



SENATE FISCAL OFFICE  
REPORT

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**FY2023 BUDGET AS ENACTED: EDUCATION AID**

**2022-H-7123 SUBSTITUTE A**

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JULY 26, 2022

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## Education Aid

The Education Adequacy Act (2010-S-2770, Substitute A as Amended) provided a new school funding formula that creates a single methodology for distributing state aid to all public schools. The core principle behind the formula is that state funding should follow the student; therefore, the distribution of state funds changes annually based on shifts in enrollment. This formula applies to all public schools, charter schools, the Davies Career and Technical School, and the Metropolitan Career and Technical Center. The Act does not change the funding methodology for the School for the Deaf, since it is an education program that already has a state, federal, and local share.

Beginning in FY2012, the formula established a per-pupil spending amount and allocated this funding based on student enrollment, adjusting for poverty (as measured by the number of families whose income is below 185.0 percent of the federal poverty guidelines). The formula also adjusts for local revenue generating capacity and overall poverty level, as well as the concentration of children living in poverty.

The Act included a multi-year transition plan to ease districts into the new formula, allowing time for school districts and municipal governments to adjust for gains or losses in education aid. The plan provided a transition period of ten years from the formula implementation in FY2012 for those districts projected to receive less school aid than they did in the previous year, and seven years for those districts projected to receive more. FY2021 was the final year of the transition plan.

In FY2023, the formula aid to the districts, charter schools, and state schools increases by \$40.0 million to fully fund the formula and hold districts harmless relative to Covid-19 enrollment declines. Categorical aid is level funded, except that regional transportation increases by \$1.6 million, group home aid decreases by \$662,927, and density aid decreases by \$490,000.

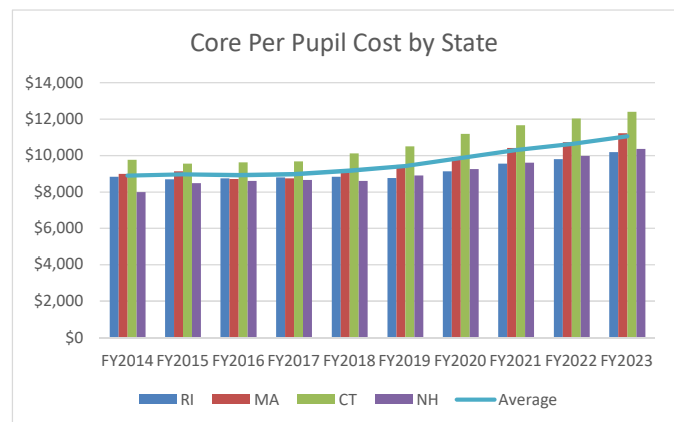
### HOW THE FORMULA WORKS

**Step 1 - Student Enrollment:** Student enrollment is based on resident average daily membership (RADM), which refers to the average number of students who are residents of the community and were enrolled in the school district during the prior school year. The Budget is based on enrollment data as of March in preceding fiscal year, adjusted for projected charter school enrollments.

*Analyst Note: In an effort to hold local education agencies (LEAs) harmless from enrollment declines due to the COVID-19 pandemic, the FY2023 Budget as Enacted provides that the enrollment used to calculate education aid would be the greater of March 2020, 2021, or 2022, adjusted for charter school growth.*

**Step 2 - Core Instruction Amount:** The core instruction amount provides a base level of funding per pupil (\$11,050 in FY2023, a 3.9 percent increase from the FY2022 Budget as Enacted). It is derived from the average of northeast regional expenditure data from Rhode Island, Massachusetts, Connecticut and New Hampshire, as published by the National Center for Education Statistics (NCES).

**Step 3 - High Need Student Weight (40.0 percent):** The Act includes a single factor to adjust the core instruction amount to address the effects of poverty and other factors influencing educational need. The student success factor, also referred to as the high need student weight, increases the core instruction amount by 40.0 percent, or \$4,420 based



on the FY2023 core instruction amount of \$11,050 ( $\$11,050 \times 0.40 = \$4,420$ ), for each student whose family income is at or below one hundred eighty-five percent (185%) of federal poverty guidelines.

**Step 4 - Total Foundation Budget:** The total foundation budget for each school district is calculated by adding the product of the total core instruction amount and the total student success factor weight.

$$\text{Total Foundation Budget} = (\$11,050 \times \text{RADM}) + (0.40 \times \$11,050 \times \text{students in poverty})$$

**Step 5 - State Share Ratio:** The Education Adequacy Act creates a new share ratio by adding a wealth measure, based on the concentration of children living in poverty, to the single equalized weighted assessed valuation (EWAV) previously used to determine a district's ability to pay for the cost of education. The total foundation budget equals the student enrollment and the high-need student weight of the district multiplied by the core instruction amount. The State's share of the total foundation budget is the state share ratio calculated as follows:

$$\text{State Share Ratio (SSR)} = \sqrt{\frac{\text{SSRC}^2 + \%PK - 6\text{poverty}^2}{2}}$$

By squaring each factor, the formula amplifies the greater of the two variables. Consequently, school districts with less capacity to raise revenue than the State as a whole and a higher concentration of child poverty look relatively poorer, while districts with a higher capacity to raise revenue and lower concentrations of poverty look relatively wealthier. Those poorer districts with the higher SSR will receive a greater portion of the calculated education costs as state aid than the wealthier districts.

The EWAV share ratio is based on each community's total assessed property value and median family income, relative to districts across the State. The total community property value includes motor vehicles, personal property and State payments in lieu of taxes. These values are brought to full market value based on market experience and then adjusted by the median family income. The higher the EWAV share ratio, the less capacity the community has relative to the rest of the state for generating locally derived revenue to support schools and the more state aid the community will receive. While similar to the share ratio used in the school construction formula to determine the state's share of debt service obligations, the Education Adequacy Act adjusted the EWAV calculation to increase the State share of total education budget.

The distribution includes an update to the median family income (MFI) component of the EWAV based on the socio-economic data from the American Community Survey (ACS) provided by the United States Census Bureau. The index used to adjust for MFI is the ratio of the median family income of the municipality relative to the median family income statewide as reported in the American Community Survey (ACS) provided by the United States Census Bureau.

*Analyst Note: In an effort to reduce the impact of COVID-19 on enrollment, the FY2023 education aid calculation uses the FY2022 share ratio. This ratio is based on August 2020 enrollment, instead of August 2021. Since the pandemic had a greater negative impact on enrollments in our urban communities, the per-pupil-wealth measure was skewed resulting in wealthier communities looking relatively poorer while poorer communities looked relatively wealthier, resulting in significant reduction in aid to poorer communities.*

**Step 6 - State Share of Foundation Budget:** The State's share of the total foundation budget equals the state share ratio, discussed above, times the total foundation budget. Unlike many foundation formulas, the statute neither requires a minimum nor sets a maximum local spending level beyond the limits in the maintenance of effort requirements found in RIGL 16-7-23 and 16-7-23.1. Nonetheless, a municipality is responsible, to some degree, for the difference between the state share and the total foundation amount.

## TABLE

The table on the following page provides a step-by-step calculation of each district's recommended formula distribution for FY2023.

FY2023 Education Aid Calculator - Enacted

Districts	PK-12 RADM (based on greater of March Data for last three Years (adjusted for projected FY2023 PSOC growth) <sup>1</sup>	A	Greatest Percentage of Poverty for last three years	Poverty RADM	B	Core Instruction Funding (C = \$11,050)		Student Success Factor Funding (F = 0.4 * \$11,050 = \$4,420)		FY2022 State Share Ratio (instead of FY2023)		State Share of Foundation Budget	FY2022 Enacted (excludes group home and categoricals)	Change in State Funding
						A * C = D	B * F = G	D + G = H	H * I = J	K	J - K = L			
Barrington	3,416	3,416	5.5%	189	189	\$37,746,800	\$833,312	\$38,580,112	21.4%	\$8,247,712	\$7,924,118	\$323,593		
Burrillville	2,211	2,211	35.1%	776	776	24,431,550	3,427,840	27,859,390	51.0%	14,202,416	13,780,456	421,959		
Charlestown	740	740	21.1%	156	156	8,177,000	689,520	8,866,520	15.1%	1,341,689	1,291,300	50,389		
Coventry	4,502	4,502	26.8%	1,207	1,207	49,747,100	5,334,940	55,082,040	45.3%	24,970,883	24,066,104	904,779		
Cranston	10,129	10,129	40.3%	4,085	4,085	111,925,450	18,054,831	129,980,281	54.5%	70,899,984	68,482,484	2,417,500		
Cumberland	4,619	4,619	19.9%	921	921	51,039,950	4,072,583	55,112,533	40.1%	22,111,359	20,401,578	1,709,781		
East Greenwich	2,572	2,572	6.7%	173	173	28,420,600	764,660	29,185,260	15.3%	4,454,937	4,305,850	149,087		
East Providence	5,036	5,036	48.5%	2,443	2,443	55,647,800	10,798,060	66,445,860	56.4%	37,474,788	36,103,488	1,371,299		
Foster	227	227	31.3%	71	71	2,508,350	314,130	2,822,480	39.5%	1,114,963	1,057,919	57,045		
Glocester	556	556	13.2%	73	73	6,143,800	324,410	6,468,210	39.1%	2,525,892	2,422,153	103,739		
Hopkinton	1,137	1,137	22.0%	250	250	12,563,850	1,105,258	13,669,108	42.6%	5,826,031	5,590,417	235,614		
Jamestown	655	655	5.5%	36	36	7,237,750	159,535	7,397,285	4.1%	303,379	291,969	11,410		
Johnston	3,285	3,285	41.7%	1,371	1,371	36,299,250	6,058,707	42,357,957	47.7%	20,222,498	19,496,027	726,471		
Lincoln	3,238	3,238	26.1%	847	847	35,779,900	3,741,600	39,521,500	42.6%	16,848,215	15,940,955	907,260		
Little Compton	344	344	14.2%	49	49	3,801,200	216,580	4,017,780	11.2%	448,878	432,020	16,858		
Middletown	2,175	2,175	31.9%	694	694	24,033,750	3,067,480	27,101,230	31.1%	8,437,018	8,132,606	304,412		
Narragansett	1,211	1,211	18.2%	220	220	13,381,550	972,400	14,353,950	15.8%	2,263,400	2,178,394	85,006		
Newport	2,088	2,088	73.7%	1,539	1,539	23,072,400	6,804,321	29,876,721	51.8%	15,485,382	14,752,903	732,479		
New Shoreham	148	148	19.4%	29	29	1,635,400	126,927	1,762,327	12.4%	219,323	211,086	8,237		
North Kingstown	3,747	3,747	21.2%	793	793	41,404,350	3,505,060	44,909,410	25.6%	11,488,078	11,216,037	272,041		
North Providence	3,507	3,507	47.2%	1,655	1,655	38,752,350	7,312,996	46,065,346	59.5%	27,396,781	26,608,402	788,380		
North Smithfield	1,644	1,644	18.8%	309	309	18,166,200	1,365,484	19,531,684	32.8%	6,400,092	6,204,807	195,285		
Pawtucket	8,546	8,546	73.0%	6,240	6,240	94,433,300	27,581,454	122,014,754	80.6%	98,315,617	95,061,517	3,254,100		
Portsmouth	2,295	2,295	15.6%	359	359	25,359,750	1,586,780	26,946,530	11.8%	3,182,030	3,062,524	119,506		
Providence	21,141	21,141	87.4%	18,467	18,467	233,608,050	81,623,566	315,231,616	86.8%	273,476,553	272,489,702	986,851		
Richmond	1,141	1,141	17.4%	198	198	12,608,050	875,160	13,483,210	40.2%	5,414,352	5,149,642	264,710		
Scituate	1,269	1,269	12.2%	155	155	14,022,450	684,925	14,707,375	16.6%	2,447,265	2,358,211	89,053		
Smithfield	2,393	2,393	15.4%	368	368	26,442,650	1,627,924	28,070,574	25.4%	7,128,434	6,817,709	310,724		
South Kingstown	2,918	2,918	18.7%	546	546	32,243,900	2,411,974	34,655,874	13.7%	4,756,321	4,559,972	196,349		
Tiverton	1,758	1,758	23.2%	407	407	19,425,900	1,798,940	21,224,840	33.1%	7,026,480	6,774,565	251,915		
Warwick	8,610	8,610	33.7%	2,905	2,905	95,140,500	12,842,295	107,982,795	37.9%	40,874,590	39,218,717	1,655,873		
Westerly	2,683	2,683	34.9%	937	937	29,647,150	4,139,413	33,786,563	24.6%	8,313,966	7,937,325	376,642		
West Warwick	3,607	3,607	53.6%	1,933	1,933	39,857,350	8,543,860	48,401,210	66.2%	32,061,920	30,857,785	1,204,135		
Woonsocket	5,843	5,843	77.7%	4,542	4,542	64,565,150	20,075,811	84,640,961	85.2%	72,118,992	69,995,691	2,123,300		
Bristol-Warren <sup>2</sup>	3,163	3,163		940	940	34,951,150	4,154,800	39,105,950		11,768,674	11,345,723	422,951		
Exeter-West Greenwich <sup>2</sup>	1,643	1,643		273	273	18,155,150	1,206,660	19,361,810		4,392,458	4,242,989	149,470		
Charlton														
Foster-Glocester <sup>3</sup>		1,150		188	188	12,707,500	831,750	13,539,250		5,307,321	5,104,253	203,067		
Central Falls		2,651	97.2%	2,576	2,576	29,293,550	11,384,065	40,677,615	95.4%	38,815,846	38,557,253	258,593		
<b>District Total</b>	<b>127,998</b>			<b>58,919</b>	<b>\$1,414,377,900</b>		<b>\$260,420,013</b>	<b>\$1,674,797,913</b>		<b>\$918,084,517</b>	<b>\$894,424,651</b>	<b>\$23,659,866</b>		
Charter School Total		12,450		8,081	8,081	137,572,500	35,718,020	173,290,520		137,712,567	124,327,778	13,384,789		
Davies		893		386	386	9,867,650	1,706,120	11,573,770		8,927,968	8,589,670	338,297		
Met School		815		601	601	9,005,750	2,656,420	11,662,170		8,708,055	8,259,898	448,157		
Urban Collaborative		133		112	112	1,469,650	495,040	1,964,690		1,693,977	1,630,145	63,831		
Youth Build Academy		135		113	113	1,491,750	499,460	1,991,210		1,727,458	-	1,727,458		
<b>Total</b>	<b>142,424</b>			<b>68,212</b>	<b>1,573,785,200</b>		<b>\$301,495,073</b>	<b>1,875,280,273</b>		<b>\$1,076,854,541</b>	<b>\$1,037,232,142</b>	<b>\$39,622,399</b>		

<sup>1</sup> Based on greatest enrollment from March 2020, 2021, or 2022, updated for projected public school of choice (PSOC) growth.

<sup>2</sup> Calculations based on component district data as required by the Superior Court decision in Town of Warren v. Bristol Warren Regional School District, et. al.

Source: Rhode Island Department of Education

## CHARTER AND STATE SCHOOLS

The education funding formula calculation for charter and state schools funds students as if they were still in the sending district, with the same core instruction amount, high-need student weight, and state share ratio. The aid, however, is distributed directly to the charter or state school. In FY2023, the Budget provides \$141.5 million in funding formula aid to charter schools, an increase of \$17.2 million. This increase is primarily driven by enrollment. In FY2023, charter school enrollment increases by 1,242 students, or 10.7 percent, relative to the FY2022 Budget as Enacted.

**Sending District Tuition:** Under the formula, the funding mechanism for charter and state schools changed significantly. Previously sending district tuition per-student was based on the per-pupil expenditure of the sending district, without deductions, the formula allowed sending districts to retain 5.0 percent of the per-pupil expenditure as indirect aid. The indirect aid was intended to cover residual costs from the transfer of the student from the district to the charter school. Today, the sending district tuition is calculated by dividing the local appropriation to education from property taxes, net debt service and capital projects, by the district resident average daily membership (RADM), or enrollment: there is no indirect aid retained by the sending district.

$$\text{Tuition} = (\text{local appropriation to education} - \text{debt service} - \text{capital projects} / \text{District RADM}) - \text{local tuition reduction}$$

**Local Charter and State School Tuition Reduction:** Article 11 of the FY2017 Budget changed the above calculation to subtract a district-specific amount from the tuition paid for each student attending a charter or state school. The amount of the reduction is calculated based on differences in expenses between each district and charter schools. The expenditure data used for the calculation is the prior previous fiscal year; consequently, the calculation of unique costs for FY2023 is based on FY2021 data from the Uniform Chart of Accounts (UCOA). The reduction will be the greater of 7.0 percent of the district's per-pupil funding or the per-pupil value of each district's costs in the delineated expenditure categories. The categories include each district's costs for non-public textbooks, transportation for non-public students, retiree health benefits, out-of-district special education tuition and transportation, services for students age eighteen to twenty-one, pre-school screening and intervention, career and technical education tuition and transportation costs, debt service, and rental costs minus the average charter school expenses for the same categories. For districts using the reduction for costs categories, there is an additional reduction for tuition payments to mayoral academies, where teachers do not participate in the state's teacher retirement system, equivalent to the per-pupil, unfunded liability cost. The local tuition rate reductions pursuant to RIGL 16-7.2-5(c) were not available in time for the publication of this report.

In FY2011, the State paid the total tuition costs of students attending the Davies and Met Schools, while the local districts provided transportation. Pursuant to the new funding formula, however, the State payment to these state schools is calculated by the same method used to calculate school district and charter school payments. The formula requires local districts to pay state school tuition, but allows the districts to charge the state and charter schools for transportation costs. Local payments are made to the charter or state school on a quarterly basis. Failure to make a payment could result in the withholding of state education aid to the district of residence.

In FY2011, prior to the implementation of the current funding formula, charter school funding was based on the per-pupil expenditure of the sending district; however, the State paid 5.0 percent of the per-pupil expenditure as indirect aid to the sending district, and a portion of the remaining 95.0 percent based on the share ratio of the sending district. The expenditure was based on the reference year as defined in RIGL 16-7-16(11) providing a two-year lag. Each quarter, the charter school billed the sending district for the portion of the per-pupil expenditure not paid by the State.

Please see the following examples for further clarification of the charter school formula used in FY2011.

Calculation	District A	District B
Per Pupil Expenditure:	\$8,000	\$8,000
Share Ratio:	70.0%	30.0%
Indirect Aid to Sending District:	\$400 (5.0% of \$8,000)	\$400 (5.0% of \$8,000)
State Share to Charter School:	\$5,320 (70.0% of (\$8,000 minus 5.0%))	\$2,280 (30.0% of (\$8,000 minus 5.0%))
District Share to Charter School:	\$2,280 (30.0% of (\$8,000 minus 5.0%))	\$5,320 (70.0% of (\$8,000 minus 5.0%))

## FUNDING FORMULA ADJUSTMENTS

**Supplemental Assistance:** The Budget includes \$701,190 for the amendment in Article 10 providing 20.0 percent of any negative difference between the FY2023 educator aid distribution proposed by the House Finance Committee and current law. The distribution of this supplemental assistance is provided in the tables later in this report.

**FY2022 Property Tax Data Adjustment:** As discussed previously, the Education Adequacy Act distributes education aid funding based on local revenue generating capacity and overall poverty level through a state share ratio. The share ratio is based on the concentration of children living in poverty and the equalized weighted assessed valuation (EWAV) for each district. The EWAV is a wealth index based on each community's total assessed property value and median family income per student, relative to districts across the State. The total community property value includes motor vehicles, personal property and State payments in lieu of taxes.

Subsequent to the passage of the FY2022 Budget, the Division of Municipal Finance became aware of errors in the property tax data used to calculate education aid. Since RIGL 16-7-20(e)(1)-(2) provides that errors are to be corrected in the subsequent fiscal year, the Budget includes \$842,582 in FY2023 to realign the aid payments to the LEAs experiencing an increase in aid due to the correction. The by-district distribution of the increase is provided in the FY2022 Revised Budget as follows: Cumberland (\$748,963), Foster (\$3,290), Foster-Glocester (\$5,233), Charter Schools (\$81,896), Davies (\$2,988), and the Urban Collaborative (\$212).

Since the index is based on relative community wealth, however, the errors, once corrected, impacted the distribution of aid to numerous districts by varying degrees, resulting in an increase to some and a decrease to others. The table shows the districts that would have experienced decreases but are held harmless through Article 10 of the FY2023 Budget.

### FY2022 Property Tax Adjustment Hold Harmless

Districts	Amount
Barrington	(\$21,460)
Burrillville	(13,399)
Coventry	(27,535)
East Greenwich	(15,188)
East Providence	(30,104)
Glocester	(3,535)
Hopkinton	(7,234)
Johnston	(18,625)
Lincoln	(19,565)
Middletown	(10,378)
North Kingstown	(132,843)
North Providence	(21,299)
North Smithfield	(10,191)
Richmond	(7,227)
Scituate	(7,077)
South Kingstown	(655)
Tiverton	(9,980)
Warwick	(45,365)
West Warwick	(21,912)
Bristol-Warren	(15,867)
Exeter-West Greenwich	(12,913)
Foster-Glocester	(4,993)
<b>District Total</b>	<b>(\$457,344)</b>
Charter School Total	(7,683)
Met School	(674)
<b>Total</b>	<b>(\$465,700)</b>

## NON-FORMULA PROVISIONS

**Group Homes:** The Group Home aid category was created by the General Assembly in 2001 to provide state support to districts hosting group homes in exchange for relieving the resident sending district of financial responsibility for students placed in group homes. When enacted, the Act maintained the current funding for group homes as a categorical grant program; however, the FY2017 Budget as Enacted increased the per-bed funding amount. The Group Home aid category provides \$17,000 annually per bed, except for group home beds associated with Bradley Hospital Children's Residential and Family Treatment (CRAFT) Program, which received \$26,000 per bed. The FY2023 Budget includes \$2.3 million to fund group home beds. This is \$662,927 less than the FY2022 Budget as Enacted. This adjustment represents the most recent update on the number of group home beds per district and the decrease required pursuant to RIGL 16-7-

22(1)(ii) to reduce the average daily membership of a district by the number of group home beds used in the group home aid calculation.

Based on the final December 31, 2021, report from the Department of Children, Youth, and Families, the FY2022 Revised Budget remains consistent with enacted levels.

FY2022 Enacted			Group Home Aid FY2023 Change from Enacted					
District	Total Aid	Number of Beds	FY2023 Number of Beds	Change in Number of Beds	Aid change due to bed count	Aid change due to RIGL 16- 7-22(1)(ii))	Total Change	FY2023 Enacted Total Aid
Burrillville	\$75,207	8	-	(8)	(\$136,000)	\$60,793	(\$75,207)	\$0
Coventry	81,928	8	8	-	-	(2,299)	(2,299)	79,629
East Providence	497,179	39	34	(5)	(85,000)	51,150	(33,850)	463,329
Lincoln	85,147	8	8	-	-	797	797	85,944
Newport	129,961	14	14	-	-	3,747	3,747	133,708
North Providence	130,183	16	16	-	-	(2,370)	(2,370)	127,813
North Smithfield	96,893	8	-	(8)	(136,000)	39,107	(96,893)	-
Pawtucket	110,064	22	20	(2)	(34,000)	16,897	(17,103)	92,961
Portsmouth	609,672	40	30	(10)	(170,000)	33,901	(136,099)	473,573
Providence	371,569	91	57	(34)	(578,000)	424,094	(153,906)	217,663
Smithfield	105,752	8	-	(8)	(136,000)	30,248	(105,752)	-
South Kingstown	119,650	8	8	-	-	2,173	2,173	121,823
Warwick	272,738	24	24	-	-	(1,506)	(1,506)	271,232
Woonsocket	34,510	8	-	(8)	(136,000)	101,490	(34,510)	-
Bristol-Warren <sup>1</sup>	106,071	10	10	-	-	(43)	(43)	106,028
Exeter-West Greenwich	123,410	9	9	-	-	(10,106)	(10,106)	113,304
Total	\$2,949,934	321	238	(83)	(\$1,411,000)	\$748,073	(\$662,927)	\$2,287,007

<sup>1</sup> Based on final 12/31/2020 report from the Department of Children, Youth and Families. The FY2022 Revised Budget is consistent with the Budget as Enacted.

**Categorical Programs:** When the education funding formula was passed in 2010, five categorical funds were identified that would not be distributed according to the formula, but pursuant to other methodologies intended to address the priorities and funding needs of the districts. These categories include Transportation, High-Cost Special Education, Career & Technical Education, Early Childhood, and the Regionalization Bonus. Article 11 of the FY2017 Budget as Enacted added two new aid categories: English Learners and the Density Fund. The Density Fund support ended in FY2019 but was reestablished in FY2022. Article 9 of the FY2019 Budget as Enacted included a temporary aid category to support new Resource Officers at public middle and high schools, which expired after FY2021. (The Central Falls, Davies and Met School Stabilization Funds are addressed in the Department of Elementary and Secondary Education section of this analysis.)

The FY2023 Budget includes funding for all of these categories, except the Regionalization Bonus and the School Resource Officer Support.

- **Transportation:** This fund provides funding for transporting students to out-of-district, non-public schools and for 50.0 percent of the local costs associated with transporting students within regional school districts. The program provides for a pro-rata reduction in reimbursements to districts based on available funding. The Budget funds this category at \$9.3 million in FY2023, an increase of \$1.6 million over the FY2022 Budget as Enacted to fully fund the regional component of this category.

Categorical	FY2023 Education Aid as Enacted	
	Change from Enacted	Total Funding
Transportation	1.6	9.3
Early Childhood	-	14.9
High-Cost Special Education	-	4.5
Career & Tech. Schools	-	4.5
English Learners	-	5.0
Regionalization Bonus	-	-
School Resource Officer Support	-	-
Group Home Aid	(0.7)	2.3
Density Aid	(0.5)	0.5
<b>Total</b>	<b>\$0.5</b>	<b>\$40.9</b>

\$ in millions



- **Early Childhood Education:** This fund is designed to increase access to voluntary, free, high-quality pre-kindergarten programs. The funds will be distributed through a request for proposals process targeting communities in three tiers, with the first tier having the highest concentration of children at risk for poor educational outcomes. The Budget funds this category at \$14.9 million in FY2023, level with the FY2022 Budget as Enacted.
- **High-Cost Special Education:** This fund reimburses districts for instructional and related services provided to a student pursuant to an Individual Education Plan (IEP). The State reimburses costs that exceed five times the combined core instruction and student success factor funding (currently \$77,350 for FY2023). The program provides for a pro-rata reduction in reimbursements to districts based on available funding. The Budget funds this category at \$4.5 million in FY2023, level with the FY2022 Budget as Enacted. An additional \$7.8 million would be needed to fully fund this category.
- **Career and Technical Schools:** This fund contributes toward the initial investment needed to transform existing programs or create new programs and the costs associated with facilities, equipment maintenance and repair, and supplies associated with higher-cost programs at career and technical schools. The Budget funds this category at \$4.5 million in FY2023, level with the previous year.
- **English Learners:** Article 11 of the FY2017 Budget as Enacted established a categorical fund for English Learners (EL). The fund provides additional aid of 10.0 percent of the per-pupil core instruction amount for each qualified EL student. In FY2023, the per-pupil weight is \$1,105, to reflect 10.0 percent of the \$11,050 core instruction amount. This amount is then multiplied by the state share ratio. The formula is provided below.

*(Per-pupil core instruction amount x number of EL students) x 10.0 percent x state share ratio = additional state support per EL student*

This support is then ratably reduced based on the total amount appropriated.

The Article restricted the funds to provide new services to EL students and required that the funds be managed in accordance with requirements enumerated by the Commissioner. The Article also required the Department to collect performance reports and approve the use of funds prior to expenditure to ensure the funded activities align to innovative and expansive activities. Distribution is subject to a pro-rata reduction based on the funds available. The Budget provides \$5.0 million in FY2023, level with the previous fiscal year; however, an additional \$6.4 million would be needed to fully fund this category.

- **Regionalization Bonus:** This fund provides a bonus to regionalized districts and those that regionalize in the future. In the first year, the bonus is 2.0 percent of the State's share of the total foundation aid. In the second year, the bonus is 1.0 percent of the State's share and in the third year the bonus phases out. The program provides for a pro-rata reduction in reimbursements to districts based on available funding. This category has not been funded since FY2014, as no new regional districts have been formed.
- **School Resource Officer Support:** Article 9 of the FY2019 Budget as Enacted established an aid category to support new Resource Officers at public middle and high schools. The program provides support for districts to add Resource Officers but does not mandate their use. For FY2019 through FY2021, the State will reimburse one half the cost of salaries and benefits for qualifying positions created after July 1, 2018; however, for schools with fewer than 1,200 students, only one resource officer position is eligible for reimbursement. Schools with 1,200 or more students may receive

reimbursement for up to 2 positions. Each resource officer can only be assigned to one school. The Budget does not fund this category since the program expired in FY2021.

- **Density Aid:** Article 10 of the FY2022 Budget as Enacted reestablished density aid for districts where 5.0 percent or more of the average daily membership (ADM) are enrolled in a charter or state school and provided \$1.0 million in education aid for FY2022. The category provides one \$500 payment for each new resident student enrolled in a charter or state school. For FY2022, the aid was calculated based on the number of new students attending a public school of choice since FY2019. FY2019 is the last year density aid was provided. In subsequent fiscal years, the \$500 will be paid for each new charter or state school student relative to the previous year. In FY2023, the Budget includes \$520,500, a decrease of \$490,000 from the enacted level, to fully fund this category.

The following table shows the education aid including the formula distribution, categorical aid, and group home aid.

District	FY2022 Enacted (excludes group home and categoricals)	FY2023 Formula Change	20.0 Percent of negative HFC change to Governor Model	Density Aid <sup>4</sup>	Transportation	High-cost Special Education (>\$77,350)	Group Home Aid <sup>2</sup>	English Learners	Stabilization Funding	FY2023 Aid
Barrington	\$7,924,118	\$323,593	\$302,169	\$0	\$184,032	\$90,554	\$0	\$4,139	\$0	\$8,828,606
Burrillville	13,780,456	421,959	-	-	37,784	169,227	-	691	-	14,410,118
Charlestown	1,291,300	50,389	-	-	-	-	-	0	-	1,341,689
Coventry	24,066,104	904,779	-	-	21,777	22,841	79,629	3,768	-	25,098,897
Cranston	68,482,484	2,417,500	-	-	809,197	286,687	-	159,080	-	72,154,949
Cumberland	20,401,578	1,709,781	-	6,000	116,775	13,174	-	16,261	-	22,263,569
East Greenwich	4,305,850	149,087	148,478	-	137,717	98,980	-	1,763	-	4,841,875
East Providence	36,103,488	1,371,299	-	-	2,911	166,380	463,329	41,977	-	38,149,384
Foster	1,057,919	57,045	-	-	-	22,387	-	-	-	1,137,350
Glocester	2,422,153	103,739	-	-	-	25,901	-	-	-	2,551,793
Hopkinton	5,590,417	235,614	-	-	-	-	-	603	-	5,826,634
Jamestown	291,969	11,410	-	-	-	88,284	-	-	-	391,663
Johnston	19,496,027	726,471	-	-	179,181	282,703	-	35,744	-	20,720,127
Lincoln	15,940,955	907,260	-	2,500	-	110,853	85,944	7,676	-	17,055,188
Little Compton	432,020	16,858	-	-	-	-	-	-	-	448,878
Middletown	8,132,606	304,412	-	-	-	26,284	-	13,085	-	8,476,388
Narragansett	2,178,394	85,006	-	-	-	7,829	-	49	-	2,271,278
Newport	14,752,903	732,479	-	-	-	14,019	133,708	65,843	-	15,698,952
New Shoreham	211,086	8,237	-	-	-	21,221	-	248	-	240,792
North Kingstown	11,216,037	272,041	-	-	-	53,679	-	6,076	-	11,547,833
North Providence	26,608,402	788,380	-	14,500	177,416	452,064	127,813	55,274	-	28,223,849
North Smithfield	6,204,807	195,285	30,508	-	19,790	80,429	-	3,038	-	6,533,858
Pawtucket	95,061,517	3,254,100	-	19,500	216,277	26,853	92,961	473,999	-	99,145,207
Portsmouth	3,062,524	119,506	-	-	17,886	98,526	473,573	229	-	3,772,245
Providence	272,489,702	986,851	-	413,500	465,403	665,207	217,663	2,685,036	-	277,923,361
Richmond	5,149,642	264,710	502	-	-	-	-	782	-	5,415,636
Scituate	2,358,211	89,053	-	-	51,356	105,256	-	-	-	2,603,876
Smithfield	6,817,709	310,724	75,374	-	63,775	11,593	-	2,259	-	7,281,434
South Kingstown	4,559,972	196,349	-	-	137,189	123,652	121,823	1,338	-	5,140,323
Tiverton	6,774,565	251,915	-	-	-	209,562	-	727	-	7,236,769
Warwick	39,218,717	1,655,873	-	-	31,668	676,070	271,232	19,717	-	41,873,277
Westerly	7,937,325	376,642	-	-	-	60,496	-	5,075	-	8,379,537
West Warwick	30,857,785	1,204,135	-	-	36,597	-	-	24,569	-	32,123,086
Woonsocket	69,995,691	2,123,300	-	23,500	37,083	91,913	-	257,329	-	72,528,817
Bristol-Warren <sup>3</sup>	11,345,723	422,951	-	-	2,033,689	93,510	106,028	6,417	-	14,008,318
Exeter-West Greenwich <sup>3</sup>	4,242,989	149,470	106,335	-	1,421,151	179,859	113,304	546	-	6,213,654
Chariho	-	-	-	-	2,397,533	8,094	-	-	-	2,405,627
Foster-Glocester <sup>3</sup>	5,104,253	203,067	-	-	605,521	47,977	-	364	-	5,961,182
Central Falls	38,557,253	258,593	-	41,000	67,485	50,744	-	512,851	10,145,493	49,633,419
<b>District Total</b>	<b>\$894,424,652</b>	<b>\$23,659,866</b>	<b>\$663,366</b>	<b>\$520,500</b>	<b>\$9,269,193</b>	<b>\$4,482,808</b>	<b>\$2,287,007</b>	<b>\$4,406,553</b>	<b>\$10,145,493</b>	<b>\$949,859,439</b>
Charter School Total	124,327,778	13,384,789	35,016	-	-	17,192	-	558,237	-	138,323,012
Davies	8,589,670	338,297	2,808	-	-	-	-	4,304	5,844,051	14,779,130
Met School	8,259,898	448,157	-	-	-	-	-	23,443	1,082,109	9,813,607
Urban Collaborative	1,630,145	63,831	-	-	-	-	-	7,463	-	1,701,440
Youth Build Academy	-	1,727,458	-	-	-	-	-	-	-	1,727,458
<b>Total</b>	<b>1,037,232,143</b>	<b>\$39,622,399</b>	<b>\$701,190</b>	<b>\$520,500</b>	<b>\$9,269,193</b>	<b>\$4,500,000</b>	<b>\$2,287,007</b>	<b>\$5,000,000</b>	<b>\$17,071,653</b>	<b>\$1,116,204,085</b>

<sup>1</sup> Based on highest March enrollment and percentage of poverty from 2020, 2021, or 2023 and the FY2022 share ratio.

<sup>2</sup> Based on final 1/4/2022 report from the Department of Children, Youth and Families.

<sup>3</sup> Calculations based on component district data as required by the Superior Court decision in *Town of Warren v. Bristol Warren Regional School District, et. al.*

<sup>4</sup> Adjusted for a decrease in growth at Excel Academy, relative to Governor's proposal.

Source: Rhode Island Department of Education

The following table shows the difference in education aid relative to the FY2022 Budget as Enacted.

FY2023 Education Aid - Change to FY2022 Budget as Enacted <sup>2</sup>											
Districts	FY2022 Enacted (includes group home and categoricals)	FY2023 Formula Change	20.0 Percent of negative HFC change to Governor Model		Transportation	High-cost Special Education	Group Home <sup>1</sup>	English Learners	Stabilization Funding	Total Change	FY2023 Education Aid
			Density Aid								
Barrington	\$8,232,393	\$323,593	\$302,169	\$0	\$39,481	(\$68,729)	\$0	(\$302)	\$0	\$596,213	\$8,828,606
Burrillville	13,994,930	421,959	-	(23,500)	5,803	86,699	(75,207)	(567)	-	415,188	14,410,118
Charlestown	1,291,375	50,389	-	-	-	-	-	(75)	-	50,315	1,341,689
Coventry	24,191,220	904,779	-	-	7,448	(1,990)	(2,299)	(261)	-	907,677	25,098,897
Cranston	69,876,885	2,417,500	-	-	(115,863)	(30,446)	-	6,873	-	2,278,064	72,154,949
Cumberland	20,556,190	1,709,781	-	6,000	(3,273)	(4,218)	-	(910)	-	1,707,379	22,263,569
East Greenwich	4,542,049	149,087	148,478	-	48,162	(46,153)	-	252	-	299,826	4,841,875
East Providence	36,956,354	1,371,299	-	-	(3,651)	(138,213)	(33,850)	(2,555)	-	1,193,031	38,149,384
Foster	1,106,412	57,045	-	-	(16,074)	(10,033)	-	-	-	30,938	1,137,350
Glocester	2,481,208	103,739	-	-	(11,701)	(21,453)	-	-	-	70,585	2,551,793
Hopkinton	5,590,838	235,614	-	-	-	-	-	182	-	235,796	5,826,634
Jamestown	339,230	11,410	-	-	-	41,043	-	(20)	-	52,433	391,663
Johnston	19,970,937	726,471	-	-	(57,255)	83,817	-	(3,843)	-	749,190	20,720,127
Lincoln	16,231,922	907,260	-	2,500	-	(85,916)	797	(1,375)	-	823,266	17,055,188
Little Compton	432,020	16,858	-	-	-	-	-	-	-	16,858	448,878
Middletown	8,185,474	304,412	-	-	-	(11,674)	-	(1,825)	-	290,914	8,476,388
Narragansett	2,196,991	85,006	-	-	-	(10,534)	-	(184)	-	74,287	2,271,278
Newport	15,005,285	732,479	-	-	-	(29,189)	3,747	(13,370)	-	693,666	15,698,952
New Shoreham	237,000	8,237	-	-	-	(3,957)	-	(489)	-	3,792	240,792
North Kingstown	11,302,964	272,041	-	-	-	(25,956)	-	(1,216)	-	244,869	11,547,833
North Providence	27,298,295	788,380	-	(25,000)	(31,364)	195,516	(2,370)	392	-	925,554	28,223,849
North Smithfield	6,372,462	195,285	30,508	-	2,708	28,044	(96,893)	1,743	-	161,396	6,533,858
Pawtucket	96,013,908	3,254,100	-	(82,500)	29,998	(74,334)	(17,103)	21,138	-	3,131,300	99,145,208
Portsmouth	3,800,557	119,506	-	-	17,886	(29,485)	(136,099)	(120)	-	(28,311)	3,772,245
Providence	277,047,845	986,851	-	(276,000)	147,788	316,273	(153,906)	(145,490)	-	875,516	277,923,361
Richmond	5,150,039	264,710	502	-	-	-	-	385	-	265,598	5,415,636
Scituate	2,535,612	89,053	-	-	(2,622)	(18,167)	-	-	-	68,264	2,603,876
Smithfield	7,085,404	310,724	75,374	-	(54,975)	(29,596)	(105,752)	256	-	196,031	7,281,435
South Kingstown	4,969,167	196,349	-	-	(55,552)	29,216	2,173	(1,031)	-	171,156	5,140,323
Tiverton	6,896,308	251,915	-	-	-	88,801	-	(254)	-	340,461	7,236,769
Warwick	40,271,672	1,655,873	-	-	417	(54,607)	(1,506)	1,429	-	1,601,606	41,873,278
Westerly	8,083,720	376,642	-	-	-	(80,683)	-	(142)	-	295,817	8,379,537
West Warwick	30,945,716	1,204,135	-	-	(9,248)	(20,533)	-	3,015	-	1,177,370	32,123,086
Woonsocket	70,423,976	2,123,300	-	(48,000)	31,300	32,922	(34,510)	(173)	-	2,104,840	72,528,816
Bristol-Warren	13,130,077	422,951	-	-	513,796	(58,414)	(43)	(50)	-	878,240	14,008,317
Exeter-West Greenwich	5,468,643	149,470	106,335	-	487,568	11,870	(10,106)	(126)	-	745,011	6,213,654
Chariho	1,847,044	-	-	-	608,652	(50,069)	-	-	-	558,583	2,405,627
Foster-Glocester	5,763,334	203,067	-	-	59,493	(64,690)	-	(22)	-	197,849	5,961,182
Central Falls	48,422,397	258,593	-	(43,500)	(31,087)	45,761	-	(18,745)	1,000,000	1,211,022	49,633,419
<b>District Total</b>	<b>\$924,247,852</b>	<b>\$23,659,866</b>	<b>\$663,366</b>	<b>(\$490,000)</b>	<b>\$1,607,833</b>	<b>(\$9,074)</b>	<b>(\$662,927)</b>	<b>(\$157,478)</b>	<b>\$1,000,000</b>	<b>\$25,611,586</b>	<b>\$949,859,438</b>
Charter School Total	124,745,401	13,384,789	35,016	-	-	9,074	-	148,733	-	13,577,612	138,323,013
Davies	14,437,989	338,297	2,808	-	-	-	-	1,230	(1,195)	341,141	14,779,130
Met School	9,358,555	448,157	-	-	-	-	-	6,895	-	455,052	9,813,607
Urban Collaborative	1,636,988	63,831	-	-	-	-	-	620	-	64,451	1,701,440
Youth Build Academy	-	1,727,458	-	-	-	-	-	-	-	1,727,458	1,727,458
<b>Total</b>	<b>\$1,074,426,785</b>	<b>\$39,622,399</b>	<b>\$701,190</b>	<b>(\$490,000)</b>	<b>\$1,607,833</b>	<b>(\$0)</b>	<b>(\$662,927)</b>	<b>\$0</b>	<b>\$998,805</b>	<b>\$40,049,842</b>	<b>\$1,116,204,084</b>

<sup>1</sup> Based on final 1/4/2022 report from the Department of Children, Youth and Families.

<sup>2</sup> Based on highest March enrollment and percentage of poverty from 2020, 2021, or 2023 and the FY2022 share ratio.

Source: Rhode Island Department of Education

The following table shows the changes to the Governor's proposal:

## Enacted Changes to the Governor's FY2023 Education Aid

Changes to the Formula Aid					Adjustment for FY2022 Property Tax		Total
LEA	Governor's Submission (includes Hold Harmless)	House Finance Committee (HFC)	20.0 Percent of negative HFC change to Governor Model	Difference	Density Aid <sup>1</sup>	Data <sup>2</sup>	Difference
Barrington	\$1,853,240	\$323,593	\$302,169	(\$1,227,478)		\$0	(\$1,227,478)
Burrillville	-	421,959	-	421,959		-	421,959
Charlestown	-	50,389	-	50,389		-	50,389
Coventry	-	904,779	-	904,779		-	904,779
Cranston	-	2,417,500	-	2,417,500		-	2,417,500
Cumberland	68,326	1,709,781	-	1,641,455	(6,000)	(748,963)	886,492
East Greenwich	878,666	149,087	148,478	(581,101)		-	(581,101)
East Providence	-	1,371,299	-	1,371,299		-	1,371,299
Foster	-	57,045	-	57,045		(3,290)	53,755
Glocester	-	103,739	-	103,739		-	103,739
Hopkinton	-	235,614	-	235,614		-	235,614
Jamestown	-	11,410	-	11,410		-	11,410
Johnston	-	726,471	-	726,471		-	726,471
Lincoln	-	907,260	-	907,260	(3,000)	-	904,260
Little Compton	-	16,858	-	16,858		-	16,858
Middletown	-	304,412	-	304,412		-	304,412
Narragansett	-	85,006	-	85,006		-	85,006
Newport	-	732,479	-	732,479		-	732,479
New Shoreham	-	8,237	-	8,237		-	8,237
North Kingstown	-	272,041	-	272,041		-	272,041
North Providence	-	788,380	-	788,380	(10,500)	-	777,880
North Smithfield	186,079	195,285	30,508	39,714		-	39,714
Pawtucket	-	3,254,100	-	3,254,100	(8,000)	-	3,246,100
Portsmouth	-	119,506	-	119,506		-	119,506
Providence	-	986,851	-	986,851	(89,000)	-	897,851
Richmond	42,590	264,710	502	222,622		-	222,622
Scituate	31,637	89,053	-	57,416		-	57,416
Smithfield	629,038	310,724	75,374	(242,939)		-	(242,939)
South Kingstown	-	196,349	-	196,349		-	196,349
Tiverton	-	251,915	-	251,915		-	251,915
Warwick	-	1,655,873	-	1,655,873		-	1,655,873
Westerly	-	376,642	-	376,642		-	376,642
West Warwick	-	1,204,135	-	1,204,135		-	1,204,135
Woonsocket	-	2,123,300	-	2,123,300	1,000	-	2,124,300
Bristol-Warren	-	422,951	-	422,951		-	422,951
Exeter-West Greenwich	-	149,470	106,335	255,805		-	255,805
Chariho	-	-	-	-		-	-
Foster-Glocester	-	203,067	-	203,067		(5,233)	197,834
Central Falls	-	258,593	-	258,593	(6,000)	-	252,593
<b>Subtotal District Aid</b>	<b>\$3,689,576</b>	<b>\$23,659,866</b>	<b>\$663,366</b>	<b>\$20,633,656</b>	<b>(\$121,500)</b>	<b>(\$757,486)</b>	<b>\$19,754,670</b>
Charter School Total	16,386,797	13,384,789	35,016	(3,002,007)		(81,896)	(3,083,903)
Davies2	233,755	338,297	2,808	104,543		(2,988)	101,555
Met School	137,291	448,157	-	310,866		-	310,866
Urban Collaborative	-	63,831	-	63,831		(212)	63,619
Youth Build Academy	1,696,628	1,727,458	-	30,830		-	30,830
<b>Total</b>	<b>\$22,144,047</b>	<b>\$39,622,399</b>	<b>\$701,190</b>	<b>\$18,141,718</b>	<b>(\$121,500)</b>	<b>(\$842,582)</b>	<b>\$17,177,636</b>

<sup>1</sup> Funding for the expansion of Excel Charter School was reduced subsequent to the Governor's Budget release.

<sup>2</sup> Adjustment shifted to FY2022, per Article 10.

Source: Rhode Island Department of Education

## SCHOOL CONSTRUCTION AID

In 1960, the school housing aid program was enacted by the General Assembly to guarantee adequate school facilities for all public school children in the state, and to prevent the cost of constructing and repairing facilities from interfering with the effective operation of the schools. Applications for aid to support the construction and renovation of school buildings are submitted to and evaluated by the Rhode Island Department of Elementary and Secondary Education (RIDE). State aid is provided for approved projects based on a percentage of cost. The percentage provided by the State to the school district is determined based on a share ratio designed to measure a community's need. For FY2023, the minimum state share is 35.0 percent and the maximum is 96.9 percent for Central Falls; the state share for charter schools is 30.0 percent.

The 2010 General Assembly passed legislation increasing the minimum share ratio from 30.0 percent in FY2011 to 35.0 percent in FY2012 and to 40.0 percent in FY2013. The 2012 General Assembly froze the reimbursement rate at 35.0 percent, but provided that projects completed after June 30, 2010, that received approval from the Board of Regents by June 30, 2012, receive the 40.0 percent minimum.

The 2011 General Assembly enacted legislation limiting the approval of new projects between FY2012 and FY2015, to those necessitated by immediate health and safety reasons. Any project requested during the moratorium was reported to the chairs of the House and Senate Finance Committees. Furthermore, any project approval granted prior to the adoption of the school construction regulations in 2007, which was currently inactive, had not received voter approval, or had not been previously financed, was deemed no longer eligible for reimbursement. Article 22 of the FY2015 Budget extended the moratorium from June 30, 2014, to May 1, 2015, limiting the approval of new projects between FY2012 and FY2015 to those necessitated by immediate health and safety conditions.

As part of the 2011 legislation, RIDE was charged with developing recommendations for further cost containment strategies in the school housing aid program. The following recommendations were submitted on March 22, 2012:

- Establish capital reserve funds on the state and local level.
- Reduce the minimum share ratio.
- Limit costs associated with bonding by establishing a mechanism to allow districts with poor bond ratings to borrow at a lower interest rate, reduce the State's reimbursement rate on interest, and provide incentives for districts to refinance bonds.

Article 13 of the FY2014 Budget as Enacted provided an incentive to communities to refinance existing school housing bonds by allowing communities to receive 80.0 percent of the total savings, instead of distributing the savings based on the state share ratio. The increased savings to the communities would only apply to refinancing done between July 1, 2013, and December 31, 2015. The table shows the estimated savings realized through the incentive.

Article 9 of the FY2019 Budget as Enacted provided temporary incentives to encourage districts to improve the condition of public school buildings in Rhode Island, established a permanent incentive for school safety and security projects, and established school maintenance expenditure requirements.

<b>Municipality</b>	<b>Local Savings</b>	<b>State Savings</b>	<b>Total Savings</b>
Burrillville	\$391,582	\$97,896	\$489,478
Central Falls	485,690	121,423	607,113
Cumberland	392,456	98,136	490,592
Johnston	41,684	10,421	52,105
Lincoln	1,590,165	397,541	1,987,706
New Shoreham	329,114	82,278	411,392
North Kingstown	419,141	104,785	523,926
North Providence	492,390	123,098	615,488
Pawtucket	44,094	11,023	55,117
Portsmouth	208,533	52,135	260,668
Providence	5,854,680	1,463,670	7,318,350
South Kingstown	232,603	58,151	290,754
Tiverton	753,270	188,317	941,587
West Warwick	525,572	131,393	656,965
Woonsocket	728,129	182,083	910,212
<b>Total Savings</b>	<b>\$12,489,103</b>	<b>\$3,122,350</b>	<b>\$15,611,453</b>

While historically funded at \$80.0 million annually, for FY2023 based on current projections, the Budget provides \$88.5 million, an increase of \$8.5 million over the FY2022 Budget as Enacted. While the entire amount is expected to be used for housing aid entitlements, any surplus will be deposited into the School Building Authority Capital Fund. Based on December 2021 projections, housing aid entitlements are projected to increase to \$97.7 million in FY2024, \$122.3 million in FY2025, and \$128.3 million in FY2026.

**School Building Authority Capital Fund:** Article 9 of the FY2016 Budget as Enacted designated the Department of Elementary and Secondary Education (Department) as the State's School Building Authority (SBA) and charged the Department with implementing a system of state funding for school facilities, managing the school housing aid program, and developing a project priority system. The Authority oversees two distinct funding mechanisms for school facilities: the Foundation Program, as enumerated in RIGL 16-7-35 through 16-7-47, and the School Building Authority Capital Fund (Capital Fund), as created through the article. The FY2016 Budget added 1.0 FTE position to the Department for a new construction manager to assist in developing procedures for the proposed Capital Fund. In FY2016, the Department received a one-time, pass-through appropriation of \$20.0 million in new general revenue to capitalize the Capital Fund, which is held in trust and administered by the Rhode Island Health and Education Building Corporation (RIHEBC). For FY2021, \$1.0 million in general revenue from the surplus construction aid was transferred to the Capital Fund.

For FY2022, the Budget as Enacted provided \$590,814 in general revenue from the surplus construction aid to the Capital Fund; however, the revised budget provides a total of \$9.0 million in surplus funds. The increase is due to construction delays, caused by the COVID-19 pandemic, and bond refinancing. Several communities refinanced to take advantage of the low interest rates, saving a total of \$8.5 million in total debt service payments that was shared between the municipalities and the State.

Beginning in FY2023, a surplus in construction aid is no longer projected; however, based on past experience, some surplus is likely but not at the recent levels. In addition to the \$250.0 million school building bond referendum in Article 5, the FY2023 Budget as Enacted provides \$50.0 million in general revenue to the School Building Authority to address high-priority projects including upgrades to lighting, heating, and ventilation systems to create facility equity among Rhode Island students.

Through Article 9, the FY2019 Budget as Enacted shifted the 3.0 FTE positions responsible for the administration of the school construction program from general revenue to a new school construction services restricted receipt account, and added 1.0 FTE Director of School Construction Services. The restricted receipt account, named the "School Construction Services", is funded by the Rhode Island Health and Education Building Corporation (RIHEBC) from the School Building Authority Capital Fund, fees generated from the origination of municipal bonds and other financing vehicles used for school construction, and its own reserves. There is no limit on the amount or type of expenses that will be funded; however, Article 9 limited the fee that RIHEBC can impose on cities, towns and districts to one tenth of one percent (0.001) of the principal amount of the bond. In FY2021, RIHEBC collected \$303,180 in school bond fees. In FY2022, this revenue is estimated at \$207,000 and in FY2023 at \$250,000.

In FY2018, RIHEBC was required to transfer \$6.0 million to the State Controller. In FY2019, RIHEBC supported \$737,735 in SBA personnel expenses. In FY2020 personnel expenses increased to \$770,946, and \$677,946 in FY2021. In the FY2022 Budget as Enacted, \$500,000 in expenses was shifted back to general revenue, for a total of \$793,596 in funding, to bring the costs covered by RIHEBC back in line with projected fee revenue. In the FY2022 Revised Budget, RIHEBC is projected to contribute \$279,485 and general revenue expenditures are decreased to \$407,996. The decrease in general revenue in the FY2022 Revised Budget is due to turnover savings from a vacant position.

*Analyst Note: The allocation between the general revenue and the restricted receipts is based on the ratio of the \$500,000 general revenue appropriation relative to the most recent budget of \$800,000 for salaries and benefits when the office of fully staffed. The ratio is 62.3 percent general revenue to 36.7 percent restricted receipts.*

**Facility Equity Initiative Pilot Program:** At the January 11, 2022, meeting, the Council on Elementary and Secondary Education approved funding for the Facility Equity Initiative pilot program to provide pay-go funding for high priority projects in school districts with reimbursement rate over 65.0 percent, including Central Falls, Pawtucket, Providence, West Warwick, and Woonsocket. This project would focus on high priority projects to improve the health and safety of students and promote equity across the State. The new Capital Fund will provide up-front funding instead of increasing the school construction allocation in the annual budget and reduce costs by eliminating interest payments on the funded projects.

The projects approved by the Council for FY2022 are supported with the \$9.0 million, from construction delays and bond refinancing, plus an additional \$3.0 million from prior year surpluses, and \$1.5 million in support from the Office of Energy Resources (OER) fund to the Facility Equity Initiative pilot program. The funding was distributed, in partnership with OER and the Office of Opportunity, Equity and Diversity (ODEO). After evaluating 53 applications from 5 LEAs, the funds were awarded to 5 districts on a priority basis designed to have the greatest impact on facility gaps between districts.

<b>FY2022 SBA Capital Fund</b>	
<b>Facility Equity Initiative</b>	
<b>Pilot Program</b>	
Central Falls	\$3.6
Pawtucket	4.4
Providence	4.5
West Warwick	0.5
Woonsocket	0.5
<b>Total</b>	<b>\$13.4</b>

While this program is only a pilot, should the \$250.0 million school construction bond be approved, Article 10 of the FY2023 Budget provides that \$50.0 million will be transferred to the School Building Authority Capital Fund to address high-priority projects including upgrades to lighting, heating, and ventilation systems to create facility equity among Rhode Island students. The SBA proposes to expand the pilot program to include all LEAs with free and reduced lunch rates over 40.0 percent, thus doubling the number of eligible schools. The expansion would extend the program to Cranston, East Providence, Johnston, Newport, North Providence, and certain charter schools.

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