

Summary

	FY 2025 Enacted	FY 2025 Final	FY 2026 Recommended	FY 2026 Enacted
Expenditures by Function*				
General Government	\$ 2,286.0	\$ 2,772.1	\$ 2,354.9	\$ 2,301.5
Human Services	6,265.9	6,286.1	6,431.2	6,476.6
Education	3,483.3	3,551.6	3,584.7	3,616.8
Public Safety	888.6	921.0	824.0	879.5
Natural Resources	149.9	161.6	170.1	179.3
Transportation	889.6	1,075.3	851.2	882.8
Total	\$ 13,963.2	\$ 14,767.6	\$ 14,216.1	\$ 14,336.4
Expenditures by Category*				
Salaries and Benefits	\$ 2,107.1	\$ 2,148.1	\$ 2,240.6	\$ 2,259.3
Contracted Services	620.0	598.4	569.3	525.8
Subtotal	\$ 2,727.1	\$ 2,746.5	\$ 2,809.8	\$ 2,785.1
Other State Operations	1,198.3	1,239.1	1,225.0	1,228.6
Aid to Local Units of Government	2,102.7	2,141.2	2,108.1	2,133.7
Assistance, Grants, and Benefits	6,393.2	6,834.3	6,679.4	6,772.3
Capital	1,014.4	1,219.0	867.9	882.3
Capital Debt Service	271.6	265.8	284.8	284.8
Operating Transfers	256.0	321.8	241.1	249.6
Total	\$ 13,963.2	\$ 14,767.6	\$ 14,216.1	\$ 14,336.4
Sources of Funds*				
General Revenue	\$ 5,594.9	\$ 5,597.6	\$ 5,743.1	\$ 5,809.4
Federal Aid	5,066.5	5,612.7	5,090.2	5,108.5
Restricted Receipts	463.1	491.6	446.2	458.5
Other	2,838.7	3,065.7	2,936.6	2,960.0
Total	\$ 13,963.2	\$ 14,767.6	\$ 14,216.1	\$ 14,336.4
FTE Authorization	15,772.8	15,772.8	15,806.8	15,921.8

**Data in millions*

The Governor's budget recommendations for FY 2026 are contained in 2025-H 5076, introduced on January 16, 2025, 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 2025-H 5076, Substitute A on June 10 and the House passed 2025-H 5076, Substitute A, as amended, on June 17. The Senate passed it on June 20 and it became effective without the Governor's signature on June 30, 2025.

The Governor recommended a total FY 2026 budget of \$14,216.1 million. Total expenditures increase by \$252.8 million from the FY 2025 budget enacted by the 2024 Assembly, or 1.8 percent. His FY 2025 revised budget totals \$14,933.2 million; final FY 2024 expenditures were \$13,030.0 million.

The recommended budget includes \$5,743.1 million of expenditures funded from general revenues, \$148.2 million, or 2.6 percent more than the enacted general revenue funded budget. This is also \$132.4 million more than his revised recommendation.

FY 2026	General Revenue	Federal	Restricted	Other	All Funds
FY 2025 Enacted	\$ 5,594.9	\$ 5,066.5	\$ 463.1	\$ 2,838.7	\$ 13,963.2
Governor	5,743.1	5,090.2	446.2	2,936.6	14,216.1
Change to Enacted	\$ 148.2	\$ 23.7	\$ (16.9)	\$ 97.9	\$ 252.8
Percent Change	2.6%	0.5%	-3.7%	3.4%	1.8%
FY 2026 Enacted	\$ 5,809.4	\$ 5,108.5	\$ 458.5	\$ 2,960.0	\$ 14,336.4
Change to Enacted	\$ 214.5	\$ 41.9	\$ (4.6)	\$ 121.3	\$ 373.2
Percent Change	3.8%	0.8%	-1.0%	4.3%	2.7%
Change to Governor	\$ 66.3	\$ 18.3	\$ 12.3	\$ 23.4	\$ 120.3
Change to FY 2025	\$ 211.8	\$ (504.2)	\$ (33.1)	\$ (105.7)	\$ (431.2)
Percent Change to FY 2025	3.8%	-9.0%	-6.7%	-3.4%	-2.9%
Change to FY 2024	\$ 573.3	\$ 172.7	\$ (15.2)	\$ 576.3	\$ 1,307.2
Percent Change to FY 2024	10.9%	3.5%	-3.2%	24.2%	10.0%

\$ in millions

The Assembly adopted a budget with total expenditures of \$14,336.4 million, which is \$120.3 million more than the Governor recommended. The adopted budget contains \$5,809.4 million from general revenues, which is \$66.3 million more than the Governor recommended.

In October, the Budget Office estimated a nearly \$400 million gap between revenues and current service expenditures for FY 2026. House Fiscal Staff's June 2024 estimates of the FY 2026 budget gap were only about \$260 million. Most of the difference from the subsequent Budget Office estimate was due to expenditure assumptions, primarily for recently settled employee contracts that included pay raises in both FY 2025 and FY 2026. There were also differences in some assumptions regarding human services and education aid.

The November consensus estimate shows a \$67.5 million revenue increase, and the caseload estimate lowered general revenue expenses by \$23.3 million. Draft audit data for FY 2024 showed a \$47.3 million additional free surplus, up from the \$12.8 million in the preliminary data from September. However, most of that would be considered non-recurring. These items combine to produce about \$138 million more resources for FY 2025 than when the budget was adopted.

The Governor's revised budget makes other revisions to spending and revenue assumptions based on updated information or policy choices that further increase available resources in FY 2025. The revised budget, as recommended, assumes \$187.3 million to be available for use in FY 2026. The Governor's FY 2026 budget uses those one-time surplus general revenues to fund ongoing operating expenses.

His budget follows the traditional Rhode Island budgeting practice of assuming passage of legislation submitted with the budget and approval by requisite federal agencies of changes under their purview. Should any of that legislation not pass; the budget will be significantly unbalanced.

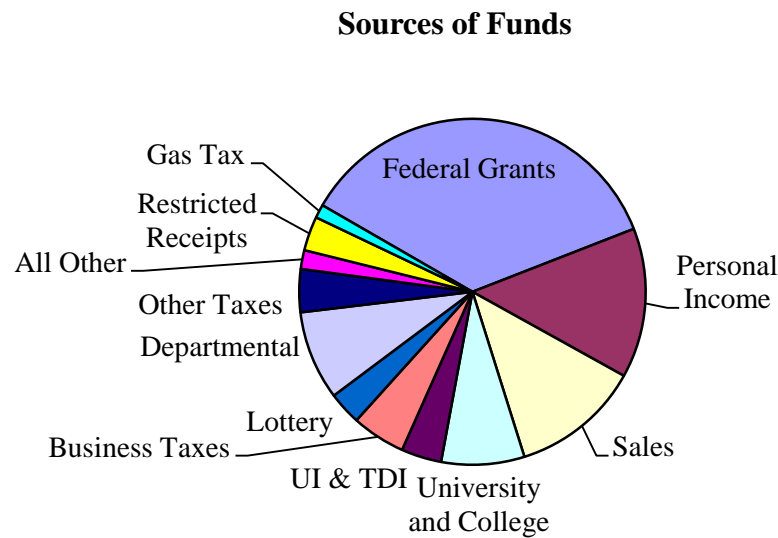
Additionally, the Governor's budget recommendation is based on federal laws, grants, and spending commitments in place prior to the change in the Presidential administration. As is the general practice, it does not attempt to account for any future congressional action or the impact of any executive policy changes. In the months that followed, it became clear that federal action presented a significant unknown

for the state budget, which relies heavily on funding from federal programs and is closely tied to federal tax policy.

The May revenue conference noted a combined revenue increase of \$80.2 million compared to November. The concurrent caseload conference reflected some changes in expenditures in both years as well. These changes, in concert with items already included in the Governor's budget, meant there would be about \$65 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 labor contract agreements that substantially exceeded amounts budgeted. Also, some savings proposals appeared to be unachievable.

The Assembly accounted for these items and made increased investments in primary care, nursing homes, and hospitals, some of which are funded from new revenue sources. It also restored some local aid reductions and made other targeted revenue increases to support transportation, housing, and homelessness, as well as to increase revenues for municipalities. The Assembly also required a formal process for the administration to review and report on impacts to the state budget once pending federal action on taxes, Medicaid and other grants takes place. This includes having options for addressing those impacts.

The revenue sources for the budget are shown in the following chart. 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 2026 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	\$ 5,108.5	35.7%	\$ -	0.0%
Personal Income	2,000.9	14.0%	2,000.9	34.7%
Sales	1,726.6	12.1%	1,726.6	29.9%
University and College	1,108.5	7.8%	-	0.0%
UI & TDI	536.9	3.8%	-	0.0%
Business Taxes	716.6	5.0%	716.6	12.4%
Lottery	441.0	3.1%	441.0	7.6%
Departmental	574.3	4.0%	574.3	10.0%
Other Taxes	251.1	1.8%	251.1	4.4%
All Other	1,191.9	8.3%	56.1	1.0%
Restricted Receipts	458.5	3.2%	-	0.0%
Gas Tax	178.7	1.3%	-	0.0%
Total	\$ 14,293.6	100%	\$ 5,766.6	100%

- *Federal funds* continue to be the single largest source, accounting for 35.7 percent of all revenues in FY 2026. Expenditures from federal sources of \$5,108.5 million are \$41.9 million more than enacted for FY 2025, a 0.8 percent increase, and are from over 300 different federal programs.

Medicaid is the single largest source of federal funds. The budget includes \$3,001.2 million from Medicaid, 58.7 percent of all federal funds, and 21.0 percent of all revenues. Other significant federal support includes \$378.9 million for the Supplemental Nutrition Assistance Program and \$357.1 million of federal highway funds. These three programs account for over 73 percent of all federal funds; the top ten, which include temporary assistance to needy families and grants to local school districts, account for 82.6 percent.

- *Sales and Personal Income taxes* combine for 26.1 percent of all revenues in FY 2026 and 64.6 percent of all general revenues. Combined with federal funds, they total 61.8 percent.
- *Personal Income taxes* of \$2,000.9 million are the second largest of all revenue sources and the largest source of general revenues. The FY 2026 estimate is \$135.4 million more than the FY 2025 enacted budget estimates, or 7.3 percent.
- *Sales tax* revenues of \$1,726.6 million are the second largest of general revenue sources. That amount is \$24.6 million more than enacted for FY 2025, or 1.4 percent.
- *University and College Funds* are \$1,108.5 million and 7.8 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 \$76.6 million or 7.4 percent from the FY 2025 enacted estimates.
- *Employment Security and Temporary Disability Insurance* payments are estimated at \$536.9 million, \$35.1 million more than the levels estimated for the FY 2025 enacted budget, based on current estimates from the Department of Labor and Training.
- *Business taxes* of \$716.6 million account for 5.0 percent of total revenues and 12.4 percent of general revenues for FY 2026. They would increase \$18.1 million or 2.6 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 *Lottery* is expected to contribute \$441.0 million, which is 3.1 percent of all revenues and 7.6 percent of general revenues.

- *Departmental Revenues* of \$574.3 million include \$232.5 million from the hospital licensing fee. Departmental revenues would be 4.0 percent of all revenues and 10.0 percent of general revenues.
- *Other taxes* include cigarettes, alcohol, inheritance, realty transfer, and racing and athletics. These total \$251.1 million in the FY 2026 budget, comprising 1.8 percent of all sources but 4.4 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, will go up to 40.5 cents pursuant to the statutory inflation adjustment and an additional 2-cent increase adopted with the FY 2026 budget. It is estimated to produce \$4.4 million from each cent in FY 2026 for a total of \$178.7 million.
- The remaining sources, estimated at \$1,650.5 million, constitute 11.5 percent of all FY 2026 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, \$5,766.6 million, are considered general revenues, which represent 40.3 percent of all sources. General revenues 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 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 on current law at the time of the conferences.

Available general revenues also include a balance forward from FY 2025 of \$230.2 million minus a transfer of \$179.9 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 fund, where they may be used solely to fund capital projects. The voters approved a constitutional amendment in 2006 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 2026 Expenditures

Enacted expenditures of \$14,336.4 million are \$373.2 million, or 2.7 percent more than enacted for FY 2025. 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 have 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 was 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 were reclassified to the grants and benefits category. Figures for FY 2025 and FY 2026 are now comparable.

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 \$6,476.6 million are 45.2 percent of all expenditures and 38.8 percent of those funded from general revenues. These expenditures are \$210.7 million more than enacted for FY 2025 by the 2024 Assembly. Those funded from general revenues are \$82.9 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 49.2 percent of total expenses, or \$1,780.3 million of the \$3,616.8 million. Education aid is discussed in detail in *Section VI* of this volume, *Special Reports: Education Aid*. Education expenditures comprise 25.2 percent of all expenditures, but 34.3 percent of general revenue funded ones. They increase by \$133.5 million from the enacted FY 2025 budget; those funded from general revenues increase by \$83.3 million.
- The budget includes \$879.5 million for *Public Safety* expenditures, \$9.1 million less than the enacted budget. They comprise 6.1 percent of all expenditures and 11.3 percent of those funded from general revenues.
- *Natural Resources* programs would spend \$179.3 million, which is \$29.4 million more than enacted for FY 2025. They are 1.3 percent of total expenditures and 1.1 percent of those from general revenues.
- *Transportation* programs account for 6.2 percent of expenditures and include the state's highway and transit programs. Funding of \$882.8 million, none from general revenues, is \$6.8 million less than enacted for FY 2025.
- The remaining 16.1 percent of expenditures, \$2,301.5 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 that for higher education and the transportation Grant Anticipation Revenue Vehicle bonds. General Government expenditures are \$15.5 million or 0.7 percent more than the enacted budget.

Expenditures by Category

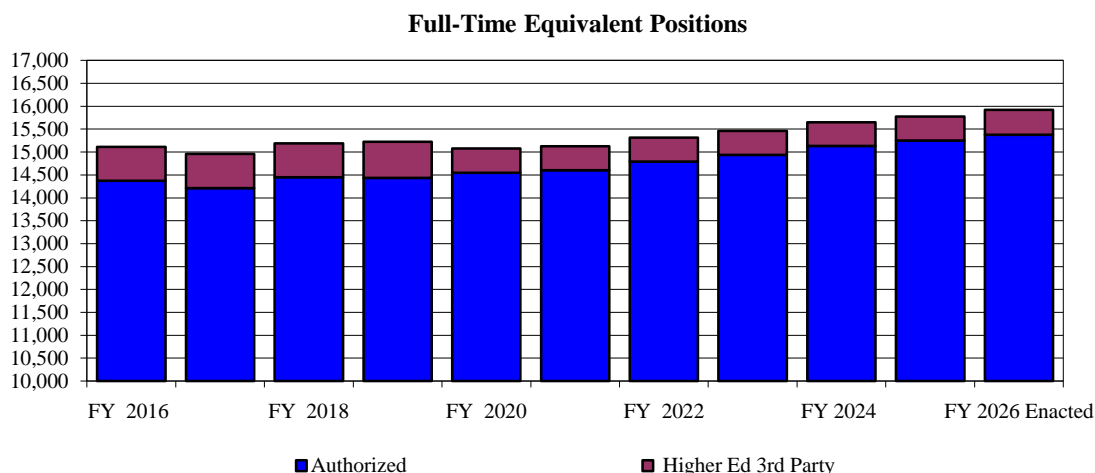
Expenditures are also aggregated and presented by accounting categories that designate what is purchased as opposed to the purpose of expenditures. The categories include: state operations; local aid; assistance, grants and benefits; capital; and operating transfers.

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 \$2,259.3 million for total *salaries and benefits* for 15,921.8 full-time equivalent positions and *contracted services* expenditures of \$525.8 million. Salary and benefit expenditures include adjustments consistent with the Governor's recent labor agreements and are \$152.5 million more than the enacted budget, equating to a 7.2 percent increase. Contracted services expenditures would decrease by \$94.2 million. Salaries and benefits account for 15.8 percent of total expenditures and 21.3 percent of those funded from general revenues. Expenditures for contracted services account for 3.7 percent of the total budget and 2.1 percent of those funded from general revenues.

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 \$1,228.6 million for *other state operations*, constituting 8.6 percent of FY 2026 expenditures from all sources and 4.3 percent of those funded with general revenues. This is \$30.3 million more than enacted, \$7.0 million less from general revenues. The budget does include some placeholder reductions budgeted as operating expenses that may cause this category to be understated.

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 \$2,133.7 million for *aid to local units of government* that includes

\$1,780.3 million in education aid and \$353.4 million in general state aid. These expenditures comprise 14.9 percent of all expenditures. However, they comprise 33.0 percent of general revenue funded ones.

Local aid expenditures from general revenues of \$1,919.1 million consist of \$1,571.2 million in education aid and \$347.9 million in general state aid. General revenue funded education aid increases by \$76.7 million; general aid is \$6.8 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. The following table shows the major grants in human services.

EOHHS-Human Services Grants	All Funds				General Revenues			
	FY 2024 Actual	FY 2025 Final	FY 2026 Enacted	Change	FY 2024 Actual	FY 2025 Final	FY 2026 Enacted	Change
<i>EOHHS/Human Services</i>								
Managed Care	\$1,007.4	\$1,037.6	\$1,117.5	\$ 79.9	\$ 425.4	\$ 444.3	\$ 464.3	\$ 19.9
Long Term Care	519.3	673.6	771.1	97.5	230.4	296.5	330.0	33.5
Hospitals	368.9	374.5	422.1	47.6	129.5	124.7	136.2	11.5
Rhody Health Partners	292.9	311.4	341.2	29.8	128.7	133.7	140.7	7.0
Rhody Health Options	176.8	212.4	220.4	8.0	77.7	94.4	94.3	(0.1)
Expansion	702.8	705.1	730.8	25.7	76.4	76.2	78.7	2.6
Other	159.3	207.7	233.8	26.1	59.1	76.3	82.1	5.8
Pharmacy	93.7	94.9	104.2	9.3	93.0	93.7	100.1	6.4
Health System Transformation Project	21.6	9.1	3.5	(5.6)	-	-	-	-
Subtotal: Medical Assistance	\$3,342.7	\$3,626.3	\$3,944.6	\$318.2	\$1,220.2	\$1,339.8	\$1,426.4	\$ 86.6
Child Care	\$ 61.7	\$ 70.1	\$ 81.5	\$ 11.5	\$ 10.2	\$ 10.1	\$ 9.9	\$ (0.2)
Rhode Island Works Program	25.5	34.7	37.6	2.9	-	-	-	-
SSI State Program	16.6	16.7	16.7	0.0	16.6	16.7	16.7	0.0
SSI/Bridge Program	1.5	1.9	2.2	0.3	1.5	1.9	2.2	0.3
Subtotal: Cash Assistance	\$ 105.4	\$ 123.3	\$ 138.0	\$ 14.7	\$ 28.3	\$ 28.7	\$ 28.8	\$ 0.1
Supplemental Nutrition Assistance	\$ 356.2	\$ 363.3	\$ 384.8	\$ 21.4	\$ -	\$ 0.0	\$ 1.9	\$ 1.8
LIHEAP, Water, & Weatherization	34.2	34.5	31.0	(3.5)	-	-	-	-
Veterans' Organizations	0.3	0.4	0.4	-	0.3	0.4	0.4	-
Community/Social Services Block Grants	10.0	10.7	11.1	0.4	5.4	6.3	6.7	0.4
Subtotal: Other Assistance	\$ 400.7	\$ 408.9	\$ 427.2	\$ 18.3	\$ 5.8	\$ 6.7	\$ 8.9	\$ 2.2
<i>DHS/Office of Healthy Aging</i>								
Medical Assistance	\$ 5.3	\$ 7.7	\$ 11.7	\$ 4.1	\$ 2.4	\$ 3.4	\$ 5.0	\$ 1.6
COVID Relief Programs	2.8	1.4	0.2	(1.2)	-	-	-	-
Senior Services Support/Other Programs	2.3	2.5	2.6	0.1	2.3	2.5	2.6	0.1
Other Grants	8.6	11.7	9.2	(2.4)	0.8	1.6	0.6	(1.0)
<i>Behavioral Healthcare, Developmental Disabilities and Hospitals</i>								
Developmental Disabilities	\$ 436.4	\$ 466.6	\$ 476.3	\$ 9.7	\$ 195.9	\$ 207.2	\$ 205.9	\$ (1.4)
Behavioral Healthcare Services	20.4	18.6	21.5	2.9	0.9	0.0	0.0	-
COVID Relief Programs	9.7	6.5	2.7	(3.8)	-	-	-	-
<i>Children, Youth and Families</i>								
Child Welfare	\$ 173.5	\$ 217.6	\$ 221.3	\$ 3.7	\$ 120.8	\$ 153.1	\$ 153.0	\$ (0.1)
Children's Behavioral Health	11.5	18.4	13.1	(5.2)	5.3	5.0	5.1	0.1
Youth Development Services	1.9	0.9	0.2	(0.7)	1.9	0.6	0.0	(0.6)
Higher Ed. Incentive Grants	0.1	0.2	0.2	-	0.1	0.2	0.2	-
<i>Health</i>								
Women, Infants and Children	\$ 21.6	\$ 23.3	\$ 23.3	\$ -	\$ -	\$ -	\$ -	\$ -
Maternal Infant & Early Childhood	3.5	6.1	2.3	(3.8)	-	-	-	-
COVID Relief Programs	10.4	17.0	0.3	(16.7)	-	-	-	-
Other Grants	17.8	28.3	25.8	(2.5)	1.0	3.5	1.6	(1.9)

\$ in millions

Assistance, grants, and benefits are \$6,772.3 million and constitute the largest category, 47.2 percent of all expenditures and 34.8 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 \$379.1 million more than the FY 2025 enacted budget considering all sources. Those expenses from general revenues are \$68.8 million more.

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 \$882.3 million, or 6.2 percent of all expenditures; debt service of \$284.8 million is 2.0 percent. Capital expenditures would be \$132.1 million less than enacted for FY 2025 and debt service is \$13.2 million more. 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 \$249.6 million and constitute 1.7 percent of the total budget. The general revenue portion is \$30.6 million, 0.5 percent of general revenue funded expenditures.

General Revenue Surplus Statement

The Governor recommended an ending FY 2026 surplus of \$0.8 million, and an operating deficit of \$186.6 million reflecting use of the FY 2025 surplus. The Governor submitted his budget prior to the final release of audited financial statements for FY 2024; his budget uses draft audit data which shows a \$34.6 million increase to the preliminary free surplus. The Assembly adopted a FY 2026 budget that results in an ending surplus of \$1.0 million and an operating deficit of \$222.7 million reflecting use of the FY 2025 surplus.

	FY 2024	FY 2025	FY 2026
Opening Surplus			
Free Surplus	\$ 412,262,973	\$ 326,355,037	\$ 230,213,058
Reappropriated Surplus	45,152,130	34,569,423	-
Adjustment to Opening Surplus	6,530,494	-	-
Adjustment to Fund Balance	23,811,475	-	-
Subtotal	\$ 487,757,072	\$ 360,924,460	\$ 230,213,058
Revenues			
Actual/Enacted/Estimated	\$ 5,418,703,841	\$ 5,489,117,361	\$ 5,467,100,000
Governor	-	78,082,639	266,984,512
Assembly	-	57,075,831	32,498,582
Revenues	\$ 5,418,703,841	\$ 5,624,275,831	\$ 5,766,583,094
Cash Stabilization Fund	(175,124,919)	(178,518,926)	(179,903,885)
Total Available Resources	\$ 5,731,335,994	\$ 5,806,681,365	\$ 5,816,892,267
Expenditures			
Actual/Enacted/Estimated	\$ 5,236,111,578	\$ 5,594,861,257	\$ 5,743,054,676
Reappropriations	-	34,569,423	-
Governor	-	(18,760,160)	-
Assembly	-	(13,072,447)	66,308,445
Total Expenditures	\$ 5,236,111,578	\$ 5,597,598,073	\$ 5,809,363,121
Total Surplus	\$ 495,224,416	\$ 209,083,292	\$ 7,529,146
Transfers	(91,000,000)	42,779,744	(6,500,000)
Excess Revenue to SRDF/Retirement	(43,299,956)	(21,649,978)	-
Reappropriations	(34,569,423)	-	-
Free Surplus	\$ 326,355,037	\$ 230,213,058	\$ 1,029,146
<i>Operating Surplus/(Deficit)</i>	<i>52,619,474</i>	<i>(117,271,745)</i>	<i>(222,683,912)</i>
Budget Stabilization and Cash Reserve	\$ 291,548,341	\$ 297,531,543	\$ 299,839,808
Percent of Revenues	5.4%	5.3%	5.2%

The Budget Reserve and Cash Stabilization Account, the “rainy day fund,” would have ending balances of \$291.5 million in FY 2024, \$297.5 million in FY 2025 and \$299.8 million in FY 2026. 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, which is \$21.6 million. The Assembly concurred with the Governor’s proposed repeal of that excess transfer provision for one year and recapturing those funds in FY 2025. It did not concur with his proposal to do the same for the portion that goes to the retirement fund.

Out-Year Forecasts

The out-years continue to be unbalanced. The forecast included with the Governor’s budget estimates a \$301.7 million gap for FY 2027, growing to nearly \$400 million or 6.4 percent of useable revenues by FY 2030. The FY 2027 gap includes the impact of using the surplus funds in FY 2026 as well as updated

economic growth projections. The forecast also assumes the impact of new proposals including curtailing local aid growth and new revenue proposals.

The Governor's budget details the many issues and risks to the forecast presented. As with the budget and consistent with past practice, no attempt is made to quantify potential changes to federal resources that may be implemented under the new presidential administration and congressional leadership.

The Fiscal Staff estimates the FY 2027 budget gap at \$304.3 million which is similar to the Governor's forecast and also does not attempt to price potential federal impacts. Later years have larger gaps with one of the major differences from the Governor being the growth in local aid. The Assembly capped growth in car tax reimbursements to communities, but declined to end it, as the Governor proposed.

	FY 2027	FY 2028	FY 2029	FY 2030
Opening Surplus	\$ 1.0	\$ -	\$ -	\$ -
Revenues	5,959.9	6,106.6	6,247.6	6,437.0
Cash Stabilization Fund	(178.8)	(183.2)	(187.4)	(193.1)
Useable Revenues	\$5,782.1	\$5,923.4	\$6,060.1	\$6,243.9
Expenditures	6,086.4	6,278.7	6,492.7	6,706.0
Total Surplus	\$ (304.3)	\$ (355.3)	\$ (432.5)	\$ (462.1)
Revenue Growth	3.9%	2.5%	2.3%	3.0%
Useable Revenue Growth	0.7%	2.4%	2.3%	3.0%
Expenditure Growth	6.0%	3.2%	3.4%	3.3%
Surplus Percent of Useable Revenues	-5.3%	-6.0%	-7.1%	-7.4%

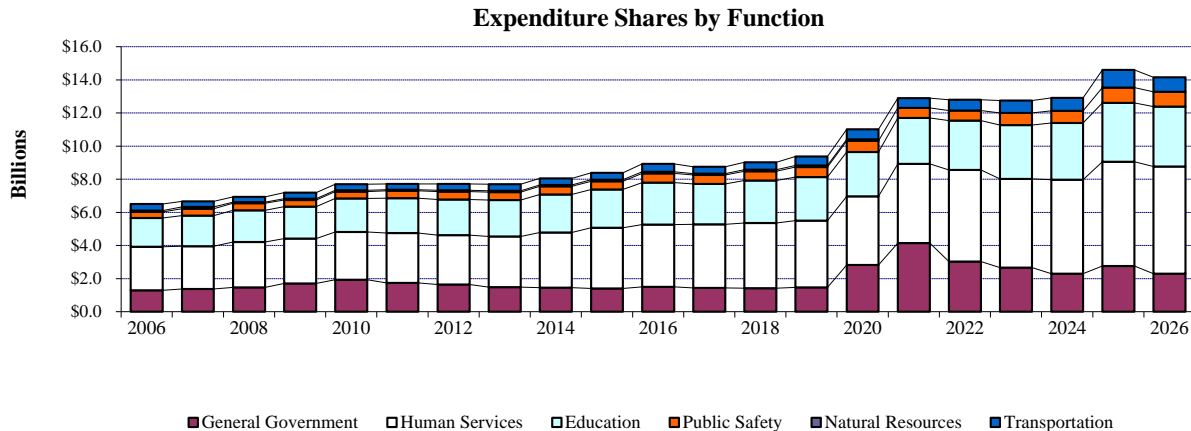
\$ in millions

One-time resources are used for the FY 2026 budget and are the primary reason again for the FY 2027 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 2027 through FY 2030 and the FY 2026 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.

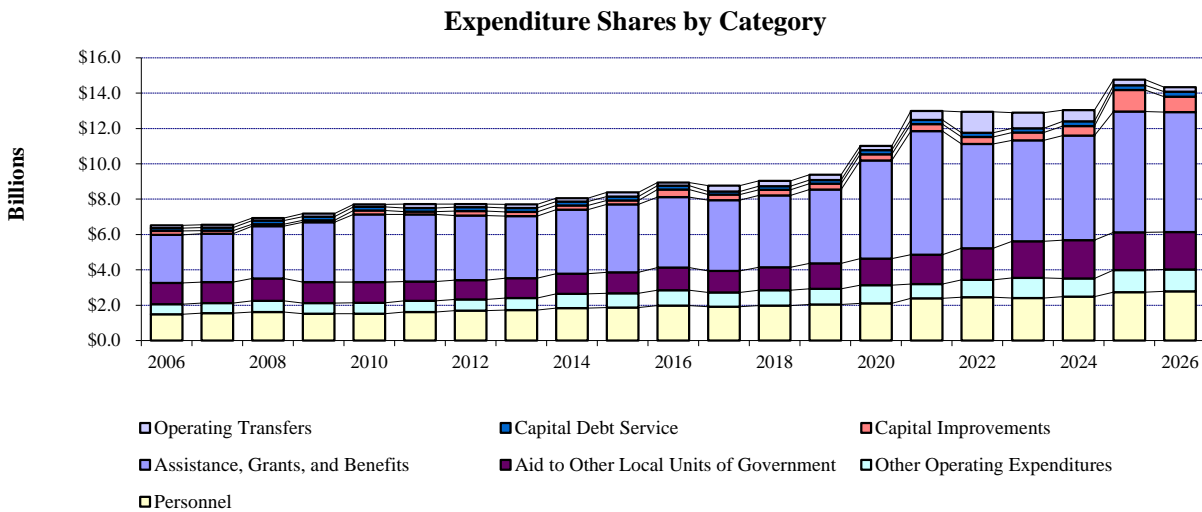
Education includes programs of elementary and secondary education, public higher education, arts, and historical preservation and heritage.

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.



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

FY 2024 Reported	General Government	Human Services	Education	Public Safety	Natural Resources	Trans- portation	Total
Salaries & Benefits	\$ 251.1 1.9%	\$ 373.2 2.9%	\$ 658.9 5.1%	\$ 500.1 3.8%	\$ 63.1 0.5%	\$ 80.1 0.6%	\$ 1,926.4 14.8%
Contracted Services	55.1 0.4%	269.9 2.1%	123.8 1.0%	25.8 0.2%	9.6 0.1%	68.4 0.5%	552.6 4.2%
Other State Operations	468.5 3.6%	181.0 1.4%	269.9 2.1%	107.1 0.8%	21.2 0.2%	(13.9) -0.1%	1,033.8 7.9%
Aid to Local Units of Government	310.5 2.4%	0.2 0.0%	1,857.3 14.3%	0.1 0.0%	0.0 0.0%	- 0.0%	2,168.2 16.6%
Assistance, Grants, & Benefits	617.8 4.7%	4,825.0 37.0%	388.1 3.0%	62.8 0.5%	8.5 0.1%	19.0 0.1%	5,921.3 45.4%
Capital	37.5 0.3%	36.0 0.3%	69.8 0.5%	30.9 0.2%	16.3 0.1%	338.0 2.6%	528.5 4.1%
Debt Service	198.9 1.5%	- 0.0%	69.9 0.5%	2.0 0.0%	- 0.0%	- 0.0%	270.7 2.1%
Operating Transfers	355.3 2.7%	3.3 0.0%	(12.7) -0.1%	0.4 0.0%	0.0 0.0%	281.3 2.2%	627.7 4.8%
Total	\$ 2,294.6 17.6%	\$ 5,688.7 43.7%	\$ 3,425.0 26.3%	\$ 729.1 5.6%	\$ 118.8 0.9%	\$ 773.0 5.9%	\$ 13,029.2 100.0%

FY 2025 Enacted	General Government	Human Services	Education	Public Safety	Natural Resources	Trans- portation	Total
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%
Total	\$ 2,286.0 16.4%	\$ 6,265.9 44.9%	\$ 3,483.3 24.9%	\$ 888.6 6.4%	\$ 149.9 1.1%	\$ 889.6 6.4%	\$ 13,963.2 100.0%

Expenditures from All Funds

FY 2026 Recommended	General Government	Human Services	Education	Public Safety	Natural Resources	Trans- portation	Total
Salaries & Benefits	\$ 332.4 2.3%	\$ 433.7 3.1%	\$ 732.3 5.2%	\$ 550.1 3.9%	\$ 73.7 0.5%	\$ 118.3 0.8%	\$ 2,240.6 15.8%
Contracted Services	58.6 0.4%	271.5 1.9%	119.9 0.8%	31.4 0.2%	16.3 0.1%	71.5 0.5%	569.3 4.0%
Other State Operations	505.2 3.6%	211.9 1.5%	303.9 2.1%	118.1 0.8%	23.2 0.2%	62.6 0.4%	1,225.0 8.6%
Aid to Local Units of Government	343.9 2.4%	- 0.0%	1,764.2 12.4%	- 0.0%	- 0.0%	- 0.0%	2,108.1 14.8%
Assistance, Grants, & Benefits	688.7 4.8%	5,471.9 38.5%	427.3 3.0%	57.0 0.4%	12.4 0.1%	22.1 0.2%	6,679.4 47.0%
Capital	137.2 1.0%	38.7 0.3%	163.5 1.1%	67.4 0.5%	44.5 0.3%	416.6 2.9%	867.9 6.1%
Debt Service	211.9 1.5%	- 0.0%	72.5 0.5%	- 0.0%	- 0.0%	0.3 0.0%	284.8 2.0%
Operating Transfers	77.0 0.5%	3.4 0.0%	1.1 0.0%	- 0.0%	- 0.0%	159.7 1.1%	241.1 1.7%
Total	\$ 2,354.9 16.6%	\$ 6,431.2 45.2%	\$ 3,584.7 25.2%	\$ 824.0 5.8%	\$ 170.1 1.2%	\$ 851.2 6.0%	\$ 14,216.1 100.0%

FY 2026 Recommended Change to Enacted	General Government	Human Services	Education	Public Safety	Natural Resources	Trans- portation	Total
Salaries & Benefits	\$ 21.2 8.4%	\$ 44.2 17.5%	\$ 32.1 12.7%	\$ 23.1 9.2%	\$ 5.4 2.1%	\$ 7.5 3.0%	\$ 133.5 52.8%
Contracted Services	1.9 0.8%	(44.4) -17.6%	(11.7) -4.6%	0.5 0.2%	2.1 0.8%	0.8 0.3%	(50.8) -20.1%
Other State Operations	17.8 7.0%	(36.7) -14.5%	29.3 11.6%	(8.6) -3.4%	1.8 0.7%	23.1 9.1%	26.7 10.6%
Aid to Local Units of Government	(2.8) -1.1%	- 0.0%	8.2 3.2%	- 0.0%	- 0.0%	- 0.0%	5.4 2.1%
Assistance, Grants, & Benefits	32.1 12.7%	241.6 95.6%	25.1 9.9%	(10.7) -4.2%	2.3 0.9%	(4.1) -1.6%	286.3 113.2%
Capital	(9.0) -3.6%	(39.4) -15.6%	19.1 7.5%	(68.9) -27.3%	8.6 3.4%	(56.8) -22.4%	(146.5) -58.0%
Debt Service	13.7 5.4%	- 0.0%	(0.5) -0.2%	- 0.0%	- 0.0%	- 0.0%	13.2 5.2%
Operating Transfers	(6.0) -2.4%	(0.0) 0.0%	(0.1) 0.0%	- 0.0%	- 0.0%	(8.8) -3.5%	(14.9) -5.9%
Total	\$ 68.9 27.2%	\$ 165.3 65.4%	\$ 101.4 40.1%	\$ (64.5) -25.5%	\$ 20.2 8.0%	\$ (38.4) -15.2%	\$ 252.8 100.0%

Expenditures from All Funds

FY 2026 Enacted	General Government	Human Services	Education	Public Safety	Natural Resources	Trans- portation	Total
Salaries & Benefits	\$ 314.7 2.2%	\$ 433.5 3.0%	\$ 734.2 5.1%	\$ 584.8 4.1%	\$ 73.7 0.5%	\$ 118.3 0.8%	\$ 2,259.3 15.8%
Contracted Services	58.7 0.4%	229.1 1.6%	118.7 0.8%	31.4 0.2%	16.3 0.1%	71.5 0.5%	525.8 3.7%
Other State Operations	508.5 3.5%	212.2 1.5%	303.1 2.1%	118.1 0.8%	23.2 0.2%	63.4 0.4%	1,228.6 8.6%
Aid to Local Units of Government	353.4 2.5%	- 0.0%	1,780.3 12.4%	- 0.0%	- 0.0%	- 0.0%	2,133.7 14.9%
Assistance, Grants, & Benefits	690.6 4.8%	5,563.6 38.8%	426.3 3.0%	57.0 0.4%	12.6 0.1%	22.1 0.2%	6,772.3 47.2%
Capital	88.9 0.6%	34.7 0.2%	180.5 1.3%	88.2 0.6%	53.5 0.4%	436.6 3.0%	882.3 6.2%
Debt Service	211.9 1.5%	- 0.0%	72.5 0.5%	- 0.0%	- 0.0%	0.3 0.0%	284.8 2.0%
Operating Transfers	74.7 0.5%	3.4 0.0%	1.1 0.0%	- 0.0%	- 0.0%	170.5 1.2%	249.6 1.7%
Total	\$ 2,301.5 16.1%	\$ 6,476.6 45.2%	\$ 3,616.8 25.2%	\$ 879.5 6.1%	\$ 179.3 1.3%	\$ 882.8 6.2%	\$ 14,336.4 100.0%

FY 2026 Change to Enacted	General Government	Human Services	Education	Public Safety	Natural Resources	Trans- portation	Total
Salaries & Benefits	\$ 3.4 0.9%	\$ 44.0 11.8%	\$ 34.0 9.1%	\$ 57.9 15.5%	\$ 5.4 1.5%	\$ 7.5 2.0%	\$ 152.2 40.8%
Contracted Services	2.1 0.6%	(86.8) -23.3%	(12.9) -3.5%	0.5 0.1%	2.1 0.6%	0.8 0.2%	(94.2) -25.2%
Other State Operations	21.1 5.7%	(36.4) -9.8%	28.5 7.6%	(8.6) -2.3%	1.8 0.5%	23.9 6.4%	30.3 8.1%
Aid to Local Units of Government	6.8 1.8%	- 0.0%	24.3 6.5%	- 0.0%	- 0.0%	- 0.0%	31.1 8.3%
Assistance, Grants, & Benefits	34.0 9.1%	333.4 89.4%	24.0 6.4%	(10.7) -2.9%	2.5 0.7%	(4.1) -1.1%	379.1 101.6%
Capital	(57.3) -15.4%	(43.4) -11.6%	36.1 9.7%	(48.2) -12.9%	17.6 4.7%	(36.8) -9.8%	(132.1) -35.4%
Debt Service	13.7 3.7%	- 0.0%	(0.5) -0.1%	- 0.0%	- 0.0%	- 0.0%	13.2 3.5%
Operating Transfers	(8.3) -2.2%	(0.0) 0.0%	(0.1) 0.0%	- 0.0%	- 0.0%	2.0 0.5%	(6.4) -1.7%
Total	\$ 15.5 4.1%	\$ 210.7 56.5%	\$ 133.5 35.8%	\$ (9.1) -2.4%	\$ 29.4 7.9%	\$ (6.8) -1.8%	\$ 373.2 100.0%

Expenditures from All Funds

FY 2026 Change to Governor	General Government	Human Services	Education	Public Safety	Natural Resources	Trans- portation	Total
Salaries & Benefits	\$ (17.7) -14.7%	\$ (0.3) -0.2%	\$ 2.0 1.6%	\$ 34.8 28.9%	\$ - 0.0%	\$ - 0.0%	\$ 18.8 15.6%
Contracted Services	0.2 0.1%	(42.4) -35.3%	(1.2) -1.0%	- 0.0%	- 0.0%	- 0.0%	(43.4) -36.1%
Other State Operations	3.3 2.8%	0.3 0.3%	(0.8) -0.7%	(0.0) 0.0%	- 0.0%	0.8 0.7%	3.6 3.0%
Aid to Local Units of Government	9.6 7.9%	- 0.0%	16.1 13.4%	- 0.0%	- 0.0%	- 0.0%	25.7 21.3%
Assistance, Grants, & Benefits	1.9 1.6%	91.8 76.3%	(1.0) -0.9%	- 0.0%	0.2 0.2%	- 0.0%	92.8 77.2%
Capital	(48.3) -40.1%	(4.0) -3.3%	17.0 14.1%	20.7 17.2%	9.0 7.5%	20.0 16.6%	14.4 12.0%
Debt Service	- 0.0%	- 0.0%	- 0.0%	- 0.0%	- 0.0%	- 0.0%	- 0.0%
Operating Transfers	(2.3) -1.9%	- 0.0%	- 0.0%	- 0.0%	- 0.0%	10.8 9.0%	8.5 7.0%
Total	\$ (53.4) -44.4%	\$ 45.4 37.7%	\$ 32.0 26.6%	\$ 55.5 46.1%	\$ 9.2 7.6%	\$ 31.6 26.3%	\$ 120.3 100.0%

FY 2026 Change to FY 2024	General Government	Human Services	Education	Public Safety	Natural Resources	Trans- portation	Total
Salaries & Benefits	\$ 63.6 4.9%	\$ 60.3 4.6%	\$ 75.3 5.8%	\$ 84.8 6.5%	\$ 10.6 0.8%	\$ 38.2 2.9%	\$ 332.9 25.5%
Contracted Services	3.7 0.3%	(40.7) -3.1%	(5.1) -0.4%	5.6 0.4%	6.7 0.5%	3.1 0.2%	(26.7) -2.0%
Other State Operations	40.0 3.1%	31.2 2.4%	33.2 2.5%	11.0 0.8%	2.0 0.2%	77.3 5.9%	194.7 14.9%
Aid to Local Units of Government	42.9 3.3%	(0.2) 0.0%	(77.0) -5.9%	(0.1) 0.0%	(0.0) 0.0%	- 0.0%	(34.5) -2.6%
Assistance, Grants, & Benefits	72.8 5.6%	738.6 56.5%	37.5 2.9%	(5.8) -0.4%	4.0 0.3%	3.1 0.2%	850.2 65.1%
Capital	51.4 3.9%	(1.3) -0.1%	110.7 8.5%	57.2 4.4%	37.1 2.8%	98.6 7.5%	353.8 27.1%
Debt Service	13.0 1.0%	- 0.0%	2.7 0.2%	(2.0) -0.2%	- 0.0%	0.3 0.0%	14.0 1.1%
Operating Transfers	(280.6) -21.5%	0.0 0.0%	13.7 1.1%	(0.4) 0.0%	(0.0) 0.0%	(110.8) -8.5%	(378.1) -28.9%
Total	\$ 6.8 0.5%	\$ 787.9 60.3%	\$ 190.9 14.6%	\$ 150.4 11.5%	\$ 60.5 4.6%	\$ 109.8 8.4%	\$ 1,306.4 100.0%

Expenditures from General Revenues

FY 2024 Reported	General Government	Human Services	Education	Public Safety	Natural Resources	Trans- portation	Total
Salaries & Benefits	\$ 157.4 3.0%	\$ 204.2 3.9%	\$ 206.3 3.9%	\$ 437.1 8.3%	\$ 40.9 0.8%	\$ - 0.0%	\$ 1,046.0 20.0%
Contracted Services	17.1 0.3%	65.0 1.2%	19.8 0.4%	19.4 0.4%	1.7 0.0%	- 0.0%	123.0 2.3%
Other State Operations	51.4 1.0%	51.9 1.0%	46.4 0.9%	81.6 1.6%	13.0 0.2%	- 0.0%	244.3 4.7%
Aid to Local Units of Government	309.6 5.9%	- 0.0%	1,422.7 27.2%	- 0.0%	- 0.0%	- 0.0%	1,732.3 33.1%
Assistance, Grants, & Benefits	15.3 0.3%	1,643.0 31.4%	69.2 1.3%	15.4 0.3%	1.7 0.0%	- 0.0%	1,744.5 33.3%
Capital	3.0 0.1%	1.6 0.0%	0.6 0.0%	6.5 0.1%	1.6 0.0%	- 0.0%	13.3 0.3%
Debt Service	163.6 3.1%	- 0.0%	43.0 0.8%	- 0.0%	- 0.0%	- 0.0%	206.7 3.9%
Operating Transfers	125.8 2.4%	- 0.0%	0.1 0.0%	- 0.0%	- 0.0%	- 0.0%	126.0 2.4%
Total	\$ 843.2 16.1%	\$ 1,965.8 37.5%	\$ 1,808.3 34.5%	\$ 560.1 10.7%	\$ 58.8 1.1%	\$ - 0.0%	\$ 5,236.1 100.0%

FY 2025 Enacted	General Government	Human Services	Education	Public Safety	Natural Resources	Trans- portation	Total
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%
Total	\$ 838.2 15.0%	\$ 2,171.5 38.8%	\$ 1,908.8 34.1%	\$ 615.5 11.0%	\$ 60.8 1.1%	\$ - 0.0%	\$ 5,594.9 100.0%

Expenditures from General Revenues

FY 2026 Recommended	General Government	Human Services	Education	Public Safety	Natural Resources	Trans- portation	Total
Salaries & Benefits	\$ 211.1 3.7%	\$ 233.3 4.1%	\$ 227.9 4.0%	\$ 499.5 8.7%	\$ 45.4 0.8%	\$ - 0.0%	\$ 1,217.1 21.2%
Contracted Services	17.5 0.3%	64.5 1.1%	23.4 0.4%	21.2 0.4%	1.6 0.0%	- 0.0%	128.2 2.2%
Other State Operations	50.4 0.9%	65.4 1.1%	34.3 0.6%	85.9 1.5%	13.1 0.2%	- 0.0%	249.1 4.3%
Aid to Local Units of Government	338.3 5.9%	- 0.0%	1,555.1 27.1%	- 0.0%	- 0.0%	- 0.0%	1,893.4 33.0%
Assistance, Grants, & Benefits	18.7 0.3%	1,865.0 32.5%	94.9 1.7%	15.3 0.3%	1.7 0.0%	- 0.0%	1,995.6 34.7%
Capital	2.8 0.0%	0.2 0.0%	0.5 0.0%	2.2 0.0%	0.3 0.0%	- 0.0%	6.1 0.1%
Debt Service	178.9 3.1%	- 0.0%	41.7 0.7%	- 0.0%	- 0.0%	- 0.0%	220.6 3.8%
Operating Transfers	32.9 0.6%	- 7.0%	- 0.0%	- 0.0%	- 0.0%	- 0.0%	32.9 0.6%
Total	\$ 850.7 14.8%	\$ 2,228.4 38.8%	\$ 1,977.8 34.4%	\$ 624.1 10.9%	\$ 62.1 1.1%	\$ - 0.0%	\$ 5,743.1 100.0%

FY 2026 Recommended Change to Enacted	General Government	Human Services	Education	Public Safety	Natural Resources	Trans- portation	Total
Salaries & Benefits	\$ 13.1 8.9%	\$ 22.1 14.9%	\$ 7.7 5.2%	\$ 18.4 12.4%	\$ 1.4 0.9%	\$ - 0.0%	\$ 62.7 42.3%
Contracted Services	(0.9) -0.6%	(5.6) -3.8%	(6.1) -4.1%	0.5 0.4%	0.3 0.2%	- 0.0%	(11.8) -8.0%
Other State Operations	(3.9) -2.6%	(8.9) -6.0%	3.0 2.0%	(0.0) 0.0%	0.5 0.3%	- 0.0%	(9.3) -6.3%
Aid to Local Units of Government	(2.8) -1.9%	- 0.0%	60.6 40.9%	- 0.0%	- 0.0%	- 0.0%	57.8 39.0%
Assistance, Grants, & Benefits	(2.7) -1.8%	49.4 33.3%	4.1 2.7%	(9.8) -6.6%	(1.0) -0.7%	- 0.0%	39.9 26.9%
Capital	0.4 0.3%	(0.2) -0.1%	0.1 0.1%	(0.5) -0.3%	0.1 0.1%	- 0.0%	0.1 0.0%
Debt Service	13.6 9.2%	- 0.0%	(0.3) -0.2%	- 0.0%	- 0.0%	- 0.0%	13.3 9.0%
Operating Transfers	(4.5) -3.1%	- 0.0%	(0.0) 0.0%	- 0.0%	- 0.0%	- 0.0%	(4.5) -3.1%
Total	\$ 12.4 8.4%	\$ 56.9 38.4%	\$ 69.0 46.6%	\$ 8.6 5.8%	\$ 1.2 0.8%	\$ - 0.0%	\$ 148.2 100.0%

Expenditures from General Revenues

FY 2026 Enacted	General Government	Human Services	Education	Public Safety	Natural Resources	Trans- portation	Total
Salaries & Benefits	\$ 195.2 3.4%	\$ 233.3 4.0%	\$ 229.1 3.9%	\$ 533.1 9.2%	\$ 45.4 0.8%	\$ - 0.0%	\$ 1,236.0 21.3%
Contracted Services	17.5 0.3%	59.1 1.0%	22.2 0.4%	21.2 0.4%	1.6 0.0%	- 0.0%	121.6 2.1%
Other State Operations	53.8 0.9%	65.0 1.1%	33.5 0.6%	85.9 1.5%	13.1 0.2%	- 0.0%	251.3 4.3%
Aid to Local Units of Government	347.9 6.0%	- 0.0%	1,571.2 27.0%	- 0.0%	- 0.0%	- 0.0%	1,919.1 33.0%
Assistance, Grants, & Benefits	16.6 0.3%	1,896.8 32.6%	93.9 1.6%	15.3 0.3%	1.9 0.0%	- 0.0%	2,024.5 34.8%
Capital	2.5 0.0%	0.2 0.0%	0.5 0.0%	2.2 0.0%	0.3 0.0%	- 0.0%	5.7 0.1%
Debt Service	178.9 3.1%	- 0.0%	41.7 0.7%	- 0.0%	- 0.0%	- 0.0%	220.6 3.8%
Operating Transfers	30.6 0.5%	- 0.0%	- 0.0%	- 0.0%	- 0.0%	- 0.0%	30.6 0.5%
Total	\$ 842.9 14.5%	\$ 2,254.4 38.8%	\$ 1,992.1 34.3%	\$ 657.7 11.3%	\$ 62.3 1.1%	\$ - 0.0%	\$ 5,809.4 100.0%

FY 2026 Change to Enacted	General Government	Human Services	Education	Public Safety	Natural Resources	Trans- portation	Total
Salaries & Benefits	\$ (2.8) -1.3%	\$ 22.1 10.3%	\$ 9.0 4.2%	\$ 52.0 24.3%	\$ 1.4 0.7%	\$ - 0.0%	\$ 81.7 38.1%
Contracted Services	(0.9) -0.4%	(11.0) -5.1%	(7.3) -3.4%	0.5 0.3%	0.3 0.1%	- 0.0%	(18.5) -8.6%
Other State Operations	(0.4) -0.2%	(9.2) -4.3%	2.2 1.0%	(0.0) 0.0%	0.5 0.2%	- 0.0%	(7.0) -3.3%
Aid to Local Units of Government	6.8 3.2%	- 0.0%	76.7 35.8%	- 0.0%	- 0.0%	- 0.0%	83.5 38.9%
Assistance, Grants, & Benefits	(4.8) -2.2%	81.2 37.8%	3.0 1.4%	(9.8) -4.6%	(0.8) -0.4%	- 0.0%	68.8 32.1%
Capital	0.1 0.0%	(0.2) -0.1%	0.1 0.1%	(0.5) -0.2%	0.1 0.1%	- 0.0%	(0.3) -0.1%
Debt Service	13.6 6.3%	- 0.0%	(0.3) -0.2%	- 0.0%	- 0.0%	- 0.0%	13.3 6.2%
Operating Transfers	(6.9) -3.2%	- 0.0%	(0.0) 0.0%	- 0.0%	- 0.0%	- 0.0%	(6.9) -3.2%
Total	\$ 4.7 2.2%	\$ 82.9 38.6%	\$ 83.3 38.8%	\$ 42.2 19.7%	\$ 1.4 0.7%	\$ - 0.0%	\$ 214.5 100.0%

Expenditures from General Revenues

FY 2026 Change to Governor	General Government	Human Services	Education	Public Safety	Natural Resources	Trans- portation	Total
Salaries & Benefits	\$ (16.0) -24.1%	\$ - 0.0%	\$ 1.2 1.9%	\$ 33.6 50.7%	\$ - 0.0%	\$ - 0.0%	\$ 18.9 28.5%
Contracted Services	(0.0) 0.0%	(5.4) -8.2%	(1.2) -1.8%	- 0.0%	- 0.0%	- 0.0%	(6.6) -10.0%
Other State Operations	3.5 5.2%	(0.4) -0.6%	(0.8) -1.2%	(0.0) -0.1%	- 0.0%	- 0.0%	2.2 3.4%
Aid to Local Units of Government	9.6 14.4%	- 0.0%	16.1 24.3%	- 0.0%	- 0.0%	- 0.0%	25.7 38.7%
Assistance, Grants, & Benefits	(2.1) -3.2%	31.8 47.9%	(1.0) -1.6%	- 0.0%	0.2 0.3%	- 0.0%	28.8 43.5%
Capital	(0.4) -0.5%	- 0.0%	- 0.0%	- 0.0%	- 0.0%	- 0.0%	(0.4) -0.5%
Debt Service	- 0.0%	- 0.0%	- 0.0%	- 0.0%	- 0.0%	- 0.0%	- 0.0%
Operating Transfers	(2.3) -3.5%	- 0.0%	- 0.0%	- 0.0%	- 0.0%	- 0.0%	(2.3) -3.5%
Total	\$ (7.8) -11.7%	\$ 26.0 39.2%	\$ 14.3 21.6%	\$ 33.6 50.7%	\$ 0.2 0.3%	\$ - 0.0%	\$ 66.3 100.0%

FY 2026 Change to FY 2024	General Government	Human Services	Education	Public Safety	Natural Resources	Trans- portation	Total
Salaries & Benefits	\$ 37.8 6.6%	\$ 29.0 5.1%	\$ 22.7 4.0%	\$ 95.9 16.7%	\$ 4.5 0.8%	\$ - 0.0%	\$ 190.0 33.1%
Contracted Services	0.4 0.1%	(5.9) -1.0%	2.4 0.4%	1.8 0.3%	(0.1) 0.0%	- 0.0%	(1.4) -0.3%
Other State Operations	2.4 0.4%	13.1 2.3%	(12.8) -2.2%	4.2 0.7%	0.1 0.0%	- 0.0%	7.1 1.2%
Aid to Local Units of Government	38.3 6.7%	- 0.0%	148.4 25.9%	- 0.0%	- 0.0%	- 0.0%	186.7 32.6%
Assistance, Grants, & Benefits	1.4 0.2%	253.8 44.3%	24.7 4.3%	(0.2) 0.0%	0.2 0.0%	- 0.0%	279.9 48.8%
Capital	(0.5) -0.1%	(1.4) -0.2%	(0.2) 0.0%	(4.2) -0.7%	(1.3) -0.2%	- 0.0%	(7.6) -1.3%
Debt Service	15.3 2.7%	- 0.0%	(1.3) -0.2%	- 0.0%	- 0.0%	- 0.0%	13.9 2.4%
Operating Transfers	(95.3) -16.6%	- 0.0%	(0.1) 0.0%	- 0.0%	- 0.0%	- 0.0%	(95.4) -16.6%
Total	\$ (0.3) 0.0%	\$ 288.6 50.3%	\$ 183.8 32.1%	\$ 97.6 17.0%	\$ 3.5 0.6%	\$ - 0.0%	\$ 573.3 100.0%