

Elementary and Secondary Education

FY 2018 Revised and FY 2019
Operating and Capital
Budgets
Staff Presentation
April 5, 2018

Summary By Program

	FY 2018 Enacted	FY 2018 Gov. Rev.	FY 2019 Governor	FY 2019 Gov. Chg. to Enacted
Aid Programs	\$1,167.5	\$1,171.0	\$1,187.0	\$19.5
Operations	227.7	233.3	239.0	11.3
School for the Deaf	7.4	7.7	7.8	0.5
Total	\$1,402.6	\$1,412.1	\$1,433.9	\$31.3

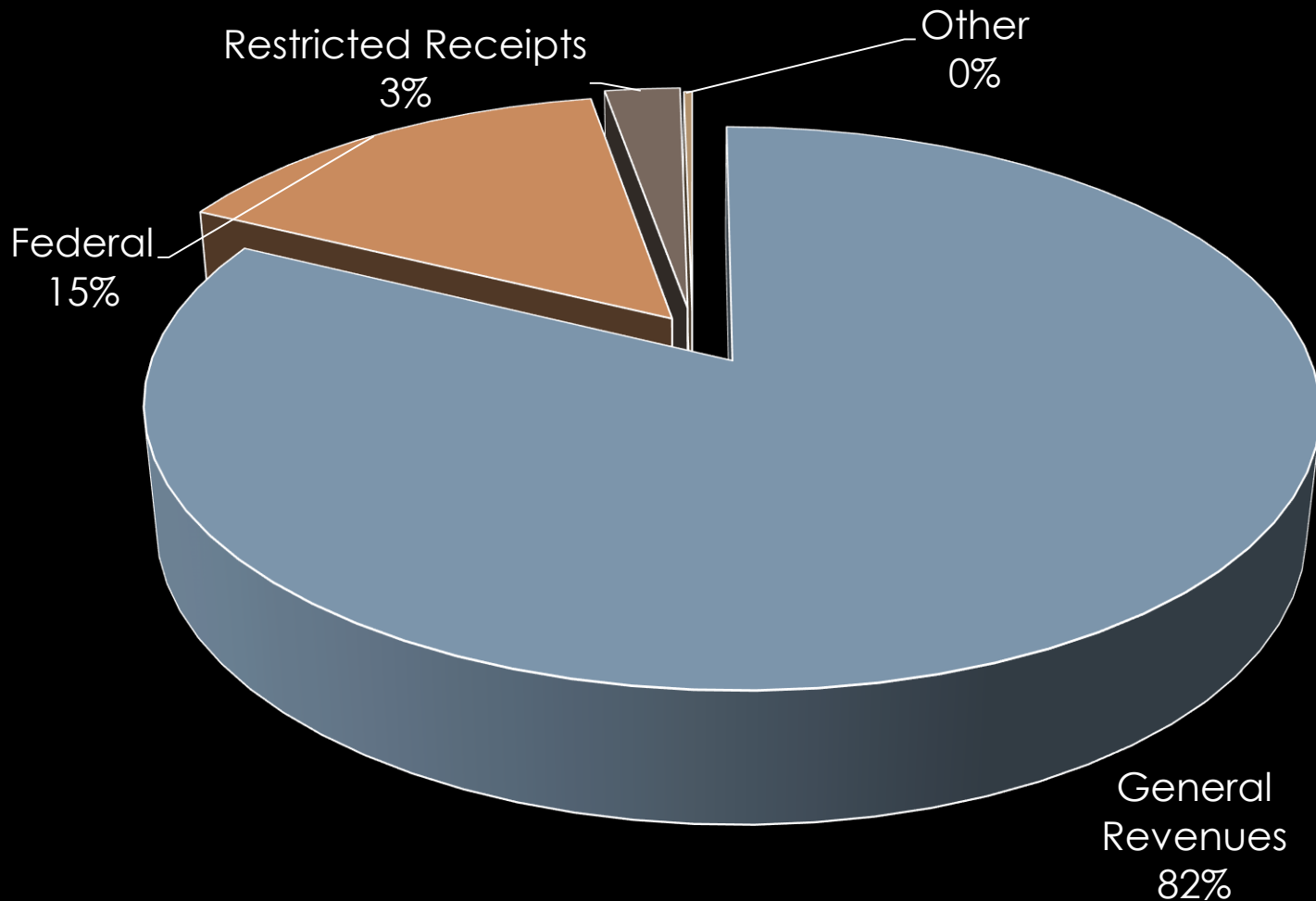
(In millions)

Summary By Program

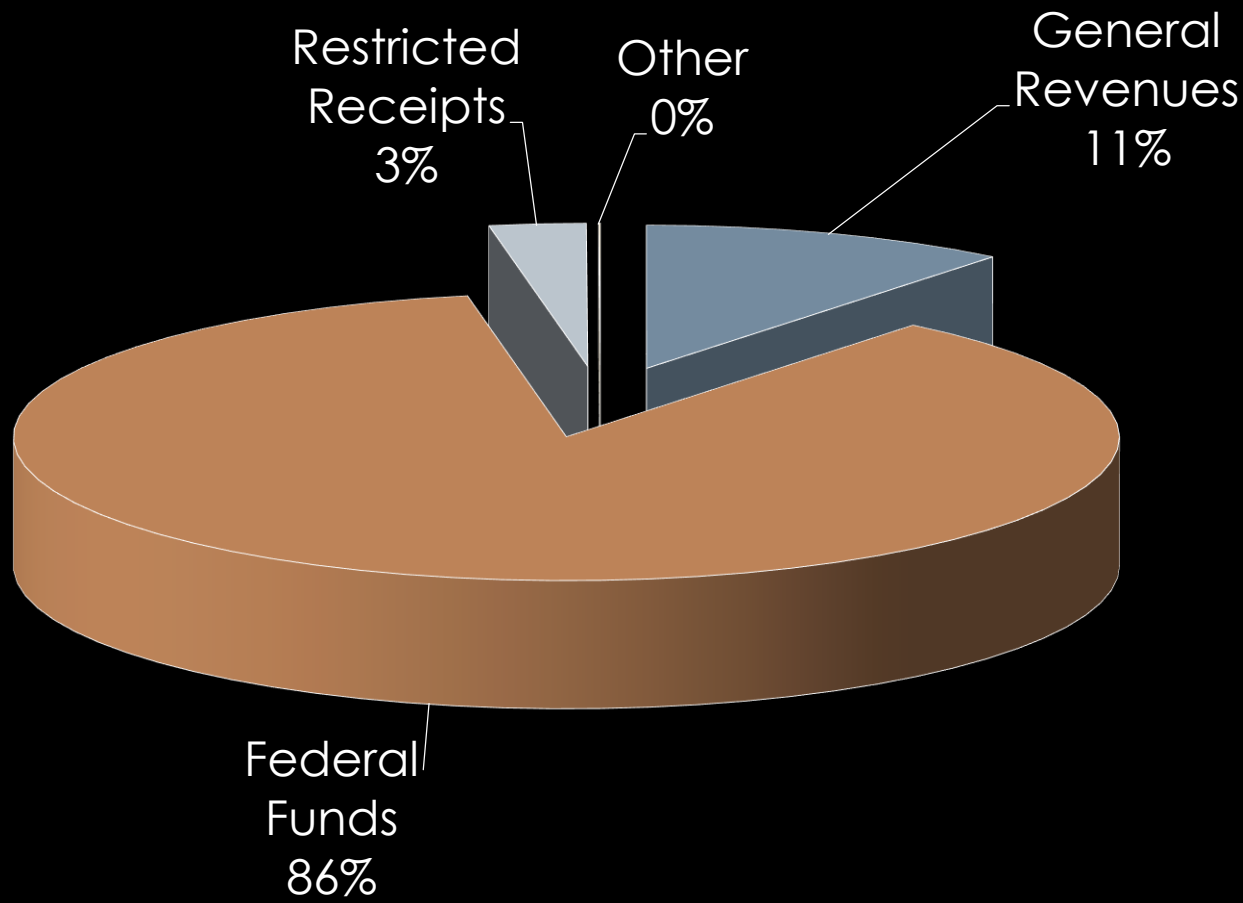
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(In millions)

FY 2019 Department by Source



FY 2019 Admin & School for Deaf



Target Budget

- Budget Office provided a general revenue target of \$1,178.7 million
 - Current service adjustments of \$19.6 million
 - 10.0% reduction of \$2.0 million
- Constrained request is \$7.7 million above target
- Governor's budget is \$1.0 million above target, adjusted for centralized services

Undistributed Savings

- FY 2018 enacted budget includes \$25.0 million of statewide savings
 - Undistributed in DOA's budget
- Governor's revised budget has proposals that total \$25.0 million
 - Not all repeat in FY 2019
- Davies VRI Savings
 - FY 2018- \$82,699
 - FY 2019- \$28,500
 - Reduces school's share of funding formula

Centralized Services

- 2017 Assembly authorized establishment of internal service funds for centralized services
 - Information technology, capital asset management & maintenance, & HR
- Costs previously budgeted in DOA
 - Methodology on distribution needs review
 - Long term impacts and transparency concerns

Centralized Services

- Governor's budget allocates costs to user agencies

General Revenues	FY 2018	FY 2019
Information Technology	\$115,019	\$115,905

Staffing

	FTEs	Chg. To Enacted
Enacted Authorization	325.1	-
FY 2018 Gov. Revised	325.1	-
FY 2019 Request	331.1	6.0
FY 2019 Governor	327.1	2.0
FY 2017 Average Filled	289.4	(35.7)
Filled as of March 17	299.0	(26.1)

Staffing

FY 2019 Governor Recommendation		
	ELSEC	Statewide
Gross Salaries (in millions)	\$26.3	\$1,117.1
Turnover (in millions)	(1.0)	(42.9)
Turnover %	3.6%	3.8%
Turnover FTE	11.9	592.2
FY 2019 FTE recommended	327.1	15,426.5
Funded FTE	315.2	14,834.3
Filled as of March 17	299.0	13,875.0
Funded but not filled	16.2	959.3

FY 2018 Rev. General Revenue Changes

- Aid Programs:
 - Group homes: \$85,000 more
 - 5 additional beds in East Providence
 - Update consistent with current law
 - Textbook reimbursement: \$151,040 savings
- Teacher retirement: \$139,942 more
- Admin: \$232,095 more
 - \$115,000 for AP test waivers
 - \$150,000 for PSAT/SAT
 - Offset by other savings

FY 2019 Major General Revenue Changes

Item	Change to Enacted
Funding Formula (incl. Central Falls & Met)	\$14.1
Davies Career and Tech	(0.0)
Categorical Funds	(0.4)
Group Home Aid	(0.5)
Teacher Retirement	5.3
New Department Initiative	0.1
Personnel	(0.2)

(In millions, excludes centralized services)

FY 2019 Education Aid

- Fully funds 8th year of funding formula
 - \$922.6 million including Central Falls and the Met
- Uses March 2017 student enrollment data adjusted for FY 2019 projected charter school enrollments
 - Department will provide March enrollment data in April
- 2010 Assembly adopted a funding formula effective for FY 2012

FY 2019 Education Aid

- Funding formula includes
 - Core instruction amount per pupil
 - Single poverty weight as a proxy for student need
 - Number of students eligible for free & reduced price lunch
 - State share ratio that considers the district's ability to generate revenues and its poverty concentration
 - Ranges from 7.3% to 93.3%

FY 2019 Education Aid

FY 2019	Not Eligible for FRPL	Eligible for FRPL
Core instruction amount	\$9,422	\$9,422
40% weight	-	3,769
Per student amount	\$9,422	\$13,191

- This is the basis for the rest of the calculation
- Core instruction amount based on New England averages – updated annually

FY 2019 Education Aid

- Charter & state schools subject to formula
 - State share ratio = that of sending district
 - Local share = local per pupil funding adjusted for the greater of 7% or districts unique costs
 - Currently 22 charter schools/2 state schools
 - Combined, 7.9% of total enrollment
 - Impacts to districts are different

Central Falls

- Funded pursuant to funding formula
 - Was fully state supported prior to FY 2012
- \$40.4 million for FY 2019
 - \$0.5 million more than enacted
 - Includes \$8.4 million stabilization funding

Metropolitan Career & Technical School

- Funded pursuant to funding formula
 - Local share of funding from districts that send students to the school
- \$9.3 million for FY 2019
 - Consistent with enacted
 - Includes \$1.3 million from stabilization funding
- Fully state supported prior to FY 2012
 - Similar to Central Falls w/ lump sum allocation
- Loss of \$0.6 million in local share from formula

Davies Career & Technical School

- Four-year high school - students apply
- Funded pursuant to funding formula
 - State aid determined through funding formula
 - Local share of funding from districts that send students to the school
 - Flow into a restricted receipt account to partially offset the loss of state aid
- Fully state supported prior to FY 2012
- Loss of \$0.8 million from funding formula
- Budget includes \$4.0 million from stabilization funding

Davies Career & Technical School

	FY 2018 Enacted	FY 2018 Gov. Rev.	FY 2019 Governor	FY 2019 Gov. to Enacted
General Revenues	\$13.4	\$13.3	\$13.3	\$(0.0)
Federal Funds	1.4	1.4	1.3	(0.0)
Restricted Receipts	3.7	3.7	3.9	0.2
Total (in millions)	\$18.5	\$18.4	\$18.6	\$0.1
FTEs	126.0	126.0	126.0	-

- General revenue increase reflects stabilization funding
- 126.0 positions, staff are state employees

Categorical Funds

- State funding outside the base formula & subject to appropriation:
 - High-cost special education students
 - Career & technical programs
 - Early childhood education programs
 - Transportation (Regional & Non-Public)
 - English language learners
 - Charter School density aid (3 years only)
- Designed to fill gaps not resolved by formula

Categorical Funds

- Categorical funding was anticipated to grow over 10 years
 - Level funded in Gov out-year projections
- Teacher retirement and school construction aid do not go through formula
 - Teacher retirement: state pays equal share (40%) for every district's teacher retirement costs regardless of base salary
 - Housing aid reimbursements determined by separate formula

FY 2019 Categorical Funds

Categorical Funds	FY 2019 Governor	Change to Enacted
English Language Learners	\$2,494,939	\$ -
School of Choice Density Aid	498,000	(412,500)
High Cost Special Ed	4,500,000	-
Career & Technical	4,500,000	-
Early Childhood*	7,360,000	1,080,000
Transportation	6,811,360	-
Total	\$26,164,299	\$667,500

**Increase from Permanent School Fund*

English Language Learners

- Funding for evidence-based programs proven to increase outcomes
- Monitored by RIDE
- Based on criteria determined by Commissioner
 - Wide discretion
- 2017 Assembly made category permanent
 - Previously enacted for FY 2017 only

English Language Learners

- Calculation is 10% of core instruction amount, adjusted for state share ratio

Example:

Calculation

<u>10% of Core Instruction amount</u>	<u>10% x \$9,422</u>
	\$942
<u>x Number of Eligible Students</u>	<u>29</u>
	\$27,318
<u>x State Share Ratio</u>	<u>64.8%</u>
	<u>\$17,702</u>

High Cost Special Education

- \$4.5 million; same as enacted level
- Excess costs related to high-cost special education students
 - Prorated to appropriation, based on costs
 - \$12.5 million of expenses; \$8.0 million more than categorical
- 2017 Assembly required data collection on costs exceeding 2X & 3X per pupil amount
 - Currently in the process of collecting data

Career & Tech Education

- \$4.5 million
 - Same as enacted level
 - Help transform existing programs or create new programs; offset costs associated with facilities, equipment maintenance, repairs, and supplies
 - Prorated to appropriation, based on applications from public and state schools

Early Childhood

- \$7.4 million
 - \$1.1 million more than enacted from Permanent School Funds
 - Enacted amount of \$6.2 million from GR
 - Leverages \$5.6 million in federal funds
 - To increase access to voluntary, free, high quality pre-kindergarten programs
 - Distributed to pre-K sites selected through a request for proposals process

Transportation

- Regional Transportation \$3.8 million
 - Same as enacted level
 - Funding to mitigate excess costs of transporting pupils to within regional districts
- Non-Public Transportation \$3.0 million
 - Same as enacted
 - Mitigates excess costs of transporting pupils to out-of-district public schools

Group Home Aid

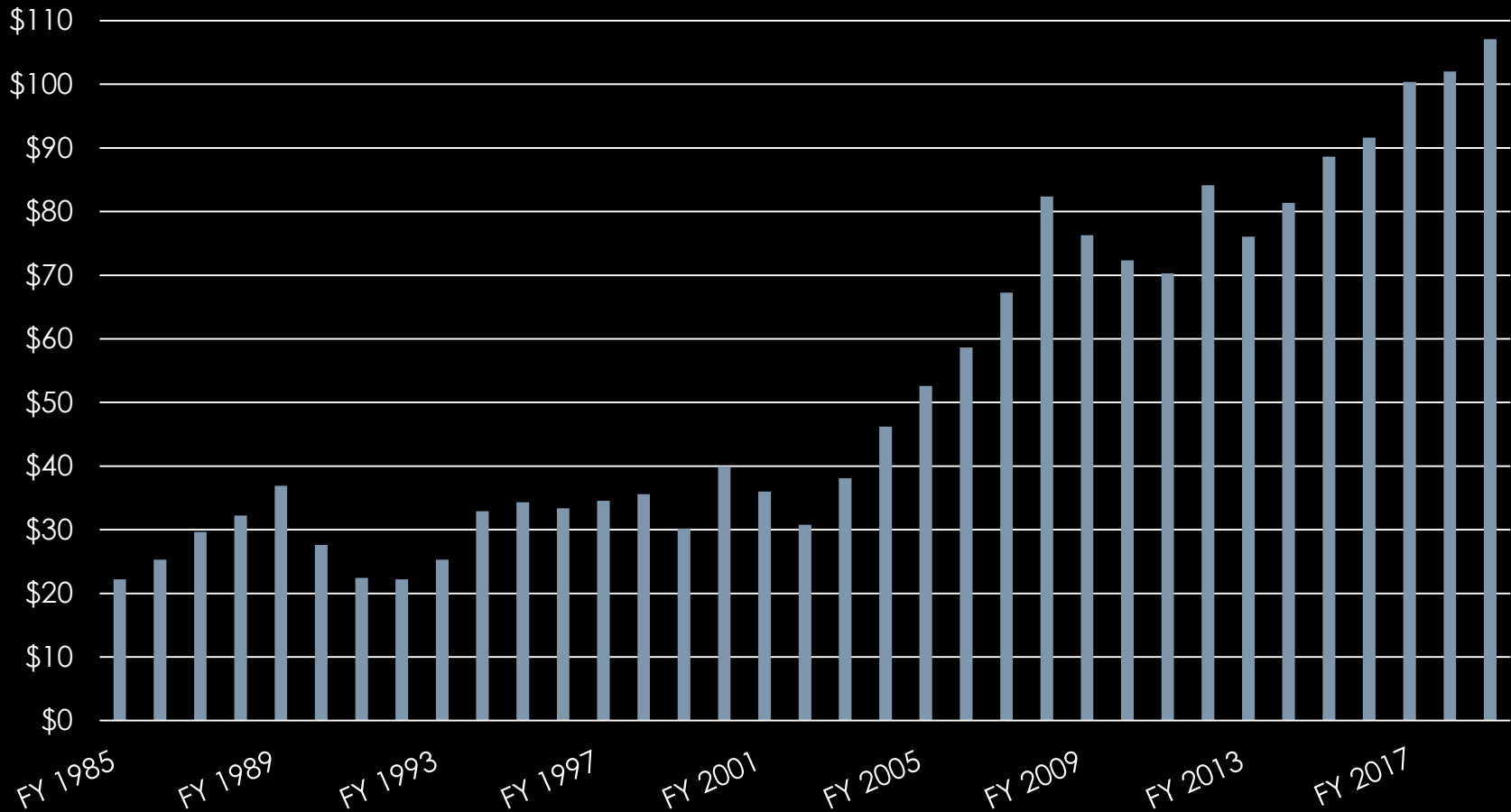
- FY 2018 Revised
 - \$85,000 more for 5 additional beds
- FY 2019 Budget
 - \$3.6 million, \$0.5 million less than enacted
 - Based on 365 beds
- Group Home aid based on number of beds open as of December 31

Teacher Retirement

- \$107.1 million for FY 2019
 - \$5.3 million more than enacted
- State pays 40% share of employer contribution
 - Employers pay difference between teachers' share and amount needed to support system
 - Participation by charter schools vary – mayoral academies are exempt
- Teachers contribute 8.75% of salary
 - Set in General Laws

Teacher Retirement

Teacher Retirement (in millions)



School Housing Aid Overview

- State reimburses cities and towns for a share of school capital projects
 - Includes principal and interest
- State shares based on district's wealth compared to aggregate state wealth
 - Minimum state share is 35%
 - 20 communities for FY 2018
 - Charter schools are at 30%
- Reimbursed starting the fiscal year after completion of project

School Housing Aid

	Traditional School Housing Aid	School Building Authority	Total
FY 2016	\$70,907,110	\$20,000,000	\$90,907,110
FY 2017	\$69,010,099	\$10,989,901	\$80,000,000
FY 2018 Enacted	\$70,907,110	\$9,092,890	\$80,000,000
FY 2018 Gov. Rev.	\$69,079,556	\$10,920,444	\$80,000,000
FY 2019 Gov. Rec.	\$69,448,781	\$10,551,219	\$80,000,000
Change to Enacted	\$(1,458,329)	\$1,458,329	\$ -

School Housing Aid- Article 9

- Article 9 hearing held on March 22
- Proposed changes stem from 2017 State of RI Schoolhouses report & School Building Task Force recs.
- Article includes:
 - New state share incentives
 - Increase to charter minimum share
 - New project requirements
 - Additional responsibilities for school building authority

School Housing Aid- Article 9

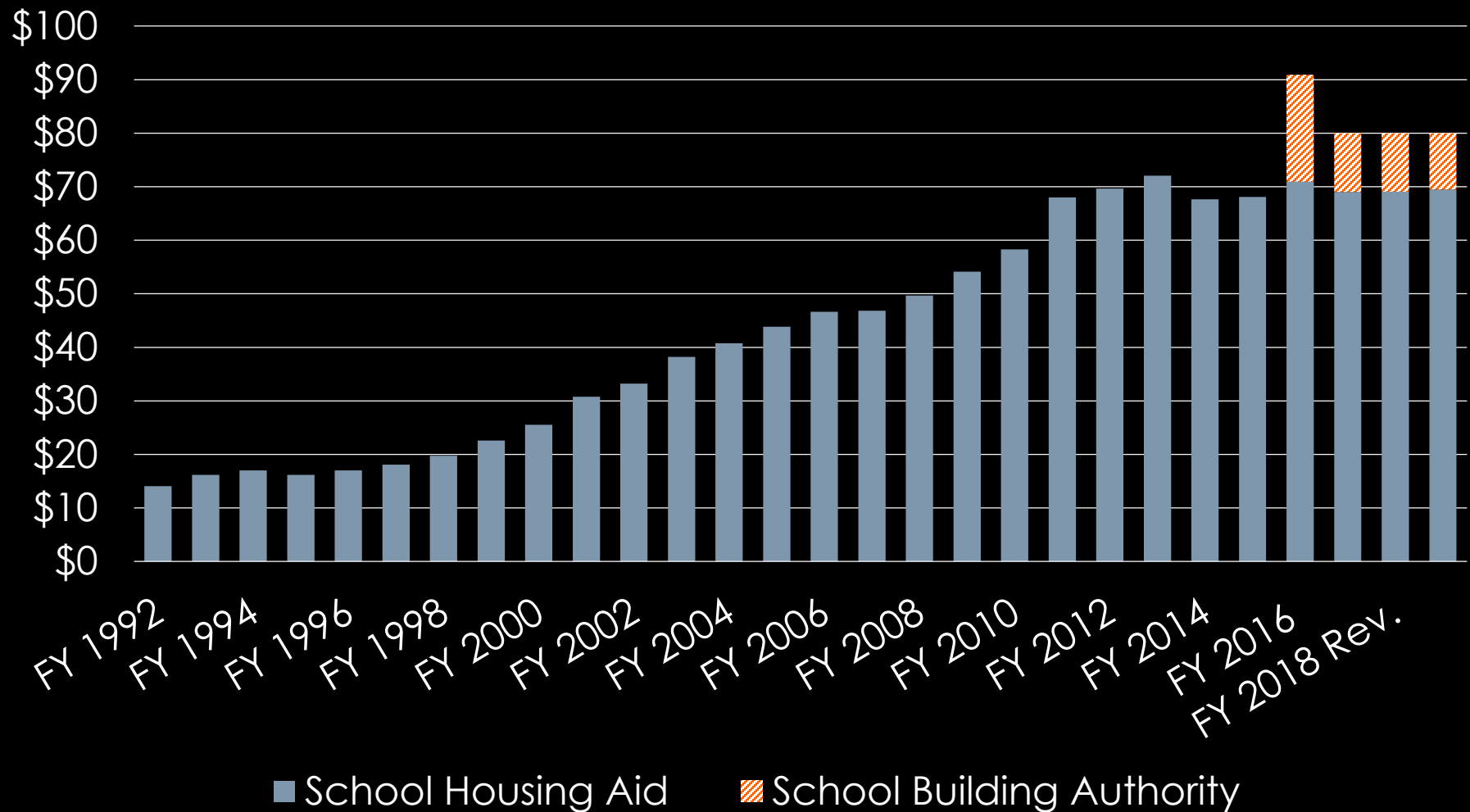
- State would take on new financial responsibilities not assumed in budget
 - Owners Program Managers
 - Commissioning Agents
 - Costs associated with contractor prequalification program

School Housing Aid- Article 9

- Establishes a restricted account to be funded from RIHEBC fees and reserves
 - RIDE expenses for administering the school construction program
 - FY 2019 Budget includes \$0.7 million to support 4.0 positions and overhead expenses
 - 3.0 positions currently filled and 1.0 new

School Housing Aid

Historical Expenditures (in millions)



Education Telecommunications Access Fund (E-Rate)

- Designed to provide financial assistance for qualified libraries and schools to acquire, install, and use telecommunications technologies to access the Internet
- Supported by a \$0.26 monthly surcharge levied on each residence & business telephone line
- Technology upgrades and Race to the Top funded projects increased availability and usage of internet

Education Telecommunications Access Fund (E-Rate)

(in millions)	Enacted	FY 2018 Rev.	FY 2019 Governor	Chg. To Enacted
General Revenues	\$0.4	\$0.4	\$0.4	\$-
Restricted Receipts	1.1	1.2	1.2	0.1
Total	\$1.5	\$1.6	\$1.6	\$0.1

New Initiative

- Unified Statewide Education Plan
 - Governor adds \$100,000 for high quality early learning curriculum
 - \$50,000 to purchase materials & coaching
 - \$50,000 to develop and implement curriculum
 - Part of Governor's 3rd Grade reading initiative
 - 75% of 3rd graders will read at grade level by 2025
 - Provide high quality literacy instruction
 - State-wide screening, referral & response system for high-risk students

Ongoing Initiatives

FY 2019 Governor	General Revenues	Federal Funds	Other Funds
PSAT/SAT	\$650,000	\$133,600	\$-
Recovery High School	500,000	-	-
Principal Empowerment & Training	500,000	-	-
Computer Science for RI	260,000	-	-
Advanced Coursework Network	150,000	-	300,000
Total	\$2,060,000	\$133,600	\$300,000

Ongoing Initiatives – SAT/PSAT

- FY 2018 rev. & FY 2019 budgets includes \$783,600 for SAT & PSAT
 - \$150,000 more from general revenues in each year
 - Budget request assumes 25% increase in tests from last year
- Contract valued at \$633,600 for 11,000 of each test
 - Based on October enrollment, full cost would be \$633,175
 - FY 2017 cost was \$530,150

Ongoing Initiatives- CS4RI

- The FY 2019 budget includes \$260,000 for Computer Science for RI
 - \$50,000 more from GR than enacted
- FY 2018 funding transferred to RIC
 - Office of Innovation runs CS4RI initiative
 - Funded courses schools could incorporate into curriculum & annual summit
- FY 2019 budget request stated funds will remain at RIDE to provide students with post-secondary credentials

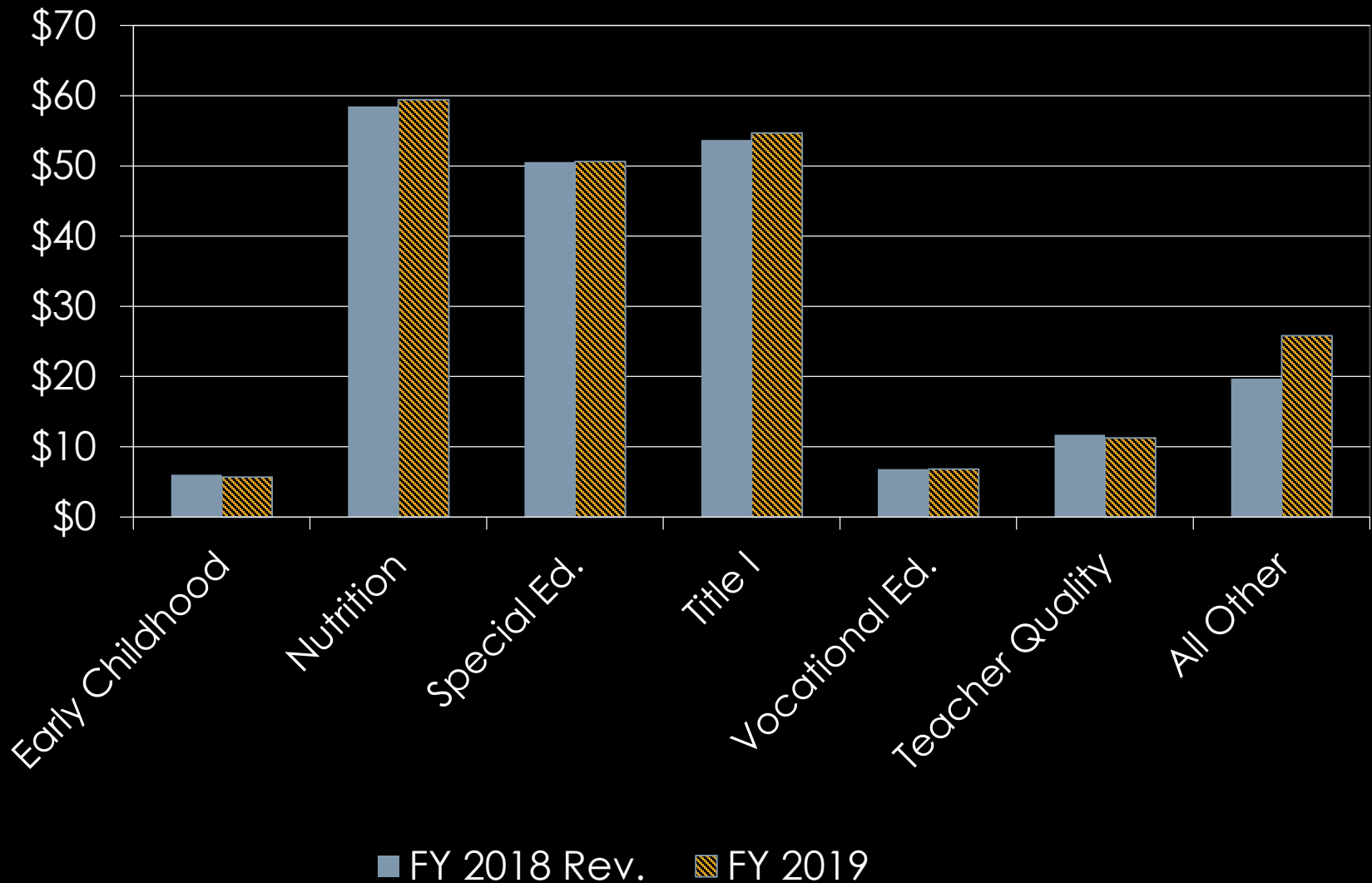
Federal Funds

- \$214.5 million for FY 2019
 - \$173.6 million passed through to local districts
 - \$53.6 million for Title I
 - \$32.0 million for National School Lunch
 - \$18.0 million for grants awarded by Department
 - \$22.9 million for all other expenses, including contracted services and personnel

ServeRI

- ServeRI program transferring from RI Service Alliance in FY 2019
 - Program established in 1994
 - Administers AmeriCorps
- \$3.5 million from federal funds
 - 1.0 new FTE to administer program

Federal Grants - In Millions



Administrative Personnel

- \$19.2 million for FY 2019 for 141.1 FTEs
 - \$0.9 million more than enacted; \$0.2 million less from general revenues
 - Adds 2.0 FTEs: ServeRI Admin & School Construction
 - \$0.5 million GR savings from transferring existing school construction staff to receipts from RIHEBC
- FY 2018 revised rec. is \$34,798 more than enacted from federal funds

School for the Deaf

- Purpose: furnish the state's deaf children a system of free appropriate public education and serve as a resource to school districts with deaf or hard of hearing children
- School for the Deaf is not funded through funding formula
 - State supports core program
 - Sending districts billed for services that fall outside the core program

School for the Deaf

	FY 2018 Enacted	FY 2018 Gov. Rev.	FY 2019 Governor	Gov. Chg. To Enacted
General Revenues	\$6.3	\$6.3	\$6.3	\$0.1
Federal Funds	0.3	0.6	0.6	0.3
Restricted Receipts	0.8	0.8	0.8	0.1
Other Funds	0.1	0.1	0.1	0.1
Total	\$7.4	\$7.7	\$7.8	\$0.5
FTEs	60.0	60.0	60.0	-

\$ in millions

- 75 students
 - 70 from Rhode Island
 - 5 from out of state – tuition charged

School for the Deaf - Article 9

- Would allow non-deaf/hard-of-hearing students to attend the School for the Deaf
 - Commissioner to promulgate rules/regs.
 - Beginning FY 2019
- These students would be funded pursuant to the funding formula
 - Budget does not assume any revenues or expenses from this

Other

- Hasbro Children's Hospital
 - \$90,000 to support hospital school
 - Consistent with enacted budget
- Child Opportunity Zones (COZ)
 - Strengthen education, health and social services for students and their families as a strategy to accelerate student achievement
 - \$245,000; consistent with enacted budget
- Formerly community service grants

Capital Projects

Project	Total Cost	Start Date	End Date	Source
Davies Manufacturing	\$3.7	FY 2018	FY 2018	RICAP
Davies HVAC	5.1	FY 2006	FY 2019	RICAP
Davies Asset Protection	2.8	Perpetual		RICAP
Met HVAC	6.2	FY 2011	FY 2018	RICAP
Met Asset Protection	2.0	Perpetual		RICAP
RISD Asset Protection	0.3	Perpetual		RICAP
LEA Technology	19.8	FY 2013	FY 2018	COPS
Comprehensive Ed. Info. Systems	7.6	FY 2008	FY 2018	COPS/FF
School Construction Bond	250.0	FY 2020	FY 2024	GO
Total	\$297.5			

(\$ In millions)

Article 5, Question 1

- Proposes \$250.0 million of general obligation bonds be submitted to voters on November ballot
 - Supports school construction and renovation projects
 - Funding to be disbursed over 5 years
 - No more than \$100 million could be issued in any year

Article 5, Question 1

- Capital budget assumes \$50 million annually for 5 years
- Task Force recommended \$500 million total, \$250 million each 2018 and 2022
 - Budget documents are silent on a second ballot measure
 - No referenda for any project beyond 2018

Annual Reporting Requirements

- 2013 Assembly enacted legislation requiring OMB to prepare, review & inventory all reports filed with Assembly
- Report to be presented to Assembly as part of budget submission annually
- Department is required to submit 5 reports

Annual Reporting Requirements

Report	Date	Submitted/filed
Contingency Liabilities	Quarterly	Yes
Pending Litigation Report	Quarterly	Yes
State of Education	March 31	Yes
Career & Technical Education	Annually	Yes
Unified Approach to State Education Study	Once; July 1, 2017	Yes

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