

**February 27, 2025**



Dear Colleagues,

The Rhode Island budget is a key policy that determines how the state spends its money and allocates resources. It's a statement of our state's priorities, values, and commitments and lays the foundation for our future. Every year Rhode Island KIDS COUNT prepares an analysis of the Governor's Proposed State Budget, which identifies budget items that will affect the well-being of Rhode Island's children, youth, and families. We hope that this enclosed analysis helps you in your advocacy on behalf of Rhode Island's children.

**We are pleased that Governor Dan McKee's Proposed FY 2026 budget:**

- Includes an **assault weapons ban**
- Creates a **Baby Bond program** that will provide a \$3,000 trust for each baby born into a family receiving RI Works that they can access when they turn 18 and spend in Rhode Island on higher education, vocational training, purchasing a home, or starting a business
- Creates **new funding streams for housing and homelessness initiatives**
- **Increases funding to schools that serve a high concentration of children living in poverty**
- **Provides funding for a Health Professional Loan Repayment Program** to help keep pediatricians in Rhode Island.

We are grateful for these investments and will advocate for them to remain in the budget as the General Assembly begins its process of reviewing and approving the budget.

However, there are many other critical investments that were not included in the Governor's proposed budget and that are needed to meet the immediate and long-term needs of Rhode Island's children and families and to ensure the future prosperity of our state. **We know there are budgetary constraints, but we must prioritize programs and services that address the needs of the most vulnerable Rhode Islanders and that protect the future of our children and our state.**

**Child Care:** Child care is essential if we want families, and mothers in particular, to be able to work and increase their income. We are grateful for investments made last year to increase eligibility for families and provide rate increases for providers. However, we are disappointed to see the **proposed \$1.1 million cut for quality infant and toddler child care**. We also need to remove the outdated requirement that families participate in child support enforcement and make the successful Child Care for Child Care Educators program permanent.

**Early Educators:** The proposed budget does not include funding to continue programs that have been providing financial support to retain early educators working in licensed child care and early learning programs - the Child Care WAGES national model which provides wage supplements to early educators with educational credentials or the Child Care for Child Care Educators program. In 2022, the median hourly wage for child care educators in Rhode Island was \$13.97, about the same as for fast food workers.

**Family Home Visiting:** The budget does not include the state match funds needed to draw down the federal funds needed to support evidence-based family home visiting programs. In 2024, Rhode Island was one of only three states and territories that did not meet the federal match, forfeiting some federal funds.

**Children's Health:** The proposed budget does not include the adoption of continuous Medicaid coverage for children under age 3, a policy that has been adopted by 12 other states and DC to ensure that babies and young children with Medicaid (about 50% of all young children in Rhode Island) have consistent access to preventive, specialized, and emergency health care. The budget also does not include funds to expand families' birth options and improve birth outcomes by expanding Medicaid coverage of Certified Professional Midwives and Licensed Midwives.

**Children's Mental Health Crisis:** The proposed budget does not increase access to mental health support in schools so schools can hire and retain school social workers, nor does the budget provide funding to sustain Mobile Response Stabilization Services, a program that has helped connect kids to mental health services and kept them out of Emergency Rooms. The budget also does not include funds to support maternal, infant, and early childhood mental health by permanently funding MomsPRN and PedPRN and developing and funding an infant early childhood mental health professional hub. These funds are needed to address the ongoing children's mental health crisis.

**Increase Family Income Security:** The proposed budget does not provide general revenue or allocate additional federal TANF funds to improve or expand access to RI Works, a program that helps very low-income families meet their basic needs by providing cash assistance and work supports, including employment services, food assistance, health insurance, and subsidized child care. Improvements to RI Works can help meet the Governor's goal of increasing family incomes by helping our children in the poorest families. The proposed budget also does not increase the state's Earned Income Tax Credit (EITC), a proven way to lift children out of poverty, put money in families' pockets, and support local businesses.

**Child Hunger:** We are grateful that last year's budget included funds to provide free school meals to children previously eligible for reduced-price meals. However, the proposed budget misses the opportunity to build on last year's downpayment. All children need access to free and healthy school meals and this is an investment that Rhode Islanders overwhelmingly support and that is needed to fight hunger and ensure that children are ready to learn.

**Child Welfare:** The proposed budget does not increase funding for the higher education incentive grant to help children in foster care pursue higher education.

**Multilingual Learners:** We are grateful that last year's budget increased funding for Multilingual Learners and built this funding into the core funding formula. However, funds are still needed to ensure that Rhode Island has trained teachers and dual language programs needed to support these students.

**Raise More General Revenue:** The budget does not include a plan to increase revenue so the state can make needed investments in child care & early learning, education, roads & bridges, and public transportation. Increasing taxes on the wealthiest 1% of Rhode Islanders would provide these needed funds.

There is no other way for Rhode Island's economy to grow and for our state to prosper but to equitably invest in our children and their families. Rhode Island KIDS COUNT will continue to advocate for our [2025 legislative and budgetary priorities](#) alongside youth, parents, providers, and community partners. **We hope that you join us.**

Sincerely,  
Paige Parks  
Executive Director  
[Rhode Island KIDS COUNT](#)



## Budget Analysis

### Governor's Fiscal Year 2026 Budget Proposal

### Items Affecting Children and Families

Governor Dan McKee's proposed Fiscal Year 2026 (FY 2026) \$14.2 billion budget includes many items that will affect the well-being of Rhode Island's children and families.

#### EARLY LEARNING AND DEVELOPMENT

- **Child Care Assistance Program:** Level funds the Child Care Assistance Program with \$9.9 million in general revenue.
- **RI Pre-K:** Proposes a \$1.1 million cut in general revenue funding for the early childhood education categorical fund which has been allocated to support access to quality infant and toddler child care in alignment with the state's Pre-K expansion plan. Pre-K classrooms were level funded at \$28.9 million in general revenue to maintain 2,997 seats.
- **Head Start & Early Head Start:** Provides level funding of \$3.0 million in state-allocated federal TANF funds, \$1.2 million in state general revenue, and \$200,000 in state-allocated federal funds from the Child Care and Development Block Grant for Head Start and Early Head Start programs.
- **Early Intervention:** Level funds Early Intervention. As of January 2025, there were 283 infants and toddlers who had been waiting more than 45 days for Early Intervention services.

#### ECONOMIC WELL-BEING

- **Baby Bonds:** Recommends creating a \$3,000 trust for each baby born into a family on RI Works, with funds managed and invested in stocks and bonds by the Treasurer's office over 18 years. The investment is expected to grow to \$12,000–\$15,000 by the time the child reaches age 18, at which time funds can be used for higher education, vocational training, purchasing a home, or starting a business in Rhode Island. Funding of approximately \$500,000 annually would come from the unclaimed property account overseen by the Treasurer's Office starting in FY 2027.
- **RI Works:** Includes \$2.0 million in general revenue savings for the Department of Human Services by shifting personnel expenses to Temporary Assistance for Needy Families (TANF) Block Grant funding. This change could threaten the state's ability to meet its \$64.4 million Maintenance of Effort (MOE) requirement and potentially reduce future TANF Block Grant funding.
- **Housing/Homelessness:** Creates a new dedicated funding stream for housing and homelessness initiatives by applying a 5% hotel tax on whole home short-term rentals, which is projected to generate \$2.1 million in FY 2026 and \$4.7 million in FY 2027. Increases the real estate transfer tax on properties over \$800,000, which is projected to generate \$2.3 million in FY 2026 and \$3.4 million in FY 2027, which would go to the Housing Resources and Homelessness Fund.

#### EDUCATION

- **Education funding:** Increases general revenue funding for K-12 education by \$43.4 million over FY 2025.
  - Provides a core funding amount of \$13,322 per student and increases the **student success factor** from 40% to 43% for high-poverty districts, including Central Falls, Newport, Pawtucket, Providence, and Woonsocket.

- Provides level funding of categorical aid for **high-cost special education**, an increase of \$1.2 million for **transportation**, a decrease of \$1.0 million for **early childhood/Pre-K**, and a decrease of \$2.0 million for **career and technical education**. A **multilingual learner** factor (20% weight) is now provided for every student in the three lowest English proficiency categories. This was a separate categorical fund from FY 2017-2024 and was moved to a formula weight in FY 2025.
- Recommends **limiting the allowable reduction in local payments that school districts pay to charter schools and state-operated schools** to 14% of the per-pupil amount starting in FY 2026.
- Recommends \$53.7 million dollars to the **Central Falls School District**, which includes a \$300,000 decrease in stabilization funding as part of an effort to transfer finance and governance back to local control.
- **School Housing Aid:** Increases school housing aid by \$13.7 million over FY 2025, bringing the FY 2026 appropriations to \$119.9 million.
- **Work-Based Learning:** Invests \$2.0 million to provide youth with work-based learning experiences through programs such as the PrepareRI High School Internship Program and Real Skills for Youth.
- **Dual and Concurrent Enrollment:** Recommends investing \$2.9 million to expand opportunities for high school students to take college courses for credit, enabling them to earn both high school and college credits simultaneously.
- **Learn365RI Program:** Recommends \$2.5 million in general revenue for Learn365RI grants to cities and towns to support high-quality out-of-school time programming.
- **Reduced Price Breakfast and Lunch Subsidy:** Provides \$800,000 from general revenues to provide free breakfast and lunch to public school students eligible for reduced-price meals through the federal program. Total funding is consistent with the FY 2025 enacted budget, the first year of this program.
- **Higher Education:**
  - **Teachers of Color Higher Education Access:** Recommends allocating \$100,000 to the Rhode Island School for Progressive Education to support access to higher education opportunities for teachers of color, a decrease of \$100,000 from FY 2025.
  - **Rhode Island Promise Scholarship Program:** Allocates \$8.3 million to support the Rhode Island Promise Scholarship program, which provides financial assistance to eligible students pursuing higher education at the Community College of RI, an increase of \$958,645 compared to FY 2025.
  - **Rhode Island Hope Scholarship Program:** Includes \$5.5 million to support the Rhode Island Hope Scholarship Program at Rhode Island College, a \$2.1 million dollar increase from FY 2025.
  - **Last Dollar Scholarship:** Recommends \$9.9 million (including \$6.5 million in general revenue) for the Last Dollar Scholarship Program, consistent with the FY 2025 enacted level.

## HEALTH

- **Health Care Workforce:** Recommends \$200,000 from general revenue for the Health Professional Loan Repayment Program, which will leverage \$200,000 in matching funds, for a total of \$400,000. This program pays a portion of an eligible health care professional's student loan if the participant agrees to work for two years in a health care shortage area and will be used for loan repayment assistance for primary care physicians, including pediatricians. Recommends adding a review of Medicaid rates for primary health care, including pediatric care, to the biennial rate review conducted by the Office of the Health Insurance Commissioner (OHIC) starting in September 2027.
- **Medicaid:**
  - Includes \$500,000 to add four positions in the Executive Office of Health and Human Services to evaluate **pharmacy expenses** and develop strategies to address program costs with a projected costs savings of \$3.7 million in FY 2027 and \$8.0 million in FY 2028. This could result in excluding more medications or formulations as a cost savings measure.
  - Recommends six new positions (four at the Executive Office of Human Services and two at the Office of Management and Budget) to combat **Medicaid provider and Medicaid eligibility fraud** at a cost of \$1.1 million and is predicted to save \$6.9 million.

- Provides \$5.6 million in general revenue and \$56.1 million in all funds (i.e., 90% paid for with federal Medicaid funds) to **replace the current Medicaid management information system** with a more modern system, as is required by the Centers for Medicare and Medicaid Services.
- **Tobacco:** Recommends a \$0.50 increase in the cigarette tax to \$5.00 per pack, effective September 2, 2025, for a total revenue increase of \$4.4 million.

## SAFETY

- **Budget and Staffing:**

- Recommends a total budget for the Department of Children, Youth and Families (DCYF) of \$397.2 million, including \$263 million from general revenue.
- Recommends 713.5 total FTEs for DCYF, one less than FY 2025 due to the transfer of the Early Childhood Systems Coordinator from DCYF to the Department of Human Services.
- Recommends a total budget of \$2.3 million in general revenue for the Office of the Child Advocate (OCA). The OCA is statutorily mandated to protect the legal, civil, and special rights of all children and youth in the care of DCYF.
- Recommends level staffing of 13.0 FTEs for the OCA.

- **Child Welfare and Youth Justice**

- **Reducing Congregate Care and Out-of-state Placements:** Recommends reducing congregate care placements for youth in DCYF custody for a savings of \$2.4 million in general revenue and reducing out-of-state placements for youth in DCYF custody for a savings of \$4.5 million in general revenue.
- **Emergency Housing:** Recommends transferring \$6.1 million in federal TANF funds to the Social Services Block Grant to provide emergency hotel housing for families for whom housing is a barrier to reunification.
- **Consent Decree Compliance:** Recommends \$750,000 in general revenue for a consultant to oversee the State's compliance with the DCYF consent decree, which has been entered into with the United States Department of Justice related to the hospitalization of children with behavioral health needs in state care. An additional \$175,000 in general revenue has also been added to the Executive Office of Health and Human Services' budget to pay for a court monitor for the consent decree.
- **Residential Treatment Facility:** Recommends \$15.0 million in Rhode Island Capital Plan Funds for construction of an in-state residential treatment facility for youth with behavioral health needs currently being served at out-of-state facilities, hospitals, or the Rhode Island Training School. This is the next planned appropriation of \$45 million over a three-year period which will end in FY 2026.
- **Higher Ed Incentive Grant:** Recommends level funding of \$200,000 in general revenue for Higher Education Incentive Grants, which are available for youth in the care and custody of DCYF who wish to pursue postsecondary education.

- **Community Safety**

- **Assault Weapons Ban and Gun Safety Sales Tax Exemption:** The Governor endorses an assault weapon ban that would prohibit the future possession, purchase, sale, control, and manufacture of assault weapons, including semi-automatic firearms and high capacity/detachable magazines. The proposed ban grandfathers in previously obtained firearms if they are registered with the appropriate police department. The recommended budget also includes a sales tax exemption for gun safety items.

## OVERARCHING

- **Integrated Data System:** Establishes an integrated data system to support research aligned with state priorities and inform policymaking. Recommends \$300,000 from restricted receipts and 2.0 FTE for the Office of the Postsecondary Commissioner, 2.0 FTE for the Department of Administration, and 2.0 FTE for the Executive Office of Human Services to connect education, health and human services, and workforce data.