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The 7 States That Started the New Fiscal Year Without a Final Budget.

Gov. Gina Raimondo's unwillingness so far to sign to sign the proposed new \$9.9-billion budget for the year that began on July 1 has landed Rhode Island on Moody's list of states with "weak governance."

The national credit-rating agency — Moody's Investors Service — issued a special report on Wednesday titled: "Late budgets reflect governance weaknesses."

The seven states that slipped into the new fiscal year on July 1 without a full year budget include: Massachusetts (Aa1 stable), New Hampshire (Aa1 stable), North Carolina (Aaa stable), Ohio (Aa1 stable), Oregon (Aa1 stable), Rhode Island (Aa2 stable) and Wisconsin (Aa1 stable).

Moody's notes that some states have "continuing appropriation bills" — or laws, as Rhode Island does — that allow spending until a permanent budget is enacted. Those laws "together with state bond laws make it unlikely that the delays will pose any risk of missed debt payments."

"Nonetheless, late budgets are a sign of governance weakness which, in extreme cases, can be negative for state credit quality. Late budgets can also expose local governments and other downstream entities to an interruption in state payment," the rating agency said.

Two of the late budgets were vetoed in their entirety, Moody's said. North Carolina's governor vetoed the legislature's budget due to insufficient funding for Medicaid expansion and teacher salaries, while New Hampshire's governor vetoed a spending package due, in part, to increased education funding.

In Rhode Island's case, Raimondo has simply — and without explanation — let days go by without signing the budget bill the Rhode Island House of Representatives approved June 22, the Senate approved unchanged on June 27, and the Senate leadership "transmitted" to the governor last Sunday, June 30.

If Democrat Raimondo does not sign — or veto — the budget bill by midnight Saturday, it will become law without her signature.

Her press team has not answered Journal questions about the reasons Raimondo has not signed the budget bill, except to say her staff is still reviewing the legislation. On Wednesday, her spokesman Josh Block said again: "The Governor is continuing to review the budget with her staff."

He acknowledged, however, that Raimondo is concerned about the ability lawmakers gave the state controller to refuse to "authorize payments for additional staff, contracts, or purchases for any department or agency not projected to end a fiscal year within amounts appropriated unless necessitated by immediate health and safety reasons."

Frustrated lawmakers approved \$173,613,232 in over-budget spending for the year that ended June

30, and while most of that was covered by federal dollars, it included \$25 million in additional state dollars to cover deficit spending..

“While I support better tools to help control spending, it’s also critical that we have flexibility to address increases in the number of children and families we serve and other unforeseen circumstances,” Raimondo said in a statement released by Block.

“We have made efforts to fill our frontline vacancies in order to meet our legal and moral obligations to care for all Rhode Islanders,” she said. “But I am concerned that new provisions added to the budget could further limit our ability to care for these vulnerable populations and could also create wait lists for these critical services. Over the past four years we’ve made significant progress, and these budget changes could not only put that progress at risk, but halt services for people who rely on them.”

By Katherine Gregg

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