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Comments on Your Government

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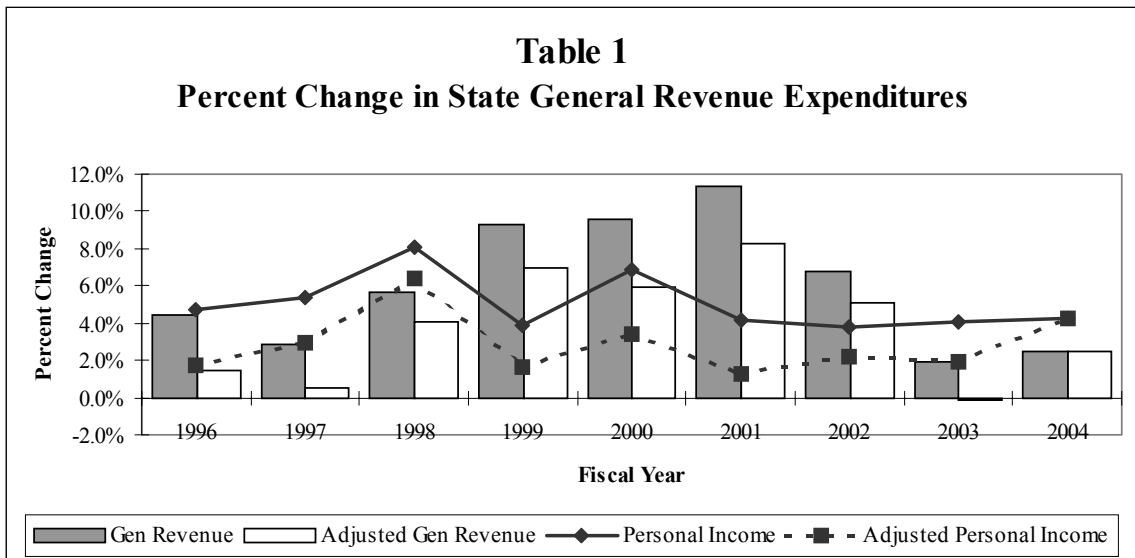
FY 2004 State Budget – Part III Synopsis of FY 2004 Budget as Enacted

RIPEC's analysis of the FY 2004 State Budget is presented in three parts. Part I included an overview of the Governor's FY 2003 Revised and FY 2004 Budget request along with RIPEC's Comments on the overall fiscal plan. Part II discussed the changes in economic assumptions, revenues and caseloads developed by the May Revenue Estimating Conference, and Part III provides an overview of the Budget as Enacted.

The FY 2004 State budget continues to demonstrate the need for greater fiscal restraint to be built into the State Budget Process. While a case can be made for several of the items the General Assembly has added to the Governor's budget request, in total, the level of State spending continues to exceed ongoing revenues, and out-year deficits continue, and are projected to exceed \$170.0 million (State Budget Office).

RIPEC maintains that a test of the fiscal soundness of a budget is that recurring revenues should be adequate to support ongoing operating costs. In fiscal years 2002 and 2003, the budgets were balanced using the one-time proceeds from the tobacco securitization initiative. In FY 2004, the budget is balanced with significant one-time Federal aid. As a result, the tough choices needed to address Rhode Island's structural budget gap were postponed.

Table 1
Percent Change in State General Revenue Expenditures



The FY 2004 Budget was principally balanced using a one-time, \$102.0 million Federal aid grant made available to as part of the Jobs and Growth Act of 2003. Half of the funding was allocated through the Federal Medical Assistance Percentage (FMAP) – providing Federal assistance through the Medicaid Program. The General Assembly used these additional funds to finance Medicaid expenditures that would have otherwise been supported with general revenue funds, thereby freeing up the State's resources to balance the budget. The remaining Federal funds, described as flexible grants, were recognized as new revenues to the State and were used to balance the FY 2004 budget.

When the Governor submitted his FY 2004 Budget request, he was projecting operating surpluses by FY 2006. The projected operating surpluses were a direct result of several budget proposals included in the FY 2004 Budget. First, the Governor proposed changing the allocation of VLT (video lottery terminals) revenues in FY 2004 and thereafter in favor of the State, generating \$48.1 million in FY 2004 and nearly \$80.0 million by FY 2008.

The General Assembly rejected in part the Governor's proposals to increase the State's share of Video Lottery Terminal income. Rather than increasing State revenues by \$48.1 million through changes in the allocation of VLT revenues as proposed by the Governor (lowered to \$42.3 million due to the May Revenue Estimating Conference), the General Assembly made changes that would generate approximately \$20.8 million in additional revenues. This included \$4.9 million from the changes to the subsidies to the kennel owners.

Second, the Governor proposed to cap the General Revenue Sharing program at 2.6 percent of State tax revenues from two years prior in FY 2004 and thereafter, avoiding approximately \$30.0 million in additional general revenue expenditures by FY 2008.

However, the General Assembly restored the General Revenue Sharing Program, increasing the appropriation to \$51.4 million – a \$3.1 million increase from the Governor's proposed budget.

The Governor proposed to eliminate the CPI adjustment to the program to phase out the excise tax on motor vehicles (which continues to be frozen at the \$4,500 exemption). This action would result in approximately \$30.0 million in avoided general revenue expenditures by FY 2008. The General Assembly accepted this proposal by the Governor and included it in the FY 2004 budget.

It should be noted that the FY 2004 Budget included most of the Governor's Jobs Agenda, save \$1.0 million in funding for the Slater Funds. The program included the two-year program to improve the State's apportionment formula for manufacturers and \$1.4 million in literacy funding.

The Governor's FY 2004 budget request did not include significant reductions in general operations. However, the General Assembly rejected the Governor's proposal to increase State employee and teacher contributions to their respective retirement programs. This required the General Assembly to restore approximately \$17.4 million in funding.

Issues relating to pensions need to be considered in a comprehensive fashion in order to analyze the impact on the fiscal soundness as well as the overall affordability of the pension system. As RIPEC outlined in its budget analysis (Part I – May 6, 2003), the State’s pension provisions are more generous than in neighboring states. Matters such as a minimum age requirement for retirement, the COLA and cost-sharing of retirement health care coverage should be reviewed as part of a larger process of addressing the State’s pension system.

In controlling overall spending, a key tool has been the State’s annual allocation of FTE positions throughout State government. In FY 1990, the State had 17,438.0 authorized FTE positions. The State has since used the FTE process to help reduce the total to 15,604.2 FTE positions in FY 2004 – a 10.5 percent reduction in authorized positions. The FTE authorization process has continued to serve as an effective management tool for the State.

Grants and benefit programs to individuals represent the largest and fastest growing portion of the State budget. Approximately 45 cents of every new dollar spent since FY 1996 has been used to support additional spending for these programs (managed care, childcare, income support programs).

Neither the Governor’s budget request nor the General Assembly’s enacted budget addressed the long-term impact these programs will have on the State’s budget. For example, managed care (Rite Care) expenditures alone represented nearly 16 cents of every new

dollar spent since FY 1996. How demographics, economic forces and policy choices influence this program are important to understand.

The State’s pharmaceutical assistance program, RIPAE, provides pharmaceutical support to limited income elderly. There are a number of factors that will continue to influence this program, adding considerable pressure on the State’s expenditures for the program in the near future.

- Rhode Island has the 6th highest concentration of elderly (14.5 percent of population) in the U.S.;
- The caseload for RIPAE has increased by 75.0 percent since FY 1996 – due to expansion of eligibility requirements;
- Program expenditures continue to outpace inflation, totaling over \$14.3 million in FY 2004;
- Program costs are principally driven by increases in pharmaceutical use and cost; and
- The Baby-boomer generation is approaching eligibility for the program.

The State needs to begin evaluating programs such as managed care and RIPAE and determining what policy choices are available to address these mounting pressures on spending while maintaining a certain level of service.

Table 2
State Expenditures - All Funds

By Fund	1996	1997	1998	1999	2000	2001	2002	2003	2004
General Revenues	\$1,713.5	\$1,762.5	\$1,862.5	\$2,036.3	\$2,230.6	\$2,482.7	\$2,650.3	\$2,699.0	\$2,783.8
Federal Funds	1,037.8	1,079.2	1,062.8	1,231.1	1,283.0	1,428.8	1,477.1	1,729.2	1,837.3
Restricted Funds	104.4	103.1	127.9	130.7	144.0	96.5	93.1	119.4	144.6
Other Funds	694.0	679.3	669.7	731.7	768.3	831.2	986.2	970.2	974.6
<i>Total</i>	<i>\$3,549.7</i>	<i>\$3,624.0</i>	<i>\$3,723.0</i>	<i>\$4,129.8</i>	<i>\$4,425.9</i>	<i>\$4,839.1</i>	<i>\$5,206.7</i>	<i>\$5,517.8</i>	<i>\$5,740.4</i>
<i>Percent Change</i>		<i>2.1%</i>	<i>2.7%</i>	<i>10.9%</i>	<i>7.2%</i>	<i>9.3%</i>	<i>7.6%</i>	<i>6.0%</i>	<i>4.0%</i>
Adjusted Expenditures	\$4,239.7	\$4,231.4	\$4,280.3	\$4,645.4	\$4,816.5	\$5,120.6	\$5,423.7	\$5,635.1	\$5,740.4
<i>Percent Change</i>		<i>-0.2%</i>	<i>1.2%</i>	<i>8.5%</i>	<i>3.7%</i>	<i>6.3%</i>	<i>5.9%</i>	<i>3.9%</i>	<i>1.9%</i>

Source: RIPEC calculations based on 03-H6174 Sub A and Bureau of Labor Statistics (reflected in 2004 dollars)

Budget Overview

The State's FY 2004 budget will increase to \$5.7 billion, representing a 6.3 percent increase from FY 2003 enacted (\$5.4 billion). The FY 2004 budget would represent a \$222.6 million increase (4.0 percent increase) from the FY 2003 revised budget plan. The FY 2004 total budget is 62.0 percent more than it was in FY 1996. If one adjusts for inflation, the FY 2004 budget is 35.4 percent more than the FY 1996 budget.

Approximately 50.0 percent of the State's spending plan is supported with general revenues. General revenues represent all the taxes, fees and charges collected by the State. General revenue spending of \$2,783.8 million represents a \$119.3 million increase (4.5 percent) from FY 2003 enacted (\$2,664.5 million), and a \$84.8 million increase (3.1 percent increase) from the FY 2003 revised spending plan.

Table 3
Budget Statement

Summary	FY 2002	FY 2003R	FY 2004
Opening Surplus	\$142.2	\$40.7	\$35.7
Revenues			
Enacted/Estimated	\$2,603.5	\$2,707.0	\$2,648.8
Nov/Jan REC		8.0	23.6
May REC		(13.9)	(22.6)
General Assembly Action		48.5	155.7
Total Revenues	\$2,603.5	\$2,749.6	\$2,805.4
Cash Stabilization	(\$54.7)	(\$55.6)	(\$56.8)
Available Revenues	\$2,691.0	\$2,734.7	\$2,784.4
Expenditures	\$2,650.3	\$2,699.0	\$2,783.8
Free Surplus	\$33.0	\$35.7	\$0.6
Reappropriations	7.8	-	-
Total Ending Balance	\$40.7	\$35.7	\$0.6

Note: FY 2003 Enacted spending of \$2,664.5 million

Source: RIPEC Calculations based on Senate FY 2004 Budget Report

The State has relied on an opening surplus to assist in balancing the operating budget in past fiscal years. In FY 2004, the \$34.7 million opening surplus is due to appropriating approximately \$28.5 million in what was the remaining capital working funds from the State's securitization of the tobacco settlement. While these funds likely translate into the operating surplus, the General Assembly notes that this was done to ensure that the FY 2003 budget remained balanced.

Major Revenue Changes

The FY 2004 enacted revenue plan totals \$2,805.3 million, which is \$5.8 million less than what was recommended by the Governor. The change is net of lower revenue collections than previously estimated, new revenue initiatives and an additional \$50.0 million in Federal funds made available to the State through the 2003 Jobs and Growth Act (an additional \$51.8 million in Federal funds were used to supplant general revenue Medicaid funds).

A significant issue that the State faced was a decline in estimated revenue available for expenditure. The May 2003 Revenue Estimating Conference reduced estimated revenue collections in FY 2003 by \$13.9 million and subsequently reduced FY 2004 revenue estimates by \$22.6 million. The revised

revenue estimates were principally driven by declines in personal income. It should be noted that the revenue shortfalls were partially offset by growth in business corporation taxes.

Cigarette Tax - The Assembly included a \$1.71 per pack tax on cigarettes, which was \$0.21 more than current law and \$0.10 more than recommended by the Governor (\$1.61 per pack). The enacted increase will generate an additional \$15.5 million (includes related sales tax revenue) in FY 2004 due to the increase from the \$1.50 to \$1.71 per pack.

Business Corporation Tax - The General Assembly enacted the Governor's recommendation to change the State's method of apportioning profits for manufacturers conducting business in multiple states. This is expected to reduce anticipated revenues to the State by \$1.7 million in FY 2004.

Table 4
FY 2003 and FY 2004 State General Revenues

	FY 2003		FY 2004			Change - FY 2003-04	
	REC	Revised	Governor	Enacted	Change	Amount	Percent
Taxes							
Personal Income Tax	\$808.9	\$808.9	\$876.1	\$853.3	(\$22.8)	\$44.4	5.5%
General Business Taxes	218.9	219.2	209.1	237.3	28.2	18.1	8.3%
General Sales & Use Tax	778.2	778.2	814.0	812.2	(1.8)	34.0	4.4%
Cigarette Tax	96.5	96.5	118.0	119.2	1.2	22.7	23.5%
Other Taxes	101.2	101.2	103.6	103.7	0.1	2.5	2.5%
<i>Total Taxes</i>	<i>\$2,003.7</i>	<i>\$2,004.0</i>	<i>\$2,120.8</i>	<i>\$2,125.7</i>	<i>\$4.9</i>	<i>\$121.7</i>	<i>6.1%</i>
Dept. Receipts	\$284.0	\$288.7	\$290.2	\$286.9	(\$3.3)	(\$1.8)	-0.6%
Taxes & Departmentals	\$2,287.7	\$2,292.7	\$2,411.0	\$2,412.6	\$1.6	\$119.9	5.2%
Other Sources							
Gas Tax Transfer	\$10.5	\$24.8	\$6.6	\$6.6	\$0.0	(\$18.2)	-73.4%
Other Miscellaneous	155.6	180.3	44.0	71.4	27.4	(108.9)	-60.4%
Lottery	238.5	238.5	342.3	301.8	(40.5)	63.3	26.5%
Unclaimed Property	8.8	8.8	7.2	12.9	5.7	4.1	46.6%
<i>Total Other Sources</i>	<i>\$413.4</i>	<i>\$452.4</i>	<i>\$400.1</i>	<i>\$392.7</i>	<i>(\$7.4)</i>	<i>(\$59.7)</i>	<i>-13.2%</i>
Total Gen. Revenues	\$2,701.1	\$2,745.1	\$2,811.1	\$2,805.3	(\$5.8)	\$60.2	2.2%

REC= Revenue Estimating Conference

Source: FY 2004 State Budget, Executive Summary, House and Senate FY 2004 Budget Report, and RIPEC calculations

To weight sales more than payroll and property is intended to encourage investment in people and capital and make the State's corporations tax competitive with neighboring states.

The Budget includes a two-year phase-in, beginning in January 2004, to double-weight the sales factor component of the tax. In tax year 2004, the weights would be 30.0 percent property, 30.0 percent payroll, and 40.0 percent sales. In tax year 2005 and thereafter, the weights would be 25.0 percent property, 25.0 percent payroll, and 50.0 percent sales.

Jobs and Growth Act of 2003 – In May 2003, the U.S. Congress enacted the Jobs for Growth Tax Relief Reconciliation Act of 2003. Several provisions could have had an impact on Rhode Island's Personal Income Tax collections as a result of modifying the definition of taxable income. One of these provisions accelerated the phase-out of the marriage penalty, a second increased the amount for the individual alternate minimum tax exemption, and a third increased the amount of investment businesses could deduct.

The FY 2004 Budget as Enacted defines Rhode Island's taxable income to not include the provisions enacted by Congress that are included in the Jobs for Growth Act of 2003.

In addition, the State received approximately \$102.0 million in Federal funding through the Jobs and Growth Act of 2003. Half of the grant to Rhode Island was allocated through Medicaid, which permitted the State to replace an equivalent amount of general revenue with these funds. The balance was considered "flexible grant" funds.

Therefore, the State recognized the additional flexible grant funds as additional revenue in FY 2004 and used it to balance the FY 2004 spending plan. The entire \$102.0 million in one-time Federal funds was used to balance the State's FY 2004 operating budget.

Lottery Video Lottery Terminals (VLT) – The Governor's FY 2004 budget request included language to increase the State's share of net terminal income by decreasing the shares for the facilities, central communications provider, the technology providers and eliminating any shares for dog kennel owners. A number of actions were taken by both the Lottery Commission and the General Assembly that affected the revenue structures from the VLTs.

Since the Governor's budget request, the Lottery Commission entered into a long-term contract with G-Tech Corporation. The agreement provides for a commission on lottery game sales up to 5.0 percent, depending on total sales. In addition, G-Tech:

- Continues to receive 2.5 percent of net terminal income up to \$500 million; 1.0 percent over \$500 million to \$1.0 billion; and 2.5 percent over \$1.0 billion as a central communications provider;
- Increases the number of machines to 1,860 – 1,000 machine increase; and
- Receives 7.0 percent of net terminal income for average weekly yields per machine up to \$325, 1.0 percent for yields between \$325 and \$500, and 7.0 percent for yields over \$500.

Table 5
Video Lottery Terminal Share Change

	FY 1996- FY 2000	FY 2001- FY 2002	FY 2003	FY 2004	
				Current Law	Enacted
Lincoln Facility	31.0%	31.0%	30.5%	30.0%	27.0%
Jai Alai Facility	31.0%	31.0%	30.5%	30.0%	26.0%
Technology Providers	13.0%	8.5%	8.5%	8.5%	7.0%
Central System Provider	3.0%	2.5%	2.5%	2.5%	2.50%
Dog Kennel Owners (Lincoln only)	6.0%	6.0%	5.5%	5.0%	3.4%
City of Newport	1.0%	1.0%	1.0%	1.0%	1.0%
Town of Lincoln	1.0%	1.0%	1.0%	1.0%	1.0%
Transfer to State	46.0%	51.0%	52.0%	53.0%	59.10%

Note - Technology providers includes G-Tech at 7.0%

Source: 03-H-6174 Sub A Article 10 and House Budget Analysis FY 2004

The share of net terminal income from the Lincoln and Jai Alai facilities was reduced from 30.5 percent in FY 2003 to 27.0 percent and 26.0 percent respectively, in FY 2004 and thereafter. This is a net gain to the State of \$12.4 million.

The distribution to the dog kennel owners was reduced from 5.5 percent in FY 2003 to 3.4 percent and thereafter, netting the State \$4.9 million in additional revenues.

Technology providers, notwithstanding the arrangements made with G-Tech, will receive 7.0 percent in FY 2004 and thereafter, resulting in additional \$4.3 million in revenues for the State in FY 2004.

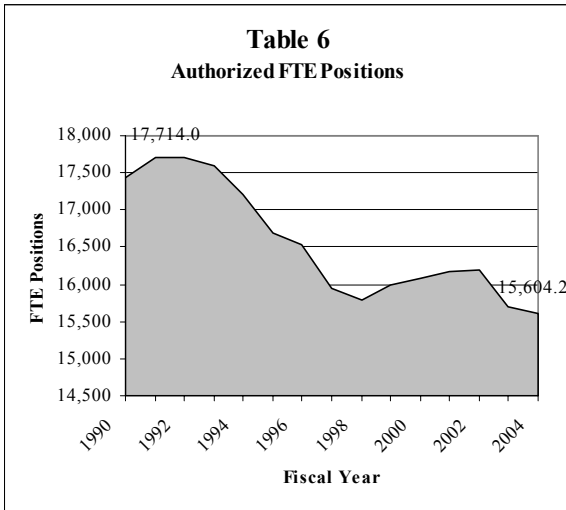
Meal and Beverage Tax – The General Assembly established a 1.0 percent local sales/use tax on every meal and beverage sold at an eating and/or drinking establishment - effective August 1, 2003. This tax is on top of all other taxes and fees now imposed by law.

The State Division of Taxation will collect proceeds from the tax. The State will distribute the proceeds on a quarterly basis to the city or town where the meals and beverages were taxed. While it is unclear what the total tax product will be, as well as what establishments fall under the tax's jurisdiction, recent estimates expect at least \$10.0 million annually statewide.

Major Expenditure Changes

Full Time Equivalent (FTE) – The General Assembly included 15,604.2 authorized FTE positions statewide in FY 2004 (includes 319.8 FTE positions in higher education that are considered exempt from the FTE position cap). Therefore, the staffing level represents a 100.2 FTE position reduction from the FY 2003 Revised Budget (15,704.4 FTE positions).

The General Assembly's FY 2004 FTE position authorization represented a net increase of 33.9 FTE positions from the Governor's budget request. This includes an additional 18.8 FTE positions for the Judiciary.



Jobs Agenda – The General Assembly enacted most of the Governor's Jobs Agenda. This included a two-year program to double weight the sales tax for calculating the business corporations tax for manufacturers and increasing funding for adult literacy programs (\$1.4 million). The General Assembly also included funding for the development of the Bio-pharmaceutical training facility and a Biotechnology Center for URI. The Assembly also included \$500,000 for municipal economic development and an additional \$1.5 million for Slater Centers (\$1.0 million less than requested).

Human Services – The General Assembly integrated a total of \$51.8 million in additional Federal funding in FY 2003 and FY 2004 based on one-time funding in the Federal Jobs and Growth Act of 2003. The additional Federal funds permitted the State to reduce its general revenue Medicaid-

related appropriations by an equivalent amount, helping the State to balance its budget.

The Federal Act provides a temporary increase in the Federal Medicaid Assistance Percentage (FMAP) for FY 2003 and FY 2004. The increased funds were distributed among those agencies and departments that directly spend Medicaid funds (Principally the Departments of Human Services, Mental Health, Retardation and Hospitals, and the Children, Youth and Families). Approximately \$41.2 million of the funds were allocated in FY 2004 and the \$10.6 million balance in FY 2003.

Caseload Estimating Conference (CEC) – Additional funding of \$11.4 million, of which \$7.0 million is from general revenues, was needed based on recommendations of the May 2003 CEC. Funding for the Family Independence Program was increased due to slower than expected caseload declines. In November 2002, the CEC estimated a caseload of 39,450 persons for FY 2004 and increased it to 40,640 in May.

The Family Independence Program is Rhode Island's welfare reform program and provides cash assistance, as well as education, training and employment services to low income working parents and those preparing for work.

An increase in childcare slots and caseloads for the General Public Assistance also required additional funding. In November 2002, the CEC estimated that 13,075 slots were needed in FY 2004. This number has now been revised upwards to 13,700 slots.

Funding has been decreased for the Supplemental Security Income (SSI) program due to a decrease in estimated caseloads. In November 2002, the CEC estimated a caseload of 30,180 persons and revised the number to 29,590 persons in May. The SSI program provides monthly cash benefits to the elderly and disabled.

Childcare Provider Rates – The Governor proposed eliminating a rate adjustment for child-care providers scheduled for January 1, 2004. However, the General Assembly provided funding as outlined in current law, which increased the provider rate to the 2002 market survey rate in FY 2004. This amounts to additional general revenue funding of \$3.0 million.

Nursing Home Reimbursement – Expenditures of \$18.7 million have been added for nursing homes. The State increased the nursing home licensing fee from 3.75 to 6.0 percent to generate sufficient general revenues to support the reimbursement. The increase in the rate results in a corresponding Federal fund increase of approximately \$9.0 million through Medicaid match.

Uncompensated Care to Hospitals – Additional funds of \$6.3 million were provided to community hospitals, of which \$2.8 million are from general revenues, for uncompensated care. Funds to the Eleanor Slater Hospital have been reduced by \$4.2 million, of which \$1.9 million are from general revenues. The Governor proposed to reduce payments to the community hospitals and provide additional funds to the Eleanor Slater Hospital.

Corrections – The Governor’s FY 2004 budget request included \$161.5 million to support the Department of Corrections, which was based on supporting an average inmate population of 3,724. The General Assembly reduced the estimated average annual prison population to 3,500. The Legislature then built a \$3.6 million general revenue savings into the FY 2004 budget. It should be noted that the Department of Corrections required a FY 2003 supplemental budget increase of \$7.0 million.

State Aid – As shown on Table 7, the General Assembly increased major State Aid programs by \$37.3 million from FY

Table 7
Selected State Aid Programs to Municipalities
(Thousands)

State Aid	1999	2000	2001	2002	2003	2004	2003-04	Percent
Direct Education Aid	\$479.5	\$515.1	\$560.0	\$596.4	\$621.7	\$637.6	\$15.9	2.6%
Teacher Retirement	30.2	40.0	35.5	31.3	39.1	45.4	6.3	16.2%
Construction Aid	22.6	25.5	30.8	33.2	38.2	40.7	2.5	6.6%
Motor Vehicle Reimbursement	22.3	47.3	76.6	99.6	100.2	104.4	4.2	4.2%
General Revenue Sharing	19.7	27.6	33.5	43.6	48.3	51.4	3.1	6.4%
PILOT	15.9	16.1	17.6	18.1	18.2	21.7	3.5	19.2%
Distressed Community*	6.2	6.6	7.3	7.7	7.5	8.2	0.7	9.3%
Library Aid	3.6	5.7	6.0	6.3	6.6	7.6	1.0	15.2%
Total State Aid	\$599.9	\$683.8	\$767.2	\$836.2	\$879.8	\$917.1	\$37.3	4.2%

* North Providence received a hold harmless payment of \$695,000 due to becoming ineligible for the program.

Source: RIPEC calculations based on House Fiscal Staff Budget Documents

2003. The \$917.2 million in major state aid programs represents a 4.2 percent increase from FY 2003. The \$37.4 million increase included \$15.9 million in direct education aid (discussed below), \$6.3 million for the State contribution to the teacher retirement fund, \$2.5 million in additional school construction aid and \$12.5 million in various municipal aid increase.

The Governor had proposed freezing the General Revenue Sharing Program at \$48.3 million and fixing the amount of tax revenues to be distributed at 2.6 percent going forward. The General Assembly restored the program by appropriating \$51.4 million and restored the schedule to distribute additional tax revenues as described in current law.

The General Assembly concurred with the Governor to restore the payment-in-lieu-of-taxes (PILOT) program from 24.8 percent to 27.0 percent of taxes that would have been collected if certain properties were taxable. This required an additional \$3.5 million in general revenues to support.

In addition to direct aid to municipalities and school districts, the State established a 1.0 percent meals and beverage tax to be distributed to the local communities, which is expected to generate at least \$10.0 million annually statewide. In addition, the General Assembly enacted language that permits communities that owns a water supply system to be compensated a rate of return of no less than 5.0 percent. Assuming a 5.0 percent rate of return, this provision in the budget could generate an additional \$3.5 million for a number of communities.

State Education Aid – The General Assembly included \$637.6 million in direct education aid to local school districts for FY 2004, representing a \$15.9 million increase over FY 2003 (\$621.7 million). This represented a net increase of approximately \$15.0 million over the Governor’s FY 2004 budget request of \$622.6 million. As shown on Table 8, the State provided a minimum increase of 1.75 percent, with 10 school districts receiving more.

Of the \$15.9 million increase, 60.0 percent was allocated to the State’s five urban school districts – Central Falls, Newport, Pawtucket, Providence, and Woonsocket.

The urban ring communities – Cranston, East Providence, North Providence, Warwick and West Warwick – received approximately 18.3 percent of the net increase in State school aid. The suburban and rural school districts received the 21.8 percent balance.

On average, the urban core school district school aid increased by 2.9 percent and the urban ring school districts’ school aid increased by 2.4 percent. Suburban school districts experienced an average increase in State school aid of 2.2 percent, while rural school districts received 1.8 percent on average.

Table 8
FY 2003 & FY 2004 State Education Aid By District

District	2003 Total	2004 Enacted	(2003-04) Change	(2003-04) % Change
<u>Urban Core</u>				
Central Falls	\$34,445,541	\$35,670,888	\$1,225,347	3.6%
Newport	10,870,512	11,060,746	190,234	1.8%
Pawtucket	60,024,535	61,074,964	1,050,429	1.7%
Providence	174,934,589	181,224,594	6,290,005	3.6%
Woonsocket	43,059,505	43,813,046	753,541	1.7%
<i>Subtotal</i>	<i>\$323,334,682</i>	<i>\$332,844,238</i>	<i>\$9,509,556</i>	<i>2.9%</i>
<u>Urban Ring</u>				
Cranston	\$31,875,741	\$32,907,994	\$1,032,253	3.2%
East Providence	24,579,320	25,009,458	430,138	1.7%
North Providence	12,235,439	12,449,559	214,120	1.7%
Warwick	34,340,367	34,941,323	600,956	1.7%
West Warwick	18,643,537	19,275,597	632,060	3.4%
<i>Subtotal</i>	<i>\$121,674,404</i>	<i>\$124,583,931</i>	<i>\$2,909,527</i>	<i>2.4%</i>
<u>Suburban</u>				
Barrington	\$2,352,211	\$2,393,375	\$41,164	1.8%
Bristol-Warren	18,853,809	19,183,751	329,942	1.8%
Cumberland	12,112,348	12,594,809	482,461	4.0%
East Greenwich	1,765,450	1,796,345	30,895	1.7%
Jamestown	478,137	486,504	8,367	1.7%
Johnston	9,962,918	10,137,270	174,352	1.8%
Lincoln	6,835,988	6,955,618	119,630	1.8%
Middletown	9,699,260	9,916,122	216,862	2.2%
Narragansett	1,657,343	1,709,968	52,625	3.2%
North Kingstown	11,122,659	11,317,305	194,646	1.7%
Portsmouth	5,711,351	5,811,300	99,949	1.8%
Smithfield	5,215,581	5,306,854	91,273	1.8%
Westerly	6,146,521	6,284,205	137,684	2.2%
<i>Subtotal</i>	<i>\$91,913,576</i>	<i>\$93,893,426</i>	<i>\$1,979,850</i>	<i>2.2%</i>
<u>Rural/Emerging Suburban</u>				
Burrillville	\$12,851,288	\$13,076,186	\$224,898	1.8%
Chariho (1)	13,704,568	13,945,923	241,355	1.8%
Coventry	18,556,464	18,881,202	324,738	1.7%
Exeter-West Greenwich	7,092,069	7,216,180	124,111	1.7%
Foster	1,289,362	1,311,926	22,564	1.8%
Foster-Glocester	5,303,133	5,395,937	92,804	1.7%
Glocester	2,943,574	2,995,087	51,513	1.8%
Little Compton	320,227	325,831	5,604	1.8%
New Shoreham	86,319	93,128	6,809	7.9%
North Smithfield	4,462,302	4,540,392	78,090	1.7%
Scituate	3,145,357	3,200,400	55,043	1.7%
South Kingston	9,598,923	9,766,904	167,981	1.7%
Tiverton	5,457,594	5,553,102	95,508	1.8%
<i>Subtotal</i>	<i>\$84,811,180</i>	<i>\$86,302,198</i>	<i>\$1,491,018</i>	<i>1.8%</i>
State Total	\$621,733,842	\$637,623,793	\$15,889,951	2.6%

(1) Chariho School District's State Aid represents Charlestown, Hopkinton and Richmond

Source: RIPEC calculations based on House Fiscal Advisory Staff Report on 03-H6174 Sub A

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