



SENATE FISCAL OFFICE
REPORT

GOVERNOR'S FY2024 BUDGET: EDUCATION AID

2023-H-5200

MARCH 3, 2023

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

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

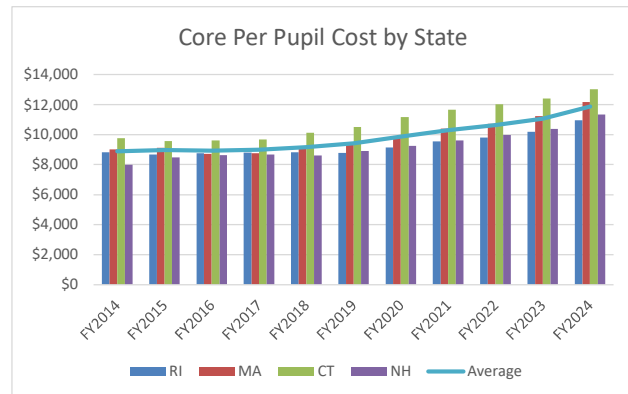
The Act included a multi-year transition plan to ease districts into the new formula, allowing time for school districts and municipal governments to adjust for gains or losses in education aid. The plan provided a transition period of ten years from the formula implementation in FY2012 for those districts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

In FY2024, the formula aid to the districts, charter schools, and state schools increases by \$24.9 million to fully fund the formula. An additional increase of \$33.2 million is provided through categorical aid, including support for homeless students, as well as districts experiencing enrollment decline through charter school migration or other shifts.

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 2022, adjusted for projected charter school enrollments, and will be adjusted once the March 2023 data is available.

Step 2 - Core Instruction Amount: The core instruction amount provides a base level of funding per pupil (\$11,876 in FY2024, a 7.5 percent increase from the FY2023 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 (42.0 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. Through Article 8, the student success factor, also referred to as the high need student weight, increases from 40.0 percent to 42.0 percent. The weight provides an additional \$4,988 ($\$11,876 \times 0.42 = \$4,988$) for each student whose family income is at or below one hundred eighty-five percent (185%) of federal poverty guidelines. The increase to 42.0 percent provides an additional \$238 per high-need student.

The statute requires that the weight be applied to each child whose family income is at or below 185.0 percent of the federal poverty guidelines. Traditionally, these students were tracked primarily through

eligibility for the federal free and reduced lunch program (FRLP); however, Article 10 of the FY2023 Budget as Enacted required the Department of Elementary and Secondary Education (Department) to submit, as part of its FY2024 budget request, a poverty measure that does not rely on the administration of the school lunch programs. The Governor recommends using certification data from programs including the Supplemental Nutrition Assistance Program (SNAP). The counts from this data source are then multiplied by a factor of 1.6, as recommended by the United State Department of Agriculture (USDA) and the US Department of Education for the Community Eligibility Provision (CEP) of the Healthy, Hunger-Free Kids Act of 2010.

According to the Office of Management and Budget (OMB), “extensive research was conducted” to determine the new poverty measure, including the experiences of other states. Several criteria were considered including “comparable eligibility requirement to the FRLP, timeliness, and data quality. Furthermore, data sharing agreements with DHS [Department of Human Services] related to the use of direct certification were already in existence.” Based on the review, it was determined that “direct certification would result in a reliable calculation of education aid while minimizing administrative burden.”

According to the US Department of Education, the “function of the 1.6 multiplier is to provide an estimate of the percentage of students eligible for free and reduced-price meals in participating CEP schools, groups of schools, or LEAs that is comparable to the poverty percentage that would be obtained in a non-CEP school. The number of students directly certified is a subset of the total number of students eligible for free and reduced-price meals. Using only the number of identified students would result in lower poverty percentages for CEP schools or LEAs.” (see page 4 of Guidance for The Community Eligibility Provision). Communities participating in the CEP agree not to collect FRLP forms.

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

$$\text{Total Foundation Budget} = (\$11,876 \times \text{RADM}) + (0.42 \times \$11,876 \times \text{students in poverty})$$

Step 5 - State Share Ratio: The Education Adequacy Act creates a 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. In FY2024, the Governor uses the direct certification data discussed under the SSF above to measure the percentage of Pre-Kindergarten through sixth grade students living in poverty, instead of the free and reduced-lunch data used traditionally.

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:

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

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

The EWAV share ratio is based on each community’s total assessed property value and median family income, relative to districts across the State. The total community property value includes motor vehicles,

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

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

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 FY2024.

FY2024 Education Aid Calculator - Governor¹

Districts	PK-12 RADM (March 2022 adjusted for 2022-23 and 2023- 24 PSOC)		Direct Cert x Factor (1.6) RADM		Core Instruction Funding (C = \$11,876)		Student Success Factor Funding (F = 0.42*\$11,876 = \$4,988)		% Direct Cert CF=91%		State Share Ratio		State Share of Foundation Budget		FY2023 Enacted (excludes group home and categories)		Change in State Funding	
	A	B	A*C=D	B	A*C=D	B	B*F=G	D=G+H	PK6	EWAV	I	H*I=J	K	J-K=L	K	J-K=L	J-K=L	J-K=L
Barrington	3,352	114	\$39,808,352	182	\$39,808,352	182	\$909,797	\$40,718,149	6.7%	35.0%	25.2%	\$10,260,206	\$8,549,881	\$1,710,325	\$8,549,881	\$1,710,325		
Burliville	2,098	343	24,915,848	549	24,915,848	549	2,737,370	27,653,218	32.5%	59.7%	48.1%	13,291,306	14,202,416	(911,110)	14,202,416	(911,110)		
Charlestown	732	73	8,693,232	117	8,693,232	117	582,589	9,275,821	21.4%	-	15.1%	1,403,625	1,341,690	61,935	1,341,690	61,935		
Coventry	4,330	606	11,423,080	970	11,423,080	970	4,836,287	16,259,367	24.2%	60.3%	45.9%	25,847,889	24,970,883	877,006	24,970,883	877,006		
Cranston	9,948	2,082	31,118,142,448	3,331	31,118,142,448	3,331	16,615,759	47,763,907	39.3%	64.7%	53.5%	72,133,917	70,899,984	1,233,933	70,899,984	1,233,933		
Cumberland	4,619	484	54,855,244	774	54,855,244	774	3,862,645	58,717,889	20.6%	53.5%	40.5%	23,802,881	22,111,359	1,691,522	22,111,359	1,691,522		
East Greenwich	2,546	103	30,236,296	165	30,236,296	165	822,009	31,058,305	7.9%	23.2%	17.3%	5,382,369	4,603,416	778,953	4,603,416	778,953		
East Providence	4,949	1,278	58,774,324	2,045	58,774,324	2,045	10,199,299	68,973,623	42.8%	58.7%	51.4%	35,430,999	37,474,787	(2,043,788)	37,474,787	(2,043,788)		
Foster	214	42	2,541,464	67	2,541,464	67	335,188	2,876,652	30.0%	48.5%	40.3%	1,160,017	1,114,963	45,054	1,114,963	45,054		
Gloucester	556	41	6,603,056	66	6,603,056	66	327,208	6,930,264	12.2%	54.7%	39.6%	2,746,401	2,525,892	220,509	2,525,892	220,509		
Hopkinton	1,114	153	13,229,864	245	13,229,864	245	1,221,043	14,450,907	25.7%	56.9%	44.1%	6,379,793	5,826,031	553,762	5,826,031	553,762		
Jamestown	617	26	7,327,492	42	7,327,492	42	207,497	7,534,989	6.4%	-	4.5%	340,995	303,378	37,617	303,378	37,617		
Johnston	3,199	709	37,991,324	1,134	37,991,324	1,134	5,658,296	43,649,620	41.2%	55.2%	48.7%	21,259,830	20,222,498	1,037,332	20,222,498	1,037,332		
Lincoln	3,238	470	38,454,488	752	38,454,488	752	3,750,916	42,205,404	25.9%	49.1%	39.3%	16,566,952	16,848,216	(281,264)	16,848,216	(281,264)		
Little Compton	281	20	3,337,156	32	3,337,156	32	159,613	3,496,769	11.2%	-	7.9%	276,930	448,877	(171,947)	448,877	(171,947)		
Middletown	2,087	292	24,785,212	467	24,785,212	467	2,330,356	27,115,568	24.4%	28.2%	26.4%	7,149,980	8,437,018	(1,287,038)	8,437,018	(1,287,038)		
Narragansett	1,118	110	13,277,368	176	13,277,368	176	877,874	14,155,242	21.4%	-	15.1%	2,141,983	2,263,400	(121,417)	2,263,400	(121,417)		
Newport	1,926	767	22,873,176	1,227	22,873,176	1,227	6,121,175	28,994,351	72.3%	-	51.1%	14,823,020	15,485,382	(662,362)	15,485,382	(662,362)		
New Shoreham	129	6	1,532,004	10	1,532,004	10	47,884	1,579,888	8.8%	-	6.2%	98,309	219,323	(121,014)	219,323	(121,014)		
North Kingstown	3,620	524	42,991,120	838	42,991,120	838	4,181,872	47,172,992	27.1%	20.7%	24.1%	11,374,953	11,488,078	(113,125)	11,488,078	(113,125)		
North Providence	3,393	725	40,295,268	1,160	40,295,268	1,160	5,785,987	46,081,255	40.5%	70.3%	57.4%	26,436,226	27,396,780	(960,554)	27,396,780	(960,554)		
North Smithfield	1,584	152	18,811,584	243	18,811,584	243	1,213,062	20,024,646	20.7%	46.8%	36.2%	7,245,948	6,430,600	815,348	6,430,600	815,348		
Pawtucket	8,002	3,343	95,031,752	5,349	95,031,752	5,349	26,679,386	121,711,138	68.2%	84.9%	77.0%	93,722,516	98,315,617	(4,593,101)	98,315,617	(4,593,101)		
Portsmouth	2,134	163	25,343,384	261	25,343,384	261	1,300,850	26,644,234	14.2%	-	10.0%	2,675,325	3,182,031	(506,706)	3,182,031	(506,706)		
Providence	19,403	9,658	230,430,028	15,453	230,430,028	15,453	77,077,330	307,507,358	86.4%	84.8%	85.6%	263,237,794	273,476,554	(10,238,760)	273,476,554	(10,238,760)		
Richmond	1,141	136	13,550,516	218	13,550,516	218	1,085,371	14,635,887	22.5%	52.9%	40.6%	5,949,322	5,414,854	534,468	5,414,854	534,468		
Schuette	1,212	93	14,393,712	149	14,393,712	149	742,202	15,135,914	15.9%	28.8%	23.3%	3,520,931	2,447,265	1,073,666	2,447,265	1,073,666		
South Kingstown	2,679	306	28,419,268	326	28,419,268	326	1,628,057	30,047,325	14.8%	37.5%	28.5%	8,565,570	7,203,808	1,361,762	7,203,808	1,361,762		
Thiverton	1,678	204	19,927,928	326	19,927,928	326	1,628,057	21,555,985	22.4%	28.6%	25.7%	5,537,245	4,756,321	500,284	4,756,321	500,284		
Warwick	8,239	1,521	97,846,364	12,138	97,846,364	12,138	6,128,057	109,984,966	33.8%	45.1%	39.9%	43,831,803	40,874,590	2,957,213	40,874,590	2,957,213		
Westerly	2,438	442	28,953,688	707	28,953,688	707	3,527,457	32,481,145	35.7%	-	25.2%	8,199,447	8,313,966	(114,519)	8,313,966	(114,519)		
West Warwick	3,519	1,136	41,791,644	1,818	41,791,644	1,818	9,066,043	50,857,687	58.4%	74.2%	66.8%	33,957,172	32,061,919	1,895,253	32,061,919	1,895,253		
Woonsocket	5,558	2,924	66,006,808	4,678	66,006,808	4,678	23,335,485	89,342,293	89.7%	88.9%	89.3%	79,783,468	72,118,992	7,664,476	72,118,992	7,664,476		
Bristol-Warren ²	2,937	460	34,879,812	736	34,879,812	736	3,671,109	38,550,921	-	-	-	11,182,749	11,768,674	(585,925)	11,768,674	(585,925)		
Exeter-West Greenwich ³	1,548	117	18,384,048	187	18,384,048	187	933,739	19,317,787	-	-	-	4,876,063	4,498,794	377,269	4,498,794	377,269		
Charlho	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Foster-Glocester ²	1,133	85	13,455,508	136	13,455,508	136	678,357	14,133,865	-	-	-	5,634,319	5,307,321	326,998	5,307,321	326,998		
Central Falls ³	2,565	1,132	30,461,940	2,334	30,461,940	2,334	11,641,805	42,103,745	91.0%	97.2%	94.2%	39,641,118	38,815,845	825,273	38,815,845	825,273		
District Total	122,229	31,044	\$1,451,591,804	50,193	\$1,451,591,804	50,193	\$250,359,666	\$1,701,951,270	-	-	-	\$921,125,974	\$918,747,883	\$2,378,091	\$918,747,883	\$2,378,091		
Charter School Total	13,312	5,021	158,093,312	8,556	158,093,312	8,556	42,678,838	200,772,150	-	-	-	158,382,163	137,747,584	20,634,579	137,747,584	20,634,579		
Davies	881	217	10,462,756	406	10,462,756	406	2,025,096	12,487,852	-	-	-	9,418,161	8,930,775	487,386	8,930,775	487,386		
Met School	815	306	9,678,940	520	9,678,940	520	2,593,718	12,272,658	-	-	-	9,091,766	8,708,054	383,712	8,708,054	383,712		
Urban Collaborative	119	81	1,413,244	133	1,413,244	133	662,396	2,075,640	-	-	-	1,769,015	1,693,976	75,039	1,693,976	75,039		
Youth Build Academy	200	99	2,375,200	158	2,375,200	158	790,087	3,165,287	-	-	-	2,709,604	1,727,458	982,146	1,727,458	982,146		
Total	137,556	36,768	1,633,615,056	59,967	1,633,615,056	59,967	299,109,801	1,932,724,857	-	-	-	\$1,102,496,682	\$1,077,555,730	\$24,940,952	\$1,077,555,730	\$24,940,952		

¹ based on March 2022 enrollment updated for projected charter school growth. Expected to be updated when March 2023 data is available.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.³ The Direct Certification factor for Central Falls is 91.0 percent, including PSOC students.

Source: Rhode Island Department of Education

CHARTER AND STATE SCHOOLS

The education funding formula calculation for charter and state schools funds students as if they were still in the sending district, with the same core instruction amount, high-need student weight, and state share ratio. The aid, however, is distributed directly to the charter or state school. In FY2023, the Budget provides \$158.4 million in funding formula aid to charter schools, an increase of \$20.6 million. This increase is primarily driven by enrollment. In FY2024, charter school enrollment increases by 862 students, or 6.9 percent, relative to the FY2023 Budget as Enacted.

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

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

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

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

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

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

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

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 FY2024 Budget includes \$1.8 million to fund group home beds. This is \$446,611 less than the FY2023 Budget as Enacted. This adjustment represents the most recent update on the number of group home beds per district and the decrease required pursuant to RIGL 16-7-22(1)(ii) to reduce the average daily membership of a district by the number of group home beds used in the group home aid calculation.

Based on the final December 31, 2022, report from the Department of Children, Youth, and Families, the FY2023 Revised Budget increases by 7 beds and \$119,000.

FY2023 Enacted			Group Home Aid ¹ FY2024 Change from Enacted					FY2023	
District	Total Aid	Number of Beds	FY2024 Number of Beds	Change in Number of Beds	Aid change due to bed count	Aid change due to RIGL 16-7-22(1)(iii)	Total Change	FY2024 Total Aid	Revised Total Aid
Burrillville	\$0	0	-	-	\$0	\$0	\$0	\$0	\$0
Coventry	79,629	8	8	-	-	(4,740)	(4,740)	74,889	79,629
East Providence	463,329	34	35	1	17,000	(22,257)	(5,257)	458,072	480,329
Lincoln	85,944	8	8	-	-	(2,155)	(2,155)	83,789	85,944
Newport	133,708	14	9	(5)	(85,000)	27,792	(57,208)	76,500	133,708
North Providence	127,813	16	16	-	-	(8,427)	(8,427)	119,386	127,813
North Smithfield	-	-	-	-	-	-	-	-	-
Pawtucket	92,961	20	19	(1)	(17,000)	3,782	(13,218)	79,743	92,961
Portsmouth	473,573	30	18	(12)	(204,000)	6,377	(197,623)	275,950	473,573
Providence	217,663	57	50	(7)	(119,000)	39,696	(79,304)	138,359	217,663
Smithfield	-	-	6	6	102,000	(28,438)	73,562	73,562	102,000
South Kingstown	121,823	8	-	(8)	(136,000)	14,177	(121,823)	-	121,823
Warwick	271,232	24	24	-	-	(22,257)	(22,257)	248,975	271,232
Woonsocket	-	-	-	-	-	-	-	-	-
Bristol-Warren	106,028	10	10	-	-	(5,107)	(5,107)	100,921	106,028
Exeter-West Greenwich	113,304	9	9	-	-	(3,054)	(3,054)	110,250	113,304
Total	\$2,287,007	238	212	(26)	(\$442,000)	(\$4,611)	(\$446,611)	\$1,840,396	\$2,406,007

¹ Based on final 12/31/2022 report from the Department of Children, Youth and Families. In the FY2023 Revised Budget, a total of 7 beds were added relative to the enacted level, including 1 in East Providence and 6 in Smithfield.

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

The FY2024 Budget includes funding for all of these categories, except the Regionalization Bonus, the School Resource Officer Support, and the Density Aid fund, which was replaced with the Public School of Choice (PSOC) New Seats Transition fund. The FY2024 Recommendation adds new aid categories, including the Homeless Categorical, the PSOC New Seats Transition fund, and Temporary Enrollment Assistance.

- **Homeless Categorical:** The FY2024 Budget includes \$2.5 million to help districts support students experiencing homelessness. Through a new provision in Article 8, the Budget provides 25.0 percent of the core instruction per-pupil amount for each qualifying student, adjusted by the state share ratio for the district. Students could qualify for both the SSF and the Homeless weights. Residency will be based on the last residence of the students and school districts will self-report the numbers based on the criteria set forth in the federal McKinney-Vento Act. The McKinney-Vento Homeless Assistance Act defines “homeless children and youths” as those who lack a fixed, regular, and adequate nighttime residence. The formula used for the calculation is as follows:

$$(\text{Number of homeless students} \times (\text{Core Instruction Funding} \times 0.25)) \times \text{State Share Ratio}$$

- **Public School of Choice (PSCOC) New Seats Transition Fund:** The Budget includes \$7.9 million to help districts adjust to enrollment declines due to students moving to charter schools. Through Article 8, the Governor establishes a transition fund that provides 60.0 percent of the foundation aid for new seats added in the first year, 30.0 percent in the second year, and no funding in the third year. The formula used for the first-year calculation is as follows:

$$\text{New PSOC seats} \times (\text{Foundation Amount} \times \text{State Share Ratio}) \times 0.60$$

According to the Office of Management and Budget (OMB), this initiative is modeled after a Massachusetts program, which offers 100.0 percent funding in the first year, 60.0 percent in the second year and 40.0 percent in the third year. However, the Massachusetts reimbursement program has changed several times since its inception in 1997. For example, in 2012 the law was changed to reflect 100.0 percent in the first year, and 25.0 percent for the following five years. This was reversed in FY2010, and the program again adopted the 100/60/40 percent model. Furthermore, the program is subject to appropriation and has not always been fully funded, resulting in a prorated version of the reimbursement program for some fiscal years (providing less than 100/60/40 percent to LEAs). The Governor’s recommendation, while based on the Massachusetts program, is aimed at balancing the need to reimburse LEAs experiencing enrollment losses due to shifts to PSOCs while ensuring that the program is fiscally responsible, sustainable, and predictable.

- **School Choice Density Aid:** Article 10 of the FY2022 Budget as Enacted reestablished density aid for districts where 5.0 percent or more of the average daily membership (ADM) are enrolled in a charter or state school and provided \$1.0 million in education aid for FY2022. The category provided 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 FY2023, the \$500 was paid for each new charter or state school student relative to the previous year. The FY2024 Budget eliminates this aid through Article 8, as the PSOC Transition Fund covers this population.

FY2024 Governor's Education Aid		
Categorical	Change from Enacted	Total Funding
Homeless Categorical	2.5	2.5
PSOC New Seats Transition Fund	7.9	7.9
School Choice Density Aid	(0.5)	-
Temporary Enrollment Assistance	8.5	8.5
Transportation	1.4	10.6
Early Childhood	8.0	22.9
High-Cost Special Education	4.8	9.3
Career & Tech. Schools	-	4.5
English Learners	7.8	12.8
Regionalization Bonus	-	-
School Resource Officer Support	-	-
Total	\$40.4	\$79.0
<i>\$ in millions</i>		

- **Temporary Enrollment Assistance:** The Governor includes \$8.5 million in one-time support for districts experiencing enrollment loss due to reasons other than PSOC enrollment. The formula used on a per-district basis is as follows:

If FY2023 Enacted Formula Aid (excluding categoricals) – (FY2024 Formula Change + Homeless Funding + PSOC Transition funding) is less than zero, then difference x -1.0 x 0.5

According to OMB, the goal of this funding is to assist districts experiencing funding loss, including students moving to different schools or changes in the number of students in poverty. The 50.0 percent multiplier is “meant to be both fiscally responsible and signal a return to a more routine ... funding formula, which does not hold districts harmless each year”.

- **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 \$10.6 million in FY2024, an increase of \$1.4 million over the FY2023 Budget as Enacted to fully fund the regional component of this category.
- **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 (FRP) process targeting communities in three tiers, with the first tier having the highest concentration of children at risk for poor educational outcomes. These funds are paid to providers through the RFP process and, consequently, are not included in the distribution tables. The Budget funds this category at \$22.9 million in FY2024, an increase of \$8.0 million in general revenue over the FY2023 Budget as Enacted. Of the total increase, \$1.3 million is to fund 35 new classrooms and \$6.7 million is to replace expiring federal funds.

Analyst Note: The Budget also provides \$300,000 in general revenue in the Administration of the Comprehensive Education Strategy (ACES) program for a new lottery system.

- **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 \$84,320 for FY2024). The program provides for a pro-rata reduction in reimbursements to districts based on available funding. The Budget fully funds this category at \$9.3 million in FY2024, an increase of \$4.8 million relative to the FY2023 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 associated with facilities, equipment maintenance and repair, and supplies associated with higher-cost programs at career and technical schools. The Budget level funds this category at \$4.5 million in FY2024.
- **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 FY2024, the per-pupil weight is \$1,188, to reflect 10.0 percent of the \$11,876 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 \$12.8 million in FY2024 to fully fund this category, an increase of \$7.8 million relative to the previous fiscal year.

- **Regionalization Bonus:** This fund provides a bonus to regionalized districts and those that may regionalize in the future. In the first year, the bonus is 2.0 percent of the State's share of the total foundation aid. In the second year, the bonus is 1.0 percent of the State's share and in the third year the bonus phases out. The program provides for a pro-rata reduction in reimbursements to districts based on available funding. This category has not been funded since FY2014, as no new regional districts have been formed.
- **School Resource Officer Support:** Article 9 of the FY2019 Budget as Enacted established an aid category to support new Resource Officers at public middle and high schools. The program provides support for districts to add Resource Officers but does not mandate their use. For FY2019 through FY2021, the State will reimburse one half the cost of salaries and benefits for qualifying positions created after July 1, 2018; however, for schools with fewer than 1,200 students, only one resource officer position is eligible for reimbursement. Schools with 1,200 or more students may receive reimbursement for up to 2 positions. Each resource officer can only be assigned to one school. The Budget does not fund this category since the program expired in FY2021.

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

FY2024 Governor's Recommended Education Aid¹

District	FY2023 Enacted (excludes group home and categoricals)	FY2024 Formula Change	Homeless Categorical	PSOC New			Transportation	Education (>\$84,320)	Group Home Aid ²	English Learners	Stabilization	
				Fund	Assistance	Enrollment					Funding	FY2024 Aid
Barrington	\$8,549,881	\$1,710,325	\$3,741	\$0	\$0	\$0	\$290,714	\$321,362	\$0	\$8,678	\$0	\$10,884,701
Burrillville	14,202,416	(911,110)	57,081	55,757	399,136	-	19,210	260,472	-	5,137	-	14,088,099
Charlestown	1,341,690	61,935	1,348	-	-	-	-	-	-	-	-	1,404,973
Coventry	24,970,883	877,006	40,922	-	-	-	48,226	252,384	74,889	8,184	-	26,272,494
Cranston	70,899,984	1,233,933	63,570	210,698	-	-	634,759	313,414	-	444,357	-	73,800,714
Cumberland	22,111,359	1,691,522	38,514	-	-	-	35,542	142,677	-	51,031	-	24,070,645
East Greenwich	4,603,416	778,953	515	-	-	-	111,409	359,028	-	3,087	-	5,856,409
East Providence	37,474,787	(2,043,788)	82,358	-	980,715	-	3,004	602,820	458,072	104,930	-	37,662,897
Foster	1,114,963	45,054	-	-	-	-	-	-	-	-	-	1,160,017
Glocester	2,525,892	220,509	-	-	-	-	-	-	-	-	-	2,746,401
Hopkinton	5,826,031	553,762	10,486	-	-	-	-	-	-	-	-	6,390,279
Jamestown	303,378	37,617	-	-	-	-	-	411,660	-	161	-	752,816
Johnston	20,222,498	1,037,332	39,044	3,470	-	-	167,003	484,175	-	97,754	-	22,051,277
Lincoln	16,848,216	(281,264)	19,812	-	130,726	-	-	57,788	83,789	20,511	-	16,879,578
Little Compton	448,877	(171,947)	-	-	85,973	-	-	-	-	-	-	362,904
Middletown	8,437,018	(1,287,038)	45,407	-	620,816	-	-	85,205	-	43,528	-	7,944,936
Narragansett	2,263,400	(121,417)	899	-	60,259	-	-	41,300	-	359	-	2,244,801
Newport	15,485,382	(662,362)	54,643	-	303,859	-	-	22,488	76,500	169,394	-	15,449,904
New Shoreham	219,323	(121,014)	-	-	60,507	-	-	-	-	961	-	159,777
North Kingstown	11,488,078	(113,125)	23,625	-	44,750	-	-	96,007	-	18,041	-	11,557,376
North Providence	27,396,780	(960,554)	64,725	192,293	351,768	-	164,940	563,240	119,386	163,515	-	28,056,093
North Smithfield	6,430,600	815,348	2,149	29,084	-	-	27,523	109,291	-	5,157	-	7,419,152
Pawtucket	98,315,617	(4,593,101)	173,755	54,431	2,182,458	-	243,621	271,459	79,743	1,115,690	-	97,843,673
Portsmouth	3,182,031	(506,706)	596	-	253,055	-	-	291,573	275,950	715	-	3,497,215
Providence	273,476,554	(10,238,760)	815,846	6,441,611	1,490,651	-	502,097	1,016,866	138,359	6,603,012	-	280,246,236
Richmond	5,414,854	534,468	18,103	-	-	-	-	-	-	-	-	5,967,425
Situate	2,447,265	1,073,666	-	-	-	-	72,134	-	-	553	-	3,593,617
Smithfield	7,203,808	1,361,762	66,017	-	-	-	62,344	37,065	73,562	6,432	-	8,810,990
South Kingstown	4,756,321	500,284	8,656	-	-	-	105,682	330,146	-	4,009	-	5,705,098
Tiverton	7,026,480	(1,489,235)	-	-	744,617	-	-	638,908	-	2,746	-	6,923,516
Warwick	40,874,590	2,957,213	79,276	26,353	-	-	26,207	874,364	248,975	56,795	-	45,143,773
Westerly	8,313,966	(114,519)	20,236	-	47,142	-	-	313,789	-	13,191	-	8,593,804
West Warwick	32,061,919	1,895,253	45,595	-	-	-	47,974	63,811	-	64,229	-	34,178,731
Woonsocket	72,118,992	7,664,476	339,372	332,415	-	-	31,673	328,554	-	730,710	-	81,546,193
Bristol-Warren ³	11,768,674	(585,925)	10,500	287,713	2,348,584	368,357	100,921	368,357	100,921	13,590	-	14,312,414
Exeter-West Greenwich ³	4,498,794	377,269	3,202	-	107,594	-	1,749,593	260,714	110,250	2,333	-	7,109,748
Charlho	-	-	-	-	-	-	2,999,749	162,124	-	4,469	-	3,166,342
Foster-Glocester ³	5,307,321	326,998	4,706	-	-	-	877,546	-	-	-	-	6,516,571
Central Falls	38,815,845	825,273	167,721	549,050	-	-	61,119	165,251	-	1,255,669	9,804,728	51,644,656
District Total	\$918,747,883	\$2,378,091	\$2,302,420	\$7,895,163	\$8,151,799	\$8,151,799	\$10,630,603	\$9,246,292	\$1,840,396	\$11,018,928	\$9,804,728	\$982,016,244
Charter School Total	137,747,584	20,634,579	194,642	-	391,951	-	-	67,256	-	1,666,612	-	160,702,624
Davies	8,930,775	487,386	17,860	-	-	-	-	-	-	12,037	6,456,189	15,904,246
Met School	8,708,054	383,712	18,728	-	-	-	-	-	-	47,601	2,050,244	11,208,339
Urban Collaborative	1,693,976	75,039	-	-	-	-	-	-	-	16,368	-	1,785,382
Youth Build Academy	1,727,458	982,146	-	-	-	-	-	-	-	-	-	2,709,604
Total	\$1,077,555,730	\$24,940,952	\$2,533,650	\$7,895,163	\$8,543,690	\$10,630,603	\$9,313,548	\$9,313,548	\$1,840,396	\$12,761,545	\$18,311,161	\$1,174,326,440

¹ Based on March 2022 enrollment updated for projected charter school growth. Expected to be updated when March 2023 data is available.
² Based on final 12/31/2022 report from the Department of Children, Youth and Families. In the FY2023 Revised Budget, a total of 7 beds were added relative to the enacted level, including 1 in East Providence and 6 in
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.
Source: Rhode Island Department of Education

The following table shows the difference in education aid relative to the FY2023 Budget as Enacted².

FY2024 Governor Recommended Education Aid - Change to FY2023 Budget as Enacted ²																	
Districts	FY2023 Enacted (includes group home and categoricals)	Seats					FY2024 Formula Change	Homeless Categorical	FY2023 Density Aid	Temporary Enrollment Assistance	Transportation	High-cost Special Education	Group Home ¹	English Learners	Stabilization Funding	Total Change	FY2024 Education Aid
		Transition		FY2024													
		Fund net	FY2023	Homeless	Formula	Change											
Barrington	\$8,828,606	\$1,710,325	\$3,741	\$0	\$0	\$0	\$106,682	\$230,808	\$0	\$4,439	\$0	\$2,056,095	\$10,884,701				
Burrillville	14,410,118	(911,110)	57,081	55,757	399,136	399,136	(18,575)	91,245	-	4,446	-	(322,019)	14,088,098				
Charlestown	1,341,689	61,935	1,348	-	-	-	-	-	-	-	-	63,283	1,404,972				
Coventry	25,098,897	877,006	40,922	-	-	-	26,449	229,543	(4,740)	4,416	-	1,173,596	26,272,494				
Cranston	72,154,949	1,233,932	63,570	210,698	-	-	(174,439)	26,727	-	285,277	-	1,645,765	73,800,713				
Cumberland	22,263,569	1,691,522	38,514	(6,000)	-	-	(81,233)	129,503	-	34,770	-	1,807,076	24,070,645				
East Greenwich	4,841,875	778,953	515	-	-	-	(26,307)	260,048	-	1,324	-	1,014,533	5,856,408				
East Providence	38,149,384	(2,043,788)	82,358	-	980,715	93	0	436,440	(5,257)	62,953	-	(486,486)	37,662,897				
Foster	1,137,350	45,054	-	-	-	-	-	-	-	(22,387)	-	22,667	1,160,017				
Glocester	2,551,793	220,509	-	-	-	-	-	(25,901)	-	-	-	194,608	2,746,400				
Hopkinton	5,826,634	553,762	10,486	-	-	-	-	-	-	-	-	564,248	6,390,882				
Jamestown	391,663	37,617	-	-	-	-	-	323,376	-	161	-	361,154	752,817				
Johnston	20,720,127	1,037,332	39,044	3,470	-	-	(12,178)	201,472	-	62,010	-	1,331,151	22,051,277				
Lincoln	17,055,188	(281,264)	19,812	(2,500)	130,726	-	-	(53,065)	(2,155)	12,835	-	(175,611)	16,879,578				
Little Compton	448,878	(171,947)	-	-	85,973	-	-	-	-	-	-	(85,973)	362,904				
Middletown	8,476,388	(1,287,038)	45,407	-	620,816	-	-	58,921	-	30,443	-	(531,451)	7,944,936				
Narragansett	2,271,278	(121,417)	899	-	60,259	-	-	33,471	-	310	-	(26,477)	2,244,801				
Newport	15,698,952	(662,362)	54,643	-	303,859	-	-	8,469	(57,208)	103,551	-	(249,048)	15,449,904				
New Shoreham	240,792	(121,014)	-	-	60,507	-	-	(21,221)	-	713	-	(81,015)	159,777				
North Kingstown	11,547,833	(113,125)	23,625	-	44,750	-	-	42,328	-	11,965	-	9,543	11,557,376				
North Providence	28,223,849	(960,554)	64,725	177,793	351,768	-	(12,476)	111,176	(8,427)	108,241	-	(167,754)	28,056,095				
North Smithfield	6,533,858	815,348	2,149	29,084	-	-	7,733	28,862	-	2,119	-	885,295	7,419,152				
Pawtucket	99,145,207	(4,593,101)	173,755	34,931	2,182,458	-	27,344	244,606	(13,218)	641,691	-	(1,301,534)	97,843,674				
Portsmouth	3,772,245	(506,706)	596	-	253,055	-	(17,886)	193,047	(197,623)	486	-	(275,031)	3,497,215				
Providence	277,923,361	(10,238,760)	815,846	6,028,111	1,490,651	-	36,694	351,659	(79,304)	3,917,976	-	2,322,873	280,246,234				
Richmond	5,415,636	534,468	18,103	-	-	-	-	-	-	2,114	-	554,685	5,970,322				
Scituate	2,603,876	1,073,666	-	-	-	-	20,778	(105,256)	-	553	-	989,740	3,593,617				
Smithfield	7,281,434	1,361,762	66,017	-	-	-	(1,431)	25,472	73,562	4,173	-	1,529,556	8,810,990				
South Kingstown	5,140,323	500,284	8,656	-	-	-	(31,507)	206,494	(121,823)	2,671	-	564,774	5,705,097				
Tiverton	7,236,769	(1,489,235)	-	-	744,617	-	-	429,346	-	2,019	-	(313,253)	6,923,516				
Warwick	41,873,277	2,957,213	79,276	26,353	-	-	(5,461)	198,294	(22,257)	37,078	-	3,270,496	45,143,773				
Westerly	8,379,537	(114,519)	20,236	-	47,142	-	-	253,293	-	8,116	-	214,267	8,593,804				
West Warwick	32,123,086	1,895,253	45,595	-	-	-	11,327	63,811	-	39,660	-	2,055,646	34,178,732				
Woonsocket	72,528,817	7,664,476	339,372	308,915	-	-	(5,410)	236,641	-	473,381	-	9,017,376	81,546,192				
Bristol-Warren	14,008,318	(585,925)	10,500	-	287,713	-	314,896	274,847	(5,107)	7,173	-	304,096	14,312,414				
Exeter-West Greenwich	6,213,654	377,269	3,202	-	107,594	-	328,442	80,855	(3,054)	1,787	-	896,094	7,109,748				
Charlho	2,405,627	-	-	-	-	-	602,216	154,030	-	970	-	757,216	3,162,842				
Foster-Glocester	5,961,182	326,998	4,706	-	-	-	272,025	(47,977)	-	(364)	-	555,388	6,516,570				
Central Falls	49,633,418	825,273	167,721	508,050	-	-	(6,366)	114,507	-	742,818	(340,765)	2,011,238	51,644,656				
District Total	\$949,859,438	\$2,378,090	\$2,302,420	\$7,374,663	\$8,151,739	\$8,151,739	\$1,361,409	\$4,763,484	(\$446,611)	\$6,612,376	(\$340,765)	\$32,156,806	\$982,016,244				
Charter School Total	138,323,012	20,634,579	194,642	-	391,951	-	-	50,064	-	1,108,375	-	22,379,611	160,702,623				
Davies	14,779,131	487,386	17,860	-	-	-	-	-	-	7,733	-	612,138	15,904,248				
Met School	9,813,606	383,712	18,728	-	-	-	-	-	-	24,158	-	968,135	11,208,339				
Urban Collaborative	1,701,440	75,039	-	-	-	-	-	-	-	8,905	-	83,943	1,785,383				
Youth Build Academy	1,727,458	982,146	-	-	-	-	-	-	-	-	-	982,146	2,709,603				
Total	\$1,116,204,084	\$24,940,951	\$2,533,650	\$7,374,663	\$8,543,690	\$8,543,690	\$1,361,409	\$4,813,548	(\$446,611)	\$7,761,546	\$1,239,508	\$58,122,356	\$1,174,326,440				

¹ Based on final 1/3/2023 report from the Department of Children, Youth and Families.

² Based on March 2022 adjusted for 2022-23 and 2023-24 PSOC.

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 FY2024, the minimum state share is 35.0 percent and the maximum is 96.4 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 for traditional school districts 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 that required RIDE to develop recommendations for 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 9 of the FY2019 Budget as Enacted provided temporary incentives to encourage districts to improve the condition of public-school buildings in Rhode Island, established a permanent incentive for school safety and security projects, and established school maintenance expenditure requirements.

While historically funded at \$80.0 million annually, for FY2024 based on current projections, the Budget provides \$103.5 million, an increase of \$14.9 million over the FY2023 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 2022 projections, housing aid entitlements are projected to increase to \$117.0 million in FY2025, \$129.2 million in FY2026, and \$151.1 million in FY2027.

School Building Authority Capital Fund: Article 9 of the FY2016 Budget as Enacted designated the Department of Elementary and Secondary Education (Department) as the State's School Building Authority (SBA) and charged the Department with implementing a system of state funding for school facilities, managing the school housing aid program, and developing a project priority system. The Authority oversees two distinct funding mechanisms for school facilities: the Foundation Program, as enumerated in RIGL 16-7-35 through 16-7-47, and the School Building Authority Capital Fund (Capital Fund), as created through the article. The FY2016 Budget added 1.0 FTE position to the Department for a new construction manager to assist in developing procedures for the proposed Capital Fund. In FY2016, the Department received a one-time, pass-through appropriation of \$20.0 million in new general revenue to capitalize the Capital Fund, which is held in trust and administered by the Rhode Island Health and Education Building Corporation (RIHEBC). For FY2021, \$1.0 million in general revenue from the surplus construction aid was transferred to the Capital Fund. For FY2022, the Budget as Enacted provided \$590,814 in general revenue from the surplus construction aid to the Capital Fund; however, the revised budget provides a total of \$9.0

million in surplus funds. The increase is due to construction delays, caused by the COVID-19 pandemic, and bond refinancing. Several communities refinanced to take advantage of the low interest rates, saving a total of \$8.5 million in total debt service payments that was shared between the municipalities and the State. Beginning in FY2023, a surplus in construction aid is no longer projected; however, based on past experience, some surplus is likely but not at the recent levels. In addition to the \$250.0 million school building bond referendum in Article 5, the FY2023 Budget as Enacted provided \$50.0 million in general revenue to the School Building Authority to address high-priority projects including upgrades to lighting, heating, and ventilation systems to create facility equity among Rhode Island students.

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

In FY2018, RIHEBC was required to transfer \$6.0 million to the State Controller. In FY2019, RIHEBC supported \$737,735 in SBA personnel expenses. In FY2020 personnel expenses increased to \$770,946, and \$677,946 in FY2021. In the FY2022 Budget as Enacted, \$500,000 in expenses was shifted back to general revenue, for a total of \$793,596 in funding, to bring the costs covered by RIHEBC back in line with projected fee revenue. In the FY2022 Budget, the actual expenses include \$257,616 from and \$444,102 in general revenue expenditures (\$701,718 total). The decrease in general revenue in the FY2022 Revised Budget was due to turnover savings from a vacant position. In the FY2023 Budget as Enacted, the total appropriation was \$732,740, including \$466,048 in general revenue and \$266,692 in RIHEBC funds. The FY2023 Revised Budget provides \$990,152 in total funding, including \$690,073 in general revenue and \$300,079 in restricted receipts from RIHBC. The increase from FY2022 to FY203 was due to the addition of 2.0 new positions and increase contracted services cost to manage the increased volume of applications related to the bond initiative. In the FY2024, the budget includes \$995,856 in total funding, including \$695,703 in general revenue and \$300,153 in restricted receipts from RIHBC, and reflects an increase of \$263,116 in total funding relative to the FY2023 Budget as Enacted.

Facility Equity Initiative Pilot Program: At the January 11, 2022, meeting, the Council on Elementary and Secondary Education approved funding for the Facility Equity Initiative pilot program to provide pay-go funding for high priority projects in school districts with reimbursement rates 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 was only a pilot, with the approval of the \$250.0 million school construction bond in November 2022, Article 10 of the FY2023 Budget provided that \$50.0 million 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 expanded the pilot program to include the ten LEAs with a base reimbursement rate over 45.0 percent, thus doubling the number of eligible schools.

Of the \$50.0 million appropriated in FY2023, \$49.1 million was distributed as follows:

- \$26.0 million funded the Facility Equity Initiative, an additional \$4.0 million was contributed by the Office of Energy Resources.
- \$14.0 million (plus \$1.0 from the career and technology school fund) was distributed through the 21st Century Technology and Equipment Funds to provide LEAs funds to ensure that learning spaces are equipped with technology, furniture, and equipment that support science technology, engineering, and math project-based learning.
- \$7.5 million was used for the Inside Out program to provide outdoor classrooms.
- \$1.6 million was awarded through the Menu for Success program providing students with the opportunity to design and operate food trucks.

FY2023 SBA Capital Fund Facility Equity Initiative Program	
Burrillville	\$0.3
Central Falls	4.2
Coventry	3.2
Cranston	1.9
East Providence	2.2
North Providence	2.8
Pawtucket	2.8
Providence	9.3
West Warwick	0.6
Woonsocket	2.9
Total	\$30.2

The SBA is working to leverage the remaining \$850,000 through other agencies or partners in an effort to match the funds.

Senate Fiscal Office

Stephen H. Whitney

Senate Fiscal Advisor

Emmery Brakke-Lautman

Legislative Fiscal Analyst I

Arts Council
Behavioral Healthcare, Developmental
Disabilities, and Hospitals
Children, Youth, and Families
Child Advocate
Mental Health Advocate

Robert C. Bromley

Senior Legislative Fiscal Analyst

Administration
Board of Elections
Commission on Disabilities
Convention Center Authority
General Treasurer
Governor
Historic Preservation and Heritage Commission
Human Rights Commission
I-195 Redevelopment Commission
Lieutenant Governor
Military Staff
Public Utilities Commission
Quonset Development Corporation
RI Emergency Management Agency
Secretary of State

Kelly M. Carpenter

Senior Legislative Fiscal Analyst

Atomic Energy Commission
Coastal Resources Management Council
Elementary and Secondary Education
Environmental Management
Executive Office of Health and Human Services
Health & Educational Building Corporation
Higher Education
Judiciary
Narragansett Bay Commission
Resource Recovery Corporation
RI Infrastructure Bank
Student Loan Authority

MaKenzie Pratt

Legislative Fiscal Analyst I

Business Regulation
Commission on Deaf and Hard of Hearing
Ethics Commission
Health
HealthSource RI
Human Services

David Schultz

Legislative Fiscal Analyst I

Attorney General
Corrections
Labor and Training
Public Defender
Public Safety
RI Airport Corporation
RI Public Transit Authority
RI Turnpike & Bridge Authority
Transportation

David Tremblay

Deputy Senate Fiscal Advisor

Executive Office of Commerce
Housing
Legislature
Revenue
RI Commerce Corporation
RIHMFC (RI Housing)