



OFFICE OF MANAGEMENT & BUDGET

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May 15, 2024

The Honorable Representative Marvin L. Abney
Chairperson, House Finance Committee
Rhode Island House of Representatives
82 Smith Street, Providence, RI 02903

Re: House Bill No. 7591 – An Act Relating to Public Finance – Medical Assistance and Public Assistance Caseload Estimating Conferences

Dear Chairperson Abney,

Thank you for providing the Office of Management & Budget (OMB) within the Department of Administration (Department) the opportunity to submit comments in response to House Bill No. 7591, which proposes new amendments to public finance law, specifically relating to caseload estimating conference monthly forecast reporting and the Governor's recommended budget for certain programs under the purview of the Executive Office of Health and Human Services and its subsidiary departments. OMB is concerned that the bill's new proposed procedural requirements could potentially impede the Governor's ability to submit a balanced budget in conformance with the State Constitution. For this reason, and others described below, the Department is opposed to House Bill No. 7591.

The referenced legislation would require the Governor to include all provider rate adjustments as recommended in the most recent Office of the Health Insurance Commissioner (OHIC) rate review for each specified department in the Governor's annual budget submission. The change would essentially place a significant portion of the budget on autopilot, requiring the Executive Branch to automatically accept certain agency budget requests without alteration. Because fiscal environments often change, curtailing the Executive Branch's ability to modify agency budget submissions would impede the Governor's ability to balance competing government needs with limited resources, thereby resulting in tax increases or inadvisable cuts to other agencies' budgets in order to accommodate the rate increases. This is a violation of the Governor's constitutional power.

Further, in his Fiscal Year 2025 budget submission, the Governor recommends phasing in most rate increases over a three-year period. The legislation appears to preclude that approach and would exacerbate the budget challenges in Fiscal Year 2026 for which OMB currently forecasts a \$244.3 million deficit (based on the five-year projections found in the Governor's recommended budget).

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Finally, Article 9, section 15 of the Rhode Island constitution grants the Governor the power to present budget proposals. It is only the General Assembly, via R.I. Gen. Laws § 35-3-2, that can authorize appropriations contemplated by this legislation.

OMB appreciates the opportunity to share our strong concerns with the Committee. If there are any questions, please feel free to contact my office at your convenience.

Sincerely,



Brian M. Daniels
Director, Office of Management & Budget

cc: The Honorable Members of the House Finance Committee
Christopher O'Brien, Committee Clerk
Nicole McCarty, Chief Legal Counsel to the Speaker of the House
Jonathan Womer, Director, Department of Administration