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RHODE ISLAND'S LOCAL PENSION DEBTS

By Eileen Norcross and Benjamin VanMetre

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Executive Summary

Rhode Island's state and municipal pension systems face large and growing unfunded pension liabilities. The governor and state treasurer have identified pension reform as a key to stabilizing the state's finances and also to ensuring a sustainable retirement fund for Rhode Island's public employees. According to government estimates, the unfunded liability for municipal plans and state plans totals $9.3 billion. These figures are calculated under assumed discount rates based on the expected return on pension asset investments. However, according to economic theory, pension liabilities should be valued based on their relative risk and thus the return on Treasury Bonds is currently the appropriate discount rate to use when valuing liabilities. Under this valuation, the unfunded liability for municipal governments including MERS and locally administered plans (and excluding the local portion of the teachers' plan) swells from $2.4 billion to $6 billion. The unfunded liability for the state plans increases from $6.8 billion to $12 billion.

The result of this miscalculation is that many municipal governments are in far worse shape than is currently reported, which presents serious revenue challenges for a number of Rhode Island municipalities. Unfunded municipal pension liabilities currently exceed municipal revenues by $2.6 billion in Rhode Island. The revenue index created in this paper indicates that Johnston, Providence, Cranston, Newport, and Central Falls are all in particularly bad shape relative to other municipalities in the state.

1. Introduction

In August 2011, the city of Central Falls, Rhode Island filed for bankruptcy, a move triggered by the rapidly rising costs of its police and firefighters' pension plan. In total, with a budget of only $17 million, the city confronts an unfunded pension obligation of $48 million.[1] According to the state receiver, funding Central Falls' police and firefighters' pension would require a 50 percent increase in property taxes or a 50 percent cut in benefits. Given the severity of the fiscal crisis in Central Falls, coupled with the fact that the city is the least wealthy in the state of Rhode Island, compensating for Central Falls' unfunded pension liability via tax increases is simply not a pragmatic solution.

Without significant pension reform, other Rhode Island municipalities risk a similar fate. According to the state's auditor general, 23 of Rhode Island's 36 locally administered pension plans are considered at-risk due to low funded ratios and/or declining contributions.[2] In addition to locally administered plans, the state of Rhode Island administers the Municipal Employees' Retirement System (MERS), in which participating municipal governments fund benefits for 109 local employee units including police, firefighters, some education personnel and local public workers. The total unfunded liability (the difference between plan liabilities and plan assets) for municipal pension plans, including both locally administered plans and the state-administered MERS plan, is estimated at $2.4 billion under current accounting assumptions. In addition to these municipal pension obligations, Rhode Island estimates that its state-run pension plans have unfunded liabilities totaling $6.8 billion.

As bad as the situation in Rhode Island may seem, other states throughout the United States continue to underestimate the full size of their public pension plan liabilities and, thus, understate the magnitude of these imminent fiscal challenges. According to economist Joshua Rauh, several states including Illinois, New Jersey, Connecticut, Oklahoma, Indiana, Louisiana, and

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[1] Report of the State Receiver, Mark A. Pfeiffer, Associate Justice of the Rhode Island Superior Court, Ret. to The Honorable Donald L. Carcieri, Governor of the State of Rhode Island and Rosemary Booth Gallogly, Director of Revenue, of the State of Rhode Island, "In the Matter of the Receivership of Central Falls, Rhode Island," December 14, 2010, 46, http://www.dor.ri.gov/Reports/Central%20Falls/Report%20of%20the%20State%20Receiver.pdf.

[2] State of Rhode Island Senate Fiscal Office, "Senate Municipal Pensions Study Commission Final Report," February 15, 2011, http://www.rilin.state.ri.us/senatefinance/special_reports/municipal%20pension%20report.pdf.

West Virginia are slated to run out of assets to fund pension benefits by the end of the decade.[3] Without policy changes, Rhode Island's pension system will run out of assets to fund benefits by 2027.[4]

Rhode Island's treasurer Gina Raimondo correctly notes that the source of rising unfunded pension liabilities can be traced to decades of poor policy and accounting choices.[5] The absence of corresponding increases in contributions needed to fund these policy changes has resulted in unsustainable pension plans across the state.

The question facing local policy makers is will other municipal governments in Rhode Island face the outcome of Central Falls, and if so, how soon? This paper calculates the full cost of unfunded pension liabilities at the state and the municipal levels and provides a revenue index for Rhode Island's 39 municipal governments. We conclude with recommendations for reform.

2. Rhode Island's State and Local Pension Plans

Both the state and the local governments of Rhode Island offer defined benefit pension plans for their employees. The State of Rhode Island administers defined benefit plans for five occupational groups.[6] General state employees and teachers are covered under the Employees' Retirement System of Rhode Island (ERS). The Judicial Retirement Benefits Trust (JRBT) covers judges. The state police are covered by State Police Retirement Benefits Trust (SPRBT). In addition, the state administers MERS, which is managed by the state and funded by participating municipal governments.

[3] Joshua D. Rauh, "Are State Public Pensions Sustainable? Why the Federal Government Should Worry About State Pension Liabilities," 26.
[4] Ibid.
[5] Gina M. Raimondo, "Truth in Numbers: The Security and Sustainability of Rhode Island's Retirement System," 2011. These policy choices include discount rate assumptions, asset smoothing, changes in the amortization period, and benefit enhancements.
http://www.ricouncil94.org/Portals/0/Uploads/Documents/General%20Treasurer%20Raimondo%20report.pdf
[6] In a defined benefit plan, the employer promises a regular pension payment over the worker's retirement. The benefit amount is determined by a formula that takes into account the employee's age, years of service, and a measure of final salary.

2.1 State Liabilities

Pension benefits for state employees, judges, and the state police are funded by the state of Rhode Island. Teacher benefits are jointly funded by the state and school districts, with the state funding 40 percent of the employers' contribution and the local governments funding the remaining 60 percent. According to the ERS 2010 actuarial report, the unfunded liability for the state employees' and teachers' plans (both the state and local portions) amounts to $6.8 billion and is 48.4 percent funded.[7]

2.2 Local Liabilities

MERS is administered by the state but funded by participating local governments. There are a total of 109 locally funded MERS pension plans covering different occupational groups in Rhode Island. In addition to MERS, there are 36 locally operated pension plans covering public employees in 24 municipalities, such as Central Falls' local police and firefighters' plan. Current estimates calculate the total municipal unfunded liability, which includes the MERS plan, locally administered pension plans and the local government's portion of the teachers' plan at $4.1 billion. The locally administered liability is the largest component of the municipal unfunded liability, representing nearly $2 billion of the total in 2010.[8]

Table 1 lists Rhode Island's pension plans and the unfunded liabilities as reported by government actuarial reports.

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[7] Employees' Retirement System of Rhode Island, Actuarial Valuation Report as of June 30, 2010, Gabriel, Roeder, Smith and Company, June 2011, 2-3, https://www.ersri.org/public/actuarialValuations/ERS_VAL10.pdf.

[8] Rhode Island Public Expenditure Council (RIPEC), Comments on Your Government, "Analysis of Rhode Island's Municipal Pension and OPEB Obligations and the Impact of the Proposed MAST Program," June 2011, 2-3.

Plan Type	Funding Structure	Unfunded Pension Liability as Currently Reported June 30, 2010	Unfunded Pension Liability (MVL)
Municipal Pension Plans (MERS and locally administered plans)	Locally funded	$2,400,949,000	$6,008,207,000
State Employees	State funded	$2,700,000,000	$4,717,276,925
Teachers	40% funded by state, 60% funded by local governments	$4,133,000,000	$7,220,927,974
Judges	State funded	$11,000,000	$19,218,536
State Police	State funded	$29,000,000	$50,667,048
Total		**$9,273,949,000**	**$18,016,297,483**

Table 1. Rhode Island's State and Local Pension Unfunded Liabilities

Source: Actuarial Analysis of the Rhode Island Retirement Security Act of 2011, prepared by Gabriel, Roeder Smith & Company, p. 1 ; The Rhode Island Public Expenditure Council, "Analysis of Rhode Island's Municipal Pension and OPEB Obligations and the Impact of the Proposed MAST Program," 2011, 5; Authors calculations.

The local portion of Rhode Island's unfunded pension obligations presents a significant risk to many municipal governments. However, the government's estimates are calculated under certain assumptions regarding the discount rate used to value them, which economists agree significantly understates the true value of these liabilities. When applying the correct valuation, municipal pension obligations are three times larger than government estimates, representing a massive burden on local governments and taxpayers.

3. The Market Value of the Liability

Rhode Island offers its employees a defined benefit pension plan. Defined benefit pension plans are funded with a combination of employee and employer (the government) contributions and the return on those contributions when invested. To determine the funded status of the plan, liabilities (the benefits accrued by workers to be paid in retirement) must be discounted to make them comparable to the assets held by the plan. Discounting takes a future value and backs out the interest in order to arrive at a present value for the liability, which can be compared to the assets held in the plan today in order to determine the funded status of the plan.[9]

The selection of what discount rate to use when valuing a liability has a significant impact on the size of that liability. The higher the discount rate the lower the liability. For every 1 percent change in the discount rate a pension liability changes by as much as 20 percent.[10]

More important than the mere mechanics of how the discount rate affects the size of the liability is the rationale for selecting a particular rate. Current government accounting practice, guided by Government Accounting Standards Board (GASB) 25, states that a pension liability may be discounted using the annual interest rate that the plan's assets are expected to return when invested. For Rhode Island's state plans, the expected rate of return on assets was set at 8.25 percent in 1997, and was recently lowered to 7.5 percent. However, the actual returns over the last decade were only 2.28 percent.[11] In the case of local plans, the assumed average rate of return is 7.93 percent, while the actual average five-year rate of return was only 1.97 percent.[12] This highlights a basic flaw in selecting a discount rate based on the performance of plan assets. Public pensions represent guaranteed payments to workers, but there is no guarantee that assets will return according to their historic performance. The GASB method implies that governments can guarantee high investment returns without risk, due to the government's long time horizon. But this logic implies that taxes could be eliminated if the government simply borrowed and invested the money in high-returning assets.[13]

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[9] Eileen Norcross, *Getting an Accurate Picture of State Pension Liabilities*, Mercatus Policy Series, Policy Comment No. 85. (Arlington, VA: Mercatus Center at George Mason University, December 2010), http://mercatus.org/sites/default/files/publication/Getting%20an%20Accurate%20Picture%20of%20State%20Pension%20Liablilities.Norcross.12.13.10_0.pdf.

[10] V. Gopalakrishnan and Timothy F. Sugrue, "The Determinants of Actuarial Assumptions Under Pension Accounting Disclosures," *Journal of Financial and Strategic Decisions* 8, no. 1 (Spring 1995).

[11] Gina M. Raimondo, "Truth in Numbers: The Security and Sustainability of Rhode Island's Retirement System," June 2011, 5, http://www.treasury.ri.gov/documents/SPRI/TIN-WEB-06-1-11.pdf.

[12] Senate Municipal Pensions Study Committee Final report, Rhode Island Senate Fiscal Office, February 15, 2011, 13.

[13] Eileen Norcross and Andrew Biggs, "The Crisis in Public Sector Pension Plans: A Blueprint for reform in New Jersey," (working paper, Mercatus Center at George Mason University, Arlington, VA, 2010), 7.

According to economic theory, the discount rate selected to value a stream of future payments should match the risk and timing of those payments.[14] Thus, the discount rate chosen to value public pension liabilities should match the risk-free guarantee to the beneficiary. Current government accounting practice leads to a fundamental mismatch of guaranteed liabilities with discount rates derived from risky assets. Valuing pension liabilities based on expected investment returns on assets implies that by taking on more portfolio risk it is possible to reduce the size of the government's liability for its pension promises to workers. The result of GASB 25 is that public pension liabilities are understated and funding levels are overstated.

The best approach to use when valuing pension liabilities, which is often the approach taken in private pension plans, is to calculate what is known as the market value of the liability (MVL). The MVL discounts future liabilities at an interest rate that matches their risks and represents the amount a private insurance company would demand to issue annuities to cover all the benefits owed by the plan. The rate suggested by this method is the yield on Treasury Bonds. Under this valuation, the unfunded liability for municipal governments—including MERS and locally administered plans, and excluding the local portion of the teachers' plan—swells from $2.4 billion to $6 billion. The unfunded liability for the state plans increases from $6.8 billion to $12 billion.

Comparing the current estimates of pension liabilities for MERS and locally administered plans with the market value of those liabilities gives a better understanding of the severity of the pension crisis in the 10 municipalities with the lowest funded ratios (see Table 2).

[14] Robert Novy-Marx and Joshua Rauh, "The Liabilities and Risks of State-Sponsored Pension Plans," *Journal of Economic Perspectives* 23, no. 4 (Fall 2009): 195, http://www.kellogg.northwestern.edu/faculty/rauh/research/JEP_Fall2009.pdf.

Municipality	Plan Assets	Liability	Funding Ratio	UAAL (7.9% Discount Rate)	MVL (Treasury Rate)	Adjusted Funding Ratio	Total UAAL (MVL)
Coventry	11,412	56,901	20.1%	45,488	99,414	11.5%	88,001
Central Falls	12,945	62,035	20.9%	49,090	108,383	11.9%	95,438
West Warwick	35,588	119,658	29.7%	84,070	209,059	17.0%	173,471
Providence	427,891	1,256,375	34.1%	828,484	2,195,063	19.5%	1,767,172
Johnston	64,300	162,454	39.6%	98,154	283,829	22.7%	219,530
Cranston	220,508	511,090	43.1%	290,581	892,945	24.7%	672,437
Pawtucket	144,182	311,165	46.3%	166,983	543,649	26.5%	399,467
Scituate	11,800	23,460	50.3%	11,660	40,988	28.8%	29,187
Newport	118,320	231,985	51.0%	113,665	405,311	29.2%	286,990
East Providence	124,097	231,073	53.7%	106,976	403,717	30.7%	279,619
Totals	**1,171,044**	**2,966,195**	**39.5%**	**1,795,150**	**5,182,356**	**22.6%**	**4,011,312**

Table 2: Assessing the Magnitude of Rhode Island's Pension Liabilities ($ In Thousands)

Source: The Rhode Island Public Expenditure Council, "Analysis of Rhode Island's Municipal Pension and OPEB Obligations and the Impact of the Proposed MAST Program," 2011, 5.; Authors calculations.

When using market valuation, the total unfunded liability for these 10 locally administered plans, plus the liability for MERS, increases from $1.7 billion to $4 billion. Table 2 highlights how sensitive the estimation of pension liabilities is to the discount rate used to value them. Moreover, when using market valuation, these 10 plans have an average funding ratio of 22.6 percent, as opposed to the 39.5 percent funding ratio currently reported.

While funding ratios are a useful measure of the solvency of locally administered pension plans, the metric does not indicate the effects that these liabilities have on local budgets. To estimate the magnitude of unfunded pension liabilities, it is useful to measure these liabilities relative to the municipal government's revenue, budget, and tax capacity.

Table 3: Assessing Rhode Island's Revenue Challenges ($ In Thousands)

Municipality	Assessed Value	Tax Levy	Revenues	GO Debt	Total Debt	Revenue Index
Central Falls	769,397	10,570	18,854	15,800	53,070	4.07
Newport	5,895,531	60,915	101,146	18,951	41,053	2.28
Cranston	7,307,060	160,419	258,033	84,585	98,098	2.09
Providence	9,043,752	294,187	710,934	88,260	633,821	2.00
Johnston	2,948,829	63,658	96,634	26,046	69,020	1.82
Warwick	12,008,133	204,173	296,499	55,842	193,955	1.75
Pawtucket	4,214,713	88,299	200,222	44,520	153,201	1.60
East Providence	3,944,642	87,806	140,233	22,422	55,837	1.60
West Warwick	2,717,264	51,701	91,197	27,003	53,231	1.53
Woonsocket	1,678,445	44,131	127,162	192,302	221,765	1.52
Totals	**50,527,766**	**1,065,860**	**2,040,914**	**575,732**	**1,573,051**	**2.03**

Source: State of Rhode Islands Municipal Finance Department of Revenue, 2010 Municipal Audits for each municipality; The Rhode Island Public Expenditure Council, "Analysis of Rhode Island's Municipal Pension and OPEB Obligations and the Impact of the Proposed MAST Program," 2011, 6; Authors Calculations.

The revenue index in Table 3 provides a measure of each municipality's pension obligations relative to: (1) the municipality's unfunded pension liability per $100,000 of revenue and (2) the total unfunded liabilities per $100,000 of revenue for all of Rhode Island's municipal plans. The index thus indicates the magnitude of each municipality's unfunded pension liabilities relative to the revenues and unfunded liabilities of other municipalities in Rhode Island.

Municipalities with index scores from 0 to 0.8 have revenues that exceed unfunded pension liabilities. Municipalities scoring higher than 0.8 have unfunded pension liabilities that exceed revenues. The average index score for the 39 municipalities is 1.0, indicating that unfunded municipal liabilities exceed revenues in Rhode Island. The full list of municipalities is provided in the appendix (see Table 4).

Although it is clear that the average municipality is in bad fiscal shape, the issue of immediate concern for policy makers is assessing which municipalities are in the worst shape. Johnston, Providence, Cranston, Newport, and Central Falls each received index scores greater than a full standard deviation (0.76) above the mean, suggesting that these five municipalities are going to have the greatest fiscal challenges relative to other municipalities in Rhode Island.

4. Recommendations

1) Accurate Accounting

To tackle growing unfunded liabilities in the MERS plan Rhode Island has created the Municipal Accountability, Stability and Transparency (MAST) fund. The MAST fund utilizes state sales tax collections to provide a subsidy toward annual pension contributions for municipalities conditioned on improved accounting practices. These improved practices include five-year forecasts for both pension and health care benefits funded at 100 percent of the Annual Required Contribution (ARC) and the development of fiscal impact statements for changes to health care benefits, pension benefits, and Other Post Employment Benefits (OPEB). Fiscal impact statements must detail and provide support for the underlying actuarial assumptions.

The state has identified the importance of accurate accounting in assessing the depth of Rhode Island's pension problems. The MAST fund is intended to institutionalize better accounting practices at the local level. However, as long as both state and local plans continue to calculate liabilities based on expected market returns rather than using a discount rate that matches the risk of their liabilities, plan costs will remain underestimated and policy actions insufficient to address the growing liability.

The treasurer's accurate diagnosis of the cause of Rhode Island's pension shortfall—faulty accounting assumptions—puts the state ahead of many others that are dealing with the rising fiscal risks of underfunded plans and bodes well for reforming and stabilizing Rhode Island's pension systems. For a more accurate assessment of pension liabilities, localities should also calculate the MVL for both MERS and locally administered plans. The practice of calculating the MVL should also be extended to state-run plans. With an accurate assessment of pension liabilities, Rhode Island policy makers will be better able to tailor policy solutions to tackle growing pension liabilities.

2) Pension System Reform

The Rhode Island Retirement Security Act of 2011 (RIRSA), proposed by Governor Chafee in October 2011, contains two significant reforms of the state pension system—the creation of a hybrid pension plan and the suspension of the <u>Cost-of-Living Adjustment (COLA)</u> contribution—which would have the effect of reducing the state's unfunded liability. More importantly, the restructuring of the pension system would 'plug the hole' in current defined benefit plans by shifting the majority of workers' retirement contributions to a defined contribution plan. This would have the effect of better protecting the already-accrued benefits of current workers and retirees.

a) <u>Creation of a hybrid pension plan</u> – State workers enrolled in the current state pension systems would be shifted to a combined defined benefit/defined contribution plan integrated with Social Security. State workers and teachers would be required to contribute 8.75 percent of their paychecks toward retirement. The contribution represents a decrease for teachers who currently contribute 9.5 percent. Of this, 3.75 percent would be put toward the defined benefit pension, which vests after five years of service (lowered from the current vesting period of 10 years). The remaining 5 percent of the employees' contributions would be invested in the retirees' personal accounts. The employer would match this contribution with an additional 1 percent.

   The new retirement structure is designed to preserve accrued retirement benefits for employees while shifting risk away from taxpayers going forward by making the new benefit system effective immediately for all employees. The addition of a defined contribution component provides workers with more mobility. Defined contribution plans allow the worker to take their retirement savings with them with them should they change jobs.

b) <u>COLA freeze</u> – RIRSA suspends the COLA payment until the system reaches 70 percent funding. The restructuring of the COLA benefit has the immediate impact of cutting the size of the state's pension liability in half, thus increasing the system's funding levels, better ensuring the continued solvency of the pension system.

   The reforms proposed by RIRSA only apply to the state-run plans, including MERS. Independent locally operated plans are not subject to the RIRSA. Given the size of unfunded pension liabilities in many Rhode Island municipalities, local policy makers should consider phasing out their defined benefit plans and shifting to the state's proposed hybrid system. Other reforms will likely be necessary for municipalities in the worst fiscal shape, including increasing the retirement age, increasing contributions from employees, and freezing or reducing the COLA payment.

Conclusion

The pension reforms proposed by RIRSA put Rhode Island ahead of many other states that are facing large and growing unfunded pension liabilities. However, due to current government accounting guidance, the size of Rhode Island's state and municipal pension obligations are not the reported $9.3 billion, but are closer to $18 billion. In particular, many of Rhode Island's municipal governments are confronting massive unfunded liabilities that are several times larger than current revenues. The recent bankruptcy in Central Falls illustrates the fiscal impact large pension obligations can have on a city's finances and prospects and is a scenario that may be facing several other cities in the near term.

RIRSA proposes to end the current defined benefit plans offered by the state and switch employees to a hybrid defined benefit/defined contribution plan integrated with Social Security. In addition, RIRSA proposes to suspend the COLA payment until the system reaches a higher level of funding. These measures will help to stabilize the state's pension plans. However, the first step to pension reform should be to calculate the market value of pension liabilities. Doing so will provide policy makers with an accurate estimation of pension promises and better enable state and local leaders to institute meaningful pension reform that ensures promises to retirees are honored while designing a more stable and sustainable retirement system for Rhode Island's public employees.

While local pension plans are not covered by the proposed legislation offered by RIRSA, local policy makers should consider a similar approach to pension reform. First, local governments should calculate the market value of pension liabilities. Second, local governments should consider phasing out their locally operated defined benefit pension plans and integrating the state's proposed hybrid plan. Third, other measures may be necessary at the local level to ensure municipalities are able to pay benefit obligations. These include increasing employee contributions, freezing or reducing the COLA contribution, and raising the retirement age.

5. Appendix

Table 4: Assessing the Magnitude of Rhode Island's Pension Liabilities ($ In Thousands)

Municipality	Plan Assets	Liability	Funding Ratio	UAAL (7.9% Discount Rate)	MVL (Treasury Rate)	Adjusted Funding Ratio	Total UAAL (MVL)
Coventry	11,412	56,901	20.1%	45,488	99,414	11.5%	88,001
Central Falls	12,945	62,035	20.9%	49,090	108,383	11.9%	95,438
West Warwick	35,588	119,658	29.7%	84,070	209,059	17.0%	173,471
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Johnston	64,300	162,454	39.6%	98,154	283,829	22.7%	219,530
Cranston	220,508	511,090	43.1%	290,581	892,945	24.7%	672,437
Pawtucket	144,182	311,165	46.3%	166,983	543,649	26.5%	399,467
Scituate	11,800	23,460	50.3%	11,660	40,988	28.8%	29,187
Newport	118,320	231,985	51.0%	113,665	405,311	29.2%	286,990
East Providence	124,097	231,073	53.7%	106,976	403,717	30.7%	279,619
Westerly	15,649	28,748	54.4%	13,099	50,227	31.2%	34,577
Warwick	313,215	549,838	57.0%	236,623	960,643	32.6%	647,428
Warren	12,110	21,085	57.4%	8,975	36,838	32.9%	24,728
Smithfield	44,183	75,078	58.8%	30,895	131,171	33.7%	86,988
Cumberland	33,574	55,804	60.2%	22,230	97,498	34.4%	63,924
Portsmouth	32,780	54,055	60.6%	21,275	94,441	34.7%	61,662
Charleston	10,522	16,907	62.2%	6,385	29,539	35.6%	19,017
West Greenwich	4,913	7,894	62.2%	2,981	13,792	35.6%	8,879
Bristol	30,926	48,132	64.3%	17,205	84,093	36.8%	53,167
Little Compton	4,991	7,758	64.3%	2,767	13,554	36.8%	8,563
North Kingstown	83,524	124,659	67.0%	41,135	217,796	38.3%	134,272
Narragansett	53,794	77,854	69.1%	24,061	136,023	39.5%	82,229
Lincoln	18,072	25,954	69.6%	7,882	45,345	39.9%	27,273
Glocester	10,989	15,437	71.2%	4,448	26,970	40.7%	15,981
Foster	5,073	7,087	71.6%	2,015	12,383	41.0%	7,310
New Shoreham	5,616	7,735	72.6%	2,119	13,514	41.6%	7,898
Tiverton	28,745	39,448	72.9%	10,703	68,920	41.7%	40,176
Middleton	56,473	77,041	73.3%	20,568	134,601	42.0%	78,128
Richmond	2,302	3,107	74.1%	805	5,429	42.4%	3,127
Hopkinton	8,323	10,934	76.1%	2,611	19,103	43.6%	10,780
Woonsocket	188,490	245,799	76.7%	57,309	429,445	43.9%	240,955
South Kingstown	66,510	86,210	77.1%	19,700	150,620	44.2%	84,110
Barrington	45,276	58,117	77.9%	12,842	101,539	44.6%	56,264
Jamestown	17,060	21,623	78.9%	4,563	37,779	45.2%	20,719
North Providence	74,216	92,162	80.5%	17,946	161,019	46.1%	86,803
East Greenwich	37,037	45,075	82.2%	8,039	78,753	47.0%	41,716
Burrillville	31,009	35,308	87.8%	4,300	61,688	50.3%	30,680
North Smithfield	20,728	23,049	89.9%	2,321	40,270	51.5%	19,542
Exeter	0	0	N/A	0	0	N/A	0
Totals	**2,427,141**	**4,828,091**	**50.3%**	**2,400,949**	**8,435,348**	**28.8%**	**6,008,207**

Source: The Rhode Island Public Expenditure Council, "Analysis of Rhode Island's Municipal Pension and OPEB Obligations and the Impact of the Proposed MAST Program," 2011, 5.; Authors calculations.

Table 5: Assessing Rhode Island's Revenue Challenges ($ In Thousands)						
Municipality	**Assessed Value**	**Tax Levy**	**Revenues**	**GO Debt**	**Total Debt**	**Revenue Index**
Central Falls	769,397	10,570	18,854	15,800	53,070	4.07
Newport	5,895,531	60,915	101,146	18,951	41,053	2.28
Cranston	7,307,060	160,419	258,033	84,585	98,098	2.09
Providence	9,043,752	294,187	710,934	88,260	633,821	2.00
Johnston	2,948,829	63,658	96,634	26,046	69,020	1.82
Warwick	12,008,133	204,173	296,499	55,842	193,955	1.75
Pawtucket	4,214,713	88,299	200,222	44,520	153,201	1.60
East Providence	3,944,642	87,806	140,233	22,422	55,837	1.60
West Warwick	2,717,264	51,701	91,197	27,003	53,231	1.53
Woonsocket	1,678,445	44,131	127,162	192,302	221,765	1.52
Narragansett	4,669,991	42,107	54,526	22,270	31,161	1.21
North Kingstown	4,464,015	63,294	94,517	52,662	57,745	1.14
Smithfield	3,013,552	46,157	63,093	8,420	11,022	1.11
Bristol	3,264,576	33,449	40,499	25,400	42,671	1.05
Middleton	2,759,299	39,247	61,312	17,635	32,233	1.02
Portsmouth	3,705,160	42,276	57,821	16,907	42,739	0.86
Warren	1,445,187	19,875	23,776	11,823	11,823	0.84
North Providence	2,688,200	60,469	88,727	27,284	27,383	0.79
Jamestown	2,163,222	17,735	21,821	10,650	22,375	0.76
South Kingstown	5,281,965	64,504	90,814	27,085	30,082	0.74
Coventry	3,982,672	59,014	97,408	25,495	44,253	0.73
Scituate	957,648	24,571	32,578	11,200	15,238	0.72
Tiverton	2,224,743	32,187	46,929	29,900	40,584	0.69
Barrington	3,106,870	51,857	65,818	14,050	28,946	0.69
East Greenwich	2,467,382	41,524	51,655	22,440	86,260	0.65
Cumberland	3,819,973	52,120	80,076	31,055	68,788	0.64
Charleston	2,718,712	20,396	24,315	5,157	5,658	0.63
Little Compton	2,003,780	9,442	11,353	905	905	0.61
New Shoreham	2,091,627	7,530	11,116	20,465	23,194	0.57
Burrillville	1,631,118	21,868	50,603	30,215	33,011	0.49
Glocester	1,093,432	20,381	28,749	5,240	5,397	0.45
Foster	607,107	10,346	13,508	0	22	0.43
North Smithfield	1,580,346	25,090	36,268	34,464	46,121	0.43
West Greenwich	921,697	16,851	18,733	7,440	7,440	0.38
Hopkinton	1,056,126	15,794	23,883	1,018	2,164	0.36
Westerly	6,145,010	59,205	81,414	62,015	76,287	0.34
Lincoln	2,521,423	50,600	73,844	43,344	45,615	0.30
Richmond	949,962	14,377	21,467	1,875	1,875	0.12
Exeter	798,352	11,763	13,903	1,121	2,001	0.00
Totals	**124,660,914**	**2,039,885**	**3,421,441**	**1,143,265**	**2,416,043**	**1.00**

Source: State of Rhode Islands Municipal Finance Department of Revenue, 2010 Municipal Audits for each municipality; The Rhode Island Public Expenditure Council, "Analysis of Rhode Island's Municipal Pension and OPEB Obligations and the Impact of the Proposed MAST Program," 2011, 6; Authors Calculations.