



State of Rhode Island and Providence Plantations
DEPARTMENT OF EDUCATION
Shepard Building
255 Westminster Street
Providence, Rhode Island 02903-3400

Enclosure 7a
October 7, 2013

Deborah A. Gist
Commissioner

TO: Members of the Board of Education

FROM: Deborah A. Gist, Commissioner

RE: Approval of FY 2015 and FY 2014 Revised Budget Submittals

FY 2014 Revised Budget

The FY 2014 revised budget submission contains an overall \$2M reduction in general revenues when compared with the FY 2014 enacted budget. A decrease of \$2.3M in housing aid is partially offset by a \$0.3M increase in Group Home Aid. There are no increases in the FY 2014 Revised Budget.

FY 2015 Current Service Level Budget Submission

The Department's FY 2015 current service level (CSL) budget submission requests a total of \$1.2 billion, including \$1.0 billion in General Revenue expenditures. It includes a \$51.4M increase (5.3%) in General Revenue expenditures from the FY 2014 enacted level. The largest increase is \$38M (74% of the proposed increase) to fund Year 4 of the funding formula and its attendant categorical funds for early learning, career and technical education, transportation, and high cost special education. An increase of \$9.5M in teacher retirement constitutes the second largest increase.

Within the overall increase, the FY 2015 CSL budget also contains approximately \$4.4M to continue the important work of strengthening our schools and the teaching profession. We are seeking \$2.7M to restore Progressive Support and Intervention funds to their previous funding level in order to support the state's most struggling schools. These funds had been eliminated from the Department's budget when it was awarded the Race to the Top funds in 2010. The remaining \$1.3M of the \$4.4M request will allow LEAs continued access to the statewide data systems that support high quality assessments and curriculum; as well as continued support to LEAs in the form of technical assistance, training and mentoring of instructional staff throughout the state. This request of an additional \$4.4M will consist of grant opportunities to the field; software licenses and maintenance fees for statewide instructional technology; and funding for eight positions with General Revenue funds that were not included in the 2014 enacted budget.

Reductions in federal allocations have required the Department to include \$0.3M to fund fractions of key positions which are responsible for some of the important support measures being provided to the LEAs throughout the state. The Department also proposes to once again include \$0.3M to fund two municipal oversight FTEs to conduct financial audits and provide technical assistance related to school financing in distressed communities. The FTE's were included in the 2014 Enacted Budget without funding. The requested increases are partially offset by \$.8M in savings from the original Group Home Aid targets due to data adjustments, and \$0.3M each from the continued phase out of Project Vision at RIC and the elimination of the Channel 36 pass-through grant.

FY 2015 Constrained Budget Submission

In accordance with State Budget Office instructions, the Department has also prepared a FY 2015 constrained budget that achieves \$2.2M in savings from the various Departments within the agency. Other than the \$0.3M for the fractions of positions previously federally funded the constrained budget does not include any of the new requests in the 2015 CSL budget. It does however include all the reductions plus the elimination of the school breakfast administrative support aid, \$0.3M and the elimination of the reimbursement to LEA's for the purchase of nonpublic text books, \$0.2M.

The Department's CSL budget submission for general revenues, when combined with other investments, such as the \$20M for LEA Technology Infrastructure Bond that was included in the Board of Education's Capital Budget, will continue the crucial reform work that is already underway. The budget as a whole furthers the work of the Department's Strategic Plan while acknowledging the continuing deficits at the state level by restraining costs in the Department's operations.

RECOMMENDATION: That, the Rhode Island Board of Education approves the Department of Elementary and Secondary Education's budget requests for FY 2014 Revised and FY 2015 Current Service Level and FY 2015 Constrained, as presented, for transmittal to the Governor for his input and further instruction.



***Rhode Island Department of Elementary and
Secondary Education***

**Board of Education
FY 2014 Revised and FY 2015 Budgets
October 3, 2013**



Budget Submissions

Fiscal 2014 Revised

Fiscal 2015: two budget scenarios

- Current Service Level Budget
- 7% Constrained Budget



2014 General Revenue Revised Budget

The following changes are being requested for the FY 2014 Revised Budget.

- State law allows for an increase in aid for new group home beds. Nineteen beds were opened in 2013: \$285,000 increase
- Delays in school construction projects and refinancing of current bonds are the reasons for the housing aid reduction: \$2,286,468 savings



Summary of 2015 Current Service Level Budget Request

General Revenue Budget Request is \$1,016,110,007:
An overall increase of 5.3%; \$51,403,098.

\$47,768,061 is formula/data driven Budget Office Targets:
The largest increase is the funding formula
\$37,948,994
The second largest Budget Office Target is
Teachers' Retirement: \$9,550,493



Proposed Budget Significant Increases to Current Service Level Budget

- | | |
|--|--------------|
| 1) Strengthening Schools and the Profession (includes PS&I request) | \$ 4,490,000 |
| 2) Dept. of Justice monitoring and Resolution for Sp. Ed. matters | \$ 125,000 |
| 3) Federal Grants funding cliff | \$ 347,000 |
| 4) Funding for Two existing FTEs to conduct audits and provide technical assistance to distressed LEAs consistent with RIGL 16-2-9.4 | \$ 259,000 |

Actual net increase to the 2015 budget is \$3.6M due to various budget reductions.



Strengthening our Schools and the Profession

Accelerating School Performance

- Direct funding and support for state's lowest performing schools
- Supporting connections across districts, schools, and the community
- Innovation and dual language programming

Staff: 2 FTE's \$260,000

Operations : \$2,817.000



Strengthening our Schools and the Profession

Great Teachers and Leaders

- Teacher Induction
- Educator Quality including preparation programs
- State services to support teachers

Staff: 2.5 FTE's \$263,000

Operations: \$305,000



Strengthening our Schools and the Profession

User Friendly Data Systems

- Helpdesk Services
- Maintaining instructional support systems upon which LEAs rely
- Create statewide efficiencies in high need areas

Staff: 3.5 FTE's \$390,000

Operations: \$455,000



Total Proposed 2015 Budget Current Services Level Compared to 2014 Enacted

Funding Source	FY 2014 <u>Enacted</u>	FY 2015 CSL <u>Proposed</u>
• General Revenue	\$ 964,707	\$1,016,110
• Federal Funds	\$ 225,747	\$ 202,364
• Restricted Receipts	\$ 27,659	\$ 28,126
• RICAP	\$ 7,561	\$ 5,258
• Other Funds	<u>\$ 300</u>	<u>\$ 300</u>
• Total	\$1,225,973	\$1,252,159

All numbers in thousands



FY 2015 Constrained Budget

- Constrained Budget requirement is a 7% reduction; \$2,286,586 distributed among the School for the Deaf, ACES, and some parts of Education Aid
- RIDE has consistently achieved significant savings in previous fiscal years by creating efficiencies and eliminating waste which has resulted in the reduction of staff and programs.
- Further reduction of staff and/or program will have a significant negative impact on the department's reform efforts.
- RIDE staff has analyzed the operating budget and is prepared to propose the following reductions to meet the Constrained Budget Target.



Reductions

FY 2015 Constrained Budget

Davies Career and Tech.	\$ 133,333	Formula Adjustment
Group Home Aid	\$ 798,000	Data Adjustment
RI School for the Deaf	\$ 305,000	Personnel
Channel 36 Grant	\$ 300,000	Elimination of pass through grant included in the 2014 budget by the state budget Office
Project Vision	\$ 250,000	Year 2 of a planned three year phase out
School Breakfast	\$ 270,000	Elimination of funds to support the administration of the breakfast program at the schools.
Non Public Text Book	<u>\$ 240,000</u>	Elimination of payments to local school departments for the non public text book loan program.
Total	\$2,296,333	

Appendices

- Summary Chart – Comparison of Current Service Level v. Constrained FY 2015 Budgets
- Detailed Explanation of Education Aid
- Funding Formula – FY 2015 General Revenue Adjustments
- Funding Formula – Categorical Programs
- State Schools – Year 4 of the Funding Formula



Rhode Island Department of Education

Summary – FY 2015 Board of Education

Program	<u>A</u> FY 2014 Enacted Budget	<u>B</u> Budget Office Target Adds/ Data Updates	<u>C</u> Proposed Changes Current Service Level	<u>A+B+C</u> FY 2015 Bd. of Ed. Request Current Service Level	<u>E</u> Proposed Changes Constrained Budget	<u>A+B-E</u> FY 2015 Bd. of Ed. Request Constrained Budget
ACES (Program Operations)	\$19,826,703	\$115,396	\$1,820,982	\$21,763,081	\$(550,000)	\$19,392,099
Davies Career and Technical School	\$12,792,048	(\$430,724)	(\$133,531)	\$12,227,793	\$(133,531)	\$12,227,193
RI School for the Deaf	\$6,070,194	\$65,233	0	\$6,135,427	\$(305,307)	\$5,830,120
Metropolitan Career & Technical School	\$11,085,049	(\$555,294)	\$6,852	\$10,536,607	0	\$10,536,607
Education Aid	\$724,892,567	\$38,573,126	\$1,902,000	\$765,367,693	\$(1,308,000)	\$762,157,693
Central Falls School District	\$38,399,591	\$449,831	\$38,734	\$38,888,156	0	\$38,888,156
School Housing Aid	\$69,949,504	0	0	\$69,949,504	0	\$69,949,504
Teacher's Retirement	\$81,691,253	\$9,550,493	0	\$91,241,746	0	\$91,241,746
Total	\$964,706,909	\$47,768,061	\$3,635,037	\$1,016,110,007	\$(2,296,838)	\$1,010,223,118



Education Aid

Includes funding for local school districts and charter schools, categorical aid, non-public textbooks, school breakfast, and E-rate telecommunications.

The current service level and constrained budgets include a reduction to group home aid of \$798,000 as a result of a data update to comply with RIGL 16-7-22 relating to the calculation of student data used for formula calculations.

The current service level budget requests restoration of the \$2.7M for the progressive support and intervention (PS&I) program, which had been eliminated by the General Assembly when the department received the Race to the Top grant; this request will ensure our lowest performing districts have funding to support their transformation efforts and to support beginning teachers statewide.

The constrained budget proposes the elimination of the non-public textbook reimbursement (\$240,000) and school breakfast subsidy (\$270,000).



Funding Formula

FY 2015 General Revenue Adjustments

Total Funding Formula Aid - FY 2014 Enacted*	\$778,878,255	
Funding Formula Distribution – Year 4 **	\$31,669,342	(4.1% increase)
Full Day Kindergarten Implementation 2014	\$1,361,812	
Categorical Fund Increase	\$3,087,840	
Central Falls Stabilization Funds	<u>\$1,830,000</u>	
FY 2015 Funding Formula Aid – Year 4	\$816,827,249	

* Includes Formula funding for all local districts, all charter schools, and all state schools except for the School for the Deaf. Also includes enacted funding for categorical funds.

** Includes the projected amount needed to accommodate anticipated data updates, including student enrollment changes, the core instruction per pupil, and the state share ratio. Amounts are subject to change with annual spring data updates.



Funding Formula Categorical Programs

Category	FY 2012	FY 2013	FY 2014	FY 2015 Proposed Increase	FY 2015 Projected Total
Transportation	\$1,087,840	\$2,175,680	\$3,263,520	\$1,087,840	\$4,351,360
Regionalization Bonus	\$851,241	\$412,951	\$0	\$0	\$0
Early Childhood	\$0	\$1,450,000	\$1,950,000	\$1,000,000	\$2,950,000
High Cost Special Education	\$0	\$500,000	\$1,000,000	\$500,000	\$1,500,000
Career and Technical Education	\$0	\$3,000,000	\$3,000,000	\$500,000	\$3,500,000
Total	\$1,939,081	\$7,538,631	\$9,213,520	\$3,087,840	\$12,301,360



State Schools

Year 4 of the Funding Formula

FY 2015 is “Year 4” of the funding formula for Central Falls, Davies, and the Met School.

Central Falls will receive a reduction of \$1.3M in state funding plus an increase in payments to charter and state schools of \$0.6M for an overall decrease of \$1,974,472 from their 2014 enacted budget.

The 2015 budget request includes \$1.8M for Central Falls School Department from the Central Falls Stabilization Fund, an aid category established with the new education funding formula; this is the first time these funds will be requested

Davies and Met will be reduced by \$578,251 and \$560,012, respectively, the reductions will be offset by projected local tuitions from the sending communities of \$0.8M and \$1.1M, respectively (net gain projected for both schools – Davies \$179K and Met \$577K).

The School for the Deaf is not part of the funding formula. The budget request for the school in the current service level budget is \$6.1M, consistent with the budget target.