

Education

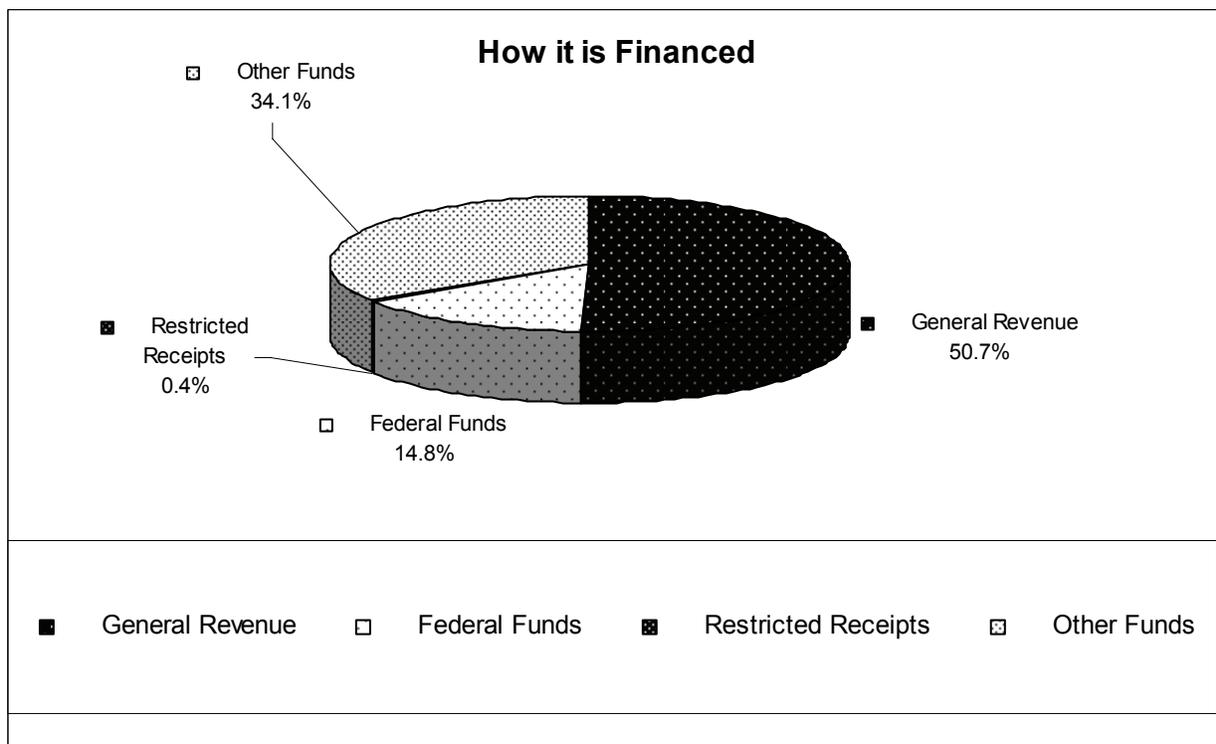
Education

Summary

The Education function of state government includes services provided by the Department of Elementary and Secondary Education, Public Higher Education, the Rhode Island State Council on the Arts, the Rhode Island Atomic Energy Commission, the Rhode Island Higher Education Assistance Authority, the Historical Preservation and Heritage Commission, and the Rhode Island Public Telecommunications Authority. The Governor recommends 3,799.8 FTE positions in FY 2009 and 3,817.9 FTE positions in FY 2010.

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

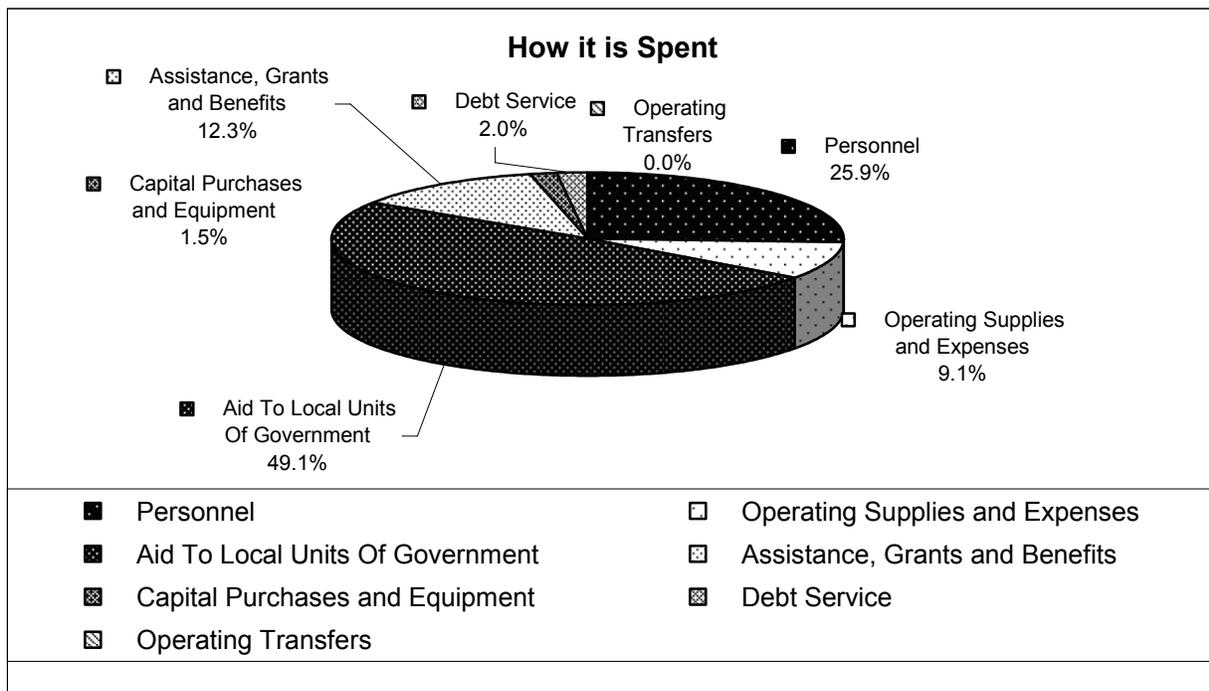
The FY 2009 revised recommendation for Education agencies totals \$1.975 billion, or \$25.7 million less than enacted appropriations of \$2.001 billion. As compared to the enacted budget, general revenue decreases \$106.2 million, or 9.4 percent, federal funds increase \$56.8 million or 27.2 percent, restricted receipts decrease \$369,829 or 4.2 percent, and other funds increase \$24.0 million, or 3.6 percent. American Recovery and Reinvestment Act of 2009 funding comprises \$44.9 million, or 16.9 percent of the federal funds.



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In the Education function of state government, other funds consist of: Rhode Island Capital Plan Funds, Institutional Revenues, Sponsored Research Programs, Scholarships and Fellowships, Auxiliary Enterprises in Public Higher Education, and the Corporation for Public Broadcasting grant to the Rhode Island Telecommunications Authority.

The Governor recommends total expenditures of \$2.071 billion for Education in FY 2010, including \$1.049 billion from general revenue, \$306.6 million from federal funds, \$8.7 million from restricted receipts, and \$706.7 million from other funds. American Recovery and Reinvestment Act of 2009 funding comprises \$92.2 million, or 30.1 percent of the federal funds.



The Governor's general revenue recommendation of \$1.049 billion for Education for FY 2010 is a decrease of \$74.8 million, or 6.7 percent from FY 2009 enacted levels.

Aid to Local Units of Government accounts for 49.1 percent of all education expenditures. State operations expenditures, which include personnel and operating, account for 35.0 percent of total education expenditures. Most of these expenditures occur in Public Higher Education. The remaining 15.9 percent of expenditures occur in grants and benefits and capital outlays.

Elementary and Secondary Education

The Governor recommends \$1.093 billion in revised expenditures from all funds for the Department of Elementary and Secondary Education for FY 2009, a decrease of 4.6 percent from the enacted level of \$1.146 billion. Of this total, \$832.5 million is general revenue expenditures, \$234.1 million is federal grants, \$7.3 million is restricted receipt funds, \$5.0 million is Rhode Island Capital Plan (RICAP) funding and \$13.8 million is Other fund expenditures. General revenue expenditures decrease by \$98.7 million, federal expenditures increase by \$43.1 million, restricted receipt expenditures decrease by \$112,325,

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RICAP funds increase by \$2.7 million, and other fund expenditures increase by \$183,624. In addition to the agency-specific items discussed below, there was a statewide planning value change for increased retiree health care costs which accounted for an increase of \$309,448 and a statewide single uncompensated leave day which accounted for a decrease of \$35,495.

The largest components of the general revenue reduction are reductions of \$23.7 million in general Education Aid and \$18.4 million in Teacher Retirement that reflect lower costs due to the Pension Reform article, and \$31.0 million in General Education Aid that is being shifted to General Revenue Sharing (a minimum of \$12.6 million will be allocated to schools). The districts will receive \$38.3 million in federal stimulus funds, \$5.8 million of which will be used to offset a reduction to general revenue funding for the Professional Development Fund of the same amount. Two reductions in education aid that are not being offset are a reduction of \$4.3 million to offset money districts will receive from overnight gaming revenues at the Twin River video lottery terminals and \$9.5 million to recapture school construction aid that was paid for expenses that were ineligible for reimbursement. There are also mid-year adjustments based on updated data that resulted in a reduction of \$2.9 million in School Housing Aid and \$2.2 million in Teacher Retirement.

In the revised FY 2009 budget, the Governor proposed a Pension Reform article that would reduce the unfunded liability of the pension plan for teachers and reduce the need for current year contributions. Currently the state pays 40% of the employer contribution for teacher's retirement and the local districts pay 60%. The lower required contribution rate leads to a reduction in the state share for Teacher Retirement of \$18.4 million from the enacted level. Adding the reduction of \$2.2 million to account for a one-time contribution that was appropriated in FY 2009, but already spent in FY 2008 leads to the final state contribution of \$76.3 million, which is a reduction of \$20.7 million.

Pension reform will also decrease the required contribution of the local districts by \$23.9 million. The Governor's budget captures those savings by reducing general education aid by the same amount. Other components of the general education aid reduction are \$9.5 million to recover school housing aid that was paid in previous years for expenses that turned out to be ineligible for reimbursement, \$5.8 million from the Professional Development Fund that districts can take from areas other than professional development if they choose, and \$4.3 million to offset the projected revenues from the Video Lottery Terminals for the balance of the fiscal year.

Other reductions in education aid include a mid-year adjustment to the School Housing Aid that would reduce aid by \$2.9 million to \$54.1 million. This annual adjustment takes into account projects that did not complete in FY 2008 and therefore are not eligible for reimbursement in FY 2009. Charter School Aid decreases by \$739,585 from the enacted level, mostly because delays to the grade level expansions. Finally, the Progressive Support & Intervention office was disbanded for \$236,646 in savings and the lone remaining employee was transferred to the ACES program.

These reductions are partially offset by a \$345,000 increase to group home aid to \$9.9 million, which stems from an increased number of group home beds being reported in the final 12/31/2008 DCYF report and an increase of \$110,000 for the textbook aid to \$350,000, which is in line with historical spending requirements.

General revenue support for the Davies School decreases from the enacted level by \$190,643. General revenue support for the School for the Deaf increases by \$50,495. Financing of the Administration of the Comprehensive Education Strategy (ACES) was reduced by \$310,984.

For Fiscal Year 2010, the Governor recommends \$1.155 billion in expenditures from all funds for the Department of Elementary and Secondary Education. Of this total, \$861.8 million is from general revenue, \$278.3 million is from federal funds, \$7.5 million is restricted receipts, \$7.4 million is Rhode

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Island Capital Plan funds, and \$183,624 million is from other funds. This financing level represents a decrease in general revenue expenditures of \$69.4 million, or 7.5 percent, from the enacted FY 2009 level, an increase of \$87.3 million in federal expenditures, an increase of \$564,479 in restricted expenditures, and a decrease of \$885 in other fund expenditures. As part of the 2010 budget there is a decrease of \$37.0 million in general revenue spending spread across programs which is offset by an increase of \$37.2 million in federal stimulus funds.

Statewide, public employees who agreed to new union contracts in 2009 are to receive a 2.5% COLA in 2010. For the department, that amounts to an increase of \$602,862. Changes to retiree health rates, medical benefit rates, and retirement benefit rates cost an additional \$211,491 in 2010.

The department's Administration of the Comprehensive Education Strategy (ACES) program goes down by \$82,916 in general revenue funding from the enacted 2009 level. Decreases include reductions of \$496,868 for eliminating positions that were vacated by retirements, decreases of \$236,156 from eliminating programs or shifting them to Federal funding, decrease of \$45,193 from eliminating a consultant, and decrease of \$750,000 from the almost-completed Uniform Chart of Accounts project. Partially offsetting these are increases including \$150,000 for a commission to review local efficiencies, \$385,814 to offset the loss of federal funding and cost recovery funding, \$130,469 to transfer in an analyst from the Progressive Support and Intervention program, formerly in Education Aid, \$115,246 to hire a chief legal counsel, and \$50,000 to fund the first stages of the statewide transportation initiative. The ACES program also has budgeted \$47.2 million in federal stimulus funds, mostly in Title I and IDEA funding that will be passed through to local districts. There is no offsetting decrease in general revenue funding for these dollars.

For the state-supported schools, general revenue funding for the Davies Career & Technical School goes down by \$481,648 from the 2009 enacted level. Increased personnel costs are partially offset by a decrease of \$714,457 in funding that is offset by receiving an identical amount of federal stimulus funding. General revenue funding for the School for the Deaf goes down by \$677,152. The largest component of the decrease is the school is introducing a new fee-for-service model that will charge local districts for special education services that are not part of the school's core mission. This will result in \$603,540 in costs shifting to restricted receipts from general revenue funding. The School also has a decrease of \$325,573 in general revenue operational funding that is offset by an identical amount of federal stimulus funding. General revenue funding for the Metropolitan Career & Technical School goes up by \$621,778 compared to the 2009 enacted level. As with the other state schools, the Met School had its general revenue funding reduced by \$568,387 with an identical increase of federal stimulus funding.

Separate from the pension reform savings, teacher retirement contributions go down by \$2.2 million to adjust for one-time prior-year contributions, partially offset by a \$72,472 increase for an increase payroll base.

In the Education Aid category, \$24.8 million is reduced for the pension reform savings described above. Also \$37,000,000 is cut and offset by an increase of \$37.2 million of federal stimulus funding. All federal stimulus funding gets distributed back to the local education agencies, which includes both districts and state schools. There is a shift of \$350,000 to general revenue to fund the E-Rate program because of declining collections of the telecommunications tax that funds it, a decrease in Group Home aid of \$75,000, and the elimination of the school breakfast subsidy for savings of \$300,000. Also there is \$500,000 for the department to further develop and implement a statewide performance management system for educators. Charter school aid increases by \$4.4 million to reflect program growth and new

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charter school options. In addition, general revenue distributed charter school aid is reduced by \$1.5 million and offset by an identical increase in federal stimulus funding.

Central Falls receives a 3% increase for 2010, partially offset by the same reductions of \$421,669 for pension reform and \$2.2 million that is offset by an identical increase in federal stimulus funding.

Housing Aid goes up by \$6.7 million to account for projects that are expected to complete in FY 2009, and thus be subject to reimbursement in 2010.

The Governor is funding several of the recommendations from his Urban School Task Force. There is \$700,000 for a demonstration pilot with preschoolers primarily from urban communities to boost school readiness. Further, there is \$100,000 for extended learning time, also in the urban districts.

For the entire Department, which includes the Davies Career & Technical School and the School for the Deaf, the Governor recommends staffing authorizations totaling 311.4 FTE positions in FY 2009 and 327.4 FTE in FY 2010. The 2010 total includes five positions that are being added to carry out the department's stimulus-funded programs.

Public Higher Education

The Governor recommends a revised FY 2009 budget of \$840.8 million, including \$172.9 million in general revenue, \$11.1 million in federal funds, including American Recovery and Reinvestment Act of 2009 funding of \$6.6 million, \$638.8 million in other funds, \$666,433 in restricted receipts, and \$18.0 million from the Rhode Island Capital Plan Fund. General revenues decrease \$7.0 million from the enacted level, reflecting savings for current services adjustments as requested, \$6.1 million, and the following statewide adjustments: savings from higher than the normal experience for cost of living and health co-shares, \$1.2 million; and increases for retiree health insurance rates, \$334,558. The Board of Governors authorized mid-year tuition surcharges of \$250 at the University of Rhode Island, and \$200 at Rhode Island College and the Community College of Rhode Island in response to reduced state support due to constrained state revenues as a result of the poor economy. The Governor recommends 4,180.0 FTE positions in FY 2009, the enacted authorization.

For FY 2010, the Governor recommends \$878.4 million for Public Higher Education, including \$174.9 million in general revenue, \$12.0 million in federal funds, including America Recovery and Reinvestment Act of 2009 funding of \$7.8 million, \$679.2 million in other funds, \$667,543 in restricted receipts, and \$11.7 million from the Rhode Island Capital Plan Fund. General revenues decrease \$4.97 million from the FY 2009 enacted level. The Governor recommends a total of 4,182.1 FTE positions, an increase of 2.1 positions, including 1.6 FTE positions at the University, and 0.5 FTE position at the College. Reduced trend growth in medical benefits saves \$304,715 and funding for retiree health benefits in FY 2010 on an actuarial basis recognizing reduced benefits for new retirees increases \$436,925, with a net retirement rate increase of \$18,076. Debt service adjustments add \$1.2 million and personnel and operations add \$3.4 million. In order to address expenditure forecasts statewide in excess of revenue estimates, the Governor proposes several reductions:

- Indexing cost of living adjustments (compounded 6.9 percent increases, including retroactive to January 2009 for faculty and non-classified staff) to state contracts (2.5 percent) saving \$2.5 million;

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- Indexing employee contributions of health benefit plan co-shares (midpoint 12.0 percent) to state contracts (midpoint 18.5 percent) saving \$540,583;
- Net targeted reductions (\$12.8 million, or 8 percent) less the level funding support (\$12.0 million) savings of \$794,104,

The budget proposed by the Governor includes total tuition and fee revenues growth of \$41.2 million, including \$21.8 million at the University, \$11.0 million at the College, and \$8.4 million at the Community College. Undergraduate in-state tuition increases proposed by the Board are 9.8 percent at the University, 9.5 percent at the College, and 9.3 percent at the Community College for FY 2010, not including FY 2009 mid-year tuition surcharges. Pursuant to FY 2007 legislation, both the FY 2009 appropriation and FY 2010 recommended budgets include debt service appropriations within Public Higher Education that were formerly in the Department of Administration. In FY 2009, debt service is \$17.4 million, a decrease of \$150,130 from enacted levels and in FY 2010, \$18.4 million is included, an increase of \$1.0 million from all sources.

The College Crusade of Rhode Island and other legislative grant awards both in FY 2009 and in FY 2010 are recommended at \$1.0 million.

Rhode Island Council on the Arts

The Governor's revised FY 2009 budget for the Rhode Island Council on the Arts is \$3.2 million, including \$1.9 million in general revenue, \$801,429 in federal funds, and \$94,225 in restricted receipts and \$425,000 in other funds. The recommendation includes a decrease of \$189,051 from the enacted level of general revenue appropriations, including personnel savings from vacating one FTE position, a reduction in grant funds of \$94,225 offset to one-time restricted revenues from the arts lottery game, and miscellaneous reductions in operations of \$9,700. The balance is a reduction of \$1,972 for one uncompensated leave day and an increase of \$6,604 for the upward revision to the retiree health planning value.

For FY 2010, the Governor recommends \$3.5 million, including \$2.0 million in general revenue, \$1.1 million of federal funds, and \$435,000 in other funds. The general revenue decrease from the FY 2009 enacted level is \$110,861. In addition to the changes in the FY 2009 revised budget, the FY 2010 budget includes a reduction of \$46,508 for one FTE position that will not be filled, \$18,635 in reductions in various operating accounts, and a reduction of \$20,570 in discretionary grants. These reductions are partially offset by an increase of \$5,610 to finance higher contributions for employee retirement benefits and retiree health care benefits and lower rates for employee health care.

The federal funds recommendation includes \$200,000 from the American Recovery and Reinvestment Act that will be distributed by the National Endowment for the Arts according to the existing state-by-state formula.

The Governor recommends 7.6 FTE positions in FY 2009 and FY 2010, a reduction of one FTE position from the enacted FY 2009 level.

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Rhode Island Atomic Energy Commission

The Governor's revised FY 2009 budget for the Rhode Island Atomic Energy Commission is \$1.2 million, including \$786,847 in general revenue, \$103,116 in federal funds, and \$293,869 in other funds. The recommendation includes a decrease of \$37,623 to general revenue appropriations, reflecting current services adjustments, and the following statewide adjustments: costs from higher than anticipated retiree health benefits, \$8,313; and savings from one uncompensated personal leave days for all state employees, \$2,716.

For FY 2010, the Governor recommends \$1.14 million, including \$775,346 in general revenue, \$30,000 in federal funds, and \$334,769 in other funds. The decrease of \$49,124 in general revenue from the FY 2009 enacted budget recognizes savings of \$41,109, reflecting current staff personnel costs, and increases of \$15,239 for a 2.5 percent cost of living adjustment, \$9,657 for energy costs, and \$2,010 for assessed fringe benefit increases, with savings of \$41,470 for retirement savings and increased costs of \$7,224 for retirement and retiree health benefits rates, offset by health benefit costs in FY 2010. The Governor recommends 8.6 FTE positions in both FY 2009 and FY 2010.

The Rhode Island Atomic Energy Commission (RIAEC) will continue to operate the state-of-the-art reactor at the Rhode Island Nuclear Science Center (RINSC) for the purposes of research, education and training, and environmental monitoring. Moreover, the staff of the RINSC will continue to provide technical assistance to other state agencies, including the Rhode Island Department of Health and the University of Rhode Island. The Governor's budget will enable the Commission to explore additional commercial uses for the RINSC, including new technology involved in cancer research

Rhode Island Higher Education Assistance Authority

The Governor recommends a revised FY 2009 budget of \$32.9 million, including \$7.2 million in general revenue, \$18.7 million in federal grants, and \$6.9 million in other funds. General revenues decrease \$30,067 from the enacted level, reflecting current services adjustments, and a statewide adjustment from a higher than anticipated retiree health benefits rate. State needs-based scholarships of \$6.4 million are level funded.

For FY 2010, the Governor recommends \$28.6 million, including \$7.3 million in general revenue, \$14.6 million in federal funds, and \$6.7 million in other funds. General revenues decrease \$17,310 from the FY 2009 enacted level. Personnel current services and adjustments, including assessed fringe benefits and capital and operations are a net decrease of \$1,954. Personnel costs decrease by \$3,836 compared to the FY 2009 enacted budget, including adjustments for a 2.5 percent cost of living adjustment, and changes in retirement, retiree health and health insurance rates. Operating costs decrease by \$13,474 from FY 2009 enacted levels. State needs-based scholarships of \$6.4 million are level funded.

The Governor recommends 42.6 FTE positions in FY 2009 and in FY 2010.

Rhode Island Historical Preservation and Heritage Commission

The Governor recommends total expenditures of \$2.7 million for the revised FY 2009 budget for the Rhode Island Historical Preservation and Heritage Commission. This consists of \$1.3 million in general revenue, \$845,462 in federal funds and \$518,013 in restricted receipts. The recommendation reflects a

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reduction of \$51,309 from the enacted level, reflecting turnover savings from retirements that have since been re-filled. There are also small increases to contract services of \$1,929 and operations of \$3,979, partially offset by a decrease of \$5,000 in renovation funds for the Eisenhower House. The balance is due to a decrease of \$3,076 for one uncompensated leave day and an increase of \$10,295 for the upward revision to the retiree health planning value.

The Governor recommends total financing of \$2.6 million for FY 2010, including \$1.3 million in general revenue appropriations, \$819,367 in federal funds, and \$509,037 in restricted receipts. General revenue decreases by \$50,461 from the enacted FY 2009 level. In addition to the changes in the FY 2009 revised budget, in FY 2010 there is a decrease of \$17,156 in operational accounts in various categories including miscellaneous expenses, out-of-state travel, and office supplies. These partially offset increases of \$16,852 to fully fund personnel, and \$1,729 for contract services. For the Eisenhower House, there is also a reduction of \$10,000 in renovation and repair funds and a \$400 reduction in operations. The balance is due to a decrease of \$3,401 for one uncompensated leave day and an increase of \$7,614 to finance higher contributions for employee retirement benefits and retiree health care benefits and lower rates for employee health care.