

## **The Role of the RI Department of Education in Determining State Aid to Each School District**

The following questions were posed on December 20, 2009 by LWVRI Education Study Chair Mickie Bonneau and member Janet Carroll to RIDE Senior Finance Officer for Resource Allocation and Management Kristen Cole; she replied as follows on January 5, 2010 with updates on October 4, 2010.

1. What is the process that is used to request state aid for education funds?

The state Budget Office at the Department of Administration (DOA) provides budget instructions each summer (usually in August). Around this time, the Budget Office also provides each agency with budget targets, or projected numbers the agency must stay within. The Department prepares a budget in accordance with these targets that the Board of Regents approves. This budget is then submitted to the state Budget Office in the fall. Although the Regents have latitude to request additional funds or advocate for specific programs, the Governor's budget typically does not vary from the budget targets provided by the state Budget Office.

The Governor recommends a budget to the General Assembly by January 31<sup>st</sup>. The General Assembly then holds hearings on the budget and makes revisions as needed. The final budget is typically enacted in June.

2. Who is legally responsible for making that happen?

The General Assembly is legally responsible for adopting the state's budget.

3. Who decides the amount?

The General Assembly decides the amount.

4. How is the amount determined?

Although the General Assembly requests input from the Governor, his staff, and the Department of Education, the amount is dependent on the availability of funds.

5. What are determining factors in the distribution of state funds?

State aid is distributed per current RI general laws, including the Paul Crowley Student Investment Initiative (RIGL 16-7.1). Since FY 2006, the aid distribution has been frozen at June 30, 2004 levels; therefore, any increases or decreases over the last few years have been applied to general aid and were pro-rated across districts based on their current distribution. Over the last five years, any new education aid funds have been mostly targeted to other special programs to try to improve student achievement, such as an early childhood pre-K pilot program, charter school funding to support school choice, or funds for progressive support and intervention for schools in need of improvement

Beginning July 1, 2011, RI will begin implementing the education funding formula enacted by the General Assembly in June 2010 (RIGL 16-7.2). All current general aid and student investment funds will be collapsed into the formula distributed aid. Changes in aid will be transitioned over a multi-year transition period.

6. Who is accountable for inspecting and auditing state education aid? Is it School Districts, Towns and Cities, and/or RI Dept. of Education?

All school districts and town and cities are required to have annual audits by an independent accounting firm. The state is also inspected/audited by the state's Auditor General and the Bureau of Audits.

7. Is there a relationship between the state aid for education and the state aid to cities?

Not that I'm aware of, but this question is more appropriate for the Office of Municipal Finance at the Department of Administration. <http://www.muni-info.ri.gov/>

8. Do the cities/towns use any of that aid to support education?

Yes.

9. Are they permitted to do this or required or prohibited?

I am not aware of any restrictions, but this question is more appropriate for the Office of Municipal Finance at the Department of Administration. <http://www.muni-info.ri.gov/>

10. What percentage of cuts to education aid has occurred in the last three years and what is projected for next school year?

During the last ten years, education aid had not been reduced until FY 2009. Reductions were implemented in a manner to minimize the impact on districts. First, education aid was reduced by the local savings achieved through the state's pension reform effort, meaning the reduction in aid was offset by an equivalent reduction in teacher retirement expense. In addition, education aid was reduced by the allocation of federal stabilization funds per the American Recovery and Reinvestment Act, meaning the state reduction was offset by an allocation of federal funds. Also, the professional development initiative funding of \$5.8M was also eliminated.

FY 2008 – Level funded

FY 2009 – Approximately 1% decrease (although state revenues were decreased by nearly 11%, these reductions were offset by reductions in teachers' retirement and/or allocations of other revenues, including federal stabilization funds and Twin River gambling funds; thus, the net reduction was about 1%)

FY 2010 – 3% across the board reduction (although state revenues were decreased by nearly 6%, these reductions were offset by reductions in teachers' retirement and/or allocations of other revenues, including federal stabilization funds)

FY 2011 – 3.8% across the board reduction

## BILIOGRAPHY

Cole, Kristen. "Personal Letters" Email to the authors. 20 Dec. 2009, 5 Jan. 2010, 4 Oct. 2010