

State of Rhode Island and Providence Plantations

# Executive Summary



## Fiscal Year 2012

Lincoln D. Chafee, Governor

# Education



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# Education

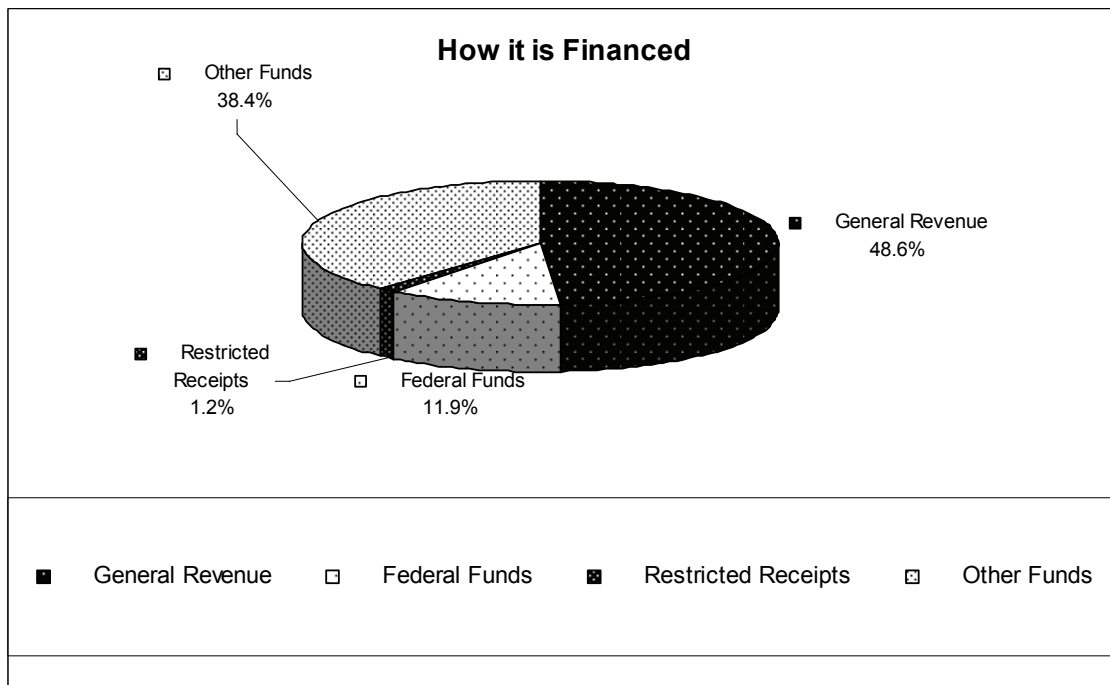
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## Summary

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 3,871.9 FTE positions in FY 2011 and 3,889.4 FTE positions in FY 2012.

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.

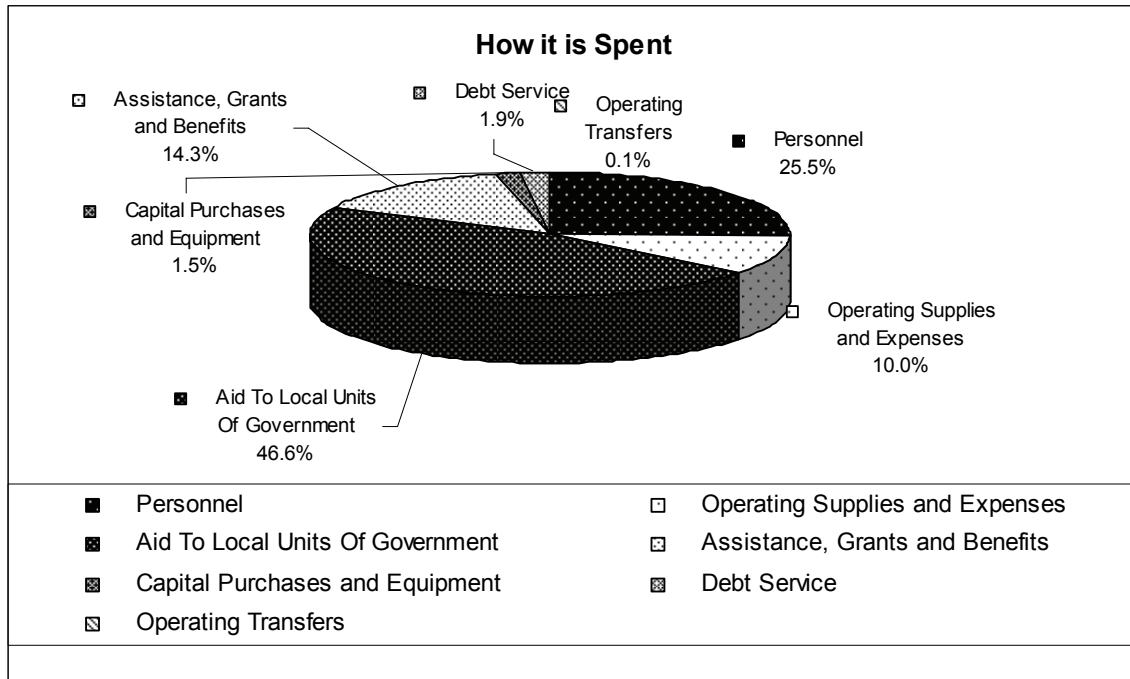
The FY 2011 revised recommendations for Education agencies total \$2.206 billion, or \$104.5 million more than enacted appropriations of \$2.101 billion. As compared to the enacted budget, general revenue decreases \$9.1 million, or .9 percent, federal funds increase \$107.7 million or 3.7 percent, restricted receipts decrease \$4.9 million or 19.4 percent, and other funds increase \$40.3 million, or 5.2 percent. American Recovery and Reinvestment Act of 2009 funding comprises \$134.5 million, or 38.7 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.

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The Governor recommends total expenditures of \$2.17 billion for Education in FY 2012, including \$1.054 billion from general revenue, \$258.4 million from federal funds, \$25.5 million from restricted receipts, and \$832.6 million from other funds. American Recovery and Reinvestment Act of 2009 funding comprises \$45.3 million, or 17.5 percent of the federal funds.



The Governor’s general revenue recommendation of \$1.054 billion for Education for FY 2012 is an increase of \$22.4 million, or 2.2 percent from FY 2011 enacted levels.

Aid to Local Units of Government accounts for 46.6 percent of all education expenditures. State operations expenditures, which include personnel and operating, account for 35.5 percent of total education expenditures. Most of these expenditures occur in Public Higher Education. The remaining 17.9 percent of expenditures occur in grants and benefits and capital outlays.

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# Education

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## *Elementary and Secondary Education*

The Governor recommends \$1.173 billion in revised expenditures from all funds for the Department of Elementary and Secondary Education for FY 2011, an increase of \$44.5 million from the enacted level of \$1.129 billion. Of this total, \$847.4 million is general revenue expenditures, \$299.4 million is federal grants, \$19.0 million is restricted receipt funds, \$7.1 million is Rhode Island Capital Plan Fund (RICAP) funding and \$288,624 is other funds expenditures. General revenue expenditures decrease by \$8.7 million, federal expenditures increase by \$59.4 million, restricted receipt expenditures decrease by \$4.9 million, RICAP funds decrease by \$1.3 million, and other funds expenditures decrease by \$95,000.

The Governor's revised FY 2011 Budget includes a variety of reductions to general revenues. The most significant general revenue declines in the FY 2011 revised Budget occur in two distinct aid programs. A mid-year adjustment to the School Housing Aid program reduces aid by \$2.8 million to \$68.0 million. This annual adjustment takes into account projects that were not completed in FY 2010 and therefore are not eligible for reimbursement in FY 2011. Further, the state contribution for teachers' retirement decreases by \$5.9 million from the enacted level, reflecting a lower base due to updated FY 2010 closing payroll data along with an estimated two percent growth rate in teacher payroll.

General revenue support for the Davies Career and Technical School decreased from the enacted level by \$2,080. General revenue support for the Rhode Island School for the Deaf decreases by \$118,345. General revenue support for the Metropolitan Career and Technical School and the Central Falls school district each remained at the enacted level of \$12.6 million and \$41.8 million, respectively. In education aid, general revenue increases by \$280,658 from the enacted level for mid-year adjustments to charter school funding, as well as an increase of \$30,000 in group home funding to reflect additional beds subject to reimbursement.

In the revised FY 2011 Budget, financing of the Administration of the Comprehensive Education Strategy (ACES) was reduced by \$846,409. This reduction reflects moving \$700,000 for a Pre-K demonstration project from ACES to Education Aid. Additionally, the ACES program reflects \$141,572 in personnel savings, \$24,000 of savings as the Department's insurance and annuity obligations for the former Commissioner have ended and \$200,000 in the Educator Quality program for services no longer needed while also shifting a Regents Fellow to a Title II grant. Offsetting some of this savings is an increase to the Rhode Island Vision Education and Services Program (RIVESP) of \$125,000. This program provides teaching and consultation services to children who are blind or visually impaired, their families and educational staff within the school environment.

FY 2011 is the third and final full year of Federal State Fiscal Stabilization Funds, as they will expire on September 30, 2012 per the American Recovery and Reinvestment Act (ARRA). In addition to the \$18.6 million originally enacted, an additional \$3.5 million in unspent funds has been added to the Governor's revised FY 2011 Budget and a total of \$729,663 has been shifted from the original FY 2011 enacted amount for LEAs to institutions of public higher education, pursuant to the updated calculation mandated in ARRA. Finally, \$4.6 million for potential carry-forward dollars were added in FY 2012.

The Governor's Budget also includes additional federal funding from a grant called Race to the Top. As a winner in the Race to the Top competition, Rhode Island has been awarded \$75.0 million that will be used over a four year period. As described by the Department of Elementary and Secondary Education, Rhode Island will use Race to the Top funding to realize a single

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powerful vision: an educational system that prepares all Rhode Island students for success in college, careers and life. Over the term of the grant, Rhode Island will realize this vision through five important support systems: Standards and Curriculum, Instructional Improvement Systems, Educator Effectiveness, Human Capital Development, and School Transformation & Innovation. The Governor's FY 2011 revised Budget allocates \$13.3 million while the FY 2012 Budget allocates \$22.3 million from this grant. Lastly, the Governor recommends an additional twenty-two (22.0) limited-term FTE positions to be financed under this grant within the ACES program.

For Fiscal Year 2012, the Governor recommends \$1.139 billion in expenditures from all funds for the Department of Elementary and Secondary Education. Of this total, \$869.0 million is from general revenue, \$238.1 million is from federal funds, \$24.0 million is restricted receipts, \$7.2 million is from the Rhode Island Capital Plan Funds, and \$183,624 is from other funds. This financing level represents an increase in general revenue expenditures of \$12.9 million from the enacted FY 2011 level, a decrease of \$1.8 million in federal expenditures, an increase of \$108,671 in restricted receipt expenditures, a decrease of \$1.2 million in RICAP funds, and a decrease of \$200,000 in other funds expenditures.

Funding for the Department's Administration of the Comprehensive Education Strategy (ACES) program decreases by \$264,131 in general revenue funding from the enacted FY 2011 level. For the state-supported schools, all of whom except for the School for the Deaf are subject to the funding formula, general revenue funding for the Davies Career & Technical School decreases by \$1.0 million from the FY 2011 enacted level. General revenue funding for the School for the Deaf decreases by \$75,523. General revenue funding for the Metropolitan Career & Technical School decreases by \$1.0 million. General revenue for the Central Falls school District decreases by \$3.3 million.

The Governor recommends an increase to the Education Aid program in FY 2012 to replace expiring State Fiscal Stabilization Funds, fund year one of the funding formula and to finance selected categorical funds. In order to maintain the commitment to the formula while also closing the deficit, the Governor recommends reducing general revenue aid by \$32.3 million, to be replaced by Education Jobs Fund money, and only funding the Transportation and Regional Bonus categorical funds, while delaying the other categorical funds by one year.

The State of Rhode Island has been awarded \$32.9 million in a federal Education Jobs Fund Bill to retain and rehire school-based personnel in local education agencies (LEAs). \$32.3 million or 98.0 percent of these funds will be distributed to LEAs based on their percentages of FY 2011 enacted state aid. The remaining two percent will be set aside for administrative costs and other fees associated with this grant. The money distributed to the LEAs can only be used for compensation costs for school-based personnel. By law, the funds must all be made available to LEAs immediately, who have full discretion as to when to use the funds. Therefore, \$27.0 million is reflected in the FY 2011 revised Budget with the remaining \$5.9 million allocated towards FY 2012 to reflect the LEAs ability to draw the funds in the current year if they choose. However, the Governor recommends reducing general revenue support to LEAs by \$32.3 million in FY 2012 and recommends that LEAs hold off using the \$32.3 million from this bill until FY 2012. As of this writing, only \$2.5 million of the \$32.3 million has been drawn down by LEAs, which suggests that most will be able to do just that. Those LEAs affected under the funding formula include local districts, charter schools, Davies, and the Met. Although the School for the Deaf is not part of the funding formula, it will also be receiving Education Jobs Fund money; therefore, the Governor recommends a matching reduction in general revenue aid.

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The Governor recommends \$82.7 million for funding of the Teachers' Retirement program, or an increase of \$7.1 million from the enacted FY 2011 Budget. The State of Rhode Island funds 40.0 percent of the employer's share of the necessary contribution to the Teacher Retirement System while the municipalities contribute the balance. The employer's share is determined annually, based on actuarial reports by the State Employees Retirement System and is applied to the covered payroll. The projected increase reflects a 2.0 percent growth in the teacher payroll base along with a rise in the state share from 7.76 percent in FY 2011 to 9.09 percent in FY 2012.

Housing Aid increases by \$1.7 million to account for projects that are expected to complete in FY 2011, and thus be subject to reimbursement in 2012. This increase also accounts for a rise in the minimum state share ratio. Beginning in Fiscal Year 2012, the minimum state share ratio will increase by 5.0 percent from the current minimum of 30.0 percent until a 40.0 percent state share ratio has been achieved.

For the entire Department, which includes the Davies Career & Technical School and the School for the Deaf, the Governor recommends staffing authorizations totaling 348.4 FTE positions in FY 2011 and FY 2012. The recommendation includes an additional twenty-two (22.0) FTE positions, which are limited-term positions in the ACES program to be funded with federal Race to the Top funding. Lastly, the Governor recommends one (1.0) additional FTE position to be financed in general revenue. The FTE position will be involved in the Uniform Chart of Accounts (UCOA) initiative.

### **Public Higher Education**

The Governor recommends a revised FY 2011 Budget of \$996.1 million for Public Higher Education, including \$162.6 million in general revenue, \$32.7 million in federal funds, including American Recovery and Reinvestment Act of 2009 funding of \$28.1 million, \$775.8 million in other funds, \$930,000 in restricted receipts, and \$24.1 million from the Rhode Island Capital Plan Fund. General revenues decrease \$1.0 million from the enacted level, reflecting only savings for debt service adjustments. This level funded Governor recommendation maintains effort for a new federal College Access Challenge Grant of \$1.5 million over two fiscal years. The Governor recommends 4,217.1 FTE positions in FY 2011, an increase of 65.0 FTE positions at the Community College, including 3.0 FTE positions for workforce development coordination and 62.0 FTE positions for teaching and student support.

For FY 2012, the Governor recommends \$995.0 million for Public Higher Education, including \$173.4 million in general revenue, \$4.6 million in federal funds, \$805.6 million in other funds, \$941,338 in restricted receipts, and \$10.5 million from the Rhode Island Capital Plan Fund. General revenues increase \$9.8 million, or 7.3 percent from the FY 2011 enacted level. The Governor recommends a total of 4,234.6 FTE positions, an increase of 17.5 FTE positions for faculty at Rhode Island College. Debt service adjustments save \$744,223 and personnel adjustments, including a 3.0 percent cost of living adjustment, add \$3.3 million. The Governor's recommendations also include the transfer of \$775,000 for the Crime Laboratory from Department of Health.

In order to reverse the trend of reduced funding for Higher Education in recent years due to budget constraints, the Governor recommends an increase of \$10.0 million above the enacted FY 2011 level for the higher education system. This increase is slightly offset by statewide savings in health benefit rates and debt service on higher education bonds.



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The budget proposed by the Governor includes total tuition and fee revenue growth of \$11.5 million, including \$11.4 million at the University, \$320,600 less at the College, and \$704,567 less at the Community College. The original budget requested by the Board of Governors did not include an increase for undergraduate in-state or out-of-state tuition and fees for FY 2012, but based on the total state support recommended by the Governor, it is likely tuition increases will be required. Any such increases will be determined by the Board at a later date.

Pursuant to FY 2007 legislation, both the FY 2011 appropriation and FY 2012 recommended budgets include debt service appropriations within Public Higher Education that were formerly funded under the Department of Administration. In FY 2011, debt service is \$18.5 million, a decrease of \$1.0 million from enacted levels and in FY 2012, \$18.8 million is included, a decrease of \$744,223 from all sources.

The College Crusade of Rhode Island and other legislative grant awards both in FY 2011 and in FY 2012 are recommended at \$1.2 million.

### ***Rhode Island Council on the Arts***

The Governor's revised FY 2011 Budget for the Rhode Island Council on the Arts is \$3.1 million, including \$1.7 million in general revenue, \$950,969 in federal funds and \$435,000 in other funds. The recommendation includes an increase of \$18,940 from the enacted level for general revenue appropriations mostly attributable to an increase for personnel costs of \$15,287. This increase primarily reflects updated benefit costs, as well as a salary increase to a part-time Senior Systems Design Programmer in the Film Office from the enacted level.

The revised FY 2011 Budget also provides \$15,000 to fully fund the former Governor's official portrait, as required by law, which is an increase of \$7,500 from the enacted Budget. Originally, \$7,500 was to be encumbered in FY 2010 towards the portrait while the remaining \$7,500 would be encumbered in FY 2011. Due to a delay in the process of choosing an artist, no expenditures occurred in FY 2010. Therefore, the entire cost of the portrait of \$15,000 is reflected in the FY 2011 revised Budget.

For FY 2012, the Governor recommends \$3.0 million, including \$1.6 million in general revenue, \$973,064 in federal funds and \$435,000 in other funds. The general revenue decrease from the FY 2011 enacted level is \$49,236. The FY 2012 Budget includes a reduction of \$100,000 in discretionary grant financing. Partially offsetting this reduction is an increase in personnel costs of \$62,111, which includes the three percent cost of living adjustment of \$16,871.

The Governor recommends 8.6 FTE positions in FY 2011 and FY 2012, which is unchanged from the enacted FY 2011 level.

### ***Rhode Island Atomic Energy Commission***

The Governor's revised FY 2011 Budget for the Rhode Island Atomic Energy Commission is \$1.47 million, including \$861,031 in general revenue, \$314,1104 in federal funds, and \$297,047 in other funds. The recommendation includes a net decrease of \$14,750 to general revenue appropriations, reflecting personnel adjustment savings of \$6,812, operational savings of \$9,687, and an increase in contract services of \$1,749.

For FY 2012, the Governor recommends \$1.5 million, including \$879,592 in general revenue, \$324,104 in federal funds, and \$307,830 in other funds. The increase of \$3,811 in general

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revenue from the FY 2011 enacted Budget recognizes operational savings of \$50,535, reflecting current staff personnel costs, and increases of \$55,438, including a 3.0 percent cost of living adjustment of \$22,821, with net savings from the statewide health and retiree health adjustments of \$1,092. The Governor recommends 8.6 FTE positions in both FY 2011 and FY 2012.

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 2011 Budget of \$27.5 million, including \$7.3 million in general revenue, \$13.2 million in federal grants, and \$7.0 million in other funds. General revenues increase \$596,839 from the enacted level, reflecting reductions of \$9,523 for personnel adjustments and capital and an operating increase of \$26,362. State needs-based scholarships of \$5.9 million increase \$580,000 to \$6.5 million to provide federal maintenance of effort for a College Access Challenge Grant in the Office of Higher Education.

For FY 2012, the Governor recommends \$27.4 million, including \$6.2 million in general revenue, \$13.5 million in federal funds, and \$7.7 million in other funds. General revenues decrease \$560,243 from the FY 2011 enacted level. Personnel current services adjustments, including a 3.0 percent cost of living adjustment, result in a net increase of \$35,460. Statewide adjustments include savings from lower than anticipated health benefit costs, \$2,368; and a net increase of \$25,362 in operations. State needs-based scholarships of \$5.3 million decrease \$618,697 from the FY 2011 enacted level.

The Governor recommends 41.6 FTE positions in FY 2011 and in FY 2012.

### *Rhode Island Historical Preservation and Heritage Commission*

The Governor recommends total expenditures of \$2.7 million for the revised FY 2011 Budget for the Rhode Island Historical Preservation and Heritage Commission. This consists of \$1.4 million in general revenue, \$841,508 in federal funds and \$475,552 in restricted receipts. The recommendation reflects a general revenue increase of \$53,802 from the enacted level. Additional personnel costs of \$44,892 and operating expenses of \$11,200 contribute to the majority of this general revenue increase. Maintenance to the Eisenhower House contributed an additional \$9,500 to the operating portion of the revised FY 2011 Budget. Lastly, the Commission achieved a small savings of \$2,290 within various sections of contracted services.

The Governor recommends total financing of \$2.8 million for FY 2012, including \$1.5 million in general revenue appropriations, \$846,195 in federal funds, and \$478,181 in restricted receipts. General revenue increases by \$152,924 from the enacted FY 2011 level. Additional costs in personnel, \$142,874 and operating costs of \$11,200 contribute towards this increase. The majority of additional operating costs are recommended to account for an increase in mileage for travel expenses as well as maintenance costs to the Eisenhower House. A small amount of general revenue savings is achieved within contract services to the amount of \$1,150.

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The Governor recommends 16.6 FTE positions in FY 2011 and FY 2012, which is unchanged from the enacted FY 2011 level.

### *Rhode Island Public Telecommunications Authority*

The Governor recommends total expenditures of \$1.6 million for the revised FY 2011 Budget of the Public Telecommunications Authority. This consists of general revenue financing of \$979,325 and \$646,734 in grant financing from the Corporation for Public Broadcasting (CPB). The recommendation reflects a decrease of \$56,642 in general revenue appropriations from the enacted level. This reduction is primarily attributed to a decrease of \$55,942 in personnel costs, which include twelve (12) pay reduction days, agreed upon within the Authority's union contract. Additional savings contributed to a lag period in hiring a new President/CEO in FY 2011.

The Governor recommends total financing of \$1.8 million for FY 2012, including \$1.1 million in general revenue appropriations and \$683,212 from the Corporation for Public Broadcasting (CPB) grant. This represents an increase of \$61,993 in general revenue from the enacted FY 2011 Budget. The increase is due entirely to an increase in personnel costs of \$63,993. The FY 2012 recommendation also reflects savings in operating costs of \$2,000 compared to the enacted Budget.

The Governor recommends a staffing authorization level of 16.0 FTE positions in FY 2011 and FY 2012, which is unchanged from the enacted FY 2011 level.