

State of Rhode Island and Providence Plantations

Executive Summary



Fiscal Year 2015

Lincoln D. Chafee, Governor

Dedication

*This year's budget documents are dedicated to the
Memory of William V. Golas, Jr.
Sr. Budget Analyst 1987 - 2013*

The image on the cover of this year's budget document is a Winter Scene of the State House from Artist John Pitocco of Providence and is reproduced by permission of the artist in collaboration with the Rhode Island State Council on the Arts.

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, and the Historical Preservation and Heritage Commission. The Governor recommends 3,997.3 FTE positions in FY 2014 and 4,001.2 FTE positions in FY 2015.

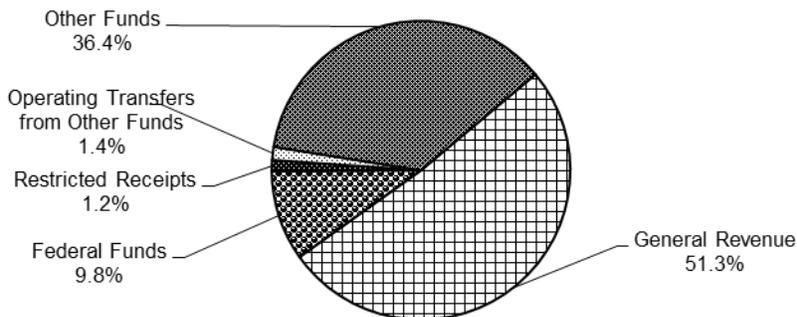
Prior to 2013, two boards governed education activities in Rhode Island: the Board of Regents for Elementary and Secondary Education and the Board of Governors for Higher Education. The Board of Regents, with the advice of the Commissioner of Education, established policy with respect to the operations 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, a new Board of Education was established pursuant to Chapter 97 of Title 16. The chairperson of the new Board of Education is appointed from the 11 member Board by the Governor, with the advice and consent of the Senate, and is responsible for overall education policy and oversight of all education systems in Rhode Island. In December 2013, the Board of Education proposed creating a new structure to better govern education activities in Rhode Island that would create two councils within the Board of Education, a Council on Elementary and Secondary Education and a Council on Postsecondary Education; a Coordinating Committee; and an Office of the Postsecondary Commissioner. According to the new structure, each member of the Board will serve on one of the two proposed councils. The single Board will be maintained and will set the goals for the entire education system and an agenda for system-wide priorities. Each council will focus on regulatory and governance issues that pertain to their respective area, as these issues vary greatly between the two systems. The Coordinating Committee will be responsible for setting the agenda for the Board and for monitoring the Board's system-wide initiatives, while the Office of the Postsecondary Commissioner will work with the higher education institutions to facilitate policy initiatives for the Board and the corresponding council.

The Governors revised FY 2014 budget for Education agencies totals \$2.324 billion, or \$5.8 million more than the enacted budget of \$2.318 billion. Compared to the enacted budget, general revenue decreases by \$4.4 million, or 0.4 percent; federal funds increase by \$2.3 million, or 0.9 percent; restricted receipts decrease by \$1.7 million, or 5.9 percent; and other funds increase by \$9.6 million, or 1.1 percent. American Recovery and Reinvestment Act of 2009 and Race to the Top funding comprises \$28.5 million, or 11.4 percent of the federal funds.

Education

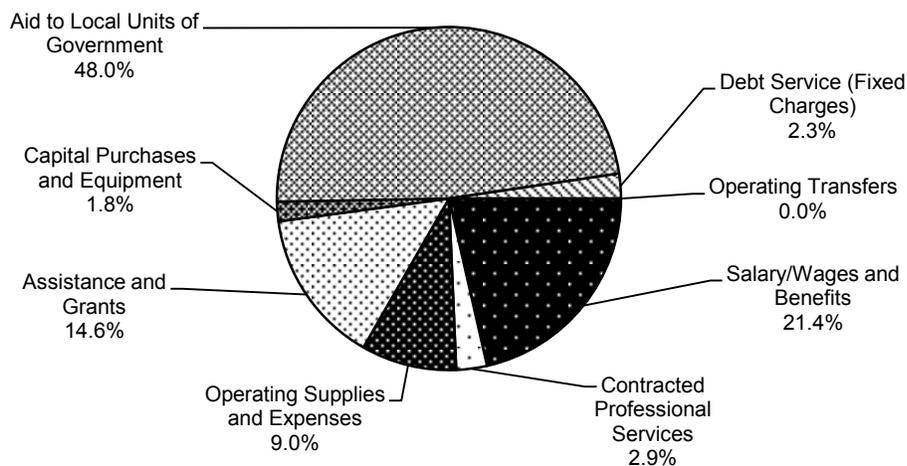
How it is Financed



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

The Governor recommends total expenditures of \$2.357 billion for Education in FY 2015, including \$1.208 billion from general revenue, \$229.9 million from federal funds, \$28.3 million from restricted receipts, and \$890.5 million from other funds. American Recovery and Reinvestment Act of 2009 and Race to the Top funding comprises \$14.2 million, or 6.2 percent of the federal funds.

How it is Spent



The Governor's general revenue recommendation of \$1.208 billion for Education for FY 2015 is an increase of \$55.2 million, or 4.8 percent from FY 2014 enacted levels.

Aid to Local Units of Government accounts for 48.0 percent of all education expenditures. State operations expenditures, which include personnel and operating, account for 33.3 percent of total education expenditures. Most of these expenditures occur in Public Higher Education. The remaining 18.7 percent of expenditures occur in grants and benefits and capital outlays.

Education

Elementary and Secondary Education

The Governor recommends \$1.228 billion in his FY 2014 revised Budget from all funds for the Department of Elementary and Secondary Education; this is an increase of \$1.6 million from the enacted level of \$1.226 billion. Of this total, \$961.1 million is general revenue expenditures, \$228.8 million is federal funds, \$26.0 million is restricted receipt funds, \$11.3 million is from the Rhode Island Capital Plan Fund, and \$300,000 is comprised of other fund expenditures. In relation to the FY 2014 Enacted Budget, general revenue expenditures decrease by \$3.6 million, federal expenditures increase by \$3.1 million, restricted receipt expenditures decrease by \$1.7 million, and financing for the Rhode Island Capital Plan Fund increases by \$3.7 million.

In the FY 2014 revised Budget, general revenue financing for the Administration of the Comprehensive Education Strategy (ACES) program is reduced by \$237,487 from the enacted level. This reduction is mostly attributed to increased turnover savings. The Governor provides \$19.6 million in general revenue and \$253.2 million in all funds for the ACES program.

All of the 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 \$12.8 million, \$11.1 million, and \$38.4 million, respectively. General revenue support decreases by \$165,622 from the enacted level of \$6.1 million for the Rhode Island School for the Deaf. This change is largely attributed to a reduction of \$149,365 in personnel financing, in addition to various other adjustments in the operating and contracted services categories.

The Governor's revised FY 2014 Budget includes a net reduction to general revenue based on mid-year adjustments to the following programs: the School Construction Aid program decreases by \$2.3 million to \$67.7 million due to certain projects that were not complete by the end of FY 2013 and therefore are not eligible for reimbursement in FY 2014; the Teachers' Retirement program decreases by \$799,316 resulting from a lower-than-projected teacher wage base; and Funding Formula Aid increases by \$90,130 due to student enrollment data updates. Additional education aid programs, including the five categorical funds (Career and Technical Education, Transportation, Early Childhood Demonstration, High Cost Special Education, and the Regionalization Bonus), Full-Day Kindergarten, E-Rate, Group Home Aid, Vision Services, Non-Public Textbooks, and School Breakfast will all remain at the enacted level in FY 2014.

As a winner in the Race to the Top competition, Rhode Island was awarded – and the Governor continues to include in the FY 2014 and FY 2015 recommendations – part of \$75.0 million in federal funds that will be used over a four-year period ending September 30, 2014. The Department continues to 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 2014 Revised Budget allocates \$20.0 million, while the FY 2015 Budget allocates \$8.7 million to conclude this grant.

In December of 2011, Rhode Island was awarded an additional \$50.0 million through the latest round of the Race to the Top program. Under the title Race to the Top – Early Learning Challenge Grant, funding is used to improve education for pre-school students. This program involves multiple human service state agencies with funding allocated over a four-year span ending December 31, 2015. Within the Department of Elementary and Secondary Education's budget, the Governor allocates \$7.2 million and \$5.4 million for FY 2014 and FY 2015, respectively.

Education

For FY 2015, the Governor recommends \$1.249 billion in expenditures from all funds for the Department of Elementary and Secondary Education. Of this total, \$1.007 billion is from general revenue, \$208.5 million is from federal funds, \$27.3 million is restricted receipts, \$5.9 million is from the Rhode Island Capital Plan Fund, and \$359,000 is from other funds. This financing level represents an increase in general revenue expenditures of \$42.5 million from the enacted FY 2014 level, a decrease of \$17.3 million in federal expenditures, a decrease of \$404,544 in restricted receipt expenditures, a decrease of \$1.7 million from the Rhode Island Capital Plan Fund, and an increase of \$59,000 in other fund expenditures.

Financing for the Department's ACES program increases by \$141,871 in general revenue financing from the enacted FY 2014 level. This increase is largely due to net changes in personnel shifts from federal to state programs since many federal grants have been reduced significantly and an addition of \$250,000 in maintenance costs for Race to the Top projects once the grant period ends on September 30, 2014, offset by various reductions in contracted services.

All State-funded schools are subject to the Education Aid Funding Formula with the exception of Rhode Island School for the Deaf. General revenue funding for the Davies Career & Technical School decreases by \$564,255 from the FY 2014 enacted level; the School for the Deaf decreases by \$140,370; the Metropolitan Career and Technical School decreases by \$548,442; and the Central Falls School District increases by \$446,261. Included in the increase to Central Falls is an additional \$1.8 million for the Central Falls Stabilization Fund as mandated in the Education Equity and Property Tax Relief Act (RIGL 16-7.2).

The Governor recommends fully-financing year four of the Education Aid Funding Formula, while also reducing the overall total amount of funding remaining to be transitioned for underfunded districts in FY 2015. The Governor has also included \$12.3 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 Regionalization Bonus is excluded because no regional districts formed in FY 2013. In addition, the Governor recommends a general revenue decrease in Group Home Aid of \$1.0 million to reflect fewer beds subject to reimbursement, mostly attributed to the withdrawal of the Department of Children, Youth, and Families' determination of four of the Groden Center group homes as reimbursement-eligible under RIGL 16-7-22(1)(ii). Moreover, the Governor recommends no general revenue financing for the Textbook Expansion and School Breakfast programs. State financing for both programs were only included as additional assistance in the past and the discontinuation will not have any effect on program operations. The general revenue financing of the E-Rate program (\$400,000) and the Full-Day Kindergarten Pilot Program (\$250,000) are level-funded compared to the FY 2014 Enacted Budget.

The Governor recommends \$89.8 million for financing the Teachers' Retirement Program, an increase of \$8.1 million from the FY 2014 Enacted 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 2.0 percent growth in the projected FY 2014 teacher payroll base, along with an increase in the State's share from 8.42 percent in FY 2014 to 9.19 percent of payroll in FY 2015. Additionally, the State will be responsible for 0.4 percent of the Defined Contribution Plan.

In FY 2015, as compared to the FY 2014 enacted level, School Construction Aid decreases by \$2.0 million to \$67.9 million to account for projects that are expected to be complete in FY 2014. Aid is paid to LEAs in the fiscal year following project completion.

Education

Department-wide, which includes the Administration of the Comprehensive Education Strategy, Davies Career and Technical School, and the School for the Deaf, the Governor recommends staffing authorizations totaling 357.4 FTE positions in the FY 2014 revised Budget. For FY 2015, this authorization level is decreased by 16.5 FTE positions to 340.9 FTE positions following the expiration of the Race to the Top grant. Initially, 22.0 FTE positions were approved to accommodate the Race to the Top grant, but 5.5 FTE positions, or 25.0 percent of the 22.0 FTE positions, are maintained since the grant is still active for the first quarter of the State fiscal year.

Public Higher Education

The Governor recommends a revised FY 2014 budget of \$1.063 billion for Public Higher Education, including \$179.1 million in general revenue, \$5.0 million in federal funds, \$841.6 million in other funds, \$702,583 in restricted receipts, and \$36.3 million from the Rhode Island Capital Plan Fund. General revenues decrease a total of \$878,952 from the enacted level, including decreases of \$478,666 for debt service and \$400,286 for a statewide medical benefit savings. The Governor recommends an authorized FTE level of 4,247.0 in the revised FY 2014 budget, which is 1.0 FTE less than the enacted level of 4,248.0 FTE positions.

For FY 2015, the Governor recommends \$1.073 billion for Public Higher Education, including \$191.7 million in general revenue, \$5.1 million in federal funds, \$849.7 million in other funds, \$644,000 in restricted receipts, and \$25.5 million from the Rhode Island Capital Plan Fund. The total general revenue increase of \$11.7 million, or 6.5 percent, from the FY 2014 enacted level includes \$10.0 million to continue the Governor's "no tuition increase" policy initiative for a second year. The goal of the initiative is to limit the burden imposed on students and families of rising tuition and other higher education costs. The remaining general revenue increase of \$1.7 million not associated with the Governor's policy initiative includes \$999,907 for general obligation debt service and \$725,361 for other net personnel and operating adjustments, including a \$493,602 reduction for statewide medical benefit savings.

For FY 2015, the Governor recommends replacing the Office of Higher Education with the *Office of Postsecondary Commissioner*. The Governor will submit legislation in the FY 2015 Appropriations Act to implement the reorganization. To operate and staff the Office, the Governor recommends general revenue expenditures of \$1.1 million and a staff of 12.8 FTE positions. The Office of Postsecondary Commissioner will support the governance and coordination responsibilities of the Council on Postsecondary Education and to work with the higher education institutions to facilitate policy initiatives of the Board of Education and the Council on Postsecondary Education. As of the date of publication of the FY 2015 budget documents, the organizational structure of the Office had not been finalized. For the Office as a whole, the Governor recommends expenditures of \$10.1 million, including \$5.1 million in general revenue and \$5.1 million in federal funds. In addition to funding the personnel and operating costs of the Office of Postsecondary Commissioner, the \$5.1 million in general revenue includes \$2.4 million for Shepard's building operating and parking costs; \$915,224 for PeopleSoft computer software licenses; \$356,538 of Children's Crusade Endowment grants; \$318,044 for legislative grants; and \$60,000 for the Enrollment Incentives grant program.

For the *University of Rhode Island*, the Governor recommends expenditures of \$736.9 million, including \$91.5 million in general revenue, \$631.4 million in other funds, and \$14.0 million from the Rhode Island Capital Plan Fund. Compared to the enacted budget, the FY 2015 budget includes increases of \$5.8 million in general revenue and \$10.9 million in other funds and a reduction of \$8.9 million from the RICAP Fund. Of the \$5.8 million increase in general revenue, \$5.3 is part of the Governor's \$10.0 million initiative to have no tuition increase for a second year in a row. Most of the decrease in RICAP Fund expenditures is associated with the completion of fire protection and safety projects in FY 2014.

Education

For *Rhode Island College*, the Governor recommends expenditures of \$169.3 million, of which \$47.2 million is general revenue, \$115.5 million is other funds, and \$6.6 million is from the RICAP Fund. In the FY 2015 recommended budget, general revenue increases by \$4.3 million compared to the enacted budget, while other funds increase by \$1.7 million. Of the \$4.3 million increase in general revenue, \$3.7 is part of the Governor's \$10.0 million initiative to have no tuition increase for a second year in a row. The recommended expenditures from the RICAP Fund decrease by \$2.9 million.

For the *Community College of Rhode Island*, the Governor recommends expenditures of \$156.4 million, including \$48.0 million in general revenue, \$102.8 million in other funds, \$4.9 million in federal funds, and \$644,000 in restricted receipts. The recommended general revenue is \$1.6 million higher than the FY 2014 enacted budget, while other funds and the RICAP Fund are \$2.4 million and \$1.4 million higher, respectively. Of the \$4.3 million increase in general revenue, \$1.0 is part of the Governor's \$10.0 million initiative to have no tuition increase for a second year in a row.

The Governor recommends a total authorized FTE level of 4,247.0 positions in FY 2015 for Public Higher Education, which is 1.0 FTE less than the enacted budget. In FY 2015, the Governor recommends 3,604.1 non-sponsored FTE positions and 642.9 sponsored research FTE positions.

The Governor recommends a \$125.0 million general obligation bond referendum be placed on the November 2014 ballot to fund Phase I of a comprehensive program to renovate and build additions to the existing University of Rhode Island College of Engineering complex of buildings clustered around the Engineering Quad. The buildings to be razed include Crawford Hall, Gilbreth Hall, Kelly Hall and Annex, and Wales Hall. Also included in Phase I are renovations to Kirk Hall and the construction of a new Engineering building.

Rhode Island Council on the Arts

The Governor's revised FY 2014 Budget for the Rhode Island Council on the Arts is \$2.7 million, including \$1.3 million in general revenue, \$796,680 in federal funds, and \$632,536 in other funds. The recommendation for general revenue is \$18,039 less than the enacted level entirely attributed to turnover savings. In all other funds, there is a reduction of \$649 due to using updated planning values for personnel costs.

For FY 2015, the Governor recommends \$3.8 million, including \$2.3 million in general revenue, \$799,348 in federal funds, and \$632,536 in other funds. The general revenue increase from the FY 2014 enacted level is \$1.0 million. This change is mostly attributed to financing for the Governor's new initiative for developing the creative cultural economy in Rhode Island. Funding will be used for art, signage, and cultural interpretation that enhance transportation corridors, gateways, and districts. The Council will work with the Rhode Island Department of Transportation, the Historical Preservation and Heritage Commission, the Rhode Island Commerce Corporation, municipalities, and regional convention and visitor bureaus on determining sites and design products appropriate for various locations. The Council also receives the Partnership Agreements federal grant from the National Endowment for the Arts for the use of fostering public engagement with art.

The Governor recommends 6.0 FTE positions per year for FY 2014 and FY 2015, which is unchanged from the enacted FY 2014 level.

Education

Rhode Island Atomic Energy Commission

The Governor's revised FY 2014 Budget for the Rhode Island Atomic Energy Commission is \$1.2 million, including \$856,770 in general revenue, \$60,724 in federal funds, and \$307,977 in other funds. The recommendation includes a net decrease of \$4,940 to general revenue appropriations, including reductions of \$4,490 for medical benefit savings, \$27,197 for personnel, and \$4,034 for contract services. Offsetting a portion of these reductions is a \$31,231 increase for operating costs.

For FY 2015, the Governor recommends expenditures of \$1.3 million, including \$913,197 in general revenue and \$357,977 in other funds. The increase of \$51,487 in general revenue from the FY 2014 enacted Budget recognizes increases of \$44,447 in personnel, \$6,847 for operating, and \$4,227 for capital purchases and equipment; and a reduction of \$4,034 for contract services savings of \$4,034. Most of the increase in personnel is due to one-time savings in FY 2014 associated with vacant positions.

The FY 2014 revised and FY 2015 recommended budgets include \$50,000 and \$100,000, respectively, from the Rhode Island Capital Plan Fund for a building study to evaluate the overall condition of the facility and asset protection projects, including replacing HVAC systems, repaving the driveway around the Commission's facility, landscaping the facility, replacing windows, painting the building and cooling towers, and various other items. The nuclear reactor facility was constructed in 1960 and the reactor was activated in 1964.

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 2015. The Governor's budget will enable the Commission to explore additional commercial uses for the RINSC, including new technology involved in cancer research.

The Governor recommends 8.6 FTE positions in both FY 2014 and FY 2015.

Rhode Island Higher Education Assistance Authority

The Governor recommends a revised FY 2014 Budget of \$25.0 million, including \$4.3 million in general revenue, \$12.3 million in federal grants, and \$8.3 million in other funds. Compared to the enacted budget, general revenue expenditures increase \$51,597 from the enacted level. The \$51,597 is allocated to the RIHEAA Scholarships and Grants program to provide federal maintenance of effort for a \$1.5 million College Access Challenge Grant in the Higher Education Office of the Postsecondary Commissioner.

For FY 2015, the Governor recommends expenditures of \$24.4 million, including \$4.3 million in general revenue, \$13.3 million in federal funds, and \$6.8 million in other funds. General revenue expenditures, which are equal to the FY 2014 enacted level, include \$4.1 million for needs-based scholarships and grants and \$147,000 for the New England Board of Higher Education assessment. Beginning in FY 2015, the Governor recommends offsetting a \$1.5 million reduction in available revenues for Tuition Savings

Education

Program needs-based scholarships and grants, which is classified as other funds, with \$1.5 million of Federal Family Education Loan Program guaranty agency reserves, which is classified as federal funds.

The Governor recommends an authorized FTE level of 23.0 FTE positions in FY 2014 and 25.0 positions in FY 2015. The additional 2.0 FTE positions recommended in FY 2015 are for the WaytogoRI.org portal program, which provides age-appropriate educational tools for elementary, middle, high school and college students.

Rhode Island Historical Preservation and Heritage Commission

The Governor recommends total expenditures of \$4.5 million for the FY 2014 revised Budget for the Rhode Island Historical Preservation and Heritage Commission, consisting of \$1.3 million in general revenue, \$2.2 million in federal funds, \$420,320 in restricted receipts, and \$568,689 in other funds. The recommendation reflects a general revenue decrease of \$16,714 from the enacted level, attributable to shifting personnel costs to the new Hurricane Sandy Disaster Relief federal grant, offset by partial financing provided for database upgrades. The new \$3.2 million Hurricane Sandy Disaster Relief federal grant awarded by the U.S. National Park Service will be used to rehabilitate historical properties damaged in the hurricane. Only properties listed or eligible to be listed in the National Register of Historic Places qualify for assistance provided through this grant. The Commission will be allowed to offset 5.0 percent of total expenditures for administrative costs related to this grant. Of the \$3.2 million, \$1.6 million is budgeted in FY 2014, with the remainder in FY 2015. The Commission also receives the Survey and Planning federal grant from the National Park Service for a variety of preservation-related activities, such as identification and evaluation of significant historic and archaeological properties, the nomination of eligible properties to the National Register of Historic Places, and the formulation of historic preservation plans and certain education-related activities.

The Governor recommends total financing of \$5.1 million for FY 2015, including \$1.3 million in general revenue appropriations, \$2.2 million in federal funds, \$434,910 in restricted receipts, and \$1.2 million in other funds. General revenue decreases by \$76,900 from the FY 2014 enacted level, mostly attributed to shifting \$70,000 in personnel costs to the Hurricane Sandy Disaster Relief federal grant. In all other funds, as compared to the FY 2014 enacted level, the recommended increase of \$1.7 million is attributed to the Hurricane Sandy Disaster Relief federal grant.

The Governor recommends 16.6 FTE positions per year for FY 2014 and FY 2015, which is unchanged from the enacted FY 2014 level.