

Education Aid

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

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

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

In FY2020, the formula aid to the districts, charter schools, and state schools increases by \$29.9 million, categorical aid increases by \$10.1 million, and group home aid decreases by \$377,673. FY2020 represents the ninth year of the transition period; consequently, the Budget assumes the formula is fully phased in for those districts that received an increase in FY2019. Accordingly, communities that received an increase in FY2019 but have a decrease in FY2020 will get the full decrease in FY2020, while those that decreased in in both FY2018 and FY2019, and continue to do so in FY2020 will be phased in.

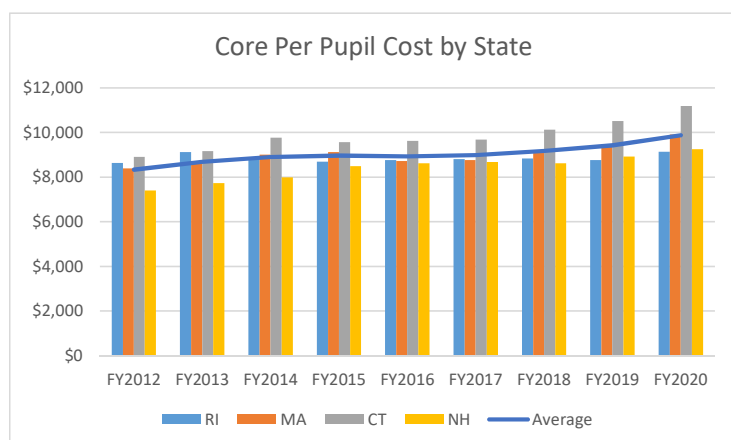
HOW THE FORMULA WORKS

Step 1 - Student Enrollment: Student enrollment is based on resident average daily membership (RADM), which refers to the average number of students who are residents of the community and were enrolled in the school district during the prior school year. The Budget is based on enrollment data as of March 2018 with projected charter school enrollments and will be updated based on the March 2019 data.

Step 2 - Core Instruction Amount: The core instruction amount provides a base level of funding per pupil (\$9,871 in FY2020, a 4.8 percent increase from the FY2019 Budget as Enacted). It is derived from the average of northeast regional expenditure data from Rhode Island, Massachusetts, Connecticut and New Hampshire, as published by the National Center for Education Statistics (NCES).

Step 3 - High Need Student Weight (40.0 percent): The Act includes a single factor to adjust the core instruction amount to

address the effects of poverty and other factors influencing educational need. The student success factor, also referred to as the high need student weight, increases the core instruction amount by 40.0 percent, or \$3,948 based on the FY2020 core instruction amount of \$9,871 ($\$9,871 \times 0.40 = \$3,948$), for each student whose family income is at or below one hundred eighty-five percent (185%) of federal poverty guidelines.



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

$$\text{Total Foundation Budget} = (\$9,871 \times \text{RADM}) + (0.40 \times \$9,871 \times \text{students in poverty})$$

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

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

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

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

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

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

TABLE

The table on the following page provides a step-by-step calculation of each district's recommended formula distribution for FY2020.

FY2020 Governor's Education Aid Calculator¹

Districts	PK-12 RADM (Projected based on March 2018 Data)		Poverty RADM (Projected based on March 2018 Data)		Core Instruction Funding (C = \$9,871)		Student Success Factor Funding (F = 0.4*\$9,871 = \$3,948)		Total Foundation		% Poverty PKG		EWAV		State Share Ratio		State Share of Foundation Budget		FY2019 Enacted (excludes group home and categoricals)		Change in State Funding		FY2020 (Year 9) formula Change If + is L/1; if - is L/2	
	A	B	A	B	A	C	D	E	F	D+G+H	PKG	EWAV	I	H*J	K	J-K-L								
Barrington	3,367	145	\$33,235,657	\$572,518	\$3,808,175	4.8%	23.5%	17.0%	\$5,733,900	\$5,290,812	\$443,088	\$443,088												
Burrillville	2,249	703	\$22,199,879	2,775,725	24,975,604	35.3%	62.3%	50.6%	12,645,871	12,310,750	335,121	335,121												
Charlestown	818	195	8,074,478	769,938	8,844,416	25.7%	0.0%	18.2%	1,607,264	1,598,581	8,683	8,683												
Coventry	4,670	1,405	46,097,570	5,547,502	51,645,072	33.4%	58.2%	47.4%	24,505,029	22,643,353	1,861,676	1,861,676												
Cranston	10,179	4,103	100,476,909	16,200,285	116,677,194	42.7%	65.0%	55.0%	64,163,387	60,596,918	3,566,469	3,566,469												
Dorchester	4,564	898	45,051,244	3,545,663	48,596,907	22.5%	56.9%	43.3%	21,025,844	20,634,323	391,521	391,521												
East Greenwich	2,480	160	24,480,080	631,744	25,111,824	8.0%	11.5%	9.9%	2,487,529	2,950,351	(462,822)	(462,822)												
East Providence	5,263	2,669	51,951,073	10,538,280	62,489,353	51.5%	64.8%	58.5%	36,574,399	34,957,824	1,616,575	1,616,575												
Foster	278	58	2,744,138	229,007	2,973,145	20.5%	54.5%	41.2%	1,224,145	1,101,212	122,933	122,933												
Glocester	533	77	5,261,243	304,027	5,565,270	14.8%	50.4%	37.1%	2,067,106	2,294,441	(227,335)	(227,335)												
Hopkinton	1,103	245	10,887,713	967,358	11,855,071	25.1%	54.8%	42.6%	5,052,716	5,222,822	(170,106)	(170,106)												
Jamestown	654	56	6,455,634	221,110	6,676,744	8.9%	0.0%	6.3%	420,184	464,161	(43,977)	(43,977)												
Johnston	3,288	1,389	32,455,848	5,484,328	37,940,176	42.8%	50.5%	46.8%	17,759,265	17,985,420	(226,155)	(226,155)												
Lincoln	3,035	779	29,958,485	3,075,804	33,034,289	29.8%	51.6%	42.1%	13,918,769	12,031,312	1,887,457	1,887,457												
Little Compton	364	54	3,593,044	213,214	3,806,258	15.6%	0.0%	11.0%	419,863	355,487	64,376	64,376												
Middletown	2,199	635	21,706,329	2,507,234	24,213,563	30.3%	31.1%	30.7%	7,434,195	7,718,262	(284,067)	(284,067)												
Narragansett	1,267	269	12,506,557	1,062,120	13,568,677	24.0%	0.0%	17.0%	2,302,681	2,280,362	22,319	22,319												
Newport	2,160	1,371	21,321,360	5,413,256	26,734,616	67.6%	0.0%	47.8%	12,779,258	12,234,060	545,198	545,198												
New Shoreham	119	20	1,174,649	78,968	1,253,617	13.2%	0.0%	9.3%	117,010	156,532	(39,522)	(39,522)												
North Kingstown	3,757	733	37,085,347	2,894,177	39,979,524	25.3%	24.2%	24.8%	9,897,375	10,044,602	(147,227)	(147,227)												
North Providence	3,568	1,562	35,219,728	6,167,401	41,387,129	45.0%	64.7%	55.7%	23,063,978	22,862,888	201,090	201,090												
North Smithfield	1,707	312	16,849,797	1,231,901	18,081,698	21.3%	40.2%	32.2%	5,816,759	6,040,807	(224,048)	(224,048)												
Pawtucket	8,631	6,401	85,196,601	25,273,708	110,470,309	75.0%	87.1%	81.3%	89,785,283	87,472,187	2,313,096	2,313,096												
Portsmouth	2,308	380	22,282,268	1,500,392	24,282,660	18.6%	0.0%	13.2%	3,193,701	3,637,712	(444,011)	(444,011)												
Providence	22,368	18,986	220,794,528	74,964,322	295,758,850	86.5%	87.0%	86.8%	256,571,868	250,190,833	6,381,035	6,381,035												
Richmond	1,138	171	11,233,198	675,176	11,908,374	18.2%	51.4%	38.6%	4,591,447	4,596,330	(4,883)	(4,883)												
Smithfield	1,313	216	12,960,623	852,854	13,813,477	13.3%	19.3%	16.6%	2,289,415	3,238,501	(949,086)	(949,086)												
South Kingstown	3,075	570	30,353,325	2,250,588	32,603,913	19.6%	0.2%	13.9%	4,518,907	5,840,706	(1,321,799)	(1,321,799)												
Tiverton	1,830	498	18,063,930	1,966,303	20,030,233	30.6%	42.7%	37.1%	7,440,430	6,667,683	772,747	772,747												
Warwick	8,906	3,055	87,911,126	12,062,362	99,973,488	36.7%	40.6%	38.7%	38,688,900	36,725,883	1,963,017	1,963,017												
Westerly	2,806	990	27,698,026	3,908,916	31,606,942	39.2%	0.0%	27.7%	8,760,997	8,566,631	194,366	194,366												
West Warwick	3,599	1,804	35,525,729	7,122,914	42,648,643	53.2%	72.1%	63.4%	27,021,626	26,108,923	912,703	912,703												
Woonsocket	5,838	4,420	57,626,898	17,451,928	75,078,826	74.5%	90.7%	83.0%	62,312,576	62,092,562	220,014	220,014												
Bristol-Warren ²	3,218	1,092	31,764,878	4,311,653	36,076,531				12,813,083	13,259,906	(446,823)	(446,823)												
Exeter-West Greenwich ²	1,658	263	16,366,118	1,038,429	17,404,547				5,068,085	4,728,793	339,292	339,292												
Charlino										76,641	(76,641)	(76,641)												
Foster-Glocester	1,156	217	11,410,876	856,803	12,267,679	18.2%	51.8%	38.8%	4,762,704	4,576,385	186,319	186,319												
Central Falls	2,534	2,394	25,013,114	9,452,470	34,465,584	92.2%	97.5%	94.9%	32,703,362	32,468,650	234,712	234,712												
District Total	130,387	59,645	\$1,287,050,077	\$235,502,318	\$1,522,552,395				\$837,502,489	\$819,561,244	\$17,941,245	\$17,941,245												
Charter School Total	10,157	7,224	100,259,747	28,523,242	128,782,989				101,350,310	90,493,299	10,857,011	10,857,011												
Davies	848	508	8,370,608	2,005,787	10,376,395				8,194,255	9,393,120	(1,198,865)	(1,198,865)												
Met School	779	483	7,689,509	1,907,077	9,596,586				6,952,304	7,942,855	(990,551)	(990,551)												
Urban Collaborative	135	112	1,332,585	442,221	1,774,806				1,534,754	1,423,688	111,066	111,066												
Total	142,306	67,972	\$1,404,702,526	\$268,380,645	\$1,673,083,171				\$955,534,111	\$928,814,206	\$26,719,905	\$26,719,905												

¹ Based on March 2018 enrollment updated for projected charter school growth. Will be updated for March 2019 data.

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

CHARTER AND STATE SCHOOLS

The education funding formula calculation for charter and state schools funds students as if they were still in the sending district, with the same core instruction amount, high-need student weight, and state share ratio. The aid, however, is distributed directly to the charter or state school. In FY2020, the Budget provides \$101.4 million in funding formula aid to charter schools, an increase of \$10.9 million representing roughly one third of total statewide increase. This increase is primarily driven by enrollment. Charter school enrollment increases by 681 students, relative to the FY2019 Budget as Enacted.

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

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

Local Charter and State School Tuition Reduction: Article 11 of the FY2017 Budget changed the above calculation to subtract a district-specific amount from the tuition paid for each student attending a charter or state school. The amount of the reduction is calculated based on differences in expenses between each district and charter schools. The expenditure data used for the calculation is the prior previous fiscal year; consequently, the calculation of unique costs for FY2020 is based on FY2018 data from the Uniform Chart of Accounts (UCOA). The reduction will be the greater of 7.0 percent of the district's per-pupil funding or the per-pupil value of each district's costs in the delineated expenditure categories. The categories include each district's costs for non-public textbooks, transportation for non-public students, retiree health benefits, out-of-district special education tuition and transportation, services for students age eighteen to twenty-one, pre-school screening and intervention, career and technical education tuition and transportation costs, debt service, and rental costs minus the average charter school expenses for the same categories. For districts using the reduction for costs categories, there is an additional reduction for tuition payments to mayoral academies, where teachers do not participate in the state's teacher retirement system, equivalent to the per-pupil, unfunded liability cost. The local tuition rates for FY2020 were not available for this publication but should be provided in the enacted budget.

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

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

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

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

NON-FORMULA PROVISIONS

Group Homes: The Group Home aid category was created by the General Assembly in 2001 to provide state support to districts hosting group homes in exchange for relieving the resident sending district of financial responsibility for students placed in group homes. When enacted, the Act maintained the current funding for group homes as a categorical grant program; however, the FY2017 Budget as Enacted increased the per-bed funding amount. The Group Home aid category provides \$17,000 annually per bed, except for group home beds associated with Bradley Hospital Children's Residential and Family Treatment (CRAFT) Program, which received \$26,000 per bed.

The FY2020 Budget includes \$3.2 million to fund group home beds. This is \$342,593 less than the FY2019 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.

District	FY2019 Enacted			Group Home Aid				FY2020 Enacted Total Aid	
	FY2019 Enacted	Number of Beds	Aid based on bed count	FY2020 Number of Beds	Aid change due to bed of Beds	Aid change due to RIGL 16-7-22(1)(ii) count	Total Change		
Burrillville	\$81,848	8	\$136,000	8	-	\$0	(\$1,826)	(\$1,826)	\$80,022
Coventry	87,528	8	136,000	8	-	-	(3,985)	(3,985)	83,543
Cranston	39,375	4	68,000	4	-	-	(1,773)	(1,773)	37,602
East Providence	523,497	39	740,000	39	-	-	(13,943)	(13,943)	509,554
Lincoln	107,866	9	153,000	8	(1)	(17,000)	(1,448)	(18,448)	89,418
Middletown	183,909	14	238,000	-	(14)	(238,000)	54,091	(183,909)	-
Newport	149,465	14	238,000	14	-	-	(3,945)	(3,945)	145,520
North Providence	150,389	16	272,000	16	-	-	(1,608)	(1,608)	148,781
North Smithfield	104,209	8	136,000	8	-	-	(3,774)	(3,774)	100,435
Pawtucket	245,140	40	680,000	22	(18)	(306,000)	187,761	(118,239)	126,901
Portsmouth ¹	465,947	30	510,000	36	6	102,000	(10,689)	91,311	557,258
Providence	568,961	103	1,751,000	95	(8)	(136,000)	43,143	(92,857)	476,104
Smithfield	205,184	16	272,000	16	-	-	13,953	13,953	219,137
South Kingstown	115,989	8	136,000	8	-	-	2,344	2,344	118,333
Warwick	286,252	24	408,000	24	-	-	(6,604)	(6,604)	279,648
Woonsocket	45,243	8	136,000	8	-	-	(999)	(999)	44,244
Bristol-Warren	101,418	8	136,000	8	-	-	(10,442)	(10,442)	90,976
Exeter-West Greenwich ¹	113,526	8	136,000	9	1	17,000	(4,849)	12,151	125,677
Total	\$3,575,747	365	\$6,282,000	331	(34)	(578,000)	235,407	(\$342,593)	\$3,233,154

¹ Based on final 12/31/2018 report from the Department of Children, Youth and Families. The FY2019 Revised Budget includes an increase of \$102,000 for Portsmouth, for an increase of 6 beds, and \$17,000 to Exeter-West Greenwich, for one additional bed.

Categorical Programs: When the education funding formula was passed in 2010, five categorical funds were identified that would not be distributed according to the formula, but pursuant to other methodologies intended to address the priorities and funding needs of the districts. These categories include Transportation, High-Cost Special Education, Career & Technical Education, Early Childhood, and the Regionalization Bonus. Article 11 of the FY2017 Budget as Enacted added two new aid categories: English Learners and Density Fund. (The Central Falls, Davies and Met School Stabilization Funds are addressed in the relevant sections of this analysis.)

Governor's FY2020 Education Aid		
Categorical	Change from Enacted	Total Funding
Transportation	\$0.0	\$7.4
Early Childhood	9.3	15.6
High-Cost Special Education	-	4.5
Career & Tech. Schools	-	4.5
English Learners	2.3	5.0
Public School Choice Density	(0.5)	0.0
Regionalization Bonus	-	-
Group Home Aid	(0.3)	3.2
School Resource Officer Support	(1.0)	1.0
Total	\$9.8	\$41.2

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

- **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 \$7.4 million in FY2020, consistent with the FY2019 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. To support Phase 1 of the Governor’s universal prekindergarten initiative as provided in Article 10, the Budget funds this category at \$15.6 million in FY2020, an increase of \$9.3 million over the FY2019 Budget as Enacted. Of the increase, \$3.6 million is to expand the number of prekindergarten seats, and \$5.8 million is to replace federal funding needed to support the current seats. Included in the \$15.6 million is \$385,832 in salaries and benefits for 4.0 new FTE positions to support the expansion.

Analyst Note: It seems unlikely that the \$385,832 included in the Budget for personnel costs will be sufficient to support 4.0 FTE positions, since the average cost per FTE position in the Department in FY2020 is \$141,713 (a salary of about \$85,000). The amount in the Budget only provides \$96,458 per FTE, which is an average salary of about \$55,000.

As part of the universal prekindergarten expansion in Article 10, the Budget also contains \$697,000 to increase the preschool tiered reimbursement rates.

- **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 \$69,100 for FY2020). 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 FY2020, level with the FY2019 Budget as Enacted.
- **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 FY2020, level with the previous year

- **English Learners:** Article 11 of the FY2017 Budget as Enacted established a categorical fund for English Learners (EL). The fund provides additional aid of 10.0 percent of the per-pupil core instruction amount for each qualified EL student. In FY2020, the per-pupil weight is \$987, to reflect 10.0 percent of the \$9,871 core instruction amount. This amount is then multiplied by the state share ratio. The formula is provided below.

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

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

The Article restricted the funds to provide new services to EL students and required that the funds be managed in accordance with requirements enumerated by the Commissioner. The Article also required the Department to collect performance reports and approve the use of funds prior to expenditure to ensure the funded activities align to innovative and expansive activities. Distribution is subject to a pro-rata reduction based on the funds available. The Budget provides \$5.0 million in FY2020, an increase of \$2.3 million over the previous fiscal year; however, due to a reported 61.4 percent increase in English Learner enrollments across the State, another \$3.4 million would be needed to fully fund this category. The Department provides four primary reasons for the increase in EL enrollment:

- An increase in the number of students enrolling in schools who are English Learners (RADM enrollment has decreased by 0.6 percent across the State.)
 - The new screener, which has been in use for two years, is better at identifying EL students.
 - Districts may be paying closer attention to the identification of ELs since Providence was the subject of a US Department of Justice investigation and Providence, as well as other districts, are paying particular attention to be sure ELs are not slipping through the cracks.
 - Our state assessment for ELs; the ACCESS assessment, which is required by federal law, was revised two years ago to better align with the Common Core State Standards (CCSS). As a result the test became more rigorous and it has been harder for ELs to exit status. We will be examining our entry and exit criteria this year now that we have two years of data under our belt and may be recommending some changes.
- **Public School of Choice Density Aid:** Article 11 of the FY2017 Budget as Enacted established a new category of state aid for districts where 5.0 percent or more of the average daily membership enrolls in a public school of choice, such as Davies, the Met, or a charter school. Such districts receive an additional \$175 in FY2017, \$100 in FY2018, and \$50 in FY2019 for each student attending a public school of choice. The per-pupil amount is intended to offset costs that must be paid by a sending district even though students are attending a different school. Examples of such costs include heating, lighting, accounting services, teachers, and building administrator. While these costs can sometimes be reduced when enrollment declines are concentrated in specific schools or classrooms, public school of choice enrollment is generally scattered across schools and grades within a district. In FY2020, due to the phase-down of the aid category, the Budget does not include density aid to Central Falls, Charlestown, Cumberland, Lincoln, North Providence, Pawtucket, Providence, or Woonsocket. This represents a decrease of \$478,350 from the FY2019 Budget as Enacted.
 - **Regionalization Bonus:** This fund provides a bonus to regionalized districts and those that regionalize in the future. In the first year, the bonus is 2.0 percent of the State's share of the total foundation aid. In the second year, the bonus is 1.0 percent of the State's share and in the third year the bonus phases out. The program provides for a pro-rata reduction in reimbursements to districts based on available

funding. This category has not been funded since FY2014, as no new regional districts have been formed.

- School Resource Officer Support:** Article 9 of the FY2019 Budget as Enacted 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 includes \$1.0 million for this category in FY2020, a reduction of \$1.0 million from the enacted to reflect projected expenditures. The FY2019 Revised Budget reduces this category by \$1.8 million to reflect projected expenditures of \$213,230. In FY2019, three districts applied for aid: East Providence, Narragansett, and North Smithfield.

DCYF Education Aid Withholding (Article 15): Article 15 amends RIGL 16-64-1.1 to hold districts responsible for some of the costs associated with educating children in the care of the Department of Children, Youth, and Families (DCYF). Currently, educational costs at both the Rhode Island Training School (RITS) and Ocean Tides are borne by DCYF. The Budget assumes that DCYF would continue paying under this proposal; however, in order to hold districts accountable, a portion of the costs would be withheld from the sending districts' education aid disbursement. Using an average per-pupil special education cost of \$35,000 and September 2018 enrollment, the gross charge to the districts would be approximately \$1.9 million. This charge is partially offset by the amount each district would be reimbursed if students were to be added into the funding formula. Thus, the proposal is estimated to reduce education aid by a total of \$1.3 million in FY2020. If LEAs assume financial responsibility for these youth, DCYF would lose its status as a limited purpose LEA; consequently, the proposal assumes \$415,374 in federal funding will shift from DCYF to the sending districts thus partially offsetting the withholding, for an estimated net impact of \$915,610 on the sending districts. It is unclear, however, if the federal funds lost by DCYF would be guaranteed to the districts, and if they would be distributed in the same way they are currently.

LEA	Total Youth	Gross Charge	State Share	Education Aid Withheld
Central Falls	6	\$0	\$0	\$0
Cranston	6	210,000	45,598	(164,402)
Cumberland	1	35,000	5,979	(29,021)
Johnston	1	35,000	6,469	(28,531)
Newport	3	105,000	19,817	(85,183)
North Kingstov	2	70,000	6,842	(63,158)
Pawtucket	2	70,000	22,464	(47,536)
Providence	31	1,085,000	371,640	(713,360)
Warwick	1	35,000	5,348	(29,652)
West Warwick	2	70,000	17,512	(52,488)
Woonsocket	5	175,000	57,348	(117,652)
Unknown	1	-	-	-
Total	61	\$1,890,000	\$559,016	(\$1,330,984)

FY2019 Audit Adjustment: In July 2018, the Budget Office became aware of a potential miscalculation of education aid for the Town of North Kingstown due to an error in the AEWAV (Adjusted Equalized Weighted Assessed Valuation) Report produced by the Division of Municipal Finance. In response to the error, Municipal Finance conducted an audit of the AEWAV data used for the FY2019 and FY2020 education aid calculations. The audit identified incorrect data entries in both data sets for most districts; however, since the FY2020 aid is still subject to change, only the FY2019 aid distribution needs to be adjusted. Since municipalities had already enacted and implemented school budgets for FY2019, the Administration decided to make the adjustment in the FY2020 distribution. While the statewide impact of this adjustment is minor, the correction to individual districts varies significantly and can be seen in the education aid tables provided in this report. According to the Administration, new procedures have been implemented to prevent such errors in the future; however, no further details were provided.

The following table shows the education aid including the formula distribution, categorical aid, group home aid, DCYF aid withholding, and the FY2019 audit adjustment.

FY2020 Governor's Education Aid¹

FY2019 Enacted (excludes group home and categoricals)	FY2020 (Year 9) Formula Change	High-cost		Public School Choice Density	Stabilization Funding ⁴	Article 15 DCYF Aid Withholding	FY2019 Audit Adjustment	FY2020 Aid
		Special Education (>\$69,100)	Group Home Aid ²					
		\$	\$	\$	\$	\$	\$	\$
Barrington	\$5,290,812	\$443,088	\$89,901	\$86,831	\$0	\$0	(\$110,642)	\$5,802,480
Burrillville	12,310,750	335,121	57,537	99,609	80,022	-	59,789	12,943,720
Charlestown	1,598,581	8,683	-	-	-	-	-	1,607,584
Coventry	22,643,353	1,861,676	9,887	31,586	83,543	-	-	24,757,142
Cranston	60,596,918	3,566,469	767,021	358,443	37,602	-	(164,402)	64,848,555
Cumberland	20,634,323	391,521	64,197	52,066	-	-	(29,021)	21,350,317
East Greenwich	2,950,351	(462,822)	65,132	127,445	-	-	(143,710)	2,537,035
East Providence	34,957,824	1,616,575	2,056	240,520	509,554	-	65,480	37,449,744
Foster	1,101,212	122,933	16,679	48,539	-	-	3,628	1,292,991
Glocester	2,294,441	(113,667)	18,702	89,319	-	-	4,829	2,293,624
Hopkinton	5,222,822	(85,053)	-	-	-	-	-	5,150,338
Jamestown	464,161	(43,977)	-	40,076	-	-	-	460,260
Johnston	17,985,420	(226,155)	210,445	154,382	-	-	(28,531)	18,223,496
Lincoln	12,031,312	1,887,457	-	53,230	89,418	-	115,567	14,183,417
Little Compton	355,487	64,376	-	-	-	-	-	419,928
Middletown	7,718,262	(142,034)	-	46,830	-	-	(13,793)	7,621,704
Narragansett	2,280,362	22,319	-	37,420	-	-	-	2,340,599
Newport	12,234,060	545,198	-	4,318	145,520	-	(85,183)	12,897,802
New Shoreham	156,532	(39,522)	-	1,875	-	-	-	119,379
North Kingstown	10,044,602	(73,613)	-	68,817	-	-	(63,158)	10,383,487
North Providence	22,862,888	201,090	145,220	162,128	148,781	-	-	23,619,876
North Smithfield	6,040,807	(224,048)	10,923	54,110	100,435	-	44,340	6,029,023
Pawtucket	87,472,187	2,313,096	187,773	906,355	126,901	-	(47,536)	91,477,076
Portsmouth	3,637,712	(222,006)	-	62,428	557,258	-	20,834	4,056,690
Providence	250,190,833	6,381,035	314,329	731,507	476,104	-	(713,360)	259,508,084
Richmond	4,596,330	(2,442)	-	-	-	-	-	4,606,717
Scituate	3,238,501	(474,543)	25,059	31,792	-	-	21,334	2,842,143
Smithfield	7,537,638	(1,574,061)	85,863	70,005	219,137	-	62,464	6,402,309
South Kingstown	5,840,706	(660,899)	112,448	97,103	118,333	-	8,042	5,518,825
Tiverton	6,667,683	772,747	-	71,478	-	-	42,408	7,555,842
Warwick	36,725,883	1,963,017	4,249	275,420	279,648	-	(29,652)	39,493,172
Westerly	8,566,631	194,366	-	100,789	-	-	-	8,867,319
West Warwick	26,108,923	912,703	64,184	-	-	-	-	27,122,948
Woonsocket	62,092,562	220,014	12,488	61,743	44,244	-	(52,488)	68,793
Bristol-Warren ³	13,259,906	(223,412)	1,510,946	95,476	90,976	-	(117,652)	(76,354)
Exeter-West Greenwich ³	4,728,793	362,025	1,152,963	42,047	125,677	-	24,269	14,766,622
Charlho	76,641	(38,321)	1,936,219	80,119	-	-	-	6,401,665
Foster-Glocester	4,576,385	186,319	504,929	58,113	-	-	-	2,054,658
Central Falls	32,468,650	234,712	42,211	54,570	-	-	-	5,338,829
District Total	\$819,561,244	\$19,999,968	\$7,411,362	\$4,496,488	\$3,233,153	\$0	\$8,384,289	\$123,906
Charter School Total	90,493,299	10,907,680	-	3,511	-	-	(100,278)	101,717,408
Davies	9,393,120	(599,432)	-	-	-	-	-	-
Met School	7,942,855	(495,276)	-	-	-	-	-	-
Urban Collaborative	1,423,688	111,066	-	-	-	-	-	-
Total	928,814,206	\$29,924,007	\$7,411,362	\$4,500,000	\$3,233,153	\$0	\$15,180,010	\$18,947
								\$992,750,699

¹ Based on March 2018 enrollment. Will be updated for March 2019 data.

² Based on final 12/31/2018 report from Rhode Island Department of Education. The FY2019 Revised Budget includes an increase of \$102,000 for Portsmouth, for an increase of 6 beds, and \$17,000 to Exeter-West Greenwich, for one additional bed.

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

⁴ Stabilization funds include FY2019 Audit Adjustments for Central Falls of \$5,812 and Davies \$1,861.

Source: Rhode Island Department of Education

The following table shows the difference in education aid relative to the FY2019 Budget as Enacted.

FY2020 Education Aid - Change to FY2019 Budget as Enacted¹

Districts	FY2019 Enacted	FY2020	Transportation	High-cost Special Education	Group Home ²	English Learners	Public School Choice Density	Stabilization Funding ⁴	Article 15 DCYF Aid Withholding	FY2019 Audit Adjustment	Total Change	FY2020 Education Aid
	(includes group home and categorical)	(Year 9) Formula Change										
Barrington	\$5,481,236	\$443,088	(\$6,100)	(\$6,605)	\$0	\$1,503	\$0	\$0	\$0	(\$110,642)	\$321,244	\$5,802,480
Burrillville	12,467,771	335,121	17,872	64,874	(1,826)	119	-	-	-	59,789	475,950	12,943,721
Charlestown	1,602,569	8,683	-	-	-	320	-	-	-	-	-	1,611,572
Coventry	22,790,523	1,861,676	1,152	(17,477)	(3,985)	3,449	-	-	-	121,803	1,966,618	24,757,142
Cransford	61,904,927	3,566,469	(12,860)	(42,932)	(1,773)	53,728	-	-	(164,402)	(454,600)	2,943,629	64,848,556
Cumberland	20,796,258	391,521	(29,822)	23,956	-	8,712	(25,400)	-	(29,021)	214,114	554,060	21,350,318
East Greenwich	3,167,384	(462,822)	(10,134)	(13,520)	-	(163)	-	-	-	(143,710)	(630,350)	2,537,035
East Providence	35,710,484	1,616,575	374	49,208	(13,943)	21,566	-	-	-	65,480	1,739,260	37,449,744
Foster	1,164,308	122,933	(1,966)	4,089	-	-	-	-	-	3,628	128,684	1,292,992
Glocester	2,323,354	(113,667)	12,099	67,009	-	-	-	-	-	4,829	(29,730)	2,293,624
Hopkinton	5,223,049	(85,053)	-	-	-	250	-	-	-	12,319	(72,484)	5,150,565
Jamestown	522,234	(43,977)	-	(17,851)	-	(146)	-	-	-	-	(61,974)	460,260
Johnston	18,398,579	(226,155)	(42,316)	19,143	-	5,349	-	-	(28,531)	97,428	(175,082)	18,223,497
Lincoln	12,325,265	1,887,457	-	(116,358)	(18,448)	4,334	(14,400)	-	-	115,567	1,858,153	14,183,418
Little Compton	355,524	64,376	-	-	-	27	-	-	-	-	64,403	419,927
Middletown	7,979,347	(142,034)	-	(26,636)	(183,909)	8,729	-	-	(13,793)	-	(357,643)	7,621,704
Narragansett	2,313,574	22,319	-	4,208	-	498	-	-	-	-	27,025	2,340,599
Newport	12,433,122	545,198	-	(21,466)	(3,945)	30,074	-	-	(85,183)	-	464,679	12,897,801
New Shoreham	156,926	(39,522)	-	1,875	-	99	-	-	-	-	(37,547)	119,378
North Kingstown	10,127,666	(73,613)	-	(11,494)	-	3,788	-	-	(63,158)	400,298	255,821	10,383,487
North Providence	23,428,293	201,090	(21,480)	(66,817)	(1,608)	10,733	-	-	-	69,666	191,584	23,619,876
North Smithfield	6,219,135	(224,048)	(4,308)	(3,558)	(3,774)	1,235	-	-	-	44,340	(190,113)	6,029,022
Pawtucket	88,331,184	2,313,096	43,163	774,869	(118,239)	218,384	(94,200)	-	(47,536)	56,353	3,145,891	91,477,075
Portsmouth	4,178,680	(222,006)	-	(12,097)	91,311	(32)	-	-	-	20,834	(121,990)	4,056,691
Providence	253,712,259	6,381,035	24,854	(57,092)	(92,857)	1,353,182	(242,700)	-	(713,360)	(857,236)	5,795,826	259,508,084
Richmond	4,596,526	(2,442)	-	-	-	226	-	-	-	12,602	10,387	4,606,913
Scituate	3,369,504	(474,543)	(9,189)	(64,963)	-	-	-	-	-	21,334	(527,361)	2,842,142
Smithfield	7,854,976	(1,574,061)	10,638	34,189	13,953	151	-	-	62,464	-	(1,452,666)	6,402,309
South Kingstown	6,293,429	(660,899)	(26,075)	(99,930)	2,344	1,914	-	-	-	8,042	(774,605)	5,518,825
Tiverton	6,779,517	772,747	(772)	(38,957)	(6,604)	127	-	-	-	42,408	776,325	7,555,842
Warwick	37,379,213	1,963,017	(772)	(72,937)	-	8,795	-	-	(29,652)	252,111	2,113,958	39,493,171
Westerly	8,766,881	194,366	-	(97,248)	-	3,320	-	-	-	-	100,438	8,867,319
West Warwick	26,186,038	912,703	22,289	(21,705)	-	7,318	-	-	(52,488)	68,793	936,910	27,122,948
Woonsocket	62,454,134	220,014	(2,232)	(74,622)	(999)	111,662	(21,550)	-	(117,652)	(76,354)	38,268	62,492,402
Bristol-Warren ³	14,912,238	(223,412)	49,037	12,444	(10,442)	2,487	-	-	-	24,269	(145,617)	14,766,621
Exeter-West Greenwich ³	6,071,143	362,025	68,752	(101,528)	12,151	434	-	-	-	(11,313)	330,522	6,401,665
Charlton	2,126,257	(38,321)	(36,425)	3,147	-	(511)	(3,900)	-	-	-	(76,010)	2,050,248
Foster-Glocester	5,199,951	186,319	(25,960)	(34,183)	-	(381)	-	-	-	13,083	138,878	5,338,829
Central Falls	41,173,119	234,712	(20,590)	(42,546)	-	241,034	(76,200)	100,000	-	-	436,410	41,609,529
District Total	\$846,276,578	\$19,999,968	\$0	(\$3,511)	(\$342,593)	\$2,102,315	(\$478,350)	\$100,000	(\$1,330,984)	\$123,906	\$20,170,752	\$866,447,330
Charter School Total	90,741,599	10,907,680	-	3,511	-	164,896	-	-	-	(100,278)	10,975,809	101,717,408
Davies	13,667,655	(599,432)	-	-	-	(6,714)	-	636,326	-	-	30,180	13,697,834
Met School	9,355,134	(495,276)	-	-	-	(2,034)	-	495,276	-	-	(2,034)	9,353,100
Urban Collaborative	1,432,045	111,066	-	-	-	(3,402)	-	-	-	(4,681)	102,983	1,535,029
Total	\$961,473,011	\$29,924,007	\$0	(\$342,593)	\$2,255,063	(\$478,350)	\$1,231,602	\$18,947	(\$1,330,984)	\$18,947	\$31,277,690	\$992,750,699

¹ Based on March 2018 data updates.

² Based on final 12/31/2018 report from the Department of Children, Youth and Families. The FY2019 Revised Budget includes an increase of \$102,000 for Portsmouth, for an increase of 6 beds, and \$17,000 to Exeter-West Greenwich, for one additional bed.

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

⁴ Stabilization funds include FY2019 Audit Adjustments for Central Falls of \$5,812 and Davies of \$1,861.

Source: Rhode Island Department of Education

School Construction Aid: In 1960, the school housing aid program was enacted by the General Assembly to guarantee adequate school facilities for all public school children in the state, and to prevent the cost of constructing and repairing facilities from interfering with the effective operation of the schools. Applications for aid to support the construction and renovation of school buildings are submitted to and evaluated by the Rhode Island Department of Elementary and Secondary Education (RIDE). State aid is provided for approved projects based on a percentage of cost. The percentage provided by the State to the school district is determined based on a share ratio designed to measure a community's need. For FY2020, as projected by the Department, the minimum state share is 40.0 percent and the maximum is 93.8 percent for Central Falls: the state share for charter schools is 30.0 percent.

Analyst Note: The 40.0 percent minimum may reflect assumptions included in the projection due to the increase in available bonuses provided through Article 9 of the FY2019 Budget as Enacted. An inquiry was sent to the Department on February 25, 2019, and has not been received as of March 1, 2019.

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 must be reported to the chairs of the House and Senate Finance Committees. Any project approval granted prior to the adoption of the school construction regulations in 2007, which is currently inactive, and any project approval granted prior to the adoption of the school construction regulations in 2007, which did not receive voter approval or which has not been previously financed, is 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 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

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

between July 1, 2013, and December 31, 2015. The table shows the estimated savings realized through the incentive.

For FY2020, the Budget provides \$80.0 million, level funded with the FY2019 Budget as Enacted. The Department projects expenditures of \$79.0 million in school housing aid, an increase of \$9.5 million from the FY2019 Budget as Enacted. Pursuant to law, the surplus \$1.0 million must be deposited into the School Building Authority Capital Fund.

Analyst Note: The FY2020 housing aid projection provided by the Department totals \$82.9 million in reimbursements. The source of the additional funding is unclear. An inquiry was sent to the Department on February 25, 2019, and has not been received as of March 1, 2019.

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

In FY2020, the Budget provides \$1.0 million in general revenue to capitalize the Capital Fund, a decrease of \$9.5 million from the FY2019 Budget as Enacted. Through Article 9, the FY2019 Budget as Enacted shifted the 3.0 FTE positions responsible for the administration of the school construction program from general revenue to a new school construction services restricted receipt account, and added 1.0 FTE Director of School Construction Services. The restricted receipt account, named the “School Construction Services”, is funded by the Rhode Island Health and Education Building Corporation (RIHEBC) from the School Building Authority Capital Fund, fees generated from the origination of municipal bonds and other financing vehicles used for school construction, and its own reserves. In FY2020, the Budget adds another 1.0 FTE position. The new position will help with the anticipated increase in school housing applications due to the recent release of the statewide facilities study and voter approval of the \$250.0 million bond authorization.

There is no limit on the amount or type of expenses that will be funded through the RIHEBC. The FY2019 Budget provided \$697,171 in this account for the cost of the 4.0 FTE positions and about \$48,658 for non-personnel overhead expenses. In FY2020, the Budget provides \$904,239 for the salaries and benefits of the 5.0 FTE positions, an increase of \$207,068 or 29.7 percent.

Analyst Note: Currently, RIHEBC only charges municipalities for the out-of-pocket costs at closing, such as underwriters and bond counsel; however, due to the need to raise funds for the expenses of the School Building Authority, the RIHEBC anticipates extending the administrative fee currently charged to non-profit borrowers to include municipalities. The fee that can be charged to municipalities is capped at one tenth of one percent (0.001) of the principal amount. Revenues raised from the fee are not expected to completely support the expenses of the SBA. Furthermore, since fees charged to the borrower are generally rolled into the bond issuance, the expenses paid may accrue interest.