

Executive Summary

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Overview

***Multi-Year Financial
Management Plan to
Rebuild and Invest in
Rhode Island***

The FY 2001 Budget submitted to the General Assembly continues the multi-year financial management plan that Governor Almond has so successfully used to improve the state's finances since he took office in 1995.

Total expenditures for FY 2001 are \$4.650 billion. Expenditures from all fund sources in FY 2001 are \$87.9 million higher than the revised FY 2000 Budget of \$4.562 billion. This reflects a growth rate of 1.9 percent.

Expenditures from general revenues total \$2.303 billion for FY 2001, reflecting an increase of \$71.1 million from the revised FY 2000 Budget of \$2.231 billion. This reflects growth of 3.2 percent in general revenue funded expenditures.

On the revenue side of the ledger, the recommended budget is funded with total resources of \$2.303 billion for FY 2001, an increase of \$27.5 million from the revised FY 2000 level of \$2.275 billion. The opening surplus of \$43.9 million is also included, as is the reserve of \$47.0 million for the cash stabilization fund.

The Governor's FY 2001-2005 Capital Improvement Plan continues the state's effort to reduce net tax supported debt as a percent of personal income from 8.5 percent in 1994 to 4.3 percent in FY 2005. The Capital Budget reflects over \$551.5 million in funding in FY 2001, and recommends issuance of \$220.0 million of new general obligation bonds for open space, transportation, higher education facilities, Bay Bonds and RIPTA.

The full-time equivalent ceiling, or FTE cap, on positions is recommended to decrease from the revised FY 2000 cap of 16,072.3 to 16,058.3 for FY 2001. As of 12/31/99, the number of filled positions in state government including all of higher education was 15,627.0. This is over four hundred positions below the current ceiling, and is consistent with the Administration's track record of managing state government operations in a fiscally prudent manner.

As the Governor continues to stress the importance of key investments to build the economy and to provide better and more cost-effective services to our citizens, the FY 2001 Budget investments include:

Overview

Personal Income Tax Reduced to 25.5 Percent

Taxpayer Relief

Phase IV of the Governor's income tax rate reduction initiative is reflected in the FY 2001 Budget. In the FY 1998 Budget, the Governor proposed over a five-year period, a reduction in the personal income tax rate from 27.5 percent of federal tax liability to 25.0 percent. The five-year rate reduction schedule is as follows; Phase I through III have been implemented:

Effective 1/1/98-rate reduced from 27.5% to 27.0% (Phase I)
Effective 1/1/99-rate reduced from 27.0% to 26.5% (Phase II)
Effective 1/1/00-rate reduced from 26.5% to 26.0% (Phase III)
Effective 1/1/01-rate reduced from 26.0% to 25.5% (Phase IV)
Effective 1/1/02-rate reduced from 25.5% to 25.0% (Phase V)

Investments in Children and Child Care

Substantial increases in both provider rates and child care placements are included in the budget. This is the third year of development and implementation of the Governor's Starting Right Initiative. This budget provides for early start enhancements which will foster educational and social enrichment services in provider and community settings and thus enable children to enter school ready to learn. This budget includes the addition of approximately \$16.7 million for child care caseload costs. These costs are increasing significantly as we transition from cash assistance programs to gainful employment, consistent with the Family Independence Act.

The Governor is recommending continued general revenue support for Project REACH RI in FY 2001 at the Department of Children, Youth and Families. Project REACH is a five-year, \$15.0 million federal grant that supports the expansion of community based mental health services for children. As of January 31, 2000, the federal monies expired. Project REACH currently serves over 2,800 children on an annual basis.

Overview

***“Pay As You Go”
Asset Protection
RI Capital Plan Fund***

***80% of the RI Capital Fund
now dedicated to Capital
Projects***

***Debt prepayment, economic
growth and prudent fiscal
management leads to Bond
Rating upgrades***

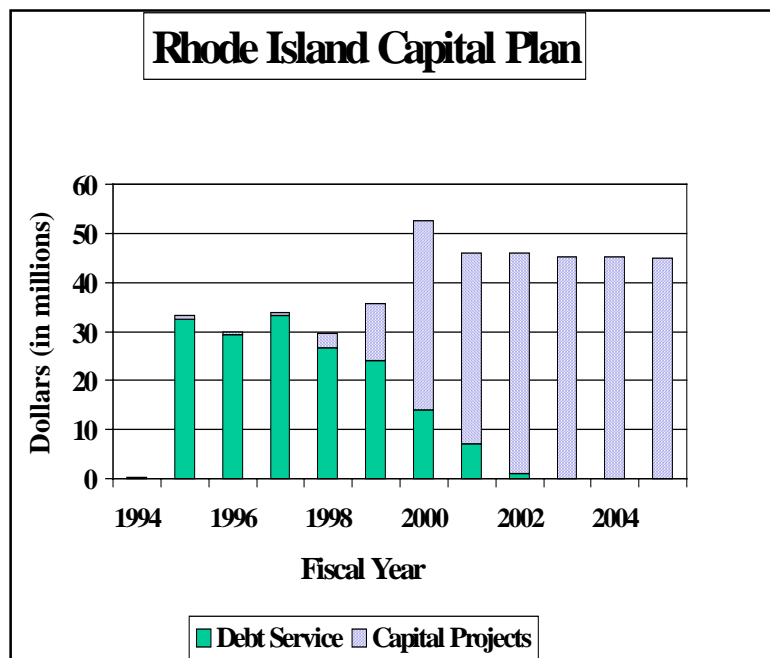
***Fitch AA
Moody’s Aa3***

***Reaffirm Standard & Poors
AA-***

Investment in our State’s Infrastructure

Phase IV of the “Pay-As-You-Go” asset protection program is a continuing major investment in the Governor’s financial plan for FY 2001. As part of the Governor’s multi-year financial plan to reduce the state’s reliance on debt, the Governor proposed a pay as you go asset protection program in FY 1998. In that budget, the asset protection program started with \$10.0 million, with a plan to increase that fund by \$4.0 million each year. The recommended amount for fiscal year 2001 is \$38.9 million. It is anticipated that the asset protection program will be fully implemented in FY 2003, when all R.I. Capital Plan Funds will be allocated to capital projects.

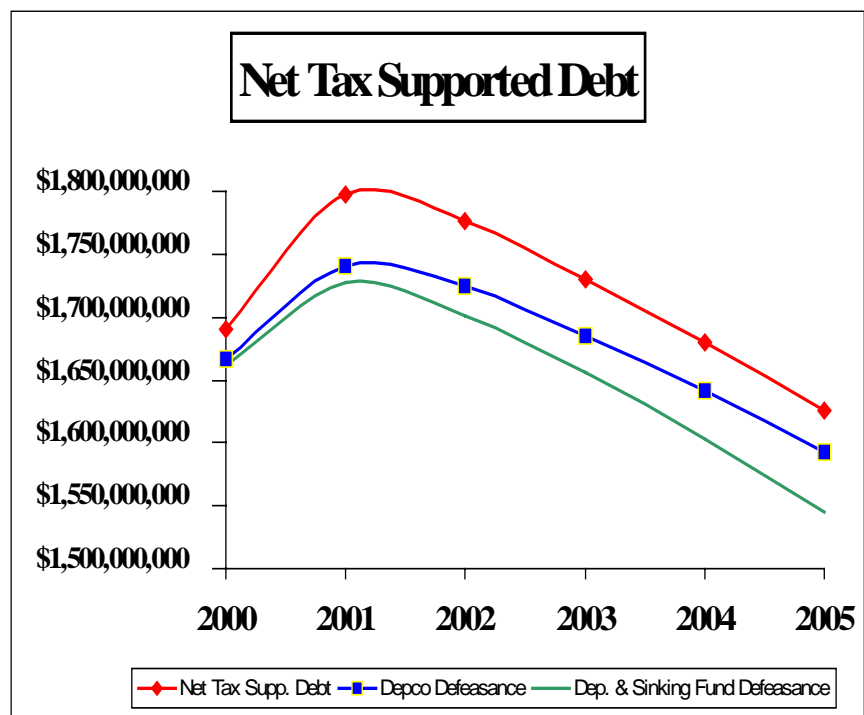
State law provides that any RI Capital Plan funds not spent in a fiscal year are automatically carried forward into the next fiscal year. The size of the recommended FY 2001 fund demonstrates the magnitude of debt avoidance and the potential bond issues that would be annually required had the “pay-as-you-go” program not been established by the Governor. Over \$183 million to date has been allocated for capital projects since the inception of this program.



Overview

Debt Reduction

The Governor's recommended capital and operating budgets reflect an integrated plan of debt reduction over the five year planning horizon. To address the state's high debt burden, current resources will be allocated to reduce debt. The projected prepayment of \$117.8 million of state debt over the next five years results in interest savings of \$41.9 million. The estimate reflects the prepayment of \$66.6 million of debt issued by the Depositors' Economic Protection Corporation (DEPCO), resulting in interest savings of \$19.4 million, and the prepayment of general obligation bonds totaling \$51.2 million, resulting in interest savings of \$22.5 million. Under this plan, the state Budget Office projects that the DEPCO bonds will be repaid by August 1, 2000 (FY2001), which is twenty-two years earlier than called for in the original schedule (FY 2023), and eight years earlier than the current payment schedule (FY 2009).



Overview

Gas Tax Dedication

Gas Tax Transfer Program in the FY 2001 Budget

Another aspect of the multi-year financial management plan is the Governor's efforts to move all of the gas tax receipts to transportation programs including DOT, RIPTA, and the para-transit program in the Department of Elderly Affairs by FY 2003.

The scheduled transfers are:

Completed

Effective 7/1/97-transfer 2.0 cents to DOT from General Fund

Effective 7/1/98-transfer an additional 1.5 cents to DOT

Effective 7/1/98-transfer an additional 2.0 cents to RIPTA

Effective 7/1/99-transfer an additional 0.5 cent to DOT and
-transfer an additional 0.5 cent to RIPTA

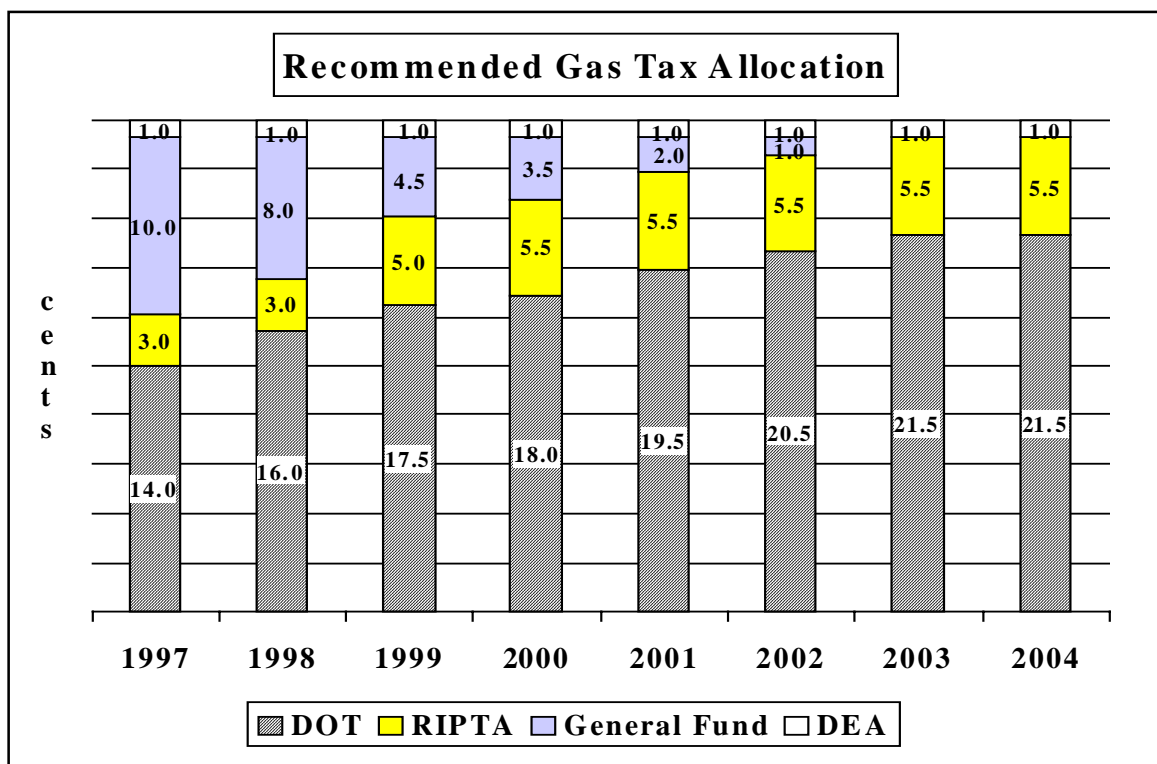
Recommended

Effective 7/1/00-transfer an additional 1.5 cents to DOT

Effective 7/1/01-transfer an additional 1.0 cent to DOT

Effective 7/1/02-transfer an additional 1.0 cent to DOT

As of FY 2001, the distribution of the gas tax will be RIPTA-5.5 cents, DEA-one cent, DOT-19.5 cents, General Fund-2.0 cents.



Overview

Local Education Aid up 6.7%

Investment in Education

State education aid is recommended to increase by \$34.9 million. Relative to a total increase of \$71.1 million for the entire state budget, this increase in education aid is clearly the top priority of the Governor's FY 2001 Budget. These funds have been allocated using a formula with a minimum increase per community of 3.0 percent. Ring communities qualify for a minimum of 5.0 percent and urban communities will qualify for at least 7.0 percent. No community will receive more than a 10.0 percent increase. This budget contains a full year's cost for the existing two charter schools, as well as additional funding for the Davies School and the R.I. School for the Deaf. Funds have also been allocated for intervention activities, professional development and quality assurance programs. A total of \$2.6 million is also recommended for full day kindergarten. Building on last year's reading initiative, the Governor has added new funds for a math initiative. In an effort to maximize funding for local school districts, the Governor has directed the Departments of Administration, Education and Human Services to work collaboratively to develop a new Special Education initiative which will garner \$8.2 million in additional federal funds for the local communities.

Higher Education Support Up 7.5%

The Governor is recommending additional general revenue support to the Board of Governors for Higher Education of 6.7 percent. Tuition revenue is budgeted to increase by 3.5 percent at the three schools. Within the RI Capital Plan Fund, \$6.5 million is budgeted for Higher Education asset protection programs. Also included within the RI Capital Plan Fund are appropriations for the construction of the Convocation Center at the University of Rhode Island. Due to a change in statute, all debt service statewide is budgeted within the Department of Administration. For Public Higher Education, this includes: \$12.1 million for capital projects, technology bonds, financial management and human resource information systems; \$2.7 million for debt service for the Shepard's building, which houses the Providence Campus of URI; and \$1.5 million for the related parking and operating expenses at the Shepard's building. Recognizing these items, general revenue support for Higher Education increases by 7.5 percent.

The Governor recommends a bond referenda for \$63.6 million for Public Higher Education to renovate and construct residence halls and campus buildings.

Overview

Public Health Initiatives

The Governor recommends the addition of 11.5 FTE positions within the Department of Health. Five of these positions are to provide personnel for the federally funded bioterrorism program to increase the state's preparedness to address terrorist attacks and other biological crises. The Governor is also recommending additional funding and personnel for the radiation control program to provide more timely inspection of x-ray facilities and radioactive materials. Additional personnel, equipment and supplies are recommended at the health laboratory to purchase and implement technologically advanced tests for sexually transmitted diseases and to relieve backlogs of autopsies and medicolegal death investigations.

Technology Funding

The Governor has recommended the establishment of a \$3.5 million technology fund within the Department of Administration. This fund will be used to finance programs in the Departments of Environmental Management, Business Regulation and Corrections where significant hardware and software investments are required. In addition, \$2.5 million of the fund will be available to other state agencies to upgrade their information systems to better serve Rhode Islanders with faster and more economic service delivery.

Local Aid to Cities and Towns

The Governor's recommended local aid budget for FY 2001 represents an increase of \$43.8 million over the revised FY 2000 budget. This increase is for aid to cities and towns in the form of education aid, state aid programs and inventory tax phase out programs.

Because of the Governor's priority of directing as much education aid as possible to the local communities, this budget freezes the phase out of the auto excise tax. This is consistent with the Governor's stated position that he would assess the affordability of this tax phase out in each fiscal year. The auto excise tax exemption will remain at \$2,500 with an annual inflationary component added to the annual state payment to the cities and towns.

The Governor is proposing legislation to restrict the variance between the types of tax classifications. This will more directly address the high auto tax rates in some communities. The Governor is proposing legislation to finance the state and teachers

*Auto Excise Tax Phase Out
Frozen;
Education Aid Substituted*

Overview

retirement systems using more current standardized actuarial methodologies and assumptions. This legislation, which has been endorsed by the General Treasurer, will reduce the amount of funds required of the municipalities to finance teachers' pensions.

General Revenue Sharing for the state's cities and towns, including the inventory tax phase out, is recommended at a level of \$33.5 million in FY 2001. This is an increase of \$5.9 million over the prior year. The Governor is recommending a change in the payment schedule for general revenue sharing to local communities from annually to monthly. This will assist local communities in managing their cash flow requirements.

In addition, the PILOT Program is fully funded at the required 27.0 percent level for FY 2001 of \$17.6 million, Distressed Communities Relief is funded at \$6.2 million, and Library Aid Programs are funded at \$8.0 million.

Public Safety Investments

The Governor's recommendations include full funding for the operation of the state's correctional facilities. The FY 2000 and FY 2001 budgets for the Department of Corrections reflect a projected 5.0 percent reduction in inmate population from the FY 2000 enacted budget. The Governor is also recommending significant investments in technology. The Department of Corrections is participating in the pilot financial management information system project, and is in the process of converting from an antiquated database system to an integrated relational database for human resources and inmate tracking. Contract negotiations with the Rhode Island Brotherhood of Correctional Officers are now in the arbitration phase; no funds are recommended for a settlement, as no agreement has been reached to date.

The Governor is recommending continued funding for the implementation of the statewide criminal justice information system, Justice Link, involving six state agencies and municipal police departments.

The Governor is recommending funding for a new class of State Police troopers to join the ranks in FY 2001, as this class is scheduled to graduate in June, 2000. The total increase in positions for State Police will be fourteen.

The Governor is recommending the construction of a new Traffic Tribunal court building at the Howard Center and a new Kent County Courthouse, both to be financed with certificates of

Overview

*Open Space Bond
Referenda
Bay Bond Referenda
Clean Water Referenda*

participation. These certificates will also be used to finance construction of a new training school for incarcerated and detained youths.

Investments to Protect the Environment

The Governor's recommendation continues his major investment in environmental protection and resource management protection by increasing staff levels at the Department of Environmental Management in the revised FY 2000 and FY 2001 Budgets. A total of forty-four new positions in DEM have been recommended, compared to the FY 1999 enacted budget, for Compliance and Inspection, Parks, Technical and Customer Assistance, Marine Fisheries, Watersheds and Standards, and Open Space Acquisition. The Governor is also proposing a \$50 million Open Space Bond issue for placement on the November 2000 ballot. Bay Bonds of \$42 million are recommended to support the Narragansett Bay Commission Combined Sewer Overflow Project, and to provide \$12 million to DEM for the Clean Water initiative.

Performance Measurement/Financial Integrity

The FY 2000 Budget marked the completion of Phase II of the development of performance measures for each major program in state government. The Budget Office's Strategic Planning Unit has worked with departments and agencies to develop measures which decision makers and the public at large can use to evaluate the program outcomes on an annual basis. These measures are included on the agency and program financing pages in the Budget document and are described further in the Technical Appendix document. A training session jointly conducted by the Bureau of Audits, the State Controller's Office and the Strategic Planning Unit, provided training on risk management and SWOT analysis, (Strengths, Weaknesses, Opportunities and Threats) for state departments and agencies. This will assist these departments in further refining their participation in the Administration's management improvement initiative and in conducting their annual financial integrity and accountability reviews.

Securing Future Financial Stability

In last year's FY 2000 budget, the five year forecast projected a deficit of \$143.1 million in FY 2001. This was predicated upon projected available revenue of \$2.141 billion and expenditures of \$2.285 billion. It was clear that either expenditures would have to be restrained, or resources would need to be increased in order to resolve the structural deficit. Efforts to restrain expenditure

Overview

growth have resulted in an increase over the prior year's forecast of less than 1.0 percent. The current estimated resources of \$2.303 billion in FY 2001 are \$160.8 million higher than last year's five-year forecast of \$2.285 billion. These efforts have brought expenditures in line with available resources, allowing us to resolve the projected FY 2001 deficit.

The Economy

Summary

The Consensus Revenue Estimating Conference convenes twice each year, within the first ten days of May and November. Historically, the purpose of the conference was confined to forecasting current and budget year revenue estimates. These revenue estimates serve as the basis for the proposed budget, and later, the enacted budget. The revenue forecast is based upon current collection trends as prescribed by law, in addition to the economic outlook.

The November 1999 Conference received testimony from economic experts representing Regional Financial Associates (RFA) and Standard and Poor's DRI (DRI). The economists reviewed current national and international economic trends and provided an overview regarding the impact of external factors on Rhode Island's economy, as well as economic conditions unique to our state.

During the 1998 legislative session, the Revenue Estimating Conference statutes were modified to require the adoption of a consensus economic forecast at the Revenue Estimating Conference. Beginning with the November 1998 Conference, a fiscal year forecast for employment, personal income, and price inflation was adopted. The consensus forecast appears below.

The Consensus Economic Forecast			
	FY 1999	FY 2000	FY 2001
Employment (<i>thousands</i>)	461.1	467.0	473.0
Employment Change	1.6%	1.3%	1.3%
Personal Income (<i>billions</i>)	\$27.3	\$28.6	\$29.9
Personal Income Change	5.4%	4.8%	4.5%
Consumer Price Index Change (<i>U.S.</i>)	1.7%	2.4%	2.1%

*The Rhode Island economy
continues to expand...*

Personal Income

Both DRI and RFA predict economic growth in Rhode Island to continue through FY 2001, at a moderate pace. Income and employment indicators, as shown on the following table, present a small and consistent range of forecast for continued growth.

The Economy

Personal Income forecasts by both DRI and RFA are for 4.7 percent growth in the current fiscal year, and range from 4.4 percent to 4.9 percent in the budget year. Personal Income Tax receipts continue to grow, supported by consistently strong withholding payments.

Comparison of Economic Forecasts

		1999	2000	2001
<i>Personal Income</i>	DRI	5.2%	4.7%	4.4%
	RFA	5.3%	4.7%	4.9%
<i>Wage and Salary Income</i>	DRI	7.0%	5.7%	5.3%
	RFA	7.3%	6.1%	5.2%
<i>Nonfarm Employment</i>	DRI	1.6%	1.3%	1.3%
	RFA	1.6%	1.6%	1.4%

Wage and Salary Income

Wage and Salary Income forecasts vary from 5.7 percent to 6.1 percent in the current year and 5.2 percent to 5.3 percent in the budget year. Continued strength in wage and salary income is explained by the trend in recent years from job growth in low paying manufacturing employment toward higher paying service-related employment. The Department of Labor and Training reported that wages paid to Rhode Islanders working in finance, insurance, and real estate were 21 percent higher than those paid to residents working in the manufacturing sector in 1998. In addition, wages paid to those in finance, insurance, and real estate were 10 percent greater in 1998 than in the prior year.

Employment

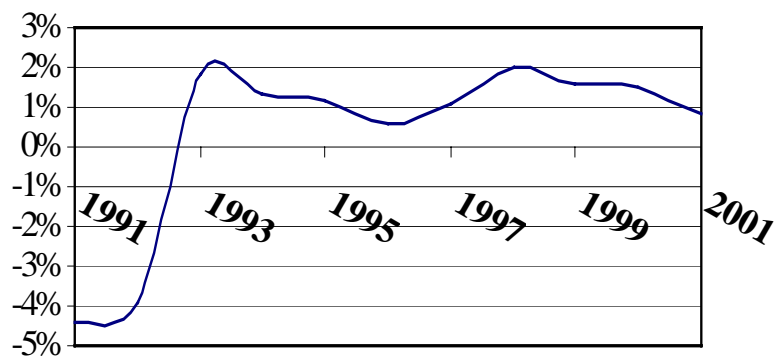
Rhode Island continues to enjoy an economic recovery which began eight years ago. As reported by the Rhode Island Department of Labor and Training, Rhode Island's 1999 seasonally adjusted unemployment rate for the month of December dropped to 3.8 percent; this was below the national rate of 4.1 percent. The number of jobs in Rhode Island increased by 5,900 in the year ended December 1999. Job growth has been

The Economy

particularly strong in business services, (including finance, insurance, and real estate) health services, and trade (which was bolstered by the opening of Providence Place Mall this year), as well as contract construction.

*Rhode Island employment
continues to grow...*

Employment Growth, 1991-2001
Source: RFA December 1999 Forecast

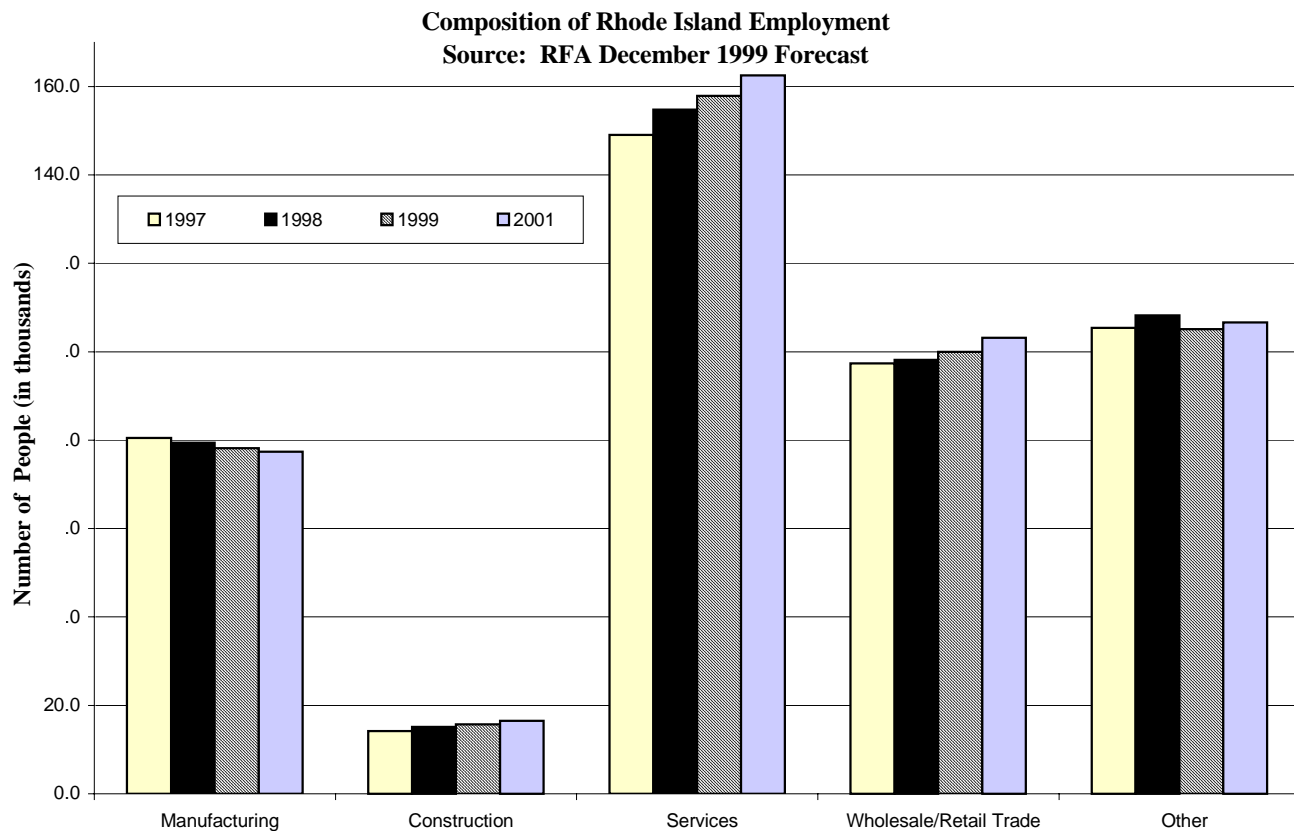


Employment growth forecasts vary from 1.3 percent to 1.6 percent in the current fiscal year. A smaller variance is present in the budget year forecast, from 1.3 percent to 1.4 percent. Despite differences between the forecasts, both economists agree that the state will continue to lag both the region and the country in employment growth. This is partially explained by current labor market trends. Construction employment, buoyed in the recent past by an extremely strong housing market, and by construction of the Providence Place Mall, is expected to decline once the mall is completed and new home construction slows.

RFA anticipates that price competition from overseas will continue to weaken manufacturing employment within the state. This sector currently provides 16.6 percent of all employment. Although erosion in this area is occurring nationally, Rhode Island is affected disproportionately due to its concentration in production of low value-added goods. The chronic decline in this sector began more than a decade ago, but the rate at which it is shrinking appears to be abating. Evidence indicates that as reductions in defense spending have stabilized, losses in Rhode Island manufacturing jobs have begun to slow as well.

The Economy

As the chart below indicates, most of the growth in the long term is predicted to occur in the services, wholesale and retail trade components.



*Rhode Island's business
climate continues to
improve...*

One of the largest risks to Rhode Island's continued economic strength is the relatively undiversified nature of the state's economy. In an effort to make Rhode Island more hospitable to small businesses, and to stimulate employment in a variety of competitive industries, the state has enacted initiatives to reduce the cost of doing business. The state has focused on incentives which encourage businesses to invest in technology, thereby increasing efficiency. Rhode Island recently increased the Research and Development Tax Credit to 22.5 percent, the highest rate in the nation. The increased Investment Tax Credit provides incentives for firms to invest in computers and equipment, and to increase salaries paid to employees.

Beginning with the FY 1999 budget, local communities are to be compensated by the state for the phase-out of the locally based wholesale and retail inventory taxes. General revenue

The Economy

*Rhode Island's economy
continues to become more
diversified and well-
balanced*

sharing will be increased from 1.0 percent of state tax revenues in FY 1998 to 4.7 percent in FY 2009, when the inventory tax phase-out is complete. Elimination of this portion of the local property tax should enable firms to reduce costs and allow the state to be more competitive.

Other relative cost differentials make Rhode Island an attractive location for business retention and expansion. The Utility Restructuring Act introduced competition to the electricity market, which has reduced operating expenses. For the year ended July 1999, electricity prices paid by industrial consumers had declined by nearly twenty percent versus the prior year, and prices paid by commercial consumers had declined by approximately fifteen percent. Additionally, the cost of Class A office space in Providence is approximately half of the cost of Class A office space in New York or Boston.

The state's investment and leadership in higher education provide essential benefits for the community as a whole and for businesses in particular. Numerous firms are partnering with Rhode Island's institutions of higher education on a variety of initiatives which strengthen both the schools and the businesses. Investments in education lead to job opportunities for students, and increase the state's competitiveness by improving the quality of the workforce.

Improving transportation linkages should continue to benefit Rhode Island businesses, including tourism. T.F. Green Airport has undergone considerable expansion, and has enjoyed several record-breaking years. Rhode Island is also part of Amtrak's northeast corridor high speed rail project between New York City and Boston. The high speed trains have travel times comparable to airplane travel time and should increase visitor traffic into Rhode Island. Initial operations commenced in February, 2000.

Although the state's economic well-being remains vulnerable to the economic condition of the region and the nation as a whole, Rhode Island's targeted initiatives have resulted in a more diversified and well balanced economy. The improved economic conditions in the state, together with prudent fiscal management, led to upgrades in the state's credit rating by both Moody's Investors Service and Fitch IBCA in September 1999. These improved economic conditions will also help to protect Rhode Islanders in the event of an economic downturn.

Revenues and Receipts

Restricted receipts of \$183.2 million equal 3.9 percent of total revenue sources in FY 2001. Restricted receipts are revenues (such as licenses and fees) which are solely dedicated to activities specified by the legislation that created the receipt. Restricted receipts increase \$5.2 million from the FY 2000 revised budget to FY 2001. The most significant changes are:

- A decrease in the Department of Administration of \$43.0 million attributable to a reduction in the DEPCO sales tax escrow account. It is projected that the balance of outstanding DEPCO debt will be retired or defeased by early FY 2001.
- An increase of \$2.5 million in the Department of Labor and Training. Changes in budget presentation and increased grant payments for the Human Resource Investment Council comprise the change.
- An increase of \$17.6 million within the Department of Elementary and Secondary education. The majority of the increase represents recording of Medicaid funds to local education authorities.
- A reduction of \$1.6 million within the Department of Environmental Management for the Davis Tire Reclamation Project. Funding for this project will be exhausted by the end of FY 2000.
- An increase of \$30.9 million in the Department of Transportation for the proposed expansion of the Freight Rail Improvement Project.

For FY 2001, the Governor recommends other funds expenditures totaling \$790.1 million, or 17.0 percent of the total budget. This category includes the University and College Fund, Employment Security and Temporary Disability funds and the portions of the gasoline tax dedicated to the Department of Transportation, the Department of Elderly Affairs, and the Rhode Island Public Transit Authority. Employment and Training Funds of \$274.7 million include \$153.7 million from the Employment Security Insurance Fund, \$119.4 million from the Temporary Disability Insurance Fund, and \$1.6 from Tardy and Interest Funds. Employers pay a percentage of payrolls for unemployment insurance benefits, and employees pay for Temporary Disability Insurance. These funds are expended primarily for benefit payments. Other funds also include operating transfers, such as the Rhode Island Capital Plan Fund (RICAP), as discussed below.

Revenues and Receipts

The following major changes occur in other funds expenditures for FY 2001:

- A decrease of \$7.1 million within the Department of Administration resulting from the shift in debt service from the Rhode Island Capital Plan Fund to general revenue as part of the Governor's asset protection initiative.
- An increase of \$3.7 million in the Department of Labor and Training due to an increase in the Temporary Disability Insurance Fund and the Employment Security Fund.
- Within the Office of the General Treasurer, an increase of \$2.5 million for consultant services relating to the computerization of the statewide retirement system.
- An increase of \$2.1 million for Rhode Island Capital Plan projects within the Department of

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General Revenues

***The Governor
recommends \$2.207
billion in General
Revenues during FY
2000...***

***Recommended revenues
are based upon the
Consensus Revenue
Estimating Conference
and the Governor's
proposals...***

***Considerable gains are
expected in Personal
Income and Sales Tax
Collections...***

The Governor's recommended budget includes general revenues of \$2.207 billion in FY 2000 and \$2.306 billion in FY 2001. Annual estimated growth during the current fiscal and budget year is 7.4 percent and 4.5 percent, respectively. Estimated deposits of \$46.1 million and \$47.0 million will be made to the Budget Reserve and Cash Stabilization Fund during the same time periods.

The aforementioned estimates are predicated upon the November Consensus Revenue Estimating Conference, plus changes to general revenues recommended by the Governor. The Consensus Revenue Estimating Conference is required by legislation to convene at least twice annually to forecast general revenues for the current year and the budget year, based upon current law and collection trends, as well as the economic forecast. The Conference members are the State Budget Officer, the House Fiscal Advisor, and the Senate Fiscal Advisor.

The November Conference revised the 2000 enacted revenue estimate upward by \$22.6 million, or 1.0 percent. The Governor recommends a \$12.8 million increase to these estimates, as shown in the *General Revenue Changes to Adopted Estimates* table in this document.

Recommended revenues for FY 2000 are predicted on a \$151.8 million increase in collections over FY 1999, or growth of 7.4 percent. Tax revenue expansion of \$68.8 million and tobacco settlement proceeds of \$59.6 million comprise most of the increase.

Much of the increase in FY 2000 is due to anticipated gains of \$24.6 million in the Personal Income Tax. Personal Income Tax collections represent 35.6 percent of FY 2000 general revenue.

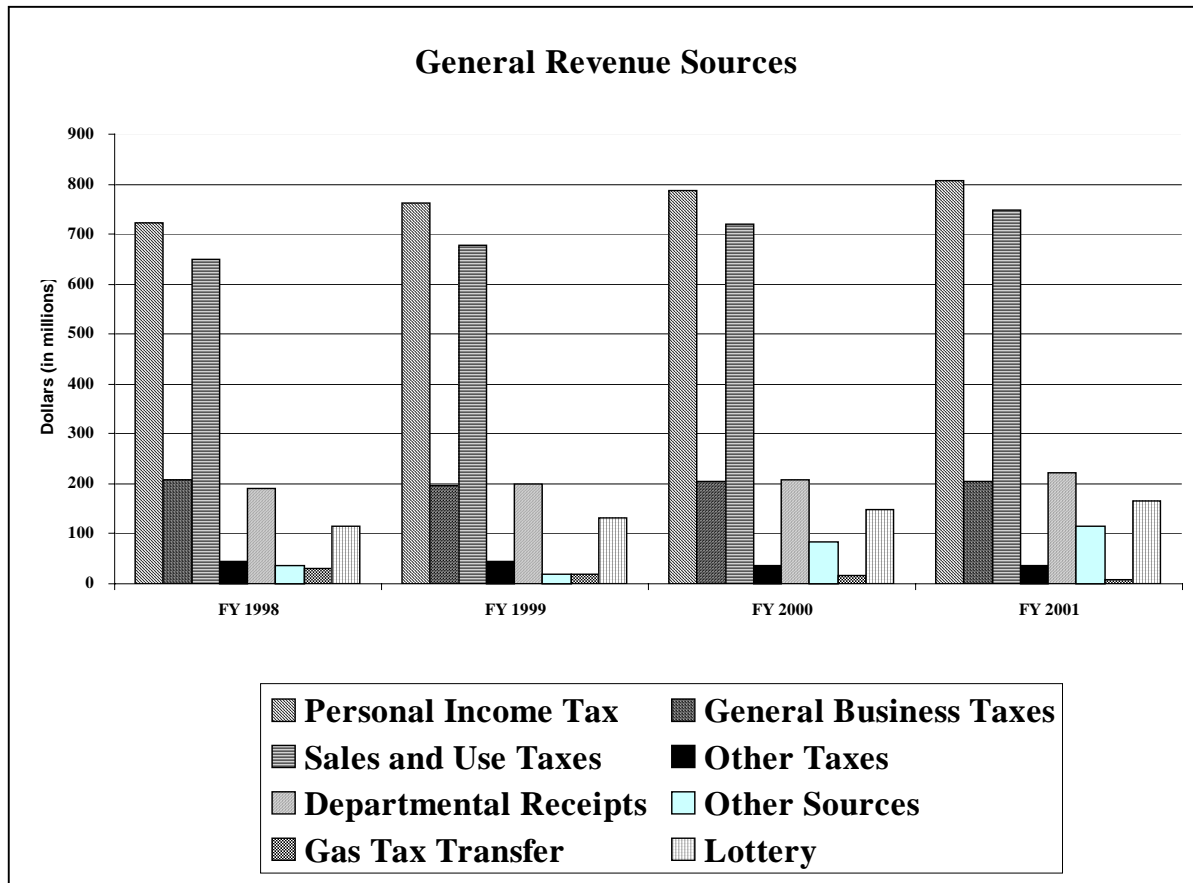
Economic gains in personal income and sales tax collections will be partially offset by tax reductions and credits. The personal income tax rate was reduced from 27.5 to 27.0 percent of federal tax liability on January 1, 1998, to 26.5 percent of federal liability on January 1, 1999, and to 26.0 percent of federal liability on January 1, 2000. The increased Investment Tax Credit and Research and Development Tax Credits continue to impact tax collections in FY 2000, as individuals and businesses continue to reap the benefits of an improved taxing structure in Rhode Island.

The Sales Tax is also a major contributor to expected gains in FY 2000 collections, representing 27.6 percent of total revenues.

General Revenues

Consumer confidence remains strong, as evidenced by continued purchases of taxable goods.

Anticipated collections in FY 2000 are \$608.4 million, reflecting a growth rate of 7.6 percent. It should be noted that the general revenue portion of sales tax collections excludes six tenths of one percent of the total tax rate, which is dedicated to DEPCO debt service payments.



Within the excise tax category, motor vehicle tax collections are expected to reach \$43.5 million in FY 2000. The Motor Fuel tax estimate is \$758,806, a small decrease from the prior fiscal year. The revised Cigarette Tax estimate of \$58.0 million reflects a downward revision as a result of decreased cigarette consumption within the state.

General Revenues

*The Governor recommends
\$2.306 billion in FY 2001
revenues...*

Growth in general business taxes is expected to be modest since the Business Corporations Tax, the Franchise Tax, and the Public Utilities Gross Earnings Tax are expected to remain near FY 1999 collection levels. Estimated collections, respectively, are \$67.6 million, \$7.9 million, and \$66.3 million. However, the Financial Institutions Tax is expected to rebound after two years of large refunds, and is estimated to generate \$4.0 million. Also, the Gross Premiums Tax on Insurance Companies is estimated to total \$33.5 million, reflecting growth of 5.8 percent. The Health Care Provider Tax is estimated to yield \$25.1 million, up from \$24.0 million in FY 1999.

The Governor's recommended FY 2001 general revenue estimate of \$2.306 billion is predicated upon overall growth of 4.5 percent from FY 2000 revised levels.

The largest source of FY 2001 general revenue is the personal income tax, with estimated receipts of \$806.1 million comprising 35.0 percent of the total. Healthy income tax growth of 2.5 percent is anticipated in spite of significant income tax relief enacted in 1997. The value of the personal income tax rate reduction enacted by the 1997 General Assembly will increase in FY 2001 by approximately \$17.6 million compared to FY 2000 levels. Adjusted for the rate reduction and other income tax relief, the FY 2001 underlying income tax growth equals 4.5 percent.

Sales Tax collections are expected to total \$636.6 million in FY 2001. The FY 2001 estimate anticipates 4.6 percent annual growth, with the sales tax equalling 27.6 percent of total general revenues.

Cigarette Tax collections are expected to continue to diminish in FY 2001 as consumption continues to decline in Rhode Island. The FY 2001 estimate of \$56.8 million reflects a decrease of \$1.2 million, or 2.1 percent.

Other excise tax components are anticipated to remain level at best. While the Motor Fuel Tax is expected to generate \$675,000, Alcohol Tax collections are expected to remain at the FY 2000 level of \$9.0 million.

General business taxes represent 8.9 percent of total general revenue collections in the budget year. Business Corporation Tax revenues are expected to yield \$67.0 million in revenues, or a 0.9 percent decrease. The Franchise, Public Utilities Gross Earnings, Insurance, and Health Care Provider Taxes are expected to remain

General Revenues

The Governor proposes several changes...

at FY 2000 levels, with total collections of \$7.9 million, \$66.3 million, \$33.5 million, and \$25.1 million, respectively. The Financial Institutions Tax is expected to generate \$4.0 million.

Inheritance and Gift Taxes, Racing and Athletic Taxes, and Realty Transfer Taxes are expected to remain at FY 2000 levels. Anticipated collections are \$30.0 million, \$5.2 million, and \$2.1 million, respectively. The Hospital Licensing Fee enacted by the 1999 General Assembly expires on June 30, 2000. The Governor recommends that the fee continue for one year at the current rate of 2.0 percent of gross receipts, and the revenue estimate of \$37.4 million is included in FY 2001 general revenues.

The Hospital Licensing Fee enacted by the 1999 General Assembly expires on June 30, 2000. The Governor recommends that the fee continue for one year at the current rate of 2.0 percent of gross receipts, and the revenue estimate of \$37.4 million is included in FY 2001 general revenues.

In addition, increases in Health Department fees for food protection, health professionals regulation and radiation control, as well as Department of Environmental Management fees for beach parking are proposed. These are estimated to total approximately \$1.4 million.

A technical adjustment to current statutes is also proposed, allowing the state to retain its previous share of emissions inspection fees. This is anticipated to yield \$3.4 million in FY 2000 and \$5.7 million in FY 2001.

Finally, departmental revenues are increased by \$17.5 million reflecting a new initiative to capture Medicaid revenues associated with medical services provided to special education students and inpatient hospital costs for inmates at the State's correctional facilities.

The "Other Sources" component total of \$289.9 million represents an increase of 15.7 percent over FY 2000. Most of the increase relates to the inclusion of \$47.0 million of sales tax proceeds dedicated to DEPCO, but not required for debt repayment in FY 2001, pursuant to adopted revenue conference estimates. This is partially offset by reduced tobacco settlement proceeds estimated in FY 2001 (\$45.3 million, versus \$59.6 million estimated in FY 2000). The Governor recommends the addition of \$7.0 million due to lower defeasance requirements for DEPCO, a \$3.0 million transfer from the Resource Recovery Corporation, and \$750,000 for the sale of the building housing the Board of Elections. The

General Revenues

Governor's recommendation also includes reimbursements to the state of \$1.2 million from the Underground Storage Tank Fund for environmental remediation completed by the state, as well as \$800,000 for elderly transportation Medicaid reimbursements.

A reduction to the general fund gas tax transfer is also reflected in the estimate for the budget year. The Governor's budget includes the continued transfer of additional gasoline tax revenues to the Department of Transportation, which results in a general fund decrease of \$6.85 million.

Gasoline Tax Allocation, Fiscal Years 1999-2003

	1999	2000	2001	2002	2003
<i>Department of Transportation</i>	17.5	18.0	19.5	20.5	21.5
<i>Rhode Island Public Transit Authority</i>	5	5.5	5.5	5.5	5.5
<i>Department of Elderly Affairs</i>	1	1	1	1	1
<i>General Fund via ISTF</i>	4.5	3.5	2.0	1.0	0
<i>Total Gasoline Tax:</i>	28	28	28	28	28

All Sources

The total budget of \$4.654 billion includes all sources of funds from which state agencies make expenditures.

Federal funds represent 29.5 percent of all funds. Over 68.4 percent of federal funds are expended for human services, primarily for Medicaid.

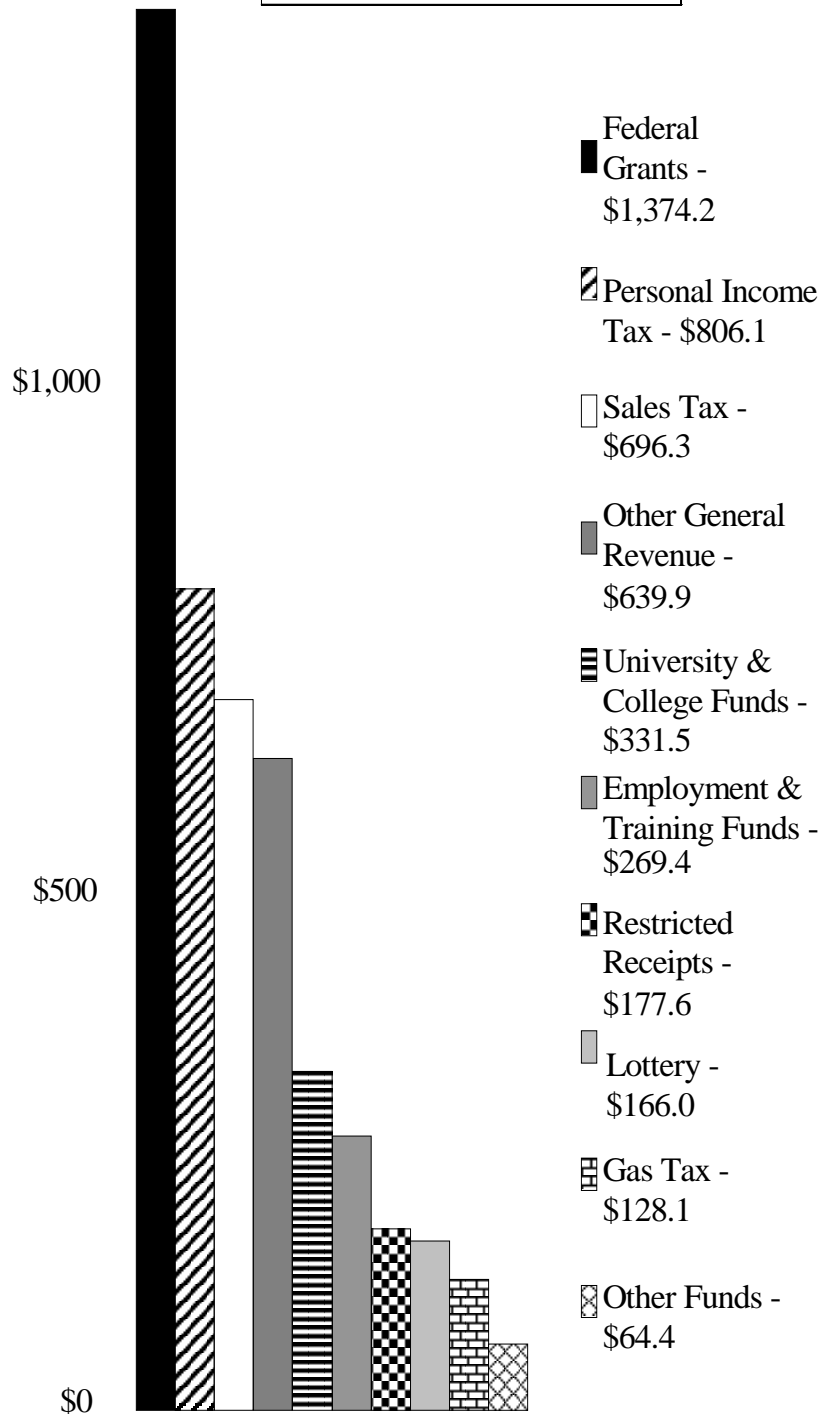
Income and Sales and Use Taxes combined represent 32.3 percent of all revenue sources.

University and College Funds, and Employment Security and TDI Benefit payments represent 7.1 percent, and 5.8 percent of the total, respectively.

Remaining sources include: Other General Revenues (13.8 percent); Gas Tax Revenues (2.8 percent); Lottery Transfers (3.6 percent); Restricted Receipts (3.8 percent); and Other Funds (1.4 percent).

\$1,500

Where It Comes From (in millions)



All Expenditures

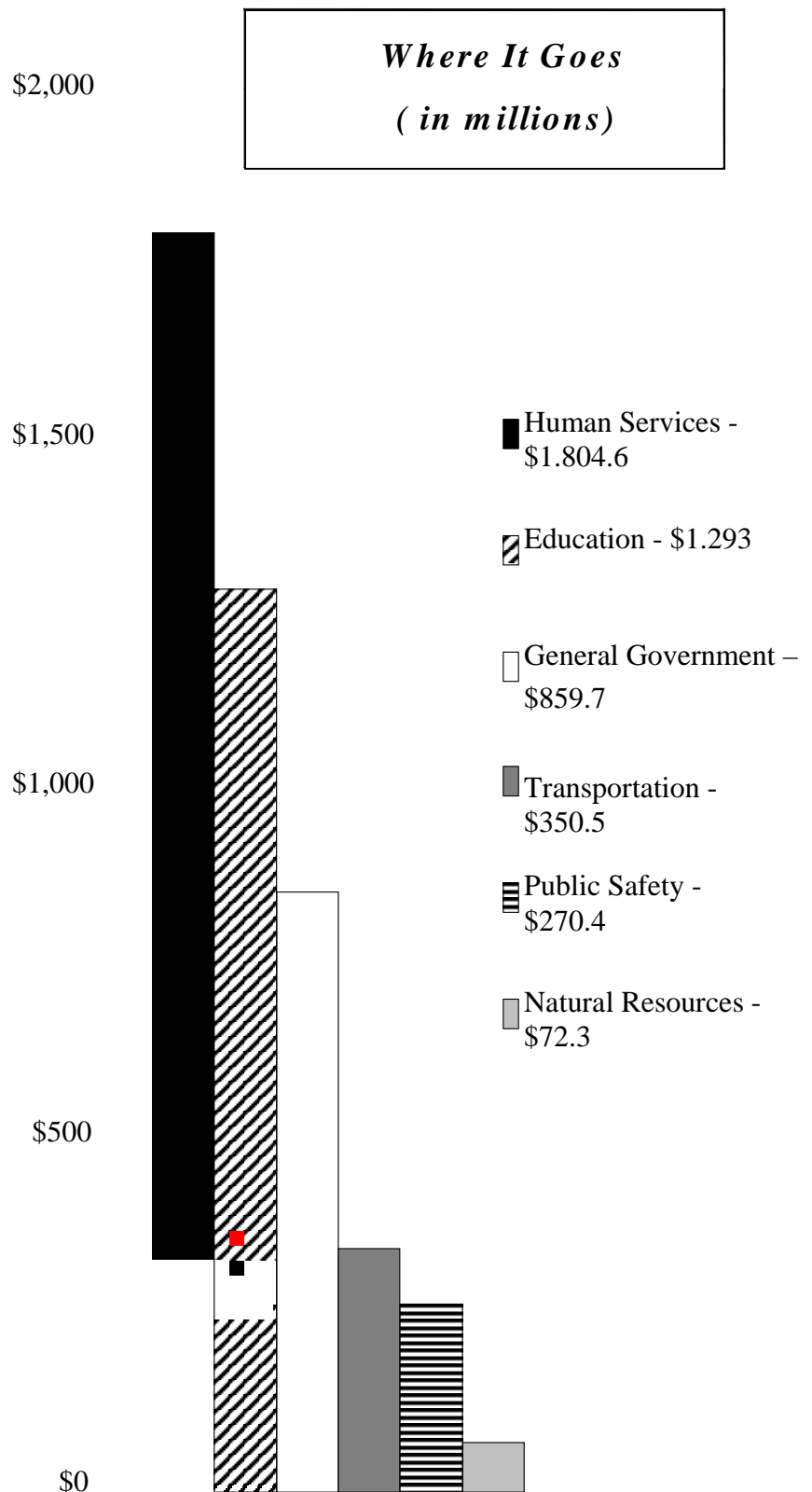
Approximately sixty-seven percent of all expenditures are for human services and education programs. The budgets for the human services agencies total over \$1.805 billion, or thirty-nine percent of all expenditures. These programs constitute the state's safety net.

Education expenditures comprise over twenty-eight percent of total expenditures with \$722.7 million going for aid to local units of government. This is approximately fifty-six percent of all education expenditures, including higher education.

Approximately thirty-nine percent of the \$859.7 million expended for general government is for grants and benefits to individuals. Most of these expenditures are for employment and training, including unemployment compensation.

Transportation expenditures, comprising eight percent of the total budget, includes

Expenditures for public



All Expenditures

Expenditure Summary

FY 2000 Revised General Revenue Expenditures

FY 2000 revised general revenue expenditures of \$2.231 billion include a net addition of \$26.1 million to the enacted budget. The increased spending includes \$16.1 million of reappropriated balances from FY 1999, and \$10.0 million for expenditures that were not budgeted.

The largest single change in the FY 2000 revised budget is an addition of \$8.3 million for statewide medical benefit increases. The recommended budget for FY 2000 employee medical costs includes an increase of approximately 20.4 percent over FY 1999 expenditure levels, including a retroactive component. This reflects negotiated changes in the contracts for health, prescription and dental coverage.

Other major changes:

- The Governor recommends \$5.9 million in state general revenue funds for Supreme Court orders at the Department of Administration. As a result of a Supreme Court order, the State of Rhode Island paid \$5,977,020 to a third party on December 22, 1999. Under the same court order, the City of Providence is required to reimburse the State the full amount of this payment within 20 days of that date.
- The November Caseload Estimating Conference adopted general revenue estimates requiring the addition of \$1.6 million to general revenue appropriations. Savings of \$3.7 million in Medicaid were offset by added costs of \$4.9 million in childcare and \$0.4 million for cash assistance.
- The Governor recommends an increase of \$1.4 million in grant based funding, for the developmentally disabled population.
- The Governor recommends a statewide fund for distribution of certain workers' compensation costs via a new assessment. compensation assessment. Effective in August 1999, as required by OMB Circular A-87, a biweekly assessment is applied to the amount of salaries and wages paid from all accounts and funds. This assessment finances the following employee fringe benefits: services provided by the Donley Center; services of the Workers' Compensation Court; and the Division of Workers' Compensation administrative costs related to workers' compensation activities. The amount of the biweekly assessment is anticipated to be approximately

Expenditure Summary

equal to 0.17 percent for FY 2000 and will be applied to all salaries and wages paid to employees.

- The Governor recommends \$100,000 in DCYF and \$300,000 in MHRH for clients receiving mental and behavioral health care that are unable to obtain insurance due to the closing of Harvard Pilgrim.
- The Governor recommends savings of \$4.4 million in the Motor Vehicle Excise Tax Program. Each city and town began a seven-year phase out of the excise tax on motor vehicles and trailers with the FY 2000 tax bills, consistent with Article 28 of the FY 1999 Appropriations Act. The State is to reimburse each city and town for the revenues lost as a result of this tax phase out. The FY 2000 Budget as enacted included \$48.2 million for tax reimbursements to the cities and towns. Based upon FY 1999 actual expenditures (\$21.97 million) and initial analysis of the FY 2000 data, the Office of Municipal Affairs projects actual funding requirements of \$43.8 million, resulting in a \$4.4 million general revenue savings.
- The Governor recommends \$500,000 in savings for Property Tax Relief. Pursuant to state statute, the Department of Administration has appropriations for this program of \$6.0 million in FY 2000. Because applications for this credit are submitted as part of annual income tax filings, it is impossible to estimate early in the fiscal year if the entire appropriation will be required to fund this program. Based upon actual expenditures in FY 1999 (\$4.4 million), the Budget Office recommends reducing the appropriation for this program by \$500,000 in FY 2000. The passage of legislation is required to reduce the statutory appropriation amount.
- The Governor recommends \$234,280 to further implement 2D Bar Code Technology within the Taxation Program which will enable Taxation to process personal income tax returns in a more cost efficient manner. The speed at which the Taxation Program collects revenues will improve.
- The Governor recommends \$361,088 for Environmental Cleanup expenditures. Under the 1993 lease with the Airport Corporation, the state is responsible for all pre-existing environmental problems. The Corporation pays the state lease payments in the amount of the general obligation debt service on airport projects. In FY 1999, the Airport Corporation had to address certain environmental issues, and worked with the Department of Administration to accomplish the most critical

Expenditure Summary

issues. Funding totaling \$119,937 was provided though an offset to the State's lease payment, as provided by the May Revenue Estimating Conference. For FY 2000, the Department of Administration and the Office of the Governor's legal counsel have been negotiating with the Airport Corporation to develop both a list of critical projects and a process for reimbursement. The Governor is recommending that the cost of environmental cleanup be provided as an appropriation to the Corporation rather than as an offset to the lease.

- The Governor recommends \$700,000 in the Department of Environmental Management to continue the Permit Streamlining Project. Three of seven project phases have been authorized and completed. The Department will complete phases four and five, design and hardware/software cost determination in FY 2000.
- The Governor recommends the withdrawal of \$5,131,425 for a settlement with the Rhode Island Brotherhood of Correctional Officers (RIBCO). This funding was intended to bring RIBCO salaries up to the level required in FY 2000, assuming the union would receive the same cost of living increases as other state unions through FY 1999. As no settlement has been reached and the legislature removed other aspects of potential retroactive reimbursement in the enacted budget, this remaining piece is not being recommended.
- The Governor recommends \$1,630,765 for RIBCO Professional Unit Upgrades at the Departments of Corrections and Children, Youth and Families. On January 6, 1999, an arbitrator ruled on a grievance filed by the Rhode Island Brotherhood of Correctional Officers Counselors Unit. The arbitrator awarded the professional unit a two pay grade increase, retroactive to July 11, 1993, similar to previous agreements with Council 94, SEIU, and Local 580. Funding reflects the retroactive portion of the settlement.
- The Governor recommends savings of \$1,153,713 at the Adult correctional Institutions, due to an anticipated decrease in the inmate population. The FY 2000 Enacted Budget assumed an inmate population of 3,465. Since the development of the enacted budget, the inmate population has declined significantly. Based on the average inmate population over the last twelve months, the FY 2000 recommended budget reflects population of 3,292 inmates.

Expenditure Summary

- The Governor recommends the deferral of two (2) new programs at the Department of Children, Youth and Families. An 8-bed Residential Counseling Center (RCC) scheduled to open in July 1999 has been deferred until July 2000, and a 25-bed Seriously Behavioral Disorder Program (SBD) which was scheduled to begin in January 2000 has been delayed until January 2001, based on delays experienced by the department.
- Due to Title IV E cost allocation changes at the Department of Children, Youth and Families, the Governor recommends additional funding of \$1,702,000. A shift from federal funds is required based on the change in cost allocation of Title IV-E payroll in FY 2000. Utilization rates were changed in January 1999, based on the separation of the penetration rates for adoption and foster-care cases.
- The Governor recommends an additional \$899,746 for psychiatric hospital services for children involved with the Department of Children, Youth and Families. Due to increased utilization and the opening of the new psychiatric day care program at Bradley Hospital, additional expenditures are projected.
- The Governor recommends \$860,432 for information and database management systems at the Department of Human Services. Additional expenditures are projected due to an increase in InRhodes transactions and inflation, and to increase in other database management information systems costs.
- The Controller has updated the computation of the indirect costs recoverable for federal grants due to Department of Administration transactions for DHS programs. Overclaiming of approximately \$1.8 million has been identified for FY 1995 and FY 1996. Suspension of claiming for any administrative shares in the department's current indirect cost billings is proposed effective 10/1/99. An estimated \$662,000 in claiming would be foregone in FY 2000. The Governor recommends this amount for supplemental appropriation, which shifts to general revenue accounts in the Central Management program, as all indirect recoveries are used to offset current department expenditures.
- The Governor recommends an increase of \$849,644 to fully fund the Eleanor Slater Hospital at the Department of Mental Health, Retardation and Hospitals in FY 2000.

Expenditure Summary

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Expenditure Summary

comprise \$32.3 million, or 1.4 percent of total spending. Transportation expenditures are funded by dedicated gasoline taxes, and are not included in general revenue spending.

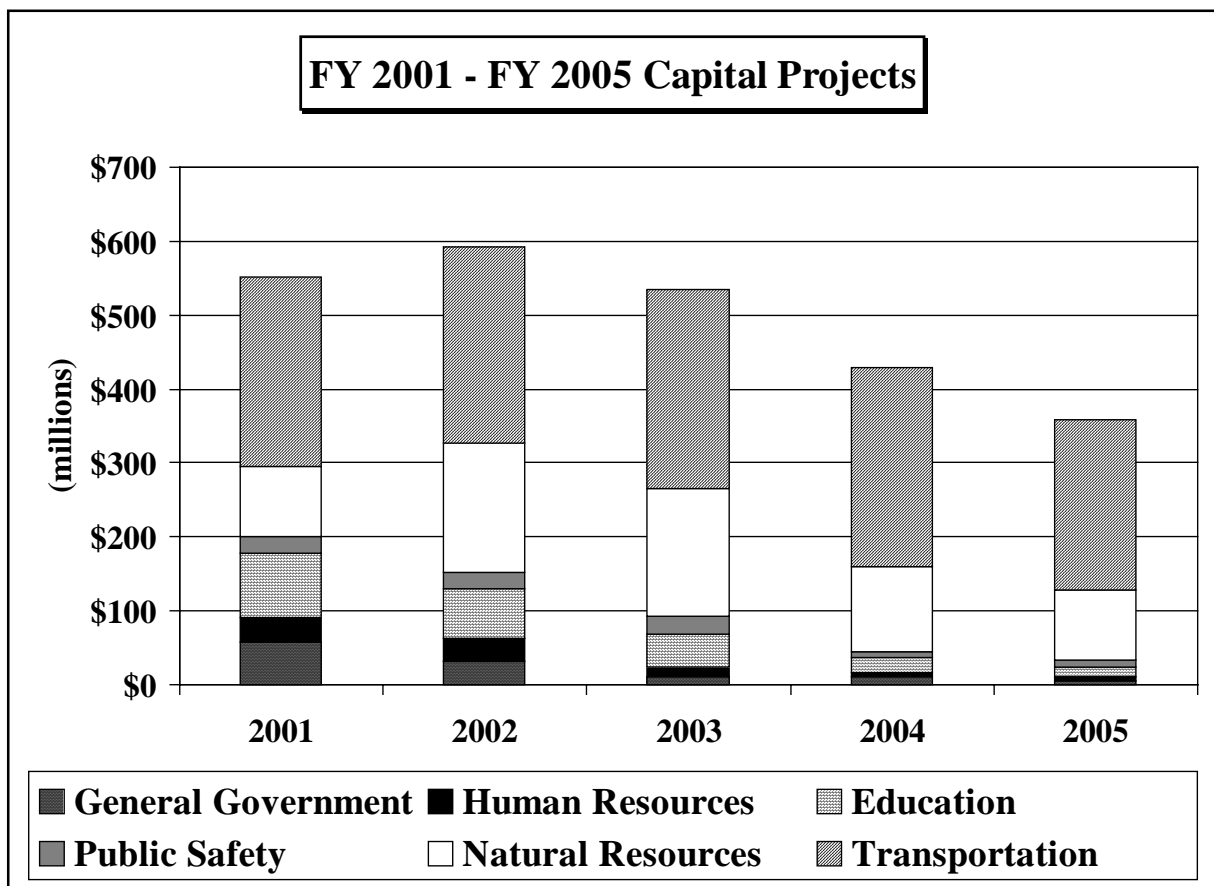
General revenue expenditures by category are largely devoted to funding local aid, grants and personnel. Personnel expenditures of \$602.8 million comprise 26.2 percent of the budget. Operations total \$141.2 million, or 6.1 percent of the budget. Local aid totals \$732.7 million, or 31.8 percent. Grants and benefits total \$710.7 million, or 30.9 percent of the total budget. Capital expenditures total \$115.1 million, or 5.0 percent of the total budget.

Capital Budget

Capital Budget Overview

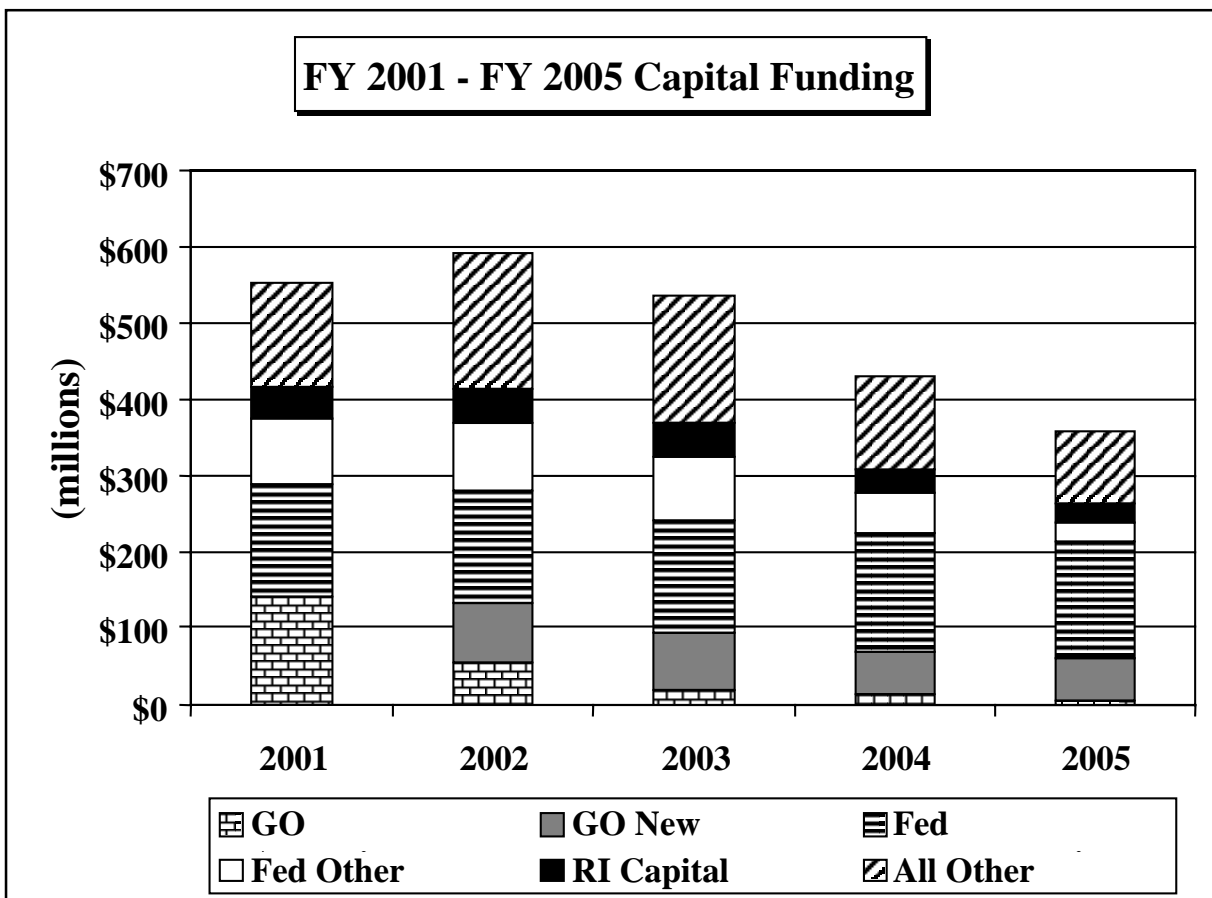
The Governor's FY 2001 capital budget and FY 2001 – FY 2005 Capital Improvement Plan are presented in detail in a separate document. The following provides a brief summary of the one-year capital budget and the five-year capital improvement plan.

The FY 2001 capital budget includes proposed expenditures of \$551.5 million, of which Transportation projects constitute 46.1 percent, General Government and Economic Development projects constitute 10.5 percent, Natural Resources projects represent 17.1 percent and Education projects represent 16.1 percent. Over the five-year planning period Transportation and Natural Resources make up over \$1.941 billion, or 78.7 percent of capital investments.



Capital Budget

Both of these functional areas generate significant amounts of federal funds for capital projects. In FY 2001, a total of \$189.9 million and \$19.1 million in federal funds will be received for transportation and natural resources, respectively. Over the five year period, federal funds of \$1.092 billion will finance over 44.3 percent of the planned capital projects; general obligation bonds will finance \$492.5 million or 20.0 percent, with the remaining \$880.6 million or 35.7 percent from other sources, including certificates of participation and the Rhode Island Capital Plan Fund.



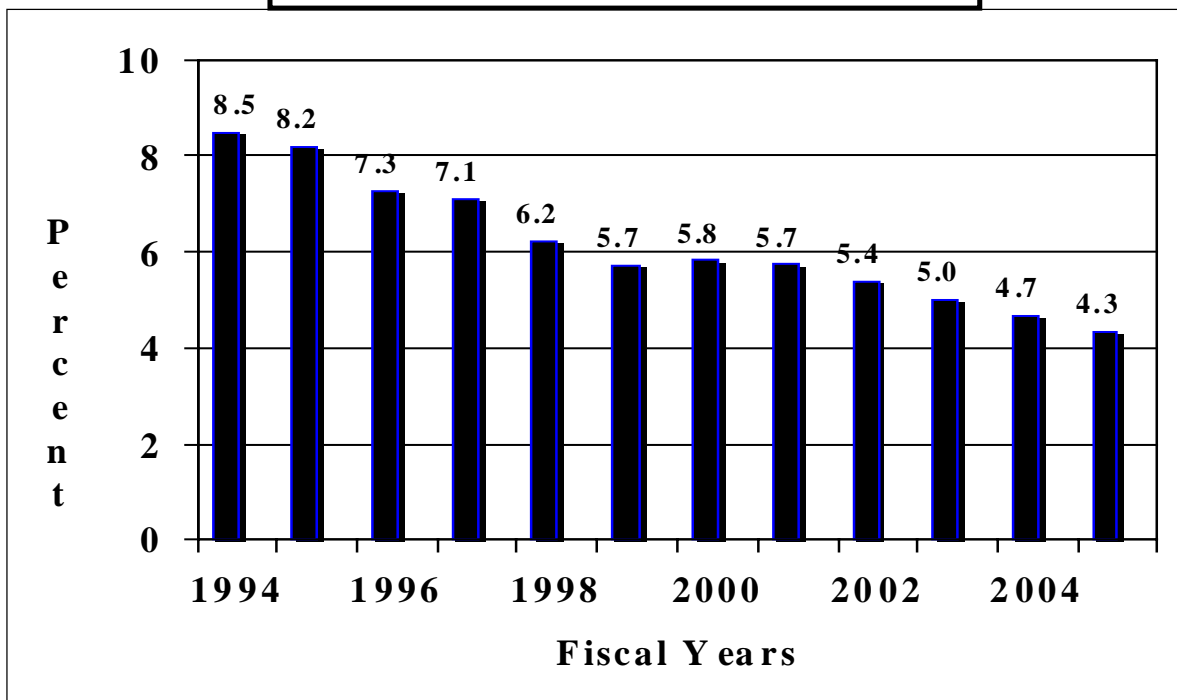
Capital Budget

*Net Tax
Supported Debt as a
Percent
of Personal Income from
8.5 Percent in FY 1994 to
4.3 Percent by FY 2005*

The major source of state financing for capital projects is general obligation bonding. As of June 30, 1999, there were \$790.0 million in outstanding general obligation bonds. Over the five-year planning period, the recommended capital improvement plan provides for the issuance of \$231.4 million of authorized debt and the issuance of \$261.2 million from new bond referenda to be submitted for voter approval at the November 2000 and 2002 elections.

Recognizing the concern over the state's relatively high debt level, the Governor recommends, in his FY 2001 - 2005 plan for capital improvements, that the state maintain its efforts to reduce its reliance on tax supported bonds for financing. The capital improvement plan projects that the debt reduction plans adopted for FY 1999 and thereafter using DEPCO and Sinking Fund resources will have a meaningful impact in reducing state debt. Based upon this plan the Budget Office projects that the DEPCO debt will be fully repaid in FY 2001. The Governor's proposed capital plan would reduce net tax supported debt as a percent of personal income from the high of 8.5 percent in FY 1994 to 4.3 percent by FY 2005.

**Projected Debt Ratio
Debt As Percentage of Personal Income**



Capital Budget

This capital plan addresses the Governor's desire to "Rebuild Rhode Island" by targeting resources to the infrastructure needs in the state.

During the initial phases of the Governor's plan, the cornerstone of this rebuilding will continue to be provided by general obligation bonds and long-term leases. The Governor recommends that this structure continue to be strengthened by the dedication of current gas tax to transportation purposes and a "pay-as-you-go" system of funding capital needs.

Although the FY 2001 – FY 2005 capital improvement plan significantly reduces the state's debt level, over the five year planning horizon it provides for significant capital investment in Rhode Island through prudent debt management and significant "pay-as-you-go" funding. The Governor's plan incorporates the issuance of all bonds approved by the voters in November 1996, and 1998 and recommends new referenda in November 2000 to continue the state's capital program.

The Governor's plan continues the significant investment in Public Higher Education by including the expenditure of \$21.0 million of bonds approved in 1998 to upgrade academic and administrative facilities, and the expenditure of \$74.4 million of bonds approved in 1996 for infrastructure and upgrading of the three institutions' data and telecommunications systems. The Governor recommends that a \$63.6 million bond referendum be submitted to voters for continued improvements to the infrastructure at Public Higher Education facilities. The referenda would include \$42.0 million for a significant dormitory renovation project at the University of Rhode Island (totaling \$64.0 million), \$10.4 million for projects at Rhode Island College, and \$10.9 million for a new Newport campus for the Community College of Rhode Island. Funds for an annual \$6.5 million systemwide asset protection program, and matching funds for the University's Convocation Center Arena, are also provided from the Rhode Island Capital Plan Fund.

The Governor recommends a \$50.0 million bond referendum in November 2000 to provide funds for open space acquisition and preservation and groundwater protection throughout the state. This will strengthen the state's commitment in this area and will strategically position Rhode Island to access other federal and private resources for this program.

In addition to the open space bonds and the Public Higher Education bonds, the Governor is recommending referenda for: the Department of Transportation's road program at \$60.0 million; continuation of RIPTA's facilities plan at \$2.2 million and bus purchases at \$2.5 million; and \$42.0 million of Bay bonds which will support the Combined Sewer Overflow project for the

Capital Budget

Narragansett Bay Commission at \$30.0 million and the Department of Environmental Managements \$12.0 million Clean Water 2000 initiative.

The plan also includes \$72.0 million of expenditures from previously authorized bonds for investment at the Quonset Point/Davisville Industrial Park and for the Freight Rail Improvement Project to create an economic growth site for intermodal transportation and industrial development. Funds for open space preservation and bike path development approved by the voters in 1998 are also programmed for issuance over the planning period.

Transportation continues to comprise a significant portion of the state's debt issuance requirements, reflecting \$161.1 million over the five-year period. To ensure that gasoline taxes fully support the transportation needs of the state, the Governor recommends that the state continue shifting gas tax resources to transportation. Under this multi-year plan, all gas tax currently reverting to the General Fund will be dedicated to transportation purposes by FY 2003. Consequently, the Department of Transportation and the Rhode Island Public Transit Authority will begin to substantially address the state's public transit needs and neglected infrastructure needs. More road and bridge rehabilitation and construction projects will be funded on a "pay-as-you-go" basis, decreasing reliance on bond issuance to match available federal funds, and ultimately reducing rising transportation debt service costs.

The capital improvement plan contains recommendations for \$113.0 million of general obligation bonds to be issued for FY 2001 projects; \$131.4 million for FY 2002 projects; \$92.8 million for FY 2003, \$68.9 million for FY 2004 (debt service projections are based upon \$70.0 million in that year and \$70.0 million per year thereafter).

It also reflects obligations for: a new Traffic Tribunal Court at \$12.0 million; a new Kent County Courthouse at \$31.0 million; the Howard Center Power Plant at \$27.0 million; a new Juvenile Training School at \$30.6 million; the Howard Center telecommunications project at \$3.5 million; and furniture for the new DLT facility at the Center General Complex at \$2.5 million.

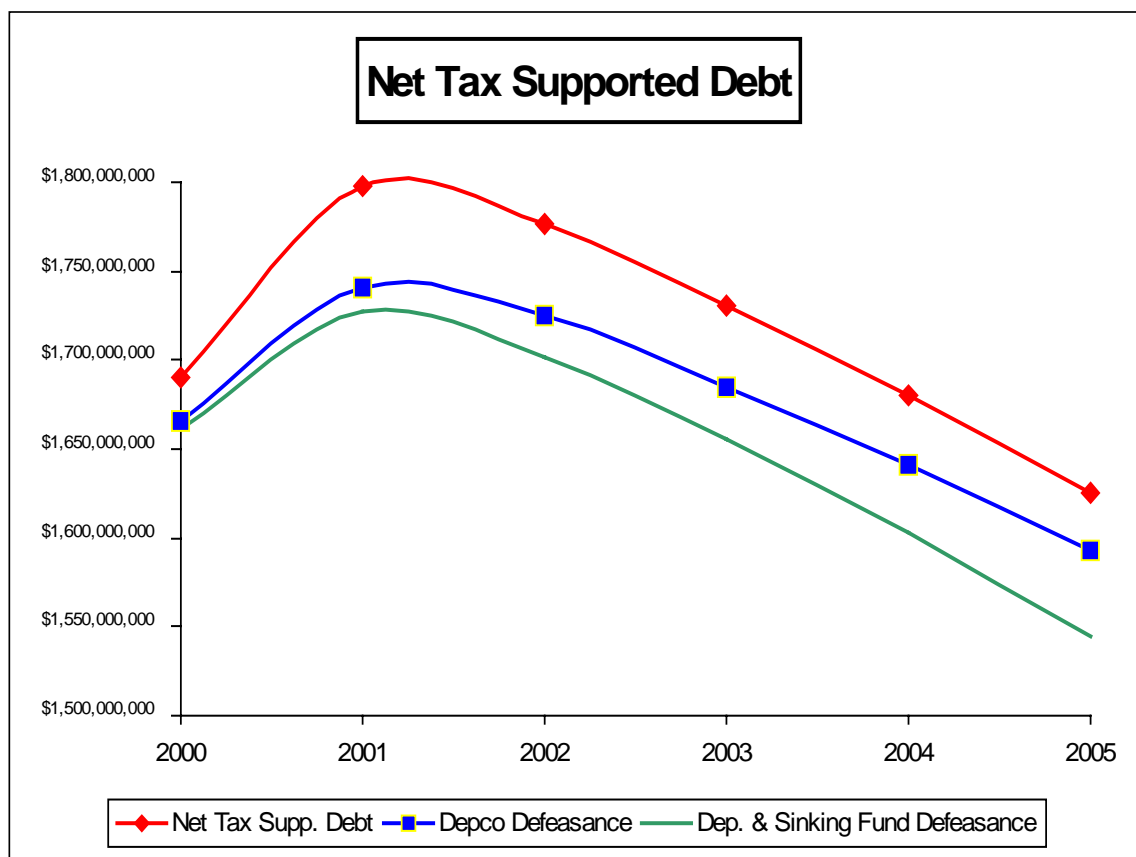
In order to maintain state owned property – both to ensure the safety of those who use these buildings and to preserve the value of the properties - the Governor recommends \$38.9 million in FY 2001 from current revenues for asset protection projects. This reflects over eighty percent of the FY 2001 Rhode Island Capital Fund resources that will be dedicated to capital projects rather than debt service. This reflects the fourth year in this multi-year plan, which will dedicate over \$184.6 million over the next five years to

Capital Budget

infrastructure needs. Funding for this initiative will be derived from the Rhode Island Capital Plan Fund.

The capital budget reflects the significant actual and projected prepayment of debt by the state and by the Depositors Economic Protection Corporation (DEPCO). The capital budget projects additional prepayments of \$66.6 million, resulting in total repayment of the DEPCO debt in FY 2001. The capital budget also projects the impact of using current resources appropriated to the sinking fund to prepay state debt on the state's net tax supported debt and debt service obligations. Over the five-year planning horizon, the capital budget projects the prepayment of \$51.2 million of state debt.

Net tax supported debt is projected to decline to \$1.544 billion by FY 2005, a reduction of \$72.0 million from 1998. This would be a reduction of over \$339.0 million from the FY 1994 high of \$1.883 billion.



Capital Budget

The Governor recommends total general obligation debt service of \$110.3 million in FY 2001, reflecting the existing debt service appropriations on outstanding bonds, \$2.8 million of estimated interest on bonds to be issued for FY 2001 projects, and savings of \$272,812 due to sinking fund defeasance. Total issuance is expected to be \$113.0 million, including \$31.5 million to be issued at a variable rate and \$81.5 million to be issued at a fixed rate. Fixed rate interest is estimated at a rate of 5.23 percent. Variable rate interest is estimated at a rate of 3.7 percent.

The Governor recommends funding of \$38.2 million for other obligations, including \$20.3 million for Rhode Island Refunding Bond Authority obligations, \$13.0 million for certificates of participation and long-term leases, and \$5.0 million for performance-based obligations. A detailed description of these obligations can be found in the capital budget document.

General Government

Summary

General Government includes agencies that provide general administrative services to all other state agencies, and those that carry out state licensure and regulatory functions. It includes: most *elected officials*, including the Governor, Lieutenant Governor, General Treasurer, and the Legislature; *administrative agencies*, including the Department of Administration, the Department of Labor and Training, and the Board of Elections; and *regulatory agencies*, including the Department of Business Regulation and the Public Utilities Commission.

The FY 2000 revised budget for General Government agencies totals \$901.2 million, including \$366.7 million in general revenue, \$75.7 million in federal funds, \$104.6 million in restricted receipts, and \$354.2 million in other funds. The revised budget for General Government agencies is \$21.8 million greater than the FY 2000 enacted budget.

The increase in general revenue expenditures from the enacted level is comprised of several elements. The Department of Administration recommendation includes \$5.9 million to fund a Supreme Court ordered payment relating to condemnation values and \$631,020 to fund the state subsidy of health insurance for retired employees. Additional technology-related funding is included in the Department of Business Regulation for computer equipment upgrades. Increased general revenue funding in FY 2000 for the Board of Elections is required for statewide primaries and special elections. The change from the enacted budget also includes \$8.0 million reappropriations for the Legislature.

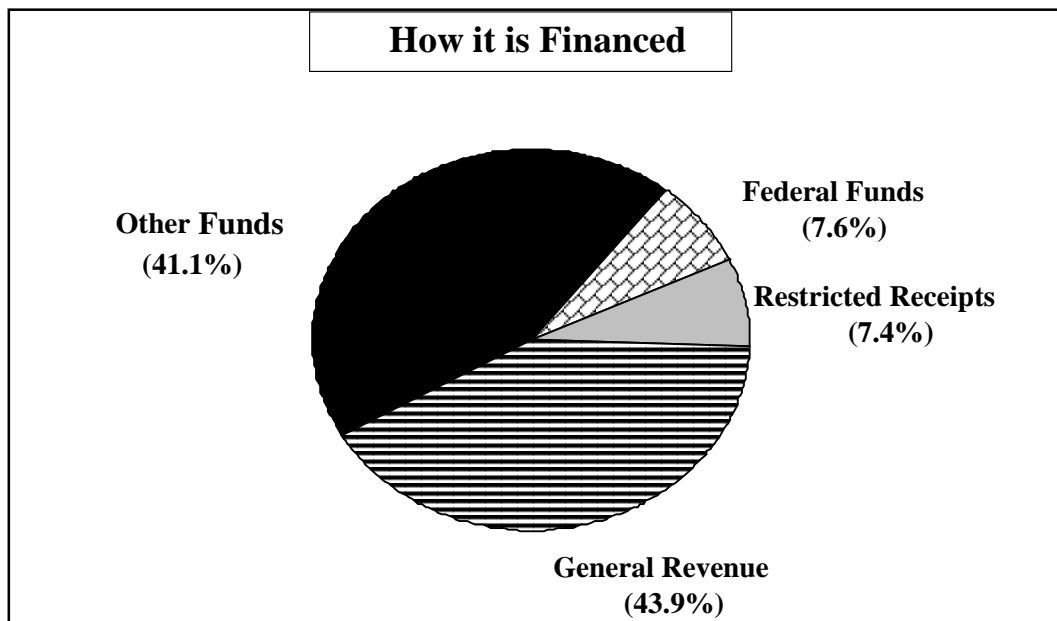
Most of the change in the revised FY 2000 budget for federal funds is due to increases in the Department of Labor and Training for Workforce Development and Income Support programs totaling approximately \$2.8 million. Other revisions include additional federal funds for the State Energy Office within the Department of Administration for energy and weatherization assistance grants.

Changes to restricted receipts in FY 2000 include an increase in the DEPCO sales tax escrow account, resulting from revised estimates at the November Consensus Revenue Estimating Conference. In the Department of Administration there is a significant increase in the Stripper Well Oil Overcharge account. These funds will provide loans to state agencies and local communities for energy conservation projects.

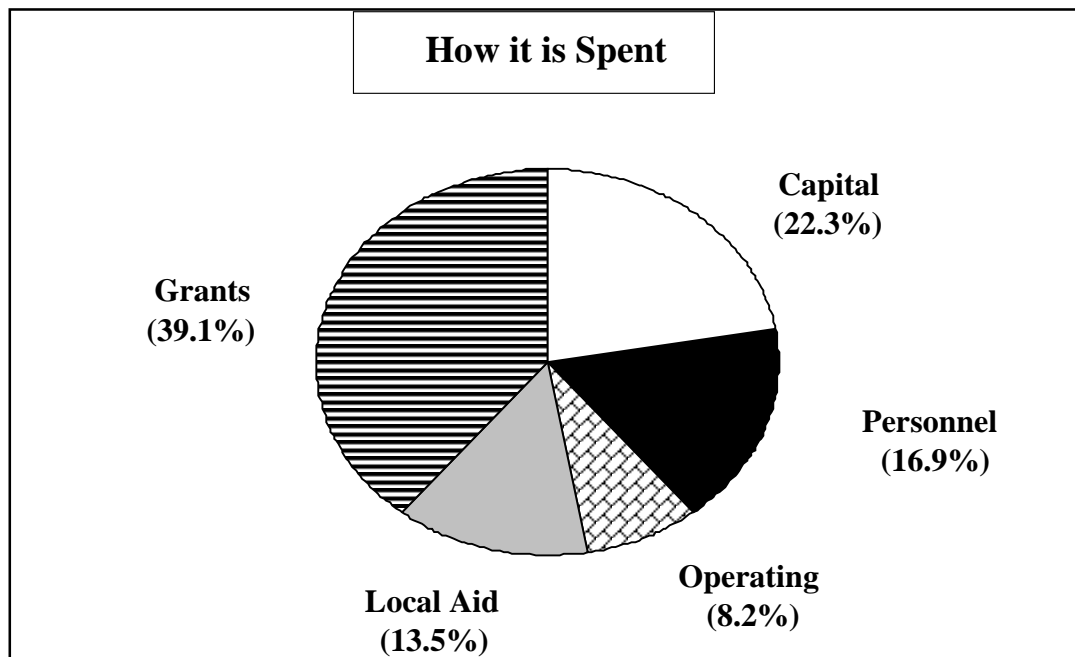
The increase in other fund expenditures from the enacted budget is primarily due to automatic reappropriation of unexpended balances from the Rhode Island Capital Plan Fund for various capital projects. The other significant adjustment to other funds in FY 2000 is a reduction in unemployment insurance benefits within the Department of Labor and Training. This reduction is partially offset by an increase in temporary disability insurance expenditures.

For FY 2001, the Governor recommends expenditures of \$859.7 million for General Government programs. The programs are funded with \$377.7 million of general revenue, \$64.9 million of federal funds, \$63.6 million of restricted receipts, and \$353.4 million of other funds. The total budget for General Government agencies in FY 2001 is approximately 4.6 percent less than the revised FY 2000 level.

General Government



Of the \$859.7 million recommended for FY 2001, \$336.5 million is for grants and benefits, \$191.8 million for capital, \$144.9 million for personnel, \$115.8 million for local aid, and \$70.7 million for operating.



General Government

With regard to specific changes in general revenue funding for FY 2001, the Department of Administration has the most significant adjustments. The Governor recommends funding for a Technology Fund to provide grants to the various state departments, agencies, and commissions for technology-related initiatives. The Centers of Excellence program (including the former Slater Technology Fund) are level funded in FY 2001, continuing the Governor's commitment to this economic development initiative. State Library Aid is recommended to increase \$700,000 from the FY 2000 enacted level. Also within the Department of Administration, the Governor recommends contractual administrative support for a new incentive-based Medicaid Revenue Maximization project. Finally, funding is recommended for environmental remediation costs associated with the Airport Corporation properties.

There is a significant decrease in restricted receipt funding in FY 2001 within the Department of Administration. These funds are reduced by over \$43.0 million from the FY 2000 revised budget recommendation. It is anticipated that the balance of DEPCO debt will be retired by early FY 2001, thereby eliminating the required transfer of sales tax proceeds earmarked for DEPCO. These proceeds are budgeted within the department as restricted receipts. This accounts for nearly the entire reduction in restricted receipt expenditures.

In FY 2001, there are no major changes with regard to other fund expenditures. The largest items in other funds are the Rhode Island Capital Plan Fund, Temporary Disability Insurance Fund, and Unemployment Security Trust Funds.

General Government

Department of Administration

The Governor recommends revised appropriations of \$472.6 million in FY 2000 for the Department of Administration. This includes \$303.3 million in general revenue, \$26.3 million in federal funds, \$70.2 million in restricted receipts, and \$72.7 million in other funds.

The revised FY 2000 budget is \$12.4 million greater than the enacted budget. This is comprised of an increase in general revenue appropriations of \$4.9 million, including the reappropriation of \$2.9 million from FY 1999, an increase in federal funds of \$2.3 million, an increase in restricted receipts of \$1.7 million, and an increase in other funds of \$3.5 million.

The largest component of the general revenue increase in FY 2000 is attributable to a Supreme Court order requiring the State of Rhode Island to pay \$5.9 million for property condemnation. Under the same court order, the City of Providence is required to reimburse the state the full amount of this payment. The FY 2000 Supplemental Appropriations Act includes the expenditure of these funds as a new appropriation and also includes a commensurate increase in revenues. The Governor also recommends the enactment of legislation that will permit the City of Providence to borrow up to \$6.5 million to pay the amount required and fund related costs of issuance.

The single largest reduction in general revenue funding for FY 2000 is in the Motor Vehicle Excise Tax Phase-out program. The FY 2000 enacted budget included an appropriation of \$48.2 million. Based upon actual reimbursements in FY 1999 and more current tax data, expenditures required in the current fiscal year are projected to be approximately \$43.8 million, for a savings of \$4.4 million.

The Governor recommends an increase in general revenue appropriations of \$141,960 to satisfy the state's obligation under an incentive-based agreement with Fidelity Investments. Under this agreement, the state is required to provide "job rent credits" for each full time equivalent employee in excess of a 1,000 FTE base employed by Fidelity in the state for a six month period.

General revenue savings of \$1.4 million in debt service-related costs are included in the revised FY 2000 recommendations. These savings are attributable to a number of factors, including a delay in debt issuance for the Howard Center Telecommunications project, a reduced general obligation bond issue in this fiscal year, and a reduced subsidy due to improved revenue projections at the Convention Center Authority.

The FY 2000 enacted budget included an appropriation of \$1.0 million for the Workers' Compensation Administrative Fund. These funds were to be used to finance the state's obligation to this fund as a self-insured entity. This fund supports the John E. Donley Rehabilitation Center, Second Injury Indemnity Fund, Fraud Prevention Unit, Education Unit, and Workers' Compensation Court. Due to a change in accounting procedures, these costs will now be reflected in the individual agencies based upon payroll expenditures. As a result, this appropriation has been eliminated from the departmental budget and reallocated to the individual agency budgets.

Other major additions in the supplemental recommendation include the following: a reappropriation of \$1.7 million for Year 2000 remediation; a reappropriation of \$750,000 for the Slater Technology Fund; \$361,088 for environmental cleanup as part of the Airport Corporation Lease agreement; and \$631,020 for the state subsidy of health insurance for retired employees.

The majority of the \$2.3 million increase in federal funds for FY 2000 is in the Central Services program. The recommended increase is approximately \$1.4 million, and is primarily within the State Energy

General Government

Office. Federal grants for Congestion Mitigation and Air Quality and the State Energy Plan were greater than anticipated. Various other increases and decreases resulting from actual grant awards differing from estimated funding levels are spread throughout other departmental programs.

Recommended increases in restricted receipts are primarily attributable to two items. An increase of \$1.4 million for the DEPCO sales tax escrow account results from increased revenue estimates from the November Consensus Revenue Estimating Conference. An increase of almost \$650,000 in the Stripper Well Oil Overcharge account will allow for the transfer of available funds to the Energy Revolving Loan Fund, where they will be available as loans to state agencies and local communities for energy conservation projects.

Most of the \$3.5 million increase in other funds is attributable to the carry forward of unspent appropriations from the Rhode Island Capital Plan Fund for various capital projects under the direction of the Division of Central Services. In addition, the Governor recommends an increase of \$740,000 for Underground Storage Tank site remediation due to unanticipated contamination levels at several sites where tanks have been removed and/or replaced.

The Governor recommends total expenditures in FY 2001 of \$437.5 million for the Department of Administration. This includes \$321.0 million in general revenue, \$23.6 million in federal funds, \$27.2 million in restricted receipts, and \$65.7 million in other funds. Overall, this represents a decrease of \$35.1 million, or 7.4 percent from the FY 2000 revised budget. In terms of fund sources, general revenue increases \$17.7 million, federal funds decrease \$2.8 million, restricted receipts decrease \$43.1 million, and other funds decrease \$7.1 million.

The specific changes within each fund source are described below.

In FY 2001, the Governor recommends the establishment of a Technology Fund with general revenue funding of \$3.5 million. The Office of Library and Information Services (OLIS) would administer the Technology Fund in much the same manner as the Year 2000 Remediation Fund. The several departments, agencies, and commissions of state government would submit technology-related project proposals to OLIS. The Technology Fund would provide the resources for innovative projects that cannot be funded with existing agency budgets.

The Governor recommends continued funding for the Financial Management Information Systems (FMIS) project at \$1.3 million in FY 2001. This multi-year project, which began in FY 1998, is presently in the pilot stage.

Current law (R.I.G.L. 44-5-11) requires cities and towns to update their property values using statistical techniques every third and sixth year, and to perform complete physical on-site revaluations every ninth year. This legislation also requires the state to reimburse cities and towns for the costs associated with these updates up to \$15 per parcel during the first update. The Governor recommends \$1.2 million in FY 2001 for reimbursements to those communities required to perform revaluations during calendar year 2000.

The Governor recommends funding the Motor Vehicle Excise Tax Phase-out program at \$48.0 million in FY 2001. This is an increase of \$4.2 million from the FY 2000 revised funding level and will provide for payments to each city and town at the fiscal year 2000 level plus additions for the Consumer Price Index and other technical adjustments. The Governor recommends maintaining the exemption at \$2,500.

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The FY 2001 budget includes several other increases in aid to local communities. The General Revenue Sharing program will distribute 2.0 percent of total state tax revenue for the second preceding year (e.g. FY 1999 for the FY 2001 budget). This percentage will increase annually until it reaches 4.7 percent in FY 2009 in order to compensate communities for the phase-out of the wholesale and retail inventory tax over the same period. Funding of \$33.5 million is recommended in FY 2001, an increase of \$5.9 million over the FY 2000 enacted level. The Payment-in-Lieu-of-Taxes (PILOT) program is fully funded at \$17.6 million in FY 2001, which is an increase of \$1.5 million. State Library Aid is proposed to increase over \$700,000 from the FY 2000 enacted funding level, for total funding of \$8.0 million. Funding for the Municipal Police and Fire Incentive Pay program is recommended to increase 10.0 percent or \$90,750. Overall, state aid to local communities, excluding education aid, increases by \$12.5 million or 10.9 percent from FY 2000 revised funding levels.

Included within the recommendation for the Department of Administration is continuation of funding for the Centers of Excellence program (including the former Slater Technology Fund) at \$3.0 million. The Governor also recommends continuing the appropriation for the state commitment to the support of the Economic Policy Council (EPC). The business community matches these state funds to support the operations of the EPC.

The FY 2001 budget provides \$50,000 for the first year of annual grants to the City of Providence for on-going operating expenses at the Fox Point Hurricane Barrier. This is in addition to a FY 2000 grant of \$500,000 for one time capital repairs at the Hurricane Barrier, which were based on an assessment by the Army Corps of Engineers.

The Governor recommends \$370,000 to fund a new incentive-based Medicaid Revenue Maximization Project. Working in conjunction with the Department of Education and the Department of Human Services, the Department of Administration has engaged the University of Massachusetts Medical School, Center for Health Care Financing to assist Rhode Island in obtaining reimbursement for administrative costs associated with school based medical services. It is estimated that reimbursement of these costs will generate up to \$8.2 million in additional funding for the state's schools during fiscal year 2001.

The Governor recommends \$550,000 in FY 2001 to fund costs associated with environmental remediation projects at Airport Corporation properties. Under the 1993 lease with the Airport Corporation, the state is responsible for all pre-existing environmental problems. In the past, costs associated with such clean-up projects were funded through offsets to the corporation's lease payments to the state. The Governor recommends funding current and future costs through a direct appropriation.

The FY 2001 budget continues to consolidate debt service payments in the Department of Administration as required by law. General revenue funded debt service increases from \$98.4 million in the revised FY 2000 budget to \$114.3 million in the FY 2001 recommendations. The recommendation will finance: \$3.7 million for estimated payments to the Providence Place Mall developers under the Mall Act which is linked to the sales tax generated at the mall; \$1.3 million for payments on behalf of Fidelity Investments and Fleet Financial Corporation in accordance with the incentive-based agreements with these companies; \$1.4 million for debt issuances for Howard Center Telecommunications, furniture for the Center General building; and the Howard Center Power Plant. General revenue funding for the Convention Center Authority debt service is recommended to decrease by \$1.5 million from the enacted FY 2000 level as a result of increased revenues generated by the authority.

FY 2001 funding for the core programs within the Department of Administration is comparable to FY 2000 levels adjusted for longevity and other general personnel costs.

General Government

Federal funding decreases by \$2.8 million from the revised FY 2000 Budget. This decrease is primarily attributable to the Community Development Block Grant within the Office of Municipal Affairs. The spend down of prior year balances in Community Development Block Grant funding will reduce the availability of these funds in FY 2001.

Restricted receipt funding decreases by \$43.0 million from the revised FY 2000 budget. This significant decrease is almost entirely attributable to a reduction in the DEPCO sales tax escrow account. It is projected that the balance of outstanding DEPCO debt will be retired or defeased by early FY 2001. According to DEPCO estimates, \$12.6 million from the six-tenths of one percent of the sales tax currently dedicated to DEPCO will be required in FY 2001. The Budget Office projects a reduction in the DEPCO estimate by as much as \$7.0 million requiring \$5.6 million to be paid to DEPCO.

The Governor recommends a net increase for FY 2000 of six FTE positions from enacted levels for Capitol Police officers. The positions have previously been approved through a FTE cap increase letter signed by the Governor, Speaker of the House, and Senate Majority Leader on September 30, 1999. This recommended increase brings the department to an authorized total of 1,135.0 FTE positions.

For FY 2001, the Governor recommends a total of 1,137.0 FTE positions, an increase of two FTE positions from the FY 2000 revised level. The two positions would provide a Surplus Property Officer within Central Services, and a Systems Administrator within the Office of Library and Information Services. These positions were transferred from the Department of Corrections and the Department of Business Regulation, respectively.

Department of Business Regulation

The Governor recommends a revised FY 2000 budget of \$8.4 million, including \$8.0 million in general revenue and \$440,968 in restricted receipts. The general revenue revised budget is an increase of \$397,688 from the enacted level. The revised budget includes a \$260,000 supplemental appropriation for computer hardware and system upgrades with an additional \$250,000 financed from the Year 2000 remediation fund in the Department of Administration (OLIS). New telephone lines and the building rentals increase by \$138,000. Board of Accountancy legal services increase \$30,000. Net other costs for personnel decrease by \$30,000.

The Governor recommends total expenditures of \$8.4 million for the Department of Business Regulation in FY 2001. This includes \$8.0 million from general revenue and \$440,836 from restricted receipts. The FY 2001 budget is a decrease of \$60,204 in general revenue and level funding for restricted receipts compared to the FY 2000 revised budget. The FY 2001 recommended budget includes: a building rental annualized increase of \$58,000; a net operating decrease of \$21,000; a Board of Accountancy decrease for legal services of \$23,000; and a net decrease in personnel adjustments of \$74,000. One new position is recommended for expanded examinations of captive insurance companies. It is expected that \$250,000 from the Department of Administration technology fund will be provided for further computer upgrades.

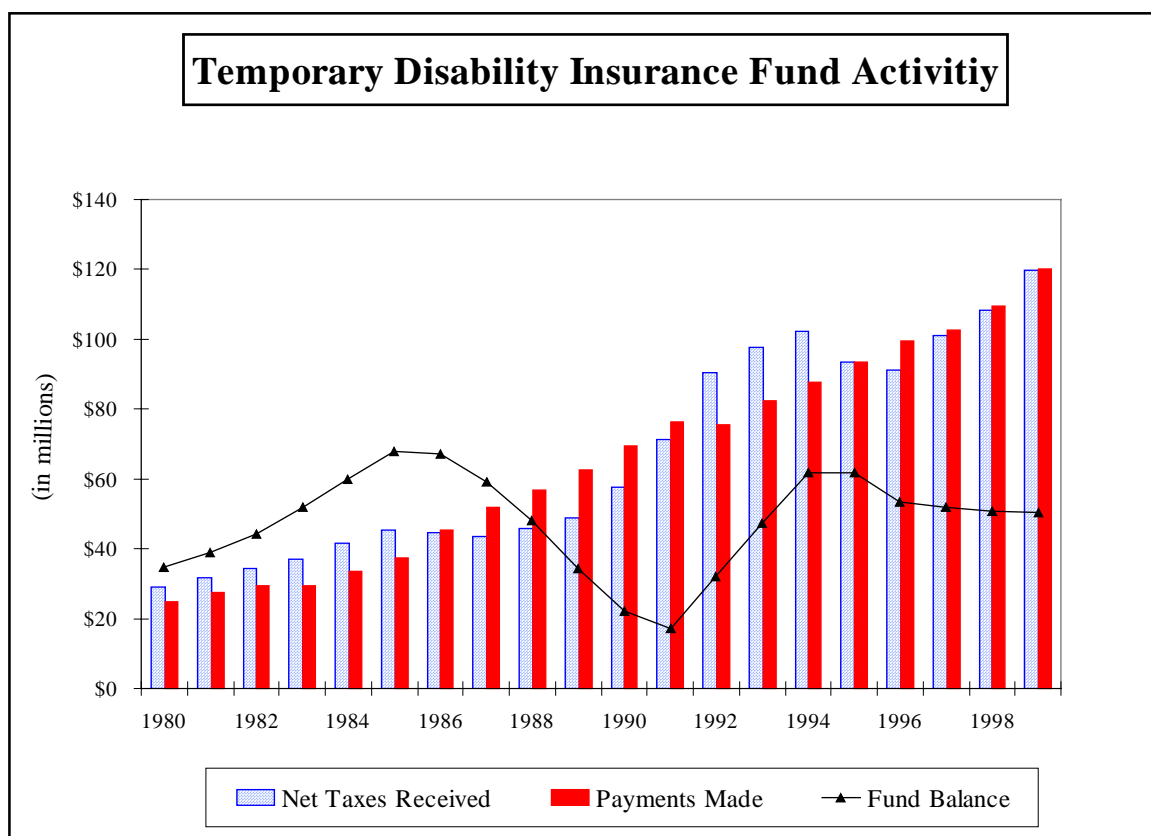
Labor and Training

The Governor recommends expenditures of \$344.1 million in the FY 2000 revised budget, including \$6.7 million in general revenue, \$48.2 million in federal funds, \$17.1 million in restricted receipts, and \$272.1 million in other funds. The revised budget is \$1.0 million less than the enacted budget of \$345.1 million.

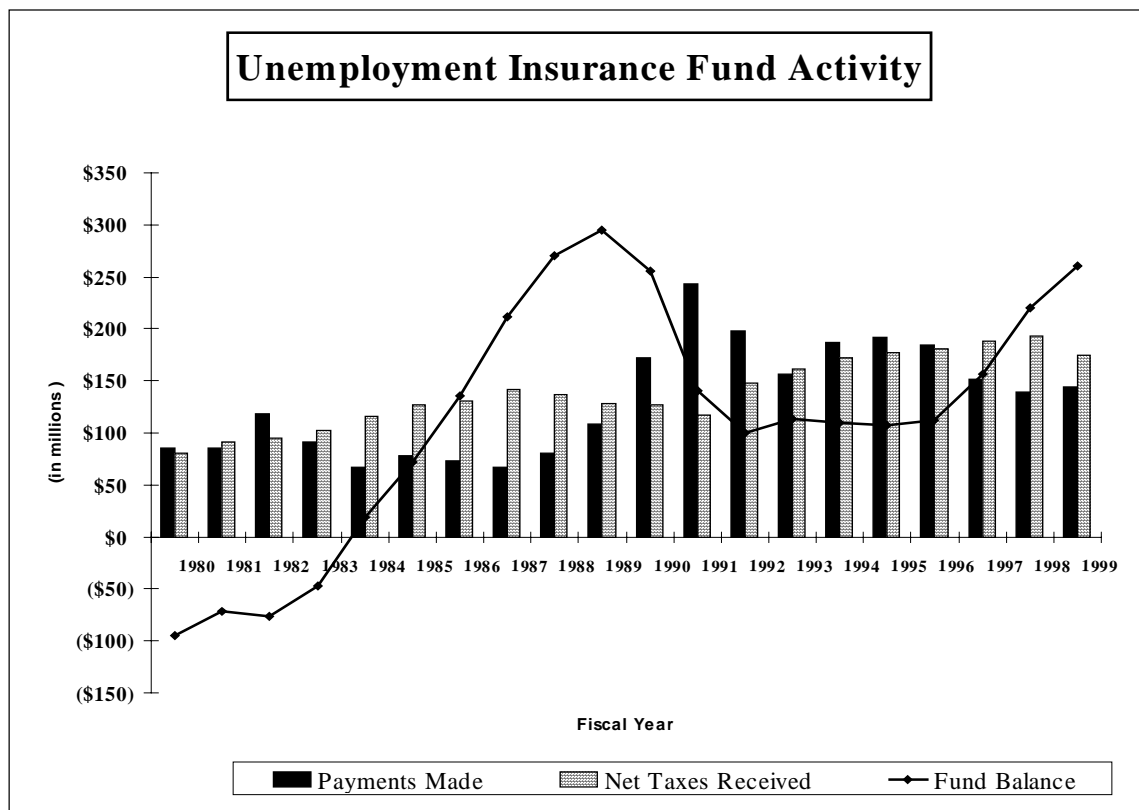
General Government

Most of the decrease is in other funds which decrease by \$2.6 million. Restricted receipts decrease by \$1.4 million. This is partially offset by increases in federal funds of \$2.8 million and general revenue funds of \$90,609.

By category of expenditure, the FY 2000 revised budget includes a reduction in expenditures for grants and benefits of \$8.0 million, and increases in expenditures for personnel of \$2.8 million, and operating of \$4.7 million. The continued reduction in grants and benefits is due to the continued decline in unemployment insurance benefit payments. As shown below, the reduction in benefit payments for unemployment insurance has been partially offset by increases in benefit payments for temporary disability. This has resulted in increasing Employment Security Fund balances and declining Temporary Disability Fund balances.



General Government



During the spring of 2000 the department will relocate approximately 450 – 475 staff members from the Manton Avenue, Pine Street, and Friendship Street offices to the newly renovated Center General Complex on the Howard Center in Cranston. Relocating to the 110-year old complex, which was originally used as the state's almshouse, will allow the department to increase efficiency in department operations.

In FY 2000 the department will open two additional One-Stop Career Centers, called "netWORKri". These centers offer a wide array of services to job seekers and employers, including resume writing assistance and job board listing. To date, the department has opened two netWORKri Centers, one in Pawtucket and one in Bristol.

In FY 2001, the Governor recommends expenditures of \$341.8 million, including \$6.8 million in general revenue, \$39.6 million in federal funds, \$19.6 million in restricted receipts, and \$275.8 million in other funds. In the aggregate, FY 2001 expenditures are \$2.3 million less than the FY 2000 revised budget. Compared to the FY 2000 revised budget, expenditures from general revenue are virtually the same, with significant increases in restricted receipts of \$2.5 million and other funds of \$3.7 million. Over the same period, expenditures from federal funds are projected to decrease by \$8.5 million. The reductions in federal funding are associated with the end of discretionary grant programs, including programs for dislocated workers, and changes in budget presentation. With the relocation of most department staff to the Center General building, expenditures for office space, reflected as rental expenditures in the department for FY 2000, will be transferred to the Department of Administration and recorded as debt service.

General Government

Associated with the reduction in federal funding in FY 2001 is a reduction in funded FTE positions. For FY 2001, the Governor recommends an FTE authorization of 559.5 FTE positions, which is 40.5 FTE positions less than the FY 2000 revised budget of 600.0 FTE positions. All of the reductions are in the Income Support (25.5 FTE) and Workforce Development (19.3 FTE) programs. The department expects to achieve most of the FTE reduction through attrition.

By category of expenditure, the FY 2001 budget as compared to the FY 2000 revised budget includes reductions in personnel of \$1.7 million and operating of \$3.1 million which are partially offset by an increase in grants and benefits of \$2.3 million. As discussed above, reductions in personnel expenditures are associated with the end of discretionary grant programs and the reduced availability of federal funding. Increases in grants and benefits are associated with increases in unemployment insurance and temporary disability insurance benefit payments.

During FY 2001, the department will continue implementing the Workforce Investment Act (WIA), which was enacted by the United States Congress in 1998. WIA gives states new control over job training funds by consolidating funding into a block grant. WIA makes major changes in the way employment and training programs will be delivered by creating a new governance structure consisting of state and local investment boards. WIA provides for a basic shift from an emphasis on training services to a “work first” philosophy that stresses placement through short-term interventions, such as those traditionally provided by local offices of public Employment Service.

Beginning in FY 2001, all Department of Labor and Training accounts will be included in the general fund, except for Temporary Disability Insurance Fund and Employment Security Fund accounts, which will remain as special funds. This reflects the completion of an initiative which began in 1991, when numerous special funds outside the general fund were transferred to the general fund. Reducing the number of special funds in the accounting system will improve processing and reporting from a budgeting and accounting perspective, and will facilitate banking and cash management procedures.

Legislature

The FY 2000 revised budget for the Legislature totals \$31.5 million, including \$30.8 million of general revenue and \$696,087 of restricted receipts. This reflects an increase of \$8.0 million from the enacted budget due to the reappropriation of unexpended general revenue appropriations in FY 1999.

The FY 2001 Budget is \$23.5 million, of which \$22.7 million is from general revenue and \$719,491 is from restricted receipts. The general revenue budget for FY 2001 exhibits a decrease of \$8.0 million, reflecting the one time nature of the reappropriations in FY 2000.

Lieutenant Governor

The Governor recommends general revenue expenditures of \$687,999 in FY 2000, an increase of \$39,309 from the enacted budget. Funding supports operations and 10.0 FTE positions.

The Governor recommends total expenditures of \$664,987 in general revenue to fully fund the Office of Lieutenant Governor in FY 2001. The Lieutenant Governor, one of five elected general officers, fulfills the responsibilities of Governor when required by the Constitution and presides over the Senate and in Grand Committee. The Lieutenant Governor chairs and serves on various commissions and advisory boards.

General Government

Secretary of State

The FY 2000 revised budget totals \$4.6 million, including \$4.5 million in general revenue and \$169,855 in restricted receipts. This represents a general revenue increase to the enacted level of \$238,713. This figure includes \$72,000 for the completed computer system upgrades in the corporations division, \$12,905 of which was reappropriated from FY 1999. Additional funding is recommended for the Elections Division, and relates to unscheduled local elections and the Presidential Preference Primary. A total of \$39,001 was also added for health benefit increases. The budget also funds grants for the Rhode Island Historical Society at the FY 1999 level.

The Governor recommends total expenditures of \$5.6 million in FY 2001, including \$5.5 million of general revenue and \$177,959 in restricted receipts for the Historical Records Trust program assistance to municipalities. The general revenue recommendation represents a 22.5 percent increase from the FY 2000 revised recommendation. This primarily reflects the additional requirements of the primary and general election cycle, in addition to medical benefit cost changes. The budget funds the Rhode Island Historical Society grants at the FY 2000 revised level.

General Treasurer

The Governor recommends a revised FY 2000 budget of \$27.3 million for the Office of the General Treasurer. The revised budget is composed of: \$4.8 million in general revenue, \$1.1 million in federal funds, \$12.0 million in restricted receipts, and \$9.3 million in other funds. The general revenue budget of \$4.8 million is \$144,541 greater than the enacted budget. This is largely attributable to greater personnel costs than were contained in the enacted budget, as well as a medical benefit adjustment which occurred statewide. Funding is recommended in FY 2000 for the computerization of the Retirement System.

The Governor recommends total expenditures of \$29.7 million for the General Treasurer in FY 2001, including \$4.9 million in general revenue, \$1.6 million in federal funds, \$11.4 million in restricted receipts, and \$11.8 million in other funds. The budget reflects five fully-funded programs within the Office of the General Treasurer including: General Treasury (which contains several sub-programs including Policy, Administration, Business Office, and Investments); the Rhode Island Refunding Bond Authority, which includes the former Rhode Island Public Buildings Authority, which issued debt to finance the acquisition and construction of certain facilities leased by state agencies; the State Retirement System (which administers the Employees' Retirement System); the Unclaimed Property Program (which collects unclaimed property with the objective of returning it to its rightful owner); and the Violent Crimes Compensation Program (which compensates victims for certain financial losses suffered as a result of a violent crime). The Violent Crimes Compensation Program had been a sub-program within the General Treasury Program until FY 1999. Funding and 1.0 FTE position is recommended in FY 2001 for the computerization of Retirement System records.

Boards for Design Professionals

For the FY 2000 revised budget, the Governor recommends expenditures of \$280,350 for the Boards for Design Professionals. The increase from the enacted budget is \$4,535. The entire budget of the Boards for Design Professionals is comprised of general revenue.

In FY 2001, total recommended expenditures are \$277,087. The Boards for Design Professionals is a consolidated program consisting of the Board of Registration of Professional Engineers, the Board of

General Government

Registration for Professional Land Surveyors, the Board of Examination and Registration of Architects, and the Board of Examiners of Landscape Architects.

Board of Elections

For FY 2000, the Governor recommends a revised budget of \$2.1 million to finance statewide primaries, special elections, and board operations. The board's operating budget is 3.7 percent or \$74,693 greater than the FY 2000 enacted budget. The increase reflects additional expenditures for special elections, health benefits costs, and computer equipment. Also included in FY 2000 is the reappropriation of funding related to printing the count book, voter registration forms, voter registration update notices, and funding for a personnel-related arbitration award.

The Governor's FY 2001 general revenue budget of \$2.3 million funds the board's operating requirements, including a statewide primary and general election. The operating budget includes full and part-time personnel costs, as well as leased equipment and vendor payments for the operation of a new voting system utilizing optically-scanned ballots, replacing the former lever-operated voting machines.

Rhode Island Ethics Commission

The Governor recommends a revised FY 2000 budget for the Rhode Island Ethics Commission of \$814,502, funded entirely from general revenue. This represents an increase of \$27,000 from the FY 2000 enacted budget. The increase reflects a reappropriation of purchased service funds for the ongoing computer projects within the agency.

In FY 2001, the Governor recommends a budget of \$816,448 funded from general revenue. This is a \$1,946 increase from the revised FY 2000 budget. The increase is due to additional funding of personnel and purchased services with decreases in operations.

Office of the Governor

The FY 2000 revised budget includes \$3.8 million of general revenue and \$72,360 of federal funds for the Head Start Collaborative Program. The recommendation is an increase of \$159,809 from the enacted level and allows the office to operate at maximum capacity.

The FY 2001 recommended budget is \$4.0 million, including \$3.9 million of general revenue and \$73,789 of federal funds for the Head Start Collaborative Program. Funding supports the operations and 50.0 FTE positions.

Public Utilities Commission

The Governor recommends total expenditures of \$4.7 million for the Public Utilities Commission for FY 2000, including \$740,530 in general revenue, \$61,780 in federal funds for the Natural Gas Pipeline Safety Act, and \$3.9 million in restricted receipts. The general revenue increase of \$3,253 from the enacted level results from increased employee medical benefit costs.

In FY 2001, the Governor recommends total expenditures of \$4.9 million for the Public Utilities Commission, including \$730,664 in general revenue, \$61,549 in federal funds for the Natural Gas Pipeline Safety Act, and \$4.1 million in restricted receipts. The agency will fund two new FTE positions through restricted receipt revenues in FY 2001. One position is a Chief of Information and Public

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Relations. This position will be responsible for initiating, planning, coordinating, and reviewing an informational and public relations program that provides ratepayers with information necessary to make informed financial utility decisions. As a result of deregulation of traditional utility service, the agency's workload as related to the financial and ratemaking aspects of utility regulation has expanded. Due to this increased level of responsibilities, the agency will add an additional Rate Analyst position.

Rhode Island Commission on Women

The Governor recommends a revised FY 2000 budget for the Rhode Island Commission on Women of \$123,495, with \$123,003 in general revenue and \$492 in federal funds. This is an increase of \$952 from the FY 2000 enacted budget. The increase is a result of changes to statewide medical and assessed benefits. The federal funds are a reappropriation of unexpended funds from FY 1999.

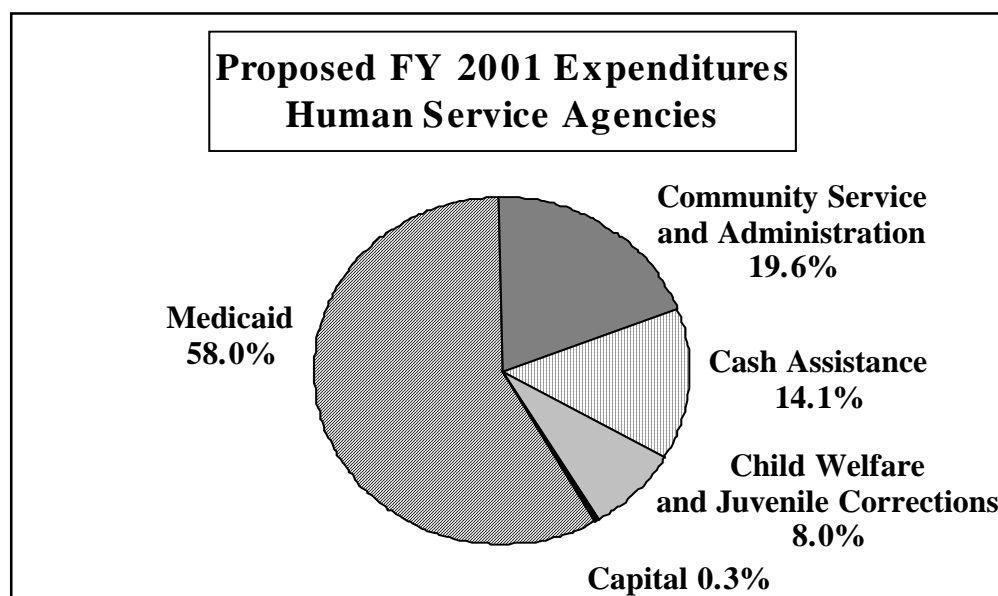
In FY 2001, the Governor recommends a general revenue budget of \$129,400. This is a \$5,905 increase from the revised FY 2000 budget. The increase provides funding for the Woman of the Year banquet. It is expected that the commission will offset these expenditures with general revenues generated by ticket sales to the event.

Human Services

Summary

The Human Services function of state government spans a broad range of activities including, but not limited to, prevention, treatment, and rehabilitation services.

On a program basis, the Governor's FY 2001 budget finances current service costs for the state's elderly, children, juveniles, and medically needy. The Governor's FY 2001 budget continues to support cash and medical assistance programs while maintaining services to veterans, the blind, and visually-impaired. The chart below depicts the programmatic components of the Governor's FY 2001 recommendation for the human service agencies and departments.



The Community Services and Administration portion of the above chart reflects indirect service expenditures for personnel and operating for all human service agencies.

The Human Services departments and agencies continue to leverage their resources so that both individuals and families achieve maximum potential and self-sufficiency. The Governor's proposed funding level of \$1.8 billion protects services for the state's most vulnerable populations including the elderly, children and families, medically needy, mentally ill, developmentally disabled, deaf and hard of hearing, and the physically disabled. The social and economic needs of clients continue to be met through the services provided by the Departments of Children, Youth, and Families; Elderly Affairs; Health; Human Services; and Mental Health, Retardation, and Hospitals. The dual role of advocacy and education continues to be provided by agencies such as the Commissions on the Deaf and Hard of Hearing, Human Rights, and Disabilities, and the Offices of the Child Advocate and the Mental Health Advocate.

The Governor remains committed to: preventing child abuse and neglect; intervening for and on behalf of abused and neglected children and youths; and rehabilitating delinquent youths through education and training.

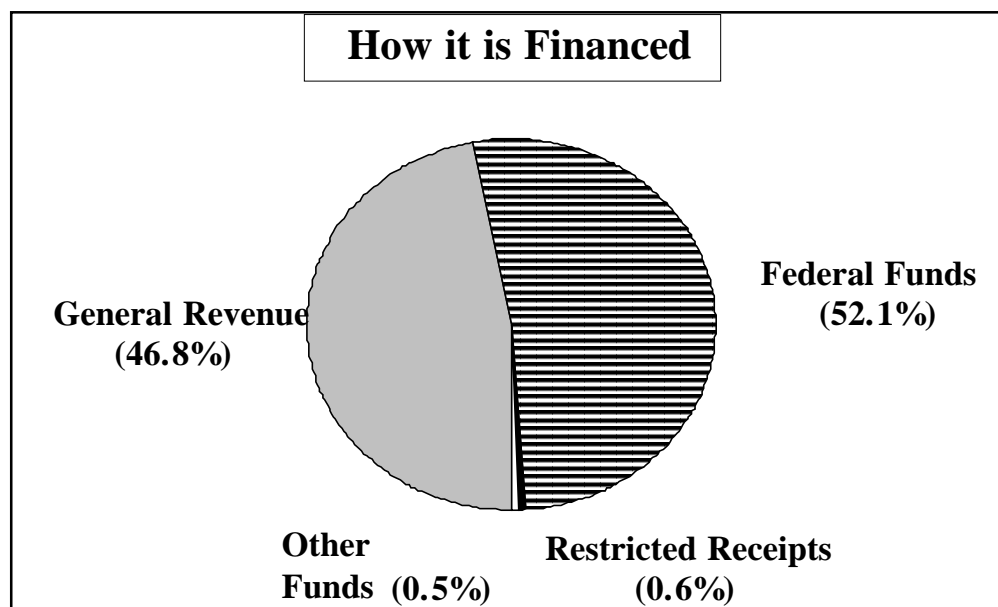
Human Services

The Governor recommends the addition of \$9.8 million, over the FY 2000 revised budget, for increased slots and provider rates for child care services. It is projected that 10,600 child-care slots will be available during FY 2001. The Governor also recommends funding for the first stage for the "Early Start" component of the Starting Right Initiative. This program will help ensure that children enter school ready to learn. The Governor also proposes to increase the eligibility criteria under the Categorically Needy program, extending Medicaid eligibility to additional elderly and disabled.

The Governor proposes, within the budget for the Department of Health, an allocation of total resources of \$2.7 million for lead programs under an initiative entitled "Lead Free Rhode Island". General revenue funding of \$1.3 million is recommended to support this initiative. The Governor also proposes total funding of \$2.5 million for tobacco control programs directed toward youth and adults, which includes general revenues of \$1.0 million.

The Governor proposes total human services expenditures of \$1.805 billion, consisting of \$845.2 million in general revenue, \$939.5 million in federal funds, \$10.5 million in restricted receipts, and \$9.4 million in other funds, which constitutes 38.8 percent of the total proposed expenditures for the state. Social services block grants and cash and medical assistance program funds constitute the major sources of federal funding.

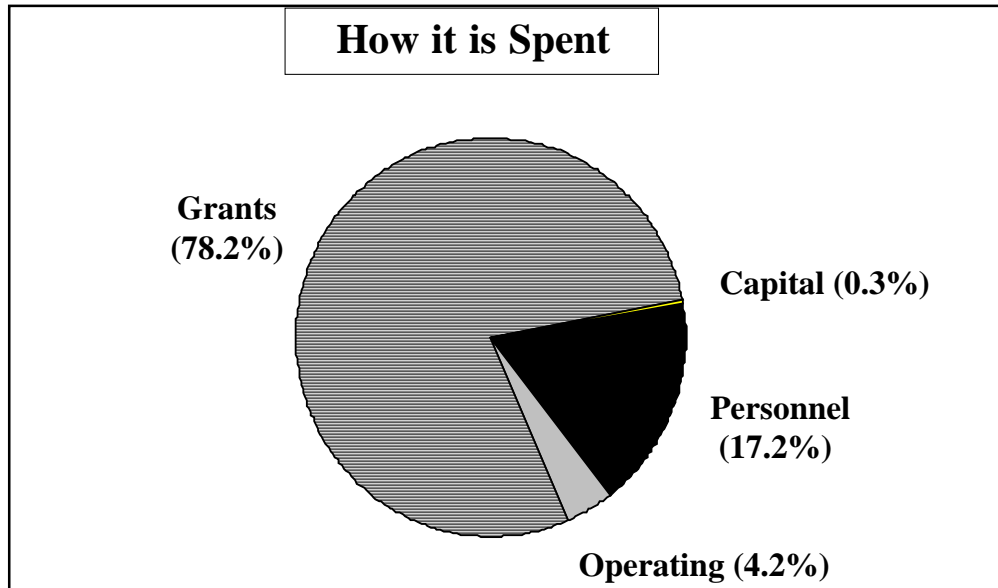
The chart below depicts the financing sources of the proposed funding level of \$1.804 billion for human services programs. Whenever feasible, the Governor attempts to leverage state resources with federal resources. For FY 2001, the state anticipates distributing \$61.9 million in state and federal resources to hospitals serving low income persons under the Disproportionate (revenue) Share Program.



The Governor's FY 2001 proposed level of expenditures includes direct and purchased services for residential care, medical care, and preventive health services. It also includes cash payments to individuals, as well as grant funding to non-governmental agencies. Also included are the operating costs associated with the administration of these social services programs. Personnel, which includes purchased services, accounts for \$310.6 million or 17.2 percent of all expenditures programmed for human services. Other operating expenditures are funded at \$76.4 million or 4.2 percent of total human services expenditures proposed, with capital projects slated for \$6.2 million or 0.3 percent. Finally, grants and benefits

Human Services

expenditures of \$1.4 billion account for the largest outflow of identified resources, reflecting 78.2 percent of the total human services function budget. The chart below shows the outflows of all resources by category of expenditure for the human services function.



Included in the proposed grants and benefits expenditures are: \$6.1 million for pharmaceutical assistance to approximately 32,100 certified elderly enrolled in the Rhode Island Pharmaceutical Assistance to the Elderly (RIPAE) program; \$95.4 million for cash assistance grants to approximately 50,050 individuals in the Family Independence program; \$26.5 million in funding for an anticipated caseload of 27,300 individuals in the Supplemental Security Income (SSI) program; and \$1.0 million in funding to support 635 individuals in the General Public Assistance (GPA) program.

Human Services

Department of Children, Youth, and Families

The Governor recommends total expenditures of \$190.3 million for the revised FY 2000 budget, including \$116.6 million of general revenue, \$72.1 million of federal funds, \$1.3 million of social security income, and \$327,703 of other funds. The Governor's revised budget includes a net decrease of \$1.0 million in general revenue expenditures. The major items requiring increased funding include: Psychiatric Hospitals, \$1.0 million; child care provider rates, \$353,268; purchased service placements, \$188,000; purchased services, \$774,179; Turning the Corner (an 8 bed facility), \$249,778; Title IV-E funding changes, \$1.7 million; union wage settlements, \$521,231; statewide medical benefit changes, \$65,926; and, statewide assessed benefits, \$223,363. These increases are offset by reductions in the following areas: overtime, \$157,328; anticipated turnover, \$149,055; operating expenditures, \$957,226; reductions in the state match to federal Medicaid expenditures, \$3.5 million; and, the delay of two programs with savings of \$963,382, - an 8 bed Residential Counseling Center within the Children's Behavioral Health Program and a 25 bed Seriously Behaviorally Disordered Program.

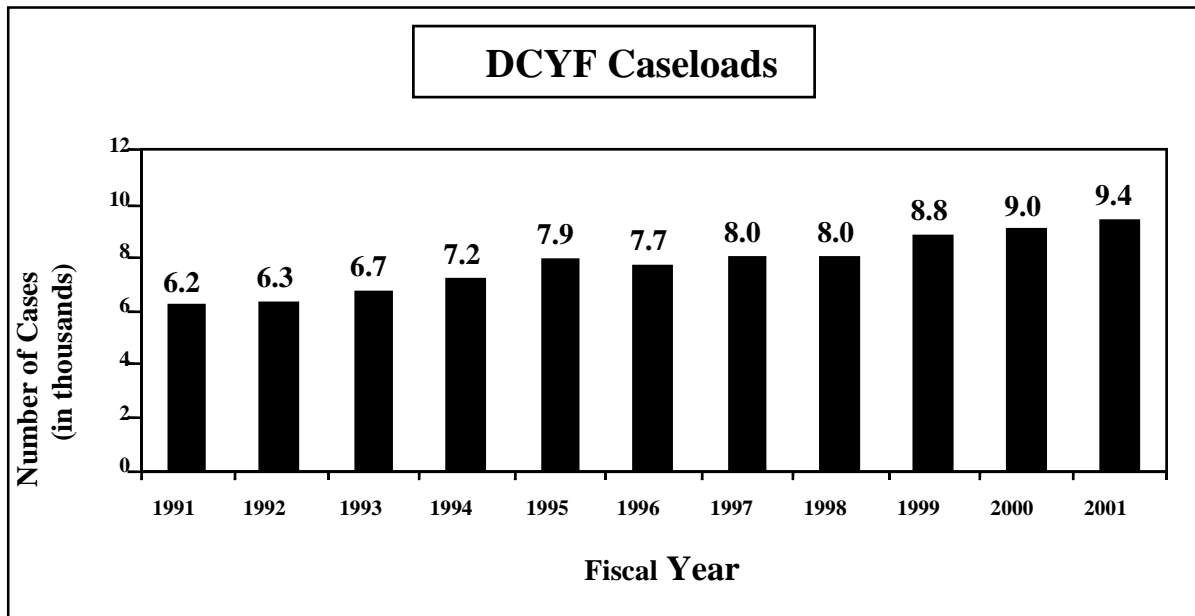
The Governor recommends total expenditures of \$195.1 million in FY 2001 for the Department of Children, Youth and Families. The FY 2001 budget includes \$117.8 million of general revenue, \$75.8 million of federal funds, \$1.3 million of third-party income and \$199,000 of other funds. The recommended FY 2001 general revenue budget reflects a net increase of approximately \$1.2 million over the revised FY 2000 budget. New and expanded initiatives are financed to enhance the Governor's commitment to children. Higher Education Incentive Grants have been increased by \$50,000 and \$88,000 has been included to create an Office of Community Relations. Funding of \$214,000 is recommended for Foster and Adoptive Care initiatives as they relate to the Strengthening Partnerships for the Safety and Success of Rhode Island's Children commission study. An annualized cost increase for agency rent at its new facility at 101 Friendship Street is also included in the budget recommendation. Reductions are recommended for the Statewide Child Welfare Information System (SACWIS) of \$354,137, and for purchased service placements in both the state and state Medicaid match accounts – as discussed below.

Project Reach RI, a five year, \$15 million federal grant supporting the expansion of community based mental health services for children, expired on January 31, 2000. The Governor is committed to continuing mental health services for an estimated 2,800 children serviced through this project. The FY 2001 budget includes an additional \$1.7 million in general revenue to fund this program at its current level replacing the expired federal grant monies.

The Governor recommends 875.9 FTE positions for the agency in both the revised FY 2000 and FY 2001 budgets.

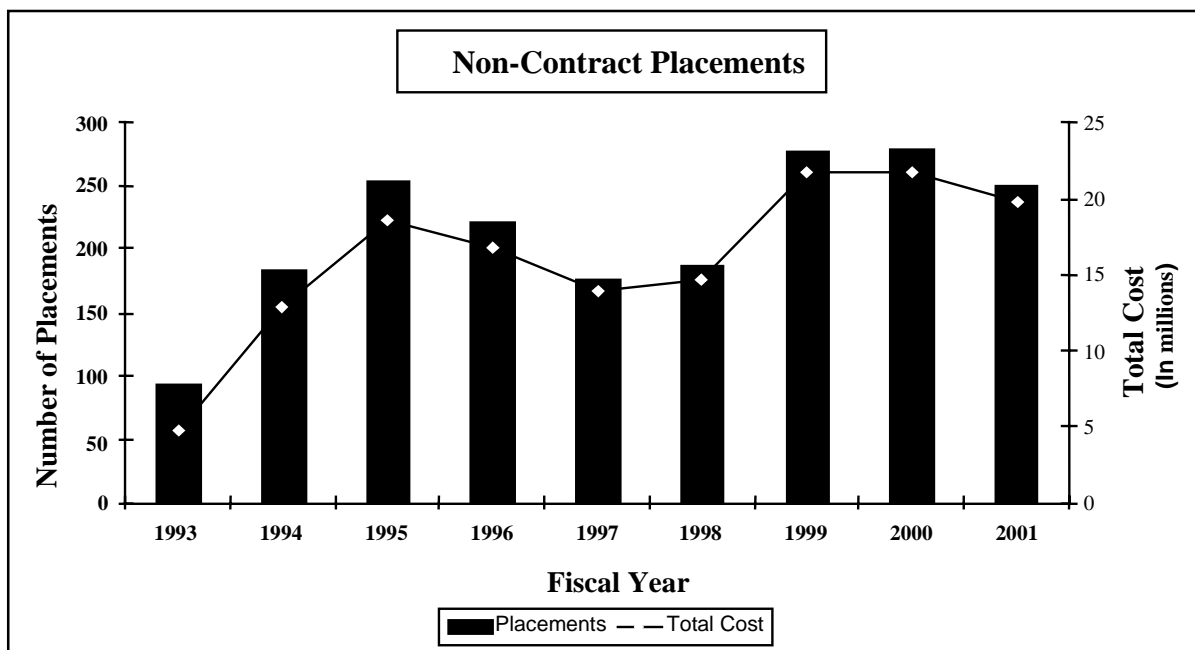
Human Services

Direct service caseloads are projected to be 9,011 for FY 2000. The department anticipates serving approximately 9,354 children in FY 2001. As of December 31, 1999 the department was servicing 8,301 children and youths.



The Governor's budget recommendation includes 279 purchased services placements for FY 2000 and 250 for FY 2001. The recommendation for FY 2001 assumes that 20 purchased placements will shift to the Seriously Behaviorally Disordered program and increased utilization and review will move children through the child welfare system more rapidly. Purchased services placements are tailored to the needs of the child and purchased by the department on an individual, as needed basis. The chart below displays the trend and revised FY 2000 and FY 2001 levels of purchased service placements, with associated costs.

Department of Elderly Affairs



Human Services

The Governor recommends a revised budget of \$32.0 million for FY 2000. The \$32.0 million is comprised of \$5.0 million in gas tax receipts, \$19.4 million in general revenue, \$7.5 million in federal funds, and \$156,744 in other funds. This revised funding level is a reduction of \$334,627 from the FY 2000 enacted budget. The general revenue budget was decreased by \$698,892. The primary reductions are for: reduced costs in the Rhode Island Pharmaceutical Assistance to the Elderly (RIPAE) program of \$276,046; Day Care co-payment costs of \$98,534; the transfer of matchable Medicaid funds from general revenue to the federal Medicaid match account of \$203,000; adjustments to personnel and operations of \$39,925; and reductions to other grants of \$81,387. Decreases to the Rhode Island Pharmaceutical Assistance to the Elderly (RIPAE) program are based upon reduced usage estimates. The transfer of matchable Medicaid funds allows the agency to take advantage of the 50/50 split between state and federal funding sources for Medicaid reimbursable items. Federal funds are increased by \$274,265, and other funds by \$90,000.

For FY 2001, the Governor recommends a budget of \$32.7 million consisting of \$4.9 million in gas tax receipts, \$19.8 million in general revenue and \$8.0 million in federal funds. The \$404,370 net general revenue change from the revised FY 2000 budget reflects increases in grants for Home and Community Care and Day Care programs and reductions in the RIPAE program. Grants for the Elder Information Specialists were increased, and Medicaid matchable transportation grants were shifted from general revenue to federal and other funds. In-Home Services increased by \$759,557 due to a \$1.50 per hour increase in provider rates effective July 1, 2000, and for shift differential rate changes for providers. Day Care co-payments increased by \$42,423 based on anticipated usage of day care services. Decreases to the Rhode Island Pharmaceutical Assistance to the Elderly (RIPAE) program are due to: reduced usage estimates; lower than historical drug cost increases; and the anticipated transfer of eligible client costs to an expanded categorically needed program funded by Medicaid. The elderly who no longer qualify for the RIPAE program will be served through the Department of Human Services' Medicaid prescription programs. Federal funds were increased by \$508,974 from the revised FY 2000 budget; the increase is based on increased Medicaid matching funds and a transfer of funds to federal from other funds. The \$155,777 shift from other funds to federal funds is a grant from the Department of Labor and Training for Older Worker training.

For FY 2001, the Governor recommends 60.6 FTE, with 1.0 FTE specifically targeted to address the issues brought forth in by the Elder Minority Task Force. The creation of a Programming Services Officer for the Center on Diversity will assure adequate services to the expanding, diverse elderly population.

Department of Health

The Governor recommends total expenditures of \$76.5 million for the FY 2000 revised budget, including \$28.7 million in general revenue, \$42.3 million in federal funds, \$5.4 million in restricted receipts and \$97,326 in other funds. This represents an all funds increase of \$3.1 million from the FY 2000 enacted budget.

General revenues decrease by \$128,808 from the FY 2000 enacted budget. Program changes include an additional \$100,000 for the development of an automated vital records system, a \$50,000 reduction in expenditures for the poison control center, reflecting cost savings from the consolidation of the program with the state of Massachusetts, reductions in the loan repayment and other state match programs reflecting reduced demand, and the transfer of expenditures in lead case management and facilities regulation programs to federal or restricted funds. These program changes reduce the general revenue budget by \$180,038. Other adjustments within the budget result in an increase of \$51,230.

Human Services

Federal funds increase by \$2.2 million. New grants have been awarded in the areas of bioterrorism, DNA testing, nursing home nutrition standards, minority health (AIDS/HIV), tobacco use prevention and control, children's oral disease prevention, asthma, and beach contamination monitoring. Carry-forward and increased federal grants have been received in the areas of maternal and child health, Child Care Support Network, Early Intervention, and the HIV Care Grant program.

Restricted receipts increase by \$984,000, reflecting increased rates charged to health insurers for the infant-child immunization program, increased indirect cost recoveries supporting vital records information systems, and increased revenue from Utilization Certification reviews.

The Governor recommends total expenditures of \$76.0 million for the Department of Health for FY 2001. This includes \$28.7 million from general revenue, \$41.9 million from federal funds, \$5.3 million from restricted receipts and \$150,000 from other funds. This is a net reduction of \$423,871 from the FY 2000 revised budget, reflecting decreases in federal funds of \$358,125, decreases in restricted receipts of \$114,671, and an increase of \$52,674 in other funds.

For FY 2001, the Governor recommends \$1.3 million in general revenue expenditures and \$1.4 million of federal funds to continue the "Lead Free Rhode Island" initiative to reduce childhood blood lead levels. The Governor's recommendation also includes \$2.5 million, \$1.0 million of general revenues and \$1.5 million of federal funds, to continue tobacco control efforts to reduce youth and adult smoking. The Governor recommends continued funding of \$5.7 million to maintain the Early Intervention program to provide medical services to infants and toddlers with development disabilities. The Governor also recommends continued funding of \$14.4 million for the Women, Infants, and Children (WIC) program to provide nutrition assessment, education, and foods for low-income mothers and their children.

In addition to continuing existing programs, the Governor recommends the following initiatives:

In the state's health laboratories there is an additional \$100,000 in R.I. Capital Plan funds, and \$64,000 in general revenue funds for laboratory equipment purchases. General revenue funds of \$122,000 are recommended to purchase more advanced tests for sexually transmitted diseases. The division's FTE cap is increased by one (funded from general revenue) for a clinical laboratory scientist to relieve existing backlogs.

The Governor recommends an additional 2.5 FTE positions in the Office of the State Medical Examiner for one executive assistant and 1.5 pathologist positions to reduce the backlog in medicolegal death investigations and the associated administrative duties.

The Governor recommends funding for 2.0 additional positions, funded by general revenue, to augment the current level of service in the Radiation Control program to include inspection of all x-ray facilities, license review of all radioactive materials, and public outreach and education.

The Governor recommends an FTE cap increase of 5.0 positions to allow for the implementation of a new federally-funded bioterrorism program to increase the state's preparedness to address terrorist attack and other biological crises.

In addition to the 10.5 FTE positions outlined above, the Governor recommends an increase of 5.0 FTE positions: two to provide supervisory and consulting capability to the OSHA program, a receptionist position for the Family Health program, an environmental engineer for the Drinking Water Quality program, and lead paint inspectors. These positions will be funded from a combination of general revenue, federal funds, and restricted receipts.

Human Services

In order to fund continuing programs and new initiatives, the Governor recommends the following measures:

The recommended budget calls for elimination of the state dog-track testing program, saving 2.0 FTE positions in addition to a funding reduction in the loan repayment program, due to reduced utilization of this program.

Rhode Island is entering a joint venture with the state of Massachusetts for the operation of the poison control program, in addition to the privatization of laboratory billing services, which results in a reduction of 2.0 FTE positions.

The budget includes expenditure transfers from general revenue to federal Medicaid funding for early intervention, lead programs, and communicable disease, and the transfer from general revenue expenditures to restricted receipts for facilities regulation activities.

The Governor recommends increases in certain statutory fees for professional regulation and food protection, and increases by administrative regulation in fees for radiation control, HIV testing and certificate of need applications.

Department of Human Services

The Governor recommends revised appropriations of \$1.068 billion for FY 2000, including \$453.0 million of general revenue, \$610.3 of federal funds, \$3.9 million of restricted receipts and \$0.8 million of Rhode Island Capital Plan funds. This represents an increase of \$5.6 million in all funds from the enacted budget. The revised budget for FY 2000 includes an increase of \$3.9 million in general revenues, an increase of \$1.8 million in federal funds, and a decrease of \$147,000 in restricted and other funds.

Included in the net \$5.6 million increase is a reduction of \$5.2 million for the revised Medical Benefit expenditure estimates adopted by the November 1999 caseload estimating conference. The Medical Benefit expenditure revision includes a reduction of \$3.7 million in general revenue funds. Cash assistance appropriations, pursuant to caseload conference estimates, increase by a total of \$6.4 million, including \$5.3 million of general revenue funds. The largest component of the general revenue change is \$4.9 million for child care provider costs; an additional \$253,000 for child care is financed from federal sources. The state funded Supplemental Security Income program is increased by \$320,000 due to estimates of an increasing caseload. Federal food stamp benefits are increased by \$1.2 million to \$66.0 million, due to the trend of increased caseloads. This entitlement is totally federally financed and is not included in caseload conference estimates.

The revised FY 2000 budget proposal includes increases of \$1.0 million, including \$0.7 million of general revenue funds, for revised statewide employee medical and workers compensation costs. The revised budget also requires the addition of \$662,000 in general revenue funds to replace indirect cost recoveries on federal expenditures used to offset department current services. A revised calculation of cost recovery rates for Department of Administration overhead has revealed recoveries in excess of allowed costs; current year receipts will be reduced by suspension of recoveries for these costs.

The Governor's recommendation also includes the addition of \$100,000 of general revenue funds to expand the availability of homeless shelter beds due to increased demand. A total of \$1.1 million, including \$0.9 million of general revenue funds, is recommended to fully finance information processing requirements for the department's various client database systems. An additional \$289,500 is also

Human Services

recommended from Rhode Island Capital Plan funds to complete four projects authorized in the enacted appropriations act.

The Governor recommends total expenditures of \$1.115 billion for the Department of Human Services for FY 2001. This total includes \$484.9 million from general revenue, \$625.6 from federal funds, \$500,000 from Rhode Island Capital Plan funds, and \$3.8 million from restricted receipts. The agency budget continues to finance: cash and medical assistance programs at caseload conference consensus values; training and support services for family assistance programs; continued services to veterans, the blind and visually impaired, and other assisted populations. Sixty-three percent of the agency's expenditures are for medical benefits to clients.

The Governor's budget recommendation for both FY 2000 and FY 2001 includes full funding for the operation of the Rhode Island Veterans' Home and the Rhode Island Veterans' Cemetery, including \$1.0 million for capital improvements and renovations in each fiscal year.

As in FY 2000, the Governor's recommendation recognized the reduced availability of federal indirect cost recoveries to offset current costs, due to an accounting adjustment. The full-year cost in general revenues is \$882,000, an increase of \$220,000 from revised FY 2000 levels.

In FY 2001, current payment standards are maintained for clients receiving cash payments under the Family Independence Program. After reaching a peak caseload of 64,000 persons in 1994, the number of persons receiving cash assistance continues to decline. The consensus caseload conference estimated that 51,900 persons would receive Family Independence Program cash assistance in FY 2000, a 2.5 percent decrease from FY 1999, declining to 50,050 persons in FY 2001, an additional reduction of 3.6 percent. In accordance with the goal of supporting families and placing clients into unsubsidized employment, continuing investments are required in childcare, medical assistance, education, training and employment programs. Consensus caseload conference estimates project 9,900 childcare slots in FY 2000, an increase of 20.6 percent from FY 1999 experience, and 10,600 slots in FY 2001, an additional increase of 7.1 percent.

Appropriations for child care costs increase by \$9.8 million from the FY 2000 revised level to the FY 2001 recommendation, reflecting the second half-year of a provider rate adjustment, as well as the increased caseloads. Reductions in cash assistance costs allow utilization of federal block grant funds to offset a part of these increased costs. The net addition for the two classes of entitlement costs between these two years is \$3.9 million. A total of \$7.6 million in additional general revenue funds is required as the total available block grants are reduced in FY 2001 because of the exhaustion of accrued grant funds carried forward from prior years. The FY 2001 budget also includes funds for expanding child care provider-training programs, and for the first stage of implementation of the early start component to the Governor's Starting Right initiative. These educational enhancements in the provider setting are intended to ensure that children enter school ready to learn.

The Supplemental Security Income (SSI) caseload historically has increased on a continuous basis. Adopted caseload conference estimates are 26,825 recipients in FY 2000 and 27,300 in FY 2001 as compared to actual cases of 26,156 in FY 1999. The modest growth rate results from a continued marginal growth in the disabled component and a slight proportionate decline in the state's elderly population.

The General Public Assistance (GPA) Program will be maintained in FY 2000, providing limited cash assistance to eligible persons and a medical program of restricted scope. The caseload conference estimate is 635 persons in both FY 2000 and FY 2001.

Human Services

Medical assistance programs are maintained in FY 2001. The Governor recommends Medical Benefits appropriations as adopted by the Medicaid Caseload Estimating Conference, with the following revisions: increased costs for expanded eligibility for disabled and elderly clients to the Categorically Needy program; savings from implementation of a disease management program; savings from revised nursing home admissions criteria; cost efficiencies from managed care enrollment of DCYF clients; savings from reduced reimbursement rates for out-of-state hospitals; and, suspension for one year of expanded subsidies of medical insurance for employees of child care providers. The last two items require statutory changes included as articles to the recommended budget. Under a waiver authorized by the federal Health Care Financing Administration, the department continues to provide a managed health care program for a portion of the Medicaid population, the Family Independence Program population, and other low income individuals without private insurance, through the Rite Care Program.

Basic medical services provided through the Rhode Island Medical Assistance Program will continue for: families receiving SSI benefits; children in foster care; Medicare beneficiaries having limited income and resources; pregnant women, parents and children with low income, including mothers and children denied federal assistance due to their immigration status; and, persons meeting the criteria for the Categorically Needy Program. An inflationary adjustment for nursing home reimbursements for eligible clients is included in the recommendation, pending an actual value from the National Nursing Price Index in May 2000. Rhode Island's Medical Assistance Program will continue to provide services in all mandatory categories as well as optional categories including dental, optometry, hospice, podiatry, ambulance and prescription services. For FY 2001, the Governor's recommendation includes funding to increase eligibility under the Categorically Needy program for the elderly and disabled persons whose incomes do not exceed one hundred percent of the federal poverty level.

The recommended Medicaid budget will continue to maximize federal resources, including Disproportionate Share payments to hospitals serving low-income persons. Disproportionate Share funds of \$61.9 million will be distributed to community and public hospitals in FY 2001. The FY 2001 budget reflects, for the first time, the inclusion of local education agency cost experience for special education Medicaid-eligible services. This change is related to the Governor's education aid initiative to initiate and facilitate claiming for an expanded range of services, and for the local administrative costs of providing these services. The additional funds of \$8.2 million for local education agencies are included in appropriations for the Department of Elementary and Secondary Education, with the gross local expenditures, including the federal matching funds, recognized in the DHS Health Care, Quality and Financing and Medical Benefits appropriations.

Department of Mental Health, Retardation and Hospitals

The Governor recommends total FY 2000 expenditures of \$386.1 million for the Department of Mental Health, Retardation and Hospitals, including \$196.5 million of general revenue. The increase of \$6.3 million of general revenue funds includes the carry-forward of funding related to the Piravano Trust in the amount of \$296,023 and \$1,004,893 for day-program services in the Division of Developmental Disabilities. Also included are: a transfer from the Department of Corrections in the amount of \$1,700,823 for utility related expenditures; \$300,000 for Mental Health services to the uninsured resulting from the closure of Harvard Pilgrim; \$1.4 million for grant-based services to the developmentally disabled; \$142,000 for the completion of the steam-line to the Department of Labor and Training; \$1.0 million for medical benefit cost increases; \$0.9 million for personnel, medical consultants and pharmaceuticals in the Eleanor Slater Hospital; and, a reduction of \$398,500 for building repair costs in the Division of Developmental Disabilities.

Human Services

The Governor's FY 2001 recommendation totals \$382.6 million, including \$192.1 million of general revenue, \$187.0 million of federal grants, \$55,000 of restricted receipts and \$3.4 million of Rhode Island Capital Plan Funds. The general revenue portion reflects a decrease of approximately \$4.4 million or 2.2 percent from the FY 2000 recommended level. Workers compensation related costs of \$3.0 million will be recorded in a statewide fund. Retirement costs are reduced by \$212,424. Utility expenditures in the Central Power Plant are reduced by \$450,000. The reappropriations for the Piravano Trust and for Day Program provider (\$1,300,916) and the one-time funding for Mental Health services to the uninsured (\$300,000) do not carry forward into FY 2001. These reductions from the expenditure base are offset in part by increases of \$584,591 for health benefit cost increases and by \$118,800 for the Synar amendment payment in the Division of Substance Abuse. The FY 2001 recommendation provides for 2,138.0 FTE positions.

Compliance with the Joint Commission on Accreditation of Healthcare Organizations (JCAHO), Medicare, Medicaid and Department of Health requirements continues to be a priority for the Eleanor Slater Hospital. Correspondingly, facility repairs and upgrades continue to be stressed. Funding for these projects is accomplished from a combination of sources, including general revenue, federal funds, and Rhode Island Capital Plan Funds.

The department has landlord responsibilities at the Howard Center, specifically related to utilities. It is taking actions to rehabilitate the aging Central Power Plant facility both in the short and long-term. The cost of this project is estimated at \$27.0 million and will commence during calendar year 2000. Upon completion, this project will add dependable long-term electrical and steam generation capacity for the entire Howard Center complex. When combined with the planned repairs and renovations to the distribution system, it represents a significant step in stabilizing the utility infrastructure of the complex.

Office of the Child Advocate

The Governor's FY 2000 revised budget includes total expenditures of \$774,640, which is funded by \$432,358 of general revenue, \$338,689 of federal funds, and \$3,593 of restricted receipts. This is a net increase of \$52,665 from the enacted budget derived from personnel costs, federal fund adjustments, and relocation and operating expenses.

The Governor recommends total expenditures of \$790,845 for FY 2001, which is funded by \$450,875 of general revenue and \$339,970 of federal funds. This is an increase of \$16,205, or 2.1 percent, in all funds from the FY 2000 revised budget. Both fiscal years maintain the Educational Surrogate Parent Program with level funding.

Commission on the Deaf and Hard of Hearing

The Governor recommends general revenue expenditures of \$241,784 in FY 2000. This reflects an increase of \$2,157 from the enacted level, which consists of adjustments made for turnover savings and operating cost increases.

The Governor recommends total expenditures of \$246,761 in FY 2001 in order to provide full funding for the Commission's current service requirements. The Commission is entirely funded by general revenue.

Rhode Island Developmental Disabilities Council

Human Services

The Governor recommends total expenditures of \$455,589 in the revised budget for FY 2000. The agency is supported entirely with federal funding from the Administration on Developmental Disabilities within the United States Department of Health and Human Services.

For FY 2001, the Governor also recommends total expenditures of \$455,589. The recommendation is consistent with the FY 2000 revised level.

Governor's Commission on Disabilities

The Governor recommends revised total expenditures of \$295,157 for FY 2000. This consists of \$266,254 in general revenue, \$24,103 in federal funds, and \$4,800 in restricted receipts. The revised funding level is \$19,160 more than the enacted level, reflecting a \$10,525 increase in general revenue, a \$6,335 increase in federal funds, and a \$2,300 increase in restricted receipts.

For FY 2001, the Governor recommends total expenditures of \$553,029, which is \$277,032 greater than the FY 2000 revised budget. Total expenditures consist of \$277,704 in general revenue, \$23,575 in federal funds, \$1,750 in restricted receipts, and \$250,000 in other funds. Beginning with FY 2001, the Governor's Commission on Disabilities, which has had oversight responsibility for the Handicapped Accessibility – Auxiliary Aids project, will assume responsibility for the financing of the project as well.

In addition to the funding changes in the respective fiscal years, the Governor also recommends an increase in full time equivalent (FTE) positions. The recommendation includes funding for a part-time receptionist in both FY 2000 and FY 2001.

Rhode Island Commission on Human Rights

The Governor's revised FY 2000 budget for the Rhode Island Commission on Human Rights is \$966,610, which is funded from \$693,927 in general revenues and \$272,683 in federal funds. This is a \$105,558 increase from the enacted FY 2000 budget. The increase is due exclusively to an increase in federal funds awarded by federal agencies.

In FY 2001, the Governor recommends a budget of \$1.0 million, which is funded by \$694,547 of general revenue and \$306,467 of federal funds. This is a \$34,404 increase from the revised FY 2000 budget. The increase includes general revenue additions of \$620 for statewide items and increases of \$33,784 in federal funds awarded by Federal agencies.

Office of the Mental Health Advocate

The Governor recommends total FY 2000 general revenue expenditures of \$233,543, reflecting an increase of \$3,930 from the enacted level, primarily for personnel and benefit expenses.

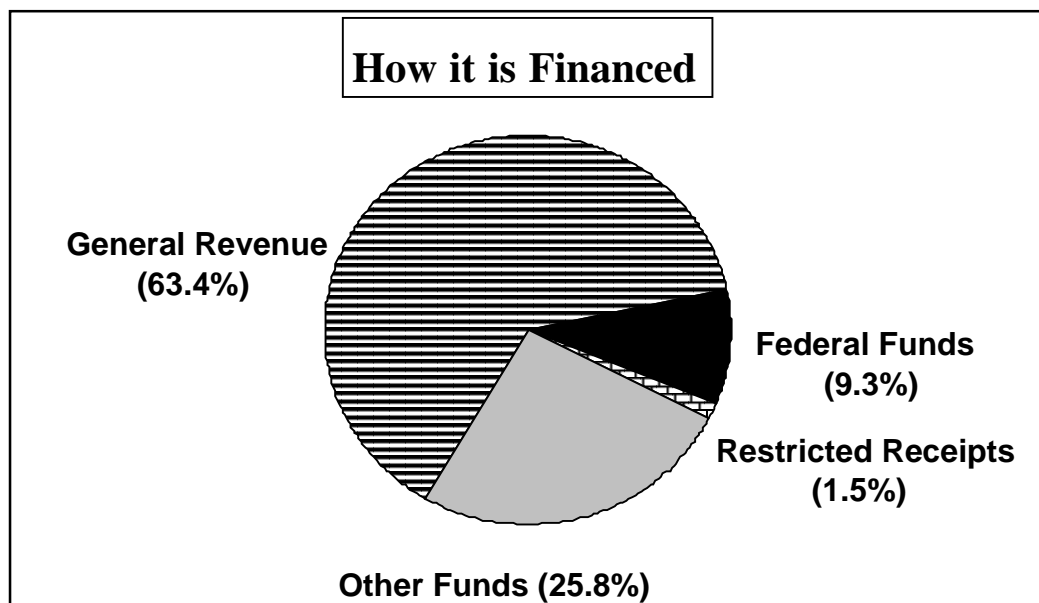
The Governor recommends total FY 2001 general revenue expenditures of \$240,730, reflecting funding for current services.

Education

Summary

The Education function of state government includes services provided by the Department of Elementary and Secondary Education, Public Higher Education, the Rhode Island State Council on the Arts, the Rhode Island Atomic Energy Commission, the Rhode Island Higher Education Assistance Authority, the Historical Preservation and Heritage Commission, and the Rhode Island Public Telecommunications Authority.

Two boards govern a large part of Education activities in Rhode Island. The Board of Regents, with the advice of the Commissioner of Education, sets policy with respect to the operations of the Department of Elementary and Secondary Education, state education aid programs, the School for the Deaf, the Davies Career and Technical School, the Metropolitan Career and Technical School, and the Central Falls School District. The Board of Governors for Higher Education, with the advice of the Commissioner of Higher Education, sets policy with respect to operations at the three state institutions of higher education.



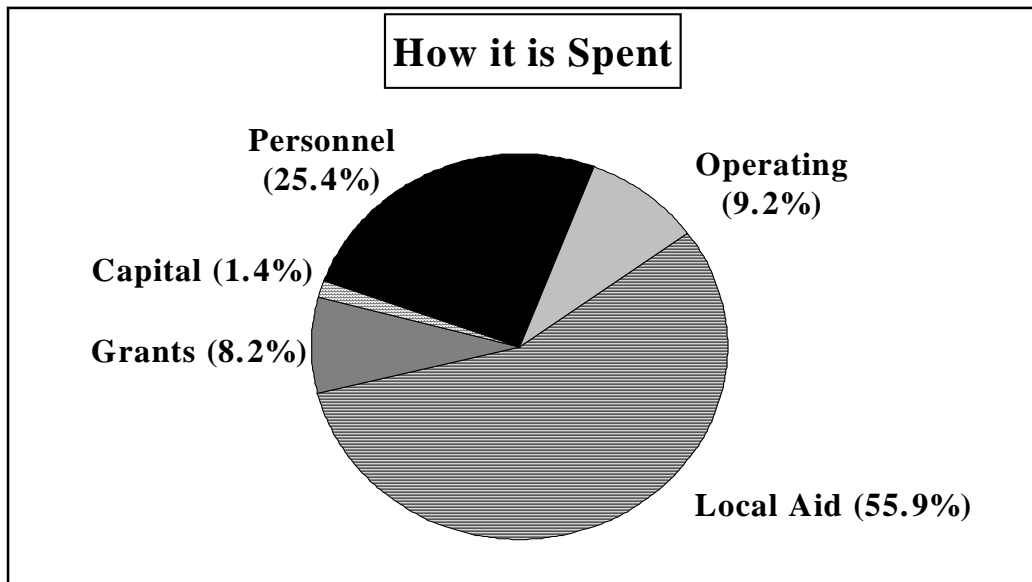
The Governor recommends total expenditures of \$1.293 billion for Education in FY 2001, including \$820 million from general revenue, \$119.7 million from federal funds, \$19.0 million from restricted receipts, and \$334.1 million from other funds.

For the Education function of state government, other funds consist of: Rhode Island Capital Plan Funds, Institutional Revenues, Sponsored Research Programs, Scholarships and Fellowships, Auxiliary Enterprises in Public Higher Education, and the Corporation for Public Broadcasting Grant in the Rhode Island Telecommunications Authority.

The Governor's FY 2001 Budget provides an increase of \$43.2 million in the education function from the FY 2000 enacted level. Of the \$97.2 million increase statewide in general revenue funding, over 44.4 percent is allocated to support education programs. This includes an increase in general revenue funding of 7.9 percent for Public Higher Education over the FY 2000 enacted level and 6.7 percent over the Governor's revised budget. The Governor's recommendation includes a 5.2 percent increase for Elementary and Secondary Education, including an increase of \$34.9 million in local education aid. Aid to Local Units of

Education

Government accounts for 55.9 percent of all education expenditures. State operations expenditures, which include personnel and operating, account for 34.6 percent of education expenditures, with most of these expenditures occurring in Public Higher Education. The remaining expenditures, 9.6 percent, are in grants and benefits and capital.



Education

Elementary and Secondary Education

The Governor recommends FY 2000 revised general revenue expenditures of \$615.7 million, which represents an increase of \$1.6 million from the enacted budget of \$614.0 million. The change in general revenue expenditures includes increased funding of \$3.0 million for reimbursements for Capital Construction Aid and a decrease in teacher retirement costs of \$1.9 million. The revised appropriations also include increased funding for statewide medical benefits of \$251,624, teacher retiree health costs of \$136,952, and contract settlement and worker compensation costs at the School for the Deaf of \$132,819.

The Governor recommends total expenditures of \$776.8 million for the Department of Elementary and Secondary Education in FY 2001. Of this total, \$646.2 million is from general revenue, \$110.7 million is from federal funds, \$118.7 million is from restricted receipts, and \$1.2 million is from other funds. The Governor recommends an increase in FY 2001 general revenue expenditures of \$30.5 million, or 5.0 percent, over the FY 2000 revised budget.

The Governor's education aid to local governments budget totals \$614.0 million for FY 2001. This represents a net increase of \$30.0 million, or 5.1 percent, above the FY 2000 revised appropriation of \$583.9 million. A reduction \$4.9 million is recommended for teacher retirement obligations. This is attributable to a lower contribution rate due to a proposed change in actuarial funding methodology and a lower than projected teacher salary base. The increase of \$34.9 million in all other education aid represents a 6.7 percent increase from the FY 2000 budget. Increased funding includes: \$10.8 million for Core Instruction Equity for urban areas least able to finance educational increases; \$13.0 million for Student Equity for all communities the computed from subsidized school lunch student population; \$721,863 for Charter Schools in the Providence school district; \$2.6 million for a new student investment "Full Day Kindergarten" which will provide funding on a per pupil basis for districts with full day kindergarten programs; and, \$1.0 million for Progressive Support and Intervention to provide technical assistance, policy support, resource oversight and supportive partnerships to districts that continue to under perform goals. The Governor also recommends that general aid increase by \$6.7 million, of which Central Falls accounts for \$2.7 million.

The increase in General Aid ensures that all communities are guaranteed a minimum aid increase of 3.0 percent. For the four ring communities of East Providence, North Providence, Johnston and Cranston, and the Burrville district, a minimum increase of 5.0 percent is guaranteed. For the urban communities of Providence, Pawtucket, Central Falls, Woonsocket and West Warwick a minimum increase of 7.0 percent is guaranteed. For the new Full Day Kindergarten funds, there are also tiered rates of reimbursement. Communities with a tax effort index of 0.6 or below will receive \$1500 per pupil. Communities with an index between 0.6 and 1.0 will receive \$1000 per pupil. All other communities will receive \$500 per pupil. All reimbursements are for full day kindergarten enrollments in October.

The FY 2001 education aid distribution employs the most recent school data for all communities, from which shares of the total increases are derived.

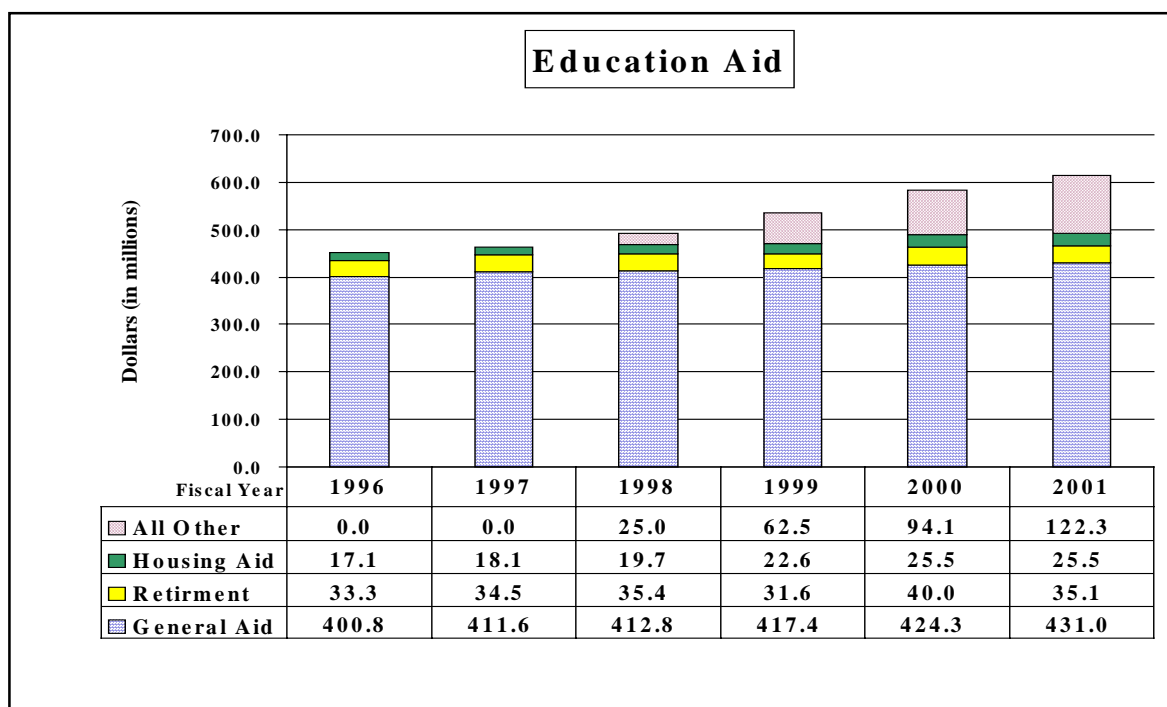
It should be noted that \$1.0 million of the Progressive Support and Intervention Fund, \$555,000 of the Professional Development Fund, and \$408,635 in On-site Visits are not distributed by formula.

The education aid tables do not reflect the state funds recommended for the Metropolitan Career and Technical School, Davies Career and Technical School, or the School for the Deaf. These expenditures, however, do benefit local communities, as the state contributes 100 percent of student costs, and should

Education

be considered in any discussion of state aid to education. The state contribution to the cost of education, without considering the cost to educate the children in these three schools is 47.4 percent. When these costs of \$17.4 million are considered, the state share is 48.2 percent.

The Governor recommends appropriations incorporating an initiative to increase claiming by local education authorities of federal Medicaid funds for special education programs. Currently, all schools systems receive Medicaid payments through Department of Human Services accounts for their direct costs in providing certain services for special education students. The Departments of Elementary and Secondary Education, Human Services and Administration are cooperating to generate increases in reimbursement for these services by expanding the classes of services eligible for reimbursement, by expanding the criteria for student eligibility, and by assisting the local authorities in improving their reimbursement methodologies; these changes will increase annual local revenues by approximately \$1.2 million. More significant revenues will flow to the local authorities when the initiative facilitates claiming for the first time for the administrative costs associated with the operation of local special education programs. The Department of Administration will finance all of the additional administrative tasks necessary to establish, document, and maintain administrative claiming for the local authorities; new revenues for the local authorities are estimated at \$7.0 million annually. The Department of Human Services will support the initiative in its administrative capacity as the single state agency for Medicaid, and will requisition the federal funds for deposit in restricted receipt accounts established for the Department of Elementary and Secondary Education, from which the local authorities will be reimbursed.



In FY 2001, the Governor recommends \$2.0 million for the Metropolitan School. Located in Providence this is an innovative secondary school designed to prepare Rhode Island's students for the challenges of the 21st century. The majority of the school's programs are temporarily housed at the Shepard Building.

Education

One permanent school is located at Dexter and Peace Streets and was completed in the spring of 1999. Land acquisition for the large school site has been completed and the process to erect four additional facilities continues.

In FY 2001, the Governor recommends \$9.9 million in general revenue for the Davies Career and Technical School and \$5.5 million for the Rhode Island School for the Deaf. The FY 2001 recommendation reflects a level of funding which will allow both schools to maintain current programs. Further, it will provide for two new reading specialists at the Davies School.

The FY 2001 recommendation for general revenues for departmental operations decreased \$226,777. This recommendation includes reductions in operating costs of \$86,339 and personnel of \$375,391. The governor recommends \$180,000 for a new math initiative which adds two math mentors. As with the existing reading initiative, the math initiative will target the early grades and should produce positive results by the time students reach grade four.

Public Higher Education

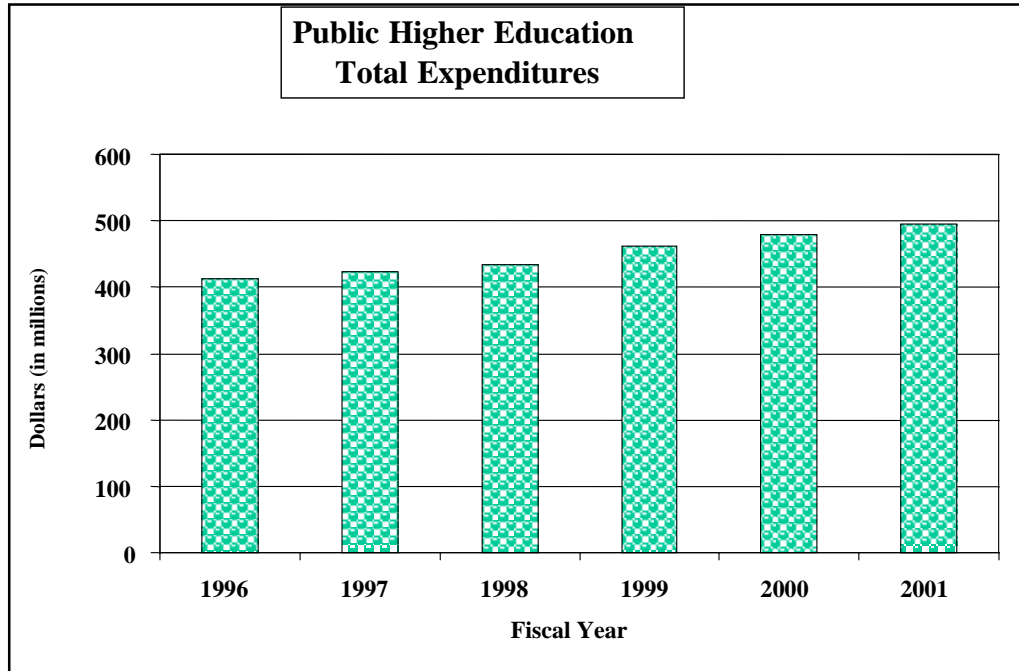
The Governor recommends total expenditures of \$478.8 million in the FY 2000 revised budget, of which \$152.5 million are funded from general revenue, \$1.5 million are from federal funds, and \$324.8 million are from other funds. This represents an increase in total expenditures of \$12.2 million, comprised of \$1.7 million in general revenue, \$0.8 million in federal funds, and \$9.7 million in other funds. The general revenue increase includes statewide adjustments for medical and other employee benefits.

For FY 2001, the Governor recommends total expenditures of \$495.4 million for Public Higher Education. Total expenditures consist of \$162.6 million in general revenue, \$1.3 million in federal funds, and \$331.5 million in other funds. Other funds include tuition revenues, which are projected to grow by \$4.8 million, or 3.8 percent. The general revenue recommendation includes \$3.1 million for employee cost of living increases, \$500,000 for additional scholarships, \$1.0 million to finance several statewide benefit adjustments, and \$4.1 million, or a 2.7 percent increase from the enacted FY 2000 level, for operating inflation. Within the other funds category the Governor is recommending \$11.5 million of Rhode Island Capital Plan funds for capital and asset protection projects at Higher Education facilities.

Pursuant to current law, both the FY 2000 revised budget and the FY 2001 recommended budget include debt service expenditures within the Department of Administration benefiting Public Higher Education. Recognizing \$9.8 million debt service in FY 2000 and \$12.1 million in FY 2001 plus \$4.3 million of costs relative to the Providence campus of URI, the FY 2001 total for state financed expenditures increased for Higher Education by \$12.4 million, or 7.5 percent.

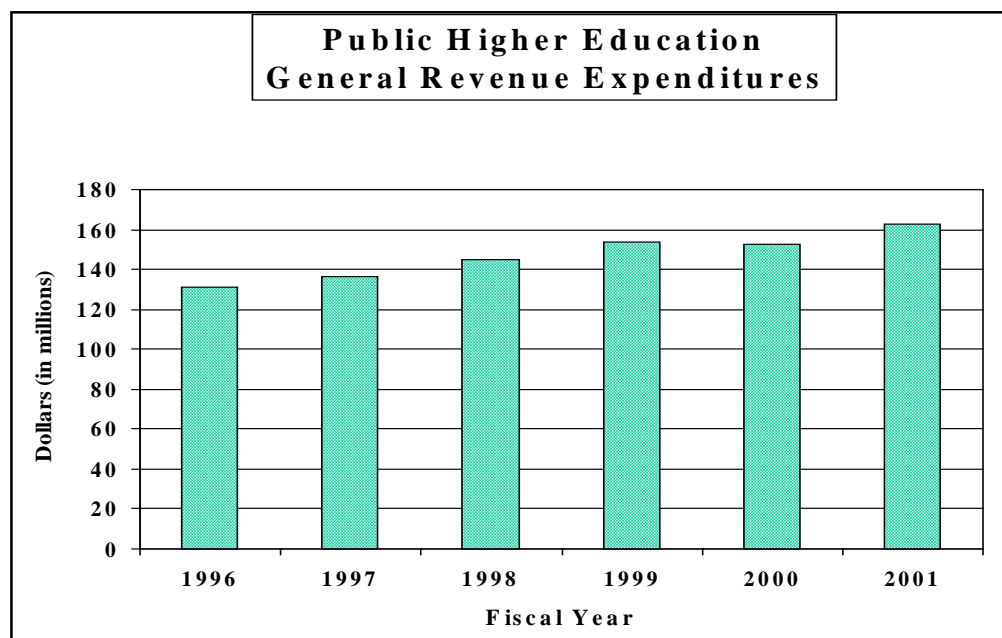
The revised budget for FY 2000 maintains the FTE position total of 3,850.0. In FY 2001, the Governor also recommends 3,850.0 FTE positions. This recommendation provides for a level funded personnel component.

Education



The Governor recommends continued support for the Rhode Island Children's Crusade at \$1.7 million for FY 2000 and FY 2001, which would level fund the program.

The budgets recommended by the Governor for Public Higher Education in FY 2000 and FY 2001 clearly demonstrate the value this administration places on Public Higher Education. In order to ameliorate the effects of the severe budget reductions experienced by Public Higher Education during the first half of the 1990s, the budgets presented by the Governor for FY 1996 through FY 2001 have exhibited significantly increased state support.



Education

The Children's Crusade program is dedicated to providing quality educational enrichment programs and scholarship assistance to disadvantaged youths during their elementary and secondary school years, using a combination of public and private funds. It will receive a new federal grant funds for an early awareness for college study of \$0.7 million in FY 2000 and \$0.5 million in FY 2001.

Rhode Island Council on the Arts

The Governor's revised FY 2000 budget for the Rhode Island Council on the Arts is \$1.6 million, funded from \$968,157 in general revenue, \$582,363 in federal funds, and \$17,030 in restricted receipts. This results in a net increase of \$40,942 from the enacted budget. The revised figures reflect an increase in federal funds awarded by federal agencies and a reappropriation of restricted receipts for public art at various state facilities with a reserve for conservation of art at state facilities.

In FY 2001, the Governor recommends a budget of \$1.9 million with \$1.4 million general revenue, \$572,155 of federal funds, and \$17,030 in restricted receipts. This is a \$381,542 increase from the revised FY 2000 budget. The increase includes general revenue additions of \$375,000 for grants to the artistic community and \$16,750 for personnel and operations. Federal funds are reduced by a total \$10,208. Restricted receipts are recommended at the same level as the revised FY 2000 budget.

Rhode Island Atomic Energy Commission

The Governor recommends total expenditures of \$864,016 in the FY 2000 revised budget. Total expenditures are comprised of general revenue expenditures of \$593,929, federal funds of \$108,100, and other funds of \$161,987; the total is \$32,759 greater than the enacted level. The change from the enacted level is a decrease of \$15,267 in general revenue and an increase in federal funds of \$45,000. For FY 2001, the Governor recommends total expenditures of \$845,455. This represents \$620,263 in general revenue, \$83,000 in federal funds, and \$142,192 in other funds. The increase of \$26,334 in general revenue is net personnel and operating adjustments.

The Rhode Island Atomic Energy Commission (RIAEC) will continue to operate the state-of-the-art reactor at the Rhode Island Nuclear Science Center (RINSC) for the purposes of research, education and training, and environmental monitoring. Moreover, the staff of the RINSC will continue to provide technical assistance to other state agencies including the Rhode Island Emergency Management Agency, the Rhode Island Department of Health, and the University of Rhode Island. The Governor's budget will also enable the RIAEC to explore further commercial uses for the RINSC, including new technology involved in cancer research.

Rhode Island Higher Education Assistance Authority

The Governor recommends total expenditures of \$14.0 million in the FY 2000 revised budget. This represents an increase of \$359,570 from the enacted level. Total expenditures are as follows: \$7.8 million in general revenue expenditures, \$6.1 million in federal funds, and \$108,647 in other funds. The FY 2000 budget recommendation includes an additional \$369,008 for scholarships, reflecting the reappropriation of unused FY 1999 funding.

In FY 2001, total recommended expenditures are \$14.0 million. General revenue expenditures of \$7.4 million, federal funds of \$6.5 million, and \$108,647 in other funds comprise the total expenditures for the Rhode Island Higher Education Assistance Authority.

Education

Historical Preservation and Heritage Commission

The Governor recommends revised total expenditures of \$2.7 million in FY 2000 for the Rhode Island Historical Preservation and Heritage Commission. This total consists of \$1.8 million in general revenue, \$527,581 in federal funds, \$315,924 in restricted receipts, and \$50,000 in other funds. This funding level represents an increase of \$50,258 over the enacted budget.

For FY 2001, the Governor recommends total expenditures of \$1.6 million, of which \$652,998 is derived from general revenue, \$546,081 from federal funds, \$320,417 from restricted receipts, and \$60,000 from other funds. This represents a decrease of approximately \$1.0 million from the FY 2000 revised level. In FY 2000, \$1.0 million in general revenue support is included for the Heritage Harbor Museum. FY 2000 is the last fiscal year in which funding is included for this project.

Rhode Island Public Telecommunications Authority

The Governor recommends revised FY 2000 total expenditures of \$1.9 million, consisting of \$512,453 in grant funding from the Corporation for Public Broadcasting and state general revenue funding of \$1.4 million. The revised expenditure levels represent an increase of \$166,492 from the agency's enacted total funding level. Of that total, general revenue expenditures increased by \$170,127 and the Corporation for Public Television funding decreased by \$3,635. The revised funding includes appropriations for increased payroll expenditures for unachieved turnover, and for statewide increases for medical benefits.

For FY 2001, the Governor recommends \$2.1 million to finance the operating costs of the agency. This recommended funding level reflects general revenue funding of \$1.1 million, grant funding from the Corporation for Public Broadcasting of \$501,064, and \$561,568 in Rhode Island Plan Capital funds for digital television conversion. In keeping with the agency's mandate to educate, inform, enlighten, and entertain the general public, the Governor continues to lend his support to the private fund-raising activity of the Authority.

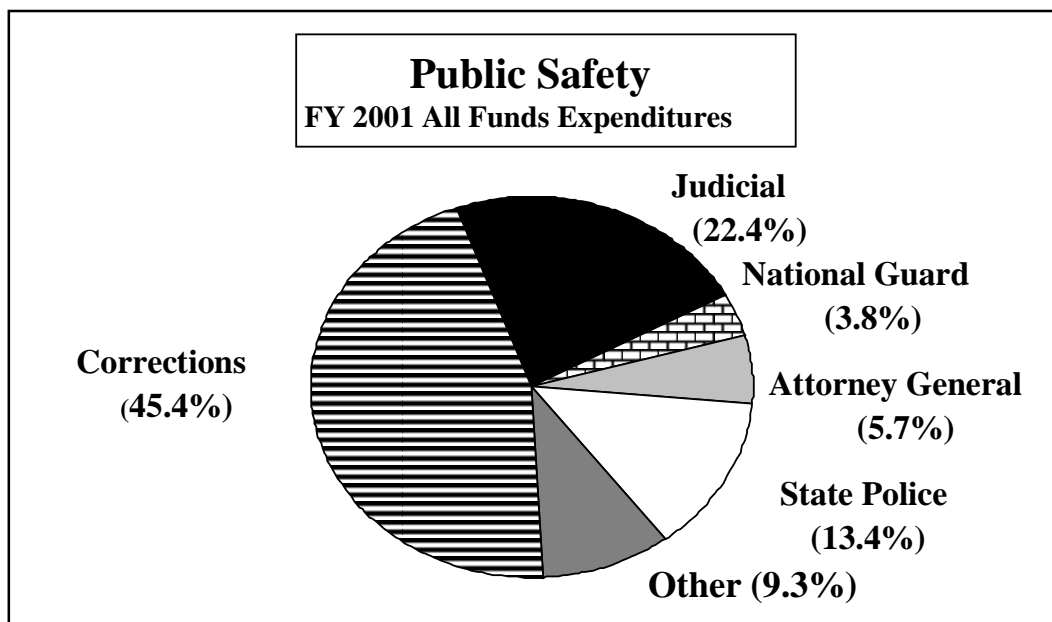
Public Safety

Summary

The quality of life in Rhode Island is enhanced through the administration of a criminal justice system that provides law enforcement, adjudicates justice, protects life and property, and handles emergencies impacting the state's citizens. The thirteen agencies providing public safety services to the state include the following: the Department of Corrections, Attorney General, the Judiciary, Military Staff, Rhode Island Justice Commission, State Police, E-911 Emergency Telephone System, Fire Safety Code Board of Appeal and Review, State Fire Marshal, Municipal Police Training Academy, Office of the Public Defender, Sheriffs of Several Counties, and the Commission on Judicial Tenure and Discipline.

The FY 2001 budget for Public Safety includes funding for the following: the Department of Corrections' conversion of crucial management information systems from a Wang-based system to an Oracle database system; MIS operations at the Office of Public Defender, previously financed through Justice Link; continued training for municipal police officers; the maintenance of prison conditions to avoid reintervention of the federal court; and, asset protection funds for aging facilities.

The recommended budget continues funding for the implementation of the state's criminal justice information system, or Justice Link. The Justice Link project, funded with federal Byrne Memorial Grant funds through the Rhode Island Justice Commission and general revenue, represents the collaboration of six state agencies and municipal agencies. The Courts, Attorney General, Office of the Public Defender, Department of Corrections, the State Police, the Department of Children, Youth and Families, and municipal police departments will be able to communicate via a relational database management system. The completed Justice Link will ultimately allow for calendar automation of criminal cases, studies on the effects of sentencing policies, statistical summaries and reports, and faster processing of appeals. Justice Link will provide "real time" responses to queries from local police departments, the State Police, Attorney General, and correctional agencies. The system will contain criminal history and criminal identification information, and data on wanted persons, stolen automobiles and property.

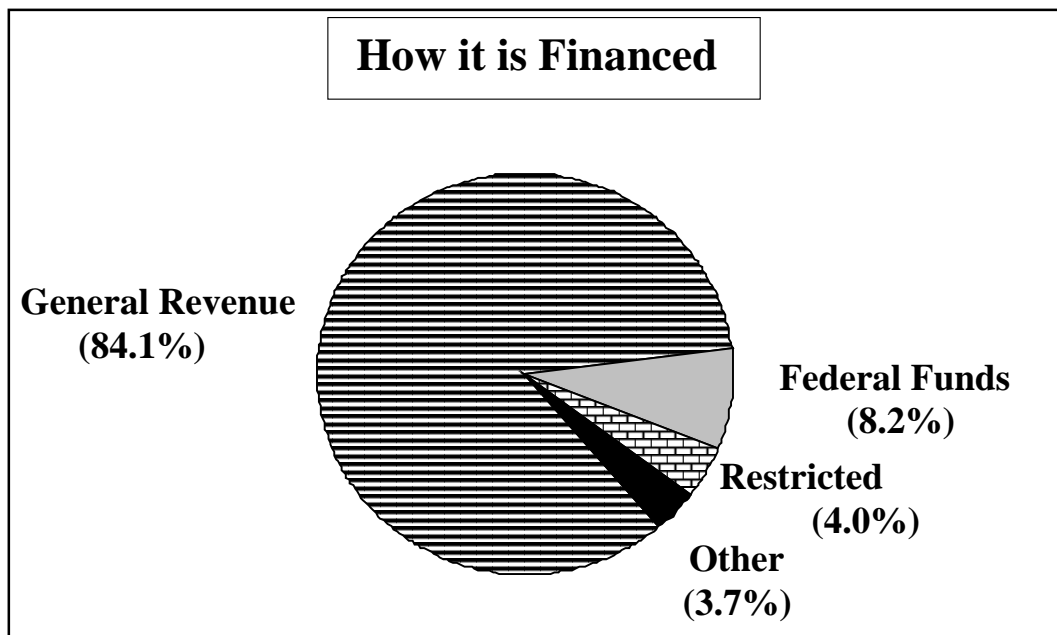


The largest share of funding within the Public Safety function is for the Department of Corrections, representing 45.4 percent of the total. Because the Adult Correctional Institutions, which include seven

Public Safety

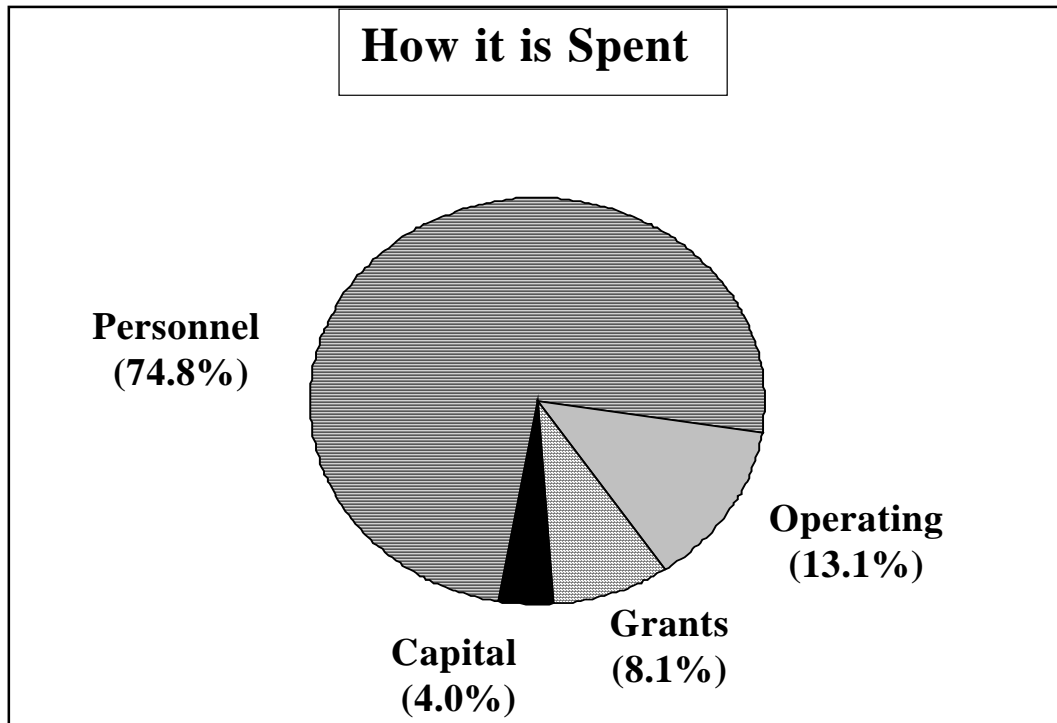
secure facilities, operate twenty-four hours a day, the department must provide continuous supervision of over 3,200 inmates. Additionally, the Community Corrections program supervises more than 30,000 community-based offenders per year. Twenty-two percent of all fund expenditures in Public Safety are within the Judiciary. This funding supports six statewide courts. The next largest percentage of funding within Public Safety, 13.4 percent, is in the State Police budget. The remaining ten public safety agencies receive the remaining 18.8 percent of funding in this function.

The Governor recommends \$270.4 million in FY 2001 for public safety programs. Of this amount, \$227.4 million is from general revenue, \$22.3 million is from federal funds, \$10.7 million is from restricted receipts, and \$10.1 million is from other funds.



State operations, including personnel and other operating costs, total \$237.7 million, or 87.9 percent of total expenditures.

Public Safety



Public Safety

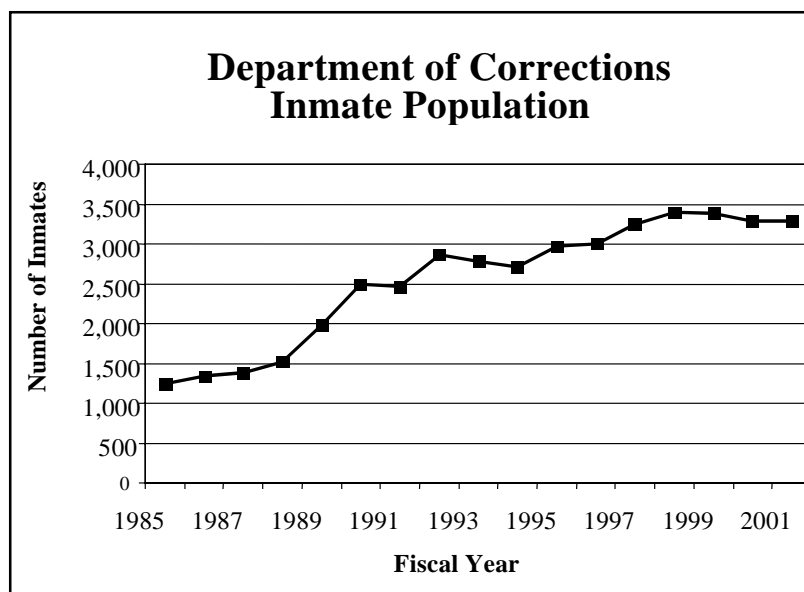
Attorney General

The Governor recommends a FY 2000 revised budget for the Attorney General of \$16.3 million, including \$13.5 million from general revenue, \$1.8 million from federal funds, and \$980,001 from restricted receipts. The revised budget is \$519,536 greater than the enacted budget. The additional funding includes: a \$288,000 reappropriation from FY 1999 for various items, including the State Crime Laboratory; telephone and security upgrades; Y2K-related database conversions; and office renovations. The Governor recommends a staffing level of 227.0 FTE positions, which is unchanged from the enacted budget.

For FY 2001, the Governor recommends total expenditures of \$15.5 million. Of this amount, \$13.5 million is funded from general revenue, \$1.3 million is federal funding, and \$754,296 is from restricted receipts. The recommended budget for FY 2001 is 4.5 percent less than the FY 2000 revised budget. This \$743,469 decrease is primarily due to a reduction of one-time expenditures, including a \$455,040 computer equipment purchase for the federally funded Criminal History Improvement Project and restricted receipt expenditures of \$195,889 for consumer education programs.

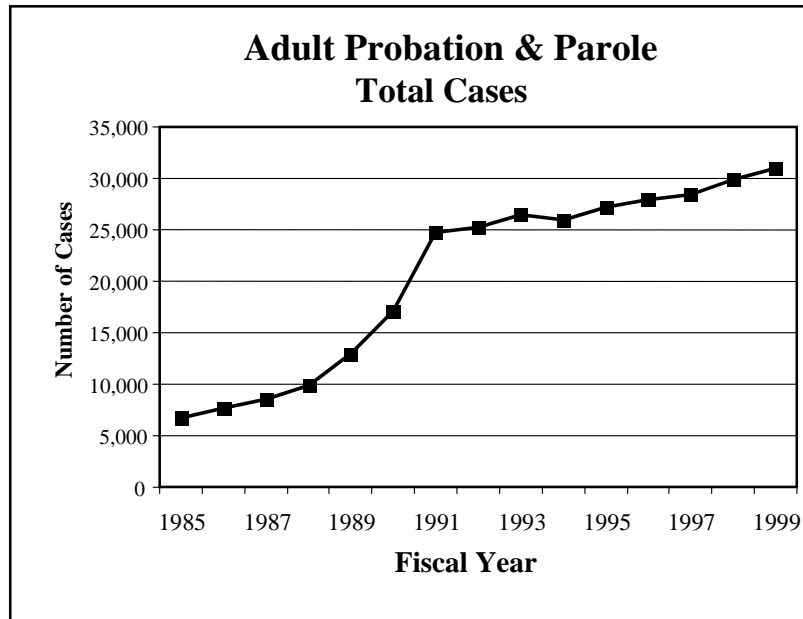
Department of Corrections

The Governor recommends total revised expenditures of \$131.3 million in FY 2000. This includes \$120.5 million in general revenue, \$6.8 million in federal funds, \$3.6 million in other funds, and \$387,811 from restricted receipts. The FY 2000 revised general revenue budget is \$3.6 million less than the enacted level. The revised budget includes funding for several management information related projects, a parity settlement with the RIBCO counselors unit, a reduction for an unresolved labor contract and population-related savings. Since the development of the enacted budget, the inmate population has decreased, and corresponding savings are recognized. The FY 2000 revised budget supports an average inmate population of 3,292. The \$608,737 reduction in federal funds is primarily attributable to a decrease in federal Crime Bill funds. Rhode Island continues to receive State Criminal Alien Assistance funding of \$1.4 million to offset general revenue expenditures. The \$250,936 increase in restricted receipts, as compared to the enacted budget, is due to an increase in the number of U.S. Marshal and Immigration and Naturalization Services detainees to be held at the ACI.



Public Safety

While the number of inmates housed at the ACI in FY 2000 is expected to decrease from the FY 1999 level, the community-based offender population continues to rise. In the FY 2000 revised budget, a portion of the population-related savings in Institutional Corrections is shifted into Community Corrections to fund the supervision of community offenders. The revised budget continues to support intensive community supervision of domestic violence and sex offenders.



The total inmate population has decreased slightly from FY 1999, but there has been no decline in the female or violent offender populations. These trends have been addressed with federally funded bed expansion projects at the Women's Dix Facility and the Medium Security Donald Price Facility. The violent offender population and related programming issues are also addressed by the renovation of a vacant building at the Howard Center, scheduled to begin in FY 2000. This facility will be used as a Reintegration Center and will add 200 new beds for sentenced males. The Center will house inmates who are within six months of release, but who have not qualified for lower custody status. Intensive evaluation and services will be provided to residents in an effort to reintegrate them to community life. The department will use federal Crime Bill funds to offset ninety percent of the cost of renovations and procurement of furnishings and equipment. This funding is reflected within the department's federal funds appropriation. The department plans to open the Reintegration Center in FY 2002.

The department is converting the personnel database, inmate accounts, and inmate information system (INFACTS) from a Wang-based system to an ORACLE database system. The MIS Unit is funded at \$2.7 million in FY 2000, an increase of \$1.0 million over the enacted level. Delays in the conversion project necessitated the redirection of funds to the repair and maintenance of the Wang system for Y2K compliance. There is concern as to the long-term viability of the Wang system, therefore funding is provided for conversion to Oracle in FY 2000 and FY 2001.

Public Safety

The Governor recommends \$122.8 million in total expenditures for the Department of Corrections in FY 2001. This consists of \$112.3 million in general revenue, \$4.8 million in federal funds, \$5.4 million in other funds, and \$328,500 in restricted receipts.

The FY 2001 recommended budget represents a 6.4 percent decrease from the FY 2000 revised level. The reduction consists of one-time expenditures in FY 2000 to include reappropriations, state match requirements, and a retroactive payment to the counselors unit; purchased services reductions in management information systems; and, a number of department initiatives in the areas of the inmate commissary, food services, and medical services. The state projects receipt of uncompensated care reimbursement from federal medicaid funds totaling \$1.0 million in FY 2001. These will be recorded as departmental revenues. The FY 2001 recommended budget supports an inmate population of 3,292, representing no growth from FY 2000 levels.

The FY 2001 budget supports the continuation of the department's participation in Safe Streets Providence (Project POST). This pilot project, scheduled to begin in January 2000, is a joint effort between the Department of Corrections, Department of Children, Youth and Families, and the Providence Police Department, and is intended to identify and supervise violent offenders between the ages of 17 and 25.

The Prison Industries program will continue to provide landscaping and grounds maintenance services for the Capitol Hill offices and Waterplace Park. The program will continue its auto repair and maintenance program for the state's vehicle fleet. Other operations include printing press and sign making services at Maximum Security, the license plate shop at Medium Security, moving services for state, municipal, and private organizations, highway litter crews, and graffiti removal crews.

Additional funds from the Federal Crime Bill Grant are anticipated in FY 2001. The department has received \$8.8 million, and may be eligible for up to \$12.0 million by the time the grant expires. Crime Bill funds are limited to the expansion of violent offender capacity. The Department continues to develop and review potential long-range uses for these funds.

In order to provide necessary repairs and renovations for the department's aging facilities, the FY 2001 budget includes \$5.4 million in Rhode Island Capital Plan Funds. The five-year capital improvement plan is directed at increasing safety and security measures, and providing necessary repairs and structural improvements. Funding is recommended in FY 2001 for security upgrades, roof replacement, and general renovations at Maximum Security; security camera installation; fire safety code improvements to all facilities; and, window replacement, sallyport construction, security upgrades, and bed space expansion in the women's facilities.

Judiciary

The Governor recommends a revised FY 2000 budget of \$59.9 million, which includes \$50.8 million in general revenue, \$3.8 million in federal funds, \$5.2 million in restricted receipts, and \$135,794 in other funds. The revised general revenue budget is \$798,843 greater than the enacted budget of \$50.0 million. Major general revenue changes in the FY 2000 budget include \$530,379 to finance the statewide medical benefit increase, and a \$221,877 reappropriation of unexpended Justice Link funds from FY 1999. The recommended expenditures from federal funds is \$1.1 million greater in the revised FY 2000 budget as compared to the enacted budget. The federal funds increase is associated with several programs, including a new federal grant to establish a drug court.

Public Safety

In FY 2001, the Governor recommends expenditures of \$60.6 million for the Judicial Department. Of this amount, \$50.5 million is from general revenue, \$3.2 million is from federal funds, \$5.5 million is from restricted receipts, and \$1.4 million is from other funds, specifically the Rhode Island Capital Plan Fund. The recommended expenditures in the Rhode Island Capital Plan Fund include funding of \$940,000 to continue renovations to the Garrahy Judicial Complex, funding of \$220,000 to refurbish the interior and exterior portions of the Licht building, \$75,000 for the Murray building, and \$140,000 for the McGrath building.

The Governor recommends maintaining the staffing level in the Judicial Department at 682.4 FTE positions in FY 2000 and FY 2001. During 1999, the General Assembly increased the Department's authorized staffing level by 16.4 FTE positions from 666.0 to 682.4 positions.

Military Staff

The Governor recommends expenditures for the Military Staff of \$10.3 million in the FY 2000 revised budget, including \$2.1 million in general revenue, \$7.3 million in federal funds, \$795,000 in other funds, and \$3,000 in restricted receipts. The FY 2000 revised budget is 3.0 percent higher than the enacted budget, consisting of increases of \$69,010 in general revenue and \$328,903 in federal funds, and the reduction of \$100,000 in other funds. The increase in federal funds relates primarily to a new grant award through the Department of Labor and Training for Operation Forward March, a welfare-to-work program. The reduction in other funds is associated with the deferral of the Bristol Armory Rehabilitation project to FY 2001, offset by additional matching funds for the replacement of windows at the Armory of Mounted Commands. In the FY 2000 revised budget, total National Guard funding increases by \$535,994, while Emergency Management funding decreases by \$238,081.

The revised general revenue appropriation of \$2.1 million is 3.3 percent higher than in the FY 2000 enacted budget. The increases in general revenue include the following: a \$30,000 match to federal funds for an above ground storage tank at the Emergency Operations Center; an additional \$76,479 for RIEMA operations in response to reduced federal reimbursement rates; funding for building repairs and maintenance; and, salary and employee benefit adjustments, including \$26,841 for medical benefits. Reductions in the FY 2000 revised budget for Military Staff include the one-time funding transfer for the security force at the Quonset Air Guard base from general revenue to federal funds due to the availability of balance forward funds, reductions in utility expenditures, and other personnel adjustments.

In FY 2001, the Governor recommends expenditures of \$10.3 million for Military Staff programs. Of this amount, \$2.0 million is from general revenue, \$7.1 million from federal funds, \$3,000 from restricted receipts, and \$1.1 million from other funds. Compared to the revised FY 2000 budget, general revenue expenditures are reduced by \$109,056, federal funds are reduced by \$226,540, and other funds have increased by \$314,896, primarily in the Rhode Island Capital Plan Fund appropriation.

The FY 2001 recommended budget includes an increase in general revenue expenditures of \$13,788 in order to fully fund security operations at Quonset State Airport. This additional general revenue is necessary to meet the total funding requirements, which are constrained by federal resources. The recommended budget includes additional general revenue funds of \$97,247 to replace federal funding for four positions in the Emergency Management Program. Four other positions are not funded due to this change in Federal Emergency Management Agency reimbursement, which drastically reduces federal funding for Emergency Management program operations. The Governor recommends the transfer of four

Public Safety

incumbents to the Department of Health's federally funded Bioterrorism program. The recommended general revenue budget also includes additional funds for firing squads and military funeral services. The Governor recommends \$315,000 of Rhode Island Capital Plan funds for capital repair projects at the Bristol and Schofield armories and the Command Readiness Center.

E-911 Emergency Telephone System

The Governor recommends expenditures of \$3.3 million in FY 2000 for the E-911 Emergency Telephone System. The revised budget recommended for the agency is \$262,162 less than the enacted budget of \$3.6 million. The significant changes to the agency's budget include a reduction in operating costs and an increase in overtime expenditures. The agency is funded entirely with restricted receipts generated by a \$.47 per month surcharge on each residence and business main telephone exchange line.

The recommended budget for FY 2000 fully funds the implementation costs for Phase I of an FCC-mandated upgrade to the system of wireless emergency calls. The Phase I upgrade will allow the system to identify wireless callers within a two cell area using the caller's twenty-digit mobile identification number. The agency expects to have the equipment installed to support the Phase I mandate by the end of FY 2000.

For FY 2001, the Governor recommends expenditures of \$3.5 million. This is an increase of \$168,845 over the revised budget for FY 2000. During FY 2001, the Governor recommends performing an operational evaluation of the Phase I equipment and evaluating technologies available for the implementation of Phase II of the FCC-mandated upgrade. As part of Phase II, the system will be required to identify the location of a wireless phone caller to within a four hundred foot radius.

Fire Safety Code Board of Appeal and Review

The Governor recommends a FY 2000 revised budget of \$169,627, consisting entirely of general revenue funding. The increase of \$1,862 over the FY 2000 enacted budget is to fund the increased cost of employee medical benefits.

The Governor recommends a FY 2001 budget of \$164,108, a decrease of 3.2 percent from the FY 2000 revised budget. The reduction is comprised of personnel and operating savings.

Pursuant to the Governor's initiative to streamline and consolidate comparable government services, the Director of the Department of Administration has designated the agency's Executive Director the additional duty of legal counsel to the State Building Code Standards Board.

State Fire Marshal

The Governor recommends a revised FY 2000 budget for the State Fire Marshal of \$1.5 million. This includes \$1.3 million in general revenue and \$257,296 in federal funds. The revised general revenue budget reflects an increase of \$45,208 over the FY 2000 enacted budget. The increase is attributable to the increased cost of medical benefits and \$41,553 of reappropriations. This includes \$20,376 for an FY 1999 contractual obligation related to the on-call status of investigators who carry pagers, and \$21,177 for funding two positions on a six-month contractual basis to assist the agency in meeting workload demands associated with the construction of the Providence Place Mall. The State Fire Marshal did not expend the funds in FY 1999 because of delays in mall construction.

Public Safety

The increase in federal funds in the FY 2000 revised budget reflects carry forward funding and increased grant awards for Civil Disturbance and Terrorism Preparedness Training, and new grant funding for smoke alarm replacement and for the State Emergency Response Commission.

The Governor recommends total expenditures of \$1.3 million in FY 2001, \$39,185 of which is federal funding. The general revenue increase of \$5,024 from the FY 2000 revised budget is primarily due to the increased cost of medical benefits and the statewide benefit assessment.

Continued in the FY 2001 budget is funding for a full-time Director of Fire Training. This position will assist the agency to expand its statewide in-service training programs for volunteer and municipal fire departments. Cooperative efforts with the Rhode Island Emergency Management Agency will continue in various safety and response programs.

Commission on Judicial Tenure and Discipline

The Governor recommends total expenditures of \$121,209 in the FY 2000 revised budget. This amount is \$41,029 higher than the FY 2000 enacted budget of \$80,180. The increase funds unanticipated legal expenses, special audit services, and personnel costs.

In FY 2001, the Governor recommends expenditures of \$92,606. This amount fully funds the Commission's operations, including one full-time staff assistant. The Commission on Judicial Tenure and Discipline is funded entirely with general revenue.

Rhode Island Justice Commission

The Governor recommends total expenditures of \$5.3 million for FY 2000. The expenditures are comprised of \$186,699 in general revenue, \$5.1 million in federal funds, and \$12,394 in restricted receipts. The general revenue funding, as compared with the FY 2000 enacted budget, increases \$1,782 due to the increased cost of medical benefits.

For FY 2001, the Governor recommends total expenditures of \$5.4 million, of which \$179,638 is general revenue and \$5.2 million is federal funding. The total agency recommendation represents an increase of \$97,413 from the FY 2000 revised level due to an anticipated increase in federal Byrne grant expenditures, primarily for the Justice Link project.

Municipal Police Training Academy

The Governor recommends a revised FY 2000 budget of \$676,554, including general revenue funding of \$578,560. The \$175,047 general revenue increase reflects an additional \$4,031 for medical benefits and a reappropriation from FY 1999 for the purchase of eighty-six defibrillators for distribution to all cities and towns, state colleges and universities, and the State House. The agency's revised federal funding of \$97,994 is an increase of \$47,994 from the FY 2000 enacted budget. The increase is the result of a new federal grant, through the Rhode Island Justice Commission, to provide Sex Offender Community Notification training, and carry forward funding of \$35,700 for the purchase of a Skidcar Platform.

In addition, the FY 2000 budget includes a one-time general revenue appropriation of \$96,600 for defibrillator training and the purchase of defibrillators for the State Police.

Public Safety

The Governor recommends total expenditures of \$354,404 for the Academy in FY 2001. This consists of \$300,798 in general revenue and \$53,606 in federal funds. Because of the one-time expenditures and the reappropriation in FY 2000, the FY 2001 recommended budget represents a 3.2 percent decrease from the revised FY 2000 general revenue budget. The Academy's funding will provide for three recruit training classes as well as in-service training courses for municipal police officers.

State Police

The Governor recommends a revised FY 2000 budget for the State Police of \$38.1 million. The revised general revenue budget of \$32.5 million represents an increase of \$457,461 from the enacted level, including additional funding of \$259,324 for pension costs that are being incurred in the current year. Funding of \$139,000 is included for communication tower maintenance costs and computer system improvements; this cost is offset by general revenues received from Bell Atlantic Telephone for the lease of space on State Police communications towers. The revised budget includes restricted receipts of \$1.6 million, an increase of \$1.2 million over the enacted level. The majority of the increase, \$1.1 million, represents funds received for assistance in the prosecution of a money laundering case. These forfeiture funds were originally programmed for expenditure in FY 1999 and will be used for automobile replacement, computer equipment, and operating/training equipment.

The Governor recommends total expenditures of \$36.4 million for the State Police in FY 2001. This includes \$33.0 million in general revenue, \$559,667 in federal funds, \$648,609 in restricted receipts, and \$2.2 million from other funds. The recommended general revenue budget represents a 1.6 percent increase over the revised FY 2000 budget.

The FY 2001 budget includes funding for troopers graduating from the January 2000 State Police Training Academy class. It should be noted that nine mandatory retirements will occur in FY 2000; an additional fifteen troopers are eligible for retirement beginning in FY 2000.

The recommended budgets continue funding for the department's pension costs. This unique aspect of the State Police budget provides direct pensions to 235 individuals. The total cost for retiree pensions is \$11.8 million in FY 2001, comprising 35.8 percent of the recommended general revenue appropriation.

The FY 2001 budget will maintain the department's Commercial Enforcement Unit. This unit is responsible for enforcement of state and federal laws regulating the use and operation of commercial vehicles. The department will also maintain highway safety programs to patrol for drunk drivers and for hazardous moving violations. To augment the planned purchase of forty patrol/detective vehicles in FY 2000, the FY 2001 budget plans for the purchase of twenty highway patrol vehicles.

Funding is provided in FY 2001 to maintain criminal law enforcement operations through uniformed personnel and the Detective Division. The Detective Division is responsible for the investigation and enforcement of laws involving organized crime, violent crimes, sex crimes, auto theft, narcotics, and gambling. The Financial Crimes Unit will continue efforts at detection, prosecution and deterrence of financially motivated crimes in state government and the private sector. The Auto Theft and Insurance Fraud Unit will continue the investigation and prosecution of those crimes directly related to automobile theft and insurance fraud. The FY 2001 budget provides funding for sufficient, professional response to requests for support from local police departments, as well as other state agencies.

Public Safety

Office of the Public Defender

The Governor recommends total expenditures of \$5.4 million in the FY 2000 revised budget. Expenditures consist of \$5.0 million in general revenue and \$399,524 in federal funds. The general revenue recommendation is an increase of \$149,530 from the FY 2000 enacted level. This increase includes a reappropriation of \$86,008 of obligated FY 1999 funds, and increased costs of \$63,522 associated with employee medical benefits.

The Governor recommends total expenditures in FY 2001 of \$5.3 million. The FY 2001 budget is entirely funded through general revenue. The decrease in federal funding is associated with the Justice Link project in which the Office of the Public Defender cooperates with several other state agencies. Justice Link funds will be dedicated to the Judiciary in FY 2001. The recommended FY 2001 budget includes funding for the agency's MIS operations that previously had been financed with Justice Link funding.

Sheriffs of Several Counties

The Governor recommends FY 2000 expenditures of \$8.4 million in general revenue to fund the Sheriffs of Providence, Bristol, Newport, Kent and Washington Counties. The revised budget is \$392,816 more than the enacted budget of \$8.0 million. The additional costs are related to unachieved turnover, overtime and medical benefit costs.

The Governor recommends expenditures of \$8.8 million in FY 2001. This represents an increase of \$405,448 above the FY 2000 revised funding level. The Governor's recommended FY 2001 budget fully funds all authorized positions and continues the essential services of the agency, which include attendance at court sessions, execution of writs of process, summoning of witnesses, and transport of prisoners.

Natural Resources

Summary

The Natural Resources function includes the Department of Environmental Management, the State Water Resources Board and the Coastal Resources Management Council. The Narragansett Bay Commission and the Rhode Island Clean Water Protection Finance Agency are quasi-public agencies created by the state. While the operations of these quasi-public agencies are separate from the state and not included in the state budget, certain debt service for general obligation bonds issued to finance capital projects through these agencies are appropriated in the state budget within the Department of Administration.

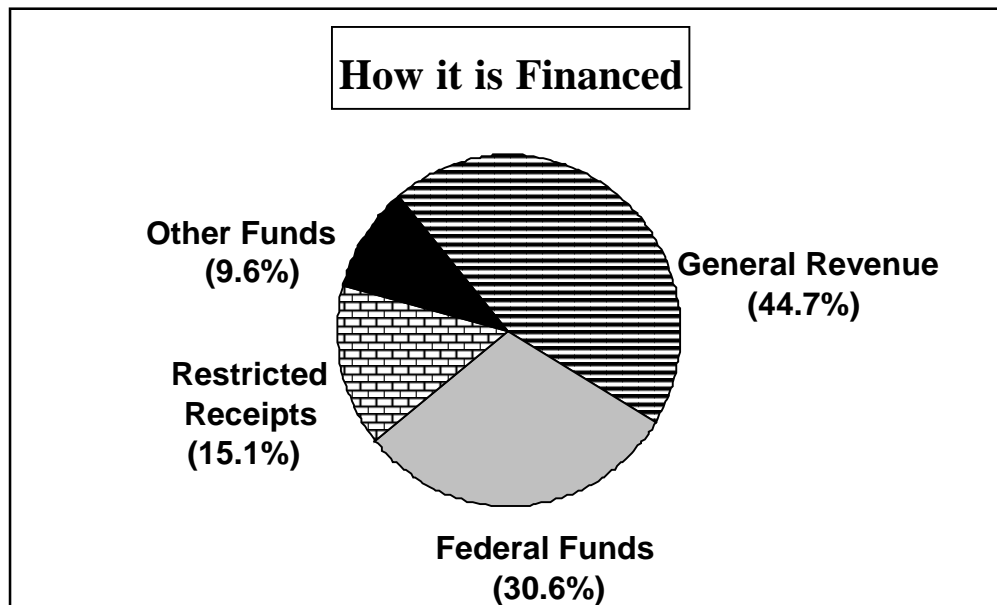
The Department of Environmental Management manages and protects Rhode Island's public and common natural assets, including land, air and water resources. It manages state-owned lands including state parks and beaches, forests, port facilities and fish and wildlife management areas. The department administers a capital management program financed by general obligation bonds. The program's activities include: acquisition and development of state recreational and open space lands; municipal and non-profit grant programs for recreational and open space acquisition and development; and, municipal wastewater facility construction grant programs. The department also: monitors the use and quality of state groundwater, surface fresh and salt water; enforces game, fishing and boating regulations; and regulates air quality and the disposal of solid and hazardous wastes.

The Coastal Resource Management Council preserves, protects, develops, and where possible, restores the coastal resources of the state. The agency is administered by a 16-member council of appointed representatives from the public and from state and local government, and is staffed with professional engineers, biologists, environmental scientists and marine resource specialists.

The State Water Resources Board is a water supply planning, development and regulatory agency responsible for promoting water supplies through the thirty-four municipal water supply systems located in the state. The board regulates the size of the water supply transmission lines connecting water supply systems. The board also manages the Big River Management Area, a water supply resource parcel. The board is composed of thirteen members, including six public members, appointed by the Governor. One is a member of the House of Representatives appointed by the Speaker; one member is from the Senate, appointed by the Majority Leader of the Senate. The five remaining members are the Director of the Department of Environmental Management, the Director of the Economic Development Corporation, the Director of the Department of Health, the Director of the Department of Administration and the Chairman of the Joint Committee on Water Resources, all of whom serve ex-officio.

The Governor recommends total expenditures of \$72.3 million for natural resource agencies in FY 2001. This funding consists of \$32.3 million in general revenues, \$22.1 million in federal grants, \$10.9 million in restricted receipt revenues, and \$6.9 million in other funds. Of the expenditures recommended in FY 2001 for natural resource agencies, \$67.4 million, or 93.3 percent, is for the Department of Environmental Management, \$1.6 million, or 2.2 percent is for the State Water Resources Board, and \$3.3 million, or 4.5 percent is for the Coastal Resources Management Council.

Natural Resources



The recommended FY 2001 general revenue appropriation is 1.1 percent greater than the FY 2000 enacted budget. The increase reflects program additions at the Department of Environmental Management, primarily for the completion of a permit streamlining project, and for the addition of fourteen positions in response to federal EPA concerns. Increases for wage adjustments for seasonal staff at the state's beaches, parks and forest lands, and increased medical benefits are partially offset by expenditure transfers to federal and restricted funds, including a transfer of general revenue tire removal funds to restricted oil response funds. The increase also reflects the annualization of technical positions in the Department of Environmental Management and the Water Resources Board. General revenue funding for the Coastal Resources Management Council decreases by 6.1 percent, primarily from the completion of consultant services for dredging and port development plan reviews.

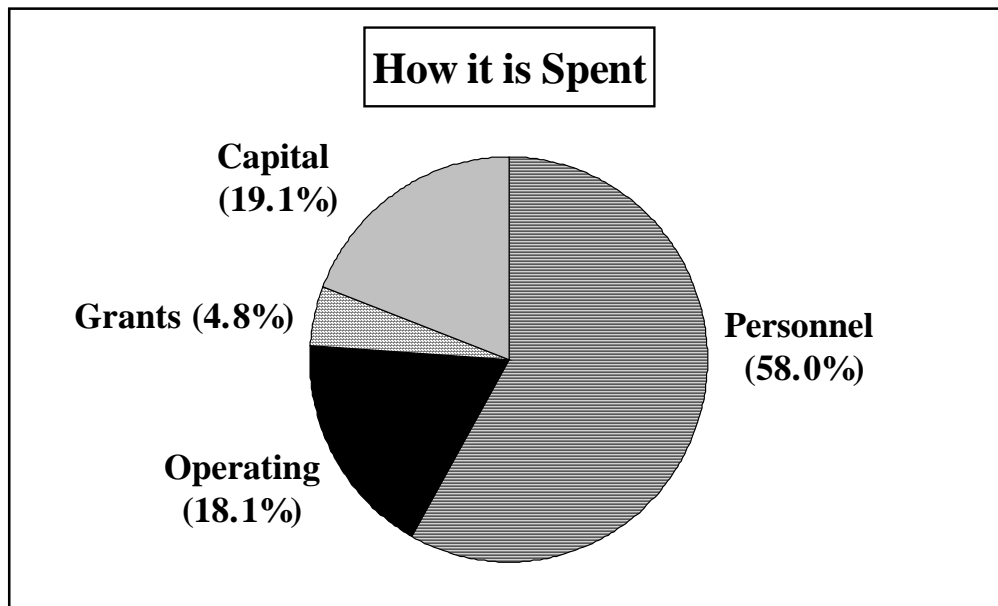
Federal funds for natural resource agencies are expected to increase by 7.6 percent between the FY 2000 enacted and FY 2001 recommended budgets. The agencies are budgeted at \$20.1 million in FY 2000 and \$22.1 million in FY 2001. The increase in federal expenditures of \$2.1 million results primarily from DEM Forest Legacy grant awards for conservation and protection of forest environments.

Restricted receipt expenditures for natural resource agencies are expected to decrease from \$15.3 million in the FY 2000 enacted budget to \$10.9 million in FY 2001. The decrease of \$4.4 million reflects the end of one-time project funds for construction of a horse barn, deprogramming of Environmental Response Fund appropriations pending the receipt of penalty revenues, and exhaustion of revenues in the Natural Heritage Revolving Loan Fund and in the Tire Reclamation Fund (the latter project will continue, financed by the Oil Spill Prevention Fund.)

Other funds expenditures for natural resources total \$6.9 million in FY 2001, an increase of \$818,666, or 13.4 percent from FY 2000 enacted levels. Other funds will finance capital/asset protection improvements funded by the Rhode Island Capital Plan Fund, as well as project work funded by federal highway funds. These projects include the South Coast restoration project (a new CRMC project described in the agency

Natural Resources

narrative), the Blackstone Bikeway, Galilee and Newport Pier repair, design work and renovation expenditures at state-owned dams, a new marine fisheries research facility, and tenant building repairs in the Big River Management Area.



Of the \$72.3 million total budget recommended for natural resources for FY 2001, personnel is budgeted at \$41.9 million, or 58.0 percent, operating at \$13.1 million, or 18.1 percent, capital improvements at \$13.8 million, or 19.1 percent, and \$3.5 million, or 4.8 percent for assistance, grants, and benefits.

Natural Resources

Department of Environmental Management

The Governor recommends revised appropriations of \$68.2 million in FY 2000 for the Department of Environmental Management. This includes \$30.5 million in general revenue, \$19.1 million in federal funds, \$12.5 million in restricted receipts, and \$6.2 million in other funds. The department's revised general revenue appropriation is \$920,266 greater than the FY 2000 enacted budget. The primary change is the addition of \$700,000 for the next phase of the permit streamlining project. This effort will redesign and simplify the public application process for the department's various environmental use permits, and allow for a more efficient and timely permitting effort by the department. An additional \$345,740 is required from general revenue appropriations to finance revised employee medical benefit and workers' compensation charges. The Governor recommends other supplemental general revenue appropriations to finance unanticipated litigation expenses of \$25,000, and a net amount of \$142,496 in the Environmental Protection program for current service costs for approved staffing levels. The Governor recommends withdrawal of \$250,000 in general revenue appropriations for court-ordered removal of tires from the Davis Superfund site in Smithfield; following judicial review, these costs are recommended from restricted receipt fund appropriations in the Oil Spill Response Fund.

The Governor recommends appropriations for FY 2001 of \$67.4 million for the department. Of this amount, \$29.9 million is financed from general revenues, \$21.3 million is funded from federal grants, \$10.9 million is financed from restricted receipts, and \$5.4 million is from other funds.

Recommended general revenue appropriations for FY 2001 decrease from FY 2000 revised levels by a net amount of \$569,333. Recommended general revenue funding for the permit streamlining project is \$522,500 in FY 2001; this is a decrease of \$177,500 from revised FY 2000 levels, but is expected to be supplemented with technology funds recommended for the Department of Administration. Total project funding of \$1.1 million in FY 2001 is estimated to be sufficient to complete this three-year effort.

The Governor recommends the addition of fourteen positions and \$368,969 in general revenue funds for environmental protection and support positions. The positions are part of a multi-year plan to resolve federal EPA concerns, including staffing shortfalls could compromise environmental quality standards, including:

Water Resources

- Wetlands: Two positions are recommended to continue the reduction of backlogs in the Permitting Section.
- Water Quality Assessments: Three positions are recommended to meet federal requirements in the Total Maximum Daily Loads (TMDL) assessment program.

Compliance & Inspection

- Water Complaints: Four positions are recommended to address the increasing number of water quality violations involving illegal discharges, failed septic systems, dams and wastewater treatment plants.

Waste Management

Natural Resources

- Permitting: One position is recommended to address the permitting delays in solid, hazardous and medical waste, as well as supervising commercial recycling activities.
- Brownfields: One position is recommended to address the expanded demands for Brownfields sites statewide, especially along urban rivers.

Information & Technology

- Permit Streamlining: The Governor recommends two positions to implement the permit streamlining system, and to manage expanded information technology systems department-wide.

Planning & Development

- Land Acquisition: One position is recommended to assist with the Governor's expanded open space and recreation development program, *Open Space 2000*. This addition will also support the new federal initiative for sustainable development and resource protection, and is not responsible for environmental protection.

The Governor recommends an increase in restricted fees for water discharge permits. The revenue estimate for the increase is approximately \$150,000, with savings in general revenue costs in an equal amount.

The Governor also recommends expanded funding by \$122,031 to finance wage adjustments for seasonal staff at the state's beaches, parks and forest lands. Recruitment of these positions is adversely affected when state wage scales lag private sector compensation rates. The Governor intends to maintain these facilities at levels adequate for the safety and enjoyment of the state's residents and visitors. The recommended budget includes an increase in state beach daily and seasonal parking fees for an estimated \$484,000 increase in general revenues. This increase will finance some of the expanded costs for beach personnel and operating costs. Savings of \$463,774 from a reduction in statewide employee retirement rates and an additional \$164,759 in increased turnover expectancy account for the balance of the difference in general revenue funding from FY 2000 revised levels.

Other funds recommended for the department are primarily Rhode Island Capital Plan funds for facility construction and renovation. The net reduction of \$830,246 million from revised FY 2000 levels is due to completion of expenditures for replacement of the pavilion at Misquamicut State Beach. The Governor's FY 2001 capital plan includes continued funding for the renovation of state piers at the ports of Galilee and Newport. The capital plan also includes a significant expansion of funding for construction of a new marine fisheries research facility at Fort Wetherill, and for design work and renovation expenditures at state-owned dams.

Federal funds recommended for FY 2001 are \$2.1 million greater than in the FY 2000 revised recommendation. The primary change is a \$2.0 million addition for the Forest Legacy program to preserve and protect forest lands statewide.

Restricted receipt appropriations for FY 2001 are recommended at a level \$1.6 million less than FY 2000 revised levels. The largest reduction is a \$1.1 million decrease in funds restricted for the Davis tire reclamation project; this reflects the exhaustion of all available funds on the remediation effort by the end of FY 2000. A reduction of \$300,000 in the Natural Heritage Revolving Loan Fund reflects a forecast of no loans in FY 2001. Reductions of \$279,562 in available resources are recognized for various fee,

Natural Resources

penalty and indirect cost recovery accounts. Current operations are maintained for the several boating, wildlife and fisheries programs supported by restricted user fees.

Coastal Resources Management Council

The Governor recommends revised appropriations for the Coastal Resources Management Council of \$2.1 million in FY 2000. This includes \$958,411 of general revenue, \$971,713 of federal funds, and \$168,540 of other funds. The Governor recommends additional appropriations of \$168,540 in Rhode Island's Capital Plan funds for the restoration of habitat at Potter's Pond in South Kingstown. The Council's current service operations are fully funded. A \$14,998 increase to the FY 2000 enacted appropriations for payroll costs and an \$11,013 increase for medical benefits, combined with operating and purchased services reductions results in a net general revenue increase of \$4,832.

The Governor recommends appropriations of \$3.3 million for the council in FY 2001. Of this amount, \$895,348 is financed with general revenue, \$887,857 is funded from federal funds, and \$1.5 million from other funds. General revenue funds decrease by \$63,063 compared to FY 2000 revised levels, reflecting program reductions in clerical and legal services, and the completion of consultant services for the review of dredging plans and development plans for the Port of Quonset. Federal funds decrease by \$83,856, reflecting the current grant level in the Coastal Zone Management Program. The Governor recommends the expenditure of \$1.5 million in Rhode Island Capital Plan funds in FY 2001 for the South Coast Restoration program to dredge breachways and tidal deltas for habitat restoration, beach replenishment, and fish restoration efforts. The FTE level for the agency is unchanged at 28.0 for both FY 2000 and FY 2001.

State Water Resources Board

The Governor recommends revised appropriations for the Water Resources Board of \$1.6 million for FY 2000. The revised general revenue budget is \$77,736 less than the FY 2000 enacted budget, reflecting the transfer of contractual engineering services to bond authorizations. Including bond funds, the effective change to board resources is an addition of \$107,526 from enacted levels. The revised recommendation finances agency current services, including research to determine the wellhead water capacity in the Big River Management Area and for design and repair of commercial and residential structures, roads and bridges in the management area.

The Governor recommends FY 2001 expenditures of \$1.6 million, including \$1.5 million of general revenue. The budget decreases by \$93,323, or 5.6 percent, from the FY 2000 enacted budget, reflecting a decrease in Rhode Island Capital Plan funds of \$145,000, to \$80,000. Capital Plan funds in both years are solely for continuous asset protection expenditures on commercial and residential properties leased by the state and managed by the board in the Big River Management Area; FY 2001 projects will be undertaken at a lower level. Agency current services are fully financed, and an increase of \$51,677 in general revenue funds reflects an increase in contracted architectural and engineering services, less reductions in current service estimates for agency operations and statewide benefits.

Transportation

Summary

Transportation is comprised of road and bridge construction and maintenance, mass transit, and planning activities of the Department of Transportation. Beginning in FY 1994, the state established the Intermodal Surface Transportation Fund, in partial fulfillment of a plan to join the remaining states in funding transportation expenditures from dedicated user-related revenue sources. This dedicated highway fund concept has the advantage of relating the funding of transportation projects to those who utilize their services. It is also intended to provide a stable revenue stream capable of eventually financing transportation projects on a pay-as-you-go basis.

The Intermodal Surface Transportation Fund (ISTF) is supported by the state's twenty-eight (28) cent gasoline tax. These receipts fund operating and debt service expenditures of the Department of Transportation (DOT), as well as specific portions of transportation related expenditures of the Rhode Island Public Transit Authority (RIPTA) and the Department of Elderly Affairs (DEA).

Beginning in FY 1998, the Governor began a process of addressing the state's neglected infrastructure needs by recommending the dedication of increased gasoline tax revenues to the Department of Transportation. Legislation was passed that increased the department's share of the total tax in FY 1998 by 2 cents, bringing the department's allotment to 16 cents, and reducing the general fund allotment to 8 cents. For FY 1999 and beyond, the department was to receive an additional 1.0 cent each year until fiscal year 2006, when the general fund would no longer receive gasoline tax revenues.

In FY 1999, the Governor continued this trend of aggressively addressing the infrastructure needs of the state by increasing the DOT allocation of gas tax by one and a half cents rather than one cent as was required by statute at the time. The Governor also increased the level of the gas tax allocation to the Rhode Island Public Transit Authority from 3.0 cents to 5.0 cents. This increase equated to an additional \$9.0 million per year for public mass transit operations. This new plan would result in all gas tax proceeds being fully dedicated to transportation functions in FY 2004.

As part of the enacted FY 2000 Budget, the plan was amended by reducing the additional 1.0 cent allocation of gas tax to DOT by one half cent in FY 2000 and increasing the RIPTA share by the same amount. In FY 2001, the portion of gas tax dedicated to DOT will increase to 19.5 cents as was required prior to the revision to the FY 2000 allocation schedule. The one half cent increase to RIPTA will continue permanently and will be offset by a decrease in the amount of gas tax originally scheduled for transfer to the general fund. The amended allocation plan results in all gasoline tax revenue being dedicated to transportation functions by FY 2003, rather than FY 2004.

Transportation

Current Law Tax Allocation

<u>Recipient</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
DOT	14	16	17.5	18.0	19.5	20.5	21.5
RIPTA	3	3	5	5.5	5.5	5.5	5.5
General Fund	10	8	4.5	3.5	2.0	1.0	0
DEA	1	1	1	1	1	1	1
Total:	28	28	28	28	28	28	28

Establishing this type of fund to meet the state's highway infrastructure needs will allow for more road and bridge rehabilitation and construction projects on a "pay-as-you-go basis," thus reducing outyear requirements for bond funding and increased debt service costs.

The department's revised FY 2000 gas tax budget reflects an increase of \$7.4 million over the enacted level of \$70.9 million. This increase is the result of several factors; the revised FY 2000 budget includes \$3.9 million in unspent but obligated funds from FY 1999. The majority of these funds are dedicated to highway maintenance activities such as road resurfacing and bridge repairs. Gas tax revenues dedicated to DOT in FY 1999 exceeded May 1999 revenue estimates by \$1.5 million. This funding has been dedicated in FY 2000 to winter maintenance operations and the establishment of a Highway Fund match account. In addition to these revisions, the November 1999 Revenue Estimating Conference increased the per cent gas tax yield from \$4.61 million to \$4.7 million. This per cent yield increase of \$90,000 generates \$1.6 million in additional revenue for DOT and \$495,000 for RIPTA. Along with these gas tax fund changes, the department's revised FY 2000 budget also includes \$1.8 million in Turnpike and Bridge Authority funds. These funds represent the remainder of the original \$10.0 million allocation initiated in the FY 1998 budget. The Turnpike and Bridge Authority funds have been used for infrastructure repairs on roads leading to bridges throughout the state.

For FY 2001, the total amount of gas tax that will be available in the ISTF will be \$120.0 million. This includes \$93.6 million for the Department of Transportation and \$26.4 million allocated to RIPTA. These available resources are to be reduced by the projected transfers to the Department of Administration to fund debt service. After transfers from DOT and RIPTA of \$43.1 million and \$649,300 respectively, net gas tax resources available are projected to be \$50.5 million for DOT and \$25.8 million for RIPTA, or \$76.3 million in total.

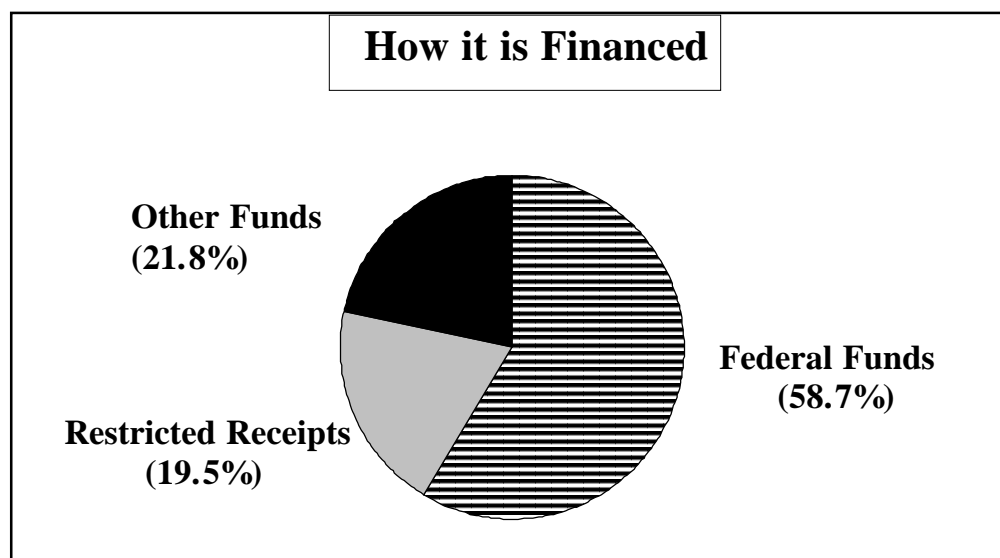
The addition of 1.5 cents to DOT's gas tax allocation will provide the department with \$7.2 million in additional revenue in FY 2001. This is based upon a per cent gas tax yield of \$4.8 million. This revenue will be used to offset increased debt service costs of \$3.6 million and to increase funding for highway maintenance activities, winter maintenance operations, and for equipment and facility needs.

Transportation

The department will continue to move personnel costs from federal and bond funding to gasoline tax funding. This reallocation of personnel funding sources will allow more matching state bond dollars to be used on highway related capital improvements. It will also eliminate the need for additional bond funds to match additional available federal funds.

The Federal Highway Administration (FHWA), under the authority of the six-year (FY 1992 - FY 1998) Intermodal Surface Transportation Efficiency Act (ISTEA), provided an estimated \$100 million annually in Highway Trust Funds, to which the state committed an average of twenty percent (20%) of the total project cost. In June 1998, the President signed into law the Transportation Equity Act for the 21st Century (TEA-21). This Act authorizes funding for highway, highway safety, transit and other surface transportation for the next six years. Rhode Island is expected to receive an average of \$156 million per year under this program. TEA-21 builds on the initiatives established through ISTEA. This Act combines the continuation and improvement of current programs with new initiatives to meet the challenges of improving transportation safety, traffic flow efficiency, enhancing communities, and advancing economic growth. All projects not eligible for federal funds are funded with general obligation debt and gas tax proceeds.

In FY 2001, recommended expenditures for transportation activities total \$350.5 million. The chart below illustrates the sources of financing for these expenditures.



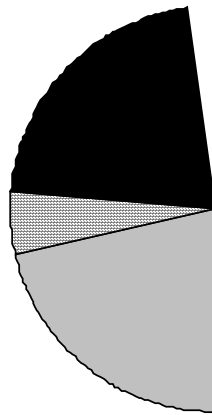
Other/Gasoline Tax Funds total 21.8 percent, or \$76.3 million of the expenditures of the Transportation function. Of this total, \$29.7 million in gasoline taxes support transportation operations, \$20.8 million supports personnel, and \$25.8 million provides operating assistance for RIPTA. Federal funds total \$205.7 million. Federal funding equates to 58.7 percent of total transportation related expenditures. Federal Transit Administration funds totaling \$47.4 million support transportation planning activities,

RIPTA operating and capital assistance, and commuter rail service equipment purchases. Federal Highway Administration funds of \$156.2 million (as well as state bonds not included in the \$350.5 million total) support the Highway Improvement Program. Federal Highway Safety funds totaling \$2.2 million support grants to municipalities and other activities to promote highway safety. Restricted receipts totaling \$68.5 million represent costs associated with the ongoing Freight Rail Improvement Project (FRIP).

Transportation

Personnel expenditures funded by federal funds, gasoline tax, and restricted receipts are \$75.2 million or 21.4 percent, and operating expenditures are \$17.4 million or 5.0 percent of total expenditures. Grants and benefits, which include funds for rail/mass transit planning and operating expenses, total \$74.7 million or 21.3 percent.

Capital improvements totaling \$183.2 million comprises 52.3 percent of the expenditures in the Transportation function.



The department will continue to concentrate on road and bridge construction and rehabilitation, maintenance of existing facilities, support of mass transit services, and planning for both highway and mass transit operations.

The majority of the department's spending is concentrated in the Infrastructure program, which includes the Maintenance and Engineering subprograms. The department will continue to devote funds to the maintenance program in order to preserve road and bridge physical assets critical to the state's economic growth. Total Infrastructure program spending in FY 2001 is recommended at \$343.6 million. This spending consists of gas tax expenditures of \$71.5 million, federal funding of \$203.5 million and funding from restricted receipts of 68.5 million.

The Maintenance subprogram, which totals \$35.1 million, funds pavement management, resurfacing and crack sealing, pothole repair, sweeping, signage, and other light maintenance activities. Snow and ice removal operations are also managed by this division. The Maintenance subprogram is funded entirely by gas tax revenues. The Engineering subprogram, which totals \$308.4 million, funds supervisory personnel in the public works, real estate, research and technology, construction, design, materials, and intermodal planning sections. RIPTA's portion of the gasoline tax, which totals \$25.7 million in FY 2001, is appropriated within this subprogram. 66 percent of the Engineering subprogram is funded with federal

Transportation

sources totaling \$203.5 million. Gas tax funds comprise \$36.4 million or 11.8 percent, and restricted revenue spending for the FRIP project totals \$68.5 million.

Another essential part of the Infrastructure program is the Highway Improvement Program, which funds both construction and personnel costs associated with the reconstruction and repair of the state's existing roads and bridges, and with new projects, including the I-195 relocation project. This program has been funded partly from the gasoline tax and partly from Federal Highway Administration funds, as mandated by the Transportation Equity Act for the 21st Century.

Although road reconstruction will continue to be a major focus, the department is taking steps to place greater emphasis on preventive maintenance for the existing state highways, as described above in the discussions of additional gas tax allotments and usage. The department is establishing federal management programs that will allow for more flexibility in financing traditional maintenance operations, such as crack sealing and pavement overlay.

The department has placed emphasis on the development of a balanced multimodal transportation system to include mass transit and freight rail as well as vehicle components. Examples of such intermodal initiatives are:

- Congestion Management/Air Quality projects, such as alternative fuel usage, Ozone Violation Day forecasting, and the construction of state bicycle and pedestrian pathways;
- The Newport Marine Terminal and Gateway Center is under construction with ISTEA Demonstration and Federal Transit Administration funding;
- The development of a train station at the T.F. Green Airport in Warwick, which will provide an air-to-rail connection for passengers along the Northeast Corridor; and
- Quonset Point/Davisville Industrial Park initiatives, including the Third Track Freight Rail project.

These and various other freight and commuter rail projects are funded from Federal Highway Administration funds, Federal Rail Administration funds, state matching funds, and general obligation bonds.

The continued emphasis towards a more balanced multimodal transportation system extends to statewide mass transit programs. The \$25.7 million in operating assistance to the Rhode Island Public Transit Authority will continue to be financed from a 5.5 cent allocation of the gasoline tax. An additional one-cent, which is not included in the Department of Transportation budget, supports the efforts of the Department of Elderly Affairs to streamline and enhance elderly and handicapped transportation services. Much of this revenue goes to RIPTA, providing support for elderly fares and funding statewide compliance costs associated with Americans with Disabilities Act requirements.

FY 2001 – FY 2005 Overview

Turning Points in the Economy are a Major Forecast Risk

This Five Year Financial Projection has been prepared pursuant to Section 35-3-1 of the Rhode Island General Laws, which requires that the Budget Officer:

(6) Prepare a five year financial projection of anticipated general revenue receipts and expenditures, including detail of principal revenue sources and expenditures by major program areas, which projection shall be included in the budget submitted to the general assembly pursuant to subsection 35-3-7.

The five year projection includes tables which present anticipated revenues and expenditures during the five fiscal years ending in June 2005. Tables which detail planning values are also included. The planning values reflect policy assumptions as well as economic and demographic forecasts.

The purpose of the five year forecast is to provide a baseline fiscal outlook for the State of Rhode Island. Although the forecast may be utilized as a benchmark in assessing the affordability and desirability of alternative policy options, caution should be exercised in the interpretation of the forecast.

The economic outlook presents the greatest risk to the forecast. While the economic outlook is based upon forecasts published by Regional Financial Associates (RFA) and Standard & Poor's DRI (DRI), it is important to recognize that the forecasts are baseline forecasts, which anticipate moderate growth in the absence of any major economic crisis. These forecasts are based upon history data, but may include disparities in economic assumptions for the future. A more detailed discussion regarding the state's key economic drivers is included in *The Economy* section of this document.

Another risk to the forecast is inherent in tax law changes which have been implemented recently, as well as external fiscal changes.

It is necessary to calculate the direct, as well as indirect, effects of such a change on the economic outlook. For example, the Investment Tax Credit and Research and Development Tax Credit were increased effective January 1, 1998, with the objective of attracting and retaining competitive industries in Rhode Island. In forecasting the impact of these tax law changes, it is necessary to estimate the direct revenue loss attributable to the increased tax credit, as well as the secondary effects, such as increased employment and personal income levels. Measuring behavioral responses to tax law changes is an enormous challenge. These include decisions of businesses to relocate to or remain in Rhode Island, as well as individual responses, such as changes in spending or savings patterns resulting from changing levels of

FY 2001 – FY 2005 Overview

Revenue Side Assumptions Are Numerous

disposable income.

The revenues included in the five year projection have several noteworthy changes. Personal income tax revenue projections include the phased rate reduction which began on January 1, 1998.

Prior to January 1, 1998, Rhode Island taxed personal income at the rate of 27.5 percent of federal income tax liability; beginning with tax year 1998, the state's tax rate will decline by one-half percentage annually, so that by tax year 2002, the Rhode Island personal income tax rate will be 25.0 percent of federal tax liability.

Projections for proceeds from the 1998 tobacco settlement for FY 2000 and FY 2001 have been revised downward by the Revenue Estimating Conference, based upon greater than originally estimated volume adjustments. As a result, the outyear forecast of settlement proceeds has been revised downward as well.

Following the announcement of the settlement last year, cigarette prices increased measurably. The price increase precipitated a decline in consumption, which negatively impacted cigarette tax collections and has increased sales tax collections. The revenue forecasts of sales and cigarette taxes are adjusted for this continued decline in consumption as well as the price increase.

The five year projection includes the continued gas tax dedication to transportation purposes. By fiscal year 2003, all gas tax revenues will be dedicated to transportation funding.

Beginning in the current fiscal year, income on bond proceeds are no longer included in general revenue. Instead, the income is dedicated to a sinking fund used to defease outstanding debt, pursuant to legislation enacted by the 1998 General Assembly.

Expenditure side risks must also be addressed within the five year projection. The greatest expenditure side risk relates to an economic downturn, which could dramatically increase cash assistance caseloads while shrinking the revenue base. Federal policy changes also significantly impact funding for programs such as welfare assistance.

Inflation a Major Expenditure Side Risk

Another major risk is inflation, which drives the cost component of most programs. Medical inflation is particularly influential, since a significant part of the budget is driven by medical costs. Other expenditure side risks include changes in employee contracts, corrections policy, education aid, other local aid, and debt control.

The five year projection anticipates average annual revenue growth of approximately 3.1 percent beyond the budget year, based upon the RFA forecast for the Rhode Island economy. The forecasts used

FY 2001 – FY 2005 Overview

***Biggest Driver for
Expenditure Growth is Aid to
Local Governments***

here do not assume any significant downward swings in the economy. Personal income is forecast to grow at an annual rate of 4.4 percent; employment grows at .6 percent, and, wage and salary disbursements at 4.6 percent. These variables and other assumptions are shown in the tables that follow.

Expenditures are estimated to increase at an annual rate of 3.3 percent from FY 2001 to FY 2005. Inflation, as measured by the CPI, is expected to grow at an annual rate of 2.2 percent. A number of factors are responsible for this variance.

The largest factor in overall spending growth is anticipated to occur in the category of local aid. While local aid accounts for approximately 32.0 percent of the current state budget base, more than 43.0 percent of the total *increase* in state expenditures is expected to result from increases in aid to local governments. Growth in this area is projected to average 4.4 percent and reflects long-term policies in several key areas (see Local Aid discussion below).

Debt service expenditures are also anticipated to exceed rates of inflation, averaging 6.8 percent as compared to forecast inflation of 2.2 percent over the forecast period. This rate of increase reflects the issuance of debt related to a number of projects including Combined Sewage Overflow, higher education facilities, the Metropolitan Career and Regional Center and the Freight Rail Improvement Project.

Despite exceeding the overall rate of inflation, expenditure growth is expected to slightly exceed the estimated increase in the revenue base. This represents a major departure from the FY 2000 five year financial projection and reflects the impact of the Governor's proposal to restructure the motor vehicle excise tax reimbursement program.

***Restructuring of Motor
Vehicle Excise Program
Dramatically Reduces
Expenditure Requirements***

Whereas the previous year's projection anticipated an operating shortfall of \$181.2 million by FY 2004, the current estimated gap for FY 2005 is predicted to be a far smaller \$65.1 million. In percentage terms, this implies that the operating gap has been reduced from 6.9 percent of the expenditure base to a substantially smaller and far more manageable 2.5 percent.

***Gap Reduced From 7.6
Percent to 2.5 Percent Since
FY 1998***

This year's budget also continues the progress which had previously been made to reduce the operating gap prior to the adoption of the Motor Vehicle Excise Tax Phase-Out. Prior to the FY 2000 budget, the gap was anticipated to equal 4.4 percent for FY 1999. In the FY 1998 five-year projection, the gap had been a significantly larger 7.6 percent.

FY 2001 – FY 2005 Overview

DCYF Caseloads – 16 Percent Increase

*1987 – 4,417
1990 – 5,642
1994 – 7,180
1997 – 8,051
2001 – 9,354
2005 – 10,724*

Prison Population – 53 New Inmates Per Year

Growing Need for Community – Based Programs

Personnel and Other Operations

Salary and wage costs are assumed to grow at the CPI rate with the exception of the additional staffing requirements for the Department of Children, Youth and Families and the Department of Corrections. Fringe benefit costs have been modified to reflect negotiated increases for employee medical insurance coverage. Additionally, in fiscal years after FY 2001, contract negotiations are not assumed to alter overall personnel requirements.

Caseloads in the Department of Children, Youth and Families are projected to grow 14.6 percent through the forecast period. When combined with cost inflation, this growth expands expenditures by \$29.9 million during the FY 2002 - FY 2005 period over the FY 2001 budget. The projections are based upon linear trend analysis of actual caseload data. Caseload growth translates directly into increased caseworker costs due to caseload maximums governed by arbitration, and into supporting services, including foster care. The estimate does not include any new capital expenditures.

The inmate population grew at an average rate of 5.8 percent per year from FY 1990 to FY 1999. The population is expected to continue to grow, but at a slower rate. Prison population is forecast to increase from 3,292 inmates in FY 2001 to 3,556 inmates in FY 2005. This reflects growth of 8.0 percent over the five-year period, or approximately 53 additional inmates per year. The estimate is based upon national prison population trends. The Bureau of Justice Statistics' bulletin, "Prisoners in 1998", reports that the prison growth rate has been decreasing since 1994.

The slower growth of the population within the institutions should allow for the opportunity to explore programs and alternatives to address the growing community-based offender population, consisting of those under the supervision of the probation, parole, and home confinement programs. The number of adult probationers and parolees serviced has increased an average of 7.5 percent per year since FY 1990. According to the Bureau of Justice Statistics' report on Probation and Parole in 1998, Rhode Island has the fourth highest rate of probation supervision in the nation. The most recent annual report from the Criminal Justice Institute shows that Rhode Island has the third highest probation caseload in the country. Additionally, Rhode Island's home confinement population grew 42.3 percent between FY 1995 and FY 1999.

The slower overall growth rates in institutional corrections are masking a trend among the female offender population. Nationally, since 1990, the female inmate population has increased at a higher rate than male inmates. In Rhode Island, the female population has grown 35.2 percent since FY 1995.

FY 2001 – FY 2005 Overview

Renovations Begin for Reintegration Center

The Department has taken a number of steps to address bed space shortages in the women's facilities. Currently, a wing in the Dix Facility is being renovated to provide an additional 45 beds for low to medium security female offenders. The project is being funded with \$406,000 received through the federal Violent Offender Incarceration – Truth in Sentencing Act (VOI-TIS), a state match of ten percent, and Rhode Island Capital Plan funds of \$589,000 for related improvements not eligible for VOI-TIS funding.

The Department is beginning the renovation of an additional building at the Howard Center for use as a Reintegration Center beginning in FY 2002. The \$4.1 million renovation, also funded primarily with VOI-TIS funds, will add 200 new beds for male inmates. The Center will house inmates who are within six months of release, but who have not qualified for lower custody status. Intensive evaluation and services will be provided to residents in an effort to reintegrate them into community life.

To date, Rhode Island has received \$8.8 million in VOI-TIS funding, and may be eligible for upwards of \$12.0 million. These funds are restricted to construction or expansion of facilities to increase the bed capacity for violent offenders. All funds must be expended by September 30, 2004. Besides the aforementioned renovation of a wing in the Women's Dix facility, a portion of the funds has been used to renovate two areas of the Medium Security Donald Price facility. Additionally, the Department is utilizing the funds to conduct a Siting and Construction Options Study. This study will provide an in-depth analysis of offender populations and trends, offering critical guidance for future new construction and facility renovations.

Exploration of construction and programming options is crucial even with the anticipated slower growth of the inmate population. In 1979, there were 666 inmates at the ACI. The inmate population in fiscal year 1999 was 3,465, representing growth of four-hundred twenty percent over the twenty year period. Assuming the forecasted growth trend continues, the inmate population is anticipated to approach the current operational capacity within the next ten years. Of particular concern are the populations held in the higher security facilities. The High Security Center, Maximum Security facility, and the Women's McDonald facility are very near capacity and have been for a number of years. Bed space availability in other facilities cannot

FY 2001 – FY 2005 Overview

Ten Year Plan for Managing Capacity

be used to alleviate overcrowding in the above-mentioned facilities, as they are not designed to hold inmates classified to a higher security level.

The Siting and Construction Options Study will allow the department to develop a comprehensive ten-year plan that considers the various sub-populations, population forecasts, efficiency and effectiveness of existing facilities, and future construction needs. In addition to the impact of the forecasted population, the age of the facilities at the ACI could impact future capital development.

Thirty-one states are using local jails to hold inmates because of crowding in state facilities. This is not an option for Rhode Island, as the jail and prison are part of an integrated system.

Grants and Benefits

Grants and Benefits are projected to increase by 2.5 percent annually, reflecting projected inflation for medical care costs, the projected decline in the population aged 65 and older between 2001 and 2005, and policy assumptions for long term care.

The forecast for the Department of Human Services grants is based on the assumption that the Federal Temporary Assistance to Needy Families Cash Assistance Program and the Rhode Island Family Independence Program (FIP) will meet their stated objectives during the forecast period.

Eligibility standards for TANF/FIP cash assistance are maintained at current levels throughout the forecast period, but economic data indicate that caseloads will drop by approximately 3.8 percent annually.

35 Percent of Existing Caseloads Reach Five Year Limitation In FY 2003

More influential effects of welfare reform are forecast to take effect in FY 2002. During the last two months of that year, the first clients will reach the end of a five year eligibility period.

Beginning in May 1997, each new client certification included a job development plan and a limitation on benefits to five years, per federal mandate. By April 2003, approximately thirty-five percent of clients enrolled before May 1997 will also reach the five year limitation, corresponding to job development plan completions during FY 1998. More dramatic effects are anticipated in FY 2004, when the entire caseload from FY 1998 reaches eligibility limits. Adult clients reaching the time limit will be removed from cash assistance. Federal provision require the state to achieve eighty percent closure of these adult clients; children in such households will continue to receive cash

FY 2001 – FY 2005 Overview

FIP Caseloads Decline – Child Care Costs Increase

assistance. Due to maintenance of effort requirements for general revenue support, savings accrue to the federal block grant account.

Savings in cash assistance will be offset by substantial additions in child care payments, which continue even after entry of cash assistance clients to unsubsidized employment. Child care slots are assumed to increase annually through the forecast period, and include adjustments for increased utilization by clients exhausting cash assistance. A ten percent market rate adjustment is assumed in mid-FY 2004. These effects are reflected in the tables.

However, the full impact of additions to childcare costs are not represented in the net general revenue costs. It is assumed that TANF federal block grant funds can be reallocated to finance childcare costs. Expansion of child care caseloads results in an increase in general revenue costs in FY 2002. Substantial offsets to the block grant are available beginning in FY 2003. By FY 2005, cash assistance savings are estimated to reduce general revenue expenditures for child care to \$26.5 million. This amount, along with cash assistance expenditures and other eligible support costs, is still greater than the required maintenance of effort from general revenue funds to qualify the state for TANF block grant eligibility.

SSI caseloads will increase marginally, as the elderly population is forecast to decrease over the five year period. This effect partially offsets continued increases in the disabled population. Annual cost of living adjustments of 2.1 to 2.4 percent are assumed.

Medicaid Costs Reflect Changes in Service Delivery

Medicaid costs are assumed to reflect changes in service delivery systems, such as reduced institutional care and greater participation in independent living and treatment arrangements. Medicaid costs are expected to increase at the rate of inflation in all categories. Based upon population trend data, marginal decreases in long-term care caseloads are projected. Transition of caseloads, however, is anticipated in long-term care service delivery. For each of the forecast years, it is assumed that 1.2 percent of nursing home placements will be diverted to home health care programs, at a sixty percent savings for each case. For an additional 1.8 percent of placements, diversion to other long-term care alternative programs is assumed, at twenty five percent savings for each case. RItE Care capitation rates are expected to increase four percent annually; a population change of one percent is used in the forecast.

Other Medicaid costs increase at approximately 2.9 percent annually. This category assumes a continuation of uncompensated

FY 2001 – FY 2005 Overview

Education Aid – Largest Expenditure

care payments to community hospitals in each year.

Local Aid

Local aid expenditures include education aid, aid to local libraries, the PILOT program, Aid to Distressed Communities, Police and Fire Incentive Payments, the motor vehicle excise tax reimbursement, and General Revenue Sharing and the property reevaluation program. As noted above, the single biggest factor driving expenditure growth is aid to local units of government. Within this component, three areas of spending are expected to exceed inflation. In percentage terms, the largest driving force behind expenditure growth is accounted for by the General Revenue Sharing Program. Average increases of over 19 percent are anticipated, reflecting the commitment under current law to increase the share of state tax revenues to communities from 2.0 percent in fiscal 2001 to 3.4 percent by fiscal 2005. In dollar terms, this translates into additional state expenditures of close to \$34.0 million.

Payments for Police and Fire Incentives are also projected to display growth of 10 percent a year based upon efforts to increase funding for this program. However, this translates to total dollar growth of approximately \$500,000.

In dollar terms, the largest driver behind expenditure growth will be aid to local governments for educational purposes. This component is expected to display average growth of 3.7 percent, and reflects the governor's policy to move state funding from 47.0 percent of the local expenditure base to 50.0 percent by fiscal year 2004.

Capital

Recognizing that there continues to be a concern over the state's relatively high debt levels, the Governor's FY 2001 – FY 2005 Capital Improvement Plan supports the effort to reduce its reliance on tax supported bonds for financing. The Governor's proposed plan would reduce net tax supported debt as a percent of personal income from 8.5 percent in 1994 to 4.3 percent by 2005. This will be achieved by targeting current resources to the infrastructure needs of the state and the pursuit of an aggressive debt reduction plan. The use of Rhode Island Capital Plan Funds for capital projects statewide, the dedication of existing gas tax resources to Transportation for investments in the state's infrastructure, and the allocation of general revenues to the Sinking Fund, will reduce the outyear burden of deferred maintenance costs and high debt service costs. However, over the next two years these actions also serve to reduce resources available to fund other operating expenditures. By 2003, all gas tax will be dedicated to transportation, and all Rhode

FY 2001 – FY 2005 Overview

Debt as a Percent of Personal Income Declines

Island Capital Funds will be for capital projects, rather than debt service.

The projection of debt service costs is consistent with debt service projections of the FY 2002 – FY 2005 Capital Improvement Plan. The Capital Budget calls for the issuance of general obligation bonds in FY 2001 through FY 2005 of \$113.0 million, \$131.4 million, \$92.8 million, \$70.0 million, and \$70.0 million, respectively. It is assumed that interest on the bonds issued will be 5.23 percent for twenty year fixed rate debt, 4.75 percent for five year fixed rate debt, and 3.7 percent for variable rate debt.

Debt Reduction

The projections assume pursuit of a debt reduction plan from Sinking Fund proceeds. It assumes \$7.3 million in FY 2001 for deposit into the sinking fund. This reflects \$7.0 million of estimated bond earnings (restricted receipt funds), and \$272,812 representing the estimated debt service savings from the Sinking Fund activity in FY 2000. For budget preparation purposes, it is assumed that \$4.4 million of general obligation bonds will be defeased prior to the close of FY 2000. These savings are assumed in the debt service recommendations, but are in turn recommended for appropriation to the Sinking Fund. The savings are assumed to be general revenue, and are based upon selected maturities of general obligation bonds.

Cumulative debt reductions are estimated to be \$4.4 million in FY 2000, \$13.4 million in FY 2001, \$24.0 million in FY 2002, \$28.9 million in FY 2003, \$37.9 million in FY 2004, and \$47.6 million in FY 2005. These estimates may change based upon decisions of the Sinking Fund Commission in identifying both the bonds to be defeased and the timing of such action. As shown in Appendices C and D of the Capital Budget document, the Sinking Fund activity affects the budget in a cumulative manner.

Rhode Island Capital Plan Funding for Projects Expected To Rise

The projected general revenue requirements for debt service is dependent upon the allocation of debt service costs to other sources of funds. The projection assumes that Rhode Island Capital Plan funding for debt service will decline from \$7.2 million in FY 2001 to \$1.0 million in FY 2002. In FY 2003, no debt service will be funded from the Rhode Island Capital Plan funds. Disbursements of \$38.9 million, \$45.6 million, \$46.8 million, \$48.2 million, and \$49.7 million over FY 2001 to FY 2005 are reflected as Rhode Island Capital Plan Fund expenditures, not general revenue, and therefore are not reflected in the five year report as operating costs.

It is assumed that Department of Transportation and the Rhode

FY 2001 – FY 2005 Overview

Island Public Transit Authority debt service funded by gas tax revenues in FY 2001 through FY 2005 will total \$43.7 million, \$43.8 million, \$45.1 million, \$46.5 million, and \$48.3 million respectively. This is based upon the issuance of bonds consistent with the FY 2001-FY 2005 capital budget. It reflects \$33.8 million in FY 2001 and \$30.0 million, \$30.0 million, \$33.7 million, \$33.6 million, in FY 2002 to FY 2005 for the Department of Transportation. It reflects issuance of \$0.8 million in FY 2001, and \$2.1 million, \$1.9 million, \$1.3 million and \$0.4 million in FY 2002 to FY 2005 for the Rhode Island Public Transit Authority.

Lease payments associated with the issuance of \$24.0 million of certificates of participation for the renovation of the former Center General Hospital for use by the Department of Labor and Training are fully annualized in FY 2001. It is assumed that 84 percent of the costs will be funded by non-general revenue funds.

Obligations for McCoy Stadium are estimated at 3.7 percent, reflecting an average estimate of the variable rate interest costs to be paid on the balance of this debt. Obligations arising from the Traffic Tribunal Court project (\$12.0 million), improvements at the Howard Complex Power Plant (\$27.0 million), Kent County Courthouse (\$31.0 million) and the Juvenile Training School (\$30.6 million) are assumed to be financed by general revenues, and interest is assumed at 5.23 percent. Obligations arising from the Department of Labor and Training Center facility furniture (\$2.5 million), and Howard Telecommunications project (\$3.46 million), are amortized over five years and interest is assumed at 4.75%.

The obligations arising from the performance based on contracts between the Rhode Island Economic Development Corporation and private entities are projected to result in state appropriations due to the projected achievement of performance targets. The FY 2001 forecast includes \$1.2 million for Fidelity, \$0.1 million for Fleet, and \$3.7 million for Providence Place Mall. FY 2002 and thereafter include \$2.5 million for Fidelity, \$0.3 million for Fleet, and \$3.7 million for the Providence Place Mall.

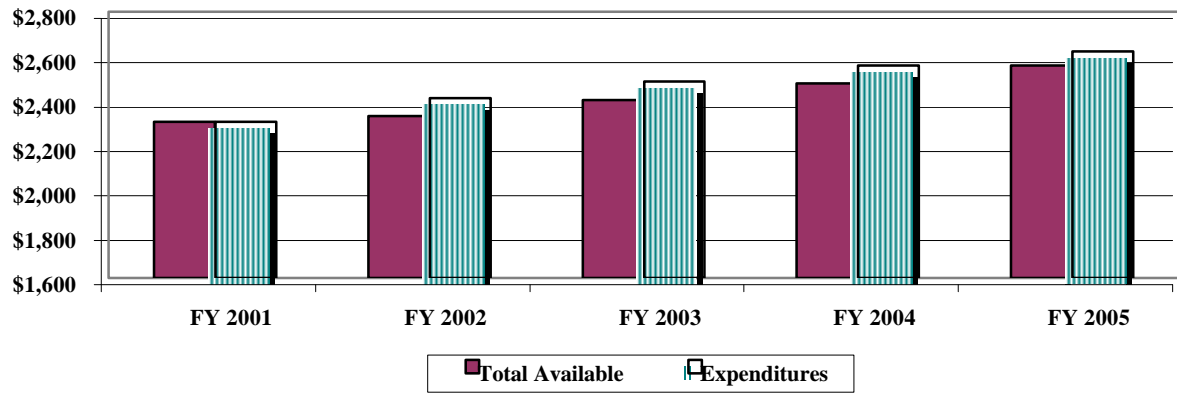
It is assumed that there will be no cost associated with the issuance of tax anticipation notes.

The projection also assumes that disbursements for capital projects from general revenues would be \$0.8 million in FY 2001, and \$1.0 million thereafter.

General Revenues FY 2001 - FY 2005

	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Opening Surplus	\$43.9	\$0.3	\$0.0	\$0.0	\$0.0
Plus:					
Taxes and Departmentals	2,016.1	2,139.2	2,212.0	2,292.6	2,370.4
Other Sources	289.9	237.6	237.5	234.1	238.3
Budget Stabilization Fund	(47.0)	(47.5)	(49.0)	(50.5)	(52.2)
Total Available	2,302.9	2,329.6	2,400.5	2,476.2	2,556.5
Minus Expenditures	2,302.6	2,409.7	2,486.6	2,558.1	2,621.6
Equals Ending Balance	\$0.3				

Outyear Expenditures vs Available Funds



General Revenue Outyear Estimates

	FY 2002	FY 2003	FY 2004	FY 2005
Personal Income Tax	830,100,000	859,300,000	897,000,000	932,000,000
General Business Taxes:				
Business Corporations	70,500,000	74,200,000	78,000,000	81,900,000
Franchise	8,100,000	8,300,000	8,400,000	8,600,000
Public Utilities	67,800,000	69,500,000	70,900,000	72,400,000
Financial Institutions	4,100,000	4,200,000	4,300,000	4,400,000
Insurance Companies	34,300,000	35,100,000	35,800,000	36,600,000
Bank Deposits	900,000	900,000	1,000,000	1,000,000
Health Care Provider	25,800,000	26,600,000	27,300,000	28,100,000
General Business Taxes	211,500,000	218,800,000	225,700,000	233,000,000
Sales and Use Taxes:				
Sales and Use	727,600,000	759,000,000	789,100,000	818,900,000
Motor Vehicle	44,400,000	45,000,000	45,700,000	45,700,000
Motor Fuel	700,000	700,000	700,000	700,000
Cigarettes	55,400,000	54,000,000	53,500,000	52,900,000
Alcohol	9,200,000	9,400,000	9,600,000	9,800,000
Controlled Substances	0	0	0	0
Sales and Use Taxes	837,300,000	868,100,000	898,600,000	928,000,000
Other Taxes:				
Inheritance and Gift	30,700,000	31,400,000	32,100,000	32,800,000
Racing and Athletics	5,300,000	5,400,000	5,600,000	5,700,000
Realty Transfer Tax	2,100,000	2,200,000	2,200,000	2,300,000
Other Taxes	38,100,000	39,000,000	39,900,000	40,800,000
Total Taxes	1,917,000,000	1,985,200,000	2,061,200,000	2,133,800,000
Departmental Receipts				
Licenses and Fees	107,900,000	110,600,000	113,300,000	116,000,000
Fines and Penalties	30,600,000	30,600,000	30,700,000	31,300,000
Sales and Services	32,800,000	33,700,000	34,500,000	35,400,000
Miscellaneous	50,900,000	51,900,000	52,900,000	53,900,000
Total Departmental Receipts	222,200,000	226,800,000	231,400,000	236,600,000
Taxes and Departmentals	2,139,200,000	2,212,000,000	2,292,600,000	2,370,400,000
Other Sources				
Gas Tax Transfers	4,800,000	0	0	0
Other Miscellaneous	59,000,000	59,600,000	52,600,000	53,000,000
Lottery Commission Receipts	169,800,000	173,900,000	177,500,000	181,300,000
Unclaimed Property	4,000,000	4,000,000	4,000,000	4,000,000
Other Sources	237,600,000	237,500,000	234,100,000	238,300,000
Total General Revenues	2,376,800,000	2,449,500,000	2,526,700,000	2,608,700,000

General Revenue Outyear Estimates

	FY 2002	FY 2003	FY 2004	FY 2005
Personal Income Tax	3.0%	3.5%	4.4%	3.9%
General Business Taxes:				
Business Corporations	5.2%	5.2%	5.1%	5.0%
Franchise	2.5%	2.5%	1.2%	2.4%
Public Utilities	2.3%	2.5%	2.0%	2.1%
Financial Institutions	2.5%	2.4%	2.4%	2.3%
Insurance Companies	2.4%	2.3%	2.0%	2.2%
Bank Deposits	0.0%	0.0%	11.1%	0.0%
Health Care Provider	2.8%	3.1%	2.6%	2.9%
General Business Taxes	3.3%	3.5%	3.2%	3.2%
Sales and Use Taxes:				
Sales and Use	14.3%	4.3%	4.0%	3.8%
Motor Vehicle	1.4%	1.4%	1.6%	0.0%
Motor Fuel	0.0%	0.0%	0.0%	0.0%
Cigarettes	-2.5%	-2.5%	-0.9%	-1.1%
Alcohol	2.2%	2.2%	2.1%	2.1%
Controlled Substances				
Sales and Use Taxes	12.1%	3.7%	3.5%	3.3%
Other Taxes:				
Inheritance and Gift	2.3%	2.3%	2.2%	2.2%
Racing and Athletics	1.9%	1.9%	3.7%	1.8%
Realty Transfer Tax	0.0%	4.8%	0.0%	4.5%
Other Taxes	2.1%	2.4%	2.3%	2.3%
Total Taxes	6.8%	3.6%	3.8%	3.5%
Departmental Receipts				
Licenses and Fees	1.4%	2.5%	2.4%	2.4%
Fines and Penalties	0.0%	0.0%	0.3%	2.0%
Sales and Services	2.5%	2.7%	2.4%	2.6%
Miscellaneous	-2.3%	2.0%	1.9%	1.9%
Total Departmental Receipts	0.5%	2.1%	2.0%	2.2%
Taxes and Departmentals	6.1%	3.4%	3.6%	3.4%
Other Sources				
Gas Tax Transfers	-50.0%	-100.0%	-	-
Other Miscellaneous	-46.5%	1.0%	-11.7%	0.8%
Lottery Commission Receipts	2.3%	2.4%	2.1%	2.1%
Unclaimed Property	0.0%	0.0%	0.0%	0.0%
Other Sources	-18.0%	0.0%	-1.4%	1.8%
Total General Revenues	3.1%	3.1%	3.2%	3.2%

General Revenue Outyear Expenditure Estimates

	FY 2002	FY 2003	FY 2004	FY 2005
State Operations				
Personnel	\$618,700,000	\$632,400,000	\$644,800,000	\$657,300,000
Other State Operations	141,200,000	141,200,000	141,200,000	141,200,000
DCYF Caseload Growth	1,900,000	3,900,000	5,900,000	8,000,000
DOC Inmate Growth	2,700,000	5,400,000	8,000,000	10,000,000
Subtotal	\$764,500,000	\$782,900,000	\$799,900,000	\$816,500,000
Grants and Benefits				
DCYF Services	\$72,800,000	\$77,200,000	\$81,500,000	\$86,000,000
FIP Cash Assistance	22,300,000	22,300,000	22,300,000	22,300,000
Child Care/MOE	47,900,000	38,900,000	32,700,000	26,500,000
SSI Cash	27,400,000	28,300,000	29,200,000	30,100,000
Home Health Care-DEA	5,700,000	5,900,000	6,100,000	6,400,000
Nursing Home Care	109,200,000	109,000,000	108,800,000	108,600,000
MHRH MR\DD	76,700,000	84,200,000	92,000,000	100,000,000
Other Medicaid	139,600,000	145,600,000	151,800,000	158,200,000
RIPAE	6,200,000	6,400,000	6,500,000	6,600,000
RITE CARE	83,700,000	87,900,000	92,400,000	97,000,000
Other Grants and Benefits	144,600,000	144,600,000	144,600,000	144,600,000
Subtotal	\$736,100,000	\$750,300,000	\$767,900,000	\$786,300,000
Local Aid				
Education Aid	643,324,835	672,587,514	696,912,138	714,662,263
General Revenue Sharing	42,000,000	48,500,000	57,500,000	67,500,000
Motor Vehicle Tax Reim	49,100,000	50,300,000	51,400,000	52,500,000
Pilot	18,000,000	18,500,000	18,900,000	19,300,000
Distressed Communities	6,200,000	6,200,000	6,200,000	6,200,000
Library Aid	8,100,000	8,300,000	8,400,000	8,600,000
Property Revaluation Prgm	1,100,000	900,000	1,600,000	900,000
Police/Fire Incentive Payments	1,100,000	1,200,000	1,300,000	1,500,000
Subtotal	\$768,924,835	\$806,487,514	\$842,212,138	\$871,162,263
Capital				
<i>Debt Service</i>				
General Obligation	\$71,100,716	\$81,018,470	\$81,869,908	\$80,093,356
Refunding Bond Authority	20,309,520	20,477,918	20,233,647	20,488,042
COPS/Other Leases	17,594,302	17,317,953	17,340,093	17,367,936
Convention Center	19,420,880	19,420,880	19,420,880	19,420,880
Sinking Fund	4,289,999	1,247,962	1,736,729	2,787,538
Performance Based	6,461,247	6,461,017	6,460,490	6,461,305
<i>Capital Improvements</i>				
Other Projects	1,000,000	1,000,000	1,000,000	1,000,000
Subtotal	\$140,176,664	\$146,944,200	\$148,061,747	\$147,619,057
Total	\$2,409,701,499	\$2,486,631,714	\$2,558,073,885	\$2,621,581,320

General Revenue Outyear Expenditure Estimates

	FY 2002	FY 2003	FY 2004	FY 2005
State Operations				
Personnel	2.64%	2.21%	1.96%	1.94%
Other State Operations	-0.01%	0.00%	0.00%	0.00%
DCYF Caseload Growth	3.90%	3.80%	3.60%	3.50%
DOC Inmate Growth	2.50%	2.20%	2.10%	1.40%
Subtotal	2.75%	2.41%	2.17%	2.08%
Grants and Benefits				
DCYF Services	6.08%	6.04%	5.57%	5.52%
FIP Cash Assistance	0.05%	0.00%	0.00%	0.00%
Child Care/MOE	8.51%	-18.79%	-15.94%	-18.96%
SSI Cash	3.31%	3.28%	3.18%	3.08%
Home Health Care-DEA	3.34%	3.51%	3.39%	4.92%
Nursing Home Care	0.11%	-0.18%	-0.18%	-0.18%
MHRH MR\DD	10.62%	9.78%	9.26%	8.70%
Other Medicaid	3.63%	4.30%	4.26%	4.22%
RIPAE	1.27%	3.23%	1.56%	1.54%
RITE CARE	4.99%	5.02%	5.12%	4.98%
Other Grants and Benefits	-0.03%	0.00%	0.00%	0.00%
Subtotal	3.57%	1.93%	2.35%	2.40%
Local Aid				
Education Aid	4.22%	4.55%	3.62%	2.55%
General Revenue Sharing	25.25%	15.48%	18.56%	17.39%
Motor Vehicle Tax Reim	2.31%	2.44%	2.19%	2.14%
Pilot	2.18%	2.78%	2.16%	2.12%
Distressed Communities	0.61%	0.00%	0.00%	0.00%
Library Aid	1.25%	2.47%	1.20%	2.38%
Property Revaluation Prgm	-4.35%	-18.18%	77.78%	-43.75%
Police/Fire Incentive Payments	10.19%	9.09%	8.33%	15.38%
Subtotal	4.94%	4.89%	4.43%	3.44%
Capital				
<i>Debt Service</i>				
General Obligation	19.70%	13.95%	1.05%	-2.17%
Refunding Bond Authority	3.81%	0.83%	-1.19%	1.26%
COPS/Other Leases	65.11%	-1.57%	0.13%	0.16%
Convention Center	0.00%	0.00%	0.00%	0.00%
Sinking Fund	1472.51%	-70.91%	39.17%	60.51%
Performance Based	29.94%	0.00%	-0.01%	0.01%
<i>Capital Improvements</i>				
Other Projects	19.55%	0.00%	0.00%	0.00%
Subtotal	21.77%	4.83%	0.76%	-0.30%
Total	4.65%	3.19%	2.87%	2.48%

General Revenue Outyear Planning Values

Estimates and Growth	FY 2002	FY 2003	FY 2004	FY 2005
Personal Income (billions) [1]	\$31.5	\$33.0	\$34.4	\$35.7
<i>Change</i>	4.7%	4.7%	4.2%	3.9%
Nonfarm Employment (thousands) [1]	475.0	477.7	480.2	482.9
<i>Change</i>	0.7%	0.6%	0.5%	0.6%
Personal Income Tax				
Wages and Salaries [1]	5.0%	4.8%	4.4%	4.2%
Taxable Nonwage [1]	4.8%	5.0%	3.5%	2.6%
Elasticity [2]	1.0	1.0	1.0	1.0
Business Corporation Tax	Corporate Pre Tax Profits [1]			
Provider Tax	Medical Inflation [8]			
Sales Tax				
Wages and Salaries [1]	5.0%	4.8%	4.4%	4.2%
Elasticity [2]	0.9	0.9	0.9	0.9
Gasoline Tax				
Real Consumption [1]	0.7%	0.6%	0.4%	0.4%
Other Taxes and Departmentals	CPI	CPI	CPI	CPI
CPI-U [1]	2.3%	2.4%	2.1%	2.1%
Salaries and Fringe Benefits	CPI	CPI	CPI	CPI
Corrections Population [2]	3,371	3,442	3,504	3,556
<i>Change</i>	2.4%	2.1%	1.8%	1.5%
Projected Operating Costs	\$110.7	\$115.7	\$120.3	\$124.7
Costs at Current Population	<u>108.1</u>	<u>110.7</u>	<u>113.0</u>	<u>115.4</u>
Population Growth Operating Cost	\$2.6	\$5.0	\$7.3	\$9.3
Children in State Care	9,696	10,039	10,381	10,724
Caseload Change [2]	3.7%	3.5%	3.4%	3.3%
FIP Caseloads [2]	47,227	42,919	36,850	32,652
<i>Change</i>	-5.6%	-9.1%	-14.1%	-11.4%

General Revenue Outyear Planning Values

Estimates and Growth	FY 2002	FY 2003	FY 2004	FY 2005
SSI Caseload [2]	27,632	27,968	28,311	28,661
Caseload Change	1.2%	1.2%	1.2%	1.2%
Percent Disabled	78.2%	78.5%	78.9%	79.3%
Estimated Disables	21,600	21,968	22,341	22,721
Disabled Growth	1.7%	1.7%	1.7%	1.7%
Percent Elderly	21.8%	21.5%	21.1%	20.7%
Estimated Elderly	6,030	6,000	5,970	5,940
Growth Elderly [6]	-0.5%	-0.5%	-0.5%	-0.5%
Home Health Care				
Cost Change - [3]	3.1%	3.1%	3.1%	3.1%
Nursing Home Care				
Cost Change - [4]	2.9%	2.9%	2.9%	2.9%
Other Medicaid				
Cost Change [5]	2.9%	2.9%	2.9%	2.9%
RIPAE				
Caseloads	31,942	31,788	31,638	31,492
Caseload Change [6]	-0.5%	-0.5%	-0.5%	-0.5%
Cost Change [7]	2.5%	2.5%	2.5%	2.5%
RITE CARE				
Cost Change [2]	4.0%	4.0%	4.0%	4.0%
Education Aid	CPI	CPI	CPI	CPI

[1] RFA Forecast of the US Economy, December 1999

[2] State of Rhode Island Budget Office

[3] DRI/McGraw Hill Health Care Cost Review, Fourth Quarter 1999, Table 7.4

[4] DRI/McGraw Hill Health Care Cost Review, Fourth Quarter 1999, Table 7.5

[5] DRI/McGraw Hill Health Care Cost Review, Fourth Quarter 1999, Table 7.2

[6] Division of State Planning and Budget Office Estimates

[7] DRI/McGraw Hill Health Care Cost Review, Fourth Quarter 1999, Table 6.1

[8] DRI/McGraw Hill Health Care Cost Review, Fourth Quarter 1999, Tables 7.2 and 7.5

General Revenue Budget Surplus Statement

	FY1998 Audited	FY1999 Unaudited	FY2000 Revised	FY2001 Recommended
Surplus				
Opening Surplus	\$45,891,343	\$132,040,419	\$104,071,568	\$43,925,150
Proposed Audit Adjustments			(5,962,356)	
Reappropriated Surplus	9,036,469	13,928,523	16,123,307	
Subtotal	54,927,812	145,968,942	114,232,519	43,925,150
General Taxes	1,622,223,300	1,681,191,071	1,733,250,000	1,794,975,000
Revenue estimators' revision			14,625,000	
Changes to Adopted Estimates			2,070,424	
Subtotal	1,622,223,300	1,681,191,071	1,749,945,424	1,794,975,000
Departmental Revenues	190,266,014	200,321,373	194,913,870	160,800,000
Revenue estimators' revision			7,286,130	
Changes to Adopted Estimates			4,531,500	60,301,038
Subtotal	190,266,014	200,321,373	206,731,500	221,101,038
Other Sources				
Gas Tax Transfers	30,412,271	20,041,618	16,135,000	9,600,000
Rev Estimators' revision-Gas Tax			315,000	
Other Miscellaneous	32,721,004	15,891,757	76,637,412	97,540,667
Rev Estimators' revision-Miscellaneous			(2,735,837)	
Changes to Adopted Estimates			6,212,786	12,731,353
Lottery	115,071,622	133,475,047	146,400,000	166,000,000
Revenue Estimators' revision-Lottery			3,600,000	
Unclaimed Property	3,693,926	4,488,559	4,500,000	4,000,000
Revenue Estimators' revision-Unclaimed			(500,000)	
Subtotal	181,898,823	173,896,981	250,564,361	289,872,020
Total Revenues	\$1,994,388,137	\$2,055,409,425	\$2,207,241,285	\$2,305,948,058
Budget Stabilization	(40,805,590)	(43,748,997)	(46,107,010)	(46,997,464)
Total Available	\$2,008,510,359	\$2,157,629,371	2,275,366,793	\$2,302,875,744
Total Expenditures	\$1,862,541,417	\$2,037,434,496	\$2,231,441,643	\$2,302,557,595
Free Surplus	\$132,040,419	\$104,071,568	\$43,925,150	\$318,149
Reappropriations	13,928,523	16,123,307	-	-
Total Ending Balances	\$145,968,942	\$120,194,875	\$43,925,150	\$318,149
Budget Reserve and Cash Stabilization Account	\$61,208,384	\$65,623,495	\$69,160,515	\$70,496,196

Expenditures from All Funds

	FY 1998 Audited	FY 1999 Unaudited	FY 2000 Revised	FY 2001 Recommended
General Government				
Administration	\$232,368,253	\$294,044,128	\$472,586,508	\$437,457,191
Business Regulation	7,483,888	7,542,130	8,477,343	8,417,007
Labor and Training	316,215,147	326,923,596	344,110,946	341,802,413
Legislature	21,653,490	21,725,140	31,480,856	23,469,241
Lieutenant Governor	423,676	629,328	687,999	664,987
Secretary of State	4,332,209	5,441,466	4,640,402	5,656,475
General Treasurer	22,833,801	22,729,227	27,317,864	29,737,987
Boards for Design Professionals	307,219	340,956	280,350	277,087
Board of Elections	1,161,695	4,572,787	2,072,023	2,295,544
Rhode Island Ethics Commission	783,671	722,055	814,502	816,448
Governor's Office	3,453,835	3,676,444	3,906,157	4,048,843
Public Utilities Commission	3,760,944	3,622,115	4,691,891	4,909,910
Rhode Island Commission on Women	61,808	115,922	123,495	129,400
Subtotal - General Government	614,839,636	692,085,294	901,190,336	859,682,533
Human Services				
Children, Youth, and Families	168,779,451	179,500,024	190,321,549	195,121,687
Elderly Affairs	29,680,800	29,363,953	32,034,321	32,697,856
Health	86,539,078	73,301,874	76,460,891	76,037,020
Human Services	947,923,977	1,004,831,500	1,068,078,196	1,114,808,639
Mental Health, Retardation, & Hospitals	314,711,676	358,232,887	386,110,568	382,597,906
Office of the Child Advocate	718,907	741,534	774,640	790,845
Commission on Deaf & Hard of Hearing	172,384	149,885	241,784	246,761
RI Developmental Disabilities Council	340,988	337,163	455,589	455,589
Governor's Commission on Disabilities	256,827	260,446	295,157	553,029
Commission for Human Rights	790,257	733,803	966,610	1,001,014
Office of the Mental Health Advocate	205,554	216,162	233,543	240,730
Subtotal - Human Services	1,550,119,899	1,647,669,231	1,755,972,848	1,804,551,076
Education				
Elementary and Secondary	601,418,349	649,878,153	730,929,960	776,752,964
Higher Education - Board of Governors	433,531,085	462,042,116	478,793,840	495,406,385
RI Council on the Arts	1,243,309	1,410,619	1,567,550	1,949,092
RI Atomic Energy Commission	656,700	659,238	864,016	845,455
Higher Education Assistance Authority	8,942,181	8,895,411	13,976,856	14,002,560
Historical Preservation and Heritage Commi	2,082,643	2,985,612	2,669,684	1,579,496
Public Telecommunications Authority	2,275,843	2,190,356	1,949,848	2,145,864
Subtotal - Education	1,050,150,110	1,128,061,505	1,230,751,754	1,292,681,816

Expenditures from All Funds

	FY 1998 Audited	FY 1999 Unaudited	FY 2000 Revised	FY 2001 Recommended
Public Safety				
Attorney General	\$13,774,359	\$14,927,384	\$16,282,311	\$15,538,842
Corrections	128,833,380	133,051,958	131,298,218	122,847,620
Judicial	57,321,708	60,902,247	59,952,222	60,581,063
Military Staff	7,405,427	8,093,489	10,281,551	10,260,851
E-911 Emergency Telephone System	2,759,007	2,851,594	3,331,696	3,500,541
Fire Safety Code Board of Appeal & Review	208,045	176,862	169,627	164,108
State Fire Marshal	1,225,685	1,243,692	1,518,813	1,305,726
Commission on Judicial Tenure & Disciplin	84,473	89,757	121,209	92,606
Rhode Island Justice Commission	3,811,912	3,344,727	5,268,471	5,365,884
Municipal Police Training Academy	393,535	333,105	676,554	354,404
State Police	30,047,769	34,400,433	38,056,660	36,371,112
Office Of Public Defender	4,361,597	5,150,724	5,431,359	5,264,386
Sheriffs of Several Counties	7,429,387	8,396,738	8,361,750	8,767,198
Subtotal - Public Safety	257,656,284	272,962,710	280,750,441	270,414,341
Natural Resources				
Environmental Management	68,867,707	76,447,288	68,244,594	67,410,297
Coastal Resources Management Council	1,564,097	2,090,737	2,098,664	3,283,205
Water Resources Board	3,569,464	3,653,169	1,585,161	1,562,947
Subtotal - Natural Resources	74,001,268	82,191,194	71,928,419	72,256,449
Transportation				
Transportation	176,225,827	296,435,245	321,610,786	350,524,446
Subtotal - Transportation	176,225,827	296,435,245	321,610,786	350,524,446
Total	\$3,722,993,024	\$4,119,405,179	\$4,562,204,584	\$4,650,110,661

Expenditures from General Revenues

	FY 1998 Audited	FY 1999 Unaudited	FY 2000 Revised	FY 2001 Recommended
General Government				
Administration	\$135,056,066	\$196,114,430	\$303,296,946	\$320,999,997
Business Regulation	6,572,901	6,733,959	8,036,375	7,976,171
Labor and Training	6,076,463	6,587,743	6,745,759	6,749,233
Legislature	20,802,328	20,966,470	30,784,769	22,749,750
Lieutenant Governor	423,676	629,328	687,999	664,987
Secretary of State	4,218,986	5,302,823	4,470,547	5,478,516
General Treasurer	2,328,343	2,626,857	4,808,862	4,879,403
Boards for Design Professionals	307,219	340,956	280,350	277,087
Board of Elections	1,161,695	4,572,787	2,072,023	2,295,544
Rhode Island Ethics Commission	783,671	722,055	814,502	816,448
Governor's Office	3,389,389	3,607,299	3,833,797	3,975,054
Public Utilities Commission	671,290	706,370	740,530	730,664
Rhode Island Commission on Women	61,808	115,131	123,003	129,400
Subtotal - General Government	181,853,835	249,026,208	366,695,462	377,722,254
Human Services				
Children, Youth, and Families	106,226,311	110,719,504	116,629,000	117,789,854
Elderly Affairs	17,752,065	18,296,740	19,388,814	19,793,184
Health	39,275,905	27,687,207	28,689,528	28,685,779
Human Services	412,118,638	434,051,442	453,025,729	484,920,759
Mental Health, Retardation, & Hospitals	161,750,082	193,043,474	196,495,387	192,131,908
Office of the Child Advocate	371,887	425,444	432,358	450,875
Commission on Deaf & Hard of Hearing	172,384	149,285	241,784	246,761
RI Developmental Disabilities Council	-	-	-	-
Governor's Commission on Disabilities	238,559	245,474	266,254	277,704
Commission for Human Rights	545,342	579,717	693,927	694,547
Office of the Mental Health Advocate	205,554	216,162	233,543	240,730
Subtotal - Human Services	738,656,727	785,414,449	816,096,324	845,232,101
Education				
Elementary and Secondary	521,073,353	564,712,379	615,654,881	646,171,920
Higher Education - Board of Governors	144,899,547	153,719,601	152,475,073	162,641,878
RI Council on the Arts	684,503	877,730	968,157	1,359,907
RI Atomic Energy Commission	517,665	544,774	593,929	620,263
Higher Education Assistance Authority	7,149,435	7,076,902	7,760,445	7,428,471
Historical Preservation and Heritage Commission	1,143,623	2,161,789	1,776,179	652,998
Public Telecommunications Authority	1,796,882	1,728,666	1,437,395	1,083,232
Subtotal - Education	677,265,008	730,821,841	780,666,059	819,958,669

Expenditures from General Revenues

	FY 1998 Audited	FY 1999 Unaudited	FY 2000 Revised	FY 2001 Recommended
Public Safety				
Attorney General	\$12,236,495	\$12,486,493	\$13,518,974	\$13,501,243
Corrections	125,341,520	127,271,319	120,543,512	112,282,623
Judicial	49,851,805	51,779,503	50,817,175	50,531,561
Military Staff	1,866,762	2,005,517	2,144,033	2,034,977
E-911 Emergency Telephone System	-	-	-	-
Fire Safety Code Board of Appeal & Review	208,045	176,862	169,627	164,108
State Fire Marshal	1,156,824	1,200,871	1,261,517	1,266,541
Commission on Judicial Tenure and Discipline	84,473	89,757	121,209	92,606
Rhode Island Justice Commission	183,306	213,795	186,699	179,638
Municipal Police Training Academy	312,190	322,744	578,560	300,798
State Police	28,784,602	29,341,284	32,454,356	32,967,324
Office Of Public Defender	4,007,219	4,750,679	5,031,835	5,264,386
Sheriffs of Several Counties	7,429,387	8,396,738	8,361,750	8,767,198
Subtotal - Public Safety	231,462,628	238,035,562	235,189,247	227,353,003
Natural Resources				
Environmental Management	27,057,986	29,316,735	30,482,606	29,913,273
Coastal Resources Management Council	741,832	1,220,909	958,411	895,348
Water Resources Board	3,569,464	3,598,796	1,353,534	1,482,947
Subtotal - Natural Resources	31,369,282	34,136,440	32,794,551	32,291,568
Transportation				
Transportation	1,933,933	-	-	-
Subtotal - Transportation	1,933,933	-	-	-
Total	\$1,862,541,413	\$2,037,434,500	\$2,231,441,643	\$2,302,557,595

Expenditures from Federal Funds

	FY 1998 Audited	FY 1999 Unaudited	FY 2000 Revised	FY 2001 Recommended
General Government				
Administration	\$24,612,441	\$22,959,495	\$26,334,083	\$23,597,010
Business Regulation	-	-	-	-
Labor and Training	39,956,633	42,571,904	48,154,512	39,618,106
Legislature	-	-	-	-
Lieutenant Governor	-	-	-	-
Secretary of State	-	-	-	-
General Treasurer	607,930	648,538	1,117,597	1,600,249
Boards for Design Professionals	-	-	-	-
Board of Elections	-	-	-	-
Rhode Island Ethics Commission	-	-	-	-
Governor's Office	64,446	69,145	72,360	73,789
Public Utilities Commission	72,439	41,855	61,780	61,549
Rhode Island Commission on Women	-	791	492	-
Subtotal - General Government	65,313,889	66,291,728	75,740,824	64,950,703
Human Services				
Children, Youth, and Families	61,500,399	66,993,017	72,087,511	75,800,834
Elderly Affairs	7,437,679	6,704,121	7,529,698	8,038,672
Health	44,349,033	42,070,611	42,292,885	41,934,760
Human Services	532,799,121	567,152,203	610,342,527	625,570,053
Mental Health, Retardation, & Hospitals	150,568,279	164,851,057	188,241,401	186,996,056
Office of the Child Advocate	337,629	307,942	338,689	339,970
Commission on Deaf & Hard of Hearing	-	600	-	-
RI Developmental Disabilities Council	340,988	337,163	455,589	455,589
Governor's Commission on Disabilities	19,251	11,770	24,103	23,575
Commission for Human Rights	244,915	154,086	272,683	306,467
Office of the Mental Health Advocate	-	-	-	-
Subtotal - Human Services	797,597,294	848,582,570	921,585,086	939,465,976
Education				
Elementary and Secondary	79,649,519	84,009,346	112,864,596	110,672,435
Higher Education - Board of Governors	687,852	702,100	1,534,465	1,311,940
RI Council on the Arts	441,545	505,662	582,363	572,155
RI Atomic Energy Commission	22,759	12,249	108,100	83,000
Higher Education Assistance Authority	1,784,573	1,773,761	6,107,764	6,465,442
Historical Preservation and Heritage Commission	520,348	512,897	527,581	546,081
Public Telecommunications Authority	80	5,192	-	-
Subtotal - Education	83,106,676	87,521,207	121,724,869	119,651,053

Expenditures from Federal Funds

	FY 1998 Audited	FY 1999 Unaudited	FY 2000 Revised	FY 2001 Recommended
Public Safety				
Attorney General	\$853,409	\$1,884,409	\$1,783,336	\$1,283,303
Corrections	1,565,313	3,627,856	6,797,565	4,829,801
Judicial	2,359,074	3,166,041	3,844,773	3,190,605
Military Staff	5,358,426	5,610,502	7,339,518	7,112,978
E-911 Emergency Telephone System	-	-	-	-
Fire Safety Code Board of Appeal & Review	-	-	-	-
State Fire Marshal	68,861	42,821	257,296	39,185
Commission on Judicial Tenure & Discipline	-	-	-	-
Rhode Island Justice Commission	3,628,606	3,130,550	5,069,378	5,186,246
Municipal Police Training Academy	81,345	10,361	97,994	53,606
State Police	789,737	1,171,087	1,461,484	559,667
Office Of Public Defender	354,378	400,045	399,524	-
Sheriffs of Several Counties	-	-	-	-
Subtotal - Public Safety	15,059,149	19,043,672	27,050,868	22,255,391
Natural Resources				
Environmental Management	9,681,959	12,243,764	19,110,655	21,257,560
Coastal Resources Management Council	822,265	869,828	971,713	887,857
Water Resources Board	-	-	-	-
Subtotal - Natural Resources	10,504,224	13,113,592	20,082,368	22,145,417
Transportation				
Transportation	91,253,421	184,723,274	204,651,974	205,749,573
Subtotal - Transportation	91,253,421	184,723,274	204,651,974	205,749,573
Total	\$1,062,834,653	\$1,219,276,043	\$1,370,835,989	\$1,374,218,113

Expenditures from Restricted Receipts

	FY 1998 Audited	FY 1999 Unaudited	FY 2000 Revised	FY 2001 Recommended
General Government				
Administration	\$63,975,643	\$60,493,082	\$70,207,471	\$27,175,297
Business Regulation	910,987	808,171	440,968	440,836
Labor and Training	16,428,387	15,996,013	17,124,595	19,609,603
Legislature	851,162	758,670	696,087	719,491
Lieutenant Governor	-	-	-	-
Secretary of State	113,223	138,643	169,855	177,959
General Treasurer	16,992,855	16,438,762	12,041,466	11,398,076
Boards for Design Professionals	-	-	-	-
Board of Elections	-	-	-	-
Rhode Island Ethics Commission	-	-	-	-
Governor's Office	-	-	-	-
Public Utilities Commission	3,017,215	2,873,890	3,889,581	4,117,697
Rhode Island Commission on Women	-	-	-	-
Subtotal - General Government	102,289,472	97,507,231	104,570,023	63,638,959
Human Services				
Children, Youth, and Families	1,052,741	1,768,686	1,277,335	1,331,999
Elderly Affairs	-	-	-	-
Health	2,914,140	3,447,940	5,381,152	5,266,481
Human Services	3,006,218	3,627,855	3,870,440	3,817,827
Mental Health, Retardation, & Hospitals	-	50,000	55,000	55,000
Office of the Child Advocate	9,391	8,148	3,593	-
Commission on Deaf & Hard of Hearing	-	-	-	-
RI Developmental Disabilities Council	-	-	-	-
Governor's Commission on Disabilities	(983)	3,202	4,800	1,750
Commission for Human Rights	-	-	-	-
Office of the Mental Health Advocate	-	-	-	-
Subtotal - Human Services	6,981,507	8,905,831	10,592,320	10,473,057
Education				
Elementary and Secondary	684,586	825,111	1,023,640	18,673,353
Higher Education - Board of Governors	-	-	-	-
RI Council on the Arts	117,261	27,227	17,030	17,030
RI Atomic Energy Commission	-	-	-	-
Higher Education Assistance Authority	-	-	-	-
Historical Preservation and Heritage Commission	418,672	310,926	315,924	320,417
Public Telecommunications Authority	2,107	-	-	-
Subtotal - Education	1,222,626	1,163,264	1,356,594	19,010,800

Expenditures from Restricted Receipts

	FY 1998 Audited	FY 1999 Unaudited	FY 2000 Revised	FY 2001 Recommended
Public Safety				
Attorney General	\$684,455	\$556,482	\$980,001	\$754,296
Corrections	1,620,983	672,000	387,811	328,500
Judicial	4,812,849	5,710,477	5,154,480	5,483,897
Military Staff	-	2,664	3,000	3,000
E-911 Emergency Telephone System	2,759,007	2,851,594	3,331,696	3,500,541
Fire Safety Code Board of Appeal & Review	-	-	-	-
State Fire Marshal	-	-	-	-
Commission on Judicial Tenure & Discipline	-	-	-	-
Rhode Island Justice Commission	-	382	12,394	-
Municipal Police Training Academy	-	-	-	-
State Police	265,523	1,506,185	1,554,004	648,609
Office Of Public Defender	-	-	-	-
Sheriffs of Several Counties	-	-	-	-
Subtotal - Public Safety	10,142,817	11,299,784	11,423,386	10,718,843
Natural Resources				
Environmental Management	6,277,435	6,695,150	12,468,630	10,887,007
Coastal Resources Management Council	-	-	-	-
Water Resources Board	-	-	-	-
Subtotal - Natural Resources	6,277,435	6,695,150	12,468,630	10,887,007
Transportation				
Transportation	1,030,764	4,921,146	37,598,023	68,520,000
Subtotal - Transportation	1,030,764	4,921,146	37,598,023	68,520,000
Total	\$127,944,621	\$130,492,406	\$178,008,976	\$183,248,666

Expenditures from Other Funds

	FY 1998	FY 1999	FY 2000	FY 2001
General Government	Audited	Unaudited	Revised	Recommended
Administration	\$8,724,103	\$14,477,121	\$72,748,008	\$65,684,887
Business Regulation	-	-	-	-
Labor and Training	253,753,664	261,767,936	272,086,080	275,825,471
Legislature	-	-	-	-
Lieutenant Governor	-	-	-	-
Secretary of State	-	-	-	-
General Treasurer	2,904,673	3,015,070	9,349,939	11,860,259
Boards for Design Professionals	-	-	-	-
Board of Elections	-	-	-	-
Rhode Island Ethics Commission	-	-	-	-
Governor's Office	-	-	-	-
Public Utilities Commission	-	-	-	-
Rhode Island Commission on Women	-	-	-	-
Subtotal - General Government	265,382,440	279,260,127	354,184,027	353,370,617
Human Services				
Children, Youth, and Families	-	18,817	327,703	199,000
Elderly Affairs	4,491,056	4,363,092	5,115,809	4,866,000
Health	-	96,116	97,326	150,000
Human Services	-	-	839,500	500,000
Mental Health, Retardation, & Hospitals	2,393,315	288,356	1,318,780	3,414,942
Office of the Child Advocate	-	-	-	-
Commission on Deaf & Hard of Hearing	-	-	-	-
RI Developmental Disabilities Council	-	-	-	-
Governor's Commission on Disabilities	-	-	-	250,000
Commission for Human Rights	-	-	-	-
Office of the Mental Health Advocate	-	-	-	-
Subtotal - Human Services	6,884,371	4,766,381	7,699,118	9,379,942
Education				
Elementary and Secondary	10,891	331,317	1,386,843	1,235,256
Higher Education - Board of Governors	287,943,686	307,620,415	324,784,302	331,452,567
RI Council on the Arts	-	-	-	-
RI Atomic Energy Commission	116,276	102,215	161,987	142,192
Higher Education Assistance Authority	8,173	44,748	108,647	108,647
Historical Preservation and Heritage Commission	-	-	50,000	60,000
Public Telecommunications Authority	476,774	456,498	512,453	1,062,632
Subtotal - Education	288,555,800	308,555,193	327,004,232	334,061,294

Expenditures from Other Funds

General Government	FY 1998 Audited	FY 1999 Unaudited	FY 2000 Revised	FY 2001 Recommended
Public Safety				
Attorney General	-	-	-	-
Corrections	305,564	1,480,783	3,569,330	5,406,696
Judicial	297,980	246,226	135,794	1,375,000
Military Staff	180,239	474,806	795,000	1,109,896
E-911 Emergency Telephone System	-	-	-	-
Fire Safety Code Board of Appeal & Review	-	-	-	-
State Fire Marshal	-	-	-	-
Commission on Judicial Tenure & Discipline	-	-	-	-
Rhode Island Justice Commission	-	-	-	-
Municipal Police Training Academy	-	-	-	-
State Police	207,907	2,381,877	2,586,816	2,195,512
Office Of Public Defender	-	-	-	-
Sheriffs of Several Counties	-	-	-	-
Subtotal - Public Safety	991,690	4,583,692	7,086,940	10,087,104
Natural Resources				
Environmental Management	25,850,327	28,191,639	6,182,703	5,352,457
Coastal Resources Management Council	-	-	168,540	1,500,000
Water Resources Board	-	54,373	231,627	80,000
Subtotal - Natural Resources	25,850,327	28,246,012	6,582,870	6,932,457
Transportation				
Transportation	82,007,709	106,790,825	79,360,789	76,254,873
Subtotal - Transportation	82,007,709	106,790,825	79,360,789	76,254,873
Total	\$669,672,337	\$732,202,230	\$781,917,976	\$790,086,287

Full-Time Equivalent Positions

	FY 1998	FY 1999	FY 2000 Revised	FY 2001
General Government				
Administration	1,090.5	1,137.0	1,135.0	1,137.0
Business Regulation	109.0	109.0	110.0	110.0
Labor & Training	634.9	596.4	600.0	559.5
Legislature	244.0	260.0	260.0	260.0
Lieutenant Governor	7.0	10.0	10.0	10.0
Secretary of State	57.2	57.2	57.2	57.2
General Treasurer	86.0	86.5	86.5	87.5
Board Of Design Professionals	4.0	4.0	4.0	4.0
Board Of Elections	21.3	21.3	21.3	21.3
Rhode Island Ethics Commission	10.0	10.0	10.0	10.0
Office of the Governor	50.0	50.0	50.0	50.0
Public Utilities Commission	39.0	42.0	42.0	44.0
Rhode Island Commission on Women	1.0	2.0	2.0	2.0
Subtotal - General Government	2,353.9	2,385.4	2,388.0	2,352.5
Human Services				
Children, Youth, and Families	846.9	875.9	875.9	875.9
Elderly Affairs	61.6	61.6	61.6	60.6
Health	480.0	462.6	463.6	475.1
Human Services	1,106.9	1,142.9	1,142.9	1,142.9
Mental Health, Retardation, & Hospitals	2,140.1	2,172.0	2,138.0	2,138.0
Office of the Child Advocate	13.5	13.5	13.0	13.0
Commission On the Deaf & Hard of Hearing	2.0	3.0	3.0	3.0
RI Developmental Disabilities Council	3.0	3.0	3.0	3.0
Governor's Commission on Disabilities	4.0	4.0	4.3	4.6
Commission for Human Rights	12.0	13.0	15.0	15.0
Office of the Mental Health Advocate	3.3	3.3	3.3	3.3
Subtotal - Human Services	4,673.3	4,754.8	4,723.6	4,734.4

Full-Time Equivalent Positions

	FY 1998	FY 1999	FY 2000	FY 2001
Education				
Elementary and Secondary	345.2	344.1	344.1	342.2
Higher Education - Board of Governors	3,850.0	3,850.0	3,850.0	3,850.0
RI State Council On The Arts	6.0	6.0	6.0	6.0
RI Atomic Energy Commission	7.0	7.6	8.6	8.6
Higher Education Assistance Authority	43.0	46.6	46.6	46.6
Historical Preservation and Heritage Commission	17.6	17.6	17.6	16.6
Public Telecommunications Authority	22.0	22.0	22.0	22.0
Subtotal - Education	4,290.8	4,293.9	4,294.9	4,292.0
Public Safety				
Attorney General	221.0	220.0	227.0	227.0
Corrections	1,471.0	1,541.0	1,608.0	1,596.6
Judicial	700.0	666.0	682.4	682.4
Military Staff	97.0	97.0	95.0	92.0
E-911	47.6	47.6	47.6	47.6
Fire Safety Code Board of Appeal and Review	2.6	2.0	2.0	2.0
RI State Fire Marshal	21.0	21.0	21.5	21.5
Commission on Judicial Tenure and Discipline	1.0	1.0	1.0	1.0
Rhode Island Justice Commission	8.0	8.0	9.0	9.0
Municipal Police Training Academy	4.0	4.0	4.0	4.0
State Police	255.0	254.0	254.0	268.0
Office of the Public Defender	67.5	75.5	75.5	75.5
Sheriffs of Several Counties	157.0	167.0	167.0	167.0
Subtotal - Public Safety	3,052.7	3,104.1	3,194.0	3,193.6
Natural Resources				
Environmental Management	527.6	549.0	570.5	584.5
Coastal Resources Management Council	26.0	26.0	28.0	28.0
Water Resources Board	7.0	9.0	9.0	9.0
Subtotal - Natural Resources	560.6	584.0	607.5	621.5
Transportation				
Transportation	864.3	864.3	864.3	864.3
Subtotal - Transportation	864.3	864.3	864.3	864.3
Total	15,795.6	15,986.5	16,072.3	16,058.3

General Revenues as Recommended

	FY 1998 Audited	FY 1999 Unaudited	FY 2000 Revised	FY 2001 Recommended
Personal Income Tax	722,809,063	762,186,262	786,772,806	806,100,000
General Business Taxes				
Business Corporations	71,541,900	67,129,658	67,632,415	67,000,000
Franchise	7,314,729	7,896,372	7,900,000	7,900,000
Public Utilities Gross Earnings	62,330,189	66,349,690	66,300,000	66,300,000
Financial Institutions	(1,157,614)	(762,490)	4,877,042	4,000,000
Insurance Companies	41,817,850	31,648,918	33,500,000	33,500,000
Bank Deposits	1,387,514	(612,474)	900,000	900,000
Health Care Provider Assessment	23,546,817	23,974,976	25,100,000	25,100,000
Sales and Use Taxes				
Sales and Use	530,649,386	565,212,318	608,404,355	636,600,000
Motor Vehicle	40,328,576	41,991,608	43,500,000	43,800,000
Motor Fuel	4,947,942	856,368	758,806	675,000
Cigarettes	64,188,077	61,576,289	58,000,000	56,800,000
Alcohol	8,586,546	9,027,601	9,000,000	9,000,000
Controlled Substances	7	-	-	-
Other Taxes				
Inheritance and Gift	31,524,415	36,324,715	30,000,000	30,000,000
Racing and Athletics	5,979,095	5,806,170	5,200,000	5,200,000
Realty Transfer	6,428,808	2,585,090	2,100,000	2,100,000
Total Taxes	1,622,223,300	1,681,191,071	1,749,945,424	1,794,975,000
Departmental Receipts				
Licenses and Fees	101,455,524	103,243,938	106,012,500	106,447,416
Fines and Penalties	25,514,709	27,648,766	30,600,000	30,600,000
Sales and Services	30,422,087	32,137,957	34,000,000	32,000,000
Miscellaneous	32,873,694	37,290,712	36,119,000	52,053,622
Total Departmental Receipts	190,266,014	200,321,373	206,731,500	221,101,038
Taxes and Departmentals	1,812,489,314	1,881,512,444	1,956,676,924	2,016,076,038
Other Sources				
Gas Tax Transfer	30,412,271	20,041,618	16,450,000	9,600,000
Other Miscellaneous	32,721,004	15,891,757	80,114,361	110,272,020
Lottery	115,071,622	133,475,047	150,000,000	166,000,000
Unclaimed Property	3,693,926	4,488,559	4,000,000	4,000,000
Other Sources	181,898,823	173,896,981	250,564,361	289,872,020
Total General Revenues	1,994,388,137	2,055,409,425	2,207,241,285	2,305,948,058

General Revenue Changes to Adopted Estimates

FY 2000

Personal Income Tax

Audit Adjustment	72,806
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Business Corporations Tax

Audit Adjustment	632,415
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Financial Institutions

Audit Adjustment	877,042
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Sales Tax

Audit Adjustment	404,355
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Motor Fuel

Audit Adjustment	83,806
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<i>Subtotal: Taxes</i>	2,070,424
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Licenses and Fees

Emissions Inspection Program Revenues	3,412,500
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Fines and Penalties

Debt Collection Revenues	1,000,000
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Miscellaneous

Reissuance of vendor check	119,000
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<i>Subtotal: Departmental Revenues</i>	4,531,500
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Other Sources

City of Providence	5,977,020
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Providence River Relocation surplus revenues	235,766
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<i>Subtotal: Other Sources</i>	6,212,786
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Total FY 2000 Adjustments	\$12,814,710
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General Revenue Changes to Adopted Estimates

FY 2001

Licenses and Fees

Hospital Licensing Fee	37,375,028
Emissions Inspection Program Revenues	5,687,500
Health Department Fee Increases	900,000
Department of Environmental Management Beach Fee Increases	484,888

Sales and Services

Corrections Commissary	(2,200,000)
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Fines and Penalties

Debt Collection Revenues	1,000,000
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Miscellaneous

Interest earnings reduction - general revenue sharing portion	(440,108)
Corrections Disproportionate Share	1,000,000
Health Care Financing Education	16,493,730

Subtotal: Departmental Revenues **60,301,038**

Other Sources

DEPCO - Lower defeasance requirements	7,000,000
Resource Recovery Transfer	3,000,000
Board of Elections - sale of building	750,000
Underground Storage Tank Fund reimbursement - State Projects	1,181,353
Elderly transportation Medicaid reimbursement	800,000

Subtotal: Other Sources **12,731,353**

Total FY 2001 Adjustments **\$73,032,391**

Changes to FY 2000 Enacted General Revenue Budget

	FY2000 Enacted	FY2000 Revised	Difference
Surplus			
Opening Surplus	\$78,632,890	\$104,071,568	\$25,438,678
Reappropriated Surplus	-	16,123,307	16,123,307
Anticipated Audit Adjustments	-	(5,962,356)	(5,962,356)
Subtotal	78,632,890	114,232,519	35,599,629
General Taxes	1,733,250,000	1,733,250,000	-
Revenue estimators' revision		14,625,000	14,625,000
Proposed Changes to Adopted Estimates		2,070,424	2,070,424
Subtotal	1,733,250,000	1,749,945,424	16,695,424
Departmental Revenues	194,913,870	194,913,870	-
Revenue estimators' revision		7,286,130	7,286,130
Proposed Changes to Adopted Estimates	-	4,531,500	4,531,500
Subtotal	194,913,870	206,731,500	11,817,630
Other Sources			
Gas Tax Transfers	16,135,000	16,135,000	-
Revenue estimators' revision-gas tax		315,000	315,000
Other Miscellaneous	76,637,412	76,637,412	-
Revenue estimators' revision-miscellaneous		(2,735,837)	(2,735,837)
Proposed Changes to Adopted Estimates		6,212,786	6,212,786
Lottery	146,400,000	146,400,000	-
Revenue estimators' revision-lottery		3,600,000	3,600,000
Unclaimed Property	4,500,000	4,500,000	-
Revenue estimators' revision-unclaimed		(500,000)	(500,000)
Subtotal	243,672,412	250,564,361	6,891,949
Total Revenues	\$2,171,836,282	\$2,207,241,285	\$35,405,003
Budget Stabilization	(45,009,383)	(46,107,010)	(1,097,627)
Total Available	\$2,205,459,789	\$2,275,366,793	\$69,907,005
Total Expenditures	\$2,205,328,242	\$2,231,441,643	26,113,401
Free Surplus	\$131,547	\$43,925,150	\$43,793,603
Reappropriations			
Total Ending Balances	\$131,547	\$43,925,150	\$43,793,603

Changes to FY 2000 Enacted Revenues

	Enacted	Estimators	Governor	Total
Personal Income Tax	787,500,000	(800,000)	72,806	786,772,806
General Business Taxes				
Business Corporations	63,300,000	3,700,000	632,415	67,632,415
Franchise	7,900,000	-	-	7,900,000
Public Utilities Gross Earnings	63,500,000	2,800,000	-	66,300,000
Financial Institutions	7,000,000	(3,000,000)	877,042	4,877,042
Insurance Companies	35,500,000	(2,000,000)	-	33,500,000
Bank Deposits	700,000	200,000	-	900,000
Health Care Provider Assessment	24,900,000	200,000	-	25,100,000
Sales and Use Taxes				
Sales and Use	593,500,000	14,500,000	404,355	608,404,355
Motor Vehicle	41,800,000	1,700,000	-	43,500,000
Motor Fuel	850,000	(175,000)	83,806	758,806
Cigarettes	59,800,000	(1,800,000)	-	58,000,000
Alcohol	9,000,000	-	-	9,000,000
Controlled Substances	0	-	-	-
Other Taxes				
Inheritance and Gift	30,000,000	-	-	30,000,000
Racing and Athletics	5,900,000	(700,000)	-	5,200,000
Realty Transfer	2,100,000	-	-	2,100,000
Total Taxes	1,733,250,000	14,625,000	2,070,424	1,749,945,424
Departmental Receipts				
Licenses and Fees	97,792,254	4,807,746	3,412,500	106,012,500
Fines and Penalties	29,000,000	600,000	1,000,000	30,600,000
Sales and Services	32,500,000	1,500,000	-	34,000,000
Miscellaneous	35,621,616	378,384	119,000	36,119,000
Total Departmental Receipts	194,913,870	7,286,130	4,531,500	206,731,500
Taxes and Departmentals	1,928,163,870	21,911,130	6,601,924	1,956,676,924
Other Sources				
Gas Tax Transfer	16,135,000	315,000	-	16,450,000
Other Miscellaneous	76,637,412	(2,735,837)	6,212,786	80,114,361
Lottery	146,400,000	3,600,000	-	150,000,000
Unclaimed Property	4,500,000	(500,000)	-	4,000,000
Other Sources	243,672,412	679,163	6,212,786	250,564,361
Total General Revenues	2,171,836,282	22,590,293	12,814,710	2,207,241,285

Changes to FY 2000 Enacted General Revenue Expenditures

	FY2000 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Supplemental Changes	FY2000 Revised Budget
<u>General Government</u>				
Administration				
Central Management	1,672,422			
Transfer 1.0 FTE to Central Management			57,395	
Personnel - Turnover			(17,114)	
Operating			53,800	
Statewide Benefit Assessment			2,040	
Statewide Medical Benefits			17,333	
	1,672,422	-	113,454	1,785,876
Accounts & Control	4,251,965			
Debt Collection Fees			150,000	
Personnel			-	
Statewide Benefit Assessment			2,465	
Statewide Medical Benefits			27,159	
Information Processing Charges			255,207	
Retiree Health Subsidy Costs			631,020	
	4,251,965	-	1,065,851	5,317,816
Budgeting	2,057,358	89,609		
Statewide Benefit Assessment			2,402	
Statewide Medical Benefits			18,371	
Operating			(69,609)	
	2,057,358	89,609	(48,836)	2,098,131
Municipal Affairs	-			
Municipal Affairs as Separate Program			1,477,659	
Transfer 4.0 FTE to Statewide Planning			(250,779)	
Decrease Personnel			(99,623)	
Increase Purchased Services			60,000	
Increase Operating			32,123	
Statewide Benefit Assessment			1,376	
Statewide Medical Benefits			13,630	
	-	-	1,234,386	1,234,386
Auditing	1,459,607			
Personnel			(58,632)	
Operating			15,560	
Statewide Benefit Assessment			1,756	
Statewide Medical Benefits			14,484	
	1,459,607	-	(26,832)	1,432,775
Human Resources	5,919,522			
Personnel			33,010	
Operating			9,539	
Statewide Benefit Assessment			5,713	
Statewide Medical Benefits			54,217	
	5,919,522	-	102,479	6,022,001

Changes to FY 2000 Enacted General Revenue Expenditures

	FY2000 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Supplemental Changes	FY2000 Revised Budget
Taxation	29,586,902			
Personnel - Vacancies, Overtime, and Unrealized Turnover			118,147	
Consultant Services - 2D Bar Code Technology			161,280	
Purchased Services			117,628	
Information Technology/Computer Equipment			217,911	
Overtime - Registry			208,448	
Statewide Benefit Assessment			26,333	
Statewide Medical Benefits			267,212	
Operating			18,173	
PBA-Available Federal Funds			(54,155)	
	29,586,902	-	1,080,977	30,667,879
Central Services	11,117,843	287,439		
Property Management - Operating			(259,934)	
Personnel - Capital Police (OT and 6.0 FTE)			129,765	
Capitol Police - Bulletproof Vests			14,250	
Chief Distribution Officer			67,305	
Statewide Benefit Assessment			8,227	
Statewide Medical Benefits			101,809	
Building Code Books Publication Costs			22,000	
Loan Repayments - Property Management			23,086	
Airport Corporation Lease - Underground Tanks			55,588	
Airport Corporation Lease- Environmental Cleanup			305,500	
	11,117,843	287,439	467,596	11,872,878
Purchasing	2,049,033	109,864		
Statewide Benefit Assessment			2,226	
Statewide Medical Benefits			26,560	
	2,049,033	109,864	28,786	2,187,683
Office of Library & Information Services	7,922,474	1,905,910		
Municipal Affairs as Separate Program			(1,477,659)	
Transfer 4.0 FTE to Statewide Planning			130,560	
Transfer 1.0 FTE to Central Management			(57,395)	
Personnel			(34,105)	
Operating			61,901	
Statewide Benefit Assessment			3,225	
Statewide Medical Benefits			26,788	
	7,922,474	1,905,910	(1,346,685)	8,481,699
General	12,684,901			
Gravity Games - Year 1 Payment			91,667	
Property Revaluation - Jamestown			53,000	
Workers' Compensation Fund			(1,000,000)	
Property Tax Relief			(500,000)	
Capital Properties Judgment			5,977,020	
Shepard's Building Parking/Operating			50,000	
Slater Technology Fund	2,000,000	750,000		
Economic Development Corp	8,035,194			

Changes to FY 2000 Enacted General Revenue Expenditures

	FY2000 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Supplemental Changes	FY2000 Revised Budget
Centers for Excellence	1,000,000			
Housing Resources Act	3,410,000	193,490	(47,973)	
Motor Vehicle Excise Tax Program	48,200,000		(4,401,553)	
General Revenue Sharing Program	27,577,796			
Payment in Lieu of Tax Exempt Properties	16,065,588			
Distressed Communities Relief Program	6,162,500			
Resource Sharing & State Library Aid	5,694,335			
Library Construction Aid	1,598,753			
	132,429,067	943,490	222,161	133,594,718
Personnel Appeal Board	117,728			
Statewide Benefit Assessment			124	
Statewide Medical Benefits			983	
Personnel			4,502	
	117,728	-	5,609	123,337
Debt Service Payments	99,734,582			
Convention Center Debt Service			(500,000)	
Fidelity/Fleet Job Rent Credits			141,960	
General Obligation Debt Service			(422,413)	
McCoy Stadium Variable Rate Debt Service			23,638	
Howard Complex Telecommunications-Financing			(500,000)	
	99,734,582	-	(1,256,815)	98,477,767
Total	298,318,503	3,336,312	1,642,131	303,296,946
Business Regulation				
Central Management	1,040,941			
Computer Network - Y2K Coordination			109,980	
Building Rental			21,044	
Phone Lines			7,075	
Personnel, Operating & Turnover			47,486	
Statewide Medical Benefits			11,888	
Statewide Benefit Assessment			1,277	
	1,040,941	-	198,750	1,239,691
Banking Regulation	1,237,028			
Computer Network - Y2K Coordination			75,010	
Building Rental			19,900	
Phone Lines			4,478	
Personnel, Operating & Turnover			20,824	
Statewide Medical Benefits			3,686	
Statewide Benefit Assessment			1,511	
	1,237,028	-	125,409	1,362,437
Securities Regulation	536,822			
Building Rental			14,133	
Phone Lines			2,743	

Changes to FY 2000 Enacted General Revenue Expenditures

	FY2000 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Supplemental Changes	FY2000 Revised Budget
Personnel, Operating & Turnover			27,613	
Statewide Medical Benefits			6,065	
Statewide Benefit Assessment			572	
	536,822	-	51,126	587,948
Commercial Licensing and Regulation	1,029,055			
Building Rental			21,887	
Phone Lines			735	
Personnel, Operating & Turnover			(18,999)	
Board of Accountancy - Legal			30,000	
Statewide Medical Benefits			9,014	
Statewide Benefit Assessment			985	
	1,029,055	-	43,622	1,072,677
Racing and Athletics	677,179			
Building Rental			11,280	
Personnel, Operating & Turnover			(796)	
Statewide Medical Benefits			10,891	
Statewide Benefit Assessment			799	
	677,179	-	22,174	699,353
Insurance Regulation	3,117,662			
Computer Network - Y2K Coordination			75,010	
Building Rental			27,566	
Phone Lines			7,088	
Personnel, Operating & Turnover			(190,398)	
Statewide Medical Benefits			33,715	
Statewide Benefit Assessment			3,626	
	3,117,662	-	(43,393)	3,074,269
Total	7,638,687	-	397,688	8,036,375
Labor and Training				
Central Management	205,003			
School District Arbitration Cases			35,000	
Center General Moving Expenses			2,613	
Statewide Medical Benefits			2,890	
Statewide Benefit Assessment			283	
Shift Funding to Central Management			20,909	
	205,003	-	61,695	266,698
Workforce Regulation and Safety	3,493,296			
Shift Funding to Other Programs			(56,956)	
Center General Moving Expenses			17,310	
Statewide Benefit Assessment			3,685	
Statewide Medical Benefits			43,914	

Changes to FY 2000 Enacted General Revenue Expenditures

	FY2000 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Supplemental Changes	FY2000 Revised Budget
	3,493,296	-	7,953	3,501,249
Income Support	2,586,343			
Shift Funding to Other Programs			(10,577)	
Statewide Benefit Assessment			73	
Statewide Medical Benefits			989	
Police and Fire Benefit Payments			40,727	
	2,586,343	-	31,212	2,617,555
Labor Relations Board	370,508			
Shift Funding to Labor Relations Board			(16,840)	
Center General Moving Expenses			2,564	
Statewide Benefit Assessment			311	
Statewide Medical Benefits			3,714	
	370,508	-	(10,251)	360,257
Total	6,655,150	-	90,609	6,745,759
Legislature				
Legislature	22,749,750	8,035,019	(356,867)	30,427,902
Statewide Benefit Assessment			19,946	
Statewide Medical Benefits			335,955	
Statewide Retiree Health			966	
Total	22,749,750	8,035,019	-	30,784,769
Lieutenant Governor				
Lt. Governor's Office - General	648,690	39,309		
Personnel			(13,228)	
Operating			9,355	
Statewide Medical Benefits			3,087	
Statewide Benefit Assessment			786	
Total	648,690	39,309	-	687,999
State				
Administration	1,159,594			
Salary and Fringe Benefits			(18,825)	
Statewide Medical Benefit			5,590	
Statewide Fringe Benefit Assmt.			1,129	
Vehicle Property Tax/Lease			10,472	
Retiree Health Insurance			93	
	1,159,594	-	(1,541)	1,158,053

Changes to FY 2000 Enacted General Revenue Expenditures

	FY2000 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Supplemental Changes	FY2000 Revised Budget
Corporations	1,174,829	12,905		
Computer System Programming			59,095	
Salary and Fringe Benefits			60,056	
Statewide Medical Benefit			19,685	
Statewide Fringe Benefit Assmt.			1,228	
	1,174,829	12,905	140,064	1,327,798
State Archives	242,541			
Salary/Fringe Benefits			48	
Statewide Medical Benefit			2,447	
Operating			1,400	
Statewide Fringe Benefit Assmt.			102	
	242,541	-	3,997	246,538
Elections	468,089			
Salary/Fringe Benefits			(475)	
Statewide Medical Benefit			4,538	
Statewide Fringe Benefit Assmt.			226	
Consultants-NVRA/Central Voter Registry			26,000	
Printing/Binding - Pres. Pref. Primary/Local			47,935	
	468,089	-	78,224	546,313
State Library	716,389			
Salary/Fringe Benefits			183	
Statewide Medical Benefit			(1,082)	
Statewide Fringe Benefit Assmt.			242	
	716,389	-	(657)	715,732
Office of Public Information	470,392			
Salary/Fringe Benefits			824	
Statewide Medical Benefit			4,387	
Statewide Fringe Benefit Assmt.			510	
	470,392	-	5,721	476,113
Total	4,231,834	12,905	225,808	4,470,547
Treasury				
Treasury	2,195,651			
Personnel			66,469	
Workers' Compensation			1,688	
Operating			21,283	
Statewide Medical			24,472	
Statewide Benefit Assessment			2,216	

Changes to FY 2000 Enacted General Revenue Expenditures

	FY2000 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Supplemental Changes	FY2000 Revised Budget
	2,195,651	-	116,129	2,311,780
RI Refunding Bond Authority	81,394	27,382	(27,413)	
Statewide Medical			620	
Statewide Benefit Assessment			31	
	81,394	27,382	(26,762)	82,014
Crime Victim Compensation Program	2,387,276	14,788		
Operating			8,673	
Statewide Medical			4,127	
Statewide Benefit Assessment			204	
	2,387,276	14,788	13,004	2,415,068
Total	4,664,321	42,170	102,371	4,808,862
Boards For Design Professionals				
Boards For Professional Design	275,815			
Personnel			1,724	
Statewide Medical Benefits			2,615	
Statewide Benefit Assessment			196	
Total	275,815	-	4,535	280,350
Board of Elections				
Board Of Elections	1,997,330	33,600		
Salary and Fringe Benefits			(12,582)	
Statewide Medical Benefits			5,923	
Statewide Benefit Assessment			963	
Workers Compensation Payments			(30,600)	
Computer Equipment			8,540	
Other Operating			85	
Operating/Printing/PPP/Local Elections			68,764	
	1,997,330	33,600	41,093	2,072,023
Total	1,997,330	33,600	41,093	2,072,023
R I Ethics Commissions				
RI Ethics Commission	787,502	27,000		
Personnel			(8,551)	
Purchased Services			(16,000)	
Operations			10,057	
Statewide Medical Benefits			13,783	
Statewide Benefit Assessment			711	
Total	787,502	27,000	-	814,502
Office of Governor				
Office Of Governor	3,677,083			
Personnel			141,694	

Changes to FY 2000 Enacted General Revenue Expenditures

	FY2000 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Supplemental Changes	FY2000 Revised Budget
Operating			(25,408)	
Statewide Benefit Assessment			4,232	
Statewide Medical Benefits			36,196	
Total	3,677,083	-	156,714	3,833,797
Public Utilities Commission				
Public Utilities Commission	737,277			
Statewide Medical Benefits			3,253	
Statewide Benefit Assessment			451	
Turnover			(451)	
Total	737,277	-	3,253	740,530
Rhode Island Commission on Women				
Rhode Island Commission on Women	122,543			
Payroll Costs			(5,571)	
Purchased Services			452	
Operating Expenses			5,076	
Statewide Medical Benefits			363	
Statewide Benefit Assessment			140	
Total	122,543	-	460	123,003
Sub-Total General Government	352,504,485	11,526,315	2,664,662	366,695,462
<u>Human Services</u>				
Children, Youth, and Families				
Central Management	6,243,414			
Statewide Medical Adjustment			26,639	
Statewide Benefit Assessment			4,250	
RIBCO Settlement			7,615	
Overtime			(2,782)	
Child Abuse Hotline			20,000	
Security Services			22,995	
Operating			(405,143)	
Grants & Benefits			(8,885)	
Purchased Services (260's)			364,998	
Title IV - E Utilization Rate Change			551,000	
Turnover			(22,397)	
Worker's Compensation			40,707	
	6,243,414	-	598,997	6,842,411
Children's Behavioral Health	19,075,806			
Statewide Medical Adjustment			1,076	
Statewide Benefit Assessment			6,295	

Changes to FY 2000 Enacted General Revenue Expenditures

	FY2000 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Supplemental Changes	FY2000 Revised Budget
Overtime			2,664	
Operating			(505,361)	
Purchased Services (260's)			200,391	
Turnover			(126,658)	
State Medicaid Match Account			(2,008,779)	
Psychiatric Hospitals			999,746	
Deferral of New Programs			(963,382)	
Project Reach RI			(271,272)	
Utilization Review - Medicaid Match			(250,000)	
	19,075,806	-	(2,915,280)	16,160,526
Juvenile Corrections	21,760,398			
Statewide Medical Adjustment			18,175	
Statewide Benefit Assessment			62,349	
RIBCO Settlement			513,616	
Overtime			96,518	
Purchased Services (260's)			83,328	
Worker's Compensation			162,852	
Worker's Compensation Administration			20,000	
Probation & Parole - Increased Medicaid Portion			(1,433,000)	
JCS Increase in State Medicaid Match			1,415,995	
Grants & Benefits			25,958	
	21,760,398	-	965,791	22,726,189
Child Welfare	70,378,884			
Children's Trust Fund	55,500			
Statewide Medical Adjustment			20,036	
Statewide Benefit Assessment			150,469	
Overtime			(253,728)	
Purchased Services (260's)			95,462	
Title IV - E Funding Change			1,151,000	
Worker's Compensation			59,942	
Child Care Rate Increase			353,268	
Purchase of Service Placements			188,000	
Lease Vehicles			63,443	
Turning the Corner Program - 8 bed facility			249,778	
Decrease in State Share - Foster Parent Payroll			(222,000)	
Holiday Pay			121,542	
Transfer State Medicaid Match to JCS Probation			(1,515,000)	
Operating			(46,722)	
	70,434,384	-	415,490	70,849,874
Higher Education Opportunity Incentive Grant	50,000			
	50,000	-	-	50,000
Total	117,564,002	-	(935,002)	116,629,000

Changes to FY 2000 Enacted General Revenue Expenditures

	FY2000 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Supplemental Changes	FY2000 Revised Budget
Elderly Affairs				
Elderly Affairs	20,086,706			
Payroll/Turnover			(56,165)	
Operating			11,989	
RIPAE			(276,046)	
Assistance, Grants and benefits			(299,387)	
Day Care Co-Pay			(98,534)	
Statewide Medical Benefits			16,650	
Statewide Benefit Assessment			2,601	
	20,086,706	-	(698,892)	19,387,814
Safety and Care for the Elderly	1,000			
	1,000	-	-	1,000
Total	20,087,706	-	(698,892)	19,388,814
Health				
Central Management	2,589,244		-	
Payroll			78,157	
Statewide Medical Benefits			26,538	
Statewide Benefit Assessment			2,526	
Worker's Comp			5,300	
Position Transfer			(70,233)	
Purchased Services			6,843	
Operating			(22,245)	
Assistance, Grants			(1,464)	
	2,589,244	-	25,422	2,614,666
State Medical Examiner	1,422,685			
Payroll			(70,540)	
Statewide Medical Benefits			16,539	
Statewide Benefit Assessment			1,357	
Purchased Services			18,987	
Operating			14,025	
	1,422,685	-	(19,632)	1,403,053
Family Health			-	
General	7,245,650			
Payroll			(83,026)	
Statewide Medical Benefits			15,934	
Statewide Benefit Assessment			1,305	
Purchased Services			104,856	
Operating			(5,046)	
Assistance, Grants			(28,773)	
Poison Control	400,000		(50,000)	350,000

Changes to FY 2000 Enacted General Revenue Expenditures

	FY2000 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Supplemental Changes	FY2000 Revised Budget
	7,645,650	-	(44,750)	7,600,900
Health Services Regulation	4,016,800			
Payroll			8,552	
Statewide Medical Benefits			58,283	
Statewide Benefit Assessment			4,480	
Position Transfer			70,233	
Purchased Services			(107,985)	
Operating			(92,264)	
Assistance, Grants			(735)	
	4,016,800	-	(59,436)	3,957,364
Environmental Health	3,849,234			
Payroll			(208,246)	
Statewide Medical Benefits			50,044	
Statewide Benefit Assessment			3,931	
Purchased Services			96,475	
Worker's Comp			(17,000)	
Operating			76,136	
Assistance, Grants			(78,585)	
	3,849,234	-	(77,245)	3,771,989
Health Laboratories	5,461,696			
Payroll			(48,450)	
Statewide Medical Benefits			62,543	
Statewide Benefit Assessment			4,957	
Worker's Comp			(5,576)	
Purchased Services			6,625	
Operating			28,648	
Assistance, Grants			50	
	5,461,696	-	48,797	5,510,493
Disease Prevention and Control	3,833,027			
Payroll			54,823	
Statewide Medical Benefits			13,038	
Statewide Benefit Assessment			1,342	
Operating			(16,167)	
Assistance, Grants			(55,000)	
	3,833,027	-	(1,964)	3,831,063
Total	28,818,336	-	(128,808)	28,689,528

Human Services

Changes to FY 2000 Enacted General Revenue Expenditures

	FY2000 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Supplemental Changes	FY2000 Revised Budget
Central Management	5,536,191			
Disallowance of indirect cost allocation			581,308	
Grant for Homeless Shelter			100,000	
Emergency Housing Grant			50,000	
Statewide Benefit Assessment			980	
Statewide Medical Benefits			39,915	
Net other program operations			(68,706)	
	5,536,191	-	703,497	6,239,688
Individual and Family Support	19,186,405			
Computers/ Information Processing			445,436	
Food stamps cost allocation change			80,000	
InRhodes database contract			268,856	
Statewide Benefit Assessment			14,956	
Statewide Medical Benefits			300,177	
Net other program operations			22,945	
	19,186,405	-	1,132,370	20,318,775
Veterans' Affairs	12,496,312			
Medicine and Drugs			116,000	
Personnel			(327,817)	
Workers Compensation			158,711	
Statewide Benefit Assessment			10,221	
Statewide Medical Benefits			231,936	
Net other program operations			(36,863)	
	12,496,312	-	152,188	12,648,500
Health Care Quality, Financing and Purchasing	12,693,066			
InRhodes database contract			146,140	
Statewide Benefit Assessment			8,466	
Statewide Medical Benefits			91,373	
Net other program operations			61,515	
	12,693,066	-	307,494	13,000,560
Medical Benefits	313,718,377			
Caseload Conference			(3,718,377)	
	313,718,377	-	(3,718,377)	310,000,000
S.S.I. Program	25,276,748			
Caseload Conference			319,655	
	25,276,748	-	319,655	25,596,403
Child Care	16,341,602			
Temporary Assistance for Needy Families/F.I.P.	38,462,244			
Caseload Conference			4,929,846	
	54,803,846	-	4,929,846	59,733,692
State Funded Programs				
General Public Assistance	1,639,352			
Caseload Conference			45,812	

Changes to FY 2000 Enacted General Revenue Expenditures

	FY2000 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Supplemental Changes	FY2000 Revised Budget
Food Stamp Replacement for Immigrants	1,821,456			
Caseload Conference			21,491	
Weatherization One Time Payment	1,830,000			
Caseload Conference			30,000	
Citizen Participation Program	100,000			
	5,390,808	-	97,303	5,488,111
Total	449,101,753	-	3,923,976	453,025,729
Mental Health, Retardation, & Hospitals				
Central Management	1,450,948		-	
Statewide Medical Benefit			11,364	
Salary & Fringe Benefits			(45,016)	
Operating			40,002	
Grants/Benefits			(1,015)	
Statewide Benefit Assessment			1,813	
	1,450,948	-	7,148	1,458,096
Hosp. & Community System Support	15,208,818			
Steam Line for Center General Complex			142,000	
Statewide Medical Benefit			133,047	
Statewide Benefit Assessment			10,398	
Purchased Services			(367)	
Utility Cost Transfer - Corrections			1,700,823	
	15,208,818	-	1,985,901	17,194,719
Services. for the Developmentally Disabled	87,683,864	1,300,906		
Grant Based Caseload/Service Changes			1,400,000	
Salary & Fringe			126,015	
Purchased Services			40,229	
Workers Compensation			(60,587)	
Operating - Capital			(398,500)	
Other Operating			(134,128)	
Other Grants & Benefits			(837)	
Statewide Medical Benefit			249,405	
Statewide Benefit Assessment			17,679	
	87,683,864	1,300,906	1,239,276	90,224,046
Integrated Mental Health Services	29,587,951		-	
Statewide Medical Benefit			19,978	
Salary & Fringe			179	
Operating			(40,953)	
Harvard Pilgrim Uninsured Clients			300,000	
Statewide Benefit Assessment			1,356	
	29,587,951	-	280,560	29,868,511
Hosp. & Community Rehab. Services	42,206,015			

Changes to FY 2000 Enacted General Revenue Expenditures

	FY2000 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Supplemental Changes	FY2000 Revised Budget
Salary and Fringe Benefits/Overtime			579,693	
Statewide Medical Benefit			587,040	
Statewide Benefit Assessment			34,500	
Medical/Other Consultants			148,799	
Grants & Benefits			5,988	
Operating/Pharmaceuticals			115,164	
	42,206,015	-	1,471,184	43,677,199
Substance Abuse	13,839,098		-	
Statewide Medical Benefit			24,553	
Salary & Fringe			38,959	
Workers Compensation			(32,250)	
Operating			12,286	
Grants & Benefits			(24,950)	
Statewide Benefit Assessment			2,120	
Providence Community Action	213,000		-	
	14,052,098		20,718	14,072,816
Total	190,189,694	1,300,906	5,004,787	196,495,387
Office of the Child Advocate	379,693			
Personnel			27,178	
Rent & Operating			23,935	
Statewide Medical Benefits			2,268	
Statewide Benefit Assessment			(716)	
Total	379,693	-	52,665	432,358
Commission on Deaf and Hard of Hearing	239,627			
Personnel			(7,459)	
Operating			8,405	
Medical Adjustment			1,029	
Statewide Benefit Assessment			182	
Total	239,627	-	2,157	241,784
Governor's Commission on Disabilities	255,729			
Personnel			19,367	
Operating			(12,230)	
Statewide Medical Benefits			3,088	
Statewide Benefit Assessment			300	
Total	255,729	-	10,525	266,254
Commission For Human Rights	693,927			
Personnel			3,184	
Operating Expenditures			(7)	
Statewide Medical Benefits			(3,871)	
Statewide Benefit Assessment			694	
Total	693,927	-	-	693,927

Changes to FY 2000 Enacted General Revenue Expenditures

	FY2000 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Supplemental Changes	FY2000 Revised Budget
Mental Health Advocate	229,613			
Personnel			(74)	
Consultant Services			(1,161)	
Operating Savings			(1,743)	
Statewide Medical Benefits			6,645	
Statewide Benefit Assessment			263	
Total	229,613	-	3,930	233,543
Sub-Total Human Services	807,560,080	1,300,906	7,235,338	816,096,324
<u>Education</u>				
Elementary and Secondary				
State Aid				
State Support Local School Operations	491,165,459		-	
Vocational Rehabilitation - General	114,060		-	
Charter Schools	50,000		(50,000)	
	491,329,519	-	(50,000)	491,279,519
School Housing Aid	22,568,946		-	
Increase Housing Aid			2,971,334	
	22,568,946	-	2,971,334	25,540,280
Teacher's Retirement	42,194,046		-	
Adjustment of Teacher Payroll Base			(1,936,484)	
Adjust Teacher Retiree Health Cost			136,592	
	42,194,046	-	(1,799,892)	40,394,154
RI School for the Deaf	5,066,978		-	
Contract Settlement Cost			75,819	
Workers Comp Costs			57,000	
Statewide Medical Benefits			71,483	
Statewide Benefit Assessment			5,968	
	5,066,978	-	210,270	5,277,248
Central Falls School District	27,268,988		-	
	27,268,988	-	-	27,268,988
Davies Career & Technical School	9,323,653			
Statewide Medical Benefits			110,751	
Statewide benefit assessment			10,031	
	9,323,653	-	120,782	9,444,435
Met. Regional Career & Tech. School	1,800,000			
	1,800,000	-	-	1,800,000
Program Operations	14,481,140			

Changes to FY 2000 Enacted General Revenue Expenditures

	FY2000 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Supplemental Changes	FY2000 Revised Budget
Assessment and CIM Contract			42,165	
Statewide Medical Benefits			69,118	
Statewide Benefit Assessment			7,834	
Reallocate Charter School funds			50,000	
	14,481,140	-	169,117	14,650,257
Total	614,033,270	-	1,621,611	615,654,881
Higher Education - Board of Governors				
Higher Education - Board of Governors	150,790,016	8,120		
Personnel and Operating			(144,133)	
Statewide Medical Benefits			1,676,937	
Statewide Benefit Assessment			144,133	
Total	150,790,016	8,120	1,676,937	152,475,073
RI State Council On The Arts - General				
Operating Support	336,608			
Personnel			2,714	
Statewide Medical Benefits			3,477	
Statewide Benefit Assessment			358	
			6,549	343,157
Grants	625,000	-		625,000
Total	961,608	-	6,549	968,157
Atomic Energy Commission				
Atomic Energy Commission	609,196			
Personnel & Operating			(27,885)	
Statewide Medical Benefit			11,962	
Statewide Benefit Assessment			656	
Total	609,196	-	(15,267)	593,929
Higher Education Assistance Authority				
Need Based Grants & Work Opprotunities	6,397,372	340,547		
Scholarships			28,461	
	6,397,372	340,547	28,461	6,766,380
Authority Operations & Other Grants	994,420	28,461		
Work Study			(28,461)	
Personnel & Operating			(9,344)	
Statewide Medical Benefit			8,352	
Statewide Benefit Assessment			637	
	994,420	28,461	(28,816)	994,065
Total	7,391,792	369,008	(355)	7,760,445

Changes to FY 2000 Enacted General Revenue Expenditures

	FY2000 Enacted	Reappropriation/	Supplemental	FY2000
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Changes to FY 2000 Enacted General Revenue Expenditures

	FY2000 Enacted	Reappropriation/	Supplemental	FY2000
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Changes to FY 2000 Enacted General Revenue Expenditures

	FY2000 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Supplemental Changes	FY2000 Revised Budget
Purchased Services			(41,642)	
Workers' Compensation			9,659	
Operating Savings			(112,345)	
Population-related savings			(1,153,713)	
Transfer Gas & Electricity funds to MHRH			(1,700,823)	
Capital			10,578	
Grants & Benefits			(137,831)	
	106,679,397	1,814,731	(6,549,230)	101,944,898
Community Corrections	8,417,624			
Project Post			(91,613)	
Workers Compensation			(57,925)	
RIBCO Settlement			(131,781)	
Turnover			(17,043)	
Grants & Benefits			(542)	
Operating			78,825	
Reintegration Center Lead Team			(92,382)	
Personnel			292,319	
Statewide Benefit Assessment			9,511	
Medical Benefit Adjustment			111,767	
RIBCO Professional Unit Retro			113,353	
RIBCO Professional Unit 2 Pay Grade Increase			24,598	
	8,417,624	-	239,087	8,656,711
Total	124,100,217	1,839,731	(5,396,436)	120,543,512
Judiciary				
Supreme Court				
General	12,831,581			
Payroll			(433,148)	
Transfer 5.0 FTE from Traffic Tribunal			273,104	
Unemployment Comp			(19,362)	
Workers' Comp			(5,000)	
Grants			907	
Operating			135,380	
Statewide Benefit Assessment			10,704	
Statewide Medical			111,557	
Defense of Indigents	1,616,320			
Indigent Defense Fund			(102,183)	
	14,447,901	-	(28,041)	14,419,860
Justice Link	1,621,705			
Reappropriation		221,877		
Operating			(2,098)	
Personnel			2,119	
Statewide Benefit Assessment			40	
Statewide Medical			550	
	1,621,705	221,877	611	1,844,193

Changes to FY 2000 Enacted General Revenue Expenditures

	FY2000 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Supplemental Changes	FY2000 Revised Budget
Superior Court	13,558,305			
Payroll			(387,292)	
Workers' Comp			(9,624)	
Judges Pensions			(39,258)	
Operating			45,790	
Statewide Benefit Assessment			14,113	
Statewide Medical			133,866	
	13,558,305	-	(242,405)	13,315,900
Family Court	9,282,889			
Payroll			99,388	
Purchased Services			102,500	
Unemployment Comp			(2,500)	
Workers Comp			(2,000)	
Operatings			29,144	
Statewide Benefit Assessment			10,416	
Statewide Medical			128,966	
	9,282,889	-	365,914	9,648,803
District Court	6,244,049			
Payroll			81,431	
Purchased Services			77,000	
Judges Pension			(8,015)	
Operating			40,296	
Statewide Benefit Assessment			6,792	
Statewide Medical			72,697	
	6,244,049	-	270,201	6,514,250
Traffic Tribunal	4,863,483			
Payroll			174,167	
Transfer 5.0 FTE to Supreme Court			(273,104)	
Purchased Services			44,670	
Judges Pensions			3,476	
Operating			193,793	
Statewide Benefit Assessment			4,522	
Statewide Medical			63,162	
	4,863,483	-	210,686	5,074,169
Total	50,018,332	221,877	576,966	50,817,175
Military Staff				
Military Staff	1,731,758			
Veterans Bonus			600	
Firing Squad			6,174	
Above Ground Storage Tank			30,000	

Changes to FY 2000 Enacted General Revenue Expenditures

	FY2000 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Supplemental Changes	FY2000 Revised Budget
Engineer - State Share			11,075	
Security Officers - Quonset			(65,121)	
Firefighters Overtime			(10,000)	
Electricity			7,970	
Heating Fuel			(38,487)	
Workers Comp - Admin Account			1,275	
Ema Fiscal Mngt Officer Funding Reallocation			14,662	
Building Repairs			10,201	
Personnel Adjustments			(2,434)	
Workers Comp - Weekly Payments			(2,013)	
Medical Benefits Adjustment			18,636	
Statewide Benefit Assessment			1,295	
	1,731,758	-	(16,167)	1,715,591
Emergency Management	343,265			
FEMA Reimbursement Change			76,479	
Statewide Benefit Assessment			493	
Medical Benefits Adjustment			8,205	
	343,265	-	85,177	428,442
Total	2,075,023	-	69,010	2,144,033
Fire Safety Code Commission				
Fire Code Commission	167,765			
Medical Benefit Adjustment			1,861	
Personnel			(184)	
Statewide Benefit Assessment			185	
Total	167,765	-	1,862	169,627
State Fire Marshal				
State Fire Marshal	1,216,309	41,553		
Personnel			(10,841)	
Medical Benefit Adjustment			13,281	
Statewide Benefit Assessment			1,215	
Total	1,216,309	41,553	3,655	1,261,517
Judicial Tenure and Discipline	80,180			
Reappropriation for Legal Expenses		8,814		
Underbudgeted Legal Expenses			21,186	
Special Audit Services			10,000	
Statewide Benefit Assessment			91	
Statewide Medical Benefits			938	
Total	80,180	8,814	32,215	121,209
Rhode Island Justice Commission				
Rhode Island Justice Commission	184,913			
Personnel			(163)	

Changes to FY 2000 Enacted General Revenue Expenditures

	FY2000 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Supplemental Changes	FY2000 Revised Budget
Statewide Benefit Assessment			163	
Medical Benefit Adjustment			1,786	
Total	184,913	-	1,786	186,699
Municipal Police Training Academy				
Municipal Police Academy	403,513	171,016		
Personnel			(275)	
Statewide Benefit Assessment			275	
Medical Benefit Adjustment			4,031	
Total	403,513	171,016	4,031	578,560
Rhode Island State Police				
State Police	31,996,895	131,769		
Personnel Reductions			(202,836)	
Equipment Purchases			139,000	
Other Operating Reductions			(30,398)	
Adjustment of Retiree Pension Costs			179,538	
Statewide Medical Benefits			237,457	
Statewide Benefit Assessment			2,931	
Total	31,996,895	131,769	325,692	32,454,356
Office Of Public Defender				
Public Defenders Office	4,882,305	86,008		
Personnel Costs			(95,603)	
Purchased Services			61,305	
Operating Costs			28,503	
Statewide Benefit Assessment			5,795	
Statewide Medical Benefits			63,522	
Total	4,882,305	86,008	63,522	5,031,835
Sheriffs of Several Counties				
Sheriffs of Several Counties	7,968,934			
Personnel Costs - Providence County			(93,032)	
Operating Costs - Providence County			(41,844)	
Personnel Costs - Bristol County			91,420	
Special Stipend - Bristol County			1,700	
Operating Costs - Bristol County			3,570	
Personnel Costs - Kent County			83,211	
Operating Costs- Kent County			6,939	
Personnel Costs - Washington County			122,313	
Operating Costs - Washington County			18,180	
Personnel Costs - Newport County			37,169	

Changes to FY 2000 Enacted General Revenue Expenditures

	FY2000 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Supplemental Changes	FY2000 Revised Budget
Operating Costs - Newport County			13,155	
Increased Costs - Officers' Fee Account			15,455	
Statewide Medical Benefits			125,418	
Statewide Benefit Assessment			9,162	
Total	7,968,934	-	392,816	8,361,750
Sub-Total Public Safety	236,538,068	2,788,768	(4,137,589)	235,189,247
<u>Natural Resources</u>				
Environmental Management				
Policy and Administration	7,434,660			
Legal Services			25,000	
Permit Streamlining			700,000	
Operating			(68,933)	
Statewide Benefit Assessment			5,500	
Statewide Medical Benefits			62,866	
	7,434,660	-	724,433	8,159,093
Natural Resources	13,583,646			
Operating			25,963	
Statewide Benefit Assessment			13,000	
Statewide Medical Benefits			138,209	
	13,583,646	-	177,172	13,760,818
Environmental Protection	8,544,034			
Personnel			204,196	
Operating			(61,700)	
Tire Remediation			(250,000)	
Statewide Benefit Assessment			10,491	
Statewide Medical Benefits			115,674	
	8,544,034	-	18,661	8,562,695
Total	29,562,340	-	920,266	30,482,606
Coastal Resources Management Council				
Coastal Resources Management Cnl	953,579			
Payroll			13,969	
Statewide Medical Benefits			11,013	
Statewide Benefit Assessment			1,029	
Purchased Services			(9,861)	
Operating			(11,318)	
Total	953,579	-	4,832	958,411
Water Resources Board				

Changes to FY 2000 Enacted General Revenue Expenditures

	FY2000 Enacted Appropriation	Reappropriation/ Appropriation Transfer	Supplemental Changes	FY2000 Revised Budget
Water Resources Board	1,431,270	84,651		
Personnel			48,116	
Architectural and Engineering Services (BOC 262)			(185,262)	
Grants			(33,199)	
Statewide Benefit Assessment			820	
Statewide Medical Benefits			7,138	
Total	1,431,270	84,651	(162,387)	1,353,534
Sub-Total Natural Resources	31,947,189	84,651	762,711	32,794,551
Statewide General Revenue Totals	2,205,328,242	16,123,307	9,990,094	2,231,441,643

Changes to FY 2000 Enacted Transportation Expenditures

	FY2000 Enacted Appropriation	Carry Over From FY1999 Appropriations	(Decrease)/ Increase	FY2000 Revised
Transportation ISTEAA Fund Changes				
Central Management	2,491,455			
Payroll		-	449,875	
Grants		-	(543)	
Statewide Medical Benefits			34,517	
	2,491,455	-	483,849	2,975,304
Management & Budget	1,286,646			
Payroll		-	307,223	
Capital Improvements		-	(17,793)	
Statewide Medical Benefits			18,735	
	1,286,646	-	308,165	1,594,811
Infrastructure-Maintenance	37,146,595			
Payroll		-	49,242	
Operating		226,772	191,421	
Capital Improvements		3,712,275	216,809	
Statewide Medical Benefits			237,798	
Workers Compensation			(138,498)	
Winter Maintenance			1,338,096	
	37,146,595	3,939,047	1,894,868	42,980,510
Infrastructure-Engineering	29,953,581			
Payroll		-	(874,621)	
Operating		-	105,251	
Capital Improvements		-	1,002,400	
Statewide Medical Benefits			28,954	
RIPTA Funding			523,281	
	29,953,581	-	785,265	30,738,846
Total	70,878,277	3,939,047	3,472,147	78,289,471

Changes are reflective of gas tax funding only. Excluded are changes to State Infrastructure Banks funds and programming of FY 1999 Turnpike and Bridge funds.

The carry over of \$3.9 million reflects funds appropriated and obligated in FY 1999 but not spent.

The Increase/Decrease column includes \$1.5 million in unanticipated excess revenue collections from FY 1999. This amount is above the \$1.16 million estimate of higher than expected revenues that was incorporated into the FY 2000 enacted budget. It also includes \$1.62 million of funds resulting from an increased yield estimate. The increased yield results from an estimate per cent of gas tax of \$4.7 million as opposed to the original estimate of \$4.61 million.

FY 2000 revised funding level reflects a \$110,217 increase in debt service funding transfer to DOA. RIPTA's debt service decreases by \$28,281 and DOT's increases by \$138,498.

Formula Aid to Cities and Towns

General Revenue Sharing

The Governor's FY 2001 budget recommends formula aid to cities and towns totaling \$126.1 million. This represents a 10.9 percent, or \$12.4 million, increase from the FY 2000 level of funding. The tables on the following pages display FY 2000 and FY 2001 recommended levels of funding for formula aid to cities and towns by community. The narrative below describes each of the programs included on the tables.

Payment in Lieu of Tax Exempt Property (PILOT)

Beginning in FY 1994, one percent of total state tax revenues from the second prior fiscal year was earmarked for general state aid to cities and towns. Beginning in FY 1999, this percentage will be increased annually until reaching 4.7 percent by FY 2009. These funds are distributed based on a legislated formula encompassing per-capita income and the taxes imposed by each city or town for public purposes, excluding amounts allocated to education expenses.

Legislation creating this program enables the State of Rhode Island to reimburse cities and towns for property taxes that would have been due on certain types of real property which are exempted from taxation by state law. This includes property owned by nonprofit educational institutions, nonprofit hospitals, or any state owned hospital, veterans' residential facility, airport or correctional facility. Reimbursement is made for twenty-seven percent of all tax that would have been collected had the property been taxable, prorated by the amount appropriated for a given fiscal year.

Distressed Communities Relief Program

This program provides state assistance to those Rhode Island communities that have the highest property tax burdens relative to the wealth of taxpayers.

Public Service Corporation Tax

The tangible personal property of telegraph, cable and telecommunications corporations is exempted from local taxation, but is subject to taxation by the state. Funds collected from this tax are distributed to cities and towns within the state on the basis of the ratio of the city or town population to the population of the State as a whole.

Library Aid

This program provides financial support for local public library services and for the construction and capital improvement of any free public library. A portion of library aid is disbursed directly to local libraries, which include private libraries, while other aid is disbursed to the individual cities and towns.

Motor Vehicle Excise Tax Phase –Out

Legislation enacted during the 1999 General Assembly provides for a phase-out of the local excise tax on motor vehicles and trailers. The Governor proposes to reimburse cities and towns for revenues lost as a result of providing a \$2,500 exemption on each vehicle.

Fiscal Year 2000 State Aid to Cities and Towns

City or Town	General Revenue Sharing	Payment In Lieu of Tax Exempt Property	Distressed Community Relief Fund	Public Service Corporation Tax	State Library Aid	Motor Vehicle Excise Tax Reimbursement	FY 2000 Total State Aid
Barrington	128,989	57,750	-	201,992	154,566	992,439	1,535,736
Bristol	468,591	354,501	-	275,606	75,665	457,598	1,631,961
Burrillville	367,366	69,349	-	206,848	60,946	797,892	1,502,401
Central Falls	702,830	18,708	167,507	224,780	63,470	435,669	1,612,964
Charlestown	142,757	-	-	82,561	39,288	153,425	418,031
Coventry	521,567	-	-	396,146	131,074	902,518	1,951,305
Cranston	2,022,479	2,402,298	-	969,369	393,752	4,124,504	9,912,402
Cumberland	287,202	1,188	-	370,083	147,213	837,291	1,642,977
East Greenwich	84,417	2,303	-	151,217	65,961	443,657	747,555
East Providence	1,177,031	59,125	-	642,082	290,063	1,708,764	3,877,065
Exeter	85,047	-	-	69,599	927	278,978	434,551
Foster	131,240	250	-	55,007	37,500	246,419	470,416
Glocester	237,009	-	-	117,596	57,839	345,476	757,920
Hopkinton	135,771	-	-	87,595	40,759	234,534	498,659
Jamestown	102,844	4	-	63,711	39,392	131,796	337,747
Johnston	1,057,692	-	-	338,272	96,043	1,613,077	3,105,084
Lincoln	469,082	-	-	229,980	107,184	928,767	1,735,013
Little Compton	45,194	-	-	42,555	22,962	88,237	198,948
Middletown	401,291	-	-	248,014	99,575	352,783	1,101,663
Narragansett	364,548	-	-	190,981	76,630	396,892	1,029,051
Newport	900,965	510,914	-	359,747	177,046	593,449	2,542,121
New Shoreham	33,314	-	-	10,655	30,779	19,517	94,265
North Kingstown	370,562	4,101	-	303,148	161,339	894,099	1,733,249
North Providence	984,934	119,513	-	408,980	145,257	1,793,936	3,452,620
North Smithfield	261,725	45,541	-	133,782	48,674	640,426	1,130,148
Pawtucket	2,135,866	458,446	1,147,078	925,832	289,425	3,531,781	8,488,428
Portsmouth	272,193	-	-	214,839	83,479	547,842	1,118,353
Providence	6,404,973	10,543,351	3,586,430	2,048,444	649,496	8,280,316	31,513,010
Richmond	68,330	401	-	68,197	24,792	242,039	403,759
Scituate	177,513	-	-	124,848	64,244	508,643	875,248
Smithfield	763,641	399,870	-	244,228	132,364	1,148,659	2,688,762
South Kingstown	518,341	94,971	-	313,917	115,128	643,258	1,685,615
Tiverton	289,011	-	-	182,403	58,697	395,494	925,605
Warren	231,668	-	-	145,099	43,788	356,368	776,923
Warwick	2,421,187	656,901	-	1,088,749	411,454	4,423,711	9,002,002
Westerly	326,563	112,309	-	275,351	83,061	914,766	1,712,050
West Greenwich	75,056	-	-	44,505	21,264	157,000	297,825
West Warwick	739,312	-	609,502	373,014	138,456	1,077,043	2,937,327
Woonsocket	1,669,692	153,794	651,982	559,203	175,177	1,769,566	4,979,414
Subtotal	27,577,796	16,065,588	6,162,500	12,788,935	4,854,729	43,408,630	110,858,174
Statewide Reference Library Resource Grant (Providence)							822,484
Library Construction Reimbursement							1,598,753
Motor Vehicle Excise Tax Reimbursement - Fire Districts							389,817
Total							113,669,228

¹ Totals may not add due to rounding; formula data for some communities remains incomplete, thus distribution is subject to change.

² Motor Vehicle Excise Tax amounts are subject to change pending receipt of tax roll information and CPI data.

³ Some library aid is paid directly to libraries within a community and not to the city or town.

⁴ Public Service Corporation Tax is a pass-thru of funds and is not appropriated as general revenues.

Fiscal Year 2001 State Aid to Cities and Towns

[illegible]

Changes in Formula Aid - FY 2001 vs. FY 2000

City or Town	General Revenue Sharing	Payment In Lieu of Tax Exempt Property	Distressed Community Relief Fund	Public Service Corporation Tax	State Library Aid	Motor Vehicle Excise Tax Reimbursement	Total Difference
Barrington	47,368	7,839	-	-	49,879	93,751	198,837
Bristol	138,254	76,554	-	-	-	36,300	251,108
Burrillville	88,111	1,333	-	-	-	55,797	145,241
Central Falls	151,763	-	(5,721)	-	-	30,159	176,201
Charlestown	57,332	-	-	-	-	11,881	69,213
Coventry	106,863	-	-	-	-	66,720	173,583
Cranston	282,845	10,167	-	-	21,165	330,787	644,964
Cumberland	308,354	436	-	-	-	67,569	376,359
East Greenwich	25,032	111	-	-	-	45,850	70,993
East Providence	357,253	(204)	-	-	56,658	911,423	1,325,130
Exeter	26,459	-	-	-	7,022	27,486	60,967
Foster	17,434	4	-	-	-	18,570	36,008
Glocester	12,862	-	-	-	-	26,430	39,292
Hopkinton	94,245	-	-	-	-	17,634	111,879
Jamestown	15,600	-	-	-	3,834	13,216	32,650
Johnston	126,087	-	-	-	-	146,588	272,675
Lincoln	10,264	-	-	-	8,123	78,566	96,953
Little Compton	11,077	-	-	-	-	7,688	18,765
Middletown	111,578	-	-	-	-	35,973	147,551
Narragansett	87,725	-	-	-	-	34,709	122,434
Newport	161,582	16,029	-	-	22,783	43,600	243,994
New Shoreham	7,194	-	-	-	9,084	2,661	18,939
North Kingstown	123,781	1,367	-	-	19,527	74,827	219,502
North Providence	199,119	5,131	-	-	-	137,848	342,098
North Smithfield	58,012	4,111	-	-	-	51,253	113,376
Pawtucket	500,831	16,877	(7,296)	-	-	227,890	738,302
Portsmouth	73,446	-	-	-	-	31,462	104,908
Providence	1,383,033	1,303,162	36,799	-	-	569,919	3,292,913
Richmond	43,504	16	-	-	-	14,941	58,461
Scituate	50,327	-	-	-	-	39,417	89,744
Smithfield	73,096	38,988	-	-	13,728	93,765	219,577
South Kingstown	108,487	29,183	-	-	2,820	51,891	192,381
Tiverton	42,538	-	-	-	-	30,032	72,570
Warren	48,691	-	-	-	-	27,448	76,139
Warwick	510,544	19,810	-	-	16,286	459,828	1,006,468
Westerly	5,063	19,688	-	-	-	71,525	96,276
West Greenwich	19,122	-	-	-	-	13,677	32,799
West Warwick	125,195	-	(2,681)	-	-	78,768	201,282
Woonsocket	344,838	-	(21,100)	-	-	117,156	440,894
Total	5,954,909	1,550,602	-	-	230,909	4,195,005	11,931,426
Statewide Reference Library Resource Grant (Providence)							57,627
Library Construction Reimbursement							401,247
Motor Vehicle Excise Tax Reimbursement - Fire Districts							-
Total							12,390,300

Education Aid to Local Units of Government

Education Aid to Local Governments totals \$614.0 million in FY 2001. This represents a \$30.0 million net increase in state support relative to the FY 2000 revised budget. The increase in funding is due primarily to a decrease in Teacher Retirement obligations of \$4.9 million, and increases totaling \$34.9 million in three of the Student Investment Initiatives, in two new Initiatives, and in General Operations Aid. The programs which increase are:

- Core Instruction Equity, \$10.8 million for urban areas least able to finance educational increases;
- Student Equity, \$13.0 million for communities based upon the school lunch student population;
- Charter School, \$721,863 for increased enrollment in the state's two charter schools;
- Full Day Kindergarten (new), \$2.6 million for reimbursement on a per pupil basis to those communities with full day kindergarten based on October enrollment.
- Progressive Support and Intervention (new), \$1.0 million for technical support for those school districts or schools that have consistently failed to meet its performance goals.
- General Operations Aid, \$6.7 million, including \$2.7 million for Central Falls.

The Governor's FY 2001 Education Aid distribution guarantees each school district a minimum education aid increase of 3.0 percent. Some districts will qualify for a guaranteed minimum increase of 5.0 percent, and urban districts will qualify for minimum increases of 7.0 percent. No community will receive an increase above 10.0 percent. The FY 2001 distribution employs the most recent school data for all communities, from which their share of the total is derived.

Beginning in FY 2001, the Governor's recommendation for Aid to Education records federal reimbursements to local education authorities for special education expenditures. Claiming of the reimbursements is expanded significantly by expanding the types of eligible services, student eligibility criteria, and by establishing reimbursement, for the first time, for administrative costs associated with operating special education programs. The FY 2001 recommendation includes a total of \$18.0 million in reimbursements, recorded as restricted receipts. This amount represents additional local revenues of \$8.2 million, compared to

Education Aid to Local Units of Government

adopted caseload conference estimates for current direct service reimbursements.

The following table displays the FY 2000 and FY 2001 education aid budgets. Please refer below for the definitions of the columns in the Education Aid table.

FY 2000 Total Education Aid: FY 2000 Education Aid includes the following categories: State Operations Aid, Literacy Set Aside, Conventional Public Housing Aid, Special Education Excess Aid, Vocational Education Aid, Limited English Proficiency Aid, Distressed District Aid, the Equity Fund, the Regional Bonus, and nine Student Investment Funds, Student Technology, Core Instructional Equity, Student Equity, Early Childhood, Student Language Assistance, Targeted Aid, Professional Development, On-Site Visits, and Charter Schools.

For both years, amounts for Capital Construction Aid, state contributions to the Teacher Retirement Fund and funds for On-Site Visits are included as lump sums and not displayed by community.

FY 2001 Total Education Aid: FY 2001 Education Aid includes all of the categories listed above for FY 2000, plus new initiatives for Full Day Kindergarten, and Progressive Support and Intervention.

Education Aid to Local Units of Government

Local Education Authorities	FY 2000	FY 2001	Difference
Barrington	\$2,065,075	2,127,027	61,952
Burrillville	10,783,631	11,322,813	539,182
Central Falls	27,268,988	29,995,886	2,726,898
Charlestown	1,624,314	1,673,043	48,729
Coventry	16,657,015	17,156,725	499,710
Cranston	27,046,566	28,398,893	1,352,327
Cumberland	10,873,076	11,199,268	326,192
East Greenwich	1,459,571	1,503,358	43,787
East Providence	20,718,133	21,754,040	1,035,907
Foster	1,157,431	1,192,154	34,723
Glocester	2,642,259	2,721,527	79,268
Hopkinton	5,207,822	5,364,057	156,235
Jamestown	391,046	406,495	15,449
Johnston	8,343,132	8,760,289	417,157
Lincoln	6,137,023	6,321,134	184,111
Little Compton	274,495	282,730	8,235
Middletown	8,352,910	8,609,423	256,513
Narragansett	1,398,842	1,459,164	60,322
Newport	8,783,522	9,181,917	398,395
New Shoreham	59,037	64,941	5,904
North Kingstown	9,978,867	10,278,233	299,366
North Providence	10,292,025	10,806,626	514,601
North Smithfield	3,874,506	3,990,741	116,235
Pawtucket	46,931,978	51,625,176	4,693,198
Portsmouth	5,093,615	5,246,423	152,808
Providence	138,783,306	152,189,548	13,406,242
Richmond	5,143,462	5,297,766	154,304
Scituate	2,816,362	2,900,853	84,491
Smithfield	4,532,091	4,668,054	135,963
South Kingstown	8,468,205	8,722,251	254,046
Tiverton	4,898,999	5,045,969	146,970
Warwick	30,817,788	31,742,321	924,533
Westerly	5,393,170	5,560,353	167,183
West Warwick	15,284,719	16,354,649	1,069,930
Woonsocket	35,861,818	38,531,854	2,670,036
Bristol/Warren	16,917,340	17,424,860	507,520
Exeter/W Greenwich	6,065,919	6,247,897	181,978
Chariho District	312,152	321,517	9,365
Foster/Glocester	4,760,602	4,903,420	142,818
Subtotal	\$517,470,812	\$551,353,395	\$33,882,583
Teacher Retirement	39,962,520	35,117,162	(4,845,358)
Capital Construction	25,540,280	25,540,280	
On-Site Visits	408,635	408,635	
Prog Support & Intervention		1,000,000	1,000,000
Professional Development	555,000	555,000	
Subtotal	66,466,435	62,621,077	(3,845,358)
Total	\$583,937,247	\$613,974,472	\$30,037,225

Schedule 1 - Summary of Proposed Bond Issuance by Agency

<u>Agency</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>Totals</u>
Administration	-	-	-	-	-	-
Economic Development Corporation	17,927,875	8,142,050	-	-	-	26,069,925
Subtotal: General Government	17,927,875	8,142,050	-	-	-	26,069,925
Children, Youth and Families	-	-	-	-	-	-
Health	-	-	-	-	-	-
Human Services	-	-	-	-	-	-
Mental Health, Retardation & Hospitals	2,093,572	3,048,000	2,950,000	3,005,000	3,000,000	14,096,572
Governor's Commission on Disabilities	-	-	-	-	-	-
Subtotal: Human Services	2,093,572	3,048,000	2,950,000	3,005,000	3,000,000	14,096,572
Elementary & Secondary Education	10,640,000	2,000,000	-	-	-	12,640,000
Higher Education	20,169,547	29,281,273	24,873,961	10,376,327	7,263,133	91,964,241
Atomic Energy Commission	-	-	-	-	-	-
Historical Preservation & Heritage Comm	-	-	-	-	-	-
Public Telecommunications Authority	-	-	-	-	-	-
Subtotal: Education	30,809,547	31,281,273	24,873,961	10,376,327	7,263,133	104,604,241
Corrections	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
Military Staff	-	-	-	-	-	-
State Police	-	-	-	-	-	-
Subtotal: Public Safety	-	-	-	-	-	-
Environmental Management	10,430,552	18,760,000	17,750,000	16,000,000	13,748,000	76,688,552
Coastal Resources Management Council	-	-	-	-	-	-
Clean Water Finance Agency	5,900,000	4,900,000	4,900,000	4,188,200	-	19,888,200
Narragansett Bay Commission	10,000,000	30,599,000	8,561,000	-	-	49,160,000
Water Resources Board	871,877	2,211,984	1,892,964	305,000	411,000	5,692,825
Subtotal: Natural Resources	27,202,429	56,470,984	33,103,964	20,493,200	14,159,000	151,429,577
Transportation	33,800,000	30,000,000	30,000,000	33,697,750	33,637,250	161,135,000
Airport Corporation	310,000	310,000	-	-	-	620,000
RI Public Transit Authority	848,000	2,149,600	1,890,000	1,295,000	410,000	6,592,600
Subtotal: Transportation	34,958,000	32,459,600	31,890,000	34,992,750	34,047,250	168,347,600
Totals	112,991,423	131,401,907	92,817,925	68,867,277	58,469,383	464,547,915

Schedule 2 - Statewide Summary by Source of Funds

	<u>Pre-FY 2000</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>
<u>By Source of Funds</u>				
General Obligation - Issued Proceeds	295,633,668	145,905,793	27,581,084	331,104
General Obligation - Unissued Proceeds	-	-	112,991,423	54,114,120
General Obligation - New Referenda	-	-	-	77,287,787
Certificates of Participation	3,628,672	28,367,069	33,686,000	38,935,000
Rhode Island Capital Plan Fund	14,892,696	38,486,612	38,931,806	45,093,109
Federal Funds	1,697,573	6,188,657	8,023,052	21,707,501
Federal Highway Administration (TEA21)	136,547,174	153,600,000	149,600,000	148,800,000
Federal Transit Administration	29,306,644	28,514,470	34,129,536	32,165,205
Federal - Environmental Protection Agency	79,097,554	42,490,526	14,643,800	16,930,000
Federal Aviation Administration	-	14,069,081	5,838,259	7,639,677
Federal Railroad Administration	5,454,420	18,945,580	18,609,198	9,990,802
Federal - Department of Agriculture	772,680	6,364,399	3,598,586	-
Federal - Economic Development Administration	-	1,275,857	1,424,143	-
Federal Emergency Management Agency	-	-	-	48,600
National Guard Bureau - Federal	-	395,000	-	-
Airport Corporation Capital Funds	-	6,150,148	1,712,154	4,258,752
Foundation Funding	-	-	100,000	100,000
Gas Tax	12,449,111	14,826,670	11,304,000	16,100,000
General Revenue	34,138,018	1,904,589	1,142,086	1,600,000
Insurance Proceeds	-	423,154	-	-
Interest Earnings on Bond Funds	1,019,749	1,947,553	50,000	50,000
Internal Service Funds	300,000	-	-	-
Lease Financing	-	-	-	2,700,000
Loan Repayments	373,432	100,000	133,104	168,111
Local Funds	107,264	-	-	-
Other Funds	645,000	455,000	2,560,000	650,075
Passenger Facility Charge	-	700,000	4,071,373	3,762,629
Private Funding	499,916	5,978,489	9,753,835	10,537,180
Restricted Receipt Funds	668,075	971,470	1,000,000	450,000
Revenue Bonds	119,314,400	44,069,107	36,559,529	68,264,366
Revolved Capitalization Grants	250,000	1,179,124	7,213,200	16,485,800
RIHEBC Bonds	305,379	13,702,018	20,658,127	10,937,553
RIPTA Capital Funds	2,730,155	2,135,276	1,277,384	1,069,271
RIPTA Operating Funds	149,000	415,000	1,168,000	115,000
Third Party Financing	-	177,842	1,380,000	2,350,000
Transportation Soft Match	635,199	-	900,000	-
Turnpike and Bridge Authority	8,689,083	1,310,917	-	-
Underground Storage Tank Fund	-	200,000	-	-
University/College Funds	313,809	-	1,442,721	80,736
Totals	749,618,671	581,249,401	551,482,400	592,722,378

Schedule 2 - Statewide Summary by Source of Funds

	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>Post-FY 2005</u>	<u>Totals</u>
<u>By Source of Funds</u>					
General Obligation - Issued Proceeds	81,503	-	-	-	469,533,152
General Obligation - Unissued Proceeds	18,063,296	12,949,844	5,248,000	8,740,509	212,107,192
General Obligation - New Referenda	74,754,629	55,917,433	53,221,383	50,280,454	311,461,686
Certificates of Participation	21,464,000	-	-	-	126,080,741
Rhode Island Capital Plan Fund	44,368,432	30,876,912	25,310,500	4,251,377	242,211,444
Federal Funds	22,569,904	6,381,852	2,317,600	1,500,000	70,386,139
Federal Highway Administration (TEA21)	147,000,000	156,000,000	156,000,000	135,131,222	1,182,678,396
Federal Transit Administration	30,516,893	18,548,800	10,894,400	7,872,000	191,947,948
Federal - Environmental Protection Agency	17,130,524	14,729,500	10,394,000	180,000	195,595,904
Federal Aviation Administration	13,899,551	11,937,752	-	-	53,384,320
Federal Railroad Administration	-	-	-	-	53,000,000
Federal - Department of Agriculture	-	-	-	-	10,735,665
Federal - Economic Development Administration	-	-	-	-	2,700,000
Federal Emergency Management Agency	675,000	-	-	-	723,600
National Guard Bureau - Federal	-	50,000	-	-	445,000
Airport Corporation Capital Funds	3,257,712	3,170,860	-	-	18,549,626
Foundation Funding	100,000	100,000	100,000	-	500,000
Gas Tax	21,400,000	23,100,000	23,100,000	-	122,279,781
General Revenue	1,550,000	1,550,000	1,050,000	1,500,000	44,434,693
Insurance Proceeds	-	-	-	-	423,154
Interest Earnings on Bond Funds	50,000	50,000	50,000	50,000	3,267,302
Internal Service Funds	-	-	-	-	300,000
Lease Financing	2,700,000	2,700,000	2,700,000	-	10,800,000
Loan Repayments	168,118	168,125	168,122	168,141	1,447,153
Local Funds	-	-	-	-	107,264
Other Funds	-	-	-	-	4,310,075
Passenger Facility Charge	2,321,191	5,161,172	-	-	16,016,365
Private Funding	3,654,594	151,200	81,000	513,000	31,169,214
Restricted Receipt Funds	260,000	600,000	-	-	3,949,545
Revenue Bonds	86,495,990	66,135,250	45,625,000	15,100,000	481,563,642
Revolved Capitalization Grants	19,687,000	17,081,100	19,815,000	7,040,000	88,751,224
RIHEBC Bonds	-	-	-	-	45,603,077
RIPTA Capital Funds	1,267,692	1,276,000	1,300,000	1,340,000	12,395,778
RIPTA Operating Funds	115,000	115,000	115,000	115,000	2,307,000
Third Party Financing	950,000	-	-	-	4,857,842
Transportation Soft Match	-	-	-	-	1,535,199
Turnpike and Bridge Authority	-	-	-	-	10,000,000
Underground Storage Tank Fund	-	-	-	-	200,000
University/College Funds	165,556	129,295	108,947	764,069	3,005,133
Totals	534,666,585	428,880,095	357,598,952	234,545,772	4,030,764,254

Schedule 3 - Statewide Summary by Agency

	<u>Pre-FY 2000</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>
By Agency				
Administration	38,131,567	36,099,976	9,038,146	10,799,775
Economic Development Corporation	15,877,671	50,289,915	48,949,487	19,882,927
Subtotal: General Government	54,009,238	86,389,891	57,987,633	30,682,702
Children, Youth & Families	1,295,707	1,014,195	13,985,000	12,160,000
Health	396,101	72,936	100,000	200,000
Human Services	608,889	1,810,970	1,500,000	450,000
Mental Health, Retardation & Hospitals	42,592,865	14,527,833	16,328,542	18,666,000
Governor's Commission on Disabilities	581,899	320,616	282,517	250,000
Subtotal: Human Services	45,475,461	17,746,550	32,196,059	31,726,000
Elementary & Secondary Education	5,701,926	9,851,861	14,804,639	2,950,000
Higher Education	52,455,329	69,951,537	72,406,012	63,697,035
Atomic Energy Commission	26,000	714,000	620,000	100,000
Historical Preservation & Heritage Commission	565,088	77,454	20,000	-
Public Telecommunications Authority	-	375,000	1,011,568	982,799
Subtotal: Education	58,748,343	80,969,852	88,862,219	67,729,834
Corrections	1,786,348	6,384,880	7,502,048	4,369,000
Judicial	504,206	135,794	13,875,000	16,970,000
Military Staff	-	920,000	810,000	292,000
State Police	529,382	411,708	-	520,910
Subtotal: Public Safety	2,819,936	7,852,382	22,187,048	22,151,910
Environmental Management	126,901,919	30,060,026	17,559,297	26,885,000
Coastal Resources Management Council	370,359	464,540	4,285,000	22,285,000
Clean Water Fianance Agency	205,287,723	79,498,656	56,565,864	88,385,911
Narragansett Bay Commission	20,669,000	5,012,000	10,015,000	30,599,000
Water Resources Board	12,298,521	4,878,048	6,396,805	7,059,723
Subtotal: Natural Resources	365,527,522	119,913,270	94,821,966	175,214,634
Transportation	188,848,012	203,976,797	208,820,000	216,550,000
Airport Corporation	310,000	32,837,336	19,865,555	29,232,222
RI Public Transit Authority	33,880,159	31,563,323	26,741,920	19,435,076
Subtotal: Transportation	223,038,171	268,377,456	255,427,475	265,217,298
Totals	749,618,671	581,249,401	551,482,400	592,722,378

Schedule 3 - Statewide Summary by Agency

	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>Post-FY 2005</u>	<u>Totals</u>
By Agency					
Administration	11,190,503	10,591,912	5,345,000	-	121,196,879
Economic Development Corporation	-	-	-	-	135,000,000
Subtotal: General Government	11,190,503	10,591,912	5,345,000	-	256,196,879
Children, Youth & Families	6,464,000	-	-	-	34,918,902
Health	200,000	250,000	250,000	-	1,469,037
Human Services	610,000	940,000	140,000	-	6,059,859
Mental Health, Retardation & Hospitals	6,143,000	5,328,500	4,990,500	7,550,509	116,127,749
Governor's Commission on Disabilities	250,000	250,000	250,000	-	2,185,032
Subtotal: Human Services	13,667,000	6,768,500	5,630,500	7,550,509	160,760,579
Elementary & Secondary Education	-	-	-	-	33,308,426
Higher Education	40,698,815	19,987,474	13,872,080	10,461,837	343,530,119
Atomic Energy Commission	-	-	-	-	1,460,000
Historical Preservation & Heritage Commisic	-	-	-	-	662,542
Public Telecommunications Authority	2,958,432	100,000	100,000	-	5,527,799
Subtotal: Education	43,657,247	20,087,474	13,972,080	10,461,837	384,488,886
Corrections	6,543,000	5,854,000	6,100,000	3,701,377	42,240,653
Judicial	15,165,000	-	390,000	-	47,040,000
Military Staff	2,245,000	1,300,000	850,000	275,000	6,692,000
State Police	500,000	412,500	490,000	-	2,864,500
Subtotal: Public Safety	24,453,000	7,566,500	7,830,000	3,976,377	98,837,153
Environmental Management	28,050,000	22,975,000	19,023,000	20,740,000	292,194,242
Coastal Resources Management Council	18,000,000	-	-	-	45,404,899
Clean Water Fianance Agency	99,790,642	81,849,737	76,052,122	22,538,141	709,968,796
Narragansett Bay Commission	8,561,000	-	-	-	74,856,000
Water Resources Board	18,672,964	10,585,000	691,000	461,000	61,043,061
Subtotal: Natural Resources	173,074,606	115,409,737	95,766,122	43,739,141	1,183,466,998
Transportation	214,850,000	215,497,750	215,437,250	158,977,908	1,622,957,717
Airport Corporation	31,619,444	30,772,222	-	-	144,636,779
RI Public Transit Authority	22,154,785	22,186,000	13,618,000	9,840,000	179,419,263
Subtotal: Transportation	268,624,229	268,455,972	229,055,250	168,817,908	1,947,013,759
Totals	534,666,585	428,880,095	357,598,952	234,545,772	4,030,764,254

Proposed New Bond Referenda - November 2000

Ballot Item	Amount
<u>Question 1</u>	
Open Space - State Acquisition	\$23,275,000
Open Space - Local Acquisition	\$15,000,000
Recreational Development	\$10,000,000
Groundwater Protection/Acquisition	\$1,725,000
Total Referendum	\$50,000,000
<u>Question 2</u>	
Clean Water 2000 Program	\$12,000,000
Narragansett Bay Commission - CSO Project	\$30,000,000
Total Referendum	\$42,000,000
<u>Question 3</u>	
Transportation - Highways, Roads and Bridges	\$60,000,000
RIPTA Facilities	\$2,200,000
RIPTA Bus Purchases	\$2,510,000
Total Referendum	\$64,710,000
<u>Question 4</u>	
University of Rhode Island Residence Halls	\$42,000,000
Rhode Island College Residence Halls	\$3,125,000
Rhode Island College East Campus Master Plan	\$4,520,000
Rhode Island College Alger Hall	\$2,990,000
Community College of Rhode Island Newport Campus	\$10,935,000
Total Referendum	\$63,570,000
Total November 2000 Referenda	\$220,280,000

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Rhode Island Airport Corporation
Rhode Island Public Transit Authority
Rhode Island Turnpike and Bridge Authority

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Distinguished Budget Presentation Award

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation award to the State of Rhode Island for its annual budget for the fiscal year beginning July 1, 1999. This is the sixth consecutive year the State of Rhode Island has received this award.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device.

The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.