

# C- Rhode Island

Auditors haven't issued Rhode Island's financial reports a clean bill of health in more than 30 years. You don't need a formal audit, however, to know that the state's finances are in shaky condition. Long-standing fiscal problems persist, and the situation seems to be getting worse—or at least that's what Rhode Island's bond ratings suggest. Dependence on one-time revenues to balance ongoing expenditures has led one official in the budget office to lament that the budget requires “solving in a painful way every year and then coming back and doing it all over again.”

A last-minute securitization of tobacco-settlement funds plugged \$124 million into the budget hole for fiscal 2008. But 2009 now looks to be about \$380 million light; that's approximately 12 percent of state revenues. Rhode Island is accustomed to trimming—a

## Consolidation of building management is a bright spot, but inadequate funding stifles upkeep.

Fiscal Fitness initiative has cut \$275 million since its 2004 inception—but the state may finally have reached the realization that wholesale restructuring is in order. It is hard to imagine where more areas could be found to cut. The Department of Children, Youth and Families has lost three human resources management positions without replacing them. There is one maintenance worker for every 75 state bridges, which Namvar Moghadam, the administrator for highway and bridge maintenance, admits “isn't a whole lot.”

At the same time, there are issues over the use of contract workers to keep staffing levels down. An \$11 million-a-year no-bid contract for temporary staff services created a battle in the legislature in 2007 and highlighted just how difficult workforce choices will be in heavily unionized Rhode Island. In this case, the state paid a salary premium of more than 22 percent to a staffing company rather than take on full-time employees with expensive health benefits and pensions.

Moreover, without state or agency strate-

gic plans—much less workforce planning—it will be difficult to link personnel reductions to management goals. In order to set things right, the state will need better human-capital planning than it currently has.

The state has performance measures but they do not drive budgeting or management decisions. Technology should be helping the state get a handle on expenditures but it usually doesn't. Rhode Island tried to create an integrated financial information system in 2002. Because of a lack of resources, however, it was never fully implemented. Several modules of a new enterprise system were launched in 2006, giving managers a better handle on financial data. But until the personnel and payroll modules come on line, the state still will need to periodically reconcile files from the old mainframe—a chore that in some cases requires one office to fill out a form using a typewriter and send it to another office for entry.

One bright spot in Rhode Island has been the consolidation of building management. Agencies dedicated to capital projects and facilities management now coordinate buildings statewide, a leap forward in a state that until recently didn't even have a complete inventory of fixed assets. Unfortunately, inadequate funding stifles necessary upkeep; most facilities are well past their life expectancy by the time the state comes up with money for repairs or replacement. The same holds true for transportation infrastructure: One-fifth of Rhode Island's National Highway System bridges are structurally deficient, by far the highest proportion in the nation.

Amid all its cuts, the state has added at least one important position, filling the directorship of the new Department of Revenue—a long-overdue position in a high-tax state with numerous tax expenditures. An Office of Tax Research and Analysis, now housed within the Department of Revenue, had been created in 2005, but hasn't been fully utilized until now—a situation emblematic of Rhode Island's all-too-frequent hand-to-mouth approach to the future.

**For additional data and analysis, go to [pewcenteronthestates.org/gpp](http://pewcenteronthestates.org/gpp)**

Money	D+
Long-Term Outlook	●
Budget Process	●
Structural Balance	●
Contracting/Purchasing	●
Financial Controls/Reporting	●

People	D
Strategic Workforce Planning	●
Hiring	●
Retaining Employees	●
Training and Development	●
Managing Employee Performance	●

Infrastructure	C+
Capital Planning	●
Project Monitoring	●
Maintenance	●
Internal Coordination	●
Intergovernmental Coordination	●

Information	C
Strategic Direction	●
Budgeting for Performance	●
Managing for Performance	●
Performance Auditing & Evaluation	●
Online Services & Information	●

**Population (rank):** 1,067,610 (43)  
**Average per capita income (rank):** \$25,937 (17)  
**Total state spending (rank):** \$6,955,860,000 (42)  
**Spending per capita (rank):** \$6,515 (8)  
**Governor:** Don Carcieri (R)  
**First elected:** 11/2002  
**Senate:** 38 members: 33 D, 5 R  
**Term Limits:** None  
**House:** 75 members: 61 D, 13 R, 1 Vacant  
**Term Limits:** None