

Special Reports

Formula Aid to Cities and Towns

The Governor's FY 2010 budget recommends formula aid to cities and towns totaling \$185.0 million. This represents a 24.3 percent, or \$59.4 million decrease from the FY 2009 enacted level of funding. The tables on the following pages display FY 2009 enacted, FY 2009 revised, and FY 2010 recommended levels of funding for formula aid to cities and towns by community. In general, formula state aid programs were level funded from the revised level with the exception of the general revenue sharing program. 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 were incorporated for FY 2010. This results in increases and decreases by community depending on changes in relative wealth and other factors which are incorporated in determining entitlements.

General Revenue Sharing - Beginning in FY 1994, one percent of total state tax revenues from the second prior fiscal year was earmarked for general state aid to cities and towns. Beginning in FY 1999, this percentage was to increase annually. In FY 2009 such distribution was to total 3.0 percent of state tax revenues. These funds are distributed based on a legislated formula encompassing per-capita income and the taxes imposed by each city or town for public purposes, excluding amounts allocated to education expenses. The Governor proposes that funding for this program in FY 2009 be set at \$31.0 million and to suspend funding for the program in FY 2010.

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 educational institutions, nonprofit hospitals, or any state owned hospital, veteran's facility, or correctional facility. Reimbursement is made for twenty-seven percent of all tax that would have been collected had the property been taxable, prorated to the amount appropriated for a given year. The program has been near level funded for FY 2009 and FY 2010, except for the reduction of \$186,558 in FY 2009 and FY 2010 due to a payment request that was received from a municipality that was not eligible for the program. Entitlements by community have been adjusted to reflect revenue which would have been lost resulting from eligible properties in the statutory reference year.

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 2009 and FY 2010 by community reflect computations based upon the latest available qualifying data. In FY 2010, the Governor recommends funding of \$10.0 million for this program from Rhode Island's share of the Federal Stimulus Fiscal Stabilization Fund, thereby reducing general revenues by \$10.0 million.

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. Although total funding is level funded at the FY 2009 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 fund based on outstanding commitments.

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

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comparability with municipal motor vehicle tax collection rates. The FY 2010 budget maintains the \$6,000 exemption rate and assumes no growth in the value of exempted vehicles which will be reimbursed by the State. The Governor recommends revised funding of \$135.4 million in FY 2009 and \$135.3 million in FY 2010.

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 2009 and FY 2010 the tax rate is proposed to be frozen at the rate applicable in FY 2008. 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 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 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. The amounts included in the following tables assume that this pass through aid will decrease by 1.6 percent for each community in FY 2009 compared to the actual FY 2008 payments and increase by 0.6 percent in FY 2010 compared to the revised FY 2009 estimates.

Summary of Formula Aid to Cities and Towns

	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Revised	FY 2010 Recommend
Municipal Police Incentive Pay	729,509	449,808	449,114	-	-
Municipal Fire Incentive Pay	368,423	221,130	224,997	-	-
Public Service Corporation Tax	12,206,492	10,347,757	9,204,590	9,204,590	9,204,590
Meals and Beverage Tax	17,620,607	18,568,791	19,012,482	18,708,279	19,126,556
Payment In Lieu of Taxes (PILOT)	26,975,194	27,766,967	27,766,967	27,580,409	27,580,409
Total Miscellaneous Aid	\$57,900,225	\$57,354,453	\$56,658,150	\$55,493,278	\$55,911,555
General Revenue Sharing	64,974,003	65,111,876	55,111,876	31,000,000	-
Total State Aid to Cities and Towns	\$64,974,003	\$65,111,876	\$55,111,876	\$31,000,000	\$0
Dist. Comm. - General Appropriation ¹	10,640,190	9,929,895	10,384,458	10,384,458	10,384,458
Total Distressed Communities Aid	\$10,640,190	\$9,929,895	\$10,384,458	\$10,384,458	\$10,384,458
Motor Vehicle Tax Phase-out Program ²	117,649,182	136,230,036	135,277,642	135,370,317	135,306,888
Total Motor Vehicle Tax Phase-out Prog.	\$117,649,182	\$136,230,036	\$135,277,642	\$135,370,317	\$135,306,888
Subtotal Forumla Aid - All Sources	\$251,163,600	\$268,626,260	\$257,432,126	\$232,248,053	\$201,602,901
Percent Change from prior year	12.54%	6.95%	-4.17%	-9.78%	-13.20%
Resource Sharing & Library Aid ³	8,390,741	8,711,692	8,746,199	8,773,398	8,773,398
Library Construction Aid	2,634,460	2,751,699	2,672,735	2,587,447	2,989,289
Total Library Aid	\$11,025,201	\$11,463,391	\$11,418,934	\$11,360,845	\$11,762,687
Property Revaluation Program	931,623	2,186,413	1,078,929	1,132,000	1,843,500
Total Other Aid	\$931,623	\$2,186,413	\$1,078,929	\$1,132,000	\$1,843,500
Total Aid	\$263,120,424	\$282,276,064	\$269,929,989	\$244,740,898	\$215,209,088
Percent Change from prior year	12.26%	7.28%	-4.37%	-9.33%	-12.07%

¹ The August 2006 payment from the Distressed Communities Relief Fund, which is supposed to be based on Real Estate Conveyance Tax revenues for the period of January to June, was instead based upon the enacted appropriation and resulted in an overpayment to communities of \$230,272.

² 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.

³ Resource Sharing and Library Aid for state institutions is included in these totals.

Fiscal Year 2009 Enacted State Aid to Cities and Towns

City or Town	General Revenue Sharing	Payment In Lieu of Tax Exempt Property	Distressed Community Relief Fund	State Library Aid	Motor Vehicle Excise Tax Reimbursement Value of Exemption	FY 2009 Total Appropriated State Aid
Barrington	206,206	49,199	-	317,722	\$3,105,155	3,678,282
Bristol	840,384	584,813	-	57,817	\$1,569,867	3,052,881
Burrillville	597,138	73,011	507,300	80,245	\$2,874,260	4,131,954
Central Falls	1,432,052	20,927	289,275	77,237	\$1,559,044	3,378,535
Charlestown	345,546	-	-	45,205	\$538,116	928,867
Coventry	859,727	-	-	186,831	\$3,046,780	4,093,338
Cranston	4,599,682	3,820,082	-	572,241	\$12,633,481	21,625,486
Cumberland	1,321,917	140	-	248,544	\$2,856,038	4,426,639
East Greenwich	149,812	8,008	-	105,141	\$1,398,821	1,661,782
East Providence	2,272,041	60,645	-	467,926	\$6,484,378	9,284,990
Exeter	76,718	-	-	32,415	\$1,042,533	1,151,666
Foster	262,927	437	-	33,195	\$865,029	1,161,588
Glocester	480,786	-	-	65,133	\$1,253,136	1,799,055
Hopkinton	191,394	-	-	28,963	\$867,017	1,087,374
Jamestown	124,220	-	-	71,068	\$440,570	635,858
Johnston	2,164,234	-	-	122,433	\$5,240,728	7,527,395
Lincoln	812,824	-	-	174,946	\$3,017,082	4,004,852
Little Compton	89,670	-	-	25,296	\$305,021	419,987
Middletown	829,818	-	-	143,075	\$1,124,966	2,097,859
Narragansett	747,514	-	-	117,559	\$1,264,605	2,129,678
Newport	1,564,737	753,317	-	348,867	\$1,909,223	4,576,144
New Shoreham	77,527	-	-	92,970	\$89,183	259,680
North Kingstown	754,148	6,591	-	234,918	\$2,903,871	3,899,528
North Providence	2,032,742	513,661	1,026,474	178,999	\$5,138,697	8,890,573
North Smithfield	556,079	48,733	-	58,075	\$2,101,602	2,764,489
Pawtucket	4,630,267	353,035	1,503,029	409,610	\$10,378,902	17,274,843
Portsmouth	554,736	-	-	103,586	\$1,605,642	2,263,964
Providence	13,135,563	19,570,192	5,288,287	1,239,749	\$24,246,412	63,480,203
Richmond	125,675	-	-	25,637	\$781,604	932,916
Scituate	383,576	-	-	91,895	\$1,622,899	2,098,370
Smithfield	1,582,243	466,237	-	236,390	\$3,650,779	5,935,649
South Kingstown	860,708	118,511	-	189,662	\$2,237,219	3,406,100
Tiverton	547,575	-	-	86,606	\$1,449,392	2,083,573
Warren	425,488	-	-	44,050	\$1,162,233	1,631,771
Warwick	4,128,906	1,028,280	-	675,910	\$14,446,108	20,279,204
Westerly	642,010	127,296	-	281,881	\$3,083,345	4,134,532
West Greenwich	189,201	-	-	22,136	\$594,255	805,592
West Warwick	1,245,850	-	937,808	190,207	\$3,257,073	5,630,938
Woonsocket	3,270,235	163,852	832,285	214,271	\$5,565,739	10,046,382
Subtotal	\$55,111,876	\$27,766,967	\$10,384,458	\$7,698,411	\$137,710,808	\$238,672,517
Statewide Reference Library Resource Grant (Providence)				1,012,378		1,012,378
Library Construction Reimbursement				2,765,729		2,765,729
Motor Vehicle Excise Tax Reimbursement - Fire Districts					\$1,875,837	1,875,837
Total	\$55,111,876	\$27,766,967	\$10,384,458	\$11,476,518	\$139,586,645	\$244,326,461

Fiscal Year 2009 Pass Through Aid to Cities & Towns

City or Town	Public Service Corporation Tax	Meals and Beverage Tax	FY 2009 Total Shared Taxes State Aid	FY 2009 Total Shared & Appropriated Aid
Barrington	147,676	117,173	264,849	3,943,131
Bristol	197,285	319,065	516,350	3,569,231
Burrillville	138,694	164,495	303,189	4,435,143
Central Falls	166,194	86,421	252,615	3,631,150
Charlestown	69,005	103,212	172,217	1,101,084
Coventry	295,616	325,620	621,236	4,714,574
Cranston	696,008	1,303,939	1,999,947	23,625,433
Cumberland	279,566	341,631	621,197	5,047,836
East Greenwich	113,688	386,037	499,725	2,161,507
East Providence	427,497	688,336	1,115,833	10,400,823
Exeter	53,077	67,912	120,989	1,272,655
Foster	37,527	18,754	56,281	1,217,869
Glocester	87,347	53,662	141,009	1,940,064
Hopkinton	68,803	45,817	114,620	1,201,994
Jamestown	49,363	95,497	144,860	780,718
Johnston	247,561	407,950	655,511	8,182,906
Lincoln	183,491	649,985	833,476	4,838,328
Little Compton	31,548	27,736	59,284	479,271
Middletown	152,198	528,153	680,351	2,778,210
Narragansett	143,655	408,926	552,581	2,682,259
Newport	232,459	1,612,920	1,845,379	6,421,523
New Shoreham	8,868	236,070	244,938	504,618
North Kingstown	231,151	410,331	641,482	4,541,010
North Providence	284,579	368,577	653,156	9,543,729
North Smithfield	93,230	140,081	233,311	2,997,800
Pawtucket	640,596	613,497	1,254,093	18,528,936
Portsmouth	150,574	149,580	300,154	2,564,118
Providence	1,524,424	3,924,877	5,449,301	68,929,504
Richmond	63,412	102,122	165,534	1,098,450
Scituate	90,648	54,702	145,350	2,243,720
Smithfield	180,989	484,355	665,344	6,600,993
South Kingstown	245,156	502,924	748,080	4,154,180
Tiverton	133,988	160,405	294,393	2,377,966
Warren	99,745	221,450	321,195	1,952,966
Warwick	753,423	2,123,622	2,877,045	23,156,249
Westerly	201,649	557,347	758,996	4,893,528
West Greenwich	44,648	74,415	119,063	924,655
West Warwick	259,731	345,290	605,021	6,235,959
Woonsocket	379,521	485,393	864,914	10,911,296
Subtotal	9,204,590	\$18,708,279	\$27,912,869	\$266,585,386
Statewide Reference Library Resource Grant (Providence)				1,012,378
Library Construction Reimbursement				2,765,729
Motor Vehicle Excise Tax Reimbursement - Fire Districts				1,875,837
Total				\$272,239,330

Fiscal Year 2009 Revised State Aid to Cities and Towns

City or Town	General Revenue Sharing	Payment In Lieu of Tax Exempt Property	Distressed Community Relief Fund	State Library Aid	Motor Vehicle Excise Tax Reimbursement Value of Exemption	FY 2009 Total Appropriated State Aid
Barrington	115,989	49,199		317,722	\$2,983,208	3,466,118
Bristol	472,709	584,813		57,817	\$1,533,679	2,649,018
Burrillville	335,885	73,011	504,713	80,245	\$2,806,626	3,800,480
Central Falls	805,518	20,927	288,852	77,237	\$1,478,058	2,670,592
Charlestown	194,367			45,205	\$522,331	761,903
Coventry	483,590			186,831	\$2,954,920	3,625,341
Cranston	2,587,285	3,633,524		572,241	\$12,229,010	19,022,060
Cumberland	743,568	140		248,544	\$2,786,499	3,778,751
East Greenwich	84,268	8,008		105,141	\$1,365,583	1,563,000
East Providence	1,278,005	60,645		467,926	\$6,195,221	8,001,797
Exeter	43,153			32,415	\$1,020,562	1,096,130
Foster	147,894	437		33,195	\$857,971	1,039,497
Glocester	270,438			65,133	\$1,218,863	1,554,434
Hopkinton	107,658			28,963	\$850,943	987,564
Jamestown	69,873			71,068	\$432,967	573,908
Johnston	1,217,365			122,433	\$5,064,868	6,404,666
Lincoln	457,207			174,946	\$2,922,165	3,554,318
Little Compton	50,439			25,296	\$292,210	367,945
Middletown	466,766			143,075	\$1,097,078	1,706,919
Narragansett	420,471			117,559	\$1,224,495	1,762,525
Newport	880,152	753,317		348,867	\$1,811,310	3,793,646
New Shoreham	43,608			92,970	\$93,112	229,690
North Kingstown	424,202	6,591		234,918	\$2,824,194	3,489,905
North Providence	1,143,402	513,661	1,024,798	178,999	\$4,901,389	7,762,249
North Smithfield	312,790	48,733		58,075	\$2,121,675	2,541,273
Pawtucket	2,604,489	353,035	1,499,940	409,610	\$10,090,288	14,957,362
Portsmouth	312,035			103,586	\$1,559,418	1,975,039
Providence	7,388,652	19,570,192	5,299,786	1,239,749	\$23,572,708	57,071,087
Richmond	70,691			25,637	\$898,884	995,212
Scituate	215,759			91,895	\$1,579,960	1,887,614
Smithfield	889,999	466,237		236,390	\$3,542,318	5,134,944
South Kingstown	484,142	118,511		189,662	\$2,178,075	2,970,390
Tiverton	308,007			86,606	\$1,413,809	1,808,422
Warren	239,334			44,050	\$1,125,745	1,409,129
Warwick	2,322,477	1,028,280		675,910	\$13,715,293	17,741,960
Westerly	361,126	127,296		281,881	\$2,999,237	3,769,540
West Greenwich	106,424			22,136	\$594,921	723,481
West Warwick	700,781		935,710	190,207	\$3,183,440	5,010,138
Woonsocket	1,839,482	163,852	830,661	214,271	\$5,451,446	8,499,712
Subtotal	31,000,000	\$27,580,409	10,384,458	\$7,698,411	\$133,494,479	\$210,157,759
Statewide Reference Library Resource Grant (Providence)				1,012,378		1,012,378
Library Construction Reimbursement				2,587,447		2,587,447
Motor Vehicle Excise Tax Reimbursement - Fire Districts					\$1,875,837	1,875,837
Total	\$31,000,000	\$27,580,409	\$10,384,458	\$11,298,236	\$135,370,316	\$215,633,421

Fiscal Year 2009 Pass Through Aid to Cities & Towns

City or Town	Public Service Corporation Tax	Meals and Beverage Tax	FY 2009 Total Shared Taxes State Aid	FY 2009 Total Shared & Appropriated Aid
Barrington	147,676	117,173	264,849	3,730,967
Bristol	197,285	319,065	516,350	3,165,368
Burrillville	138,694	164,495	303,189	4,103,669
Central Falls	166,194	86,421	252,615	2,923,207
Charlestown	69,005	103,212	172,217	934,120
Coventry	295,616	325,620	621,236	4,246,577
Cranston	696,008	1,303,939	1,999,947	21,022,007
Cumberland	279,566	341,631	621,197	4,399,948
East Greenwich	113,688	386,037	499,725	2,062,725
East Providence	427,497	688,336	1,115,833	9,117,630
Exeter	53,077	67,912	120,989	1,217,119
Foster	37,527	18,754	56,281	1,095,778
Glocester	87,347	53,662	141,009	1,695,443
Hopkinton	68,803	45,817	114,620	1,102,184
Jamestown	49,363	95,497	144,860	718,768
Johnston	247,561	407,950	655,511	7,060,177
Lincoln	183,491	649,985	833,476	4,387,794
Little Compton	31,548	27,736	59,284	427,229
Middletown	152,198	528,153	680,351	2,387,270
Narragansett	143,655	408,926	552,581	2,315,106
Newport	232,459	1,612,920	1,845,379	5,639,025
New Shoreham	8,868	236,070	244,938	474,628
North Kingstown	231,151	410,331	641,482	4,131,387
North Providence	284,579	368,577	653,156	8,415,405
North Smithfield	93,230	140,081	233,311	2,774,584
Pawtucket	640,596	613,497	1,254,093	16,211,455
Portsmouth	150,574	149,580	300,154	2,275,193
Providence	1,524,424	3,924,877	5,449,301	62,520,388
Richmond	63,412	102,122	165,534	1,160,746
Scituate	90,648	54,702	145,350	2,032,964
Smithfield	180,989	484,355	665,344	5,800,288
South Kingstown	245,156	502,924	748,080	3,718,470
Tiverton	133,988	160,405	294,393	2,102,815
Warren	99,745	221,450	321,195	1,730,324
Warwick	753,423	2,123,622	2,877,045	20,619,005
Westerly	201,649	557,347	758,996	4,528,536
West Greenwich	44,648	74,415	119,063	842,544
West Warwick	259,731	345,290	605,021	5,615,159
Woonsocket	379,521	485,393	864,914	9,364,626
Subtotal	9,204,590	\$18,708,279	\$27,912,869	\$238,070,628
Statewide Reference Library Resource Grant (Providence)				1,012,378
Library Construction Reimbursement				2,587,447
Motor Vehicle Excise Tax Reimbursement - Fire Districts				1,875,837
Total				\$243,546,290

Changes in Formula Aid - FY 2009 Revised vs. FY 2009 Enacted

City or Town	General Revenue Sharing	Payment In Lieu of Tax Exempt Property	Distressed Community Relief Fund	State Library Aid	Motor Vehicle Excise Tax Reimbursement	Total Appropriated Difference
Barrington	(90,217)	-	-	-	(121,947)	(212,164)
Bristol	(367,675)	-	-	-	(36,188)	(403,863)
Burrillville	(261,252)	-	(2,587)	-	(67,634)	(331,473)
Central Falls	(626,534)	-	(423)	-	(80,986)	(707,943)
Charlestown	(151,179)	-	-	-	(15,785)	(166,964)
Coventry	(376,138)	-	-	-	(91,860)	(467,998)
Cranston	(2,012,397)	(186,558)	-	-	(404,471)	(2,603,426)
Cumberland	(578,349)	-	-	-	(69,539)	(647,888)
East Greenwich	(65,544)	-	-	-	(33,238)	(98,782)
East Providence	(994,036)	-	-	-	(289,157)	(1,283,193)
Exeter	(33,565)	-	-	-	(21,971)	(55,536)
Foster	(115,032)	-	-	-	(7,058)	(122,090)
Glocester	(210,347)	-	-	-	(34,273)	(244,620)
Hopkinton	(83,736)	-	-	-	(16,074)	(99,810)
Jamestown	(54,348)	-	-	-	(7,603)	(61,951)
Johnston	(946,869)	-	-	-	(175,860)	(1,122,729)
Lincoln	(355,617)	-	-	-	(94,917)	(450,534)
Little Compton	(39,231)	-	-	-	(12,811)	(52,042)
Middletown	(363,052)	-	-	-	(27,888)	(390,940)
Narragansett	(327,043)	-	-	-	(40,110)	(367,153)
Newport	(684,585)	-	-	-	(97,913)	(782,498)
New Shoreham	(33,919)	-	-	-	3,929	(29,990)
North Kingstown	(329,946)	-	-	-	(79,677)	(409,623)
North Providence	(889,341)	-	(1,676)	-	(237,308)	(1,128,325)
North Smithfield	(243,289)	-	-	-	20,073	(223,216)
Pawtucket	(2,025,778)	-	(3,089)	-	(288,614)	(2,317,481)
Portsmouth	(242,702)	-	-	-	(46,224)	(288,926)
Providence	(5,746,912)	-	11,499	-	(673,704)	(6,409,117)
Richmond	(54,984)	-	-	-	117,280	62,296
Scituate	(167,818)	-	-	-	(42,939)	(210,757)
Smithfield	(692,244)	-	-	-	(108,461)	(800,705)
South Kingstown	(376,567)	-	-	-	(59,144)	(435,711)
Tiverton	(239,568)	-	-	-	(35,583)	(275,151)
Warren	(186,154)	-	-	-	(36,488)	(222,642)
Warwick	(1,806,429)	-	-	-	(730,815)	(2,537,244)
Westerly	(280,884)	-	-	-	(84,108)	(364,992)
West Greenwich	(82,776)	-	-	-	666	(82,110)
West Warwick	(545,069)	-	(2,098)	-	(73,633)	(620,800)
Woonsocket	(1,430,753)	-	(1,624)	-	(114,293)	(1,546,670)
Subtotal	(\$24,111,876)	(186,558)	-	-	(\$4,216,326)	(\$28,514,758)
Statewide Reference Library Resource Grant (Providence)				42,056	-	42,056
Library Construction Reimbursement				(36,306)	-	(36,306)
Motor Vehicle Excise Tax Reimbursement - Fire Districts				-	-	-
Total	(\$24,111,876)	(\$186,558)	\$0	\$5,750	(\$4,216,326)	(\$28,509,008)

Changes in Pass Through and All Aid - FY 2009 Rev vs. FY 2009 Enacted

City or Town	Public Service Corporation Tax	Meals and Beverage Tax	Total Pass Through State Aid Difference	Total All State Aid Difference
Barrington	-	-	-	(212,164)
Bristol	-	-	-	(403,863)
Burrillville	-	-	-	(331,473)
Central Falls	-	-	-	(707,943)
Charlestown	-	-	-	(166,964)
Coventry	-	-	-	(467,998)
Cranston	-	-	-	(2,603,426)
Cumberland	-	-	-	(647,888)
East Greenwich	-	-	-	(98,782)
East Providence	-	-	-	(1,283,193)
Exeter	-	-	-	(55,536)
Foster	-	-	-	(122,090)
Glocester	-	-	-	(244,620)
Hopkinton	-	-	-	(99,810)
Jamestown	-	-	-	(61,951)
Johnston	-	-	-	(1,122,729)
Lincoln	-	-	-	(450,534)
Little Compton	-	-	-	(52,042)
Middletown	-	-	-	(390,940)
Narragansett	-	-	-	(367,153)
Newport	-	-	-	(782,498)
New Shoreham	-	-	-	(29,990)
North Kingstown	-	-	-	(409,623)
North Providence	-	-	-	(1,128,325)
North Smithfield	-	-	-	(223,216)
Pawtucket	-	-	-	(2,317,481)
Portsmouth	-	-	-	(288,926)
Providence	-	-	-	(6,409,117)
Richmond	-	-	-	62,296
Scituate	-	-	-	(210,757)
Smithfield	-	-	-	(800,705)
South Kingstown	-	-	-	(435,711)
Tiverton	-	-	-	(275,151)
Warren	-	-	-	(222,642)
Warwick	-	-	-	(2,537,244)
Westerly	-	-	-	(364,992)
West Greenwich	-	-	-	(82,110)
West Warwick	-	-	-	(620,800)
Woonsocket	-	-	-	(1,546,670)
Subtotal	\$0	\$0	\$0	(\$28,514,758)
Statewide Reference Library Resource Grant (Providence)				42,056
Library Construction Reimbursement				(36,306)
Motor Vehicle Excise Tax Reimbursement - Fire Districts				-
Total		\$0	\$0	(\$28,509,008)

Fiscal Year 2010 State Aid to Cities and Towns

City or Town	General Revenue Sharing	Payment In Lieu of Tax Exempt Property	Distressed Community Relief Fund	State Library Aid	Motor Vehicle Excise Tax Reimbursement Value of Exemption	FY 2009 Total Appropriated State Aid
Barrington	-	48,674	-	321,077	\$2,983,208	3,352,959
Bristol	-	634,467	-	58,525	\$1,533,679	2,226,671
Burrillville	-	70,725	508,392	91,281	\$2,806,626	3,477,024
Central Falls	-	21,195	289,687	76,209	\$1,478,058	1,865,149
Charlestown	-	-	-	45,556	\$522,331	567,887
Coventry	-	-	-	189,995	\$2,954,920	3,144,915
Cranston	-	3,564,549	-	567,846	\$12,229,010	16,361,405
Cumberland	-	119	-	242,267	\$2,787,441	3,029,827
East Greenwich	-	7,852	-	106,867	\$1,365,583	1,480,302
East Providence	-	59,510	-	472,150	\$6,195,221	6,726,881
Exeter	-	-	-	32,881	\$1,020,562	1,053,443
Foster	-	476	-	33,174	\$857,971	891,621
Glocester	-	-	-	67,171	\$1,218,863	1,286,034
Hopkinton	-	-	-	28,196	\$850,943	879,139
Jamestown	-	-	-	74,753	\$432,967	507,720
Johnston	-	-	-	105,464	\$5,064,868	5,170,332
Lincoln	-	-	-	176,403	\$2,922,165	3,098,568
Little Compton	-	-	-	25,583	\$292,210	317,793
Middletown	-	-	-	130,962	\$1,097,078	1,228,040
Narragansett	-	-	-	120,292	\$1,224,495	1,344,787
Newport	-	754,667	-	355,526	\$1,811,310	2,921,503
New Shoreham	-	-	-	93,402	\$93,112	186,514
North Kingstown	-	6,499	-	236,452	\$2,824,194	3,067,145
North Providence	-	457,836	1,021,040	174,633	\$4,901,389	6,554,898
North Smithfield	-	50,270	-	57,152	\$2,121,675	2,229,097
Pawtucket	-	349,008	1,497,807	415,117	\$10,090,288	12,352,220
Portsmouth	-	-	-	100,332	\$1,559,418	1,659,750
Providence	-	19,651,148	5,294,786	1,224,950	\$23,572,708	49,743,592
Richmond	-	-	-	26,120	\$834,514	860,634
Scituate	-	-	-	92,783	\$1,579,960	1,672,743
Smithfield	-	457,147	-	244,438	\$3,542,318	4,243,903
South Kingstown	-	139,158	-	199,346	\$2,178,075	2,516,579
Tiverton	-	-	-	91,028	\$1,413,809	1,504,837
Warren	-	-	-	49,036	\$1,125,745	1,174,781
Warwick	-	1,025,527	-	669,452	\$13,715,293	15,410,272
Westerly	-	124,499	-	281,816	\$2,999,237	3,405,552
West Greenwich	-	-	-	23,819	\$594,921	618,740
West Warwick	-	-	946,360	188,581	\$3,183,440	4,318,381
Woonsocket	-	157,083	826,382	207,774	\$5,451,446	6,642,685
Subtotal	-	27,580,409	10,384,458	7,698,411	\$133,431,051	\$179,094,323
Statewide Reference Library Resource Grant (Providence)				1,012,378		1,012,378
Library Construction Reimbursement				2,989,289		2,989,289
Motor Vehicle Excise Tax Reimbursement - Fire Districts					\$1,875,837	1,875,837
Total	\$0	\$27,580,409	\$10,384,458	\$11,700,078	\$135,306,888	\$184,971,827

* For FY 2010, the Distressed Communities Relief Fund includes \$10.0 million in federal stabilization funding.

Fiscal Year 2010 Pass Through Aid to Cities & Towns

City or Town	Public Service Corporation Tax	Meals and Beverage Tax	FY 2009 Total Shared Taxes State Aid	FY 2009 Total Shared & Appropriated Aid
Barrington	147,676	119,792	267,468	3,620,427
Bristol	197,285	326,199	523,484	2,750,155
Burrillville	138,694	168,173	306,867	3,783,891
Central Falls	166,194	88,353	254,547	2,119,696
Charlestown	69,005	105,520	174,525	742,412
Coventry	295,616	332,900	628,516	3,773,431
Cranston	696,008	1,333,092	2,029,100	18,390,505
Cumberland	279,566	349,269	628,835	3,658,662
East Greenwich	113,688	394,668	508,356	1,988,658
East Providence	427,497	703,726	1,131,223	7,858,104
Exeter	53,077	69,431	122,508	1,175,951
Foster	37,527	19,174	56,701	948,322
Glocester	87,347	54,862	142,209	1,428,243
Hopkinton	68,803	46,841	115,644	994,783
Jamestown	49,363	97,632	146,995	654,715
Johnston	247,561	417,071	664,632	5,834,964
Lincoln	183,491	664,518	848,009	3,946,577
Little Compton	31,548	28,356	59,904	377,697
Middletown	152,198	539,961	692,159	1,920,199
Narragansett	143,655	418,069	561,724	1,906,511
Newport	232,459	1,648,981	1,881,440	4,802,943
New Shoreham	8,868	241,348	250,216	436,730
North Kingstown	231,151	419,506	650,657	3,717,802
North Providence	284,579	376,817	661,396	7,216,294
North Smithfield	93,230	143,213	236,443	2,465,540
Pawtucket	640,596	627,213	1,267,809	13,620,029
Portsmouth	150,574	152,924	303,498	1,963,248
Providence	1,524,424	4,012,628	5,537,052	55,280,644
Richmond	63,412	104,405	167,817	1,028,451
Scituate	90,648	55,925	146,573	1,819,316
Smithfield	180,989	495,184	676,173	4,920,076
South Kingstown	245,156	514,168	759,324	3,275,903
Tiverton	133,988	163,992	297,980	1,802,817
Warren	99,745	226,401	326,146	1,500,927
Warwick	753,423	2,171,102	2,924,525	18,334,797
Westerly	201,649	569,808	771,457	4,177,009
West Greenwich	44,648	76,079	120,727	739,467
West Warwick	259,731	353,010	612,741	4,931,122
Woonsocket	379,521	496,245	875,766	7,518,451
Subtotal	9,204,590	\$19,126,556	\$28,331,146	\$207,425,469
Statewide Reference Library Resource Grant (Providence)				1,012,378
Library Construction Reimbursement				2,989,289
Motor Vehicle Excise Tax Reimbursement - Fire Districts				1,875,837
Total				\$213,302,973

Changes in Formula Aid - FY 2010 vs. FY 2009 Revised

City or Town	General Revenue Sharing	Payment In Lieu of Tax Exempt Property	Distressed Community Relief Fund	State Library Aid	Motor Vehicle Excise Tax Reimbursement	Total Appropriated Difference
Barrington	(115,989)	(525)	-	3,355	-	(113,159)
Bristol	(472,709)	49,654	-	708	-	(422,347)
Burrillville	(335,885)	(2,286)	3,679	11,036	-	(323,456)
Central Falls	(805,518)	268	835	(1,028)	-	(805,443)
Charlestown	(194,367)	-	-	351	-	(194,016)
Coventry	(483,590)	-	-	3,164	-	(480,426)
Cranston	(2,587,285)	(68,975)	-	(4,395)	-	(2,660,655)
Cumberland	(743,568)	(21)	-	(6,277)	942	(748,924)
East Greenwich	(84,268)	(156)	-	1,726	-	(82,698)
East Providence	(1,278,005)	(1,135)	-	4,224	-	(1,274,916)
Exeter	(43,153)	-	-	466	-	(42,687)
Foster	(147,894)	39	-	(21)	-	(147,876)
Glocester	(270,438)	-	-	2,038	-	(268,400)
Hopkinton	(107,658)	-	-	(767)	-	(108,425)
Jamestown	(69,873)	-	-	3,685	-	(66,188)
Johnston	(1,217,365)	-	-	(16,969)	-	(1,234,334)
Lincoln	(457,207)	-	-	1,457	-	(455,750)
Little Compton	(50,439)	-	-	287	-	(50,152)
Middletown	(466,766)	-	-	(12,113)	-	(478,879)
Narragansett	(420,471)	-	-	2,733	-	(417,738)
Newport	(880,152)	1,350	-	6,659	-	(872,143)
New Shoreham	(43,608)	-	-	432	-	(43,176)
North Kingstown	(424,202)	(92)	-	1,534	-	(422,760)
North Providence	(1,143,402)	(55,825)	(3,758)	(4,366)	-	(1,207,351)
North Smithfield	(312,790)	1,537	-	(923)	-	(312,176)
Pawtucket	(2,604,489)	(4,027)	(2,133)	5,507	-	(2,605,142)
Portsmouth	(312,035)	-	-	(3,254)	-	(315,289)
Providence	(7,388,652)	80,956	(5,000)	(14,799)	-	(7,327,495)
Richmond	(70,691)	-	-	483	(64,370)	(134,578)
Scituate	(215,759)	-	-	888	-	(214,871)
Smithfield	(889,999)	(9,090)	-	8,048	-	(891,041)
South Kingstown	(484,142)	20,647	-	9,684	-	(453,811)
Tiverton	(308,007)	-	-	4,422	-	(303,585)
Warren	(239,334)	-	-	4,986	-	(234,348)
Warwick	(2,322,477)	(2,753)	-	(6,458)	-	(2,331,688)
Westerly	(361,126)	(2,797)	-	(65)	-	(363,988)
West Greenwich	(106,424)	-	-	1,683	-	(104,741)
West Warwick	(700,781)	-	10,650	(1,626)	-	(691,757)
Woonsocket	(1,839,482)	(6,769)	(4,279)	(6,497)	-	(1,857,027)
Subtotal	(\$31,000,000)	-	-	-	(\$63,428)	(\$31,063,436)
Statewide Reference Library Resource Grant (Providence)				42,056	-	42,056
Library Construction Reimbursement				(36,306)	-	(36,306)
Motor Vehicle Excise Tax Reimbursement - Fire Districts				-	-	-
Total	(\$31,000,000)	\$0	\$0	\$5,750	(\$63,428)	(\$31,057,686)

* Richmond was paid a retroactive payment in FY 2009 for underpayment in FY 2008. Cumberland adjustment for taxes in arrears.

Changes in Pass Through and All Aid - FY 2010 vs. FY 2009 Revised

City or Town	Public Service Corporation Tax	Meals and Beverage Tax	Total Pass Through State Aid Difference	Total All State Aid Difference
Barrington	-	2,619	2,619	(110,540)
Bristol	-	7,134	7,134	(415,213)
Burrillville	-	3,678	3,678	(319,778)
Central Falls	-	1,932	1,932	(803,511)
Charlestown	-	2,308	2,308	(191,708)
Coventry	-	7,280	7,280	(473,146)
Cranston	-	29,153	29,153	(2,631,502)
Cumberland	-	7,638	7,638	(741,286)
East Greenwich	-	8,631	8,631	(74,067)
East Providence	-	15,390	15,390	(1,259,526)
Exeter	-	1,519	1,519	(41,168)
Foster	-	420	420	(147,456)
Glocester	-	1,200	1,200	(267,200)
Hopkinton	-	1,024	1,024	(107,401)
Jamestown	-	2,135	2,135	(64,053)
Johnston	-	9,121	9,121	(1,225,213)
Lincoln	-	14,533	14,533	(441,217)
Little Compton	-	620	620	(49,532)
Middletown	-	11,808	11,808	(467,071)
Narragansett	-	9,143	9,143	(408,595)
Newport	-	36,061	36,061	(836,082)
New Shoreham	-	5,278	5,278	(37,898)
North Kingstown	-	9,175	9,175	(413,585)
North Providence	-	8,240	8,240	(1,199,111)
North Smithfield	-	3,132	3,132	(309,044)
Pawtucket	-	13,716	13,716	(2,591,426)
Portsmouth	-	3,344	3,344	(311,945)
Providence	-	87,751	87,751	(7,239,744)
Richmond	-	2,283	2,283	(132,295)
Scituate	-	1,223	1,223	(213,648)
Smithfield	-	10,829	10,829	(880,212)
South Kingstown	-	11,244	11,244	(442,567)
Tiverton	-	3,587	3,587	(299,998)
Warren	-	4,951	4,951	(229,397)
Warwick	-	47,480	47,480	(2,284,208)
Westerly	-	12,461	12,461	(351,527)
West Greenwich	-	1,664	1,664	(103,077)
West Warwick	-	7,720	7,720	(684,037)
Woonsocket	-	10,852	10,852	(1,846,175)
Subtotal	\$0	\$418,277	\$418,277	(\$30,645,159)
Statewide Reference Library Resource Grant (Providence)				42,056
Library Construction Reimbursement				(36,306)
Motor Vehicle Excise Tax Reimbursement - Fire Districts				-
Total		\$418,277	\$418,277	(\$30,639,409)

Education Aid to Local Governments

Education Aid to Local Governments totals \$841.5 million in FY 2010, a \$29.2 million increase in total state funding relative to the FY 2009 revised budget, and a 3.6 percent increase in the state's commitment to financing public education within Rhode Island. 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 teacher retirement and school housing aid. The following sections summarize changes to the various aid categories that comprise total FY 2010 Education Aid.

Distributed Aid

Distributed aid in 2010 increases \$16.5 million from the revised 2009 budget. Major changes from 2009 to 2010 include the restoration of the Professional Development funding of \$5.8 million and a reduction of \$420,000 in Group Home aid to reflect updated group home bed census figures. In both years general aid is reduced by the amount of local savings from pension reform: reductions of \$23.7 million in 2009 and \$24.8 million in 2010. In both years general aid is reduced to offset increase federal stimulus funding from the State Fiscal Stabilization Fund: reductions of \$31.0 million in 2009 and \$37.0 million in 2010.

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 \$32.2 million in general revenue, which constitutes a \$456,380 decrease from the revised FY 2009 Budget. This reflects a reduction of general revenue aid to offset anticipated federal stimulus funding. Adding the \$2.2 million in Title I, IDEA, and Stabilization Fund funding yields a \$1.7 million increase in total support. The expansion of the Metropolitan School - East Bay campus on Aquidneck Island is delayed one year. This campus commenced operations during the 2006-2007 school year and maintains a current enrollment of approximately 90 students.

Non-Distributed Aid

Several significant adjustments for the non-distributed categories of state education aid are also recommended for FY 2009. Notable among these are the elimination of the School Breakfast subsidy, and the addition of general revenue funding for telecommunications access for public schools and libraries (the E-Rate program). The Professional Development Fund sees a further \$500,000 increase to fund the development and implementation of a statewide educator performance management system. The Progressive Support & Intervention aid increases by \$800,000 for two initiatives stemming from the Urban Education Task Force. A school readiness demonstration project run by the department receives \$700,000 and extended learning time grants to be awarded by the department to local communities receives \$100,000. Direct aid to charter schools increases by \$3.4 million, including \$2.9 million to fund current operations, \$800,000 to allow the Paul Cuffee School to expand to the high school level, and \$700,000 for new charter schools, including mayoral academies. These increases are partially offset by a reduction of \$233,869 to recapture savings from pension reform and a shift of \$1.5 million from general revenue federal stimulus financing.

Other Aid

The FY 2009 budget also includes increases in other aid of \$8.5 million; a \$9.6 million increase for school housing aid reimbursements and a \$1.1 million decrease in state contributions for teachers' retirement.

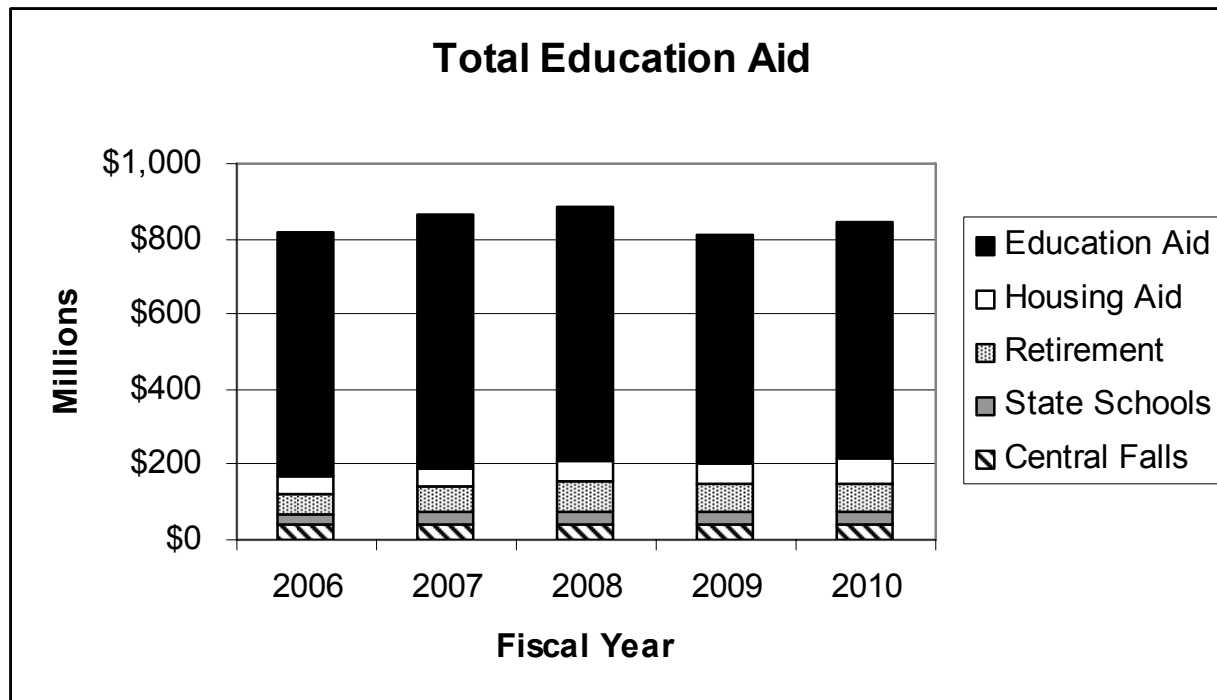
Education Aid to Local Governments

FY 2010 Education Aid Increases (Decreases) From the Revised FY 2009 Budget

- General aid: \$9,680,613
- Group Home Funding: (\$420,000)
- Central Falls School District: \$1,407,339
- Professional Development (Distributed): \$5,825,502
- Professional Development (Non-Distributed): \$500,000
- School Breakfast: (\$300,000)
- Telecommunications Access: \$350,000
- Direct Charter School Aid: \$3,360,198
- Progressive Support and Intervention: \$800,000
- Textbook expansion: (\$110,000)
- Metropolitan Career and Technical School: \$621,778
- School for the Deaf: (\$661,016)
- Davies Career and Technical School: (\$417,142)
- Teachers' Retirement: (\$1,050,763)
- School Housing Aid: \$9,598,611

The following graph displays total school aid from FY 2006 to FY 2010. The "Education Aid" component is comprised of all aid categories under the standard Education Aid program. This includes, but is not limited to, General Aid, Targeted Aid, Charter School Aid, Progressive Support and Intervention, and the Student Investment Initiatives. Other 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).

Education Aid to Local Governments



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. In support of this initiative, the Governor recommended and the Generally Assembly approved the addition of three FTE to the Department of Elementary and Secondary Education in FY 2008.

It should be noted that although the reimbursement reference for completed projects is one year, there is a two-year reference for formula factors. For example, FY 20068 allocations were based on 2006 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. 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

Education Aid to Local Governments

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.

The revised FY 2009 and FY 2010 budgets propose general revenue expenditures of \$54.1 million and \$63.7 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 forty percent, with the municipalities contributing sixty percent. Each district receives the same percentage, regardless of wealth.

The Governor and the General Assembly 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.

Contribution Rates for Teachers' Retirement Fund

	Actuarial Contribution Rate of Payroll	Employer Share			Teacher Share
		Local (60%)*	State (40%)*	Sub Total	
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	34.53%	14.86%	10.17%	25.03%	9.5%
2010	33.38%	14.17%	9.71%	23.88%	9.5%

With Pension Reform

2009	29.95%	12.27%	8.18%	20.45%	9.5%
2010	28.80%	11.58%	7.72%	19.30%	9.5%

* Adjusted for deferral liability

Education Aid to Local Governments

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 Unaudited	\$83,028,510
2009 Revised	\$76,334,401
2010 Recommend	\$75,283,638

The FY 2009 revised and FY 2009 recommendations reflects full state appropriations for the actuarial determined contribution rate, assuming that H-5019 Pension Reform passes. If it does not pass, the recommended funding levels would be less than the amounts originally certified by the actuary and approved by the Retirement Board but reflects an upward revision from enacted appropriations to reflect an adjusted payroll base

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, 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) 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.

Education Aid by Category of Aid

Category of Education Aid	FY 2006 Actual	FY 2007 Actual	FY 2008 Unaudited	FY 2009 Revised	FY 2010 Recommend
Distributed LEA Aid					
General Aid	\$458,868,334	\$488,592,367	\$488,592,371	\$423,170,483	\$432,851,096
Student Technology	3,397,691	3,397,691	3,397,692	3,397,692	3,397,692
Student Equity *	73,800,000	73,800,000	73,800,000	73,800,000	73,800,000
Early Childhood *	6,799,996	6,799,996	6,799,997	6,800,000	6,800,000
Student Language Assistance	31,715,459	31,715,459	31,715,459	31,715,459	31,715,459
Professional Development	5,825,501	5,825,501	5,825,502	-	5,825,502
Targeted Aid	20,000,001	20,000,001	20,000,000	20,000,000	20,000,000
Charter School-Indirect Aid	1,297,666	1,242,006	1,242,006	1,242,006	1,242,006
Full Day Kindergarten	4,163,000	4,163,000	4,163,000	4,163,000	4,163,000
Vocational Equity	1,512,500	1,512,500	1,512,500	1,512,500	1,512,500
Group Home Funding	9,838,264	9,905,000	10,416,000	9,876,000	9,456,000
Central Falls School District	41,240,905	43,795,409	43,416,222	40,962,061	42,369,400
Subtotal	\$658,459,317	\$690,748,930	\$690,880,749	\$616,639,201	\$633,132,655
Non-Distributed Aid					
On-Site Visits	\$406,641	\$407,774	\$396,922	\$145,864	\$145,864
Textbook Expansion	499,906	313,488	327,934	350,000	240,000
Hasbro Children's Hospital	100,000	100,000	100,000	100,000	100,000
School Breakfast	600,000	600,000	600,000	300,000	
Professional Development	113,135	670,000	534,446	495,000	995,000
Charter School-Direct Aid	21,956,238	24,339,888	26,844,841	28,813,366	32,173,564
Progressive Support & Intervention	2,923,308	2,911,164	2,761,130	2,363,432	3,163,432
Speech Pathologist Salary Supplement	-	304,500	-	-	-
Telecommunications Access	176,965	277,965	277,965	-	350,000
Subtotal	\$26,776,193	\$29,924,779	\$31,843,238	\$32,567,662	\$37,167,860
State Schools					
Metropolitan School	\$8,814,528	\$10,406,952	\$11,487,732	\$11,565,603	\$12,187,381
School for the Deaf	6,064,415	6,422,553	6,551,039	6,608,662	5,947,646
Davies School	12,985,225	13,599,431	14,243,280	14,473,335	14,056,193
Subtotal	\$27,864,168	\$30,428,936	\$32,282,051	\$32,647,600	\$32,191,220
Other Aid					
Teachers' Retirement	\$54,537,733	\$70,286,753	\$83,028,510	\$76,334,401	\$75,283,638
School Housing Aid	46,623,676	46,814,982	49,652,310	54,140,052	63,738,663
Subtotal	\$101,161,409	\$117,101,735	\$132,680,820	\$130,474,453	\$139,022,301
Total Aid	\$814,261,087	\$868,204,380	\$887,686,858	\$812,328,916	\$841,514,036

* The Student Equity Fund and the Early Childhood Fund both have required set asides for Literacy of three percent.

Education Aid to Local Units of Government

	FY 2006 Actual	FY 2007 Actual	FY 2008 Unaudited	FY 2009 Revised	FY 2010 Recommend
Distributed LEA Aid					
Barrington	\$2,479,907	\$2,599,526	\$2,599,526	\$1,798,390	\$1,907,911
Burrillville	13,150,857	13,854,743	13,854,743	12,859,083	12,971,837
Charlestown	1,910,676	2,002,838	2,002,838	1,775,256	1,814,445
Coventry	19,151,316	20,075,081	20,075,081	17,915,933	18,136,219
Cranston	33,943,639	35,580,911	35,580,911	31,403,559	31,795,596
Cumberland	12,654,786	13,257,009	13,257,009	11,730,893	11,927,191
East Greenwich	1,860,042	1,949,761	1,949,761	1,452,322	1,534,245
East Providence	25,530,776	26,762,254	26,888,254	24,342,375	24,584,450
Foster	1,351,283	1,416,463	1,416,463	1,277,945	1,292,025
Glocester	3,065,960	3,213,847	3,213,847	2,909,240	2,939,653
Hopkinton	5,954,153	6,241,352	6,241,352	5,604,241	5,654,271
Jamestown	507,431	531,908	531,908	388,214	414,566
Johnston	10,413,716	10,915,364	10,915,364	9,529,973	9,637,703
Lincoln	7,064,696	7,403,268	7,403,268	6,295,215	6,401,141
Little Compton	351,839	368,810	368,810	289,028	304,591
Middletown	10,014,086	10,497,116	10,497,116	9,461,789	9,564,697
Narragansett	1,809,860	1,897,159	1,897,159	1,429,678	1,484,908
Newport	11,253,278	11,871,080	11,871,080	10,751,107	10,787,991
New Shoreham	101,451	106,345	106,345	59,063	62,888
North Kingstown	11,434,463	11,986,005	11,986,005	10,533,159	10,696,013
North Providence	12,624,509	13,262,872	13,382,872	11,989,298	12,120,183
North Smithfield	4,616,141	4,834,237	4,834,237	4,301,363	4,373,725
Pawtucket	63,784,560	67,023,559	67,023,559	61,913,397	62,348,921
Portsmouth	6,632,443	6,480,042	6,700,042	5,862,440	5,968,268
Providence	185,143,415	194,109,744	194,109,752	169,680,536	180,138,945
Richmond	5,903,843	6,188,615	6,188,615	5,558,834	5,606,496
Scituate	3,250,400	3,407,183	3,407,183	2,888,958	2,951,022
Smithfield	5,483,207	5,743,568	5,743,568	4,935,809	5,031,655
South Kingstown	9,948,816	10,548,698	10,548,698	9,123,050	9,270,957
Tiverton	5,659,091	5,932,058	5,932,058	5,224,683	5,305,955
Warwick	35,894,621	37,626,000	37,626,000	33,163,476	33,596,326
Westerly	6,528,189	6,843,077	6,843,077	5,688,462	5,817,119
West Warwick	19,499,965	20,440,547	20,440,547	18,628,802	18,787,881
Woonsocket	45,455,694	47,616,613	47,661,613	43,885,542	44,198,019
Bristol/Warren	19,554,956	20,498,190	20,498,190	18,657,757	18,810,301
Exeter/W Greenwich	7,308,493	7,661,019	7,661,019	6,759,806	6,840,375
Chariho District	380,004	398,334	398,334	369,956	378,738
Foster/Glocester	5,466,199	5,729,861	5,729,861	5,160,046	5,227,566
Central Falls	41,320,556	43,873,873	43,494,684	41,040,523	42,447,862
LEA Subtotal	\$658,459,317	\$690,748,930	\$690,880,749	\$616,639,201	\$633,132,655

Education Aid to Local Units of Government

	FY 2006 Actual	FY 2007 Actual	FY 2008 Unaudited	FY 2009 Revised	FY 2010 Recommend
Non-Distributed Aid					
On-Site Visits	\$406,641	\$407,774	\$396,922	\$145,864	\$145,864
Textbook Expansion	499,906	313,488	327,934	350,000	240,000
Hasbro Children's Hospital	100,000	100,000	100,000	100,000	100,000
School Breakfast	600,000	600,000	600,000	300,000	-
Professional Development	113,135	670,000	534,446	495,000	995,000
Charter School-Direct Aid	21,956,238	24,339,888	26,844,841	28,813,366	32,173,564
Progressive Support & Intervention	2,923,308	2,911,164	2,761,130	2,363,432	3,163,432
Speech Pathologist Salary Supplemen	-	304,500	-	-	-
Telecommunications Access	176,965	277,965	277,965	-	350,000
Subtotal	\$26,776,193	\$29,924,779	\$31,843,238	\$32,567,662	\$37,167,860
State Schools					
Metropolitan School	\$8,814,528	\$10,406,952	\$11,487,732	\$11,565,603	\$12,187,381
School for the Deaf	6,064,415	6,422,553	6,551,039	6,608,662	5,947,646
Davies School	12,985,225	13,599,431	14,243,280	14,473,335	14,056,193
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School Housing Aid	46,623,676	46,814,982	49,652,310	54,140,052	63,738,663
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Total Aid	\$814,261,087	\$868,204,380	\$887,686,858	\$812,328,916	\$841,514,036

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 2009 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 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. In further efforts to enhance this process, the Department of Administration intends to review the benefits of outsourcing certain fleet operations, primarily maintenance and repairs.

Internal Service Fund: State Fleet Replacement Revolving Loan Fund

Description:

The State Fleet Replacement Revolving Loan Fund will provide loans to state agencies for the acquisition of vehicles and related equipment. These loans will be paid back by the respective agencies over a period of three to seven years depending on the value of the equipment acquired.

Purpose:

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

Internal Service Fund Accounts

Efficacy:

Use of a revolving loan fund will enable the state to save on interest expense associated with the issuance of debt to acquire vehicles.

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. It had been charging state agencies for storage space at the Cranston Street Armory, but was required to vacate this facility during its use as a film stage. The program is in the process of developing a web site that can be used to sell surplus property. Any revenues generated from the sale of property would be used to defray the cost of the program, including building maintenance, forklift rental and supplies.

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

Mental Health, Retardation and Hospitals

Internal Service Fund: Central Pharmacy*

Description:

The Central Pharmacy provides medications and medical/surgical supplies to institutional level pharmacies within MHRH, as well as other state agencies and thirteen community based pharmacies that participate in the Community Mental Health Medication Assistance Program. In addition, fifty group homes and three skilled nursing facilities, operated by the Division of Developmental Disabilities, receive services, non-legend medications and medical/surgical supplies from this service.

Purpose:

The purpose of the Central Pharmacy is to provide agencies with a stable source of medication and medical/surgical supplies. This warehouse distribution center obtains its supplies through volume purchasing and distributes them in bulk. Billing is done monthly on a cost plus markup basis, which provides for service expenses.

Efficacy:

This Internal Service Fund is used to allocate the cost of services to various agencies. The current rationale for utilizing this methodology is to gain efficiencies from central management of medication and medical/surgical supply procurement and distribution and to gain better pricing through volume purchasing.

Internal Service Fund: Central Laundry*

Description:

The Central Laundry is a production facility that processes soiled linens for the Eleanor Slater Hospital (MHRH), the Medical Examiner's Office (DOH) and the Welcome Arnold Center (DHS operated homeless shelter).

Purpose:

The Central Laundry assures that clean linen is available for hospital patients, the Medical Examiner's staff and the homeless. This helps maintain a clean and healthy environment in areas that utilize Central Laundry services. Laundry services are billed to agencies using a predetermined rate per pound for linen processed and per pound rate for linen replacement.

Efficacy:

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

*It is the intent of the Department to cease internal service fund operations by June 30 2009. Eleanor Slater Hospital is the primary recipient of services from both internal service funds. Both operations will be collapsed into the Eleanor Slater Hospital program. User agencies will purchase services directly from other vendors.

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 218 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 Capital Records Management (CRMC) governs overall records storage costs and services. Although CRMC transports and stores the records, state agencies' service requests are channeled through the Public Records Administration office. On a monthly basis, CRMC provides the PRA 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.