

State of Rhode Island and Providence Plantations

Technical Appendix



Fiscal Year 2014

Lincoln D. Chafee, Governor

Special Reports

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Formula Aid to Cities and Towns

The Governor's FY 2014 budget recommends formula aid to cities and towns totaling \$121.9 million. This represents a 15.4 percent, or \$16.4 million, increase from the FY 2013 enacted level of funding. The tables on the following pages display the FY 2011 and FY 2012 actuals, the FY 2013 enacted, the FY 2013 revised, and the FY 2014 recommended levels of funding for formula aid to cities and towns by community. In the Governor's FY 2013 revised budget and FY 2014 budget, distressed community aid is increased by \$5.0 million from \$10.4 million to \$15.4 million per year. Also, beginning in FY 2014 and continuing through FY 2016, the Governor recommends a new municipal incentive aid program to encourage municipalities to improve the sustainability of their retirement plans and to reduce the unfunded liabilities.

The narrative below describes each of the programs included on the tables. It should also be noted that updated formula drivers for PILOT and Distressed Community Relief Fund (including the most recently available census data) were incorporated for FY 2014, resulting in increases or decreases by community.

Public Service Corporation Tax - The tangible personal property of telegraph, cable and telecommunications corporations is exempt from local taxation, but is subject to taxation by the state at the average property tax statewide. For FY 2013 and FY 2014, the Governor recommends level funding the program as no growth is forecasted. Funds collected from this tax are distributed to cities and towns within the state on the basis of the ratio of the city or town population relative to the population of the state as a whole.

Meals and Beverage Local Sales and Use Tax - During the January 2003 session, the General Assembly enacted a one percent gross receipts tax on retail sales of meals and beverages in or from eating and/or drinking establishments. The General Assembly also provided for a 25% local share of the state 5% meals and beverage tax which, when combine, provide municipalities a 2.25% gross receipts tax on retail sales of meals and beverages. The taxes are collected by the Division of Taxation and distributed at least quarterly to the city or town where the meals and beverages were delivered. For FY 2013, the Governor recommends \$21.5 million in the program, and for FY 2014 the Governor recommends \$22.2 million.

Hotel Local Tax - During the 1986 session, the General Assembly enacted a five percent hotel tax upon the total consideration charged for occupancy of any space furnished by any hotel of the state. Twenty-five percent of the revenues generated from the 5.0 percent state hotel tax are distributed to the municipalities where the individual hotels are located. The taxes are collected by the Division of Taxation and distributed at least quarterly. For FY 2013, the Governor recommends \$3.7 million for the 25.0 percent share of the 5.0 percent state hotel tax and for FY 2014 the Governor recommends \$3.8 million.

During the January 2004 session, the General Assembly enacted a one percent gross receipts tax on the total consideration charged for occupancy of any space furnished by a hotel of the state. The taxes are collected by the Division of Taxation and distributed at least quarterly to the city or town where the hotel was located. For FY 2013, the Governor recommends \$2.9 million for the local one percent hotel estimate and for FY 2014 the Governor recommends \$3.0 million.

Payment in Lieu of Taxes - Legislation creating this program requires the State of Rhode Island to reimburse cities and towns for property taxes that would have been due on certain types of real property that are exempted from taxation by state law. This includes property owned by nonprofit institutions of higher education, nonprofit hospitals, or any state owned hospital, veteran's facility, or correctional facility. The program was fully funded in FY 2007. Since FY 2008, state appropriations for the PILOT program have equaled less than 27 percent of all tax that would have been collected had the property been

Formula Aid to Cities and Towns

taxable. The Governor's recommendation is to level fund the program at the FY 2013 enacted level of \$33.1 million for the FY 2013 revised and FY 2014 budgets. Funding by community has been adjusted to reflect changes in tax rates and values, as well as any changes to the exempted tax rolls.

Distressed Communities Relief Fund – This program provides state assistance to those Rhode Island communities with the highest property tax burdens relative to the wealth of taxpayers. The amount of total funding distributed under this program is based on the amount enacted in the annual appropriations act. Entitlements for FY 2013 and FY 2014 by community reflect computations based upon the latest available qualifying data. For the FY 2013 revised budget and the FY 2014 budget, the Governor recommends increasing funding for the program by \$5.0 million compared to the FY 2013 enacted budget, which provides distressed communities a total of \$15.4 million each year.

Municipal Incentive Aid – Beginning in FY 2014 and continuing through FY 2016, the Governor recommends establishing a new category of state assistance entitled “Municipal Incentive Aid” to be funded annually from a \$10.0 million state appropriation. The purpose of the Municipal Incentive Aid is to encourage municipalities to improve the sustainability of their retirement plans and to reduce the unfunded liabilities. Commencing in FY 2014, municipalities would be eligible to receive Municipal Incentive Aid based on each municipality's population according to the most recent census data available. Municipalities would be eligible to receive aid in FY 2014 if (i) no locally-administered pension plan exists within the municipality; or (ii) if the municipality submitted a Funding Improvement Plan (FIP) for every locally-administered pension plan in that municipality to the Department of Revenue pursuant to RIGL 45-65, which were approved by the plan sponsor and the local governing body, no later than May 1, 2013. To be eligible for Municipal Incentive Aid in FY 2015 and FY 2016, other provisions would apply.

Motor Vehicle Excise Tax - Legislation enacted during the 1999 General Assembly provides for a phase-out of the local excise tax on motor vehicles and trailers. This legislation was amended in 2002 to make the full phase out of the tax subject to the annual review and appropriation of the General Assembly. For fiscal year 2007, the value of the exemption from local taxes was increased to \$6,000 per vehicle. For FY 2009, the legislation was amended to reimburse only 98 percent of the exemption value, reflecting comparability with municipal motor vehicle tax collection rates. For FY 2011 and thereafter, the General Assembly enacted legislation that mandates a \$500 exemption for which the state will reimburse municipalities with an amount subject to appropriation. The legislation further allows municipalities to provide an additional exemption, however, that additional exemption will not be subject to reimbursement. The legislation also removed the provision that restricted municipalities from taxing the difference in the event that the value of a vehicle is higher than the prior fiscal year. It also allowed for rates to be lowered from the current frozen levels. The Governor's recommendation is to level fund the program at the FY 2013 enacted level of \$10.0 million for the FY 2013 revised and the FY 2014 budget.

State Library Aid - This program provides financial support for local public library services and for the construction and capital improvement of any free public library. A portion of library aid is disbursed directly to local libraries, including private libraries, while other aid is disbursed to the individual cities and towns. The Governor's recommendation is to level fund the program at the FY 2013 enacted level of \$8.7 million for the FY 2013 revised and FY 2014 budgets. Although total funding is level funded at the FY 2013 enacted level, distributions by community/library have been calculated based upon the latest available qualifying data from the statutory reference year. Library construction aid is fully funded in both years based on outstanding commitments.

Summary of Formula Aid to Cities and Towns

	FY 2011 Actual	FY 2012 Actual	FY 2013 Enacted	FY 2013 Revised	FY 2014 Recommend
Public Service Corporation Tax	11,350,386	11,846,984	12,667,660	12,667,660	12,667,660
Meals and Beverage Tax	18,983,046	20,995,381	19,959,866	21,496,815	22,214,329
Hotel Tax (2.25%)	5,855,510	6,325,859	6,624,648	6,624,648	6,787,830
Payment In Lieu of Taxes (PILOT)	27,580,409	33,080,409	33,080,409	33,080,409	33,080,409
Total Miscellaneous Aid	\$63,769,351	\$72,248,633	\$72,332,583	\$73,869,532	\$74,750,228
Incentive Aid	-	-	-	-	10,000,000
Total Incentive State Aid to Cities and Towns	-	-	-	-	10,000,000
Central Falls Stabilization Payment	-	2,636,932	-	-	-
Dist. Comm. - General Appropriation	10,384,458	10,384,458	10,384,458	15,384,458	15,384,458
Total Distressed Communities Aid	\$10,384,458	\$13,021,390	\$10,384,458	\$15,384,458	\$15,384,458
Motor Vehicle Tax Phase-out Program ¹	117,179,992	10,000,000	10,000,000	10,000,000	10,000,000
Total Motor Vehicle Tax Phase-out Prog.	\$117,179,992	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000
Subtotal Formula Aid - All Sources	\$191,333,801	\$95,270,023	\$92,717,041	\$99,253,990	\$110,134,686
Percent Change from prior year	-25.60%	-50.21%	-51.54%	4.18%	10.96%
Resource Sharing & Library Aid ²	8,773,398	8,773,398	8,773,398	8,773,398	8,773,398
Library Construction Aid	2,492,974	2,821,772	2,471,714	2,471,714	2,500,667
Total Library Aid	11,266,372	11,595,170	11,245,112	11,245,112	11,274,065
Property Revaluation Program	718,306	905,250	1,611,032	1,611,032	516,615
Total Other Aid	\$718,306	\$905,250	\$1,611,032	\$1,611,032	\$516,615
Total Aid	\$203,318,479	\$107,770,443	\$105,573,185	\$112,110,134	\$121,925,366
Percent Change from prior year	-24.60%	-46.99%	-48.07%	4.03%	8.75%

¹ Amounts for the Motor Vehicle Excise Tax represent final payments due each community based upon the exemption amounts in effect for the given fiscal year. Actual cash payments may have occurred over multiple fiscal years.

² Resource Sharing and Library Aid for state institutions is included in these totals.

Fiscal Year 2013 Enacted State Aid to Cities and Towns

City or Town	Payment In Lieu of Tax Exempt Property	Distressed Community Relief Fund	State Library Aid	Motor Vehicle Excise Tax Reimbursement Value of Exemption	FY 2013 Total Appropriated State Aid
Barrington	38,827		334,107	237,138	610,072
Bristol	672,847		118,895	115,531	907,273
Burrillville	108,949		125,987	210,552	445,488
Central Falls	22,986	289,708	47,079	92,588	452,361
Charlestown	-		47,128	40,195	87,323
Coventry	-		207,369	212,432	419,801
Cranston	4,554,377	1,201,480	524,404	962,964	7,243,225
Cumberland	96		264,240	210,819	475,155
East Greenwich	164,567		114,121	120,869	399,557
East Providence	163,162		416,425	448,434	1,028,021
Exeter	-		40,082	83,465	123,547
Foster	435		29,625	68,286	98,346
Glocester	-		69,879	93,156	163,035
Hopkinton	-		29,999	62,734	92,733
Jamestown	-		79,139	35,751	114,890
Johnston	-		111,963	373,565	485,528
Lincoln	-		189,340	232,641	421,981
Little Compton	-		28,078	23,665	51,743
Middletown	-		128,935	83,649	212,584
Narragansett	-		121,555	95,050	216,605
Newport	905,365		374,002	133,343	1,412,710
New Shoreham	-		73,011	7,945	80,956
North Kingstown	1,859		257,842	222,551	482,252
North Providence	528,650	1,025,738	164,384	347,631	2,066,403
North Smithfield	-		62,569	168,480	231,049
Pawtucket	398,662	1,416,751	369,002	679,794	2,864,209
Portsmouth	-		102,367	105,623	207,990
Providence	23,455,411	4,804,334	1,217,603	1,715,886	31,193,234
Richmond	-		24,829	57,421	82,250
Scituate	-		94,008	124,283	218,291
Smithfield	497,049		265,315	274,622	1,036,986
South Kingstown	151,238		196,594	167,774	515,606
Tiverton	-		91,928	107,432	199,360
Warren	-		51,832	80,778	132,610
Warwick	1,150,335		662,952	1,147,235	2,960,522
Westerly	118,381		270,491	224,286	613,158
West Greenwich	-		26,290	50,367	76,657
West Warwick	-	817,916	171,858	213,269	1,203,043
Woonsocket	147,213	828,531	193,184	367,796	1,536,724
Subtotal	\$33,080,409	\$10,384,458	\$7,698,411	\$10,000,000	\$61,163,278
Statewide Reference Library Resource Grant			1,012,378		1,012,378
Grant-In-Aid to Institutional Libraries			62,609		62,609
Library Construction Reimbursement			2,471,714		2,471,714
Motor Vehicle Excise Tax Reimbursement - Fire Districts					-
Total	\$33,080,409	\$10,384,458	\$11,245,112	\$10,000,000	\$64,709,979

Fiscal Year 2013 Enacted Pass Through Aid to Cities & Towns

City or Town	Public Service Corporation Tax	Hotel Tax*	Meals and Beverage Tax	FY 2013 Total Shared Taxes State Aid	FY 2013 Total Shared & Appropriated Aid
Barrington	196,291	-	132,340	328,631	938,703
Bristol	276,252	30,804	334,154	641,210	1,548,483
Burrillville	192,019	-	174,975	366,994	812,482
Central Falls	233,190	-	92,486	325,676	778,037
Charlestown	94,198	20,655	104,274	219,127	306,450
Coventry	421,394	71,846	345,351	838,591	1,258,392
Cranston	967,459	9,348	1,396,234	2,373,041	9,616,266
Cumberland	403,245	-	364,639	767,884	1,243,039
East Greenwich	158,212	373	441,032	599,617	999,174
East Providence	566,091	36,236	754,468	1,356,795	2,384,816
Exeter	77,325	-	72,271	149,596	273,143
Foster	55,433	134	16,770	72,337	170,683
Glocester	117,293	1,841	61,203	180,337	343,372
Hopkinton	98,543	-	44,517	143,060	235,793
Jamestown	65,049	10,389	70,296	145,734	260,624
Johnston	346,235	6,655	449,135	802,025	1,287,553
Lincoln	253,999	91,381	652,096	997,476	1,419,457
Little Compton	42,026	8,899	33,306	84,231	135,974
Middletown	194,366	622,030	582,569	1,398,965	1,611,549
Narragansett	190,972	81,414	480,692	753,078	969,683
Newport	296,928	1,754,901	1,687,082	3,738,911	5,151,621
New Shoreham	12,649	235,263	238,962	486,874	567,830
North Kingstown	318,759	66,144	443,978	828,881	1,311,133
North Providence	386,059	-	360,711	746,770	2,813,173
North Smithfield	144,023	2,611	162,848	309,482	540,531
Pawtucket	856,267	43,933	660,975	1,561,175	4,425,384
Portsmouth	209,277	8,545	169,031	386,853	594,843
Providence	2,142,738	1,774,648	4,192,252	8,109,638	39,302,872
Richmond	92,766	3,533	110,127	206,426	288,676
Scituate	124,310	4,047	56,995	185,352	403,643
Smithfield	257,910	132,576	526,729	917,215	1,954,201
South Kingstown	368,741	127,098	567,994	1,063,833	1,579,439
Tiverton	189,913	-	165,217	355,130	554,490
Warren	127,704	-	223,278	350,982	483,592
Warwick	994,959	910,484	2,258,750	4,164,193	7,124,715
Westerly	274,242	337,420	596,331	1,207,993	1,821,151
West Greenwich	73,835	85,958	91,589	251,382	328,039
West Warwick	351,314	90,601	336,271	778,186	1,981,229
Woonsocket	495,674	54,881	507,938	1,058,493	2,595,217
Subtotal	\$12,667,660	\$6,624,648	\$19,959,866	\$39,252,174	\$100,415,452

Statewide Reference Library Resource Grant (Providence)	1,012,378
Grant-In-Aid to Institutional Libraries	62,609
Library Construction Reimbursement	2,471,714
Motor Vehicle Excise Tax Reimbursement - Fire Districts	-

Total	\$12,667,660	\$6,624,648	\$19,959,866	\$39,252,174	\$103,962,153
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*The Hotel Tax was not reflected in prior year budgets; therefore the enacted amount reflects the same amount as the current revised FY2013 estimate. Amount includes 1.0% local tax and 25.0% local share of state 5.0% tax.

Fiscal Year 2013 Revised State Aid to Cities and Towns

City or Town	Payment In Lieu of Tax Exempt Property	Distressed Community Relief Fund	State Library Aid	Motor Vehicle Excise Tax Reimbursement Value of Exemption	FY 2013 Total Appropriated State Aid
Barrington	38,827		334,107	237,138	610,072
Bristol	672,847		118,895	115,531	907,273
Burrillville	108,949		125,987	210,552	445,488
Central Falls	22,986	382,230	47,079	92,588	544,883
Charlestown	-		47,128	40,195	87,323
Coventry	-		207,369	212,432	419,801
Cranston	4,554,377	1,768,883	524,404	962,964	7,810,628
Cumberland	96		264,240	210,819	475,155
East Greenwich	164,567		114,121	120,869	399,557
East Providence	163,162		416,425	448,434	1,028,021
Exeter	-		40,082	83,465	123,547
Foster	435		29,625	68,286	98,346
Glocester	-		69,879	93,156	163,035
Hopkinton	-		29,999	62,734	92,733
Jamestown	-		79,139	35,751	114,890
Johnston	-		111,963	373,565	485,528
Lincoln	-		189,340	232,641	421,981
Little Compton	-		28,078	23,665	51,743
Middletown	-		128,935	83,649	212,584
Narragansett	-		121,555	95,050	216,605
Newport	905,365		374,002	133,343	1,412,710
New Shoreham	-		73,011	7,945	80,956
North Kingstown	1,859		257,842	222,551	482,252
North Providence	528,650	1,501,610	164,384	347,631	2,542,275
North Smithfield	-		62,569	168,480	231,049
Pawtucket	398,662	2,096,275	369,002	679,794	3,543,733
Portsmouth	-		102,367	105,623	207,990
Providence	23,455,411	7,248,224	1,217,603	1,715,886	33,637,124
Richmond	-		24,829	57,421	82,250
Scituate	-		94,008	124,283	218,291
Smithfield	497,049		265,315	274,622	1,036,986
South Kingstown	151,238		196,594	167,774	515,606
Tiverton	-		91,928	107,432	199,360
Warren	-		51,832	80,778	132,610
Warwick	1,150,335		662,952	1,147,235	2,960,522
Westerly	118,381		270,491	224,286	613,158
West Greenwich	-		26,290	50,367	76,657
West Warwick	-	1,185,547	171,858	213,269	1,570,674
Woonsocket	147,213	1,201,690	193,184	367,796	1,909,883
Subtotal	\$33,080,409	\$15,384,458	\$7,698,411	\$10,000,000	\$66,163,278
Statewide Reference Library Resource Grant			1,012,378		1,012,378
Grant-In-Aid to Institutional Libraries			62,609		62,609
Library Construction Reimbursement			2,471,714		2,471,714
Motor Vehicle Excise Tax Reimbursement - Fire Districts					-
Total	\$33,080,409	\$15,384,458	\$11,245,112	\$10,000,000	\$69,709,979

Fiscal Year 2013 Revised Pass Through Aid to Cities & Towns

City or Town	Public Service Corporation Tax	Hotel Tax*	Meals and Beverage Tax	FY 2013 Total Shared Taxes State Aid	FY 2013 Total Shared & Appropriated Aid
Barrington	196,291	-	138,927	335,218	945,290
Bristol	276,252	30,804	348,570	655,626	1,562,899
Burrillville	192,019	-	174,172	366,191	811,679
Central Falls	233,190	-	102,793	335,983	880,866
Charlestown	94,198	20,655	109,009	223,862	311,185
Coventry	421,394	71,846	367,752	860,992	1,280,793
Cranston	967,459	9,348	1,499,070	2,475,877	10,286,505
Cumberland	403,245	-	386,301	789,546	1,264,701
East Greenwich	158,212	373	478,564	637,149	1,036,706
East Providence	566,091	36,236	807,884	1,410,211	2,438,232
Exeter	77,325	-	75,307	152,632	276,179
Foster	55,433	134	14,417	69,984	168,330
Glocester	117,293	1,841	71,810	190,944	353,979
Hopkinton	98,543	-	48,608	147,151	239,884
Jamestown	65,049	10,389	82,974	158,412	273,302
Johnston	346,235	6,655	475,210	828,100	1,313,628
Lincoln	253,999	91,381	696,822	1,042,202	1,464,183
Little Compton	42,026	8,899	33,238	84,163	135,906
Middletown	194,366	622,030	623,664	1,440,060	1,652,644
Narragansett	190,972	81,414	546,972	819,358	1,035,963
Newport	296,928	1,754,901	1,877,639	3,929,468	5,342,178
New Shoreham	12,649	235,263	262,291	510,203	591,159
North Kingstown	318,759	66,144	474,154	859,057	1,341,309
North Providence	386,059	-	341,738	727,797	3,270,072
North Smithfield	144,023	2,611	186,023	332,657	563,706
Pawtucket	856,267	43,933	686,854	1,587,054	5,130,787
Portsmouth	209,277	8,545	176,842	394,664	602,654
Providence	2,142,738	1,774,648	4,549,881	8,467,267	42,104,391
Richmond	92,766	3,533	119,364	215,663	297,913
Scituate	124,310	4,047	61,703	190,060	408,351
Smithfield	257,910	132,576	571,451	961,937	1,998,923
South Kingstown	368,741	127,098	638,088	1,133,927	1,649,533
Tiverton	189,913	-	193,675	383,588	582,948
Warren	127,704	-	247,737	375,441	508,051
Warwick	994,959	910,484	2,375,061	4,280,504	7,241,026
Westerly	274,242	337,420	720,826	1,332,488	1,945,646
West Greenwich	73,835	85,958	100,190	259,983	336,640
West Warwick	351,314	90,601	319,276	761,191	2,331,865
Woonsocket	495,674	54,881	511,958	1,062,513	2,972,396
Subtotal	\$12,667,660	\$6,624,648	\$21,496,815	\$40,789,123	\$106,952,401
Statewide Reference Library Resource Grant (Providence)					1,012,378
Grant-In-Aid to Institutional Libraries					62,609
Library Construction Reimbursement					2,471,714
Motor Vehicle Excise Tax Reimbursement - Fire Districts					-
Total	\$12,667,660	\$6,624,648	\$21,496,815	\$40,789,123	\$110,499,102

*Amount includes 1.0% local tax and 25.0% local share of state 5.0% tax.

Changes in Formula Aid - FY 2013 Revised vs. FY 2013 Enacted

City or Town	Payment In Lieu of Tax Exempt Property	Distressed Community Relief Fund	State Library Aid	Motor Vehicle Excise Tax Reimbursement	Total Appropriated Difference
Barrington	-	-	-	-	-
Bristol	-	-	-	-	-
Burrillville	-	-	-	-	-
Central Falls	-	92,522	-	-	92,522
Charlestown	-	-	-	-	-
Coventry	-	-	-	-	-
Cranston	-	567,403	-	-	567,403
Cumberland	-	-	-	-	-
East Greenwich	-	-	-	-	-
East Providence	-	-	-	-	-
Exeter	-	-	-	-	-
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	-	-	-	-	-
Lincoln	-	-	-	-	-
Little Compton	-	-	-	-	-
Middletown	-	-	-	-	-
Narragansett	-	-	-	-	-
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	-	-	-	-
North Providence	-	475,871	-	-	475,871
North Smithfield	-	-	-	-	-
Pawtucket	-	679,524	-	-	679,524
Portsmouth	-	-	-	-	-
Providence	-	2,443,890	-	-	2,443,890
Richmond	-	-	-	-	-
Scituate	-	-	-	-	-
Smithfield	-	-	-	-	-
South Kingstown	-	-	-	-	-
Tiverton	-	-	-	-	-
Warren	-	-	-	-	-
Warwick	-	-	-	-	-
Westerly	-	-	-	-	-
West Greenwich	-	-	-	-	-
West Warwick	-	367,631	-	-	367,631
Woonsocket	-	373,159	-	-	373,159
Subtotal	\$ -	\$5,000,000	\$ -	\$ -	\$5,000,000
Statewide Reference Library Resource Grant (Providence)			-		-
Grant-In-Aid to Institutional Libraries			-		-
Library Construction Reimbursement			-		-
Motor Vehicle Excise Tax Reimbursement - Fire Districts			-		-
Total	\$ -	\$5,000,000	\$ -	\$ -	\$5,000,000

Changes in Pass Through Aid - FY 2013 Rev vs. FY 2013 Enacted

City or Town	Public Service Corporation Tax	Hotel Tax*	Meals and Beverage Tax	Total Pass Through State Aid Difference	Total All State Aid Difference	
Barrington	-	-	6,587	6,587	6,587	
Bristol	-	-	14,416	14,416	14,416	
Burrillville	-	-	(803)	(803)	(803)	
Central Falls	-	-	10,307	10,307	102,829	
Charlestown	-	-	4,735	4,735	4,735	
Coventry	-	-	22,401	22,401	22,401	
Cranston	-	-	102,836	102,836	670,239	
Cumberland	-	-	21,662	21,662	21,662	
East Greenwich	-	-	37,532	37,532	37,532	
East Providence	-	-	53,416	53,416	53,416	
Exeter	-	-	3,036	3,036	3,036	
Foster	-	-	(2,353)	(2,353)	(2,353)	
Glocester	-	-	10,607	10,607	10,607	
Hopkinton	-	-	4,091	4,091	4,091	
Jamestown	-	-	12,678	12,678	12,678	
Johnston	-	-	26,075	26,075	26,075	
Lincoln	-	-	44,726	44,726	44,726	
Little Compton	-	-	(68)	(68)	(68)	
Middletown	-	-	41,095	41,095	41,095	
Narragansett	-	-	66,280	66,280	66,280	
Newport	-	-	190,557	190,557	190,557	
New Shoreham	-	-	23,329	23,329	23,329	
North Kingstown	-	-	30,176	30,176	30,176	
North Providence	-	-	(18,973)	(18,973)	456,898	
North Smithfield	-	-	23,175	23,175	23,175	
Pawtucket	-	-	25,879	25,879	705,403	
Portsmouth	-	-	7,811	7,811	7,811	
Providence	-	-	357,629	357,629	2,801,519	
Richmond	-	-	9,237	9,237	9,237	
Scituate	-	-	4,708	4,708	4,708	
Smithfield	-	-	44,722	44,722	44,722	
South Kingstown	-	-	70,094	70,094	70,094	
Tiverton	-	-	28,458	28,458	28,458	
Warren	-	-	24,459	24,459	24,459	
Warwick	-	-	116,311	116,311	116,311	
Westerly	-	-	124,495	124,495	124,495	
West Greenwich	-	-	8,601	8,601	8,601	
West Warwick	-	-	(16,995)	(16,995)	350,636	
Woonsocket	-	-	4,020	4,020	377,179	
Subtotal	\$	- \$	-	\$1,536,949	\$1,536,949	\$6,536,949

Statewide Reference Library Resource Grant (Providence)	-
Grant-In-Aid to Institutional Libraries	-
Library Construction Reimbursement	-
Motor Vehicle Excise Tax Reimbursement - Fire Districts	-
Total	\$ - \$ - \$1,536,949 \$1,536,949 \$6,536,949

*The Hotel Tax was not reflected in prior year budgets; therefore the enacted amount reflects the same amount as the current revised FY2013 estimate. Amount includes 1.0% local tax and 25.0% local share of state 5.0% tax.

Fiscal Year 2014 State Aid to Cities and Towns

City or Town	Payment In Lieu of Tax Exempt Property	Distressed Community Relief Fund	State Library Aid	Incentive Aid*	Motor Vehicle Excise Tax Reimbursement Value of Exemption	FY 2014 Total Appropriated State Aid
Barrington	12,624		341,149	155,746	237,138	746,657
Bristol	653,349		129,784	219,325	115,531	1,117,989
Burrillville	105,864		129,564	151,287	210,552	597,267
Central Falls	23,234	252,774	14,022	183,688	92,588	566,306
Charlestown	-		47,837	74,519	40,195	162,551
Coventry	-		215,315	332,252	212,432	759,999
Cranston	4,937,927	3,438,005	541,181	763,531	962,964	10,643,608
Cumberland	95		268,332	316,445	210,819	795,691
East Greenwich	193,262		121,963	124,806	120,869	560,900
East Providence	166,334		403,334	448,452	448,434	1,466,554
Exeter	-		41,703	61,748	83,465	186,916
Foster	351		31,569	43,398	68,286	143,604
Glocester	-		71,674	92,755	93,156	257,585
Hopkinton	-		34,084	77,441	62,734	174,259
Jamestown	-		80,467	51,406	35,751	167,624
Johnston	-		120,380	272,876	373,565	766,821
Lincoln	-		191,841	200,292	232,641	624,774
Little Compton	-		29,670	33,227	23,665	86,562
Middletown	-		135,566	153,934	83,649	373,149
Narragansett	-		123,055	151,353	95,050	369,458
Newport	1,038,696		378,526	233,377	133,343	1,783,942
New Shoreham	-		78,316	9,042	7,945	95,303
North Kingstown	1,830		263,710	251,661	222,551	739,752
North Providence	513,047	1,254,507	171,750	304,926	347,631	2,591,861
North Smithfield	-		63,341	112,452	168,480	344,273
Pawtucket	445,657	1,854,837	315,245	677,275	679,794	3,972,808
Portsmouth	-		103,446	164,314	105,623	373,383
Providence	22,845,902	6,562,344	1,182,774	1,690,104	1,715,886	33,997,010
Richmond	-		26,139	72,963	57,421	156,523
Scituate	-		95,169	97,879	124,283	317,331
Smithfield	507,089		269,659	203,547	274,622	1,254,917
South Kingstown	145,900		203,946	288,778	167,774	806,398
Tiverton	-		94,109	149,019	107,432	350,560
Warren	-		53,561	101,835	80,778	236,174
Warwick	1,156,162		688,368	789,139	1,147,235	3,780,904
Westerly	114,887		265,543	216,878	224,286	821,594
West Greenwich	-		27,126	57,194	50,367	134,687
West Warwick	-	1,001,154	147,770	277,610	213,269	1,639,803
Woonsocket	218,199	1,020,838	197,423	393,526	367,796	2,197,782
Subtotal	\$33,080,409	\$15,384,458	\$7,698,411	\$10,000,000	\$10,000,000	\$76,163,278
Statewide Reference Library Resource Grant			1,012,378			1,012,378
Grant-In-Aid to Institutional Libraries			62,609			62,609
Library Construction Reimbursement			2,500,667			2,500,667
Motor Vehicle Excise Tax Reimbursement - Fire Districts						-
Total	\$33,080,409	\$15,384,458	\$11,274,065	\$10,000,000	\$10,000,000	\$79,738,932

* To be eligible to receive incentive aid, municipalities must meet eligibility criteria.

Fiscal Year 2014 Pass Through Aid to Cities & Towns

City or Town	Public Service Corporation Tax	Hotel Tax*	Meals and Beverage Tax	FY 2014 Total Shared Taxes State Aid	FY 2014 Total Shared & Appropriated Aid
Barrington	196,291	-	143,564	339,855	1,086,512
Bristol	276,252	31,562	360,205	668,019	1,786,008
Burrillville	192,019	-	179,986	372,005	969,272
Central Falls	233,190	-	106,224	339,414	905,720
Charlestown	94,198	21,163	112,647	228,008	390,559
Coventry	421,394	73,616	380,026	875,036	1,635,035
Cranston	967,459	9,579	1,549,105	2,526,143	13,169,751
Cumberland	403,245	-	399,195	802,440	1,598,131
East Greenwich	158,212	382	494,537	653,131	1,214,031
East Providence	566,091	37,128	834,849	1,438,068	2,904,622
Exeter	77,325	-	77,820	155,145	342,061
Foster	55,433	137	14,898	70,468	214,072
Glocester	117,293	1,886	74,207	193,386	450,971
Hopkinton	98,543	-	50,231	148,774	323,033
Jamestown	65,049	10,645	85,744	161,438	329,062
Johnston	346,235	6,819	491,071	844,125	1,610,946
Lincoln	253,999	93,632	720,081	1,067,712	1,692,486
Little Compton	42,026	9,118	34,347	85,491	172,053
Middletown	194,366	637,352	644,480	1,476,198	1,849,347
Narragansett	190,972	83,420	565,229	839,621	1,209,079
Newport	296,928	1,798,129	1,940,310	4,035,367	5,819,309
New Shoreham	12,649	241,058	271,046	524,753	620,056
North Kingstown	318,759	67,773	489,980	876,512	1,616,264
North Providence	386,059	-	353,145	739,204	3,331,065
North Smithfield	144,023	2,675	192,232	338,930	683,203
Pawtucket	856,267	45,016	709,780	1,611,063	5,583,871
Portsmouth	209,277	8,756	182,745	400,778	774,161
Providence	2,142,738	1,818,362	4,701,747	8,662,847	42,659,857
Richmond	92,766	3,620	123,348	219,734	376,257
Scituate	124,310	4,146	63,761	192,217	509,548
Smithfield	257,910	135,842	590,524	984,276	2,239,193
South Kingstown	368,741	130,229	659,386	1,158,356	1,964,754
Tiverton	189,913	-	200,139	390,052	740,612
Warren	127,704	-	256,006	383,710	619,884
Warwick	994,959	932,912	2,454,336	4,382,207	8,163,111
Westerly	274,242	345,732	744,885	1,364,859	2,186,453
West Greenwich	73,835	88,075	103,534	265,444	400,131
West Warwick	351,314	92,833	329,933	774,080	2,413,883
Woonsocket	495,674	56,233	529,046	1,080,953	3,278,735
Subtotal	\$12,667,660	\$6,787,830	\$22,214,329	\$41,669,819	\$117,833,097
Statewide Reference Library Resource Grant (Providence)					1,012,378
Grant-In-Aid to Institutional Libraries					62,609
Library Construction Reimbursement					2,500,667
Motor Vehicle Excise Tax Reimbursement - Fire Districts					-
Total	\$12,667,660	\$6,787,830	\$22,214,329	\$41,669,819	\$121,408,751

*Amount includes 1.0% local tax and 25.0% local share of state 5.0% tax.

Changes in State Aid - FY 2014 vs. FY 2013 Revised

City or Town	Payment In Lieu of Tax Exempt Property	Distressed Community Relief Fund	State Library Aid	Incentive Aid*	Motor Vehicle Excise Tax Reimbursement Value of Exemption	Total Appropriated Difference
Barrington	(26,203)	-	7,042	155,746	-	136,585
Bristol	(19,498)	-	10,889	219,325	-	210,716
Burrillville	(3,085)	-	3,577	151,287	-	151,779
Central Falls	248	(129,455)	(33,057)	183,688	-	21,424
Charlestown	-	-	709	74,519	-	75,228
Coventry	-	-	7,946	332,252	-	340,198
Cranston	383,550	1,669,122	16,777	763,531	-	2,832,980
Cumberland	(1)	-	4,092	316,445	-	320,536
East Greenwich	28,695	-	7,842	124,806	-	161,343
East Providence	3,172	-	(13,091)	448,452	-	438,533
Exeter	-	-	1,621	61,748	-	63,369
Foster	(84)	-	1,944	43,398	-	45,258
Glocester	-	-	1,795	92,755	-	94,550
Hopkinton	-	-	4,085	77,441	-	81,526
Jamestown	-	-	1,328	51,406	-	52,734
Johnston	-	-	8,417	272,876	-	281,293
Lincoln	-	-	2,501	200,292	-	202,793
Little Compton	-	-	1,592	33,227	-	34,819
Middletown	-	-	6,631	153,934	-	160,565
Narragansett	-	-	1,500	151,353	-	152,853
Newport	133,331	-	4,524	233,377	-	371,232
New Shoreham	-	-	5,305	9,042	-	14,347
North Kingstown	(29)	-	5,868	251,661	-	257,500
North Providence	(15,603)	(247,103)	7,366	304,926	-	49,586
North Smithfield	-	-	772	112,452	-	113,224
Pawtucket	46,995	(241,438)	(53,757)	677,275	-	429,075
Portsmouth	-	-	1,079	164,314	-	165,393
Providence	(609,509)	(685,880)	(34,829)	1,690,104	-	359,886
Richmond	-	-	1,310	72,963	-	74,273
Scituate	-	-	1,161	97,879	-	99,040
Smithfield	10,040	-	4,344	203,547	-	217,931
South Kingstown	(5,338)	-	7,352	288,778	-	290,792
Tiverton	-	-	2,181	149,019	-	151,200
Warren	-	-	1,729	101,835	-	103,564
Warwick	5,827	-	25,416	789,139	-	820,382
Westerly	(3,494)	-	(4,948)	216,878	-	208,436
West Greenwich	-	-	836	57,194	-	58,030
West Warwick	-	(184,394)	(24,088)	277,610	-	69,129
Woonsocket	70,986	(180,852)	4,239	393,526	-	287,899
Subtotal	\$	- \$	- \$	- \$	\$ 10,000,000	\$ 10,000,000
Statewide Reference Library Resource Grant			-	-		-
Grant-In-Aid to Institutional Libraries			-	-		-
Library Construction Reimbursement			28,953			28,953
Motor Vehicle Excise Tax Reimbursement - Fire Districts			-	-		-
Total	\$	- \$	-	\$28,953	\$10,000,000	\$ 10,028,953

* To be eligible to receive incentive aid, municipalities must meet eligibility criteria.

Changes in Pass Through and All Aid - FY 2014 vs. FY 2013 Revised

City or Town	Public Service Corporation Tax	Hotel Tax*	Meals and Beverage Tax	Total Pass Through State Aid Difference	Total All State Aid Difference
Barrington	-	-	4,637	4,637	141,222
Bristol	-	758	11,635	12,393	223,109
Burrillville	-	-	5,814	5,814	157,593
Central Falls	-	-	3,431	3,431	24,855
Charlestown	-	508	3,638	4,146	79,374
Coventry	-	1,770	12,274	14,044	354,242
Cranston	-	231	50,035	50,266	2,883,246
Cumberland	-	-	12,894	12,894	333,430
East Greenwich	-	9	15,973	15,982	177,325
East Providence	-	892	26,965	27,857	466,390
Exeter	-	-	2,513	2,513	65,882
Foster	-	3	481	484	45,742
Glocester	-	45	2,397	2,442	96,992
Hopkinton	-	-	1,623	1,623	83,149
Jamestown	-	256	2,770	3,026	55,760
Johnston	-	164	15,861	16,025	297,318
Lincoln	-	2,251	23,259	25,510	228,303
Little Compton	-	219	1,109	1,328	36,147
Middletown	-	15,322	20,816	36,138	196,703
Narragansett	-	2,006	18,257	20,263	173,116
Newport	-	43,228	62,671	105,899	477,131
New Shoreham	-	5,795	8,755	14,550	28,897
North Kingstown	-	1,629	15,826	17,455	274,955
North Providence	-	-	11,407	11,407	60,993
North Smithfield	-	64	6,209	6,273	119,497
Pawtucket	-	1,083	22,926	24,009	453,084
Portsmouth	-	211	5,903	6,114	171,507
Providence	-	43,714	151,866	195,580	555,466
Richmond	-	87	3,984	4,071	78,344
Scituate	-	99	2,058	2,157	101,197
Smithfield	-	3,266	19,073	22,339	240,270
South Kingstown	-	3,131	21,298	24,429	315,221
Tiverton	-	-	6,464	6,464	157,664
Warren	-	-	8,269	8,269	111,833
Warwick	-	22,428	79,275	101,703	922,085
Westerly	-	8,312	24,059	32,371	240,807
West Greenwich	-	2,117	3,344	5,461	63,491
West Warwick	-	2,232	10,657	12,889	82,018
Woonsocket	-	1,352	17,088	18,440	306,339
Subtotal	\$	-	\$163,182	\$717,514	\$880,696
Statewide Reference Library Resource Grant					-
Grant-In-Aid to Institutional Libraries					-
Library Construction Reimbursement					28,953
Motor Vehicle Excise Tax Reimbursement - Fire Districts					-
Total	\$	-	\$163,182	\$717,514	\$880,696

*Amount includes 1.0% local tax and 25.0% local share of state 5.0% tax.

Education Aid to Local Governments

Education Aid to Local Governments totals \$974.1 million in FY 2014, a \$26.8 million increase in total state funding relative to the FY 2013 revised budget, a 2.8 percent increase. Total Education Aid is defined to include local public schools, the School for the Deaf, Davies Career and Technical School, the Charter Schools, the Central Falls School District and the Metropolitan Career and Technical School, as well as support for the state share of teacher retirement and school Housing Aid.

Fiscal year 2014 represents year three of the education aid funding formula. As of July 1, 2011, education aid to all districts, charter schools and state schools (Davies and the Met) will be formula based. The School for the Deaf is a special education program and the funding method will not change since it already has a state, federal, and local share. Based on the principle that the money follows the student, the formula was developed with the following guiding principles: (1) Build a strong foundation for all children; (2) improve equity among districts and schools; (3) be transparent; and (4) be financially responsible.

The funding formula has been designed to distribute aid based on three key components:

- Core Instructional Amount – (\$8,897 per student in FY 2014) Derived from a regional average of the National Center for Education Statistics (NCES) expenditure data, the core instructional amount is based on cost studies from states that have been deemed by education researchers to be best practice financial models or states. In order to be informed, objective, and geographically sensitive, the formula uses a New England average cost to provide a balanced perspective on what Rhode Island should be spending to provide a high quality of education. The core instruction amount accounts for costs that have the greatest impact on a child's ability to learn, including instruction, instructional support, and leadership costs.
- Student Success Factor – (\$3,559 per student in FY 2014) Provides additional funding to support student needs beyond the core services listed above with the ultimate goal of closing student achievement gaps. Within the formula, each student is entitled to a 40% student success factor which is applied to the core instructional amount. This factor is also applied to PK-12 students who are eligible for free and reduced price lunch.
- State Share Ratio – After the core components have been determined, a state share ratio formula is applied to address two key questions: How to account for differences in the revenue-generation capacity of communities and how to allocate funding to communities based on the supports that students need. The state share ratio is dependent on district property values weighted for median family income and students eligible for free and reduced price lunch.

Data plays a crucial role in how education aid is distributed to districts, charter schools, Davies, and the Met. The funding formula will incorporate annual data updates including student counts, the core instruction per pupil, and the most recently assessed community property values and median family income data in order to ensure aid distribution uses the best available data. The formula establishes a platform for creating horizontal equity. It attempts to get a like amount of funding to children who have similar characteristics regardless of where they sit, which in turn gradually rebalances education funding to provide all districts a common level of purchasing power.

In addition, specific categorical funds for certain high-cost items were established outside the formula distribution: High cost special education, career and technical education, early childhood education, transportation for non-public and regional districts, as well as regional district bonuses. A Central Falls Stabilization Fund has also been created to assure that appropriate funding is available to support the district, due to concerns regarding local capacity. According to law, state stabilization funds are only paid upon transfer of a matching amount to the school district by the city. If Central Falls is unable to pay its share, the State will not provide funding under the stabilization fund.

Education Aid to Local Governments

Lastly, funding allocations will be phased in over ten years based on a transition model where overfunded districts shall have a level decrease period, while underfunded districts will have a quicker transition of seven years. In FY 2014, the third year of the formula implementation, the transition periods will be eight years for overfunded districts and five years for underfunded districts.

The following sections summarize changes to the various aid categories that comprise total FY 2013 Education Aid.

Distributed Aid

Beginning in FY 2012, distributed aid will now reflect aid to both districts and charter schools as a result of the education aid funding formula. In prior years, charter schools have been displayed within the non-distributed aid category of the education aid tables following this section. In FY 2014, total distributed education aid increases \$27.7 million from the revised FY 2013 budget. The Governor's budget fully funds year three of the education aid funding formula in FY 2014, while also reducing the overall total amount remaining to be transitioned for underfunded districts. Formula Aid to districts and charter schools increases by \$26.5 million from the revised FY 2013 budget. A reduction of \$1.1 million in Group Home Aid is made to reflect updated group home bed census figures.

One of the primary drivers for the \$27.7 million growth is attributed to the expansion of charter schools. Charter school growth is funded in full in the year of growth, while reductions in the sending communities are spread over the remaining years of transition. Upon full transition, money will follow the student and charter or state school growth will be offset by dollar-for-dollar reductions in the sending communities. In FY 2014, five existing charter schools experiencing growth will be fully funded, while three charter schools, Achievement First, Nowell Academy, and Village Green are projected to open.

Moreover, the FY 2014 request begins funding the Urban Collaborative through the funding formula, in accordance with the change the 2012 General Assembly made to RIGL §16-3.1-11. Although this change is revenue neutral to the state, the three current sending communities, Central Falls, Cranston, and Providence, will see a reduction in state education aid for these 139 students.

State Schools

The State Schools- Davies Career and Technical School, Metropolitan Career and Technical School, and the Rhode Island School for the Deaf are collectively financed at \$29.9 million in general revenue for FY 2014, which constitutes a \$1.2 million decrease from the revised FY 2013 budget. Only Davies and the Met fall under the funding formula.

Non-Distributed Aid

Non-distributed aid in FY 2014 increases \$2.7 million from the revised FY 2013 budget. The FY 2014 budget includes \$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. The regional district bonus decreases from 1.0 percent in FY 2013 to 0.0 percent in FY 2014 of the State's share of the foundation aid for regional districts established prior to July 1, 2010. For regional districts established after this date, the regional district bonus begins in the fiscal year following the establishment. Since no regional districts were established in FY 2013, the regional district bonus is excluded from the Governor's budget. The remaining categorical funds will not be distributed according to the formula, but instead according to their own individual set of rules. The Governor recommends \$3.5 million to be used for the career and technical education fund which will support the initial investment requirements to transform existing or create new career and technical programs and offset the higher than average costs of maintaining the highly specialized programs. An increase of \$1.1 million from the FY 2013 revised budget for a total of \$3.3 million is recommended for year three of the transportation fund, designed to reimburse districts for the excess costs associated with transporting non-public, non-special education students to out-of-district non-public schools and public

Education Aid to Local Governments

school students within regional districts. Only those districts participating in the statewide system are eligible for non-public transportation funding. The Governor recommends \$2.5 million for early childhood programs to increase access to voluntary, free, high-quality pre-kindergarten programs. The Pre-K expansion in Rhode Island will start with seventeen communities with selected concentrations of children from low-income families. This began as a pilot program in FY 2010 and continued in FY 2011; however, funding was eliminated in the FY 2012 enacted budget. The FY 2013 revised budget restored funding totaling \$1.5 million for these early childhood programs and an additional \$1.0 million to total \$2.5 million is recommended for FY 2014. A \$500,000 increase is recommended for a high cost special education fund, which will reimburse districts for special education costs exceeding five times the total foundation per pupil (\$62,280 in FY 2014), including but not limited to instructional and related services provided to a child as defined in his/her Individual Education Plan (IEP), transportation costs, tuition costs, assistive technology costs, and other associated costs.

Offsetting some of these increases in education aid includes eliminating a substantial investment of \$745,000 to the Rhode Island Vision Education and Services Program (RIVESP) over a three-year period beginning in FY 2014. RIVESP, housed at the Sherlock Center at Rhode Island College, is a program that provides children with low vision, blindness, and print disabilities full access to services and adaptive instructional materials, while also providing teaching and consultation services to the children, their families, and educational staff within the school environment. This reduction in state aid would have no impact on students who utilize these services, for the original intent of the Program is to ultimately have the full cost of such services shift to LEAs.

General revenue funding for the Rhode Island Telecommunications Access fund, Textbook Expansion, and School Breakfast programs remain constant in FY 2014 as compared to the FY 2013 revised level.

Other Aid

The FY 2014 Budget also includes an increase in other aid of \$4.7 million; a \$5.6 million increase for teachers' retirement is offset by a decrease of \$923,945 in housing aid reimbursement.

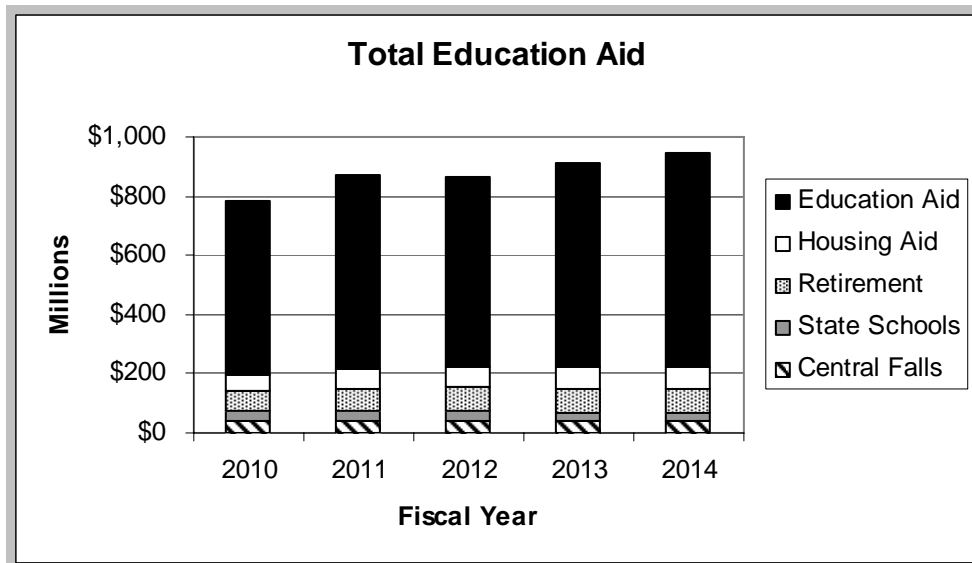
FY 2014 Education Aid Increases (Decreases) From the Revised FY 2013 Budget

- Formula Aid: \$30,318,355
- Group Home Funding: (\$1,050,000)
- Central Falls School District: (\$1,517,569)
- Early Childhood Demonstration: \$1,000,000
- Transportation Categorical: \$1,087,840
- High Cost Special Ed Categorical: \$500,000
- Career and Tech Categorical: \$500,000
- Regionalization Bonus: (\$412,951)
- Metropolitan Career and Technical School: (\$560,012)
- School for the Deaf: (\$107,187)
- Davies Career and Technical School: (\$664,631)
- Teachers' Retirement: \$2,745,556
- School Housing Aid: (\$923,945)

The following graph displays total school aid from FY 2010 to FY 2014. The "Education Aid" component is comprised of all aid categories under the standard Education Aid program. For FY 2012 and on, this includes such items as the Funding Formula Distribution and Group Home Aid. FY 2011 and prior include, but are not limited to, General Aid, Targeted Aid, Charter School Aid, and the Student Investment Initiatives. Other

Education Aid to Local Governments

components of total aid include: State Contributions for Teachers' Retirement; School Housing Aid; Central Falls School District; and State Schools (Davies, Deaf, and the Metropolitan School).



Housing Aid

The School Housing Aid Program reimburses a community for eligible construction expenditures beginning in the fiscal year after the project is completed. The reimbursement rate is based on the cost of the project over the life of the bonds issued for the project. The Commissioner and the Board of Regents review each local community's request for reimbursement through the program. Pursuant to recent legislation, the Department of Education and the Board of Regents promulgated new regulations governing both this process as well as the oversight of all projects eligible for School Housing Aid.

Although the reimbursement reference for completed projects is one year, there is a two-year reference for formula factors. For example, FY 2010 allocations were based on 2008 wealth and enrollment levels. The housing aid share ratio calculation is based on a district's income adjusted per-pupil property wealth compared to aggregate state per-pupil property wealth. The average state housing aid share ratio is thirty-eight percent, adjusted to ensure a minimum of thirty percent in each community. Under current law, beginning FY 2013, the minimum reimbursement to each community is frozen to a maximum of thirty-five percent. A four percent bonus is awarded when a minimum of seventy-five percent of a project's cost is for energy conservation, asbestos removal, or handicapped access. Regional districts receive a two percent bonus for each regionalized grade for new construction projects, and an additional four percent bonus for renovation projects.

Reimbursement is based on total expended project cost, plus related bond interest cost, not on the amount of the original bond issuance. For example, if a community issued \$6.5 million for ten years for a capital improvement to a school, but only spent \$6.0 million, the Department would reimburse the community for the State's appropriate share of the \$6.0 million spent on the completed project, plus the bond interest payments over a ten-year period. This statute was amended to include the use of lease revenue bonds, financial leases, capital reserve funding, and similar financial instruments to finance school construction. Communities used this amendment to receive project reimbursements commencing in FY 1999. The FY 2004 Appropriation Act amended the housing aid statute to require that all future school construction debt be issued through the Rhode Island Health and Education Building Corporation.

Education Aid to Local Governments

In June 2011, the General Assembly enacted a moratorium on new school construction project approvals (except for health and safety projects) and a sunset provision for projects approved before the current school construction regulations went into effect.

The revised FY 2013 and FY 2014 budgets propose general revenue expenditures of \$72.1 million and \$71.1 million, respectively, for the School Housing Aid program.

Teachers' Retirement

RIGL 16-16-22 requires the State to make contributions to the teacher retirement system in Rhode Island. The State shall contribute a percentage of the employer's share, with the school districts contributing the balance. The State's share has varied over the years based upon the total actuarially determined rate of payroll, but since FY 1993 it has been fixed at 40 percent, with the municipalities contributing 60 percent. Each district receives the same percentage, regardless of district wealth.

The State deferred the State's contributions to Teachers' Retirement in both FY 1991 and FY 1992. Most municipalities also deferred the local portion of teacher retirement contributions for this period. The state deferrals, valued at \$22.4 million in FY 1991 and \$22.2 million in FY 1992, will be financed over twenty years, as will the local deferral. The annual calculation applied to the state contribution to Teachers' Retirement includes an adjustment to accommodate the deferral liability.

Furthermore, the municipalities of Burrillville, East Greenwich, Little Compton, New Shoreham and North Smithfield did not participate in the 1990 early retirement window for teachers and therefore contribute a slightly smaller percentage of teachers' salaries than the ones listed in the tables below.

Contribution Rates for Teachers' Retirement Fund

- Defined Benefit Retirement Plan

	Actuarial Contribution Rate of Payroll(60%)*	Employer Share			Teacher
		Local (40%)*	State Total	Sub Share	
1999	21.02%	6.62%	4.90%	11.52%	9.5%
2000	24.14%	8.43%	6.21%	14.64%	9.5%
2001	21.51%	6.86%	5.15%	12.01%	9.5%
2002	19.45%	5.73%	4.22%	9.95%	9.5%
2003	21.47%	6.93%	5.04%	11.97%	9.5%
2004	23.22%	7.99%	5.73%	13.72%	9.5%
2005	24.34%	8.72%	6.12%	14.84%	9.5%
2006	25.97%	9.72%	6.75%	16.47%	9.5%
2007	29.14%	11.62%	8.02%	19.64%	9.5%
2008	31.51%	13.04%	8.97%	22.01%	9.5%
2009	29.57%	11.89%	8.18%	20.07%	9.5%
2010	29.57%	11.89%	8.18%	20.07%	9.5%
2011	28.51%	11.25%	7.76%	19.01%	9.5%
2012	31.82%	13.23%	9.09%	22.32%	9.5%
2013	23.04%	11.41%	7.88%	19.29%	3.75%
2014	24.43%	12.26%	8.42%	20.68%	3.75%

* Adjusted for deferral liability

Education Aid to Local Governments

- Defined Contribution Retirement Plan

	Required Contribution		Employer Share			Teacher Share
	Rate of Payroll		Local (60%)	State (40%)	Sub total	
2013	6.0%		0.6%	0.4%	1.0%	5.0%
2013 (non-Social Security-eligible position)	10.0%		2.6%	0.4%	3.0%	7.0%
2014	6.0%		0.6%	0.4%	1.0%	5.0%
2014 (non-Social Security-eligible position)	10.0%		2.6%	0.4%	3.0%	7.0%

The following table displays the state contributions to Teacher Retirement since FY 1999. The State Retirement Board uses the districts' retirement contribution data to calculate the state obligation each month, and contributions are accrued to the appropriate fiscal period.

State Contributions for Teacher Retirement

<u>Fiscal Year</u>	<u>State Share</u>
1999 Actual	\$30,202,943
2000 Actual	\$40,719,407
2001 Actual	\$35,365,234
2002 Actual	\$30,652,207
2003 Actual	\$38,242,690
2004 Actual	\$45,039,269
2005 Actual	\$48,503,125
2006 Actual	\$54,537,733
2007 Actual	\$70,286,753
2008 Actual	\$83,028,510
2009 Actual	\$73,592,722
2010 Actual	\$68,550,306
2011 Actual	\$70,286,261
2012 Actual	\$80,385,930
2013 Revised	\$76,911,999
2014 Recommended	\$82,514,003

Explanation of Tables- by Category and LEA

The following two tables display education aid first by category, and then by apportionment among the state's local and regional education agencies (LEAs). "Distributed LEA Aid" consists of the various categories of aid that are directly distributed to school districts on a regular (usually monthly) basis, such as General Aid in FY 2011 and Formula Aid in FY 2012 and FY 2013, Targeted Aid, and funds for Student Equity. For completeness, financing of the Central Falls School District (plus an allocation for indirect Charter School Aid on the LEA table only up until FY 2011) is also displayed in this section. "State Schools" include the Metropolitan School, Davies, and School for the Deaf. "Non-Distributed Aid" includes several categories of aid that are either utilized at the departmental level or are not distributed regularly to school districts. "Other Aid" consists of allocations for School Housing Aid and state contributions to the Teachers' Retirement Fund. For the purposes of these tables, direct aid to charter schools is categorized as non-distributed, up until FY 2011. Starting FY 2012 and beyond, direct aid to charter schools is categorized as distributed aid as a result of the funding formula.

Education Aid to Local Units of Government

	FY 2010 Actual	FY 2011 Actual	FY 2012 Unaudited	FY 2013 Revised	FY 2014 Recommend
Distributed LEA Aid					
Barrington	\$ 1,629,678	\$ 1,712,863	\$ 2,282,481	\$ 3,321,232	\$ 3,939,930
Burrillville	12,220,612	12,736,916	12,406,292	12,957,679	13,045,403
Charlestown	1,590,767	1,661,061	1,604,513	1,677,912	1,716,895
Coventry	16,912,980	17,646,066	17,841,361	19,681,513	20,431,208
Cranston	29,622,695	30,913,084	32,511,574	39,357,220	42,881,891
Cumberland	11,066,294	11,548,713	12,101,575	13,786,524	14,485,574
East Greenwich	1,321,451	1,280,422	1,442,706	1,933,139	2,267,908
East Providence	23,047,872	23,918,627	24,248,207	26,920,637	28,199,021
Foster	1,208,609	1,260,670	1,181,984	1,209,152	1,184,530
Glocester	2,754,277	2,872,692	2,725,127	2,785,722	2,691,073
Hopkinton	5,323,835	5,553,441	5,374,182	5,560,369	5,521,254
Jamestown	356,229	373,817	351,708	358,137	360,839
Johnston	8,971,463	9,362,199	9,617,585	10,916,882	11,738,574
Lincoln	5,884,774	6,147,563	6,710,317	8,138,012	8,946,871
Little Compton	267,222	279,764	300,714	338,666	367,484
Middletown	8,937,990	9,323,001	8,969,558	9,282,092	9,086,708
Narragansett	1,314,267	1,377,507	1,423,886	1,661,461	1,795,760
Newport	10,104,222	10,540,392	10,205,734	10,657,837	10,632,341
New Shoreham	50,323	53,292	59,350	69,634	75,467
North Kingstown	9,922,498	10,356,579	10,188,035	10,755,311	10,864,143
North Providence	11,311,934	11,800,998	12,160,857	14,025,693	14,753,034
North Smithfield	4,055,880	4,231,887	4,421,801	5,116,230	5,366,654
Pawtucket	58,731,451	61,226,793	61,722,489	68,241,462	70,659,568
Portsmouth	5,571,674	5,828,378	5,488,899	5,379,137	5,134,130
Providence	168,378,346	175,422,096	177,121,396	197,728,205	204,818,875
Richmond	5,300,144	5,528,422	5,298,508	5,420,353	5,338,583
Scituate	2,712,604	2,833,854	3,017,177	3,500,030	3,710,794
Smithfield	4,635,136	4,765,663	4,734,817	4,953,864	4,927,615
South Kingstown	8,575,177	8,953,748	8,395,479	8,474,120	8,113,149
Tiverton	4,923,363	5,138,483	5,088,117	5,671,905	5,748,989
Warwick	31,261,607	32,626,231	32,262,908	34,407,725	35,206,987
Westerly	5,319,551	5,560,097	5,721,059	6,560,341	7,127,358
West Warwick	17,635,159	18,390,194	18,267,435	19,739,060	20,312,214
Woonsocket	41,636,569	43,284,016	42,973,255	46,715,235	48,133,625
Bristol/Warren	17,675,687	18,431,734	17,223,771	17,331,724	16,578,504
Exeter/W Greenwich	6,378,147	6,534,833	6,208,981	6,328,850	6,072,724
Chariho District	359,704	374,769	273,805	306,562	268,242
Foster/Glocester	4,878,574	5,089,030	4,917,950	5,091,550	5,015,324
Central Falls	40,233,714	39,893,956	39,161,820	39,705,880	38,188,311
LEA Subtotal	\$ 592,082,479	\$ 614,833,851	\$ 616,007,413	\$ 676,067,057	\$ 695,707,554

Education Aid to Local Units of Government

	FY 2010 Actual	FY 2011 Actual	FY 2012 Unaudited	FY 2013 Revised	FY 2014 Recommend
Distributed Charter School Aid					
Achievement First	\$ -	\$ -	\$ -	\$ -	\$ 1,386,792
Beacon Charter School	-	-	1,636,387	1,694,107	1,671,727
Blackstone Academy	-	-	1,481,056	1,588,944	1,623,719
Compass School	-	-	579,438	579,647	564,618
Greene School	-	-	640,513	898,333	917,566
Highlander	-	-	2,591,368	2,733,717	2,769,093
International Charter School	-	-	2,762,161	2,876,846	2,869,033
Kingston Hill Academy	-	-	692,088	689,636	654,274
Learning Community	-	-	5,724,504	6,095,627	6,120,939
New England Laborers	-	-	1,648,397	1,255,888	1,233,644
Nowell Academy	-	-	-	-	1,690,687
Nurses Institute	-	-	1,130,376	1,633,673	2,544,265
Paul Cuffee Charter School	-	-	6,526,131	7,588,913	7,846,958
RIMA Blackstone Valley	-	-	3,957,168	6,076,368	7,992,467
Segue Institute for Learning	-	-	2,482,437	2,572,083	2,605,273
Textron	-	-	2,323,795	2,323,013	2,335,358
Times 2 Academy	-	-	7,111,479	7,054,405	7,021,532
Trinity Academy	-	-	707,819	1,073,542	1,463,681
Village Green	-	-	-	-	1,191,062
Charter School Subtotal	\$ -	\$ -	\$ 41,995,117	\$ 46,734,743	\$ 54,502,688
Urban Collaborative	-	-	-	-	275,977
Distributed LEA Subtotal	\$ 592,082,479	\$ 614,833,851	\$ 658,002,530	\$ 722,801,800	\$ 750,486,219
Non-Distributed Aid					
On-Site Visits	\$ 125,022	\$ -	\$ -	\$ -	\$ -
Textbook Expansion	233,861	241,490	265,698	240,000	240,000
School Breakfast	300,000	300,000	270,000	270,000	270,000
Professional Development	-	250,000	-	-	-
Charter School-Direct Aid	30,513,329	37,007,176	-	-	-
Progressive Support & Intervention	2,840,573	2,670,964	(244)	-	-
Telecommunications Access	250,000	350,000	350,000	400,000	400,000
Early Childhood Demonstration	-	664,630	-	1,450,000	2,450,000
Transportation Categorical	-	-	1,087,840	2,175,680	3,263,520
High Cost Special Ed Categorical	-	-	-	500,000	1,000,000
Career and Tech Categorical	-	-	-	3,000,000	3,500,000
Regionalization Bonus	-	-	851,241	412,951	-
Subtotal	\$ 34,262,785	\$ 41,484,260	\$ 2,824,535	\$ 8,448,631	\$ 11,123,520
State Schools					
Metropolitan School	\$ 11,857,331	\$ 12,623,225	\$ 11,642,563	\$ 11,648,256	\$ 11,088,244
School for the Deaf	5,600,697	5,880,836	5,774,028	6,186,824	6,137,694
Davies School	13,366,261	13,986,276	13,310,623	13,328,293	12,716,908
Subtotal	\$ 30,824,289	\$ 32,490,337	\$ 30,727,214	\$ 31,163,373	\$ 29,942,846
Other Aid					
Teachers' Retirement	\$ 68,550,306	\$ 70,286,261	\$ 80,385,930	\$ 76,911,999	\$ 82,514,003
School Housing Aid	58,299,115	67,976,514	69,648,322	72,058,624	71,134,679
Subtotal	\$ 126,849,421	\$ 138,262,775	\$ 150,034,252	\$ 148,970,623	\$ 153,648,682
Total Aid	\$ 784,018,974	\$ 827,071,223	\$ 841,588,531	\$ 911,384,427	\$ 945,201,267

Education Aid by Category of Aid

Category of Education Aid	FY 2010 Actual	FY 2011 Actual	FY 2012 Unaudited	FY 2013 Revised	FY 2014 Recommended
Distributed LEA Aid					
General Aid	\$ 400,334,173	\$ 423,501,699	\$ -	\$ -	\$ -
Formula Aid	-	-	610,239,710	674,854,921	705,166,909
Student Technology	3,366,803	3,397,692	-	-	-
Student Equity	73,554,202	73,800,000	-	-	-
Early Childhood	6,746,804	6,800,000	-	-	-
Student Language Assistance	31,703,049	31,715,459	-	-	-
Targeted Aid	20,000,000	20,000,000	-	-	-
Charter School-Indirect Aid	1,242,006	1,242,006	-	-	-
Full Day Kindergarten	3,930,903	4,163,000	-	-	-
Vocational Equity	1,498,261	1,512,500	-	-	-
Group Home Funding	9,551,025	8,886,000	8,601,000	8,181,000	7,581,000
Central Falls School District	40,155,253	39,815,495	39,161,820	39,705,879	38,188,310
Subtotal	\$ 592,082,479	\$ 614,833,851	\$ 658,002,530	\$ 722,741,800	\$ 750,936,219
Non-Distributed Aid					
On-Site Visits	\$125,022	\$ -	\$ -	\$ -	\$ -
Textbook Expansion	233,861	241,490	265,698	240,000	240,000
Hasbro Children's Hospital	-	-	-	-	-
School Breakfast	300,000	300,000	270,000	270,000	270,000
Professional Development	-	250,000	-	-	-
Charter School-Direct Aid	30,513,329	37,007,176	-	-	-
Progressive Support & Intervention	2,840,573	2,670,964	(244)	-	-
Telecommunications Access	250,000	350,000	350,000	400,000	400,000
Early Childhood Demonstration	-	664,630	-	1,450,000	2,450,000
Transportation Categorical	-	-	1,087,840	2,175,680	3,263,520
High Cost Special Ed Categorical	-	-	-	500,000	1,000,000
Career and Tech Categorical	-	-	-	3,000,000	3,500,000
Regionalization Bonus	-	-	851,241	412,951	-
Subtotal	\$ 34,262,785	\$ 41,484,260	\$ 2,824,535	\$ 8,448,631	\$ 11,123,520
State Schools					
Metropolitan School	\$ 11,857,331	\$ 12,623,225	\$ 11,642,563	\$ 11,648,256	\$ 11,088,244
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Total Aid	\$ 784,018,974	\$ 827,071,223	\$ 841,588,531	\$ 911,324,427	\$ 945,651,267

Internal Service Fund Accounts

Internal Service Fund accounts are established to finance and account for the operations of certain state programs that provide services to other state agencies, institutions and other governmental units on a cost reimbursement basis. The purpose of such accounts is to ensure that the activities of the respective programs are managed in a businesslike manner. They are intended to promote efficient use of services by making agencies pay the full costs associated with providing the service and allocate the costs of central administrative functions across all fund types, particularly so that federal and other non-general revenue funded programs share in the costs.

Each Internal Service Fund develops its own billing structure, which is reviewed on an annual basis prior to the start of each fiscal year. In most cases, direct charges associated with a service being provided to a user agency are billed to that agency, along with an overhead charge for the administrative costs of operating the respective fund.

On the following pages are descriptions of each of the Internal Service Fund accounts requested as part of the FY 2014 Budget, with explanations of their purpose and the rationale for utilizing this structure for funding the respective program.

Department of Administration

Internal Service Fund: Health Insurance Fund

Description:

This Health Insurance Fund is used to account for the cost of health insurance coverage for employees and retirees. Historically, the state has accounted for employee health insurance costs in a series of clearing accounts related to payroll, i.e., state and employee (if any) contributions would be posted as additions to a clearing account and payments to health insurance companies would be posted as deductions. However, sometimes there wasn't a direct correlation between the "premiums" or claims paid to health insurance companies and rates assessed to state agencies (employer share) and/or employees and determining the financial position of the state relative to provision of this benefit was time-consuming. Also, any retroactive settlements with health insurance companies required the direct allocation of the settlement back to several thousand agency budget accounts.

Purpose:

This internal service was created to account for employee and retiree health insurance transactions because the state's financial position associated with providing this employee/retiree benefit will be more readily determinable due to the sometimes indirect correlation between the amount of "premiums" or claims paid to health insurance companies and rates assessed to state agencies (employer share) and/or employees. Also, any retroactive settlements with health insurance companies can be incorporated into a future rate charged to agency budget accounts and employees.

Efficacy:

This Internal Service Fund is used to account for the cost of health insurance coverage for employees and retirees. The current rationale for utilizing this methodology is to gain greater accounting efficiency by (1) avoiding the prior practice of allocating retroactive settlements among several thousand agency accounts and (2) being able to quickly determine the State's financial position associated with providing this benefit to employees and retirees.

Internal Service Fund Accounts

Internal Service Fund: Central Utilities

Description:

The Central Utilities Internal Service Fund is responsible for the administration and fiscal management of electricity services provided to the state.

Purpose:

This unit processes all monthly payments for over 1,600 electric accounts to the state's primary supplier of electricity, National Grid. Expenditures are then billed to the respective agencies based upon the electricity usage determined by the meters assigned to that agency. In addition, this unit's overhead costs are allocated to user agencies based upon the number of meters assigned to the agency.

Efficacy:

Without this Internal Service Fund, each state agency would be independently responsible for paying electric bills for the meters assigned to that agency. This would require an internal distribution of costs to all applicable accounts within the agency, a service that is now provided by the central unit.

Internal Service Fund: Automotive Fleet

Description:

The State Automotive Fleet Internal Service Fund provides for the administration and fiscal management of state-owned vehicles and operates several fuel depots throughout the state

Purpose:

This program oversees the procurement, maintenance and allocation of 2,900 vehicles, including heavy-duty vehicles, boats, trailers, and maintenance equipment. Agencies are billed biweekly for expenses including repairs, fuel, and a surcharge (per gallon) for the operation and maintenance of fuel depots. The administrative costs for the Office of State Fleet Operations (OSFO) are charged to agencies per vehicle on an annual basis. All agencies share these overhead costs in an equitable manner.

Efficacy:

Decentralization of automotive fleet functions would result in duplication of efforts, inconsistent policies and procedures between agencies, loss of control over new vehicle purchases, and the absence of a central comprehensive database, which would make it difficult to meet mandated federal reporting requirements on alternative fuel vehicles.

Internal Service Fund: State Fleet Replacement Revolving Loan Fund

Description:

The State Fleet Replacement Revolving Loan Fund provides loans to state agencies for the acquisition of vehicles and related equipment. These loans are paid back by the respective agencies over a period of three to seven years depending on the value of the equipment acquired. The Fund also grants a portion of its allotment to the Rhode Island Public Transit Authority

Purpose:

This revolving loan fund replaces the use of debt issuances by the state to fund vehicle acquisitions. As funds are repaid annually, they are available to issue new loans.

Internal Service Fund Accounts

Efficacy:

Use of a revolving loan fund enables the State to save on interest expense associated with the issuance of debt and also provides cost-saving opportunities when multiple vehicles are purchased.

Internal Service Fund: Surplus Property

Description:

This internal service fund oversees the acquisition and distribution of federal surplus property, as well as the storage and disposal of state surplus property.

Purpose:

Section 42-56.2-1 of the RI General Laws requires the appointment of a Federal Surplus Property Officer by the Director of Administration. This position is authorized to acquire from the federal government surplus property that may be of benefit to the state, local governments or non-profit educational or charitable institutions. This position oversees the Surplus Property Internal Service Fund. Although the Fund will acquire federal surplus property on behalf of state agencies or other eligible recipients, they do not bill for this service. The program is not currently generating revenues.

Efficacy:

The staff responsible for overseeing the surplus property program is funded with General Revenues and thus these costs are not allocated to user agencies. As stated above, the only billings made by this internal service fund are currently for space rental at a state warehouse. Without the existence of an internal service funds, these costs could be billed to the user agencies using an alternative accounting method or the costs to operate the warehouse could be fully funded with general revenues, thereby eliminating the need to bill any agency for storage.

Internal Service Fund: Central Mail

Description:

The Central Mail unit provides for inter-agency mail delivery and processing of United States mail for most state agencies.

Purpose:

Aggregation of mail functions constitutes a major source of cost savings and cost avoidance for government operations statewide. Costs are allocated to agencies via a billing system that applies the internal and external costs to agency budgets.

Efficacy:

This Internal Service Fund is used to allocate the cost of mail processing to various agencies. The current rationale for utilizing this methodology is to gain greater efficiency from the central management of mail processing services.

Internal Service Fund Accounts

Internal Service Fund: Telecommunications/Centrex

Description:

The Telecommunications Internal Service Fund supports all voice and data communications infrastructure throughout state government, as well as the public information operators. Voice services include planning, procurement, provision, installation and maintenance of all voice telephone devices, lines and extensions, billing and vendor liaison. Data services include planning, procurement, provision, installation, addressing, routing and maintenance of all WAN data lines and data connections, access to the Internet, security and filtering, billing, and vendor liaison throughout state government.

Purpose:

This Internal Service Fund, as with the Central Utilities Fund, processes all payments for voice communication services to the providers of these services (primarily Verizon). Agencies are then billed monthly for their usage, as well as an overhead charge allocated based upon the number of phone lines in each agency.

Efficacy:

This Internal Service Fund is used to allocate the cost of telephone services to the various agencies. The current rationale for utilizing this methodology is to gain efficiencies from central management of direct and indirect telecom costs. Without the existence of this fund, each agency would be responsible for receiving and paying invoices for telecommunication services provided to their agency.

Internal Service Fund: Assessed Fringe Benefit

Description:

The Assessed Fringe Benefit Internal Service Fund makes payments for various employee fringe benefits. The fund generates revenue by assessing a charge against the amount of salaries and wages paid to state employees.

Purpose:

The assessment charged by this fund pays for the following employee fringe benefits: services provided by the Donley Center; services of the Workers' Compensation Court and the Division of Workers' Compensation administrative costs related to workers' compensation activities; payments to Workers' Compensation providers; Workers' Compensation benefit payments to employees; Unemployment Compensation payments; and payments to employees for unused leave upon termination from state service.

Efficacy:

This fund was established in part to eliminate the fluctuations in agency budgets that result from workers' compensation claims, unemployment claims, and termination costs. The use of the statewide assessment also meets federal cost allocation requirements.

Internal Service Fund Accounts

Department of Corrections

Internal Service Fund: Correctional Industries

Description:

Correctional Industries are the work programs in correctional facilities that provide real world work experience to inmates, teaching them transferable job skills and work ethic to help them prepare for post-release reentry and employment.

Purpose:

Correctional Industries employees over two hundred inmates who manufacture various products or provide services to state agencies, cities and towns and non-profit organizations. This is the only self-funded reentry support program in Corrections - no appropriated funds are required for its operation since it relies on revolving funds from the income generated by the sale of products and services produced through the program.

Efficacy:

Because Correctional Industries' customer base not only includes state agencies, but also municipal and non-profit agencies, it is virtually impossible to have any mechanism other than an Internal Services Fund to allow for the continuation of this program.

Internal Service Fund: Corrections Warehouse / Central Distribution Center

Description:

The Central Distribution Center is responsible for the central purchase of food staples, janitorial items, and other supplies for warehousing and distribution/sale to state agencies and state school districts. The unit also administers the U.S. Department of Agriculture food distribution program.

Purpose:

This Internal Service Fund was created in order to provide for the most cost-effective procurement and delivery of goods to other state programs. The Fund also utilizes inmates working under the supervision of warehouse staff in order to increase the capacity to serve various customers and to provide work training experience for inmates.

Efficacy:

The current rationale for this Internal Service Fund is to improve efficiency by providing a centralized mechanism for the purchase and distribution of goods.

Internal Service Fund Accounts

Secretary of State

Internal Service Fund: Record Center

Description:

The State Records Center stores and manages the nonpermanent records of state agencies and funds the Public Records Administration office. This program, a central storage facility for inactive state government records, serves all state agencies.

Purpose:

This Internal Service Fund ensures that state agencies pay only for actual records stored and services received. Most states and the federal government operate their programs through the same or similar means. A Master Price Agreement with a private records storage company governs overall records storage costs and services. Although the private vendor transports and stores the records, state agencies' service requests are channeled through the Public Records Administration office. On a monthly basis, the vendor provides the Public Records Administration Office with a master invoice for all charges to the state, and also individual agency accounts.

Efficacy:

The State Records Center could receive a direct appropriation of funds to cover the entire cost of record storage and other services for all agencies instead of each agency being allotted their own requested amount, but this method would not be as efficient as the current rotary account. A rotary account ensures that agencies pay for actual records stored and services received. A direct appropriation would be an estimate that would have to be revised at the end of the fiscal year.

Department of Public Safety

Internal Service Fund: Capitol Police Rotary

Description:

The Capital Police Rotary account is for reimbursements from other departments within the state that the Capitol Police provides service for.

Purpose:

To supply security services to the Department of Human Services; Department of Children Youth & Families; Division of Motor Vehicles; Operator Control on the Pastore Complex; and the Department of Transportation. Their mission is to protect property and ensure the safety of the employees with those buildings as well as protecting the public that enter these facilities daily to conduct business.

Efficacy:

This Internal Service Fund is used for the personnel funding for 8.0 capitol police officers.