

State of Rhode Island and Providence Plantations

Executive Summary

Fiscal Year 2008

Donald L. Carcieri, Governor



State of Rhode Island and Providence Plantations
State House
Providence, Rhode Island 02903-1196
401-222-2080

Donald L. Carcieri
Governor

January 29, 2007

To the Honorable, the General Assembly:

Today, I present my fiscal year 2008 budget. This budget was the most challenging to complete in my time as Governor. We faced a projected budget deficit of approximately \$350 million at the beginning of the budget process, covering both fiscal years 2007 and 2008. With this budget document, we have eliminated that gap and present a plan for Rhode Island's long-term fiscal stability. The decisions contained in this revenue and expenditure plan were not easy ones to make, but they were made with careful consideration for the best interest of all Rhode Islanders.

As in recent years, Rhode Island is benefiting from continued growth in revenues. However, our expenditure growth well outpaces these revenues. We must take the path of fiscal responsibility and address our spending. The budget I present today slows our growth in spending in social services, personnel and corrections, and makes targeted investments for our future in education, economic development and tax relief.

I look forward to addressing these challenges with you on behalf of all Rhode Islanders.

Sincerely,

A handwritten signature in black ink, appearing to read "Donald L. Carcieri", followed by a horizontal line extending to the right.

Donald L. Carcieri
Governor of the State of Rhode Island and Providence Plantations

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Overview

***FY 2008 Budget
Continues the Drive to
Resolve the Structural
Deficit***

Governor Carcieri's \$3.4 billion proposed Fiscal Year 2008 General Revenue Budget is a responsible budget that has State government living within its means and meets the challenge of reining in government spending while at the same time avoiding any increases in the sales tax or income tax rates.

Year after year, Rhode Island's budget process has included feverish efforts to offset non-recurring revenues to finance mandatory entitlement and benefit increases. The combined use of one-time revenues, the success of certain tax credit programs, and an unrelenting pace of growth in entitlement and employee benefits, has left Rhode Island with insufficient resources to reliably fund programs that are important to the citizens of Rhode Island. Important and necessary programs such as property tax relief, local education aid, assistance for higher education, asset protection and many other issues cannot be addressed sufficiently and consistently when certain areas grow at rates that significantly exceed general inflation and the rate of revenue growth.

Some of the major highlights of the proposed budget include:

- Personnel savings in state government resulting from shut down days in both FY 2007 and FY 2008, a reduction in the number of State employees; creation of limited service positions, outsourcing of workers' compensation, outsourcing of food and housekeeping services, and employee medical benefit saving totaling over \$54 million;
- Meaningful savings from five focused initiatives spanning across the State's human service programs;
- Savings from implementation of changes in the justice process that would result in decreased dependence on incarceration for non-violent offenders and an increased utilization of appropriate community-based treatment and sanctions. This will require the cooperation of the Executive, Legislative and Judicial branches of government.
- Targeted investments in education and economic development to position Rhode Island as a leader in science and technology;
- Local education aid equivalent to a three percent increase for all cities and towns, coupled with significant fiscal support for the Central Falls School District, and teacher retirement contributions increasing \$10.8 million;.

This budget proposal does not eliminate the structural imbalance that has plagued the State budget for the past decade, but it does address long-term budget pressures by restraining growth in areas such as medicaid, correctional costs and personnel expenditures. Continued action will be required to address the projected deficit in FY 2009.

Overview

The FY 2007 budget was balanced at enactment with an anticipated closing surplus of \$0.1 million. The resources that were to be available to fund FY 2007 expenditures were estimated at the November Revenue Estimating Conference to be \$74.2 million less than anticipated. The largest declines are in Lottery revenues (\$41.5 million), Other Miscellaneous (\$35.2 million) and Sales Tax (\$25.8 million). In the current fiscal year, agency spending, which was projected to be \$46.2 million over enacted levels in the first quarterly report, was reduced to \$10.6 million less than the enacted level. The State lowered the revenue estimate in November 2006, by \$74.2 million, which resulted in a projected deficit. Faced with the challenge of a large current year and budget year deficit, the Governor is recommending that RICAP capital projects eligible in FY 2007 and FY 2008 be financed with proceeds from the Securitization of Tobacco Master Settlement revenues. In order to accomplish this, the Governor is recommending the Budget Reserve and Cash Stabilization account be tapped in FY 2007. The Governor recommends a transfer of \$63.0 million from the Budget Reserve Fund to the General Fund. During FY 2008, due to the formula driving the amount flowing into the Budget Reserve Fund, it will almost regain its fully funded status (\$160,420 short), but will result in no transfer to the RI Capital Fund.

FY 2007 Deficit

The Governor is recommending that capital improvements be maintained from resources flowing into the Rhode Island Capital Plan Fund from the Budget Reserve Fund and with supplemental funding from proceeds from the securitization of tobacco revenues. It is estimated that combined resources total \$37.6 million and \$72.9 million in FY 2007 and FY 2008, respectively. It is estimated the \$20 million of current year RICAP projects will be “assigned” to the tobacco proceeds. In FY 2008, the capital expenditures are funded by a transfer of \$72.5 million from the Tobacco Settlement Fund. The Governor recommends that the State maintain funding for these projects at a level that is affordable to ensure that taxpayers’ previous investments are preserved and maintained appropriately. The remaining proceeds would be dedicated to transportation projects. The projected use of Tobacco securitization proceeds is:

In Millions

\$160.0	Projected proceeds from securitization of residual of Tobacco Master Settlement
20.0	FY 2007 amount assigned to Capital projects (displayed in RICAP fund)
72.5	Transfer to RICAP Funds for FY 2008 projects
\$67.5	Available for Transportation Infrastructure Investment

The Governor recommends that the General Assembly appropriate a transfer of \$72.5 million from the Tobacco Settlement Fund to the Rhode Island Capital Plan Fund in FY 2008 to ensure funding for these important capital projects.

FY 2007 Structural Imbalance

Upon conclusion of the November 2006 Revenue and Caseload Estimating Conferences, the Governor faced a \$254.0 million structural imbalance resulting from a projected growth rate for “current service expenditures” of 9.1 percent, outpacing revenue growth of 4.3 percent.

Overview

Despite an expectation of continued economic growth in the next year, the State's revenues are expected to increase by approximately \$137.8 million, or 4.3 percent. Revenue growth is muted by the significant Historic Structures Tax Credits which are expected to reduce overall receipts by \$64.4 million in FY 2007 and \$80.9 million in FY 2008. As of October 27, 2006, this program has prompted \$545.6 million of completed projects and \$911.8 million in active projects in buildings that were previously unoccupied or underutilized. This program has been very successful in spurring major rehabilitation projects that preserve the State's many historic structures, but is certainly not without cost. Applications for projects seeking historic tax credits status have far exceeded expectations, most likely due to the low interest rate environment. The amount of tax credits, worth up to thirty percent of total project cost, are now dampening the State's revenue growth and causing the State's resources to be insufficient to finance current expenditures. Credits on completed projects totaled \$121.7 million, with an additional \$250.7 million in credits for projects are in the active stage. There is currently no control in place to limit the tax credits. Therefore, the Governor recommends changes in the historic structures tax credit program to make the sale of the credits less lucrative, and to cap the amount of projects which are approved each year, thus ensuring that the State's finances are not compromised by an overly successful program. The goal of this change is to maintain an affordable program that would still encourage the rehabilitation of our historic structures for development.

While revenues are expected to grow by \$137.8 million or expenditures would grow by \$293.2 million, or 9.1 percent if unconstrained. Growth in social service programs, (including unfavorable changes in federal Medicaid participation), scheduled increases in local aid programs, public employee pensions and benefits, and possible funding of retiree health benefits on an actuarial basis, result in a projected budget gap of approximately \$254.0 million. The expenditure increase is caused largely by mandatory funding needs of approximately \$220 million for areas such as:

- Debt Service-\$55.5 million
- Entitlements - \$44.9 million
- State funds to offset change in federal Medicaid match rate - \$20.0 million (subsequently reduced)
- State aid to local governments -\$54.0 million
- Pensions for State employees and local teachers - \$20.4 million
- Negotiated salary and benefit inflation increases for State employees - \$24.9 million
- The inmate population has also increased dramatically which broadens the gap between resources and expenditures.

The challenge of balancing the State Budget is more daunting upon a review of where overall general revenue is actually spent. Expenditures from general revenue total \$3.421 billion for FY 2008. By function, spending by Human Services agencies represents the largest share with expenditures totaling \$1.247 billion, or 36.4 percent of the general revenue budget. This is followed by spending for Education, which totals \$1.152 billion, or 33.7 percent. General revenue expenditures for General Government and Public Safety comprise \$613.8 million (17.9 percent), and \$367.7 million (10.7 percent), respectively. Expenditures for Natural Resources comprise \$39.9 million, or 1.2 percent of total general revenue spending. Transportation expenditures are financed by dedicated gasoline taxes and are not a component of general revenue spending.

Overview

General revenue expenditures by category are primarily devoted to financing grants, local aid and personnel. The largest component is local aid expenditures of \$1.148 billion, comprising 33.6 percent of total general revenue spending. Grant based expenditures of \$1.074 billion represent 31.4 percent of total spending; personnel expenditures of \$881.7 million comprise 25.8 percent of the budget; operating expenditures and operating transfers total \$151.7 million, or 4.4 percent of the budget; and, capital expenditures and debt service total \$165.6 million, or 4.8 percent of the total general revenue budget.

The recommended budget is financed from total general revenue resources of \$3.421 billion for FY 2008, an increase of \$209.8 million from the revised FY 2007 level of \$3.211 billion. This reflects a 6.5 percent growth rate. An opening surplus of \$63.1 million is also included, as is the reduction for the required transfer to the Budget Reserve Fund of \$69.8 million. The general revenue fund surplus by year is recorded in the following table.

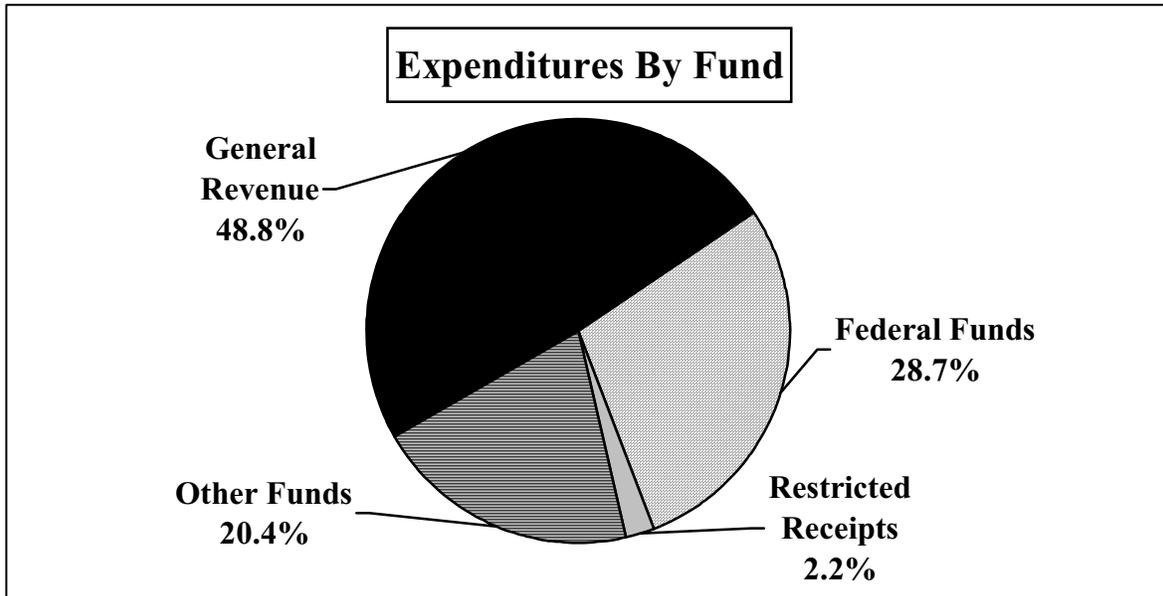
***The General
Revenue Financing
Plan***

General Revenue Free Surplus (in millions)

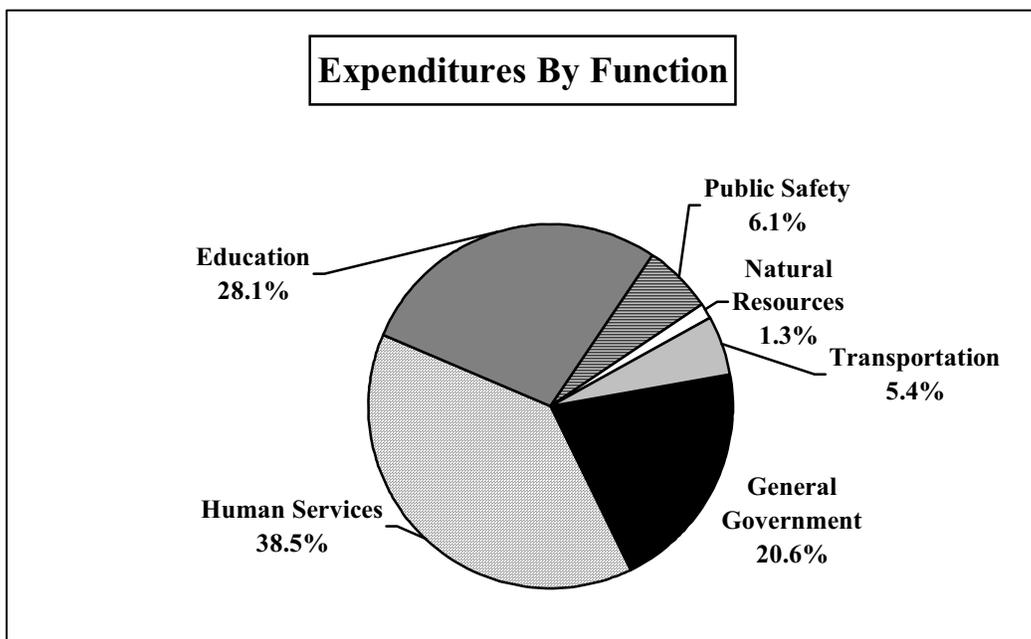
	FY 2005 Audited	FY 2006 Unaudited	FY 2007 Enacted	FY 2007 Revised	FY 2008 Projected Deficit	FY 2008 Recommended
Opening Surplus						
Free Surplus	\$24.5	38.7	\$23.7	\$37.8	\$0.0	\$63.1
Reappropriated Surplus	10.1	13.5	0.0	17.4	0.0	0.0
Audit Adjustments	0.8	0.0	0.0	0.6	0.0	0.0
Subtotal	35.4	52.2	23.7	55.7	\$0.0	63.1
Revenues and Transfers						
Revenues	2,643.8	3,143.1	3,263.8	3,189.6	3,327.4	3,255.8
Revenue Enhancements	0.0	0.0	0.0	30.8	0.0	171.7
Other Sources	360.4	0.0	0.0	0.0	0.0	0.0
Subtotal	3,004.2	3,143.1	3,263.8	3,220.4	3,327.4	3,427.5
Cash Stabilization Fund	(60.6)	(63.6)	(65.8)	(65.2)	(66.5)	(69.8)
Total Available	2,979.0	3,131.7	3,221.8	3,211.0	3,260.9	3,420.7
Projected Expenditures	2,926.9	3,076.5	3,221.5	3,210.9	3,514.7	3,420.7
Free Surplus	38.6	37.8	0.3	63.1	(253.9)	0.1
Reappropriations	13.5	17.4	0.0	0.0	0.0	0.0
Transfer from Budget Reserve Fund	0.0	0.0	0.0	63.0	0.0	0.0
Total Ending Balances	52.1	55.1	0.3	0.1	(253.9)	0.1

Overview

All funds expenditures for FY 2008 are \$7.017 billion. Of this total, \$3.421 billion or 48.75 percent is from general revenue, \$2.011 billion, or 28.65 percent, from federal funds, \$1.432 billion, or 20.4 percent, from other sources, and \$154.6 million, or 2.2 percent, is from restricted or dedicated fee funds.



On a functional basis, the largest percentage of expenditures is made in the Human Services area, which comprise \$2.698 billion, or 38.5 percent of the total budget. This is followed by spending for Education of \$1.971 billion, which comprises 28.1 percent of all spending, and expenditures for General Government of \$1.449 billion, equaling 20.6 percent. Public Safety, Natural Resources and Transportation expenditures make up the balance, totaling \$899.2 million, or 12.8 percent of the total budget.



Overview

Rhode Island has Cast Too Wide a Safety Net

In order to work toward financial stability, the Governor recommends returning to a service level for social service entitlements which is more affordable for the taxpayers of the State and targets services to the most vulnerable core populations. It is clear that the State cannot afford to sustain these programs as currently delivered without jeopardizing progress in other program areas that are critical to the future growth and well being of our State. Through the Executive Office of Health and Human Services, the cabinet officials have developed action items which will make state expenditures supporting our social service safety net more consistent from agency to agency, more efficient from the taxpayers perspective, with continued focus on quality, and within the resources available to the State. After careful consideration of the implications of the possible changes to the social service entitlements, the Governor recommends these specific changes in five categories: Program Integrity; Purchasing and Rate Restructuring; Administrative and Operational Improvement; Enhanced Care Management, Service Coordination and Choice; and Benefit Redesign and Program Sustainability.

Program Integrity

Goals:

- Implement changes in Medicaid enforcement required by federal law
- Ensure the provision of services and benefits only to qualified and documented clients, and only after all federal and other third party reimbursements have been exhausted
- Reduce payment errors and increase collections
- Rigorous eligibility & review procedures

	Savings	
	General Revenue	All Funds
DHS --Program Accountability/ False Claims Enforcement (TANF, Child Care)	\$ 764,855	\$ 1,233,700
DHS --Program Integrity	\$ 1,000,000	\$ 1,551,967
DHS – Verification of U.S. Citizenship	\$ 9,323,964	\$ 19,880,000
DCYF – Assure Educational Support of LEAs	\$ 200,932	\$ 200,932
Total	\$ 11,289,751	\$ 22,866,599

Purchasing and Rate Restructuring

Goals:

- Institute reimbursement strategies adopted by neighboring states & nationwide that have proven effective in improving access & reducing costs
- Leverage the state’s purchasing power to obtain the best services at the best price
- Maximize the use of available resources

Overview

	Savings	
	General Revenue	All Funds
DCYF—RI Training School Clinical Contracts	\$250,000	\$250,000
DHS -- Change RIte Care Emergency Care to Flat-rate Reimbursement	\$790,327	\$1,629,540
DOH – Restructure Purchasing HIV Case Management	\$500,000	\$500,000
DHS -- Hospital Emergency Care at Flat-rate, Fee-for- Service Population	\$482,280	\$1,000,000
DHS -- Reduce Hospital Outpatient Rate by Ten Percent	\$1,423,817	\$2,952,263
DHS—Reduce Labor Cost Ceiling for Nursing Care Principles	\$2,303,078	\$4,800,000
DHS -- Establish Statewide Fee Schedule for Outpatient Hospital Imaging	\$ 1,205,700	\$ 2,500,000
DHS – Defer Nursing Facilities COLA	\$ 2,236,220	\$ 4,708,823
DHS – Defer Market Rate Increase for Child Care Providers Participating in the Child Care Assistance Program (CCAP)	\$ 5,806,815	\$ 5,806,815
DHS – Revise CCAP Rates for Before and After School Care	\$ 3,852,127	\$ 3,852,127
DHS – Revise Hospital Settlement Process	\$ 14,130,804	\$ 29,300,000
MHRH – Rate Restructuring for ICF/MR Day Programming	\$ 132,889	\$ 132,889
EOHHS – Buy RIte - Value Purchasing, Contracting & Rate Reform	\$ 7,026,049	\$ 14,942,352
Total	\$ 40,140,106	\$ 72,374,809

Administrative & Operational Improvement

Goals:

- Improve performance & efficiency of agency operations
- Implement cost-effective strategies that increase service value & quality
- Establish uniform business processes
- Promote responsible allocation & utilization of limited resources
- Enhance interagency coordination & collaboration

Overview

	Savings	
	General Revenue	All Funds
DEA – Reconfiguration of the Community Information Specialist Network (DEA-CIS)	\$235,000	\$235,000
DEA –RIPAE Benefit Management and Coordination	\$1,437,085	\$1,437,085
DHS – Restructure Veterans Home Dietary Services	\$769,051	\$769,051
MHRH –Standardization of Human Resource Management Practices	\$250,000	\$525,984
MHRH – Right Size RICLAS	\$664,295	\$1,398,959
MHRH – Community Medical Assistance Program (CMAP) Benefits Management	\$600,000	\$600,000
MHRH – RICLAS Close Admissions	\$738,299	\$1,553,333
MHRH -- Restructure Delivery of Housekeeping Services at Eleanor Slater/Zambarano	\$809,549	\$1,722,444
MHRH -- Restructure Food Services at Eleanor Slater /Zambarano	\$1,719,075	\$3,657,606
MHRH – Reassessment of Developmental Disabilities (DD) Private Caseload	\$750,000	\$1,539,000
MHRH – Eleanor Slater Hospital System Review and Reform	\$713,819	\$1,451,040
MHRH – Behavioral Health Caseload Processing	\$251,909	\$530,000
MHRH – Hospital Reconfiguration	\$1,815,870	\$3,820,471
DOH - Redirection of Regulatory Resources	\$463,867	\$533,751
DOH - Curtail Supplemental promotion and Prevention Activities	\$371,049	\$461,049
DOH - Resource Review and Maximization	\$1,300,377	\$1,300,377
Total	\$ 12,889,245	\$ 21,535,150

Enhanced Care Management, Service Coordination & Choice

Goals:

- Increase service coordination & care management
- Assure timely access to lower cost preventative & therapeutic services
- Minimize need for high cost intensive services
- Foster ongoing efforts to build a consumer centered integrated system of care focused on individual need and quality.

Overview

	Savings	
	General Revenue	All Funds
DHS-DCYF – Children’s Behavioral Health System of Care Initiative	\$3,083,310	\$6,479,049
DHS -- Managed Care for Children's Intensive Services (CIS)	\$715,618	\$1,725,967
DHS -- Preventive Dental Care for Pregnant Women	\$427,920	\$882,309
DHS-MHRH – Management of Acute Psychiatric Hospitalizations	\$851,732	\$1,774,442
MHRH – Expansion of Shared Living Arrangements (SLA)	\$500,000	\$1,051,954
MHRH – Increase Family Options Program	\$308,945	\$650,000
Total	\$ 5,887,525	\$ 12,563,721

Benefit Redesign & Program Sustainability

Goals:

- Target resources to beneficiaries with the greatest need
- Assure beneficiaries receiving the appropriate level & kind of services
- Stabilize access & scope of services

	Savings	
	General Revenue	All Funds
DCYF – Limit Service to Children Under Age 18	\$17,575,066	\$24,329,384
DOH – Sexually Transmitted Disease STD Clinical Supports	\$177,181	\$177,181
DHS – Change Eligibility for Child Care Assistance Program (CCAP)	\$15,224,635	\$19,423,587
DHS – Pharmacy Co-pay for Medicaid Fee-For-Service	\$599,115	\$1,260,498
DHS – Rescind DEFRA Child Support Payment	\$500,000	\$500,000
MHRH -- Assure Educational Support by local educational authorities for Individuals Under Age 21	\$828,000	\$1,742,058
MHRH – Forensic Federal Financial Participation (FFP)	\$861,820	\$861,820
MHRH – Align Behavioral Health Eligibility Standards	\$240,000	\$240,000
Total	\$ 36,005,817	\$ 48,534,528

Overview

***Encourage
Alternatives to
Incarceration***

The Governor proposes that the three branches of government – executive, legislative, and judicial – cooperate to implement changes in the justice process that would result in decreased dependence on incarceration for non-violent offenders and an increased utilization of appropriate community-based treatment and sanctions. The Governor recommends several initiatives designed to reduce inmate population from the projected FY 2008 projected level of 3,789 by 500 inmates and reduce supervisory and per capita operating costs by \$4.0 million. These reductions would likely impact both the awaiting trial and the sentenced populations, allowing for closure of housing units in both the men’s and women’s intake and minimum security facilities. Because this initiative will increase requirements for community-based supervision, the Governor recommends the reinvestment of \$985,250 of the savings into the Community Corrections program, which consists of a mix of home confinement and probation staff and some operating costs.

The Governor recommends that State Government operate with fewer state employees and that several measures be taken to reduce the overall cost of the workforce. The Governor recommends instituting layoffs for 168 non-union employees and newly hired union employees. In order to effect this change by July 1, 2007, State agency directors will be asked to identify low priority activities or areas that have excess management or line staff. The department directors will identify employees working in these areas and will work with the Office of Human Resources to implement the layoffs in accordance with personnel rules and regulations and collective bargaining unit agreements. To achieve these savings, the Administration will provide notice to the unions by March 1, 2007. It is projected that this reduction will save \$9.3 million in general revenues in FY 2008. These savings are budgeted in the Department of Administration, and would be allocated to agencies. The Governor also recommends targeted reductions in personnel in certain agencies based upon specific programmatic reductions. These are reflected as program reductions in each agency, and can include both filled and vacant FTE positions.

***Reducing Personnel
Costs by Reducing
FTE Positions***

***Reducing Personnel
Costs Through Shut
Down Days***

The Governor recommends the shut down of all non-essential state operations for four days in FY 2007 and three days in FY 2008. For FY 2007, employees will take leave without pay for one day per month in March, April, May and June. For FY 2008, employees will take leave without pay on Friday November 23rd, Monday December 24th, and Monday December 31st. Any employees working in 24/7 operations would be compensated at straight time pay. It is projected that implementation of this measure would save \$6.0 million in general revenues and \$9.6 million from all fund sources in FY 2007 and \$4.8 million in general revenues and \$7.7 million from all fund sources in FY 2008.

The state currently employs individuals financed from certain federal funds and other sources through an outside vendor. The vendor charges the state an additional fee of 22.5% of the employees’ hourly rate to pay FICA and administrative costs. A new class of position would be created by legislation to allow for individuals to be hired as “limited service” employees thereby avoiding the administrative costs. These limited period positions would be hired under a contractual arrangement that would limit the duration of the hire to a certain period. The positions would receive worker’s compensation but no other benefits. This would satisfy the need to staff

***Reducing Personnel
Costs Through Limited
Service Positions***

Overview

projects often funded by federal funds or private foundation grants in a more cost-effective manner. It is projected that implementation of this measure would yield net savings of \$710,782 from general revenues and \$1.4 million from all funds in FY 2008.

The Assessed Fringe Benefit Fund is financed through a rate of payroll charged to agencies, and is used to pay for workers' compensation claims and administration, severance pay, and unemployment compensation. The Administration budget includes (all funds) savings of \$4.965 million in FY 2007 (general revenue \$2.758 million), reflecting a reduction in the rate which will reduce the surplus carried forward from FY 2006 and establish an FY 2007 rate that will yield the required amount. The FY 2008 all funds savings of \$993,251 (general revenue \$540,589) reflects anticipated savings from outsourcing the State's worker's compensation claims processing and administration. No FTE positions have been reduced in the budget from this initiative at this time, though will be revisited again after completion of the procurement process.

***Reducing Personnel
Costs through
Management of
Workers'
Compensation***

***Reducing Personnel
Costs Through
Employee Medical
Benefit Management***

The Governor recommends the following changes in medical benefits to mitigate the rising cost of this category of expenditure:

- Utilize a surplus generated in the health insurance fund to offset the costs of FY 2007 medical benefits. State agencies will not be charged for the cost of employees' medical benefits for the last four pay periods in FY 2007. This is estimated to save \$14.2 million from general revenues and \$27.4 million from all fund sources, net of corresponding percent of premium co-share reductions.
- Lower the cost of budgeted medical insurance in FY 2008 based upon medical claims trend and arrangement with the insurance provider. This is estimated to save \$3.0 million from general revenue sources and \$5.8 million from all fund sources, which is a reduction of 3.0 percent.
- Implement a change in the method of accounting for the cost of retired state employees' Tier I retiree health subsidies which will result in the subsidy moving from a 100 percent general revenue funded cost to a component in the percent of pay calculation, and reflected as a direct charge to all sources of funds in a department's personnel budget. This is estimated to save a net \$5.8 million from general revenues in FY 2007.
- Similarly, for the Teacher Tier I subsidy, the amount required each year will be determined through analysis of self-insured claims rather than a calculation between the active and retiree rates. FY 2007 costs will be covered by the significant surplus from FY 2006, resulting in a general revenue savings of \$2.3 million in FY 2007.
- Delay funding the actuarially required contribution to the "Retiree Health Care Trust Fund" for the purpose of financing retiree health benefits and paying down the current unfunded liability. The FY 2008 budget planning values were predicated on a rate of 8.57 percent of payroll, in order to finance the unfunded liability. The pay-as-you-go rate is estimated at 3.63 percent of payroll which is a reduction of 57.6 percent from originally planned amounts. The Governor recommends this issue be addressed next year.

Overview

The Governor's commitment to adequately funding Rhode Island's public education system is clearly exhibited in the FY 2008 education aid proposal. Education aid distributed to local school districts totals \$712.2 million in general revenue funds for FY 2008, including \$46.8 million for Central Falls, a fully state-supported school district. The Governor's recommendation for all districts, other than Central Falls, includes a 3.0 percent increase to each community's FY 2007 education aid allocation. Other salient portions of the Governor's recommendation for total education aid in FY 2008 include the following:

<p><i>Local Education Aid up \$46.4 million Or 5.4 Percent</i></p>

- Charter School Aid totaling \$28.2 million, an increase of \$2.6 million from the revised FY 2007 level. As in previous years, the Governor's budget fully supports over 2,800 students attending eleven Charter Schools.
- Support of the State Schools (Davies Career and Technical School, Rhode Island School for the Deaf, and the Metropolitan Career and Technical School) totaling \$32.9 million, an increase of \$2.4 million (7.9 percent) from the revised FY 2007 level.
- Funding of \$2.0 million for the newly created Comprehensive Education Fund. This additional financing is specifically earmarked for the support of innovations arising from a new Comprehensive Education Strategy panel under the joint direction of the Governor, the Speaker of the House and the Senate President. Ten years ago, the executive and legislative branches cooperated to create a comprehensive education strategy focused on expectations and accountability, an initiative that gave the State of Rhode Island School Accountability for Learning and Teaching (SALT), Progressive Support and Intervention, and new funding strategies through Article 31. This new comprehensive education panel will focus on (1) state and local education financing and governance, (2) educator quality, and (3) the specific challenges of our urban school districts.
- An additional \$200,000 for non-distributed professional development aid, which will finance professional development workshops for instructors of advanced placement courses in mathematics and science. This funding constitutes the Governor's Advanced Placement Initiative (formerly part of HEAA). This fund will also continue to support the project manager for statewide mathematics and science education as well as the *Physics First* pilot program.
- Funding for the Teachers' Retirement program of \$78.1 million, an increase of \$10.8 million from the revised FY 2007 level. This program reimburses forty percent of employer contributions made on behalf of teachers to the State Employees Retirement System. This reflects projected increases in the teacher payroll base of 3.75% and an increase in the employer actuarial contribution rate from 19.64 to 22.01 percent. Note that retired teacher health subsidy costs are reflected in the Department of Administration budget.
- School Housing Aid in the amount of \$52.9 million, an increase of \$6.0 million from the revised FY 2007 level.
- An appropriation of \$46.8 million in support of the operations of the Central Falls School District, an increase of \$3.0 million from the revised FY 2007 level. As in prior years, the

Overview

- Governor recommends that all municipalities be required to contribute a minimum of two percent of the school budget. This will require a contribution of approximately \$1.0 million by the City of Central Falls in FY 2008.
- An increase of \$1.0 million for the Adult Basic Education initiative by \$1.0 million. With the implementation of the recommendations included in *Building the Critical Links*, the report of Governor's Carcieri's Adult Literacy Task Force, Rhode Island has made considerable system improvements over the last 18 months, and is now ready to grow the system using a managed growth approach. The net increase of \$1.0 million will enable the Department to further increase the intensity of services, expand service capacity at effective programs, and reduce the waiting list by providing additional opportunities for at least 500 Rhode Islanders. Some of the service expansions will build on the successful state interagency initiatives that fully integrate adult education, workforce development, and postsecondary education designed to help low-skilled adults get a high school credential, a Certificate or Associate's, and a well-paying job in a high demand occupation. Total recommended funding from all sources for the Office of Adult Basic Education is \$9.1 million in FY 2008.

***Encouraging Local
Government Efficiency***

The Department of Elementary and Secondary Education, under the guidance and leadership of the Board of Regents, has formulated a variety of statewide initiatives designed to achieve significant local efficiencies and thus reduce the long-term financial burden of school districts. Among these efforts is the promulgation of new regulations governing the Housing

Aid program. Designed to ensure more cost-efficient planning and coordination of school construction in Rhode Island, these regulations will overhaul the project approval process to determine housing aid eligibility. For FY 2008, the Governor recommends the creation of three new FTE positions to supervise the Housing Aid program under the auspices of these regulations. These positions include one Facilities Coordinator, one Engineer, and one Architect who will interact with local education officials to ensure statewide compliance, monitor ongoing school construction projects, and administer the newly refined plan review process. Additionally, the Department of Administration, Division of Purchasing and the Department of Elementary and Secondary have been working to expand efforts to achieve efficiencies through collaborative purchasing.

For FY 2008, the Governor recommends \$197.6 million of general revenue for Public Higher Education and \$16.0 million of general revenue for the Rhode Island Higher Education Assistance Authority, a combined \$213.6 million in State funds. This is an increase of \$17.4 million above the combined FY 2007 revised level of \$196.2 million.

***State Funding for
Higher Education
Increases \$17.4
Million, 8.9 Percent***

At the Authority, the increase is \$9.3 million, or 238 percent, mostly for scholarships. The Governor's recommendation is a two-part initiative: to restore State needs based scholarships to \$10 million, a \$4.3 million increase over the FY 2007 enacted level, and to begin implementation of the Governor's academic merit scholarship program of \$5.0 million (for full tuition awards based on the highest RI State school fees).

In addition, the Authority is undertaking a federally funded a Web Portal Project (a \$5.0 million investment over five years), with the approval of the Governor's PK-16 Council, to provide web-based

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services including transcripts, applications, interest assessment, admission planning, campus matching and communication a national scholarships database, and free automated federal application for aid to:

- Encourage early help in student academic interests and career options
- Empower curious students with campus tours and specialized tools
- Allow students to compile academic portfolio to prepare for college
- Guide students through college preparation experience

At Public Higher Education, the increase is \$8.1 million, or 4.3 percent from the revised FY 2007 level. A dual enrollment program of \$400,000 to help support high school students attend college courses and high school classes simultaneously is included in the Office of Higher Education funding.

For FY 2008, the Governor recommends 4,352.8 FTE positions, reflecting 13.0 new FTE positions. Auxiliary support staff at Rhode Island College requires seven new positions, while expanding the nursing programs at the University of Rhode Island and Rhode Island College accounts for three new positions at each institution. In addition to the BioSciences Center and new Pharmacy Building previously approved by the voters, \$1.1 million is included to plan for a new allied nursing facility and a new chemistry building at URI. At RIC, a new residence hall is expected to open in FY 2008. Also, the Governor's Technology Initiative to be funded with \$12.0 million of proceeds from certificates of participation for "Smart Classrooms" will provide technology and equipment that will significantly enhance student learning in the laboratory setting.

Recognizing the importance of investing in our aging transportation infrastructure, the Governor is recommending that transportation needs be addressed through dedication of a significant portion of the proceeds received from the securitization of tobacco revenues. This will provide approximately \$67.0 million to assist the State in bridge, road and mass transit priorities. Traditionally, the State has funded its match to federal funds through the issuance of general obligation bonds which has increased the debt service in DOT's operating budget. Providing additional resources from another source will help ensure that commitments are met and that we have available the needed match for yet undetermined federal funding. Primary funding for Rhode Island transportation and highway construction spending is provided through the Federal Highway Administration (FHWA), under the authority of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU). This Act, passed in August 2005, authorizes funds for highway construction, highway safety programs, mass transit operations, and other surface transportation projects for the five-year period 2005 - 2009. Under this program, Rhode Island may receive an average of \$207.2 million per year through FY 2009. This represents an average increase of \$44.0 million over the amounts provided by the previous Transportation Equity Act of the 21st Century (TEA-21). More importantly, however, the amount of "earmarked funds" has increased significantly, reducing the amount available for the unrestricted program. The new act combines the improvements scheduled for current programs with new initiatives for improving transportation safety and traffic flow efficiency, enhancing communities, and advancing economic growth.

***Focus on
Transportation
Infrastructure***

The Governor's proposed FY 2008 – 2012 capital budget reflects the third year of the Grant Anticipation Revenue Vehicle bonds (GARVEE) program, which along with funding from motor fuel bonds will finance \$660.0 million for five major construction projects. The State issued the first series of the bond program in 2003, the second series in 2005, and is planning on issuing the third series in 2009. The projects being financed under this program are the I-195 Highway Relocation, Washington Bridge

Overview

Reconstruction, a new Sakonnet River Bridge, and the Quonset Rt. 403 highway construction, plus amounts for completion of the Freight Rail Improvement Program.

The Governor continues his commitment to environmental protection programs including: water resource protection; air quality management; coastal zone preservation; forestry management; and animal disease control programs - all which enhance and protect the health of all Rhode Islanders. New in FY 2008 is an aggressive water quality monitoring initiative that will identify and isolate the pollutant sources that have plagued the health of Narragansett Bay and its tributaries from decades of urban and industrial expansion. The Bays Rivers and Watershed Coordination Team will assess the waters of the state and address the most serious and emergent pollutant sources, as part of an integrated environmental and economic focus, including first time coordination with other national, state and local environmental groups.

***Securing the State's
Environmental Future***

The Governor continues his goal of increasing fiscal responsibility in State government by including new fiscal fitness initiatives in his revised FY 2007 and FY 2008 Budget recommendations. A new statewide contract for records storage to begin February 1, 2007, includes a reduction in the statewide monthly standard and nonstandard box storage charge. The reduction results in a 30 percent decrease in FY 2007 for general revenue savings of \$196,948 and a 70 percent decrease in FY 2008 for total general revenue savings of \$449,546.

***Fiscal Fitness
Initiatives Continue***

The Governor and the Office of the General Treasurer propose joining other large governmental entities and private companies in participating in the ePayables program which will ultimately result in vendor expedited payments and State sharing of vendor fees paid through the Visa/MasterCard network. The State would need to enter into an agreement and begin implementation by March 15, 2006 to realize the full monetary impact in FY 2008.

The Governor recommends the privatization of various functions currently performed in-house by the State. In FY 2008, by privatizing food service at the State's Eleanor Slater Hospital, the State is estimated to save an adjusted net amount of \$3.7 million in all funds, of which 47 percent represents general revenue. Therefore, the general revenue savings is projected at \$1.7 million. Total all funds adjusted net savings for the full fiscal year of 2008 through privatization of the housekeeping function at Eleanor Slater Hospital is \$1.7 million, for a total general revenue savings of \$809,549. Lastly, the privatization of dietary services at Rhode Island Veteran's Home is estimated to yield general revenue savings of \$769,051, which represents savings on an all funds basis. The privatization will take effect in July 2007.

***Funding for
Affordable Housing
has Created 2,136
Units***

The Governor proposes to continue funding of \$7.5 million for the Neighborhood Opportunities affordable housing program and recommends that this funding be provided through the RI Capital Fund. This will bring funding for this program since its inception to \$44.0 million. Since 2001, the Neighborhood Opportunities Program has funded the construction or rehabilitation of 940 housing units from its three program funds. This includes the production of family housing, permanent supportive housing, and homeownership opportunities. These housing units are located at sites that have produced a total of 2,136 affordable housing units, with 1,001 being NOP units. In FY 2006, Governor Carcieri created the Office of Housing and Community Development to ensure an effective and cohesive approach to affordable housing. The Governor also recommends \$12.5 million of general obligation bonds be issued each year

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from 2008-2011 from the \$50 million Affordable Housing bond approved by the voters in November 2006.

***Support for Public
Safety through the
Interoperable Radio
Communications
System***

In the public safety area, the lack of interoperable communications is the primary deficiency keeping first responders from effectively coping with disaster. Until first responders can effectively communicate with each other, as well as government officials, the response to emergencies will be inadequate. RI's Communications Work Group and DoIT have been working to remedy that deficiency, coordinating efforts and attempting to marshal available funding to build a statewide interoperable radio network. The Governor recommends that these efforts to address the infrastructure needs be focused on federal homeland security funds received or to be received by state *and* local governments, with the State coordinating the effort by pooling community resources to develop a statewide interoperable system. The interoperable system which exists due to the diligence of certain local governments can be expanded upon, but does require ongoing funds for operations. The Governor proposes that funding be provided by the State in FY 2008 and thereafter from continuation of the wireless surcharge, which was used to implement the GIS project for E-911. Continuation of this public safety surcharge, will also assist in paying for debt service on recommended State Police radio towers (Certificates of Participation), and the associated costs of E-911's relocation at the new State Police Headquarters.

To build upon the technology initiatives approved by the General Assembly which he proposed during the 2006 Session, the Governor proposes that the State purchase a new facility to serve as the State's computer center and relocate employees from both the Johnston computer facility and the DoIT employees from the Department of Administration building. The current Johnston Data Center has a multitude of documented deficiencies, including failure to meet numerous standards and severe inefficiencies in various building codes. The existing facility is not compliant with many state and federal health and safety regulations, including: the Americans with Disabilities Act (ADA), OSHA, ASHRAE, State Fire Safety Code, State Energy Code, HIPPA and State Building Codes and has repeatedly received highly critical reports from the State Auditor General. Acquisition of an existing structure that meets all of the best practice specifications of data centers, network operations, service desk, and other application support functions would be in the best interest of Rhode Island state government. Project costs associated with the acquisition of a new facility and moving the Johnston Data Center and other related information technology functions are estimated to be \$8.975 million. The total financing obligation of the State of Rhode Island would be approximately \$9.05 million, with \$8.975 million deposited in the construction fund, and \$75,000 available to pay the associated costs of financing.

***Investing in the
Future-Innovative
Technology Initiative***

The Governor proposes that the Economic Development Corporation encourage the creation of a border to border, wireless broadband network through the provision of a state guarantee on EDC debt issued to finance the effort. RI-WINs is a project of the Business Innovation Factory to make Rhode Island the first state in the country with a border-to-border broadband wireless network. RI-WINs is the only wireless effort, public or private, committed to building a statewide network to promote innovation and support economic development in every Rhode Island community. RI-WINs is focused on building a platform for wireless innovation that enables new solutions for healthcare, education, public safety and improving the quality of life for all Rhode Islanders. The cost to build and operate the network until it breaks even (in its third year of operations) is \$28 million. RI-WINs will generate enough revenue by year three to cover expenses and debt service to finance the build out. EDC will borrow \$28 million from

Overview

a private lender at market interest rates on behalf of the non-profit Business Innovation Factory. EDC requests a Kushner approval for a \$28 million twenty year loan guarantee from the state.

The Governor also recommends \$600,000 for the Rhode Island IT and Digital Media Center, which will support high wage job growth and new company creation in the information technology and digital media sector. The center will provide high tech entrepreneurs with subsidized space, create a culture of information technology and digital media entrepreneurship, and provide community building and programming that fosters the strategic growth of Rhode Island's information technology and digital media sector. An annual state appropriation of \$600,000 will enable EDC to launch the Rhode Island IT and Digital Media Center in Providence adjacent to its new offices in the American Locomotive Works development. The center will house five to ten growth companies at any point in time and offer entrepreneurial support programs and activities to innovators across the state. Operating and program costs will be covered by program and space fees. The center will raise Rhode Island's profile as a regional and national center for IT and digital media entrepreneurship and innovation, spur new company creation, and grow more, higher wage jobs for Rhode Islanders.

The FY 2008 budget continues to improve State Government information technology and finance projects with statewide interest in the areas of education, healthcare, and pilot projects to expand wireless internet applications. Rhode Island must strengthen its technology to enable an innovation economy and to solve the real problems of our day. The Governor recommends \$22.6 million from general revenues over a five year period for the installation of a modern statewide financial management system. The five year financial plan includes previously approved funding for Innovation Technology which would be provided by certificates of participation and would fund specific public policy areas, infusing the investment needed to strengthen the state's platform for innovation and deliver real value to Rhode Island citizens. State government projects include a replacement of the outdated system presently used by the Division of Motor Vehicles (\$13.0 million), enterprise infrastructure upgrades (\$3.9 million), Taxation data warehouse (\$2.5 million), and integrated, web based licensing capability (\$1.0 million).

To support more efficiencies and better training in the educational system, the Governor's plan includes previously approved funding of \$15.0 million for technology over five years which would focus on "Inspiring Excellence in Science, Technology, Engineering, and Mathematics (STEM)". The Governor recommends funding for innovative technology to upgrade teacher training programs to better prepare teachers to inspire their students to excel in science, technology, engineering and mathematics. Projects that qualify may include, but are not limited to, the Rhode Island Department of Education's Comprehensive Education Information System and its rollout to school districts as well as specific funding to support teacher professional development in the use of innovative technologies or techniques, including our state's teacher preparation programs. The "SMART" Classrooms Program will significantly upgrade teacher preparation facilities at Rhode Island College and the University of Rhode Island by infusing technology into our teacher training programs, creating a Center for Excellence in Mathematics, Science and Technology Education, and upgrading mathematics and science classrooms and laboratories.

To support greater efficiency in an industry that impacts every Rhode Islander, the Governor recommends pursuit of the Health Information Exchange System (HIE) funded at the previously approved, self-supporting level of \$20 million. The HIE will be able to identify where a patient has medical information located, connect their personal health data from the various health care providers and facilities, and make the combined data available and easily accessible to authorized health care providers. The data exchanged through the HIE will include laboratory data, medication information, allergies, emergency room and hospital discharge summary reports, pathology reports, outpatient and surgical procedure reports, radiology images and reports, diagnosis and problem lists, immunization and preventive child

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health data (lead screening results, newborn screening results) and other health information deemed to be critical. The development of a robust and fully functional HIE will also maximize the effective use of technology by patients, providers, policymakers and researchers to realize significant and continuous improvements in the quality and outcomes of health care delivery in the state, and to protect the public's health.

Fiscal Fitness Initiatives

In his FY 2007 recommendation, the Governor includes general revenue savings resulting from a new statewide contract for records storage to begin February 1, 2007. A new Master Price Agreement with Capital Records Management includes a reduction in the monthly standard and nonstandard box storage charge from \$0.60 per box to \$0.15 per box. The reduction reflects a 30 percent decrease in FY 2007 or a general revenue savings of \$196,948 and a 70 percent decrease in FY 2008 or general revenue savings of \$449,546. Cost categories are held constant over the full five-year period of the contract. The savings from all fund sources is \$393,492 in FY 2007 and \$889,447 in FY 2008. The recommendation also provides for a 20 percent usage increase which recognizes backlogs and accumulation of documents in work spaces. The statewide adjustment is allocated to each department's base appropriations.

***Rebid of Records
Management Contract
Yields Savings***

***Payment of Vendors
through Electronic
Banking Yields
Revenues***

The Governor and the Office of the General Treasurer propose participating in the State's banking institution's ePayables program. Under this program the bank will process credit card payments, instead of checks to certain state vendors. As a result these vendors will receive expedited payments and the State will receive a share of the vendor fee paid through the Visa/MasterCard network. The banking institution already has many of our major vendors enrolled in the program and will take on all marketing and administrative tasks to sign additional state vendors to the program.

The State will receive payment from the banking institution on a quarterly basis. There are other large governmental entities and private companies already using this program and the results have been very positive. The State would need to enter into an agreement and begin implementation by March 15, 2006 to realize the full monetary impact in FY2008.

***Privatization of Food
Service at Eleanor
Slater will save \$3.6
million***

The Dietary Services at Eleanor Slater Hospital will be privatized. Currently, these services are performed in-house. There are 98.0 positions involved in providing dietary services to the patients at Eleanor Slater (covering both campuses). The total personnel costs associated with these positions in FY 2008 are projected at \$5,896,362. Additional operating costs for supplies (food) are \$1,248,227. The total cost before adjustment for unemployment benefits for providing in-house dietary service in FY 2008 was projected at \$7,144,589. The average census (number of actual patients) projected for Eleanor Slater in FY 2008 is 363. The average census (363) multiplied by the number of days (365) yields a total of 132,495 patient days. The patient days multiplied by the number of meals (3.1) yields a volume of 410,734 meals for FY 2008. The total cost (\$7,144,589) divided by the total number of meals (410,734) provides the average cost meal per meal of \$17.39 (rounded to the nearest penny).

The cost to privatize this function is estimated at \$2,148,138 which is derived by multiplying the industry estimate (\$5.23) per meal by the total number of meals (410,734). Subtracting the State's estimated cost to provide in-house service in FY 2008 (\$7,144,589) minus the estimate to privatize (\$2,148,138) yields a total savings estimate of all funds of \$4,996,451 for the full Fiscal Year. This amount is then adjusted for unemployment benefits, including 90 days health insurance post-employment and 26 weeks of employment benefits by a total amount of \$1,338,845. The adjusted amount net cost (4,996,451 - \$1,338,845) is \$3,657,606. The total funds allocation for general revenue is 47%. Therefore, the general revenue savings is \$1,719,075.

Fiscal Fitness Initiatives

The Housekeeping Services at Eleanor Slater Hospital will be privatized. Currently, these services are performed in-house. There are 85.0 positions involved in providing Housekeeping Services to the patients at Eleanor Slater (covering both campuses). The total personnel costs associated with these positions in FY 2008 are projected at \$4,979,474. Additional operating costs for Housekeeping are not included. The total cost therefore for providing in-house dietary service in FY 2008 was projected at \$4,979,474.

*Privatization of
Housekeeping at
Eleanor Slater will
save \$1.7 million*

The square footage reported to the Federal Government for the Eleanor Slater Hospital in their cost allocation plan was 581,000 square feet. Using an estimate of 90% of the total space, a calculation of the cleanable square footage is 522,900 square feet. The cost (\$4,979,474) divided by the cleanable square footage yields a cost of \$9.52 per square foot.

The cost to privatize this function is estimated at \$2,128,203 which is derived by multiplying the industry estimate (\$4.07) per square foot by the total number cleanable square feet (522,900). Subtracting the State's estimated cost to provide in-house service in FY 2008 (\$4,979,474) minus the estimate to privatize (\$2,128,203) yields a total savings of all funds of \$2,851,271. This amount is then adjusted for unemployment benefits, including 90 days health insurance post-employment and 26 weeks of employment benefits by an amount of \$1,128,827. The adjusted amount net cost (2,851,271 - \$1,128,827) is 1,722,444 for the full Fiscal Year. The total funds allocation for general revenue is 47%. Therefore, the general revenue savings is \$809,549.

The Dietary Services at Rhode Island Veteran's Home will be privatized. Currently, these services are performed in-house. There are 31 financed positions involved in providing dietary services to the patients at the Veteran's Home. The total personnel costs associated with these positions in FY 2008 are projected at \$1,967,458. Additional operating costs for supplies (food) are projected at \$740,500. Budgeted costs are thus \$2,707,958.

The census (number of actual patients) for Veteran's Group Home is 252. The census (252) multiplied by the number of days (365) yields a total of 91,980 patient days. The patient days multiplied by the number of meals (3.1) yielding a volume of 285,138 meals for FY 2008.

The cost to privatize this function is estimated at \$1,491,272 which is derived by multiplying the industry estimate (\$5.23) per meal by the total number of meals (285,138). Subtracting the State's estimated cost to provide in-house service in FY 2008 (\$3,063,356) minus the estimate to privatize (\$1,491,272) yields a total savings estimate of all funds of \$1,572,084 for the full Fiscal Year. This amount is then adjusted for unemployment benefits, including 90 days health insurance post-employment and 26 weeks of employment benefits by a total amount of \$447,635. The total cost minus the post-employment benefits All funds are General Revenue. Therefore, the General Revenue savings is projected at \$769,051.

Securitization of Master Tobacco Settlement Revenues

***Tobacco Opportunity
Provides Solution for
Capital Budget
Challenges***

The State is faced with the challenge of providing funds for continued preservation of the State's infrastructure, while addressing structural operating budget deficits. The Governor believes that significant progress in addressing this challenge can be made with a one-time dedication of resources. The Governor recommends that the Tobacco Settlement Financing Corporation (TSFC) execute another bond transaction that would securitize the residual payments due to the TSFC upon the retirement of the Series 2002A and Series 2002B Tobacco Settlement Asset Backed Bonds.

Under the terms of the June 2002 tobacco securitization, the TSFC was required to "turbo" the principal and interest payments it made. The effect of this "turbo" provision was to accelerate the retirement of the original bonds to possibly as early as 2023 or 2024 at which time the residual tobacco settlement receipts would revert back to the State. The debt the TSFC incurs from this transaction would not be considered an obligation of the State. Currently market conditions for the issuance of such securities are favorable despite the fact that significant litigation risk and unpredictable consumption risk are still present and could negatively impact the revenue flow that supports the bonds.

Such a transaction is expected to yield between \$150-180 million, and the Governor recommends that 100% of the proceeds be used for capital purposes. Assuming \$160 million is received, the Governor proposes that \$20.0 million be received in the current year and assigned to fund capital projects in the RI Capital Fund from December 2006 to June 30 2007. In FY 2008, \$72.5 million will be transferred from the Tobacco Settlement Trust Fund to the RI Capital Fund to ensure that projects continue in FY 2008. The Governor recommends that the remainder of the proceeds, an additional \$67.5 million, be reserved for allocation to transportation related projects, including, road resurfacing, bridges, and mass transit projects. The Governor recommends these funds be available to ensure the State can match federal highway dollars as they become available. Since the federal government has not disclosed the actual amount which will be available, this allocation will occur in conjunction with the General Assembly when better information is available.

In June 2002, the Tobacco Settlement Financing Corporation (TSFC) was formed for the purpose of securitizing the State's future revenues due under the tobacco Master Settlement Agreement entered into by the Attorney General in November 1998. The Corporation issued \$685,390,000 of bonds to finance the acquisition of one hundred percent of the State's tobacco settlement receipts for the period 2004 through 2043. The net proceeds of the sale, after financing the cost of issuance, capitalized interest, and the debt service reserve fund, totaled \$544.2 million. The state utilized \$295.3 million in June 2002 to defease \$247.6 million of outstanding general obligation and certificate of participation debt (or \$295.5 million reflecting the accreted value of capital appreciation bonds). The remaining \$248.9 million was made available for operating budget expenditures in the FY 2002 – FY 2004 period.

***Background on the
Tobacco Settlement
Financing Corporation***

The debt defeasance resulted in debt service savings of \$51.6 million in FY 2003 and total debt service savings through FY 2012 of \$343.5 million. The debt service savings were realized as monies no longer needed to be appropriated for the payment of the defeased bonds' principal and interest. The defeased debt is guaranteed by an escrow account established with the proceeds from the securitization and thus, those bonds are no longer considered a debt of the state. Additionally, the bonds issued by the Tobacco Settlement Financing Corporation are secured solely by pledged tobacco settlement revenues and thus, the TSFC bonds are also not a debt of the state. The net impact of this transaction reduced the State's outstanding debt, and improved its debt ratios. The state effectively shifted the risk of non-collection of master settlement

Securitization of Master Tobacco Settlement Revenues

revenues to the holders of the TSFC bonds. It should be noted that since this transaction, there have been many larger tobacco settlement bond issues executed by other states. In some of these cases, the issuing state has had to provide some type of auxiliary guarantee to receive favorable yields on the bonds. In addition, some states which have not yet issued are considering a direct state guarantee or pledge of moral obligation in order to make the bonds more appealing to investors. The State of Rhode Island did not provide such auxiliary guarantees or pledges when it securitized its rights to receive the tobacco master settlement revenues.

At the time of issuance in 2002, the Tobacco Finance Settlement Corporation's bonds were rated A1, A-, and A, by Moody's Investors Service, Fitch Ratings, and Standard and Poor's Ratings Service respectively. As of January 26, 2006, the TSFC's bonds have been downgraded to Baa3, BBB, and BBB by each of the ratings agencies. In general, the overall downgrading of the TSFC's debt and other similarly secured debt was the result of the increased vulnerability of tobacco companies to adverse litigation in some jurisdictions and concerns about litigation relating to the model statutes enacted in the various states. As of June 30, 2006, \$669,375,000 of bonds were outstanding. In accordance with Government Accounting Standards Board Technical Bulletin No. 2004-1, the financial statements of the TSFC do not recognize a positive carrying value for the future revenues to be received under the tobacco Master Settlement Agreement.

The Economy

Introduction

The Consensus Revenue Estimating Conference (REC) convenes at least twice each year, typically 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. During the 1998 legislative session, the Revenue Estimating Conference statutes were modified to also require the adoption of a consensus economic forecast. Prior to the November 2001 conference, the conferees adopted a forecast for Rhode Island total employment, Rhode Island personal income, and the U.S. consumer price index for all urban consumers (CPI-U) covering the state's prior fiscal year, its current fiscal year, and the budget year.

In 2001 the Rhode Island Division of Taxation procured an updated personal income tax simulation model. This acquisition required that additional economic variables be forecasted at the Revenue Estimating Conferences beginning with the November 2001 conference. Thus, in addition to Rhode Island total employment, Rhode Island personal income and the U.S. CPI-U, forecasts for Rhode Island wage and salary income, Rhode Island farm income, Rhode Island non-farm business income, Rhode Island dividends, interest and rent, Rhode Island total transfer payments, the Rhode Island unemployment rate, the interest rate for ten year U.S. Treasury notes, and the interest rate for three month U.S. Treasury bills are also agreed upon at the Revenue Estimating Conference. Finally, the consensus forecast of these economic variables now includes the prior calendar and fiscal years, the current calendar and fiscal years, the budget calendar and fiscal years, and the next seven calendar and fiscal years.

Past Performance

During the November 2006 Revenue Estimating Conference, the conferees heard testimony from the state's two economic consulting firms, *Economy.com* and *Global Insight*. Both of the firms' representatives projected that the U.S. economic expansion is softening mostly due to corrections in the housing market but with easing energy prices cushioning the effect of adjustment on the overall economy. To date, the source of U.S. economic growth has been consumer spending fueled by historically low interest rates that have kept housing markets strong. Both consulting economists agreed that the housing market slowdown hit sooner and harder than previously forecasted, but with lower energy costs U.S. economic growth will moderate rather than falter.

Further, healthy job growth, even without residential construction employment, is expected to facilitate the U.S. economy's emergence from the contraction sooner than expected. In spite of easing energy costs, an increase in inflation has been felt in the money market where increased interest rates have slowed consumer spending growth. In the near term, inflation and interest rates are expected to rise only slightly as increasing wages as passed through to consumer prices, meanwhile investment spending by business should strengthen personal income and employment growth in the future. *Global Insight* forecasted real U.S. GDP growth of 3.3 percent in 2006 and 2.4 percent in 2007 while *Economy.com* projected real U.S. GDP growth of 3.3 percent in 2006 and 2.6 percent in 2007. *Global Insight* cited increased consumer spending due to decreasing energy prices as underpinning its late 2006-early 2007 growth forecast while *Economy.com* noted that the climbing inflation in 2006 is likely related to labor markets more than energy prices and wage pressures should begin to ease in 2007.

In a report released on December 21, 2006, the Bureau of Economic Analysis (BEA) indicated that third quarter growth in real U.S. GDP was 2.0 percent versus the 2.6 percent rate of growth that occurred in the second quarter of 2006. According to the BEA, "The increase in real GDP in the third quarter primarily reflected positive contributions from personal consumption expenditures (PCE), exports, equipment and software, nonresidential structures, and state and local government spending that were partly offset by a

The Economy

negative contribution from residential fixed investment. Imports, which are a subtraction in the calculation of GDP, increased.” The BEA further notes that “The deceleration in real GDP growth in the third quarter primarily reflected an acceleration in imports, a larger decrease in residential fixed investment, and decelerations in PCE for services, in private inventory investment, and in state and local government spending were partly offset by upturns in equipment and software, in PCE for durable goods, and in federal government spending.” Final sales of computers contributed 0.07 percentage points to third quarter real GDP growth versus 0.04 percentage points contributed to second quarter growth. Motor vehicle output added 0.76 percentage points to third quarter real GDP growth versus subtracting 0.31 percentage points from second quarter real GDP growth.

The slowdown in real U.S. GDP translated into lower job growth in 2006. Seasonally adjusted growth in U.S. non-farm employment through December, the most recent month available, was 1.4 percent, or 1,915,250 jobs. This is a deceleration in employment growth over 2005 through December, when non-farm employment growth was 1.5 percent, or a gain of 2,035,000 jobs.

Rhode Island’s economic performance in 2006 was characterized by flattening growth. Rhode Island and Maine employment grew the most slowly of the New England states in 2006. Seasonally adjusted growth in RI non-farm employment in 2006 was 0.4 percent, or approximately 1,867 jobs, and Maine’s growth in total non-farm employment was 0.3 percent, or approximately 2,008 jobs, in 2006. Rhode Island was second to last in the region in non-farm employment growth in 2006. New Hampshire led the region in 2006 in total non-farm employment growth at 1.0 percent, or approximately 6,375 jobs, attaining a new employment peak of 641,558 jobs, while Vermont and Massachusetts tied for second place with non-farm employment growth of 0.8 percent, or 2,392 jobs and 24,108 jobs, respectively. Vermont reached a new employment peak of 307,800 jobs in 2006. For Massachusetts, 2005 was a turning point as the state’s economy added jobs for the first time since 2001. Massachusetts non-farm employment growth continued to grow in 2006 and was 0.8 percent, or approximately 24,108 jobs, in 2006. In spite of this increase in employment, Massachusetts total non-farm jobs remained over 100,000 below its employment peak of 3,327,217 jobs attained in 2001. In 2006 the Connecticut economy continued to grow with decelerating but positive employment growth for the third consecutive year. Connecticut added approximately 9,625 jobs, or growth of 0.6 percent, but remained 20,258 jobs below its 2000 employment peak of 1,693,225 jobs.

The State’s housing market slowed in 2006. According to the *Office of Federal Housing Enterprise Oversight* (OFHEO), the median price for existing single family homes in Rhode Island rose by 4.55 percent on year-over-year basis through September 30, 2006 as compared to the previous year’s growth of 11.73 percent. This was the fourth highest rate of appreciation in New England, trailing Vermont’s 9.35 percent house price appreciation rate, Connecticut’s 6.34 percent rate of appreciation, and Maine’s 4.89 percent price appreciation. Over the past five years, price appreciation in Rhode Island’s housing market has been the strongest of all of the New England states and the eighth highest in the nation. According to OFHEO, during the five year period from the third quarter of 2004 through the third quarter of 2006, Rhode Island housing prices have increased by 86.4 percent while those of the other New England states have increased by less than two-thirds (58.2 percent). In spite of the strong growth in the price of single family homes in Rhode Island, the rate of increase has slowed considerably. In fact, the rate of house price appreciation in Rhode Island fell by more than half, attaining its lowest level of growth since the third quarter of 1999. At this time, it is still not anticipated that Rhode Island’s housing market will experience price deflation in the near term but rather continued price disinflation should prevail.

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With respect to personal income growth, Rhode Island's performance outpaced growth in non-farm employment. Rhode Island's personal income growth in the fourth quarter of 2005 (2005:4) through the third quarter of 2006 (2006:3) was 4.11 percent, tied for the second highest personal income growth of the six New England states. Massachusetts personal income growth also reached 4.11 percent for the 2005:4 through 2006:3 period. Maine recorded the highest rate of personal income growth in this period at 4.83 percent, followed by Rhode Island and Massachusetts. New Hampshire came in third with personal income growth of 3.66 percent. New Hampshire was trailed slightly by Connecticut and Vermont with personal income growth of 3.14 percent and 3.53 percent, respectively. It should be noted, however, that over the 2001:4 through 2006:3 period, Rhode Island's average annual rate of personal income growth has exceeded that of every other New England state.

The Forecast

The November 2006 Consensus Economic Forecast				
Rates of Growth	FY 2005	FY 2006	FY 2007	FY 2008
Total Employment	0.7%	0.6%	0.5%	0.8%
Personal Income	4.2%	4.6%	5.3%	4.5%
Wage and Salary Income	3.4%	4.6%	5.0%	4.1%
Dividends, Interest and Rent	1.1%	3.7%	7.0%	6.4%
Nominal Levels				
U.S. CPI-U	3.0%	3.8%	2.9%	2.2%
Unemployment Rate	5.1%	5.2%	5.5%	5.6%
Ten Year Treasury Notes	4.2%	4.6%	4.8%	5.0%
Three Month Treasury Bills	2.2%	4.1%	4.7%	4.6%

The Consensus Economic Forecast (CEF) for the fiscal years 2005 through 2008 agreed upon by the conferees at the November 2006 Revenue Estimating Conference is shown in the table above. This forecast represents a downward revision in the projection for personal income growth from the November 2005 consensus economic forecast for FY 2006, followed by a slight upward revision for FY 2007, and down again for FY 2008. In contrast, the November 2006 CEF projects a consistent downward revision in the projection for non-farm employment for FY 2006 through FY 2008 as compared to the November 2005 CEF. Thus, this forecast indicates that the Rhode Island economy will create new, higher paid, jobs than thought at the time of the November 2004 Revenue Estimating Conference, but not as high as thought at the time of the November 2005 Revenue Estimating Conference for FY 2006 and FY 2008, and slightly higher for FY 2007 than previously thought. With respect to the unemployment rate, the November 2006 CEF shows an upward revision in the State's unemployment rate from the November 2005 CEF.

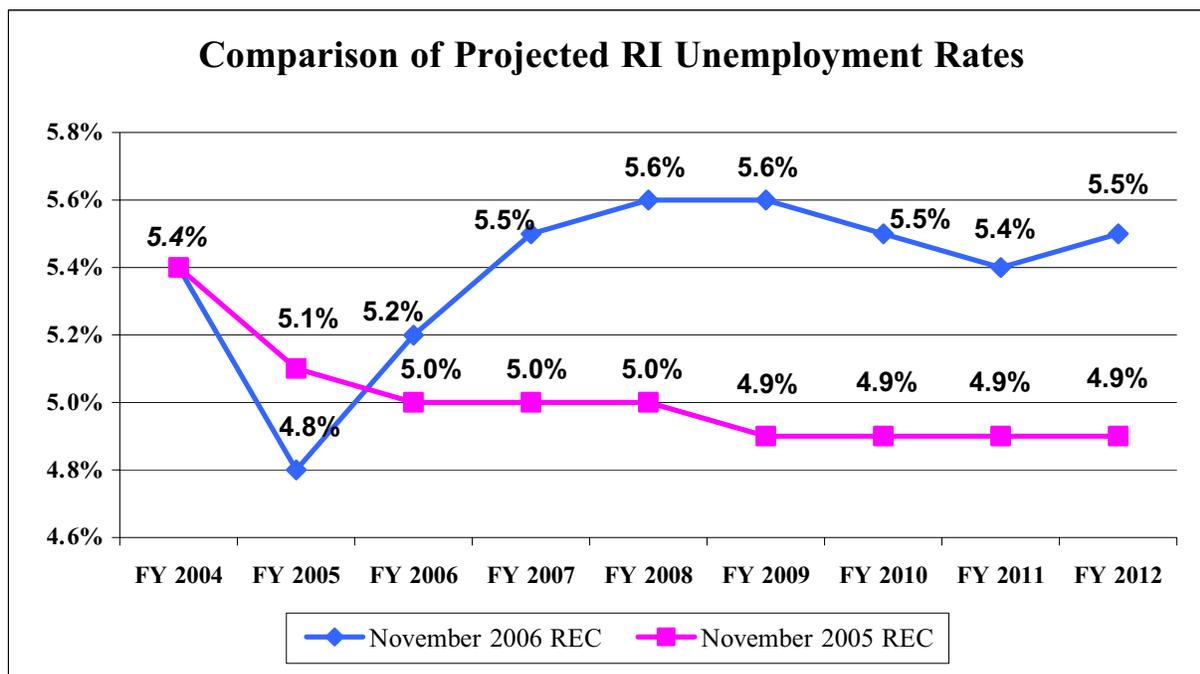
Employment

According to the Rhode Island Department of Labor and Training (DLT), Rhode Island's seasonally adjusted unemployment rate peaked at 5.6 percent between July 2006 and August 2006. This level was the highest State unemployment rate since January 1996, when Rhode Island's unemployment rate was

The Economy

also 5.6 percent. As of December 2005, the State's unemployment rate dropped to 5.2 percent. Although this is a decrease from the July through August 2006 period, the December 2006 unemployment rate is one-tenths of one percent higher than the revised December 2005 unemployment rate of 5.1 percent.

The November 2006 Revenue Estimating Conference forecasts a stable state average unemployment rate of 5.6 percent in FY 2007 and FY 2008. These projections are a sharp upward revision to the forecasts made by the November 2005 Revenue Estimating Conference, at which the conferees anticipated the State adding jobs at a rate faster than the expansion of the state's labor force. The November 2006 forecast recognizes the weaker than anticipated job growth that has occurred in Rhode Island. The graph below illustrates the difference between the November 2005 and November 2006 Revenue Estimating Conferences' outlooks with respect to the state's unemployment rate.



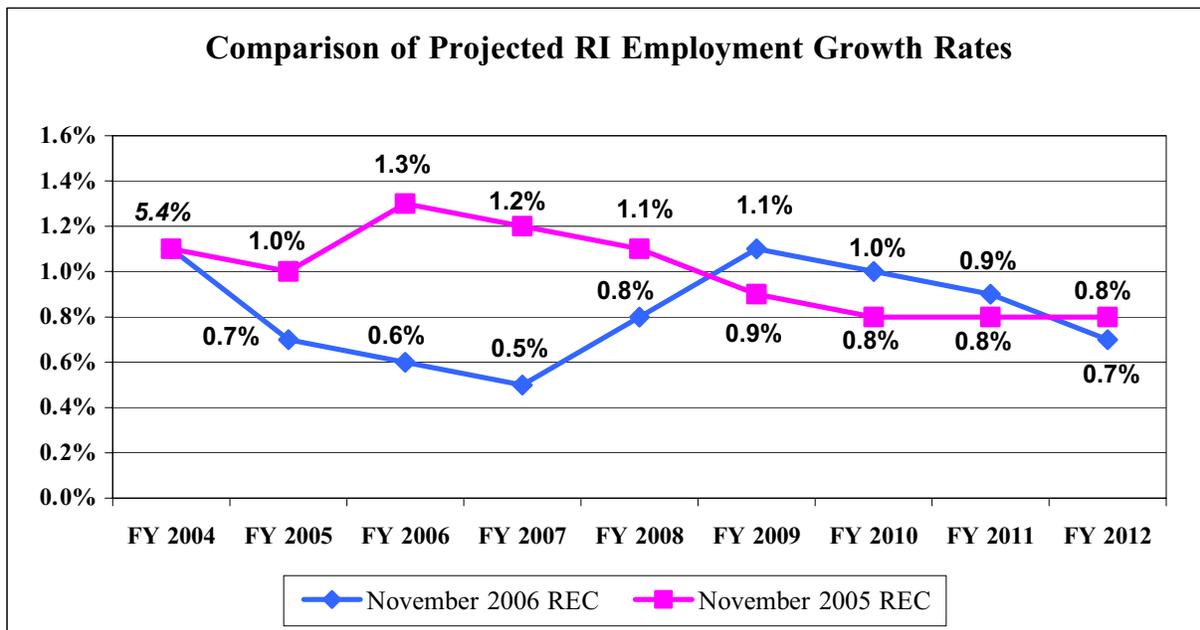
As can be seen in the graph, the State's economic recovery initially boosted Rhode Island's job market, causing a sharp decrease in unemployment in FY 2005 relative to the November 2005 projection. Note that the November 2005 REC projected a rate of unemployment 20 basis points lower than the actual rate for FY 2006. The November 2005 REC projected no change in the unemployment rate for FY 2006, FY 2007 and FY 2008. The November 2006 REC projects an increase in the State's unemployment rate in FY 2006, FY 2007, and FY 2008. The primary difference between the November 2005 and November 2006 Consensus Economic Forecasts with respect to the State's unemployment rate is the housing market slowdown resulting in lower than anticipated growth in construction and housing related employment.

According to DLT, employment at Rhode Island businesses was 549,253 in December 2006, an increase of 4,593 jobs, or 0.8 percent, over revised December 2005. The number of unemployed Rhode Islanders rose to 29,833 in December 2006 from 29,369 in December 2005. The November 2006 REC projects Rhode Island employment on a fiscal year basis to be approximately 495,300 in FY 2007, an increase of approximately 2,200 jobs from FY 2006, but 8,600 fewer jobs than was forecast for FY 2007 at the

The Economy

November 2005 REC. For FY 2008, the November 2006 REC forecasts further job growth, with Rhode Island employment rising by approximately 3,900 jobs.

DLT reports that Rhode Island's Manufacturing sector shed 1,400 jobs in December 2006 versus December 2005. The State's Trade, Transportation, and Utilities sector lost 800 jobs, Government lost 800 jobs, and Leisure and Hospitality lost 400 jobs for the same period. These job losses were more than offset by year-over-year employment gains in Financial Activities with an increase of 2,000 jobs, Education and Health Services with an increase of 1,100 jobs, Professional and Business Services with an increase of 700 jobs, and Construction with an increase of 800 jobs.



The chart above exhibits the changes in the growth of Rhode Island employment forecasted at the November 2005 and November 2006 Revenue Estimating Conferences. Several differences are readily apparent when comparing the two forecasts. First, in November of 2005 the conferees were much more optimistic about the prospects for the Rhode Island economy in the FY 2005 – FY 2008 period. At that time, they anticipated Rhode Island employment growth of 1.3 percent for FY 2006. In reality, the state's employment increased by 0.6 percent in FY 2006. These sharper declining growth rates followed by recovery are consistent with a "hard" landing scenario for Rhode Island's labor market, an occurrence that is not uncommon after a period of exceptional growth. Second, the November 2005 REC estimated stronger employment growth in FY 2009 at 0.9 percent, consistent with a gradual deceleration in the state's economy. The November 2006 REC forecasted a 1.1 percent rate of employment growth in FY 2009, indicating a recovery in the Rhode Island labor market followed by another slowdown in FY 2010. Finally, the participants at the November 2005 Revenue Estimating Conference projected a flattening of Rhode Island employment growth of 0.8 percent in the FY 2010 –FY 2012 period, consistent with a "soft" landing for Rhode Island's labor market. At the November 2006 Revenue Estimating Conference, the conferees predicted deceleration in the rate of growth in Rhode Island employment in FY 2010 to 1.0 percent with further slowing through FY 2012 to 0.7 percent.

In sum, in terms of employment growth, the November 2005 REC predicted a slower rate of growth in the Rhode Island labor market in FY 2006, followed by a moderate deceleration in rate of employment growth over the FY 2007—FY 2012 period. The November 2006 REC forecasted a rapid drop in

The Economy

employment growth in Rhode Island through FY 2007, followed by a higher level of employment growth in FY 2008 and a decelerating labor market over the FY 2009—FY 2012 period.

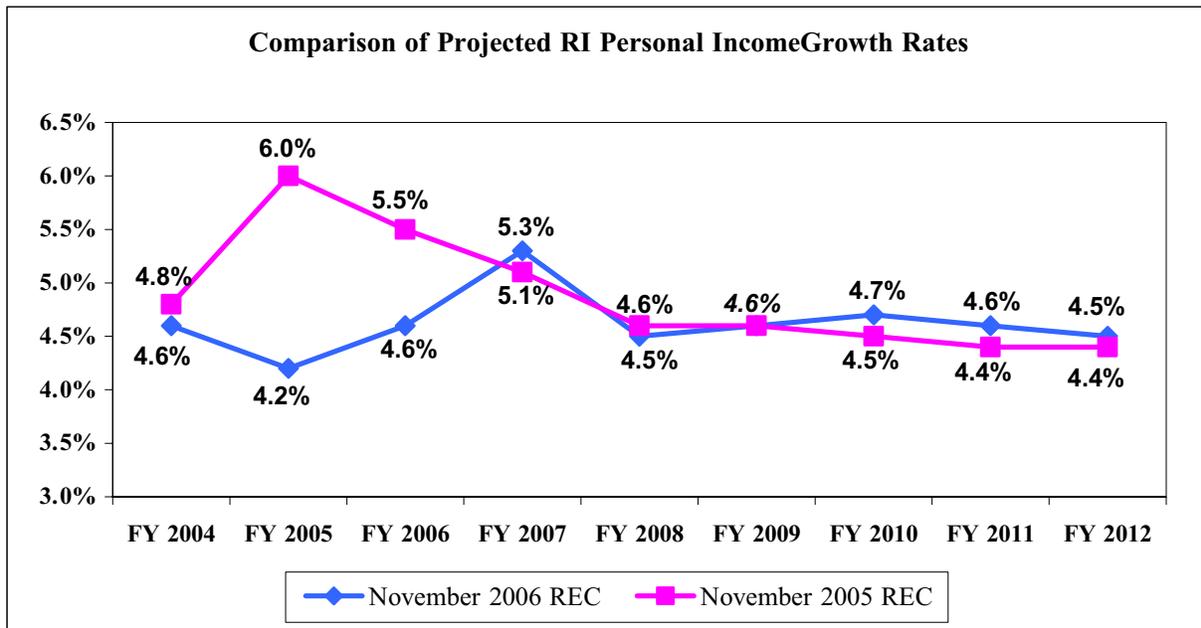
Personal Income

Unlike the Rhode Island unemployment rate and the Rhode Island employment growth rate, the November 2006 Revenue Estimating Conference made significant changes to the history and immediate forecast of Rhode Island personal income growth with minor changes to the outyears. This revision to the forecast was necessitated by the fact that the Bureau of Economic Analysis (BEA) made revisions to the personal income statistics for Rhode Island back to 2003. These revisions were 0.4 percent in 2003, -1.2 percent in 2004, and -2.1 percent in 2005.

The graph below illustrates the difference between the two personal income forecasts. Note that this chart differs substantively from the previous unemployment rate and employment growth charts. Forecasts of personal income growth converge in FY 2009. Secondly, the November 2006 forecast is nearly the inverse of the November 2005 forecast. The decreased estimates through FY 2008 are the result of the revisions made by the BEA in September 2006. The upward revisions in the outyear growth rates from the November 2006 forecast incorporate the expectation of a rapid recovery in personal income.

In November of 2005, the conferees at the Revenue Estimating Conference adopted a growth rate in Rhode Island personal income that was slightly below the average annual growth rate that prevailed during the FY 1994 — FY 2002 period, of 4.8 percent. The adopted growth rate was consistent with the underlying trend in Rhode Island personal income growth as estimated by the BEA. It was also consistent with the state's experience in the 2001 recession when Rhode Island experienced an economic slowdown rather than a recession. Given such a mild contraction in the State's economy, a strong rebound in personal income growth is atypical and the forecasters anticipated steady, if unspectacular, growth in personal income. Thus, they projected Rhode Island personal income growth at an average annual rate of 4.7 percent for the FY 2006 – FY 2012 period. At the November 2006 REC, Rhode Island personal income growth was revised downward to an average annual rate of 4.5 percent for the FY 2003 – FY 2011 period, a lower rate than that which prevailed over the FY 1989 – FY 2002 period after BEA's revisions. The November 2006 REC's revisions to Rhode Island personal income growth are particularly large in FY 2005 and FY 2006 due to the BEA revisions, from a high of -190 basis points in FY 2005 to a low of -90 basis points in FY 2006. The strong downward revisions in personal income growth adopted in November 2006 are driven primarily by sharply lower projected growth rates for wages and salaries in FY 2005 and FY 2006.

The Economy



Conclusion

Rhode Island was the only state economy in southern New England that experienced positive job growth on a year-over-year basis in CY 2002 through CY 2006. During this time period, the Massachusetts economy lost 27,242 jobs while the Connecticut economy added only 8,158 net new jobs. In spite of the drag that Massachusetts and Connecticut economies have had on Rhode Island's economy, Rhode Island still managed to attain the third highest growth rate in personal income in all of New England during the fourth quarter of 2005 through the third quarter of 2006 versus the same period in the prior year. In addition, Rhode Island experienced a slight increase in its unemployment rate in 2006 driven mostly by increased labor force participation. Finally, Rhode Island employment growth is expected to remain positive in both FY 2007 and FY 2008. The cumulative effect of these factors is a positive one for the State's economy, with more higher wage jobs on the horizon albeit slightly less than projected last year at this time.

General Revenues

Introduction

The Governor's recommended budget is based on estimated general revenues of \$3.220 billion in FY 2007 and \$3.427 billion in FY 2008. Annual estimated growth during FY 2007 and FY 2008 is 2.5 percent and 6.4 percent, respectively. Estimated deposits of \$65.2 million and \$69.8 million will be made to the Budget Reserve and Cash Stabilization Fund during these fiscal years. The revenue estimates contained in the Governor's FY 2007 supplemental and FY 2008 recommended budgets are predicated upon the revenue estimates adopted at the November 2006 Consensus Revenue Estimating Conference (REC) and the Governor's recommended changes to the adopted general revenues.

The Consensus Revenue Estimating Conference is required by statute 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, and the consensus economic forecast. The Conference members are the State Budget Officer, the House Fiscal Advisor, and the Senate Fiscal Advisor. Typically, the two required meetings of the Consensus Revenue Estimating Conference occur in November and May of each fiscal year.

FY 2007 Revised Revenues

The November 2006 REC revised the enacted FY 2007 revenue estimate down by \$74.2 million, a decrease of 2.3 percent. As shown in the *General Revenue Changes to Adopted Estimates* table in Appendix A of this document, the Governor's revised FY 2007 budget recommends an increase of \$30.8 million in revenues. This \$30.8 million in recommended changes to the FY 2007 adopted estimates breaks down as follows:

- \$20.0 million in Tobacco Proceeds dedicated to capital projects;
- \$6.6 million from a delay and phase-in of the Energy Act Assessment and Credits;
- \$1.2 million resulting from modification of the accounting reserve for unclaimed property fund from 33% to 25%;
- \$968,423 from the retention of unclaimed VLT revenues dedicated to the Narragansett Indian Tribe until they are claimed;
- \$450,000 from the Public Utilities Company (PUC) Escrow Fund from the Dual Party Phone Relay Service collections;
- \$420,706 in Military Staff: Reimbursement for Mutual State Assistance from assisting Mississippi after Hurricane Katrina;
- \$295,877 transfer E-911 sunsetted surcharge restricted receipt balance to the General Fund;
- \$277,429 from the Department of Health for the new Pickering Commonwealth Grant;
- \$174,356 for requiring administrative cost collections for good driving for the last quarter of FY 2007;
- \$150,000 from increasing various health related professional regulation fees;
- \$116,083 for the new Healthcare Regional Quality Award in the Department of Business Regulation;
- \$90,000 at the Department of Corrections for maintaining visitor lockers and collecting locker revenue in-house; and
- \$60,000 from increasing Radon fees.

General Revenues

FY 2007 Revised Revenues vs. FY 2006 Preliminary Revenues

Recommended revenues for FY 2007 are based upon a \$77.3 million increase in total general revenues over preliminary FY 2006, or growth of 2.5 percent. The largest contributing factor to this increase is the projected rise in tax collections from preliminary FY 2006 of approximately \$57.4 million. About half of the tax categories are expected to exhibit increased collections. The increases can be found in Personal Income Taxes, Public Utilities Gross Earnings Taxes, Bank Deposit Taxes, the Health Care Provider Assessment, Sales and Use Taxes, Motor Fuel Excise Taxes, and Alcohol Taxes. It should be noted that the Budget Office estimates that the Historic Structures Tax Credits will increase from \$27.0 million in FY 2006 to \$64.4 million in FY 2007. This revenue loss is included in the base estimates for personal income and general business taxes.

Personal Income Tax collections are forecasted to increase by \$72.0 million, or 7.2 percent, due to increased income tax withholding payments of \$66.1 million, increased estimated payments of \$16.0 million, and increased final tax payments of \$5.6 million. These increases are offset in part by expected increases in income tax refund payments of \$15.2 million. The revenue gains in personal income tax collections are reduced due to the utilization of the State's Historic Structures Tax Credit (HSTC) program. The HSTC program is estimated to cost the State \$49.5 million in personal income tax revenues in FY 2007. The increased Investment Tax Credit (ITC) and Research and Development (R&D) Tax Credits also continue to impact tax collections in FY 2007, as individuals and businesses continue to reap the benefits of an improved tax structure in Rhode Island. Personal income taxes are expected to comprise 33.2 percent of all general revenues collected in FY 2007 and total \$1.069 billion.

General Business Tax collections are projected to decrease by \$23.0 million, due primarily to a decrease in Business Corporations taxes of \$28.7 million. The estimated decrease in Business Corporations taxes are mainly due to the substantial tax collections in FY 2006 resulting from resident companies experiencing structural changes. Insurance Companies taxes are anticipated to generate \$52.7 million in FY 2007, or \$177,704 lower than in FY 2006. Both Business Corporations and the Insurance Companies taxes are impacted by the Historic Structures Tax Credit program. The estimated foregone revenue in Business Corporations taxes is \$2.6 million in FY 2007. For Insurance Companies taxes, an estimated \$7.3 million less in collections is due to the HSTC program. Public Utilities Gross Earnings taxes are expected to generate \$103.3 million in FY 2007. The Health Care Provider Assessment is estimated to yield \$48.5 million in FY 2007, an increase of \$1.5 million over the \$47.0 million collected in preliminary FY 2006. The Financial Institutions Tax is projected to decrease by \$3.0 million in FY 2007 to \$1.0 million.

Sales and Use tax collections are forecasted to increase by \$24.9 million, or 2.9 percent over preliminary FY 2006 collections. Sales and Use taxes represent 27.8 percent of total general revenues in FY 2007. The strength in sales and use tax collections in Rhode Island is very dependent on the State's housing market. In prior fiscal years, historically low long-term interest rates and multiple rounds of mortgage refinancings by homeowners had made available a significant source of income that was used to remodel primary residences, purchase appliances, and retire personal debt. From the State's perspective, the distribution of this consumption activity is significant, as most of the spending had been concentrated on items that are subject to the 7.0 percent state sales tax. As long-term interest rates have begun to rise, the State's housing sector has cooled substantially and this reduced housing sector activity has slowed the rate of growth in the sales and use tax collections. For FY 2007 sales and use tax collections are projected to be \$895.0 million.

General Revenues

Excise Taxes other than the sales and use tax are expected to decrease by \$8.4 million in FY 2007. Motor vehicle operators license and vehicle registration fees are expected to reach \$48.0 million in FY 2007, a decrease of 8.8 percent from FY 2006 collections. The Motor Fuel tax estimate of \$1.0 million is 1,764.5 percent higher than FY 2006 collections. The revised FY 2007 Cigarette Tax estimate of \$121.7 million represents a 3.8 percent decrease over FY 2006 collections. Cigarette Tax collections are expected to decrease by \$4.8 million. The State did not change its cigarette excise tax in FY 2006. As a result, no cigarette floor stock taxes were collected in FY 2006. The cigarette floor stock tax is a one-time revenue that occurs only when the State's cigarette excise tax is increased. In FY 2007, no increase in the State's cigarette excise tax was enacted.

Other Taxes are expected to decrease \$8.1 million in FY 2007 relative to preliminary FY 2006. Of the total decrease in Other Taxes, Inheritance and Racing and Athletics tax collections constitute a \$389,811 decrease, the Realty Transfer tax constitutes a \$791,822 decrease, and Inheritance and Gift Taxes are expected to yield \$6.9 million less in FY 2007 than in preliminary FY 2006, with estimated collections of \$32.5 million. This expected decrease in Inheritance and Gift Tax collections is due to the nature of the tax itself, which can be affected markedly by the passing of a single wealthy taxpayer. Racing and Athletic Taxes are expected to continue their downward trend in FY 2007 totaling \$3.1 million, a decrease of 11.2 percent from FY 2006 levels. Realty Transfer Taxes are expected to total \$13.8 million in FY 2007, a decrease of 5.4 percent from preliminary FY 2006 collections.

In the Governor's FY 2007 supplemental budget, Departmental Receipts are estimated at \$296.4 million, an increase of \$8.9 million from preliminary FY 2006 collections, or 3.1 percent.

In addition to the above general revenue components, increases are forecasted in FY 2007 for the Other Miscellaneous general revenue category whereas the Unclaimed Property Transfer to the general fund and the Lottery transfer to the general fund are forecasted to decrease in FY 2007. In the case of the Unclaimed Property Transfer, a decrease of \$2.8 million is forecasted.

In the case of the Lottery Transfer, a decrease of \$1.9 million to \$322.0 million is projected for FY 2007. It is a decrease of 0.6 percent from the preliminary FY 2006 transfer. This decrease is attributable primarily to the year-to-date experience of slowing growth in video lottery net terminal income that may be due to a general decline in VLT revenues as evidenced by a decline at Foxwoods Casino in Connecticut (although not experienced at Mohegan Sun Casino in Connecticut) and may also possibly be affected by the construction occurring at the Lincoln Woods gambling facility while the new owners refurbish and revamp the facility.

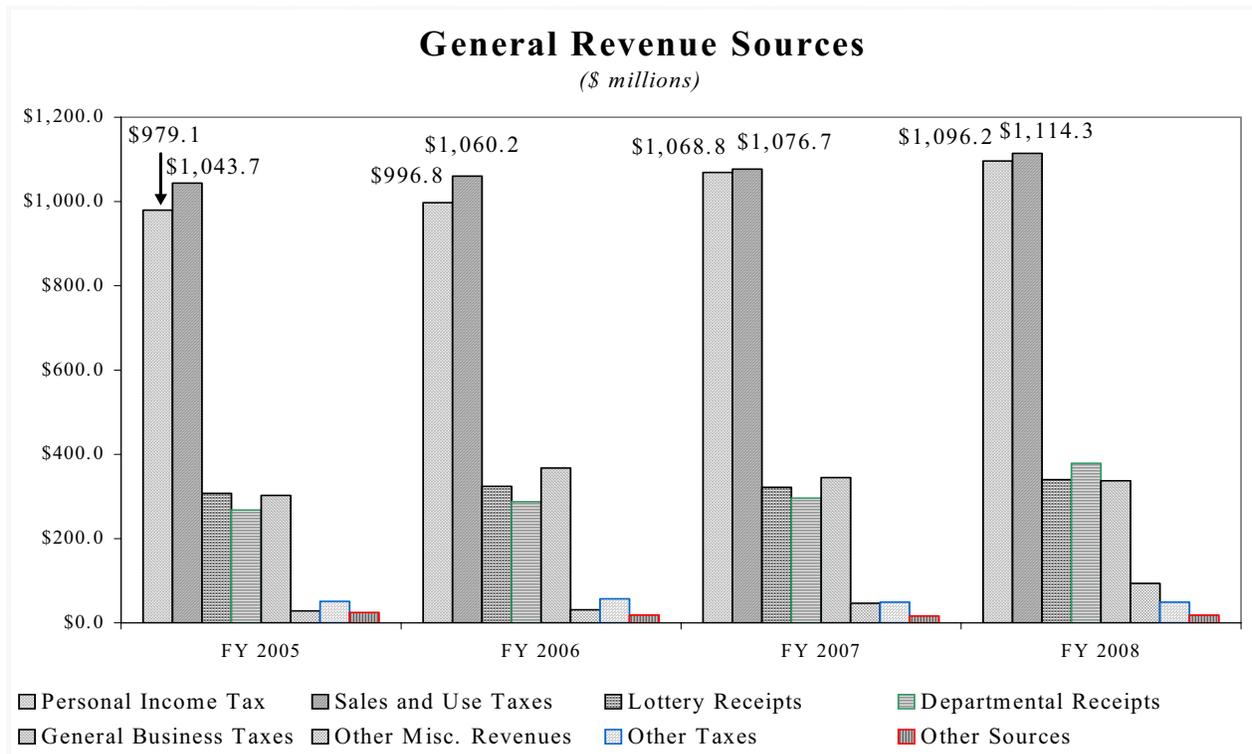
In the case of Other Miscellaneous general revenues, a \$15.2 million increase to \$46.4 million is projected. For FY 2007, Other Miscellaneous revenues are expected to make up 1.4 percent of recommended general revenues.

Finally, for FY 2007, an increase is estimated for the Gas Tax Transfer to the general fund. The Gas Tax Transfer to the general fund is expected to increase by \$362,805 in FY 2007.

General Revenues

The chart below shows the sources of general revenues for the period FY 2005 – FY 2008. The values of the two major sources of general revenues, personal income taxes and sales and use taxes, are highlighted.

FY 2008 Proposed Revenues



The Governor’s recommended FY 2008 budget estimates general revenues of \$3.427 billion, an increase of 6.4 percent over the revised FY 2007 level. The Governor’s recommendation is comprised of \$3.256 billion of revenue estimated at the November 2006 Revenue Estimating Conference and \$171.7 million of changes to the adopted estimates. These changes are shown in the schedule *General Revenue Changes to Adopted Estimates* located in Appendix A of this document.

The largest source of FY 2008 general revenues is the Personal Income Tax, with estimated receipts of \$1.096 billion, \$8.6 million more than the November 2006 REC estimate for FY 2008. Personal Income Taxes are expected to comprise 32.0 percent of total general revenues in FY 2008. The \$8.6 million increase over the adopted estimate in Personal Income Tax collections is due to the Governor’s proposed Historic Structures Tax Credit buyback plan in coordination with the Economic Development Corporation (EDC). It should be noted that the Budget Office estimates that the FY 2008 Personal Income Tax estimate adopted at the November 2006 REC incorporated \$69.3 million in revenue lost to the Historic Structures Tax Credit (HSTC) program. Relative to the revised FY 2007 budget, recommended FY 2008 Personal Income Taxes are \$27.4 million greater, a growth rate of 2.6 percent.

Sales and Use Tax collections are expected to total \$929.5 million in FY 2008, or no change from the FY 2008 estimate agreed upon at the November 2006 Revenue Estimating Conference. The Governor’s FY 2008 recommended estimate signifies growth of 3.9 percent over the FY 2007 revised estimate. Sales and Use Taxes are anticipated to contribute 27.1 percent to total general revenues in FY 2007.

General Revenues

Motor Vehicle operator license and vehicle registration fees are forecasted to equal \$54.9 million in FY 2008, a \$5.9 million increase from the November 2006 REC estimate. This increase is the result of two of the Governor's proposals: to change the Motor Vehicle Registration to account for the Gross Vehicle Weight of passenger vehicles with a tiered system of registration fees corresponding to the vehicles gross weight and to collect an additional fee with vehicle registrations to pay for certain upgrades at the Department of Motor Vehicles. Motor Carrier Fuel Use Taxes are estimated to reach \$1.1 million in FY 2008, the same as the November 2006 REC estimate. The other components of excise taxes, namely Cigarettes Taxes and Alcohol Taxes, remain at the levels adopted by the conferees of the November 2006 Revenue Estimating Conference. Cigarettes Taxes are estimated to decline by \$4.2 million, or 3.5 percent, from the revised FY 2007 estimate. This decline is a result of the estimated drop in cigarette consumption. Alcohol Tax revenues, however, are projected to rise modestly in FY 2008 from the revised FY 2007 estimate.

General Business taxes represent 9.8 percent of total general revenue collections in the FY 2008 budget year. Business Corporation Tax revenues are expected to yield \$128.9 million, a decrease of 0.1 percent, or \$119,018 from the FY 2008 estimate agreed to at the November 2006 REC. This decrease is the net result of two of the Governor's proposals. The first proposal is the previously mentioned Historic Structures Tax Credit buyback program which is expected to increase Business Corporations Tax collections by \$357,055. The second proposal is to reinstitute the Small Business Tax Credit. This proposal is anticipated to reduce revenues by \$476,073. Business Corporations Tax collections are projected to be 6.3 percent lower than the revised FY 2007 estimate. The FY 2008 Business Corporations Tax estimate includes a Budget Office estimated \$2.9 million in revenues lost to the use of Historic Structures Tax Credits by corporate income tax filers. Business Corporations taxes are expected to constitute 3.8 percent of total general revenues in FY 2008.

Health Care Provider Assessments and Bank Deposits Taxes are estimated at the levels adopted at the November 2006 Revenue Estimating Conference. Insurance Premiums Taxes are estimated to be \$52.8 million in FY 2008 and are forecasted to be 0.2 percent higher than in the revised FY 2007 budget. They will comprise 1.5 percent of total general revenues in FY 2008. Recommended Insurance Premiums Taxes are higher than the November 2006 REC estimate by \$1.1 million as a result of the previously mentioned Historic Structures Tax Credit buyback program. The Budget Office estimates that the FY 2008 Insurance Premiums Taxes will be reduced by \$8.8 million as a result of the use of Historic Structures Tax Credits. This estimated revenue loss is included in the November 2006 REC estimate for Insurance Premiums taxes. Financial Institution Taxes are estimated at \$3,344 more than adopted levels for FY 2008. The Governor's proposed Historic Structures Tax Credit buyback program is expected to recover this in Financial Institution Taxes. Finally, the Governor's proposed delay and phase-in of the Energy Act Assessment and Credits is expected to recoup \$7.6 million in FY 2008, increasing the Public Utilities Gross Earnings Taxes from the November 2006 REC.

Inheritance and Gift Taxes are projected to reach \$32.5 million in FY 2008; no change from the level adopted at the November 2006 Revenue Estimating Conference. Realty Transfer Taxes are also estimated at the same level adopted at the November 2006 Revenue Estimating Conference. Thus, Realty Transfer Taxes are expected to grow modestly, if at all, from their revised FY 2007 levels, with anticipated collections of \$14.1 million. Racing and Athletics Taxes are also estimated at the level adopted at the November 2006 REC. This estimate represents a decline of \$300,000, or -9.7 percent, from the revised FY 2007 estimate. Total Racing and Athletics Taxes projected in FY 2008 is \$2.8 million. The total of Other Taxes is 1.4 percent of total general revenues in FY 2008.

FY 2008 departmental receipts are expected to generate \$82.2 million more than the revised FY 2007 budget. Including all of the Governor's proposed changes to departmental receipts, total departmental

General Revenues

revenues are expected to be \$378.6 million in FY 2008, or 11.0 percent of total general revenues. In the licenses and fees category of departmental receipts, \$142.3 million is expected as a result of the Governor's proposals. Most of this increase is attributable to the hospital licensing fee. The Governor recommends that the hospital licensing fee be reinstated for one year at a 3.56 percent rate of assessment, yielding \$71.6 million in FY 2008. The FY 2008 recommended departmental revenues figure includes the following proposals:

Licences and Fees:

- \$71.6 million from reinstating the Hospital Licensing Fee (as mentioned above);
- \$14.1 million from accelerating the collection of Hospital Settlement Payments;
- \$4.0 million for a provider charge on surgical and imaging centers;
- \$4.0 million in increased various health profession regulation fees;
- \$2.2 million from E-911 for moving the GIS Surcharge to the general revenues for Public Safety purposes;
- \$1.3 million resulting from licensing mortgage loan originators;
- \$960,000 in increase fees for the Building Contractors' Registration Board;
- \$650,000 from increasing the Pesticide Fee;
- \$220,000 in improved Child Support collections from an amnesty program;
- \$216,075 in increased Gaming Workers' License Fees;
- \$120,000 from increased Radon fees;
- \$100,000 from increased and new fire safety fees; and
- a decrease of \$(3.2) million due to decreasing the State's share of the Emissions Testing Fee.

Fines and Penalties:

- \$697,425 from requiring administrative cost collection for good driving dismissals, as is the practice in municipal courts.

Sales and Services:

- \$28.2 million due to various property sales arrangements; and
- \$90,000 at the Department of Corrections for maintaining visitor lockers and collecting locker revenue in-house.

Miscellaneous Departmental Revenues:

- \$15.2 million in transferred reserves from insurers;
- \$1.0 million due to rebates from e-payables vendor payment system;
- \$500,000 from discontinuing DEFRA Child Support;
- \$139,211 from the Department of Health for the Pickering Commonwealth Grant; and
- \$107,984 for the Healthcare Regional Quality Award in the Department of Business Regulation.

The Other Sources component total of \$451.7 million in FY 2008 represents an increase of 17.5 percent, or \$67.2 million, compared to the revised revenue estimate for FY 2007. The change in other sources of revenue is distributed among the three major components. Within the Gas Tax Transfer component, the Governor's FY 2008 budget shows no change from the revised FY 2007 level. The Gas Tax Transfer is expected to total \$4.7 million, comprising 0.1 percent of total general revenues in FY 2008.

General Revenues

The Governor's recommended FY 2008 budget for Other Miscellaneous Revenues is \$47.1 million higher than the revised FY 2007 level, an increase of 101.5 percent. This increase is due in large part to a one-time revenue shifted from the FY 2007 budget to the FY 2008 at the time of the November 2006 REC when testimony from the Department of Business Regulation indicated that the proceeds from the AIG settlement would most likely be received in FY 2008 rather than in FY 2007 prompted the principals to transfer \$40.0 million into the estimate for the following fiscal year. The Governor's FY 2008 budget recommends repealing the restriction on bond premiums from General Fund Use resulting in additional revenues of \$3.0 million in Other Miscellaneous Revenues in FY 2008. Other Miscellaneous Revenues are anticipated to be \$93.5 million in FY 2008, amounting to 2.7 percent of all general revenues.

Within the Lottery category, the recommended FY 2008 budget is \$17.9 million greater than the revised FY 2007 budget, an increase of 5.6 percent. The Governor recommends retaining the transfer to the Narragansett Indian Tribe (\$594,305) until it is claimed and also recommends increasing the Simulcast Commission fee (\$1.6 million) to be more in line with the live Pari-mutuel Commission fee, resulting in combined increased revenues of \$2.2 million in FY 2008 above the November 2006 REC estimate for Lottery. In FY 2008, the Lottery Transfer is expected to be \$340.0 million and comprise 9.9 percent of total general revenues.

The final category of general revenue receipts is the Unclaimed Property transfer. In FY 2008, this transfer is expected to increase by \$2.2 million, or 19.0 percent, from the revised FY 2007 estimate. The source of this growth is primarily due to an expected increase in collections due to transference of the Compliance section from the Treasury Department to the Division of Taxation and the change in accounting reserves from 33% to 25%. The Unclaimed Property transfer is projected to be \$13.7 million in FY 2008, and comprise 0.4 percent of all general revenues.

All Sources

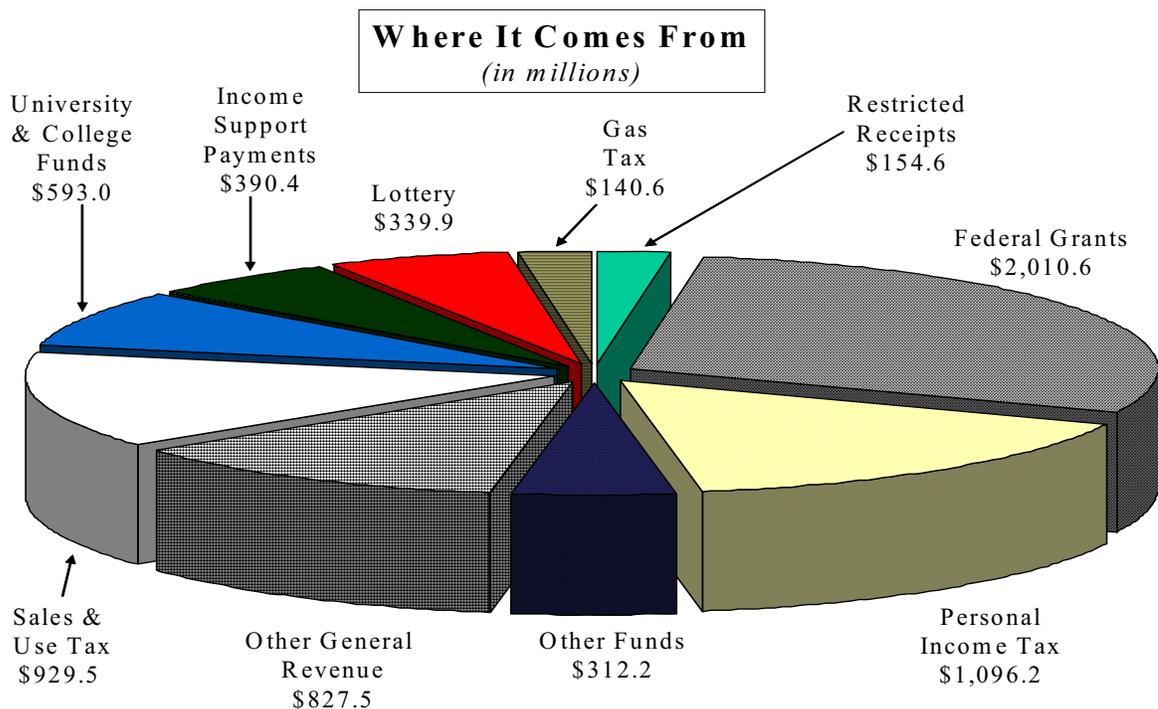
The total budget of \$6,794.4 million includes all sources of funds from which state agencies make expenditures.

Federal funds represent 29.6 percent of all funds. Over 69.3 percent of federal funds are expended for human services, primarily for Medicaid.

Income and Sales and Use Taxes combined represent 29.8 percent of all revenue sources.

University and College Funds, and Income Support Benefit payments represent 8.7 percent, and 5.79 percent of the total, respectively.

Remaining sources include: Other General Revenues (12.2 percent); Gas Tax Revenues (2.1 percent); Lottery Transfers (5.0 percent); Restricted Receipts (2.3 percent); and Other Funds (4.6 percent).



All Expenditures

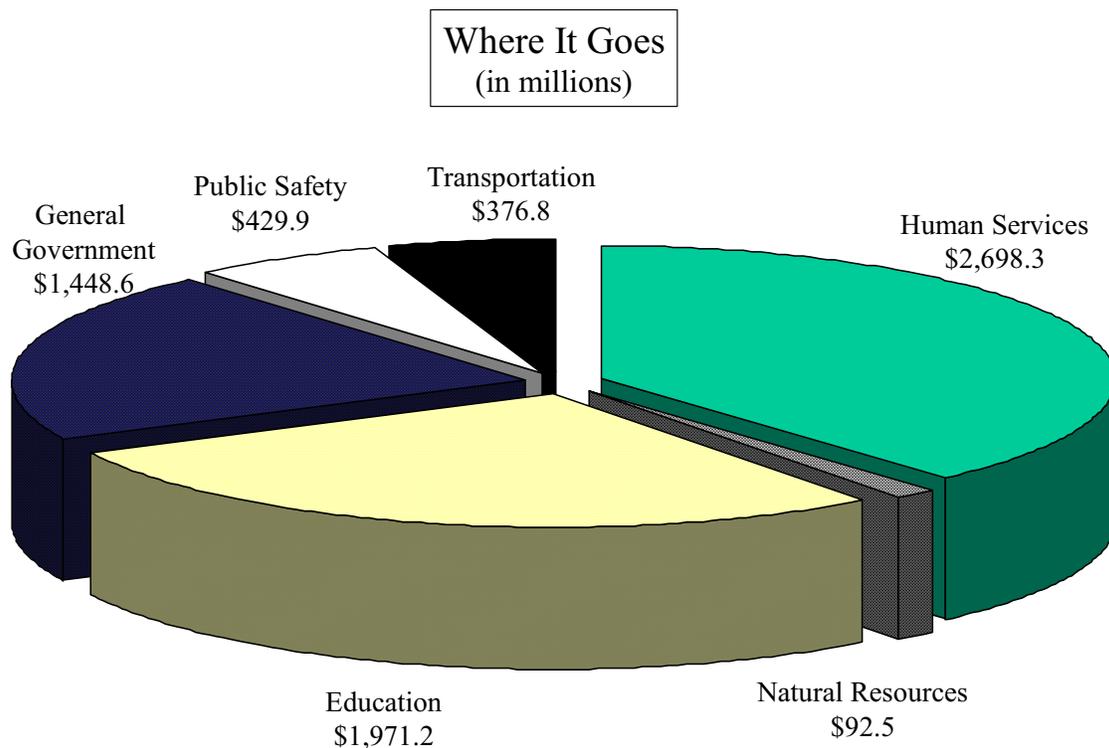
Approximately sixty-six and one half percent of all expenditures are for human services and education programs. The budgets for the human service agencies total \$2.698 billion, or approximately thirty-eight percent of all expenditures. These programs constitute the state's social services safety net.

Education expenditures comprise approximately twenty-eight percent of total expenditures, or \$1.971 billion. Of this total, \$1.036 billion represents funding for aid to local units of government; this is approximately fifty-two and one half percent of all education expenditures, including higher education.

Approximately thirty and one half percent of the \$1.449 billion expended for general government is for grants and benefits to individuals. Most of these expenditures are for employment and training services or programs, including unemployment compensation.

Public safety expenditures total \$429.9 million and comprise six percent of the total recommendation. Transportation expenditures comprise five percent of the total budget and include funds for public transportation, as well as highway, road and bridge expenditures. Expenditures for natural resources total one percent of the total recommendation.

In total, expenditures from all funds are recommended to increase by six and one half percent from the revised FY 2007 budget.

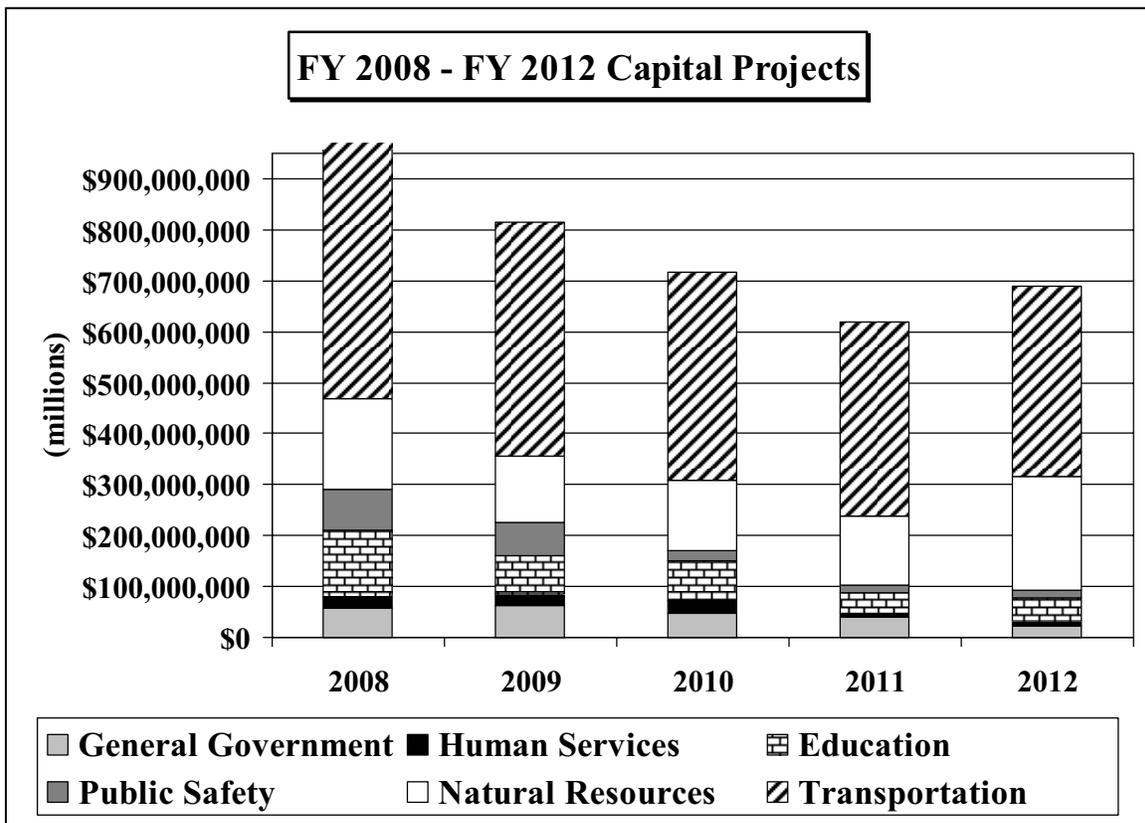


Capital Budget

Capital Budget Overview

The Governor's FY 2008 Capital Budget and FY 2008 – FY 2012 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 2008 capital budget includes proposed expenditures of \$1.005 billion, of which Transportation projects constitute 53.4 percent, Natural Resources projects represent 17.5 percent, Education projects represent 13.0 percent and General Government and Economic Development projects constitute 5.8 percent. Over the five-year planning period Transportation and Natural Resources projects total over \$3.014 billion, or 77.4 percent of capital investments.



Over the five year period, federal funds of \$1.44 billion will finance approximately 37.0 percent of the planned capital projects; general obligation bonds will finance \$667.5 million, or 17.1 percent, with the remaining \$1.787 billion, or 45.9 percent, from other sources, including certificates of participation and the Rhode Island Capital Plan Fund.

A major source of state financing for capital projects is general obligation bonding. As of June 30, 2006, there were \$542.5 million in outstanding general obligation bonds. Over the five-year planning period, the recommended capital improvement plan provides for the issuance of \$386.3 million of authorized debt and the issuance of \$264.8 million from new bond referenda to be submitted for voter approval at the November 2008 and November 2010 elections.

Capital Budget

This capital plan addresses the Governor's desire to continue targeting current resources to infrastructure needs in the state. In order to maintain state-owned property, ensure the safety of those who use these buildings and preserve the value of the properties, the Governor recommends \$72.4 million in FY 2008 from current revenues in the Rhode Island Capital Plan Fund for asset protection projects. Under the Governor's plan, over \$322.5 million will be dedicated from this fund over the next five years to infrastructure needs. Due to a constitutional amendment approved by the voters in the November 2006 election, RICAP funding can only be used for capital projects beginning in FY 2008. In prior years, RICAP funds could also be used for debt service and to reduce outstanding debt.

The Governor believes that the development of a symbiotic relationship between the Life Sciences Center at URI and the medical institutions in Providence will provide the state with a competitive advantage in the biotechnology area and allow for future expansion of this industry in the state. The Governor's capital budget reflects construction of the \$50.0 million Center for Biotechnology and Life Sciences at the University of Rhode Island, approved by the voters in November 2004, to serve as a complement to the established medical research center that already exists in Providence. In addition to this Biotechnology Center, the Governor recommends the issuance of the \$65.0 million authorized by the voters in November 2006 to provide funds to construct a new School of Pharmacy building at the University of Rhode Island.

The Governor's recommendations also include additional investment in Higher Education through the inclusion of several proposed bond referenda for the November 2008 and November 2010 ballots. These referenda include \$13.1 million for an addition to the Flanagan Campus and \$16.15 million of upgrades to the Knight Campus of the Community College of Rhode Island; \$3.5 million for installation of fire safety equipment at CCRI campuses; \$7.4 million for Master Plan Improvements and \$15.3 million for modernization and renovation of academic buildings at Rhode Island College; \$25.6 million for utility infrastructure upgrades and replacement at the University of Rhode Island.

In the economic development area, the Governor recommends the expenditure of \$48.0 million approved by the voters in November 2004 to fund continuing improvements at the Quonset Point/Davisville Industrial Park.

The environment continues to be a high priority of the Governor. The capital improvement plan includes the issuance of the \$34.0 million of Environmental Management bonds authorized in November 2000, and \$70.0 million approved in 2004. The Governor recommends a new \$85.0 million general obligation bond for the November 2008 election for continued anti-pollution and restoration activities benefiting Narragansett Bay. The Governor is also recommending general revenue funds over several years for the remediation of the Rose Hill Superfund site.

Transportation continues to comprise a significant part of Rhode Island's general obligation debt issuance requirements, reflecting \$190.2 million over the five-year period. In addition, the Governor recommends the expenditure of approximately \$243.8 million in GARVEE bonds and \$51.2 in Motor Fuel Tax Revenue bonds for five major transportation projects over the planning horizon. The projects to be funded from these resources are the I-195 relocation, the replacement of the Sakonnet Bridge, repairs to the Washington Bridge, the construction of the Rt. 403 Quonset Access Road and the completion of the Freight Rail Improvement Project.

The projection of capital project disbursements and debt service costs reflect updated debt service projections as included in the FY 2008 – FY 2012 Capital Improvement Plan. General revenue funded

Capital Budget

debt service on all tax supported obligations is projected to rise from \$87.3 million in FY 2007 to \$151.4 million in FY 2008, and to \$154.7 in FY 2012. The five year forecast is based upon outstanding debt and projected new debt contained in the Governor's recommended FY 2008-2012 Capital Budget. Interest rates for fixed rate general obligation bonds to be issued to fund FY 2007 and FY 2008 projects are projected at 5.0 percent. Interest rates for issuance of twenty-year fixed rate certificates of participation are estimated at 5.5 percent. EDC Masonic Temple Debt is assumed to be issued at 6.5 percent and paid over three years. Division of Motor Vehicles debt is assumed to be issued at 4.5 percent and amortized over seven years. Innovative Technology Bonds are assumed to be issued at 4.5 percent and amortized over ten years. The following schedule reflects the issuance plans incorporated in the Capital Budget;

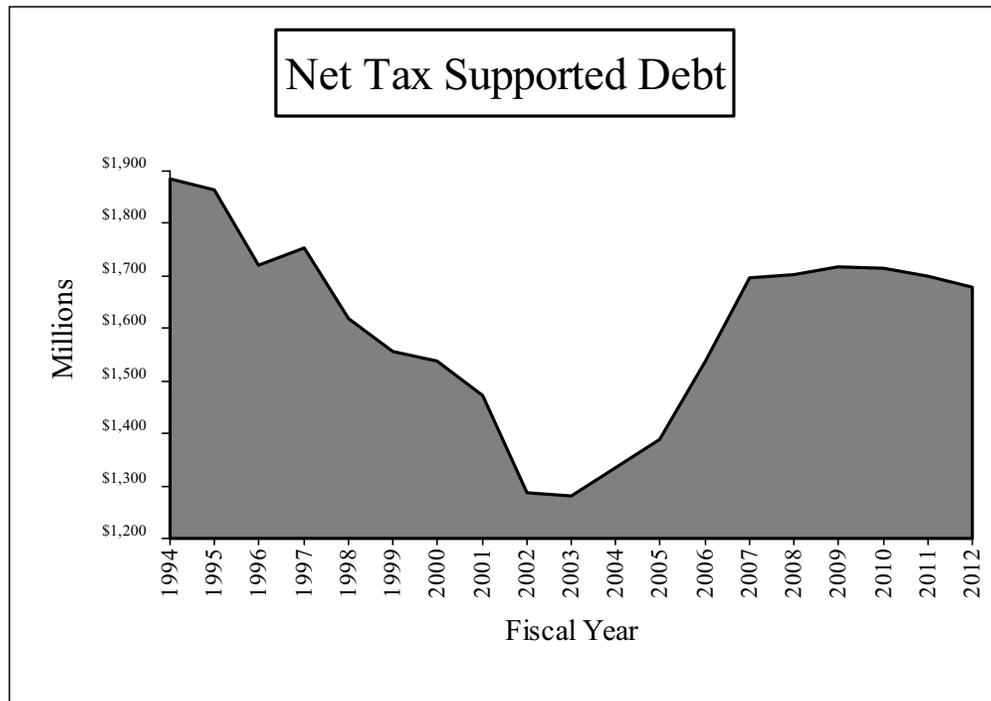
FY 2007 Master Lease - \$10.5 million
FY 2007 G.O. Bonds for DOT - \$22.0 million
FY 2007 Technology - \$21.665 million
FY 2007 School for the Deaf - \$31.2 million
FY 2007 Neighborhood Opportunities Program - \$7.5 million
FY 2007 EDC Masonic Temple - \$14.280 million
FY 2007 DMV Computer System - \$6.775 million
FY 2007 Energy Conservation - \$6.0 million
FY 2008 General Obligation Bonds \$120.0 million
FY 2008 State Police Radio Towers - \$7.145 million
FY 2008 Acquisition of New Computer Center - \$9.05 million
FY 2009 Innovative Technology - \$15.440
FY 2009 General Obligation Bonds \$120.0 million
FY 2009 DMV Computer System - \$6.225 million
FY 2009 EDC – Motor Fuel Bonds - \$14.9 million
FY 2011 – FY 2012 General Obligation \$100 million (per year)

The Governor's Capital Budget is within the recommended debt guidelines set by the Public Finance Management Board with regards to debt ratios. As can be seen in the section entitled "Tax Supported Debt Burden" in the Capital Budget document the ratio of debt to personal income which is well within the recommended 5.0 to 6.0 percent guideline, decreasing from 8.4 percent in FY 1994 to 4.13 percent in FY 2007, and projected to further decrease to 3.26 percent in FY 2012. The projected ratio of debt service to general revenues is also within the recommended guideline of 7.5 percent. The FY 2007 ratio is 5.2 percent, is projected to increase to 6.03 percent in FY 2009, and decreases to 5.35 percent in FY 2012.

The capital plan shows that net tax supported debt is projected to be \$1.677 billion by FY 2012. This would be a reduction of almost \$207.0 million from the FY 1994 high of \$1.884 billion. As of June 30, 2006, the State had net tax supported debt of \$1.537 billion.

As shown on the graph below, net tax supported debt has declined significantly.

Capital Budget



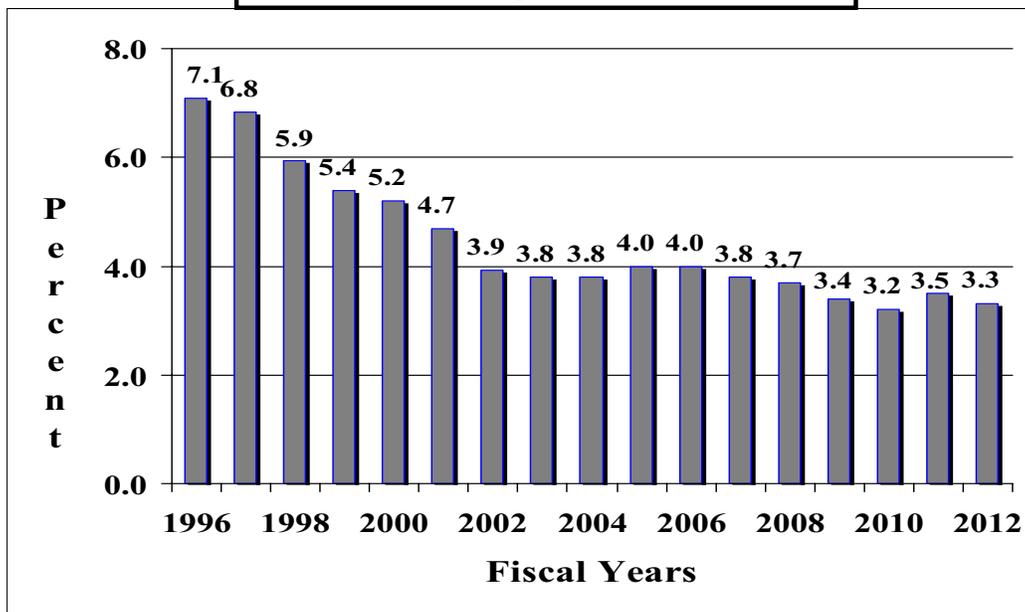
The Governor's recommended FY 2008 Capital and Operating Budgets reflect debt reduction during FY 2002 using proceeds from the Tobacco Securitization Bonds to defease \$247.6 million of debt (\$295.5 million reflecting the accreted value of capital appreciation bonds). This defeasance of outstanding general obligation debt and certificates of participation, using the proceeds of bonds which are not considered state debt, resulted in a significant reduction in Rhode Island's net tax supported debt position. The use of these accelerated Tobacco Settlement resources accelerated the trend of reducing net tax supported debt beyond that which had been displayed in previous Capital Budgets. The reduction in state debt of \$247.6 million at the end of FY 2002 resulted in significant improvement in the state's debt position compared to that which would have resulted without use of the proceeds from Tobacco Securitization for defeasance.

According to the 2006 "Moody's Medians," Rhode Island's net tax-supported debt as a percent of personal income of 4.1 percent in 2006 ranks fifteenth in the nation. (Due to slight variations in calculation methods, and timing, the state's number varies from Moody's. Moody's medians for 2006 reflect net tax supported debt as of calendar 2004). The national median is 2.5 percent of net tax supported debt as a percent of personal income. From FY 2004 to FY 2006, the national median remained constant while Rhode Island's decreased from 4.4 percent to 4.1 percent. This resulted in a movement to the sixteenth place from twelfth place in Rhode Island's ranking released by Moody's in 2004, so Rhode Island's relative position also continues to improve. This was the ninth straight year of improvement. In 1996, Rhode Island ranked third. In 1984, Rhode Island ranked twenty-fifth in the nation with a ratio of 2.4 percent.

The Governor's recommended capital budget will result in improvement in the state's ratio of debt as a percentage of personal income, which is expected to decline from 8.18 percent at the end of FY 1995 to 3.8 percent at the end of FY 2007, to 3.26 percent in FY 2012. The Rhode Island Public Finance Management Board recommended credit guideline indicates that this ratio should not exceed 6.0 percent.

Capital Budget

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



In November 2006, the voters approved a constitutional amendment which restricts the use of the Rhode Island Capital Plan Fund to capital projects. Previous language allowed for the fund's resources to be used for debt service. The multi-year plan of dedicating increased resources towards pay-as-you-go capital projects was modified in past fiscal years to address operating budget deficits and resulted in numerous planned capital projects being deferred. The Governor's plan dedicates all future resources flowing into the RI Capital Fund in FY 2009 and thereafter towards maintaining and improving the state's infrastructure.

The Governor's proposed Capital Improvement Plan for FY 2008 - FY 2012 reflects the tenth year in a comprehensive, yet affordable asset protection program that will result in the dedication of over \$322.5 million of current revenues and \$160.0 million of tobacco securitization proceeds towards preserving Rhode Island's buildings, roads, bridges, and other assets over the next five years.

Current law, which will be amended to be consistent with the Constitution, provides for up to two percent of annual revenues to be used for capital expenditures once the Budget Reserve Fund has reached three percent of resources. When the Budget Reserve and Cash Stabilization Account has reached three percent of total resources, there are only marginal contributions to this "Rainy Day Fund" and most of the funds flow into the Rhode Island Capital Plan Fund. The State lowered the revenue estimate in November 2006, by \$74.2 million, which resulted in a projected deficit. Faced with the challenge of a large current year and budget year deficit, the Governor is recommending that projects be financed with proceeds from the Securitization of Tobacco Master Settlement revenues. In order to accomplish this, the Governor is recommending the Budget Reserve and Cash Stabilization account be tapped in FY 2007. The Governor recommends a transfer of \$63.0 million from the Budget Reserve Fund to the General Fund. During FY 2008, due to the formula driving the amount flowing into the Budget Reserve Fund, it will nearly regain its fully funded status (\$160,420 short), but will result in no transfer to the RI Capital Plan Fund.

Capital Budget

The Governor is recommending that capital improvements maintained from resources flowing into the Rhode Island Capital Plan Fund from the Budget Reserve Fund and with supplemental funding from proceeds from the securitization of tobacco revenues. It is estimated that combined resources totals \$37.6 million and \$72.4 million in FY 2007 and FY 2008 respectively. It is estimated \$20 million of current year RICAP projects will be “assigned” to the tobacco proceeds. In FY 2008, the expenditures are funded by a transfer of \$72.5 million from the Tobacco Settlement Fund. The Governor recommends that the state maintain funding for these projects at a level that is affordable to ensure that taxpayers’ previous investments are preserved and maintained appropriately. The remaining balance of proceeds would be dedicated to transportation projects. The projected use of Tobacco securitization proceeds is:

\$160.0	Projected proceeds from securitization of residual of Tobacco Master Settlement
(\$20.0)	FY 2007 amount for Capital projects (displayed in RICAP fund)
(\$72.5)	Transfer to RICAP for FY 2008 projects
<hr/>	
\$67.5	Available for Transportation Infrastructure Investment
<i>(in millions)</i>	

The Governor recommends that the General Assembly appropriate a transfer of \$72.5 million from the Tobacco Settlement Fund to the Rhode Island Capital Plan Fund in FY 2008 to ensure funding for these important capital projects. The table below displays the historical and projected use of RI Capital Fund resources.

RI Capital Plan Funds

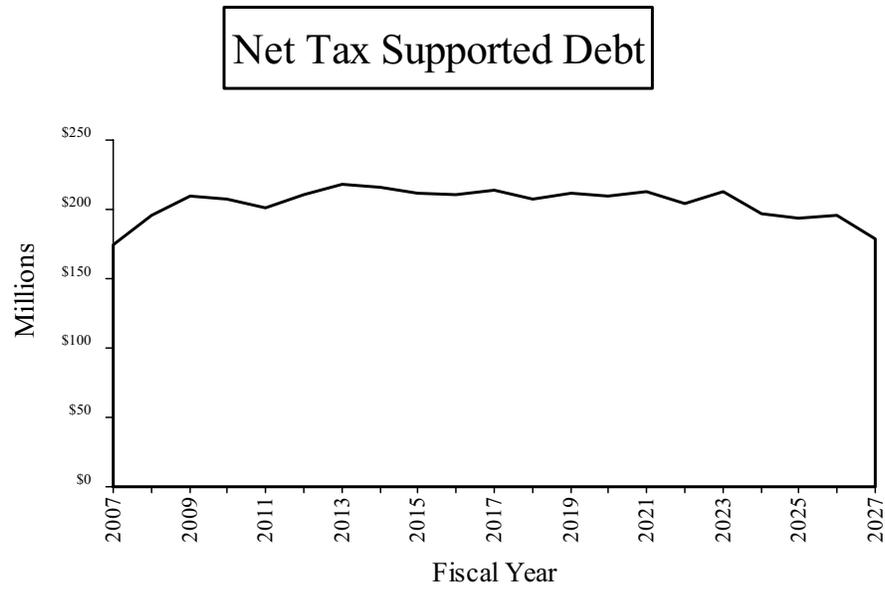
	Debt Service	Project Expenditures	Percent for Projects
FY 1994	.0	.2	.0%
FY 1995	32.5	.9	2.7%
FY 1996	29.3	.7	2.2%
FY 1997	33.3	.5	1.5%
FY 1998	26.8	2.9	9.8%
FY 1999	24.1	11.7	32.7%
FY 2000	14.0	19.8	58.8%
FY 2001	7.4	22.7	75.4%
FY 2002	31.5	44.8	58.8%
FY 2003	27.1	19.3	41.6%
FY 2004	32.3	16.5	33.8%
FY 2005	18.8	28.0	59.8%
FY 2006	41.6	31.8	43.3%
FY 2007	41.6	37.5*	47.5%
FY2008	0	72.4**	100.0%

* Includes funding reappropriated from FY 2006
 ** Reflects funds transferred from Tobacco Settlement Trust Fund

The Governor recommends debt service funding from all sources of \$225.4 million for debt and other long term obligations, including: \$99.1 million for general obligation debt service, \$20.2 million for Rhode Island Refunding Bond Authority (formerly RIPBA) obligations, \$23.3 million for the Convention Center obligation, \$9.4 million for motor fuel debt service, \$44.2 for federally funded GARVEE debt service, \$40.3 million for certificates of participation and long-term obligations, \$12.2 million for Higher Education non-general obligation debt, and \$6.6 million for performance-based obligations. A detailed description of these

Capital Budget

obligations can be found in the capital budget document, and the long-term projections are shown in the chart below:



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General Government

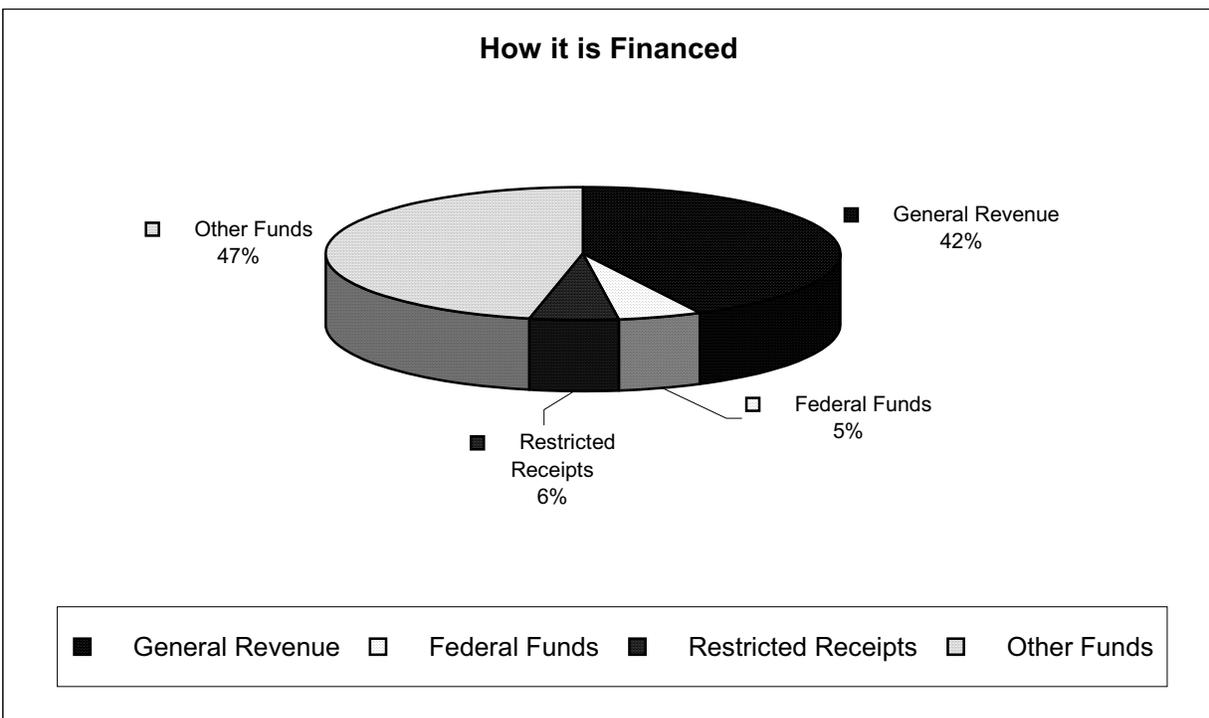
General Government

Summary

General Government includes agencies that provide general administrative services to all other state agencies, and those that perform 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 Revenue, 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 Governor recommends 2,677.8 FTE positions in FY 2007 and 2,498.0 FTE positions in FY 2008 within general government agencies.

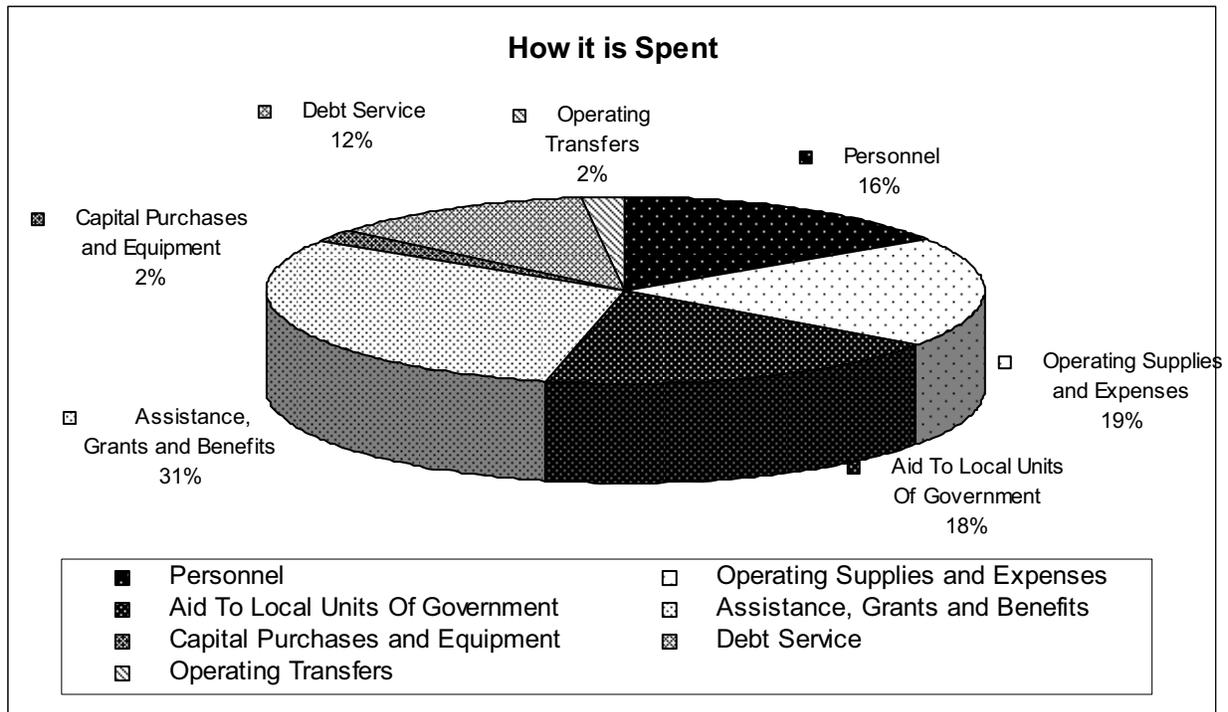
The FY 2007 revised budget for General Government agencies totals \$1.388 billion, including \$559.0 million in general revenues, \$88.0 million in federal funds, \$64.6 million in restricted receipts, and \$676.3 million in other funds. The revised budget from all fund sources for General Government agencies is \$10.7 million, or 0.8 percent, more than the FY 2007 enacted budget of \$1.377 billion. Of the \$1.388 billion recommended for FY 2007, \$432.4 million is for grants and benefits, \$273.0 million is for operating, \$262.5 million is for local aid, \$225.0 million is for personnel, \$157.5 million is for debt service, \$13.0 million is for capital, and \$24.6 million is for operating transfers.

For FY 2008, the Governor recommends expenditures of \$1.449 billion for General Government programs. The programs are financed with \$613.8 million of general revenues, \$78.8 million of federal funds, \$81.3 million of restricted receipts, and \$674.7 million of other funds. The FY 2008 recommendation for General Government agencies is \$60.7 million, or 4.4 percent, more than the FY 2007 revised level.



General Government

Of the \$1.449 billion recommended for FY 2008, \$442.5 million is for grants and benefits, \$280.4 million is for operating, \$266.0 million is for local aid, \$228.2 million is personnel, \$174.1 million is for debt service, \$29.4 million is for capital, and \$28.0 million is for operating transfers. The General Government function represents 20.6 percent of the total budget for Rhode Island.



General revenue financing for General Government agencies in FY 2008 increases by \$54.8 million, or 9.8 percent, from the FY 2007 revised level. This decrease is primarily in the Department of Administration (\$53.0 million). Other notable changes include increases in the Department of Revenue (\$3.2 million), the Department of Business Regulation (\$815,007), Legislature (\$702,464), Ethics Commission (\$270,060), General Treasurer (\$245,749), and the Governor's Office (\$218,173) offset by decreases in the Board of Elections (\$2.2 million), the Secretary of State (\$1.0 million), and Labor and Training (\$345,054).

In FY 2008, federal funds in General Government agencies decrease by \$9.2 million, or 10.5 percent, from the FY 2007 revised level. The change results from decreases in the Department of Labor and Training (\$6.2 million), the Department of Administration (\$1.7 million), the Department of Revenue (\$797,380) and the Secretary of State (\$355,943). Restricted receipts increase by \$16.8 million, or 25.9 percent, which includes increases of \$8.2 million in the Department of Labor and Training, \$5.8 million in the Department of Administration, \$2.2 million in the Office of the General Treasurer, and \$226,956 in the Secretary of State. Other funds decrease by \$1.6 million, or 0.2 percent, from FY 2007 revised levels.

General Government

Department of Administration

The Governor recommends revised appropriations of \$587.3 million in FY 2007 for the Department of Administration, excluding internal service funds. This includes \$451.5 million in general revenues, \$47.8 million in federal funds, \$6.5 million in restricted receipts, and \$81.5 million in other funds.

The revised FY 2007 budget is \$22.4 million greater than the enacted budget. This includes increases in general revenue appropriations of \$9.0 million, federal funds of \$8.6 million, restricted receipts of \$956,958, and an increase in other funds of \$3.8 million. Funding for internal service funds within the Department of Administration decreases from \$316.2 million to \$310.7 million, or \$5.5 million, primarily due to lower projected claims in the Health Insurance Fund in FY 2007.

The \$9.0 million increase in FY 2007 includes \$2.8 million from the reappropriation of general revenue funds from FY 2006. This includes \$42,385 for Fiscal Fitness in the Central Management program, \$59,406 for the Budget Office, \$190,756 in Human Resources, \$570,357 for the Renewable Energy Program, \$1.6 million for the RI-FANS financial management system implementation, and \$328,708 for the Governor's Contingency Fund.

The FY 2007 enacted budget for the Department of Administration included negative appropriations of \$36.5 million for state employee turnover and \$3.7 million for medical benefit savings. These negative appropriations were to be allocated to each agency by the State Budget Office after enactment of the 2007 budget. This allocation is reflected in the revised FY 2007 budget recommendations and results in a net increase to the Department of Administration's budget of \$36.5 million. The Department of Administration's share of the turnover and medical savings was \$3.7 million, which is allocated to each program in the revised FY 2007 budget. Excluding the impact of these negative appropriations, the Department of Administration's general revenue funding decreases by \$27.5 million.

The most significant change in general revenue appropriations is a reduction of \$9.5 million for the state employee and teachers' retiree health insurance subsidy. This reduction is the result of a change in accounting for the cost of retired state employees Tier 1 subsidies, which will result in the subsidy moving from a 100 percent general revenue funded cost to a component in the retiree health insurance percent of pay calculation reflected as a direct charge to all sources of funds in each agency's personnel budget. Similarly, for the teachers' Tier 1 subsidy, the amount required each year will be determined through an analysis of self-insured claims rather than a calculation between active and retiree rates. For FY 2007, costs for the teachers' Tier 1 subsidy will be financed by a surplus from FY 2007, resulting in general revenue savings of \$2.3 million.

Debt service adjustments account for the next largest portion of the net decrease in general revenue appropriations, decreasing from \$89.1 million to \$80.2 million, or \$8.9 million. This reduction is the result of several factors. First, the Governor proposes to shift \$4.9 million in debt service costs from general revenue funding to the Rhode Island Capital Plan Fund (RICAP). As a result of a constitutional amendment approved by the voters in November 2006, FY 2007 is the last fiscal year that RICAP funds can be used for debt service. Second, savings from a recent refunding of general obligation debt and a planned refunding of certificates of participation debt results in a decrease in general revenue funding of \$3.0 million. Third, delays in issuance of new debt and adjustments due to interest rates and principal amortization result in savings of \$2.6 million. Offsetting these reductions is an increase of \$1.1 million in general revenue funding for projected debt service on tax anticipation notes.

General Government

Savings from two proposals that will impact all agencies are budgeted within the Department of Administration for distribution to individual agency budgets after enactment of the supplemental budget. These include \$6.0 million from shut down days and \$2.8 million from changes in the assessed fringe benefit rate. The Governor recommends the shut down of all non-essential state government operations for four days in FY 2007. Employees would take leave without pay on one day per month in March, April, May and June. Any employees working in 24/7 operations would be compensated at straight time pay. It is projected that implementation of this measure would save \$6.0 million in general revenues and \$9.6 million from all fund sources in FY 2007. The reduction of \$2.8 million relating to a reduction in the assessed fringe benefit rate is the result of a surplus accumulated in the assessed fringe benefit fund in recent years. The FY 2007 rate has been adjusted such that new collections, combined with the surplus carried forward from FY 2006, will be sufficient to finance required payments from the fund, which include worker's compensation claims, severance pay and unemployment compensation.

Savings for these two statewide items also impact non-general revenue sources of funding. The shut down days are projected to result in savings in federal funds of \$1.5 million, in restricted receipts of \$265,264 and other funds of \$1.9 million. The change in the assessed fringe benefit rate is projected to result in savings in federal funds of \$930,201, in restricted receipts of \$167,572 and in other funds of \$1.1 million.

Local aid funding increases in the revised FY 2007 budget by a net of \$53,660. This includes an increase of \$224,504 for the Motor Vehicle Excise Tax Phase-out formula, based upon the latest tax roll data provided by cities and towns. Distressed Communities Relief Aid decreases by \$767,149, due to a reduction in estimated receipts from the Real Estate Conveyance Tax of \$400,000, a reduction in anticipated Video Lottery Terminal revenues earmarked for this program of \$136,877 and a reduction of \$230,272 as a result of an overpayment in FY 2006 of the Real Estate Conveyance Tax allocation. The General Revenue Sharing program is projected to receive \$47,794 less from Video Lottery Terminal revenues earmarked for this program. An increase of \$500,000 is also recommended for the Property Revaluation Program based upon the number of communities expected to complete revaluations or statistical updates during this fiscal year.

Other significant general revenue adjustments in the revised FY 2007 budget include changes in the allocation of costs among funding sources for two of the centralizations implemented in the enacted FY 2007 budget. Human Resource, Facility Management and Information Technology functions from various state agencies were centralized into the Department of Administration in FY 2007. The enacted budget included funding for each of these centralized functions across each funding source based upon the anticipated allocation of costs. Revised billing methodologies developed for the Human Resources and Facilities Management centralized functions after enactment of the budget result in significant changes in the allocation of costs for Human Resources, general revenue savings of approximately \$1.4 million are projected, offset by increases in the share of costs allocated to federal, restricted and other funds. Similarly for Facilities Management, general revenue savings of approximately \$2.5 million are projected.

Net of the savings from the statewide proposals described above, federal funds increase by \$11.1 million, including approximately \$4.2 million in additional funds in the Office of Energy Resources, primarily for low income energy assistance, and \$1.4 million in the Office of Housing and Community Development as a result of the transfer of Title XX funding from the Department of Human Services for shelter programs. In addition, as described above, the federal share of costs associated with the Human Resources and Facilities Management centralized functions increase by \$1.1 million and \$3.1 million, respectively.

General Government

Net of the savings from the statewide proposals, restricted receipts appropriations increase by \$1.4 million, primarily the result of the premium and projected interest earnings received as a result of the issuance of \$200.0 million in tax anticipation notes. These additions will offset the cost of issuing this debt and the interest liability.

Net of the savings from the statewide proposals, other funds increase by \$6.8 million. Capital projects funded from the Rhode Island Capital Plan Fund receive an additional \$2.2 million. As described above, debt service is reallocated from general revenues to the RICAP fund, resulting in an increase in other funds of \$4.1 million. Offsetting these increases are reductions resulting from the reallocation of costs associated with the Human Resources and Facilities Management centralized functions. The share of other funds for Human Resources decreases by \$357,281, while the share for Facilities Management decreases by \$1.0 million.

The Governor recommends a total of 1,065.2 FTE positions in the revised FY 2007 budget, a decrease of 12.1 FTE positions from the enacted level of 1,077.3 FTE. The majority of this decrease is the result of 14.0 FTE positions being transferred from the Department of Administration to other state agencies. These include the transfer of 7.0 FTE positions for group home maintenance back to the Department of Mental Health, Retardation and Hospitals from the centralized Facilities Management function, due to the specific nature of the work performed. In addition, 7.0 FTE positions are transferred back to the Department of Transportation from the Division of Information Technology. The work performed by these employees is eligible for 80 percent federal reimbursement, but if included in the billing methodology for the centralized operation the level of federal reimbursement decreases substantially. Offsetting these reductions, 1.0 FTE position that was not included in the enacted budget for the Information Technology centralization is transferred from the Department of Transportation.

The Governor recommends total expenditures for FY 2008 of \$625.1 million for the Department of Administration, excluding internal service funds. This includes \$504.4 million in general revenues, \$46.1 million in federal funds, \$12.3 million in restricted receipts, and \$62.2 million in other funds. Overall, this represents an increase of \$37.8 from the revised FY 2007 budget. General revenue funds increase by \$53.0 million, federal funds decrease by \$1.7 million, restricted receipts increase by \$5.8 million and other funds decrease by \$19.2 million.

The most significant change in funding is in the debt service category and is the result of a shift in funding of debt service from the Rhode Island Capital Plan Fund to general revenue as a result of the constitutional amendment limiting the use of RICAP funds for capital projects. This change results in an increase in general revenues of \$36.5 million and a commensurate decrease in other funds. An additional \$5.1 million change from RICAP to general revenue funding for debt service is reflected under Higher Education. Overall, general revenue funded debt service in the Department of Administration budget increases by \$55.3 million. Net of the RICAP to general revenue change, this increase is \$18.8 million. Of this increase, the majority is attributable to debt service on certificates of participation issuances for various projects authorized in recent years. These include \$3.7 million for the IT Innovative Technology initiative, \$2.6 million for the new School for the Deaf, \$1.2 million for the new Registry of Motor Vehicles computer system, \$5.4 million for the Masonic Temple development, which will replace the use of historic tax credits, and \$1.7 million for the Neighborhood Opportunities affordable housing program. Debt service relating to the renovation of the Dunkin Donuts Center, now under the control of the Convention Center Authority, increases by \$2.4 million. Funding for performance based debt obligations increases by \$735,526.

General Government

As with the revised FY 2007 budget, the Governor recommends several statewide personnel-related initiatives to generate savings. These savings are budgeted within the Department of Administration for distribution to individual agency budgets after enactment of the budget, and include \$4.8 million from three shut down days, \$540,589 from changes in the assessed fringe benefit rate, \$710,782 relating to the establishment of limited service positions and \$9.3 million in savings from layoffs.

For FY 2008, all non-essential state government operations would close and employees will take leave without pay on Friday, November 22nd, Monday, December 24th, and Monday, December 31st.

The state currently employs individuals funded from certain federal funds and other sources through an outside vendor. The vendor charges the state an additional 22.5% fee above the employee's hourly rate to pay FICA and administrative costs. The Governor proposes the establishment of a new class of position, to be created by legislation, which would allow for individuals to be hired as "limited service" employees thereby avoiding the administrative costs paid to this outside vendor. These limited period positions would be filled under a contractual arrangement that would allow for limiting the duration of the hire to a certain period. The positions would receive worker's compensation but no other benefits. This would satisfy the requirement to staff projects often financed by one-time federal funds or private foundation grants in a more cost-effective manner.

The Governor recommends that State Government operate with fewer state employees and that several measures be instituted to reduce the overall cost of the workforce. The Governor recommends instituting layoffs for 168.0 newly hired union and non-union employees. In order to effect this change by July 1, 2007, State agency directors will be required to identify low priority activities or areas that have excess management or line staff. Department directors will identify positions in these areas and will corroborate with the Office of Human Resources to implement layoffs in accordance with personnel rules and regulations and collective bargaining unit agreements. To achieve these savings the administration would provide notice to the unions by March 1, 2007.

As in FY 2007, savings associated with statewide initiatives result in savings to non-general revenue sources of funds. The shut down days are projected to result in savings in federal funds of \$1.1 million, in restricted receipts of \$220,752 and other funds of \$1.5 million. The change in the assessed fringe benefit rate is projected to result in savings in federal funds of \$178,449, in restricted receipts of \$38,435 and in other funds of \$235,778. The limited service positions proposal are projected to result in savings in federal funds of \$587,366, in restricted receipts of \$26,831 and in other funds of \$32,557.

The Governor recommends a net increase for state aid programs of \$3.7 million. General Revenue Sharing is level funded at the FY 2007 revised funding level of \$65.1 million. Excluding the reduction in the revised FY 2007 budget for the overpayment in FY 2006, the Distressed Communities Relief Fund is level funded at the FY 2007 revised funding level of \$10.5 million. The Payment-in-lieu-of-taxes (PILOT) program is also level funded at the FY 2007 funding level of \$27.8 million. State Library Aid, excluding aid for the Statewide Reference Library, is also level funded at the FY 2007 level of \$7.7 million. For these four programs, the Governor recommends that each community receive the same aid amount as received in fiscal year 2007 and recommends changes in the governing statutes to accomplish this. The Governor recommends fully funding the Motor Vehicle Excise Tax Phase-out program to continue the \$6,000 exemption level. Funding of \$133.9 million, an increase of \$3.8 million, is recommended from general revenues and \$6.7 million, an increase of \$557,809, is recommended from a share of Video Lottery Terminal revenue, as required by law.

General Government

The Governor recommends level funding the Municipal Police and Firemen Incentive Pay programs at \$675,000 in FY 2008.

The Governor recommends level funding for most economic development initiatives included in the FY 2007 budget. This includes \$3.0 million for the Slater Technology Fund, \$100,000 for the Science and Technology Council, \$100,000 for the Business Innovation Factory and \$300,000 for the Economic Policy Council. Funding of \$1.5 million is also recommended to continue state match for the Experimental Program to Stimulate Competitive Research (EPSCoR), a National Science Foundation grant program

The Governor also recommends \$600,000 for the Rhode Island IT and Digital Media Center, which will support high wage job growth and new company creation in the information technology and digital media sector. The center will provide high tech entrepreneurs with subsidized space, create a culture of information technology and digital media entrepreneurship, and provide community building and programming that fosters the strategic growth of Rhode Island's information technology and digital media sector. An annual state appropriation of \$600,000 will enable the Economic Development Corporation to launch the Rhode Island IT and Digital Media Center in Providence at its new offices in the American Locomotive Works complex. The center will house five to ten growth companies at any point in time and offer entrepreneurial support programs and activities to innovators across the state. Operating and program costs will be financed by program and space fees.

The Governor recommends funding of \$4.1 million for continuing implementation of the statewide financial information system, RI-FANS. During FY 2008, this project will focus on implementation of the human resources modules. Continuing the technology initiatives approved by the General Assembly during the 2006 session, the Governor proposes that the State purchase a new facility to serve as the State's computer center. This facility will accommodate DOIT staff currently housed in the Department of Administration building and replace operations currently conducted in the Johnston Computer Center facility, which will then be sold. Certificates of participation are proposed to finance the acquisition of a new state-of-the-art facility.

The FY 2008 budget reflects the new Office of Energy Resources, which was established through legislation approved during the 2006 session of the General Assembly. Although the legislation established this new Office as an agency within the Executive Branch of government, it allowed for the Office to be assigned to an agency of state government for administrative purposes. The Governor has assigned this Office to the Department of Administration and thus it appears within the budget under this department. This legislation also established a new Affordable Energy Fund. This fund is to receive revenue from a share of the taxes collected from electric and gas companies and heating fuel suppliers. The revenues, estimated at \$7.6 million in FY 2008, will be deposited as restricted receipts and finance the various requirements outlined in legislation, including providing assistance to low income households in paying utility bills.

The Governor recommends elimination of general revenue funding of \$1,940,000 for the lead hazard abatement program operated by Rhode Island Housing under the guidance of the Housing Resources Commission. Funding in prior years has been used in part to provide loans to homeowners for lead abatement projects. The Governor recommends that funding available from the repayment of these loans, along with funds from settlements or court decisions, be used to support lead abatement efforts.

General Government

Federal funds decrease by \$1.7 million compared to the revised FY 2007 budget, comprised primarily from reductions in projected funding of energy grants. Restricted receipts increase by \$5.8 million compared to the revised FY 2007 budget. This includes the new revenue of \$7.6 million for the Affordable Energy Fund, offset by the elimination of funding associated with interest earnings on tax anticipation note proceeds. Net of the change resulting from the conversion of debt service from RICAP to general revenue funded, other funds increase by \$15.8 million for capital projects from the RICAP fund. Included in this funding is \$7.5 million to continue the Neighborhood Opportunities Program.

The Governor recommends a total of 882.2 FTE positions in the FY 2008 budget, a decrease of 183.0 FTE from the revised FY 2007 level. The majority of this decrease is the 168.0 FTE proposed layoffs described above. The remaining 15.0 FTE decrease is comprised of several changes throughout the department. Seven Motor Vehicle Appeal Officers are transferred from the Legal Services program to the Registry of Motor Vehicles in the Department of Revenue. These positions were consolidated into the Legal Services program in the FY 2006 budget, but it has since been determined that their work is not primarily legal in nature. Two FTE positions are transferred from the Budget Office to the Department of Revenue, one to the Office of Property Valuation and one to the Registry of Motor Vehicles. These two positions were assigned to these two programs prior to the creation of the new Department, but were not reallocated as part of the enacted budget. The Administrative Adjudication function from the Department of Environmental Management is transferred to the Legal Services program in Administration. This includes the transfer of 3.0 FTE positions. Another 11.0 FTE are associated with various program reductions. In the Facilities Management program, the Governor recommends a reduction of 6.0 FTE positions in the Paint Shop staff and a reduction of 2.0 FTE positions at the Zambarano power plant due to changes in work schedules and plant automation. In the Human Resources program, the Governor recommends the elimination of 2.0 FTE assigned to the Employee Training Unit. The work performed by this staff will be absorbed by other staff within the program. In the Office of Accounts and Control, the Governor recommends the elimination of one vacant Supervisor position. Finally, the Governor recommends the addition of 2.0 FTE in the Building Contractor's Registration Board to perform statutory licensing and registration requirements.

Department of Business Regulation

The Governor recommends a revised FY 2007 budget of \$11.7 million, including \$10.8 million in general revenue, \$43,291 in federal funds, and \$807,258 in restricted receipts. General revenues decrease \$122,140 from the enacted level, reflecting personnel and operating adjustments for increased vacancy savings, enacted reductions, cost of living and fringe benefits increases, and operating increases. The Governor recommends 103.0 FTE positions in FY 2007.

The Governor recommends total expenditures of \$12.5 million for the Department of Business Regulation in FY 2008. This includes \$11.6 million from general revenue, \$51,742 in federal funds, and \$821,629 from restricted receipts. General revenue funds increase \$815,007 from the FY 2007 revised level, for cost of living and fringe benefits adjustments. The Governor recommends a total of 103.0 FTE positions in FY 2008.

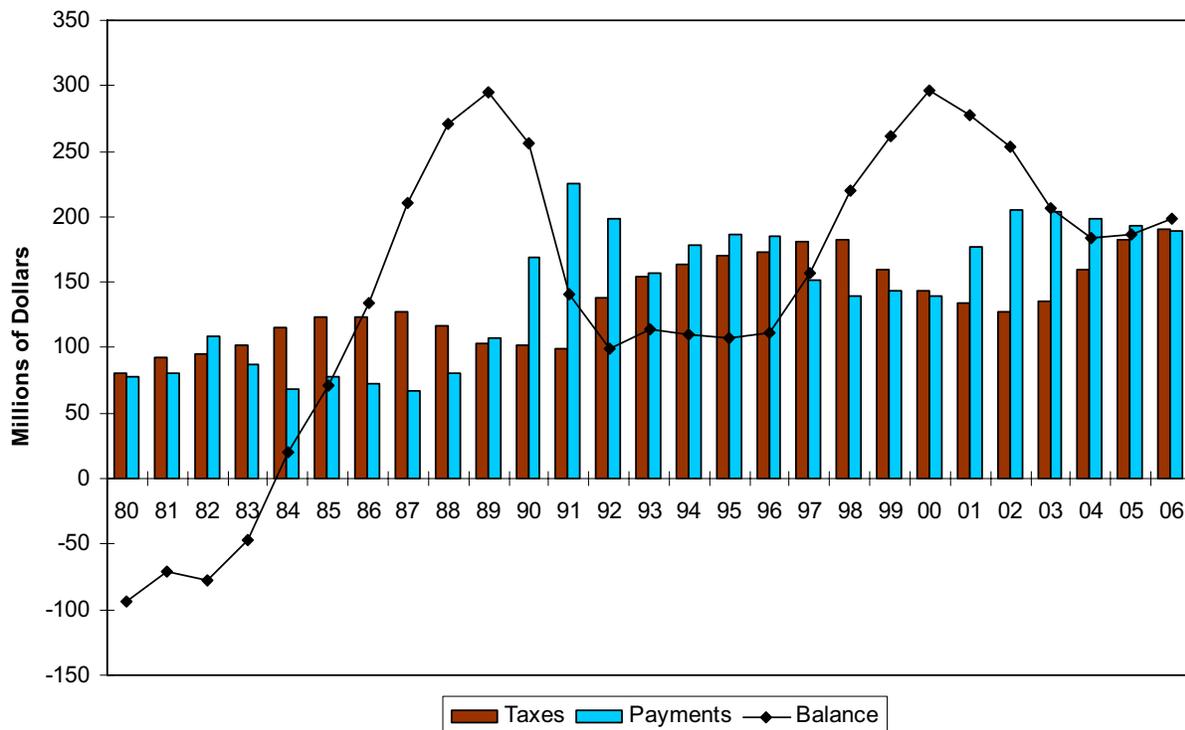
General Government

Department of Labor and Training

The Governor recommends revised FY 2007 expenditures of \$447.5 million for the Department of Labor and Training, including \$7.0 million in general revenue, \$34.4 million in federal funds, \$20.1 million in restricted receipts, and \$386.0 million in other funds. The revised budget is a decrease of \$8.3 million from the enacted budget, and includes \$155,163 more general revenues, \$5.8 million more in federal funds, \$2.8 million less in restricted receipts, and \$11.5 million less in other funds. The increase in general revenue is due primarily to increases in personnel costs, and biotechnology tax credits implementation costs. A majority of the federal fund increase is related to increased grant awards for Workforce Development and Training programs. Most of the decreased restricted receipt expenditures are from the Human Resource Investment Council program, and the decrease in other funds is for the Income Support program for unemployment benefits.

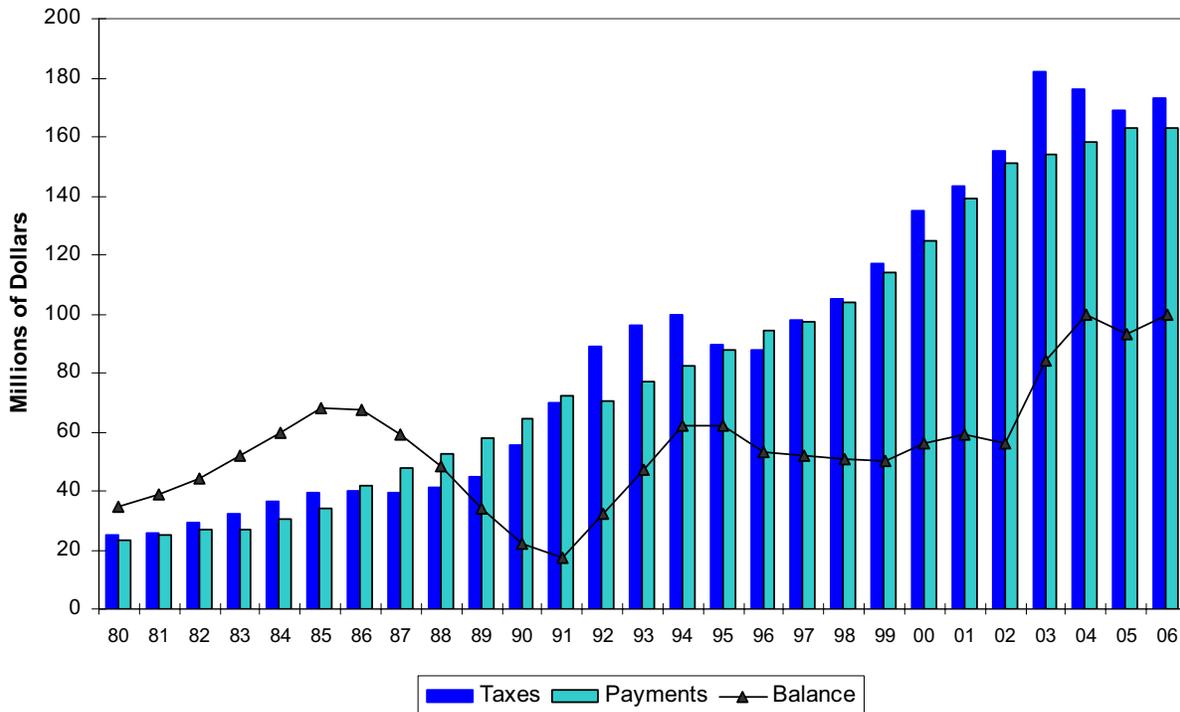
The recent fund balance trends for both the Employment Security Trust Fund and the Temporary Disability Insurance (TDI) Trust Fund are shown in the graphs below. It should be noted that Rhode Island's Employment Security Fund is in stable condition relative to other states. At the end of 2006, the Employment Security Trust Fund and TDI Trust Fund had balances of approximately \$185 million and \$95 million, respectively.

**Unemployment Insurance Fund Activity
1980 - 2006**



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Temporary Disability Insurance Fund Activity 1980 - 2006



In FY 2008, the Governor recommends expenditures of \$459.5 million, including \$6.7 million in general revenue, \$28.1 million in federal funds, \$28.3 million in restricted receipts, and \$396.4 million in other funds. This is an increase of \$12.0 million over the FY 2007 revised budget, and includes \$345,054 less general revenue, \$6.2 million less federal funds, \$8.2 million more in restricted receipts, and \$10.4 million more other funds. The net general revenue decrease is associated with net salary and benefit adjustments of \$133,296 and community service grants decreases of \$478,350.

For FY 2007, the Governor recommends an FTE authorization of 467.9 FTE positions for the Department of Labor and Training, same as the enacted level. In FY 2008, the Governor recommends 455.9 FTE positions that include 12.0 less FTE positions due to projected decreases in Reed Act and federal funding levels over the next two years.

Department of Revenue

The 2006 General Assembly created the new Department of Revenue, comprised primarily of programs transferred from the Department of Administration. These programs include the Office of Property Valuation (formerly Municipal Affairs), the Division of Taxation, the Registry of Motor Vehicles, and the Lottery. New programs created with this department include the Director of Revenue and the Office of Revenue Analysis.

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The Governor recommends \$247.2 million in expenditures for the Department of Revenue in the FY 2007 revised budget, including \$35.8 million in general revenues, \$2.1 million in federal funds, \$208.5 million in other funds, and \$790,838 of restricted receipts. This includes a decrease of \$1.7 million or 4.5 percent in general revenues resulting from redistributions of turnover savings and medical benefit adjustments and additional turnover savings due to delays in filling several new positions, including the Director of Revenue. Federal funds increase by \$548,627 or 34.6 percent due to the carry forward of several grants in the Registry of Motor Vehicles. Restricted receipts decrease by \$38,613 or 4.7 percent as a result of a reduction in personnel costs, primarily due to statewide savings in medical benefits and the fringe benefits assessment. Other funds decrease by \$7.2 million or 3.3 percent, primarily due to an estimated reduction in the Lottery collections, which translates into lower commission payments and other expenses at the Lottery Division.

The Governor recommends \$256.8 million in expenditures from all funds for the Department of Revenue for FY 2008, including \$39.0 million in general revenues, \$1.3 million in federal funds, \$215.7 million in other funds, and \$845,506 of restricted receipts. This represents an all funds increase of \$9.7 million from the revised FY 2007 levels recommended by the Governor. This includes increases in general revenue expenditures of \$3.2 million or 8.9 percent, primarily due to statewide personnel adjustments. Federal funds decrease by \$797,380 or 37.4 percent due to the expiration of several federal grants received by the Registry of Motor Vehicles. Restricted receipts increase \$54,668 or 6.9 percent due to the share of personnel costs allocated to this source of funds. Other funds increase by \$7.2 million or 3.5 percent. As with the revised FY 2007 budget, this change is primarily due to estimated changes in Lottery collections, which have a corresponding impact on certain expenditure items.

The Governor recommends 473.0 FTE positions in FY 2007, an increase of 0.9 FTE from the enacted level and 482.0 FTE positions in FY 2008, an increase of 9.0 FTE from the revised FY 2007 level. The FY 2007 increase is due to restoration of 0.5 FTE in the Lottery and 0.6 FTE in the Office of Property Valuation, due to unachieved reduction in force savings. In FY 2008, seven (7.0) Motor Vehicle Appeal Officers, one (1.0) Chief Budget Analyst, and one (1.0) Associate Director of Financial Management are transferred from the Department of Administration to the Department of Revenue.

Legislature

The FY 2007 revised budget recommendation for the Legislature totals \$34.9 million, including \$33.5 million from general revenues and \$1.4 million from restricted receipts. This reflects a general revenue increase of \$1.3 million, or 3.8 percent, above the enacted level. The recommendation recognizes a general revenue reappropriation from FY 2006 balances of \$3.3 million, as mandated by statute. The revised general revenue recommendation for FY 2007 includes increases of \$300,509 over the enacted budget for salaries and benefits, which reflects statewide adjustments for salaries and medical benefits and \$1.0 million for legislative grants, offset by decreases of \$8,717 for contracted services, \$66,275 for operating expenses, and \$23,600 for capital purchases and equipment. The FTE cap for FY 2007 is recommended to increase from 275.2 to 294.0, reflecting unachieved FTE reductions.

The FY 2008 budget recommendation for the Legislature totals \$35.7 million, of which \$34.2 million is from general revenues and \$1.5 million is from restricted receipts. The general revenue budget for FY 2008 is an increase of \$702,464, or 2.10 percent, from the FY 2007 revised recommendation, reflecting the one-time reappropriation in FY 2007 offset by statewide increases in salaries and benefits. Restricted

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receipts in FY 2008 decrease by \$114,869, or 8.2 percent, from the FY 2007 revised recommendation, primarily for increases in personnel costs. The Governor recommends 298.2 FTE in FY 2008.

Lieutenant Governor

The Governor recommends general revenue expenditures of \$896,416 for FY 2007. This is a decrease of \$66,596, or 6.9 percent, from the enacted budget, resulting from savings in personnel turnover, offset by an additional \$25,000 for transition expenses. The Governor recommends \$925,112 for FY 2008, an increase of \$28,696, or 3.2 percent over FY 2007 expenditures. This recommendation finances current operations for the Office of Lieutenant Governor, including personnel changes associated with the new administration. The Governor recommends 9.5 FTE positions in FY 2007 and FY 2008, consistent with the enacted budget.

Secretary of State

The revised FY 2007 Budget for the Secretary of State totals \$7.3 million, including \$6.1 million in general revenue, \$942,687 in federal funds and \$216,520 in restricted receipts. This represents a general revenue increase of \$165,629 from the enacted level. The increase in general revenue is primarily a result of unmet turnover savings in most of the programs within the Office of the Secretary of State. Other increases include the reallocation of \$105,610 in outside property rental costs from restricted receipts to general revenues within the State Archives program as a result of the depletion of reserve funds of the Historical Records Trust fund. A total increase of \$292,326 in Elections and Civics is primarily related to the increase of legal and printing costs associated with the referenda questions for the 2006 General Election. A total of \$25,000 is recommended for transition costs associated with the new administration. General revenue increases are partially offset by decreases in legal costs in the Administration program and as well as operating expenses department wide. Additional net savings of \$60,510 are realized from statewide adjustments to health benefit and retiree health planning rates originally provided. A total of \$25,000 is recommended in the Office of Public Information for the printing of the Rhode Island Owner's Manual, which is printed every two years by the Department.

Federal funds included in the revised budget have decreased by \$1.1 million as the Department continues to implement the remaining mandates of the Help America Vote Act (HAVA) of 2002. The revised FY 2007 Budget reflects Federal HAVA funding for the ongoing payment of the maintenance portion of the State's Optical Scan Voting Equipment and Automark equipment, which is split between the Board of Elections and the Office of the Secretary of State. The Governor recommends a total of 56.0 FTE positions in FY 2007, 0.1 FTEs more than the enacted authorization.

The Governor recommends total expenditures of \$6.1 million in the FY 2008 Budget, including \$5.1 million of general revenue, \$586,744 of federal funds, and \$443,476 of restricted receipts. The general revenue recommendation represents a decrease of \$1.0 million from the revised FY 2007 Budget recommendation. The decrease lies primarily in personnel turnover savings related to the transition of the new administration as well as continued savings in the Office of Public Information from a program consolidation in FY 2006. Further reductions are related to a non general election year expenditure level as well as the reallocation of State Archives outside property rental costs from general revenues back to the restricted receipt fund. The reallocation is accompanied by a recommended one dollar fee increase to certain land evidence and probate filings at the municipal level pursuant to R.I.G.L. 33-22-21 and 34-13-7 in order to continue financing the

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current operating costs of the Historical Records Trust fund. Additional net savings of \$142,286 are realized from statewide adjustments to health benefit and retiree health planning rates originally provided. The Governor recommends 56.0 positions in FY 2008, which is consistent with the revised FY 2007 Budget recommendation.

Office of the General Treasurer

The Governor recommends a revised FY 2007 budget of \$33.5 million for the Office of the General Treasurer. This funding is comprised of \$2.7 million in general revenue, \$2.0 million in federal funds, \$28.5 million in restricted receipts, and \$313,475 in other funds. The revised budget for all funds represents an increase of \$4.4 million, or 14.9 percent from the FY 2007 enacted all funds level. Changes to the enacted budget include \$290,199 less in general revenue, \$937,303 more in federal funds, \$3.7 million more restricted receipts, and \$9,641 more in other funds.

The net decrease in general revenue funding is a result of: turnover savings of \$172,425 including \$110,774 in redistributed statewide 5.1 percent turnover; savings of \$133,773 for part-year personnel requirements for replacement staff members hired at first step; operating and consultant savings of \$48,052; and statewide benefit savings of \$32,599. These reductions are offset by addition of \$100,000 for new computers in the State House offices. The federal financing increase of \$913,303, or 47.8 percent above the enacted level of \$1.0 million, is attributable to an increase in the federal grant in the Crime Victims Compensation Program based on CY 2005 historical expenditures, to be used for claim and settlement payments. Restricted receipts of \$28.5 million increase by 14.9 percent from the FY 2007 enacted budget, related to increased revenue in the Unclaimed Property Program (UPP). UPP revenue is the value of property abandoned by residents, former residents, and non-residents and controlled by a Rhode Island based institution. Updated revenue projections by the Office of the General Treasurer were adopted by the November 2006 Revenue Estimating Conference in addition to adjustments for year-end liability requirements. With respect to other funds, the Governor recommends an increase of \$9,641 from the enacted amount of \$303,834 to finance anticipated expenditures in the Temporary Disability Indemnity Fund within the General Treasurer's Office.

The Governor recommends total expenditures of \$35.8 million for the Office of General Treasurer in FY 2008, including \$2.9 million in general revenue, \$1.9 million in federal funds, \$30.7 million in restricted receipts, and \$293,140 in other funds. The general revenue recommendation for FY 2008 is \$245,749, or 9.2 percent greater than the FY 2007 recommendation. The general revenue increase includes addition of \$391,607 for personnel and benefit adjustments, offset by reduction of \$145,858 for operating, specifically for equipment purchased in FY 2007 and removal of transition financing. With respect to federal funds, a decline of \$43,446, from the FY 2007 recommendation of \$1.96 million is recommended in FY 2008, attributable to statewide benefit and operating adjustments totaling \$15,610 and removal of \$27,856 for expected payouts for claims in the Crime Victim Compensation program.

In restricted receipts, FY 2008 financing of \$30.7 million increases by \$2.2 million, or 7.8 percent from the FY 2007 level of \$28.5 million, attributable to addition of \$2.2 million for the transfer of unclaimed property revenues to the general fund, which increases from \$11.5 million in FY 2007 to \$13.7 million in FY 2008 as recommended by the November 2006 Revenue Estimating Conference and as adjusted for year-end liability requirements. Other changes in restricted receipts include addition of \$313,096 for personnel requirements in the State Retirement System; \$435,323 for refunds in the Unclaimed Property program; \$120,000 for a new computer system for Unclaimed Property which will allow for more accurate accounting of escheated property; and removal of \$800,000 in contracted professional services in the Retirement division based on

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historical expenditure patterns. Other funds decrease by \$20,335, mostly attributable to statewide personnel adjustments in the General Treasurer's Office.

The Governor recommends 86.5 FTE in each of FY 2007 and FY 2008. This is 0.3 FTE greater than the FY 2007 enacted level of 86.2 FTE.

Boards for Design Professionals

The Governor recommends FY 2007 revised general revenue expenditures of \$380,240 for the Boards for Design Professionals. This represents a decrease of \$9,913 from the FY 2007 enacted budget, and reflects statewide changes in medical insurance and retiree health insurance.

In FY 2008, the Governor recommends expenditures of \$406,186 in general revenue funds, an increase of \$25,946 from the FY 2007 revised budget due to statewide salary and benefit adjustments. The Governor recommends 4.0 FTE positions in FY 2007 and FY 2008, which is 0.2 FTE more than the FY 2007 enacted level.

Board of Elections

For FY 2007, the Governor recommends a revised budget of \$4.3 million to finance the operating requirements of the Board of Elections and the requirements of the Help America Vote Act (HAVA), which includes \$3.7 million in general revenue and \$617,574 in federal funds. General revenue expenditures increase by \$1.2 million over the enacted level, primarily due to the requirements of the Rhode Island Campaign Contributions and Expenditures Reporting Act (R.I.G.L. 17-25-19), which authorizes the matching public funds program for general elections. The increase is offset by a net total of \$19,946 in personnel savings related to statewide adjustments to health benefit and retiree health planning rates originally provided. A slight decrease is realized from savings related to a new statewide contract for records storage. Federal funds decrease by \$201,326 million as compared to the enacted budget. The Board of Elections is working in concert with the Secretary of State's Office to implement the remaining requirements of the Federal election reform legislation of 2002. The FY 2007 revised budget reflects Federal HAVA funding for the payment of maintenance portions of various election equipment purchases required by the Act. Included is the maintenance portion of the State's Optical Scan Voting Equipment and Automark equipment purchases, which is split between the Board of Elections and the Office of the Secretary of State. The Governor recommends 14.0 FTE positions, 0.3 FTE less than the enacted authorization.

The total FY 2008 budget recommendation of \$2.0 million finances operating requirements of the Board of Elections as well minor election costs associated with the presidential preference primary. The FY 2008 recommendation includes \$1.4 million in general revenue and \$586,894 in federal funds. The general revenue decrease of \$2.2 million from the revised FY 2007 budget relates to FY 2007 being a general election year which included \$2.0 million for Public Financing of General Elections, and other election related costs including temporary staffing, web site election night reporting, and printing of voter registration forms. Additional net savings of \$42,776 are realized from statewide adjustments to health benefit and retiree health planning rates originally provided. Federal HAVA funding decreases \$30,680 from the revised FY 2007 budget. The Governor recommends 14.0 FTE positions in FY 2008, which is consistent with the FY 2007 revised recommendation.

General Government

Rhode Island Ethics Commission

The Governor recommends a revised FY 2007 budget for the Rhode Island Ethics Commission of \$1.3 million composed entirely of general revenues. This is \$24,190 less than the FY 2007 enacted level as a result of personnel and statewide benefit savings. Increases of \$8,829 for operating expenditures, and \$4,000 for capital equipment are recommended to maintain the current level of services in FY 2007.

In FY 2008, the Governor recommends general revenue expenditures of \$1.5 million, which is an increase of \$270,060, or 21.2 percent, from the FY 2007 revised level. This increase includes the addition of two new Investigator I positions, which will enhance the capacity of the agency, as well as statewide salary and benefit adjustments. The Governor recommends 12.0 FTE positions in FY 2007 and 14.0 FTE positions in FY 2008.

Office of the Governor

The Governor recommends total expenditures of \$4.8 million in FY 2007 for the Office of the Governor, which is decrease of \$273,747 from the enacted budget. This includes decreases of \$270,414 from general revenues and \$3,333 from other funds. The net decrease in general revenue financing includes decreases of \$233,765 for turnover savings and medical benefit adjustments, \$8,859 in additional turnover savings, and \$43,079 in statewide medical benefits savings, offset by increases of \$6,586 for contracted services and \$8,703 for operating expenses.

The Governor recommends total expenditures of \$5.0 million for FY 2008, which is an increase of \$224,426, or 4.7 percent, over the FY 2007 recommendation. This includes \$218,173 more from general revenues and \$6,253 more from other funds, for statewide personnel adjustments. The Governor recommends 46.0 FTE positions in FY 2007 and FY 2008, consistent with the enacted authorization.

Public Utilities Commission

For FY 2007, the Governor recommends total expenditures of \$7.0 million for the Public Utilities Commission. This funding is comprised of \$737,811 in general revenue, \$99,853 in federal funds, and \$6.2 million in restricted receipts. This recommendation is \$133,386 over the enacted budget, and consists of \$6,174 less general revenue, \$11,286 more federal funds and \$128,274 more restricted receipts. The net reduction in general revenue relates primarily to reappropriations of \$16,329 for unsettled union contracts costs that were offset by personnel savings redistributions from the Department of Administration of \$18,513 included in the FY 2007 enacted budget. The increase in federal expenditures relates to unsettled union contracts costs of \$4,377 and a position upgrade incremental cost of \$6,909. For restricted receipts expenditures, the increase relates to unsettled union contracts costs of \$129,990 that were offset by reductions to other operating expenses and supplies of \$1,626. The Governor has elected not to fill the two commissioner vacancies created by public law (2002-H-7786B am) and does not recommend the related funding of \$117,183. The related savings in restricted receipts expenditures have also been included in the Governor's revised budget.

General Government

For FY 2008, the Governor recommends total expenditures of \$7.1 million, consisting of \$665,706 in general revenue, \$100,124 in federal funds, and \$6.3 million in restricted receipts. This reflects a net increase of \$54,180, or 0.8 percent from the Governor's FY 2007 revised recommendations for all sources of funds. The recommendation includes \$72,105 less in general revenue, \$271 more in federal funds and \$126,014 more in restricted receipts. Compared to the Governor's FY 2007 revised recommendations, the reduction in general revenue funding is due primarily to cost savings in reduced Single State Registration System (SSRS) refunds of \$115,547 coupled with statewide savings of \$14,078 for revised employee health, retiree health and record center storage rates for FY 2008. These were offset by current service adjustments for FY 2008 operations of \$57,520 for personnel and other operating supplies and expenses. The net increase in restricted receipts expenditures over the Governor's revised recommendation for FY 2007 relates to increases in salaries and fringe benefits.

The Governor recommends 45.7 FTE positions for FY 2007 and FY 2008, which is consistent with the FY 2007 enacted level.

Rhode Island Commission on Women

The Governor recommends a revised FY 2007 budget for the Rhode Island Commission on Women of \$99,023 in general revenue funds. This reflects a decrease of \$692 from the FY 2007 enacted level and is composed of statewide changes in medical rates and retiree health insurance rates.

In FY 2008, the Governor recommends a general revenue budget of \$108,203, representing a \$9,180 increase from the revised FY 2007 budget, which finances full annual costs for one staff position and associated operating costs. Continued financing is provided for the Woman of the Year banquet in FY 2008. The Governor recommends 1.0 FTE position for FY 2007 and FY 2008, consistent with the enacted budget.

Human Services

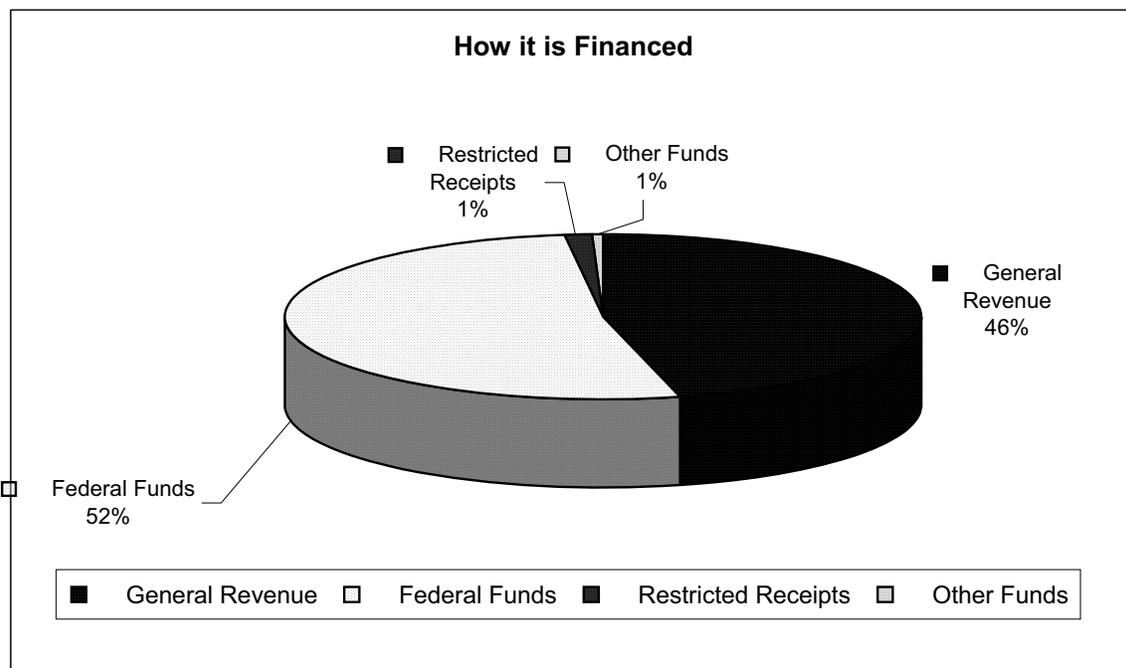
Human Services

Summary

The Human Services function of state government engages in a broad spectrum of activities including, but not limited to, income supports, client subsidies, case management and residential supports, and medical regulation, prevention, treatment, and rehabilitation services.

For FY 2007, the Governor recommends a revised all funds budget of \$2.583 billion. Of this total, \$1.193 billion is general revenue, a decrease of \$624,911 from enacted levels. The Governor recommends 4,278.5 full-time equivalent positions in FY 2007, and 4,040.3 in FY 2008, a reduction of 238.2 FTE.

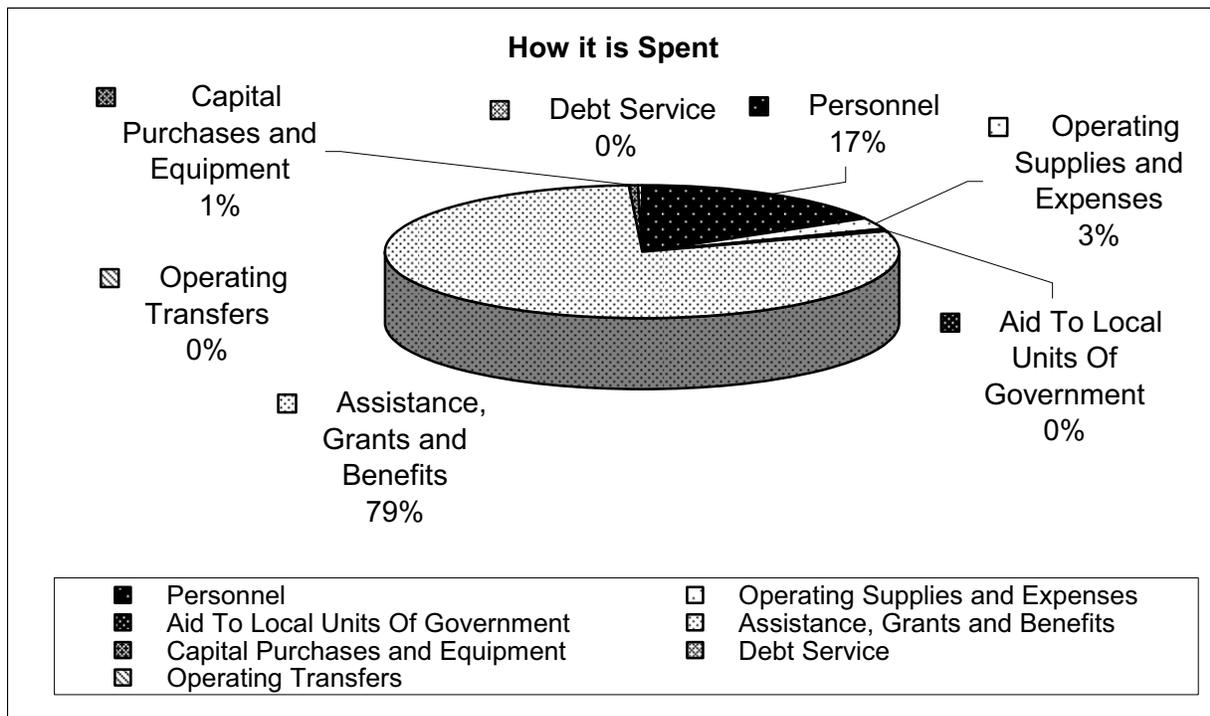
For FY 2007, the Human Services departments and agencies continue to leverage their resources so that both individuals and families achieve maximum potential and self-sufficiency. The social and economic needs of clients continue to be provided by the Office and Health and Human Services, Departments of Children, Youth, and Families; Elderly Affairs; Health; Human Services; and Mental Health, Retardation, and Hospitals. The Governor is committed to preventing child abuse and neglect, intervening for and on behalf of abused and neglected children and youths, and rehabilitating delinquent youth through education and training. The dual role of advocacy and education continues to be provided by agencies including 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.



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The Governor's proposed funding level of \$2.698 billion for FY 2008 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 persons with physical disabilities. This proposal consists of \$1.247 billion in general revenue, \$1.398 billion in federal funds, \$39.0 million in restricted receipts, and \$14.9 million in other funds. The recommendation constitutes 38.4 percent of the total proposed expenditures for the state. Social services block grants and cash and medical assistance programs constitute the major sources of federal funding. The chart below displays funding by source for the Governor's FY 2008 recommendation for the human service agencies and departments.

The Governor's FY 2008 proposed level of expenditures includes direct and purchased services for residential care, medical care, and preventive health services, cash payments to individuals, and grant funding for non-governmental agencies. The operating costs associated with the administration of these social services programs are also included. Personnel, which includes purchased services, accounts for \$449.8 million, or 16.7 percent, of all expenditures programmed for human services. Other operating expenditures are recommended at \$78.3 million, or 2.9 percent of proposed total human services expenditures, with capital projects slated for \$14.3 million, or 0.5 percent. Grants and benefits expenditures of \$2.136 billion account for the largest outflow of identified resources, reflecting 79.2 percent of the total human services function. The chart below shows the outflows of all resources by category of expenditure for the human services function.



Human Services

For FY 2008, the Executive Office of Health and Human Services (EOHHS) proposes a value-based purchasing cooperative called Buy RItE composed of officials from the state's five health and human services departments. The purpose of this initiative is to review the process for procuring services from community-based providers, identify opportunities in existing procurement procedures for innovation enhancing grant accountability and efficiency, and to develop a value-based approach for purchasing health and human services. The implementation of these new practices is reflected in the Human Service function of government by decreases in general revenue expenditures of \$7.0 million.

Office of Health and Human Services

The Governor's revised FY 2007 budget for the Executive Office of Health and Human Services is \$3.3 million, including \$297,018 in general revenue, \$2.6 million in federal funds, and \$415,849 in restricted indirect cost recoveries. The recommendation includes a decrease of \$16,142 to general revenue appropriations, and an increase of \$2.3 million for federal grant awards. The federal increase recognizes the addition of new grants: Real Choices System Change, to improve community-integrated long term care services; and Transformation grants to design and develop improved Medicaid and long term care delivery systems across human services agencies.

For FY 2008, the Governor recommends \$6.6 million, including \$310,378 in general revenue, \$5.8 million federal funds, and \$445,548 in restricted cost recoveries. The general revenue increase from the revised FY 2007 budget recognizes inflation for employee compensation and benefits. The increase in federal funds reflects assumption of the Substance Abuse Grant from the Department of Human Services. This grant addresses drinking and substance abuse-related problems among diverse populations, including children and underage clients. The Governor recommends the enacted level of 5.0 FTE positions in FY 2007 and FY 2008.

Department of Children, Youth & Families

The Governor recommends total expenditures of \$305.9 million for the revised FY 2007 budget, including \$181.4 million in general revenue, \$121.9 million in federal funds, \$264,260 in other funds, and \$2.2 million in restricted receipts. The Governor's revised budget includes a net increase of \$8.2 million in general revenue expenditures. This represents a 4.7 percent increase over the enacted budget. The Department had a decrease of \$571,278 in personnel expenses due a high vacancy rate. These savings were offset by a \$1.5 million loss of Title IV-E financing for foster care homes that have not yet been licensed.

In the Children's Behavioral Health Program, an addition of \$719,670 for managed care health benefits and \$1.9 million for psychiatric hospitalization was included in the revised budget due to caseloads and per diem rate increases. The enacted budget provided financing for an estimated 326 individuals for purchase of service placements. The Governor's revised budget included an additional \$3.6 million to fully finance the FY 2007 average of 430 youth. Foster care and children's emergency services increased by \$1.4 million in general revenue funds for increased caseloads.

The Department continues its success in controlling the number of night-to-night residential placements, which had been an on-going problem. The management of this problem requires increased costs in other areas of the budget, but the long-term effect is beneficial to the youth involved. The Department has restructured programs into a more community-based system of support. The goal of the restructuring is to deliver children's services in a community setting, giving the youth, guardians, and community the benefit of being included in the rehabilitative process, and to facilitate learning of adaptive behaviors.

Human Services

The Governor recommends total expenditures of \$215.6 million in FY 2008 for the Department of Children, Youth & Families. This is comprised of \$137.3 million in general revenue, \$74.7 million in federal funds, \$1.8 million in other funds, and \$1.8 million in restricted receipts. The recommended FY 2008 general revenue budget decreases by \$44.0 million from the revised FY 2007 budget. A reduction of \$41.6 million reflects the transfer of Medicaid Managed Care costs from the Department of Children, Youth, and Families to the Department of Human Services. Programs within the Department have been reduced by a total of \$17.6 million to limit services to a population of youth up to the age of 18. The Department is moving towards a community based approach to assist youth awaiting adjudication in the Juvenile Corrections Program by reducing the population of the detention center by half.

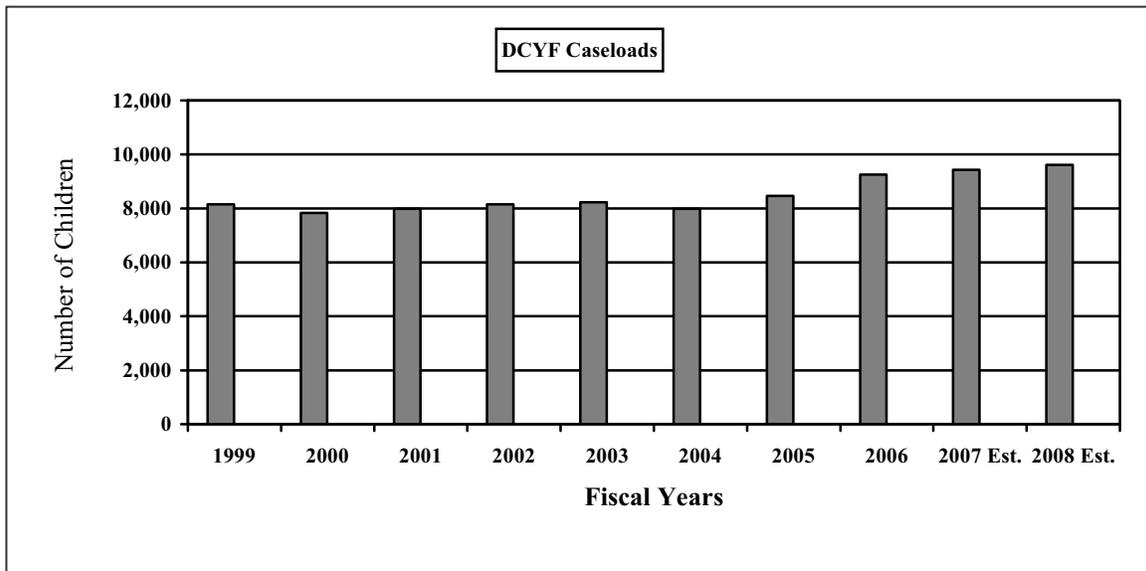
Reductions recognizing savings projected from the EOHHS Buy RItE initiative are included in the program Central Management in the amount of \$1.2 million general revenues.

The Governor recommends an FTE position ceiling of 789.0 in FY 2007 and 810.0 in FY 2008. In November of 2007, the new Rhode Island Training School for Youth is scheduled to open. The Governor's recommends a net addition of 21.0 FTE to staff the new facility at a cost of \$1.8 million.

The Governor's Capital Improvement Plan includes a total of \$48.6 million in FY 2007 and \$2.1 million in FY 2008. This amount finances construction of a new 96-bed Youth Development Facility, which will house adjudicated males, a 48-bed Youth Assessment Facility, which will house detained males, and a girls' correctional facility. The financing includes \$49.9 million in certificates of participation and \$700,000 in Rhode Island Capital Plan funds. This project is intended to replace the existing training school, address overcrowding issues, and comply with a Federal Court consent decree. It will provide both males and females with equitable opportunities to participate in educational, recreational, and rehabilitative programming. The Governor also recommends \$1.0 million of Rhode Island Capital Plan funds to assess and upgrade fire protection systems for group homes, foster homes, and other facilities associated with the Department of Children, Youth & Families.

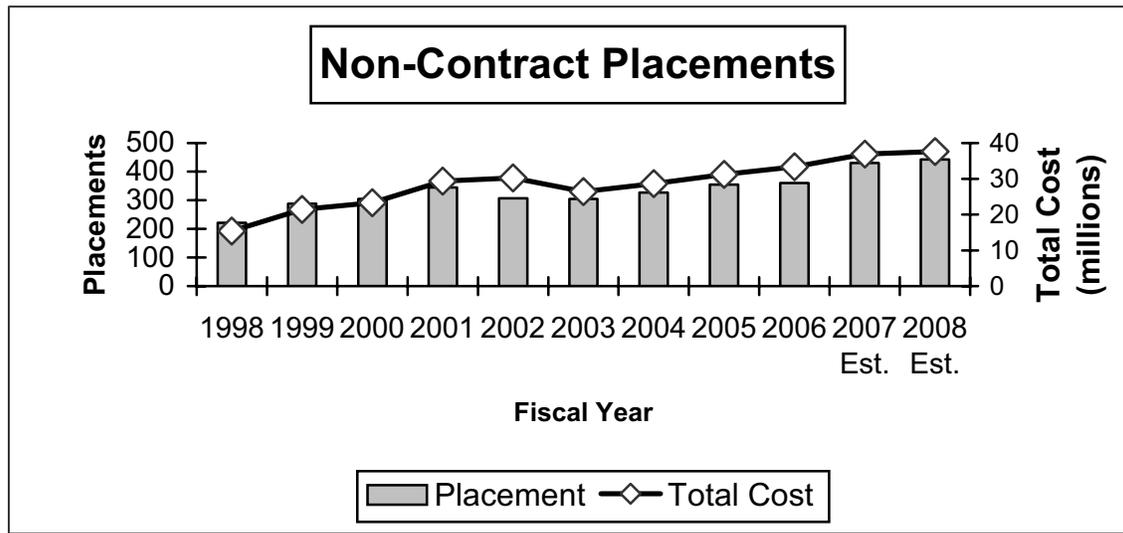
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The graph below represents annual departmental caseloads since 1999.



Department caseloads (excluding children that are away without leave) are projected at 9434 in FY 2007 and 9618 in FY 2008, up from 9253 actual cases in FY 2006. The Department is continuing its effort at reviewing the eligibility and duration of children and youth in its caseload. This effort includes analyzing the appropriateness of placements, treatment, and custody. The Department is financed in FY 2008 for 442 purchase of service placements (POS) at an additional cost of \$4.3 million. Foster care and adoption assistance increased by \$1.5 million. However, by maximizing the number of licensed foster care homes, the Department expects the number of POS to drop, and the penetration rate for Medicaid funding to increase. POS placements are tailored to meet the individual needs of each child, and include intensive supervision and emergency placements. The chart below displays the historical utilization data and revised FY 2007 and FY 2008 levels of purchase of service placements, with associated costs.

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Department of Elderly Affairs

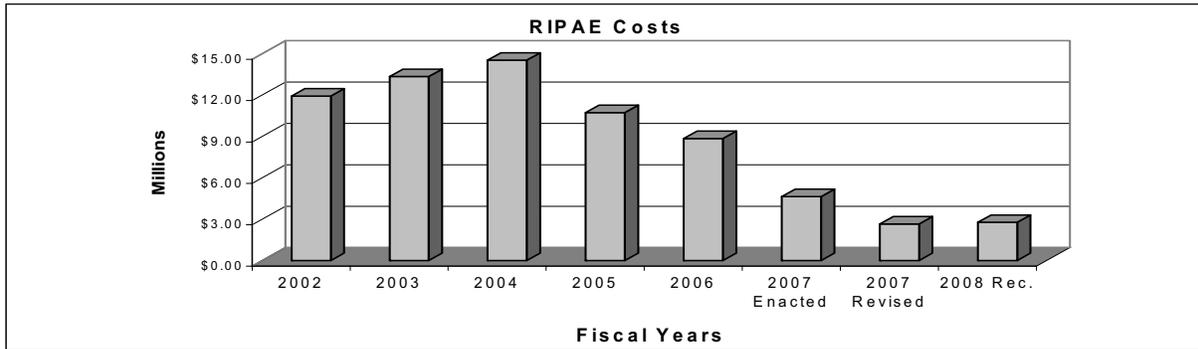
The Governor recommends a revised budget for FY 2007 for the Department of Elderly Affairs of \$37.8 million. Expenditures are comprised of \$4.7 million in gas tax receipts, \$19.4 million in general revenue, \$13.1 million in federal funds, and \$665,389 in restricted receipts. The revised financing level is a decrease of \$952,976, or 2.5 percent, from the FY 2007 enacted budget. The revised recommendation includes \$731,134, or 3.8 percent less in general revenue; \$477,769, or 3.6 percent more in federal funds; \$584,611, or 87.9 percent less in restricted receipts; and, \$115,000, or 2.5 percent less in gas tax financing.

The general revenue decrease in the Governor's FY 2007 revised recommendation reflects personnel adjustments that remove \$205,974 for statewide benefit adjustments and achieved turnover, and, removal of \$1.4 million from the Rhode Island Pharmaceutical Assistance to the Elderly Program (RIPAE), as more seniors are utilizing federal Medicare Part D programs for drug requirements. These reductions are offset by addition of \$643,342 for the co-pay home and day care programs and for the state portion of the Medicaid Waiver program based on anticipated caseload and cost per client requirements in the two programs. The general revenue portion of paratransit financing increases by \$247,302, to accommodate year-to-date ridership projections. Federal funds increase in the Governor's revised FY 2007 budget, from \$12.6 million to \$13.1 million, attributable to addition of \$249,134 for the federal portion of the Medicaid Waiver program, \$254,076 in the Rhode Island One-Stop grant based on expected award and \$168,425 for a new Senior Medicare Patrol, to investigate suspected cases of Medicare abuse and fraud.

In restricted receipts, the Governor's budget recognizes reduced rebate collections from the enacted total, from \$1.2 million to \$665,389 based on expected utilization of rebate-generating drugs by members of the RIPAE program who use the program as their secondary payer. Early in FY 2007, the department automatically enrolled approximately 11,000 re-certified RIPAE members into federal Medicare Part D plans with the plan as the primary payer. For the remaining population of approximately 6,000 eligible in the lower subsidy categories, RIPAE appears to be the secondary payer for drugs not covered by Part D plans, or for the period when the seniors enter the annual coverage gap.

Human Services

The chart below illustrates expenditure history of the RIPAE program since 2002, including drug cost and management fee. Beginning in FY 2006, restricted receipt rebates were available as a resource for drug expenditure. The Governor’s FY 2007 revised and FY 2008 recommendations are also presented:



For FY 2008, the Governor recommends total expenditures of \$38.4 million, consisting of \$4.7 million in gas tax receipts, \$19.4 million in general revenue, \$13.1 million in federal funds, and \$690,000 in restricted receipts. Rhode Island Capital Plan financing appears in the Department’s recommendation in the amount of \$600,000, for renovation of Building 79 at the Pastore Center creating the Aging and Disability Resource Center, also known as “The Point”. The recommended budget for all funds is \$596,951 or 1.6 percent more than the FY 2007 revised budget. General revenues increase by \$16,783, or 0.1 percent, federal funds decrease by \$44,443 or 0.3 percent, restricted receipts increase by \$24,611 or 3.7 percent, and other RICAP funds increase by \$600,000. Gas Tax financing remains level in FY 2008 at \$4.7 million.

General revenue increases by a combined total of \$175,896 for co-pay daycare and homecare services for the elderly and by \$230,612 for the Medicaid Waiver program. The State Medicaid administration account increases by \$191,880 to accommodate reimbursable paratransit rides for eligible seniors. The RIPAE program increases by \$81,447 to accommodate drug inflation and utilization growth. The general revenue portion of paratransit financing decreases by \$403,653, attributable to increased financing in both the state Medicaid administration account described above and a corresponding increase to the federal Medicaid administrative account. Buy Rite, which is a consolidated contract award for certain service providers allowed for the removal of \$234,075. The Governor continues to include \$138,300 for full-year financing of an after-hours emergency response program for abused or neglected elders in need of urgent care.

Federal funds in FY 2008 decrease by \$44,443 in comparison to the FY 2007 revised recommendation. Major additions include \$197,610 to the federal Medicaid administration match account for paratransit, \$97,553 in the Medicaid Waiver program to correspond to the general revenue increase, and \$43,697 in the Title III OAA Social Services grant. These additions are offset by reduction of \$171,176, attributable to the end of the State Pharmaceutical Assistance Programs federal grant and \$177,322 from the Rhode Island One Stop due to the end of federal financing for this program. Pharmaceutical rebates in the restricted receipt account increase by \$24,611 to correspond to reflecting anticipated rebates in the RIPAE program. The Governor recommends an FTE position ceiling of 48.0 in FY 2007, and to 47.0 FTE in FY 2008. The FY 2008 recommendation level reflects elimination of vacant positions in comparison to the FY 2007 enacted level of 50.5 FTE.

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Department of Health

The Governor recommends total expenditures of \$120.1 million in the FY 2007 revised budget. It includes \$35,453 in other funds, \$34.4 million in general revenue, \$66.4 million in federal funds and \$19.2 million in restricted receipts. It also represents an increase of \$9.9 million from FY 2007 enacted authorizations, which includes \$5,493 in other funds; \$1.1 million in general revenue; \$274,147 in federal funds; and \$8.5 million in restricted receipts.

Major changes in general revenue expenditures from fiscal 2007 original authorizations include the following:

- \$1.6 million in additional resources for net unachieved turnover savings included in the original authorized budget for fiscal 2007
- \$328,639 in additional outlay for the purchase of alcohol-based gels for the early intervention and prevention of the spread of Mycoplasma Pneumonia in school settings
- \$277,429 in additional resources due to the conversion of a private grant from the Picker/Commonwealth Fund for the evaluation of resident-centered care inherent in the Nursing Home Reform Law.
- \$157,884 in general revenue replacements for state work not covered in federal programs
- \$112,766 in re-appropriated expenditures for unsettled union contracts at the close of fiscal 2006
- \$(1.1 million) in redistributed statewide turnover savings equal to 5.1 percent of general revenue funded positions included in the fiscal 2007 budget authorized for the Department of Administration
- \$(400,000) in savings for case manager contracts for HIV and STD caseloads
- \$(308,009) in statewide savings for revised working rates for employees medical and retirees health benefits
- (\$300,000) in savings for HIV drug formulary due to reduced caseloads and purchase costs
- \$732,000 in additional spending for revised current service requirements for non-payroll related operations

Major changes to FY 2007 enacted restricted receipts expenditures include:

- \$1.7 million for the department's overhead account financed by indirect cost assessments of eligible federal grants administered by the department, including \$1.1 million for personnel, \$0.5 million in other operating supplies and expenses; and \$79,000 in capital outlay (computer replacements)
- \$5.0 million in direct service costs for child immunization, including \$4.6 million for the purchase of vaccines and \$0.4 million in contracts
- \$1.0 million in potential expenditures for the purchase of pandemic flu medication and equipment

For FY 2008, the Governor recommends total expenditures of \$124.2 million for the Department of Health. This includes \$28,676 from other funds, \$34.2 million from general revenues, \$65.1 million from federal funds, and \$24.9 million from restricted receipts. This level of funding is \$4.1 million, or 3.4 percent more

Human Services

than the level recommended by the Governor for FY 2007. This increased level of funding consists of an increase in restricted receipts of \$5.7 million that is offset by decreases in other funds of \$6,777, general revenue of \$213,141 and federal funds of \$1.4 million.

The increase in restricted receipts expenditures over the Governor's FY 2007 revised level include:

- \$2.7 million more in vaccine purchase for child immunization
- \$3.6 million more in adult immunization cost, including \$3.1 million for the purchase of vaccines

Major decreases to federal funds expenditures over the Governor's revised FY 2007 recommendation include the following:

- \$(1.1 million) in reduced or unavailable Title II Ryan White (HIV Care Grants)
- \$(258,028) in expired federal funding for DNA capacity enhancements
- \$(270,000) in transferred funding of the Family Resource Counselor program to the Department of Human Services

For general revenue expenditures, changes to the Governor's recommended level of expenditures, compared to the FY 2007 revised level, included the following:

- \$1.4 million for the cost of office space leaseback due to the proposed sale of the Chapin Building, which houses the laboratories.
- \$(1.1 million) in savings for various legislative community service objectives
- \$(277,181) in increased savings for HIV treatment and STD cases management
- \$(200,000) in increased savings for HIV drug formulary due to reduced caseloads and purchase costs
- \$(306,850) in savings for various family health activities and programs, including KIDSNET (\$116,255) and child immunization funding replacement with restricted receipts of \$108,562
- \$(474,072) in savings for program reduction (5.8 FTEs) in Environmental Health, including the elimination or transfer of the following programs/activities: tanning, radioactive materials, bottled water, public swimming pools and spas
- \$(118,322) for savings related to anti-tobacco education in school settings
- \$(101,000) for savings due to the elimination of activities related to lead inspection

The Governor recommends full time equivalent positions of 465.6, the same level enacted for FY 2007. For FY 2008, the Governor recommends 457.7 FTEs, a net reduction of 7.9 FTEs from FY 2007 recommended level. It includes 0.2 FTE program cost allocation in Health Services Regulation offset by FTE program reductions in Family Health of 1.4 FTEs; Environmental Health of 5.9 FTEs; and Laboratories of 0.8 FTE.

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Department of Human Services

The Governor recommends revised appropriations of \$1.621 billion for FY 2007, including \$716.4 million of general revenues, \$895.4 million of federal funds, and \$8.9 million of restricted receipts. This represents a reduction of \$22.1 million, on an all funds basis, from the enacted budget. The revised budget for FY 2007 includes a reduction of \$8.6 million in general revenue expenditures, \$13.7 million in federal funds, and an increase of \$264,408 in restricted funds.

The general revenue change includes net reductions of \$2.1 million from enacted appropriations for all personnel adjustments. This includes additions of \$1.2 million, including \$1.0 million of reappropriations for estimated retroactive costs related to unsettled collective bargaining agreements. Net additions for adjustments related to enacted reallocations of maintenance and human resources staff to the Department of Administration are \$421,688. Savings from enhanced use of federal funds, and additional turnover of approximately \$2.8 million in excess of the enacted levels are recognized, and statewide savings for revised employee health benefits saves approximately \$980,000.

Other reappropriations from FY 2006 are for grants of \$400,000 in Central Management for Head Start and SSI benefits for \$183,792, and for operating of \$54,877 for hardware and software in Child Support Enforcement. Revised Medical Benefit expenditure estimates adopted by the November 2006 caseload estimating conference (CEC) are reduced by \$5.2 million from general revenue enacted levels. The net general revenue addition attributable to CEC adopted caseloads for cash assistance and child care is \$168,375. The Governor's proposed supplemental recognizes the availability of an additional \$675,000 in additional federal TANF grant balances available to offset child care costs.

In order to address expenditure forecasts statewide in excess of enacted appropriations, the Governor proposes several benefits reductions for initiation in FY 2007:

- Savings of \$250,000, including \$119,125 general revenue funds, from modifications to hospital reimbursement rates for emergency services for fee-for-service clients
- Savings of \$738,065, including \$351,688 general revenue funds, from modifications to hospital outpatient reimbursement rates.
- Savings of \$370,955, including \$176,670 general revenue funds, from introducing managed care principles to Children's Intensive Services.
- Savings of \$1,940,000, including \$938,348 general revenue funds, from enhanced documentation and eligibility reviews for Medicaid clients, consistent with new federal requirements.
- Savings of \$315,125, including \$150,157 general revenue funds, from legislation requiring co-payments on pharmaceutical products for fee-for-service Medicaid clients

For FY 2008, the Governor recommends total expenditures of \$1.816 billion for the Department of Human Services. This total includes \$813.5 million from general revenue, \$993.6 million from federal funds, \$1.3 million from RICAP funds, and \$8.1 million from restricted receipts. The agency budget continues to finance: cash and medical assistance programs at caseload conference consensus values, except as noted below; training and support services for family assistance programs; continued services to veterans, the blind and visually impaired, and other assisted populations. Seventy-seven percent of the agency's expenditures are for medical benefits payments.

Human Services

The Governor's budget recommendations for both FY 2007 and FY 2008 include funding for the operation of the Rhode Island Veterans' Home and the Rhode Island Veterans' Cemetery, including \$2.9 million for capital improvements and equipment in FY 2007, and \$1.6 million in FY 2008.

In FY 2008, current payment standards are maintained for clients receiving cash payments under the Family Independence Program (FIP). After reaching a peak caseload of 64,000 persons in 1994, the number of persons receiving cash assistance continues to decline. The November 2006 consensus caseload conference (CEC) estimated that 29,445 persons would receive Family Independence Program cash assistance in FY 2007, an 11.6 percent reduction from FY 2006 experience, declining to 26,500 persons in FY 2008, a reduction of an additional ten percent. Consensus caseload conference estimates project 12,100 subsidized childcare slots in FY 2007, a decrease of 4.7 percent from FY 2006 actual experience, and 11,950 slots in FY 2008, an additional decrease of 1.2 percent, as clients achieve exit from the program. Decline in both of these benefits reflects the goal of placing clients into unsubsidized employment, and the Governor's stated principle that benefits should be extended only to eligible and entitled clients and only after all federal and third party participation has been maximized. The Governor's proposed budget includes statutory language to reduce the current monthly award of \$50 per month to FIP families for whom the state receives child support payments in half, to \$25 per month.

Adopted consensus caseload conference estimates for cash assistance payments in FY 2008 decreased by \$178,000 compared to adopted FY 2007 levels. This reflects savings of \$5.7 million from the reduction in FIP caseloads offset by additions of \$4.8 million for child care slots, due to recognition of a provider rate increase (see revisions below) plus increased SSI estimates of \$470,220 and increased estimates for General Public Assistance of \$256,022. General revenue expenditures for adopted cash assistance estimates increase by \$1.3 million reflecting reduced offsets available for child care costs compared to FY 2007 levels.

The Governor's recommended FY 2008 Budget includes statutory revisions for child care benefits compared to adopted CEC estimates:

- Saving \$3.9 million, all general revenue funds, from restructuring provider payments for part-time slots, primarily in before and after school programs.
- Saving \$19.4 million, including \$15.2 million general revenue funds, from reducing family eligibility ceilings to below 150 percent of the federal poverty limit, from 225 percent currently.
- Saving \$5.8 million, all general revenue funds, from postponing a scheduled provider rate increase, estimated at eight percent for one year until July 1, 2008.
- Saving \$978,700, all general revenue funds, from enhanced eligibility and accountability reviews. This initiative includes an addition of two FTE positions in the program Individual and Family Services.

The Supplemental Security Income (SSI) caseload historically has increased on a continuous basis. The adopted caseload conference estimates are 31,250 recipients in FY 2007, and 31,750 in FY 2008, compared to actual cases of 30,788 in FY 2006. The 1.5 percent annual growth rate results from a continued growth in the disabled component and a slight decline in the state's elderly population. The General Public Assistance Bridge Program will be maintained in FY 2008, providing limited cash assistance to eligible persons and a medical program of restricted scope. The caseload conference estimate is 410 persons in FY 2007 and 440 persons in FY 2008.

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Medical assistance programs are maintained in FY 2008, with revisions for maximization of third party revenues, program efficiencies and eligibility adjustments. Uncompensated Care payments to community hospitals, suspended for one year in FY 2007, are recommended at \$110.7 million, including 53.2 million general revenues. Exclusive of uncompensated care distributions and reimbursements to local education authorities, the November CEC adopted medical benefits for FY 2008 at a level \$87.3 million greater than for FY 2007, including \$46.8 million in general revenue funds. Approximately \$4.4 million of the difference in general revenue funds recognizes the revision of federal Medicaid matching rates compared to FY 2007, an annual adjustment dependent on relative national income comparisons; the balance of the increase reflects trend rates for all categories of medical assistance, or approximately 7.5 percent on a \$563 million base. Adopted estimates include the “clawback” charges to general revenues for dually eligible Medicaid and Medicare elders for Medicare Part D pharmaceutical costs, which are simultaneously eliminated from state and federal Medicaid expenditures. The Governor recommends Medical Benefits appropriations, as adopted by the Caseload Estimating Conference, with the following revisions necessary to manage the growth in state costs:

- Savings of \$1.0 million, including \$482,280 general revenue funds, from modifications to hospital reimbursement rates for emergency services for fee-for-service clients.
- Savings of \$1.6 million, including \$790,327 general revenue funds, from modifications to hospital reimbursement rates for emergency services for managed care clients.
- Savings of \$1.7 million, including \$808,485 general revenue funds, from assumption of care management by MHRH of medical hospitalizations for its acute psychiatric clients; these costs are currently recorded in DHS medical assistance accounts, which will benefit from the savings achieved.
- Savings of \$15.2 million, all federal funds, from modifications to hospital settlement procedures and timetables. The share of reimbursements to the state is recorded as general revenue receipts, and is reflected in this document in changes to adopted revenue estimates.
- Savings of \$2.9 million, including \$1.4 million general revenue funds, from modifications to hospital outpatient reimbursement rates.
- Savings of \$1.7 million, including \$715,618 general revenue funds, from introducing managed care principles to Children’s Intensive Services.
- Savings of \$19.9, including \$9,448,964 general revenue funds, from enhanced documentation and eligibility reviews for Medicaid clients, consistent with new federal requirements.
- Savings of \$1.3 million, including \$599,115 general revenue funds, from legislation requiring co-payments on pharmaceutical products for fee-for-service Medicaid clients
- Savings of \$2.5 million, including \$1.2 million in general revenues, from establishing fee schedules for hospital imaging services.
- Savings of \$4.7 million, including \$2.2 million in general revenue from deferring a scheduled statutory annual rate adjustment for nursing facilities for six months until April 2008.
- Savings of \$4.8 million, including \$2.3 million general revenue funds, from modifications to nursing home principles of reimbursement concerning recording and reimbursing for direct labor costs.

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- Savings of \$882,309, including \$427,920 general revenue funds, from avoided costs for pregnant and newborn clients upon establishment of a comprehensive dental health program for pregnant women.
- Reduction of \$1.1 million, including \$537,500 general revenues for additional program integrity enhancements in other services, including fee-for-service client eligibility, and medical equipment provider and other ancillary services.
- Reduction of \$1.0 million, including \$451,155 general revenues for additional managed care program integrity enhancements including residence documentation, application reviews and data matching activities.
- Expanded activities proposed for Medical Benefits requires the addition of \$79.9 million, including \$38.0 million general revenues, to extend managed care contracts to include clients currently recorded in the Department of Children Youth and Families (DCYF). Corresponding reductions of \$87.0 million in DCYF will result in savings of \$3.1 million general revenues, from managing benefits, particularly for expensive psychiatric treatments. This initiative includes an addition of one FTE position in the program Health Care Quality.

Reductions recognizing savings projected from the EOHHS Buy Rite initiative are included in the program Central Management in the amount of \$1.5 million general revenues.

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 incomes including pregnant women denied federal assistance due to their immigration status; and, persons meeting the criteria for the Categorically Needy Program. 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.

The Governor's proposed FY 2008 budget increases general revenue support for Veterans' Affairs by \$265,401 from FY 2007 revised levels, reflecting employee compensation and benefit rates and current staffing and operational levels at the Veterans' Home. No longer included are compensation costs for 31.0 FTE operating the dietary unit at the Veterans' Home, or direct food costs. Privatization contracting for this activity is estimated at \$1.5 million. After allowing for severance costs, FY 2008 savings are estimated at \$769,051.

All other non-entitlement programs in the department increase by \$4.3 million general revenues, reflecting current service operating costs and employee cost of living and benefit rate increases, plus three staff additions noted above requiring \$195,000 general revenues. Legislative grant appropriations are unchanged from FY 2007 enacted levels of \$ 5.8 million.

Recommended federal funds increase by \$98.2 million in FY 2008, compared to FY 2007 recommendations. This amount primarily reflects additions for reestablishment of uncompensated care payments in FY 2008, \$57.9 million, and \$41.9 million for reallocation of DCYF Medicaid costs noted above.

Restricted fund allocations decrease by \$749,235 from FY 2007 to FY 2008 recommendations. This includes a reduction of \$1.3 million in the dedicated capital projects account for the Veterans' Home, offset by additions of \$590,042 in Children's Health Account surcharges offsetting managed care costs.

Human Services

Other funds appropriations in FY 2008 total \$1.3 million, for Blind Vending Facilities in state buildings, plus \$1.2 million for improvements to the Forand and Building at the Pastore Center.

Recommended FTE positions for FY 2007 total 1,111.0. Reduction of 31.0 positions in Veterans' Home Dietary operations, and three additions for eligibility and managed care staff result in a total recommendation for FY 2008 of 1,083.0 FTE positions.

Department of Mental Health, Retardation and Hospitals

The Governor recommends total FY 2007 expenditures of \$491.9 million for the Department of Mental Health, Retardation and Hospitals, including \$238.1 million of general revenue, \$247.7 million in federal funds, \$5.9 million in other funds and \$190,000 in restricted receipts. General Revenue funds decrease by \$0.4 million from the enacted level, and include the reappropriation of \$201,777 of FY 2006 funds for unsettled union contracts. The general revenue supplemental budget includes additions of: \$882,362 for unsettled union contracts, including \$531,123 in the Eleanor Slater Hospital, \$346,613 in Developmental Disabilities, and \$4,626 in Integrated Mental Health; \$1.7 million for purchased medical and educational services in the Hospital; \$439,093 for inpatient hospital services for Integrated Mental Health. These increases are offset by savings of: \$1.3 million from reduced statewide health insurance rates; \$423,000 for the shift of certain state funded patients to federal Medicaid funding; \$600,000 for the Community Medication Assistance Plan (CMAP) pharmaceutical costs shifted to federal Medicare Part D; and \$264,437 for the final year-end Eleanor Hospital settlement of Medicaid eligible costs. The Governor's FY 2007 revised budget includes an investment of \$2.4 million from Rhode Island Capital Funds to reconfigure the layout of hospital facilities on the Pastore Campus into a more contiguous footprint, which will allow more efficient, quality hospital care and operations.

The Governor recommends for the Central Management program a FY 2007 revised general revenue budget of \$2.5 million, which is \$255,879 more than the enacted budget. The revised budget provides an additional \$219,258 for payroll costs, \$16,621 for operating, and \$20,000 for computer equipment. The additional payroll funding is for FTE positions shifted from other department-wide programs. The computer equipment funding was shifted to Central Management from other programs in order to allow the department to manage its computer equipment resources most effectively at the department level.

For the Developmental Disabilities program, the revised FY 2007 budget includes a reduction of \$427,026 in general revenue compared to the enacted budget. The recommended budget includes general revenue savings of \$658,960 in payroll and \$122,359 in provider payments, which is partially offset by increases of \$128,761 for purchased medical services, \$196,190 for operating costs, and \$4,342 for capital purchases and equipment. For the FY 2007 revised budget, the Governor recommends relocating \$199,134 of general revenues from the Department of Administration to the Development Disabilities program for 7.0 FTEs engaged in facility and maintenance activities. These FTE positions were originally appropriated to the Department of Administration as part of the centralization of facilities and maintenance activities.

For the Integrated Mental Health program, the revised FY 2007 budget includes a \$388,661 reduction in general revenues. Beginning in FY 2007, the Department projects savings of \$600,000 per year in the CMAP program from assumption of pharmaceutical costs from general revenues by the new federal Medicare Part D pharmaceutical program. Other significant changes in FY 2007 include a reduction of \$223,996 in payroll and an increase of \$410,693 for medical services utilization.

Human Services

The revised FY 2007 budget for the Hospital program provides an additional \$559,120 in general revenue. This net amount includes increases of \$1.9 million for purchased medical and educational services, \$421,174 for operating costs, and \$8,776 for other grants; and decreases of \$1.7 million for payroll costs and \$14,427 for computer equipment. Significant areas of general revenue savings in the revised FY 2007 budget include the following: \$423,000 for Forensic Unit costs shifted to federal Medicaid funds; \$403,054 for Phase I of the Hospital reconfiguration; and \$264,437 for the year-end Eleanor Slater Medicaid settlement. In Phase I of the hospital reconfiguration, Mathias Ward 4 patients will be relocated to other units in the hospital, or transitioned to community based settings if clinically

appropriate, in order to allow for renovation of the Unit into a more contemporary configuration, allowing for quality care to be provided with a more efficient staffing arrangement. This will vacate 42.0 FTE positions at Mathias, 26.0 of which will be used to replace current overtime slots. When the Mathias Ward 4 renovations (Phase I) are completed during FY 2007 using \$2.4 million of RICAP funds, the Virks building will be closed, and patients will be transferred to Mathias Ward 4 (Phase II). Phase II is expected to be completed in early FY 2008.

For the Substance Abuse program, the Governor recommends an additional \$134,025 in general revenue, including a \$137,740 increase for unfunded provider cost-of-living adjustments and a \$3,715 decrease for payroll expenditures.

The Governor's FY 2008 recommendation totals \$492.8 million, including \$239.2 million of general revenues, \$244.1 million of federal funds, \$6.4 million of Rhode Island Capital Plan Funds and \$3.0 of restricted receipts. The general revenue portion of the budget reflects an increase of approximately \$1.2 million, or 0.5 percent, from the FY 2007 revised level. The Governor's FY 2008 budget continues the restructuring of the Department to manage and control the growth in state expenditures. The restructuring changes include the following:

- Implement Phase II of the Hospital reconfiguration by closing the Virks building, the first step in reconfiguring the Hospital into a more contemporary contiguous footprint;
- Implement an Office of Fiscal Fitness initiative to privatize the Dietary and Housekeeping functions in the Hospital System;
- Implement an Office of Health and Human Services (OHHS) Buy Rite Value-based Purchasing initiative;
- Implement a joint MHRH/DHS initiative to transfer responsibility for management of MHRH psychiatric patients during community hospital admission from DHS to MHRH for core populations;
- Consolidate existing and anticipated vacancies in state-operated Rhode Island Community Living and Supports (RICLAS) group homes beginning in FY 2007 and continuing in FY 2008, reducing the number of group homes/apartments from 43 into 38 group homes;

A description of the recommended funding amounts by program, are provided below.

For the Central Management program in FY 2008, the Governor recommends expenditures of \$807,686, including \$740,606 of general revenue and \$67,080 in federal funds. The recommended budget for the Central Management program includes Buy Rite savings of \$2.0 million, which will be allocated to Department programs.

Human Services

For the program of Hospital and Community System Support in FY 2008, the Governor recommends expenditures of \$6.6 million. Of this amount, \$4.4 million is general revenue, \$1.9 million is other funds for RICAP projects, and \$373,404 is federal funds. The FY 2008 general revenue budget is \$369,386 more than the FY 2007 revised budget. \$333,303 of the additional funding is for payroll costs and \$36,083 is for operating costs. The Governor recommends RICAP fund expenditures of \$1.9 million, primarily to upgrade fire alarm systems to meet the new fire code requirements in State-owned group homes. Beginning in FY 2008, Pastore Center campus-wide projects are budgeted in the Department of Administration. These include the Utilities Upgrades, Central Power Plant, and Pastore Center Fire Code Compliance projects.

For FY 2008, the Governor recommends expenditures of \$259.0 million in the Developmental Disability program from all fund sources, of which \$120.1 million is general revenue, \$136.0 million is federal funds, and \$2.9 million is other funds for RICAP projects. The recommended general revenue expenditure level is \$1.2 million higher than the FY 2007 revised budget, and includes savings of \$1.0 million from the Buy RItE initiative. Other initiatives to reduce costs include:

- Savings of \$1.4 million, including \$664,925 in general revenue, from the consolidation of vacancies in the RICLAS system and resulting reduction in the number RICLAS-run group homes from 43 to 38.
- Savings of \$1.1 million, including \$500,000 in general revenue, from the expansion of Shared Living Arrangements as an alternative to twenty-four hour supports for persons receiving services from the Division of Developmental Disabilities.
- Savings of \$1.7 million, including \$828,000 in general revenue, from improved coordination between MHRH and the Department of Education for services provided to individuals transitioning from a school-based system of care to the adult system.
- Savings of \$1.5 million, including \$750,000 in general revenue, from stabilizing the growth in private group home placements and moderating the use of residential services.
- Savings of \$200,000 in general revenue from the elimination of State funding for the upkeep and maintenance of Pastore Camp, Charlestown. The Governor recommends selling a portion of Pastore Camp.
- The Governor recommends expenditures of \$82.8 million in the Integrated Mental Health Program, including \$44.0 million in general revenue, \$38.2 million in federal funds, \$650,000 in other funds for RICAP projects. The recommended budget includes general revenue savings of \$600,000 from the CMAP program, which is also reflected in FY 2007, as well as \$1.0 million in savings from the Buy RItE initiative. Other items include:
 - Savings of \$530,000, including \$231,946 in general revenue from decreased utilization of high-end services in the population served by the Division of Behavioral Health.
 - Savings of \$240,000 in general revenue from the establishment of income eligibility standards in the General Outpatient and Community Support programs in the Division of Behavioral Health.
 - Transferring the responsibility for the management of inpatient community hospitalizations for individuals with Serious and Persistent Mental Illness or with Developmental Disabilities from the Department of Human Services (DHS) to the Department of Mental Health, Retardation and Hospitals (MHRH). MHRH and DHS will partner to implement this initiative. Responsibility

Human Services

for the program will be shared between the Integrated Mental Health and the Eleanor Slater Hospital. The initiative is expected to save a total of \$1.7 million in FY 2008, including \$851,732 in general revenue. The savings will be reflected in DHS.

Within the Hospital Program, the Governor recommends expenditures of \$114.8 million, of which \$53.7 million is general revenue, \$57.6 million is federal funds, \$2.9 million is restricted receipts, and \$590,000 is other funds. Beginning in FY 2008, the Governor recommends budgeting a portion of the Hospital program costs in a new federal Medicare Part D restricted receipt account, rather than using payments from pharmaceutical insurers as expenditure credits. During FY 2008, the Governor recommends completing Phase II of the Hospital Reconfiguration, which is expected to save \$1.8 million in general revenue, and \$3.8 million from all funds. In Phase II, the Virks building will be closed and Virks patients will be transferred to the renovated Mathias building or other hospital units or settings as clinically appropriate.

Starting in FY 2008, the Governor proposes to privatize Dietary and Housekeeping Services in the Eleanor Slater Hospital system. Currently, 98.0 FTE positions at both hospital campuses are engaged in Dietary Service at a projected FY 2008 cost, with food, of \$7.1 million. Privatizing Dietary Services is expected to result in expenditures of \$2.1 million, with a net savings in FY 2008 of \$3.6 million after consideration of severance costs. Of the \$3.6 million amount, \$1.7 million is general revenue. In FY 2009, the projected Dietary Services savings is expected to be \$5.0 million. A total of 85.0 FTE positions are employed in Housekeeping Services at both campuses. The projected cost for these services is \$5.0 million from all funds in FY 2008. Privatizing this service is projected to cost \$2.1 million in FY 2008 for FY 2008 savings of \$1.7 million from all funds net of severance costs. Other savings initiatives planned in FY 2008 include the following:

- Savings of \$75,000, including \$35,987 in general revenue, from the re-procurement of respiratory services at Eleanor Slater Hospital and an expansion of the capacity in the unit.
- Savings of \$861,820 in general revenue from the claiming of Medicaid Federal financial participation for several state funded patients receiving services at Eleanor Slater Hospital. This initiative began in FY 2007.
- For the Division of Substance Abuse, the Governor recommends expenditures of \$28.6 million in FY 2008, including \$16.2 million of general revenues, \$11.8 million in federal funds, and \$90,000 in restricted receipts. The recommended budget includes savings of \$40,000 in general revenue from the re-procurement of the Substance Abuse Hotline.

The Governor recommends an FTE level of 1,824.3 FTE positions in FY 2007, reflecting the enacted level of 1,817.3 plus the addition of 7.0 FTE relocated from the Department of Administration to Developmental Disabilities. For FY 2008, the Governor recommends an FTE level of 1,603.0. The recommended staffing level reflects reductions of: 183.0 FTE in the Hospital system due Dietary and Housekeeping Services privatization initiatives; 21.0 FTE in Developmental Disabilities for RICLAS group home consolidations; and 17.3 FTE in the Hospital system due to hospital restructuring and reconfiguration.

Human Services

Office of the Child Advocate

The Governor recommends total expenditures of \$596,674 for FY 2007. This consists of \$558,674 in general revenue and \$38,000 in federal funds. The FY 2007 revised budget provides an additional \$578 in general revenues, which is partially offset by a \$2,000 reduction in federal funds. The reduction in federal funding is associated with a revised estimate of the available grant funding provided through the Rhode Island Justice Commission.

For FY 2008, the Governor recommends total expenditures of \$560,757 including \$520,757 in general revenue and \$40,000 in federal funds. The Governor's recommendations fully fund the Office in both fiscal years. The Governor recommends an authorized FTE level of 5.8 FTE positions in FY 2007 and FY 2008, which is the level provided for in the FY 2007 enacted budget. Beginning in FY 2008, the Governor recommends relocating the Office of the Child Advocate from 272 West Exchange Street, Providence to the Department of Administration building at One Capitol Hill for a savings of \$51,486.

Commission on the Deaf and Hard of Hearing

The Governor recommends total financing of \$360,024 in the revised FY 2007 budget, including \$342,524 in general revenue and \$17,500 in federal funds, to finance the Commission's personnel, operating and interpreter referral services. The general revenue financing is \$12,805, or 3.7 percent less than the FY 2007 enacted amount of \$355,329, attributable to adjustments for personnel and interpreter referral financing requirements. Federal financing of \$17,500 is provided by agreement between the Commission and the Department of Health for hospital preparedness training, and between the Commission and the Department of Children Youth and Families for emergency interpreter referral during non-business hours of the Commission.

The Governor recommends total expenditures of \$387,654 in FY 2008 to finance current personnel and operating costs of the Commission, including \$370,154 in general revenue and \$17,500 in federal funds. General revenues increase \$27,630, or 8.1 percent, from the revised FY 2007 budget, attributable to statewide personnel adjustments and adjustments to interpreter referral requirements based on past year's expenditures. Federal fund financing of \$17,500 in FY 2008 is unchanged. The Governor recommends 3.0 FTE positions in FY 2007 and 3.0 FTE in FY 2008.

Rhode Island Developmental Disabilities Council

The Governor recommends revised FY 2007 expenditures of \$461,393, which is unchanged from the enacted level and consists entirely of federal funds. This revised funding level includes the reallocation of federal resources from payroll of \$3,808 to contracts of \$412 and other operating supplies and expense of \$3,396. The original authorized expenditure of \$182,541 remains unchanged.

For FY 2008, the Governor recommends total expenditures of \$461,111 consisting entirely of federal funds. This proposed level of funding is \$282 less than the level recommended by the Governor for FY 2008. Compared to FY 2007 revised, it includes \$14,782 more for payroll, \$1,753 less for contracts, \$6,632 more for other operating supplies and expense, and \$19,843 less for grants expenditures to service providers. Due to the level funding of the agency's operations, the agency requests and the Governor recommends the shift of resources from grant to payroll expenditures attributable to recurring revisions to employee medical and non-medical benefits as well as negotiated union agreements, including salary cost of living adjustment and longevity bonuses.

Human Services

The Governor's FTE ceiling recommendation is unchanged at 2.0 from the FY 2007 enacted and interim ceilings for FY 2007 and FY 2008.

Governor's Commission on Disabilities

The Governor recommends revised expenditures of \$954,740 for FY 2007. This consists of \$552,672 in general revenue, \$175,604 in federal funds, \$200,000 in Rhode Island Capital Plan funds, and \$26,464 in restricted receipts. The revised funding level is \$68,587 less than the FY 2007 enacted level, and consists of a general revenue decrease of \$49,530, a federal fund decrease of \$20,077, and a restricted receipt increase of \$1,020. The majority of the decrease reflects a position becoming vacant in the agency, plus changes in benefit rates.

The Governor recommends total expenditures of \$968,079 in FY 2008, including \$535,775 in general revenue funds, \$181,692 in federal funds, \$50,612 in restricted receipts, and \$200,000 in Rhode Island Capital Plan funds. The recommended general revenue funding in FY 2008 is \$16,897 less than FY 2007 revised levels due to statewide changes in benefits and the elimination of one vacant position. The recommended FTE ceiling for FY 2007 6.6 FTE and 5.6 FTE for FY 2008.

Rhode Island Commission for Human Rights

The Governor's revised FY 2007 budget totals \$1.3 million and consists of \$989,630 in general revenue and \$323,679 in federal funds. This revised level of funding is \$85,385 or 6.1 percent less than the level enacted by the Legislature. It consists of a decrease in general revenue of \$85,586, offset by an increase in federal funds of \$201.

The general revenue decrease includes \$47,441 in reallocated statewide turnover savings of 5.1 percent included in the enacted budget for the Department of Administration. It also includes a shift of \$37,130 to federal funding sources for general revenue savings as well as statewide net savings of \$17,904 for revised health and retiree working rates. Other current service adjustments include an increase of \$16,889 for personnel and other operating, including the acquisition of a computer server for \$9,000.

For FY 2008, the Governor recommends total expenditures of \$1.4 million, comprising of \$984,197 in general revenue and \$404,743 in federal funds. Compared to FY 2007 revised funding levels, the Governor's recommendations for FY 2008 is \$5,433 less general revenue and \$81,064 more federal funds. The increase in federal expenditures reflects an increased shift to federal funding sources that is \$56,502 more than the transaction recommended by the Governor for FY 2007 revised level of operations. It also reflects revised statewide payroll planning values, including salary cost of living adjustment, steps, longevities as well as medical and non-medical revised working rates.

The Governor recommends full time equivalent (FTE) positions ceiling of 14.5 each for FY 2007 and FY 2008. This revised ceiling is 0.1 FTE more than the FY 2007 enacted and interim caps and represents an adjustment for actual staff requirements.

Human Services

Office of the Mental Health Advocate

The Governor recommends revised FY 2007 general revenue expenditures of \$403,413, reflecting a decrease of \$6,079 from the enacted level. The reduction is primarily attributable to diminished personnel costs stemming from statewide medical benefit savings, as well as a nominal amount of achieved turnover savings. This supplemental recommendation finances the operation of this office at the current services level.

The Governor recommends total FY 2008 general revenue expenditures of \$430,899, reflecting full funding for agency current services and an increase of \$27,486 over revised FY 2007 levels. The Governor recommends the enacted level of 3.7 FTE positions in both FY 2007 and FY 2008.

Education

Education

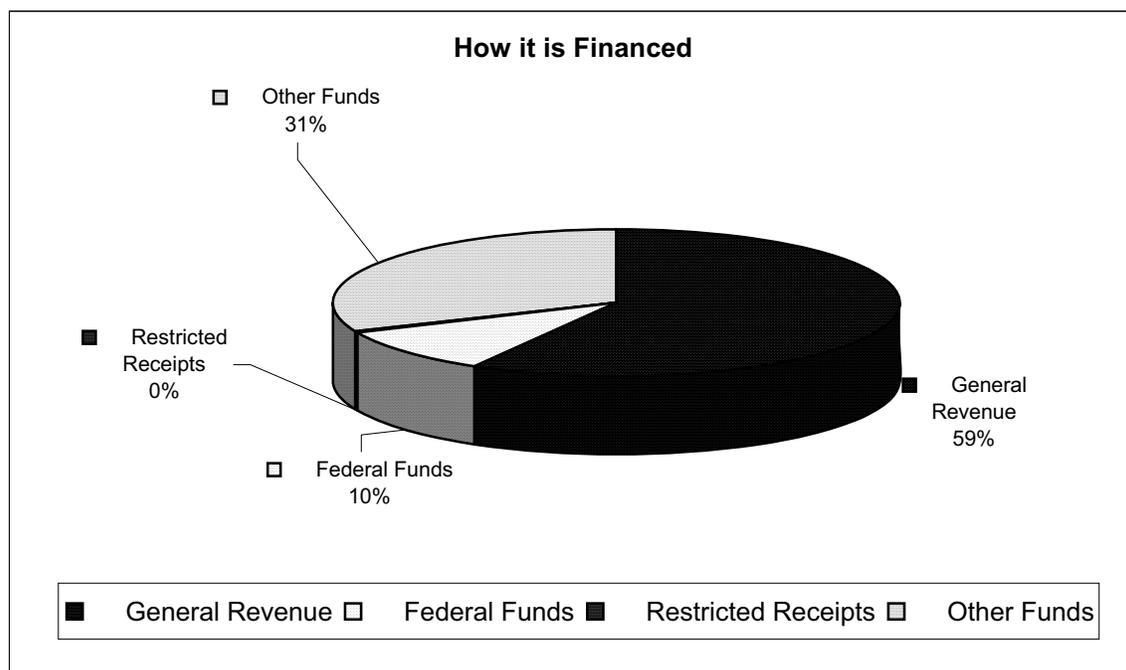
Summary

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. The Governor recommends a revised level of 3,987.8 FTE positions in FY 2007 and 4,003.8 FTE positions in FY 2008, including a withdrawal of 79.9 FTE pursuant to the reduction in force initiative recorded in the Department of Administration budgeted totals.

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

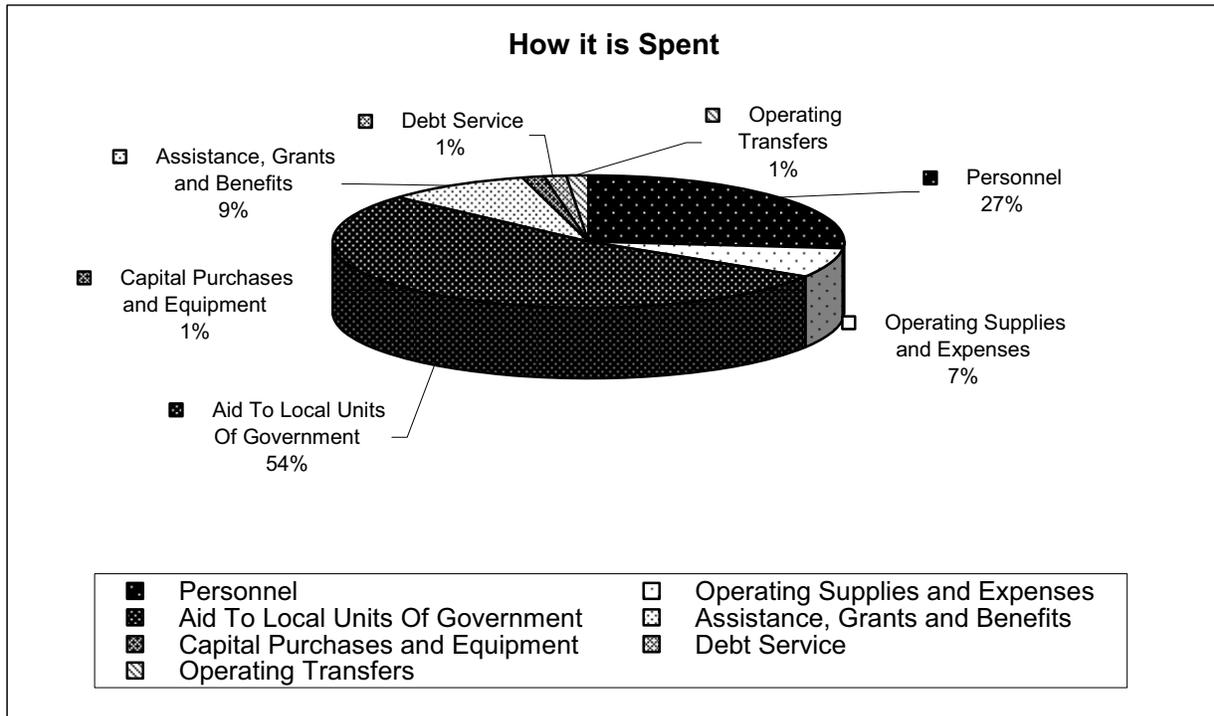
The FY 2007 revised recommendation for Education agencies totals \$1,838 billion, or \$18.4 million less than enacted appropriations of \$1.857 billion. As compared to the enacted budget, general revenue decreases \$12.6 million, or 1.1 percent, federal funds decrease \$2.9 million or 1.5 percent, restricted receipts decrease \$620,654 or 9.8 percent, and other funds decrease \$2.3 million, or 0.4 percent.

In 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 to the Rhode Island Telecommunications Authority.



Education

The Governor recommends total expenditures of \$1.971 billion for Education in FY 2008, including \$1.52 billion from general revenue, \$196.1 million from federal funds, \$5.8 million from restricted receipts, and \$616.8 million from other funds.



The Governor's general revenue recommendation of \$1.152 billion for Education for FY 2008 is an increase of \$65.4 million, or 6.0 percent over FY 2007 revised levels.

Aid to Local Units of Government accounts for 52.6 percent of all education expenditures. State operations expenditures, which include personnel and operating, account for 35.2 percent of total education expenditures. Most of these expenditures occur in Public Higher Education. The remaining 12.2 percent of expenditures occur in grants and benefits and capital outlays.

Education

Elementary and Secondary Education

The Governor recommends \$1.070 billion in revised expenditures from all funds for the Department of Elementary and Secondary Education for FY 2007, a decrease of .6 percent from enacted levels of \$1.077 billion. Of this total, \$884.3 million is general revenue expenditures, \$181.0 million is federal grants, \$4.5 million is restricted receipt funds, and \$170,141 is other fund expenditures. General revenue expenditures decrease by \$5.1 million, federal expenditures decrease by \$1.7 million, restricted receipt expenditures decrease by \$42,203, and other fund expenditures increase by \$118,202.

The Governor's revised FY 2007 budget includes a variety of reductions to general revenues. The most significant general revenue declines in the FY 2007 revised budget are witnessed in two distinct aid programs; each is a recalculation of a formula-based entitlement based upon updated data. The state contribution for teachers' retirement decreases \$1.9 million from the enacted level, reflecting a revised estimated teacher payroll. Further, revised local reimbursements under the Housing Aid program are recommended at \$46.8 million, or \$2.9 million less than enacted.

General revenue support for the Davies School and the School for the Deaf decreases from the enacted level by \$131,958 and \$35,147, respectively. Financing of the Administration of the Comprehensive Education Strategy (ACES) was reduced by \$816,275, evidencing the Department's continuing efforts to contain personnel costs in the face of a statewide reduction in force. Additionally, the Governor recommends \$349,222 in additional aid to Charter Schools, reflecting mid-year adjustments for October enrollments. Also recommended is supplemental financing of \$560,837 for the Central Falls School District to resolve a structural budgetary shortfall.

The Governor recommends \$1.116 billion in expenditures from all funds for the Department of Elementary and Secondary Education in FY 2008. Of this total, \$932.2 million is from general revenue, \$178.3 million is from federal funds, \$4.5 million is restricted receipts, and \$1.2 million is from other funds. This financing level represents an increase in general revenue expenditures of \$47.9 million, or 5.4 percent, from the revised FY 2007 level, a decrease of \$2.7 million in federal expenditures, a decrease of \$28,295 in restricted expenditures, and an increase of \$1.1 million in other fund expenditures.

The Governor's commitment to adequately funding Rhode Island's public education system is clearly exhibited in the FY 2008 education aid proposal. Education aid distributed to local school districts totals \$712.2 million in general revenue funds for FY 2008, including \$46.8 million for Central Falls, a fully state-supported school district. The Governor's recommendation for all districts, other than Central Falls, includes a 3.0 percent increase to each community's FY 2007 education aid allocation. Other salient portions of the Governor's recommendation for total education aid in FY 2008 include the following:

- Charter School Aid totaling \$28.2 million, an increase of \$2.6 million from the revised FY 2007 level. As in previous years, the Governor's budget fully supports over 2,800 students attending eleven Charter Schools.
- Support of the State Schools (Davies Career and Technical School, Rhode Island School for the Deaf, and the Metropolitan Career and Technical School) totaling \$32.9 million, an increase of \$2.4 million (7.9 percent) from the revised FY 2007 level.
- Funding of \$2.0 million for the newly created Comprehensive Education Fund. This additional financing is specifically earmarked for the support of innovations arising from a new Comprehensive Education Strategy panel under the joint direction of the Governor, the Speaker of the House and the Senate President. Ten years ago, the executive and legislative branches

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cooperated to create a comprehensive education strategy focused on expectations and accountability, an initiative that gave us School Accountability for Learning and Teaching (SALT), Progressive Support and Intervention, and new funding strategies through Article 31. This new comprehensive education panel will focus on (1) state and local education financing and governance, (2) educator quality, and (3) the specific challenges of our urban school districts.

- An additional \$200,000 for non-distributed professional development aid, which will finance professional development workshops for instructors of advanced placement courses in mathematics and science. This funding constitutes the Governor's Advanced Placement Initiative (formerly part of HEAA). This fund will also continue to support the project manager for statewide mathematics and science education as well as the *Physics First* pilot program.
- Funding for the Teachers' Retirement program of \$78.1 million, an increase of \$10.8 million from the revised FY 2007 level. This program reimburses forty percent of employer contributions made on behalf of teachers to the State Employees Retirement System. This reflects projected increases in the teacher payroll base of 3.75% and an increase in the employer actuarial contribution rate from 19.64 to 22.01 percent. Note that retired teacher health subsidy costs are reflected in the Department of Administration budget.
- School Housing Aid in the amount of \$52.9 million, an increase of \$6.0 million from the revised FY 2007 level.
- An appropriation of \$46.8 million in support of the operations of the Central Falls School District, an increase of \$3.0 million from the revised FY 2007 level. As in prior years, the Governor recommends that all municipalities be required to contribute a minimum of two percent of the school budget. This will require a contribution of approximately \$1.0 million by the City of Central Falls in FY 2008.

The Governor recommends \$21.7 million in general revenue for the agency administration program, the Administration of the Comprehensive Education Strategy (ACES) in FY 2008. This is an increase of \$1.4 million from the FY 2007 revised level, and includes the Governor's proposal to increase financing for the Adult Basic Education initiative by \$1.0 million. With the implementation of the recommendations included in *Building the Critical Links*, the report of Governor's Carcieri's Adult Literacy Task Force, Rhode Island has made considerable system improvements over the last 18 months, and is now ready to grow the system using a managed growth approach. The net increase of \$1.0 million will enable the Department to further increase the intensity of services, expand service capacity at effective programs, and reduce the waiting list by providing additional opportunities for at least 500 Rhode Islanders. Some of the service expansions will build on the successful state interagency initiatives that fully integrate adult education, workforce development, and postsecondary education designed to help low-skilled adults get a high school credential, a Certificate or Associate's, and a well-paying job in a high demand occupation. These funds will be made available for services to begin July 1, 2007. They will be available through the FY08-FY10 Call for Investment Proposals for Adult Education released by RIDE on January 26, 2007. Total recommended funding from all sources for the Office of Adult Basic Education is \$9.1 million in FY 2008.

The Department of Elementary and Secondary Education, under the guidance and leadership of the Board of Regents, has formulated a variety of statewide initiatives designed to achieve significant local efficiencies and thus reduce the long-term financial burden of school districts. Among these efforts is the promulgation of new regulations governing the Housing Aid program. Designed to ensure more cost-efficient planning

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and coordination of school construction in Rhode Island, these regulations will overhaul the project approval process to determine housing aid eligibility. For FY 2008, the Governor recommends the creation of three new FTE positions to supervise the Housing Aid program under the auspices of these regulations. These positions include one Facilities Coordinator, one Engineer, and one Architect who will interact with local education officials to ensure statewide compliance, monitor ongoing school construction projects, and administer the newly refined plan review process.

The Governor recommends 332.2 FTE positions in FY 2007 and a level of 335.2 in FY 2008, the 3.0 FTE increase reflecting the aforementioned positions in Housing Aid oversight.

Public Higher Education

The Governor recommends total expenditures of \$729.7 million for Public Higher Education in the FY 2007 revised budget, of which \$189.5 million is general revenue, \$3.1 million is federal funds, \$521.5 million is from other funds, \$1.4 million is restricted receipts, and \$14.2 million is from Rhode Island Capital Plan funds. This represents a net decrease from enacted levels of \$10.0 million, including \$7.2 million in general revenue for medical rates savings and personnel vacancy savings estimates, and tuition and fee decreases of \$1.3 million, offset by student aid increases of \$1.7 million, and a \$205,417 million increase in restricted receipts, primarily for a National Governors' Association Gates Foundation grant. The Governor recommends for FY 2007 4,339.8 FTE positions, the enacted authorization.

For FY 2008, the Governor recommends total expenditures of \$807.9 million for Public Higher Education, including \$197.6 million in general revenue, \$3.5 million in federal funds, \$593.0 million in other funds, \$0.9 million in restricted receipts, and \$12.8 million in Rhode Island Capital Plan funds. Other fund sources include tuition and fee revenues, which are projected to grow by \$59.3 million, or 22.6 percent. General revenues increase by \$8.1 million from revised FY 2007 levels and include \$9.9 million for general obligation debt service adjustments, \$1.2 million for system wide computer implementation and enrollment and performance incentives and a net decrease of \$2.3 million for benefits, vacancy, and operating adjustments.

The budget proposed by the Governor includes total tuition and fees revenues growth of \$59.3 million including, \$33.3 million at the University, \$16.3 million at the College, and \$9.7 million at the Community College. Pursuant to FY 2007 legislation, both the FY 2007 appropriation and FY 2008 recommended budgets include debt service appropriations within Public Higher Education that were formerly in the Department of Administration. In FY 2007, debt service of \$19.7 million is recommended and in FY 2008, \$28.1 million is included, an increase of \$8.5 million from all debt service sources. Including the increased debt service costs, state financed expenditures in FY 2008 for Higher Education increase by a total of \$8.1 million, or 4.3 percent, compared to revised FY 2007 levels. This increase reflects net increases of \$3.3 million, or 3.8 percent at the University, \$2.0 million, or 4.3 percent at the College, and \$2.5 million, or 5.1 percent at the Community College.

In addition to the BioSciences Center and new Pharmacy Building previously approved by the voters, the recommendation includes \$1.1 million to plan for a new allied nursing and health facility and a new chemistry building at the University of Rhode Island, and for a nursing facility at the Community College. At Rhode Island College, the new residence hall is expected to open in FY 2008. Also, the Governor's Technology Initiative to be funded with \$12.0 million of proceeds from certificates of participation for smart classrooms will provide technology and equipment that will significantly enhance the students learning in the laboratory setting.

For FY 2008, the Governor recommends 4,352.8 FTE positions reflecting 13.0 new FTE positions. from the FY 2007 revised level. Auxiliary support staff at the College on an annualized basis requires seven

Education

new positions, while expanding the nursing programs at the University and College accounts for three new positions at each institution.

The Children's Crusade continues to provide 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. Continuing federal grant awards will provide funds for an early awareness for college study at \$2.6 million in FY 2007 and at \$2.7 million in FY 2008. The Governor recommends level general revenue support for the Rhode Island Children's Crusade at \$1.4 million for FY 2007 and for FY 2008.

Rhode Island Council on the Arts

The Governor's revised FY 2007 budget for the Rhode Island Council on the Arts is \$4.3 million, including \$2.8 million in general revenue, \$695,336 in federal funds, and \$800,000 in restricted receipts. The recommendation includes a decrease of \$76,501 to general revenue appropriations, reflecting reappropriations less current services adjustments, and a reduction of \$36,164 for federal grant awards.

For FY 2008, the Governor recommends \$6.5 million, including \$2.8 million in general revenue, \$706,453 of federal funds, and \$3.0 million in other funds. The general revenue increase of \$38,035 from the revised FY 2007 budget includes level funding for legislative grants and the discretionary arts grants program, and reflects adjustments required for salary and employee benefits adjustments. The increase in other funds reflects additional resources from state capital projects for arts installations at airport, public safety and educational projects. The Governor recommends the enacted level of 8.6 FTE positions in FY 2007 and FY 2008.

Rhode Island Atomic Energy Commission

The Governor recommends total expenditures of \$1.325 million in FY 2007 consisting of \$810,531 in general revenue expenditures, \$340,705 in federal funds, and \$174,200 in other funds. This total is \$57,572 less than enacted levels, and reflects a general revenue decrease of \$20,171, a federal funds decrease of \$34,295 for instrumentation, and an other funds increase of \$2,994 to recognize personnel and operating costs for the Commission.

For FY 2008, the Governor recommends total expenditures of \$1.481 million. This is comprised of \$819,869 in general revenue, \$420,940 in federal funds, and \$240,654 in other funds. The increase of \$9,338 in general revenue from FY 2007 levels recognizes cost of living and fringe benefit increases, plus operating, electricity, and equipment increases. The Governor recommends 8.6 FTE positions in FY 2007 and 8.6 FTE positions in FY 2008.

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 Department of Health and the University of Rhode Island. The Governor's budget will enable the Commission to explore additional commercial uses for the RINSC, including new technology involved in cancer research

Rhode Island Higher Education Assistance Authority

The Governor recommends revised expenditures of \$27.8 million in FY 2007 including \$6.7 million in general revenue, \$11.6 million in federal grants, and \$9.5 million in other funds. The recommendation is a net decrease of \$1.8 million, and includes a decrease \$521,794 in other funds from FY 2007 enacted

Education

levels for College Bound fund scholarship match and a decrease by \$1.3 million of Federal awards and for administration and operations.

For FY 2008, the Governor recommends total funding of \$34.3 million, including general revenue of \$16.0 million, federal funds of \$12.6 million, and \$5.7 million in other funds. This recommendation includes a \$9.3 million increase in general revenue from the revised FY 2007 level. The Governor's FY 2008 budget includes \$15.0 million of general revenues for scholarships, an increase of \$9.3 million from the revised FY 2007 level, but decreases scholarships from other funds by a net of \$3.6 million to a total of \$5.0 million. Other funds are derived from provisions in the contract with Alliance Capital, which manages the Rhode Island 529 Tuition Savings Plan. The Plan, which is marketed nationally, has experienced continuous expansion, with attendant earnings to direct to Rhode Island scholarships. Total all funds for scholarships is \$26.2 million, an increase of \$11.4 million from FY 2007 revised levels. The recommendation assumes fully funding federal maintenance of effort to qualify for incentive and supplemental scholarships for students.

The Governor's recommendation is a two-part initiative: to restore state needs based scholarships to \$10.0 million, a \$4.3 million increase over the FY 2007 enacted level, and to begin to implement the Governor's academic merit scholarship program of \$5.0 million (for full tuition awards based on the highest state school fees). The Governor recommends 46.0 FTE positions in FY 2007 and 46.0 FTE positions in FY 2008.

Pursuant to the Higher Education Reconciliation Act of 2006, the Authority, as a federal guaranty agency, is required to provide for students public, coordinated information, financed from its federal Operating Fund, on college planning, career preparation, and paying for college. To this end, the Authority is undertaking the Web Portal Project (a \$5.0 million investment over five years), with the approval of the Governor's PK-16 Council, to provide web-based student services (transcripts, applications, interest assessment, admission requirement planner, admission office communications, college and campus matching tools, national scholarships database of over \$4 billion of opportunities and requirements, automated free application for federal student aid) to:

- Encourage early exploration in students' academic interests and career options.
- Empower naturally curious students with virtual campus tours and specialized tools.
- Allow students to compile their achievement and progress in an academic portfolio for use to prepare to fulfill career and/or college entrance requirements.
- Guide students through the college preparation experience, from early planning, selection, application, and admissions to financial aid and career exploration.

Rhode Island Historical Preservation and Heritage Commission

The Governor recommends total expenditures of \$2.8 million for the revised FY 2007 budget for the Rhode Island Historical Preservation and Heritage Commission. This consists of \$1.7 million in general revenue, \$605,186 in federal funds and \$491,147 in restricted receipt financing. The recommendation reflects a reduction of \$27,752, or 1.7 percent in general revenue appropriations from the enacted level, attributable to offset of personnel requirements to federal and restricted resources in the amount of \$36,039, offset by addition of \$10,000 for Eisenhower House maintenance. Federal financing increases \$117,119 or 19.5 percent over the enacted level, to accommodate accumulated and new grant receipts

Education

from the Commission's Department of the Interior federal grant. Restricted resources increase by \$224,327 over the enacted level of \$266,820 for a total of \$491,147. The 45.7 percent increase is attributable to enhanced personnel offsets in the Historical Preservation Loan Fund interest revenue account, and to increased loan activity anticipated in the Historical Preservation loan account.

The Governor recommends total financing of \$2.7 million for FY 2008, including \$1.6 million in general revenue appropriations, \$529,078 in federal funds, and \$496,294 in restricted receipts. General revenue financing decreases \$115,085 or 4.1 percent from the FY 2007 revised level, reflecting statewide adjustments for personnel financing requirements, and additional funds for seasonal workers and repairs at Eisenhower House in Newport. Federal funds decrease by \$76,108, or 12.6 percent in comparison to the FY 2007 revised level, attributable to expected award from the Department of the Interior grant. Restricted receipts increase by \$5,147 or 1.0 percent from the FY 2007 revised level, attributable to anticipated activity in the Historical Preservation loan account in FY 2008. Staffing authorization totals 17.6 FTE in both FY 2007 and FY 2008.

Rhode Island Public Telecommunications Authority

The Governor recommends total expenditures of \$2.4 million for the revised FY 2007 budget of the Public Telecommunications Authority. This consists of \$738,509 in grant financing from the Corporation for Public Broadcasting (CPB), general revenue financing of \$1.3 million, and Rhode Island Capital Plan financing of \$384,160. The recommendation reflects a decrease of \$70,883 in general revenue appropriations from the enacted level. This is attributable to the redistribution of \$57,778 in statewide turnover and medical trend savings, as well as statewide reductions totaling \$13,105. Financing provided through the CPB decreases by \$89,989 and Rhode Island Capital Plan funds increase by \$384,160, including \$279,458 in balances from FY 2006 appropriations.

The Governor recommends total financing of \$2.2 million for FY 2008, including \$1.4 million in general revenue appropriations and \$799,656 from the Corporation for Public Broadcasting (CPB). Compared to FY 2007 revised levels, this represents a \$69,614 increase in general revenue financing and an increase of \$61,147 in CPB support. The decline in total agency expenditures between fiscal years 2007 and 2008 is wholly accounted for by the elimination of Rhode Island Capital Plan (RICAP) financing of the federally mandated digital conversion project, which was completed in FY 2007. The Governor recommends an authorization of 20.0 FTE positions in FY 2007 and FY 2008, inclusive of the withdrawal of 1.4 vacant FTE resulting from diminished CPB resources.

Public Safety

Public Safety

Summary

The quality of life in Rhode Island is enhanced through the administration of a public safety system that provides law enforcement, adjudicates justice, protects life and property, and handles emergencies impacting Rhode Island's citizens. The twelve agencies that expend 6.1 percent of the total FY 2008 State Budget from all sources of funds to provide public safety services to the state include: the Department of Corrections; the court system (Attorney General; the Judiciary; Office of the Public Defender; and Commission on Judicial Tenure and Discipline); the homeland security system (Military Staff, including both the National Guard and the Emergency Management Agency, and the E-911 Emergency Telephone System); and public safety agencies (State Police; Fire Safety Code Board of Appeal and Review; State Fire Marshal; the Rhode Island Justice Commission; and Municipal Police Training Academy). The FTE recommendation for the FY 2007 revised budget is 3,046.6. The FTE recommendation for FY 2008 decreases to 3,059.6. There are additional correctional officers and associated staff at Corrections, and additional state trooper positions in the State Police.

The largest share of funding within the Public Safety function is for the Department of Corrections, representing 46.3 percent of the total. Because the Adult Correctional Institutions, which include eight secure facilities, operate twenty-four hours per day, the department must provide continuous supervision of approximately 3,760 inmates. Additionally, the Community Corrections subprogram supervises 32,000 community-based offenders per year. The second largest share is for the courts system, at 29.9 percent of the total. This includes 20.2 percent of expenditures for the Judiciary, supporting six courts statewide, and 9.7 percent for the other agencies (Attorney General, Office of Public Defender, Commission on Judicial Tenure & Discipline). The State Police account for 14.5 percent of Public Safety funds. The homeland security system (Military Staff and E-911) spends 7.3 percent of Public Safety funds.

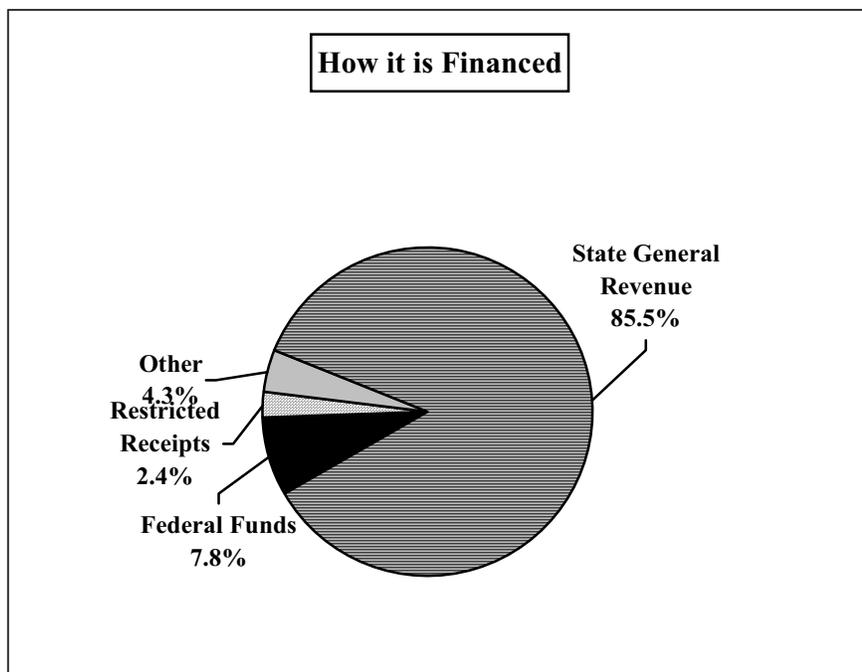
The Governor recommends a FY 2007 revised budget of \$413.2 million from all funds. Revised funds of \$331.4 million are recommended for general revenue, \$5.7 million, or 1.7 percent, less than enacted levels. Categorically, this includes a \$13.5 million general revenue decrease in personnel costs for salaries, retirement, medical benefits, and other fringe benefits for correctional officers, state police, judicial employees and administrative support personnel. The decrease reflects the salary and benefit adjustments for cost of living and medical co-pays already negotiated or expected to be negotiated, but transfers to FY 2008 most FY 2005, FY 2006 retroactive and FY 2007 ongoing retroactive payments for the Department of Corrections. The Military Staff adds federal revenue and federal funds for 5.0 maintenance positions. Operating expenditures increase by \$2.6 million, grants increase by \$5.5 million. Increased funding in Corrections is recommended in supervisory overtime and in per capita operating expenditures to handle rising inmate population. Reduction in the Judiciary in pension costs and lease expiration savings are offset by increases in utility costs for newly-opened courthouses.

In FY 2008, the Governor recommends an all-funds budget of \$429.9 million for public safety programs. Of this amount, \$367.7 million is from general revenue, \$33.5 million is from federal funds, \$10.2 million is from restricted receipts, and \$18.4 million is from other funds. The FY 2008 general revenue budget increase by \$36.3 million, or 10.9 percent, from the FY 2007 revised level. There is a \$36.9 million increase in personnel expenditures, a \$416,886 decrease in operating, and a \$207,665 decrease in grants/capital. Personnel increases due to statewide COLA/Medical Co-Pay adjustments as well as specific agency actions. The Department of Corrections adds funds for startup personnel for the Reintegration Center, as well as \$15.9 million in retroactive COLA/Medical CO-Pay adjustments for FY 2005, FY 2006, and FY 2007. In Operating and Grants/Capital expenditures, there is no change as increases are balanced by cost-cutting measures such as rental savings due to opening of the Traffic Tribunal or the State Fire Marshall relocation to the Cranston Street Armory, and building maintenance savings resulting from the opening of new courthouse facilities. The Governor recommends additional

Public Safety

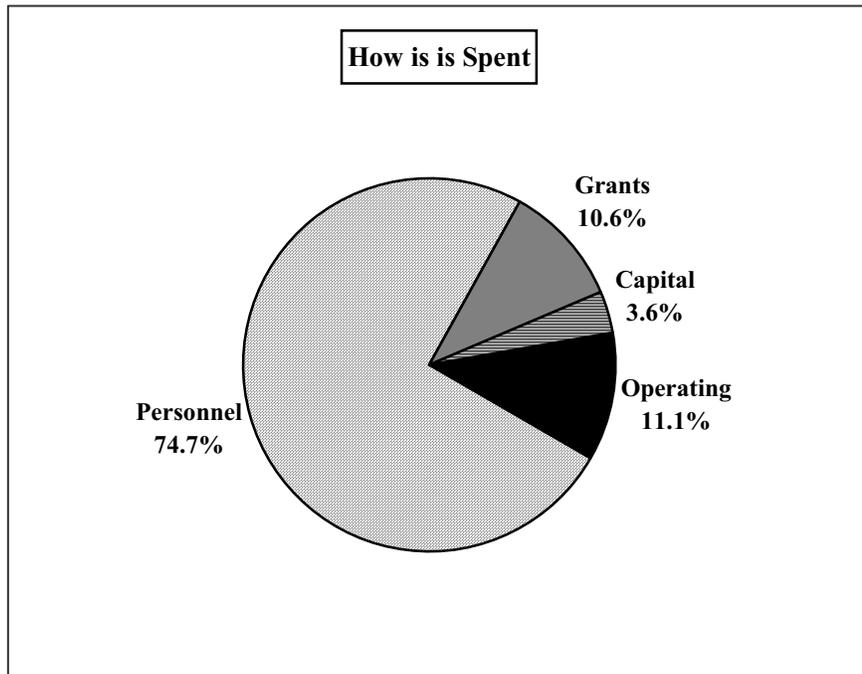
funds for the Tall Ships Festival in July 2007. The Department of Corrections proposes an early release program to reduce inmate population by 13 percent that will lead to substantial savings in supervisory overtime and per capita operating costs.

Funding for the Public Safety function is derived mainly from state sources. 85.5 percent is general revenue and 4.3 percent is other funds (primarily Rhode Island Capital Plan funds for construction, repair and rehabilitation projects for Corrections, Military Staff, Judiciary, and State Police facilities). Federal funds comprise 7.8 percent of the total (Emergency Management homeland security expenditures and National Guard Bureau funding; adult education, discharge and reentry services, incarceration of undocumented aliens and a new Reintegration Center at Corrections; Child Support Enforcement and the Drug Court in the Judiciary program; and Rhode Island Justice Commission grants). Restricted receipts account for the remaining 2.4 percent from Attorney General receipts from the Public Utilities Commission, Attorney General and State Police receipts from property forfeiture.



State operations, including personnel (77.1 percent, \$331.6 million) and other operating costs (8.8 percent, \$37.7 million), total \$369.3 million, or 85.9 percent of total expenditures, and are financed primarily from general revenues. Assistance, grants and benefits are \$40.5 million or 9.4 percent, and are funded from general revenue and federal funds. Capital improvement projects, \$20.1 million for 4.7 percent, include Rhode Island Capital Plan and federal funds.

Public Safety



Public Safety

Attorney General

The Governor recommends revised appropriations totaling \$22.9 million for the Attorney General, including \$20.3 million from general revenues, \$1.2 million from federal funds, \$940,298 from restricted receipts, and \$411,237 from Rhode Island Capital Plan funds. This is a decrease of \$226,553, or 0.9 percent, from total FY 2007 enacted levels, of which \$530,170 is from general revenues. The net general revenue decrease includes: decreases of \$544,231 resulting from turnover savings and medical benefit reductions, \$238,565 in statewide medical savings, and \$31,500 from savings associated with a new statewide records storage contract, offset by increases of \$77,425 due to a reappropriation for consultant services incurred in FY 2006 but not billed until FY 2007, \$74,778 for insurance rate filing experts, \$64,850 for other consultant services, \$3,622 for the Station Nightclub Fire prosecution, and \$63,451 for operating expenses and capital purchases.

For FY 2008, the Governor recommends total expenditures of \$23.8 million, which includes \$21.3 million from general revenues, \$1.3 million from federal funds, \$1.0 million from restricted receipts, and \$215,000 from Rhode Island Capital Plan funds. This includes a general revenue increase of \$1.0 million, or 5.0 percent, over the FY 2007 revised recommendation. The net increase includes increases of \$1.2 million for salaries and benefits due to statewide cost of living and benefits increases, \$25,000 for the State Crime Lab, and \$29,548 for operating expenses and capital purchases offset by reductions of \$108,300 resulting from the end of requirements for the Station Fire prosecution, \$77,425 due to the one time reappropriation mentioned above, and \$40,185 in additional savings from the record center contract renegotiation. The Governor recommends 234.8 FTE positions in FY 2007 and FY 2008, which is 12.9 positions above enacted level due to unachieved attrition assignments

Department of Corrections

For the FY 2007-revised budget, the Governor recommends total expenditures of \$178.4 million. This includes \$156.8 million in general revenue, \$11.4 million in federal funds, and \$7.9 million in other funds. The FY 2007 revised general revenue budget is \$5.7 million less than the enacted level of \$162.4 million.

Although the Governor recommended a reappropriation of \$7.2 million in unspent FY 2006 appropriations, including \$6.6 million in retroactive payments for unsettled union contracts, the Budget Office also redistributed a \$6.5 million reduction in turnover and medical benefit adjustments that were included in the final FY 2007 appropriation act. The net increase from these two items is \$700,000. In addition, there is a net reduction of \$6.4 million due to the following major factors:

- **Unachieved Turnover:** the Governor recommends \$5.0 million in payroll to reflect personnel requirements in excess of the working budget level of \$156.0 million. The recommendation includes statewide benefit rate adjustments in health benefit costs, offset by an increase in retiree health. The recommendation also reflects \$415,000 to fund negotiated incentive payments for nurses.
- **Retroactive Payment Transfer:** the Governor recommends the transfer to FY 2008 of \$15.9 million in the estimated cost of COLA/Medical Co-Pay adjustments for anticipated but unsettled contracts. The retroactive payments include \$1.5 million for FY 2005, \$5.2 million for FY 2006 and \$9.2 million for FY 2007.
- **Inmate Population Increase:** To fund expenditures incurred by the recent increase in inmate population from 3,375 to an estimated 3,723, the Governor recommends \$3.6 million in funding for institutional and home confinement overtime (adjusted for a reduction in inmate visitation days), six new correctional officer/nurse/social worker FTE's, and per capita operating expenses.

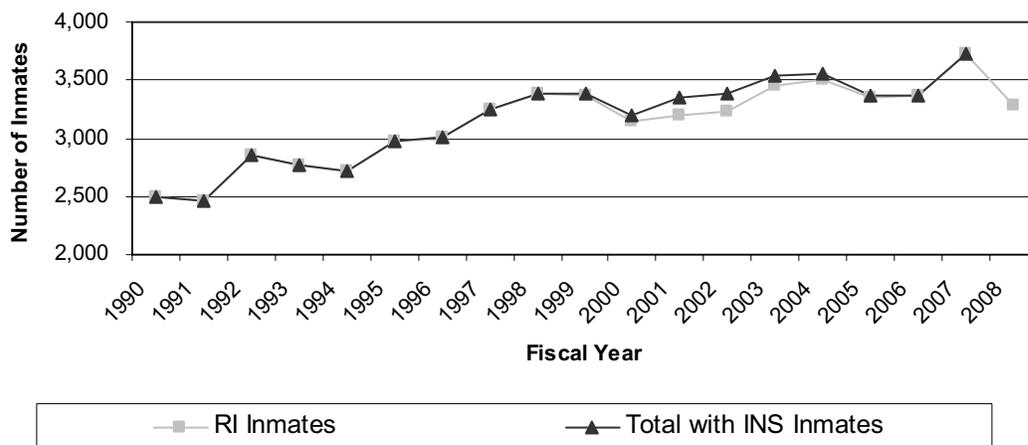
Public Safety

- **Training Costs:** the Governor recommends a total of \$529,328 in overtime and operating costs to complete training of the current correctional officer class (Class 75) and to recruit for a new class (#76) to be conducted in FY 2008, as well as ammunition costs for requalifying current correctional officers in newly upgraded weapons, not anticipated in the FY 2007 enacted budget.

The average inmate population for FY 2007 is estimated to be 3,723, or 348 above the enacted level of 3,375. The population estimate includes 3,718 state inmates and 5 out-of-state (federal) detainees. The December 2006 inmate population level is 3,760. Custodial expenditures therefore increase, including overtime expenditures, due to reopening of planned closures of one module at Maximum Security, two doubled modules at the Intake Service Center and two modules at Medium-Price, as do per capita operating expenditures, related to the inmate population, particularly food. Medical supplies and pharmaceuticals have also increased but medical care costs (in-patient hospitalizations, outpatient medical care, medical laboratory testing), have decreased substantially in part due the increased use of specialists working on-site.

Federal fund expenditures increase from the enacted level by \$3.1 million. Federal Crime Bill Expenditures have been increased by \$2.1 million due to revised construction estimates and schedules for the Reintegration Center. Federal reimbursements increase by \$343,000 for the housing of criminal alien inmates, reflecting revised estimates of federal funds availability. Other federal fund increases include the Protecting Inmates and Safeguarding Communities program, adult and special education programs, sex offender management, and the Prisoner Reentry Initiative.

Department of Corrections Inmate Population



FY 2007 and FY 2008 figures are projected estimates.

For the FY 2008 budget, the Governor recommends \$199.2 million in total expenditures for the Department of Corrections. This consists of \$189.2 million in general revenue, \$2.8 million in federal funds, and \$7.1 million in other funds. The FY 2008 recommended general revenue budget increases by 20.7 percent, or \$32.4 million, from the FY 2007 revised level. This increase includes \$16.7 million in salary and overtime cost of living and medical co-pay adjustments, including turnover adjustments and statewide fringe benefit changes from the enacted budget, as well as nursing incentive payments. \$15.0 million is in retroactive COLA costs transferred from FY 2007.

Overtime resulting from attrition, sick leave and a lack of trainees, military leave, and an arbitrator's decision will require continued funding. In the past two years, the Department has conducted two correctional officer-training classes to relieve this problem, include a class in FY 2007. The Department will

Public Safety

experience trends similar to state government as a whole, as more state employees become eligible to retire. The soon-to-be completed Reintegration Center will add to the demand for correctional officers. The Governor recommends that the Department conduct two more classes (#76 and #77) in FY 2008 and begin recruiting for a third class (#78) to be conducted in FY 2009. The two classes in FY 2008 are expected to provide for the filling of up to 130.0 new correctional office slots. Training personnel and operating costs are estimated at \$429,559 for Class #76, \$452,070 for Class #77, and \$69,043 for Class #78.

In order to reduce overtime costs, the Governor recommends a change in correctional officer weapons requalification requirements from an annual to a biennial timeframe. This action reduces overtime costs of \$544,800 in FY 2008. The Governor also recommends a reduction in the number of inmate visitation days from seven to six per week. This action saves \$125,000 in FY 2007 and \$250,000 in FY 2008.

In order to continue operations in times of constrained resource availability, the Department has acted to reduce staffing requirements and to shift populations. At the Intake Service Center, the awaiting trial population and staff are shifted on a day-to-day basis to minimize overtime requirements. As in the past, the Department continues to be committed to a more efficient process of filling existing posts, including the elimination of one position at Medium-Moran. Moreover, the Governor recommends several initiatives designed to reduce inmate population from the projected FY 2008 projected level of 3,789 by 500 inmates. These reductions would likely impact both the awaiting trial and the sentenced populations, allowing for closure of housing units in both the men's and women's intake and minimum security facilities. The budget has been reduced by \$4.0 million, \$2.9 million in overtime and the rest in per capita operating costs. The following initiatives to reduce supervisory overtime costs and operating expenditures are recommended:

The Governor proposes that the three branches of government – executive, legislative, and judicial – cooperate to implement changes in the justice process that would result in decreased dependence on incarceration for non-violent offenders and an increased utilization of appropriate community-based treatment and sanctions. Recognizing that some of these changes will increase requirements for community-based supervision, the Governor recommends a reinvestment of \$985,250 of the savings into the Community Corrections program, which would consist of a mix of home confinement and probation staff and some operating costs.

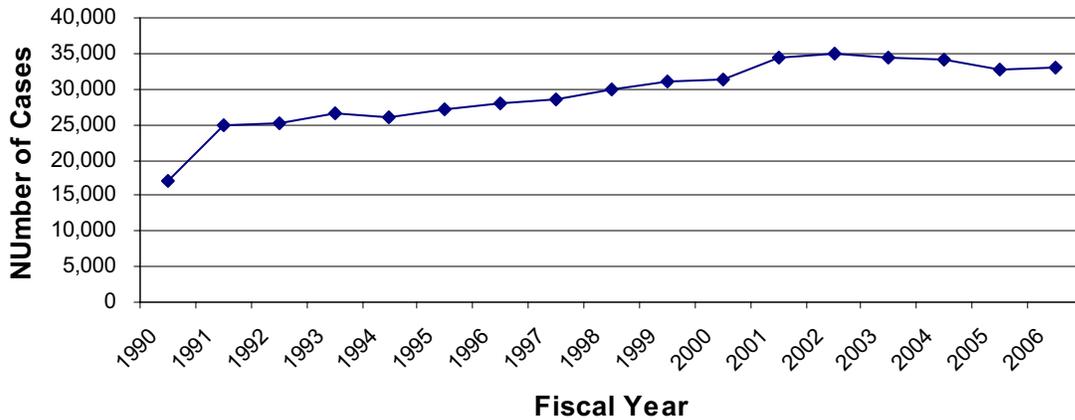
The Governor recommends the establishment of a system to release awaiting trial inmates whose only reason for incarceration is lack of funds for bail. The current proposal would be limited to non-violent offenders, and should not pose a continuing threat to the community; this would be implemented in cooperation with the Judiciary to forego bail in these cases. Savings associated with this bail initiative are \$43,400 in FY 2007 and \$178,600 in FY 2008.

The Department provides an array of programs to transition and supervise offenders about to be released and following release from prison in order to protect the public and rehabilitate the inmate. The budget supports at the current service level probation and parole services, the home confinement program, intensive community supervision of domestic violence and sex offenders in certain geographic areas, and victims' services. This includes annualization of costs of filling 10.0 probation and parole officer vacancies. The Governor recommends continued funding for a reentry policy manager to organize and integrate reentry initiatives. The Governor also recommends an additional \$493,000 in general revenue to replace expiring federal funding for residential substance abuse treatment, high risk offender supervision, and the Safe Streets program. Finally, the Governor recommends general revenue to finance four administrative positions for three-fourths of the year to perform start-up tasks on the Reintegration Center, which is now scheduled to open in the beginning of FY 2009. The Reintegration Center will house up to 175 offenders from the facilities plus parole violators who are within six months of release and who have failed (for behavioral reasons) to achieve a minimum security level, and are thus at high

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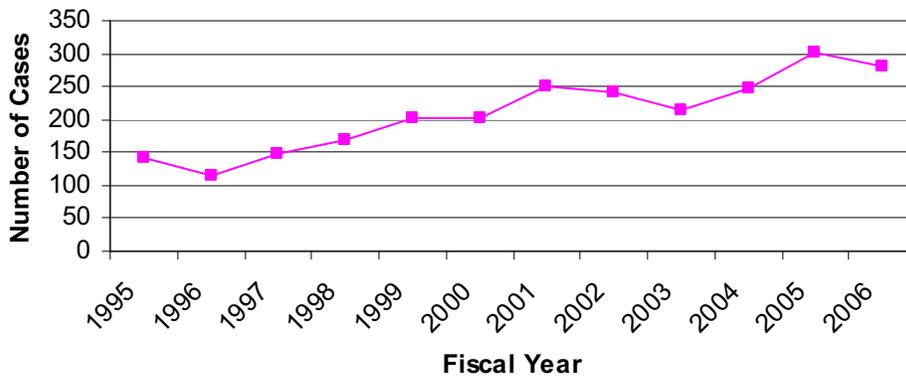
risk for reoffending upon release. The Center will provide a program combining secure custody and intense reintegration assistance programming in the areas of substance abuse prevention, life skills development, educational & vocational job readiness, family responsibility, mandatory community service, and health/mental health education.

**Adult Probation & Parole
Total Cases**



Federal funding in FY 2008 decreases by \$8.6 million. \$7.3 million of the reduction is in federal Violent Offender Incarceration – Truth-In-Sentencing (VOI-TIS) funds. Upon completion of the Reintegration Center by March 2007. There are additional federal funds reductions in the Residential Drug Treatment, Offender Reentry, High Risk Discharge Planning, and Project Safe Streets grants due to the end of the grant programs. The Governor recommends general revenue funding for these programs.

**Home Confinement
Total Cases**



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In order to provide necessary repairs and renovations to the Department's aging facilities, and to address state match requirements for federally funded expansion projects, the FY 2008 budget includes \$7.1 million in Rhode Island Capital Plan funds. Major project funding is recommended in FY 2008 for the following: Reintegration Center state match (\$1.2 million); Work Release building roof repair; roof repair and bathroom renovations in the women's facilities (\$1.9 million), and the relocation of the MIS and Administration Units (\$800,000). \$2.5 million is recommended for various asset protection projects. The Governor also recommends \$100,000 to study various aspects of a new Women's Facility.

The Governor recommends the enacted level of 1,498.0 FTE positions in FY 2007. The Governor recommends 1,508.6 in FY 2008. The increase includes 4.0 start-up positions at the Reintegration Center.

Judiciary

The Governor recommends revised FY 2007 appropriations totaling \$93.1 million, which is \$2.3 million, or 2.4 percent, less than the enacted budget. This includes \$80.9 million from general revenues, \$2.9 million from federal funds, \$8.3 million from restricted receipts, and \$1.0 million from other funds. The revised general revenue budget is \$3.1 million, or 3.7 percent, less than the enacted level of \$84.0 million.

Major general revenue decreases recommended by the Governor include: \$1.9 million in redistributed turnover and health insurance premium savings included in the FY 2007 enacted budget in the Department of Administration; a reduction of \$900,680 as a result of additional statewide medical savings; \$366,822 less for judicial technology projects due to a shift to Certificates of Participation; \$117,253 less for judicial pensions consistent with current pension payroll as of October 2006; \$135,000 less for juror fees and services in Superior Court; and a reduction of \$218,677 resulting from the expiration of the Traffic Tribunal's Harris Avenue lease in January 2007. Major general revenue increases include: \$247,737 for utilities resulting from the opening of the Kent County Courthouse and the Traffic Tribunal, \$100,000 to finance overruns in the McGrath Courthouse Exterior capital project, and \$93,420 for building maintenance and housekeeping

The FY 2007 revised budget provides an additional \$683,788 in federal grant financing, including \$337,545 in Family Court. Major changes include a reduction of \$617,390 in federal Child Support Enforcement funds to reflect historical offsets, \$253,506 more for the Mental Health Court Clinic, \$196,009 more for truancy outreach programs, \$177,913 more for the Adult Drug Court above revised and \$235,087 more for juvenile drug court programs.

For FY 2008, the Governor recommends expenditures of \$95.1 million, which is an increase of \$2.0 million, or 2.1 percent, above revised FY 2007 levels. This includes \$83.5 million from general revenues, \$1.6 million from federal funds, \$8.5 million from restricted receipts, and \$1.5 million from other funds. Major general revenue increases as compared to FY 2007 include: \$4.4 million to finance statewide salary and benefit increases, \$129,290 for computer equipment in Supreme Court, \$106,624 for energy and utility costs, \$98,030 for defense of indigents, and \$90,381 for judicial pensions resulting from a three percent cost of living increase. Major general revenue decreases include: \$166,594 for telephone costs due to a one-time expenditure in FY 2007 to upgrade the Garrahy Judicial Complex telecommunications system; \$1.0 million for building maintenance and repairs savings related the opening of the new Kent County Courthouse; \$100,000 for the one-time increase in FY 2007 for the McGrath Exterior capital project; \$119,166 for contractual services in the Supreme Court resulting from increased utilization of in-house employees; \$184,163 for travel expenses related to the National Conference of State Court Administrators which will be held in Rhode Island in FY 2008; \$100,000 for a one-time expenditure for equipment for the Law Library; \$66,000 for the Adult Drug Court due to a loss in federal financing; \$168,903 less for contract services in Family Court; and \$306,148 less for rent at the Traffic Tribunal's Harris Avenue facility.

Public Safety

In FY 2007, federal funds expenditures are projected to decline by \$1.3 million due to completion or decline of several discretionary grants. These include reductions of \$643,205 in Superior Court for the Adult Drug Court program, \$488,972 in Family Court and \$168,740 in Supreme Court.

The Governor recommends 732.5 FTE positions in FY 2007, which is 9.1 positions more than enacted due to unachieved personnel reductions. The Governor recommends 728.5 positions in FY 2008, which includes the elimination of 1.0 vacant FTE and a program reduction of 3.0 FTE due to a loss of federal financing for the Adult Drug Court program.

Military Staff

In the FY 2007 revised budget, the Governor recommends total expenditures for the Military Staff of \$36.3 million, including \$2.8 million general revenues, \$29.2 million in federal funds, \$3.9 million in other funds, and \$363,824 of restricted receipts. The FY 2007 revised general revenue budget is \$338,806 less than the enacted budget. There are reductions of \$3.5 million in federal funds and \$67,000 in restricted receipts. Rhode Island Capital Plan funds increase by \$2.8 million. In addition to salary and benefit adjustments, the Governor recommends additional general revenue and federal funds for 5.0 maintenance FTE's. The Governor also recommends a certain shift of Emergency Management personnel expenditures to one hundred 100 percent federal funds. The Governor recommends a cap of \$100,000 on costs incurred by the state universities resulting from the Educational Benefits for Guardsmen program, as well as the current service level for the Life Insurance Subsidy for Guardsmen programs. The Governor recommends transfer of the implementation of the Military Pay Equalization program to the Department of Administration.

The decrease in federal funds relates to revised expenditure estimates for the homeland security grants in Emergency Management. The Governor recommends in FY 2007 total spending of \$17.6 million for various homeland security-related activities: state and municipal first responder equipment; equipment for local emergency response teams; interoperable communications; the Urban Search and Rescue program; municipal planning, exercises, and training; state homeland security equipment, training, exercise and planning activities; law enforcement terrorism prevention; and Citizens Corps and volunteer training programs. The Governor also recommends \$3.0 million in Rhode Island Capital Plan funds to purchase land for the construction of a new hangar at the Quonset Point Air Guard airbase.

In the FY 2008 budget, the Governor recommends total expenditures of \$26.7 million for Military Staff programs, including \$2.7 million from general revenue, \$22.2 million from federal funds, \$407,532 from restricted receipts, and \$1.4 million from R.I. Capital Plan funds. Compared to the revised FY 2007 budget, general revenue expenditures decrease by \$145,758, federal funds decrease by \$7.0 million, Rhode Island Capital Plan funds decrease by \$2.5 million, and restricted funds increase by \$43,708.

The FY 2008 recommended budget finances current services for the National Guard and Emergency Management programs. The Governor recommends additional general revenue funds for staff salary and fringe benefit adjustments, including annualization of the 5.0 maintenance positions added in FY 2007. The Governor also recommends \$100,000 for costs resulting from the Tall Ships Festival, including both state activation of guardsmen and other state costs for the State Police and the Department of Environment Management. In other funds, the Governor recommends Rhode Island Capital Plan funding for repair projects including the roof rehabilitation at the Armory of Mounted Commands, and the Benefit Street Arsenal. In federal funds, the Governor recommends \$10.4 million for continued funding from the State Homeland Security Grants, including \$4.3 million in funds from a FY 2006 grant.

Public Safety

The Governor recommends 109.0 FTE positions in FY 2007 and 110.0 FTE positions in FY 2008, including the 5.0 maintenance FTE's. The additional increase in FY 2008 reflects a new federal grant in the Emergency Management program.

E-911 Emergency Telephone System

The Governor recommends expenditures of \$6.7 million in the FY 2007 revised budget for the E-911 Emergency Telephone System, including \$4,098,361 in general revenues; \$170,768 in federal funds; and \$2,483,190 in restricted receipts. This amount is \$116,399 less than the FY 2007 enacted budget. The significant changes to the agency's budget include increases of \$99,832 in federal funds and \$171,077 in restricted receipts and a decrease of \$387,308 in general revenues. The increase in federal funds is largely associated with additional Homeland Defense funding for facility equipment, while the increase in restricted receipt expenditures from the GIS and Technology Fund is largely associated with a legal settlement with a telephone provider. The GIS and Technology Fund was established in FY 2005 to provide a revenue stream to complete and maintain the GIS database, improve system reliability by establishing a backup facility, and replace antiquated public service answering point equipment. The backup E-911 facility is expected to be operational by February 2007, while the GIS database geo-coding project is expected to be completed by the end of FY 2007.

For FY 2008, the Governor recommends expenditures of \$4.8 million for the E-911 Emergency Telephone System, all of which is financed from general revenues. With the completion of the federally funded Pictometry project and facility upgrades in FY 2007, no additional federal grant expenditures are projected in FY 2008. The Governor recommends that the expiring 26-cent wireless phone surcharge revenues shall be renewed in FY 2008, the revenues to be deposited as general revenues and used to finance the construction of new E-911 facility co-located with State Police, as well as technology improvements in public safety agencies.

For FY 2007 and FY 2008, the Governor recommends an FTE authorization of 53.6 positions, which reflects the transfer of 1.0 FTE position from the Department of Administration Human Resources rotary back to the E-911 Emergency Telephone System.

Fire Safety Code Board of Appeal and Review

For FY 2007, the Governor recommends revised general revenue appropriations of \$297,368, an increase of \$8,069 from the FY 2007 enacted level. The change reflects net increases for personnel funding commensurate with current service levels. Also included are savings related to the deferral of computer equipment purchases and the realignment of various operating categories in conformance with expenditure needs.

The Governor recommends general revenues of \$303,435 for FY 2008, an increase of 2.0 percent from the FY 2007 revised budget. The general revenue increase of \$6,067 finances the Board at its current service level, while again realigning several operating categories based on actual expenditure patterns. Staffing authorizations remain unchanged at 3.0 FTE positions in FY 2007 and FY 2008.

State Fire Marshal

The Governor recommends revised FY 2007 funding for the State Fire Marshal of \$3.0 million, including \$2.6 million in general revenue, \$414,565 in federal funds, and \$12,599 in other funds. The revised FY 2007 budget reflects a decrease of \$241,224 from enacted general revenue appropriations and an increase of \$223,565 in federal funding. The adjustments to general revenue appropriations in FY 2007 include a

Public Safety

decrease of \$309,868 for staff turnover, an increase of \$70,705 for vehicles and office equipment, and a decrease of \$2,061 in general operating expenses.

The Governor recommends total expenditures of \$3.0 million in FY 2008, including \$2.7 million in general revenues and \$227,972 of federal funds. The recommended general revenue appropriation represents an increase of \$131,481 from the revised FY 2007 level. This recommendation finances current services at the State Fire Marshal, while recognizing significant savings in rental expense due to the agency's planned relocation to the Cranston Street Armory. The Governor recommends an authorization of 36.0 FTE positions in both FY 2007 and FY 2008.

Commission on Judicial Tenure and Discipline

The Governor recommends general revenue expenditures of \$111,216 in the FY 2007 revised budget. This amount is \$3,556 less than the FY 2007 enacted budget of \$114,772, reflecting reduced legal and stenographic expenditures projected in FY 2007 for judicial investigations, and reduced employee health insurance costs.

For FY 2008, the Governor recommends expenditures of \$119,705 from general revenue, which is \$8,489 higher than the FY 2007 revised budget. The Governor recommends an FTE level of 1.0 position in FY 2007 and FY 2008, which is 0.1 FTE positions higher than the FY 2007 enacted budget. The agency is staffed with one full-time employee who serves as the Executive Assistant to the Chairperson.

Rhode Island Justice Commission

The Governor recommends total revised expenditures of \$4.5 million for FY 2007, including \$154,303 in general revenue, \$4.3 million in federal funds and \$30,000 in restricted receipts. This revised funding level is \$448,706 less than the FY 2007 authorized budget and consists of decreases of \$9,669 in general revenue and \$439,037 in federal funds. The reduction in general revenue relates to a redistribution of 5.1 percent turnover savings equal to \$6,167 included in the enacted budget of the Department of Administration and statewide savings in health and retiree benefits rates of \$3,562. The decrease in federal funds expenditures relates to restrained spending for the following federal programs: Juvenile Justice and Delinquency Prevention Allocation to States; Edward Byrne Memorial Formula Grant; Violence Against Women Formula Grants.

For FY 2008, the Governor recommends total expenditures of \$4.3 million, including \$160,815 from general revenues, \$4.1 million from federal funds, and \$30,000 from restricted receipts. This level of funding is \$110,662 less than the FY 2007 revised level recommended by the Governor. It consists of an increase in general revenue of \$6,512 for payroll current service requirements that is offset by a net reduction in federal funds of \$117,174. The net reduction in federal funds expenditures is due primarily to restrained spending for Edward Byrne Memorial Formula Grant programs. Anticipating the probable discontinuation of federal resource inflow for this program, the Governor recommends constrained spending in FY 2008. This federal program seeks to reduce and prevent illegal drug activity, crime, and violence and improve the functioning of states and territories' criminal justice systems.

The Governor recommends 7.6 FTEs each for FY 2007 and FY 2008 or an increase of 1.2 FTEs from the FY 2007 enacted ceiling. These recommended ceilings also are 0.4 less than the interim ceiling provided for by the 2007 Budget Act.

Public Safety

Municipal Police Training Academy

The Governor recommends a revised FY 2007 budget of \$484,620, including \$404,620 of general revenue and \$80,000 of federal funds. The general revenue recommendation is \$21,090, or 5.2 percent less than the FY 2007 enacted level. Federal funds are \$35,000, or 43.8 percent more than the enacted amount of \$45,000, adjusting for carry-over balances and annual awards through the Rhode Island Justice Commission for Hate Crimes Training and the Byrne Grant for In-Service Training.

The Governor recommends total expenditures of \$479,252 for the Academy in FY 2008, consisting of \$429,252 in general revenue and \$50,000 in federal funds, to maintain the recruit and in-service training programs for approximately 1,200 officers each year. The FY 2008 general revenue recommendation is \$24,632 or 6.1 percent greater than the FY 2007 revised amount, attributable to statewide personnel adjustments offset by adjustments for current service training and operating requirements. The federal funds allotment, which contributes financing for in-service, hate crime and homeland security courses, decreases 37.5 percent or \$30,000 from the FY 2007 revised level, attributable to expected award from the Federal Byrne Grant. The Governor recommends 4.0 FTE positions in both FY 2007 and FY 2008.

State Police

The Governor recommends \$60.7 million in expenditures for the State Police in the FY 2007 revised budget, including \$54.1 million in general revenues, which includes \$1,151,068 of reappropriated funds for unsettled union contracts plus \$2.1 million in federal funds, \$3.9 million in other funds, and \$614,333 of restricted receipts. This recommendation represents an increase of \$5.0 million in general revenue expenditures from enacted levels. The largest component of the general revenue increase is for settlement payments of related to ratification of the Troopers collective bargaining agreement. State and the Troopers union reached agreement in November 2006. Other funds expenditures increase by \$584,285, a significant part of this increase is for the purchase of computer equipment and furniture. Restricted receipts increase by \$378,922 and federal funds by \$333,876.

The Governor recommends \$62.5 million in expenditures from all funds for the State Police for FY 2008, including \$53.0 million in general revenues, \$1.1 million in federal funds, \$8.1 million in other funds, and \$312,100 of restricted receipts. This represents an increase in all funds of \$1.9 million from the FY 2007 revised levels recommended by the Governor. This includes decreases in general revenue expenditures of \$1.1 million, decreases in federal expenditures of \$985,867, and decreases in restricted receipts of \$302,233. There was an increase in other funds of \$4.3 million, to finance RICAP projects in FY 2008.

The Governor recommends 273.0 FTE positions in FY 2007, and 280.0 FTE positions in FY 2008, including two new Intelligence Analysts, two new positions for the Cyber Crime Unit, and three new positions for the Rhode Island Statewide Communications Network.

Office of the Public Defender

The Governor recommends total expenditures of \$9.1 million in the FY 2007 revised budget for the Public Defender, including \$8.9 million in general revenue and \$239,631 in federal funds. The general revenue recommendation is \$443,991 less than the FY 2007 enacted level. The budget includes negotiated salary and medical co-share payments, as well as steps and longevity, and vacancy adjustments due to increased turnover. The budget also includes a net increase in purchased services of \$19,532 for one time contractor replacement for a social worker on medical leave. The \$104,000 net increase in federal expenditures is due to the receipt of additional federal funds in the State Court Improvement Program.

Public Safety

The Governor recommends total expenditures of \$9.6 million in FY 2008, including \$9.4 million in general revenue and \$161,714 in federal funds. The FY 2008 general revenue recommendation is \$552,944 greater than the Governor's FY 2007 revised recommendation, while federal funds decrease by \$77,917. The budget includes adjustments to current services such as statewide fringe benefits and salaries, full implementation of negotiated salary and medical co-share adjustments, step increases, and a reduction in turnover. The budget also includes funds for fuel oil and electricity costs in excess of original estimates that result from the recently-completed relocation and centralization of Agency headquarters, as well as additional funds for mileage reimbursement. The federal funds budget also reflects the loss of Byrne funds for the Adult Drug Court.

The FY 2007 recommendation is for 93.5 FTE, the same as the FY 2007 enacted level. The FY 2008 recommended FTE cap is 92.5, and reflects the loss of one position in the Adult Drug Court.

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Natural Resources

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 Governor recommends total full-time equivalent positions of 544.3 FTE in FY 2007 and 528.4 in FY 2008 for the three natural resource agencies. Upward to 350 temporary positions may also be utilized for seasonal support at state parks and beaches. Certain debt service for general obligation bonds issued to finance capital projects of the Narragansett Bay Commission and the Rhode Island Clean Water Finance Agency are appropriated in the Department of Administration, though the agencies themselves are not part of the state budget.

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, Rhode Island Capital Plan funds, federal funds, restricted receipts and third-party sources (for land acquisition). Capital program activities include: acquisition and development of recreational, open space and agricultural lands; municipal and non-profit grant programs for land acquisition and development; improvements to state-owned ports and recreation facilities; Superfund federal mandates; construction of new state environmental facilities; municipal wastewater facility construction grant programs; and, grants to non-governmental entities for specified water quality improvement projects. The department also monitors the use and quality of state groundwater; regulates discharges and uses of surface fresh and salt water; enforces game, fishing and boating regulations; coordinates a statewide forest fire protection plan; regulates air quality; and monitors the disposal of solid and hazardous wastes.

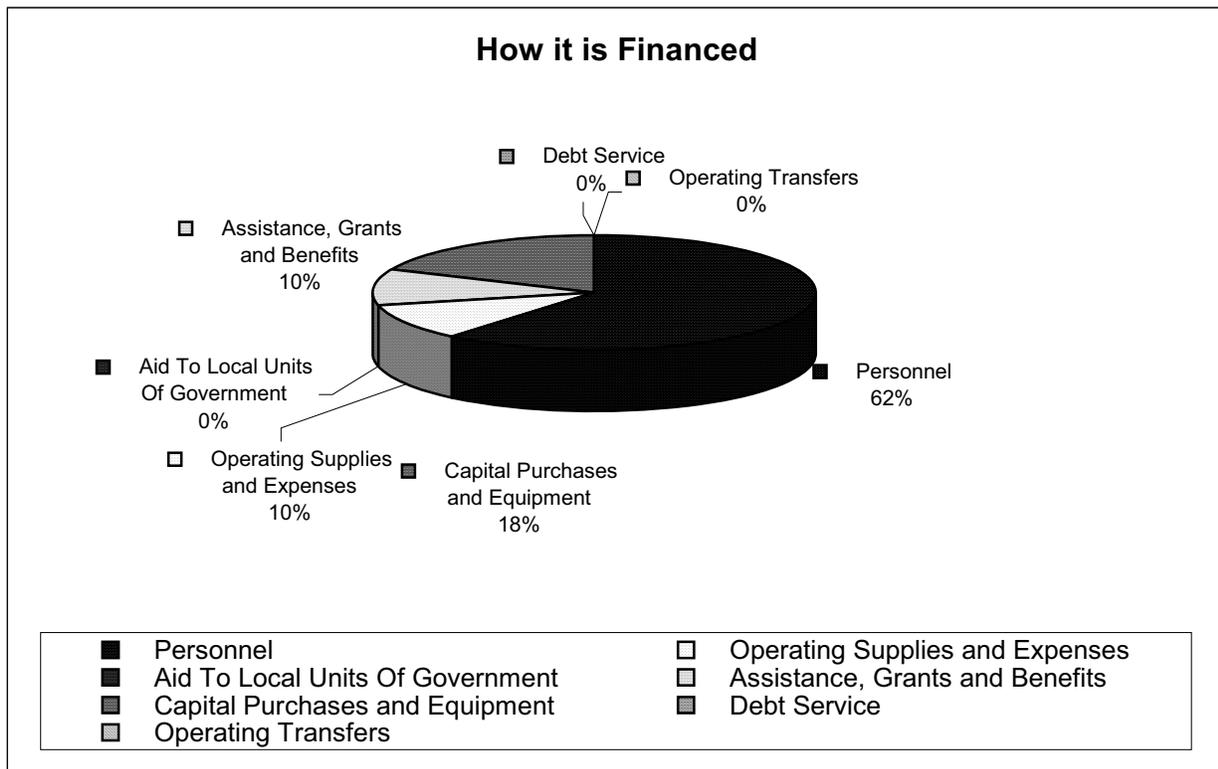
The Coastal Resource Management Council seeks to preserve, protect and restore the coastal resources of the state. The council is administered by sixteen appointed representatives from the public and from state and local government, and is staffed with professional engineers, biologists, environmental scientists and marine resource specialists. The council issues permits regarding proposed changes in coastal facilities within an area from three miles offshore to two hundred feet inland from coastal features, including all freshwater wetlands within the coastal zone. The council formulates, amends, and enforces violations of the Rhode Island Coastal Resources Management Plan and Special Area Management plans. The council: develops guidelines and advises communities on harbor management plans; develops a Submerged Lands Management licensing program for public trust areas; designates public rights-of-way to the shore; and serves as the aquaculture coordinator for permitting and planning actions. The council is the lead agency for all dredging and implements an extensive habitat restoration effort. It also conducts public outreach and public communication campaigns on its programs and activities, and coordinates its programs with other government agencies.

The State Water Resources Board is a water supply planning and development agency responsible for promoting the protection of developed and undeveloped drinking water supplies for the thirty-nine municipal water supply systems located in the state. The board regulates water supply distribution lines connecting water supply systems and is creating a computerized database for drought alert communication. The board also manages the Big River Management Area, a water supply reservation. The board is composed of thirteen appointed representatives from the public and from state and local government.

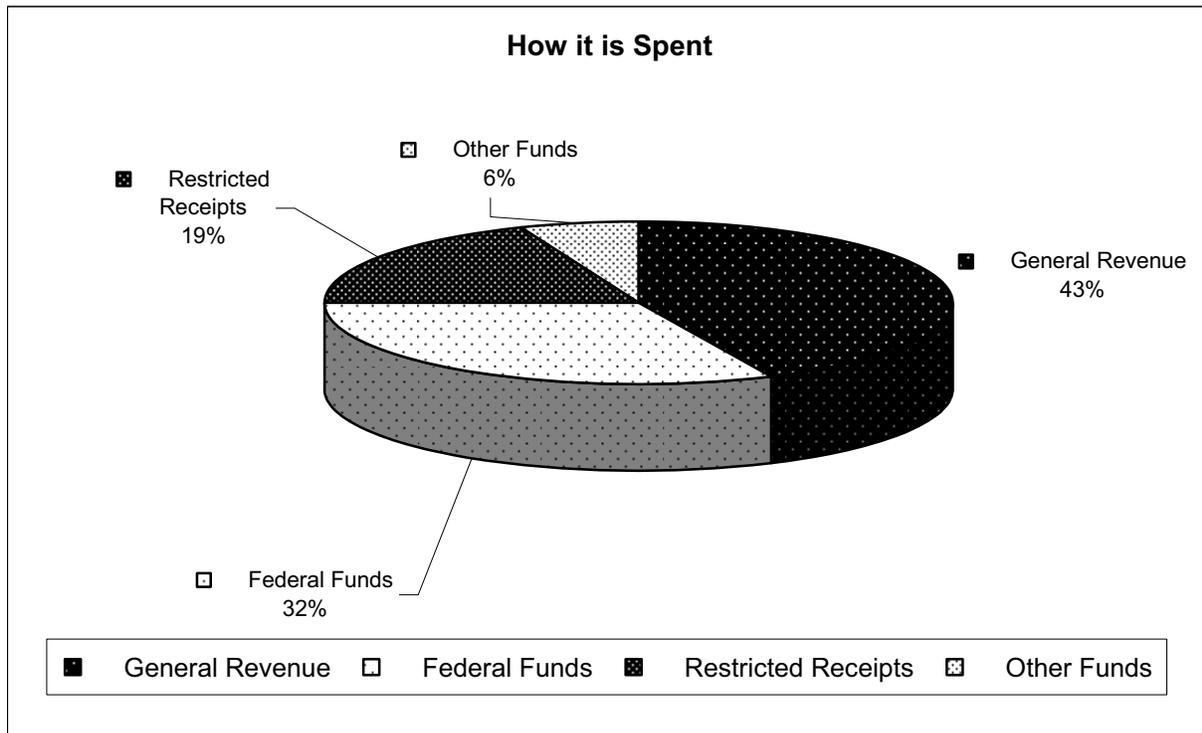
Natural Resources

The FY 2007 revised recommendation from all funds for natural resource agencies is \$104.5 million, or \$3.2 million above enacted appropriations of \$101.3 million. General revenues decrease by \$991,633, or 2.4 percent to a total allotment of \$40.6 million. Federal funds increase by \$4.0 million, or 11.4 percent, to \$39.4 million, attributable to carryover and new awards. Restricted receipts increase by \$916,437 to \$22.1 million, an increase of 4.3 percent over the enacted. Other funds decrease by \$720,796 to \$2.4 million – a decrease of 22.8 percent from the enacted level of \$3.2 million.

The Governor recommends total expenditures of \$92.5 million for natural resource agencies in FY 2008, a decrease of \$12.0 million, or 11.5 percent from the revised FY 2007 level. Fiscal year 2008 financing consists of \$39.9 million in general revenue, \$29.4 million in federal grants, \$17.5 million in restricted receipt revenues, and \$5.7 million in other funds. Of the expenditures recommended in FY 2008 for natural resource agencies, \$86.3 million, or 93.2 percent, is for the Department of Environmental Management, \$4.2 million, or 4.6 percent is for the Coastal Resources Management Council, and \$2.0 million, or 2.2 percent is for the State Water Resources Board.



Natural Resources



Of the \$92.5 million recommended for natural resources for FY 2008, personnel is budgeted at \$56.6 million, or 61.2 percent, operating at \$9.5 million, or 10.2 percent, capital improvements at \$17.0 million, or 18.3 percent, and assistance, grants, and benefits at \$9.5 million, or 10.2 percent.

Natural Resources

Department of Environmental Management

The Governor recommends revised appropriations of \$94.8 million in FY 2007 for the Department of Environmental Management, including \$36.6 million in general revenue, \$37.3 million in federal funds, \$18.5 million in restricted receipts, and \$2.3 million in other funds. The department's revised general revenue appropriation decreases by \$898,060, or 3.7 percent below the FY 2007 enacted budget.

General revenue appropriations in the Office of the Director program decrease by \$115,182 to reflect statewide adjustments for personnel benefits, offset by addition of \$50,345 for unachieved turnover and \$21,825 for utility adjustments at the department's headquarters in Providence. General revenues in the Natural Resource program decrease by \$151,526 from the FY 2007 enacted level, including: removal of \$133,158 for statewide adjustments for personnel benefits; \$176,000 less in contract services; \$115,000 less for utilities based on historical expenditure; and \$81,000 less for operating expenses. These reductions are offset by addition of \$88,231 for the revenue share with the salt water beach communities; \$93,116 more for vehicle lease requirements; \$90,000 for seasonal interns in the hatcheries, agriculture and marine fisheries divisions; and, approximately \$234,000 unachieved turnover across several divisions. In Environmental Protection, general revenue financing decreases by \$631,352, or 5.4 percent less than the FY 2007 enacted level. This is attributable to personnel offset of \$500,000 to the new \$1 per ton surcharge on solid waste fee; \$474,686 in personnel expenses offset to the Water and Air restricted receipt account; and \$172,321 in statewide benefit savings. The general revenue decrease are offset by addition of approximately \$995,000 for unachieved turnover, mostly in the Water Division.

The Governor's revised FY 2007 budget recommendation for federal grants is \$37.3 million, which is \$3.5 million, or 19.3 percent greater than the enacted level of \$33.8 million. Federal funds in Policy and Administration are recommended in the amount of \$1.5 million, the enacted level. In Natural Resources, federal financing is recommended at \$19.5 million, an increase of \$388,285 above enacted levels, reflecting addition for statewide personnel and benefit adjustments, energy and fuel adjustments, vehicle lease requirements and a new Marine Debris Removal grant. In Environmental Protection, federal funds increase by \$3.1 million to \$16.3 million, reflecting \$2.0 million for the Rosehill Landfill Superfund site, \$785,364 more in the federal Leaking Underground Storage Tank Fund and \$95,820 for a new storage tank inspection grant.

Restricted receipt expenditures in the Governor's revised FY 2007 budget are \$945,476 or 5.2 percent more than the enacted amount of \$17.5 million. This is primarily due to the net addition of \$569,804 to the Water and Air account and the net addition of \$414,432 to the Environmental Response Fund. Other funds financing in FY 2007 is \$2.3 million, which is \$736,131 or 31.4 percent less than the FY 2007 enacted level of \$3.1 million. The reduction reflects availability of Rhode Island Capital Plan financing for several capital projects including state-owned dam repairs, the Jamestown Fishing Pier, and Galilee and Newport commercial fishing piers.

For FY 2008, the Governor recommends appropriations of \$86.3 million for the department, including \$36.1 million in general revenue, \$27.7 million in federal grants, \$16.8 million in restricted receipts and \$5.6 million in other funds. The FY 2008 recommendation is \$8.5 million, or 8.9 percent, less than the FY 2007 revised recommendation for all funds. Recommended general revenue appropriations are \$500,789, or 11.1 percent less than the FY 2007 recommended level, federal expenditures are \$9.5 million or 115.7 percent less, restricted receipts decrease by \$1.7 million, or 14.5 %, and other funds in FY 2008 are \$3.2 million, or 138.4 percent greater than the revised FY 2007 budget.

Natural Resources

General revenues in the Office of the Director decrease by \$964,513 in FY 2008, attributable to: transfer of three administrative adjudication hearing officers to the Department of Administration legal division allowing removal of \$723,530; reduction of \$184,500 from legislative grants; and removal of \$56,400 from operating codes. Federal funds in the Office of the Director decrease by \$960,732 to \$506,097, in comparison to the FY 2007 revised level of \$1.5 million. The decrease includes the One-Stop federal grant, the Blackstone Valley Watershed Initiative Grant and the Homeland Security Grant, to reflect expected federal awards for these programs. Restricted receipts in the Office of the Director increase by \$695,595 from \$1.9 million to \$2.6 million, reflecting \$720,000 for the Bays Rivers Watershed Coordination Team's to monitor water pollution throughout the state, \$57,645 more for boat registration fees, and \$82,050 less for indirect cost recoveries.

In the Bureau of Natural Resources, general revenue financing decreases \$20,107 to a total of \$18.5 million, comprised of personnel adjustments that remove a net amount of \$39,628, operating adjustments that add \$262,000 and vacancy savings that remove \$241,954. Federal funds in the Bureau of Natural Resources decrease by \$2.4 million in FY 2008 to \$17.3 million, in comparison to the FY 2007 revised level of \$19.5 million. The decrease is attributable to availability of federal grant awards in several grants, specifically, freshwater fisheries (decrease of \$478,277) and Bureau of Recreation (decrease of \$1.9 million). Restricted receipts in the bureau decrease by \$224,850 in FY 2008, to a total of \$3.8 million attributable to anticipated collections in the fishing and game land acquisition account and the boating safety account. Other funds in the Bureau increase by \$3.2 million, from \$2.3 million in the FY 2007 revised to \$5.6 million in FY 2008, attributable to provision of Rhode Island Capital Plan financing for several projects.

In the Bureau of Environmental Protection, general revenues increase by \$483,831 from the FY 2007 revised recommendation, attributable to provision of \$437,000 more for the Rosehill Superfund, marking the state's final contribution for this project. Personnel adjustments, including provision of financing for existing staff, offset by removal of financing for vapor recovery inspections, and sludge management programs comprise the balance of the change in FY 2008.

Federal funds in the Bureau of Environmental Protection decrease by a total of \$6.2 million, from \$16.3 million in FY 2007 to \$10.1 million in FY 2008. The majority of the change relates to removal of \$5.5 million from the Rosehill Landfill Superfund grant, from \$6.2 million in FY 2007 to \$693,904 in FY 2008 due to completion of federal participation in this project. The Leaking Underground Storage Tank grant also decreases by \$630,160 in FY 2008 to \$829,220. Restricted receipts decrease by \$2.1 million, to \$10.4 million, again attributable to diminished use of the Environmental Trust Fund for Rosehill Landfill project offsets.

The Governor recommends 505.3 FTE positions in FY 2007 and 489.4 FTE positions in FY 2008. The FTE allotment for FY 2008 reflects removal of 10.0 FTE in program reductions including 5.0 FTE from the Administrative Adjudication Division, three of which are transferred to the Department of Administration; 2.0 FTE for the Stage II vapor recovery program, 1.0 FTE from the Sludge Management program, elimination of the Chief of Planning position (1.0 FTE) and elimination of a Level One Criminal Investigator position (1.0 FTE). The balance of the FTE change, 5.9 FTE, are vacant positions that will not be filled by the Department.

Natural Resources

Coastal Resources Management Council

In the revised FY 2007 budget, the Governor recommends appropriations for the Coastal Resources Management Council of \$7.4 million. This includes \$2.1 million of general revenue, \$2.1 million of federal funds, and \$3.2 million in restricted receipts. General revenue personnel and operating expenditures increase by \$18,057, of which \$25,557 is due to negotiated salary and medical co-share payments, as adjusted for turnover. Purchased services decrease by \$2,500 due to revised current service estimates for clerical services. Operating expenditures decrease by \$5,000 due to revised current service level estimates for equipment rental. Federal funds increase by \$460,353 for both continuing program operations and special activities. Most of this increase is from unspent FY 2006 grant. Most of the increase finances URI contracts for nitrogen studies, Marine Resource Development Plan Implementation, Coastal Buffers for Residential and Recreational settings, and other work for the Providence Harbor and the Upper Providence Harbor/Metro Bay Special Area Management Plans. Restricted Receipt expenditures for the Coastal and Estuary Habitat Restoration Program and Trust fund include \$395,961 from the Oil Spill Prevention, Administration and Response Fund, and consists of unspent FY 2006 balances plus the annual \$250,000 appropriation. Also included are funds for the South Coast, Narrow River, and Brushneck Cove Restoration projects.

In the FY 2008 budget, the Governor recommends appropriations of \$4.2 million. Of this amount, \$1.9 million is financed with general revenue, \$1.6 million is financed from federal funds, and \$679,100 is financed from restricted receipt funds. General revenue funds decrease by \$251,165 compared to FY 2007 revised levels, reflecting the one-time acquisition in FY 2007 of a marina dredging vessel, and an increase of \$98,988 in statewide and agency-specific benefit and payroll adjustments, including negotiated salary increases and medical co-share adjustments. Federal funds decrease by \$452,000, reflecting the current grant level in the Coastal Zone Management Program with no balance forward funds. The Governor recommends appropriations of restricted receipts from the Oil Spill Prevention, Administration and Response Fund in FY 2007 and FY 2008 of \$250,000 for the Coastal and Estuary habitat Restoration Program and Trust Fund. The Governor also recommends restricted receipt expenditure of \$429,100 for the South Coast Restoration project, to dredge breachways and tidal deltas for habitat restoration, beach replenishment, and fish restoration efforts. The FTE position level for the council is unchanged at 30.0 for FY 2007 and FY 2008.

State Water Resources Board

The Governor recommends revised expenditures for the Water Resources Board of \$2.4 million for FY 2007, including \$1.8 million in general revenue, \$64,122 in federal funds, \$400,000 in restricted receipts and \$90,435 in other funds. Total financing decreased \$37,673 or 1.6 percent from the FY 2007 enacted all funds level of \$2.4 million. The reduction consists of \$111,630 less in general revenue or 6.1 percent from the FY 2007 enacted level of \$1.9 million, mostly attributable to reduced requirements for the Water Allocation Plan and Adjustments for personnel financing requirements. The general revenue recommendation in FY 2007 also includes reappropriation of \$152,323 from FY 2006, including billing delays of \$126,468 for the Supplemental Water Supply Study, \$16,005 for residential tuition payments, and \$9,850 for Rivers Council grant payments. Carry forward federal funds of \$64,122 are provided to reflect grant balances for the Pawcatuck Optimization Modeling project. Restricted receipts are recommended at the enacted level of \$400,000, to accommodate adjunct financing made available by the Department of Health for the Supplemental Water Supplies project. Other funds increase by \$9,835 or 10.9 percent over the enacted level, for improvements to the Big River Management area projects financed from the Rhode Island Capital Plan Fund.

Natural Resources

The Governor recommends FY 2008 expenditures of \$2.0 million, a decrease of \$378,893 or 15.9 percent, from revised FY 2007 levels. General revenue expenditures are budgeted at \$1.9 million, an increase of \$83,664 or 4.6 percent from FY 2007 adjusted levels. Of this amount, \$92,490 is added for statewide and agency specific personnel requirements, including unachieved turnover; \$250,000 is added for the Water Allocation project; and \$126,468 is removed from the Supplemental Water Supply project. Federal Funds are not required in FY 2008 due to completion of the Pawcatuck River study and modeling project. Restricted receipt financing is eliminated, due to completion of the Supplemental Water Supply Study. Other fund financing is \$92,000, or 1.7 percent more than the FY 2007 revised level, for planned improvements to structures at the Big River Management Area in FY 2008. The Governor recommends 9.0 FTE positions in both FY 2007 and FY 2008, which is 0.5 FTE above the enacted level of 8.5 FTE.

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Transportation

Transportation

Summary

The transportation function of the state provides for the maintenance and construction of a quality infrastructure which reflects the transportation needs of the citizens of Rhode Island. The function is implemented by the Department of Transportation (DOT) through its core programs, transportation development and maintenance. Transportation development includes construction and design, traffic management, environmental and intermodal planning, capital programming, bridge rehabilitation replacement, and highway safety. The DOT maintenance section engages in the routine maintenance of state highways, bridges, and associated roadsides and highway appurtenances.

In FY 1994, the state established the Intermodal Surface Transportation Fund (ISTF), to provide financing for transportation expenditures from dedicated user-related revenue sources. This dedicated highway fund establishes a direct relationship between transportation project financing and the end-users of the projects, with a stable revenue stream capable of financing the projects on a pay-as-you-go basis.

For FY 2007, the Intermodal Surface Transportation Fund (ISTF) is supported by 29.0 of the state's 30.0-cent per gallon gasoline tax. Gasoline tax receipts finance operating and debt service expenditures of the Department of Transportation, as well as specific portions of transportation-related expenditures of the Rhode Island Public Transit Authority (RIPTA) and the Department of Elderly Affairs (DEA).

The revenue generated by the state's gasoline tax is allocated to these recipients on an individual cent basis. State law governs the distribution of the cents to the agencies as well as the general fund. The anticipated current and upcoming fiscal year revenue collection for the gasoline tax is established at each Revenue Estimating Conference. The Conference estimates gasoline tax collections on a cent per gallon revenue yield. This yield is the basis for the development of budgets for the various gasoline tax supported operations.

Since the inception of this funding mechanism for transportation activities, there have been numerous revisions to the allocation plan. Each change has been initiated in order to direct more revenues to transportation operations rather than to the general fund. The last change to the disbursement schedule was in the enacted FY 2006 Budget and increased the RIPTA allocation by one cent. These increases were offset by a reduction in the allocation of gasoline tax directed to the general fund to one cent.

	Current Law Gasoline Tax Allocation (in cents)						
<u>Recipient</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
DOT	20.5	20.5	20.75	20.75	20.75	20.75	20.75
RIPTA	6.25	6.25	6.55*	6.25	7.25	7.25	7.25
General Fund	0.25	2.25	1.70*	2.0	1.0	1.0	1.0
DEA	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Total:	28.0	30.0	30.0	30.0	30.0	30.0	30.0

**Average rate for year.*

Transportation

The Department of Transportation provides services through four programs: Central Management, Management and Budget, Infrastructure Engineering, and Infrastructure Maintenance. Primary funding for Rhode Island transportation and highway construction spending is provided through the Federal Highway Administration (FHWA), under the authority of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU). This Act, passed in August 2005, authorizes funds for highway construction, highway safety programs, mass transit operations, and other surface transportation projects for the five-year period 2005 - 2009. Under this program, Rhode Island may receive an average of \$207.2 million per year through FY 2009. This represents an average increase of \$44.0 million over the amounts provided by the previous Transportation Equity Act of the 21st Century (TEA-21); more importantly the amount of “earmarked funds” has increased significantly reducing the amount available for the unrestricted program. The new Act combines the improvements scheduled for current programs with new initiatives for improving transportation safety and traffic flow efficiency, enhancing communities, and advancing economic growth.

The DOT Highway Improvement Program (HIP) includes highway and intermodal projects that utilize federal funds administered by the FHWA, and highway transportation infrastructure projects financed by state matching funds which include general obligation bonds and proceeds from certain land sales. The HIP implements DOT’s capital program as identified in the State’s Transportation Improvement Program (TIP). The TIP is a listing of transportation projects that the state plans to finance over a six-year period from federal highway funds. The Federal Highway Administration requires that all projects utilizing federal funds shall appear in a TIP adopted by the State Planning Council and approved by the Governor.

In Rhode Island, the TIP is the product of extensive public outreach to all communities, public interest groups, and citizens throughout the state by the agencies involved in transportation planning and project implementation. Following extensive public solicitation for the current TIP, highway projects are selected by a twenty-seven member public body, known as the Transportation Advisory Committee (TAC), using criteria based on six major categories: mobility benefits; cost effectiveness; economic development; environmental impact; degree of support to local and state goals and plans; and safety/security/technology. Certain projects are reviewed by special public committees prior to selection for the TIP by the TAC. The transportation air quality subcommittee, assisted by DOT staff, conducts a solicitation and evaluation of Congestion Mitigation and Air Quality (CMAQ) proposals. A TAC subcommittee reviews new bicycle/pedestrian projects, and a DOT advisory committee solicits and evaluates application for funds earmarked in SAFETEA-LU for transportation enhancement activities.

FY 2004 marked the beginning of a major effort on the part of Rhode Island government to address the rebuilding and modernization of the State’s transportation systems. In November 2003, the State issued the first series in a bond program that authorizes \$709.6 million and currently programs \$660.0 million in construction funds for five major infrastructure projects to be completed over an 8 ½ year period. This undertaking will be primarily financed through two funding mechanisms. The majority of the costs (\$542.2 million) will be provided through Grant Anticipation Revenue Vehicle bonds (GARVEE). GARVEE represents a program approved by FHWA that allows states to borrow funds, which are backed and repaid by the annual allocation of Federal Highway Administration construction funds. A supplemental revenue bond issue known as the Motor Fuel Revenue Bonds program, which is secured by 2-cents of the department’s gasoline tax allocation, will provide another \$117.8 million to this infrastructure initiative. The State has issued a second series of both the GARVEE and Motor Fuel Bonds program in 2006 and is planning the issuance of a third series in 2009. The projects being financed under this program are the I-195 Relocation, Washington Bridge Reconstruction, a new Sakonnet River Bridge, the construction of Quonset Rt. 403, and amounts for completion of the Freight Rail Improvement Program. The debt service on the GARVEE bonds in FY 2007 and FY 2008, to be paid through the FHWA allocation, is \$44.2 million and is reflected in the DOT’s operating budget as a federal fund source. The gasoline tax revenue supported debt

Transportation

service on the Motor Fuel Tax revenue bonds dedicated to the trust account is estimated to be \$7.0 million in FY 2007 and FY 2008. Unlike general obligation debt service costs that are budgeted in the Department of Administration, these debt service payments are reflected in the DOT operating budget.

The continued emphasis towards a more balanced multimodal transportation system extends to statewide mass transit programs. As noted above, operating assistance of \$33.3 in FY 2007 and \$33.2 million in FY 2008 to the Rhode Island Public Transit Authority will be financed from a 7.25-cent allocation of the gasoline tax. Not recorded in the DOT budget, but presented in the RIPTA FY 2007 and FY 2008 financial plans is RIPTA's estimate of \$14.0 million in enhanced funding from Department of Human Services accounts for Medicaid client transit passes. Another cent of the gasoline tax 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 allocation is transferred to RIPTA to underwrite pass programs for the elderly, and to finance compliance costs statewide associated with Americans with Disabilities Act requirements.

The revised FY 2007 budget for DOT totals \$370.5 million including \$272.6 million in federal funds, \$97.3 million in other funds, and \$644,560 in restricted receipts. This represents a \$31.7 million increase in all funds from the FY 2007 enacted budget. Federal funds increase a total of \$34.8 million while restricted receipts decrease \$2.4 from the enacted budget. Other funds for the DOT decrease a total of \$703,387 from the enacted budget. The other funds total includes gasoline tax expenditures for the DOT, RIPTA, and GARVEE/Motor Fuel Revenue Bonds, as well as RICAP appropriations, land sale proceeds, nonland surplus property revenues, and other miscellaneous receipts.

The revised FY 2007 budget for the ISTEAF fund is \$140.6 million which represents the revised gasoline tax yield estimate of \$4,685,000 per cent and a reduction to the fund of \$3.5 million compared to the enacted budget. Gasoline tax funds within the Department of Transportation total \$92.6 million, \$49.9 is recommended for the operations of the DOT, \$33.3 is the operating transfer to finance RIPTA, and \$9.4 million is associated with the GARVEE/Motor Fuel Revenue Bonds program. Gasoline tax funds within the Department decrease \$2.2 million from the enacted budget. The decrease is primarily a result of the revision in the gasoline tax revenue estimate which represents a total DOT gasoline tax budget loss of \$2.4 million and a \$1.3 million loss for DOT operations, specifically. Other adjustments to the total gasoline tax appropriation for the Department include projected transfers to the Department of Administration to finance transportation related general obligation bond debt service costs which total \$35.7 million for DOT and \$703,466 for RIPTA. The debt service adjustment to the DOT represents a reduction of \$1.0 million from the enacted budget. Of this total, \$788,847 represents changes in the revised maturity schedule for debt issued and a total of \$192,409 relates to an overpayment in debt service in FY 2006. A total of \$875,673 represents reductions to the DOT's allocation of the gasoline tax in order to finance 1.0 FTE assigned to the Governor's Office as well as 23.0 Human Resources and Information Technology positions consolidated in the Department of Administration. The total transfer amount of these positions represents a decrease of \$1.2 million and is a result of the restoration of 7.0 Information Technology positions from the consolidation effort, again reflected in the Department's budget. The reduction also reflects the correct state matching proportion of the personnel costs based upon current year federal highway funding levels. The revised FY 2007 budget also takes into account a \$2.4 million carry forward deficit from FY 2006. The Governor recommends resolving the deficit by the end of FY 2008. The recommendation assumes an offset of \$1.3 million in the current year recommendation and an additional offset in FY 2008 of \$1.1 million, thereby producing a positive ending balance of \$27,024 in FY 2008.

RICAP funding is included in the other fund source for the DOT. Total RICAP dollars increase \$135,830 from the enacted budget. The increase is a result of a \$35,000 increase for the Pawtucket-Central Falls

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Train Station Study and an increase of \$100,830 for RIPTA Land and Buildings. Other funds also includes an increase of \$1.2 million in land sale revenue.

Federal funds increase a total of \$34.8 million from the enacted budget. Increases are a result of increases in new federal grants as well as changes in the budgeting practices for some funding categories. Federal highway funds included in the revised budget total \$190.5 million, which represents a \$34.2 million decrease from the enacted budget. The primary reason for the decrease is a result of a change in the budgeting of the GARVEE debt service operating transfer in the current year which was not reflected in the enacted budget. GARVEE debt service is deducted from the total estimated obligation authority estimate for the federal highway fund, and totals \$44.2 million in the revised FY 2007 budget. In the FY 2007 revised budget, GARVEE debt service is reflected in the FHWA Pledged Revenues account rather than the Federal Highway Projects account. The revised FY 2007 budget also includes the budgeting of a total of \$11.5 million related to personnel costs associated with the GARVEE program and general obligation bonds within the federal fund category. These costs are reflected in the agency budget for the first time. Federal transit grants total \$9.3 million, an increase of \$2.6 million over the enacted budget primarily for the Fixed Guideway (Commuter Rail) project. A total of \$17.0 million is recommended for National Highway Safety Administration grants, which represents an increase of \$11.9 million from the enacted FY 2007 budget. The increase is primarily a result of a temporary \$9.2 million increase to the NHTSA-Fatality Analysis Reporting System (403)/Safety Innovative grants for Increasing Seatbelt Use Rates (157 INNOV) grant. Another increase is represented in a new \$1.0 million grant to prohibit racial profiling. Other changes include an overall decrease in state and community grants and increases in alcohol traffic safety, seat belt use, occupant safety, motorcyclist safety, and child safety grants.

Restricted receipts decrease by \$2.4 million from the enacted budget and total \$644,560 in the revised FY 2007 budget. The decrease is primarily a result of the near completion of the Freight Rail Improvement Project in which GARVEE funding is programmed in FY 2007.

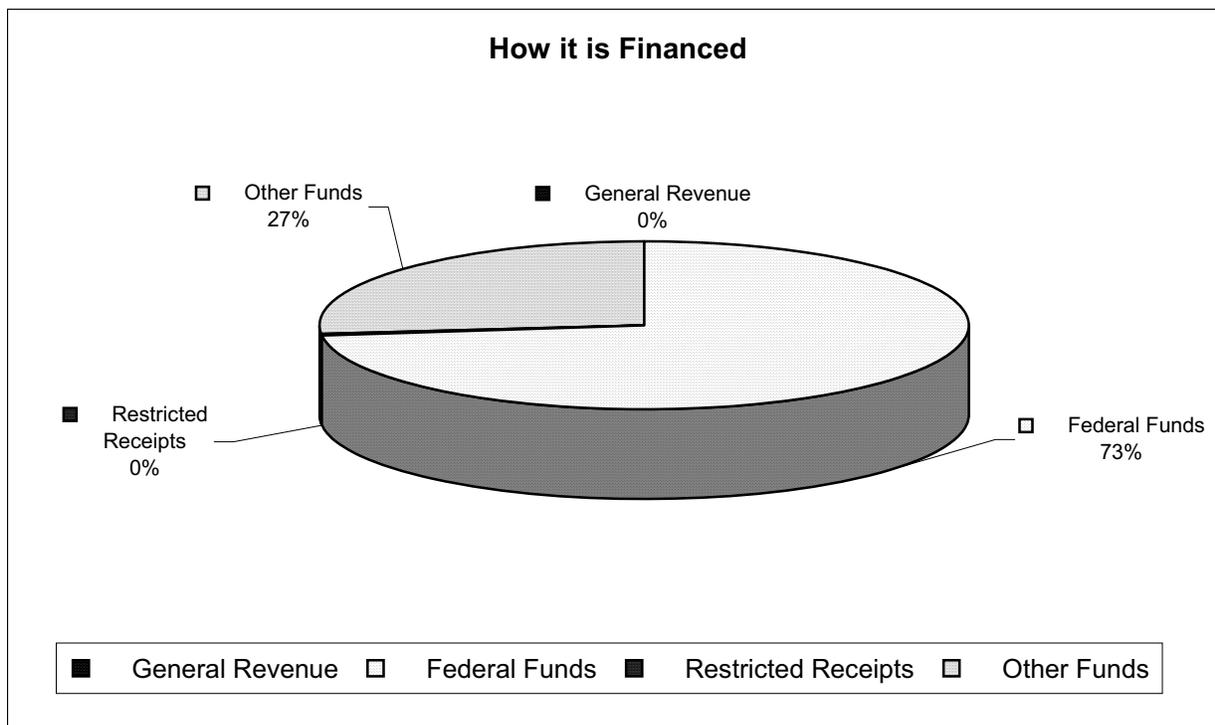
For the Department of Transportation the Governor recommends 786.7 FTE positions for FY 2007. This represents an increase of 7.0 FTEs from the enacted budget as a result of the transfer of Information Technology personnel back to the Department of Transportation.

In FY 2008, recommended expenditures from all sources for transportation activities total \$376.8 million, an increase of \$6.3 million over the revised FY 2007 budget.

The following chart illustrates departmental expenditures by source of financing for FY 2008.

This chart does not include general obligation bond expenditures, GARVEE expenditures, and GARVEE debt service payments. Personnel costs associated with the GARVEE program and general obligation bonds are represented.

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The other funds source represents 26.8 percent of the FY 2008 budget for the Department, or \$100.9 million. This represents an increase of \$3.6 million from the revised FY 2007 budget. The increase in other funds is primarily a result of an increase in RICAP funding for DOT and RIPTA related capital projects. Other funds is comprised of total gasoline tax expenditures of \$92.6 million, of which \$50.0 million represents the Department of Transportation budget, \$33.2 million is budgeted for RIPTA's allocation of the gasoline tax and a total of \$9.4 million is budgeted for the Motor Fuel Bond allocation of the gasoline tax.

The budget for the ISTEAs fund in FY 2008 is \$140.6 million, which represents the revised gasoline tax yield estimate of \$4,685,000 per cent and a reduction to the fund of \$3.5 million compared to the FY 2008 target and no change from the revised FY 2007 estimate. The total gasoline tax budget within the DOT represents an increase of \$50,771 from the revised FY 2007 budget. The DOT portion of the gasoline tax budget increases by \$107,813. Included in the FY 2008 gasoline tax budget for the DOT is a general obligation bond debt service payment of \$35.4 million, a decrease of \$271,938 from the revised FY 2007 budget. The RIPTA portion of the debt service payment in the Department of Administration totals \$760,508, an increase of \$57,042 from the revised FY 2007 budget. A total of \$1.3 million represents reductions to the DOT's allocation of the gasoline tax in order to finance 1 FTE assigned to the Governor's Office as well as 23 Human Resources and Information Technology positions consolidated in the Department of Administration. The transfer represents an increase of \$389,770 from the revised FY 2007 budget. The revised FY 2007 budget also takes into account a \$2.4 million carry forward deficit from FY 2006. The Governor recommends the resolution of the deficit in the FY 2008 budget. The recommendation assumes an offset in FY 2008 of \$1.1 million producing a positive ending balance of \$27,024.

The recommendation includes RICAP expenditures totaling \$5.0 million which includes \$2.3 million for RIPTA Land and Buildings, \$100,000 for Paratransit Vehicles, \$40,000 for the Pawtucket – Central Falls Train Station Study, \$2.4 million for the Cherry Hill/Lincoln Facility project, and a total of \$200,000 is recommended for Maintenance Facility Improvements. A total of \$2.0 million represents land sale revenue

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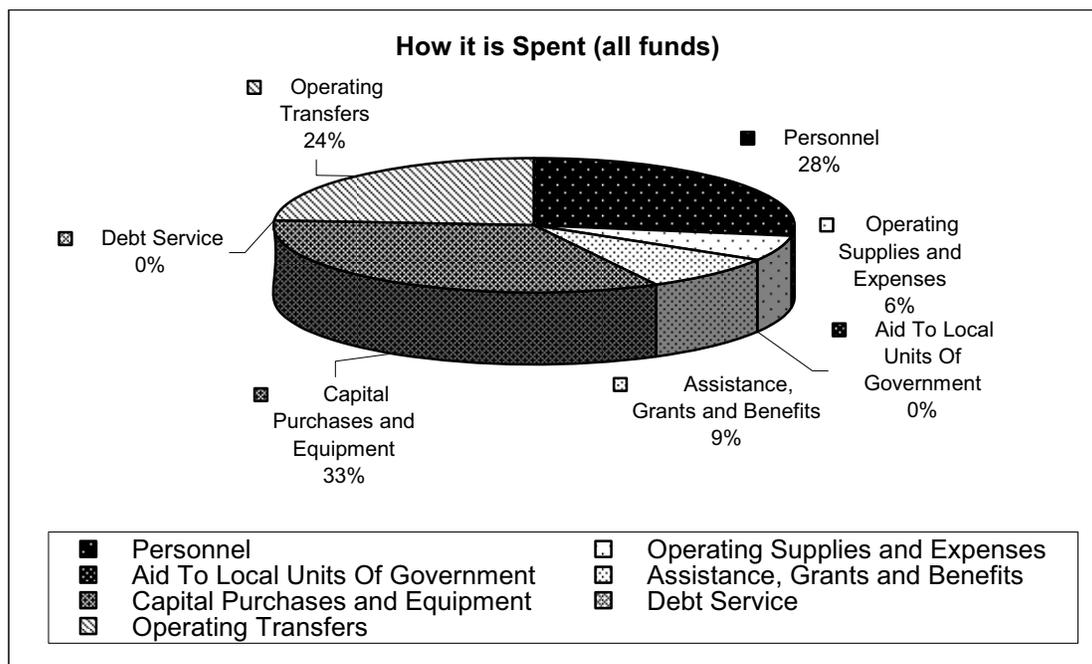
from proceeds which are estimated to be collected by the Department. The remaining other funds for the Department is comprised of \$1.0 million for the State Infrastructure Bank account, and \$306,332 represents estimates for outdoor advertising and nonland surplus property collections for the budget year.

The total budget for federal grants for the department represents 73 percent of the budget, or \$275.3 million, of which a total of \$178.0 million is federal highway funds, a total of \$44.2 is GARVEE debt service payments from federal highway funds, a total of \$5.8 million has been budgeted to account for personnel costs transferred to the GARVEE construction program, and \$6.8 million represents personnel costs allocated to general obligation bonds. Other federal grants for the Department are comprised of a total of \$23.3 million in Federal Transit funds and \$17.2 million in National Highway Safety funds. Federal transit funds increase by \$14.0 million in FY 2008 primarily for the acceleration of the Fixed Guideway (Commuter Rail) project. National Highway Safety funds increase by \$118,860 over the revised FY 2007 budget.

Restricted receipts represent 0.2 percent of the total budget or \$661,834. Restricted receipts remain fairly constant in FY 2008 which includes a decrease of \$17,274 from the enacted budget.

For FY 2008 the Governor recommends 786.7 FTE positions for the Department of Transportation, which represents no change from the revised FY 2007 budget recommendation.

The following chart illustrates departmental expenditures on an all funds basis by category of expenditure for FY 2008.



The capital category of expenditure represents 34.1 percent of the total DOT budget. Capital consists primarily of federal highway dollars located within the Engineering program for infrastructure construction costs. Included in the Engineering program is \$2.0 million in estimated revenue from the sale and/or lease of DOT properties. This revenue, along with \$40.0 million in general obligation bond funds (not included in the operating budget), is utilized to meet matching requirements to federal highway funds provided under SAFETEA-LU.

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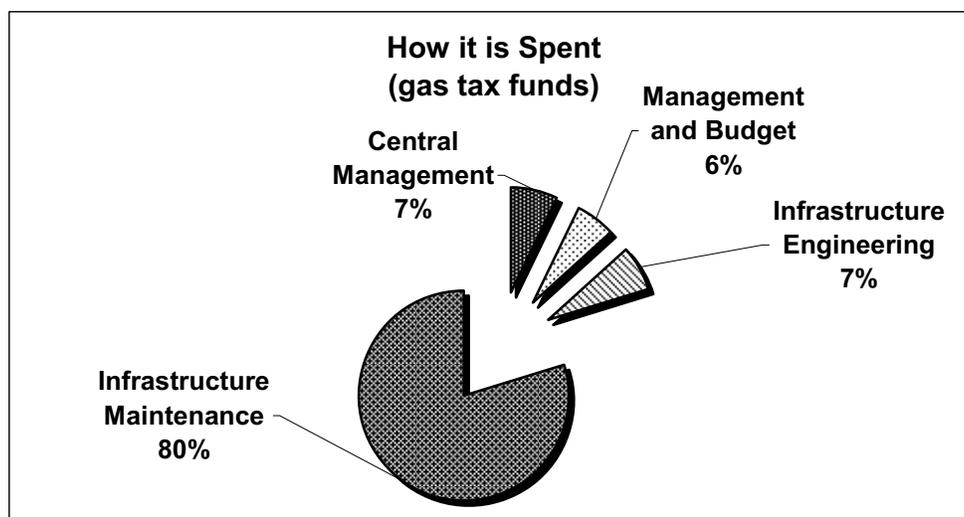
A total of 27.6 percent represents personnel costs of the DOT. A total of \$77.0 million or approximately 74 percent of direct salary and contract services expenses is located within the Engineering program of which a total of \$5.8 million includes GARVEE-related personnel costs and \$6.8 million are G.O. bond funded personnel costs. FY 2008 represents a change in the budgeting of the personnel costs within the payroll clearing account of Engineering program of the DOT. Historically, the Department has made allocations to various funding sources from the clearing account for approximately 480 positions. Funding sources have included gasoline tax, general obligation bonds, GARVEE funds, federal highway funds, land sale revenues, and restricted receipts. In FY 2008 the Department is expected to have an indirect cost recovery plan in place which will allow for total federal eligibility for personnel costs. As a result, personnel costs associated with the payroll clearing account have been budgeted in the federal highway account. A total of \$19.4 million or 19.0 percent of personnel costs are located within the Maintenance program where the source of funding is the gasoline tax.

RIPTA's portion of the state gasoline tax net of debt service costs, as well as the two cents allocated to the GARVEE/Motor Fuel revenue bonds are also appropriated within the Engineering program and comprise 47 percent of the operating transfers category. A total of 49 percent of the operating transfer category represents GARVEE debt service.

The operating category represents 5.9 percent of all funds total spending for the DOT with 83.2 percent of the category representing Maintenance activities, which include pavement repair, crack sealing, pothole repair, litter collection, vehicle fleet maintenance, street and sidewalk sweeping, signage, highway light maintenance, and bridge washing. Snow and ice removal operations also fall under the management of this program.

Grants represent 8.6 percent of the FY 2008 budget and represent primarily \$21.1 million in federal transit funds.

The following chart illustrates Department of Transportation gasoline tax expenditures by program function. Expenditures do not include RIPTA or Motor Fuel Bonds program transfers.



Maintenance Program operations make up 80 percent of the gasoline tax budget of the Department of Transportation for the preservation of road and bridge assets. The recommended Maintenance budget for FY 2008 is \$39.9 million. This recommendation represents an increase of \$2.9 million from the FY 2007

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revised budget recommendation. A total increase of \$1.7 million represents direct personnel costs while a total of \$1.5 million is an increase operating expenditures.

Total spending for Engineering consists of \$3.5 million in FY 2008. This total does not include expenditures for RIPTA or the Motor Fuel Revenue bonds programs, which are also reflected in the DOT budget. The budget primarily reflects \$3.1 million of direct personnel costs, and \$285,183 of operating costs. Gasoline tax funding for the program are primarily dedicated to the capital programming activities of the Department.

The Central Management budget gasoline tax budget makes up 7 percent of the total gasoline tax budget of the DOT. The Central Management program total budget for FY 2008 is 3.6 million, a \$144,279 increase from the revised FY 2007 budget. The budget is comprised of \$3.3 million in personnel expenses, \$150,463 in contract services, and \$169,591 in operating expenses. The Central Management program consists of several functional units including the Office of the Director, Legal Office, Office of Human Resources, and Office on Highway Safety.

The Management and Budget program of the Department makes up 6 percent of the total gasoline tax budget of the Department of Transportation. Management and Budget maintains a total budget of \$3.0 million which includes total resources of \$1.7 million for direct personnel costs, \$784,974 for contract services, and \$292,152 in operating costs. The FY 2008 has decreased \$1.5 million from the revised FY 2007 budget primarily as a result of payroll allocation costs being budgeted to federal highway funds as a result of the implementation of an indirect cost recovery program for personnel costs charged to the payroll clearing account.

Five-Year Financial Projection

FY 2008 – FY 2012 Overview

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 that present anticipated revenues and expenditures during the five fiscal years ending in June 2012. 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.

From the FY 2008 budget base, expenditures will exceed revenues in each of the outyears projected through FY 2012. The operating deficits in each year exceed \$300 million. In percentage terms, the deficits are projected to exceed 10% of spending in every year from FY 2009 over the forecast horizon. The expenditure-side of the budget is estimated to increase at an average annual rate of 4.83 percent from the FY 2008 base to FY 2012. Inflation however, as measured by the CPI, is expected to grow at an annual rate of 2.1 percent. A number of factors are responsible for the rate of growth above inflation. A brief explanation is provided below, followed by a more detailed discussion for each of the major categories of expenditure.

The largest factor in overall spending growth is anticipated to occur in the category of grants and benefits. Expenditures for grants and benefits are expected to expand by approximately \$296.7 million, driven primarily by growth in Human Services Managed Care and Medicaid Services. The percentage growth in this total category of expenditure is projected to average 8.4 percent and is largely driven by an assumed percentage increase in Managed Care of 8.7 percent a year over this same time period.

The next largest dollar increase in overall spending is anticipated to occur in state operations at \$221.2 and local aid at \$188.1 million.

The five-year projection anticipates average annual revenue growth of approximately 2.6 percent beyond the budget year, based upon the adopted November 2006 Revenue Estimating Conference forecast for the Rhode Island economy and the Governor's recommended changed to adopted revenues. The forecasts used here do not assume any significant downward swings in the economy. Personal income is forecast to grow at an average annual rate of 4.6 percent, employment at 0.9 percent, and wage and salary disbursements at 4.3 percent. A risk to the revenue forecast is the inability to estimate the impact of historic structure and motion picture tax credits. The outyear revenue estimate includes only those projects which are identified by the administering agencies as active projects. These variables and other assumptions are shown in the tables that follow.

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Forecast and Revenues

The economic forecast was developed by the principals of the November 2006 Revenue Estimating Conference with input from the consulting economists at *Economy.com* and *Global Insight* and respective staff. This forecast serves as a “best guess” as to the future path of the Rhode Island economy since no formal economic model was employed by the conferees in arriving at the forecast. A detailed analysis of the conferees near-term economic forecast for the State is contained in *The Economy* section of this document. In that section, particular attention is paid to how the state fared relative to the other New England states during the past calendar year with respect to non-farm employment and personal income growth. In addition, a brief comparison of the actual economic performance of the State against the economic forecast contained in the FY 2007 budget is undertaken. Finally, the FY 2008 economic forecast is presented and it is contrasted with the economic forecast that was made for the FY 2007 budget with particular attention being paid to why and to what extent the current forecast was revised from the previous forecast.

The economic outlook presents the greatest risk to the economic forecast. Of particular note, the performance of the U.S. economy will have a substantial impact on the performance of the Rhode Island economy. As the U.S. economy recovered from the impact of Hurricanes Katrina and Rita, job growth was expected to strengthen and allow the Rhode Island economy to bounce back from a slowing in job growth that occurred in FY 2005, however, the housing market self-corrected in FY 2006 and FY 2007 further dampening employment growth rates. As a result, during FY 2007 – FY 2008 period, Rhode Island employment growth rates are expected to remain below the 1.1 percent growth rate attained in FY 2004. In FY 2009 – FY 2011, Rhode Island employment growth should peak at 1.1 percent, then gradually decline. Growth in Rhode Island personal income will be strong over the FY 2006 – FY 2008 period exceeding 5.0 percent in FY 2007 before falling in FY 2008 to 4.5 percent. In FY 2009, personal income will reach the long-run steady-state rate of growth of 4.6 percent where it is projected to hover for the FY 2009 – FY 2011 period. Finally, energy prices remain a risk to both the U.S. macroeconomic and Rhode Island forecasts. As an energy importer, Rhode Island’s economy is very vulnerable to sharp increases in energy prices, particularly if higher prices are sustained over the long term. Further, deceleration in the real estate market will have already impacted job growth in Rhode Island. Slackening in infrastructure project construction due to budgetary reprioritization would also prove a downside risk to statewide employment growth.

The five-year projection does include the revenue impact of the Governor’s proposal to reinstitute the Small Business Administration Tax Credit. The Small Business Tax Administration Credit is estimated to reduce corporate tax revenues by \$476,073 in FY 2008. In addition, the five-year projection also includes the Governor’s proposal in the FY 2008 Budget to reduce the State’s share of the savings from the new emissions fee contract, which reduces FY 2008 departmental revenues by an estimated \$3.2 million and also decreases the fee that the public will pay. The five-year projections include the impact from the Governor’s proposal to require Mortgage Loan Originators to apply for a license through the State. This licensing requirement is forecast to create \$1.3 million in additional departmental revenues in FY 2008. Further, the recommended increases to health professional regulation fees are included in the five-year forecast. Also proposed is a provider fee on Surgical, Imaging, and similar centers, which are factored into the five-year projections. The FY 2008 impact is expected to be \$4.0 million additional revenues. The five year forecast also incorporates the Governor’s FY 2008 proposal to transfer the Unclaimed Property compliance division from the Department of Treasury to the Division of Taxation. This proposal is estimated to add \$1.2 million in revenue in FY 2007 and \$1.3 million in revenue in FY

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2008. The five-year projection also includes the Governor’s recommendation to base passenger vehicle registration on gross vehicle weight; a proposal that increases FY 2008 motor vehicle registry license and fee collection by an estimated \$3.6 million. Another motor vehicle registry proposal, an additional fee to support COPS, is included in the five-year projection. This new fee is expected to increase revenues by \$2.3 million in FY 2008. Further, the five-year projection includes the Governor’s FY 2008 proposal to increase the commission fee charged on Simulcast wagering. This proposal is estimated to generate \$1.6 million in FY 2008. Finally, the Governor proposes to reinstate a provision providing that any premium received upon the sale of bonds, net of any underwriting costs and cost of bond insurance paid at the time of sale, would be deposited into the general fund, and these funds would ultimately become available, along with investment earnings on the bond proceeds, as general revenue receipts to offset debt service. This proposal will have the effect of increasing general revenues by \$3.0 million in FY 2008.

The five-year forecast does account for the impact of the State’s Historic Structures Tax Credit program. This program became effective in tax year 2002 but the initial impacts of the issuance of tax credit certificates did not surface until tax year 2003 (i.e., FY 2004). The Budget Office based the estimate of revenues foregone from the issuance of historic structures tax credits on the \$372.5 million in credits already issued or eligible to be issued as estimated by the Historic Preservation and Heritage Commission (HP&HC) as of October 27, 2006. The \$372.5 million figure reported by the HP&HC was \$47.8 million greater than the amount of potential eligible credits HP&HC reported in April 2006. It should be noted that the volume of potential eligible credits is likely to continue to grow in the future. The Budget Office estimated the spread of these credits across personal income taxes, business corporations taxes, insurance companies gross premiums taxes, and financial institutions taxes for the FY 2003 – FY 2012 period. The Budget Office estimates \$145.3 million less in revenue in these four categories in FY 2007 and FY 2008. The following table shows the spread of the credits across tax categories as estimated by the Budget Office:

BO Jan 07 Estimate	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Income	\$23.79	\$49.54	\$69.27	\$75.90	\$30.38	\$15.57	\$8.53
Business Corporations	0.84	2.55	2.89	3.17	1.27	0.65	0.36
Insurance Companies	2.35	7.26	8.77	9.60	3.84	1.97	1.08
Financial Institutions	0.00	5.00	0.02	0.03	0.01	0.00	0.00
Total	\$29.99	\$64.36	\$80.96	\$88.70	\$35.51	\$18.20	\$9.97

Expenditures

Expenditure side risks must also be noted within the five-year projection. One of the greatest expenditure side risks relates to medical services inflation, utilization, and technological change. Beneficial changes in medical technology and the resultant change in utilization of medical services are especially difficult to forecast. These factors are particularly influential, since a significant part of the budget is driven by

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medical costs and since costs have been accelerating at a rapid rate. While costs for medical care will continue to be an underlying driver of state personnel costs in the forecast, it is assumed that there will be a deceleration in the rate of growth through fiscal 2012. The forecast assumes that state employees will continue to share in the cost of medical insurance premiums in accordance with current contracts.

Another expenditure side risk involves demographic shifts such as the aging of the baby-boomer population which will present a greater need to enhance and expand the infrastructure for elderly care towards the end of the five year horizon. The growth in the prison population also poses substantial risks for both operations costs and capital infrastructure needs. The projection assumes that future inmate population growth will decelerate to reflect the Governor's FY2008 budget proposal to work with the General Assembly and the Judicial branch to reduce the prison population by 500 inmates.. The accuracy of this assumption will ultimately rest upon the success of efforts to create efficiencies in the criminal justice system and efforts to modify sentencing policy in the Judicial branch towards greater community-based versus institutional-based sentencing, as well as the exploration of early release options.

Personnel and Other Operations

The wage projections contained in the personnel estimates assume that a 3 percent COLA will be provided in fiscal year 2008 in accordance with negotiated agreements. The final four years of the projection assume COLAs that equal the rate of increase in the CPI. In addition, step increases, longevity increases and educational incentives add 1.7 percent annually to the estimated salary and fringe benefit costs and have been incorporated into the analysis. The FY2008 base includes \$15.7 million of retroactive payments estimated for the Brotherhood of Correctional Officers in anticipation of settlement of that contract. It is possible it could settle in FY2007, but in any event, the estimated ongoing costs are incorporated in the outyear forecast.

The forecast reflects approved medical benefit cost sharing expected to offset of health insurance costs in FY 2008 and throughout the forecast period. As noted above, successful reforms relating to the retirement plan still result in significant employer contribution rates. For the state employees retirement system contributions are anticipated to increase from 20.77 percent of payroll in fiscal 2008 to 21.14 percent in fiscal 2009. The actuarial required rate would decline thereafter to 19.72 % in FY 2012; however, the retirement reform legislation requires that the amount generated by declines in rates would be dedicated to reducing the unfunded liability of the system. Thus, retirement contribution costs are expected to increase from \$83.4 million in fiscal 2008 to \$93.2 million by fiscal 2012.

Due to the rising costs for medical care for retirees and the adopted reporting standards issued by the Governmental Accounting Standards Board (GASB) for Other Post Employment Benefits (OPEB), the state commissioned an actuarial study evaluating the accrued actuarial unfunded costs for the retiree health benefits program. Under the new reporting requirements the state will be required to reflect any accrued actuarial unfunded costs on its financial statements by fiscal year 2008. Based upon the initial study, these costs will have significant long-term implications for the state's finances. In fact, the annual actuarially-based employer contribution for retiree health costs would increase from a projected \$17.6 million pay as you go costs in fiscal 2008 to an actuarial based contribution of \$61.9 million in fiscal 2012. Commencing in FY2009, estimates of actuarial based contributions have been incorporated in the five-year projection. Due to the significant projected budget deficit, an actuarial contribution has not been budgeted in FY 2008. An estimate of \$49.8 million in FY 2009 has been incorporated as part of the forecast.

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The State has requested that the actuary that completed the original OPEB study update its analysis of the State's unfunded OPEB liability to take into account numerous factors. The Administration anticipates that the results of the updated analysis will differ from the original study due to changes in the final standard adopted by GASB, changes resulting from pension reform for non-vested members (i.e. age of retirement), and changes in actuarial assumptions due to the experience study performed after the first retiree health valuation. The Governor recommends the establishment of the "Retiree Health Care Trust Fund" for the purpose of financing retiree health benefits and paying down the current unfunded liability beginning in FY 2009. All these factors would be taken into account when the actuary calculates the actuarial required contribution. For purposes of the five year forecast, the 8.57 percent of payroll derived from the initial study was used; although it is expected that the amounts will differ.

With the Governor's successful efforts to modify retirement plan benefits for non-vested and new employees, employer contribution increases will moderate; however, these costs remain a significant cost factor for state government. Retirement contributions are anticipated to decline from an estimated 20.77 percent of payroll to 19.72 percent of payroll from FY 2008 to FY 2012. Pursuant to the provisions of the pension reform act, the five year forecast assumes that expenditures will never be reduced due to a lowering of the rate. The forecast assumes expenditures will be incurred in the form of a transfer to a trust in an amount equal to twenty percent of the rate reduction.

As shown in the state operations expenditure tables, additional staffing is assumed to be required due to estimated caseload growth in the Department of Children, Youth and Families and the Department of Corrections. This increases the overall state personnel requirements in order to finance these additional staffing needs.

Caseloads in the Department of Children, Youth and Families are projected to grow 2.0 percent from the fiscal 2008 base. When combined with cost inflation, this growth increases costs \$10.4 million during the FY 2008 - FY 2012 period. The projections are based upon an analysis of actual caseload growth trends since FY 1994. Caseload growth translates directly into increased costs for support services, and both contracted and purchase-of-service placements. This forecast reflects the Governor's recommendation to transfer Children's Behavioral Health to managed care in Department of Human Services.

Projections of inmate growth for the Department of Corrections are also a key determinant in projecting statewide staffing needs. In prior years, inmate growth has fluctuated from 3.4 percent per year from FY 1991 to FY 1996, and 1.7 percent per year after 1996. From a peak of 3,638 in September 2003 inmate population fell to 3,361 in FY 2005. This fall was in part due to the loss of federal detainees to other federal and state facilities, as well as changes in court sentencing practices and the increased use of alternative punishments such as home confinement and diversion to treatment centers partly attributable to the work of the Office of the Public Defender's Defendant Advocacy program, which has reported an increase in the number of arraignments without sentencing from 40 to 100.

However, illustrating the continued volatility of inmate population estimates, it appears that none of the trends discussed above has persisted in FY 2006. The total inmate population rose by 4.4 percent to 3,510, reversing the previous year's decline. While the sentenced population has declined from 373 in FY 2005 to 289 in the first six months of FY 2007, the awaiting trial population has exploded from 660 to 791 in the same period. The use of the home confinement alternative seems to have declined as well, from 302 in June to 288 in December 2006. The total prison population has risen steadily from July 2005 level of 3,394 to 3,760 in December 2006. The current FY 2007 average estimate, based on the first six months, is 3,741, a 6.6 percent increase. These trend reversals highlight the impact of actions by non-corrections actors in the criminal justice system, particularly judges whose sentencing actions can

FY 2008 – FY 2012 Overview

drastically modify any population estimate, such as the increase use of the no-bail option for domestic violence cases. Also a factor is the large number of supervised probation and parole inmates (26,600, 3 percent of the total population, 1.5 percent of which are supervised) leading to an increase in violations. 3,553 inmates are admitted to the ACI each year because of mostly technical violations. Also, the parole rate in the state is very low and has been declining. In addition, the scheduled release of a significant portion of paroled inmates is delayed due to the lack of residential substance abuse treatment beds.

The Department of Corrections has contracted with JFA Associates of Washington D.C to provide a multi-year forecast of the State's adult inmate population. The model projects an increase in FY 2007 of 7.7 percent and an increase in FY 2008 of 1.8 percent. These rates would produce an inmate estimate of 3,718 in FY 2007 and 3,784 in FY 2008. For the longer term, however, the JFA forecasts average growths of 1.7 percent in FY 2009-FY 2011, and 2.5 percent in 2012. The Budget Office and the Department, taking into consideration the current spike in inmate numbers, have recommended the JFA estimates of 3,723 in the base year FY 2007. In FY 2008 the initial forecast of 3,789 has been reduced to 3,289 to reflect the Governor's initiative to lower the number of awaiting trial inmates by 500.

The Bureau of Justice Statistics' Bulletin (BJS), "Prisoners in 2005", reports that nationally, the prison growth rate (calculated for state and local prisoners) is 2.99 percent for the entire period 1995-2005. However, this overall growth includes significant fluctuations. The FY 2001 rate of increase was 0.8 percent (the lowest since 1979), compared to a FY 2005 rate of increase of 2.5 percent. Nevertheless, the average annual growth for the past six years (2000-2005) remains at 2.15 percent, as compared to the average growth (1995-1999) of 4.3 percent. For this reason, the Budget Office concurs with the Department in projecting the base estimates of the FY 2007 average population of 3,723. For the longer term, from FY 2008 to FY 2012, the Budget Office recommends a growth rate of 2.1 percent, the BJS 2000-2005 estimate. This rate is the same as the previous five-year plan estimate. Utilizing this growth rate, prison population would be forecast to increase from 3,789 inmates in FY 2008 to 3,900 inmates in FY 2012. This would reflect annual growth of 2.1 percent over the period FY 2008-FY 2012, or approximately 77 additional inmates per year.

Grants and Benefits

Grants and Benefits are projected to increase by an average of 8.4 percent annually, largely reflecting expanding demand for and utilization of medical care. Most of this growth is reflected in the Department of Human Services budget, since this department is responsible for managing the state's Medicaid program.

The forecast for Department of Human Services grants and benefits is based on the assumption that the Federal Temporary Assistance to Needy Families Cash Assistance Program (TANF) and the Rhode Island Family Independence Program (FIP) will meet their stated objectives during the forecast period, and that federal block grants and Medicaid matching grants will continue at current levels.

Eligibility standards for TANF/FIP cash assistance are maintained at current levels throughout the forecast period, and the forecast assumes that eligibility and economic influences on caseloads will result in reductions of approximately three percent of cases annually. Federal employment provisions require the state to achieve eighty percent closure of adult clients; children in such households will continue to receive cash assistance. No accelerated state initiatives are included in the FY 2008 recommendation.

Savings in cash assistance will be offset by continuing additions for child care subsidies, which are extended to the working poor even after entry of cash assistance clients to unsubsidized employment. The

FY 2008 – FY 2012 Overview

Governor's proposal to limit eligibility to families below 150 percent of the federal poverty limit will not affect this growth trend. Child care slots are assumed to increase marginally through the forecast period, and include adjustments for increased utilization by clients exhausting cash assistance. Growth in slots is assumed at one percent annually. Market rate adjustments of eight percent are assumed every other July, pursuant to proposed revision to state statutes, recognizing the Governor's proposal to defer the adjustment scheduled for July, 2007 until July, 2008. These effects are reflected in the tables. The full impact of additions to child care costs in future years is represented in the net general revenue costs in the tables. In the past, TANF federal block grant funds in increasing amounts were reallocated to finance child care costs, primarily due to savings as cash assistance caseloads decline. By FY 2008, FIP cash assistance savings are estimated to reduce general revenue expenditures for child care by \$13.8 million; this is within the ceiling of thirty percent for reallocation of the TANF grant to child care. However, the significant savings exceeding \$15.0 million in FY 2008 from reduction of the eligibility ceiling do reduce state maintenance of effort levels to the required minimum to qualify for federal TANF block grant funds in FY2009. Therefore, additional reductions in general revenue combined support for FIP cash assistance and child care are not included in the forecast period. Various ongoing and new initiatives to reduce the eligibility period for adults and to enhance accountability and program integrity will have effects throughout the forecast period, but are not included in the estimated number of cases at this time; because of the equilibrium in maintenance of effort, any savings will not accrue to general revenues and cannot be reflected in the five year tables, which record general revenues only. Any savings beyond the maintenance of effort floors can be reinvested in future years for optional or increased benefits or support services.

SSI caseloads will increase slightly, as the elderly population is forecast to increase marginally over the five-year period. More influential are higher rates of increase in the disabled population.

Medicaid costs are assumed to reflect continuous changes in service delivery systems, such as reduced institutional care and greater participation in independent living and treatment arrangements, and managed care arrangements with client cost sharing. Based upon population trend data, marginal increases in long-term care caseloads are projected. Nursing home rates are forecast to inflate by three percent annually each May.

All other Department of Human Services Medicaid costs, except managed care, are estimated to inflate by 7.9 percent annually. This category reflects increased participation by third party insurers and level funding of uncompensated care payments to state and community hospitals in upon resumption in FY 2008, at a level of approximately \$53.3 million general revenues. Pharmacy estimates also included in this category reflect a schedule reducing federal "clawback" assessment percentages for Part D Medicare benefits to dually eligible Medicaid clients, but increasing the expenditure base for inflation.

The managed care forecast assumes that costs will increase in line with federal CMS assumptions regarding expenditure growth for national physician and clinical costs, at approximately 9.5 percent annually. This forecast reflects the Governor's recommendation to transfer Children's Behavioral Health to managed care in Department of Human Services. Proposals in the Governor's Budget to maximize reimbursements and client eligibility determinations, are included in the FY 2008 base and are assumed to continue through the forecast period.

The five-year projection for the Rhode Island Pharmaceutical Assistance for the Elderly program (RIPAE) is significantly lower than previous years' five-year projection for drug cost and administrative expense, attributable to implementation of the Medicare Prescription Drug Improvement and

FY 2008 – FY 2012 Overview

Modernization Act in late FY 2004 (Part D). The Part D benefit allows persons in Medicare to enroll in private insurance plans that will cover most if not all of their prescription needs. Those seniors who are not on Medicare but still enrolled in RIPAE are expected to stay in the RIPAE program, generally in the lower subsidy categories. At the start of FY 2007, the State had automatically enrolled all eligible seniors as allowed under federal and state law, or approximately 11,000 of the recertified 17,000 members at the start of FY 2007. The recertification process removed nearly 8,000 inactive or deceased members and also verified income and age eligibility requirements of all active members.

The expenditure patterns of FY 2006 and the first half of FY 2007 change the basis for future year projections, as all Part D eligible seniors are using that plan as the primary payer, until reaching the period of non-coverage under Part D, or the ‘donut hole’. The donut hole is identified as the period in time (generally the last few months of the calendar year), when seniors exhaust the benefit under Part D and return to RIPAE as the primary payer for their drug requirements. Data from the last few months of calendar 2006 bear out this observation, as the number of claims and monthly expenditures show a twenty percent increase in each month, expected to decrease by a like amount beginning in January 2007 and continuing thereafter, until the fall and winter of 2007, when the coverage gap is again predicted.

The 2005 General Assembly also included pharmaceutical rebates as a restricted receipt resource for program drug cost, further reducing the program’s general revenue financing requirement in FY 2006 and beyond. Total drug expenditures in FY 2006, which was a hybrid year of RIPAE and Part D utilization was \$8.6 million, including \$6.2 million of general revenue and \$2.4 million of pharmaceutical rebates. Total claims was 554,765, with the months of May and June 2006 reflecting full implementation of Part D with 16,940 and 14,439 claims in each of the two months, in comparison to 64,702 claims in the month of January 2006.

In FY 2007, the Governor recommends provision of \$2.6 million, including \$1.9 million of general revenue and \$665,389 of restricted receipt rebates. The number of claims predicted for FY 2007 is 147,008. For FY 2008, the Governor recommends \$2.7 million for drug expenditure, including \$2.0 million in general revenue and \$690,000 in restricted receipt rebates. The number of claims is estimated to be 151,418. In future years, RIPAE is expected to remain stable, aside from drug inflation and activity of new enrollees. It is expected that the pharmaceutical requirements of the State’s seniors will continue to be met by the Part D program.

The forecasted expenditures within the Developmental Disability system of \$99.1 million in FY 2008 to \$119.8 million in FY 2012 indicate an average growth rate of approximately 4.8 percent per year. It should be noted that the expenditures only reflect the residential, day program, respite and supported employment services. Medical costs under the Medicaid program are reflected in Department of Human Services’ grant costs. Although the growth in expenditures in the Developmental Disability system has been relatively stable over the past few years, there are several factors that could significantly impact expenditures during the forecast period. These include greater public awareness of the availability and therefore the utilization of services, the aging of caregivers and the aging of the existing population. The aging of the caregivers places a significant burden on the residential portion of this program. Clients who were cared for by their parents often require residential placement when the parents are no longer able to care for them. The age of the existing client population will also have an effect on the future cost of care. As with the general population in society, the baby boom is reaching retirement age, and many clients are facing diseases and or complications associated with aging in addition to their existing disability. This can increase both the nature and quantity of services required to maintain a client's quality of life. Public awareness activities, sponsored by both the department and by consumers of service, have and will continue to lead to greater utilization, at the earliest possible age, of the full range of services for which clients are eligible.

FY 2008 – FY 2012 Overview

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, General Revenue Sharing and the Property Revaluation program. Growth in these programs is assumed to average 3.5 percent over the projection period. The forecast assumes that the reimbursed exemption for motor vehicles will remain at \$6,000 per vehicle. The values of motor vehicles have fluctuated significantly from one year to the next. The forecast assumes growth in values of 3.2 % each year and is based upon historical growth rates in the number of taxable vehicles.

In dollar terms, the largest driving force behind expenditure growth is accounted for by Education Aid programs, which is expected to increase by a total of \$137.2 million from the FY 2008 base level. This reflects an estimated 3 percent annual growth in education aid. Housing Aid, Teachers Retirement, and the Metropolitan School are considered separately in terms of growth assumptions. As previously noted, projections for future required employer contribution rates to the teacher's retirement fund reflect moderated growth rates as a result of successful retirement reform. State contributions for teacher's retirement increase from \$78.1 million in fiscal 2008 to \$86.4 million by fiscal 2012, an increase of \$8.3 million or 10.6 percent. Housing aid, which reimburses communities for part of the debt incurred for new school construction is projected to increase from \$52.9 million to \$66.9 million or 26.4%.

The General Revenue Sharing program is the next largest contributor to growth, with a projected increase of \$22.9 million over five years. The forecast assumes that the legislature will adopt the Governor's proposal to limit regular general revenue sharing to 3% of general revenues beginning in FY 2009. The distressed community program will grow from \$10.5 million to \$11.4 million. The PILOT program is anticipated to add \$8.3 million in expenditures over the forecast period while the Library Aid program including the construction reimbursement program will add \$2.0 million to the forecasted base.

Capital

The projection of capital project disbursements and debt service costs reflects updated debt service projections as included in the FY 2007 – FY 2011 Capital Improvement Plan. General revenue funded debt service on all tax supported obligations are projected to rise from \$151.3 million in FY 2008 to \$154.7 million in FY 2012. While this increase is not significant, there is a large increase compared to the FY2007 revised budget and FY 2008 due to the constitutional provision that debt service not be funded from the RI Capital Fund. In FY 2007, debt service funded from RI Capital Funds totals \$41.6 million. This source is not available in any of the later years in the five year projection.

The five year forecast is based upon outstanding debt and projected new debt contained in the Governor's recommended FY 2008-2012 Capital Budget. Interest rates for fixed rate general obligation bonds to be issued to fund FY 2007 and FY 2008 projects are projected at 5.0 percent. Interest rates for issuance of twenty-year fixed rate certificates of participation are estimated at 5.5 percent. EDC Masonic Temple Debt is assumed to be issued at 6.5% and paid over three years. Division of Motor Vehicles debt is assumed to be issued at 4.5% and amortized over seven years. Innovative Technology Bonds are assumed to be issued at 4.5% and amortized over ten years. Projected amortization schedules are found in the exhibits contained in Appendix C of the State's Capital Budget.

FY 2008 – FY 2012 Overview

FY 2007 Master Lease - \$10.5 million
FY 2007 G.O. Bonds for DOT - \$22.0 million
FY 2007 Technology - \$21.665 million
FY 2007 School for the Deaf - \$31.2 million
FY 2007 NOP- \$7.5 million
FY 2007 EDC Masonic Temple - \$14.280 million
FY 2007 DMV System - \$6.775 million
FY 2007 Energy Conservation - \$6.0 million
FY 2008 General Obligation Bonds \$120.0 million
FY 2008 State Police Radio Towers - \$7.145 million
FY 2008 Computer Center - \$9.05 million
FY 2009 Technology - \$15.440
FY 2009 General Obligation Bonds \$120.0 million
FY 2009 DMV System - \$6.225 million
FY 2009 EDC – Motor Fuel Bonds - \$14.9 million
FY 2011 – FY 2012 General Obligation \$100 million

The projected general revenue requirements for debt service are 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 decrease from \$41.6 million in FY 2007 to zero in FY 2008. In FY 2008 and thereafter, zero debt service will be funded from the Rhode Island Capital Plan funds. This, combined with new general obligation bond issuance, results in increased general revenue appropriations for debt service of \$3.3 million from FY 2008 to FY 2012. Disbursements for capital projects 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. The obligations for the RI Refunding Bond Authority (former Public Building Authority) decline from \$19.9 million in FY 2008 to zero in FY 2011. Debt service on certificates of participation decreases from \$38.6 million in FY2008 to \$30.3 million in FY2012. This is offset by an increase of \$31.7 million in general obligation debt

It is assumed that the Department of Transportation general obligation bond issuance in FY 2008 through FY 2012 will total \$22.3 million, \$42.0 million, \$42.0 million, \$42.0 million, and \$41.9 million. It is assumed that the two cents of the gas tax dedicated to Motor Fuel bonds issued by EDC is equal to approximately \$9.37 million annually. It is assumed that the Rhode Island Public Transit Authority debt service funded by gas tax revenues in FY 2008 through FY 2012 will total \$0.3 million in FY2008, \$2.2 million in FY2009, and \$3.2 million in FY2010, and \$1.5 million in FY 2011 and \$3.0 million in 2012.

The obligations arising from the performance based 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. In FY 2008, it assumes the Fidelity Phase I is \$2,305,000 and Providence Place Mall obligations are \$3.6 million. For FY2009 and thereafter, it is assumed that the State pays \$2.4 million on Fidelity Phase I and \$552,000 on the Fidelity Phase II transaction. The forecast assumes no requirement for the Bank of America obligation transaction, which if earned would total approximately \$0.3 million.

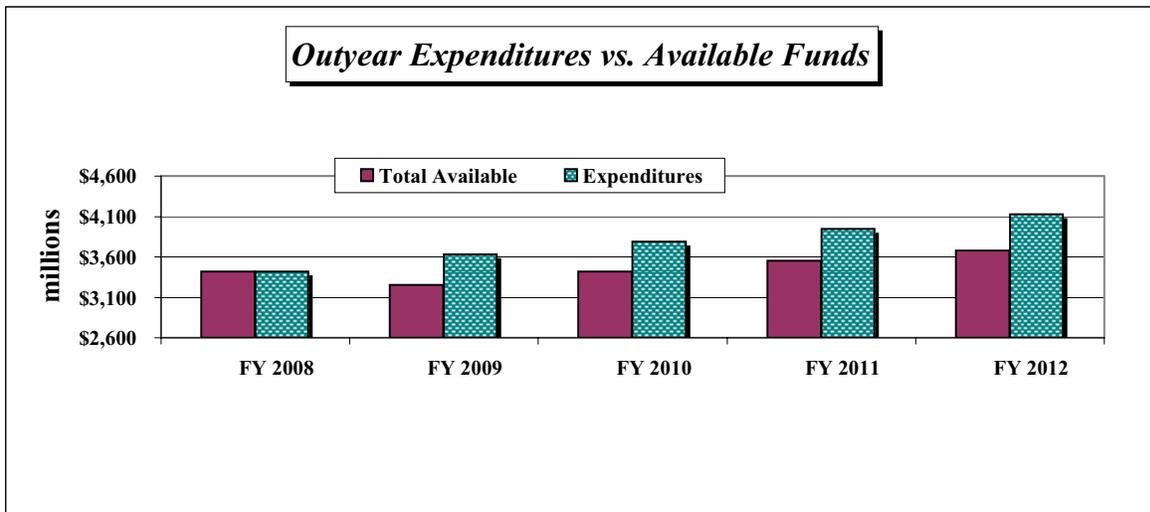
FY 2008 – FY 2012 Overview

Other

The projection also assumes that capital disbursement from general revenues would be \$14.0 million in FY 2008, and thereafter. This includes all expenditures which would be subject to fixed assets recording, and include a broader base of expenditures that reflected in previous capital budgets,

General Revenue Outyear Estimates FY 2008 - FY 2012

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Opening Surplus	\$63.1	\$0.0	\$0.0	\$0.0	\$0.0
Plus:					
Taxes and Departmentals	2,975.7	2,969.5	3,142.8	3,283.0	3,421.8
Other Sources	451.7	358.5	360.4	363.1	365.1
Budget Stabilization Fund	(69.8)	(73.2)	(84.1)	(94.8)	(106.0)
Total Available	3,420.7	3,254.8	3,419.1	3,551.3	3,680.9
Minus Expenditures	3,420.7	3,634.0	3,788.2	3,945.8	4,130.1
Equals Ending Balance	\$0.0	(\$379.2)	(\$369.1)	(\$394.5)	(\$449.2)
<i>Operating Surplus or Deficit</i>	<i>(\$63.1)</i>	<i>(\$379.2)</i>	<i>(\$369.1)</i>	<i>(\$394.5)</i>	<i>(\$449.2)</i>
Rhode Island Capital Fund					
Budget Stabilization Balance	\$104.6	\$113.2	\$133.1	\$153.1	\$174.2
Capital Fund Balance	0.6	(1.9)	(0.4)	12.2	38.9
<i>Debt Service Disbursements</i>	<i>39.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
<i>Capital Projects Disbursements</i>	<i>24.8</i>	<i>64.6</i>	<i>64.1</i>	<i>74.8</i>	<i>84.9</i>
<i>Total Disbursements</i>	<i>\$63.8</i>	<i>\$64.6</i>	<i>\$64.1</i>	<i>\$74.8</i>	<i>\$84.9</i>



General Revenue Outyear Estimates

	FY 2009	FY 2010	FY 2011	FY 2012
Personal Income Tax	\$1,107,000,000	\$1,217,600,000	\$1,298,900,000	\$1,376,000,000
General Business Taxes:				
Business Corporations & Franchise	136,200,000	142,700,000	147,800,000	152,700,000
Public Utilities	97,700,000	99,900,000	102,200,000	104,400,000
Financial Institutions	1,100,000	1,100,000	1,200,000	1,200,000
Insurance Companies	52,400,000	60,400,000	64,100,000	66,600,000
Bank Deposits	1,600,000	1,700,000	1,700,000	1,700,000
Health Care Provider	53,100,000	55,600,000	58,100,000	60,700,000
General Business Taxes	\$342,100,000	\$361,400,000	\$375,100,000	\$387,300,000
Sales and Use Taxes:				
Sales and Use	962,900,000	1,002,400,000	1,043,600,000	1,088,200,000
Motor Vehicle	55,900,000	57,000,000	58,100,000	59,200,000
Motor Fuel	1,100,000	1,100,000	1,100,000	1,100,000
Cigarettes	115,100,000	112,600,000	109,600,000	106,300,000
Alcohol	11,700,000	12,100,000	12,600,000	13,300,000
Controlled Substances	0	0	0	0
Sales and Use Taxes	\$1,146,700,000	\$1,185,200,000	\$1,225,000,000	\$1,268,100,000
Other Taxes:				
Inheritance and Gift	34,000,000	35,600,000	37,200,000	38,900,000
Racing and Athletics	2,500,000	2,100,000	1,800,000	1,400,000
Realty Transfer Tax	14,100,000	14,300,000	14,500,000	14,800,000
Other Taxes	\$50,600,000	\$52,000,000	\$53,500,000	\$55,100,000
Total Taxes	\$2,646,400,000	\$2,816,200,000	\$2,952,500,000	\$3,086,500,000
Total Departmental Receipts	323,100,000	326,600,000	330,500,000	335,300,000
Taxes and Departmentals	\$2,969,500,000	\$3,142,800,000	\$3,283,000,000	\$3,421,800,000
Other Sources				
Gas Tax Transfers	4,700,000	4,800,000	4,800,000	4,800,000
Other Miscellaneous	13,500,000	13,400,000	13,400,000	13,400,000
Lottery Commission Receipts	327,400,000	329,100,000	331,600,000	333,400,000
Unclaimed Property	12,900,000	13,100,000	13,300,000	13,500,000
Other Sources	\$358,500,000	\$360,400,000	\$363,100,000	\$365,100,000
Total General Revenues	\$3,328,000,000	\$3,503,200,000	\$3,646,100,000	\$3,786,900,000

General Revenue Outyear Estimates

	FY 2009	FY 2010	FY 2011	FY 2012
Personal Income Tax	1.0%	10.0%	6.7%	5.9%
General Business Taxes:				
Business Corporations	5.7%	4.7%	3.6%	3.3%
Public Utilities	-5.5%	2.3%	2.2%	2.2%
Financial Institutions	5.6%	5.0%	3.7%	3.3%
Insurance Companies	-0.6%	15.2%	6.0%	4.0%
Bank Deposits	2.0%	2.0%	2.0%	2.1%
Health Care Provider	7.0%	4.8%	4.6%	4.4%
General Business Taxes	1.4%	5.6%	3.8%	3.2%
Sales and Use Taxes:				
Sales and Use	3.6%	4.1%	4.1%	4.3%
Motor Vehicle	1.9%	1.9%	1.9%	1.9%
Motor Fuel	0.3%	1.1%	0.9%	0.8%
Cigarettes	-2.0%	-2.3%	-2.6%	-3.0%
Alcohol	3.3%	3.7%	4.5%	5.3%
Controlled Substances				
Sales and Use Taxes	2.9%	3.4%	3.4%	3.5%
Other Taxes:				
Inheritance and Gift	4.6%	4.7%	4.6%	4.5%
Racing and Athletics	-11.1%	-14.4%	-16.8%	-20.2%
Realty Transfer Tax	-0.2%	1.6%	1.7%	1.5%
Other Taxes	2.3%	2.9%	2.9%	2.9%
Total Taxes	1.9%	6.4%	4.8%	4.5%
Total Departmental Receipts	-14.6%	1.1%	1.2%	1.4%
Taxes and Departmentals	-0.2%	5.8%	4.5%	4.2%
Other Sources				
Gas Tax Transfers	0.3%	1.1%	0.9%	0.8%
Other Miscellaneous	-85.6%	-0.2%	-0.1%	0.0%
Lottery Commission Receipts	-3.7%	0.5%	0.8%	0.5%
Unclaimed Property	-5.8%	1.4%	1.5%	1.7%
Other Sources	-20.6%	0.5%	0.8%	0.6%
Total General Revenues	-2.9%	5.3%	4.1%	3.9%

General Revenue Outyear Expenditure Estimates

	FY 2009	FY 2010	FY 2011	FY 2012
State Operations				
Personnel	\$951,100,000	\$990,500,000	\$1,030,200,000	\$1,074,200,000
Other State Operations	140,500,000	143,300,000	146,200,000	149,300,000
DCYF Caseload Growth	1,300,000	2,600,000	4,000,000	5,600,000
DOC Inmate Growth	(170,000)	3,500,000	7,300,000	11,400,000
Subtotal	\$1,092,730,000	\$1,139,900,000	\$1,187,700,000	\$1,240,500,000
Grants and Benefits				
DCYF Services	\$61,400,000	\$62,600,000	\$63,800,000	\$65,100,000
TANF Cash/Child Care/MOE	27,700,000	28,900,000	33,000,000	34,400,000
SSI Cash	30,200,000	31,200,000	32,300,000	33,400,000
Home Health Care-DEA	7,700,000	8,500,000	9,400,000	10,300,000
Nursing Home Care	152,000,000	156,500,000	161,200,000	166,100,000
MHRH MR\DD	103,900,000	109,000,000	114,300,000	119,800,000
Other DHS Medicaid	295,200,000	320,200,000	347,300,000	376,500,000
RIPAE	2,800,000	2,900,000	3,000,000	3,000,000
Managed Care	283,400,000	310,300,000	339,800,000	372,100,000
Other Grants and Benefits	193,700,000	197,600,000	201,600,000	205,800,000
Subtotal	\$1,158,000,000	\$1,227,700,000	\$1,305,700,000	\$1,386,500,000
Local Aid				
Education Aid	936,500,000	966,100,000	994,900,000	1,026,000,000
General Revenue Sharing	76,400,000	80,700,000	85,000,000	87,500,000
GRS - VLT	500,000	500,000	500,000	500,000
Motor Vehicle Tax Reimbursements	143,100,000	147,700,000	152,400,000	157,300,000
PILOT	31,200,000	32,800,000	34,400,000	36,100,000
Distressed Communities	9,800,000	10,000,000	10,200,000	10,400,000
Distressed - VLT	900,000	900,000	1,000,000	1,000,000
Library Aid	11,500,000	13,200,000	13,300,000	13,400,000
Property Revaluation Prgm	1,300,000	1,100,000	700,000	1,200,000
Police/Fire Incentive Payments	700,000	700,000	700,000	700,000
Subtotal	\$1,211,900,000	\$1,253,700,000	\$1,293,100,000	\$1,334,100,000
Capital				
<i>Debt Service</i>				
General Obligation	\$68,800,000	\$76,900,000	\$82,200,000	\$94,700,000
Refunding Bond Authority	18,900,000	6,300,000	0	0
COPS/Other Leases	39,300,000	39,800,000	33,200,000	30,300,000
Convention Center	23,600,000	23,100,000	23,100,000	23,200,000
Performance Based	6,600,000	6,600,000	6,600,000	6,600,000
TANS	-	-	-	-
<i>Capital Improvements</i>				
Other Projects	14,200,000	14,200,000	14,200,000	14,200,000
Subtotal	\$171,400,000	\$166,900,000	\$159,300,000	\$169,000,000
	5,800,000	(4,500,000)	(7,600,000)	9,700,000
Total	\$3,634,030,000	\$3,788,200,000	\$3,945,800,000	\$4,130,100,000
Difference	\$213,330,000	\$154,170,000	\$157,600,000	\$184,300,000
	6.24%	4.24%	4.16%	4.67%

General Revenue Outyear Expenditure Estimates

	FY 2009	FY 2010	FY 2011	FY 2012
State Operations				
Personnel	7.88%	4.14%	4.01%	4.27%
Other State Operations	2.03%	1.99%	2.02%	2.12%
DCYF Annual Caseload Growth	2.10%	2.10%	2.10%	2.10%
DOC Annual Inmate Growth	1.70%	1.70%	1.70%	1.70%
Subtotal	7.20%	4.32%	4.19%	4.45%
Grants and Benefits				
DCYF Services	1.82%	1.95%	1.92%	2.04%
TANF Cash/Child Care/MOE	23.66%	4.33%	14.19%	4.24%
SSI Cash	3.78%	3.31%	3.53%	3.41%
Home Health Care-DEA	10.00%	10.39%	10.59%	9.57%
Nursing Home Care	2.91%	2.96%	3.00%	3.04%
MHRH MR/DD	4.84%	4.91%	4.86%	4.81%
Other Medicaid	8.49%	8.47%	8.46%	8.41%
RIPAE	3.70%	3.57%	3.45%	0.00%
Managed Care	9.21%	9.49%	9.51%	9.51%
Other Grants and Benefits	2.00%	2.01%	2.02%	2.08%
Subtotal	6.26%	6.02%	6.35%	6.19%
Local Aid				
Education Aid	5.37%	3.16%	2.98%	3.13%
General Revenue Sharing	18.08%	5.63%	5.33%	2.94%
Motor Vehicle Tax Reimbursements	1.78%	3.21%	3.18%	3.22%
PILOT	12.23%	5.13%	4.88%	4.94%
Distressed Communities	1.03%	2.04%	2.00%	1.96%
Distressed - VLT	12.50%	0.00%	11.11%	0.00%
Library Aid	0.00%	14.78%	0.76%	0.75%
Property Revaluation Prgm	30.00%	-15.38%	-36.36%	71.43%
Police/Fire Incentive Payments				
Subtotal	5.75%	3.45%	3.14%	3.17%
Capital				
<i>Debt Service</i>				
General Obligation	9.21%	11.77%	6.89%	15.21%
Refunding Bond Authority	-5.03%	-66.67%	0.00%	0.00%
COPS/Other Leases	1.81%	1.27%	-16.58%	-8.73%
Convention Center	1.29%	-2.12%	0.00%	0.43%
Performance Based	0.00%	0.00%	0.00%	0.43%
TANS				
<i>Capital Improvements</i>				
Other Projects	0.00%	0.00%	0.00%	0.00%
Subtotal	3.50%	-2.63%	-4.55%	6.09%
Total	6.24%	4.24%	4.16%	4.67%
CPI-U	2.0%	2.0%	2.0%	2.1%

General Revenue Outyear Planning Values

Estimates and Growth	FY 2009	FY 2010	FY 2011	FY 2012
Personal Income (billions) [1]	\$44.9	\$47.0	\$49.2	\$51.4
<i>Change</i>	4.7%	4.7%	4.7%	4.5%
Nonfarm Employment (thousands) [1]	504.9	509.9	514.5	518.1
<i>Change</i>	1.1%	1.0%	0.9%	0.7%
Personal Income Tax				
Wages and Salaries [1]	4.3%	4.4%	4.3%	4.1%
Elasticity [3]	1.4	1.4	1.4	1.4
Business Corporation Tax [4]	5.7%	4.7%	3.6%	3.3%
Provider Tax [3]	7.0%	4.8%	4.6%	4.4%
Sales Tax				
Wages and Salaries [1]	4.3%	4.4%	4.3%	4.1%
Gasoline Tax				
Real Consumption [5]	0.3%	1.1%	0.9%	0.8%
Other Taxes and Departmentals	-12.7%	1.3%	1.4%	1.6%
CPI-U (U.S.) [1]	2.0%	2.0%	2.0%	2.1%
Salaries and Fringe Benefits				
Salary COLA - [12], CPI-U [1]	2.0%	2.0%	2.0%	2.1%
Steps and Longevity Increases [3]	1.7%	1.7%	1.7%	1.7%
Medical Benefits Costs [12], [11]	8.1%	7.9%	7.6%	7.3%
Retiree Health Costs [13], [11]	1.8%	-1.8%	-3.3%	-1.5%
State Employees Retirement Costs [14]	21.14%	20.75%	20.07%	19.76%
Corrections Population, Including INS Detainees [3]	3,696	3,807	3,921	4,038
<i>Change</i>	3.0%	3.0%	3.0%	3.0%
Children in State Care	9,806	9,998	10,193	10,392
Caseload Change [3]	2.0%	2.0%	2.0%	2.0%
FIP Caseloads [3]	24,664	23,806	23,117	22,493
<i>Change</i>	-6.9%	-3.5%	-2.9%	-2.7%

General Revenue Outyear Planning Values

Estimates and Growth	FY 2009	FY 2010	FY 2011	FY 2012
SSI Caseload [3]	32,573	33,252	33,933	34,632
Caseload Change	2.6%	2.1%	2.0%	2.1%
Estimated Disabled	26,101	26,754	27,423	28,108
Disabled Growth	2.5%	2.5%	2.5%	2.5%
Estimated Elderly	6,471	6,498	6,511	6,524
Growth Elderly [6]	0.5%	0.4%	0.2%	0.2%
Home Health Care				
Expenditure Growth [7]	10.3%	10.2%	9.9%	9.6%
Nursing Home Care				
Expenditure Growth [3]	2.9%	3.0%	3.0%	3.0%
Other Medicaid				
Expenditure Growth [9]	8.5%	8.5%	8.4%	8.4%
RIPAE				
Caseloads [3]	17,188	17,542	17,903	18,272
Caseload Change [3]	0.6%	2.1%	2.1%	2.1%
Price Inflation [3], [10]	10.5%	10.3%	9.8%	9.8%
Managed Care				
Expenditure Growth [8]	9.2%	9.5%	9.5%	9.5%
Education Aid [15]	3.3%	2.9%	2.8%	4.9%

[1] November 2006 Revenue Estimating Conference Consensus Economic Forecast.

[2] Nov. 2006 REC estimates and Economy.com Fiscal Year Forecast of the Rhode Island Economy, November 2005.

[3] State of Rhode Island Budget Office Estimate.

[4] Economy.com Calendar Year Forecast of the U.S. Economy, November 2006, Corporate Profits Before Tax.

[5] Economy.com Calendar Year Forecast of the U.S. Economy, November 2006, Nondurables: Gasoline and Oil.

[6] Economy.com Fiscal Year Forecast of the R.I. Economy, November 2006, Growth in Population Ages 65+.

[7] HCFA (CMS) National Health Care Expenditures Projections 2004-2014, March 2006, Table 10: Home Health Care Expenditures, State and Local Payments, Average Annual Percentage Change from Previous Year, adjusted for State Fiscal Year.

[8] HCFA (CMS) National Health Care Expenditures Projections 2004-2014, March 2006, Table 3: National Health Expenditures, Private Health Insurance, Average Annual Percentage Change from Previous Year, adjusted for State fiscal Year.

[9] HCFA (CMS) National Health Care Expenditures Projections 2004-2014, March 2006, Table 3: National Health Expenditures, Medicaid, Average Annual Percentage Change from Previous Year, adjusted for State Fiscal Year.

[10] [3] and HCFA (CMS) National Health Care Expenditures Projections 2004-2014, March 2006, Table 11: Prescription Drug Expenditures, State and Local Payments, Average Annual Percentage Change from Previous Year, adjusted for State Fiscal Year.

[11] HCFA (CMS) National Health Care Expenditures Projections 2004-2014, March 2006, Table 5: Personal Health Care Expenditures, Private Health Insurance Payments, Average Annual Percentage Change from Previous Year, adjusted for State Fiscal Year.

[12] Negotiated rate - CPI thereafter.

[13] Reflects Compliance with GASB rules beginning with Fiscal 2008.

[14] Actuary % of payroll.

[15] State of Rhode Island Budget Office estimate of Education Aid Including Housing Aid, Teachers Retirement, Met Schools and Charter Schools

Appendix A

Schedules

General Revenue Budget Surplus Statement

	FY2005 Audited	FY2006 Unaudited	FY2007 Enacted	FY2007 Revised	FY2008 Recommended
Surplus					
Opening Surplus	\$ 24,451,367	\$ 38,698,361	\$ 23,721,453	\$ 37,760,784	\$ 63,091,466
Audit Adjustments				570,163	
Reappropriated Surplus	10,145,888	13,489,214		17,381,365	-
Subtotal	34,597,255	52,187,575	23,721,453	55,712,312	63,091,466
General Taxes	2,376,770,047	2,482,081,864	2,528,389,657	2,528,389,657	2,574,200,000
Revenue estimators' revision	-			4,510,343	
Changes to adopted revenue estimates				6,600,000	22,964,136
Subtotal	2,376,770,047	2,482,081,864	2,528,389,657	2,539,500,000	2,597,164,136
Departmental Revenues	267,952,890	287,430,365	296,432,332	296,432,332	236,300,000
Revenue estimators' revision	-			(1,232,332)	
Changes to adopted revenue estimates				1,163,745	142,276,314
Subtotal	267,952,890	287,430,365	296,432,332	296,363,745	378,576,314
Other Sources					
Gas Tax Transfers	9,022,662	4,322,195	4,927,335	4,927,335	4,685,000
Revenue estimators' revision	-			(242,335)	
Changes to adopted revenue estimates					
Other Miscellaneous	28,197,313	31,163,069	60,779,212	60,779,212	90,505,000
Rev Estimators' revision-Miscellaneous	-			(35,243,212)	-
Changes to adopted revenue estimates				20,870,706	3,000,000
Lottery	307,549,646	323,899,490	362,500,000	362,500,000	337,700,000
Revenue Estimators' revision-Lottery	-			(41,500,000)	
Changes to adopted revenue estimates				968,423	2,152,446
Unclaimed Property	15,617,732	14,243,183	10,800,000	10,800,000	12,400,000
Revenue Estimators' revision-Unclaimed	-			(500,000)	
Changes to adopted revenue estimates				1,182,558	1,269,210
Subtotal	360,387,353	373,627,937	439,006,547	384,542,687	451,711,656
Total Revenues	\$ 3,005,110,290	\$ 3,143,140,166	\$ 3,263,828,536	\$ 3,220,406,432	\$ 3,427,452,106
Budget Stabilization	(60,591,233)	(63,636,771)	(65,751,000)	(65,163,344)	(69,810,871)
Total Available	\$ 2,979,116,312	\$ 3,131,690,970	\$ 3,221,798,989	\$ 3,210,955,400	\$ 3,420,732,701
Actual/Enacted Expenditures	\$ 2,926,928,737	\$ 3,076,548,821	\$ 3,221,527,107	\$ 3,221,527,107	\$ 3,420,668,178
Reappropriations	-	-	-	17,381,365	-
Supplemental Appropriations	-	-	-	(28,044,538)	-
Total Expenditures	\$ 2,926,928,737	\$ 3,076,548,821	\$ 3,221,527,107	\$ 3,210,863,934	\$ 3,420,668,178
Free Surplus	\$ 38,698,361	\$ 37,760,784	\$ 271,882	\$ 91,466	\$ 64,523
Transfer from Budget Reserve Fund*				63,000,000	
Reappropriations	13,489,214	17,381,365	-	-	-
Total Ending Balances	\$ 52,187,575	\$ 55,142,149	\$ 271,882	\$ 63,091,466	\$ 64,523
Budget Reserve and Cash					
Stabilization Account	\$ 90,866,850	\$ 95,455,156	\$ 98,626,500	\$ 34,745,016	\$ 104,555,887

* In FY2007, the Governor proposes that a transfer of \$63,000,000 be made from the Budget Reserve Fund into the General Fund as a result of the November Revenue Estimating Conference's revenue estimates which are \$74.2 million lower than enacted revenues. The decision to access the Budget Reserve Fund in FY2007 is tied to the FY2008 recommended financing plan. Until the Budget Reserve Fund is replenished through the formula driven two percent revenue contribution, there will be no resources in the RICAP Fund for FY2008. For FY2008, the Governor proposes that capital expenditures totaling \$72.5 million be funded from a deposit into the RI Capital Fund from the Tobacco Settlement Financing Fund.

Expenditures from All Funds

	FY 2005 Actual	FY 2006 Unaudited	FY 2007 Enacted	FY 2007 Revised	FY 2008 Recommended
General Government					
Administration(1)	\$ 487,554,067	\$ 502,814,630	\$ 564,837,458	\$ 587,251,583	\$ 625,094,223
Business Regulation	9,754,827	10,437,130	11,739,112	11,663,113	12,500,942
Labor and Training	447,983,389	436,308,239	455,819,840	447,476,498	459,453,891
Revenue(1)	36,234,109	260,392,918	255,530,361	247,167,203	256,830,774
Legislature	28,031,704	30,706,765	33,671,625	34,881,749	35,699,082
Lieutenant Governor	848,006	900,054	963,012	896,416	925,112
Secretary of State	8,593,464	11,873,344	8,444,162	7,265,753	6,099,762
General Treasurer	36,348,161	37,344,075	29,095,958	33,455,104	35,848,637
Boards for Design Professionals	379,272	381,197	390,153	380,240	406,186
Board of Elections	2,569,068	2,392,935	3,335,139	4,302,566	2,024,108
Rhode Island Ethics Commission	969,234	1,156,120	1,297,421	1,273,231	1,543,291
Governor's Office	4,362,965	4,929,960	5,044,144	4,770,397	4,994,823
Public Utilities Commission	4,817,830	5,179,221	6,912,981	7,046,367	7,100,547
Rhode Island Commission on Women	83,741	89,441	99,715	99,023	108,203
Subtotal - General Government	\$ 1,068,529,837	\$ 1,304,906,029	\$ 1,377,181,081	\$ 1,387,929,243	\$ 1,448,629,581
Human Services					
Office of Health & Human Services	-	-	770,120	3,303,656	6,582,551
Children, Youth, and Families	263,113,618	285,549,249	293,117,043	305,788,545	215,583,274
Elderly Affairs	42,036,630	44,439,520	38,769,310	37,816,334	38,413,285
Health	104,931,884	108,187,222	110,177,021	120,116,555	124,208,543
Human Services	1,629,207,079	1,688,206,975	1,642,761,821	1,620,685,713	1,816,522,396
Mental Health, Retardation, & Hospitals	465,965,281	493,607,175	487,185,797	491,883,874	492,784,480
Office of the Child Advocate	420,874	456,410	598,096	596,674	560,757
Commission on Deaf & Hard of Hearing	262,320	300,390	370,329	360,024	387,654
RI Developmental Disabilities Council	598,694	468,398	461,393	461,393	461,111
Governor's Commission on Disabilities	706,319	792,816	1,023,327	954,740	968,079
Commission for Human Rights	1,107,462	1,181,942	1,398,694	1,313,309	1,388,940
Office of the Mental Health Advocate	339,922	377,374	409,492	403,413	430,899
Subtotal - Human Services	\$ 2,508,690,083	\$ 2,623,567,471	\$ 2,577,042,443	\$ 2,583,684,230	\$ 2,698,291,969
Education					
Elementary and Secondary	980,989,560	999,448,300	1,076,679,481	1,069,991,410	1,116,205,410
Higher Education - Board of Governors*	629,473,283	687,460,192	739,807,969	729,765,619	807,854,050
RI Council on the Arts	2,507,198	2,626,163	4,581,161	4,260,301	6,509,453
RI Atomic Energy Commission	976,442	1,095,361	1,382,908	1,325,436	1,481,463
Higher Education Assistance Authority	23,287,850	22,973,871	29,658,012	27,845,570	34,350,404
Historical Preservation and Heritage Comm.	1,965,282	2,284,105	2,459,763	2,774,257	2,659,172
Public Telecommunications Authority	3,170,445	3,387,942	2,217,167	2,440,455	2,187,056
Subtotal - Education	\$ 1,642,370,060	\$ 1,719,275,934	\$ 1,856,786,461	\$ 1,838,403,048	\$ 1,971,247,008

Expenditures from All Funds

	FY 2005 Actual	FY 2006 Unaudited	FY 2007 Enacted	FY 2007 Revised	FY 2008 Recommended
Public Safety					
Attorney General	19,628,994	22,225,477	23,137,164	22,910,611	23,846,816
Corrections	151,740,062	161,859,196	178,411,571	176,091,246	199,169,922
Judicial	81,582,201	89,096,207	95,442,437	93,107,507	95,094,008
Military Staff	20,268,716	27,276,537	37,353,846	36,257,265	26,670,671
E-911 Emergency Telephone System	4,918,862	6,259,099	6,868,718	6,752,319	4,772,234
Fire Safety Code Board of Appeal & Review	237,485	295,120	289,299	297,368	303,435
State Fire Marshal	2,221,107	2,373,444	3,029,049	3,023,989	2,956,278
Commission on Judicial Tenure & Discipline	129,108	111,504	114,772	111,216	119,705
Rhode Island Justice Commission	5,295,881	5,393,731	4,901,694	4,452,988	4,342,326
Municipal Police Training Academy	389,141	336,230	470,710	484,620	479,252
State Police	46,460,587	49,748,147	54,342,790	60,662,858	62,544,303
Office Of Public Defender	7,155,719	8,397,924	9,462,246	9,122,185	9,597,262
Subtotal - Public Safety	\$ 340,027,863	\$ 373,372,616	\$ 413,824,296	\$ 413,274,172	\$ 429,896,212
Natural Resources					
Environmental Management	64,728,697	68,197,617	91,950,719	94,767,999	86,314,093
Coastal Resources Management Council	3,830,827	4,483,028	6,907,059	7,361,930	4,165,659
Water Resources Board	2,635,204	1,973,950	2,417,902	2,380,229	2,001,336
Subtotal - Natural Resources	\$ 71,194,728	\$ 74,654,595	\$ 101,275,680	\$ 104,510,158	\$ 92,481,088
Transportation					
Transportation	369,519,134	395,001,637	338,839,441	370,526,906	376,833,630
Subtotal - Transportation	\$ 369,519,134	\$ 395,001,637	\$ 338,839,441	\$ 370,526,906	\$ 376,833,630
Total	\$ 6,000,331,705	\$ 6,490,778,282	\$ 6,664,949,402	\$ 6,698,327,757	\$ 7,017,379,488
Reconciliation to Statewide Preliminary Closing (2)		1,306,295			
		\$ 6,492,084,577			

(1) Department of Administration history adjusted for Taxation and Division of Motor Vehicles transferred in FY2007 to new Department of Revenue.

(2) FY2006 may not add to the State Controller's preliminary actual data due to rounding; data will be refined for final audited data.

Expenditures from General Revenues

	FY 2005 Actual	FY 2006 Unaudited	FY 2007 Enacted	FY 2007 Revised	FY 2008 Recommended
General Government					
Administration(1)	\$382,458,648	\$393,743,813	\$442,478,140	\$451,453,511	\$504,432,741
Business Regulation	9,278,429	9,768,222	10,934,704	10,812,564	11,627,571
Labor and Training	7,096,275	7,324,547	6,841,850	6,997,013	6,651,959
Revenue(1)	33,543,709	35,740,586	37,458,039	35,773,913	38,962,530
Legislature	26,933,113	29,355,262	32,219,892	33,472,897	34,175,361
Lieutenant Governor	848,006	900,054	963,012	896,416	925,112
Secretary of State	5,288,648	5,218,298	5,940,917	6,106,546	5,069,542
General Treasurer	3,166,378	2,748,745	2,953,000	2,662,801	2,908,550
Boards for Design Professionals	379,272	381,197	390,153	380,240	406,186
Board of Elections	1,502,197	1,439,759	2,516,239	3,684,992	1,437,214
Rhode Island Ethics Commission	969,234	1,156,120	1,297,421	1,273,231	1,543,291
Governor's Office	4,362,965	4,763,177	4,952,015	4,681,601	4,899,774
Public Utilities Commission	628,341	656,682	743,985	737,811	665,706
Rhode Island Commission on Women	83,741	89,441	99,715	99,023	108,203
Subtotal - General Government	\$476,538,956	\$493,285,903	\$549,789,082	\$559,032,559	\$613,813,740
Human Services					
Office of Health & Human Services	-	-	313,160	297,018	310,738
Children, Youth, and Families	155,364,630	167,965,202	173,191,438	181,378,754	137,351,887
Elderly Affairs	25,660,265	22,123,914	20,095,705	19,364,571	19,381,354
Health	29,859,395	37,324,533	33,303,209	34,417,579	34,204,438
Human Services	694,484,822	720,809,672	725,054,386	716,426,058	813,501,934
Mental Health, Retardation, & Hospitals	230,338,122	249,868,277	238,455,569	238,057,998	239,233,568
Office of the Child Advocate	339,721	445,877	558,096	558,674	520,757
Commission on Deaf & Hard of Hearing	262,320	300,390	355,329	342,524	370,154
RI Developmental Disabilities Council	-	-	-	-	-
Governor's Commission on Disabilities	535,199	539,667	602,202	552,672	535,775
Commission for Human Rights	997,419	984,271	1,075,216	989,630	984,197
Office of the Mental Health Advocate	339,922	377,374	409,492	403,413	430,899
Subtotal - Human Services	\$1,138,181,815	\$1,200,739,177	\$1,193,413,802	\$1,192,788,891	\$1,246,825,701
Education					
Elementary and Secondary	793,955,132	835,821,659	889,376,406	884,303,258	932,174,601
Higher Education - Board of Governors*	173,432,404	180,371,797	196,731,350	189,491,502	197,605,320
RI Council on the Arts	1,791,045	1,987,619	2,841,466	2,764,965	2,803,000
RI Atomic Energy Commission	716,418	799,460	836,702	810,531	819,869
Higher Education Assistance Authority	9,956,900	7,729,028	6,747,402	6,708,495	16,019,684
Historical Preservation and Heritage Comm.	1,221,109	1,395,338	1,705,676	1,677,924	1,633,800
Public Telecommunications Authority	1,039,184	1,257,555	1,388,669	1,317,786	1,387,400
Subtotal - Education	\$982,112,192	\$1,029,362,456	\$1,099,627,671	\$1,087,074,461	\$1,152,443,674

Expenditures from General Revenues

	FY 2005 Actual	FY 2006 Unaudited	FY 2007 Enacted	FY 2007 Revised	FY 2008 Recommended
Public Safety					
Attorney General	\$17,141,816	\$19,895,944	\$20,843,701	\$20,313,531	\$21,335,305
Corrections	146,860,786	151,117,192	162,442,311	156,781,330	189,214,299
Judicial	71,715,433	76,968,262	83,973,989	80,842,834	83,526,524
Military Staff	2,336,253	2,982,039	3,164,919	2,826,113	2,680,355
E-911 Emergency Telephone System	3,881,544	4,341,442	4,485,669	4,098,361	4,772,234
Fire Safety Code Board of Appeal & Review	237,485	295,120	289,299	297,368	303,435
State Fire Marshal	2,099,879	2,243,866	2,838,049	2,596,825	2,728,306
Commission on Judicial Tenure & Discipline	129,108	111,504	114,772	111,216	119,705
Rhode Island Justice Commission	253,856	253,280	163,972	154,303	160,815
Municipal Police Training Academy	342,853	331,008	425,710	404,620	429,252
State Police	42,443,124	45,221,617	49,047,151	54,070,136	52,958,743
Office Of Public Defender	6,871,288	8,270,298	9,326,545	8,882,554	9,435,548
Subtotal - Public Safety	\$294,313,425	\$312,031,572	\$337,116,087	\$331,379,191	\$367,664,521
Natural Resources					
Environmental Management	33,277,951	38,089,653	37,530,496	36,632,436	36,131,647
Coastal Resources Management Council	1,416,887	1,681,767	2,112,667	2,130,724	1,879,559
Water Resources Board	1,087,511	1,358,691	1,937,302	1,825,672	1,909,336
Subtotal - Natural Resources	\$35,782,349	\$41,130,111	\$41,580,465	\$40,588,832	\$39,920,542
Transportation					
Transportation	-	-	-	-	-
Subtotal - Transportation	-	-	-	-	-
Total	\$2,926,928,737	\$3,076,549,219	\$3,221,527,107	\$3,210,863,934	\$3,420,668,178
Reconciliation to Statewide Preliminary Closing (2)		(398)			
		\$3,076,548,821			

(1) Department of Administration history adjusted for Taxation and Division of Motor Vehicles transferred in FY2007 to new Department of Revenue

(2) FY2006 may not add to the State Controller's preliminary actual data due to rounding; data will be refined for final audited data.

Expenditures from Federal Funds

	FY 2005 Actual	FY 2006 Unaudited	FY 2007 Enacted	FY 2007 Revised	FY 2008 Recommended
General Government					
Administration(1)	\$31,726,143	\$28,843,068	\$39,166,078	\$47,810,379	\$46,083,583
Business Regulation	-	-	-	43,291	51,742
Labor and Training	31,826,292	33,831,504	28,609,685	34,373,400	28,124,845
Revenue(1)	1,215,890	1,529,559	1,583,898	2,132,525	1,335,145
Legislature	-	-	-	-	-
Lieutenant Governor	-	-	-	-	-
Secretary of State	2,913,387	6,196,305	2,016,890	942,687	586,744
General Treasurer	1,713,752	594,152	1,022,289	1,959,592	1,916,146
Boards for Design Professionals	-	-	-	-	-
Board of Elections	1,066,871	953,176	818,900	617,574	586,894
Rhode Island Ethics Commission	-	-	-	-	-
Governor's Office	-	-	-	-	-
Public Utilities Commission	56,367	76,231	88,567	99,853	100,124
Rhode Island Commission on Women	-	-	-	-	-
Subtotal - General Government	\$70,518,702	\$72,023,995	\$73,306,307	\$87,979,301	\$78,785,223
Human Services					
Office of Health & Human Services	-	-	245,357	2,590,789	5,826,265
Children, Youth, and Families	106,338,985	114,995,327	116,464,511	121,926,350	74,712,446
Elderly Affairs	11,769,152	15,196,099	12,623,605	13,101,374	13,056,931
Health	64,504,296	59,869,026	66,163,334	66,437,481	65,079,387
Human Services	931,182,907	964,188,277	909,098,887	895,386,699	993,596,741
Mental Health, Retardation, & Hospitals	232,779,398	240,348,677	244,652,728	247,712,769	244,143,412
Office of the Child Advocate	81,153	10,533	40,000	38,000	40,000
Commission on Deaf & Hard of Hearing	-	-	15,000	17,500	17,500
RI Developmental Disabilities Council	598,694	468,398	461,393	461,393	461,111
Governor's Commission on Disabilities	39,209	71,905	195,681	175,604	181,692
Commission for Human Rights	110,043	197,671	323,478	323,679	404,743
Office of the Mental Health Advocate	-	-	-	-	-
Subtotal - Human Services	\$1,347,403,837	\$1,395,345,913	\$1,350,283,974	1,348,171,638	1,397,520,228
Education					
Elementary and Secondary	183,084,922	160,082,349	182,724,069	181,033,147	178,333,355
Higher Education - Board of Governors*	2,527,352	1,347,949	3,146,976	3,146,976	3,526,446
RI Council on the Arts	677,768	584,039	731,500	695,336	706,453
RI Atomic Energy Commission	64,899	136,215	375,000	340,705	420,940
Higher Education Assistance Authority	7,360,604	9,185,706	12,852,312	11,600,571	12,612,204
Historical Preservation and Heritage Comm.	569,714	581,658	487,267	605,186	529,078
Public Telecommunications Authority	360,905	-	-	-	-
Subtotal - Education	\$194,646,164	\$171,917,916	\$200,317,124	\$197,421,921	\$196,128,476

Expenditures from Federal Funds

	FY 2005 Actual	FY 2006 Unaudited	FY 2007 Enacted	FY 2007 Revised	FY 2008 Recommended
Public Safety					
Attorney General	\$1,585,915	\$1,390,960	\$1,055,397	\$1,245,515	\$1,322,964
Corrections	2,889,866	9,064,114	8,338,120	11,440,165	2,807,500
Judicial	2,604,779	3,026,152	2,195,821	2,879,609	1,578,692
Military Staff	17,651,183	24,001,335	32,649,782	29,157,641	22,157,534
E-911 Emergency Telephone System	66,625	171,162	70,936	170,768	-
Fire Safety Code Board of Appeal & Review	-	-	-	-	-
State Fire Marshal	121,228	129,578	191,000	414,565	227,972
Commission on Judicial Tenure & Discipline	-	-	-	-	-
Rhode Island Justice Commission	5,017,915	5,140,113	4,707,722	4,268,685	4,151,511
Municipal Police Training Academy	46,288	5,222	45,000	80,000	50,000
State Police	1,143,803	1,330,660	1,743,907	2,077,783	1,091,916
Office Of Public Defender	284,431	127,626	135,701	239,631	161,714
Subtotal - Public Safety	\$31,412,033	\$44,386,922	\$51,133,386	\$51,974,362	\$33,549,803
Natural Resources					
Environmental Management	16,417,852	18,684,016	33,786,435	37,292,430	27,747,197
Coastal Resources Management Council	2,279,028	2,086,791	1,599,392	2,059,745	1,607,000
Water Resources Board	606,874	203,685	-	64,122	-
Subtotal - Natural Resources	\$19,303,754	\$20,974,492	\$35,385,827	\$39,416,297	\$29,354,197
Transportation					
Transportation	227,723,125	250,816,104	237,746,529	272,559,520	275,263,422
Subtotal - Transportation	\$227,723,125	\$250,816,104	\$237,746,529	\$272,559,520	\$275,263,422
Total	\$1,891,007,615	\$1,955,465,342	\$1,948,173,147	\$1,997,523,039	\$2,010,601,349
Reconciliation to Statewide Preliminary Closing (2)		115			
		\$1,955,465,457			

(1) Department of Administration history adjusted for Taxation and Division of Motor Vehicles transferred in FY2007 to new Department of Revenue.

(2) FY2006 may not add to the State Controller's preliminary actual data due to rounding; data will be refined for final audited data.

Expenditures from Restricted Receipts

	FY 2005 Actual	FY 2006 Unaudited	FY 2007 Enacted	FY 2007 Revised	FY 2008 Recommended
General Government					
Administration(1)	\$7,544,690	\$1,374,500	\$5,579,789	\$6,536,747	\$12,342,311
Business Regulation	476,398	668,908	804,408	807,258	821,629
Labor and Training	22,322,945	15,355,924	22,889,473	20,082,977	28,283,698
Revenue(1)	740,854	691,134	829,451	790,838	845,506
Legislature	1,098,591	1,351,503	1,451,733	1,408,852	1,523,721
Lieutenant Governor	-	-	-	-	-
Secretary of State	391,429	458,741	486,355	216,520	443,476
General Treasurer	25,494,082	28,150,155	24,816,835	28,519,236	30,730,801
Boards for Design Professionals	-	-	-	-	-
Board of Elections	-	-	-	-	-
Rhode Island Ethics Commission	-	-	-	-	-
Governor's Office	-	117,777	-	-	-
Public Utilities Commission	4,133,122	4,446,308	6,080,429	6,208,703	6,334,717
Rhode Island Commission on Women	-	-	-	-	-
Subtotal - General Government	\$62,202,111	\$52,614,950	\$62,938,473	\$64,571,131	\$81,325,859
Human Services					
Office of Health & Human Services	-	-	211,603	415,849	445,548
Children, Youth, and Families	1,409,503	2,033,285	1,661,094	2,218,781	1,753,941
Elderly Affairs	-	2,362,357	1,250,000	665,389	690,000
Health	10,530,235	10,972,382	10,680,518	19,226,042	24,896,042
Human Services	3,539,350	3,159,075	8,608,548	8,872,956	8,123,721
Mental Health, Retardation, & Hospitals	50,000	6,776	90,000	190,000	3,040,000
Office of the Child Advocate	-	-	-	-	-
Commission on Deaf & Hard of Hearing	-	-	-	-	-
RI Developmental Disabilities Council	-	-	-	-	-
Governor's Commission on Disabilities	22,634	67,058	25,444	26,464	50,612
Commission for Human Rights	-	-	-	-	-
Office of the Mental Health Advocate	-	-	-	-	-
Subtotal - Human Services	\$15,551,722	\$18,600,933	\$22,527,207	\$31,615,481	\$38,999,864
Education					
Elementary and Secondary	2,873,249	3,335,832	4,527,067	4,484,864	4,456,569
Higher Education - Board of Governors*	532,955	763,276	1,179,479	1,384,896	893,520
RI Council on the Arts	38,385	-	1,008,195	-	-
RI Atomic Energy Commission	-	-	-	-	-
Higher Education Assistance Authority	-	-	-	-	-
Historical Preservation and Heritage Comm.	174,459	307,109	266,820	491,147	496,294
Public Telecommunications Authority	-	-	-	-	-
Subtotal - Education	\$3,619,048	\$4,406,217	\$6,981,561	\$6,360,907	\$5,846,383

Expenditures from Restricted Receipts

	FY 2005 Actual	FY 2006 Unaudited	FY 2007 Enacted	FY 2007 Revised	FY 2008 Recommended
Public Safety					
Attorney General	\$698,341	\$719,263	\$1,073,066	\$940,298	\$973,547
Corrections	217,362	2,423	-	-	-
Judicial	6,730,331	7,631,617	8,327,627	8,346,584	8,518,792
Military Staff	156,049	264,966	430,385	363,824	407,532
E-911 Emergency Telephone System	970,693	1,746,495	2,312,113	2,483,190	-
Fire Safety Code Board of Appeal & Review	-	-	-	-	-
State Fire Marshal	-	-	-	-	-
Commission on Judicial Tenure & Discipline	-	-	-	-	-
Rhode Island Justice Commission	24,110	338	30,000	30,000	30,000
Municipal Police Training Academy	-	-	-	-	-
State Police	248,488	164,847	235,411	614,333	312,100
Office Of Public Defender	-	-	-	-	-
Subtotal - Public Safety	\$9,045,374	\$10,529,949	\$12,408,602	\$12,778,229	\$10,241,971
Natural Resources					
Environmental Management	9,171,245	9,817,745	17,552,240	18,497,716	16,844,363
Coastal Resources Management Council	134,912	669,970	3,195,000	3,165,961	679,100
Water Resources Board	848,273	327,254	400,000	400,000	-
Subtotal - Natural Resources	\$10,154,430	\$10,814,969	\$21,147,240	\$22,063,677	\$17,523,463
Transportation					
Transportation	636,146	451,005	3,066,699	644,560	661,834
Subtotal - Transportation	\$636,146	\$451,005	\$3,066,699	\$644,560	\$661,834
Total	\$101,208,831	\$97,418,023	\$129,069,782	\$138,033,985	\$154,599,374
Reconciliation to Statewide Preliminary Closing (2)		(21)			
		\$97,418,002			

(1) Department of Administration history adjusted for Taxation and Division of Motor Vehicles transferred in FY2007 to new Department of Revenue.

(2) FY2006 may not add to the State Controller's preliminary actual data due to rounding; data will be refined for final audited data.

Expenditures from Other Funds

	FY 2005	FY 2006	FY 2007	FY 2007	FY 2008
	Actual	Unaudited	Enacted	Revised	Recommended
General Government					
Administration(1)	\$65,824,586	\$78,853,249	\$77,613,451	\$81,450,946	\$62,235,588
Business Regulation	-	-	-	-	-
Labor and Training	386,737,877	379,796,264	397,478,832	386,023,108	396,393,389
Revenue(1)	733,656	222,431,639	215,658,973	208,469,927	215,687,593
Legislature	-	-	-	-	-
Lieutenant Governor	-	-	-	-	-
Secretary of State	-	-	-	-	-
General Treasurer	5,973,949	5,851,023	303,834	313,475	293,140
Boards for Design Professionals	-	-	-	-	-
Board of Elections	-	-	-	-	-
Rhode Island Ethics Commission	-	-	-	-	-
Governor's Office	-	49,006	92,129	88,796	95,049
Public Utilities Commission	-	-	-	-	-
Rhode Island Commission on Women	-	-	-	-	-
Subtotal - General Government	\$459,270,068	\$686,981,181	\$691,147,219	\$676,346,252	\$674,704,759
Human Services					
Office of Health & Human Services	-	-	-	-	-
Children, Youth, and Families	500	555,435	1,800,000	264,660	1,765,000
Elderly Affairs	4,607,213	4,757,150	4,800,000	4,685,000	5,285,000
Health	37,958	21,281	29,960	35,453	28,676
Human Services	-	49,951	-	-	1,300,000
Mental Health, Retardation, & Hospitals	2,797,761	3,383,445	3,987,500	5,923,107	6,367,500
Office of the Child Advocate	-	-	-	-	-
Commission on Deaf & Hard of Hearing	-	-	-	-	-
RI Developmental Disabilities Council	-	-	-	-	-
Governor's Commission on Disabilities	109,277	114,186	200,000	200,000	200,000
Commission for Human Rights	-	-	-	-	-
Office of the Mental Health Advocate	-	-	-	-	-
Subtotal - Human Services	\$7,552,709	\$8,881,448	\$10,817,460	\$11,108,220	\$14,946,176
Education					
Elementary and Secondary	1,076,257	208,460	51,939	170,141	1,240,885
Higher Education - Board of Governors*	452,980,572	504,977,170	538,750,164	535,742,245	605,828,764
RI Council on the Arts	-	54,505	-	800,000	3,000,000
RI Atomic Energy Commission	195,125	159,686	171,206	174,200	240,654
Higher Education Assistance Authority	5,970,346	6,059,137	10,058,298	9,536,504	5,718,516
Historical Preservation and Heritage Comm.	-	-	-	-	-
Public Telecommunications Authority	1,770,356	2,130,387	828,498	1,122,669	799,656
Subtotal - Education	\$461,992,656	\$513,589,345	\$549,860,105	\$547,545,759	\$616,828,475

Expenditures from Other Funds

	FY 2005 Actual	FY 2006 Unaudited	FY 2007 Enacted	FY 2007 Revised	FY 2008 Recommended
Public Safety					
Attorney General	\$202,922	\$219,310	\$165,000	\$411,267	\$215,000
Corrections	1,772,048	1,675,467	7,631,140	7,869,751	7,148,123
Judicial	531,658	1,470,176	945,000	1,038,480	1,470,000
Military Staff	125,231	28,197	1,108,760	3,909,687	1,425,250
E-911 Emergency Telephone System	-	-	-	-	-
Fire Safety Code Board of Appeal & Review	-	-	-	-	-
State Fire Marshal	-	-	-	12,599	-
Commission on Judicial Tenure & Discipline	-	-	-	-	-
Rhode Island Justice Commission	-	-	-	-	-
Municipal Police Training Academy	-	-	-	-	-
State Police	2,625,172	3,031,023	3,316,321	3,900,606	8,181,544
Office Of Public Defender	-	-	-	-	-
Subtotal - Public Safety	\$5,257,031	\$6,424,173	\$13,166,221	\$17,142,390	\$18,439,917
Natural Resources					
Environmental Management	5,861,649	1,606,203	3,081,548	2,345,417	5,590,886
Coastal Resources Management Council	-	44,500	-	5,500	-
Water Resources Board	92,546	84,320	80,600	90,435	92,000
Subtotal - Natural Resources	\$5,954,195	\$1,735,023	\$3,162,148	\$2,441,352	\$5,682,886
Transportation					
Transportation	141,159,863	143,734,528	98,026,213	97,322,826	100,908,374
Subtotal - Transportation	\$141,159,863	\$143,734,528	\$98,026,213	\$97,322,826	\$100,908,374
Total	\$1,081,186,522	\$1,361,345,698	\$1,366,179,366	\$1,351,906,799	\$1,431,510,587
Reconciliation to Statewide Preliminary Closing (2)		1,306,599			
		\$1,362,652,297			

(1) Department of Administration history adjusted for Taxation and Division of Motor Vehicles transferred in FY2007 to new Department of Revenue.

(2) FY2006 may not add to the State Controller's preliminary actual data due to rounding; data will be refined for final audited data.

Full-Time Equivalent Positions

	FY 2005	FY 2006	FY 2007 Enacted	FY 2007 Revised**	FY 2008**
General Government					
Administration	877.7	777.9	1,077.3	1,065.2	882.2
Business Regulation	109.0	110.0	102.7	103.0	103.0
Labor & Training	513.7	510.7	467.9	467.9	455.9
Legislature	280.0	289.0	275.2	294.0	298.2
Office of the Lieutenant Governor	10.0	10.0	9.5	9.5	9.5
Secretary of State	59.0	59.0	55.9	56.0	56.0
General Treasurer	87.5	87.5	86.2	86.5	86.5
Boards for Design Professionals	4.0	4.0	3.8	4.0	4.0
Board Of Elections	15.0	15.0	14.3	14.0	14.0
Rhode Island Ethics Commission	12.0	12.0	11.4	12.0	14.0
Office of the Governor	47.5	49.5	46.0	46.0	46.0
Public Utilities Commission	46.0	46.0	45.7	45.7	45.7
Revenue	425.5	492.0	472.1	473.0	482.0
Rhode Island Commission on Women	1.0	1.0	0.9	1.0	1.0
Subtotal - General Government	2,487.9	2,463.6	2,668.9	2,677.8	2,498.0
Human Services					
Children, Youth, and Families	849.8	849.8	789.8	789.0	810.0
Elderly Affairs	52.0	52.0	50.5	48.0	47.0
Health	497.9	499.4	465.6	465.6	457.7
Human Services	1,069.6	1,173.4	1,111.0	1,111.0	1,083.0
Mental Health, Retardation, & Hospitals	1,992.7	1,992.7	1,817.3	1,824.3	1,603.0
Office of the Child Advocate	5.8	6.1	5.8	5.8	5.8
Commission On the Deaf & Hard of Hearing	3.0	3.0	2.8	3.0	3.0
RI Developmental Disabilities Council	2.0	2.0	2.0	2.0	2.0
Governor's Commission on Disabilities	6.6	6.6	6.3	6.6	5.6
Office of Health and Human Services			5.0	5.0	5.0
Commission for Human Rights	15.0	15.0	14.4	14.5	14.5
Office of the Mental Health Advocate	3.7	3.7	3.5	3.7	3.7
Subtotal - Human Services	4,498.1	4,603.7	4,274.0	4,278.5	4,040.3
Education					
Elementary and Secondary Education	333.1	339.1	124.5	131.2	134.2
Davies	-	-	133.0	133.0	133.0
School for the Deaf	-	-	68.0	68.0	68.0
Elementary Secondary Education - Total	333.1	339.1	325.5	332.2	335.2
Office of Higher Education Non-Sponsored Research	22.0	22.0	21.0	21.0	21.0
URI Non-Sponsored Research	1,952.6	1,959.6	1,940.1	1,940.1	1,943.1
RIC Non-Sponsored Research	856.2	859.2	843.5	843.5	853.5
CCRI Non-Sponsored Research	725.9	748.9	750.2	750.2	750.2
Higher Education - Total Non-Sponsored	3,556.7	3,589.7	3,554.8	3,554.8	3,567.8

Full-Time Equivalent Positions

	FY 2005	FY 2006	FY 2007 Enacted	FY 2007 Revised**	FY 2008**
RI Council On The Arts	7.0	8.0	8.6	8.6	8.6
RI Atomic Energy Commission	8.6	8.6	8.2	8.6	8.6
Higher Education Assistance Authority	46.0	46.0	45.6	46.0	46.0
Historical Preservation and Heritage Commission	17.6	17.6	17.0	17.6	17.6
Public Telecommunications Authority	22.0	22.0	21.4	20.0	20.0
Subtotal - Education	3,991.0	4,031.0	3,981.1	3,987.8	4,003.8
Public Safety					
Attorney General	230.5	234.5	221.9	234.8	234.8
Corrections	1,586.0	1,589.0	1,498.6	1,498.6	1,508.6
Judicial	743.5	742.0	723.4	732.5	728.5
Military Staff	98.0	105.0	103.1	109.0	110.0
E-911	50.6	53.6	49.9	53.6	53.6
Fire Safety Code Board of Appeal and Review	3.0	3.0	2.8	3.0	3.0
RI State Fire Marshal	32.0	38.0	36.1	36.0	36.0
Commission on Judicial Tenure and Discipline	1.0	1.0	0.9	1.0	1.0
Rhode Island Justice Commission	9.0	8.5	6.4	7.6	7.6
Municipal Police Training Academy	4.0	4.0	3.7	4.0	4.0
State Police	274.0	282.0	268.5	273.0	280.0
Office of the Public Defender	87.5	93.5	93.5	93.5	92.5
Subtotal - Public Safety	3,119.1	3,154.1	3,008.8	3,046.6	3,059.6
Natural Resources					
Environmental Management	538.7	531.3	503.5	505.3	489.4
Coastal Resources Management Council	29.0	30.0	28.5	30.0	30.0
Water Resources Board	9.0	9.0	8.5	9.0	9.0
Subtotal - Natural Resources	576.7	570.3	540.5	544.3	528.4
Transportation					
Transportation	811.7	809.7	779.7	786.7	786.7
Subtotal - Transportation	811.7	809.7	779.7	786.7	786.7
Total Non Sponsored	15,484.5	15,632.4	15,253.0	15,321.7	14,916.8
Higher Education Sponsored Research *					
Office	1.0	1.0	1.0	1.0	1.0
CCRI	100.0	100.0	100.0	100.0	100.0
RIC	78.0	82.0	82.0	82.0	82.0
URI	602.0	602.0	602.0	602.0	602.0
Subtotal Sponsored Research	781.0	785.0	785.0	785.0	785.0
Total Personnel Authorizations	16,265.5	16,417.4	16,038.0	16,106.7	15,701.8
Total Personnel **	16,265.5	16,417.4	16,038.0	16,106.7	15,701.8

*A total of 785.0 FTE positions in Higher Education in FY 2008 represent FTE's supported by sponsored research funds. Commencing in FY2005, these positions were included in the overall FTE Cap. In addition, there are separate caps for each program and for sponsored/non-sponsored research FTE's.

**See Changes in Full-Time Equivalent Positions from FY 2007 for explanation of FY 2008 Final Enacted

Changes to Full-Time Equivalent Positions FY 2007/FY 2008

	FY 2007 Revised	Program Reductions	Vacancy Reductions	Program Adds	Transfers	FY 2008 Recommend	FY 2007-2008 Variance
General Government							
Administration	1,065.2	(11.0)		2.0	(6.0)	882.2	(183.0)
Reduction In Force		(168.0)					
Business Regulation	103.0					103.0	-
Labor & Training	467.9	(14.3)		2.3		455.9	(12.0)
Legislature	294.0			4.2		298.2	4.2
Office of the Lieutenant Governor	9.5					9.5	-
Secretary of State	56.0					56.0	-
General Treasurer	86.5					86.5	-
Boards for Design Professionals	4.0					4.0	-
Board Of Elections	14.0					14.0	-
Rhode Island Ethics Commission	12.0			2.0		14.0	2.0
Office of the Governor	46.0					46.0	-
Public Utilities Commission	45.7					45.7	-
Revenue	473.0				9.0	482.0	9.0
Rhode Island Commission on Women	1.0					1.0	-
Subtotal - General Government	2,677.8	(193.3)	-	10.5	3.0	2,498.0	(179.8)
Human Services							
Children, Youth, and Families	789.0			21.0		810.0	21.0
Elderly Affairs	48.0		(1.0)			47.0	(1.0)
Health	465.6	(6.5)	(1.6)	0.2		457.7	(7.9)
Human Services	1,111.0			3.0		1,083.0	(28.0)
Privartization		(31.0)					
Mental Health, Retardation, & Hospitals	1,824.3	(38.3)				1,603.0	(221.3)
Privartizations		(183.0)					
Office of the Child Advocate	5.8					5.8	-
Commission On the Deaf & Hard of Hearing	3.0					3.0	-
RI Developmental Disabilities Council	2.0					2.0	-
Governor's Commission on Disabilities	6.6		(1.0)			5.6	(1.0)
Office of Health and Human Services	5.0					5.0	-
Commission for Human Rights	14.5					14.5	-
Office of the Mental Health Advocate	3.7					3.7	-
Subtotal - Human Services	4,278.5	(258.8)	(3.6)	24.2	-	4,040.3	(238.2)
Education							
Elementary and Secondary Education	131.2			3.0		134.2	3.0
Davies	133.0					133.0	-
School for the Deaf	68.0					68.0	-
Elementary Secondary Education - Total	332.2	-	-	3.0	-	335.2	3.0
Office of Higher Educ. Non-Spon.Research	21.0					21.0	-
URI Non-Sponsored Research	1,940.1			3.0		1,943.1	3.0
RIC Non-Sponsored Research	843.5			10.0		853.5	10.0
CCRI Non-Sponsored Research	750.2					750.2	0.0
Higher Education - Total Non-Sponsored	3,554.8	-	-	13.0	-	3,567.8	13.0
RI Council On The Arts	8.6					8.6	-
RI Atomic Energy Commission	8.6					8.6	-
Higher Education Assistance Authority	46.0					46.0	-
Historical Preservation and Heritage Comm.	17.6					17.6	-
Public Telecommunications Authority	20.0					20.0	-
Subtotal - Education	3,987.8	-	-	16.0	-	4,003.8	16.0

Changes to Full-Time Equivalent Positions FY 2007/FY 2008

	FY 2007 Revised	Program Reductions	Vacancy Reductions	Program Adds	Transfers	FY 2008 Recommend	FY 2007-2008 Variance
Public Safety							
Attorney General	234.8					234.8	-
Corrections	1,498.6			10.0		1,508.6	10.0
Judicial	732.5	(3.0)	(1.0)			728.5	(4.0)
Military Staff	109.0			1.0		110.0	1.0
E-911 Emergency Telephone System	53.6					53.6	-
Fire Safety Code Board of Appeal and Review	3.0					3.0	-
RI State Fire Marshal	36.0					36.0	-
Commission on Judicial Tenure and Discipline	1.0					1.0	-
Rhode Island Justice Commission	7.6					7.6	-
Municipal Police Training Academy	4.0					4.0	-
State Police	273.0			7.0		280.0	7.0
Office of the Public Defender	93.5	(1.0)				92.5	(1.0)
Subtotal - Public Safety	3,046.6	(4.0)	(1.0)	18.0	-	3,059.6	13.0
Natural Resources							
Environmental Management	505.3	(10.0)	(2.9)		(3.0)	489.4	(15.9)
Coastal Resources Management Council	30.0					30.0	-
Water Resources Board	9.0					9.0	-
Subtotal - Natural Resources	544.3	(10.0)	(2.9)	-	(3.0)	528.4	(15.9)
Transportation							
Transportation	786.7					786.7	-
Subtotal - Transportation	786.7	-	-	-	-	786.7	-
Total	15,321.7	(466.1)	(7.5)	68.7	-	14,916.8	(404.9)
Higher Education Sponsored Research							
Office	1.0					1.0	-
CCRI	100.0					100.0	-
RIC	82.0					82.0	-
URI	602.0					602.0	-
Subtotal Sponsored Research	785.0	-	-	-	-	785.0	-
Total Personnel Authorizations	16,106.7	(466.1)	(7.5)	68.7	-	15,701.8	(404.9)
Higher Education Exempt Sponsored Research *	-	-	-	-	-	-	-
Total Personnel	16,106.7	(466.1)	(7.5)	68.7	-	15,701.8	(404.9)

General Revenues as Recommended

	FY 2005 Actual	FY 2006 Preliminary	FY 2007 Revised	FY 2008 Recommended
Personal Income Tax	\$979,082,106	\$996,792,298	\$1,068,800,000	\$1,096,156,883
General Business Taxes				
Business Corporations	116,026,739	166,230,970	137,500,000	128,880,982
Public Utilities Gross Earnings	86,357,789	96,027,349	103,300,000	103,450,000
Financial Institutions	(1,480,365)	3,988,509	1,000,000	1,003,344
Insurance Companies	53,333,488	52,877,704	52,700,000	52,782,718
Bank Deposits	1,524,111	1,494,366	1,600,000	1,600,000
Health Care Provider Assessment	46,827,408	47,002,360	48,500,000	49,600,000
Sales and Use Taxes				
Sales and Use	847,726,627	870,131,045	895,000,000	929,500,000
Motor Vehicle	47,137,097	52,625,943	48,000,000	54,890,209
Motor Fuel	1,961,280	53,635	1,000,000	1,100,000
Cigarettes	136,342,162	126,522,196	121,700,000	117,500,000
Alcohol	10,536,807	10,870,193	11,000,000	11,300,000
Controlled Substances	-	-	-	-
Other Taxes				
Inheritance and Gift	32,980,957	39,383,663	32,500,000	32,500,000
Racing and Athletics	3,990,803	3,489,811	3,100,000	2,800,000
Realty Transfer	14,423,038	14,591,822	13,800,000	14,100,000
Total Taxes	2,376,770,047	2,482,081,864	2,539,500,000	2,597,164,136
Departmental Receipts	267,952,890	287,430,365	296,363,745	378,576,314
Taxes and Departmentals	2,644,722,937	2,769,512,229	2,835,863,745	2,975,740,450
Other Sources				
Gas Tax Transfer	9,022,662	4,322,195	4,685,000	4,685,000
Other Miscellaneous	28,197,313	31,163,069	46,406,706	93,505,000
Lottery	307,549,646	323,899,490	321,968,423	339,852,446
Unclaimed Property	15,617,732	14,243,183	11,482,558	13,669,210
Other Sources	360,387,353	373,627,937	384,542,687	451,711,656
Total General Revenues	\$3,005,110,290	\$3,143,140,166	\$3,220,406,432	\$3,427,452,106

Changes to FY 2007 Enacted Revenue Estimates

	Enacted	Revenue Estimating Conference Estimates	Changes to Adopted Estimates	Total
Personal Income Tax	\$1,051,789,361	\$17,010,639	\$0	\$1,068,800,000
General Business Taxes				
Business Corporations	122,290,936	15,209,064	-	137,500,000
Public Utilities Gross Earnings	99,300,000	(2,600,000)	6,600,000	103,300,000
Financial Institutions	(6,200,000)	7,200,000	-	1,000,000
Insurance Companies	52,700,000	-	-	52,700,000
Bank Deposits	1,600,000	-	-	1,600,000
Health Care Provider Assessment	49,864,000	(1,364,000)	-	48,500,000
Sales and Use Taxes				
Sales and Use	920,774,717	(25,774,717)	-	895,000,000
Motor Vehicle	50,000,000	(2,000,000)	-	48,000,000
Motor Fuel	1,106,029	(106,029)	-	1,000,000
Cigarettes	123,791,000	(2,091,000)	-	121,700,000
Alcohol	11,000,000	-	-	11,000,000
Controlled Substances	-	-	-	-
Other Taxes				
Inheritance and Gift	32,073,614	426,386	-	32,500,000
Racing and Athletics	3,300,000	(200,000)	-	3,100,000
Realty Transfer	15,000,000	(1,200,000)	-	13,800,000
Total Taxes	\$2,528,389,657	\$4,510,343	\$6,600,000	\$2,539,500,000
Departmental Receipts	\$296,432,332	(\$1,232,332)	\$1,163,745	\$296,363,745
Taxes and Departmentals	\$2,824,821,989	\$3,278,011	\$7,763,745	\$2,835,863,745
Other Sources				
Gas Tax Transfer	\$4,927,335	(\$242,335)	\$0	\$4,685,000
Other Miscellaneous	60,779,212	(35,243,212)	20,870,706	46,406,706
Lottery	362,500,000	(41,500,000)	968,423	321,968,423
Unclaimed Property	10,800,000	(500,000)	1,182,558	11,482,558
Other Sources	\$439,006,547	(\$77,485,547)	\$23,021,687	\$384,542,687
Total General Revenues	\$3,263,828,536	(\$74,207,536)	\$30,785,432	\$3,220,406,432

Changes to FY 2008 Adopted Revenue Estimates

	Revenue Estimating Conference Estimates	Changes to the Adopted Estimates	Total
Personal Income Tax	\$1,087,600,000	\$8,556,883	\$1,096,156,883
General Business Taxes			
Business Corporations	129,000,000	(119,018)	128,880,982
Public Utilities Gross Earnings	95,900,000	7,550,000	103,450,000
Financial Institutions	1,000,000	3,344	1,003,344
Insurance Companies	51,700,000	1,082,718	52,782,718
Bank Deposits	1,600,000	-	1,600,000
Health Care Provider Assessmen	49,600,000	-	49,600,000
Sales and Use Taxes			
Sales and Use	929,500,000	-	929,500,000
Motor Vehicle	49,000,000	5,890,209	54,890,209
Motor Fuel	1,100,000	-	1,100,000
Cigarettes	117,500,000	-	117,500,000
Alcohol	11,300,000	-	11,300,000
Controlled Substances	-	-	-
Other Taxes			
Inheritance and Gift	32,500,000	-	32,500,000
Racing and Athletics	2,800,000	-	2,800,000
Realty Transfer	14,100,000	-	14,100,000
Total Taxes	\$2,574,200,000	\$22,964,136	\$2,597,164,136
Departmental Receipts	\$236,300,000	\$142,276,314	\$378,576,314
Taxes and Departmentals	\$2,810,500,000	\$165,240,450	\$2,975,740,450
Other Sources			
Gas Tax Transfer	\$4,685,000	\$0	\$4,685,000
Other Miscellaneous	90,505,000	3,000,000	93,505,000
Lottery	337,700,000	2,152,446	339,852,446
Unclaimed Property	12,400,000	1,269,210	13,669,210
Other Sources	\$445,290,000	\$6,421,656	\$451,711,656
Total General Revenues	\$3,255,790,000	\$171,662,106	\$3,427,452,106

General Revenue Changes to Adopted Estimates

	<i>Subtotal: Lottery</i>	<i>\$968,423</i>
<i>Unclaimed Property</i>		
Modify Reserves from 33% to 25%		\$1,182,558
	<i>Subtotal: Unclaimed Property</i>	<i>\$1,182,558</i>
	Subtotal: Other Sources	\$23,021,687
	Total FY 2007 General Revenue Adjustments	\$30,785,432

General Revenue Changes to Adopted Estimates

FY 2008

Taxes

Personal Income Taxes

EDC Historic Structures Tax Credit Buyback Plan \$8,556,883

Subtotal: Personal Income Taxes **\$8,556,883**

General Business Taxes

Corporations: EDC Historic Structures Tax Credit Buyback Plan \$357,055

Corporations: Reinstigate Small Business Administration tax credit (476,073)

Public Utilities: Delay and phase in Energy Act Assessment and Credits 7,550,000

Financial Institutions: EDC Historic Structures Tax Credit Buyback Plan 3,344

Insurance: EDC Historic Structures Tax Credit Buyback Plan 1,082,718

Subtotal: General Business Taxes **\$8,517,044**

Sales and Use Taxes

Motor Vehicle: Transaction Fee on Registry Activity \$2,254,809

Motor Vehicle: Auto Registration Fees Based on Gross Vehicle Weight 3,635,400

Subtotal: Sales and Use Taxes **\$5,890,209**

Subtotal: All Taxes **\$22,964,136**

Departmental Revenues

Licenses and Fees

DHS: Reinstigate the Hospital Licensing Fee \$71,628,492

DBR: License Mortgage Originators 1,330,000

DBR: Increase Gaming Workers' License Fees 216,075

DOA: Increase Building Contractors' Registration Board Fee 960,000

DOR: Decrease State's Share of Emissions Testing Fee (3,150,000)

DOH: Charge Provider Tax for Diagnostic, Surgical, and Imaging Centers 4,000,000

DHS: Accelerate Hospital Settlement Payments 14,130,804

DEM: Increase Pesticide Fee 650,000

DOH: Increase Various Professional Regulation Fees 3,950,152

DOH: Increase Radon Fees 120,000

Fire Marshal: Increase Fire Safety Fees 100,000

DHS: Improve Child Support Enforcement and Amnesty 220,000

E-911: Move GIS Surcharge to General Revenues 2,235,185

Subtotal: Licenses and Fees **\$96,390,708**

Fines and Penalties

Judiciary: Require Admin. Cost Collection for Good Driving Dismissals \$697,425

Subtotal: Fines and Penalties **\$697,425**

General Revenue Changes to Adopted Estimates

FY 2008

Sales and Services

DEM: Sell Land at Port of Providence	\$500,000
MHRH: Land Sales-Plains St. (Net)	2,400,000
MHRH: Sell Land in Charlestown	3,400,000
MHRH: Sell Seven Group Homes	2,000,000
DOH: Property sales -Chapin Health Laboratory	10,900,000
DOC: Maintain Visitor Lockers and Collect Locker Revenue In-House	90,000
DOA: Sell Johnston Computer Center	1,500,000
DOA: Sell Land Near Garrahy Judiciary Complex with Provisions	7,500,000

Subtotal: Sales and Services **\$28,290,000**

Miscellaneous Departmental Revenues

DOA: Rebates from Banking Arrangement	\$1,000,000
DBR: New Healthcare Regional Quality Award	107,984
DBR: Transfer of Reserves from Insurers	15,150,986
DHS: Reduce Child Support Set Aside Payments	500,000
DOH: New Pickering Commonwealth Grant	139,211

Subtotal: Miscellaneous Departmental Revenues **\$16,898,181**

Subtotal: All Departmental Revenues **\$142,276,314**

Other Sources

Other Miscellaneous

Repeal Restriction on Bond Premiums from General Fund Use	\$3,000,000
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Subtotal: Other Miscellaneous **\$3,000,000**

Lottery

Retain Unclaimed Dedication to the Narragansett Indian Tribe until Claimed	\$594,305
State Share on Simulcast on Parity with Live Parimutal Wagering	1,558,141

Subtotal: Lottery **\$2,152,446**

Unclaimed Property

Transfer compliance to Taxation and Modify Reserves from 33% to 25%	\$1,269,210
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Subtotal: Unclaimed Property **\$1,269,210**

Subtotal: Other Sources **\$6,421,656**

Total FY 2008 General Revenue Adjustments **\$171,662,106**

Other Revenue Enhancements

FY 2008

Restricted Receipts

DEM: TransAtlantic Cable Fee	\$240,000
DEM: Septage Haul Fee	480,000
Secretary of State: Increase the Historical Records Trust Fee by \$1.00	250,000

Subtotal: Restricted Receipts **\$970,000**

Total FY 2008 Other Revenue Adjustments **\$970,000**

Appendix B
Changes to FY 2007

Change to FY2007 General Revenue Budget Surplus

	FY2007 Enacted		FY2007 Revised	Difference
Surplus				
Opening Surplus	\$ 23,721,453	\$	37,760,784	\$ 14,039,331
Audit Adjustments			570,163	570,163
Reappropriated Surplus			17,381,365	17,381,365
Subtotal	23,721,453		55,712,312	31,990,859
General Taxes				
	2,528,389,657		2,528,389,657	-
Revenue estimators' revision			4,510,343	4,510,343
Changes to adopted revenue estimates			6,600,000	6,600,000
Subtotal	2,528,389,657		2,539,500,000	11,110,343
Departmental Revenues				
	296,432,332		296,432,332	-
Revenue estimators' revision			(1,232,332)	(1,232,332)
Changes to adopted revenue estimates			1,163,745	1,163,745
Subtotal	296,432,332		296,363,745	(68,587)
Other Sources				
Gas Tax Transfers	4,927,335		4,927,335	-
Revenue estimators' revision			(242,335)	(242,335)
Changes to adopted revenue estimates				-
Other Miscellaneous	60,779,212		60,779,212	-
Rev Estimators' revision-Miscellaneous			(35,243,212)	(35,243,212)
Changes to adopted revenue estimates			20,870,706	20,870,706
Lottery	362,500,000		362,500,000	-
Revenue Estimators' revision-Lottery			(41,500,000)	(41,500,000)
Changes to adopted revenue estimates			968,423	968,423
Unclaimed Property	10,800,000		10,800,000	-
Revenue Estimators' revision-Unclaimed			(500,000)	(500,000)
Changes to adopted revenue estimates			1,182,558	1,182,558
Subtotal	439,006,547		384,542,687	(54,463,860)
Total Revenues	\$ 3,263,828,536	\$	3,220,406,432	\$ (43,422,104)
Budget Stabilization	(65,751,000)		(65,163,344)	587,655
Total Available	\$ 3,221,798,989	\$	3,210,955,400	\$ (10,843,589)
Actual/Enacted Expenditures	\$ 3,221,527,107	\$	3,221,527,107	-
Reappropriations			17,381,365	17,381,365
Supplemental Appropriations	-		(28,044,538)	(28,044,538)
Total Expenditures	\$ 3,221,527,107	\$	3,210,863,934	\$ (10,663,173)
Free Surplus	\$ 271,882	\$	91,466	\$ (180,416)
Transfer from Budget Reserve Fund*			63,000,000	63,000,000
Reappropriations	-		-	-
Total Ending Balances	\$ 271,882	\$	63,091,466	\$ 62,819,584
Budget Reserve and Cash Stabilization Account	\$ 98,626,500	\$	34,745,016	(63,881,484)

* In FY2007, the Governor proposes that a transfer of \$63,000,000 be made from the Budget Reserve Fund into the General Fund as a result of the November Revenue Estimating Conference's revenue estimates which are \$74.2 million lower than enacted revenues. The decision to access the Budget Reserve Fund in FY2007 is tied to the FY2008 recommended financing plan. Until the Budget Reserve Fund is replenished through the formula driven two percent revenue contribution, there will be no resources in the RICAP Fund for FY2008. For FY2008, the Governor proposes that capital expenditures totaling \$72.5 million be funded from a deposit into the RI Capital Fund from the Tobacco Settlement Financing Fund.

Changes to FY 2007 Enacted Revenue Estimates

	Enacted	Revenue Estimating Conference Estimates	Changes to Adopted Estimates	Total
Personal Income Tax	\$1,051,789,361	\$17,010,639	\$0	\$1,068,800,000
General Business Taxes				
Business Corporations	122,290,936	15,209,064	-	137,500,000
Public Utilities Gross Earnings	99,300,000	(2,600,000)	6,600,000	103,300,000
Financial Institutions	(6,200,000)	7,200,000	-	1,000,000
Insurance Companies	52,700,000	-	-	52,700,000
Bank Deposits	1,600,000	-	-	1,600,000
Health Care Provider Assessment	49,864,000	(1,364,000)	-	48,500,000
Sales and Use Taxes				
Sales and Use	920,774,717	(25,774,717)	-	895,000,000
Motor Vehicle	50,000,000	(2,000,000)	-	48,000,000
Motor Fuel	1,106,029	(106,029)	-	1,000,000
Cigarettes	123,791,000	(2,091,000)	-	121,700,000
Alcohol	11,000,000	-	-	11,000,000
Controlled Substances	-	-	-	-
Other Taxes				
Inheritance and Gift	32,073,614	426,386	-	32,500,000
Racing and Athletics	3,300,000	(200,000)	-	3,100,000
Realty Transfer	15,000,000	(1,200,000)	-	13,800,000
Total Taxes	\$2,528,389,657	\$4,510,343	\$6,600,000	\$2,539,500,000
Departmental Receipts	\$296,432,332	(\$1,232,332)	\$1,163,745	\$296,363,745
Taxes and Departmentals	\$2,824,821,989	\$3,278,011	\$7,763,745	\$2,835,863,745
Other Sources				
Gas Tax Transfer	\$4,927,335	(\$242,335)	\$0	\$4,685,000
Other Miscellaneous	60,779,212	(35,243,212)	20,870,706	46,406,706
Lottery	362,500,000	(41,500,000)	968,423	321,968,423
Unclaimed Property	10,800,000	(500,000)	1,182,558	11,482,558
Other Sources	\$439,006,547	(\$77,485,547)	\$23,021,687	\$384,542,687
Total General Revenues	\$3,263,828,536	(\$74,207,536)	\$30,785,432	\$3,220,406,432

Changes to FY 2008 Adopted Revenue Estimates

	Revenue Estimating Conference Estimates	Changes to the Adopted Estimates	Total
Personal Income Tax	\$1,087,600,000	\$8,556,883	\$1,096,156,883
General Business Taxes			
Business Corporations	129,000,000	(119,018)	128,880,982
Public Utilities Gross Earnings	95,900,000	7,550,000	103,450,000
Financial Institutions	1,000,000	3,344	1,003,344
Insurance Companies	51,700,000	1,082,718	52,782,718
Bank Deposits	1,600,000	-	1,600,000
Health Care Provider Assessmen	49,600,000	-	49,600,000
Sales and Use Taxes			
Sales and Use	929,500,000	-	929,500,000
Motor Vehicle	49,000,000	5,890,209	54,890,209
Motor Fuel	1,100,000	-	1,100,000
Cigarettes	117,500,000	-	117,500,000
Alcohol	11,300,000	-	11,300,000
Controlled Substances	-	-	-
Other Taxes			
Inheritance and Gift	32,500,000	-	32,500,000
Racing and Athletics	2,800,000	-	2,800,000
Realty Transfer	14,100,000	-	14,100,000
Total Taxes	\$2,574,200,000	\$22,964,136	\$2,597,164,136
Departmental Receipts	\$236,300,000	\$142,276,314	\$378,576,314
Taxes and Departmentals	\$2,810,500,000	\$165,240,450	\$2,975,740,450
Other Sources			
Gas Tax Transfer	\$4,685,000	\$0	\$4,685,000
Other Miscellaneous	90,505,000	3,000,000	93,505,000
Lottery	337,700,000	2,152,446	339,852,446
Unclaimed Property	12,400,000	1,269,210	13,669,210
Other Sources	\$445,290,000	\$6,421,656	\$451,711,656
Total General Revenues	\$3,255,790,000	\$171,662,106	\$3,427,452,106

Changes to FY 2007 Enacted General Revenue Expenditures

	FY 2007 Enacted	Reappropriation	Redistribution Of Enacted Personnel Savings	Supplemental Changes	Projected Expenditures	Change from Enacted Budget
General Government						
Administration	\$442,478,140	\$2,817,068	\$36,474,745	(\$30,316,442)	\$451,453,511	\$8,975,371
Business Regulation	\$10,934,704	326,596	(\$503,357)	\$54,621	\$10,812,564	(\$122,140)
Labor and Training	\$6,841,850	38,253	(\$158,761)	\$275,671	\$6,997,013	\$155,163
Department of Revenue	\$37,458,039	-	(\$1,540,237)	(\$143,889)	\$35,773,913	(\$1,684,126)
Legislature	\$32,219,892	3,256,266	(\$1,428,017)	(\$575,244)	\$33,472,897	\$1,253,005
Lieutenant Governor	\$963,012	-	(\$47,835)	(\$18,761)	\$896,416	(\$66,596)
Secretary of State	\$5,940,917	-	(\$202,185)	\$367,814	\$6,106,546	\$165,629
General Treasurer	\$2,953,000	-	(\$120,872)	(\$169,327)	\$2,662,801	(\$290,199)
Boards for Design Professionals	\$390,153	-	(\$16,252)	\$6,339	\$380,240	(\$9,913)
Board of Elections	\$2,516,239	-	(\$72,162)	\$1,240,915	\$3,684,992	\$1,168,753
Rhode Island Ethics Commission	\$1,297,421	-	(\$56,377)	\$32,187	\$1,273,231	(\$24,190)
Governor's Office	\$4,952,015	-	(\$233,765)	(\$36,649)	\$4,681,601	(\$270,414)
Public Utilities Commission	\$743,985	16,329	(\$18,513)	(\$3,990)	\$737,811	(\$6,174)
Rhode Island Commission on Women	\$99,715	-	(\$4,340)	\$3,648	\$99,023	(\$692)
Subtotal - General Government	\$549,789,082	\$6,454,512	\$32,072,072	(\$29,283,107)	\$559,032,559	\$9,243,477
Human Services						
Office of Health & Human Services	\$313,160	-	(\$13,707)	(\$2,435)	\$297,018	(\$16,142)
Children, Youth, and Families	\$173,191,438	108,011	(\$2,758,533)	\$10,837,838	\$181,378,754	\$8,187,316
Elderly Affairs	\$20,095,705	-	(\$142,969)	(\$588,165)	\$19,364,571	(\$731,134)
Health	\$33,303,209	112,766	(\$1,061,736)	\$2,063,340	\$34,417,579	\$1,114,370
Human Services	\$725,054,386	1,610,321	(\$2,280,848)	(\$7,957,801)	\$716,426,058	(\$8,628,328)
Mental Health, Retardation, & Hosp.	\$238,455,569	201,777	(\$3,538,993)	\$2,939,645	\$238,057,998	(\$397,571)
Office of the Child Advocate	\$558,096	6,828	(\$26,211)	\$19,961	\$558,674	\$578
Comm. on Deaf & Hard of Hearing	\$355,329	-	(\$13,873)	\$1,068	\$342,524	(\$12,805)
Governor's Commission on Disabilities	\$602,202	-	(\$27,623)	(\$21,907)	\$552,672	(\$49,530)
Commission for Human Rights	\$1,075,216	-	(\$47,441)	(\$38,145)	\$989,630	(\$85,586)
Office of the Mental Health Advocate	\$409,492	-	(\$19,591)	\$13,512	\$403,413	(\$6,079)
Subtotal - Human Services	\$ 1,193,413,802	\$2,039,703	(\$9,931,525)	\$7,266,911	\$1,192,788,891	(\$624,911)
Education						
Elementary and Secondary	\$889,376,406	277,949	(\$1,385,128)	(\$3,965,969)	\$884,303,258	(\$5,073,148)
Higher Education - Board of Governors	\$196,731,350	-	(\$6,358,670)	(\$881,178)	\$189,491,502	(\$7,239,848)
RI Council on the Arts	\$2,841,466	16,600	(\$34,012)	(\$59,089)	\$2,764,965	(\$76,501)
RI Atomic Energy Commission	\$836,702	-	(\$38,090)	\$11,919	\$810,531	(\$26,171)
Higher Education Assistance Authority	\$6,747,402	-	(\$30,271)	(\$8,636)	\$6,708,495	(\$38,907)
Historical Preservation & Heritage Comm	\$1,705,676	19,944	(\$53,985)	\$6,289	\$1,677,924	(\$27,752)
Public Telecommunications Authority	\$1,388,669	-	(\$57,778)	(\$13,105)	\$1,317,786	(\$70,883)
Subtotal - Education	\$ 1,099,627,671	314,493	(\$7,957,934)	(\$4,909,769)	\$1,087,074,461	(\$12,553,210)
Public Safety						
Attorney General	\$20,843,701	77,425	(\$944,130)	\$336,535	\$20,313,531	(\$530,170)
Corrections	\$162,442,311	7,168,937	(\$6,468,934)	(\$6,360,984)	\$156,781,330	(\$5,660,981)
Judicial	\$83,973,989	-	(\$3,184,528)	\$53,373	\$80,842,834	(\$3,131,155)
Military Staff	\$3,164,919	-	(\$73,212)	(\$265,594)	\$2,826,113	(\$338,806)
E-911	\$4,485,669	-	(\$205,774)	(\$181,534)	\$4,098,361	(\$387,308)
Fire Safety Code Bd. of Appeal	\$289,299	-	(\$12,725)	\$20,794	\$297,368	\$8,069
Fire Safety & Training Academy	\$2,838,049	12,860	(\$121,691)	(\$132,393)	\$2,596,825	(\$241,224)
Comm. on Judicial Tenure	\$114,772	-	(\$4,243)	\$687	\$111,216	(\$3,556)
Rhode Island Justice Commission	\$163,972	-	(\$6,167)	(\$3,502)	\$154,303	(\$9,669)
Municipal Police Training Academy	\$425,710	-	(\$18,229)	(\$2,861)	\$404,620	(\$21,090)
State Police	\$49,047,151	1,151,068	(\$1,236,082)	\$5,107,999	\$54,070,136	\$5,022,985
Office Of Public Defender	\$9,326,545	10,044	(\$440,603)	(\$13,432)	\$8,882,554	(\$443,991)
Subtotal - Public Safety	\$337,116,087	8,420,334	(\$12,716,318)	(\$1,440,912)	\$331,379,191	(\$5,736,896)
Natural Resources						
Environmental Management	\$37,530,496	-	(\$1,333,054)	\$434,994	\$36,632,436	(\$898,060)
Coastal Resources Management Council	\$2,112,667	-	(\$85,352)	\$103,409	\$2,130,724	\$18,057
Water Resources Board	\$1,937,302	152,323	(\$47,889)	(\$216,064)	\$1,825,672	(\$111,630)
Subtotal - Natural Resources	\$41,580,465	\$152,323	(\$1,466,295)	\$322,339	\$40,588,832	(\$991,633)
Total	\$3,221,527,107	\$17,381,365	\$0	(\$28,044,538)	\$3,210,863,934	(\$10,663,173)

Changes to FY 2007 Enacted Agency General Revenue Expenditures

	FY2007 Enacted Appropriation	Reappropriation Appropriation Transfer	Original July Redistribution Of Enacted Personnel Savings	Supplemental Changes	FY 2007 Projected Expenditures
<u>General Government</u>					
Administration					
Central Management	1,545,276	42,385			
FY2007 Personnel Savings Distribution			(74,863)		
Personnel Adjustments				10,853	
Statewide Adjustments				(14,656)	
Operating				(7,089)	
	1,545,276	42,385	(74,863)	(10,892)	1,501,906
Legal Services	2,562,185				
FY2007 Personnel Savings Distribution			(123,122)		
Legal Services (Labor Negotiations)				110,000	
Overtime - MV Appeals Officers				20,000	
Personnel - unachieved RIF savings				63,076	
Personnel - reduction in cost allocations				60,000	
Statewide Adjustments				(28,486)	
Operating & Capital Expenses				18,516	
	2,562,185	-	(123,122)	243,106	2,682,169
Accounts & Control	3,428,790				
FY2007 Personnel Savings Distribution			(174,482)		
Personnel - Overtime for year-end closing				49,049	
Statewide Adjustments				(77,777)	
Operating & Capital Expenses				(3,145)	
CMIA Interest				130,036	
	3,428,790	-	(174,482)	98,163	3,352,471
Budgeting	2,456,351	59,407			
FY2007 Personnel Savings Distribution			(118,777)		
Personnel Savings				(52,245)	
Contracted Professional Services (Cost Allocation Plans)				6,889	
Actuarial Services for Study of State Retirement (2006 Session)				11,620	
Actuarial Services for Study of Municipal Retirement Sys				14,000	
Statewide Adjustments				(23,135)	
Operating & Capital Expenses				19,735	
	2,456,351	59,407	(118,777)	(23,136)	2,373,845
Purchasing	2,416,614				
FY2007 Personnel Savings Distribution			(123,671)		
Personnel Savings				(100,238)	
Minority Business Enterprise Personnel Adjustments				18,806	
Contracted Professional Services				52,328	
Statewide Adjustments				(41,950)	
Operating & Capital Expenses				4,514	
	2,416,614	-	(123,671)	(66,540)	2,226,403
Auditing	2,057,592				
FY2007 Personnel Savings Distribution			(103,976)		
Personnel Savings				(178,247)	
Contracted Professional Services				41,250	
Statewide Adjustments				(17,983)	
Operating Expenses				48,056	
	2,057,592	-	(103,976)	(106,924)	1,846,692

Changes to FY 2007 Enacted Agency General Revenue Expenditures

	FY2007 Enacted Appropriation	Reappropriation Appropriation Transfer	Original July Redistribution Of Enacted Personnel Savings	Supplemental Changes	FY 2007 Projected Expenditures
Human Resources	12,314,199	190,756			
FY2007 Personnel Savings Distribution			(581,772)		
Personnel Adjustments				15,086	
HR Service Centers Reallocation based on Projected Billings				(845,717)	
Contracted Professional Services				400	
Hewitt Contract				(100,000)	
Operating				5,924	
Statewide Adjustments				(173,442)	
Police and Fire Incentive Pay Program (moved to General)				(675,000)	
	12,314,199	190,756	(581,772)	(1,772,749)	10,150,434
Personnel Appeal Board	102,849				
FY2007 Personnel Savings Distribution			(3,316)		
Personnel Adjustments				5,465	
Legal Services				(10,000)	
Statewide Adjustments				(292)	
Operating				(519)	
	102,849	-	(3,316)	(5,346)	94,187
Facilities Management	41,144,019	570,357			
FY2007 Personnel Savings Distribution			(555,472)		
Personnel Adjustments				805,441	
Facilities Centralization Reallocation based on Proj. Billings				(2,102,954)	
Transfer of Group Home Staff back to MHRH				(439,897)	
Statewide Adjustments				(213,529)	
Contracted Professional Services (Janitorial)				(51,524)	
Operating - Building Repairs				254,469	
Renewable Energy Fund (shift from grants to Personnel)				(111,020)	
Supplemental Pension Grant				(568)	
	41,144,019	570,357	(555,472)	(1,859,582)	39,299,322
Capital Projects and Property Management	3,316,132				
FY2007 Personnel Savings Distribution			(163,523)		
Personnel Savings				(14,437)	
Statewide Adjustments				(44,068)	
Contracted Professional Services				2,900	
Operating				29,070	
	3,316,132	-	(163,523)	(26,535)	3,126,074
Information Technology	17,584,582	1,625,455			
FY2007 Personnel Savings Distribution			(574,912)		
Personnel Adjustments				282	
Personnel Adjustments - IT Centralization				822,392	
Transfer 7.0 FTE back to DOT (federal funding issue)				(367,439)	
Transfer 1.0 FTE from DOT to DOIT (centralization)				48,611	
Contracted Professional Services				45,705	
Statewide Adjustments				(137,310)	
Operating & Capital Adjustments				(122,925)	
RIFANS Implementation Delays				(590,300)	
	17,584,582	1,625,455	(574,912)	(300,984)	18,334,141
Library and Information Service:	1,077,872				
FY2007 Personnel Savings Distributor			(50,632)		
Personnel Adjustment:				13,369	
COLA Retro (not reappropriated)				63,396	
Contracted Professional Services				4,802	

Changes to FY 2007 Enacted Agency General Revenue Expenditures

	FY2007 Enacted Appropriation	Reappropriation Appropriation Transfer	Original July Redistribution Of Enacted Personnel Savings	Supplemental Changes	FY 2007 Projected Expenditures
Statewide Adjustments				(10,242)	
Operating				(6,547)	
	1,077,872	-	(50,632)	64,778	1,092,018
Statewide Planning	5,306,430				
FY2007 Personnel Savings Distribution			(92,231)		
Personnel Adjustments				5,574	
Contracted Professional Services				1,423	
Operating				(4,720)	
Statewide Adjustments				(20,741)	
Lead Hazard Control Grants				(500,000)	
	5,306,430	-	(92,231)	(518,464)	4,695,735
Security Services	19,854,805				
FY2007 Personnel Savings Distribution			(985,802)		
Personnel Adjustments				584,239	
Overtime				230,000	
Temporary Clerical Services				9,000	
Statewide Adjustments				(299,363)	
Operating & Capital Expenses				125,499	
	19,854,805	-	(985,802)	649,375	19,518,378
General	\$278,382,279	328,708			
Police and Fire Incentive Pay Program (moved from HR)				675,000	
General Revenue Sharing - VLT Share				(47,794)	
Motor Vehicle Excise Tax Phase-Out				224,504	
Distressed Communities Relief Fund - Real Estate Conv Tax				(346,335)	
Distressed Communities Relief Fund - VLT Share				(190,542)	
Distressed Communities Relief Fund - FY 06 Overpayment				(230,272)	
Library Construction Aid (revised payment schedule)				144,099	
Property Revaluation Program (based on est. payments)				500,000	
Domestic Partners Penalty (final payments)				20,000	
Airport Impact Aid (reduced to required funding level)				(20,480)	
Economic Development Corp. - Marine BioScience Grant'				(200,000)	
Retiree Health Subsidy				(9,475,125)	
	278,382,279	328,708	-	(8,946,945)	269,764,042
Debt Service Payments	89,129,461				
General Obligation Debt Service Shift to RICAP				(4,917,558)	
General Obligation Debt Service Refunding				(902,270)	
General Obligation Debt Service Adjustments				(2,233,673)	
Refunding Bond Authority Debt Service				14,152	
Certificates of Participation Debt Service/Refunding				(2,285,500)	
Neighborhood Opportunities Program Debt Service				(206,011)	
Fidelity Job Rent Credits				505,000	
Tax Anticipation Notes/TDI Borrowing Interest				1,067,573	
	89,129,461	-	-	(8,958,287)	80,171,174
Shut Down Days					
Shut Down Days Savings (4 in FY 2007)	-			(6,017,295)	
	-			(6,017,295)	(6,017,295)
Assessed Fringe Benefit Fund					
Assessed Fringe Benefit Fund Savings	-			(2,758,185)	
	-			(2,758,185)	(2,758,185)

Changes to FY 2007 Enacted Agency General Revenue Expenditures

	FY2007 Enacted Appropriation	Reappropriation Appropriation Transfer	Original July Redistribution Of Enacted Personnel Savings	Supplemental Changes	FY 2007 Projected Expenditures
Personnel Reform					
Personnel Reform	(3,709,901)		3,709,901		
	(3,709,901)	-	3,709,901	-	-
Salary Adjustment Fund					
Salary Adjustment Fund	(36,491,395)		36,491,395		
	(36,491,395)		36,491,395	-	-
	442,478,140	2,817,068	36,474,745	(30,316,442)	451,453,511
Business Regulation					
Central Management	1,456,314	5,296			
FY2007 Personnel Savings Distribution			(62,989)		
Personnel				(122,919)	
Purchased Services				26,400	
Operating				6,083	
Statewide Adjustments				(10,231)	
	1,456,314	5,296	(62,989)	(100,667)	1,297,954
Insurance Regulation	4,684,990	177,814			
FY2007 Personnel Savings Distribution			(219,156)		
Personnel				142,770	
Purchased Services				91,283	
Operating				9,623	
Statewide Adjustments				(27,238)	
	4,684,990	177,814	(219,156)	216,438	4,860,086
Board of Accountancy	156,280				
FY2007 Personnel Savings Distribution			(7,588)		
Personnel				(107)	
Operating				123	
Statewide Adjustments				(2,500)	
	156,280		(7,588)	(2,484)	146,208
Banking and Securities	2,822,483	120,971			
FY2007 Personnel Savings Distribution			(132,069)		
Personnel				72,568	
Operating				7,782	
Statewide Adjustments				(34,086)	
	2,822,483	120,971	(132,069)	46,264	2,857,649
Commercial Licensing, Racing & Athletics	1,814,637	22,515			
FY2007 Personnel Savings Distribution			(81,555)		
Personnel				(87,715)	
Operating				7,775	
Statewide Adjustments				(24,990)	
	1,814,637	22,515	(81,555)	(104,930)	1,650,667
Total	10,934,704	326,596	(503,357)	54,621	10,812,564
Labor and Training					
Central Management	143,250	38,253			
FY2007 Personnel Savings Distribution			(4,815)		
Agency Unachieved turnover				54,532	
Agency Roof Adjustment				(423)	
Statewide Adjustments				(2,099)	
	143,250	38,253	(4,815)	52,010	228,698

Changes to FY 2007 Enacted Agency General Revenue Expenditures

	FY2007 Enacted Appropriation	Reappropriation Appropriation Transfer	Original July Redistribution Of Enacted Personnel Savings	Supplemental Changes	FY 2007 Projected Expenditures
Workforce Development	258,600				
Biotech Investment Tac Credit Implementation				35,883	
Statewide Adjustments				(184)	
Grant Program Shift				(258,600)	
	258,600	-	-	(222,901)	35,699
Workforce Regulation and Safety	2,860,748				
FY2007 Personnel Savings Distribution			(128,452)		
Agency Unachieved turnover				218,128	
Statewide Adjustments				(63,262)	
Grant Program Shift				258,600	
	2,860,748		(128,452)	413,466	3,145,762
Income Support	3,137,593				
FY2007 Personnel Savings Distribution			(5,624)		
Police and Fire Pension Benefits				38,553	
Agency Achieved Turnover				(256)	
Statewide Adjustments				(2,056)	
	3,137,593	-	(5,624)	36,241	3,168,210
Labor Relations Board	441,659				
FY2007 Personnel Savings Distribution			(19,870)		
Agency Unachieved turnover				1,329	
Statewide Adjustments				(4,474)	
	441,659	-	(19,870)	(3,145)	418,644
Total	6,841,850	38,253	(158,761)	275,671	6,997,013
Legislature					
Legislature	32,219,892	3,256,266			
FY2007 Personnel Savings Distribution			(1,428,017)		
Unachieved Turnover				2,302,825	
Consultants				(8,717)	
Operating				(550,387)	
Legislative Grants				(1,720,121)	
Capital Equipment				(23,600)	
Statewide Health Benefit Rate Adjustment				55,316	
Statewide Retiree Health Rate Adjustment				(629,615)	
Statewide Records Center Contract				(945)	
	32,219,892	3,256,266	(1,428,017)	(575,244)	33,472,897
Office of the Lieutenant Governor					
Lt. Governor's Office - General	963,012				
FY2007 Personnel Savings Distribution			(47,835)		
Personnel				(34,763)	
Transition Expenses				25,000	
Operating				3,519	
Statewide Health Benefit Rate Adjustment				1,951	
Statewide Retiree Health Rate Adjustment				(14,468)	
	963,012	-	(47,835)	(18,761)	896,416

Changes to FY 2007 Enacted Agency General Revenue Expenditures

	FY2007 Enacted Appropriation	Reappropriation Appropriation Transfer	Original July Redistribution Of Enacted Personnel Savings	Supplemental Changes	FY 2007 Projected Expenditures
Secretary of State					
Administration	1,741,391	-			
FY2007 Personnel Savings Distribution			(80,695)		
Unachieved Turnover				13,753	
Consultants				(84,950)	
Operating				(6,600)	
Grants & Benefits				(272)	
Capital Equipment				(2,130)	
*Transition Costs				25,000	
Salary for Elected Officials				5,315	
Statewide Health Benefit Rate Adjustment				(22,089)	
Statewide Retiree Health Benefit Rate Adjustment				3,844	
Statewide Records Center Contract				(4,596)	
	1,741,391	-	(80,695)	(72,725)	1,587,971
Corporations	1,801,627	-			
FY2007 Personnel Savings Distribution			(68,524)		
Unachieved Turnover				147,766	
Operating				(9,784)	
Statewide Health Benefit Rate Adjustment				(31,485)	
Statewide Retiree Health Benefit Rate Adjustment				2,974	
Statewide Records Center Contract				(3,900)	
	1,801,627	-	(68,524)	105,571	1,838,674
State Archives	104,891	-			
FY2007 Personnel Savings Distribution			(4,590)		
Unachieved Turnover				4,725	
Operating				104,095	
Statewide Health Benefit Rate Adjustment				(1,989)	
Statewide Retiree Health Benefit Rate Adjustment				188	
	104,891	-	(4,590)	107,019	207,320
Elections	1,278,170	-			
FY2007 Personnel Savings Distribution			(17,527)		
Unachieved Turnover				147,129	
Consultants				(1,500)	
Operating				57,491	
*Referenda Costs				112,515	
Statewide Health Benefit Rate Adjustment				(6,797)	
Statewide Retiree Health Benefit Rate Adjustment				1,015	
	1,278,170	-	(17,527)	309,853	1,570,496
State Library	700,499	-			
FY2007 Personnel Savings Distribution			(17,152)		
Unachieved Turnover				29,149	
Operating				(7,287)	
Capital Equipment				(1,000)	
Statewide Health Benefit Rate Adjustment				(6,686)	
Statewide Retiree Health Benefit Rate Adjustment				756	
	700,499	-	(17,152)	14,932	698,279
Office of Public Information	314,339	-			
FY2007 Personnel Savings Distribution			(13,697)		
Turnover				(89,977)	
Operating				(4,818)	
Capital Equipment				(1,800)	
Statewide Health Benefit Rate Adjustment				(651)	
Statewide Retiree Health Benefit Rate Adjustment				410	
	314,339	-	(13,697)	(96,836)	203,806
Total	5,940,917	-	(202,185)	367,814	6,106,546

Changes to FY 2007 Enacted Agency General Revenue Expenditures

	FY2007 Enacted Appropriation	Reappropriation Appropriation Transfer	Original July Redistribution Of Enacted Personnel Savings (659,482)	Supplemental Changes	FY 2007 Projected Expenditures
Office of the General Treasurer					
Treasury	2,685,728				
FY2007 Personnel Savings Distribution			(110,516)		
Vacancy Savings				(61,651)	
Legal Services				(10,000)	
Operating				(17,649)	
Transition Expenses - Addition to General Revenue base				5,000	
Transition - Part Year Salary & Benefit Adjustments				(127,647)	
New Computers - State House Operations				100,000	
Statewide Health Benefit Rate Adjustment				(33,206)	
Statewide Retiree Health Rate Adjustment				4,154	
Other Operating				(9,428)	
	2,685,728	-	(110,516)	(150,427)	2,424,785
RI Refunding Bond Authority					
FY2007 Personnel Savings Distribution	55,770		(1,119)		
Unachieved Turnover				605	
Legal Services				(7,600)	
Cost of Issuance Fees				(7,000)	
Statewide Health Benefit Rate Adjustment				(92)	
Statewide Retiree Health Rate Adjustment				56	
	55,770	-	(1,119)	(14,031)	40,620
Crime Victim Compensation Program					
FY2007 Personnel Savings Distribution	211,502		(9,237)		
Transition - Part Year Salary Adjustment				(4,983)	
Operating				3,654	
Statewide Health Benefit Rate Adjustment				(3,857)	
Statewide Retiree Health Rate Adjustment				347	
Other Operating				(30)	
	211,502	-	(9,237)	(4,869)	197,396
Total	2,953,000	-	(120,872)	(169,327)	2,662,801
Boards For Design Professionals					
Boards For Design Professionals	390,153				
FY2007 Personnel Savings Distribution			(16,252)		
Unachieved Turnover				17,431	
Operating				(3,408)	
Statewide Adjustments				(7,684)	
Total	390,153	-	(16,252)	6,339	380,240
Board of Elections					
Board Of Elections	2,516,239		-		
FY2007 Personnel Savings Distribution			(72,162)		
Unachieved Turnover				113	
Consultant Services				16,750	
General Election/Operating				(48,118)	
Grants and Benefits				50,000	
Matching Public Funds				1,241,774	
Statewide Health Benefit Rates				(22,068)	
Statewide Retiree Health Benefit Rates				2,572	
Statewide Records Center Contract				(108)	
Total	2,516,239	-	(72,162)	1,240,915	3,684,992
RI Ethics Commissions					
RI Ethics Commission	1,297,421				
FY2007 Personnel Savings Distribution			(56,377)		
Unachieved Turnover				31,019	

Changes to FY 2007 Enacted Agency General Revenue Expenditures

	FY2007 Enacted Appropriation	Reappropriation Appropriation Transfer	Original July Redistribution Of Enacted Personnel Savings	Supplemental Changes	FY 2007 Projected Expenditures
Operating				8,829	
Capital Equipment				4,000	
Statewide Adjustments				(11,661)	
Total	1,297,421	-	(56,377)	32,187	1,273,231
Office of the Governor					
Office Of Governor	4,952,015				
FY2007 Personnel Savings Distribution			(233,765)		
Personnel				(8,859)	
Contract Services				6,586	
Operating				8,703	
Statewide Health Benefit Rate Adjustment				10,498	
Statewide Retiree Health Rate Adjustment				(53,577)	
Total	4,952,015	-	(233,765)	(36,649)	4,681,601
Public Utilities Commission					
Public Utilities Commission	743,985				
FY 2005/2006 Payroll Retros - Unsettled Union Contracts		16,329			
FY2007 Personnel Savings Distribution			(18,513)		
Payroll - Unachieved Turnover Savings				10,119	
Contract Services				(1,260)	
Other Operating Supplies and Expense				9,932	
Other Operating - SSRS Refunds				(18,791)	
Statewide Health Benefit Rate Adjustment				(4,838)	
Statewide Retiree Health Rate Adjustment				908	
Statewide Records Center Contract				(60)	
Total	743,985	16,329	(18,513)	(3,990)	737,811
Rhode Island Commission on Women					
Rhode Island Commission on Women	99,715				
FY2007 Personnel Savings Distribution			(4,340)		
Unachieved Turnover				5,242	
Operating				(972)	
Statewide Adjustments				(622)	
Total	99,715	-	(4,340)	3,648	99,023
Department of Revenue					
Director of Revenue	488,750				
FY2007 Personnel Savings Distribution			(23,858)		
Personnel Savings (unfilled positions)				(86,781)	
Statewide Adjustments				(4,325)	
	488,750	-	(23,858)	(91,106)	373,786
Office of Revenue Analysis	388,424				
FY2007 Personnel Savings Distribution			(10,884)		
Personnel Savings (unfilled positions)				(41,044)	
Statewide Adjustments				(2,604)	
	388,424	-	(10,884)	(43,648)	333,892
Office of Property Valuation	669,726				
FY2007 Personnel Savings Distribution			(31,959)		
Personnel Adjustments				26,934	
Operating Savings				(6,050)	
Statewide Adjustments				(6,618)	
	669,726	-	(31,959)	14,266	652,033

Changes to FY 2007 Enacted Agency General Revenue Expenditures

	FY2007 Enacted Appropriation	Reappropriation Appropriation Transfer	Original July Redistribution Of Enacted Personnel Savings	Supplemental Changes	FY 2007 Projected Expenditures
Taxation	18,374,247				
FY2007 Personnel Savings Distribution			(820,052)		
Personnel Adjustments				127,355	
Operating				(224,601)	
Statewide Adjustments				(268,099)	
	18,374,247	-	(820,052)	(365,345)	17,188,850
Registry	17,536,892				
FY2007 Personnel Savings Distribution			(653,484)		
Personnel Adjustments				428,339	
Unemployment Funding (included in enacted in error)				(248,625)	
Lockbox/Shredding Services				70,000	
Janitorial - Rental Properties				40,000	
Temporary Clerical				11,684	
Rental of Outside Property/Associated Costs				85,000	
CACI Membership/Dues				40,000	
License Plates				75,000	
Printing				40,000	
In-State Travel				12,000	
Building Repairs (Woonsocket/Apex)				30,142	
Statewide Adjustments				(241,596)	
	17,536,892		(653,484)	341,944	17,225,352
Total	37,458,039		(1,540,237)	(143,889)	35,773,913
Sub-Total General Government	549,789,082	6,454,512	32,072,072	(29,283,107)	559,032,559
<u>Human Services</u>					
Office of Health and Human Services					
Office of Health and Human Services	313,160				
FY2007 Personnel Savings Distribution			(13,707)		
Personnel				(2,061)	
Statewide Health Benefit Rate Adjustment				(3,010)	
Statewide Retiree Health Rate Adjustment				575	
Revised allocations to federal and restricted				2,061	
	313,160	-	(13,707)	(2,435)	297,018
Children, Youth, and Families					
Central Management	6,860,904	52,879			
FY2007 Personnel Savings Distribution			(215,922)		
Unachieved Turnover				67,250	
Retroactive COLAs from FY 2005 and FY 2006				99,312	
Loss of Title IV-E Federal Funding for Foster Care Homes				202,500	
Contract Services				(11,681)	
Operating				74,751	
Statewide Adjustments				(4,201)	
	6,860,904	52,879	(215,922)	427,931	7,125,792
Children's Behavioral Health	36,982,288	40,904			
FY2007 Personnel Savings Distribution			(86,925)		
Unachieved Turnover				168,900	
Retroactive COLAs from FY 2005 and FY 2006				102,711	
Contract Services				(216,097)	
Operating				1,628	

Changes to FY 2007 Enacted Agency General Revenue Expenditures

	FY2007 Enacted Appropriation	Reappropriation Appropriation Transfer	Original July Redistribution Of Enacted Personnel Savings	Supplemental Changes	FY 2007 Projected Expenditures
Grants and Benefits/CIS reallocation				(13,955)	
Psychiatric Hospitalization				1,962,930	
Managed Care				862,946	
Statewide Adjustments				(92,962)	
	36,982,288	40,904	(86,925)	2,776,101	39,712,368
Juvenile Corrections	32,579,007	14,228			
FY2007 Personnel Savings Distribution			(1,213,272)		
Turnover				(1,032,777)	
Overtime				642,061	
Retroactive COLAs from FY 2005 and FY 2006				96,173	
Contract Services/Grants and Benefits Net				(234,746)	
Operating				128,826	
Statewide Adjustments				(343,727)	
	32,579,007	14,228	(1,213,272)	(744,190)	30,635,773
Child Welfare	96,569,239				
FY2007 Personnel Savings Distribution			(1,242,414)		
Unachieved Turnover				1,329,034	
Overtime				40,739	
Loss of federal IV-E Support for foster care payroll				1,297,500	
Retroactive COLAs from FY 2005 and FY 2006				1,131,945	
Operating				229,845	
Grants and Benefits/Contract Services Net				(39,334)	
Master Lease				(195,466)	
Purchase of Service Placements				3,624,968	
Foster Care and Adoption Assistance				1,079,583	
Children's Emergency Services				307,731	
Unreserved Resources				(75,734)	
Statewide Adjustments				(352,815)	
	96,569,239	-	(1,242,414)	8,377,996	103,704,821
Higher Education Opportunity Incentive Grant	200,000	-	-		
Total	200,000	-	-		200,000
Total	173,191,438	108,011	(2,758,533)	10,837,838	181,378,754
Elderly Affairs					
Elderly Affairs	20,095,705				
FY2007 Personnel Savings Distribution			(142,969)		
Vacancy Savings				(27,663)	
RIPAE Drug Expenditure Savings				(1,386,201)	
RIPAE - Benefit Manager Savings				(25,592)	
Travel - Senior Companion/CIS Programs				18,079	
IT Financing				(32,000)	
Co-Pay Day Care				222,699	
Co-Pay Home Care				105,350	
Medicaid Waiver - State				315,293	
Paratransit Financing				247,302	
Other Operating				14,435	
Statewide Health Benefit Rate Adjustment				(41,433)	
Statewide Retiree Health Rate Adjustment				6,091	
Contracted Services				(4,525)	
Total	20,095,705	-	(142,969)	(588,165)	19,364,571

Changes to FY 2007 Enacted Agency General Revenue Expenditures

	FY2007 Enacted Appropriation	Reappropriation Appropriation Transfer	Original July Redistribution Of Enacted Personnel Savings	Supplemental Changes	FY 2007 Projected Expenditures
Health					
Central Management	4,814,505				
FY2007 Personnel Savings Distribution			(119,979)		
Payroll - Vital Records Overtime				20,000	
Payroll - Unachieved Turnover Savings				65,385	
Payroll - Loss of Federal PHEP Funds				63,000	
Payroll - Ceiling Relief in FF/RR Accounts due to Statewide Changes				(46,564)	
Statewide Health Benefit Rate Adjustment				(39,418)	
Statewide Retiree Health Rate Adjustment				5,480	
Operating Supplies and Expense				17,119	
Mycoplasma Bacteria Supplies				328,639	
Total	4,814,505	-	(119,979)	413,641	5,108,167
State Medical Examiner	1,964,801				
FY2007 Personnel Savings Distribution			(89,260)		
Unachieved Turnover Savings				113,013	
Payroll - Overtime				30,000	
Statewide Health Benefit Rate Adjustment				(28,153)	
Statewide Retiree Health Rate Adjustment				7,656	
Contracts				129,480	
Operating Supplies and Expense				30,590	
Total	1,964,801	-	(89,260)	282,586	2,158,127
Family Health	3,039,370				
FY2007 Personnel Savings Distribution			(59,075)		
Payroll - Attrition Savings				(21,070)	
Payroll - Ceiling Relief in FF/RR Accounts due to Statewide Changes				(23,624)	
Statewide Health Benefit Rate Adjustment				(17,790)	
Statewide Retiree Health Rate Adjustment				2,471	
Operating Supplies and Expense				(43,267)	
Grants				56,610	
Total	3,039,370	-	(59,075)	(46,670)	2,933,625
Health Services Regulation	5,085,025				
FY 2005/2006 Payroll Retros - Unsettled Union Contracts		112,766			
FY2007 Personnel Savings Distribution			(244,138)		
Payroll - Ceiling Relief in FF/RR Accounts due to Statewide Changes				(5,636)	
Payroll - Unachieved Turnover				746,170	
Payroll - NAGE Union Retroactive Costs				156,156	
Statewide Health Benefit Rate Adjustment				(84,273)	
Statewide Retiree Health Rate Adjustment				12,305	
Contract - Legal (CON/CEC) Services				50,000	
Contract - Temporary Help				128,839	
Contract - Expert Witnesses				42,500	
Picker/Commonwealth Fund Private Grant Conversion				277,429	
Operating Supplies and Expense				154,710	
Capital Outlay - E-Licensing				54,000	
Total	5,085,025	112,766	(244,138)	1,532,200	6,485,853
Environmental Health	4,616,661				
FY2007 Personnel Savings Distribution			(218,810)		
Unachieved Turnover				51,957	
Payroll - Ceiling Relief in FF/RR Accounts due to Statewide Changes				(8,757)	
Statewide Health Benefit Rate Adjustment				(80,208)	
Statewide Retiree Health Rate Adjustment				13,997	
Contracts				(72,157)	
Net Operating Supplies, Expense and Capital Outlay				(2,013)	
Total	4,616,661	-	(218,810)	(97,181)	4,300,670

Changes to FY 2007 Enacted Agency General Revenue Expenditures

	FY2007 Enacted Appropriation	Reappropriation Appropriation Transfer	Original July Redistribution Of Enacted Personnel Savings	Supplemental Changes	FY 2007 Projected Expenditures
Health Laboratories	6,366,122				
FY2007 Personnel Savings Distribution			(257,212)		
Payroll - Overtime				83,000	
Unachieved Turnover				397,743	
Payroll - Ceiling Relief in FF/RR Accounts due to Statewide Changes				(9,425)	
Statewide Health Benefit Rate Adjustment				(91,164)	
Statewide Retiree Health Rate Adjustment				9,879	
Reconciled Unallocated Statewide Savings - Retiree Hlth and Medical				(712)	
Contracted Professional Services				15,700	
Operating Supplies and Expenses				91,174	
Total	6,366,122	-	(257,212)	496,195	6,605,105
Disease Prevention and Control	7,416,725				
FY2007 Personnel Savings Distribution			(73,262)		
Unachieved Turnover				208,486	
Payroll - Lost Federal Funds				94,884	
Statewide Health Benefit Rate Adjustment				(21,983)	
Statewide Retiree Health Rate Adjustment				3,192	
HIV Case Management				(300,000)	
ADAP Current Service Adjustments				(300,000)	
STD Case Management (Whitmarsh)				(100,000)	
Other Grants				(102,010)	
Total	7,416,725	-	(73,262)	(517,431)	6,826,032
Total	33,303,209	112,766	(1,061,736)	2,063,340	34,417,579
Human Services					
Central Management	8,778,008				
FY2007 Personnel Savings Distribution			(23,127)		
Reallocation from Medical Benefits for Head Start/ Reappropriation		400,000		1,600,000	
Statewide Health Benefit Rate Adjustment				(12,024)	
Statewide Retiree Health Rate Adjustment				1,723	
Reallocation of Rate Adjustments from indirect costs				(22,879)	
Adjustment of Indirect Cost Recoveries to DOA for Centralizations				541,688	
Reduced Emergency Assistance grants, RI Housing				(100,000)	
Personnel adjustments and turnover/ reappropriation for retro		73,348		(235,631)	
Other Operating				(9,160)	
Total	8,778,008	473,348	(23,127)	1,763,717	10,991,946
Child Support Enforcement	3,649,018				
FY2007 Personnel Savings Distribution			(133,542)		
Reappropriation for Retroactive COLAs		25,123			
Statewide Health Benefit Rate Adjustment				(47,149)	
Statewide Retiree Health Rate Adjustment				5,717	
Reappropriation for InRhodes IT Improvements		54,877			
Unachieved Turnover				101,392	
Other Operating and Contracts				185	
Total	3,649,018	80,000	(133,542)	60,145	3,655,621
Individual and Family Support	25,166,091				
FY2007 Personnel Savings Distribution			(852,923)		
Personnel adjustments and turnover/ reappropriation for retro		583,700		(623,503)	
Reallocate Food Stamp Admin to Bonus Funds				(319,532)	
Caseload and benefits IT contracts				(175,313)	
Statewide Health Benefit Rate Adjustment				(299,478)	
Statewide Retiree Health Rate Adjustment				33,184	
Reallocation of Rate Adjustments from federal funds				(177,188)	
Reallocation of IN Rhodes client IT contracts to Health Care Quality				(187,417)	
Rehabilitation client services				89,445	
Field Office rentals				65,877	

Changes to FY 2007 Enacted Agency General Revenue Expenditures

	FY2007 Enacted Appropriation	Reappropriation Appropriation Transfer	Original July Redistribution Of Enacted Personnel Savings	Supplemental Changes	FY 2007 Projected Expenditures
Reallocation of operating offsets to Health Care Quality				(124,577)	
Reprocurement for Statewide Records				(11,400)	
Other Operating				(26,698)	
	25,166,091	583,700	(852,923)	(1,756,600)	23,140,268
Veterans' Affairs	17,300,207				
FY2007 Personnel Savings Distribution			(703,927)		
Reappropriation for Retroactive COLAs		289,481			
Reversal of Kitchen supplies reallocated to DOA centralizations				65,000	
Overtime Reallocated to DOA centralization				(120,000)	
Statewide Health Benefit Rate Adjustment				(291,428)	
Statewide Retiree Health Rate Adjustment				26,808	
Reallocation of Rate Adjustments from federal funds				(108,226)	
Unachieved Turnover				286,666	
Veterans' Home Food				24,855	
Medical Services Contracts				80,770	
Other Operating				(6,135)	
	17,300,207	289,481	(703,927)	(41,690)	16,844,071
Health Care Quality, Financing and Purchasing	21,178,701				
FY2007 Personnel Savings Distribution			(567,329)		
Retroactive COLAs from FY 2005 and FY 2006				248,722	
Unachieved Turnover				42,244	
Statewide Health Benefit Rate Adjustment				(210,128)	
Statewide Retiree Health Rate Adjustment				23,882	
Reprocurement of Records Storage				(3,000)	
Reallocation of IN Rhodes client IT contracts from program IFS				187,417	
DRA Documentation Contractor				125,000	
Other contract services				150,795	
Reallocation of operating offsets from program IFS				124,577	
Nurses Aide Registry				60,000	
Start up Contract for assuming DCYF Health Care Costs				150,000	
Other Operating				2,960	
	21,178,701	-	(567,329)	902,469	21,513,841
Medical Benefits	569,325,931				
Reallocation to Central Management for Head Start				(1,600,000)	
Add CIS to Managed Care, April Start				(176,760)	
Hospital Emergency Care at Flat rate, Fee-for-Service, April Start				(119,125)	
Reduce Hospital Outpatient Rate by Ten Percent, April Start				(351,688)	
Enact Fee-for-Service Co-Pay into Statute				(150,157)	
DRA Documentation Savings				(939,348)	
November Caseload Estimating Conference				(5,225,931)	
	569,325,931	-	-	(8,563,009)	560,762,922
S.S.I. Program- Caseload Conference	28,201,184	183,792			
November Caseload Estimating Conference				220,234	
	28,201,184	183,792	-	220,234	28,605,210
Family Independence Program	47,594,952				
November Caseload Estimating Conference- FIP				1,932,240	
Reallocate FIP Cash Assistance to TANF Grant				(675,000)	
November Caseload Estimating Conference- Child Care				(1,826,931)	
	47,594,952	-	-	(569,691)	47,025,261

Changes to FY 2007 Enacted Agency General Revenue Expenditures

	FY2007 Enacted Appropriation	Reappropriation Appropriation Transfer	Original July Redistribution Of Enacted Personnel Savings	Supplemental Changes	FY 2007 Projected Expenditures
State Funded Programs	3,860,294				
November Caseload Estimating Conference				26,624	
	3,860,294	-	-	26,624	3,886,918
Total	725,054,386	1,610,321	(2,280,848)	(7,957,801)	716,426,058
Mental Health, Retardation, & Hospitals					
Central Management	2,251,063				
FY2007 Personnel Savings Distribution			(113,777)		
Unachieved Turnover				113,777	
Shift 6.0 FTEs to Central Management				256,530	
Operating				16,621	
Computer Equipment				20,000	
Statewide Health Benefit Rate Adjustment				(42,976)	
Statewide Retiree Health Rate Adjustment				5,704	
	2,251,063		(113,777)	369,656	2,506,942
Hosp. & Community System Support	4,574,961				
FY2007 Personnel Savings Distribution			(220,007)		
Turnover Savings				(178,708)	
Purchased Services				(36,487)	
Operating				(51,985)	
Furniture and equipment				11,500	
Statewide Health Benefit Rate Adjustment				(64,185)	
Statewide Retiree Health Rate Adjustment				8,964	
Total	4,574,961	-	(220,007)	(310,901)	4,044,053
Services. for the Developmentally Disabled	119,315,406	197,151			
FY2007 Personnel Savings Distribution			(926,192)		
Payroll				108,138	
Retroactive COLAs from FY 2005 and FY 2006				346,613	
Reduce Overtime 26 Percent				(454,751)	
Other RICLAS Payroll Benefits				210,124	
Contract Medical Services				128,761	
Projection of Provider Payments				(97,359)	
Operating				196,190	
Shift 7.0 Centralizations FTE back to RILCAS				199,134	
Equipment Lease				4,342	
Statewide Health Benefit Rate Adjustment				(373,941)	
Statewide Retiree Health Rate Adjustment				34,764	
	119,315,406	197,151	(926,192)	302,015	118,888,380
Integrated Mental Health Services	43,579,541	4,626			
FY2007 Personnel Savings Distribution			(70,991)		
Turnover				(144,681)	
Retroactive COLAs from FY 2005 and FY 2006				4,626	
Operating				(3,758)	
Butler Contract (Usage and Rate Increases)				439,093	
CMAP Savings Due to Medicaid Part D				(600,000)	
Statewide Health Benefit Rate Adjustment				(20,396)	
Statewide Retiree Health Rate Adjustment				2,820	
	43,579,541	4,626	(70,991)	(322,296)	43,190,880
Hosp. & Community Rehab. Services	52,576,725				
FY2007 Personnel Savings Distribution			(2,106,595)		
Retroactive COLAs from FY 2005 and FY 2006				531,123	
Unachieved Turnover				1,160,136	
Reduce Overtime in Hospital				(847,129)	
Other Payroll Benefits				670,942	

Changes to FY 2007 Enacted Agency General Revenue Expenditures

	FY2007 Enacted Appropriation	Reappropriation Appropriation Transfer	Original July Redistribution Of Enacted Personnel Savings	Supplemental Changes	FY 2007 Projected Expenditures
Shift Eligible Forensic Unit Costs to Medicaid				(423,000)	
Contract Services - Hospital Assessmnt Study				139,715	
Contract Medical Services				820,278	
Other Purchased Services				920,998	
Operating				210,881	
Medical Supplies				308,005	
Pharmaceuticals				166,725	
Hospital Licensing Fee				8,658	
Shift Computer Equipment to Cent Mgt				(14,427)	
Medicaid Settlement-Final Year-end Settlement				(264,437)	
Statewide Health Benefit Rate Adjustment				(802,413)	
Statewide Retiree Health Rate Adjustment				79,660	
	52,576,725	-	(2,106,595)	2,665,715	53,135,845
Substance Abuse	16,157,873				
FY2007 Personnel Savings Distribution			(101,431)		
Unachieved Turnover				101,431	
Payroll				36,538	
Underfunded Provider COLA				137,740	
Statewide Health Benefit Rate Adjustment				(44,780)	
Statewide Retiree Health Rate Adjustment				4,527	
	16,157,873	-	(101,431)	235,456	16,291,898
Total	238,455,569	201,777	(3,538,993)	2,939,645	238,057,998
Office of the Child Advocate	558,096	6,828			
FY2007 Personnel Savings Distribution			(26,211)		
Unachieved Turnover				30,000	
Operating				(1,167)	
Statewide Health Benefit Rate Adjustment				(9,975)	
Statewide Retiree Health Rate Adjustment				1,103	
Total	558,096	6,828	(26,211)	19,961	558,674
Commission on Deaf and Hard of Hearing	355,329				
FY2007 Personnel Savings Distribution			(13,873)	16,729	
Operating				3,327	
Interpreter Referral/CART Services				(13,500)	
Statewide Health Benefit Rate Adjustment				(6,067)	
Statewide Retiree Health Rate Adjustment				579	
Total	355,329		(13,873)	1,068	342,524
Governor's Commission on Disabilities	602,202				
FY2007 Personnel Savings Distribution			(27,623)		
Unachieved Turnover				(10,418)	
Contract Services				30,610	
Operating				(2,756)	
Grants and Benefits				(30,481)	
Capital Purchases and Equipment				(498)	
Statewide Adjustments				(8,364)	
Total	602,202	-	(27,623)	(21,907)	552,672
Commission for Human Rights	1,075,216				
FY2007 Personnel Savings Distribution			(47,441)		
Payroll				(13,241)	
Statewide Health Benefit Rate Adjustment				(19,420)	
Statewide Retiree Health Rate Adjustment				1,817	

Changes to FY 2007 Enacted Agency General Revenue Expenditures

	FY2007 Enacted Appropriation	Reappropriation Appropriation Transfer	Original July Redistribution Of Enacted Personnel Savings	Supplemental Changes	FY 2007 Projected Expenditures
Statewide Records Storage Contract				(301)	
Contract - Stenographic Services				15,000	
Other Operating				6,130	
Capital Outlay - Computer Server				9,000	
Operating - Federal Offsets				(37,130)	
Total	1,075,216	-	(47,441)	(38,145)	989,630
Office of the Mental Health Advocate	409,492				
FY2007 Personnel Savings Distribution			(19,591)		
Unachieved Turnover				16,113	
Contract Services				100	
Operating				1,652	
Statewide Health Benefit Rate Adjustment				(5,313)	
Statewide Retiree Health Rate Adjustment				960	
Total	409,492	-	(19,591)	13,512	403,413
Sub-Total Human Services	1,193,413,802	2,039,703	(9,931,525)	7,266,911	1,192,788,891
<u>Education</u>					
Elementary and Secondary Education					
State Education Aid	675,530,203				
FY2007 Personnel Savings Distribution			(18,242)		
Unachieved Turnover				8,971	
Group Home Aid				75,000	
Charter School Aid				349,222	
Speech Pathologists Salary Supplement				(265,000)	
Statewide Health Benefit Rate Adjustment				(4,100)	
Statewide Retiree Health Rate Adjustment				827	
	675,530,203	-	(18,242)	164,920	675,676,881
School Housing Aid	49,672,045				
Calculation Update				(2,857,063)	
	49,672,045	-	-	(2,857,063)	46,814,982
Teachers' Retirement	69,200,130				
Teachers' Retirement Adjustment				(1,940,220)	
	69,200,130	-	-	(1,940,220)	67,259,910
RI School for the Deaf	6,476,348	111,679			
FY2007 Personnel Savings Distribution			(301,211)		
Unachieved Turnover				276,654	
Other Personnel				126,370	
Contract Services				(28,072)	
Operating/Equipment				(17,565)	
Reappropriation Unnecessary				(111,679)	
Statewide Health Benefit Rate Adjustment				(104,654)	
Statewide Retiree Health Rate Adjustment				13,331	
	6,476,348	111,679	(301,211)	154,385	6,441,201
Central Falls School District	43,234,574				
State Appropriation				560,837	
	43,234,574	-	-	560,837	43,795,411

Changes to FY 2007 Enacted Agency General Revenue Expenditures

	FY2007 Enacted Appropriation	Reappropriation Appropriation Transfer	Original July Redistribution Of Enacted Personnel Savings	Supplemental Changes	FY 2007 Projected Expenditures
Davies Career & Technical School	13,753,144	166,270			
FY2007 Personnel Savings Distribution			(605,942)		
Unachieved Turnover				483,316	
Operating/Equipment				57,241	
Contract Services				(60,500)	
Statewide Health Benefit Rate Adjustment				(199,030)	
Statewide Retiree Health Rate Adjustment				26,687	
	13,753,144	166,270	(605,942)	307,714	13,621,186
Met. Career & Tech. School	10,406,956				
	10,406,956	-	-	-	10,406,956
Administration of the Comp. Education Strategy	21,103,006				
FY2007 Personnel Savings Distribution			(459,733)		
Unachieved Turnover				102,311	
Contract Services				(405,733)	
Operating				20,710	
Local Aid/Grants				29,943	
Statewide Health Benefit Rate Adjustment				(124,143)	
Statewide Retiree Health Rate Adjustment				20,370	
	21,103,006	-	(459,733)	(356,542)	20,286,731
Total	889,376,406	277,949	(1,385,128)	(3,965,969)	884,303,258
Higher Education					
Board of Governors/Office of Higher Education	7,858,537				
FY2007 Personnel Savings Distribution			(94,842)		
Statewide Adjustments				(29,614)	
	7,858,537		(94,842)	(29,614)	7,734,081
University of Rhode Island	88,692,010				
FY2007 Personnel Savings Distribution			(2,740,662)		
Statewide Adjustments				(861,878)	
Debt Service Adjustment				811,296	
	88,692,010		(2,740,662)	(50,582)	85,900,766
Rhode Island College	49,238,557				
FY2007 Personnel Savings Distribution			(1,728,773)		
Statewide Adjustments				(601,436)	
Debt Service Adjustment				429,741	
	49,238,557		(1,728,773)	(171,695)	47,338,089
Community College of Rhode Island	50,942,246				
FY2007 Personnel Savings Distribution			(1,794,393)		
				(629,287)	
	50,942,246		(1,794,393)	(629,287)	48,518,566
Total	196,731,350	-	(6,358,670)	(881,178)	189,491,502
RI Council On The Arts	2,841,466				
FY2007 Personnel Savings Distribution			(34,012)		
Reappropriation, grants and contract		16,600			
Personnel costs				7,616	
Statewide Health Benefit Rate Adjustment				(10,514)	

Changes to FY 2007 Enacted Agency General Revenue Expenditures

	FY2007 Enacted Appropriation	Reappropriation Appropriation Transfer	Original July Redistribution Of Enacted Personnel Savings	Supplemental Changes	FY 2007 Projected Expenditures
Statewide Retiree Health Rate Adjustment				1,425	
Operating, Film Commission				(45,392)	
Discretionary Grants				(12,224)	
Total	2,841,466	16,600	(34,012)	(59,089)	2,764,965
RI Atomic Energy Commission					
Atomic Energy Commission	836,702				
FY2007 Personnel Savings Distribution			(38,090)		
Unachieved Turnover				28,452	
Operating				(9,313)	
Statewide Adjustments				(7,220)	
Total	836,702	-	(38,090)	11,919	810,531
RI Higher Education Assistance Authority					
FY2007 Personnel Savings Distribution	6,747,402		(30,271)		
Personnel				106	
Operating				(106)	
Statewide Adjustments				(8,636)	
Total	6,747,402	-	(30,271)	(8,636)	6,708,495
RI Historical Preservation & Heritage Commission					
FY2007 Personnel Savings Distribution	1,705,676	19,944	(53,985)	30,174	
Seasonal - Eisenhower House				9,200	
Operating				(1,713)	
Eisenhower House - Current Year Maint. Requirements				(9,944)	
Statewide Health Benefit Rate Adjustment				(23,589)	
Statewide Retiree Health Rate Adjustment				2,161	
Total	1,705,676	19,944	(53,985)	6,289	1,677,924
RI Public Telecommunications Authority					
FY2007 Personnel Savings Distribution	1,388,669		(57,778)		
Statewide Health Benefit Rate Adjustment				(15,650)	
Statewide Retiree Health Rate Adjustment				2,545	
Total	1,388,669	-	(57,778)	(13,105)	1,317,786
Sub-Total Education	1,099,627,671	314,493	(7,957,934)	(4,909,769)	1,087,074,461
<u>Public Safety</u>					
Attorney General					
Criminal	13,077,675	77,425			
FY2007 Personnel Savings Distribution			(599,045)		
Unachieved Turnover				6,640	
Station Fire Investigation				3,622	
State Crime Lab					
Criminal - Other Contract Services				48,450	
Criminal - Operating				42,047	
Criminal - Capital Purchases and Equipment				-	
Statewide Health Benefit Rate Adjustment				(177,961)	
Statewide Retiree Health Rate Adjustment				26,720	
Statewide Records Center Contract				(19,650)	
Total	13,077,675	77,425	(599,045)	(70,132)	12,485,923
Civil	4,524,821				
FY2007 Personnel Savings Distribution			(186,128)		
Unachieved Turnover				248,254	
Insurance Rate Filing Experts				74,778	
Civil - Other Contract Services				15,500	
Civil - Operating Expenses and Capital Purchases				153	

Changes to FY 2007 Enacted Agency General Revenue Expenditures

	FY2007 Enacted Appropriation	Reappropriation Appropriation Transfer	Original July Redistribution Of Enacted Personnel Savings	Supplemental Changes	FY 2007 Projected Expenditures
Statewide Health Benefit Rate Adjustment				(59,397)	
Statewide Retiree Health Rate Adjustment				8,519	
Statewide Records Center Contract				(7,350)	
	4,524,821	-	(186,128)	280,457	4,619,150
Bureau of Criminal Identification	991,634				
FY2007 Personnel Savings Distribution			(47,489)		
Unachieved Turnover				(1,199)	
BCI - Contract Services				-	
BCI - Operating Expenses and Capital Purchases				17,007	
Statewide Health Benefit Rate Adjustment				(12,988)	
Statewide Retiree Health Rate Adjustment				1,988	
Statewide Records Center Contract				-	
	991,634	-	(47,489)	4,808	948,953
General	2,249,571				
FY2007 Personnel Savings Distribution			(111,468)		
Unachieved Turnover				146,204	
General - Contract Services				900	
General - Operating Expenses and Capital Purchases				4,244	
Statewide Health Benefit Rate Adjustment				(30,712)	
Statewide Retiree Health Rate Adjustment				5,266	
Statewide Records Center Contract				(4,500)	
	2,249,571	-	(111,468)	121,402	2,259,505
Total	20,843,701	77,425	(944,130)	336,535	20,313,531
Corrections					
Central Management	8,557,219	405,484			
FY2007 Personnel Savings Distribution			(342,135)		
Unachieved Turnover				200,555	
FY 2006 Retro Transfer to FY 2008				(119,270)	
Training Academy Overtime				306,000	
Reentry Policy Staff Transfer				158,603	
Community Corrections Dialogue				23,593	
Correctional Officer Class Costs				37,866	
Computer Service Contracts				446,753	
IT Software/Hardware Maintenance				190,041	
All Other				174	
Statewide Health Benefit Rate Adjustment				(106,816)	
Statewide Retiree Health Rate Adjustment				14,818	
	8,557,219	405,484	(342,135)	1,152,317	9,772,885
Parole Board	1,247,742	49,340			
FY2007 Personnel Savings Distribution			(57,925)		
Unachieved Turnover				14,458	
Statewide Record Center				(1,039)	
On-Line Warrant Charges				3,200	
Statewide Health Benefit Rate Adjustment				(17,619)	
Statewide Retiree Health Rate Adjustment				2,509	
	1,247,742	49,340	(57,925)	1,509	1,240,666
Institutional Corrections	139,084,180	6,565,955			
FY2007 Personnel Savings Distribution			(5,419,000)		
Unachieved Turnover				6,562,830	
State Criminal Alien Assistance Federal Funds Transfer				(343,000)	
FY 2005 Retro Transfer to FY 2008				(1,502,318)	
FY 2006 Retro Transfer to FY 2008				(4,954,587)	
FY 2007 Retro Transfer to FY 2008				(9,164,005)	
Inmate Population Increase-New Positions				198,846	

Changes to FY 2007 Enacted Agency General Revenue Expenditures

	FY2007 Enacted Appropriation	Reappropriation Appropriation Transfer	Original July Redistribution Of Enacted Personnel Savings	Supplemental Changes	FY 2007 Projected Expenditures
Inmate Population Increase-Overtime				2,849,035	
Inmate Population Increase-Per Capita Operating				520,202	
Reduce Inmate Visitation Days				(125,238)	
Bail Fund				(43,451)	
Reentry Policy Staff Transfer				(158,603)	
Nursing Incentives				415,097	
Ammunition Costs				185,462	
Visitor Lockers				90,000	
Other Contract Services				5,096	
Other Operating				5,835	
Residential Substance Abuse Grant				27,000	
Statewide Health Benefit Rate Adjustment				(2,311,180)	
Statewide Retiree Health Rate Adjustment				232,977	
	139,084,180	6,565,955	(5,419,000)	(7,510,002)	132,721,133
Community Corrections	13,553,170	148,158			
FY2007 Personnel Savings Distribution			(649,874)		
Unachieved Turnover				144,795	
FY 2006 Retro Transfer to FY 2008				(54,558)	
Home Confinement Overtime				103,676	
Statewide Health Benefit Rate Adjustment				(225,899)	
Statewide Retiree Health Rate Adjustment				27,178	
	13,553,170	148,158	(649,874)	(4,808)	13,046,646
Total	162,442,311	7,168,937	(6,468,934)	(6,360,984)	156,781,330
Judiciary					
Supreme Court	28,801,573				
FY2007 Personnel Savings Distribution			(738,693)		
Unachieved Turnover				664,522	
Judicial Technology Projects				(72,969)	
Energy/Utilities - New Courthouses				247,737	
Telephone - Centralize in Supreme				282,725	
Building Maintenance and Housekeeping				99,044	
McGrath Exterior Project Overrun				100,000	
Supreme - Other Contract Services				8,347	
Supreme - Other Operating Expenses				90,599	
Judicial Pensions				(5,709)	
Pretrial Services Unit Grant Shift to District Court				(60,000)	
Supreme - Other Grants and Benefits				(646)	
Supreme - Other Capital Purchases				11,573	
Statewide Health Benefit Rate Adjustment				(243,060)	
Statewide Retiree Health Rate Adjustment				31,860	
	28,801,573	-	(738,693)	1,154,023	29,216,903
Superior Court	20,659,206				
FY2007 Personnel Savings Distribution			(872,240)		
Unachieved Turnover				(64,425)	
Judicial Technology Projects				(98,096)	
Superior - Other Contract Services				18,000	
Juror Expenses				(135,000)	
Superior - Other Operating				(80,670)	
Telephone - Centralize in Supreme				(77,885)	
Judicial Pensions				(204,382)	
Superior - Other Grants and Benefits				(875)	
Statewide Health Benefit Rate Adjustment				(267,489)	
Statewide Retiree Health Rate Adjustment				38,491	
	20,659,206	-	(872,240)	(872,331)	18,914,635

Changes to FY 2007 Enacted Agency General Revenue Expenditures

	FY2007 Enacted Appropriation	Reappropriation Appropriation Transfer	Original July Redistribution Of Enacted Personnel Savings	Supplemental Changes	FY 2007 Projected Expenditures
Family Court	17,271,175				
FY2007 Personnel Savings Distribution			(829,642)		
Unachieved Turnover				389,954	
Judicial Technology Projects				(107,589)	
Telephone - Centralize in Supreme				(59,340)	
Family - Other Operating				2,232	
Judicial Pensions				(8,462)	
Family - Other Grants and Benefits				(563)	
Statewide Health Benefit Rate Adjustment				(275,717)	
Statewide Retiree Health Rate Adjustment				39,900	
	17,271,175	-	(829,642)	(19,585)	16,421,948
District Court	9,923,880				
FY2007 Personnel Savings Distribution			(433,543)		
Unachieved Turnover				398,811	
Judicial Technology Projects				(41,019)	
Telephone - Centralize in Supreme				(55,662)	
Building Maintenance and Housekeeping				(2,402)	
District - Other Operating				(4,849)	
Judicial Pensions				(19,183)	
Pretrial Services Unit Grant Shift to District Court				60,000	
District - Other Grants and Benefits				(57)	
District - Other Capital Purchases and Equipment				2,402	
Statewide Health Benefit Rate Adjustment				(150,432)	
Statewide Retiree Health Rate Adjustment				19,851	
	9,923,880	-	(433,543)	207,460	9,697,797
Traffic Tribunal	7,318,155				
FY2007 Personnel Savings Distribution			(310,410)	-	
Unachieved Turnover				(94,493)	
Judicial Technology Projects				(47,149)	
Building Maintenance and Housekeeping				(3,222)	
Telephone - Centralize in Supreme				(89,838)	
Traffic - Other Operating				7,564	
Judicial Pensions				120,483	
Traffic - Other Capital Purchases and Equipment				3,222	
Harris Avenue Rent				(218,677)	
Statewide Health Benefit Rate Adjustment				(106,589)	
Statewide Retiree Health Rate Adjustment				12,505	
	7,318,155	-	(310,410)	(416,194)	6,591,551
Total	83,973,989	-	(3,184,528)	53,373	80,842,834
Military Staff					
National Guard	2,335,467				
FY2007 Personnel Savings Distribution			(36,641)		
Unachieved Turnover				53,807	
State Activation (Inauguration)				75,000	
Enhancements-5.0 Maintenance FTE's				37,500	
Contract Services					
Distance Learning Center				(5,000)	
Groundskeeping Services				(4,200)	
Operating					
Repairs				17,825	
Electricity				(46,794)	
Fuel Oil				6,426	
Inauguration Expenses Transfer to Payroll				(75,000)	
Vehicle Purchase/Repair				(6,474)	
Supplies				2,950	
Office/Other Operating				(8,000)	

Changes to FY 2007 Enacted Agency General Revenue Expenditures

	FY2007 Enacted Appropriation	Reappropriation Appropriation Transfer	Original July Redistribution Of Enacted Personnel Savings	Supplemental Changes	FY 2007 Projected Expenditures
Grants					
Life Insurance Subsidy-current service level				(78,770)	
Military Pay Equalization-program transfer				(215,000)	
Capital-Computer Equipment				(1,400)	
Statewide Health Benefit Rate Adjustment				(20,460)	
Statewide Retiree Health Rate Adjustment				1,550	
	2,335,467	-	(36,641)	(266,040)	2,032,786
Emergency Management					
FY2007 Personnel Savings Distribution	829,452		(36,571)		
Payroll Adjustments					
Transfer to Federal Funds				(74,116)	
Planning Value				(56)	
Temporary Contract Services				33,000	
Insurance				15,995	
Office/Computer Supplies & Equipment				17,500	
Programming Services-Server Hookup				25,000	
Central Mail Processing				7,000	
Vehicle Maintenance				7,000	
Repairs				3,400	
Telephone				(7,745)	
Travel				(2,200)	
Electricity				(17,585)	
Other				1,250	
Statewide Health Benefit Rate Adjustment				(9,365)	
Statewide Retiree Health Rate Adjustment				1,368	
	829,452	-	(36,571)	446	793,327
Total	3,164,919	-	(73,212)	(265,594)	2,826,113
E-911 Emergency Telephone System					
E-911 Emergency Telephone System	4,485,669				
FY2007 Personnel Savings Distribution			(205,774)		
Unachieved Turnover				80,432	
Shift HR Centralization FTE from DOA				54,016	
Shift Verizon Telephone Charge to Restricted				(242,836)	
Shift System Maint. Charge to Restricted				(28,500)	
Statewide Health Benefit Rate Adjustment				(75,959)	
Statewide Retiree Health Rate Adjustment				8,341	
Operating				22,972	
Total	4,485,669	-	(205,774)	(181,534)	4,098,361
Fire Safety Code Commission					
Fire Code Commission	289,299				
FY2007 Personnel Savings Distribution			(12,725)		
Unachieved Turnover				12,140	
Other Personnel				15,764	
Operating				(3,686)	
Statewide Health Benefit Rate Adjustment				(4,043)	
Statewide Retiree Health Rate Adjustment				619	
Total	289,299	-	(12,725)	20,794	297,368
State Fire Marshal					
State Fire Marshal	2,838,049	12,860			
FY2007 Personnel Savings Distribution			(121,691)		
Additional Turnover				(160,605)	
Operating				(2,061)	
Vehicles/Equipment				57,845	

Changes to FY 2007 Enacted Agency General Revenue Expenditures

	FY2007 Enacted Appropriation	Reappropriation Appropriation Transfer	Original July Redistribution Of Enacted Personnel Savings	Supplemental Changes	FY 2007 Projected Expenditures
Statewide Health Benefit Rate Adjustment				(32,296)	
Statewide Retiree Health Rate Adjustment				4,724	
Total	2,838,049	12,860	(121,691)	(132,393)	2,596,825
Commission on Judicial Tenure and Discipline	114,772				
FY2007 Personnel Savings Distribution			(4,243)		
Unachieved Turnover				4,259	
Purchased Legal Services				(3,062)	
Statewide Health Benefit Rate Adjustment				(722)	
Statewide Retiree Health Rate Adjustment				212	
Total	114,772	-	(4,243)	687	111,216
Rhode Island Justice Commission					
Rhode Island Justice Commission	163,972				
FY2007 Personnel Savings Distribution			(6,167)		
Payroll - Reduced Federal Admin Funds				46,612	
Statewide Health Benefit Rate Adjustment				(3,661)	
Statewide Retiree Health Rate Adjustment				338	
Other Operating				1,948	
Statewide Records Storage Contract				(239)	
Grants - Neighborhood Crime Watch Grants Conversion				(48,500)	
Total	163,972	-	(6,167)	(3,502)	154,303
Municipal Police Training Academy	425,710				
FY2007 Personnel Savings Distribution			(18,229)	8,331	
In Service Training				(4,032)	
Operating				(2,065)	
Statewide Health Benefit Rate Adjustment				(5,872)	
Statewide Retiree Health Rate Adjustment				777	
Total	425,710	-	(18,229)	(2,861)	404,620
State Police					
State Police	49,047,151	1,151,068			
FY2007 Personnel Savings Distribution			(1,236,082)		
Unachieved Turnover				1,121,957	
Retro Payments for Troopers Contract				1,156,512	
Offsets to Airport				(137,380)	
Pay-as-you-go Pension, and Retiree medical				(32,397)	
COPS payments				(4,612)	
Unavailable Offsets to DOT				120,000	
Vehicle maint				200,000	
Outreach Diversity				26,353	
Contract Services				(12,432)	
Operating				68,235	
Expanded Retro Pays for Bonuses in final agreement				1,485,695	
Current Cost for Bonuses in final agreement				1,499,742	
Adjustment for Troopers percent of Premium health co-shares				59,281	
Statewide Adjustments				-442,955	
Total	49,047,151	1,151,068	(1,236,082)	5,107,999	54,070,136
Office Of Public Defender					
Public Defenders Office	9,326,545	10,044			
FY2007 Personnel Savings Distribution			(440,603)		
Payroll Adjustment				78,744	
Contract Services					
Educational Services				(10,000)	
Security Services				464	
Clerical Services				9,400	

Changes to FY 2007 Enacted Agency General Revenue Expenditures

	FY2007 Enacted Appropriation	Reappropriation Appropriation Transfer	Original July Redistribution Of Enacted Personnel Savings	Supplemental Changes	FY 2007 Projected Expenditures
Social Worker Contract				19,668	
Rental Lease Costs					
Rent				(23,646)	
Fuel Oil				12,000	
Electricity				11,646	
Other Travel				3,748	
Mileage Reimbursement				(3,000)	
Statewide Health Benefit Rate Adjustment				(131,378)	
Statewide Retiree Health Rate Adjustment				18,922	
Total	9,326,545	10,044	(440,603)	(13,432)	8,882,554
Sub-Total Public Safety	337,116,087	8,420,334	(12,716,318)	(1,440,912)	331,379,191
<u>Natural Resources</u>					
Environmental Management					
Office of the Director	6,475,699				
FY2007 Personnel Savings Distribution			(170,174)		
Unachieved Turnover				50,345	
Temporary Services				15,000	
Headquarters - Utilities/Operating				21,825	
Statewide Health Benefit Rate Adjustment				(50,138)	
Statewide Retiree Health Rate Adjustment				7,522	
Interns				8,500	
Other Operating				1,938	
	6,475,699	-	(170,174)	54,992	6,360,517
Natural Resources	18,708,114				
FY2007 Personnel Savings Distribution			(629,254)		
Unachieved Turnover				384,877	
Parks & Seasonal Overtime				70,000	
Parks Operating and Contracted Services				(67,000)	
All Other Operating				(7,636)	
Revenue Sharing - Saltwater Beach Host Communities				88,231	
Vehicles Lease/Straight Buys				93,116	
Vehicle Maintenance				56,250	
Interns				83,655	
Statewide Health Benefit Rate Adjustment				(249,433)	
Statewide Retiree Health Rate Adjustment				25,668	
	18,708,114	-	(629,254)	477,728	18,556,588
Environmental Protection	12,346,683				
FY2007 Personnel Savings Distribution			(533,626)		
Unachieved Turnover				995,296	
Offset to Water & Air Account				(474,686)	
\$1/Ton Solid Waste Surcharge				(500,000)	
Statewide Health Benefit Rate Adjustment				(185,596)	
Statewide Retiree Health Rate Adjustment				22,415	
Interns				44,845	
	12,346,683	-	(533,626)	(97,726)	11,715,331
Total	37,530,496	-	(1,333,054)	434,994	36,632,436
Coastal Resources Management Council					
FY2007 Personnel Savings Distribution	2,112,667		(85,352)		
Unachieved Turnover				79,135	
Turnover Adjustment				54,516	

Changes to FY 2007 Enacted Agency General Revenue Expenditures

	FY2007 Enacted Appropriation	Reappropriation Appropriation Transfer	Original July Redistribution Of Enacted Personnel Savings	Supplemental Changes	FY 2007 Projected Expenditures
Contract Services				(2,500)	
Other Operating				(5,000)	
Statewide Health Benefit Rate Adjustment				(26,732)	
Statewide Retiree Health Rate Adjustment				3,990	
Total	2,112,667	-	(85,352)	103,409	2,130,724
State Water Resources Board	1,937,302	152,323			
FY2007 Personnel Savings Distribution			(47,889)	39,089	
Tuition Payments - 2006/2007 Rebase				(28,592)	
Stream Gauging				5,100	
Water Allocation Plan - FY 2007 Requirements				(220,000)	
Statewide Health Benefit Rate Adjustment				(13,867)	
Statewide Retiree Health Rate Adjustment				2,206	
Total	1,937,302	152,323	(47,889)	(216,064)	1,825,672
Sub-Total Environment	41,580,465	152,323	(1,466,295)	322,339	40,588,832
Statewide General Revenue Total	3,221,527,107	17,381,365	-	(28,044,538)	3,210,863,934

Changes to FY 2007 Enacted Transportation Expenditures

	FY 2007 Enacted Appropriation	Carryforward from FY2006 into FY 2007	Supplemental Changes	FY 2007 Revised
Total ISTF Fund Revenue Collections	144,000,000			140,550,000
Transportation ISTEA Fund Changes		(2,408,675)		
Central Management	3,098,421			
Salaries & Benefits			251,577	
Purchased Services			136,153	
Operating			11,682	
Capital Improvements			15,448	
Statewide Health Benefit Rate Adjustment			(48,239)	
Statewide Retiree Health Benefit Rate Adjustment			7,357	
	3,098,421		373,978	3,472,399
Management & Budget	1,709,378			
Salaries & Benefits			974,552	
Purchased Services			898,010	
Operating			447,133	
Capital Improvements			536,621	
Statewide Health Benefit Rate Adjustment			(42,053)	
Statewide Retiree Health Benefit Rate Adjustment			4,711	
	1,709,378		2,818,974	4,528,352
Infrastructure-Engineering	49,053,371			
Salaries & Benefits			1,780,739	
Purchased Services			(73,243)	
Operating			(19,760)	
Debt Service			(9,600,000)	
Operating Transfers to Motor Fuel Bonds - debt service			9,370,000	
Operating Transfers to RIPTA			33,262,784	
Grants & Benefits			(34,096,534)	
Capital Improvements			(1,991,535)	
Statewide Health Benefit Rate Adjustment			(75,975)	
Statewide Retiree Health Benefit Rate Adjustment			11,016	
Statewide Records Center Contract			(25,326)	
	49,053,371		(1,457,834)	47,595,537
Infrastructure-Maintenance	41,065,043			
Salaries & Benefits			355,943	
Purchased Services			(5,013,547)	
Operating			1,861,692	
Grants & Benefits			355,731	
Capital Improvements			24,717	
Debt Service			(1,281,643)	
Operating Transfers			(20,000)	
Statewide Health Benefit Rate Adjustment			(422,090)	
Statewide Retiree Health Benefit Rate Adjustment			33,651	
	41,065,043		(4,105,546)	36,959,497
Total Transportation	94,926,213		(2,370,428)	92,555,785
Gas tax budgeted outside DOT				
DOT Debt service(est DOT refunding allocation)	36,695,660		(981,256)	35,714,404
RIPTA Debt Service	703,466		-	703,466

Changes to FY 2007 Enacted Transportation Expenditures

	FY 2007 Enacted Appropriation	Carryforward from FY2006 into FY 2007	Supplemental Changes	FY 2007 Revised
Total ISTF Fund Revenue Collections	144,000,000			140,550,000
Transportation ISTE A Fund Changes				
Gas tax budgeted in DOA-planning	37,399,126	(2,408,675)	(981,256)	36,417,870
Salary for Governor's Office Transfer	92,129		(3,333)	88,796
Consolidations Transfer	1,982,532		(1,195,655)	786,877
Total Transfers	2,074,661		(1,198,988)	875,673
Gas Tax Budgeted outside of DOT	39,473,787		(2,180,244)	37,293,543
DEA - Elderly Transportation	4,800,000		(115,000)	4,685,000
General Fund Transfer	4,800,000		(115,000)	4,685,000
Total ISTE A Fund	144,000,000		(4,780,672)	139,219,328
Change in Fund Balance				
Beginning Balance		(2,408,675)		1,330,672
Ending Balance				(1,078,003)

¹ Current Year Deficit to be resolved in FY 2008

² A reduction of \$192,409 represents overpayment of debt service in FY 2006

Appendix C
Aid to Cities and
Towns

Formula Aid to Cities and Towns

The Governor's FY 2008 budget recommends formula aid to cities and towns totaling \$284.9 million. This represents a 1.8 percent, or \$5.1 million, increase from the FY 2007 revised level of funding. The tables on the following pages display FY 2007 and FY 2008 recommended levels of funding for formula aid to cities and towns by community. In general, all formula state aid programs were level funded with the exception of the motor vehicle excise tax reimbursement program which was increased by 3.2% to reflect increased valuation of exempted vehicles. The narrative below describes each of the programs included on the tables.

General Revenue Sharing - 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 was to increase 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. The Governor proposes that funding for this program in FY 2008 be set at \$65.1 million, the same amount as in FY 2007 and to fix future distributions at three percent (3.0%) of tax revenues in FY 2009 and thereafter. For FY 2008, the entitlements by community have been fixed at the same amount as in FY 2007.

Payment in Lieu of Taxes - Legislation creating this program requires the State of Rhode Island to reimburse cities and towns for property taxes that would have been due on certain types of real property that are exempted from taxation by state law. This includes property owned by nonprofit educational institutions, nonprofit hospitals, or any state owned hospital, veteran's facility, or correctional facility. Reimbursement is made for twenty-seven percent of all tax that would have been collected had the property been taxable, prorated to the amount appropriated for a given year. The program has been level funded for FY 2008 and the entitlements by community have been fixed at the same amount as in FY 2007.

Distressed Communities Relief Fund - This program provides state assistance to those Rhode Island communities with the highest property tax burdens relative to the wealth of taxpayers. The Governor proposes to set the amount of funding distributed under this program to the amount enacted in the annual appropriations act, as opposed to the amounts collected from the Real Estate Conveyance Tax. Also, entitlements for FY 2008 by community have been fixed at the same amount as in FY 2007.

State 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, including private libraries, while other aid is disbursed to the individual cities and towns. Entitlements for FY 2008 by community have been fixed at the same amount as in FY 2007.

Motor Vehicle Excise Tax - Legislation enacted during the 1999 General Assembly provides for a phase-out of the local excise tax on motor vehicles and trailers. This legislation was amended in 2002 to make the full phase out of the tax subject to the annual review and appropriation of the General Assembly. For Fiscal Year 2007, the value of the exemption from local taxes was increased to \$6,000 per vehicle. The FY 2008 budget maintains that \$6,000 exemption and assumes a 3.2% growth in the value of exempted vehicles which will be reimbursed by the state.

Formula Aid to Cities and Towns

Public Service Corporation Tax - The tangible personal property of telegraph, cable and telecommunications corporations is exempt 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.

Meals and Beverage Local Sales and Use Tax – During the January 2003 session, the General Assembly enacted a one percent gross receipts tax on retail sales of meals and beverages in or from eating and/or drinking establishments. The taxes are collected by the Division of Taxation and distributed at least quarterly to the city or town where the meals and beverages were delivered. This budget assumes that this pass through aid will increase by 3% for each community.

Fiscal Year 2007 State Aid to Cities and Towns

City or Town	General Revenue Sharing	Payment In Lieu of Tax Exempt Property	Distressed Community Relief Fund	State Library Aid	Motor Vehicle Excise Tax Reimbursement Value of Exemption	FY 2007 Total Appropriated State Aid
Barrington	243,363	53,865	-	314,971	2,963,073	3,575,271
Bristol	991,817	560,835	-	57,181	1,528,419	3,138,252
Burrillville	706,306	78,891	305,033	79,855	2,801,257	3,971,342
Central Falls	1,693,857	-	298,278	66,132	1,539,089	3,597,356
Charlestown	407,811	-	-	45,568	528,671	982,050
Coventry	1,014,646	-	-	167,177	2,973,702	4,155,525
Cranston	5,428,521	3,583,905	-	548,485	12,438,045	21,998,956
Cumberland	1,560,119	139	-	240,606	2,501,966	4,302,831
East Greenwich	176,808	7,940	-	102,399	1,372,315	1,659,462
East Providence	2,681,452	61,629	-	499,380	6,540,646	9,783,107
Exeter	90,542	-	-	28,066	1,000,288	1,118,896
Foster	310,304	270	-	29,271	841,121	1,180,966
Glocester	567,421	-	-	64,709	1,200,899	1,833,028
Hopkinton	225,882	-	-	31,238	830,371	1,087,491
Jamestown	146,604	-	-	70,379	433,765	650,749
Johnston	2,554,218	-	-	121,452	5,181,863	7,857,533
Lincoln	959,290	-	-	172,879	2,965,033	4,097,202
Little Compton	105,828	-	-	25,425	296,598	427,851
Middletown	979,346	-	-	149,936	1,117,039	2,246,321
Narragansett	882,212	-	-	111,496	1,258,557	2,252,265
Newport	1,846,695	658,326	-	346,433	1,875,054	4,726,508
New Shoreham	91,497	-	-	88,246	86,694	266,437
North Kingstown	890,042	6,836	-	234,608	2,891,033	4,022,518
North Providence	2,404,365	533,146	1,070,479	174,550	5,051,642	9,234,182
North Smithfield	656,282	38,817	-	60,768	2,014,607	2,770,474
Pawtucket	5,476,767	330,377	1,527,880	395,734	10,214,303	17,945,060
Portsmouth	654,697	-	-	109,462	1,573,181	2,337,339
Providence	15,536,990	20,124,158	5,398,068	1,285,939	23,360,791	65,705,946
Richmond	148,322	627	-	22,769	816,384	988,102
Scituate	452,695	-	-	93,610	1,572,931	2,119,235
Smithfield	1,867,355	437,602	-	240,145	3,576,955	6,122,057
South Kingstown	1,015,804	121,138	-	194,843	2,165,338	3,497,122
Tiverton	646,245	-	-	87,145	1,417,030	2,150,420
Warren	502,159	-	-	46,087	1,138,943	1,687,189
Warwick	4,872,914	862,977	-	666,767	14,083,144	20,485,802
Westerly	757,697	132,288	-	287,135	3,006,991	4,184,111
West Greenwich	223,293	-	-	21,394	567,247	811,934
West Warwick	1,473,614	-	945,155	196,189	3,170,604	5,785,562
Woonsocket	3,868,095	173,199	839,562	219,987	5,458,017	10,558,859
Subtotal	\$65,111,876	\$27,766,967	10,384,458	\$7,698,411	134,353,606	\$245,315,315
Statewide Reference Library Resource Grant (Providence)				970,322		970,322
Library Construction Reimbursement				2,849,447		2,849,447
Motor Vehicle Excise Tax Reimbursement - Fire Districts					1,875,837	1,875,837
Overpayment in FY 2006 ⁽¹⁾			(230,272)			
Total	\$65,111,876	\$27,766,967	\$10,154,186	\$11,518,180	\$136,229,443	\$251,010,921

⁽¹⁾ The August 2006 payment from the Distressed Communities Relief Fund, which is supposed to be based on Real Estate Conveyance Tax revenues for the period of January to June, was instead based upon the enacted appropriation and resulted in an overpayment to communities of \$230,272.

Fiscal Year 2007 Pass Through Aid to Cities & Towns

City or Town	Public Service Corporation Tax	Meals and Beverage Tax	FY 2007 Total Shared Taxes State Aid	FY 2007 Total Shared & Appropriated Aid
Barrington	165,956	105,637	271,593	3,846,863
Bristol	221,816	274,633	496,449	3,634,701
Burrillville	156,192	156,989	313,181	4,284,523
Central Falls	186,716	113,474	300,190	3,897,547
Charlestown	77,318	111,379	188,697	1,170,747
Coventry	332,049	315,339	647,388	4,802,913
Cranston	782,494	1,284,439	2,066,933	24,065,889
Cumberland	313,933	326,472	640,405	4,943,236
East Greenwich	127,677	377,465	505,142	2,164,604
East Providence	481,518	789,309	1,270,827	11,053,934
Exeter	59,589	48,806	108,395	1,227,291
Foster	42,243	19,349	61,592	1,242,559
Glocester	98,122	60,781	158,903	1,991,931
Hopkinton	77,193	27,158	104,351	1,191,843
Jamestown	55,400	91,209	146,609	797,357
Johnston	278,198	401,472	679,670	8,537,203
Lincoln	205,799	416,001	621,800	4,719,002
Little Compton	35,441	29,518	64,959	492,811
Middletown	171,805	495,171	666,976	2,913,298
Narragansett	161,330	396,317	557,647	2,809,912
Newport	262,039	1,483,439	1,745,478	6,471,986
New Shoreham	9,937	173,696	183,633	450,071
North Kingstown	259,512	367,946	627,458	4,649,976
North Providence	320,185	409,055	729,240	9,963,422
North Smithfield	104,890	178,408	283,298	3,053,772
Pawtucket	720,845	644,647	1,365,492	19,310,552
Portsmouth	169,383	166,318	335,701	2,673,040
Providence	1,712,408	3,909,455	5,621,863	71,327,810
Richmond	70,903	123,387	194,290	1,182,392
Scituate	101,885	37,065	138,950	2,258,185
Smithfield	203,327	473,137	676,464	6,798,522
South Kingstown	275,088	478,915	754,003	4,251,125
Tiverton	150,556	111,686	262,242	2,412,662
Warren	112,258	248,157	360,415	2,047,604
Warwick	847,803	2,334,495	3,182,298	23,668,101
Westerly	226,600	613,081	839,681	5,023,792
West Greenwich	49,855	81,587	131,442	943,376
West Warwick	292,223	398,058	690,281	6,475,843
Woonsocket	427,271	495,342	922,613	11,481,472
Subtotal	\$10,347,757	\$18,568,791	\$28,916,551	\$274,231,866
Statewide Reference Library Resource Grant (Providence)				970,322
Library Construction Reimbursement				2,849,447
Motor Vehicle Excise Tax Reimbursement - Fire Districts				1,875,837
Total				\$279,927,472

Fiscal Year 2008 State Aid to Cities and Towns

City or Town	General Revenue Sharing	Payment In Lieu of Tax Exempt Property	Distressed Community Relief Fund	State Library Aid	Motor Vehicle Excise Tax Reimbursement Value of Exemption	FY 2008 Total Appropriated State Aid
Barrington	243,363	53,865	-	314,971	3,057,891	3,670,089
Bristol	991,817	560,835	-	57,181	1,577,328	3,187,161
Burrillville	706,306	78,891	305,033	79,855	2,890,897	4,060,982
Central Falls	1,693,857	-	298,278	66,132	1,588,340	3,646,607
Charlestown	407,811	-	-	45,568	545,588	998,968
Coventry	1,014,646	-	-	167,177	3,068,860	4,250,684
Cranston	5,428,521	3,583,905	-	548,485	12,836,062	22,396,974
Cumberland	1,560,119	139	-	240,606	2,582,029	4,382,894
East Greenwich	176,808	7,940	-	102,399	1,416,229	1,703,376
East Providence	2,681,452	61,629	-	499,380	6,749,947	9,992,407
Exeter	90,542	-	-	28,066	1,032,297	1,150,905
Foster	310,304	270	-	29,271	868,037	1,207,882
Glocester	567,421	-	-	64,709	1,239,328	1,871,457
Hopkinton	225,882	-	-	31,238	856,943	1,114,063
Jamestown	146,604	-	-	70,379	447,645	664,629
Johnston	2,554,218	-	-	121,452	5,347,683	8,023,352
Lincoln	959,290	-	-	172,879	3,059,914	4,192,083
Little Compton	105,828	-	-	25,425	306,089	437,342
Middletown	979,346	-	-	149,936	1,152,784	2,282,067
Narragansett	882,212	-	-	111,496	1,298,831	2,292,538
Newport	1,846,695	658,326	-	346,433	1,964,711	4,816,165
New Shoreham	91,497	-	-	88,246	89,468	269,212
North Kingstown	890,042	6,836	-	234,608	2,983,546	4,115,031
North Providence	2,404,365	533,146	1,070,479	174,550	5,213,295	9,395,835
North Smithfield	656,282	38,817	-	60,768	2,094,692	2,850,559
Pawtucket	5,476,767	330,377	1,527,880	395,734	10,541,161	18,271,918
Portsmouth	654,697	-	-	109,462	1,623,523	2,387,681
Providence	15,536,990	20,124,158	5,398,068	1,285,939	24,108,336	66,453,492
Richmond	148,322	627	-	22,769	842,508	1,014,226
Scituate	452,695	-	-	93,610	1,623,265	2,169,569
Smithfield	1,867,355	437,602	-	240,145	3,691,418	6,236,520
South Kingstown	1,015,804	121,138	-	194,843	2,234,629	3,566,413
Tiverton	646,245	-	-	87,145	1,462,375	2,195,765
Warren	502,159	-	-	46,087	1,175,389	1,723,636
Warwick	4,872,914	862,977	-	666,767	14,533,805	20,936,463
Westerly	757,697	132,288	-	287,135	3,103,215	4,280,335
West Greenwich	223,293	-	-	21,394	585,399	830,086
West Warwick	1,473,614	-	945,155	196,189	3,272,063	5,887,022
Woonsocket	3,868,095	173,199	839,562	219,987	5,632,674	10,733,515
Subtotal	\$65,111,876	\$27,766,967	10,384,455	\$7,698,411	138,698,194	\$249,659,903
Statewide Reference Library Resource Grant (Providence)				1,074,987		1,074,987
Library Construction Reimbursement				2,813,141		2,813,141
Motor Vehicle Excise Tax Reimbursement - Fire Districts					1,875,837	1,875,837
Total	\$65,111,876	\$27,766,967	\$10,384,455	\$11,586,539	\$140,574,031	\$255,423,868

Fiscal Year 2008 Pass Through Aid to Cities & Towns

City or Town	Public Service Corporation Tax	Meals and Beverage Tax	FY 2008 Total Shared Taxes State Aid	FY 2008 Total Shared & Appropriated Aid
Barrington	165,956	108,806	274,762	3,944,851
Bristol	221,816	282,872	504,688	3,691,849
Burrillville	156,192	161,699	317,891	4,378,873
Central Falls	186,716	116,878	303,595	3,950,202
Charlestown	77,318	114,720	192,038	1,191,006
Coventry	332,049	324,799	656,848	4,907,532
Cranston	782,494	1,322,972	2,105,466	24,502,440
Cumberland	313,933	336,266	650,199	5,033,093
East Greenwich	127,677	388,789	516,466	2,219,842
East Providence	481,518	812,988	1,294,506	11,286,914
Exeter	59,589	50,270	109,859	1,260,764
Foster	42,243	19,929	62,173	1,270,055
Glocester	98,122	62,604	160,727	2,032,183
Hopkinton	77,193	27,973	105,166	1,219,229
Jamestown	55,400	93,945	149,345	813,974
Johnston	278,198	413,516	691,714	8,715,066
Lincoln	205,799	428,481	634,280	4,826,363
Little Compton	35,441	30,404	65,845	503,187
Middletown	171,805	510,026	681,832	2,963,898
Narragansett	161,330	408,207	569,537	2,862,075
Newport	262,039	1,527,942	1,789,981	6,606,146
New Shoreham	9,937	178,907	188,844	458,056
North Kingstown	259,512	378,984	638,496	4,753,527
North Providence	320,185	421,327	741,511	10,137,346
North Smithfield	104,890	183,760	288,650	3,139,209
Pawtucket	720,845	663,986	1,384,831	19,656,749
Portsmouth	169,383	171,308	340,691	2,728,372
Providence	1,712,408	4,026,739	5,739,147	72,192,639
Richmond	70,903	127,089	197,992	1,212,218
Scituate	101,885	38,177	140,062	2,309,631
Smithfield	203,327	487,331	690,659	6,927,178
South Kingstown	275,088	493,282	768,370	4,334,784
Tiverton	150,556	115,037	265,593	2,461,357
Warren	112,258	255,602	367,860	2,091,495
Warwick	847,803	2,404,530	3,252,333	24,188,796
Westerly	226,600	631,473	858,074	5,138,408
West Greenwich	49,855	84,035	133,890	963,976
West Warwick	292,223	410,000	702,222	6,589,244
Woonsocket	427,271	510,202	937,473	11,670,989
Subtotal	\$10,347,757	\$19,125,855	\$29,473,615	\$279,133,518
Statewide Reference Library Resource Grant (Providence)				1,074,987
Library Construction Reimbursement				2,813,141
Motor Vehicle Excise Tax Reimbursement - Fire Districts				1,875,837
Total				\$284,897,483

Changes in Formula Aid - FY 2008 vs. FY 2007

City or Town	General Revenue Sharing	Payment In Lieu of Tax Exempt Property	Distressed Community Relief Fund	State Library Aid	Motor Vehicle Excise Tax Reimbursement	Total Appropriated Difference
Barrington	-	-	-	-	94,818	94,818
Bristol	-	-	-	-	48,909	48,909
Burrillville	-	-	-	-	89,640	89,640
Central Falls	-	-	-	-	49,251	49,251
Charlestown	-	-	-	-	16,917	16,917
Coventry	-	-	-	-	95,158	95,158
Cranston	-	-	-	-	398,017	398,017
Cumberland	-	-	-	-	80,063	80,063
East Greenwich	-	-	-	-	43,914	43,914
East Providence	-	-	-	-	209,301	209,301
Exeter	-	-	-	-	32,009	32,009
Foster	-	-	-	-	26,916	26,916
Glocester	-	-	-	-	38,429	38,429
Hopkinton	-	-	-	-	26,572	26,572
Jamestown	-	-	-	-	13,880	13,880
Johnston	-	-	-	-	165,820	165,820
Lincoln	-	-	-	-	94,881	94,881
Little Compton	-	-	-	-	9,491	9,491
Middletown	-	-	-	-	35,745	35,745
Narragansett	-	-	-	-	40,274	40,274
Newport	-	-	-	-	89,657	89,657
New Shoreham	-	-	-	-	2,774	2,774
North Kingstown	-	-	-	-	92,513	92,513
North Providence	-	-	-	-	161,653	161,653
North Smithfield	-	-	-	-	80,085	80,085
Pawtucket	-	-	-	-	326,858	326,858
Portsmouth	-	-	-	-	50,342	50,342
Providence	-	-	-	-	747,545	747,545
Richmond	-	-	-	-	26,124	26,124
Scituate	-	-	-	-	50,334	50,334
Smithfield	-	-	-	-	114,463	114,463
South Kingstown	-	-	-	-	69,291	69,291
Tiverton	-	-	-	-	45,345	45,345
Warren	-	-	-	-	36,446	36,446
Warwick	-	-	-	-	450,661	450,661
Westerly	-	-	-	-	96,224	96,224
West Greenwich	-	-	-	-	18,152	18,152
West Warwick	-	-	-	-	101,459	101,459
Woonsocket	-	-	-	-	174,657	174,657
Subtotal	\$0	\$0	\$0	\$0	\$4,344,585	\$4,344,589
Statewide Reference Library Resource Grant (Providence)				104,665	-	104,665
Library Construction Reimbursement				(36,306)	-	(36,306)
Motor Vehicle Excise Tax Reimbursement - Fire Districts				-	-	-
Total	\$0	\$0	\$0	\$68,359	\$4,344,585	\$4,412,948

Changes in Pass Through and All Aid - FY 2008 vs. FY 2007

City or Town	Public Service Corporation Tax	Meals and Beverage Tax	Total Pass Through State Aid Difference	Total All State Aid Difference
Barrington	-	3,169	3,169	97,987
Bristol	-	8,239	8,239	57,148
Burrillville	-	4,710	4,710	94,350
Central Falls	-	3,404	3,404	52,655
Charlestown	-	3,341	3,341	20,259
Coventry	-	9,460	9,460	104,619
Cranston	-	38,533	38,533	436,551
Cumberland	-	9,794	9,794	89,857
East Greenwich	-	11,324	11,324	55,238
East Providence	-	23,679	23,679	232,980
Exeter	-	1,464	1,464	33,473
Foster	-	580	580	27,496
Glocester	-	1,823	1,823	40,252
Hopkinton	-	815	815	27,387
Jamestown	-	2,736	2,736	16,617
Johnston	-	12,044	12,044	177,864
Lincoln	-	12,480	12,480	107,361
Little Compton	-	886	886	10,377
Middletown	-	14,855	14,855	50,600
Narragansett	-	11,890	11,890	52,163
Newport	-	44,503	44,503	134,160
New Shoreham	-	5,211	5,211	7,985
North Kingstown	-	11,038	11,038	103,551
North Providence	-	12,272	12,272	173,924
North Smithfield	-	5,352	5,352	85,437
Pawtucket	-	19,339	19,339	346,197
Portsmouth	-	4,990	4,990	55,331
Providence	-	117,284	117,284	864,829
Richmond	-	3,702	3,702	29,826
Scituate	-	1,112	1,112	51,446
Smithfield	-	14,194	14,194	128,657
South Kingstown	-	14,367	14,367	83,658
Tiverton	-	3,351	3,351	48,696
Warren	-	7,445	7,445	43,891
Warwick	-	70,035	70,035	520,695
Westerly	-	18,392	18,392	114,616
West Greenwich	-	2,448	2,448	20,600
West Warwick	-	11,942	11,942	113,401
Woonsocket	-	14,860	14,860	189,517
Subtotal	-	\$557,062	\$557,064	\$4,901,652
Statewide Reference Library Resource Grant (Providence)				104,665
Library Construction Reimbursement				(36,306)
Motor Vehicle Excise Tax Reimbursement - Fire Districts				-
Total		\$557,062	\$557,064	\$4,970,011

Appendix D

Aid to Schools

Education Aid to Local Units of Government

Education Aid to Local Governments totals \$910.5 million in FY 2008, a \$46.4 million increase in total state funding relative to the FY 2007 revised budget, and a 5.4 percent increase in the state's commitment to financing public education within Rhode Island. Total Education Aid is defined to include local public schools, the School for the Deaf, Davies Career and Technical School, the Charter Schools, the Central Falls School District and the Metropolitan Career and Technical School, as well as support for teacher retirement and school housing aid. The following sections summarize changes to the various aid categories that comprise total FY 2008 Education Aid.

Distributed Aid- A Uniform 3 Percent Increase with Continued Support for Central Falls

In FY 2008, the Governor reaffirms his commitment to Local Education Agencies (LEAs) by proposing a uniform general aid increase of three percent from enacted aid allocations for each community. This totals \$19.4 million in additional aid for Rhode Island's locally and regionally operated school districts. Further, to resolve a structural operating deficit while leveraging municipal fiscal participation, state support of the Central Falls school district increases by 6.9 percent, or \$3.0 million, relative to the revised FY 2007 level. Combining these two increases yields total FY 2008 distributed aid appropriations of \$712.2 million, a \$22.3 million increase from the revised FY 2007 level.

State Schools

The State Schools- Davies Career and Technical School, Metropolitan Career and Technical School, and the Rhode Island School for the Deaf are collectively financed at \$32.9 million in general revenue, which constitutes a \$2.4 million increase from the revised FY 2007 Budget. This reflects financing of current services at each school, and continued support of the expansion of the Metropolitan School to an East Bay campus on Aquidneck Island. This campus has commenced operations during the current (2006-2007) school year with an enrollment of 31 students.

Non-Distributed Aid

Expansions for non-distributed categories of state education aid are also recommended for FY 2008. Notable among these is the advent of the Comprehensive Education Fund, with \$2.0 million in financing that is specifically earmarked for the support of innovations arising from a new Comprehensive Education Strategy panel under the joint direction of the Governor, the Speaker of the House and the Senate President. The Progressive Support and Intervention (PS&I) Fund, which finances corrective intervention activities in the State's underperforming districts, is maintained at \$2.9 million.

In addition to PS&I and the Comprehensive Education Fund, professional development funds utilized at the RIDE administrative level are increased by \$200,000 as a result of the Governor's *Advanced Placement Initiative*, a program that provides training workshops specifically designed for teachers of advanced placement courses in the sciences and mathematics. Direct Charter School Aid, which finances operations at the state's eleven charter schools, rises 10.9 percent above the revised FY 2007 level to \$27.0 million.

For both FY 2007 and FY 2008, the Governor recommends the elimination of the salary supplement for speech pathologists. Enacted by the 2006 general assembly, this measure provides an annual stipend of \$1,750 for all public school-based speech pathologists holding a Certificate of Clinical Competence. The Governor believes that salary schedules for school personnel should be set at the local level.

Other Aid

The FY 2008 budget also includes increases in other aid of \$16.9 million; \$6.0 million in school housing aid reimbursements and \$10.8 million in state contributions for teachers' retirement.

Education Aid to Local Units of Government

FY 2008 Education Aid Increases (Decreases) From the Revised FY 2007 Budget

- General Aid: \$19,379,107
- Group Home Funding: (\$75,000)
- Central Falls School District: \$3,012,635
- Professional Development: \$200,000
- Direct Charter School Aid: \$2,645,103
- Progressive Support and Intervention: \$19,332
- Comprehensive Education Fund: \$2,000,000
- Metropolitan Career and Technical School: \$1,080,778
- School for the Deaf: \$366,591
- Davies Career and Technical School: \$950,386
- Teachers' Retirement: \$10,811,800
- School Housing Aid: \$6,046,528

Explanation of LEA Table

The following table displays the FY 2007 and FY 2008 education aid budgets and their corresponding apportionment among the state's local and regional education agencies (LEAs). "Distributed LEA Aid" consists of the various categories of aid that are directly distributed to school districts on a regular (usually monthly) basis, such as General Aid, Targeted Aid, and funds for Student Equity. For completeness, general revenue financing of the Central Falls School District (including an allocation for indirect Charter School Aid) is also displayed in this section. "State Schools" include the Metropolitan School, Davies, and School for the Deaf. "Non-Distributed Aid" includes several categories of aid that are either utilized at the departmental level or are not distributed regularly to school districts. "Other Aid" consists of allocations for School Housing Aid and state contributions to the Teachers' Retirement Fund. For the purposes of this table, direct aid to charter schools is categorized as non-distributed.

Education Aid to Local Units of Government

	FY 2007 Revised	FY 2008 Recommend	Difference	Percentage Change
Distributed LEA Aid				
Barrington	\$2,599,526	\$2,677,512	\$77,986	3.0%
Burrillville	13,779,743	14,193,135	413,392	3.0%
Charlestown	2,002,838	2,062,923	60,085	3.0%
Coventry	20,075,081	20,677,333	602,252	3.0%
Cranston	35,580,911	36,648,338	1,067,427	3.0%
Cumberland	13,257,009	13,654,719	397,710	3.0%
East Greenwich	1,949,761	2,008,254	58,493	3.0%
East Providence	26,762,254	27,565,122	802,868	3.0%
Foster	1,416,463	1,458,957	42,494	3.0%
Glocester	3,213,847	3,310,262	96,415	3.0%
Hopkinton	6,241,352	6,428,593	187,241	3.0%
Jamestown	531,908	547,865	15,957	3.0%
Johnston	10,915,364	11,242,825	327,461	3.0%
Lincoln	7,403,268	7,625,366	222,098	3.0%
Little Compton	368,810	379,874	11,064	3.0%
Middletown	10,497,116	10,812,029	314,913	3.0%
Narragansett	1,897,159	1,954,074	56,915	3.0%
Newport	11,796,080	12,149,962	353,882	3.0%
New Shoreham	106,345	109,535	3,190	3.0%
North Kingstown	11,986,005	12,345,585	359,580	3.0%
North Providence	13,232,872	13,629,858	396,986	3.0%
North Smithfield	4,834,237	4,979,264	145,027	3.0%
Pawtucket	66,858,559	68,864,316	2,005,757	3.0%
Portsmouth	6,250,042	6,437,543	187,501	3.0%
Providence	193,974,756	199,793,999	5,819,243	3.0%
Richmond	6,188,615	6,374,273	185,658	3.0%
Scituate	3,407,183	3,509,398	102,215	3.0%
Smithfield	5,668,568	5,838,625	170,057	3.0%
South Kingstown	10,428,698	10,741,559	312,861	3.0%
Tiverton	5,932,058	6,110,020	177,962	3.0%
Warwick	37,626,000	38,754,780	1,128,780	3.0%
Westerly	6,843,077	7,048,369	205,292	3.0%
West Warwick	20,440,547	21,053,763	613,216	3.0%
Woonsocket	47,616,613	49,045,111	1,428,498	3.0%
Bristol/Warren	20,498,190	21,113,136	614,946	3.0%
Exeter/W Greenwich	7,661,019	7,890,849	229,830	3.0%
Chariho District	398,334	410,284	11,950	3.0%
Foster/Glocester	5,729,861	5,901,757	171,896	3.0%
Central Falls	43,873,873	46,886,508	3,012,635	6.9%
Smithfield- FY 2007 Supplemental	75,000	-	(75,000)	-
Subtotal	\$689,918,942	\$712,235,675	\$22,316,733	3.2%

Education Aid to Local Units of Government

	FY 2007 Revised	FY 2008 Recommend	Difference	Percentage Change
Non-Distributed Aid				
On-Site Visits	\$407,935	\$407,935	-	-
Textbook Expansion	240,000	240,000	-	-
Hasbro Children's Hospital	100,000	100,000	-	-
School Breakfast	600,000	600,000	-	-
Professional Development	670,000	870,000	200,000	29.9%
Charter School-Direct Aid	24,339,885	26,984,988	2,645,103	10.9%
Progressive Support & Intervention	2,917,565	2,936,897	19,332	0.7%
Comprehensive Education Fund	-	2,000,000	2,000,000	-
Telecommunications Access	277,965	277,965	-	-
Subtotal	\$29,553,350	\$34,417,785	4,864,435	16.5%
State Schools				
Metropolitan School	\$10,406,956	\$11,487,734	\$1,080,778	10.4%
School for the Deaf	6,441,201	6,807,792	366,591	5.7%
Davies School	13,621,186	14,571,572	950,386	7.0%
Subtotal	\$30,469,343	\$32,867,098	\$2,397,755	7.9%
Other Aid				
Teachers' Retirement	\$67,259,910	\$78,071,710	\$10,811,800	16.1%
School Housing Aid	46,814,982	52,861,510	6,046,528	12.9%
Subtotal	\$114,074,892	\$130,933,220	\$16,858,328	14.8%
LEA Subtotal	\$689,918,942	\$712,235,675	\$22,316,733	3.2%
Total	\$864,016,527	\$910,453,778	\$46,437,251	5.4%

Office of Budget

Carmela Corte**Budget Analyst I**

Office of the Secretary of State
Board of Elections
Transportation
Rhode Island Airport Corporation
Capital Center Commission
Rhode Island Public Transit Authority
Rhode Island Turnpike and Bridge Authority

Andres Blanco**Technical Support Specialist II**

Network Database Management
Information Processing Liaison
Technical Support
Oracle Budget Module Implementation

Ronald Davidson**Budget Analyst I**

Department of Administration
Department of Revenue
State Police
Ethics Commission

Rosemary Booth Gallogly**Executive Director/State Budget Officer**

State Investment Commission
State Employee Retirement Board
Depositors Economic Protection Corporation
Tobacco Securitization Financing Corporation

Shanika Doctor**Data Control Clerk****Bill Golas****Senior Budget Analyst**

Public Higher Education
Department of Labor and Training
Business Regulation
Higher Education Assistance Authority
Atomic Energy Commission
Children's Crusade for Higher Education
Health and Educational Building Corporation
Student Loan Authority

Christy Healey**Supervising Budget Analyst**

Legislature
Judicial
Governor's Office
Lieutenant Governor
Rhode Island Industrial Facilities Corporation
Industrial-Recreational Building Corporation
Convention Center Authority
Housing and Mortgage Finance Corporation
Refunding Bond Authority
Housing Resources Commission
Capital Budget
Medical Benefits

Elizabeth Leach**Budget Analyst II**

Department of Environmental Management
Department of Elderly Affairs
Treasury Department
Water Resources Board
Water Resources Board Corporate
Deaf and Hard of Hearing
Historical Preservation & Heritage Commission
Municipal Police Training Academy
NASBO Surveys

Susan E. McCarthy**Chief Implementation Aide**

Personnel Actions
Office Management

Dennis A. Michaud**Budget Analyst II**

Department of Corrections
Military Staff
Coastal Resources Management Council
Office of the Public Defender
Narragansett Bay Commission
Clean Water Finance Agency

Office of Budget

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Oracle Budget Module Implementation
Economic Development Corporation
Economic Policy Council
Quonset Development Corporation
Partnership for Science and Technology

Daniel R. Orgel**Budget Analyst I**

Department of Elementary and Secondary
Education
Fire Safety Code Commission
State Fire Marshal
Public Telecommunications Authority
Mental Health Advocate

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Monthly Revenue Report
Revenue Estimating, Five Year Forecast
Tax Modeling
Rhode Island Lottery Commission
Economic Impact Studies

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Department of Children, Youth and Families
Office of the Attorney General
Commission on Women
Boards for Design Professionals
Governor's Commission on Disabilities

Sharon R. Savicki**Implementation Aide**

Fiscal Note Database

Peder Schaefer**Chief Budget Analyst**

Local Government Finance
Information Statement
Retirement
Five Year Forecast

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Mental Health, Retardation and Hospitals
Child Advocate
E-911 Commission
Commission on Judicial Tenure and Discipline
Resource Recovery Corporation
Rhode Island Underground Storage Tank
Financial Responsibility Review Board
Appropriations Act

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Department of Health
Rhode Island Justice Commission
Commission on Human Rights
Public Utilities Commission
Rhode Island Developmental Disabilities Council

George Welly**Deputy Budget Officer**

Department of Human Services
Council on the Arts
Caseload Estimating

Office of Strategic Planning**Robert K. Griffith****Chief, Office of Strategic Planning**

Monitoring and Analysis

William P. McKenna**Principal Strategic Planner**

Performance Measures