

# **COUNCIL OF ECONOMIC ADVISORS**

## **PUBLIC SESSION**

**December 5, 2014**

**The Council of Economic Advisors (“Council”) met on Friday, December 5, 2014, in Public Session, beginning at 10 AM at the offices of the Rhode Island Commerce Corporation, located at 315 Iron Horse Way, Suite 101, Providence, Rhode Island, pursuant to the public notice of meeting, a copy of which is attached hereto as Exhibit A, applicable to Rhode Island law.**

**The following Council members were present and participated throughout the meeting as indicated: Marcel Valois, Shani Carter, Paul Dion, Tom Mullaney, Donna Murray, Kelly Ramirez, and Matthew Ulricksen.**

**Council members absent were: Justine Hastings and Edward Garcia**

## **CALL TO ORDER AND OPENING REMARKS**

**Interim Chair, Mr. Valois, called the meeting to order at 10:05 AM and indicated that a quorum was present. He welcomed the Council and asked each member to reintroduce themselves to each other.**

**TO CONSIDER FOR APPROVAL THE PUBLIC SESSION MINUTES  
FOR THE MEETING HELD ON OCTOBER 7, 2014**

**Ms. Carter requested that a numeric addition be inserted on the second page.**

**Upon motion duly made by Mr. Ulricksen and seconded by Mr. Mullaney, the following vote was adopted:**

**VOTED: To approve the Public Session Minutes for the meeting held on October 7, 2014, as submitted to the Council of Economic Advisors, with the addition stated above.**

**Voting in favor of the foregoing were: Mr. Valois, Ms. Carter, Mr. Dion, Mr. Mullaney,  
Ms. Murray, Ms. Ramirez, and Mr. Ulricksen.**

**Voting against the foregoing were: None.**

**TO RECEIVE A PRESENTATION BY MARY BURKE, SENIOR  
ECONOMIST FROM THE FEDERAL RESERVE BANK OF BOSTON**

**Mr. Valois introduced Mary Burke to the Council. He referred to her bio (See Exhibit B) and briefly reviewed her credentials.**

**Ms. Burke addressed the Council to discuss Rhode Island's economy**

in the context of the larger regional and national economy. The question she posed was, “Why did Rhode Island do worse than the other New England states in the recession?” Her presentation outlined possible explanations but stressed there is no single answer to this question.

Ms. Burke opened her presentation, “Rhode Island in the Great Recession and Recovery” (See Exhibit C) with the five main reasons why Rhode Island suffered such a severe recession: (1) industrial composition pre-recession; (2) vulnerability of manufacturing industry; (3) extreme housing boom/bust cycle; (4) fiscal stress – both cause and effect; and (5) composition of labor force – education levels. However, she also said there are recent changes that show signs of optimism. She outlined how Rhode Island, and Providence in particular, had the greatest job losses in the region, and how Rhode Island suffered greater losses than expected within numerous sectors. Manufacturing and construction were the largest contributors to the job losses, and she explained why those two sectors were most vulnerable. House price movement mattered as well, with Rhode Island having the largest run-up in mortgage debt per capita in New England. Government spending was a significant share of the Rhode Island gross state product in 2005; and since then, it has increased less in Rhode Island than most other states. Basically, Rhode Island is playing “catch-up” with the other New England states, with Massachusetts leading the recent employment growth. The good news is that Rhode Island’s unemployment fell

sharply over the past 12 months, with professional and business services and hospitality being the largest contributors. However, some of the larger New England cities have been experiencing a strong growth in education and health but Providence is not one of them. Ms. Burke concluded her presentation with indications from the New England Economic Partnership foreseeing economic growth and a stronger regional economy over the next five years.

#### **OTHER BUSINESS:**

There was discussion about using the forecast that was adopted at the November Revenue Conference to track the economic indicators. It was agreed that further conversation on this subject will be held at the next meeting. Also mentioned was to invite the Providence Plan to present at the next meeting to discuss and outline aggregated data storage.

**Vote to Adjourn.**

**There being no further business, the meeting was adjourned at 11:10 AM.**