



## MEMORANDUM

To: Speaker of the House K. Joseph Shekarchi and Senate President Valarie Lawson

Cc: Members of the Rhode Island General Assembly

From: Weayonnoh Nelson-Davies, Executive Director

RE: Urgent Call for a Special Fall Legislative Session to Address Federal Cuts and Strengthen Rhode Island's Future

Date: August 27, 2025

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I urge you to please call for a **Special Fall Legislative Session** to take proactive action against federal cuts and forecasted state budget challenges.

The passage of the federal *One Big Beautiful Bill Act* has set into motion devastating cuts to programs and services that hundreds of thousands of Rhode Islanders depend on, while extending tax breaks for the wealthiest. Rhode Island faces significant and immediate threats to health care access, food security, and our state budget. While some may argue that this is not an urgent situation necessitating the call to reconvene for a special fall session, because some federal cuts are one or two years down the road, we must be proactive in securing sufficient revenue to protect Rhode Islanders and the systems and programs upon which they rely, particularly in light of the projected \$300 million state budget deficit for FY27. It is important to understand that some Rhode Islanders may experience existential challenges long before the general assembly is able to put responses into motion, likely at the close of the next legislative session, 10 months from now, with effects that might take 6 months to 2 years to be realized. Without swift action, these cuts will harm our residents, destabilize our budget, and exacerbate inequities in 2026 and beyond.

### Key Impacts on Rhode Island

- Over 300,000 residents rely on Medicaid, including 67,000 at risk of losing health coverage due to the Affordable Care Act expansion rollbacks.
- The loss of health coverage will result in delays in care, worse medical outcomes, increased wait times at emergency rooms, and hospitals being strained by having to provide more uncompensated care.
- The expiration of enhanced premium tax credits will increase HealthSource RI premiums by an average of 85% for about 40,000 residents; some may forgo coverage, and others may choose less comprehensive coverage.
- Rhode Island's estimated SNAP related costs would total over \$67 million annually due to the federal cost shift: \$51.8 million in new state obligations to cover 15% of benefits, plus \$15.8 million in administrative expenses.
- Major cuts to education and immigration protections, including access to safety net programs.

It has been reassuring to see the state take some measures to address these negative impacts by convening the Executive Office of Health and Human Services (EOHHS) and Department of Revenue (DOR) federal advisory groups, where the Economic Progress Institute (EPI) is proud to have a seat at the table.

As a committed partner in this process, EPI hosted a virtual Federal Budget Briefing with our national partner, the Center on Budget and Policy Priorities (CBPP), on July 24th. In September, we are convening policy, research, and community organizations to assess the harm of the federal law, identify urgent concerns, set priorities, and devise alternative solutions to supplement the recommendations from the federal advisory groups.

In my recent [Boston Globe commentary](#), I stressed that our path forward must include informed and timely assessments and analyses; building a Rhode Island Solution together with stakeholders across sectors; and advancing tax justice in Rhode Island by enacting a fair tax structure that ensures the wealthiest contribute their share to protect essential services and ensure our state can function.

The proposal to tax the top 1%, sponsored by Senator Murray and Representative Alzate, would raise \$190 million annually, with \$95 million available in FY 2026 if enacted this fall. This will strengthen our fiscal resilience and provide critical investments in Rhode Islanders. It would also increase tax fairness considering the richest 1% of Rhode Islanders will see a combined federal tax cut of \$354 million. On an individual basis, this means that the top 1% of Rhode Island households will receive an average tax cut of \$58,840 a year for each of the next 10 years, [according to EPI's national partner, the Institute on Taxation and Economic Policy](#).

### **The Economic Progress Institute's Request**

Thanks to the foresight of the House and Senate leadership, the 2025 legislative session remains in recess. We respectfully urge you to reconvene a **special fall legislative session** to fully review and proactively plan against the harms of the reconciliation law and **pass the bill to tax the top 1%.**

We propose allocating this revenue to:

- Provide \$40 million to fund the enhanced premium tax credits which are set to expire at the end of 2025; or, alternatively, leverage contributions from all commercial insurance, including large employer plans.
- Fully fund RIPTA as an investment in our economy by providing \$10 million to close the deficit gap, avoiding the proposed harmful service cuts or fare increases for riders. It is important to note the inequitable policy choice the state has made by spending \$239.9 million to make local governments whole from the car tax phase out, while at the same time deciding to underinvest in RIPTA and raise fares for its largely low-income-riders.
- Provide a cost-of-living increase for Rhode Island Works recipients.
- Increase the Supplemental Rainy Day Fund toward the 10% standard of other New England states to help prepare the state for the substantially increased costs of SNAP and Medicaid in the coming years.

The 2025 session's recess allows for a special fall session. Acting now will safeguard Rhode Islanders from avoidable harm and prepare our state for the challenges ahead. Delaying action risks deeper deficits and greater human costs in 2026 and beyond.