
The

SMITH HILL REPORT



PUBLISHED BY THE RHODE ISLAND FEDERATION OF TEACHERS & HEALTH PROFESSIONALS/AFT, AFL-CIO

January 20, 2026

Governor's Budget Highlights

Governor McKee's FY 26 Supplemental and FY 27 Budget proposals include provisions affecting education, workforce development, public employment, and tax policy. Key items include expanded capital investments at all three public higher education institutions, a permanent Hope Scholarship at RIC, and a proposed constitutional amendment granting the Governor line-item veto authority. The budget also increases funding for low-income students, extends the Wavemaker Fellowship, exempts URI from the state FTE cap, and proposes a new millionaire tax—raising income taxes by 3% on income over \$1 million. *Information on the proposed budget can be viewed on the Governor's budget page by clicking [here](#).*

Article 1 **Appropriations**

Article 1 of the FY 26 Supplemental Budget bill and Article 1 of the FY 27 Budget bill retroactively exempt the University of Rhode Island from the state FTE cap, which caps the number of full time equivalent positions each state agency can fill.

Article 3 **Government Reform and Reorganization**

Section 1 of Article 3 would put a question on the ballot to change the Rhode Island Constitution to permit the Governor to veto individual line items in the state budget.

Section 13 of Article 3 extends for one additional year the Stay Invested in RI Wavemaker Fellowship program, which provides loan forgiveness tax credits to certain professions including nurses and teachers.

Article 4 **Debt Management Joint Resolution**

Section 2 of Article 4 authorizes \$36.5 million in capital improvements to renovate 5 residential halls at Rhode Island College.

Section 3 of Article 4 authorizes \$34.8 million in capital improvements to support repaving and other projects at the University of Rhode Island.

Section 4 of Article 4 authorizes \$25.1 million in capital improvements to support renovation projects for printing and other administrative services at the University of Rhode Island.

Article 5 **Taxes and Fees**

Section 2 of Article 5 increases the tax rate for "Pass Through Entities by 3%, increasing from 5.99% to 8.99%.

Section 6 of Article 5 increases income taxes for income over \$1 million by 3%.

Section 6 of Article 5 increases the income threshold to be eligible to deduct social security benefits from taxable income.

Article 6 **Capital Development Program**

Section 1 of Article 6 puts a \$215 million Higher Education Facilities bond on the November 2026 ballot. The projects include construction of an Integrated Health Building at URI, renovations to Adams Library at RIC and construction of a Workforce Innovation Center at CCRI.

Section 1 of Article 6 puts a %50 million Career and Technical Education bond on the November, 2026 ballot.

Article 7 **Education**

Section 1 and Section 3 of Article 7 requires school construction project managers to get prequalification approval from the Department of Purchasing in lieu of the School Building Authority.

Section 2 of Article 7 increases the Student Success Factor from 40% to 43%, increasing support for students living in poverty.

Section 4 and Section 5 of Article 7 makes the Hope Scholarship Program at Rhode Island College permanent.

Study Commission on the Return of Central Falls School to Local Governance

At the end of the 2025 legislative session, the Assembly created a seven-member study commission to review the plan to return the Central Falls school district to local control. The RIFTHP is represented on the Commission. RIFTHP lobbyist James Parisi was named Chair of the Study Commission. The other members are Senator Jonathan Acosta, Representative Joshua Giraldo, Randy Rossi of the League of Cities and Towns, Sarah Friedman representing the City of Central Falls, Brian Daniels representing the Governor, and Drew Echelson representing RIDE.

The Commission began its work in December, and has been meeting regularly on Wednesday's at 4:00 pm in January. The specific purpose of the Commission is to issue a report that includes:

- A sustainable financial pathway and timeline for the City of Central Falls to contribute their local share of foundation education aid.
- A comprehensive plan for the transfer of operational and fiscal responsibility from the State to the City of Central Falls with an effective implementation date of July 1, 2026.

The Assembly website contains an archive of all Study Commission and Committee meetings, which can be accessed at the General Assembly website www.rilin.state.ri.us.



RIFTHP Lobbyist Jeremy Sencer with key House bill sponsor Representative Mary Messier

RIFTHP State House Rally – February 26

On Thursday, February 26, RIFTHP members from across the state will rally at the Rhode Island State House from 3:30 to 5:00 pm to show union strength and advocate for critical legislative priorities. The rally will highlight support for the *Rule of 90* pension reform, a *cap and moratorium on charter school expansion*, and increased *classroom safety* protections. RIFTHP is mobilizing educators, higher education professionals, healthcare workers, and public employees to make their voices heard and fight for policies that support all public sector workers and the communities they serve.

Bill Introductions

Right to Strike for Public Sector Workers

([H 7042](#), Bennett, House Labor)

This bill provides public sector workers in Rhode Island, including teachers, with the right to strike. The right excludes essential personnel, including police officers, firefighters, 911 employees, and correctional officers.

Voucher Firewall

([H 7163](#), Donovan, House Finance)

([S 2139](#), Bell, Senate Judiciary)

These bills prohibit Rhode Island from participating in the federal school voucher tax credit program unless such participation is explicitly authorized by an act of the General Assembly and approved by the Governor.

Expand Health Benefits to Adjunct Faculty

([H 7158](#), Hull, House Finance)

This bill provides that adjunct faculty members at any state college or university who teach at least 50% of the hours regularly worked by full-time faculty in a semester would be eligible for the same medical benefits as other state employees.

Survivor Benefit Increase

([H 7161](#), McEntee, House Finance)

This bill increases the monthly minimum benefit for a spouse, domestic partner, or former spouse; grants a 2.89% COLA for eligible retirees; and provides a modification reducing federal adjusted gross income for public pension benefits from the Rhode Island Employees Retirement System.

State Tax Exemption for Public Pensions

([H 7162](#), Casimiro, House Finance)

This bill allows a modification to federal adjusted gross income for all public pension benefits administered by the Employees Retirement System of Rhode Island.

Standardized Funding for Out-of-District CTE Programs

([S 2088](#), Gallo, Senate Finance)

This bill provides that the Department of Elementary and Secondary Education, in consultation with a workgroup composed of various stakeholders, develops a funding formula for school districts sending students to career and technical programs outside their district.

Rule of 85

([H 7160](#), O'Brien, House Finance)

This bill allows teachers, state, and municipal employees to retire when they have at least twenty-eight (28) years of active service and their age combined with years of service totals eighty-five (85).

No Limitation on Healthcare Benefit Providers

([S 2174](#), Bell, Senate Labor and Gaming)

This bill repeals the law that prevents a collective bargaining agreement covering state employees, public school teachers, and municipal employees from specifying a particular healthcare provider.

Questions

RIFTHP members with questions about the Smith Hill Report or our legislative agenda may reach out to RIFTHP Lobbyist Jeremy Sencer at (401) 273-9800 or at jsencer@rifthp.org

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