

I. Introduction

Uniform and dependable expenditure information is needed to accurately compare state and local expenditures. In RIPEC's opinion, a credible and commonly used source of comparative state and local expenditure data is *Government Finances* compiled by the United States Census Bureau. Thus, the analysis presented here, is based on the United States Census Bureau, Government Finance, FY 2004 data.

RIPEC's report *How Rhode Island Compares – State and Local Expenditures, 2006 Edition* provides details on state and local government expenditures for Fiscal Year 2004, the latest year for which national data are available. The publication compares Rhode Island's expenditures with those of the other 49 states and the United States average.

A comparison of Rhode Island's actual expenditures to other states would provide little, if any, useful information given the vast differences in land area, population and personal wealth. To provide a common basis for comparison, expenditures are shown on both a Per Capita and Per \$1,000 of Personal Income basis. This provides two types of common denominators that account for differences due to the population of a state (per capita measurement) and the personal income level of the state (per \$1,000 of personal income).

Per capita refers to the amount of state and local expenditures divided by the number of residents in the state. Measuring expenditures on a per capita basis shows the level of government spending for a particular service for each resident in a state. However, this measure does not reflect the ability to pay for these services or the demographic characteristics of a State. Per \$1,000 of personal income refers to the amount of state and local expenditures expended per every \$1,000 of personal income generated by the state's residents. Measuring spending against personal income provides some measure of a state's residents' ability to pay.

One should note that there are other measures to benchmark expenditures as well. For example, education expenditures can be measured on a per pupil basis or social welfare expenditures can be measured by the caseloads served. All of these measurements have their strengths and weaknesses. Therefore, several gauges should be considered in analyzing a state's expenditure trends. Nevertheless, RIPEC believes that reporting and analyzing relative expenditure trends per capita, per \$1,000 of personal income, as well as a percent of total expenditures provides a benchmark to assess a state's expenditure choices.

RIPEC relied primarily on data made available through the United States Department of Commerce's Bureau of the Census website (www.census.gov). Per capita calculations were completed by RIPEC using Census Bureau population figures and per \$1,000 of personal income calculations by using the U.S. Dept. of Commerce's Bureau of Economic Analysis income data as of March 2006.

How Rhode Island Compares – State and Local Expenditures, 2006 Edition contains four sections in addition to this Introduction:

- Section II: Executive Summary;
- Section III: Expenditure Analysis provides RIPEC analysis of the data and highlights major types of expenditures;
- Section IV: State and Local Government Expenditures contains 30 tables of expenditure data for fiscal year 2004 on a per \$1,000 of personal income basis and a per capita basis; and
- Section V: Glossary of Terms.

II. Executive Summary

The executive summary gives an overview on how Rhode Island's per \$1,000 of personal income and per capita direct general expenditures compare to the Nation, Connecticut and Massachusetts for selected expenditure categories (elementary and secondary education; higher education; Medicaid/vendor payments; cash assistance; highways; police; fire; parks and recreation; and housing and community development). In addition, this summary provides an analysis of expenditure trends for these expenditure categories for FY 1994 and FY 2004.

	Per \$1,000 of PI			Per Capita		
	Amount	Rank	% of U.S.	Amount	Rank	% of U.S.
U.S.	\$207.83			\$6,493		
CT	168.11	49	80.9%	7,150	8	110.1%
MA	189.68	41	91.3%	7,561	4	116.4%
RI	218.89	19	105.3%	7,077	10	109.0%

* Direct General Expenditures include all expenditures except expenditures for utilities, liquor store, insurance trust, and intergovernmental expenditures.
Source: U.S. Census Bureau, State and Local Finances, 2004, and RIPEC calculations.

As shown on Table 1, in FY 2004 Rhode Island's direct general expenditures of \$218.89 per \$1,000 of personal income were 5.3 percent above the national average and ranked 19th highest. This varied significantly from Connecticut and Massachusetts. Connecticut's spending of \$168.11 per \$1,000 of personal income was 19.1 percent below the national average and Massachusetts' spending (\$189.68 per \$1,000 of personal income) 8.7 percent below the national average.

On a per capita basis, Rhode Island's expenditures of \$7,077 per capita (10th highest) were 9.0 percent above the national average of \$6,493 per capita. Connecticut's per capita spending was 10.1 percent above the national average, ranking 8th highest in the Nation. Massachusetts' per capita state and local government spending was 4th highest, 16.4 percent above the average for the 50 states.

Expenditures Per \$1,000 of Personal Income

Table 2 presents expenditures per \$1,000 of personal income for the above mentioned expenditure categories. A review of the data shows that Rhode Island

- ranked in the top 10 states for per \$1,000 of personal income expenditures for cash assistance payments (3rd), Medicaid/vendor payments (7th), fire protection (1st), and housing and community development (10th);
- ranked in the bottom 10 states for per \$1,000 of personal income expenditures for higher education (43rd); highways (44th); and parks and recreation (46th).

- like Connecticut and Massachusetts spends less than most other states on higher education, and parks and recreation. This reflects the regions geography and tradition of private colleges; and
- spent significantly more per \$1,000 of personal income than does Connecticut and Massachusetts on elementary and secondary education, Medicaid/vendor payments, cash assistance programs, and public safety.

Table 2
Selected Expenditures Per \$1,000 of Personal Income
FY 2004

	U.S.	Rhode Island		Connecticut		Massachusetts	
	Amount	Amount	Rank	Amount	Rank	Amount	Rank
El. & Sec. Education	\$49.37	\$51.69	15	\$44.26	38	\$40.49	48
Higher Education	18.90	14.14	43	12.34	49	10.60	50
Medicaid/Vendor Paym.*	26.9	42.92	7	20.06	43	35.59	12
Cash Assistance	2.29	4.63	3	1.99	23	1.90	24
Highways	12.91	10.55	44	8.61	50	13.67	30
Police	7.61	8.13	11	5.42	45	5.79	41
Fire	3.09	6.38	1	2.79	29	3.38	15
Parks & Recreation	3.33	1.90	46	2.54	36	1.27	50
Housing & Comm. Dev.	4.06	4.82	10	3.72	22	6.22	2

* Includes Medicaid and other public welfare vendor payments.
Source: U.S. Census Bureau, Government Finances, and RIPEC calculations.

Expenditures Per Capita

Table 3
Selected Expenditures Per Capita
FY 2004

	U.S.	Rhode Island		Connecticut		Massachusetts	
	Amount	Amount	Rank	Amount	Rank	Amount	Rank
El. & Sec. Education	\$1,542	\$1,671	8	\$1,883	4	\$1,614	13
Higher Education	591	457	46	525	36	423	49
Medicaid/Vendor Paym.*	840	1,387	4	853	19	1,419	3
Cash Assistance	71	150	3	85	14	76	17
Highways	403	341	46	366	40	545	12
Police	238	263	9	230	18	231	16
Fire	97	206	1	119	9	135	4
Parks & Recreation	104	61	42	108	19	51	48
Housing & Comm. Dev.	127	156	12	158	10	248	2

* Includes Medicaid and other public welfare vendor payments.
Source: U.S. Census Bureau, Government Finances, and RIPEC calculations.

Another way of looking at expenditures is at a per capita basis. As shown on Table 3, Rhode Island's per capita expenditures

- ranked in the top 10 states for elementary and secondary education (8th), Medicaid/vendor payments (4th), cash assistance payments (3rd), police (9th), and fire (1st);

- ranked in the bottom 10 states for higher education (46th); highways (46th); and parks and recreation (42nd);
- were significantly higher for cash assistance payments, police and fire, than Connecticut and Massachusetts; and
- were lower for highways than Connecticut's and Massachusetts' per capita expenditures.

Expenditure Trends FY 1994 – FY 2004

	FY 1994				FY 2004			
	US	RI	CT	MA	US	RI	CT	MA
El. & Sec. Education	22.9	22.3	23.2	20.1	23.8	23.6	26.3	21.3
Higher Education	8.4	6.8	5.0	4.9	9.1	6.5	7.3	5.6
Medicaid/Vendor Paym.*	10.6	11.5	11.4	13.3	12.9	19.6	11.9	18.8
Cash Assistance	2.6	3.5	3.7	3.1	1.1	2.1	1.2	1.0
Highways	6.7	5.7	6.4	6.8	6.2	4.8	5.1	7.2
Police	3.6	3.2	3.0	3.2	3.7	3.7	3.2	3.1
Fire	1.5	2.6	2.3	2.0	1.5	2.9	1.7	1.8
Parks & Recreation	1.5	1.3	1.0	0.7	1.6	0.9	1.5	0.7
Housing & Comm. Dev.	1.8	2.7	2.5	3.4	2.0	2.2	2.2	3.3

* Includes Medicaid and other public welfare vendor payments.
Source: U.S. Census, Government Finances 1994 and 2004, and RIPEC calculations.

Table 4 sets forth the percentage of state and local government spending for selected categories for FY 1994 and FY 2004. Analysis of these data shows:

- As is the case nationally, the largest portion of expenditures relates to elementary and secondary education in Rhode Island, accounting for 23.6 percent of direct general expenditures in FY 2004;
- Two expenditure categories (elementary and secondary education and Medicaid/vendor payments) accounted for 43.2 percent of direct general expenditures in Rhode Island in FY 2004. Nationally the figure was 36.7 percent;
- Marginal increases in elementary and secondary education expenditures as a percentage of direct general expenditures in Rhode Island, Massachusetts, and the Nation. The portion of expenditures devoted to elementary and secondary education increased by approximately 13.4 percent in Connecticut over this time period;
- Rhode Island's higher education expenditures as a percentage of direct general expenditures declined while both neighboring states, as well as the Nation increased these expenditures as a percentage of total spending;
- Significant increases in the percentage of direct general expenditures for Medicaid/vendor payments in both Rhode Island and Massachusetts. In Rhode Island they increased from 11.5 percent in FY 1994 to almost 20.0 percent in FY 2004; and
- Declines in cash assistance payments as a percentage of direct general expenditures for the United States as a whole as well as Rhode Island, Massachusetts and Connecticut which reflect welfare reform laws.

III. Expenditure Analysis

FY 2004 Comparison Per \$1,000 of Personal Income

Table 5 provides an overview of select state and local expenditures per \$1,000 of personal income. It compares Rhode Island's expenditures with the U.S. average, as well as Massachusetts and Connecticut. Direct general expenditures include all expenditures except expenditures for utilities, liquor stores, insurance trust, and intergovernmental expenditures. In FY 2004, Rhode Island's direct general expenditures amounted to \$7.64 billion, or 85.5 percent of the total expenditures of \$8.94 billion.

Selected State and Local Expenditures	U.S.	Rhode Island			Connecticut			Massachusetts		
	Amount	Amount	Rank	% of U.S.	Amount	Rank	% of U.S.	Amount	Rank	% of U.S.
Education Expenditures	\$71.57	\$69.90	35	97.7%	\$58.82	46	82.2%	\$57.38	50	80.2%
Elementary & Secondary Education	49.37	51.69	15	104.7%	44.26	38	89.7%	40.49	48	82.0%
Higher Education	18.90	14.14	43	74.8%	12.34	49	65.3%	10.60	50	56.1%
Social Services Expenditures	\$54.72	\$64.93	11	118.7%	\$40.35	43	73.7%	\$48.36	36	88.4%
Cash Assistance Payments	2.29	4.63	3	202.7%	1.99	23	87.1%	1.90	24	82.9%
Medicaid/Vendor Payments	26.90	42.92	7	159.6%	20.06	43	74.6%	35.59	12	132.3%
Transportation Expenditures	\$15.50	\$13.01	43	83.9%	\$9.09	50	58.6%	\$16.15	31	104.2%
Highways	12.91	10.55	44	81.7%	8.61	50	66.7%	13.67	30	105.9%
Public Safety Expenditures	\$18.13	\$21.60	7	119.1%	\$12.81	46	70.6%	\$13.83	42	76.3%
Police Protection	7.61	8.13	11	106.8%	5.42	45	71.2%	5.79	41	76.1%
Fire Protection	3.09	6.38	1	206.5%	2.79	29	90.3%	3.38	15	109.4%
Environment & Housing Expenditures	\$16.04	\$13.69	37	85.3%	\$11.53	49	71.9%	\$15.08	29	94.0%
Natural Resources, Parks & Recreation	5.87	2.97	49	50.6%	3.18	48	54.2%	2.28	50	38.8%
Housing & Community Development	4.06	4.82	10	118.7%	3.72	22	91.6%	6.22	2	153.2%
Sewerage & Solid Waste	6.11	5.90	23	96.6%	4.63	35	75.8%	6.58	14	107.7%
Governmental Administration	\$11.00	\$12.32	15	112.0%	\$9.66	35	87.8%	\$8.69	44	79.0%
Direct General Expenditures**	\$207.83	\$218.89	19	105.3%	\$168.11	49	80.9%	\$189.68	41	91.3%

* Includes employment security administration and veterans' services.
 ** Direct General Expenditures include all expenditures except expenditures for utilities, liquor store, insurance trust, and intergovernmental expenditures.
 Source: U.S. Census Bureau, State and Local Finances, 2004, and RIPEC calculations.

In FY 2004, **direct general expenditures** in Rhode Island were \$218.89 per \$1,000 of personal income, ranking the Ocean State 19th highest in the country. Rhode Island's direct general expenditures were 5.3 percent above the U.S. average of \$207.83, while both of its neighboring states were below the U.S. average. Connecticut's direct general expenditures of \$168.11 per \$1,000 of personal income were 19.1 percent below the national average, ranking the state second last. Massachusetts ranked 41st highest in the country with \$189.68 per \$1,000 of personal income.

As is the case nationally, the largest portion of Rhode Island's expenditures per \$1,000 of personal income support **education**. In Rhode Island, education expenditures of \$69.90 per \$1,000 of personal income placed the Ocean State 35th highest in the country, compared to \$58.82 per \$1,000 of personal income in Connecticut (46th highest) and

\$57.38 per \$1,000 of personal income in Massachusetts (50th in the country). **Elementary and secondary education** expenditures alone accounted for more than two-thirds of total education expenditures. In FY 2004, \$51.69 per \$1,000 of personal income was spent for this category in Rhode Island. This placed the State 15th highest in the country, 4.7 percent above the national average of \$49.37 per \$1,000 of personal income. Both Connecticut and Massachusetts spent less per \$1,000 of personal income on elementary and secondary education than Rhode Island. In FY 2004, Connecticut's \$44.26 per \$1,000 of personal income ranked the state 38th highest, while Massachusetts ranked third lowest with \$40.49 per \$1,000 of personal income. Massachusetts' elementary and secondary expenditures per \$1,000 of personal income were 22.7 percent less than Rhode Island's expenditures.

The three southeast New England states devote a significantly smaller amount to support **higher education** when compared to most other states. Rhode Island ranked 43rd highest in spending on higher education per \$1,000 of personal income. Rhode Island's expenditures of \$14.14 per \$1,000 of personal income were 25.2 percent below the national average of \$18.90 per \$1,000 of personal income. Connecticut's and Massachusetts' higher education expenditures per \$1,000 of personal income were lower than Rhode Island's, ranking the states 49th and 50th respectively.

The second largest spending category per \$1,000 of personal income was **social services** expenditures. This category includes expenditures for public welfare (payments under the public welfare program - including Medicaid - made directly to individuals and non-governmental organizations as well as cash assistance payments, including SSI and TANF), hospitals, health, employment security administration, and veterans' services.

In FY 2004, Rhode Island spent \$64.93 per \$1,000 of personal income in this category, 18.7 percent above the national average of \$54.72. This ranked the Ocean State 11th highest in the United States. Social services spending per \$1,000 of personal income in the two neighboring states were below the national average. Massachusetts' spending was \$48.36 per \$1,000 of income or 11.6 percent below above the US average, ranking the Bay State 36th highest. Connecticut's social services spending were \$40.35 per \$1,000 of personal income (43rd highest) or 26.3 percent below the average for the 50 states.

It should be noted that the federal government includes employment security programs under the category of "Social Service Expenditure". Employment security expenditures include the administration of unemployment compensation systems, public employment services and the Federal Social Security, Medicare, and railroad retirement trusts.

Spending for **Medicaid/vendor payments** total \$42.92 per \$1,000 of personal income in the Ocean State, and comprised two-thirds of all social services expenditures. This ranked the Ocean State 7th highest in the country per \$1,000 of personal income, almost 60.0 percent above the national average. Massachusetts' expenditures of \$35.59 per \$1,000 of personal income ranked the Bay State 12th highest in the country, 32.3 percent above the national average. Conversely, Connecticut's \$20.06 per \$1,000 of personal income

expenditures were 25.4 percent below the national average, ranking the state 43rd highest in the country in FY 2004.

Another category relating to social services expenditures is **cash assistance payments**. This includes cash payments made directly to individuals, including, but not limited to, SSI, and cash payments by states to families under TANF. Rhode Island's FY 2004 expenditures ranked the State 3rd highest in the country with an amount of \$4.63 per \$1,000 of personal income, 102.7 percent above the national average. In contrast, both Connecticut and Massachusetts spent below the national average, ranking the states 23rd and 24th highest respectively. Connecticut's spending in FY 2004 amounted to \$1.99 per \$1,000 of personal income and Massachusetts' to \$1.90 per \$1,000 of personal income.

Transportation per \$1,000 of personal income spending ranked the Ocean State 43rd highest in the nation, 16.1 percent below the national average. Rhode Island's spending amounted to \$13.01 per \$1,000 of personal income, compared to a national average of \$15.50 per \$1,000 of personal income. Connecticut ranked last in the nation, with \$9.09 per \$1,000 of personal income and Massachusetts 31st highest with \$16.15 per \$1,000 of personal income.

Expenditures for **governmental administration** among the three surveyed states ranged from \$12.32 per \$1,000 of personal income in Rhode Island expenditures (15th highest) to \$8.69 per \$1,000 of personal income (44th highest) in Massachusetts. This category includes expenditures related to financial administration, judicial and legal, general public buildings, and other governmental administration (see glossary of terms for additional details).

Expenditures for police and fire protection varied considerably among the three surveyed states. Rhode Island's expenditures for **fire protection** ranked the State 1st in the nation, with \$6.38 per \$1,000 of personal income, more than double than the national average of \$3.09 per \$1,000 of personal income.

Expenditures for **police protection** also varied among the three New England states, ranging from 11th highest in Rhode Island to 45th highest in Connecticut. Rhode Island's police protection expenditures of \$8.13 per \$1,000 of personal income were 6.8 percent above the national average.

FY 2004 Comparison Per Capita

Selected per capita expenditures are shown on Table 6. Among the three surveyed states, Massachusetts had the highest **direct general expenditures** per capita (\$7,561 per capita), ranking the state 4th highest in the country. Connecticut ranked 8th highest with \$7,150 per capita in direct general expenditures in FY 2004. Rhode Island's direct general expenditures amounted to \$7,077 per capita, placing the Ocean State 10th highest in the Nation.

Educational and social services expenditures per capita accounted for 52.1 percent of direct general expenditures in the nation, 51.5 percent in Massachusetts, 51.7 percent in Connecticut, and 57.3 percent in Rhode Island.

More than two-thirds of the education expenditures per capita are spent on **elementary and secondary education**. Connecticut's elementary and secondary expenditures of \$1,883 per capita ranked the state 4th highest in the Nation. Rhode Island's elementary and secondary education expenditures of \$1,671 per capita placed the State 8th highest in the country. Massachusetts' \$1,614 per capita expenditures ranked the Bay State 13th highest.

Per capita **higher education** expenditures in the three surveyed states were between 11.2 percent (Connecticut) and 28.4 percent (Massachusetts) below the national average of \$591 per capita, ranking the states between 36th highest (Connecticut) and 49th highest (Massachusetts) in the country. Rhode Island's per capita spending for higher education ranked 46th highest, 22.7 percent below the national average.

Selected State and Local Expenditures	U.S.	Rhode Island			Connecticut			Massachusetts		
	Amount	Amount	Rank	% of U.S.	Amount	Rank	% of U.S.	Amount	Rank	% of U.S.
Education Expenditures	\$2,236	\$2,260	21	101.1%	\$2,502	8	111.9%	\$2,287	19	102.3%
Elementary & Secondary Education	1,542	1,671	8	108.4%	1,883	4	122.1%	1,614	13	104.7%
Higher Education	591	457	46	77.3%	525	36	88.8%	423	49	71.6%
Social Services Expenditures	\$1,710	\$2,099	7	122.7%	\$1,716	21	100.4%	\$1,928	11	112.7%
Cash Assistance Payments	71	150	3	211.3%	85	14	119.7%	76	17	107.0%
Vendor Payments (incl. Medicaid)	840	1,387	4	165.1%	853	19	101.5%	1,419	3	168.9%
Transportation Expenditures	\$484	\$420	41	86.8%	\$387	47	80.0%	\$644	10	133.1%
Highways	403	341	46	84.6%	366	40	90.8%	545	12	135.2%
Public Safety Expenditures	\$567	\$698	5	123.1%	\$545	19	96.1%	\$551	18	97.2%
Police Protection	238	263	9	110.5%	230	18	96.6%	231	16	97.1%
Fire Protection	97	206	1	212.4%	119	9	122.7%	135	4	139.2%
Environment & Housing Expenditures	\$501	\$442	31	88.2%	\$490	24	97.8%	\$601	9	120.0%
Natural Resources, Parks & Recreation	183	96	49	52.5%	135	35	73.8%	91	50	49.7%
Housing & Community Development	127	156	12	122.8%	158	10	124.4%	248	2	195.3%
Sewerage & Solid Waste	191	191	18	100.0%	197	15	103.1%	262	5	137.2%
Governmental Administration	\$344	\$398	11	115.7%	\$411	8	119.5%	\$346	22	100.6%
Direct General Expenditures**	\$6,493	\$7,077	10	109.0%	\$7,150	8	110.1%	\$7,561	4	116.4%

* Includes employment security administration and veterans' services.
** Direct General Expenditures include all expenditures except expenditures for utilities, liquor store, insurance trust, and intergovernmental expenditures.
Source: U.S. Census Bureau, State and Local Finances, 2004, and RIPEC calculations.

In FY 2004, Rhode Island's spending for **social services** of \$2,099 per capita basis placed the Ocean State 7th highest in the country. Social services spending of \$1,928 per capita ranked the Bay State 11th highest and Connecticut 21st highest with \$1,716 per capita.

Within this category, the major component is vendor payments, which includes Medicaid spending. In FY 2004, Massachusetts spent \$1,419 per capita on vendor payments, ranking the Bay State 3rd highest in the country, followed by Rhode Island with \$1,387 per capita (4th highest). Connecticut's spending of \$853 per capita was slightly higher than the national average of \$840 per capita, placing the state 19th highest in the country.

Per capita **transportation** expenditures in Rhode Island ranked 41st highest at \$420 per capita compared to the national average of \$484 per capita. However, per capita transportation expenditures in Massachusetts were 33.1 percent above the 50 states, ranking 10th highest in the Nation (\$644 per capita). Connecticut's per capita spending for transportation programs ranked 47th highest (\$387 per capita).

In Rhode Island, **public safety** expenditures per capita were 23.1 percent above the national average of \$567 per capita in Rhode Island, placing the Ocean State 5th highest (\$698 per capita). In both Connecticut and Massachusetts are per capita public safety expenditures below the national average. Connecticut's expenditures were \$545 per capita (19th highest) and Massachusetts' expenditures \$551 per capita (18th highest).

Environment and housing expenditures per capita were highest in Massachusetts among the three surveyed states. Massachusetts spent \$601 per capita in FY 2004, placing the Bay State 9th highest in the country, 20.0 percent above the national average of \$501 per capita. Both Rhode Island's and Connecticut's per capita expenditures were below the national average, ranking the Ocean State 31st highest (\$442 per capita) and Connecticut 24th highest (\$490 per capita).

Per capita **governmental administration** expenditures ranged from a high of \$411 per capita in Connecticut (8th highest) to a low of \$346 per capita in Massachusetts (22nd highest). Rhode Island's per capita expenditures for governmental administration ranked the State 11th highest at \$398 per capita, or 15.7 percent above the average of the 50 states.

FY 1994 – FY 2004 Selected Expenditure Trends

The following analysis compares expenditure trends per \$1,000 of personal income for Connecticut, Massachusetts and Rhode Island for the categories of total direct general expenditures, elementary and secondary education, selected public welfare programs, and transportation for the period FY 1994 through FY 2004.

This analysis reveals that over this period:

- Rhode Island continues to spend more per \$1,000 of personal income to support elementary and secondary education than does its neighbors;
- Rhode Island devoted relatively more of its income to support public welfare programs than do Connecticut and Massachusetts. Cash assistance spending per \$1,000 of personal income has declined at a slower pace in the Ocean State than in the neighboring states, and vendor payments including Medicaid per \$1,000 of

personal income has been growing at a faster pace than was the case in both Connecticut and Massachusetts; and

- Massachusetts spending for public transportation per \$1,000 of personal income exceeded the national average whereas both Rhode Island and Connecticut spent a relatively smaller percentage of personal income to support transportation programs.

Table 7
Direct General Expenditures*
Per \$1,000 of Personal Income
Fiscal Years 1994 and 2004

	1994			2004		
	Amount	Rank	% of U.S.	Amount	Rank	% of U.S.
U.S.	\$201			\$208		
CT	182	44	90.4%	168	49	80.9%
MA	192	37	95.7%	190	41	91.3%
RI	215	18	106.7%	219	19	105.3%

* Direct General Expenditures include all expenditures except expenditures for utilities, liquor store, insurance trust, and intergovernmental expenditures.
Source: U.S. Census Bureau, State and Local Finances, 2004, and RIPEC calculations.

As shown on Table 7, Rhode Island's **direct general expenditures** per \$1,000 of personal income stayed fairly consistent between FY 1994 and FY 2004, increasing from \$215 per \$1,000 of personal income in FY 1994 to \$219 per \$1,000 of personal income in FY 2004. This ranked the Ocean State 18th highest in FY 1994 and 19th highest in FY 2004.

Connecticut's and Massachusetts' direct general spending per \$1,000 of personal income declined between FY 1994 and FY 2004. In Connecticut, it went from \$182 per \$1,000 of personal income in FY 1994 (44th highest) to \$168 per \$1,000 of personal income in FY 2004 (49th highest). Direct general expenditures in Massachusetts declined from \$192 in FY 1994 (37th highest) to \$190 in FY 2004 (41st highest). Direct general expenditures include all expenditures except expenditures for utilities, liquor stores, insurance trust, and intergovernmental expenditures.

Table 8
Elementary & Secondary Education Expenditures
Per \$1,000 of Personal Income
Fiscal Years 1994 and 2004

	1994			2004		
	Amount	Rank	% of U.S.	Amount	Rank	% of U.S.
U.S.	\$46.08			\$49.37		
CT	42.21	40	91.6%	44.26	38	89.7%
MA	38.43	48	83.4%	40.49	48	82.0%
RI	47.95	29	104.1%	51.69	15	104.7%

Source: U.S. Census Bureau, State and Local Finances, 2004, and RIPEC calculations.

Expenditures for **elementary and secondary education** per \$1,000 of personal income increased in all three surveyed states between FY 1994 and FY 2004. As shown on Table 8, in Rhode Island, these expenditures increased from \$47.95 per \$1,000 of personal income in FY 1994 (29th highest) to \$51.69 per \$1,000 of personal income in FY 2004 (15th highest in the nation).

	1994			2004		
	Amount	Rank	% of U.S.	Amount	Rank	% of U.S.
U.S.	\$5.28			\$2.29		
CT	6.79	7	128.5%	1.99	23	87.1%
MA	6.00	11	113.6%	1.90	24	82.9%
RI	7.55	4	143.0%	4.63	3	202.7%

Source: U.S. Census Bureau, State and Local Finances, 2004, and RIPEC calculations.

Between FY 1994 and FY 2004, expenditures for cash assistance payments per \$1,000 of personal income declined. As shown on Table 9, the rates of decline were more significant in both Connecticut and Massachusetts than it was the case in the Ocean State. In Rhode Island, these expenditures dropped from \$7.55 per \$1,000 of personal income in FY 1994 to \$4.63 per \$1,000 of personal income in FY 2004.

While both Connecticut's and Massachusetts' expenditures per \$1,000 of personal income were above the national average in FY 1994, they were below the nation in FY 2004. In Connecticut, cash assistance expenditures declined from \$6.79 per \$1,000 of personal income in FY 1994 to \$1.99 per \$1,000 of personal income in FY 2004. Its ranking dropped from 7th highest in FY 1994 to 23rd highest in FY 2004. Massachusetts' ranking declined from 11th highest in FY 1994 (\$6.00 per \$1,000 of personal income) to 24th highest in FY 2004 (\$1.90 per \$1,000 of personal income). Rhode Island's ranking increased from 4th highest in FY 1994 to 3rd highest in FY 2004.

	1994			2004		
	Amount	Rank	% of U.S.	Amount	Rank	% of U.S.
U.S.	\$21.34			\$26.90		
CT	20.64	26	96.7%	20.06	43	74.6%
MA	25.45	12	119.3%	35.59	12	132.3%
RI	24.76	14	116.0%	42.92	7	159.6%

Source: U.S. Census Bureau, State and Local Finances, 2004, and RIPEC calculations.

Per \$1,000 of personal income **vendor payments/Medicaid** for public welfare programs, increased by 73.3 percent in the Ocean State between FY 1994 and 2004. Nationally, such payments per \$1,000 of personal income grew by 26.1 percent.

As shown on Table 10, Rhode Island’s vendor payments increased from \$24.76 per \$1,000 of personal income in FY 1994 to \$42.92 per \$1,000 of personal income in FY 2004. The Ocean State’s ranking increased from 14th highest in FY 1994 to 7th highest in FY 2004. In Massachusetts, vendor payment expenditures increased from \$25.45 per \$1,000 of personal income in FY 1994 to \$35.59 per \$1,000 of personal income in FY 2004, ranking the Bay State 12th highest in both years. In Connecticut these expenditures declined from \$20.64 per \$1,000 of personal income in FY 1994 (26th highest) to \$20.06 per \$1,000 of personal income in FY 2004 (43rd highest).

Transportation expenditures per \$1,000 of personal income declined in Connecticut and Rhode Island between FY 1994 and FY 2004. In Rhode Island, these expenditures declined from \$16.32 per \$1,000 of personal income in FY 1994 (30th highest) to \$13.01 in FY 2004 (43rd highest).

	1994			2004		
	Amount	Rank	% of U.S.	Amount	Rank	% of U.S.
U.S.	\$15.90			\$15.50		
CT	12.52	47	78.8%	9.09	50	58.6%
MA	15.04	39	94.6%	16.15	31	104.2%
RI	16.32	30	102.7%	13.01	43	83.9%

Source: U.S. Census Bureau, State and Local Finances, 2004, and RIPEC calculations.

Connecticut’s transportation expenditures also declined from \$12.52 per \$1,000 of personal income in FY 1994 to \$9.09 per \$1,000 of personal income in FY 2004. Connecticut’s ranking dropped from 47th highest in FY 1994 to 50th in FY 2004. Conversely, Massachusetts’ transportation expenditures increased from \$15.04 per \$1,000 of personal income in FY 1994 (39th highest) to \$16.15 per \$1,000 of personal income in FY 2004 (31st highest).