

February 19, 2026

Dear Colleagues,

This legislative session may be one of the most consequential sessions in Rhode Island's history. The slashing of federal funds, including cuts to important programs like Medicaid and SNAP, will make it difficult for many Rhode Islanders to meet their basic needs. The FY 2027 budget must meet the moment and use tax dollars to protect Rhode Island's kids and families from the effects of underinvestment and federal changes to programs and policies.



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 with your advocacy on behalf of Rhode Island's children.

We are pleased that Governor Dan McKee's Proposed FY 2027 budget:

- Creates a **permanent, fully refundable Child Tax Credit**. This proposal will put \$15 million in the pockets of low- and moderate-income families with children in FY 2027 and over \$30 million in FY 2028 and beyond.
- Generates state revenue by creating a **new tax bracket for millionaires** in Rhode Island. This proposal is estimated to generate \$67.1 million in new state general revenue in FY 2027 and at least \$134 million in FY 2028 and beyond. The 3% tax increase applies only to personal income exceeding \$1 million in Tax Year 2027. This proposal will shore up funds so the state can continue to support health care, food, and child care systems.
- **Addresses federal threats to SNAP and Medicaid** by allocating \$9.3 million to finance the State's increased administrative cost share for SNAP required by H.R.1 and \$19.3 million for technology upgrades, additional personnel, and other resources to help Rhode Islanders retain their benefits and to lower the State's SNAP payment error rate.
- Foresees increased need for food assistance and includes an increase of \$1.0 million to support the **Rhode Island Community Food Bank**.
- Makes the **Hope Scholarship** at Rhode Island College permanent

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, youth, 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.**

Early Care and Education: The proposed budget does not include any new policy proposals or funding to strengthen or expand access to affordable, quality child care, Head Start, or Pre-K or to address the staffing challenges facing early care and education programs.

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 Rhode Island in 2024, the average hourly wage for a child care educator was \$16.74, among the lowest average hourly wages of all occupations in the state.

Family Home Visiting: The budget does not include the \$535,000 in state match funds needed to draw down \$1.6 million in new federal funding to support evidence-based family home visiting programs. Since 2021, seven family home visiting programs have closed, and the number of families enrolled has dropped by 32%. In 2025, Rhode Island was one of only four states that did not meet the federal match, forfeiting some federal funds.

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.

Pediatric Health Care: The proposed budget does not include any increase in Medicaid rates for pediatric health care providers, despite the growing shortage of pediatricians.

Out of School Time: We are pleased that the proposed budget includes \$100,000 for the Rhode Island Afterschool Network to invest in the Youth Development Apprenticeship Programs. However, the budget does not include funding to support Out-of-School Time (OST) programs outside of the Learn365 initiative or for professional development and workforce training for OST providers.

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. The budget does not include any funding to sustain the Pediatric Psychiatry Resource Network (PediPRN), a proven program currently helping pediatric health care providers meet the mental health care needs of their patients. The PediPRN program will close in September 2026 without state funding. These funds are needed to address the ongoing children's mental health crisis.

School Funding: We are pleased that the Governor has proposed increasing the student success factor from 40% to 43% to provide additional support for children in poverty. However, the Governor's budget does not propose improved strategies for identifying students living in poverty. Fear has resulted in a large decrease in the number of students participating in SNAP and therefore identified as living in poverty, and changes to federal eligibility and reporting requirements for SNAP may continue to impact this number. The result will be schools receiving less state funding to educate children living in poverty. Using the state's income tax system along with direct certification based on eligibility for a broader set of public benefits (e.g., Medicaid, SNAP, etc.) and counting students as living in poverty when students do not match state income tax records, would help address this issue.

There is no other way for Rhode Island to get through devastating federal changes than to invest in our children and their families. Rhode Island KIDS COUNT will continue to advocate for [our 2026 legislative and budgetary priorities](#) alongside youth, parents, providers, and community partners.

We hope you will join us.

Sincerely,



Paige Parks
Executive Director
Rhode Island KIDS COUNT



BUDGET ANALYSIS

Governor's Fiscal Year 2027 Budget Proposal Items Affecting Children and Families

Governor Dan McKee's proposed Fiscal Year 2027 (FY 2027) \$14.9 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: Reduces state funds for the Child Care Assistance Program by \$100,000 from \$9.9 million to \$9.8 million.

RI Pre-K: Level funds the early childhood categorical fund at \$28.9 million to sustain existing RI Pre-K classrooms.

Head Start and Early Head Start: Level funds \$1.2 million in state general revenue funding for Head Start, \$200,000 in federal Child Care Development Block Grant funds, and \$3.0 million in federal TANF funds.

Early Intervention: Proposes a Medicaid rate increase equal to 50% of the Office of the Health Insurance Commissioner (OHIC) recommendation for Early Intervention programs serving infants and toddlers with developmental delays and disabilities.

Family Home Visiting: Proposes a Medicaid rate increase equal to 50% of the OHIC recommendation for Family Home Visiting programs, including First Connections, Healthy Families America, and Parents as Teachers.

EDUCATION:

Education Funding: Recommends \$1.3 billion in education aid for local school districts, an increase of \$6.8 million over the FY 2026 enacted level.

- Article 7 increases the **student success factor** from 40% to 43% to provide additional support for children in poverty at a cost of \$14.4 million.
- The **Multilingual Learner factor** (20%) remains the same as last year.
- Recommends \$65.9 million in categorical aid, including level funding for early childhood education, transportation, and career and technical education and an increase of \$2.5 million for high-cost special education. The increase in funds for high-cost special education will allow the state to cover 79% of eligible expenses, up from 56% in FY 2026.

Career and Technical Education Bond: Requests voter approval of \$50.0 million in general obligation bonds to finance the creation of new career and technical education programs and improvements to existing programs. All districts would be eligible to compete for funds through a competitive grant process. Funds are intended to support workforce needs and are not limited to capital needs.

School Aid Housing: Recommends a decrease of \$17.0 million in general revenue compared to the enacted FY 2026 budget, for a total of \$102.9 million in general revenue, for school housing aid.

Learn365RI Program: Recommends appropriating \$2.0 million in general revenue to support high quality, out-of-school time programming, \$700,000 more than in the FY 2026 enacted budget. \$1.7 million would be provided as grants to municipalities to conduct Learn365RI initiatives and activities related to the program goals of improving attendance, increasing reading and math scores, and supporting FAFSA completion. In addition, \$100,000 each would be provided to the Rhode Island Afterschool Network, Teach for America Ignite, and Onward We Learn.

Reduced-Price Breakfast and Lunch Subsidy: Provides \$812,952 in general revenue to support a state subsidy for students eligible for reduced-price breakfast and lunch. This supports the provision of free breakfast and lunch to all reduced-price-eligible students in Rhode Island public schools.

Legal Oversight: Recommends \$151,704 from general revenue for a new investigator position that would support the Rhode Island Department of Education's Legal Office by investigating teacher misconduct cases.

Higher Education:

- **Rhode Island Hope Scholarship Program:** Recommends making the Hope Scholarship at Rhode Island College permanent by eliminating the June 30, 2030 sunset date. Proposes \$7.1 million to fund the scholarship, an increase of \$1.6 million in general revenue from the FY 2026 enacted budget.
- **Rhode Island Promise Scholarship Program:** Recommends \$8.1 million for the Rhode Island Promise Scholarship, an increase of \$694,490 in general revenue from the FY 2026 enacted budget, for the continued support of the Rhode Island Promise Scholarship at the Community College of Rhode Island.
- **Teachers of Color Higher Education Access:** Recommends continuing to allocate \$100,000 to the Rhode Island School for Progressive Education to support access to higher education opportunities for teachers of color.
- **Higher Education Bonds:** A total of \$215 million in higher education bonds are proposed including \$105 million to build an Integrated Health Building at URI to advance health education, clinical training, and workforce development; \$60 million to build a Workforce Innovation Center at CCRI's Warwick campus to support workforce readiness and address workforce shortages; and \$50 million to build a Student Success and Career Readiness Center at the Rhode Island College Adams Library.

ECONOMIC WELL-BEING:

Child Tax Credit: Proposes the creation of a new refundable state Child Tax Credit of \$325 per dependent child under age 19, replacing the existing dependent child exemption. This proposal will put \$15 million in the pockets of low-income families with children in FY 2027 and over \$30 million in FY 2028 and beyond.

State General Revenue: Proposes a new tax bracket of 8.99% for taxpayers with incomes over \$1 million. This change would generate \$67.1 million in new state general revenue in FY 2027 and at least \$134 million in FY 2028 and beyond. The 3% tax increase would apply only to personal income exceeding \$1 million and would take effect starting in the 2027 tax year.

Housing Bond: Recommends a \$120 million Housing and Community Opportunity Bond for housing development, infrastructure, redevelopment, property acquisition, and homeownership programs. Of these funds, at least \$25.0 million must support production of housing intended for homeownership.

SAFETY:

DCYF Consent Decree: Recommends \$4.4 million in general revenue (\$5.4 million all funds) to carry out a consent decree which has been entered into with the United States Department of Justice, related to the hospitalization of children with behavioral health disabilities in state care. This cost includes 6.0 new FTEs for the Department of Children, Youth, and Families as well as the costs associated with a court monitor to oversee the state's compliance with the DCYF consent decree.

Psychiatric Residential Treatment Facility: Recommends \$1.0 million in general revenue for the maintenance of the newly purchased property at the former St. Mary's Home for Children for a psychiatric residential treatment facility to serve youth with psychiatric needs.

Family Care Community Partnerships (FCCP): DCYF contracts with one FCCP provider in each defined region of the state to provide critical prevention resources. Article 8 ensures that DCYF can continue Medicaid reimbursement for this service when it implements a new Medicaid rate payment method in the coming years. The Governor also recommends a \$600,000 reduction in general revenue by decreasing the FCCP's flex funds by 8.5%. These funds are used for unforeseen expenses related to the care of children in DCYF care.

Higher Education 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.

HEALTH:

Addressing the Impact of H.R. 1:

- **Supplemental Nutrition Assistance Program (SNAP):** Recommends \$9.3 million in general revenue to pay for the increase in administrative costs to the state. The federal government used to split the administrative costs 50/50 with the states and beginning October 1, 2026 will only pay 25% of administrative costs.
- **Technology and Personnel Investments to Help Rhode Islanders Retain Benefits:** Recommends \$19.3 million in general revenue for information technology upgrades, upgrades to the state's call center, additional personnel, and other resources to ensure that Rhode Islanders can retain their benefits, reduce the state's SNAP error rate and maximize the amount of federal funding Rhode Island receives for critical programs like SNAP and Medicaid.
- **Rhode Island Marketplace Affordability Program Act of 2026:** Article 11 establishes the Rhode Island Individual Market Affordability Program to mitigate the impact of high and rising health care costs for low- and middle-income Rhode Islanders who purchase health insurance coverage through the exchange. Recommends \$9.5 million in general revenue and targets 20,000 individuals in households with incomes below 200% of the federal poverty line.
- **Uncompensated Care Payments to Hospitals:** Recommends \$11.0 million for disproportionate share payments to community hospitals, \$10.0 million more than the FY 2026 budget as enacted, to pay for the expected increase in uncompensated care costs incurred by hospitals serving individuals who lose health coverage because of recent federal changes.
- **Support for Community-Based Agencies:** The Governor recommends an additional \$1.0 million in general revenue to support the Rhode Island Community Food Bank with \$250,000 dedicated to local community food pantries to address expected increases in hunger due to cuts to SNAP. Recommends \$600,000 in general revenue for a one-time grant to Planned Parenthood to preserve access to preventive and reproductive health services in the face of federal funding reductions.

Mental Health:

- **Mobile Response Stabilization Services (MRSS):** Recommends \$900,000 in general revenue to cover the costs of providing MRSS to uninsured and underinsured children and youth.
- **Psychiatry Resource Network:** Recommends \$750,000 in general revenue to fund the MomsPRN program, which helps expectant and new mothers access timely mental health care through their OB/GYN or primary health care providers.

Health Care Workforce:

- **Primary Care Rate Review:** Recommends \$600,000 between FY 2026 and FY 2027 from general revenue and Medicaid matching funds for the Office of the Health Insurance Commissioner (OHIC) to produce a report on primary care reimbursement rates due by September 1, 2026.
- **Medicaid Rate Increases:** Recommends \$15.2 million in general revenue and \$24.7 million in federal funds (\$40 million all funds) to phase in the rate increases recommended by OHIC over the next two years.
- **Health Professional Loan Repayment Program:** 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.

Tobacco Taxes: Recommends several changes to taxes on tobacco products intended to reduce tobacco use, including an increase in the cigarette tax from \$4.50/pack to \$5.25/pack, which is estimated to generate \$4.5 million in revenue. Other tax changes would generate additional revenue for a total of \$8.0 million in additional revenue.