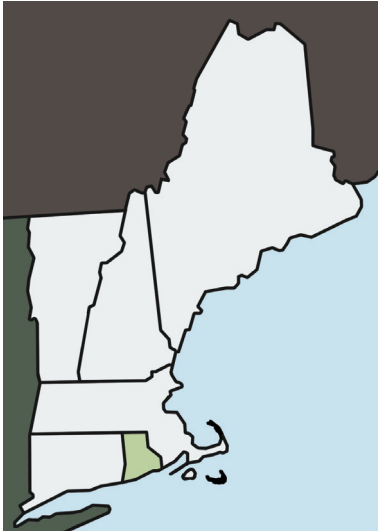


RHODE ISLAND Budget Report Card



RHODE ISLAND'S BUDGET forecasting procedures, which are among the nation's most solid, earned the state a top A average in the category for fiscal 2016 through 2018. The state disclosed multiyear forecasts for expenditures and revenues, with further-looking estimates than those of most other states. Rhode Island's Revenue Estimating Conference, composed of the governor's budget officer and fiscal advisers to the house and senate, produces reports twice a year that contain forecasts for the current fiscal year and following four fiscal years, as well as the following five calendar years.

The state's poorest performance was in budget maneuvers, where it scored a C average. It did not use debt to pay for recurring expenditures in 2018 – a maneuver it had used in the previous two years – but that positive move was offset by the infusion of \$12.5 million in one-time revenue from a tax amnesty program that ended in February 2018. Such one-time cash might not be available to cover future recurring expenditures.

Rhode Island averaged Bs in the reserve funds and transparency categories. It missed an A in the former because it did not link rainy day fund policies to revenue volatility, a best practice followed by nineteen states in 2018; and in the latter by failing to disclose deferred infrastructure replacement costs, a shortcoming of all but four states in 2017 and 2018.


NEW ENGLAND STATES SIDE BY SIDE: Three-Year Average Grades, 2016-18


	BUDGET FORECASTING	BUDGET MANEUVERS	LEGACY COSTS	RESERVE FUNDS	TRANSPARENCY
Connecticut	A	C	D	B	B
Maine	B	B	B	B	B
Massachusetts	C	D	D-	A	B
New Hampshire	D	A	D	B	B
Rhode Island	A	C	B	B	B
Vermont	B	A	D	B	B
US AVERAGE	C	B	C	B	B


NOTE States are grouped by US Census Bureau divisions.


Average grades are based on annual numerical scores. For more information, download *Truth and Integrity in State Budgeting: Preventing the Next Fiscal Crisis* at VolckerAlliance.org.


RHODE ISLAND Budget Report Card

BUDGET FORECASTING				
	2016	2017	2018	
	CATEGORY GRADE	A	A	A
	Consensus Revenue Forecasts	✓	✓	✓
	Multiyear Expenditure Forecasts	✓	✓	✓
	Multiyear Revenue Forecasts	✓	✓	✓
	Revenue Growth Projections	✓	✓	✓
3-YEAR AVERAGE A		3-YEAR TREND —		

BUDGET MANEUVERS				
	2016	2017	2018	
	CATEGORY GRADE	C	C	C
	Deferring Recurring Expenditures	✓	✓	✓
	Revenue and Cost Shifting	✗	✗	✗
	Funding Recurring Expenditures with Debt	✗	✗	✓
	Using Asset Sales and Up-Front Revenues	✓	✓	✗
3-YEAR AVERAGE C		3-YEAR TREND —		

LEGACY COSTS				
	2016	2017	2018	
	CATEGORY GRADE	B	B	B
	Public Employee OPEB Funding	✓	✓	✓
	Public Employee Pension Funding	✓	✓	✓
	Public Employee Pension Funded Ratio*	55%	55%	55%
3-YEAR AVERAGE B		3-YEAR TREND —		

RESERVE FUNDS				
	2016	2017	2018	
	CATEGORY GRADE	B	B	B
	Positive Reserve or General Fund Balance	✓	✓	✓
	Reserve Funds Disbursement Policy	✓	✓	✓
	Reserve Funds Replenishment Policy	✓	✓	✓
	Reserves Tied to Revenue Volatility	✗	✗	✗
3-YEAR AVERAGE B		3-YEAR TREND —		

TRANSPARENCY				
	2016	2017	2018	
	CATEGORY GRADE	B	B	B
	Consolidated Budget Website	✓	✓	✓
	Provides Debt Tables	✓	✓	✓
	Discloses Deferred Infrastructure Replacement Costs	✗	✗	✗
	Discloses Tax Expenditures	✓	✓	✓
3-YEAR AVERAGE B		3-YEAR TREND —		

KEY

✓	Followed best practice
✗	Did not follow best practice

BUDGET FORECASTING evaluates whether and how states estimated long-term revenue and expenditure trends. **BUDGET MANEUVERS** evaluates whether states used one-time revenues, borrowings, asset sales, and other measures to achieve short-term budgetary balance. **LEGACY COSTS** evaluates whether states provided adequate funding, as defined by retirement system actuaries, for pensions and other promised retirement benefits for public workers. **RESERVE FUNDS** evaluates states' rainy day funds and other fiscal reserves, as well as any policies governing their use and replenishment. **TRANSPARENCY** evaluates the accessibility to the public of states' budget practices.

* **SOURCE** Bloomberg; 2017 data also used for 2018.