



Governor McKee's FY2022 Supplemental Budget Proposal to Allocate 10% of American Rescue Plan Act Funds

On October 7, 2021, Governor Dan McKee submitted to the chairpersons of the House and Senate Finance Committees a proposal to amend the current fiscal year's budget (FY2022) by allocating approximately 10% of Rhode Island's \$1.13 billion in flexible state Fiscal Recovery Funds from the American Rescue Plan Act (ARPA). Prior to the submission, a special House Task Force and the Senate Finance Committee held meetings on the ARPA funds, and many community organizations highlighted the need to use some of the funds to address immediate needs. The House and Senate Finance Committees began holding hearings on the Supplemental Budget Proposal (HB6494) during the week of October 18.¹ Rhode Island remains one of fifteen or so states that have yet to allocate any of these funds.²

Under the Governor's plan, \$113 million would 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 \$13.0M 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 would 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
 - \$12.5M for direct grants with the aim of 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
 - \$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 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
- \$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 performance incentive payments to pediatric primary care providers to support investment, infrastructure, and staffing
- \$1.5M for pediatric primary care providers to provide enhanced screenings for socio-emotional health and social determinants of health

Direct Care – \$31.0M 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
 - \$4.5M for salaries and bonuses, professional development, safety supplies, and outreach/engagement technology
 - \$1.5M for performance-based bonuses
- \$13.0M through DHS for child care providers to retain existing providers, attract new providers, and meet the immediate needs of this essential industry
 - \$12.7M for semi-annual retention bonuses in FY2022 of \$1,000 each (\$2,000 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 supplement wages for employees earning less than \$75,000/year. For the approximately 1,500 workers employed by 37 contracted providers, this would mean a monthly supplement of \$694.50 (close to \$8,000/year) each for FY2022. Payment would be made retroactive to July of 2022.

¹ The committees are taking testimony in writing and in person. To see the committee calendars, go to https://status.rilegislature.gov/legislative_committee_calendar.aspx.

² 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.