
Section II

Statewide Overview

Summary

| | FY 2017 Enacted | FY 2017 Final | FY 2018 Recommended | FY 2018 Enacted |
|----------------------------------|--------------------|-------------------|------------------------|--------------------|
| Expenditures by Function* | | | | |
| General Government | \$ 1,503.8 | \$ 1,536.7 | \$ 1,536.1 | \$ 1,503.6 |
| Human Services | 3,767.9 | 3,949.0 | 3,897.2 | 3,935.3 |
| Education | 2,522.4 | 2,499.5 | 2,593.4 | 2,589.5 |
| Public Safety | 556.0 | 581.3 | 592.3 | 591.6 |
| Natural Resources | 110.1 | 110.9 | 118.5 | 108.8 |
| Transportation | 478.5 | 524.0 | 510.5 | 514.1 |
| Total | \$ 8,938.7 | \$ 9,201.5 | \$ 9,248.1 | \$ 9,242.8 |
| Expenditures by Category* | | | | |
| Salaries and Benefits | \$ 1,684.4 | \$ 1,673.1 | \$ 1,722.2 | \$ 1,700.1 |
| Contracted Services | 301.1 | 324.9 | 256.9 | 279.6 |
| Subtotal | \$ 1,985.5 | \$ 1,998.0 | \$ 1,979.1 | \$ 1,979.7 |
| Other State Operations | 859.9 | 874.2 | 887.9 | 859.2 |
| Aid to Local Units of Government | 1,294.2 | 1,240.7 | 1,289.2 | 1,318.7 |
| Assistance, Grants, and Benefits | 3,977.6 | 4,153.4 | 4,121.1 | 4,170.8 |
| Capital | 426.5 | 479.6 | 478.7 | 449.6 |
| Capital Debt Service | 224.7 | 214.6 | 243.2 | 238.8 |
| Operating Transfers | 170.2 | 240.9 | 248.8 | 226.1 |
| Total | \$ 8,938.7 | \$ 9,201.5 | \$ 9,248.1 | \$ 9,242.8 |
| Sources of Funds* | | | | |
| General Revenue | \$ 3,683.7 | \$ 3,686.5 | \$ 3,792.7 | \$ 3,767.7 |
| Federal Aid | 2,957.1 | 3,184.6 | 3,081.8 | 3,134.1 |
| Restricted Receipts | 257.0 | 276.3 | 273.8 | 261.7 |
| Other | 2,040.9 | 2,054.1 | 2,099.7 | 2,079.2 |
| Total | \$ 8,938.7 | \$ 9,201.5 | \$ 9,248.1 | \$ 9,242.8 |
| FTE Authorization | 14,952.6 | 14,959.0 | 15,067.4 | 15,160.2 |

**Data in millions*

Summary

The House Finance Committee recommended passage of 2017-H 5175, Substitute A on June 16, and the House passed it on June 22. The Senate Finance Committee passed it on June 27. The Senate amended it on June 30 but reconsidered that amendment on August 3 and passed the version adopted by the House. The Governor signed it the same day.

The Governor's budget recommendations for FY 2018, along with her revisions to the FY 2017 enacted budget, are contained in 2017-H 5175, introduced on January 19, 2017, which is the day it was due by law. Most supporting documents were made available with the introduction; the Capital Budget was provided the next day. By law the budget is due by the third Thursday in January.

The Governor recommended a total FY 2018 budget of \$9,248.1 million. Total expenditures increase \$309.3 million from the FY 2017 budget enacted by the 2016 Assembly, or 3.5 percent. Her FY 2017 revised budget totals \$9,200.5 million; FY 2016 expenditures were \$8,505.2 million.

The recommended Budget includes \$3,792.7 million of expenditures funded from general revenues, \$109.0 million, or 3.0 percent more than the enacted general revenue funded budget. They are also \$92.3 million more than her revised recommendations.

| FY 2018 | General | | | | |
|----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Revenue | Federal | Restricted | Other | All Funds |
| FY 2017 Enacted | \$ 3,683.7 | \$ 2,957.1 | \$ 257.0 | \$ 2,040.9 | \$ 8,938.7 |
| Governor | 3,792.7 | 3,081.8 | 273.8 | 2,099.7 | 9,248.1 |
| Change to Enacted | \$ 109.0 | \$ 124.8 | \$ 16.8 | \$ 58.8 | \$ 309.3 |
| Percent Change | 3.0% | 4.2% | 6.5% | 2.9% | 3.5% |
| Assembly | \$ 3,767.7 | \$ 3,134.1 | \$ 261.7 | \$ 2,079.2 | \$ 9,242.8 |
| Change to Enacted | 84.0 | 177.1 | 4.7 | 38.3 | 304.1 |
| Percent Change | 2.3% | 6.0% | 1.8% | 1.9% | 3.4% |
| Change to Governor | \$ (25.0) | \$ 52.3 | \$ (12.1) | \$ (20.5) | \$ (5.2) |
| Assembly Change to FY 2017 | \$ 81.2 | \$ (50.5) | \$ (14.5) | \$ 25.2 | \$ 41.4 |
| Percent Change to FY 2017 | 2.2% | -1.6% | -5.3% | 1.2% | 0.4% |
| Assembly Change to FY 2016 | \$ 219.8 | \$ 256.7 | \$ 16.0 | \$ 245.1 | \$ 737.6 |
| Percent Change to FY 2016 | 6.2% | 8.9% | 6.5% | 13.4% | 8.7% |

| FY 2017 Revised | General | | | | |
|------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Revenue | Federal | Restricted | Other | All Funds |
| FY 2016 Final | \$ 3,572.6 | \$ 3,085.3 | \$ 309.1 | \$ 1,974.2 | \$ 8,941.1 |
| FY 2016 Actual | 3,547.9 | 2,877.4 | 245.7 | 1,834.2 | 8,505.2 |
| Difference | \$ (24.7) | \$ (207.8) | \$ (63.3) | \$ (140.1) | \$ (435.9) |
| FY 2017 Enacted | \$ 3,683.7 | \$ 2,957.1 | \$ 257.0 | \$ 2,040.9 | \$ 8,938.7 |
| Governor's FY 2017 Revised | 3,700.4 | 3,098.1 | 306.8 | 2,095.3 | 9,200.5 |
| Governor's Change to Enacted | \$ 16.7 | \$ 141.0 | \$ 49.8 | \$ 54.3 | \$ 261.8 |
| Percent Change | 0.5% | 4.8% | 19.4% | 2.7% | 2.9% |
| Assembly | \$ 3,686.5 | \$ 3,184.6 | \$ 276.3 | \$ 2,054.1 | \$ 9,201.5 |
| Change to Enacted | 2.8 | 227.6 | 19.3 | 13.2 | 262.8 |
| Percent Change | 0.1% | 7.7% | 7.5% | 0.6% | 2.9% |
| Change to Governor | \$ (13.9) | \$ 86.5 | \$ (30.5) | \$ (41.2) | \$ 0.9 |
| Change to FY 2016 | \$ 138.6 | \$ 307.2 | \$ 30.6 | \$ 219.9 | \$ 696.3 |
| Percent Change to FY 2016 | 3.9% | 10.7% | 12.4% | 12.0% | 8.2% |

The Assembly adopted a budget with total expenditures of \$9,242.8 million, which is \$5.2 million less than the Governor recommended. It contains \$3,767.7 million from general revenues, which is \$25.0 million less than the Governor recommended.

The Budget Office estimates that in preparing the FY 2018 budget, the Governor faced a projected revenue-expenditure gap of about \$185 million. This was similar to the House Fiscal Staff June projections. By November, it was clear that increased resources from the FY 2016 closing and consensus revenue estimates would decrease that gap.

The House Fiscal Staff estimated in December that those additional resources would be offset by overspending in the current year that would likely impact FY 2018 as well. This revised the gap between expected expenses and available general revenues to about \$112 million. This represents approximately 2.9 percent of general revenue expenditures.

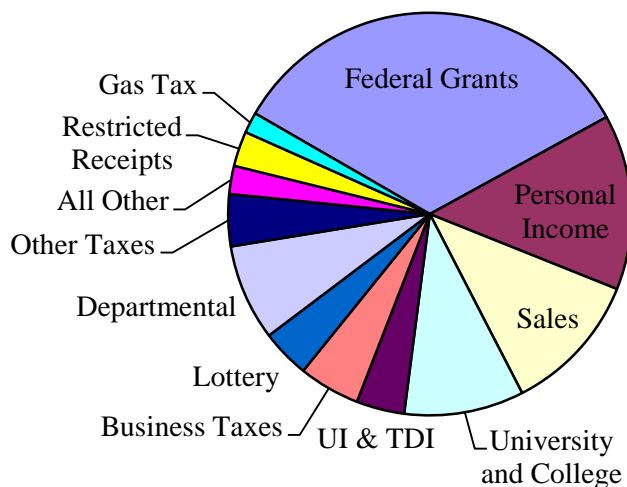
The Governor’s budget resolves much of the deficit through increased revenue, less than a quarter of which is non-recurring. There are numerous spending changes in human service agencies which amount to a reduction that appears to be structural in nature. These reductions are offset by increased spending for new and existing commerce initiatives as well as a variety of new spending priorities.

Following the May revenue and caseload conferences, available resources over the two year period were reduced by \$134 million. The enacted budget solved that gap by maximizing all available resources in both FY 2017 and FY 2018. Additionally, because of the decrease in available resources in FY 2017 following the May revenue and caseload conferences, a much smaller surplus was carried forward to FY 2018. These one-time funds were replaced with other one-time funds, mainly transfers from other sources.

The enacted budget does not resolve the out-year budget gaps, though like the Governor’s budget, it does continue investment in programs designed to position the state for more growth than currently assumed in the five-year economic forecast. While it does include an additional local aid item with a greater out year cost than assumed in the Governor’s budget for FY 2020 and beyond, it sharply limits other new spending proposals.

The revenue sources for the enacted 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*.

Sources of Funds



- *Federal funds* continue to be the single largest source, accounting for 33.7 percent of all revenues in FY 2018. Recommended expenditures from federal sources of \$3,134.1 million are \$177.1 million more than enacted for FY 2017, a 6.2 percent increase, and are from 290 different federal programs.

Medicaid is the single largest source of federal funds. The Budget includes \$1,700.6 million from Medicaid, 54.3 percent of all federal funds, and 17.7 percent of all revenues. Supplemental Nutrition (Food Stamps) of \$282.0 million is the second largest category, 9.0 percent of federal funds.

The following table shows the ten largest sources, along with the percent of total federal expenditures attributable to each. They account for 81.5 percent of all federal funds expenditures, with the remaining 280 programs accounting for the other 19.5 percent.

| Top Ten Federal Sources | <i>Total</i> | <i>Percent of Total</i> | <i>Cumulative Percent</i> |
|---|------------------|-------------------------|---------------------------|
| Medicaid | \$ 1,700,647,736 | 54.3% | 54.3% |
| Supplemental Nutrition (Food Stamps) | 282,000,000 | 9.0% | 63.3% |
| Federal Highway Funds | 256,569,928 | 8.2% | 71.4% |
| CHIP Children's Health Insurance | 62,153,573 | 2.0% | 73.4% |
| Temporary Assistance to Needy Families (TANF) | 59,938,975 | 1.9% | 75.3% |
| Title I Grants to Local Education Agencies | 52,211,489 | 1.7% | 77.0% |
| Special Education Grants to States | 45,506,001 | 1.5% | 78.5% |
| Child Care and Development Block Grant | 36,348,665 | 1.2% | 79.6% |
| National School Lunch Program | 32,261,619 | 1.0% | 80.6% |
| Air National Guard | 27,805,084 | 0.9% | 81.5% |

The table below shows FY 2018 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 | <i>All Funds</i> | <i>Contribution</i> | <i>General Revenue</i> | <i>Contribution</i> |
|------------------------|-------------------|---------------------|------------------------|---------------------|
| Federal Grants | \$ 3,134.1 | 33.7% | \$ - | 0.0% |
| Personal Income | 1,302.2 | 14.0% | 1,302.2 | 34.0% |
| Sales | 1,059.4 | 11.4% | 1,059.4 | 27.6% |
| University and College | 894.4 | 9.6% | - | 0.0% |
| UI & TDI | 359.0 | 3.9% | - | 0.0% |
| Business Taxes | 458.4 | 4.9% | 458.4 | 12.0% |
| Lottery | 362.5 | 3.9% | 362.5 | 9.5% |
| Departmental | 393.2 | 4.2% | 393.2 | 10.3% |
| Other Taxes | 211.1 | 2.3% | 211.1 | 5.5% |
| All Other | 719.2 | 7.7% | 47.9 | 1.2% |
| Restricted Receipts | 261.7 | 2.8% | - | 0.0% |
| Gas Tax | 154.5 | 1.7% | - | 0.0% |
| Total | \$ 9,309.8 | 100% | \$ 3,834.7 | 100% |

- *Sales and Personal Income taxes* combine for 25.4 percent of all revenues in FY 2018 and 61.6 percent of all general revenues. Combined with federal funds, they total over half, 59.1 percent.
- *Personal Income taxes* of \$1,302.2 million are the second largest of all revenue sources and the largest source of general revenues. The FY 2018 estimate is \$53.0 million more than the FY 2017 enacted budget estimates, or 4.2 percent.
- *Sales tax* revenues of \$1,059.4 million are the second largest of general revenue sources. That amount is \$42.4 million more than enacted for FY 2017, or 4.2 percent.
- *University and College Funds* are \$894.4 million and 9.6 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 decrease \$11.0 million or 1.2 percent from the FY 2017 enacted estimates, primarily correcting an overstatement of resources.

- *Employment Security and Temporary Disability Insurance* payments are estimated at \$359.0 million, which are \$11.4 million more than the levels estimated for the FY 2017 enacted budget.
- *Business taxes* of \$458.4 million account for 4.9 percent of total revenues and 12.0 percent of general revenues for FY 2018. They would decrease \$1.0 million or 0.2 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 \$362.5 million, which is 3.9 percent of all revenues and 9.5 percent of general revenues.
- *Departmental Revenues* of \$393.2 million include \$182.0 million from extending the hospital licensing fee another year. Departmental revenues would be 4.2 percent of all revenues and 10.3 percent of general revenues.
- *Other taxes* include cigarettes, alcohol, inheritance, realty transfer, and racing and athletics. These total \$211.1 million in the FY 2018 budget and comprise 2.3 percent of all sources but 5.5 percent of general revenues. This category also included motor vehicle taxes which are being transitioned, over a five-year period ending FY 2019, from general revenue to a restricted use transportation account.
- The *gas tax*, currently 33.5 cents per gallon, not including the one-half cent for the Underground Storage Tank Financial Responsibility Fund, is estimated to produce \$4.5 million from each cent in FY 2018 for a total of \$154.5 million.
- The remaining sources, estimated at \$980.9 million, constitute 10.5 percent of all FY 2018 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, \$3,834.7 million, 41.2 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 a balance forward from FY 2017 of \$49.7 million minus transfer of \$116.5 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 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. Maximum amounts in the budget reserve are also defined by statute as a maximum of 5.0 percent. Amounts above the maximum amount transfer to the Rhode Island Capital Plan Fund for use for 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. Those changes were phased in over five years as shown in the table below.

| Percents of Revenues | FY 2008 | FY 2009 | FY 2010 | FY 2011 | FY 2012 | FY 2013 |
|----------------------------|---------|---------|---------|---------|---------|---------|
| Transfer to Budget Reserve | 2.0% | 2.2% | 2.4% | 2.6% | 2.8% | 3.0% |
| Budget Reserve Maximum | 3.0% | 3.4% | 3.8% | 4.2% | 4.6% | 5.0% |

FY 2018 Expenditures

Enacted expenditures of \$9,242.8 million are \$304.1 million more than enacted for FY 2017, or 3.4 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 below reflects the data in the enacted budget.

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 \$3,953.3 million are 42.6 percent of all expenditures and 37.3 percent of those funded from general revenues. These expenditures are \$167.4 million more than enacted for FY 2017 by the 2016 Assembly. Those funded from general revenues are \$17.3 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 46.8 percent of total expenses or \$1,211.6 million of the \$2,589.5 million. The inadvertent classification of certain construction aid expenses as an operating transfer has the effect of understating the aid total by almost \$55 million in this presentation. Education aid is discussed in detail in *Section VI* of this volume, *Special Reports: Education Aid*. Education expenditures comprise 28.0 percent of total expenditures, but 36.8 percent of general revenue funded ones. They increase by \$67.1 million over the enacted FY 2017 budget, and those funded from general revenues increase by \$72.7 million.
- The Budget includes \$591.6 million for *Public Safety* expenditures, \$35.5 million more than the enacted budget. They comprise 6.4 percent of all expenditures and 12.2 percent of those funded from general revenues.
- *Natural Resources* programs would spend \$108.8 million, which is \$1.3 million less than enacted for FY 2017. They are 1.2 percent of total expenditures and 1.1 percent of those from general revenues.
- *Transportation* programs account for 5.6 percent of expenditures and include the state's highway and transit programs. Funding of \$514.1 million, none from general revenues, is \$35.6 million more than enacted for FY 2017.
- The remaining 16.3 percent of expenditures, \$1,503.6 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.

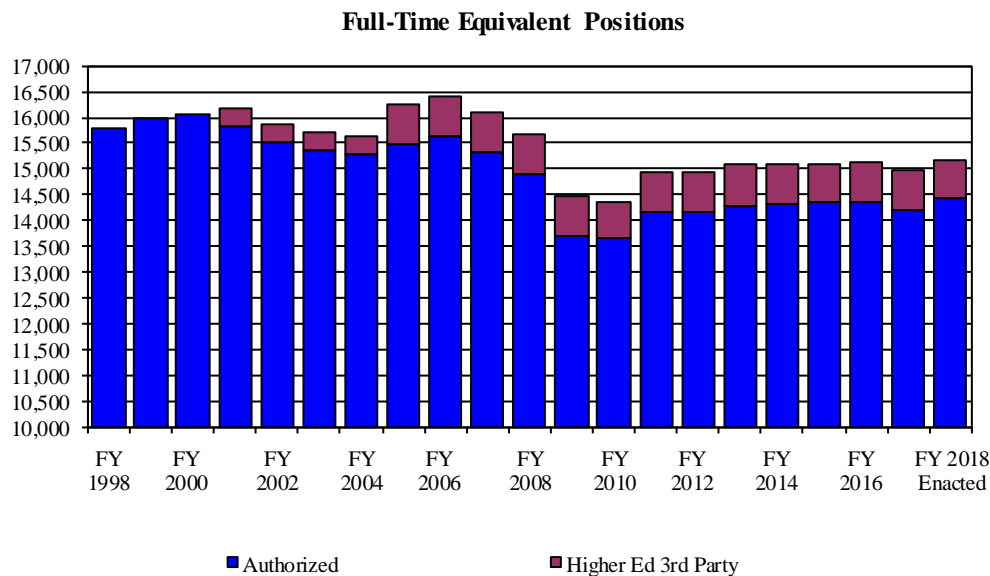
Expenditures also include all the state's debt service except that for higher education and the transportation Grant Anticipation Revenue Vehicle bonds. General Government expenditures are \$0.2 million or 0.1 percent less than the enacted budget.

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 \$1,700.1 million for total *salaries and benefits* for 15,160.2 full-time equivalent positions and *contracted services* expenditures of \$279.6 million. Salary and benefit expenditures are \$15.7 million more than the enacted budget. The majority of the \$25.0 million in undistributed savings is budgeted in this category. Contracted services expenditures would decrease \$21.5 million, primarily from the winding down of expenses related to a major new human services eligibility system installation. Salaries and benefits account for 18.4 percent of total expenditures and 23.4 percent of those funded from general revenues. Expenditures for contracted services account for 3.0 percent of the total budget and 1.6 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 enacted budget.

The Budget includes \$859.2 million for *other state operations*, which constitutes 9.3 percent of FY 2018 expenditures from all sources and 3.7 percent of those funded with general revenues. This is \$0.7 million less than enacted, \$7.9 million less from general revenues.

Assistance, Grants, and Benefits constitutes payments to individuals and nongovernmental agencies. These payments include Medicaid and other medical assistance programs including RIte Share and RIte Care, pharmaceutical assistance programs, cash assistance, and tuition assistance programs. They also include grants to environmental agencies, local law enforcement agencies, unemployment compensation, 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 2016 Reported | FY 2017 Final | FY 2018 Enacted | Change | FY 2016 Reported | FY 2017 Final | FY 2018 Enacted | Change |
| <i>EOHHS/Human Services</i> | | | | | | | | |
| Managed Care | \$ 638.1 | \$ 677.8 | \$ 690.5 | \$ 12.8 | \$ 287.8 | \$ 306.6 | \$ 305.7 | \$ (0.9) |
| Long Term Care | 238.8 | 245.0 | 238.7 | (6.3) | 120.4 | 120.4 | 116.2 | (4.2) |
| Hospitals | 196.1 | 194.5 | 198.0 | 3.4 | 103.9 | 95.6 | 97.2 | 1.7 |
| Rhody Health Partners | 254.0 | 233.5 | 236.3 | 2.8 | 125.9 | 115.4 | 115.7 | 0.3 |
| Rhody Health Options | 303.7 | 350.7 | 355.3 | 4.6 | 150.6 | 172.4 | 173.0 | 0.6 |
| Expansion | 389.8 | 467.0 | 478.5 | 11.5 | - | 11.4 | 26.4 | 15.0 |
| Other | 93.0 | 104.7 | 107.1 | 2.4 | 35.5 | 41.0 | 40.1 | (0.9) |
| Pharmacy | 52.1 | 57.6 | 62.1 | 4.5 | 53.1 | 58.6 | 63.1 | 4.5 |
| Health System Transformation Program | - | 7.3 | 23.5 | 16.2 | - | - | - | - |
| Subtotal: Medical Assistance | \$2,165.7 | \$ 2,338.1 | \$ 2,390.0 | \$ 51.9 | \$ 877.3 | \$ 921.3 | \$ 937.3 | \$ 16.0 |
| Child Care | \$ 60.9 | \$ 66.6 | \$ 69.0 | \$ 2.4 | \$ 11.4 | \$ 9.9 | \$ 10.6 | \$ 0.7 |
| Rhode Island Works Program | 25.4 | 25.4 | 22.9 | (2.5) | - | - | - | - |
| SSI State Program | 18.5 | 18.9 | 18.5 | (0.4) | 18.5 | 18.9 | 18.5 | (0.4) |
| SSI/Bridge Program | 1.4 | 1.4 | 1.4 | - | 1.4 | 1.4 | 1.4 | - |
| Subtotal: Cash Assistance | \$ 106.1 | \$ 112.3 | \$ 111.8 | \$ (0.5) | \$ 31.2 | \$ 30.2 | \$ 30.5 | \$ 0.3 |
| Supplemental Nutrition Assistance Women, Infants and Children* | \$ 275.5 | \$ 282.0 | \$ 282.0 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Low Income Heating and Energy Assistance Program (LIHEAP) | 22.5 | - | - | - | - | - | - | - |
| Weatherization | 27.1 | 11.4 | 29.2 | 17.7 | - | - | - | - |
| Race to the Top | 0.9 | 1.0 | 0.9 | (0.1) | - | - | - | - |
| HIV/AIDS Prevention | 5.9 | 3.7 | - | (3.7) | - | - | - | - |
| Subtotal: Other Assistance | 8.0 | 12.2 | 11.6 | (0.6) | - | - | - | - |
| Subtotal: Other Assistance | \$ 339.8 | \$ 310.3 | \$ 323.7 | \$ 13.4 | \$ - | \$ - | \$ - | \$ - |
| <i>DHS/Division of Elderly Affairs</i> | | | | | | | | |
| Medical Assistance | \$ 6.5 | \$ 6.2 | \$ 6.5 | \$ 0.3 | \$ 3.2 | \$ 3.1 | \$ 3.2 | \$ 0.1 |
| Other Grants | 8.5 | 9.3 | 9.2 | (0.1) | 1.9 | 1.8 | 1.9 | 0.1 |
| <i>Behavioral Healthcare, Developmental Disabilities and Hospitals</i> | | | | | | | | |
| Developmental Disabilities | \$ 200.3 | \$ 210.7 | \$ 218.6 | \$ 7.9 | \$ 100.4 | \$ 103.9 | \$ 106.3 | \$ 2.4 |
| Behavioral Healthcare Services | 10.7 | 18.8 | 22.1 | 3.3 | 0.3 | 0.1 | 0.3 | 0.2 |
| <i>Children, Youth and Families</i> | | | | | | | | |
| Child Welfare | \$ 127.6 | \$ 122.3 | \$ 113.8 | \$ (8.5) | \$ 93.5 | \$ 91.3 | \$ 79.6 | \$ (11.7) |
| Children's Behavioral Health | 7.3 | 8.9 | 7.5 | (1.4) | 3.7 | 3.4 | 3.3 | (0.0) |
| Juvenile Corrections | 2.3 | 2.3 | 2.3 | - | 2.2 | 2.3 | 2.3 | - |
| Higher Ed. Incentive Grants | 0.2 | 0.2 | 0.2 | - | 0.2 | 0.2 | 0.2 | - |
| <i>Health</i> | | | | | | | | |
| Women, Infants and Children* | \$ - | \$ 25.9 | \$ 25.1 | \$ (0.8) | \$ - | \$ - | \$ - | \$ - |
| HIV Surveillance | 1.5 | 1.1 | 1.5 | 0.4 | - | - | - | - |
| Tobacco and Smoking Cessation | 0.4 | 0.4 | 0.9 | 0.5 | 0.4 | 0.3 | 0.9 | 0.5 |
| Other Grants | 19.5 | 18.2 | 19.1 | 0.9 | 1.0 | 0.8 | 0.5 | (0.3) |

*FY 2017 enacted budget transfers program to Department of Health

Assistance, grants, and benefits are \$4,170.8 million and constitute the largest category, 45.1 percent of all expenditures and 33.4 percent of general revenue funded expenditures. While these include 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 \$193.2 million more than the enacted budget considering all sources, and \$24.9 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 \$1,318.7 million for *aid to local units of government* that includes \$1,211.6 million in education aid and \$10.71 million in general state aid. These expenditures comprise 14.3 percent of all expenditures. However, they comprise 30.5 percent of general revenue funded ones. These values are understated, because the budget classification for the FY 2018 budget shows \$73.4 million of general revenue support for local education expenses as operating transfers and not local aid.

Local aid expenditures from general revenues of \$1,147.8 million consist of \$1,041.6 million in education aid and \$106.2 million in general state aid. General revenue funded education aid increases by \$48.7 million but appears to decrease by \$6.4 million because of the change in category presentation; general aid is \$29.5 million more, primarily reflecting increased car tax relief. Local aid is discussed in detail in *Section VI* of this volume, *Special Reports: State Aid to Local Governments* and *Special Reports: Education Aid*.

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 presented as part of the Governor's budget.

Capital expenses total \$449.6 million, or 4.9 percent of all expenditures; debt service of \$238.8 million is 2.6 percent. Capital expenditures would be \$23.0 million more than enacted for FY 2017 and debt service \$14.1 million more. A comprehensive review of the capital budget is contained in *Section IV: Capital Budget*. However, they now 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. The budget also misclassifies most of the appropriation for school construction aid this way, skewing totals and comparisons as noted earlier.

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 \$226.1 million and constitute 2.4 percent of the total budget. The general revenues portion is \$103.7 million, 2.8 percent of general revenue funded expenditures, though more than half of that should have been categorized as local aid.

General Revenue Surplus Statement

The Governor recommended an ending FY 2018 surplus of \$0.6 million and an operating deficit of \$77.4 million reflecting use of the FY 2017 surplus. The Assembly adopted an FY 2018 budget with an ending surplus of \$0.2 million and an operating deficit of \$49.5 million.

| | FY 2016 | FY 2017 | FY 2018 |
|--|-------------------------|-------------------------|-------------------------|
| Opening Surplus | | | |
| Free Surplus | \$ 168,038,072 | \$ 167,818,207 | \$ 49,716,066 |
| Reappropriated Surplus | 6,890,273 | 7,848,853 | - |
| Subtotal | \$ 174,928,345 | \$ 175,667,060 | \$ 49,716,066 |
| Revenues | | | |
| Actual/Enacted/Estimated | \$ 3,663,592,637 | \$ 3,674,742,668 | \$ 3,611,647,000 |
| Governor | - | 44,643,450 | 220,989,714 |
| Assembly | - | (43,558,729) | 2,085,792 |
| Revenues | \$ 3,663,592,637 | \$ 3,675,827,389 | \$ 3,834,722,506 |
| Cash Stabilization Fund | \$ (114,948,921) | \$ (115,309,368) | \$ (116,533,157) |
| Total Available Resources | \$ 3,723,572,061 | \$ 3,736,185,081 | \$ 3,767,905,415 |
| Expenditures | | | |
| Actual/Enacted/Estimated | \$ 3,547,905,001 | \$ 3,683,715,867 | \$ 3,822,581,498 |
| Reappropriations | - | 7,848,853 | - |
| Governor | - | 8,840,255 | (29,872,510) |
| Assembly | - | (13,935,960) | (24,993,332) |
| Total Expenditures | \$ 3,547,905,001 | \$ 3,686,469,015 | \$ 3,767,715,656 |
| Total Surplus | \$ 175,667,060 | \$ 49,716,066 | \$ 189,759 |
| Reappropriations | (7,848,853) | - | - |
| Free Surplus | \$ 167,818,207 | \$ 49,716,066 | \$ 189,759 |
| <i>Operating Surplus/(Deficit)</i> | <i>7,628,988</i> | <i>(118,102,141)</i> | <i>(49,526,307)</i> |
| Budget Stabilization and Cash Reserve | \$ 191,581,535 | \$ 192,182,280 | \$ 193,646,254 |
| Percent of Revenues | 5.2% | 5.2% | 5.0% |

The budget reserve and cash stabilization account, the “rainy day fund” would have ending balances of \$191.6 million in FY 2016, \$192.2 million in FY 2017, and \$193.6 million in FY 2018. The account receives 3.0 percent of general revenues plus free surplus annually.

Out-Year Forecasts

The Governor’s budget projected the out-years again to be significantly unbalanced though without the steep increases as seen in prior years. The forecast included with the Budget estimated a \$150.0 million gap for FY 2019, equal to 4.0 percent of useable revenues that would grow to \$194.1 million in FY 2022, 4.8 percent of useable revenues. The FY 2019 projected gap is due to the use of one-time items in the resolution of the current budget gap as well as commitment of future expenses not reflected in FY 2018. Prior estimates included the growing impact of casino gaming in Massachusetts; this one factors in the new Tiverton Casino offsetting some of that. It also includes greater growth in sales tax collections based on the Governor’s sales tax collection proposal.

The largest single contributor to the FY 2018 deficit that required solving was the use of one-time solutions for the FY 2017 budget, including the expected \$123.3 million FY 2016 surplus. Also contributing was the revenue losses estimated from the start of casino gaming in nearby Massachusetts and the continued implementation of the shift of motor vehicle related fees from general revenue to the transportation fund.

One-time revenues are also featured in the resolution of the current budget gap, notably revised surplus projections primarily related to FY 2016 underspending and excess revenues compared to that final budget. There are also proposals that generate one-time revenues only as well as commitment of future expenses not funded in FY 2018.

The enacted budget does not resolve the out-year budget gaps, though like the Governor’s budget, it does continue investment in programs designed to position the state for more growth than currently assumed in the five-year economic forecast. The FY 2019 projected deficit, at \$160.7 million is somewhat higher than the Governor’s original budget, largely resulting from the lower revenue estimates. While it does include an additional local aid item with a greater out-year cost than assumed in the Governor’s budget for FY 2020 and beyond, it sharply limits other new spending proposals.

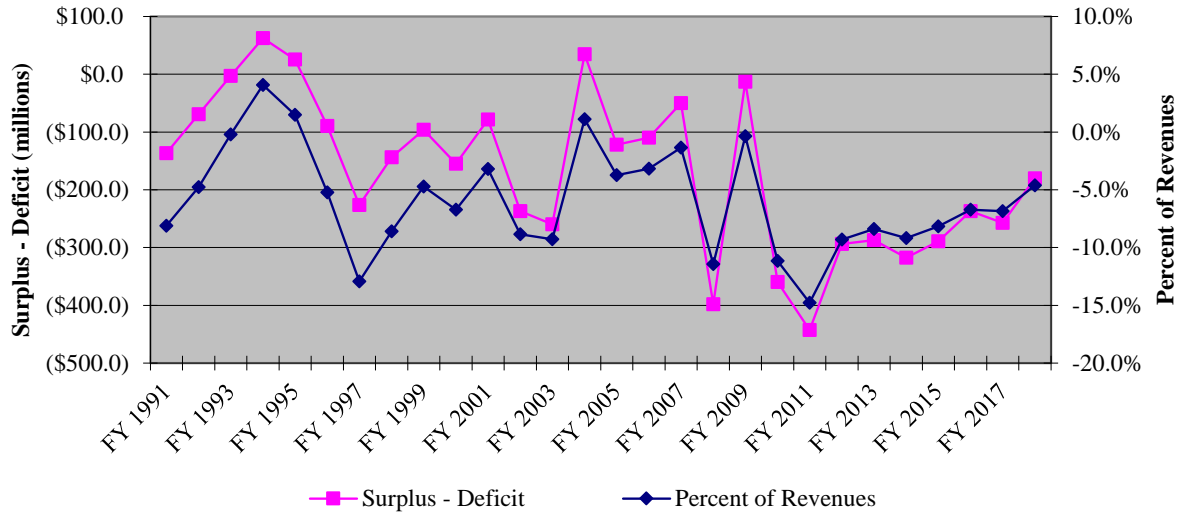
| | FY 2019 | FY 2020 | FY 2021 | FY 2022 |
|-------------------------------------|----------------|----------------|----------------|----------------|
| Opening Surplus | \$ 0.2 | \$ - | \$ - | \$ - |
| Revenues | 3,867.2 | 3,988.0 | 4,102.4 | 4,213.3 |
| Cash Stabilization Fund | (116.0) | (119.6) | (123.1) | (126.4) |
| Useable Revenues | \$ 3,751.4 | \$ 3,868.4 | \$ 3,979.3 | \$ 4,086.9 |
| Expenditures | 3,912.1 | 4,037.6 | 4,149.1 | 4,246.6 |
| Total Surplus | \$ (160.7) | \$ (169.2) | \$ (169.8) | \$ (159.7) |
| Revenue Growth | 0.9% | 3.1% | 2.9% | 2.7% |
| Useable Revenue Growth | -1.1% | 3.1% | 2.9% | 2.7% |
| Expenditure Growth | 3.1% | 3.2% | 2.8% | 2.3% |
| Surplus Percent of Useable Revenues | -4.3% | -4.4% | -4.3% | -3.9% |

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 2019 through FY 2022 and the FY 2018 budget itself. In the past a more pronounced pattern of growth in the out-year gaps illustrated the fact that projected expenditures continue to grow at faster rates than revenues are expected to grow. This budget does not show that level of disparity; however, there is still a notable imbalance between expenditure growth and revenue growth. The economic data used for the Governor’s budget is from the November consensus economic forecast. This had been revised from earlier projections and was revised again in May.

Fiscal staff’s projections generally use the expenditure growth assumptions consistent with the Governor’s budget but modified for changes the Assembly enacted and updated information such as the impact of savings proposals. Staff’s revenue projections differ from those in the Governor’s outlook in that they reflect the updated economic forecast and actions taken in the budget. Additionally, they use different assumptions regarding revenue growth. Both estimates include similar casino impacts. The first official revenue estimate for FY 2019 will be established at the November 2017 Revenue Estimating Conference. It will reflect actual FY 2017 revenue performance and other, more current information not available when the budget was enacted.

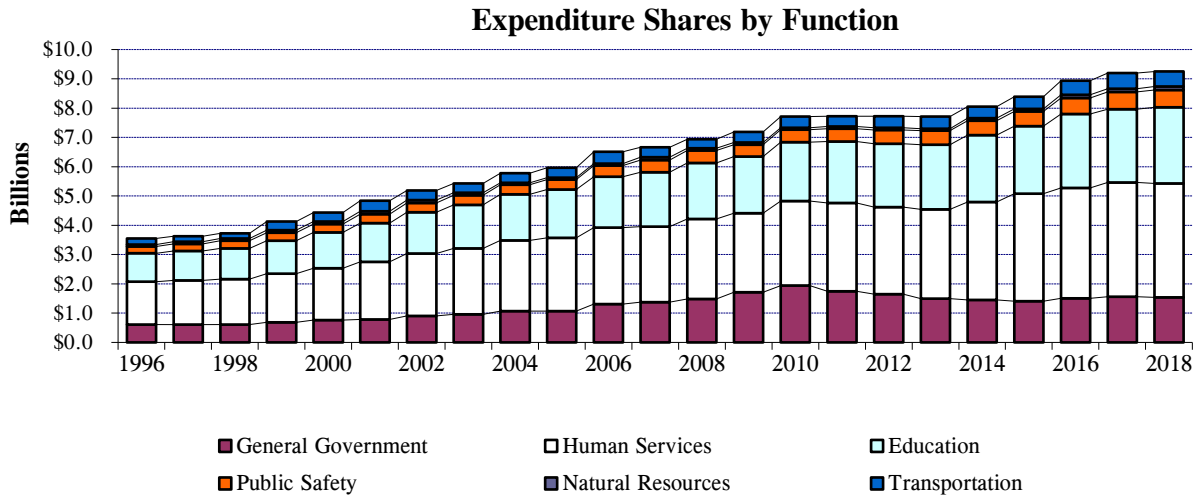
While deficits cannot constitutionally occur, they indicate the extent to which unresolved structural issues will carry through budgets, and to the extent that the problem in any given year is solved without addressing the underlying structural problem, the deficits amplify each year. Out-year deficits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

Average Four Year Surplus - Deficit



Distribution of Total Expenditures

Expenditures can be aggregated a number of 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.



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.

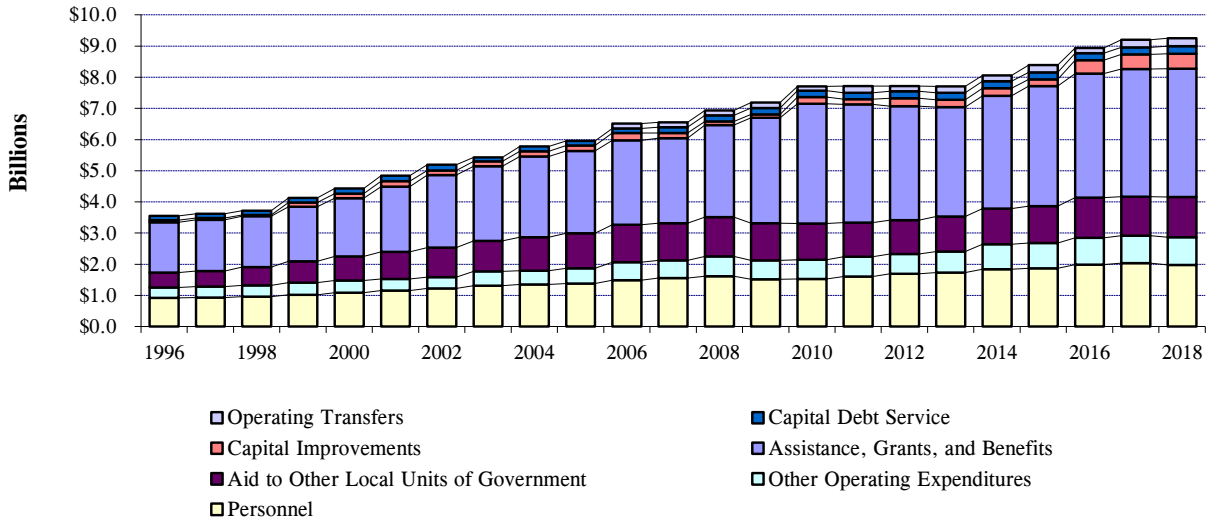
Public Safety includes the state’s law enforcement, adjudication, and penal programs.

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.

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 and other medical assistance programs including Rite Share and Rite Care, pharmaceutical assistance programs, cash assistance, and tuition 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.

However, the Budget now includes capital purchases that had formerly 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. 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 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 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. The percentages shown in the table represent the percent of the total shown in each cell.

Expenditures from All Funds

| FY 2016 Reported | General Government | Human Services | Education | Public Safety | Natural Resources | Trans- portation | Total |
|-------------------------------------|-------------------------------|-----------------------------|-----------------------------|--------------------------|------------------------------|-----------------------------|------------------------------|
| Salaries & Benefits | \$ 229.4 2.7% | \$ 358.9 4.2% | \$ 507.1 6.0% | \$ 382.8 4.5% | \$ 50.3 0.6% | \$ 64.1 0.8% | \$ 1,592.6 18.7% |
| Contracted Services | 43.6 0.5% | 159.7 1.9% | 70.8 0.8% | 17.4 0.2% | 4.3 0.1% | 43.6 0.5% | 339.5 4.0% |
| Other State Operations | 416.5 4.9% | 96.7 1.1% | 209.5 2.5% | 52.5 0.6% | 12.0 0.1% | 31.0 0.4% | 818.2 9.6% |
| Aid to Local Units of Government | 78.3 0.9% | 0.0 0.0% | 1,100.0 12.9% | 0.1 0.0% | 0.0 0.0% | - 0.0% | 1,178.5 13.9% |
| Assistance, Grants, & Benefits | 385.8 4.5% | 3,075.8 36.2% | 322.7 3.8% | 42.4 0.5% | 6.0 0.1% | 21.5 0.3% | 3,854.3 45.3% |
| Capital | 24.8 0.3% | 6.1 0.1% | 57.3 0.7% | 20.0 0.2% | 10.6 0.1% | 138.6 1.6% | 257.4 3.0% |
| Debt Service | 161.7 1.9% | - 0.0% | 36.2 0.4% | - 0.0% | - 0.0% | - 0.0% | 197.9 2.3% |
| Operating Transfers | 92.5 1.1% | 2.8 0.0% | 75.2 0.9% | 0.0 0.0% | - 0.0% | 96.3 1.1% | 266.9 3.1% |
| Total | \$ 1,432.7 16.8% | \$ 3,700.1 43.5% | \$ 2,378.9 28.0% | \$ 515.2 6.1% | \$ 83.2 1.0% | \$ 395.1 4.6% | \$ 8,505.2 100.0% |

| FY 2017 Enacted | General Government | Human Services | Education | Public Safety | Natural Resources | Trans- portation | Total |
|-------------------------------------|-------------------------------|-----------------------------|-----------------------------|--------------------------|------------------------------|-----------------------------|------------------------------|
| Salaries & Benefits | \$ 250.7 2.8% | \$ 363.8 4.1% | \$ 539.5 6.0% | \$ 396.3 4.4% | \$ 53.5 0.6% | \$ 80.7 0.9% | \$ 1,684.4 18.8% |
| Contracted Services | 35.2 0.4% | 125.6 1.4% | 72.3 0.8% | 19.3 0.2% | 10.1 0.1% | 38.7 0.4% | 301.1 3.4% |
| Other State Operations | 432.1 4.8% | 96.3 1.1% | 231.1 2.6% | 51.7 0.6% | 14.3 0.2% | 34.4 0.4% | 859.9 9.6% |
| Aid to Local Units of Government | 77.6 0.9% | - 0.0% | 1,216.7 13.6% | - 0.0% | - 0.0% | - 0.0% | 1,294.2 14.5% |
| Assistance, Grants, & Benefits | 405.3 4.5% | 3,153.0 35.3% | 336.2 3.8% | 49.8 0.6% | 8.9 0.1% | 24.4 0.3% | 3,977.6 44.5% |
| Capital | 65.2 0.7% | 23.3 0.3% | 61.5 0.7% | 38.9 0.4% | 23.3 0.3% | 214.4 2.4% | 426.5 4.8% |
| Debt Service | 178.9 2.0% | - 0.0% | 45.7 0.5% | - 0.0% | - 0.0% | - 0.0% | 224.7 2.5% |
| Operating Transfers | 58.8 0.7% | 5.9 0.1% | 19.5 0.2% | - 0.0% | 0.1 0.0% | 85.9 1.0% | 170.2 1.9% |
| Total | \$ 1,503.8 16.8% | \$ 3,767.9 42.2% | \$ 2,522.4 28.2% | \$ 556.0 6.2% | \$ 110.1 1.2% | \$ 478.5 5.4% | \$ 8,938.7 100.0% |

Expenditures from All Funds

| FY 2018 Recommended | General Government | Human Services | Education | Public Safety | Natural Resources | Trans- portation | Total |
|-------------------------------------|-------------------------------|-----------------------------|-----------------------------|--------------------------|------------------------------|-----------------------------|------------------------------|
| Salaries & Benefits | \$ 261.9 2.8% | \$ 359.4 3.9% | \$ 550.7 6.0% | \$ 406.4 4.4% | \$ 54.9 0.6% | \$ 88.9 1.0% | \$ 1,722.2 18.6% |
| Contracted Services | 34.0 0.4% | 91.2 1.0% | 64.6 0.7% | 19.7 0.2% | 8.6 0.1% | 38.8 0.4% | 256.9 2.8% |
| Other State Operations | 441.5 4.8% | 101.8 1.1% | 236.4 2.6% | 55.3 0.6% | 15.7 0.2% | 37.2 0.4% | 887.9 9.6% |
| Aid to Local Units of Government | 81.3 0.9% | - 0.0% | 1,208.0 13.1% | - 0.0% | - 0.0% | - 0.0% | 1,289.2 13.9% |
| Assistance, Grants, & Benefits | 408.0 4.4% | 3,278.3 35.4% | 350.9 3.8% | 48.9 0.5% | 11.7 0.1% | 23.3 0.3% | 4,121.1 44.6% |
| Capital | 57.8 0.6% | 60.5 0.7% | 50.3 0.5% | 62.1 0.7% | 27.6 0.3% | 220.4 2.4% | 478.7 5.2% |
| Debt Service | 185.6 2.0% | - 0.0% | 57.6 0.6% | - 0.0% | - 0.0% | - 0.0% | 243.2 2.6% |
| Operating Transfers | 66.0 0.7% | 6.0 0.1% | 74.8 0.8% | - 0.0% | 0.1 0.0% | 101.9 1.1% | 248.8 2.7% |
| Total | \$ 1,536.1 16.6% | \$ 3,897.2 42.1% | \$ 2,593.4 28.0% | \$ 592.3 6.4% | \$ 118.5 1.3% | \$ 510.5 5.5% | \$ 9,248.1 100.0% |

| FY 2018 Recommended Change to Enacted | General Government | Human Services | Education | Public Safety | Natural Resources | Trans- portation | Total |
|--|-------------------------------|---------------------------|--------------------------|--------------------------|------------------------------|-----------------------------|----------------------------|
| Salaries & Benefits | \$ 11.2 3.6% | \$ (4.4) -1.4% | \$ 11.2 3.6% | \$ 10.1 3.3% | \$ 1.4 0.5% | \$ 8.2 2.7% | \$ 37.8 12.2% |
| Contracted Services | (1.2) -0.4% | (34.4) -11.1% | (7.6) -2.5% | 0.4 0.1% | (1.5) -0.5% | 0.2 0.0% | (44.2) -14.3% |
| Other State Operations | 9.4 3.0% | 5.5 1.8% | 5.3 1.7% | 3.6 1.2% | 1.4 0.5% | 2.8 0.9% | 28.1 9.1% |
| Aid to Local Units of Government | 3.7 1.2% | - 0.0% | (8.7) -2.8% | - 0.0% | - 0.0% | - 0.0% | (5.0) -1.6% |
| Assistance, Grants, & Benefits | 2.7 0.9% | 125.4 40.5% | 14.8 4.8% | (1.0) -0.3% | 2.7 0.9% | (1.1) -0.4% | 143.5 46.4% |
| Capital | (7.3) -2.4% | 37.2 12.0% | (11.2) -3.6% | 23.2 7.5% | 4.3 1.4% | 6.0 1.9% | 52.2 16.9% |
| Debt Service | 6.6 2.1% | - 0.0% | 11.8 3.8% | - 0.0% | - 0.0% | - 0.0% | 18.5 6.0% |
| Operating Transfers | 7.2 2.3% | 0.1 0.0% | 55.3 17.9% | - 0.0% | - 0.0% | 16.0 5.2% | 78.6 25.4% |
| Total | \$ 32.3 10.4% | \$ 129.3 41.8% | \$ 71.0 22.9% | \$ 36.3 11.7% | \$ 8.4 2.7% | \$ 32.0 10.4% | \$ 309.3 100.0% |

Expenditures from All Funds

| FY 2018 Enacted | General Government | Human Services | Education | Public Safety | Natural Resources | Trans- portation | Total |
|-------------------------------------|-------------------------------|-----------------------------|-----------------------------|--------------------------|------------------------------|-----------------------------|------------------------------|
| Salaries & Benefits | \$ 232.6 2.5% | \$ 359.1 3.9% | \$ 562.3 6.1% | \$ 404.8 4.4% | \$ 54.4 0.6% | \$ 86.9 0.9% | \$ 1,700.1 18.4% |
| Contracted Services | 33.5 0.4% | 113.0 1.2% | 64.7 0.7% | 21.0 0.2% | 8.6 0.1% | 38.8 0.4% | 279.6 3.0% |
| Other State Operations | 441.5 4.8% | 100.9 1.1% | 227.4 2.5% | 54.2 0.6% | 14.9 0.2% | 20.2 0.2% | 859.2 9.3% |
| Aid to Local Units of Government | 107.1 1.2% | - 0.0% | 1,211.6 13.1% | - 0.0% | - 0.0% | - 0.0% | 1,318.7 14.3% |
| Assistance, Grants, & Benefits | 410.8 4.4% | 3,335.9 36.1% | 343.2 3.7% | 49.6 0.5% | 8.1 0.1% | 23.3 0.3% | 4,170.8 45.1% |
| Capital | 57.6 0.6% | 21.3 0.2% | 48.0 0.5% | 62.0 0.7% | 22.8 0.2% | 238.0 2.6% | 449.6 4.9% |
| Debt Service | 181.2 2.0% | - 0.0% | 57.6 0.6% | - 0.0% | - 0.0% | - 0.0% | 238.8 2.6% |
| Operating Transfers | 39.3 0.4% | 5.0 0.1% | 74.8 0.8% | - 0.0% | 0.1 0.0% | 106.9 1.2% | 226.1 2.4% |
| Total | \$ 1,503.6 16.3% | \$ 3,935.3 42.6% | \$ 2,589.5 28.0% | \$ 591.6 6.4% | \$ 108.8 1.2% | \$ 514.1 5.6% | \$ 9,242.8 100.0% |

| FY 2018 Change to Enacted | General Government | Human Services | Education | Public Safety | Natural Resources | Trans- portation | Total |
|--------------------------------------|-------------------------------|---------------------------|--------------------------|--------------------------|------------------------------|-----------------------------|----------------------------|
| Salaries & Benefits | \$ (18.1) -5.9% | \$ (4.7) -1.5% | \$ 22.8 7.5% | \$ 8.5 2.8% | \$ 0.9 0.3% | \$ 6.2 2.0% | \$ 15.7 5.1% |
| Contracted Services | (1.7) -0.6% | (12.6) -4.1% | (7.6) -2.5% | 1.7 0.5% | (1.5) -0.5% | 0.2 0.0% | (21.5) -7.1% |
| Other State Operations | 9.4 3.1% | 4.6 1.5% | (3.7) -1.2% | 2.5 0.8% | 0.7 0.2% | (14.2) -4.7% | (0.7) -0.2% |
| Aid to Local Units of Government | 29.5 9.7% | - 0.0% | (5.1) -1.7% | - 0.0% | - 0.0% | - 0.0% | 24.5 8.0% |
| Assistance, Grants, & Benefits | 5.5 1.8% | 182.9 60.1% | 7.1 2.3% | (0.3) -0.1% | (0.9) -0.3% | (1.1) -0.4% | 193.2 63.5% |
| Capital | (7.6) -2.5% | (2.0) -0.7% | (13.5) -4.4% | 23.2 7.6% | (0.5) -0.2% | 23.6 7.7% | 23.0 7.6% |
| Debt Service | 2.3 0.8% | - 0.0% | 11.8 3.9% | - 0.0% | - 0.0% | - 0.0% | 14.1 4.6% |
| Operating Transfers | (19.5) -6.4% | (0.9) -0.3% | 55.3 18.2% | - 0.0% | - 0.0% | 21.0 6.9% | 55.9 18.4% |
| Total | \$ (0.2) -0.1% | \$ 167.4 55.0% | \$ 67.1 22.1% | \$ 35.5 11.7% | \$ (1.3) -0.4% | \$ 35.6 11.7% | \$ 304.1 100.0% |

Expenditures from General Revenues

| FY 2016 Reported | General Government | Human Services | Education | Public Safety | Natural Resources | Trans- portation | Total |
|----------------------------------|---------------------------|-----------------------------|-----------------------------|---------------------------|--------------------------|-----------------------------|------------------------------|
| Salaries & Benefits | \$ 144.3 4.1% | \$ 181.8 5.1% | \$ 140.6 4.0% | \$ 354.7 10.0% | \$ 31.5 0.9% | \$ - 0.0% | \$ 852.8 24.0% |
| Contracted Services | 9.0 0.3% | 32.5 0.9% | 13.1 0.4% | 12.5 0.4% | 0.4 0.0% | - 0.0% | 67.5 1.9% |
| Other State Operations | 40.5 1.1% | 20.3 0.6% | 29.5 0.8% | 38.4 1.1% | 7.4 0.2% | - 0.0% | 136.0 3.8% |
| Aid to Local Units of Government | 77.6 2.2% | - 0.0% | 944.8 26.6% | - 0.0% | 0.0 0.0% | - 0.0% | 1,022.4 28.8% |
| Assistance, Grants, & Benefits | 8.3 0.2% | 1,132.2 31.9% | 34.8 1.0% | 28.6 0.8% | 1.3 0.0% | - 0.0% | 1,205.3 34.0% |
| Capital | 1.7 0.0% | 0.2 0.0% | 2.6 0.1% | 2.0 0.1% | (0.1) 0.0% | - 0.0% | 6.5 0.2% |
| Debt Service | 112.5 3.2% | - 0.0% | 10.4 0.3% | - 0.0% | - 0.0% | - 0.0% | 123.0 3.5% |
| Operating Transfers | 61.4 1.7% | (1.0) 0.0% | 74.1 2.1% | - 0.0% | - 0.0% | - 0.0% | 134.5 3.8% |
| Total | \$ 455.1 12.8% | \$ 1,366.1 38.5% | \$ 1,249.9 35.2% | \$ 436.2 12.3% | \$ 40.6 1.1% | \$ - 0.0% | \$ 3,547.9 100.0% |

| FY 2017 Enacted | General Government | Human Services | Education | Public Safety | Natural Resources | Trans- portation | Total |
|----------------------------------|---------------------------|-----------------------------|-----------------------------|---------------------------|--------------------------|-----------------------------|------------------------------|
| Salaries & Benefits | \$ 160.8 4.4% | \$ 183.6 5.0% | \$ 151.1 4.1% | \$ 364.6 9.9% | \$ 32.4 0.9% | \$ - 0.0% | \$ 892.5 24.2% |
| Contracted Services | 9.6 0.3% | 27.7 0.8% | 8.3 0.2% | 15.0 0.4% | 0.4 0.0% | - 0.0% | 61.0 1.7% |
| Other State Operations | 46.3 1.3% | 21.8 0.6% | 30.9 0.8% | 40.7 1.1% | 6.9 0.2% | - 0.0% | 146.5 4.0% |
| Aid to Local Units of Government | 76.6 2.1% | - 0.0% | 1,048.0 28.5% | - 0.0% | - 0.0% | - 0.0% | 1,124.7 30.5% |
| Assistance, Grants, & Benefits | 11.3 0.3% | 1,152.9 31.3% | 36.8 1.0% | 28.0 0.8% | 3.0 0.1% | - 0.0% | 1,232.1 33.4% |
| Capital | 2.6 0.1% | 0.3 0.0% | 2.2 0.1% | 1.4 0.0% | 0.0 0.0% | - 0.0% | 6.6 0.2% |
| Debt Service | 130.5 3.5% | - 0.0% | 17.4 0.5% | - 0.0% | - 0.0% | - 0.0% | 148.0 4.0% |
| Operating Transfers | 52.7 1.4% | 1.2 0.0% | 18.5 0.5% | - 0.0% | - 0.0% | - 0.0% | 72.4 2.0% |
| Total | \$ 490.5 13.3% | \$ 1,387.6 37.7% | \$ 1,313.3 35.7% | \$ 449.6 12.2% | \$ 42.7 1.2% | \$ - 0.0% | \$ 3,683.7 100.0% |

Expenditures from General Revenues

| FY 2018 Recommended | General Government | Human Services | Education | Public Safety | Natural Resources | Trans- portation | Total |
|-------------------------------------|-------------------------------|-----------------------------|-----------------------------|---------------------------|------------------------------|-----------------------------|------------------------------|
| Salaries & Benefits | \$ 168.1 4.4% | \$ 181.7 4.8% | \$ 158.7 4.2% | \$ 374.9 9.9% | \$ 32.9 0.9% | \$ - 0.0% | \$ 916.4 24.2% |
| Contracted Services | 10.8 0.3% | 22.4 0.6% | 8.9 0.2% | 15.1 0.4% | 0.4 0.0% | - 0.0% | 57.6 1.5% |
| Other State Operations | 40.6 1.1% | 22.2 0.6% | 29.9 0.8% | 41.0 1.1% | 7.8 0.2% | - 0.0% | 141.6 3.7% |
| Aid to Local Units of Government | 80.3 2.1% | - 0.0% | 1,038.4 27.4% | - 0.0% | - 0.0% | - 0.0% | 1,118.7 29.5% |
| Assistance, Grants, & Benefits | 9.9 0.3% | 1,164.4 30.7% | 42.7 1.1% | 28.3 0.7% | 5.4 0.1% | - 0.0% | 1,250.9 33.0% |
| Capital | 1.4 0.0% | 0.3 0.0% | 5.5 0.1% | 1.6 0.0% | 0.0 0.0% | - 0.0% | 8.7 0.2% |
| Debt Service | 144.4 3.8% | - 0.0% | 31.0 0.8% | - 0.0% | - 0.0% | - 0.0% | 175.4 4.6% |
| Operating Transfers | 48.8 1.3% | 1.2 0.0% | 73.4 1.9% | - 0.0% | - 0.0% | - 0.0% | 123.4 3.3% |
| Total | \$ 504.3 13.3% | \$ 1,392.4 36.7% | \$ 1,388.5 36.6% | \$ 461.0 12.2% | \$ 46.6 1.2% | \$ - 0.0% | \$ 3,792.7 100.0% |

| FY 2018 Recommended Change to Enacted | General Government | Human Services | Education | Public Safety | Natural Resources | Trans- portation | Total |
|--|-------------------------------|---------------------------|--------------------------|--------------------------|------------------------------|-----------------------------|----------------------------|
| Salaries & Benefits | \$ 7.3 6.7% | \$ (1.8) -1.7% | \$ 7.6 7.0% | \$ 10.3 9.5% | \$ 0.6 0.5% | \$ - 0.0% | \$ 23.9 22.0% |
| Contracted Services | 1.3 1.2% | (5.3) -4.9% | 0.6 0.5% | 0.1 0.1% | (0.0) 0.0% | - 0.0% | (3.4) -3.1% |
| Other State Operations | (5.7) -5.2% | 0.5 0.4% | (1.0) -1.0% | 0.4 0.4% | 0.9 0.8% | - 0.0% | (5.0) -4.5% |
| Aid to Local Units of Government | 3.7 3.4% | - 0.0% | (9.7) -8.9% | - 0.0% | - 0.0% | - 0.0% | (6.0) -5.5% |
| Assistance, Grants, & Benefits | (1.4) -1.3% | 11.5 10.5% | 6.0 5.5% | 0.3 0.3% | 2.4 2.2% | - 0.0% | 18.8 17.2% |
| Capital | (1.3) -1.2% | (0.1) -0.1% | 3.2 3.0% | 0.2 0.2% | (0.0) 0.0% | - 0.0% | 2.1 1.9% |
| Debt Service | 13.8 12.7% | - 0.0% | 13.6 12.4% | - 0.0% | - 0.0% | - 0.0% | 27.4 25.1% |
| Operating Transfers | (3.9) -3.6% | - 0.0% | 55.0 50.4% | - 0.0% | - 0.0% | - 0.0% | 51.1 46.8% |
| Total | \$ 13.8 12.6% | \$ 4.8 4.4% | \$ 75.2 69.0% | \$ 11.4 10.5% | \$ 3.9 3.6% | \$ - 0.0% | \$ 109.0 100.0% |

Expenditures from General Revenues

| FY 2018 Enacted | General Government | Human Services | Education | Public Safety | Natural Resources | Trans- portation | Total |
|----------------------------------|---------------------------|-----------------------------|-----------------------------|---------------------------|--------------------------|-----------------------------|------------------------------|
| Salaries & Benefits | \$ 139.6 3.7% | \$ 179.2 4.8% | \$ 158.3 4.2% | \$ 373.2 9.9% | \$ 32.6 0.9% | \$ - 0.0% | \$ 883.0 23.4% |
| Contracted Services | 10.3 0.3% | 23.0 0.6% | 8.6 0.2% | 16.4 0.4% | 0.4 0.0% | - 0.0% | 58.7 1.6% |
| Other State Operations | 37.7 1.0% | 21.5 0.6% | 32.5 0.9% | 39.9 1.1% | 7.0 0.2% | - 0.0% | 138.6 3.7% |
| Aid to Local Units of Government | 106.2 2.8% | - 0.0% | 1,041.6 27.6% | - 0.0% | - 0.0% | - 0.0% | 1,147.8 30.5% |
| Assistance, Grants, & Benefits | 10.3 0.3% | 1,180.7 31.3% | 35.0 0.9% | 29.0 0.8% | 1.8 0.0% | - 0.0% | 1,257.0 33.4% |
| Capital | 2.3 0.1% | 0.3 0.0% | 5.5 0.1% | 1.5 0.0% | 0.0 0.0% | - 0.0% | 9.6 0.3% |
| Debt Service | 138.4 3.7% | - 0.0% | 31.0 0.8% | - 0.0% | - 0.0% | - 0.0% | 169.4 4.5% |
| Operating Transfers | 30.1 0.8% | 0.2 0.0% | 73.4 1.9% | - 0.0% | - 0.0% | - 0.0% | 103.7 2.8% |
| Total | \$ 474.9 12.6% | \$ 1,404.9 37.3% | \$ 1,386.0 36.8% | \$ 460.2 12.2% | \$ 41.8 1.1% | \$ - 0.0% | \$ 3,767.7 100.0% |

| FY 2018 Change to Enacted | General Government | Human Services | Education | Public Safety | Natural Resources | Trans- portation | Total |
|----------------------------------|-----------------------------|--------------------------|--------------------------|--------------------------|---------------------------|-----------------------------|---------------------------|
| Salaries & Benefits | \$ (21.2) -25.3% | \$ (4.4) -5.2% | \$ 7.2 8.6% | \$ 8.6 10.3% | \$ 0.2 0.3% | \$ - 0.0% | \$ (9.5) -11.3% |
| Contracted Services | 0.7 0.9% | (4.8) -5.7% | 0.3 0.4% | 1.4 1.7% | (0.0) 0.0% | - 0.0% | (2.3) -2.8% |
| Other State Operations | (8.6) -10.3% | (0.3) -0.3% | 1.6 1.9% | (0.7) -0.9% | 0.1 0.2% | - 0.0% | (7.9) -9.4% |
| Aid to Local Units of Government | 29.5 35.2% | - 0.0% | (6.4) -7.7% | - 0.0% | - 0.0% | - 0.0% | 23.1 27.5% |
| Assistance, Grants, & Benefits | (1.0) -1.2% | 27.8 33.0% | (1.7) -2.1% | 1.0 1.2% | (1.2) -1.4% | - 0.0% | 24.9 29.6% |
| Capital | (0.3) -0.4% | (0.1) -0.1% | 3.2 3.9% | 0.2 0.2% | (0.0) 0.0% | - 0.0% | 3.0 3.6% |
| Debt Service | 7.9 9.4% | - 0.0% | 13.6 16.2% | - 0.0% | - 0.0% | - 0.0% | 21.4 25.5% |
| Operating Transfers | (22.6) -26.9% | (1.0) -1.2% | 55.0 65.5% | - 0.0% | - 0.0% | - 0.0% | 31.4 37.3% |
| Total | \$ (15.6) -18.6% | \$ 17.3 20.6% | \$ 72.7 86.5% | \$ 10.5 12.5% | \$ (0.9) -1.0% | \$ - 0.0% | \$ 84.0 100.0% |

