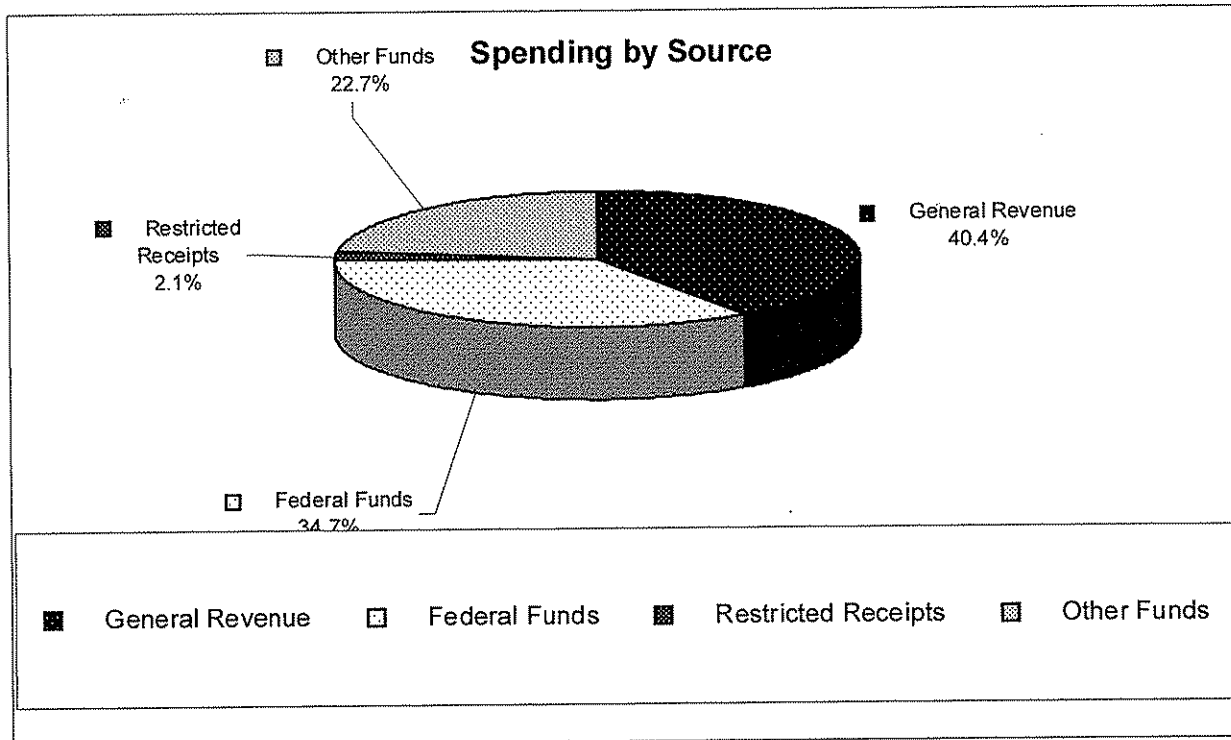
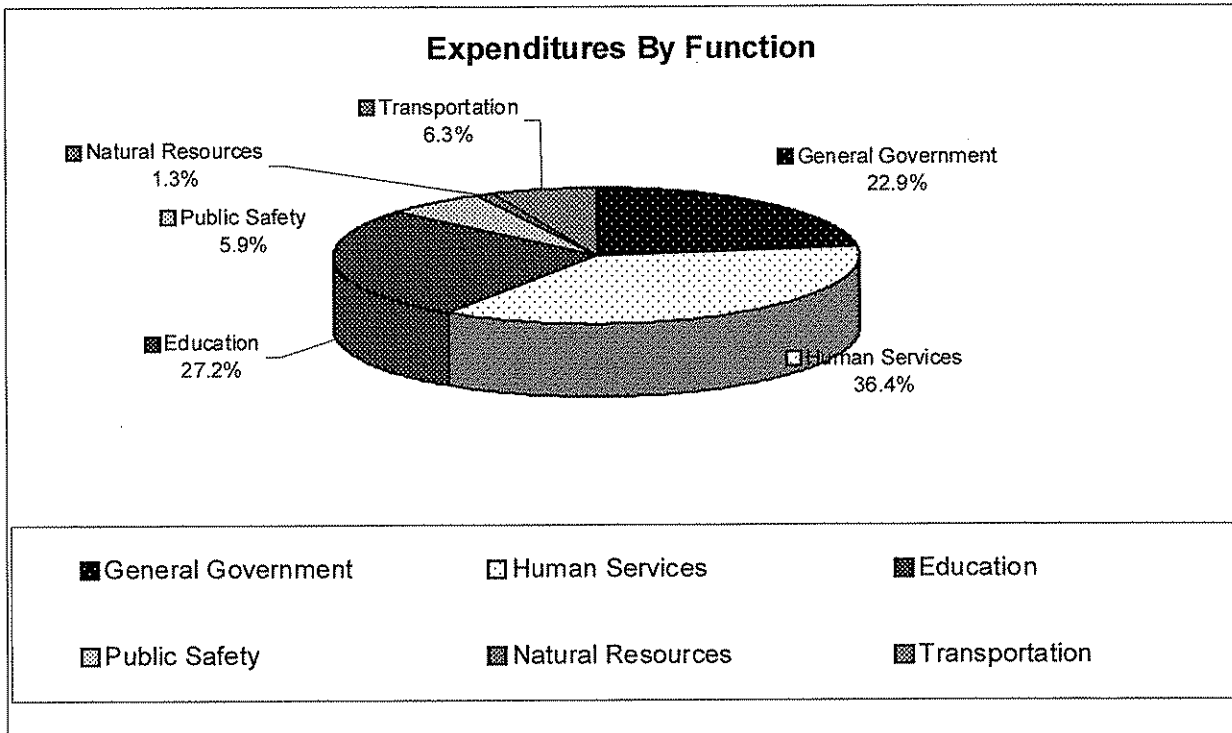

Introduction

All funds expenditures for FY 2010 are \$7.615 billion. Of this total, \$3.079 billion or 40.4 percent is from general revenue, \$2.644 billion, or 34.7 percent, from federal funds, \$1.730 billion, or 22.7 percent, from other sources, and \$162.1 million, or 2.13 percent, is from restricted or dedicated fee funds.

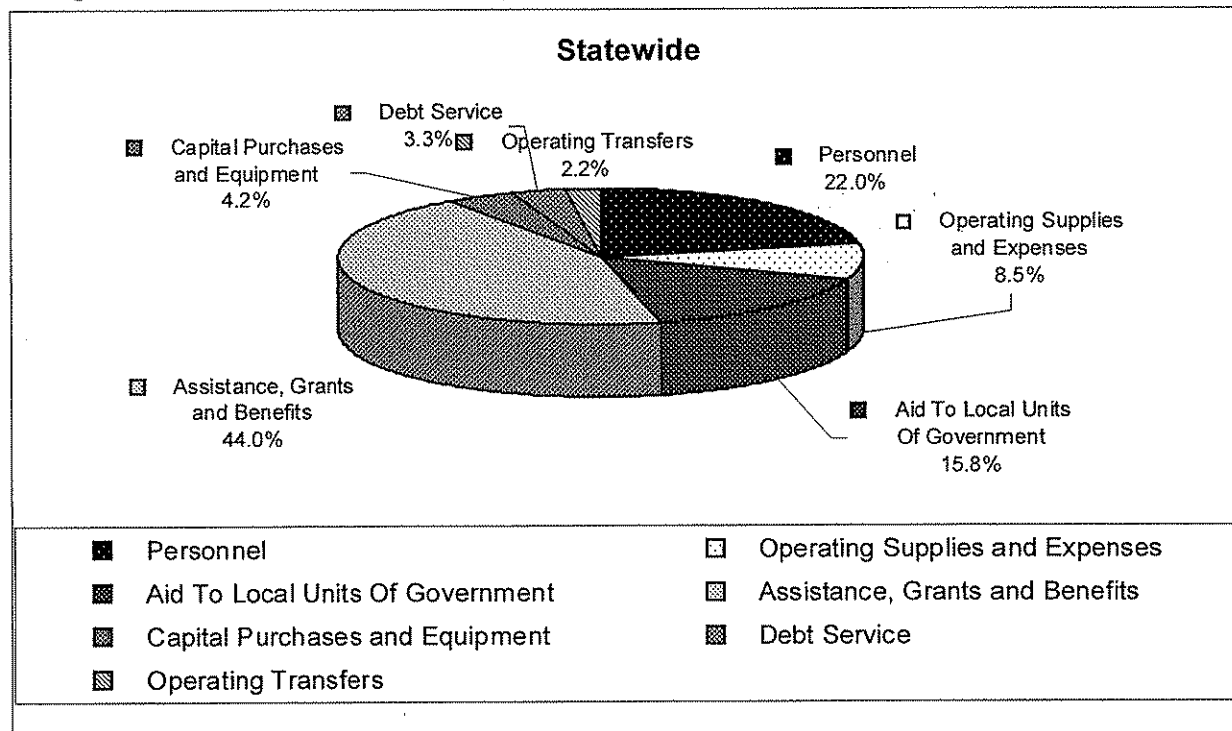


On a functional basis, the largest percentage of expenditures is made in the Human Services area, which comprises \$2.773 billion, or 36.4 percent of the total budget. This is followed by spending for Education of \$2.071 billion, which comprises 27.2 percent of all spending, and expenditures for General Government of \$1.744 billion, equaling 22.9 percent. Public Safety, Natural Resources and Transportation expenditures make up the balance, totaling \$1.026 billion, or 13.5 percent of the total budget.

Introduction



The second way to view expenditures is by major category. On this basis, the largest share of the FY 2009 budget is for assistance, grants and benefits equaling \$3.349 billion or 44.0 percent of the total. This is followed by personnel expenditures, which comprise 22.0 percent, or \$1.677 billion, and local aid expenditures, which make up 15.8 percent, or \$1.204 billion of the total budget. Expenditures for capital purchases and debt service total \$571.4 million or 7.5 percent, with the balance of spending used to finance operating expenditures and operating transfers of \$813.2 million, or 10.7 percent of the total.



Introduction

Expenditures from general revenue total \$3.079 billion for FY 2010. By function, spending by Education agencies represents the largest share with expenditures, totaling \$1.049 billion, or 34.1 percent of the general revenue budget. This is followed by spending for Human Services, which totals \$1.017 billion, or 33.0 percent. General revenue expenditures for General Government and Public Safety comprise \$606.1 million (19.7 percent), and \$367.7 million (11.9 percent), respectively. Expenditures for Natural Resources comprise \$39.0 million, or 1.3 percent of total general revenue spending. Transportation expenditures are financed by dedicated gasoline taxes and are not a component of general revenue spending.

General revenue expenditures by category are primarily devoted to financing grants, local aid and personnel. The largest component is local aid expenditures of \$996.3 million, comprising 32.4 percent of total general revenue spending. Grant based expenditures of \$870.1 million represent 28.3 percent of total spending; personnel expenditures of \$836.5 million comprise 27.2 percent of the budget; operating expenditures and operating transfers total \$194.3 million, or 6.3 percent of the budget; and, capital expenditures and debt service total \$181.9 million, or 5.9 percent of the total general revenue budget.

Governor Carcieri's *FY 2010 Budget* is the second volume in a six-volume set. The first volume, the *Executive Summary*, contains the summaries of revenue and expenditures on a statewide, functional, and departmental basis. The *Executive Summary* also presents statewide expenditure data by *category* or object of expenditure. This same data is presented in this document in more detail by program.

Specific recommendations for FY 2010 for the departments are presented in the *Executive Summary*, and further detail is provided in the *Technical Appendix*. The five-year financial projection is contained in this document, *The Budget*, as provided by law.

The Budget provides an overview of state expenditures, as well as an in-depth presentation of the State Budget by program with special reports on Education Aid and State Aid to provide a historical perspective on these state expenditures. *The Budget* also contains a "Budget Primer" which is intended to assist the reader of the budget documents in understanding the budget process in Rhode Island.

The financial data presented for state agencies in *The Budget* for the past two fiscal years (FY 2007 and FY 2008) is generally derived from the appropriation accounting and receipt accounting files of the State Controller, as of the time of year-end closing. In the case of the accounts under the jurisdiction of the Board of Governor's of Higher Education, these columns reflect independently audited records.

The financial data for state agencies for the current fiscal year is from the enacted budget, modified in some cases to reflect recommended supplemental appropriations or withdrawals, revised expenditure estimates by category of expenditure or program, and revised estimates of federal grant awards or restricted receipts. In this document, the general revenue balance forward is included at the account level. The proposed changes to the enacted FY 2009 budget are included in the financial data by program for FY 2009. Totals and subtotals often appear to be inaccurate by small amounts or may disagree by small amounts with other budget and financial documents; this is due to differences in rounding procedures. The annual Appropriations Act is the absolute reference for state appropriation amounts.

The Budget also contains both narrative descriptions of Rhode Island's quasi-public agencies, authorities and entities, which are component units of state government for financial reporting purposes, and presents financial data provided by these entities. The Budget Office requests that quasi-public agencies and authorities submit information in the format used by the agency; no attempt is made to conform the financial presentation of the agencies data. In most cases, the FY 2009 and FY 2010 information has not been officially approved by the entities' governing bodies.

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The *FY 2010 Budget* also continues to report performance measurements for most programs, as required by legislative mandate to develop performance measurements for use in the budget process. Measurements are reflected on each finance page of the *FY 2010 Budget* and are explained in detail in the *Technical Appendix*.

The *Personnel Supplement* contains information relating to personnel costs by program, which are included in the Governor's *FY 2010 Budget*. The *Budget as Enacted* will be prepared after final enactment by the 2009 General Assembly. The *Capital Budget* contains information on the Governor's recommended capital improvement plan, and contains individual project expenditures. *The Budget* generally contains the debt service component relating to capital improvements and any "pay-as-you-go" capital, which is financed from current revenues.