EXECUTIVE SUMMARY

Every state strives to identify and implement the best approach to creating a productive public-private environment where individuals and families can thrive. Over recent decades, Rhode Island has implemented comparatively generous public assistance programs as shown by its poor 2016 FPI rankings on the Medicaid (48th) and government burden (37th) sub-indexes. While such programs are well-intentioned, what if we were to realize that this long-held public policy approach — *which mainly seeks to address the material hardships of our state's residents* — has actually led to the unintended consequence of diminishing opportunity and overall prosperity of families by ignoring their cultural and familial needs? What if this omission served to diminish the overall well-being of many families and, simultaneously, forced other Rhode Islanders to migrate to states that offer an improved sense of hope and prosperity?

The government's attempt to fight poverty, via a massive system of social welfare and social engineering programs, has crowded out the roles that the private sector and civil society have traditionally played in facilitating prosperity and a sense of personal dignity by creating a sense of over-reliance on government assistance. What if we actually reduced the opportunity for upward family mobility?

As Franklin Delano Roosevelt, a creator of the American social safety net state as we know it, said himself in 1935:

> *[C]ontinued dependence upon relief induces a spiritual and moral disintegration fundamentally destructive to the national fiber. To dole out relief in this way is to administer a narcotic, a subtle destroyer of the human spirit.*[1]

The FPI seeks to measure that fiber by assessing the degree to which each individual state offers an environment for families to thrive. Specifically, the FPI comprehensively measures the economic and social factors that contribute to family prosperity, filling in the gaps around measures such as the state unemployment rate, which is solely an economic variable. A state that scores high on the FPI is one that is facilitating overall family well-being, whereas a state that scores low is moving in the opposite direction.

The best path to upward mobility is through work and marriage.

National research conducted as part of the American Conservative Union Foundation's *Family Prosperity Initiative* shows that **strong families lead to a strong economy — and vice versa**. The clear, empirical evidence from a detailed analysis of data from government and publicly available private sources confirms that states and residents prosper when families are stronger and that a stronger economy leads to stronger families.

Looking one level deeper, the data clearly demonstrates that the best path to upward mobility — and to income equality — is through work and marriage.

Unfortunately, Rhode Island performs poorly on the 2016 FPI, coming in as only the 48th best — or 3rd worst — state for family prosperity. More specifically, the state ranks in the bottom 10 on five of the six major indexes:

- Economics (43rd)
- Demographics (46th)
- Family Structure (46th)
- Family Self-Sufficiency (42nd)
- Family Health (50th)

1 Roosevelt, Franklin D., "Annual Message to Congress," January 4, 1935. http://www.presidency.ucsb.edu/ws/?pid=14890

Rhode Island's best performance is on the *Family Culture* major index, but even there we come in at a mediocre rank of *25th*.

As there appears to be a strong correlation between cultural and economic prosperity, should it come as any surprise that in addition to its poor ranking in family prosperity, Rhode Island also suffers from the worst business climate in the nation? No. Cultural and economic well-being for families are inextricably intertwined.

The greatest symptom of the Ocean State's economic challenges appears to be domestic migration. This report includes an in-depth analysis of out-migration data intended to shed light on who is leaving the state and why — and what that may mean for the Rhode Islanders who stay.

Most of the residents moving out of the state are some of its most productive middle-income workers and families, as well as taxpayers over the age of 55 earning more than $100,000. People in these age and income ranges are characteristically more involved in their communities, more likely to be married with children (and perhaps grandchildren), and greater contributors to their state and local economies. As we will see later in this report, because of this out-migration, it can be estimated that ***our Ocean State loses over two billion dollars in income potential*** each and every year.

In other words, the majority of people leaving the state are Rhode Island's business and community doers and leaders, which further saps the state of its entrepreneurial and cultural vitality and the socio-economic benefits of successful, intact families.

The condition that drives people out of the Ocean State is the same one that is straining family prosperity for those who remain — hence, Rhode Island's 48th national ranking.

Yet, convincing these vital families and civic leaders to stay will not be an easy task since the top 20 states that are drawing Rhode Islanders away all have higher FPI scores. Florida extracts more Rhode Islanders than any other state. In addition to a more appealing weather climate, the Sunshine State has a significant advantage over Rhode Island — a much less onerous tax burden. While nothing can be done about the temperature differences between the two states, lowering Rhode Island's combined state and local tax burden could be a tremendous boost to keeping families and businesses in Rhode Island.

Reversing out-migration takes on added urgency when put into context of Rhode Island's stagnant net natural population growth (births minus deaths). In fact, in 2015, there were only 1,452 more births than deaths — in a population of nearly 1.1 million. If current trends hold, Rhode Island will face a prolonged period of declining population, which demographers are calling "Demographic Winter." This will have significant negative economic consequences.

Therefore, Rhode Island must maximize the productivity of its existing labor force in the short term since importing new talent is a longer-run endeavor. One major obstacle in this effort is the growing and harmful use of illicit drugs.

As noted above, the FPI research suggests that ***economic hardship can often lead to adverse personal or social consequences***, and vice versa. The issue of drug abuse, which has long been a concern for families and for the business community in Rhode Island, provides a clear example of this linkage. As we will discuss later, Rhode Island ranks worst in the nation in terms of illicit drug use. To its credit, in 2016, Rhode Island took action to address this disturbing trend.

With the Ocean State ranking nationally in the bottom 10 on the FPI *Economics* index, as well as the entrepreneurship and unemployment sub-indexes, it isn't a surprise that the associated personal financial distress has an impact on its residents' personal behavior.

On the flip side, with Rhode Island also ranking in the bottom 10 on the FPI measures of *Family Health* and *Family Structure*, our state's *cultural* environment for families is similarly far less than ideal. Another area that state government can tackle immediately is reforming the criminal justice system to prioritize treatment over incarceration — for nonviolent crimes — which has also been shown to be able to break the cycle of recidivism. In 2016, Rhode Island's House of Representatives failed to take up a package of bills, passed by the Senate, designed to give more Rhode Islanders a greater chance to lead more productive lives for themselves and their families.

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Not All Problems Beg for Government Action

It is important to stress a vital FPI lesson at the outset: solutions to many of the problems contributing to Rhode Island's poor FPI ranking should not rest solely — or, in many cases, at all — in the hands of government officials. As the FPI measures economic, demographic, and cultural indicators, *many problems should be understood and addressed by religious, business, and other community leaders and civic organizations in alignment with parallel policy reforms.*

With such a low overall FPI score, Rhode Island clearly has a lot of work to do to improve the economic and social conditions necessary for enhanced family well-being. On the economic side, we must expand the private sector, boost entrepreneurship, and reduce net out-migration. On the social side, Rhode Island would benefit from a boost in fertility, stronger intact families, and a significant reduction in illicit drug use and incarceration.

As mentioned earlier, the FPI and related research clearly show the best path for upward mobility and increased family prosperity is through **work and marriage**, as we will demonstrate throughout this report.

Unlike previously commissioned state economic studies that focused on a top-down, corporate strategy, the Rhode Island Family Prosperity Index data suggests that a grassroots, bottom-up, family-based approach would yield better results.

Rhode Island's Rank in the Family Prosperity Index

The FPI broadens the definition of "prosperity" because common metrics, such as the state unemployment rate and the state or national GDP, are inadequate. They represent an amorphous aggregate measured strictly in economic terms.[2] Such measures fail to provide a complete picture of family prosperity because they ignore the social factors and conditions that come into play — the factors that determine the quality of our lives. For example, children are not factored into these measures the same way adults are, yet their activity is co-mingled with their adult parents or caregivers.

2 Although, keep in mind that "dollars and cents" measures do in fact make value judgments. In essence, anytime a dollar changes hands, whether for divorce, prostitution, etc., the state GDP considers it implicitly "good" through inclusion. Yet, for other nonmarket activities, such as the production of stay-at-home moms, the state GDP considers it a "bad" through exclusion. For more information, see: Warcholik, Wendy P., "Some Economic Applications Evangelii Gaudium," *Crisis Magazine*, December 3, 2013. http://www.crisismagazine.com/2013/some-economic-applications-of-evangelii-gaudium?utm_source=feedburner&utm_medium=feed&utm_campaign=Feed%3A+CrisisMagazine+%28Crisis+Magazine%29

Thus, the "family" should be the core socio-economic unit from which to judge prosperity and should become the focus of political and civic leaders. The FPI is a detailed tool which can be used to develop targeted legislation or civic outreach programs that will actually help real Rhode Island families.

In seeking a reliable gauge of prosperity so as to determine where to live and work, families often look at other measures besides the state unemployment rate. They take a more holistic approach that considers safety, opportunity, education, and health, to name a few. In turn, the states that perform the best in relation to these factors are the ones that are truly prospering by attracting new families and entrepreneurs.

In fact, to that point, a landmark study on intergenerational mobility found:

> *Intergenerational mobility varies substantially across areas. For example, a child born in the bottom fifth of income distribution has a 7.8% chance of reaching the top fifth in the U.S. as a whole. But in some places, such as Salt Lake City and San Jose, the chance of moving from the bottom fifth to the top fifth is as high as 12.9%. In others, such as Charlotte and Indianapolis, it is as low as 4.4%. The spatial variation in intergenerational mobility is strongly correlated with five factors: (1) residential segregation, (2) income inequality, (3) school quality, (4) social capital, and (5) family structure.*[3]

Another study also found:

> *[S]hifts in marriage and family structure are important factors in states' economic performance, including their economic growth, economic mobility, child poverty, and median family income.*[4]

The FPI comprehensively measures the combination of economic and social factors that are indicative of overall family prosperity, offering a more complete picture than something as narrow as the state unemployment rate.[5]

3 Chetty, Raj, Hendren, Nathaniel, Kline, Patrick, and Saez, Emmanuel, "Where is the Land of Opportunity? The Geography of Intergenerational Mobility in the United States," National Bureau of Economic Research, Working Paper 19843, January 2014. http://equality-of-opportunity.org/images/mobility_geo.pdf

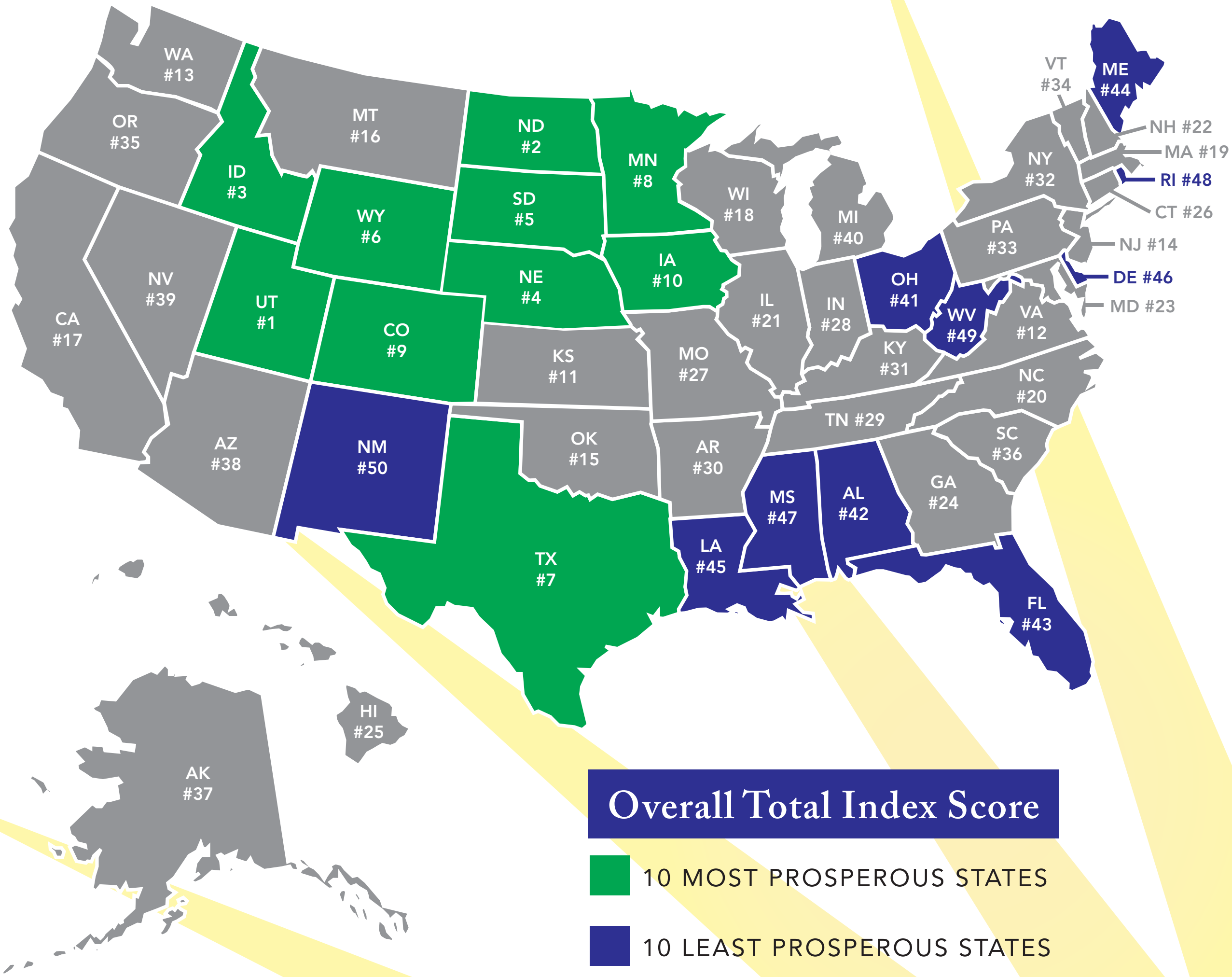
4 Lerman, Robert I., Price, Joseph, and Wilcox, W. Bradford, "Strong Families, Prosperous States: Do Healthy Families Affect the Wealth of States?" American Enterprise Institute and Institute for Family Studies, 2015. https://www.aei.org/wp-content/uploads/2015/10/IFS-HomeEconReport-2015-FinalWeb.pdf

5 For a full explanation of the methodology behind the Family Prosperity Index, see the full study at: http://familyprosperity.org/application/files/4314/5705/1843/FPI-2016-Paper-FullPublication3-3-16-web.pdf

Based on the 2016 Family Prosperity Index:

THE TOP 10 PROSPERING STATES ARE:		
1	Utah	7.38
2	North Dakota	6.46
3	Idaho	6.22
4	Nebraska	6.14
5	South Dakota	6.03
6	Wyoming	6.03
7	Texas	5.91
8	Minnesota	5.80
9	Colorado	5.77
10	Iowa	5.77

THE BOTTOM 10 STATES ARE:		
41	Ohio	4.41
42	Alabama	4.38
43	Florida	4.38
44	Maine	4.35
45	Louisiana	4.31
46	Delaware	4.23
47	Mississippi	4.10
48	**Rhode Island**	**4.00**
49	West Virginia	3.87
50	New Mexico	3.85



Bottom Dweller

Rhode Island ranks 48th (out of 50) overall on the 2016 Family Prosperity Index. Believe it or not, this is a slight improvement over its previous years' FPI rankings in which the state came in 48th in 2015, 50th in 2014, 49th in 2013, and 50th in 2012.[6]

Analyzing Rhode Island's Poor Rank

As previously noted, Rhode Island ranks in the bottom 10 on five of the six major FPI indexes: Economics (43rd), Demographics (46th), Family Structure (46th), Family Self-Sufficiency (42nd), and Family Health (50th) — and 25th in Family Culture.

A closer look at the sub-indexes reveals the need for particular attention to the following areas: private sector share of personal income (34th), entrepreneurship (44th), fertility (49th), net natural population growth (42nd), domestic migration (36th), and illicit drug use (50th).

6 Much of the data used in the 2016 Family Prosperity Index has been updated. As such, this analysis uses the most recent data available, but is not yet reflected in the FPI scores. The fully updated 2017 FPI study will be released in February 2017.