

January 22, 2024

Budget Bill Introduced

On Thursday, January 18, the Governor's state budget proposal was introduced as a bill.

[H 7225](#) contains appropriations for all state programs and agencies. The bill also contains numerous changes in state law related to the budget, known as budget articles. A bill to make adjustments to the current fiscal year budget was also introduced [H 7224](#).

The House and Senate Finance Committee will hold hearings on all of the budget articles and all of the appropriations organized by the State Department or Agency in the coming months. Information on the proposed budget can be viewed on the Governor's budget page by clicking [here](#).

Education Aid

Education Aid proposed by the Governor was included in the budget bill. His budget proposal increases education aid by approximately \$20 million. He has also proposed an additional \$16 million state funding for multi-language learners. The proposed state aid to education by community can be viewed [here](#). In looking at total education aid, including all categorical funding, school districts are increased by \$14 million and state funding for charter schools is going up \$20 million. More detailed information on state education appropriations will appear in next week's Smith Hill Report.

Budget Articles

[Article 2](#) – State Funds. Current law provides that after the state budget is audited at the end of a fiscal year, then half of the state excess revenue is put into the retirement fund and half is put into a supplemental budget reserve account. Though the drafting is unclear, it appears that Section 3 of this Article preserves the funding going into the retirement fund and eliminates the funding going into the supplemental budget reserve.

Section 4 of this article creates a special account for state owned group homes. Section 5 of this Article creates a Group Home Facility Improvement Fund.

[Article 3](#) – Government Reform and Reorganization. Section 15 of this Article authorizes the Department of Health to collect data on Rhode Island's Healthcare Workforce, including demographic information, language, anticipated years to retirement, and other information. Section 19 of this Article creates a supplemental set of ethics regulations for state workers involved in procurement. Among the many changes proposed in Section 20 of this Article is clarification on the existing exemption of public higher

education institutions from procurement related to research. Section 28 of this Article increases the appropriation and amends the process used to grant tuition assistance offered to children exiting the DCYF system under the Higher Education Opportunity Incentive Grant program.

Article 4 – Debt Management. This Article approves \$9 million for utility infrastructure upgrades at the University of Rhode Island.

Article 5 – Capital Development. This Article places several state bond questions on the November 2024 ballot. Among the proposed bonds is a \$135 million bond for public higher education. \$80 million will be for a Biomedical Sciences building at URI and \$55 million will be for renovation of Whipple Hall for the Institute for Cybersecurity & Emerging Technologies at Rhode Island College.

Additional bonding authority proposed for the ballot includes \$60 million for a State Archives and History Center, \$100 million for Housing, and \$50 million for Green Economy projects.

Article 6 – Taxes and Fees. Sections 4 and 5 of this Article eliminate references to funding student drug prevention programs with a portion of payments for motor vehicle speeding violations and moving violations. Section 22 of this Article increases the amount of income that is not taxable from \$20,000 to \$50,000 per individual of taxable pension or annuity income. This change would be effective January 1, 2025.

Article 7 – Economic Development. Section 9 of this Article extends a number of tax credit programs for another year, including the Stay Invested in RI Wavemaker Fellowship program, that offers tax credit for student loan payments for certain qualified individuals.

Article 8 – Education. Section 1 of this Article caps the increase in education formula funding to the 5-year average consumer price index increase starting in FY 2025. The Section also increases the amount of state funding for English language learners from 15% over core instructional per-pupil amounts to 25%. Section 2 of this Article provides state funding for students eligible for reduced-price lunch so that the lunch is free for those students. A similar funding subsidy is created for the school breakfast program.

Pension Advisory Working Group

The Pension Advisory Working Group held a two-hour hearing on Wednesday, January 17. Dan Doonan of the National Institute on Retirement Security testified about the increase turnover in public employment and drew connections to the diminished pension benefits. The League of Cities and Towns testified as well, urging the group to be cautious in their approach in recommending any changes. They made a point to object to requiring new employees to participate in Social Security. The Pew Research Center offered testimony summarizing pension changes adopted in other states. There was also testimony about state debt.

A list of potential pension changes was drafted by staff at the General Treasurer's office based on testimony submitted at the hearings. The list will be used to begin to develop actuarial costs of different pension changes. The next meeting is scheduled for Wednesday, January 31.

Bill Introductions

Rhode Island Early Educator Compensation Stabilization Act

([S 2038](#), Cano, Senate Finance)

This bill would direct the Department of Human Services and the Department of Education to work collaboratively to sustain and strengthen existing workforce development and compensation programs for educators working in licensed child care and early learning programs statewide.

Innovation Zone Schools

([S 2039](#), de la Cruz, Senate Education)

This bill would allow for a public school or a group of public schools to implement an innovation plan through the local school board, as approved by the state board. Each plan would be subject to review every two (2) years by the local school board, as well as the Department of Elementary and Secondary Education.

Mandatory Disclosure of Education Information

([S 2041](#), DeLuca, Senate Education)

This bill would enable parents and guardians to review public school learning materials in advance and object if they decide that the material is harmful. The bill would provide that a parent or guardian may then withdraw his or her student from the activity or class, where the material is used and request an alternative assignment. The bill would also require, that in order to ensure the parent's or guardian's rights, every school committee or charter school governing body must disclose on their website a list of the learning materials and activities used for instruction organized by subject area and grade level.

Rhode Island Retirement Savings Program Act

([S 2045](#), Kallman, Senate Finance)

([H 7127](#), Shanley, House Finance)

These bills would establish the Rhode Island secure choice retirement savings program administered by the General Treasurer, which shall promote greater retirement savings for Rhode Island private sector employees in a convenient, voluntary, low-cost, and portable manner. The General Treasurer would be charged with collecting contributions through payroll deductions and investing these funds in accordance with best practice for retirement savings vehicles. The General Treasurer would also be responsible for encouraging employee participation and ensuring ease of administration for participating employers and portability of retirement benefits for participating employees. These bills would become effective for all eligible employers within thirty-six (36) months of the General Treasurer opening the program enrollment following a phased implementation period.

Universal School Breakfast and Lunch

([S 2046](#), Acosta, Senate Finance)

This bill would require free breakfast and lunches to be provided for all elementary and secondary students attending public schools.

Education Savings Account Voucher Program

([S 2050](#), DeLuca, Senate Finance)

This bill would require the General Treasurer, upon a request to the Department of Education (RIDE) by a parent or guardian, to establish an education savings account to assist and support the parents, guardians and caretakers of students in any school district of the state with the tuition, materials, tutors, technology and other educational support for any student learning at home or at any other remote-learning site. The amounts contributed and interest earned would be exempt from the state income tax.

Income Tax Deduction - Pensions - Income Threshold Increase

([S 2058](#), Felag, Senate Finance)

This bill would increase the federal adjusted gross income threshold for modification for taxable social security income. This bill would also amend references to the federal adjusted gross income as it pertains to modification of taxable retirement income from certain pension plans or annuities.

Parent Rights - Private Schools

([S 2095](#), Lombardi, Senate Judiciary)

([H 7021](#), Azzinaro, House Education)

These bills would make it explicit that parents and guardians of children with disabilities in private schools have the same rights and remedies as parents/guardians of children in public schools. These bills would also provide a procedure in superior court to enforce these rights and remedies.

Office of Inspector General

([S 2114](#), DeLuca, Senate Judiciary)

([H 7027](#), Nardone, House Finance)

These bills would establish the office of inspector general as an independent administrative agency charged with the responsibility to investigate, detect, and prevent fraud, waste, abuse, and mismanagement in the expenditure of public funds.

Public Sector CBA - Naming of Medical Insurer

([S 2119](#), Tikoian, Senate Labor)

([H 7107](#), DeSimone, House Labor)

These bills would repeal the law prohibiting Collective Bargaining Agreements for state employees, public school teachers and municipal employees from requiring that an employer procure a healthcare benefit plan from a specific provider. It would allow governmental employee union contracts to contain specific references to specific health insurance companies.

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