



Budget Analysis

Governor's Fiscal Year 2024 Budget Proposal

Items Affecting Children and Families

Governor Dan McKee's proposed Fiscal Year 2024 (FY 2024) \$13.75 billion budget includes many items that will affect the well-being of Rhode Island's children and families, including:

EARLY LEARNING AND DEVELOPMENT

- **Child Care:** The Governor's proposed FY 2024 budget includes \$74.3 million in federal funds and \$10.2 million in state general revenue to fund the RI Child Care Assistance Program. This is \$14.4 million (\$13.4 million federal and \$1 million state) more than the FY 2023 revised budget allocation and takes into account increased caseload projections and increased rates for family child care providers negotiated under collective bargaining. The Governor also recommends that federal *American Rescue Plan Act (ARPA)* funds continue to be used through FY 2024 to provide retention bonuses for educators and direct care staff at licensed child care centers and family child care homes, to provide education opportunities to early educators, and for an early educator workforce registry.
- **Head Start & Early Head Start:** The proposed FY 2024 budget provides level funding for 130 Head Start seats, including \$1.2 million in state general revenue and \$200,000 in state-allocated federal funds from the Child Care and Development Block Grant.
- **RI Pre-K:** The proposed FY 2024 budget adds \$7 million in state general revenue to prevent the closure of 40 RI Pre-K classrooms/800 RI Pre-K seats for four-year-olds for the 2023-2024 school year after federal preschool expansion funds have expired. In addition, \$1.3 million in state general revenue is allocated to prepare for 35 new RI Pre-K classrooms to be added in the 2024-2025 school year. The state's Pre-K expansion plan requires adding 35-40 new classrooms each year from FY 2025 through FY 2028 in order to reach the goal of 5,000 Pre-K seats for children ages three and four.

ECONOMIC WELL-BEING

- **Sales Tax:** The proposed budget reduces the sales tax from 7% to 6.85% (Rhode Island does not tax food or clothing) translating to a loss of \$25 million in revenue and an estimated yearly savings of \$39 per household. It also puts a hold on the 3% scheduled increase in the gas tax while also proposing a refund on the electricity and natural gas tax, which would provide an average of \$30 in relief for about 250,000 natural gas customers and \$24 in relief for about 450,000 electric customers.
- **Child Support:** Recommends the transfer of \$22 million to finance the transition of the Office of Child Support Services RIKidsBridge child support case management system to a web-based system. The Governor also recommends funds to support 1.0 additional FTE legal staff for child support enforcement.
- **Housing and Homelessness Assistance:** Recommends adding \$30 million in federal *ARPA* funds to the \$15 million appropriated in FY 2023 to expand shelter capacity to better meet the needs of individuals and families experiencing homelessness. Consolidates the timeline for *ARPA* housing investments so that the \$250 million in funding originally appropriated for multiple fiscal years is included in the FY 2024 budget. Recommends adding \$2.7 million in general

revenue to hire 21 additional FTEs for the new Housing Department. Along with the 17 FTE positions transferred from the Office of Housing and Community Development, this will bring the total number of positions to 38 FTEs.

EDUCATION

- **Education Funding:** Fully funds the education funding formula, including an increase of \$57.8 million over FY 2023.
 - Recommends increasing the **student success factor** from 40% to 42%, providing an additional \$9.9 million to school districts to meet the needs of students in low-income families.
 - Creates a new component of the education funding formula to support **students experiencing homelessness** Funding will be determined using 25% of the core student per pupil education expenses multiplied by the homeless enrollment and the state share ratio and is budgeted at \$2.5 million for FY 2024.
 - Increases categorical funding by \$7.8 million for **Multilingual Learners**, bringing total state funding to \$12.8 million, \$4.8 million for **special education**, bringing total state funding to \$9.3 million, \$8.0 million for early childhood (**RI Pre-K**), bringing the state total to \$22.9 million, and \$1.4 million for **transportation**, bringing the state total to \$10.7 million, and level funds **career and technical education** at \$4.5 million.
 - Creates the **Public Schools of Choice Supplemental Transition Fund** and provides \$7.9 million to help school districts experiencing enrollment losses due to transfers to charter schools. Communities would be compensated for 60% of funding losses the first year and 30% the following year.
 - Includes a one-time investment of \$8.5 million to provide **temporary enrollment transitional support** for school districts experiencing other types of enrollment losses due to students transferring to private schools, different districts, out-of-state moves, or an increase in the number of students in poverty.
 - Recommends an increase of \$1.2 million over FY 2023 to the **Central Falls School District** for a total of \$50.2 million.
- **Out-of-School Time:** Recommends \$4 million in *ARPA* funds for **out-of-school time learning grants** that will be distributed through the Rhode Island Department of Education (RIDE) Office of Student, Community, and Academic Support.
- **All Course Network:** Proposes \$250,000 in state general revenue funds to maintain funding for the All Course Network Initiative.
- **School Housing Aid:** Includes an increase of \$14.9 million over FY 2023 in school construction aid for a total of \$103.5 million.
- **New Positions:** Recommends funding for two new RIDE positions, including \$155,909 to support a Multilingual Learner Specialist FTE position to support and train district leaders and \$133,907 for an FTE Transformation Specialist to work with district leaders in consistently low performing schools.
- **Longitudinal Data System:** Section 1 of Article 3 of the Governor’s proposed FY 2024 budget includes language creating the *RI Longitudinal Data System Act*, which would move what is currently known as the DataHub and operated by DataSpark at the University of Rhode Island and establish the State’s Longitudinal Data System (SLDS) which would be overseen by the Office of the Postsecondary Commissioner. The SLDS will track progress from early learning through postsecondary education to employment. The goal is to connect data across sectors to support research aligned with the state’s priorities, inform policymaking and program evaluation, and improve the well-being of all Rhode Islanders.
- **Higher Education:**
 - Recommends an increase of \$668,101 for the **Rhode Island Promise Scholarship** bringing the total to \$8.6 million.
 - Recommends an increase of \$4.8 million (\$9.6 million in total) in the Office of the Postsecondary Commissioner’s budget for the **Last Dollar Scholarship** program which provides scholarships for attendance at in-state public and private higher education institutions.
 - Recommends \$2.5 million in the Office of the Postsecondary Commissioner’s budget for a one-time **Fresh Start Scholarship** program at the Community College of Rhode Island to support adult students with some college credits and no degree.

- Recommends \$8 million in federal *ARPA* funds for the **RI Reconnect Initiative**, to improve postsecondary degree and credential attainment among underserved, working-age Rhode Islanders and address barriers to education and workforce training completion (including transportation and child care), particularly among Communities of Color and low-income communities.
- Recommends \$140,668 for a new FTE position to serve as the **Director of P-20 Readiness and Transition** to implement the state’s PK-20 Public Education Strategic Plan.
- **Educator Workforce:** Recommends \$4.0 million in funding, \$800,000 over FY 2023, for the **Wavemaker Fellowship**, a competitive student loan reimbursement program, which encourages college graduates to start their careers in Rhode Island and includes funds to extend the program to teachers. Section 7 of Article 7 of the Governor’s proposed FY 2024 budget includes language adding teacher to the list of professions that would be eligible for the RI Wavemaker Fellowship and extends the sunset date to December 31, 2024.

HEALTH

- **Medicaid:** During the COVID-19 public health emergency, states were required to maintain Medicaid coverage for most enrollees. On April 1, 2023, states will begin reviewing all Medicaid enrollees’ eligibility and end coverage for those found ineligible. The Governor’s proposed budget for FY 2024 includes several budgetary items to support this process.
 - Includes \$5.7 million (\$1.3 million in state general revenue) for the United Health Infrastructure Project (UHIP) system to support Medicaid eligibility redetermination activities.
 - Includes \$372,000 (\$206,000 in state general revenue) to hire three appeals officers for the expected high volume of eligibility appeals needs during the redetermination process.
 - Includes \$1.3 million to automatically enroll people in a HealthSource RI qualified health plan and pay for the first two months of health insurance premiums for those determined to no longer be eligible for Medicaid during redeterminations.
 - The budget does not yet include funding for compliance with federal conditions and regulations required by the *Consolidated Appropriations Act* that was signed into law on December 29, 2022, but notes that the Governor will be submitting an amendment to reflect these changes, including mandatory 12-month continuous coverage for children enrolled in Medicaid starting January 2024 and changes to Federal Medicaid Assistance Percentage (FMAP) enhancements which will gradually decrease.
- **9-8-8 Mental Health Hotline:** Recommends \$1.6 million in *ARPA* funds to continue to support the implementation of the national suicide hotline until a permanent source of funding is identified.
- **Certified Community Behavioral Health Clinics (CCBHCs):** Recommends \$22.4 million, including \$7.2 million from state general revenues to finance the new CCBHC model. This assumes delaying the statutory start date from July 1, 2023 to February 1, 2024. CCBHCs provide behavioral health supports, medical screening and monitoring, and social services to vulnerable populations in response to a rise in mental health needs during the pandemic.
- **Equality in Abortion Coverage Act:** Recommends expanding the *Reproductive Privacy Act* and provides funding to allow for abortion coverage for individuals covered by Medicaid (\$592,000) and the state employee health plan (\$29,500).
- **Health Equity Zones:** Moves the Health Equity Zone Initiative including 7.0 FTEs from the Department of Health to the Executive Office of Health and Human Services.
- **CEDAR Family Centers:** Recommends a rate increase of \$1.2 million (\$552,000 in state general revenue) to increase rates for the CEDAR Family Centers to ensure equitable access to services for Medicaid eligible children with special health care needs and their families and to adequately serve children through the Katie Beckett Medicaid eligibility pathway.

SAFETY

- **Budget and Staffing:**

- Recommends a total budget for the Department of Children, Youth and Families (DCYF) of \$342 million (including \$218.4 million from state general revenues), an increase of \$27.5 million over the FY 2023 enacted budget.
- Recommends an additional 3.0 FTEs for DCYF than were authorized in FY 2023.
- Recommends an increase in the Executive Office of Human Services' legal staff, including 2.0 FTEs for DCYF to reduce attorney caseload ratios.
- Recommends an increase of \$136,678 in state general revenue for the Office of the Child Advocate (OCA), which is statutorily mandated to protect the legal, civil, and special rights of all children and youth in the care of DCYF, bringing the total to \$1.6 million.
- Recommends level staffing of 10.0 FTEs for the OCA.
- **Child Welfare**
 - Recommends an increase of \$3.6 million in general revenue (\$7.8 million from all sources) for **placement and community-based provider rate increases**. This increase reflects the expected rate for DCYF contracts for placement (both foster and congregate care) and community-based providers.
 - Recommends funding to accommodate the hiring of 3.0 FTE positions to support the efforts underway for DCYF's accreditation by the Council on Accreditation as well as 2.0 FTE positions to meet workload study standards in accordance with the Children's Rights Lawsuit settlement of mutually agreed upon commitments for improvement. The Governor recommends filling these positions within the existing agency FTE authorization.
 - Recommends estimated savings of \$3.0 million in state general revenue, \$5.0 million all funds, attributable to updated caseload projections in DCYF programs for FY 2024.
 - Recommends \$375,000 in ARPA funds for **lead abatement and fire safety upgrades in foster homes**, consistent with the appropriation schedule for this project outlined in the enacted FY 2023 Budget.
 - Recommends \$194,806 in general revenue for **Higher Education Incentive Grants**, which are available for youth in the care and custody of DCYF who wish to pursue postsecondary education at a state college in Rhode Island.
- **Juvenile Justice**
 - Article 1 of the Governor's proposed budget for FY 2024 recommends \$15.0 million in Rhode Island Capital Plan Funds for construction of an **in-state residential treatment facility** for youth with behavioral health needs currently being served at out-of-state facilities, hospitals, or the Rhode Island Training School. This is the first appropriation of \$45 million over a three-year period which will end in FY 2026. The Governor also recommends that \$11 million of ARPA funds allocated in FY 2023 for a **psychiatric residential treatment facility for female youth** be used to expand an existing facility or construct a new facility to provide an additional 12 placements for female youth. The remaining \$1 million will be used to design the new female youth facility.
 - Recommends an increase of \$286,941 in general revenue for 3.0 FTE positions at the **Rhode Island Training School** due to an increase in the average daily population of youth after several months of decline during the COVID-19 pandemic.