



RIPEC NEWS RELEASE

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RIPEC Releases Report on State’s Budget Outlook and Results of November 2014 Revenue and Caseload Estimating Conference *Budget Deficit Now Projected for Fiscal Year 2015*

PROVIDENCE, R.I. (January 21, 2015) – Today, the Rhode Island Public Expenditure Council (RIPEC) released an analysis of Rhode Island’s budget outlook, which outlines changes that have occurred since the FY 2015 budget was enacted, and concludes by suggesting an approach for the development of the FY 2016 budget and beyond. The full report is available [here](#).

The FY 2015 budget as enacted projected a FY 2015 surplus of \$0.5 million; however, the state is now projecting a FY 2015 deficit of \$34.5 million. Despite positive revenue results from the November 2014 Revenue Estimating Conference, which projected increased general revenues and a larger-than-expected opening surplus from FY 2014, expenditures are projected to outpace revenue growth. The primary drivers of increased expenditures are the Medicaid program and agency overspending. Specifically, Medicaid and Cash Assistance expenditures will require \$37.0 million in additional state funds above the levels included in the enacted budget. Moreover, the Budget Office estimates that state government agencies will exceed their enacted budgets by a combined \$42.2 million.

Rhode Island also faces increasing outer-year deficits. Unknown fiscal variables such as the impact of casino gaming in Massachusetts could exacerbate outer-year estimates, which, prior to the Revenue Estimating Conference, ranged between \$122.4 and \$172.9 million for FY 2016. The state’s fiscal structural imbalance, combined with its slower-than-the-region economic growth, require a commitment by policymakers to focus on the major structural budget drivers.

“When facing the outer-year problem, it is important to consider the projected growth rates, or major budget drivers, of the state budget,” remarked John C. Simmons, Executive Director of RIPEC. “A key focus of the next administration should be controlling the costs of the Grants and Benefits budget category, as well as focusing on opportunities to grow Rhode Island’s economy through strategic, structural investments.”

The report is available on RIPEC’s website: 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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