Revised FY2022 Supplemental Budget Enacted – Will Allocate 10% of American Rescue Plan Act Funds

On January 4, 2022, Rhode Island’s House and Senate passed and Governor Dan McKee signed into law a supplemental budget for the current fiscal year, FY2022. Originally proposed in October 2021 and then amended and approved by the General Assembly’s finance committees in December, the legislation allocates approximately 10% of Rhode Island’s $1.13 billion in flexible state Fiscal Recovery Funds from the American Rescue Plan Act (ARPA). Until now, Rhode Island had remained one of very few states that had yet to allocate any of these funds.¹

The revised legislation (HB6494-A) differs from the original in three ways:

- It added $6 million in additional child care spending, to increase the semi-annual retention bonuses from $1,000 to $1,500 (for an annual total of $3,000 per recipient).
- Whereas the original version proposed only general spending categories, the revised version incorporated into the bill specific expenditure items, mostly in line with what the Governor had proposed in a supporting memo and provided through verbal testimony from representatives of the administration yet had not included in the bill itself. For instance, the Governor promised that 20% of $12.5 million in direct grants would go to minority-owned businesses, and the revised version of the bill requires this. In a few cases, the expenditures are divided differently, for example with a larger amount directed to performance-based payments for Early Intervention professionals. In principle, the more detailed language in the bill will prevent possible redirection of the funds to other uses, even if well-intended, thereby allowing the General Assembly to maintain greater control and oversight of these expenditures.
- It requires some additional reporting requirements, including monthly reports from the Office of Housing and Community Development, as well as a progress report every 60 days from the Department of Children, Youth, and Families (DCYF).

Under the enacted legislation, $119 million will be disbursed to four state agencies – $74.5M for the Executive Office of Commerce, $13.0M for the Executive Office of Health and Human Services (EOHHS), $12.5M for the Department of Children, Youth, and Families (DCYF), and $19.0M for the Department of Human Services (DHS) – to support projects in five areas: business assistance, affordable housing, broadband, pediatric primary care, and direct care. Nearly two-thirds of the funds will go to Commerce to aid businesses and develop affordable housing and broadband infrastructure, with the remaining third going for human and social services, mostly to increase pay for child care and other direct care workers.

Business Assistance – $45.0M through the Executive Office of Commerce:

- $32.0M for financial and technical assistance to small businesses and businesses impacted by the pandemic, with aid restricted to businesses negatively impacted by COVID-19 and with less than $1 million in gross revenues and capped at $10,000 per awards program and $20,000 per business
  - $12.5M for direct grants with 20% of funds going to minority-owned businesses
  - $10.5M for technical assistance to support capacity building and upgrading technical infrastructure
  - $7.5M for increasing outdoor activities and for public health improvements like HEPA filters
  - $1.5M for administration
- $13.0M in assistance to the hospitality, event, and tourism industries, for businesses negatively impacted by COVID-19
  - $8.0M for direct grants for businesses that did not use previous federal funds or that need continued assistance
$3.0M for placemaking initiatives (e.g., public art installations, main street improvements, outdoor performance venues, etc.)

$2.0M for a tourism marketing campaign

Affordable Housing – $29.0M through the Executive Office of Commerce:

- $15.0M to RI Housing to be used alongside funds raised from general obligation bonds to develop affordable housing units through a competitive process to address needs unmet by existing state and federal funding opportunities
- $12.0M for a grant program administered by RI Housing for the acquisition of existing properties to develop affordable and supportive housing
- $1.5M to the Office of Housing and Community Development to support housing navigation and stabilization services, and mental health services for families and individuals, with monthly reports required from the Chief of the Office of Housing and Community Development
- $0.5M for temporary contract staffing at the Office of Housing and Community Development for research and data, stakeholder engagement, and a dedicated program director for homelessness programs

Broadband – $0.5M through the Executive Office of Commerce:

- $0.5M to develop a statewide plan to provide expanded broadband internet access to underserved households
  - $400,000 for a contractor to conduct mapping and a needs assessment on statewide broadband infrastructure and capacity
  - $100,000 to support hiring a broadband coordinator at the Commerce Corporation

Pediatric Primary Care – $7.5M through EOHHS:

- $6.0M for pay for stabilization grants for pediatric primary care providers
- $1.5M for pediatric primary care providers to provide incentive payments for increased developmental and psychosocial behavioral screenings

Direct Care – $37.0M through EOHHS, DCYF, and DHS:

- $5.5M through EOHHS for Early Intervention (EI) providers to address the decline in enrollment for EI, family home visiting and screening programs, and to meet the anticipated increased demand for services
  - $2.6M for salaries and bonuses, professional development, safety supplies, and outreach/engagement technology (supplemented with $3.6M in non-ARPA Coronavirus Relief Funds)
  - $2.9M for performance-based bonuses
- $19.0M through DHS for child care providers to retain existing providers, attract new providers, and meet the immediate needs of this essential industry
  - $18.7M for semi-annual retention bonuses in FY2022 of $1,500 each ($3,000 per year) for full-time and part-time staff of state-licensed child care providers
  - $0.3M for $2,000 start-up grants to providers seeking to open new Family Child Care provider sites
- $12.5M through DCYF to help stabilize the direct care staff of service provider organizations (congregate care and community-based providers) with which DCYF contracts. Funds will be used to provide $750 wage supplements and provide hiring bonuses for employees earning less than $75,000/year.

1 Guidelines issued by the U.S. Treasury explain that these funds can be used for the following purposes: to support the public health response to the pandemic; to respond to the adverse economic effects of the pandemic; to offer extra pay for essential workers; to improve water, sewer, and broadband infrastructure; and to replace local revenue lost due to the pandemic.