



# OFFICE OF MANAGEMENT & BUDGET

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April 29, 2026

The Honorable Marvin L. Abney  
Chairperson  
House Committee on Finance  
82 Smith Street  
Providence, RI 02903

**Re: House Bill 7250 – An Act Relating to Public Finance – State Budget**

Dear Chairperson Abney:

Thank you for providing the Office of Management and Budget (OMB) the opportunity to submit this letter of opposition in response to House Bill No. 7250. This bill would cap expenditures based on a five-year increase in personal income or the annual rate of inflation based on the consumer price index.

OMB shares the sponsors' commitment to aligning state spending growth with inflation to the greatest extent possible. As of the Governor's Fiscal Year 2027 budget submission, state general revenue expenditures are projected to average 3.5% annually over the next five years. The economic forecast adopted at the November 2025 Revenue Estimating Conference projected inflation to remain above 3% through Fiscal Year 2027 before moderating to below 3% beginning in Fiscal Year 2028. Acknowledging that these are projections, State spending is already close to – if not within – inflation.

Furthermore, state personnel and operations, local aid, and capital spending are projected to grow at rates below 3% – at 2.6%, 2.6%, and 1.6%, respectively, reflecting policymakers' commitment to aligning cost growth to inflation. The primary causes of general revenue cost growth in the coming years are grants and benefits, which are expected to grow at 5.2% annually. This reflects ongoing expectations that healthcare and social service costs will continue to outpace inflation, a trend intensified by recent federal policy changes enacted by the federal reconciliation bill (H.R. 1) that shifts a greater share of these costs to the State.

H.R. 1 is projected to result in a combined loss of revenues and higher costs of \$55.6 million in Fiscal Year 2027, increasing to \$160.0 million by Fiscal Year 2031.

Impacts include:

- Increasing states' share of Supplemental Nutrition Assistance Program (SNAP) administrative costs from 50% to 75%, requiring an additional \$9.3 million in Fiscal Year 2027 and approximately \$13.0 million in Fiscal Year 2028.

- Establishing a state cost-sharing requirement for SNAP benefits, which are currently fully federal funded, based on each state's payment error rate. Starting in federal Fiscal Year 2028, states with an error rate between 6% and 8% must contribute 5% of SNAP benefits; states with an error rate between 8% and 10% must contribute 10%; and states with an error rate greater than 10% must contribute 15%. Under those conditions, Rhode Island may have to pay as much as \$50.0 million in Fiscal Year 2028, emphasizing the importance of reducing the State's SNAP error rate.

The Governor's budget proposal included \$19.3 million in general revenue for information technology systems, personnel, and resources to ensure Rhode Islanders keep their benefits and to maximize federal funding. The proposal also includes \$9.5 million in general revenue to backfill the lost enhanced Affordable Care Act subsidies for individuals under 200% of the federal poverty level, and it provides \$4.2 million in general revenue to help offset hospitals' losses by providing uncompensated care.

H.R. 1 illustrates how unforeseen federal action can dramatically alter state spending requirements. The existing budget process, which encompasses several months of public testimony and open dialogue between fiscal staffs, allows for informed, responsible decision-making as well as the flexibility to respond to emerging shifts outside of the State's control. Adding the bill's requirement only reduces flexibility at a time when it is acutely needed to confront an uncertain federal environment.

We appreciate the opportunity to share our comments on this legislation with the Committee. Should you have any questions or require further information, please do not hesitate to contact my office.

Sincerely,



Brian M. Daniels

Director, Office of Management and Budget

cc: The Honorable Members of the House Committee on Finance  
The Honorable George A. Nardone  
Nicole McCarty, Esq., Chief Legal Counsel to the Speaker of the House  
Christopher O'Brien, Committee Clerk