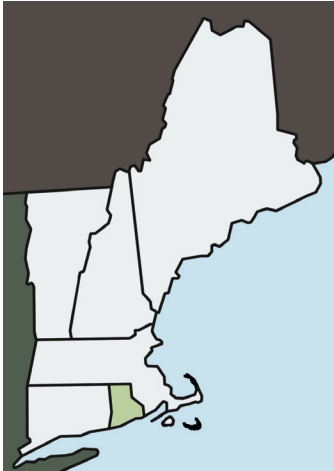


RHODE ISLAND Budget Report Card



RHODE ISLAND IS ONE OF ONLY a dozen states to get a top three-year average of A in budget forecasting for fiscal 2017 through 2019—a result of its detailed and transparent estimation procedures. The Revenue Estimating Conference, composed of the state budget officer and fiscal advisers to the House and Senate, revises current-year revenue estimates and provides a figure on which the upcoming budget is based. Rhode Island law prohibits spending beyond the agreed-upon revenue number.

The conference contracts with outside experts to provide longer-term economic forecasts, and the Rhode Island Budget Office is required by statute to prepare five-year projections of revenues and expenditures and submit them with budget documents.

Rhode Island’s lowest average grade for the three-year period was a C in budget maneuvers, as it used one-time measures to keep the budget balanced. These included a 75-day tax amnesty program in fiscal 2018 that added \$22 million to the general fund. The state also transferred \$29 million from special funds to the general fund that year, including \$6 million from the Rhode Island Health and Educational Building Corporation and \$5 million from the Narragansett Bay Commission.

In the remaining three categories—legacy costs, reserve funds, and transparency—Rhode Island posted B averages. In legacy costs, which cover public worker pensions and other postemployment benefits (OPEB), mainly health care, the state received credit for contributing annually to both obligations in line with amounts recommended by actuaries. But the pension is funded at only 55 percent in 2018, 15 percentage points below the total for all states.

NEW ENGLAND STATES SIDE BY SIDE: Three-Year Average Grades, 2017–19


	BUDGET FORECASTING	BUDGET MANEUVERS	LEGACY COSTS	RESERVE FUNDS	TRANSPARENCY
Connecticut	A	C	D	A	B
Maine	B	B	A	B	B
Massachusetts	C	C	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	B	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: The Balancing Act* at VolckerAlliance.org.


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BUDGET FORECASTING				
	2017	2018	2019	
	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				
	2017	2018	2019	
	CATEGORY GRADE	C	C	B
	Deferring Recurring Expenditures	✓	✓	✓
	Revenue and Cost Shifting	X	X	X
	Funding Recurring Expenditures with Debt	X	✓	✓
	Using Asset Sales and Upfront Revenues	✓	X	✓
3-YEAR AVERAGE C		3-YEAR TREND ↗		

LEGACY COSTS				
	2017	2018	2019	
	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				
	2017	2018	2019	
	CATEGORY GRADE	B	B	B
	Positive Reserve or General Fund Balance	✓	✓	✓
	Reserve Funds Disbursement Policy	✓	✓	✓
	Reserve Funds Replenishment Policy	✓	✓	✓
	Reserves Tied to Revenue Volatility	X	X	X
3-YEAR AVERAGE B		3-YEAR TREND —		

TRANSPARENCY				
	2017	2018	2019	
	CATEGORY GRADE	B	B	B
	Consolidated Budget Website	✓	✓	✓
	Provides Debt Tables	✓	✓	✓
	Discloses Deferred Infrastructure Replacement Costs	X	X	X
	Discloses Tax Expenditures	✓	✓	✓
3-YEAR AVERAGE B		3-YEAR TREND —		

KEY

✓	Followed best practice
X	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; 2018 data also used for 2019.

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