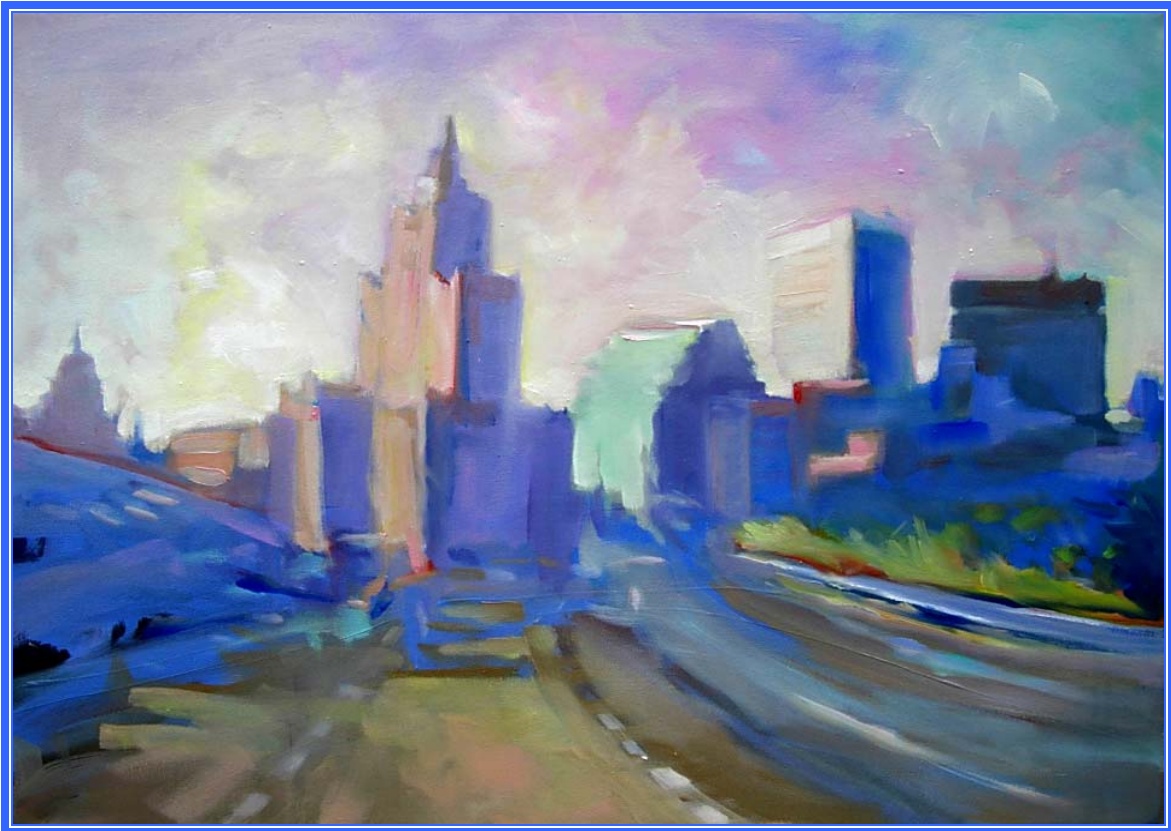


State of Rhode Island and Providence Plantations

# Budget



Fiscal Year 2009

Donald L. Carcieri, Governor

# **Special Reports**



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## Formula Aid to Cities and Towns

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The Governor's FY 2009 budget recommends formula aid to cities and towns totaling \$273.6 million. This represents a 2.2 percent, or \$6.2 million decrease from the FY 2008 enacted level of funding. The tables on the following pages display FY 2008 enacted, FY 2008 revised, and FY 2009 recommended levels of funding for formula aid to cities and towns by community. In general, formula state aid programs were level funded from the revised level 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. It should also be noted that updated formula drivers were incorporated for FY 2009. This results in increases and decreases by community depending on changes in relative wealth and other factors which are incorporated in determining entitlements.

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. In FY 2009 such distribution was to total 3.0 percent of state tax revenues. 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 2009 be set at \$55.0 million, nearly the same amount as in FY 2008 revised, and to fix future distributions at three percent (3.0%) of tax revenues in FY 2010 and thereafter. For FY 2009, the entitlements by community have been adjusted to reflect the most current tax and spending data. There have been modest adjustments downward incorporated for four communities so as to eliminate appropriated increased entitlements from FY 2008 enacted.

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 2009; however, the entitlements by community have been adjusted to reflect revenue which would have been lost resulting from eligible properties in the statutory reference year.

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 total funding distributed under this program to the amount enacted in the annual appropriations act. Entitlements for FY 2009 by community reflect computations based upon the latest available qualifying data.

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. Although total funding is level funded at the FY 2008 enacted level, distributions by community/library have been calculated based upon the latest available qualifying data from the statutory reference year.

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

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## **Formula Aid to Cities and Towns**

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the General Assembly. For fiscal year 2007, the value of the exemption from local taxes was increased to \$6,000 per vehicle. The FY 2009 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. The FY 2009 budget also incorporates the proposal to reimburse only 98 percent of the exemption value in FY 2008 and FY 2009, reflecting comparability with municipal motor vehicle tax collection rates.

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 at the average property tax statewide. 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. The budget assumes that this pass through aid will increase by 2.6% for each community compared to the FY 2008 revised projection.

## Summary of Formula Aid to Cities and Towns

	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Revised	FY 2009 Recommend
Municipal Police Incentive Pay	730,760	729,509	449,808	450,000	-
Municipal Fire Incentive Pay	366,255	368,423	221,130	225,000	-
Public Service Corporation Tax	14,611,755	12,206,492	10,347,757	10,204,912	10,204,912
Meals and Beverage Tax	17,800,720	17,620,607	18,568,791	18,660,826	19,164,669
Payment In Lieu of Taxes (PILOT)	22,716,117	26,975,194	27,766,967	27,766,967	27,766,967
<b>Total Miscellaneous Aid</b>	<b>\$56,225,607</b>	<b>\$57,900,225</b>	<b>\$57,354,453</b>	<b>\$57,307,705</b>	<b>\$57,136,548</b>
General Revenue Sharing	52,438,532	64,974,003	65,111,876	55,111,876	55,015,867
<b>Total State Aid to Cities and Towns</b>	<b>\$52,438,532</b>	<b>\$64,974,003</b>	<b>\$65,111,876</b>	<b>\$55,111,876</b>	<b>\$55,015,867</b>
Dist. Comm. - General Appropriation <sup>1</sup>	9,533,333	10,640,190	9,929,895	10,384,458	10,384,458
<b>Total Distressed Communities Aid</b>	<b>\$9,533,333</b>	<b>\$10,640,190</b>	<b>\$9,929,895</b>	<b>\$10,384,458</b>	<b>\$10,384,458</b>
Motor Vehicle Tax Phase-out Program <sup>2</sup>	104,987,142	117,649,182	136,230,036	135,316,542	139,586,645
<b>Total Motor Vehicle Tax Phase-out Prog.</b>	<b>\$104,987,142</b>	<b>\$117,649,182</b>	<b>\$136,230,036</b>	<b>\$135,316,542</b>	<b>\$139,586,645</b>
<b>Subtotal Forumla Aid - All Sources</b>	<b>\$223,184,614</b>	<b>\$251,163,600</b>	<b>\$268,626,260</b>	<b>\$258,120,581</b>	<b>\$262,123,518</b>
<b>Percent Change from prior year</b>	<b>3.04%</b>	<b>12.54%</b>	<b>6.95%</b>	<b>-3.91%</b>	<b>1.55%</b>
Resource Sharing & Library Aid <sup>3</sup>	8,050,566	8,390,741	8,711,692	8,773,398	8,773,398
Library Construction Aid	2,491,654	2,634,460	2,751,699	2,813,141	2,765,729
<b>Total Library Aid</b>	<b>\$10,542,220</b>	<b>\$11,025,201</b>	<b>\$11,463,391</b>	<b>\$11,586,539</b>	<b>\$11,539,127</b>
Property Revaluation Program	648,368	931,623	2,000,000	1,100,000	1,272,000
<b>Total Other Aid</b>	<b>\$648,368</b>	<b>\$931,623</b>	<b>\$2,000,000</b>	<b>\$1,100,000</b>	<b>\$1,272,000</b>
<b>Total Aid</b>	<b>\$234,375,202</b>	<b>\$263,120,424</b>	<b>\$282,089,651</b>	<b>\$270,807,120</b>	<b>\$274,934,645</b>
<b>Percent Change from prior year</b>	<b>2.45%</b>	<b>12.26%</b>	<b>7.21%</b>	<b>-4.00%</b>	<b>1.52%</b>

<sup>1</sup> 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.

<sup>2</sup> Amounts for the Motor Vehicle Excise Tax represent final payments due each community based upon the exemption amounts in effect for the given fiscal year. Actual cash payments may have occurred over multiple fiscal years. FY 2008 revised and FY 2009 funding is reduced to ninety-eight percent (98%) of the total required based on a proposed change in law.

<sup>3</sup> Resource Sharing and Library Aid for state institutions is included in these totals.

## 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	299,245	79,855	2,801,257	3,965,554
Central Falls	1,693,857	-	300,986	66,132	1,539,089	3,600,064
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	1,120,853	174,550	5,051,642	9,284,557
North Smithfield	656,282	38,817	-	60,768	2,014,607	2,770,474
Pawtucket	5,476,767	330,377	1,573,062	395,734	10,214,303	17,990,242
Portsmouth	654,697	-	-	109,462	1,573,181	2,337,339
Providence	15,536,990	20,124,158	5,294,376	1,285,939	23,360,791	65,602,254
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	-	950,453	196,189	3,170,604	5,790,860
Woonsocket	3,868,095	173,199	845,483	219,987	5,458,017	10,564,780
<b>Subtotal</b>	<b>\$65,111,876</b>	<b>\$27,766,967</b>	<b>10,384,458</b>	<b>\$7,698,411</b>	<b>134,353,606</b>	<b>\$245,315,318</b>
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 <sup>(1)</sup>			(230,272)			
<b>Total</b>	<b>\$65,111,876</b>	<b>\$27,766,967</b>	<b>\$10,154,186</b>	<b>\$11,518,180</b>	<b>\$136,229,443</b>	<b>\$251,010,924</b>

<sup>(1)</sup> 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	98,239	264,195	3,839,465
Bristol	221,816	317,467	539,283	3,677,535
Burrillville	156,192	164,519	320,711	4,286,265
Central Falls	186,716	85,985	272,701	3,872,766
Charlestown	77,318	114,399	191,717	1,173,767
Coventry	332,049	314,523	646,572	4,802,097
Cranston	782,494	1,341,782	2,124,276	24,123,232
Cumberland	313,933	338,770	652,703	4,955,534
East Greenwich	127,677	377,559	505,236	2,164,698
East Providence	481,518	701,393	1,182,911	10,966,018
Exeter	59,589	49,935	109,524	1,228,420
Foster	42,243	16,697	58,940	1,239,907
Glocester	98,122	55,379	153,501	1,986,529
Hopkinton	77,193	47,563	124,756	1,212,248
Jamestown	55,400	101,472	156,872	807,620
Johnston	278,198	446,385	724,583	8,582,116
Lincoln	205,799	575,953	781,752	4,878,954
Little Compton	35,441	28,748	64,189	492,041
Middletown	171,805	542,101	713,906	2,960,228
Narragansett	161,330	369,441	530,771	2,783,036
Newport	262,039	1,616,630	1,878,669	6,605,177
New Shoreham	9,937	240,249	250,186	516,624
North Kingstown	259,512	442,199	701,711	4,724,229
North Providence	320,185	390,616	710,801	9,995,357
North Smithfield	104,890	150,356	255,246	3,025,720
Pawtucket	720,845	621,741	1,342,586	19,332,828
Portsmouth	169,383	152,304	321,687	2,659,026
Providence	1,712,408	3,913,788	5,626,196	71,228,450
Richmond	70,903	101,876	172,779	1,160,881
Scituate	101,885	45,629	147,514	2,266,749
Smithfield	203,327	488,580	691,907	6,813,965
South Kingstown	275,088	476,951	752,039	4,249,161
Tiverton	150,556	149,415	299,971	2,450,391
Warren	112,258	231,982	344,240	2,031,429
Warwick	847,803	2,200,480	3,048,283	23,534,086
Westerly	226,600	617,927	844,527	5,028,638
West Greenwich	49,855	77,232	127,087	939,021
West Warwick	292,223	346,372	638,595	6,429,455
Woonsocket	427,271	477,662	904,933	11,469,713
<b>Subtotal</b>	<b>\$10,347,757</b>	<b>\$18,830,298</b>	<b>\$29,178,058</b>	<b>\$274,493,376</b>
Statewide Reference Library Resource Grant (Providence)				970,322
Library Construction Reimbursement				2,849,447
Motor Vehicle Excise Tax Reimbursement - Fire Districts				1,875,837
<b>Total</b>				<b>\$280,188,982</b>



## Fiscal Year 2007 VLT Supplement Breakout

City or Town	General Revenue Sharing	VLT Supplement	Total	Distressed Communities Aid	VLT Supplement	Total
Barrington	240,404	2,959	243,363	-	-	-
Bristol	979,756	12,061	991,817	-	-	-
Burrillville	706,306	-	706,306	187,179	112,065	299,245
Central Falls	1,693,857	-	1,693,857	188,920	112,065	300,986
Charlestown	402,852	4,959	407,811	-	-	-
Coventry	1,002,307	12,339	1,014,646	-	-	-
Cranston	5,362,507	66,014	5,428,521	-	-	-
Cumberland	1,541,147	18,972	1,560,119	-	-	-
East Greenwich	174,658	2,150	176,808	-	-	-
East Providence	2,648,844	32,608	2,681,452	-	-	-
Exeter	89,441	1,101	90,542	-	-	-
Foster	306,531	3,773	310,304	-	-	-
Glocester	560,521	6,900	567,421	-	-	-
Hopkinton	223,135	2,747	225,882	-	-	-
Jamestown	144,821	1,783	146,604	-	-	-
Johnston	2,523,157	31,061	2,554,218	-	-	-
Lincoln	947,625	11,665	959,290	-	-	-
Little Compton	104,541	1,287	105,828	-	-	-
Middletown	967,437	11,909	979,346	-	-	-
Narragansett	871,484	10,728	882,212	-	-	-
Newport	1,824,238	22,457	1,846,695	-	-	-
New Shoreham	90,384	1,113	91,497	-	-	-
North Kingstown	879,219	10,823	890,042	-	-	-
North Providence	2,404,365	-	2,404,365	1,008,788	112,065	1,120,853
North Smithfield	648,301	7,981	656,282	-	-	-
Pawtucket	5,476,767	-	5,476,767	1,460,996	112,065	1,573,062
Portsmouth	646,736	7,961	654,697	-	-	-
Providence	15,536,990	-	15,536,990	5,182,310	112,065	5,294,376
Richmond	146,518	1,804	148,322	-	-	-
Scituate	447,190	5,505	452,695	-	-	-
Smithfield	1,844,647	22,708	1,867,355	-	-	-
South Kingstown	1,003,451	12,353	1,015,804	-	-	-
Tiverton	638,386	7,859	646,245	-	-	-
Warren	496,052	6,107	502,159	-	-	-
Warwick	4,813,657	59,257	4,872,914	-	-	-
Westerly	748,483	9,214	757,697	-	-	-
West Greenwich	220,578	2,715	223,293	-	-	-
West Warwick	1,473,614	-	1,473,614	838,388	112,065	950,453
Woonsocket	3,868,095	-	3,868,095	733,418	112,065	845,483
<b>Total</b>	<b>\$64,699,004</b>	<b>\$412,872</b>	<b>\$65,111,876</b>	<b>9,599,999</b>	<b>784,455</b>	<b>10,384,458</b>

## Fiscal Year 2008 Revised 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	206,205	53,865		314,971	3,008,871	3,583,912
Bristol	840,384	560,835		57,181	1,521,189	2,979,589
Burrillville	597,138	78,891	299,245	79,855	2,785,136	3,840,265
Central Falls	1,432,052	-	300,986	66,132	1,510,701	3,309,871
Charlestown	345,546			45,568	521,431	912,545
Coventry	859,728			167,177	2,952,306	3,979,211
Cranston	4,599,682	3,583,905		548,485	12,241,745	20,973,817
Cumberland	1,321,917	139		240,606	2,767,479	4,330,141
East Greenwich	149,812	7,940		102,399	1,355,447	1,615,598
East Providence	2,272,041	61,629		499,380	6,283,312	9,116,362
Exeter	76,718			28,066	1,010,207	1,114,991
Foster	262,926	270		29,271	838,207	1,130,674
Glocester	480,785			64,709	1,214,279	1,759,773
Hopkinton	191,394			31,238	840,132	1,062,764
Jamestown	124,221			70,379	426,909	621,509
Johnston	2,164,234			121,452	5,078,225	7,363,911
Lincoln	812,823			172,879	2,923,529	3,909,231
Little Compton	89,670			25,425	295,563	410,658
Middletown	829,817			149,936	1,090,083	2,069,836
Narragansett	747,514			111,496	1,225,392	2,084,402
Newport	1,564,738	658,326		346,433	1,850,022	4,419,519
New Shoreham	77,527			88,246	86,417	252,190
North Kingstown	754,148	6,836		234,608	2,813,829	3,809,421
North Providence	2,032,742	533,146	1,120,853	174,550	4,979,357	8,840,648
North Smithfield	556,080	38,817		60,768	2,036,436	2,692,101
Pawtucket	4,630,267	330,377	1,573,062	395,734	10,057,076	16,986,516
Portsmouth	554,736			109,462	1,555,855	2,220,053
Providence	13,135,563	20,124,158	5,294,376	1,285,939	23,494,586	63,334,622
Richmond	125,676	627		22,769	757,368	906,440
Scituate	383,576			93,610	1,572,577	2,049,763
Smithfield	1,582,243	437,602		240,145	3,537,577	5,797,567
South Kingstown	860,708	121,138		194,843	2,167,848	3,344,537
Tiverton	547,575			87,145	1,404,450	2,039,170
Warren	425,488			46,087	1,126,195	1,597,770
Warwick	4,128,906	862,977		666,767	13,998,167	19,656,817
Westerly	642,010	132,288		287,135	3,156,078	4,217,511
West Greenwich	189,200			21,394	575,828	786,422
West Warwick	1,245,850		950,453	196,189	2,987,738	5,380,230
Woonsocket	3,270,235	173,199	845,483	219,987	5,393,158	9,902,062
<b>Subtotal</b>	<b>\$55,111,875</b>	<b>27,766,967</b>	<b>\$10,384,458</b>	<b>\$7,698,411</b>	<b>133,440,705</b>	<b>\$234,402,414</b>
Statewide Reference Library Resource Grant (Providence)				\$1,012,378		1,012,378
Library Construction Reimbursement				2,813,141		2,813,141
Motor Vehicle Excise Tax Reimbursement - Fire Districts					1,875,837	1,875,837
<b>Total</b>	<b>\$55,111,875</b>	<b>\$27,766,967</b>	<b>\$10,384,458</b>	<b>\$11,523,930</b>	<b>\$135,316,542</b>	<b>\$240,103,770</b>

## 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	163,725	97,355	261,080	3,844,991
Bristol	218,726	314,610	533,336	3,512,924
Burrillville	153,767	163,038	316,805	4,157,070
Central Falls	184,256	85,211	269,467	3,579,338
Charlestown	76,504	113,369	189,873	1,102,418
Coventry	327,743	311,692	639,435	4,618,646
Cranston	771,648	1,329,706	2,101,354	23,075,171
Cumberland	309,948	335,721	645,669	4,975,810
East Greenwich	126,043	374,161	500,204	2,115,802
East Providence	473,956	695,080	1,169,036	10,285,398
Exeter	58,845	49,486	108,331	1,223,321
Foster	41,605	16,547	58,152	1,188,826
Glocester	96,839	54,881	151,720	1,911,492
Hopkinton	76,280	47,135	123,415	1,186,179
Jamestown	54,728	100,559	155,287	776,796
Johnston	274,466	442,368	716,834	8,080,745
Lincoln	203,433	570,769	774,202	4,683,433
Little Compton	34,976	28,489	63,465	474,123
Middletown	168,739	537,222	705,961	2,775,797
Narragansett	159,267	366,116	525,383	2,609,785
Newport	257,722	1,602,080	1,859,802	6,279,321
New Shoreham	9,832	238,087	247,919	500,109
North Kingstown	256,272	438,219	694,491	4,503,912
North Providence	315,506	387,100	702,606	9,543,254
North Smithfield	103,361	149,003	252,364	2,944,465
Pawtucket	710,213	616,145	1,326,358	18,312,874
Portsmouth	166,938	150,933	317,871	2,537,924
Providence	1,690,093	3,878,564	5,568,657	68,903,279
Richmond	70,303	100,959	171,262	1,077,702
Scituate	100,499	45,218	145,717	2,195,480
Smithfield	200,658	484,183	684,841	6,482,407
South Kingstown	271,798	472,658	744,456	4,088,993
Tiverton	148,549	148,070	296,619	2,335,789
Warren	110,584	229,894	340,478	1,938,248
Warwick	835,302	2,180,676	3,015,978	22,672,795
Westerly	223,564	612,366	835,930	5,053,441
West Greenwich	49,500	76,537	126,037	912,459
West Warwick	287,958	343,255	631,213	6,011,443
Woonsocket	420,766	473,363	894,129	10,796,191
<b>Subtotal</b>	<b>10,204,912</b>	<b>18,660,826</b>	<b>\$28,865,738</b>	<b>\$263,268,152</b>
Statewide Reference Library Resource Grant (Providence)				1,012,378
Library Construction Reimbursement				2,813,141
Motor Vehicle Excise Tax Reimbursement - Fire Districts				1,875,837
<b>Total</b>				<b>\$268,969,508</b>

## Fiscal Year 2008 Revised VLT Supplement Breakout

City or Town	General Revenue Sharing	VLT Supplement	Total	Distressed Communities Aid	VLT Supplement	Total
Barrington	203,246	2,959	206,205	-	-	-
Bristol	828,323	12,061	840,384	-	-	-
Burrillville	597,138	-	597,138	187,179	112,065	299,245
Central Falls	1,432,052	-	1,432,052	188,920	112,065	300,986
Charlestown	340,587	4,959	345,546	-	-	-
Coventry	847,389	12,339	859,728	-	-	-
Cranston	4,533,668	66,014	4,599,682	-	-	-
Cumberland	1,302,945	18,972	1,321,917	-	-	-
East Greenwich	147,662	2,150	149,812	-	-	-
East Providence	2,239,433	32,608	2,272,041	-	-	-
Exeter	75,617	1,101	76,718	-	-	-
Foster	259,153	3,773	262,926	-	-	-
Glocester	473,885	6,900	480,785	-	-	-
Hopkinton	188,647	2,747	191,394	-	-	-
Jamestown	122,438	1,783	124,221	-	-	-
Johnston	2,133,173	31,061	2,164,234	-	-	-
Lincoln	801,158	11,665	812,823	-	-	-
Little Compton	88,383	1,287	89,670	-	-	-
Middletown	817,908	11,909	829,817	-	-	-
Narragansett	736,786	10,728	747,514	-	-	-
Newport	1,542,281	22,457	1,564,738	-	-	-
New Shoreham	76,414	1,113	77,527	-	-	-
North Kingstown	743,325	10,823	754,148	-	-	-
North Providence	2,032,742	-	2,032,742	1,008,788	112,065	1,120,853
North Smithfield	548,099	7,981	556,080	-	-	-
Pawtucket	4,630,267	-	4,630,267	1,460,996	112,065	1,573,062
Portsmouth	546,775	7,961	554,736	-	-	-
Providence	13,135,563	-	13,135,563	5,182,310	112,065	5,294,376
Richmond	123,872	1,804	125,676	-	-	-
Scituate	378,071	5,505	383,576	-	-	-
Smithfield	1,559,535	22,708	1,582,243	-	-	-
South Kingstown	848,355	12,353	860,708	-	-	-
Tiverton	539,716	7,859	547,575	-	-	-
Warren	419,381	6,107	425,488	-	-	-
Warwick	4,069,649	59,257	4,128,906	-	-	-
Westerly	632,796	9,214	642,010	-	-	-
West Greenwich	186,485	2,715	189,200	-	-	-
West Warwick	1,245,850	-	1,245,850	838,388	112,065	950,453
Woonsocket	3,270,235	-	3,270,235	733,418	112,065	845,483
<b>Total</b>	<b>\$54,699,003</b>	<b>\$412,872</b>	<b>\$55,111,874</b>	<b>9,599,999</b>	<b>784,455</b>	<b>10,384,458</b>

## Fiscal Year 2009 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 2009 Total Appropriated State Aid
Barrington	216,234	49,199		317,722	3,105,155	3,688,310
Bristol	864,188	584,813		57,817	1,569,867	3,076,685
Burrillville	668,947	73,011	504,713	80,245	2,874,260	4,201,176
Central Falls	1,432,052	20,927	288,852	77,237	1,559,044	3,378,112
Charlestown	352,494			45,205	538,116	935,815
Coventry	782,528			186,831	3,046,780	4,016,139
Cranston	4,155,762	3,820,082		572,241	12,633,481	21,181,566
Cumberland	1,103,654	140		248,544	2,856,038	4,208,376
East Greenwich	177,367	8,008		105,141	1,398,821	1,689,337
East Providence	2,688,856	60,645		467,926	6,484,378	9,701,805
Exeter	39,429			32,415	1,042,533	1,114,377
Foster	235,970	437		33,195	865,030	1,134,632
Glocester	495,177			65,133	1,253,136	1,813,446
Hopkinton	227,065			28,963	867,017	1,123,045
Jamestown	136,846			71,068	440,570	648,484
Johnston	2,164,904			122,433	5,240,728	7,528,065
Lincoln	792,759			174,946	3,017,082	3,984,787
Little Compton	106,193			25,296	305,021	436,510
Middletown	834,794			143,075	1,124,966	2,102,835
Narragansett	717,780			117,559	1,264,605	2,099,944
Newport	1,485,559	753,317		348,867	1,909,223	4,496,966
New Shoreham	77,551			92,970	89,183	259,704
North Kingstown	709,085	6,591		234,918	2,903,871	3,854,465
North Providence	2,177,880	513,661	1,024,798	178,999	5,138,697	9,034,035
North Smithfield	521,072	48,733		58,075	2,101,602	2,729,482
Pawtucket	4,955,929	353,035	1,499,940	409,610	10,378,902	17,597,416
Portsmouth	505,140			103,586	1,605,642	2,214,368
Providence	13,135,563	19,570,192	5,299,786	1,239,749	24,246,412	63,491,702
Richmond	88,937			25,637	781,604	896,178
Scituate	368,509			91,895	1,622,899	2,083,303
Smithfield	1,582,733	466,237		236,390	3,650,779	5,936,139
South Kingstown	817,311	118,511		189,662	2,237,219	3,362,703
Tiverton	492,063			86,606	1,449,392	2,028,061
Warren	431,817			44,050	1,162,233	1,638,100
Warwick	4,046,449	1,028,280		675,910	14,446,109	20,196,748
Westerly	703,826	127,296		281,881	3,257,073	4,370,076
West Greenwich	150,833			22,136	594,255	767,224
West Warwick	1,302,377		935,710	190,207	3,083,345	5,511,639
Woonsocket	3,270,235	163,852	830,661	214,271	5,565,739	10,044,758
<b>Subtotal</b>	<b>55,015,867</b>	<b>\$27,766,967</b>	<b>10,384,458</b>	<b>\$7,698,411</b>	<b>137,710,808</b>	<b>\$238,576,512</b>
Statewide Reference Library Resource Grant (Providence)				1,012,378		1,012,378
Library Construction Reimbursement				2,765,729		2,765,729
Motor Vehicle Excise Tax Reimbursement - Fire Districts					1,875,837	1,875,837
<b>Total</b>	<b>\$55,015,867</b>	<b>\$27,766,967</b>	<b>\$10,384,458</b>	<b>\$11,476,518</b>	<b>\$139,586,645</b>	<b>\$244,230,456</b>

## Fiscal Year 2009 Pass Through Aid to Cities & Towns

City or Town	Public Service Corporation Tax	Meals and Beverage Tax	FY 2009 Total Shared Taxes State Aid	FY 2009 Total Shared & Appropriated Aid
Barrington	163,725	99,983	263,708	3,952,018
Bristol	218,726	323,104	541,830	3,618,515
Burrillville	153,767	167,440	321,207	4,522,383
Central Falls	184,256	87,512	271,768	3,649,880
Charlestown	76,504	116,430	192,934	1,128,749
Coventry	327,743	320,108	647,851	4,663,990
Cranston	771,648	1,365,608	2,137,256	23,318,822
Cumberland	309,948	344,786	654,734	4,863,110
East Greenwich	126,043	384,263	510,306	2,199,643
East Providence	473,956	713,848	1,187,804	10,889,608
Exeter	58,845	50,822	109,667	1,224,044
Foster	41,605	16,993	58,598	1,193,230
Glocester	96,839	56,362	153,201	1,966,647
Hopkinton	76,280	48,408	124,688	1,247,733
Jamestown	54,728	103,274	158,002	806,486
Johnston	274,466	454,311	728,777	8,256,842
Lincoln	203,433	586,180	789,613	4,774,400
Little Compton	34,976	29,258	64,234	500,744
Middletown	168,739	551,727	720,466	2,823,301
Narragansett	159,267	376,001	535,268	2,635,212
Newport	257,722	1,645,336	1,903,058	6,400,024
New Shoreham	9,832	244,515	254,347	514,051
North Kingstown	256,272	450,051	706,323	4,560,788
North Providence	315,506	397,552	713,058	9,747,093
North Smithfield	103,361	153,026	256,387	2,985,869
Pawtucket	710,213	632,781	1,342,994	18,940,410
Portsmouth	166,938	155,008	321,946	2,536,314
Providence	1,690,093	3,983,285	5,673,378	69,165,080
Richmond	70,303	103,685	173,988	1,070,166
Scituate	100,499	46,439	146,938	2,230,241
Smithfield	200,658	497,256	697,914	6,634,053
South Kingstown	271,798	485,420	757,218	4,119,921
Tiverton	148,549	152,068	300,617	2,328,678
Warren	110,584	236,101	346,685	1,984,785
Warwick	835,302	2,239,554	3,074,856	23,271,604
Westerly	223,564	628,900	852,464	5,222,540
West Greenwich	49,500	78,603	128,103	895,327
West Warwick	287,958	352,523	640,481	6,152,120
Woonsocket	420,766	486,144	906,910	10,951,668
<b>Subtotal</b>	<b>10,204,912</b>	<b>\$19,164,669</b>	<b>\$29,369,581</b>	<b>\$267,946,093</b>
Statewide Reference Library Resource Grant (Providence)				1,012,378
Library Construction Reimbursement				2,765,729
Motor Vehicle Excise Tax Reimbursement - Fire Districts				1,875,837
<b>Total</b>				<b>\$273,600,037</b>

## Fiscal Year 2009 VLT Supplement Breakout

City or Town	General Revenue Sharing	VLT Supplement	Total	Distressed Communities Aid	VLT Supplement	Total
Barrington	213,065	3,169	216,234	-	-	-
Bristol	851,522	12,666	864,188	-	-	-
Burrillville	668,947	-	668,947	392,647	112,065	504,713
Central Falls	1,432,052	-	1,432,052	176,786	112,065	288,852
Charlestown	347,327	5,167	352,494	-	-	-
Coventry	771,058	11,470	782,528	-	-	-
Cranston	4,094,851	60,911	4,155,762	-	-	-
Cumberland	1,087,478	16,176	1,103,654	-	-	-
East Greenwich	174,658	2,709	177,367	-	-	-
East Providence	2,648,844	40,012	2,688,856	-	-	-
Exeter	38,851	578	39,429	-	-	-
Foster	232,511	3,459	235,970	-	-	-
Glocester	487,919	7,258	495,177	-	-	-
Hopkinton	223,135	3,930	227,065	-	-	-
Jamestown	134,840	2,006	136,846	-	-	-
Johnston	2,133,173	31,731	2,164,904	-	-	-
Lincoln	781,139	11,620	792,759	-	-	-
Little Compton	104,541	1,652	106,193	-	-	-
Middletown	822,558	12,236	834,794	-	-	-
Narragansett	707,259	10,521	717,780	-	-	-
Newport	1,463,785	21,774	1,485,559	-	-	-
New Shoreham	76,414	1,137	77,551	-	-	-
North Kingstown	698,692	10,393	709,085	-	-	-
North Providence	2,177,880	-	2,177,880	912,733	112,065	1,024,798
North Smithfield	513,435	7,637	521,072	-	-	-
Pawtucket	4,955,929	-	4,955,929	1,387,874	112,065	1,499,940
Portsmouth	497,736	7,404	505,140	-	-	-
Providence	13,135,563	-	13,135,563	5,187,720	112,065	5,299,786
Richmond	87,633	1,304	88,937	-	-	-
Scituate	363,108	5,401	368,509	-	-	-
Smithfield	1,559,535	23,198	1,582,733	-	-	-
South Kingstown	805,332	11,979	817,311	-	-	-
Tiverton	484,851	7,212	492,063	-	-	-
Warren	425,488	6,329	431,817	-	-	-
Warwick	3,987,140	59,309	4,046,449	-	-	-
Westerly	693,510	10,316	703,826	-	-	-
West Greenwich	148,622	2,211	150,833	-	-	-
West Warwick	1,302,377	-	1,302,377	823,645	112,065	935,710
Woonsocket	3,270,235	-	3,270,235	718,596	112,065	830,661
<b>Total</b>	<b>\$54,602,993</b>	<b>\$412,874</b>	<b>\$55,015,867</b>	<b>9,600,001</b>	<b>784,455</b>	<b>10,384,460</b>

## Changes in Formula Aid - FY 2009 vs. FY 2008 Revised

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	10,029	(4,666)	-	2,752	96,284	104,399
Bristol	23,804	23,978	-	637	48,678	97,097
Burrillville	71,809	(5,880)	205,468	390	89,124	360,911
Central Falls	-	20,927	(12,134)	11,105	48,343	68,241
Charlestown	6,948	-	-	(363)	16,685	23,270
Coventry	(77,200)	-	-	19,654	94,474	36,928
Cranston	(443,920)	236,177	-	23,756	391,736	207,749
Cumberland	(218,263)	1	-	7,938	88,559	(121,765)
East Greenwich	27,555	68	-	2,742	43,374	73,739
East Providence	416,815	(984)	-	(31,454)	201,066	585,443
Exeter	(37,289)	-	-	4,349	32,326	(614)
Foster	(26,956)	167	-	3,924	26,823	3,958
Glocester	14,392	-	-	425	38,857	53,674
Hopkinton	35,671	-	-	(2,275)	26,885	60,281
Jamestown	12,625	-	-	689	13,661	26,975
Johnston	670	-	-	981	162,503	164,154
Lincoln	(20,064)	-	-	2,067	93,553	75,556
Little Compton	16,523	-	-	(129)	9,458	25,852
Middletown	4,977	-	-	(6,861)	34,883	32,999
Narragansett	(29,734)	-	-	6,064	39,213	15,543
Newport	(79,179)	94,991	-	2,434	59,201	77,447
New Shoreham	24	-	-	4,724	2,766	7,514
North Kingstown	(45,063)	(245)	-	310	90,042	45,044
North Providence	145,138	(19,485)	(96,055)	4,449	159,340	193,387
North Smithfield	(35,008)	9,916	-	(2,693)	65,166	37,381
Pawtucket	325,662	22,658	(73,122)	13,876	321,826	610,900
Portsmouth	(49,596)	-	-	(5,876)	49,787	(5,685)
Providence	-	(553,966)	5,410	(46,190)	751,826	157,080
Richmond	(36,739)	(627)	-	2,868	24,236	(10,262)
Scituate	(15,067)	-	-	(1,715)	50,322	33,541
Smithfield	490	28,635	-	(3,755)	113,202	138,573
South Kingstown	(43,397)	(2,627)	-	(5,181)	69,371	18,167
Tiverton	(55,512)	-	-	(539)	44,942	(11,109)
Warren	6,329	-	-	(2,037)	36,038	40,330
Warwick	(82,457)	165,303	-	9,143	447,942	539,931
Westerly	61,816	(4,992)	-	(5,254)	100,995	152,565
West Greenwich	(38,367)	-	-	742	18,427	(19,198)
West Warwick	56,527	-	(14,743)	(5,982)	95,607	131,409
Woonsocket	-	(9,347)	(14,822)	(5,716)	172,581	142,696
<b>Subtotal</b>	<b>(\$96,008)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,270,102</b>	<b>\$4,174,098</b>
Statewide Reference Library Resource Grant (Providence)				-	-	-
Library Construction Reimbursement				(47,412)	-	(47,412)
Motor Vehicle Excise Tax Reimbursement - Fire Districts				-	-	-
<b>Total</b>	<b>(\$96,008)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$47,412)</b>	<b>\$4,270,102</b>	<b>\$4,126,686</b>



## Changes in Pass Through and All Aid - FY 2009 vs. FY 2008 Revised

City or Town	Public Service Corporation Tax	Meals and Beverage Tax	Total Pass Through State Aid Difference	Total All State Aid Difference
Barrington	-	2,629	2,629	107,027
Bristol	-	8,494	8,494	105,591
Burrillville	-	4,402	4,402	365,313
Central Falls	-	2,301	2,301	70,542
Charlestown	-	3,061	3,061	26,331
Coventry	-	8,416	8,416	45,344
Cranston	-	35,902	35,902	243,651
Cumberland	-	9,064	9,064	(112,701)
East Greenwich	-	10,102	10,102	83,841
East Providence	-	18,767	18,767	604,210
Exeter	-	1,336	1,336	722
Foster	-	447	447	4,405
Glocester	-	1,482	1,482	55,155
Hopkinton	-	1,273	1,273	61,553
Jamestown	-	2,715	2,715	29,690
Johnston	-	11,944	11,944	176,098
Lincoln	-	15,411	15,411	90,967
Little Compton	-	769	769	26,621
Middletown	-	14,505	14,505	47,504
Narragansett	-	9,885	9,885	25,428
Newport	-	43,256	43,256	120,703
New Shoreham	-	6,428	6,428	13,942
North Kingstown	-	11,832	11,832	56,876
North Providence	-	10,452	10,452	203,839
North Smithfield	-	4,023	4,023	41,404
Pawtucket	-	16,636	16,636	627,536
Portsmouth	-	4,075	4,075	(1,610)
Providence	-	104,721	104,721	261,801
Richmond	-	2,726	2,726	(7,536)
Scituate	-	1,221	1,221	34,761
Smithfield	-	13,073	13,073	151,645
South Kingstown	-	12,762	12,762	30,928
Tiverton	-	3,998	3,998	(7,111)
Warren	-	6,207	6,207	46,537
Warwick	-	58,878	58,878	598,809
Westerly	-	16,534	16,534	169,099
West Greenwich	-	2,066	2,066	(17,132)
West Warwick	-	9,268	9,268	140,677
Woonsocket	-	12,781	12,781	155,477
<b>Subtotal</b>	<b>\$0</b>	<b>\$503,842</b>	<b>\$503,842</b>	<b>\$4,677,941</b>
Statewide Reference Library Resource Grant (Providence)				-
Library Construction Reimbursement				(47,412)
Motor Vehicle Excise Tax Reimbursement - Fire Districts				-
<b>Total</b>		<b>\$503,842</b>	<b>\$503,842</b>	<b>\$4,630,528</b>

## **Education Aid to Local Governments**

Education Aid to Local Governments totals \$910.4 million in FY 2009, a \$25.7 million increase in total state funding relative to the FY 2008 revised budget, and a 2.9 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 2009 Education Aid.

### **Distributed Aid- Maintenance of the State's Effort with Continued Support for Central Falls**

In the extremely distressed fiscal environment surrounding the formulation of the FY 2009 Budget, the Governor has again reaffirmed his commitment to Local Education Agencies (LEAs) by proposing level funding of distributed education aid for each community. The single exception to this policy relates to those six communities that have experienced declines in the number of certified (aid-eligible) group home beds between March 14, 2007 and December 31, 2007. Per statutory changes enacted by the 2007 General Assembly, group home aid to these six districts (Cranston, Johnston, Providence, Woonsocket, Bristol/Warren, and Exeter/W. Greenwich) will be reduced by a total of \$885,000, corresponding to a total statewide bed decrease of 59 certified, aid-eligible beds. Further, to continue financing essential district operations while leveraging municipal fiscal participation, state support of the Central Falls school district increases by 3.9 percent, or \$1.7 million, relative to the revised FY 2008 level. Combining these two changes yields total FY 2009 distributed aid appropriations of \$691.7 million, a \$.8 million increase from the revised FY 2008 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 \$33.5 million in general revenue, which constitutes a \$1.4 million increase from the revised FY 2008 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 commenced operations during the 2006-2007 school year and maintains a current enrollment of approximately 60 students.

### **Non-Distributed Aid**

Several significant adjustments for the non-distributed categories of state education aid are also recommended for FY 2009. Notable among these are the elimination of both the Hasbro Children's Hospital educational grant and the School Breakfast subsidy, and a significant reduction in financing for SALT (On-Site) Visits. These modifications to the education aid program were determined following intensive deliberations on departmental priorities conducted by the Governor during the summer of 2007. The general revenue match for federal support of telecommunications access for public schools and libraries (the so-called E-Rate program) was likewise removed, to be funded exclusively through receipts of the Rhode Island Telecommunications Education Access Fund (RITEAF) beginning in FY 2009. The Progressive Support and Intervention (PS&I) Fund, which finances corrective intervention activities in the State's underperforming districts, is financed at \$2.7 million. The single largest component of non-distributed aid, direct aid to charter schools, increases \$2.9 million from the FY 2008 revised level to a total of \$29.8 million in FY 2009.

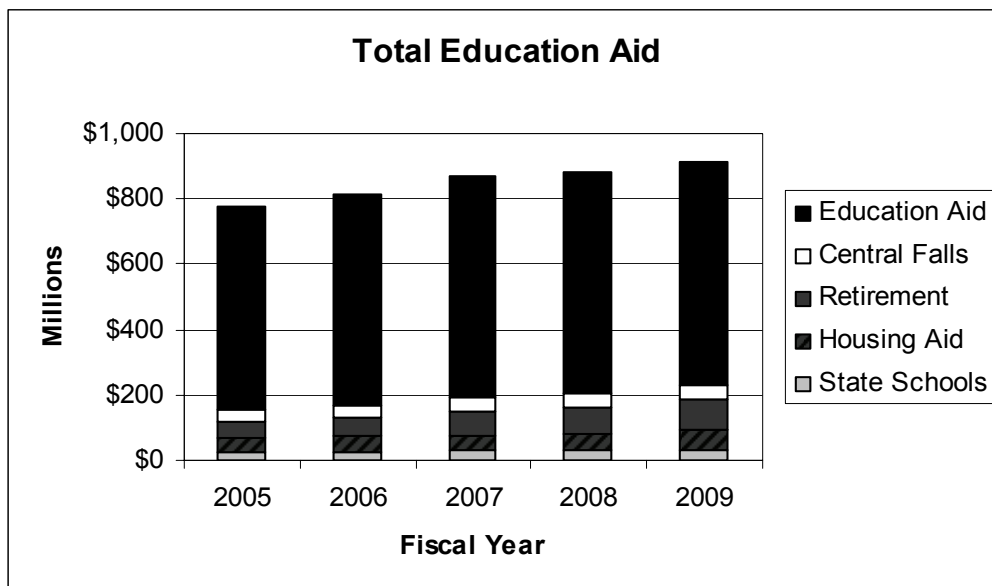
**Other Aid**

The FY 2009 budget also includes increases in other aid of \$21.9 million; \$7.3 million in school housing aid reimbursements and \$14.6 million in state contributions for teachers' retirement.

**FY 2009 Education Aid Increases (Decreases) From the Revised FY 2008 Budget**

- Group Home Funding: (\$885,000)
- Central Falls School District: \$1,693,051
- Professional Development: \$2,960
- Hasbro Children's Hospital: (\$97,300)
- School Breakfast: (\$600,000)
- Telecommunications Access: (\$270,460)
- On-Site Visits (SALT):(\$251,057)
- Direct Charter School Aid: \$2,931,910
- Progressive Support and Intervention: (\$105,183)
- Metropolitan Career and Technical School: \$814,812
- School for the Deaf: \$53,805
- Davies Career and Technical School: \$490,118
- Teachers' Retirement: \$14,560,467
- School Housing Aid: \$7,332,272

The following graph displays total school aid from FY 2004 to FY 2009. The "Education Aid" component is comprised of all aid categories under the standard Education Aid program. This includes, but is not limited to, General Aid, Targeted Aid, Charter School Aid, Progressive Support and Intervention, and the Student Investment Initiatives. Other components of total aid include: State Contributions for Teachers' Retirement; School Housing Aid; Central Falls School District; and State Schools (Davies, Deaf, and the Metropolitan School).



### **Housing Aid**

The School Housing Aid Program reimburses a community for eligible construction expenditures beginning in the fiscal year after the project is completed. The reimbursement rate is based on the cost of the project over the life of the bonds issued for the project. The Commissioner and the Board of Regents review each local community's request for reimbursement through the program. Pursuant to recent legislation, the Department of Education and the Board of Regents promulgated new regulations governing both this process as well as the oversight of all projects eligible for School Housing Aid. In support of this initiative, the Governor recommended and the Generally Assembly approved the addition of three FTE to the Department of Elementary and Secondary Education in FY 2008.

It should be noted that although the reimbursement reference for completed projects is one year, there is a two-year reference for formula factors. For example, FY 2006 allocations were based on 2004 wealth and enrollment levels. The housing aid share ratio calculation is based on a district's income adjusted per-pupil property wealth compared to aggregate state per-pupil property wealth. The average state housing aid share ratio is thirty-eight percent, adjusted to ensure a minimum of thirty percent in each community. A four percent bonus is awarded when a minimum of seventy-five percent of a project's cost is for energy conservation, asbestos removal, or handicapped access. Regional districts receive a two percent bonus for each regionalized grade for new construction projects, and an additional four percent bonus for renovation projects. Note: as part of the FY 2009 Budget, the Governor is recommending statutory changes that would (a) impose a five year time limit from the date of regionalization for newly regionalized districts to be eligible for the 2 percent per regionalized grade bonus, (b) eliminate the regionalized district bonus for existing regional districts for projects approved after June 30, 2008, and (c) eliminate the 4 percent bonus for projects involving asbestos removal and/or access for the disabled, while maintaining the bonus for renovation projects that achieve energy conservation standards in excess of the Rhode Island Building Energy Code.

Reimbursement is based on total expended project cost, plus related bond interest cost, not on the amount of the original bond issuance. For example, if a community issued \$6.5 million for ten years for a capital improvement to a school, but only spent \$6.0 million, the department would reimburse the community for the State's appropriate share of the \$6.0 million spent on the completed project, plus the bond interest payments over a ten year period. This statute was amended to include the use of lease revenue bonds, financial leases, capital reserve funding, and similar financial instruments to finance school construction. Communities used this amendment to receive project reimbursements commencing in FY 1999. The FY 2004 Appropriation Act amended the housing aid statute to require that all future school construction debt be issued through the Rhode Island Health and Education Building Corporation.

The revised FY 2008 and FY 2009 budgets propose general revenue expenditures of \$49.7 million and \$57.0 million, respectively, for the School Housing Aid program.

### **Teachers' Retirement**

RIGL §16-16-22 requires the State to make contributions to the teacher retirement system in Rhode Island. The State shall contribute a percentage of the employer's share, with the school districts contributing the balance. The State's share has varied over the years based upon the total actuarially determined rate of payroll, but since FY 1993 it has been fixed at forty percent, with the municipalities contributing sixty percent. Each district receives the same percentage, regardless of wealth.

The Governor and the General Assembly deferred the State's contributions to Teachers' Retirement in both FY 1991 and FY 1992. Most municipalities also deferred the local portion of teacher retirement contributions for this period. The state deferrals, valued at \$22.4 million in FY 1991 and \$22.2 million in FY 1992, will be financed over twenty years, as will the local deferral. The annual calculation applied to the state contribution to Teachers' Retirement includes an adjustment to accommodate the deferral liability.

Furthermore, the municipalities of Burrillville, East Greenwich, Little Compton, New Shoreham and North Smithfield did not participate in the 1990 early retirement window for teachers and therefore contribute a slightly smaller percentage of teachers' salaries.

### **Contribution Rates for Teachers' Retirement Fund**

	<b>Actuarial Contribution Rate of Payroll</b>	<b>Employer Share</b>			<b>Teacher Share</b>
		<b>Local (60%)*</b>	<b>State (40%)*</b>	<b>Sub Total</b>	
1999	21.02%	6.62%	4.90%	11.52%	9.5%
2000	24.14%	8.43%	6.21%	14.64%	9.5%
2001	21.51%	6.86%	5.15%	12.01%	9.5%
2002	19.45%	5.73%	4.22%	9.95%	9.5%
2003	21.47%	6.93%	5.04%	11.97%	9.5%
2004	23.22%	7.99%	5.73%	13.72%	9.5%
2005	24.34%	8.72%	6.12%	14.84%	9.5%
2006	25.97%	9.72%	6.75%	16.47%	9.5%
2007	29.14%	11.62%	8.02%	19.64%	9.5%
2008	31.51%	13.04%	8.97%	22.01%	9.5%
2009	34.53%	14.86%	10.17%	25.03%	9.5%

\* Adjusted for deferral liability

The following table displays the state contributions to Teacher Retirement since FY 1999. The State Retirement Board uses the districts' retirement contribution data to calculate the state obligation each month, and contributions are accrued to the appropriate fiscal period.

### **State Contributions for Teacher Retirement**

<b><u>Fiscal Year</u></b>	<b><u>State Share</u></b>
1999 Actual	\$30,202,943
2000 Actual	\$40,719,407
2001 Actual	\$35,365,234
2002 Actual	\$30,652,207
2003 Actual	\$38,242,690
2004 Actual	\$45,039,269
2005 Actual	\$48,503,125
2006 Actual	\$54,537,733
2007 Unaudited	\$70,286,753
2008 Revised	\$80,225,355
2009 Recommend	\$94,785,822

The FY 2008 revised recommendation reflects full state appropriations for the actuarial determined contribution rate as certified by the actuary and approved by the Retirement Board but reflects an upward revision from enacted appropriations to reflect an adjusted payroll base.

The FY 2009 state contribution recommendation also reflects full state appropriations for the actuarial determined contribution rate as certified by the actuary and approved by the Retirement Board.

**Explanation of Tables- by Category and LEA**

The following two tables display education aid first by category, and then by 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, financing of the Central Falls School District (plus an allocation for indirect Charter School Aid on the LEA table only) 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 these tables, direct aid to charter schools is categorized as non-distributed.

## Education Aid by Category of Aid

Category of Education Aid	FY 2005 Actual	FY 2006 Actual	FY 2007 Unaudited	FY 2008 Revised	FY 2009 Recommend
<b>Distributed LEA Aid</b>					
General Aid	\$458,608,114	\$458,868,334	\$488,592,367	\$488,592,372	\$488,592,372
Student Technology	3,397,693	3,397,691	3,397,691	3,397,692	3,397,692
Student Equity *	63,800,000	73,800,000	73,800,000	73,800,000	73,800,000
Early Childhood *	6,800,000	6,799,996	6,799,996	6,800,000	6,800,000
Student Language Assistance	31,715,462	31,715,459	31,715,459	31,715,459	31,715,459
Professional Development	3,325,503	5,825,501	5,825,501	5,825,502	5,825,502
Targeted Aid	20,000,000	20,000,001	20,000,001	20,000,000	20,000,000
Charter School-Indirect Aid	985,837	1,297,666	1,242,006	1,242,006	1,242,006
Full Day Kindergarten	4,660,000	4,163,000	4,163,000	4,163,000	4,163,000
Vocational Equity	1,535,000	1,512,500	1,512,500	1,512,500	1,512,500
Group Home Funding	8,910,000	9,838,264	9,905,000	10,416,000	9,531,000
Central Falls School District	37,804,405	41,240,905	43,795,409	43,416,222	45,109,273
Subtotal	\$641,542,014	\$658,459,317	\$690,748,930	\$690,880,753	\$691,688,804
<b>Non-Distributed Aid</b>					
On-Site Visits	\$403,486	\$406,641	\$407,774	\$396,921	\$145,864
Textbook Expansion	604,226	499,906	313,488	240,000	240,000
Hasbro Children's Hospital	100,000	100,000	100,000	97,300	-
School Breakfast	642,860	600,000	600,000	600,000	-
Professional Development	102,137	113,135	670,000	592,040	595,000
Charter School-Direct Aid	17,040,204	21,956,238	24,339,888	26,844,840	29,776,750
Progressive Support & Intervention	2,106,961	2,923,308	2,911,164	2,801,050	2,695,867
Speech Pathologist Salary Supplement	-	-	304,500	-	-
Telecommunications Access	602,965	176,965	277,965	270,460	-
Subtotal	\$21,602,839	\$26,776,193	\$29,924,779	\$31,842,611	\$33,453,481
<b>State Schools</b>					
Metropolitan School	\$7,261,968	\$8,814,528	\$10,406,952	\$11,487,734	\$12,302,546
School for the Deaf	5,747,462	6,064,415	6,422,553	6,570,993	6,624,798
Davies School	11,951,361	12,985,225	13,599,431	14,047,723	14,537,841
Subtotal	\$24,960,791	\$27,864,168	\$30,428,936	\$32,106,450	\$33,465,185
<b>Other Aid</b>					
Teachers' Retirement	\$48,503,125	\$54,537,733	\$70,286,753	\$80,225,355	\$94,785,822
School Housing Aid	42,179,853	46,623,676	46,814,982	49,663,976	56,996,248
Subtotal	\$90,682,978	\$101,161,409	\$117,101,735	\$129,889,331	\$151,782,070
<b>Total Aid</b>	<b>\$778,788,622</b>	<b>\$814,261,087</b>	<b>\$868,204,380</b>	<b>\$884,719,145</b>	<b>\$910,389,540</b>

\* The Student Equity Fund and the Early Childhood Fund both have required set asides for Literacy of three percent.

## Education Aid to Local Units of Government

	<b>FY 2005 Actual</b>	<b>FY 2006 Actual</b>	<b>FY 2007 Unaudited</b>	<b>FY 2008 Revised</b>	<b>FY 2009 Recommend</b>
<b>Distributed LEA Aid</b>					
Barrington	\$2,398,581	\$2,479,907	\$2,599,526	\$2,599,526	\$2,599,526
Burrillville	13,076,186	13,150,857	13,854,743	13,854,743	13,854,743
Charlestown	1,852,720	1,910,676	2,002,838	2,002,838	2,002,838
Coventry	18,881,202	19,151,316	20,075,081	20,075,081	20,075,081
Cranston	33,029,208	33,943,639	35,580,911	35,580,911	35,475,911
Cumberland	12,594,809	12,654,786	13,257,009	13,257,009	13,257,009
East Greenwich	1,810,042	1,860,042	1,949,761	1,949,761	1,949,761
East Providence	25,064,677	25,530,776	26,762,254	26,888,254	26,888,254
Foster	1,311,926	1,351,283	1,416,463	1,416,463	1,416,463
Glocester	2,995,087	3,065,960	3,213,847	3,213,847	3,213,847
Hopkinton	5,902,911	5,954,153	6,241,352	6,241,352	6,241,352
Jamestown	492,652	507,431	531,908	531,908	531,908
Johnston	10,188,342	10,413,716	10,915,364	10,915,364	10,750,364
Lincoln	7,012,603	7,064,696	7,403,268	7,403,268	7,403,268
Little Compton	341,592	351,839	368,810	368,810	368,810
Middletown	9,916,122	10,014,086	10,497,116	10,497,116	10,497,116
Narragansett	1,725,404	1,809,860	1,897,159	1,897,159	1,897,159
Newport	11,060,746	11,253,278	11,871,080	11,871,080	11,871,080
New Shoreham	93,128	101,451	106,345	106,345	106,345
North Kingstown	11,384,463	11,434,463	11,986,005	11,986,005	11,986,005
North Providence	12,511,050	12,624,509	13,262,872	13,382,872	13,382,872
North Smithfield	4,541,694	4,616,141	4,834,237	4,834,237	4,834,237
Pawtucket	61,615,712	63,784,560	67,023,559	67,023,559	67,023,559
Portsmouth	5,854,978	6,632,443	6,480,042	6,700,042	6,700,042
Providence	181,224,594	185,143,415	194,109,744	194,109,756	193,869,756
Richmond	5,829,987	5,903,843	6,188,615	6,188,615	6,188,615
Scituate	3,200,400	3,250,400	3,407,183	3,407,183	3,407,183
Smithfield	5,332,948	5,483,207	5,743,568	5,743,568	5,743,568
South Kingstown	9,766,904	9,948,816	10,548,698	10,548,698	10,548,698
Tiverton	5,553,102	5,659,091	5,932,058	5,932,058	5,932,058
Warwick	35,195,465	35,894,621	37,626,000	37,626,000	37,626,000
Westerly	6,386,546	6,528,189	6,843,077	6,843,077	6,843,077
West Warwick	19,341,994	19,499,965	20,440,547	20,440,547	20,440,547
Woonsocket	43,913,617	45,455,694	47,616,613	47,661,613	47,421,613
Bristol/Warren	19,267,184	19,554,956	20,498,190	20,498,190	20,438,190
Exeter/W Greenwich	7,227,202	7,308,493	7,661,019	7,661,019	7,586,019
Chariho District	368,936	380,004	398,334	398,334	398,334
Foster/Glocester	5,395,937	5,466,199	5,729,861	5,729,861	5,729,861
Central Falls	37,881,363	41,320,556	43,873,873	43,494,684	45,187,735
LEA Subtotal	\$641,542,014	\$658,459,317	\$690,748,930	\$690,880,753	\$691,688,804



## Education Aid to Local Units of Government

	<b>FY 2005 Actual</b>	<b>FY 2006 Actual</b>	<b>FY 2007 Unaudited</b>	<b>FY 2008 Revised</b>	<b>FY 2009 Recommend</b>
<b>Non-Distributed Aid</b>					
On-Site Visits	\$403,486	\$406,641	\$407,774	\$396,921	\$145,864
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Speech Pathologist Salary Supplemen	-	-	304,500	-	-
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Subtotal	\$21,602,839	\$26,776,193	\$29,924,779	\$31,842,611	\$33,453,481
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<b>Total Aid</b>	<b>\$778,788,622</b>	<b>\$814,261,087</b>	<b>\$868,204,380</b>	<b>\$884,719,145</b>	<b>\$910,389,540</b>

## **Internal Service Fund Accounts**

Internal Service Fund accounts are established to finance and account for the operations of certain state programs that provide services to other state agencies, institutions and other governmental units on a cost reimbursement basis. The purpose of such accounts is to ensure that the activities of the respective programs are managed in a businesslike manner. They are intended to promote efficient use of services by making agencies pay the full costs associated with providing the service and allocate the costs of central administrative functions across all fund types, particularly so that federal and other non-general revenue funded programs share in the costs.

Each Internal Service Fund develops its own billing structure, which is reviewed on an annual basis prior to the start of each fiscal year. In most cases, direct charges associated with a service being provided to a user agency are billed to that agency, along with an overhead charge for the administrative costs of operating the respective fund.

On the following pages are descriptions of each of the Internal Service Fund accounts requested as part of the FY 2009 Budget, with explanations of their purpose and the rationale for utilizing this structure for funding the respective program.

### **Department of Administration**

#### **Internal Service Fund: Health Insurance Fund**

**Description:**

This Health Insurance Fund is used to account for the cost of health insurance coverage for employees and retirees. Historically, the state has accounted for employee health insurance costs in a series of clearing accounts related to payroll, i.e., state and employee (if any) contributions would be posted as additions to a clearing account and payments to health insurance companies would be posted as deductions. However, sometimes there wasn't a direct correlation between the "premiums" or claims paid to health insurance companies and rates assessed to state agencies (employer share) and/or employees and determining the financial position of the state relative to provision of this benefit was time-consuming. Also, any retroactive settlements with health insurance companies required the direct allocation of the settlement back to several thousand agency budget accounts.

**Purpose**

This internal service was created to account for employee and retiree health insurance transactions because the state's financial position associated with providing this employee/retiree benefit will be more readily determinable due to the sometimes indirect correlation between the amount of "premiums" or claims paid to health insurance companies and rates assessed to state agencies (employer share) and/or employees. Also, any retroactive settlements with health insurance companies can be incorporated into a future rate charged to agency budget accounts and employees.

**Efficacy**

This Internal Service Fund is used to account for the cost of health insurance coverage for employees and retirees. The current rationale for utilizing this methodology is to gain greater accounting efficiency by (1) avoiding the prior practice of allocating retroactive settlements among several thousand agency accounts and (2) being able to quickly determine the state financial position associated with providing this benefit to employees and retirees.

### **Internal Service Fund: Central Utilities**

#### **Description:**

The Central Utilities Internal Service Fund is responsible for the administration and fiscal management of electricity services provided to the state.

#### **Purpose**

This unit processes all monthly payments for over 1,600 electric accounts to the state's primary supplier of electricity, National Grid. Expenditures are then billed to the respective agencies based upon the electricity usage determined by the meters assigned to that agency. In addition, this unit's overhead costs are allocated to user agencies based upon the number of meters assigned to the agency.

#### **Efficacy**

Without this Internal Service Fund, each state agency would be independently responsible for paying electric bills for the meters assigned to that agency. This would require an internal distribution of costs to all applicable accounts within the agency, a service that is now provided by the central unit.

### **Internal Service Fund: Automotive Fleet**

#### **Description:**

The State Automotive Fleet Internal Service Fund provides for the administration and fiscal management of state-owned vehicles and operates several fuel depots throughout the state

#### **Purpose**

This program oversees the procurement, maintenance and allocation of 2,900 vehicles, including heavy-duty vehicles, boats, trailers, and maintenance equipment. Agencies are billed biweekly for expenses including repairs, fuel, and a surcharge (per gallon) for the operation and maintenance of fuel depots. The administrative costs for the Office of State Fleet Operations (OSFO) are charged to agencies per vehicle on an annual basis. All agencies share these overhead costs in an equitable manner.

#### **Efficacy**

Decentralization of automotive fleet functions would result in duplication of efforts, inconsistent policies and procedures between agencies, loss of control over new vehicle purchases, and the absence of a central comprehensive database, which would make it difficult to meet mandated federal reporting requirements on alternative fuel vehicles. In further efforts to enhance this process, the Department of Administration intends to review the benefits of outsourcing certain fleet operations, primarily maintenance and repairs.

### **Internal Service Fund: State Fleet Replacement Revolving Loan Fund**

#### **Description**

The State Fleet Replacement Revolving Loan Fund will provide loans to state agencies for the acquisition of vehicles and related equipment. These loans will be paid back by the respective agencies over a period of three to seven years depending on the value of the equipment acquired.

#### **Purpose**

This revolving loan fund is intended to replace the use of debt issuances by the state to fund vehicle acquisitions. As funds are repaid annually, they will be available to issue new loans.

**Efficacy**

Use of a revolving loan fund will enable the state to save on interest expense associated with the issuance of debt to acquire vehicles.

**Internal Service Fund: Surplus Property****Description**

This internal service fund oversees the acquisition and distribution of federal surplus property, as well as the storage and disposal of state surplus property.

**Purpose**

Section 42-56.2-1 of the RI General Laws requires the appointment of a Federal Surplus Property Officer by the Director of Administration. This position is authorized to acquire from the federal government surplus property that may be of benefit to the state, local governments or non-profit educational or charitable institutions. This position oversees the Surplus Property Internal Service Fund. Although the Fund will acquire federal surplus property on behalf of state agencies or other eligible recipients, they do not bill for this service. The program is not currently generating revenues. It had been charging state agencies for storage space at the Cranston Street Armory, but was required to vacate this facility during its use as a film stage. The program is in the process of developing a web site that can be used to sell surplus property. Any revenues generated from the sale of property would be used to defray the cost of the program, including building maintenance, forklift rental and supplies.

**Efficacy**

The staff responsible for overseeing the surplus property program is funded with General Revenues and thus these costs are not allocated to user agencies. As stated above, the only billings made by this internal service fund are currently for space rental at a state warehouse. Without the existence of an internal service funds, these costs could be billed to the user agencies using an alternative accounting method or the costs to operate the warehouse could be fully funded with general revenues, thereby eliminating the need to bill any agency for storage.

**Internal Service Fund: Central Mail****Description:**

The Central Mail unit provides for inter-agency mail delivery and processing of United States mail for most state agencies.

**Purpose**

Aggregation of mail functions constitutes a major source of cost savings and cost avoidance for government operations statewide. Costs are allocated to agencies via a billing system that applies the internal and external costs to agency budgets.

**Efficacy**

This Internal Service Fund is used to allocate the cost of mail processing to various agencies. The current rationale for utilizing this methodology is to gain greater efficiency from the central management of mail processing services.

### **Internal Service Fund: Telecommunications/Centrex**

#### **Description**

The Telecommunications Internal Service Fund supports all voice and data communications infrastructure throughout state government, as well as the public information operators. Voice services include planning, procurement, provision, installation and maintenance of all voice telephone devices, lines and extensions, billing and vendor liaison. Data services include planning, procurement, provision, installation, addressing, routing and maintenance of all WAN data lines and data connections, access to the Internet, security and filtering, billing, and vendor liaison throughout state government.

#### **Purpose**

This Internal Service Fund, as with the Central Utilities Fund, processes all payments for voice communication services to the providers of these services (primarily Verizon). Agencies are then billed monthly for their usage, as well as an overhead charge allocated based upon the number of phone lines in each agency.

#### **Efficacy**

This Internal Service Fund is used to allocate the cost of telephone services to the various agencies. The current rationale for utilizing this methodology is to gain efficiencies from central management of direct and indirect telecom costs. Without the existence of this fund, each agency would be responsible for receiving and paying invoices for telecommunication services provided to their agency.

### **Internal Service Fund: Assessed Fringe Benefit**

#### **Description**

The Assessed Fringe Benefit Internal Service Fund makes payments for various employee fringe benefits. The fund generates revenue by assessing a charge against the amount of salaries and wages paid to state employees.

#### **Purpose**

The assessment charged by this fund pays for the following employee fringe benefits: services provided by the Donley Center; services of the Workers' Compensation Court and the Division of Workers' Compensation administrative costs related to workers' compensation activities; payments to Workers' Compensation providers; Workers' Compensation benefit payments to employees; Unemployment Compensation payments; and payments to employees for unused leave upon termination from state service.

#### **Efficacy**

This fund was established in part to eliminate the fluctuations in agency budgets that result from workers' compensation claims, unemployment claims, and termination costs. The use of the statewide assessment also meets federal cost allocation requirements.

## **Mental Health, Retardation and Hospitals**

### **Internal Service Fund: Central Pharmacy**

#### **Description**

The Central Pharmacy provides medications and medical/surgical supplies to institutional level pharmacies within MHRH, as well as other state agencies and thirteen community based pharmacies that participate in the Community Mental Health Medication Assistance Program. In addition, fifty group homes and three skilled nursing facilities, operated by the Division of Developmental Disabilities, receive services, non-legend medications and medical/surgical supplies from this service.

#### **Purpose**

The purpose of the Central Pharmacy is to provide agencies with a stable source of medication and medical/surgical supplies. This warehouse distribution center obtains its supplies through volume purchasing and distributes them in bulk. Billing is done monthly on a cost plus markup basis, which provides for service expenses.

#### **Efficacy**

This Internal Service Fund is used to allocate the cost of services to various agencies. The current rationale for utilizing this methodology is to gain efficiencies from central management of medication and medical/surgical supply procurement and distribution and to gain better pricing through volume purchasing.

### **Internal Service Fund: Central Laundry**

#### **Description**

The Central Laundry is a production facility that processes soiled linens for the Eleanor Slater Hospital (MHRH), the Medical Examiner's Office (DOH) and the Welcome Arnold Center (DHS operated homeless shelter).

#### **Purpose**

The Central Laundry assures that clean linen is available for hospital patients, the Medical Examiner's staff and the homeless. This helps maintain a clean and healthy environment in areas that utilize Central Laundry services. Laundry services are billed to agencies using a predetermined rate per pound for linen processed and per pound rate for linen replacement.

#### **Efficacy**

This Internal Service Fund is used to allocate the cost of services to various agencies. The current rationale for utilizing this methodology is to improve efficiency from central management of laundry services.

## **Department of Corrections**

### **Internal Service Fund: Correctional Industries**

#### **Description**

Correctional Industries are the work programs in correctional facilities that provide real world work experience to inmates, teaching them transferable job skills and work ethic to help them prepare for post-release reentry and employment.

**Purpose**

Correctional Industries employees 218 inmates who manufacture various products or provide services to state agencies, cities and towns and non-profit organizations. This is the only self-funded reentry support program in corrections - no appropriated funds are required for its operation since it relies on revolving funds from the income generated by the sale of products and services produced through the program.

**Efficacy**

Because Correctional Industries' customer base not only includes state agencies, but also municipal and non-profit agencies, it is virtually impossible to have any mechanism other than an Internal Services Fund to allow for the continuation of this program.

**Secretary of State****Internal Service Fund: Record Center****Description**

The State Records Center stores and manages the nonpermanent records of state agencies and funds the Public Records Administration office. This program, a central storage facility for inactive state government records, serves all state agencies.

**Purpose**

This Internal Service Fund ensures that state agencies pay only for actual records stored and services received. Most states and the federal government operate their programs through the same or similar means. A Master Price Agreement with Capital Records Management (CRMC) governs overall records storage costs and services. Although CRMC transports and stores the records, state agencies' service requests are channeled through the Public Records Administration office. On a monthly basis, CRMC provides the PRA with a master invoice for all charges to the state, and also individual agency accounts.

**Efficacy**

The State Records Center could receive a direct appropriation of funds to cover the entire cost of record storage and other services for all agencies instead of each agency being allotted their own requested amount, but this method would not be as efficient as the current rotary account. A rotary account ensures that agencies pay for actual records stored and services received. A direct appropriation would be an estimate that would have to be revised at the end of the fiscal year.