STATE OF RHODE ISLAND
DEPARTMENT OF
ADMINISTRATION

OFFICE OF MANAGEMENT & BUDGET

Pandemic Recovery Office

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MEMORANDUM

To: The Honorable Daniel J. McKee, Governor

From: Paul L. Dion, Ph.D., Director

Date: December 2, 2025

Subject: **Reclassification of Unexpended State Fiscal Recovery Funds**

This memorandum summarizes the recommended reclassification of unexpended State Fiscal Recovery Funds (SFRF). The authority for reclassification of unexpended balances and program income is contained in Section 6 of Article 13 H-5076 Substitute A:

> In the event that any state fiscal recovery fund program underspends its appropriation or receives program income as defined by U.S. Treasury and would put the state at risk of forfeiture of federal funds, the governor may propose to reclassify unspent funds or program income from the at-risk program to other eligible uses as determined by U.S. Treasury. This proposal shall be referred to the General Assembly. For a state fiscal recovery fund program, if the amount of the underspend or receipt of program income is less than or equal to one million dollars ($1,000,000) and less than or equal to twenty percent (20%) of its total appropriation, the governor's proposed reclassification shall take effect immediately. For a state fiscal recovery fund program, if the amount of the underspend or receipt of program income is greater than one million dollars ($1,000,000) or greater than twenty percent (20%) of its total appropriation, the governor's proposed reclassification shall go into effect thirty (30) days after its referral to the General Assembly by the governor unless rejected by formal action of the house and senate acting concurrently within that time

DCYF – Psychiatric Residential Treatment Facility

The recommendation is the reclassification of SFRF underspend in the *DCYF – Psychiatric Residential Treatment Facility* project to a new eligible use titled *DCYF – Female Youth Residential Treatment Facility*. The contract for the construction of the female youth residential treatment facility (FYRTF) located in Exeter was entered into by the Department of Children, Youth, and Families (DCYF) with Gilbane Building Company on January 8, 2024, thereby creating an obligation prior to the SFRF obligation deadline of December 31, 2024. The cost of

constructing the FYRTF is an eligible use of SFRF funds under the U.S. Treasury Expenditure Category of Revenue Replacement.

The *DCYF – Psychiatric Residential Treatment Facility* project was appropriated $12,000,000 in the FY 2023 enacted budget. One million dollars ($1,000,000) of this appropriation was allocated to the Department of Administration's (DOA) Division of Capital Asset Management and Maintenance (DCAMM) for the design of the FYRTF. The design of the FYRTF was completed on September 18, 2024, at a cost of $999,850. The remaining $150 was reallocated back to the *DCYF – Psychiatric Residential Treatment Facility* project providing it with an allocation of $11,000,150.

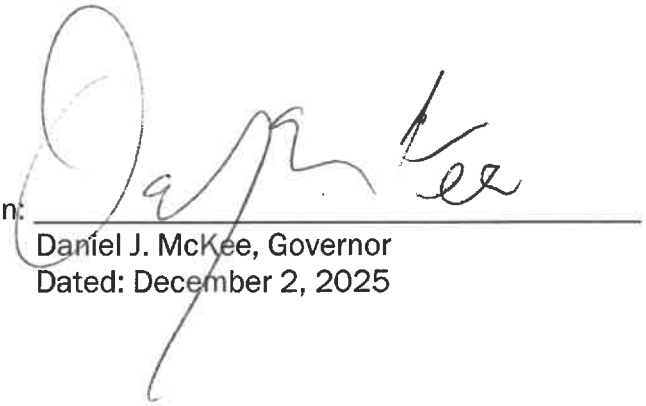
On January 13, 2023, the Department of Children, Youth, and Families (DCYF) entered a contract with St. Mary's Home for Children (St. Mary's) to construct a female psychiatric residential treatment facility (PRTF) and operate said facility upon construction completion. On August 24, 2024, St. Mary's ceased operations and on December 19, 2024, DCYF terminated its contract with St. Mary's for the construction and operation of the PRTF. Prior to this contract termination, St. Mary's had spent $1,539,020 toward the construction of the PRTF. This contract termination resulted in $9,461,130 of underspend in the *DCYF – Psychiatric Residential Treatment Facility* SFRF project. The SFRF funding for the *DCYF – Psychiatric Residential Treatment Facility* project was re-obligated via an interagency agreement between DCYF and DOA on December 30, 2024.

In the FY 2025 revised budget, $2,900,000 of the $9,461,130 appropriation for the *DCYF – Psychiatric Residential Treatment Facility* SFRF project was reclassified to the *DHS – SNAP Retail Incentive Pilot* project to cover costs incurred by the State in the Eat Well, Be Well program in calendar year 2024. This change left $6,561,130 of underspend for the *DCYF – Psychiatric Residential Treatment Facility* SFRF project.

On June 24, 2025, DCYF entered a Memorandum of Agreement (MOA) with DOA allocating $1,000,000 to DCAMM "for services related to conducting due diligence on a proposed property to serve as a Female Psychiatric Residential Treatment Facility (PRTF)." This MOA reduced the minimum underspend in the PRTF SFRF project to $5,651,130.

DCAMM expended $225,495 from the $1,000,000 allocation noted above. The remainder, $774,505 will not be used by DCAMM for due diligence costs associated with "a proposed property to serve as a Female Psychiatric Residential Treatment Facility (PRTF)" and thus is underspend that is added to the $5,651,130 of previously noted underspend in the *DCYF – Psychiatric Residential Treatment Facility* SFRF project. Thus, the total underspend from the *DCYF – Psychiatric Residential Treatment Facility* SFRF project available for reclassification to the *DCYF – Female Youth Residential Treatment Facility* SFRF project is $6,335,635.

Please accept this memorandum as a recommendation for your referral to the General Assembly for the reclassification of SFRF project underspend. Since the total amount being reclassified exceeds $1,000,000 and 20% of the total appropriation for the *DCYF – Psychiatric Residential Treatment Facility* SFRF project, the General Assembly has 30 days from the receipt of this referral to take formal action to reject this recommendation. Absent formal action rejecting this recommendation, the recommendation will take effect 30 days from the date of this memorandum.

Approved for Reclassification: 

Daniel J. McKee, Governor
Dated: December 2, 2025

cc: Dorothy Pascale, State Controller
Joseph Codega, Jr., Executive Director/State Budget Officer
Hon. Marvin L. Abney, Chairman, House Finance Committee
Hon. Louis P. DiPalma, Chairman, Senate Finance Committee
Sharon Reynolds Ferland, House Fiscal Advisor
Stephen Whitney, Senate Fiscal Advisor