

RIPEC

NEWS RELEASE

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MEDIA ADVISORY

Rhode Island spends more on welfare, public safety and K-12 education than most states, but less on highways, higher education and parks

On Friday, September 8, 2006, RIPEC will release *How Rhode Island's State and Local Expenditures Compare – 2006 Edition*. The publication compares Rhode Island's expenditures - per \$1,000 of personal income and per capita - with those of the other 49 states and the United States average. The report will be posted on RIPEC's website at www.ripec.org.

The data show that Rhode Island's direct general expenditures were higher than the national average both on a per \$1,000 of personal income and per capita basis. The Ocean State spends more in per capita and \$1,000 of personal income for public welfare programs, including Medicaid, as well as public safety than most other states. Conversely, direct general expenditures for higher education and highways per capita and per \$1,000 of personal income are less in Rhode Island. This pattern of spending reflects State policy choices. Gary S. Sasse, Executive Director of RIPEC questioned "whether the State could afford to make needed investments in higher education and the infrastructure without considering ways to reform entitlement spending."

The data also show that per capita direct general expenditures in Rhode Island ranked higher than the State's per capita income when compared to the other 49 states. In FY 2004, Rhode Island's per capita personal income of \$32,330 was 15th highest in the United States, but per capita spending ranked 10th highest.

Some of the key findings in the RIPEC report include:

- Rhode Island's expenditures of \$218.89 per \$1,000 of personal income were 5.3 percent above the national average of \$207.83, ranking the Ocean State 19th highest;
- 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.

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Expenditures Per \$1,000 of Personal Income

	U.S. Amount	Rhode Island Amount Rank	Connecticut Amount Rank	Massachusetts 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.

Rhode Island:

- ranked among 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); and
- ranked among the bottom 10 states for per \$1,000 of personal income expenditures for higher education (43rd); highways (44th); and parks and recreation (46th).

Expenditures Per Capita

	U.S. Amount	Rhode Island Amount Rank	Connecticut Amount Rank	Massachusetts 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 on a per capita basis. As shown on Table 2, Rhode Island's per capita expenditures:

- ranked among the top 10 states for elementary and secondary education (8th), Medicaid/vendor payments (4th), cash assistance payments (3rd), police (9th), and fire protection (1st); and
- ranked among the bottom 10 states for higher education (46th); highways (46th); and parks and recreation (42nd).

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Expenditure Trends FY 1994 – FY 2004

Table 3 below shows selected expenditure categories as a percent of direct general expenditures. The data show:

- 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. Nationally, it accounted for 23.8 percent; and
- 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.

	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.