

# How R.I. spending ranks

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PROVIDENCE JOURNAL FILE / Mary Murphy

Rhode Island ranks first in spending on fire departments and near last on parks and recreation, according to an analysis of U.S. Census data done by the Rhode Island Public Expenditure Council.

The Ocean State is in the top 10 in spending on Medicaid vendor payments, welfare programs, and housing and community development, while being in the bottom 10 on higher education and highways, according to RIPEC, an independent watchdog agency whose executive director will step down next month to head the state's Department of Revenue.

RIPEC's report, *How Rhode Island's State and Local Expenditures Compare, 2007 Edition*, was made public Monday. The agency compared Rhode Island to other states based on government finance data available on the U.S. Census Bureau's Web site. It covers the budget year that ended in 2005, which is the latest national data available.

The Census Bureau warns against using its data to make comparisons. "In spite of the effort to standardize the statistics to ensure comparability, users should be cautious about attempting to draw conclusions from direct comparisons of financial amounts for individual governments," the technical documentation for the data says.

Two weaknesses make the data unsuitable for comparisons, according to the Census Bureau.

First, not all local governments responded to the bureau's efforts to gather the data. The response rate for local governments was 88 percent. That means the Census data is an estimate based on the sample of data it received. It has a margin of error as high as 3 percent.

Also, different governments classify various services differently — or deliver them in different ways. That means similar spending in two states may fall into different categories in the national data.

"The data are still subject to errors from estimating for missing data, errors from misreported data, errors from miscoding, and difficulties in identifying every unit that should be included in the report," the bureau says on its Web site.

That said, the Census data is the best — if not only — glimpse available at what various state and local governments pay for various services.

“I can’t think of other data on state and local expenditures that exist,” Gary S. Sasse, RIPEC’s executive director, said in an interview yesterday. “The baseline data, we think, is as solid as you can find anywhere. It’s been the gold standard for decades on state and local finance.”

RIPEC took the raw Census data and calculated how much each state spends in comparison to the average income of each resident. That way, states of different sizes and demographic characteristics can be compared on an equal basis.

RIPEC found that Rhode Island’s overall spending on the state and local level ranked 18th nationally, with Ocean State government spending \$219.29 for every \$1,000 that Rhode Islanders make. That is 6 percent above the national average of \$206.83.

“While it’s high, it’s not at the extreme,” Sasse said.

Sasse said the report is not intended to praise or criticize how government in Rhode Island spends its money.

“It’s an informational report. It’s intended to show the taxpayers and decision makers how Rhode Island spends its money compared to the other 49 states. It tells us where we’re investing in public enterprises. The numbers really reflect where our policy choices have been.”

Rhode Island ranked in the top 10 on Medicaid and welfare based on spending per \$1,000 of income. For Medicaid, Rhode Island was 60 percent above the national average, at \$44.29 per \$1,000 income. For welfare, it was 78 percent above the average, at \$4.00.

“The policy choices that we have made have given priority to social services and entitlement programs,” Sasse said. “It clearly shows a policy bias toward those programs relative to other states.”

Kate Brewster, executive director of the Poverty Institute at Rhode Island College, said, “Rhode Island ranks high in terms of the number of poor seniors and persons with disabilities who live here, so it’s not surprising.” She added, “Rankings like these don’t always tell the whole story.”

Sasse, at least in part, agreed with Brewster about the cause of Rhode Island’s high ranking on social spending. “It’s driven both by generous, liberal benefits and demographics.”

They also agreed that the report underscores a need for change.

“Our Medicaid ranking highlights once again the need for Rhode Island to implement reform in the long-term care system to increase community-based care and restructure the delivery of services for people with disabilities to be more coordinated and cost-effective,” Brewster said.

“Resources are showing signs of becoming strained, and these policy directions may not be sustainable given the current economic outlook and budget projections,” Sasse said in a statement that accompanied the report.

This year’s edition is the second annual version of the report, which RIPEC previously issued several times at five-year intervals. The agency plans to issue future editions annually, depending on the availability of the Census data.

RIPEC plans to post the report on its Web site, [www.ripec.org](http://www.ripec.org), sometime today.

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