

## Summary

	FY 2024 Enacted	FY 2024 Final	FY 2025 Recommended	FY 2025 Enacted
<b>Expenditures by Function*</b>				
General Government	\$ 2,705.2	\$ 2,789.0	\$ 2,221.8	\$ 2,286.0
Human Services	6,021.3	5,902.9	6,181.4	6,265.9
Education	3,481.0	3,517.6	3,442.9	3,483.3
Public Safety	810.6	791.7	860.6	888.6
Natural Resources	133.7	141.9	152.5	149.9
Transportation	859.1	989.5	816.7	889.6
<b>Total</b>	<b>\$ 14,010.8</b>	<b>\$ 14,132.5</b>	<b>\$ 13,676.1</b>	<b>\$ 13,963.2</b>
<b>Expenditures by Category*</b>				
Salaries and Benefits	\$ 2,099.9	\$ 1,994.8	\$ 2,068.3	\$ 2,107.1
Contracted Services	568.6	591.1	616.0	620.0
<b>Subtotal</b>	<b>\$ 2,668.4</b>	<b>\$ 2,585.9</b>	<b>\$ 2,684.3</b>	<b>\$ 2,727.1</b>
Other State Operations	1,235.2	1,222.3	1,189.8	1,198.3
Aid to Local Units of Government	2,147.2	2,196.3	2,066.4	2,102.7
Assistance, Grants, and Benefits	6,171.6	6,518.4	6,284.1	6,393.2
Capital	762.6	962.5	927.3	1,014.4
Capital Debt Service	328.6	319.4	272.0	271.6
Operating Transfers	697.2	327.6	252.1	256.0
<b>Total</b>	<b>\$ 14,010.8</b>	<b>\$ 14,132.5</b>	<b>\$ 13,676.1</b>	<b>\$ 13,963.2</b>
<b>Sources of Funds*</b>				
General Revenue	\$ 5,425.1	\$ 5,334.9	\$ 5,500.1	\$ 5,594.9
Federal Aid	5,643.0	5,608.3	4,929.2	5,066.5
Restricted Receipts	392.1	435.7	450.9	463.1
Other	2,550.6	2,753.6	2,795.9	2,838.7
<b>Total</b>	<b>\$ 14,010.8</b>	<b>\$ 14,132.5</b>	<b>\$ 13,676.1</b>	<b>\$ 13,963.2</b>
<b>FTE Authorization</b>	<b>15,636.9</b>	<b>15,652.8</b>	<b>15,725.8</b>	<b>15,772.8</b>

*\*Data in millions*

The Governor's budget recommendations for FY 2025 are contained in 2024-H 7225, introduced on January 18, 2024, which is the day it was due by law. Supporting documents required as part of that submission were made available with the introduction.

The House Finance Committee recommended passage of 2024-H 7225, Substitute A on May 31 and the House passed 2024-H 7225, Substitute A, as amended, on June 7. The Senate passed it on June 13 and the Governor signed it on June 17. Separate legislation contained in 2024-H 7927, Substitute A, that affected total available resources passed both chambers on June 13 and was signed into law on June 24. All revenues noted in this report incorporate both laws.

The Governor recommended a total FY 2025 budget of \$13,676.1 million. Total expenditures decrease by \$334.8 million from the FY 2024 budget enacted by the 2023 Assembly, or 2.4 percent. His FY 2024 revised budget totals \$14,409.1 million; final FY 2023 expenditures were \$12,899.9 million.

The recommended budget includes \$5,500.1 million of expenditures funded from general revenues, \$74.9 million, or 1.4 percent more than the enacted general revenue funded budget. This is also \$121.1 million more than his revised recommendation.

<b>FY 2025</b>	<b>General Revenue</b>	<b>Federal</b>	<b>Restricted</b>	<b>Other</b>	<b>All Funds</b>
FY 2024 Enacted	\$ 5,425.1	\$ 5,643.0	\$ 392.1	\$ 2,550.6	\$ 14,010.8
Governor	5,500.1	4,929.2	450.9	2,795.9	13,676.1
Change to Enacted	\$ 74.9	\$ (713.8)	\$ 58.7	\$ 245.3	\$ (334.8)
Percent Change	1.4%	-12.6%	15.0%	9.6%	-2.4%
<b>FY 2025 Enacted</b>	<b>\$ 5,594.9</b>	<b>\$ 5,066.5</b>	<b>\$ 463.1</b>	<b>\$ 2,838.7</b>	<b>\$ 13,963.2</b>
Change to Enacted	169.7	(576.5)	71.0	288.1	(47.6)
Percent Change	3.1%	-10.2%	18.1%	11.3%	-0.3%
Change to Governor	\$ 94.8	\$ 137.3	\$ 12.3	\$ 42.8	\$ 287.2
Change to FY 2024	\$ 259.9	\$ (541.8)	\$ 27.5	\$ 85.0	\$ (169.3)
Percent Change to FY 2024	4.9%	-9.7%	6.3%	3.1%	-1.2%

*\$ in millions*

The Assembly adopted a budget with total expenditures of \$13,963.2 million, which is \$287.2 million more than the Governor recommended. The adopted budget contains \$5,594.9 million from general revenues, which is \$94.8 million more than the Governor recommended.

The Budget Office estimated that there was more than a \$200 million gap between revenues and current services expenditures for FY 2025 when preparing its budget instructions in July. The November consensus revenue estimate is close to the amount anticipated by the Budget Office in its budget gap projections and about \$50 million above the amounts assumed in the House Fiscal Staff's June 2023 estimates.

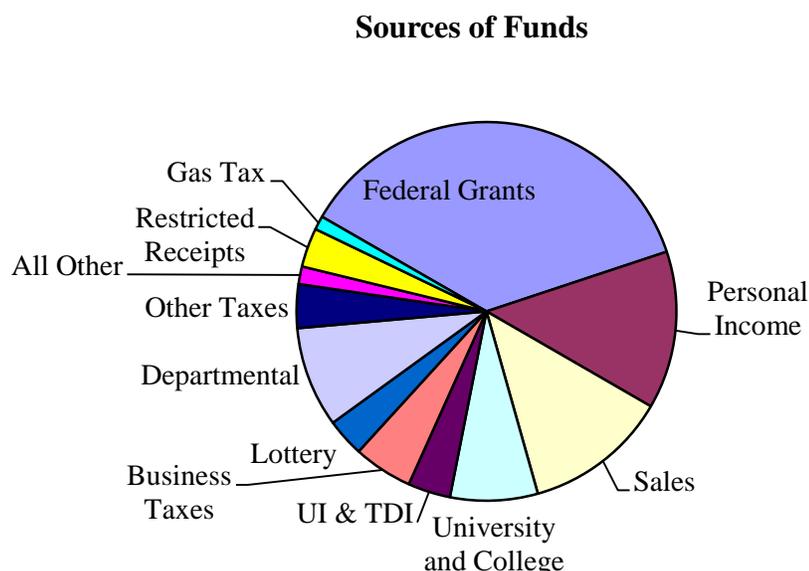
The Staff's estimated FY 2025 budget gap was only about \$125 million with most of the difference from the subsequent Budget Office estimate being expenditure assumptions for human services and education aid. The Budget Office used considerably higher growth rates for both items in its July estimate than in the out-year projections presented as part of the Governor's budget submission. A review of prior budget cycles shows a pattern of this disconnect in growth rate assumptions.

The FY 2023 preliminary closing as well as the November consensus caseload and revenue estimates for FY 2024 resulted in nearly \$100 million in additional resources, halving the budget gap, though most of that would be considered non-recurring. The consensus revenue forecast for FY 2025 was in line with prior estimates. On the expenditure side, high vacancy levels in some agencies have contributed to current year savings offsetting overspending in other areas. Further revisions and policy choices contained in the FY 2024 revised recommendation increase available resources and projected ending surplus. The Governor's FY 2025 budget uses most of those one-time surplus general revenues to fund ongoing operating expenses.

The May revenue conference noted a combined revenue increase of \$57.4 million compared to November. The caseload conference reflected a significant reduction in expenditures based on more updated information on the results of the eligibility redetermination process as well as delays in program implementation and utilization. This resulted in about \$130 million more in available resources over the two-year period. Also, information provided through required quarterly reporting and requested amendments from the Governor highlighted other changes needed, including significant increases for updated education aid data and contracts with the Department of Children, Youth and Families' service providers. The Assembly incorporated most of these recommendations and accelerated the Governor's proposal for implementation of provider rate increases as well as some other targeted rate and benefit adjustments. Much of this spending is accounted for in the Governor's original out-year projections.

Additionally, the Assembly maintained current law regarding the inflation adjustment for core education aid which required a significant increase to the Governor’s recommendation for the budget and out-years.

The revenue sources for the recommended budget are shown in the following graph. They include a number of changes to current law, all of which are described in *Section VI, Special Reports: Revenues Changes*.



The following table shows FY 2025 sources with items contributing to general revenues in bold type. It also shows the total percent it contributes to all funds and general revenues for each source.

All Sources	All Funds	Contribution	General Revenue	Contribution
Federal Grants	\$ 5,066.5	36.6%	\$ -	0.0%
<b>Personal Income</b>	1,865.5	13.5%	1,865.5	34.0%
<b>Sales</b>	1,702.0	12.3%	1,702.0	31.0%
University and College	1,032.0	7.4%	-	0.0%
UI & TDI	501.9	3.6%	-	0.0%
<b>Business Taxes</b>	698.5	5.0%	698.5	12.7%
<b>Lottery</b>	449.4	3.2%	449.4	8.2%
<b>Departmental</b>	517.6	3.7%	517.6	9.4%
<b>Other Taxes</b>	208.2	1.5%	208.2	3.8%
<b>All Other</b>	1,190.3	8.6%	47.9	0.9%
Restricted Receipts	463.1	3.3%	-	0.0%
Gas Tax	162.4	1.2%	-	0.0%
<b>Total</b>	<b>\$ 13,857.5</b>	<b>100%</b>	<b>\$ 5,489.1</b>	<b>100%</b>

- *Federal funds* continue to be the single largest source, accounting for 36.6 percent of all revenues in FY 2025. Expenditures from federal sources of \$5,066.5 million are \$576.5 million less than enacted for FY 2024, a 10.2 percent decrease, and are from over 300 different federal programs.

Medicaid is the single largest source of federal funds. The enacted budget includes \$2,818.1 million from Medicaid, 55.6 percent of all federal funds, and 20.3 percent of all revenues. Medicaid typically represents

over half of all federal funds. This relative share declined in recent prior years because of the unprecedented influx of federal pandemic relief. Spending from those funds has declined but remain significant. Other major federal support includes \$360.1 million for the Supplemental Nutrition Assistance Program and \$346.6 million of federal highway funds. These three programs account for over 70 percent of all federal funds; the top ten which include temporary assistance to needy families and grants to local school districts account for over 80 percent.

- *Sales and Personal Income taxes* combine for 25.7 percent of all revenues in FY 2025 and 65.0 percent of all general revenues. Combined with federal funds, they total nearly two-thirds, 62.3 percent.
- *Personal Income taxes* of \$1,865.5 million are the second largest of all revenue sources and the largest source of general revenues. The FY 2025 estimate is \$20.1 million less than the FY 2024 enacted budget estimates, or 1.1 percent.
- *Sales tax* revenues of \$1,702.0 million are the second largest of general revenue sources. That amount is \$95.1 million more than enacted for FY 2024, or 5.9 percent.
- *University and College Funds* are \$1,032.0 million and 7.4 percent of all sources, including tuition, revenues from the operation of enterprise type activities such as residence and dining halls, sponsored research, the direct student loan program, and federal scholarship and grant funds like Pell grants. These increase \$54.2 million or 5.5 percent from the FY 2024 enacted estimates.
- *Employment Security and Temporary Disability Insurance* payments are estimated at \$501.9 million, which are \$96.6 million more than the levels estimated for the FY 2024 enacted budget, based on current estimates from the Department of Labor and Training.
- *Business taxes* of \$698.5 million account for 5.0 percent of total revenues and 12.7 percent of general revenues for FY 2025. They would increase \$118.8 million or 20.5 percent from the enacted estimate. These include corporate income tax, public utilities gross earnings, the tax on banks, financial institutions, insurance companies and health care institutions. The FY 2024 value included a temporary suspension of some of the public utility taxes.
- The *Lottery* is expected to contribute \$449.4 million, which is 3.2 percent of all revenues and 8.2 percent of general revenues.
- *Departmental Revenues* of \$517.6 million include \$215.7 million from the hospital licensing fee. Departmental revenues would be 3.7 percent of all revenues and 9.4 percent of general revenues.
- *Other taxes* include tobacco, alcohol, inheritance, realty transfer, and racing and athletics. These total \$208.2 million in the FY 2025 budget and comprise 1.5 percent of all sources but 3.8 percent of general revenues.
- The *gas tax*, currently 37.5 cents per gallon, not including the one-half cent for the Underground Storage Tank Financial Responsibility Fund. It is estimated to produce \$4.3 million from each cent in FY 2025 for a total of \$162.4 million.
- The remaining sources, estimated at \$1,653.5 million, constitute 11.9 percent of all FY 2025 sources and include sources dedicated to specific purposes such as lottery operations, transportation funds and restricted receipts, as well as unclaimed property and miscellaneous other items.

## General Revenue Sources

Less than half of the total funds collected or received from all sources are considered as general revenues, \$5,489.1 million, and 39.6 percent of all sources. They can be used for any legitimate purpose in contrast to federal funds, restricted receipts, and certain other sources that may only be used for specific purposes.

The Consensus Revenue Estimating Conference estimates the amount of general revenues annually in November and May. It is composed of the Budget Officer, the Senate Fiscal Advisor, and the House Fiscal Advisor who must achieve consensus on their forecast; votes are not taken. The estimates are to be based upon current law at the times of the conferences.

Available general revenues also include \$14.7 million of delayed reimbursements from the Federal Emergency Management Agency for expenses charged to general revenues in FY 2023. It also includes a balance forward from FY 2024 of \$279.0 million minus a transfer of \$173.0 million to the Budget Stabilization and Cash Reserve Account, or “rainy day fund” to be used in case of emergency, and then only by legislative action. Three percent of the opening surplus plus all revenues must be deposited in the account. Any amounts used must be replaced in the following year. The 2020 Assembly used \$120.0 million to close the projected FY 2020 deficit when it adopted the revised budget in late June 2020. The FY 2021 budget repaid that in full.

The account is limited; once the limit is reached, the excess revenues are transferred to the Rhode Island Capital Plan account, where they may be used to fund capital projects. The voters approved a constitutional amendment in 2006 to allow the capital account to be used solely for capital projects beginning in FY 2008 and to increase the Budget Stabilization and Cash Reserve Account to five percent and mandating that three percent of the opening surplus and all revenues must be deposited in the account by FY 2013.

The 2023 Assembly adopted the Governor’s proposal to create a supplemental account funded with \$55.0 million in FY 2024; this allows for the equivalent of about six percent of revenues to be kept in reserve.

## FY 2025 Expenditures

Enacted expenditures of \$13,963.2 million are \$47.6 million less than enacted for FY 2024, or 0.3 percent. They can be divided into a functional classification of expenditures that aggregates agencies with like programs and purposes into the six functions used: general government, human services, education, public safety, natural resources, and transportation. Viewing expenditures functionally offers a look at what they do or provide for.

The presentation of expenditure by function and category discussed on the next page reflects the data in the enacted budget. Comparisons by function and by category between years has been complicated in recent years because of the large influx of federal COVID-related expenses and grants and how they are budgeted. For FY 2025 there is also a change in budget presentation for over \$100 million in expenses for services at state run group homes and Eleanor Slater Hospital that are Medicaid reimbursable. Staffing and other operating expenses are reclassified to the grants and benefits category.

## Expenditures by Function

- The *Human Services* function includes all programs for medical assistance, supplemental security income, cash assistance, day care, elderly services, adjudicated youth, mental health, general health, developmental disabilities, children under the care and jurisdiction of the state, and the state’s general hospitals. Expenditures of \$6,265.9 million are 44.9 percent of all expenditures and 38.8 percent of those funded from general revenues. These expenditures are \$244.6 million more than enacted for FY 2024 by the 2023 Assembly. Those funded from general revenues are \$133.1 million more.

- *Education* includes programs of elementary and secondary education, public higher education, scholarships and grants for all higher education, arts, and historical preservation and heritage. Education aid to local units of government represents 50.4 percent of total expenses, or \$1,756.0 million of the \$3,483.3 million. Education aid is discussed in detail in *Section VI* of this volume, *Special Reports: Education Aid*. Education expenditures comprise 24.9 percent of total expenditures, but 34.1 percent of general revenue funded ones. They increase by \$2.3 million from the enacted FY 2024 budget; those funded from general revenues increase by \$102.3 million.
- The Budget includes \$888.6 million for *Public Safety* expenditures, \$78.0 million more than the enacted budget. They comprise 6.4 percent of all expenditures and 11.0 percent of those funded from general revenues.
- *Natural Resources* programs would spend \$149.9 million, which is \$16.2 million more than enacted for FY 2024. They are 1.1 percent of total expenditures and 1.1 percent of those from general revenues.
- *Transportation* programs account for 6.4 percent of expenditures and include the state's highway and transit programs. Funding of \$889.6 million, none from general revenues, is \$30.5 million more than enacted for FY 2024.
- The remaining 16.4 percent of expenditures, \$2,286.0 million, are for the *General Government* programs. These include programs that support all other functions as well as general type activities. Examples of the former include the Ethics Commission and the Department of Administration. Examples of the latter include the general officers except the Attorney General, the Board of Elections, and the Department of Labor and Training.

Expenditures also include all of the state's debt service except for higher education and the transportation Grant Anticipation Revenue Vehicle bonds. General Government expenditures are \$419.1 million or 15.5 percent less than the enacted budget, primarily reflecting the exclusion of non-recurring allocations of federal State Fiscal Recovery funds that appear in the FY 2024 enacted budget.

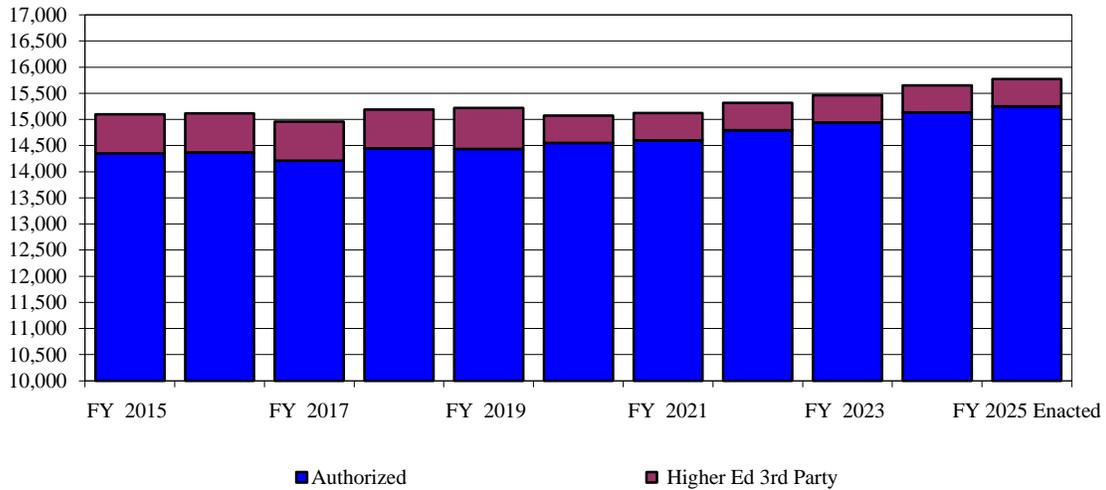
### **Expenditures by Category**

Expenditures are also aggregated and presented by accounting categories that designate what is purchased as opposed to the purpose of expenditures. The categories include: state operations; local aid; assistance, grants and benefits; capital; and operating transfers.

*State Operations* are the day-to-day expenses of state government. These expenditures include *personnel* and *other operating* expenditures. Personnel expenditures include *salaries and benefits* including fringe benefits, workers' compensation and unemployment compensation, and *contracted professional services*. *Other operating* expenditures are the non-personnel day-to-day expenses of state government, including maintenance and non-fixed capital assets.

The Budget includes \$2,107.1 million for total *salaries and benefits* for 15,772.8 full-time equivalent positions and *contracted services* expenditures of \$620.0 million. Salary and benefit expenditures are \$7.2 million more than the enacted budget. Accounting for the reclassification issue previously noted shows a 3.1 percent increase. Contracted services expenditures would increase \$51.5 million. Salaries and benefits account for 15.1 percent of total expenditures and 20.6 percent of those funded from general revenues. Expenditures for contracted services account for 4.4 percent of the total budget and 2.5 percent of those funded from general revenues.

### Full-Time Equivalent Positions



The total personnel expenditures are the costs associated with all positions in state service, excluding those funded through internal service accounts. These accounts are funded from operating charges to state agencies for overhead type services provided by the individuals funded from the accounts. These costs are treated in the budget as operating expenses; the personnel and operating costs in the internal service accounts are essentially off line to avoid double counting. The largest ones were converted to direct appropriations by the 2006 Assembly in the FY 2008 budget. The 2017 Assembly authorized internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources. The Assembly concurred with the Governor’s recommendation to have the FY 2018 revised and FY 2019 budgets reflect the establishment of these internal service funds. A total of \$81.5 million of FY 2018 expenses were converted from direct appropriations to internal service funds. Of that total, \$56.2 million was budgeted as salaries and benefits and is now shown as an operating expense.

The Budget includes \$1,198.3 million for *other state operations*, which constitutes 8.6 percent of FY 2025 expenditures from all sources and 4.6 percent of those funded with general revenues. This is \$36.9 million less than enacted, \$0.7 million more from general revenues.

*Local Aid*, or *Aid to Local Units of Government*, is payments made to governmental units with taxing authority. It includes both aid to local governments designed to decrease property tax reliance and education aid. The Budget includes \$2,102.7 million for *aid to local units of government* that includes \$1,756.0 million in education aid and \$346.7 million in general state aid. These expenditures comprise 15.1 percent of all expenditures. However, they comprise 32.8 percent of general revenue funded ones.

Local aid expenditures from general revenues of \$1,835.6 million consist of \$1,494.5 million in education aid and \$341.1 million in general state aid. General revenue funded education aid increases by \$72.3 million; general aid is \$2.5 million more. Local aid is discussed in detail in *Section VI* of this volume, *Special Reports: State Aid to Local Governments* and *Special Reports: Education Aid*.

*Assistance, Grants, and Benefits* constitutes payments to individuals and nongovernmental agencies. These payments include Medicaid managed care programs including Rite Care, Rhody Health Partners and Rhody Health Options, and other medical assistance programs. They also include grants to environmental agencies, local law enforcement agencies, unemployment compensation, and temporary disability and workers’ compensation. This is the largest category of expenditure.

The following table shows the major grants in human services.

EOHHS-Human Services Grants	All Funds				General Revenues			
	FY 2023 Actuals	FY 2024 Final	FY 2025 Enacted	Change	FY 2023 Actuals	FY 2024 Final	FY 2025 Enacted	Change
<b><i>EOHHS/Human Services</i></b>								
Managed Care	\$ 971.5	\$1,040.5	\$1,070.1	\$ 29.6	\$ 369.2	\$ 445.7	\$ 456.9	\$ 11.2
Long Term Care	419.5	492.2	615.3	123.1	174.3	217.8	270.5	52.7
Hospitals	224.2	366.7	367.1	0.4	90.1	126.0	124.2	(1.7)
Rhody Health Partners	288.6	292.2	338.5	46.3	114.9	130.4	150.1	19.7
Rhody Health Options	165.4	176.2	220.5	44.3	66.4	78.0	97.0	19.0
Expansion	784.5	688.6	733.0	44.4	83.6	73.7	78.1	4.3
Other	159.3	166.3	227.1	60.8	51.5	63.0	84.4	21.4
Pharmacy	79.1	91.8	96.5	4.7	80.5	92.1	96.9	4.8
Health System Transformation Project	37.3	17.9	11.0	(6.9)	-	-	-	-
Subtotal: Medical Assistance	\$3,129.2	\$3,332.4	\$3,679.2	\$ 346.8	\$1,030.5	\$1,226.7	\$1,358.1	\$131.3
Child Care	\$ 59.6	\$ 61.7	\$ 75.0	\$ 13.3	\$ 9.1	\$ 10.2	\$ 10.1	\$ (0.0)
Rhode Island Works Program	24.7	25.5	32.7	7.1	-	-	-	-
SSI State Program	16.6	16.8	16.6	(0.2)	16.6	16.8	16.6	(0.2)
SSI/Bridge Program	1.2	1.8	2.1	0.3	1.2	1.8	2.1	0.3
Subtotal: Cash Assistance	\$ 102.1	\$ 105.7	\$ 126.3	\$ 20.6	\$ 26.9	\$ 28.7	\$ 28.8	\$ 0.1
Supplemental Nutrition Assistance	\$ 467.2	\$ 369.0	\$ 359.6	\$ (9.4)	\$ -	\$ -	\$ -	\$ -
LIHEAP, Water, & Weatherization	50.5	31.8	34.5	2.7	-	-	-	-
Veterans' Organizations	0.2	0.4	0.4	-	0.2	0.4	0.4	-
Community/Social Services Block Grants	8.8	7.7	8.2	0.5	5.0	3.2	3.8	0.6
Subtotal: Other Assistance	\$ 526.8	\$ 408.9	\$ 402.7	\$ (6.7)	\$ 5.3	\$ 3.5	\$ 4.2	\$ 0.6
<b><i>DHS/Office of Healthy Aging</i></b>								
Medical Assistance	\$ 4.3	\$ 4.9	\$ 9.4	\$ 4.5	\$ 1.9	\$ 2.2	\$ 4.1	\$ 1.9
COVID Relief Programs	3.0	3.8	1.6	(2.2)	-	-	-	-
Senior Services Support/Other Programs	2.0	2.3	2.5	0.2	2.0	2.3	2.5	0.2
Other Grants	8.0	10.2	9.7	(0.5)	0.8	1.0	0.9	2.6
<b><i>Behavioral Healthcare, Developmental Disabilities and Hospitals</i></b>								
Developmental Disabilities	\$ 340.1	\$ 436.6	\$ 454.7	\$ 18.1	\$ 142.7	\$ 195.3	\$ 201.1	\$ 5.8
Behavioral Healthcare Services	21.5	38.2	28.7	(9.5)	0.5	0.0	0.0	-
COVID Relief Programs	7.2	12.3	6.8	(5.5)	-	-	-	-
<b><i>Children, Youth and Families</i></b>								
Child Welfare	\$ 151.0	\$ 177.1	\$ 242.5	\$ 65.4	\$ 101.4	\$ 114.7	\$ 161.3	\$ 46.6
Children's Behavioral Health	12.4	20.9	12.4	(8.5)	3.7	3.8	3.9	0.1
Juvenile Corrections	1.8	1.3	0.9	(0.4)	1.7	1.1	0.6	(0.4)
Higher Ed. Incentive Grants	0.1	0.2	0.2	-	0.1	0.2	0.2	-
<b><i>Health</i></b>								
Women, Infants and Children	\$ 19.2	\$ 22.2	\$ 23.3	\$ 1.2	\$ -	\$ -	\$ -	\$ -
Maternal Infant & Early Childhood	7.9	6.0	6.0	(0.2)	-	-	-	-
COVID Relief Programs	7.8	4.7	1.0	(3.7)	-	-	-	-
Other Grants	21.6	34.6	21.5	(13.2)	1.0	1.2	1.3	0.1

\$ in millions

Assistance, grants, and benefits are \$6,393.2 million and constitute the largest category, 45.8 percent of all expenditures and 35.0 percent of general revenue funded expenditures. Employment security and temporary disability fund expenditures, human services medical assistance, food stamps, and cash assistance make up most of these expenditures. These expenditures are \$221.5 million more than the enacted budget considering all sources. Those expenses from general revenues are \$189.5 million more. The total values would be \$113.6 million lower from all sources and \$49.1 million from general revenues but for the category change related to Medicaid reimbursable staff, described earlier.

Capital expenditures have in the past included only direct pay capital improvements and debt service on financed capital improvements. Expenditures for direct pay are reflected in the years that the payments are made. Financed capital improvements are reflected as the annual debt service payments. Therefore, total capital expenditures for any year are not reflected in the budget. They are, however, presented annually in the capital budget as part of the Governor's budget.

Capital expenses total \$1,014.4 million, or 7.3 percent of all expenditures; debt service of \$271.6 million is 1.9 percent. Capital expenditures would be \$251.8 million more than enacted for FY 2024 and debt service is \$57.0 million less. A comprehensive review of the capital budget is contained in *Section IV: Capital Budget*. However, they also include capital purchases that had formerly been included as capital outlays within state operations. The purpose may be to include all fixed assets above certain threshold values of cost and time. The budget does not present sufficient information to break the new items out from the old.

*Operating Transfers* are transfers between different funds and to component units of state government. They had been part of other categories in past budgets. Transfers to component units include transfers from general revenues to quasi-public agencies, such as the transfer to the Commerce Corporation. Recent budgets contained a significant increase in these related to limited-term investments via the Commerce Corporation.

They also represent transfers within state agencies from funds distinct from the General Fund. An example is transfers from the Department of Labor and Training to the three Rhode Island institutions of higher education. These transfers double count expenditures that appear elsewhere in this budget or in other state agencies. They total \$256.0 million and constitute 1.8 percent of the total budget. The general revenues portion is \$37.4 million, 0.7 percent of general revenue funded expenditures.

## General Revenue Surplus Statement

The Governor recommended an ending FY 2025 surplus of \$0.9 million, and an operating deficit of \$195.0 million reflecting use of the FY 2024 surplus. The Governor submitted his budget prior to the final release of audited financial statements for FY 2023; his budget uses draft audit data which shows a \$14.2 million increase to the preliminary free surplus; final audited data was virtually the same as the draft. The Assembly adopted a FY 2025 budget and companion legislation in 2024-H 7927, Substitute A that results in an ending surplus of \$0.1 million and an operating deficit of \$278.8 million reflecting use of the FY 2024 surplus.

	FY 2023	FY 2024	FY 2025
<b>Opening Surplus</b>			
Free Surplus	\$ 209,649,745	\$ 412,262,973	\$ 279,019,055
Reappropriated Surplus	19,442,046	45,152,130	-
Adjustment to Opening Surplus	27,093,395	-	-
Adjustment to Fund Balance	243,669,100	14,717,153	-
<b>Subtotal</b>	<b>\$ 499,854,286</b>	<b>\$ 472,132,256</b>	<b>\$ 279,019,055</b>
<b>Revenues</b>			
Actual/Enacted/Estimated	\$ 5,212,664,935	\$ 5,276,275,288	\$ 5,454,200,000
Governor	-	46,939,153	21,053,452
Assembly	-	50,648,297	13,863,909
<b>Revenues</b>	<b>\$ 5,212,664,935</b>	<b>\$ 5,373,862,738</b>	<b>\$ 5,489,117,361</b>
Cash Stabilization Fund	(162,669,440)	(173,583,771)	(173,044,092)
<b>Total Available Resources</b>	<b>\$ 5,549,849,781</b>	<b>\$ 5,672,411,223</b>	<b>\$ 5,595,092,324</b>
<b>Expenditures</b>			
Actual/Enacted/Estimated	\$ 5,074,929,246	\$ 5,425,140,429	\$ 5,495,954,661
Reappropriations	-	45,152,130	-
Governor	-	(91,351,615)	4,134,322
Assembly	-	(44,018,282)	94,772,274
<b>Total Expenditures</b>	<b>\$ 5,074,929,246</b>	<b>\$ 5,334,922,662</b>	<b>\$ 5,594,861,257</b>
<b>Total Surplus</b>	<b>\$ 474,920,535</b>	<b>\$ 337,488,561</b>	<b>\$ 231,067</b>
Transfers	(17,505,432)	(58,469,506)	(100,000)
Reappropriations	(45,152,130)	-	-
<b>Free Surplus</b>	<b>\$ 412,262,973</b>	<b>\$ 279,019,055</b>	<b>\$ 131,067</b>
<i>Operating Surplus/(Deficit)</i>	<i>(5,491,705)</i>	<i>(89,491,565)</i>	<i>(278,787,988)</i>
<b>Budget Stabilization and Cash Reserve</b>	<b>\$ 278,933,475</b>	<b>\$ 271,115,734</b>	<b>\$ 289,306,286</b>
Percent of Revenues	5.4%	5.0%	5.3%

The Budget Reserve and Cash Stabilization Account, the “rainy day fund” had an ending balances of \$278.9 million in FY 2023 and would have \$271.1 million in FY 2024 and \$289.3 million in FY 2025. The account receives 3.0 percent of general revenues plus free surplus annually.

The FY 2024 budget also created a supplemental reserve fund to which it contributed \$55.0 million. It also dedicated half of any unexpected excess revenues at fiscal close; or \$6.5 million. The Governor proposed repealing the excess transfer provision and recapturing those funds in FY 2024. The Assembly allowed the recapture for one year but not the repeal.

## Out-Year Forecasts

The out-years continue to be unbalanced. The forecast included with the Governor’s budget estimated a \$244.4 million gap for FY 2026 and averaging about the same amount through FY 2029. The FY 2026 gap includes the impact of using the surplus funds in FY 2025 as well as updated economic growth projections. The forecast also assumes the impact of new proposals including increased commitments for human services program rates to be implemented over three years. Also included in the assumptions are changes to tax exemptions and credits, as well as elimination of the scheduled indexing of car tax reimbursements to municipalities. The Governor’s budget contains a detailed description of the many issues and risks to the forecast presented.

The Fiscal Staff estimates the revised out-year forecast to have average annual gaps exceeding \$270 million, which is somewhat higher than the Governor’s projections. Notably, the Assembly advanced planned provider rate increases to FY 2025 and declined to end scheduled growth in car tax aid payments to local communities.

In the last few years, the Assembly preserved federal funds in the event of pandemic response expenses that were not needed; those have all been repurposed to projects. There are still additional resources expected from related federal reimbursements once all accounting is reconciled, but not budgeted, that may soften the immediate budget gap. As in prior years, continued uncertainties such as hiring difficulties and return to normal Medicaid operations make the forecast subject to significant change. The budget also makes no assumptions about the potential positive revenue impacts from rate increases for services that directly affect worker wages.

	<b>FY 2026*</b>	<b>FY 2027</b>	<b>FY 2028</b>	<b>FY 2029</b>
Opening Surplus	\$ 0.1	\$ -	\$ -	\$ -
Revenues	5,644.2	5,788.9	5,953.9	6,117.1
Cash Stabilization Fund	(169.3)	(173.7)	(178.6)	(183.5)
Useable Revenues	\$ 5,475.0	\$ 5,615.2	\$ 5,775.3	\$ 5,933.6
Expenditures	5,737.4	5,883.1	6,063.0	6,226.5
Total Surplus	\$ (262.4)	\$ (267.9)	\$ (287.7)	\$ (292.9)
Revenue Growth	2.8%	2.6%	2.9%	2.7%
Useable Revenue Growth	-2.1%	2.6%	2.9%	2.7%
Expenditure Growth	2.5%	2.5%	3.1%	2.7%
Surplus Percent of Useable Revenues	-4.8%	-4.8%	-5.0%	-4.9%

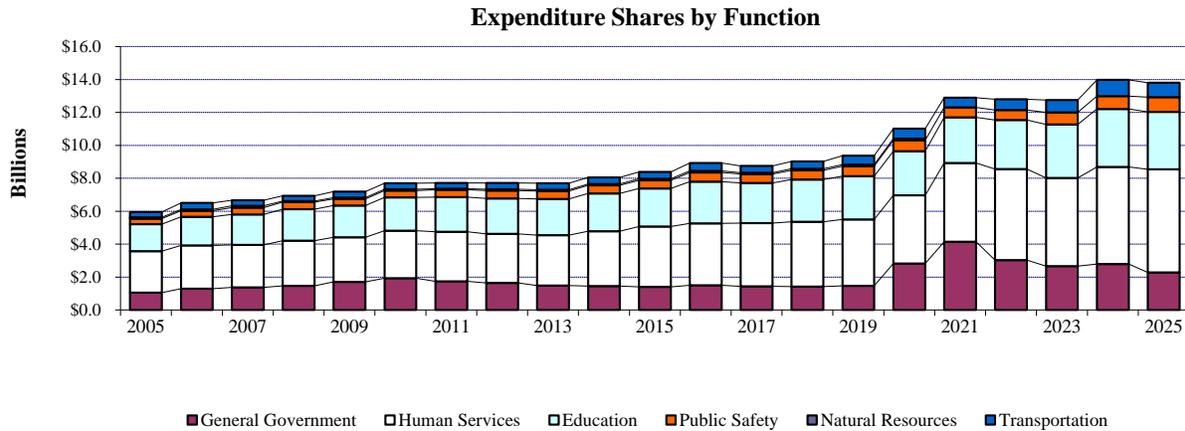
*\$ in millions \*FY 2026 growth rates only corrected from prior version*

One-time resources are used for the FY 2025 budget and are the primary reason again for the FY 2026 out-year budget gap. However, out-year projections are a function of both the assumptions made concerning revenues and expenditures and the structure of the budget. That is, the out-year projections are a function of assumed revenue and expenditure growth patterns for FY 2026 through FY 2029 and the FY 2025 budget itself. Also, the economic data used for the enacted budget is from the May consensus economic forecast. This had been revised from earlier projections and will be revised again in November.

While deficits cannot constitutionally occur, they indicate the extent to which unresolved structural issues will carry through budgets, and to the extent that the problem in any given year is solved without addressing the underlying structural problem, the deficits amplify each year. Out-year deficits began increasing and reached a high of over \$535 million, averaging 14.8 percent of projected revenues in Governor Carcieri’s final budget.

## Distribution of Total Expenditures

Expenditures can be aggregated many ways. In Rhode Island, we have tended to aggregate by *function* and by *category of expenditure*. The functional classification aggregates agencies with like programs and purposes into the six functions used: general government, human services, education, public safety, natural resources, and transportation. Viewing expenditures functionally offers a look at what they do or provide for. As noted previously, changes in budget presentation relative to internal service funds impact these comparisons as does the way federal COVID-related expenditures are budgeted.



*General Government* programs include the regulatory and administrative functions that support all other functions and all the general officers except the Attorney General, whose expenditures are classified under Public Safety.

*Human Services* includes all programs for medical assistance, supplemental security income, cash assistance, day care, elderly services, adjudicated youth, mental health, general health, developmental disabilities, children under the care and jurisdiction of the state, and the state’s general hospitals.

*Education* includes programs of elementary and secondary education, public higher education, arts, and historical preservation and heritage.

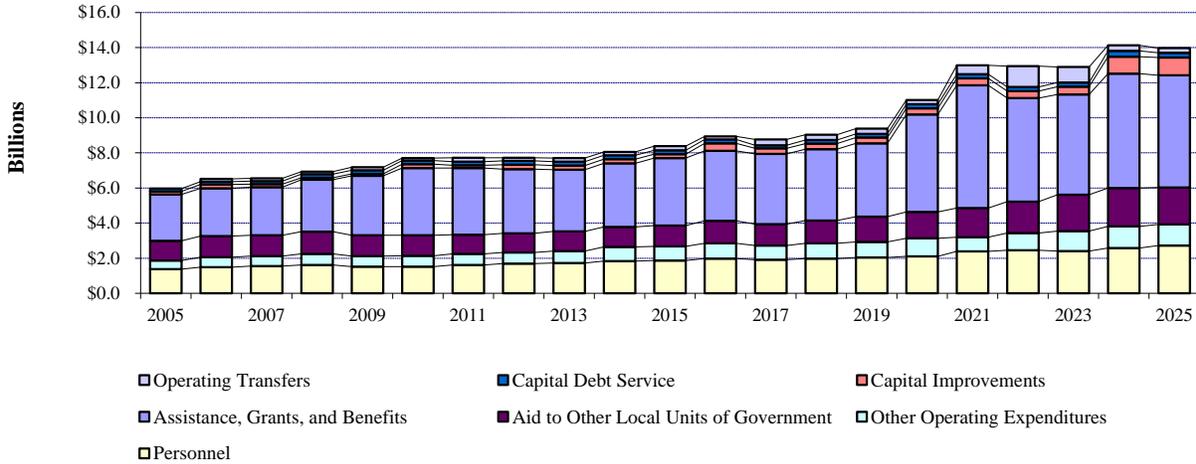
*Public Safety* includes the state’s law enforcement, adjudication, and penal programs.

The *Natural Resources* function includes the programs that protect the natural and physical resources of the state through regulation and planning and that provide safe recreational resources.

*Transportation* programs include all highway and transit programs, except airports, which are under the quasi-public Rhode Island Airport Corporation.

Expenditures are also aggregated and presented by accounting categories that designate what is purchased as opposed to the purpose of expenditures. The categories include: state operations; local aid; assistance, grants, and benefits; capital; and operating transfers. As noted previously, changes in budget presentation relative to internal service funds impact these comparisons.

## Expenditure Shares by Category



*State Operations* are the day-to-day expenses of state government. These expenditures include *personnel* and *other operating* expenditures. *Personnel* expenditures include salaries and wages, fringe benefits, workers’ compensation and unemployment compensation, and consultant services. *Other operating* expenditures are the non-personnel day-to-day expenses of state government, including maintenance and non-fixed capital assets.

*Local Aid*, or *Aid to Local Units of Government*, is payments made to governmental units with taxing authority. It includes both aid to local governments designed to decrease property tax reliance and education aid.

*Assistance, Grants, and Benefits* constitutes payments to individuals and nongovernmental agencies. These payments include Medicaid managed care programs including RItE Care, Rhody Health Partners and Rhody Health Options, and other medical assistance programs. They also include grants to environmental agencies, local law enforcement agencies, and unemployment compensation, temporary disability and workers’ compensation. This is the largest category of expenditure.

*Capital* expenditures include both direct pay *capital improvements* and *debt service* on financed capital improvements. Expenditures for direct pay are reflected in the years that the payments are made. Financed capital improvements are reflected as the annual debt service payments. Therefore, total capital expenditures for any year are not reflected in the budget.

The budget also classifies capital purchases that had once been included as capital outlay within state operations as part of capital. The purpose may be to include all fixed assets above certain threshold values of cost and time. They do not however track to the capital budget process.

*Operating Transfers* are transfers between different funds and to component units of state government. They had been part of other categories in past budgets. Transfers to component units include transfers to quasi-public agencies, such as the transfer to the Commerce Corporation. There are also instances where these expenses are already represented elsewhere in the budget thus double-counting the expenditure.

Staff has reviewed the Governor’s recommended changes to the enacted budget for each agency and department, and compared them to the changes requested by those agencies and departments. The Assembly action on each item is also noted. The agencies and departments are arranged by function.

## **Distribution Tables**

The distribution tables on the following pages array expenditures by function and category. Expenditures by function are read down the table while expenditures by category are read across. All expenditures are expressed in millions of dollars. The percentages shown in the table represent the percent of the total shown in each cell.

## Expenditures from All Funds

<b>FY 2023 Reported</b>	<b>General Government</b>	<b>Human Services</b>	<b>Education</b>	<b>Public Safety</b>	<b>Natural Resources</b>	<b>Trans- portation</b>	<b>Total</b>
Salaries & Benefits	\$ 239.5 <i>1.9%</i>	\$ 430.7 <i>3.3%</i>	\$ 623.0 <i>4.8%</i>	\$ 491.5 <i>3.8%</i>	\$ 60.1 <i>0.5%</i>	\$ 78.8 <i>0.6%</i>	\$ 1,923.6 <i>14.9%</i>
Contracted Services	51.1 <i>0.4%</i>	234.8 <i>1.8%</i>	106.4 <i>0.8%</i>	23.5 <i>0.2%</i>	9.5 <i>0.1%</i>	61.3 <i>0.5%</i>	486.5 <i>3.8%</i>
Other State Operations	493.8 <i>3.8%</i>	182.5 <i>1.4%</i>	281.2 <i>2.2%</i>	97.4 <i>0.8%</i>	19.8 <i>0.2%</i>	55.6 <i>0.4%</i>	1,130.3 <i>8.8%</i>
Aid to Local Units of Government	304.9 <i>2.4%</i>	0.1 <i>0.0%</i>	1,770.4 <i>13.7%</i>	0.3 <i>0.0%</i>	0.1 <i>0.0%</i>	- <i>0.0%</i>	2,075.9 <i>16.1%</i>
Assistance, Grants, & Benefits	754.5 <i>5.8%</i>	4,502.4 <i>34.9%</i>	365.3 <i>2.8%</i>	72.3 <i>0.6%</i>	11.0 <i>0.1%</i>	9.5 <i>0.1%</i>	5,715.1 <i>44.3%</i>
Capital	19.7 <i>0.2%</i>	10.0 <i>0.1%</i>	39.3 <i>0.3%</i>	22.6 <i>0.2%</i>	11.1 <i>0.1%</i>	340.2 <i>2.6%</i>	442.9 <i>3.4%</i>
Debt Service	166.1 <i>1.3%</i>	- <i>0.0%</i>	65.3 <i>0.5%</i>	2.0 <i>0.0%</i>	- <i>0.0%</i>	0.2 <i>0.0%</i>	233.6 <i>1.8%</i>
Operating Transfers	638.5 <i>4.9%</i>	(2.0) <i>0.0%</i>	3.2 <i>0.0%</i>	8.9 <i>0.1%</i>	28.5 <i>0.2%</i>	214.8 <i>1.7%</i>	892.0 <i>6.9%</i>
<b>Total</b>	<b>\$ 2,668.1</b> <i>20.7%</i>	<b>\$ 5,358.6</b> <i>41.5%</i>	<b>\$ 3,254.2</b> <i>25.2%</i>	<b>\$ 718.6</b> <i>5.6%</i>	<b>\$ 140.2</b> <i>1.1%</i>	<b>\$ 760.4</b> <i>5.9%</i>	<b>\$ 12,899.9</b> <i>100.0%</i>

<b>FY 2024 Enacted</b>	<b>General Government</b>	<b>Human Services</b>	<b>Education</b>	<b>Public Safety</b>	<b>Natural Resources</b>	<b>Trans- portation</b>	<b>Total</b>
Salaries & Benefits	\$ 278.4 <i>2.0%</i>	\$ 469.5 <i>3.4%</i>	\$ 664.6 <i>4.7%</i>	\$ 518.0 <i>3.7%</i>	\$ 66.9 <i>0.5%</i>	\$ 102.4 <i>0.7%</i>	\$ 2,099.9 <i>15.0%</i>
Contracted Services	57.4 <i>0.4%</i>	270.3 <i>1.9%</i>	134.2 <i>1.0%</i>	29.0 <i>0.2%</i>	10.1 <i>0.1%</i>	67.6 <i>0.5%</i>	568.6 <i>4.1%</i>
Other State Operations	530.1 <i>3.8%</i>	258.6 <i>1.8%</i>	261.8 <i>1.9%</i>	126.7 <i>0.9%</i>	21.3 <i>0.2%</i>	36.6 <i>0.3%</i>	1,235.2 <i>8.8%</i>
Aid to Local Units of Government	344.1 <i>2.5%</i>	- <i>0.0%</i>	1,803.1 <i>12.9%</i>	- <i>0.0%</i>	- <i>0.0%</i>	- <i>0.0%</i>	2,147.2 <i>15.3%</i>
Assistance, Grants, & Benefits	712.1 <i>5.1%</i>	4,947.8 <i>35.3%</i>	396.8 <i>2.8%</i>	66.0 <i>0.5%</i>	9.9 <i>0.1%</i>	39.0 <i>0.3%</i>	6,171.6 <i>44.0%</i>
Capital	134.1 <i>1.0%</i>	72.0 <i>0.5%</i>	151.1 <i>1.1%</i>	69.1 <i>0.5%</i>	25.4 <i>0.2%</i>	310.9 <i>2.2%</i>	762.6 <i>5.4%</i>
Debt Service	253.0 <i>1.8%</i>	- <i>0.0%</i>	75.2 <i>0.5%</i>	- <i>0.0%</i>	- <i>0.0%</i>	0.3 <i>0.0%</i>	328.6 <i>2.3%</i>
Operating Transfers	395.8 <i>2.8%</i>	3.1 <i>0.0%</i>	(5.8) <i>0.0%</i>	1.8 <i>0.0%</i>	- <i>0.0%</i>	302.3 <i>2.2%</i>	697.2 <i>5.0%</i>
<b>Total</b>	<b>\$ 2,705.2</b> <i>19.3%</i>	<b>\$ 6,021.3</b> <i>43.0%</i>	<b>\$ 3,481.0</b> <i>24.8%</i>	<b>\$ 810.6</b> <i>5.8%</i>	<b>\$ 133.7</b> <i>1.0%</i>	<b>\$ 859.1</b> <i>6.1%</i>	<b>\$ 14,010.8</b> <i>100.0%</i>

## Expenditures from All Funds

<b>FY 2025 Recommended</b>	<b>General Government</b>	<b>Human Services</b>	<b>Education</b>	<b>Public Safety</b>	<b>Natural Resources</b>	<b>Trans- portation</b>	<b>Total</b>
Salaries & Benefits	\$ 281.1 <i>2.1%</i>	\$ 383.1 <i>2.8%</i>	\$ 699.3 <i>5.1%</i>	\$ 525.9 <i>3.8%</i>	\$ 68.1 <i>0.5%</i>	\$ 110.9 <i>0.8%</i>	\$ 2,068.3 <i>15.1%</i>
Contracted Services	57.5 <i>0.4%</i>	305.9 <i>2.2%</i>	137.7 <i>1.0%</i>	29.9 <i>0.2%</i>	14.2 <i>0.1%</i>	70.7 <i>0.5%</i>	616.0 <i>4.5%</i>
Other State Operations	482.3 <i>3.5%</i>	249.0 <i>1.8%</i>	270.5 <i>2.0%</i>	126.2 <i>0.9%</i>	21.4 <i>0.2%</i>	40.3 <i>0.3%</i>	1,189.8 <i>8.7%</i>
Aid to Local Units of Government	345.8 <i>2.5%</i>	- <i>0.0%</i>	1,720.6 <i>12.6%</i>	- <i>0.0%</i>	- <i>0.0%</i>	- <i>0.0%</i>	2,066.4 <i>15.1%</i>
Assistance, Grants, & Benefits	627.1 <i>4.6%</i>	5,175.4 <i>37.8%</i>	401.6 <i>2.9%</i>	45.5 <i>0.3%</i>	10.2 <i>0.1%</i>	24.3 <i>0.2%</i>	6,284.1 <i>45.9%</i>
Capital	144.9 <i>1.1%</i>	67.7 <i>0.5%</i>	139.0 <i>1.0%</i>	133.2 <i>1.0%</i>	38.6 <i>0.3%</i>	403.9 <i>3.0%</i>	927.3 <i>6.8%</i>
Debt Service	198.6 <i>1.5%</i>	- <i>0.0%</i>	73.1 <i>0.5%</i>	- <i>0.0%</i>	- <i>0.0%</i>	0.3 <i>0.0%</i>	272.0 <i>2.0%</i>
Operating Transfers	84.6 <i>0.6%</i>	0.2 <i>0.0%</i>	1.1 <i>0.0%</i>	- <i>0.0%</i>	- <i>0.0%</i>	166.3 <i>1.2%</i>	252.1 <i>1.8%</i>
<b>Total</b>	<b>\$ 2,221.8</b> <i>16.2%</i>	<b>\$ 6,181.4</b> <i>45.2%</i>	<b>\$ 3,442.9</b> <i>25.2%</i>	<b>\$ 860.6</b> <i>6.3%</i>	<b>\$ 152.5</b> <i>1.1%</i>	<b>\$ 816.7</b> <i>6.0%</i>	<b>\$ 13,676.1</b> <i>100.0%</i>

<b>FY 2025 Recommended Change to Enacted</b>	<b>General Government</b>	<b>Human Services</b>	<b>Education</b>	<b>Public Safety</b>	<b>Natural Resources</b>	<b>Trans- portation</b>	<b>Total</b>
Salaries & Benefits	\$ 2.7 <i>-0.8%</i>	\$ (86.4) <i>25.8%</i>	\$ 34.6 <i>-10.3%</i>	\$ 7.8 <i>-2.3%</i>	\$ 1.2 <i>-0.3%</i>	\$ 8.5 <i>-2.5%</i>	\$ (31.6) <i>9.4%</i>
Contracted Services	0.1 <i>0.0%</i>	35.6 <i>-10.6%</i>	3.5 <i>-1.1%</i>	0.9 <i>-0.3%</i>	4.1 <i>-1.2%</i>	3.1 <i>-0.9%</i>	47.4 <i>-14.2%</i>
Other State Operations	(47.8) <i>14.3%</i>	(9.6) <i>2.9%</i>	8.6 <i>-2.6%</i>	(0.5) <i>0.2%</i>	0.1 <i>0.0%</i>	3.8 <i>-1.1%</i>	(45.4) <i>13.6%</i>
Aid to Local Units of Government	1.6 <i>-0.5%</i>	- <i>0.0%</i>	(82.4) <i>24.6%</i>	- <i>0.0%</i>	- <i>0.0%</i>	- <i>0.0%</i>	(80.8) <i>24.1%</i>
Assistance, Grants, & Benefits	(85.0) <i>25.4%</i>	227.6 <i>-68.0%</i>	4.8 <i>-1.4%</i>	(20.4) <i>6.1%</i>	0.3 <i>-0.1%</i>	(14.7) <i>4.4%</i>	112.5 <i>-33.6%</i>
Capital	10.8 <i>-3.2%</i>	(4.3) <i>1.3%</i>	(12.1) <i>3.6%</i>	64.1 <i>-19.1%</i>	13.2 <i>-3.9%</i>	93.1 <i>-27.8%</i>	164.7 <i>-49.2%</i>
Debt Service	(54.5) <i>16.3%</i>	- <i>0.0%</i>	(2.1) <i>0.6%</i>	- <i>0.0%</i>	- <i>0.0%</i>	- <i>0.0%</i>	(56.6) <i>16.9%</i>
Operating Transfers	(311.3) <i>93.0%</i>	(2.9) <i>0.9%</i>	6.9 <i>-2.1%</i>	(1.8) <i>0.5%</i>	- <i>0.0%</i>	(136.1) <i>40.6%</i>	(445.1) <i>132.9%</i>
<b>Total</b>	<b>\$ (483.3)</b> <i>144.4%</i>	<b>\$ 160.1</b> <i>-47.8%</i>	<b>\$ (38.1)</b> <i>11.4%</i>	<b>\$ 50.1</b> <i>-15.0%</i>	<b>\$ 18.8</b> <i>-5.6%</i>	<b>\$ (42.4)</b> <i>12.7%</i>	<b>\$ (334.8)</b> <i>100.0%</i>

## Expenditures from All Funds

<b>FY 2025 Enacted</b>	<b>General Government</b>	<b>Human Services</b>	<b>Education</b>	<b>Public Safety</b>	<b>Natural Resources</b>	<b>Trans- portation</b>	<b>Total</b>
Salaries & Benefits	\$ 311.3 2.2%	\$ 389.5 2.8%	\$ 700.2 5.0%	\$ 526.9 3.8%	\$ 68.3 0.5%	\$ 110.9 0.8%	\$ 2,107.1 15.1%
Contracted Services	56.7 0.4%	315.9 2.3%	131.6 0.9%	30.9 0.2%	14.2 0.1%	70.7 0.5%	620.0 4.4%
Other State Operations	487.4 3.5%	248.6 1.8%	274.6 2.0%	126.7 0.9%	21.4 0.2%	39.5 0.3%	1,198.3 8.6%
Aid to Local Units of Government	346.7 2.5%	- 0.0%	1,756.0 12.6%	- 0.0%	- 0.0%	- 0.0%	2,102.7 15.1%
Assistance, Grants, & Benefits	656.6 4.7%	5,230.2 37.5%	402.3 2.9%	67.7 0.5%	10.1 0.1%	26.3 0.2%	6,393.2 45.8%
Capital	146.3 1.0%	78.2 0.6%	144.4 1.0%	136.4 1.0%	35.9 0.3%	473.3 3.4%	1,014.4 7.3%
Debt Service	198.2 1.4%	- 0.0%	73.1 0.5%	- 0.0%	- 0.0%	0.3 0.0%	271.6 1.9%
Operating Transfers	82.9 0.6%	3.4 0.0%	1.1 0.0%	- 0.0%	- 0.0%	168.5 1.2%	256.0 1.8%
<b>Total</b>	<b>\$ 2,286.0</b> 16.4%	<b>\$ 6,265.9</b> 44.9%	<b>\$ 3,483.3</b> 24.9%	<b>\$ 888.6</b> 6.4%	<b>\$ 149.9</b> 1.1%	<b>\$ 889.6</b> 6.4%	<b>\$ 13,963.2</b> 100.0%

<b>FY 2025 Change to Enacted</b>	<b>General Government</b>	<b>Human Services</b>	<b>Education</b>	<b>Public Safety</b>	<b>Natural Resources</b>	<b>Trans- portation</b>	<b>Total</b>
Salaries & Benefits	\$ 32.9 -69.1%	\$ (80.0) 168.0%	\$ 35.6 -74.7%	\$ 8.9 -18.6%	\$ 1.4 -2.8%	\$ 8.5 -17.8%	\$ 7.2 -15.1%
Contracted Services	(0.7) 1.6%	45.7 -95.9%	(2.6) 5.4%	1.9 -4.0%	4.1 -8.6%	3.1 -6.6%	51.5 -108.1%
Other State Operations	(42.7) 89.7%	(10.0) 21.0%	12.8 -26.8%	(0.0) 0.0%	0.1 -0.2%	3.0 -6.2%	(36.9) 77.5%
Aid to Local Units of Government	2.5 -5.3%	- 0.0%	(47.1) 98.8%	- 0.0%	- 0.0%	- 0.0%	(44.5) 93.5%
Assistance, Grants, & Benefits	(55.5) 116.5%	282.4 -593.0%	5.5 -11.4%	1.7 -3.6%	0.2 -0.4%	(12.7) 26.7%	221.5 -465.2%
Capital	12.1 -25.5%	6.2 -13.0%	(6.7) 14.1%	67.3 -141.2%	10.5 -22.0%	162.4 -341.1%	251.8 -528.8%
Debt Service	(54.9) 115.2%	- 0.0%	(2.1) 4.4%	- 0.0%	- 0.0%	- 0.0%	(57.0) 119.6%
Operating Transfers	(312.9) 657.0%	0.3 -0.6%	6.9 -14.5%	(1.8) 3.7%	- 0.0%	(133.8) 281.0%	(441.3) 926.5%
<b>Total</b>	<b>\$ (419.1)</b> 880.1%	<b>\$ 244.6</b> -513.6%	<b>\$ 2.3</b> -4.8%	<b>\$ 78.0</b> -163.8%	<b>\$ 16.2</b> -34.0%	<b>\$ 30.5</b> -64.0%	<b>\$ (47.6)</b> 100.0%

## Expenditures from All Funds

<b>FY 2025 Change to Governor</b>	<b>General Government</b>	<b>Human Services</b>	<b>Education</b>	<b>Public Safety</b>	<b>Natural Resources</b>	<b>Trans- portation</b>	<b>Total</b>
Salaries & Benefits	\$ 30.2 10.5%	\$ 6.4 2.2%	\$ 1.0 0.3%	\$ 1.1 0.4%	\$ 0.2 0.1%	\$ - 0.0%	\$ 38.7 13.5%
Contracted Services	(0.8) -0.3%	10.0 3.5%	(6.1) -2.1%	1.0 0.3%	- 0.0%	- 0.0%	4.1 1.4%
Other State Operations	5.1 1.8%	(0.4) -0.1%	4.1 1.4%	0.5 0.2%	- 0.0%	(0.8) -0.3%	8.5 3.0%
Aid to Local Units of Government	0.9 0.3%	- 0.0%	35.4 12.3%	- 0.0%	- 0.0%	- 0.0%	36.2 12.6%
Assistance, Grants, & Benefits	29.5 10.3%	54.8 19.1%	0.6 0.2%	22.2 7.7%	(0.1) 0.0%	2.0 0.7%	109.0 38.0%
Capital	1.4 0.5%	10.5 3.7%	5.4 1.9%	3.2 1.1%	(2.7) -0.9%	69.4 24.2%	87.1 30.3%
Debt Service	(0.4) -0.1%	- 0.0%	- 0.0%	- 0.0%	- 0.0%	- 0.0%	(0.4) -0.1%
Operating Transfers	(1.6) -0.6%	3.2 1.1%	- 0.0%	- 0.0%	- 0.0%	2.3 0.8%	3.8 1.3%
<b>Total</b>	<b>\$ 64.2 22.3%</b>	<b>\$ 84.5 29.4%</b>	<b>\$ 40.4 14.1%</b>	<b>\$ 27.9 9.7%</b>	<b>\$ (2.6) -0.9%</b>	<b>\$ 72.8 25.4%</b>	<b>\$ 287.2 100.0%</b>

<b>FY 2025 Change to FY 2023</b>	<b>General Government</b>	<b>Human Services</b>	<b>Education</b>	<b>Public Safety</b>	<b>Natural Resources</b>	<b>Trans- portation</b>	<b>Total</b>
Salaries & Benefits	\$ 71.8 6.8%	\$ (41.2) -3.9%	\$ 77.2 7.3%	\$ 35.4 3.3%	\$ 8.1 0.8%	\$ 32.0 3.0%	\$ 183.5 17.3%
Contracted Services	5.6 0.5%	81.2 7.6%	25.2 2.4%	7.4 0.7%	4.7 0.4%	9.5 0.9%	133.6 12.6%
Other State Operations	(6.4) -0.6%	66.1 6.2%	(6.6) -0.6%	29.3 2.8%	1.6 0.1%	(16.0) -1.5%	68.0 6.4%
Aid to Local Units of Government	41.7 3.9%	(0.1) 0.0%	(14.4) -1.4%	(0.3) 0.0%	(0.1) 0.0%	- 0.0%	26.7 2.5%
Assistance, Grants, & Benefits	(97.9) -9.2%	727.8 68.4%	36.9 3.5%	(4.6) -0.4%	(0.9) -0.1%	16.8 1.6%	678.1 63.8%
Capital	126.5 11.9%	68.2 6.4%	105.2 9.9%	113.7 10.7%	24.8 2.3%	133.1 12.5%	571.5 53.8%
Debt Service	32.1 3.0%	- 0.0%	7.8 0.7%	(2.0) -0.2%	- 0.0%	0.1 0.0%	37.9 3.6%
Operating Transfers	(555.5) -52.2%	5.4 0.5%	(2.1) -0.2%	(8.9) -0.8%	(28.5) -2.7%	(46.3) -4.4%	(636.0) -59.8%
<b>Total</b>	<b>\$ (382.1) -35.9%</b>	<b>\$ 907.3 85.3%</b>	<b>\$ 229.1 21.6%</b>	<b>\$ 170.0 16.0%</b>	<b>\$ 9.7 0.9%</b>	<b>\$ 129.2 12.2%</b>	<b>\$ 1,063.3 100.0%</b>

## Expenditures from General Revenues

<b>FY 2023 Reported</b>	<b>General Government</b>	<b>Human Services</b>	<b>Education</b>	<b>Public Safety</b>	<b>Natural Resources</b>	<b>Trans- portation</b>	<b>Total</b>
Salaries & Benefits	\$ 149.0 2.9%	\$ 239.2 4.7%	\$ 183.4 3.6%	\$ 453.7 8.9%	\$ 40.0 0.8%	\$ - 0.0%	\$ 1,065.3 21.0%
Contracted Services	13.9 0.3%	48.5 1.0%	16.4 0.3%	15.2 0.3%	1.4 0.0%	- 0.0%	95.5 1.9%
Other State Operations	51.5 1.0%	63.4 1.2%	41.2 0.8%	77.5 1.5%	12.0 0.2%	- 0.0%	245.6 4.8%
Aid to Local Units of Government	304.1 6.0%	- 0.0%	1,372.5 27.0%	- 0.0%	0.1 0.0%	- 0.0%	1,676.8 33.0%
Assistance, Grants, & Benefits	20.9 0.4%	1,343.2 26.5%	52.7 1.0%	13.2 0.3%	2.2 0.0%	- 0.0%	1,432.2 28.2%
Capital	2.7 0.1%	1.6 0.0%	0.7 0.0%	4.6 0.1%	0.2 0.0%	- 0.0%	9.7 0.2%
Debt Service	125.7 2.5%	- 0.0%	38.0 0.7%	- 0.0%	- 0.0%	- 0.0%	163.7 3.2%
Operating Transfers	362.9 7.2%	(5.4) -0.1%	0.1 0.0%	- 0.0%	28.5 0.6%	- 0.0%	386.2 7.6%
<b>Total</b>	<b>\$ 1,030.7 20.3%</b>	<b>\$ 1,690.4 33.3%</b>	<b>\$ 1,705.2 33.6%</b>	<b>\$ 564.2 11.1%</b>	<b>\$ 84.4 1.7%</b>	<b>\$ - 0.0%</b>	<b>\$ 5,074.9 100.0%</b>

<b>FY 2024 Enacted</b>	<b>General Government</b>	<b>Human Services</b>	<b>Education</b>	<b>Public Safety</b>	<b>Natural Resources</b>	<b>Trans- portation</b>	<b>Total</b>
Salaries & Benefits	\$ 172.1 3.2%	\$ 259.1 4.8%	\$ 211.1 3.9%	\$ 471.9 8.7%	\$ 43.4 0.8%	\$ - 0.0%	\$ 1,157.6 21.3%
Contracted Services	15.5 0.3%	56.2 1.0%	18.2 0.3%	19.5 0.4%	1.2 0.0%	- 0.0%	110.6 2.0%
Other State Operations	51.4 0.9%	82.9 1.5%	31.8 0.6%	78.8 1.5%	12.8 0.2%	- 0.0%	257.7 4.8%
Aid to Local Units of Government	338.6 6.2%	- 0.0%	1,422.2 26.2%	- 0.0%	- 0.0%	- 0.0%	1,760.8 32.5%
Assistance, Grants, & Benefits	15.6 0.3%	1,639.4 30.2%	80.2 1.5%	26.6 0.5%	4.5 0.1%	- 0.0%	1,766.2 32.6%
Capital	2.4 0.0%	0.9 0.0%	0.5 0.0%	3.5 0.1%	0.2 0.0%	- 0.0%	7.5 0.1%
Debt Service	217.8 4.0%	- 0.0%	42.5 0.8%	- 0.0%	- 0.0%	- 0.0%	260.3 4.8%
Operating Transfers	104.3 1.9%	- 0.0%	- 0.0%	- 0.0%	- 0.0%	- 0.0%	104.3 1.9%
<b>Total</b>	<b>\$ 917.8 16.9%</b>	<b>\$ 2,038.4 37.6%</b>	<b>\$ 1,806.5 33.3%</b>	<b>\$ 600.3 11.1%</b>	<b>\$ 62.1 1.1%</b>	<b>\$ - 0.0%</b>	<b>\$ 5,425.1 100.0%</b>

## Expenditures from General Revenues

<b>FY 2025 Recommended</b>	<b>General Government</b>	<b>Human Services</b>	<b>Education</b>	<b>Public Safety</b>	<b>Natural Resources</b>	<b>Trans- portation</b>	<b>Total</b>
Salaries & Benefits	\$ 174.9 3.2%	\$ 206.3 3.7%	\$ 219.6 4.0%	\$ 480.0 8.7%	\$ 43.8 0.8%	\$ - 0.0%	\$ 1,124.5 20.4%
Contracted Services	18.8 0.3%	71.0 1.3%	39.8 0.7%	20.7 0.4%	1.3 0.0%	- 0.0%	151.6 2.8%
Other State Operations	49.1 0.9%	71.5 1.3%	28.4 0.5%	85.4 1.6%	12.6 0.2%	- 0.0%	247.1 4.5%
Aid to Local Units of Government	340.2 6.2%	- 0.0%	1,459.5 26.5%	- 0.0%	- 0.0%	- 0.0%	1,799.8 32.7%
Assistance, Grants, & Benefits	16.1 0.3%	1,801.3 32.7%	91.3 1.7%	12.9 0.2%	2.8 0.1%	- 0.0%	1,924.4 35.0%
Capital	2.4 0.0%	0.4 0.0%	0.3 0.0%	2.6 0.0%	0.2 0.0%	- 0.0%	5.9 0.1%
Debt Service	165.7 3.0%	- 0.0%	42.1 0.8%	- 0.0%	- 0.0%	- 0.0%	207.8 3.8%
Operating Transfers	39.1 0.7%	- 7.0%	0.0 0.0%	- 0.0%	- 0.0%	- 0.0%	39.1 0.7%
<b>Total</b>	<b>\$ 806.3 14.7%</b>	<b>\$ 2,150.4 39.1%</b>	<b>\$ 1,880.9 34.2%</b>	<b>\$ 601.6 10.9%</b>	<b>\$ 60.8 1.1%</b>	<b>\$ - 0.0%</b>	<b>\$ 5,500.1 100.0%</b>

<b>FY 2025 Recommended Change to Enacted</b>	<b>General Government</b>	<b>Human Services</b>	<b>Education</b>	<b>Public Safety</b>	<b>Natural Resources</b>	<b>Trans- portation</b>	<b>Total</b>
Salaries & Benefits	\$ 2.8 3.7%	\$ (52.8) -70.5%	\$ 8.5 11.3%	\$ 8.1 10.8%	\$ 0.4 0.6%	\$ - 0.0%	\$ (33.1) -44.2%
Contracted Services	3.3 4.4%	14.8 19.7%	21.6 28.8%	1.2 1.6%	0.1 0.1%	- 0.0%	41.0 54.7%
Other State Operations	(2.3) -3.0%	(11.4) -15.2%	(3.5) -4.6%	6.6 8.8%	(0.2) -0.2%	- 0.0%	(10.7) -14.2%
Aid to Local Units of Government	1.6 2.2%	- 0.0%	37.3 49.8%	- 0.0%	- 0.0%	- 0.0%	39.0 52.0%
Assistance, Grants, & Benefits	0.5 0.6%	161.9 216.0%	11.1 14.8%	(13.7) -18.2%	(1.6) -2.2%	- 0.0%	158.2 211.1%
Capital	(0.1) -0.1%	(0.5) -0.7%	(0.1) -0.2%	(0.8) -1.1%	0.0 0.0%	- 0.0%	(1.6) -2.1%
Debt Service	(52.1) -69.6%	- 0.0%	(0.5) -0.6%	- 0.0%	- 0.0%	- 0.0%	(52.6) -70.2%
Operating Transfers	(65.3) -87.1%	- 0.0%	0.0 0.0%	- 0.0%	- 0.0%	- 0.0%	(65.3) -87.1%
<b>Total</b>	<b>\$ (111.5) -148.8%</b>	<b>\$ 112.0 149.4%</b>	<b>\$ 74.4 99.3%</b>	<b>\$ 1.4 1.9%</b>	<b>\$ (1.3) -1.7%</b>	<b>\$ - 0.0%</b>	<b>\$ 74.9 100.0%</b>

## Expenditures from General Revenues

<b>FY 2025 Enacted</b>	<b>General Government</b>	<b>Human Services</b>	<b>Education</b>	<b>Public Safety</b>	<b>Natural Resources</b>	<b>Trans- portation</b>	<b>Total</b>
Salaries & Benefits	\$ 198.0 3.5%	\$ 211.2 3.8%	\$ 220.1 3.9%	\$ 481.1 8.6%	\$ 44.0 0.8%	\$ - 0.0%	\$ 1,154.4 20.6%
Contracted Services	18.4 0.3%	70.1 1.3%	29.6 0.5%	20.7 0.4%	1.3 0.0%	- 0.0%	140.0 2.5%
Other State Operations	54.2 1.0%	74.3 1.3%	31.4 0.6%	85.9 1.5%	12.6 0.2%	- 0.0%	258.4 4.6%
Aid to Local Units of Government	341.1 6.1%	- 0.0%	1,494.5 26.7%	- 0.0%	- 0.0%	- 0.0%	1,835.6 32.8%
Assistance, Grants, & Benefits	21.4 0.4%	1,815.6 32.5%	90.9 1.6%	25.1 0.4%	2.7 0.0%	- 0.0%	1,955.7 35.0%
Capital	2.4 0.0%	0.4 0.0%	0.3 0.0%	2.7 0.0%	0.2 0.0%	- 0.0%	6.0 0.1%
Debt Service	165.3 3.0%	- 0.0%	42.1 0.8%	- 0.0%	- 0.0%	- 0.0%	207.4 3.7%
Operating Transfers	37.4 0.7%	- 0.0%	0.0 0.0%	- 0.0%	- 0.0%	- 0.0%	37.4 0.7%
<b>Total</b>	<b>\$ 838.2 15.0%</b>	<b>\$ 2,171.5 38.8%</b>	<b>\$ 1,908.8 34.1%</b>	<b>\$ 615.5 11.0%</b>	<b>\$ 60.8 1.1%</b>	<b>\$ - 0.0%</b>	<b>\$ 5,594.9 100.0%</b>

<b>FY 2025 Change to Enacted</b>	<b>General Government</b>	<b>Human Services</b>	<b>Education</b>	<b>Public Safety</b>	<b>Natural Resources</b>	<b>Trans- portation</b>	<b>Total</b>
Salaries & Benefits	\$ 25.9 15.2%	\$ (47.9) -28.2%	\$ 9.0 5.3%	\$ 9.1 5.4%	\$ 0.6 0.3%	\$ - 0.0%	\$ (3.3) -1.9%
Contracted Services	2.9 1.7%	13.9 8.2%	11.3 6.7%	1.2 0.7%	0.1 0.0%	- 0.0%	29.4 17.3%
Other State Operations	2.8 1.7%	(8.6) -5.1%	(0.5) -0.3%	7.1 4.2%	(0.2) -0.1%	- 0.0%	0.7 0.4%
Aid to Local Units of Government	2.5 1.5%	- 0.0%	72.3 42.6%	- 0.0%	- 0.0%	- 0.0%	74.8 44.1%
Assistance, Grants, & Benefits	5.8 3.4%	176.2 103.8%	10.7 6.3%	(1.5) -0.9%	(1.7) -1.0%	- 0.0%	189.5 111.7%
Capital	(0.1) 0.0%	(0.5) -0.3%	(0.1) -0.1%	(0.8) -0.4%	0.0 0.0%	- 0.0%	(1.5) -0.9%
Debt Service	(52.5) -31.0%	- 0.0%	(0.5) -0.3%	- 0.0%	- 0.0%	- 0.0%	(53.0) -31.2%
Operating Transfers	(66.9) -39.4%	- 0.0%	0.0 0.0%	- 0.0%	- 0.0%	- 0.0%	(66.9) -39.4%
<b>Total</b>	<b>\$ (79.6) -46.9%</b>	<b>\$ 133.1 78.4%</b>	<b>\$ 102.3 60.3%</b>	<b>\$ 15.2 9.0%</b>	<b>\$ (1.2) -0.7%</b>	<b>\$ - 0.0%</b>	<b>\$ 169.7 100.0%</b>

## Expenditures from General Revenues

<b>FY 2025 Change to Governor</b>	<b>General Government</b>	<b>Human Services</b>	<b>Education</b>	<b>Public Safety</b>	<b>Natural Resources</b>	<b>Trans- portation</b>	<b>Total</b>
Salaries & Benefits	\$ 23.1 24.4%	\$ 4.9 5.2%	\$ 0.6 0.6%	\$ 1.1 1.1%	\$ 0.2 0.2%	\$ - 0.0%	\$ 29.8 31.5%
Contracted Services	(0.4) -0.5%	(0.9) -0.9%	(10.3) -10.8%	- 0.0%	- 0.0%	- 0.0%	(11.6) -12.2%
Other State Operations	5.1 5.4%	2.8 2.9%	3.0 3.2%	0.5 0.5%	- 0.0%	- 0.0%	11.3 12.0%
Aid to Local Units of Government	0.9 0.9%	- 0.0%	34.9 36.9%	- 0.0%	- 0.0%	- 0.0%	35.8 37.8%
Assistance, Grants, & Benefits	5.3 5.6%	14.3 15.1%	(0.4) -0.4%	12.2 12.8%	(0.1) -0.1%	- 0.0%	31.3 33.0%
Capital	- 0.0%	- 0.0%	- 0.0%	0.1 0.1%	- 0.0%	- 0.0%	0.1 0.1%
Debt Service	(0.4) -0.4%	- 0.0%	- 0.0%	- 0.0%	- 0.0%	- 0.0%	(0.4) -0.4%
Operating Transfers	(1.6) -1.7%	- 0.0%	- 0.0%	- 0.0%	- 0.0%	- 0.0%	(1.6) -1.7%
<b>Total</b>	<b>\$ 31.9 33.7%</b>	<b>\$ 21.1 22.3%</b>	<b>\$ 27.9 29.4%</b>	<b>\$ 13.8 14.6%</b>	<b>\$ 0.1 0.1%</b>	<b>\$ - 0.0%</b>	<b>\$ 94.8 100.0%</b>

<b>FY 2025 Change to FY 2023</b>	<b>General Government</b>	<b>Human Services</b>	<b>Education</b>	<b>Public Safety</b>	<b>Natural Resources</b>	<b>Trans- portation</b>	<b>Total</b>
Salaries & Benefits	\$ 49.0 9.4%	\$ (28.0) -5.4%	\$ 36.7 7.1%	\$ 27.3 5.3%	\$ 4.0 0.8%	\$ - 0.0%	\$ 89.1 17.1%
Contracted Services	4.5 0.9%	21.6 4.2%	13.1 2.5%	5.5 1.1%	(0.1) 0.0%	- 0.0%	44.6 8.6%
Other State Operations	2.7 0.5%	10.9 2.1%	(9.9) -1.9%	8.4 1.6%	0.6 0.1%	- 0.0%	12.8 2.5%
Aid to Local Units of Government	37.0 7.1%	- 0.0%	121.9 23.5%	- 0.0%	(0.1) 0.0%	- 0.0%	158.8 30.5%
Assistance, Grants, & Benefits	0.5 0.1%	472.4 90.9%	38.2 7.3%	11.9 2.3%	0.5 0.1%	- 0.0%	523.5 100.7%
Capital	(0.3) -0.1%	(1.2) -0.2%	(0.4) -0.1%	(1.9) -0.4%	0.1 0.0%	- 0.0%	(3.7) -0.7%
Debt Service	39.6 7.6%	- 0.0%	4.1 0.8%	- 0.0%	- 0.0%	- 0.0%	43.6 8.4%
Operating Transfers	(325.5) -62.6%	5.4 1.0%	(0.1) 0.0%	- 0.0%	(28.5) -5.5%	- 0.0%	(348.7) -67.1%
<b>Total</b>	<b>\$ (192.5) -37.0%</b>	<b>\$ 481.2 92.5%</b>	<b>\$ 203.6 39.2%</b>	<b>\$ 51.2 9.9%</b>	<b>\$ (23.5) -4.5%</b>	<b>\$ - 0.0%</b>	<b>\$ 519.9 100.0%</b>