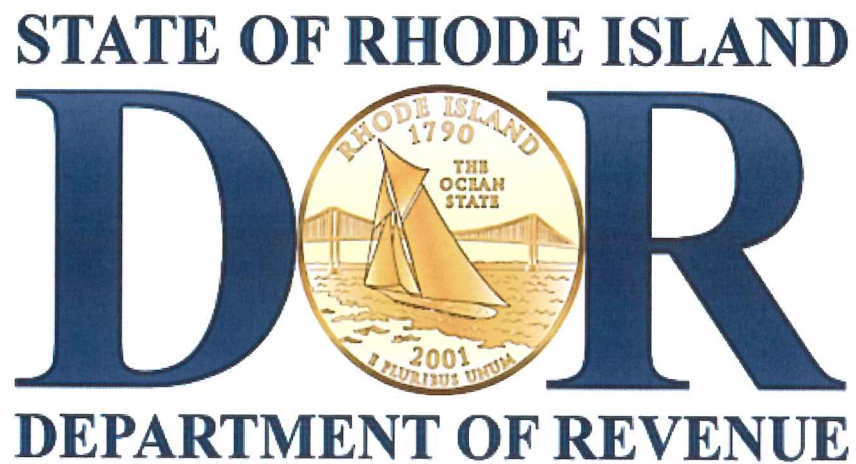


**State Aid
FY 2017 Revised and FY 2018 Proposed
State Budget**



Governor Gina M. Raimondo

**Prepared by:
Department of Revenue
Division of Municipal Finance
January 2017**

Municipal Aid

Formula Aid to Cities and Towns

The **Payment-in-Lieu-of-Taxes (PILOT)** program reimburses communities for up to 27.0 percent of what they would have collected in property taxes from certain designated tax exempt property (subject to appropriation). The FY 2017 revised budget is funded at \$42.0 million and the FY 2018 proposed budget at \$45.2 million which fully funds the aid program at 27.0 percent in FY 2018. Data used to determine distribution amounts is updated annually to reflect the most recent data.

The **Distressed Communities Relief Fund** provides state assistance to municipalities with the highest property tax burdens relative to the wealth of taxpayers. Municipalities are eligible that meet the statutorily determined distressed test in three of four categories. The program is an appropriation of \$12.4 million in FY 2017 revised and is level funded for FY 2018 proposed. The town of Johnston is qualifying for the Distressed Communities Relief Fund in FY 2018. In a year that a municipality newly enters the aid program, it receives 50 percent of current law requirements the first year it qualifies. The city of Cranston is falling out of the program for FY 2018. When any community falls out of the Distressed Communities Relief Fund, it shall receive a one-time payment of 50 percent of the prior year requirement exclusive of any reduction for first year qualification.

The FY 2018 proposed budget continues to provide funding for the **Property Valuation Statistical Update Program**, which partially reimburses cities and towns for legislatively mandated real property valuation statistical updates on a per parcel basis. Funding for FY 2017 revised is estimated at \$559,901. The proposed FY 2018 funding is \$937,228 for the estimated cost of reimbursement and will be updated as communities' contract for statistical update services are received.

Funding for **Aid to Local Libraries** is at \$9.4 million in FY 2017 revised and level funded in FY 2018 proposed. In addition, funding for library construction aid is provided at \$2.2 million in FY 2017 revised and \$2.3 million in FY 2018 proposed to finance anticipated debt service or construction reimbursement obligations under this program.

The 1998 General Assembly enacted the **Motor Vehicle Excise Tax Phase-Out** legislation to phase out the excise tax on motor vehicles and trailers over an original seven year period. There have been various changes to the legislation since its inception. For FY 2011 and thereafter, the General Assembly enacted legislation that mandates a \$500 exemption for which the State will reimburse municipalities an amount subject to appropriation. The legislation further allows municipalities to provide an additional exemption; however, that additional exemption will not be subject to reimbursement. The Assembly removed the provision that restricted municipalities from taxing the difference in the event that the value of a vehicle is higher than the prior fiscal year. It also allowed for rates and ratios of assessment to be lowered from the current frozen levels. Total funding in the FY 2017 revised and FY 2018 proposed budgets to support this program is \$10.0 million. Data used to determine distribution amounts for FY 2017 revised are an estimate based on FY 2016 data and will be updated once finalized motor vehicle tax rolls are processed in the spring of 2017. Data used to determine distribution amounts for the FY 2018 proposed budget is an estimate based on FY 2016 data and will change once finalized December 31, 2016 motor vehicle tax rolls are received and processed in the fall of 2017.

The **Public Service Corporation Tax** is for certain tangible personal property of telegraph, cable and telecommunications corporations and express corporations that is exempt from local taxation, and instead is subject to taxation by the State. The revenue from this tax flows through the State (it is not appropriated by the State). The revenues (apart from some administrative expenses) are apportioned to the cities and towns based on the ratio of each municipality's population relative to the total population of the State. The disbursements for FY 2017 revised total \$13.6 million. FY 2018 proposed is a level funded estimate based on FY 2017 data and will change once 12/31/16 tax data is received and processed in the spring of 2017.

Formula Aid to Cities and Towns

The 1986 General Assembly enacted the **Local Hotel Tax**, a five percent hotel tax upon the total consideration charged for occupancy of any space furnished by any hotel of the state. Twenty-five percent of the revenues generated from the 5.0 percent state hotel tax are distributed to the municipalities where the individual hotels are located. Furthermore, the 2004 General Assembly enacted a one percent gross receipts tax on the total consideration charged for occupancy of any space furnished by a hotel of the state. The taxes are collected by the Division of Taxation and distributed at least quarterly to the city or town where the hotel was located.

For FY 2017 revised, a combined amount is provided at \$10.5 million. For the FY 2018 proposed budget, the amount is estimated to be \$10.7 million. Effective July 1, 2015, the hotel tax base was expanded to include the rental of rooms by online travel companies and hosting platforms; and the rental of vacation homes by realtors and home owners. Data from FY 2016 on include revenues from these expansions.

The 2003 General Assembly enacted the **Local Meals and Beverage Tax**, a one percent additional tax on gross receipts from the sale of food and beverages sold in or on eating and drinking establishments. The tax is collected by the Division of Taxation and then distributed back to the city or town in which the meals and beverages were delivered. Distributions under this tax are projected to total \$27.2 million in FY 2017 revised and \$28.9 million in FY 2018 proposed.

Fiscal Year 2017 Enacted State Aid to Cities and Towns

City or Town	Payment In Lieu of Tax Exempt Property	Distressed Community Relief Fund	State Library Aid	Motor Vehicle Excise Tax Reimbursement Value of Exemption ⁽¹⁾	FY 2017 Total Appropriated State Aid
Barrington	15,995		374,284	217,477	607,756.36
Bristol	954,792		185,859	94,294	1,234,945
Burrillville	145,198		165,414	200,798	511,410
Central Falls	24,507	223,894	30,523	96,208	375,132
Charlestown			51,221	44,097	95,319
Coventry			244,374	244,791	489,165
Cranston	5,322,139	1,341,001	595,274	1,005,084	8,263,498
Cumberland	135		287,647	247,485	535,268
East Greenwich	434,980		134,295	81,417	650,692
East Providence	248,601	817,097	422,447	501,297	1,989,442
Exeter			52,087	92,110	144,197
Foster			34,462	72,955	107,416
Glocester			78,763	102,420	181,183
Hopkinton			36,298	69,295	105,592
Jamestown			115,055	22,042	137,097
Johnston			122,211	422,637	544,847
Lincoln			210,541	198,583	409,124
Little Compton			36,397	12,896	49,293
Middletown			147,598	63,006	210,603
Narragansett			153,079	60,810	213,889
Newport	1,357,719		417,539	77,989	1,853,247
New Shoreham			88,318	6,714	95,032
North Kingstown	1,737		293,678	185,691	481,106
North Providence		1,032,992	192,234	389,770	1,614,996
North Smithfield			78,789	177,990	256,780
Pawtucket	554,958	1,523,936	384,468	794,500	3,257,863
Portsmouth			116,931	84,669	201,600
Providence	30,137,743	5,604,286	1,284,092	1,882,415	38,908,536
Richmond			27,268	65,687	92,955
Scituate			104,517	68,633	173,151
Smithfield	710,097		298,995	255,759	1,264,851
South Kingstown	198,218		225,653	139,730	563,601
Tiverton			116,085	59,170	175,255
Warren			57,784	92,183	149,967
Warwick	1,712,951		739,844	964,536	3,417,332
Westerly	159,333		318,145	216,507	693,985
West Greenwich			32,312	54,390	86,702
West Warwick		891,916	162,630	231,779	1,286,325
Woonsocket		949,336	181,300	402,183	1,532,819
Subtotal	\$41,979,103	\$12,384,458	\$8,598,411	\$10,000,000	\$72,961,972
Reappropriation of FY 2016 Funds to be distributed in FY 2017					
Johnston ⁽²⁾					137,340
Statewide Reference Library Resource Grant			701,052		701,052
Grant-In-Aid to Institutional Libraries			62,609		62,609
Library Construction Reimbursement			2,223,220		2,223,220
Total	\$41,979,103	\$12,384,458	\$11,585,292	\$10,000,000	\$76,086,193

(1) Estimate as of 6/22/16. Subject to change once finalized motor vehicle tax rolls are received from cities and towns and processed in the fall of 2016.

(2) For FY 2014, and in any year thereafter that a municipality is not eligible to receive a distribution under chapter 45-13.2, the distribution that said municipality would have received had it been eligible shall be reappropriated to the immediately following fiscal year, at which time the amount reappropriated shall be distributed to said municipality provided that said municipality has satisfied the eligibility requirements of both the prior fiscal year and the then current fiscal year. In the event that said municipality fails to satisfy the eligibility requirements for the prior and the then current fiscal year by the time that eligibility to receive distributions in the next fiscal year is determined, then the amount that would have been distributed to the municipality for said prior year will be distributed in the month of May among the municipalities that received a distribution in the prior fiscal year, with the share to be received by each municipality calculated in the same manner as distributions were calculated in the prior fiscal year.

Fiscal Year 2017 Enacted Pass Through Aid to Cities & Towns

City or Town	Public Service Corporation Tax	Hotel Tax ⁽¹⁾⁽²⁾	Meals and Beverage Tax ⁽²⁾	FY 2017 Total Shared Taxes State Aid	FY 2017 Total Shared & Appropriated Aid
Barrington	209,719	4,840	183,483	398,042	1,005,799
Bristol	289,577	59,677	448,119	797,373	2,032,318
Burrillville	207,376	1,543	225,587	434,507	945,916
Central Falls	249,834	1,029	134,887	385,751	760,883
Charlestown	100,263	91,778	166,672	358,714	454,033
Coventry	450,490	109,954	447,344	1,007,788	1,496,953
Cranston	1,038,680	17,681	1,951,012	3,007,373	11,270,872
Cumberland	436,817	-	512,209	949,027	1,484,295
East Greenwich	168,882	4,480	688,240	861,602	1,512,294
East Providence	607,219	57,809	1,026,268	1,691,296	3,680,738
Exeter	85,909	514	104,093	190,516	334,713
Foster	59,761	248	18,070	78,080	185,496
Glocester	126,732	3,873	81,879	212,484	393,667
Hopkinton	104,846	953	54,912	160,711	266,303
Jamestown	70,086	58,021	106,505	234,613	371,710
Johnston	373,181	11,474	619,808	1,004,463	1,549,311
Lincoln	274,218	124,518	919,942	1,318,677	1,727,801
Little Compton	44,943	40,638	50,513	136,094	185,387
Middletown	207,028	909,244	741,717	1,857,988	2,068,592
Narragansett	203,230	367,009	664,961	1,235,200	1,449,089
Newport	316,689	2,447,367	2,358,218	5,122,274	6,975,522
New Shoreham	11,497	383,715	361,084	756,296	851,328
North Kingstown	339,927	118,283	578,417	1,036,627	1,517,733
North Providence	414,648	1,029	371,726	787,403	2,402,399
North Smithfield	155,854	4,327	276,302	436,483	693,262
Pawtucket	918,089	64,679	861,293	1,844,060	5,101,923
Portsmouth	223,391	39,705	204,191	467,287	668,887
Providence	2,298,821	2,165,580	5,616,810	10,081,211	48,989,747
Richmond	98,461	5,087	157,029	260,577	353,532
Scituate	134,071	7,416	77,943	219,430	392,581
Smithfield	276,509	182,560	773,057	1,232,126	2,496,977
South Kingstown	393,252	233,690	869,329	1,496,271	2,059,872
Tiverton	203,475	9,739	240,947	454,161	629,416
Warren	135,886	6,384	308,112	450,382	600,349
Warwick	1,056,511	1,255,940	3,029,183	5,341,634	8,758,966
Westerly	292,589	661,737	908,162	1,862,488	2,556,473
West Greenwich	78,764	109,220	155,967	343,951	430,652
West Warwick	372,833	132,307	385,132	890,273	2,176,598
Woonsocket	529,588	63,190	563,603	1,156,381	2,689,200
Subtotal	\$13,559,647	\$9,757,240	\$27,242,729	\$50,559,616	\$123,521,587
Reappropriation of FY 2016					
Funds to be distributed in FY 2017					
Johnston ⁽³⁾					137,340
Statewide Reference Library Resource Grant (Providence)					701,052
Grant-In-Aid to Institutional Libraries					62,609
Library Construction Reimbursement					2,223,220
Total	\$13,559,647	\$9,757,240	\$27,242,729	\$50,559,616	\$126,645,808

(1) Amount includes 1.0% local tax and 25.0% local share of state 5.0% tax on traditional lodging rentals and the lodging tax initiatives enacted by the General Assembly.

(2) Hotel Tax and Meals & Beverage Tax are estimated and subject to change.

(3) For FY 2014, and in any year thereafter that a municipality is not eligible to receive a distribution under chapter 45-13.2, the distribution that said municipality would have received had it been eligible shall be reappropriated to the immediately following fiscal year, at which time the amount reappropriated shall be distributed to said municipality provided that said municipality has satisfied the eligibility requirements of both the prior fiscal year and the then current fiscal year. In the event that said municipality fails to satisfy the eligibility requirements for the prior and the then current fiscal year by the time that eligibility to receive distributions in the next fiscal year is determined, then the amount that would have been distributed to the municipality for said prior year will be distributed in the month of May among the municipalities that received a distribution in the prior fiscal year, with the share to be received by each municipality calculated in the same manner as distributions were calculated in the prior fiscal year.

Fiscal Year 2017 Revised State Aid to Cities and Towns

City or Town	Payment In Lieu of Tax Exempt Property	Distressed Community Relief Fund	State Library Aid	Motor Vehicle Excise Tax Reimbursement Value of Exemption ⁽¹⁾	FY 2017 Total Appropriated State Aid
Barrington	15,995		374,284	217,477	607,756.36
Bristol	954,792		185,859	94,294	1,234,945
Burrillville	145,198		165,414	200,798	511,410
Central Falls	24,507	223,894	30,523	96,208	375,132
Charlestown			51,221	44,097	95,319
Coventry			244,374	244,791	489,165
Cranston	5,322,139	1,341,001	595,274	1,005,084	8,263,498
Cumberland	135		287,647	247,485	535,268
East Greenwich	434,980		134,295	81,417	650,692
East Providence	248,601	817,097	422,447	501,297	1,989,442
Exeter			52,087	92,110	144,197
Foster			34,462	72,955	107,416
Glocester			78,763	102,420	181,183
Hopkinton			36,298	69,295	105,592
Jamestown			115,055	22,042	137,097
Johnston			122,211	422,637	544,847
Lincoln			210,541	198,583	409,124
Little Compton			36,397	12,896	49,293
Middletown			147,598	63,006	210,603
Narragansett			153,079	60,810	213,889
Newport	1,357,719		417,539	77,989	1,853,247
New Shoreham			88,318	6,714	95,032
North Kingstown	1,737		293,678	185,691	481,106
North Providence		1,032,992	192,234	389,770	1,614,996
North Smithfield			78,789	177,990	256,780
Pawtucket	554,958	1,523,936	384,468	794,500	3,257,863
Portsmouth			116,931	84,669	201,600
Providence	30,137,743	5,604,286	1,284,092	1,882,415	38,908,536
Richmond			27,268	65,687	92,955
Scituate			104,517	68,633	173,151
Smithfield	710,097		298,995	255,759	1,264,851
South Kingstown	198,218		225,653	139,730	563,601
Tiverton			116,085	59,170	175,255
Warren			57,784	92,183	149,967
Warwick	1,712,951		739,844	964,536	3,417,332
Westerly	159,333		318,145	216,507	693,985
West Greenwich			32,312	54,390	86,702
West Warwick		891,916	162,630	231,779	1,286,325
Woonsocket		949,336	181,300	402,183	1,532,819
Subtotal	\$41,979,103	\$12,384,458	\$8,598,411	\$10,000,000	\$72,961,972
Reappropriation of FY 2016 Funds to be distributed in FY 2017					
Johnston ⁽²⁾					137,340
Statewide Reference Library Resource Grant			701,052		701,052
Grant-In-Aid to Institutional Libraries			62,609		62,609
Library Construction Reimbursement			2,223,220		2,223,220
Total	\$41,979,103	\$12,384,458	\$11,585,292	\$10,000,000	\$76,086,193

(1) Estimate as of 6/22/16. Subject to change once finalized motor vehicle tax rolls are processed in the spring of 2017.

(2) For FY 2014, and in any year thereafter that a municipality is not eligible to receive a distribution under chapter 45-13.2, the distribution that said municipality would have received had it been eligible shall be reappropriated to the immediately following fiscal year, at which time the amount reappropriated shall be distributed to said municipality provided that said municipality has satisfied the eligibility requirements of both the prior fiscal year and the then current fiscal year. In the event that said municipality fails to satisfy the eligibility requirements for the prior and the then current fiscal year by the time that eligibility to receive distributions in the next fiscal year is determined, then the amount that would have been distributed to the municipality for said prior year will be distributed in the month of May among the municipalities that received a distribution in the prior fiscal year, with the share to be received by each municipality calculated in the same manner as distributions were calculated in the prior fiscal year.

Fiscal Year 2017 Revised Pass Through Aid to Cities & Towns

City or Town	Public Service Corporation Tax	Hotel Tax (1)(2)	Meals and Beverage Tax (2)	FY 2017 Total Shared Taxes State Aid	FY 2017 Total Shared & Appropriated Aid
Barrington	209,719	1,131	182,745	393,595	1,001,351
Bristol	289,577	49,785	472,049	811,411	2,046,356
Burrillville	207,376	-	201,219	408,594	920,004
Central Falls	249,834	125	129,109	379,068	754,201
Charlestown	100,263	59,564	167,344	327,171	422,490
Coventry	450,490	113,054	412,792	976,335	1,465,500
Cranston	1,038,680	19,411	1,898,481	2,956,573	11,220,071
Cumberland	436,817	-	501,532	938,350	1,473,618
East Greenwich	168,882	1,750	717,530	888,162	1,538,854
East Providence	607,219	59,733	1,016,671	1,683,623	3,673,066
Exeter	85,909	62	106,243	192,213	336,410
Foster	59,761	174	18,993	78,928	186,345
Glocester	126,732	2,689	79,817	209,239	390,421
Hopkinton	104,846	1,189	55,281	161,317	266,909
Jamestown	70,086	24,558	97,881	192,526	329,623
Johnston	373,181	9,784	619,224	1,002,189	1,547,037
Lincoln	274,218	120,139	830,688	1,225,044	1,634,168
Little Compton	44,943	7,586	60,643	113,172	162,465
Middletown	207,028	975,936	768,356	1,951,320	2,161,923
Narragansett	203,230	203,610	704,121	1,110,961	1,324,850
Newport	316,689	2,872,545	2,399,673	5,588,908	7,442,155
New Shoreham	11,497	702,190	382,472	1,096,158	1,191,190
North Kingstown	339,927	94,827	588,906	1,023,660	1,504,767
North Providence	414,648	28	368,893	783,570	2,398,566
North Smithfield	155,854	3,742	332,869	492,465	749,244
Pawtucket	918,089	50,975	860,137	1,829,201	5,087,064
Portsmouth	223,391	23,632	243,377	490,400	692,000
Providence	2,298,821	2,270,366	5,570,941	10,140,128	49,048,664
Richmond	98,461	4,579	149,928	252,968	345,923
Scituate	134,071	7,829	67,860	209,760	382,911
Smithfield	276,509	196,653	833,263	1,306,426	2,571,277
South Kingstown	393,252	210,758	883,165	1,487,174	2,050,775
Tiverton	203,475	1,290	239,276	444,041	619,296
Warren	135,886	2,109	377,395	515,390	665,357
Warwick	1,056,511	1,369,291	2,872,428	5,298,230	8,715,562
Westerly	292,589	706,203	924,908	1,923,700	2,617,685
West Greenwich	78,764	120,834	145,540	345,138	431,839
West Warwick	372,833	151,535	368,425	892,793	2,179,118
Woonsocket	529,588	67,917	547,126	1,144,631	2,677,450
Subtotal	\$13,559,647	\$10,507,585	\$27,197,299	\$51,264,531	\$124,226,502
Reappropriation of FY 2016					
Funds to be distributed in FY					
2017					
Johnston (3)					137,340
Statewide Reference Library Resource Grant (Providence)					701,052
Grant-In-Aid to Institutional Libraries					62,609
Library Construction Reimbursement					2,223,220
Total	\$13,559,647	\$10,507,585	\$27,197,299	\$51,264,531	\$127,350,723

(1) Amount includes 1.0% local tax and 25.0% local share of state 5.0% tax on traditional lodging rentals and the lodging tax initiatives enacted by the General Assembly.

(2) Hotel Tax and Meals & Beverage Tax are estimated and subject to change.

(3) For FY 2014, and in any year thereafter that a municipality is not eligible to receive a distribution under chapter 45-13.2, the distribution that said municipality would have received had it been eligible shall be reappropriated to the immediately following fiscal year, at which time the amount reappropriated shall be distributed to said municipality provided that said municipality has satisfied the eligibility requirements of both the prior fiscal year and the then current fiscal year. In the event that said municipality fails to satisfy the eligibility requirements for the prior and the then current fiscal year by the time that eligibility to receive distributions in the next fiscal year is determined, then the amount that would have been distributed to the municipality for said prior year will be distributed in the month of May among the municipalities that received a distribution in the prior fiscal year, with the share to be received by each municipality calculated in the same manner as distributions were calculated in the prior fiscal year.

Changes in Formula Aid - FY 2017 Revised vs. FY 2017 Enacted

City or Town	Payment In Lieu of Tax Exempt Property	Distressed Community Relief Fund	State Library Aid	Motor Vehicle Excise Tax Reimbursement Value of Exemption ⁽¹⁾	Total Appropriated Difference
Barrington	-	-	-	-	-
Bristol	-	-	-	-	-
Burrillville	-	-	-	-	-
Central Falls	-	-	-	-	-
Charlestown	-	-	-	-	-
Coventry	-	-	-	-	-
Cranston	-	-	-	-	-
Cumberland	-	-	-	-	-
East Greenwich	-	-	-	-	-
East Providence	-	-	-	-	-
Exeter	-	-	-	-	-
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	-	-	-	-	-
Lincoln	-	-	-	-	-
Little Compton	-	-	-	-	-
Middletown	-	-	-	-	-
Narragansett	-	-	-	-	-
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	-	-	-	-
North Providence	-	-	-	-	-
North Smithfield	-	-	-	-	-
Pawtucket	-	-	-	-	-
Portsmouth	-	-	-	-	-
Providence	-	-	-	-	-
Richmond	-	-	-	-	-
Scituate	-	-	-	-	-
Smithfield	-	-	-	-	-
South Kingstown	-	-	-	-	-
Tiverton	-	-	-	-	-
Warren	-	-	-	-	-
Warwick	-	-	-	-	-
Westerly	-	-	-	-	-
West Greenwich	-	-	-	-	-
West Warwick	-	-	-	-	-
Woonsocket	-	-	-	-	-
Subtotal	\$0	\$0	\$0	\$0	\$0
Reappropriation of FY 2016					
Funds to be distributed in FY 2017					
Johnston (2)					-
Statewide Reference Library Resource Grant			-		-
Grant-In-Aid to Institutional Libraries			-		-
Library Construction Reimbursement			-		-
Total	\$0	\$0	\$0	\$0	\$0

(1) Estimate as of 6/22/16. Subject to change once finalized motor vehicle tax rolls are processed in the spring of 2017.

(2) For FY 2014, and in any year thereafter that a municipality is not eligible to receive a distribution under chapter 45-13.2, the distribution that said municipality would have received had it been eligible shall be reappropriated to the immediately following fiscal year, at which time the amount reappropriated shall be distributed to said municipality provided that said municipality has satisfied the eligibility requirements of both the prior fiscal year and the then current fiscal year. In the event that said municipality fails to satisfy the eligibility requirements for the prior and the then current fiscal year by the time that eligibility to receive distributions in the next fiscal year is determined, then the amount that would have been distributed to the municipality for said prior year will be distributed in the month of May among the municipalities that received a distribution in the prior fiscal year, with the share to be received by each municipality calculated in the same manner as distributions were calculated in the prior fiscal year.

Changes in Pass Through and All Aid - FY 2017 Revised vs. FY 2017 Enacted

City or Town	Public Service Corporation Tax	Hotel Tax (1)(2)	Meals and Beverage Tax (2)	Total Pass Through State Aid Difference	Total All State Aid Difference
Barrington	-	(3,709)	(739)	(4,448)	(4,448)
Bristol	-	(9,892)	23,930	14,038	14,038
Burrillville	-	(1,543)	(24,369)	(25,912)	(25,912)
Central Falls	-	(904)	(5,779)	(6,682)	(6,682)
Charlestown	-	(32,214)	671	(31,543)	(31,543)
Coventry	-	3,100	(34,553)	(31,453)	(31,453)
Cranston	-	1,730	(52,531)	(50,801)	(50,801)
Cumberland	-	-	(10,677)	(10,677)	(10,677)
East Greenwich	-	(2,730)	29,290	26,560	26,560
East Providence	-	1,924	(9,597)	(7,672)	(7,672)
Exeter	-	(452)	2,150	1,697	1,697
Foster	-	(74)	923	849	849
Glocester	-	(1,184)	(2,062)	(3,246)	(3,246)
Hopkinton	-	236	369	606	606
Jamestown	-	(33,463)	(8,624)	(42,087)	(42,087)
Johnston	-	(1,690)	(584)	(2,274)	(2,274)
Lincoln	-	(4,379)	(89,254)	(93,633)	(93,633)
Little Compton	-	(33,052)	10,130	(22,922)	(22,922)
Middletown	-	66,692	26,640	93,332	93,332
Narragansett	-	(163,398)	39,160	(124,239)	(124,239)
Newport	-	425,179	41,455	466,633	466,633
New Shoreham	-	318,474	21,388	339,862	339,862
North Kingstown	-	(23,456)	10,489	(12,966)	(12,966)
North Providence	-	(1,001)	(2,833)	(3,833)	(3,833)
North Smithfield	-	(584)	56,566	55,982	55,982
Pawtucket	-	(13,703)	(1,156)	(14,859)	(14,859)
Portsmouth	-	(16,074)	39,186	23,112	23,112
Providence	-	104,786	(45,869)	58,917	58,917
Richmond	-	(508)	(7,101)	(7,609)	(7,609)
Scituate	-	412	(10,083)	(9,671)	(9,671)
Smithfield	-	14,093	60,206	74,299	74,299
South Kingstown	-	(22,933)	13,835	(9,097)	(9,097)
Tiverton	-	(8,449)	(1,671)	(10,120)	(10,120)
Warren	-	(4,275)	69,282	65,007	65,007
Warwick	-	113,352	(156,755)	(43,404)	(43,404)
Westerly	-	44,466	16,746	61,212	61,212
West Greenwich	-	11,614	(10,427)	1,187	1,187
West Warwick	-	19,228	(16,708)	2,520	2,520
Woonsocket	-	4,726	(16,477)	(11,751)	(11,751)
Subtotal	\$0	\$750,345	(\$45,430)	\$704,915	\$704,915
Reappropriation of FY 2016 Funds to be distributed in FY 2017 Johnston (3)					-
Statewide Reference Library Resource Grant (Providence)					-
Grant-In-Aid to Institutional Libraries					-
Library Construction Reimbursement					-
Total	\$0	\$750,345	(\$45,430)	\$704,915	\$704,915

(1) Amount includes 1.0% local tax and 25.0% local share of state 5.0% tax on traditional lodging rentals and the lodging tax initiatives enacted by the General Assembly.

(2) Hotel Tax and Meals & Beverage Tax are estimated and subject to change.

(3) For FY 2014, and in any year thereafter that a municipality is not eligible to receive a distribution under chapter 45-13.2, the distribution that said municipality would have received had it been eligible shall be reappropriated to the immediately following fiscal year, at which time the amount reappropriated shall be distributed to said municipality provided that said municipality has satisfied the eligibility requirements of both the prior fiscal year and the then current fiscal year. In the event that said municipality fails to satisfy the eligibility requirements for the prior and the then current fiscal year by the time that eligibility to receive distributions in the next fiscal year is determined, then the amount that would have been distributed to the municipality for said prior year will be distributed in the month of May among the municipalities that received a distribution in the prior fiscal year, with the share to be received by each municipality calculated in the same manner as distributions were calculated in the prior fiscal year.

Fiscal Year 2018 Proposed State Aid to Cities and Towns

City or Town	Payment In Lieu of Tax Exempt Property	Distressed Community Relief Fund	State Library Aid	Motor Vehicle Excise Tax Reimbursement Value of Exemption ⁽¹⁾	FY 2018 Total Appropriated State Aid
Barrington	16,157		380,070	217,477	613,704.16
Bristol	1,035,981		187,103	94,294	1,317,378
Burrillville	97,322		170,118	200,798	468,238
Central Falls	25,295	225,398	27,075	96,208	373,976
Charlestown			50,815	44,097	94,912
Coventry			238,140	244,791	482,931
Cranston	5,287,952	1,341,001	582,746	1,005,084	8,216,783
Cumberland	135		285,364	247,485	532,984
East Greenwich	459,869		132,321	81,417	673,607
East Providence	243,053		415,613	501,297	1,159,963
Exeter			52,931	92,110	145,041
Foster			34,371	72,955	107,326
Glocester			77,938	102,420	180,358
Hopkinton			35,323	69,295	104,618
Jamestown			126,828	22,042	148,870
Johnston		601,333	124,168	422,637	1,148,138
Lincoln			203,414	198,583	401,997
Little Compton			35,067	12,896	47,963
Middletown			145,593	63,006	208,599
Narragansett			191,652	60,810	252,462
Newport	1,405,248		411,403	77,989	1,894,640
New Shoreham			74,303	6,714	81,017
North Kingstown	1,712		282,085	185,691	469,488
North Providence		1,030,137	202,114	389,770	1,622,021
North Smithfield			78,305	177,990	256,295
Pawtucket	554,958	1,539,903	409,155	794,500	3,298,516
Portsmouth			113,853	84,669	198,522
Providence	33,303,459	5,797,634	1,265,199	1,882,415	42,248,707
Richmond			26,001	65,687	91,688
Scituate			104,815	68,633	173,448
Smithfield	718,669		294,639	255,759	1,269,067
South Kingstown	204,036		218,810	139,730	562,576
Tiverton			123,043	59,170	182,213
Warren			56,598	92,183	148,781
Warwick	1,690,561		739,962	964,536	3,395,059
Westerly	161,199		318,791	216,507	696,497
West Greenwich			33,299	54,390	87,689
West Warwick		924,370	162,506	231,779	1,318,655
Woonsocket		924,681	186,880	402,183	1,513,744
Subtotal	\$45,205,606	\$12,384,458	\$8,598,411	\$10,000,000	\$76,188,475
Statewide Reference Library Resource Grant			701,052		701,052
Grant-In-Aid to Institutional Libraries			62,609		62,609
Library Construction Reimbursement			2,322,059		2,322,059
Total	\$45,205,606	\$12,384,458	\$11,684,131	\$10,000,000	\$79,274,195

(1) Estimate as of 1/6/17. Subject to change once finalized motor vehicle tax rolls are received from cities and towns and processed in the fall of 2017.

Fiscal Year 2018 Proposed Pass Through Aid to Cities & Towns

City or Town	Public Service Corporation Tax ⁽¹⁾	Hotel Tax ^{(2) (3)}	Meals and Beverage Tax ⁽³⁾	FY 2018 Total Shared Taxes State Aid	FY 2018 Total Shared & Appropriated Aid
Barrington	209,719	1,131	194,161	405,011	1,018,715
Bristol	289,577	53,444	501,539	844,560	2,161,938
Burrillville	207,376	-	213,789	421,165	889,403
Central Falls	249,834	125	137,175	387,134	761,110
Charlestown	100,263	59,523	177,798	337,584	432,496
Coventry	450,490	116,310	438,580	1,005,379	1,488,311
Cranston	1,038,680	19,577	2,017,085	3,075,342	11,292,126
Cumberland	436,817	-	532,865	969,682	1,502,667
East Greenwich	168,882	1,160	762,356	932,398	1,606,006
East Providence	607,219	59,170	1,080,186	1,746,574	2,906,537
Exeter	85,909	28	112,880	198,816	343,857
Foster	59,761	182	20,180	80,123	187,449
Glocester	126,732	2,805	84,803	214,341	394,698
Hopkinton	104,846	1,209	58,735	164,790	269,407
Jamestown	70,086	24,426	103,996	198,509	347,379
Johnston	373,181	10,256	657,909	1,041,345	2,189,483
Lincoln	274,218	125,321	882,583	1,282,122	1,684,119
Little Compton	44,943	7,593	64,431	116,968	164,931
Middletown	207,028	987,413	816,358	2,010,799	2,219,398
Narragansett	203,230	206,281	748,109	1,157,621	1,410,082
Newport	316,689	2,876,320	2,549,588	5,742,597	7,637,238
New Shoreham	11,497	716,245	406,366	1,134,108	1,215,124
North Kingstown	339,927	98,053	625,697	1,063,677	1,533,165
North Providence	414,648	12	391,939	806,600	2,428,621
North Smithfield	155,854	3,925	353,664	513,443	769,738
Pawtucket	918,089	49,731	913,872	1,881,692	5,180,208
Portsmouth	223,391	24,415	258,582	506,388	704,910
Providence	2,298,821	2,314,376	5,918,974	10,532,171	52,780,879
Richmond	98,461	4,803	159,294	262,558	354,246
Scituate	134,071	7,866	72,100	214,037	387,485
Smithfield	276,509	202,292	885,319	1,364,121	2,633,188
South Kingstown	393,252	215,664	938,339	1,547,254	2,109,830
Tiverton	203,475	1,290	254,224	458,989	641,202
Warren	135,886	937	400,972	537,795	686,576
Warwick	1,056,511	1,386,595	3,051,877	5,494,983	8,890,043
Westerly	292,589	731,517	982,690	2,006,796	2,703,292
West Greenwich	78,764	124,254	154,633	357,650	445,339
West Warwick	372,833	156,602	391,441	920,876	2,239,531
Woonsocket	529,588	69,712	581,307	1,180,607	2,694,351
Subtotal	\$13,559,647	\$10,660,564	\$28,896,396	\$53,116,606	\$129,305,081
Statewide Reference Library Resource Grant (Providence)					701,052
Grant-In-Aid to Institutional Libraries					62,609
Library Construction Reimbursement					2,322,059
Total	\$13,559,647	\$10,660,564	\$28,896,396	\$53,116,606	\$132,390,801

(1) Estimate as of 1/6/17 based on FY 2017 data and will change once 12/31/16 data is received and processed in the spring of 2017.

(2) Amount includes 1.0% local tax and 25.0% local share of state 5.0% tax on traditional lodging rentals and the lodging tax initiatives enacted by the General Assembly.

(3) Hotel Tax and Meals & Beverage Tax are estimated and subject to change.

Changes in Formula Aid - FY 2018 Proposed vs. FY 2017 Revised

City or Town	Payment In Lieu of Tax Exempt Property	Distressed Community Relief Fund	State Library Aid	Motor Vehicle Excise Tax Reimbursement Value of Exemption ⁽¹⁾	Total Appropriated Difference
Barrington	162	-	5,786	-	5,948
Bristol	81,189	-	1,244	-	82,433
Burrillville	(47,876)	-	4,704	-	(43,172)
Central Falls	788	1,504	(3,448)	-	(1,156)
Charlestown	-	-	(406)	-	(406)
Coventry	-	-	(6,234)	-	(6,234)
Cranston	(34,187)	-	(12,528)	-	(46,715)
Cumberland	-	-	(2,283)	-	(2,283)
East Greenwich	24,889	-	(1,974)	-	22,915
East Providence	(5,548)	(817,097)	(6,834)	-	(829,479)
Exeter	-	-	844	-	844
Foster	-	-	(91)	-	(91)
Glocester	-	-	(825)	-	(825)
Hopkinton	-	-	(975)	-	(975)
Jamestown	-	-	11,773	-	11,773
Johnston	-	601,333	1,957	-	603,290
Lincoln	-	-	(7,127)	-	(7,127)
Little Compton	-	-	(1,330)	-	(1,330)
Middletown	-	-	(2,005)	-	(2,005)
Narragansett	-	-	38,573	-	38,573
Newport	47,529	-	(6,136)	-	41,393
New Shoreham	-	-	(14,015)	-	(14,015)
North Kingstown	(25)	-	(11,593)	-	(11,618)
North Providence	-	(2,855)	9,880	-	7,025
North Smithfield	-	-	(484)	-	(484)
Pawtucket	-	15,967	24,687	-	40,654
Portsmouth	-	-	(3,078)	-	(3,078)
Providence	3,165,716	193,348	(18,893)	-	3,340,172
Richmond	-	-	(1,267)	-	(1,267)
Scituate	-	-	298	-	298
Smithfield	8,572	-	(4,356)	-	4,216
South Kingstown	5,818	-	(6,843)	-	(1,025)
Tiverton	-	-	6,958	-	6,958
Warren	-	-	(1,186)	-	(1,186)
Warwick	(22,390)	-	118	-	(22,272)
Westerly	1,866	-	646	-	2,512
West Greenwich	-	-	987	-	987
West Warwick	-	32,454	(124)	-	32,330
Woonsocket	-	(24,655)	5,580	-	(19,075)
Subtotal	\$3,226,503	\$0	\$0	\$0	\$3,226,503
Reappropriation of FY 2016 Funds to be distributed in FY 2017					
Johnston (2)					(137,340)
Statewide Reference Library Resource Grant			-		-
Grant-In-Aid to Institutional Libraries			-		-
Library Construction Reimbursement			98,839		98,839
Total	\$3,226,503	\$0	\$98,839	\$0	\$3,188,002

(1) Estimate as of 1/6/17. Subject to change once finalized motor vehicle tax rolls are received from cities and towns and processed in the fall of 2017.

(2) For FY 2014, and in any year thereafter that a municipality is not eligible to receive a distribution under chapter 45-13.2, the distribution that said municipality would have received had it been eligible shall be reappropriated to the immediately following fiscal year, at which time the amount reappropriated shall be distributed to said municipality provided that said municipality has satisfied the eligibility requirements of both the prior fiscal year and the then current fiscal year. In the event that said municipality fails to satisfy the eligibility requirements for the prior and the then current fiscal year by the time that eligibility to receive distributions in the next fiscal year is determined, then the amount that would have been distributed to the municipality for said prior year will be distributed in the month of May among the municipalities that received a distribution in the prior fiscal year, with the share to be received by each municipality calculated in the same manner as distributions were calculated in the prior fiscal year.

Changes in Pass Through and All Aid - FY 2018 Proposed vs. FY 2017 Revised

City or Town	Public Service Corporation Tax (1)	Hotel Tax (2) (3)	Meals and Beverage Tax (3)	Total Pass Through State Aid Difference	Total All State Aid Difference
Barrington	-	-	11,417	11,417	17,364
Bristol	-	3,659	29,490	33,149	115,582
Burrillville	-	-	12,571	12,571	(30,601)
Central Falls	-	-	8,066	8,066	6,910
Charlestown	-	(41)	10,454	10,413	10,007
Coventry	-	3,256	25,788	29,044	22,811
Cranston	-	166	118,604	118,770	72,054
Cumberland	-	-	31,332	31,332	29,049
East Greenwich	-	(590)	44,826	44,236	67,152
East Providence	-	(564)	63,514	62,951	(766,528)
Exeter	-	(34)	6,637	6,603	7,447
Foster	-	8	1,187	1,195	1,104
Glocester	-	116	4,986	5,102	4,277
Hopkinton	-	19	3,454	3,473	2,498
Jamestown	-	(131)	6,115	5,984	17,756
Johnston	-	471	38,685	39,156	642,446
Lincoln	-	5,183	51,896	57,078	49,952
Little Compton	-	7	3,789	3,796	2,466
Middletown	-	11,477	48,002	59,479	57,474
Narragansett	-	2,671	43,989	46,659	85,232
Newport	-	3,775	149,915	153,690	195,083
New Shoreham	-	14,055	23,894	37,950	23,935
North Kingstown	-	3,226	36,791	40,016	28,399
North Providence	-	(16)	23,046	23,030	30,055
North Smithfield	-	183	20,795	20,978	20,494
Pawtucket	-	(1,245)	53,735	52,491	93,144
Portsmouth	-	784	15,205	15,988	12,910
Providence	-	44,010	348,033	392,043	3,732,215
Richmond	-	224	9,366	9,590	8,323
Scituate	-	38	4,239	4,277	4,575
Smithfield	-	5,639	52,056	57,696	61,912
South Kingstown	-	4,906	55,174	60,080	59,055
Tiverton	-	-	14,948	14,948	21,906
Warren	-	(1,172)	23,577	22,405	21,220
Warwick	-	17,304	179,449	196,753	174,481
Westerly	-	25,314	57,782	83,096	85,608
West Greenwich	-	3,420	9,092	12,512	13,499
West Warwick	-	5,066	23,017	28,083	60,413
Woonsocket	-	1,796	34,181	35,976	16,901
Subtotal	\$0	\$152,979	\$1,699,097	\$1,852,076	\$5,078,579
Reappropriation of FY 2016 Funds to be distributed in FY 2017 Johnston (4)					(137,340)
Statewide Reference Library Resource Grant (Providence)					-
Grant-In-Aid to Institutional Libraries					-
Library Construction Reimbursement					98,839
Total	\$0	\$152,979	\$1,699,097	\$1,852,076	\$5,040,078

(1) Estimate as of 1/6/17 based on FY 2017 data and will change once 12/31/16 data is received and processed in the spring of 2017.

(2) Amount includes 1.0% local tax and 25.0% local share of state 5.0% tax on traditional lodging rentals and the lodging tax initiatives enacted by the General Assembly.

(3) Hotel Tax and Meals & Beverage Tax are estimated and subject to change.

(4) For FY 2014, and in any year thereafter that a municipality is not eligible to receive a distribution under chapter 45-13.2, the distribution that said municipality would have received had it been eligible shall be reappropriated to the immediately following fiscal year, at which time the amount reappropriated shall be distributed to said municipality provided that said municipality has satisfied the eligibility requirements of both the prior fiscal year and the then current fiscal year. In the event that said municipality fails to satisfy the eligibility requirements for the prior and the then current fiscal year by the time that eligibility to receive distributions in the next fiscal year is determined, then the amount that would have been distributed to the municipality for said prior year will be distributed in the month of May among the municipalities that received a distribution in the prior fiscal year, with the share to be received by each municipality calculated in the same manner as distributions were calculated in the prior fiscal year.

Education Aid

Data compiled by the Rhode Island Department of Education

Education Aid to Local Governments

Education Aid to Local Governments totals \$1.171 billion from all sources of funds, of which \$1.138 billion is from general revenue, in the recommended FY 2018 Budget. Total general revenue financed education aid increases by \$45.5 million from the revised FY 2017 Budget, or 4.2 percent. Total Education Aid is defined to include local public schools, School for the Deaf, Davies Career and Technical School, charter schools, Central Falls School District, the Metropolitan Career and Technical School, support for the State's share of Teacher Retirement and School Housing Aid programs, the textbook expansion program, school breakfast program, aid to the recovery high school, and state support for the E-Rate program.

Fiscal year 2018 represents year seven of the education aid funding formula. As of July 1, 2011, education aid to all districts, charter schools, and state schools (Davies and the Met) are formula based. The School for the Deaf is a special education program and the funding method has not changed since it already has a state, federal, and local share. Based on the principle that the money follows the student, the formula was developed with the following guiding principles: (1) build a strong foundation for all children; (2) improve equity among districts and schools; (3) be transparent; and (4) be financially responsible.

The funding formula has been designed to distribute aid based on three key components:

- Core Instructional Amount – (\$9,163 per student in FY 2018) Derived from a regional average of the National Center for Education Statistics (NCES) expenditure data, the core instructional amount is based on cost studies from states that have been deemed by education researchers to be best practice financial models or states. In order to be informed, objective, and geographically sensitive, the formula uses a New England average cost to provide a balanced perspective on what Rhode Island should be spending to provide a high quality of education. The core instruction amount accounts for costs that have the greatest impact on a child's ability to learn, including instruction, instructional support, and leadership costs.
- Student Success Factor – (\$3,665 per student in FY 2018) Provides additional funding to support student needs beyond the core services listed above with the ultimate goal of closing student achievement gaps. Within the formula, each student is entitled to a 40.0 percent student success factor, which is applied to the core instructional amount. This factor is also applied to PK-12 students who are eligible for free and reduced price lunch.
- State Share Ratio – After the core components have been determined, a state share ratio formula is applied to address two key questions: How to account for differences in the revenue-generation capacity of communities and how to allocate funding to communities based on the supports that students need. The state share ratio is dependent on district property values weighted for median family income and students eligible for free and reduced price lunch.

Data plays a crucial role in how education aid is distributed to districts, charter schools, Davies, and the Met. The funding formula incorporates annual data updates including student counts, the core instruction per pupil, the most recently assessed community property values, and the most recent median family income data in order to ensure aid distribution uses the best available data. The formula establishes a platform for creating horizontal equity. It attempts to get a like amount of funding to children who have similar characteristics regardless of where they sit, which in turn gradually rebalances education funding to provide all districts a common level of purchasing power.

In addition, specific categorical funds for certain high-cost items were established outside the formula distribution: high cost special education, career and technical education, early childhood education, transportation for non-public and regional districts, regional district bonuses, and in FY 2017 two new categoricals for English learners and charter density support. A Central Falls Stabilization Fund was also created to assure that appropriate funding is available to support the district, due to concerns regarding

Education Aid to Local Governments

local capacity. According to law, state stabilization funds are only paid upon transfer of a matching amount to the school district by the city. If Central Falls is unable to pay its share, the State will not provide funding under the stabilization fund. In addition, in FY 2017 the Governor created supplemental funds (stabilization funds) for both Davies Career and Technical High School and the Met School, also discussed in further detail below.

Lastly, funding allocations will be phased in over ten years based on a transition model where overfunded districts shall have a level decrease period, while underfunded districts will have a quicker transition of seven years. In FY 2018, the seventh year of formula implementation, the transition periods for underfunded districts will be complete, with three additional years for overfunded districts.

Working Group to Review the Permanent Education Foundation Aid Formula

On October 22, 2015, Governor Gina M. Raimondo issued Executive Order 15-16, establishing the Funding Formula Working Group. The group organized its deliberations around three areas of review: (1) the degree to which the funding formula is meeting the needs of all students and schools, (2) ensuring formula fairness between school types, and (3) the degree to which the formula incorporates best practices in educational funding, efficiency, and innovation. The group issued a draft report on January 14, 2016, including 20 consensus recommendations, with some that would affect the amount of education aid distributed by the state and others that would affect how the local payment of education aid (which is remitted by sending districts to public schools of choice) is calculated.

Conclusions of the Working Group:

English Learners. The working group found that English Learners (ELs) have unique needs and their services are more extensive than general education ones. Further, the group found that while ELs will benefit from additional support through the funding formula, this support should not come at the expense of other educational programs. This led to the establishment of the EL categorical which totals \$2.5 million from general revenue in FY 2018.

Density Aid. The working group found that “fixed and marginal costs are real issues for all schools. Enrollment change affects marginal costs; precipitous or sustained enrollment decline can make this effect significant.” Further, the working group found that student movement to public schools of choice has an effect on school budgets because it results in the transfer of both the state and local funding from the sending school to the new school. This led to the establishment of the Density Aid categorical which totals \$938,900 from general revenue in FY 2018.

High Cost Special Education Categorical. The working group found that “there are wide differences in students’ special education needs and an associated variability in the costs.” Further, the group found that “high-cost special education services have a significant impact on school budgets” and that Rhode Island should consider providing additional support for districts with high-cost special education students. This led to bolstering the High Cost Special Education categorical which totals \$4.5 million in general revenue for FY 2018.

Differences in Expense Profiles of Traditional Districts and Public Schools of Choice. The working group found that “the differences in expenses between charter public schools and traditional districts are largely the result of differences in fundamental nature, regulations, or statute. The differences, in and of themselves, cannot be used as a basis for qualitative judgment of practice.” Further, the group concurred “with the House Study Commission in finding that the critical categories that require adjustment are: (1) pre-school screening and services; (2) ages 18-to-21 pupil services; (3) nonpublic-school services; (4) career & technical education costs; (5) expenses associated with out-of-district placement; (6) retiree health expenses; (7) debt service; and (8) rental costs. The latter two are associated almost exclusively

Education Aid to Local Governments

with charter public schools while the preceding six are associated almost exclusively with traditional districts.” The results of this finding led to the General Assembly passing a new calculation to be used by local districts. Known as “differentiated costs”, local districts are now able to retain either 7.0 percent or a subsequent higher percentage due to the unique costs borne by public schools with respect to charter or state schools.

State School Stabilization Funds. The working group found that “expenditure data indicate that free-standing career & technical education centers unaffiliated with a district are one of the most expensive delivery models. Though more expensive, these centers can provide unique benefits to students.” Towards this end, the Governor recommends categorical Stabilization Funds for the William M. Davies Career and Technical High School and the Metropolitan Regional Career and Technical Center. In FY 2018, the Governor recommends \$3.8 million in total stabilization funding for the two state schools.

The following sections summarize changes to the various aid categories that comprise total FY 2018 Education Aid.

Distributed Aid

Beginning in FY 2012, distributed aid reflects aid to both districts and charter schools as a result of the education aid funding formula. In prior years, charter schools were displayed within the non-distributed aid category of the education aid tables following this section. In FY 2018, total Distributed Education Aid, which includes formula aid to districts, Central Falls, charter schools, and Group Home Aid, increases by \$42.5 million over the revised FY 2017 Budget. The recommended FY 2018 Budget includes a reduction of \$756,863 in Group Home Aid to reflect updated group home bed census figures as of December, 31 2016, when compared to the revised FY 2017 Budget.

One of the primary drivers for the growth in formula aid is the expansion of charter schools. Charter school growth is funded in full in the year of growth, while reductions in the sending communities are spread over the remaining years of transition. Upon full transition, money will follow the student and charter or state school growth will be offset by dollar-for-dollar reductions in the sending communities.

Moreover, the FY 2018 recommendation continues with year five of funding the Urban Collaborative through the funding formula, in accordance with the change made to RIGL §16-3.1-11 in the 2012 Session of the General Assembly. Although this change is revenue neutral to the state, the five current sending communities, Central Falls, Cranston, North Providence, Providence, and Warwick, will see a reduction in state education aid for these 138 students. The Urban Collaborative increases in the Governor’s recommendation by \$275,504 to a total of \$1.4 million in FY 2018. Finally, as required by RIGL 16-7.2-6(d), additional funding for the Central Falls Stabilization Fund is included in the Governor’s FY 2018 Budget. In FY 2018 the Governor recommends \$6.8 million for Central Falls Stabilization Fund, an increase of \$250,726 from the revised FY 2017 Budget, to cover costs outside of those calculated by the education aid funding formula. This is the fourth year that Central Falls receives assistance through this Fund.

State Schools

The State Schools, Davies Career and Technical School, Metropolitan Career and Technical School, and Rhode Island School for the Deaf are collectively financed at \$29.1 million in general revenue for FY 2018 (including the proposed stabilization funds for both Davies and the Met), which constitutes an increase of \$868,733 from the revised FY 2017 Budget. Only Davies and the Met fall under the funding formula.

Education Aid to Local Governments

Non-Distributed Aid

Non-distributed aid in FY 2018 increases by \$526,675 from the revised FY 2017 Budget, from \$25.9 million to \$26.4 million. Non-Distributed aid includes the following categories of aid in FY 2018: English learner categorical, density aid, early childhood categorical, transportation categorical, high cost special education categorical, career and technical categorical, nonpublic schools textbook reimbursements, school breakfast funds, recovery high school aid, and the Telecommunications Access (E-Rate) program.

Categorical Funds – Density Aid. The Governor recommends \$938,900 for the density aid categorical, given to districts with greater than or equal to 5.0 percent public school of choice enrollment. This represents a reduction of \$553,325 from general revenue, compared to the FY 2017 enacted (and revised) level. The density aid categorical was designed to decrease over a three year period with a sunset on the completion of FY 2019.

Categorical Funds – English Learners. The Governor recommends \$2.5 million for EL categorical fund, calculated at the level of 10.0 percent of the Core Instruction Amount, applied to students in the most intensive ELs programs. The funds may only be used on evidence-based programs that benefit ELs and its usage will be monitored by the Department of Elementary and Secondary Education. The FY 2018 cost of this categorical is \$2.5 million, which is approximately one-half of the estimated full funding amount. The Governor recommends the permanence of this categorical.

Categorical Funds – High Cost Special Education. The Governor recommends \$4.5 million for the high cost special education categorical fund in FY 2018, consistent with the FY 2017 enacted (and revised) level. The high cost special education categorical provides financial support to districts that are serving students with extraordinary needs.

Categorical Funds – Early Childhood. The Governor recommends \$6.2 million for the early childhood categorical fund in FY 2018, which is \$1.1 million greater than the FY 2017 enacted (and revised) level. The early childhood education categorical is used to increase access to high quality pre-kindergarten programs. Early childhood categorical funds are distributed through a competitive process for high-quality programs. This increase is part of the overall plan to triple the number of state-sponsored high quality pre-kindergarten classrooms by 2019 and leverages \$6.2 million in federal funds.

Categorical Funds – Transportation. The Governor recommends \$6.4 million for the transportation categorical fund in FY 2018, consistent with the FY 2017 enacted (and revised) level. The transportation categorical is used to reimburse districts for a portion of the cost of transporting students outside their districts. Districts must participate in the statewide transportation system to be eligible. Reimbursement for regional district transportation accounts for approximately half of the categorical.

Categorical Funds – Career and Technical. The Governor recommends \$4.5 million for the career and technical categorical fund in FY 2018, consistent with the FY 2017 enacted (and revised) level. The career and technical categorical fund is used to support start-up for new programs and to offset the higher than average per pupil costs associated with existing career and technical programs. Twenty-one LEAs receive funding from this categorical in varying amounts ranging from an annual average of \$405,000 for free-standing centers to an annual average of \$25,000 for single programs embedded in comprehensive high schools.

E-Rate. The Governor recommends \$400,000 from general revenue for the state E-Rate program in FY 2018, consistent with the FY 2017 enacted (and revised) level. This initiative prevents LEAs from having to allocate additional local resources towards internet services in order to maintain current services. The E-Rate program is used to bring Wi-Fi and broadband connectivity to schools.

Education Aid to Local Governments

School Breakfast: Per R.I.G.L. 16-8-10.1, all public schools are required to provide a breakfast program and the Department of Education provides a subsidy for each breakfast served to students. The Governor recommends \$270,000 from general revenue for this purpose in FY 2018, consistent with the enacted (and revised) FY 2017 Budget.

Nonpublic Schools – Textbook Reimbursement: Per R.I.G.L. 16-23-3.1, the Department is required to reimburse LEAs for the cost of providing English/language arts and history/social studies textbooks to students in grades K-12 attending nonpublic schools. The Governor recommends \$240,000 from general revenue for this purpose in FY 2018, consistent with the enacted (and revised) FY 2017 Budget.

Recovery High School. The Governor recommend \$500,000 for the State’s recovery high school, consistent with the enacted (and revised) FY 2017 Budget. The high school provides individualized programs to students recovering form substance abuse, supporting both personal recovery and academic achievement.

Other Aid

Other aid in FY 2018 increases by \$1.6 million from general revenue when compared to the revised FY 2017 Budget, increasing from \$179.1 million to \$180.7 million. Other aid includes School Construction Aid and contributions to the Teacher Retirement program.

School Construction. Within the School Housing Aid program, the Governor recommends FY 2018 appropriations of \$80.0 million from general revenue, comprised of \$70.9 million for the formal School Housing Aid program established by R.I.G.L. 16-7-35, and \$9.1 million for the School Building Authority Fund, established by R.I.G.L. 45-38.2-2. Both subprograms are consistent with the revised FY 2017 Budget.

Teacher Retirement. Within the Teacher Retirement program, the Governor recommends FY 2018 appropriations of \$100.7 million from general revenue, which is \$1.7 million more than the FY 2017 enacted level. Per RIGL 16-16-22, the state funds 40 percent of the employer’s share of retirement contributions on behalf of teachers who are members of the Teacher’s Retirement System.

FY 2018 Education Aid Increases (Decreases) From the Revised FY 2017 Budget (General Revenue)

Formula Aid: \$40,001,065, attributable to the following:

- Formula Aid (Traditional Districts & Charters): \$43,050,368
- Central Falls School District: (\$1,720,444)
- Metropolitan Career and Technical School: (\$625,068)
- Davies Career and Technical School: (\$703,791)

Categorical Funds: \$526,675, attributable to the following:

- Early Childhood: \$1,080,000
- Density Aid – Public School of Choice: (\$553,325)

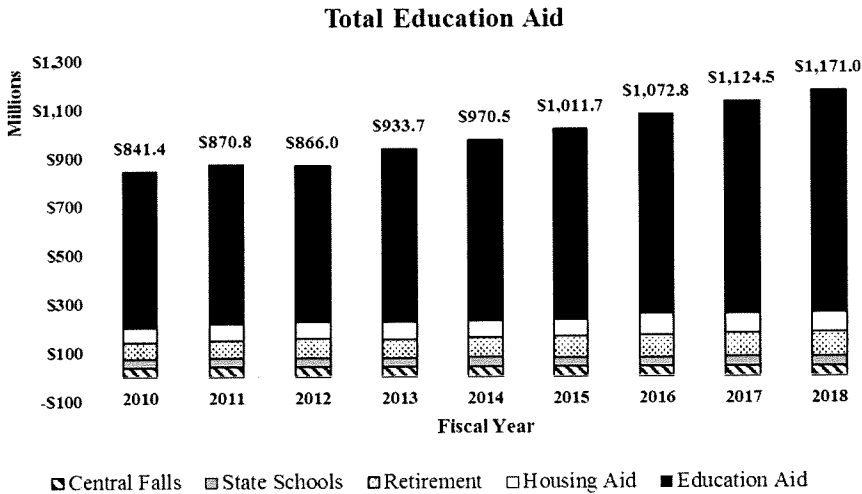
Other changes: \$4,995,303, attributable to the following:

- Davies Supplemental Funding: \$1,471,756
- Met School Supplemental Funding: \$625,068
- Central Falls Transition Fund: \$1,971,170
- Teachers’ Retirement: \$1,583,404
- Group Home Funding: (\$756,863)
- School for the Deaf: \$100,768

Education Aid to Local Governments

Total Education Aid – All Sources of Funds

The following graph displays total school aid from FY 2010 to FY 2018, from all sources of funds. The “Education Aid” component is comprised of all aid categories under the standard Education Aid program. For FY 2012 and on, this includes such items as the Funding Formula Distribution and Group Home Aid. FY 2011 and prior include, but are not limited to, General Aid, Targeted Aid, Charter School Aid, and the Student Investment Initiatives. Other components of total aid include: State Contributions for Teachers’ Retirement; School Housing Aid; Central Falls School District; and State Schools (Davies, Deaf, and the Metropolitan School).



School Construction Aid

School Construction Aid provides school districts and charter schools with a reimbursement for approved and completed school construction, repair, and renovation projects supported by bonds or capital reserve funds. This aid is provided in order to guarantee adequate school housing for all public-school children in the State and to prevent the cost of school housing from interfering with the effective operation of the schools. The program proposes support of school-district building and infrastructure needs based on reimbursement of successfully completed locally funded capital projects. The reimbursement is linked to district wealth, with poorer communities receiving a higher reimbursement than wealthy districts. In FY 2017, these range from 35.0 percent to 96.3 percent. By statute, the charter school construction state reimbursement is set at 30 percent, below the traditional district minimum of 35.0 percent.

From July 1, 2011 through May 1, 2015, there was a moratorium on new approvals with the exception of projects necessitated by immediate health and safety. The moratorium expired on May 1, 2015. There is no additional projected impact for fiscal year 2018 as a result of the ending of the moratorium, as this aid is only paid on projects completed by June 30 of the prior fiscal year. Typically, larger projects take two to four years from approval to completion; thus, any significant impact from lifting the moratorium is not expected until fiscal year 2019 or after.

Education Aid to Local Governments

The 2015 General Assembly established a School Building Authority (SBA) at the Department of Elementary and Secondary Education to ensure equitable and adequate school housing for all public school children. The SBA within the Department oversees and manages the school housing aid program and the SBA capital fund. The fund is administered by the RI Health and Educational Building Corporation (RIHEBC). Upon transfer of the funding from the Department of Elementary and Secondary Education, RIHEBC holds the funds in trust until they are ready for release to the appropriate LEA.

The Governor recommends FY 2018 appropriations of \$80.0 million from general revenue, comprised of \$70.9 million for the formal school housing aid program established by R.I.G.L. 16-7-35, and \$9.1 million for the School Building Authority Fund, established by R.I.G.L. 45-38.2-2, consistent with the enacted (and revised) level in FY 2017.

Teachers' Retirement

RIGL 16-16-22 requires the State of Rhode Island to make contributions to the teacher retirement system. The State shall contribute a percentage of the employer's share, with the school districts contributing the balance. The State's share has varied over the years based upon the total actuarially determined rate of payroll, but since FY 1993 it has been fixed at 40.0 percent, with the municipalities contributing 60.0 percent. Each district receives the same percentage, regardless of district wealth.

The State deferred the State's contributions to Teachers' Retirement in both FY 1991 and FY 1992. Most municipalities also deferred the local portion of teacher retirement contributions for this period. The state deferrals, valued at \$22.4 million in FY 1991 and \$22.2 million in FY 1992, was financed over twenty years, as was the local deferral. The annual calculation applied to the state contribution to Teachers' Retirement included an adjustment to accommodate the deferred liability.

Furthermore, in past fiscal years the municipalities of Burrillville, East Greenwich, Little Compton, New Shoreham, and North Smithfield did not participate in the 1990 early retirement window for teachers and therefore contribute a slightly smaller percentage of teachers' salaries. As of FY 2018, as well as future years, this discrepancy will no longer exist.

The Governor recommends FY 2018 appropriations of \$100.7 million from general revenue for the Teacher's Retirement program, \$1.6 million greater than the enacted (and revised) level in FY 2017.

Education Aid to Local Governments

Contribution Rates for Teachers' Retirement Fund

- Defined Benefit Retirement Plan

	<u>Actuarial Contribution Rate of Payroll</u>	<u>Employer Share</u>			<u>Teacher</u>
		<u>Local (60.0%)*</u>	<u>State (40%)*</u>	<u>Sub Share</u>	
1999	21.02%	6.62%	4.90%	11.52%	9.50%
2000	24.14%	8.43%	6.21%	14.64%	9.50%
2001	21.51%	6.86%	5.15%	12.01%	9.50%
2002	19.45%	5.73%	4.22%	9.95%	9.50%
2003	21.47%	6.93%	5.04%	11.97%	9.50%
2004	23.22%	7.99%	5.73%	13.72%	9.50%
2005	24.34%	8.72%	6.12%	14.84%	9.50%
2006	25.97%	9.72%	6.75%	16.47%	9.50%
2007	29.14%	11.62%	8.02%	19.64%	9.50%
2008	31.51%	13.04%	8.97%	22.01%	9.50%
2009	29.57%	11.89%	8.18%	20.07%	9.50%
2010	28.51%	11.25%	7.76%	19.01%	9.50%
2011	28.51%	11.25%	7.76%	19.01%	9.50%
2012	31.82%	13.23%	9.09%	22.32%	9.50%
2013	23.04%	11.41%	7.88%	19.29%	3.75%
2014	24.43%	12.26%	8.42%	20.68%	3.75%
2015	26.35%	13.41%	9.19%	22.60%	3.75%
2016	26.89%	13.73%	9.41%	23.14%	3.75%
2017	26.88%	13.18%	9.95%	23.13%	3.75%
2018	26.88%	13.24%	9.89%	23.13%	3.75%
2019	27.26%	13.45%	10.06%	23.51%	3.75%

*Adjusted for deferral liability

- Defined Contribution Retirement Plan

<u>Required Contribution</u>		<u>Employer Share*</u>			<u>Teacher Share</u>
<u>Rate of Payroll</u>		<u>Local (60%)</u>	<u>State (40%)</u>	<u>Subtotal</u>	
2017 and 2018	6.0% to 6.5%	0.6% to 0.9%	0.4% to 0.6%	1.0% to 1.5%	5.0%
2017 and 2018 (Non-Social Security-eligible position)	10.0% to 10.5%	2.6% to 2.9%	0.4% to 0.6%	3.0% to 3.5%	7.0%

*For teachers with less than 20 years of service as of June 30, 2012 the employer contribution varies from 1.0% to 1.5% (for Social Security eligible positions). Teachers with 20+ years of service have no further contributions, employer or employee, as of July 1, 2015.

Education Aid to Local Governments

State Contributions for Teacher Retirement

<u>Fiscal Year</u>	<u>State Share</u>
1999 Actual	\$30,202,943
2000 Actual	\$40,719,407
2001 Actual	\$35,365,234
2002 Actual	\$30,652,207
2003 Actual	\$38,242,690
2004 Actual	\$45,039,269
2005 Actual	\$48,503,125
2006 Actual	\$54,537,733
2007 Actual	\$70,286,753
2008 Actual	\$83,028,510
2009 Actual	\$73,592,722
2010 Actual	\$68,550,306
2011 Actual	\$70,286,261
2012 Actual	\$80,385,930
2013 Actual	\$75,777,027
2014 Actual	\$80,351,295
2015 Actual	\$88,625,881
2016 Actual	\$91,610,186
2017 Revised	\$99,076,582
2018 Recommended	\$100,659,986

Explanation of Education Aid Table by LEAs

The following table displays education aid by apportionment among the state's local and regional education agencies. "Distributed LEA Aid" consists of the various categories of aid that are directly distributed to school districts on a regular (usually monthly) basis, including Funding Formula Aid to all districts and charter schools and Group Home Aid. "State Schools" include the Metropolitan School, Davies, and School for the Deaf. "Non-Distributed Aid" includes several categories of aid including the various categorical funds, some of which are distributed on a monthly basis and others that are not distributed in regular intervals, but according to their own set of rules. "Other Aid" consists of allocations for School Housing Aid and State contributions to the Teachers' Retirement Fund.

Education Aid to Local Units of Government

	FY 2017 Revised	FY 2018 Recommend	Difference
Distributed LEA Aid			
Barrington	\$ 5,215,104	\$ 5,140,662	\$ (74,442)
Bristol/Warren	14,848,749	14,426,344	(422,405)
Burrillville	13,064,180	13,461,230	397,050
Central Falls (1)	39,100,578	39,351,304	250,726
Chariho District	153,282	114,962	(38,321)
Charlestown	1,687,921	1,653,819	(34,102)
Coventry	22,803,573	23,679,222	875,649
Cranston	54,874,851	58,205,934	3,331,083
Cumberland	17,659,354	18,516,317	856,963
East Greenwich	2,626,313	2,526,160	(100,153)
East Providence	32,795,264	35,833,412	3,038,148
Exeter/W Greenwich	5,348,737	5,055,987	(292,750)
Foster	1,163,998	1,154,658	(9,340)
Foster/Glocester	4,743,256	4,644,083	(99,173)
Glocester	2,502,877	2,381,051	(121,826)
Hopkinton	5,386,069	5,290,965	(95,104)
Jamestown	438,902	456,869	17,967
Johnston	15,770,318	18,383,733	2,613,415
Lincoln	11,026,313	12,145,000	1,118,687
Little Compton	413,267	397,961	(15,306)
Middletown	8,468,713	8,239,609	(229,104)
Narragansett	2,114,201	2,100,131	(14,070)
New Shoreham	110,826	117,208	6,382
Newport	10,905,411	11,646,067	740,656
North Kingstown	10,846,006	10,695,802	(150,204)
North Providence	19,733,044	21,842,350	2,109,306
North Smithfield	6,068,223	5,969,391	(98,832)
Pawtucket	83,146,873	88,312,842	5,165,969
Portsmouth	4,620,438	4,419,194	(201,244)
Providence	231,757,337	241,729,475	9,972,138
Richmond	4,840,982	4,637,363	(203,619)
Scituate	3,711,978	3,573,621	(138,357)
Smithfield	5,771,607	6,207,913	436,306
South Kingstown	7,247,513	6,769,483	(478,030)
Tiverton	6,230,844	6,477,570	246,726
Warwick	37,775,481	38,579,488	804,007
West Warwick	23,016,375	24,228,708	1,212,333
Westerly	8,724,889	8,970,783	245,894
Woonsocket	56,109,085	58,751,334	2,642,249
Subtotal (1) (2)	\$ 782,822,732	\$ 816,088,002	\$ 33,265,270

Education Aid to Local Units of Government

	FY 2017 Revised		FY 2018 Recommend		Difference
Distributed LEA Aid- Charter Schools					
ACE (Textron)	2,350,612	\$	2,429,807	\$	79,195
Achievement First	7,220,957		9,162,172		1,941,215
Beacon Charter School	2,353,075		2,750,059		396,984
Blackstone Academy	3,107,898		3,686,292		578,394
Compass School	485,495		459,614		(25,881)
Greene School	1,064,990		1,153,580		88,590
Highlander	5,015,986		5,490,953		474,967
Hope Academy	1,027,078		1,392,650		365,572
International Charter School	3,031,448		3,122,371		90,923
Kingston Hill Academy	592,656		577,544		(15,112)
Learning Community	6,121,487		6,228,060		106,574
New England Laborers	1,148,339		1,173,734		25,395
Nowell Academy	1,615,892		2,434,969		819,077
Nurses Institute	2,542,959		2,675,058		132,099
Paul Cuffee Charter School	7,941,388		8,024,610		83,222
RIMA Blackstone Valley	13,436,200		16,096,050		2,659,850
RISE Mayoral Academy	868,551		1,368,632		500,081
Segue Institute for Learning	2,720,353		2,816,751		96,398
Southside Elementary	757,281		1,025,100		267,819
Times 2 Academy	7,545,985		7,661,020		115,035
Trinity Academy	2,187,349		2,213,575		26,226
Village Green	2,041,748		2,238,583		196,835
Subtotal	\$ 75,177,727	\$	84,181,184	\$	9,003,457
Urban Collaborative (RIGL 16-3.1-11)	\$ 1,115,290	\$	1,390,794	\$	275,504
Subtotal	\$ 859,115,749	\$	901,659,980	\$	42,544,231
Non-Distributed Aid					
Textbook Expansion	\$ 240,000	\$	240,000	\$	-
School Breakfast	270,000		270,000		-
Telecommunications Access	400,000		400,000		-
Early Childhood Demonstration	5,160,000		6,240,000		1,080,000
Transportation Categorical	6,351,360		6,351,360		-
High Cost Special Ed Categorical	4,500,000		4,500,000		-
Career and Tech Categorical	4,500,000		4,500,000		-
English Learner Categorical	2,494,939		2,494,939		-
Density Fund - Choice Schools	1,492,225		938,900		(553,325)
Subtotal	\$ 25,408,524	\$	25,935,199	\$	526,675

Education Aid to Local Units of Government

	FY 2017 Revised		FY 2018 Recommend		Difference
State Schools					
Metropolitan School (1)	\$ 9,342,007	\$	9,342,007	\$	-
School for the Deaf	6,259,211		6,359,979		100,768
Davies School (1)	12,590,093		13,358,058		767,965
Subtotal (1)	\$ 28,191,311	\$	29,060,044	\$	868,733
Other Aid					
Teachers' Retirement	\$99,076,582	\$	100,659,986	\$	1,583,404
School Housing Aid (3)	80,000,000		80,000,000		-
Subtotal	\$ 179,076,582	\$	180,659,986	\$	1,583,404
Total	\$ 1,091,792,166	\$	1,137,315,209	\$	45,523,043

(1) Includes Stabilization Funds in FY 2017 of \$6.8 million for Central Falls, \$3.0 million for Davies, and \$0.8 million for the Met.

(2) Non-Charter LEAs include Group Home Aid within district distributed aid.

(3) Includes the School Building Authority Capital Fund