

State of Rhode Island and Providence Plantations

Executive Summary



Fiscal Year 2014

Lincoln D. Chafee, Governor

Education

Education

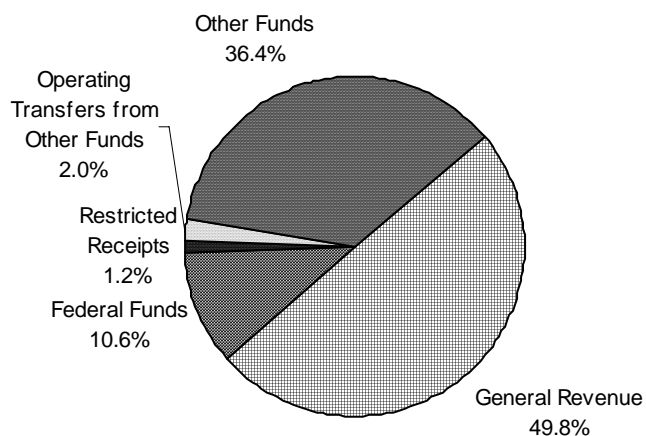
Summary

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 3,903.4 FTE positions in FY 2013 and 3,900.4 FTE positions in FY 2014.

Prior to 2013, two boards governed Education activities in Rhode Island. The Board of Regents, with the advice of the Commissioner of Education, established 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, established policy with respect to operations at the three state institutions of higher education. Effective January 1, 2013, pursuant to R.I.G.L. 16-97-1, a new Board of Education was established. This new board will be appointed by the Governor, with the advice and consent of the Senate, and will be responsible for overall education policy and oversight of the elementary and secondary and higher education systems in Rhode Island.

The FY 2013 revised recommendations for Education agencies total \$2.281 billion, or \$14.1 million more than enacted appropriations of \$2.267 billion. As compared to the enacted budget, general revenue decreases \$4.9 million, or 0.4 percent, federal funds increase \$6.6 million or 2.6 percent, restricted receipts increase \$938,307 or 3.5 percent, and other funds increase \$1.5 million, or 0.2 percent. American Recovery and Reinvestment Act of 2009 and Race to the Top funding comprises \$40.8 million, or 15.8 percent of the federal funds.

How it is Financed

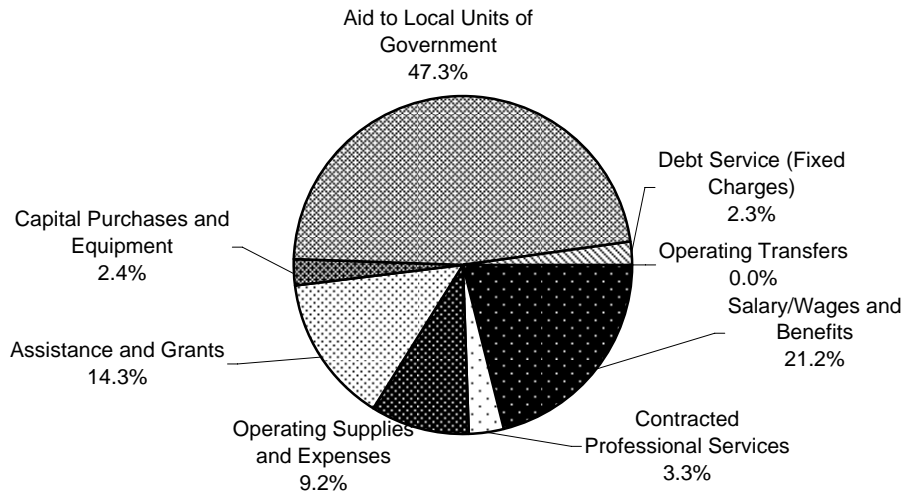


In the Education function of state government, other funds consist of: Rhode Island Capital Plan Funds, Institutional Revenues, Sponsored Research Programs, Scholarships and Fellowships, and Auxiliary Enterprises in Public Higher Education.

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The Governor recommends total expenditures of \$2.318 billion for Education in FY 2014, including \$1.154 billion from general revenue, \$246.9 million from federal funds, \$28.8 million from restricted receipts, and \$888.8 million from other funds. American Recovery and Reinvestment Act of 2009 and Race to the Top funding comprises \$31.2 million, or 12.6 percent of the federal funds.

How it is Spent



The Governor's general revenue recommendation of \$1.154 billion for Education for FY 2014 is an increase of \$36.3 million, or 3.2 percent from FY 2013 enacted levels.

Aid to Local Units of Government accounts for 47.3 percent of all education expenditures. State operations expenditures, which include personnel and operating, account for 33.8 percent of total education expenditures. Most of these expenditures occur in Public Higher Education. The remaining 18.9 percent of expenditures occur in grants and benefits and capital outlays.

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Elementary and Secondary Education

The Governor recommends \$1.208 billion in FY 2013 revised expenditures from all funds for the Department of Elementary and Secondary Education, an increase of \$9.9 million from the enacted level of \$1.198 billion. Of this total, \$930.2 million is general revenue expenditures, \$238.0 million is federal funds, \$26.6 million is restricted receipt funds, \$13.0 million is Rhode Island Capital Plan Fund financing, and \$300,000 is other fund expenditures. In relation to the FY 2013 enacted budget, general revenue expenditures decrease by \$5.2 million, federal expenditures increase by \$7.2 million, restricted receipt expenditures increase by \$940,153, Rhode Island Capital Plan Fund financing increases by \$6.8 million, and other fund expenditures increase by \$69,376.

In the revised FY 2013 budget, general revenue financing of the Administration of the Comprehensive Education Strategy (ACES) program is reduced by \$138,994 from the enacted level. This reduction is mostly attributed to a decrease in contracted services. The Governor provides \$18.8 million in general revenue and \$263.1 million in all funds for the ACES program.

All of state-supported schools, 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 \$13.3 million, \$11.6 million, and \$39.7 million, respectively. General revenue support decreases by \$58,057 from the enacted level of \$6.2 million for the Rhode Island School for the Deaf. This change is largely attributed to a reduction of \$394,320 in contracted services, offset by an increase in general revenue payroll costs as a result of the conclusion of the Education Jobs Fund.

The Governor's revised FY 2013 budget includes a net reduction to general revenue based on mid-year adjustments to the following programs: the School Housing Aid program decreases by \$2.5 million to \$72.1 million due to certain projects that were not complete by the end of FY 2012 and therefore are not eligible for reimbursement in FY 2013; a \$2.9 million decrease in teacher retirement resulting from a lower-than-projected teacher wage base due to updated FY 2012 closing payroll data along with an estimated 2.8 percent growth rate in teacher payroll; and an additional \$6,367 in distributed aid to local education agencies (LEAs), which is necessary according to funding formula calculations after incorporating updated student enrollment data. Additional education aid programs including the five categorical funds (career and technical education, transportation, early childhood programs, high cost special education, and regionalization bonus), non-public textbooks, and school breakfast will all remain at the enacted level in FY 2013. The general revenue support of the E-Rate program will increase by \$400,000 to leverage federal funds as well as provide a continuous source of financing for internet access lines for all K-12 public schools and libraries around the state. Group Home Aid increases by \$60,000 to adjust for updated bed count data.

As a winner in the Race to the Top competition, Rhode Island has been awarded – and the Governor has included in the FY 2013 and FY 2014 recommendations – part of \$75.0 million in federal funds that will be used over a four-year period. The Department 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 2013 revised budget allocates \$29.7 million, while the FY 2014 budget allocates \$25.5 million from this grant.

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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 \$4.2 million in FY 2013 for year two of the program and \$4.1 million in year three, which encompasses FY 2014.

In addition, the FY 2013 enacted budget eliminated \$350,000 in general revenue financing for the Progressive Support and Intervention program, but reallocated \$183,624 of the Permanent School Fund previously only for the Central Falls school district (non-general revenue) now available to all districts. The Governor recommends redirecting an additional \$116,376 to total \$300,000 of the Permanent School Fund in each of FY 2013 and 2014 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 absence of the Progressive Support and Intervention program financing, the Permanent School Fund is the only financial support available to the urban ring and suburban schools that are often excluded from federal funding programs that support improvement.

For FY 2014, the Governor recommends \$1.226 billion in expenditures from all funds for the Department of Elementary and Secondary Education. Of this total, \$964.6 million is from general revenue, \$225.7 million is from federal funds, \$27.7 million is restricted receipts, \$7.6 million is from the Rhode Island Capital Plan Fund, and \$300,000 is from other funds. This financing level represents an increase in general revenue expenditures of \$29.3 million from the enacted FY 2013 level, a decrease of \$5.0 million in federal expenditures, an increase of \$2.0 million in restricted receipt expenditures, an increase of \$1.4 million in Rhode Island Capital Plan Fund financing, and an increase of \$69,376 in other fund expenditures.

Financing for the Department’s ACES program increases by \$470,735 in general revenue financing from the enacted FY 2013 level. This increase is due to net changes in personnel shifts from federal to state programs since many federal grants have either been eliminated or reduced significantly, an increase in the Common Core State Standards grants, a grant of \$400,000 to aid the Channel 36 transition, and restoration of financing in contracted services and operations to reflect historical expenditure. Additionally, the Governor recommends that Education shift its share of the Vision Services program, housed at Rhode Island College, to LEAs over a three-year period beginning in FY 2014. This will realize a total reduction of \$745,000 once the transition is complete and will not affect the program since the shift is in line with the original intent of the program.

All state-funded schools are subject to the education funding formula with the exception of Rhode Island School for the Deaf. General revenue funding for the Davies Career & Technical School decreases by \$664,631 from the FY 2013 enacted level; the School for the Deaf decreases by \$107,187; the Metropolitan Career & Technical School decreases by \$560,012; and the Central Falls School District decreases by \$1.5 million.

The Governor recommends fully financing year three of the funding formula in FY 2014. The Governor has also included \$10.2 million to finance four of the five education aid categorical funds, all of which were included in the funding formula legislation passed in 2010, to be distributed to LEAs according to their own individual set of rules. The regional district bonus is excluded because it will reach the three-year phase-out for regional districts established after July 1, 2010, and no new districts have formed since then. In addition, the Governor recommends a

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general revenue decrease in Group Home Aid of \$1.1 million to reflect fewer beds subject to reimbursement.

The Governor recommends \$82.5 million for financing of the Teachers Retirement program, an increase of \$2.7 million from the enacted FY 2013 budget. The State of Rhode Island finances 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 Employees Retirement System of Rhode Island and is applied to the covered payroll. The projected estimate reflects a 2.8 percent growth in the teacher payroll base along with an increase in the State's share from 7.88 percent in FY 2013 to 8.42 percent in FY 2014 of payroll. Additionally, the State will be responsible for 0.4 percent of the total Defined Contribution Plan employer's share of one percent for teachers.

In FY 2014, as compared to the FY 2013 enacted level, Housing Aid decreases by \$3.4 million to account for projects that are expected to be completed in FY 2013, and thus subject to reimbursement in FY 2014.

For the entire Department, which includes the Davies Career and Technical School and the School for the Deaf, the Governor recommends staffing authorizations totaling 357.4 FTE positions in the revised FY 2013 and FY 2014 budgets. This is an increase of two (2.0) FTE positions in the ACES program to comply with legislation passed in the last General Assembly session that mandated the Department, in consultation with the Division of Municipal Finance, conduct periodic reviews of school revenues and expenses, review compliance with the approved budget model and best practices, and identify local education agencies considered to be at risk of a year-end deficit or a structural deficit that could impact future years.

Public Higher Education

The Governor recommends a revised FY 2013 Budget of \$1.037 billion for Public Higher Education, including \$172.7 million in general revenue, \$5.2 million in federal funds, \$858.3 million in other funds, \$702,583 in restricted receipts, and \$24.1 million from the Rhode Island Capital Plan Fund. General revenues increase a total of \$240,060 from the enacted level, including increases of \$658,825 for debt service and a decrease of \$418,765 for a statewide medical benefit savings. The Governor recommends the FY 2013 enacted level of 4,241.0 FTE positions.

For FY 2014, the Governor recommends \$1.058 billion for Public Higher Education, including \$180.9 million in general revenue, \$6.2 million in federal funds, \$870.4 million in other funds, \$702,583 in restricted receipts, and \$30.0 million from the Rhode Island Capital Plan Fund. The total net general revenue increase of \$8.4 million, or 4.9 percent from the FY 2013 enacted level, is comprised of a major \$6.0 million Governor's initiative to achieve a no tuition increase for the 2013 – 2014 academic year to lessen the burden of higher education costs on students and families. The remaining general revenue increase of \$2.4 million, not part of the Governor's initiative, accounts for an increase of \$1.6 million on general obligation bond debt service, the Crime Lab's \$168,507 increase to address rising crime cases' backlogs and an increase of approximately \$600,000 that includes funding for a full-time commissioner and other operating costs across the system. A decrease of \$620,113 for statewide medical benefit, retiree health and dental benefit savings is included in these amounts.

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For FY 2014, the budget proposed by the Governor includes a no tuition increase policy, and overall, University and College Funds are recommended at \$834.7 million, or level to the FY 2013 enacted level. Some small fee revenue growth as projected by the schools is included: housing and dining revenues at the University; research funds at the College; and enrollment and bookstore revenues, research funds, and student loans at the Community College, offset by decreases: in research funds at the University; and enrollment revenue at the College.

In FY 2014, Rhode Island Capital Plan and other funds increase \$12.4 million at the University for advancing \$10.1 million of project-ready fire safety improvements and funding \$2.5 million for nursing school improvements and further study for a combined URI and RIC Nursing Building in the Providence Knowledge District. Rhode Island Capital Plan funds at the College increase \$4.0 million for the infrastructure project renewal of steam and water lines and electrical distribution systems. Rhode Island Capital Plan and other funds increase \$649,955 at the Community College for energy improvements, asset protection, and Knight Campus renewal study.

Pursuant to FY 2007 legislation, both the FY 2013 appropriation and FY 2014 recommended budgets include debt service appropriations within Public Higher Education that were formerly funded under the Department of Administration. In FY 2013, general revenue debt service of \$25.3 million increases \$658,825 from enacted levels and in FY 2014, general revenue debt service of \$26.3 million increases \$1.6 million.

The Governor's recommendations for the Crime Lab include a total of \$1.03 million which is an increase of \$168,507 from the FY 2013 enacted Budget for equipment and staff. The College Crusade of Rhode Island and other legislative grant awards are recommended at \$706,077 in both FY 2013 and FY 2014.

The Governor recommends for FY 2014 a total of 4,252.0 FTE positions, an increase of 11.0 FTE positions that include funding for a full-time Commissioner in the Office of Higher Education, five faculty positions at the University of Rhode Island, two faculty positions and two staff positions at Rhode Island College, and one position at the State Crime Laboratory.

Rhode Island Council on the Arts

The Governor's revised FY 2013 budget for the Rhode Island Council on the Arts is \$3.9 million, including \$1.6 million in general revenue, \$754,191 in federal funds, and \$1.6 million in other funds. The recommendation for general revenue corresponds to the enacted level; a result of net changes mostly attributable to the restoration of \$12,380 in the operating budget that the General Assembly removed as retirement savings, completely offset by removing over-budgeted medical insurance for agency staff and savings achieved through the Governor's recommendation of a medical benefits holiday as compared to the enacted level.

In other funds, there is an increase of \$743,992 as compared to the FY 2013 enacted level attributed to 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 2013. These are funds that come into the Allocation for Public Art account, pursuant to RIGL §42-75.2-2, and are then expended in support of art projects in public buildings and spaces.

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For FY 2014, the Governor recommends \$2.8 million, including \$1.3 million in general revenue, \$797,329 in federal funds, and \$632,536 in other funds. The general revenue decrease from the FY 2013 enacted level is \$230,183. This change is mostly attributed to a reduction of \$250,000 in discretionary grant financing for the WaterFire Building.

The Governor recommends 6.0 FTE positions in the revised FY 2013 and FY 2014 budgets, which is unchanged from the enacted FY 2013 level.

Rhode Island Atomic Energy Commission

The Governor's revised FY 2013 Budget for the Rhode Island Atomic Energy Commission is \$1.4 million, including \$866,750 in general revenue, \$267,044 in federal funds, and \$293,642 in other funds. The recommendation includes a net decrease of \$9,463 to general revenue appropriations, including medical benefit savings of \$2,097 and net personnel, contract services, and operating savings of \$6,366.

For FY 2014, the Governor recommends \$1.4 million, including \$861,710 in general revenue, \$267,044 in federal funds, and \$307,977 in other funds. The decrease of \$14,503 in general revenue from the FY 2013 enacted Budget recognizes net personnel and contract services savings of \$35,209, a benefits and an operational increase of \$25,219 and net savings from the statewide medical decreases and retiree health and dental benefit proposals of \$4,513 compared to the enacted level. The Governor recommends 8.6 FTE positions in both FY 2013 and FY 2014.

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 \$257,977 for FY 2014. 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 2013 Budget of \$27.0 million, including \$5.7 million in general revenue, \$12.8 million in federal grants, and \$8.5 million in other funds. General revenues increase a net \$76,603 from the enacted level. Decreases include medical benefit savings of \$993, personnel savings from vacancies and cost allocation shifts of \$48,904, and operating savings of \$15,500. State general revenue funded needs-based scholarships of \$5.01 million increase \$142,000 to \$5.16 million to provide federal maintenance of effort for a College Access Challenge Grant in the Office of Higher Education.

For FY 2014, the Governor recommends \$27.0 million, including \$5.2 million in general revenue, \$13.3 million in federal funds, and \$8.5 million in other funds. General revenues decrease \$385,338 from the FY 2013 enacted level. Personnel costs of \$284,909 and contract services of \$8,100 were shifted entirely out of general revenues, offset by operating and adjustments of \$36,948, due to the wind down of the Authority, leaving only an operating computer system enhancement payment of \$200,000 and New England Board of Higher Education assessment of \$147,000 in general revenue expenditures excluding scholarships.

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State general revenue needs-based scholarships of \$4.9 million decrease \$129,277 from the FY 2013 enacted level. Overall in all funds, total scholarship aid decreases by \$79,277 since Tuition Savings Program awards increase \$50,000.

The Governor recommends 36.0 FTE positions in revised FY 2013 and in FY 2014, a decrease of 2.6 FTE positions from the FY 2013 enacted level.

Rhode Island Historical Preservation and Heritage Commission

The Governor recommends total expenditures of \$2.5 million for the revised FY 2013 budget for the Rhode Island Historical Preservation and Heritage Commission, consisting of \$1.3 million in general revenue, \$589,279 in federal funds, \$454,191 in restricted receipts, and \$216,606 in other funds. The recommendation reflects a general revenue decrease of \$96,384 from the enacted level, attributable to additional turnover from a delay in filling the Senior Historical Preservation Specialist position and adjusting salary and benefits to reflect required levels.

The Governor recommends total financing of \$3.5 million for FY 2014, including \$1.3 million in general revenue appropriations, \$609,949 in federal funds, \$454,491 in restricted receipts, and \$1.1 million in other funds. General revenue decreases by \$29,291 from the enacted FY 2013 level mostly attributed to salaries and benefits adjustments made to reflect appropriate rates for agency staff, offset by an additional \$15,200 for emergency repairs at the Eisenhower House. In other funds as compared to the FY 2013 enacted level, the recommended \$1.1 million is composed of a \$925,000 increase in Rhode Island Capital Plan Fund financing dedicated to the Eisenhower House overhaul and additional financing of \$84,999 for a new staff member who will be responsible for assisting in the development and implementation of a shared information system between the Rhode Island Department of Transportation and the Commission. The position is fully-funded through Transportation with federal highway monies and will be absorbed into the current FTE authorization level.

The Governor recommends 16.6 FTE positions in the revised FY 2013 and FY 2014 budgets, which is unchanged from the enacted FY 2013 level.

Rhode Island Public Telecommunications Authority

The Governor recommends total expenditures of \$795,486 for the revised FY 2013 budget of the Public Telecommunications Authority. This consists entirely of general revenue financing, and unlike previous fiscal years, does not include financing through the Corporation for Public Broadcasting Grant.

The Governor's FY 2013 recommended budget proposed to end state general revenue support for the Authority as of January 1, 2013. The budget did not propose to terminate the Authority itself, but rather would have expected the Authority or the Rhode Island PBS Foundation to obtain other non-general revenue resources through grants, donations, fundraising and other avenues to continue to support the operation of WSBE-TV. After further consideration, the Governor requested an amendment to his FY 2013 budget to provide funding for the full fiscal year, thus allowing more time for the Authority to transition from state support, transfer their Federal Communication Commission (FCC) license to the Foundation, and address staff and fundraising issues, therefore becoming an independent entity beginning in FY 2014. The original intent to end state general revenue support for the Authority did not change, but rather the implementation date was delayed to July 1, 2013.

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In addition to the Governor's amendment, the General Assembly included language in Article 4 of the FY 2013 Appropriations Act to require the Administration to submit a report to the Chairpersons of the House and Senate Finance Committees that outlines a plan to transfer the Authority from state general revenue to private support and any statutory language changes required to support this transition, which the Office of Management and Budget submitted to the House and Senate Finance Committees on November 16, 2012.

On August 1, 2012, the Authority and the Rhode Island PBS Foundation entered into an agreement calling for the assignment of the broadcast licenses of WSBE from the Authority to the Foundation, and contingent upon the approval of this assignment by the FCC for the sale of the assets. On August 12, 2012, the Authority submitted an application to the FCC to assign the broadcast licenses of WSBE to the Foundation. The FCC approved the proposal on September 24, 2012 and the Authority and the Foundation consummated the assignment of the broadcasting license to the Foundation effective October 10, 2012. As of that date, the Authority no longer has responsibility for operating the WSBE-TV television station.

The Authority employees 14.0 FTE state funded positions, of which 11.0 are union members and 4.0 have twenty-year statutory status. These employees were laid off from the Authority, but offered equivalent jobs at the Foundation. All but two employees, both of which have statutory status, accepted the Foundation's offer of employment. The two employees who did not accept positions within the Foundation were found other employment opportunities within state government that best suited their skill set. December 2, 2012 marked the first day employees appeared on the Foundation's payroll. To accomplish this goal, the Authority and the State Controller's Office came to an agreement where the Authority would be provided their entire enacted amount of general revenue funding early in the fiscal year. Once these funds have been expended, the Authority will then be moved off of the state financial records.

During the 2006 Legislative session, the Rhode Island General Assembly amended RIGL 16-61 to require the Authority, or its designee, to operate and manage Public, Educational and Government Access, more commonly referred to as PEG Access. With the acquisition of the operating responsibilities came the acquisition of personnel, equipment and the assumption of leases with the execution of agreements with the cable television certificate holders, the Authority assigned its duties, rights and responsibilities to the Foundation to begin operating PEG Access.

As a result of the previously discussed actions committed by the Authority, the Governor moves forward with his recommendation to eliminate state general revenue financing for the operational support of the Rhode Island Public Telecommunications Authority. The Governor has submitted a budget article within the FY 2014 Appropriations Act to address the various sections of the Rhode Island General Laws relating to the Authority to effectuate this initiative. The recommendation reflects a \$799,077 decrease in general revenue appropriations from the FY 2013 enacted level.

The Governor recommends \$400,000 in FY 2014 in the form of a grant to the Rhode Island PBS Foundation and not as an appropriation to the Authority for transitional funding. The grant is reflected in the Rhode Island Department of Elementary and Secondary Education's FY 2014 budget. A grant at a lesser amount will also be considered for FY 2015, after which time the Foundation would expect to be self-sufficient through other fundraising and revenue generating opportunities and thus no further state grants would be required.

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The Governor recommends a staffing authorization level of 14.0 FTE positions in FY 2013, which is unchanged from the enacted level. In FY 2014, the Governor recommends a staffing authorization level of 0.0 FTE positions, which is a reduction of 14.0 FTE from the enacted FY 2013 level.