

Education

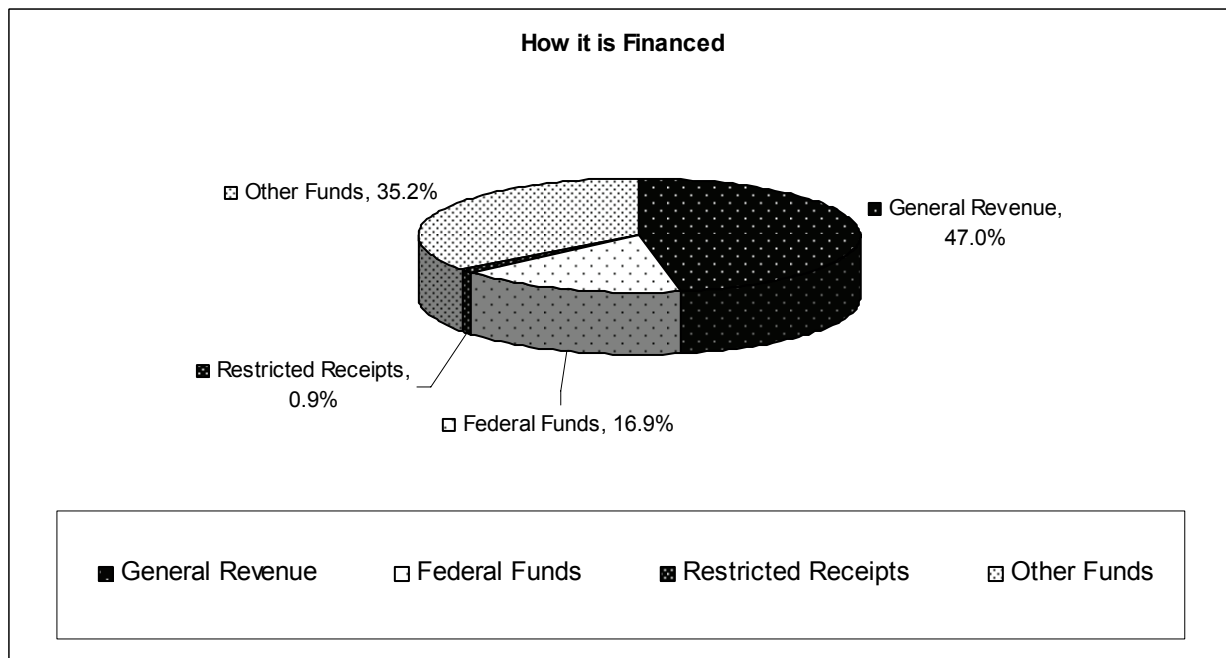
Education

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 3,816.9 FTE positions in FY 2010 and 3,831.9 FTE positions in FY 2011.

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, and 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 2010 revised recommendation for Education agencies totals \$2.062 billion, or \$11.8 million less than enacted appropriations of \$2.074 billion. As compared to the enacted budget, general revenue decreases \$73.6 million, or 7.1 percent, federal funds increase \$32.6 million or 10.3 percent, restricted receipts increase \$9.7 million or 111 percent, and other funds increase \$19.5 million, or 2.8 percent. American Recovery and Reinvestment Act of 2010 funding comprises \$136.6 million, or 39.3 percent of the federal funds.

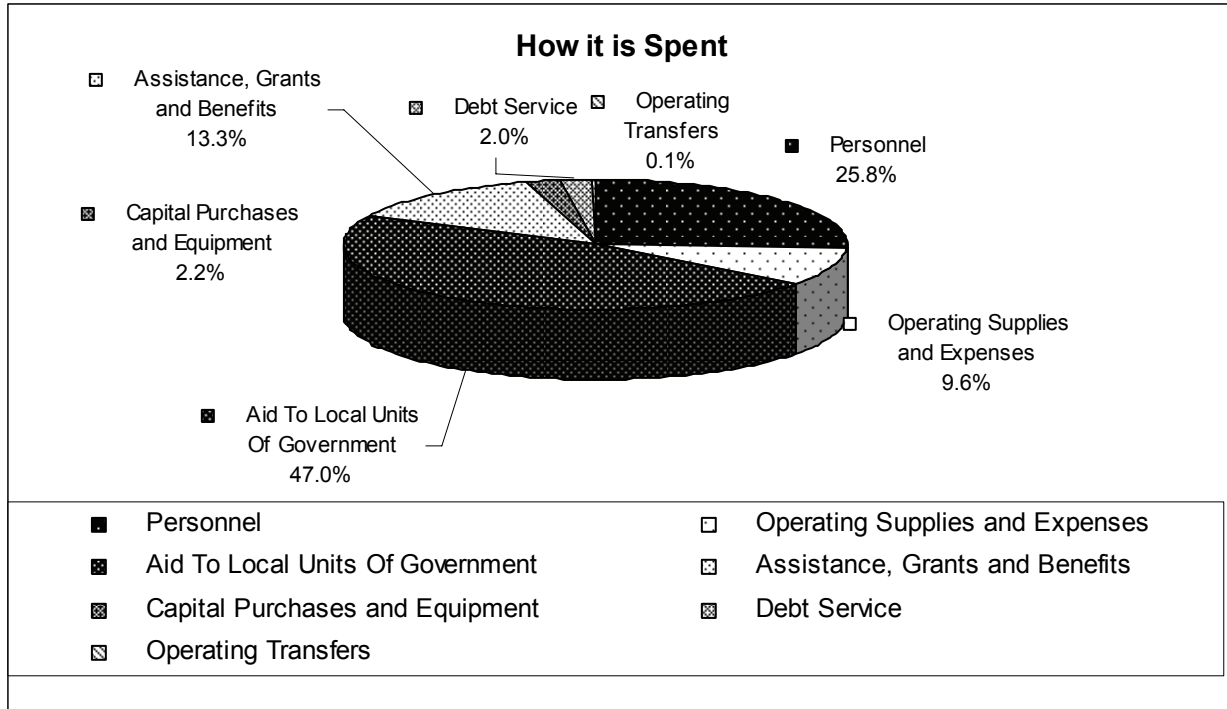


In the Education function of state government, other funds consist of: Rhode Island Capital Plan Funds, Institutional Revenues, Sponsored Research Programs, Scholarships and Fellowships, Auxiliary Enterprises in Public Higher Education, and the Corporation for Public Broadcasting grant to the Rhode Island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

The Governor recommends total expenditures of \$2.11 billion for Education in FY 2011, including \$1.003

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billion from general revenue, \$311.8 million from federal funds, \$25.1 million from restricted receipts, and \$769.4 million from other funds. American Recovery and Reinvestment Act of 2009 funding comprises \$101.6 million, or 32.6 percent of the federal funds.



The Governor’s general revenue recommendation of \$1.003 billion for Education for FY 2011 is a decrease of \$39.8 million, or 3.8 percent from FY 2010 enacted levels.

Aid to Local Units of Government accounts for 47.0 percent of all education expenditures. State operations expenditures, which include personnel and operating, account for 35.4 percent of total education expenditures. Most of these expenditures occur in Public Higher Education. The remaining 17.6 percent of expenditures occur in grants and benefits and capital outlays.

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Elementary and Secondary Education

The Governor recommends \$1.131 billion in revised expenditures from all funds for the Department of Elementary and Secondary Education for FY 2010, a decrease of 1.7 percent from the enacted level of \$1.150 billion. Of this total, \$794.7 million is general revenue expenditures, \$313.8 million is federal grants, \$17.0 million is restricted receipt funds, \$4.8 million is Rhode Island Capital Plan Fund (RICAP) funding and \$383,624 million is other funds expenditures. General revenue expenditures decrease by \$63.0 million, federal expenditures increase by \$35.5 million, restricted receipt expenditures increase by \$9.5 million, RICAP funds decrease by \$1.4 million, and other funds expenditures increase by \$200,000. In addition to the agency-specific items discussed below, there were statewide savings for eight (8) pay reduction days and three (3) medical benefit holidays.

In both fiscal years 2010 and 2011, the Governor recommends across-the-board reductions for school districts, including Central Falls and charter schools. In addition, the budget contains adjustments that reduce general revenue expenditures but that do not represent actual cuts in funding. There is a reduction of general aid that is offset by a decrease in required pension contributions and there is a shift of \$5.0 million in State Fiscal Stabilization Funding from FY 2011 to FY 2010 and \$5.0 million in general revenue funding from FY 2010 to FY 2011.

As in last year's budget, the Governor has recommended pension reform changes to reduce the unfunded liability of the pension system. The Governor's proposal would realize savings for the department's budget in two ways: through a reduction in the required payments to fund the state portion of the employer share of teacher retirement and by reducing general Education Aid to local districts to capture the savings from the local portion of the employer share of teacher retirement. In FY 2010, the state would save \$12.3 million in lower contributions to teacher retirement and \$18.5 million in reduced education aid to capture the local share of the savings for total savings of \$30.8 million. In FY 2011, the state would save \$12.9 million in lower contributions to teacher retirement and \$19.3 million in reduced education aid to capture the local share of the savings for total savings of \$32.2 million.

The across-the-board reduction to local districts (including Central Falls), charter schools, and state schools totals \$20.5 million in FY 2010 and \$26.9 million in FY 2011. For local districts, the reduction amounts to \$17.6 million in FY 2010 and \$23.4 million in FY 2011. For Central Falls, the reduction amounts to \$1.3 million in FY 2010 and \$1.7 million in FY 2011. For charter schools, the reduction amounts to \$1.0 million in FY 2010 and \$1.3 million in FY 2011. For the Davies School, the reduction amounts to \$310,607 in both years. For the School for the Deaf, the reduction amounts to \$132,322 in both years. For the Met School, the reduction amounts to \$250,000 in FY 2010 and \$125,000 in FY 2011.

For State Fiscal Stabilization Funds, the Governor's budget distributes \$47.7 million in FY 2010 and \$26.6 million in FY 2011 to local districts, Central Falls, charter schools, and the state schools. In the FY 2010 enacted budget a total of \$37.2 million was included. The Governor proposes shifting \$5.0 million of Stabilization Funds originally planned for FY 2011 into FY 2010. In addition, the Governor proposes adding \$402,600 in FY 2010 and \$132,564 in FY 2011 to cover the OERR admin fee of 0.5 percent that is being assessed on most stimulus accounts. Finally the Governor recommends re-appropriating \$5.1 million in unspent Stabilization Funds from FY 2009.

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For FY 2011, all remaining Stabilization Funds are recommended. Consistent with the FY 2010 proposal, the Governor moves \$5.0 million in Stabilization Funds into FY 2010 and adds \$132,564 for OERR fees and \$593,048 in additional funds stemming from updating the distribution calculation between Higher Education and Elementary and Secondary Education. The total for FY 2011 is \$26.6 million.

In both years there are statewide savings initiatives. In FY 2010, there are eight (8) pay reduction days that produce general revenue savings of \$273,282 for the ACES program, \$75,506 for the Davies School, and \$52,924 for the School for the Deaf. There are also three (3) medical benefit holidays which produce general revenue savings of \$89,142 for the ACES program, \$141,808 for the Davies School, and \$79,898 for the School for the Deaf. In FY 2011, there are four (4) pay reduction days and a 6-month delay for the cost-of-living-adjustment that produce general revenue savings of \$286,312 for the ACES program, \$76,157 for the Davies School, and \$52,667 for the School for the Deaf. There are also three (3) medical benefit holidays which produce general revenue savings of \$85,859 for the ACES program, \$123,430 for the Davies School, and \$70,248 for the School for the Deaf.

Other reductions in FY 2010 education aid include a mid-year adjustment to the School Housing Aid program that would reduce aid by \$3.2 million to \$58.4 million. This annual adjustment takes into account projects that did not complete in FY 2009 and therefore are not eligible for reimbursement in FY 2010. Charter School Aid decreases by \$268,165 from the enacted level, mostly because of delays to grade level expansions. General revenue support for the RI Telecommunications Education Access Fund (also known as E-rate) is eliminated, saving \$350,000. At the same time the Governor proposes lowering the RI-TEAF fee charged on phone lines and adding the same fee to wireless phones to backfill the general revenue funding. Lastly, the \$10.0 million that was enacted for the statewide student transportation initiative is transferred to a restricted receipt account and revised to a total of \$8.6 million.

Including the reduction and fund shifts described above, for FY 2010 general revenue support for the Davies School decreases from the enacted level by \$551,709. General revenue support for the School for the Deaf decreases by \$261,844. General revenue support for the Met School decreases by \$326,809. General revenue support for the Administration of the Comprehensive Education Strategy (ACES) program decreases by \$1,010,400. General revenue support for the Central Falls school district decreases by \$2,020,569.

For Fiscal Year 2011, the Governor recommends \$1.144 billion in expenditures from all funds for the Department of Elementary and Secondary Education. Of this total, \$828.2 million is from general revenue, \$283.0 million is from federal funds, \$23.9 million is restricted receipts, \$8.0 million is from the Rhode Island Capital Plan Funds, and \$383,624 is from other funds. This financing level represents a decrease in general revenue expenditures of \$29.5 million, or 3.4 percent, from the enacted FY 2010 level, an increase of \$4.6 million in federal expenditures, an increase of \$15.9 in restricted receipt expenditures, an increase of \$2.3 million in RICAP funds, and an increase of \$200,000 in other funds expenditures.

Statewide, public employees who agreed to new union contracts in 2009 are to receive a 3.0 percent COLA in FY 2011. For the department, that amounts to an increase of \$747,570. Changes to retiree health rates, medical benefit rates, and retirement benefit rates cost an additional \$410,129 in FY 2011.

Funding for the department's Administration of the Comprehensive Education Strategy (ACES) program declines by \$256,978 in general revenue funding from the enacted FY 2010 level. The ACES program

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also has budgeted \$63.6 million in federal stimulus funds, mostly in Race to the Top, Title I, and IDEA funding (\$35.0 million, \$9.0 million, and \$10.9 million, respectively). Race to the Top is a competitive grant that the department has applied for, whereas Title I and IDEA are formula grants. There is no offsetting decrease in general revenue funding for these dollars. Non-stimulus federal funding is set at \$190.8 million for FY 2011.

For the state-supported schools, general revenue funding for the Davies Career & Technical School increases by \$295,353 from the FY 2010 enacted level. General revenue funding for the School for the Deaf increases by \$97,856. General revenue funding for the Metropolitan Career & Technical School increases by \$430,972.

In the Education Aid category, there is a decrease in Group Home aid of \$600,000 to reflect fewer beds subject to reimbursement. Charter school aid increases by \$7.2 million to reflect program growth and new charter school options. Other than the reductions described above, the Central Falls program receives level funding.

Separate from the pension reform savings, teacher retirement contributions increase by \$460,515 to adjust for an increase payroll base. Housing Aid increases by \$10.2 million to account for projects that are expected to complete in FY 2010, and thus be subject to reimbursement in 2011.

For the entire Department, which includes the Davies Career & Technical School and the School for the Deaf, the Governor recommends staffing authorizations totaling 327.4 FTE positions in FY 2010 and 342.4 FTE in FY 2011. The FY 2010 total is unchanged from the enacted level. The additional 15.0 FTE positions in FY 2011 are limited-term positions in the ACES program to be funded with ARRA competitive grant awards, principally the Race to the Top Fund. If the department does not receive the competitive funding, the positions will not be created.

Public Higher Education

The Governor recommends a revised FY 2010 budget of \$897.1 million for Public Higher Education, including \$163.0 million in general revenue, \$19.6 million in federal funds, including American Recovery and Reinvestment Act of 2009 funding of \$16.2 million, \$713.7 million in other funds, \$754,577 in restricted receipts, and \$17.7 million from the Rhode Island Capital Plan Fund. General revenues decrease \$10.3 million from the enacted level, reflecting savings for working and current services adjustments as requested, \$9.4 million, and the following statewide adjustments: savings for three medical benefit holidays, \$1.2 million; and savings for union negotiated or staff concessions for payroll reductions, \$440,023; and increases for debt service, \$282,681. The Governor recommends 4,182.1 FTE positions in FY 2010, the enacted authorization.

For FY 2011, the Governor recommends \$932.9 million for Public Higher Education, including \$163.9 million in general revenue, \$14.8 million in federal funds, including America Recovery and Reinvestment Act of 2009 funding of \$11.3 million, \$753.6 million in other funds, \$690,000 in restricted receipts, and \$15.0 million from the Rhode Island Capital Plan Fund. General revenues decrease \$9.4 million from the FY 2010 enacted level. The Governor recommends a total of 4,182.1 FTE positions, the same as the FY 2010 enacted level. Debt service adjustments add \$2.5 million and personnel adjustments add \$3.4 million. In order to address expenditure forecasts statewide in excess of revenue estimates, the Governor proposes several reductions:

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- Negotiated payroll reductions and COLA delays, \$335,537;
- Savings from medical health benefit plans, \$920,462;
- Level fund reductions (\$14.1 million, or 8.1 percent) excluding the debt service increase (\$2.3 million).

The budget proposed by the Governor includes total tuition and fee revenue growth of \$23.8 million, including \$14.2 million at the University, \$6.2 million at the College, and \$3.4 million at the Community College. Undergraduate in-state tuition and fees increases proposed by the Board are 9.9 percent at the University, 9.0 percent at the College, and 8.2 percent at the Community College for FY 2010. Pursuant to FY 2007 legislation, both the FY 2010 appropriation and FY 2011 recommended budgets include debt service appropriations within Public Higher Education that were formerly in the Department of Administration. In FY 2010, debt service is \$17.4 million, an increase of \$282,681 from enacted levels and in FY 2011, \$19.6 million is included, an increase of \$2.45 million from all sources.

The College Crusade of Rhode Island and other legislative grant awards both in FY 2010 and in FY 2011 are recommended at \$1.1 million.

Rhode Island Council on the Arts

The Governor's revised FY 2010 budget for the Rhode Island Council on the Arts is \$3.7 million, including \$1.9 million in general revenue, \$1.2 million in federal funds, \$100,000 in restricted receipts and \$435,000 in other funds. The recommendation includes a decrease of \$44,112 from the enacted level of general revenue appropriations, including personnel savings from eight (8) pay reduction days of \$16,665, savings from three (3) medical benefit holidays of \$6,376, and withdrawing \$18,000 from discretionary grants that was to go to a now-bankrupt organization. Partially offsetting the decreases was an increase of \$7,500 to fund the Governor's official portrait, as required by law. Federal funds increase by \$339,436 from the enacted level to fund an additional position that was authorized in the enacted budget but not funded and to fund \$291,500 in stimulus funding that was originally included in the FY 2009 budget.

For FY 2011, the Governor recommends \$1.9 million, including \$1.0 million in general revenue and \$950,990 of federal funds. The general revenue decrease from the FY 2009 enacted level is \$992,845. The FY 2011 budget includes a reduction of \$700,000 that eliminates the discretionary grant program. It also includes a reduction of \$296,875 that eliminates the legislative grant to the Veteran's Memorial Auditorium, since the debt payments on the auditorium were completed in FY 2010. There are also savings from four (4) pay reduction days and a 6-month delay of the COLA of \$17,290.

There is a decrease of \$100,000 in restricted receipt funding in the FY 2011 because the Rhode Island Foundation grant was a one-time grant. In the other funds category, there is a decrease of \$435,000 in FY 2011 because of the ending of the Percent for Public Art program that required that at least one percent of the budget for most capital projects to be spent on art.

The Governor recommends 8.6 FTE positions in FY 2010 and FY 2011, which is unchanged from the enacted FY 2010 level.

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Rhode Island Atomic Energy Commission

The Governor's revised FY 2010 budget for the Rhode Island Atomic Energy Commission is \$1.4 million, including \$788,999 in general revenue, \$300,159 in federal funds, and \$303,683 in other funds. The recommendation includes a net increase of \$13,653 to general revenue appropriations, reflecting personnel adjustments of \$46,891 and operational savings of \$5,712, as well as the following statewide adjustments: savings from three medical benefit holidays, \$6,364; and savings from negotiated pay reduction days for all state employees, \$21,162.

For FY 2011, the Governor recommends \$1.5 million, including \$877,687 in general revenue, \$300,159 in federal funds, and \$316,410 in other funds. The increase of \$102,341 in general revenue from the FY 2010 enacted budget recognizes operational savings of \$5,712, reflecting current staff personnel costs, and increases of \$137,871, including a 3.0 percent cost of living adjustment of \$29,214, with savings from the following statewide adjustments: lower than anticipated health benefit costs, \$6,429; and savings from negotiated pay reduction days and COLA delays, \$23,389. The Governor recommends 8.6 FTE positions in both FY 2010 and FY 2011.

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 2010 budget of \$25.6 million, including \$7.2 million in general revenue, \$11.9 million in federal grants, and \$6.5 million in other funds. General revenues decrease \$67,591 from the enacted level, reflecting reductions of \$49,400 for personnel, contract services, operating, and capital, and a statewide adjustment from a three medical benefit holidays, \$5,486; and savings from negotiated pay reduction days, \$12,705.. State needs-based scholarships of \$6.37 million decrease \$7,631.

For FY 2011, the Governor recommends \$25.8million, including \$7.3 million in general revenue, \$12.0 million in federal funds, and \$6.5 million in other funds. General revenues decrease \$31,383 from the FY 2010 enacted level. Personnel current services adjustments, including assessed fringe benefits, and capital and operations result in a net decrease of \$12,948. Statewide adjustments include savings from lower than anticipated health benefit costs, \$5,129; and savings from negotiated pay reduction days and COLA delays, \$13,306. State needs-based scholarships of \$6.4 million are level funded.

The Governor recommends 42.6 FTE positions in FY 2010 and in FY 2011.

Rhode Island Historical Preservation and Heritage Commission

The Governor recommends total expenditures of \$2.6 million for the revised FY 2010 budget for the Rhode Island Historical Preservation and Heritage Commission. This consists of \$1.3 million in general revenue, \$819,367 in federal funds and \$479,069 in restricted receipts. The recommendation reflects a reduction of \$22,862 from the enacted level. Savings of \$27,018 from eight (8) pay reduction days and

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\$14,408 from three (3) medical benefit holidays are partially offset by lower than anticipated restricted receipt revenues, which led to a shift in personnel expenses to general revenue funding.

The Governor recommends total financing of \$2.7 million for FY 2011, including \$1.4 million in general revenue appropriations, \$835,804 in federal funds, and \$479,450 in restricted receipts. General revenue increases by \$65,997 from the enacted FY 2010 level. Savings of \$28,464 from four (4) pay reduction days and \$14,058 from three (3) medical benefit holidays are offset by lower than anticipated restricted receipt revenues, which led to a shift in personnel expenses to general revenue funding.

Rhode Island Public Telecommunications Authority

The Governor recommends total expenditures of \$1.6 million for the revised FY 2010 budget of the Public Telecommunications Authority. This consists of general revenue financing of \$1.0 million and \$614,029 in grant financing from the Corporation for Public Broadcasting (CPB). The recommendation reflects a decrease of \$133,150 in general revenue appropriations from the enacted level. This reduction includes a decrease of \$46,202 for personnel from the elimination of two unfilled positions, decreases of \$35,000 in utilities that are no longer needed with the new digital transmitter, \$10,000 in operations that the Authority has shifted to the RI-PBS Foundation, and \$1,300 for a ten percent reduction in contract services. There are also reductions of \$26,478 for eight (8) pay reduction days and \$14,170 for three (3) medical holidays.

The Governor recommends total financing of \$1.7 million for FY 2011, including \$1.0 million in general revenue appropriations and \$636,750 from the Corporation for Public Broadcasting (CPB) grant. This represents a decrease of \$104,468 in general revenue from the enacted FY 2010 budget. The savings follow from the FY 2010 initiatives, with personnel decreasing \$63,404, utilities by \$35,000, operations by \$10,000, contract services by \$1,300, four (4) pay reduction days by \$26,911 and three (3) medical holidays by \$11,693.

The Governor recommends a staffing authorization level of 16.0 FTE positions in both FY 2010 and FY 2011, which is a reduction of 2.0 from the enacted FY 2010 level.