

2025 Federal Budget Reconciliation: Impacts on Rhode Islanders

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Meg Wiehe

Vice President, State Fiscal Policy and Communications
Center on Budget & Policy Priorities (CBPP)



Federal Budget Reconciliation: The Big Picture

- **Massive tax cuts for wealthy households and corporations**
- **Historically deep cuts to health care and food assistance**
- **Targets immigrants and their families for particularly harsh treatment.**
- **Retrograde setbacks to federal climate policy**
- **Major harms and costs for states, localities**
- **Significant opportunity for state and local policymakers to seize moment, mitigate harm, lay foundation for future**

REPUBLICAN LAW HURTS RHODE ISLAND

The new law strips healthcare and food assistance from those in need, all to give the wealthy more tax breaks



34,000

people will lose health coverage, including children and veterans

144,000

people at risk of losing some amount of food assistance

\$51,000,000

in new food assistance costs shifted onto the state. If lawmakers can't meet this, they would have to reduce costs by cutting eligibility or benefits.

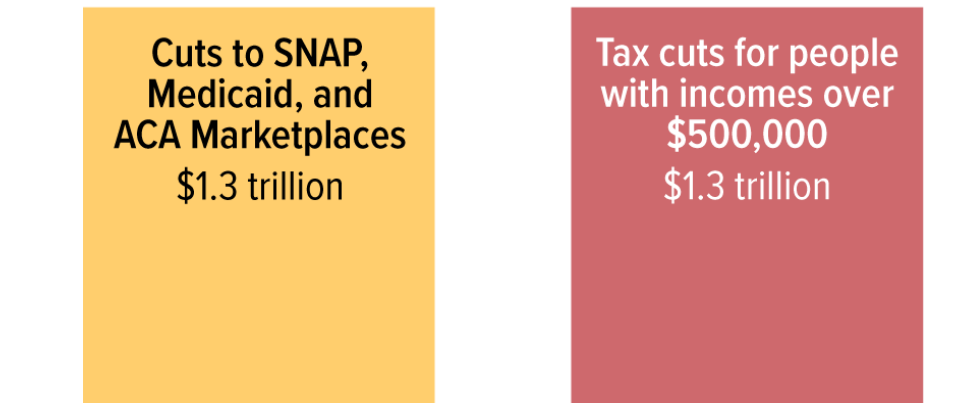
20%

tax cut for the richest 1% of Rhode Islanders making \$2.1m or more a year.

Extreme Republican Reconciliation Bill Fails Rhode Island Families, Children, and Communities

Republican Reconciliation Bill Takes Health Care and Food Assistance Away From People to Pay for Tax Cuts for Wealthy

Bill cuts SNAP and health coverage by roughly \$1.3 trillion, while giving the wealthy \$1.3 trillion in tax cuts



Note: ACA = Affordable Care Act. All estimates through 2034.

Source: Tax cuts and Affordable Care Act numbers from CBPP calculations using JCT tables D-05-25 and 25-2-052R. Both JCT tables reflect the Senate's substitute reconciliation bill (statutory draft MCG25701) released on June 16, 2025. JCT numbers are adjusted to incorporate the impact of the estate tax cut using TPC tables T25-0042 and T22-0100. SNAP from Senate Agriculture Committee estimate, as reported by Politico (June 12, 2025). Medicaid numbers from preliminary CBO estimates cited by Senate Finance Committee (June 28, 2025).

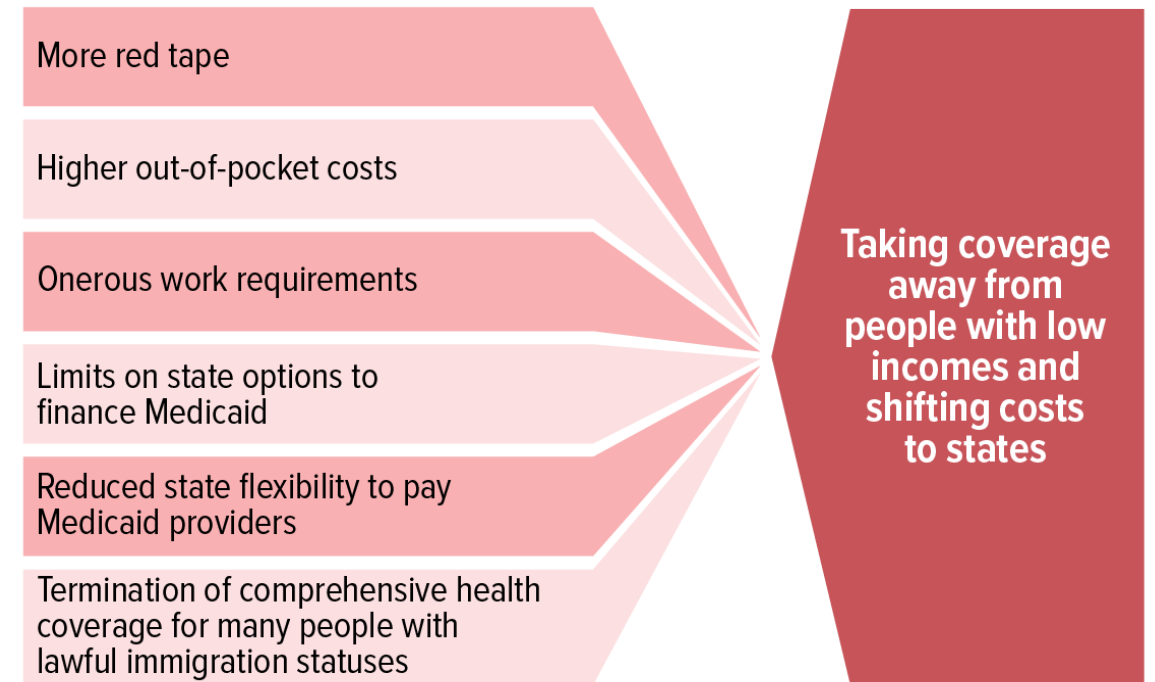
Largest Health Care Cuts in History

Takes health insurance away from **34,000 Rhode Islanders** and makes it more costly for more. **More than 15 million** across the country lose care.

- Sea of new red tape including harsh work requirements, ACA marketplace restrictions
- Fails to continue the enhanced premium tax credits that help low- and middle-income families and small business owners afford health coverage, resulting in skyrocketing premium costs
- Strips access to coverage from many lawfully present immigrants
- Sharply restricts states' ability to finance Medicaid

Health Care Cuts Take Many Forms But With the Same Result

Policies that block coverage and access to care include:



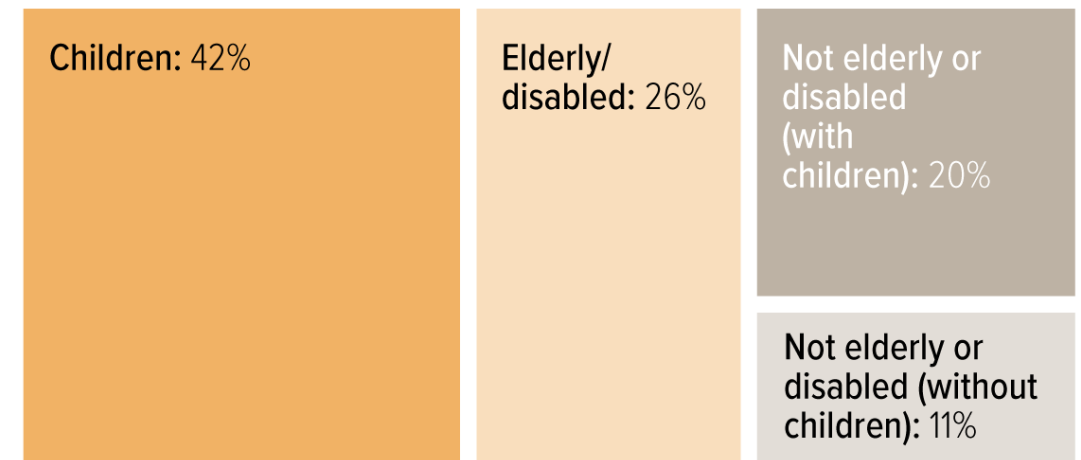
Unprecedented Cuts to Food Benefits

144,000 Rhode Islanders at risk of losing food benefits.

- Largest cut to SNAP in history (about 20%), jeopardizing food assistance for millions
- Shifts part of benefit costs (5-15% for most) to states for first time, starting in 2028
- Shifts additional administrative costs to states
- Significant expansion of SNAP's already harsh, ineffective, and red-tape laden work requirements.
More than 10,000 Rhode Islanders impacted.
- Takes food benefits away from many lawfully present immigrants.

Over Two-Thirds of SNAP Recipients Are Children, Elderly, or Disabled

Over half of those who aren't care for children at home



Note: Shares may not equal 100 due to rounding. 2020 estimates are for the pre-pandemic period of October 2019 to February 2020 only. SNAP Quality Control Household Characteristics data are not nationally representative for the remainder of fiscal year 2020 (March through September 2020) due to limitations in data collection during the COVID-19 pandemic.

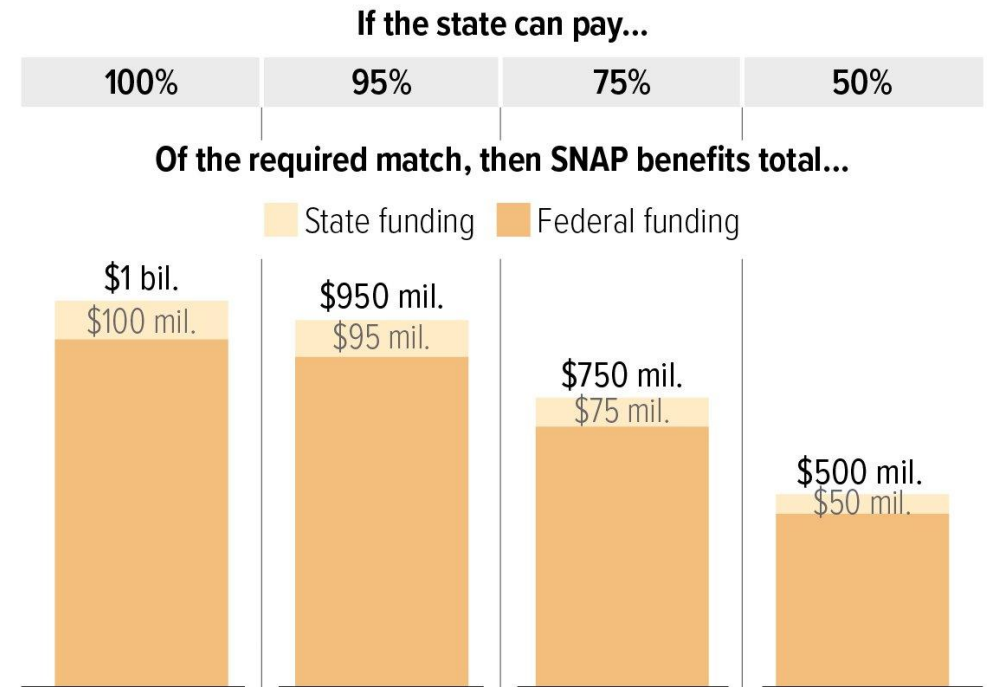
Source: CBPP tabulation of SNAP household characteristics data for pre-pandemic months of FY2020

New SNAP Cost-Sharing Will Impose Major Costs on Rhode Island

- 15% Rhode Island cost share in 2028=
\$51 million
- + **\$15.8m annually in additional administrative costs**
- This is:
 - More than double RI's investment in the state EITC

SNAP Cost Shift to States Could Lead to Large Benefit Cuts

Hypothetical state where SNAP benefits are \$1 billion a year under a 10 percent state match requirement



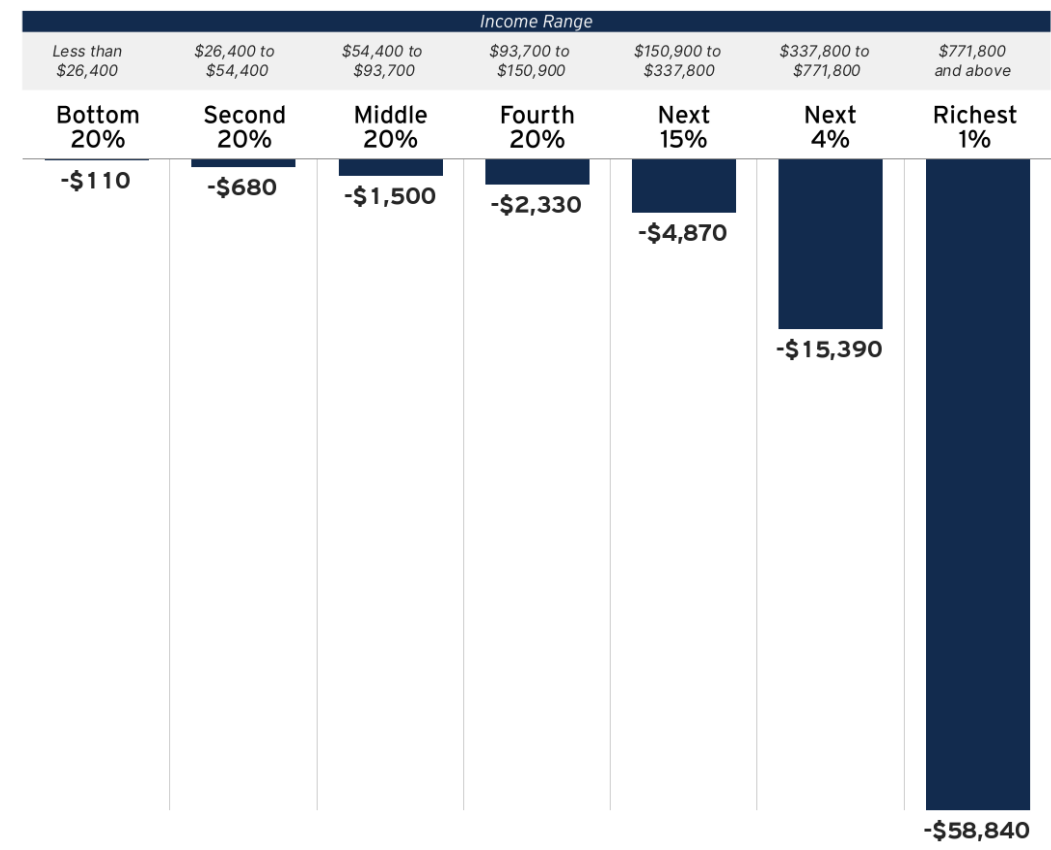
Note: The details of how Republican lawmakers plan to require states to pay a share of SNAP benefits are not yet public. A 10 percent state cost-share requirement is shown for illustrative purposes. States that could not meet that requirement while maintaining benefit levels would need to reduce benefits, thereby lowering both state and federal SNAP funding.

Delivers Massive Tax Cuts to Wealthy Rhode Islanders

- Makes permanent most major provisions of 2017 tax law skewed to the top
- Includes some new, poorly targeted priorities (e.g. exempting tips, overtime pay, auto loans)
- The **richest 1%** of Rhode Islanders would see a **combined tax cut of \$354 million** and receive 20% of the total cut in RI.

Impact of Trump Megabill in Rhode Island

Average tax change by income group in 2026



Source: Institute on Taxation and Economic Policy Tax Microsimulation Model, July 2025

... While Failing to Deliver Support to Working Families and Children

- **42,000 Rhode Island children** would get nothing from the \$200-per-child increase in the **Child Tax Credit**.
- **4,000** additional children lose the CTC due to new requirement for at least one parent to have a Social Security Number.
- New wave of tariffs layering additional economic harm to workers and families across income levels

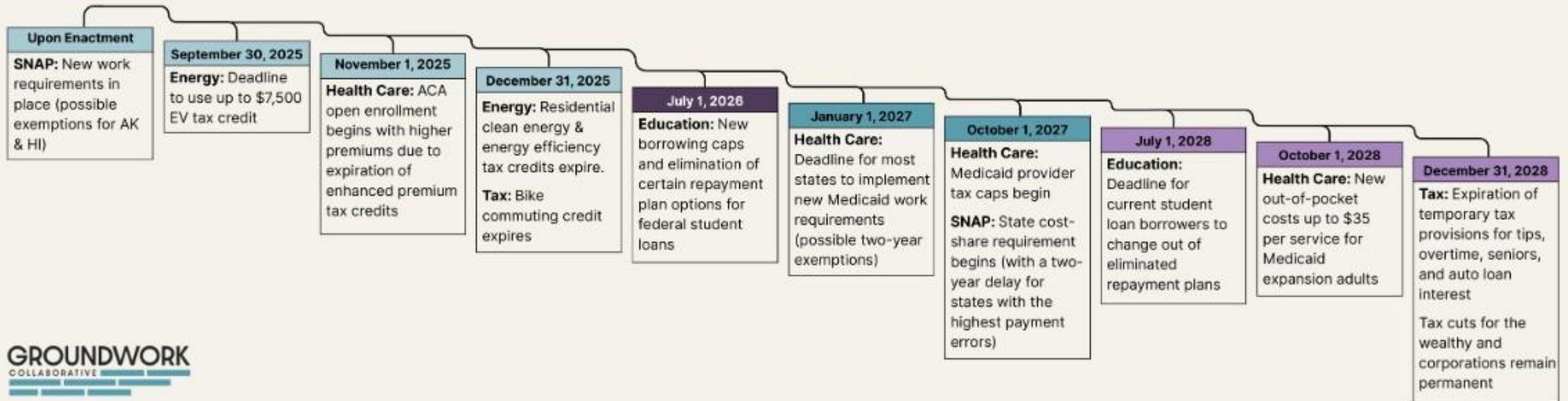
Major Setbacks to Climate Action

- **Cut \$480 billion to clean energy investments**
 - Repeal of clean energy tax credits
 - Repeal of grant and loan program authorizations
 - Grant, loan, and agency funding cuts
- **Increases energy prices while cutting jobs**
 - Increases annual household energy costs by \$180
 - Estimated **1,500** Rhode Island jobs lost



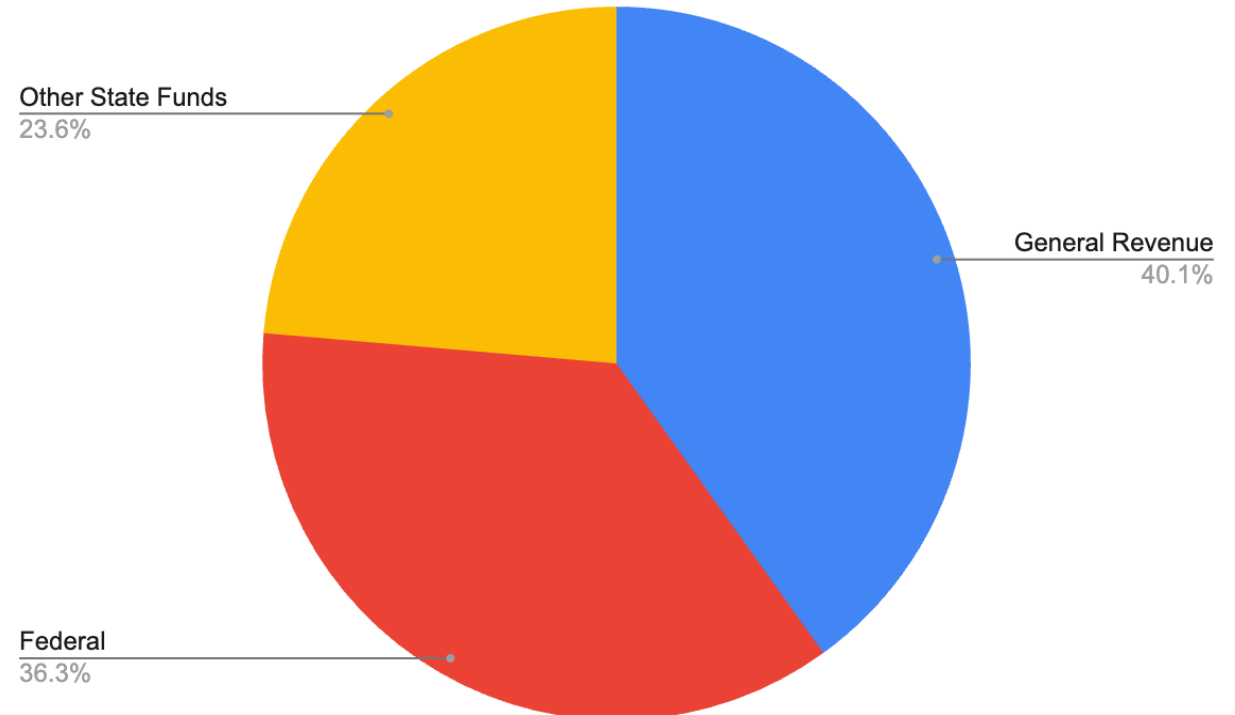
Timing of Reconciliation Impacts

Rising Costs for Families as a Result of the Budget Bill:



Republican Reconciliation Law Poses Serious Risk to States

- Shifts substantial new costs onto state governments and forces state lawmakers to make tough choices
- States (and localities) must balance their budgets, which means painful tradeoffs
- Some places likely to partially fill gap with new revenues, but most also likely to enact harmful cuts to food assistance, health care, *and* other state and local public services



Federal Funds Comprise More than 1/3 of Rhode Island's Annual Spending

Additional Federal Actions Layering Further Harm

- Widespread cuts to federal grants
- Haphazard federal layoffs
- Targeted cuts to public education funding
- Threats to end federal disaster relief and preparedness funds
- Anti-DEI effort hitting broad swath of state, local funding streams
- Tariff policies
- Anticipate additional Executive Actions
- And, annual Appropriations bill still needs to be negotiated



States, Localities Already Facing Significant Pressures

- **COVID-era federal aid now expired**
 - \$350B for states, localities, territories, tribes
 - \$122B for public K-12 schools
 - Economic stimulus that helped buoy revenues
- **Wave of costly state income tax cuts**
- **Proliferating efforts to weaken revenues specifically for public schools**
 - Property tax cuts, private school vouchers

Pew

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Recommendations for Action:

Inform - Document - Mitigate - Build Forward

- **Go on offense by building a loud and strong case for a revenue-first approach to addressing the harm of federal cuts.**
- **Guard against a cuts-first response to federal reconciliation, including the potential for overly rash reactions during fall 2025 special sessions.**
- **Coordinate closely with health and food assistance experts and advocates to identify and build a case around adjusting to new federal restrictions as inclusively and progressively as possible.**
- **Carefully consider state-specific conformity implications and strive to prevent especially costly unnecessary linkages.**