



# OFFICE OF MANAGEMENT & BUDGET

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May 21, 2026

The Honorable Louis P. DiPalma  
Chair  
Senate Committee on Finance  
Rhode Island State House  
Providence, RI 02903

**Re: Senate Bill No. 2103 – An Act Relating to Public Finance – State Budget**

Dear Chair DiPalma,

Thank you for providing the Office of Management and Budget (OMB) the opportunity to submit this letter of concern in response to Senate Bill No. 2103, which would phase in a zero-based budgeting process for state agencies. In accordance with the bill, a “zero-based budget” is an approach to budgeting from the perspective that the budget is being initiated for the first time, requiring justification for each line item.

Zero-based budgeting is intended to encourage a thoughtful approach to allocating limited resources, but it fails to address the reality that many state expenditures result from federal or state mandates that cannot be changed solely by implementing zero-based budgeting for the agency budget submission process. The purpose of zero-based budgeting is to focus on funding the highest priority items. However, if an item is lower priority, but statutorily required, an agency would require a separate legislative process to effectuate a change in statute to truly implement zero-based budgeting. Further, because zero-based budgeting requires justification for each line item, it is labor intensive and would require additional FTEs to effectuate.

For new funding requests, OMB employs a thorough vetting process through which a state agency provides detailed justification, including how the initiative makes progress toward the agency’s mission and aligns with its performance measures. The proposal must include the initiative’s evidence base to help decision makers evaluate its potential outcomes versus its fiscal impact.

Additionally, OMB’s budget process often requires state agencies to submit operating requests within a constrained target, such as 5% or 10% below the agencies’ base budget. Constrained targets are intended to encourage agency finance and programmatic staff to carefully consider line items that can be reduced with no or limited impacts on their operations while aligning to a constrained fiscal environment.

The legislative session promotes further evaluation through public testimony and open dialogue between fiscal staffs. The iterative process facilitates responsible decision-making and provides flexibility to respond to emerging needs. This process is intended to achieve similar results as zero-based budgeting: Making informed decisions in a constrained environment to achieve the best outcomes with the best value for constituents.

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,

A handwritten signature in black ink, appearing to read "Brian M. Daniels". The signature is fluid and cursive, with the first name "Brian" being the most prominent.

Brian M. Daniels  
Director, Office of Management and Budget

cc: The Honorable Members of the Senate Committee on Finance  
The Honorable Jessica de la Cruz  
Kristen Silvia, Deputy Chief of Staff and Director of Legislation  
Jamie Plume, Committee Clerk