking Fee Assessment to Cover Staff Upgrades | | 25,000 |
| DBR: Increased Insurance Examination Fee Assessment to Cover Staff Upgrades | | 42,000 |
| DEM: New Site Remediation Fee of \$500 | | 27,000 |
| DEM: New Leaking Underground Storage Tank Fee of \$500 | | 20,000 |
| DEM: Air Minor Source Permit Fee Increase from \$1,271 to \$2,500 | | 39,328 |
| DEM: Air General Permit Fee Increase from \$1,271 to \$2,500 | | 70,053 |
| DEM: General RI Pollutant Discharge Elimination System Permit Fee Increase from \$400 to \$600 | | 7,000 |
| DEM: Freshwater Wetlands Preliminary Determination Fee Increase from \$1,000 to \$1,070 | | 15,470 |
| DEM: Water Quality Certification Fee Increase from \$400 to \$428 | | 672 |
| DEM: Onsite Wastewater Treatment System New Building Fee Increase from \$1,000 to \$1,070 | | 42,770 |
| DEM: Onsite Wastewater Treatment System Variance Fee Increase from \$300 to \$321 | | 1,008 |
| DEM: Onsite Wastewater Treatment System Repairs Fee Increase from \$500 to \$535 | | 48,615 |
| DEM: Underground Injection Control Fee Increase from \$400 to \$428 | | 2,296 |
| DEM: New Resubmission Fee Assessment of \$1,000 | | 50,000 |
| DEM: New Fee for Annual Compliance Inspections of \$500 | | 250,000 |
| <i>Subtotal: Licenses and Fees</i> | \$ | 171,319,533 |

Fines and Penalties

| | | |
|---|-----------|--------------------|
| DOR: Reduce Interest Rate to 12% for Delinquent Tax Payments | \$ | (2,485,363) |
| Judiciary: Reduced Court Fees Related to Marijuana Conviction Expungement | | (362,048) |
| <i>Subtotal: Fines and Penalties</i> | \$ | (2,847,411) |
| <i>Subtotal: Departmental Receipts</i> | \$ | 168,472,122 |

Other Sources

Other Miscellaneous Revenues

| | | |
|--|-----------|------------------|
| Reduced Medical Marijuana Surplus Revenue Transfer Due to Upgrades to DBR Licensing System | \$ | (700,000) |
| <i>Subtotal: Other Miscellaneous Revenues</i> | \$ | (700,000) |
| <i>Subtotal: Other Sources</i> | \$ | (700,000) |

FY 2023 Total General Revenue Changes **\$ 167,163,927**

EXECUTIVE SUMMARY
APPENDIX B
FIVE-YEAR
FINANCIAL PROJECTION

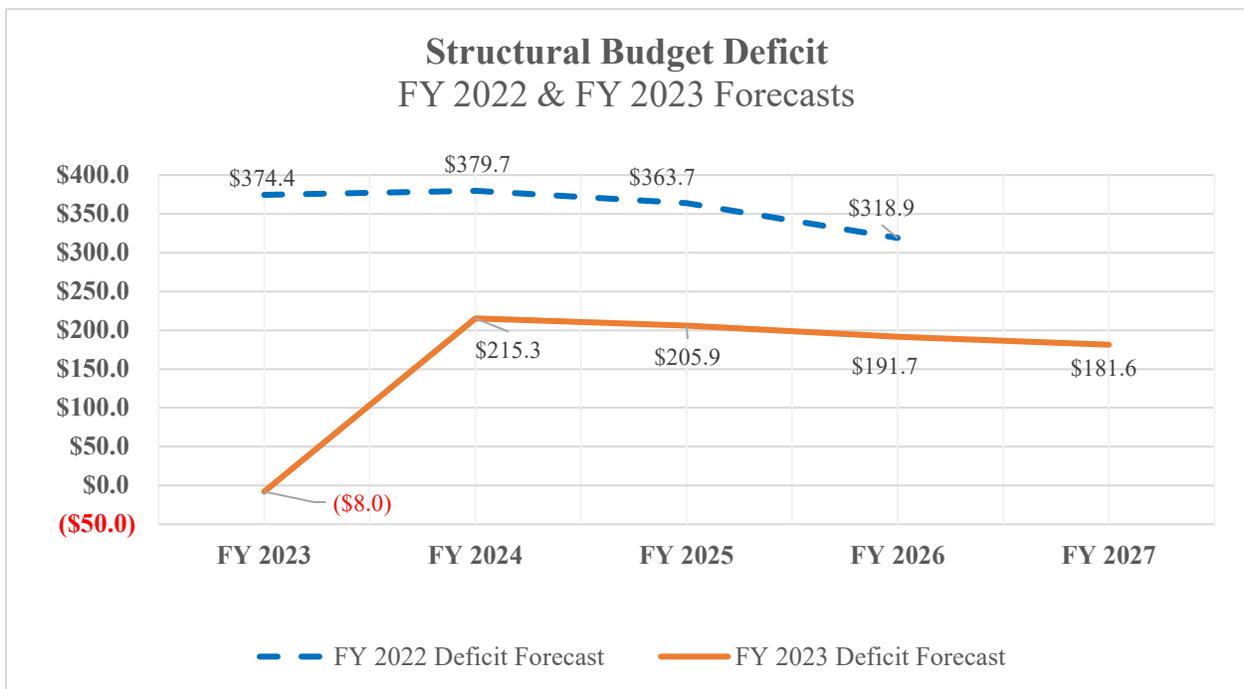
FY 2023 – FY 2027 OVERVIEW

Summary

This five-year financial projection has been prepared pursuant to R.I.G.L. § 35-3-1. It includes tables that present anticipated revenues and expenditures for the five fiscal years ending in June 2027. Also included are tables that provide detail on the planning values used in these projections. The planning values reflect policy assumptions, as well as economic and demographic forecasts.

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

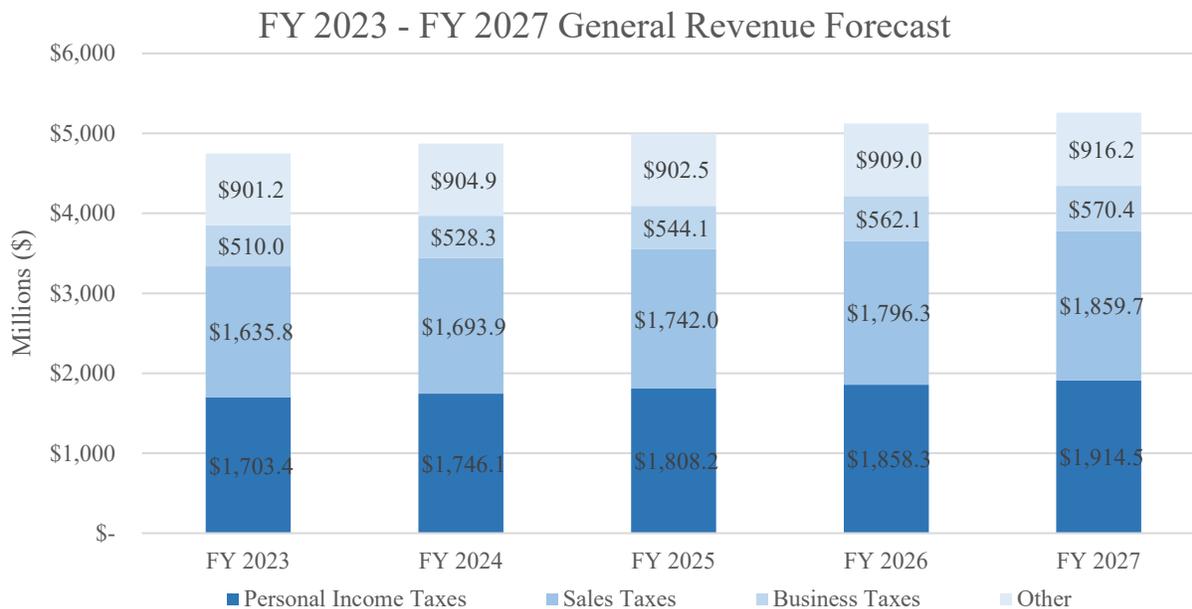
According to the appropriations levels recommended in the Governor’s budget submission, the Budget Office projects a closing surplus in FY 2023 of \$8.0 million. In FY 2024 through FY 2027, expenditures will exceed revenues in each of the out-years projected through FY 2027. In percentage terms, the deficits are projected to range from 4.6 percent of spending in FY 2024 to 2.4 percent of spending in FY 2027. The \$215.3 million projected deficit in FY 2024 reflects the assumption that much of the federal support, general revenue surplus, and other one-time strategies used to solve the FY 2023 deficit will be exhausted. The enactment of any new federal stimulus would change that assumption. Inflation, as measured by the United States consumer price index for all urban consumers (CPI-U), is expected to grow at an average annual rate of 2.8 percent over this same period.



FY 2023 – FY 2027 OVERVIEW

Revenue

The revenue projections contained in the five-year forecast incorporate the Governor’s proposed FY 2023 general revenue changes to the estimates adopted at the November 2021 Revenue Estimating Conference. Overall revenues are expected to grow from \$4.751 billion in FY 2023 to \$5.261 billion in FY 2027.



Personal Income Taxes: The five-year projected personal income tax revenue is estimated to grow by an average of 2.9 percent annually over this period. This growth is largely driven by strong income tax withholding payments, averaging 4.1 percent annual growth, as the state’s job market continues to rebound from the early pandemic losses. Estimated and final payments, often attributable to individuals who receive income from capital gains, are expected to show lower growth in the near term and higher growth in the long term.

Sales Taxes: Average growth across all sales and excise taxes is estimated at 2.9 percent annually over FY 2023 through FY 2027. Sales and use tax, the largest component of all sales taxes, is expected to be weaker in FY 2023, growing at 2.1 percent (compared to 6.7 percent in FY 2022). It is likely that consumers will return to (generally untaxable) service sector consumption and a reduce durable goods spending. Many consumers have accelerated goods purchases into FY 2020 and FY 2021 due to both the inability to consume services and robust federal stimulus payments.

Sales taxes are boosted by the proposed introduction of adult-use cannabis tax revenue in FY 2023. After an expected April 2023 start of retail sales, FY 2024 is the first full year of a legal adult-use marijuana market. The Governor’s adult-use cannabis legalization proposal transfers 60 percent of revenue to the state’s general fund. This revenue is made up of a weight-based excise taxes on marijuana cultivation and a percentage excise tax on retail sales, along with the state’s standard 7 percent sales tax. This revenue, including additional fees from licensees in the adult-use marijuana market, is expected to yield the state \$16.9 million of general revenue in FY 2024.

Business Taxes: Average growth across all business taxes is estimated at 1.9 percent annually over FY 2023 through FY 2027. Corporate income tax is expected to hit an all-time high in FY 2022, in part driven by the tax on forgiven Paycheck Protection Program loan amounts above \$250,000. After negative growth in FY 2023, corporate income tax is expected to see 4.8 percent growth over the remaining four years of the forecast period. The other business taxes, which are generally gross receipts taxes, are expected to show lower average growth between FY 2023 and FY 2027.

FY 2023 – FY 2027 OVERVIEW

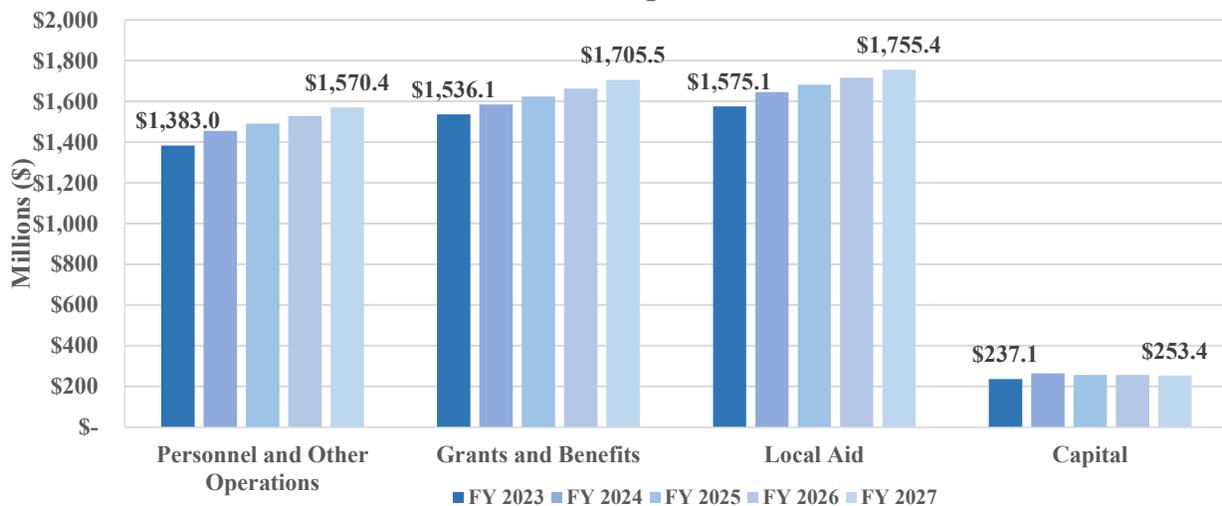
One revenue impact in the forecast is the Small Business Development Fund (SBDF). This program, passed by the General Assembly in 2019, allows up to \$65 million in investment in small businesses against which \$42 million in tax credits can be claimed. The state has approved \$20 million in investments, or \$12.9 million in tax credits, through the end of CY 2021. The forecast assumes those initial credits begin to be redeemed in FY 2024, with an annual revenue loss of \$4.3 million through FY 2026. The Governor’s recommended budget includes reforms to the SBDF program with the goal of increasing utilization. These reforms are expected to double this annual revenue loss, starting in FY 2027. This revenue impact is assumed to occur against insurance companies tax, although changes in the Governor’s budget allow these credits to be used against multiple tax types.

Other Taxes/Other Sources: The largest single category in other sources of revenue is the lottery transfer, which is expected to grow at -0.6 percent in FY 2023, despite what is expected to be a full year of normal operations. Competition from sports betting in Connecticut, which began in September 2021, accounts for this decline. Connecticut sports betting is expected to lower video lottery terminal (VLT) revenue by 0.9 percent, table game revenue by 1.4 percent, and sports betting revenue by 1.5 percent. Average annual growth in lottery receipts between FY 2024 and FY 2027 is 0.2 percent, as some strength in table games and sports betting is offset by a structural decline in VLT activity. This long-term forecast does not assume any changes to the gaming environment, such as sports betting in Massachusetts or a tribal casino in East Taunton, Massachusetts.

Expenditures

The expenditure projections contained in the five-year forecast incorporate the Governor’s FY 2023 proposed expenditures. Overall expenditures are expected to grow by 11.7 percent from \$4.731 billion in FY 2023 to \$5.285 billion in FY 2027, an average annual growth rate of 2.8 percent.

FY 2023 - FY 2027 Expenditure Forecast



Personnel and Other Operations

The current five-year forecast assumes 3.2 percent average growth with \$1.383 billion of personnel and operating costs in FY 2023 and \$1.570 billion in FY 2027. Salary costs are projected to grow 9.7 percent from FY 2023 to FY 2027 at an average annual rate of 2.4 percent.

FY 2023 – FY 2027 OVERVIEW

Two factors dampen reductions in this category:

- **COLA and Extra Payment:** The wage projections contained in the personnel estimates include a 2.5% cost-of-living adjustment for the final year (FY 2024) of the four-year labor contract negotiated in 2021 for all covered state employees. Combined, the cost-of-living adjustment grows wages by 10.0% by the end of the contract on June 30, 2024. The FY 2024 through FY 2027 projections do not include any additional retention payments as negotiated under the contract, which are assumed to be paid out to union only employees in FY 2022 (\$1,500) and FY 2023 (\$1,500).
- **Savings Initiatives and Cost Drivers:** Also included in this category are the projected impacts of policy initiatives of a non-recurring or variable nature. Among other assumptions, the forecast assumes costs including backfilling federal stimulus funds for childcare in the amount of approximately \$21.8 million annually beginning in FY 2024, costs associated with State Police Training Academy for 40.0 Troopers in FY 2024 of \$5.1 million, and an increment of \$12.6 million for advancing DDO provider wages to \$20 per hour in FY 2024 and thereafter. These increases are partially offset by various decreases in expenditures including an assumption that \$15.0 million budgeted in FY 2023 for FEMA Reserve and Contingency will be non-recurring; a reduction of approximately \$27.9 million in FY 2024 and following which captures the net impact of annualizing the costs associated with the state psychiatric hospital and federal reimbursement at Eleanor Slater Hospital; a reduction of \$4.2 million in FY 2024 for the assumption that the DD Transformation Fund budgeted within BHDDH will not recur; approximately \$6 million in savings in FY 2025 and thereafter resulting from the one-time contribution to ERSRI; and modest operating savings resulting from improvements to utility infrastructure at the Pastore Campus reaching \$1.2 million annually by the end of the forecast period. Furthermore, the forecast assumes that a one-time cost of \$2.0 million for a comprehensive personnel study will not be needed in future years.

Grants and Benefits

Grants and benefits are projected to increase by an average annual rate of 2.6 percent from \$1.536 billion in FY 2023 to \$1.705 billion in FY 2027. This growth rate results in an increase of \$169.4 million in this category of spending over the five-year horizon. This forecast generally assumes that major federal block grants for major programs such as Rhode Island Works program will continue at current levels, and that Medicaid matching rates (FMAP) will remain close to those in effect for FY 2023 excluding any additional enhancements.

The forecast projects that programs administered by the Executive Office of Health and Human Services and the Department of Human Services, primarily Medicaid, will experience average growth of 2.6 percent annually, rising from \$1.153 billion in FY 2023 to \$1.281 billion in FY 2027. The growth rates used in the five-year forecast were derived from Medicaid expenditure projections released by the Centers for Medicaid and Medicare Services in March 2020. The forecast also incorporates state and federal policy changes.

There are several main policy changes that impact the health and human services program forecast:

- Current federal law regarding the Disproportionate Share Hospital (DSH) payment includes a scheduled phase down to occur in federal fiscal year 2024 (state FY 2025). The Budget Office calculates that this federal action would result in a \$35.4 million reduction general revenue obligations in state FY 2025 and following. However, given the fact that such a change in federal policy may result in unpredictable secondary impacts, the Budget Office considered it to be a more neutral fiscal assumption to assume that the DSH payment would continue at substantially its current level throughout the entirety of the forecast period.
- This forecast assumes that the declared state of Public Health Emergency (PHE) continues through the third quarter of state FY 2022 consistent with the assumptions of conferees at the November

FY 2023 – FY 2027 OVERVIEW

2021 Caseload Estimating Conference. The PHE declaration by the U.S. Department of Health and Human Services has the impact of continuing the 6.2 percentage points enhanced-FMAP provided under the Families First Coronavirus Response Act (FFCRA) as well as policy provisions including a pause in eligibility redetermination activity pursuant to a continuous eligibility requirement. Discussion of the impact of a potential extension of the PHE declaration is noted in *Risks* below.

- The other policy changes represent items in the Governor’s FY 2023 budget. Beginning in FY 2023, the Governor recommends investing in the Extension of Postpartum Coverage. This initiative is expected to increase over the FY 2023 budget by \$2.0 million in FY 2024 to \$2.8 million in FY 2025. Growth is expected to level out in subsequent years. Additionally, the FY 2023 budget proposes an initiative to “Cover All Kids” that would extend the full benefit of medical assistance to children who would otherwise be eligible for Medicaid, but not for their immigration status. This is expected to cost the state an additional \$1.4 million in FY 2024 and then an additional \$255,000 in the subsequent years.

There are several programs within health and human services spending that have cost trends above the average for the overall categories. Hospital spending is expected to experience average annual growth of 6.5 percent from FY 2024 through FY 2027. Cost trends in institutional long-term care include an average annual growth rate of 4.2 percent from FY 2024 through FY 2027. For home care, the growth rate over the forecast horizon is estimated at 7.4 percent.

The forecast assumes that eligibility and economic influences on RI Works/Child Care caseloads will result in increases in costs of approximately 2.2 percent annually. It is assumed that federal Temporary Assistance for Needy Families resources will remain sufficient to meet the entire cost of the RI Works program throughout the forecast horizon. Supplemental Security Income payments are forecasted to grow at an average rate of 0.5 percent throughout the five-year period.

The general revenue expenditures within the Services for the Developmentally Disabilities Private System are projected to increase from \$158.5 million in FY 2023 to \$172.2 million in FY 2027, an increase of 2.1% annually. Cost trends for general revenue state match expenditures to the Medicaid, Title IV-E, and other grant programs in the Department of Children, Youth and Families are projected to grow from \$109.4 million to \$118.9 million between FY 2023 and FY 2027, an increase of 2.1 percent.

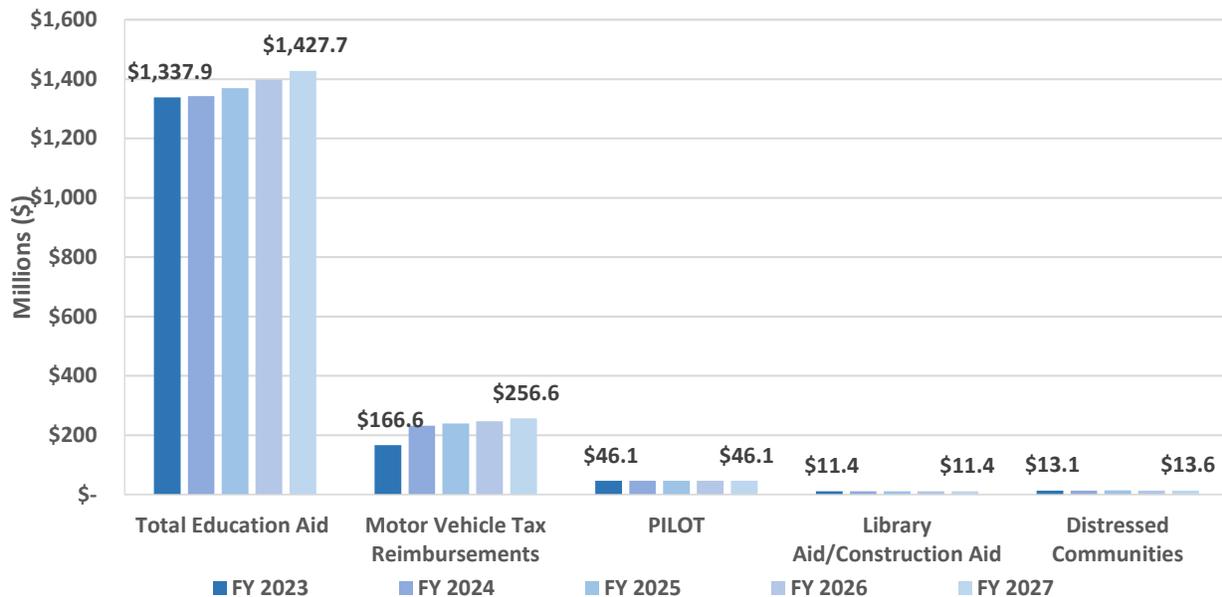
There are several factors that could significantly impact expenditures health and human services spending during the forecast period. These include changes in federal policy; general economic conditions that negatively impact Rhode Islanders; the aging of caregivers; the aging of the existing population; and greater public awareness of the availability and, therefore, the utilization of services.

Local Aid

The current five-year forecast assumes 11.4 percent total growth with \$1.575 billion of local aid in FY 2023 and \$1.755 billion in FY 2027. This represents an average annual growth rate of 2.8 percent. It should be noted that this forecast assumes that all education and local aid streams are funded with general revenue and makes no assumptions about the use of future federal funding.

FY 2023 – FY 2027 OVERVIEW

FY 2023 - FY 2027 Local Aid Expenditure Forecast



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

Within the category Total Education Aid, the Education Aid program is expected to increase from \$1.045 billion in FY 2023 to \$1.074 billion in FY 2027. The five-year forecast assumes annual growth of the base educational aid funding formula ranging from 1.22 percent to 3.72 percent from FY 2023 through FY 2026 which reflects projected changes in population and inflation. Population growth in the K-12 student demographic is expected to decline modestly, but this is offset by inflation assumptions. According to IHS Markit data provided to the state in support of the Consensus Economic Forecast, the average annual population growth for Rhode Islanders ages 5-19 is equal to -0.6 percent during the forecast period. Another cost driver of total aid is the School Construction Aid Program which will exceed its historical \$80 million appropriation for the first time in FY 2023 and grow to \$115.0 million of projected costs by FY 2027. These appropriations are separate and additional to debt service on School Construction Program bonds, referenced in the next section.

State contributions for teachers' retirement are projected to increase from \$130.9 million in FY 2023 to \$162.3 million in FY 2027. The forecast uses the FY 2023 anticipated growth of 5.5 percent as the assumed annual growth through FY 2027.

Under current law, the Motor Vehicle Excise Tax Phase-out program is scheduled to fully eliminate the motor vehicle excise tax such that no tax remains in FY 2024. Therefore, the five-year projection contains a significant increase in FY 2024 to advance the final step of the phase-out, followed by more modest increases pegged to growth in the sales tax base thereafter. The total aid for the Motor Vehicle Excise Tax Phase-Out program is estimated to be \$166.6 million in FY 2023, \$232.0 million in FY 2024, \$239.2 million in FY 2025, \$247.2 million in FY 2026, and \$256.6 million in FY 2027, an increase of \$90.0 million over the forecast period.

FY 2023 – FY 2027 OVERVIEW

Capital

The projection of capital project disbursements and debt service costs reflects updated debt service projections as included in the FY 2023 – FY 2027 Capital Improvement Program. General-revenue-funded debt service on all tax-supported obligations is projected to increase from \$237.1 million in FY 2023 to \$253.4 million in FY 2027, an increase of 6.9 percent.

Growth in debt service is driven by its largest component, General Obligation Bonds. This category is expected to increase by 23.0 percent, from \$159.3 million in FY 2023 to \$196.0 million in FY 2027. Debt service associated with the School Construction Program bonds is a significant factor in this increase, as is the new \$400 million in general obligation bonds approved by voters on March 2, 2021. This growth is offset by decreases to debt service related to the Historic Preservation Tax Credit program and outstanding Certificates of Participation.

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

Risks

Over the past three fiscal years, the COVID-19 pandemic has generated considerable uncertainty and variability with respect to the state's fiscal outlook. For example, general revenue estimates hit a recent trough at the May 2020 Revenue Estimating Conference (REC) when conferees estimated \$3.736 billion in total general revenue in FY 2021. FY 2021 audited general revenue came in at \$4.432 billion, far exceeding that initial dire forecast. Since that time, the November 2021 REC revised the FY 2022 estimate to \$4.684 billion or an increase of \$273.6 million from the FY 2022 enacted estimate of \$4.411 billion.

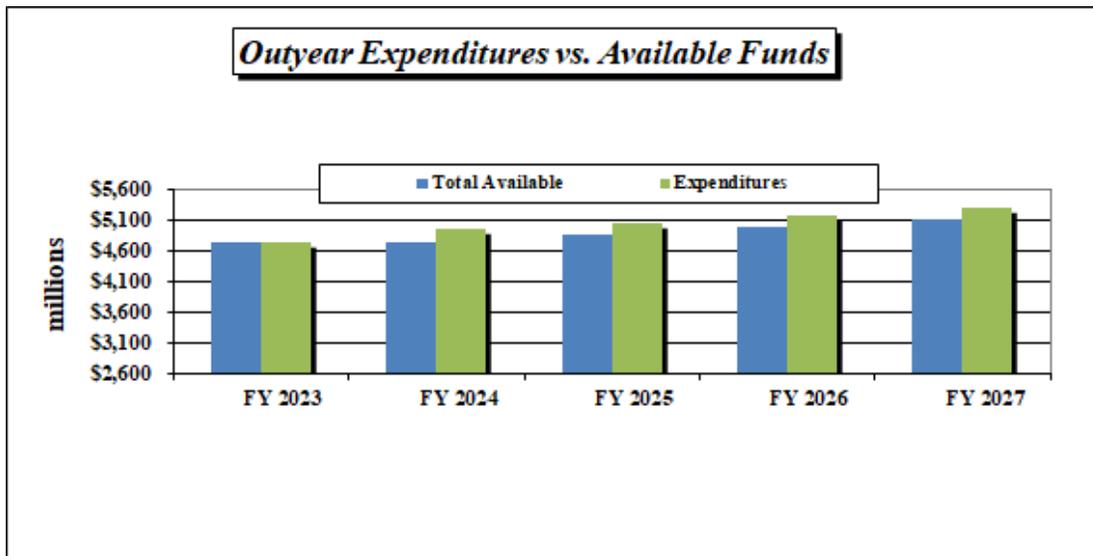
It is reasonable to assume that the revenue outlook will remain variable. The economic forecast used to generate the revenue estimates in this budget was created before the rise of the Omicron variant. The forecast assumes that inflation will return to the 2 percent baseline during FY 2023 and supply chain issues will quickly ease. There is some upside risk as well, such as increased federal social spending and better-than-expected consumption due to the strength of household finances. Even the impacts of inflation are difficult to discern; high inflation will erode purchasing power but also increase revenue collections from *ad valorem* taxes.

As this document went to press, the Secretary of the U.S. Department of Health and Human Services announced that effective January 16, 2022 the declaration of PHE was extended for an additional 90 days. This is a strong signal that the FFCRA-enhanced FMAP and associated continuous eligibility provisions will continue through the fourth quarter of state FY 2022. This would result in significant general revenue cost savings in FY 2022. A portion of these savings will be offset by increased caseload, predominately realized in FY 2023, as the resumption of normal eligibility redetermination activity will be delayed by an additional quarter. These impacts are not reflected in this forecast.

Expenditure-side risks must also be noted within the five-year projection. There are initiatives contained in the Governor's FY 2023 Budget that set the expenditure base at a lower level and therefore changes would need to be made if these initiatives are not adopted by the General Assembly. Conversely, as described above, if revenues are better than forecast in the near or long-term, adjustments could, and likely would, be made to some of the Governor's expenditure proposals thus impacting out-year projections.

General Revenue Outyear Estimates FY 2023 - FY 2027

| | FY 2023 | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Opening Surplus ⁽¹⁾ | \$135.5 | \$8.0 | \$0.0 | \$0.0 | \$0.0 |
| Plus: | | | | | |
| Taxes and Departmentals | 4,337.5 | 4,458.4 | 4,582.4 | 4,709.2 | 4,840.9 |
| Other Sources (incl. Lottery) | 412.9 | 414.7 | 414.5 | 416.4 | 419.9 |
| Budget Stabilization Fund | (146.6) | (146.4) | (149.9) | (153.8) | (157.8) |
| Total Available | 4,739.3 | 4,734.7 | 4,847.0 | 4,971.8 | 5,103.1 |
| Minus Expenditures | 4,731.3 | 4,950.0 | 5,052.9 | 5,163.5 | 5,284.6 |
| Equals Ending Balance | \$ 8.0 | \$ (215.3) | \$ (205.9) | \$ (191.7) | \$ (181.6) |
| <i>Operating Surplus or Deficit</i> | <i>\$ (127.5)</i> | <i>\$ (223.3)</i> | <i>\$ (205.9)</i> | <i>\$ (191.7)</i> | <i>\$ (181.6)</i> |
| Budget & Cash Stabilization Balance | \$ 244.3 | \$ 244.1 | \$ 249.8 | \$ 256.3 | \$ 263.0 |
| Rhode Island Capital Fund | 227.2 | 308.3 | 238.1 | 187.2 | 145.6 |
| Capital Projects Disbursements | | | | | |



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

General Revenue Outyear Estimates

| | Gov Rec FY 2023 | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Personal Income Tax | \$ 1,703,364,337 | \$ 1,746,075,512 | \$ 1,808,239,581 | \$ 1,858,293,562 | \$ 1,914,483,396 |
| General Business Taxes: | | | | | |
| Business Corporations | 202,487,862 | 217,449,402 | 228,902,756 | 237,553,659 | 243,649,894 |
| Public Utilities | 94,600,000 | 96,585,519 | 98,725,621 | 100,980,588 | 103,307,166 |
| Financial Institutions | 31,100,000 | 33,507,437 | 33,255,666 | 34,428,913 | 35,771,326 |
| Insurance Companies | 139,542,293 | 137,607,172 | 139,075,091 | 143,803,412 | 141,176,014 |
| Bank Deposits | 3,800,000 | 4,047,070 | 4,030,050 | 4,013,030 | 3,996,011 |
| Health Care Provider | 38,471,307 | 39,092,502 | 40,117,700 | 41,271,907 | 42,528,533 |
| General Business Taxes | \$ 510,001,462 | \$ 528,289,100 | \$ 544,106,884 | \$ 562,051,509 | \$ 570,428,943 |
| Sales and Use Taxes: | | | | | |
| Sales and Use | 1,462,036,598 | 1,512,403,071 | 1,561,692,482 | 1,616,396,842 | 1,680,015,613 |
| Motor Vehicle | 1,000,000 | 1,009,679 | 1,019,000 | 1,029,068 | 1,041,152 |
| Cigarettes | 148,500,000 | 144,717,939 | 142,208,478 | 140,377,161 | 138,805,774 |
| Alcohol | 23,700,000 | 24,442,042 | 25,217,756 | 25,993,469 | 26,769,183 |
| Cannabis | 589,408 | 11,349,903 | 11,892,921 | 12,478,783 | 13,106,296 |
| Controlled Substances | - | - | - | - | - |
| Sales and Use Taxes | \$ 1,635,826,006 | \$ 1,693,922,633 | \$ 1,742,030,636 | \$ 1,796,275,324 | \$ 1,859,738,018 |
| Other Taxes: | | | | | |
| Estate and Transfer | 45,200,000 | 47,211,479 | 47,245,047 | 47,089,668 | 47,269,369 |
| Racing and Athletics | 800,000 | 1,054,215 | 995,989 | 937,763 | 879,536 |
| Realty Transfer Tax | 21,400,000 | 21,989,118 | 22,457,129 | 23,091,237 | 23,702,660 |
| Other Taxes | \$ 67,400,000 | \$ 70,254,813 | \$ 70,698,165 | \$ 71,118,668 | \$ 71,851,565 |
| Total Taxes | \$ 3,916,591,804 | \$ 4,038,542,058 | \$ 4,165,075,267 | \$ 4,287,739,063 | \$ 4,416,501,922 |
| Total Departmental Receipts | 420,872,123 | 419,902,969 | 417,330,941 | 421,419,110 | 424,435,654 |
| Taxes and Departmentals | \$ 4,337,463,927 | \$ 4,458,445,027 | \$ 4,582,406,208 | \$ 4,709,158,173 | \$ 4,840,937,577 |
| Other Sources | | | | | |
| Other Miscellaneous | 10,000,000 | 11,213,835 | 11,270,485 | 11,283,375 | 12,324,273 |
| Lottery Commission Receipts | 391,100,000 | 391,438,085 | 390,906,648 | 392,563,466 | 393,736,988 |
| Unclaimed Property | 11,800,000 | 12,045,729 | 12,311,003 | 12,591,064 | 13,880,355 |
| Other Sources | \$ 412,900,000 | \$ 414,697,648 | \$ 414,488,136 | \$ 416,437,906 | \$ 419,941,615 |
| Total General Revenues | \$ 4,750,363,927 | \$ 4,873,142,675 | \$ 4,996,894,344 | \$ 5,125,596,078 | \$ 5,260,879,192 |

General Revenue Outyear Estimates - Percentage Changes

| | Gov Rec FY 2023 | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|------------------------------------|--------------------|--------------|--------------|-------------|-------------|
| Personal Income Tax | 2.8% | 2.5% | 3.6% | 2.8% | 3.0% |
| General Business Taxes: | | | | | |
| Business Corporations | -3.5% | 7.4% | 5.3% | 3.8% | 2.6% |
| Public Utilities | 0.3% | 2.1% | 2.2% | 2.3% | 2.3% |
| Financial Institutions | -12.9% | 7.7% | -0.8% | 3.5% | 3.9% |
| Insurance Companies | 1.5% | -1.4% | 1.1% | 3.4% | -1.8% |
| Bank Deposits | 0.0% | 6.5% | -0.4% | -0.4% | -0.4% |
| Health Care Provider | 3.4% | 1.6% | 2.6% | 2.9% | 3.0% |
| General Business Taxes | -1.6% | 3.6% | 3.0% | 3.3% | 1.5% |
| Sales and Use Taxes: | | | | | |
| Sales and Use | 2.1% | 3.4% | 3.3% | 3.5% | 3.9% |
| Motor Vehicle | 0.0% | 1.0% | 0.9% | 1.0% | 1.2% |
| Cigarettes | -3.4% | -2.5% | -1.7% | -1.3% | -1.1% |
| Alcohol | 2.2% | 3.1% | 3.2% | 3.1% | 3.0% |
| Cannabis | n/a | 1825.6% | 4.8% | 4.9% | 5.0% |
| Controlled Substances | | | | | |
| Sales and Use Taxes | 1.6% | 3.6% | 2.8% | 3.1% | 3.5% |
| Other Taxes: | | | | | |
| Estate and Transfer | 13.6% | 4.5% | 0.1% | -0.3% | 0.4% |
| Racing and Athletics | 60.0% | 31.8% | -5.5% | -5.8% | -6.2% |
| Realty Transfer Tax | 4.4% | 2.8% | 2.1% | 2.8% | 2.6% |
| Other Taxes | 10.9% | 4.2% | 0.6% | 0.6% | 1.0% |
| Total Taxes | 1.8% | 3.1% | 3.1% | 2.9% | 3.0% |
| Total Departmental Receipts | 0.4% | -0.2% | -0.6% | 1.0% | 0.7% |
| Taxes and Departmentals | 1.7% | 2.8% | 2.8% | 2.8% | 2.8% |
| Other Sources | | | | | |
| Other Miscellaneous | -41.9% | 12.1% | 0.5% | 0.1% | 9.2% |
| Lottery Commission Receipts | -0.6% | 0.1% | -0.1% | 0.4% | 0.3% |
| Unclaimed Property | -19.7% | 2.1% | 2.2% | 2.3% | 10.2% |
| Other Sources | -2.9% | 0.4% | -0.1% | 0.5% | 0.8% |
| Total General Revenues | 1.3% | 2.6% | 2.5% | 2.6% | 2.6% |

General Revenue Outyear Expenditure Estimates

| | FY 2023 | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|
| State Operations | | | | | |
| Personnel and Contract Services | \$1,158,130,000 | \$1,184,820,000 | \$1,213,370,000 | \$1,243,400,000 | \$1,274,420,000 |
| Other State Operations/Capital | 224880000 | 283850000 | 290150000 | 296780000 | 303640000 |
| Impact of Initiatives/Other Changes | - | (13,390,000) | (12,870,000) | (11,750,000) | (7,680,000) |
| Subtotal | \$1,383,010,000 | \$1,455,280,000 | \$1,490,650,000 | \$1,528,430,000 | \$1,570,380,000 |
| Grants and Benefits | | | | | |
| Executive Office of Health and Human Services & Department of Human Services | | | | | |
| Hospitals | 33,330,000 | 35,030,000 | 37,070,000 | 40,050,000 | 42,940,000 |
| Managed Care | 616,900,000 | 633,430,000 | 646,320,000 | 657,320,000 | 671,070,000 |
| Nursing Care | 140,850,000 | 146,510,000 | 152,390,000 | 159,040,000 | 166,150,000 |
| Home Care (HCBS) | 44,860,000 | 47,240,000 | 49,750,000 | 52,550,000 | 55,560,000 |
| Other Medicaid | 58,250,000 | 59,480,000 | 60,720,000 | 62,000,000 | 63,290,000 |
| Pharmacy | 130,000 | 140,000 | 150,000 | 160,000 | 170,000 |
| DEA Medicaid/CNOM | 4,890,000 | 5,150,000 | 5,420,000 | 5,730,000 | 6,060,000 |
| Cash Assistance- RIW/CCAP/GPA | 8,800,000 | 8,980,000 | 9,180,000 | 9,390,000 | 9,610,000 |
| Cash Assistance - SSI | 18,530,000 | 18,620,000 | 18,710,000 | 18,810,000 | 18,900,000 |
| Clawback | 86,900,000 | 88,720,000 | 90,690,000 | 92,770,000 | 94,910,000 |
| DSH | 64,290,000 | 65,640,000 | 67,100,000 | 68,640,000 | 70,220,000 |
| ACA- MA Population Expansion | 75,440,000 | 77,040,000 | 78,650,000 | 80,300,000 | 81,970,000 |
| Department of Children Youth & Families | | | | | |
| Children & Family Services | 109,400,000 | 111,710,000 | 114,050,000 | 116,430,000 | 118,860,000 |
| Department of Behavioral Healthcare, Developmental Disabilities & Hospitals | | | | | |
| Developmental Disabilities-Private | 158,500,000 | 161,850,000 | 165,240,000 | 168,700,000 | 172,220,000 |
| Rhode Island Promise Scholarship | 7,670,000 | 7,830,000 | 8,000,000 | 8,180,000 | 8,370,000 |
| Promise 1.0 and Dual Enrollment | 0 | 7,900,000 | 7,900,000 | 7,900,000 | 7,900,000 |
| Other Grants and Benefits | 107,380,000 | 109,640,000 | 112,070,000 | 114,630,000 | 117,280,000 |
| Subtotal | \$1,536,120,000 | \$1,584,910,000 | \$1,623,410,000 | \$1,662,600,000 | \$1,705,480,000 |
| Local Aid | | | | | |
| Education Aid | 1,337,910,000 | 1,342,240,000 | 1,369,950,000 | 1,397,580,000 | 1,427,710,000 |
| Motor Vehicle Tax Reimbursements | 166,590,000 | 231,970,000 | 239,230,000 | 247,210,000 | 256,560,000 |
| PILOT | 46,090,000 | 46,090,000 | 46,090,000 | 46,090,000 | 46,090,000 |
| Distressed Communities | 12,380,000 | 12,380,000 | 12,380,000 | 12,380,000 | 12,380,000 |
| Library Aid | 9,560,000 | 9,560,000 | 9,560,000 | 9,560,000 | 9,560,000 |
| Library Construction Aid | 1,860,000 | 1,860,000 | 1,860,000 | 1,860,000 | 1,860,000 |
| Property Revaluation Prgm | 410,000 | 920,000 | 1,910,000 | 550,000 | 940,000 |
| Central Falls Pension Plan | 260,000 | 260,000 | 260,000 | 260,000 | 260,000 |
| Subtotal | \$1,575,060,000 | \$1,645,280,000 | \$1,681,240,000 | \$1,715,490,000 | \$1,755,360,000 |
| Capital | | | | | |
| Debt Service | | | | | |
| General Obligation | 159,330,000 | 179,100,000 | 186,190,000 | 197,140,000 | 195,990,000 |
| Central Falls School Project | 0 | 11,090,000 | 11,090,000 | 11,090,000 | 11,090,000 |
| Historic Tax Credit Program | 19,410,000 | 19,410,000 | 9,890,000 | 9,900,000 | 9,890,000 |
| EDC Job Creation Guaranty/Other | 2,440,000 | 3,890,000 | 3,890,000 | 3,890,000 | 3,890,000 |
| COPS/Other Leases | 28,450,000 | 25,600,000 | 21,100,000 | 9,490,000 | 8,740,000 |
| Convention Center Debt | 26,540,000 | 24,500,000 | 24,510,000 | 24,510,000 | 22,850,000 |
| Performance Based | 950,000 | 950,000 | 950,000 | 950,000 | 950,000 |
| Subtotal | \$237,120,000 | \$264,540,000 | \$257,620,000 | \$256,970,000 | \$253,400,000 |
| Expenditures | \$4,731,310,000 | \$4,950,010,000 | \$5,052,920,000 | \$5,163,490,000 | \$5,284,620,000 |

General Revenue Outyear Planning Values

| | FY 2023 | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|---|---------|---------|---------|---------|---------|
| Estimates and Growth | | | | | |
| Personal Income (billions) [1] | \$68.9 | \$72.2 | \$75.8 | \$79.4 | \$83.1 |
| <i>Change</i> | 4.7% | 4.8% | 4.9% | 4.8% | 4.7% |
| Nonfarm Employment (thousands) [1] | 500.9 | 507.6 | 511.0 | 512.3 | 513.2 |
| <i>Change</i> | 3.2% | 1.3% | 0.7% | 0.3% | 0.2% |
| CPI-U (U.S.) [1] | 2.02% | 2.10% | 2.22% | 2.29% | 2.31% |
| Personal Income Tax [2] | 2.8% | 2.5% | 3.6% | 2.8% | 3.0% |
| Business Corporations Tax [2] | -3.5% | 7.4% | 5.3% | 3.8% | 2.6% |
| Provider Tax [2] | 3.4% | 1.6% | 2.6% | 2.9% | 3.0% |
| Sales Tax [2] | 2.1% | 3.4% | 3.3% | 3.5% | 3.9% |
| Other Taxes and Departmentals [3] | 1.7% | 0.4% | -0.4% | 0.9% | 0.8% |
| Salaries and Fringe Benefits | | | | | |
| Salary COLA/Steps/Longevity [7] | 4.52% | 4.60% | 2.22% | 2.29% | 2.31% |
| Medical Benefits Cost Growth [12] | 5.99% | 4.22% | 4.19% | 4.19% | 4.17% |
| Retiree Health Rates [8] | 4.48% | 4.48% | 4.48% | 4.48% | 4.48% |
| State Employees Retirement Rates [9] | 28.01% | 26.44% | 26.33% | 26.22% | 26.13% |
| Home Health Care | | | | | |
| Expenditure Growth [4] | 5.71% | 5.30% | 5.31% | 5.64% | 5.72% |
| Nursing Home Care | | | | | |
| Expenditure Growth [5] | 4.30% | 4.02% | 4.02% | 4.36% | 4.47% |
| Managed Care | | | | | |
| Expenditure Growth [6] | 2.11% | 2.11% | 2.10% | 2.09% | 2.09% |
| Other Medicaid | | | | | |
| Expenditure Growth [6] | 2.11% | 2.11% | 2.10% | 2.09% | 2.09% |
| DCYF Services | | | | | |
| Expenditure Growth [6] | 2.11% | 2.11% | 2.10% | 2.09% | 2.09% |
| BHDDH- DD | | | | | |
| Expenditure Growth [6] | 2.11% | 2.11% | 2.10% | 2.09% | 2.09% |
| Pharmacy | | | | | |
| Expenditure Growth [10] | 5.76% | 5.40% | 5.44% | 5.79% | 5.89% |
| Hospital Care | | | | | |
| Expenditure Growth [11] | 5.48% | 5.10% | 5.82% | 8.05% | 7.21% |

[1] November 2021 Consensus Economic Forecast based on IHS Market Rhode Island Forecast adopted at the November 2021 REC.

[2] Growth in estimates for FY 2023 as adopted at the November 2021 REC, inclusive of the Governor's proposals, Budget Office estimated growth for FY 2024 - FY 2027.

[3] Growth in estimates for FY 2023 as adopted at the November 2021 REC for total general revenues inclusive of the Governor's proposals, excluding personal income taxes, business corporations tax, health care provider assessment, sales and use tax and other sources.

[4] CMS National Health Expenditure Projections, March 2020, Home Health Care: State Medicaid

[5] CMS National Health Expenditure Projections, March 2020, Nursing Home Care: State Medicaid

[6] CMS National Health Expenditure Projections, March 2020, National Health Expenditures- Private Health Insurance as proxy with 50 percent policy adjustment

[7] Personnel Growth based on CPI-U and two COLA adjustments of 2.5% in FY 2023 and FY 2024 (annualized) as recently ratified.

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

[9] Estimate of actuarially required contribution based upon a % of payroll (GRS Valuation Report, Dec. 2020)

[10] CMS National Health Expenditure Projections, March 2020, Prescription Drugs: State Medicaid

[11] CMS National Health Expenditure Projections, March 2020, Hospital Care: State Medicaid

[12] CMS National Health Expenditure Projections, March 2020, State and Local Government, Employer contributions to private health insurance

EXECUTIVE SUMMARY
APPENDIX C
STATEWIDE PERSONNEL
SUMMARY

Personnel Agency Summary

Statewide Summary

| | FY 2022 | | FY 2023 | |
|---|-----------------|----------------------|-----------------|----------------------|
| | FTE | Cost | FTE | Cost |
| Classified | 9,257.7 | 645,120,347 | 9,329.7 | 672,608,531 |
| Non-Classified | 3,506.6 | 311,286,682 | 3,512.6 | 320,634,966 |
| Unclassified | 2,556.2 | 216,713,040 | 2,574.2 | 224,627,421 |
| Subtotal | 15,320.5 | 1,173,120,069 | 15,416.5 | 1,217,870,918 |
| Transfer Out | | (2,874,407) | | (2,703,460) |
| Transfer In | | 2,874,407 | | 2,703,460 |
| Salaries Adjustment | | -8,971,472 | | -4,934,449 |
| Overtime | | 87,606,628 | | 70,566,511 |
| Seasonal/Special Salaries/Wages | | 93,283,633 | | 94,857,067 |
| Turnover | | (45,271,284) | | (39,299,481) |
| FY 2021 COLA Payment | | 17,497,785 | | 0 |
| Total Salaries | | 1,317,305,462 | | 1,339,101,672 |
| Benefits | | | | |
| Contract Stipends | | 12,353,382 | | 12,545,019 |
| FICA | | 87,390,548 | | 89,572,648 |
| Health Benefits | | 201,985,443 | | 214,389,466 |
| Holiday | | 8,031,731 | | 8,174,558 |
| Other | | 9,283,486 | | 13,871,883 |
| Payroll Accrual | | 6,340,778 | | 1,412,545 |
| Retiree Health | | 56,847,707 | | 49,045,456 |
| Retirement | | 288,387,252 | | 297,633,570 |
| Workers Compensation | | 266,296 | | 266,296 |
| Subtotal | | 670,886,623 | | 686,911,441 |
| Total Salaries and Benefits | 15,320.5 | 1,988,192,085 | 15,416.5 | 2,026,013,113 |
| Cost Per FTE Position (Excluding Temporary and Seasonal) | | 129,922 | | 131,606 |
| Statewide Benefit Assessment | | 43,748,017 | | 45,363,162 |
| Payroll Costs | 15,320.5 | 2,031,940,102 | 15,416.5 | 2,071,376,275 |
| Purchased Services | | | | |
| Buildings and Ground Maintenance | | 12,548,820 | | 12,506,067 |
| Clerical and Temporary Services | | 12,499,077 | | 10,012,806 |
| Design and Engineering Services | | 75,051,156 | | 66,171,963 |
| Information Technology | | 121,871,646 | | 97,437,558 |
| Legal Services | | 11,515,530 | | 9,957,787 |
| Management & Consultant Services | | 164,219,991 | | 104,328,853 |
| Medical Services | | 190,608,927 | | 22,072,815 |
| Other Contracts | | 76,687,920 | | 32,689,213 |
| Training and Educational Services | | 90,763,823 | | 106,971,034 |
| University and College Services | | 24,312,654 | | 23,125,075 |

Personnel Agency Summary

Statewide Summary

| | FY 2022 | | FY 2023 | |
|--|-----------------|----------------------|-----------------|----------------------|
| | FTE | Cost | FTE | Cost |
| Purchased Services | | | | |
| Subtotal | | 780,079,544 | | 485,273,171 |
| Total Personnel | 15,320.5 | 2,812,019,646 | 15,416.5 | 2,556,649,446 |
| Distribution by Source of Funds | | | | |
| General Revenue | | 1,164,899,024 | | 1,173,383,548 |
| Federal Funds | | 815,719,800 | | 557,640,364 |
| Restricted Receipts | | 189,858,670 | | 172,351,831 |
| Operating Transfers from Other Funds | | 8,805,267 | | 8,931,199 |
| Other Funds | | 632,736,885 | | 644,342,504 |
| Total All Funds | | 2,812,019,646 | | 2,556,649,446 |

EXECUTIVE SUMMARY
APPENDIX D
AID TO
CITIES & TOWNS

FORMULA AID TO CITIES AND TOWNS

The Payment-in-Lieu-of-Taxes (PILOT) program reimburses communities for up to 27.0 percent of what they would have collected in property taxes from certain designated tax-exempt property (subject to appropriation). The FY 2023 recommendation provides \$46.1 million for PILOT, which finances the program at the same level as FY 2022, and at a rate of 25.7 percent. Data used to determine distribution amounts is updated annually to reflect the most recent data. Note that the recommended FY 2023 PILOT distributions for each eligible municipality included below are an estimate. The Department of Revenue Division of Municipal Finance is reviewing municipal PILOT submissions for eligibility as required by R.I.G.L. § 45-13-5.1 and/or valuation per R.I.G.L. § 45-13-5.2 which may result in significant changes to the distribution for all eligible PILOT communities.

The Distressed Communities Relief Fund provides state assistance to municipalities with the highest property tax burdens relative to the wealth of taxpayers. Municipalities are eligible if they meet a statutorily determined distress test in three of four categories. The revised FY 2022 Budget provides \$12.4 million for the program, a level equal to the enacted FY 2022 Budget, and the program is funded at \$12.4 million in the FY 2023 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 2022 Budget funds the program at \$1.5 million, a level equal to the enacted FY 2022 Budget. The proposed FY 2023 Budget funds the program at \$414,947 for the estimated cost of reimbursement, which will be updated as communities' contracts for statistical update services are received.

Funding for Aid to Local Libraries Funding for local aid to libraries is financed at \$9.6 million in the revised FY 2022 Budget, and at \$9.6 million in the proposed FY 2023 Budget. In addition, funding for library construction aid is provided at \$2.1 million in the revised FY 2022 Budget and \$1.9 million in the proposed FY 2023 Budget to finance anticipated debt service or construction reimbursement obligations under this program.

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

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

The Motor Vehicle Excise Tax Phase-Out is financed at \$126.5 million in the revised FY 2022 budget, a \$13.1 million reduction compared to the enacted level, reflecting an updated estimate of reimbursement aid based on the submission of actual motor vehicle assessment data exceeding the estimated value. The FY 2023 recommendation provides full funding for the Motor Vehicle Excise Tax Phase-Out, with all rates and ratios of assessment advancing in FY 2023. The base reimbursement for each municipality is its share of the \$10.0 million of aggregate reimbursement aid appropriated in FY 2017. In addition, the proposed FY 2023 Budget would provide \$166.6 million to municipalities as well as eligible fire districts.

FORMULA AID TO CITIES AND TOWNS

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

The Public Service Corporation Tax is for certain tangible personal property of telegraph, cable and telecommunications corporations and express corporations that is exempt from local taxation, and instead is subject to taxation by the State. The revenue from this tax flows through the State (it is not appropriated by the State). The revenues (apart from some administrative expenses) are apportioned to the cities and towns based on the ratio of each municipality's population relative to the total population of Rhode Island. The disbursements for revised FY 2022 Budget totaled \$12.6 million, and proposed FY 2023 Budget disbursements are estimated to be \$12.6 million as well.

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

For the revised FY 2022 Budget, a combined amount of state and local hotel tax revenue is estimated at \$11.3 million. For the proposed FY 2023 Budget, the combined state and local hotel tax amount is estimated to be \$11.9 million. Effective July 1, 2015, the hotel tax base was expanded to include the rental of rooms by online travel companies and hosting platforms, and the rental of vacation homes by realtors and home owners. The rental of rooms by online travel companies and via hosting platforms is subject to the state 5.0 percent hotel tax and the local 1.0 percent hotel tax while the rental of vacation homes by realtors and home owners is only subject to the local 1.0 percent hotel tax.

The 2003 General Assembly enacted the **Local Meals and Beverage Tax**, a one percent additional tax on gross receipts from the sale of food and beverages sold in or delivered from eating and drinking establishments. The tax is collected by the Division of Taxation and then distributed back to the city or town in which the meals and beverages were consumed or delivered. Distributions under this tax are projected to total \$31.8 million in the revised FY 2022 Budget and \$33.5 million in the proposed FY 2023 Budget.

SUMMARY OF FORMULA AID TO CITIES AND TOWNS

| | FY 2020 Actual | FY 2021 Final Enacted | FY 2022 Revised | FY 2023 Recommended |
|--|----------------------|--------------------------|----------------------|------------------------|
| Public Service Corporation Tax | 13,311,601 | 13,159,804 | 12,591,223 | 12,591,223 |
| Meals and Beverage Tax | 26,153,929 | 24,314,187 | 31,830,459 | 33,510,462 |
| Hotel Tax (2.25%) | 8,520,880 | 6,286,476 | 11,288,727 | 11,850,506 |
| Payment In Lieu of Taxes (PILOT) | 46,089,504 | 19,203,960 | 46,089,504 | 46,089,504 |
| Total Miscellaneous Aid | \$94,075,914 | \$62,964,427 | \$101,799,913 | \$104,041,695 |
| Dist. Comm. - General Appropriation | 12,384,458 | 2,580,095 | 12,384,458 | 12,384,458 |
| Total Distressed Communities Aid | \$12,384,458 | \$2,580,095 | \$12,384,458 | \$12,384,458 |
| Motor Vehicle Tax Phase-out Program ¹ | 90,265,446 | 37,728,006 | 126,519,932 | 166,594,596 |
| Total Motor Vehicle Tax Phase-out Prog. | \$90,265,446 | \$37,728,006 | \$126,519,932 | \$166,594,596 |
| Municipal COVID-19 Response Fund | - | 136,528,120 | - | - |
| Total Municipal COVID-19 Response Fund | \$0 | \$136,528,120 | \$0 | \$0 |
| Subtotal Formula Aid - All Sources | \$196,725,818 | \$239,800,648 | \$240,704,303 | \$283,020,749 |
| Percent Change from prior year | 18.11% | 19.58% | 0.38% | 17.58% |
| Resource Sharing & Library Aid ² | 9,562,072 | 9,562,072 | 9,562,072 | 9,562,072 |
| Library Construction Aid | 1,937,230 | 2,702,866 | 2,102,866 | 1,859,673 |
| Total Library Aid | \$11,499,302 | \$12,264,938 | \$11,664,938 | \$11,421,745 |
| Property Revaluation Program | 585,632 | 1,003,108 | 1,503,677 | 414,947 |
| Total Other Aid | \$585,632 | \$1,003,108 | \$1,503,677 | \$414,947 |
| Total Aid | \$208,810,752 | \$253,068,694 | \$253,872,918 | \$294,857,441 |
| Percent Change from prior year | 16.58% | 19.00% | 0.32% | 16.14% |

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

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

Fiscal Year 2022 Revised State Aid to Cities and Towns

| City or Town | Payment In Lieu of Tax Exempt Property | Distressed Community Relief Fund | State Library Aid ⁽²⁾ | Motor Vehicle Excise Tax Reimbursement Base Amount | Motor Vehicle Phase Out Reimbursement ⁽¹⁾ | Motor Vehicle Excise Tax Total Reimbursement ⁽¹⁾ | FY 2022 Total Appropriated State Aid |
|--|---|--|--|---|--|--|--|
| Barrington | 17,094 | | 365,527 | 221,581 | 3,055,865 | 3,277,446 | 3,660,066 |
| Bristol | 1,327,172 | | 190,810 | 109,436 | 1,205,978 | 1,315,414 | 2,833,395 |
| Burrillville | 98,835 | | 186,270 | 207,065 | 2,674,014 | 2,881,079 | 3,166,183 |
| Central Falls | | 220,713 | 31,902 | 102,184 | 1,317,663 | 1,419,847 | 1,672,462 |
| Charlestown | | | 53,533 | 44,815 | 364,896 | 409,712 | 463,244 |
| Coventry | | | 197,001 | 251,244 | 2,416,257 | 2,667,501 | 2,864,502 |
| Cranston | 4,778,876 | 2,685,555 | 664,578 | 1,042,441 | 12,478,780 | 13,521,221 | 21,650,231 |
| Cumberland | | | 308,514 | 253,650 | 2,387,679 | 2,641,329 | 2,949,843 |
| East Greenwich | 729,131 | | 123,871 | 84,112 | 489,904 | 574,015 | 1,427,017 |
| East Providence | 260,127 | | 447,125 | 516,914 | 4,099,866 | 4,616,780 | 5,324,032 |
| Exeter | | | 60,044 | 93,419 | 937,751 | 1,031,171 | 1,091,215 |
| Foster | | | 34,393 | 74,174 | 842,747 | 916,921 | 951,314 |
| Glocester | | | 81,660 | 104,711 | 940,852 | 1,045,563 | 1,127,223 |
| Hopkinton | | | 37,216 | 72,384 | 690,062 | 762,446 | 799,663 |
| Jamestown | | | 109,968 | 22,334 | 99,549 | 121,883 | 231,851 |
| Johnston | | | 126,270 | 437,352 | 5,525,015 | 5,962,368 | 6,088,637 |
| Lincoln | | | 217,473 | 206,198 | 1,828,149 | 2,034,347 | 2,251,820 |
| Little Compton | | | 37,355 | 13,465 | 68,530 | 81,995 | 119,350 |
| Middletown | | | 126,831 | 76,147 | 622,510 | 698,657 | 825,488 |
| Narragansett | | | 87,158 | 61,720 | 380,713 | 442,433 | 529,591 |
| Newport | 1,601,050 | | 415,522 | 80,642 | 396,553 | 477,195 | 2,493,767 |
| New Shoreham | | | 91,679 | 6,910 | 75,789 | 82,699 | 174,378 |
| North Kingstown | 1,080 | | 301,066 | 192,589 | 1,715,469 | 1,908,057 | 2,210,204 |
| North Providence | | 987,908 | 201,533 | 393,779 | 5,951,046 | 6,344,825 | 7,534,265 |
| North Smithfield | | | 80,421 | 183,264 | 2,204,173 | 2,387,438 | 2,467,858 |
| Pawtucket | 3,501 | 1,490,485 | 421,641 | 821,285 | 10,625,150 | 11,446,434 | 13,362,061 |
| Portsmouth | | | 117,111 | 94,646 | 808,464 | 903,110 | 1,020,220 |
| Providence | 34,027,865 | 5,265,375 | 1,319,744 | 1,620,464 | 23,274,093 | 24,894,557 | 65,507,541 |
| Richmond | | | 26,826 | 66,710 | 567,964 | 634,674 | 661,499 |
| Scituate | | | 109,928 | 71,269 | 262,055 | 333,324 | 443,252 |
| Smithfield | 860,981 | | 317,166 | 267,692 | 3,292,035 | 3,559,726 | 4,737,874 |
| South Kingstown | 209,069 | | 242,750 | 142,445 | 1,227,440 | 1,369,885 | 1,821,704 |
| Tiverton | | | 127,469 | 62,598 | 302,728 | 365,326 | 492,795 |
| Warren | | | 64,909 | 94,349 | 860,468 | 954,817 | 1,019,726 |
| Warwick | 1,528,261 | | 736,708 | 1,013,712 | 10,872,618 | 11,886,329 | 14,151,298 |
| Westerly | 185,126 | | 316,166 | 220,009 | 2,335,147 | 2,555,156 | 3,056,448 |
| West Greenwich | | | 48,116 | 55,996 | 477,651 | 533,647 | 581,763 |
| West Warwick | | 953,745 | 171,836 | 238,429 | 2,360,629 | 2,599,058 | 3,724,639 |
| Woonsocket | 461,334 | 780,677 | 200,324 | 377,867 | 6,272,171 | 6,650,038 | 8,092,374 |
| Subtotal | \$46,089,504 | \$12,384,458 | \$8,798,411 | \$10,000,000 | \$116,308,422 | \$126,308,422 | \$193,580,795 |
| Motor Vehicle Phase Out Reimbursement - Fire Districts | | | | | 211,511 | 211,511 | 211,511 |
| Statewide Reference Library Resource Grant | | | 701,052 | | | | 701,052 |
| Grant-In-Aid to Institutional Libraries | | | 62,609 | | | | 62,609 |
| Library Construction Reimbursement | | | 2,102,866 | | | | 2,102,866 |
| Total | \$46,089,504 | \$12,384,458 | \$11,664,938 | \$10,000,000 | \$116,519,932 | \$126,519,932 | \$196,658,832 |

(1) The base motor vehicle distribution is \$10 million. The additional reimbursement of \$116.3 million in FY 2022 due to municipalities for the implementation of the motor vehicle phase-out is based on the 12/31/20 tax levy data. This distribution may change negligibly for one municipality if additional documentation of adjustments is submitted to the Department of Revenue. The state's FY 2022 motor vehicle reimbursement corresponds with the FY 2022 local fiscal year for all communities except for the City of East Providence and the Saylesville Fire District for which it corresponds with their local FY 2021. An additional estimated amount of phase-out reimbursement of \$211,511 will be provided to the fire districts in Lincoln. The amount owed to fire districts will be revised once we have received and reviewed final tax levy data from Quinville, Saylesville, and the newly merged Lincoln Fire District. Currently only fire districts in the Town of Lincoln levy a tax on motor vehicles.

(2) In addition to Library Aid, federal Coronavirus Relief Funds were provided to cities, towns, and in some cases directly to libraries in varying amounts totaling \$56,258 statewide.

Fiscal Year 2022 Revised Pass Through Aid to Cities & Towns

| City or Town | Public Service Corporation Tax ⁽¹⁾ | Hotel Tax ^{(2) (3)} | Meals and Beverage Tax ⁽³⁾ | FY 2022 Total Shared Taxes State Aid | FY 2022 Total Shared & Appropriated Aid |
|---|---|---------------------------------|---|--|---|
| Barrington | 192,114 | 3,177 | 198,875 | 394,167 | 4,054,233 |
| Bristol | 263,739 | 76,177 | 549,362 | 889,278 | 3,722,673 |
| Burrillville | 197,557 | 100 | 232,257 | 429,914 | 3,596,097 |
| Central Falls | 231,392 | 102 | 159,884 | 391,378 | 2,063,840 |
| Charlestown | 92,883 | 71,047 | 195,831 | 359,761 | 823,006 |
| Coventry | 412,395 | 90,395 | 524,522 | 1,027,312 | 3,891,814 |
| Cranston | 967,705 | 32,666 | 2,266,687 | 3,267,058 | 24,917,288 |
| Cumberland | 415,003 | 445 | 591,496 | 1,006,944 | 3,956,787 |
| East Greenwich | 155,790 | 2,434 | 819,485 | 977,709 | 2,404,726 |
| East Providence | 565,505 | 90,998 | 1,214,030 | 1,870,533 | 7,194,565 |
| Exeter | 79,366 | 318 | 130,244 | 209,928 | 1,301,142 |
| Foster | 56,130 | 5,832 | 22,310 | 84,272 | 1,035,586 |
| Glocester | 120,775 | 4,037 | 90,783 | 215,596 | 1,342,819 |
| Hopkinton | 96,432 | 2,906 | 59,435 | 158,774 | 958,436 |
| Jamestown | 65,431 | 46,785 | 93,789 | 206,005 | 437,856 |
| Johnston | 349,035 | 18,036 | 813,726 | 1,180,797 | 7,269,435 |
| Lincoln | 258,808 | 107,549 | 862,732 | 1,229,090 | 3,480,910 |
| Little Compton | 41,553 | 39,723 | 66,160 | 147,436 | 266,786 |
| Middletown | 190,768 | 1,257,241 | 891,169 | 2,339,178 | 3,164,666 |
| Narragansett | 184,599 | 366,435 | 771,573 | 1,322,607 | 1,852,198 |
| Newport | 293,727 | 3,519,649 | 2,727,569 | 6,540,945 | 9,034,712 |
| New Shoreham | 10,909 | 854,821 | 440,962 | 1,306,692 | 1,481,070 |
| North Kingstown | 312,449 | 142,025 | 695,554 | 1,150,028 | 3,360,231 |
| North Providence | 387,825 | 2,086 | 482,490 | 872,401 | 8,406,666 |
| North Smithfield | 147,834 | 4,840 | 369,107 | 521,782 | 2,989,640 |
| Pawtucket | 855,635 | 93,748 | 1,104,738 | 2,054,121 | 15,416,182 |
| Portsmouth | 206,787 | 23,160 | 316,970 | 546,917 | 1,567,138 |
| Providence | 2,137,706 | 1,230,381 | 6,427,900 | 9,795,987 | 75,303,527 |
| Richmond | 91,144 | 20,056 | 170,948 | 282,148 | 943,647 |
| Scituate | 126,647 | 11,011 | 75,404 | 213,061 | 656,313 |
| Smithfield | 258,355 | 176,564 | 949,278 | 1,384,197 | 6,122,072 |
| South Kingstown | 365,054 | 220,387 | 1,053,371 | 1,638,812 | 3,460,516 |
| Tiverton | 187,862 | 7,119 | 322,267 | 517,248 | 1,010,043 |
| Warren | 124,908 | 1,187 | 373,410 | 499,505 | 1,519,231 |
| Warwick | 964,596 | 949,069 | 3,429,755 | 5,343,420 | 19,494,718 |
| Westerly | 268,491 | 1,468,177 | 1,067,443 | 2,804,111 | 5,860,559 |
| West Greenwich | 74,125 | 138,057 | 144,965 | 357,147 | 938,909 |
| West Warwick | 344,712 | 149,956 | 462,904 | 957,572 | 4,682,211 |
| Woonsocket | 495,476 | 60,031 | 661,073 | 1,216,580 | 9,308,954 |
| Subtotal | \$12,591,223 | \$11,288,727 | \$31,830,459 | \$55,710,409 | \$249,291,204 |
| Motor Vehicle Phase Out Reimbursement - Fire Districts | | | | | 211,511 |
| Statewide Reference Library Resource Grant (Providence) | | | | | 701,052 |
| Grant-In-Aid to Institutional Libraries | | | | | 62,609 |
| Library Construction Reimbursement | | | | | 2,102,866 |
| Total | \$12,591,223 | \$11,288,727 | \$31,830,459 | \$55,710,409 | \$252,369,241 |

(1) Based on actual declarations received in the spring of 2021

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

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

Fiscal Year 2023 Proposed State Aid to Cities and Towns

| City or Town | Payment In Lieu of Tax Exempt Property ⁽²⁾ | Distressed Community Relief Fund | State Library Aid | Motor Vehicle Excise Tax Reimbursement Base Amount | Motor Vehicle Phase Out Reimbursement | Motor Vehicle Excise Tax Total Reimbursement ⁽¹⁾ | FY 2023 Total Appropriated State Aid |
|--|--|--|-------------------------|---|---|--|--|
| Barrington | 17,255 | | 293,430 | 221,581 | 4,220,911 | 4,442,492 | 4,753,177 |
| Bristol | 1,340,127 | | 197,714 | 109,436 | 1,495,720 | 1,605,156 | 3,142,997 |
| Burrillville | 100,149 | | 180,942 | 207,065 | 3,662,985 | 3,870,050 | 4,151,140 |
| Central Falls | | 235,462 | 32,808 | 102,184 | 1,637,283 | 1,739,467 | 2,007,738 |
| Charlestown | | | 57,653 | 44,815 | 471,253 | 516,068 | 573,722 |
| Coventry | | | 200,907 | 251,244 | 2,986,692 | 3,237,937 | 3,438,843 |
| Cranston | 4,761,971 | 1,342,778 | 699,781 | 1,042,441 | 16,397,001 | 17,439,442 | 24,243,972 |
| Cumberland | | | 302,252 | 253,650 | 3,005,151 | 3,258,801 | 3,561,052 |
| East Greenwich | 736,665 | | 121,281 | 84,112 | 828,869 | 912,980 | 1,770,926 |
| East Providence | 268,367 | | 459,406 | 516,914 | 6,238,628 | 6,755,542 | 7,483,316 |
| Exeter | | | 51,312 | 93,419 | 1,471,385 | 1,564,804 | 1,616,116 |
| Foster | | | 35,329 | 74,174 | 1,176,274 | 1,250,448 | 1,285,777 |
| Glocester | | | 85,356 | 104,711 | 1,373,657 | 1,478,367 | 1,563,724 |
| Hopkinton | | | 37,727 | 72,384 | 888,218 | 960,602 | 998,330 |
| Jamestown | | | 115,315 | 22,334 | 136,168 | 158,501 | 273,816 |
| Johnston | | | 118,037 | 437,352 | 7,503,699 | 7,941,051 | 8,059,088 |
| Lincoln | | | 209,822 | 206,198 | 3,445,834 | 3,652,032 | 3,861,854 |
| Little Compton | | | 39,139 | 13,465 | 90,173 | 103,637 | 142,776 |
| Middletown | | | 150,605 | 76,147 | 843,473 | 919,619 | 1,070,224 |
| Narragansett | | | 89,530 | 61,720 | 475,824 | 537,544 | 627,074 |
| Newport | 1,607,219 | | 435,366 | 80,642 | 767,988 | 848,629 | 2,891,214 |
| New Shoreham | | | 87,097 | 6,910 | 89,809 | 96,719 | 183,816 |
| North Kingstown | 1,093 | | 309,217 | 192,589 | 2,555,965 | 2,748,554 | 3,058,864 |
| North Providence | | 1,075,446 | 215,681 | 393,779 | 7,473,618 | 7,867,397 | 9,158,524 |
| North Smithfield | | | 85,342 | 183,264 | 3,109,174 | 3,292,439 | 3,377,781 |
| Pawtucket | 2,912 | 1,651,225 | 345,066 | 821,285 | 12,858,371 | 13,679,656 | 15,678,859 |
| Portsmouth | | | 118,348 | 94,646 | 1,205,690 | 1,300,336 | 1,418,684 |
| Providence | 34,041,052 | 6,171,331 | 1,357,842 | 1,620,464 | 27,581,508 | 29,201,972 | 70,772,198 |
| Richmond | | | 28,138 | 66,710 | 787,551 | 854,261 | 882,399 |
| Scituate | | | 116,307 | 71,269 | 893,191 | 964,460 | 1,080,767 |
| Smithfield | 866,869 | | 325,807 | 267,692 | 4,858,398 | 5,126,090 | 6,318,765 |
| South Kingstown | 206,559 | | 234,588 | 142,445 | 1,674,477 | 1,816,922 | 2,258,069 |
| Tiverton | | | 130,938 | 62,598 | 408,085 | 470,683 | 601,621 |
| Warren | | | 68,651 | 94,349 | 1,280,943 | 1,375,291 | 1,443,942 |
| Warwick | 1,502,042 | | 658,109 | 1,013,712 | 16,882,101 | 17,895,813 | 20,055,964 |
| Westerly | 187,778 | | 368,242 | 220,009 | 3,772,659 | 3,992,668 | 4,548,687 |
| West Greenwich | | | 50,392 | 55,996 | 609,202 | 665,198 | 715,590 |
| West Warwick | | 1,063,602 | 182,145 | 238,429 | 3,689,244 | 3,927,673 | 5,173,419 |
| Woonsocket | 449,445 | 844,614 | 202,788 | 377,867 | 7,537,162 | 7,915,029 | 9,411,876 |
| Subtotal | \$46,089,504 | \$12,384,458 | \$8,798,411 | \$10,000,000 | \$156,384,329 | \$166,384,329 | \$233,656,702 |
| Motor Vehicle Phase Out Reimbursement - Fire Districts | | | | | 210,266 | 210,266 | 210,266 |
| Statewide Reference Library Resource Grant | | | 701,052 | | | | 701,052 |
| Grant-In-Aid to Institutional Libraries | | | 62,609 | | | | 62,609 |
| Library Construction Reimbursement | | | 1,859,673 | | | | 1,859,673 |
| Total | \$46,089,504 | \$12,384,458 | \$11,421,745 | \$10,000,000 | \$156,594,596 | \$166,594,596 | \$236,490,303 |

(1) The base motor vehicle distribution is \$10 million. The additional amount of \$156.4 million in FY 2023 due under the Governor's Proposed budget for the implementation of the motor vehicle phase-out under current law is estimated based on the 12/31/2020 tax levy data (where available) and will change once 12/31/2021 tax levy data is available in the fall of 2022. The state's FY 2023 motor vehicle reimbursement corresponds with the local FY 2023 for all communities except for the City of East Providence for which it corresponds with their local FY 2022. An additional estimated amount of \$210,266 will be provided to the fire districts in Lincoln. Currently only fire districts in the Town of Lincoln levy a tax on motor vehicles.

(2) The PILOT distribution shown here is an estimate. Municipal PILOT submissions are currently being reviewed for eligibility as required by Rhode Island General Laws 45-13-5.1 and/or valuation per Rhode Island General Laws 45-13-5.2 and may result in significant changes to the distribution shown here for all eligible PILOT communities.

Fiscal Year 2023 Proposed Pass Through Aid to Cities & Towns

| City or Town | Public Service Corporation Tax ⁽¹⁾ | Hotel Tax ⁽²⁾ ⁽³⁾ | Meals and Beverage Tax ⁽³⁾ | FY 2023 Total Shared Taxes State Aid | FY 2023 Total Shared & Appropriated Aid |
|---|---|---|---------------------------------------|--------------------------------------|---|
| Barrington | 192,114 | 3,177 | 209,372 | 404,663 | 5,157,840 |
| Bristol | 263,739 | 79,822 | 578,357 | 921,918 | 4,064,914 |
| Burrillville | 197,557 | 100 | 244,515 | 442,172 | 4,593,313 |
| Central Falls | 231,392 | 102 | 168,323 | 399,817 | 2,407,555 |
| Charlestown | 92,883 | 71,738 | 206,167 | 370,788 | 944,510 |
| Coventry | 412,395 | 95,369 | 552,207 | 1,059,970 | 4,498,813 |
| Cranston | 967,705 | 34,264 | 2,386,323 | 3,388,292 | 27,632,264 |
| Cumberland | 415,003 | 445 | 622,715 | 1,038,163 | 4,599,215 |
| East Greenwich | 155,790 | 2,468 | 862,738 | 1,020,996 | 2,791,922 |
| East Providence | 565,505 | 95,853 | 1,278,106 | 1,939,464 | 9,422,780 |
| Exeter | 79,366 | 318 | 137,118 | 216,802 | 1,832,918 |
| Foster | 56,130 | 6,154 | 23,488 | 85,772 | 1,371,549 |
| Glocester | 120,775 | 4,256 | 95,575 | 220,606 | 1,784,329 |
| Hopkinton | 96,432 | 2,983 | 62,572 | 161,987 | 1,160,317 |
| Jamestown | 65,431 | 47,270 | 98,739 | 211,440 | 485,257 |
| Johnston | 349,035 | 19,002 | 856,674 | 1,224,711 | 9,283,799 |
| Lincoln | 258,808 | 113,535 | 908,267 | 1,280,610 | 5,142,464 |
| Little Compton | 41,553 | 40,816 | 69,652 | 152,020 | 294,797 |
| Middletown | 190,768 | 1,323,366 | 938,204 | 2,452,339 | 3,522,562 |
| Narragansett | 184,599 | 378,077 | 812,296 | 1,374,972 | 2,002,046 |
| Newport | 293,727 | 3,699,760 | 2,871,529 | 6,865,016 | 9,756,230 |
| New Shoreham | 10,909 | 889,953 | 464,236 | 1,365,098 | 1,548,914 |
| North Kingstown | 312,449 | 148,126 | 732,265 | 1,192,839 | 4,251,703 |
| North Providence | 387,825 | 2,086 | 507,955 | 897,867 | 10,056,391 |
| North Smithfield | 147,834 | 5,108 | 388,589 | 541,531 | 3,919,312 |
| Pawtucket | 855,635 | 98,875 | 1,163,046 | 2,117,557 | 17,796,416 |
| Portsmouth | 206,787 | 23,587 | 333,700 | 564,073 | 1,982,757 |
| Providence | 2,137,706 | 1,295,018 | 6,767,163 | 10,199,887 | 80,972,085 |
| Richmond | 91,144 | 20,737 | 179,970 | 291,852 | 1,174,251 |
| Scituate | 126,647 | 11,618 | 79,384 | 217,649 | 1,298,416 |
| Smithfield | 258,355 | 186,303 | 999,381 | 1,444,040 | 7,762,805 |
| South Kingstown | 365,054 | 229,823 | 1,108,968 | 1,703,844 | 3,961,913 |
| Tiverton | 187,862 | 7,134 | 339,276 | 534,272 | 1,135,893 |
| Warren | 124,908 | 1,187 | 393,119 | 519,214 | 1,963,156 |
| Warwick | 964,596 | 1,000,497 | 3,610,776 | 5,575,870 | 25,631,834 |
| Westerly | 268,491 | 1,544,274 | 1,123,782 | 2,936,547 | 7,485,235 |
| West Greenwich | 74,125 | 145,729 | 152,616 | 372,470 | 1,088,060 |
| West Warwick | 344,712 | 158,257 | 487,336 | 990,305 | 6,163,724 |
| Woonsocket | 495,476 | 63,318 | 695,964 | 1,254,759 | 10,666,635 |
| Subtotal | \$12,591,223 | \$11,850,506 | \$33,510,462 | \$57,952,191 | \$291,608,893 |
| Motor Vehicle Phase Out Reimbursement - Fire Districts | | | | | 210,266 |
| Statewide Reference Library Resource Grant (Providence) | | | | | 701,052 |
| Grant-In-Aid to Institutional Libraries | | | | | 62,609 |
| Library Construction Reimbursement | | | | | 1,859,673 |
| Total | \$12,591,223 | \$11,850,506 | \$33,510,462 | \$57,952,191 | \$294,442,494 |

(1) Public Service Corporation Tax estimate is based on FY 2022 Revised distribution. FY 2023 distribution will be updated after actual declarations are received and processed in the spring of 2022.

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

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

Changes in Formula Aid - FY 2023 Proposed vs. FY 2022 Revised

| City or Town | Payment In Lieu of Tax Exempt Property | Distressed Community Relief Fund | State Library Aid | Motor Vehicle Excise Tax Reimbursement Base Amount | Motor Vehicle Phase Out Reimbursement | Motor Vehicle Excise Tax Total Reimbursement | Total Appropriated Difference |
|--|---|--|-------------------------|---|---|---|-------------------------------------|
| Barrington | 162 | - | (72,097) | - | 1,165,046 | 1,165,046 | 1,093,111 |
| Bristol | 12,955 | - | 6,904 | - | 289,742 | 289,742 | 309,602 |
| Burrillville | 1,314 | - | (5,328) | - | 988,971 | 988,971 | 984,957 |
| Central Falls | - | 14,749 | 907 | - | 319,620 | 319,620 | 335,276 |
| Charlestown | - | - | 4,121 | - | 106,357 | 106,357 | 110,478 |
| Coventry | - | - | 3,906 | - | 570,436 | 570,436 | 574,341 |
| Cranston | (16,905) | (1,342,778) | 35,203 | - | 3,918,221 | 3,918,221 | 2,593,741 |
| Cumberland | - | - | (6,263) | - | 617,472 | 617,472 | 611,209 |
| East Greenwich | 7,533 | - | (2,590) | - | 338,965 | 338,965 | 343,909 |
| East Providence | 8,241 | - | 12,282 | - | 2,138,762 | 2,138,762 | 2,159,284 |
| Exeter | - | - | (8,732) | - | 533,633 | 533,633 | 524,901 |
| Foster | - | - | 936 | - | 333,527 | 333,527 | 334,463 |
| Glocester | - | - | 3,696 | - | 432,804 | 432,804 | 436,501 |
| Hopkinton | - | - | 511 | - | 198,156 | 198,156 | 198,667 |
| Jamestown | - | - | 5,347 | - | 36,619 | 36,619 | 41,966 |
| Johnston | - | - | (8,233) | - | 1,978,684 | 1,978,684 | 1,970,450 |
| Lincoln | - | - | (7,651) | - | 1,617,685 | 1,617,685 | 1,610,033 |
| Little Compton | - | - | 1,784 | - | 21,642 | 21,642 | 23,426 |
| Middletown | - | - | 23,773 | - | 220,963 | 220,963 | 244,736 |
| Narragansett | - | - | 2,372 | - | 95,111 | 95,111 | 97,483 |
| Newport | 6,169 | - | 19,844 | - | 371,435 | 371,435 | 397,447 |
| New Shoreham | - | - | (4,582) | - | 14,020 | 14,020 | 9,438 |
| North Kingstown | 13 | - | 8,151 | - | 840,497 | 840,497 | 848,660 |
| North Providence | - | 87,538 | 14,148 | - | 1,522,572 | 1,522,572 | 1,624,259 |
| North Smithfield | - | - | 4,922 | - | 905,001 | 905,001 | 909,923 |
| Pawtucket | (589) | 160,740 | (76,575) | - | 2,233,222 | 2,233,222 | 2,316,798 |
| Portsmouth | - | - | 1,237 | - | 397,226 | 397,226 | 398,463 |
| Providence | 13,187 | 905,957 | 38,099 | - | 4,307,415 | 4,307,415 | 5,264,658 |
| Richmond | - | - | 1,313 | - | 219,587 | 219,587 | 220,900 |
| Scituate | - | - | 6,379 | - | 631,136 | 631,136 | 637,515 |
| Smithfield | 5,887 | - | 8,640 | - | 1,566,363 | 1,566,363 | 1,580,891 |
| South Kingstown | (2,510) | - | (8,162) | - | 447,037 | 447,037 | 436,365 |
| Tiverton | - | - | 3,469 | - | 105,356 | 105,356 | 108,825 |
| Warren | - | - | 3,742 | - | 420,475 | 420,475 | 424,217 |
| Warwick | (26,219) | - | (78,599) | - | 6,009,483 | 6,009,483 | 5,904,666 |
| Westerly | 2,651 | - | 52,076 | - | 1,437,512 | 1,437,512 | 1,492,239 |
| West Greenwich | - | - | 2,276 | - | 131,551 | 131,551 | 133,828 |
| West Warwick | - | 109,857 | 10,308 | - | 1,328,615 | 1,328,615 | 1,448,780 |
| Woonsocket | (11,889) | 63,937 | 2,464 | - | 1,264,991 | 1,264,991 | 1,319,503 |
| Subtotal | \$0 | \$0 | \$0 | \$0 | \$40,075,908 | \$40,075,908 | \$40,075,908 |
| Motor Vehicle Phase Out Reimbursement - Fire Districts | | | | | (1,244) | (1,244) | (1,244) |
| Statewide Reference Library Resource Grant | | | - | | | | - |
| Grant-In-Aid to Institutional Libraries | | | - | | | | - |
| Library Construction Reimbursement | | | (243,193) | | | | (243,193) |
| Total | \$0 | \$0 | (\$243,193) | \$0 | \$40,074,664 | \$40,074,664 | \$39,831,471 |

Changes in Formula Aid - FY 2023 Proposed vs. FY 2022 Revised

| City or Town | Public Service Corporation Tax | Hotel Tax | Meals and Beverage Tax | Total Pass Through State Aid Difference | Total All State Aid Difference |
|---|--------------------------------|------------------|------------------------|---|--------------------------------|
| Barrington | - | - | 10,497 | 10,497 | 1,103,607 |
| Bristol | - | 3,645 | 28,995 | 32,640 | 342,242 |
| Burrillville | - | - | 12,258 | 12,258 | 997,215 |
| Central Falls | - | - | 8,439 | 8,439 | 343,715 |
| Charlestown | - | 691 | 10,336 | 11,027 | 121,504 |
| Coventry | - | 4,973 | 27,684 | 32,658 | 606,999 |
| Cranston | - | 1,599 | 119,635 | 121,234 | 2,714,976 |
| Cumberland | - | - | 31,219 | 31,219 | 642,428 |
| East Greenwich | - | 35 | 43,252 | 43,287 | 387,196 |
| East Providence | - | 4,855 | 64,076 | 68,931 | 2,228,215 |
| Exeter | - | - | 6,874 | 6,874 | 531,776 |
| Foster | - | 323 | 1,178 | 1,500 | 335,963 |
| Glocester | - | 218 | 4,792 | 5,010 | 441,510 |
| Hopkinton | - | 77 | 3,137 | 3,214 | 201,880 |
| Jamestown | - | 485 | 4,950 | 5,435 | 47,401 |
| Johnston | - | 966 | 42,948 | 43,914 | 2,014,364 |
| Lincoln | - | 5,986 | 45,535 | 51,520 | 1,661,554 |
| Little Compton | - | 1,093 | 3,492 | 4,585 | 28,011 |
| Middletown | - | 66,125 | 47,036 | 113,160 | 357,897 |
| Narragansett | - | 11,642 | 40,723 | 52,365 | 149,848 |
| Newport | - | 180,111 | 143,960 | 324,071 | 721,518 |
| New Shoreham | - | 35,132 | 23,274 | 58,406 | 67,844 |
| North Kingstown | - | 6,100 | 36,711 | 42,812 | 891,472 |
| North Providence | - | - | 25,466 | 25,466 | 1,649,724 |
| North Smithfield | - | 268 | 19,481 | 19,749 | 929,672 |
| Pawtucket | - | 5,128 | 58,308 | 63,436 | 2,380,233 |
| Portsmouth | - | 426 | 16,730 | 17,156 | 415,619 |
| Providence | - | 64,637 | 339,263 | 403,900 | 5,668,558 |
| Richmond | - | 681 | 9,023 | 9,704 | 230,604 |
| Scituate | - | 608 | 3,980 | 4,587 | 642,102 |
| Smithfield | - | 9,740 | 50,103 | 59,842 | 1,640,733 |
| South Kingstown | - | 9,436 | 55,597 | 65,032 | 501,397 |
| Tiverton | - | 15 | 17,009 | 17,024 | 125,850 |
| Warren | - | - | 19,709 | 19,709 | 443,925 |
| Warwick | - | 51,428 | 181,022 | 232,449 | 6,137,115 |
| Westerly | - | 76,097 | 56,339 | 132,436 | 1,624,676 |
| West Greenwich | - | 7,672 | 7,651 | 15,323 | 149,151 |
| West Warwick | - | 8,301 | 24,432 | 32,733 | 1,481,513 |
| Woonsocket | - | 3,287 | 34,891 | 38,178 | 1,357,681 |
| Subtotal | \$0 | \$561,778 | \$1,680,003 | \$2,241,782 | \$42,317,689 |
| Motor Vehicle Phase Out Reimbursement - Fire Districts | | | | | (1,244) |
| Statewide Reference Library Resource Grant (Providence) | | | | | - |
| Grant-In-Aid to Institutional Libraries | | | | | - |
| Library Construction Reimbursement | | | | | (243,193) |
| Total | \$0 | \$561,778 | \$1,680,003 | \$2,241,782 | \$42,073,252 |

EXECUTIVE SUMMARY
APPENDIX E
AID TO SCHOOLS

EDUCATION AID TO LOCAL GOVERNMENTS

Education Aid to Local Governments totals \$1.579 billion from all sources of funds, of which \$1.346 billion is from general revenue, in the recommended FY 2023 Budget. Total general revenue financed education aid increases by \$40.1 million from the FY 2022 Enacted Budget, or 3.1 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; aid to the Recovery High School; and state support for the E-Rate program.

To account for enrollment losses associated with the COVID-19 pandemic and ongoing losses associated with student enrollment shifts to non-traditional schools, the FY 2023 recommendation includes a Transition Fund totaling \$49.7 million. This fund provides LEAs, charter schools, Central Falls, state schools and the Urban Collaborative with funding levels equal to those enacted in FY 2022 if statutorily mandated formula aid in FY 2023 would have resulted in a loss to those LEAs relative to FY 2022.

Distributed formula aid is based on the following components:

- *Core Instruction Amount.* Using expenditure data from the National Center of Education Statistics (NCES), the Core Instruction Amount (CIA) is derived using a four-state average (Connecticut, Massachusetts, New Hampshire, and Rhode Island) for costs that have the greatest impact on a child's ability to learn, including instruction, instructional support, and leadership. Due to the age of the data, currently a four-year lag, the CIA average is inflated using CPI-U (Consumer Price Index for all Urban Consumers). The Core Instruction Amount used in FY 2023 is \$11,050.
- *Student Success Factor.* Calculated by applying an additional allocation equivalent to 40.0 percent of the prevailing Core Instruction Amount for those students eligible for free and reduced-price lunch. The Student Success Factor provides additional funding to support student needs beyond the core services listed above, with the goal of closing student achievement gaps. The Student Success Factor used in FY 2023 is \$4,420.
- *State Share Ratio.* State Share Ratio (applied last) 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 that students need. The state share ratio is dependent on district property values weighted for median family income, and students eligible for free and reduced-price lunch

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 were fully transitioned.

EDUCATION AID TO LOCAL GOVERNMENTS

The Transition Fund included in the FY 2023 recommendation is designed to hold LEAs across the state harmless for (1) enrollment losses associated with to the impact of the COVID-19 pandemic on student enrollment and (2) the increasing share of students attending public charter LEAs.

In addition, specific categorical funds for certain high-cost items were established outside the formula distribution: high-cost special education, career and technical education, early childhood education, transportation, regional transportation, regional district bonuses, and, in FY 2017, two new categoricals for English learners, now Multilingual learners (MLL), and charter “density” support. “Stabilization Funds” were also created for Central Falls, Davies, and the Met Center to ensure that appropriate funding is available to support the district in response to concerns regarding local capacity (Central Falls), and the lack of tax levying power at the two state schools. The following sections summarize changes to the various aid categories that comprise total FY 2023 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 2023, formula aid to districts, Central Falls, charter schools, and group home aid, decrease by \$25.4 million compared to the FY 2022 Enacted Budget – as calculated strictly using the funding formula methodology in current law. However, in recognition of the fact that enrollment and demographic statistics which drive the funding formula calculation remain artificially depressed as a result of the pandemic, as well ongoing enrollment shifts to non-traditional schools, the Governor recommends a Transition Fund to hold harmless in FY 2023 those LEAs which would otherwise experience a reduction in formula aid. When including the \$49.7 million recommended Transition Fund, total Distributed Education Aid is expected to grow by \$23.0 million over FY 2022.

Moreover, the FY 2023 recommendation continues with the tenth 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 based on the number of students sent. Including the Transition Fund in FY 2023, the Urban Collaborative has the same level of funding as FY 2022 Enacted Levels, or \$1.6 million.

Finally, as required by R.I.G.L. §16-7.2-6(d), additional funding for the Central Falls Stabilization Fund is included in the Governor’s FY 2023 Budget. In FY 2023 the Governor recommends \$10.2 million for Central Falls Stabilization Fund, an increase of \$1.0 million from the FY 2022 enacted level, to cover costs outside of those calculated by the education aid funding formula.

State Schools

Davies Career and Technical School, Metropolitan Career and Technical School, and Rhode Island School for the Deaf are collectively financed at \$32.8 million in general revenue for FY 2023. This includes stabilization funds for Davies (\$6.1 million) and the Met Center (\$1.1). Relative to the FY 2022 enacted level, this represents a collective total increase of \$1.7 million from general revenue.

Non-Distributed Aid

Non-distributed aid in FY 2023 includes:

- *Categorical Funds – Multilingual Learners (MLL)*. The Governor recommends \$5.0 million for the Multilingual Learners categorical, formerly the English Learners (EL) in FY 2023, consistent with the

EDUCATION AID TO LOCAL GOVERNMENTS

FY 2022 enacted level. Monitored by the Department, this categorical is meant to finance evidence-based programs to the outcomes of MLLs.

- *Categorical Funds – High-Cost Special Education.* Consistent with the FY 2022 Enacted Budget, the Governor recommends \$4.5 million for the high-cost special education categorical fund in FY 2023. The high-cost special education categorical provides financial support to districts that are serving students with extraordinary needs. The threshold for qualifying for the High-Cost Special Education categorical is five times the “Core Foundation Amount” (Core Instruction Amount plus the Student Success Factor), or \$77,350.
- *Categorical Funds – Early Childhood.* The Governor recommends \$14.9 million for the early childhood categorical fund in FY 2023, consistent with the FY 2022 enacted level. This categorical is used to increase access to high quality pre-kindergarten programs, with the Department distributing funds on a competitive basis.
- *School of Choice Density Aid.* The Governor recommends \$1.0 million for the Density Aid Categorical in FY 2023, equivalent to the FY 2022 Enacted level of support. Density Aid provides education aid to districts that have at least 5.0 percent of their students enrolled in a charter or state school.
- *Categorical Funds – Transportation.* The Governor recommends \$3.5 million for the transportation categorical fund in FY 2023, consistent with the FY 2022 enacted level. The transportation categorical fund is used to reimburse districts for a portion of costs associated with transporting students to out-of-district, non-public schools. Districts must participate in the statewide transportation system to be eligible for reimbursement.
- *Categorical Funds – Regional District Transportation.* The Governor recommends \$4.2 million for the Regional District Transportation fund in FY 2023, consistent with the FY 2022 enacted level. This categorical fund is used to reimburse regional school districts for a portion of intra-district transportation costs. Districts must participate in the statewide transportation system to be reimbursement eligible.
- *Categorical Funds – Career and Technical.* The Governor recommends \$4.5 million for the career and technical education categorical fund in FY 2023, consistent with the FY 2022 enacted level. The career and technical categorical fund is used to support the start-up of new programs and to offset the higher than average per-pupil costs associated with existing career and technical programs.
- *E-Rate.* The Governor recommends approximately \$400,000 in general revenue financing for the State E-Rate program in FY 2023, consistent with the FY 2022 enacted level. The E-Rate program is used to bring Wi-Fi and broadband connectivity to schools.
- *School Breakfast.* Pursuant to R.I.G.L. §16-8-10.1, all public schools are required to provide a breakfast program, and the Department of Education provides an administrative subsidy for each breakfast served to students. The Governor recommends \$270,000 from general revenue for this purpose in FY 2023, consistent with the enacted FY 2022 budget.
- *Textbook Expansion.* Pursuant to R.I.G.L. §16-23-3.1, the Department is required to reimburse LEAs for the cost of providing English/language arts and history/social studies textbooks for students in grades K-12 attending non-public schools. The Governor recommends \$240,000 for this purpose in FY 2023, consistent with the FY 2022 Enacted Budget.
- *Recovery High School.* In FY 2023 the Governor recommends \$500,000 for the State’s Recovery High School, consistent with the enacted FY 2022 Enacted Budget. The high school provides individualized programs to students recovering from substance abuse, supporting both personal recovery and academic achievement.

EDUCATION AID TO LOCAL GOVERNMENTS

Other Aid

Other aid includes School Construction Aid, also known as “Housing Aid”, and state appropriations to the Teachers’ Retirement program. Other aid in FY 2023 increases by \$16.1 million from general revenue when compared to the FY 2022 enacted/revise level, increasing from \$203.3 million to \$219.4 million.

- *School Construction.* Within the School Construction Aid program, the Governor recommends FY 2023 appropriations of \$88.5 million from general revenue, all for the school housing aid program established by R.I.G.L. §16-7-35. This represents an increase of \$8.5 million compared to the enacted FY 2022 level. FY 2023 is the first year in which obligations are projected to exceed the historic funding level of \$80.0 million.
- *Teacher Retirement.* Within the Teacher Retirement program, the Governor recommends FY 2023 appropriations of \$130.9 million from general revenue, \$6.9 million greater than the FY 2022 enacted level. Per R.I.G.L. §16-16-22, Rhode Island funds 40.0 percent of the employer share of retirement contributions on behalf of teachers who are members of the Teacher’s Retirement System.

Elementary and Secondary School Emergency Relief Fund

Since the onset of the COVID-19 pandemic, the federal government has allocated funds to the state for the purpose of financing the state and local response to the pandemic through the Elementary and Secondary School Emergency Relief Fund (ESSERF). The State of Rhode Island received three rounds of distributions for a total \$646.2 million. This includes \$46.4 million authorized in the Coronavirus Aid, Relief, and Economic Security (CARES) Act (ESSERF I), \$184.8 million authorized in the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSAA) (EESERF II), \$415.0 million authorized in the American Rescue Plan Act (ARPA) (ESSER III).

These federal resources are available to Rhode Island to address the needs arising from or exacerbated by the COVID-19 pandemic, or to emerge stronger post-pandemic, including responding to students’ social, emotional, mental health, and academic needs and continuing to provide educational services as States, and Local Education Agencies (LEAs), and schools respond to and recover from the pandemic.

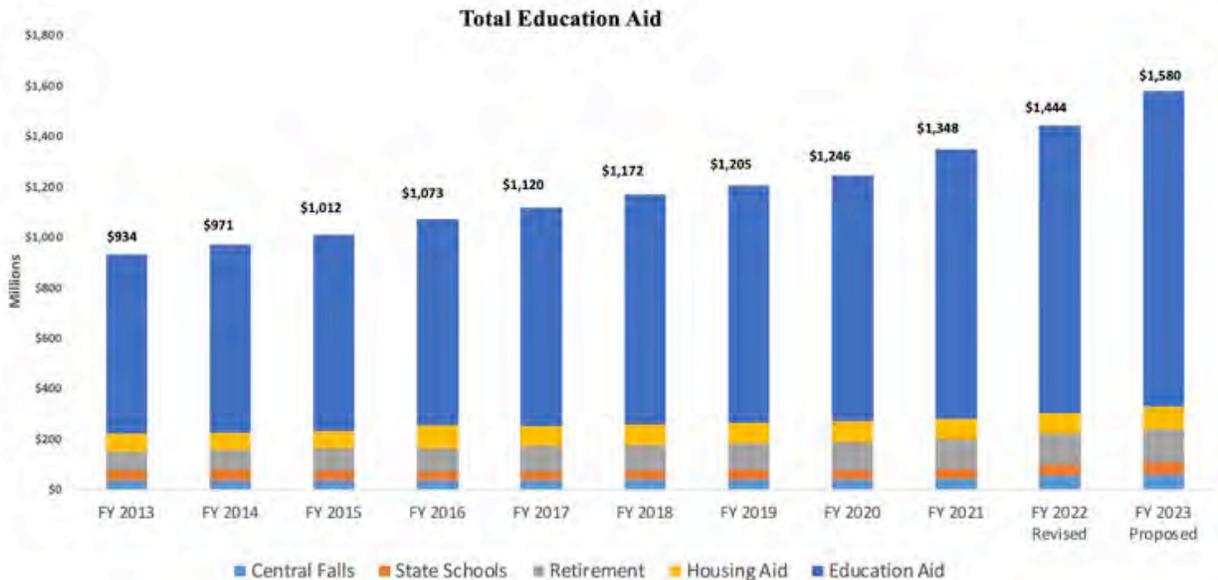
Ninety percent of the funds received will be distributed directly among all of Rhode Island’s LEAs in proportion with a poverty-weighted formula defined in federal law under subsection (i) of section 5001 of the CARES Act. The remaining ten percent will be distributed by the Rhode Island Department of Education to address emergency needs resulting from the COVID-19 pandemic, the academic impact of lost instruction time, summer enrichment, and after-school programs.

Though not reflected in the aid tables below, the Governor’s Recommended Budget adjusts appropriations for the various rounds of ESSERF by moving funds into the appropriate fiscal year according to updated expectations from RIDE as to when funds are expected to be drawn down by LEAs. \$46.4 million of ESSERF I aid was appropriated in its entirety in the FY 2020 budget. The Governor’s Recommended Budget requests ESSERF II in two tranches \$79.2 million in FY 2022 and \$81.3 million in FY 2023. ESSERF III is likewise requested \$21.0 million in FY 2022 and \$133.1 million in FY 2023 with the remainder in the outyears.

Total Education Aid – All Sources of Funds

The following graph displays total school aid from FY 2013 to FY 2023, from all sources of funds. The “Education Aid” component includes all aid categories under the standard Education Aid program. This includes such items as the Funding Formula Distribution and Group Home Aid, as well as non-distributed aid. Other components of total aid include: State Contributions for Teachers’ Retirement; School Housing Aid; Central Falls School District; and State Schools (Davies, Deaf, and the Metropolitan School).

EDUCATION AID TO LOCAL GOVERNMENTS



School Construction Aid

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

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

In FY 2019, the Governor transferred the personnel costs of the SBA employees to RIHEBC, noting the individuals will be 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

| | Actuarial Contribution | Employer Share | | | Teacher Contribution |
|------|---------------------------|----------------|---------------|-----------------------|-------------------------|
| | | Local | State | Total | |
| | <u>Rate of Payroll</u> | <u>(60%)*</u> | <u>(40%)*</u> | <u>Employer Share</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% | 15.70% | 10.46% | 26.16% | 3.75% |
| 2024 | 29.91% | 15.70% | 10.46% | 26.16% | 3.75% |

*Adjusted for deferral liability

*Rate components may not sum due to rounding.

EDUCATION AID TO LOCAL GOVERNMENTS

Defined Contribution Retirement Plan

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

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

State Contributions for Teachers' Retirement Program

| <u>Fiscal Year</u> | <u>State Share</u> |
|---------------------------|---------------------------|
| 2013 Actual | \$75,777,027 |
| 2014 Actual | \$80,351,295 |
| 2015 Actual | \$89,529,396 |
| 2016 Actual | \$91,610,186 |
| 2017 Actual | \$100,358,782 |
| 2018 Actual | \$102,157,673 |
| 2019 Actual | \$106,256,564 |
| 2020 Actual | \$112,916,232 |
| 2021 Actual | \$116,889,437 |
| FY 2022 Revised | \$123,987,654 |
| FY 2023 Recommend | \$130,855,471 |

Explanation of Education Aid Table by LEAs

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

EDUCATION AID TO LOCAL GOVERNMENTS

| | FY 2022 Revised | FY 2023 Recommended ⁽¹⁾ | Difference ⁽²⁾ |
|------------------------------|-----------------------|---------------------------------------|---------------------------|
| Distributed LEA Aid | | | |
| Barrington | \$ 7,924,118 | \$ 9,777,358 | \$ 1,853,240 |
| Bristol/Warren | 11,451,794 | 11,451,751 | (43) |
| Burrillville | 13,855,663 | 13,780,456 | (75,207) |
| Central Falls ⁽⁴⁾ | 47,702,746 | 48,702,746 | 1,000,000 |
| Chariho District | - | - | - |
| Charlestown | 1,291,300 | 1,291,300 | - |
| Coventry | 24,148,032 | 24,145,733 | (2,299) |
| Cranston | 68,482,484 | 68,482,484 | - |
| Cumberland | 20,401,578 | 21,218,867 | 817,289 |
| East Greenwich | 4,305,850 | 5,184,515 | 878,666 |
| East Providence | 36,600,667 | 36,566,817 | (33,850) |
| Exeter/W Greenwich | 4,366,399 | 4,356,293 | (10,106) |
| Foster | 1,057,919 | 1,061,209 | 3,290 |
| Foster/Glocester | 5,104,253 | 5,109,486 | 5,233 |
| Glocester | 2,422,153 | 2,422,153 | - |
| Hopkinton | 5,590,417 | 5,590,417 | - |
| Jamestown | 291,969 | 291,969 | - |
| Johnston | 19,496,027 | 19,496,027 | - |
| Lincoln | 16,026,102 | 16,026,899 | 797 |
| Little Compton | 432,020 | 432,020 | - |
| Middletown | 8,132,606 | 8,132,606 | - |
| Narragansett | 2,178,394 | 2,178,394 | - |
| New Shoreham | 211,086 | 211,086 | - |
| Newport | 14,882,864 | 14,886,611 | 3,747 |
| North Kingstown | 11,216,037 | 11,216,037 | - |
| North Providence | 26,738,585 | 26,736,215 | (2,370) |
| North Smithfield | 6,301,700 | 6,390,886 | 89,186 |
| Pawtucket | 95,171,581 | 95,154,478 | (17,103) |
| Portsmouth | 3,672,196 | 3,536,097 | (136,099) |
| Providence | 272,861,271 | 272,707,365 | (153,906) |
| Richmond | 5,149,642 | 5,192,232 | 42,590 |
| Scituate | 2,358,211 | 2,389,849 | 31,637 |
| Smithfield | 6,923,461 | 7,446,747 | 523,286 |
| South Kingstown | 4,679,622 | 4,681,795 | 2,173 |
| Tiverton | 6,774,565 | 6,774,565 | - |
| Warwick | 39,491,455 | 39,489,949 | (1,506) |
| West Warwick | 30,857,785 | 30,857,785 | - |
| Westerly | 7,937,325 | 7,937,325 | - |
| Woonsocket | 70,030,201 | 69,995,691 | (34,510) |
| Subtotal | \$ 906,520,078 | \$ 911,304,213 | \$ 4,784,135 |

EDUCATION AID TO LOCAL GOVERNMENTS

| | FY 2022 Revised | FY 2023 Recommended ⁽¹⁾ | Difference |
|---|-------------------------|---------------------------------------|----------------------|
| Distributed LEA Aid- Charter Schools | | | |
| Achievement First | \$ 24,030,958 | \$ 31,125,533 | \$ 7,094,575 |
| Beacon Charter School | 3,679,348 | 3,753,730 | 74,382 |
| Blackstone Academy | 4,251,850 | 4,361,166 | 109,316 |
| Blackstone Valley Prep | 21,986,168 | 23,956,320 | 1,970,151 |
| Charette | 2,099,907 | 2,178,688 | 78,781 |
| Compass School | 599,755 | 599,755 | - |
| Excel Academy (New) | - | 2,074,270 | 2,074,270 |
| Greene School | 1,480,497 | 1,509,046 | 28,549 |
| Highlander | 7,322,522 | 7,322,649 | 127 |
| Hope Academy | 3,175,063 | 3,644,853 | 469,789 |
| International Charter School | 3,948,410 | 3,948,959 | 548 |
| Kingston Hill Academy | 855,530 | 855,530 | - |
| Learning Community | 7,479,749 | 7,710,783 | 231,034 |
| New England Laborers | 1,403,715 | 1,404,585 | 870 |
| Nowell Academy | 1,923,063 | 1,963,349 | 40,287 |
| Nuestro Mundo | 1,697,640 | 2,888,598 | 1,190,958 |
| Nurses Institute | 4,088,777 | 4,851,317 | 762,540 |
| Paul Cuffee Charter School | 9,848,158 | 10,049,836 | 201,678 |
| Providence Prep | 1,550,019 | 2,370,760 | 820,740 |
| RISE Mayoral Academy | 3,641,901 | 4,243,955 | 602,055 |
| Segue Institute for Learning | 3,751,730 | 4,448,443 | 696,713 |
| Southside Elementary | 1,765,915 | 1,765,915 | - |
| Times 2 Academy | 8,698,561 | 8,698,561 | - |
| Trinity Academy | 2,535,389 | 2,535,389 | - |
| Village Green | 2,513,153 | 2,534,482 | 21,329 |
| Youth Build Academy (New) | - | 1,696,628 | 1,696,628 |
| Subtotal | \$ 124,327,778 | \$ 142,493,099 | \$ 18,165,321 |
| Urban Collaborative: R.I.G.L. 16-3.1-11 | \$ 1,630,145 | 1,630,357 | \$ 212 |
| Subtotal | \$ 1,032,478,002 | \$ 1,055,427,669 | \$ 22,949,667 |

EDUCATION AID TO LOCAL GOVERNMENTS

| | FY 2022 Revised | FY 2023 Recommended | Difference |
|--|-------------------------|---------------------------------------|----------------------|
| Non-Distributed Aid | | | |
| Textbook Expansion | \$ 240,000 | \$ 240,000 | \$ - |
| School Breakfast | 270,000 | 270,000 | - |
| Telecommunications Access | 400,000 | 400,000 | - |
| Recovery High School | 500,000 | 500,000 | - |
| Early Childhood Demonstration | 14,850,000 | 14,850,000 | - |
| Transportation Categorical | 3,476,076 | 3,476,076 | - |
| Regional District Transportation | 4,185,284 | 4,185,284 | - |
| High-Cost Special Ed Categorical | 4,500,000 | 4,500,000 | - |
| Career and Tech Categorical | 4,500,000 | 4,500,000 | - |
| Multilingual Learner Categorical (MLL) | 5,000,000 | 5,000,000 | - |
| Density Fund - Choice Schools | 1,010,500 | 1,010,500 | - |
| Subtotal | \$ 38,931,860 | \$ 38,931,860 | \$ - |
| | | | |
| | FY 2022 Revised | FY 2023 Recommended ⁽³⁾ | Difference |
| State Schools | | | |
| Metropolitan School ⁽⁴⁾ | \$ 9,342,007 | \$ 9,479,298 | \$ 137,291 |
| School for the Deaf | 7,918,234 | 7,940,337 | 22,103 |
| Davies School ⁽⁴⁾ | 15,246,079 | 15,414,314 | 168,235 |
| Subtotal | \$ 32,506,320 | \$ 32,833,949 | \$ 327,629 |
| | | | |
| | FY 2022 Revised | FY 2023 Recommended | Difference |
| Other Aid | | | |
| Teachers' Retirement | \$ 123,987,654 | \$ 130,855,471 | \$ 6,939,305 |
| School Housing Aid (3) | 80,000,000 | 88,536,507 | 8,536,507 |
| Subtotal | \$ 203,987,654 | \$ 219,391,978 | \$ 15,404,324 |
| Total | \$ 1,307,903,835 | \$ 1,346,585,456 | \$ 38,681,621 |

⁽¹⁾ FY 2023 totals include the \$49.7 million Transition Fund. In addition, FY 2023 includes a total of \$842,580 from general revenue to hold LEAs harmless from FY 2022 education aid payment realignments that would be implemented in FY 2023 as outlined in R.I.G.L. 16-7-20.

⁽²⁾ Note that decreases in FY 2023 Recommended compared to FY 2022 Revised are due to changes in financing associated with Group Home Beds. The FY 2023 recommendation holds LEAs harmless for enrollment losses associated with the COVID-19 pandemic and ongoing losses associated with student movement to non-traditional schools.

⁽³⁾ For State Schools, totals include labor negotiated personnel statewide adjustments and financing of agency charges for certain centralized services, including facilities maintenance, human resources, and information technology, combined with a decrease to FY 2023 employee health benefit rates. The Governor's recommendation aligns the agencies budgets with anticipated charges.

⁽⁴⁾ Includes both Education Aid and Stabilization funds in revised FY 2022 and recommended FY 2023.

EXECUTIVE SUMMARY
APPENDIX F
THE BUDGET PROCESS:
A PRIMER

THE BUDGET PROCESS: A PRIMER

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

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

On or before the third Thursday in January, unless delayed by act of the General Assembly, the Governor must submit to the General Assembly a budget containing a complete plan of estimated revenues and proposed expenditures, with a personnel supplement detailing the number and titles of positions of each agency and estimates of personnel costs for the next fiscal year. Commencing with the Governor's FY 2014 budget, this supplementary personnel information has been merged into the multivolume document currently entitled *Fiscal Year 2021 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 2021 is the fiscal year commencing on July 1, 2020 and ending June 30, 2021). The *current fiscal year* is the one which ends the coming June. The *actual fiscal years* are the years which concluded on June 30 of the two previous years. The *budget year* refers to the next fiscal year, which begins the July 1 following the submission of the Governor's Budget for that fiscal year. Finally, the term *out-years* refer to any fiscal years beyond the budget year and is often used in the context of the state's 5-year Capital Improvement Plan.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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|-----------------------|---|
| 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 \$10.0 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 \$10.0 million due to Office of Management and Budget. |

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

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

OFFICE OF MANAGEMENT & BUDGET STAFF LISTING

Brian M. Daniels, Director
Erik Godwin, Deputy Director
Joseph Codega Jr., State Budget Officer

Budget Office

Heather Benjamin

Budget & Policy Analyst

Budget Production Analysis and Support

Andrew Braca

Budget & Policy Analyst

Office of the Postsecondary Commissioner

University of Rhode Island

Rhode Island College

Community College of Rhode Island

Coastal Resources Management Council

Department of Environmental Management

Office of the General Treasurer

Judicial Department

Elizabeth Brunner

Budget Execution Analyst

Military Staff

Emergency Management Agency

Governor's Commission on Disabilities

RI Commission of the Deaf & Hard of Hearing

Office of the Child Advocate

Coastal Resources Management Council

Department of Business Regulation

Department of Environmental Management

Department of Children, Youth & Families

Judicial Department - Constitution

Narragansett Bay Water Quality Commission

Resource Recovery Corporation

Ashley Bultman

Budget & Policy Analyst

Emergency Management Agency

Department of Health

Behavioral Healthcare, Developmental Disabilities & Hospitals

Hector Casanova

Data Analyst

Budget Production Analysis and Support

Margaret Chesser

Budget & Policy Analyst

Military Staff

Department of Human Services (OHA & VA)

Department of Children, Youth & Families

OFFICE OF MANAGEMENT & BUDGET STAFF LISTING

Carmela Corte

Chief, Budget & Policy Analyst

Human Services

Public Safety

Patrick Crawley

Budget Execution Analyst

Board of Elections

RI Commission for Human Rights

Office of the Public Defender

RI Atomic Energy Commission

Secretary of State

Treasury Department

Department of Human Services

Department of Elementary & Secondary Education

Department of Health

Department of Public Safety

Board of Governors for Higher Education

University of Rhode Island

Rhode Island College

Community College of Rhode Island

Quonset Development Corporation

RI Health and Educational Building Corporation

RI Industrial Facilities Corporation

RI Student Loan Authority

RI Industrial-Recreational Building Authority

Connor Delaney

Budget Execution Analyst

Office of the Governor

Office of the Lieutenant Governor

RI Council on the Arts

Executive Office of Commerce

RI Ethics Commission

Office of the Mental Health Advocate

Department of Attorney General

Department of Administration

Department of Labor & Training

Department of Corrections

Department of RevenueI-195 Commission

Capital Center Commission

Housing Resources Commission

RI Commerce Corporation

RI Housing and Mortgage Finance Corporation

OFFICE OF MANAGEMENT & BUDGET STAFF LISTING

Christoph Demers

Chief, Budget & Policy Analyst

General Government
Education
Natural Resources
Appropriations Act

Luana Dumitrache

Budget & Policy Analyst

Board of Elections
Secretary of State
Department of Elementary and Secondary Education

Ryan Gardiner

Budget Execution Analyst &

Chief of Budget Production & Operations

Management of & Coordination of Budget Production & Operations
Historical Preservation & Heritage Commission
Office of Health & Human Services
Public Utilities Commission
Behavioral Healthcare, Developmental Disabilities & Hospitals

Lisa Henriques

Database Administrator

Budget Database Management
Technical Support

Angela Kim

Budget & Policy Analyst

Executive Office of Commerce
Department of Business Regulation
Department of Labor and Training

Libby Kimzey

Chief, Budget & Policy Analyst

Capital Improvement Program
Transportation

Sinead Knightly

Budget & Policy Analyst

Office of the Public Defender
Attorney General
Department of Corrections
Department of Public Safety

Storm Lawrence

Budget & Policy Analyst

Health and Human Services

OFFICE OF MANAGEMENT & BUDGET STAFF LISTING

Daniel R. Orgel

Chief Budget Execution Analyst

General Government
Human Services
Education
Public Safety
Natural Resources

Melanie Oxley

Programming Services Officer

Office Management
Fiscal Note Database
Budget Production Support

Gary Pascoa

Budget & Policy Analyst

Department of Transportation
RI Airport Corporation
RI Convention Center Authority
RI Infrastructure Bank
RI Public Transit Authority
RI Turnpike and Bridge Authority

Katie Westgate

Administrative Officer

Budget Production Support

Economic & Regulatory Analysis Unit

Matthew McCabe, Chief Economic & Policy Analyst

Brian Shreck, Principal Economic & Policy Analyst

Michelle Charochak, Senior Economic & Policy Analyst

Special Thanks To:

Steve Coleman, Division of Municipal Finance

Jane Cole, Department of Revenue

Reily Connaughton, DOA Pandemic Recovery Office

Paul Dion, Ph.D., DOA Pandemic Recovery Office

Robert Dulski, Department of Administration

Derek Gomes, Department of Administration

Bernard Lane, Department of Public Safety

Daniel Majcher, DOA Office of Legal Services

Christine Miller, DOA Office of Internal Audit

Sandra Morgan, DOA Office of Accounts and Control

Thomas Mullaney, Budget Officer Emeritus

Dorothy Pascale, DOA Office of Accounts and Control

Benjamin Quattrucci, DOA Office of Accounts and Control

Neena Savage, Division of Taxation

Madiha Zaffou, Ph.D., DOR Office of Revenue Analysis

Rob Zarnetske, DOA Pandemic Recovery Office