RHODE ISLAND

STOP THE DECLINE AND SPARK THE COMEBACK

OUR ECONOMIC ENGINE IS OUT OF GAS

HIGH UNEMPLOYMENT

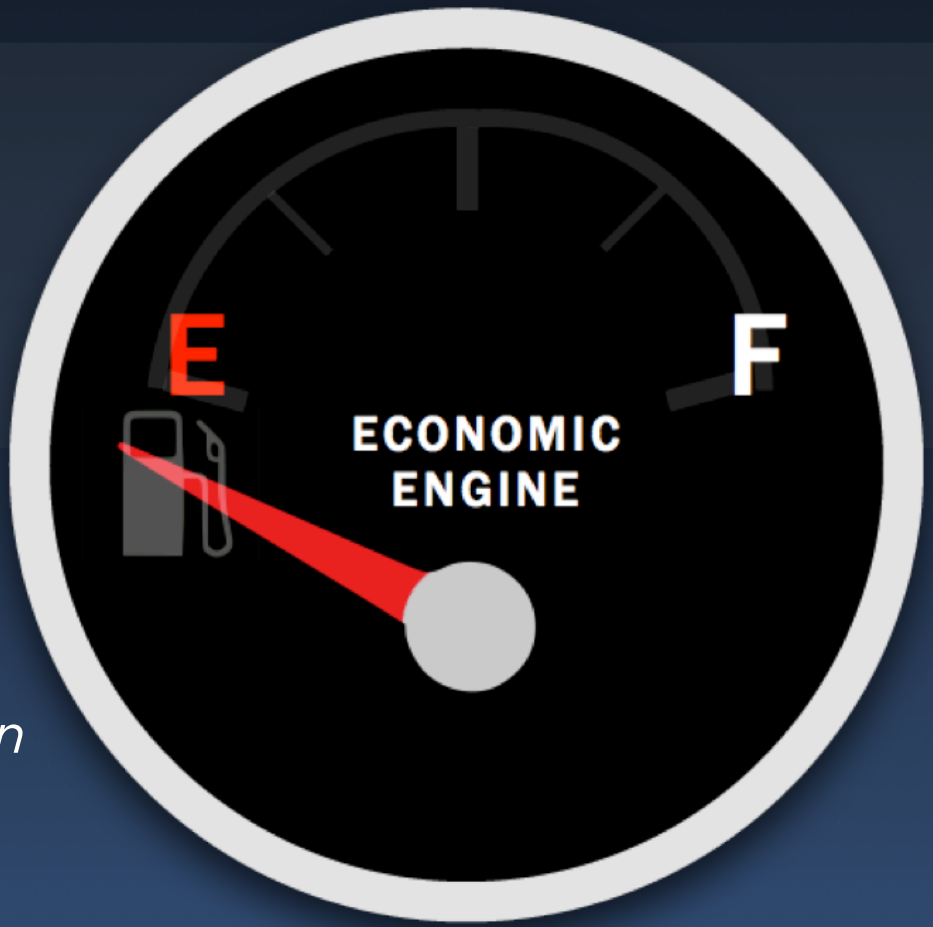
Currently 47th in the country
Highest for 9 consecutive months during 2013 - 2014

POOR GROWTH

48th in short-term job growth
48th in long-term job growth

MORE JOBS IN LOW GROWTH INDUSTRIES

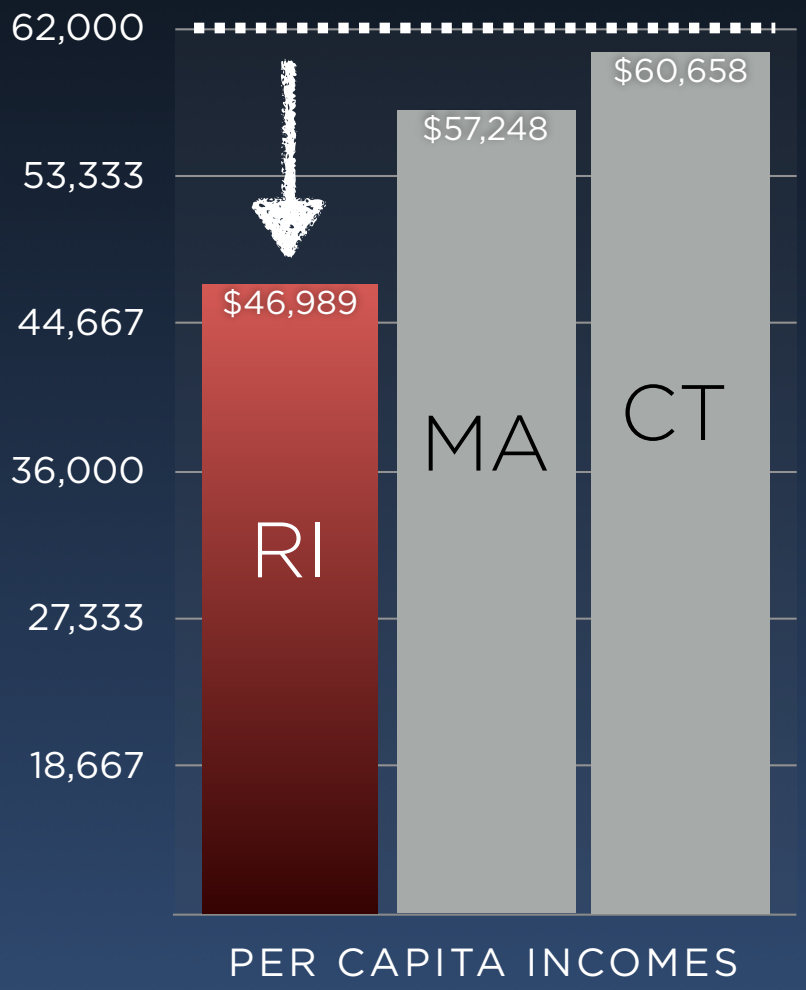
Disproportionate share of our jobs are in low growth industries



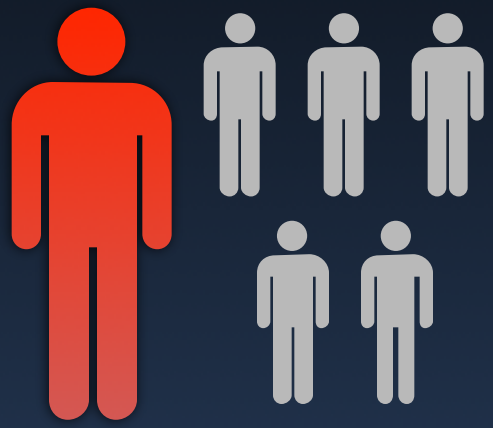
[SOURCE: BLS, DEC. 2014, US Chamber of Commerce]

...AND WE'RE RELATIVELY POORER THAN NEIGHBORING STATES

LOWER PER CAPITA INCOMES



MORE RELIANT ON STATE ASSISTANCE



1 IN 6

Rely on food stamps to put food on the table

19.9% of Rhode Islanders' income is from aid, assistance, benefits, etc.

[SOURCE: BUREAU OF ECONOMIC ANALYSIS, PROVIDENCE JOURNAL 1/15, OFFICE OF REVENUE ANALYSIS 2014 Q3]

WE'RE NOT EQUIPPING OUR STUDENTS WITH THE SKILLS THEY NEED TO COMPETE

RHODE ISLAND HAS FEWER HIGH SKILL JOBS AND WORKERS THAN NEIGHBORING STATES

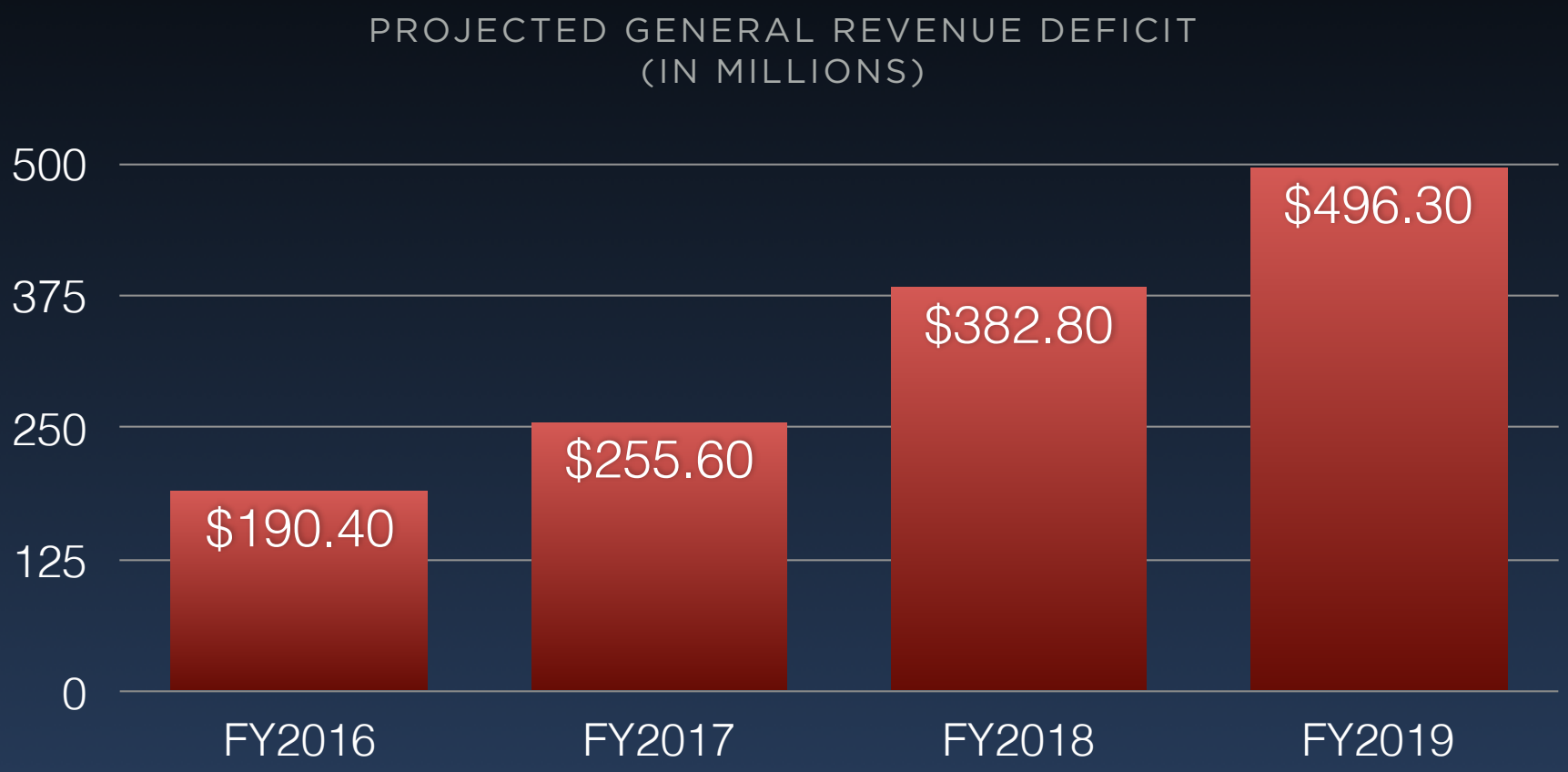
	RI	MA	CT
Share of high-skills jobs	32%	39%	36%

	RI	MA	CT
High School Graduation Rate	77%	83%	83%
NAEP Math Scores	283	299	287
NAEP Reading Scores	265	275	275

Percentage of CCRI students requiring remediation courses: 66%

[SOURCE: National Skills Coalition, 2011 National Center for Education Statistics, Providence Journal]

FISCAL STORM CLOUDS LOOM WITH NO ACTION



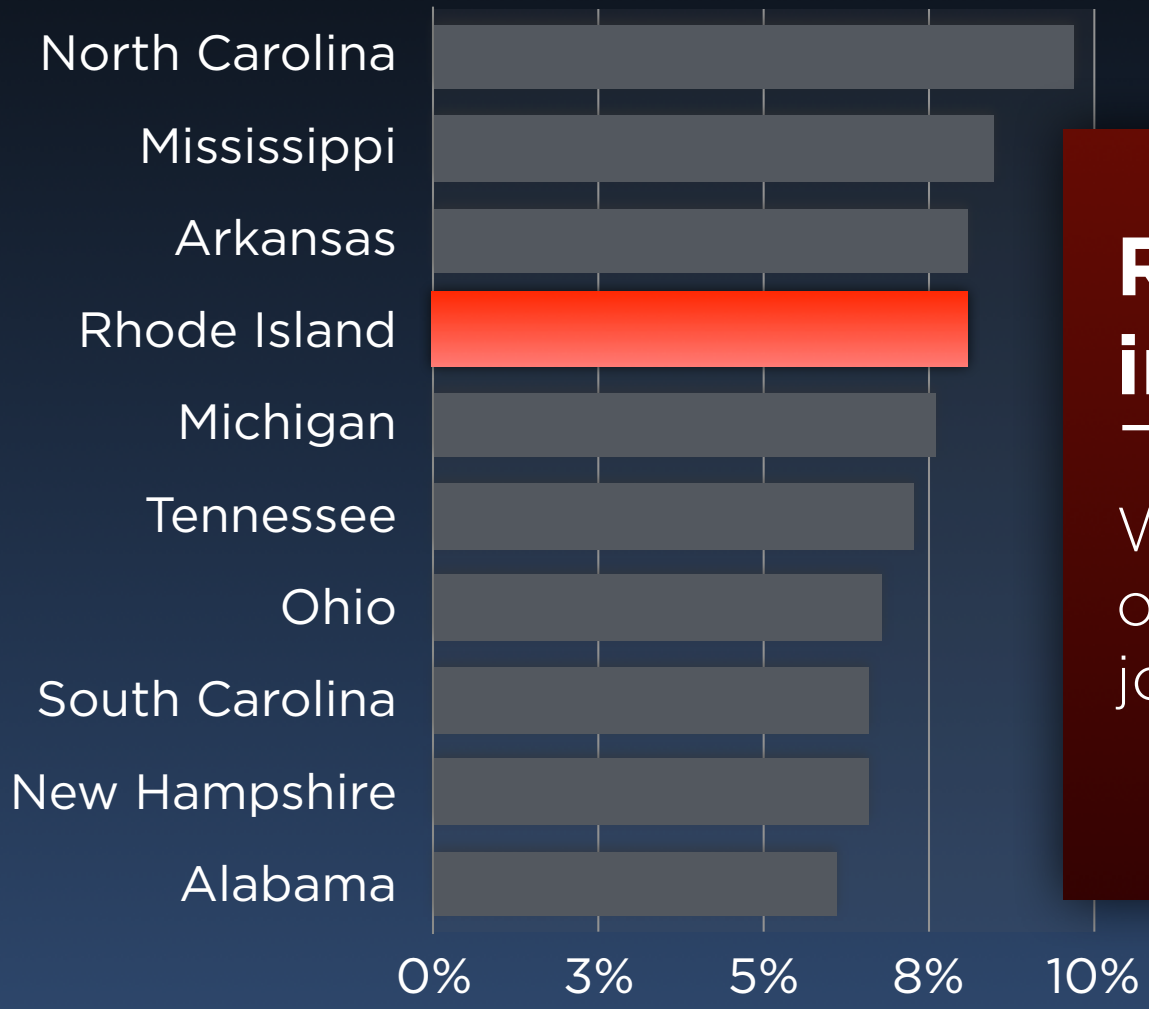
State's General Revenue budget is growing faster than the rate of inflation

[SOURCE: OMB ANALYSIS BASED ON NOV 2014 REVENUE ESTIMATING CONFERENCE]

OUR MANUFACTURING SECTOR HAS BEEN CUT IN HALF

STATES HARDEST HIT BY MANUFACTURING JOBS LOST

BY SHARE OF STATE EMPLOYMENT



RI is 4th worst in the nation

Worst in New England. Loss of 80,000 manufacturing jobs since the 1980s

[SOURCE: ECONOMIC POLICY INSTITUTE]

WE'VE LOST MIDDLE CLASS JOBS

AND

REPLACED THEM WITH LOWER WAGE JOBS

43.5%

of jobs lost were
middle wage jobs

($60,800 & UP)

64.6%

of jobs created have been
lower wage jobs

($40,300 - $60,799)

[SOURCE: RHODE ISLAND NOV. 2014 REVENUE ESTIMATING CONFERENCE]

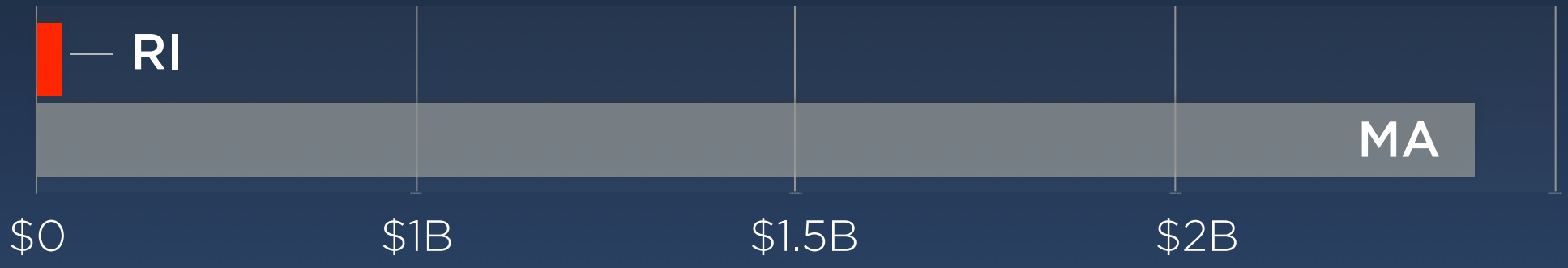
WE'VE FAILED TO REPOSITION OURSELVES FOR JOB CREATION IN GROWTH INDUSTRIES

25th

RHODE ISLAND'S INNOVATION RANKING BY BLOOMBERG

Rhode Island has fewer higher wage jobs and a lower innovation capacity than neighboring states

FEDERAL R&D CONTRACTS IN FY2013



Rhode Island received just $47 million in federal R&D contracts compared to nearly $3 billion for Massachusetts

[SOURCE: BLOOMBERG, STEM REPORT CARD]

WE HAVE HIGH COSTS IN SEVERAL AREAS

2ND **HIGHEST** MEDICAID SPENDING PER ENROLLEE IN THE COUNTRY

2ND **HIGHEST** FIRE SAFETY COSTS IN THE COUNTRY PER $1,000 PERSONAL INCOME

3RD **HIGHEST** PUBLIC EMPLOYEE COMPENSATION RATES IN THE COUNTRY

4TH **HIGHEST** ROAD COSTS PER MILE *BUT* 45TH IN ROAD QUALITY

8TH **HIGHEST** EDUCATION SPENDING *BUT* 27TH IN EDUCATIONAL ACHIEVEMENT

[SOURCES: REASON FOUNDATION, KAISER FAMILY FOUNDATION, RIPEC, US CHAMBER OF COMMERCE]

WE HAVEN'T INVESTED STRATEGICALLY

IN AREAS THAT SPUR JOB CREATION

	RI	MA	CT	NJ	NY
Statewide Tourism Spending	$0.47M	$15M	$13M	$9M	$60M
Economic Development Agency Budgets	$4M	$80M	$41M	$29M	$70M
Economic Development Agency Personnel	35	150	99	200	314

Rhode Island's economic development budget has been slashed by $2 million since the Great Recession, and by more than $4 million since 2001.

[SOURCE: COMMERCE RI, MASS DEVELOPMENT, CT ECONOMIC DEVELOPMENT, EMPIRE STATE DEVELOPMENT, NJ DEVELOPMENT]

NOT ENOUGH TOOLS IN OUR ECONOMIC DEVELOPMENT TOOLKIT

	RI	MA	CT	NJ	NY
State-level Tax Increment Financing	NO	YES	YES	YES	YES
State-funded Small Business Loan Program	NO	YES	YES	YES	YES
Refundable/Transferable Tax Credits for Real Estate Development	NO	YES	YES	YES	YES

[SOURCE: COMMERCE RI, MASS DEVELOPMENT, CT ECONOMIC DEVELOPMENT, EMPIRE STATE DEVELOPMENT, NJ DEVELOPMENT]

CONTINUING ON OUR CURRENT PATH LEADS TO A VICIOUS CYCLE

STAGNANT JOB GROWTH

INCREASED
TAXES & FEES

ANNUAL
BUDGET CUTS
NO INVESTMENTS
IN JOB GROWTH

UNTARGETED CUTS AREN'T THE CURE

TOTAL FY2017 DEFICIT:

$255.6 MILLION

*THE FY2017 DEFICIT **EXCEEDS** THE ENTIRE GENERAL REVENUE BUDGETS OF 21 AGENCIES*

TOTAL OPERATING COSTS:
$212.8 MILLION

Rhode Island Higher Education Assistance Authority
Governor's Commission on Disabilities
Commission on the Deaf & Hard of Hearing
Office of the Mental Health Advocate
Office of the Child Advocate
Rhode Island Atomic Energy Commission
Rhode Island Commission for Human Rights
Historical Preservation and Heritage Commission
Rhode Island Council on the Arts
Rhode Island Ethics Commission
Rhode Island Emergency Management Agency
Military Staff
Coastal Resources Management Council
Executive Department (Governor's Office)
Board of Elections
Department of Business Regulation
Department of Labor And Training
Office of Public Defender
Department of Health
Department of Environmental Management
Department of Human Services

[SOURCE: OMB ANALYSIS]

SIGNIFICANT TAX HIKES WOULD ONLY MAKE US LESS COMPETITIVE

IN ORDER TO CLOSE THE DEFICIT, WE'D HAVE TO

RAISE THE STATE SALES TAX

Currently 7.0%

TO AT LEAST:

8.3%	8.8%
IN FY2016	IN FY2017
AN 18% INCREASE	**A 25% INCREASE**

[SOURCE: OMB, OFFICE OF REVENUE ANALYSIS]

THE RIGHT CHOICE IS TO REALLOCATE RESOURCES TO INVEST IN JOB GROWTH

JOB GROWTH

INCREASED REVENUES

A VIRTUOUS CYCLE

INVESTMENTS

- Education
- Infrastructure
- Property tax relief

THE CHOICE IS

OURS TO MAKE