

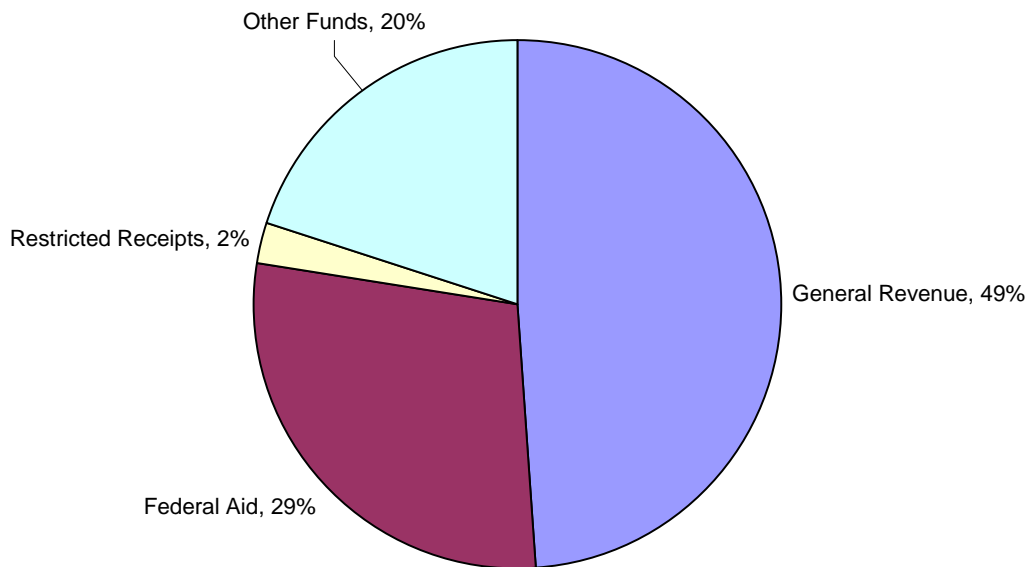
Rhode Island Budget Snapshots for Fiscal Year 2008

Expenditures by Source of Funds

The money that pays for the state's business comes from dozens of different taxes, user fees, fines, and penalties, as well as grants from the federal government. All monies spent as part of the state's annual budget fall into one of four categories:

1. **General Revenue** is money received by the state which can be used for any purpose. Examples include receipts from the state income tax and general business tax.
2. **Federal Funds** are monies received by the state from the federal government. These funds usually take the form of either block grants or matching funds.
3. **Restricted Receipts** can be used only for the specific purposes outlined by law. For example, insurance companies pay an assessment each year for the Infant-Child Immunization Account. These funds can be used only for the Department of Health's childhood immunization activities.
4. **Other Funds** include all budgetary resources other than general revenues, federal funds, and restricted receipts. For example, employer contributions for unemployment insurance go to the Employment Security Fund, which pays only for unemployment benefits.

Rhode Island Expenditures by Source of Funds
Enacted Budget- Fiscal Year 2008



Total Fiscal Year 2008 Budget: \$6,997,400,000

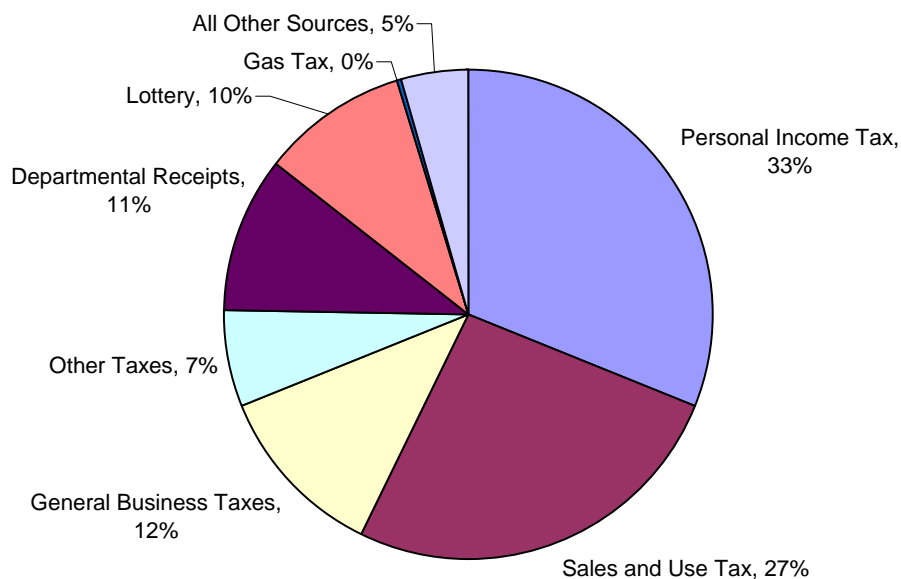
Rhode Island Budget Snapshots for Fiscal Year 2008

A Closer Look at General Revenue

General revenues are Rhode Island's largest funding source, supporting just under half of state expenditures. Sources of general revenue include the state personal income tax, sales tax, general business taxes, fees and lottery earnings. Expenditures from general revenue inevitably receive the most attention during the budget process because they are the most flexible funding source. State law allows them to be used for any activity, while all other sources of funding are dedicated to specific purposes.

Sixty percent of general revenue receipts come from the sales and use tax and the personal income tax. Collections from these revenue sources depend greatly upon economic conditions. As a result, Rhode Island's economic outlook shapes the State's fiscal environment and plays a central role in the budget-making process.

**Rhode Island Sources of General Revenue
Enacted Budget- Fiscal Year 2008**



Total Fiscal Year 2008 General Revenue: \$3,318,000,000

Rhode Island Budget Snapshots for Fiscal Year 2008

Expenditures by Function

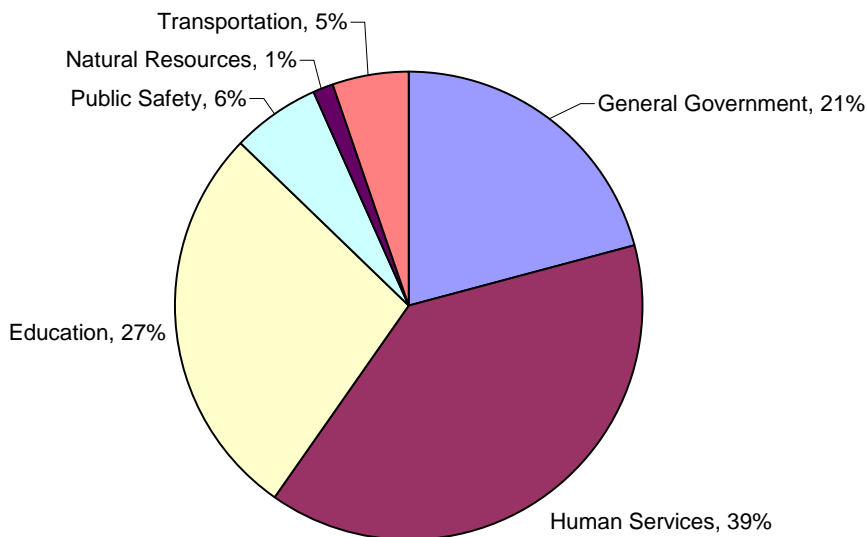
In total, the state will spend over \$6.9 billion this year. The work of state government is performed by more than 16,000 employees in forty-seven different agencies.

Human service agencies account for 39% of total expenditures, or \$2.6 billion. Roughly speaking, the state's human service agencies form the social safety net. They offer medical and cash assistance to low-income families, serve the developmentally disabled, operate public health programs, protect abused and neglected children, and provide health care for patients at state hospitals. Fifty-five percent of the funding for these agencies comes from the federal government.

More than a quarter of the state budget, or roughly \$1.9 billion, is spent on education. Fifty-three percent of this amount is distributed as aid to cities and towns. Most of the remaining expenditures are for the state colleges and university.

The General Government category includes most elected officials, the legislature, regulatory agencies, and the agencies that perform administrative functions. Together, they account for \$1.4 billion dollars of state expenditures, or 21% of the total. Added together, the remaining three functions of government account for 12% of all state spending. The public safety function includes the state judicial system, corrections, and state law enforcement agencies. Agencies in the natural resources category provide parks, water, and environmental protection programs. Lastly, the Department of Transportation builds and maintains highways and provides transit programs.

**Rhode Island Expenditures by Function
Enacted Budget- Fiscal Year 2008**



Total Fiscal Year 2008 Budget: \$6,997,400,000

Rhode Island Budget Snapshots for Fiscal Year 2008

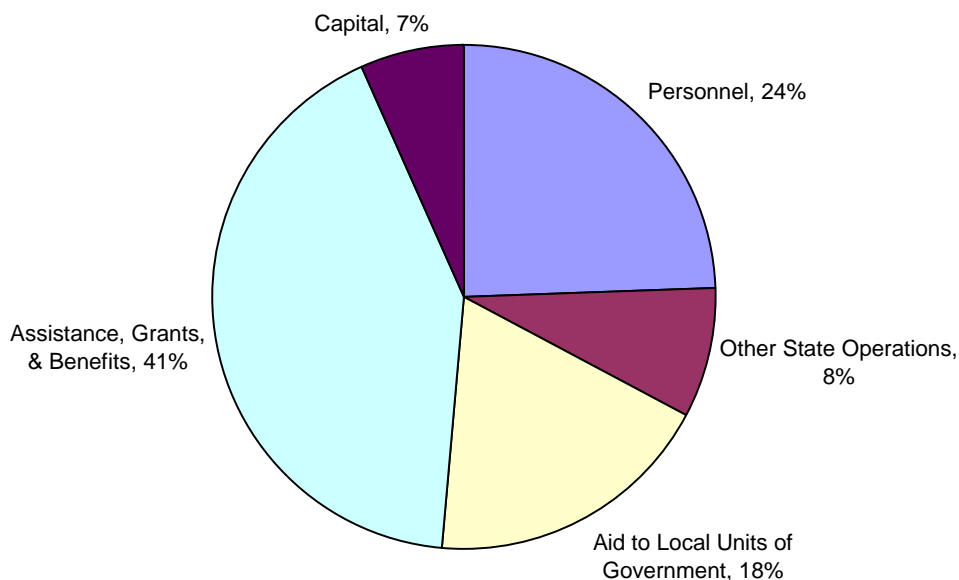
Spending by Major Category

Another way that state spending can be broken down is by type of expenditure. Dividing the budget this way, one sees that 41% of all state expenditures are used for assistance, grants and benefits. Through its participation in the federal Medicaid program, Rhode Island purchases health care services for approximately 125,000 individuals each month. The cost of these and other medical services account for over two-fifths of all spending in this category. The remaining grants and benefits are distributed by a variety of smaller programs, including those that assist the developmentally disabled, the elderly, low-income individuals and families, financial aid for students at state institutions of higher learning, and unemployed/ temporarily disabled workers.

Eighteen percent of state revenues are distributed as aid to cities and towns. Seventy-seven percent of this amount is used to help finance elementary and secondary schools. Much of the remaining aid to cities and towns is distributed according to formulas. General revenue sharing, for example, is distributed to local governments based on their tax effort and per capita income.

Thirty-two percent of the state budget is spent on personnel and other operating costs. Personnel costs include the salaries and benefits for state employees, as well as the cost of all the consulting services (legal, medical, etc.) used by the state. Operating costs are the day to day expenses of running state government. They include office expenses, utilities, rent, state vehicle maintenance, and supplies. Debt service and capital improvements make up the remaining 7% of state expenditures.

**Rhode Island Expenditures by Category
Enacted Budget- Fiscal Year 2008**



Total Fiscal Year 2008 Budget: \$6,997,400,000

Rhode Island Budget Snapshots for Fiscal Year 2008

Rhode Island FY 2008 State Budget	
	FY 2008 Enacted
Expenditures by Function	
General Government	\$ 1,458,900,000
Human Services	\$ 2,714,400,000
Education	\$ 1,909,100,000
Public Safety	\$ 428,500,000
Natural Resources	\$ 92,300,000
Transportation	\$ 374,100,000
Total	\$ 6,997,400,000
Expenditures by Object	
Personnel	\$ 1,674,300,000
Other State Operations	\$ 567,800,000
Aid to Local Units of Government	\$ 1,274,000,000
Assistance, Grants, & Benefits	\$ 2,853,400,000
Capital	\$ 455,500,000
Total	\$ 6,997,400,000
Expenditures by Source of Funds	
General Revenue	\$ 3,403,600,000
Federal Aid	\$ 2,010,600,000
Restricted Receipts	\$ 162,600,000
Other Funds	\$ 1,400,500,000
Total	\$ 6,997,400,000
Sources of General Revenue	
	FY 2008 Adopted
Personal Income Tax	\$ 1,082,900,000
Sales and Use Tax	\$ 908,700,000
General Business Taxes	\$ 397,800,000
Other Taxes	\$ 221,400,000
Departmental Receipts	\$ 362,900,000
Lottery	\$ 339,700,000
Gas Tax	\$ 4,700,000
All Other Sources	\$ 154,900,000
Total	\$ 3,318,100,000