



# RIPEC NEWS RELEASE

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## **FOR IMMEDIATE RELEASE**

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## **RIPEC Releases Report on November Bond Referenda, State’s Budget Outlook and Debt Position** *State’s Overall Debt and Out-Year Fiscal Position Requires Balanced Review of Referenda Choices*

PROVIDENCE, R.I. (October 2014) – Today, the Rhode Island Public Expenditure Council (RIPEC) released an analysis of Rhode Island’s budget outlook based on the preliminary FY 2014 closing, debt position, and 2014 ballot questions. [The full report is available here.](#)

Due to increased revenues and lower-than-anticipated expenditures, the state’s projected opening surplus for FY 2015 was increased by roughly \$9 million. Despite this, the state continues to face significant deficits in out-years as expenditure growth continues to outpace revenue growth. Furthermore, the unknown implications of public policy changes associated with: casino gaming in Massachusetts; state funding sources for HealthSource Rhode Island and the state’s expansion of Medicaid; and the pending litigation related to the Rhode Island Retirement Security Act will also have unknown out-year fiscal impacts. Unless the state’s structural deficit is resolved, the state will continue to have to choose between making investments and relying on short-term financial fixes.

“It is necessary to consider the four bond referenda proposals in light of the state’s structural deficit, overall debt position, and the fiscal implications of bond repayment,” remarked John C. Simmons, Executive Director of RIPEC. “Voters should consider the degree to which public investment in the proposed projects has the capacity to strengthen the state’s economy.”

Capital investments provide infrastructure improvements, and help boost the state’s economy. However, how the state funds these projects – particularly with regard to increased debt – is an important consideration. Although the state has made significant improvements in debt management in recent years, it still ranks in the top half of the country for debt per capita and as a share of personal income. Ultimately, voters must weigh the benefits of capital investment against the long-term costs, especially given the state’s fiscal position.

RIPEC has traditionally not taken positions on bond referenda questions. However, RIPEC encourages taxpayers to consider the merit of the proposals themselves, in addition to whether bond financing is an appropriate funding mechanism.

The report is available on RIPEC's website: [www.ripec.org](http://www.ripec.org). RIPEC is an independent, non-partisan voice and catalyst for effective, efficient and equitable government in Rhode Island.

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