Five-Year Financial Projection

FY 2011 – FY 2015 Overview

Summary

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 for the five fiscal years ending in June 2015. 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 2011 budget base, expenditures will exceed revenues in each of the out-years projected through FY 2015. The operating deficits range from $362.2 million in FY 2012, $416.2 million in FY 2013, $457.8 million in FY 2014, and $535.7 million in FY 2015. In percentage terms, the deficits are projected to approach 12.2 percent of spending in FY 2012 and 13.1 percent in FY 2015. The expenditure-side of the budget is estimated to increase at an average annual rate of 6.3 percent from the FY 2011 base to FY 2015. 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, as discussed in detail below.

The five year projection anticipates average annual revenue growth of approximately 2.1 percent beyond the budget year, based upon the adopted November 2009 Revenue Estimating Conference forecast for the Rhode Island economy and the Governor's recommended changes to adopted revenues. The forecasts underlying the five year forecast assume that recovery in the Rhode Island economy does not take hold until FY 2012. Thus, both FY 2010 and FY 2011 continue to show year-over-year declines in general revenue. General revenue growth is expected to be modest in FY 2012 before strengthening in FY 2013 and FY 2014 as the economic recovery accelerates. General revenue growth remains positive in FY 2015 but at a rate below those projected for FY 2013 and FY 2014.

Personal income is forecast to grow at an average annual rate of 4.1 percent over the FY 2012 – FY 2015 period. Nonfarm employment is anticipated to grow at an average annual rate of 2.3 percent and wage and salary disbursements at an average annual rate of 3.8 percent over the FY 2012 — FY 2015 period. One risk to the revenue forecast is the timing of the economic recovery. If the recovery takes hold sooner than forecast, then the out-year growth rates, particularly in employment, would be lower. The tradeoff, of course, is that near-term revenue estimates would likely be better than currently estimated. Conversely, if the economic recovery takes hold later than forecast, then the out-year growth rates would be too optimistic and both the near-term and the out-year revenue forecasts may be overstated. Another risk to the revenue forecast is the behavior of consumers as the economy recovers. Consumer spending has historically comprised two-thirds of total spending. If post-recession, consumer spending does not rebound to pre-recession levels then the out-year revenue forecasts are likely to be overstated.

The FY 2011-FY 2015 five year forecast reflects the impact of federal action, which was aimed at generating economic activity and providing the states with fiscal relief. Congress proposed, and on

February 17, 2009, President Obama signed the American Recovery and Reinvestment Act of 2009 ("ARRA"). The Act provides $787 billion of enacted funding nationwide through spending programs, tax cuts, and other provisions. While one of the goals of the ARRA is to generate economic activity that will result in improved financial performance, this five year forecast does not attempt to estimate the impact, if any, the stimulus will have on state revenues. It does discuss two major components of the ARRA, the State Fiscal Stabilization Fund and the increased Federal Medicaid Assistance Percentage (FMAP) both of which have a direct impact on the State operating budget. The Governor's FY 2011 budget assumes that there will be an extension enacted to continue the increased FMAP for two more quarters through June 30, 2011. This forecast shows that the federal stimulus funds provide relief of $217.3 million in FY 2011, of which $121.9 million is already federally enacted. The forecast reveals the stress caused as the stimulus funds sunset.

Governor's Recommended General Revenue Offset from ARRA Funding

ARRA Program	FY2009 Actual	FY 2010 Rec	FY 2011 Rec	Totals
Stabilization	53,107,223	57,832,511	26,645,522	**$137,585,256**
Enhanced FMAP	149,567,764	194,099,187	190,677,846	**$534,344,797**
Totals	**$202,674,987**	**$251,931,698**	**$217,323,368**	**$671,930,053**

* The FY 2011 recommendation assumes an extension of FMAP

The provisions of the ARRA are temporary, providing an increase in the FMAP through June 30, 2011 under the assumptions in the Governor's budget. The five year forecast reflects a change in the FMAP rate from 64.2 percent in State FY 2011 to an assumed reversion to a base FMAP level of 52.9 percent for the remainder of the forecast period. When applied to the applicable base FY 2011 Medicaid expenditures, the resultant increase in federal participation totals $190.7 million, which is included in the Governor's recommended FY 2011 budget. The appropriation of these additional federal funds allows a reduction of an equivalent amount of general revenue expenditures in the Medicaid program in FY 2011. The forecast includes an equivalent federal participation decline of $190.7 million in FY 2012, when the FMAP enhancement program sunsets pursuant to federal law.

Governor's Recommended FMAP Enhancement Funding

Department	FY 2009	FY 2010	FY 2011 (Jan 09 ARRA)	FY 2011 Projected	Change FY 2010 - FY 2011
Human Services	104,373,548	141,685,241	70,566,687	141,133,374	(551,867)
Health	90,509	142,752	71,376	142,752	-
Mental Health, Retardation	36,399,656	43,524,930	20,607,241	41,214,482	(2,310,448)
Elderly Affairs	686,286	882,404	441,201	882,402	-
Children, Youth, & Families	8,017,765	7,863,860	3,652,418	7,304,836	(559,024)
Subtotals	**$149,567,764**	**$194,099,187**	**$95,338,923**	**$190,677,846**	**(3,421,339)**
Share of LEA Special Ed.	2,211,992	4,473,222	2,237,175	4,474,350	1,128
Total FMAP Enhancement	**$151,779,756**	**$198,572,409**	**$97,576,098**	**$195,152,196**	**($3,420,211)**

** Due to the continued economic downturn, it is widely believed that the federal FMAP enhancement will be extended from six months in FY 11 through the year. As such, the Governor's recommended budget includes a full year of FMAP enhancement.*

The State Stabilization Fund for Rhode Island totals $164.9 million and may be used in FY 2009, FY 2011, and FY 2012. Of the total, 81.8 percent is to be allocated to elementary and secondary education and public higher education and the remaining 18.2 percent for public safety or other government services, including K-12 or higher education. In FY 2009, $53.1 million was spent, including $33.2 in Elementary and Secondary Education and $19.9 in Corrections. For FY 2010, a total of $73.9 million is requested including $47.7 for Elementary and Secondary Education, $16.1 million for Public Higher Education, $0.1

for Corrections, and $10.0 million for State Police. For FY 2011, the Governor recommends spending the remaining $37.8 million in Stabilization Funds, including $26.6 million for Elementary and Secondary Education and $11.2 million for Public Higher Education. In each year, general revenue funding is reduced in equal amounts for Elementary and Secondary Education, Corrections, and State Police, but not for Public Higher Education. No offset is recommended relating to Title I ($26.5 million in FY 2010 and $9.0 million in FY 2011) or IDEA ($32.4 million in FY 2010 and $10.9 million in FY 2011) funds which are distributed to the local governments. The table below displays the impact of the State Stabilization Fund.

Governor's Recommended Stabilization Funding

Department	FY2009 Actual	FY 2010 Rec	FY 2011 Rec	Totals
RIDE	33,207,223	47,715,384	26,645,522	**$107,568,129**
Corrections	19,900,000	100,000	-	**$20,000,000**
State Police	-	10,017,127	-	**$10,017,127**
Subtotal	**$53,107,223**	**$57,832,511**	**$26,645,522**	**$137,585,256**
Higher Education*		16,100,000	11,200,000	27,300,000
Totals	**$53,107,223**	**$73,932,511**	**$37,845,522**	**$164,885,256**

* Higher Education stabilization funds do not directly offset general revenues. The direct general revenue savings for the state due to stabilization are captured by the 'Subtotal' category.

Highlights

The forecast takes into account four major initiatives included in the Governor's FY 2010 and FY 2011 budgets which impact the revenue and expenditure estimates – pension reform, Medicaid reform, tax reform, and reduced state aid for local governments supported by proposed legislative changes to encourage spending efficiencies. In the three expenditure areas, the forecast assumes the Governor's proposed FY 2011 proposed budget is the baseline, and the out-year forecast adjusts for the sun setting of federal stimulus dollars and utilizes projected inflationary trends.

In the category of personnel costs, the forecast assumes the Governor's pension reform proposal contained in the FY 2010 Supplemental Act is enacted, resulting in $12.8 million of general revenue savings in FY 2011 for state employees, state police and judges. The forecast also includes estimated increases in the state's retirement contributions due to recent investment losses in the pension fund, as described under the section discussing personnel and operating costs. The Governor's FY 2011 budget includes funding for retiree health benefits on an actuarial basis starting in FY 2011. Current law requires the state to fund retiree health benefit costs on an actuarial basis beginning in FY 2012, after a delay of two years was enacted. The forecast assumes that the actuarially determined contribution rate for the retiree health benefits remains constant through the forecast period. It is assumed that the medical benefit co-sharing and plan design changes which have been implemented also remain constant through the planning horizon.

Grants and benefits account for approximately 31.7 percent of the general revenue budget. Total Medicaid spending in FY 2011 is estimated to be $745.7 million, reflecting reduced state support as a result of the federal enhancement. In FY 2009, the state spent $704.4 million in general revenues, and $1.9 billion from all funds. According to the Centers for Medicare and Medicaid Services (CMS) projections, general Medicaid growth is projected to be 8.25 percent annually, outpacing the average projected annual revenue growth of 2.1 percent. The projected annual growth for Medicaid costs included in the forecast range from 4.6 percent and 8.3 percent over the forecast period, depending upon the service provided. The Global Waiver is expected to lower costs below those baseline costs included in the forecast, based upon the premise that serving clients in less restrictive settings will cost less, provide incentives for efficiencies, and increase competition amongst providers. In an attempt to present a conservative forecast, no additional Medicaid savings above those contained in the Governor's FY 2011 budget are assumed.

The local aid expenditures contained in the forecast assume level funding of general education aid, after restoration for federal stabilization funds, and estimated increases in charter schools and construction aid programs. It also assumes passage of the teacher pension reform proposed by the Governor resulting in state and local savings. The employer retirement contribution rate for teachers' system is adjusted upward in the out-years to reflect the anticipated increase in contributions resulting from recent investment performance.

The Governor's tax reform proposal is focused on small business. The tax reform includes a permanent reduction in the corporate minimum tax from $500 to $250 and a temporary tax credit for employers with between five and 100 employees that is designed to offset the unemployment insurance costs associated with hiring new employees. This tax credit, as proposed, will take effect for the July 1, 2010 through December 31, 2011 period. In addition, the Governor proposes the permanent repeal of the state's Motion Picture Production Company and Enterprise Zone Wage tax credits effective January 1, 2010.

Economic Forecast and Revenues

The economic forecast was developed by the principals of the November 2009 Revenue Estimating Conference with input from the consulting economist at *Moody's Economy* and respective staff. This forecast is derived from the U.S. macroeconomic model and the State of Rhode Island economic model that Moody's Economy.com has developed. A detailed analysis of the conferees near-term economic forecast for the State is contained in ***The Economy*** section of the Executive Summary. In that section, particular attention is paid to how the state fared relative to the past year with respect to non-farm employment and personal income growth. In addition, a brief explanation of the actual economic performance of the State against the economic forecast contained in the FY 2010 budget is undertaken. Finally, the economic forecast is presented for the out-years through FY 2015.

The biggest risk to the economic forecast is the actual rate of recovery for the Rhode Island economy. The economic forecast predicts a "U" shaped recovery for both the U.S. and Rhode Island economies, however, the bottom of the "U" for Rhode Island's economic recovery is expected to be significantly broader than the bottom of the "U" for the U.S.' economic recovery. If Rhode Island' s recovery lags that of the U.S. by more than the length of time currently forecast, then personal income, employment, and wage and salary growth will be pushed out toward the end of the forecast horizon contained in this document.

In particular, employment growth rates are expected to be negative in the FY 2010 – FY 2011 period. During the FY 2012 – FY 2013 period, Rhode Island employment growth rates are expected to be positive and accelerating. In FY 2013, Rhode Island employment growth should peak at 3.4 percent and total nonfarm employment should exceed the peak reached in FY 2007 by FY 2014. In FY 2014 employment growth slows before reaching its steady-state level of growth at 1.1 percent in FY 2015. Growth in Rhode Island personal income is expected to be very weak in FY 2010 and FY 2011, averaging less than 1.0 percent over the period. Beginning in FY 2012, personal income growth is expected to pick up and average 4.1 percent, a rate below that achieved in the FY 2002 through FY 2008 period. Further, energy prices remain a risk to both the U.S. macroeconomic and Rhode Island forecasts. As an energy importer, Rhode Island's economy is vulnerable to both sharp increases and decreases in energy prices, with the former being more detrimental than the latter is beneficial. Finally, it should be noted that the economic forecast adopted at the November 2009 Revenue Estimating Conference does not incorporate any additional federal economic stimulus.

The five year revenue projection includes the Governor's proposals to modify the adopted Revenue Estimating Conference estimates for FY 2011. Overall revenues are expected to grow from $2.927 billion in FY 2011 to $3.184 billion in FY 2015. This is growth of $257.6 million, reflecting average annual growth of 2.1 percent. This revenue forecast includes the Governor's proposal to permanently reduce the corporate minimum tax to $250 and to provide a temporary tax credit to small businesses that hire new employees, specifically those individuals that had been previously collecting unemployment benefits, Temporary Assistance to Needy Families, or are recent college and/or technical school graduates. The permanent reduction in the corporate minimum tax is expected to decrease revenues by $11.5 million in FY 2011 and $12.0 million in FY 2015. The Small Business Jobs Growth Tax Credit reduces revenues by $10.0 million in FY 2011 and $5.0 million in FY 2012 but has no further impact on revenues beyond FY 2012 due to its sunset provision.

The five year revenue forecast also includes increased revenues from the increase in several fees administered by the Division of Motor Vehicles beginning in FY 2011. The total value of these fee increases is approximately $1.0 million in FY 2011 and a similar amount in FY 2015. As has been the case in the past, the five year forecast contains the reinstitution of the hospital licensing fee at the current rate of 5.237 percent of FY 2008 net patient revenues for a total of $128.8 million in FY 2011. The revenue from the Hospital Licensing Fee is held constant over the forecast period. It should be noted that the Governor's recommended FY 2011 budget continues the phase-in of the alternative flat rate income tax system as is constituted in current law. That is, the alternative flat rate income tax system with a tax rate of 5.5 percent remains an option for taxpayers throughout the time horizon of the forecast. This optional personal income tax system is projected to save taxpayers $51.6 million in FY 2011 and $89.5 million by FY 2015.

Several revenue changes in the Governor's proposed FY 2011 Budget reclassify revenues as restricted receipts. These changes include the board and support payments received from the patients at the Eleanor Slater Hospital, including the patients cared for at the Zambarano unit, and the payments received from the statewide student transportation initiative. In FY 2011, the reclassification of these two revenue sources to restricted receipts reduces general revenues by $18.8 million in FY 2011 and $19.1 million by FY 2015. Although each of these reclassifications reduces general revenue, total available resources are unaffected. It should also be noted that the lottery estimates assume average annual growth of 3.4 percent in video lottery terminal revenues and do not factor in the impact of expanded gambling in the state or new competition in neighboring states.

In the FY 2010 five year forecast, the estimated revenues were projected to be $3.438 billion by FY 2014, the last year of the forecast, reflecting average annual growth of over 2.2 percent. The current five year forecast projects $3.129 billion of revenues by FY 2014, resulting in $309.0 million less in resources than previously projected. Interestingly, the average annual growth rates in revenues for the two forecasts is not markedly different at 2.1 percent in the FY 2011 five year forecast and 2.2 percent in the FY 2010 five year forecast. The resulting drop in available resources in FY 2014 therefore is due more to the rebasing of revenues downward in FY 2009 and FY 2010 than it is to changes in the underlying economic drivers of revenue in the five year forecast.

Expenditures

Expenditure side risks must also be noted within the five-year projection. As previously discussed, there are three major initiatives in the Governor's FY 2011 budget which set the expenditure base at a lower level and therefore a risk to the forecast is the passage of those proposals and their successful implementation. These include pension reform, legislation changes promoting local efficiencies, and Medicaid reform. A recurring risk to the five-year forecast 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 medical costs and since costs have been accelerating at a rapid rate. This impacts both the costs incurred for the clients the state services and its employees. 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 for state employee health benefit costs with an average annual rate of growth of 5.1 percent through FY 2015. The forecast also assumes that state employees will continue to share in the cost of medical insurance premiums and costs will moderate due to proposed plan design changes.

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 forecast incorporates the savings contained in the Governor's FY 2011 budget which promotes serving clients into the least restrictive setting which reduces nursing home care estimates in FY 2011, but the forecast does not include any additional costs specific to Rhode Island demographics in the out-years.

Personnel and Other Operations

The wage projections contained in the personnel estimates assume a 3.0 percent COLA increase in FY 2011, offset by negotiated concessions equivalent to approximately 3.0 percent in FY2011, and a 3 percent COLA increase in FY 2012. Based upon negotiated settlements, there will be eight pay reduction days in FY 2010 and four such days in FY 2011. Implementation of this measure will save $17.2 million in salary costs in FY 2010, and $8.99 million in FY 2011, as well as associated fringe benefit costs. In addition, the Governor recommends that the three percent (3%) across the board salary increase, which would otherwise have been effective July 1, 2010, shall not be effective until January 2, 2011. Implementation of this measure will save $9.6 million in salary costs in FY 2011, as well as associated fringe benefit costs. When reviewing the statewide personnel costs, one must be cognizant of aggregate dollar savings taken in both the FY 2010 and FY 2011 budget compared to what was previously negotiated and projected as the current service costs. Because these savings are roughly equivalent, the year over year comparison will not show a decrease, but rather an increase. It is also important to note, as discussed in the *Personnel Supplement*, that the FY 2012 budget is forecasted to have significant growth in personnel costs because the savings from the concessions do not continue. Step increases, longevity increases and educational incentives historically have added 1.7 percent annually to the estimated salary and fringe benefit costs and have been incorporated into the analysis. In FY2012, salary costs are projected to grow 9.2 percent reflecting the 3 percent cost of living adjustment, 1.7 percent for steps and longevity, and loss of the non-base concessions which provide saving in FY2011. COLAs reflecting the CPI are included for FY 2013 and thereafter. The FY 2011 base for correctional officers' compensation contains a yet to be finalized pay increase equivalent to those COLAs negotiated with other employee unions from 2007, commencing in FY 2010, but with no retroactive payment.

The forecast reflects cost sharing which is expected to offset health insurance costs in FY 2011 and throughout the forecast period. Average employee cost sharing of 18 percent of medical premium costs increasing to 19.0 percent in FY 2012 and thereafter is projected. This compares with average employee cost sharing of just 11.0 percent in FY 2009. Gross medical cost increases for health care premiums are expected to grow 5.2 percent annually on average in the forecast.

Despite pension reforms enacted in past legislative sessions, and the Governor's proposed reform to eliminate the automatic cost of living adjustment for those not eligible to retire, the costs of the State's defined benefit plan are expected to increase at pace greater than the rate of growth for salaries. The savings from benefit plan changes are expected to be offset by additional costs related to investment losses. The forecast assumes that the Governor's proposed pension reform is enacted, but that investment losses experienced to date will cause contribution rates to continue to rise. In the forecast, the rate of contribution increases from 18.71 percent in FY2011 to 31.06 percent in FY 2015 for state employees. Thus, retirement contribution costs are expected to increase from $67.3 million in fiscal 2011 to $130.5 million by fiscal 2015, and average increase of 24 percent a year.

Personnel and operating costs continue to be constrained during FY 2011. The Governor's proposed FY 2011 budget includes $101.5 million less in personnel and operating than was projected for FY 2011 in the previous five year forecast. This highlights the success in managing costs within available resources. Personnel costs for FY 2011 are $99.8 million less than last year's projection reflecting sustained reduction in the workforce, more projected ARRA resources of $12.3 million, and savings from negotiated pay reduction days and the deferral of the cost of living adjustment. The current five year forecast assumes $938.8 million of personnel and operating costs in FY 2011 and an average growth of 5.8 percent over the five year interval, resulting in an estimated cost of $1.177 billion in FY 2015, an increase of $238.6 million. Over $21 million of this increase is attributable to restoring State Fiscal Stabilization Funds and FMAP participation to base levels in existence prior to enactment of the American Recovery and Reinvestment Act at the hospital in the Department of Mental Health, Retardation and Hospitals and the state schools operated by the Department of Elementary and Secondary Education. In FY2012, there is a $22.0 million transfer of funds to the Rhode Island Capital Plan Fund to replenish resources that were used to restore the state rainy day fund in FY2009.

Grants and Benefits

Grants and Benefits are projected to increase by an average of 11.8 percent annually from FY 2011 to FY 2015. Most of this growth is reflected in the Department of Human Services budget, since this is where most of the Medicaid dollars are spent. This growth reflects the restoration of general revenue dollars totaling $141.1 million in FY 2012 to replace non-recurring stimulus money.

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 RI Works Program (formerly FIP), will meet their stated objectives during the forecast period, and that federal block grants will continue at current levels, and that Medicaid matching rates will revert to pre-existing levels after June 30, 2011.

The forecast assumes that eligibility and economic influences on RI Works/Child Care caseloads will result in increases in costs of approximately 1.5 percent annually. These exclusively reflect continuing additions for child care subsidies, which are extended to the working poor even after cash assistance clients gain access to unsubsidized employment, offset savings in cash assistance. The block grant resources are assumed to be insufficient to finance these incremental costs throughout the forecast period, and, therefore, general revenue dollars are added. No additional effects from the implementation of the new RI Works program are recognized in the estimates, and it is assumed that federal TANF resources will remain sufficient to meet the entire cost of the RI Works program throughout the forecast horizon. In the previous five year forecast, the estimated cost for TANF/Child Care/MOE was $19.9 million in FY 2014; the current five year forecast assumes $9.2 million in FY 2014. The significant decrease between the two forecasts reflects adoption of the assumption that RI Works be fully federally funded, while subsidized child care retains its posture of state/federal financing.

SSI caseloads will increase slightly, as both the elderly and disabled population components are forecast to increase marginally over the five-year period, resulting in increased costs of 1.5 percent on average, including cost of living adjustments.

DHS Medicaid projections reflect proposed reforms in service delivery systems, such as reduced institutional care and greater participation in independent living and treatment arrangements, reform of the purchasing model from reimbursement-based to client-based, a shift toward a managed care (MCO) model for long term care, and the reprocurement of existing Medicaid managed care contracts in FY 2011. No further reform-based savings beyond those for FY 2011 are incorporated in the forecast, though currently recommended initiatives are embedded in the FY 2011 base.

Pharmacy inflation is assumed at 7.7 percent annually. Five-year estimates also reflect a schedule increasing federal "clawback" assessment charges for Part D Medicare benefits to dually eligible Medicaid clients at the pharmacy inflation rate.

The managed care forecast assumes that base costs will inflate at 4.6 percent per year until FY 2015. Incorporated into the FY 2011 expenditure base for managed care is a proposal in the Governor's Budget for the reprocurement of Medicaid managed care under specific cost-saving guidelines, yielding a $15.3 million reduction general revenues, offset by additional general revenues of $1.2 million for the managed long-term care initiative.

Similarly, cost trends in institutional long term care include an annual growth rate increasing of 5.95 percent from FY 2011 through FY 2015. The FY 2011 expenditure base for nursing care contains savings of $5.5 million in general revenues from the managed long term care initiative, slated for full implementation in FY 2011.

The general revenue expenditures within the Services for the Developmentally Disabilities Private System are projected to increase from $64.8 million in FY 2011 to $117.1 million in FY 2015, which equates to an average growth rate of approximately 18.9 percent per year. Approximately 42.6 percent of this increase, however, is associated with a loss of $20.5 million of sun setting Medicaid federal stimulus funding. The remaining growth is a result of assumed trend of approximately 8.3 percent per year. There are several factors that could significantly impact expenditures during the forecast period. These include general economic conditions that negatively impacting Rhode Islanders; the aging of caregivers; the aging of the existing population; and greater public awareness of the availability and, therefore, the utilization of services. Efforts to restructure the network of providers serving persons with developmental disabilities and efforts to increase shared living arrangements over and above those contained in the Governor's FY 2011 Budget should serve to constrain growth below those contained in the projection. 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.

Cost trends for general revenue state match expenditures to the Medicaid, Title IV-E, and other grant programs in the Department of Children Youth and Families are projected to grow from $91.6 million to $136.1 million between FY 2011 and FY 2015. This equates to an average annual growth rate of 10.5 percent. Of the $44.5 million growth, $7.5 million is attributable to restoration of general revenue dollars to replace federal stimulus monies which sunset. Excluding the savings provided by the Medicaid FMAP increase, costs are projected to increase by an 8.3 percent average annual growth rate through FY 2015.

FY 2011 – FY 2015 Overview

Local Aid

Local aid expenditures include education aid, the Motor Vehicle Excise Tax Reimbursement, aid to local libraries comprised of Library Resource Sharing and Library Construction Aid, the Payment in Lieu of Taxes (PILOT) program, the Property Revaluation program, and the Distressed Communities Relief program. The forecast assumes that the Motor Vehicle Excise program will be eliminated as recommended in the Governor's FY 2011 budget submission. Library Resource Sharing and PILOT are assumed to grow by CPI over the period averaged at 2.1 percent. Growth in Library Construction Aid and the Property Revaluation program are forecasted based on proposed schedules. Lastly, Distressed Communities Relief is assumed to be level-funded over the period at the currently enacted level of $10.4 million.

In dollar terms, the largest driving force behind expenditure growth from FY 2011 to FY 2015 is Education Aid programs, which are expected to increase by a total of $64.5 million from the FY 2011 base level, an average of 2.0 percent per annum. This aggregate growth rate reflects an increase of $25.8 million in general revenue funding to offset the sun setting of stimulus funding in 2012. Also in 2012, there is an increase of $467,346 to allow the East Bay Met School to expand to a 4th class. Charter school aid increases by $13.2 million, from $39.3 million in FY 2011 to $52.5 million in FY 2015. The forecast assumes that the Governor's proposed pension reform is enacted, resulting in $12.9 million in savings in FY 2011 to the state for its share (40 percent) of the employer contribution for teachers' pensions. The local governments' share is reduced by an estimated $19.3 million in FY 2011, which is withdrawn as a reduction from general education aid in the Governor's FY 2011 recommended budget. Projections for future required employer contributions to the teacher's retirement fund reflect 4.5 percent teacher payroll growth and increased contribution rates due to year to date investment performance. State contributions for teacher's retirement increase by $24.5 million, from $66.8 million in fiscal 2011 to $91.3 million by fiscal 2015. Housing aid, which reimburses communities for part of the debt incurred for new school construction is projected to increase by $535,782 from $71.8 million to $72.3 million. The Governor's proposed FY 2011 budget assumes no growth in funding for any other category of distributed or non-distributed aid, including aid for the Central Falls School Department.

Capital

The projection of capital project disbursements and debt service costs reflects updated debt service projections as included in the FY 2011 – FY 2015 Capital Improvement Plan. General revenue funded debt service on all tax supported obligations are projected to rise from $162.4 million in FY 2011 to $207.3 million in FY 2015. The increase is attributable largely to the issuance of debt for the Historic Tax Credit stabilization program, which increases by $31.6 million, the issuance of general obligation debt, which increases by $14.0 million, and is offset by reductions in other categories as described below

The five year forecast is based upon outstanding debt and projected new debt contained in the Governor's recommended FY 2011-2015 Capital Budget. - Interest rates for fixed rate general obligation bonds to be issued to fund FY 2009 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. Division of Motor Vehicles debt is assumed to be issued at 4.5% and amortized over seven years. Convention Center Authority Bonds for the Veterans Memorial Auditorium are assumed to be issued at 7.0 % and amortized over twenty years. Historic Tax Credit debt is projected to be issued at 6% over 8 years in 2011 and 2012. Projected amortization schedules are found in the exhibits contained in Appendix C of the State's Capital Budget.

FY 2009 Pastore/Zambarano Energy- $20.0 million
FY 2010 General Obligation Bonds - $96.5 million
FY 2010 DMV System - $11.5 million

FY 2011 General Obligation Bonds - $105.0 million
FY 2011 Historic Tax Credits - $75.0 million
FY 2011 Pastore/Zambarano Energy - $33.1 million
FY 2011 Hospital Consolidation - $29.870 million
FY 2012 Historic Tax Credits - $66.2 million
FY 2012 General Obligation - $100.0 million
FY 2013 General Obligation - $100.0 million
FY 2013 Historic Tax Credits - $65.0 million
FY 2014 General Obligation Bonds - $100.0 million

Amortization of existing debt combined with new debt issuance, results in increased general revenue appropriations for debt service of $44.8 million from FY 2011 to FY 2015. 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. Between FY 2009 and FY 2015, there is an increase of $31.7 million for debt for the Historic Tax Credit stabilization program, and a $14.0 million increase for general obligation debt. Performance based obligations increase from $6.1 million to $7.0 million. Debt service on certificates of participation decreases by $3 million from $33.5 million in FY 2011 to $30.5 million in FY 2015. Convention Center debt service increases by $1.4 million. The obligations for the RI Refunding Bond Authority (former Public Building Authority) decline from $6.1 million in FY 2011 to zero in FY 2012.

The projected general revenue requirements for debt service are dependent upon the allocation of debt service costs to other sources of funds. It is assumed that the Department of Transportation's general obligation bond debt service in FY 2011 will total $44.8 million, and 57.5 million in FY2015. It is assumed that the two cents of the gas tax dedicated to Motor Fuel bonds issued by EDC is equal to approximately $8.4 million annually. It is assumed that the Rhode Island Public Transit Authority debt service funded by gas tax revenues in FY 2011 will total $1.1 million in FY2011 and $1.6 million in FY2015.

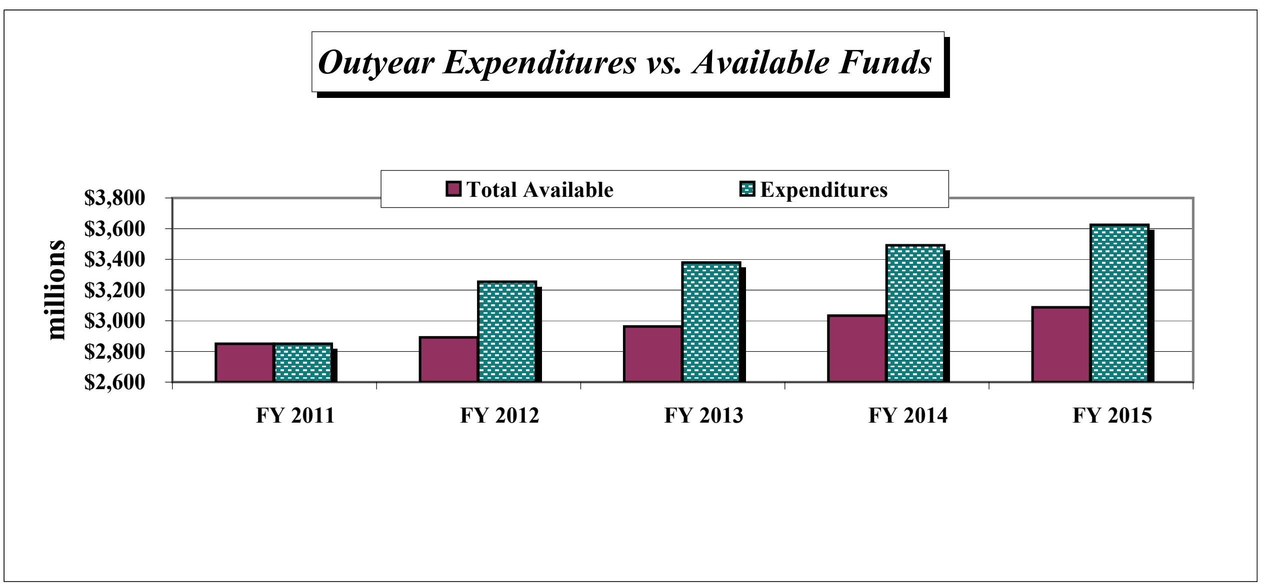
The obligations arising from performance based contracts between the Rhode Island Economic Development Corporation and private entities are projected to result in state appropriations due to the projected achievement of performance targets. Fidelity job rent credits are expected to result in a state obligation of $2.5 million in FY 2010 and $2.5 million in FY 2011. The FY 2011 obligation reflects projected payments of $2.488 million on Phase I, plus $0.05 million due on Phase II. The forecast assumes no requirement for the Bank of America obligation transaction, which if earned would total approximately $0.3 million. The forecast assumes no requirement for the Bank of America obligation transaction, which if earned would total approximately $0.3 million.

Other

The projection also assumes that capital disbursements from general revenues would be $6.0 million in FY 2011, and thereafter. This includes all expenditures which would be subject to fixed assets recording.

General Revenue Outyear Estimates FY 2011 - FY 2015

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Opening Surplus	**$0.1**	**$0.0**	**$0.0**	**$0.0**	**$0.0**
Plus:					
Taxes and Departmentals	2,559.0	2,599.3	2,667.4	2,731.7	2,776.8
Other Sources	367.7	376.0	386.1	397.1	407.3
Budget Stabilization Fund	(76.1)	(83.3)	(91.6)	(93.9)	(95.5)
Total Available	**2,850.7**	**2,892.0**	**2,961.9**	**3,034.9**	**3,088.6**
Minus Expenditures	**2,849.1**	**3,254.2**	**3,378.1**	**3,492.7**	**3,624.3**
Equals Ending Balance	**$1.6**	**($362.2)**	**($416.2)**	**($457.8)**	**($535.7)**
Operating Surplus or Deficit	***$1.5***	***($362.2)***	***($416.2)***	***($457.8)***	***($535.7)***
Budget & Cash Stabilization Balance	$122.9	$136.8	$152.6	$156.4	$159.2
RI Capital Fund Balance	0.0	28.4	33.8	46.0	94.4
Rhode Island Capital Fund					
Capital Projects Disbursements	*78.3*	*63.4*	*70.4*	*77.9*	*44.4*



General Revenue Outyear Estimates

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Personal Income Tax	$ 927,700,000	$ 936,500,000	$ 975,000,000	$ 1,018,800,000	$ 1,040,000,000
General Business Taxes:					
Business Corporations & Franchise	85,700,000	95,800,000	105,000,000	107,900,000	112,800,000
Public Utilities	121,000,000	121,700,000	126,000,000	130,200,000	134,400,000
Financial Institutions	1,000,000	600,000	-	-	(1,100,000)
Insurance Companies	82,400,000	85,300,000	88,400,000	91,800,000	95,700,000
Bank Deposits	1,800,000	1,800,000	1,900,000	1,900,000	2,000,000
Health Care Provider	34,700,000	36,000,000	37,600,000	39,200,000	40,800,000
General Business Taxes	**$ 326,600,000**	**$ 341,200,000**	**$ 358,900,000**	**$ 371,000,000**	**$ 384,600,000**
Sales and Use Taxes:					
Sales and Use	743,700,000	764,200,000	780,900,000	793,200,000	803,900,000
Motor Vehicle	48,100,000	48,100,000	47,900,000	47,600,000	47,200,000
Motor Fuel	1,000,000	1,000,000	1,000,000	1,100,000	1,100,000
Cigarettes	134,600,000	130,500,000	124,600,000	119,000,000	113,800,000
Alcohol	11,100,000	11,300,000	11,300,000	11,600,000	11,800,000
Controlled Substances	-	-	-	-	-
Sales and Use Taxes	**$ 938,500,000**	**$ 955,100,000**	**$ 965,700,000**	**$ 972,500,000**	**$ 977,800,000**
Other Taxes:					
Inheritance and Gift	26,000,000	26,800,000	28,100,000	29,400,000	30,500,000
Racing and Athletics	1,800,000	1,600,000	1,300,000	1,200,000	1,000,000
Realty Transfer Tax	6,500,000	6,400,000	6,400,000	6,900,000	7,300,000
Other Taxes	**$ 34,300,000**	**$ 34,800,000**	**$ 35,800,000**	**$ 37,500,000**	**$ 38,800,000**
Total Taxes	**$ 2,227,100,000**	**$ 2,267,600,000**	**$ 2,335,400,000**	**$ 2,399,800,000**	**$ 2,441,200,000**
Total Departmental Receipts	**$ 331,900,000**	**$ 331,700,000**	**$ 332,000,000**	**$ 331,900,000**	**$ 335,600,000**
Taxes and Departmentals	**$ 2,559,000,000**	**$ 2,599,300,000**	**$ 2,667,400,000**	**$ 2,731,700,000**	**$ 2,776,800,000**
Other Sources					
Gas Tax Transfers	-	-	-	-	-
Other Miscellaneous	5,500,000	3,800,000	3,500,000	3,500,000	3,500,000
Lottery Commission Receipts	356,900,000	366,800,000	377,200,000	388,100,000	398,200,000
Unclaimed Property	5,300,000	5,400,000	5,400,000	5,500,000	5,600,000
Other Sources	**$ 367,700,000**	**$ 376,000,000**	**$ 386,100,000**	**$ 397,100,000**	**$ 407,300,000**
Total General Revenues	**$ 2,926,700,000**	**$ 2,975,300,000**	**$ 3,053,500,000**	**$ 3,128,800,000**	**$ 3,184,100,000**

General Revenue Outyear Estimates

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Personal Income Tax	0.9%	1.0%	4.1%	4.5%	2.1%
General Business Taxes:					
Business Corporations	-8.9%	11.7%	9.6%	2.8%	4.5%
Public Utilities	0.8%	0.6%	3.5%	3.4%	3.2%
Financial Institutions	-50.0%	-43.3%	-99.6%	-1110.0%	5103.5%
Insurance Companies	3.0%	3.5%	3.6%	3.9%	4.2%
Bank Deposits	0.0%	2.0%	2.0%	2.0%	2.1%
Health Care Provider	-0.6%	3.8%	4.3%	4.3%	4.2%
General Business Taxes	**-1.9%**	**4.5%**	**5.2%**	**3.4%**	**3.7%**
Sales and Use Taxes:					
Sales and Use	-1.0%	2.8%	2.2%	1.6%	1.3%
Motor Vehicle	-1.0%	0.1%	-0.6%	-0.6%	-0.7%
Motor Fuel	0.0%	2.2%	2.3%	2.2%	2.2%
Cigarettes	-4.1%	-3.0%	-4.6%	-4.5%	-4.3%
Alcohol	0.9%	2.0%	0.2%	2.0%	2.1%
Controlled Substances					
Sales and Use Taxes	**-1.4%**	**1.8%**	**1.1%**	**0.7%**	**0.6%**
Other Taxes:					
Inheritance and Gift	-1.5%	3.1%	4.7%	4.6%	4.0%
Racing and Athletics	-10.0%	-13.8%	-14.0%	-12.6%	-13.5%
Realty Transfer Tax	0.0%	-1.6%	0.4%	7.4%	5.3%
Other Taxes	**-1.7%**	**1.3%**	**3.1%**	**4.5%**	**3.7%**
Total Taxes	**-0.5%**	**1.8%**	**3.0%**	**2.8%**	**1.7%**
Total Departmental Receipts	**-0.4%**	**-0.1%**	**0.1%**	**0.0%**	**1.1%**
Taxes and Departmentals	**-0.5%**	**1.6%**	**2.6%**	**2.4%**	**1.7%**
Other Sources					
Gas Tax Transfers	n/a	n/a	n/a	n/a	n/a
Other Miscellaneous	-88.2%	-30.7%	-7.2%	0.0%	0.0%
Lottery Commission Receipts	1.4%	2.8%	2.8%	2.9%	2.6%
Unclaimed Property	-9.3%	1.3%	1.5%	1.6%	1.8%
Other Sources	**-9.1%**	**2.3%**	**2.7%**	**2.8%**	**2.6%**
Total General Revenues	**-1.7%**	**1.7%**	**2.6%**	**2.5%**	**1.8%**

General Revenue Outyear Expenditure Estimates

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
State Operations					
Personnel	$797,300,000	$858,600,000	$902,300,000	$949,600,000	$1,003,000,000
Other State Operations	141,475,000	144,300,000	147,200,000	150,100,000	153,300,000
Less:CCA operating subsidy(debt)	0	0	0	0	0
MHRH Medicaid FMAP shift to GR	0	20,360,000	20,360,000	20,360,000	20,360,000
RIDE Stimulus shift to GR	0	745,252	745,252	745,252	745,252
Subtotal	**$938,775,000**	**$1,024,005,252**	**$1,070,605,252**	**$1,120,805,252**	**$1,177,405,252**
	5.4%	9.1%	4.6%	4.7%	5.0%
Grants and Benefits					
Department of Human Services					
Hospitals	28,000,000	39,880,000	43,170,000	46,720,000	50,580,000
Managed Care	271,620,000	365,670,000	382,310,000	399,720,000	417,910,000
Nursing Care	102,530,000	142,910,000	151,410,000	160,420,000	169,970,000
Home Care	25,430,000	36,990,000	40,890,000	45,220,000	49,990,000
Other Medicaid	33,500,000	49,840,000	53,950,000	58,400,000	63,220,000
Pharmacy	3,980,000	5,630,000	6,070,000	6,540,000	7,040,000
Cash Assistance - TANF/FIP/Child Care	8,280,000	8,910,000	9,050,000	9,180,000	9,320,000
Cash Assistance - SSI	22,600,000	22,940,000	23,280,000	23,630,000	23,980,000
Clawback	46,200,000	49,770,000	53,620,000	57,760,000	62,220,000
DISH	58,790,000	59,670,000	60,570,000	61,480,000	62,400,000
Department of Health					
AIDS Medicaid	360,000	390,000	420,000	450,000	490,000
Department of Elderly Affairs					
Medicaid (Case Mang't & Core Waiver)	5,580,000	6,990,000	7,570,000	8,190,000	8,870,000
Department of Children Youth & Families					
Children & Family Services	91,640,000	107,330,000	116,180,000	125,760,000	136,130,000
Department of Mental Health Retardation & Hospitals					
Developmental Disabilities-Private	64,750,000	92,320,000	99,930,000	108,170,000	117,090,000
Other Grants and Benefits	139,910,000	142,010,000	144,140,000	146,300,000	148,500,000
Subtotal	**$903,170,000**	**$1,131,250,000**	**$1,192,560,000**	**$1,257,940,000**	**$1,327,710,000**
	-0.3%	25.3%	5.4%	5.5%	5.5%
Local Aid					
Education Aid	788,284,421	830,625,654	839,466,736	846,953,399	852,732,389
General Revenue Sharing	0	0	0	0	0
GRS - VLT	0	0	0	0	0
Motor Vehicle Tax Reimbursements	0	0	0	0	0
Motor Vehicle - VLT	0	0	0	0	0
PILOT	27,770,000	29,090,000	30,390,000	31,690,000	32,950,000
Distressed Communities	10,380,000	10,380,000	10,380,000	10,380,000	10,380,000
Distressed - VLT	0	0	0	0	0
Library Aid	11,270,000	11,740,000	12,290,000	13,300,000	13,250,000
Property Revaluation Prgm	1,000,000	1,230,000	510,000	980,000	1,000,000
Subtotal	**$838,704,421**	**$883,065,654**	**$893,036,736**	**$903,303,399**	**$910,312,389**
	-4.3%	5.3%	1.1%	1.1%	0.8%
Capital					
Debt Service					
General Obligation	73,620,000	83,650,000	91,070,000	88,140,000	87,580,000
Historic Tax Credit Program	23,800,000	36,990,000	48,830,000	55,450,000	55,480,000
RI Refunding Bond Authority	0	0	0	0	0
COPS/Other Leases	33,550,000	33,490,000	42,270,000	27,280,000	26,050,000
Convention Center	24,520,000	25,950,000	25,940,000	25,940,000	25,890,000
Performance Based	6,100,000	7,000,000	7,000,000	7,000,000	7,000,000
TANS	810,000	810,000	810,000	810,000	810,000
Capital Improvements					
Other Projects	6,020,000	6,020,000	6,020,000	6,020,000	6,020,000
Subtotal	**$168,420,000**	**$193,910,000**	**$221,940,000**	**$210,640,000**	**$208,830,000**
	-2.4%	15.1%	14.5%	-5.1%	-0.9%
Repayment To RI Capital Fund					
Operating transfer to RICAP		22,000,000			
Total	**$2,849,069,421**	**$3,254,230,906**	**$3,378,141,988**	**$3,492,688,651**	**$3,624,257,641**
Difference	**$4,127,126**	**$405,161,485**	**$123,911,082**	**$114,546,663**	**$131,568,990**
	0.15%	**14.22%**	**3.81%**	**3.39%**	**3.77%**

General Revenue Outyear Planning Values

Estimates and Growth	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Personal Income (billions) [1]	$43.9	$45.3	$47.4	$49.6	$51.6
Change	*1.4%*	*3.1%*	*4.7%*	*4.6%*	*4.0%*
Nonfarm Employment (thousands) [1]	457.5	468.4	484.3	496.0	501.6
Change	*-0.3%*	*2.4%*	*3.4%*	*2.4%*	*1.1%*
Personal Income Tax					
Wages and Salaries [1]	-0.6%	2.4%	4.6%	4.7%	3.7%
Business Corporation Tax [2], [3]	2.9%	12.2%	9.8%	5.1%	4.3%
Provider Tax [3]	-0.6%	3.8%	4.3%	4.3%	4.2%
Sales Tax					
Wages and Salaries [1]	-0.6%	2.4%	4.6%	4.7%	3.7%
Gasoline Tax					
Real Consumption [4]	0.6%	2.2%	2.3%	2.2%	2.2%
Other Taxes and Departmentals [3]	0.5%	0.0%	0.3%	0.5%	0.9%
CPI-U (U.S.) [1]	1.5%	2.0%	2.0%	2.0%	2.1%
Salaries and Fringe Benefits					
Salary COLA - [13], CPI-U [1]	3.0%	3.0%	2.0%	2.0%	2.1%
Steps and Longevity Increases [3]	1.7%	1.7%	1.7%	1.7%	1.7%
Medical Benefits Costs [8]	4.6%	4.8%	5.0%	5.4%	5.8%
Retiree Health Costs [14]	6.74%	6.74%	6.74%	6.74%	6.74%
State Employees Retirement Costs [15]	20.77%	23.35%	26.91%	30.72%	30.72%
Home Health Care					
Expenditure Growth [6]	10.6%	9.9%	9.9%	10.0%	9.9%
Nursing Home Care					
Expenditure Growth [6]	6.0%	6.1%	6.5%	6.9%	7.1%
Medicaid Reform Deflator [10]	0.0%	0.0%	0.0%	0.0%	0.0%
Managed Care/State Employee Plan					
Expenditure Growth [8]	4.6%	4.8%	5.0%	5.4%	5.8%
Medicaid Reform Deflator [10]	0.0%	0.0%	0.0%	0.0%	0.0%
Other DHS Medicaid					
Expenditure Growth [7]	8.2%	7.9%	8.1%	8.4%	8.6%
Medicaid Reform Deflator [10]	0.0%	0.0%	0.0%	0.0%	0.0%
MHRH- Mental Health					
Expenditure Growth [8]	4.6%	4.8%	5.0%	5.4%	5.8%
DCYF Services					
Expenditure Growth [7]	8.2%	7.9%	8.1%	8.4%	8.6%
Medicaid Reform Deflator [10]	0.0%	0.0%	0.0%	0.0%	0.0%
MHRH- MR/DD					
Expenditure Growth [7]	8.2%	7.9%	8.1%	8.4%	8.6%
Medicaid Reform Deflator [10]	0.0%	0.0%	0.0%	0.0%	0.0%
Pharmacy					
Expenditure Growth [9]	7.7%	7.5%	7.3%	7.4%	7.4%

[1] ***November 2009 Revenue Estimating Conference Consensus Economic Forecast., FY 2010 - FY 2015.***
[2] ***Moody's Economy.com Quarterly U.S. Economic Forecast November 2009, Nominal Corporate Profits Before Tax.***
[3] ***State of Rhode Island Budget Office Estimate.***
[4] ***Moody's Economy.com Quarterly U.S. Economic Forecast November 2009, Real Gasoline and Oil Consumption.***
[5] ***CMS National Health Expenditures Projections February 2009, 2008-2018, Home Health Care: Total State and Local***
[6] ***CMS National Health Expenditures Projections February 2009, 2008-2018, Nursing Home Care: Total State and Local***
[7] ***CMS National Health Expenditures Projections February 2009, 2008-2018, Total Health Expenditures: State and Local Medicaid***
[8] ***CMS National Health Expenditures Projections February 2009, 2008-2018, Total Health Expenditures: Private Insurance as proxy***
[9] ***CMS National Health Expenditures Projections February 2009, 2008-2018, Prescription Drugs: Total State and Local***
[10] ***No extraordinary decrease in expenditures unique to RI is forecasted in this five year forecast.***
[11] ***November 2008 CEC estimates and DHS Fiscal Year FY 2009 Forecast.***
[12] ***HCFA (CMS) National Health Care Expenditures Projections 1965-2017, Personal Health Care.***
[13] ***Based on contractual obligations for 2011 and 2012; FY 2012 and thereafter - CPI.***
[14] ***Reflects funding on an actuarial basis beginning with Fiscal 2011.***
[15] ***Estimate of actuarially required contribution based upon a % of payroll, reflecting the Governor's proposed reform and estimated increases in rates due to investment losses as of January 2009.***

General Revenue Outyear Expenditure Estimates

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
State Operations					
Personnel	6.0%	8.1%	3.5%	3.6%	3.9%
Other State Operations	1.0%	0.0%	0.0%	0.0%	0.0%
MHRH Medicaid FMAP shift to GR	0.0%	0.0%	0.0%	0.0%	0.0%
RIDE Stimulus shift to GR	0.0%	0.0%	0.0%	0.0%	0.0%
Subtotal	5.4%	9.2%	2.9%	3.1%	3.3%
Grants and Benefits					
Department of Human Services					
Hospitals	-27.2%	42.4%	8.2%	8.2%	8.3%
Managed Care	4.4%	34.6%	4.6%	4.6%	4.6%
Nursing Care	-8.6%	39.4%	5.9%	6.0%	6.0%
Home Care	42.7%	45.5%	10.5%	10.6%	10.5%
Other Medicaid	-3.8%	48.8%	8.2%	8.2%	8.3%
Pharmacy	-20.9%	41.5%	7.8%	7.7%	7.6%
Cash Assistance - TANF/FIP/Child Care	45.0%	7.6%	1.6%	1.4%	1.5%
Cash Assistance - SSI	3.2%	1.5%	1.5%	1.5%	1.5%
Clawback	5.0%	7.7%	7.7%	7.7%	7.7%
DISH	2.0%	1.5%	1.5%	1.5%	1.5%
Department of Health					
AIDS Medicaid	0.0%	8.3%	7.7%	7.1%	8.9%
Department of Elderly Affairs					
Medicaid (Case Mang't & Core Waiver)	7.5%	25.3%	8.3%	8.2%	8.3%
Home Health Care	0.0%	0.0%	0.0%	0.0%	0.0%
Department of Children Youth & Families					
Children & Family Services	0.0%	17.1%	8.2%	8.2%	8.2%
Department of Mental Health Retardation & Hospitals					
Developmental Disabilities-Private	-6.5%	42.6%	8.2%	8.2%	8.2%
Other Grants and Benefits	-0.9%	1.5%	1.5%	1.5%	1.5%
Subtotal	-0.3%	25.3%	5.4%	5.5%	5.5%
Local Aid					
Education Aid	4.2%	5.4%	1.1%	0.9%	0.7%
General Revenue Sharing	0.0%	0.0%	0.0%	0.0%	0.0%
GRS - VLT	0.0%	0.0%	0.0%	0.0%	0.0%
Motor Vehicle Tax Reimbursements	-100.0%	0.0%	0.0%	0.0%	0.0%
Motor Vehicle - VLT	0.0%	0.0%	0.0%	0.0%	0.0%
PILOT	0.7%	4.8%	4.5%	4.3%	4.0%
Distressed Communities	8.1%	0.0%	0.0%	0.0%	0.0%
Distressed - VLT	-100.0%	0.0%	0.0%	0.0%	0.0%
Library Aid	-2.1%	4.2%	4.7%	8.2%	-0.4%
Property Revaluation Prgm	-45.7%	23.0%	-58.5%	92.2%	2.0%
Subtotal	-4.3%	5.3%	1.1%	1.1%	0.8%
Capital					
Debt Service					
General Obligation	4.9%	13.6%	8.9%	-3.2%	-0.6%
Historic Tax Credit Program	0.0%	0.0%	0.0%	0.0%	0.0%
RI Refunding Bond Authority	0.0%	0.0%	0.0%	0.0%	0.0%
COPS/Other Leases	-11.8%	-0.2%	26.2%	-35.5%	-4.5%
Convention Center	0.7%	5.8%	0.0%	0.0%	-0.2%
Performance Based	0.7%	14.8%	0.0%	0.0%	0.0%
TANS	0.0%	0.0%	0.0%	0.0%	0.0%
Capital Improvements					
Other Projects	2.2%	0.0%	0.0%	0.0%	0.0%
Subtotal	-2.4%	15.1%	14.5%	-5.1%	-0.9%
Repayment To RI Capital Fund					
Operating transfer to RICAP	0.0%	0.0%	-100.0%	0.0%	0.0%
Total	**0.1%**	**14.2%**	**3.3%**	**2.9%**	**3.2%**
CPIU	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**