

RIPEC study urges state to realign its spending

By Justin Sayles, Staff Writer

A study released by the Rhode Island Public Expenditure Council this month says the Ocean State is expending less on higher education and highways than most other states, while spending more on K-to-12 education and public welfare.

Released on Sept. 8, the RIPEC study says Rhode Island ranks fourth on Medicaid and public-welfare program vendor payments, and third on cash assistance, when compared with other states on a per capita basis.

Conversely, it says, the state ranks 46th in per capita higher education spending, an area that government and private-sector leaders say is crucial to the state's economic competitiveness. In elementary and secondary education spending per capita, Rhode Island ranks eighth.

RIPEC, a business-backed nonpartisan, nonprofit policy and budget watchdog organization, was founded in 1932.

Gary S. Sasse, the group's executive director, said the numbers suggest the state should readjust its spending priorities. Too much of the state budget goes to entitlement programs, which leaves too little money for other important areas, he said. "If the data says anything, we need to be more balanced in how we allocate our wealth in the public sector," Sasse said. "That's the challenge."

While the state's elementary and secondary education spending ranked eighth on a per capita basis, its spending in the areas of highways and parks and recreation were in the bottom 10 of all states', ranking 46th and 42nd, respectively.

Other spending areas ranked high on the list, including fire protection (first), police protection (ninth) and housing and community development (12th).

Kate Brewster, the executive director of The Poverty Institute at Rhode Island College School of Social Work, said her organization is still examining the numbers to see whether they represent an accurate picture of the state's

expenditures.

She said, however, that much of the reason the state is spending more money on elementary and secondary education and Medicaid is that Rhode Island has more responsibilities in those areas than do most other states.

Rhode Island has higher percentages of children with disabilities and of elderly residents than most states, Brewster said. She also defended programs such as RItE Care – the state’s Medicaid managed-care program for children and families – as essential.

“We feel that spending on health care for poor and working families is a good investment, especially as the number of low-income families earning poverty-level wages goes up,” Brewster said.

But Medicaid spending growth has been a longstanding concern for RIPEC and state officials, and just three days after the RIPEC study’s release, Gov. Donald L. Carcieri and RIPEC announced the formation of a study group – made up of business, health care and community leaders – to investigate how to “more efficiently and effectively” serve Medicaid recipients.

The panel, to be co-chaired by Sasse and Jeffrey Grybowski, Carcieri’s chief of staff, was formed because the state’s Medicaid costs are growing at an “unsustainable” rate, the governor said. The study group is to make initial recommendations by Dec. 1 and provide a final report by March 1.

“Rhode Island has a strong tradition of being one of the most generous states in the nation,” Carcieri said. “I am proud of that tradition and I want to make sure we can continue that legacy. But to do so, we must find ways to make our Medicaid programs more effective for beneficiaries and more efficient for Rhode Island taxpayers.”

The RIPEC study found that in 1994, 11.5 percent of state expenditures went toward Medicaid and public-welfare vendor payments, placing Rhode Island just above the U.S. average of 10.6 percent. But by 2004, 19.6 percent of the state’s expenditures were going toward those programs. In the same time frame, the national average rose to 12.9 percent.

In an interview, Jeff Neal, spokesman for Carcieri, said the governor has also made an effort to provide more funding for such priority areas as higher education and transportation.

Carcieri has worked to bolster the University of Rhode Island, Neal said, with support in particular for the school’s budding biotechnology program. In 2004, voters approved a Carcieri-backed bond for the construction of a \$50 million biosciences facility at URI.

Also, the governor has worked to speed up the relocation of Interstate 195, Neal said, in an effort to save Rhode Island taxpayers money in the long run.

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