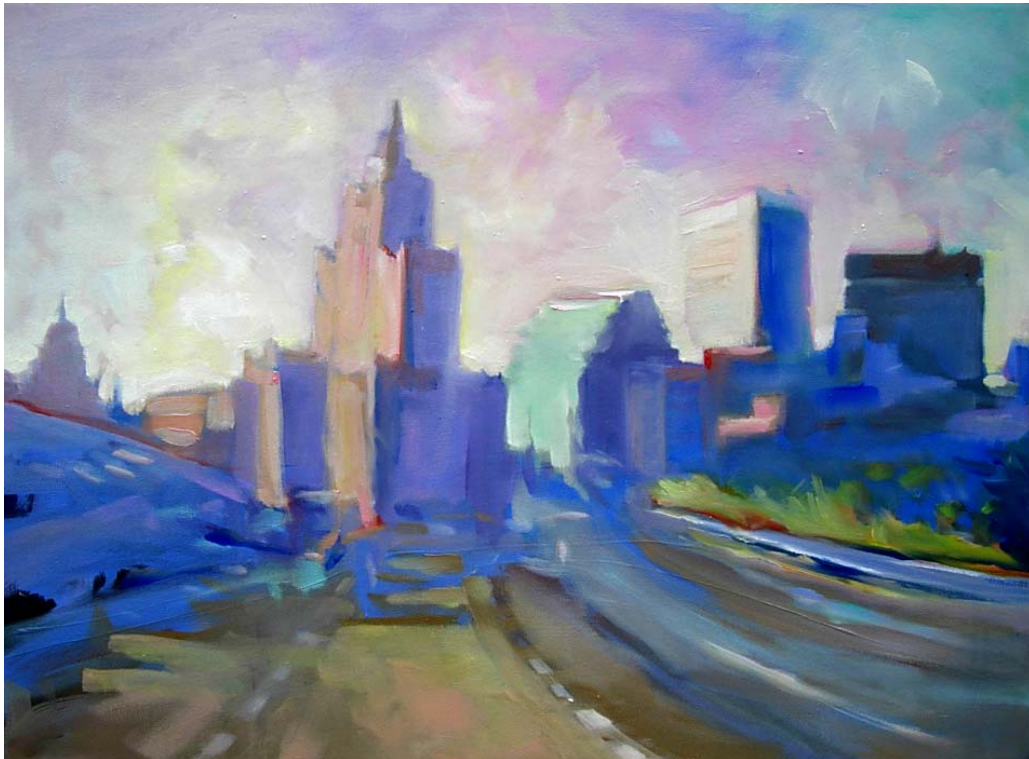


State of Rhode Island and Providence Plantations

Executive Summary



Fiscal Year 2009

Donald L. Carcieri, Governor

Education

Education

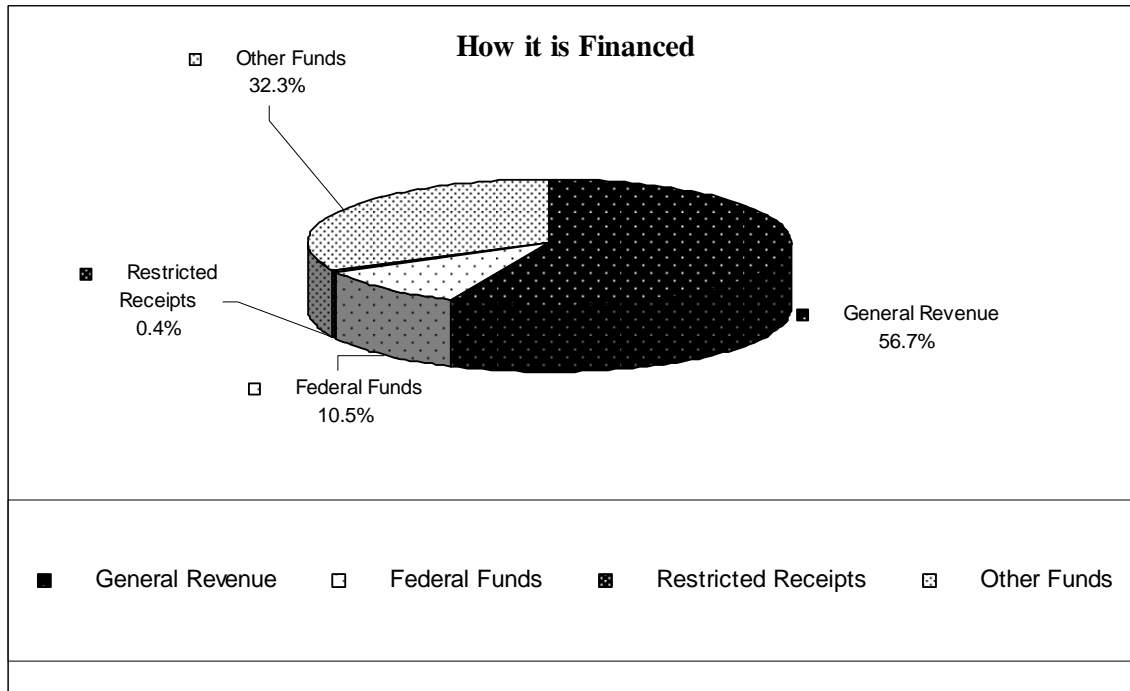
Summary

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 3,979.2 FTE positions in FY 2008 and 3,915.3 FTE positions in FY 2009.

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 2008 revised recommendation for Education agencies totals \$1,927 billion, or \$17.7 million more than enacted appropriations of \$1,909 billion. As compared to the enacted budget, general revenue decreases \$10.2 million, or 0.9 percent, federal funds increase \$11.8 million or 6.0 percent, restricted receipts increase \$376,793 or 4.4 percent, and other funds increase \$15.6 million, or 2.7 percent.

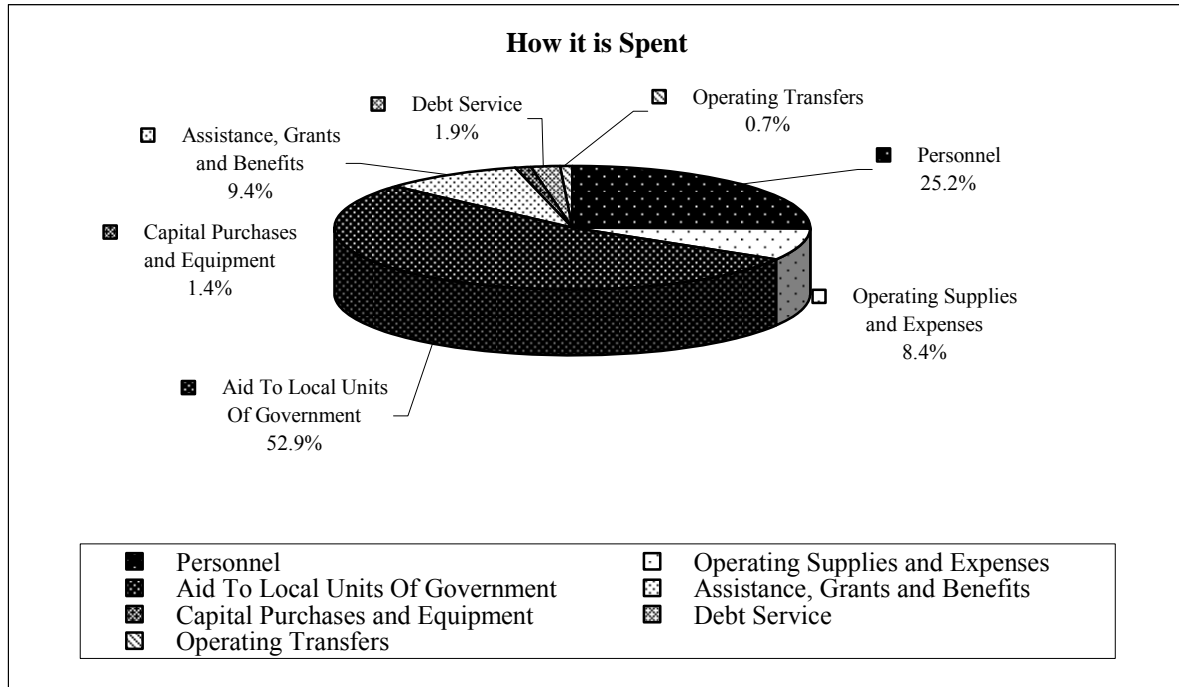
In the Education function of state government, other funds consist of: Rhode Island Capital Plan Funds, Institutional Revenues, Sponsored Research Programs, Scholarships and Fellowships, Auxiliary Enterprises in Public Higher Education, and the Corporation for Public Broadcasting grant to the Rhode Island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



The Governor recommends total expenditures of \$1.985 billion for Education in FY 2009, including

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\$1.126 billion from general revenue, \$208.8 million from federal funds, \$8.9 million from restricted receipts, and \$641.7 million from other funds.



The Governor’s general revenue recommendation of \$1.126 billion for Education for FY 2009 is an increase of \$2.8 million, or 0.2 percent over FY 2008 enacted levels.

Aid to Local Units of Government accounts for 52.9 percent of all education expenditures. State operations expenditures, which include personnel and operating, account for 33.6 percent of total education expenditures. Most of these expenditures occur in Public Higher Education. The remaining 13.5 percent of expenditures occur in grants and benefits and capital outlays.

Elementary and Secondary Education

The Governor recommends \$1.103 billion in revised expenditures from all funds for the Department of Elementary and Secondary Education for FY 2008, an increase of 0.6 percent from the enacted level of \$1.096 billion. Of this total, \$906.4 million is general revenue expenditures, \$188.6 million is federal grants, \$7.1 million is restricted receipt funds, and \$1.3 million is other fund expenditures. General revenue expenditures decrease by \$3.0 million, federal expenditures increase by \$10.2 million, restricted receipt expenditures decrease by \$18,885, and other fund expenditures increase by \$10,305. The reduction to general revenues reflects in part the following statewide adjustments: savings from lower than anticipated employee health benefit claims experience, \$340,581; savings from six uncompensated personal leave days for all state employees, \$552,983; and, statewide operating, contracts and grants reductions of 2.7 percent from revised levels, \$386,953.

The Governor’s revised FY 2008 budget includes a variety of reductions to enacted general revenues. The most significant general revenue declines in the FY 2008 revised budget are witnessed in two distinct aid programs; each is a recalculation of a formula-based entitlement based upon updated data. The state contribution for teachers’ retirement increases \$2.2 million

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from the enacted level, reflecting a newly revised growth rate in covered teacher payroll. Further, revised local reimbursements under the Housing Aid program are recommended at \$49.7 million, or \$3.2 million less than enacted.

General revenue support for the Davies School and the School for the Deaf decreases from the enacted level by \$523,849 and \$236,799, respectively. Financing of the Administration of the Comprehensive Education Strategy (ACES) was reduced by \$743,740, owing primarily to the withdrawal of personnel financing for vacant positions, tuition savings at the Perkins School for the Blind, and the Elimination of the Rhode Island Middle Level Educators (RIMLE) grant. Additionally, the Governor recommends a reduction of \$140,148 for aid to Charter Schools, reflecting mid-year adjustments for October enrollments. Also recommended is a zero-sum redirection of \$379,189 in financing for the Central Falls School District from general revenues to the Permanent School Fund.

The Governor recommends \$1.130 billion in expenditures from all funds for the Department of Elementary and Secondary Education in FY 2009. Of this total, \$930.5 million is from general revenue, \$191.0 million is from federal funds, \$7.7 million is restricted receipts, and \$1.2 million is from other funds. This financing level represents an increase in general revenue expenditures of \$21.0 million, or 2.3 percent, from the enacted FY 2008 level, an increase of \$12.6 million in federal expenditures, an increase of \$564,479 in restricted expenditures, and a decrease of \$885 in other fund expenditures. Personnel costs include no cost of living adjustment for state employees, but do include a 9.9 percent trend growth in employee medical benefit costs and also include funding for retiree health benefits on an actuarial basis beginning in FY 2009, recognizing reduced health benefits for new retirees.

Despite the distressed fiscal climate of the State, the Governor's steadfast commitment to Rhode Island's public education system is clearly exhibited in the FY 2009 Budget. Education aid distributed to local school districts totals \$691.7 million in general revenue funds for FY 2009, including \$45.1 million for Central Falls, a fully state-supported school district. The Governor's recommendation for all but six districts and Central Falls includes education aid equivalent to each community's final FY 2008 aid allocation. Other salient portions of the Governor's recommendation for total education aid in FY 2009 include the following:

- Direct Charter School Aid totaling \$29.8 million, an increase of \$2.8 million from the enacted FY 2008 level. As in previous years, the Governor's budget fully supports the approximately 3,000 students attending eleven Charter Schools.
- Support of the State Schools (Davies Career and Technical School, Rhode Island School for the Deaf, and the Metropolitan Career and Technical School) totaling \$33.5 million, an increase of \$598,087 from the enacted FY 2008 level. Included within this recommendation are savings due to the privatization of janitorial services at both the Davies School and the School for the Deaf, and anticipated savings due to an increased student/teacher special education ratio at the Met School.
- Financing for the Teachers' Retirement program of \$94.8 million, an increase of \$16.7 million from the enacted FY 2008 level. This program reimburses 40 percent of employer contributions made on behalf of teachers to the State Employees Retirement System, with the remaining 60 percent financed by the applicable school district. This increase reflects projected increases in the revised teacher payroll base of 4.25% and an increase in the employer actuarial contribution rate from 22.01 to 25.03 percent. For FY 2009, the local share of this rate equals 14.86 percent, while the state share is 10.17

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percent. Note that retired teacher health subsidy costs are reflected in the Department of Administration budget.

- School Housing Aid in the amount of \$57.0 million, an increase of \$4.1 million from the enacted FY 2008 level. This recommendation includes savings of \$500,000 resulting from the planned refunding of school construction bonds in the City of Central Falls.
- An appropriation of \$45.1 million in support of the operations of the Central Falls School District, an increase of \$1.3 million, or 3.0 percent, from the enacted FY 2008 level. Legislation mandating the investigation of the City of Central Falls' ability to contribute to the local school budget was included within the FY 2008 Revised Appropriations Act.
- The elimination of the grant to Hasbro Children's Hospital for support of its educational program, in the amount of \$100,000.
- The elimination of the School Breakfast reimbursement subsidy, in the amount of \$600,000. This program reimburses those school districts that participate in state breakfast programs on a per-breakfast basis.
- The phase-out of the state funded match for the Federal E-Rate program, to be supplanted by an increase to the access line surcharge authorized under the Rhode Island Telecommunications Education Access Fund (RITEAF), RIGL 39-1-61.
- Redesign and realignment of the School Accountability for Learning and Teaching (SALT) process, yielding savings of approximately \$275,000.

In FY 2009, the Governor recommends \$20.1 million in general revenue for the Department's administration program, the Administration of the Comprehensive Education Strategy (ACES), a reduction of \$2.3 million from the enacted level. This includes a reduction of \$662,160, reflecting funding at half of enacted levels for legislative grants. The remainder of the reduction, or \$1.7 million, reflects a host of savings initiatives undertaken pursuant to the deliberations on departmental priorities conducted by the Governor during the summer of 2007. For the ACES program, these initiatives include, but are not limited to:

- Elimination of a Deputy Commissioner position and a Public Information Officer through attrition and the elimination of two Staff Assistants.
- Reorganization of the Office of Human Resources and consolidation of the Offices of Instruction and Assessment & Accountability.
- Redirection of personnel financing for school construction oversight to a restricted receipt account financed via a grant from the Rhode Island Health and Educational Building Corporation (RIHEBC).
- Redesign of the SALT survey, the Information Works! publication, and SALT visits.
- Suspension of the design and implementation of statewide system(s) of student transportation.

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- Elimination of financing for the Rhode Island Skills Commission, which provides a system of technical assistance to schools administering the new Middle School and High School Regulations.

For the entire Department, which includes the State Schools, the Governor recommends staffing authorizations totaling 332.0 FTE positions in FY 2008 and 330.0 FTE in FY 2009.

Public Higher Education

The Governor recommends a revised FY 2008 budget of \$783.7 million, including \$190.0 million in general revenue, \$5.3 million in federal funds, \$570.4 million in other funds, \$1.1 million in restricted receipts, and \$16.9 million in Rhode Island Capital Plan funds. General revenues decrease \$6,084,999 from the enacted level, reflecting current services adjustments, and the following statewide adjustments: savings from lower than anticipated employee health benefits claims experience, \$1,507,319; savings from six uncompensated personal leave days for all state employees, \$2,018,705; and, statewide operating, contracts, and grants reductions of 2.7 percent from revised levels, \$1,158,020. The Governor recommends 4,334.8 FTE positions in FY 2008, the enacted authorization. The Governor's other proposals to address expenditure forecasts in excess of enacted appropriations are General Obligation debt service adjustments saving \$880,208 and Office of Higher Education acceptance of statewide enacted personnel savings of \$519,000.

For FY 2009, the Governor recommends \$816.3 million for Public Higher Education, including \$180.0 million in general revenue, \$3.6 million in federal funds, \$620.8 million in other funds, \$641,526 in restricted receipts, and \$11.3 million in Rhode Island Capital Plan funds. General revenues decrease \$16.2 million from the FY 2008 enacted level. The Governor recommends a total of 4,273.9 FTE positions, a reduction of 60.9 positions, including 30.0 FTE positions at the University, and 15.0 FTE positions at both the College and the Community College. Reduced trend growth in medical benefits saves \$785,826 and funding for retiree health benefits in FY 2009 on an actuarial basis recognizing reduced benefits for new retirees saves \$137,267. Debt service adjustments adding \$2.4 million and personnel and operating adding \$3.0 million. In order to address expenditure forecasts statewide in excess of revenue estimates the Governor proposes several reductions:

- Relocation of Office of Higher Education to State property saving \$233,732
- Increased vacancy savings of \$8.6 million
- Operating and capital savings requested of \$533,492 at target
- Staff efficiency savings of \$10.2 million
- Legislative grant reductions of half awards saving \$1.0 million

The budget proposed by the Governor includes total tuition and fees revenues growth of \$29.8 million, including \$20.5 million at the University, \$5.8 million at the College, and \$3.5 million at the Community College. Pursuant to FY 2007 legislation, both the FY 2008 appropriation and FY 2009 recommended budgets include debt service appropriations within Public Higher Education that were formerly in the Department of Administration. In FY 2008, debt service is \$15.1

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million, a decrease of \$880,208 from enacted levels and in FY 2009, \$17.5 million is included, an increase of \$2.4 million from all sources.

For FY 2009, the Governor recommends 4,273.9 FTE positions reflecting 60.9 FTE less than the FY 2008 enacted level.

The College Crusade of Rhode Island and other legislative grant awards in FY 2009 are recommended at fifty percent of enacted levels.

Rhode Island Council on the Arts

The Governor's revised FY 2008 budget for the Rhode Island Council on the Arts is \$4.6 million, including \$2.7 million in general revenue, \$671,643 in federal funds, and \$1.2 million in restricted receipts and other funds. The recommendation includes a decrease of \$78,650 to general revenue appropriations, reflecting current services adjustments, and the following statewide adjustments: savings from lower than anticipated employee health benefit claims experience, \$8,435; savings from six uncompensated personal leave days for all state employees, \$13,727; and, statewide operating, contracts and grants reductions of 2.7 percent from revised levels, \$56,488. One time restricted receipts funds are estimated at \$200,000 from proceeds of a dedicated arts lottery ticket.

For FY 2009, the Governor recommends \$3.3 million, including \$2.1 million in general revenue, \$741,355 of federal funds, and \$439,453 in other funds. The general revenue decrease of \$682,797 from the enacted FY 2008 budget includes a reduction of \$620,720 reflecting funding at half of enacted levels for legislative grants, and reduction of \$58,153 from enacted levels for the discretionary arts grants program, and also reflects adjustments required for salary and employee benefits requirements. Personnel costs include no cost of living adjustment for state employees, but do include a 9.9 percent trend growth in employee medical benefit costs and also include funding for retiree health benefits on an actuarial basis beginning in FY 2009, recognizing reduced health benefits for new retirees. A decrease in other funds from \$3.0 million enacted in FY 2008 to \$439,453 in FY 2009 reflects exhaustion of one time resources for state capital projects for arts installations at airport, public safety and educational projects. The Governor recommends the enacted level of 8.6 FTE positions in FY 2008 and FY 2009.

Rhode Island Atomic Energy Commission

The Governor's revised FY 2008 budget for the Rhode Island Atomic Energy Commission is \$1.6 million including \$798,827 in general revenue, \$537,277 in federal funds, and \$289,759 in other funds. The recommendation includes a decrease of \$21,042 to general revenue appropriations, reflecting current services adjustments, and the following statewide adjustments: savings from lower than anticipated employee health benefit claims experience, \$5,295; savings from six uncompensated personal leave days for all state employees, \$14,893; and, statewide operating, contracts and grants reductions of 2.7 percent from revised levels, \$854. The governor recommends amending law to permit an overhead fee on research at the reactor for the University of Rhode Island radiation safety program, in addition to the current sponsored research, which reduces the general revenue requirement in FY 2008 by \$62,475 and in FY 2009 by \$66,155.

For FY 2009, the Governor recommends \$1.53 million, including \$824,470 in general revenue, \$407,277 in federal funds, and \$301,153 in other funds. The increase of \$4,601 in general revenue from FY 2008 enacted recognizes reduced trend growth in medical benefits saving

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\$3,204, and funding for retiree health benefits in FY 2009 on an actuarial basis recognizing reduced benefits for new retirees saving \$8,001, and increases of \$15,806 for statewide benefits and assessments. The Governor recommends 8.6 FTE positions in FY 2008 and 8.6 FTE positions in FY 2009.

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 2008 budget of \$28.9 million, including \$10.2 million in general revenue, \$12.4 million in federal grants, and \$6.4 million in other funds. General revenue decrease \$799,892 from the enacted level, reflecting current services adjustments, and the following statewide adjustments: savings from lower than anticipated employee health benefits claims experience, \$6,075; savings from six uncompensated personal leave days for all state employees, \$11,031; and, statewide operating, contracts, and grants reductions of 2.7 percent from revised levels, \$268,139. Personnel and operating reductions are \$14,600. A reduction in state needs based scholarships of \$500,000 is the majority of the decrease.

For FY 2009, the Governor recommends \$29.2 million, including \$9.9 million in general revenue, \$12.6 million in federal funds, and \$6.8 million in other funds. General revenues decrease \$1,105,775 from the FY 2008 enacted level. The Governor recommends 42.6 FTE positions in FY 2008 and in FY 2009, a reduction of 3.4 vacant positions and a savings in general revenue of \$88,567. Reduced trend growth in medical benefits saves \$2,890, and funding for retiree health benefits in FY 2009 on an actuarial basis recognizing reduced benefits for new retirees saves \$5,560. Personnel current services and adjustments including assessed fringe benefits and capital and operations are a net increase of \$17,684. A reduction in state needs based scholarships of \$1,026,442 is the majority of the decrease in general revenue support, with total scholarship aid remaining level, reflecting increased scholarship grants from the Tuition Savings Program.

Rhode Island Historical Preservation and Heritage Commission

The Governor recommends total expenditures of \$2.5 million for the revised FY 2008 budget for the Rhode Island Historical Preservation and Heritage Commission. This consists of \$1.5 million in general revenue, \$528,895 in federal funds and \$491,993 in restricted receipt financing. The recommendation reflects a reduction of \$90,480, or 5.7 percent in general revenue appropriations from the enacted level, reflecting current service adjustments, additional turnover due to the vacant position of Historic Preservation Aide, and the following statewide adjustments: savings from lower than anticipated employee health benefit claims experience, \$16,539; savings from six uncompensated personal leave days for all state employees, \$19,734; and, statewide operating, contracts and grants reductions of 2.7 percent from revised levels, \$13,268. In the current fiscal year, there are no significant changes from enacted levels in non-general revenue sources of funds.

The Governor recommends total financing of \$2.3 million for FY 2009, including \$1.3 million in

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general revenue appropriations, \$479,640 in federal funds, and \$494,649 in restricted receipts. General revenue financing decreases by \$228,967 or 14.5 percent from the FY 2008 enacted level, reflecting a decrease of \$191,688 for legislative grants that were financed at half of enacted levels and the withdrawal of financing for the eliminated position of Historic Preservation Aide. Personnel costs include no cost of living adjustment for state employees, but do include a 9.9 percent trend growth in employee medical benefit costs and also include funding for retiree health benefits on an actuarial basis beginning in FY 2009, recognizing reduced health benefits for new retirees. Federal funds and restricted receipts decrease by \$49,438 and \$1,645, respectively, from enacted levels, due mainly to the realignment of allocable staff time to various funded projects and the exhaustion of the Blackstone Valley "Footsteps in History" grant. Staffing authorizations total 17.6 FTE in FY 2008 and 16.6 FTE in FY 2009, reflecting the elimination of the (vacated) position of Historic Preservation Aide.

Rhode Island Public Telecommunications Authority

The Governor recommends total expenditures of \$2.1 million for the revised FY 2008 budget of the Public Telecommunications Authority. This consists of \$734,035 in grant financing from the Corporation for Public Broadcasting (CPB) and general revenue financing of \$1.3 million. This recommendation reflects a decrease of \$47,458 in general revenue appropriations from the enacted level. This reduction is attributable a decrease of \$7,725 in insurance expense as well as the following statewide adjustments: savings from lower than anticipated employee health benefit claims experience, \$16,842; savings from six uncompensated personal leave days for all state employees, \$21,444; and, statewide operating, contracts and grants reductions of 2.7 percent from revised levels, \$1,447. The expenditure ceiling authorized under the CPB grant decreases by \$65,261 from the enacted level, partly as a result of statewide adjustments to personnel for medical trend savings and uncompensated personal leave days.

The Governor recommends total financing of \$2.1 million for FY 2009, including \$1.4 million in general revenue appropriations and \$767,060 from the Corporation for Public Broadcasting (CPB) grant. Compared to FY 2008 enacted levels, this represents a \$1,652 increase in general revenue financing reflecting minor adjustments for current service expenditures, and a decrease of \$32,596 in CPB support. Personnel costs include no cost of living adjustment for state employees, but do include a 9.9 percent trend growth in employee medical benefit costs and also include funding for retiree health benefits on an actuarial basis beginning in FY 2009, recognizing reduced health benefits for new retirees. The Governor recommends staffing authorizations remain level at 20.0 FTE positions in both FY 2008 and FY 2009.