

State of Rhode Island and Providence Plantations

Executive Summary



Fiscal Year 2013

Lincoln D. Chafee, Governor

Education

Education

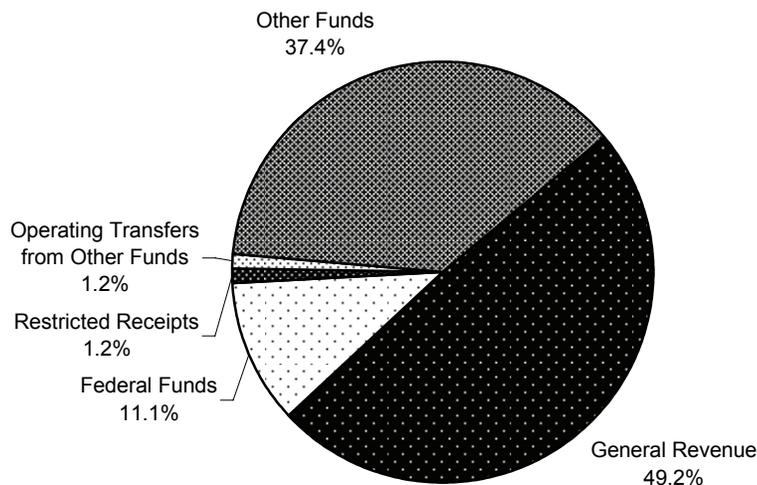
Summary

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 3,844.6 FTE positions in FY 2012 and 3907.6 FTE positions in FY 2013.

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 2012 revised recommendations for Education agencies total \$2.221 billion, or \$54.0 million more than enacted appropriations of \$2.167 billion. As compared to the enacted budget, general revenue decreases \$1.3 million, or 0.1 percent, federal funds increase \$45.0 million or 14.8 percent, restricted receipts increase \$545,113 or 2.0 percent, and other funds increase \$9.8 million, or 1.2 percent. American Recovery and Reinvestment Act of 2009 funding comprises \$90.2 million, or 29.7 percent of the federal funds.

How it is Financed

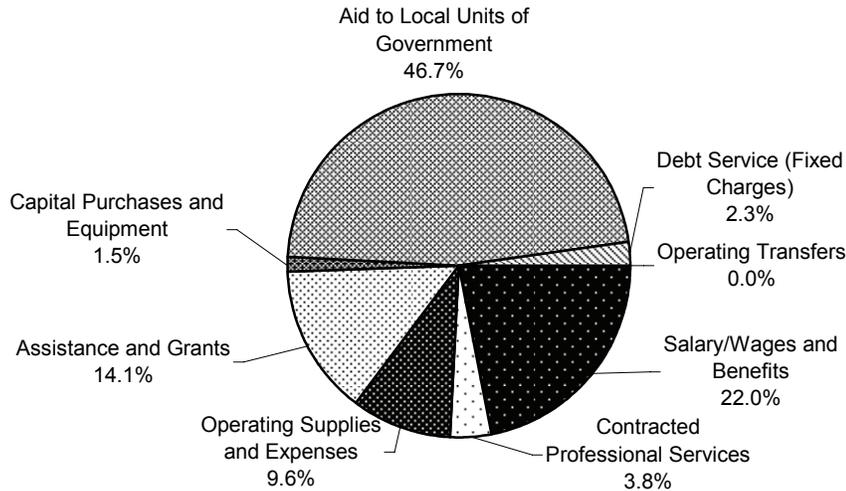


In the Education function of state government, other funds consist of: Rhode Island Capital Plan Funds, Institutional Revenues, Sponsored Research Programs, Scholarships and Fellowships, Auxiliary Enterprises in Public Higher Education, and the Corporation for Public Broadcasting grant to the Rhode Island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

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The Governor recommends total expenditures of \$2.266 billion for Education in FY 2013, including \$1.114 billion from general revenue, \$250.7 million from federal funds, \$27.8 million from restricted receipts, and \$873.5 million from other funds. American Recovery and Reinvestment Act of 2009 funding comprises \$37.6 million, or 15.0 percent of the federal funds.

How it is Spent



The Governor's general revenue recommendation of \$1.114 billion for Education for FY 2013 is an increase of \$73.5 million, or 7.1 percent from FY 2012 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 35.4 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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Elementary and Secondary Education

The Governor recommends \$1.152 billion in revised expenditures from all funds for the Department of Elementary and Secondary Education for FY 2012, an increase of \$18.3 million from the enacted level of \$1.134 billion. Of this total, \$862.8 million is general revenue expenditures, \$252.8 million is federal funds, \$27.0 million is restricted receipt funds, \$9.3 million is Rhode Island Capital Plan (RICAP) funding, and \$230,624 is other fund expenditures. In relation to the FY 2012 enacted, general revenue expenditures decrease by \$326,356, federal expenditures increase by \$14.7 million, restricted receipt expenditures increase by \$696,797, RICAP funds increase by \$3.2 million, and other fund expenditures increase by \$47,000.

The Governor's revised FY 2012 budget includes a reduction to general revenues based on a mid-year adjustment to the School Housing Aid program which reduces aid by \$2.7 million to \$69.8 million. This annual adjustment takes into account projects that were not completed in FY 2011 and therefore are not eligible for reimbursement in FY 2012. The majority of this savings is offset by an increase of \$2.5 million for the state's contribution to the teachers' retirement fund, attributable to a higher-than-projected teacher wage base due to updated FY 2011 closing payroll data along with an estimated two percent growth rate in teacher payroll.

For the state-supported schools, all of whom except for the School for the Deaf are subject to the funding formula, general revenue support for the Davies Career and Technical School, the Metropolitan Career and Technical School and the Central Falls school district each remained at the enacted level of \$13.4 million, \$11.6 million and \$39.2 million, respectively. General revenue support decreases by \$21,456 from the enacted level of \$5.9 million for the Rhode Island School for the Deaf.

Education aid to local school districts and charter schools as determined through the education aid funding formula remains at the enacted level of \$610.2 million in FY 2012. A slight increase of \$25,698 is reflected for the non-public textbook reimbursement fund based on updated district needs. Additional education aid programs including the transportation categorical fund, the regionalization bonus, group home funding, E-Rate, and financing for school breakfast will all remain at the enacted level in FY 2012. The FY 2012 enacted budget reduced general revenue financing for the Progressive Support & Intervention program. The Governor recommends redirecting \$183,624 from the Central Falls permanent school fund allocation (non-general revenue) to ensure that all persistently lowest achieving districts are eligible for some form of financing. The permanent school fund is used for the promotion and support of public education in Rhode Island.

In the revised FY 2012 budget, general revenue financing of the Administration of the Comprehensive Education Strategy (ACES) was reduced by \$76,916. This reduction reflects \$32,681 in personnel through achieved turnover savings and \$80,720 in operational savings, partially offset by an increase of \$34,214 in contract services.

As a winner in the Race to the Top competition, Rhode Island has been awarded and the Governor has included in his FY 2012 and FY 2013 recommendations, \$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 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

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2012 revised budget allocates \$24.6 million while the FY 2013 budget allocates \$26.2 million from this grant.

In December of 2011 Rhode Island was awarded an additional \$50.0 million through the latest round of the Race to the Top program. Under the title Race to the Top – Early Learning Challenge Grant, funding will be used to improve education for pre-school students. This program will involve multiple human service state agencies with funding allocated over a four year span, similar to the previous Race to the Top program. Within the Department of Elementary and Secondary Education’s budget, the Governor allocates \$1.8 million for year one of the program and \$4.4 million in year two which encompasses FY 2013. Lastly, the Governor recommends an additional thirteen (13.0) limited-term FTE positions to be financed under this grant within the ACES program.

For Fiscal Year 2013, the Governor recommends \$1.195 billion in expenditures from all funds for the Department of Elementary and Secondary Education. Of this total, \$932.1 million is from general revenue, \$230.0 million is from federal funds, \$26.5 million is restricted receipts, \$6.2 million is Rhode Island Capital Plan funding, and \$230,624 is from other funds. This financing level represents an increase in general revenue expenditures of \$69.0 million from the enacted FY 2012 level, a decrease of \$8.1 million in federal expenditures, an increase of \$167,232 in restricted receipt expenditures, an increase of \$77,908 in RICAP funds, and an increase of \$47,000 in other fund expenditures.

Funding for the Department’s Administration of the Comprehensive Education Strategy (ACES) program increases by \$1.6 million in general revenue financing from the enacted FY 2012 level. The majority of this general revenue increase is for the restoration of \$2.0 million towards grants for Adult Basic Education programs, which was removed by the 2011 General Assembly in the FY 2012 enacted budget. Additionally, the Governor recommends an increase of \$25,000 in general revenue support for the Vision Services program which is housed at Rhode Island College. This additional money would go to finance the costs of personnel at Rhode Island College, who under contract through RIDE, run the program. This increase would allow the program to maintain the current level of services needed to run the program successfully.

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 \$15,759 from the FY 2012 enacted level. General revenue funding for the School for the Deaf increases by \$351,308. General revenue funding for the Metropolitan Career & Technical School decreases by \$40,864. General revenue for the Central Falls School District increases by \$251,502.

The Governor recommends an increase to the Education Aid program in FY 2013 to replace expiring Education Jobs Fund federal grant money, to fund year two of the funding formula while also reducing the overall total amount of funding remaining to be transitioned for underfunded districts. The Governor has also included financing for five education aid categorical funds that were included in the funding formula legislation passed in 2010 and will be distributed to Local Education Agencies (LEAs) according to their own individual set of rules. To finance these initiatives, the Governor recommends eliminating general revenue support for three ongoing programs, all of which are financed through other funding sources. There is a decrease of \$350,000 in general revenue financing for the Rhode Island Telecommunications Access fund, to be replaced with a broadening of the fee charged only on land-lines to include wireless lines as well. An estimated \$2.0 million in revenue will be gained from this surcharge and will be used to leverage additional federal funds. There is also a general revenue decrease of \$240,000 for the

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non-public textbook reimbursement fund, which provides a small fraction of the cost to purchase certain types of textbooks provided to non-public school students as the districts generally provide the majority of funding for these books. This reduction in state aid would have no impact on students who attend non-public schools, for the laws requiring the districts to loan the textbooks to students remain unchanged. There is a decrease of \$270,000 in state aid towards a school breakfast program. Currently, the United States Department of Agriculture reimburses schools for breakfasts served to students each and every morning. This federal aid will not be affected by eliminating the state's funding. Additionally there is a decrease in Group Home aid of \$420,000 to reflect fewer beds subject to reimbursement.

The Governor recommends \$78.2 million for funding of the Teachers' Retirement program, or a decrease of \$3.4 million from the enacted FY 2012 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 estimate reflects a two percent growth in the teacher payroll base along with a decrease in the state share from 9.09 percent in FY 2012 to 7.88 percent in FY 2013 as a result of pension reform passed by the General Assembly and signed into law by Governor Chafee in November 2011. Additionally, the state will be responsible for 0.4 percent of the new Defined Contribution Plan for Teachers.

In FY 2013, Housing Aid increases by \$2.1 million to account for projects that are expected to be complete in FY 2011, and thus be subject to reimbursement in 2012. The Governor recommends amending RIGL 16-7-39, which sets the minimum state share ratio, by keeping the minimum share at 35.0 percent in FY 2013 and beyond, which would achieve general revenue savings.

For the entire Department, which includes the Davies Career & Technical School and the School for the Deaf, the Governor recommends staffing authorizations totaling 355.4 FTE positions in FY 2012 and FY 2013. The recommendation includes an additional 13.0 FTE positions, which are limited-term positions in the ACES program, to be funded with a federal Race to the Top Early Learning Challenge grant. Lastly, the Governor recommends reducing the Davies' FTE authorization by six (6.0) FTE's in each fiscal year to reflect school based coordinators who now work directly for districts under federal Perkins grant funding and who are no longer considered state employees.

Public Higher Education

The Governor recommends a revised FY 2012 Budget of \$1.03 billion for Public Higher Education, including \$165.7 million in general revenue, \$35.5 million in federal funds, including American Recovery and Reinvestment Act of 2009 funding of \$30.2 million, \$806.5 million in other funds, \$810,264 in restricted receipts, and \$23.1 million from the Rhode Island Capital Plan Fund. General revenues decrease a total of \$833,213 from the enacted level, including increases of \$8.4 million for personnel adjustments, \$75,633 for State Crime Lab personnel supplemental appropriation, and \$84,280 for assistance and grants and decreases of \$.5 million for debt service, \$395,655 for purchased services, \$4.7 million for operations, \$3.8 million for scholarships and \$135,730 for capital. 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 4,215.0 FTE positions in FY 2012, an increase of a 0.4 FTE education specialist position in the Office of Higher Education.

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For FY 2013, the Governor recommends \$1.06 billion for Public Higher Education, including \$177.6 million in general revenue, \$18.6 million in federal funds, \$849.8 million in other funds, \$817,872 in restricted receipts, and \$13.3 million from the Rhode Island Capital Plan Fund. General revenues increase \$11.1 million, or 6.3 percent from the FY 2012 enacted level. The Governor recommends a total of 4,280.6 FTE positions, an increase of 65.6 FTE positions for fourteen faculty positions at the University of Rhode Island, ten faculty and staff positions at Rhode Island College, and 41.6 positions transferred from the Rhode Island Higher Education Assistance Authority in a proposed merger into the Office of Higher Education. Debt service adjustments add \$5.8 million, net personnel benefit and operating adjustments add \$0.1 million, and the Authority merger adds \$5.6 million, including \$5.0 million of student scholar awards, while pension reform saves \$0.2 million when compared to the enacted level, and statewide legislative grants and holiday pay reductions save \$0.3 million. The Governor's recommendations also include \$858,820 for the Crime Laboratory, an increase of \$83,820 from the FY 2012 enacted Budget.

The budget proposed by the Governor includes total tuition and fee revenue growth of \$16.4 million, including \$8.8 million at the University, \$3.1 million at the College, and \$4.5 million at the Community College. The budget requested by the Board of Governors did include an increase for undergraduate in-state tuition and fees for FY 2013 of 9.5 percent at the University, 4.0 percent at the College, and 7.8 percent at the Community College. Similarly, out-of-state tuition and fees increase requests are 2.0 percent at the University, 4.0 percent at the College, and 7.8 percent at the Community College.

Pursuant to FY 2007 legislation, both the FY 2012 appropriation and FY 2013 recommended budgets include debt service appropriations within Public Higher Education that were formerly funded under the Department of Administration. In FY 2012, debt service is \$18.3 million, a decrease of \$507,527 from enacted levels and in FY 2013, \$24.7 million is included, an increase of \$5.8 million.

The College Crusade of Rhode Island and other legislative grant awards are recommended at \$1.0 million in FY 2012 and at \$805,200 in FY 2013.

Rhode Island Council on the Arts

The Governor's revised FY 2012 budget for the Rhode Island Council on the Arts is \$3.9 million, including \$1.7 million in general revenue, \$979,573 in federal funds and \$1.2 million in other funds. The recommendation includes a decrease of \$4,987 from the enacted level for general revenue appropriations mostly attributable to a decrease for personnel costs of \$3,961 to reflect changes in employee benefits. The revised FY 2012 budget provides \$1.2 million or an increase of \$783,000 from the enacted level in other funds for the Arts for Public Facilities program. This program, as required by law, requires any state building or facility being constructed, remodeled or renovated, to expend at least one percent of their appropriated budget on works of art for public display. An increase in the number of public art projects has resulted in the need to expand the budget for public art in FY 2012. It is important to note that these are funds that come into the Allocation for Public Art restricted receipt account, established by law in RIGL 42-75.2-2, and that these funds are then expended out in support of public art projects.

For FY 2013, the Governor recommends \$3.4 million, including \$1.6 million in general revenue, \$998,794 in federal funds and \$843,500 in other funds. The general revenue decrease from the FY 2012 enacted level is \$92,133. The FY 2013 budget includes a reduction of \$10,000 in discretionary grant financing, along with a twenty-five percent statewide reduction in community

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service grants equal to \$100,556. Partially offsetting this reduction is an increase in personnel costs of \$10,019 due to salary and benefit increases within the Arts Council.

The Governor recommends 8.6 FTE positions in FY 2012 and FY 2013, which is unchanged from the enacted FY 2012 level.

Rhode Island Atomic Energy Commission

The Governor's revised FY 2012 Budget for the Rhode Island Atomic Energy Commission is \$1.39 million, including \$877,459 in general revenue, \$183,752 in federal funds, and \$333,176 in other funds. The recommendation includes a net decrease of \$2,133 to general revenue appropriations, including medical holiday savings of \$6,812.

For FY 2013, the Governor recommends \$1.4 million, including \$876,213 in general revenue, \$180,216 in federal funds, and \$333,122 in other funds. The decrease of \$3,379 in general revenue from the FY 2012 enacted Budget recognizes net personnel and operational savings of \$1,745 and net savings from the statewide pension reform of \$1,634 compared to the enacted level. The Governor recommends 8.6 FTE positions in both FY 2012 and FY 2013.

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 staff provides 2.6 FTE positions to the University of Rhode Island to run its radiation safety functions. This support service includes salary and benefits and operating expenses of \$283,122 for FY 2013. 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 2012 Budget of \$27.9 million, including \$5.91 million in general revenue, \$13.0 million in federal grants, and \$9.0 million in other funds. General revenues decrease \$1,306 from the enacted level, reflecting medical holiday savings. State needs-based scholarships of \$5.01 million increase \$153,864 to \$5.17 million to provide federal maintenance of effort for a College Access Challenge Grant in the Office of Higher Education. The Governor recommends 41.6 FTE positions in FY 2012.

For FY 2013, the Governor recommends to merge the Authority with the Office of Higher Education in Public Higher Education under the Board of Governors for Higher Education and the Commissioner.

Rhode Island Historical Preservation and Heritage Commission

The Governor recommends total expenditures of \$2.8 million for the revised FY 2012 budget for the Rhode Island Historical Preservation and Heritage Commission. This consists of \$1.3 million in general revenue, \$886,047 in federal funds, \$457,571 in restricted receipts, and \$75,000 in other funds. The recommendation reflects a general revenue decrease of \$131,942 from the enacted level. The majority of this decrease reflects \$127,666 in turnover savings generated from the retirement of a Principal Archaeologist position and a Heritage Aide position.

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The Governor recommends total financing of \$2.8 million for FY 2013, including \$1.4 million in general revenue appropriations, \$886,057 in federal funds, \$458,506 in restricted receipts, and \$75,000 in other funds. General revenue decreases by \$98,859 from the enacted FY 2012 level. A decrease in personnel costs of \$58,849 is achieved by keeping a Heritage Aid FTE vacant for a full year. In addition, the Governor recommends a statewide reduction of twenty-five percent in community service grants or a reduction of \$40,149, making up the remainder of the general revenue decrease.

The Governor recommends 16.6 FTE positions in FY 2012 and FY 2013, which is unchanged from the enacted FY 2012 level.

Rhode Island Public Telecommunications Authority

The Governor recommends total expenditures of \$1.6 million for the revised FY 2012 budget of the Public Telecommunications Authority. This consists of general revenue financing of \$932,562 and \$635,915 in grant financing from the Corporation for Public Broadcasting (CPB). The recommendation reflects a decrease of \$15,398 in general revenue appropriations from the enacted level. This reduction is entirely attributed to a decrease in personnel costs through turnover from an ITV Educational Director FTE.

The Governor recommends total financing of \$1.1 million for FY 2013, including \$425,286 in general revenue appropriations and \$701,768 from the Corporation for Public Broadcasting (CPB) grant. This represents a decrease of \$522,674 in general revenue from the enacted FY 2012 budget. The Governor recommends continued general revenue financing of the Authority for a six month period in FY 2013, after which time the state will eliminate general revenue financing for the operational support of the Rhode Island Public Telecommunications Authority. The elimination of state support does not mean the full elimination of the Authority. State general revenue makes up twenty percent of total revenues. Other sources of funding come through a federal Corporation of Public Broadcasting grant (17%), revenue gained from fundraising through the RIPBS Foundation (27%), along with fees gained through the PEG Access fund (36%). The Authority will seek to partner with other outside institutions or community groups that would be willing to take over operations of the Authority.

The Governor recommends a staffing authorization level of 15.0 FTE positions in FY 2012, which is unchanged from the enacted level. In FY 2013, the Governor recommends a staffing authorization level of 14.0 FTE positions, which is a reduction of 1.0 FTE from the enacted FY 2012 level.