Municipal Services in Rhode Island: How Cities and Towns Spend Their Money

The Fourth in a Series on Municipal Finance

RIPEC

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Table of Contents

Section		*Page*
I.	Introduction	3
II.	Legal and Historical Framework	5
III.	Municipal Services	9
	Police	15
	Fire	24
	Other Public Safety	32
	Administration	32
	Public Works	36
	Parks, Recreation, and Natural Resources	42
	Social Services	45
IV.	RIPEC Comments	48

I. Introduction

In Rhode Island, as in the United States generally, local governments offer their constituents the most direct form of political representation and provide essential services that most closely relate to quality of life—such as public safety, sanitation, and the maintenance of roads and parks. Expenditures for these services represent a substantial investment of taxpayer dollars; local governments in Rhode Island spent $5.36 billion in total in fiscal year (FY) 2020, of which $2.75 billion was spent on non-education services.[1] The provision of these services and the return on the significant public investment by taxpayers is worthy of review and analysis.

To properly analyze non-education service spending, it is critical to recognize Rhode Island's highly uncommon approach to local government. In the U.S. system, while state governments typically play an important role in the financing and operation of nearly all key public services, municipal and county-level governments have the primary role of delivering services at the local level. Rhode Island however is a notable outlier among states in that it has no county governments, which alters the relative responsibilities of the state and local governments in providing services.[2] Due in large part to the significant independence and governing authority delegated to New England municipalities beginning in the colonial era, county governments in the region today generally play a relatively limited role in the provision of services.[3]

This report analyzes spending by Rhode Island municipalities on public safety—including police and fire protection—administration, public works, parks and recreation, and social services. It shows how overall spending on these services breaks down between state and local governments and analyzes how spending by Rhode Island municipalities collectively compares in relation to neighboring states, as well as among municipalities within the state. Across these services, the significant implications of the structure of Rhode Island's local governments are evident. In some cases (such as with public works), the state government spends relatively generously to compensate for low spending at the local level, putting the Ocean State in line with the region and nation on a combined state and local basis. In other cases (such as with parks and recreation), Rhode Island's state and local combined spending lags significantly because even though Rhode Island state government spends comparable amounts to other states, local governments in the Ocean State invest significantly less than local governments in other states.

Including this introduction, there are four sections in this report. Section II gives a historical and legal overview of municipal governments in Rhode Island, including a more detailed accounting of Rhode Island's uncommon approach to local government. Section III analyzes both overall municipal spending in Rhode Island and spending on individual municipal services. For each service, this section includes legal and historical background and both inter-state comparisons to regional and national benchmarks and intra-state comparisons among municipalities. Section IV provides RIPEC comments and policy recommendations.

[1] U.S. Census Bureau, Annual Survey of State and Local Government Finances; RIPEC calculations.
[2] Connecticut is the only other state where counties have no governmental functions. U.S. Census Bureau, 2017 Census of Governments.
[3] Although county-level responsibilities vary, Massachusetts, Vermont, New Hampshire, and Maine all delegate some law enforcement and correctional functions to the county level. National Association of Counties, "County Government Structure: A State by State Report," (2010).

This report is the fourth in a series on municipal finance. The first provides a foundational overview of the state's structures of municipal finance, the second supplies an in-depth analysis of property taxation—by far the largest source of local revenue in Rhode Island—and the third analyzes Rhode Island's system of K-12 education finance.[4] Given the prior report on education finance, and the large role played by state and federal aid in financing K-12 education, this report excludes education from the discussion of municipal services. The final report in RIPEC's municipal finance series will focus on municipal pensions and debt. As with the other reports in this series, this report includes figures available for user interaction and manipulation on RIPEC's website. The data dashboard that corresponds with this report is available here.

[4] Rhode Island Public Expenditure Council, "An Introduction to Municipal Finance in Rhode Island," (April 2021); "A System Out of Balance: Property Taxation Across Rhode Island," (January 2022); "Rhode Island's Funding Formula After Ten Years: Education Finance in the Ocean State," (April 2022).

II. Legal and Historical Framework

This section provides a brief overview of the history and structure of Rhode Island's municipal governments, including a discussion of how these structures differ from nearly every other state. It also discusses the relationship between municipalities and state government in Rhode Island, especially as it relates to policies that affect the operations and costs of municipal services.

Municipal Home Rule

Throughout Rhode Island's history, the relative power and prominence of municipalities has varied. Into the 19th century, the strong and independent character of the state's municipalities reflected the structure of the Colony of Rhode Island, which originated as "a loose collection of virtually independent towns."[5] The relative independence of Rhode Island's cities and towns waned in the 19th century, however, as massive economic shifts created growing demand for a stronger, centralized state government. In the 20th century, the state General Assembly had its authority enhanced and affirmed by several state court decisions that gave the state wide latitude over municipal affairs, including the operations of services considered to be core municipal responsibilities today.[6]

Significant autonomy was granted to municipalities at Rhode Island's 1951 constitutional convention when delegates unanimously voted in favor of the "home rule" amendment to the state's constitution, which intended to "grant and confirm to the people of every city and town in this state the right of self-government in all local matters." The amendment clarified that the General Assembly had the ability to enact laws that apply consistently to all municipalities but could not enact laws which "affect the form of government of any city or town" without approval by voters of that municipality.[7] Notably, the home rule amendment did not provide municipalities with the power to raise revenues; municipalities today only derive the power to levy, assess, and collect taxes or borrow money from the General Assembly.[8]

Home Rule Charters

In addition to clarifying that municipalities are largely independent in matters related to their property, affairs, and governmental structure, the home rule amendment also allowed for municipalities to adopt local charters. Municipal charters are legal documents that specify the form of local government in each municipality and delegate responsibilities between the elected city or town council and chief executive. Important for the provision of city services, charters also legally establish municipal departments and procedures for the adoption of annual municipal budgets. To date, all municipalities in Rhode Island have an operative charter except for the Town of Scituate.[9]

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[5] Terrance P. Haas, "Constitutional Home Rule in Rhode Island," Roger Williams University Law Review vol. 11, iss. 3 (2006).
[6] One such example is *City of Providence v. Moulton* (1932), in which the state Supreme Court upheld legislation passed in the General Assembly that took existing public safety powers held by local officials in Providence and delegated them to a state-appointed "Board of Public Safety." Ibid.
[7] Ibid.
[8] Constitution of the State of Rhode Island, Article XIII.
[9] Rhode Island Division of Municipal Finance, Municipal Charters in Rhode Island (2013).

Since the adoption of the home rule constitutional amendment, state courts generally have reaffirmed the authority of municipalities over matters contained in their charters. A notable case on this issue was *Town of East Greenwich v. O'Neil* (1992), in which the Rhode Island Supreme Court established a three-part test meant to distinguish between state matters, over which the General Assembly has authority, and local matters, over which municipalities have broad authority. The test requires consideration of whether a "uniform regulation" across the state is preferred, whether the matter has traditionally been considered of a local nature, and "most critical[ly], if the action of a municipality has a significant effect upon people outside the home rule town or city."[10]

State Mandates

While Rhode Island cities and towns derive authority from the home rule constitutional amendment to set policy on local affairs, they have no inherent power to raise revenues or issue debt, and at the same time must comply with a multitude of state mandates. State mandates have been defined under state law as "any statutory or executive action . . . that requires a local government to establish, expand, or modify its activities in a way as to necessitate additional expenditures from local government revenue sources where the expenditures are not otherwise reimbursed in whole."[11]

Rhode Island's Department of Revenue (DOR) is required under state law to maintain a list of state mandates enacted since 1979, with the most recent list released in December 2022.[12] The law spells out a process by which municipalities can apply for state reimbursement for the costs related to compliance with state mandates. DOR is required to submit to the state budget office estimates by cities and towns of these costs, to be considered for reimbursement payments in the governor's budget proposal each year.[13] However, this law appears to have had little effect in recent years—the state last provided reimbursement for mandates in FY 1992, and since December 2009, no municipalities have submitted cost estimates or requests for reimbursement.[14] Examples of notable state mandates are discussed in Section III of this report.

Local Government Units and Municipal Consolidation

The U.S. Census Bureau classifies local governments into general purpose governments and special purpose governments. General purpose governments typically provide multiple services and are further divided into county governments and sub county governments, which include township and municipal governments. Special purpose governments typically provide one service and include school districts and special district governments, such as fire districts.[15] There is notable diversity as to how responsibility for local government services is dispersed across various local government units in the United States, which presents a fundamental

[10] *Town of East Greenwich v. O'Neil*, 617 A.2d 104 (R.I. 1992). Examples of services that were deemed to be local concerns through the courts include regulating public drains and sewers and municipal pension plans. Rhode Island League of Cities and Towns, "Municipal Charters: Adopting, Amending, and Appreciating."
[11] R.I. Gen Laws § 45-13-7.
[12] Rhode Island Department of Revenue, State Mandates (2022 Edition).
[13] R.I. Gen Laws § 45-13-8; Rhode Island House Fiscal Advisory Staff, "Rhode Island Local Aid," (November 2011).
[14] From 1979 through 1992, when the state last issued reimbursements for state mandates, total reimbursement payments by the state never exceeded $125,000 in any fiscal year. In 2008, the final year that municipalities submitted requests for reimbursements, reported costs eligible for reimbursements totaled $1.2 million. Rhode Island Senate Committee on Government Oversight, "State Mandates," (June 3, 2010).
[15] U.S. Census Bureau, 2017 Census of Governments.

challenge to comparing local government expenditures across states. In Rhode Island—which is one of only two states with no county governments—the only general purpose governments are the 39 subcounty governments, which includes eight municipal (city) governments and 31 township (town) governments.[16] The Ocean State has 90 special purpose governments, including 36 traditional school districts and 39 fire districts.[17]

Many researchers have attempted to determine the proper number of local government units for a given area. Much of this research attempts to quantify the effects of horizontal fragmentation, which refers to the concentration of government units providing similar or identical services across distinct geographical borders.[18] In general, horizontal fragmentation is associated with higher per capita expenditures, primarily due to the duplication of services across smaller local government units which are unable to achieve economies of scale.[19]

There are numerous measures of horizontal fragmentation used in academic literature, but the most common measure is the number of government units normalized by population or area.[20] In Rhode Island, these two measures of horizontal fragmentation vary considerably, due in part to the state's particularly high population density.[21] Rhode Island ranks low in terms of the number of local government units per million residents (42nd highest among states) but high in terms of local government units per 1,000 square feet (seventh among states).[22] Rhode Island demonstrates a degree of horizontal fragmentation in that it has a high concentration of local government units which are smaller in area than is typical of other states and generally provide similar or identical services. For example, the bordering towns of Barrington, Warren, and Bristol are among Rhode Island's smallest municipalities in terms of land area, but each provide several identical services, such as police, public works, and administration, separately within their own borders.[23]

To the extent that local government fragmentation leads to inefficiencies and higher spending, consolidation of government units is a frequently discussed solution. While consolidation is relatively rare in practice due to political and practical challenges, the body of research on the effect of these arrangements on public spending yields mixed conclusions. A 2002 review of research on local governments in the United States and United Kingdom concluded that economies of scale in services can generally be achieved for units up to a range of 20,000-40,000 in population, with little relationship between size and spending beyond this threshold.[24] Further, benefits of consolidation vary across services, with greater potential for economies of

[16] Connecticut is the only other state that does not have county governments.
[17] Other special purpose units in Rhode Island include conservation districts, utility districts, river and water authorities, and housing authorities. U.S. Census Bureau, 2017 Census of Governments: Individual State Descriptions.
[18] Shayne C. Kavanagh, "Does Consolidating Local Governments Work?," Government Finance Officers Association (2020).
[19] Christopher B. Goodman, "Local Government Fragmentation & the Local Public Sector: A Panel Data Analysis," Rutgers, The State University of New Jersey, Department of Public Policy & Administration (2015).
[20] Ibid.
[21] Rhode Island is the second most densely populated state in the U.S., behind New Jersey. U.S. Census Bureau, American Community Survey Data, 5-Year Estimates; U.S. Census Bureau, State Area Measurements and Internal Point Coordinates; RIPEC calculations.
[22] U.S. Census Bureau, 2017 Census of Governments; 2020 U.S. Census.
[23] Warren, Barrington, and Bristol are respectively the third, seventh, and 11th smallest municipalities in Rhode Island in terms of land area. U.S. Census Bureau, 2020 U.S. Census.
[24] Enid Slack and Richard Bird, "Merging Municipalities: Is Bigger Better?," University of Toronto, Institute on Municipal Finance and Governance (2013). More than half (20 of 39) of Rhode Island municipalities have fewer than 20,000 residents, with more than one-quarter (10 of 39) having fewer than 10,000 residents. U.S. Census Bureau, 2020 U.S. Census.

scale in capital-intensive services (including water, sewer, and transportation) than for personnel-intensive services (such as police or social services).[25]

While there are limits to the efficiencies realized from consolidation, a 2013 study by the New England Public Policy Center, an arm of the Federal Reserve Bank of Boston, found a high potential for cost savings through consolidation in New England. The study found that roughly 20 percent of local spending in New England was for "services that rely heavily on capital equipment, technology, or specialized skills" and is therefore a potential target for consolidation. In particular, the study found high levels of fragmentation for 9-1-1 call handling and dispatch, public health, and administrative and financial functions in Massachusetts, Connecticut, and Rhode Island, and recommended that local governments in these states pursue consolidation of these services.[26]

Rhode Island law clarifies that municipalities may enter into "Interlocal Cooperation Commissions" for the purposes of studying and arranging shared service agreements with other municipalities.[27] However, a 2010 Rhode Island Senate study commission found few examples of these arrangements in Rhode Island and recommended that municipalities pursue greater consolidation in less labor-intensive services, including tax collection, emergency dispatch, and IT, noting that "financial and other incentives may be necessary" for the state to facilitate these arrangements.[28] The commission recommended further study of the long-term feasibility of consolidation in other areas including police, fire, public works, and education.[29] A Joint Municipal Shared Services Study Commission was active from 2012 to 2014, and in 2015 the commission co-chairs proposed legislation to clarify existing law granting local government units the ability to voluntarily enter into shared service agreements.[30] The legislation did not pass in either chamber.

[25] Ibid.
[26] Yolanda K. Kodrzycki, "The Quest for Cost-Efficient Local Government in New England: What Role for Regional Consolidation?," New England Public Policy Center (2013).
[27] R.I. Gen Laws § 45-40-1.
[28] The study noted that the City of Warwick entered into a pilot program with East Greenwich to share yard waste disposal services and that the towns of North Kingstown and East Greenwich had recently begun sharing IT services. Rhode Island Senate, Commission on Shared Municipal Services (2010).
[29] Ibid.
[30] Rhode Island Government Press Releases, "Lt. Governor, Special Legislative Commission Announce Bill to Facilitated Shared Services," (2015).

III. Municipal Services

This section first describes the methodology used in this report to analyze municipal spending on services. It then moves to an overview of the key services provided by Rhode Island municipalities, exclusive of K-12 education, and includes the legal and historical framework as well as a comparative analysis of spending on these services relative to the region and nation.

Spending Overview

Methodology

This report relies primarily on two sources of data: the U.S. Census Bureau's Annual Survey of State and Local Government Finances for combined state and local spending and the Rhode Island Municipal Transparency Portal (MTP) for municipal-level spending. To allow for inter- and intra-state comparisons, spending data is reported in per capita terms using population data from the 2020 United States Census.[31] Calculating expenditures on a per capita basis is the most common method for comparing across units since the need for services corresponds generally with a community's population. However, measuring expenditures on a per capita basis has limitations to the extent that the U.S. Census counts people at their usual, permanent residence. This metric may therefore be imperfect for measuring the need for services in communities with large contingents of non-permanent residents. Likewise, the per capita metric may not fully capture the demand for expenditures on municipal services that may be required due to the influx of short-term visitors. Finally, as discussed more fully below, for certain municipal services, factors besides population affect the level of need for services.

The MTP is operated by the state Division of Municipal Finance within the DOR and was established in state law in 2016.[32] While the MTP provides a wealth of standardized financial data, there remain limitations which complicate financial comparisons between Rhode Island cities and towns. For one, the MTP reports departmental expenditures by function and object across municipalities, but costs for other post-employment benefits (OPEB) are reported in the aggregate without reference to the individual municipal departments to which OPEB costs are incurred. Thus, OPEB costs for retired police and fire employees, for example, are not reflected in the MTP expenditures for those departments.[33]

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[31] While this report relies on per capita measures to compare expenditures across states and municipalities, normalizing expenditure data per $1,000 of personal income is another common approach. Reporting expenditures on a personal income basis measures government taxing and spending relative to a state's ability to pay. For an analysis of Rhode Island's combined state and local spending across services that includes per income data, see Rhode Island Public Expenditure Council, "How Rhode Island Compares: State and Local Revenues and Expenditures," (March 2021).

[32] R.I. Gen Laws § 45-12-22.2. The MTP was phased-in beginning in FY 2016 starting with a subset of the state's municipalities. Data from all municipalities became available starting in FY 2018. R.I. Division of Municipal Finance, Municipal Transparency Portal.

[33] OPEB costs tend to be distributed unevenly across municipal departments, with particularly large proportions going to public safety employees. For example, as of FY 2021, police and fire respectively accounted for 32.7 percent and 32.1 percent of the overall net OPEB liability in Providence despite respectively accounting for 10.9 percent and 9.5 percent of full-time city employees that year. The Segal Group, City of Providence Governmental Accounting Standards Board (GASB) Statement No. 75 Actuarial and Accounting Valuation Report of Other Postemployment Benefits (OPEB) as of June 30, 2020; R.I. Division of Municipal Finance, Rhode Island Municipal Transparency Portal; RIPEC calculations. In FY 2021, municipal OPEB expenditures totaled $90.8 million, or 5.2 percent of non-education expenditures. These expenditures are included in the "other" category in Figure 2, along with debt service and libraries. OPEB accounts for 26.1 percent of "other" category spending. These calculations include data from FY

Additionally, statewide local government expenditure data reported by the U.S. Census Bureau and municipal-level expenditure data reported through the MTP differ in their treatment of certain expenditures. MTP data does not include expenditures on major capital projects or those for the operation of water, sewer, and stormwater systems.[34] Moreover, similar to OPEB, debt service costs (including principal and interest payments) are reported in the MTP separately from individual departments.[35] Thus, the analysis of municipal-level departmental spending in this report based on MTP data essentially reflects operating expenditures only, and may represent only a fraction of the overall public investment in certain functions such as public works and parks and recreation, which require substantial capital investments.[36] In contrast, a more complete picture of municipal spending is reflected in the statewide local expenditures reported through the Census Bureau, as it includes capital and other costs excluded by the MTP in expenditure data for both overall spending and departmental-level spending.[37]

Finally, both the Census Bureau data and the MTP reflect local government expenditures financed by transfers of revenues from other levels of government. The combined state and local spending figures included in this report reflect direct expenditures, meaning intergovernmental transfers are counted as expenditures at the level of government receiving the transfer only. In Rhode Island, local governments received $1.54 billion in intergovernmental revenues in FY 2020, $1.38 billion of which came from the state government. Expenditures of state government transfers accounted for 25.7 percent of Rhode Island local government expenditures that year.[38] Education aid accounted for a significant portion—$995.5 million, or 72.1 percent—of these state-to-local transfers.[39] Local governments in the United States report a small level of spending on transfers of funds to state and federal governments—Rhode Island and Hawaii were the only two states that did not report any such transfers in FY 2020.[40]

Statewide Spending

Rhode Island's combined state and local government expenditures per capita are relatively high, ranking 14th highest among states and third highest in New England in FY 2020, the most recent year for which statewide data is available. Local governments in Rhode Island have relatively

2020 for East Providence and Coventry because FY 2021 data were not yet available. R.I. Division of Municipal Finance, Rhode Island Municipal Transparency Portal; RIPEC calculations.

[34] Expenditures on water, sewer, and stormwater are frequently connected with enterprise funds, which are self-supporting government funds financed by user fees or charges. Enterprise funds generally are not reflected in MTP expenditures.

[35] In FY 2021, municipal debt service expenditures totaled $215.2 million, or 12.3 percent of non-education expenditures. These expenditures are included in the "other" category in Figure 2, along with OPEB and libraries. Debt service accounts for 61.9 percent of "other" category expenditures. These calculations include data from FY 2020 for East Providence and Coventry. R.I. Division of Municipal Finance, Rhode Island Municipal Transparency Portal; RIPEC calculations. The MTP's debt service category includes debt service for both municipal and school debt, although municipalities are entitled to partial reimbursement of school debt from the state government through a formula enacted at the state level. Maximum reimbursement levels range from 52.5 percent in 18 school districts to 98.5 percent in Central Falls. R.I. Office of the General Treasurer, "Moving Forward: A Progress Report on Rhode Island School Construction," April 2021.

[36] The MTP does include $88.5 million in capital outlay expenditures funded outside Capital Projects Funds for FY 2021. These expenditures represent 9.3 percent of total municipal operations costs that year. R.I. Division of Municipal Finance, Rhode Island Municipal Transparency Portal; RIPEC calculations.

[37] U.S. Census Bureau, Annual Survey of State and Local Government Finances, Glossary.

[38] U.S. Census Bureau, Annual Survey of State and Local Government Finances; RIPEC calculations.

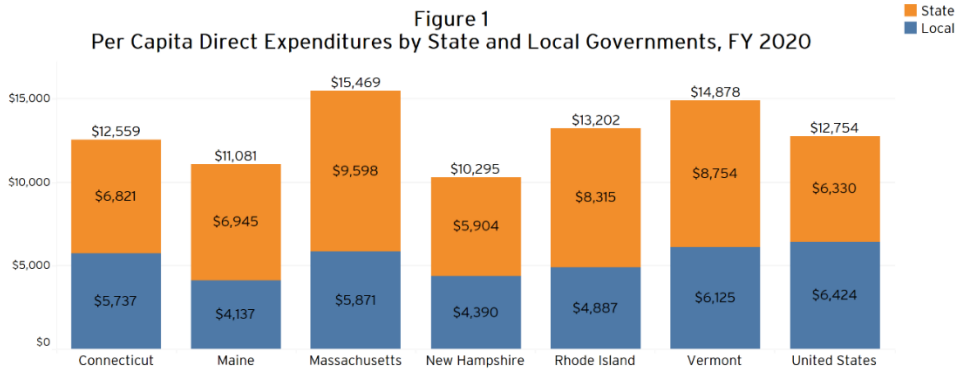
[39] Rhode Island Department of Education, Uniform Chart of Accounts Data; RIPEC calculations.

[40] Total local government expenditures in the United States totaled $2.15 trillion in FY 2020, $17.6 billion of which were intergovernmental transfers. U.S. Census Bureau, Annual Survey of State and Local Government Finances; RIPEC calculations.

small per capita expenditures on a regional and national basis, however, ranking 35th highest among states and fourth highest in New England. Local government spending in Rhode Island was even lower on a proportional basis—local government spending amounted to just 37.0 percent of combined state and local spending in Rhode Island, more than ten percentage points lower than across the U.S. (50.4 percent) and seventh least among states.[41]

Due in large part to the limited role of county governments in the region, relatively high proportional state spending is common among New England states, though it is higher in Rhode Island than the rest of the region. In FY 2020, all states in the region had greater proportional state spending than that of the U.S., with Rhode Island, Maine, Vermont, and Massachusetts ranking in the top 15 among states. Notably, while Rhode Island's lack of county governments is the main contributor to the relatively smaller role of the state's local governments, Connecticut, the only other state with no county government functions, had the largest local proportion of combined spending of New England states. However, Connecticut's local government spending amounted to 45.7 percent of combined state and local spending, 29th highest among states and less than the proportion of the U.S. overall.[42] Figure 1 details per capita spending by state and local governments for New England states and the U.S. overall in FY 2020.

Figure 1
Per Capita Direct Expenditures by State and Local Governments, FY 2020



Note: Intergovernmental revenues are counted at the level of government receiving the transfer only. Totals may not sum due to rounding.
Source: U.S. Census Bureau, Annual Survey of State and Local Government Finances, 2020 U.S. Census; RIPEC calculations.

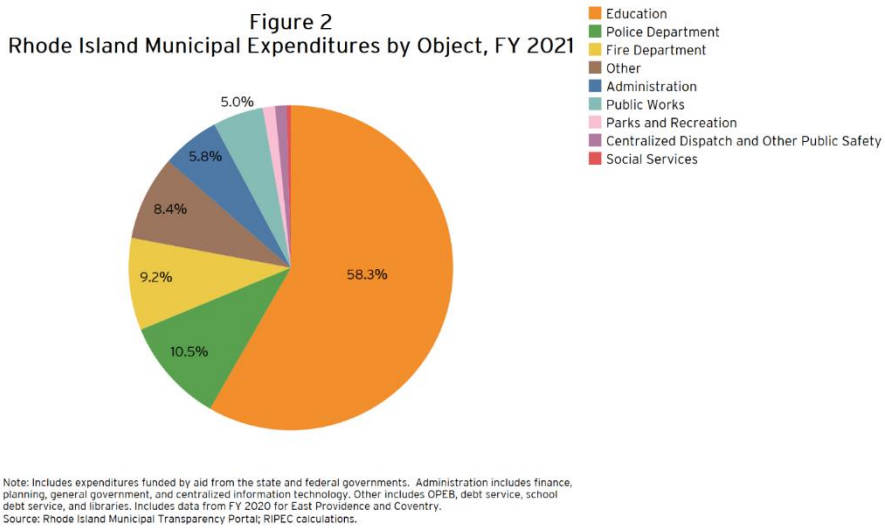
Spending by Object

When local expenditures funded by aid from the state and federal government are included, education made up a majority of Rhode Island municipal expenditures in FY 2021, the most recent year for which municipal data is available.[43] No other individual service accounted for more than 10.5 percent of expenditures, but public safety functions—police, fire, centralized dispatch, and other public safety—combined accounted for one-fifth (20.8 percent) of total

[41] Ibid.
[42] U.S. Census Bureau, Annual Survey of State and Local Government Finances; RIPEC calculations.
[43] The MTP attributes education expenditures funded by state and federal aid to school districts, rather than municipalities. RIPEC considers education spending as municipal expenditures, regardless of the revenue source. Due to wide variation in municipal reliance on local, state, and federal revenues to finance K-12 schools, two municipalities with similar per capita expenditures on education may differ significantly in their per capita local appropriation and the overall significance of that appropriation in context of their entire budget. For example, Pawtucket and Barrington had comparable per pupil expenditures in FY 2021, respectively spending $15,265 and $15,153 per pupil, net of debt service, capital costs, and tuition to other public schools. However, the significance of the local contribution to that level of spending differed considerably, with Pawtucket contributing 23 percent of its education revenues and Barrington contributing 85 percent. Rhode Island Department of Education, Uniform Chart of Accounts Data.

expenditures. Figure 2 shows the full breakdown of Rhode Island's municipal expenditures by object in FY 2021.

Figure 2
Rhode Island Municipal Expenditures by Object, FY 2021

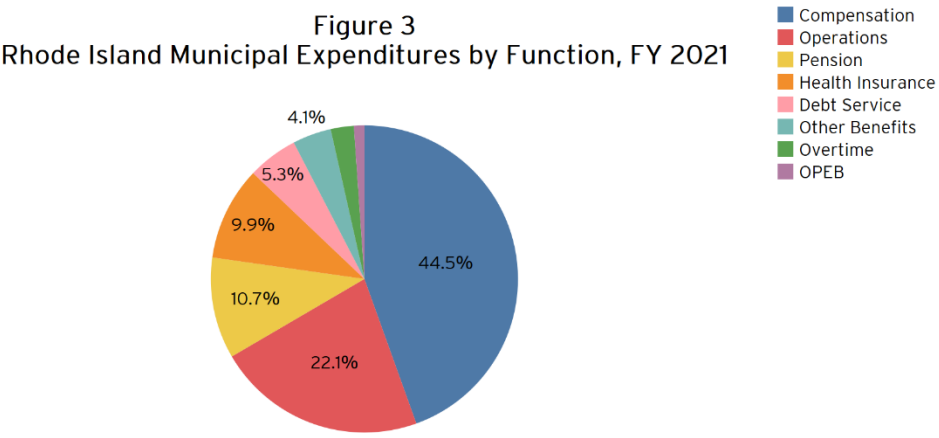


Note: Includes expenditures funded by aid from the state and federal governments. Administration includes finance, planning, general government, and centralized information technology. Other includes OPEB, debt service, school debt service, and libraries. Includes data from FY 2020 for East Providence and Coventry.
Source: Rhode Island Municipal Transparency Portal; RIPEC calculations.

Spending by Function

Personnel costs—compensation, overtime, pension costs, health insurance, other benefits, and OPEB—account for a significant majority of municipal expenditures. As shown in Figure 3, personnel costs accounted for 72.6 percent of expenditures (inclusive of education) in FY 2021, with operations making up 22.1 percent.[44] Purchased services, which typically refers to payments to third-party vendors, was the largest operations expenditure, accounting for 47.6 percent of operations costs, followed by capital outlays, which accounted for 9.2 percent.[45]

Figure 3
Rhode Island Municipal Expenditures by Function, FY 2021



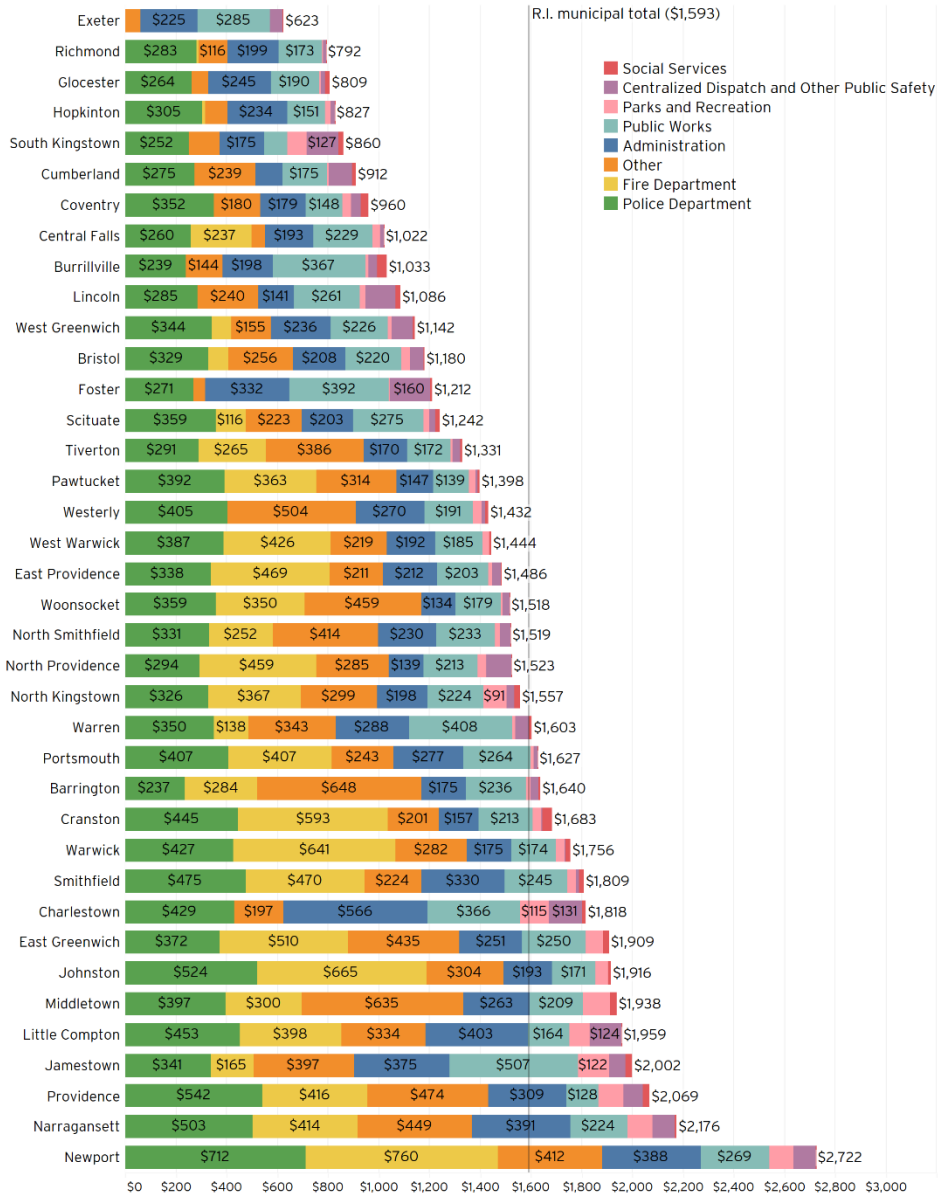
Note: Includes expenditures funded by aid from the state and federal governments. Includes data from FY 2020 for East Providence, East Providence School District, Coventry, and Coventry School District.
Source: Rhode Island Municipal Transparency Portal; RIPEC calculations.

Total Spending by Municipality

[44] Debt service, the other non-personnel function, accounted for 5.3 percent of expenditures in FY 2021.
[45] Includes only capital outlays funded by sources other than Capital Projects Funds. R.I. Division of Municipal Finance, Rhode Island Municipal Transparency Portal; RIPEC calculations.

Per capita non-education municipal spending in Rhode Island was $1,593 in FY 2021. As shown in Figure 4, the variation between the state's cities and towns is significant. Among the five municipalities with the highest per capita non-education expenditures in FY 2021, average per capita spending was $2,186, or 94.6 percent higher than the average among the bottom five municipalities ($782).[46]

Figure 4
Municipal Per Capita Non-Education Expenditures by Object, FY 2021



Note: Data for East Providence and Coventry is from FY 2020. Excludes New Shoreham, which had total per capita non-education expenditures of $7,485 in FY 2021 and is a significant outlier due to its exceptionally low fulltime population. Administration includes finance, planning, general government, and centralized information technology. Other includes OPEB, debt service, and libraries.
Source: Rhode Island Municipal Transparency Portal; RIPEC calculations.

[46] Excludes New Shoreham, which had the highest per capita non-education expenditures of any municipality ($7,485) in FY 2021 but is a statistical outlier due to its very low full-time resident population. R.I. Division of Municipal Finance, Rhode Island Municipal Transparency Portal; RIPEC calculations.

There are several factors which contribute to relative levels of spending on local government services. Despite the state's small size, Rhode Island's municipalities often do not closely resemble each other in their fundamental characteristics. A prime example can be found in the measure of gross assessed property value per capita, which quantifies the value of property available to be taxed in each municipality relative to the number of residents who depend on municipal services. In FY 2019, statewide gross per capita assessment was $120,716 and ranged from $26,427 in Central Falls to more than $260,000 in seven municipalities.[47] Municipalities with high levels of property wealth have significantly greater financial flexibility to spend generously on municipal services while keeping property tax rates, the primary source of local government revenues in Rhode Island, relatively low.[48]

Rhode Island municipalities also vary in the services they choose to provide, which contributes to the nominal differences in total expenditures. This is particularly true for fire protection, the third largest municipal service in terms of statewide expenditures in FY 2021, behind education and police. As discussed further on page 25, several municipalities do not operate fire departments, with residents in those municipalities being served instead by fire districts or volunteer-run departments. While these models also implicate a tax burden on residents and businesses, as well as other tradeoffs, cities and towns without municipal-run fire departments typically report significantly lower non-education expenditures overall.[49]

Notably, there appears to be little correlation between population and per capita non-education spending among Rhode Island's cities and towns; while Providence, the state's most populous municipality, ranked third in per capita spending in FY 2021, the next four most populous communities—Cranston, Warwick, Pawtucket, and East Providence—respectively ranked 13th, 11th, 25th, and 22nd highest in per capita spending. Likewise, among the ten least populous municipalities are four communities ranked in the top ten in non-education spending per capita (New Shoreham, Jamestown, Little Compton, and Charlestown), and four communities with the state's four lowest per capita spending (Exeter, Richmond, Hopkinton, and Glocester).[50]

Service Expenditures

This portion of Section III analyzes municipal expenditures on key services individually. It begins with the largest category of municipal non-education expenditures—public safety, which is broken down further into police, fire protection, centralized dispatch, and emergency medical services (EMS) departments. The remaining key services follow in order of size of expenditures: administration, public works, parks and recreation, and social services.

[47] Those municipalities are: New Shoreham, Little Compton, Jamestown, Narragansett, Charlestown, Newport, and Westerly. Several of the state's municipalities with the greatest property wealth may have greater per capita spending because they attract a number of non-full-time residents and/or visitors who are not counted in the U.S. Census but who nevertheless contribute to demand for local government services. Subsections on police and fire below contain a more detailed discussion of quantifying demand for local services. U.S. Census Bureau, 2020 Census Residence Criteria and Residence Situations.

[48] Rhode Island Public Expenditure Council, "A System Out of Balance: Property Taxation Across Rhode Island," (January 2022).

[49] Each of the state's five lowest-spending municipalities do not operate a municipal-run fire department. Exeter, the state's lowest spending municipality, also does not operate a police department.

[50] Excludes New Shoreham. R.I. Division of Municipal Finance, Rhode Island Municipal Transparency Portal; U.S. Census Bureau, 2020 U.S. Census; RIPEC calculations.

Police

Legal and Historical Framework

Policing has been a core municipal service for Rhode Island municipalities going back centuries. Responsibility for law enforcement in colonial Rhode Island was assumed largely by sheriff departments but began moving to the municipal level starting in 1651, when the Providence Town Council began electing constables to enforce town ordinances.[51] Constables, although considered law enforcement officers, often had other responsibilities separate from law enforcement and lacked the characteristics of modern-day police officers, such as fixed pay, operational procedures, and accountability to local government.[52] By the early 18th century, several other Rhode Island municipalities also relied on local constables for enforcement of laws and general patrol.[53]

Largely as a response to the rapid urbanization occurring in the 19th century, larger U.S. cities began moving away from the constabulary system in favor of formal, centralized municipal police departments, beginning with the city of Boston in 1838. By 1880, all major U.S. cities had followed suit, including Providence, which established the Providence Police Department in 1864.[54] However, most of Rhode Island's smaller municipalities continued to rely on constables rather than police departments until the 20th century.[55]

Today, every Rhode Island municipality except the Town of Exeter operates a police department, the majority of which were established through municipal charter.[56] While municipalities have broad authority to set department policy, staffing levels, and budgets, state law influences police department policy and spending in several ways, particularly around staffing and labor costs.

Rhode Island state law provides that police officers have the right to organize and collectively bargain with their respective municipalities.[57] Since this right was enshrined in state law in 1963, police officers in all 38 of the state's municipal police departments have come to be represented by a labor organization.[58] In 1968, Rhode Island became one of the first states in the nation to institute binding arbitration in contract disputes between municipalities and police officers.[59] Other state mandates related to policing include a requirement that municipalities continue

[51] Jim Ignasher, "Early Rhode Island Municipal Police Insignia," Smith-Appleby House Museum, Historical Society of Smithfield, 2019.
[52] Ivan A Gargurevich, "The History of Policing in the United States," Eastern Kentucky University Police Studies Online, 2013
[53] Jim Ignasher, "Early Rhode Island Municipal Police Insignia," Smith-Appleby House Museum, Historical Society of Smithfield, 2019.
[54] Ivan A Gargurevich, "The History of Policing in the United States," Eastern Kentucky University Police Studies Online, 2013; Hugh T. Clements Jr., "Hugh T. Clements Jr.: 150 years of keeping Providence safe," *The Providence Journal*, 2014.
[55] Jim Ignasher, "Early Rhode Island Municipal Police Insignia," Smith-Appleby House Museum, Historical Society of Smithfield, 2019.
[56] Exeter is served by the Rhode Island State Police, and while the state has billed the town for this coverage, as of 2020 the town had not provided any payment to the state. Exeter Police Department Task Force Meeting, January 13, 2020.
[57] R.I. Gen Laws § 28-9.2-4.
[58] Civilian employees of police departments, which includes dispatchers and other administrative personnel, are represented by labor organizations through agreements separate from police officers in at least 10 municipalities. Rhode Island Division of Municipal Finance.
[59] R.I. Gen Laws § 28-9.2-9; M.S. Wortman, C. E. Overton, "Compulsory Arbitration – The End of the Line in the Police Field," Public Personnel Management, Volume 2, Issue 1 (1972).

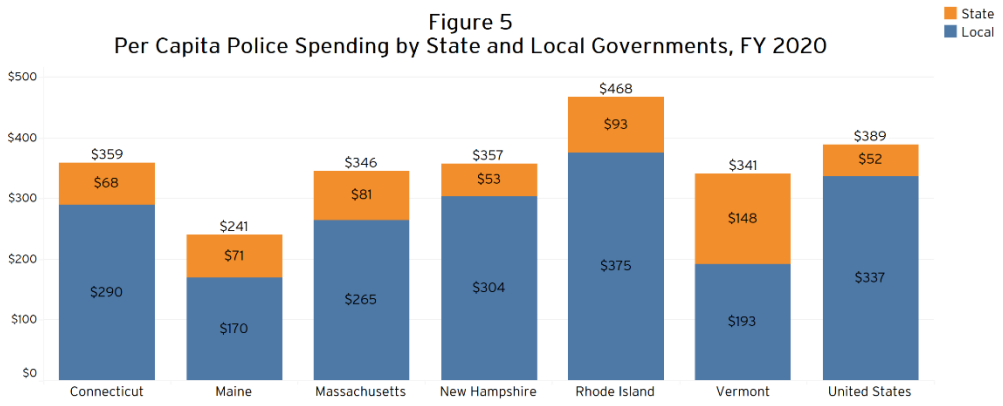
paying salary, benefits, and out-of-pocket medical costs for police officers who are incapacitated due to injuries sustained while offering emergency assistance.[60]

Statewide Overview

Relative to the region and nation, Rhode Island's state and local governments maintain high levels of spending on police. In per capita terms, the Ocean State's combined state and local police expenditures totaled $468 in FY 2020, ranking seventh highest nationally and highest in New England. Rhode Island's local governments contribute a smaller proportion of combined police spending than is typical—80.2 percent compared to 86.7 percent nationally. The lack of county governments in Rhode Island contributes to its relatively low level of proportional local police spending—county governments typically have a police function of some kind, including through traditional police departments and sheriff's offices. In Rhode Island, the typical responsibilities of local sheriff's departments, including providing security for the state's court system, are carried out by a state Division of Sheriffs within the Department of Public Safety.[61]

Despite relatively low proportional police spending by local governments in Rhode Island, nominal local spending on police is still relatively high—as shown in Figure 5, Rhode Island's municipalities collectively spent $375 per capita on police in FY 2020, ranking seventh highest in the nation and well above many states where local governments take on a larger share of combined state and local spending on police than in Rhode Island.

Figure 5
Per Capita Police Spending by State and Local Governments, FY 2020



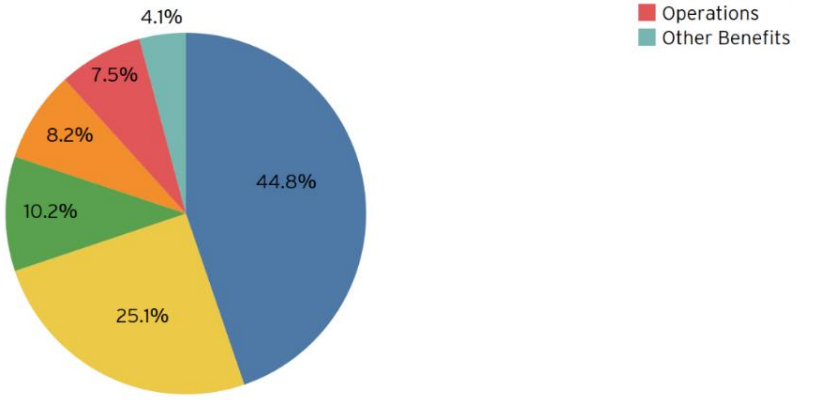
Source: U.S. Census Bureau, Annual Survey of State and Local Government Finances; 2020 U.S. Census; RIPEC calculations.

After education, police spending is the largest expense for Rhode Island municipalities on whole, totaling $441.9 million, or 25.3 percent of non-education expenditures, in FY 2021.[62] Personnel costs account for the vast majority of police spending in Rhode Island; as shown in Figure 6, 92.5 percent of FY 2021 police expenditures were for personnel costs, with the remaining 7.5

[60] R.I. Gen Laws § 45-19-1. In recent years, the General Assembly has considered so-called "evergreen contract" legislation, which would extend all provisions of expiring police contracts until a new agreement can be established or determined through arbitration. In the 2022 legislative session, the Rhode Island Senate passed S 2417, but the measure did not move forward in the House of Representatives.
[61] State of Rhode Island Division of Sheriffs, About Us. Relatively low proportional local spending on police is characteristic of New England, as only New Hampshire ranked outside the bottom 15 among states in this metric. Massachusetts and Connecticut similarly carry out some functions typically allocated to local sheriffs at the state level. Massachusetts General Law, Title VI, Ch. 34B, Sec. 12; The Middletown Press, "Connecticut voters decide to abolish controversial sheriff system," (2000).
[62] Includes data from FY 2020 for East Providence and Coventry. R.I. Division of Municipal Finance, Rhode Island Municipal Transparency Portal; RIPEC calculations.

percent of police spending attributed to operations.[63] Compensation and overtime pay make up over half of total spending, while pensions and benefits make up nearly 40 percent.

Figure 6
Rhode Island Municipal Police Spending by Function, FY 2021



Note: Includes data from FY 2020 for East Providence and Coventry.
Source: Rhode Island Municipal Transparency Portal; RIPEC calculations.

Municipal Overview

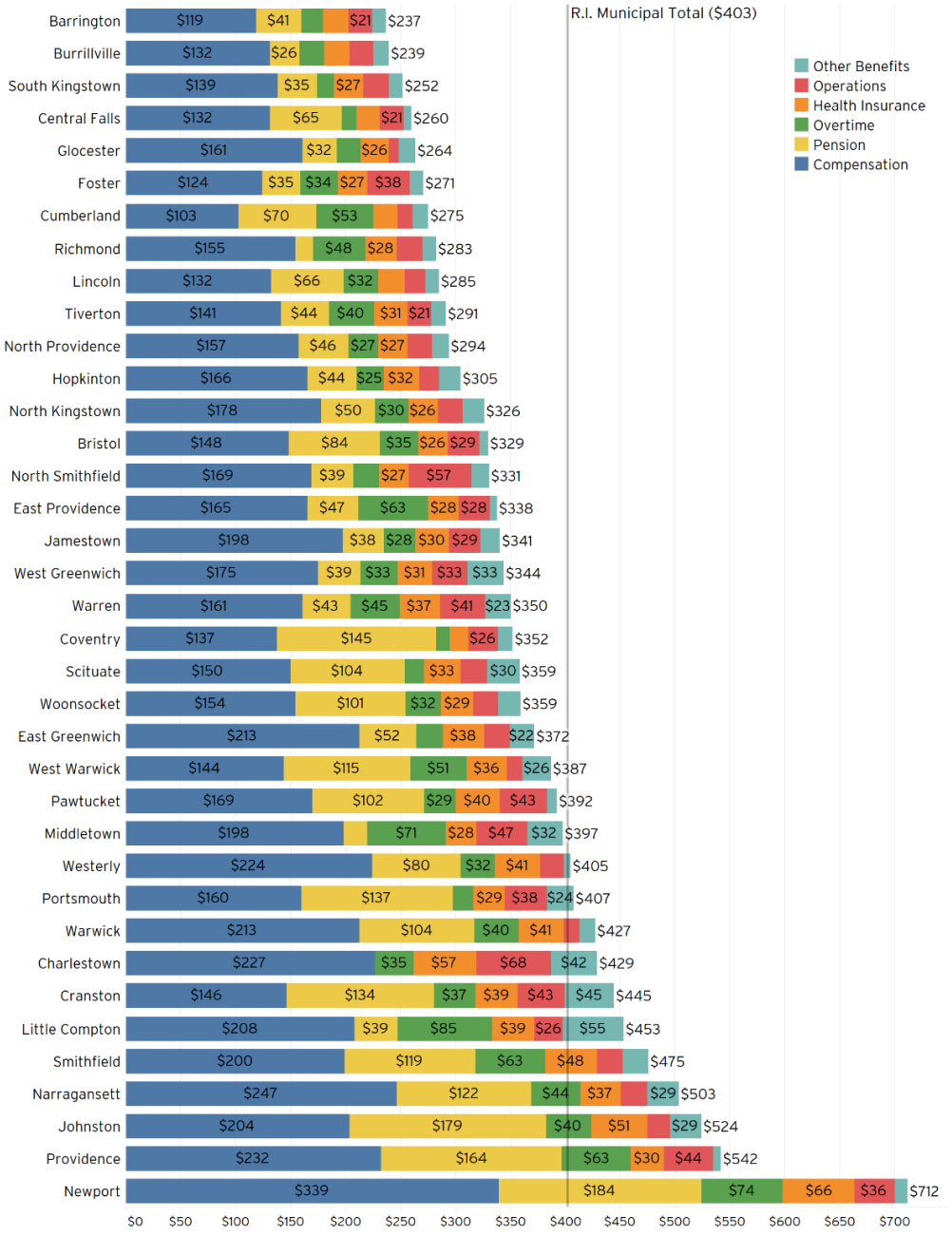
Among Rhode Island municipalities, police expenditures in FY 2021 ranged from 11.6 percent of non-education expenditures in New Shoreham to 36.7 percent in Coventry, with a state median of 25.3 percent.[64]

Figure 7, which shows per capita police expenditures by municipality broken down by function, highlights both wide variation in spending on police between municipalities and relatively high per capita spending across communities. The four municipalities that spent the most per capita on policing in FY 2021 all exceeded statewide per capita police spending by more than 20 percent, with one municipality—Newport—exceeding that amount by more than 50 percent.[65] Despite this wide range in per capita police spending, even Rhode Island municipalities spending the least per capita have high police spending in contrast to regional benchmarks. Among the ten municipalities that spent the least on police in FY 2021, average per capita spending was $266, more than local per capita spending for FY 2020 in Massachusetts, Vermont, and Maine,

[63] The largest operational costs for police departments were purchased services (27.2 percent of operational costs), materials and supplies (14.2 percent), and vehicle operations (14.1 percent). R.I. Division of Municipal Finance, Rhode Island Municipal Transparency Portal; RIPEC calculations. Having a vast majority of police expenditures allocated to personnel is typical of U.S. states. Richard Auxier, Tracy Gordon, Nancy La Vigne, Kim Rueben, "Criminal Justice Finance in the COVID-19 Recession and Beyond," The Urban Institute (2020); The Urban Institute, State and Local Backgrounders: Criminal Justice Expenditures: Police, Corrections, and Courts.
[64] R.I. Division of Municipal Finance, Rhode Island Municipal Transparency Portal. Data for East Providence and Coventry is from FY 2020. Excludes Exeter, which does not have a police department.
[65] Excludes New Shoreham, which is a significant statistical outlier due to its low fulltime resident population.

and just 8.6 percent less than in Connecticut, which has a similar proportion of police spending coming from local governments.[66]

Figure 7
Municipal Per Capita Police Spending by Function, FY 2021



Note: Spending data for East Providence and Coventry is from FY 2020. Excludes New Shoreham, which had per capita police expenditures of $868 in FY 2021 and is a significant statistical outlier due to its exceptionally small fulltime population.
Source: Rhode Island Municipal Transparency Portal; US Census Bureau, 2020 United States Census; RIPEC calculations.

[66] Spending on police by local governments in Connecticut made up 81.0 percent of total police expenditures in FY 2020, compared to 80.2 percent in Rhode Island. U.S. Census Bureau, Annual Survey of State and Local Government Finances; RIPEC calculations.

In FY 2021, compensation was the largest category of police expenditure in every municipality.[67] Statewide, pension costs per capita were $102, but these costs varied significantly among municipalities, from $16 per capita in Richmond to $184 per capita in Newport.[68]

Benchmarks for Police Spending

Because nearly all police spending is dedicated to personnel costs, much of the research attempting to establish benchmarks for municipal police expenditures is focused specifically on police staffing levels, commonly through measuring police officers per capita. While staffing police departments solely based on a ratio of officers to population is not a recommended practice, according to the International Association of Police Chiefs, the wide availability of data on per capita staffing makes it a useful starting point for a benchmarking analysis.[69]

Through its Uniform Crime Reporting Program, the Federal Bureau of Investigations publishes data on ratios of police officers to residents, broken down by geographical region. Figure 8 shows the number of officers per 1,000 inhabitants in New England and nationwide grouped by city population size in FY 2019, the most recent year for which data is available. In general, New England had a comparable officer-population ratio to the United States, although the region on average had higher ratios in cities with more than 50,000 habitants than did the nation.

Figure 8
Police Officers per 1,000 Habitants by Municipality Population, 2019

	Cities Under 10,000	Cities 10,000 to 24,999	Cities 25,000 to 49,999	Cities 50,000 to 99,999	Cities 100,000 to 249,999	Cities 250,000 and Over	Total
New England	2.8	1.9	1.9	2.0	2.5	3.1	2.2
United States	4.2	1.9	1.7	1.6	1.6	2.6	2.3

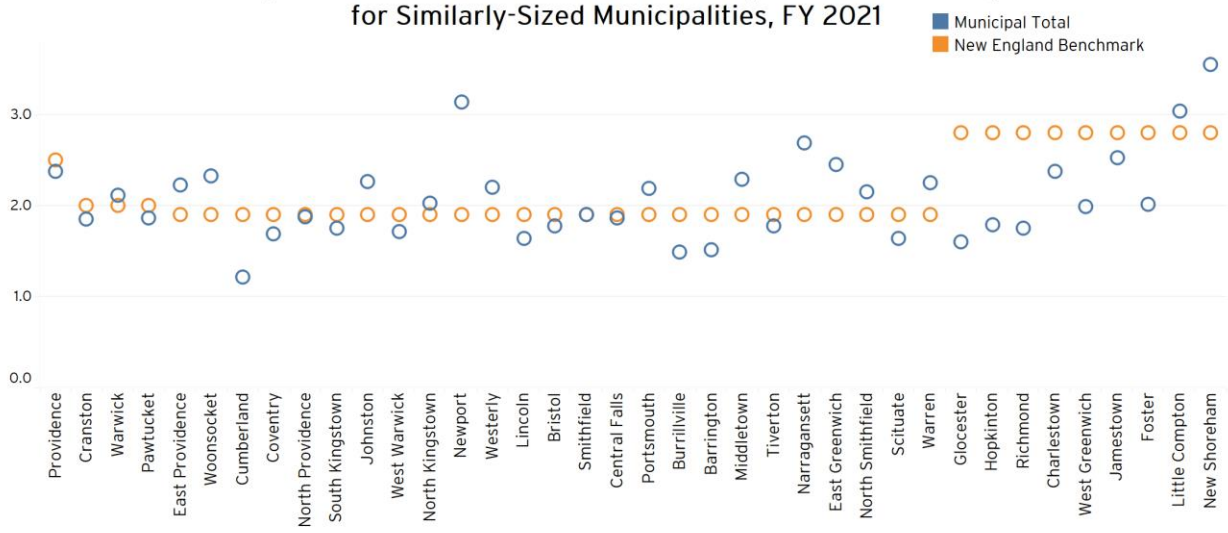
Source: Federal Bureau of Investigation, "Crime in the United States," 2019.

As shown in Figure 9, Rhode Island municipalities generally maintain levels of police department staffing comparable to New England benchmarks, although some municipalities are clear outliers. In FY 2021, the state's largest cities all had officer-population ratios similar to regional benchmarks, while the state's small and midsize municipalities are more inconsistent in this regard—five of ten Rhode Island municipalities with between 25,000 and 49,999 residents had more officers per capita than regional benchmarks, as did seven of 15 municipalities with between 10,000 and 24,999 residents. However, the margins of staffing above the benchmarks among Rhode Island municipalities is generally low—Newport was the biggest outlier with 1.4 more officers per capita than the regional benchmark, followed by Narragansett (0.8) and East Greenwich (0.5).[70] Cumberland had the lowest number of officers per capita in the state (1.2 per

[67] Coventry spent more on pension costs than compensation in FY 2020, the most recent year for which data is available.
[68] Charlestown reported no pension costs in FY 2021.
[69] James McCabe, Ph.D., "An analysis of police department staffing: How many officers do you really need?," ICMA Center for Public Safety Management (2013).
[70] Data for East Greenwich is from FY 2020, the most recent year for which the town's employee counts were available.

1,000 residents) and was furthest under the regional benchmark of similarly-sized municipalities. Among the nine least-populated municipalities in the state, all except the two least-populated, New Shoreham and Little Compton, had fewer police officers per capita than the regional benchmark.

Figure 9
Police Officers Per 1,000 Residents in Rhode Island Municipalities vs. New England Benchmarks for Similarly-Sized Municipalities, FY 2021

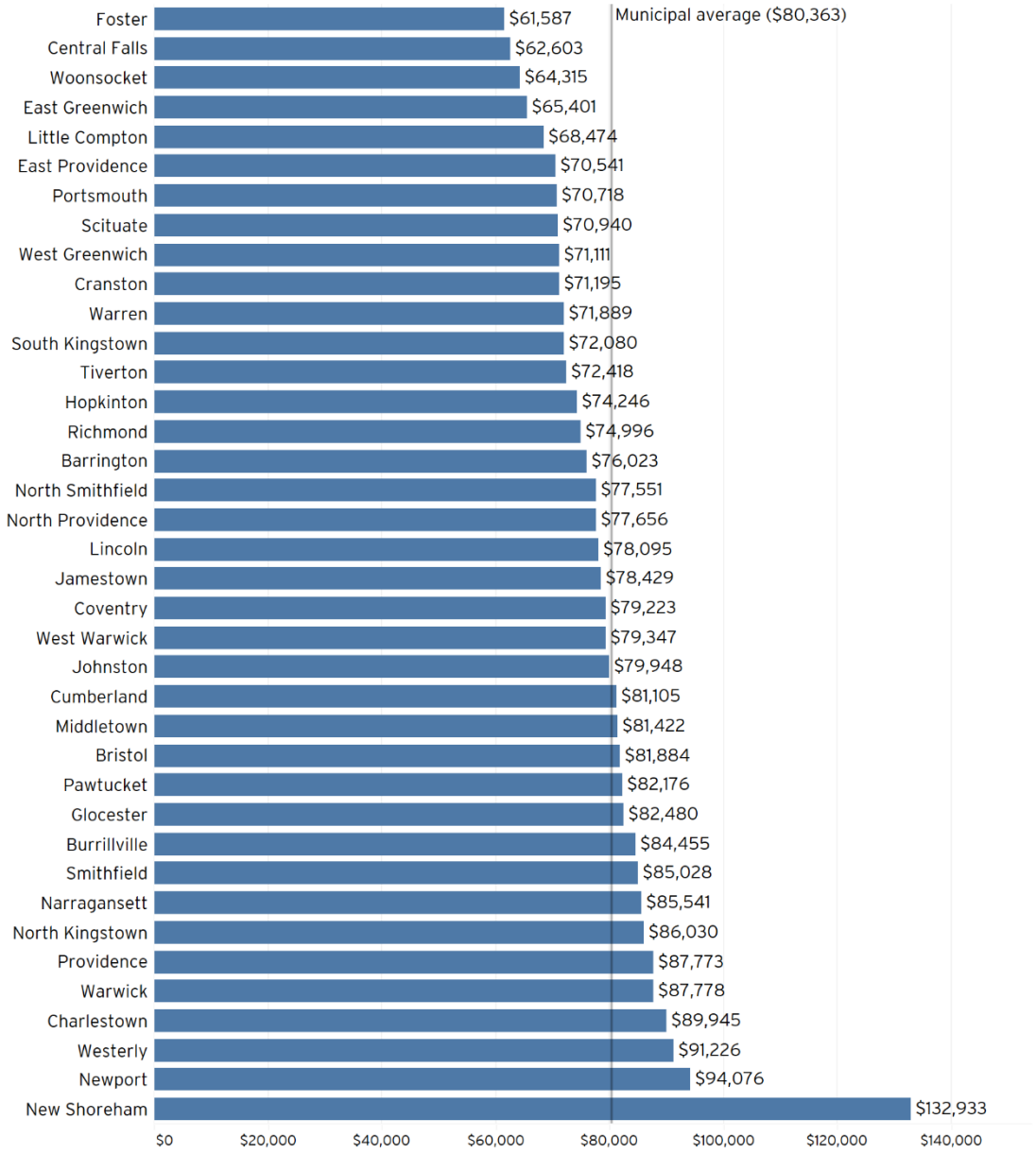


Note: Municipalities ordered by size of population. Data for East Providence, Coventry, and East Greenwich is from FY 2020.
Source: Rhode Island Municipal Transparency Portal; Federal Bureau of Investigation, "Crime in the United States," 2019; U.S. Census Bureau, 2020 U.S. Census; RIPEC calculations.

While Rhode Island municipalities do not maintain unusually high levels of officer staffing, some municipalities compensate police officers at levels significantly higher than the nation on average. Police officers employed by local governments in Rhode Island earned an average salary, excluding overtime pay, of $80,363 in FY 2021, 12.8 percent higher than the national average of $70,690.[71] Rhode Island's average municipal police officer salary is roughly in line with the national average if the state's cost of living is taken into account—as of the third quarter of 2022, Rhode Island's cost of living was 11.2 percent higher than that of the nation.[72] However, six municipalities, each of which ranked in the top 12 among Rhode Island municipalities in total per capita police spending, had average officer compensation more than 20 percent higher than the national average in FY 2021: New Shoreham, Newport, Westerly, Charlestown, Warwick, and Providence.[73] Figure 10 shows average police officer compensation by municipality.

[71] Rhode Island figures include "Class A" employees only, which excludes administrative and civilian dispatch employees. Includes data from FY 2020 for East Providence, Coventry, and East Greenwich. R.I. Division of Municipal Finance, Rhode Island Municipal Transparency Portal; U.S. Bureau of Labor Statistics, "Occupational Employment and Wages, May 2021." As of May 2021, police officers employed by federal, state, and local government, as well as by educational institutions in Rhode Island earned an average annual salary of $68,580, lower than the national average of $70,750 and third highest in New England, behind Connecticut and Massachusetts. The average annual salaries for all police officers in Massachusetts and Connecticut as of May 2021 were $73,560 and $76,360, respectively. U.S. Bureau of Labor Statistics, "Occupational Employment and Wages, May 2021."
[72] Council for Community & Economic Research, Composite Cost of Living Index.
[73] R.I. Division of Municipal Finance, Rhode Island Municipal Transparency Portal.

Figure 10
Average Police Officer Compensation by Municipality, FY 2021



Note: Does not include overtime pay. Data from East Providence, Coventry, and East Greenwich is from FY 2020.
Source: Rhode Island Municipal Transparency Portal; RIPEC calculations.

In addition to cost of living, educational attainment of police officers may help account for differences in average salary. Most states, including Rhode Island, do not require police officers to have more than a high school degree but allow individual police departments to set higher requirements.[74] However, most departments nationwide decline to do so—81.5 percent of local agencies nationwide, and 87.4 percent of departments in the Northeast, required only a high

[74] Minnesota and Wisconsin are the only states that require police officers to have earned college credits or an associate degree as a condition of employment. Christie Gardiner, "Policing around the nation: Education, philosophy, and practice," National Policing Institute and California State University, Fullerton (2017).

school diploma for police officers as of 2017.[75] Police departments often offer higher salaries or other incentives to officers for earning an associate or bachelor's degree, which can influence educational attainment and average police pay across states and regions. Police departments in the Northeast were more likely to offer such incentives than in other regions in 2017, and the region had the highest proportion (39.3 percent) of police officers with a four-year degree or higher.[76]

Calls for Service

Although a useful starting point, officer-population ratios are a limited tool since they do not account for important differences among municipalities relevant to decisions about police department staffing. While crime rate is one such factor, it is not the preferred method for attempting to quantify the need for police in a given community and is rarely used in staffing decisions.[77] In addition to the unclear relationship between police staffing and crime, a major limitation of using crime rates to inform staffing decisions is that response to crime is largely reactive, meaning that crime rates may not provide complete context about the level of public safety resources needed for routine functions of policing, such as patrol.[78]

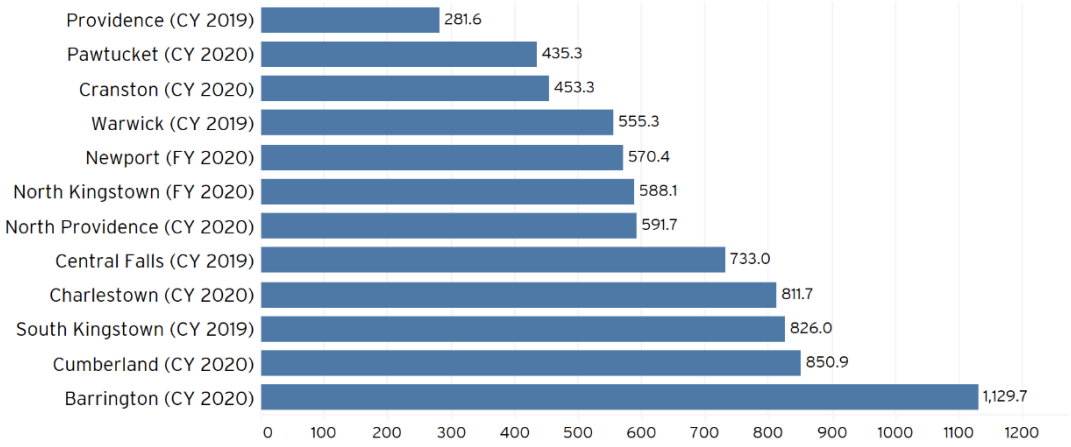
Instead, calls for service (CFS), which catalogues both public-initiated 911 and non-emergency calls that generate a police response, as well as police-initiated responses to incidents, is considered among the best metrics for determining the true workload for police and the staffing needs of a given community. CFS data can help to capture municipal-specific factors unaccounted for in per capita measures, such as part-time residents or large numbers of visitors. CFS data and information about the allocation of officers to patrol and non-patrol functions are the primary data points used by the International City/County Management Association (ICMA), an association of local government professionals that conducts research on best practices, to analyze local police department workload and staffing. Generally, the ICMA finds increased levels of police department staffing to be correlated with higher levels of CFS, controlling for population.[79]

The primary limitation of CFS is a lack of available data from municipal police departments, including in Rhode Island. While there is a statewide report detailing the number of 911 calls handled each year—and their allocation between police, fire, and rescue—municipal departments

[75] Due to the competition for entry-level policing jobs, some departments may choose to hire only police officers who have greater educational attainment than that of their stated policy. In the Northeast, 76.3 percent of police departments had a minimum requirement of a high school diploma in practice. Ibid.
[76] In the Northeast, 68.3 percent of police departments offered incentives for higher educational attainment, compared to 55.8 percent nationally. The Midwest had the second highest proportion of police officers with a bachelor's degree or higher (35.2 percent), followed by the West (27.9 percent), Southeast (22.8 percent), and South (21.2 percent). Christie Gardiner, "Policing around the nation: Education, philosophy, and practice," National Policing Institute and California State University, Fullerton (2017).
[77] James McCabe, "An analysis of police department staffing: How many officers do you really need?," ICMA Center for Public Safety Management (2013).
[78] Shayne C Kavanagh, Clarence Wardell III, Jennifer Park, "Time for Change: A Practical Approach to Rethinking Police Budgeting," GFOA, December 2020; Jeremy M. Wilson, Alexander Weiss, "A Performance-Based Approach to Police Staffing and Allocation," Office of Community Oriented Policing Services, 2014.
[79] The ICMA states that approximately 60 percent of a department's officers should be assigned to patrol. James McCabe, "An analysis of police department staffing: How many officers do you really need?," ICMA Center for Public Safety Management (2013).

are not required to track and publish their CFS data.[80] Figure 11 shows CFS per uniformed officer across the 12 municipalities with reported data for either FY 2020, calendar year 2019, or calendar year 2020. Although the data is not complete enough to provide a statewide benchmark, it does provide some utility for analysis and comparison. For example, Warwick, Newport, and North Kingstown have similar ratios of CFS per officer, despite a notable difference in their number of officers per capita—Newport had 3.1 officers per 1,000 residents in FY 2021, compared to 2.1 in Warwick, and 2.0 in North Kingstown.[81] This suggests that, albeit with no statewide or regional benchmark available, Newport's high level of police staffing is proportional to the demand for police services in that community relative to peer departments in Rhode Island.

Figure 11
Police Department Calls for Service per Officer, 2019-2020



Note: Uses staffing data from FY 2020.
Source: Municipal police departments; Rhode Island Municipal Transparency Portal; RIPEC calculations.

Another trend of note is that larger municipalities appear to have fewer calls per service per officer—the state's four most populous cities had the four lowest ratios among the 12 municipalities shown in Figure 11, with Providence—the state's most populous municipality—having the lowest. As shown in Figure 9 above, Providence does not have an especially high number of officers per capita compared to New England cities of similar size, though it has higher staffing per capita compared to national benchmarks and small to mid-size Rhode Island municipalities. A potential factor leading to higher officer-population ratios and lower CFS-officer ratios in larger cities such as Providence is that larger police departments tend to dedicate greater resources to patrol functions than smaller departments, while at the same

[80] Rhode Island is one of two states to operate a statewide 911 processing system, which was established in state law in 1984. R.I. Gen Laws § 39-21-1. In 2021, there were a total of 498,395 calls placed to 911 in Rhode Island, which represents a 7 percent increase from 2020, primarily attributed to the COVID-19 pandemic. Of the 339,057 calls that were transferred, 50 percent went to police departments, 40 percent went to rescue, and 7 percent went to fire. Three percent were categorized as ancillary calls. Rhode Island Department of Public Safety, "RI E-911 Uniform Emergency Telephone System Division, 2021 Annual Report."
[81] R.I. Division of Municipal Finance, Rhode Island Municipal Transparency Portal; U.S. Census Bureau, 2020 United States Census; RIPEC calculations.

time facing greater demand for police presence connected with non-patrol functions such as major emergencies or large events involving an influx of visitors.[82]

While the regular reporting of CFS data by all Rhode Island's municipalities would better enable analyses of police staffing and budgets, there are additional data points that the ICMA notes as being essential for a full police workload analysis. For example, the nature of typical CFS across municipalities varies, with certain incidents requiring greater police resources than others. The ICMA relies on a more refined benchmark for average service time (in officer-minutes) spent responding to CFS, a figure which varies across different types of 911-initiated and police-initiated CFS.[83] Additionally, the distribution of CFS throughout not only a typical day but also throughout the year may vary by community and affect the number of full-time staff needed even among communities with a similar number of CFS. Presently, only Providence publishes a running log of CFS which would allow for a more nuanced CFS analysis, but this analysis does not appear to have been conducted.[84] The ICMA notes that, despite these methods being "far better than the staffing allocation and deployment approaches currently in use," they require "a complex data analysis that is beyond the capacity of many police departments" and thus are rarely employed.[85]

Fire

Legal and Historical Framework

The provision of fire protection is another core function of local government with lengthy historical roots. The earliest firefighting services in the U.S. were offered exclusively by volunteer and civilian brigades. Centralized, professional municipal fire departments did not emerge until the mid-19th century.[86] Unlike with the emergence of municipal police departments in the United States, the professionalization of fire services was not uniformly adopted. While most large cities began to establish professional fire departments after the Civil War, smaller communities continued to rely on volunteer fire departments. As of 2020, 67 percent of the estimated 1.0 million firefighters in the United States were volunteers.[87]

In addition to fire prevention and suppression, municipal fire departments are often tasked with the provision of emergency medical services (EMS). Fire departments began taking on a role in medical transport after World War II, but there were no federal standards for EMS until the passage of the Highway Safety Act in 1969.[88] Following the enactment of these standards, professionalized EMS began developing across several models, including fire-department

[82] The ICMA's Center for Public Safety Management states that approximately 60 percent of a department's officers should be assigned to patrol, but that this benchmark frequently increases for larger communities and departments. James McCabe, "An analysis of police department staffing: How many officers do you really need?," ICMA Center for Public Safety Management (2013).
[83] The ICMA states that "Total Service Time (officer-minutes) should not exceed a factor of 60. The mean service times presented above are 22.1 officer-minutes for a police-initiated CFS, and 48.0 officer-minutes for a CFS received from the public through 911." Ibid.
[84] City of Providence, Open Data Portal.
[85] James McCabe, "An analysis of police department staffing: How many officers do you really need?," ICMA Center for Public Safety Management (2013).
[86] Cincinnati, Ohio established the nation's first professional municipal fire department in 1835. National Volunteer Fire Council, "A Proud Tradition: 275 Years of the American Volunteer Fire Service," (2015).
[87] Rita Fahy, Ben Evarts, and Gary P. Stein, "US Fire Department Profile: 2020," National Fire Protection Association.
[88] Manish N. Shah, MD "The formation of the emergency medical services system," American Journal of Public Health (2006)

based, hospital-based, and private arrangements. Among the fire-department based systems, some systems rely on the same personnel for both fire and EMS services, while others house separate EMS and fire functions within the same departments and buildings. Fire departments also vary in the level of EMS offered, including basic life support (BLS), advanced life support (ALS), and transport.[89] As of 2020, 63 percent of fire departments in the United States provided some form of EMS services, with 46 percent providing BLS and 17 percent providing ALS.[90]

As shown in Figure 12, Rhode Island municipalities rely on one of three different models for firefighting services. Twenty-two Rhode Island municipalities, including the six most populous in the state, operate fire departments. Of these, 20 are staffed with professional firefighters.[91] In the state's remaining 17 municipalities, fire services are provided by non-municipal entities, such as fire districts or private, non-profit volunteer fire departments. Fire districts are independent government entities which have the capacity to levy property taxes on residents to fund services, while volunteer fire departments typically receive some funding from the municipality in which they operate. Some fire districts rely on professional firefighters, while others are staffed primarily or exclusively by volunteers.[92]

Figure 12
Firefighting Models Used by Rhode Island Municipalities

Model	Municipalities
Municipal Fire Department	Barrington, Bristol, Central Falls, Cranston, East Greenwich, East Providence, Johnston, Little Compton, Middletown, Narragansett, Newport, North Kingstown, North Providence, Pawtucket, Portsmouth, Providence, Smithfield, Tiverton, Warren, Warwick, West Warwick, Woonsocket
Fire District(s)	Burrillville, Charlestown, Coventry, Cumberland, Exeter, Glocester, Hopkinton, Lincoln, Richmond, South Kingstown, Westerly
Private Volunteer Fire Department(s)	Foster, Jamestown, New Shoreham, North Smithfield, Scituate, West Greenwich

Note: Bristol and Warren have fire departments that operate as traditional municipal-run departments but are staffed primarily by volunteers
Source: Bruce Kling, "Fire Departments and Emergency Medical Services in Rhode Island," (2021).

Provision of EMS by fire departments varies based on the model used—in general, Rhode Island municipalities that operate a municipal fire department provide some level of ambulance service through that department, while other municipalities rely on their fire districts or private, non-profit ambulance services for EMS services.[93]

There are several mandates in Rhode Island law that affect the provision of firefighter compensation and benefits. Like police, Rhode Island law guarantees that firefighters have the right to organize and collectively bargain, and firefighters in all 20 municipal, professionally-

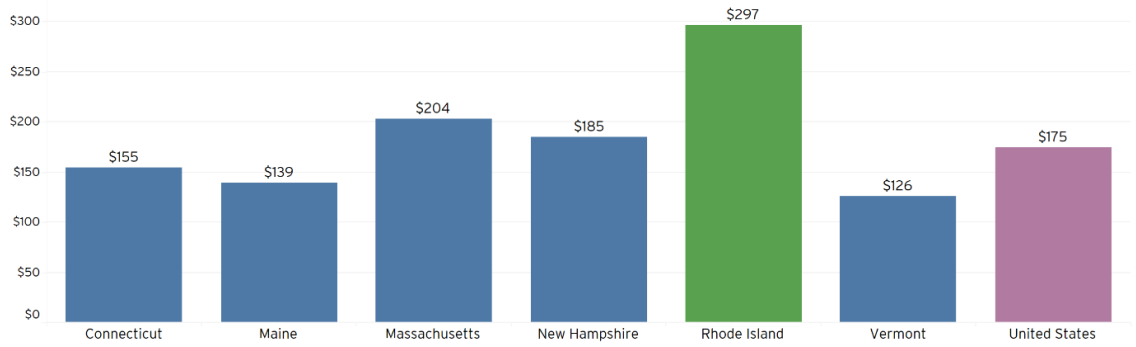
[89] "Emergency Medical Services: At the Crossroads," Institute of Medicine (2007).
[90] Provision of EMS by fire departments is highly correlated with the size of the population served by the department. Among departments serving over 500,000 residents, all provided some form of EMS, and among departments serving between 100,000 and 249,999 residents, 97 percent provided some form of EMS. Fire departments providing no EMS were most concentrated among municipalities with under 2,500 people. Rita Fahy, Ben Evarts, and Gary P. Stein, "US Fire Department Profile: 2020," National Fire Protection Association.
[91] Bristol and Warren have fire departments that operate as traditional municipal-run departments but are staffed primarily by volunteers.
[92] R.I. Division of Municipal Finance, "Report on the Rhode Island Fire Districts," (2013).
[93] Cumberland, Lincoln, and South Kingstown operate a municipal ambulance service that is separate from the entities providing fire service in those towns.

staffed fire departments in the state are represented by a labor organization.[94] In 2019, the Rhode Island General Assembly passed legislation requiring municipalities to provide overtime pay to firefighters beginning at 42 hours weekly, a lower threshold than that established in federal law, which entitles firefighters to overtime beginning at 53 hours weekly.[95] The legislation also allows for paid leave to count towards hours worked for the purposes of overtime.[96] The following year, the Assembly approved legislation establishing a presumption that a cancer diagnosis for a current or retired firefighter is work-related, and thus entitles the firefighter to a tax-free disability pension at 66.6 percent of salary at retirement.[97]

Statewide Overview

In the United States, fire protection is entirely a function of local government, with no states reporting spending in this area. The absence of state spending allows for more direct comparison of local government expenditures across states. Rhode Island is a national outlier in terms of expenditures on fire protection—the Ocean State ranked third among states in per capita spending ($297) in FY 2020. Rhode Island's per capita spending was 51.7 percent higher than that of the nation and 37.1 percent higher than Massachusetts, which ranked second among New England states.[98] Figure 13 shows per capita spending on fire protection in New England and the United States.

Figure 13
Fire Protection Expenditures Per Capita, FY 2020



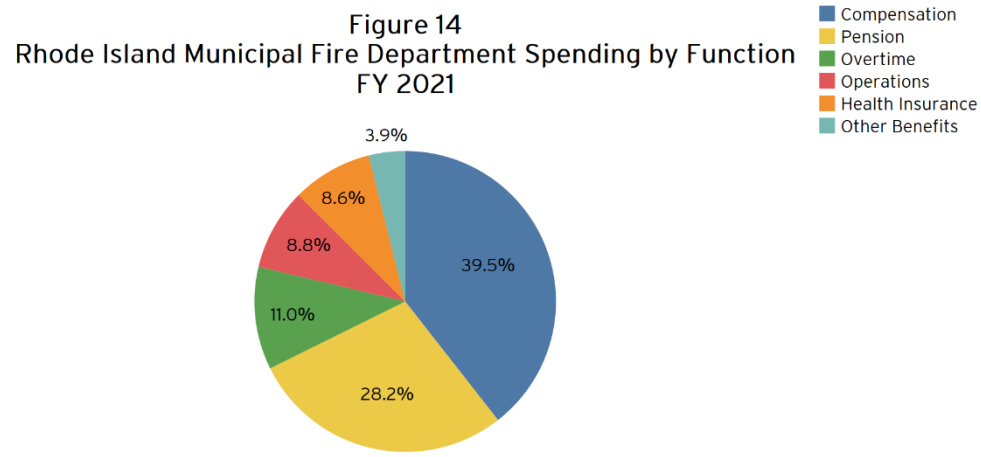
Source: U.S. Census Bureau, Annual Survey of State and Local Government Finances; U.S. Census Bureau, 2020 U.S. Census; RIPEC calculations.

In FY 2021, fire department expenditures were the second largest non-education expense for Rhode Island municipalities, totaling $385.5 million, or 22.0 percent of non-education

[94] R.I. Gen. Laws § 28-9.1-4; Rhode Island Division of Municipal Finance.
[95] Rhode Island League of Cities and Towns, "General Assembly's Move to Expand Firefighter Overtime Would Put Additional Burden on Taxpayers," (2019).
[96] R.I. Gen. Laws § 28-12-4.1. For purposes of determining overtime for firefighters, weekly hours worked are calculated as an average over an eight-week period, where workweeks are seven days.
[97] This provision applies only to the 28 municipalities that participate in the state-run Municipal Employers' Retirement System. R.I. Gen. Laws § 45-21.2-9. Several states have similar provisions but differ in the types of cancers and exceptions included. Only Rhode Island and Minnesota do not limit the types of cancers considered to be occupational and do not allow for the presumption to be challenged based on other potential causes. Rhode Island League of Cities and Towns, "Testimony on 2302 – Cancer Benefits for Firefighters," R.I. Senate Committee on Labor (2020).
[98] U.S. Census Bureau, Annual Survey of State and Local Government Finances; U.S. Census Bureau, 2020 U.S Census; RIPEC calculations. The U.S. Census Bureau includes ambulance and EMS provided by fire departments in the category of fire protection. When these services are provided separately from fire protection services, they are categorized under the health spending category. U.S. Census Bureau, Annual Survey of State and Local Government Finance Glossary.

spending.[99] Figure 14 shows the breakdown of fire department expenditures by function in FY 2021. Like police departments, a large majority (91.2 percent) of fire department spending goes to personnel costs. Compensation was the largest expense in FY 2021, totaling $152.1 million. Of this, $142.8 million, or 96.9 percent, was allocated to Group A employees, which includes firefighters and other employees who serve the primary function of the department. Compensation for Group B employees (administrative workers) amounted to $4.1 million, or 2.7 percent, of fire personnel costs, and volunteer compensation totaled $0.6 million (0.4 percent).[100] Pension and benefits accounted for 40.7 percent of expenditures, slightly higher than for police (37.4 percent). Operations costs made up just 8.8 percent of total expenditures, also a slightly higher proportion than for police.[101]

Figure 14
Rhode Island Municipal Fire Department Spending by Function
FY 2021



Note: Includes data from FY 2020 for East Providence.
Source: Rhode Island Municipal Transparency Portal; RIPEC calculations.

Municipal Overview

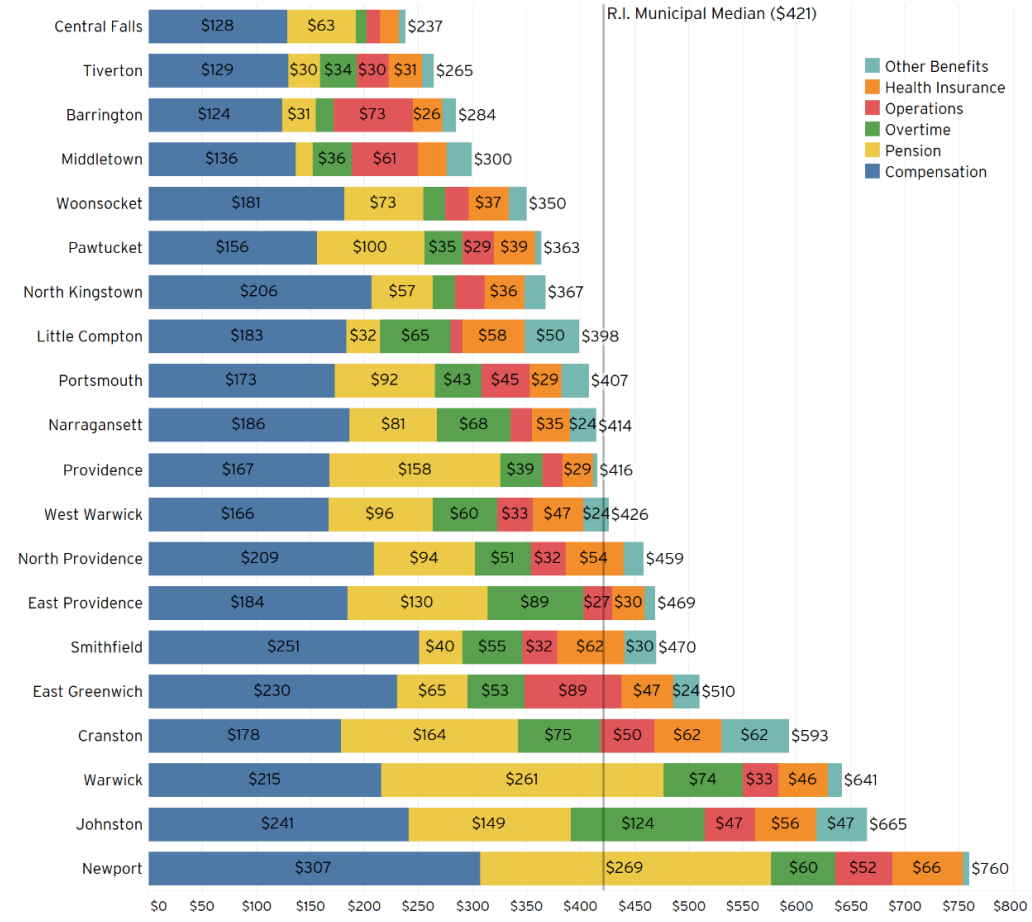
Among Rhode Island municipalities that operate professionally-staffed fire departments, FY 2021 expenditures ranged from 17.3 percent of non-education expenditures in Barrington to 36.5 percent in Warwick, with the median municipality allocating 25.0 percent of non-education education expenditures to fire protection.[102]

Figure 15 shows per capita fire department expenditures in these municipalities, broken down by function. In FY 2021, nine municipalities had higher fire department expenses than police

[99] Includes data from FY 2020 for East Providence. R.I. Division of Municipal Finance, Rhode Island Municipal Transparency Portal; RIPEC calculations.
[100] Bristol and Warren, which are the only municipalities that operate a volunteer-staffed fire department, were the only municipalities to report spending on volunteer compensation. Ibid.
[101] Among operations costs, "other operations expenditures," was the largest subfunction at 27.9 percent, followed by materials/supplies (15.9 percent) and purchased services (15.4 percent). Other operations expenditures are defined as "expenditures incurred for general operation: office expense, bank charges, fees, dues, travel, testing, drug testing, recruiting, protective gear, training, travel, cont. education, rentals, third party cost recoveries" or "any operational departmental/related accounts not specifically identified." Includes data from FY 2020 for East Providence. Ibid.
[102] Excludes East Providence, for which FY 2021 data is not available. R.I. Division of Municipal Finance, Rhode Island Municipal Transparency Portal; RIPEC calculations.

expenses.[103] The four municipalities that spent the most per capita on fire department expenses in FY 2021 all exceeded the Rhode Island municipal median by more than 30 percent, with one municipality—Newport—exceeding that amount by more than 50 percent. Even lower-spending municipalities are outliers when compared to the region and nation—Central Falls, which had the lowest per capita fire department spending in the state ($237) in FY 2021, spent more than the nation overall and every other New England state on a per capita basis in FY 2020.[104] Among municipalities with a traditional municipal fire department, compensation was the largest expense in all but one—Warwick spent $46 more per capita on pension costs than on compensation. Pension costs ranged from $16 per capita in Middletown to $269 per capita in Newport in FY 2021, with the median municipality spending $92 per capita.[105]

Figure 15
Municipal Per Capita Fire Department Spending by Function, FY 2021



Note: Data from East Providence is from FY 2020.
Source: Rhode Island Municipal Transparency Portal; U.S. Census Bureau, 2020 United States Census; RIPEC calculations.

[103] Those municipalities were: Warwick, Cranston, North Providence, Johnston, East Greenwich, West Warwick, Newport, North Kingstown, and Barrington. Additionally, East Providence spent more on fire than police in FY 2020, the most recent year for which data is available. Ibid.

[104] Includes only municipalities that operate a traditional fire department except Bristol and Warren, which have municipal fire departments primarily staffed by volunteers. R.I. Division of Municipal Finance, Rhode Island Municipal Transparency Portal; U.S. Census Bureau, Annual Survey of State and Local Government Finances; RIPEC calculations.

[105] Does not include Bristol and Warren, which have traditional municipal-run fire departments that are staffed primarily by volunteers. In FY 2021, Bristol and Warren respectively spent $21 and $44 more per capita on operations than compensation. R.I. Division of Municipal Finance, Rhode Island Municipal Transparency Portal; RIPEC calculations.

Benchmarks for Fire Department Spending

As with police, staffing levels and compensation are valuable measures to consider when benchmarking overall fire department expenditures since personnel costs drive fire department budgets. Across communities of varying population sizes, the Northeast region generally has similar ratios of firefighters to population as the United States, as shown in Figure 16.[106] Fire department staffing standards recommend that companies within departments that serve dense urban areas have a higher minimum level of staffing, which in part explains higher levels of firefighters per capita in larger cities.[107] Per capita staffing also increases for the smallest municipalities, which are more likely to have fire departments comprised primarily of volunteers and therefore may require more total staff, since volunteer firefighters may be available on a part-time basis only.[108]

Figure 16
Median Rates of Firefighters per 1,000 Habitants by Region and Population Protected 2020

Region	Cities Under 2,500	Cities 2,500 to 4,999	Cities 5,000 to 9,999	Cities 10,000 to 24,999	Cities 25,000 to 49,999	Cities 50,000 to 99,999	Cities 100,000 to 249,999
Northeast	20.9	6.6	3.4	1.0	1.1	1.2	1.4
United States	19.2	6.5	3.2	0.8	1.3	1.3	1.2

Note: For communities with populations of 25,000 or more, rates reflect career firefighters in departments comprised mostly of career firefighters only. For communities with fewer than 25,000 in population, rates reflect volunteer firefighters in departments comprised of mostly volunteer firefighters only.
Source: Rity Fahy, Ben Evarts, Gary P. Stein, "U.S. Fire Department Profile 2020, Supporting Tables," National Fire Protection Association (2022).

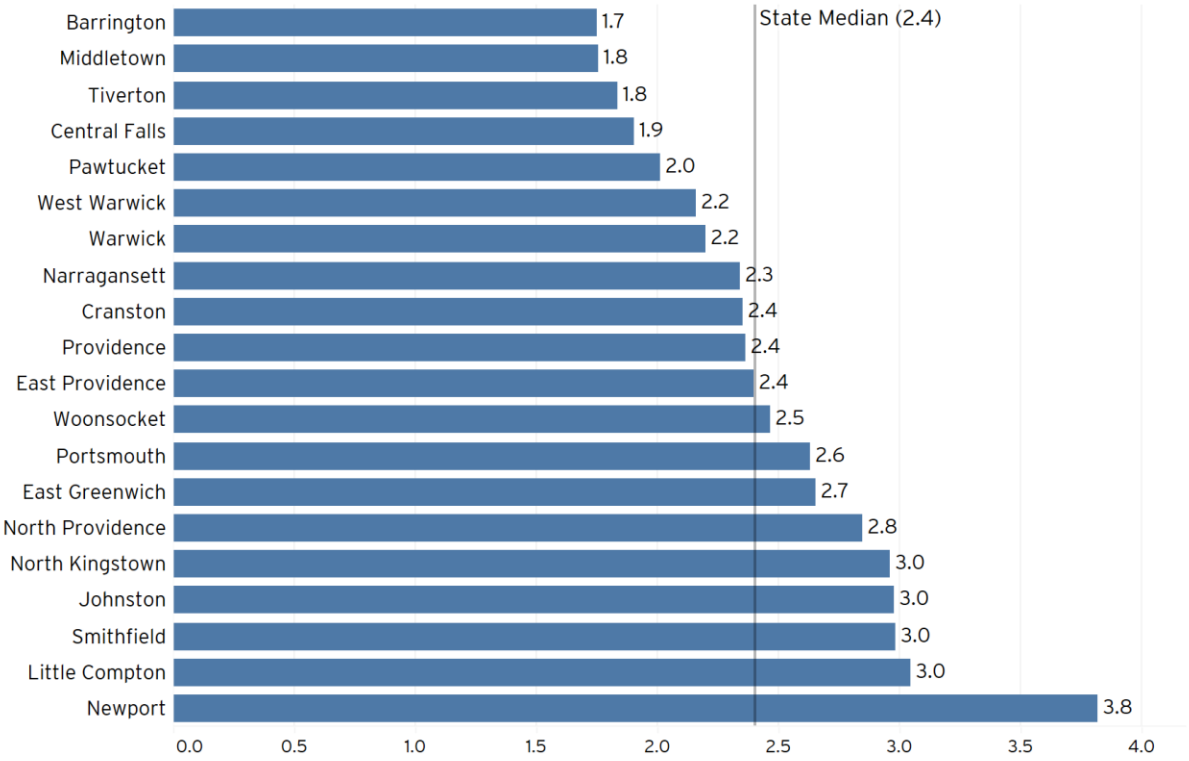
Rhode Island is a significant outlier in terms of firefighter staffing, ranking first among states in 2020 with 2.1 firefighters per 1,000 residents, compared to 1.3 nationally.[109] The Ocean State also ranks above average in terms of firefighter salary. As of May 2021, Rhode Island firefighters' average annual wage (excluding overtime) was $62,860, tenth highest among states and 12.8 percent higher than the national average ($55,290).[110] Rhode Island ranked third

[106] The Northeast region is comprised of the New England states plus New Jersey, New York, and Pennsylvania.
[107] National Fire Protection Association standards specify a minimum of four crew members assigned to an engine or truck. For areas with high volume or geographic restrictions, the minimum standard is five crew members, and for dense urban areas, the minimum standard is six crew members. According to the NFPA, overall staffing should be sufficient to meet a range of performance objectives, including alarm answering and processing and arrival time. These standards are tailored to career (non-volunteer) fire departments only. National Fire Protection Association Standard 1710, "Organization and Deployment of Fire suppression Operations, EMS and Special Operations in Career fire Departments."
[108] Rita Fahy, Ben Evarts, and Gary P. Stein, "US Fire Department Profile: 2019," National Fire Protection Association.
[109] Employment counted on a full-time equivalent basis. Includes only firefighters employed by local governments. U.S. Census Bureau, 2021 Annual Survey of Public Employment & Payroll; U.S. Census Bureau, 2020 U.S. Census; RIPEC calculations.
[110] U.S. Bureau of Labor Statistics, Occupational and Wage Statistics, May 2021. Rhode Island's average firefighter pay relative to other state's is roughly in line with the state's cost of living. As of the third quarter of 2022, Rhode Island had the 14th highest cost of living among states. Council for Community & Economic Research, Composite Cost of Living Index.

in this measure in New England behind Connecticut and Massachusetts, where firefighters' average salaries were $68,140 and $65,650, respectively.[111]

As shown in Figure 17, fire department employment per capita varies significantly at the municipal level in Rhode Island, with the median municipal fire department employing 2.4 Group A employees per 1,000 residents in FY 2021.[112] Among the municipalities with the highest rates of per capita fire department employment, three—Newport, Smithfield, and Johnston—ranked in the top ten in overall per capita fire department spending.[113]

Figure 17
Fire Department Employees Per 1,000 Residents, FY 2021



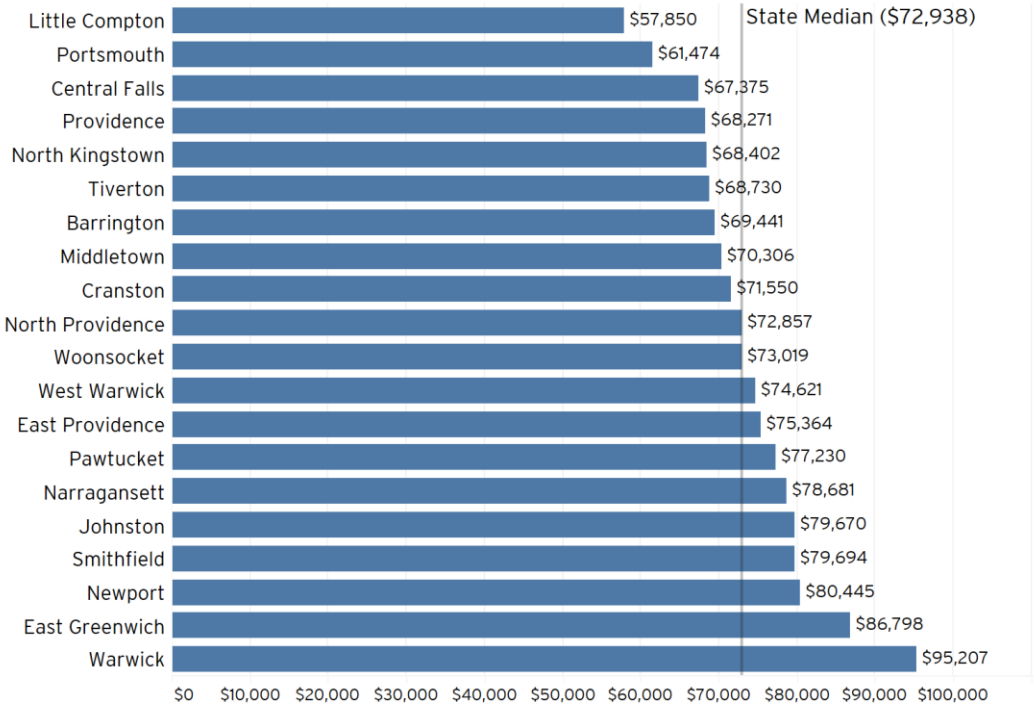
Note: Reflects only Group A employees, which includes fire fighters and other "employees who serve the primary function of the department." Data for East Providence and East Greenwich is from FY 2020.
Source: Rhode Island Municipal Transparency Portal; U.S. Census Bureau, 2020 United States Census; RIPEC calculations.

Every Rhode Island municipality provided average firefighter compensation (exclusive of overtime pay) that was higher than the national average in FY 2021.[114] Some of the municipalities with the highest levels of per capita fire department staffing also paid the highest compensation for Group A employees on average—Newport, Johnston, and Smithfield ranked in the top five in both metrics. Warwick was slightly below the statewide median in terms of fire department employees per capita (2.2 per 1,000 residents), but had average annual

[111] U.S. Bureau of Labor Statistics, Occupational and Wage Statistics, May 2021.
[112] Group A employees includes firefighters and other "employees who serve the primary function of the department." R.I. Division of Municipal Finance, Rhode Island Municipal Transparency Portal.
[113] Ibid.
[114] U.S. Bureau of Labor Statistics, Occupational and Wage Statistics, May 2021.

compensation of $95,207, the highest of any municipality and $22,269, or 26.5 percent, above the statewide median. Figure 18 shows average fire department Group A employee compensation among municipalities in FY 2021.

Figure 18
Average Fire Department Employee Compensation by Municipality
FY 2021



Note: Reflects only Group A employees, which includes fire fighters and other "employees who serve the primary function of the department." Data for East Providence and East Greenwich is from FY 2020.
Source: Rhode Island Municipal Transparency Portal; RIPEC calculations.

As with police, there are several factors beyond population that affect local demand for services offered by fire departments. Data on CFS fielded by fire departments is necessary, but not sufficient, to put into proper context the levels of staffing and expenditures across states and municipalities. Increasingly, fire departments receive a significantly higher proportion of service calls related to medical aid or rescue than for fires. Of the 36.4 million CFS reported nationwide in 2020, 65.4 percent were related to medical aid or rescue and 3.8 percent were for fires, down from 6.9 percent in 2005. Service calls for fire also have decreased nominally in the U.S.—in 2020, there were 1.4 million service calls for fire, a 15.4 percent decrease from 2005.[115] In Rhode Island, 40 percent of calls placed to 911 and transferred to an outside department in 2021 were classified as "rescue" while 7 percent were classified as "fire."[116]

[115] Calls for service related to providing mutual aid to other departments, in some cases to respond to fires, are reported as their own category. This category accounted for 3.8 percent of all calls for service in 2020. The remainder of fire department calls for service were related to false alarms (7.6 percent), hazardous materials (3.1 percent), and "other" (16.3 percent). Rita Fahy, Ben Evarts, and Gary P. Stein, "US Fire Department Profile: 2020," National Fire Protection Association; RIPEC calculations.
[116] Rhode Island Department of Public Safety, "RI E-911 Uniform Emergency Telephone System Division, 2021 Annual Report." Although there is no comprehensive source on the number of total fires by state, Rhode Island had the fewest deaths per capita from fires between 2015-2019. Rhode Island averaged 4.7 deaths from fire per million

At the municipal level, there are few fire departments in Rhode Island that publish annual call volume data. Just three municipal fire departments—Providence, Smithfield, and Little Compton—have published call volume data from 2021. Of the three, Providence had the highest ratio of calls per class A employee (101.3), followed by Little Compton (88.1), and Smithfield (68.5). Notably, Smithfield tied for second highest among municipalities in fire department employees per capita (3.0 per 1,000 residents) and ranked 6th highest among Rhode Island municipalities in per capita fire department spending in FY 2021.

Centralized Dispatch and Other Public Safety

In addition to police and fire, municipal public safety functions include centralized dispatch as well as functions categorized by the MTP as "other public safety," including EMS departments, emergency management, animal control, and harbor masters.[117] In Rhode Island, municipal expenditures on these functions are small relative to police and fire, totaling $47.3 million, or 2.7 percent of non-education spending, in FY 2021. Differences in these expenditures at the municipal level are primarily a function of whether municipalities carry out these services through distinct departments or integrate them into police and fire departments instead. South Kingstown, which operates a municipal EMS department, had the highest per capita expenditures on other public safety ($102) in FY 2021, while New Shoreham had the highest per capita expenditures on centralized dispatch ($244).[118]

Administration

Historical and Legal Framework

Expenditures on local government administration are wide-ranging and include general government functions, such as personnel expenses for executive office employees, financial functions, and planning and economic development offices. Given the outsized reliance by municipalities in Rhode Island on local property taxes, tax assessment and collection are core administrative functions of the state's municipal governments. In Rhode Island, municipalities are required by law to conduct full property revaluations at least once every nine years and statistical updates to property valuations at least once every three years.[119]

Like public safety functions, there are also state mandates which pertain to personnel and labor matters relevant to local administration. General government employees in at least 35 Rhode

residents annually from 2015-2019, a 53 percent reduction from 2010-2014, when the state ranked 26th with 10.1 deaths per million. Marty Ahrens, "US Fire Death Rates by State," National Fire Protection Agency (2021). This reduction does not appear to be correlated with any increase in fire department expenditures. Between FY 2014 and FY 2019, fire department expenditures increased by 14.8 percent, slower than the increase in total state and local combined spending over the same period.

[117] Twenty-one municipalities report expenditures on civilian-staffed centralized dispatch departments, with the remaining municipalities integrating dispatch functions directly into their police and/or fire departments. Likewise, municipalities which have EMS functions separate from fire departments report these costs as "other public safety." R.I. Division of Municipal Finance, Rhode Island Municipal Transparency Portal.

[118] Includes data from FY 2020 for East Providence and Coventry. R.I. Division of Municipal Finance, Rhode Island Municipal Transparency Portal.

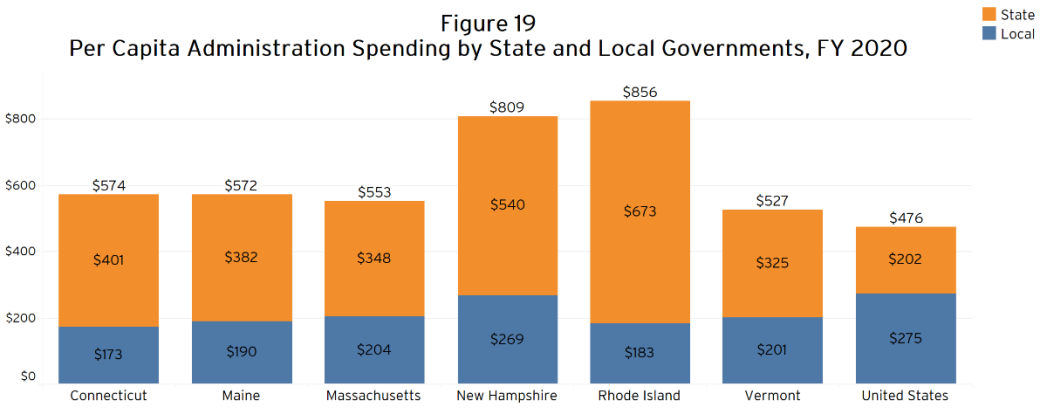
[119] The state government covers 60 percent of the costs related to property revaluations (up to $12 per parcel), except in "distressed communities," for which the state covers 80 percent of costs. R.I. Gen Laws § 44-5-11.6. Distressed communities are determined by ranking municipalities in four separate distress indices. Any community that is in the lowest 20 percent of communities in at least three of four of these indices is considered distressed. The distress indices measure 1) the percentage of tax levy to full value of property, 2) per capita income, 3) the percentage of personal income to full value of property, and 4) per capita full value of property. R.I. Gen Laws § 45-13-12.

Island municipalities are represented by labor unions.[120] In 2019, the Rhode Island General Assembly passed so-called "evergreen contract" legislation that extends the provisions of expiring collective bargaining agreements between municipalities and general municipal employees until a new agreement can be reached.[121] Nineteen municipalities filed a lawsuit arguing that the legislation violated the home rule and contract clause provisions of the state's constitution, and that the law would lead to higher operating costs for municipalities. In March 2022, the Rhode Island Superior Court ruled that the municipalities' lawsuit could proceed on the contract clause grounds only.[122]

Statewide Overview

Combined, Rhode Island state and local governments spend a relatively high amount on government administration compared to the nation, ranking third highest among states in FY 2020 at $857 per capita.[123] However, much more of this spending is undertaken by the state government than is typical—the local government share of administration spending in Rhode Island is just 21.4 percent, second lowest among states in FY 2020. Rhode Island's local government administration spending per capita was $183 in FY 2020, which ranked 44th among states and was 40.2 percent lower than the national figure. Due to little or no presence of county governments, low local expenditures on administration are characteristic of New England states; local governments in all states in the region spent less per capita than the nation in FY 2020, and Connecticut, Maine, Rhode Island, and Vermont were all among the bottom ten states for local government administration spending per capita. Figure 19 shows combined state and local expenditures per capita on administration in New England and the United States.

Figure 19
Per Capita Administration Spending by State and Local Governments, FY 2020

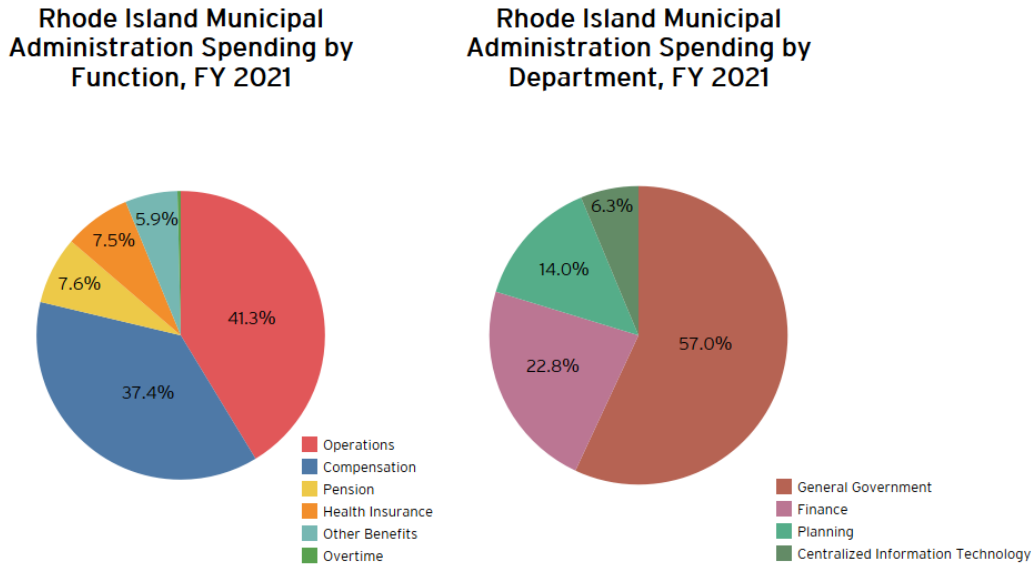


Note: Includes Census Bureau categories of financial administration, judicial and legal, and other governmental administration.
Source: U.S. Census Bureau, Annual Survey of State and Local Government Finances; RIPEC calculations.

[120] In addition to general government employees, professional, management, and technical employees are represented by labor organizations in at least six municipalities: Charlestown, East Providence, Hopkinton, Johnston, Pawtucket, and Woonsocket. Rhode Island Division of Municipal Finance, Contracts.
[121] R.I. Gen Laws § 28-9.4-13.
[122] Article I, Section 12 of the Rhode Island Constitution forbids the state from enacting laws which impair the obligation of contracts. Rhode Island Superior Court, C.A. No. PC-2019-10870. In addition to continuation of contracts, legislation introduced in the General Assembly has unsuccessfully sought to change the arbitration process for general municipal employees by extending binding arbitration to all aspects of collective bargaining agreements. Currently, only decisions made by arbiters in contract disputes involving municipal employees related to non-monetary aspects of a contract are binding. Legislation extending binding arbitration to monetary aspects of contracts was approved by the Rhode Island Senate in 2022 but did not advance in the House of Representatives.
[123] Includes the Census Bureau's categories of financial administration, judicial and legal, and other governmental administration. U.S. Census Bureau, Annual Survey of State and Local Government Finances.

Expenditures on various types of administrative functions were the fourth largest expense for municipal governments in Rhode Island in FY 2021, totaling $244.8 million or 14.0 percent of non-education expenditures. Personnel costs made up a slight majority—58.7 percent—of administration expenditures, a significantly smaller portion as compared to public safety, while operations made up the remaining 41.3 percent.[124] By department, the largest category of administration expenses (57.0 percent) for Rhode Island municipalities in FY 2021 was "general government," which includes expenditures for "the executive office, legal department, clerk's office, boards and commissions, etc." Finance, which includes expenditures attributed to "the Finance department and offices such as the tax collector, tax assessor, accounts receivable, etc.," was the next largest category (22.8 percent), followed by planning (14.0 percent) and centralized information technology (6.3 percent).[125] Figure 20 shows the breakdown of municipal administration costs by function and department.

Figure 20



Note: Includes data from FY 2020 for East Providence and Coventry
Source: Rhode Island Municipal Transparency Portal; RIPEC calculations.

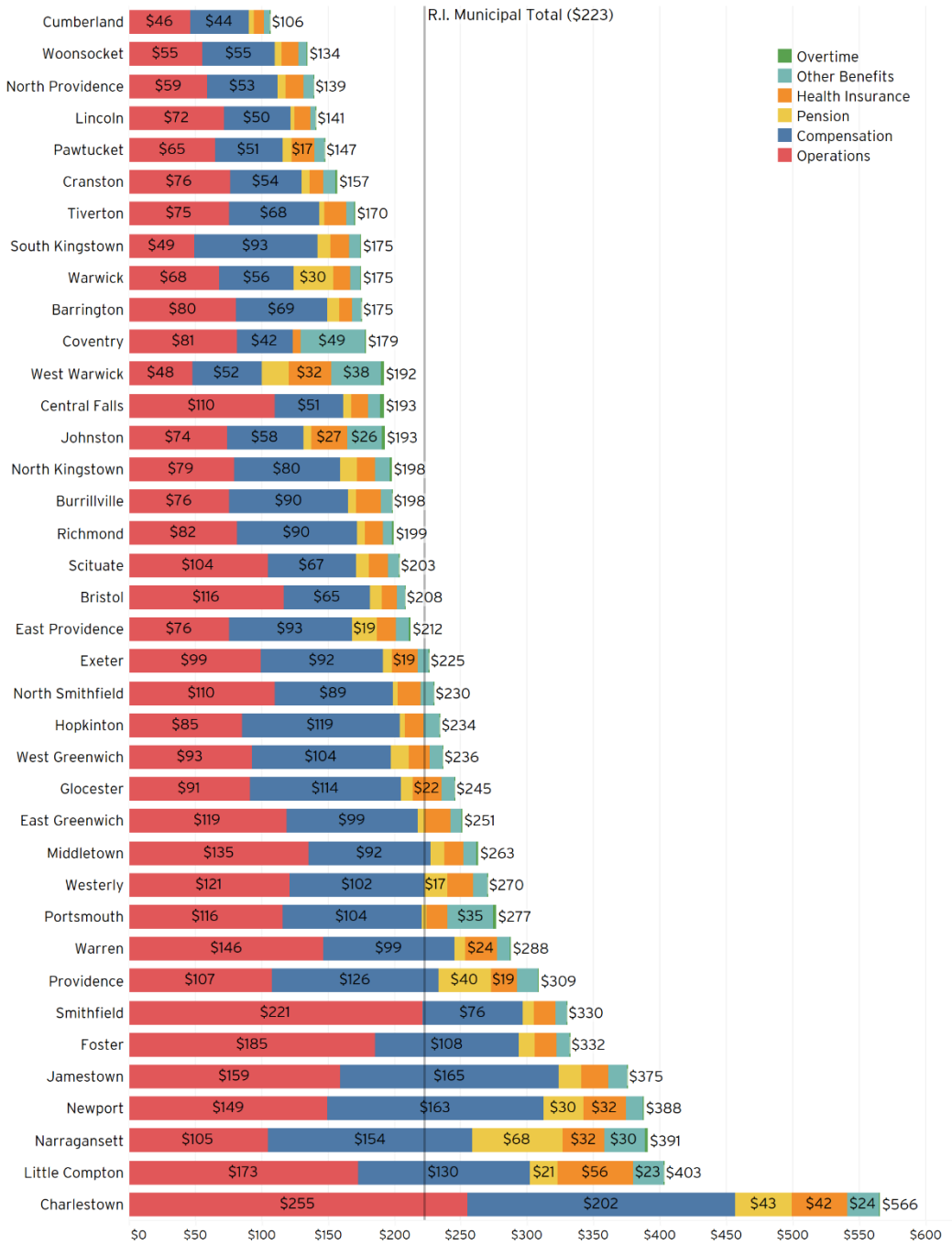
Municipal Overview

Among Rhode Island municipalities, administration expenditures in FY 2021 ranged from 8.9 percent of non-education expenditures in Woonsocket to 36.2 percent in Exeter, with a median of 27.0 percent. General government was the largest department within administration in every municipality except for Newport and Glocester, both of which spent more on finance.

[124] Among operations costs, purchased services was the largest subcategory (29.5 percent). Includes data from FY 2020 for East Providence and Coventry. R.I. Division of Municipal Finance, Rhode Island Municipal Transparency Portal; RIPEC calculations.
[125] R.I. Division of Municipal Finance, Rhode Island Municipal Transparency Portal, Data Dictionary.

The spread between Rhode Island's municipalities in per capita administration expenditures is significant, as depicted in Figure 21. Average spending among the five highest-spending municipalities was $425 per capita, more than three times the average ($134) of the five lowest-spending municipalities.[126]

Figure 21
Municipal Per Capita Administration Spending by Function, FY 2021



Note: Includes categories of general government, finance, centrazlied information technology, and planning. Excludes New Shoreham, which spent $2,574 per capita on administration in FY 2021 and is a significant statistical outlier due to its low fulltime resident populaiton. Data for East Providence and Coventry is from FY 2020.
Source: Rhode Island Municipal Transparency Portal; U.S. Census Bureau, 2020 U.S. Census; RIPEC calculations.

[126] Excludes New Shoreham because it is a significant statistical outlier due to its exceptionally low fulltime resident population.

Importantly, there appears to be a correlation between municipal population and per capita administrative expenditures, with smaller communities spending more per capita on administration, suggesting an inability to achieve economies of scale.[127] Excluding New Shoreham, the state's ten least-populous municipalities spent an average of $302 per capita on administration, 30.1 percent more than the statewide per capita figure. The expenditures of these small municipalities in both finance and general government were particularly high—in both departments, average per capita expenditures were roughly one-third higher than the statewide figure.[128] Administration spending by the state's most populous municipalities is generally low. While Providence is a notable exception in spending above the statewide per capita amount, the state's next three most populous municipalities–Cranston, Warwick, and Pawtucket—ranked among the state's bottom ten municipalities in per capita administration expenditures.

Public Works

Historical and Legal Framework

Public works, which generally refers to public infrastructure projects including roads, bridges, water and sewer, solid waste management, airports, and ports, was largely a function of state government in the United States until the mid-19th century. During this period, local governments began taking on larger shares of public spending, including on public works projects, due to concerns over state debt and constitutional changes that limited borrowing at the state level. Local governments became heavily involved in the maintenance of roads and highways during this period—in 1902, local governments contributed 97.7 percent of all funding in this area. The distribution of spending on roads and highways began shifting back towards state government in the early 20th century, as states began levying motor fuel taxes and collecting automobile license fees to fund intercity highways.[129]

Public works projects became more prominent during the Great Depression with the formation of the federal Works Progress Administration (WPA), which sought to provide employment mainly through greater investment into infrastructure projects nationwide. The surge of investment into these projects came primarily from the federal government, but the WPA's work was closely coordinated with state and local governments, which paid for a portion of the projects, typically nonlabor costs.[130] Similarly, the construction of the modern interstate highway system, the next major American public works program following the WPA, was funded largely with federal dollars. State and local governments contributed just 10 percent of the costs

[127] In its study of local government consolidation in New England, the New England Public Policy Center identified administrative functions as being well-suited for consolidation. The study examined pension administration to illustrate the problem of scale in local government administration. It noted that "researchers have found that per capita administrative costs are higher for small defined benefit pension plans than for large defined benefit pension plans" and estimated that Massachusetts municipalities would spend 28 percent less on pension administration if all state and local pension plans were merged into a single plan. Yolanda K. Kodrzycki, "The Quest for Cost-Efficient Local Government in New England: What Role for Regional Consolidation?," New England Public Policy Center (2013).
[128] New Shoreham is excluded because it is a significant statistical outlier due to its exceptionally low fulltime resident population. U.S. Census Bureau, 2020 U.S. Census. R.I. Division of Municipal Finance, Rhode Island Municipal Transparency Portal; RIPEC calculations.
[129] John Joseph Wallis, "A History of the Property Tax in America," National Bureau of Economic Research (2001).
[130] State and local governments were collectively required to provide 25.0 percent of total project costs within each state for all projects after 1940. United States Federal Works Agency, *Final report on the WPA program, -43*. [Washington, D.C., U.S. Govt. Print Off, 1947].

of the program, which was established through the Federal Aid Highway Act of 1956 and was the largest public works project in American history at the time.[131]

Today, responsibility for operation and maintenance of roads and highways falls to all three levels of government, with the federal government providing 24 percent of total funding nationwide 2019. Of non-federal spending on roads and highways, 62 percent was provided by states and 38 percent by local governments in 2019, with states spending more on highways and local governments spending primarily on local roads.[132] Both state and local governments across the U.S. fund road and highway construction through a mix of general revenues and user fees, including motor fuel taxes, license fees, and tolls.[133]

The Rhode Island General Assembly has not imposed significant mandates on municipalities related to most public works functions. A notable exception is in solid waste management, the third largest public works expense for Rhode Island's local governments as of FY 2020.[134] In 2008, the General Assembly passed a law requiring municipalities to recycle at least 35 percent of their solid waste and divert a minimum of 50 percent of solid waste away from the state's central landfill by 2012. The structure of costs for various means of solid waste disposal are discussed further below.[135] According to the Division of Municipal Finance, public works employees are unionized in at least 36 Rhode Island municipalities.[136] The General Assembly has not enacted mandates related to the collective bargaining process between municipalities and these labor organizations.

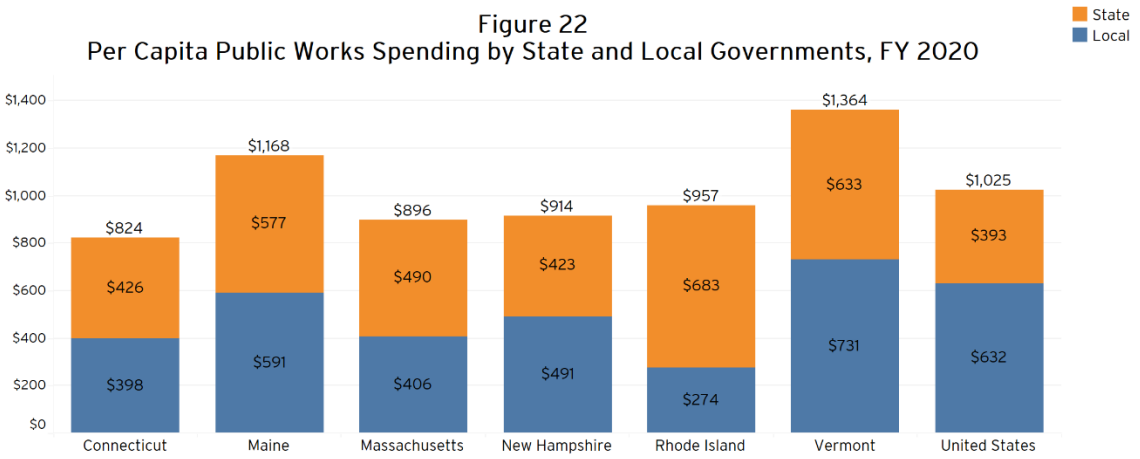
Statewide Overview

On a combined state and local basis, Rhode Island, along with neighboring Connecticut and Massachusetts, spend slightly less per capita on public works (including capital costs) than the United States overall. However, as shown in Figure 22, Rhode Island is a significant outlier nationally in terms of its distribution of spending across state and local governments. In FY 2020, Rhode Island municipalities contributed just 28.6 percent of public works spending in the state (ranking 49th highest among states) and collectively spent $274 per capita on public works (lowest among states). That year, Rhode Island was one of 14 states where state government spent more on public works than local governments.[137] Nationally, local governments

[131] Richard F. Weingroff, "Federal-Aid Highway Act of 1956: Creating the Interstate System," (1996).
[132] The federal share of road and highway spending is expected to increase in the coming years due to the enactment of the 2022 federal Infrastructure Investment and Jobs Act, which authorized $100 billion in new spending on roads and other infrastructure projects. The Urban Institute, State and Local Backgrounders: Highway and Road Expenditures.
[133] States vary widely in how much of their spending on roads is paid for by user fees. While some states fund all their road spending through these revenues, user fees cover less than half of road spending in other states. User fees covered 46.6 percent of road spending in Rhode Island in FY 2018, 43rd most among states. Ulrik Boesen, "How Are Your State's Roads Funded?," The Tax Foundation (2021).
[134] U.S. Census Bureau, Annual Survey of State and Local Government Finances.
[135] R.I. Gen Laws § 23-18.9-1. The 2008 law built upon the R.I. Recycling Act of 1986, the passage of which made Rhode Island the first state to implement a mandatory recycling program statewide. The bill established a statewide goal of recycling 15 percent of all solid waste. Laura Kain and Cindy Sabato, "Igniting Mandatory Statewide Recycling," Save The Bay (2020).
[136] Rhode Island Division of Municipal Finance, Contracts.
[137] Massachusetts and Connecticut were also among those states where state government spent more on public works than local governments.

contributed 61.7 percent of public works spending and state governments contributed 38.3 percent.[138]

Figure 22
Per Capita Public Works Spending by State and Local Governments, FY 2020



Source: U.S. Census Bureau, Annual Survey of State and Local Government Finances, 2020 U.S. Census; RIPEC calculations.

In Rhode Island, the distribution of state and local public works spending differs considerably, with state spending highly concentrated on roads and highways, as shown in Figure 23. While spending on roads and highways was also the largest category of public works spending at the local level, sewerage and solid waste management both comprise a far more substantial proportion of public works spending at the local level than at the state level.

Figure 23
Rhode Island State and Local Public Works Spending by Object, FY 2020

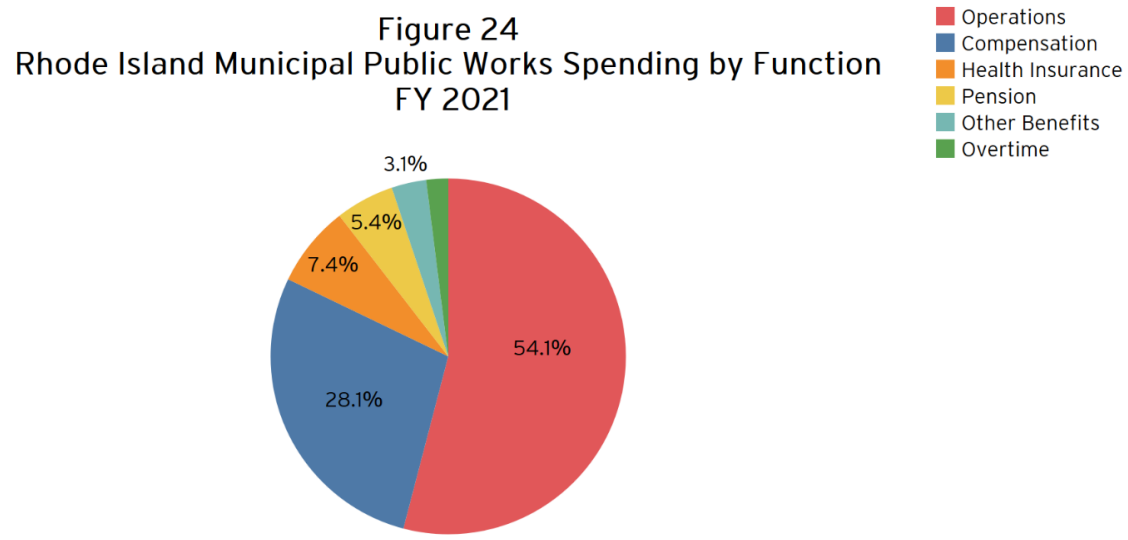
Source: U.S. Census Bureau, Annual Survey of State and Local Government Finances; 2020 U.S. Census; RIPEC calculations.

[138] U.S. Census Bureau, Annual Survey of State and Local Government Finances; 2020 U.S. Census; RIPEC calculations.

Notably, while expenditures on roads and highways makes up the largest proportion of local public works spending, Rhode Island's local governments spend significantly less nominally in this spending category than is typical nationally and regionally. Including capital costs, Rhode Island's local governments spent $122 per capita on roads and highways in FY 2020, least among New England states and fourth least nationwide.[139]

In FY 2021, Rhode Island municipal expenditures on public works, excluding capital costs and water, sewer, and stormwater expenditures, totaled $211.7 million, or 12.1 percent of non-education expenditures.[140] Operations costs made up a slight majority of public works spending in FY 2021, as shown in Figure 24. Trash removal and recycling is by far the largest operations cost for municipalities, totaling $33.8 million in FY 2021, or 29.5 percent of operations costs.[141] Combined with tipping fees—fees paid by municipalities to dispose waste in the state's central landfill and municipalities second largest operations cost—solid waste disposal accounts for 44.1 percent of municipal operations costs for public works.

Figure 24
Rhode Island Municipal Public Works Spending by Function
FY 2021



Note: Includes data from FY 2020 for East Providence and Coventry.
Source: Rhode Island Municipal Transparency Portal; RIPEC calculations.

[139] U.S. Census Bureau, Annual Survey of State and Local Government Finances; 2020 U.S. Census; RIPEC calculations. This lack of investment does not appear to be attributable to the state having relatively few locally managed roads as Rhode Island does not have a particularly small proportion of locally managed roads. As of 2018, Rhode Island ranked 26th among states in the percentage of road miles managed by local governments and slightly above the United States' proportion. As of 2018, there were 5.47 road miles per 1,000 residents in Rhode Island, which ranked 45th highest among all states and second lowest among New England states, ahead of only Massachusetts. U.S. Department of Transportation, Office of Highway Policy Information, Public Road Length – 2018: Miles By Ownership; U.S. Census Bureau, 2020 U.S. Census.

[140] As stated in the introduction to Section III, due to the Rhode Island Municipal Transparency Portal's separate reporting of debt service costs from individual municipal departments, the public works expenditures reported in this subsection reflect the operating budget of municipal public works departments, which represents just a portion of the overall public investment into public works.

[141] All municipalities in the state provide for trash and recycling disposal services, but these programs vary in several respects, including the provision of curbside pickup, the types of customers served (some municipalities do not provide for pickup for residential buildings above a certain number of units or for commercial customers), and user fees charged (such as for trash and recycling bins). Rhode Island Resource Recovery Corporation, City/Town Contacts.

The structure of tipping fees faced by municipalities is dictated in large part by the Rhode Island Resource Recovery Corporation (RIRRC), a quasi-public agency that manages the state's central landfill in Johnston. Every municipality is required to bring trash and recyclables to RIRRC in accordance with statewide recycling and waste diversion mandates. RIRRC charges a tipping fee for both commercial and municipal customers—however, the rate charged to municipalities, at $54 per ton in FY 2023, is less than half the commercial rate of $115 per ton. However, each municipality has an individual cap on solid waste that RIRRC will accept at a lower tipping rate. For FY 2023, municipalities will pay $100 per ton of solid waste delivered in excess of these caps, up from $90 per ton for FY 2022.[142]

RIRRC does not charge municipalities for disposal of recyclables but does assess a fee if loads of recyclables are rejected due to contamination from high amounts of non-recyclable items. Several municipalities have reported significantly higher costs from these rejection fees in recent years.[143] In addition, rejected loads also count against municipal recycling and diversion goals, as well as annual solid waste caps. In 2021, the statewide diversion rate was 33.1 percent on average, well below the 50 percent mandate enacted in law, which just three municipalities met.[144] The average municipality had 101 pounds of rejected recycling per household, with Providence, which had the state's lowest diversion rate that year (12.0 percent), leading municipalities with 547 pounds of rejected recycling per household.[145]

Municipal Overview

Among municipalities in FY 2021, spending on public works (excluding capital, water, sewer, and stormwater) as a percentage of non-education spending ranged from 6.2 percent in Providence to 45.7 percent in Exeter, with a state median of 15.0 percent. Figure 25 shows per capita public works expenditures by municipality, not including capital costs, broken down by function.

In similarity to administration, public works spending and municipal population appear to be correlated, with the state's least populous municipalities having some of the state's highest per capita public works expenditures. Excluding New Shoreham, the state's ten least populous municipalities spent an average of $273 per capita on public works in FY 2021, 34.3 percent higher than the statewide per capita figure.[146] Among the state's five most populous municipalities, three (Providence, Warwick, and Pawtucket) spent below the statewide per capita amount, while Cranston and East Providence spent marginally more. Providence spent 40.6 percent less than the statewide amount, with particularly low spending on compensation—the City spent $25 per capita (19.6 percent of total public works expenditures) on compensation in FY 2021, least among all municipalities.

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[142] According to RIRRC, municipal caps are calculated based on the city or town's population, the previous year's total statewide municipal solid waste (MSW) generated, and a solid waste diversion goal. Rhode Island Resource Recovery Corporation, "A Guide to Resource Recovery."

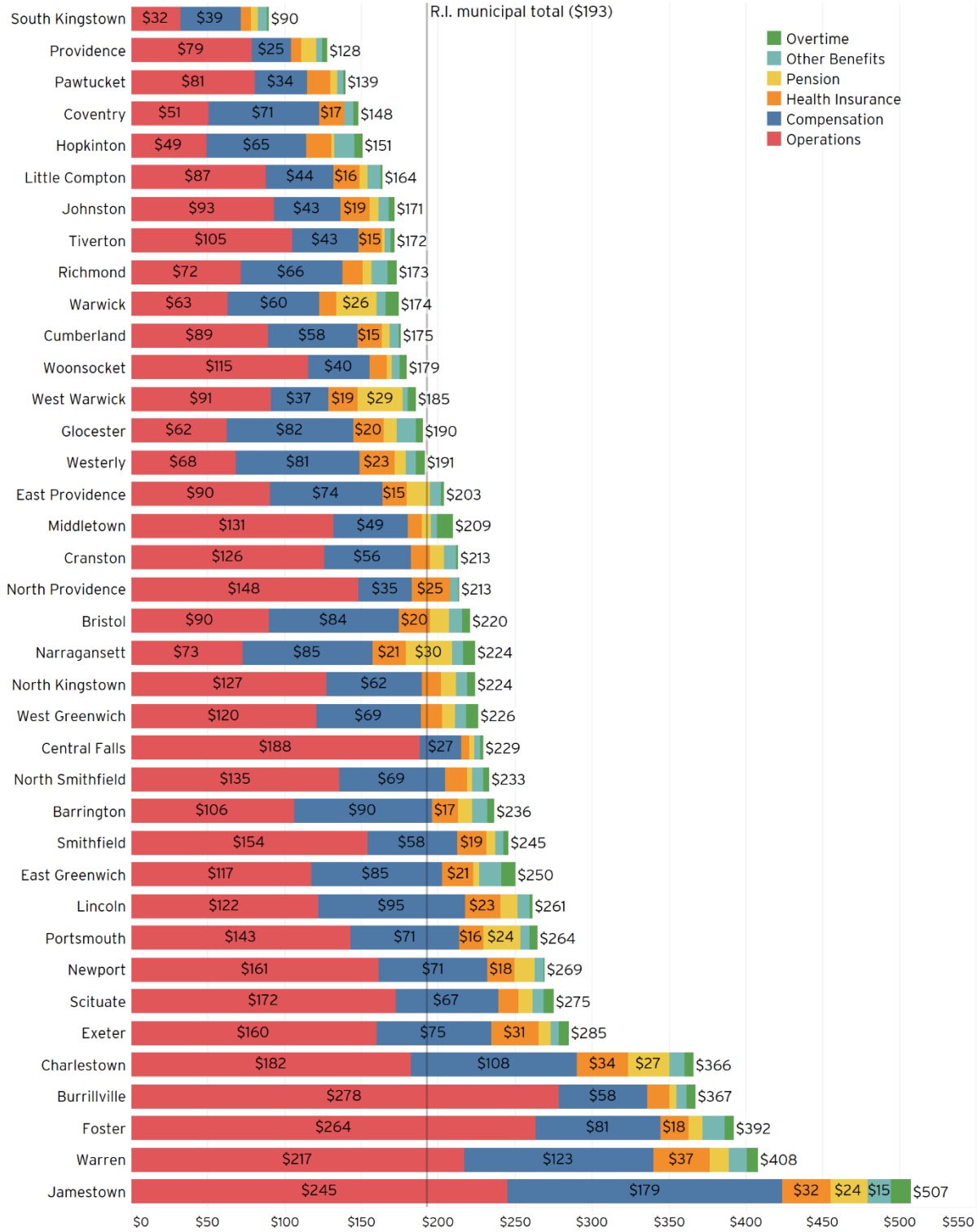
[143] Jim Hummel, "Costly errors: When Rhode Islanders don't recycle correctly, cities and towns have to pay up," *The Providence Journal* (2020).

[144] The diversion rate measures the weight of mixed recyclables, mandatory recyclables (such as leaf and yard waste), and other materials that can be diverted away from the central landfill through recycling or reuse (such as mattresses), as a proportion of the total weight of waste diverted or put into the landfill. In 2021, only East Providence, Portsmouth, and South Kingstown had diversion rates above 50 percent. Rhode Island Resource Recovery Corporation, "How Is My City or Town Doing?," (2021).

[145] Ibid.

[146] New Shoreham is excluded because it is a significant statistical outlier due to its exceptionally low fulltime resident population. U.S. Census Bureau, 2020 US Census; RIPEC calculations.

Figure 25
Municipal Per Capita Public Works Spending by Function, FY 2021



Note: Excludes New Shoreham, which spent $1,121 per capita on public works in FY 2021 and is a significant statistical outlier due to its low fulltime resident population.
Data for East Providence and Coventry is from FY 2020.
Source: Rhode Island Municipal Transparency Portal; U.S. Census Bureau, 2020 U.S. Census; RIPEC calculations.

Parks, Recreation, and Natural Resources

Historical and Legal Framework

Like public works, responsibility for establishing and maintaining parks and other outdoor spaces for public use is shared across local, state, and federal governments. The nation's first public parks were established at the local level—the Boston Common, established in 1634, is thought to be the first American city park. Urban planners of the late 1800s undertook ambitious parks projects in cities like New York and Chicago that were otherwise being rapidly densified. The concept of the smaller neighborhood park took hold in the 1900s and became increasingly popular with the growth of the suburbs after World War II.[147]

Typically, local parks and recreation facilities can be funded in part by revenues generated from user fees for certain amenities, including parking and private use of fields or other spaces. The remainder of local funding for parks typically comes from local general funds, while issuing general obligation bonds is another common means of financing the construction or upgrading of parks. Funds from private and non-profit sources are also sometimes used to finance local parks, frequently through private-public partnerships whereby a non-governmental entity takes financial and operational responsibility for all or some of the facility.[148]

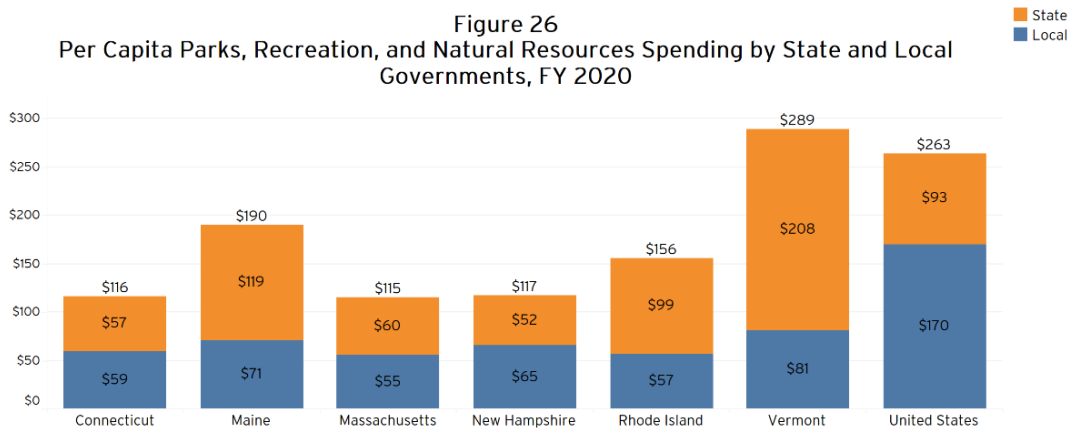
There is limited comprehensive data available on local park size, amenities, and usage in the United States. According to the Trust for Public Land, which publishes data on parks in the 100 largest U.S. cities, the median amount of park space in these cities in 2021 was 6,000 acres, or 9 percent of their populated land area.[149]

Statewide Overview

As shown in Figure 26, when including capital costs, Rhode Island underspends on parks, recreation, and natural resources compared to the nation. The Ocean State's per capita combined state and local spending of $156 in FY 2020 was 51.3 percent less than national per capita spending and ranked 43rd highest among states. This underinvestment was particularly stark at the local level, as Rhode Island's local governments contributed just 36.5 percent of total spending on parks, recreation, and natural resources, compared to 64.6 percent nationally. On a nominal per capita basis, Rhode Island's local governments spent $57 in this area, ranking second lowest in New England (ahead of only Massachusetts) and fourth lowest nationally.[150]

[147] Margaret Walls, "Parks and Recreation in the United States: Local Park Systems," *Resources for the Future* (2009).
[148] Ibid.
[149] Among these cities, the most common amenities featured at city parks were trails, followed by basketball and volleyball courts, and playgrounds. Trust for Public Land, 2021 City Park Facts.
[150] U.S. Census Bureau, Annual Survey of State and Local Government Finances; 2020 U.S. Census; RIPEC calculations.

Figure 26
Per Capita Parks, Recreation, and Natural Resources Spending by State and Local Governments, FY 2020

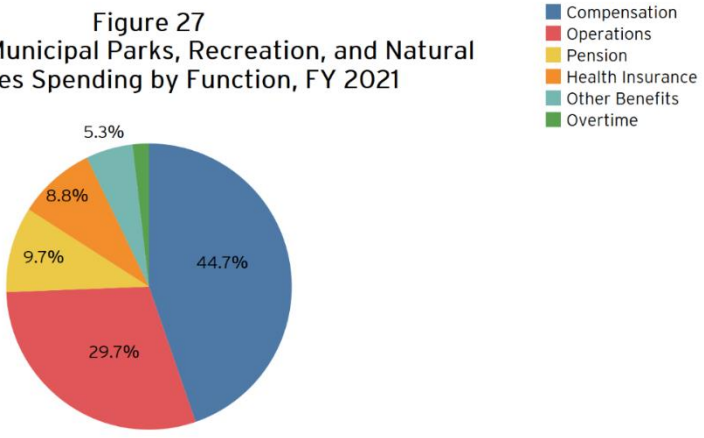


Source: U.S. Census Bureau, Annual Survey of State and Local Government Finances, 2020 U.S. Census; RIPEC calculations.

Rhode Island's relative underinvestment in parks at the state level has been a point of emphasis cited by the state's Department of Environmental Management, which commissioned a study of the state parks system in 2018. The study documented a significant decline in staffing at state parks—from 123 full time employees in 1989 to 42 in 2018—even while visitation to state parks increased, including a 37.2 percent increase in visitation to state beaches from 2000 to 2017. The study noted that state parks generated economic activity and revenue but argued that the system is underfunded and "does not meet its potential for cost recovery, revenue generation, and economic benefit."[151]

Not including capital costs, parks and recreation spending by Rhode Island municipalities totaled $51.5 million in FY 2021, or 2.9 percent of non-education expenditures. Figure 27 shows the breakdown of that spending by function. Personnel made up 70.3 percent of total costs in FY 2021, with compensation accounting for 44.7 percent of total costs. Of the 29.7 percent of expenses going to operations, 30.0 percent was spent on utilities, the most of any other object.[152]

Figure 27
Rhode Island Municipal Parks, Recreation, and Natural Resources Spending by Function, FY 2021



Note: Includes data from FY 2020 for East Providence and Coventry.
Source: Rhode Island Municipal Transparency Portal; RIPEC calculations.

[151] R.I. Department of Environmental Management, "Rhode Island State Parks: Organizational Management and Operations Study" (2018).
[152] The next largest category of operations costs were materials & supplies (15.6 percent of operations costs). Includes data for FY 2020 from East Providence and Coventry. R.I. Division of Municipal Finance, Rhode Island Municipal Transparency Portal.

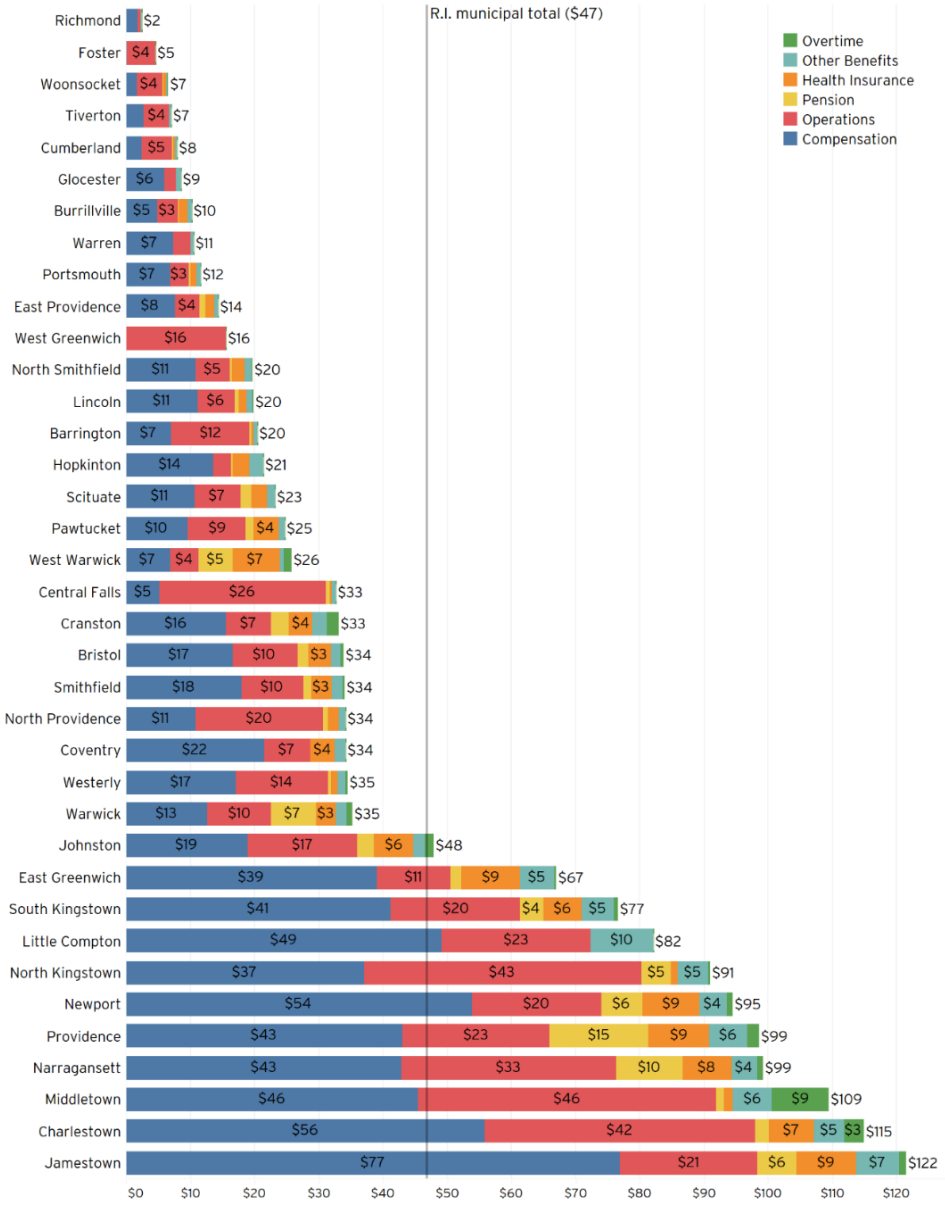
Municipal Overview

All but one Rhode Island municipality, Exeter, reported some level of spending on parks and recreation in FY 2021. Twenty-one municipalities have a dedicated parks and recreation department established through municipal charter, while other municipalities integrate this function into their public works departments. In FY 2021, parks and recreation spending as a proportion of total non-education spending ranged from 0.2 percent in Richmond to 8.9 percent in South Kingstown, with a statewide median of 2.0 percent. While there is no comprehensive accounting of all local parks and recreation facilities in the state, Providence, the state's most populous municipality, has 120 public parks.[153] Coventry, the largest municipality by land area, reports 37 public parks.[154]

As shown in Figure 28, parks and recreation spending is concentrated among a relatively small number of communities. The top 10 municipalities in terms of per capita expenditures accounted for 61.7 percent of local parks and recreation spending statewide in FY 2021, despite making up just 30.6 percent of the state's population.[155] These municipalities are all coastal communities and, except for Providence and East Greenwich, operate at least one town beach. Several of the highest-spending municipalities offset a significant amount of their parks and recreation spending through user fees and other revenue sources connected with their public facilities, with two such municipalities, Middletown and Newport, generating more in such revenues than they spent on parks and recreation in FY 2020. Jamestown and Charlestown, the two municipalities that spent the most per capita in FY 2021, respectively generated 65.2 percent and 75.9 percent of their parks and recreation budgets through user fees and other revenue sources.[156]

[153] City of Providence, Providence Parks.
[154] Town Coventry, Parks & Recreation, List of Parks and Facilities.
[155] R.I. Division of Municipal Finance, Rhode Island Municipal Transparency Portal; U.S. Census Bureau, 2020 U.S. Census; RIPEC calculations.
[156] Expenditures include those funded by all sources, including debt service. FY 2020 Municipal Audited Financial Statements. Excludes New Shoreham, which reported revenue generated from "recreation, library, and other" in FY 2020.

Figure 28
Municipal Per Capita Parks, Recreation, and Natural Resources Spending by Function
FY 2021



Note: Excludes New Shoreham, which spent $271 per capita in FY 2021 and is a significant statistical outlier due to its low fulltime resident population. Data for East Providence and Coventry is from FY 2020.
Source: Rhode Island Municipal Transparency Portal; U.S. Census Bureau, 2020 U.S. Census; RIPEC calculations.

Social Services

Legal and Historical Framework

While the provision of social services, including the administration of public programs in health and human services, housing, public welfare, and housing and community development, is primarily a concern of state and federal governments, local governments have historically played significant roles in the provision of some social services. One such area is public health—the first public health departments were established at the city level in the early nineteenth

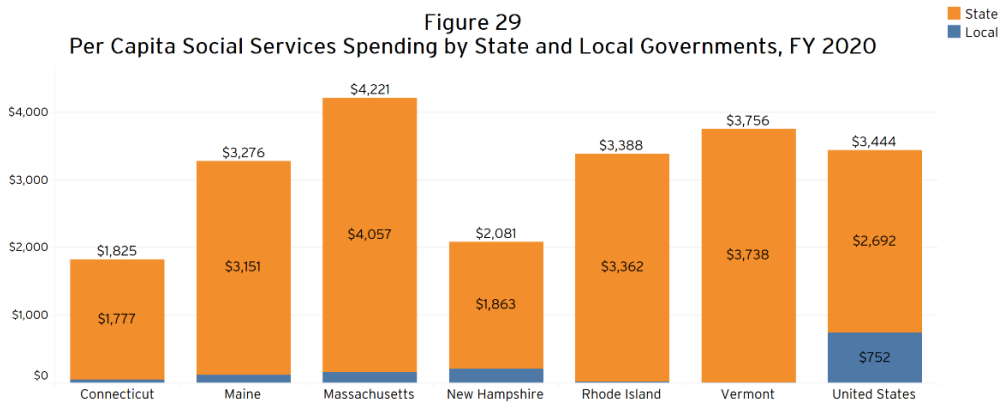
century, while state health departments and federal health agencies did not emerge until the mid-19th and early 20th century, respectively.[157] Today, local governments, typically counties, take primary responsibility for public health functions, and play a role in funding public hospitals.[158]

Due to the lack of county governments in Rhode Island, social service functions that are primarily funded at the county level in other states are administered at the state level in the Ocean State. In fact, Rhode Island is the only state which has no local health departments, and public health functions are solely carried out by the Rhode Island Department of Health.[159] However, several municipalities have departments established through charters to administer social service programs, including those funded entirely or in part by the state and federal revenue sources.[160]

Statewide Overview

Rhode Island spends relatively generously on social services programs—in FY 2020, combined state and local spending per capita in this category was $3,388, 20th most among states and third highest in New England.[161] Due to the lack of county governments, this spending is heavily concentrated at the state level in Rhode Island; 0.8 percent of social services spending occurred at the local level in FY 2021. Rhode Island's local governments spent $26 per capita in this category, second least among states, ahead of only Vermont. Of New England states, Connecticut, Maine, and Massachusetts also ranked among the bottom ten states in local government social services spending per capita, though Connecticut and Maine had lower combined state and local spending per capita than the Ocean State, and in the case of Connecticut, much lower. Figure 29 shows per capita state and local spending on social services in New England and the United States.

Figure 29
Per Capita Social Services Spending by State and Local Governments, FY 2020



Source: U.S. Census Bureau, Annual Survey of State & Local Government Finances, 2020 U.S. Census; RIPEC calculations.

[157] Theodore H. Tulchinsky, Elena Varavikova, "A History of Public Health," *The New Public Health*. 2014.
[158] Anne Osborne Kilpatrick, Lynn W. Beasley, "Urban Public Hospitals: Evolution, Challenges, and Opportunities in an Era of Health Reform," *Journal of Health and Human Services Administration* (1995).
[159] U.S. Department of Health and Human Services, National Profile of Local Health Departments.
[160] Municipal charters refer to these departments as community services, public assistance, human services, social services, or public welfare. Such departments are included in charters in Central Falls, Charlestown, Coventry, Cumberland, Exeter, Foster, Glocester, Johnston, Lincoln, New Shoreham, North Kingstown, North Providence, North Smithfield, Portsmouth, South Kingstown, and Warwick.
[161] Social services includes public welfare, hospitals, health, employment security administration, veterans services, and housing and community development. U.S. Census Bureau, Annual Survey of State and Local Government Finances.

In FY 2021, municipal spending on social services in Rhode Island totaled $18.0 million, or 1.0 percent of non-education expenditures. Thirty-five of 39 Rhode Island municipalities report some social services spending, with these expenditures accounting for less than one percent of non-education expenditures in 20 municipalities.[162]

[162] Newport, Central Falls, Portsmouth, and Richmond reported no social services spending in FY 2021. North Smithfield and North Providence reported spending of less than $1 per capita. East Providence and Coventry reported spending as of FY 2020. R.I. Division of Municipal Finance, Rhode Island Municipal Transparency Portal; U.S. Census Bureau, Annual Survey of State and Local Government Finances; RIPEC calculations.

IV. RIPEC Comments

As one of just two states nationally with no county governments, benchmarking Rhode Island's municipal service expenditures is challenging. Rhode Island's state government assumes some financial and operational responsibility for services that would typically be provided by county government in other states and therefore has a broader scope than most state governments. In FY 2020, Rhode Island's local governments contributed just 33.7 percent to combined state and local spending—eighth least among states and least in New England—compared to 44.2 percent of combined spending across the U.S.[163]

With no county governments, Rhode Island also has a relatively high concentration of local government units which are smaller in area than is typical in other states and which generally provide similar or identical services to other local governments in proximity. Research generally finds that this fragmentation leads to higher per capita expenditures due to the inability of small units to realize economies of scale. Consolidation of government units is frequently considered to reduce fragmentation, but these efforts often face practical and political barriers, and research on their efficacy is mixed. Generally, consolidation can yield cost savings in certain capital-heavy or technical services for relatively small government units (typically covering populations of up to 20,000 to 40,000).

The roughly one quarter (10 out of 39) of Rhode Island's municipalities with fewer than 10,000 full-time residents present good candidates for greater consolidation or sharing of services with neighboring municipalities.[164] Indeed, in services such as administration and public works, these municipalities often spend significantly more per capita than the state's municipalities as whole. There have been recent legislative inquiries into municipal consolidation or shared services in Rhode Island, but there has been no sustained effort towards establishing or incentivizing these arrangements.

Rhode Island's municipalities overall and individually are outliers in the amount expended on police and fire, in some cases spending well beyond regional and national benchmarks. Even excluding the additional cost of OPEB for retired public safety employees, Newport, Johnston, Cranston, and Warwick each spent more than $1,000 per capita on police and fire combined in FY 2021—compared to per capita spending of $512 by local governments on these public safety services nationally.[165] While these services are inarguably critical for quality of life, maintaining such levels of investment going forward implicates a choice between reduced investment in other important services or higher tax burdens on residents and businesses.

Collectively, the Ocean State's local governments spent significantly more per capita in FY 2020 on police than local governments nationally, and more than in any other New England state, including states in which local governments take on a greater proportion of combined state and local spending on policing. Not only is municipal police spending per capita in Rhode Island relatively high overall, there is a wide variation in spending on police among municipalities, with significantly higher spending by some communities. The four municipalities that spent the most

[163] U.S. Census Bureau, Annual Survey of State and Local Government Finances; RIPEC calculations.
[164] Those municipalities are: New Shoreham, Little Compton, Foster, Jamestown, Exeter, West Greenwich, Charlestown, Richmond. Hopkinton, and Glocester. U.S. Census Bureau, 2020 U.S. Census.
[165] U.S. Census Bureau, Annual Survey of State and Local Government Finances; R.I. Division of Municipal Finance, Rhode Island Municipal Transparency Portal; RIPEC calculations.

per capita on policing in FY 2021 all exceeded statewide per capita police spending by more than 20 percent, with one municipality—Newport—exceeding that amount by more than 50 percent.

Rhode Island ranked third nationally and first in New England in per capita fire protection expenditures in FY 2020 and spent 37.4 percent more than Massachusetts, the next highest-spending state in the region. The state is a significant outlier in terms of fire department staffing per capita, ranking first among states in 2020 with 2.1 firefighters per 1,000 residents.[166] As with police spending, there is wide variation in spending on fire protection among Rhode Island municipalities. The four municipalities that spent the most per capita on fire department expenses in FY 2021 all exceeded the Rhode Island municipal median by more than 30 percent, with one municipality—Newport—exceeding that amount by more than 50 percent.

Per capita staffing is a readily available metric that informs Rhode Island's high public safety expenditures, but the limitations of this metric in fully capturing important differences between municipalities is well-documented. Calls for service (CFS) is seen as a more useful metric for measuring demand for public safety services and for conducting more accurate analyses of public safety staffing. Unfortunately, calls for service are reported only sparingly by Rhode Island municipal police and fire departments, and deeper analyses of calls for service data require resources not currently available in most municipalities, both nationally and in Rhode Island.

While Rhode Island municipalities significantly overspend on public safety relative to other states, other functions suffer from a relative lack of resources. Although Rhode Island's combined state and local spending (including capital costs) on public works is comparable to the region and nation, local governments take on a much smaller proportion of spending than in other states. In particular, the Ocean State's local governments have relatively low expenditures on roads and highways—including capital costs, Rhode Island ranked last in New England and fourth to last nationally in per capita spending in this area in FY 2020.[167]

Similarly, Rhode Island municipalities significantly underinvest in parks, recreation, and natural resources relative to local governments in other states. On a nominal per capita basis, Rhode Island's local governments spent $57, including capital costs, in this area in FY 2020, ranking second lowest in New England (ahead of only Massachusetts) and fourth lowest nationally. Unlike public works, state spending on parks, recreation, and natural resources is also relatively low. The Ocean State's per capita combined state and local spending of $156 (including capital costs) in FY 2020 was 51.3 percent less than national per capita spending and ranked 43rd highest among states.

While spending by Rhode Island's local governments on administration is relatively low compared to other states, this result is due in part to the absence of county government, leading to greater proportional spending by Rhode Island state government on administration than in other states. While spending on administration by the state's most populous municipalities is relatively low (with the exception of Providence), administration spending by Rhode Island's smaller municipalities was relatively high. Excluding New Shoreham, the state's ten least-

[166] Employment counted on a full-time equivalent basis. Includes only firefighters employed by local governments. U.S. Census Bureau, 2021 Annual Survey of Public Employment & Payroll; U.S. Census Bureau, 2020 U.S. Census; RIPEC calculations.
[167] U.S. Census Bureau, Annual Survey of State and Local Government Finances; 2020 U.S. Census; RIPEC calculations.

populous municipalities spent an average of $302 per capita on administration, 30.1 percent more than the statewide per capita figure.

Given these findings, RIPEC offers to policymakers the following recommendations:

Municipalities should seek to at least slow the growth of expenditures on police and fire departments and require that departments publish data on calls for service (CFS) annually to make more informed decisions about staffing and budgets. Rhode Island's municipalities should aim to bring expenditures on public safety more in line with national and regional benchmarks. Even the Rhode Island municipalities which spend the least on a per capita basis on their police and fire departments have room to reduce costs without under-investing compared to municipalities in neighboring states. Municipalities should seek to better understand both how their staffing levels compare to peer communities and their relative demand for public safety services based on CFS data, which should be published annually by police and fire departments.

Municipalities should pursue, and the General Assembly should incentivize, consolidation or shared services agreements. Recent efforts to facilitate consolidation or sharing of services across Rhode Island municipalities have not resulted in meaningful progress. Research suggests that these arrangements may be appropriate for Rhode Island's least-populous municipalities, many of which spend significantly more per capita than the state overall in services which are particularly well-suited for a greater level of consolidation, such as public works or administration. Given the outsized proportion of municipal spending going to public safety functions, consolidation or sharing of police and fire services across municipalities also deserve serious consideration. To make progress in this area, the state should be more aggressive in incentivizing these agreements.

The General Assembly should avoid enacting mandates which limit municipalities' financial flexibility without careful consideration of costs. While the state's constitution gives cities and towns home rule powers over local matters, municipalities have no inherent power to raise revenue. Moreover, the General Assembly has over time enacted financial mandates that limit fiscal flexibility for municipalities and lead to increased costs. The General Assembly should refrain from enacting further mandates without a more careful consideration of the costs imposed on municipalities.

Municipalities should increase their investment into public works. While combined state and local expenditures on public works, including capital costs, are on par with the rest of New England, local government spending lags significantly. In addition to roads and highways, where local governments in Rhode Island spend relatively little, solid waste management should also be a point of focus. Municipalities are largely unsuccessful at meeting state-mandated targets for waste diversion, which implicates greater and more unpredictable costs and raises questions about the sustainability of the state's central landfill. New waste diversion strategies, including incentives for participation and greater public outreach and education efforts, would serve to increase the diversion rate and potentially reduce costs in the long-term.

Municipalities should increase their investment in parks, recreation, and natural resources. Outside of several of the state's coastal communities, which generally have the highest per capita spending on parks and recreation, municipalities should increase spending in this area to make up for systemic underinvestment at both the state and local levels. The municipalities currently making greater investments in parks and recreation are often successful in partially

or totally offsetting their higher levels of expenditure by generating revenue from user fees, providing a potential model for those municipalities that are currently spending the least.

The state should continue making improvements to the Municipal Transparency Portal (MTP) to allow for a more complete analysis of municipal service spending. The MTP is an important resource for municipalities and the public to better understand municipal revenues and expenditures and has been an essential resource for this report. However, many of the trends identified in this analysis come with certain qualifications due to the way data on municipal expenditures is reported and collected through the MTP. The high levels of municipal spending on public safety in many communities is understated due to the separation of OPEB costs from these departments. Similarly, the lack of reporting on capital spending understates investments in public works and parks and recreation. The state Division of Municipal Finance should seek to make continuous improvements to this important data tool, with additional statutory and financial support from the General Assembly.

RIPEC

About the Rhode Island Public Expenditure Council

The Rhode Island Public Expenditure Council (RIPEC) is a nonpartisan and nonprofit public policy research organization dedicated to advancing fiscally responsible government, competitive tax policies, and economic opportunities for all in Rhode Island.

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