

State of Rhode Island and Providence Plantations

Budget



Fiscal Year 2017

Executive Summary

Gina M. Raimondo, Governor

Appendix D

Aid to Schools

Education Aid to Local Governments

Education Aid to Local Governments totals \$1.113 billion from all sources of funds, of which \$1.084 billion is from general revenue, in the recommended FY 2017 Budget. Total general revenue financed education aid increases by \$37.1 million from the revised FY 2016 Budget, or 3.5 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, and state support for the E-Rate program.

Fiscal year 2017 represents year six 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) is 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 – (\$8,979 per student in FY 2017) 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 – (\$3,592 per student in FY 2017) 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, and the most recently assessed community property values and 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 a new English learner categorical. A Central Falls Stabilization Fund was also created to assure that appropriate funding is available to support the district, due to concerns regarding 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

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fund. In addition, in FY 2017 the Governor recommends the creation of supplemental funding 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 2017, the sixth year of formula implementation, the transition periods will be seven years for overfunded districts and two years for underfunded 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.

Based on the recommendations of the working group, the Governor's FY 2017 Budget incorporates the following changes into the funding formula and categorical funds:

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. Towards this end, the Governor recommends the creation of an EL categorical fund, calculated at the level of 0.1 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 RIDE. The FY 2017 cost of this categorical is \$2.5 million, which is approximately one-half of the estimated full funding amount.

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. The working group recommended that Rhode Island consider providing additional support to traditional districts with high percentages of students enrolled in public schools of choice. Towards this end, the Governor recommends the creation of an additional factor to the funding formula which will provide density aid to districts with greater than or equal to 5 percent public school of choice enrollment. The total cost of this additional aid is \$2.6 million in FY 2017, which will provide a net gain of that same amount to six traditional districts.

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. Towards this end, the Governor recommends that the threshold for qualifying for the High Cost Special Education categorical be lowered from five times the core foundation amount (core instruction amount plus student success factor) to four times. The Governor further recommends that the fund be increased from \$2.5 million in FY 2016 to \$4.5 million in FY 2017, an increase of \$2.0 million from general revenue.

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Innovation & Empowerment Fund. The working group found that “there is a need for innovation and the promotion of best practices in education” and recommended that Rhode Island investigate the use of state funding to promote innovation, flexibility, and best practices and to encourage building-level autonomy. Towards this end, the Governor recommends the creation of an Innovation & Empowerment Fund, seeded with an initial appropriation of \$1.0 million in FY 2017. This Fund will be used to provide both planning grants and implementation grants directly to schools. As part of a strategic focus on building-level innovation and empowerment, the planning grants will be the first step toward the establishment of a statewide cohort of innovation and empowerment schools. Planning grants would likely range from \$25,000 - \$50,000 per school and would be used to start community and faculty-wide conversations relating to innovation, autonomy, and empowerment. During the planning period, the school applicants would prepare applications to support larger awards in subsequent years. The innovation and empowerment fund would ultimately deliver funding through a competitive process that results in more significant grants operating on a 3 to 5-year cycle. Once funded, schools would agree to expanded accountability including setting targets for both short-cycle and lagging indicators. Initiatives would be evaluated on criteria that include sustainability, connection to state priorities, commitment to addressing problems related to poverty and the achievement gap, and evidence of willingness to engage in dramatic changes in educational conditions. Chronically underperforming schools may be given a competitive advantage.

In addition to the changes above that affect the total amount of education aid distributed by the state, the Governor’s FY 2017 Budget incorporates changes that affect how the local funding that follows students from traditional districts to public schools of choice is calculated. Changes to the local funding calculation contained within the Governor’s FY 2017 Budget include:

Calculation of Local Funding for Public Schools of Choice. Currently the Department of Elementary and Secondary Education excludes tuition remitted to public schools of choice from the local funding calculation. The result of this exclusion is a reduction to the amount of local funding that follows students to public schools of choice. This does not affect state aid, but instead affects the amount of local funding that follows students from traditional districts to public schools of choice. The Governor recommends that the Department of Elementary and Secondary Education continue this practice while also ensuring that public schools of choice experience no further loss of funds by holding the tuition exclusion at the FY 2015 expenditure level to be utilized for the FY 2017 calculation.

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 with charter public schools while the preceding six are associated almost exclusively with traditional districts.” Accordingly, the Governor recommends an adjustment to the local funding calculation for the net effect of all categories 1-8 listed above. On balance, this calculation results in a gain to traditional districts of \$3.6 million in FY 2017.

Other Proposed Changes that Would Affect the Distribution of Funding: The working group also recommended several proposed changes to statute that would affect the administration of the funding formula. The Governor recommends that as part of the FY 2017 formula revisions the following recommendations should be included in statute:

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1. *Maintenance-of-Effort Language Revisions*: Strengthening the maintenance-of-effort language to account for reasonable factors such as inflation and enrollment increases. The working group found that “In the last five years, some communities have maintained low levels of investment in public education”, and that current maintenance-of-effort language has not required local districts to maintain sufficient local aid appropriations. In certain communities, this lack of maintenance-of-effort has resulted in an erosion of funding for educational programs.

2. *Regular Review of the Formula*: Language regarding the funding formula should be reviewed on a standard interval to ensure that it is performing as intended and at optimum levels. The working group found that regular and public review of the funding formula is necessary to include in statute to ensure that it is functioning as intended. Towards this end, the Governor recommends that the formula be reviewed at a regular interval of no longer than every five years.

3. *William M. Davies Career and Technical High School and the Metropolitan Regional Career and Technical Center*: 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 2017, the Governor recommends \$2.0 million in stabilization funding for Davies and \$297,135 in stabilization funding for the Met.

Other Proposed Changes that Will Affect the Funding Formula

In addition to the changes described above resulting from the deliberations of the Funding Formula Working Group, the Governor recommends the removal of language enabling “career technical charter public schools” to bill districts of residence for special education costs in addition to the receiving the state and local share. Though not explicitly discussed by the working group, this proposed change will improve the overall fairness and efficiency of the funding formula’s distribution of resources between school types.

The following sections summarize changes to the various aid categories that comprise total FY 2017 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 2017, total Distributed Education Aid, which includes formula aid to districts, Central Falls, charter schools, and Group Home Aid, increases by \$31.7 million over the revised FY 2016 Budget. Further, the Governor recommends that R.I.G.L. 16-7.2-7c be repealed, which results in cost avoidance totaling \$2.5 million from general revenue in FY 2017. R.I.G.L. 16-7.2-7c requires that increases in aid due to the conversion of kindergarten students from 0.5 full time equivalents to 1.0 full time equivalents be funded at the fully transitioned value of the formula beginning in FY 2017. Repealing this statute will treat all classrooms equally, consistent with the formula transition plan outlined in R.I.G.L. 16-7.2-7. Because FY 2017 would have been the first year this aid would have been required, the repeal results in a cost avoidance and not a reduction from the FY 2016 enacted level. Lastly, the recommended FY 2017 Budget includes a reduction of \$1.3 million in Group Home Aid to reflect updated group home bed census figures as of December, 31 2015.

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

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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 2017 recommendation continues with year four 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 137 students. The Urban Collaborative increases in the Governor's recommendation by \$285,505 to a total of \$1,141,708 in FY 2017. 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 2017 Budget. In FY 2017 the Governor recommends \$4.6 million for Central Falls Stabilization Fund, an increase of \$912,961 from the revised FY 2016 Budget, to cover costs outside of those calculated by the education aid funding formula. This is the third 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 \$28.9 million in general revenue for FY 2017 (including the proposed stabilization funds for both Davies and the Met), which constitutes an increase of \$1.1 million from the revised FY 2016 Budget. Only Davies and the Met fall under the funding formula.

Non-Distributed Aid

Non-distributed aid in FY 2017 increases by \$8.9 million from the revised FY 2016 Budget, from \$15.1 million to \$24.1 million. Non-Distributed aid includes the following categories of aid in FY 2017: 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, and the Telecommunications Access (E-Rate) program.

Density Aid. The Governor recommends the creation of an additional factor to the funding formula which will provide density aid to districts with greater than or equal to 5 percent public school of choice enrollment. The total cost of this additional aid is \$2.6 million in FY 2017, which will provide a net gain of that same amount to six traditional districts.

Categorical Funds – English Learners. The Governor recommends the creation of an EL categorical fund, calculated at the level of 0.1 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 2017 cost of this categorical is \$2.5 million, which is approximately one-half of the estimated full funding amount.

Categorical Funds – High Cost Special Education. The Governor recommends \$4.5 million for the high cost special education categorical fund in FY 2017, \$2.0 million greater than the FY 2016 enacted (and revised) level. The high cost special education categorical provides financial support to districts that are serving students with extraordinary needs. The Governor also recommends that the threshold for qualifying for the High Cost Special Education categorical be lowered from five times the core foundation amount (core instruction amount plus student success factor) to four times the core foundation amount.

Categorical Funds – Early Childhood. The Governor recommends \$5.2 million for the early childhood categorical fund in FY 2017, \$1.2 million greater than the FY 2016 enacted level. The early childhood education categorical is used to increase access to high quality pre-kindergarten programs. Early

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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 \$5.8 million in federal funds.

Categorical Funds – Transportation. The Governor recommends \$4.4 million for the transportation categorical fund in FY 2017, consistent with the FY 2016 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 \$3.5 million for the career and technical categorical fund in FY 2017, consistent with the FY 2016 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 \$900,000 from general revenue for the state E-Rate program in FY 2017, \$500,000 greater than the FY 2016 enacted level in order to prevent LEAs from having to allocate additional local resources towards internet services in order to maintain current services. The additional general revenue requirement is attributable to a projected decline in collections to the restricted receipt account that funds this program, combined with an increased state share of e-rate contract expenses. The E-Rate program is used to bring Wi-Fi and broadband connectivity to schools.

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 2017, consistent with the enacted (and revised) FY 2016 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 2017, \$89,291 greater than the revised FY 2016 Budget and consistent with the FY 2016 enacted level.

Other Aid

Other aid in FY 2017 decreases by \$4.6 million from the revised FY 2016 Budget, from \$183.7 million to \$179.1 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 2017 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, \$10.9 million less than the revised FY 2016 Budget.

Teacher Retirement. Within the Teacher Retirement program, the Governor recommends FY 2017 appropriations of \$99.1 million from general revenue, \$6.3 million greater than the FY 2016 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.

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FY 2017 Education Aid Increases (Decreases) From the Revised FY 2016 Budget (General Revenue)

Formula Aid: \$33,516,048, attributable to the following:

- Formula Aid (Traditional Districts & Charters): \$33,695,184
- Density Aid – Public Schools of Choice: \$2,634,492
- Central Falls School District: (\$1,570,730)
- Metropolitan Career and Technical School: (\$631,672)
- Davies Career and Technical School: (\$611,226)

Categorical Funds: \$5,704,939, attributable to the following:

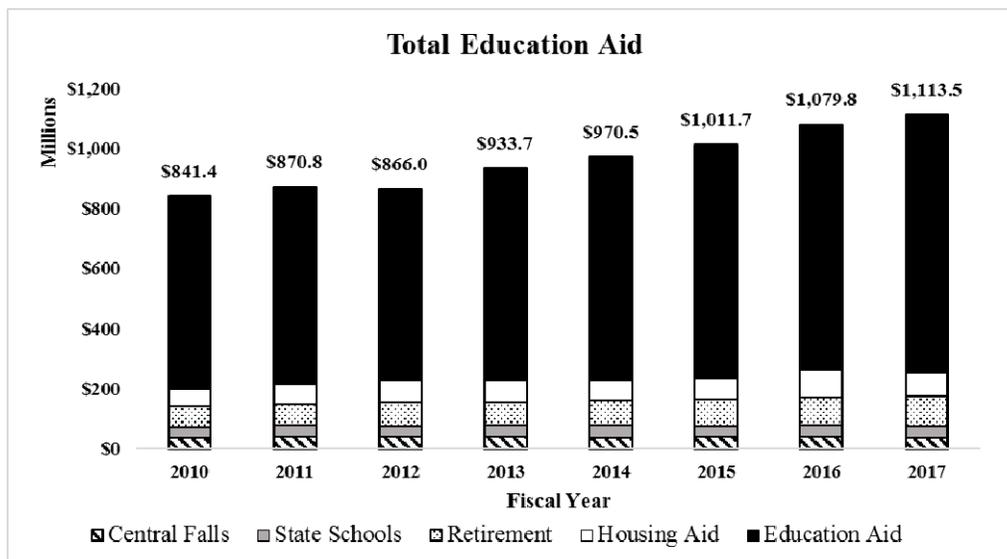
- English Learners: \$2,494,939
- Early Childhood: \$1,210,000
- High Cost Special Ed Categorical: \$2,000,000

Other changes: (\$2,110,650), attributable to the following:

- Davies Supplemental Funding: \$1,969,874
- Met School Supplemental Funding: \$297,135
- Central Falls Transition Fund: \$912,961
- Teachers' Retirement: \$6,270,746
- School Housing Aid: (\$10,907,110)
- Group Home Funding: (\$1,326,100)
- State E-Rate: \$504,374
- Textbooks (Non-Public School Reimbursement): \$89,291
- School for the Deaf: \$78,179

Total Education Aid – All Sources of Funds

The following graph displays total school aid from FY 2010 to FY 2017, 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).



Education Aid to Local Governments

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 2016, these range from 35 percent to 96.1 percent. By statute, the charter school construction state reimbursement is set at 30 percent, below the traditional district minimum of 35 percent.

Since July 1, 2011, there has been 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 projected impact for fiscal year 2017 as aid is paid on projects completed by June 30 of a given 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 2018 or after.

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 shall oversee and manage the school housing aid program and the SBA capital fund. The fund will administered by the RI Health and Educational Building Corporation (RIHEBC). Upon transfer of the funding from the Department of Elementary and Secondary Education, RIHEBC will hold the funds in trust until they are ready for release to the appropriate LEA.

The Governor recommends FY 2017 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, \$10.9 million less than the enacted (and revised) level in FY 2016.

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, is financed over twenty years, as will the local deferral. The annual calculation applied to the state contribution to Teachers' Retirement includes an adjustment to accommodate the deferred liability.

Furthermore, 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 than the ones listed in the tables below.

The Governor recommends FY 2017 appropriations of \$99.1 million from general revenue for the Teacher's Retirement program, \$6.3 million greater than the enacted (and revised) level in FY 2016.

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%

*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>	
2016 and 2017	6.0% to 6.5%	0.6% to 0.9%	0.4% to 0.6%	1.0% to 1.5%	5.0%
2016 and 2017 (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.

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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 Revised	\$92,805,836
2017 Recommended	\$99,076,582

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 2016 Revised	FY 2017 Recommend	Difference
Distributed LEA Aid			
Barrington	\$ 5,040,087	\$ 5,160,756	\$ 120,669
Bristol/Warren	15,420,545	14,869,515	(551,030)
Burrillville	13,266,123	13,087,992	(178,131)
Central Falls (1)	39,520,102	38,862,333	(657,769)
Chariho District	191,602	153,282	(38,320)
Charlestown	1,706,421	1,706,432	11
Coventry (2)	21,860,814	22,659,513	798,699
Cranston (2)	50,401,338	53,793,153	3,391,815
Cumberland	16,552,780	17,448,623	895,843
East Greenwich (2)	2,770,431	2,604,808	(165,623)
East Providence	30,858,956	32,457,129	1,598,173
Exeter/W Greenwich	5,639,937	5,267,288	(372,649)
Foster	1,181,172	1,170,104	(11,068)
Foster/Glocester	4,872,233	4,742,128	(130,105)
Glocester	2,515,667	2,391,385	(124,282)
Hopkinton	5,470,735	5,383,618	(87,117)
Jamestown	438,478	440,769	2,291
Johnston	13,920,605	15,380,303	1,459,698
Lincoln	10,338,259	11,079,870	741,611
Little Compton	398,464	412,188	13,724
Middletown	8,671,430	8,425,943	(245,487)
Narragansett	2,134,161	2,125,658	(8,503)
New Shoreham	85,500	113,440	27,940
Newport	10,586,364	10,590,714	4,350
North Kingstown	10,662,516	10,686,618	24,102
North Providence	18,126,769	19,665,123	1,538,354
North Smithfield	5,784,932	6,104,562	319,630
Pawtucket	78,729,893	82,328,207	3,598,314
Portsmouth	4,748,745	4,566,762	(181,983)
Providence	222,296,542	228,840,432	6,543,890
Richmond	5,063,630	4,854,963	(208,667)
Scituate	3,909,685	3,714,834	(194,851)
Smithfield	5,308,406	5,682,827	374,421
South Kingstown	7,590,805	7,246,330	(344,475)
Tiverton	6,027,039	6,148,224	121,185
Warwick (2)	36,751,529	37,513,617	762,088
West Warwick	21,833,719	22,827,356	993,637
Westerly	8,272,261	8,912,224	639,963
Woonsocket	53,210,783	55,686,816	2,476,033
Subtotal (1)	\$ 752,159,458	\$ 775,105,839	\$ 22,946,381

Education Aid to Local Units of Government

	FY 2016 Revised		FY 2017 Recommend		Difference
Distributed LEA Aid- Charter Schools					
ACE (Textron)	\$ 2,307,902		\$ 2,342,724		\$ 34,822
Achievement First	5,163,546		6,790,273		1,626,727
Beacon Charter School	1,944,354		2,290,265		345,911
Blackstone Academy	2,642,238		3,197,360		555,122
Compass School	509,957		491,445		(18,512)
Greene School	986,606		1,032,675		46,069
Highlander	4,426,538		5,067,184		640,646
Hope Academy	665,193		1,006,034		340,841
International Charter School	3,004,632		3,040,963		36,331
Kingston Hill Academy	604,518		598,534		(5,984)
Learning Community	6,122,713		6,122,454		(259)
New England Laborers	1,180,275		1,112,880		(67,395)
Nowell Academy	1,596,958		2,279,506		682,548
Nurses Institute	2,403,080		2,458,269		55,189
Paul Cuffee Charter School	7,950,707		7,948,330		(2,377)
RIMA Blackstone Valley	11,030,068		13,784,046		2,753,978
RISE Mayoral Academy	440,255		929,484		489,229
Segue Institute for Learning	2,670,896		2,713,573		42,677
Southside Elementary	508,072		766,747		258,675
Times 2 Academy	7,183,575		7,672,198		488,623
Trinity Academy	2,189,101		2,195,763		6,662
Village Green	1,883,074		2,052,980		169,906
Subtotal	\$ 67,414,258		\$ 75,893,687		\$ 8,479,429
Urban Collaborative (RIGL 16-3.1-11)	\$ 856,203		\$ 1,141,708		\$ 285,505
Subtotal	\$ 820,429,919		\$ 852,141,234		\$ 31,711,315
Non-Distributed Aid					
Textbook Expansion	\$ 150,709		\$ 240,000		\$ 89,291
School Breakfast	270,000		270,000		-
Telecommunications Access	395,626		900,000		504,374
Early Childhood Demonstration	3,950,000		5,160,000		1,210,000
Transportation Categorical	4,351,360		4,351,360		-
High Cost Special Ed Categorical	2,500,000		4,500,000		2,000,000
Career and Tech Categorical	3,500,000		3,500,000		-
English Learner Categorical	-		2,494,939		2,494,939
Density Fund - Choice Schools	-		2,634,492		2,634,492
Subtotal	\$ 15,117,695		\$ 24,050,791		\$ 8,933,096

Education Aid to Local Units of Government

	FY 2016 Revised		FY 2017 Recommend		Difference
State Schools					
Metropolitan School (1)	\$ 9,864,425	\$	9,529,888	\$	(334,537)
School for the Deaf	6,248,565		6,326,744		78,179
Davies School (1)	11,640,152		12,998,800		1,358,648
Subtotal (1)	\$ 27,753,142	\$	28,855,432	\$	1,102,290
 Other Aid					
Teachers' Retirement	\$ 92,805,836	\$	99,076,582	\$	6,270,746
School Housing Aid (3)	90,907,110		80,000,000		(10,907,110)
Subtotal	\$ 183,712,946	\$	179,076,582	\$	(4,636,364)
Total	\$ 1,047,013,702	\$	1,084,124,039	\$	37,110,337

(1) Includes Stabilization Funds in FY 2017 of \$4.6 million for Central Falls, \$2.0 million for Davies, and \$0.3 million for the Met.

(2) Assumes full implementation of full-day kindergarten for Coventry, Cranston, East Greenwich, and Warwick pursuant to RIGL 16-99-3(c).

(3) Includes the School Building Authority Capital Fund

