

I. Introduction

RIPEC projects that the State will spend over \$1.8 billion on elementary and secondary education in FY 2004. This is nearly \$630 million more than in FY 1998 – representing an increase of 52.7 percent over this period. This translates into an average annual rate of growth of approximately 7.5 percent. In FY 2004, the State will spend nearly \$11,500 per pupil – nearly 46.0 percent more than it did in FY 1998. Using nationally comparable data, Rhode Island’s per pupil spending ranked 7th highest in the Nation.

Given this level of public investment, the following Rhode Island Public Expenditure Council (RIPEC) report – Education Results 2003 – is intended to provide policymakers, educators and the general public with timely and relevant information concerning the Ocean State’s elementary and secondary education system. This report is intended to provide interested parties with meaningful data and analysis on public school spending and revenue patterns, teacher compensation and student performance. The publication is designed to serve as a research tool to measure how Rhode Island schools are progressing and where increased attention may be warranted.

Public education continues to be at the center of public policy discussions - from public education funding issues to test results. The Federal No Child Left Behind Act and its consequences for states and local school districts have also shaped the public discussion in recent years.

In addition to the Introduction, this report is divided into six parts:

- Section II – RIPEC Comments - Provides RIPEC’s perspective on Rhode Island spending trends and student performance;
- Section III – Executive Summary – Provides an overview of the findings in the Results report;
- Section IV – Student Performance – Evaluates student performance on the Scholastic Assessment Test (SAT), the National Assessment of Educational Progress (NAEP) and Rhode Island’s New Standards Reference Exam (NSRE);
- Section V – School Expenditures – Reviews how Rhode Island’s investments compare with Connecticut and Massachusetts as well as among Rhode Island’s districts.
- Section VI – School Revenues & Tax Burdens – Documents the source and the amount of revenues used to support education and discusses relative tax burdens; and
- Section VII – Student Demographics – Reviews various socio-economic conditions of students among neighboring states and within districts.

A version of this report is also available on RIPEC’s web site – www.ripec.org

II. RIPEC Comments

RIPEC believes that the most critical role of state and local government is to provide a first class public education. As this report documents, Rhode Island is making progress in its battle to improve student performance. However, this progress may be threatened because growth in education spending is outpacing the taxpayers' ability to adequately finance schools.

RIPEC projects that the State will spend over \$1.8 billion on elementary and secondary education in FY 2004. This is nearly \$630 million more than in FY 1998 – representing an increase of 52.7 percent over this period. This translates into an average annual rate of growth of approximately 7.5 percent. In FY 2004, the State will spend nearly \$11,500 per pupil – nearly 46.0 percent more than it did in FY 1998. The majority of education spending is determined locally, and it has placed added strain on who at the local level should be held accountable for controlling education spending.

Given the level of spending, it is clear that Rhode Islanders make a significant investment in their schools. As documented in this report, local property taxes continue to represent the largest resource to support school services, despite school spending growing at more than three times the rate of inflation. It is increasingly difficult for property taxpayers to meet this obligation. Rhode Island's property tax burden is 5th highest in the country and nearly 50 percent higher than the national average. More than half of the property tax bill in Rhode Island goes to support schools, and municipalities continue to struggle with finding adequate resources to keep up with the continued growth in school spending.

Therefore, the fundamental dilemma facing Rhode Island's state and local government officials is how to control the rate of growth in school spending without compromising the reform agenda and the progress made to date. Striking a balance of adequate financial support and continued student performance improvements is a difficult task. However, while this is a daunting challenge, it is crucial that the state addresses the cost of education now in order to avoid very difficult financial choices in the near future.

RIPEC is encouraged by the rate of progress made in both mathematics and reading. Rhode Island's fourth graders continue to demonstrate progress, and the scores are beginning to reflect these improvements. The gains made in urban Rhode Island are important, and additional efforts will only serve to close the performance gaps between urban and non-urban school systems.

Continued progress in student performance will only enhance Rhode Island's competitive position in the region. It is essential for the State to constantly field a workforce that can adapt to a fluid job market with a wide range of skill sets. Given the level of investment made in our schools, there is an expectation that students should meet the State's performance standards.

While Rhode Islanders should be encouraged by progress made to date, we certainly cannot rest until we help all our children meet the standards. For example, while the State's principal goal is to have all its students performing at or above the proficiency levels, the State needs to first direct its attention to bringing all students to the basic level of comprehension. The percentage of students below basic in mathematics and reading is of continued concern. A third (34.0 percent) of the State's fourth graders did not meet Rhode Island's basic skills standard in mathematics, and approximately 60.0 percent of the State's fourth graders did not meet Rhode Island's mathematical concepts standard.

Given the additional layer of pressure applied by the No Child Left Behind Act, the State should continue to see progress. The Rhode Island Department of Education recently identified 27 urban schools that failed to demonstrate progress over a two-year period. This is a major step in holding schools accountable for not meeting performance goals. The State must continue to identify and deal with schools that fail our children. While it will be difficult, the State will need to stay the course with its standards, and it must continue to vigorously test its students to ensure schools are working towards high skills for all students.

One critical component of the State's school system remains to be addressed - finance reform. One of the fundamental issues facing the current financing structure for schools is the rate of growth in spending. The State and its local property taxpayers are unable to sustain growth at more than three times the rate of inflation. This rate of growth is in contrast to very limited growth in student populations. Holding school departments and districts accountable for spending when they are not responsible for raising the revenue is increasingly difficult.

In order to ensure that taxpayers can afford a public education system that it desires, policymakers will have to put in place sufficient cost control measures. Local aid has been a major driver in the State budget – for every new dollar spent since FY 1996, approximately \$0.31 cents has gone to support municipalities, with education aid representing the largest component of aid.

One way to begin addressing the issues of cost and accountability is to consider a new state education financing system. Rhode Island has not had a predictable state education aid formula since FY 1995. It has since allocated state education aid to local school districts on an ad hoc basis, making it difficult for local officials to adequately plan for education services in the coming school year. In addition, the State continues to rely on property taxes as the principal tax source to fund schools, bringing with it issues of tax equity among local property taxpayers as well as issues of gaps in resources available for core instruction costs among school districts.

While the State has managed to direct the majority of the new school aid since FY 1995 to the State's urban school districts, flaws in the State's education financing system call for fundamental reform. RIPEC recommends that the State establishes and maintains a permanent state education aid formula that recognizes three key aspects of school funding:

- Cost controls;
- Student need; and
- Taxpayer equity.

Spending for schools continues to outpace inflation. As noted earlier, annual growth has exceeded 7.0 percent from FY 1998 to FY 2004. Inflation has been running at less than 2.5 percent a year over this period. With limited control over spending growth, it becomes increasingly difficult for taxpayers to afford public education, and issues of equity and student performance will continue to hamper Rhode Island's work force.

Recognizing student need in any formula is essential. There are students that have a different impact on the cost of delivering services, such as special education and language assistance needs. In addition, the concentration of poverty in schools also has proven to be a hurdle for many systems. In developing a new method of distributing resources to support schools, the State must include mechanisms that reflect the needs of students.

And finally, a formula must engender a certain level of fairness to the property taxpayer. Given the current pressures applied on homeowners and businesses, it will be difficult to design a funding system that provides adequate property tax relief to those communities with the greatest tax burdens. Relying on the property tax to fund the majority of school expenditures builds into the process a number of inequities that make it difficult to ensure all taxpayers are treated fairly.

III. Executive Summary

Spending an estimated \$1.8 billion in FY 2004 to support public education represents the single largest investment in any public endeavor in the State. Rhode Island's 2002 per pupil spending ranked 7th highest in the Nation, and the State's average teacher salary ranked 9th highest.

School obligations continue to grow at an alarming rate. From FY 1998 to FY 2004, school spending has increased by nearly \$630 million (52.7 percent) – from \$1,192.6 million in FY 1998 to a projected \$1,820.7 million in FY 2004. This translates into an average rate of growth of 7.5 percent during this period.

The local property taxpayer's share of the expected growth will not only continue, but will likely grow as a percentage of the total amount of resources needed to support education. Property taxes are projected to support nearly 60.0 percent of the State's elementary and secondary education budget in FY 2004. The State has also made a significant investment in schools, recognizing that it plays a key role in the State's overall education financing system. State contributions (principally funded through sales and income taxes) have provided nearly 36.0 percent of the funds needed to support education-spending growth since FY 1998.

What is interesting about the rate of growth in spending is how the schools will have changed over this period of time. Between 1998 and 2004, enrollment will have grown by 4.2 percent to a projected 158,800 pupils in FY 2004. Taken together with the spending trends noted above, this translates into per pupil spending that will increase from \$7,827 in FY 1998 to nearly \$11,500 (projected) in FY 2004 – a 46.5 percent increase during this period.

The fundamental question that this level of investment leads to is – what is the student performance return on the investment made? As noted below, there have been mixed results. While Rhode Island students are certainly improving based on Rhode Island's New Standards Reference Exams (NSRE), nearly two thirds of fourth graders still do not meet basic skills in mathematics. In addition, Rhode Island student performance on both the SAT and the NAEP continue to lag behind our competitors. Both Massachusetts and Connecticut continue to out-perform Rhode Island in these national exams.

Within Rhode Island's borders, there continues to be a performance gap between urban and non-urban Rhode Island. Based on recent results of the NSRE, many of Rhode Island's urban school districts have demonstrated significant progress in improving student performance, yet continue to lag behind the rest of the State. The Department of Elementary and Secondary Education recently identified 27 urban schools that must offer school choice or free supplementary educational services at the opening of the coming school year because they failed to make adequate yearly progress for two years in a row.

Urban school districts certainly face challenges that the rest of the State does not. More than half of the net growth in total enrollment statewide occurred in the State's urban

core (Central Falls, Newport, Pawtucket, Providence and Woonsocket). Children of limited economic means and those requiring language assistance are more concentrated in the urban core than they were only five years ago.

However, while non-urban school districts do not face the same kind of demographic issues experienced in the urban setting, they share similar challenges regarding student performance, high rates of spending growth and increasing local property tax burdens. These schools have high numbers of children failing to meet the State's performance standards.

Highlights of the report include:

- Rhode Island is projected to spend over \$1.8 billion to support public elementary and secondary education in FY 2004 – nearly \$11,500 per pupil;
- The average annual rate of growth for public school expenditures since FY 1998 of 7.5 percent is nearly three times the rate of inflation.
- Rhode Island per pupil expenditures of \$9,889 in FY 2003 (National Education Association data) exceeded the national average by 26.0 percent and ranked 7th highest in the nation. Both Connecticut (\$11,263) and Massachusetts (\$10,691) spent more per pupil;
- Local property taxpayers support nearly 60.0 percent of the State's public school spending program;
- Rhode Island's municipal support for schools is nearly 37.0 percent higher than the national average (FY 2003);
- Rhode Island's student performance on State exams has improved since FY 1998 – For example, in Rhode Island's New Standards Reference Exam (NSRE), Rhode Island's 4th graders have experienced improvement in mathematics, reading, and writing since 1998;
- The student performance gap between Rhode Island's urban and non-urban school districts has closed somewhat despite urban districts experiencing greater concentrations of students with additional needs;
- However, Rhode Island's 2003 SAT score of 1,006 represents no change in the State's performance in 2002 (1,007), while Connecticut improved their overall score by 8 points to 1,026 and Massachusetts improved by 10 points to 1,038; and
- Rhode Island's student performance exceeds the U.S. average in the national NAEP 4th grade writing and reading assessments and mirrors the U.S. average for grade 8. However, Connecticut and Massachusetts continue to out-perform Rhode Island in both 4th and 8th graders.

IV. Student Performance

Summary

Rhode Island's student performance exceeds the U.S. average in the national NAEP 4th grade writing and reading assessments and mirrors the U.S. average for grade 8. However, Connecticut and Massachusetts continue to out-perform Rhode Island in both 4th and 8th graders.

Rhode Island's performance in the Scholastic Assessment Test (SAT) and the National Assessment of Educational Progress (NAEP) continues to trail its neighboring states Connecticut and Massachusetts. For example, Rhode Island SAT performance in mathematics is 18 points lower than Massachusetts.

In the 2002 New Standards Reference Exam, Rhode Island school districts showed overall improvement in fourth grade mathematics and reading tests when compared to 1998. However, there continues to be significant numbers of students who do not meet the basic standards for mathematics and reading.

- Rhode Island's combined SAT score of 1,006 in 2003 represents essentially no change in the State's performance in 2002 (1,007), while Connecticut improved their overall score by 8 points to 1,026 and Massachusetts improved their score by 10 points to 1,038;
- Rhode Island's SAT performance in mathematics (504) lagged Massachusetts' score of 522 by 18 points and Connecticut's score by 10 points;
- In the NAEP 2002 reading assessment, more than a third of Rhode Island's 4th graders (35.0 percent) performed below basic compared to 20.0 percent in Massachusetts and 26.0 percent in Connecticut;
- Massachusetts improved the percentage of 4th graders meeting the NAEP basic reading standard from 70.0 percent in 1998 to 80.0 percent in 2002 – while Rhode Island and Connecticut experienced little change;
- In the NAEP 2002 writing assessment, 30.0 percent of fourth graders were at or above proficiency levels while 44.0 percent of Massachusetts' 4th graders were at or above proficient and nearly 50.0 percent in Connecticut; and
- In Rhode Island's New Standard References Exam (NSRE), all districts demonstrated improvement in performance in mathematics and reading. However, between 34.0 percent (skills) and 72.0 percent (problem solving) of Rhode Island's 4th graders continue to fail in meeting the State standards in math and between 27.0 percent (basic understanding) and 40.0 percent (analysis and interpretation) in reading.

Definitions

Scholastic Assessment Test (SAT)

The Scholastic Assessment Test (SAT) is a voluntary college entrance exam primarily taken by high school juniors and seniors. SAT results are designed to provide an assessment of the verbal and math skills of college-bound students.

National Assessment of Educational Progress (NAEP)

The National Assessment of Educational Progress provides a measure of student performance on a range of subjects that can be compared between participating states and the nation as a whole. Results based on achievement levels are expressed in terms of the percentage of students who attained each level. For the NAEP state assessments, the results are reflected in three categories:

- *Basic* – denotes partial mastery of prerequisite knowledge and skills that are fundamental for proficient work at each grade;
- *Proficient* – represents solid academic performance, demonstrating competency over challenging subject matter, application of such knowledge, and appropriate analytical skills; and
- *Advanced* – represents superior performance.

New Standards Reference Exam (NSRE)

The NSRE is a performance assessment, as opposed to a traditional multiple-choice test. These tests are given to all students in grades 4, 8, and 10 in mathematics, reading, and writing. Each New Standards test consists of either two or three sub-tests. For the mathematics assessment, the exam covers three areas. One score measures how well each student knows mathematical skills, a second area of the test measures the student's understanding of mathematical concepts, and a third score indicates how well the student solves math problems. The reading assessment covers two areas. One score measures the student's basic understanding skills, the other the student's skills in analysis and interpretation.

How Rhode Island Compares

The following analysis compares Rhode Island student performance with its neighboring states Connecticut and Massachusetts, giving a better picture of the Ocean State's relative performance. As the following will show, Rhode Island's performance lags both states in both the 2003 SAT scores and the 2002 NAEP tests in reading and writing.

2003 Scholastic Assessment Test (SAT)

Rhode Island's 2003 SAT score is lower than the U.S. average and the scores in Massachusetts and Connecticut. Rhode Island's combined score of 1,006 in 2003 showed no improvement from 2002 (1,007), but have improved by 10 points from 1998. Rhode Island's 2003 SAT score of 1,006 is 20 points lower than the U.S. average and Connecticut (1,026). The gap between Rhode Island and Massachusetts is even larger, where Massachusetts's students averaged a combined score of 1,038 - 32 points higher than in Rhode Island.

The major difference in scores between Rhode Island and the national average as well as the two neighboring states is the mathematics score. While Rhode Island's 2003 math score increased by 9 points from 1998 to 2003, it is below the national average and the math scores in Connecticut and Massachusetts. Rhode Island's 504 points in math are 18 points below the math score in Massachusetts (522 points), 15 points below the national average of 519 points and 10 points below Connecticut (514 points).

Rhode Island's verbal scores were below the national average and the scores in Connecticut and Massachusetts, albeit the difference is not as high as in the math scores. In 2003, Rhode Island's scored 502 points in the verbal section, 5 points below the national average (507 points), 10 points below Connecticut's result of 512 points, and 14 points below Massachusetts (516 points). *Note: The 2003 SAT results have not been released on a district basis when this report was printed. Therefore, no district results will be published here.*

State	Participation Rate	Verbal	Math	2003 Total	Change from 1998
US average	48%	507	519	1,026	+9
Connecticut	84%	512	514	1,026	+7
Massachusetts	82%	516	522	1,038	+22
Rhode Island	74%	502	504	1,006	+10

Source: The College Board, *College-Bound Seniors: 2003 Profile of SAT Program Test Takers*, and RIPEC calculations.

The College Board discourages comparing a state's performance in education based on SAT scores alone, in part because states vary dramatically in the percentage of students taking the test. States where a large percentage of students take the test tend to register lower average scores than states where a small proportion of eligible students take the test. However, while the nation as a whole only has a participation rate of 48.0 percent in 2003, all three surveyed states have a participation rate between 74.0 percent in Rhode Island and 84.0 percent in Connecticut. Therefore, it is reasonable to compare Rhode Island's SAT performance with Massachusetts and Connecticut.

2002 National Assessment of Educational Progress (NAEP)

The results displayed on the NAEP 2002 Reports Cards are based on representative samples that include students with disabilities and limited English proficient students. In assessments prior to 1998, no testing accommodations or adaptations were made available for special-needs students. For the assessment year 1998, NAEP reported test results where accommodations were permitted and were not permitted. However, for the assessment year 2002, test results were only reported where accommodations were permitted. To preserve comparability with the samples from 1998, the assessment results for 2002 are based on a sample of students with accommodations.

In 2002, NAEP administered tests in reading and writing for grades 4 and 8. The results presented on the next page show the average score and the percentage of students who performed below basic, at or above basic, and at or above proficient. The percentages are cumulative from basic to proficient, only the percentage of students at or above basic (which includes the students at proficient and advanced) plus the students below basic will always sum to 100 percent (except for rounding).

Reading – Fourth Grade

Fourth grade scores improved slightly from 218 in 1998 to 220 in 2002. However, the national average increased at a greater rate – from 213 to 217 during the same period. Massachusetts improved their score by 11 points, increasing the overall score to 234. Approximately two-thirds of Rhode Island’s 4th graders met the basic standard – slightly higher than the national average. However, both Massachusetts and Connecticut 4th graders out-performed Rhode Island, where 80.0 percent and 74.0 percent met the basic standard respectively.

Grade 4						
State	<u>Score</u>			2002		
	1998	2002	Change	Below Basic	At or Above Basic	At or Above Proficient
United States	213	217	4	38.0%	62.0%	30.0%
Connecticut	230	229	(1)	26.0%	74.0%	43.0%
Massachusetts	223	234	11	20.0%	80.0%	47.0%
Rhode Island	218	220	2	35.0%	65.0%	32.0%
Grade 8						
State	<u>Score</u>			2002		
	1998	2002	Change	Below Basic	At or Above Basic	At or Above Proficient
United States	261	263	2	26.0%	74.0%	31.0%
Connecticut	270	267	(3)	24.0%	76.0%	37.0%
Massachusetts	269	271	2	19.0%	81.0%	39.0%
Rhode Island	264	262	(2)	27.0%	73.0%	30.0%

Source: National Center for Education Statistics - The Nations 2002 Report Card - Reading

Conversely, a third of Rhode Island’s 4th graders failed to meet the basic standards for reading, while in Massachusetts, 20.0 percent did not meet the standard and 26.0 percent in Connecticut. What is interesting is that Massachusetts decreased the percentage of 4th graders not meeting the standard from 30.0 percent in 1998 to 20.0 percent in 2002 – improving 4th grade performance from 70.0 percent to 80.0 percent meeting the basic reading standard.

The percentage of 4th graders in Rhode Island who performed at or above proficient was 32.0 percent in 2002 – slightly above the national average. However, both Massachusetts and Connecticut had significantly higher percentages of their 4th graders performing at or above the proficiency level – 47.0 percent in Massachusetts and 43.0 percent in Connecticut.

Reading – Eighth Grade

Rhode Island's 8th grade performance (see Table 2) on the NAEP reading assessment declined slightly, from a score of 264 in 1998 to 262 in 2002 while the national average score improved, surpassing Rhode Island in 2002. Rhode Island 8th grade performance is slightly more in line with the neighboring states. Approximately 73.0 percent of Rhode Island 8th graders met the basic reading standard – essentially at the national average. Massachusetts and Connecticut surpassed Rhode Island, with 81.0 percent and 76.0 percent respectively. Again, Rhode Island had the highest percentage of 8th graders not meeting the standard – 27.0 percent.

The percentage of 8th graders in Rhode Island who performed at or above proficiency was 30.0 percent in 2002 – essentially at the national average. But both Connecticut and Massachusetts out-performed the Ocean State – 37.0 percent and 39.0 percent at or above the proficiency standard respectively.

Writing – Fourth Grade

As shown on Table 3, the 4th grade NAEP writing assessment was not administered in 1998. However, Rhode Island's 2002 score of 157 exceeded the national average score of 153. Both Connecticut and Massachusetts out-performed Rhode Island – with scores of 174 and 170 respectively.

Nearly 90.0 percent of the 4th graders in Rhode Island met the basic standard, outperforming the national average of 85.0 percent. Again, Connecticut and Massachusetts surpassed Rhode Island with 94.0 percent of their 4th graders meeting the standard.

The gap in performance between Rhode Island and its neighbors becomes more apparent when looking at the percentage of students meeting or exceeding the writing proficiency standard. Thirty percent of 4th graders were at or above writing proficiency levels, which is higher than the national average of 27.0 percent. However, 4th graders in Connecticut and Massachusetts had proficiency levels of 49.0 percent and 44.0 percent respectively in 2002.

Writing – Eighth Grade

Rhode Island's 8th grade writing performance (151) on the NAEP has remained at the national average (152). Both Connecticut and Massachusetts out-performed the Ocean State, with scores of 164 and 163 respectively. It should be noted that Massachusetts experienced the greatest gains in overall scores, increasing their score from 155 in 1998 to 163 in 2002.

In Rhode Island, 84.0 percent of the 8th graders met or exceeded the basic writing standard – consistent with the national average. Both Connecticut and Massachusetts had slightly higher percentages meeting the standard – 87.0 percent and 90.0 percent respectively.

Table 3
1998, 2002 NAEP Writing Assessment

Grade 4						
State	Score			2002		
	1998*	2002	Change	Below Basic	At or Above Basic	At or Above Proficient
United States	NA	153	-	15.0%	85.0%	27.0%
Connecticut	NA	174	-	6.0%	94.0%	49.0%
Massachusetts	NA	170	-	6.0%	94.0%	44.0%
Rhode Island	NA	157	-	11.0%	89.0%	30.0%

Grade 8						
State	Score			2002		
	1998	2002	Change	Below Basic	At or Above Basic	At or Above Proficient
United States	148	152	4	16.0%	84.0%	30.0%
Connecticut	165	164	(1)	13.0%	87.0%	45.0%
Massachusetts	155	163	8	10.0%	90.0%	42.0%
Rhode Island	148	151	3	16.0%	84.0%	29.0%

* Test results not reported for 1998.
Source: National Center for Education Statistics - The Nations 2002 Report Card - Writing

Where the difference in student performance stands out is in the percentage of 8th graders meeting or exceeding the proficiency standard. Twenty-nine percent of the 8th graders in Rhode Island met the proficiency standard in 2002. While this is essentially at the national average of 30.0 percent, it shows progress over the previous assessment in 1998, where 25.0 percent of the students were proficient in writing. However, Rhode Island’s performance was lower than the results in Connecticut (45.0 percent) and Massachusetts (42.0 percent).

New Standards Reference Exam (NSRE)

The performance on the Rhode Island NSRE differs when compared to the NAEP performance discussed above. This is in part due to the assessments evaluating different aspects of reading and writing as well as differences in the definitions of basic and proficient.

The tests are not graded on a scale, such as 1 to 100. Rather, for every subject and in every grade level, there are “standards” that have been adopted by the Rhode Island Board of Regents for Elementary and Secondary Education. These standards describe the

quality of work expected at each grade level. The number shown for each test represents the percentage of students in that grade level that have met or exceeded the state standard.

Fourth Grade Mathematics

The NSRE is a performance assessment, as opposed to a traditional multiple-choice test. For the mathematics assessment, the exam covers three areas. One score measures how well each student knows mathematical skills, a second area of the exam measures the student's understanding of mathematical concepts, and a third score indicates how well the student solves math problems.

Table 4 shows the percentage of students who met or exceeded the state-performance standard in three areas – basic mathematical skills, concepts and problem solving. The complexity of the math increases as one moves from basic skills to problem solving.

Generally speaking, Rhode Island has experienced improvement in all categories of mathematics since 1998, albeit with a significant percentage of students still not meeting the standards. In basic mathematics, the State improved the percentage of 4th graders meeting or exceeding the standard by 13.0 percentage points - from 53.0 percent in 1998 to 66.0 percent in 2002. All but two districts improved their score from 1998 to 2002. Both Newport and Westerly experienced no gains in the percentage of students meeting the standard. While Rhode Island's 10 urban school districts experienced improvement in the percentage of students meeting the standard, these school districts still lagged behind the State average. The balance of the State continued to out-perform the State average. Statewide, results ranged from a high of 97.0 percent of students meeting the mathematical skills standard in Little Compton to a low of 36.0 percent in Providence.

In math concepts, the State average of students meeting or exceeding the standard increased by 20.0 percentage points, from 19.0 percent in 1998 to 39.0 percent in 2002. However, this still translates into having 61.0 percent of the State's 4th graders failing to meet the standard performance for mathematical concepts in 2002. All but one district (New Shoreham) increased their score from 1998 to 2002. The results ranged from a high of 81.0 percent in Little Compton meeting the proficiency standard to a low of 9.0 percent in Central Falls.

In the mathematical problem solving, 28.0 percent of the 4th graders met or exceeded the standard in 2002, up from 13.0 percent in 1998. All but one district (New Shoreham) increased the percentage of students meeting proficiency levels in 2002. With the exception of Newport, all other urban core districts had a lower percentage of their students being proficient in 2002 than the State average. Statewide, the percentage meeting proficiency ranged from a high of 57.0 percent in Scituate to a low of 8.0 percent in New Shoreham. Again, 72.0 percent of the State's 4th graders failed to meet the standard of performance for mathematical problem solving in 2002.

Table 4
2002 New Standards Reference Exam (NSRE) Scores in Mathematics, Grade 4
Percent of Students Meeting or Exceeding the State-Performance Standard

School District	Skills			Concepts			Problem Solving		
	1998	2002	Change 98 to 02	1998	2002	Change 98 to 02	1998	2002	Change 98 to 02
<i>Urban Core</i>									
Central Falls	31	40	+9	6	9	+3	0	9	+9
Newport	63	62	-1	19	38	+19	12	29	+17
Pawtucket	35	56	+21	5	25	+20	3	20	+17
Providence	23	36	+13	3	13	+10	2	10	+8
Woonsocket	43	53	+10	9	20	+11	5	15	+10
<i>Urban Ring</i>									
Cranston	61	78	+17	23	53	+30	18	39	+21
East Providence	59	69	+10	23	46	+23	14	32	+18
North Providence	57	67	+10	13	34	+21	11	20	+9
Warwick	57	77	+20	20	48	+28	16	34	+18
West Warwick	52	67	+15	17	40	+23	11	36	+25
<i>Suburban</i>									
Barrington	79	89	+10	53	67	+14	39	45	+6
Bristol-Warren	56	68	+12	15	41	+26	15	24	+9
Cumberland	72	84	+12	33	56	+23	19	39	+20
East Greenwich	72	78	+6	29	52	+23	27	41	+24
Jamestown	76	81	+5	27	59	+32	16	41	+25
Johnston	66	75	+9	27	47	+20	13	42	+29
Lincoln	72	75	+3	27	53	+26	17	35	+18
Middletown	63	78	+15	13	50	+37	12	36	+24
Narragansett	65	89	+24	37	62	+25	17	46	+29
North Kingstown	76	81	+5	34	50	+16	25	39	+14
Portsmouth	72	80	+8	28	60	+32	21	42	+21
Smithfield	68	79	+11	20	59	+39	13	38	+25
Westerly	74	74	0	27	56	+29	21	45	+24
<i>Rural/Emerging Suburban</i>									
Burrillville	57	76	+19	19	42	+23	13	22	+9
Chariho	69	81	+12	34	57	+23	26	43	+17
Coventry	66	75	+9	20	42	+22	12	26	+14
Exeter - West Greenwich	65	78	+13	22	53	+31	13	40	+27
Foster	61	86	+25	23	64	+41	8	36	+28
Glocester	73	86	+13	40	60	+20	24	44	+20
Little Compton	88	97	+9	37	81	+44	29	53	+24
New Shoreham	80	83	+3	40	33	-7	10	8	-2
North Smithfield	68	86	+18	29	50	+21	22	35	+13
Scituate	67	86	+19	39	66	+27	17	57	+40
South Kingstown	60	77	+17	26	53	+27	19	37	+18
Tiverton	77	84	+7	34	53	+19	22	33	+11
State Average	53	66	+13	19	39	+20	13	28	+15

Note: Test was taken in Spring 2002

Source: R.I. Department of Education, InfoWorks, and RIPEC calculations.

Fourth Grade Reading

The NSRE reading assessment evaluates a student's basic understanding skills and his or her analysis and interpretation skills. The 2002 reading performance (see Table 5 on the next page) showed an increase in the percentage of students meeting proficiency in both subgroups when compared to the 1998 results. In 2002, 73.0 percent of all fourth graders were at proficiency level in basic understanding, up from 65.0 percent in 1998. The percentage ranged from a high of 95.0 percent in Foster to a low of 48.0 percent in Providence. Statewide, 27.0 percent of the students did not meet proficiency levels.

Four districts (Jamestown, Glocester, New Shoreham, and Tiverton) did not improve their results in 2002 when compared to 1998. Scituate demonstrated the greatest improvement in its performance, increasing the percentage meeting the standard from 74.0 percent in 1998 to 90.0 percent in 2002.

Fourth grade performance in analysis and interpretation also improved, from 46.0 percent meeting or exceeding proficiency levels in 1998 to 60.0 percent in 2002, ranging from a high of 85.0 percent in Narragansett to low of 28.0 percent in Central Falls and Providence. However, 40.0 percent of the 4th graders statewide did not meet the standard. All but one district – Central Falls – showed improvement in 2002 when compared to 1998. Smithfield demonstrated the greatest improvement in its performance, increasing the percentage meeting the standard from 56.0 percent in 1998 to 80.0 percent in 2002.

Table 5
2002 New Standards Reference Exam (NSRE) Scores in Reading, Grade 4
Percent of Students Meeting or Exceeding the State-Performance Standard

School District	<u>Basic Understanding</u>			<u>Analysis & Interpretation</u>		
	1998	2002	Change 98 to 02	1998	2002	Change 98 to 02
<i>Urban Core</i>						
Central Falls	42	48	+6	28	28	0
Newport	63	71	+8	43	53	+10
Pawtucket	52	67	+15	28	51	+23
Providence	34	48	+14	22	28	+6
Woonsocket	60	61	+1	41	47	+6
<i>Urban Ring</i>						
Cranston	73	84	+11	55	78	+23
East Providence	70	76	+6	45	62	+17
North Providence	73	78	+5	57	63	+6
Warwick	72	81	+9	49	67	+18
West Warwick	70	74	+4	50	60	+10
<i>Suburban</i>						
Barrington	90	92	+2	77	84	+7
Bristol-Warren	73	78	+5	48	63	+15
Cumberland	80	85	+5	63	75	+12
East Greenwich	84	90	+6	66	82	+16
Jamestown	95	88	-7	71	79	+8
Johnston	80	84	+4	57	70	+13
Lincoln	77	82	+5	54	72	+18
Middletown	76	88	+12	57	77	+20
Narragansett	84	89	+5	68	85	+17
North Kingstown	82	89	+7	64	80	+16
Portsmouth	79	88	+9	63	79	+16
Smithfield	81	88	+7	56	80	+24
Westerly	78	81	+3	52	70	+18
<i>Rural/Emerging Suburban</i>						
Burrillville	71	77	+6	47	66	+19
Charlho	78	86	+8	57	74	+17
Coventry	72	79	+7	48	71	+23
Exeter - West Greenwich	78	88	+10	52	75	+23
Foster	80	95	+15	57	77	+20
Glocester	88	87	-1	61	81	+20
Little Compton	80	92	+12	63	78	+15
New Shoreham	90	67	-23	70	75	+5
North Smithfield	78	88	+10	60	75	+15
Scituate	74	90	+16	57	83	+26
South Kingstown	80	85	+5	61	81	+20
Tiverton	87	79	-8	66	69	+3
State Average	65	73	+8	46	60	+14

Note: Test was taken in Spring 2002

Source: R.I. Department of Education, InfoWorks, and RIPEC calculations.

V. School Expenditures

Summary

This section presents an overview of how Rhode Island's public investment in education compares with the Nation and neighboring states, as well as among Rhode Island's school districts.

- Based on In\$ite financial data, RIPEC projects State education spending to exceed \$1.8 billion by FY 2004. Since FY 1998, spending has increased at an average annual rate of 7.5 percent. RIPEC forecasts spending to surpass the \$2.0 billion mark by FY 2006;
- Rhode Island's estimated FY 2003 per pupil spending of \$9,889 in FY 2003 ranked 7th highest in the Nation (based on National Education Association data). This level of spending was 26.2 percent above the National average (\$7,833 per pupil). Both Connecticut (\$11,263 per pupil) and Massachusetts (\$10,691 per pupil) spent more per pupil than Rhode Island;
- Fiscal year 2003 average teacher salaries in Rhode Island of \$51,076 (National Education Association data) ranked 9th highest in the Nation and nearly 11.5 percent higher than the National average (\$45,822). Rhode Island's average teacher salary was 6.4 percent less than Connecticut (\$54,362) percent 1.9 percent less than Massachusetts (\$52,043);
- Rhode Island's special education spending doubled from FY 1998 to FY 2004, and now represents nearly 23.0 percent of the total education spending statewide – up from 17.0 percent in FY 1998; and
- Per pupil spending varied among Rhode Island Rhode Island school districts. In FY 2002, per pupil spending ranged from \$12,937 in Narragansett (excluding New Shoreham) to \$7,622 in Cumberland. On average, urban core communities spent \$10,354 per pupil compared to average per pupil spending of \$10,019 in urban ring school districts, \$9,663 in suburban school districts, and \$9,450 in rural communities.

How Rhode Island Compares

Per Pupil Expenditures

The National Education Association recently released estimates for FY 2003 on spending and teacher salaries. Nationally, the U.S. spent an estimated \$7,833 per pupil in FY 2003. This represents a 26.9 percent increase from FY 1998. Rhode Island per pupil spending has increased from \$7,708 per pupil in FY 1998 to an estimated \$9,889 per pupil in FY 2003 – a 28.3 percent increase during this period.

Rhode Island's level of spending per pupil ranked 7th highest in the Nation – slightly lower than its ranking in FY 1998 (5th highest). Rhode Island's per pupil spending was

26.2 percent above the National average. Both Connecticut (\$11,263 per pupil) and Massachusetts (\$10,691 per pupil) spent more per pupil than in Rhode Island. The estimated New England average of \$9,878 was approximately 26.1 percent higher than the National average.

Table 6
Per Pupil Expenditures
(Fall Enrollment)

State	1998	Rank*	% of US	2003	Rank*	% of US
U.S. Average	\$6,174			\$7,833		
Connecticut	\$8,773	4	142.1%	\$11,263	3	143.8%
Massachusetts	7,308	7	118.4%	10,691	5	136.5%
Rhode Island	7,708	5	124.8%	9,889	7	126.2%

* Rank within the U.S.
Source: National Education Association (NEA), *Rankings of the States 1999 and 2002*

Teacher Salaries

Table 7 shows teacher salary information developed by the National Education Association (*Estimates of School Statistics 2003*). In FY 2003, teachers earned \$45,822 on average in the United States. The National average increased by 16.1 percent since FY 1998. Rhode Island's average teacher salary of \$51,076 was 11.5 percent above the National average and ranked 9th highest in the U.S.

Table 7
Average Teacher Salaries

State	1998	Rank	% of U.S.	2003	Rank	% of U.S.
U.S. Average	\$39,454			\$45,822		
Connecticut	\$50,730	1	128.6%	\$54,362	2	118.6%
Massachusetts	\$43,930	9	111.3%	\$52,043	6	113.6%
Rhode Island	\$44,300	8	112.3%	\$51,076	9	111.5%

Source: National Education Association (NEA): *Rankings of the States 1999 and 2002*, and RIPEC calculations

Rhode Island's average teacher salary increased by 15.3 percent since FY 1998. Connecticut teacher salaries of \$54,362 in FY 2003 were ranked 2nd highest behind California and 18.6 percent higher than the National average. Massachusetts' average teacher salary in FY 2003 of \$52,043 was 13.6 percent above the National average. The New England average teacher salary of \$49,368 was 7.7 percent above the U.S. average.

Trends in Rhode Island

Each school district in Rhode Island uses its own accounting system, making it increasingly difficult to make district-to-district comparisons. However, for the past three years, the State has converted school and school district expenditure data into the In\$ite format, the Department’s financial reporting system. In\$ite replaced the traditional financial reporting instrument ‘Form 31’.

Table 8					
State Share of Public Education Expenditures					
FY 1994 - FY 2004 (budgeted)					
Fiscal Year	Total Spending	Percent Change	State aid (1)	Percent Change	State Share
1994	975,230,836	6.9%	366,107,647	5.4%	37.5%
1995	1,034,431,111	6.1%	416,074,072	13.6%	40.2%
1996	1,077,176,246	4.1%	434,097,960	4.3%	40.3%
1997	1,128,826,163	4.8%	446,136,764	2.8%	39.5%
1998	1,192,565,563	5.6%	473,402,536	6.1%	39.7%
1999 (2)	1,297,084,827	8.8%	510,184,472	7.8%	39.3%
2000	1,411,592,432	8.8%	558,538,906	9.5%	39.6%
2001	1,507,162,923	6.8%	605,643,987	8.4%	40.2%
2002	1,588,383,456	5.4%	640,283,055	5.7%	40.3%
2003 (3)	1,699,345,388	7.0%	671,249,406	4.8%	39.5%
2004 (3)	1,820,713,119	7.1%	697,043,634	3.8%	38.3%

(1) State aid includes all aid to school districts (including the State's contribution to the teacher retirement fund). It does not include housing aid and aid to state-operated schools.
 (2) Starting in FY 1999, expenditures are based on In\$ite from the RI Dept. of Education.
 (3) FY 2003 & FY 2004 spending are estimates based on 8-year rolling average rate of growth.

Sources: R.I. Department of Education, House Fiscal Staff budget documents and RIPEC calculations.

As noted, some caution should be exercised when comparing expenditures, derived from Form 31 (until FY 1998) and following years. Starting in FY 1999, expenditures are based on In\$ite and differ from the expenditures reported in previous RIPEC reports. Also, expenditures as reported by the National Center on Education Statistics differ from the expenditures as reported by the Rhode Island Department of Education. The expenditures discussed below also include the State’s contribution to the teacher retirement system as a component of total school costs.

RIPEC has forecast FY 2003 and FY 2004 expenditures. The forecast includes all related expenditures for public education, including the State’s contribution to the teacher retirement fund. It does not include the State run schools (William J. Davies Jr. Career-Technical High School and the Rhode Island School for the Deaf) and the State’s Housing Aid Program.

As shown on Table 8, total expenditures increased from \$1,192.6 million in FY 1998 to \$1,588.4 million in FY 2002, representing an increase of \$395.8 million or 33.2 percent. RIPEC forecasts that total education spending (including state contributions to teacher retirement) will increase to \$1,820.7 million in FY 2004. Growth in spending is projected to average 7.0 percent in FY 2003 and FY 2004, based on an 8-year rolling average rate of growth.

Table 9
1998 and 2004 Rhode Island Education Expenditures

Function	1998		2004*		Change 1998-2004	
	Amount	% of Total	Amount	% of Total	Amount	Percent
General Education	\$882.8	74.0%	\$1,301.8	71.5%	\$419.0	47.5%
Special Education	199.5	16.7%	409.7	22.5%	210.2	105.3%
Limited English Programs	26.2	2.2%	36.4	2.0%	10.2	39.0%
All Other Expenditures	84.1	7.1%	72.8	4.0%	(11.3)	-13.4%
Total	\$1,192.6	100.0%	\$1,820.7	100.0%	\$628.1	52.7%

* Estimated expenditures, based on average rate of growth.
Source: R.I. Dept of Education and RIPEC calculations.

Per pupil spending based on Rhode Island data and RIPEC forecasts are expected to increase from \$7,827 per pupil in FY 1998 to a projected \$11,464 in FY 2004. This represents a 46.5 percent increase in per pupil spending during this period of time.

General education expenditures (such as expenditures for general instruction, instruction and administrative support, facilities management, transportation, and non-instructional services) are projected to experience the largest increase in dollars over this time period, increasing by \$419.0 million. This will represent 67.0 percent of the net increase in total education spending from 1998 to 2004. On a per pupil basis, general education expenditures are projected to increase by \$2,403, from \$5,794 in 1998 to \$8,197 in 2004.

Table 10
1998 and 2004 Rhode Island Expenditures Per Pupil

Function	1998	2004*	Change 1998-2004	
	Amount	Amount	Amount	Percent
Total	\$7,827	\$11,464	\$3,636	46.5%
General Education	5,794	8,197	2,403	41.5%
Special Education	6,986	12,554	5,568	79.7%
Limited English Programs	2,834	3,144	310	10.9%

* Estimated expenditures, based on average rate of growth.
Source: R.I. Dept of Education and RIPEC calculations.

However, general education expenditures as a percentage of total education expenditures decreased from 76.3 percent in 1998 to 71.5 percent in 2004. This is principally due to the increase in special education spending.

Special education spending is projected to double statewide from FY 1998 to FY 2004 – increasing by \$210.2 million during this period. This \$210.2 million increase accounted for nearly a third of the net increase in total spending. As a percentage of total expenditures, special education expenditures increased from 16.7 percent in FY 1998 to 22.5 percent in FY 2004. This rate of growth out-paced the growth in special education enrollment. While special education enrollment increased by 14.3 percent (from 28,558 students in 1998 to nearly 32,650 in 2004), expenditures increased by 105.3 percent. On a per pupil basis, special education expenditures increased by 80.0 percent, from \$6,986 in 1998 to an estimated \$12,554 in 2004.

Teacher Salaries and Benefits

Teacher salaries and benefits increased from \$781.8 million in FY 1998 to a projected \$1,019.6 million in FY 2004. This represents an increase of \$237.8 million or 30.4 percent during that time period. Of the net increase of \$628.1 million in total expenditures during this period, 38.0 percent is attributable to teacher salaries and benefits. Expenditures for other salaries increased by 62.7 percent, from \$257.4 million in FY 1998 to \$418.8 million in FY 2004. Of the total net expenditure increase of \$628.1 million between FY 1998 and FY 2004, \$161.4 million or 26.0 percent was spent on non-teacher personnel expenditures. Total personnel costs of \$1,438.4 million in FY 2004 accounted for 63.5 percent of the growth in school spending. The balance was attributable to non-personnel expenditures (i.e., supplies and purchased services) which increased from \$153.4 million in FY 1998 to \$382.3 million in FY 2004. These expenditures more than doubled during this period of time.

**Table 11
Rhode Island Public School Spending
FY 1998 and FY 2004 (in thousands)**

Expenditure	FY 1998	FY 2004*	FY 1998-2004	
			Change	Percent
Teacher Salaries & Benefits	\$781.8	\$1,019.6	\$237.8	30.4%
All Other Salaries & Benefits	257.4	418.8	161.4	62.7%
<i>Total Personnel Expenditures</i>	<i>\$1,039.2</i>	<i>\$1,438.4</i>	<i>\$399.2</i>	<i>38.4%</i>
<i>Non-Personnel Costs</i>	<i>\$153.4</i>	<i>\$382.3</i>	<i>\$228.9</i>	<i>149.2%</i>
Total Education Expenditures	\$1,192.6	\$1,820.7	\$628.1	52.7%
Spending Per Pupil	\$7,827	\$11,464	\$3,637	46.5%
- State Share	3,107	4,391	1,283	41.3%
- Local and Federal Share	4,720	7,073	2,354	49.9%

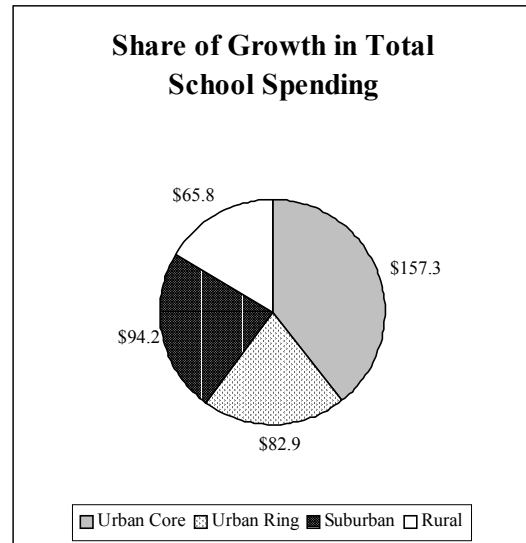
* Estimated expenditures, based on average rate of growth.

Source: National Center for Education Statistics, Common Core of Data, RI Dept. of Education and RIPEC calculations.

District Expenditures

The following discussion of expenditures by school district does not include the State's contribution to the teacher retirement fund, as did the statewide discussion above. In addition, RIPEC did not forecast expenditures by district for FY 2003 and FY 2004. Therefore, the following discussion highlights expenditure patterns through FY 2002.

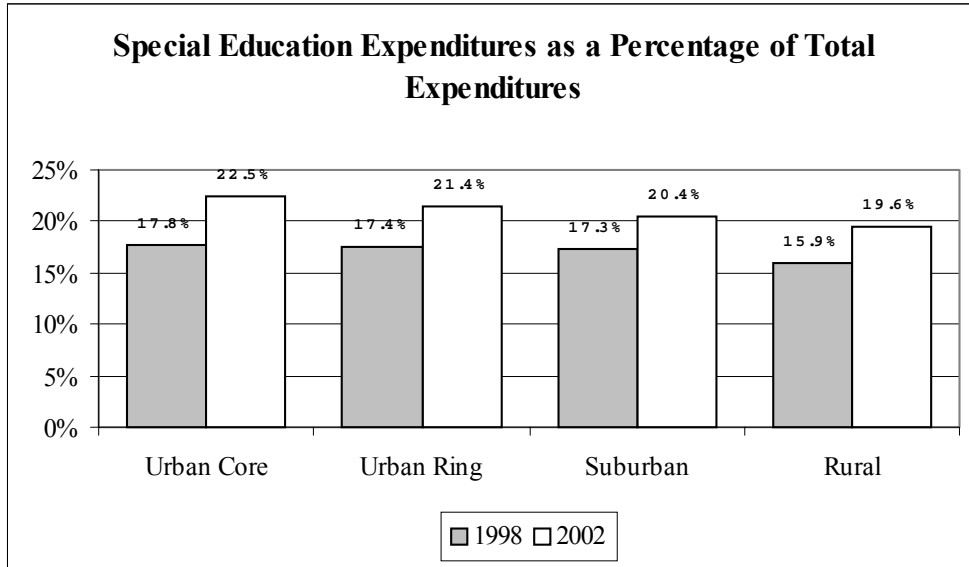
From FY 1998 to FY 2002, state expenditures increased from \$1,157.0 million to \$1,557.1 million. Of the total net increase in spending of \$400.2 million, urban core districts accounted for nearly 40.0 percent. Urban core districts increased their total education expenditures by \$157.3 million, from \$363.8 million in FY 1998 to \$521.1 million in FY 2002, representing a 43.2 percent increase. The other three community types (urban ring, suburban and rural school districts) increased their spending between 29.0 percent and 33.0 percent between FY 1998 and FY 2002.



Statewide, general education expenditures increased by \$265.3 million, representing 66.0 percent of the \$400.1 million net increase in total school expenditures statewide. General education expenditures vary among the community types. On average, rural and suburban communities spent the most on general education as a percentage of total expenditures – 77.7 percent and 77.6 percent respectively in 2002. Urban core districts spent on average 68.6 percent of total expenditures on general education. All four types of communities decreased the percentage amount allocated to general education expenditures as a percentage of total expenditures between FY 1998 and FY 2002.

Special education expenditures increased by 65.5 percent from 1998 to 2002, increasing by \$130.7 million. This represented 33.0 percent of the net growth in total school expenditures. Of the net increase of \$130.7 million in special education expenditures, \$52.5 million, or 40.2 percent, were spent in urban core districts. These districts had nearly 60.0 percent of the net growth in special education enrollment during this period. As shown in the graph on the following page, all four types of communities allocated a higher percentage of their budget to special education expenditures in FY 2002 when compared to FY 1998.

Special education expenditures by community type are fairly consistent with special education enrollment as a percentage of statewide enrollment. For example, in 2002, urban core districts had 33.6 percent of all students enrolled in special education and 35.5 percent of total special education expenditures. Urban ring communities accounted for 24.3 percent of all students in special education and for 24.2 percent of total expenditures.



Expenditures for limited English proficiency programs increased by \$6.4 million from FY 1998 to FY 2002, from \$26.2 million in FY 1998 to \$32.6 million in FY 2002. Of that amount \$6.1 million, or 95.3 percent, was spent by the 10 urban communities. Three communities (Central Falls, Pawtucket and Providence) accounted for 70.3 percent of the net increase in expenditures. However, expenditures for limited English proficiency programs as a percentage of total expenditures declined in urban core communities and suburban communities, while they stayed the same in urban ring and rural communities.

District Spending Per Pupil

As shown on Table 12, Rhode Island spent \$9,931 per pupil in FY 2002, up from \$7,586 in FY 1998, an increase of \$2,345 or 30.9 percent. In FY 2002, per pupil spending ranged from a high of \$12,937 in Narragansett (excluding New Shoreham) to a low of \$7,622 in Cumberland. On average, the urban core communities spent the most per pupil (\$10,354), followed by urban ring communities with \$10,019. Expenditures in suburban school districts averaged \$9,663, while rural communities spent \$9,450 on average.

General education expenditures per pupil increased from \$5,786 in FY 1998 to \$7,320 in FY 2002, an increase of \$1,534 or 26.5 percent. Spending for general education ranged from a high of \$10,936 in Little Compton (excluding New Shoreham) to \$5,552 in Cumberland. On average, suburban communities spent the most for per pupil general education expenditures (\$7,491) and urban core communities the least amount with \$7,099 per pupil.

Special education expenditures per pupil averaged \$10,526 in Rhode Island in FY 2002, up from \$6,984 in FY 1998, an increase of 50.7 percent. With per pupil spending of \$13,073 Foster spent the highest amount on special education of all communities (excluding New Shoreham) and Scituate the least with \$7,100. Urban core districts spent on average \$11,130 per pupil, followed by urban ring communities with \$10,466 per pupil. Suburban Rhode Island spent approximately \$10,216 and rural communities \$9,874 per pupil.

Table 12/ Revised as of October 20, 2003
1998 and 2002 Selected Expenditures by Program by Pupil*

	Total Expenditures			General Education			Special Education		
	1998	2002	Percent Change	1998	2002	Percent Change	1998	2002	Percent Change
<i>Urban Core</i>									
Central Falls	\$7,367	\$10,536	43.0%	\$4,095	\$5,866	43.2%	\$8,539	\$12,514	46.6%
Newport	9,379	12,526	33.5%	7,247	9,066	25.1%	5,366	9,798	82.6%
Pawtucket	6,795	9,470	39.4%	4,609	6,134	33.1%	7,993	12,178	52.4%
Providence	7,941	10,740	35.3%	5,611	7,677	36.8%	7,656	11,250	46.9%
Woonsocket	6,484	9,045	39.5%	4,517	5,987	32.5%	5,603	9,240	64.9%
<i>Urban Core Average</i>	<i>\$7,560</i>	<i>\$10,354</i>	<i>37.0%</i>	<i>\$5,258</i>	<i>\$7,099</i>	<i>35.0%</i>	<i>\$7,280</i>	<i>\$11,130</i>	<i>52.9%</i>
<i>Urban Ring</i>									
Cranston	\$7,475	\$9,117	22.0%	\$5,801	\$6,842	17.9%	\$5,741	\$8,944	55.8%
East Providence	7,412	9,791	32.1%	5,900	7,166	21.5%	6,397	9,680	51.3%
North Providence	7,751	10,119	30.5%	5,904	7,183	21.7%	8,093	11,732	45.0%
Warwick	8,389	10,732	27.9%	6,581	8,048	22.3%	7,530	11,612	54.2%
West Warwick	8,582	10,680	24.4%	6,448	7,691	19.3%	8,785	11,159	27.0%
<i>Urban Ring Average</i>	<i>\$7,902</i>	<i>\$10,019</i>	<i>26.8%</i>	<i>\$6,151</i>	<i>\$7,414</i>	<i>20.5%</i>	<i>\$6,985</i>	<i>\$10,466</i>	<i>49.8%</i>
<i>Suburban</i>									
Barrington	\$7,486	\$8,886	18.7%	\$6,019	\$6,831	13.5%	\$7,507	\$12,148	61.8%
Bristol-Warren	8,391	11,048	31.7%	6,619	8,644	30.6%	6,668	9,097	36.4%
Cumberland	6,772	7,622	12.6%	5,130	5,552	8.2%	7,274	8,741	20.2%
East Greenwich	7,488	9,492	26.8%	6,219	7,613	22.4%	7,412	10,923	47.4%
Jamestown**	6,813	10,714	57.3%	5,641	8,639	53.1%	5,798	9,518	64.2%
Johnston	7,638	10,598	38.8%	5,813	7,542	29.8%	6,652	11,176	68.0%
Lincoln	6,759	8,994	33.1%	5,685	6,880	21.0%	6,168	10,349	67.8%
Middletown	8,280	10,339	24.9%	6,862	8,359	21.8%	6,163	9,258	50.2%
Narragansett	9,200	12,937	40.6%	7,190	10,269	42.8%	7,971	10,654	33.7%
North Kingstown**	7,807	10,228	31.0%	6,323	8,246	30.4%	6,800	10,716	57.6%
Portsmouth	7,809	9,005	15.3%	6,553	7,356	12.3%	6,073	8,883	46.3%
Smithfield	6,361	8,469	33.1%	5,333	6,700	25.6%	6,383	10,771	68.7%
Westerly	7,862	10,280	30.8%	5,948	7,778	30.8%	8,538	11,564	35.4%
<i>Suburban Average</i>	<i>\$7,573</i>	<i>\$9,663</i>	<i>27.6%</i>	<i>\$6,058</i>	<i>\$7,491</i>	<i>23.7%</i>	<i>\$6,965</i>	<i>\$10,216</i>	<i>46.7%</i>
<i>Rural/Emerging Suburban</i>									
Burrillville	\$6,839	\$9,082	32.8%	\$5,242	\$7,108	35.6%	\$6,628	\$9,083	37.0%
Chariho	7,949	10,469	31.7%	6,117	7,546	23.4%	7,904	12,803	62.0%
Coventry	7,142	8,950	25.3%	5,728	6,893	20.3%	6,103	8,284	35.7%
Exeter-West Greenwich	7,236	10,212	41.1%	5,902	8,158	38.2%	6,344	10,470	65.0%
Foster	7,279	9,226	26.7%	6,364	7,611	19.6%	7,040	13,073	85.7%
Foster-Glocester	7,254	8,712	20.1%	6,185	7,448	20.4%	6,715	7,591	13.0%
Glocester	7,558	9,725	28.7%	6,396	7,772	21.5%	4,979	9,282	86.4%
Little Compton	10,069	12,731	26.4%	8,841	10,936	23.7%	4,808	7,758	61.4%
New Shoreham	12,900	19,018	47.4%	10,879	15,550	42.9%	11,614	17,337	49.3%
North Smithfield	6,882	8,429	22.5%	5,619	6,520	16.0%	6,642	10,340	55.7%
Scituate	6,451	8,271	28.2%	5,482	6,924	26.3%	4,530	7,100	56.7%
South Kingstown	7,215	10,055	39.4%	5,771	7,503	30.0%	6,774	12,702	87.5%
Tiverton	6,620	8,699	31.4%	5,480	7,077	29.1%	6,329	7,536	19.1%
<i>Rural Average</i>	<i>\$7,228</i>	<i>\$9,450</i>	<i>30.7%</i>	<i>\$5,830</i>	<i>\$7,345</i>	<i>26.0%</i>	<i>\$6,475</i>	<i>\$9,874</i>	<i>52.5%</i>
State Average	\$7,586	\$9,931	30.9%	\$5,786	\$7,320	26.5%	\$6,984	\$10,526	50.7%

* Based on Fall Enrollment.

** The students from the Jamestown school district attending school in North Kingstown and the expenditures related to them have been included in the Jamestown school district enrollment and expenditures.

Note: Expenditures do not include the State's contributions to the teacher retirement fund.

Source: RI Dept of Education, Jamestown School Department, and RIPEC calculations.

Teacher Salaries by District

Teacher salaries and pay scales vary by school districts. The top step in the pay scale is often used as a proxy for teaching experience. The Rhode Island Association of School Committees compiles salary tables for each school district, such as detailing each district's wage rates.

As seen in Table 13, the top step wage for school year 2002-2003 ranged from a high of \$61,000 in Coventry to a low of \$49,379 in Cumberland. One should note that Cumberland, Jamestown, Chariho, and Exeter-West Greenwich have steps above the 10th step. Average teacher salaries are often influenced by the age and years of experience of the teaching workforce. The number of teachers at the top step ranged from 78.0 percent in Gloucester to 40.0 percent in Jamestown.

Table 13
Rhode Island Teacher Salaries - 10th Step - by District
1997-1998, and 2002-2003

District	1997-98	2002-03	1998-2003 Change		2002/2003		
			Amount	Percent	Number of Teachers		
					Total	Top Step	% at Top
<i>Urban Core</i>							
Central Falls	\$48,838	\$59,193	\$10,355	21.2%	315	155	49%
Newport	49,370	56,466	7,096	14.4%	277	187	68%
Pawtucket	48,301	56,478	8,177	16.9%	857	508	59%
Providence	46,107	59,252	13,145	28.5%	2,261	1,425	70%
Woonsocket	47,251	56,941	9,690	20.5%	600	327	55%
<i>Urban Ring</i>							
Cranston	\$50,400	\$57,551	\$7,151	14.2%	999	NA	NA
East Providence	46,418	58,223	11,805	25.4%	580	352	61%
North Providence	48,549	57,628	9,079	18.7%	305	167	55%
Warwick	50,852	60,105	9,253	18.2%	1,284	732	57%
West Warwick	49,271	58,375	9,104	18.5%	324	195	60%
<i>Suburban</i>							
Barrington	\$49,331	\$58,448	\$9,117	18.5%	276	118	43%
Bristol-Warren	48,206	57,705	9,499	19.7%	357	208	58%
Cumberland	47,500	49,379 **	1,879	4.0%	435	218	50%
East Greenwich	49,080	58,612	9,532	19.4%	217	115	53%
Jamestown	47,128	53,293 *	6,165	13.1%	60	24	40%
Johnston	49,000	58,142	9,142	18.7%	312	NA	NA
Lincoln	48,991	58,090	9,099	18.6%	320	175	55%
Middletown	49,070	58,523	9,453	19.3%	274	186	68%
Narragansett	48,937	57,677	8,740	17.9%	195	140	72%
North Kingstown	49,876	58,161	8,285	16.6%	369	236	64%
Portsmouth	50,156	58,019	7,863	15.7%	249	136	55%
Smithfield	49,428	58,280	8,852	17.9%	228	122	54%
Westerly	52,772	54,478	1,706	3.2%	320.6	186.5	58%
<i>Rural/Emerging Suburban</i>							
Burrillville	\$47,732	\$57,545	\$9,813	20.6%	236	161	68%
Chariho	48,423	50,227 *	1,804	3.7%	336	204	61%
Coventry	53,200	61,000	7,800	14.7%	482	288	60%
Exeter - West Greenwich	49,952	53,681 ***	3,729	7.5%	205	101	49%
Foster	47,578	56,705	9,127	19.2%	37	21	57%
Foster - Gloucester	47,578	56,073	8,495	17.9%	134	84	63%
Gloucester	47,639	57,000	9,361	19.6%	72	56	78%
Little Compton	47,330	55,411	8,081	17.1%	35	27	77%
New Shoreham	48,005	55,955	7,950	16.6%	25	18	72%
North Smithfield	47,251	56,938	9,687	20.5%	175	79	45%
Scituate	48,192	58,262	10,070	20.9%	153	85	56%
South Kingstown	48,764	57,054	8,290	17.0%	412	NA	NA
Tiverton	47,927	56,755	8,828	18.4%	190	80	42%

*Chariho - \$56,825 - 11th Step; Jamestown - \$56,507 - 11th Step; and Westerly - \$62,675 - 11th Step.

**Cumberland - \$51,481 - 11th Step; \$57,220 - 12th Step.

***Exeter-West Greenwich - \$58,813 - 11th Step; \$59,523 - 12th Step; \$60,893 - 25th Step.

NA = No data were available.

Source: R.I. Association of School Committees, and RIPEC calculations.

VI. School Revenues & Tax Burdens

Summary

This section provides a summary and analysis of how Rhode Island finances its public K-12 education systems. It explores the resources derived from State and local governments, and compares Rhode Island's sources of funding to the rest of the country. Given the rate of growth in education spending – projected to grow at an average annual rate of 7.5 percent – the State-local financing structure becomes increasingly important.

- In 2003, Rhode Island cities and towns financed 58.6 percent of public education, compared to 54.4 percent in 1998. Conversely, the State share has declined from 40.1 percent to 37.5 percent in FY 2003;
- Rhode Island municipalities support 58.6 percent of the State's education spending with their property tax revenues – ranking 4th in the nation. This level of support is 37.6 percent higher than the national average (42.6 percent);
- State education aid increased from \$2,873 per pupil in FY 1998 to \$4,063 in FY 2004, an increase of 41.4 percent (\$1,190). During the same time period, fall enrollment grew by 4.2 percent; and
- Given the difference in taxpayer capacity and student need, State aid per pupil is projected to range from \$6,540 in Providence to \$713 in Barrington (excluding New Shoreham and the state-funded school district of Central Falls) in FY 2004.

How Rhode Island Compares

Education funding comes from three major sources – local funds, which are principally made up of property taxes, state aid, and Federal funds. Nationally, state resources represented 49.6 percent of the funds allocated towards public education in 2003 (latest figures available for a national comparison) – up from 48.4 percent in FY 1998. Nationally, the share of resources derived from localities declined from 44.5 percent in 1998 to 42.6 percent in 2003. The Federal share increased from 6.8 percent in 1998 to 7.8 percent in 2003.

Table 14
1998 and 2003 Education Revenue by Source

State	1998			2003		
	Local	State	Federal	Local	State	Federal
U.S. Average	44.5%	48.4%	6.8%	42.6%	49.6%	7.8%
Connecticut	58.8%	37.3%	3.9%	52.4%	42.5%	5.1%
Massachusetts	54.3%	40.7%	5.0%	47.3%	47.2%	5.4%
Rhode Island	54.4%	40.1%	5.4%	58.6%	37.5%	3.9%

Source: National Education Association, Rankings and Estimates of the States 1998 and 2002.

Rhode Island localities have increased their support for public education from 54.4 percent in 1998 to 58.6 percent in 2003. Conversely, State support has declined from 40.1 percent to 37.5 percent in FY 2003. Federal support as a percentage of total revenues also declined, from 5.4 percent in FY 1998 to 3.9 percent in FY 2003. It should be noted that the local support for schools provided by Rhode Island municipalities is approximately 38.0 percent higher than the National average (42.6 percent).

School districts in Connecticut and Massachusetts also receive the greatest portion of their funding from local revenues, but have experienced increases in State support to offset some of the pressure on the municipalities. Massachusetts' state share increased from 40.7 percent in FY 1998 to 47.2 percent in FY 2003, with a corresponding decline in municipal support for education. Similarly, Connecticut increased its state share of education funding from 37.3 percent in FY 1998 to 42.5 percent in FY 2003. Again, the municipal share declined in Connecticut as well.

Trends in Rhode Island

Local Share of Education Funding

Local property taxes continue to be the largest source of revenue to support public education in Rhode Island. As noted earlier, national studies show that Rhode Island municipalities support 58.6 percent of the State's education spending with their property tax revenues – ranking 4th highest in the Nation.

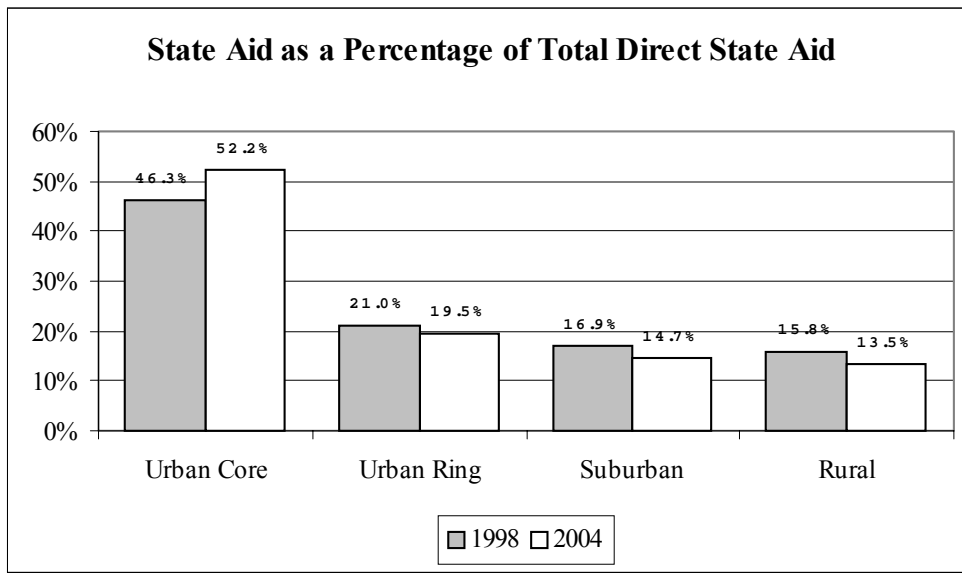
RIPEC projects Rhode Island's local share for education spending to increase to 59.0 percent in FY 2004. Conversely, the State's share of resources to support education is projected to decline to 38.3 percent, which would be the lowest level of support since FY 1994.

Since FY 1998, local dollars have supported \$0.61 of every new dollar raised for elementary and secondary education. The State has supplied approximately \$0.36 of every new dollar and the \$0.03 balance has been derived from Federal sources. Since FY 1998, local support for education has increased by \$386.0 million – from \$669.4 million to an estimated \$1,055.4 million in FY 2004. This represents a 58.0 percent increase during this period.

Rhode Island reported expenditures and state aid slightly different from the national data. In addition, the state aid discussed below does not include the State contribution for teacher retirement. As shown on Table 15, the level of State revenue appropriated to the public education system in Rhode Island increased by almost \$200.0 million, from \$437.8 million in FY 1998 to \$637.6 million in FY 2004. This 45.6 percent increase in state aid since FY 1998 translates into an average annual rate of growth of 7.6 percent.

The FY 2004 State budget includes \$637.6 million in direct education aid to local school districts, representing a \$15.9 million increase (2.6 percent) from the previous year. The State enacted a distribution method for the \$15.9 million increase that guaranteed a minimum 1.75 percent increase in aid for each school district.

In FY 1998, the urban core school districts received 46.3 percent of the total direct state education aid distributed throughout the state. This has since increased to 52.2 percent in FY 2004. This is principally due to the State targeting its direct school aid to urban core school districts. As noted above, direct education aid since FY 1998 increased by approximately \$200.0 million. Of this increase in aid, the urban core school districts received \$130.3 million – 65.2 percent of the increase in state aid. Over half (\$72.7 million) of this increase in aid to urban core school districts was targeted to Providence.



Of the total amount of direct state aid, urban ring districts received an estimated 19.5 percent in FY 2004, down from 21.0 percent in FY 1998. Urban ring school districts received a \$32.6 million increase from FY 1998 to FY 2004, representing 16.3 percent of the net increase in education aid statewide. The \$32.6 million increase in state education aid represented a 35.5 percent increase since FY 1998.

Suburban districts also experienced a decline in their percentage of total state aid received. While these districts received 16.9 percent of the total education aid in FY 1998, they received 14.7 percent in FY 2004. Of the total amount of state aid, suburban districts received \$19.8 million – or 9.9 percent – of the net increase since FY 1998. The net increase represented a 26.7 percent increase in state education aid since FY 1998.

Like urban ring and suburban districts, rural school districts saw a decline in their share of total state aid. Their share decreased from 15.8 percent in FY 1998 to 13.5 percent in FY 2004. Of the total amount of state aid, they received \$17.1 million in additional aid since FY 1998 – a 25.0 percent increase during this period.

State Education Aid Per Pupil

Another perspective on relative state education aid is provided when looking at education aid per pupil. Education aid per pupil takes into account changes in enrollment. For FY 1998, fall enrollment in 1997 has been used as the divider. Education aid per pupil for FY 2004 is based on enrollment in fall 2002, the latest figures available.

In FY 1998, the State provided \$2,873 per pupil, which has since increased to \$4,063 per pupil in FY 2004. This represents a 41.4 percent, or \$1,190 increase, during this time period. State aid per pupil is projected to range from a high of \$6,540 in Providence (excludes the state-funded Central Falls school district and New Shoreham) to \$713 in Barrington in FY 2004.

On average, the urban core school districts received \$6,537 per pupil in State aid in FY 2004, an increase of \$2,232, or 51.8 percent, when compared to FY 1998. The FY 1998 average state aid per pupil in the urban core was 49.8 percent higher than the state average. This has since increased to 61.0 percent higher than the State average in FY 2004. The largest percentage increase was in Pawtucket, with an increase of 64.6 percent. Newport continues to be the only urban core school district that receives less per pupil than the state average.

Urban ring communities received \$3,670 per pupil in State aid for FY 2004, representing an increase of \$1,003 or 37.6 percent over FY 1998. Urban ring communities' FY 2004 average state aid per pupil was 90.3 percent of the state average – down from 93.0 percent in FY 1998. The largest percentage increase was in East Providence, with an increase of 52.2 percent. West Warwick was the only urban ring community that received more State aid per pupil than the state average in FY 2004.

Suburban communities received \$2,113 per pupil in FY 2004, representing an increase of \$462 or 28.0 percent over FY 1998. The FY 2004 average state aid per pupil in suburban districts was 52.0 percent of the State average – down from 57.4 percent in FY 1998. The Bristol-Warren school district is the only suburban school district that continued to receive more state aid per pupil than the state average - \$5,017 in FY 2004. This is 23.5 percent higher than the state average.

Rural communities experienced a 25.0 percent increase in their average state aid per pupil, increasing from \$2,203 in FY 1998 to \$2,753 in FY 2004. Rural communities' FY 2004 state aid per pupil is 67.8 percent of the State average – down from 76.7 percent in FY 1998. The town of Burrillville is the only rural school district that received more State aid per pupil than the State average. Burrillville received \$4,876 per pupil in FY 2004 – nearly 20.0 percent more than the State average. The Foster-Glocester school district is the only rural school district experiencing a net decline in state aid per pupil, from \$3,019 in FY 1998 to \$2,850 in FY 2004.

Table 15
1998, 2002, and 2004 Direct State Education Aid By District

School District	FY 1998	FY 2004	1998-2004 Change		Aid Per Pupil	
			Amount	Percent	1998	2004***
<i>Urban Core</i>						
Central Falls	\$21,454,420	\$35,670,888	\$14,216,468	66.3%	\$6,644	\$9,770
Newport	7,692,234	11,060,746	3,368,512	43.8%	2,593	3,794
Pawtucket	36,262,522	61,074,964	24,812,442	68.4%	3,753	6,177
Providence	108,499,534	181,224,594	72,725,060	67.0%	4,236	6,540
Woonsocket	28,621,118	43,813,046	15,191,928	53.1%	4,303	6,406
<i>Subtotal</i>	<i>\$202,529,828</i>	<i>\$332,844,238</i>	<i>\$130,314,410</i>	<i>64.3%</i>	<i>\$4,306</i>	<i>\$6,537</i>
<i>Urban Ring</i>						
Cranston	\$23,933,839	\$32,907,994	\$8,974,155	37.5%	\$2,241	\$2,920
East Providence	17,239,374	25,009,458	7,770,084	45.1%	2,551	3,882
North Providence	9,215,442	12,449,559	3,234,117	35.1%	2,638	3,614
Warwick	28,464,626	34,941,323	6,476,697	22.8%	2,357	2,891
West Warwick	13,113,895	19,275,597	6,161,702	47.0%	3,548	5,043
<i>Subtotal</i>	<i>\$91,967,176</i>	<i>\$124,583,931</i>	<i>\$32,616,755</i>	<i>35.5%</i>	<i>\$2,667</i>	<i>\$3,670</i>
<i>Suburban</i>						
Barrington	\$1,845,479	\$2,393,375	\$547,896	29.7%	\$609	\$713
Bristol/Warren	15,769,324	19,183,751	3,414,427	21.7%	3,971	5,017
Cumberland	10,081,007	12,594,809	2,513,802	24.9%	2,091	2,328
East Greenwich	1,258,719	1,796,345	537,626	42.7%	555	735
Jamestown	318,648	486,504	167,856	52.7%	481	857
Johnston	7,467,702	10,137,270	2,669,568	35.7%	2,189	3,062
Lincoln	5,628,165	6,955,618	1,327,453	23.6%	1,601	1,877
Middletown	7,713,312	9,916,122	2,202,810	28.6%	2,721	3,494
Narragansett	1,126,281	1,709,968	583,687	51.8%	605	985
North Kingstown	9,258,078	11,317,305	2,059,227	22.2%	2,049	2,796
Portsmouth	4,727,029	5,811,300	1,084,271	22.9%	1,730	1,940
Smithfield	4,193,817	5,306,854	1,113,037	26.5%	1,527	1,963
Westerly	4,702,928	6,284,205	1,581,277	33.6%	1,329	1,702
<i>Subtotal</i>	<i>\$74,090,489</i>	<i>\$93,893,426</i>	<i>\$19,802,937</i>	<i>26.7%</i>	<i>\$1,651</i>	<i>\$2,113</i>
<i>Rural/Emerging Suburban</i>						
Burrillville	\$9,725,426	\$13,076,186	\$3,350,760	34.5%	\$3,253	\$4,876
Chariho District **	11,501,105	13,945,923	2,444,818	21.3%	2,944	3,612
Coventry	15,464,764	18,881,202	3,416,438	22.1%	2,804	3,228
Exeter/W Greenwich	5,690,556	7,216,180	1,525,624	26.8%	2,723	3,306
Foster	1,075,869	1,311,926	236,057	21.9%	2,690	3,408
Foster/Glocester	4,519,602	5,395,937	876,335	19.4%	3,019	2,850
Glocester	2,453,703	2,995,087	541,384	22.1%	2,804	3,885
Little Compton	222,570	325,831	103,261	46.4%	615	950
New Shoreham	42,109	93,128	51,019	121.2%	301	665
North Smithfield	3,610,676	4,540,392	929,716	25.7%	2,120	2,422
Scituate	2,594,370	3,200,400	606,030	23.4%	1,471	1,796
South Kingstown	7,787,460	9,766,904	1,979,444	25.4%	1,867	2,305
Tiverton	4,481,663	5,553,102	1,071,439	23.9%	2,030	2,489
<i>Subtotal</i>	<i>\$69,169,873</i>	<i>\$86,302,198</i>	<i>\$17,132,325</i>	<i>24.8%</i>	<i>\$2,203</i>	<i>\$2,753</i>
State	\$437,757,366	\$637,623,793	\$199,866,427	45.7%	\$2,873	\$4,063

Education Aid excludes Charter Schools, Teacher Retirement and Housing Aid.

** Chariho School District's State Aid represents Charlestown, Hopkinton and Richmond.

*** Based on Fall 2002 Enrollment.

Source: R.I. Dept. of Education, House Fiscal Advisory Staff Report on 03-H6174 Sub A, and RIPEC calculations.

Rhode Island's Equity Index

The Equity Index was included in the State's education aid distribution methodologies as part of the education reform package often referred to as Article 31. The State first began using the Index for distributing a portion of new aid in FY 1997.

The Index is a calculation of the relative tax effort each community makes towards raising local resources and the relative tax capacity each community has to raise local resources. The Index uses the adjusted equalized assessed value (EWAV includes an adjustment for Median Family Income) of each community as estimated by the Office of Municipal Affairs and the gross property tax levy reported by each community. The Index calculates the average state property tax rate and uses the rate to generate a hypothetical per capita tax yield for each community. The Index then compares the actual per capita property tax yield by community with the hypothetical per capita tax yield using the state average rate. The Index then estimates the "gap" between the actual yield and the potential yield if the state average tax rate were used, based on each community's tax base.

There are several components of the index worth discussing because they provide additional insight into the State's school district's ability to raise and sustain local property tax resources for educational purposes.

Tax Capacity - Tax capacity is based on the State average of 100, in which the higher the community's relative capacity, the higher the number. In other words, this measure estimates the relative "size" of the local tax basis is on a per capita basis. In FY 1998, tax capacity ranged from 1,063 in New Shoreham to 20 in Central Falls. In FY 2003, tax capacity ranged from 1,056 in New Shoreham to 13 in Providence.

Tax Effort - Tax effort is also based on the State average at 100, where the higher the Community's property tax effort relative to the State average, the higher the number. In other words, the more effort placed on the tax base, the greater the number. In FY 1998 tax effort among the communities ranged from a high in Central Falls (229) to a low in New Shoreham (33). In FY 2003, effort ranges from 298 in Providence to 28 in Little Compton and New Shoreham.

Composite Equity Index – The Index is then calculated by dividing each community's relative capacity by its relative effort. In general, those communities that have an Equity Index of 1.00 or less are considered to evidence some level of fiscal stress relative to the rest of the State because of their relative fiscal capacity and tax effort. Those communities with an Index from 1.10 to 2.00 are considered to reflect the typical or average condition among Rhode Island municipalities. Those with an Index of 2.10 or more have a fiscal capacity at least adequate to meet their needs.

Table 16
Estimated Tax Capacity and Tax Effort Indices

	Relative Capacity		Relative Effort		Equity Index	
	FY 1998	FY 2003	FY 1998	FY 2003	FY 1998	FY 2003
<i>Urban Core</i>						
Central Falls	20	13	229	266	0.09	0.05
Newport	115	145	107	78	1.07	1.85
Pawtucket	51	39	138	159	0.37	0.24
Providence	46	35	214	298	0.21	0.12
Woonsocket	44	34	157	181	0.28	0.19
<i>Urban Ring</i>						
Cranston	100	88	115	132	0.87	0.66
East Providence	90	80	100	108	0.90	0.74
North Providence	81	72	115	134	0.70	0.54
Warwick	119	111	107	106	1.11	1.04
West Warwick	73	61	124	132	0.59	0.47
<i>Suburban</i>						
Barrington	219	226	66	64	3.32	3.55
Bristol	93	98	79	76	1.18	1.28
Cumberland	121	117	69	73	1.75	1.60
East Greenwich	241	247	62	64	3.89	3.85
Jamestown	287	365	53	38	5.42	9.68
Johnston	102	106	85	105	1.20	1.01
Lincoln	137	142	89	92	1.54	1.54
Middletown	106	136	84	79	1.26	1.73
Narragansett	212	220	67	60	3.16	3.69
North Kingstown	140	162	82	74	1.71	2.18
Portsmouth	159	186	71	63	2.24	2.93
Smithfield	116	129	89	77	1.30	1.68
Warren	90	95	93	91	0.97	1.04
Westerly	169	168	68	69	2.49	2.44
<i>Rural/Emerging Suburban</i>						
Burrillville	78	106	92	83	0.85	1.28
Charlestown	231	207	57	57	4.05	3.61
Coventry	97	97	89	95	1.09	1.02
Exeter	116	148	88	61	1.32	2.42
Foster	128	141	85	72	1.51	1.94
Glocester	109	118	96	85	1.14	1.38
Hopkinton	107	108	88	82	1.22	1.31
Little Compton	371	391	36	28	10.31	13.87
New Shoreham	1,063	1,056	33	28	32.21	37.08
North Smithfield	135	146	73	73	1.85	2.00
Richmond	123	126	82	69	1.50	1.81
Scituate	171	177	64	56	2.67	3.14
South Kingstown	129	154	82	71	1.57	2.18
Tiverton	116	124	83	69	1.40	1.79
West Greenwich	207	174	72	62	2.88	2.81
State	100	100	100	100	1.00	1.00

Source: RIPEC calculations based on Rhode Island Office of Municipal Affairs data.

FY 1998 Indices ranged from 0.09 in Central Falls to 32.13 in New Shoreham. Ten communities had Indices less than 1.00, 18 were between 1.00 and 2.00, and the remaining 11 had Indices of 2.00 or higher. In FY 2003, the indices ranged from a low of 0.05 in Central Falls to a high of 37.08 in New Shoreham. Eight communities had indices of less than 1.00, sixteen were between 1.0 and 2.0 and the remaining 15 had indices of 2.0 or higher. While it appears that there has been some improvement overall, nine of the ten urban communities experienced continued erosion of their ability to raise local resources to support local education programs.

VII. Student Demographics

Summary

Rhode Island has a higher concentration of students enrolled in limited English proficiency programs and special education as well as more pupils eligible for subsidized lunches than its two neighboring states - Connecticut and Massachusetts. Within Rhode Island, these socio-economic factors are concentrated in urban school districts.

- Enrollment in Rhode Island school districts increased from 152,356 students in 1998 to 156,624 in 2002, an increase of 2.8 percent or 4,268 pupils. RIPEC projects total enrollment to increase to approximately 158,800 in FY 2004.
- Rhode Island had 20.0 percent of its enrollment enrolled in special education programs – a higher percentage than the U.S. average (13.2 percent) as well Connecticut (13.0 percent) and Massachusetts (15.4 percent);
- RIPEC projects special education enrollment to represent 21.0 percent of enrollment in FY 2004;
- Student eligibility for free and reduced lunch increased from 49,218 students in 1998 to 52,425 in 2002, an increase of 6.4 percent during that time period. In FY 2002, 33.5 percent of all students are eligible of these programs;
- RIPEC projects the number of children eligible for free and reduced lunch programs to increase to 54,250 by FY 2004, which would represent 34.2 percent of the total enrollment; and
- In Rhode Island, 6.4 percent of the total enrollment were enrolled in limited English proficiency programs in 2002. This is lower than the national average of 8.1 percent, but higher than the percentage in Connecticut (3.8 percent) and Massachusetts (4.7 percent).

Definitions

Fall Enrollment

The count of the pupils registered in the fall of the school year, usually in October. Enrollment data from the National Center for Education Statistics (NCES) and the data shown under Rhode Island Trends differ because the data from NCES include State operated schools and charter schools.

Special Education

A student for whom Individual Educational Plan (IEP) services is provided.

Eligibility for subsidized lunch

This measure indicates the percent of students who were eligible for free or reduced lunches. Students whose family incomes fall below certain income (poverty or near-poverty) guidelines are eligible for subsidized lunches.

Limited English Proficiency

A student who receives instruction in a bilingual and/or English as a Second Language (ESL) program.

How Rhode Island Compares

Nationally, fall enrollment increased by 3.4 percent from 1998 to 2002. Rhode Island's enrollment increased by 3.1 percent (includes state run schools). Connecticut's enrollment growth was 6.6 percent during this period and Massachusetts' experienced an enrollment growth of 2.5 percent.

	1998	2002	Change
U.S.	46,126,897	47,687,871	3.4%
Connecticut	535,164	570,228	6.6%
Massachusetts	949,006	973,140	2.5%
Rhode Island*	153,321	158,046	3.1%

* Includes state-operated schools
Source: NCES, and RIPEC calculations.

In 2002, the Ocean State had 20.0 percent of the students enrolled in special education programs. This is a higher percentage than the national average of 13.2 percent or the percentage in Connecticut (13.0 percent) and Massachusetts (15.4 percent). Between 1998 and 2002 Connecticut and Massachusetts experienced a decrease in the portion of its students enrolled in special education. In Connecticut, it decreased from 13.4 percent in 1998 to 13.0 percent in 2002 and in Massachusetts from 17.2 percent in 1998 to 15.4 percent in 2002. However, in Rhode Island, the special education enrollment increased as a percentage of statewide enrollment from 17.7 percent in 1998 to 20.0 percent in 2002. The U.S. average increased from 11.9 percent in 1998 to 13.2 percent in 2002.

	Special Education	Subsidized Lunch	Limited English
U.S.	13.2%	36.5%	8.1%
Connecticut	13.0%	-	3.8%
Massachusetts	15.4%	25.3%	4.7%
Rhode Island	20.0%	33.6%	6.4%

Source: NCES, and RIPEC calculations.

In 2002, about 36.5 percent of the total enrollment received free and reduced lunch throughout the United States. Rhode Island had approximately one-third (33.6 percent) of its enrollment were eligible for lunch programs. Massachusetts had 25.3 percent of their enrollment eligible for the lunch programs (no data were available for Connecticut).

Nationally, about 8.1 percent of the pupils in public elementary and secondary education participated in limited English proficiency programs in 2002. As shown on Table 18, while all three surveyed states were below the national level, Rhode Island had the highest level with 6.4 percent of the pupils showing limited English proficiency.

Enrollment Trends in Rhode Island

In Rhode Island, school district enrollment increased from 152,356 pupils in 1998 to 156,624 in 2002, an increase of 2.8% or 4,268 pupils (fall enrollment numbers do not include state-operated schools and charter schools). RIPEC estimates that FY 2004 enrollment statewide will total approximately 158,800.

As shown on Table 20, from FY 1998 to FY 2002, Rhode Island’s urban core districts experienced the highest growth rate in enrollment, increasing enrollment from 48,121 pupils in 1998 to 50,327 in 2002 - an increase of 4.6 percent. Nearly 52.0 percent of the growth in enrollment statewide occurred in the urban core. However, enrollment growth varied by community. For example, there was a 12.7 percent increase in Central Falls and a 1.0 percent decline in Newport. In 2002, the urban core districts share of total statewide enrollment was 32.1 percent, up from 31.6 percent in 1998.

Enrollment	1998	2004*	Change 1998-2004
Special Ed	28,558	32,631	14.3%
Limited English (LEP)	9,248	11,582	25.2%
Free/Reduced Lunch	49,218	54,250	10.2%
Total Fall Enrollment	152,356	158,824	4.2%

* Estimated enrollment based on average rate of growth.
Source: RI Dept. of Education and RI Association of School Committees and RIPEC Forecast

The lowest enrollment growth was in urban ring districts, which increased their enrollment on average by 1.4 percent between 1998 and 2002, from 36,701 pupils in 1998 to 37,214 pupils in 2002. Cranston had the highest growth rate of 4.4 percent. Among the urban ring districts, East Providence and North Providence experienced

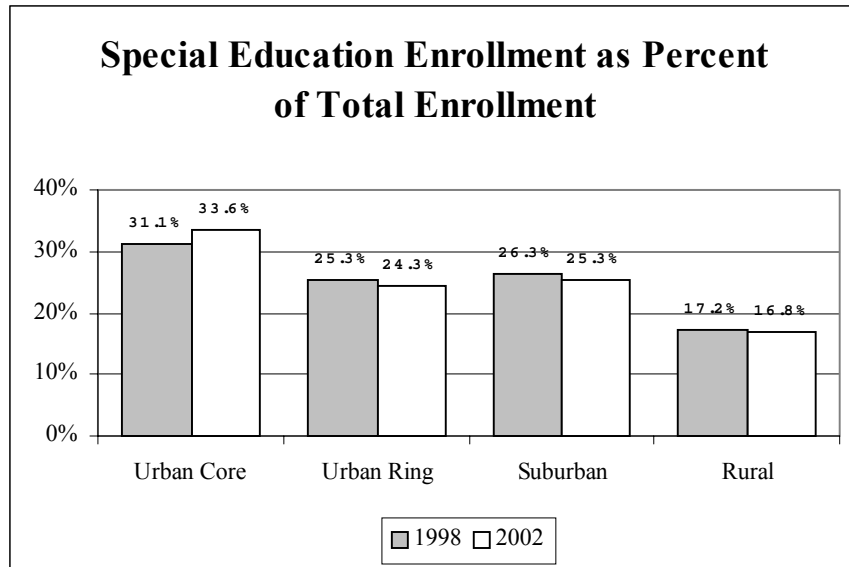
declines in enrollment by (2.8) percent and (0.5) percent respectively. The urban ring's share of total enrollment was 23.8 percent in 2002, down from 24.1 percent in 1998.

The suburban districts had 25.0 percent of the net growth in enrollment statewide. These districts increased their enrollment by an average of 2.7 percent. Cumberland had the highest growth rate among them with 11.4 percent and Jamestown the lowest with a decline in enrollment of 11.9 percent between 1998 and 2002. Enrollment increased from 39,913 pupils in 1998 to 40,995 pupils in 2002. The suburban school district's share of total enrollment was 26.2 percent in 2002, the same percentage as in 1998.

Enrollment in rural/emerging suburban districts increased by 1.7 percent on average, from 27,621 in 1998 to 28,088 in 2002. However, the growth rate varies widely among the districts. Foster-Glocester experienced a growth rate of 9.0 percent between 1998 and 2002, while Glocester's enrollment declined by 8.3 percent. The rural/emerging suburban district's share of total enrollment was 17.9 percent in 2002, slightly down from 18.1 percent in 1998.

Special Education

In Rhode Island, special education enrollment increased from 28,558 pupils in 1998 to 31,360 in 2002, an increase of 9.8 percent or 2,802 pupils during that time period. In 1998, 18.7 percent of the State's students were enrolled in special education programs. This has since increased to 20.0 percent in 2002. RIPEC forecasts that special education enrollment will increase to 32,630 by FY 2004. In FY 2004, special education enrollment as a percentage of statewide enrollment is projected to increase to 21.0 percent. While total student enrollment increased by 2.8 percent between 1998 and 2002, children enrolled in special education programs increased by 9.8 percent during the same period. In other words, a disproportionate share of the growth in enrollment was due to growth in special education.



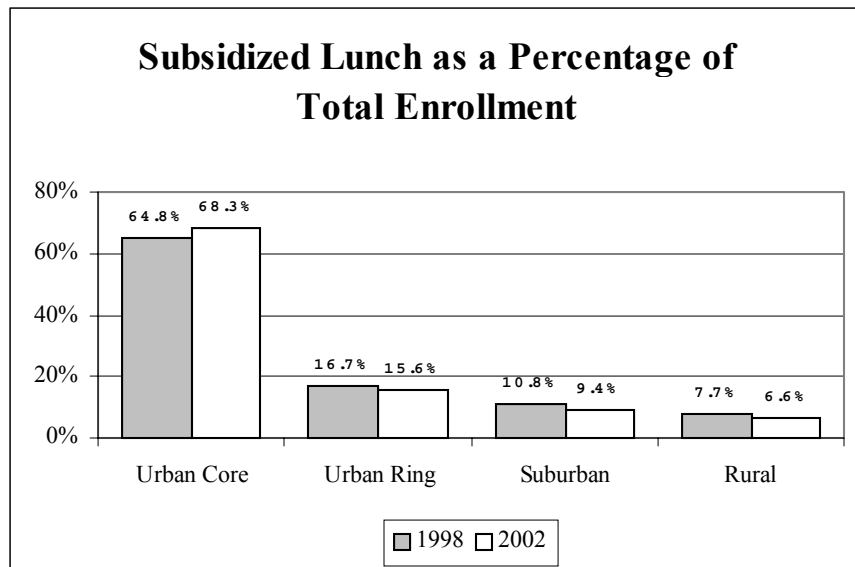
However, as presented on Table 20, the rate of growth has differed significantly by community. The percentage of total enrollment engaged in special education programs ranged from a high of 25.5 percent in Newport in 2002 to a low of 11.7 percent in Foster. Urban core school districts experienced more than half (59.0 percent) of the net special education enrollment growth. These school districts had an increase in special education enrollment of 1,645 pupils, from 8,890 pupils in 1998 to 10,535 in 2002, representing an 18.5 percent increase during that time period. Only urban core districts increased their special education enrollment as a percentage of total enrollment. The urban core's share of special education enrollments statewide increased from 31.1 percent in 1998 to 33.6 percent in 2002.

Urban ring communities had the lowest increase in special education enrollment growth, from 7,235 pupils in 1998 to 7,626 pupils in 2002, representing a 5.4 percent rate of growth. Special education enrollment as a percentage of total enrollment in urban ring school districts decreased from 25.3 percent in 1998 to 24.3 percent in 2002.

Suburban communities increased their special education enrollment from 7,518 pupils in 1998 to 7,937 pupils in 2002, an increase of 5.6 percent. As a percentage of statewide enrollment, pupils enrolled in special education programs declined from 26.3 percent in 1998 to 25.3 percent in 2002. Rural/emerging suburban school districts had an increase of 7.1 percent in their special education enrollment, from 4,915 pupils in 1998 to 5,262 in 2002. Their share of special education enrollments remained relatively unchanged at 17.2 percent in 1998 and 16.8 percent in 2002.

Eligibility in Free and Reduced Lunch

Eligibility for free and reduced lunch increased from 49,254 in 1998 to 52,425 in 2002, an increase of 6.4 percent during that period. Statewide, the percentage of students that were eligible for subsidized lunch increased from 32.3 percent in 1998 to 33.5 percent in 2002 (see Table 20). The percentage ranged from a high of 80.7 percent in Central Falls to a low of 2.5 percent in Barrington. RIPEC projects subsidized lunch recipients to increase to 54,250 in FY 2004 representing 34.1 percent of the total enrollment.



The net increase in eligibility for subsidized lunches is principally attributable to urban core school districts. When looking at community types, only urban core districts experienced growth in the numbers of children eligible for subsidized lunch, while all other community types actually experienced net declines in their enrollment in subsidized lunches.

In urban core districts eligibility for free and reduced lunch increased from 31,907 in 1998 to 35,812 in 2002, an increase of 3,905 pupils or 12.2 percent. Their share of the States' pupils eligible for subsidized lunches increased from 64.8 percent in 1998 to 68.3 percent in 2002.

Urban ring districts experienced a 0.5 net percent decline in students eligible for free and reduced lunches, from 8,237 pupils in 1998 to 8,195 in 2002. West Warwick had the highest incidence of eligibility with 33.2 percent of its enrollment eligible for the programs. The urban ring district's share of the States' pupils enrolled declined from 16.7 percent in 1998 to 15.6 percent in 2002.

Suburban school districts saw a 7.2 percent net decline in eligibility levels, from 5,320 in 1998 to 4,936 in 2002. Only three suburban districts, Cumberland (13.2 percent), Johnston (23.8 percent) and Westerly (2.3 percent) experienced an increase in students eligible for these programs. The suburban district's share of the States' children eligible for lunch programs decreased from 10.8 percent in 1998 to 9.4 percent in 2002.

Rural districts experienced a net decline in students eligible for free and reduced lunches as well. Their eligibility levels decreased from 3,791 pupils in 1998 to 3,482 in 2002, a decline of 8.1 percent. The rural district's share of the States' pupils eligible for subsidized lunches decreased from 7.7 percent in 1998 to 6.6 percent in 2002. The Burrillville school district led the rural communities with 19.3 percent of their children eligible for the programs.

Limited English Proficiency

In 1998, 9,248 pupils were participating in limited English programs (LEP). This has since grown to 10,782 in 2002, an increase of 16.6 percent (1,534 net increase). In 1998, 6.1 percent of all students statewide were enrolled in these programs, in 2002; it increased to 6.9 percent. RIPEC forecasts enrollment to increase to 11,582 by FY 2004, representing 7.3 percent of total enrollment.

Growth in LEP programs was concentrated in the State's urban districts, with the 10 urban districts having a combined LEP enrollment of 10,004 students or 93.2 percent of the total LEP enrollment in 2002, down from 93.8 percent in 1998 (8,673 students). Providence experienced nearly all of the increase with 1,269 students.

The five urban core districts gained 1,654 students while all other districts combined actually experienced a net decline of 120 students during the four-year period. The urban core district's share of pupils enrolled in these programs increased from 78.9 percent in 1998 to 83.0 percent in 2002.

