

Elementary and Secondary Education

Expenditures By Program	FY2021	FY2022	FY2022	Change from		FY2023	Change from	
	Actual	Enacted	Governor	Enacted		Governor	Enacted	
Administration of the Comprehensive Education Strategy	\$262.6	\$354.4	\$335.8	(\$18.6)	-5.2%	\$316.7	(\$37.7)	-10.6%
Central Falls School District	44.8	69.7	56.7	(13.0)	-18.7%	61.5	(8.2)	-11.8%
Davies Career and Technical Center	18.0	25.9	23.5	(2.4)	-9.1%	27.0	1.1	4.2%
Rhode Island School for the Deaf	8.1	8.8	9.4	0.7	7.6%	9.1	0.4	4.1%
Metropolitan Career and Technical School	9.3	14.3	11.6	(3)	(0)	12.9	(1.4)	-9.5%
Education Aid	1,058.6	1,569.1	1,139.0	(430.1)	-27.4%	1,249.7	(319.4)	-20.4%
School Construction Aid	80.0	80.0	80.0	-	-	88.5	8.5	10.7%
Teacher Retirement	116.9	123.9	124.0	0.1	0.1%	130.9	6.9	5.6%
Total	\$1,598.4	\$2,246.0	\$1,780.0	(\$466.0)	-20.7%	\$1,896.3	(\$349.8)	-15.6%
Expenditures By Source								
General Revenue	\$1,280.1	\$1,330.8	\$1,333.4	\$2.5	0.2%	\$1,372.7	\$41.8	3.1%
Federal Funds	281.2	865.6	396.2	(469.3)	-54.2%	469.6	(396.0)	-45.7%
Restricted Receipts	36.2	46.7	47.2	0.5	1.1%	47.6	0.9	2.0%
Other Funds	0.7	2.9	3.2	0.3	9.5%	6.4	3.5	119.2%
Total	\$1,598.4	\$2,246.0	\$1,780.0	(\$466.0)	-20.7%	\$1,896.3	(\$349.8)	-15.6%
Authorized FTE Levels	325.1	326.1	326.1	-	-	328.1	2.0	0.6%

\$ in millions. Totals may vary due to rounding.

The Rhode Island Department of Elementary and Secondary Education, under the leadership of the Board of Education, is responsible for a strategic plan defining goals and objectives for elementary and secondary education; preparation and presentation annually of an educational budget for the Department of Elementary and Secondary Education, subordinate boards and agencies, and State aid to local school districts; approval of the basic subjects and courses of study to be taught, and instructional standards required to be maintained in the public elementary and secondary schools of the State; and, adoption of standards and qualifications for the certification of teachers and provision for the issuance of certificates.

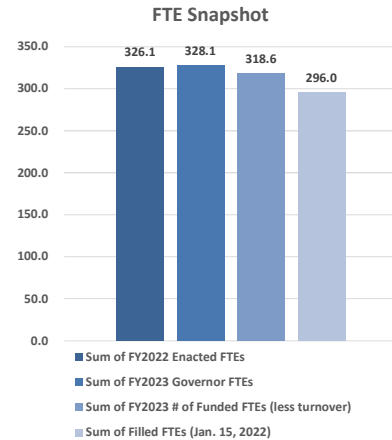
MAJOR ISSUES AND TRENDS

Most of the \$41.8 million increase in general revenue fully funds the education funding formula, holds districts harmless relative to the FY2022 funding formula distribution, and corrects for a property tax data error that occurred in FY2022. Categorical aid is level funded, except that group home aid decreases by \$662,927 based on student bed counts. Density Aid shows a decrease in the distribution tables based on the number of qualifying students; however, the funding necessary to level fund the category is included in the Budget.

Other general revenue increases include \$8.2 million for school construction aid, \$6.9 million for the State's contribution to teacher retirement, \$2.4 million statewide COLA adjustments, and \$262,152 for 2.0 new FTE positions at the Department.

The reduction in federal funds is due primarily to the shifting of funding from the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) and the American Rescue Plan Act (ARPA) from FY2022 into FY2023 and beyond. The restricted receipt increase is due to increased costs associated with statewide transportation and a new grant from the Gates Foundation to make algebra more accessible to students in Providence. The increase in other funds is due primarily to the appropriation of \$4.0 million in Rhode Island Capital Plan (RICAP) funds for the Davies Health Care Classroom Improvements project.

The Budget provides 328.1 FTE positions across the Elementary and Secondary Education system, including 145.1 FTE positions at the Department of Elementary and Secondary Education, 123.0 FTE positions at Davies, and 60.0 FTE positions at the School for the Deaf. This represents an increase of 2.0 FTE positions in the Administration of the Comprehensive Education Strategy program, including a Multi Lingual Learner Specialist and a Transformation Specialist. The FTE level in FY2022 is consistent with the budget as enacted.



The FY2022 Budget as Enacted included 2.0 FTE Uniform Chart of Accounts (UCOA) School Spending Analysis positions. These positions were added to enable the Department to meet new spending analysis requirements imposed through Article 10 of the FY2022 Budget as Enacted. The Department filled one of these positions on February 13, 2022, but indicated that it was a challenging position to fill. The Department is evaluating the second position to ensure that the position and the recruitment align with meeting the UCOA requirement.

ADMINISTRATION OF THE COMPREHENSIVE EDUCATION STRATEGY (ACES)

The Administration of the Comprehensive Education Strategy (ACES) program encompasses the offices of Accelerating School Performance, Educator Excellence and Instruction Effectiveness, Fiscal Integrity and Efficiencies, and Legal. Through these offices, the Department provides leadership and support for the entire elementary and secondary education system in Rhode Island.

Administration of the Comprehensive Education Strategy	General Revenue
FY2022 Enacted	\$24,339,679
<i>Target and Other Adjustments</i>	
Statewide COLA	158,247
Multilingual Learner Specialist (1.0 FTE position)	1,222,364
Transformation Specialist (1.0 FTE position)	131,076
Compensation Study	131,076
FY2023 Governor	\$26,082,442

Administration of the Comprehensive Education Strategy	Other Fund Changes
ARPA ESSER III Funds (federal funds)	(\$21,432,561)
CRRSA ESSER II Funds (federal funds)	(7,034,852)
ARPA SFRF: Municipal Learning Centers (federal funds)	5,000,000
RI School Based Mental Health Services (federal funds)	2,014,085
Substance Abuse and Mental Health Services (federal funds)	1,631,042
Gates Foundation Grant (restricted receipts)	441,886
CARES Act ESSER I (federal funds)	300,000

Statewide Cost of Living Adjustment **\$1.2 million**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living (COLA) increases of 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. The current agreement is projected to increase general revenue expenditures by \$1.2 million, including the \$1,500 bonus payment to most employees within the Department.

Multilingual Learner Specialist (1.0 FTE position)

\$131,076

The Department has launched the Blue Print for Multilingual Learner Success and a Strategic Plan for improving outcomes for Multilingual Learners. This position is needed to coordinate and deliver professional development to ensure the expected outcome from the Blue Print for Multilingual Learner Success and the Department's Strategic Plan.

Analyst Note: The FY2022 Budget as Enacted provided 1.0 new FTE position for a World Language Education Specialist and an English Language Learner/World Language position was added in FY2018. The Department is currently interviewing candidates for the World Language Specialist position.

Transformation Specialist (1.0 FTE position)

\$131,076

According to the Department, the RI Education Accountability Act of 2019 imposed new statutory expectations of the Department such that the Department must implement and support LEAs with strategic planning and a wide variety of annual plans, as well as monitor and evaluate the process and outcomes for five LEAs on an annual basis. This position, while housed in the Office of Support and Strategic Planning, will work across the Department to collaborate with other specialists in providing support to LEAs and meeting the requirements and responsibilities codified in the 2019 RI Education Accountability Act. The Department explained that the 4.0 FTE Transformation Specialists currently in the Department focus on the federally mandated school improvement process for schools identified for comprehensive support and improvement (CSI), as delineated in the federal 2015 Every Student Succeeds Act (ESSA).

Compensation Study

\$100,000

The recommendation includes \$100,000 for a compensation study required by contractual obligations negotiated three years ago. A contract was in place; however, the company went out of business during the COVID-19 pandemic. According to the Department, the original study was going to be paid from unspent funds in various line items. When the contract fell through the funds were not spent and reverted back to the general fund. There is no specific account for this expenditure.

ARPA ESSER III Funds (federal funds)

(\$21.4 million)

The American Rescue Plan Act (ARPA), passed in March 2021, provided \$415.0 million in Elementary and Secondary Education Relief (ESSER) funds to Rhode Island. This was the third round of ESSER funds distributed. Of the total distribution, \$373.5 million was for direct grants to local education agencies (LEAs) and \$41.5 million was reserved for use by the state education agency (SEA), including a maximum of \$2.1 million for an administrative set aside. The FY2022 Budget as Enacted appropriated the entire amount into one year. The FY2023 Budget moves some of the funds out, providing \$5.0 million in FY2022 and \$20.1 million in FY2023.

Based on the State Plan for the use of the SEA reserve (<https://oese.ed.gov/files/2021/06/Rhode-Island-ARP-ESSER-State-Plan.pdf>), the Department intends to use the funds to promote equity and decrease performance gaps by implementing the recommendations from the Learning, Equity & Accelerated Pathways (LEAP) Task Force Report. In 2019, the Department convened the Learning, Equity & Accelerated Pathways (LEAP) Task Force consisting of parents, state and local leaders, education experts, and community members representing a variety of stakeholders to identify priorities and recommendations for a path forward. The Task Force Report can be found here:

<https://www.ride.ri.gov/Portals/0/Uploads/Documents/COVID19/LEAPTaskForceReport.pdf?ver=2021-04-28-150118-777>.

Analyst Note: As of the publication date of this report, the Department has been unable to provide a budget for the planned initiatives.

CRRSA ESSER II Funds (federal funds) (\$7.0 million)

The Coronavirus Response and Relief Supplemental Appropriations (CRRSA), passed in December 2020, provided \$184.8 million in Elementary and Secondary Education Relief (ESSER) funds to Rhode Island. This was the second round of ESSER funds distributed. Of the total distribution, \$166.3 million was for direct grants to local education agencies (LEAs) and \$18.5 million was reserved for use by the state education agency (SEA), including a maximum of \$923,958 for an administrative set aside. The FY2022 Budget as Enacted appropriated the entire amount into one year. The FY2023 Budget moves some of the funds out providing \$7.1 million in FY2022 and \$11.4 million in FY2023.

Analyst Note: As of the publication date of this report, the Department has been unable to provide an update to the ESSER Budget.

ARPA SFRF: Municipal Learning Centers (federal funds) \$5.0 million

The Governor proposes to use \$5.0 million in federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) in FY2023 (\$15.0 million through FY2025) to support the creation of centers, operated by municipalities, providing free or fee-for-service programs such as tutoring, art and music classes, early education opportunities, and nonprofit services. The programs, while operating year-round, will focus on out-of-school time and vacations. The goal is for each city or town to operate at least one program. The proposed investment of \$15.0 million is expected to

**American Rescue Plan Act (ARPA)
Elementary and Secondary Education Relief (ESSER) Fund Allocation**

Description	Budgeted Expenditure
Pass through to LEAs	\$373.5
Highlights of Rhode Island's Plan	41.5
Return to In-Person Learning in 2021	
Safely Reopening Schools and Sustaining Safe Operations	
Supporting Students Most Impacted by the Pandemic	
Addressing the Academic Impact of Lost Instructional Time	
Investing in Summer Learning	
Expanding Afterschool Programs	
Re-Engaging Students Disengaged from their Communities	
Staffing to Support Students' Mental Health Needs	
Total	\$415.0

\$ in millions

**ESSER II Budget Status
(as of 10/5/2021)**

Initiative	Budget
All Course Network	\$3,000,000
New Shoreham	60,000
Communication Consultants	250,000
Website Support	100,000
Pre K transition	125,000
Eureka Math	600,000
Personell	466,149
All Course Network Contractor	250,000
Interim Assessments	2,000,000
Implicit Bias Training	325,000
Teacher mentoring	300,000
Urban Core Summit	217,160
Data analysis	200,000
Middle School Math	1,500,000
Parent Video	275,000
Tutoring services	500,000
Communication APP	500,000
Total Approved	\$10,668,309
Administrative set aside	923,958
Total	\$11,592,267
Total SEA Reserve	18,479,157
Balance	\$6,886,890

Source: RIDE email 10.7.2021 in response to Senate Finance Committee Hearing 10.6.2021

establish 11 programs including five in Providence, two in Pawtucket, and one each in Central Falls, Cumberland, Middletown, and North Providence.

The proposal supports the administrative costs and the anticipated full cost of implementing the Municipal Learning Center model at full scale within the next three years. In planning, the State support of each center would decrease over Year 4 and Year 5, with the intention being for the community and/or the municipality increasing support each year (Year 4 and Year 5) so that by FY 2027 all Municipal Learning Centers will be fully financed by the municipalities as well as through grants or philanthropic funding. The pilot municipalities include Central Falls, Cumberland, Pawtucket, Middletown, and North Providence. In particular, for Cumberland, the approach is to support the current existing model in place within the municipality. In Providence, the approach will result in five Municipal Learning Centers and centralized State support of the program within the Rhode Island Department of Education's Office of Students, Communities, and Academic Supports. The current plan is to start the formation of the centers in Providence on November 1, 2022, and open the remaining pilot centers in FY2023.

Key components of the proposal include:

- **U.S. Treasury Eligibility Category:** Revenue Replacement
- **Equity Components** (quoted directly from budget documents):
 - **Population:** The intent is to serve students in our most impacted communities across Rhode Island, with a particular focus on areas with low availability of low-cost Out of School Time (OST) programs - which exist in both urban and suburban municipalities. We are working within each municipality to develop a local design team that will have representation of historically underserved populations to ensure that needs are being specifically addressed. Outcomes are focused on closing the achievement gap within communities of different sub-populations based on race, ethnicity, and income levels.
 - **Awareness:** We are committed to open, transparent, and equitable processes for all programming opportunities.
 - **Access and Distribution:** According to the Rhode Island Afterschool Network, "There is a substantial gap between enrichment opportunities for youth from low-income and higher-income families. The highest-income families spend almost seven times more on enrichment activities for their children." (link)

According to the Afterschool Alliance's America After 3PM report, a substantial "56 percent of low-income households report that the cost of afterschool programs was a factor in their decision not to enroll their child in a program and close to half of Hispanic parents (48 percent) and 46 percent of African American parents report that a very important factor in their decision not to enroll their child in an afterschool program is that afterschool programs are not available in their community, compared to 38 percent of Caucasian parents." (link)
 - **Outcomes:** These outcomes will vary from community to community, but will be focused on the identified needs of students and families served.
- **Performance Metrics:** Monitor the following:
 - For this project, programmatic metrics related to program availability, access and participation in municipal learning programs will be tracked. We will also track subgroup data to understand the impacts on communities, students and families most impacted by sustained education and opportunity disparities.

- Success metrics will be developed based on the individual municipalities for each community tied to educational outcomes (e.g. those being tracked by LEAs related to learning loss), student engagement, family satisfaction, safety, and opportunity gap closure.
- The methods we will use to evaluate the initiative will include participant and family surveys, focus groups, and data analysis. We will track programming throughout the school year, with summative metrics reported out with program completion at end of each semester and summer.
- Success will be measured by the sustained growth in access and participation in programs, satisfaction with programming by participants, increased academic achievement, and engagement of students and families with the municipality.

School Based Mental Health Services (federal funds)

\$2.0 million

The School Based Mental Health Services (SBMHS) grant program provides competitive grants to state education agencies to increase the number of qualified mental health providers in local education agencies with demonstrated need. Rhode Island was awarded a five-year, \$10.4 million grant that provides about \$2.0 million in support each year. FY2022 represents the first year of the grant; however, based on the timing of the award the funds were not include in the FY2022 Budget as Enacted.

The district funding will be used to for a local coordinator to oversee recruitment, retention, and re-specialization activities, as well as track data used for performance measures to track need. In addition, the funds will be used to support evidence-based and data-driven practices to increase the number of school-based mental health providers in the district. Rhode Island College will use the funds to support a coordinator to lead the development of a certificate program and pathways to increase the number of school-based mental health providers statewide.

School Based Mental Health Services		
Local Education Agencies		\$1,215,775
	Providence	\$655,259
	Central Falls	305,258
	Northwest Special Education Region	255,258
Rhode Island College		600,000
RIDE School Health Policy and Program Specialist (fully funds FTE)		120,000
RIDE Program Coordinator (23.0 percent of FTE)		40,000
Total Annual Cost		\$1,975,775

Source: Rhode Island Department of Education

Substance Abuse and Mental Health Services (federal funds)

\$1.6 million

FY2023 is the second year of a 5-year, \$9.0 million federal grant to expand mental health awareness and expand mental health services in Cranston, West Warwick, and Westerly. The Department will work in partnership with the Department of Children, Youth, and Families to expand mental health services in these districts. Each district will receive a minimum of \$360,000 each year to support a district-level manager and other mental health personnel, as well as materials for professional development for social emotional learning and behavioral risk awareness.

Gates Foundation Grant (restricted receipts)

\$441,886

In 2021, the Rhode Island was awarded a Gates Foundation Grant to make algebra more accessible to Providence Middle Schools students who are multilingual, black, Latino, and/or experiencing poverty. The department will use the grant to develop an Algebra Readiness Course using student-centered instruction and real-world examples to strengthen pre-algebra skills while promoting social-emotional growth. The Budget provides \$1.1 million in FY2022 and \$441,886 in FY2023. The majority of the funds will be used for a contractor to develop the curriculum, administer profession development to teachers, a parent engage program, and a student ambassador. The professional development will be for both math content and strategies for supporting multilingual learners. The Phase II end date is May 31, 2023.

CARES ACT ESSER I (federal funds)**\$300,000**

The Coronavirus Aid, Relief, and Economic Security (CARES) Act, passed in March 2020, provided \$46.4 million in Elementary and Secondary Education Relief (ESSER) I funds to Rhode Island. This was the first round of ESSER funds distributed. Of the total distribution \$41.7 million was for direct grants to local education agencies (LEAs). The FY2021 Budget as Enacted appropriated the full amount for the distribution of direct aid to the LEAs, while \$4.4 million was reserved for use by the state education agency (SEA). The FY2023 Budget moves \$500,000 of these reserve funds into FY2023 and \$2.6 million into FY2022. According to the Department, all of the ESSER I funds were encumbered in 2020; however, some of the payables were reversed freeing up balances for future years. The table shows the planned distribution of those funds, which were directed to the hardest hit communities.

ESSER Fund Set-Aside Distribution	
District	Amount
Central Falls	\$261,433
Cranston	382,294
East Providence	222,932
Pawtucket	600,370
Providence	2,387,422
Woonsocket	548,841
Total	\$4,403,292

According to the U.S. Department of Education, State Education Agencies (SEAs) may use reserve funds to address emergency needs resulting from the COVID-19 pandemic as determined by an SEA and for the same allowable uses as ESSER II and ESSER III. The statute provides broad flexibility.

Analyst Note: The ESSER I funds are available for obligation through September 30, 2021; however, a one-year extension is provided through the Tydings Amendment.

CENTRAL FALLS SCHOOL DISTRICT

The State of Rhode Island assumed control of the Central Falls School District in 1991 when it was determined that the City of Central Falls could not afford to meet its contractual, legal, and regulatory obligations related to school funding because its tax base had sustained little or no growth over several years. Since FY1993, the State has been responsible for 100.0 percent of the education expenditures for the Central Falls School District.

Since FY2012, Central Falls has been funded according to the education funding formula. The Budget provides \$48.7 million for the Central Falls School Department in FY2023. This includes the funding formula distribution as well as \$10.1 million in funding through the Central Falls Stabilization Fund, excluding aid received through other education aid categories. (See Education Aid in the Special Report section of this publication for further detail.)

Central Falls	General Revenue
FY2022 Enacted	\$47,702,746
<i>Target and Other Adjustments</i>	-
Funding Formula Adjustment	(1,348,583)
Pandemic Hold Harmless Fund	1,348,583
Central Falls Stabilization	1,000,000
FY2023 Governor	\$48,702,745
Central Falls	Other Fund Changes
ARPA ESSER III Funds (federal funds)	(\$5,134,741)
CRRSA ESSER II Funds (federal funds)	(4,061,246)

Funding Formula Adjustment**(\$1.3 million)**

Since FY1993, the State has been responsible for 100.0 percent of the education expenditures for the Central Falls School District; however, beginning in FY2012, the district's state funding has been determined through the new funding formula. In FY2023, the district will see a decrease of \$1.3 million in funding

formula aid; however, the stabilization aid and other categorical aid provide for a net increase of \$958,429 over the previous fiscal year.

Pandemic Hold Harmless Fund

\$1.3 million

The Budget includes a total of \$49.7 million to ensure districts do not experience a reduction in funding formula aid relative to FY2022 due to losses associated with the pandemic or enrollment shifts to other schools, including \$1.3 million for Central Falls.

Central Falls Stabilization

\$1.0 million

The Budget funds this category at \$10.1 million in FY2023, an increase of \$1.0 million over the FY2022 Budget as Enacted. Central Falls schools are currently 100.0 percent state funded, with the State providing both the local and state contributions calculated through the formula, as well as the local share that would be supported outside of the core amount. For example, the total foundation amount calculated through the funding formula is \$39.2 million in FY2023; however, the Budget provides an additional \$9.6 million, including the Pandemic Hold Harmless funding. Generally, the costs outside the foundation aid formula, such as transportation, facility maintenance and retiree health benefits, are paid by the district. This program was created due to concerns regarding the city's capacity to meet the local share of education costs. Previously the statute required Central Falls to pay its share of the local contribution prior to receiving stabilization funds. However, the 2012 General Assembly amended the statute to provide for an annual review of the respective shares and to allow stabilization funds to be provided without the district having to pay the entire local share as determined from the education funding formula.

Although Central Falls has been working with the Department to reduce expenditures over the last several years, the district has not been able to reduce costs enough to keep pace with the phase in of the funding formula. Also, charter school tuitions have been increasing resulting in a corresponding increase in district expenses. Consequently, the stabilization fund has been used to replace aid lost through the implementation of the funding formula and local payments to public schools of choice. To date, Central Falls has been unable or unwilling to absorb any educational costs.

ARPA ESSER III Funds (federal funds)

(\$5.1 million)

The American Rescue Plan Act (ARPA), passed in March 2021, provided \$415.0 million in Elementary and Secondary Education Relief (ESSER) III funds to Rhode Island. This was the third round of ESSER funds distributed. Of the total distribution \$373.5 million was for direct grants to local education agencies (LEAs). The FY2022 Budget as Enacted included \$15.3 million in direct aid for Central Falls. The FY2023 Budget moves \$10.1 million of these funds into FY2023, leaving \$5.0 million in FY2022.

According to the United States Department of Education, an LEA must reserve at least 20.0 percent of its total allocation to address learning loss through evidence-based interventions such as summer learning, or enrichment, extended day, comprehensive after school programs, or extended school year programs. LEAs must ensure that such interventions respond to students' academic, social, and emotional needs, and address the disproportionate impact of COVID-19 on underrepresented student subgroups. Section 2001(e) specifically authorizes an LEA to use funds to develop strategies and implement public health protocols, including policies in line with guidance from the CDC for the reopening and operation of schools facilities to maintain the health and safety of students, educators, and other staff, to the greatest extent practicable. The funds may be used for expenses dating back to March 13, 2020, and the funds are available for obligation through September 30, 2023, excluding the 12-month Tydings Amendment period.

CRRSA ESSER II Funds (federal funds)**(\$4.1 million)**

The Coronavirus Response and Relief Supplemental Appropriations (CRRSA), passed in December 2020, provided \$184.8 million in in Elementary and Secondary Education Relief (ESSER) II funds to Rhode Island. This was the second round of ESSER funds distributed. Of the total distribution \$166.3 million was for direct grants to local education agencies (LEAs). The FY2022 Budget as Enacted appropriated \$6.8 million in direct aid to Central Falls. The FY2023 Budget moves \$2.7 million of these funds into FY2023, leaving \$4.0 million in FY2022.

According to the United States Department of Education, LEAs may use these as allowed under ESSER I and ARP ESSER, including hiring new staff and avoiding layoffs. Additional uses include addressing learning loss; preparing schools for reopening; and, testing, repairing, and upgrading projects to improve air quality in school buildings. The funds may be used for expenses dating back to March 13, 2020, and the funds are available for obligation through September 30, 2022, excluding the 12-month Tydings Amendment period.

DAVIES CAREER AND TECHNICAL CENTER

The Davies Career and Technical School provides a high school education program in occupational areas for students in grades nine through twelve. The school provides an integrated academic and vocation curriculum with up-to-date technology programs to provide a solid foundation for students entering postsecondary education or the community. Davies operates as a local education agency and is governed by a Board of Trustees.

The Budget provides \$15.4 million in general revenue funding for the Davies Career and Technical School, an increase of \$979,398 from the FY2022 Budget as Enacted, excluding categorical aid. (See Education Aid in the Special Report section of this publication for further detail.)

Davies Career and Technical School	General Revenue
FY2022 Enacted	\$14,437,904
<i>Target and Other Adjustments</i>	
Davies Stabilization Fund	742,655
Funding Formula Adjustment	233,755
FY2023 Governor	\$15,414,314
Davies Career and Technical School	
Other Funds	
ARPA ESSER III Funds (federal funds)	(\$2,132,018)
CRRSA ESSER II Funds (federal funds)	(510,570)

Davies Stabilization Fund**\$742,655**

Article 11 of the FY2017 Budget as Enacted established a stabilization fund to provide additional support to Davies for costs associated with a stand-alone high school offering both academic and career and technical coursework. The Budget provides an additional \$742,655 (\$6.6 million total) in FY2023. Based on the budget documents, the increase is due primarily to a statewide COLA adjustment of \$801,950.

Funding Formula Adjustment**\$233,755**

The Davies School receives funding from state and federal sources; however, beginning in FY2012, it receives its State funding as determined through the new funding formula. In FY2023, the Davies School will receive an increase of \$233,755 in funding formula aid (\$8.8 million in total aid). Instead of being entirely State funded, the sending districts now pay a portion of the tuition for each student from their district. Furthermore, Davies is now responsible for the cost of transporting students to and from their sending districts. The estimated cost for transportation is about \$600,000 annually.

ARPA ESSER III Funds (federal funds)

(\$2.1 million)

The American Rescue Plan Act (ARPA), passed in March 2021, provided \$415.0 million in Elementary and Secondary Education Relief (ESSER) III funds to Rhode Island. This was the third round of ESSER funds distributed. Of the total distribution \$373.5 million was for direct grants to local education agencies (LEAs). The FY2022 Budget as Enacted included \$2.6 million in direct aid for Davies. The FY2023 Budget moves \$500,000 of these funds into FY2023 and the remaining funds into the out years, since Davies does not expect to utilize these funds in FY2022.

According to the United States Department of Education, an LEA must reserve at least 20.0 percent of its total allocation to address learning loss through evidence-based interventions such as summer learning, or enrichment, extended day, comprehensive after school programs, or extended school year programs. LEAs must ensure that such interventions respond to students' academic, social, and emotional needs, and address the disproportionate impact of COVID-19 on underrepresented student subgroups. Section 2001(e) specifically authorizes an LEA to use funds to develop strategies and implement public health protocols, including policies in line with guidance from the CDC for the reopening and operation of schools facilities to maintain the health and safety of students, educators, and other staff, to the greatest extent practicable. The funds may be used for expenses dating back to March 13, 2020, and the funds are available for obligation through September 30, 2023, excluding the 12-month Tydings Amendment period.

CRRSA ESSER II Funds (federal funds)

(\$510,570)

The Coronavirus Response and Relief Supplemental Appropriations (CRRSA), passed in December 2020, provided \$184.8 million in in Elementary and Secondary Education Relief (ESSER) II funds to Rhode Island. This was the second round of ESSER funds distributed. Of the total distribution \$166.3 million was for direct grants to local education agencies (LEAs). The FY2022 Budget as Enacted appropriated \$1.2 million in direct aid to Davies. The FY2023 Budget moves \$661,373 of these funds into FY2023, leaving \$500,000 in FY2022.

According to the United States Department of Education, LEAs may use these allowable uses under ESSER I and ARP ESSER, including hiring new staff and avoiding layoffs. Additional uses include addressing learning loss; preparing schools for reopening; and, testing, repairing, and upgrading projects to improve air quality in school buildings. The funds may be used for expenses dating back to March 13, 2020, and the funds are available for obligation through September 30, 2022, excluding the 12-month Tydings Amendment period.

RHODE ISLAND SCHOOL FOR THE DEAF

The Rhode Island School for the Deaf (RISD) is a public school which offers educational programs to approximately 85 deaf and hard of hearing youth (and their families) from birth through age 21 in the elementary program, junior and senior high school, and early intervention and preschool programs.

School for the Deaf	General Revenue
FY2022 Enacted	\$7,402,627
<i>Target and Other Adjustments</i>	42,515
Statewide Cost of Living Adjustment	495,195
FY2023 Governor	\$7,940,337
School for the Deaf	Other Funds
ARPA ESSER III Funds (federal funds)	(\$52,264)

Statewide Cost of Living Adjustment**\$495,195**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living (COLA) increases of 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. The current agreement is projected to increase general revenue expenditures by \$495,195, including the \$1,500 bonus payment to most employees within the School.

In FY2023, the Department requested \$129,255 in salary and benefits for 1.0 new FTE Speech Pathologist position at RISD; however, the position was not included in the Budget. This position was also requested in FY2022.

ARPA ESSER III Funds (federal funds)**(\$52,264)**

The American Rescue Plan Act (ARPA), passed in March 2021, provided \$415.0 million in Elementary and Secondary Education Relief (ESSER) III funds to Rhode Island. This was the third round of ESSER funds distributed. Of the total distribution \$373.5 million was for direct grants to local education agencies (LEAs). The FY2022 Budget as Enacted included \$256,339 in direct aid for the School for the Deaf. The FY2023 Budget moves \$274,075 of these funds into FY2023, leaving \$50,000 in FY2022.

According to the United States Department of Education, an LEA must reserve at least 20.0 percent of its total allocation to address learning loss through evidence-based interventions such as summer learning, or enrichment, extended day, comprehensive after school programs, or extended school year programs. LEAs must ensure that such interventions respond to students' academic, social, and emotional needs, and address the disproportionate impact of COVID-19 on underrepresented student subgroups. Section 2001(e) specifically authorizes an LEA to use funds to develop strategies and implement public health protocols, including policies in line with guidance from the CDC for the reopening and operation of schools facilities to maintain the health and safety of students, educators, and other staff, to the greatest extent practicable. The funds may be used for expenses dating back to March 13, 2020, and the funds are available for obligation through September 30, 2023, excluding the 12-month Tydings Amendment period.

METROPOLITAN CAREER AND TECHNICAL SCHOOL

The Metropolitan Career and Technical School (Met School) is a career and technical public school district with two campuses in Providence and a third in Newport. It provides a comprehensive education which includes internships, individual learning plans, advisory, and a college transition program for students in grades nine through twelve.

The Budget provides \$9.5 million in general revenue funding for the Met, level funded with the FY2022 Budget as Enacted. This includes \$1.1 million for the Met School Stabilization Fund, but excludes \$23,443 in English Learner categorical aid. The Met School is governed by a board, appointed by the Board of Education but operated independently. Also, unlike Davies, the employees at the Met School are not state employees. (See Education Aid in the Special Report section of this publication for further detail.)

Metropolitan Career and Technical School	General Revenue
FY2022 Enacted	\$9,342,007

<i>Target and Other Adjustments</i>	-
Funding Formula Adjustment	137,291
Met School Stabilization Fund	Informational
FY2023 Governor	\$9,479,298

Metropolitan Career and Technical School	Other Funds
ARPA ESSER III Funds (federal funds)	(\$1,028,531)
CRRSA ESSER II Funds (federal funds)	(1,012,968)

Funding Formula Adjustment **\$137,291**

In FY2023, the Met School will receive an increase of \$137,291 in funding formula aid (\$8.4 million in total formula aid). Previously, the Met School was 100.0 percent state funded; however, beginning in FY2012, it received its general revenue funding through the new funding formula and sending districts pay a portion of the tuition for each student from their district. Furthermore, the Met School is now responsible for the cost of transporting students to and from their sending districts and will no longer be reimbursed by sending districts for transportation costs. Generally, the school provides RIPTA passes to students; however, due to the lack of RIPTA services available to students in Woonsocket, the school contracts for bus service for those students. The total estimated cost to the school is about \$177,000 annually.

Met School Stabilization Fund **Informational**

Article 11 of the FY2017 Budget as Enacted established a stabilization fund to provide additional support to the Met School for costs associated with a stand-alone high school offering both academic and career and technical coursework. The Budget level funds the stabilization fund at \$1.1 million total providing a net increase of \$137,291 in FY2023.

ARPA ESSER III Funds (federal funds) **(\$1.0 million)**

The American Rescue Plan Act (ARPA), passed in March 2021, provided \$415.0 million in Elementary and Secondary Education Relief (ESSER) III funds to Rhode Island. This was the third round of ESSER funds distributed. Of the total distribution \$373.5 million was for direct grants to local education agencies (LEAs). The FY2022 Budget as Enacted included \$3.2 million in direct aid to the Met. The FY2023 Budget moves \$2.2 million of these funds into FY2023, leaving \$1.0 million in FY2022.

According to the United States Department of Education, an LEA must reserve at least 20.0 percent of its total allocation to address learning loss through evidence-based interventions such as summer learning, or enrichment, extended day, comprehensive after school programs, or extended school year programs. LEAs must ensure that such interventions respond to students' academic, social, and emotional needs, and address the disproportionate impact of COVID-19 on underrepresented student subgroups. Section 2001(e) specifically authorizes an LEA to use funds to develop strategies and implement public health protocols, including policies in line with guidance from the CDC for the reopening and operation of schools facilities to maintain the health and safety of students, educators, and other staff, to the greatest extent practicable. The funds may be used for expenses dating back to March 13, 2020, and the funds are available for obligation through September 30, 2023, excluding the 12-month Tydings Amendment period.

CRRSA ESSER II Funds (federal funds) **(\$1.0 million)**

The Coronavirus Response and Relief Supplemental Appropriations (CRRSA), passed in December 2020, provided \$184.8 million in in Elementary and Secondary Education Relief (ESSER) II funds to Rhode Island. This was the second round of ESSER funds distributed. Of the total distribution \$166.3 million was for direct grants to local education agencies (LEAs). The FY2022 Budget as Enacted appropriated

\$1.4 million in direct aid to the Met. The FY2023 Budget moves \$424,929 of these funds into FY2023, leaving \$1.0 million in FY2022.

According to the United States Department of Education, LEAs may use these allowable uses under ESSER I and ARP ESSER, including hiring new staff and avoiding layoffs. Additional uses include addressing learning loss; preparing schools for reopening; and, testing, repairing, and upgrading projects to improve air quality in school buildings. The funds may be used for expenses dating back to March 13, 2020, and the funds are available for obligation through September 30, 2022, excluding the 12-month Tydings Amendment period.

EDUCATION AID

The Department provides direct support to schools and school districts, including charter and state-owned schools through this program. This program also provides funding for group home beds, non-public textbook reimbursement, state-level professional development, the early childhood demonstration pilot project, state E-rate reimbursement, and the state's share of the school breakfast program.

Education Aid	General Revenue
FY2022 Enacted	\$1,023,707,116
<i>Target and Other Adjustments</i>	-
Pandemic Hold Harmless Fund	48,325,314
Funding Formula Distribution	(25,712,721)
Categorical Aid	(662,927)
FY2023 Governor	\$1,045,656,782

Education Aid	Other Funds
ARPA ESSER III Funds (federal funds)	(\$252,145,661)
CRRSA ESSER II Funds (federal funds)	(90,297,833)
Statewide Transportation (restricted receipts)	789,790
CARES Act ESSER I (federal funds)	500,000

Pandemic Hold Harmless Fund **\$48.3 million**

The Budget includes a total of \$49.7 million to ensure districts do not experience a reduction in funding formula aid relative to FY2022, including \$48.3 million for districts, excluding Central Falls, and charter schools.

Funding Formula Distribution **(\$25.7 million)**

Based on the updated enrollment and community wealth date, the FY2023 Budget recommendation reduces the education funding formula distribution by \$25.7 million, for a total of \$956.1 million for all the school districts except Central Falls and the state schools, which are included as separate budget programs. This includes a reduction of \$26.6 million based on the FY2023 funding formula calculation, partially offset by an increase of \$839,594 to adjust for a data error in the FY2022 property tax data. Pursuant to law, the Division of Municipal Finance (Division) is required to submit a study of the finalized adjusted equalized weighted assessed valuation (EWAV) to the Department of Elementary and Secondary Education by August 1 each year. In reviewing the data for the FY2022 education aid distribution, errors were found in the data from Cumberland, West Warwick, Foster, and North Kingstown. Since the index is based on relative community wealth, 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. Article 10 of the Governor's FY2023 Budget was included to hold harmless districts that would have experienced a decrease in aid in FY2023 due to the error.

The decrease in funding formula aid for all school districts, charter schools, Davies Career & Technical School (Davies), and the Metropolitan Career and Technical School (Met) totals \$27.5 million. The difference is due to the decrease in funding to Central Falls (\$1.3 million), partially offset by an increase to Davies (\$233,755) and the Met (\$137,291) in FY2023 relative to the FY2022 enacted level. This total decrease is partially offset by an increase of \$842,582 for the error adjustment, including \$2,988 for Davies.

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, distribution could change annually based on shifts in enrollment. There are no changes in funding methodology for the School for the Deaf, since it is an education program that already has a state, federal and local share.

The formula establishes a per-pupil spending amount (\$11,050 in FY2023) and allocates this funding based on student enrollment. The formula also includes a single factor to adjust the core foundation amount to address the effects of poverty and other factors influencing educational needs. The high need student weight, or student success factor, increases the core foundation amount by 40.0 percent, (\$4,420 in FY2023) for each student eligible for free or reduced lunch. The formula accounts for local revenue generating capacity and overall poverty level by using the EWAV (Equalized Weighted Assessed Valuation) and the concentration of pre-kindergarten through sixth grade students eligible for free or reduced price lunch.

Article 11 of the FY2017 Budget as Enacted changed the threshold for the high-need student weight to a family income at or below 185.0 percent of the federal poverty guidelines. The change is in response to the United States Department of Agriculture no longer requiring districts to collect eligibility data. Since this income level is the same threshold as that used for the free or reduced lunch program, the Department of Elementary and Secondary Education (Department) does not anticipate a change in the eligibility numbers.

The Act included a multi-year transition plan to ease districts into the new formula, allowing time to adjust for gains or losses in education aid. The plan provided a transition period of ten years for those districts projected to receive less school aid than they did through the aid distribution in FY2011, and seven years for those districts projected to receive more aid. As of FY2022 the funding formula distribution is fully phased in. (See Education Aid in the Special Report section of this publication.)

Categorical Aid

(\$662,927)

When the education funding formula was passed in 2010, five categorical funds were identified that would not be distributed according to the formula, but according to other methodology 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 Density Aid Fund. The Density Fund support ended in FY2019, but was reestablished in FY2022. In the FY2019 Budget as Enacted created a temporary category for School Resource Officer Support, which expired after FY2021. (The Central Falls, Davies and Met School Stabilization Funds are addressed in the relevant sections of this analysis.)

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

FY2023 Governor's Education Aid

Categorical	Change from Enacted	Total Funding
Transportation	\$0.0	\$7.7
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	-	1.0
Total	(\$0.7)	\$39.8

\$ in millions

- 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 \$7.7 million in FY2023, level with the FY2022 Budget as Enacted.
- 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 level funds this category at \$14.9 million in FY2023.
- 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 associate 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/Multilingual 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. This additional aid is then multiplied by the state share. When the article was originally enacted, the additional the per-pupil weight was \$898 for each identified English learner. In FY2023, the per-pupil weight increases to \$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.

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

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 level funds this category in FY2023 at \$5.0 million; 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. The Budget provides no funding in FY2023. This category has not been funded since FY2014, as no new regionalized districts have been formed.

- **School Resource Officer Support:** Article 9 of the FY2019 Budget as Enacted establishes a new 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 < 1,200 students, only one resource officer position is eligible for reimbursement. Schools with \geq 1,200 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.
- **Group Home Aid:** 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, and provided \$15,000 annually per bed, except for group home beds associated with Bradley Hospital Children's Residential and Family Treatment (CRAFT) Program, which received \$22,000 per bed. Through Article 11 of the FY2017 Budget as Enacted, the per-bed aid increased by \$2,000 for a total of \$17,000 per bed, except for beds associated with the Bradley Hospital Children's Residential and Family Treatment (CRAFT) Program, which increased by \$4,000 for a total of \$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.

- **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 intent is to provide 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 \$1.0 million to level fund this category.

Analyst Note: The Budget provides \$1.0 million in funding; however, based on the qualifying new seats, only \$642,000 is distributed to districts.

ARPA ESSER III Funds (federal funds)

(\$252.1 million)

The American Rescue Plan Act (ARPA), passed in March 2021, provided \$415.0 million in Elementary and Secondary Education Relief (ESSER) III funds to Rhode Island. This was the third round of ESSER funds distributed. Of the total distribution \$373.5 was for direct grants to local education agencies (LEAs). The FY2022 Budget as Enacted included \$352.1 million in direct aid to the LEAs excluding Central Falls, Davies, the Met, and the School for the Deaf. The FY2023 Budget moves \$100.0 million of these funds into FY2023, leaving \$10.0 million in FY2022.

According to the United States Department of Education, an LEA must reserve at least 20.0 percent of its total allocation to address learning loss through evidence-based interventions such as summer learning, or enrichment, extended day, comprehensive after school programs, or extended school year programs. LEAs must ensure that such interventions respond to students' academic, social, and emotional needs, and address the disproportionate impact of COVID-19 on underrepresented student subgroups. Section 2001(e) specifically authorizes an LEA to use funds to develop strategies and implement public health protocols, including policies in line with guidance from the CDC for the reopening and operation of schools facilities to maintain the health and safety of students, educators, and other staff, to the greatest extent practicable. The funds may be used for expenses dating back to March 13, 2020, and the funds are available for obligation through September 30, 2023, excluding the 12-month Tydings Amendment period.

CRRSA ESSER II Funds (federal funds)

(\$90.3 million)

The Coronavirus Response and Relief Supplemental Appropriations (CRRSA), passed in December 2020, provided \$184.8 million in in Elementary and Secondary Education Relief (ESSER) II funds to Rhode Island. This was the second round of ESSER funds distributed. Of the total distribution \$166.3 million was for direct grants to local education agencies (LEAs). The FY2022 Budget as Enacted appropriated \$156.8 million in direct aid to the LEAs excluding Central Falls, Davies, the Met, and the School for the Deaf. The FY2023 Budget moves \$66.5 million of these funds into FY2023, leaving \$66.5 million in FY2022.

According to the United States Department of Education, LEAs may use these allowable uses under ESSER I and ARP ESSER, including hiring new staff and avoiding layoffs. Additional uses include addressing learning loss; preparing schools for reopening; and, testing, repairing, and upgrading projects to improve air quality in school buildings. The funds may be used for expenses dating back to March 13, 2020, and the funds are available for obligation through September 30, 2022, excluding the 12-month Tydings Amendment period.

Statewide Transportation (restricted receipts)

\$789,790

The statewide student transportation program was created to help districts provide transportation for students attending private schools outside their transportation district, special needs students, homeless students, and foster youth with greater service and cost efficiencies. Transportation is provided to students who attend private, parochial, and charter schools, as well as career & technical education centers and other approved programs. This program maximizes the sharing of buses when possible to achieve service and cost efficiencies. This program is entirely funded by participating school districts but managed by the Department. Payments from the participating districts are deposited into a restricted receipt account within the Department for payment to the vendor providing the transportation services. The costs associated with the statewide transportation program increased in FY2021 due to an increase in rates and in resources and accommodations needed to transport a growing number of students. Due to the federal McKinney-Vento Homeless Education Assistance Act, districts are required to provide transportation for homeless students to and from their school of origin if it is in the student's best interest. Also, the federal Every Student Succeeds Act requires that students placed in foster care be bused to their district of origin if it is the best interest of the student. Both of these initiatives have led to greater participation in the program and the need to service more locations.

The FY2023 Budget includes an estimated increase in expenditures for the statewide transportation program of \$789,790 in restricted receipts (\$36.7 million total), relative to the FY2022 Budget as Enacted. The FY2022 Revised Budget includes a decrease of \$355,599, based on decreased enrollment. These funds pass through the Department; consequently, if the full estimate is not used by districts, the cost will not be invoiced.

This program experienced a 32.2 percent increase (\$8.4 million) in FY2022 relative to FY2021. Based on information received from the Department, the primary reasons for the increase include:

- Student capacity limits, instituted to meet social distancing guidelines, resulted in 199 additional routes
- The rate increase for emergency bus vendors increase by 46.0 percent relative to the FY2019 rates
- PPE and sanitization costs of \$50 per day were paid to vendors for each vehicle
- The contract allows the vendor to bill 50.0 percent per day for routes with Covid-related service interruptions
- The new five-year contract with First Student began on July 1, 2020, with a 5.0 percent rate increase
- The new five-year contract for the system manager also began on July 1, 2020, with a \$1.0 million increase due to the team expanding from 8 to 14 employees; the system manager was located in a separate area from the Department, due to social distancing guidelines; and, the state mandated an increase in the insurance bond.

CARES ACT ESSER I (federal funds)

\$500,000

The Coronavirus Aid, Relief, and Economic Security (CARES) Act was passed in March 2020, provided \$46.4 million in in Elementary and Secondary Education Relief (ESSER) I funds to Rhode Island. This was the first round of ESSER funds distributed. Of the total distribution \$41.7 million was for direct grants to local education agencies (LEAs). The FY2021 Budget as Enacted appropriated \$39.5 million in direct aid to the LEAs excluding Central Falls, Davies, the Met, and the School for the Deaf. The FY2023 Budget moves \$500,000 of these funds into FY2023 and \$2.8 million into FY2022. According to the Department, all of the ESSER I funds were encumbered in 2020; however, some of the payables were reversed freeing up balances for future years.

Analyst Note: The ESSER I funds are available for obligation through September 30, 2021; however, a one-year extension is available through the Tydings Amendment.

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 FY2022, as updated in August 2021, the minimum state share is 35.0 percent for school districts and the maximum is 96.7 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 receive 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.

School Bond Refinancing Incentive Estimated Savings Summary			
Municipality	Local Savings	State Savings	Total Savings
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
Total Savings	\$12,489,103	\$3,122,350	\$15,611,453

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, establishes a permanent incentive for school safety and security requirements.

projects, and established school maintenance expenditure requirements.

School Construction Aid	General Revenue
FY2022 Enacted	\$80,000,000
<i>Target and Other Adjustments</i>	8,536,507
School Building Authority Capital Fund	Informational
FY2023 Governor	\$88,536,507

School Construction Aid **\$8.5 million**

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

Informational

Article 9 of the FY2016 Budget as Enacted designated the Department of Elementary and Secondary Education (Department) as the State’s School Building Authority 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 projected \$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 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 in the enacted budget; however, based on past experience, some surplus is likely but not at the recent levels.

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.

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

While this program is only a pilot, should the \$250.0 million school construction bond be approved, Article 10 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.

Through Article 9, the FY2019 Budget also shifted the 3.0 FTE positions currently 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 new 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 Revise 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.

TEACHER RETIREMENT

Since 1949, all teachers are required to become members of the State Retirement System. The State pays 40.0 percent of the employer’s share of the retirement contribution each year. These funds, which are actuarially determined annually, are appropriated to the Department of Education for transfer to the State Retirement Fund.

On November 17, 2011, the General Assembly passed the Rhode Island Retirement Security Act of 2011 (RIRSA) to reform the state and local pension systems. The Act introduces a hybrid pension structure for all State employees, except public safety employees and judges, to shift risk to the employee by combining the attributes of both the defined benefit and defined contribution plans.

Teacher Retirement	General Revenue
FY2022 Enacted	\$123,916,166
<i>Target and Other Adjustments</i>	
Defined Benefit Plan	6,939,305
Defined Contribution Plan	Informational
FY2023 Governor	\$130,855,471

Defined Benefit Plan \$6.9 million

The Budget provides total funding of \$126.0 million for the State’s contribution to the teacher retirement defined benefit plan, reflecting a net increase of \$6.9 million from the FY2022 Budget as Enacted. The employer contribution rates are actuarially determined annually, and appropriated to the Department of Education for transfer to the State Retirement Fund. For teachers the State pays 40.0 percent of the employer contribution. This projection is based on the average annual growth between FY2019 and FY2022 of 5.3 percent.

Defined Contribution Plan Informational

The Budget provides \$4.8 million in general revenue for the State’s share of the contribution to the new defined contribution portion of the hybrid pension system, providing level funding with the FY2022 Budget as Enacted. The plan includes a mandatory 5.0 percent employee and 1.0 percent employer contribution. For teachers the State pays 40.0 percent of the employer contribution.

CAPITAL PROJECTS

The Budget includes a total of \$2.8 million in capital expenditures from Rhode Island Capital Plan (RICAP) funds in FY2022 and \$6.1 million in FY2023. This provides an increase of \$276,500 in FY2022 and \$3.5 million in FY2023 relative to the FY2022 Budget as Enacted, including:

- **Davies Health Care Classrooms:** The Budget provides \$4.5 million in FY2023 for health care classrooms at Davies. The architectural and engineering phase of the project occurred in FY2022 (\$500,000). Davies Health Care Classroom Improvements project includes building replacement space for the Health Care classrooms and eliminating the detached modular classroom building where the program is currently housed. This project was previously scheduled to begin in FY2021; however, the late passage of the FY2021 Budget delayed progress.
- **Davies HVAC:** To replace and repair the HVAC system at Davies, the Budget includes \$1.0 million in FY2022 and \$150,000 in FY2023. Davies recently developed a facility master plan to guide ongoing repairs and upgrades. The assessment evaluated the educational space for academic and technical programs, future enrollment patterns, energy efficiencies, building condition, traffic studies, and Americans with Disabilities Act compliance and provided an extensive list of deferred maintenance and renovation projects. However, due to the dire need in other schools around the State and the need for a substantial investment to address the major repairs at Davies, the master plan is being advanced in smaller projects. Consequently, the funding will be used to replace a chiller, and allow for replacement, as need in areas of the school where ventilation and circulation are an issue, particularly in the 1970's portion of the school.
- **Davies Asset Protection:** The Budget provides \$815,000 in FY2022 and \$500,000 in FY2023 for asset protection projects at Davies, reflecting an increase of \$150,000 in FY2022 and a decrease of \$165,000 in FY2023 relative to the FY2022 Budget as Enacted. Projects in FY2023 include Americans with Disabilities (ADA) compliance upgrades, elevator upgrades, walkways, railings, and modifications to the annex building.
- **Met School Asset Protection:** The Budget provides \$250,000 in FY2022 and \$800,000 in FY2023 for asset protection projects at the Metropolitan Career and Technical Center (MET), reflecting level funding in FY2022 and an increase of \$555,000 in FY2023 relative to the FY2022 Budget as Enacted. The MET consists of three campuses: East Bay, Peace Street, and Public Street with a total of eight buildings and a storage facility totaling over 100,000 square feet. The Gallagher building is over 50 years old and in need of improvements to adequately function as a school facility. The MET previously funded asset protection projects out of the operating budget; however, due to budget reductions and restrictions, asset protection projects have been delayed, resulting in a backlog of maintenance items that need repair.