

Executive Summary

Embargoed
until 4 p.m. Thursday, March 11



STATE OF RHODE ISLAND
OFFICE OF GOVERNOR DANIEL J. MCKEE

March 11, 2021

To the Honorable General Assembly:

A year ago, no one could have foreseen the devastating impact that COVID-19 would have on Rhode Islanders. We all have a family member, friend or neighbor who is either on the front lines or has confronted hardships because of the pandemic.

Unfortunately, our fight is not over and defeating the virus will not be the end of Rhode Island's challenges. Without a strong focus on fiscal responsibility, equity and the reopening of our economy, the aftermath of the pandemic will be severe and long-lasting. We simply cannot wait to put measures in place that will mitigate the recession. Rhode Islanders need the right supports and tools now so that they can weather this storm until the end.

The unprecedented challenges in front of us continue to demand a strong, collaborative and coordinated response. My Fiscal Year 2022 budget proposal addresses the pressing needs posed by the pandemic, none more important than vaccinating the state's population as quickly and safely as possible. It also lays the foundation for a swift, sustainable economic recovery for all Rhode Islanders. I vow to work closely with you, our leaders in health care, officials from all 39 cities and towns, the small business and nonprofit communities, and all other stakeholders to meet this pivotal moment in our state's history.

Much is still uncertain. In the coming days and weeks, it is possible that we will receive more guidance around future federal stimulus funding. While it remains unclear at this moment exactly what additional federal stimulus packages will be approved, my Administration will remain agile and adaptable to respond to this constantly evolving situation. I am also committed to working with you and our partners in the community to determine how to best leverage the federal resources to fight COVID-19 and protect our economy.

As we prepare for the stimulus, I want my priorities to be clear. We must support the areas that need it the most in this recovery process: in our education system, as we look to get our kids where they need to be following a very challenging academic year; in our cities and towns, who are partnering with us to ensure we get shots in the arms of every Rhode Islander as soon as we can; and in our economy, where small businesses have struggled each and every day to make sense of all the uncertainty around them. We need to come together, now more than ever, and strengthen our partnerships as we forge ahead. I will always have an open door to you and to all state leaders. I look forward to collaborating with all our partners across government and in the community to help each other through these difficult times and put Rhode Island back on track.

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To the Honorable General Assembly

March 11, 2021

Page 2

If we are to receive more stimulus funding from the federal government, there are some items I would like to propose for consideration:

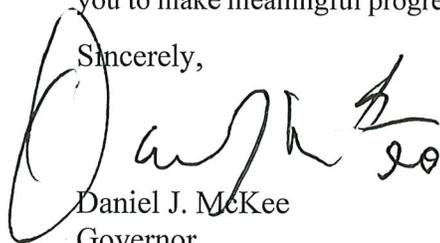
- Reverse the decoupling of the state Paycheck Protection Program (PPP) tax break from the federal PPP tax break;
- Work together with the Rhode Island Department of Elementary and Secondary Education (RIDE) and our cities and towns to establish a program that focuses on student supports in the wake of COVID-19;
- Reverse hospital licensing fee increases;
- Fully fund the State's Payment In Lieu Of Taxes (PILOT) program;
- Refill the Rhode Island Capital and Rainy Day funds; and
- Consider additional strategic, one-time investments in Rhode Island's future.

My budget looks ahead to the needs that will persist even after the threat of COVID-19 subsides. The pandemic has exposed issues that predate COVID-19 and were exacerbated by recent hardships, from the opioid epidemic and gaps in mental health services to the disproportionate toll on communities of color. It is our collective responsibility to provide meaningful support to all Rhode Islanders so they can achieve their full potential.

Finally, small businesses, which are the backbone of our economy and communities, have faced difficulties due to restrictions imposed to slow the spread of COVID-19. Business owners have done their part by adapting their operations to continue serving their customers. Now, we must do our part to make sure these businesses have the tools they need to not just recover but thrive.

Hard work lies ahead of us to help our state recover and flourish. I look forward to working with all of you to make meaningful progress that will improve the lives of all Rhode Islanders.

Sincerely,

A handwritten signature in black ink, appearing to read "Dan McKee", with a date "3/11/21" written below it.

Daniel J. McKee
Governor

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RHODE ISLAND STATE HOUSE, PROVIDENCE, RHODE ISLAND 02903

EXECUTIVE SUMMARY

TABLE OF CONTENTS

Page

Introduction.....	i
Expenditure Summary	
Federal Funds and COVID-19 Response	
Children’s Budget	
The Economy	
Revenues	
General Government.....	
Department of Administration.....	
Department of Business Regulation	
Executive Office of Commerce	
Department of Labor and Training.....	
Department of Revenue.....	
Legislature	
Office of the Governor	
Office of the Lieutenant Governor	
Secretary of State.....	
Office of the General Treasurer.....	
Board of Elections	
Rhode Island Ethics Commission.....	
Rhode Island Commission for Human Rights.....	
Public Utilities Commission.....	
Health and Human Services.....	
Executive Office of Health and Human Services.....	
Department of Children, Youth and Families	
Department of Health	
Department of Human Services.....	
Department of Behavioral Healthcare, Developmental Disabilities and Hospitals.....	
Office of the Child Advocate	
Governor’s Commission on Disabilities	
Rhode Island Commission on the Deaf and Hard of Hearing	
Office of the Mental Health Advocate	
Education	
Department of Elementary and Secondary Education.....	
Higher Education.....	
Rhode Island Council on the Arts	
Rhode Island Atomic Energy Commission	
Rhode Island Historical Preservation and Heritage Commission	
Public Safety	
Office of the Attorney General.....	
Department of Corrections	
Judiciary Department	
Military Staff	
Rhode Island Emergency Management Agency	
Department of Public Safety	
Office of the Public Defender.....	

Embargoed
until 4 p.m. Thursday, March 11

Page

Natural Resources
 Department of Environmental Management
 Coastal Resources Management Council
Transportation

Appendices

Appendix A - Schedules

General Revenue Budget Surplus Statement..... A-1
Expenditures from All Funds A-2
Expenditures from General Revenues A-4
Expenditures from Federal Funds A-6
Expenditures from Restricted Receipts A-8
Expenditures from Other Funds A-10
Full-Time Equivalent Positions A-12
General Revenues as Recommended..... A-14
Changes to FY 2021 Enacted Revenue Estimates..... A-15
Changes to FY 2022 Adopted Revenue Estimates..... A-16
General Revenue Changes to Adopted Estimates A-17

Appendix B – Five-Year Financial Projection

FY 2022 – FY 2026 Overview..... B-1
General Revenue Outyear Estimates FY 2022 – FY 2026..... B-7
General Revenue Outyear Estimates B-8
General Revenue Outyear Estimates Percent Changes B-9
General Revenue Expenditure Estimates B-10
General Revenue Outyear Planning Values B-11

Appendix C – Statewide Personnel Summary C-1

Appendix D – Aid to Cities & Towns D-1

Appendix E – Aid to Schools E-1

Appendix F – The Budget Process: A Primer..... F-1

INTRODUCTION

Governor Daniel J. McKee's Fiscal Year 2022 budget focuses on two urgent and critical issues: protecting Rhode Islanders amid the most daunting public health crisis in a century and laying the foundation for an enduring recovery after the pandemic. The recovery is not only about gaining back the jobs Rhode Island has lost, but also working to alleviate the full scope of hardships inflicted upon our citizens, businesses, and cities and towns.

The burdens of this crisis have fallen disproportionately on the most vulnerable citizens of our state: small business owners, students and teachers, those with mental and physical illnesses, minority communities, and the economically disadvantaged. The Administration's budgetary priorities reflect the belief that equity must be a guiding principle as the state drives forward. With this in mind, the Governor focuses on five primary goals in the budget proposal:

- Arming the State with the proper tools to navigate the COVID-19 pandemic;
- Expanding access to mental health and substance use disorder services;
- Addressing equity and social justice in the delivery of criminal justice and human services programs;
- Helping businesses, particularly small businesses, most impacted by the pandemic; and
- Ensuring our PK-12 education and child care systems continue to improve.

This budget proposal sets out to accomplish these goals while ensuring that the State remains fiscally responsible and uses federal aid judiciously. Through continued collaboration between the Governor's Office, General Assembly, municipal leaders, and other stakeholders, the State will emerge from the pandemic with an economy and supports that allow all residents of Rhode Island's 39 cities and towns to reach their full potential.

COVID-19 Pandemic Response

The State continues to employ an aggressive and targeted response to address the wide array of impacts the pandemic has had on individuals, municipalities, school districts, institutions of higher education, small businesses, nonprofit organizations, and many others.

Mitigating the effects of the pandemic requires a coordinated effort that controls the spread of the virus, addresses its impacts on individuals and businesses, and builds on the existing infrastructure to sustain the response as long as it is needed. The State must oversee the efficient use of all available resources – including multiple sources of federal funds – to accelerate and sustain the recovery.

In addition to the programs described below, the Governor's budget proposes roughly \$20.5 million in other COVID-19-related spending for programs, including business inspections, communications, data, government readiness, health system support, legal, supplies, and tech enablement.

Vaccinations

Vaccinating as many Rhode Islanders as possible will continue to drive down hospitalizations and deaths while putting the State in a position to reopen the economy. Through the beginning of 2021, vaccine shipments were extremely limited nationwide. As the vaccine supply continues to grow, the State is expanding and expediting its vaccination campaign to reach as many Rhode Islanders as possible.

Accounting for the latest data on vaccine availability and operations, the State is projected to spend \$24.0 million in Fiscal Year 2022. Since the federal government is supplying the vaccine at no cost to Rhode Island, this figure encompasses anticipated vaccine administration costs and related expenditures. Progress through the end of Fiscal Year 2021 will influence the ongoing need for vaccination efforts in Fiscal Year 2022 and the final costs to the State.

Embargoed
until 4 p.m. Thursday, March 11

INTRODUCTION

Testing, Contact Tracing, and Case Investigation

Accessible testing has been and remains a key pillar of the State's COVID-19 response. Identifying positive cases is critical in limiting the spread of COVID-19. Throughout the pandemic, Rhode Island's commitment to safe, universal testing has placed the state among the nation's leaders in testing per capita. Rhode Island has taken all necessary steps to ramp up capacity, eclipsing 30,000 daily tests last fall.

The Administration steadfastly believes that testing remains pivotal in keeping Rhode Islanders safe. To build upon the robust testing apparatus established throughout the last year, the State is committed to its partnerships with the municipalities, school districts, and service providers to meet the testing demand and ensure that anyone can be tested. The State tentatively plans to spend \$88.0 million for testing in Fiscal Year 2022.

Additionally, the State will continue case investigation and contact tracing to allow residents to keep themselves, their families, and their communities as safe as possible. When a positive case is identified, the State's teams help determine how the individual may have contracted COVID-19, identify close contacts, and notify anyone who may need to quarantine themselves. The teams also ensure individuals have the supports they need to isolate in accordance with public health guidance. The State tentatively plans to spend \$34.0 million to support these ongoing efforts in Fiscal Year 2022.

Alternative Hospital Sites

The alternative hospital sites in Providence and Cranston supplement the healthcare system when an increase in COVID-19 hospitalizations limits the number of available hospital beds. The decrease in cases statewide has allowed the State to close the two facilities at the Rhode Island Convention Center and 100 Sockanosset Cross Road. The sites will remain ready, with all medical equipment remaining on site, to provide care should any of the emerging COVID-19 variants increase the demand on the healthcare system.

The Rhode Island Department of Health, in consultation with the healthcare providers who operate the two sites, will determine when the sites can be deconstructed. The State tentatively plans to spend approximately \$13.0 million for the ongoing maintenance of these sites and their eventual deconstruction.

Support for Rhode Islanders

The pandemic has impacted countless households across the state.

When the unemployment rate surged and economic activity was disrupted, the Department of Labor and Training increased its capacity to handle the influx of unemployment claims. In 2020, the Department accommodated over 250,000 unemployment insurance applicants, and Rhode Island was among the top states in expediently paying claimants. Additionally, Rhode Island was the first state in the country to make the Pandemic Unemployment Assistance (PUA) program available to independent contractors and gig workers affected by COVID-19.

In addition to processing enhanced unemployment benefits, the State developed and implemented rental assistance programs to help Rhode Islanders who struggled to pay rent as the pandemic affected their jobs and livelihoods.

As the State moves forward on a path to recovery, the Administration remains committed to providing targeted supports to help keep those Rhode Islanders facing economic hardship in their homes. A critical piece of this effort leverages the federal stimulus package enacted in December 2020 that allocated \$200.0 million to the State for rental assistance. Eligible households are those whose income is below 80 percent of the area median income; have an obligation to pay rent; have a member who has qualified for unemployment insurance or has reduced income or some other financial hardship due to COVID-19; and have experienced or are at risk of experiencing homelessness. The Administration will work with

Embargoed
until 4 p.m. Thursday, March 11

INTRODUCTION

community partners to ensure this funding is delivered quickly to all households who meet the criteria and need assistance.

The State tentatively plans to spend roughly \$4.0 million in Community Development Block Grant (CDBG) funding to provide basic needs support, housing development, and broadband in housing developments, among other items.

Key Fiscal Year 2022 Budget Proposals

In addition to enhancing the State's pandemic response, the Administration is proposing a suite of targeted initiatives to provide relief and opportunity to individuals, businesses, and communities that were among the hardest hit. They are part of a balanced budget proposal that prioritizes equity, access, and opportunity for all citizens of Rhode Island's 39 cities and towns.

Expand Access to Mental Health and Substance Use Disorder Services

This proposed budget reflects Governor McKee's commitment to ensuring high-quality mental health supports for Rhode Islanders. A critical component of this effort is to combat the opioid epidemic by funding a variety of treatments for individuals. The Governor proposes funding the supports through the Opioid Stewardship Fund (OSF), a restricted receipt account comprised of registration fees paid by manufacturers and distributors of opioids. The proposed OSF-funded initiatives total approximately \$6.2 million and focus on expanding addiction treatment services.

Medication-Assisted Treatment Expansion

The Governor recommends an increase of \$846,628 to expand the Medication-Assisted Treatment (MAT) program at the Adult Correctional Institutions (ACI). The program offers medication-assisted substance use treatment, typically in the form of Suboxone, to incarcerated persons. With the additional funding, MAT will be offered the night of commitment to people whose stays in the ACI may not be long enough to support traditional induction in to the program.

Prescription Drug Monitoring Program Improvements

The Governor recommends additional funding for the Prescription Drug Monitoring Program (PDMP). The PDMP collects dispensing data for Schedule II, III, and IV prescriptions from all pharmacies in the state. An allocation of \$135,000 to the Executive Office of Health and Human Services is recommended for system integration work, which would allow prescribers and pharmacists to log into the PDMP through their own electronic health records, improving their ability to help stem the state's opioid epidemic.

Behavioral Health Online Database Enhancements

With the goal of creating a fiscally responsible budget by maximizing available federal funding, the Governor proposes investing \$350,000 in the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals' behavioral health database system to secure a 90 percent federal match. The agency would use this funding – \$665,000 in all – to develop a replacement for the Behavioral Health Online Database, which would greatly enhance the ability to conduct evaluation and analytics on substance use disorder services and open the door to future expansions, such as a centralized waitlist for residential treatment.

Recovery Friendly Workplace Expansion

The Governor recommends allocating an additional \$200,000 to the Recovery Friendly Workplace program to foster a supportive environment within workplaces for individuals who are recovering from substance use disorders. The initiative is implemented through the Recovery Friendly Workplace organization at

Embargoed
until 4 p.m. Thursday, March 11

INTRODUCTION

Rhode Island College, and provides coaching and counseling to employers to promote recovery supports in the workplace.

Recovery Housing for Alcohol Use Disorder

The Governor recommends allocating an additional \$780,000 to support recovery and supportive housing for people with alcohol use disorder. Current State Opioid Response (SOR) grants from the federal government provide supportive housing for individuals recovering from opioid or stimulant abuse but are no longer available for individuals recovering from alcohol use disorder. The proposed funding would ensure that housing vouchers and other supportive services remain available to meet the needs of this population. Supportive housing programs have a strong evidence-based history of reducing crime and recidivism, as well as helping individuals transition back into the community after treatment or incarceration.

Equity and Social Justice Reform

Governor McKee's proposed budget invests in creating a hopeful future and increased quality of life for the state's most vulnerable populations.

The first component focuses on children by expanding and creating programs for early intervention. National research has long shown that the early years of a child's life are some of the most important developmentally. Ensuring Rhode Island's most vulnerable children are receiving high-quality care is vital. The budget proposal contains key initiatives directed by the Department of Health to expand the Family Visiting programs, which provide pregnant women and families with supports, and the First Connections programs, with the goal of expanding home visiting programs to include prenatal services.

The second component ensures increased quality of life for older Rhode Islanders by expanding eligibility for existing home care and adult day health programs.

Finally, the third component seeks to improve equity across vulnerable populations through a slate of meaningful criminal justice reform initiatives that have been implemented in other states with tremendous success. Common-sense, evidence-based initiatives will make our justice system smaller and more equitable without compromising public safety.

Rhode Island Works

The Governor recommends modifying Rhode Island Works to exclude earned income as part of the benefit calculation for the first six months of employment, or until a household income exceeds 185 percent of the federal poverty line, whichever comes first. The program's 48-month time limit remains in effect. Excluding this income as part of the eligibility calculation would ensure Rhode Island Works families do not have their benefits reduced beyond their earnings as they adjust to employment. Funding for this initiative, which would take effect January 1, 2022, totals \$175,461.

The Governor also proposes allocating an additional \$116,300 in federal funding to expand eligibility for the clothing allowance for children ages 0 to 3. Currently, the allowance is only available to school age children.

Family Visiting Programs

Family Visiting programs provide pregnant women and families, particularly those considered at risk for poor outcomes, with the necessary resources and skills to raise children who are physically, socially, and emotionally healthy and ready to learn. The Governor recommends an increase of \$605,538 in general revenue to support these critical programs. Combined with federal funding, the Governor's proposed budget would increase total funding for the programs by \$1.4 million.

Embargoed
until 4 p.m. Thursday, March 11

INTRODUCTION

First Connections

The Governor recommends allocating an additional \$95,755 in general revenue to expand prenatal services, with the goals of healthier pregnancies, better birth outcomes, and better child outcomes. The First Connections program expansion is expected to provide home visits for an additional 60 women each month. Combined with federal funds, the Governor's proposed budget would increase total funding for the program by \$226,800.

Food Bank Grant

Food insecurity and malnutrition have devastating effects on the young and old alike. To ensure that Rhode Islanders who have been impacted by the pandemic have access to quality nutrition, the Governor recommends increasing the annual grant allocation to the Rhode Island Community Food Bank by \$175,000, bringing the grant up to \$350,000.

Offering Resilient and Balanced Long-Term Care Options

Governor McKee proposes investments to expand long-term care options for older Rhode Islanders and individuals with disabilities. The Governor proposes a multi-program, multi-agency approach to these efforts that involves Medicaid rate enhancements and eligibility expansions, with the goal of ensuring that more individuals will be able to choose home- and community-based care.

The Governor's recommendations promote a vision for the Medicaid Long-Term Services and Supports (LTSS) system that will foster a more balanced, sustainable, and responsive continuum of long-term care. Investments totaling over \$4.0 million in general revenue will encourage home- and community-based services (HCBS) utilization as an alternative to more restrictive residential settings. These include:

- Home care rate increases that seek to address high turnover, low wages, and the limited advancement opportunities for the home healthcare industry;
- Increasing the stipend rates by 10 percent for shared living caregivers; and
- Increasing the HCBS Maintenance of Need Allowance to more appropriately reflect household expenses.

The Governor applies the same concept to Eleanor Slater Hospital, and recommends the continuation of transformation efforts to ensure that patients receive excellent care and reside in the most appropriate setting for their needs. Ensuring that hospital settings are used predominantly for the treatment of acute conditions will allow the transition of long-term care treatment to modern HCBS models of care that produce better outcomes and increased choice for patients.

Developing a new footprint for Eleanor Slater Hospital ensures that the State complies with the federal Olmstead Act and that all populations being served by the State are provided the opportunity to be treated and/or reside in the most appropriate and least restrictive setting. This initiative closes the State's aging long-term acute care hospital facilities and creates a new stand-alone Institute for Mental Disease (IMD) at the Benton facility. The proposal also includes a recommendation to construct a newly licensed long-term care facility on the Zabarano campus estimated at a cost of \$64.9 million and financed with Certificates of Participation (COPs) debt financing of which \$53.6 million in new borrowing is requested. Rhode Island is the only state in the country still operating under the current hospital model of care without a stand-alone state psychiatric facility. This proposal ensures that Rhode Island meets national healthcare delivery best practices by treating individuals with much shorter lengths of stay, shifting treatments to comprehensive mental health services in the community rather than restrictive settings.

This vision extends beyond Medicaid and expands the Office of Health Aging's At Home Cost-Share Program to ensure quality care for older Rhode Islanders while allowing them to stay in their own homes

Embargoed
until 4 p.m. Thursday, March 11

INTRODUCTION

as long as possible. The program assists with the costs of in-home and adult day health services for non-Medicaid eligible persons. The Governor proposes expanding the program by increasing eligibility from 200 percent of the Federal Poverty Line (FPL) to 250 percent. With a federal match, the total funding increases by approximately \$1.8 million. The expansion would keep approximately 436 Rhode Islanders age 65 and over in their homes longer by having access to home care or participating in adult day health programs. Not only will this keep older Rhode Islanders healthier for longer, but also reduce enrollment in residential programs.

Probation and Parole Reform

Governor McKee proposes a multipronged approach to probation and parole reform. Rhode Island has the third-longest average probation term in the United States, at 44 months; the State also has one of the highest probation rates – one in 42 people in the state – in the country. The disproportionate size of the community corrections system and the outdated policies that govern it make it a significant driver of incarceration at the ACI. In Fiscal Year 2020, 21 percent of sentenced men and 13 percent of sentenced women in Rhode Island entered prison on probation violations. To address these issues, the proposed probation reform involves statutory changes to allow people who have served at least three years on their probation sentence to begin earning compliance credits of 10 days per month served without a violation and limits returns to prison from probation due to technical violations. Additionally, the proposed parole reform involves statutory changes to allow people on parole to earn compliance credits at a rate of five days per month served without violation of parole and limits returns to prison from parole due to low-risk violations.

The Governor also recommends expanding compassionate release for individuals with severe medical conditions, offering the possibility of geriatric parole to incarcerated persons age 65 and over, and offering the opportunity for early consideration for parole to individuals given lengthy sentences for crimes that were committed before the age of 22.

Work Release Fee Reform

Governor McKee supports other evidence-based programs that prepare incarcerated persons to reacclimate to their communities. Toward that goal, the Governor's proposed budget would reform the fee structure for participation in the work release program. Instead of paying the State a fee of 30 percent of gross pay, participants would pay 30 percent of net pay, reducing the fee and incentivizing further participation in an underutilized program.

Promoting Small Businesses and Economic Growth

According to Harvard University's Opportunity Insights project, net business revenue for Rhode Island small businesses decreased by 50 percent between the beginning of January 2020 and January 2021. Some of the sectors hardest hit by the pandemic recession are largely comprised of small businesses. For example, data from the U.S. Small Business Administration shows that approximately 75 percent of employment in accommodation and food services is through small businesses. The Governor's budget proposal provides targeted support to small businesses in the short term and includes aid in the State's long-term recovery.

Create a Small Business Recovery Fund

Building upon Rhode Island's \$125 million-plus in investments to small businesses hit hard by COVID-19, Governor McKee seeks to deploy an additional \$30 million from remaining funding through the Coronavirus Relief Fund to support small business recovery through grants and technical assistance. The awards will be disbursed starting in Fiscal Year 2021 to ensure that businesses impacted by the pandemic receive assistance as quickly as possible.

Embargoed
until 4 p.m. Thursday, March 11

INTRODUCTION

Electricity and Natural Gas Restoration Responses

In the wake of storms in recent years that left Rhode Islanders without electricity or natural gas, the Governor recognizes the need to improve the emergency preparation and response of utilities by establishing clear performance standards and allowing the State to impose fines on utilities for performance that does not meet the standards.

The Governor proposes a statutory change that would require all investor-owned electric and natural gas distribution companies to submit by May 15, 2022, and on an annual basis going forward, an emergency response plan to the Division of Public Utilities and Carriers (DPUC). Additionally, companies would be required to designate an employee, or employees, to be stationed at the Emergency Management Agency operations center during an emergency and to designate a liaison to each city and town in their service territory.

DPUC would be required to establish acceptable standards for performance for emergency preparation and restoration. Fines not to exceed \$100,000 per day could be levied on companies that do not comply with the acceptable standards. All fine proceeds would be credited back to customers.

Increase Housing Opportunities to Improve Economic and Social Wellbeing

Affordable and accessible housing is a universal need. For too long, renters and first-time homebuyers have confronted a limited housing supply. Increasing the state's housing stock is crucial to strengthening communities and increasing economic and educational mobility for all Rhode Island families. The Governor recommends a suite of proposals that enables the State to enact responsive and effective policy, and accelerate housing production across Rhode Island.

- *Establishes a permanent funding stream for affordable and workforce housing.* The Governor recommends establishing a new restricted receipt fund to encourage housing production and municipal housing development partnerships that would be funded by reallocating a portion of the State's general revenue share of the existing conveyance tax and by dedicating an increase of the real estate conveyance tax on the portions of residential property sales exceeding \$700,000. The initiative would add \$2.6 million in Fiscal Year 2022 and \$5.7 million on an annualized basis.
- *Modernizes housing policy.* The Governor recommends comprehensive governance reforms, including a modernization of the Housing Resources Commission establishment of a new Deputy Secretary, and establishment of a new Housing Resources Coordinating Committee, as well as the codification of the role of the Office of Housing and Community Development to improve statewide coordination of housing policy, planning, and financing.

Adult-use Marijuana Program

The Governor is proposing legalizing adult-use marijuana in a program that is anchored in principles of equity and public health and safety.

There would be an annual rollout of 25 retail licenses, with five set aside for qualifying minority business enterprise (MBE) applicants (leverages existing regulations defining MBEs in Rhode Island and includes women business enterprises). The Office of Cannabis Regulation (OCR) within the Department of Business Regulation would license private business applicants and ensure compliance with the State's strict packaging, labeling, security, and safety requirements.

The statute would create the Governor's Cannabis Reinvestment Task Force, which would make recommendations on the long-term investment of marijuana revenues in the specific areas of job training, access to capital for small businesses, affordable housing, health equity, and community development.

Embargoed
until 4 p.m. Thursday, March 11

INTRODUCTION

Additionally, the proposal would invest \$1.1 million in health equity zones to expand community-based health initiatives and infrastructure; \$1.0 million in treatment, prevention, and surveillance through multiple state agencies; and \$900,000 in state and local law enforcement training and capacity building.

Small Business Assistance Program

The Governor recommends a total of \$1.0 million in general revenue financing for the Small Business Assistance Program, which supports small businesses and entrepreneurs in Rhode Island that have difficulty obtaining credit from traditional lending organizations. It allows lending partners to provide technical assistance services, including business planning, financial education, credit counseling, and marketing advice. This initiative would double the appropriation to this program, from \$500,000 in Fiscal Year 2021 to \$1.0 million in Fiscal Year 2022.

Continue Car Tax Phase-out on Schedule

The Governor proposes continuing to phase out the motor vehicle excise tax on schedule, providing \$139.7 million in general revenue.

Eliminate Sales Tax Permit Fees

The Governor's budget proposal provides not only targeted assistance to small businesses impacted by the pandemic, but also relief to a broad swath of Rhode Island businesses. Governor McKee proposes to eliminate the annual \$10 fee paid by over 30,000 businesses who conduct retail sales in the state. This change would save businesses over \$300,000 annually. Other states, such as Massachusetts, do not charge a retail sales tax permit fee.

Modernize Commercial Fishing Licensure

The Fiscal Year 2022 budget proposes a simpler and more flexible commercial fishing licensing structure. This proposal would eliminate unnecessary license categories and provide flexibility in crew requirements to ensure more boats are able to fish Rhode Island waters. The budget also clarifies how licenses can be reissued to family members in cases of medical incapacitation by the original license holder, preserving commercial fishing licenses within fishing families. Finally, this proposal would bring Rhode Island commercial fishing license fees in line with neighboring states, raising \$80,000 in new dedicated revenue and allowing the State to leverage more federal funding.

Maintenance and Beautification of Parks and Beaches

As the Ocean State, Rhode Island offers its residents and visitors opportunities to partake in the great natural beauty of its parks and beaches. These natural resources provide a multitude of economic benefits to small businesses and local residents in their host communities, and provide top-quality recreational opportunities. The Governor recommends investments in park and beach maintenance that would be partially offset through select parking fee changes. This initiative would raise approximately \$419,463 in revenue for the Department of Environmental Management to cover increasing costs of maintaining beaches and parks.

Improving Equity in Education for Rhode Islanders

Education occurs before a student ever sets foot in a classroom and long after they leave public education. The Governor remains committed to improving educational opportunities and equity across this entire spectrum of need:

- Day care and early childhood enrichment providers create educational opportunities for Rhode Island youth during the critical time between parental oversight and school-based learning.
- To improve school outcomes, the Governor proposes a budget that fully funds the State's K-12 funding formula.

INTRODUCTION

- For adults who have left the K-12 education system, the Governor proposes investing in job training and workforce development programs that create good job opportunities for Rhode Island workers.

Expanding the Child Care Assistance Program

The Governor proposes the expansion of and increased rates for the Child Care Assistance Program (CCAP) that provides income-based assistance for facility or home-based child day care. The Governor recommends creating a “CCAP for Higher Education” pilot program to assist working parents who are pursuing a college, vocational, or technical degree. Rhode Island is one of only 10 states that creates a barrier for working parents by failing to account for enrollment in higher education to offset the employment requirement for CCAP participation. Governor McKee recommends appropriating \$200,000 in Fiscal Year 2022 to create a pilot program to start Rhode Island on the path to supporting these hardworking families. Working parents face a multitude of obstacles. This pilot program is a crucial first step toward removing some of those obstacles and rewarding the resilience and tenacity required to add the pursuit of higher education to an already full plate. After evaluating data on utilization rates and costs, the Governor hopes the program can be expanded and made a permanent fixture. Higher educational attainment not only pays dividends to the individual, but also has multi-generational positive effects on educational achievement and quality of life.

Incentivizing High-Quality Child Care

The Governor recommends an increase of \$6.0 million in federal funds to aggressively incentivize child care providers to provide the highest quality care. This would, for the first time, harmonize the State’s CCAP rate schedule with federal requirements and support both businesses and families.

K-12 Education – Funding Formula Enhancements

Governor McKee’s proposed budget fully funds the state’s K-12 school system at the funding formula level, which would increase state aid to local school districts by \$34.9 million without any new taxes. This would bring total state aid funding to \$981.2 million.

Higher Education and Job Training – Growing the Real Jobs Rhode Island Program

Governor McKee is committed to improving employment prospects and creating sustainable jobs in Rhode Island. The Governor recommends an additional \$3.0 million in general revenue for the Real Jobs Rhode Island Program. The program, administered by the Department of Labor and Training, partners with Rhode Island businesses to nurture and match the skill set of the workforce with the needs of the business community. These grants fund skilled-job training for Rhode Islanders in a variety of fields, in cooperation with institutions of higher education and technical training providers. This initiative will increase the total general revenue funding for Real Jobs Rhode Island to \$8.45 million.

EXPENDITURE SUMMARY

The following outlines the FY 2021 Revised and the FY 2022 Recommended Budgets as proposed by Governor McKee on March 11, 2021.

Expenditures by Source

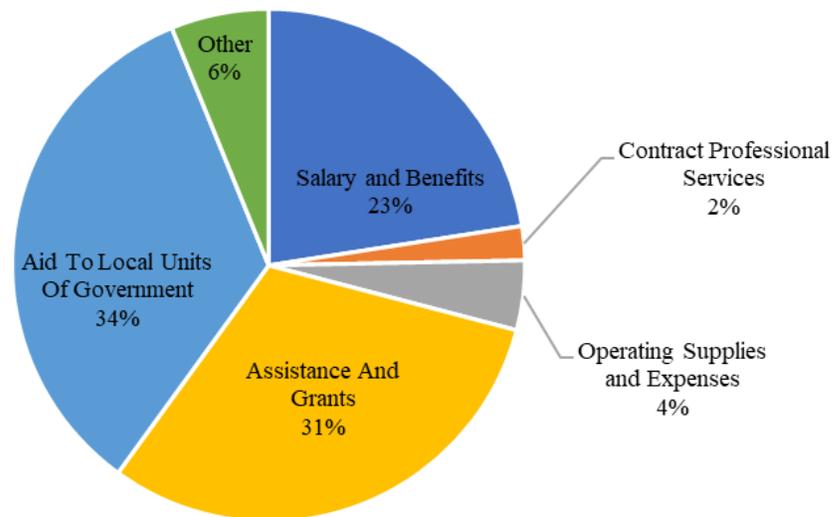
The following table shows state expenditures by source of funds. Statewide all fund expenditures for the revised FY 2021 budget total \$13.750 billion, an increase of \$1.0 billion compared to the enacted level. Of this total, \$3.881 billion, or 28.2 percent, is from general revenue. All funds expenditures for FY 2022 are \$11.170 billion, a decrease of \$1.560 billion compared to the FY 2021 enacted level. Of this total, \$4.371 billion, or 39.1 percent, is from general revenue.

Enacted and Proposed Expenditures by Source

Sources of Funds	FY 2021 Enacted	FY 2021 Revised	Change from Enacted	FY 2022 Recommended	Change from FY 2020 Enacted
General Revenue	\$4,153.3	\$3,881.6	(\$271.6)	\$4,371.3	\$218.0
Federal Funds	5,812.9	7,059.1	1,246.2	4,129.5	(1,683.4)
Restricted Receipts	322.3	353.2	30.9	341.9	19.6
Other Funds	2,442.0	2,456.3	14.3	2,327.8	(114.1)
Total (millions)	\$12,730.4	\$13,750.2	\$1,019.8	\$11,170.5	(\$1,560.0)

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 33.8 percent in FY 2022, driven by additional funding for local education, the continued phase-out of the Motor Vehicle Excise Tax, and the restoration of one-time federal funding of municipal aid in FY 2021. Personnel expenditures have decreased from 23.1 percent of general revenues in FY 2018 to 22.5 percent in FY 2022. Meanwhile, spending on grants and benefits declined from 33.2 percent of general revenues in FY 2018 to 30.9 percent in FY 2022.

FY 2022 General Revenue Expenditures by Category



Embargoed
until 4 p.m. Thursday, March 11

EXPENDITURE SUMMARY

Expenditures by Functional Unit of Government

The FY 2022 general revenue budget is up \$218.0 million compared to the FY 2021 Enacted Budget. The increases are primarily due to use of Federal funds from various economic stimulus relief in FY 2021, as well as the following changes:

- General Government expenditures are up \$75.7 million; significant growth drivers include continuation of reimbursements to cities and towns due to the motor vehicle excise tax phase-out, and additional general revenue for Real Jobs RI.
- Health and Human Services expenditures decrease by \$27.6 million due to a temporary 6.2 percentage point enhancement to each qualifying state's Federal Medical Assistance Percentage (FMAP) from the Families First Coronavirus Response Act (FFCRA) for all four quarters of FY 2021. Current assumptions include this enhanced FMAP through December of calendar year 2021.
- Education expenditures are up \$51.8 million primarily due to fully funding the Education Aid Funding Formula in FY 2022.
- Public Safety expenditures are up by \$113.9 million due to primarily reversing conversions of payroll to Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act funds for eligible employees in FY 2021.
- Natural Resources expenditures are up \$4.1 million due to increased investment in state parks and ports.

General Revenue Appropriations by Function

Function	FY 2021 Enacted	FY 2021 Revised	Change from Enacted	FY 2022 Recommended	Change from FY 2021 Enacted
General Government	\$ 586.5	\$ 490.2	\$ (96.3)	\$ 662.2	\$ 75.7
Health and Human Services	\$ 1,613.9	\$ 1,505.4	\$ (108.5)	\$ 1,586.3	\$ (27.6)
Education	\$ 1,525.1	\$ 1,525.0	\$ (0.1)	\$ 1,576.9	\$ 51.8
Public Safety	\$ 382.4	\$ 315.8	\$ (66.6)	\$ 496.3	\$ 113.9
Natural Resources	\$ 45.4	\$ 45.2	\$ (0.1)	\$ 49.5	\$ 4.1
Total (millions)	\$4,153.3	\$3,881.6	(\$271.6)	\$4,371.3	\$218.0

FY 2022 All funds expenditures by functional units total \$11,170.5 million and include:

General Government

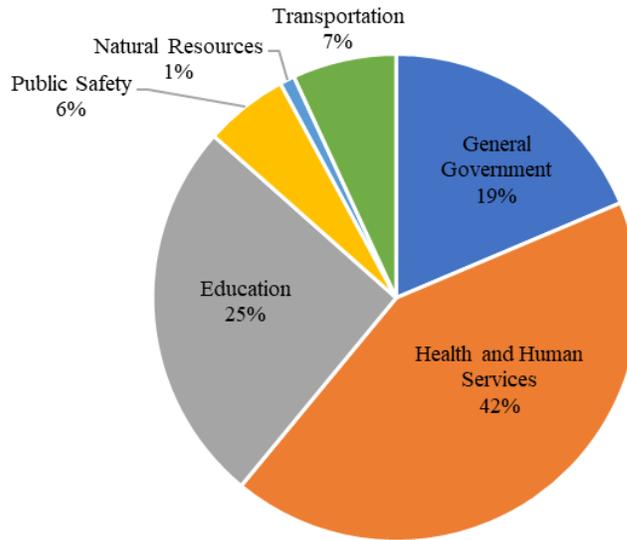
Approximately 18.6 percent of all expenditures are for General Government, totaling \$2.081 billion. This includes agencies that provide general administrative services to other state agencies, assist in developing the state's workforce, assist municipalities in achieving fiscal health, and those that perform state licensure and regulatory functions.

Human and Human Services

Approximately 42.3 percent of all expenditures are for Health and Human Services, totaling \$4.730 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

FY 2022 All Funds By Source



Education

Approximately 25.6 percent of all expenditures are for Education, totaling \$2.856 billion. This includes state support for local education aid, support for the state university and colleges, and scholarships.

Public Safety

Approximately 5.6 percent of all expenditures are for Public Safety, totaling \$622.0 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 \$110.2 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 6.9% percent of all expenditures are for Transportation, totaling \$770.70 million. The Department maintains the State's transportation infrastructure.

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

Embargoed
until 4 p.m. Thursday, March 11

FEDERAL FUNDS AND COVID-19 RESPONSE

Congress has passed five major laws making additional federal funds available to states to address the COVID-19 pandemic: Coronavirus Preparedness & Response Supplemental Appropriations Act (March 6, 2020), Families First Coronavirus Response Act (March 18, 2020), Coronavirus Aid, Relief, and Economic Security (“CARES”) Act (March 27, 2020), Paycheck Protection Program and Health Care Enhancement Act (April 24, 2020), and Consolidated Appropriations Act, 2021 (December 27, 2020). These funds are in addition to the typical federal funds that states receive. They are also in addition to Stafford Act reimbursement for eligible disaster-related costs, which the federal government makes available through the Federal Emergency Management Agency (FEMA).

The summary of budgeted COVID response spending that follows utilizes resources from these five legislative acts, as well as Stafford Act reimbursement. The major financing sources are as follows:

- The Coronavirus Relief Fund, the \$1.25 billion the State received under the CARES Act for pandemic response and relief. U.S. Treasury administers the CRF program and has issued substantial guidance on allowable uses. In general, CRF funds may be used for costs that are necessary to respond to first- or second-order effects of the pandemic, that were not accounted for in the state budget as it existed as of March 27, 2020 (the date of the passage of the CARES Act), and are incurred between March 1, 2020 and December 31, 2021.
- Stafford Act funding under the FEMA Public Assistance program. In general, this funding reimburses the State for costs of eligible emergency protective measures, as that term is defined in FEMA guidance. Stafford Act typically only reimburses State’s for 75% of the costs of eligible expenses. The Biden Administration, however, has authorized FEMA to provide 100% reimbursement for eligible expenses incurred from the beginning of the COVID-19 disaster in January 2020 through at least September 30, 2021. FEMA adjusts the scope of eligible expenses from time to time. The State tracks those updates closely and makes adjustments in its financing plan for COVID-related costs in reaction to those adjustments.
- Federal direct awards that provide funding for more specific uses. The major federal direct awards included in the budget below are grants to the Department of Health for testing, contact tracing, vaccination, and related public health activities in connection with COVID-19. In addition, direct awards for education, child care, and other services are included in the budget below.

The accounting below does not include all the funds received under the COVID legislation enacted by Congress. Certain funds, such as the increased transportation funding and the enhanced federal Medicaid match, are accounted for elsewhere in the budget.

All CRF funds are budgeted fully for use in FY20 and FY21 and a combination of FEMA and other federal funds form the foundation of the funding for continued COVID response in FY22.

COVID Funding by Fiscal Year

(In Millions)

	CRF	FEMA	Other Federal Funds	General Revenue	Total
FY 2020 ^[1]	255.0	111.0 ^[2]	-	-	366.0
FY 2021	995.0	362.1	314.2	14.2	1,685.5
FY 2022	-	156.3	171.8	-	328.0
Total	1,250.0	629.3	485.9	14.2	2,379.5

[1] FY20 actuals

[2] FEMA receivable was disallowed in FY20 and was moved to a GR expense. The State expects to recognize corresponding FEMA revenue in FY21 to offset the GR expense.

Embargoed
until 4 p.m. Thursday, March 11

FEDERAL FUNDS AND COVID-19 RESPONSE

FY 2021 COVID Funding by Category (In Millions)

Category	Sub-Category	CRF	FEMA	Other Federal Funds	General Revenue	Total
Public Health Response	1. Supplies	-	41.1	-	-	41.1
	2. Surge	9.0	35.2	2.5	8.2	55.0
	3. Testing	5.0	187.2	85.0	-	277.2
	4. Case Investigation (CI) & Contact Tracing (CT)	0.5	31.0	31.4	0.2	63.1
	5. Individual Supports	3.8	11.5	4.3	1.0	20.5
	6. Community Mitigation & High Density Communities	3.3	1.9	4.5	0.0	9.8
	7. Vaccine Campaign	-	25.9	9.6	0.1	35.6
	8. Public Health Emergency Response Supports	1.8	16.1	11.5	0.3	29.7
Hospital & Provider Relief	9. Hospital Assistance Partnership Program (HAPP)	125.1	-	-	-	125.1
	10. Human Services Relief	51.1	3.6	1.5	0.3	56.4
Housing	11. Housing	16.3	-	82.4	-	98.7
Business & Workforce Readiness	12. Business & Workforce Readiness	173.1	0.2	-	1.7	175.0
Education & Childcare	13. Education	115.8	-	58.7	0.1	174.5
	14. Childcare	3.7	-	22.1	-	25.8
“Pause” Supports	15. “Pause” Supports	111.7	-	-	-	111.7
Municipal Support	16. Municipal Support	136.5	-	-	-	136.5
Government Readiness & Other Personnel Expenditures	17. Government Readiness	19.7	8.4	0.7	2.4	31.2
	18. State Personnel Expenses	218.5	-	-	-	218.5
	Total	995.0	362.1	314.2	14.2	1,685.5

Embargoed
until 4 p.m. Thursday, March 11

FEDERAL FUNDS AND COVID-19 RESPONSE

FY 2022 COVID Funding by Category (In Millions)

Category	Sub-Category	CRF	FEMA	Other Federal Funds	General Revenue	Total
Public Health Response	1. Supplies	-	1.3	0.6	-	1.8
	2. Surge	-	12.0	0.9	-	12.9
	3. Testing	-	73.6	13.9	-	87.5
	4. Case Investigation (CI) & Contact Tracing (CT)	-	29.2	4.7	-	33.9
	5. Individual Supports	-	3.3	3.5	-	6.8
	6. Community Mitigation & High Density Communities	-	2.8	3.6	-	6.5
	7. Vaccine Campaign	-	22.4	1.8	-	24.2
	8. Public Health Emergency Response Supports	-	8.6	1.7	-	10.4
Hospital & Provider Relief	9. Hospital Assistance Partnership Program (HAPP)	-	-	-	-	-
	10. Human Services Relief	-	1.0	0.3	-	1.3
Housing	11. Housing	-	-	124.0	-	124.0
Business & Workforce Readiness	12. Business & Workforce Readiness	-	0.0	1.6	-	1.7
Education & Childcare	13. Education	-	-	11.4	-	11.4
	14. Childcare	-	-	-	-	-
“Pause” Supports	15. “Pause” Supports	-	-	-	-	-
Municipal Support	16. Municipal Support	-	-	-	-	-
Government Readiness & Other Personnel Expenditures	17. Government Readiness	-	1.8	3.7	-	5.5
	18. State Personnel Expenses	-	-	-	-	-
Total		-	156.3	171.8	-	328.0

Budgeted Categories of COVID Response Spending:

Public Health Response

1. *Supplies*: Since the start of the pandemic The Rhode Island Emergency Management Agency (RIEMA) has managed the centralized procurement and storage of supplies critical to the State’s COVID response, including PPE (N-95 masks, gowns, gloves, etc.), ventilators, and disinfecting

Embargoed
until 4 p.m. Thursday, March 11

FEDERAL FUNDS AND COVID-19 RESPONSE

products. These supplies are necessary for the operation of public healthcare systems, first responders, institutional care settings, Health Equity Zone partners, small businesses, and State government. RIEMA and the Rhode Island Department of Health (RIDOH) continue to coordinate the distribution of critical supplies to healthcare and other entities, as needed, and a sufficient stockpile remains to support response to a future surge event as the response to the public health emergency continues.

2. *Surge*: Surge includes expenses associated with the Administration's construction, operation, and eventual deconstruction of Alternative Hospital Sites (AHS) to ensure the State's hospital system maintains sufficient capacity to treat an influx of COVID-19 patients. The Administration constructed three sites (RICC, Cranston, and Quonset) during the initial surge in the spring of 2020. While the Quonset site has since been deconstructed, RICC and Cranston have remained in varying states of use, based on the needs of the public health crisis. The remaining AHS site will remain on standby through at least the end of FY21 to ensure the State is able to rapidly respond to any additional surges.
3. *Testing*: RIDOH established relationships with multiple laboratory vendors to ensure that testing is widely available, and results are provided in a reasonable timeframe. Rhode Island continues to meet and exceed testing guidelines and to date approximately 3.0 million tests have been completed across the State, with a significant portion conducted through the State's testing infrastructure. The State actively expanded both symptomatic and asymptomatic (sentinel) testing as case levels rose last fall and the State worked aggressively to maximize insurance reimbursement for as many tests as possible. The Administration steadfastly believes that testing remains pivotal in keeping Rhode Islanders safe. To build upon the robust testing apparatus established throughout the last year, the State is committed to its partnerships with all 39 cities and towns, school districts, and service providers to meet the testing demand and ensure that anyone can be tested. Until the Department of Health determines it is advisable to reduce testing capacity based on vaccination efforts and the prevalence of COVID-19, the State will maintain this approach.

This budget category includes grant funding managed directly by RIDOH, in addition to the core COVID-19 workstream response budget.

4. *Case Investigation (CI) and Contact Tracing (CT)*: To prevent the spread of COVID-19 in Rhode Island, the Administration quickly enhanced the State's capacity to conduct Case Investigation (CI), Contact Tracing (CT), and epidemiology. The State has hired call center personnel, contract tracers, epidemiologists, nurses, and staff to manage the overall process and procure the requisite space and equipment to carry out this critical need. The State has leveraged temporary staff from various vendors to rapidly scale service and has recruited nurses out of retirement to support illness monitoring of those who are COVID positive. The State will continue to invest in CI and CT capabilities as part of its comprehensive response to combatting COVID-19. However, as the case positivity rate decreases, the CI and CT functions will be adjusted accordingly.
5. *Individual Supports*: The Administration has invested in multiple programs to support individuals impacted by the public health pandemic, helping individuals quarantine and isolate after exposure to mitigate the spread of COVID-19. The Administration has provided direct financial and food support to high-need individuals and families required to quarantine who would otherwise have no other source of income or ability to secure necessary groceries and supplies. In addition, the Administration contracted with hotels and established other facilities to provide housing options for housing insecure individuals and families to safely quarantine. The Administration has budgeted funding for these services into FY22 and will make necessary adjustments to ensure the health and safety of Rhode Islanders.

Embargoed
until 4 p.m. Thursday, March 11

FEDERAL FUNDS AND COVID-19 RESPONSE

6. *Community Mitigation and High Density Communities*: As part of the State's strategic campaign to combat COVID-19 spread, the Administration has invested enhanced resources into High Density Communities that have experienced a disproportionate rate of COVID-19 infection and mortality. Throughout the pandemic, the administration has partnered with Health Equity Zone (HEZ) organizations to support hygiene and mask campaigns and disseminate information regarding testing and vaccination efforts. The Administration remains committed to supporting efforts to reduce the spread of COVID-19 and support the distribution of vaccinations in these higher risk communities.
7. *Vaccine Campaign*: Once vaccines became available to the State, the Administration took a strategic approach to vaccination efforts focusing on targeted populations to reduce hospitalization risk. As additional vaccines have become available, the State has moved aggressively to stand up State operated mass vaccination operations and will be partnering with municipalities to further expand mass vaccination capacity in addition to Federal efforts throughout the State. Budgeted funds support the cost of vaccinators, site operations, vaccine distribution, communications, and support functions necessary to stand up and operate the vaccination program. While significant funding has been budgeted to Vaccination efforts in FY 2022, progress through the end of FY 2021 will influence the ongoing need for vaccination efforts in FY 2022 and final costs to the State.

This budget category includes grant funding managed directly by RIDOH, in addition to the core COVID-19 workstream response budget.

8. *Public Health Emergency Response Supports*: The Administration has invested in numerous ancillary functions to support the State's direct response to the public health pandemic. Such expenses have included developing IT solutions, data analytics services to support the State's CI/CT, testing, and vaccine efforts, public health communications campaigns, and legal services. The Administration will continue to invest in such necessary services to support the State's robust response to the public health pandemic.

Hospital and Provider Relief

9. *Hospital Assistance Partnership Program (HAPP)*: HAPP grants provided funding to hospitals to support their response to COVID-19 and partially offset short-term financial pressures created by the pandemic. Recipients attested to advance four program goals centered around transformation and resiliency, improved system preparedness, maintenance and expansion of positive change accelerated by COVID-19, improved ability to address population health and equity impacts of COVID-19, and improved ability to sustain financially viable health systems through COVID-19. Grants were issued in two phases, with the first occurring in June 2020 and the second occurring in October 2020.
10. *Human Services Relief*: Human Services Relief provided support to medical providers, home and community based providers, and providers of services in other congregate care settings to maintain workforce participation and reduce the threat of critical service disruption. Through these programs, the Administration supported services, including but not limited to, primary care, pediatrics, veteran care, I/DD, nursing homes, and mental health.

Housing

11. *Housing*: The Administration has worked to reduce the impact of the economic downturn associated with COVID-19 on Rhode Islanders, including the implementation of programs designed to minimize evictions and reduce homelessness. The Administration remains committed to helping Rhode Islanders remain in their homes during this pandemic by continuing to support previously shared programs and investing additional funding in new housing related initiatives.

Embargoed
until 4 p.m. Thursday, March 11

FEDERAL FUNDS AND COVID-19 RESPONSE

Business and Workforce Readiness

12. *Business & Workforce Readiness:* The economic downturn caused substantial hardship for small businesses and non-profit organizations, anchors of the Rhode Island economy. In response, the Executive Office of Commerce, Commerce Corporation, Department of Labor and Training, and the Department of Revenue developed and executed business support and workforce programs that provided assistance and relief to struggling businesses and workers. Additional small business support and technical assistance on PPP loans is planned for the second half of FY 2021.

Education and Childcare

13. *Education:* The Administration has supported multiple programs to ensure Rhode Island's students can continue to learn in a safe environment during the pandemic.

To ensure continued learning during the summer of 2020, the Administration supported high-quality distance learning classes for the extended school year, grants for municipal and non-profit in-person summer camps, and a summer jobs program aimed at providing youth aged 16-24 with employment opportunities related to the COVID-19 recovery.

The Administration directed funds to local education agencies (LEA), to mitigate the extraordinary costs associated with the COVID-19 pandemic and its impact on education. Separately, it also funded initiatives aimed at reopening K-12 education across the State, developing state-level guidance and providing technical assistance to school districts developing reopening plans, securing classroom air purifiers, recruiting and training additional substitute teachers, assisting with additional facility expenses, increasing broadband access, creating an online learning platform, and providing an interim assessment tool.

Finally, the Administration also provided funding to Rhode Islands' public institutes of higher education, to support their safe reopening.

Additional funding will continue to be made available for education initiatives serving Pre-K through Higher-Ed populations, to ensure Rhode Island's students emerge from the pandemic with the skills they need to achieve their goals and contribute to their communities.

14. *Childcare:* The Administration has provided additional support to Childcare Service providers, offering direct grants to cover the costs of implementing new emergency safety standards and providing increased childcare rate increases to ensure childcare facilities could safely remain open during the pandemic. The Administration continues to invest heavily in stabilizing the childcare industry through additional grant programs.

“Pause” Supports

15. *“Pause” Supports:* As part of the Administration's ordered economic “Pause” on certain business activity during the fall of 2020 to combat the surge of COVID-19 infection, the Administration funded multiple programs to provide direct economic relief to both businesses and individuals. These programs included business support grants and enhanced individual benefits for unemployment insurance, SNAP, and RI Works, as well as an additional round of grants to stabilize workforce participation in congregate settings.

Municipal

16. *Municipal Supports:* In addition to the programs benefiting Rhode Islanders in every community across the State, the Administration issued direct support to municipalities in FY 2021 to assist with their COVID response efforts.

Embargoed
until 4 p.m. Thursday, March 11

FEDERAL FUNDS AND COVID-19 RESPONSE

Government Readiness and Other Personnel Expenses

17. *Government Readiness*: As a result of the public health pandemic, State agencies were required to pivot to be able to continue the delivery of government services in a safe and effective manner. The Administration invested in multiple programs, including but not limited to, enhanced communication infrastructure to provide the public with critical public health and safety information, new remote work technology and equipment, physical modifications to government facilities to encourage social distancing, enhanced disinfection and janitorial services, and employee screening.
18. *State Personnel Expenses*: The Administration has dedicated Federal funding resources to eligible State personnel contributing to the State's COVID response efforts, allowing State resources to be used for other critical needs. The Administration will continue to utilize Federal funding resources to help pay for eligible personnel expenses.

Embargoed
until 4 p.m. Thursday, March 11

CHILDREN’S BUDGET

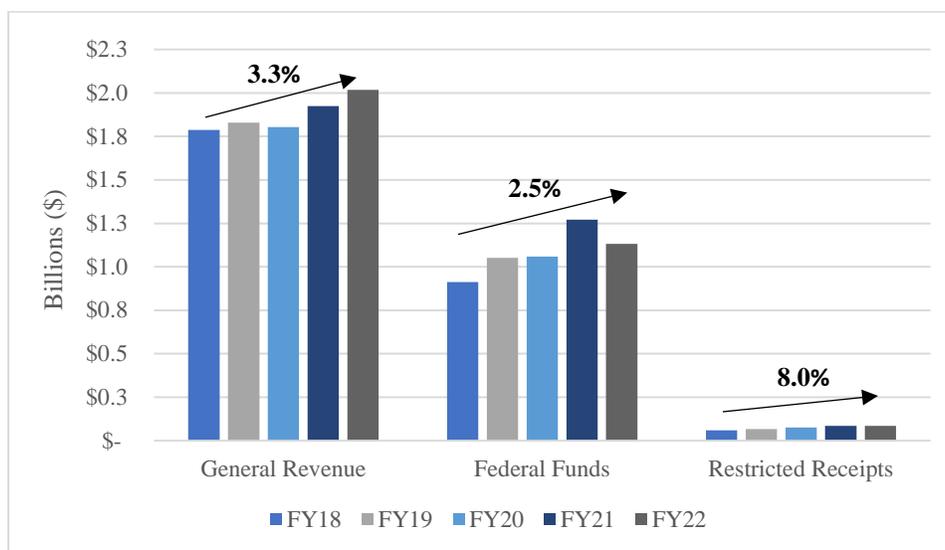
As required under R.I.G.L. § 42-72.5(2), the following constitutes the FY 2022 Children’s Budget prepared by the Rhode Island Children’s Cabinet.

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 year-over-year growth in general revenue investments in key desired outcome areas for children and youth over the last four fiscal years. In FY 2022, the Governor recommends an investment of \$3.24 billion in children-and-youth-related spending. Over the course of this period, as seen in Graph A, federal funding has increased at a slower rate over recent years compared to general revenue investments for children and youth, emphasizing the importance of state investments. However, the Families First Coronavirus Response Act, Coronavirus Aid, Relief, and Economic Security Act, and the Consolidated Appropriations Act have injected more federal funding into Rhode Island which led to an increase in spending in FY 20 and FY21 for children and youth to address the impacts of COVID-19.

Graph A: Changes in Investment in Children, by Source of Funds



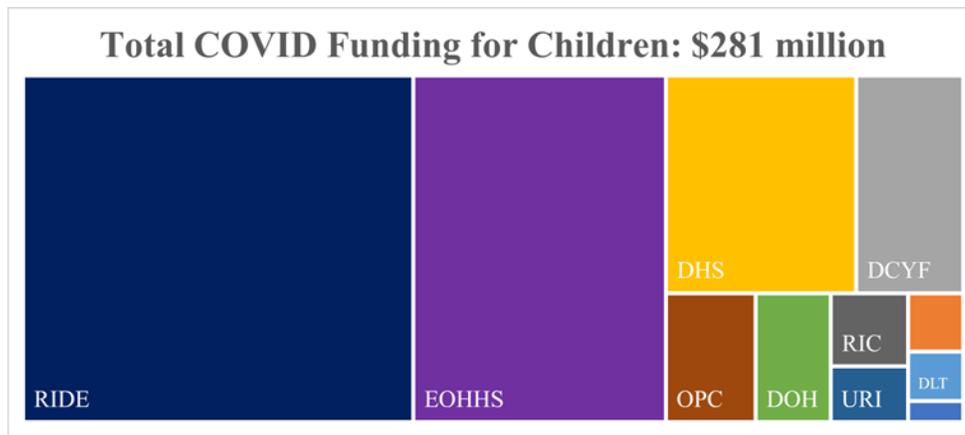
The COVID-19 crisis has had an immense impact on children’s education, health, and mental health. For example, Rhode Island has seen an almost 40% decline in Child Care Assistance Program enrollment. In addition, children are impacted by the economic fallout of the pandemic. In Fall 2020, 18% of adults in Rhode Island with children in their household reported that they “sometimes or often do not have enough food to eat,” according to The Annie E. Casey Foundation. This represented one of the highest rates among states. The investments to support children and families in the FY22 budget are essential to ensuring long-term positive health outcomes, equity, and opportunity for children as the state emerges from the pandemic.

Embargoed
until 4 p.m. Thursday, March 11

CHILDREN'S BUDGET

The chart below is a visualization of COVID-related spending for children across FY 2020 - FY 2022 in agencies that are a part of the Children's Cabinet:

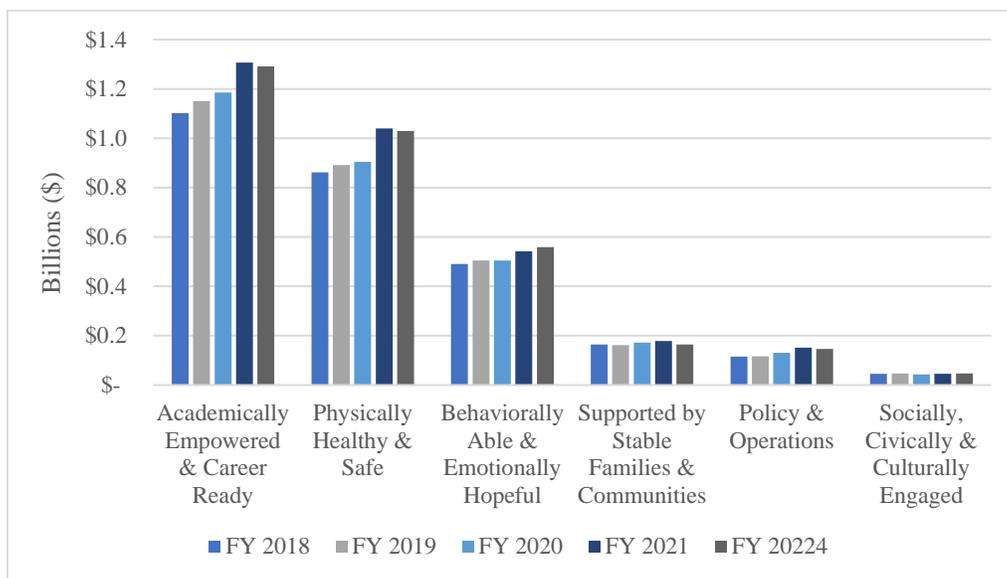
Graph B: Total COVID-19 Federal Funding for Children, from FFCRA and CARES Act



*The unmarked boxes represent the investment from CCRI (above DLT) and BHDDH (below DLT).

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.

Graph C: Investments in Children by Desired Outcome Area, By Year



Children's Budget Scan Background

The budget analysis represented the third 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 high-quality early childhood programs. The FY 2022 scan used the

Embargoed
until 4 p.m. Thursday, March 11

CHILDREN'S BUDGET

same protocols as the FY 2021 scan, and categorized investments by the desired outcome areas from the Children's Cabinet strategic plan.

These desired outcome areas include:

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

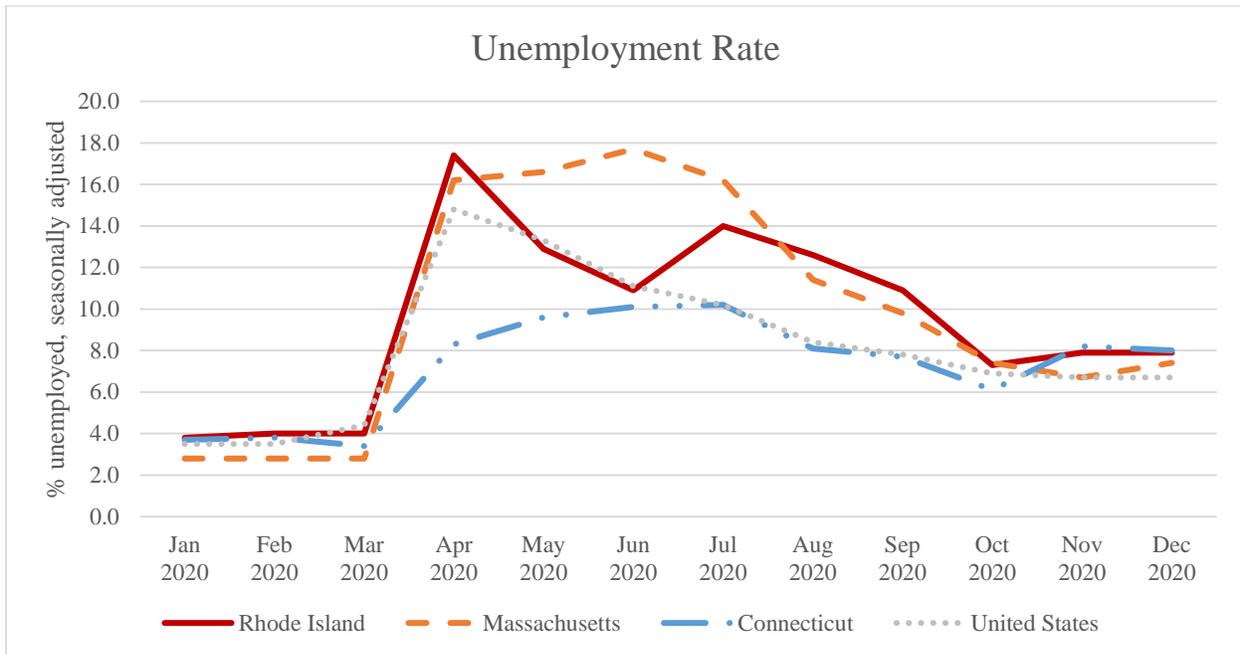
Agencies were asked to provide estimations and assumptions about budget items where some data was not readily available, such as the percent of program recipients who were children and youth ages 0-24. Figures include these estimations and assumptions and therefore should be regarded as directional rather than conclusive. It represents an initial review which must undergo further analysis and refinement to verify assumptions and ensure consistency across agencies. The Children's Cabinet and OMB will continue to refine this scan and related governance processes with the input of stakeholders moving forward.

Embargoed
until 4 p.m. Thursday, March 11

RHODE ISLAND'S ECONOMY

The Pandemic Recession

In March 2020, the United States entered a recession caused by the COVID-19 pandemic. The recession was especially acute in Rhode Island, which saw a peak unemployment rate (seasonally adjusted) of 17.4 percent in April 2020. This was the seventh highest April unemployment rate among the fifty states. Rhode Island had experienced record-breaking employment in February 2020, with an estimated 508,400 Rhode Island based jobs – the highest job count on record.



Rhode Island's employment makeup is especially vulnerable to the impact of the pandemic. The concentration of December 2019 employment in Rhode Island for service-providing industries was 1.06 times the concentration of overall service employment in the U.S. This put Rhode Island as the state with the seventh highest concentration of service employment in the nation. Most notably, Rhode Island's concentration of education and health service employment was 1.36 times the national rate, trailing only Massachusetts. But unlike Massachusetts, Rhode Island is also reliant on leisure and hospitality jobs. At the end of 2019, Rhode Island was one of two New England states (along with Vermont) with a concentration of leisure and hospitality jobs above the national rate (1.09 times).

The pandemic had two main economic impacts: suppressing consumer demand and forcing public health measures that limited economic activity. The state issued a stay-at-home order on March 28, which had the effect of closing non-critical businesses. Between February 2020 and April 2020, the state lost 98,100 jobs. Employment in accommodation and food services declined by 64.5% and health care and social assistance by 18.8%. These sectors accounted for half the state's job losses. While the health care employment decline may seem counterintuitive during a public health crisis, pandemic restrictions forced cancellation of elective medical procedures.

The economic impact of the pandemic has been especially acute for small businesses and lower income workers. According to Harvard University's Opportunity Insights project, net business revenue for Rhode Island small businesses decreased by 50 percent between the beginning of January 2020 and January 2021. Some of the sectors hardest hit by the pandemic recession are largely made up of small businesses. For example, data from the U.S. Small Business Administration shows that approximately 75 percent of

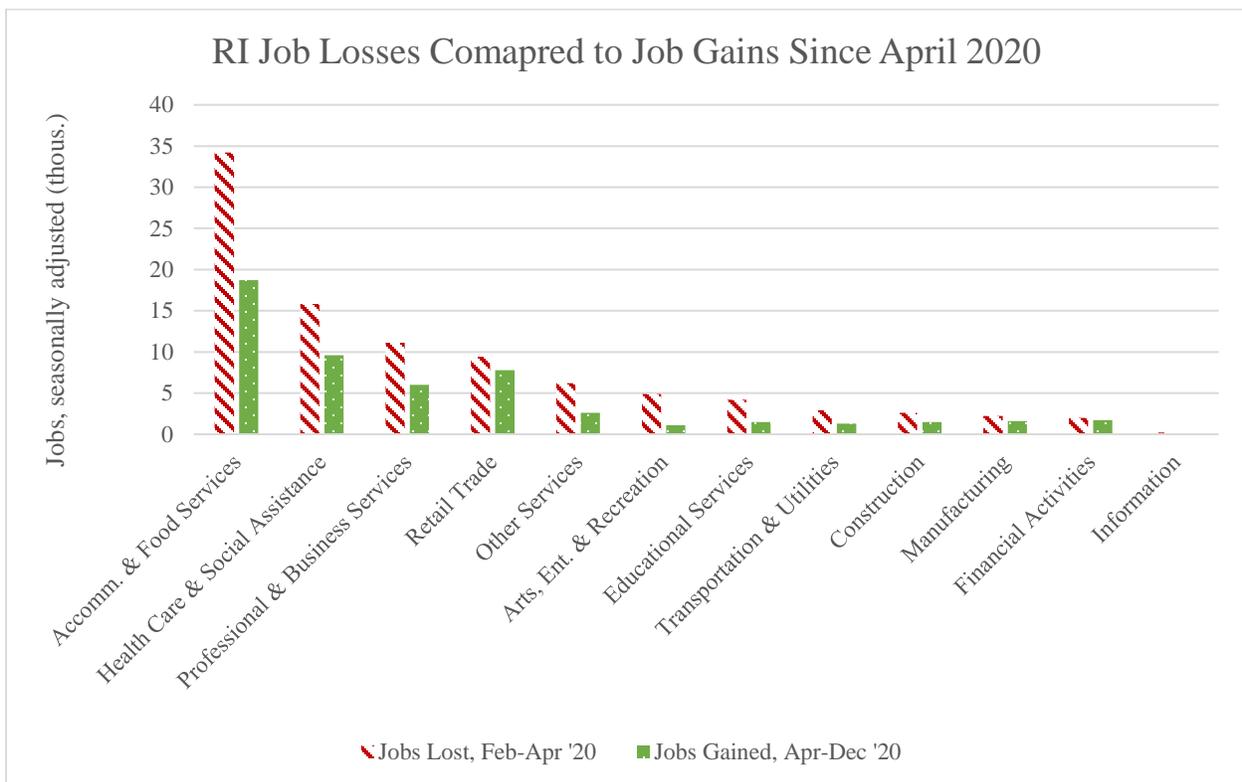
Embargoed
until 4 p.m. Thursday, March 11

RHODE ISLAND'S ECONOMY

employment in accommodation and food services is through small businesses. Opportunity Insights data also reveals that, by the middle of December 2020, low-income employment was still down 25% from January 2020. This compares to a 10% decline in middle-income employment, and a full recovery in high-income employment.

The Rebound

On May 8, the state issued an order lifting the stay-at-home restrictions and began a phased reopening process. Between April and December, the state regained 51,600 jobs (seasonally adjusted), about half the number lost between February and April. Accommodation and food services have been able to gain back 55% of jobs lost, but that still leaves December employment at 15,500 jobs less than February employment. The arts, entertainment, and recreation industry only gained back 22% of jobs by December, meaning December job levels were 3,800 less than February. Health care and social assistance fared better, recovering 61% of job losses for a net reduction between February and December of 6,200 jobs. December 2020 employment actually slipped from November, as resurgent COVID-19 case counts and a two-week “pause” limited economic activity.



The recovery has been aided by an unprecedented federal and state aid response. The Paycheck Protection Program provided \$1.9 billion in forgivable loans to Rhode Island businesses in 2020. Enhanced unemployment insurance benefits established by the Coronavirus Aid, Relief and Economic Security (CARES) Act provided an estimated \$1.6 billion in benefits to Rhode Islanders through the end of 2020. Overall, Rhode Islanders personal income rose an estimated 9.7 percent during 2020 compared to the previous year. These businesses and individual supports have helped to buoy consumers spending. Rhode Island sales tax receipts actually increased between calendar year 2019 and 2020 by 3.2 percent despite the pandemic.

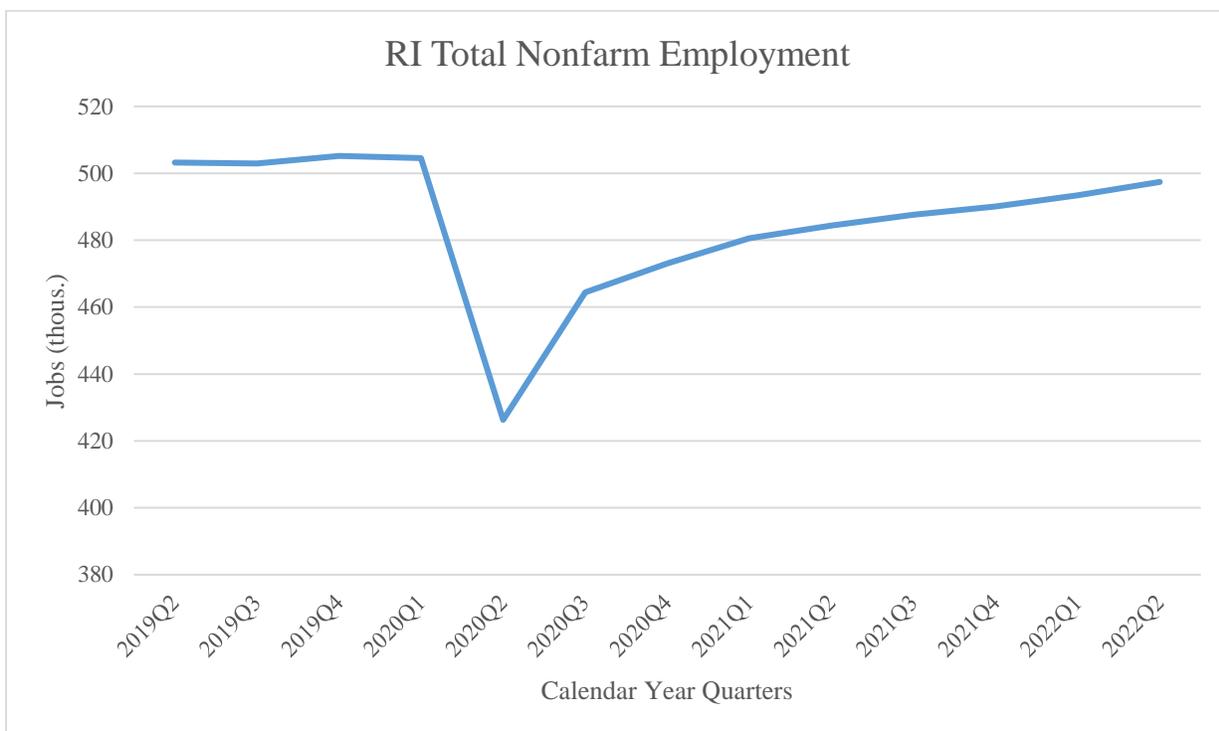
Embargoed
until 4 p.m. Thursday, March 11

RHODE ISLAND'S ECONOMY

The Shape of the Recovery

The trajectory of the economic recovery was described by IHS Markit in October 2020 as “bounce, fade, and slog.” The bounce back in employment has been evident over latter half of 2020, but that bounce back has faded: average monthly employment growth from July through December was only 0.6 percent.

The state’s adopted economic forecast assumes that pre-pandemic employment levels won’t be reached until the second quarter of CY 2023. Rhode Island had entered the pandemic with seven consecutive quarters of sub-four-percent unemployment, but the unemployment rate is not expected to go below four percent until the end of CY 2024. The recovery will be unevenly distributed by sector: professional and business service employment is expected to reach pre-pandemic levels by the first quarter of CY 2022, but even by the end of 2023 accommodation and food services employment is expected to be 2,550 less than before the pandemic.



One of the prominent questions about the state’s economy moving forward concerns consumer spending. Consumers during the pandemic have shifted to purchasing goods, especially durable goods, given the hesitancy to consume in-person services. These durable good purchases are unlikely to repeat in the near future, and durable good consumption is expected to dip. The question then becomes how vigorously consumers return to spending on services. The answer will largely be determined by the trajectory of COVID-19 cases and the vaccine rollout, but also by overall consumer sentiment. This question takes on added significance given the service-oriented nature of Rhode Island’s economy and the importance of travel and tourism.

Embargoed
until 4 p.m. Thursday, March 11

RHODE ISLAND'S ECONOMY

Revisions to the Consensus Economic Forecast

The economic forecast adopted at the November 2020 Revenue Estimating Conference is shown below. That forecast made assumptions about both additional federal stimulus and the course of the pandemic. The forecast assumed another round of stimulus checks at the same level as the CARES Act; in actuality those checks were half the amount of the first round. The forecast also assumed an extra \$300 of weekly unemployment benefits through the end of 2020; those benefits were actually extended until the middle of March 2021. The forecast also assumed vaccination would more widespread by the middle of 2021, while the current pace seems to be faster than anticipated.

The November 2020 Consensus Economic Forecast					
Rates of Growth (%)	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Nonfarm Employment	-1.9	3.5	2.2	1.2	0.7
Personal Income	2.6	-0.9	4.0	3.8	4.0
Wage and Salary Income	2.5	5.3	4.9	4.2	4.3
Dividends, Interest and Rent	-0.5	1.5	1.3	2.5	2.6
Personal Consumption	2.2	5.3	4.3	3.8	4.0
Nominal Rates					
Housing Starts (Ths.)	1.2	1.2	1.2	1.2	1.2
RI Unemployment Rate (%)	8.9	6.2	4.9	4.3	3.9
U.S. CPI-U (%)	1.9	2.7	2.0	1.8	2.0

Embargoed
until 4 p.m. Thursday, March 11

REVENUE

The Governor’s recommended budget is based on estimated general revenue of \$3.999 billion in FY 2021 and \$4.246 billion in FY 2022. Annual estimated growth during FY 2021 and FY 2022 is -1.6 percent and 6.2 percent, respectively.

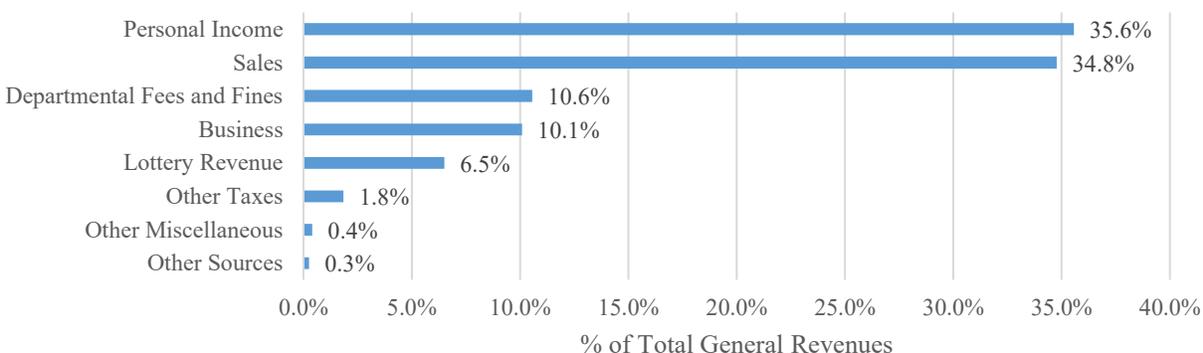
FY 2021 Revised Revenue

Due to the pandemic, the FY 2021 budget was not enacted by the General Assembly until December 2020. The enacted budget used revenue assumptions from the November 2020 Revenue Estimating Conference (REC), with one change: The General Assembly assumed that the closure of the state’s casinos during the “pause” would lead to an \$18 million loss of revenue. The Governor’s revised FY 2021 budget recommends a decrease of \$38.9 million in revenue over the amount in the enacted budget. (See *Changes to FY 2021 Enacted Revenue Estimates* in Appendix A.)

The recommended revisions to the FY 2021 adopted estimates is mainly attributable to federal Paycheck Protection Program (PPP) changes. In the CARES Act, Congress initially made clear that forgiven PPP loans would not be considered taxable income. However, when the Consolidated Appropriations Act of 2021 was enacted in late December 2020, Congress further declared that expenses made using PPP loans could be deducted from federal tax liability. This December 2020 federal law change was not included in the November 2020 REC estimates. Rhode Island is coupled with these federal law changes, causing an estimated loss of \$86.3 million in state general revenue in FY 2021. In order to mitigate part of this loss, while keeping a significant portion of this tax relief for Rhode Island businesses, the Governor proposes a partial “decoupling” solution: Forgiven PPP loan amounts below \$150,000 would be tax exempt but amounts above this would be taxable. This is expected to mitigate approximately \$3.6 million of the loss in FY 2021.

After incorporating changes in the revised budget, revenue for FY 2021 reflects a 1.6 percent decline in total general revenue. A substantial decline in general business tax and lottery revenue, along with mild growth in personal income tax revenue, accounts for this decline. This is partially offset by strong sales and use tax revenue. Notable impacts to selected revenue categories in FY 2021 are described below.

FY 2021 Revised General Revenues



Personal Income Tax

Revised FY 2021 personal income tax revenues are estimated to grow at an annual rate of 1.2 percent. The state saw an influx of tax payments in July 2020 due to the delay in the federal and state income tax filing deadlines. These payments, totaling \$160.1 million, were accrued back to FY 2020. The slowly recovering employment picture is expected to lead to sluggish growth of withholding payments of 1.4 percent in FY 2021.

Embargoed
until 4 p.m. Thursday, March 11

REVENUE

Sales and Use Taxes

FY 2021 revised sales and use tax revenues are projected to increase by 4.9 percent over FY 2020 audited revenues. By itself, the state's sale tax revenue is expected to grow by 3.9 percent in FY 2021. Federal stimulus payments and enhanced unemployment insurance benefits have helped maintain consumer spending. In fact, consumption during the pandemic has shifted to taxable goods and away from nontaxable services. Cigarette revenue is also expected to be strong in FY 2021, as Massachusetts consumers come across the border due to that state's menthol cigarette ban.

Business Taxes

General business taxes are expected to decrease in FY 2021 over FY 2020 audited revenue by 15.7 percent. As mentioned above, the largest driver of business tax revenue in FY 2021 comes from the federal PPP changes. Absent the impact of this federal policy change, business tax revenue was expected to decline by 4.2 percent in FY 2021. This is mostly due to abnormally strong collections in financial institutions tax in FY 2020 which are returning to normal levels. The largest component of business taxes, businesses corporations tax, was expected to grow by 1.8 percent before the PPP law change. The tax category is now expected to shrink by 35.1 percent.

Lottery

Lottery revenues in FY 2021 are expected to decline by 8.3 percent, as the state undergoes a phased reopening of casino operations. The FY 2021 enacted budget assumed that the three-week "pause" during December 2020 would cost the state \$18 million in lottery revenue. Analysis of actual December receipts shows that the impact of this pause was smaller than expected, resulting in a \$5.7 million increase in lottery revenue in the revised budget.

Hospital Licensing Fee

The Governor proposes increasing the hospital licensing fee to 6.0 percent of net patient-services revenue from the currently enacted level of 5.0 percent. This proposal would increase general revenue by \$32.3 million in FY 2021.

Miscellaneous

The FY 2021 revised budget also includes \$5.9 million in bond proceeds, and a reduction of \$0.3 million to account for the allocation of tax revenue to support a project under the City of Pawtucket Downtown Redevelopment Act. This latter reduction is spread across personal income, business corporations, and sales and use tax. There is also a \$0.7 million decrease in general revenue in FY 2022 due to this redevelopment project.

FY 2022 Recommended Revenues

The Governor's recommended FY 2022 revenues are comprised of \$4.045 billion of revenue estimated at the November 2020 REC for FY 2022 and \$201.5 million of recommended changes to these adopted estimates. Below are descriptions of selected FY 2022 revenue proposals. (A complete list is available in *Changes to FY 2022 Adopted Revenue Estimates* in Appendix A.)

Embargoed
until 4 p.m. Thursday, March 11

REVENUE

General Fund Revenue: Recent History & Forecast

Billions of Dollars



Adult-Use Marijuana Program

The Governor recommends creating a strictly regulated legal market for adult-use marijuana 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 marijuana 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 marijuana. An additional 15 percent of these revenues are allocated to the cities and towns. Adult-use marijuana sales are expected to start in April 2022. Given the limited sales revenue in FY 2022, the share of revenue devoted to state expenditures is temporarily increased to 70 percent in FY 2022. This revenue supports various public health and safety needs, including a \$1.1 million investment dedicated to substance abuse education in health equity zones, \$0.5 million in funding for local police, and \$0.3 million to help the state oversee prevention and treatment programs.

Federal Paycheck Protection Program (PPP) Changes and Decoupling

The federal PPP changes discussed in the FY 2021 adjustments above will also impact the state in FY 2022, with an expected revenue loss of approximately \$47.0 million. The proposal to “decouple” the state from these federal changes is expected to recover approximately \$64.1 million in revenue in FY 2022. Across both fiscal years, the state is expected to lose \$133.3 million in revenue, and gain \$67.7 million in revenue through decoupling.

Employment and Housing

The Governor recommends modifying the real estate conveyance tax to add a new bracket for properties valued over \$700,000. The marginal revenue from this change, which is effective January 1, 2022, is estimated to be \$1.7 million. This revenue will be deposited into a new restricted receipt account called the Housing Production Fund. Additionally, the budget proposes to reallocate 27 percent of the state share of the realty transfer tax to the Housing Production Fund, beginning in January 2022. This will shift \$0.9 million to the Housing Production Fund in FY 2022, and \$2.0 million in FY 2024 and onward. These two initiatives will create a dedicated funding stream to support new affordable and workforce housing in the state.

Eliminating Fees

The FY 2022 proposed budget includes an initiative to permanently eliminate the sales tax license fee. This is a fee currently mandated in statute, which businesses pay in order to be registered by the Department of

REVENUE

Taxation to do business in Rhode Island. Currently this fee is set by statute at \$10 annually per business, and the Governor's proposal to eliminate the fee will result in an approximately \$330,000 revenue decrease for the state annually.

Revenue for Environmental Management

The Governor proposes a suite of fee and fine increases that will raise general revenue for the protection of Rhode Island's beaches and beautification of its parks. The Governor proposes increasing the fines and penalties that can be assessed by the Coastal Resources Management Council (CRMC) to a maximum of \$10,000 per violation, from the current limit of \$2,500 per violation. The Governor also proposes increasing certain agricultural chemical product registration fees, including pesticides and commercial feed and fertilizer. Finally, the Governor proposes modest increases in beach and port parking fees in order to raise revenue to invest back into maintenance and beautification of the state's parks and beaches. In total, these natural resources initiatives would raise \$2.0 million in general revenue in FY 2022.

Health Care Reforms

The Governor's FY 2022 budget includes several measures related to health care reform and public health that impact general revenue. There are two new fees from the Department of Health related to requests for public health data and monitoring activities regarding shellfish sanitation. The budget includes a new penalty for employers who fail to submit information to the state's RIte Share program (which subsidizes employer-based insurance for Medicaid-eligible employees). Altogether, these items are expected to increase general revenue by \$1.0 million in FY 2022. There are other policy changes that decrease general revenue. The Governor recommends joining interstate medical licensing compacts for nurses, physicians, emergency medical personnel, psychologists, and physical therapists, which will reduce licensing fees in some of those professions. There are also general revenue impacts from some of the Medicaid initiatives which reduce health insurance and nursing home tax revenue. Together, these items are expected to decrease general revenue by \$0.7 million.

Fee Changes

The Governor proposed four items that will result in increased fee revenue for the state. The budget raises the broker-dealer licensure fee and expands eligibility for an engineer's license. The FY 2022 budget includes reductions in the Department of Correction's work release fees, which is expected to increase program utilization. These proposals are expected to raise \$2.8 million in additional revenue. Finally, the budget includes enhances staffing and higher penalties for misclassification and workplace fraud, which are anticipated to raise \$0.5 million in revenue.

Hospital Licensing Fee

The Governor proposes to reenact the hospital licensing fee at 6.0 percent of net patient-services revenue, using hospital fiscal year 2020 as the basis of that patient revenue figure. This proposal would increase general revenue by \$178.2 million in FY 2022.

Transfers

The Governor's budget recommends transfers of excess funds in the amount of \$1.0 million from the Underground Storage Tank fund.

Miscellaneous

The Governor also recommends a variety of other general revenue changes for FY 2022. The proposed budget includes initiatives that will result in modest increases in general revenue: transferring administration of the commercial driver's license road test program from CCRI to the DMV, clarifying the tax-exempt status of the Wavemaker Fellowship program, and reducing lottery marketing costs. These initiatives total \$0.5 million in additional revenue. The Governor also proposes to eliminate the sunset on

Embargoed
until 4 p.m. Thursday, March 11

REVENUE

the Department of Revenue's Central Collections Unit, which has seen rapid growth in collections and is expected to return \$1.4 million in collections to the state. The FY 2022 recommended budget also proposes delaying mandatory reissuance of license plates for one year to July 1, 2022. This would result in a \$3.4 million revenue decrease for the state in FY 2022. However, the revenue decrease is offset by the deferment of the expenses associated with the plate reissue. These revenues and expenses would be deferred until FY 2023.

General Revenue by Fiscal Year: Recent History and Forecast

(In Millions)

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	%	FY 2022	%
	Audited	Audited	Audited	Audited	Revised	Change	Budget	Change
Personal Income Tax	1,243.81	1,345.27	1,396.96	1,405.51	1,422.44	1.2%	1,442.62	1.4%
General Business Taxes								
Corporations	119.29	127.67	155.11	148.61	96.43	-35.1%	167.36	73.6%
Public Utilities	90.40	109.59	101.61	108.63	109.60	0.9%	111.00	1.3%
Financial Institutions	22.19	29.18	21.15	44.61	18.50	-58.5%	22.20	20.0%
Insurance Companies	121.09	130.26	116.97	130.47	133.70	2.5%	137.06	2.5%
Bank Deposits	2.97	1.64	2.90	3.33	3.10	-6.8%	3.10	0.0%
Health Care Provider	43.49	44.10	43.95	42.60	42.00	-1.4%	42.48	1.1%
Sales and Use Taxes								
Sales and Use	998.19	1,057.19	1,125.69	1,167.42	1,212.62	3.9%	1,263.41	4.2%
Motor Vehicle	26.02	20.82	1.03	0.94	1.00	6.7%	2.50	150.0%
Cigarettes	140.26	146.88	138.86	137.60	155.00	12.6%	151.20	-2.5%
Alcohol	19.74	19.93	20.44	20.24	22.00	8.7%	22.40	1.8%
Marijuana	*	*	*	*	*	*	0.82	*
Other Taxes								
Estate and Transfer	85.43	51.40	48.02	55.29	58.10	5.1%	50.30	-13.4%
Racing and Athletics	1.16	1.08	1.15	0.82	0.40	-51.3%	1.00	150.0%
Realty Transfer Tax	12.59	12.84	12.75	13.93	15.40	10.6%	15.04	-2.4%
Total Taxes	2,926.75	3,097.88	3,186.59	3,279.99	3,290.30	0.3%	3,432.49	4.3%
Departmental Receipts	370.07	401.33	416.72	434.97	422.31	-2.9%	430.61	2.0%
Other Sources								
Other Miscellaneous	12.12	37.05	12.37	52.79	16.23	-69.3%	14.53	-10.5%
Lottery Receipts	362.70	364.97	397.32	283.87	260.21	-8.3%	356.66	37.1%
Unclaimed Property	12.73	10.90	11.58	12.08	10.30	-14.7%	11.30	9.7%
Total General Revenue	3,684.36	3,912.14	4,024.58	4,063.71	3,999.54	-1.6%	4,246.46	6.2%

Embargoed
until 4 p.m. Thursday, March 11

General Government

Embargoed
until 4 p.m. Thursday, March 11

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.

Embargoed
until 4 p.m. Thursday, March 11

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.

The Department, headed by the Director of Administration, 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, Construction Permitting, Approvals, and Licensing (CPAL), HealthSource RI, and various Internal Services Programs.

Recent Department achievements and highlights include:

- Since the outbreak of the COVID-19 pandemic, the Department has managed financial compliance and governance functions related to over \$1.9 billion in federal funds.
- 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.
- Modernized employee health care, which garnered cost savings of about \$15 million per year, expanded plan offerings and incentivized greater coordination of care.
- Eliminated 8,000 pages of unnecessary or duplicative government regulations in the largest regulatory overhaul the State has seen in at least 50 years.
- The Office of Energy Resources is conducting an economic and energy market analysis and developing actionable policies and programs to help Rhode Island meet 100 percent of its electricity demand with renewables by 2030.
- Success of the State's health benefits exchange, HealthSource RI, has resulted in one of the lowest uninsured rates in the country at about 4 percent. Since its launch in 2013, the health exchange has improved and expanded access to coverage for Rhode Islanders while reducing its agency budget.
- In October 2018, exceeded the diversity hiring goal of 30 percent for state government, originally set for 2020.

Budget Highlights

Cloud Applications.

Provides \$500,000 to shift agency applications to the cloud, with the goal of moving analytic systems to a modern, cost-efficient, and secure platform.

Risk Management.

Establishes a Risk Management Unit to manage the State's comprehensive insurance programs, which range from auto to facilities liability policies, with a mission of ensuring that state assets are protected in a cost-effective manner.

Voluntary Retirement Incentive Program.

Results in a reduction in personnel costs and is projected to generate \$6.0 million in net savings.

GENERAL GOVERNMENT

DEPARTMENT OF ADMINISTRATION					
Source of Funds	FY 2019 Actuals	FY 2020 Actuals	FY 2021 Enacted	FY 2021 Revised	FY 2022 Recommended
General Revenue	\$174,086,181	\$219,395,038	\$313,013,170	\$216,692,413	\$243,186,421
Federal Funds	\$4,361,893	\$107,478,555	\$205,851,758	\$382,308,649	\$149,580,747
Restricted Receipts	\$13,988,611	\$32,650,283	\$38,833,760	\$46,955,663	\$30,032,478
Other Funds	\$44,271,470	\$40,216,045	\$45,763,439	\$45,777,785	\$45,267,505
RI Capital Plan Fund	\$29,721,199	\$34,189,990	\$19,586,189	\$19,407,699	\$29,880,967
Total Funding	\$266,429,354	\$433,929,911	\$623,048,316	\$711,142,209	\$498,9448,118
FTE Authorization	655.7	647.7	647.7	647.7	649.7

Full-Time Equivalent Positions

The Governor recommends 649.7 FTE positions in the FY 2022 Budget, and 647.7 FTE positions in the revised FY 2021 Budget. The latter is equivalent to the positions included in the enacted FY 2021 Budget. 1.0 of the additional positions in FY 2022 is allocated to internal service funds.

Proposed FY 2022 Budget Actions

- *Risk Management Unit.* The Governor recommends an additional \$163,898 in general revenue financing to establish a Risk Management Unit within the Director's Office to manage the State's comprehensive insurance programs, which range from auto to facilities liability policies, with a mission of ensuring that state assets are protected in a cost-effective manner. The Governor recommends an additional 1.0 FTE position and shifts existing resources within the Department to support the unit.
- *Facilities Management Internal Service Fund Shift.* Recognizing the importance of promoting a more efficient and effective use of state resources, the Governor recommends shifting 2.0 existing FTE positions in the Division of Capital Asset Management and Maintenance to the Facilities Management Internal Service Fund. The Governor's recommended FY 2022 Budget includes general revenue savings of \$105,246 from this shift.
- *Grants Management Restricted Receipt Account.* The Governor recommends allocating a portion of the costs of existing Grants Management unit employees who assist in the administration of federal grants to a new restricted receipts account, which will be funded through a standard assessment on applicable federal grants. By allocating costs to the federal grants that utilize Grants Management services, a portion of the salaries and benefits of these employees would be billed to non-general revenue fund sources. The Governor's recommended FY 2022 Budget includes \$157,485 in general revenue savings from this initiative.
- *Information Technology Improvements: Cloud Applications.* The Governor recommends \$500,000 in Information Technology Internal Service Fund expenditures to support Rhode Island's shift of agency applications to the cloud. Moving agency applications to the cloud helps control costs and enables the State to scale infrastructure as needed, with the goal of shifting state agency analytics systems to a modern, cost-efficient, secure, and manageable platform.
- *Pastore Center Campus Security.* Recognizing the importance of ensuring that state properties and facilities are safe and secure for employees and customers alike, the Governor recommends an additional \$83,675 in the Facilities Management Internal Service Fund expenditures to finance 1.0 FTE additional Capitol Police Officer dedicated to the Capitol Police substation on the Pastore Center campus.

Embargoed
until 4 p.m. Thursday, March 11

GENERAL GOVERNMENT

- *Human Resources.* The Governor recommends an additional 1.0 FTE for the Division of Human Resources, financed by the Human Resources Internal Service Fund. This additional staff will serve as a business partner to agencies, particularly to support efficiencies at the Veterans Home.
- *LIUNA Pension Fund.* The Governor recommends a one-time increase of \$4.3 million in general revenue to correct payroll issues relating to overtime and longevity payments for employees participating in the LIUNA Pension Fund.
- *Voluntary Retirement Incentive.* The Governor recommends \$8.2 million in statewide general revenue savings as a result of the State's FY 2021 Voluntary Retirement Incentive Program, which will reduce personnel expenditures in FY 2022. The Governor recommends savings be distributed to agencies based on Voluntary Retirement Incentive Program results. These savings are partially offset by \$2.2 million of increased general revenue contributions to the Assessed Fringe Benefit fund in FY 2021 to fund incentive payments.
- *HealthSource Rhode Island (HSRI).* The Governor recommends an increase of \$852,626 in general revenue for HSRI to support operating expenses necessary to continue current exchange operations, offsetting one-time Deloitte settlement supplemental restricted receipts and changing cost allocation. This increase is also net of Unified Health Infrastructure Project (UHIP)-specific contract reductions, \$161,890 in general revenue, at HSRI.
- *COVID-19 Response.* In FY 2022, the Governor recommends federal funds totaling \$141.8 million for purposes related to COVID-19 pandemic response and recovery activities. This includes \$120.0 million in emergency rental assistance administered in partnership with RIHousing, anticipated reimbursements from the Federal Emergency Management Agency (FEMA) of \$16.5 million, and \$5.3 million in other federal grants. Please see the "COVID Response" section of the Executive Summary for further programmatic detail and descriptions regarding the uses of these funds.

Proposed FY 2021 Budget Revisions

- *COVID-19 Response.* In FY 2021, the Governor recommends federal funds totaling \$379.6 million for purposes related to COVID-19 pandemic response and recovery activities. This includes \$254.0 million from the Coronavirus Relief Fund (CRF), \$80.0 million in emergency rental assistance administered in partnership with RIHousing, anticipated reimbursements from FEMA of \$45.2 million, and \$288,610 in other targeted federal grants. The Governor further recommends general revenue expenditures of \$2.3 million in support of COVID-19 response and recovery activities. Please see the "COVID Response" section of the Executive Summary for further programmatic detail and descriptions regarding the uses of these funds.
- *FY 2021 Assessed Fringe Benefit Increase.* In FY 2021, the Governor recommends additional general revenue of \$76,693 for an increase to the payroll assessment for the Assessed Fringe Benefit Fund during the final nine pay periods of FY 2021. This increase is necessary to fully finance anticipated outlays from the Fund for extraordinary separation costs and incentive payments resulting from the State's FY 2021 Voluntary Retirement Incentive (VRI) Program.

GENERAL GOVERNMENT

Department of Business Regulation

The Department of Business Regulation's primary function is to implement state laws mandating the regulation and licensing of designated businesses, professions, occupations, and other specified activities.

The Department is composed of seven divisions and Central Management, which includes the budget, regulatory standards, compliance, and enforcement. The respective divisions are: Banking Regulation, Securities Regulation, Insurance Regulation, Building, Design and Fire Professionals, Commercial Licensing and Gaming and Athletics Licensing, the Office of the Health Insurance Commissioner, and the Office of Cannabis Regulation. The Director of Business Regulation is appointed by the Governor and serves statutorily as the State Banking Commissioner, Commissioner of Insurance, Real Estate Administrator, Chief of Intoxicating Beverages, and State Boxing Commissioner.

The Department also houses other commissions, including the Real Estate Commission, Real Estate Appraisal Board, Rhode Island Board of Accountancy, the Certified Constables' Board, and the Racing and Athletics Hearing Board.

The Department issues over 200,000 licenses and conducts administrative hearings involving issuances, administrative penalties, denials, suspensions, and/or revocations.

Recent Department achievements and highlights include:

- Helped create, implement and, enforce COVID-19-related safety protocols for businesses, as well as led a COVID-19 task force to help the state operate with appropriate safety measures during the pandemic.
- Conducted more than 28,000 COVID-19-related inspections to ensure proper safety measures were implemented and received nearly 16,000 inquiries, which were shepherded to the pertinent state agencies or enforcement team.
- Assisted municipalities in navigating COVID-19-related policies, including streamlining the process to allow for outdoor dining, takeaway alcohol, and virtual meetings, as well as how to coordinate, regulate, and allow COVID-19-compliant events.
- Introduced a small business package that eliminated or amended unnecessary statutes, removed small application fees, and consolidated or eliminated fees for secondary business activities, including an extra licensing fee that restaurants previously paid to serve ice cream and other frozen desserts.
- Implemented a streamlined, online permitting process for 28 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. Since its launch in June 2016, nearly 200,000 permits and licenses have been processed.

Budget Highlights

Adult-Use Marijuana.

Establishes the framework for the State to effectively tax and regulate the proposed adult-use marijuana market.

Consumer Protection.

Provides monitoring and reporting for the Market Conduct Examination process and collect revenues to be deposited in a newly created restricted receipts account.

Embargoed
until 4 p.m. Thursday, March 11

GENERAL GOVERNMENT

DEPARTMENT OF BUSINESS REGULATION					
Source of Funds	FY 2019 Actuals	FY 2020 Actuals	FY 2021 Enacted	FY 2021 Revised	FY 2022 Recommended
General Revenue	\$16,364,148	\$15,696,309	\$17,469,427	\$17,490,565	\$19,610,673
Federal Funds	\$1,007,602	\$2,180,156	\$3,242,464	\$4,172,593	\$2,457,467
Restricted Receipts	\$5,130,698	\$5,325,950	\$6,970,025	\$6,982,645	\$10,546,750
Other Funds	\$64,921	\$64,921	\$73,013	\$73,279	\$67,928
RI Capital Plan Fund	\$359,056	\$345,576	-	-	\$100,000
Total Funding	\$22,926,425	\$23,612,912	\$27,754,929	\$28,719,082	\$32,782,818
FTE Authorization	161.0	161.0	161.0	161.0	176.0

Full-Time Equivalent Positions

The Governor recommends 176.0 FTE positions in the FY 2022 Budget, and 161.0 FTE positions in the revised FY 2021 Budget. The latter is unchanged from the enacted FY 2021 Budget.

Proposed FY 2022 Budget Actions

- *Adult-Use Marijuana.* The Governor recommends \$3.7 million in restricted receipts for licensing and regulation of adult-use cultivators, retailers, and other licensees. This includes \$2.5 million in operating costs and \$1.2 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.
- *Fire Marshal Bomb Squad.* The Governor recommends \$238,315 in general revenue for 1.0 FTE position and Bomb Squad equipment in the Office of the State Fire Marshal. This position is necessary to maintain FBI accreditation for the Bomb Squad as there are requirements on the minimum number of personnel.
- *Contractor's Registration and Licensing Board (CRLB).* The Governor recommends an increase of \$270,633 in general revenue and a change in the Contractor's Registration Fee to an annual fee of \$150 to support CRLB operations. An increase in the restricted receipt fee collections would not occur until FY 2023.
- *Insurance Examiners.* The Governor recommends an increase of \$181,752 in general revenue for 2.0 Insurance Examiner FTE positions. This investment will provide the Department with the capacity to conduct insurance examinations and no longer rely on outside contractors to complete this work.
- *Director of Consumer Protection.* The Governor recommends \$126,867 in restricted receipts for 1.0 FTE position in the Office of the Health Insurance Commissioner. This position will oversee monitoring and reporting for the Market Conduct Examination process and will also collect revenues to be deposited in a newly created restricted receipts account.
- *COVID-19 Response.* In FY 2022, the Governor recommends federal funds totaling \$1.6 million for purposes related to COVID-19 pandemic response and recovery activities. Please see the "COVID Response" section of the Executive Summary for further programmatic detail and descriptions regarding the uses of these funds.

Embargoed
until 4 p.m. Thursday, March 11

GENERAL GOVERNMENT

Proposed FY 2021 Budget Revisions

- *COVID-19 Response.* In FY 2021, the Governor recommends federal funds totaling \$3.7 million for purposes related to COVID-19 pandemic response and recovery activities. This includes \$3.7 million from the Coronavirus Relief Fund (CRF). The Governor further recommends general revenue expenditures of \$1.7 million in support of COVID-19 response and recovery activities. Please see the “COVID Response” section of the Executive Summary for further programmatic detail and descriptions regarding the uses of these funds.
- *FY 2021 Assessed Fringe Benefit Increase.* In FY 2021, the Governor recommends additional general revenue of \$42,284 for an increase to the payroll assessment for the Assessed Fringe Benefit Fund during the final nine pay periods of FY 2021. This increase is necessary to fully finance anticipated outlays from the Fund for extraordinary separation costs and incentive payments resulting from the State’s FY 2021 Voluntary Retirement Incentive (VRI) Program.

Embargoed
until 4 p.m. Thursday, March 11

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 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:

- To help businesses affected by COVID-19, the Executive Office of Commerce awarded over \$125 million in grants directly to thousands of Rhode Island small businesses and nonprofits.
- The Innovation Voucher Program supports research and development (R&D) partnerships between Rhode Island companies and the state's research institutions and academic medical centers. Manufacturers can also use the program to boost internal R&D efforts. To date, 90 projects have been supported with \$4.2 million in all. In 2020, seven projects supported the development of products related to the COVID-19 response, including a new manufacturing process to mass produce 3-D printed masks, emergency U.S. Food and Drug Administration approval for use of an underwater breathing apparatus for treatment of pre-ventilator patients, and testing of a novel graphene ink that can be used to coat filters to significantly reduce the viral and bacterial loads in ventilation systems.
- SupplyRI serves as Rhode Island's business-to-business connection, pairing local suppliers to larger Rhode Island institutions through a comprehensive database, website, trainings, and events. SupplyRI boasts a total of 1,875 engaged suppliers and \$108 million in contracts awarded across a breadth of sectors. In 2020, approximately \$105 million in contracts were awarded to suppliers, when the SupplyRI team fulfilled over 250 requests for COVID-19 related supplies and services.

Budget Highlights

Rebuild RI Tax Credit.

Provides \$22.5 million to finance the program and raises the cap from \$210.0 million to \$240.0 million, ensuring the program can continue to stimulate business development, retention, and attraction, and create well-paying jobs.

Housing.

Increasing the real estate conveyance tax on the portions of high-value residential property sales exceeding \$700,000, with proceeds dedicated to a restricted receipts fund for affordable and workforce housing production and municipal housing development partnerships.

Small Business Assistance.

Provides \$1.0 million to the Small Business Assistance Program, which supports small businesses and entrepreneurs in Rhode Island that are having difficulty obtaining adequate credit from traditional lending organizations.

Small Business Development Fund Act.

Modifies the fund to improve its effectiveness and lending capacity.

GENERAL GOVERNMENT

- The Qualified Jobs Incentive Tax Credit program helped spur five new companies to commit to Rhode Island in 2020, creating more than 300 jobs in targeted industries. The program has now helped create more than 3,000 jobs across 27 companies.
- The Small Business Assistance Program partners with six qualified lending organizations to assist entrepreneurs and small businesses that encounter difficulty obtaining adequate credit from traditional lending institutions. The program has disbursed \$4.0 million in Commerce funds across 150 closed loans, resulting in the creation and retention of 1,124 jobs, and helping 51.3 percent minority-owned business enterprises/women-owned business enterprises (MBE/WBE). Additionally, the Small Business Loan Fund closed 340 loans totaling about \$3.5 million.
- Helping more than 900 STEM (science, technology, engineering and mathematics) and design graduates repay their student loans so they can stay and work in Rhode Island through the Wavemaker Fellowship program.

EXECUTIVE OFFICE OF COMMERCE					
Source of Funds	FY 2019 Actuals	FY 2020 Actuals	FY 2021 Enacted	FY 2021 Revised	FY 2022 Recommended
General Revenue	\$30,235,022	\$17,781,117	\$40,293,523	\$39,922,765	\$41,983,131
Federal Funds	\$11,267,298	\$6,480,659	\$169,952,307	\$72,071,749	\$12,085,686
Restricted Receipts	\$4,312,991	\$4,160,177	\$4,741,765	\$4,741,925	\$7,339,557
Other Funds	-	-	-	-	-
RI Capital Plan Fund	\$7,425,000	\$9,298,718	\$510,000	\$510,000	\$3,678,000
Total Funding	\$53,240,311	\$37,720,671	\$215,497,595	\$117,246,439	\$65,086,374
FTE Authorization	16.0	14.0	14.0	14.0	16.0

Full-Time Equivalent Positions

The Governor recommends 16.0 FTE positions in the FY 2022 Budget, and 14.0 FTE positions in the revised FY 2021 Budget. The latter is equivalent to the enacted FY 2021 Budget. 1.0 FTE added in FY 2022 is financed through federal funds.

Proposed FY 2022 Budget Actions

- *Rebuild Rhode Island Tax Credit.* The Governor recommends a total of \$22.5 million from general revenues to finance the Rebuild RI Tax Credit program, consistent with the funding provided in the enacted FY 2021 Budget. Furthermore, the Governor recommends raising the Rebuild Rhode Island Tax Credit program cap from \$210.0 million to \$240.0 million, ensuring that the program can continue to stimulate business development, retention, and attraction, and create well-paying jobs in Rhode Island in FY 2022. The Governor also recommends extending the program sunset to December 31, 2022.
- *Stay Invested in the Wavemaker Fellowship.* The Governor recommends an additional \$400,000 in general revenue financing for the Wavemaker Fellowship tax credit program, which provides student loan reimbursement to college and university graduates who take employment in science, technology, engineering, mathematics (STEM), and design fields in Rhode Island. The program provides selected Wavemaker Fellows with refundable personal income tax credits that can be used to offset their annual student loan payments for up to four years. The amount of the tax credit depends upon the degree earned by the taxpayer and ranges from up to \$1,000 for an associate degree to up to \$6,000 for a graduate or post-graduate degree. The Governor's budget proposes to extend the sunset date from June 30, 2021,

Embargoed
until 4 p.m. Thursday, March 11

GENERAL GOVERNMENT

to December 31, 2022, clarifies program eligibility, including adding language allowing entrepreneurs to qualify, exempts all awards from state taxation, and streamlines the award calculation method.

- *Small Business Assistance Program.* The Governor recommends a total of \$1.0 million in general revenue financing for the Small Business Assistance Program, which supports small businesses and entrepreneurs in Rhode Island that are having difficulty obtaining adequate credit from traditional lending organizations, and allows lending partners to provide technical assistance services, including business planning, financial education, credit counseling, and marketing advice.
- *Housing Reorganization.* The Governor recommends a comprehensive housing strategy to modernize outdated state housing governance and establish a dedicated funding stream for housing initiatives. This includes reforming the Housing Resources Commission, establishing a new Housing Resources Coordinating Committee, and codifying the role of the Office of Housing and Community Development to improve statewide coordination of housing policy, planning, and financing. The Governor also recommends increasing the real estate conveyance tax on the portions of high-value residential property sales exceeding \$700,000. Proceeds from the increase, along with a partial diversion of current conveyance tax funds, will be dedicated to a restricted receipts fund for affordable and workforce housing production and municipal housing development partnerships. The initiative is slated to add \$2.6 million in FY 2022 and \$5.7 million on an annualized basis.
- *Minority Entrepreneurship.* The Governor recommends \$140,000 in total general revenue financing to support minority entrepreneurship through assistance and grants to small businesses across the state.
- *Small Business Development Fund Act Modifications.* The Governor’s budget proposes to modify the Small Business Development Fund Act to assist more small businesses with access to capital, particularly those hit hard by COVID-19. 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 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.
- *Sunset Extensions.* The Governor recommends extending sunset provisions for various programs from June 30, 2021 to December 31, 2022.
- *Director of Food Strategy.* The Governor recommends an additional \$69,060 in general revenue financing to support a Director of Food Strategy position at the Commerce Corporation.
- *COVID-19 Response.* In FY 2022, the Governor recommends federal funds totaling \$4.8 million for purposes related to COVID-19 pandemic response and recovery activities. This includes anticipated reimbursements from the Federal Emergency Management Agency (FEMA) of \$507,500 and \$4.2 million in other federal grants. Please see the “COVID Response” section of the Executive Summary for further programmatic detail and descriptions regarding the uses of these funds.

Proposed FY 2021 Budget Revisions

- *COVID-19 Response.* In FY 2021, the Governor recommends federal funds totaling \$56.4 million for purposes related to COVID-19 pandemic response and recovery activities. This includes \$50.5 million from the Coronavirus Relief Fund (CRF), anticipated reimbursements from FEMA of \$2.0 million, and \$3.9 million in other targeted federal grants. The Governor further recommends general revenue expenditures of \$25,000 in support of COVID-19 response and recovery activities. Please see the “COVID Response” section of the Executive Summary for further programmatic detail and descriptions regarding the uses of these funds.

Embargoed
until 4 p.m. Thursday, March 11

GENERAL GOVERNMENT

- *FY 2021 Assessed Fringe Benefit Increase.* In FY 2021, the Governor recommends additional general revenue of \$4,242 for an increase to the payroll assessment for the Assessed Fringe Benefit Fund during the final nine pay periods of FY 2021. This increase is necessary to fully finance anticipated outlays from the Fund for extraordinary separation costs and incentive payments resulting from the State's FY 2021 Voluntary Retirement Incentive (VRI) Program.

Embargoed
until 4 p.m. Thursday, March 11

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 six 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 (UI), Temporary Disability Insurance (TDI), and Temporary Caregiver Insurance (TCI).

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 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:

- Became the first state in the country to make the Pandemic Unemployment Assistance (PUA) program available to independent contractors, gig workers, and other individuals impacted by COVID-19. In 2020, the Department had over 250,000 unemployment insurance applicants and consistently remained one of the fastest states at getting claimants paid.
- In response to the economic disruptions of COVID-19, launched Back to Work RI, a job training program designed to prepare over 7,000 Rhode Islanders for new careers post-pandemic.
- Trained and educated more than 11,200 Rhode Islanders through Real Jobs RI – the State's sector-based workforce and economic development platform that ensures businesses have the talented employees they need to compete and grow.
- In 2018, launched the PrepareRI Internship Program, which has provided paid summer internships to nearly 1,000 rising high school seniors. More than 170 local partner companies and organizations statewide have participated.

Budget Highlights

Real Jobs RI.

Provides an additional \$3.0 million for the program, which develops job partnerships connecting employers with key stakeholders to address business workforce demands.

Workplace Fraud Enhancements.

Invests in resources to assist with misclassification and workplace fraud investigations and compliance enforcement, as well as makes legislative changes to increase various fines and penalties for violations of employee classification laws.

GENERAL GOVERNMENT

DEPARTMENT OF LABOR AND TRAINING					
Source of Funds	FY 2019 Actuals	FY 2020 Actuals	FY 2021 Enacted	FY 2021 Revised	FY 2022 Recommended
General Revenue	\$15,403,229	\$14,025,682	\$14,120,999	\$14,131,759	\$17,743,117
Federal Funds	\$34,053,953	\$1,052,872,090	\$1,044,634,941	\$1,763,492,740	\$113,460,895
Restricted Receipts	\$33,482,929	\$28,452,201	\$26,335,479	\$26,728,874	\$29,054,768
Other Funds	\$350,841,570	\$637,901,013	\$627,256,083	\$626,838,461	\$487,462,442
RI Capital Plan Fund	-	-	-	-	-
Total Funding	\$433,781,681	\$1,733,250,013	\$1,712,347,502	\$2,431,191,834	\$647,721,222
FTE Authorization	409.7	390.7	425.7	425.7	462.7

Full-Time Equivalent Positions

The Governor recommends 462.7 FTE positions in the FY 2022 Budget, and 425.7 FTE positions in the revised FY 2021 Budget. The latter is unchanged from the enacted FY 2021 Budget.

Proposed FY 2022 Budget Actions

- *Increased Funding for Real Jobs Rhode Island.* The Governor's recommendation includes an additional \$3.0 million in general revenue for the Real Jobs Rhode Island program, which continues to support existing partnerships. The program aims to develop job partnerships connecting industry employers and key stakeholders to build alliances and address business workforce demands.
- *Employer Tax Division Transfer.* The Governor recommends the transfer of the Employer Tax Division from the Department of Revenue to the Department of Labor and Training. This includes 35.0 FTE positions. The transfer better aligns the responsibilities and fund source for the Division in its historical location. This effort centralizes work related to unemployment insurance, temporary disability/caregivers' insurance, and the Job Development Fund.
- *Workplace Fraud Staff Enhancements.* The Governor recommends \$167,748 in general revenue to support 2.0 FTE positions related to misclassification and workplace fraud investigations and compliance enforcement at the Department in addition to legislative changes, which increase various fines and penalties for violations of employee classification laws. These positions will significantly further current Misclassification Task Force investigation efforts and assist in hearing administrative matters pertaining to labor standards, employee misclassification, and prevailing wage issues.
- *COVID-19 Response.* In FY 2022, the Governor recommends federal funds totaling \$609,011 for purposes related to COVID-19 pandemic response and recovery activities. Please see the "COVID Response" section of the Executive Summary for further programmatic detail and descriptions regarding the uses of these funds.

Proposed FY 2021 Budget Revisions

- *COVID-19 Response.* In FY 2021, the Governor recommends federal funds totaling \$96.4 million for purposes related to COVID-19 pandemic response and recovery activities. This includes \$87.3 million from the Coronavirus Relief Fund (CRF), anticipated reimbursements from the Federal Emergency Management Agency of \$1.8 million, and \$7.2 million in other targeted federal grants. Please see the "COVID Response" section of the Executive Summary for further programmatic detail and descriptions regarding the uses of these funds.

GENERAL GOVERNMENT

- *FY 2021 Assessed Fringe Benefit Increase.* In FY 2021, the Governor recommends additional general revenue of \$10,760 for an increase to the payroll assessment for the Assessed Fringe Benefit Fund during the final nine pay periods of FY 2021. This increase is necessary to fully finance anticipated outlays from the Fund for extraordinary separation costs and incentive payments resulting from the State's FY 2021 Voluntary Retirement Incentive (VRI) Program.

Embargoed
until 4 p.m. Thursday, March 11

GENERAL GOVERNMENT

Department of Revenue

The Department of Revenue was established as a separate department within the Executive Branch of state government by the 2006 General Assembly and came into existence on July 1, 2006.

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 has seven programmatic functions, including 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 the Division of Taxation, the Department disbursed 5,041 grants totaling \$44.1 million as part of COVID-19 business relief programs.
- In March 2020, transitioned to a systemwide reservation system for Division of Motor Vehicles (DMV) appointments and increased online customer transactions by 50 percent from Fiscal Year 2019 to Fiscal Year 2020.
- In Fiscal Year 2020, the Central Collections Unit increased its collection of delinquent debts owed to state agencies by almost 300 percent – from \$103,000 to \$392,000.
- Continued the technological evolution at State Lottery with the launch of a mobile application, iLottery, in April 2020 that allows customers to play Keno and eInstant games anywhere in Rhode Island. Mobile and online sports betting revenue totaled \$3.8 million through Fiscal Year 2020.
- Launched a Municipal Transparency Portal that improves local government financial reporting and allows for data comparison among municipalities and school districts.
- The Office of Revenue Analysis completed a Motor Vehicle Excise Tax Report, examining the feasibility of standardizing how municipalities and districts tax motor vehicles and trailers.

Budget Highlights

Sales Tax Permit Fee Elimination.

Eliminates the annual \$10 sales tax permit fee paid by businesses who conduct retail sales in the state.

Motor Vehicle Excise Tax Phase-out.

Provides \$139.7 million in general revenue in tax relief, keeping the phase-out on track to be eliminated in FY 2024.

DEPARTMENT OF REVENUE					
Source of Funds	FY 2019 Actuals	FY 2020 Actuals	FY 2021 Enacted	FY 2021 Revised	FY 2022 Recommended
General Revenue	\$179,734,169	\$210,230,634	\$127,228,613	\$127,372,076	\$267,240,855
Federal Funds	\$1,490,088	\$1,728,860	\$138,108,524	\$185,657,697	\$462,404
Restricted Receipts	\$1,957,888	\$3,159,192	\$5,559,629	\$5,763,943	\$4,138,945
Other Funds	\$394,023,256	\$269,303,869	\$435,826,086	\$435,872,801	\$434,541,053
RI Capital Plan Fund	-	-	-	-	-
Total Funding	\$577,205,401	\$484,422,555	\$706,722,852	\$754,666,517	\$706,383,257
FTE Authorization	604.5	602.5	602.5	602.5	574.5

Embargoed
until 4 p.m. Thursday, March 11

GENERAL GOVERNMENT

Full-Time Equivalent Positions

The Governor recommends 574.5 FTE positions in the FY 2022 Budget, and 602.5 FTE positions in the revised FY 2021 Budget. The latter is unchanged from the enacted FY 2021 Budget.

Proposed FY 2022 Budget Actions

- *Sales Tax Permit Fee Elimination.* The Governor recommends the elimination of the annual \$10 sales tax permit fee paid by businesses who conduct retail sales in the state, which would save businesses across Rhode Island an estimated \$331,585 in FY 2022.
- *Employer Tax Division Transfer.* The Governor recommends the transfer of the Employer Tax Division, including 35.0 FTE positions, from the Department of Revenue to the Department of Labor and Training. The transfer better aligns the responsibilities and fund source for the Division in its historical location. Furthermore, this effort centralizes work related to unemployment insurance, temporary disability and caregivers' insurance, and the Job Development Fund.
- *Adult-Use Marijuana.* The Governor recommends \$798,938 in restricted receipts for the staffing and infrastructure costs necessary to ensure compliance with the tax provisions of the adult-use marijuana legalization proposal.
- *Commercial Driver License Road Test Administration.* The Governor recommends the transferring the administration of commercial driver licenses (CDL) road tests from the Community College of Rhode Island (CCRI) to the DMV. The Governor recommends an increase of \$132,961 in general revenue to support the salary and benefit costs associated with administering the CDL Road Test program at the DMV, and an additional 3.0 FTE positions, including 2.0 Senior Motor Vehicle Examiners and 1.0 Customer Service Specialist III. These costs will be offset by a \$32,101 reduction in general revenue-financed payments made by DMV to CCRI, and \$94,000 in expected general revenue from CDL road test fees in FY 2022.
- *Motor Vehicle Excise Tax Phase-Out.* The Governor recommends fully funding the Motor Vehicle Excise Tax Phase-out in FY 2022 and that it be financed with \$139.7 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 2022.
- *Payments-in-Lieu-of-Taxes (PILOT).* The Governor recommends financing the PILOT program at \$46.1 million in general revenue in FY 2022.
- *Plate Reissuance.* The Governor does not include financing for license plate reissuance in FY 2022 and recommends a delay of the statutorily mandated reissuance of licenses plates. The Governor recommends that license plate reissuance begin July 1, 2022.
- *Central Collections Unit.* The Governor recommends eliminating the June 30, 2021 program sunset for the Central Collections Unit. The Central Collections Unit's statutory mandate is to initiate collection actions against debtors that owe fines, fees, penalties, or prevailing wages.

Embargoed
until 4 p.m. Thursday, March 11

GENERAL GOVERNMENT

Proposed FY 2021 Budget Revisions

- *COVID-19 Response.* In FY 2021, the Governor recommends federal funds totaling \$183.9 million for purposes related to COVID-19 pandemic response and recovery activities. This includes \$183.9 million from the Coronavirus Relief Fund (CRF). Please see the “COVID Response” section of the Executive Summary for further programmatic detail and descriptions regarding the uses of these funds.
- *FY 2021 Assessed Fringe Benefit Increase.* In FY 2021, the Governor recommends additional general revenue of \$143,463 for an increase to the payroll assessment for the Assessed Fringe Benefit Fund during the final nine pay periods of FY 2021. This increase is necessary to fully finance anticipated outlays from the Fund for extraordinary separation costs and incentive payments resulting from the State’s FY 2021 Voluntary Retirement Incentive (VRI) Program.

Embargoed
until 4 p.m. Thursday, March 11

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 2019 Actuals	FY 2020 Actuals	FY 2021 Enacted	FY 2021 Revised	FY 2022 Recommended
General Revenue	\$39,348,616	\$41,474,787	\$44,283,435	\$44,408,645	\$45,617,236
Federal Funds	-	\$21,636	-	\$762,422	-
Restricted Receipts	\$1,449,997	\$1,550,005	\$1,839,182	\$1,844,979	\$1,782,425
Other Funds	-	-	-	-	-
RI Capital Plan Fund	-	-	-	-	-
Total Funding	\$40,798,614	\$43,046,435	\$46,122,617	\$47,016,046	\$47,399,661
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 2021 revised budget and in the FY 2022 Budget, unchanged from the enacted FY 2021 Budget.

Proposed FY 2022 Budget Actions

- *Personnel Expenditures.* The Governor recommends an additional \$1.4 million from general revenue for estimated personnel costs, including a \$1.4 million increase for salary and benefit costs for the Joint Committee on Legislative Services program, which provides administrative support to the Legislature.

Proposed FY 2021 Budget Revisions

- *Reappropriation.* Pursuant to R.I.G.L. §35-3-15(a), the Legislature received an FY 2021 reappropriation of \$2.7 million, yielding total FY 2021 general revenue resources of \$45.4 million. The Legislature requested a revised FY 2021 general revenue budget totaling \$44.3 million, \$1.8 million below this level. The Governor recommends funding as requested.
- *COVID-19 Response.* In FY 2021, the Governor recommends federal funds totaling \$762,422 for purposes related to COVID-19 pandemic response and recovery activities. This includes \$762,422 from the Coronavirus Relief Fund (CRF).
- *FY 2021 Assessed Fringe Benefit Increase.* In FY 2021, the Governor recommends additional general revenue of \$125,210 for an increase to the payroll assessment for the Assessed Fringe Benefit Fund during the final nine pay periods of FY 2021. This increase is necessary to fully finance anticipated outlays from the Fund for extraordinary separation costs and incentive payments resulting from the State's FY 2021 Voluntary Retirement Incentive (VRI) Program.

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 2019 Actuals	FY 2020 Actuals	FY 2021 Enacted	FY 2021 Revised	FY 2022 Recommended
General Revenue	\$5,624,462	\$5,493,030	\$6,459,015	\$6,480,485	\$6,729,552
Federal Funds	-	\$1,112,914	-	-	-
Restricted Receipts	-	-	-	-	-
Other Funds	-	-	-	-	-
RI Capital Plan Fund	-	-	-	-	-
Total Funding	\$5,624,462	\$6,605,944	\$6,459,015	\$6,480,485	\$6,729,552
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 revised FY 2021 budget and 45.0 FTE positions in the FY 2022 budget, unchanged from the enacted FY 2021 Budget.

Proposed FY 2022 Budget Actions

- *Personnel Expenditures.* The Governor recommends an additional \$270,537 for estimated personnel costs to reflect adjustments.

Proposed FY 2021 Budget Revisions

- *FY 2021 Assessed Fringe Benefit Increase.* In FY 2021, the Governor recommends additional general revenue of \$21,470 for an increase to the payroll assessment for the Assessed Fringe Benefit Fund during the final nine pay periods of FY 2021. This increase is necessary to fully finance anticipated outlays from the Fund for extraordinary separation costs and incentive payments resulting from the State's FY 2021 Voluntary Retirement Incentive (VRI) Program.

Embargoed
until 4 p.m. Thursday, March 11

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 Office of the Lieutenant Governor is an organization within the Executive Department. 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 2019 Actuals	FY 2020 Actuals	FY 2021 Enacted	FY 2021 Revised	FY 2022 Recommended
General Revenue	\$1,108,949	\$1,142,645	\$1,145,231	\$1,148,918	\$1,186,120
Federal Funds	-	-	-	-	-
Restricted Receipts	-	-	-	-	-
Other Funds	-	-	-	-	-
RI Capital Plan Fund	-	-	-	-	-
Total Funding	\$1,108,949	\$1,142,645	\$1,145,231	\$1,148,918	\$1,186,120
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 2021 revised budget and 8.0 FTE positions in the FY 2022 Budget, unchanged from the enacted FY 2021 Budget.

Proposed FY 2022 Budget Actions

- *Legal Expenses.* An additional \$15,465 is included for legal services to better align the agency budget with historical expenditures.

Proposed FY 2021 Budget Revisions

- *FY 2021 Assessed Fringe Benefit Increase.* In FY 2021, the Governor recommends additional general revenue of \$3,687 for an increase to the payroll assessment for the Assessed Fringe Benefit Fund during the final nine pay periods of FY 2021. This increase is necessary to fully finance anticipated outlays from the Fund for extraordinary separation costs and incentive payments resulting from the State's FY 2021 Voluntary Retirement Incentive (VRI) Program.

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 2019 Actuals	FY 2020 Actuals	FY 2021 Enacted	FY 2021 Revised	FY 2022 Recommended
General Revenue	\$9,796,149	\$9,305,239	\$12,289,333	\$12,310,802	\$9,561,067
Federal Funds	\$885,018	\$2,458,169	\$2,266,929	\$2,266,929	\$1,810,000
Restricted Receipts	\$449,989	\$475,520	\$542,410	\$543,623	\$557,697
Other Funds	-	-	-	-	-
RI Capital Plan Fund	-	-	-	-	-
Total Funding	\$11,131,156	\$12,238,928	\$15,098,672	\$15,121,354	\$11,928,764
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 2022 Budget and 59.0 FTE positions in the revised FY 2021 Budget, unchanged from the enacted FY 2021 Budget.

Proposed FY 2021 Budget Revisions

- *COVID-19 Response.* In FY 2021, the Governor recommends federal funds totaling \$1.9 million for purposes related to COVID-19 pandemic response and recovery activities. This includes \$1.9 million in other targeted federal grants. Please see the “COVID Response” section of the Executive Summary for further programmatic detail and descriptions regarding the uses of these funds.
- *FY 2021 Assessed Fringe Benefit Increase.* In FY 2021, the Governor recommends additional general revenue of \$21,469 for an increase to the payroll assessment for the Assessed Fringe Benefit Fund during the final nine pay periods of FY 2021. This increase is necessary to fully finance anticipated outlays from the Fund for extraordinary separation costs and incentive payments resulting from the State’s FY 2021 Voluntary Retirement Incentive (VRI) Program.

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 2019 Actuals	FY 2020 Actuals	FY 2021 Enacted	FY 2021 Revised	FY 2022 Recommended
General Revenue	\$2,926,332	\$2,965,895	\$2,986,194	\$2,993,826	\$3,318,690
Federal Funds	\$857,916	\$1,067,634	\$1,011,042	\$1,012,076	\$730,909
Restricted Receipts	\$37,665,681	\$35,806,669	\$39,879,582	\$39,883,782	\$39,514,747
Other Funds	\$595,648	\$574,188	\$640,424	\$742,092	\$645,897
RI Capital Plan Fund	-	-	-	-	-
Total Funding	\$42,045,578	\$40,414,386	\$44,517,242	\$44,631,776	\$44,210,243
FTE Authorization	89.0	89.0	89.0	89.0	89.0

Full-Time Equivalent Positions

The Governor recommends 89.0 FTE positions in the FY 2022 Budget and 89.0 FTE positions in the revised FY 2021 Budget, unchanged from the enacted FY 2021 Budget.

Proposed FY 2022 Budget Actions

- *Crime Victim Compensation Program.* The Governor recommends a general revenue increase of \$250,000 to go along with an additional \$80,000 from restricted receipts for the Crime Victim Compensation Program (CVCP), which is administered by the Office of the General Treasurer. Over the last few years, the CVCP has experienced a decline in revenue collected through the Courts, while the average amount in claim payouts has remained consistent. The increase in general revenue is to help offset the decline in Court generated fees and the increase in the CVCP restricted receipt account is meant to follow RIGL 12-25-29, which mandates the Judiciary keep 15% of all collections (not to exceed \$150,000) from the CVCP.

Embargoed
until 4 p.m. Thursday, March 11

GENERAL GOVERNMENT

Proposed FY 2021 Budget Revisions

- *FY 2021 Assessed Fringe Benefit Increase.* In FY 2021, the Governor recommends additional general revenue of \$7,632 for an increase to the payroll assessment for the Assessed Fringe Benefit Fund during the final nine pay periods of FY 2021. This increase is necessary to fully finance anticipated outlays from the Fund for extraordinary separation costs and incentive payments resulting from the State's FY 2021 Voluntary Retirement Incentive (VRI) Program.

Embargoed
until 4 p.m. Thursday, March 11

GENERAL GOVERNMENT

Board of Elections

The Board of Elections supervises all elections and 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 2019 Actuals	FY 2020 Actuals	FY 2021 Enacted	FY 2021 Revised	FY 2022 Recommended
General Revenue	\$4,272,724	\$2,536,699	\$3,972,921	\$3,977,937	\$2,619,337
Federal Funds	-	\$5,639	-	-	-
Restricted Receipts	-	-	-	-	-
Other Funds	-	-	-	-	-
RI Capital Plan Fund	-	-	-	-	-
Total Funding	\$4,272,724	\$2,542,338	\$3,972,921	\$3,977,937	\$2,619,337
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 2022 Budget, and 13.0 FTE positions in the revised FY 2021 Budget. The latter is unchanged from the enacted FY 2021 Budget.

Proposed FY 2021 Budget Revisions

- *FY 2021 Assessed Fringe Benefit Increase.* In FY 2021, the Governor recommends additional general revenue of \$5,016 for an increase to the payroll assessment for the Assessed Fringe Benefit Fund during the final nine pay periods of FY 2021. This increase is necessary to fully finance anticipated outlays from the Fund for extraordinary separation costs and incentive payments resulting from the State's FY 2021 Voluntary Retirement Incentive (VRI) Program.

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 2019 Actuals	FY 2020 Actuals	FY 2021 Enacted	FY 2021 Revised	FY 2022 Recommended
General Revenue	\$1,719,160	\$1,803,368	\$1,900,201	\$1,905,942	\$1,928,833
Federal Funds	-	-	-	-	-
Restricted Receipts	-	-	-	-	-
Other Funds	-	-	-	-	-
RI Capital Plan Fund	-	-	-	-	-
Total Funding	\$1,719,160	\$1,803,368	\$1,900,201	\$1,905,942	\$1,928,833
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 2021 revised budget and 12.0 FTE positions in the FY 2022 Budget, unchanged from the enacted FY 2021 Budget.

Proposed FY 2022 Budget Actions

- *Outside Legal Counsel.* The Governor recommends \$15,000 in general revenue to finance outside legal counsel to support the Commission's efforts with litigation and issuance of decisions and orders.

Proposed FY 2021 Budget Revisions

- *FY 2021 Assessed Fringe Benefit Increase.* In FY 2021, the Governor recommends additional general revenue of \$5,741 for an increase to the payroll assessment for the Assessed Fringe Benefit Fund during the final nine pay periods of FY 2021. This increase is necessary to fully finance anticipated outlays from the Fund for extraordinary separation costs and incentive payments resulting from the State's FY 2021 Voluntary Retirement Incentive (VRI) Program.

Embargoed
until 4 p.m. Thursday, March 11

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 2019 Actuals	FY 2020 Actuals	FY 2021 Enacted	FY 2021 Revised	FY 2022 Recommended
General Revenue	\$1,298,536	\$1,229,235	\$1,348,206	\$1,352,181	\$1,523,272
Federal Funds	\$445,003	\$539,173	\$521,166	\$522,355	\$422,418
Restricted Receipts	-	-	-	-	-
Other Funds	-	-	-	-	-
RI Capital Plan Fund	-	-	-	-	-
Total Funding	\$1,743,539	\$1,768,408	\$1,869,372	\$1,874,536	\$1,945,690
FTE Authorization	14.5	14.5	14.5	14.5	14.0

Full-Time Equivalent Positions

The Governor recommends 14.0 FTE positions in the FY 2022 Budget, and 14.5 FTE positions in the revised FY 2021 Budget. The latter is unchanged from enacted FY 2021 Budget.

Proposed FY 2021 Budget Revisions

- *FY 2021 Assessed Fringe Benefit Increase.* In FY 2021, the Governor recommends additional general revenue of \$3,975 for an increase to the payroll assessment for the Assessed Fringe Benefit Fund during the final nine pay periods of FY 2021. This increase is necessary to fully finance anticipated outlays from the Fund for extraordinary separation costs and incentive payments resulting from the State’s FY 2021 Voluntary Retirement (VRI) Program.

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 2019 Actuals	FY 2020 Actuals	FY 2021 Enacted	FY 2021 Revised	FY 2022 Recommended
General Revenue	-	-	-	-	-
Federal Funds	\$177,972	\$200,099	\$175,174	\$245,166	\$540,253
Restricted Receipts	\$8,947,201	\$9,371,536	\$11,573,219	\$11,597,481	\$11,926,093
Other Funds	-	-	-	-	-
RI Capital Plan Fund	-	-	-	-	-
Total Funding	\$9,125,173	\$9,571,635	\$11,748,393	\$11,842,647	\$12,466,346
FTE Authorization	53.0	52.0	52.0	52.0	54.0

Full-Time Equivalent Positions

The Governor recommends 54.0 FTE positions in the FY 2022 Budget and 52.0 FTE positions in the revised FY 2021 Budget. The latter is unchanged from the enacted FY 2021 Budget. The additional positions recommended in FY 2022 consist of 2.0 FTE positions financed from restricted receipts and federal funds.

Proposed FY 2022 Budget Actions

- *Pipeline Safety Inspectors.* The Governor recommends an increase of 2.0 FTE positions in the Public Utilities Commission in the role of pipeline safety inspectors, financed with both restricted receipts and federal funds (50/50 split). These positions would directly support the mission of the Commission's Gas Pipeline Safety Program which is to ensure the safe construction, operation, and maintenance of intrastate natural gas pipelines in Rhode Island. This is accomplished through education, inspection, enforcement, and investigation of incidents and accidents.

Health & Human Services

Embargoed
until 4 p.m. Thursday, March 11

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.

Embargoed
until 4 p.m. Thursday, March 11

HEALTH AND HUMAN SERVICES

Executive Office of Health and Human Services

The Executive Office of Health and Human Services (EOHHS) serves as the principal agency of the Executive Branch of state government (R.I.G.L. § 42-7.2-2) responsible for overseeing the organization, finance, and delivery of publicly funded health and human services.

In this capacity, EOHHS administers the State's Medicaid program and provides strategic direction to Rhode Island's four health and human services agencies: departments of Health; Human Services; Children, Youth, and Families; and Behavioral Healthcare, Developmental Disabilities, and Hospitals. EOHHS 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, EOHHS 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:

- Led by Secretary Womazetta Jones, the Equity Council meets every week to address equity needs related to COVID-19, including masks, mobile testing sites within our communities of color and high-density communities, food, housing, employment, and other basic needs/resources in the community.
- Launched 18 programs totaling over \$50 million to support Medicaid providers, ensure access, and advance healthcare goals during the COVID-19 pandemic.
- Strengthened Rhode Island's Medicaid system, achieving \$100 million in cost savings without significantly reducing benefits or restricting eligibility.
- Led a review of the State's addiction and opioid response in the final quarter of 2020, in response to the rising number of fatal overdoses, leading to a set of 26 short-term and long-term recommendations to save lives.
- Implemented the Independent Provider Model to increase workforce capacity and create a new delivery option for direct support services for seniors and individuals with developmental disabilities.
- Received a Medicaid waiver to fund recovery coaching services for people fighting opioid and other substance use disorders.

Budget Highlights

RIte Share Enhancements.

Maximizes RIte Share enrollment to move employees onto employer-sponsored insurance, resulting in projected general revenue savings of more than \$400,000 for six months of FY 2022, increasing thereafter once employment returns to pre-pandemic levels.

Long-Term Services and Supports (LTSS) Resiliency.

Rebalances Medicaid LTSS utilization away from institutional settings and toward home and community-based settings to foster a more balanced, sustainable, and responsive continuum of services.

Home Stabilization.

Adds \$1.5 million for a rate increase for home stabilization services that support individuals in identifying, applying for, and navigating housing or rental assistance resources, transitioning into or maintaining housing, and preventing eviction.

Embargoed
until 4 p.m. Thursday, March 11

HEALTH AND HUMAN SERVICES

- By integrating data from more than 15 state sources, EOHHS’ data ecosystem analytics team is improving service delivery and studying population health trends to find timely solutions to pressing health and human service challenges, such as child maltreatment and the opioid epidemic.

EXECUTIVE OFFICE OF HEALTH AND HUMAN SERVICES					
Source of Funds	FY 2019 Actuals	FY 2020 Actuals	FY 2021 Enacted	FY 2021 Revised	FY 2022 Recommended
General Revenue	\$972,457,072	\$896,330,861	\$974,945,186	\$945,814,563	\$1,023,836,423
Federal Funds	\$1,601,101,956	\$1,645,506,473	\$1,969,238,746	\$2,048,922,661	\$1,970,428,988
Restricted Receipts	\$28,009,351	\$61,939,910	\$39,459,858	\$39,466,133	\$41,598,736
Other Funds	-	-	-	-	-
RI Capital Plan Fund	-	-	-	-	-
Total Funding	\$2,601,568,379	\$2,603,777,245	\$2,983,643,790	\$3,034,203,357	\$3,035,864,147
FTE Authorization	192.0	186.0	192.0	192.0	190.0

Full-Time Equivalent Positions

The Governor recommends 190.0 FTE positions in the FY 2022 Budget and 192.0 FTE positions in the revised FY 2021 Budget. The latter is the same as the enacted FY 2021 Budget. The net decrease of 2.0 FTEs in FY 2022 Budget is attributable to the following recommended budget actions:

- A reduction of 10.0 FTE positions from EOHHS, resulting from a shift of positions associated with the transfer of the Office of Medical Review (OMR) to the Department of Human Services (DHS).
- An increase of 5.0 FTE positions within Central Management by shifting 1.0 Deputy Chief of Legal Services position from DHS and adding 1.0 Senior Legal Counsel, 1.0 Assistant Director Financial and Contract Management, 1.0 Chief Data Analyst, 1.0 Chief of Family Health Systems, and 1.0 Senior Human Services Policy and Systems Specialist to EOHHS. The legal position is financed through an inter-agency transfer. The remaining 4.0 FTE positions increase EOHHS’s FTE authorized level by 4.0 and have no budget impact on EOHHS.
- An increase of 2.0 FTE positions within Central Management related to the LTSS Resiliency and Rebalancing initiative (2.0 Implementation Director Policy and Programs).
- An increase of 1.0 FTE positions within Central Management related to the Program Integrity initiative (1.0 Implementation Director Policy and Programs).

Proposed FY 2022 Budget Actions

Central Management

- *Health Information Technology Initiatives.* The Governor recommends an increase of \$936,383 in general revenue for Health Information Technology Investments. The investments include \$520,838 in general revenue to fund the State’s Health Information Exchange per member per month operating cost and \$416,000 in general revenue to cover the Quality Reporting System’s cost allocation. Another \$135,000 in opioid stewardship funds is allocated to Prescription Drug Monitoring Program (PDMP) database.
- *Analytics, including Data Ecosystem and All Payer Claims Database (APCD).* The Governor recommends an increase of \$433,596 in general revenue to serve as matching funds for the State’s longitudinal, integrated database, the Data Ecosystem, and the APCD. The budget also includes

HEALTH AND HUMAN SERVICES

\$166,666 in Adult-Use Marijuana restricted receipts for EOHHS Analytics to increase the total state matching funds to \$600,262.

- *No Wrong Door (NWD) Investments.* The Governor recommends an increase of \$290,000 in all funds, including \$120,000 in general revenue, for investments in the State's NWD Phase II Roadmap and Pilot for Statewide Person-centered Planning (PCP) and Conflict-free Case Management Network for LTSS Beneficiaries, and Phase II Redesign Medicaid Home and Community-Based Functional Assessments for Elders and Adults with Disabilities.
- *Office of Medical Review (OMR) Unit Shift to DHS.* The Governor recommends shifting the OMR unit (10 FTE) within EOHHS to the DHS. This results in a net-zero funding impact to the State as the resources are shifted from EOHHS to DHS.
- *Unified Health Infrastructure Project (UHIP) Contract Reductions.* The Governor recommends a decrease of \$6.3 million in all funds across all agencies, including a decrease of \$4.3 million all funds in EOHHS and a decrease of \$1.8 million from general revenue across all agencies including a decrease of \$686,264 within EOHHS due to various contract and operational reductions in UHIP.

Medical Assistance

- *Caseload Conference.* The Governor's recommended budget is predicated on the November 2020 Caseload Estimating Conference (CEC) estimate of \$940.0 million in general revenue in FY 2022, \$1.9 million less than the FY 2021 enacted level.

Adjustments to the Adopted Caseload Estimate

- *Hospital Restoration.* The Governor recommends restoring financing for Disproportionate Share Hospital (DSH) Supplemental Payments to \$142.5 million in all funds, including \$65.4 million in general revenue matching funds, an increase of \$71.0 million in all funds (\$32.6 million in general revenue) over the adopted CEC estimate. After the November 2020 CEC, Congress delayed DSH reductions until FY 2024.
- *Outpatient Upper Payment Limit (UPL) Elimination.* The Governor recommends the elimination of these payments in FY 2022, for savings of \$2.2 million in general revenue and \$4.9 million in all funds. UPL is a reimbursement mechanism that makes adjustments to increase resources to community hospitals by paying a rate that is equal to what Medicaid would pay for the same services.
- *Graduate Medical Education (GME) Payment Elimination.* The Governor recommends elimination of this supplemental payment to Rhode Island Hospital, for a reduction of \$2.2 million in all funds, including \$1.0 million in general revenue.
- *Managed Care Organizations (MCO) Profit Margin Reduction.* The Governor recommends a reduction in the MCO profit margin from 1.5 percent to 1.25 percent for an all funds reduction of \$4.0 million, including \$1.2 million in general revenue.
- *Long-Term Services and Supports (LTSS) Resiliency and Rebalancing.* The Governor recommends a package of long-term services and support initiatives to rebalance the Medicaid LTSS utilization away from institutional settings and toward home and community based (HCBS) settings. This proposal will lead to a reduction of \$9.2 million in all funds, including \$4.5 million in general revenue, by investing in home care, establishing a new tiered rate structure for assisted living payments, and by re-weighting the acuity-based payment system to increase payments for beneficiaries with behavioral health and cognitive diagnoses. This initiative also includes an investment of \$180,723 for system changes and two FTE positions.

HEALTH AND HUMAN SERVICES

- *Home Stabilization Rate Increase.* The Governor recommends \$1.5 million in all funds, including \$660,000 in general revenue, to finance a rate increase for home stabilization services. This program covers services that support eligible members in identifying, applying for, and navigating housing or rental assistance resources, transitioning into or maintaining housing, and preventing eviction.
- *RIte Share Enhancements.* The Governor recommends maximizing RIte Share enrollment to move employees onto employer-sponsored insurance (ESI), projecting general revenue savings of \$467,273 (six months of FY 2022), increasing thereafter once employment returns to pre-pandemic levels. RIte Share provides Medicaid funding to cover the healthcare costs for an employee's ESI if it is deemed more cost effective than enrolling the employee in traditional Medicaid-managed care. This savings estimate is net of investments for system changes to RI Bridges for a new contracted employee to handle the anticipated increase in the volume of work that would occur.
- *Program Integrity Enhancements.* The Governor recommends a reduction of \$1.4 million all funds, including \$622,234 in general revenue, by implementing program integrity activities as EOHHS implements Electronic Visit Verification (EVV) and extending these activities to the managed care delivery system. Program Integrity currently reviews and monitors Medicaid fee-for-service providers and claims to ensure compliance and appropriate billing practices. This initiative is net of an FTE position at a general revenue cost of \$78,704.
- *Third Party Liability (TPL) Optimization.* The Governor recommends a reduction of \$890,000 in all funds, including \$395,991 in general revenue, by implementing improvements to the management of beneficiary TPL coverage collection in order to maximize fee-for-service cost avoidance and subrogation revenue. This reduction is net of an all funds investment of \$379,600, including \$189,000 in general revenue.
- *Community Health Workers (CHW) Investment.* The Governor recommends a reduction of \$340,313 in all funds, including \$115,082 million in general revenue, by investing in CHWs. Annualized, the cost of the CHWs is \$3.6 million in all funds, including \$1.2 million in general revenue, which is offset by savings. This initiative is expected to have a marginal cost savings in year one and achieve a greater return on investment in subsequent years (estimated at \$1.8 million in general revenue).
- *Perinatal Doula Services Investment.* The Governor recommends a \$112,252 general revenue increase to provide medical assistance healthcare for expectant mothers by establishing coverage and reimbursement rates for perinatal doula services. The investment is offset by savings achieved from an expected reduction in cesarean births.
- *FFCRA-Enhanced Federal Medical Assistance Percentage (FMAP).* On March 18, 2020, the President signed into law the Families First Coronavirus Response Act (FFCRA). FFCRA provided a temporary 6.2 percentage point enhancement to each qualifying state's FMAP, effective January 1, 2020, and extending through the last day of the calendar quarter in which the public health emergency for COVID-19 terminates (as declared by the Secretary of Health and Human Services). The FMAP is the rate at which the federal government shares in the cost of a state's Medicaid and Title IV-E programs. All else equal, an increase to the FMAP decreases the State's share of the overall funding obligation for these programs. As of the Governor's FY 2022 budget submission, the current public health emergency was officially renewed effective January 21, 2021 and is in effect for 90 days. On January 22, 2021, the Secretary of Health and Human Services issued a letter to all governors issuing an assurance of their commitment to the ongoing response, "determining that the PHE will likely remain in place for the entirety of 2021, and when a decision is made to terminate the declaration or let it expire, HHS will provide states with 60 days' notice prior to termination." This likely extension and additional notice allow the State to include additional general revenue savings for the first six months of FY 2022 (July

HEALTH AND HUMAN SERVICES

2021 through December 2021), yielding estimated savings of \$46.7 million within the Medicaid program. While receiving the enhanced FMAP, states are prohibited from terminating an individual's Medicaid enrollment unless they are deceased, move out of state, or request a voluntary termination. The caseload impact of this provision, which dampens the general revenue savings, was accounted for in the formulation of this savings estimate.

- *Health Spending Transparency and Containment Program Assessment.* The Governor recommends \$502,752 in restricted receipts and \$150,000 in general revenue to support maintenance of an annual Health Care Cost Growth Target, used as a voluntary benchmark to measure Rhode Island health care spending performance. The restricted receipts come from an assessment on all insurers in the state at \$1 per member per year. The \$150,000 in general revenues is to include the required funding for the assessment in Medicaid managed care rates for state Fiscal Year 2022.
- *Adult-Use Marijuana.* The Governor recommends \$1.1 million in restricted receipts to support health equity zones, which will address community needs related to adult-use marijuana proposal. The Governor also recommends \$300,000 to support the data ecosystem necessary to assess the public health impacts of adult-use marijuana legalization.
- *Opioid Stewardship Fund.* The Governor recommends \$135,000 of the opioid restricted receipt account for the Prescription Drug Monitoring Program (PDMP). This investment will allow for integration work to facilitate access for prescribers and pharmacists to log in to the PDMP through their own Electronic Health Records, improving their ability to help stem the state's opioid epidemic.
- *COVID-19 Response.* In FY 2022, the Governor recommends federal funds totaling \$2.8 million for purposes related to COVID-19 pandemic response and recovery activities. This includes anticipated reimbursements from the Federal Emergency Management Agency of \$2.3 million, and \$464,350 in other federal grants. Please see the "COVID Response" section of the Executive Summary for further programmatic detail and descriptions regarding the uses of these funds.

Proposed FY 2021 Budget Revisions

- *Extension of the FFCRA-Enhanced FMAP.* At the time of the enactment of the FY 2021 Appropriations Act (December 2020), the public health emergency had been extended through January 21, 2021. The FY 2021 enacted budget thus assumed that the FFCRA-enhanced FMAP would be available until March 31, 2021, or for the first three quarters of FY 2021. As such, enacted appropriations for EOHHS' Medical Assistance (Medicaid) program, reflected three quarters' worth of general revenue savings from the FFCRA-enhanced FMAP. Effective January 21, 2021, the public health emergency declaration was extended for a period of 90 days, cementing the availability of the FFCRA-enhanced FMAP for the final quarter of FY 2021, and yielding estimated additional savings of \$29.0 million. While receiving the enhanced FMAP, states are prohibited from terminating an individual's Medicaid enrollment unless they are deceased, move out of state, or request a voluntary termination. The caseload impact of this provision, which dampens the general revenue savings, was accounted for in the formulation of this savings estimate.
- *COVID-19 Response.* Relative to enacted levels, the Governor Recommends \$430,000 in additional reallocations of state-financed personnel expenses eligible for payment from the federal Coronavirus Relief Fund (CRF), yielding an equivalent amount of general revenue savings in FY 2021. These reallocations are allowable under the auspices of U.S. Department of the Treasury guidance and are in full compliance with the Department of Administration's Policy for Charging Public Employee Payroll to the Coronavirus Relief Fund. These increases to the Department's CRF budget are reflected in the figures detailed below.

Embargoed
until 4 p.m. Thursday, March 11

HEALTH AND HUMAN SERVICES

- *COVID-19 Response.* In FY 2021, the Governor recommends federal funds totaling \$55.8 million for purposes related to COVID-19 pandemic response and recovery activities. This includes \$52.6 million from CRF, anticipated reimbursements from FEMA of \$2.9 million, and \$64,644 in other targeted federal grants. The Governor further recommends general revenue expenditures of \$250,000 in support of COVID-19 response and recovery activities. Please see the “COVID Response” section of the Executive Summary for further programmatic detail and descriptions regarding the uses of these funds.
- *FY 2021 Assessed Fringe Benefit Increase.* In FY 2021, the Governor recommends additional general revenue of \$43,687 for an increase to the payroll assessment for the Assessed Fringe Benefit Fund during the final nine pay periods of FY 2021. This increase is necessary to fully finance anticipated outlays from the Fund for extraordinary separation costs and incentive payments resulting from the State's FY 2021 Voluntary Retirement Incentive (VRI) Program.

Embargoed
until 4 p.m. Thursday, March 11

HEALTH AND HUMAN SERVICES

Department of Children, Youth and Families

The Department of Children, Youth and Families (DCYF) was established by the General Assembly in 1980 by merging children's programs previously administered by four different state departments. The Department administers the operation of Child Welfare and Children's Protective Services, Community Services & Behavioral Health, and Juvenile Corrections. 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:

- Since 2015, the Department's intensive reforms have resulted in a 43 percent reduction in the number of youth placed in congregate care and a 39 percent reduction in the number of youth placed in out-of-state congregate care. The Department also has increased the number of children placed in licensed foster family homes. As of December 2020, 83 percent of all children placed in out-of-home care were placed in a foster home. This ongoing effort is one of many that helps to ensure children are placed in the best possible settings for their individual needs, health, and safety.
- 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 strengthening reentry 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 had fallen by 72 percent. During this time, the number of youth on probation had fallen by 59 percent.
- Reduced the frontline vacancy rate from 20 percent in 2018 to its current rate of 4.09 percent.

Budget Highlights

Resources for Foster Families.

Adds 16 new FTE positions to recruit, train, license, sustain, and support all foster parents, supporting the transition of youth in care to foster care.

RICHIST.

Provides financing of \$17.0 million, matched with \$11.0 million of federal funds, to replace the RICHIST system, the Department's child welfare information technology system.

HEALTH AND HUMAN SERVICES

DEPARTMENT OF CHILDREN, YOUTH, AND FAMILIES					
Source of Funds	FY 2019 Actuals	FY 2020 Actuals	FY 2021 Enacted	FY 2021 Revised	FY 2022 Recommended
General Revenue	\$180,711,210	\$170,737,346	\$170,860,311	\$169,068,174	\$183,428,005
Federal Funds	\$65,129,697	\$79,352,000	\$80,594,361	\$83,165,180	\$79,359,715
Restricted Receipts	\$1,929,609	\$1,868,198	\$2,079,637	\$2,480,085	\$1,487,111
Other Funds	-	-	-	-	-
RI Capital Plan Fund	\$398,236	\$104,386	\$1,187,614	\$1,187,614	\$250,000
Total Funding	\$248,168,752	\$252,061,930	\$254,721,923	\$255,901,053	\$264,524,831
FTE Authorization	631.5	621.5	617.5	617.5	627.5

Full-Time Equivalent Positions

The Governor recommends 627.5 FTE positions in the FY 2022 Budget, and 617.5 FTE positions in the revised FY 2021 Budget. This represents an FTE increase of 10.0 positions from the enacted FY 2021 Budget, with the FY 2021 revised authorization being unchanged from the enacted level.

Proposed FY 2022 Budget Actions

- *DCYF Caseload.* In FY 2022, the Governor recommends an all funds increase of \$3.6 million, or 2.2 percent, of which \$2.7 million is from general revenue financing compared to the enacted FY 2021 Budget for projected expenditures associated with children and youth under Department care.
- *Recruitment and Retention.* The Governor recommends 16.0 FTE positions to increase staffing to continue the recruitment and retention efforts at the agency to recruit, train, license, sustain, and support all foster parents. In addition, these FTE positions will also support improved front-door practices to reduce screen-in rates and removals.
- *Extreme Family Finding.* The Governor recommends a net increase of \$40,783 from general revenue financing to support the Extreme Family Finding initiative, which helps find permanent placements and family connections for the Department's most difficult-to-place youth. Captured within the Department caseload, this initiative is estimated to produce general revenue savings by placing youths from acute to permanent settings.
- *Utilization Management.* The Governor recommends one FTE position for the regular review of youth in congregate care to confirm each placement reflects level of need, to strengthen progress toward timely permanence for children, and to ensure accountability for consistent and high-quality practice and services within group care settings. Captured within the caseload, this initiative is estimated to produce general revenue savings by placing youths from acute to permanent settings.
- *Rightsizing the Rhode Island Training School (RITS).* Over the last ten years, the number of children at the Youth Development Center has declined 83.0 percent, resulting in an average daily census of 25-30 youth. This reflects the downward trend in youth crime, as well as improvements in understanding of adolescent brain development and juvenile justice programs. Accounting for the fact that the RITS is currently operating at 21 percent capacity, the Governor recommends the consolidation of one module currently being utilized for COVID overflow and adjusts the budget to reflect expected efficiencies in scale with the population census. The proposal assumes operating savings primarily from a personnel reduction of 9.0 FTE positions and less need for census-based services.

HEALTH AND HUMAN SERVICES

- *Childcare.* The Governor recommends allocating \$2.2 million of federal funds under the Temporary Assistance to Needy Families (TANF) block grant to finance a portion of the childcare program at the Department.
- *Sublease 101 Friendship Street.* The Governor recommends \$478,123 in general revenue savings by subleasing a portion of the Department's facility at 101 Friendship Street in Providence.
- *Families First Prevention Services Act.* The Governor recommends a \$384,166 general revenue increase to finance federal mandates in the Families First Preventions Services Act, which takes effect October 1, 2021.
- *Fleet Modernization.* In FY 2022, the Governor recommends \$63,209 in general revenue financing to replacing half of the Department's fleet, totaling 40 vehicles. Twenty vehicles will be purchased through the State Fleet Revolving Loan Fund (SFRLF), which will be paid over the following three years, FY 2023 through FY 2025. The remaining 20 vehicles will be leased using general revenues.
- *Female Youth Project.* The Governor recommends a continued commitment to establish a Psychiatric Residential Treatment Facility (PRTF) in Rhode Island to serve female youth with behavioral healthcare needs that are currently being served in out-of-State facilities. The new services will promote family unification efforts and prevent youth from remaining in inappropriate settings such as Bradley Hospital or the Training School due to lack of placement options.
- *FFCRA-Enhanced Federal Medical Assistance Percentage (FMAP).* The Governor recommends estimated general revenue savings of \$3.0 million from the anticipated extension of the FFCRA-enhanced FMAP for the first two quarters of FY 2022. Please see the Executive Office of Health and Human Services section of the Executive Summary for a more detailed explanation of the FFCRA-enhanced FMAP extension.
- *RICHIST Replacement.* The Governor recommends COPS financing of \$17.0 million, to take advantage of \$11.0 million of federal funds available to replace the RICHIST system, the Department's 24-year old child welfare IT system. The new system utilizes the latest industry standards with the ability to update incrementally; adds services to support agency programs and business requirements; decreases manual data collection and reporting activities; enables the state to effectively, efficiently, and economically meet federal reporting requirements; and improves accuracy and timeliness of data to evaluate program performance and outcomes, both improving tracking and auditing federal funds use.
- *COVID-19 Response.* In FY 2022, the Governor recommends federal funds totaling \$1.5 million for purposes related to COVID-19 pandemic response and recovery activities. This includes anticipated reimbursements from the Federal Emergency Management Agency of \$578,246 and \$904,898 in other federal grants. Please see the "COVID Response" section of the Executive Summary for further programmatic detail and descriptions regarding the uses of these funds.

Proposed FY 2021 Budget Revisions

- *FFCRA-Enhanced Federal Medical Assistance Percentage (FMAP).* The Governor recommends estimated savings of \$1.3 million from the anticipated extension of the FFCRA-enhanced FMAP for the remaining quarter of FY 2021. Please see the Executive Office of Health and Human Services section of the Executive Summary for a more detailed explanation of the FFCRA-enhanced FMAP extension.
- *Youth Foster Care.* The Governor recommends a general revenue increase of \$450,000 in contracted services. The Consolidated Appropriations Act of 2021, enacted by Congress in December 2020,

Embargoed
until 4 p.m. Thursday, March 11

HEALTH AND HUMAN SERVICES

included a mandate to provide youth who are aging out of foster care, or have aged out in the prior year, with services and case management. Specifically, states cannot require a child to leave foster care due to age (21), thus preserving Title IV-E eligibility even if they are not able to meet the participation (work and school) requirements for extended foster care. States are also required to provide reentry to foster care to youth who aged out during the pandemic and have not reached age 22, and must facilitate the reentry process. The Department is now in the process of procuring contracts for these services.

- *COVID-19 Response.* In FY 2021, the Governor recommends federal funds totaling \$6.6 million for purposes related to COVID-19 pandemic response and recovery activities. This includes \$5.2 million from the Coronavirus Relief Fund (CRF) and anticipated reimbursements from the Federal Emergency Management Agency of \$1.3 million. The Governor further recommends general revenue expenditures of \$327,910 in support of COVID-19 response and recovery activities. Please see the “COVID Response” section of the Executive Summary for further programmatic detail and descriptions regarding the uses of these funds.
- *FY 2021 Assessed Fringe Benefit Increase.* In FY 2021, the Governor recommends additional general revenue of \$156,599 for an increase to the payroll assessment for the Assessed Fringe Benefit Fund during the final nine pay periods of FY 2021. This increase is necessary to fully finance anticipated outlays from the Fund for extraordinary separation costs and incentive payments resulting from the State’s FY 2021 Voluntary Retirement Incentive (VRI) Program.

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:

- Established a robust COVID-19 testing system, with over two million tests conducted as of January 2021.
- Scaled and automated the COVID-19 case investigation and contact tracing system, while maintaining notification of positive cases within 24 hours of results for the majority of cases.
- Established and invested more than \$13.5 million in community-led Health Equity Zones since 2015 and expanded the initiative to three more communities in 2019. There are now 10 Health Equity Zones across Rhode Island that are bringing together residents and community partners to address the root causes of health issues and build healthier, more resilient communities.
- Implemented an emergency order that banned the sale of flavored e-cigarettes in response to the growing public health crisis among young people. The Centers for Disease Control and Prevention, the Food and Drug Administration, and the U.S. Surgeon General have declared youth vaping use a national epidemic, pervasive in every state.
- Rhode Island is among the top 10 states for vaccination coverage among all individual childhood vaccines. Additionally, the state is ranked first for adult and childhood flu vaccination coverage in the nation, as well as first for Human Papillomavirus and Meningococcal vaccination and second for Tdap vaccination among teens.

Budget Highlights

COVID-19 Response.

Provides \$171.3 million for pandemic response and recovery activities, including anticipated reimbursements from the Federal Emergency Management Agency of \$134.9 million and \$36.4 million in other targeted federal grants.

Shellfish Industry Growth.

Establishes dockside and sampling program to standardize shellfish testing practices across the New England region.

Family Home Visiting Expansion.

Adds funding to support family home visiting programs, which provide pregnant women and families, particularly those considered at risk for poor outcomes, with the necessary resources and skills to raise children who are physically, socially, and emotionally healthy.

Licensure Compacts.

Rhode Island joins five interstate licensing compacts to allow for reciprocity or expedited licensing for the following professions: nurses, physicians, EMS personnel, physical therapists, and psychologists.

Embargoed
until 4 p.m. Thursday, March 11

HEALTH AND HUMAN SERVICES

- Built upon the State’s robust childhood immunization registry, establishing a lifelong registry that will include all Rhode Island resident immunization information to more effectively prevent and control vaccine-preventable disease.
- Coordinated statewide activities to improve implementation of preconception care and routine pregnancy intention screening across multiple sectors, including healthcare, social service, and education. The number of patients at family planning service sites routinely screened for pregnancy intention increased from 18 percent in 2016 to 65 percent in 2019.

DEPARTMENT OF HEALTH					
Source of Funds	FY 2019 Actuals	FY 2020 Actuals	FY 2021 Enacted	FY 2021 Revised	FY 2022 Recommended
General Revenue	\$30,324,520	\$38,272,964	\$110,254,084	\$32,755,109	\$30,582,755
Federal Funds	\$97,671,699	\$112,011,425	\$420,361,529	\$547,305,034	\$277,653,723
Restricted Receipts	\$39,011,735	\$42,480,968	\$47,813,800	\$62,016,281	\$55,551,294
Other Funds	-	-	-	-	-
RI Capital Plan Fund	-	\$398,705	\$200,000	\$200,000	\$600,000
Total Funding	\$167,007,954	\$193,164,062	\$578,629,413	\$642,276,424	\$364,387,772
FTE Authorization	514.6	499.6	513.6	513.6	517.6

Full-Time Equivalent Positions

The Governor recommends 517.6 FTE positions in the FY 2022 Budget, and 513.6 FTE positions in the revised FY 2021 Budget. The latter is unchanged from the enacted FY 2021 Budget. The FY 2022 recommendation reflects 4.0 FTE positions more than the enacted FY 2021 budget.

Proposed FY 2022 Budget Actions

- *New Docksides Shellfish Program.* This new program will help promote the state’s shellfish industry growth by creating Rhode Island's first docksides testing program. Currently, shellfish supplies must go out of state for the costly FDA-required program, which tests the harvests to ensure consumption safety. A new competitive permit fee would raise \$366,300 to support sampling, lab testing, and administrative time for monitoring, documentation, and reporting extensive amounts of information, which is required in the National Shellfish Sanitation Program (NSSP) Model Ordinance.
- *Data Request Fee.* The Governor recommends imposing a new fee, which would raise \$438,900 and increase the ability of the Center for Health Data and Analysis (CHDA) to analyze and disseminate datasets. With the exception of public use files of hospital discharge data, CHDA does not charge for data requests but receives approximately 700 requests annually; external requestors represent approximately one-third of all data requests. The funds would be directed to the general fund, with one-half to be appropriated to the Department of Health for 2.0 new FTE positions for the program.
- *Licensure Compacts.* The Governor recommends joining five interstate licensing compacts to allow reciprocity or expedited licensing for the following professions: nurses, physicians, EMS personnel, physical therapists, and psychologists. Compacts increase access to care while maintaining public protection at the state level. Under a compact, health care professionals can practice in other compact states, without having to obtain additional licenses. The budget assumes a loss of revenue totaling \$59,331 in FY 22 and an annual impact of \$237,324 due to licensees residing in compact states no longer being required to be licensed in Rhode Island in order to practice in Rhode Island. The compact

HEALTH AND HUMAN SERVICES

strengthens public protection by enhancing the ability of states to share investigative and disciplinary information.

- *Family Home Visiting Expansion.* The Governor recommends an increase of \$605,538 in general revenue funding to create a new Costs Not Otherwise Matchable (CNOM) Medicaid program to support family home visiting programs, which provide pregnant women and families, particularly those considered at risk for poor outcomes, with the necessary resources and skills to raise children who are physically, socially, and emotionally healthy and ready to learn. In January 2019, the State received approval by the Centers for Medicare and Medicaid (CMS) under the Rhode Island Comprehensive Demonstration. Combined with the federal match, the Governor’s recommended budget will increase total funding for family and home visiting by \$1.4 million.
- *Pivot to Prevention: First Connections Expansion.* The Governor recommends an increase of \$95,755 in general revenue to create a new CNOM program to expand home visiting programs to prenatal services, with the goal of healthier pregnancies, better birth outcomes, and better child outcomes, including school readiness. Alongside this investment, the Governor requests approval for a Medicaid State Plan Amendment to include First Connections as part of the Rhode Island Comprehensive Demonstration waiver. Combined with federal funds, the Governor’s recommended budget will provide total funding for First Connections of \$226,800.
- *Vital Records Branch Closure at DMV.* The Governor recommends general revenue savings of \$264,910 by not reopening the satellite Vital Records location at the DMV on the Pastore Campus due to low volume of activity. The location has been closed since the start of the COVID-19 pandemic. The proposed savings would be achieved through the elimination of 2.0 FTE positions and the reduction of operating costs associated with maintaining this location.
- *Adult-Use Marijuana.* The Governor recommends \$366,785 in restricted receipts for staffing and operating to access and mitigate 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 expansion of various substance use programs currently underway and the inception of several new initiatives throughout the state. Within the Department of Health, the Governor recommends a total of \$1.9 million to finance various costs, including a new FTE position to manage the finances for the OSF, staffing costs for FTE positions working on Rhode Island’s opioid response efforts including the Prescription Drug Monitoring Program (PDMP), and to shift the funding for the Toxicology and Drug Chemistry labs from general revenue to the OSF restricted receipt account.
- *COVID-19 Response.* In FY 2022, the Governor recommends federal funds totaling \$171.3 million for purposes related to COVID-19 pandemic response and recovery activities. This includes anticipated reimbursements from the Federal Emergency Management Agency (FEMA) of \$134.9 million and \$36.4 million in other federal grants, such as the Expanding Laboratory Capacity grant. Please see the “COVID Response” section of the Executive Summary for further programmatic detail and descriptions regarding the uses of these funds.

Proposed FY 2021 Budget Revisions

- *COVID-19 Response.* In FY 2021, the Governor recommends federal funds totaling \$441.2 million for purposes related to COVID-19 pandemic response and recovery activities. This includes \$30.3 million from the Coronavirus Relief Fund (CRF), anticipated reimbursements from FEMA of \$265.7 million, and \$145.2 million in other targeted federal grants such as the Expanding Laboratory Capacity grant. The Governor further recommends general revenue expenditures of \$9.2 million in support of COVID-

HEALTH AND HUMAN SERVICES

19 response and recovery activities. Please see the “COVID Response” section of the Executive Summary for further programmatic detail and descriptions regarding the uses of these funds.

- *FY 2021 Assessed Fringe Benefit Increase.* In FY 2021, the Governor recommends additional general revenue of \$77,888 for an increase to the payroll assessment for the Assessed Fringe Benefit Fund during the final nine pay periods of FY 2021. This increase is necessary to fully finance anticipated outlays from the Fund for extraordinary separation costs and incentive payments resulting from the State’s FY 2021 Voluntary Retirement Incentive (VRI) Program.

Embargoed
until 4 p.m. Thursday, March 11

HEALTH AND HUMAN SERVICES

Department of Human Services

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

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

The Department administers programs like Temporary Assistance for Needy Families (TANF), a block grant program that allows the agency to assist families transitioning from cash assistance to employment. It also administers the Rhode Island Works (RIW) program – enacted by the General Assembly in 2008 – which encourages adult family members to work by offering benefits and support services. The Department continues to examine current policies to understand how they can be implemented in ways that achieve federal compliance while also maximizing revenue and services for citizens who need them.

Recent Department achievements and highlights include:

- In spring 2020, Rhode Island was the first state to distribute new Pandemic-EBT (P-EBT) benefits to children who receive free or reduced-price meals in school when school is in session, but were participating in remote learning due to COVID-19.
- Regulated summer camps in Rhode Island during the COVID-19 pandemic to ensure safe environments for the more than 100 summer camp programs that were approved to serve up to 19,000 youth.
- In 2018, implemented tiered reimbursement rates for Child Care Assistance Program providers. Rate increases since then have improved providers' BrightStars ratings and paved the way for more equitable access to high-quality instruction.
- In conjunction with agency partners, led the State's efforts to secure a \$4.19 million federal Preschool Development Grant in 2019 to enhance the state's early childhood education programs.
- In 2019, celebrated the inaugural class of adult Project Search interns, who graduated after hands-on lessons with helpers at Rhode Island Hospital and instructors from Goodwill Industries of Rhode Island.

Budget Highlights

Child Care Assistance Program Rate.

Increases the reimbursement rates for child care providers to align them with federally required levels while preserving the tiered rate structure.

Rhode Island Works Clothing Allowance.

Allows children who are younger than school age to receive the clothing allowance.

Rhode Island Community Food Bank Grant.

Increases the grant given to the Rhode Island Community Food Bank to \$350,000 to assist in its critical work combating food insecurity.

At Home Care for Older Rhode Islanders.

Makes more Rhode Islanders age 65 and over eligible for at home adult day health and home care services that will allow more than 400 Rhode Islanders to remain in their homes longer by receiving home care or participating in adult day health programs.

HEALTH AND HUMAN SERVICES

- In 2020, the Department’s Office of Rehabilitation Services worked through the Category 1 waitlist, which consists of individuals with the most significant disabilities.

DEPARTMENT OF HUMAN SERVICES					
Source of Funds	FY 2019 Actuals	FY 2020 Actuals	FY 2021 Enacted	FY 2021 Revised	FY 2022 Recommended
General Revenue	\$113,957,594	\$87,201,151	\$105,775,008	\$104,980,469	\$124,742,316
Federal Funds	\$471,030,698	\$512,997,294	\$571,091,566	\$594,806,155	\$509,597,806
Restricted Receipts	\$4,491,317	\$28,661,605	\$5,532,159	\$6,664,601	\$6,190,477
Other Funds	\$(182,609)	-	-	-	-
RI Capital Plan Fund	\$147,340	\$132,886	\$68,382	\$165,000	\$895,000
Total Funding	\$594,233,703	\$633,159,965	\$686,895,593	\$711,044,703	\$645,854,077
FTE Authorization	1,020.1	1,038.1	1,038.1	1,038.1	1,047.1

Full-Time Equivalent Positions

The Governor recommends 1047.1 FTE positions in the FY 2022 Budget, and 1038.1 FTE positions in the revised FY 2021 Budget. The latter is unchanged from the enacted FY 2021 Budget. The FY 2022 FTE level is an increase of 9.0 from the enacted FY 2021 budget.

Proposed FY 2022 Budget Actions

- *Caseload Conference.* The Governor’s FY 2022 Budget is predicated on the November 2020 Caseload Conference estimate of \$28.7 million in general revenue, \$843,103 less than the FY 2021 enacted level.
- *Increase Child Care Assistance Program (CCAP) Reimbursement Rates for All Ages.* The Governor recommends an increase of \$6.0 million in federal funds to raise the reimbursement rates for childcare providers. Licensed childcare providers are paid the maximum reimbursement in a tiered manner, reflective of the quality rating the provider has achieved within Rhode Island’s quality rating system. The investment will bring the base rates for all age groups (infant/toddler, preschool, and school-age) rates to the 25th percentile, and the top tier rates to the 75th percentile. This will bring the Department fully in compliance with federal Administration of Children and Families (ACF) requirements. The Department will finance this expansion with federal discretionary Child Care and Development Fund dollars in FY 2022.
- *Child Care for Low-Income Families in Higher Education.* Consistent with ongoing efforts to improve access to public higher education, the Governor recommends a pilot program to provide child care assistance for the dependents of Rhode Island Works participants who are enrolled or wish to enroll in a Rhode Island public institution of higher education. The agency would cap total expenditures for this program at \$200,000 in federal Temporary Assistance to Needy Families (TANF) funding. The data gathered through this pilot will help inform decisions on continuing the program in future years.
- *Expand Rhode Island Works to Cover 18-Year-Olds Enrolled in High School.* The Governor recommends \$40,000 in federal TANF funding to expand Rhode Island Works by allowing 18-year-olds to remain on the program as long as they are enrolled in high school. Currently, an 18-year-old high school student can only remain in the program if they are expected to graduate before their 19th birthday.
- *Increase Rhode Island Works Clothing Allowance.* The Governor recommends \$116,300 in federal funding to expand eligibility for the TANF clothing allowance to cover children ages 0 to 3. Currently,

HEALTH AND HUMAN SERVICES

Rhode Island General Law only allows for a child clothing allowance for children of “school age.” The investment would more closely align Rhode Island with neighboring states, most of which provide the allowance for all children regardless of age.

- *Modify the Rhode Island Works Earned Income Disregard Exemption.* The Governor recommends an increase of \$175,461 in federal funding to allow adult members of the Rhode Island Works program who have remained in compliance with their employment plans to have their earned income not counted against their benefits for a period of six months, or until their family’s total gross household income exceeds 185 percent of the federal poverty line (FPL), or exceeds its 48-month lifetime, whichever is first.
- *Increase the State Grant to the Rhode Island Community Food Bank.* The Governor recommends an additional \$175,000 in general revenue to double the State’s grant to the Rhode Island Community Food Bank. The investment is in response to the growing number of Rhode Islanders in need of additional food assistance during the COVID-19 pandemic.
- *Absenteeism Initiative.* The Governor recommends strengthening the sanctions for sick leave abuse at the Department, which would result in \$279,136 in savings.
- *Field Office Lease Savings.* The Governor recommends consolidating the DHS Providence field offices for a savings of \$1.2 million in general revenue.
- *Office of Medical Review.* The Governor recommends shifting 10.0 FTE Office of Medical Review staff from EOHHS to DHS to streamline the processing of Medicaid Long-Term Care applications by combining all functions of the LTSS eligibility process under one agency. The application review will be conducted from end to end by DHS to include both financial and medical level of care eligibility reviews.
- *Unified Health Infrastructure Project (UHIP) Contract Reductions.* The Governor recommends a decrease of \$6.3 million in all funds across all agencies, including a decrease of \$1.7 million all funds in DHS and a decrease of \$1.8 million from general revenues across all agencies including a decrease of \$941,961 within DHS due to various contract and operational reductions in UHIP.
- *Eliminate State Supplemental Payment for Category F.* The Governor recommends a reduction of \$208,747 in general revenue due to the elimination of the Supplemental Security Income (SSI) Category F payments to individuals living in assisted living facilities. These savings will be reinvested in assisted living as a part of the Medicaid Long-term Care Services and Supports (LTSS) initiative.
- *FFCRA-Enhanced Federal Medical Assistance Percentage (FMAP).* The Governor recommends estimated savings of \$266,741 from the anticipated extension of the FFCRA-enhanced FMAP for the first two quarters of FY 2022. Please see the Executive Office of Health and Human Services section of the Executive Summary for a more detailed explanation of the FFCRA-enhanced FMAP extension.
- *COVID-19 Response.* In FY 2022, the Governor recommends federal funds totaling \$7.1 million for purposes related to COVID-19 pandemic response and recovery activities. This includes anticipated reimbursements from the Federal Emergency Management Agency of \$2.2 million and \$4.9 million in other federal grants. Please see the “COVID Response” section of the Executive Summary for further programmatic detail and descriptions regarding the uses of these funds.

HEALTH AND HUMAN SERVICES

Office of Healthy Aging (OHA)

- *Increase Adult Day Health Rates.* The Governor recommends an additional \$155,669 in general revenue to raise the At Home Adult Day Health Costs Not Otherwise Matchable (CNOM) rates to be at parity with the EOHHS Medicaid rates.
- *Expand the Eligibility of the At Home Program from 200 Percent to 250 Percent of FPL.* The OHA At Home program subsidizes the cost of in-home and adult day health services for non-Medicaid eligible persons with incomes up to 200 percent of the FPL. The Governor recommends \$842,137 in general revenues to increase eligibility for At Home adult day health and home care services income eligibility from 200 percent to 250 percent of the FPL as currently allowed under the Rhode Island Comprehensive Demonstration and utilize an additional \$1.0 million in Medicaid federal matching funds. This expansion will allow approximately 436 Rhode Islanders age 65 and over to remain in their homes longer by receiving home care or participating in adult day health programs, keeping these individuals healthier longer and reducing enrollment in more restrictive residential programs. An additional \$43,353 is recommended to recognize the cost of applying the adult day health rate increases as mentioned above to the eligibility expansion proposal.
- *Increase Adult Day Health Rates.* The Governor recommends an additional \$155,669 in general revenue to raise the At Home Adult Day Health Costs Not Otherwise Matchable (CNOM) rates to be at parity with the EOHHS Medicaid rates. The investment includes \$43,353 to account for the increase in the adult day population due to the eligibility expansion noted above.
- *At Home Utilization Caseload Savings.* The Governor recommends general revenue savings of \$292,083 in FY 2022 and \$776,745 in FY 2021 attributable to a decline in utilization of both the adult day and home care At Home programs during the COVID-19 pandemic.

Veterans Services

- *RI Serves.* The Governor recommends \$153,000 in general revenue to finance ongoing maintenance costs for RI Serves, a Coordinated Care Network software solution for the case management of veterans requesting assistance from various service providers in the community. This case management system allows any veteran who initiates a request for assistance from a community provider to establish a case file at that agency and then be referred to the appropriate provider for assistance. In FY 2020, RI Serves aided 489 individuals with 600 unique service episodes. To maintain Rhode Island's commitment to the system for veterans, the Governor recommends financing the program with general revenue shifting the budget from the Information Technology Investment Fund, which typically does not finance ongoing maintenance costs.
- *Small Estate Probates.* The Governor recommends collecting the proceeds on the outstanding open estate probates above \$15,000. The proposal is estimated to generate \$265,000 in FY 2022, which will be directed to the general fund.

Proposed FY 2021 Budget Revisions

- *FFCRA-Enhanced Federal Medical Assistance Percentage (FMAP).* The Governor recommends estimated savings of \$131,175 from the anticipated extension of the FFCRA-enhanced FMAP in FY 2021. Please see the Executive Office of Health and Human Services section of the Executive Summary for a more detailed explanation of the FFCRA-enhanced FMAP extension.

HEALTH AND HUMAN SERVICES

- *COVID-19 Response.* In FY 2021, the Governor recommends federal funds totaling \$72.1 million for purposes related to COVID-19 pandemic response and recovery activities. This includes \$33.4 million from the Coronavirus Relief Fund (CRF), anticipated reimbursements from the Federal Emergency Management Agency of \$2.7 million, and \$36.0 million in other targeted federal grants such as the Child Care & Development Block Grant. Please see the “COVID Response” section of the Executive Summary for further programmatic detail and descriptions regarding the uses of these funds.
- *FY 2021 Assessed Fringe Benefit Increase.* In FY 2021, the Governor recommends additional general revenue of \$113,381 for an increase to the payroll assessment for the Assessed Fringe Benefit Fund during the final nine pay periods of FY 2021. This increase is necessary to fully finance anticipated outlays from the Fund for extraordinary separation costs and incentive payments resulting from the State’s FY 2021 Voluntary Retirement Incentive (VRI) Program.

Embargoed
until 4 p.m. Thursday, March 11

HEALTH AND HUMAN SERVICES

Department of Behavioral Healthcare, Developmental Disabilities and Hospitals

The Department of Behavioral Healthcare, Developmental Disabilities and Hospitals (BHDDH) guarantees high-quality, safe, and accessible health care services for all individuals with differing intellectual/ developmental abilities, mental health or substance use conditions, or who are in the care of facilities administered by BHDDH through an integrated healthcare landscape, in which all Rhode Islanders will thrive.

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

Recent Department achievements and include:

- In partnership with 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 healthcare system.
- Launched the Person-Centered Supported Employment Performance Program (PCSEPP), a customized employment program for individuals with developmental disabilities. PCSEPP identifies a person's strengths and identifies potential employer matches.
- Received more than \$25 million through the federal State Opioid Response Grant to reduce the number of prescription drug/opioid overdose related deaths and adverse events, increase access to treatment, and reduce unmet needs through the provision of prevention, treatment, rescue, and recovery activities.
- 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.

Budget Highlights

Eleanor Slater Hospital.

Develops a new footprint to ensure compliance with the federal Olmstead Act and that all populations are provided the opportunity to be treated and/or reside in the most appropriate and least restrictive setting.

RICLAS Alternative Placements.

Shifts the operations of the current state-run developmental disabilities group-home system to private Developmental Disability Organizations.

Developmental Disability System Transformation Investment.

Provides \$15.0 million in funding to support improving the quality of, and access to, integrated community day and employment support programs for individuals with developmental disabilities.

Embargoed
until 4 p.m. Thursday, March 11

HEALTH AND HUMAN SERVICES

BEHAVIORAL HEALTHCARE, DEVELOPMENTAL DISABILITIES AND HOSPITALS					
Source of Funds	FY 2019 Actuals	FY 2020 Actuals	FY 2021 Enacted	FY 2021 Revised	FY 2022 Recommended
General Revenue	\$191,570,579	\$243,500,368	\$248,855,733	\$249,527,573	\$220,346,513
Federal Funds	\$223,313,113	\$211,720,000	\$233,118,777	\$250,420,758	\$192,892,244
Restricted Receipts	\$5,817,033	\$1,520,210	\$3,707,165	\$3,482,331	\$2,248,950
Other Funds	-	-	-	-	-
RI Capital Plan Fund	\$2,153,878	\$288,619	\$400,000	\$400,000	\$400,000
Total Funding	\$422,854,603	\$457,029,197	\$486,081,675	\$503,830,662	\$415,887,707
FTE Authorization	1,302.4	1,189.4	1,188.4	1,188.4	1,042.4

Full-Time Equivalent Positions

The Governor recommends 1,042.4 FTE positions in the FY 2022 Budget, and 1,189.4 FTE positions in the revised FY 2021 Budget. This represents an FTE decrease of 146.0 positions from the enacted FY 2021 Budget, with the FY 2021 revised authorization being unchanged from the enacted level.

Proposed FY 2022 Budget Actions

- *Eleanor Slater Hospital (ESH) Transformation.* The ESH redesign efforts align with the creation of a more resilient and rebalanced long-term care services and supports system. The Governor recommends savings of \$38.7 million in general revenue and an initial reduction of the authorized FTE cap by 100.0 positions. Developing a new footprint for ESH ensures that the State complies with the federal Olmstead Act and that all populations being served by the State are provided the opportunity to be treated and/or reside in the most appropriate and least restrictive setting. This initiative closes the State's long-term acute care hospital facilities and creates a new stand-alone Institute for Mental Disease (IMD) at the Benton facility. The proposal also includes a recommendation to construct a newly licensed long-term care facility on the Zambarano campus estimated at a cost of \$64.9 million financed with Certificates of Participation (COPS) debt financing, of which \$53.6 million in new borrowing is requested. Rhode Island is the only state in the U.S. still operating under the current hospital model of care without a stand-alone state psychiatric facility. This proposal ensures that Rhode Island meets national healthcare delivery best practices by treating individuals with much shorter lengths of stay, shifting treatments to comprehensive mental health services in the community rather than restrictive settings.
- *RICLAS Alternative Placements.* The Governor recommends an all funds savings of \$19.2 million, of which \$8.1 million is from general revenues, by shifting the operations of the current state-run developmental disabilities group-home system – RICLAS – to private Developmental Disability Organizations (DDOs) by October 1, 2021. The Governor also recommends the reduction of 50.0 FTE positions as an initial adjustment to the Department authorized FTE cap. Savings from this initiative are offset by a total of \$7.8 million in all funds, including \$3.3 million in general revenue, to recognize the cost of caring for this population through the DDOs.
- *Developmental Disability System Transformation Investment.* The Governor recommends \$15.0 million in all funds financing, of which \$10.0 million is from general revenues, to support improving the quality of, and access to, integrated community day and employment support programs for individuals with developmental disabilities. Funding will be dedicated to a transformation and transition fund with automatic reappropriations for ensuing fiscal years. This initiative will invest in tools and technology to strengthen provider service delivery models that support consumers' needs for living meaningful lives in the community. In addition, this initiative supports a new outcome-based

Embargoed
until 4 p.m. Thursday, March 11

HEALTH AND HUMAN SERVICES

payment methodology pilot and state infrastructure support, including 2.0 FTE positions and non-profit assistance to manage the initiatives and prepare for inclusion in the caseload estimating conference.

- *Developmental Disability Caseload.* In FY 2022, the Governor recommends an all funds decrease of \$2.4 million that is offset by a general revenue increase of \$4.6 million for anticipated expenditures in the Private Community Developmental Disabilities Program, compared to the FY 2021 Enacted. The recommended budget is based on federal changes, caseloads, and the utilization of services for this population and other policy proposals in this section.
- *Adult-Use Marijuana.* The Governor recommends \$236,734 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 \$1.8 million from restricted Opioid Stewardship Fund proceeds to 1) expand an uninsured person's access to all DFA-approved medications to treat opioid use disorder through the Medication Assisted Treatment Program; 2) to enhance the Behavioral Health Online Database (BHOLD) system; and 3) increase the number of individuals served by the Recovery Friendly Workplace and Recovery Housing programs.
- *FFCRA-Enhanced Federal Medical Assistance Percentage (FMAP).* The Governor recommends estimated savings of \$8.8 million from the anticipated extension of the FFCRA-enhanced FMAP for the first two quarters of FY 2022. Please see the Executive Office of Health and Human Services section of the Executive Summary for a more detailed explanation of the FFCRA-enhanced FMAP extension.
- *COVID-19 Response.* In FY 2022, the Governor recommends federal funds totaling \$640,700 for purposes related to COVID-19 pandemic response and recovery activities. This includes \$31,250 in anticipated reimbursements from the Federal Emergency Management Agency (FEMA) and \$609,450 in other federal grants. Please see the "COVID Response" section of the Executive Summary for further programmatic detail and descriptions regarding the uses of these funds.

Proposed FY 2021 Budget Revisions

- *FFCRA-Enhanced Federal Medical Assistance Percentage (FMAP).* The Governor recommends estimated savings of \$4.1 million from the anticipated extension of the FFCRA-enhanced FMAP for the remaining quarter of FY 2021. Please see the Executive Office of Health and Human Services section of the Executive Summary for a more detailed explanation of the FFCRA-enhanced FMAP extension.
- *Medicaid State Plan Amendment.* The FY 2021 enacted budget recognized \$10.0 million in general revenue savings stemming from the anticipated approval of a Medicaid State Plan Amendment (SPA) requesting the reinstatement of federal financial participation for certain classifications of patients at the Eleanor Slater Hospital. Since budget enactment, the Department has downwardly revised this savings estimate to \$6.7 million, due primarily to a change in the applicable census. As a result, the Governor's revised budget contains the restoration of \$3.3 million in general revenue compared to the enacted budget.
- *COVID-19 Response.* In FY 2021, the Governor recommends federal funds totaling \$9.7 million for purposes related to COVID-19 pandemic response and recovery activities. This includes \$6.8 million from the Coronavirus Relief Fund (CRF), anticipated reimbursements from FEMA of \$1.3 million, and \$1.6 million in other targeted federal grants. Please see the "COVID Response" section of the Executive Summary for further programmatic detail and descriptions regarding the uses of these funds.

Embargoed
until 4 p.m. Thursday, March 11

HEALTH AND HUMAN SERVICES

- *FY 2021 Assessed Fringe Benefit Increase.* In FY 2021, the Governor recommends additional general revenue of \$312,980 for an increase to the payroll assessment for the Assessed Fringe Benefit Fund during the final nine pay periods of FY 2021. This increase is necessary to fully finance anticipated outlays from the Fund for extraordinary separation costs and incentive payments resulting from the State's FY 2021 Voluntary Retirement Incentive (VRI) Program.

Embargoed
until 4 p.m. Thursday, March 11

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 2019 Actuals	FY 2020 Actuals	FY 2021 Enacted	FY 2021 Revised	FY 2022 Recommended
General Revenue	\$815,011	\$865,115	\$1,005,223	\$1,008,314	\$1,044,909
Federal Funds	\$143,008	\$163,259	\$228,165	\$228,911	\$134,759
Restricted Receipts	-	-	-	-	-
Other Funds	-	-	-	-	-
RI Capital Plan Fund	-	-	-	-	-
Total Funding	\$958,019	\$1,028,374	\$1,233,388	\$1,237,225	\$1,179,668
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 2022 Budget, and 10.0 FTE positions in the revised FY 2021 Budget. The latter is unchanged from the enacted FY 2021 Budget. None of the positions in FY 2022 are financed by restricted receipts.

Proposed FY 2022 Budget Actions

- *Grants Manager.* The Governor recommends freezing a Grants Manager position in FY 2022. This freeze and subsequent turnover savings will amount to \$18,137 in general revenue and \$72,548 in federal funds. The position is allocated 20 percent to general revenue and 80 percent to federal funds.

Proposed FY 2021 Budget Revisions

- *FY 2021 Assessed Fringe Benefit Increase.* In FY 2021, the Governor recommends additional general revenue of \$3,091 for an increase to the payroll assessment for the Assessed Fringe Benefit Fund during the final nine pay periods of FY 2021. This increase is necessary to fully finance anticipated outlays from the Fund for extraordinary separation costs and incentive payments resulting from the State's FY 2021 Voluntary Retirement Incentive (VRI) Program.

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 2019 Actuals	FY 2020 Actuals	FY 2021 Enacted	FY 2021 Revised	FY 2022 Recommended
General Revenue	\$864,209	\$996,865	\$1,072,008	\$1,073,478	\$1,084,261
Federal Funds	\$280,462	\$458,709	\$400,000	\$400,000	\$380,316
Restricted Receipts	\$22,950	\$19,640	\$111,163	\$111,171	\$59,455
Other Funds	-	-	-	-	-
RI Capital Plan Fund	-	-	-	-	-
Total Funding	\$1,167,621	\$1,475,214	\$1,583,171	\$1,584,649	\$1,524,032
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 2022 Budget, and 4.0 FTE positions in the revised FY 2021 Budget. The latter is unchanged from the enacted FY 2021 Budget.

Proposed FY 2021 Budget Revisions

- *FY 2021 Assessed Fringe Benefit Increase.* In FY 2021, the Governor recommends additional general revenue of \$1,470 for an increase to the payroll assessment for the Assessed Fringe Benefit Fund during the final nine pay periods of FY 2021. This increase is necessary to fully finance anticipated outlays from the Fund for extraordinary separation costs and incentive payments resulting from the State's FY 2021 Voluntary Retirement Incentive (VRI) Program.

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 2019 Actuals	FY 2020 Actuals	FY 2021 Enacted	FY 2021 Revised	FY 2022 Recommended
General Revenue	\$447,102	\$496,573	\$507,816	\$509,463	\$612,440
Federal Funds	-	\$46,057	-	-	-
Restricted Receipts	\$73,905	\$131,367	\$142,454	\$142,497	\$162,802
Other Funds	-	-	-	-	-
RI Capital Plan Fund	-	-	-	-	-
Total Funding	\$521,007	\$673,997	\$650,270	\$651,960	\$775,242
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 2022 Budget, and 4.0 FTE positions in the revised FY 2021 Budget. The latter is unchanged from the enacted FY 2021 Budget. One of the positions in FY 2022 is partially financed by restricted receipts.

Proposed FY 2022 Budget Actions

- *Interpreter Services.* The Governor recommends \$31,200 in additional general revenue financing for the hiring of a part-time contractor to assist with an increased workload of interpreter referral requests.

Proposed FY 2021 Budget Revisions

- *FY 2021 Assessed Fringe Benefit Increase.* In FY 2021, the Governor recommends additional general revenue of \$1,647 for an increase to the payroll assessment for the Assessed Fringe Benefit Fund during the final nine pay periods of FY 2021. This increase is necessary to fully finance anticipated outlays from the Fund for extraordinary separation costs and incentive payments resulting from the State's FY 2021 Voluntary Retirement Incentive (VRI) Program.

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 2019 Actuals	FY 2020 Actuals	FY 2021 Enacted	FY 2021 Revised	FY 2022 Recommended
General Revenue	\$578,693	\$620,923	\$630,982	\$632,932	\$646,303
Federal Funds	-	-	-	-	-
Restricted Receipts	-	-	-	-	-
Other Funds	-	-	-	-	-
RI Capital Plan Fund	-	-	-	-	-
Total Funding	\$578,693	\$620,923	\$630,982	\$632,932	\$646,303
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 2022 Budget, and 4.0 FTE positions in the revised FY 2021 Budget. The latter is unchanged from the enacted FY 2021 Budget. None of the positions in FY 2022 are financed by restricted receipts.

Proposed FY 2021 Budget Revisions

- *FY 2021 Assessed Fringe Benefit Increase.* In FY 2021, the Governor recommends additional general revenue of \$1,950 for an increase to the payroll assessment for the Assessed Fringe Benefit Fund during the final nine pay periods of FY 2021. This increase is necessary to fully finance anticipated outlays from the Fund for extraordinary separation costs and incentive payments resulting from the State's FY 2021 Voluntary Retirement Incentive (VRI) Program.

Embargoed
until 4 p.m. Thursday, March 11

Education

Embargoed
until 4 p.m. Thursday, March 11

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.

Embargoed
until 4 p.m. Thursday, March 11

EDUCATION

Department of Elementary and Secondary Education

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

The challenges the state faces in education are significant, but with these challenges come an opportunity. Rhode Island has a strong foundation in place and is well positioned to follow through on a long-term vision that will ensure high-quality educational opportunities for all students.

In 2018, the U.S. Department of Education approved Rhode Island's State Plan under the Every Student Succeeds Act (ESSA). This comprehensive plan, shaped with input from educators, state leaders, parents, and students, has been nationally recognized for its approach to holding schools accountable, making data transparent and accessible, and engaging communities in meaningful ways. With the ESSA plan as a guidepost, the Department is shifting from an organization focused on compliance to a more nimble and responsive system that is focused on support.

Recent Department achievements and highlights include:

- After extensive community engagement, launched the State's intervention in Providence public schools and began the process of bringing transformational change to our capital city schools.
- More than tripled the number of high-quality, nationally-ranked pre-kindergarten classrooms in Rhode Island and instituted universal full-day kindergarten across Rhode Island.
- Effectively transitioned to the Rhode Island Comprehensive Assessment System (RICAS) and PSAT/SAT for state assessments, providing a clear, transparent, and sustainable measure of student progress for years to come.
- Created a new report card platform that makes education data more transparent and accessible to families and the public at large.
- Led a comprehensive overhaul of teacher certification regulations, including doubling the practical experience requirement for teacher candidates, allowing for reciprocity with Massachusetts and Connecticut, and requiring ongoing professional learning for all teachers.
- Implementing a five-year, \$1 billion capital program to rebuild Rhode Island's elementary and secondary school buildings.
- 100 percent of Rhode Island public schools now offer computer science education opportunities to their students.

Budget Highlights

Funding Formula.

Increases funding to school districts by \$34.9 million to match the funding formula level.

Educational Resources.

Funds two new subject experts, a transformation specialist, who will support Rhode Island's lowest-achieving schools, and a social studies specialist, who will provide instructional expertise to middle and high schools.

Assessments.

Provides an additional \$600,000 to maintain all current assessment levels.

EDUCATION

- Increased career education programming for high school students by more than 60 percent, and increased access to advanced coursework and early college experiences by more than 150 percent.

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION					
Source of Funds	FY 2019 Actuals	FY 2020 Actuals	FY 2021 Enacted	FY 2021 Revised	FY 2022 Recommended
General Revenue	\$1,186,515,425	\$1,194,967,211	\$1,282,515,073	\$1,282,395,978	\$1,328,096,253
Federal Funds	\$207,170,775	\$232,287,195	\$337,775,978	\$352,445,204	\$234,393,186
Restricted Receipts	\$38,321,218	\$32,132,769	\$42,879,740	\$45,794,860	\$47,202,937
Other Funds	\$1,301,448	\$161,697	\$359,000	\$459,000	\$359,000
RI Capital Plan Fund	\$3,155,857	\$985,877	\$1,650,000	\$975,000	\$2,565,000
Total Funding	\$1,436,464,723	\$1,460,534,749	\$1,665,179,791	\$1,682,070,042	\$1,612,616,376
FTE Authorization	321.1	325.1	325.1	325.1	325.1

Full-Time Equivalent Positions

The Governor recommends 325.1 FTE positions in the FY 2022 Budget, and 325.1 FTE positions in the revised FY 2021 Budget. The recommendation for both years is unchanged from the enacted FY 2021 Budget.

Proposed FY 2022 Budget Actions

Administration of the Comprehensive Education Strategy

- *Transformation Specialist.* The Governor recommends an increase of \$146,090 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.
- *Social Studies Specialist.* The Governor recommends an increase of \$149,002 in general revenue financing for 1.0 FTE position charged with the development of social studies standards. The position will provide leadership, guidance, and expertise in the field of social studies for middle and high schools.
- *Communications Manager.* The Governor recommends an increase of \$146,090 in general revenue financing for 1.0 FTE position to work directly with the Communications Director. The position will result in increased timeliness and access to information for school leaders, teachers, families, and students.
- *WIDA ACCESS Tests.* The Governor recommends an increase of \$115,000 in general revenue financing to provide adequate support for the WIDA ACCESS test. Purchased by the Department, this assessment evaluates English language proficiency. This increase is necessary to keep pace with the increasing multilingual learner student population in the State.
- *Office of Assessment.* The Governor recommends an increase of \$600,000 in general revenue to allow the Department to maintain all current assessment levels in FY 2022. Carryover funds are anticipated to be depleted in FY 2021 due to a second SAT test administered.

EDUCATION

- *Behavioral Health Training.* The Governor recommends an increase of \$590,000 in general revenue for behavioral health training for teachers and school personnel. In FY 2021, the initiative is financed through the Opioid Stewardship Fund.
- *COVID-19 Response.* In FY 2022, the Governor recommends federal funds totaling \$3.1 million for purposes related to COVID-19 pandemic response and recovery activities. Please see the “COVID Response” section of the Executive Summary for further programmatic detail and descriptions regarding the uses of these funds.

Education Aid/State School Support

- *Funding Formula Aid.* The Governor recommends fully funding the Education Aid Funding Formula, an increase of \$34.9 million, excluding state-schools (Davies Career and Technical High School and the Metropolitan Regional Career and Technical Center) and Central Falls, when compared to the enacted level.
- *Central Falls.* As part of the funding formula aid, the Governor recommends total general revenue financing of \$47.7 million for the Central Falls School District. This represents a general revenue increase of \$2.6 million compared to the enacted level.
- *Davies Career and Technical High School.* As part of the funding formula aid, the Governor recommends total general revenue financing of \$14.4 million for the Davies Career and Technical High School. This represents a general revenue increase of \$710,922 compared to the enacted level.
- *Metropolitan Regional Career and Technical Center.* As part of the funding formula aid, the Governor recommends total general revenue financing of \$9.3 million for the Metropolitan Regional Career and Technical Center. This total is consistent with the enacted level.
- *Rhode Island School for the Deaf.* Funded outside of the funding formula, the Governor recommends total general revenue financing of \$7.2 million for Rhode Island School for the Deaf. This represents a general revenue increase of \$524,292 compared to the enacted level.
- *Group Home Beds.* Per R.I.G.L. § 16-7-22 and 16-64-1.1, the Governor recommends a general revenue decrease of \$100,048 compared to the enacted level to reflect increased beds in Portsmouth and Providence and fewer beds in Smithfield.

Teachers’ Retirement

- *Defined Benefit and Defined Contribution Plans.* The Governor recommends an increase of \$5.5 million in FY 2022 compared to the enacted level to accommodate a projected wage increase of 2.5 percent for eligible teachers.

School Construction Aid

- *Traditional Housing Aid/School Building Authority.* The Governor recommends financing consistent with the enacted level, \$80.0 million.

Proposed FY 2021 Budget Revisions

- *Reallocations.* Relative to enacted levels, the Governor Recommends \$184,000 in additional reallocations of state-financed personnel expenses eligible for payment from the federal Coronavirus Relief Fund (CRF), yielding an equivalent amount of general revenue savings in FY 2021. These reallocations are allowable under the auspices of U.S. Department of the Treasury guidance and are in

Embargoed
until 4 p.m. Thursday, March 11

EDUCATION

full compliance with the Department of Administration's Policy for Charging Public Employee Payroll to the Coronavirus Relief Fund. These increases to the Department's CRF budget are reflected in the figures detailed below.

- *COVID-19 Response.* In FY 2021, the Governor recommends federal funds totaling \$127.3 million for purposes related to COVID-19 pandemic response and recovery activities. This includes \$90.3 million from the Coronavirus Relief Fund (CRF) and \$37.0 million in other targeted federal grants. Please see the "COVID Response" section of the Executive Summary for further programmatic detail and descriptions regarding the uses of these funds.
- *FY 2021 Assessed Fringe Benefit Increase.* In FY 2021, the Governor recommends additional general revenue of \$64,905 for an increase to the payroll assessment for the Assessed Fringe Benefit Fund during the final nine pay periods of FY 2021. This increase is necessary to fully finance anticipated outlays from the Fund for extraordinary separation costs and incentive payments resulting from the State's FY 2021 Voluntary Retirement Incentive (VRI) Program.

EDUCATION

HIGHER EDUCATION

Office of the Postsecondary Education Commissioner

The Commissioner of Postsecondary Education is the State's higher education executive officer. In fulfilling this role, the Office of the Postsecondary Education Commissioner works closely with the presidents of the state higher education institutions.

Recent Office achievements and highlights include:

- Released “Skilled Workers Ahead: Postsecondary Attainment in Rhode Island,” the State’s roadmap to ensure 70 percent of working-age Rhode Islanders have a postsecondary degree or other credential of value by 2025.
- In collaboration with the Rhode Island Department of Education, increased participation to 66 percent of high school seniors in completing the Free Application for Federal Student Aid (FAFSA) during the 2019-2020 cycle. Rhode Island improved its ranking to sixth in the country from eighth.
- Served more than 9,300 students in credit-bearing and workforce development courses at the Westerly Education Center since 2019. Now a self-sustaining facility, the higher education center launched several new courses, including coursework provided at the RI College Hub in Central Falls to align with in-demand workforce training needs in 2020.
- With funding from Lumina Foundation, launched the RI Reconnect online portal to promote accessibility and completion of postsecondary education and training that has engaged over 800 participants. Through this portal, adults are connected with an educational navigator to consider options for postsecondary degree and job training programs.
- Using the success of the RI Reconnect portal and in collaboration with the Department of Labor and Training, developed and implemented a needs assessment and wraparound support structures for the State’s Back to Work RI project. Through this project, RI Reconnect navigators engage adults enrolled in eligible education and job training programs to remove barriers to persistence and support program completion. In the first three months, training programs have seen an 8.6 percent increase in retention.
- With funding from the Walmart Foundation and in partnership multiple state agencies, expanded education pathways for low-income, working Rhode Islanders through the establishment of worksite-based programs, using the RI-BEST model. Three project sites were launched, and employee engagement in training was successfully shifted to distance learning during the pandemic.

University of Rhode Island

The University of Rhode Island is the state’s flagship research university and is committed to enriching the lives of its students through its land, sea, and urban grant traditions. The University is the only public institution in Rhode Island offering undergraduate, graduate, and professional students the distinctive educational opportunities of a major research university. The University’s undergraduate, graduate, and professional education, research, and outreach serve Rhode Island and beyond. Students, faculty, staff, and alumni are united in one common purpose: to learn and lead together. Embracing Rhode Island’s heritage

Budget Highlights

RI Promise Scholarship.

Provides an additional support to the program and eliminates the program sunset to ensure continued availability for graduating classes beyond 2021.

Higher Education Centers.

Provides an additional 2.0 FTE positions for the Northern Rhode Island Education Center.

EDUCATION

of independent thought, the University value: creativity and scholarship; diversity, fairness, and respect; engaged learning and civic involvement; and intellectual and ethical leadership.

Rhode Island College

As a leading regional public college, Rhode Island College personalizes higher education of the finest quality for undergraduate and graduate students. The College offers vibrant programs in arts and sciences, business, and professional disciplines within a supportive, respectful, and diverse community. Dedicated faculty engage students in learning, research, and career attainment, and innovative curricula and co-curricular opportunities foster intellectual curiosity and prepare an educated citizenry for responsible leadership.

Community College of Rhode Island

The Community College of Rhode Island is the state's public, comprehensive associate degree-granting institution. The Community College provides affordable access to higher education at locations throughout the state. The institution's primary mission is to offer recent high school graduates and returning adults the opportunity to acquire the knowledge and skills necessary for intellectual, professional, and personal growth through an array of academic, career, and lifelong learning programs. The Community College meets the wide-ranging educational needs of its diverse student population, building on its rich tradition of excellence in teaching and its dedication to all students with the ability and motivation to succeed. The Community College sets the high academic standards necessary for transfer and career success, champions diversity, responds to community needs, and contributes to the state's economic development and workforce.

HIGHER EDUCATION					
Source of Funds	FY 2019 Actuals	FY 2020 Actuals	FY 2021 Enacted	FY 2021 Revised	FY 2022 Recommended
General Revenue	\$233,580,833	\$231,444,861	\$237,951,191	\$238,008,109	\$244,078,083
Federal Funds	\$7,973,800	\$23,932,059	\$31,353,488	\$18,073,747	\$16,432,748
Restricted Receipts	\$2,468,913	\$1,679,827	\$2,962,936	\$2,966,504	\$4,145,833
Other Funds	\$913,566,314	\$913,486,551	\$986,332,984	\$986,336,346	\$938,922,868
RI Capital Plan Fund	\$32,984,980	\$36,965,349	\$16,172,841	\$16,536,841	\$31,291,017
Total Funding	\$1,190,574,840	\$1,207,508,647	\$1,274,773,440	\$1,261,921,547	\$1,234,870,549
FTE Authorization	4,389.3	4,384.3	4,384.3	4,384.3	4,386.3

Full-Time Equivalent Positions

The Governor recommends 4,353.3 FTE positions for the three institutions of higher education in the FY 2022 Budget, and 4,353.3 FTE positions in the revised FY 2021 Budget. The latter is unchanged from the enacted FY 2021 Budget. Individual FTE position totals for the proposed FY 2022 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 33.0 FTE positions in the FY 2022 Budget, and 31.0 FTE positions in the revised FY 2021 Budget. The latter is unchanged from the enacted FY 2021 Budget. The additional 2.0 FTE positions recommended in FY 2022 are financed from restricted receipts in support of the Northern Rhode Island Higher Education Center.

EDUCATION

Proposed FY 2022 Budget Actions

Office of the Postsecondary Commissioner

- *Northern Rhode Island Higher Education Center.* The Governor recommends an additional 2.0 FTE positions for the Northern Rhode Island Education Center, increasing the total authorized FTE level to 10.0 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.
- *COVID-19 Response.* In FY 2022, the Governor recommends federal funds totaling \$3.1 million in the Office for purposes related to COVID-19 pandemic response and recovery activities. Funding from the Governor's Emergency Education Relief Fund will support a new Early Childhood Workforce Center to implement new career pathways for child care workers. Please see the "COVID Response" section of the Executive Summary for further programmatic detail and descriptions regarding the uses of these funds.

Institutional Operations

- *Rhode Island Promise Scholarship.* Included in the Office's budget, the Governor recommends a general revenue increase of \$446,974 above the FY 2021 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 2022 funding for this scholarship is \$7.7 million. Additionally, the Governor recommends removing the sunset of the Promise Scholarship; current law establishes that students graduating in the high school class of 2021 shall be the last to be eligible.
- *COVID-19 Response.* In FY 2022, the Governor recommends federal funds totaling \$5.3 million in the Community College for purposes related to COVID-19 pandemic response and recovery activities. Funding from the Governor's Emergency Education Relief Fund will support temporary programs to expand RI Promise to cover adults with some college credits and students in the high school graduating class of 2020 who were unable to attend CCRI immediately as a result of the pandemic. Please see the "COVID Response" section of the Executive Summary for further programmatic detail and descriptions regarding the uses of these funds.

Debt Service

- *University of Rhode Island.* The Governor recommends a general revenue decrease of \$1.5 million 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 increase of \$318,827 above the enacted level for general obligation bond debt service, attributable to an updated debt service schedule for Rhode Island College.
- *Community College of Rhode Island.* The Governor recommends a general revenue decrease of \$391,260 below the enacted level for general obligation bond debt service, attributable to an updated debt service schedule for the Community College.

Proposed FY 2021 Budget Revisions

- *COVID-19 Response.* In FY 2021, the Governor recommends federal funds totaling \$9.8 million in the Office for purposes related to COVID-19 pandemic response and recovery activities. This includes \$9.0 million from the Coronavirus Relief Fund (CRF) and \$776,200 in other targeted federal grants such funds from the Governor Emergency Education Relief Fund. The Governor further recommends

Embargoed
until 4 p.m. Thursday, March 11

EDUCATION

general revenue expenditures of \$53,750 in support of COVID-19 response and recovery activities. Please see the “COVID Response” section of the Executive Summary for further programmatic detail and descriptions regarding the uses of these funds.

- *FY 2021 Assessed Fringe Benefit Increase.* In FY 2021, the Governor recommends additional general revenue of 3,168 for an increase to the payroll assessment for the Assessed Fringe Benefit Fund during the final nine pay periods of FY 2021. This increase is necessary to fully finance anticipated outlays from the Fund for extraordinary separation costs and incentive payments resulting from the State’s FY 2021 Voluntary Retirement Incentive (VRI) Program.

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 2019 Actuals	FY 2020 Actuals	FY 2021 Enacted	FY 2021 Revised	FY 2022 Recommended
General Revenue	\$1,977,423	\$2,002,855	\$2,002,026	\$2,004,658	\$2,088,105
Federal Funds	\$690,648	\$1,038,635	\$828,776	\$1,959,310	\$1,164,562
Restricted Receipts	\$5,776	\$43,320	\$15,000	\$15,000	\$70,000
Other Funds	\$347,651	\$254,481	\$602,750	\$602,750	\$495,000
RI Capital Plan Fund	-	-	-	-	-
Total Funding	\$3,021,503	\$3,339,291	\$3,448,552	\$4,581,718	\$3,817,667
FTE Authorization	8.6	8.6	8.6	8.6	9.6

Full-Time Equivalent Positions

The Governor recommends 9.6 FTE positions in the FY 2022 Budget, and 8.6 FTE positions in the revised FY 2021 Budget. The latter is an increase of 1.0 from the enacted FY 2021 Budget.

Proposed FY 2022 Budget Actions

- *Governor's Portrait.* The Governor recommends \$25,000 in general revenue financing for the commissioning of a Governor's portrait pursuant to R.I.G.L. § 37-8-9.
- *Communications Activities.* The Governor recommends a continuance of the federally financed Senior Administrative Aide position (1.0 FTE position) under the National Endowment for the Arts Partnership Agreement to support communications activities.

Proposed FY 2021 Budget Revisions

- *COVID-19 Response.* In FY 2021, the Governor recommends federal funds totaling \$1.1 million for purposes related to COVID-19 pandemic response and recovery activities. This includes \$1.0 million from the Coronavirus Relief Fund (CRF) and \$129,863 in other targeted federal grants. Please see the "COVID Response" section of the Executive Summary for further programmatic detail and descriptions regarding the uses of these funds.
- *FY 2021 Assessed Fringe Benefit Increase.* In FY 2021, the Governor recommends additional general revenue of \$2,632 for an increase to the payroll assessment for the Assessed Fringe Benefit Fund during the final nine pay periods of FY 2021. This increase is necessary to fully finance anticipated outlays from the Fund for extraordinary separation costs and incentive payments resulting from the state's FY 2021 Voluntary Retirement Incentive (VRI) Program.

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 2019 Actuals	FY 2020 Actuals	FY 2021 Enacted	FY 2021 Revised	FY 2022 Recommended
General Revenue	\$1,018,455	\$1,002,739	\$1,059,645	\$1,063,124	\$1,068,650
Federal Funds	-	-	\$7,936	\$477,000	-
Restricted Receipts	\$10,075	\$(23,599)	\$99,000	\$99,000	\$25,036
Other Funds	\$271,594	\$280,674	\$299,276	\$300,030	\$331,367
RI Capital Plan Fund	\$49,903	\$50,096	\$50,000	\$50,000	\$50,000
Total Funding	\$1,350,027	\$1,309,910	\$1,515,857	\$1,989,154	\$1,475,053
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 2022 Budget and 8.6 FTE positions in the revised FY 2021 Budget, unchanged from the enacted FY 2021 Budget.

Proposed FY 2021 Budget Revisions

- *FY 2021 Assessed Fringe Benefit Increase.* In FY 2021, the Governor recommends additional general revenue of \$3,479 for an increase to the payroll assessment for the Assessed Fringe Benefit Fund during the final nine pay periods of FY 2021. This increase is necessary to fully finance anticipated outlays from the Fund for extraordinary separation costs and incentive payments resulting from the State's FY 2021 Voluntary Retirement Incentive (VRI) Program.

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 2019 Actuals	FY 2020 Actuals	FY 2021 Enacted	FY 2021 Revised	FY 2022 Recommended
General Revenue	\$1,191,271	\$1,351,213	\$1,562,984	\$1,564,237	\$1,562,034
Federal Funds	\$721,865	\$642,863	\$544,043	\$647,118	\$715,112
Restricted Receipts	\$29,972	\$20,073	\$422,100	\$422,100	\$424,100
Other Funds	\$144,886	\$131,292	\$146,624	\$146,991	\$150,379
RI Capital Plan Fund	-	-	-	-	-
Total Funding	\$2,087,992	\$2,145,441	\$2,675,751	\$2,780,446	\$2,851,625
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 2021 revised budget and 15.6 FTE positions in the FY 2022 Budget, unchanged from the enacted FY 2021 Budget.

Proposed FY 2021 Budget Revisions

- *FY 2021 Assessed Fringe Benefit Increase.* In FY 2021, the Governor recommends additional general revenue of \$1,253 for an increase to the payroll assessment for the Assessed Fringe Benefit Fund during the final nine pay periods of FY 2021. This increase is necessary to fully finance anticipated outlays from the Fund for extraordinary separation costs and incentive payments resulting from the State's FY 2021 Voluntary Retirement Incentive (VRI) Program.

Public Safety

Embargoed
until 4 p.m. Thursday, March 11

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).

Embargoed
until 4 p.m. Thursday, March 11

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 2019 Actuals	FY 2020 Actuals	FY 2021 Enacted	FY 2021 Revised	FY 2022 Recommended
General Revenue	\$25,581,021	\$28,045,698	\$29,581,867	\$29,673,840	\$29,884,934
Federal Funds	\$12,936,592	\$4,215,592	\$2,890,200	\$3,871,220	\$2,524,560
Restricted Receipts	\$5,367,335	\$2,365,551	\$1,146,296	\$2,451,626	\$1,977,111
Other Funds	-	-	-	-	-
RI Capital Plan Fund	\$150,000	\$18,801	\$177,791	\$177,791	\$150,000
Total Funding	\$44,034,948	\$34,645,642	\$33,796,154	\$36,174,477	\$34,536,605
FTE Authorization	237.1	239.1	239.1	239.1	243.1

Full-Time Equivalent Positions

The Governor recommends 243.1 FTE positions in the FY 2022 Budget, and 239.1 FTE positions in the revised FY 2021 Budget. The latter is unchanged from the enacted FY 2021 Budget. The additional 4.0 FTE positions recommended in FY 2022 includes two staff attorneys and two paralegals.

Proposed FY 2022 Budget Actions

- *Criminal Division - Special Victims Unit Attorney and Paralegal Positions.* The Governor recommends 2.0 additional FTE positions, financed by \$203,163 in additional general revenue funding, for the Criminal Division Special Victims Unit (SVU). The additional attorney and paralegal recommended for the division will provide additional resources to the SVU, which seeks justice in some of the Office's most challenging and complex cases, including child abuse and molestation, domestic violence, sexual assault, and elder abuse. By funding additional positions, the Governor's recommendation will enable the unit to stay on top of its increasing caseload while continuing to provide strong representation in all cases.
- *Civil Division - Attorney and Paralegal Positions.* The Governor recommends 2.0 additional FTE positions, financed by \$203,163 in additional general revenue funding, for the Civil Division. The additional attorney and paralegal recommended for the division will provide additional resources for the Office to dedicate to its affirmative litigation work, which often generates significant monetary recoveries for the State and its citizens. These revenues are largely contingent upon the amount of work and support the Office can contribute to a given case; the Governor's recommendation for additional staff will enable them to participate more meaningfully in this work and secure greater monetary recoveries for the State.

Embargoed
until 4 p.m. Thursday, March 11

PUBLIC SAFETY

- *Attorney General Server Replacement Project.* The Governor recommends \$227,672 in general revenue funding to support the initial phase of a full upgrade of all server and storage hardware that hosts the Attorney General's information technology systems and software packages, including case management systems, background databases, and criminal and civil history databases. All hardware subject to replacement will be end-of-life and end-of-service within two to four years and must be replaced together; the Governor's recommendation funds half of total replacement costs during FY 2022.

Proposed FY 2021 Budget Revisions

- *FY 2021 Assessed Fringe Benefit Increase.* In FY 2021, the Governor recommends additional general revenue of \$91,973 for an increase to the payroll assessment for the Assessed Fringe Benefit Fund during the final nine pay periods of FY 2021. This increase is necessary to fully finance anticipated outlays from the Fund for extraordinary separation costs and incentive payments resulting from the State's FY 2021 Voluntary Retirement Incentive (VRI) Program.

Embargoed
until 4 p.m. Thursday, March 11

PUBLIC SAFETY

Department of Corrections

The Department of Corrections provides appropriate, safe, secure, and humane control of the incarcerated population, while actively assisting and encouraging justice-involved people to become productive and law-abiding members of the community. Other major functions performed by the Department include serving other state, municipal, and non-profit agencies through the Central Distribution Center and operating Correctional Industries, which provides work opportunities for incarcerated people and services for governmental agencies and non-profit organizations, ranging from printing to modular workstation furniture construction and installation.

The Rhode Island State Parole Board is budgeted as a unit of the Department but has independent programmatic decision-making authority.

Recent Department achievements and highlights include:

- In partnership with criminal justice stakeholders across the state, participated in the FY 2020 Juvenile and Criminal Justice Working Group, which studied barriers to reentry and made recommendations to improve support for incarcerated populations and reduce recidivism. In its capacity as a working group participant, signed on to final report including proposals for: expansion of preventive healthcare services and creation of a detox unit at the Adult Correctional Institutions (ACI); transfer of the discharge planning unit from a contracted service to an in-house service; and creation of a new apprenticeship program and partnership with the Department of Labor and Training to better prepare incarcerated people for post-release employment.
- In partnership with the Governor's Overdose Prevention and Intervention Task Force, implemented a Medication Assisted Treatment (MAT) program at its facilities, providing evidence-based addiction and overdose prevention treatment. Every day in 2020, between 350 and 365 individuals on average received MAT.
- In 2019, began implementing a \$649,338 Bureau of Justice Second Chance Act grant to provide reentry 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.

Budget Highlights

Community Supervision System.

Addresses the high probation rate – one in 42 people in the state – and lengthy average probation term (44 months) that make Rhode Island's system a national outlier through statutory changes to allow people on probation and parole to earn compliance credits to accelerate their sentence wrap date.

Home Confinement and Medical Parole.

Reforms statutory language around home confinement and medical parole to provide opportunities for low-risk individuals to return to their communities through expansion of eligibility criteria for home confinement and creation of geriatric parole.

Reducing Recidivism.

Expands support for reentering citizens and thereby reduces recidivism, including a new apprenticeship program, a reentry partnership with the Department of Labor and Training to connect incarcerated people with post-release employment opportunities, a strengthened discharge planning unit, and expanded preventive care.

PUBLIC SAFETY

DEPARTMENT OF CORRECTIONS					
Source of Funds	FY 2019 Actuals	FY 2020 Actuals	FY 2021 Enacted	FY 2021 Revised	FY 2022 Recommended
General Revenue	\$235,714,454	\$185,063,803	\$163,246,644	\$118,452,253	\$233,115,486
Federal Funds	\$1,356,241	\$53,025,583	\$80,641,212	\$125,725,675	\$2,246,289
Restricted Receipts	\$46,800	\$3,466,877	\$960,082	\$975,164	\$2,339,020
Other Funds	-	-	-	-	-
RI Capital Plan Fund	\$10,263,470	\$16,263,192	\$9,891,808	\$9,891,808	\$5,125,000
Total Funding	\$247,380,965	\$257,819,455	\$254,739,746	\$255,044,900	\$242,825,795
FTE Authorization	1,416.0	1,411.0	1,411.0	1,411.0	1,424.0

Full-Time Equivalent Positions

The Governor recommends 1424.0 FTE positions in the FY 2022 Budget, and 1411.0 FTE positions in the revised FY 2021 Budget. The latter is unchanged from the enacted FY 2021 Budget, while the former constitutes a 13.0 FTE position increase from the enacted FY 2021 budget. The additional FTE positions recommended in FY 2022 include 7.0 FTE discharge planners to staff an in-house unit, 4.0 FTE healthcare services employees to facilitate an expansion of preventive care, and 2.0 FTE employment coordinators to oversee a new apprenticeship program and establish a reentry partnership with the Department of Labor and Training.

Proposed FY 2022 Budget Actions

- *Probation Reform - Earned Compliance Credits and Limits on Probation Revocation.* The Governor's recommendation includes \$46,046 in savings from reforms to the Rhode Island probation system, which is a national outlier in both probation rate and average probation term length. The proposed reforms involve statutory changes to allow people who have served three or more years of their probation sentence to earn compliance credits of 10 days per month served without a violation and to limit returns to prison from probation due to technical violations.
- *Parole Reform - Earned Compliance Credits and Limits on Parole Revocation.* The Governor's recommendation includes \$49,886 in savings from reforms to the Rhode Island parole system, mirroring proposed probation reforms. The proposed reforms involve statutory changes to allow people on parole to earn compliance credits at a rate of 5 days per month served without violation of parole and to limit returns to prison from parole due to low-risk violations. The proposed limits on parole revocation would expand discretion for warrant issuance and thereby allow the Parole Board to more dynamically address violations and revise conditions without reincarcerating individuals who pose little public safety risk.
- *Medical Parole Updates and Geriatric Parole.* The Governor's recommendation includes \$149,997 in savings from an expansion of the medical parole statute to offer compassionate release eligibility to additional individuals with severe illnesses and add a geriatric parole provision. The geriatric parole statute would allow for the release of elderly incarcerated people whose age and infirmity greatly reduce the risk that they pose to public safety, even if they do not have a terminal illness. The change is expected to generate savings on the per diem costs of incarceration and medical expenditures related to care for elderly individuals. The proposed statute would allow incarcerated people age 65 and over to be considered for geriatric parole.
- *Juvenile and Emerging Adult Parole Reform.* The Governor's recommendation includes \$17,268 in savings from a recommended statutory change to offer parole eligibility after 10 years of incarceration to young people given lengthy sentences for crimes committed before the age of 22. The Governor's

Embargoed

until 4 p.m. Thursday, March 11

PUBLIC SAFETY

proposal would provide an opportunity for people who have rehabilitated themselves while incarcerated to be considered for release by the Parole Board, without putting public safety at risk.

- *Expansion of Home Confinement Eligibility.* The Governor's recommendation includes \$17,260 in savings from the broadening of the eligibility criteria for classification to home confinement to allow people to become eligible for reclassification earlier in their term of incarceration. During the COVID-19 pandemic, the lack of discretion to release individuals from the Adult Correctional Institutions (ACI) on the part of the Department Director in Rhode Island, as compared to that in other states, has been a barrier to responding to the pandemic; the Governor's recommendation would give low-risk, rehabilitated individuals an avenue for earlier return to their communities, without posing a public safety risk.
- *Work Release Fee Structure Change.* The Governor's recommendation includes additional revenue of \$18,880 resulting from an expected uptick in participation in the Minimum Security Work Release program due to a change in the structure of fees levied on work release participants. The current work release fee is 30 percent of each participant's gross pay; the Governor proposes a change in the structure to 30 percent of each participant's net pay. It is estimated that this proposal will incentivize enough additional people to participate in work release to fill the work release module to capacity. The additional estimated revenue is net of the expected revenue loss when the fee is lowered for the existing participants.
- *Healthcare Savings - Reduction in Off-Site Crisis Care.* The Governor's recommendation includes financing of \$489,082 to support the hiring of 4.0 additional FTE employees at the Department's Healthcare Services unit. The hiring of these FTE employees will allow the Healthcare Services unit to better focus its time and resources on early intervention, preventive care, and efficient management of medical issues, thereby reducing the incidence of Department-funded hospital stays, emergency room visits, and crisis medical care. This reform is estimated to eliminate 27.7 percent of emergency room/hospital trips per year and includes offsetting savings of \$633,970 in Correctional Officer (CO) overtime due to a reduction in CO-guarded hospital trips and \$165,900 in hospital care costs. A net savings of \$310,788 is projected from this initiative.
- *Transfer of Discharge Planning to the Department.* The Governor's recommendation includes \$551,164 in general revenue funding to support 7.0 additional Community Corrections Assessment Analyst FTE positions to staff a new Discharge Planning office within the Transition Unit. The additional salary and benefits expenses will be offset by the elimination of the \$583,355 discharge planning contract and \$79,809 in turnover savings for the 7.0 FTE positions. The recommendation assumes that salary and benefits costs for the unit will be partially funded by federal Medicaid administrative match and, correspondingly, includes \$112,000 in general revenue funding to support the purchase of a time tracking system to facilitate required timekeeping for Medicaid eligibility. The net proposal is budget neutral. By bringing the contract in-house, the Department will be able to leverage federal support, deliver services on an uninterrupted continuum, increase the number of incarcerated people leaving the facility with a discharge plan, enhance the program's effectiveness, and better monitor the process.
- *Adult Correctional Institutions Apprenticeship Program.* The Governor's recommendation includes \$210,000 in additional funding to support the creation and evaluation of an apprenticeship program at the ACI to provide training and relevant certifications in either construction or manufacturing to a pilot cohort of 25 to 30 participants. A total of \$111,690 of this allocation will support the hiring of 1.0 FTE position to manage the apprenticeship program in collaboration with the Department of Labor and Training.

Embargoed
until 4 p.m. Thursday, March 11

PUBLIC SAFETY

- *Reentry Partnership with the Department of Labor and Training.* The Governor’s recommendation includes \$111,690 in funding to support the hiring of 1.0 additional FTE position, a Coordinator of Employment and Training Programs, to work in partnership with a Department of Labor and Training employee to connect incarcerated people with post-release employment opportunities. This initiative, which was proposed by the FY 2020 Juvenile and Criminal Justice Working Group, is expected to lead to improved outcomes for the reentering population and a reduced recidivism rate.
- *Expansion of Behavioral Healthcare for the Severely and Persistently Mentally Ill Population.* The Governor’s recommendation includes \$750,000 in funding to expand access to behavioral healthcare for individuals with severe and persistent mental illnesses incarcerated at the ACI. The financing will support planning and project management for the collaborative development of a proposal to meet the needs of individuals who require robust behavioral health treatment but whose needs do not rise to the level of the existing Residential Treatment Unit at the ACI.
- *Module Closures.* Due to the significant population decrease that has occurred since February 2020 and the correspondingly low population projection for FY 2022, the Governor recommends assuming \$3.1 million in overtime savings for additional module closures at the ACI. The ACI population has decreased by more than 500 people over the past year, traceable to the COVID-19 pandemic and ongoing justice reform efforts. The savings proposal assumes a six-month closure of 13 modules across the Intake Service Center (seven modules), Women’s Facility (two modules), Medium Security Facility (two double modules), and Maximum Security Facility (two modules).
- *Overtime Savings - Absenteeism Initiative.* The Governor’s recommendation includes savings of \$982,907 in CO overtime from strict enforcement of sick leave use policies at the Department.
- *Elimination of Temporary Clerical Services.* The Governor’s recommendation includes \$346,507 in savings from the elimination of funding for temporary clerical services, including data entry, clerical support, and courier services, in units with staff vacancies.
- *Opioid Stewardship Fund.* The Governor recommends that proceeds of the Opioid Stewardship Fund (OSF) be used to support both the expansion of various substance use programs currently underway and the inception of several new initiatives throughout the State. Within the Department, the Governor recommends \$2.3 million from the OSF. A total of \$1.6 million of this allocation will finance the Medication Assisted Treatment (MAT) Program, with \$714,000 being used to shift costs for standard MAT services off of general revenue and on to the restricted receipt account and the remaining \$846,628 being used to expand MAT using a new “medication first” approach. Under this structure, MAT will be offered the night of commitment to people whose stays in the ACI may not be long enough to support traditional induction into the program. An additional \$713,909 of the allocation will shift financing for the Department’s contract with the Providence Center, which provides substance abuse counseling at the ACI, off of general revenue and on to the restricted receipt account.
- *COVID-19 Response.* In FY 2022, the Governor recommends federal funds totaling \$193,103 for purposes related to COVID-19 pandemic response and recovery activities. This includes anticipated reimbursements from the Federal Emergency Management Agency (FEMA) of \$74,250 and \$118,853 in other federal grants. Please see the “COVID Response” section of the Executive Summary for further programmatic detail and descriptions regarding the uses of these funds.

Proposed FY 2021 Budget Revisions

- *Reallocations.* Relative to enacted levels, the Governor Recommends \$45.4 million in additional reallocations of state-financed personnel expenses eligible for payment from the federal Coronavirus Relief Fund (CRF), yielding an equivalent amount of general revenue savings in FY 2021. These

Embargoed
until 4 p.m. Thursday, March 11

PUBLIC SAFETY

reallocations are allowable under the auspices of U.S. Department of the Treasury guidance and are in full compliance with the Department of Administration's Policy for Charging Public Employee Payroll to the Coronavirus Relief Fund. These increases to the Department's CRF budget are reflected in the figures detailed below.

- *COVID-19 Response.* In FY 2021, the Governor recommends federal funds totaling \$124.5 million for purposes related to COVID-19 pandemic response and recovery activities. This includes \$124.4 million from the Coronavirus Relief Fund (CRF) and anticipated reimbursements from FEMA of \$36,252. The Governor further recommends general revenue expenditures of \$310,128 in support of COVID-19 response and recovery activities. Please see the "COVID Response" section of the Executive Summary for further programmatic detail and descriptions regarding the uses of these funds.
- *FY 2021 Assessed Fringe Benefit Increase.* In FY 2021, the Governor recommends additional general revenue of \$261,187 for an increase to the payroll assessment for the Assessed Fringe Benefit Fund during the final nine pay periods of FY 2021. This increase is necessary to fully finance anticipated outlays from the Fund for extraordinary separation costs and incentive payments resulting from the State's FY 2021 Voluntary Retirement Incentive (VRI) Program.

Embargoed
until 4 p.m. Thursday, March 11

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 with the exception of 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 2019 Actuals	FY 2020 Actuals	FY 2021 Enacted	FY 2021 Revised	FY 2022 Recommended
General Revenue	\$99,950,290	\$101,864,401	\$103,483,394	\$103,771,550	\$108,788,654
Federal Funds	\$3,055,636	\$4,277,600	\$3,456,888	\$3,819,563	\$3,541,877
Restricted Receipts	\$10,581,559	\$11,296,697	\$12,863,388	\$13,851,226	\$13,637,254
Other Funds	-	-	-	-	-
RI Capital Plan Fund	\$6,163,378	\$5,294,210	\$2,323,735	\$2,283,369	\$4,950,000
Total Funding	\$119,750,863	\$122,732,908	\$122,127,405	\$123,725,708	\$130,917,785
FTE Authorization	723.3	726.3	726.3	726.3	726.3

Full-Time Equivalent Positions

The Governor recommends 726.3 FTE positions in the FY 2022 Budget, and 726.3 FTE positions in the revised FY 2021 Budget. The recommendation is unchanged from the enacted FY 2021 Budget.

Proposed FY 2022 Budget Actions

- *Crime Victims Compensation Program (CVCP) Funding.* The Governor recommends an increase of \$80,000 in general revenue funding to support the Judiciary's role in supporting the Crime Victim Compensation Program--namely, informing and assisting the victims of crime in the exercise of their rights. Due to declining receipts at the CVCP, the portion of annual collections allocated to the Judiciary--15%, not to exceed \$150,000--has declined in recent years, jeopardizing their ability to support the contract that finances the services to victims of crimes. The additional allocation will continue to support the Judiciary's work on the CVCP at \$150,000 per year while ensuring that the appropriate percentage of receipts are transferred to the Treasury as statutorily required.
- *Turnover Savings.* The Governor recommends general revenue turnover savings of \$2.5 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%. The Judiciary's total general revenue salary and benefits request was \$88.7 million, an increase of \$7.9 million from the FY 2021 enacted level. Including recommended levels of turnover savings, the Governor's proposed budget recommends \$85.9 million in salary and benefits funding, an increase of \$5.2 million from the FY 2021 enacted level and \$2.4 million from the FY 2022 current services level.

PUBLIC SAFETY

Proposed FY 2021 Budget Revisions

- *COVID-19 Response.* In FY 2021, the Governor recommends federal funds totaling \$26,000 for purposes related to COVID-19 pandemic response and recovery activities. This includes \$26,000 from the Coronavirus Relief Fund (CRF). Please see the “COVID Response” section of the Executive Summary for further programmatic detail and descriptions regarding the uses of these funds.
- *FY 2021 Assessed Fringe Benefit Increase.* In FY 2021, the Governor recommends additional general revenue of \$288,156 for an increase to the payroll assessment for the Assessed Fringe Benefit Fund during the final nine pay periods of FY 2021. This increase is necessary to fully finance anticipated outlays from the Fund for extraordinary separation costs and incentive payments resulting from the State’s FY 2021 Voluntary Retirement Incentive (VRI) Program.

Embargoed
until 4 p.m. Thursday, March 11

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 2019 Actuals	FY 2020 Actuals	FY 2021 Enacted	FY 2021 Revised	FY 2022 Recommended
General Revenue	\$2,836,265	\$6,717,016	\$3,275,354	\$3,280,158	\$2,608,853
Federal Funds	\$27,534,473	\$21,188,647	\$40,291,970	\$34,896,528	\$36,614,294
Restricted Receipts	\$34,908	\$52,320	\$55,000	\$55,000	\$55,000
Other Funds	-	-	-	-	-
RI Capital Plan Fund	\$5,900,638	\$3,419,225	\$2,539,896	\$2,539,896	\$1,831,763
Total Funding	\$36,306,284	\$31,377,208	\$46,162,220	\$40,771,582	\$41,109,910
FTE Authorization	92.0	92.0	92.0	92.0	92.0

Full-Time Equivalent Positions

The Governor recommends 92.0 FTE positions in the FY 2022 Budget and 92.0 FTE positions in the revised FY 2021 Budget. The FTE levels are unchanged from the enacted FY 2021 Budget.

Proposed FY 2022 Budget Actions

- *Injured-on-Duty.* The Governor recommends \$395,337 in general revenue savings to recognize changes in the Injured-on-Duty (IOD) status of 3.0 FTE positions. Due to statutory changes made in FY 20 to the R.I.G.L. § 45-19-1 requiring individuals on IOD to apply to the state retirement board for an accidental disability retirement allowance, three Quonset Firefighter FTE positions will no longer be on IOD
- *Minimum Wage Increase.* The Governor recommends legislative changes to increase the minimum wage from \$10.50 per hour to \$11.50 per hour effective October 1, 2020.

Embargoed
until 4 p.m. Thursday, March 11

PUBLIC SAFETY

Proposed FY 2021 Budget Revisions

- *COVID-19 Response.* In FY 2021, the Governor recommends federal funds totaling \$28,080 for purposes related to COVID-19 pandemic response and recovery activities. This includes \$28,080 million from the Coronavirus Relief Fund (CRF). Please see the “COVID Response” section of the Executive Summary for further programmatic detail and descriptions regarding the uses of these funds.
- *FY 2021 Assessed Fringe Benefit Increase.* In FY 2021, the Governor recommends additional general revenue of \$4,804 for an increase to the payroll assessment for the Assessed Fringe Benefit Fund during the final nine pay periods of FY 2021. This increase is necessary to fully finance anticipated outlays from the Fund for extraordinary separation costs and incentive payments resulting from the state's FY 2021 Voluntary Retirement Incentive (VRI) Program.

Embargoed
until 4 p.m. Thursday, March 11

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 2019 Actuals	FY 2020 Actuals	FY 2021 Enacted	FY 2021 Revised	FY 2022 Recommended
General Revenue	\$2,276,138	\$66,323,909	\$2,713,353	\$2,415,075	\$2,655,619
Federal Funds	\$15,703,893	\$10,927,305	\$40,506,062	\$55,321,489	\$16,472,597
Restricted Receipts	\$375,925	\$189,174	\$553,132	\$554,190	\$527,472
Other Funds	-	-	-	-	-
RI Capital Plan Fund	\$1,494,414	\$1,494,414	\$1,494,414	\$1,494,414	\$1,744,400
Total Funding	\$19,850,370	\$78,934,802	\$45,266,961	\$59,785,168	\$21,400,088
FTE Authorization	32.0	32.0	32.0	32.0	33.0

Full-Time Equivalent Positions

The Governor recommends 33.0 FTE positions in the FY 2022 Budget, and 32.0 FTE positions in the revised FY 2021 Budget. The latter is unchanged from the enacted FY 2021 Budget. The FY 2022 FTE level is an increase of 1.0 more than the enacted FY 2021 budget.

Proposed FY 2022 Budget Actions

- *Fiscal Management Officer.* The Governor recommends an additional finance FTE position for the Rhode Island Emergency Management Agency to support overall fiscal operations. Operational resources were stretched even before the current influx of federal funds.
- *COVID-19 Response.* In FY 2022, the Governor recommends federal funds totaling \$870,205 for purposes related to COVID-19 pandemic response and recovery activities. This includes anticipated reimbursements from the Federal Emergency Management Agency of \$831,884 and \$38,321 in other federal grants. Please see the "COVID Response" section of the Executive Summary for further programmatic detail and descriptions regarding the uses of these funds.

Proposed FY 2021 Budget Revisions

- *COVID-19 Response.* In FY 2021, the Governor recommends federal funds totaling \$39.6 million for purposes related to COVID-19 pandemic response and recovery activities. This includes \$115,509 from the Coronavirus Relief Fund (CRF) and anticipated reimbursements from the Federal Emergency

Embargoed
until 4 p.m. Thursday, March 11

PUBLIC SAFETY

Management Agency of \$39.5 million. Please see the “COVID Response” section of the Executive Summary for further programmatic detail and descriptions regarding the uses of these funds.

- *FY 2021 Assessed Fringe Benefit Increase.* In FY 2021, the Governor recommends additional general revenue of \$1,722 for an increase to the payroll assessment for the Assessed Fringe Benefit Fund during the final nine pay periods of FY 2021. This increase is necessary to fully finance anticipated outlays from the Fund for extraordinary separation costs and incentive payments resulting from the State’s FY 2021 Voluntary Retirement Incentive (VRI) Program.

Embargoed
until 4 p.m. Thursday, March 11

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:

- Assisted with the State's COVID-19 response by staffing information centers at state borders, providing security at testing sites, and planning for and operating a quarantine facility dedicated to the housing insecure.
- In June 2019, graduated the most diverse State Police class in Rhode Island's history. Of the 37 graduates, 14 are members of minority groups and seven are women. The State Police also recruited one of the largest, most diverse pools of candidates for the State Police Training Academy in state history. At least 44 percent of the 1,403 applicants were women and/or members of minority groups.
- Launched the Hope Initiative, the first statewide program that partnered state and local law enforcement officers with substance use disorder professionals to proactively reach out and help people at risk of opioid addiction and overdose.
- Through increased federal grant funding, created a Traffic Safety Unit within State Police dedicated to reducing impaired driving and alcohol-related crashes.
- Launched a formal State Police Community, Diversity and Equity Unit to further enhance and expand the relationships with residents.
- Completed the comprehensive master planning process, culminating in a final report that identified recommendations for State Police facilities

Budget Highlights

State Police Training Academy.

Initiates a training academy to hire 28 troopers.

Security Services.

Makes additional investments in state properties and facilities to ensure they are safe for employees and customers alike.

DEPARTMENT OF PUBLIC SAFETY					
Source of Funds	FY 2019 Actuals	FY 2020 Actuals	FY 2021 Enacted	FY 2021 Revised	FY 2022 Recommended
General Revenue	\$103,724,264	\$77,870,719	\$67,430,637	\$45,525,632	\$105,755,411
Federal Funds	\$16,020,609	\$42,974,385	\$56,571,413	\$77,587,874	\$17,462,783
Restricted Receipts	\$505,802	\$5,965,022	\$5,670,229	\$5,675,249	\$9,334,681
Other Funds	\$2,096,376	\$3,230,707	\$2,305,158	\$3,205,158	\$3,050,000
RI Capital Plan Fund	\$908,797	\$1,405,275	\$1,913,295	\$1,913,295	\$1,978,370
Total Funding	\$123,255,848	\$131,446,108	\$133,890,732	\$133,907,208	\$137,581,245
FTE Authorization	564.6	593.6	593.6	593.6	622.6

Full-Time Equivalent Positions

The Governor recommends 622.6 FTE positions in the FY 2022 Budget, and 593.6 FTE positions in the revised FY 2021 Budget. This represents an FTE increase of 29.0 positions from the enacted FY 2021 Budget, with the FY 2021 revised authorization being unchanged from the enacted level.

Embargoed
until 4 p.m. Thursday, March 11

PUBLIC SAFETY

Proposed FY 2022 Budget Actions

- *Rhode Island State Police Trooper Training Academy.* The Governor recommends \$1.8 million from general revenues and \$797,213 from federal asset forfeiture proceeds to operate the State Police Training Academy and hire 28.0 FTE positions upon its conclusion. Of the 28.0 graduating troopers, 3.0 are recommended to be financed through the adult-use marijuana restricted account.
- *Adult-Use Marijuana.* The Governor recommends \$850,000 in restricted receipts to the State Police, of which \$355,235 is for staffing costs associated with trainees and troopers to enforce the impaired driving provisions of the adult-use marijuana proposal. This recommendation also contains \$494,762 in restricted receipts to allow the Department to support the needs of local police departments.
- *Security Services.* Recognizing the importance of ensuring that State properties and facilities are safe and secure for employees and customers alike, the Governor recommends an additional \$83,675 in Capitol Police Rotary Fund expenditures to finance one additional FTE position. This Capitol Police officer will be dedicated to the Capitol Police substation on the Pastore Center campus.
- *Public Safety Vehicles.* The Governor recommends \$2.5 million from the State Fleet Revolving Loan Fund, of which \$1.8 million is for State Police vehicles and \$689,723 is allocated for Sheriff vehicles.

Proposed FY 2021 Budget Revisions

- *Reallocation of Personnel Expenses.* Relative to enacted levels, the Governor recommends \$22.1 million in additional reallocations of state-financed personnel expenses eligible for payment from the federal Coronavirus Relief Fund (CRF), yielding an equivalent amount of general revenue savings in FY 2021. These reallocations are allowable under the auspices of U.S. Department of the Treasury guidance and are in full compliance with the Department of Administration's Policy for Charging Public Employee Payroll to the Coronavirus Relief Fund (CRF). These increases to the Department's CRF budget are reflected in the figures detailed below.
- *COVID-19 Response.* In FY 2021, the Governor recommends federal funds totaling \$59.5 million for purposes related to COVID-19 pandemic response and recovery activities. This includes \$59.5 million from the CRF. Please see the "COVID Response" section of the Executive Summary for further programmatic detail and descriptions regarding the uses of these funds.
- *FY 2021 Assessed Fringe Benefit Increase.* In FY 2021, the Governor recommends additional general revenue of \$159,245 for an increase to the payroll assessment for the Assessed Fringe Benefit Fund during the final nine pay periods of FY 2021. This increase is necessary to fully finance anticipated outlays from the Fund for extraordinary separation costs and incentive payments resulting from the state's FY 2021 Voluntary Retirement Incentive (VRI) Program.

Embargoed
until 4 p.m. Thursday, March 11

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 2019 Actuals	FY 2020 Actuals	FY 2021 Enacted	FY 2021 Revised	FY 2022 Recommended
General Revenue	\$11,940,555	\$12,112,369	\$12,680,653	\$12,719,301	\$13,508,789
Federal Funds	\$28,702	\$98,703	\$75,665	\$186,515	\$75,665
Restricted Receipts	-	-	-	-	-
Other Funds	-	-	-	-	-
RI Capital Plan Fund	-	-	-	-	-
Total Funding	\$11,969,257	\$12,211,072	\$12,756,318	\$12,905,816	\$13,584,454
FTE Authorization	95.0	96.0	96.0	96.0	99.0

Full-Time Equivalent Positions

The Governor recommends 99.0 FTE positions in the FY 2022 Budget, and 96.0 FTE positions in the revised FY 2021 Budget. The latter is unchanged from the enacted FY 2021 Budget, while the former includes 3.0 additional FTE Assistant Public Defender IV positions.

Proposed FY 2022 Budget Actions

- *Additional Assistant Public Defender IV Positions.* The Governor recommends 3.0 additional FTE Assistant Public Defender IV positions, supported by an additional \$335,698 in general revenue funding in FY 2022. These positions will provide additional resources to help the Office mitigate excessive caseload levels, which threaten its ability to fulfill statutory and constitutional mandates. Understaffing at the Office is an equity issue as well as a legal issue – the Office provides representation to some of the most vulnerable individuals in the criminal justice system, and their clients are further disadvantaged when high caseloads impact the quality of representation. The Governor believes that authorizing these 3.0 FTE positions is critical to fulfilling the Office’s constitutional obligations, ensuring equitable representation for indigent defendants, and beginning to address the caseload crisis at the agency.

Proposed FY 2021 Budget Revisions

- *FY 2021 Assessed Fringe Benefit Increase.* In FY 2021, the Governor recommends additional general revenue of \$38,648 for an increase to the payroll assessment for the Assessed Fringe Benefit Fund during the final nine pay periods of FY 2021. This increase is necessary to fully finance anticipated outlays from the Fund for extraordinary separation costs and incentive payments resulting from the State’s FY 2021 Voluntary Retirement Incentive (VRI) Program.

Embargoed
until 4 p.m. Thursday, March 11

Natural Resources

Embargoed
until 4 p.m. Thursday, March 11

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.

Embargoed
until 4 p.m. Thursday, March 11

NATURAL RESOURCES

Department of Environmental Management

The Department of Environmental Management is charged to safeguard, restore, and maintain 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 the 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 and corporate entities to practice an environmental ethic based upon an understanding of how their actions affect the environment, including preventing pollution and minimizing waste at the source. The Department promotes green jobs and economic opportunities that preserve the state's resources and improve quality of life. It leads efforts to confront climate change by reducing greenhouse gases and promoting resiliency.

A top cross-cutting priority of the Department is improving customer service. This includes staff training and improved systems and feedback. A core component of this effort is the Department's LEAN government initiative, aimed at reducing waste, standardizing processes, and producing clear, predictable, and reliable regulations.

Recent Department achievements and highlights include:

- Transitioned to remote operations in the early days of the COVID-19 pandemic to ensure that the Department remained "open for business" and continued providing a high level of customer service. In partnership with the Rhode Island Department of Health and the Community Mitigation Team, implemented COVID-19 guidance to help constituents, customers, and stakeholders across a wide range of programs, facilities, and services.
- Fostered the continued viability of the Rhode Island commercial seafood industry during the COVID-19 pandemic by enacting a new, no-cost Direct Sale Dealer License that allows commercial fishermen to sell certain species of finfish, and to sell and transport for sale live lobsters and crabs, directly to consumers and licensed seafood retailers from the vessel on which they were harvested.
- In July 2020, awarded \$4.4 million in matching grants to 13 municipalities and community groups for climate resilience projects that will restore and improve the climate resilience of vulnerable coastal habitats and river and stream floodplains.
- Launched an online option for Rhode Islanders and visitors to purchase season beach parking passes; provided free sunscreen at more than 20 parks and beaches; and completed a new timber fishing pier at

Budget Highlights

Ports of Galilee and Newport.

Invests in the infrastructure and operations of these resources through the creation of three new positions.

Parks and Recreation Facilities.

Ensures sufficient resources to keep pace with the recent growth in demand at state recreational properties and facilities.

Commercial Fishing License.

Allows for greater flexibility for members of the fishing industry and provides necessary revenue to support marine fishery operations.

Embargoed
until 4 p.m. Thursday, March 11

NATURAL RESOURCES

Rocky Point State Park in Warwick that provides anglers of all abilities access to one of the state's prime fishing areas.

- Developed and executed a statewide food strategy, Relish Rhody, aimed at preserving and growing the agriculture and fisheries industries, enhancing the climate for food and beverage businesses, and ensuring food security for all Rhode Islanders. Fostered innovation and supported food system partners by providing more than \$1.1 million grants to farms and food businesses through the Farm Viability Program and Local Agriculture and Seafood Act.

DEPARTMENT OF ENVIRONMENTAL MANAGEMENT					
Source of Funds	FY 2019 Actuals	FY 2020 Actuals	FY 2021 Enacted	FY 2021 Revised	FY 2022 Recommended
General Revenue	\$41,449,798	\$42,861,538	\$42,769,969	\$42,611,952	\$46,637,374
Federal Funds	\$20,965,162	\$22,563,433	\$35,511,001	\$34,957,093	\$32,723,890
Restricted Receipts	\$12,221,760	\$12,439,640	\$16,559,204	\$18,081,895	\$17,101,791
Other Funds	\$443,980	\$759,674	\$1,844,785	\$1,844,987	\$1,835,851
RI Capital Plan Fund	\$2,141,063	\$5,686,839	\$12,601,207	\$12,251,207	\$6,410,000
Total Funding	\$77,221,763	\$84,311,124	\$109,286,166	\$109,747,134	\$104,708,906
FTE Authorization	395.0	394.0	394.0	394.0	401.0

Full-Time Equivalent Positions

The Governor recommends 401.0 FTE positions in the FY 2022 Budget, and 394.0 FTE positions in the revised FY 2021 Budget. The latter is unchanged from the enacted FY 2021 Budget.

Proposed FY 2022 Budget Actions

- *Ports of Galilee and Newport Investments.* The Governor recommends an increase of \$533,578 in general revenue in the Division of Coastal Resources, which operates the ports of Galilee and Newport. This includes an increase of 3.0 FTE positions, comprised of a maintenance technician and two administrative positions. It also includes a \$267,466 increase for maintenance and repairs and other operating expenditures.
- *Parks and Recreational Investments.* The Governor recommends an increase of \$419,463 in general revenue in the Division of Parks and Recreation. This includes an increase of 4.0 FTE positions, comprised of a maintenance technician, plumber, clerk, and civil engineer. It also includes a \$100,000 increase for building maintenance and repairs and a \$100,000 increase for grounds maintenance. This increase ensures that additional investments in state parks keep pace with recent growth in recreation fee revenue. This proposed investment complements the recently approved general obligation bonds to upgrade beach and park facilities.
- *Commercial Fishing License Modernization.* The Governor recommends an increase of \$81,025 in restricted receipts by updating the structure of commercial fishing licensure. This would allow more flexibility for members of the fishing industry, as well as provide revenue necessary to support marine fisheries operations.
- *Fish and Wildlife Fees.* The Governor recommends an increase to fish and wildlife license and permit fees. The \$62,960 in new restricted receipts revenue would finance the match for federal funds that support Rhode Island projects, including wildlife restoration and habitat management.

NATURAL RESOURCES

- *COVID-19 Response.* In FY 2022, the Governor recommends federal funds totaling \$335,000 for purposes related to COVID-19 pandemic response and recovery activities. This includes anticipated reimbursements from the Federal Emergency Management Agency (FEMA) of \$251,250 and \$83,750 in other federal grants. Please see the “COVID Response” section of the Executive Summary for further programmatic detail and descriptions regarding the uses of these funds.

Proposed FY 2021 Budget Revisions

- *COVID-19 Response.* In FY 2021, the Governor recommends federal funds totaling \$2.7 million for purposes related to COVID-19 pandemic response and recovery activities. This includes \$987,532 from the Coronavirus Relief Fund (CRF) and anticipated reimbursements from FEMA of \$1.7 million. The Governor further recommends general revenue expenditures of \$83,750 million in support of COVID-19 response and recovery activities. Please see the “COVID Response” section of the Executive Summary for further programmatic detail and descriptions regarding the uses of these funds.
- *FY 2021 Assessed Fringe Benefit Increase.* In FY 2021, the Governor recommends additional general revenue of \$92,233 for an increase to the payroll assessment for the Assessed Fringe Benefit Fund during the final nine pay periods of FY 2021. This increase is necessary to fully finance anticipated outlays from the Fund for extraordinary separation costs and incentive payments resulting from the State's FY 2021 Voluntary Retirement Incentive (VRI) Program.

Embargoed
until 4 p.m. Thursday, March 11

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 off-shore windfarms, the first of which in the country was built off the coast of New Shoreham.

COASTAL RESOURCES MANAGEMENT COUNCIL					
Source of Funds	FY 2019 Actuals	FY 2020 Actuals	FY 2021 Enacted	FY 2021 Revised	FY 2022 Recommended
General Revenue	\$2,650,012	\$2,831,187	\$2,580,300	\$2,588,632	\$2,852,347
Federal Funds	\$3,988,909	\$1,982,308	\$2,283,202	\$2,287,399	\$1,850,628
Restricted Receipts	\$265,000	\$265,189	\$250,000	\$250,000	\$250,000
Other Funds	-	-	-	-	-
RI Capital Plan Fund	\$628,451	\$538,999	\$91,310	\$91,310	\$550,115
Total Funding	\$7,532,372	\$5,617,683	\$5,204,812	\$5,217,341	\$5,503,090
FTE Authorization	30.0	30.0	30.0	30.0	30.0

Full-Time Equivalent Positions

The Governor recommends 30.0 FTE positions in the FY 2022 Budget and 30.0 FTE positions in the revised FY 2021 Budget. The latter is unchanged from the enacted FY 2021 Budget.

Proposed FY 2022 Budget Actions

- *Fines and Penalties.* The Governor recommends increases to the maximum fines and penalties the agency is allowed to charge under statute for various coastal resources violations.

Proposed FY 2021 Budget Revisions

- *FY 2021 Assessed Fringe Benefit Increase.* In FY 2021, the Governor recommends additional general revenue of \$8,332 for an increase to the payroll assessment for the Assessed Fringe Benefit Fund during the final nine pay periods of FY 2021. This increase is necessary to fully finance anticipated outlays from the Fund for extraordinary separation costs and incentive payments resulting from the State’s FY 2021 Voluntary Retirement Incentive (VRI) Program.

Embargoed
until 4 p.m. Thursday, March 11

Transportation

Embargoed
until 4 p.m. Thursday, March 11

DEPARTMENT OF TRANSPORTATION

Department of Transportation

The Rhode Island Department of Transportation, under the leadership of a director appointed by the Governor, 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 of Transportation 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. The maintenance section engages in the routine maintenance of state highways, bridges, and associated roadsides and highway appurtenances.

In addition to the traditional highway construction/maintenance activities, the Department has considerable responsibility for intermodal transportation. This includes 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. These tasks include supervision of all planning, design, construction, and upgrading activities associated with the implementation of the 10-year plan within the Transportation Improvement Program (TIP), which is updated annually.

The Department oversees the Rideshare and Fringe Parking programs and administration of rail modernization funding, and coordinates with the Rhode Island Public Transit Authority (RIPTA) on capital development and operations. Departmental goals include: execution and the annual update of the 10-year plan with project prioritization based on an asset management approach; building and maintaining a culture of accountability; training and development of the Project Management Division; ensuring projects are completed on time and on budget; adoption of industry best practices; increasing in-house maintenance personnel; providing employees with opportunities to enhance their level of preparedness and performance; maintaining and building a safe, efficient, and comfortable state roadway network to help facilitate economic development; and continuing efforts to foster innovation and promote mobility for people and goods through a balanced, multi-modal transportation system.

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 119 of 207 road and bridge projects, totaling \$2.2 billion. The landmark 2016 RhodeWorks legislation has given the Department the ability to improve the state's total National Bridge Inventory sufficiency from

Budget Highlights

New Federal Transportation Funds.

Provides \$54.3 million in federal funds toward winter, road and bridge maintenance, and offset state revenue losses resulting from the pandemic.

Bond Proceeds.

Provides \$40.0 million in general obligation bond proceeds to be used as state matching funds for federally qualified projects.

RIPTA.

Provides \$10.0 million to the Rhode Island Public Transit Authority that will substitute Highway Maintenance Account revenues for operations and make available additional funds for state matching.

DEPARTMENT OF TRANSPORTATION

75.13 percent in 2016 to 83.65 percent today. Currently, the Department has finished the replacement of 80 bridges and has completed preservation work on approximately 150 other bridges.

- Received nearly \$370 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 175,000 tickets in its first five 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.

DEPARTMENT OF TRANSPORTATION					
Source of Funds	FY 2019 Actuals	FY 2020 Actuals	FY 2021 Enacted	FY 2021 Revised	FY 2022 Recommended
General Revenue	-	\$858,467	-	-	-
Federal Funds	\$287,308,363	\$317,509,121	\$339,392,203	\$409,131,461	\$451,279,224
Restricted Receipts	\$2,626,919	\$4,648,260	\$2,711,328	\$2,585,689	\$2,589,202
Other Funds	\$211,077,944	\$248,277,749	\$262,306,562	\$276,756,458	\$245,279,865
RI Capital Plan Fund	\$47,326,060	\$37,419,970	\$2,932,910	\$2,813,440	\$71,540,808
Total Funding	\$548,339,286	\$608,713,567	\$607,343,003	\$691,287,048	\$770,689,099
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 2022 Budget, and 755.0 FTE positions in the revised FY 2021 Budget.

Proposed FY 2022 Budget Actions

- *New Federal Funds for Transportation.* In December 2020, Congress made available \$54.3 million in additional Federal Highway Administration funding for Department qualified projects, road and bridge maintenance, operations, debt service payments, and coverage for revenue losses as a result of the COVID-19 pandemic. The Governor recommends these resources be committed toward winter, road and bridge maintenance expenses normally covered by Highway Maintenance Account and gas tax revenues that will provide a carryforward of unspent funds for FY 2022 and serve as state matching funds available for ongoing projects. In addition, \$60.0 million of additional Federal Highway Administration funding for the Department has been made available for bridge and rehabilitation projects.
- *Transportation Fund Reappropriations.* The Governor recommends statutory language clarifying authority to reappropriate unspent state transportation funds in the subsequent fiscal year. Multiyear projects funded by the Rhode Island Capital Plan Fund customarily have Appropriations Act language enabling automatic reappropriation of unspent, unencumbered prior year funds. This allows projects to move forward, especially during the late summer and early fall, which are prime construction seasons. R.I.G.L. § 35-3-15 includes a similar provision for general revenue appropriations. The Governor recommends that language be added to Article 1 to allow transportation agencies to use previously appropriated gas tax, highway maintenance account funds, and other monies in the Intermodal Surface Transportation Fund and Bridge Replacement, Reconstruction, and Maintenance Fund.

Embargoed
until 4 p.m. Thursday, March 11

DEPARTMENT OF TRANSPORTATION

- *New Federal Funds for Transit.* The CARES Act passed by Congress in April 2020 included additional Federal Transit Administration (FTA) funding for transit authorities. The Governor recommends \$10.0 million in federal funding for RIPTA that will substitute Highway Maintenance Account revenues for operations and make available additional funds for state matching.
- *General Obligation Bond Issuance.* On March 2, 2021 Rhode Island voters approved the issuance of up to \$71.7 million to match federal funds and provide direct funding for needed and planned improvements to the state's transportation infrastructure, including ports, highways, roads, and bridges. The Governor recommends \$40.0 million of general obligation bond proceeds in FY 2022 for continued availability of state matching funds for federally qualified projects.
- *Bridge Fund Transfers.* The Governor recommends that toll revenue for those gantry locations which have realized capital project completion be transferred from the Bridge Replacement, Department of Transportation Reconstruction and Maintenance Fund to the Intermodal Surface Transportation Fund for use in ongoing infrastructure projects including the 6/10 Interchange. Funds may only be transferred out once the immediate needs of the gantry location bridges have been met, including toll operations and bridge maintenance. The Administration estimates the funds available for transfer in FY 2021 at \$42.1 million and \$35.5 million in FY 2022.
- *Additional State Match.* The Governor recommends an additional \$28.5 million from the Rhode Island Capital Plan Fund to the Highway Improvement Program for additional state matching of federal transportation funds.
- *COVID-19 Response.* In FY 2022, the Governor recommends federal funds totaling \$24.6 million for purposes related to COVID-19 pandemic response and recovery activities. Please see the "COVID Response" section of the Executive Summary for further programmatic detail and descriptions regarding the uses of these funds.

Proposed FY 2021 Budget Revisions

- *COVID-19 Response.* In FY 2021, the Governor recommends federal funds totaling \$43.8 million for purposes related to COVID-19 pandemic response and recovery activities. This includes \$1.0 million from the Coronavirus Relief Fund (CRF) and \$42.8 million in other targeted federal grants. Please see the "COVID Response" section of the Executive Summary for further programmatic detail and descriptions regarding the uses of these funds.

Appendix A

Schedules

Embargoed
until 4 p.m. Thursday, March 11

FY 2022 General Revenue Budget Surplus

	FY 2019 Audited	FY 2020 Audited	FY 2021 Enacted	FY 2021 Revised	FY 2022 Recommend
Surplus					
Opening Surplus	\$ 52,525,379	\$ 30,502,912	\$ 180,395,600	\$ 156,188,375	\$ 265,441,847
Adjustment to Opening Surplus	-		\$ 70,000,000	\$ 110,877,242	
Reappropriated Surplus	\$ 10,057,409	\$ 10,296,451	\$ 5,336,652	\$ 5,336,653	
Subtotal	\$ 62,582,788	\$ 40,799,363	\$ 255,732,252	\$ 272,402,270	\$ 265,441,847
General Taxes	\$ 3,186,592,310	\$ 3,279,993,849	\$ 3,373,300,000	\$ 3,373,300,000	\$ 3,416,200,000
Revenue Est. Conference Changes					
Changes to the Adopted Estimates				\$ (83,004,709)	\$ 16,293,313
Subtotal	\$ 3,186,592,310	\$ 3,279,993,849	\$ 3,373,300,000	\$ 3,290,295,291	\$ 3,432,493,313
Departmental Revenues	\$ 416,720,527	\$ 434,973,609	\$ 390,000,000	\$ 390,000,000	\$ 249,000,000
Revenue Est. Conference Changes					
Changes to the Adopted Estimates				\$ 38,208,294	\$ 181,606,961
Subtotal	\$ 416,720,527	\$ 434,973,609	\$ 390,000,000	\$ 428,208,294	\$ 430,606,961
Other Sources					
Other Miscellaneous	\$ 12,367,090	\$ 52,794,681	\$ 10,325,000	\$ 10,325,000	\$ 12,150,000
Revenue Est. Conference Changes					
Changes to the Adopted Estimates					\$ 2,377,299
Lottery	\$ 397,321,087	\$ 283,870,548	\$ 254,500,000	\$ 254,500,000	\$ 356,300,000
Changes to the Adopted Estimates				\$ 5,709,679	\$ 360,000
Transfer from Budget Reserve		\$ 120,000,000			
Unclaimed Property	\$ 11,578,604	\$ 12,080,719	\$ 10,300,000	\$ 10,300,000	\$ 11,300,000
Revenue Est. Conference Changes					
Subtotal	\$ 421,266,781	\$ 468,745,948	\$ 275,125,000	\$ 280,834,679	\$ 382,487,299
Total Revenues	\$ 4,024,579,618	\$ 4,183,713,406	\$ 4,038,425,000	\$ 3,999,338,264	\$ 4,245,587,573
Transfer to Budget Reserve and Cash Stabilization Account	\$ (122,313,150)	\$ (126,426,490)	\$ (128,664,618)	\$ (124,665,799)	\$ (135,330,883)
Total Available	\$ 3,964,849,256	\$ 4,098,086,279	\$ 4,165,492,634	\$ 4,147,074,735	\$ 4,375,698,537
Actual/Enacted Expenditures	\$ 3,924,049,893	\$ 3,936,561,251	\$ 4,153,269,709	\$ 4,153,269,709	\$ 4,371,272,821
FMAP Enhancement- Q4				\$ (34,453,546)	
Other Changes in Expenditures				\$ (237,183,275)	
Total Expenditures	\$ 3,924,049,893	\$ 3,936,561,251	\$ 4,153,269,709	\$ 3,881,632,888	\$ 4,371,272,821
Total Ending Balances	\$ 40,799,363	\$ 161,525,028	\$ 12,222,925	\$ 265,441,847	\$ 4,425,716
Reappropriations (to following year)	\$ (10,296,451)	\$ (5,336,653)			
Free Surplus	\$ 30,502,912	\$ 156,188,375	\$ 12,222,925	\$ 265,441,847	\$ 4,425,716
Budget Reserve and Cash Stabilization Account	\$ 203,855,250	\$ 90,710,816	\$ 210,941,030	\$ 207,776,332	\$ 225,551,471

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until 4 p.m. Thursday, March 11

Expenditures from All Funds

	FY 2019	FY 2020	FY 2021 Enacted	FY 2021 Revised	FY 2022 Recommend
General Government					
Department of Administration	\$ 266,429,346	\$ 433,929,882	\$ 623,048,316	\$ 711,142,209	\$ 498,948,118
Department of Business Regulation	22,926,405	23,612,913	27,754,929	28,719,082	32,782,818
Executive Office of Commerce	53,240,307	37,720,666	215,497,595	117,246,439	65,086,374
Department of Labor and Training	433,781,681	1,733,250,987	1,712,347,502	2,431,191,834	647,721,222
Department of Revenue	577,205,390	484,422,551	706,722,852	754,666,517	706,383,257
General Assembly	40,798,616	43,046,423	46,122,617	47,016,046	47,399,661
Office of Lieutenant Governor	1,108,950	1,142,644	1,145,231	1,148,918	1,186,120
Secretary of State	11,131,155	12,238,925	15,098,672	15,121,354	11,928,764
Office of the General Treasurer	42,045,579	40,414,381	44,517,242	44,631,776	44,210,243
Board of Elections	4,272,724	2,542,334	3,972,921	3,977,937	2,619,337
Rhode Island Ethics Commission	1,719,158	1,803,364	1,900,201	1,905,942	1,928,833
Office of the Governor	5,624,462	6,605,944	6,459,015	6,480,485	6,729,552
Rhode Island Commission for Human Rights	1,743,538	1,768,406	1,869,372	1,874,536	1,945,690
Public Utilities Commission	9,125,176	9,571,635	11,748,393	11,842,647	12,466,346
Subtotal - General Government	\$ 1,471,152,487	\$ 2,832,071,055	\$ 3,418,204,858	\$ 4,176,965,722	\$ 2,081,336,335
Health and Human Services					
Executive Office of Health and Human Services	\$ 2,601,568,367	\$ 2,603,777,235	\$ 2,983,643,790	\$ 3,034,203,357	\$ 3,035,864,147
Department of Children, Youth, and Families	248,168,746	252,061,916	254,721,923	255,901,053	264,524,831
Department of Health	167,007,948	193,163,962	578,629,413	642,276,424	364,387,772
Behavioral Healthcare, Developmental Disabilities and Hospitals	422,854,608	457,029,203	486,081,675	503,830,662	415,887,707
Department of Human Services	594,233,698	633,159,951	686,895,593	711,044,703	645,854,077
Office of the Child Advocate	958,016	1,028,374	1,233,388	1,237,225	1,179,668
Commission on the Deaf & Hard of Hearing	521,004	674,000	650,270	651,960	775,242
Governor's Commission on Disabilities	1,167,624	1,475,215	1,583,171	1,584,649	1,524,032
Office of the Mental Health Advocate	578,695	620,923	630,982	632,932	646,303
Subtotal - Health and Human Services	\$ 4,037,058,706	\$ 4,142,990,779	\$ 4,994,070,205	\$ 5,151,362,965	\$ 4,730,643,779
Education					
Elementary and Secondary Education	\$ 1,436,464,712	\$ 1,460,534,728	\$ 1,665,179,791	\$ 1,682,070,042	\$ 1,612,616,376
Office of the Postsecondary Commissioner	36,138,126	35,380,670	40,845,050	50,629,157	44,422,696
University of Rhode Island	797,419,006	823,284,260	861,698,584	847,698,584	835,975,084
Rhode Island College	196,667,043	184,784,139	202,851,064	198,851,064	185,305,339
Community College of Rhode Island	160,350,662	164,059,572	169,378,742	164,742,742	169,167,430
Rhode Island Council on the Arts	3,021,495	3,339,291	3,448,552	4,581,718	3,817,667
Rhode Island Atomic Energy Commission	1,350,029	1,309,912	1,515,857	1,989,154	1,475,053
Historical Preservation & Heritage Commission	2,087,994	2,145,440	2,675,751	2,780,446	2,851,625
Subtotal - Education	\$ 2,633,499,067	\$ 2,674,838,012	\$ 2,947,593,391	\$ 2,953,342,907	\$ 2,855,631,270
Public Safety					
Office of Attorney General	\$ 44,034,941	\$ 34,645,643	\$ 33,796,154	\$ 36,174,477	\$ 34,536,605
Department of Corrections	247,380,967	257,819,446	254,739,746	255,044,900	242,825,795
Judiciary	119,750,845	122,732,902	122,127,405	123,725,708	130,917,785
Military Staff	36,306,285	31,377,195	46,162,220	40,771,582	41,109,910
Rhode Island Emergency Management Agency	19,850,361	78,934,793	45,266,961	59,785,168	21,400,088
Department of Public Safety	123,255,841	131,446,088	133,890,732	133,907,208	137,581,245
Office of Public Defender	11,969,257	12,211,072	12,756,318	12,905,816	13,584,454
Subtotal - Public Safety	\$ 602,548,497	\$ 669,167,139	\$ 648,739,536	\$ 662,314,859	\$ 621,955,882
Natural Resources					
Department of Environmental Management	\$ 77,221,757	\$ 84,311,076	\$ 109,286,166	\$ 109,747,134	\$ 104,708,906
Coastal Resources Management Council	7,532,373	5,617,682	5,204,812	5,217,341	5,503,090
Subtotal - Natural Resources	\$ 84,754,130	\$ 89,928,758	\$ 114,490,978	\$ 114,964,475	\$ 110,211,996
Transportation					
Department of Transportation	\$ 548,339,293	\$ 608,713,550	\$ 607,343,003	\$ 691,287,048	\$ 770,689,099
Subtotal - Transportation	\$ 548,339,293	\$ 608,713,550	\$ 607,343,003	\$ 691,287,048	\$ 770,689,099
Total:	\$ 9,377,352,180	\$ 11,017,709,293	\$ 12,730,441,971	\$ 13,750,237,976	\$ 11,170,468,361

Embargoed
until 4 p.m. Thursday, March 11

Expenditures from General Revenue

	FY 2019	FY 2020	FY 2021 Enacted	FY 2021 Revised	FY 2022 Recommend
General Government					
Department of Administration	\$ 174,086,174	\$ 219,395,027	\$ 313,013,170	\$ 216,692,413	\$ 243,186,421
Department of Business Regulation	16,364,135	15,696,311	17,469,427	17,490,565	19,610,673
Executive Office of Commerce	30,235,018	17,781,116	40,293,523	39,922,765	41,983,131
Department of Labor and Training	15,403,229	14,025,682	14,120,999	14,131,759	17,743,117
Department of Revenue	179,734,158	210,230,635	127,228,613	127,372,076	267,240,855
General Assembly	39,348,616	41,474,787	44,283,435	44,408,645	45,617,236
Office of Lieutenant Governor	1,108,950	1,142,644	1,145,231	1,148,918	1,186,120
Secretary of State	9,796,151	9,305,239	12,289,333	12,310,802	9,561,067
Office of the General Treasurer	2,926,334	2,965,894	2,986,194	2,993,826	3,318,690
Board of Elections	4,272,724	2,536,695	3,972,921	3,972,937	2,619,337
Rhode Island Ethics Commission	1,719,158	1,803,364	1,900,201	1,905,942	1,928,833
Office of the Governor	5,624,462	5,493,031	6,459,015	6,480,485	6,729,552
RI Commission for Human Rights	1,298,537	1,229,233	1,348,206	1,352,181	1,523,272
Public Utilities Commission	0	0	0	0	0
Subtotal - General Government	\$ 481,917,646	\$ 543,079,658	\$ 586,510,268	\$ 490,188,314	\$ 662,248,304
Health and Human Services					
Executive Office of Health and Human	\$ 972,457,067	\$ 896,330,862	\$ 974,945,186	\$ 945,814,563	\$ 1,023,836,423
Department of Children, Youth, and	180,711,202	170,737,334	170,860,311	169,068,174	183,428,005
Department of Health	30,324,530	38,272,941	110,254,084	32,755,109	30,582,755
Behavioral Healthcare, Developmental Disabilities and Hospitals	191,570,579	243,500,372	248,855,733	249,527,573	220,346,513
Department of Human Services	113,957,577	87,201,160	105,775,008	104,980,469	124,742,316
Office of the Child Advocate	815,011	865,116	1,005,223	1,008,314	1,044,909
Commission on the Deaf & Hard of Hearing	447,101	496,574	507,816	509,463	612,440
Governor's Commission on Disabilities	864,214	996,864	1,072,008	1,073,478	1,084,261
Office of the Mental Health Advocate	578,695	620,923	630,982	632,932	646,303
Subtotal - Health and Human Services	\$ 1,491,725,976	\$ 1,439,022,146	\$ 1,613,906,351	\$ 1,505,370,075	\$ 1,586,323,925
Education					
Elementary and Secondary Education	\$ 1,186,515,420.00	\$ 1,194,967,194.00	\$ 1,282,515,073.00	\$ 1,282,395,978.00	\$ 1,328,096,253.00
Office of the Postsecondary Commissioner	15,925,725	16,105,122	16,793,746	16,850,664	17,339,410
University of Rhode Island	109,956,806	112,716,710	109,533,078	109,533,078	114,982,755
Rhode Island College	55,266,131	54,144,918	57,878,556	57,878,556	58,233,153
Community College of Rhode Island	52,432,170	48,478,109	53,745,811	53,745,811	53,522,765
Rhode Island Council on the Arts	1,977,423	2,002,856	2,002,026	2,004,658	2,088,105
Rhode Island Atomic Energy Commission	1,018,455	1,002,739	1,059,645	1,063,124	1,068,650
Historical Preservation & Heritage	1,191,271	1,351,210	1,562,984	1,564,237	1,562,034
Subtotal - Education	\$ 1,424,283,401.00	\$ 1,430,768,858.00	\$ 1,525,090,919.00	\$ 1,525,036,106.00	\$ 1,576,893,125.00
Public Safety					
Office of Attorney General	\$ 25,581,013.00	\$ 28,045,699.00	\$ 29,581,867.00	\$ 29,673,840.00	\$ 29,884,934.00
Department of Corrections	235,714,453	185,063,799	163,246,644	118,452,253	233,115,486
Judiciary	99,950,274	101,864,392	103,483,394	103,771,550	108,788,654
Military Staff	2,836,261	6,717,011	3,275,354	3,280,158	2,608,853
Rhode Island Emergency Management	2,276,135	66,323,907	2,713,353	2,415,075	2,655,619
Department of Public Safety	103,724,264	77,870,708	67,430,637	45,525,632	105,755,411
Office of Public Defender	11,940,555	12,112,368	12,680,653	12,719,301	13,508,789
Subtotal - Public Safety	\$ 482,022,955.00	\$ 477,997,884.00	\$ 382,411,902.00	\$ 315,837,809.00	\$ 496,317,746.00
Natural Resources					
Department of Environmental Management	\$ 41,449,791.00	\$ 42,861,516.00	\$ 42,769,969.00	\$ 42,611,952.00	\$ 46,637,374.00
Coastal Resources Management Council	2,650,012	2,831,189	2,580,300	2,588,632	2,852,347
Subtotal - Natural Resources	\$ 44,099,803.00	\$ 45,692,705.00	\$ 45,350,269.00	\$ 45,200,584.00	\$ 49,489,721.00
Transportation					
Department of Transportation	0	\$ 858,464.00	0	0	0
Subtotal - Transportation	\$ -	\$ 858,464.00	\$ -	\$ -	\$ -
Total:	\$ 3,924,049,781.00	\$ 3,937,419,715.00	\$ 4,153,269,709.00	\$ 3,881,632,888.00	\$ 4,371,272,821.00

Expenditures from Federal Funds

	FY 2019	FY 2020	FY 2021 Enacted	FY 2021 Revised	FY 2022 Recommend
General Government					
Department of Administration	\$ 4,361,890	\$ 107,478,549	\$ 205,851,758	\$ 382,308,649	\$ 149,580,747
Department of Business Regulation	1,007,599	2,180,159	3,242,464	4,172,593	2,457,467
Executive Office of Commerce	11,267,298	6,480,656	169,952,307	72,071,749	12,085,686
Department of Labor and Training	34,053,953	1,052,872,090	1,044,634,941	1,763,492,740	113,460,895
Department of Revenue	1,490,091	1,728,860	138,108,524	185,657,697	462,404
General Assembly	0	21,636	0	762,422	0
Office of Lieutenant Governor	0	0	0	0	0
Secretary of State	885,017	2,458,169	2,266,929	2,266,929	1,810,000
Office of the General Treasurer	857,916	1,067,635	1,011,042	1,012,076	730,909
Board of Elections	0	5,639	0	0	0
Office of the Governor	0	1,112,913	0	0	0
RI Commission for Human Rights	445,001	539,173	521,166	522,355	422,418
Public Utilities Commission	177,974	200,098	175,174	245,166	540,253
Subtotal - General Government	\$ 54,546,739	\$ 1,176,145,577	\$ 1,565,764,305	\$ 2,412,512,376	\$ 281,550,779
Health and Human Services					
Executive Office of Health and Human Services	\$ 1,601,101,951	\$ 1,645,506,467	\$ 1,969,238,746	\$ 2,048,922,661	\$ 1,970,428,988
Department of Children, Youth, and Families	65,129,699	79,351,997	80,594,361	83,165,180	79,359,715
Department of Health	97,671,689	112,011,353	420,361,529	547,305,034	277,653,723
Behavioral Healthcare, Developmental Disabilities And Hospitals	223,313,118	211,720,001	233,118,777	250,420,758	192,892,244
Department of Human Services	471,030,710	512,997,272	571,091,566	594,806,155	509,597,806
Office of the Child Advocate	143,005	163,258	228,165	228,911	134,759
Commission on the Deaf & Hard of Hearing	0	46,056	0	0	0
Governor's Commission on Disabilities	280,462	458,709	400,000	400,000	380,316
Subtotal - Health and Human Services	\$ 2,458,670,634	\$ 2,562,255,113	\$ 3,275,033,144	\$ 3,525,248,699	\$ 3,030,447,551
Education					
Elementary and Secondary Education	\$ 207,170,771	\$ 232,287,188	\$ 337,775,978	\$ 352,445,204	\$ 234,393,186
Office of the Postsecondary Commissioner	7,973,797	8,287,901	8,353,488	18,073,747	11,180,470
University of Rhode Island	0	4,471,400	14,000,000	0	0
Rhode Island College	0	6,967,912	4,000,000	0	0
Community College of Rhode Island	0	4,204,847	5,000,000	0	5,252,278
Rhode Island Council on the Arts	690,646	1,038,635	828,776	1,959,310	1,164,562
Rhode Island Atomic Energy Commission	0	0	7,936	477,000	0
Historical Preservation & Heritage Commission	721,865	642,863	544,043	647,118	715,112
Subtotal - Education	\$ 216,557,079	\$ 257,900,746	\$ 370,510,221	\$ 373,602,379	\$ 252,705,608
Public Safety					
Office of Attorney General	\$ 12,936,592	\$ 4,215,594	\$ 2,890,200	\$ 3,871,220	\$ 2,524,560
Department of Corrections	1,356,245	53,025,578	80,641,212	125,725,675	2,246,289
Judiciary	3,055,635	4,277,604	3,456,888	3,819,563	3,541,877
Military Staff	27,534,480	21,188,639	40,291,970	34,896,528	36,614,294
Rhode Island Emergency Management Agency	15,703,886	10,927,297	40,506,062	55,321,489	16,472,597
Department of Public Safety	16,020,606	42,974,377	56,571,413	77,587,874	17,462,783
Office of Public Defender	28,702	98,704	75,665	186,515	75,665
Subtotal - Public Safety	\$ 76,636,146	\$ 136,707,793	\$ 224,433,410	\$ 301,408,864	\$ 78,938,065
Natural Resources					
Department of Environmental Management	\$ 20,965,162	\$ 22,563,416	\$ 35,511,001	\$ 34,957,093	\$ 32,723,890
Coastal Resources Management Council	3,988,910	1,982,306	2,283,202	2,287,399	1,850,628
Subtotal - Natural Resources	\$ 24,954,072	\$ 24,545,722	\$ 37,794,203	\$ 37,244,492	\$ 34,574,518
Transportation					
Department of Transportation	\$ 287,308,367	\$ 317,509,124	\$ 339,392,203	\$ 409,131,461	\$ 451,279,224
Subtotal - Transportation	\$ 287,308,367	\$ 317,509,124	\$ 339,392,203	\$ 409,131,461	\$ 451,279,224
Total:	\$ 3,118,673,037	\$ 4,475,064,075	\$ 5,812,927,486	\$ 7,059,148,271	\$ 4,129,495,745

Expenditures from Restricted Receipts

	FY 2019	FY 2020	FY 2021 Enacted	FY 2021 Revised	FY 2022 Recommend
General Government					
Department of Administration	\$ 13,988,613	\$ 32,650,278	\$ 38,833,760	\$ 46,955,663	\$ 30,032,478
Department of Business Regulation	5,130,695	5,325,946	6,970,025	6,982,645	10,546,750
Executive Office of Commerce	4,312,991	4,160,177	4,741,765	4,741,925	7,339,557
Department of Labor and Training	33,482,929	28,452,201	26,335,479	26,728,874	29,054,768
Department of Revenue	1,957,889	3,159,190	5,559,629	5,763,943	4,138,945
General Assembly	1,450,000	1,550,000	1,839,182	1,844,979	1,782,425
Office of Lieutenant Governor	0	0	0	0	0
Secretary of State	449,987	475,518	542,410	543,623	557,697
Office of the General Treasurer	37,665,681	35,806,668	39,879,582	39,883,782	39,514,747
Office of the Governor	0	0	0	0	0
Public Utilities Commission	8,947,203	9,371,538	11,573,219	11,597,481	11,926,093
Subtotal - General Government	\$ 107,385,988	\$ 120,951,516	\$ 136,275,051	\$ 145,042,915	\$ 134,893,460
Health and Human Services					
Executive Office of Health and Human Services	\$ 28,009,349	\$ 61,939,907	\$ 39,459,858	\$ 39,466,133	\$ 41,598,736
Department of Children, Youth, and Families	1,929,608	1,868,198	2,079,637	2,480,085	1,487,111
Department of Health	39,011,729	42,480,962	47,813,800	62,016,281	55,551,294
Behavioral Healthcare, Developmental Disabilities and Hospitals	5,817,033	1,520,212	3,707,165	3,482,331	2,248,950
Department of Human Services	4,491,318	28,661,605	5,532,159	6,664,601	6,190,477
Commission on the Deaf & Hard of Hearing	73,904	131,369	142,454	142,497	162,802
Governor's Commission on Disabilities	22,949	19,642	111,163	111,171	59,455
Subtotal - Health and Human Services	\$ 79,355,890	\$ 136,621,895	\$ 98,846,236	\$ 114,363,099	\$ 107,298,825
Education					
Elementary and Secondary Education	\$ 38,321,214	\$ 32,132,770	\$ 42,879,740	\$ 45,794,860	\$ 47,202,937
Office of the Postsecondary Commissioner	1,909,415	1,052,880	2,307,236	2,310,804	3,485,642
University of Rhode Island	0	0	0	0	0
Community College of Rhode Island	559,499	626,944	655,700	655,700	660,191
Rhode Island Council on the Arts	5,776	43,319	15,000	15,000	70,000
Rhode Island Atomic Energy Commission	10,076	-23,599	99,000	99,000	25,036
Historical Preservation & Heritage Commission	29,972	20,074	422,100	422,100	424,100
Subtotal - Education	\$ 40,835,952	\$ 33,852,388	\$ 46,378,776	\$ 49,297,464	\$ 51,867,906
Public Safety					
Office of Attorney General	\$ 5,367,336	\$ 2,365,550	\$ 1,146,296	\$ 2,451,626	\$ 1,977,111
Department of Corrections	46,800	3,466,878	960,082	975,164	2,339,020
Judiciary	10,581,557	11,296,697	12,863,388	13,851,226	13,637,254
Military Staff	34,908	52,320	55,000	55,000	55,000
Rhode Island Emergency Management Agency	375,927	189,175	553,132	554,190	527,472
Department of Public Safety	505,800	5,965,021	5,670,229	5,675,249	9,334,681
Subtotal - Public Safety	\$ 16,912,328	\$ 23,335,641	\$ 21,248,127	\$ 23,562,455	\$ 27,870,538
Natural Resources					
Department of Environmental Management	\$ 12,221,761	\$ 12,439,629	\$ 16,559,204	\$ 18,081,895	\$ 17,101,791
Coastal Resources Management Council	265,000	265,189	250,000	250,000	250,000
Subtotal - Natural Resources	\$ 12,486,761	\$ 12,704,818	\$ 16,809,204	\$ 18,331,895	\$ 17,351,791
Transportation					
Department of Transportation	\$ 2,626,915	\$ 4,648,259	\$ 2,711,328	\$ 2,585,689	\$ 2,589,202
Subtotal - Transportation	\$ 2,626,915	\$ 4,648,259	\$ 2,711,328	\$ 2,585,689	\$ 2,589,202
Total:	\$ 259,603,834	\$ 332,114,517	\$ 322,268,722	\$ 353,183,517	\$ 341,871,722

Embargoed
until 4 p.m. Thursday, March 11

Expenditures from Other Funds

	FY 2019	FY 2020	FY 2021 Enacted	FY 2021 Revised	FY 2022 Recommend
General Government					
Department of Administration	\$ 73,992,669	\$ 74,406,027	\$ 65,349,628	\$ 65,185,484	\$ 76,148,472
Department of Business Regulation	423,977	410,497	73,013	73,279	167,928
Executive Office of Commerce	7,425,000	9,298,718	510,000	510,000	3,678,000
Department of Labor and Training	350,841,570	637,901,013	627,256,083	626,838,461	487,462,442
Department of Revenue	394,023,252	269,303,867	435,826,086	435,872,801	434,541,053
Secretary of State	0	0	0	0	0
Office of the General Treasurer	595,648	574,185	640,424	742,092	645,897
Subtotal - General Government	\$ 827,302,116	\$ 991,894,307	\$ 1,129,655,234	\$ 1,129,222,117	\$ 1,002,643,792
Health and Human Services					
Executive Office of Health and Human Services	\$ -	\$ -	\$ -	\$ -	\$ -
Department of Children, Youth, and Families	398,236	104,386	1,187,614	1,187,614	250,000
Department of Health	0	398,705	200,000	200,000	600,000
Behavioral Healthcare, Developmental Disabilities and Hospitals	2,153,878	288,619	400,000	400,000	400,000
Department of Human Services	4,754,094	4,299,915	4,496,860	4,593,478	5,323,478
Governor's Commission on Disabilities	0	0	0	0	0
Subtotal - Health and Human Services	\$ 7,306,208	\$ 5,091,625	\$ 6,284,474	\$ 6,381,092	\$ 6,573,478
Education					
Elementary and Secondary Education	\$ 4,457,307	\$ 1,147,576	\$ 2,009,000	\$ 1,434,000	\$ 2,924,000
Office of the Postsecondary Commissioner	10,329,190	9,934,767	13,390,580	13,393,942	12,417,174
University of Rhode Island	687,462,200	706,096,150	738,165,506	738,165,506	720,992,329
Rhode Island College	141,400,912	123,671,309	140,972,508	140,972,508	127,072,186
Community College of Rhode Island	107,358,993	110,749,672	109,977,231	110,341,231	109,732,196
Rhode Island Council on the Arts	347,651	254,480	602,750	602,750	495,000
Rhode Island Atomic Energy Commission	321,498	330,771	349,276	350,030	381,367
Historical Preservation & Heritage Commission	144,886	131,293	146,624	146,991	150,379
Subtotal - Education	\$ 951,822,637	\$ 952,316,018	\$ 1,005,613,475	\$ 1,005,406,958	\$ 974,164,631
Public Safety					
Office of Attorney General	\$ 150,000	\$ 18,801	\$ 177,791	\$ 177,791	\$ 150,000
Department of Corrections	10,263,470	16,263,192	9,891,808	9,891,808	5,125,000
Judiciary	6,163,379	5,294,210	2,323,735	2,283,369	4,950,000
Military Staff	5,900,637	3,419,225	2,539,896	2,539,896	1,831,763
Rhode Island Emergency Management Agency	1,494,414	1,494,414	1,494,414	1,494,414	1,744,400
Department of Public Safety	3,005,171	4,635,982	4,218,453	5,118,453	5,028,370
Subtotal - Public Safety	\$ 26,977,071	\$ 31,125,824	\$ 20,646,097	\$ 21,505,731	\$ 18,829,533
Natural Resources					
Department of Environmental Management	\$ 2,585,043	\$ 6,446,515	\$ 14,445,992	\$ 14,096,194	\$ 8,245,851
Coastal Resources Management Council	628,451	538,998	91,310	91,310	550,115
Subtotal - Natural Resources	\$ 3,213,494	\$ 6,985,513	\$ 14,537,302	\$ 14,187,504	\$ 8,795,966
Transportation					
Department of Transportation	\$ 258,404,010	\$ 285,697,703	\$ 265,239,472	\$ 279,569,898	\$ 316,820,673
Subtotal - Transportation	\$ 258,404,010	\$ 285,697,703	\$ 265,239,472	\$ 279,569,898	\$ 316,820,673
Total:	\$ 2,075,025,536	\$ 2,273,110,990	\$ 2,441,976,054	\$ 2,456,273,300	\$ 2,327,828,073

Embargoed
until 4 p.m. Thursday, March 11

Full-Time Equivalent Positions

	FY 2019	FY 2020	FY 2021 Enacted	FY 2021 Revised	Change from Enacted	FY 2022
General Government						
Administration	655.7	647.7	647.7	647.7	649.7	649.7
Business Regulation	161.0	161.0	161.0	161.0	176.0	176.0
Executive Office of Commerce	16.0	14.0	14.0	14.0	16.0	16.0
Labor & Training	409.7	390.7	425.7	425.7	462.7	462.7
Revenue	604.5	602.5	602.5	602.5	574.5	574.5
Legislature	298.5	298.5	298.5	298.5	298.5	298.5
Office of the Lieutenant Governor	8.0	8.0	8.0	8.0	8.0	8.0
Secretary of State	59.0	59.0	59.0	59.0	59.0	59.0
General Treasurer	89.0	89.0	89.0	89.0	89.0	89.0
Board Of Elections	13.0	13.0	13.0	13.0	13.0	13.0
Rhode Island Ethics Commission	12.0	12.0	12.0	12.0	12.0	12.0
Office of the Governor	45.0	45.0	45.0	45.0	45.0	45.0
Commission for Human Rights	14.5	14.5	14.5	14.5	14.0	14.0
Public Utilities Commission	53.0	52.0	52.0	52.0	54.0	54.0
Subtotal - General Government	2,438.9	2,406.9	2,441.9	2,441.9	2,471.4	2,471.4
Human Services						
Office of Health and Human Services	192.0	186.0	192.0	192.0	190.0	190.0
Children, Youth, and Families	629.5	621.5	617.5	617.5	627.5	627.5
Health	517.6	499.6	513.6	513.6	517.6	517.6
Human Services	1,304.4	1,189.4	1,188.4	1,188.4	1,042.4	1,042.4
Hospitals	1,030.1	1,038.1	1,038.1	1,038.1	1,047.1	1,047.1
Office of the Child Advocate	10.0	10.0	10.0	10.0	10.0	10.0
Commission On the Deaf & Hard of Hearing	4.0	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	4.0
Office of the Mental Health Advocate	4.0	4.0	4.0	4.0	4.0	4.0
Subtotal - Human Services	3,695.6	3,556.6	3,571.6	3,571.6	3,446.6	3,446.6
Education						
Elementary and Secondary Education	321.1	325.1	325.1	325.1	325.1	325.1
Office of Postsecondary Commissioner	36.0	31.0	31.0	31.0	33.0	33.0
University of Rhode Island	2,555.0	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	949.2
Community College of Rhode Island	854.1	849.1	849.1	849.1	849.1	849.1
RI Council On The Arts	8.6	8.6	8.6	8.6	9.6	9.6
RI Atomic Energy Commission	8.6	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	15.6
Subtotal - Education	4,748.2	4,742.2	4,742.2	4,742.2	4,745.2	4,745.2
Public Safety						
Attorney General	237.1	239.1	239.1	239.1	243.1	243.1
Corrections	1,416.0	1,411.0	1,411.0	1,411.0	1,424.0	1,424.0
Judicial	723.3	726.3	726.3	726.3	726.3	726.3
Military Staff	92.0	92.0	92.0	92.0	92.0	92.0
Emergency Management	32.0	32.0	32.0	32.0	33.0	33.0
Public Safety	563.6	593.6	593.6	593.6	622.6	622.6
Office of the Public Defender	95.0	96.0	96.0	96.0	99.0	99.0
Subtotal - Public Safety	3,159.0	3,190.0	3,190.0	3,190.0	3,240.0	3,240.0
Natural Resources						
Environmental Management	395.0	394.0	394.0	394.0	-	401.0
Coastal Resources Management Council	30.0	30.0	30.0	30.0	-	30.0
Subtotal - Natural Resources	425.0	424.0	424.0	424.0	-	431.0
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	15,221.7	15,074.7	15,124.7	15,124.7	13,903.2	15,089.2

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until 4 p.m. Thursday, March 11

General Revenues as Recommended

	FY 2019 Audited	FY 2020 Audited	FY 2021 Enacted	FY 2021 Revised	FY 2022 Recommend
Personal Income Tax	\$ 1,396,962,571	\$ 1,405,508,489	\$ 1,450,400,000	\$ 1,422,442,836	\$ 1,442,623,712
General Business Taxes					
Business Corporations	155,110,673	148,605,498	151,300,000	96,428,386	167,364,734
Public Utilities Gross Earnings	101,612,604	108,634,550	109,600,000	109,600,000	111,000,000
Financial Institutions	21,145,195	44,612,484	18,500,000	18,500,000	22,200,000
Insurance Companies	116,968,195	130,470,984	133,700,000	133,700,000	137,062,515
Bank Deposits	2,899,581	3,325,216	3,100,000	3,100,000	3,100,000
Health Care Provider Assessment	43,945,864	42,600,286	42,000,000	42,000,000	42,476,970
Sales and Use Taxes					
Sales and Use	1,125,687,845	1,167,418,649	1,212,800,000	1,212,624,069	1,263,406,661
Motor Vehicle	1,034,994	937,239	1,000,000	1,000,000	2,500,000
Cigarettes	138,859,128	137,604,201	155,000,000	155,000,000	151,200,000
Alcohol	20,436,502	20,235,117	22,000,000	22,000,000	22,400,000
Marijuana	-	-	-	-	821,234
Controlled Substances	10,429	4,813	-	-	-
Other Taxes					
Estate and Transfer	48,019,188	55,290,559	58,100,000	58,100,000	50,300,000
Racing and Athletics	1,151,342	820,669	400,000	400,000	1,000,000
Realty Transfer	12,748,199	13,925,095	15,400,000	15,400,000	15,037,487
Total Taxes	\$ 3,186,592,309	\$ 3,279,993,849	\$ 3,373,300,000	\$ 3,290,295,291	\$ 3,432,493,313
Departmental Receipts	\$ 416,720,527	\$ 434,973,609	\$ 390,000,000	\$ 428,208,294	\$ 430,606,961
Taxes and Departmentals	\$ 3,603,312,836	\$ 3,714,967,458	\$ 3,763,300,000	\$ 3,718,503,585	\$ 3,863,100,274
Other Sources					
Other Miscellaneous	12,367,090	52,794,681	10,325,000	10,325,000	14,527,299
Lottery	397,321,087	283,870,548	254,500,000	260,209,679	356,660,000
Unclaimed Property	11,578,604	12,080,719	10,300,000	10,300,000	11,300,000
Other Sources	\$ 421,266,781	\$ 348,745,948	\$ 275,125,000	\$ 280,834,679	\$ 382,487,299
Total General Revenues	\$ 4,024,579,617	\$ 4,063,713,406	\$ 4,038,425,000	\$ 3,999,338,264	\$ 4,245,587,573

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 2021 Enacted Revenue Estimates

	November REC Consensus Estimates	FY 2021 Enacted Changes	Changes to Adopted Estimates	Total
Personal Income Tax	\$ 1,450,400,000	\$ -	\$ (27,957,164)	\$ 1,422,442,836
General Business Taxes				
Business Corporations	\$ 151,300,000	\$ -	\$ (54,871,614)	\$ 96,428,386
Public Utilities Gross	109,600,000	-	-	109,600,000
Financial Institutions	18,500,000	-	-	18,500,000
Insurance Companies	133,700,000	-	-	133,700,000
Bank Deposits	3,100,000	-	-	3,100,000
Health Care Provider	42,000,000	-	-	42,000,000
Sales and Use Taxes				
Sales and Use	\$ 1,212,800,000	\$ -	\$ (175,931)	\$ 1,212,624,069
Motor Vehicle	1,000,000	-	-	1,000,000
Cigarettes	155,000,000	-	-	155,000,000
Alcohol	22,000,000	-	-	22,000,000
Other Taxes				
Estate and Transfer	\$ 58,100,000	\$ -	\$ -	\$ 58,100,000
Racing and Athletics	400,000	-	-	400,000
Realty Transfer	15,400,000	-	-	15,400,000
Total Taxes	\$ 3,373,300,000	\$ -	\$ (83,004,709)	\$ 3,290,295,291
Departmental Receipts	390,000,000	-	\$ 38,208,294	428,208,294
Total Taxes and Departmentals	\$ 3,763,300,000	\$ -	\$ (44,796,415)	\$ 3,718,503,585
Other Sources				
Other Miscellaneous	\$ 10,325,000	\$ -	\$ -	\$ 10,325,000
Lottery	272,500,000	(18,000,000)	5,709,679	260,209,679
Unclaimed Property	10,300,000	-	-	10,300,000
Other Sources	\$ 293,125,000	\$ (18,000,000)	\$ 5,709,679	\$ 280,834,679
Total General Revenues	\$ 4,056,425,000	\$ (18,000,000)	\$ (39,086,736)	\$ 3,999,338,264

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Changes to FY 2022 Adopted Revenue Estimates

	Revenue Estimating Conference Estimates	Changes to Adopted Estimates	Total
Personal Income Tax	\$ 1,439,100,000	\$ 3,523,712	\$ 1,442,623,712
General Business Taxes			
Business Corporations	\$ 154,100,000	\$ 13,264,734	\$ 167,364,734
Public Utilities Gross	111,000,000	-	111,000,000
Financial Institutions	22,200,000	-	22,200,000
Insurance Companies	136,900,000	162,515	137,062,515
Bank Deposits	3,100,000	-	3,100,000
Health Care Provider	43,000,000	(523,030)	42,476,970
Sales and Use Taxes			
Sales and Use	\$ 1,263,500,000	\$ (93,339)	\$ 1,263,406,661
Motor Vehicle	2,500,000		2,500,000
Motor Fuel	-	-	0
Cigarettes	151,200,000	-	151,200,000
Alcohol	22,400,000	-	22,400,000
Marijuana		821,234	821,234
Other Taxes			
Estate and Transfer	\$ 50,300,000	\$ -	\$ 50,300,000
Racing and Athletics	1,000,000	-	1,000,000
Realty Transfer	15,900,000	(862,513)	15,037,487
Total Taxes	\$ 3,416,200,000	\$ 16,293,313	\$ 3,432,493,313
Departmental Receipts	\$ 249,000,000	\$ 181,606,961	\$ 430,606,961
Total Taxes and Departmentals	\$ 3,665,200,000	\$ 197,900,274	\$ 3,863,100,274
Other Sources			
Other Miscellaneous	\$ 12,150,000	\$ 2,377,299	\$ 14,527,299
Lottery	356,300,000	360,000	356,660,000
Unclaimed Property	11,300,000	-	11,300,000
Other Sources	\$ 379,750,000	\$ 2,737,299	\$ 382,487,299

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until 4 p.m. Thursday, March 11

General Revenue Changes to Adopted Estimates

FY 2022	Governor Recommend
<u>Taxes</u>	
<u>Personal Income Tax</u>	
<i>Final Payments</i>	
Dec. '20 Federal Law Change Allowing Expenses Paid with PPP Loans to be Tax Deductible	\$ (15,678,451)
Decouple from PPP Loan Forgiveness, Loan Amounts >\$150,000	19,480,908
Clarify Wavemaker Statute to Exempt all Awards	(2,707)
<i>Subtotal: Final Payments</i>	\$ 3,799,750
<i>Withholding</i>	
Pawtucket Economic Activity Taxes Agreement Revenue Reduction	\$ (276,038)
<i>Subtotal: Withholding</i>	\$ (276,038)
<i>Subtotal: Personal Income Tax</i>	\$ 3,523,712
<u>General Business Taxes</u>	
<i>Business Corporations Tax</i>	
Dec. '20 Federal Law Change Allowing Expenses Paid with PPP Loans to be Tax Deductible	\$ (31,308,915)
Decouple from PPP Loan Forgiveness, Loan Amounts >\$150,000	44,597,887
Pawtucket Economic Activity Taxes Agreement Revenue Reduction	(24,238)
<i>Subtotal: Business Corporations Tax</i>	\$ 13,264,734
<i>Insurance Companies Gross Premiums</i>	
<i>Health Maintenance Organizations</i>	
Perinatal Doula Services Investment	\$ 5,560
FFCRA-Enhanced Federal Medical Assistance Percentage	290,000
MCO Profit Margin Reduction	(79,045)
RIte Share Enhancements	(54,000)
<i>Subtotal: Health Maintenance Organizations</i>	\$ 162,515
<i>Subtotal: Insurance Companies Gross Premiums Tax</i>	\$ 162,515
<i>Health Care Provider Assessment</i>	
<i>Nursing Homes</i>	
Community Health Workers Investment	\$ (18,717)
Long-Term Services and Supports Resiliency and Rebalancing	(504,313)
<i>Subtotal: Nursing Homes</i>	\$ (523,030)
<i>Subtotal: Health Care Provider Assessment</i>	\$ (523,030)
<i>Subtotal: General Business Taxes</i>	\$ 12,904,219
<u>Sales and Excise Taxes</u>	
<i>Sales and Use Tax</i>	
Pawtucket Economic Activity Taxes Baseline Revenue Reduction	\$ (352,024)
Adult-Use Marijuana Sales Tax Collections (15.5% GR Share in FY 22, 60% GR Share FY 23+)	258,685
<i>Subtotal: Sales and Use Tax</i>	\$ (93,339)
<i>Marijuana</i>	
<i>Cultivator Excise Tax</i>	
Impose a Weight-Based Excise Tax on All Marijuana	\$ 451,684
<i>Subtotal: Cultivator Excise Tax</i>	\$ 451,684
<i>Retail Excise Tax</i>	
Impose a 10 Percent Retail Excise Tax on Adult-Use Marijuana Sales	\$ 369,550
<i>Subtotal: Retail Excise Tax</i>	\$ 369,550
<i>Subtotal: Marijuana</i>	\$ 821,234
<i>Subtotal: Sales and Excise Taxes</i>	\$ 727,895

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until 4 p.m. Thursday, March 11

General Revenue Changes to Adopted Estimates

FY 2022	Governor Recommend
<u>Other Taxes</u>	
<i>Realty Transfer Tax</i>	
Reallocate 27% of the State Share to the Housing Production Fund	\$ (862,513)
Subtotal: Realty Transfer Tax	\$ (862,513)
Subtotal: Other Taxes	\$ (862,513)
Subtotal: All Taxes	\$ 16,293,313
<u>Departmental Receipts</u>	
<i>Licenses and Fees</i>	
Establish a 6% Hospital Licensing Fee on HFY 2020 Base	\$ 178,249,870
DBR: Adult-Use Licensing Fees (15.5% GR Share in FY 22, 60% GR Share FY 23+)	590,561
DBR: Expand Eligibility for Engineer Licensure	90,000
DBR: Increase Broker Dealer Licensing Fee from \$75 to \$100	2,715,925
DEM: Increase Fees for Pesticide Registration, Commercial Feed/Fertilizer Registration	1,407,532
DEM: Increase Parking Lot G Fees in Galilee	112,188
DEM: Increase Westerly Beach Fees	621,634
DOH: Establish Per Hour Data Request Fee for RIDOH Data	438,900
DOH: New Surf Clam Processor Fees to Support Dockside Shellfish Program	366,300
DOH: Revenue Loss from Joining Nurse, EMS, and Psychologist Interstate Licensing Compacts	(58,919)
DOR: Eliminate \$10 Sales Tax Permit Fee	(331,585)
DOR: Transfer CDL from CCRI to DMV	100,000
Subtotal: Licenses and Fees	\$ 184,302,406
<i>Fines and Penalties</i>	
CRMC: Increase Max Fines from \$2,500 to \$10,000	\$ 15,000
DLT: Workplace Tax Compliance Initiative	545,000
DOC: Increase Utilization of Work Release through Fee Restructuring	18,880
EOHHS: Establish Fines for Nonresponsive Employers in RItE Share Program	165,675
Subtotal: Fines and Penalties	\$ 744,555
<i>Sales and Services</i>	
DOR: Delay Plate Reissuance	\$ (3,440,000)
Subtotal: Sales and Services	\$ (3,440,000)
Subtotal: Departmental Receipts	\$ 181,606,961
<u>Other Sources</u>	
<i>Other Miscellaneous Revenues</i>	
Transfer Excess Reserves from the Underground Storage Tank Account	\$ 1,000,000
Eliminate the DOR Collections Unit Sunset	1,377,299
Subtotal: Other Miscellaneous Revenues	\$ 2,377,299
<i>Lottery Commission Receipts</i>	
Increased Transfer Due to Reduction in Lottery Marketing Costs	\$ 360,000
Subtotal: Lottery Commission Receipts	\$ 360,000
Subtotal: Other Sources	\$ 2,737,299
FY 2022 Total General Revenue Changes	\$ 200,637,573

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Appendix B

Five-Year Financial

Projection

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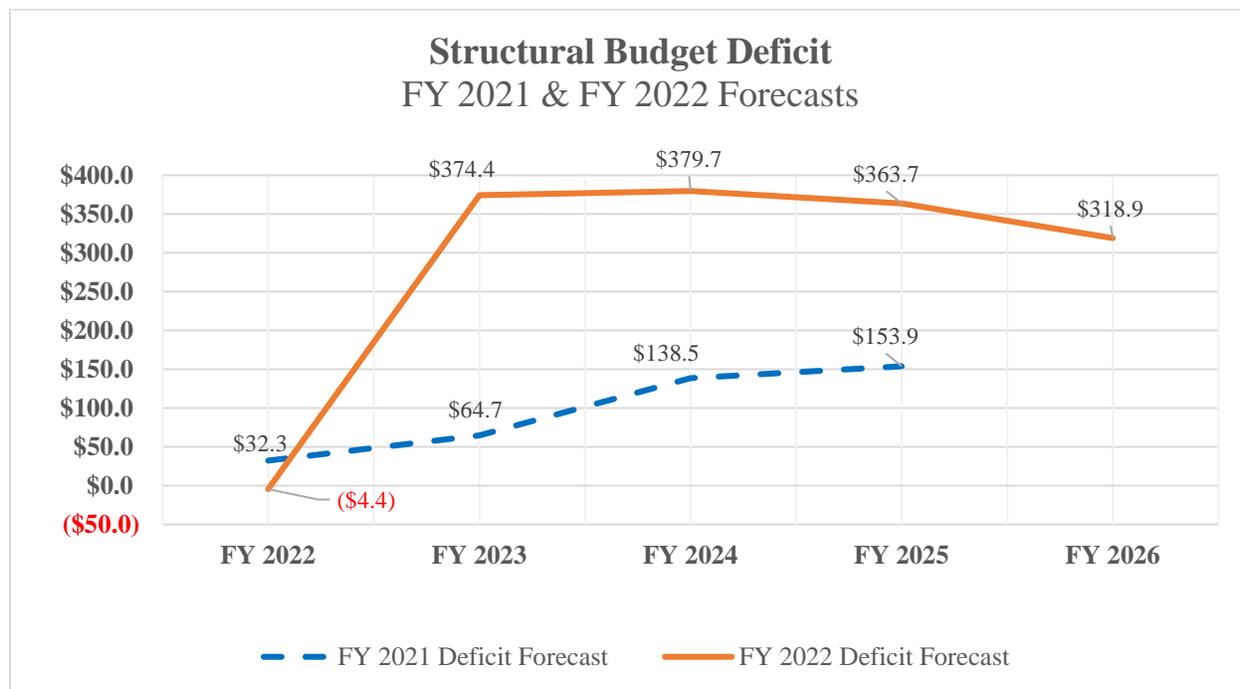
Summary

This five-year financial projection has been prepared pursuant to Section 35-3-1 of the Rhode Island General Laws. It includes tables that present anticipated revenues and expenditures for the five fiscal years ending in June 2026. 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.

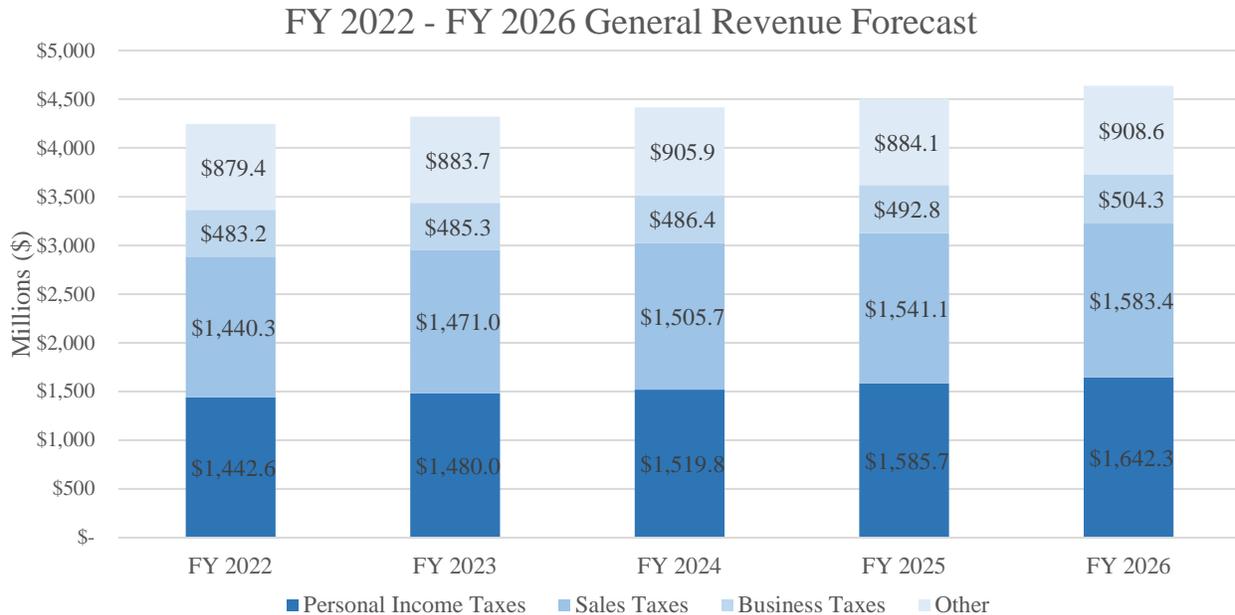
These deficit projections do not assume any general revenue expenditure savings/offsets associated with the potentially forthcoming American Rescue Plan Act of 2021 other than the general assumption that the state will not have any significant additional COVID response costs beyond the expiration of currently available federal programs.

According to the appropriations levels recommended in the Governor's budget submission, the Budget Office projects a closing surplus in FY 2022 of \$4.4 million. In FY 2023 through FY 2026, the Budget Office projects a significant deficit ranging from 6.6 to 8.2 percent of projected expenditures in FY 2023 through FY 2026. The \$374.4 million projected deficit in FY 2023 reflects the assumption that much of the federal support and other one-time strategies used to solve the FY 2022 deficit will be exhausted. The enactment of a new federal stimulus would change that assumption.



Revenue

The revenue projections contained in the five-year forecast incorporate the Governor's proposed FY 2022 general revenue changes to the estimates adopted at the November 2020 Revenue Estimating Conference. Overall revenues are expected to grow from \$4.246 billion in FY 2022 to \$4.639 billion in FY 2026.



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. The post-pandemic recovery is expected to pick up steam over the next few years as the state recovers lost jobs. This will boost annual growth in withholding payments, the largest share of income tax, to 3.7 percent during the FY 2024-2026 period. During the ten years that followed the recovery from the Great Recession (beginning in FY 2010), withholding payments grew at a similar average annual rate of 3.3 percent.

Sales Taxes: Average growth across all sales and excises taxes is estimated at 2.6 percent annually over FY 2022 through FY 2026. Sales and use tax, the largest component of all sales taxes, is expected to dip in FY 2023, growing at 1.8 percent (compared to 4.2 percent in FY 2022). It is likely that the end of the COVID-19 pandemic will see some combination of return to (generally untaxable) service sector consumption and a reduction in 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 marijuana tax revenue in FY 2022. After an expected April 2022 start of retail sales, FY 2023 is the first full year of a legal adult-use marijuana market. The Governor's adult-use marijuana 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 in general revenue in FY 2023.

Business Taxes: Average growth across all business taxes is estimated at 4.8 percent annually over FY 2022 through FY 2026. This growth rate is boosted by a 73.6 percent growth in business corporations tax payments in FY 2022 (which follows a 35.1 percent decline in FY 2021), due to the timing of the FY 2022 recommended budget's proposal to make forgiven PPP loans taxable for amounts over \$150,000. Looking at the FY 2023

through FY 2026 period, annual average growth in business taxes is expected to be 1.1 percent. Corporate profits recovered more quickly than other parts of the national economy during the pandemic, leaving less room for growth in the outyears. The other businesses taxes are generally gross receipts taxes and are more stable revenue streams.

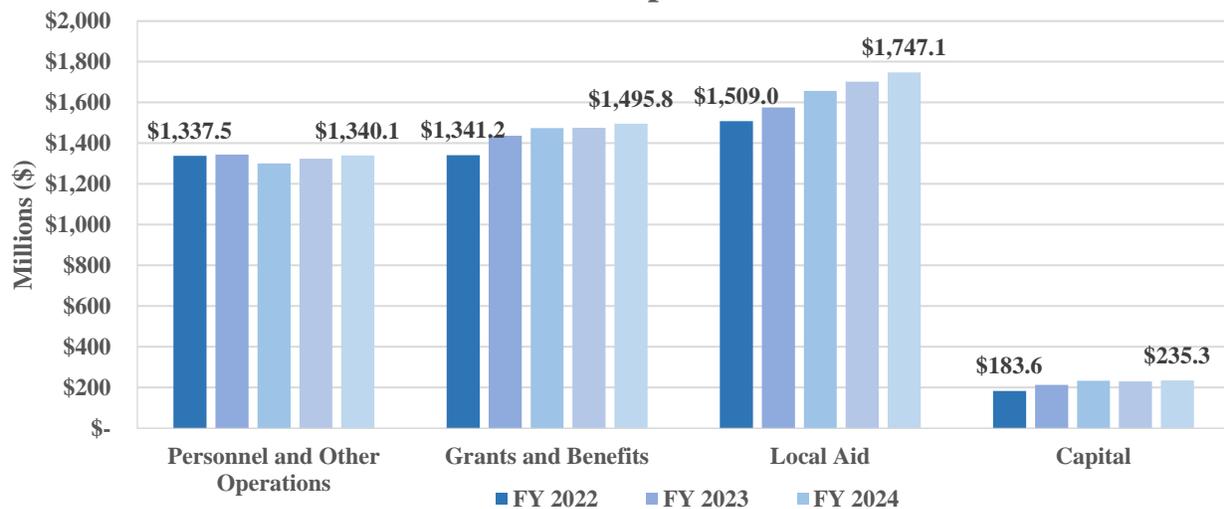
Other Taxes/Other Sources: The largest single category in other sources of revenue is the lottery transfer, which is expected to grow at 37.1 percent in FY 2022. Lottery operations are expected to continue a gradual return to normal over the course of FY 2022, after shutdowns and restrictions impacted FY 2020 and FY 2021. FY 2023 is expected to see normal operations, which contributes to additional lottery transfer growth of 5.6 percent in FY 2023. Over the remaining years of the forecast, the annual average growth in lottery revenue is expected to be -0.4 percent. The long-term trend in lottery revenue has been downward, with increased competition from Massachusetts casinos drawing away patrons.

The budget also purposes to devote 27 percent of the state’s share of the realty transfer tax to the Housing Production Fund, starting in January 2022. This will lower revenue by \$0.9 million in FY 2022 and \$2.0 million in FY 2023 and beyond.

Expenditures

The expenditure projections contained in the five-year forecast incorporate the Governor’s FY 2022 proposed expenditures. Overall expenditures are expected to grow by 10.5 percent from \$4.371 billion in FY 2022 to \$4.831 billion in FY 2026, an average annual growth rate of 2.5 percent.

FY 2022 - FY 2026 Expenditure Forecast



Personnel and Other Operations

The current five-year forecast assumes 0.07% percent average growth with \$1.338 billion of personnel and operating costs in FY 2022 and \$1.340 billion in FY 2026. Salary costs are projected to grow 8.9 percent from FY 2022 to FY 2026 at an average annual rate of 2.1 percent.

Two factors dampen growth in this category:

- **Non-recurring payments to RICAP:** It should be noted payments to the Rhode Island Capital Plan Fund (RICAP) made in relation to R.I.G.L. § 35-3-20(f) resulting from the FY 2020 transfer from the state budget reserve and cash stabilization account (colloquially, the “Rainy Day Fund”) are included within “Other State Operations/Capital” in the amount of \$42.5 million in FY 2022 and \$70 million in FY 2023. Once

the \$120 million Rainy Day Fund transfer is fully repaid in FY 2023 no additional transfers are needed in FY 2024 and beyond, thus reducing outyear expenditures.

- **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 annual savings ramping up to approximately \$89 million annually for Eleanor Slater Hospital transformation and an additional \$7.1 million in savings at the Rhode Island Community Living and Supports program. These savings are partially offset by various increases in expenditures including increased appropriations for the Rebuild RI fund in recognition of the expansion and extension of the program. The forecast also includes approximately \$5.0 million in FY 2023 and \$3.8 million in FY 2024 associated with one-time expenses associated with license plate reissuance.

Grants and Benefits

Grants and benefits are projected to increase by an average annual rate of 2.8 percent from \$1.341 billion in FY 2022 to \$1.496 billion in FY 2026. This growth rate results in an increase of \$154.6 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 2022 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 2.8 percent annually, rising from \$1.018 billion in FY 2022 to \$1.126 billion in FY 2026. 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:

- The Disproportionate Share Hospital payment is only authorized in federal law through federal fiscal year 2024 (state FY 2025) and then phases down over the next several years. This forecast assumes a \$34.7 million reduction in state FY 2025 and a \$53.2 million reduction in FY 2026.
- This forecast assumes the restoring back the FFCRA-Enhanced FMAP in FY 2023 through FY 2026 in the amount of \$56.3 million annually. On March 18, 2020, the President signed into law the Families First Coronavirus Response Act (FFCRA). FFCRA provided a temporary 6.2 percentage point enhancement to each qualifying state's FMAP, effective January 1, 2020, and extending through the last day of the calendar quarter in which the public health emergency for COVID-19 terminates (as declared by the Secretary of Health and Human Services). On January 22, 2021, the Secretary of Health and Human Services issued a letter to all governors issuing an assurance of their commitment to the ongoing response, "determining that the PHE will likely remain in place for the entirety of 2021." This likely extension and additional notice allow the State to include additional general revenue savings for the first six months of FY 2022 (July 2021 through December 2021). With no assurance that the enhancement will extend beyond that date, the five-year forecast restores this expense as general revenue beginning in FY 2023.
- The other policy changes represent items in the Governor's FY 2022 budget. Beginning in FY 2022, the Governor recommends investing in Community Health Workers. This initiative is expected to have a marginal cost savings in year one (\$115,082) and achieve a greater return on investment in subsequent years, estimated at \$1.8 million in general revenue, beginning in FY 2023. Additionally, the FY 2022 budget proposes an expansion of the RIte Share program, which helps subsidize employer-sponsored insurance in lieu of those employees enrolling in Medicaid. This is expected to save the state \$467,273 in Medicaid costs in FY 2022 (six months) and \$1.0 million annually starting in FY 2023.

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 8.0 percent from FY 2023 through FY 2026. Cost trends in institutional long-term care include an average annual growth rate of 6.1 percent from FY 2023 through FY 2026. 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 2.3 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 \$109.6 million in FY 2022 to \$127.8 million in FY 2026, an increase of 4.0% 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 \$103.9 million to \$116.2 million between FY 2022 and FY 2026, an increase of 2.8 percent.

The FY 2022 Governor's Recommended Budget includes enhancements to CCAP center provider rates to be covered by COVID-related federal funds in the short term but would require an additional \$6.0 million annually in the long-term with no funding source identified. Therefore, this forecast assumes an additional \$3.0 million in FY 2023 and a full \$6.0 million in the "Other Grants and Benefits Category" in FY 2024 and beyond to recognize the potential impact to general revenue.

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 15.8 percent total growth with \$1.509 billion of local aid in FY 2022 and \$1.747 billion in FY 2026. This represents an average annual growth rate of 3.8 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

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.

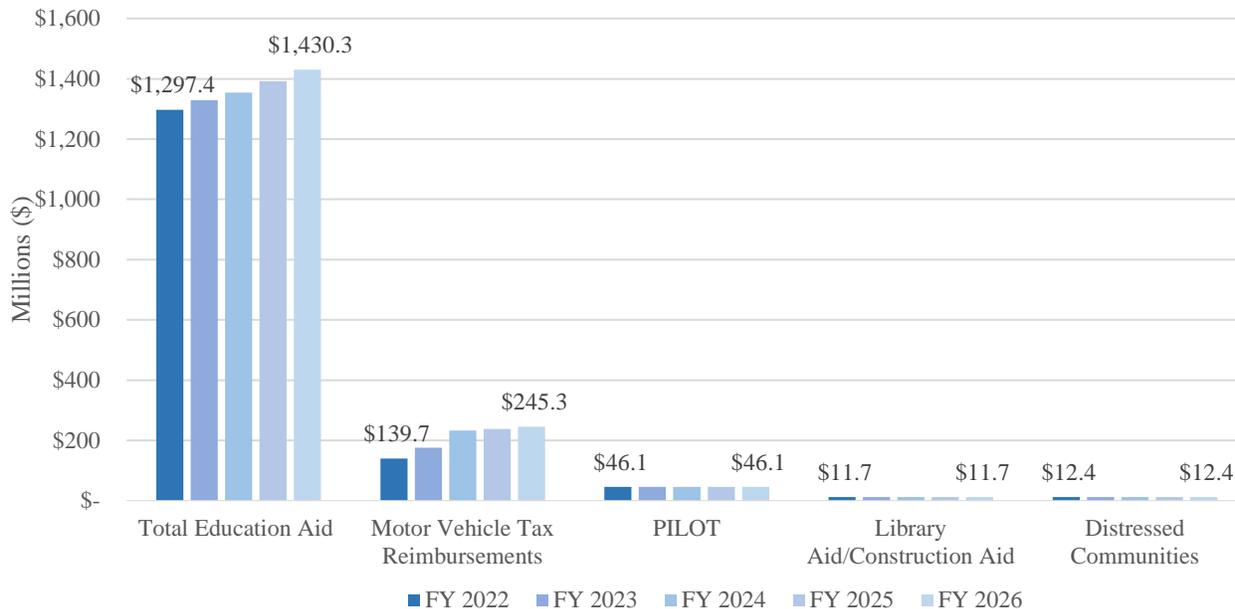
Within the category Total Education Aid, the Education Aid program is expected to increase from \$1.022 billion in FY 2022 to \$1.076 billion in FY 2026. The five-year forecast assumes annual growth of the base educational aid funding formula ranging from 1.11 percent to 1.68 percent from FY 2023 through 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 -0.7 percent during the forecast period. Another cost driver of total aid is the School Construction Aid Program which is expected to exceed its historical \$80 million appropriation for the first time in FY 2023.

State contributions for teachers' retirement are projected to increase from \$123.9 million in FY 2022 to \$148.8 million in FY 2026. The forecast uses the FY 2022 anticipated growth of 4.7 percent as the assumed annual growth through FY 2026.

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The total aid for the Motor Vehicle Excise Tax Phase-Out program is estimated to be \$139.7 million in FY 2022, \$175.3 million in FY 2023, \$232.4 million in FY 2024, \$238.3 million in FY 2025, and \$245.3 million in FY 2026, an increase of \$105.6 million over the forecast period.

FY 2022 - FY 2026 Local Aid Expenditure Forecast



Capital

The projection of capital project disbursements and debt service costs reflects updated debt service projections as included in the FY 2022 – FY 2026 Capital Improvement Plan. General-revenue-funded debt service on all tax-supported obligations is projected to increase from \$183.6 million in FY 2022 to \$229.8 million in FY 2026, an increase of 25.2 percent.

Growth in debt service is driven by its largest component, General Obligation Bonds. This category is expected to increase by 51.9 percent, from \$113.0 million in FY 2022 to \$171.6 million in FY 2026. Debt service associated with the School Construction Aid Program bond 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.

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 two 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. The most dire predictions were not realized as conferees at the November 2020 REC subsequently revised the FY 2021 estimate to \$4.056 billion. It is reasonable to assume that the revenue outlook will remain variable – as even those federal actions which ultimately benefit the state economy and taxpayers often have unexpected impacts on state revenues (such as the federal determination that loan forgiveness under the PPP program shall not constitute a taxable event).

There has been similar variability with respect to expenditures. The FY 2021 Budget as enacted prepared

for a contingency in which the Coronavirus Relief Fund (CRF) would expire on December 30, 2020 leaving the state with over \$100 million of general revenue appropriations to meet pandemic-response needs not met by federal funds. Driven largely by actions such as the expansion of Federal Emergency Management Agency reimbursement to 100 percent, continuation of the enhanced FMAP, extension of CRF expenditure deadline, and the associated indirect impacts of additional federal income support and stimulus payments on state revenue collections, the fiscal picture is now such that the Governor's FY 2021 Revised Budget shifts the vast majority of general revenue-financed pandemic response appropriations to federal funds.

A lack of predictability and stability with respect to federal revenues has complicated the state's expenditure planning since the beginning of the pandemic, but greater certainty has emerged since January. For example, federal officials have now signaled that the Public Health Emergency and associated enhanced FMAP will remain in place through at least the first half of FY 2022, and FEMA has released a statement indicating their intent to continue 100 percent reimbursement through at least September 30, 2021.

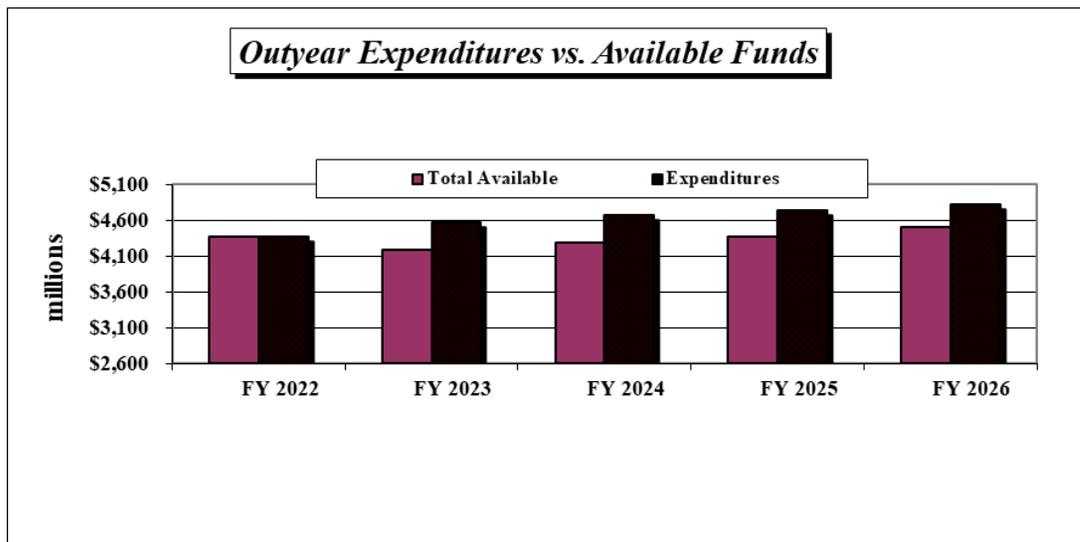
The five-year forecast reveals the use of one-time federal funds to balance the FY 2022 budget. The approximately \$375 million deficit which emerges in FY 2023 is driven largely by the removal of various non-recurring actions used to close the deficit in FY 2022 such as the exhaustion of federal funds and deferral of the payback of RICAP. Upside risk to this forecast includes the prospect that federal action such as the American Rescue Plan Act of 2021 (ARPA 21) will provide enough support to state government, municipal governments, businesses, and households allowing for successful vaccination and mitigation efforts to reach full effect and the economy to rebound. This forecast does not include any potential deficit-closing impact of the ARPA 21 or any other pending legislation, other than the assumption that any pandemic-related public health/emergency costs will be generally covered by federal funds and therefore not exacerbate the deficit forecast.

Finally, it should be noted that the delay of the statutory budget submission deadline from the third Thursday in January to March 11 results in reduced precision of revenue estimates included in this forecast. A greater period of time has elapsed since the last REC than is typical with a Governor's Recommended Budget submitted in January. Consistent with law and budgeting practice, the revenue included in this budget and five-year forecast are based on the most recently adopted estimate of the REC, despite the fact that several months of new experience have modified expectations.

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until 4 p.m. Thursday, March 11

General Revenue Outyear Estimates FY 2022 - FY 2026

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Opening Surplus ⁽¹⁾	\$ 265.40	\$ 4.40	\$ -	\$ -	\$ -
Plus:					
Taxes and Departmentals	3,863.1	3,918.0	4,017.4	4,104.8	4,240.2
Other Sources (incl. Lottery)	382.5	401.9	400.3	399.0	398.4
Budget Stabilization Fund	(135.3)	(129.7)	(132.5)	(135.1)	(139.2)
Total Available	4,375.7	4,194.6	4,285.2	4,368.7	4,499.4
Minus Expenditures	4,371.3	4,569.0	4,665.0	4,732.4	4,818.4
Equals Ending Balance	\$ 4.4	\$ (374.4)	\$ (379.7)	\$ (363.7)	\$ (318.9)
<i>Operating Surplus or Deficit</i>	<i>\$ (261.00)</i>	<i>\$ (378.80)</i>	<i>\$ (379.70)</i>	<i>\$ (363.70)</i>	<i>\$ (318.90)</i>
Budget & Cash Stabilization Balance	\$ 225.60	\$ 216.20	\$ 220.90	\$ 225.20	\$ 231.90
Rhode Island Capital Fund	<i>164.0</i>	<i>164.5</i>	<i>145.9</i>	<i>137.9</i>	<i>109.2</i>
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

	Recommend				
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Personal Income Tax	\$ 1,442,623,712	\$ 1,479,992,618	\$ 1,519,756,954	\$ 1,585,734,086	\$ 1,642,286,406
General Business Taxes:					
Business Corporations	167,364,734	165,039,739	163,873,357	167,610,382	170,732,642
Public Utilities	111,000,000	113,216,132	115,249,390	117,604,714	120,269,624
Financial Institutions	22,200,000	22,809,989	24,176,147	24,061,222	24,847,521
Insurance Companies	137,062,515	137,243,336	135,674,287	135,447,049	139,873,534
Bank Deposits	3,100,000	3,086,773	3,066,391	3,045,498	3,024,063
Health Care Provider	42,476,970	43,863,544	44,388,815	45,077,271	45,554,810
General Business Taxes	\$ 483,204,219	\$ 485,259,513	\$ 486,428,389	\$ 492,846,137	\$ 504,302,194
Sales and Use Taxes:					
Sales and Use	1,263,406,661	1,286,717,359	1,321,691,239	1,357,159,079	1,399,166,884
Motor Vehicle	2,500,000	853,158	850,891	848,679	846,853
Cigarettes	151,200,000	149,108,264	148,067,958	147,418,660	147,158,693
Alcohol	22,400,000	22,982,323	23,330,340	23,678,358	24,026,376
Marijuana	821,234	11,328,421	11,764,564	12,029,105	12,184,872
Controlled Substances	-	-	-	-	-
Sales and Use Taxes	\$ 1,440,327,895	\$ 1,470,989,524	\$ 1,505,704,992	\$ 1,541,133,881	\$ 1,583,383,679
Other Taxes:					
Estate and Transfer	50,300,000	51,998,343	53,354,096	54,610,538	55,044,833
Racing and Athletics	1,000,000	1,052,705	1,035,409	1,060,066	1,100,033
Realty Transfer Tax	15,037,487	14,288,349	14,570,948	15,035,059	15,538,200
Other Taxes	\$ 66,337,487	\$ 67,339,397	\$ 68,960,453	\$ 70,705,663	\$ 71,683,065
Total Taxes	\$ 3,432,493,314	\$ 3,503,581,052	\$ 3,580,850,788	\$ 3,690,419,766	\$ 3,801,655,344
Total Departmental Receipts	430,606,959	414,460,641	436,549,448	414,373,907	438,570,918
Taxes and Departmentals	\$ 3,863,100,273	\$ 3,918,041,694	\$ 4,017,400,237	\$ 4,104,793,674	\$ 4,240,226,262
Other Sources					
Other Miscellaneous	14,527,300	13,885,155	13,920,618	13,970,745	14,011,530
Lottery Commission Receipts	356,660,000	376,495,000	374,699,000	373,103,000	372,108,000
Unclaimed Property	11,300,000	11,522,537	11,727,038	11,964,731	12,234,260
Other Sources	\$ 382,487,300	\$ 401,902,691	\$ 400,346,655	\$ 399,038,476	\$ 398,353,790
Total General Revenues	\$ 4,245,587,573	\$ 4,319,944,385	\$ 4,417,746,892	\$ 4,503,832,150	\$ 4,638,580,052

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until 4 p.m. Thursday, March 11

General Revenue Outyear Estimates Percent Change

	Recommend				
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Personal Income Tax	1.4%	2.6%	2.7%	4.3%	3.6%
General Business Taxes:					
Business Corporations	73.6%	-1.4%	-0.7%	2.3%	1.9%
Public Utilities	1.3%	2.0%	1.8%	2.0%	2.3%
Financial Institutions	20.0%	2.7%	6.0%	-0.5%	3.3%
Insurance Companies	2.5%	0.1%	-1.1%	-0.2%	3.3%
Bank Deposits	0.0%	-0.4%	-0.7%	-0.7%	-0.7%
Health Care Provider	1.1%	3.3%	1.2%	1.6%	1.1%
General Business Taxes	19.8%	0.4%	0.2%	1.3%	2.3%
Sales and Use Taxes:					
Sales and Use	4.2%	1.8%	2.7%	2.7%	3.1%
Motor Vehicle	150.0%	-65.9%	-0.3%	-0.3%	-0.2%
Cigarettes	-2.5%	-1.4%	-0.7%	-0.4%	-0.2%
Alcohol	1.8%	2.6%	1.5%	1.5%	1.5%
Marijuana	n/a	1279.4%	3.8%	2.2%	1.3%
Controlled Substances	-	-	-	-	-
Sales and Use Taxes	3.6%	2.1%	2.4%	2.4%	2.7%
Other Taxes:					
Estate and Transfer	-13.4%	3.4%	2.6%	2.4%	0.8%
Racing and Athletics	150.0%	5.3%	-1.6%	2.4%	3.8%
Realty Transfer Tax	-2.4%	-5.0%	2.0%	3.2%	3.3%
Other Taxes	-10.2%	1.5%	2.4%	2.5%	1.4%
Total Taxes	4.3%	2.1%	2.2%	3.1%	3.0%
Total Departmental Receipts	2.0%	-3.7%	5.3%	-5.1%	5.8%
Taxes and Departmentals	4.1%	1.4%	2.5%	2.2%	3.3%
Other Sources					
Other Miscellaneous	-10.5%	-4.4%	0.3%	0.4%	0.3%
Lottery Commission Receipts	37.1%	5.6%	-0.5%	-0.4%	-0.3%
Unclaimed Property	9.7%	2.0%	1.8%	2.0%	2.3%
Other Sources	33.4%	5.1%	-0.4%	-0.3%	-0.2%
Total General Revenues	6.2%	1.8%	2.3%	1.9%	3.0%

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until 4 p.m. Thursday, March 11

General Revenue Outyear Expenditure Estimates

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
State Operations					
Personnel and Contract Services	\$1,060,270,000	\$1,084,070,000	\$1,104,430,000	\$1,127,910,000	\$1,154,180,000
Other State Operations/Capital	277,260,000	309,450,000	243,750,000	248,730,000	254,370,000
Impact of Initiatives/Other Changes	-	(48,600,000)	(48,070,000)	(53,070,000)	(68,420,000)
Subtotal	\$1,337,530,000	\$1,344,920,000	\$1,300,110,000	\$1,323,570,000	\$1,340,130,000
Grants and Benefits					
Executive Office of Health and Human Services & Department of Human Services					
Hospitals	17,650,000	19,930,000	20,950,000	22,170,000	23,950,000
Managed Care	523,520,000	566,970,000	578,940,000	591,070,000	603,440,000
Nursing Care	149,430,000	167,310,000	174,030,000	181,020,000	188,920,000
Home Care (HCBS)	39,080,000	44,340,000	46,690,000	49,170,000	51,950,000
Other Medicaid	46,580,000	46,620,000	47,600,000	48,600,000	49,620,000
Pharmacy	(350,000)	(390,000)	(420,000)	(440,000)	(460,000)
DEA Medicaid/CNOM	4,000,000	4,510,000	4,750,000	5,000,000	5,280,000
Cash Assistance- RIW/CCAP/GPA	9,760,000	9,980,000	10,190,000	10,430,000	10,700,000
Cash Assistance - SSI	18,700,000	18,790,000	18,880,000	18,980,000	19,070,000
Clawback	70,590,000	72,000,000	73,300,000	74,790,000	76,490,000
DSH	65,420,000	66,730,000	67,930,000	34,655,000	17,722,500
ACA- MA Population Expansion	73,140,000	74,680,000	76,260,000	77,860,000	79,490,000
Department of Children Youth & Families					
Children & Family Services	103,880,000	109,150,000	111,460,000	113,790,000	116,180,000
Department of Behavioral Healthcare, Developmental Disabilities & Hospitals					
Developmental Disabilities-Private	109,590,000	120,050,000	122,580,000	125,150,000	127,770,000
Rhode Island Promise Scholarship	7,680,000	7,830,000	7,970,000	8,130,000	8,310,000
Other Grants and Benefits	102,520,000	107,570,000	112,500,000	114,800,000	117,400,000
Subtotal	\$1,341,190,000	\$1,436,070,000	\$1,473,610,000	\$1,475,175,000	\$1,495,832,500
Local Aid					
Education Aid	1,297,450,000	1,328,920,000	1,353,820,000	1,392,100,000	1,430,320,000
Motor Vehicle Tax Reimbursements	139,660,000	175,730,000	232,350,000	238,260,000	245,300,000
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	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000
Property Revaluation Prgm	1,500,000	420,000	920,000	1,870,000	1,070,000
Central Falls Pension Plan	260,000	260,000	260,000	260,000	260,000
Subtotal	\$1,509,000,000	\$1,575,460,000	\$1,657,480,000	\$1,702,620,000	\$1,747,080,000
Capital					
<i>Debt Service</i>					
General Obligation	112,950,000	131,880,000	151,530,000	162,970,000	176,210,000
Historic Tax Credit Program	19,410,000	19,410,000	19,410,000	9,890,000	9,900,000
EDC Job Creation Guaranty/Other	2,390,000	2,440,000	3,890,000	3,890,000	3,890,000
COPS/Other Leases	23,870,000	31,510,000	33,470,000	28,860,000	20,610,000
Convention Center Debt	24,580,000	26,370,000	24,500,000	24,510,000	23,760,000
Performance Based	350,000	950,000	950,000	950,000	950,000
Subtotal	\$183,550,000	\$212,560,000	\$233,750,000	\$231,070,000	\$235,320,000
Expenditures	\$4,371,270,000	\$4,569,010,000	\$4,664,950,000	\$4,732,435,000	\$4,818,362,500

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until 4 p.m. Thursday, March 11

General Revenue Outyear Planning Values

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Estimates and Growth					
Personal Income (billions) [1]	\$63.4	\$66.0	\$68.5	\$71.2	\$74.2
<i>Change</i>	-0.9%	4.0%	3.8%	4.0%	4.2%
Nonfarm Employment (thousands) [1]	492.1	503.1	508.9	512.5	514.0
<i>Change</i>	3.5%	2.2%	1.2%	0.7%	0.3%
CPI-U (U.S.) [1]	2.66%	2.00%	1.80%	2.04%	2.27%
Personal Income Tax [2]	1.4%	2.6%	2.7%	4.3%	3.6%
Business Corporations Tax [2]	73.6%	-1.4%	-0.7%	2.3%	1.9%
Provider Tax [2]	1.1%	3.3%	1.2%	1.6%	1.1%
Sales Tax [2]	4.2%	1.8%	2.7%	2.7%	3.1%
Other Taxes and Departmentals [3]	8.5%	1.1%	1.8%	-1.4%	2.4%
Salaries and Fringe Benefits					
Salary COLA/Steps/Longevity [7]	2.66%	2.00%	1.80%	2.04%	2.27%
Medical Benefits Cost Growth [12]	5.59%	6.07%	4.85%	4.98%	6.39%
Retiree Health Rates [8]	5.87%	5.87%	5.87%	5.87%	5.87%
State Employees Retirement Rates [9]	28.01%	28.30%	28.08%	27.94%	27.82%
Home Health Care					
Expenditure Growth [4]	5.73%	5.71%	5.30%	5.31%	5.64%
Nursing Home Care					
Expenditure Growth [5]	4.02%	4.30%	4.02%	4.02%	4.36%
Managed Care					
Expenditure Growth [6]	1.86%	2.11%	2.11%	2.10%	2.09%
Other Medicaid					
Expenditure Growth [6]	1.86%	2.11%	2.11%	2.10%	2.09%
DCYF Services					
Expenditure Growth [6]	1.86%	2.11%	2.11%	2.10%	2.09%
BHDDH- DD					
Expenditure Growth [6]	1.86%	2.11%	2.11%	2.10%	2.09%
Pharmacy					
Expenditure Growth [10]	5.84%	5.76%	5.40%	5.44%	5.79%
Hospital Care					
Expenditure Growth [11]	4.52%	5.48%	5.10%	5.82%	8.05%

[1] November 2020 Consensus Economic Forecast based on IHS Market Rhode Island Forecast adopted at the November 2020 REC.

[2] Growth in estimates for FY 2022 as adopted at the November 2020 REC, inclusive of the Governor's proposals, Budget Office estimated growth for FY 2023 - FY 2026.

[3] Growth in estimates for FY 2022 as adopted at the November 2020 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; no specific COLA is assumed except for FY 2021 (annualized) as recently ratified, but it is expected there will be some COLA's awarded over succeeding the four-year period.

[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. 2018)

[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

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until 4 p.m. Thursday, March 11

Appendix C

Statewide Personnel

Summary

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until 4 p.m. Thursday, March 11

Personnel Agency Summary

Statewide Summary

	FY 2021		FY 2022	
	FTE	Cost	FTE	Cost
Classified			9,020.4	619,537,036
Unclassified			2,585.0	209,561,006
Non-Classified			3,483.8	302,391,737
	15,124.7	1,130,013,637	15,089.2	1,131,489,779
Transfer Out		0		(2,999,190)
Transfer In		0		2,999,190
Salary Adjustment		0		(16,849,712)
Correctional Officers' Briefing		2,622,179		1,496,293
Overtime		239,900		239,900
Overtime (1.5)		76,742,992		57,901,814
Overtime: Contractual		1,757,087		1,994,480
Seasonal/Special Salaries/Wages		94,481,200		94,492,878
Turnover		(34,748,137)		(56,970,292)
Total Salaries		1,271,108,858		1,213,795,140
Benefits				
Contract Stipends		3,465,118		5,378,302
FICA		83,148,829		81,044,674
Health Benefits		201,578,999		206,804,414
Holiday		13,567,045		7,040,960
Other		8,142,186		11,895,493
Payroll Accrual		5,686,704		6,043,322
Retiree Health		53,989,481		52,089,354
Retirement		268,507,620		270,968,044
Workers Compensation		654,075		395,896
Subtotal		638,740,057		641,660,459
Total Salaries and Benefits	15,124.7	1,909,848,915	15,089.2	1,855,455,599
Cost Per FTE Position (Excluding Temporary and Seasonal)				123,200
Statewide Benefit Assessment		44,393,851		40,528,259
Payroll Costs	15,124.7	1,954,242,766	15,089.2	1,895,983,858
Purchased Services				
Buildings and Ground Maintenance		10,334,310		11,309,480
Clerical and Temporary Services		7,628,006		9,092,819
Design and Engineering Services		63,449,657		62,072,607
Information Technology		96,812,352		104,334,927
Legal Services		11,393,026		10,119,773
Management & Consultant Services		91,672,935		91,321,298
Medical Services		206,672,380		67,320,040
Other Contracts		373,025,221		149,600,041

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until 4 p.m. Thursday, March 11

Personnel Agency Summary

Statewide Summary

	FY 2021		FY 2022	
	FTE	Cost	FTE	Cost
Purchased Services				
Training and Educational Services		70,664,338		67,992,045
University and College Services		24,376,795		24,104,045
Subtotal		956,029,020		597,267,075
Total Personnel	15,124.7	2,910,271,786	15,089.2	2,493,250,933
Distribution by Source of Funds				
General Revenue		885,587,537		1,079,413,601
Federal Funds		1,233,167,441		621,390,558
Restricted Receipts		153,413,723		170,147,801
Operating Transfers from Other Funds		8,618,832		7,965,565
Other Funds		629,484,253		614,333,408
Total All Funds		2,910,271,786		2,493,250,933

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Appendix D

Aid to

Cities & Towns

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until 4 p.m. Thursday, March 11

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 proposed FY 2022 Budget provides \$46.1 million for PILOT, which finances the program at the same level as FY 2020. Data used to determine distribution amounts is updated annually.

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 program is funded at \$12.4 million in the proposed FY 2022 Budget.

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 proposed FY 2022 Budget funds the program at \$1.5 million 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 2021 Budget, and at \$9.6 million in the proposed FY 2022 Budget. In addition, funding for library construction aid is provided at \$2.7 million in the revised FY 2021 Budget and \$2.1 million in the proposed FY 2022 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 proposed FY 2022 Budget provides full funding for the motor vehicle excise tax phase-out, with all rates and ratios of assessment advancing in FY 2022. 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 2022 Budget would provide \$129.7 million to municipalities as well as eligible fire districts.

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

Embargoed
until 4 p.m. Thursday, March 11

FORMULA AID TO CITIES AND TOWNS

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 2021 Budget totaled \$13.2 million, and proposed FY 2022 Budget disbursements are estimated to be \$13.2 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 2021 Budget, a combined amount of state and local hotel tax revenue is estimated at \$5.4 million. For the proposed FY 2022 Budget, the combined state and local hotel tax amount is estimated to be \$7.7 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 \$24.2 million in the revised FY 2021 Budget and \$26.3 million in the proposed FY 2022 Budget.

Embargoed
until 4 p.m. Thursday, March 11

SUMMARY OF FORMULA AID TO CITIES AND TOWNS

	FY 2019 Actual	FY 2020 Final Enacted	FY 2021 Revised	FY 2022 Recommended
Public Service Corporation Tax	13,308,972	13,311,601	13,159,804	13,159,804
Meals and Beverage Tax	28,297,063	26,153,929	24,245,464	26,306,952
Hotel Tax (2.25%)	10,194,218	8,520,880	5,375,925	7,662,525
Payment In Lieu of Taxes (PILOT)	46,089,504	46,089,504	19,203,960	46,089,504
Total Miscellaneous Aid	\$97,889,757	\$94,075,914	\$61,985,153	\$93,218,785
Dist. Comm. - General Appropriation	12,384,458	12,384,458	2,580,095	12,384,458
Total Distressed Communities Aid	\$12,384,458	\$12,384,458	\$2,580,095	\$12,384,458
Motor Vehicle Tax Phase-out Program ¹	56,282,507	90,265,446	37,639,563	139,656,362
Total Motor Vehicle Tax Phase-out Prog.	\$56,282,507	\$90,265,446	\$37,639,563	\$139,656,362
Municipal COVID-19 Response Fund	-	-	136,528,120	-
Total Municipal COVID-19 Response Fund	\$0	\$0	\$136,528,120	\$0
Subtotal Formula Aid - All Sources	\$166,556,722	\$196,725,818	\$238,732,931	\$245,259,605
Percent Change from prior year	17.23%	18.11%	21.35%	2.73%
Resource Sharing & Library Aid ²	9,362,072	9,562,072	9,562,072	9,562,072
Library Construction Aid	2,176,470	1,937,230	2,702,866	2,102,866
Total Library Aid	\$11,538,542	\$11,499,302	\$12,264,938	\$11,664,938
Property Revaluation Program	1,023,245	741,776	1,118,610	1,503,677
Total Other Aid	\$1,023,245	\$741,776	\$1,118,610	\$1,503,677
Total Aid	\$179,118,509	\$208,966,896	\$252,116,479	\$258,428,220
Percent Change from prior year	16.38%	16.66%	20.65%	2.50%

Embargoed
until 4 p.m. Thursday, March 11

Fiscal Year 2021 Enacted State Aid to Cities and Towns

City or Town	Payment In Lieu of Tax Exempt Property	Distressed Community Relief Fund	State Library Aid ⁽³⁾	Motor Vehicle Excise Tax Reimbursement Base Amount	Motor Vehicle Phase Out Reimbursement	Motor Vehicle Excise Tax Total Reimbursement ⁽¹⁾	Municipal COVID-19 Response Fund Total Distribution ⁽²⁾	FY 2021 Total Appropriated State Aid
Barrington	6,887		375,185	221,581	662,881	884,462	2,160,744	3,427,278
Bristol	533,591		194,607	109,436	241,061	350,497	1,970,204	3,048,899
Burrillville	41,382		184,839	207,065	618,069	825,134	2,070,721	3,122,076
Central Falls		45,856	31,752	102,184	346,571	448,755	1,311,643	1,838,006
Charlestown			52,802	44,815	83,249	128,064	385,190	566,056
Coventry			229,468	251,244	583,702	834,946	2,290,375	3,354,789
Cranston	2,006,547	556,512	638,834	1,042,441	3,161,611	4,204,052	15,175,013	22,580,958
Cumberland			297,545	253,650	516,524	770,174	2,215,334	3,283,053
East Greenwich	299,596		132,534	84,112	140,273	224,385	1,099,625	1,756,140
East Providence	105,927		411,631	429,406	0	429,406	4,881,225	5,828,189
Exeter			53,203	93,419	831,030	924,449	49,744	1,027,396
Foster			33,861	74,174	175,337	249,511	619,102	902,474
Glocester			78,704	104,711	217,149	321,860	868,767	1,269,331
Hopkinton			35,851	72,384	163,450	235,834	629,729	901,414
Jamestown			108,139	22,334	25,494	47,828	154,234	310,201
Johnston			125,400	437,352	1,346,704	1,784,056	4,140,456	6,049,912
Lincoln			213,729	206,198	238,326	444,524	1,593,286	2,251,539
Little Compton			36,164	13,465	17,509	30,974	97,519	164,657
Middletown			142,580	76,147	75,292	151,439	620,240	914,259
Narragansett			177,025	61,720	78,983	140,703	443,158	760,886
Newport	670,773		402,053	80,642	108,786	189,428	1,640,112	2,902,366
New Shoreham			90,133	6,910	19,775	26,685	146,710	263,528
North Kingstown	453		297,608	192,589	136,227	328,816	1,448,768	2,075,645
North Providence		200,242	197,202	393,779	1,526,658	1,920,437	5,204,571	7,522,452
North Smithfield			79,629	183,264	491,684	674,948	1,652,725	2,407,302
Pawtucket	1,467	304,732	408,981	821,285	3,005,915	3,827,200	9,704,042	14,246,422
Portsmouth			116,092	94,646	139,226	233,872	806,035	1,155,999
Providence	14,199,131	1,120,549	1,301,180	1,620,464	6,922,607	8,543,071	46,266,035	71,429,966
Richmond			24,736	66,710	129,722	196,432	538,971	760,139
Scituate			106,425	71,269	72,768	144,037	431,088	681,550
Smithfield	360,715		307,560	267,692	561,858	829,550	2,888,317	4,386,142
South Kingstown	87,591		231,439	142,445	179,444	321,889	1,425,837	2,066,756
Tiverton			122,762	62,598	92,393	154,991	470,471	748,224
Warren			60,853	94,349	195,489	289,838	794,792	1,145,483
Warwick	640,277		779,794	1,013,712	1,588,282	2,601,994	8,976,774	12,998,839
Westerly	67,675		307,643	220,009	500,380	720,389	2,174,198	3,269,905
West Greenwich			44,294	55,996	103,215	159,211	635,529	839,034
West Warwick		191,962	165,207	238,429	519,072	757,501	2,787,695	3,902,365
Woonsocket	181,947	160,242	200,967	377,867	1,826,689	2,204,556	5,759,142	8,506,854
Subtotal	\$19,203,960	\$2,580,095	\$8,798,411	\$9,912,491	\$27,643,407	\$37,555,898	\$136,528,120	204,666,484
Motor Vehicle Phase Out Reimbursement - Fire Districts					\$172,109	\$172,109		172,109
Statewide Reference Library Resource Grant			701,052					701,052
Grant-In-Aid to Institutional Libraries			62,609					62,609
Library Construction Reimbursement			2,702,866					2,702,866
Total	\$19,203,960	\$2,580,095	\$12,264,938	\$9,912,491	\$27,815,516	\$37,728,007	\$136,528,120	\$208,305,120

(1) The base motor vehicle distribution is \$9.9 million. The additional amount of \$27.6 million in FY 2021 due to the implementation of the motor vehicle phase-out is estimated based on the 12/31/18 tax levy data and will change once 12/31/19 tax levy data is received and reviewed. The state's FY 2021 motor vehicle reimbursement corresponds with the FY 2021 local fiscal year for all communities except for the City of East Providence and the Saylesville Fire District for which it corresponds with their FY 2020. An additional estimated amount of \$172,109 is estimated to be provided to the fire districts in Lincoln. The amount owed to fire districts will change once all 12/31/19 tax levy data is received and reviewed. Currently only Lincoln's fire districts levy a tax on motor vehicles.

(2) The federal Coronavirus Relief Fund established under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) includes funds for the State of Rhode Island to use to pay costs incurred by December 30 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 has been created to provide municipalities with CRF funds. The Municipal COVID-19 Response Fund, administered by the Department of Revenue - Division of Municipal Finance, is designed to distribute up to \$136,528,120, subject to appropriation, to municipalities to reimburse municipalities for eligible COVID-19 response costs incurred between March 1, 2020 and December 30, 2020. For distribution of the Municipal COVID-19 Response fund, see P.L. 2021, Chapter 80, art. 1, §1.

(3) 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 \$54,603 statewide.

Fiscal Year 2021 Enacted Pass Through Aid to Cities & Towns

City or Town	Public Service Corporation Tax	Hotel Tax ⁽¹⁾ ⁽²⁾	Meals and Beverage Tax ⁽²⁾	FY 2021 Total Shared Taxes State Aid	FY 2021 Total Shared & Appropriated Aid
Barrington	201,493	2,208	144,845	348,546	3,775,823
Bristol	276,918	26,256	393,865	697,039	3,745,938
Burrillville	204,918	82	177,036	382,036	3,504,112
Central Falls	241,398	548	125,726	367,672	2,205,678
Charlestown	96,898	58,042	144,849	299,789	865,845
Coventry	430,622	30,966	415,000	876,588	4,231,377
Cranston	1,011,274	30,264	1,759,785	2,801,324	25,382,282
Cumberland	431,581	156	479,688	911,425	4,194,478
East Greenwich	162,821	1,062	600,841	764,723	2,520,864
East Providence	590,964	28,338	933,781	1,553,083	7,381,272
Exeter	84,468	88	105,679	190,235	1,217,631
Foster	58,400	153	15,999	74,552	977,026
Glocester	125,319	1,265	70,668	197,253	1,466,584
Hopkinton	101,020	64	46,140	147,225	1,048,639
Jamestown	68,451	17,728	65,718	151,897	462,098
Johnston	364,114	2,826	647,219	1,014,159	7,064,071
Lincoln	269,570	48,182	648,834	966,586	3,218,126
Little Compton	43,654	18,805	45,951	108,410	273,067
Middletown	200,247	407,474	685,118	1,292,839	2,207,098
Narragansett	193,671	182,875	596,313	972,859	1,733,745
Newport	308,404	958,391	2,105,361	3,372,156	6,274,522
New Shoreham	10,300	383,382	354,338	748,020	1,011,548
North Kingstown	326,401	39,642	549,018	915,061	2,990,706
North Providence	404,268	1,130	403,963	809,361	8,331,813
North Smithfield	153,803	1,511	297,908	453,223	2,860,525
Pawtucket	893,702	35,438	889,521	1,818,660	16,065,082
Portsmouth	216,936	10,997	256,800	484,733	1,640,732
Providence	2,234,814	786,182	4,972,708	7,993,704	79,423,670
Richmond	94,980	3,105	127,902	225,987	986,126
Scituate	132,057	3,294	58,276	193,628	875,177
Smithfield	269,396	67,640	776,461	1,113,497	5,499,639
South Kingstown	382,796	105,352	824,866	1,313,015	3,379,770
Tiverton	196,984	11,598	263,642	472,224	1,220,448
Warren	130,625	(715)	284,464	414,374	1,559,857
Warwick	1,009,817	409,423	2,636,770	4,056,010	17,054,848
Westerly	281,776	388,927	813,389	1,484,092	4,753,997
West Greenwich	76,958	47,785	122,012	246,755	1,085,789
West Warwick	360,627	48,102	386,066	794,794	4,697,159
Woonsocket	517,357	22,835	535,751	1,075,943	9,582,797
Subtotal	\$13,159,804	\$4,181,399	\$24,762,270	\$42,103,476	\$246,769,960
Motor Vehicle Phase Out Reimbursement - Fire Districts					172,109
Statewide Reference Library Resource Grant (Providence)					701,052
Grant-In-Aid to Institutional Libraries					62,609
Library Construction Reimbursement					2,702,866
Total	\$13,159,804	\$4,181,399	\$24,762,270	\$42,103,476	\$250,408,595

(1) Amount includes 1.0% local tax and 25.0% local share of state 5.0% tax on traditional lodging rentals and the lodging tax initiatives enacted by the General Assembly.

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

Embargoed
until 4 p.m. Thursday, March 11

Fiscal Year 2021 Revised State Aid to Cities and Towns

City or Town	Payment In Lieu of Tax Exempt Property	Distressed Community Relief Fund	State Library Aid ⁽³⁾	Motor Vehicle Excise Tax Reimbursement Base Amount	Motor Vehicle Phase Out Reimbursement	Motor Vehicle Excise Tax Total Reimbursement ⁽¹⁾	Municipal COVID-19 Response Fund Total Distribution ⁽²⁾	FY 2021 Total Appropriated State Aid
Barrington	6,887		375,185	221,581	662,881	884,462	2,234,173	3,500,707
Bristol	533,591		194,607	109,436	241,061	350,497	2,006,015	3,084,710
Burrillville	41,382		184,839	207,065	618,069	825,134	2,100,945	3,152,299
Central Falls		45,856	31,752	102,184	346,570	448,755	1,292,143	1,818,505
Charlestown			52,802	44,815	83,249	128,064	394,318	575,185
Coventry			229,468	251,244	583,701	834,946	2,300,617	3,365,030
Cranston	2,006,547	556,512	638,834	1,042,441	3,161,611	4,204,052	15,323,769	22,729,715
Cumberland			297,545	253,650	516,524	770,174	2,251,172	3,318,891
East Greenwich	299,596		132,534	84,112	140,273	224,385	1,212,730	1,869,245
East Providence	105,927		411,631	429,406		429,406	4,851,430	5,798,394
Exeter			53,203	93,419	778,840	872,259	48,850	974,312
Foster			33,861	74,174	175,337	249,511	651,214	934,586
Glocester			78,704	104,711	217,149	321,860	840,335	1,240,900
Hopkinton			35,851	72,384	163,450	235,834	654,043	925,728
Jamestown			108,139	22,334	25,494	47,828	161,982	317,950
Johnston			125,400	437,352	1,346,703	1,784,056	4,004,930	5,914,385
Lincoln			213,729	206,198	238,326	444,524	1,629,946	2,288,200
Little Compton			36,164	13,465	17,510	30,974	91,323	158,461
Middletown			142,580	76,147	75,293	151,439	605,105	899,124
Narragansett			177,025	61,720	78,983	140,703	466,750	784,479
Newport	670,773		402,053	80,642	108,786	189,428	1,717,364	2,979,617
New Shoreham			90,133	6,910	19,775	26,685	70,781	187,600
North Kingstown	453		297,608	192,589	136,227	328,816	1,431,621	2,058,497
North Providence		200,242	197,202	393,779	1,526,658	1,920,437	5,263,817	7,581,698
North Smithfield			79,629	183,264	491,684	674,948	1,626,251	2,380,828
Pawtucket	1,467	304,732	408,981	821,285	3,005,915	3,827,200	9,632,427	14,174,807
Portsmouth			116,092	94,646	139,226	233,872	814,416	1,164,380
Providence	14,199,131	1,120,549	1,301,180	1,620,464	6,922,606	8,543,071	46,373,326	71,537,257
Richmond			24,736	66,710	129,722	196,432	552,920	774,088
Scituate			106,425	71,269	72,769	144,037	451,963	702,425
Smithfield	360,715		307,560	267,692	561,858	829,550	2,907,589	4,405,414
South Kingstown	87,591		231,439	142,445	179,444	321,889	1,399,277	2,040,196
Tiverton			122,762	62,598	92,392	154,991	450,962	728,715
Warren			60,853	94,349	195,490	289,838	792,025	1,142,716
Warwick	640,277		779,794	1,013,712	1,588,282	2,601,994	8,474,740	12,496,805
Westerly	67,675		307,643	220,009	500,380	720,389	2,194,608	3,290,316
West Greenwich			44,294	55,996	103,215	159,211	476,302	679,807
West Warwick		191,962	165,207	238,429	519,072	757,501	2,993,859	4,108,528
Woonsocket	181,947	160,242	200,967	377,867	1,826,689	2,204,556	5,782,083	8,529,795
Subtotal	\$19,203,960	\$2,580,095	\$8,798,411	\$9,912,491	\$27,591,217	\$37,503,708	\$136,528,120	\$204,614,294
Motor Vehicle Phase Out Reimbursement - Fire Districts					135,855	135,855		135,855
Statewide Reference Library Resource Grant			701,052					701,052
Grant-In-Aid to Institutional Libraries			62,609					62,609
Library Construction Reimbursement			2,702,866					2,702,866
Total	\$19,203,960	\$2,580,095	\$12,264,938	\$9,912,491	\$27,727,072	\$37,639,563	\$136,528,120	\$208,216,676

(1) The base motor vehicle distribution is \$9.9 million. The additional amount of \$27.6 million in FY 2021 due to the implementation of the motor vehicle phase-out is based on the 12/31/19 tax levy data. The state's FY 2021 motor vehicle reimbursement corresponds with the FY 2021 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 2020. An additional estimated amount of \$135,855 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 12/31/19 tax levy data from the Albion, Quinnville, and Saylesville fire districts. Currently only Lincoln's fire districts levy a tax on motor vehicles.

(2) The federal Coronavirus Relief Fund established under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) includes funds for the State of Rhode Island to use to pay costs incurred by December 30 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 has been created to provide municipalities with CRF funds. The Municipal COVID-19 Response Fund, administered by the Department of Revenue - Division of Municipal Finance, is designed to distribute up to \$136,528,120, subject to appropriation, to municipalities to reimburse municipalities for eligible COVID-19 response costs incurred between March 1, 2020 and December 30, 2020. For distribution of the Municipal COVID-19 Response fund, see P.L. 2021, Chapter 80, art.1, §1.

(3) 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 \$54,603 statewide.

Fiscal Year 2021 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 2021 Total Shared Taxes State Aid	FY 2021 Total Shared & Appropriated Aid
Barrington	201,493	2,666	141,822	345,981	3,846,687
Bristol	276,918	36,583	385,645	699,147	3,783,857
Burrillville	204,918	145	173,341	378,404	3,530,703
Central Falls	241,398	613	123,102	365,113	2,183,618
Charlestown	96,898	55,526	141,826	294,250	869,435
Coventry	430,622	42,997	406,339	879,958	4,244,989
Cranston	1,011,274	42,836	1,723,057	2,777,168	25,506,883
Cumberland	431,581	293	469,676	901,551	4,220,442
East Greenwich	162,821	1,763	588,301	752,885	2,622,129
East Providence	590,964	41,252	914,292	1,546,509	7,344,902
Exeter	84,468	156	103,473	188,097	1,162,410
Foster	58,400	230	15,665	74,295	1,008,881
Glocester	125,319	1,812	69,193	196,325	1,437,224
Hopkinton	101,020	631	45,177	146,829	1,072,557
Jamestown	68,451	22,244	64,346	155,041	472,992
Johnston	364,114	3,943	633,711	1,001,768	6,916,153
Lincoln	269,570	66,441	635,293	971,304	3,259,504
Little Compton	43,654	18,616	44,992	107,261	265,723
Middletown	200,247	559,780	670,819	1,430,846	2,329,970
Narragansett	193,671	189,344	583,867	966,882	1,751,361
Newport	308,404	1,282,422	2,061,421	3,652,246	6,631,863
New Shoreham	10,300	393,386	346,942	750,629	938,229
North Kingstown	326,401	60,278	537,559	924,239	2,982,736
North Providence	404,268	2,542	395,532	802,342	8,384,041
North Smithfield	153,803	2,173	291,691	447,667	2,828,495
Pawtucket	893,702	49,934	870,956	1,814,591	15,989,398
Portsmouth	216,936	14,977	251,440	483,353	1,647,733
Providence	2,234,814	998,382	4,868,924	8,102,120	79,639,377
Richmond	94,980	6,031	125,233	226,244	1,000,332
Scituate	132,057	4,395	57,060	193,512	895,938
Smithfield	269,396	93,243	760,256	1,122,895	5,528,309
South Kingstown	382,796	136,945	807,651	1,327,392	3,367,588
Tiverton	196,984	16,703	258,139	471,827	1,200,542
Warren	130,625	1,589	278,527	410,742	1,553,457
Warwick	1,009,817	576,424	2,581,738	4,167,979	16,664,784
Westerly	281,776	483,501	796,413	1,561,690	4,852,006
West Greenwich	76,958	65,950	119,466	262,374	942,181
West Warwick	360,627	66,865	378,008	805,500	4,914,028
Woonsocket	517,357	32,311	524,570	1,074,237	9,604,032
Subtotal	\$13,159,804	\$5,375,925	\$24,245,464	\$42,781,193	\$247,395,487
Motor Vehicle Phase Out Reimbursement - Fire Districts					135,855
Statewide Reference Library Resource Grant (Providence)					701,052
Grant-In-Aid to Institutional Libraries					62,609
Library Construction Reimbursement					2,702,866
Total	\$13,159,804	\$5,375,925	\$24,245,464	\$42,781,193	\$250,997,869

(1) Based on actual declarations received in the spring of 2020

(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.

Embargoed
until 4 p.m. Thursday, March 11

Changes in Formula Aid - FY 2021 Revised vs. FY 2021 Enacted

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	Municipal COVID-19 Response Fund Total Distribution	Total Appropriated Difference
Barrington	-	-	-	-	-	-	73,428	73,428
Bristol	-	-	-	-	-	-	35,811	35,811
Burrillville	-	-	-	-	-	-	30,223	30,223
Central Falls	-	-	-	-	-	-	(19,500)	(19,500)
Charlestown	-	-	-	-	-	-	9,128	9,128
Coventry	-	-	-	-	-	-	10,242	10,242
Cranston	-	-	-	-	-	-	148,756	148,756
Cumberland	-	-	-	-	-	-	35,838	35,837
East Greenwich	-	-	-	-	-	-	113,104	113,104
East Providence	-	-	-	-	-	-	(29,795)	(29,795)
Exeter	-	-	-	-	(52,189)	(52,189)	(893)	(53,083)
Foster	-	-	-	-	-	-	32,111	32,111
Glocester	-	-	-	-	-	-	(28,431)	(28,431)
Hopkinton	-	-	-	-	-	-	24,314	24,314
Jamestown	-	-	-	-	-	-	7,748	7,748
Johnston	-	-	-	-	-	-	(135,526)	(135,526)
Lincoln	-	-	-	-	-	-	36,660	36,660
Little Compton	-	-	-	-	-	-	(6,196)	(6,196)
Middletown	-	-	-	-	-	-	(15,135)	(15,134)
Narragansett	-	-	-	-	-	-	23,591	23,592
Newport	-	-	-	-	-	-	77,251	77,251
New Shoreham	-	-	-	-	-	-	(75,928)	(75,928)
North Kingstown	-	-	-	-	-	-	(17,147)	(17,147)
North Providence	-	-	-	-	-	-	59,246	59,246
North Smithfield	-	-	-	-	-	-	(26,474)	(26,473)
Pawtucket	-	-	-	-	-	-	(71,615)	(71,615)
Portsmouth	-	-	-	-	-	-	8,381	8,381
Providence	-	-	-	-	-	-	107,290	107,290
Richmond	-	-	-	-	-	-	13,948	13,948
Scituate	-	-	-	-	-	-	20,875	20,875
Smithfield	-	-	-	-	-	-	19,272	19,272
South Kingstown	-	-	-	-	-	-	(26,559)	(26,559)
Tiverton	-	-	-	-	-	-	(19,508)	(19,509)
Warren	-	-	-	-	-	-	(2,767)	(2,766)
Warwick	-	-	-	-	-	-	(502,034)	(502,034)
Westerly	-	-	-	-	-	-	20,410	20,410
West Greenwich	-	-	-	-	-	-	(159,226)	(159,226)
West Warwick	-	-	-	-	-	-	206,163	206,163
Woonsocket	-	-	-	-	-	-	22,940	22,941
Subtotal	\$0	\$0	\$0	\$0	(\$52,189)	(\$52,189)	\$0	(\$52,189)
Motor Vehicle Phase Out Reimbursement - Fire Districts					(36,254)	(36,254)		(36,254)
Statewide Reference Library Resource Grant			-					-
Grant-In-Aid to Institutional Libraries			-					-
Library Construction Reimbursement			-					-
Total	\$0	\$0	\$0	\$0	(\$88,443)	(\$88,443)		(\$88,443)

Embargoed
until 4 p.m. Thursday, March 11

Changes in Pass Through Aid - FY 2021 Revised vs. FY 2021 Enacted

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	-	458	(3,023)	(2,565)	70,864
Bristol	-	10,327	(8,220)	2,107	37,918
Burrillville	-	63	(3,695)	(3,632)	26,591
Central Falls	-	65	(2,624)	(2,559)	(22,060)
Charlestown	-	(2,516)	(3,023)	(5,539)	3,590
Coventry	-	12,031	(8,661)	3,370	13,612
Cranston	-	12,572	(36,728)	(24,156)	124,601
Cumberland	-	137	(10,011)	(9,874)	25,963
East Greenwich	-	701	(12,540)	(11,839)	101,266
East Providence	-	12,914	(19,489)	(6,575)	(36,370)
Exeter	-	68	(2,206)	(2,137)	(55,221)
Foster	-	77	(334)	(257)	31,855
Glocester	-	547	(1,475)	(928)	(29,360)
Hopkinton	-	567	(963)	(396)	23,919
Jamestown	-	4,516	(1,372)	3,145	10,893
Johnston	-	1,117	(13,508)	(12,391)	(147,918)
Lincoln	-	18,259	(13,542)	4,718	41,378
Little Compton	-	(189)	(959)	(1,148)	(7,344)
Middletown	-	152,306	(14,299)	138,007	122,872
Narragansett	-	6,469	(12,445)	(5,977)	17,616
Newport	-	324,031	(43,940)	280,090	357,341
New Shoreham	-	10,004	(7,395)	2,609	(73,319)
North Kingstown	-	20,636	(11,458)	9,178	(7,970)
North Providence	-	1,412	(8,431)	(7,019)	52,227
North Smithfield	-	662	(6,218)	(5,556)	(32,030)
Pawtucket	-	14,496	(18,565)	(4,069)	(75,685)
Portsmouth	-	3,980	(5,360)	(1,380)	7,001
Providence	-	212,200	(103,784)	108,416	215,707
Richmond	-	2,926	(2,669)	257	14,206
Scituate	-	1,101	(1,216)	(115)	20,760
Smithfield	-	25,603	(16,205)	9,398	28,670
South Kingstown	-	31,593	(17,216)	14,377	(12,182)
Tiverton	-	5,105	(5,502)	(397)	(19,906)
Warren	-	2,304	(5,937)	(3,633)	(6,400)
Warwick	-	167,001	(55,031)	111,969	(390,065)
Westerly	-	94,574	(16,976)	77,598	98,009
West Greenwich	-	18,165	(2,546)	15,619	(143,608)
West Warwick	-	18,763	(8,057)	10,706	216,869
Woonsocket	-	9,476	(11,182)	(1,706)	21,235
Subtotal	\$0	\$1,194,525	(\$516,805)	\$677,716	\$625,527
Motor Vehicle Phase Out Reimbursement - Fire Districts					(36,254)
Statewide Reference Library Resource Grant (Providence)					-
Grant-In-Aid to Institutional Libraries					-
Library Construction Reimbursement					-
Total	\$0	\$1,194,525	(\$516,805)	\$677,716	\$589,273

Embargoed
until 4 p.m. Thursday, March 11

Fiscal Year 2022 Proposed State Aid to Cities and Towns

City or Town	Payment In Lieu of Tax Exempt Property	Distressed Community Relief Fund	State Library Aid	Motor Vehicle Excise Tax Reimbursement Base Amount	Motor Vehicle Phase Out Reimbursement	Motor Vehicle Excise Tax Total Reimbursement ⁽¹⁾	FY 2022 Total Appropriated State Aid
Barrington	17,094		365,527	221,581	3,344,558	3,566,139	3,948,759
Bristol	1,327,172		190,810	109,436	1,365,403	1,474,839	2,992,820
Burrillville	98,835		186,270	207,065	2,997,216	3,204,281	3,489,385
Central Falls		220,713	31,902	102,184	1,430,290	1,532,474	1,785,089
Charlestown			53,533	44,815	472,051	516,867	570,399
Coventry			197,001	251,244	2,890,110	3,141,355	3,338,356
Cranston	4,778,876	2,685,555	664,578	1,042,441	13,698,186	14,740,627	22,869,637
Cumberland			308,514	253,650	2,820,330	3,073,980	3,382,494
East Greenwich	729,131		123,871	84,112	781,880	865,992	1,718,994
East Providence	260,127		447,125	516,914	5,083,198	5,600,113	6,307,364
Exeter			60,044	93,419	1,080,812	1,174,231	1,234,275
Foster			34,393	74,174	953,657	1,027,831	1,062,224
Glocester			81,660	104,711	1,100,798	1,205,509	1,287,169
Hopkinton			37,216	72,384	823,951	896,335	933,552
Jamestown			109,968	22,334	159,834	182,168	292,136
Johnston			126,270	437,352	6,064,778	6,502,131	6,628,400
Lincoln			217,473	206,198	2,189,252	2,395,450	2,612,923
Little Compton			37,355	13,465	91,684	105,149	142,504
Middletown			126,831	76,147	718,435	794,581	921,413
Narragansett			87,158	61,720	464,363	526,083	613,241
Newport	1,601,050		415,522	80,642	592,108	672,750	2,689,322
New Shoreham			91,679	6,910	87,800	94,711	186,389
North Kingstown	1,080		301,066	192,589	1,823,008	2,015,597	2,317,743
North Providence		987,908	201,533	393,779	6,303,806	6,697,585	7,887,025
North Smithfield			80,421	183,264	2,479,097	2,662,361	2,742,782
Pawtucket	3,501	1,490,485	421,641	821,285	11,450,344	12,271,628	14,187,255
Portsmouth			117,111	94,646	985,115	1,079,761	1,196,871
Providence	34,027,865	5,265,375	1,319,744	1,620,464	24,677,704	26,298,168	66,911,152
Richmond			26,826	66,710	689,521	756,231	783,056
Scituate			109,928	71,269	502,877	574,145	684,074
Smithfield	860,981		317,166	267,692	3,612,896	3,880,588	5,058,736
South Kingstown	209,069		242,750	142,445	1,516,563	1,659,007	2,110,827
Tiverton			127,469	62,598	464,257	526,855	654,324
Warren			64,909	94,349	1,012,548	1,106,897	1,171,806
Warwick	1,528,261		736,708	1,013,712	12,004,527	13,018,239	15,283,208
Westerly	185,126		316,166	220,009	2,724,180	2,944,189	3,445,481
West Greenwich			48,116	55,996	599,358	655,354	703,470
West Warwick		953,745	171,836	238,429	2,769,857	3,008,286	4,133,868
Woonsocket	461,334	780,677	200,324	377,867	6,658,885	7,036,751	8,479,087
Subtotal	\$46,089,504	\$12,384,458	\$8,798,411	\$10,000,000	\$129,485,237	\$139,485,237	\$206,757,610
Motor Vehicle Phase Out Reimbursement - Fire Districts					171,125	171,125	171,125
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	\$129,656,362	\$139,656,362	\$209,795,263

(1) The base motor vehicle distribution is \$10 million. The additional amount of \$129.5 million in FY 2022 due under the Governor's Proposed budget for the implementation of the motor vehicle phase-out under current law is estimated based on the 12/31/2019 tax levy data (where available) and will change once 12/31/2020 tax levy data is available in the fall of 2021. The state's FY 2022 motor vehicle reimbursement corresponds with the local FY 2022 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 \$171,125 will be provided to the fire districts in Lincoln. Currently only Lincoln's fire districts levy a tax on motor vehicles.

Fiscal Year 2022 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 2022 Total Shared Taxes State Aid	FY 2022 Total Shared & Appropriated Aid
Barrington	201,493	2,780	153,880	358,152	4,306,911
Bristol	276,918	51,623	418,434	746,976	3,739,796
Burrillville	204,918	147	188,080	393,145	3,882,530
Central Falls	241,398	644	133,569	375,610	2,160,699
Charlestown	96,898	63,940	153,885	314,723	885,122
Coventry	430,622	64,299	440,888	935,809	4,274,165
Cranston	1,011,274	63,065	1,869,562	2,943,901	25,813,538
Cumberland	431,581	296	509,611	941,488	4,323,982
East Greenwich	162,821	1,992	638,322	803,135	2,522,129
East Providence	590,964	59,059	992,030	1,642,054	7,949,418
Exeter	84,468	158	112,271	196,897	1,431,172
Foster	58,400	323	16,997	75,720	1,137,944
Glocester	125,319	2,647	75,076	203,042	1,490,211
Hopkinton	101,020	822	49,019	150,861	1,084,413
Jamestown	68,451	24,913	69,817	163,181	455,317
Johnston	364,114	5,891	687,593	1,057,598	7,685,998
Lincoln	269,570	100,165	689,309	1,059,045	3,671,968
Little Compton	43,654	21,665	48,817	114,135	256,639
Middletown	200,247	818,563	727,856	1,746,666	2,668,078
Narragansett	193,671	231,650	633,511	1,058,832	1,672,073
Newport	308,404	1,867,151	2,236,694	4,412,249	7,101,571
New Shoreham	10,300	497,291	376,441	884,032	1,070,421
North Kingstown	326,401	82,817	583,266	992,484	3,310,227
North Providence	404,268	2,542	429,163	835,973	8,722,998
North Smithfield	153,803	3,161	316,492	473,457	3,216,239
Pawtucket	893,702	73,820	945,009	1,912,530	16,099,786
Portsmouth	216,936	17,897	272,819	507,652	1,704,524
Providence	2,234,814	1,453,471	5,282,907	8,971,192	75,882,344
Richmond	94,980	6,800	135,881	237,661	1,020,717
Scituate	132,057	6,301	61,911	200,270	884,343
Smithfield	269,396	140,083	824,897	1,234,376	6,293,111
South Kingstown	382,796	192,530	876,322	1,451,648	3,562,474
Tiverton	196,984	22,854	280,088	499,926	1,154,249
Warren	130,625	1,646	302,209	434,480	1,606,286
Warwick	1,009,817	850,723	2,801,253	4,661,793	19,945,001
Westerly	281,776	681,839	864,129	1,827,744	5,273,225
West Greenwich	76,958	99,216	129,623	305,797	1,009,267
West Warwick	360,627	100,210	410,149	870,986	5,004,854
Woonsocket	517,357	47,533	569,172	1,134,062	9,613,149
Subtotal	\$13,159,804	\$7,662,525	\$26,306,952	\$47,129,281	\$253,886,891
Motor Vehicle Phase Out Reimbursement - Fire Districts					171,125
Statewide Reference Library Resource Grant (Providence)					701,052
Grant-In-Aid to Institutional Libraries					62,609
Library Construction Reimbursement					2,102,866
Total	\$13,159,804	\$7,662,525	\$26,306,952	\$47,129,281	\$256,924,543

(1) Estimate based on FY 2021 Revised distribution. FY 2022 distribution will be updated after actual declarations are received and processed 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 distributions are estimated and subject to change.

Embargoed
until 4 p.m. Thursday, March 11

Changes in Formula Aid - FY 2022 Proposed vs. FY 2021 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	Municipal COVID-19 Response Fund Total Distribution	Total Appropriated Difference
Barrington	10,206	-	(9,658)	-	2,681,676	2,681,676	(2,234,173)	448,052
Bristol	793,580	-	(3,797)	-	1,124,342	1,124,342	(2,006,015)	(91,890)
Burrillville	57,453	-	1,430	-	2,379,147	2,379,147	(2,100,945)	337,086
Central Falls	-	174,856	149	-	1,083,719	1,083,719	(1,292,143)	(33,416)
Charlestown	-	-	730	-	388,802	388,802	(394,318)	(4,786)
Coventry	-	-	(32,466)	-	2,306,408	2,306,408	(2,300,617)	(26,675)
Cranston	2,772,329	2,129,043	25,743	-	10,536,574	10,536,574	(15,323,769)	139,922
Cumberland	-	-	10,969	-	2,303,806	2,303,806	(2,251,172)	63,603
East Greenwich	429,535	-	(8,663)	-	641,607	641,607	(1,212,730)	(150,251)
East Providence	154,199	-	35,493	87,508	5,083,198	5,170,707	(4,851,430)	508,970
Exeter	-	-	6,840	-	301,972	301,972	(48,850)	259,963
Foster	-	-	532	-	778,319	778,319	(651,214)	127,638
Glocester	-	-	2,955	-	883,648	883,648	(840,335)	46,269
Hopkinton	-	-	1,365	-	660,500	660,500	(654,043)	7,824
Jamestown	-	-	1,828	-	134,339	134,339	(161,982)	(25,815)
Johnston	-	-	870	-	4,718,075	4,718,075	(4,004,930)	714,016
Lincoln	-	-	3,744	-	1,950,926	1,950,926	(1,629,946)	324,724
Little Compton	-	-	1,190	-	74,174	74,174	(91,323)	(15,957)
Middletown	-	-	(15,748)	-	643,142	643,142	(605,105)	22,289
Narragansett	-	-	(89,867)	-	385,379	385,379	(466,750)	(171,237)
Newport	930,277	-	13,468	-	483,322	483,322	(1,717,364)	(290,295)
New Shoreham	-	-	1,545	-	68,025	68,025	(70,781)	(1,210)
North Kingstown	627	-	3,457	-	1,686,781	1,686,781	(1,431,621)	259,246
North Providence	-	787,665	4,331	-	4,777,147	4,777,147	(5,263,817)	305,327
North Smithfield	-	-	791	-	1,987,413	1,987,413	(1,626,251)	361,954
Pawtucket	2,034	1,185,752	12,659	-	8,444,428	8,444,428	(9,632,427)	12,448
Portsmouth	-	-	1,019	-	845,888	845,888	(814,416)	32,492
Providence	19,828,734	4,144,825	18,563	-	17,755,097	17,755,097	(46,373,326)	(4,626,105)
Richmond	-	-	2,089	-	559,798	559,798	(552,920)	8,969
Scituate	-	-	3,503	-	430,108	430,108	(451,963)	(18,352)
Smithfield	500,266	-	9,606	-	3,051,038	3,051,038	(2,907,589)	653,322
South Kingstown	121,478	-	11,311	-	1,337,118	1,337,118	(1,399,277)	70,630
Tiverton	-	-	4,706	-	371,864	371,864	(450,962)	(74,391)
Warren	-	-	4,056	-	817,058	817,058	(792,025)	29,090
Warwick	887,983	-	(43,085)	-	10,416,245	10,416,245	(8,474,740)	2,786,403
Westerly	117,451	-	8,522	-	2,223,799	2,223,799	(2,194,608)	155,165
West Greenwich	-	-	3,822	-	496,142	496,142	(476,302)	23,663
West Warwick	-	761,783	6,629	-	2,250,785	2,250,785	(2,993,859)	25,340
Woonsocket	279,387	620,434	(642)	-	4,832,195	4,832,195	(5,782,083)	(50,707)
Subtotal	\$26,885,544	\$9,804,362	\$0	\$87,508	\$101,894,020	\$101,981,529	(\$136,528,120)	\$2,143,316
Motor Vehicle Phase Out Reimbursement - Fire Districts					35,270	35,270		35,270
Statewide Reference Library Resource Grant			-					-
Grant-In-Aid to Institutional Libraries			-					-
Library Construction Reimbursement			(600,000)					(600,000)
Total	\$26,885,544	\$9,804,362	(\$600,000)	\$87,508	\$101,929,290	\$102,016,799		\$1,578,587

Embargoed
until 4 p.m. Thursday, March 11

Changes in Formula Aid - FY 2022 Proposed vs. FY 2021 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	-	114	12,058	12,172	460,224
Bristol	-	15,040	32,789	47,829	(44,061)
Burrillville	-	2	14,739	14,741	351,827
Central Falls	-	31	10,467	10,498	(22,919)
Charlestown	-	8,413	12,059	20,472	15,687
Coventry	-	21,302	34,549	55,851	29,176
Cranston	-	20,229	146,505	166,733	306,655
Cumberland	-	3	39,935	39,938	103,541
East Greenwich	-	229	50,021	50,250	(100,000)
East Providence	-	17,807	77,738	95,545	604,516
Exeter	-	2	8,798	8,800	268,763
Foster	-	92	1,332	1,424	129,063
Glocester	-	835	5,883	6,717	52,987
Hopkinton	-	190	3,842	4,032	11,856
Jamestown	-	2,669	5,471	8,140	(17,675)
Johnston	-	1,948	53,882	55,829	769,845
Lincoln	-	33,724	54,016	87,741	412,464
Little Compton	-	3,049	3,825	6,874	(9,083)
Middletown	-	258,783	57,037	315,820	338,108
Narragansett	-	42,306	49,644	91,949	(79,288)
Newport	-	584,729	175,273	760,002	469,707
New Shoreham	-	103,905	29,499	133,403	132,193
North Kingstown	-	22,539	45,707	68,245	327,491
North Providence	-	-	33,631	33,631	338,958
North Smithfield	-	989	24,801	25,790	387,744
Pawtucket	-	23,886	74,053	97,940	110,388
Portsmouth	-	2,920	21,379	24,299	56,790
Providence	-	455,088	413,983	869,072	(3,757,033)
Richmond	-	769	10,648	11,417	20,386
Scituate	-	1,906	4,851	6,757	(11,594)
Smithfield	-	46,840	64,641	111,481	764,802
South Kingstown	-	55,585	68,671	124,256	194,886
Tiverton	-	6,150	21,949	28,099	(46,292)
Warren	-	57	23,682	23,738	52,829
Warwick	-	274,300	219,515	493,814	3,280,218
Westerly	-	198,338	67,716	266,054	421,219
West Greenwich	-	33,266	10,157	43,424	67,086
West Warwick	-	33,345	32,141	65,485	90,825
Woonsocket	-	15,222	44,602	59,825	9,117
Subtotal	\$0	\$2,286,600	\$2,061,488	\$4,348,088	\$6,491,404
Motor Vehicle Phase Out Reimbursement - Fire Districts					35,270
Statewide Reference Library Resource Grant (Providence)					-
Grant-In-Aid to Institutional Libraries					-
Library Construction Reimbursement					(600,000)
Total	\$0	\$2,286,600	\$2,061,488	\$4,348,088	\$5,926,675

Embargoed
until 4 p.m. Thursday, March 11

Appendix E

Aid to

Schools

Embargoed
until 4 p.m. Thursday, March 11

EDUCATION AID TO LOCAL GOVERNMENTS

Education Aid to Local Governments totals \$1.349 billion from all sources of funds, of which \$1.305 billion is from general revenue, in the recommended FY 2022 Budget. Total general revenue financed education aid increases by \$43.8 million from the revised FY 2021 Enacted Budget, or 3.5 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.

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 2022 is \$10,635.
- *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 2022 is \$4,254.
- *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 are fully transitioned.

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

Embargoed
until 4 p.m. Thursday, March 11

EDUCATION AID TO LOCAL GOVERNMENTS

The following sections summarize changes to the various aid categories that comprise total FY 2022 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 2022, total Distributed Education Aid, which includes formula aid to districts, Central Falls, charter schools, and group home aid, increases by \$35.5 million compared to the FY 2021 Enacted Budget.

Moreover, the FY 2022 recommendation continues with the ninth year of funding the Urban Collaborative, in accordance with R.I.G.L. §16-3.1-11. This provision is budget-neutral to the state, the five current sending communities (Central Falls, Cranston, North Providence, Providence, and Warwick) will see a reduction in state education aid due students sent. The Urban Collaborative increases by \$90,232 from general revenue compared to the FY 2021 Enacted Budget. Finally, as required by R.I.G.L. §16-7.2-6(d), additional funding for the Central Falls Stabilization Fund is included in the Governor's FY 2022 Budget. In FY 2022 the Governor recommends \$8.5 million for Central Falls Stabilization Fund, an increase of \$1.5 million from the FY 2021 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 \$31.0 million in general revenue for FY 2022. This include stabilization funds for Davies (\$4.8 million) and the Met Center (\$1.3). Relative to the FY 2021 enacted level, this represents a collective total increase of \$1.2 million from general revenue.

Non-Distributed Aid

Non-distributed aid in FY 2022 decreases by \$325,000 from the revised FY 2021 Budget, from \$38.2 million to \$37.9 million. Non-Distributed aid includes:

- *Categorical Funds – Density Aid.* Density Aid support sunset at the conclusion of FY 2019, thus there is no general revenue appropriated in either FY 2021 or FY 2022.
- *Categorical Funds – Multilingual Learners (MLL).* The Governor recommends \$5.0 million for the Multilingual Learners categorical, formerly the English Learners (EL) in FY 2022, consistent with the FY 2021 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 2021 Enacted Budget, the Governor recommends \$4.5 million for the high cost special education categorical fund in FY 2022. 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 \$7,445.
- *Categorical Funds – Early Childhood.* The Governor recommends \$14.9 million for the early childhood categorical fund in FY 2022, consistent with the FY 2021 enacted level. This categorical is used to increase access to high quality pre-kindergarten programs, with the Department distributing funds on a competitive basis.
- *Categorical Funds – Transportation.* The Governor recommends \$3.0 million for the transportation categorical fund in FY 2022, consistent with the FY 2021 enacted level. The transportation

EDUCATION AID TO LOCAL GOVERNMENTS

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 \$4.6 million for the Regional District Transportation fund in FY 2022, consistent with the FY 2021 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 2022, consistent with the FY 2021 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.
- *Categorical Funds – School Resource Officer.* The School Resource Officer (SRO) categorical fund sunsets and the conclusion of FY 2021. In accordance with the sunset the Governor recommends no general revenue appropriation in FY 2022, a decrease of \$325,000 from the FY 2021 enacted level. This categorical funds one half of the personnel costs of newly hired SROs.
- *E-Rate.* The Governor recommends approximately \$400,000 in general revenue financing for the State E-Rate program in FY 2022, consistent with the FY 2021 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 2022, consistent with the enacted FY 2021 budget.
- *Non-Public Textbooks.* 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 2022, consistent with the FY 2021 Enacted Budget.
- *Recovery High School.* In FY 2021 the Governor recommends \$500,000 for the State’s Recovery High School in FY 2022, consistent with the enacted FY 2021 Budget. The high school provides individualized programs to students recovering from substance abuse, supporting both personal recovery and academic achievement.

Other Aid

Other aid includes School Construction Aid, also known as “Housing Aid”, and state appropriations to the Teachers’ Retirement program. Other aid in FY 2022 increases by \$5.5 million from general revenue when compared to the FY 2021 enacted/revised level, increasing from \$198.4 million to \$203.9 million.

- *School Construction.* Within the School Construction Aid program, the Governor recommends FY 2022 appropriations of \$80.0 million from general revenue, including \$79.4 million for the school housing aid program established by R.I.G.L. §16-7-35, and \$590,814 for the School Building Authority Fund, established by R.I.G.L. §45-38.2-2. Total school construction aid is consistent with the FY 2021 Enacted Budget. Funds within this program will be expended in conjunction with the \$250.0 million school construction GO bond passed by the voters in November 2019.
- *Teacher Retirement.* Within the Teacher Retirement program, the Governor recommends FY 2022 appropriations of \$123.9 million from general revenue, \$5.5 million greater than the FY 2021 enacted

Embargoed
until 4 p.m. Thursday, March 11

EDUCATION AID TO LOCAL GOVERNMENTS

level. Per R.I.G.L. §16-16-22, Rhode Island funds 40.0 percent of the employer share of retirement contributions on behalf of teachers who are members of the Teacher's Retirement System.

One-Time Aid Associated with COVID-19 Response

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

- *CARES Act "Supplemental Impact Aid."* The FY 2020 Budget included a \$50 million distribution financed out of the state's CRF allocation. This was distributed to LEAs to be used for purposes in accordance with U.S. Treasury guidance and divided among LEAs in proportion with a poverty-weighted formula defined in federal law under subsection (i) of section 5001 of the CARES Act, reduced by the amount that each LEA may have received in federal assistance awarded under the Paycheck Protection Program.
- *ESSERF.* The FY 2020 Budget further included a distribution of \$41,715,400 in ESSERF, which was also distributed through the CARES Act. These funds were divided among LEAs in proportion with a poverty-weighted formula defined in federal law under subsection (i) of section 5001 of the CARES Act. The FY 2020 Budget contained an off-setting reduction to general revenue-financed permanent foundation aid ("formula aid") in the same amount.

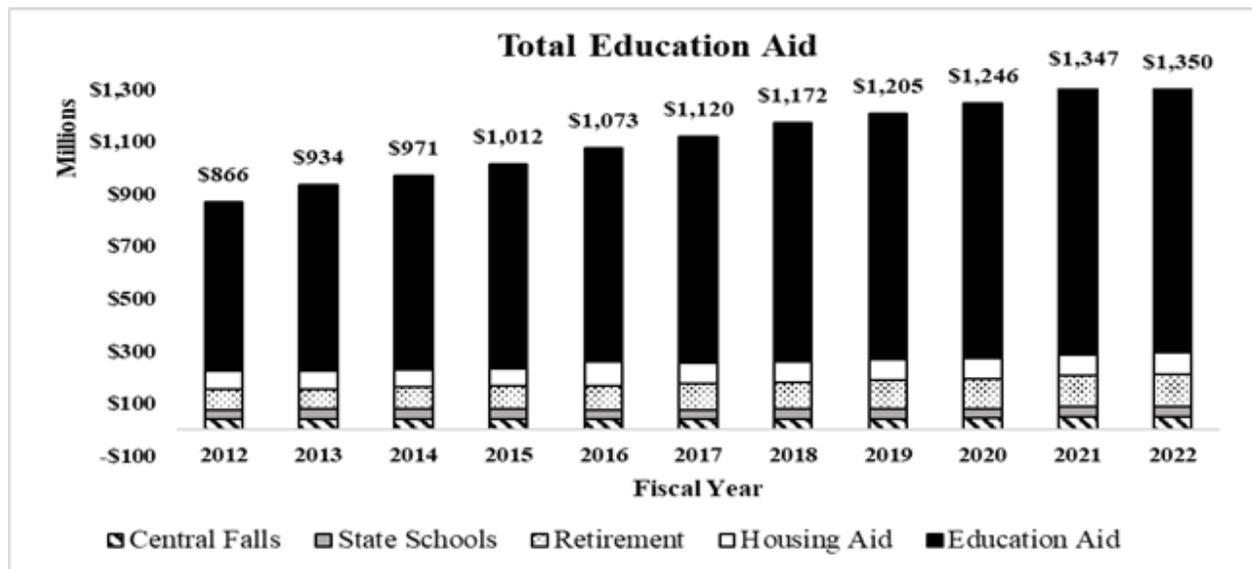
Additionally, many LEAs were beneficiaries of other COVID-19 related federal funding opportunities including the Governor's Emergency Education Relief (GEER) Fund and federal Emergency Management Agency reimbursement of eligible expenses under the Stafford Disaster Relief and Emergency Assistance Act ("Stafford Act") which was distributed directly to LEAs. Most recently the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSAA) which was signed into law on December 27, 2020 included additional allocations of ESSERF funds. At the time of the Governor's FY 2022 Recommended Budget submission the rules governing this funding opportunity were not yet finalized and therefore not discussed herein.

Total Education Aid – All Sources of Funds

The following graph displays total school aid from FY 2012 to FY 2022, 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).

(please see table on next page)

EDUCATION AID TO LOCAL GOVERNMENTS



School Construction Aid

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

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

In FY 2019, the Governor transferred the personnel costs of the SBA employees to RIHEBC, 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

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

*Adjusted for deferral liability

*Rate components may not sum due to rounding.

Embargoed
until 4 p.m. Thursday, March 11

EDUCATION AID TO LOCAL GOVERNMENTS

Defined Contribution Retirement Plan

Required Contribution		<u>Employer Share*</u>			Teacher Share
<u>Rate of Payroll</u>		Local (60%)	State (40%)	Subtotal	
2021 and 2022	6.0% to 6.5%	0.6% to 0.9%	0.4% to 0.6%	1.0% to 1.5%	5.0%
2021 and 2022 (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>
2012 Actual	\$80,385,930
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
FY 2021 Revised	\$118,375,402
FY 2022 Recommend	\$123,916,166

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.

Embargoed
until 4 p.m. Thursday, March 11

EDUCATION AID TO LOCAL GOVERNMENTS

	FY 2020	FY 2020
	ESSERF Distribution	CRF Distribution
Distributed LEA Aid		
Barrington	\$79,799	\$95,647
Bristol/Warren	485,476	581,891
Burrillville	394,852	473,269
Central Falls	1,575,794	1,888,744
Chariho District	315,655	378,343
Coventry	623,392	747,196
Cranston	2,304,283	2,761,909
Cumberland	530,621	636,001
East Greenwich	69,858	83,732
East Providence	1,343,727	1,610,589
Exeter/W Greenwich	142,555	170,866
Foster	52,429	62,841
Foster/Glocester	90,511	108,486
Glocester	149,926	179,701
Jamestown	98,636	118,225
Johnston	660,667	791,874
Lincoln	476,313	570,908
Little Compton	33,278	39,887
Middletown	263,613	315,966
Narragansett	184,416	221,041
New Shoreham	12,538	15,028
Newport	795,683	953,704
North Kingstown	452,552	542,428
North Providence	720,309	863,361
North Smithfield	182,153	218,328
Pawtucket	3,618,740	4,337,415
Portsmouth	243,247	291,555
Providence	14,390,234	17,248,109
Scituate	211,568	253,585
Smithfield	202,518	242,738
South Kingstown	352,990	423,093
Tiverton	194,599	233,246
Warwick	1,488,005	1,783,520
West Warwick	961,349	1,152,271
Westerly	552,501	662,227
Woonsocket	3,308,150	3,965,142
Subtotal	\$37,562,937	\$45,022,866

Embargoed
until 4 p.m. Thursday, March 11

EDUCATION AID TO LOCAL GOVERNMENTS

	FY 2020 ESSERF Distribution	FY 2020 CRF Distribution
Distributed LEA Aid- Charter Schools		
ACE (Textron)	\$-	\$-
Achievement First	\$545,524	\$653,864
Beacon Charter School	\$105,529	\$126,487
Blackstone Academy	\$157,248	\$188,477
Charette	\$86,994	\$104,271
Compass School	\$-	\$-
Greene School	\$41,435	\$49,664
Highlander	\$265,327	\$318,020
Hope Academy	\$63,432	\$76,029
International Charter School	\$92,724	\$111,139
Kingston Hill Academy	\$17,762	\$21,289
Learning Community	\$265,799	\$318,586
New England Laborers	\$-	\$-
Nowell Academy	\$104,794	\$125,606
Nurses Institute	\$126,138	\$151,189
Paul Cuffee Charter School	\$376,973	\$451,839
RIMA Blackstone Valley	\$660,508	\$791,684
RISE Mayoral Academy	\$79,071	\$94,774
Segue Institute for Learning	\$122,218	\$146,490
Southside Elementary	\$74,306	\$89,063
Times 2 Academy	\$-	\$-
Trinity Academy	\$123,207	\$147,676
Village Green	\$145,936	\$174,919
Subtotal	\$3,454,925	\$4,141,066
 Urban Collaborative: R.I.G.L. 16-3.1-11	 \$85,140	 102,049
	Revised	Recommend
State Schools		
Metropolitan School	\$316,356	\$379,184
School for the Deaf	26,441	31,692
Davies School	269,601	323,143
Subtotal	\$612,398	\$734,019
Total	\$41,715,400	\$50,000,000

Embargoed
until 4 p.m. Thursday, March 11

EDUCATION AID TO LOCAL GOVERNMENTS

	FY 2021 Revised	FY 2022 Recommend	Difference
Distributed LEA Aid			
Barrington	\$ 5,871,029	\$ 7,924,118	\$ 2,053,089
Bristol/Warren	12,729,102	11,451,794	(1,277,308)
Burrillville	14,215,960	13,842,636	(373,324)
Central Falls ⁽¹⁾	45,109,045	47,702,746	2,593,701
Chariho District			
Charlestown	1,310,336	1,291,300	(19,036)
Coventry	23,496,099	24,148,032	651,933
Cranston	68,450,816	68,487,125	36,309
Cumberland	20,695,039	20,422,979	(272,060)
East Greenwich	3,289,856	4,305,850	1,015,994
East Providence	35,899,948	36,600,667	700,719
Exeter/W Greenwich	4,350,102	4,366,399	16,297
Foster	1,030,628	1,057,919	27,291
Foster/Glocester	4,636,715	5,104,254	467,539
Glocester	2,121,901	2,422,153	300,252
Hopkinton	5,488,552	5,590,417	101,865
Jamestown	370,888	291,969	(78,919)
Johnston	18,685,883	19,503,143	817,260
Lincoln	15,036,330	15,942,184	905,854
Little Compton	397,611	432,020	34,409
Middletown	7,845,645	8,132,606	286,961
Narragansett	2,206,524	2,178,394	(28,130)
New Shoreham	177,909	191,118	13,209
Newport	13,931,736	14,882,864	951,128
North Kingstown	11,791,198	11,216,037	(575,161)
North Providence	24,841,560	26,825,954	1,984,394
North Smithfield	6,126,606	6,263,989	137,383
Pawtucket	92,085,924	94,713,925	2,628,001
Portsmouth	3,734,751	3,672,196	(62,555)
Providence	268,637,548	278,651,701	10,014,153
Richmond	4,693,797	5,149,642	455,845
Scituate	2,647,517	2,358,211	(289,306)
Smithfield	5,997,058	6,923,461	926,403
South Kingstown	4,583,287	4,679,622	96,335
Tiverton	7,380,299	6,774,565	(605,734)
Warwick	38,025,655	39,493,871	1,468,216
West Warwick	29,438,359	30,857,785	1,419,426
Westerly	8,114,881	7,937,325	(177,556)
Woonsocket	68,633,774	70,022,952	1,389,178
Subtotal ^{(1) (2)}	\$ 884,079,868	\$ 911,813,923	\$ 27,734,055

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until 4 p.m. Thursday, March 11

EDUCATION AID TO LOCAL GOVERNMENTS

	FY 2021 Revised	FY 2022 Recommend	Difference
Distributed LEA Aid- Charter Schools			
	\$		\$
ACE (Textron)	-	\$	\$
Achievement First	18,773,222	22,629,513	3,856,291
Beacon Charter School	3,342,828	3,500,151	157,323
Blackstone Academy	4,082,450	4,242,769	160,319
Charette	2,001,614	2,099,907	98,293
Compass School	612,659	613,965	1,306
Greene School	1,366,254	1,413,961	47,707
Highlander	7,017,056	7,322,483	305,427
Hope Academy	2,662,389	3,194,674	532,285
International Charter School	3,625,251	3,817,555	192,304
Kingston Hill Academy	829,329	838,431	9,102
Learning Community	7,123,717	7,440,461	316,744
New England Laborers	1,388,664	1,425,168	36,504
Nowell Academy	1,862,069	1,939,401	77,332
Nurses Institute	3,068,016	3,205,056	137,040
Paul Cuffee Charter School	9,387,180	9,848,158	460,978
RIMA Blackstone Valley	20,728,109	22,396,253	1,668,144
RISE Mayoral Academy	3,115,902	3,757,135	641,233
Segue Institute for Learning	3,084,298	3,207,666	123,368
Southside Elementary	1,683,255	1,765,915	82,660
Times 2 Academy	8,291,394	8,698,561	407,167
Trinity Academy	2,416,711	2,535,389	118,678
Village Green	2,386,642	2,492,043	105,401
Subtotal	\$ 108,849,009	\$ 118,384,615	\$ 9,535,606
Urban Collaborative: R.I.G.L. 16-3.1-11	\$ 1,555,465	\$ 1,630,145	\$ 74,680
Subtotal	\$ 994,484,342	\$ 1,031,828,682	\$ 37,344,341
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	3,038,684	3,038,684	
Regional District Transportation	4,622,676	4,622,676	
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	-		
School Resource Officer Support ⁽⁴⁾	325,000		(325,000)
Subtotal	\$ 38,246,360	\$ 37,921,360	\$ (325,000)

Embargoed
until 4 p.m. Thursday, March 11

EDUCATION AID TO LOCAL GOVERNMENTS

	FY 2021 Revised	FY 2022 Recommend	Difference
State Schools			
Metropolitan School ⁽¹⁾	\$ 9,342,007	\$ 9,342,007	\$ -
School for the Deaf	6,737,594	7,242,627	505,033
Davies School ⁽¹⁾	13,726,982	14,437,904	710,922
Subtotal ⁽¹⁾	\$ 29,806,583	\$ 31,022,538	\$ 1,215,955
Other Aid			
Teachers' Retirement	\$ 118,375,402	\$ 123,916,166	\$ 5,540,764
School Housing Aid ⁽³⁾	80,000,000	80,000,000	-
Subtotal	\$ 198,375,402	\$ 203,916,166	\$ 5,540,764
Total	\$ 1,260,912,687	\$ 1,304,688,746	\$ 43,776,059

⁽¹⁾ Includes both Formula Aid and Stabilization funds in FY 2021 and FY 2022.

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

⁽³⁾ Includes the School Building Authority Capital Fund.

⁽⁴⁾ FY 2022 reflects the categorical fund sunsets at the end of FY 2021.

Embargoed
until 4 p.m. Thursday, March 11

Appendix F

The Budget

Process

Embargoed
until 4 p.m. Thursday, March 11

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 2022 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 2022 is the fiscal year commencing on July 1, 2021 and ending June 30, 2022). 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.

Embargoed
until 4 p.m. Thursday, March 11

THE BUDGET PROCESS: A PRIMER

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.

THE BUDGET PROCESS: A PRIMER

- *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.

THE BUDGET PROCESS: A PRIMER

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

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

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

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

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

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

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

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

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

Mid-July	Capital Budget Requests due to Office of Management and Budget.
Late July	Budget Instructions and Funding Targets distributed to Agencies.
Mid September	Budget requests of Agencies with enacted all funds budget of \$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.

THE BUDGET PROCESS: A PRIMER

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

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

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until 4 p.m. Thursday, March 11

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until 4 p.m. Thursday, March 11

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Department of Elementary and Secondary
Education
Department of Health
Governor's Commission on Disabilities
Commission on the Deaf & Hard of Hearing
Office of the Child Advocate
Office of the Mental Health Advocate
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Secretary of State
RI Industrial Facilities Corporation
RI Industrial-Recreational Building Authority
RI Student Loan Authority

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RI Public Transit Authority
RI Turnpike and Bridge Authority
RI Convention Center Authority
Rhode Island Ethics Commission
Executive Office of Commerce
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Embargoed
until 4 p.m. Thursday, March 11

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