

## OUTLINE OF THE STATE BUDGET PROCESS FOR EDUCATION AID

by  
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According to William Trimble, Budget Analyst I of the RI Department of Administration's Budget Office; Kristen Cole, RI Department of Education's Senior Financial Officer for Resource Allocation and Management (see II C a); and the RI House Fiscal Advisory Staff's *Rhode Island Education Aid* published in October 2009, local **levels of state aid to education** are determined by the RI General Assembly through the following **chronological budget process**:

**AUGUST:** The state budget office sends a **memo to state agencies** stating how much money is **expected to be available** for state aid to education for the fiscal year starting the following July. **These figures are predicated upon frozen 1998 student population enrollment data** for each school district within the state.

**SEPTEMBER-NOVEMBER:** The Rhode Island Department of Education creates a **budget request** for the coming fiscal year, including education aid to local districts, education aid to charter schools, money for state schools like Met., Davies, Central Falls, and the School for the Deaf, and administrative costs. This budget request includes federal funds as well as state funds, but does not include any funds raised by local communities through property taxes.

State aid is distributed per current RI general laws, including the Paul Crowley Student Investment Initiative (RIGL 16-7.1). **Since FY 2006, the operation aid formula distribution has been frozen at June 30, 2004 levels.** 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 targeted mostly to special programs 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 improvements.

**NOVEMBER:** The RI Department of Education gets **approval for the budget request** from the Board of Regents and **submits it to the state budget office.**

**JANUARY:** **The Governor submits to the General Assembly his budget request** based on the department's requests with his changes.

**JUNE:** **The General Assembly passes the budget with its changes.**

**JULY:** The RI Department of Education sends out a **memo to the local districts** laying out the aid that they will be receiving for the fiscal year just starting.

Note that where revenues fall below the expected level, the Governor and General Assembly may make changes, even mid-year, as has happened in the last two years.

This chronological budget process was updated by Ryan Gardiner, present Budget Analyst of the RI Department of Administration, September 30, 2010.

### **The New Budget Process to Take Effect in the 2012 Fiscal Year**

In the last session, the General Assembly passed an education funding formula that will begin in the 2012 fiscal year. According to RIGL 16-7.2-3, a more transparent, research-validated, equitable mechanism will be implemented for distributing education aid that is linked to empirical data and methods employed by states all over the country. This allows for funding of basic education programs to ensure sufficient resources are available for every student to have an equitable educational opportunity.

A state share ratio calculation will be used to consider a district's revenue generating capacity, taking into account property values, median family income, and the concentration of at-risk students. The new state share ratio is defined in RIGL 16-7-20. The benefits of using this type of calculation are that it will help direct funding to where the greatest student needs are and that it will consider the "concentration effects" of poverty students on local schooling and neighborhood services.

### **Bibliography**

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