

V. Benchmarking Analysis

Benchmarking is a process in which an organization compares its performance to others, and then uses the information to evaluate its own performance. It is a mechanism for deploying resources in the most effective manner to achieve success.

A benchmarking analysis is designed to answer the following:

- What are we doing, and what are they doing?
- How are we doing it, and how are they doing it?
- How well are we doing it, and how well are they doing it?
- Why are we getting our results, and why are they getting their results?

The information so obtained can help management identify areas and activities that might need to be addressed in order to enhance the value of services being provided.

In order to understand how the Warwick School District is doing relative to peer school districts in Rhode Island, it is helpful to perform a number of comparative analyses. This section compares the Warwick School District with four other school districts in Rhode Island. In selecting school districts to compare Warwick, the Warwick Advisory Council reviewed spending patterns, enrollment and economic data, as well as overall demographics. After evaluating all characteristics, the Advisory Council chose the following peer school districts: Cranston, East Providence, North Providence, and Pawtucket.

This analysis focuses on four areas:

- Student Enrollment Trends – Provides data on student enrollment, such as total fall enrollment, limited English proficiency, special education, and eligibility for free and reduced lunches;
- Expenditure Trends – Reviews various expenditure trends by programs (general education, special education, English as a second language, Title I, vocational education, and other programs) and functions (instruction, instructional support, operations, other commitments, and leadership), and provides per pupil expenditure trends;
- Revenue Trends – Documents the source (federal, state, local) and the amount of revenues, as well as property values, tax levy, and effective tax rates; and
- Student Performance Trends – Evaluates student performance on the Scholastic Assessment Test (SAT), and Rhode Island’s New Standards Reference Exam (NSRE).

1. Student Enrollment Trends

Summary of Enrollment Trends

- From FY 2001 to FY 2005, Warwick's student enrollment experienced a net decline of 373 students, representing a net decline of 3.0 percent during that period. Student enrollment declined from 12,265 in FY 2001 to 11,892 in FY 2005;
- All peer districts except Cranston experienced a declining enrollment between 2001 and 2005, ranging from a decline of 0.5 percent of students in North Providence to a decline of 8.4 percent in East Providence. Cranston experienced a 0.5 percent increase in student enrollment between 2001 and 2005;
- In Warwick, the number of children requiring special education services increased from 2,351 students in FY 2001 to 2,464 in FY 2005 –an increase of 4.8 percent;
- In FY 2001, the special education enrollment represented 19.2 percent of the total student enrollment in Warwick. The percentage of enrollment for special education has increased to 20.7 percent in FY 2005, compared to a statewide average of 20.1 percent;
- Special education enrollment as a percent of total enrollment ranged from a high of 23.9 percent in East Providence to a low of 18.5 percent in North Providence in 2005; The State average was 20.1 percent of special education enrollment;
- While Warwick's enrollment has declined overall, a higher percentage of students is eligible for free and reduced lunches. Eligibility for free and reduced lunch programs increased from 2,096 children in FY 2001 to 2,462 in FY 2005. The percentage of total enrollment eligible for the subsidized lunch programs increased from 17.1 percent in FY 2001 to 20.7 percent in FY 2005 compared to a state average of 34.5 percent;
- When compared to its peers, Warwick's growth rate of 17.5 percent between 2001 and 2005 in eligibility for free and reduced lunches was second highest among its peers. Only North Providence was higher, increasing eligibility for free and reduced lunch by 17.8 percent. During this time period, the State average increased by 1.5 percent;
- Warwick's percentage of students enrolled in limited English proficiency programs as a percentage of total enrollment was at 0.8 percent in FY 2005, the same level than in FY 2001. In FY 2005, Warwick had 92 students enrolled in these programs; and
- Among its peers, Warwick had the lowest percentage of students enrolled in limited English proficiency programs as a percentage of total enrollments. The percentage ranged from an estimated low of 0.8 percent of total enrollment in Warwick to an estimated high of 10.9 percent in Pawtucket in 2005.

The characteristics of school districts begin with examining the student enrollment. The core of school funding is driven by enrollment patterns, student needs and teaching requirements. As one can see on the table below Warwick's overall enrollment declined by 3.0 percent (373 students) between FY 2001 and FY 2005. During the same time period, enrollment for special education programs increased by 4.8 percent (113 students), and eligibility for free and reduced lunch programs increased by 17.5 percent (366 students). The percentage of students eligible for subsidized lunch programs increased by almost four percentage points, to 20.7 percent of total enrollment in FY 2005. Enrollment in limited English programs was at 0.8 percent (92 students) of total enrollment in FY 2005, the same level as in FY 2001.

Warwick School Enrollment							
	Total	Special Ed		Free/Reduced Lunch		LEP	
	Amount	Amount	% of Total	Amount	% of Total	Amount	% of Total
FY 2001	12,265	2,351	19.2%	2,096	17.1%	93	0.8%
FY 2005	11,892	2,464	20.7%	2,462	20.7%	92	0.8%
2001-05 Change							
Amount	(373)	113		366		-	
Percent	-3.0%	4.8%		17.5%		-1.1%	

Source: RI Dept. of Education and RIPEC calculations.

Student Enrollment

Statewide, enrollment declined by 1.7 percent or 2,679 students from FY 2001 to FY 2005. Enrollment declined from 156,275 in FY 2001 in public schools to 153,596 in FY 2005. One should note that enrollment numbers do not include enrollment in state-run and charter schools. The declining enrollment is partially attributable to the change in the kindergarten entrance age. In September 2004, the new entrance age went into effect, moving the cutoff date from age five by December 31st to age five by September 1st, meaning that the class was drawn from only an 8-month birthday span. Statewide, kindergarten enrollment declined by 23.7 percent (1,507 students) between FY 2004 and FY 2005. Even assuming that kindergarten enrollment did not decline between 2004 and 2005, RIPEC estimates that overall statewide enrollment would have declined by 1,177 students (0.8 percent) between FY 2001 and FY 2005.

From FY 2001 to FY 2005, Warwick's student enrollment declined by 373 students, representing a decline of 3.0 percent during that period. Student enrollment declined from 12,265 in FY 2001 to 11,892 in FY 2005. Warwick's enrollment would still be declining even when assuming that kindergarten enrollment did not decline between 2004 and 2005. Adjusting for this change, RIPEC estimates that Warwick's enrollment would have declined by 233 students (1.9 percent) between FY 2001 and FY 2005.

Among the peer school districts, Warwick is the largest school district, followed by Cranston with 11,099 students in FY 2005. All of the surveyed districts experienced a net decline in student enrollment between FY 2001 and FY 2005 except Cranston, which saw

a slight increase. On a percentage basis, East Providence experienced the greatest decline. This district saw a decline of 8.4 percent (557 students), from 6,605 students in FY 2001 to 6,048 in FY 2005.

Community	2000-01	2001-02	2002-03	2003-04	2004-05	2001-2005 Change	
						Amount	Percent
Cranston	11,040	11,155	11,269	11,222	11,099	59	0.5%
East Providence	6,605	6,566	6,442	6,386	6,048	(557)	-8.4%
North Providence	3,549	3,476	3,445	3,473	3,533	(16)	-0.5%
Pawtucket	10,069	9,833	9,888	9,654	9,476	(593)	-5.9%
Warwick	12,265	12,222	12,085	11,993	11,892	(373)	-3.0%
State Total	156,275	156,624	157,201	156,997	153,596	(2,679)	-1.7%

Source: RI Dept. of Education and RIPEC calculations.

In analyzing enrollment trends it is important to understand the demographic make-up of the student population and how it has changed. The following discusses enrollment in special education, children eligible for free and reduced lunch and children requiring language assistance programs.

Special Education

Statewide, the number of children requiring special education services increased from 30,214 in FY 2001 to 30,839 in FY 2005. This represented a 2.1 percent increase. The percentage of children requiring special education as a percent of all students increased from 19.3 percent in FY 2001 to 20.1 percent in FY 2005.

In Warwick, the number of children requiring special education services increased from 2,351 students in FY 2001 to 2,464 in FY 2005 – translating into a growth rate of 4.8 percent during that time period. In FY 2001, the special education enrollment represented 19.2 percent of the total student enrollment in Warwick, which was at the statewide average of 19.3 percent. Given the rate of growth in special education student population, coupled with an overall decline in enrollment in the City, the percentage of enrollment for special education has increased to 20.7 percent in FY 2005, compared to a statewide average of 20.1 percent.

Special Education Enrollment for Public Schools							
Community	2000-01	2001-02	2002-03	2003-04	2004-05	2001-2005 Change	
						Amount	Percent
Cranston	2,158	2,183	2,274	2,286	2,352	194	9.0%
East Providence	1,237	1,365	1,379	1,395	1,446	209	16.9%
North Providence	738	802	700	670	653	(85)	-11.5%
Pawtucket	2,025	2,108	2,219	2,131	1,839	(186)	-9.2%
Warwick	2,351	2,451	2,647	2,260	2,464	113	4.8%
State Total	30,214	31,360	32,178	31,674	30,839	625	2.1%

Source: RI Dept. of Education and RIPEC calculations.

Between FY 2001 and FY 2005 special education expenditures in Warwick increased by 32.0 percent, while enrollment increased by 4.8 percent during that time period. In other words, special education expenditures grew at a faster rate than enrollment (see also discussion in the expenditure section).

When compared to the four surveyed districts, Warwick ranked third in special education enrollment as a percentage of total enrollment. Special education ranged from a high of 23.9 percent of total enrollment in East Providence to a low of 18.5 percent in North Providence. East Providence experienced the highest percentage increase among the surveyed districts, in part due to East Providence's greatest decline in total enrollment among the peers. East Providence's special education enrollment increased by 16.9 percent (209 students), from 1,237 in FY 2001 to 1,446 in FY 2005. Both, North Providence and Pawtucket experienced a decline in special education enrollment between FY 2001 and FY 2005, declining by 11.5 percent (85 students) and 9.2 percent (186 students) respectively.

Special Education as a Percentage of Total Enrollment					
Community	2000-01	2001-02	2002-03	2003-04	2004-05
Cranston	19.5%	19.6%	20.2%	20.4%	21.2%
East Providence	18.7%	20.8%	21.4%	21.8%	23.9%
North Providence	20.8%	23.1%	20.3%	19.3%	18.5%
Pawtucket	20.1%	21.4%	22.4%	22.1%	19.4%
Warwick	19.2%	20.1%	21.9%	18.8%	20.7%
State Average	19.3%	20.0%	20.5%	20.2%	20.1%

Source: RI Dept. of Education and RIPEC calculations.

Eligibility for Free and Reduced Lunch

This measure indicates the percent of students who were eligible for the free and reduced lunch program. Students whose family incomes fall below certain income (poverty or near-poverty) guidelines are eligible for subsidized lunches. Enrollment in these programs is a proxy for poverty levels in the communities. Statewide, the number of children eligible for free and reduced lunch programs is projected to increase from 52,223 in FY 2001 to 53,025 in FY 2005, an increase of 802 children or 1.5 percent. Statewide, eligibility as a percentage of total enrollments increased from 33.4 percent in FY 2001 to 34.5 percent in FY 2005.

In Warwick eligibility for the program increased from 2,096 children in FY 2001 to 2,462 in FY 2005. The percentage of total enrollment eligible for the subsidized lunch programs increased from 17.1 percent in FY 2001 to 20.7 percent in FY 2005. This represents over a 3.5 percentage point gain during that time period. This increase is a function of an overall declining enrollment in the City and a relative high growth rate in eligibility for these programs.

When compared to its peers, Warwick experienced the second highest percentage increase (after North Providence), increasing the number of eligible students by 17.5 percent (366 children) between FY 2001 and FY 2005. During this time period, the state average increased by 1.5 percent or 802 students.

Free/Reduced Lunch Eligibility							
Community	2000-01	2001-02	2002-03	2003-04	2004-05	2001-2005 Change	
						Amount	Percent
Cranston	2,295	2,152	2,356	2,408	2,528	233	10.2%
East Providence	1,977	1,888	2,130	2,013	1,975	(2)	-0.1%
North Providence	703	737	633	809	828	125	17.8%
Pawtucket	6,622	6,201	6,153	6,215	6,245	(377)	-5.7%
Warwick	2,096	2,158	2,301	2,325	2,462	366	17.5%
State Total	52,223	52,425	53,283	55,479	53,025	802	1.5%

Source: RI Dept. of Education and RIPEC calculations.

There are a number of observations that can be derived from the student poverty data discussed above. First, one should note that there is a wide discrepancy among the surveyed districts. Eligibility for these programs as a percentage of total enrollment ranged from a high of 65.9 percent in Pawtucket to a low of 20.7 percent in Warwick. Warwick's eligibility for these programs as a percentage of total enrollments is also well below the statewide average of 34.5 percent in FY 2005. Seventy percent of pupils statewide eligible for these programs come from urban core districts alone. However, while Warwick has a lower concentration of children from families with economic needs than its peer districts and the State, Warwick's growth rate of 17.5 percent between FY 2001 and FY 2005 was above the Statewide average of 1.5 percent.

Community	2000-01	2001-02	2002-03	2003-04	2004-05
Cranston	20.8%	19.3%	20.9%	21.5%	22.8%
East Providence	29.9%	28.8%	33.1%	31.5%	32.7%
North Providence	19.8%	21.2%	18.4%	23.3%	23.4%
Pawtucket	65.8%	63.1%	62.2%	64.4%	65.9%
Warwick	17.1%	17.7%	19.0%	19.4%	20.7%
State Average	33.4%	33.5%	33.9%	35.3%	34.5%

Source: RI Dept. of Education and RIPEC calculations.

Second, while Warwick’s enrollment is declining overall, a higher percentage of its students are eligible for these programs. This is a trend also seen in East Providence and North Providence. Pawtucket and Cranston experienced different trends. Pawtucket’s overall enrollment as well as the number of students eligible for subsidized lunches declined between FY 2001 and FY 2005. On the other hand, Cranston’s total school enrollment and the number of students eligible for subsidized lunches increased during that time.

Limited English Proficiency

FY 2005 enrollment data for limited English proficiency programs were not available for all districts. Therefore, RIPEC calculated the FY 2005 enrollment for Cranston and East Providence, using a 5-year rolling average. Statewide, an estimated 5.8 percent of the children were enrolled in limited English proficiency program in FY 2005. The number has declined from 10,119 in FY 2001 to an estimated 8,880 in FY 2005, a decline of 1,239 students or 12.2 percent during that time period.

Community	2000-01	2001-02	2002-03	2003-04	2004-05*	2001-2005 Change	
						Amount	Percent
Cranston	448	475	430	434	433	(15)	-3.3%
East Providence	429	346	301	264	209	(220)	-51.2%
North Providence	115	115	79	57	53	(62)	-53.9%
Pawtucket	1,167	1,197	1,118	1,054	1,036	(131)	-11.2%
Warwick	93	78	91	89	92	(1)	-1.1%
State Total	10,119	10,782	9,558	8,794	8,880	(1,239)	-12.2%

*RIPEC calculations for Cranston and East Providence
Source: RI Dept. of Education and RIPEC calculations.

Warwick’s estimated percentage of students enrolled in limited English proficiency programs as a percentage of total enrollment was at 0.8 percent in FY 2005, the same level than in FY 2001. Warwick had 92 students enrolled in these programs in FY 2005.

Warwick’s enrollment in these programs is much lower than the four surveyed districts as well as the State average. Warwick had the lowest percentage of students enrolled in limited English proficiency programs as a percentage of total enrollments, when compared to the other four districts. The percentage ranged from an estimated low of 0.8 percent of total enrollment in Warwick to an estimated high of 10.9 percent in Pawtucket in FY 2005. Pawtucket was also the only school district among the surveyed districts whose percentage was above the statewide average of 5.8 percent in FY 2005.

All peer districts experienced a declining enrollment in LEP programs between FY 2001 and FY 2005. East Providence is estimated to experience the highest percentage decline, estimated to decline by 51.2 percent, from 429 in FY 2001 to 209 in FY 2005.

Community	2000-01	2001-02	2002-03	2003-04	2004-05*
Cranston	4.1%	4.3%	3.8%	3.9%	3.9%
East Providence	6.5%	5.3%	4.7%	4.1%	3.5%
North Providence	3.2%	3.3%	2.3%	1.6%	1.5%
Pawtucket	11.6%	12.2%	11.3%	10.9%	10.9%
Warwick	0.8%	0.6%	0.8%	0.7%	0.8%
State Average	6.5%	6.9%	6.1%	5.6%	5.8%

*RIPEC calculations
Source: RI Dept. of Education and RIPEC calculations.

2. School District Expenditure Trends

School District Expenditure Summary

- Warwick's expenditures in FY 2005 were \$147.3 million – increasing on average annually by 4.6 percent (\$24.4 million) during that time period;
- On a per pupil basis, Warwick had the highest per pupil expenditures in FY 2005 when compared to its peer districts. Warwick's total expenditures per pupil increased on average annually by 5.4 percent, from \$10,023 per pupil in FY 2001 to \$12,383 per pupil in FY 2005.

Expenditures by Function

- As a percent of total expenditures Warwick's expenditures for operations were the highest among the surveyed school districts, taking up 16.6 percent of total expenditures in FY 2005. These expenditures amounted to \$24.5 million in FY 2005. North Providence's expenditures for operations were the lowest, accounting for 12.1 percent of total expenditures, followed by Pawtucket with 12.2 percent;
- On average, the peer districts increased operation expenditures annually by 3.1 percent between FY 2001 and FY 2005. This compares to an average annual increase for the State of 4.2 percent during that time. Warwick experienced an average annual increase of 3.2 percent between FY 2001 and FY 2005;
- Among the peer districts there were different factors driving operation expenditures. In Warwick, North Providence and Pawtucket (excluding food service expenses), the majority of the growth came from increased expenditures to upkeep facilities, while transportation costs took up the majority of the expenditure growth in Cranston and East Providence; and
- When looking at per pupil expenditures by function, Warwick had the highest per pupil expenditures for instruction and operations in FY 2005, when compared to its peers.

Expenditures by Program

- In all surveyed districts (except North Providence), general education expenditures as a percent of total expenditures declined between FY 2001 and FY 2005. On the other hand, special education expenditures as a percent of total expenditures increased in all surveyed districts (except North Providence);
- In Warwick, general education expenditures increased by 16.4 percent (\$15.3 million) between FY 2001 and FY 2005 to \$108.5 million in FY 2005, while overall enrollment declined by 3.0 percent (373 students) during the same time;
- In Warwick, special education expenditures increased by 32.0 percent (\$8.2 million) between FY 2001 and FY 2005. During the same time period, special education enrollment increased by 4.8 percent (113 students); and
- Among the peers, in FY 2005 special education expenditures as a percent of total expenditures ranged from a low of 21.6 percent in Cranston to a high of 27.0 percent in Pawtucket.

The following analyzes school district expenditures, based on the Rhode Island Department of Education’s In\$ite Data. The analysis looks at expenditure changes between FY 2001 and FY 2005, showing total expenditures as well as per pupil expenditures. Per pupil expenditures are based on fall enrollment of each year. It will also show expenditures by function (instruction, instructional support, operations, other commitments, and leadership) and expenditures by program (general education, special education, English as a second language, Title I, vocational education, and other programs) between FY 2001 and FY 2005.

Total FY 2001 – FY 2005 School District Expenditures

The following table shows total expenditures for FY 2001 and FY 2005. Total school district expenditures in FY 2005 ranged from \$147.3 million in Warwick to \$40.6 million in North Providence. This is in part a function of Warwick being the largest district among the peer districts. Within the State, Warwick is the second largest district after Providence, based on fall enrollment. Among its peer districts Warwick had the second highest percent increase in expenditures between FY 2001 and FY 2005. Expenditures increased on average annually by 4.6 percent or \$24.4 million during that time period. Only Cranston experienced a higher percentage growth among the peer districts.

School District Expenditures				
(Millions)				
Community	FY 2001	FY 2005	Change 2001-05	
	Amount	Amount	Amount	Avg Ann
Cranston	\$96.6	\$123.8	\$27.2	6.4%
East Providence (1)	63.5	68.1	4.6	1.8%
North Providence	34.2	40.6	6.4	4.4%
Pawtucket	87.0	103.9	16.9	4.5%
Warwick	122.9	147.3	24.4	4.6%
Peer Total	\$404.2	\$483.7	79.5	4.6%
State Total	\$1,471.2	\$1,824.1	352.9	5.5%

(1) Figures are preliminary given different fiscal year

Source: RIDE In\$ite and RIPEC calculations.

The peer districts combined increased expenditures from \$404.2 million in FY 2001 to \$483.7 million in FY 2005, increasing by \$79.5 million or on average by 4.6 percent. In FY 2005, the peer districts combined accounted for 26.5 percent of the State expenditures of \$1,824.1 million. The State as a whole experienced an average annual increase of 5.5 percent between FY 2001 and FY 2005, almost 1.0 percentage point higher than the peer average. Only Cranston’s average annual increase of 6.4 percent was higher than the State average and the peer average. Warwick’s average annual increase of 4.6 percent was the same than the peer average. It should be noted that Warwick’s enrollment is 7.1percent higher than Cranston, yet Warwick’s overall education spending is 19.0 percent higher than Cranston’s spending.

While total expenditures give one a sense of the size of the district’s budget, it is more telling when looking at per pupil expenditures.

Expenditures Per Pupil

In Warwick, total expenditures per pupil increased by \$2,360 per pupil or on average annually by 5.4 percent, from \$10,023 in FY 2001 to \$12,383 in FY 2005. When compared to its peer districts, Warwick had the highest per pupil expenditures in FY 2005, as well as in FY 2001. The lowest per pupil expenditures were in Pawtucket with \$10,969 spent on each pupil in FY 2005.

Community	FY 2001	FY 2005	Change 2001-05	
			Amount	Avg Ann
Cranston	\$8,748	\$11,155	\$2,407	6.3%
East Providence	9,621	11,267	1,646	4.0%
North Providence	9,646	11,500	1,854	4.5%
Pawtucket	8,641	10,969	2,328	6.1%
Warwick	10,023	12,383	2,360	5.4%
Peer Average	\$9,336	\$11,455	\$2,119	5.2%
State Average	9,414	11,876	2,462	6.0%

Source: RIDE InSite and RIPEC calculations.

The peer districts increased their expenditures per pupil on average by 5.2 percent, from \$9,336 per pupil in FY 2001 to \$11,455 per pupil in FY 2005. While Warwick had the highest per pupil expenditures, Cranston experienced the highest increase during these years. The Cranston school district increased expenditures from \$8,748 per pupil in FY 2001 to \$11,155 per pupil in FY 2005, an average annual increase of 6.3 percent. Cranston, Pawtucket and Warwick were above the peer average increase.

Per pupil expenditures statewide increased from \$9,414 per pupil in FY 2001 to \$11,876 per pupil in FY 2005. In FY 2001, of the peer communities East Providence, North Providence and Warwick were above the average statewide per pupil expenditures. While Warwick’s average annual spending between FY 2001 and FY 2005 was below the statewide average of 6.0 percent, it was the only district among the peers that had a higher per pupil spending in FY 2005 than the statewide average.

It is important to understand what factors are driving the school budget’s expenditures. Therefore, the following analysis looks at increases in individual functions or programs within the budget from FY 2001 to FY 2005.

FY 2001 to FY 2005 Expenditures by Function

Expenditures by function based on InSite data are organized around five broad functional areas:

- Instruction - Includes mainly salaries and related employment costs for teachers, substitutes, and instructional paraprofessionals, as well as costs associated with classroom materials;
- Instructional support - Includes costs related to pupil support, teacher support, and program support;

- Operations - Includes non-instructional pupil services, such as transportation costs; food service; costs related to facilities (building, upkeep, utilities, and maintenance), business services (data processing and business operations);
- Other commitments - Includes debt service, capital projects, out-of-district obligations (dollars that are passed through the public school to parochial, private, charter and public schools, as well as contracted services of private schools for special education pupils); retiree benefits; and legal obligations; and
- Leadership - Includes costs for school management, district management, and the “superintendent’s cabinet”.

	Cranston		East Providence		North Providence		Pawtucket		Warwick	
	2001	2005	2001	2005	2001	2005	2001	2005	2001	2005
Instruction	57.8%	58.0%	58.5%	54.5%	62.5%	57.9%	58.5%	52.2%	60.2%	54.6%
Instr. Support										
Pupil Support	6.1%	5.7%	6.3%	6.0%	5.2%	6.2%	5.6%	5.4%	5.9%	5.8%
Teacher Support	2.4%	2.0%	0.8%	0.6%	0.6%	0.5%	1.4%	1.8%	0.8%	0.9%
Program Support	4.1%	6.1%	2.8%	10.0%	5.2%	7.9%	8.5%	13.1%	3.6%	8.7%
Subtotal Instr. Support	12.6%	13.9%	9.9%	16.6%	11.0%	14.5%	15.5%	20.3%	10.2%	15.4%
Operations										
Non-Instr. Pupil Services	7.0%	6.3%	6.6%	7.0%	4.1%	3.7%	5.4%	5.4%	6.1%	5.7%
Facilities	8.5%	7.7%	9.1%	7.9%	6.4%	7.4%	6.3%	5.8%	9.2%	8.8%
Business Services	2.0%	1.7%	1.4%	1.2%	1.2%	1.0%	0.8%	1.1%	2.4%	2.2%
Subtotal Operations	17.5%	15.7%	17.1%	16.2%	11.6%	12.1%	12.5%	12.2%	17.6%	16.6%
Other Commitments	5.5%	6.6%	8.8%	7.3%	7.8%	8.4%	9.0%	11.0%	5.0%	7.9%
Leadership	6.6%	5.8%	5.7%	5.4%	7.0%	7.1%	4.5%	4.3%	6.8%	5.6%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: RI Dept. of Education InSite and RIPEC calculations.

Expenditures for instruction took up the largest portion of the school budgets. In FY 2005, these expenditures ranged from a high of 58.0 percent in Cranston to a low of 52.2 percent in Pawtucket. Expenditures for instructional support ranged from a high of 20.3 percent in Pawtucket to a low of 13.9 percent in Cranston. As a percent of total expenditures, Warwick’s expenditures for operations were the highest among the peer districts, taking up 16.6 percent of total expenditures in FY 2005. North Providence’s expenditures for operations were the lowest, accounting for 12.1 percent of total expenditures. Leadership expenditures ranged from a high of 7.1 percent of total expenditures in North Providence to a low of 4.3 percent in Pawtucket.

Warwick’s FY 2005 expenditures amounted to \$147.3 million, up from \$122.9 million in FY 2001. This translated into an average annual increase of 4.6 percent during that time. Of the \$24.4 million increase, 41.0 percent were attributable to additional spending for instructional support. Expenditures for other commitments accounted for 22.1 percent of the increase and instruction expenditures for 25.4 percent. Instruction expenditures alone accounted for 54.6 percent of total expenditures in FY 2005, down from 60.2 percent of total expenditures in FY 2001. These expenditures amounted to \$80.3 million in FY 2005, an average annual increase of 2.0 percent over FY 2001 (\$74.1 million).

Total Expenditures by Function (\$ million)																				
	Cranston				East Providence				North Providence				Pawtucket				Warwick			
	2001	2005	2001-2005		2001*	2005	2001-2005		2001	2005	2001-2005		2001	2005	2001-2005		2001	2005	2001-2005	
	Amt	Ave A	Amt	Ave A	Amt	Ave A	Amt	Ave A	Amt	Ave A	Amt	Ave A	Amt	Ave A	Amt	Ave A	Amt	Ave A	Amt	Ave A
Instruction	\$55.9	\$71.8	\$15.9	6.5%	\$37.2	\$37.1	(\$0.1)	-0.1%	\$21.5	\$23.5	\$2.0	2.2%	\$50.9	\$54.2	\$3.3	1.6%	\$74.1	\$80.3	\$6.2	2.0%
Instr. Support																				
Pupil Support	\$5.9	\$7.1	\$1.2	4.7%	\$4.0	\$4.1	\$0.1	0.6%	\$1.8	\$2.5	\$0.7	8.6%	\$4.9	\$5.6	\$0.7	3.4%	\$7.2	\$8.5	\$1.3	4.2%
Teacher Support	2.3	2.5	0.2	2.1%	0.5	0.4	(\$0.1)	-5.4%	0.2	0.2	0.0	0.0%	1.2	1.9	0.7	12.2%	1.0	1.3	0.3	6.8%
Program Support	4.0	7.6	3.6	17.4%	1.8	6.8	\$5.0	39.4%	1.8	3.2	1.4	15.5%	7.4	13.6	6.2	16.4%	4.4	12.8	8.4	30.6%
<i>Subtotal Instr. Support</i>	<i>\$12.2</i>	<i>\$17.2</i>	<i>\$5.0</i>	<i>9.0%</i>	<i>\$6.3</i>	<i>\$11.3</i>	<i>\$5.0</i>	<i>15.7%</i>	<i>\$3.8</i>	<i>\$5.9</i>	<i>\$2.1</i>	<i>11.6%</i>	<i>\$13.5</i>	<i>\$21.1</i>	<i>\$7.6</i>	<i>11.8%</i>	<i>\$12.6</i>	<i>\$22.6</i>	<i>\$10.0</i>	<i>15.7%</i>
Operations																				
Non-Instr. Pupil Services	\$6.8	\$7.8	\$1.0	3.5%	\$4.2	\$4.8	\$0.6	3.4%	\$1.4	\$1.5	\$0.1	1.7%	\$4.7	\$5.6	\$0.9	4.5%	\$7.4	\$8.4	\$1.0	3.2%
Facilities	8.2	9.5	1.3	3.7%	5.8	5.4	(\$0.4)	-1.8%	2.2	3.0	0.8	8.1%	5.5	6.0	0.5	2.2%	11.3	12.9	1.6	3.4%
Business Services	1.9	2.1	0.2	2.5%	0.9	0.8	(\$0.1)	-2.9%	0.4	0.4	0	0.0%	0.7	1.1	0.4	12.0%	2.9	3.2	0.3	2.5%
<i>Subtotal Operations</i>	<i>\$16.9</i>	<i>\$19.4</i>	<i>\$2.5</i>	<i>3.5%</i>	<i>\$10.9</i>	<i>\$11.0</i>	<i>\$0.1</i>	<i>0.2%</i>	<i>\$4.0</i>	<i>\$4.9</i>	<i>\$0.9</i>	<i>5.2%</i>	<i>\$10.9</i>	<i>\$12.7</i>	<i>\$1.8</i>	<i>3.9%</i>	<i>\$21.6</i>	<i>\$24.5</i>	<i>\$2.9</i>	<i>3.2%</i>
Other Commitments	\$5.3	\$8.2	\$2.9	11.5%	\$5.6	\$5.0	(\$0.6)	-2.8%	\$2.7	\$3.4	\$0.7	5.9%	\$7.8	\$11.4	\$3.6	10.0%	\$6.2	\$11.6	\$5.4	17.0%
Leadership	\$6.4	\$7.2	\$0.8	3.0%	\$3.6	\$3.7	\$0.1	0.7%	\$2.4	\$2.9	\$0.5	4.8%	\$3.9	\$4.5	\$0.6	3.6%	\$8.4	\$8.2	(\$0.2)	-0.6%
Total	\$96.6	\$123.8	\$27.2	6.4%	\$63.5	\$68.1	\$4.6	1.8%	\$34.2	\$40.6	\$6.4	4.4%	\$87.0	\$103.9	\$16.9	4.5%	\$122.9	\$147.3	\$24.4	4.6%
Total w/out other comm.	\$91.3	\$115.6	\$24.3	6.1%	\$57.9	\$63.1	\$5.2	2.2%	\$31.5	\$37.2	\$5.7	4.2%	\$79.2	\$92.5	\$13.3	4.0%	\$116.7	\$135.7	\$19.0	3.8%

* East Providence's FY 2001 expenditures include debt service in the amount of \$1.5 million.
Source: RI Dept. of Education and RIPEC calculations.

One of the major reasons that Warwick's instruction expenditures declined as a percent of total expenditures is based on a reclassification of expenditures in 2005. The Warwick School Department stated that in FY 2003-04, many of the teacher assistants were classified as Instructional Paraprofessionals (expenditures within Instruction). However, based on a reclassification of the Rhode Island Department of Education's In\$ite Handbook, these expenditures were classified as Personal Attendants in 2005 (expenditures within Program Support). This is why one can see a decline in instruction expenditures as a percent of total expenditures and an increase in instructional support expenditures as a percent of total expenditures in 2005. The Warwick School Department stated that prior years could not be adjusted for that change since no data were available.

The second largest component in Warwick is expenditures for operations. In FY 2005, these expenditures accounted for \$24.5 million or 16.6 percent of total expenditures. This represents an average annual increase of 3.2 percent (\$2.9 million) over FY 2001 expenditures of \$21.6 million (a more detailed discussion on operation expenditures is on pages 44 to 50).

Expenditures for instructional support were the third largest component, accounting for 15.4 percent of total expenditures in FY 2005, up from 10.2 percent of total expenditures in FY 2001. Instructional support expenditures amounted to \$22.6 million in FY 2005, up from \$12.6 million in FY 2001, an average annual increase of 15.7 percent.

Expenditures for other commitments as a percent of total expenditures increased from 5.0 percent in FY 2001 to 7.9 percent in FY 2005. These expenditures include debt service, capital projects, out-of-district obligations (dollars that are passed through the public school to parochial, private and charter schools, as well as contracted services of private schools for special education pupils); retiree benefits; and legal obligations. These expenditures increased on average annually by 17.0 percent or \$5.4 million, from \$6.2 million in FY 2001 to \$11.6 million in FY 2005. Of the \$5.4 million increase, 88.9 percent (\$4.8 million) was expended for children attending parochial, private, and charter schools, as well as special education pupils attending private schools. Leadership expenditures declined on average annually by 0.6 percent (\$0.2 million), from \$8.4 million in FY 2001 to \$8.2 million in FY 2005. As a percent of total expenditures, leadership expenditures accounted for 5.6 percent in FY 2005, down from 6.8 percent in FY 2001.

When compared to its peer districts, instruction expenditures as a percent of total expenditures were highest in Cranston, followed by North Providence, accounting for 58.0 percent, and 57.9 percent respectively, of total expenditures in FY 2005. The rate of growth in instruction expenditures was also highest in Cranston between FY 2001 and FY 2005, increasing on average annually by 6.5 percent or \$15.9 million during that time period. Pawtucket experienced the lowest percentage increase, increasing its instruction expenditures on average annually by 1.6 percent, from \$50.9 million in FY 2001 to \$54.2 million in FY 2005. Warwick's instruction expenditures increased on average annually by 2.0 percent.

The increase in instructional support on a percentage basis was highest in East Providence and Warwick, increasing on average annually by 15.7 percent in both school districts between 2001 and 2005. East Providence's expenditures for instructional support increased from \$6.3 million in FY 2001 to \$11.3 million in FY 2005. Warwick's expenditures in this category increased from \$12.6 million in FY 2001 to \$22.6 million in FY 2005. As explained before, the Warwick School Department stated that it reclassified Instructional Paraprofessionals as Personal Attendants, thereby increasing instructional support expenditures. As said before, prior years could not be adjusted for that change. Cranston experienced the lowest percentage increase, increasing on average annually by 9.0 percent, from \$12.2 million in FY 2001 to \$17.2 million in FY 2005.

Expenditures for other commitments also varied widely among the peer communities. Between FY 2001 and 2005, Warwick saw the largest increase, both in absolute dollars and on a percentage basis. Warwick's expenditures for other commitments increased on by \$5.4 million (average annual increase of 17.0 percent) between FY 2001 and FY 2005. Cranston experienced the second highest rate of growth, increasing its expenditures for other commitments on average annually by 11.5 percent (\$2.9 million), from \$5.3 million in FY 2001 to \$8.2 million in FY 2005. East Providence was the only school district among the surveyed communities who experienced declining expenditures for other commitments, declining by \$0.6 million (average annual decline of 2.8 percent), from \$5.6 million in FY 2001 to \$5.0 million in FY 2005.

Per Pupil Expenditures by Function

The table below shows per pupil expenditures by function. In Warwick, per pupil expenditures for instruction in FY 2005 amounted to \$6,749, up from \$6,042 per pupil in FY 2001, increasing on average annually by 2.8 percent. The second largest component of Warwick's school budget on a per pupil bases are expenditures for operations, accounting for \$2,061 per pupil in FY 2005, increasing on average annually by 4.0 percent between FY 2001 and FY 2005. About half of the costs within operations are for the maintenance of facilities (\$1,082 per pupil in FY 2005). Expenditures for instructional support amounted to \$1,903 per pupil in FY 2005, an average annual increase of 16.6 percent over FY 2001 levels of \$1,028, followed by \$979 per pupil for other commitments and expenditures for leadership of \$691 per pupil in FY 2005.

	Cranston			East Providence			North Providence			Pawtucket			Warwick		
	2001	2005	2001-05 Avg Ann	2001	2005	2001-05 Avg Ann	2001	2005	2001-05 Avg Ann	2001	2005	2001-05 Avg Ann	2001	2005	2001-05 Avg Ann
Instruction	\$5,059	\$6,472	6.4%	\$5,628	\$6,134	2.2%	\$6,051	\$6,658	2.4%	\$5,052	\$5,718	3.1%	\$6,042	\$6,749	2.8%
Instr. Support	\$1,101	\$1,546	8.9%	\$950	\$1,872	18.5%	\$1,057	\$1,675	12.2%	\$1,339	\$2,227	13.6%	\$1,028	\$1,903	16.6%
Operations															
Non-Instr. Pupil Services	\$612	\$702	3.5%	\$639	\$796	5.7%	\$387	\$439	3.2%	\$462	\$593	6.5%	\$609	\$712	4.0%
Facilities	740	855	3.7%	878	900	0.6%	611	840	8.3%	548	631	3.6%	920	1,082	4.1%
Business Services	176	189	1.7%	140	123	-3.1%	118	104	-3.1%	72	120	13.6%	233	267	3.4%
<i>Subtotal Operations</i>	<i>\$1,528</i>	<i>\$1,746</i>	<i>3.4%</i>	<i>\$1,657</i>	<i>\$1,820</i>	<i>2.4%</i>	<i>\$1,116</i>	<i>\$1,383</i>	<i>5.5%</i>	<i>\$1,082</i>	<i>\$1,345</i>	<i>5.6%</i>	<i>\$1,762</i>	<i>\$2,061</i>	<i>4.0%</i>
Other Commitments	\$478	\$742	11.6%	\$846	\$833	-0.4%	\$756	\$969	6.4%	\$779	\$1,204	11.5%	\$508	\$979	17.8%
Leadership	\$582	\$649	2.8%	\$540	\$610	3.1%	\$666	\$815	5.2%	\$389	\$476	5.2%	\$683	\$691	0.3%
Total	\$8,748	\$11,155	6.3%	\$9,621	\$11,267	4.0%	\$9,646	\$11,500	4.5%	\$8,641	\$10,969	6.1%	\$10,023	\$12,383	5.4%
Total w/out other comm.	\$8,270	\$10,413	5.9%	\$8,775	\$10,434	4.4%	\$8,890	\$10,531	4.3%	\$7,862	\$9,765	5.6%	\$9,515	\$11,403	4.6%

Source: RI Dept. of Education and RIPEC calculations.

When compared to its peers, Warwick had the highest per pupil expenditures for instruction in FY 2005. The lowest amount spent on instruction among the peers was Pawtucket. This district spent \$5,052 per pupil on instruction in FY 2005. Warwick's peer districts increased their average annual per pupil instruction expenditures from a low of 2.2 percent (East Providence) to a high of 6.4 percent (Cranston).

However, on a per pupil basis, Pawtucket spent the most on instructional support in FY 2005, amounting to \$2,227 per pupil. Expenditures increased on average annually by 13.6 percent, from \$1,339 in FY 2001. Cranston spent the lowest amount on instructional support among the peer districts, increasing its expenditures from \$1,101 per pupil in FY 2001 to \$1,546 in FY 2005. Warwick ranked second highest in spending per pupil for instructional support among the surveyed districts, with \$1,903 per pupil.

Warwick's \$2,061 expenditure per pupil for operations was the highest in FY 2005. Expenditures increased on average annually by 4.0 percent, from \$1,762 per pupil in FY 2001. More than half of operation expenditures go to the maintenance of facilities (\$1,082 per pupil) in Warwick. Pawtucket spent the lowest amount on operations of the

peer districts, increasing its expenditures from \$1,082 per pupil in FY 2001 to \$1,345 per pupil in FY 2005. The lowest percentage increase was in East Providence. East Providence's expenditures for operations increased on average annually by 2.4 percent, from \$1,657 per pupil in FY 2001 to \$1,820 per pupil in FY 2005.

Pawtucket had the highest per pupil expenditures for other commitments in FY 2005, increasing it by 54.5 percent to \$1,204 per pupil in FY 2005. Most of the expenditures for this category are expenditures that are passed through the school district to parochial, private, and charter schools. It also includes contracted services of private schools for special education pupils. Among the surveyed communities, expenditures for other commitments increased on average annually from a high of 17.8 percent (Warwick) to a decline of 0.4 percent in East Providence between FY 2001 and FY 2005. Cranston spent the lowest amount on other commitments among the peer districts. This district spent \$742 per pupil in FY 2005.

Expenditures for leadership were highest in North Providence in FY 2005. This district spent \$815 per pupil in FY 2005. The lowest amount was spent in Pawtucket, amounting to \$476 per pupil in FY 2005. Warwick's leadership expenses ranked the district second highest among the surveyed districts, accounting for \$691 per pupil in FY 2005.

Operation Expenditures

Warwick's operation expenditures increased from \$21.6 million in FY 2001 to \$24.5 million in FY 2005. In FY 2001, expenditures for operations accounted for 17.6 percent of total expenditures. This has declined to 16.6 percent in FY 2005.

Within operations expenditures, facilities accounted for about half of the expenditures in FY 2005. Expenditures increased on average annually by 3.4 percent, from \$11.3 million in FY 2001 to \$12.9 million in FY 2005. While expenditures for facilities as a percent of total expenditures declined from 9.2 percent in FY 2001 to 8.7 percent in FY 2005, it still accounted for the greatest share of growth in operation expenditures. The \$1.6 million increase in facilities expenditures accounted for 6.5 percent of the total expenditure growth.

The second largest component within operations is expenditures for business operations. Business operations expenditures increased by \$1.0 million, from \$1.9 million in FY 2001 to \$2.9 million in FY 2005. This translates into an average annual growth rate of 11.3 percent. Expenditures for business operations include the cost of business offices (e.g. payroll, human resources, accounting and finance, procurement). It also includes salaries and related employment costs, office expenses and all other departmental costs.

2001 - 2005 Operation Expenditures (\$ million)												
	2001		2005		2001-05 Change			Per Pupil		2001-05 Change		
	Amount	% of Total	Amount	% of Total	Amount	Avg Ann	Share*	2001	2005	Amount	Avg Ann	Share*
Cranston												
Transportation	\$3.7	3.8%	\$5.4	4.3%	\$1.6	9.6%	6.0%	\$337	\$483	\$146	9.4%	6.2%
Food Service	2.1	2.2%	2.4	2.0%	0.3	3.8%	1.2%	190	219	30	3.7%	1.3%
Safety	0.9	1.0%	0.0	0.0%	(0.9)	-85.3%	-3.5%	86	0	(85)	-85.3%	-3.6%
Facilities	8.2	8.5%	9.5	7.7%	1.3	3.8%	4.8%	740	855	115	3.7%	4.9%
Data Processing	0.4	0.4%	0.1	0.1%	(0.3)	-25.2%	-1.1%	38	12	(26)	-25.3%	-1.1%
Business Operations	1.5	1.6%	2.0	1.6%	0.4	6.6%	1.6%	138	177	39	6.5%	1.7%
<i>Subtotal Operations</i>	<i>\$16.9</i>	<i>17.5%</i>	<i>\$19.4</i>	<i>15.6%</i>	<i>\$2.5</i>	<i>3.5%</i>	<i>9.2%</i>	<i>\$1,528</i>	<i>\$1,746</i>	<i>\$218</i>	<i>3.4%</i>	<i>9.2%</i>
Total Expenditures	\$96.6	100.0%	\$123.8	100.0%	\$27.2	6.4%	100.0%	\$8,748.0	\$11,155	\$2,407	6.3%	102.0%
East Providence												
Transportation	\$2.6	4.1%	\$3.1	4.5%	\$0.5	4.6%	11.2%	\$392	\$512	\$121	7.0%	5.1%
Food Service	1.5	2.4%	1.7	2.5%	0.2	3.2%	4.4%	229	284	54	5.5%	2.3%
Safety	0.1	0.2%	0.0	0.0%	(0.1)	-64.5%	-2.5%	17	0	(17)	-63.8%	-0.7%
Facilities	5.8	9.1%	5.4	8.0%	(0.4)	-1.6%	-7.9%	878	900	21	0.6%	0.9%
Data Processing	-	0.0%	-	0.0%	-	0.0%	0.0%	-	-	-	0.0%	0.0%
Business Operations	0.9	1.5%	0.7	1.1%	(0.2)	-5.3%	-3.9%	140	123	(17)	-3.1%	-0.7%
<i>Subtotal Operations</i>	<i>\$10.9</i>	<i>17.2%</i>	<i>\$11.0</i>	<i>16.2%</i>	<i>\$0.1</i>	<i>0.1%</i>	<i>1.3%</i>	<i>\$1,657</i>	<i>\$1,819</i>	<i>\$162</i>	<i>2.4%</i>	<i>6.9%</i>
Total	\$63.5	100.0%	\$68.1	100.0%	\$4.6	1.8%	100.0%	\$9,621	\$11,267	\$1,646	4.0%	69.7%
North Providence												
Transportation	\$0.2	0.6%	\$0.5	1.3%	\$0.3	26.0%	5.0%	\$59	\$149	\$90	26.1%	3.8%
Food Service	0.9	2.7%	0.9	2.3%	0.0	0.5%	0.3%	258	264	6	0.6%	0.3%
Safety	0.2	0.7%	0.1	0.2%	(0.2)	-22.6%	-2.5%	70	25	(45)	-22.5%	-1.9%
Facilities	2.2	6.3%	3.0	7.3%	0.8	8.2%	12.5%	611	840	230	8.3%	9.7%
Data Processing	0.1	0.3%	0.1	0.3%	0.0	3.6%	0.2%	28	33	4	3.7%	0.2%
Business Operations	0.3	0.9%	0.3	0.6%	(0.1)	-5.7%	-1.0%	90	72	(18)	-5.5%	-0.8%
<i>Subtotal Operations</i>	<i>\$4.0</i>	<i>11.6%</i>	<i>\$4.9</i>	<i>12.0%</i>	<i>\$0.9</i>	<i>5.4%</i>	<i>14.5%</i>	<i>\$1,116</i>	<i>\$1,383</i>	<i>\$267</i>	<i>5.5%</i>	<i>11.3%</i>
Total	\$34.2	100.0%	\$40.6	100.0%	\$6.4	4.4%	100.0%	\$9,646	\$11,500	\$1,853	4.5%	78.5%
Pawtucket												
Transportation	\$2.1	2.4%	\$2.1	2.0%	\$0.0	0.5%	0.2%	\$206	\$223	\$17	2.0%	0.7%
Food Service	2.6	2.9%	3.4	3.3%	0.9	7.6%	5.2%	254	363	109	9.3%	4.6%
Safety	0.0	0.0%	0.1	0.1%	0.1	43.4%	0.3%	2	7	6	45.6%	0.2%
Facilities	5.5	6.3%	6.0	5.8%	0.5	2.0%	2.7%	548	631	83	3.6%	3.5%
Data Processing	0.2	0.2%	0.4	0.4%	0.3	28.9%	1.6%	15	45	29	30.8%	1.2%
Business Operations	0.6	0.7%	0.7	0.7%	0.1	5.8%	0.9%	57	75	19	7.5%	0.8%
<i>Subtotal Operations</i>	<i>\$10.9</i>	<i>12.5%</i>	<i>\$12.7</i>	<i>12.3%</i>	<i>\$1.8</i>	<i>4.0%</i>	<i>10.9%</i>	<i>\$1,082</i>	<i>\$1,345</i>	<i>\$263</i>	<i>5.6%</i>	<i>11.1%</i>
Total	\$87.0	100.0%	\$103.9	100.0%	\$16.9	4.5%	100.0%	\$8,641	\$10,969	\$2,328	6.1%	98.6%
Warwick												
Transportation	\$4.5	3.6%	\$4.8	3.3%	\$0.4	1.9%	1.4%	\$363	\$404	\$41	2.7%	1.7%
Food Service	2.6	2.1%	3.2	2.2%	0.6	5.3%	2.5%	213	270	57	6.2%	2.4%
Safety	0.4	0.3%	0.4	0.3%	0.0	2.2%	0.1%	33	37	4	2.9%	0.2%
Facilities	11.3	9.2%	12.9	8.7%	1.6	3.4%	6.5%	920	1,082	163	4.2%	6.9%
Data Processing	1.0	0.8%	0.3	0.2%	(0.7)	-27.4%	-2.9%	79	23	(56)	-26.8%	-2.4%
Business Operations	1.9	1.5%	2.9	2.0%	1.0	11.3%	4.2%	154	244	90	12.2%	3.8%
<i>Subtotal Operations</i>	<i>\$21.6</i>	<i>17.6%</i>	<i>\$24.5</i>	<i>16.6%</i>	<i>\$2.9</i>	<i>3.2%</i>	<i>11.9%</i>	<i>\$1,762</i>	<i>\$2,061</i>	<i>\$299</i>	<i>4.0%</i>	<i>12.7%</i>
Total	\$122.9	100.0%	\$147.3	100.0%	\$24.4	4.6%	100.0%	\$10,023	\$12,383	\$2,360	5.4%	100.0%

*Share = share of total expenditure growth.
Source: RI Dept. of Education InSite and RIPEC calculations.

In FY 2005, transportation expenditures in Warwick accounted for \$4.8 million in expenditures, up from \$4.5 million in FY 2001. This translates into an average annual increase of 1.9 percent during that time period. In FY 2005, transportation accounted for 3.3 percent of total expenditures, down from 3.6 percent in FY 2001. These expenses include all costs of transportation services associated with district students attending district schools, e.g. bus driver salaries and related employment costs, or transportation contracts, and administrators who administer the transportation services. It also includes the maintenance and operating costs associated with bus operations.

Expenditures for food services accounted for 2.2 percent of total expenditures in FY 2005. In FY 2005 food service expenditures amounted to \$3.2 million, increasing by \$0.6 million from FY 2001. However, one should note that Warwick received a total of \$2.6

million in revenues for food services in FY 2005, of which \$0.9 million were from the federal government and \$1.7 from sales.

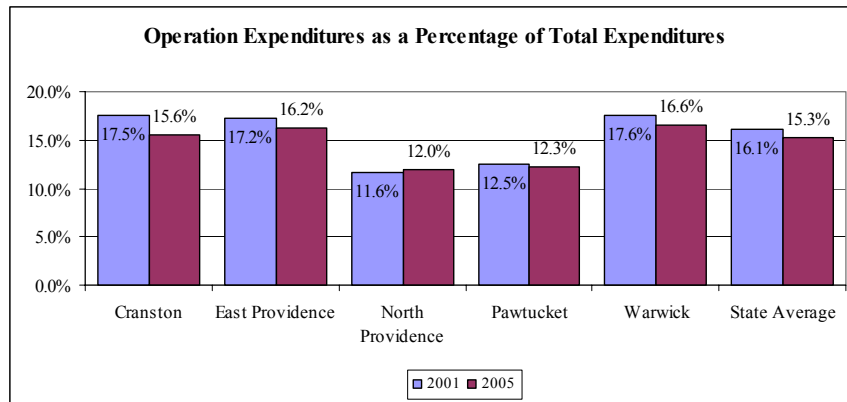
Data processing expenditures declined by \$0.7 million, from \$1.0 million in FY 2001 to \$0.3 million in FY 2005. Expenditures include the cost of the data processing department, including salaries and related employment costs, equipment costs and maintenance contracts. It does not include student use technology which is budgeted under pupil-use technology and software within instruction expenditures. The Warwick School Department stated that expenditures that were reported under data processing until 2004 were more appropriately categorized as pupil-use technology and software in 2005. Assuming that in FY 2001 data processing would account for the same percentage of total expenditures then expenditures for data processing would have been \$241,033 in FY 2001 (0.2 percent of total expenditures).

Warwick's peer communities' operation expenditures in FY 2005 ranged from \$4.9 million in North Providence to \$19.4 million in Cranston. As a percent of total expenditures, operation expenditures in Warwick were the highest among the peers with 16.6 percent of total expenditures, while North Providence had the lowest percentage with 12.0 percent of total expenditures attributable to operation expenditures. On average, the State spent 15.3 percent of its expenditures on operation expenditures. Of the surveyed districts, North Providence and Pawtucket were spending a smaller amount than the State average.

2005 Operation Expenditures (millions)											
	Cranston 2001-05		East Prov. 2001-05		North Prov. 2001-05		Pawtucket 2001-05		Warwick 2001-05		
	Amount	Avg Ann	Amount	Avg Ann	Amount	Avg Ann	Amount	Avg Ann	Amount	Avg Ann	
Transportation	\$5.4	9.6%	\$3.1	4.6%	\$0.5	26.0%	\$2.1	0.5%	\$4.8	1.9%	
Food Service	2.4	3.8%	1.7	3.2%	0.9	0.5%	3.4	7.6%	3.2	5.3%	
Safety	0.0	-85.3%	0.0	-64.5%	0.0	-22.6%	0.0	43.4%	0.4	2.2%	
Facilities	9.5	3.8%	5.4	-1.6%	3.0	8.2%	6.0	2.0%	12.9	3.4%	
Data Processing	0.1	-25.2%	0.0	0.0%	0.1	3.6%	0.4	28.9%	0.3	-27.4%	
Business Operations	2.0	6.6%	0.7	-5.3%	0.3	-5.7%	0.7	5.8%	2.9	11.3%	
<i>Subtotal Operations</i>	<i>\$19.4</i>	<i>3.5%</i>	<i>\$10.9</i>	<i>0.1%</i>	<i>\$4.8</i>	<i>5.4%</i>	<i>\$12.6</i>	<i>4.0%</i>	<i>\$24.5</i>	<i>3.2%</i>	
Peer Group Average	\$14.5	3.1%									
State Total/Average	\$279.2	4.2%									

The highest growth rate was in North Providence, increasing operation expenditures on average by 5.4 percent between FY 2001 and FY 2005, from \$4.0 million in FY 2001 to \$4.9 million in FY 2005. The lowest percentage increase was in East Providence, increasing on average annually by 0.1 percent, from \$10.9 million in FY 2001 to \$11.0 million in FY 2005. Warwick's average annual growth rate of 3.2 percent ranked the district second lowest among its peers. However, when adjusted for data processing expenditures in FY 2001, Warwick's growth rate would be 4.1 percent, ranking the district second highest in FY 2005.

On average, the peer districts increased operation expenditures annually by 3.1 percent between FY 2001 and FY 2005. This compares to an average annual increase for the State of 4.2 percent during that time. All surveyed districts experienced a lower annual growth rate when compared to the State as a whole. As stated before, based on a change in categorization, Warwick's data processing expenditures declined from \$1.0 million in FY 2001 to \$0.3 million in FY 2005. Assuming that data processing would account for the same percentage of total expenditures in FY 2001 than in FY 2005, Warwick's average annual growth rate would be 4.1 percent, instead of 3.2 percent. The East Providence school district does not have any data processing costs. Assuming data processing costs at 0.2 percent of total expenditures would change East Providence's average annual growth rate to 0.2 percent, instead of 0.1 percent.



Among the peer districts there were different factors driving the costs. In Warwick, North Providence and Pawtucket (not counting food service expenses), the majority of the growth within operations comes from increased expenditures to upkeep facilities. Facilities expenditures accounted for 12.5 percent of the growth in North Providence, 6.5 percent of total expenditure growth in Warwick, and for 2.7 percent in Pawtucket. While the Warwick school district has about 20.3 percent more square feet than Cranston, Warwick's expenditures for facilities were 35.6 percent higher than Cranston's expenditures.

Warwick had the highest per pupil expenditure for facilities, spending \$1,082 per pupil in FY 2005. This outpaced all of the other peer school districts, with Warwick being 20.2 percent higher than the next highest school district (East Providence at \$900 per pupil). Warwick has about 164 square feet per student, the lowest density among the peers. However, the district has the second highest expenditures (with East Providence) among the peers with \$6.61 per square feet. North Providence ranked highest among the peers with \$6.84 per square feet. The district also has one of the lowest ratios of square feet per student (123 square feet per student) among the surveyed districts. The peer group average is \$6.20 per square feet in 2005, putting Warwick 6.6 percent above the peer group average and North Providence 10.3 percent. The lowest expenditures were in Pawtucket, amounting to \$5.42 per square feet.

2005 Overview of Facilities					
	Cranston	East Providence	North P.	Pawtucket	Warwick
Number of Schools	24	12	9	15	26
Years Built	1919-2002	1952-2003	1915-1965	1915-1977	1910-1972
Square Feet	1,620,025	823,483	434,280	1,103,827	1,948,627
Enrollment	11,099	6,048	3,533	9,476	11,892
Facilities Exp.	\$9,490,422	\$5,440,872	\$2,968,692	\$5,980,777	\$12,871,178
Exp/Sqfeet	\$5.86	\$6.61	\$6.84	\$5.42	\$6.61
Exp/Pupil	\$855	\$900	\$840	\$631	\$1,082
Sqfeet/Student	146	136	123	116	164

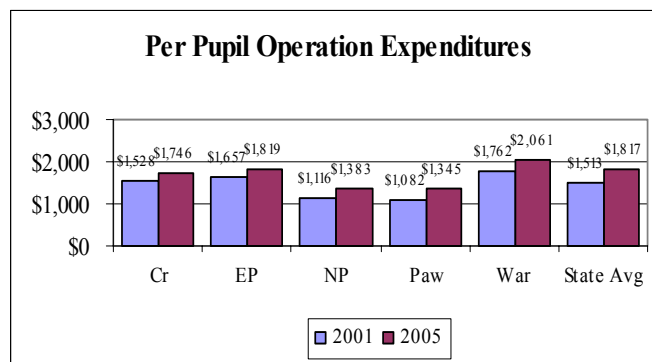
Source: RIPEC calculations based on self-reported data from the various school districts, except facilities expenditures are from RIDE InSite and enrollment is based on data provided by RIDE

While in Warwick, North Providence and Pawtucket expenditures for facilities took up the majority of costs, it was transportation costs in Cranston and East Providence. In East Providence, 11.2 percent of the total cost increase between FY 2001 and FY 2005 is attributable to transportation expenditures. In Cranston, these expenditures accounted for 6.0 percent of the total growth. In comparison, in Warwick it accounted for 1.5 percent of the growth, in Pawtucket for 0.2 percent, and 5.0 percent in North Providence. Transportation costs in Cranston accounted for 3.8 percent of total expenditures in 2001, increasing to 4.3 percent of total expenditures in 2005. In East Providence, these costs accounted for 4.5 percent of total expenditures in 2005, up from 4.1 percent in 2001.

In Warwick, another growth factor was expenditures related to business operations, accounting for 4.2 percent of the total growth rate. This was the highest share among the peers. Among the peers the share of expenditures for business operations ranged from a decline of 3.9 percent in East Providence to 1.6 percent in Cranston. Expenditures for business operations as a percent of total expenditures ranged from a high of 2.0 percent in Warwick to a low of 0.6 percent in North Providence in 2005.

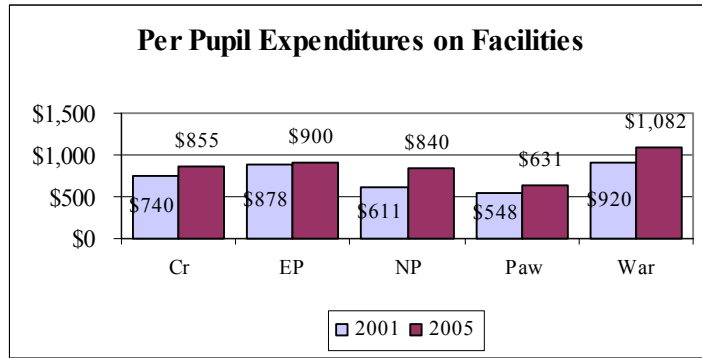
Operation expenditures per pupil

On a per pupil basis, Warwick’s FY 2005 operation expenditures amounted to \$2,061, an average annual increase of 4.0 percent from the FY 2001 level of \$1,762. When compared to its peers, operation expenditures in FY 2005 ranged from a high of \$2,061 per pupil in Warwick to a low of \$1,345 per pupil in Pawtucket.



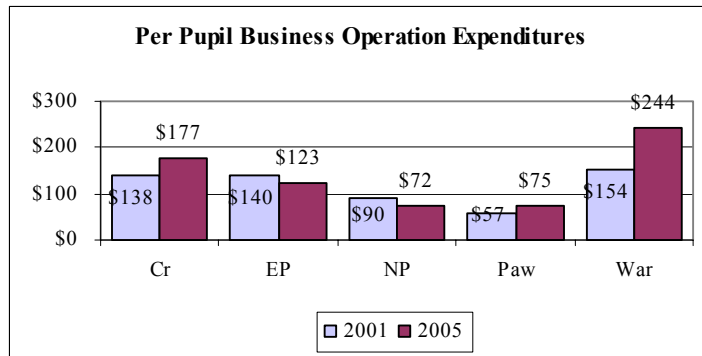
Warwick’s per pupil operation expenditures in FY 2005 were 18.0 percent above the peer group median of \$1,746 per pupil. Among the surveyed districts, East Providence’s (\$1,819 per pupil) and Warwick’s (\$2,061 per pupil) per pupil expenditures for operations were above the State average of \$1,817 per pupil.

More than half of per pupil expenditures within operations are spent on expenditures for facilities, accounting for \$1,082 per pupil. Per pupil expenditures for facilities in FY 2005 ranged from a low of \$631 per pupil in Pawtucket to a high of \$1,082 in Warwick.



Per pupil transportation expenditures ranged from a low of \$59 per pupil in North Providence to a high of \$512 per pupil in East Providence. Business operation expenditures ranged from a low of \$57 per pupil in Pawtucket to a high of \$244 in Warwick.

Per pupil expenditures on business operations ranged from a low of \$72 in North Providence to a high of \$244 in Warwick. Warwick's per pupil business operation expenditures in FY 2005 were 76.6 percent higher than the peer average of \$138 per pupil. Warwick's spending was also 37.9 percent higher than Cranston's per pupil expenditures of \$177 which were the second highest among the peers.



FY 2001 to FY 2005 Expenditures by Program

Expenditures by program based on InSite data are organized around six areas: Special education; bilingual, ESL or LEP; Chapter 1 or Title 1; vocational education; other programs; and general education. These programs indicate which group of students benefited from the expenditures.

- General education - Includes costs associated with the standard or regular programs, drawn from the General Fund, from both State and local sources (property taxes), and are thus not categorical or reimbursable.
- Special education - Includes all additional costs for children with special needs (full-time and part-time special education);
- Bilingual, ESL, or LEP - Includes costs related to federal and state programs for children with limited English proficiency, but does not include costs of "foreign language training";
- Chapter 1 or Title 1 - Includes the costs of all programs targeted toward children at risk of academic failure, typically due to the impact of poverty. Includes federal dollars (distributed by the State) for assisting low-income students under the federal law Improving America's Schools Act;

- Vocational education - Includes those vocational training costs that are directly associated with integrated education programs to teach trades or specific job-related skills; also involved pre-vocational experiences and explorations, planning related to employment after school graduation, or planning related to attending trade schools, community colleges, or a four-year university, with the intent of mastering a particular trade or employment skill; and
- Other programs - Includes programs that are outside the bounds of the typical school day, school year, or regular curriculum. Child care, recreational programs, military programs, and summer school are all examples of “other” programs.

When looking at expenditures by program, general education and special education expenditures account for the bulk of expenditures. Together, in FY 2005 these two programs accounted for a high of 98.5 percent of all expenditures in Warwick to a low of 91.0 percent in Pawtucket. Expenditures for general education in FY 2005 alone ranged from a high of 75.1 percent of total expenditures in Warwick to a low of 64.0 percent in Pawtucket.

In FY 2005, special education expenditures as a percent of total expenditures ranged from a high of 27.0 percent of all expenditures in Pawtucket to a low of 21.6 percent in Cranston among the surveyed communities. Warwick’s special education expenditures accounted for 23.4 percent of all expenditures. Expenditures for English as a second language, Title 1 and other programs accounted for the balance. One should note that expenditures for vocational education have been taken out when comparing program expenditures as a percent of total expenditures since North Providence and Pawtucket do not have vocational education expenditures.

	Cranston		East Providence		North Providence		Pawtucket		Warwick	
	2001	2005	2001	2005	2001	2005	2001	2005	2001	2005
Special Education	18.4%	21.6%	20.5%	26.3%	26.8%	25.2%	26.6%	27.0%	21.2%	23.4%
ESL	1.4%	1.4%	2.5%	1.6%	1.5%	1.1%	5.0%	4.4%	0.4%	0.4%
Title I	1.2%	1.2%	1.0%	1.3%	0.7%	1.1%	2.7%	4.3%	0.8%	0.9%
Other Programs	0.4%	0.7%	0.2%	0.2%	0.0%	0.0%	0.1%	0.3%	0.2%	0.2%
General Education	78.6%	75.1%	75.9%	70.6%	71.0%	72.6%	65.6%	64.0%	77.3%	75.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

* Expenditures do not include expenditures for vocational education.
Source: RIDE InSite and RIPEC calculations.

It is interesting to note that general education expenditures as a percent of total expenditures declined in all surveyed communities except North Providence between FY 2001 and FY 2005. Warwick’s general education expenditures as a percent of total expenditures declined from 77.3 percent in FY 2001 to 75.1 percent in FY 2005. During the same time period, special education expenditures as a percent of total expenditures increased in all surveyed school districts except North Providence. Warwick’s special education expenditures increased from 21.2 percent of all expenditures in FY 2001 to 23.4 percent in FY 2005.

The following table shows expenditure increases by program in absolute numbers. One should note that total expenditures are shown with expenditures for vocational education and without, since not all surveyed school districts provide these programs.

Total Expenditures by Program (\$ million)																				
	Cranston				East Providence				North Providence				Pawtucket				Warwick			
	2001		2005		01-05		01-05		2001		2005		01-05		2001		2005		01-05	
	Amt.	Ave A	Amt.	Ave A	Amt.	Ave A	Amt.	Ave A	Amt.	Ave A	Amt.	Ave A	Amt.	Ave A	Amt.	Ave A	Amt.	Ave A	Amt.	Ave A
Special Education	\$17.2	\$26.1	\$8.9	10.9%	\$12.7	\$17.5	\$4.8	8.3%	\$9.2	\$10.2	\$1.1	2.8%	\$23.1	\$28.0	\$4.9	4.9%	\$25.6	\$33.8	\$8.2	7.2%
ESL	1.3	1.7	0.4	7.2%	1.5	1.0	(0.5)	-8.8%	0.5	0.5	(0.1)	-2.6%	4.3	4.6	0.2	1.4%	0.4	0.5	0.1	4.8%
Title I	1.1	1.4	0.4	7.5%	0.6	0.8	0.2	8.5%	0.3	0.4	0.2	14.8%	2.3	4.5	2.2	18.0%	1.0	1.3	0.3	7.0%
Vocational Ed	2.8	2.9	0.1	1.2%	1.7	1.8	0.0	0.6%	0.0	0.0	(0.0)	-8.9%	0.2	0.2	0.1	8.8%	2.4	2.8	0.4	3.5%
Other Programs	0.4	0.8	0.4	19.3%	0.1	0.1	0.0	5.9%	0.0	0.0	0.0	0.0%	0.1	0.3	0.2	31.5%	0.2	0.3	0.1	6.1%
General Education	73.8	90.8	17.0	5.3%	46.9	46.9	(0.0)	0.0%	24.3	29.5	5.2	5.0%	57.0	66.4	9.4	3.9%	93.2	108.6	15.3	3.9%
Total	\$96.6	\$123.8	\$27.2	6.4%	\$63.5	\$68.1	\$4.6	1.8%	\$34.2	\$40.6	\$6.4	4.4%	\$87.0	\$103.9	\$16.9	4.5%	\$122.9	\$147.3	\$24.3	4.6%
Total w/out Voc Ed	\$93.8	\$120.9	\$27.1	6.6%	\$61.8	\$66.4	\$4.6	1.8%	\$34.2	\$40.6	\$6.4	4.4%	\$86.9	\$103.7	\$16.9	4.5%	\$120.5	\$144.5	\$24.0	4.6%

Source: RIDÉ InSite and RIPEC calculations.

General education expenditures in Warwick increased from \$93.2 million in FY 2001 to \$108.6 million in FY 2005. Of the total increase of \$24.3 million between FY 2001 and FY 2005, 63.1 percent were attributable to general education expenditures. Between FY 2001 and FY 2005, these expenditures increased by 16.5 percent (\$15.3 million), while overall enrollment declined by 3.0 percent (373 pupils) during the same period.

Warwick’s special education expenditures accounted for 33.5 percent of the increase between FY 2001 and FY 2005, increasing from \$25.6 million in FY 2001 to \$33.8 million in FY 2005. Warwick’s special education expenditures increased by 31.9 percent (\$8.2 million) between FY 2001 and FY 2005. During the same time period, special education enrollment increased by 4.8 percent (113 students). In other words, special education expenditures increased six times faster than enrollment in these programs.

In Warwick, 3.4 percent of the total expenditures in FY 2005 were attributable to expenditures for English as a second language programs, Title I programs, vocational education and other programs. Together, these programs amounted to \$4.9 million in FY 2005.

When compared to its peers, the increase in general education expenditures on a percentage basis was highest in Cranston between FY 2001 and FY 2005, increasing by 23.1 percent (\$17.0 million), from \$73.8 million in FY 2001 to \$90.8 million in FY 2005. During this time, Cranston’s enrollment increased by 0.5 percent (59 students). East Providence’s general education expenditures in FY 2005 were at the same level than in FY 2001 (\$46.9 million).

On a percentage basis, special education expenditures increased the highest in Cranston among the surveyed school districts, increasing by 51.4 percent (\$8.9 million), from \$17.2 million in FY 2001 to \$26.1 million in FY 2005. During this period, Cranston’s

special education enrollment increased by 9.0 percent (194 students). North Providence experienced the lowest increase on a percentage basis, increasing by 11.9 percent (\$1.1 million), from \$9.2 million in FY 2001 to \$10.2 million in FY 2005.

Title 1 expenditures increased from a high of 93.7 percent (\$2.2 million) in Pawtucket to a low of 31.3 percent (\$0.3 million) in Warwick. However, one should note that Title 1 expenditures only accounted between 0.9 percent (Warwick) and 4.3 percent (Pawtucket) of total expenditures in FY 2005.

While gross spending levels provide a picture of overall growth and trends, one needs to put expenditures on a per pupil basis to provide a comparable base for analysis.

Per Pupil Expenditures by Program

The table below shows per pupil expenditures by program. In FY 2005, Warwick's per pupil expenditures for special education amounted to \$13,705, an average annual increase of 5.9 percent over the FY 2001 level of \$10,893 per pupil. This growth rate is slightly higher than the overall average annual per pupil expenditure growth rate of 5.4 percent.

The second highest expenditure component on a per pupil basis in Warwick is expenditures for general education. Warwick's general education expenditures amounted to \$9,129 per pupil in FY 2005, up from \$7,601 per pupil in FY 2001. This is a 4.7 percent average annual increase over this period. Expenditures for English as a second language programs increased on average annually by 5.1 percent, from \$4,694 per pupil in FY 2001 to \$5,726 per pupil in FY 2005. One should note that Warwick only has 92 pupils enrolled in these programs, accounting for 0.8 percent of total enrollment in FY 2005. Per pupil expenditures for Title 1 programs were \$541 per pupil in FY 2005, up from \$484 per pupil in FY 2001. This is an average annual increase of 2.8 percent during that period. Eligibility for these programs increased on average annually by 4.1 percent during that period.

Total Per Pupil Expenditures by Program															
	Cranston			East Providence			North Providence			Pawtucket			Warwick		
	2001	2005	2001-05 Ave A	2001	2005	2001-05 Ave A	2001	2005	2001-05 Ave A	2001	2005	2001-05 Ave A	2001	2005	2001-05 Ave A
Special Education	\$7,989	\$11,099	8.6%	\$9,680	\$12,086	5.7%	\$12,409	\$15,690	6.0%	\$11,423	\$15,239	7.5%	\$10,893	\$13,705	5.9%
ESL	2,944	4,026	8.1%	4,333	5,023	3.8%	4,396	8,594	18.2%	3,718	4,428	4.5%	4,694	5,726	5.1%
Title I	472	573	5.0%	340	423	5.6%	357	527	10.2%	348	714	19.7%	484	541	2.8%
General Education	6,681	8,181	5.2%	7,166	7,753	2.0%	6,844	8,341	5.1%	5,659	7,002	5.5%	7,601	9,129	4.7%
Total	\$8,748	\$11,155	6.3%	\$9,621	\$11,267	4.0%	\$9,646	\$11,500	4.5%	\$8,641	\$10,969	6.1%	\$10,023	\$12,383	5.4%
Total w/out voc ed	\$8,497	\$10,894	6.4%	\$9,517	\$10,976	3.6%	\$9,637	\$11,494	4.5%	\$8,626	\$10,946	6.1%	\$9,827	\$12,151	5.5%

Source: RI Dept. of Education and RIPEC calculations.

When compared to its peer districts, North Providence spent the most for special education on a per pupil basis. This district spent \$15,690 per pupil in FY 2005, up from \$12,409 per pupil in FY 2001, an average annual increase of 6.0 percent. Cranston had the lowest per pupil expenditures for special education. This district's expenditures amounted to \$11,099 per pupil in FY 2005, up from \$7,989 per pupil in FY 2001. On a per pupil basis, these expenditures increased on average annually from a high of 8.6 percent in Cranston to a low of 5.7 percent in East Providence between FY 2001 and FY 2005.

Warwick had the highest general education expenditures per pupil in FY 2005. The lowest amount spent on general education among the peer districts was in Pawtucket. This district spent \$7,002 per pupil in FY 2005. Warwick's peer districts increased its general education expenditures on average annually between 2.0 percent (East Providence) and 5.5 percent (Pawtucket).

On a per pupil basis, North Providence spent the most for English as a second language programs in FY 2005, amounting to \$8,594 per pupil. It also had the highest percentage increase, increasing its expenditures on average annually by 18.2 percent, from \$4,396 per pupil in FY 2001. Cranston spent the lowest amount on ESL programs of the peer districts, increasing its expenditures from \$2,944 per pupil in FY 2001 to \$4,026 per pupil in FY 2005.

Pawtucket had the highest Title 1 expenditures per pupil in FY 2005, with \$714 per pupil in FY 2005. The lowest amount was spent in East Providence, accounting for \$423 per pupil in FY 2005. The highest percentage increase was in Pawtucket. This district increased its expenditures on average annually by 19.7 percent, from \$348 per pupil in FY 2001 to \$714 per pupil in FY 2005.

3. School District Revenue Trends and Property Values

Local, state and federal revenue trends

- In Warwick, total local, state and federal revenues to support its public schools increased from \$122.9 million in FY 2001 to \$147.1 million in FY 2005, representing an increase of \$24.2 million;
- Of the \$24.2 million increase, \$18.2 million was derived from local sources, \$3.4 million from State aid, and the \$2.3 million balance from new federal sources. In other words, for every new dollar in revenue between FY 2001 and FY 2005, Warwick generated \$0.76 from local funds, \$0.14 from State funds and \$0.10 from federal funds;
- Approximately 70.6 percent of the Warwick school district was supported with local funds, 25.1 percent with State funds and 4.3 percent from the federal government;
- The five peer districts have as a median 62.4 percent of their revenues come from local sources, 32.9 percent from State and 6.0 percent from federal sources in FY 2005;
- When compared to its peers, Warwick's school budget received the highest percentage (70.6 percent) from local sources in FY 2005, while Pawtucket had the lowest percentage (27.6 percent) among the peer districts;
- Conversely, Warwick demonstrated the least reliance on State funding, with only 25.1 percent of its funding coming from State sources in FY 2005.

Revenues per Pupil

- On a per pupil basis, Warwick received \$10,020 in total revenues in FY 2001. This increased to \$12,370 in FY 2005, representing a growth of \$2,349 per pupil. In both fiscal years 2001 and 2005, Warwick's total revenue per pupil ranked highest among its peers. In FY 2005, per pupil revenues among the peer school districts ranged from a low of \$10,956 per pupil in Cranston to a high of \$12,370 per pupil in Warwick;
- The median per pupil revenues for the peer districts increased from \$9,084 per pupil in FY 2001 to \$11,508 per pupil in FY 2005. North Providence (28.9 percent) and East Providence (26.7 percent) were both among the median increase, while Warwick experienced the lowest growth, increasing per pupil revenues by 23.4 percent between FY 2001 and FY 2005.

Property Values

- The full market value of property has been driven primarily by rapid growth in residential values. Statewide, residential values represent approximately 73.0 percent of the total property tax base, while commercial and industrial properties represent 17.5 percent and motor vehicles represent 7.6 percent of total value;
- Warwick has approximately 58.5 percent of the property wealth is in residential while 28.4 percent is in commercial and industrial;
- Warwick's FY 2006 property value per pupil of \$883,860 ranks 2nd highest among its peers and is 7.6 percent above the State property value per pupil; and
- Warwick's property tax levy increased from \$136.7 million to \$171.6 million between 2000 and 2006. While the city's property tax levy is the largest among the peer communities, its growth rate of 25.5 percent has remained below the State average of 29.5 percent and is among the lowest within its peer group.

Tax Burden

- Warwick's effective property tax rate of \$16.13 is projected to rank 6th highest overall, and 3rd highest among the peer communities; and
- In FY 2006, the estimated property tax bill on a \$350,000 home would range from a high of \$6,428 in Cranston to a low of \$4,369 in East Providence. Warwick's projected tax bill would rank 12th highest in the State and 3rd highest among its peers.

State Aid

- Warwick receives approximately \$58.2 million in State aid from various programs, which in turn funds nearly 23.0 percent of the City's total operating budget. This is the lowest among the peer communities;
- From FY 2000 to FY 2006, Warwick's total state aid package increased by \$17.3 million, increasing at an average annual rate of 6.0 percent since 2000. This compares to an average annual rate of 6.7 percent statewide;
- The majority of Warwick's aid comes in the form of school aid, where 65.1 percent (\$37.9 million) of all its aid is derived. This compares to 74.3 percent statewide. The school aid component of Warwick's aid package has been growing at an average annual rate of 2.9 percent since FY 2000, compared to 4.7 percent statewide;
- Non-school aid represents approximately 34.9 percent (\$20.3 million) of the City's total aid package. While the City's municipal aid has increased at an average annual rate of 14.1 percent since FY 2000, this remains below the State average (14.4 percent) and lags all its peer communities save Pawtucket.

Direct Education Aid

- Statewide, direct education aid increased from \$515.1 million in FY 2000 to \$668.0 million in FY 2006 – representing a \$152.9 million increase in State education aid during this period. This translates into an average annual rate of growth of 4.4 percent;
- The peer communities experienced a 4.3 percent average annual rate of growth in direct education aid during this period. Warwick state education aid increased on average by 2.9 percent, from \$30.8 million in FY 2000 to \$36.5 million in FY 2006.

The following section provides an overview of the source (local, state, and federal) and the amount of revenues. It also looks at revenues per pupil and how these trends have changed over time. The analysis will also provide information on the property tax base, property values, tax rates and burdens, as well as tax capacity and effort index.

School District Revenue Trends

The school district revenue trends are based on revenue data provided by the Rhode Island Department of Education. Local revenues include the appropriation the school districts receive from the city or town, as well as revenues from the sale of food services and other miscellaneous revenues. State revenues include state aid and revenues related to Medicaid (please note that Warwick classifies Medicaid revenues as a local source of revenues in its school budget). They do not include the State’s share of the teacher retirement contribution or the State’s housing aid program. Federal revenues include the revenues that the districts receive from the federal government through the Rhode Island Department of Education. The majority of these funds are distributed through the Federal Title I program.

Total Revenues – In Warwick, total local, state and federal revenues increased from \$122.9 million in FY 2001 to \$147.1 million in FY 2005, representing an increase of \$24.2 million (19.7 percent). Of the \$24.2 million increase, \$18.5 million was derived from local sources, \$3.4 million from State aid, and the \$2.3 million balance from new Federal sources. In other words, for every new dollar in revenue between FY 2001 and FY 2005, Warwick generated \$0.76 from local funds, \$0.14 from State funds and \$0.10 from federal funds.

	FY 2001				FY 2005				2001 - 2005 Change			
	Local	State	Federal	Total	Local	State	Federal	Total	Local	State	Federal	Total
Cranston	\$61.6	\$30.9	\$4.9	\$97.4	\$78.4	\$35.4	\$7.8	\$121.6	\$16.8	\$4.5	\$2.9	\$24.2
East Providence	33.3	23.8	2.9	60.0	37.8	27.6	4.2	69.6	4.5	3.8	1.3	9.6
North Providence	19.6	11.7	1.2	32.5	26.0	13.7	2.0	41.7	6.4	2.0	0.8	9.2
Pawtucket	25.6	54.8	7.2	87.6	29.0	63.9	12.3	105.2	3.4	9.1	5.1	17.6
Warwick	85.4	33.5	4.0	122.9	103.9	36.9	6.3	147.1	18.5	3.4	2.3	24.2
Peer Total	\$225.5	\$154.7	\$20.2	\$400.4	\$275.1	\$177.5	\$32.6	\$485.2	\$49.6	\$22.8	\$12.4	\$84.8

Revenues include revenues from food service and Medicaid.
Source: RI Dept. of Education, school budget documents and RIPEC calculations.

The Warwick School District had different rates of growth by the three revenue sources. Local funding for Warwick schools increased by 21.7 percent from FY 2001 to FY 2005, while State aid increased by 10.1 percent, from \$33.5 million in FY 2001 to \$36.9 million in FY 2005. Federal funds experienced the greatest growth, increasing from \$4.0 million in FY 2001 to \$6.3 million in FY 2005, a 57.5 percent increase.

When comparing overall growth in revenues among the peer school districts, growth in revenues ranged from a low of 16.0 percent in East Providence to a high of 28.3 percent in North Providence. When compared to its peers, Warwick had the second lowest

revenue growth rate between FY 2001 and FY 2005. This is mainly a function of comparatively low growth rates in revenues from the State and the federal government. When compared to its peers, Warwick ranked lowest in the revenue growth received from the State. Between FY 2001 and FY 2005, State revenues in Warwick grew by 10.1 percent. The other peer districts' revenues from the State increased from a high of 17.1 percent in North Providence to a low of 14.6 percent in Cranston.

The reliance on local support for the Warwick school district is also visible when looking at the share of the revenue growth. While \$0.76 of every new dollar spent came from local sources in Warwick – the highest among its peers – Pawtucket derived only \$0.19 of every new dollar spent between FY 2001 and FY 2005 from local revenues.

Each community has a different mix of revenues in supporting its budget. Over time, the mixture of revenues has also changed for each community. In Warwick, in FY 2001 approximately 69.5 percent of the school district's budget was supported with local funds, 27.3 percent with State funds and 3.3 percent from the federal government. This has changed since. In FY 2005, both the local and federal share increased by a percentage point to 70.6 percent and 4.3 percent respectively. In contrast, the State share fell to 25.1 percent in FY 2005.

As noted before, the Rhode Island Department of Education classifies Medicaid revenues as State revenues. If these Medicaid revenues were included as Federal revenues, Warwick's share of State funds in FY 2001 would be 26.3 percent and the Federal share 4.2 percent. In FY 2005, the State share would decline to 23.9 percent and the Federal share increase to 5.4 percent.

	FY 2001			FY 2005		
	Local	State	Federal	Local	State	Federal
Cranston	63.2%	31.7%	5.0%	64.5%	29.1%	6.4%
East Providence	55.5%	39.7%	4.8%	54.3%	39.7%	6.0%
North Providence	60.3%	36.0%	3.7%	62.4%	32.9%	4.8%
Pawtucket	29.2%	62.6%	8.2%	27.6%	60.7%	11.7%
Warwick	69.5%	27.3%	3.3%	70.6%	25.1%	4.3%
Peer Group Median	60.3%	36.0%	4.8%	62.4%	32.9%	6.0%

Revenues include revenues from food service and Medicaid.
Source: RI Dept. of Education, and RIPEC calculations.

For the five peer districts, revenues from local sources in FY 2005 were at 62.4 percent as a median, 32.9 percent from State and 6.0 percent from Federal sources in FY 2005. For the peer group as a whole, the portion of the school budget coming from local and Federal sources increased since FY 2001 while the State share declined. While Warwick relies more heavily on local revenues than its peers, it relies less on State and Federal funds. When compared to its peers, Warwick's school budget received the highest

percentage (70.6 percent) from local sources in FY 2005, while Pawtucket had the lowest percentage (27.6 percent) among the peer districts.

Conversely, Warwick demonstrated the least reliance on State funding, with only 25.1 percent of its funding coming from State sources in FY 2005. This is almost 8.0 percentage points below the peer district median of 32.9 percent. Pawtucket leads the peer districts with 60.7 percent of its resources coming from State sources.

Revenues Per Pupil – On a per pupil basis, Warwick received \$10,020 in total revenues in FY 2001. This increased to \$12,370 in FY 2005. This represents a growth in per pupil revenues of \$2,349 or 23.4 percent during that time period. In both fiscal years 2001 and 2005, Warwick’s total revenue per pupil ranked highest among its peers. In FY 2001, Warwick’s total revenue per pupil was 10.3 percent above the peer group median. This has since declined to 7.5 percent above the peer median in FY 2005. If enrollment had remained constant in Warwick, per pupil revenues would have equaled \$11,993 per pupil. Therefore, RIPEC estimates that of the \$2,349 revenue per pupil increase over this period of time, \$377 per pupil (16.0 percent) of the growth is attributable to declining enrollment and \$1,976 per pupil (84.0 percent) is attributable to growth in revenues.

	FY 2001				FY 2005				FY 2001 - FY 2005 Change			
	Local	State	Federal	Total	Local	State	Federal	Total	Local	State	Federal	Total
Cranston	\$5,580	\$2,799	\$444	\$8,822	\$7,064	\$3,189	\$703	\$10,956	\$1,484	\$391	\$259	\$2,133
East Providence	5,042	3,603	439	9,084	6,250	4,563	694	11,508	1,208	960	255	2,424
North Providence	5,523	3,297	338	9,158	7,359	3,878	566	11,803	1,837	581	228	2,645
Pawtucket	2,542	5,442	715	8,700	3,060	6,743	1,298	11,102	518	1,301	583	2,402
Warwick	6,963	2,731	326	10,020	8,737	3,103	530	12,370	1,774	372	204	2,349
Peer Group Median	\$5,523	\$3,297	\$439	\$9,084	\$7,064	\$3,878	\$694	\$11,508	\$1,484	\$581	\$255	\$2,402

Revenues include revenues from food service and Medicaid.
Source: RI Dept. of Education, and RIPEC calculations.

The median per pupil revenues of the peer school districts increased from \$9,084 per pupil in FY 2001 to \$11,508 per pupil in FY 2005. Therefore, the five peer districts experienced an increase of \$2,402 in revenues per pupil. North Providence and East Providence were both above the median increase, increasing revenues by 28.9 percent and 26.7 percent respectively, while Warwick experienced the lowest growth, increasing per pupil revenues by 23.4 percent between FY 2001 and FY 2005. However, in both fiscal years, Warwick’s per pupil revenues were the highest among the peer districts. In FY 2005, per pupil revenues among the peer school districts ranged from a low of \$10,956 per pupil in Cranston to a high of \$12,370 per pupil in Warwick.

Property Wealth Trends

In looking at the different ways to measure property tax burdens, there is no one perfect measure. It is important to understand what has happened to property values over time, the different demands on municipal budgets, and the strengths and weaknesses of different measures of burden. Each measure of property tax burden discussed below provides different perspectives on how Warwick compares with the State and its peer

communities. Regardless of the measure, it appears that the City of Warwick ranks in the top third in the State – however, its burden is generally lower than its peer communities. Given the level of investment the City makes in its schools compared to the State and the peer communities, it appears that the City is accomplishing this level of investment with property tax burdens that are relatively competitive with the State and its peer communities.

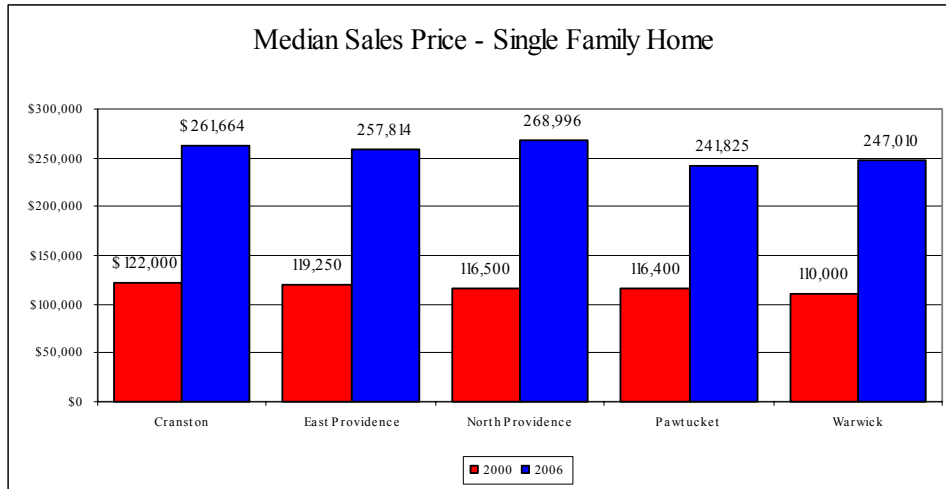
Median Sales Price – The local housing market in Rhode Island has experienced significant gains in the last six years. Since 2000, the median selling price of a single family home has more than doubled, increasing from nearly \$136,000 to a projected \$297,400 in 2006 – an 118.7 percent increase over this six-year period. Rhode Island’s housing prices have continued to increase faster than personal income in the state, which has increased by nearly 29.0 percent from 2000 to 2006. Personal income has experienced an average annual rate of growth of 4.3 percent since 2000, while the average annual rate of growth in single family home prices was 13.9 during the same period. Growth in Rhode Island’s median sales price accelerated in 2002 and 2003, with growth rates exceeding 20.0 percent in these two years.

Median Single Family Home Sales Price and Personal Income in Rhode Island				
Calendar Year	Median Price	Change	Personal Income*	Change
2000	\$135,976	7.9%	\$30.7	6.6%
2001	156,000	14.7%	32.5	5.8%
2002	188,150	20.6%	33.2	2.2%
2003	230,000	22.2%	34.5	3.9%
2004	264,700	15.1%	36.5	5.7%
2005	272,843	3.1%	38.0	4.2%
2006	297,360	9.0%	39.6	4.2%
2000-2006	\$161,384	118.7%	\$8.9	29.0%

**Personal Income data is in billions*

Source: RIPEC Calculations based on Rhode Island Association of Realtors
and Bureau of Economic Analysis Data

Among the five peer communities several key trends are worth noting. First, two of the five communities’ median sales prices experienced faster growth than the State median (North Providence and Warwick). However, none of the peer communities have median sales prices that are at or exceed the State median. North Providence experienced the greatest change during this period. With the fastest rate of growth (130.9 percent) from 2000 to 2006, the Town’s median sales price increased from 3rd highest among its peers in 2000 to the highest in 2006. Its median sales price as a percentage of the State median increased from 85.7 percent in 2000 to 90.5 percent in 2006.



The City of Warwick’s median sales price continues to lag its peer communities. In 2000, Warwick’s median sales price of \$110,000 was the lowest among its peers and was 81.0 percent of the State median. In 2006, Warwick’s projected median sales price of \$247,010 surpassed Pawtucket, but remains among the lowest among its peers. However, Warwick’s median sales price of a single family home has gained on the State median – now representing 83.1 percent of the State median. The gain is a result of faster growth in prices in Warwick (124.6 percent) from 2000 to 2006 than the State median during this period (118.7 percent).

Property Tax Base – With the significant changes in the real estate market, one can imagine the impacts it has on the total property wealth for each community. Statewide, estimated full market value of property (all real and tangible property at 100 percent of value) has increased from \$59.9 billion in FY 2000 to \$126.8 billion in FY 2006 – a 112.0percent change during this period.

One should note there are some limitations to the data presented. The estimated full market value of property is a RIPEC estimate based on data developed by the State’s Office of Municipal Affairs. This data includes samples of sales data and the most recent full revaluation or statistical update of property values. Fiscal Year 2006 data is based on the tax roll as of December 31, 2004.

Among the peer communities, growth in the estimated full market value of property ranged from 56.7 percent in East Providence to 112.6 percent in North Providence. Among the peer communities, Warwick has the greatest amount of total value, estimated at \$10.6 billion in FY 2006. This represented a 91.9 percent increase over FY 2000 values. Warwick’s full market value represents approximately 8.4 percent of the value statewide, and nearly 35.0 percent of the value statewide is in the peer communities.

Clearly the total full market value of property has been driven primarily by rapid growth in residential values. Statewide, residential values represent approximately 73.0 percent of the total property tax base, while commercial and industrial properties represent 17.5

percent and motor vehicles represent 7.6 percent of total value. The 2.0 percent balance of the base includes utilities and other property.

Estimated Full Value of Property				
Community	FY 2000	FY 2006	FY 2000 - FY 2006	
			Amount	Percent
Cranston	\$4,126,000,768	\$7,578,691,889	\$3,452,691,121	83.7%
East Providence	2,665,650,686	4,178,312,286	1,512,661,600	56.7%
North Providence	1,488,842,229	3,165,224,914	1,676,382,685	112.6%
Pawtucket	2,341,269,386	4,822,196,589	2,480,927,203	106.0%
Warwick	5,541,469,614	10,633,702,112	5,092,232,498	91.9%
State Total	\$59,881,664,472	\$126,789,057,560	\$66,907,393,088	111.7%

Source: RIPEC calculations and data reported by the Office of Municipal Affairs

While each community has its own distribution of wealth by class of property, there are a few differences worth noting. First, Cranston, North Providence and Pawtucket have similar wealth distributions by class as compared to the State average. Both East Providence and Warwick have higher concentrations in commercial and industrial property wealth. In East Providence, approximately 64.0 percent of the City's wealth is in residential and 29.0 percent is in commercial and industrial property. In Warwick, approximately 58.5 percent of the property wealth is in residential while 28.4 percent is in commercial and industrial. It should also be noted that Warwick has nearly 12.0 percent of its property value in motor vehicles, the highest among its peer communities (third highest in the State).

Share of Real and Tangible Property					
Community	Residential	Commercial	Industrial	Vehicles	Other
Cranston	72.8%	14.4%	3.9%	7.8%	1.1%
East Providence	64.0%	22.4%	6.6%	5.5%	1.5%
North Providence	74.9%	13.7%	1.1%	9.7%	0.6%
Pawtucket	74.6%	15.6%	4.6%	3.9%	1.3%
Warwick	58.5%	26.6%	1.8%	11.8%	1.3%
State Average	72.9%	14.9%	2.7%	7.6%	1.9%

Source: Office of Municipal Affairs

Residential property value change is clearly the largest influence on each community's overall property wealth. However, changes in commercial property wealth in East Providence and Warwick have greater influences on their overall property wealth given it makes up a significantly larger portion of their total property wealth. As we will see later

in this analysis, this has also translated into moving towards greater classification of property for taxation purposes.

What is interesting is when one expresses the data on a per pupil basis. This will be a function of changes in student enrollment and property value over time. Statewide enrollment from 2000 to 2006 is projected to decline by 1.0 percent during this period while full market value is expected to increase by 112.0 percent. Therefore, the value per pupil statewide increased from \$385,500 in FY 2000 to a projected \$821,705 in FY 2006 – a 113.2 percent increase during this period.

Community	2000	Percent of State	2006	Percent of State	Change
Cranston	\$377,701	98.0%	\$684,059	83.2%	81.1%
East Providence	402,484	104.4%	668,316	81.3%	66.0%
North Providence	423,207	109.8%	898,701	109.4%	112.4%
Pawtucket	236,396	61.3%	498,934	60.7%	111.1%
Warwick	451,848	117.2%	883,859	107.6%	95.6%
State Average	\$385,460		\$821,705		113.2%
Peer Average	\$378,327	98.1%	\$726,774	88.4%	92.1%

Together, the five peer communities experienced a 87.9 percent increase in their total full market value during this period, while together their enrollment declined by 1.6 percent. Therefore, the average property value per pupil for the peer communities increased from \$378,300 in FY 2000 to \$726,800 in FY 2006 – a 92.1 percent increase in the value per pupil. Over this period of time, the peer communities’ value per pupil did not keep up with the State per pupil. In FY 2000, three communities (including Warwick) had value per pupil that exceeded the State value per pupil. In FY 2006, North Providence and Warwick were the only communities to continue to exceed the State value per pupil.

Among the peer communities, North Providence led the way with \$898,700 in property value per pupil in FY 2006. This represents a 112.4 percent increase since FY 2000 – the fastest rate of growth among the peer communities. Warwick’s FY 2006 property value per pupil of \$883,860 ranks 2nd highest among its peers and is 7.6 percent above the State property value per pupil. This level of property value per pupil is 21.6 percent higher than the average among the peer communities. If one were to remove Warwick from the peer community average, the peer community property value per pupil would drop from \$726,774 to \$687,503 in FY 2006.

The change in Warwick over this period of time is a function of a projected 2.0 percent decline in enrollment and a 91.9 percent increase in market value. In 2000, Warwick’s value per pupil of \$451,850 was 17.2 percent above the state value per pupil. As noted above, this has since decreased to 7.6 percent in FY 2006.

Property Tax Levies - The property tax levy is the amount of property taxes raised in the community. Statewide, communities raised nearly \$1.7 billion in FY 2006 – a \$394.5 million increase since FY 2000 (29.5 percent). The peer communities raised \$513.4 million in FY 2006 – overall representing a 27.8 percent increase during this period.

Rhode Island Property Tax Levy (Millions)								
Community	Total Levy		Actual Change	Percent Change	Percent of Levy			
	FY 2000	2006			Municipal		School	
					FY 2000	FY 2006	FY 2000	FY 2006
Cranston	\$102.3	\$145.3	\$43.0	42.1%	49.4%	46.0%	50.6%	54.0%
East Providence	59.3	72.6	13.3	22.5%	45.0%	47.0%	55.0%	53.0%
North Providence	37.9	50.6	12.7	33.5%	48.4%	46.4%	51.6%	53.6%
Pawtucket	65.6	73.3	7.7	11.7%	62.0%	63.0%	38.0%	37.0%
Warwick	136.7	171.5	34.8	25.5%	40.3%	36.6%	59.7%	63.4%
State Total	\$1,335.6	\$1,730.1	\$394.5	29.5%	46.5%	44.2%	53.5%	55.8%

Source: Office of Municipal Affairs and RIPEC calculations.

The City of Warwick’s property tax levy increased from \$136.7 million to \$171.58 million during this period – a \$34.8 million increase (25.5 percent) over the six years. The City of Warwick’s property tax levy is the largest among the peer communities, but growth in the local levy has remained below the State average and is among the lowest within its peer group. It should be noted that the City of Cranston has increased its local property tax levy the fastest, increasing from \$102.3 million in FY 2000 to \$145.3 million in FY 2006 – a 42.1 percent increase during this period of time.

If one compares the peer communities in terms of growth in local levies from FY 2005 to FY 2006, additional information can be derived. Statewide, the levy increased by \$78.9 million, or 4.8 percent. Among the peer communities, growth rates ranged from a low of 1.9 percent in Cranston to a high of 8.0 percent in East Providence. Overall, the City of Warwick ranked 19th among the 39 cities and towns with a 6.0 percent increase in its levy. Warwick ranked 3rd highest among its peer communities.

On average, Rhode Island communities allocated 44.2 percent of the local property tax levy to municipal services and 55.8 percent for educational purposes in FY 2006, a shift from FY 2000. Warwick allocates more of its local property tax levy to school services (63.4 percent) than the State average as well as all its peer communities. Conversely, it allocates less of its levy for municipal services than both the State and its peers. This is partially a function of local school spending decisions, relative municipal needs and what has evolved over time in terms of State aid for schools (to be discussed later in this report).

Property Tax Rates and Burdens – Property taxes serve as the largest single source of revenue for the Ocean State’s municipalities, playing a critical role in financing local public services. Rhode Island’s dependence on the property tax is significantly greater than most states. However, within Rhode Island, there is considerable variance among cities and towns.

The following discussion must be put in context. Because of classification, homestead exemptions and recent initiatives to phase-out certain property taxes (motor vehicles and inventory), all 39 municipalities essentially have some form of classified property tax structure, which makes inter-jurisdictional comparison difficult. Second, communities are on different revaluation and statistical update of property value schedules. Current law requires an update every three years. Therefore, if one only looks at actual property tax rates by class, one does not get a real picture of how the communities compare. Actual tax rates are only a function of the total local levy requirement and the values by class of property. And third, the State has embarked on a number of multi-year programs to phase-out inventory and motor vehicle taxes.

It should be noted that among the peer communities, only North Providence implemented a revaluation or statistical update of property for FY 2006. Both Cranston and Pawtucket are expected to complete one for FY 2007, and East Providence and Warwick are expected to implement another for FY 2008. Therefore, the changes in tax rates in North Providence are a result of both increasing values and changes in spending levels. However, just because the rate declined doesn’t mean property tax levies declined. The Town of North Providence has reported it expects to collect \$50.6 million in property taxes in FY 2006 – a \$3.7 million, or 7.8 percent increase from FY 2005, despite lowering tax rates on all classes of property.

Looking at actual local property tax rates, homestead provisions and classified tax structures only provide one picture of the differences among the State's 39 cities and towns. This data, while useful, does not provide a full picture of how these differences translate into actual tax burdens, nor does the actual tax rate data clearly demonstrate the differences in the communities' tax base and ability to pay for essential services. Therefore, the remainder of the analysis looks at various ways to evaluate the differences in local property tax burdens.

The following table highlights FY 2006 actual property tax rates by class. It should be noted that the City of East Providence is always a fiscal year behind given the difference in fiscal years, but the information does provide enough for comparison purposes. Among the 39 cities and towns, Woonsocket has the highest real estate tax rates (unadjusted for homestead provisions) and New Shoreham continues to have the lowest. North Providence now has the highest tax rates on tangible property, with a rate of \$60.65 per \$1,000 of value.

Among the peer communities, actual residential tax rates range from a high of \$23.23 per \$1,000 of value in Cranston to a low of \$15.46 per \$1,000 in the City of Warwick. However, this does not take into account local homestead provisions provided in both

East Providence and North Providence. If one adjusts their residential property tax rates for the homestead provisions, they translate into lower rates (from \$16.19 to \$13.76 in East Providence and \$16.55 to \$13.24 in North Providence). This would obviously change the relative position of residential property tax rates among the peer communities. Commercial property tax rates (real property only) among the peer communities range from \$30.80 in Cranston to \$20.61 in East Providence. Tangible property tax rates range from \$30.91 in Warwick to \$60.65 in North Providence.

Community		Homestead					
		Provision	Residential	Commercial	Inventory	Persoanlty	Vehicles
Cranston	12/31/2002	-	\$23.23	\$30.80	\$5.81	\$34.84	\$42.44
East Providence	12/31/2003	Yes (1)	16.19	20.61	11.59	47.49	37.10
North Providence	12/31/2004	Yes (2)	16.55	22.50	13.16	60.65	41.95
Pawtucket	12/31/2002	-	17.91	26.87	15.63	52.09	53.30
Warwick	12/31/2003	-	15.46	23.18	9.55	30.91	34.60

(1) - East Providence has a 15% homestead provision
(2) - North Providence has a 20% homestead provision

Source: RIPEC Survey of Communities (note EP rates are for FY 2005)

The eleven-year phase out of the inventory tax requires each community to reduce its property tax rate on inventories by 10 percent each year until completely phased-out. The phase-out of the local motor vehicle tax requires that the tax rates imposed by communities in FY 1998 remain frozen. The State only recently began to further phase this tax out by increasing the exemption to \$5,000, so the impact on local communities and their motor vehicle tax rates is uncertain. The rates among the peer communities do vary, ranging from \$34.60 in Warwick to \$53.50 in Pawtucket. One should note that among the peer communities, Warwick has the highest percentage of motor vehicle value as it relates to its total taxable value (11.8 percent) and has the lowest rate among its peers.

Actual rate information only tells you a small portion of the story. This information permits the reader to understand how different classes of property are treated under the local property tax structure, but it is limited in that it does not express relative tax burden, or how much the city or town is generating from the tax base.

Effective Property Tax Rates - Even with the changes occurring in the property tax structure, one is able to estimate the effective property tax rates for the peer communities for FY 2006. Effective tax rates reflect what each community's tax rate would have been if all property were assessed at 100 percent of its full value as estimated by RIPEC based on recent data provided by the Office of Municipal Affairs. The effective tax rate is the total levy divided by the estimated full market value of property within the community, adjusting for various exemptions and credits provided by the community. The effective tax rate provides a tool to compare the overall property tax burden in each community.

RIPEC has provided an estimate of FY 2006 effective tax rates based on further forecasting of full market value and FY 2006 property tax levies reported by the State's municipalities. According to this forecast, FY 2006 effective tax rates range from \$21.94 per \$1,000 of value in Providence to \$2.84 per \$1,000 of value in New Shoreham. Warwick is projected to rank 6th highest overall with an estimated effective tax rate of \$16.13. This ranks the City 3rd highest among the peer communities.

Estimated Effective Property Tax Rates				
Community	FY 2000	Rank	FY 2006	Rank
Cranston	\$24.80	8	\$19.18	2
East Providence	22.24	12	17.38	4
North Providence	25.45	6	15.99	7
Pawtucket	28.02	4	15.20	8
Warwick	24.67	9	16.13	6

Source: RIPEC estimates based on Office of Municipal Affairs data

Although this data is useful in gaining a general idea of property tax burden differences among communities, it does have limited utility. The effective tax rate only compares the overall effective property tax rate by community, not taking into account the various classification systems, homestead exemptions and other taxing authorities (e.g., fire districts) levying property taxes in Rhode Island. All these factors impact property tax burden and rate comparisons among the communities.

Percent of Levy - Rhode Island's 1985 Property Tax Relief and Replacement Act was designed to restrict the growth in property taxes and to expand the State's role in funding public education. The Act placed a 5.5 percent cap on property tax levy growth in each city or town. The cap may be applied to either the actual levy or the growth in tax rates.

Property Tax Levy as Percent of Full Value				
Community	FY 2000	Rank	FY 2006	Rank
Cranston	2.5%	8	1.9%	2
East Providence	2.2%	12	1.7%	4
North Providence	2.5%	6	1.6%	7
Pawtucket	2.8%	4	1.5%	8
Warwick	2.5%	9	1.6%	6

Source: RIPEC estimates based on Office of Municipal Affairs data

In 1980 Massachusetts voters approved an initiative designed to reduce property taxes by 40.0 percent. While Proposition 2½ had a number of provisions worth noting, the key to the program was to prohibit property tax levies from exceeding 2½ percent of the full and fair cash value of the local tax base. This was designed to limit the net growth in property tax levies based on the market value of property in the community. There is currently no such provision in Rhode Island's property tax cap structure.

The property tax levy as a percent of full market value is another way of expressing the effective tax rate noted above. If Rhode Island had such a provision, none of the State's communities would be at or above the threshold in FY 2006 – primarily due to rapid growth in the State's property tax base. Warwick's tax levy as a percent of full market value remains slightly above 1.5 percent, ranking Warwick 6th highest in the State.

Taxpayer Profiles - In order to provide another method to measure relative property tax burden, RIPEC developed the following analysis that looks at the relative tax burdens for a \$350,000 home and a hypothetical commercial property with \$1.0 million in real estate value and \$200,000 in tangible property value. The analysis reports both the projected property tax bill under each scenario as well as the projected effective tax burden by community. The effective property tax burden is the tax bill divided by the market value of the property in each Rhode Island community.

The value of the house is adjusted in each community by the ratio of assessment, which estimates what a single family home would actually be assessed at as a percentage of its actual market value (in this case \$350,000 or the median selling price). The ratio will differ among communities principally due to the timing of the most recent revaluation of property. For example, recent experience has shown that communities that have conducted statistical updates of their property values have revised assessed values reflecting approximately 96.7 percent of market values. Similarly, experience has shown that the implementation of a revaluation of property will result in assessed values reflecting, on average, 98.2 percent of actual market values in the year the revaluation is implemented.

In other words, while statistical updates and revaluations are designed to account for market change, communities are always faced with a fluid real estate market, and these updates of values become stale very quickly given market trends. Note that among the peer communities, only North Providence enacted a revaluation of property values in FY 2006. Therefore, its assessed values are projected to closely reflect market trends for taxing purposes.

The estimated tax on the home is calculated based on existing homestead provisions and FY 2006 residential property tax rates. For those communities that have local property taxes assessed by fire districts, the analysis uses the highest fire tax rate within the community. As the tables show, the relative burden does change when fire districts are taken into account.

Taxpayer Profile - \$350,000 Home - RIPEC estimates that the average FY 2006 property tax bill on a \$350,000 home in the State would be approximately \$4,304. As the table above shows, this would represent an effective tax rate of 1.23 percent. This represents an improvement over FY 2005, where the overall effective tax burden was 1.32 percent. The improvement in the effective tax rate is more a function of faster growth in values than in growth in local levies. In other words, because of rapid growth in the residential market, the ratio of assessments in most communities have degraded, thereby showing even greater disparity between assessed values and actual market value in the tax year. Another way to look at it is that given most communities did not conduct a revaluation or statistical update in FY 2006, one would expect to see a growing gap between assessed values and market value.

Estimated Property Tax Burden (\$350,000 Home)				
Community	Tax Bill	ETR	Rank	% of State
Cranston	\$6,428	1.84%	1	149%
East Providence	4,369	1.25%	25	102%
North Providence	4,551	1.30%	18	106%
Pawtucket	4,941	1.41%	10	115%
Warwick	4,921	1.41%	12	114%
State Total	\$4,304	1.23%	-	-

ETR = Effective Tax Rate

Source: RIPEC Calculations

In FY 2006, the estimated property tax bill on a \$350,000 home would range from a high of \$6,428 in Cranston to a low of \$1,000 in New Shoreham. Cranston's estimated property tax bill on a home valued at \$350,000 would be 50.0 percent higher than the State average. Warwick's projected tax bill of \$4,921 would rank 12th highest in the State and 3rd highest among its peer communities.

Commercial Property - How communities treat commercial real and tangible property differs. Communities often employ different rates or homestead exemptions to ensure that the property tax burden on commercial property is higher than on residential property. In this analysis, RIPEC assumed a \$1.0 million real property venture with \$200,000 in tangible goods was located in each of the 39 Rhode Island municipalities. Communities tax both real and tangible property, albeit at different rates.

RIPEC estimates that the average FY 2006 property tax bill on this commercial property would be approximately \$20,046. This would represent an effective tax rate of 2.0 percent. The estimated property tax bill would range from a high of \$44,225 in Providence (with an effective tax rate of 4.4 percent) to a low of \$3,654 (with an effective tax rate of 0.2 percent) in New Shoreham. Providence's estimated property tax bill on a commercial venture would be twice the State average.

Warwick’s estimated commercial tax burden of \$27,265 would be 36.0 percent above the State average, representing an effective tax rate of 2.73 percent. This would rank 10th highest in the State, but would be the lowest among the peer communities. North Providence would rank highest among the peer communities with an effective tax rate of 3.42, which would also rank it 4th highest in the State. Note that all peer communities would rank in the top ten in terms of effective property tax burdens for commercial property.

Estimated Property Tax Burden (\$1.0 Million Commercial with \$200,000 in Tangible)				
Community	Tax Bill	ETR	Rank	% of State
Cranston	\$31,320	3.13%	6	156%
East Providence	28,192	2.82%	9	141%
North Providence	34,225	3.42%	4	171%
Pawtucket	31,596	3.16%	5	158%
Warwick	27,265	2.73%	10	136%
State Total	\$20,046	2.00%	-	-

ETR = Effective Tax Rate

Source: RIPEC Calculations

State Aid to Cities and Towns

State aid – both municipal and education – plays a fundamental role in how local services are financed, the relative burden placed on local property taxpayers as well as relative equity in the eyes of State and local policy makers. The state is anticipated to distribute \$960.5 million in aid in FY 2006 statewide. The City of Warwick will receive \$58.2 million of this aid in FY 2006 – approximately 6.1 percent of the total aid. This represents a slight decline from FY 2000, where Warwick received 6.3 percent of the State’s total aid package. It should be noted that there are several other State aid programs, such as library aid and the state program to assist in funding local statistical updates of real property. However, these funds represent a small portion of the State’s total aid package and therefore are not discussed in this analysis.

Total State Aid					
Community	2000	2006	Change	Percent Change	Ave-annual Change
Cranston	\$37.8	\$58.9	\$21.2	56.1%	7.7%
East Providence	25.4	36.5	11.1	44.0%	6.3%
North Providence	14.2	22.5	8.3	58.0%	7.9%
Pawtucket	56.4	84.1	27.7	49.2%	6.9%
Warwick	40.9	58.2	17.3	42.2%	6.0%
Peer Total	\$174.7	\$260.3	\$85.6	49.0%	6.9%
State	\$650.9	\$960.5	\$309.6	47.6%	6.7%

Source: RIPEC calculations based on House Fiscal Staff Data

From FY 2000 to FY 2006, the City of Warwick’s total state aid package increased by \$17.3 million. Overall, the City’s total aid package has increased at an average annual rate of 6.0 percent since FY 2000. This compares to an average annual rate of 6.7 percent statewide. Among the peer communities, Warwick’s rate of growth continues to lag the group. The average annual rate of growth for the peer communities as a group was 6.9 percent. North Providence’s total aid package has grown the fastest – at 7.9 percent since FY 2000. This is in part due to its recent status as a “distressed community” under the distressed community relief program.

The majority of Warwick’s aid comes in the form of school aid, where 65.1 percent (\$37.9 million) of all its aid is derived. This compares to 74.3 percent statewide. The school aid component of Warwick’s aid package has been growing at an average annual rate of 3.0 percent since FY 2000, compared to 4.7 percent statewide. This also represents the slowest growth among its peer communities. Both East Providence (73.7 percent) and Pawtucket (79.0 percent) receive a greater portion of the total aid in the form of school aid than Warwick.

Conversely, non-school aid, or municipal aid as it will be referred to in this analysis, represents approximately 34.9 percent (\$20.3 million) of Warwick’s total aid package. This includes both direct and indirect aid. While the City’s municipal aid has increased

at an average annual rate of 14.1 percent since FY 2000, this remains below the State average (14.4 percent) and lags all its peer communities save Pawtucket. The majority of the growth in municipal aid has been in both the State’s general revenue sharing program and the phase out of the excise tax on motor vehicles. Note that the increase in aid for the phase out is intended to replace revenues foregone due to eliminating the tax over time.

There are eight major State Aid Programs to cities and towns in Rhode Island:

- Public Service Corporations Tax;
- Payment-in-Lieu-of Taxes (PILOT);
- General Revenue Sharing
- Distressed Community Relief Fund;
- Phase-out of the Excise Tax on Motor Vehicles;
- Meals and Beverage Tax-Sharing Program;
- Direct Education Aid; and
- School Construction Aid (Housing Aid).

Each State aid program provides a different level of support to the City of Warwick due to the various formulas involved. The following highlights each of the State aid programs and how they impact Warwick. For more details on each of the formulas, RIPEC recommends the House Fiscal Staff’s FY 2005 publication – *Rhode Island Local Aid*. It provides additional information and insight into each of the major State aid programs. RIPEC has also published reports on education aid that may prove useful.

State aid as a Percent of Local Operating Budgets - Warwick receives approximately \$58.2 million in State aid from various programs, which in turn funds nearly 23.0 percent of the City’s total operating budget. This is the lowest among the peer communities. Pawtucket has the highest concentration of state aid, where it funds slightly more than half (51.8 percent) of its operating budget. While this is a function of many variables, it does show that relative to the other peer communities, state aid plays less of a roll in financing Warwick’s day-to-day operations.

State Aid as Percent of FY 2006 Operating Budget			
Communtiy	State Aid	Total Budget	Percent Aid
Cranston	\$58.9	\$215.6	27.3%
East Providence	36.5	119.7	30.5%
North Providence	22.5	74.1	30.3%
Pawtucket	84.1	162.3	51.8%
Warwick	58.2	256.7	22.7%
Peer Total	<u>\$260.3</u>	<u>\$828.4</u>	<u>31.4%</u>
Source: RIPEC calculations based on Community Budget Data			

Public Service Corporation Tax – Tangible personal property (lines, cables, pipes and various equipment) of cable, telegraph and telecommunications corporations is exempt from local taxation but is subject to State taxation. Companies report the value of their tangible personal property to the Division of Taxation, and are derived by using the average ratio of assessment and property tax rate in the State. The funds collected (minus a small administrative fee) are then distributed to municipalities based on the most recent Census population figures. It should be noted that these funds are not reflected in the State’s annual appropriations act because it is principally a pass-through operation, but are considered “indirect” state aid.

The following table provides trend data regarding the Public Service Corporation Tax. The total resources made available through this program increased from \$12.8 million in FY 2000 to \$14.6 million in FY 2006 – a \$1.8 million increase. This translates into an average annual rate of growth for the program of 2.2 percent statewide. The entire program of \$14.6 million represents 1.5 percent of the total state aid package (\$960.5 million) in FY 2006.

Public Service Corporation Tax					
Community	2000	2006	Change	Percent Change	Ave-annual Change
Cranston	\$1.0	\$1.1	\$0.1	13.9%	2.2%
East Providence	0.6	0.7	0.0	5.6%	0.9%
North Providence	0.4	0.5	0.0	10.5%	1.7%
Pawtucket	0.9	1.0	0.1	9.8%	1.6%
Warwick	1.1	1.2	0.1	9.9%	1.6%
Peer Total	<i>\$4.0</i>	<i>\$4.4</i>	<i>\$0.4</i>	<i>10.2%</i>	<i>1.6%</i>
State	\$12.8	\$14.6	\$1.8	14.3%	2.2%

Source: RIPEC calculations based on House Fiscal Staff Data

Taken together, the peer communities experienced an average annual rate of growth of 1.6 percent, and captured 22.2 percent of the net growth in the program statewide. Cranston experienced the fastest rate of growth during this period – posting growth at the State average. The City of Warwick received approximately \$1.2 million in FY 2006 – a \$107,300 increase since FY 2000. Warwick’s share has declined slightly – from 8.5 percent to 8.2 percent during this period. The \$1.2 million in Public Service Corporation Tax aid represents approximately 2.1 percent of the City’s total aid program.

Meals and Beverage Tax – The General Assembly recently enacted a one percent of gross receipts tax upon each and every meal and/or beverage sold within the state in or from an eating and/or drinking establishment. The proceeds, while collected by the State division of taxation, are distributed to each city and town where the meals and beverages were delivered. As with the Public Services Corporation Tax, these funds are not reflected in the State’s annual appropriations act because it is a pass-through operation, but are considered “indirect” state aid.

The following table provides trend data regarding the Meals and Beverage Tax. The tax and the distribution program did not take effect until FY 2004, therefore, there were no resources in FY 2000. In FY 2004, approximately \$13.5 million was collected and distributed to the cities and towns. This has since increased to \$17.7 million in FY 2006 – a \$4.2 million increase since FY 2004. The entire program of \$17.7 million represents 1.8 percent of the total state aid package (\$960.5 million) in FY 2006.

Meals and Beverage Tax				
Community	2000	2004	2006	2004-06 Change
Cranston	\$0.0	\$1.0	\$1.2	\$0.2
East Providence	0.0	0.6	0.7	0.1
North Providence	0.0	0.3	0.4	0.1
Pawtucket	0.0	0.5	0.6	0.1
Warwick	0.0	1.7	2.2	0.4
Peer Total	<i>\$0.0</i>	<i>\$4.1</i>	<i>\$5.1</i>	<i>\$1.0</i>
State	\$0.0	\$13.5	\$17.7	\$4.2

Source: RIPEC calculations based on House Fiscal Staff Data

In FY 2006, Warwick expects to receive \$2.2 million through this tax. This represents the largest share among the peer communities, second only to Providence statewide. Warwick receives approximately 12.6 percent of these resources statewide. The \$2.2 million in Meals and Beverage Taxes represents approximately 3.8 percent of the City’s total aid program. Note that Cranston is the second largest recipient among the peer communities, collecting \$1.2 million through the program.

Payment-in-lieu-of-taxes (PILOT) – The program is designed to reimburse municipalities for property taxes that would have been collected on real property owned by a variety of nonprofits. State law prohibits local communities to levy property taxes on certain properties owned by eligible nonprofits, such as higher education, state facilities and hospital institutions. The program, established in 1986, has been expanded several times in terms of the eligible properties under the program and the rate of reimbursement. In FY 1998, the rate of reimbursement was increased from 25.0 percent to 27.0 percent. In FY 2003, the State scaled back its commitment in the program, appropriating 24.8 percent instead of the 27.0 percent that was required. The program has since been fully funded.

The State’s appropriation for PILOT has increased from \$16.1 million in FY 2000 to \$27.0 million in FY 2006 – representing a \$10.9 million increase during this period. This 67.9 percent increase translates to an average annual rate of growth of 9.0 percent. The PILOT program represents approximately 2.8 percent of the total State aid program of \$960.5 million in FY 2006.

Taken together, the peer communities' PILOT funding grew at an average annual rate of 5.7 percent. On a percentage basis, North Providence experienced the greatest gains under the program during this period. However, it is the City of Cranston that relied the most on PILOT funding – it receives nearly \$3.6 million of the \$27.0 million statewide from this program. This represents nearly 13.4 percent of the program statewide. The City of Warwick received \$0.7 million in FY 2000 and \$0.8 million in FY 2006 – a \$100,000 increase during the same period. In FY 2000, Warwick received 4.1 percent of every dollar in this program. This has since decreased to nearly 2.8 percent of every dollar allocated through this state aid program in FY 2006. The PILOT program represents less than 1.4 percent of the City's total aid package.

Payment in Lieu of Taxes					
Communtiy	2000	2006	Change	Percent Change	Ave-annual Change
Cranston	\$2.4	\$3.6	\$1.2	49.5%	6.9%
East Providence	0.1	0.1	0.0	-3.4%	-0.6%
North Providence	0.1	0.4	0.3	272.3%	24.5%
Pawtucket	0.5	0.3	-0.1	-31.4%	-6.1%
Warwick	0.7	0.8	0.1	15.5%	2.4%
Peer Total	\$3.7	\$5.2	\$1.5	39.7%	5.7%
State	\$16.1	\$27.0	\$10.9	67.9%	9.0%

Source: RIPEC calculations based on House Fiscal Staff Data

General Revenue Sharing – Reinstated in FY 1994, General Revenue Sharing is a program where the State distributes a percentage of total State tax revenue from the second fiscal year prior to municipalities. Second fiscal year prior means that FY 2006 aid is based on revenues collected in FY 2004. The distribution formula is based on per capita income and local property tax burden for public purposes (excludes education related expenses). The state distributes these funds based on local tax effort and income levels.

A major initiative has had a significant impact on this program. In FY 1998, the State embarked on a 10-year program to phase-out the local tax on wholesale and retail inventories. The State froze local tax rates at the FY 1999 levels and required municipalities to reduce the rates by 10.0 percent annually. The State was unable to determine the exact amounts in wholesale and retail inventory taxes collected by municipality, so the State was unable to determine the exact amount to be reimbursed. Therefore, rather than reimburse municipalities for the lost revenue based on estimated revenues foregone, the State has provided additional funding through the General Revenue Sharing Program by increasing the percent of state tax revenues dedicated to the program. One should note this is now an 11-year phase-out – the State enacted a one-year delay for FY 2003, pushing back the schedule one year.

General Revenue Sharing funding has increased from \$27.6 million in FY 2000 to \$65.3 million in FY 2006. This \$37.8 million increase represents an average annual rate of growth of 15.5 percent. General revenue sharing represents 6.8 percent of the State's total local aid program of \$950.1 million. Both the General Revenue Sharing Program and the Phase Out of the Excise Tax on Motor Vehicles represent the fastest growing programs during this period of time. The State provided 1.7 percent of tax revenues from the second prior year in FY 2000, but has since increased it to 3.0 percent in FY 2006.

General Revenue Sharing					
Community	2000	2006	Change	Percent Change	Ave-annual Change
Cranston	\$2.0	\$5.7	\$3.6	179.7%	18.7%
East Providence	1.2	2.8	1.6	138.4%	15.6%
North Providence	1.0	2.3	1.4	137.8%	15.5%
Pawtucket	2.1	5.6	3.5	163.7%	17.5%
Warwick	2.4	4.9	2.5	104.0%	12.6%
Peer Total	<u>\$8.7</u>	<u>\$21.4</u>	<u>\$12.6</u>	<u>144.6%</u>	<u>16.1%</u>
State	\$27.6	\$65.3	\$37.8	137.0%	15.5%

Source: RIPEC calculations based on House Fiscal Staff Data

The peer communities increased by 16.1 percent annually compared to the State as a whole. Warwick received \$2.5 million more in general revenue sharing in FY 2006 than in FY 2000. However, its average annual rate of growth of 12.6 percent lagged its peer communities and the State as a whole. Therefore, Warwick's share of the State's general revenue sharing program has declined, from 8.7 percent in FY 2000 to 7.5 percent in FY 2006. General revenue sharing represents approximately 8.5 percent of the City's state aid.

Distressed Community Relief Fund – Established in FY 1990, the Distressed Community Relief Fund was designed to provide assistance to eligible communities that demonstrated extremely high property tax burdens relative to the rest of the state. There are four indices that are used to determine eligibility:

- Property tax levy as a percent of full market value of property;
- Full market value of property per capita;
- Income per capita; and the
- Percent of personal income to full market value of property.

Those communities that fall into the lowest 15.0 percent for at least three of the four indices are eligible to receive funding under the program. The distribution of these funds is based on the ratio of the eligible community's tax levy to the total tax levy of all eligible communities. There are currently six communities that receive aid under this program – Central Falls, North Providence, Pawtucket, Providence, West Warwick and Woonsocket. Warwick does not receive any state aid under this program, whereas

among the peer communities, both North Providence and Pawtucket receive aid under the program. In FY 2006, the statewide Distressed Community Relief Fund included \$10.0 million, of which North Providence received \$0.5 million and Pawtucket \$1.6 million.

Phase-out of the Excise Tax on Motor Vehicles – As part of the State's FY 1998 Appropriations Bill, the General Assembly embarked on a program to eliminate excise taxes on motor vehicles. The program has since been frozen, but it has played a major role in State aid over the past five fiscal years.

Phase Out of Motor Vehicle Tax					
Communtiy	2000	2006	Change	Percent Change	Ave-annual Change
Cranston	\$4.4	\$10.3	\$5.9	135.9%	15.4%
East Providence	2.4	5.3	3.0	125.1%	14.5%
North Providence	1.8	4.2	2.5	141.7%	15.8%
Pawtucket	3.8	8.6	4.8	126.7%	14.6%
Warwick	5.1	11.3	6.2	122.4%	14.3%
Peer Total	<i>\$17.4</i>	<i>\$39.7</i>	<i>\$22.4</i>	<i>129.1%</i>	<i>14.8%</i>
State	\$47.3	\$112.3	\$65.0	137.5%	15.5%

Source: RIPEC calculations based on House Fiscal Staff Data

The program to eliminate the motor vehicle tax is designed to phase-out the tax by reducing vehicle values subject to motor vehicle excise taxes over an eight-year period (frozen in FY 2003). In FY 2006, the State expanded the program, exempting the first \$5,000 in value from taxation – an increase of \$500 from FY 2005. In order to ensure that local communities did not raise additional motor vehicle taxes during this period, the program requires communities to freeze motor vehicle excise tax rates at the FY 1998 level. The locally levied motor vehicle excise tax had been a source of growing revenue for many municipalities. Therefore, the State assumes a 100 percent collection rate on motor vehicles taxes. However, all communities historically have not collected 100 percent of the taxes levied due to slippage.

In FY 2000, municipalities received \$47.3 million for the second installment of the phase-out. This has since grown to \$112.3 million in aid statewide for the program in FY 2006. The program has experienced an average annual rate of growth of 15.5 percent - similar to the general revenue sharing program. The \$112.3 million program to phase out the motor vehicle tax represents approximately 11.7 percent of the total aid package distributed by the State. One should note that communities are foregoing revenues they would have otherwise collected through the taxation of vehicles. Therefore, it is not a net gain in local resources.

Taken together, the peer communities experienced an average annual rate of growth of 14.8 percent, slightly less than the State as a whole. Only Cranston and North Providence kept pace with the state growth. Warwick, while receiving the most in funding (\$11.3 million) under this program among its peers, has grown the slowest in terms of additional

aid received under the program (14.3 percent average annual rate of growth). Therefore, the City’s share of the program has declined slightly from 10.7 percent in FY 2000 to 10.1 percent in FY 2006. The program’s \$11.3 million in funding to the City does represent 19.4 percent of the City’s aid received from the State.

Direct Education Aid – Direct education aid, as discussed in this section, includes all education aid except State housing aid, teacher retirement and revenues related to Medicaid. Education aid has gone through significant changes since FY 1995. The state abandoned its long-standing education aid formula in FY 1995, which was designed to reimburse school districts for spending levels based on their relative wealth. However, the State could no longer keep up with the pace of school budget growth, and therefore stopped using the operating formula. Rather, the State began an annual ad-hoc process of establishing a series of formulas to distribute state education aid funding arguably linked to additional accountability. Regardless, the distribution of direct school aid represents the most fluid of State aid programs, principally due to its annually-negotiated process.

Direct Education Aid					
Community	2000	2006	Change	Percent Change	Ave-annual Change
Cranston	\$27.1	\$35.1	\$8.1	29.8%	4.4%
East Providence	20.7	25.9	5.2	25.0%	3.8%
North Providence	10.3	12.8	2.5	24.5%	3.7%
Pawtucket	46.9	64.8	17.9	38.1%	5.5%
Warwick	30.8	36.5	5.7	18.5%	2.9%
Peer Total	<u>\$135.8</u>	<u>\$175.1</u>	<u>\$39.3</u>	<u>29.0%</u>	<u>4.3%</u>
State	\$515.1	\$668.0	\$152.9	29.7%	4.4%

Source: RIPEC calculations based on House Fiscal Staff Data

The State has made a conscious effort to target education aid to the State’s urban schools through a series of formulas designed to drive resources to communities that demonstrate both relatively high property tax burdens and concentrations of low-income children. The peer communities have benefited more than Warwick given this predisposition of education aid allocation.

Statewide, direct education aid increased from \$515.1 million in FY 2000 to \$668.0 million in FY 2006 – representing a \$152.9 million (29.7 percent) increase in State education aid during this period. This translates into an average annual rate of growth of 4.4 percent. Approximately 93.5 percent of the growth in education aid has come in the form of unrestricted aid – funds that while distributed under different categories can be used for supporting nearly any activity of the school district. The 6.5 percent balance of the growth has been in restricted aid, where the State must approve how the school district will spend these funds for specific purposes – primarily professional development. All direct education aid represents approximately 70.0 percent of the State’s entire aid package to local government.

Taken together, the peer communities experienced a 4.3 percent average annual rate of growth in direct education aid during this period. Pawtucket, considered under several education formulas as a core urban community, experienced the fastest rate of growth during this period, growing at 5.5 percent annually. Warwick increased at the slowest rate – 2.9 percent annually during this period of time. Warwick state education aid increased from \$30.8 million to \$36.5 million during this period – representing a 18.5 percent increase. The City received nearly 6.0 percent of the School aid statewide in FY 2000 – this has since declined to 5.5 percent in FY 2006. The school aid program for Warwick of \$36.5 million represents 62.7 percent of the City’s total state aid program.

Within direct education aid, there are a series of categories of aid, albeit principally for distribution purposes rather than for specific uses of the aid allocated to school districts. The table below summarizes the categories of aid for FY 2006.

FY 2006 Warwick School Aid			
State Education Aid Program	2000	2006	Change
General	\$27,089,169	\$29,913,390	\$2,824,221
Student Equity	1,892,166	3,275,204	1,383,038
Literacy	830,225	873,802	43,577
Early Childhood	451,546	477,505	25,959
Professional Development	269,145	453,015	183,870
Group Home	0	360,000	360,000
Technology	274,992	264,219	(10,773)
Language Assistance	10,545	119,163	108,618
Vocational Equity	0	112,000	112,000
Full Day Kindergarten	0	39,000	39,000
Charter School - Indirect	0	7,323	7,323
Targeted Fund	0	0	0
<i>Subtotal - Unrestricted</i>	<i>\$30,817,788</i>	<i>\$35,894,621</i>	<i>\$5,076,833</i>
Professional Development	\$0	\$453,015	\$453,015
Student Equity	0	163,760	163,760
Targeted	0	0	0
<i>Subtotal - Restricted</i>	<i>\$0</i>	<i>\$616,775</i>	<i>\$616,775</i>
Total School Aid	\$30,817,788	\$36,511,396	\$5,693,608
Percent Unrestricted	100.0%	98.3%	89.2%
Percent Restricted	0.0%	1.7%	10.8%
Source: RIPEC calculations based on RIDE Data			

First it should be noted that the State has not had a true school funding formula system since FY 1995. Therefore, much of the funding is based on prior year allocations which are not annually updated by the General Assembly. In other words, both the equities and inequities of past allocations remain frozen in the system. The state essentially guarantees school aid for each school district at the same level received the prior year.

A number of school aid programs have been folded into others, while others have been created to target resources to certain school districts. The General Assembly took an active approach to targeting the majority of funding to urban school systems, primarily to assist in financing school systems with limited fiscal capacity and high student need.

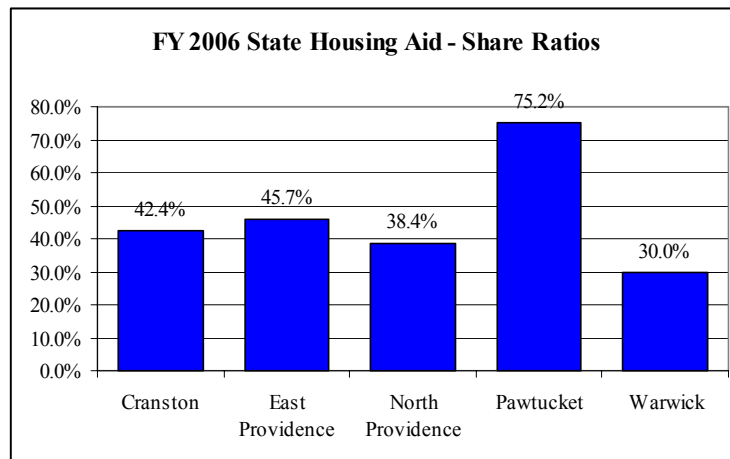
While Warwick has experienced modest growth in its overall school aid, it has not kept pace with the State as a whole. Its share of Statewide school aid has declined from 6.0 percent in FY 2000 to 5.5 percent in FY 2006. This is in part due to its relative wealth and its relatively small share of students with economic and language needs. The areas where the City fares best are in professional development funding and early childhood education funding. The City appears to gain a larger share of these resources as they are allocated through these formulas – professional development due to the number of teachers in the Warwick school system and early education due to the size of the school system’s overall enrollment. Among the peer communities, only Pawtucket gained in its share of total school aid, increasing from 9.1 percent to 9.7 percent during this period.

The two areas where the City gained the most in net new school aid dollars were in general aid and in the Student Equity Fund. Warwick benefits under these two funds primarily due to its overall size of its enrollment. Combined, the City gained \$4.2 million of its \$5.7 million increase – nearly 75 percent of its State education aid growth since FY 2000. This is generally true for most communities, including those among the peer communities.

However, there are a number of exceptions to note. First, Pawtucket, defined as an urban core community has seen the greatest growth from FY 2000 to FY 2006 – increasing by 38.1 percent during this period. This translates into an average annual rate of growth of 5.5 percent - outpacing the peer communities and the State (4.4 percent growth). Pawtucket received nearly 12.0 percent of the net increase in school aid statewide during this period, and nearly half of the total increase among the peer communities. In addition, Pawtucket is the only peer community that receives funding under the Targeted Aid program, where it receives an additional \$4.0 million in aid in FY 2006 – only four communities share in the \$20.0 million allocated through this program in FY 2006 – Pawtucket, Providence, West Warwick and Woonsocket. This funding is designed to drive funding to those school districts with the greatest student need and the most limited fiscal capacity.

A quick note on restricted aid - generally, 1.5 percent of the total education aid distributed to school districts throughout the State is considered restricted in that the funding has to be used for approved purposes. Nearly 1.7 percent of the City of Warwick’s general education aid program falls into this restricted category. While 6.5 percent (\$10.0 million) of the Statewide growth in school aid (\$152.9 million) was for additional restricted funding, the increase in aid to Warwick has begun to shift towards more restrictive funding, with nearly 11.0 percent of its increase allocated towards restricted funding – primarily professional development.

State Housing Aid – The State partially reimburses local school construction projects that are approved by the State’s Board of Regents. The reimbursement rate is based on a school district’s wealth compared to the State’s wealth. Each community is guaranteed at least a 30.0 percent reimbursement rate. Reimbursement is based on the total cost of the project, not of the original bond issuance. A major adjustment to the program was made in FY 1998. Up until FY 1998, the program only supported projects funded through general obligation bonds. The program now permits projects that use lease revenue bonds, capital leasing arrangements and capital reserve funds. Among the peer communities, Warwick is the only minimum reimbursement community. Pawtucket has the highest rate of reimbursement (share ratio) of 75.2 percent.



The State distributed \$25.5 million in housing aid in FY 2000 – this has since increased to \$45.7 million in FY 2006, representing a 78.8 percent increase during this period. This translates into an average annual rate of growth of 10.2 percent during this period. Housing Aid represents 4.8 percent of the State’s total aid package to local governments.

State School Housing Aid					
Community	2000	2006	Change	Percent Change	Ave-annual Change
Cranston	\$0.9	\$2.0	\$1.0	108.1%	13.0%
East Providence	0.4	1.0	0.6	152.4%	16.7%
North Providence	0.7	1.3	0.6	93.3%	11.6%
Pawtucket	0.9	1.6	0.6	70.5%	9.3%
Warwick	0.9	1.4	0.5	55.0%	7.6%
Peer Total	\$3.8	\$7.2	\$3.4	88.9%	11.2%
State	\$25.5	\$45.7	\$20.1	78.8%	10.2%

Source: RIPEC calculations based on House Fiscal Staff Data

The housing aid for the peer communities as a group experienced an 88.9 percent increase during this period, slightly outpacing the state as a whole. Only Warwick and Pawtucket experienced growth rates slower than the State average. Warwick’s aid for

this program increased from \$0.9 million in FY 2000 to \$1.4 million in FY 2006, representing an increase of 55.0 percent, or an average annual rate of growth of 7.6 percent. The City's share of the total program has declined from 3.5 percent in FY 2000 to 3.0 percent in FY 2006. The \$1.4 million in aid under this program represents 2.4 percent of the city's total aid package.

4. Student Performance Trends

SAT Performance

- Warwick's combined SAT scores increased by 5 points, from 1,000 in 2001 to 1,005 in 2005, attributable to a five-point increase in the math section of the test;
- When compared to its peers, Warwick's combined score of 1,005 in 2005 ranked the district second highest after Cranston (1,019 points) and 9 points higher than the State average. Pawtucket had the lowest score among the surveyed districts (915) in 2005;
- In the math section, Warwick's performance increased by 5 points from 503 in 2001 to 508 point in 2005. This performance ranked the district second highest among its peers. Cranston ranked highest in the math section, reaching 514 points in 2005 and East Providence was lowest (463 points). Only Cranston and Warwick experienced a score above the State average of 501 points in 2005;
- In the verbal section, Warwick's performance of 497 points in 2005 ranked the district second highest. Cranston ranked highest among the peers with a score of 505 points in 2005, while the lowest score was in Pawtucket (451 points). When compared to the State average of 495 points, only Cranston and Warwick were above the State average.

New Standards Reference Exam (NSRE) Performance

Fourth Grade Mathematics

- All five surveyed districts improved their score in all categories of mathematics between 2001 and 2004;
- In the skills section, Warwick improved the percentage of 4th graders meeting or exceeding the standard by 15.0 percentage points, from 66.0 percent in 2001 to 81.0 percent in 2004. This performance ranked Warwick first among its peers, followed by Cranston with 79.0 percent;
- In math concepts, Warwick had the second highest percentage increase in performance among the peer districts. The district increased its score by 23.0 percentage points, from 36.0 percent of its students proficient in 2001 to 59.0 percent in 2004;
- In mathematical problem solving, Warwick more than doubled the percent of students being proficient, from 22.0 percent in 2001 to 50.0 percent of its 4th graders being proficient in 2004, ranking the district highest among its peers, together with Cranston.

Fourth Grade Reading

- In basic understanding, Warwick increased its performance by 5.0 percentage points, from 76.0 percent in 2001 to 81.0 percent being proficient in 2004. This ranked the district second highest after Cranston in 2004;
- In analysis and interpretation, Warwick ranked second highest among its peers in 2004, with 73.0 percent of 4th graders being proficient. Cranston's 4th graders ranked highest with 75.0 percent reaching proficiency in 2004.

The following tables show student performance in the five districts on the Scholastic Assessment Test (SAT) for 2001 and 2005 and the New Standards Reference Exam (NSRE) for the years 2001 and 2004 for grade 4.

SAT Performance

The Scholastic Assessment Test (SAT) is a voluntary college entrance exam primarily taken by high school juniors and seniors. SAT results are used by universities and colleges in making decisions about individual students. Each section's maximum score is 800 points.

Scholastic Assessment Test (SAT) Scores									
	Math Section			Verbal Section			Combined SAT Scores		
	2001	2005	Change 2001-05	2001	2005	Change 2001-05	2001	2005	Change 2001-05
Cranston	512	514	2	500	505	5	1,012	1,019	7
East Providence	455	463	8	458	455	(3)	913	918	5
North Providence	475	472	(3)	472	477	5	947	949	2
Pawtucket	456	464	8	447	451	4	903	915	12
Warwick	503	508	5	497	497	0	1,000	1,005	5
State	492	501	9	490	495	5	982	996	14

Source: RI Dept. of Education InfoWorks, and RIPEC calculations.

Warwick's combined SAT scores increased by 5 points, from 1,000 in 2001 to 1,005 in 2005. This increased performance is attributable to a five-point increase in the math section of the test, which increased from 503 points in 2001 to 508 points in 2005. The performance in the verbal part was 497 points, the same performance than in 2001.

Combined SAT scores increased in all surveyed districts between 2001 and 2005. All five districts experienced a lower increase than the State average increase of 14 points during that time, ranging from an increase of 2 points (North Providence) to 12 points (Pawtucket). In 2005, two districts (Cranston and Warwick) had a higher combined score than the State average, while East Providence, North Providence and Pawtucket were below the State average of 996 points.

When compared to its peers, Warwick's combined score of 1,005 in 2005 ranked the district second highest after Cranston (1,019 points) and 9 points higher than the State average. Even with the increase of 12 points between 2001 and 2005, Pawtucket had the lowest score among the surveyed districts (915) in 2005.

In the math section, Warwick's performance increased by 5 points from 503 in 2001 to 508 in 2005. This performance ranked the district second highest among its peers, after Cranston which had 514 point in 2005. The lowest math performance in 2005 was in East Providence (463 points). Only Cranston and Warwick experienced a score above the State average of 501 points.

In the verbal section, Warwick's performance of 497 points in 2005 ranked the district second highest. As with the math section, Cranston ranked highest among the peers with a score of 505 points in 2005. The lowest score was in Pawtucket (451 points). When compared to the State average of 495 points, only Cranston and Warwick were above the State average.

NSRE Performance

Rhode Island measures district performance by using the New Standards Reference Exam (NSRE). However, Rhode Island will be part of the New England Common Assessment Program, a collaboration with Vermont and New Hampshire. The three states will work together in developing a new set of assessments. In the 2004-2005 school year, as Rhode Island went through a transition to a new testing system, State assessments were administered in only high schools and in schools whose highest grade is Kindergarten or Grade 1. Elementary schools and middle schools were not tested in the spring of 2005.

The NSRE is a performance assessment, as opposed to a traditional multiple-choice test. These tests were given to students in grades 4, 8, and 10 in mathematics, reading, and writing. Each New Standards test consisted of either two or three sub-tests.

The tests were 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

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 complexity of the math increases as one moves from basic skills to problem solving. The table below shows the percentage of students who met or exceeded the state performance standard in these areas in 2001 and 2004, the most recent year for which district data for fourth-graders were available.

All five surveyed districts improved their score in all categories of mathematics between 2001 and 2004. However, a significant percentage of students still do not meet the standards in more complex areas (subgroups concepts and problem solving). In the skills section, Warwick improved the percentage of 4th graders meeting or exceeding the standard by 15.0 percentage points, from 66.0 percent in 2001 to 81.0 percent in 2004. This put Warwick first among its peers with 81.0 percent of its 4th graders meeting proficiency levels in 2004. Cranston ranked second with 79.0 percent of its 4th graders being proficient in 2004. Even though Pawtucket's 4th grade students increased their proficiency levels by 20.0 percentage points between 2001 and 2004 – the highest increase among the peer districts - the district still ranked last with 61.0 percent of 4th graders meeting or exceeding proficiency in 2004.

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

	Skills			Concepts			Problem Solving		
	2001	2004	Change 2001-04	2001	2004	Change 2001-04	2001	2004	Change 2001-04
Cranston	64	79	15	37	61	24	27	55	28
East Providence	66	74	8	44	48	4	28	40	12
North Providence	59	76	17	29	41	12	14	32	18
Pawtucket	41	61	20	16	31	15	9	25	16
Warwick	66	81	15	36	59	23	22	50	28

Indicates the percent of all students who met or exceeded the standard (including LEP Level I and those eligible for Alternate Assessment)
 Source: RI Dept. of Education InfoWorks, and RIPEC calculations.

In math concepts, Warwick had the second highest percentage increase in performance among the peer districts. The district increased its score by 23.0 percentage points, from 36.0 percent of its students proficient in 2001 to 59.0 percent in 2004. Among its peers, Warwick was only outperformed by Cranston, which increased its proficiency levels by 24.0 percentage points. Cranston’s performance in 2004 was highest when compared to the peer districts with 61.0 percent of its 4th graders meeting or exceeding proficiency, followed by Warwick with 59.0 percent. Pawtucket almost doubled the percent of students proficient in math concepts during that time period. However, as with basic math skills, Pawtucket’s proficiency levels were the lowest among its peers with 31.0 percent of its students reaching proficiency in 2004.

In mathematical problem solving, Warwick more than doubled the percent of students being proficient between 2001 and 2004. In 2001, 22.0 percent of its 4th graders were at proficiency levels. This has increased by 28.0 percentage points to 50.0 percent in 2004. Together with Cranston, this was the highest percentage increase among its peers. Warwick ranked second highest, only outperformed by Cranston where 55.0 percent of students reached proficiency. The lowest level of proficiency was in Pawtucket. This district had 25.0 percent of its students being proficient in problem solving in 2004. While all surveyed districts increased their proficiency levels one should note that a significant percentage of students still do not meet the standards. In 2004, between 75.0 percent of 4th graders (Pawtucket) and 45.0 percent (Cranston) were below proficiency levels.

Fourth Grade Reading

The NSRE reading assessment covers two areas. One score measures the student’s basic understanding skills, the other the student’s skills in analysis and interpretation. The 2004 reading performance in all surveyed districts showed an increase in the percentage of students meeting proficiency in both subgroups when compared to the 2001 results.

In basic understanding, Warwick increased its performance by 5.0 percentage points between 2001 and 2004. In 2004, 81.0 percent of all 4th graders met the proficiency level in basic understanding, up from 76.0 percent in 2001. Among the peer districts, the increase in performance during that time ranged from 2.0 percentage points in East

Providence to 8.0 percentage points in Cranston and Pawtucket. In 2004, Cranston reached the highest proficiency levels with 85.0 percent of all 4th graders reaching proficiency in basic understanding, followed by Warwick with 81.0 percent. Pawtucket reached the lowest level with 66.0 percent of its 4th graders being proficient in 2004.

New Standards Reference Exam (NSRE) Reading, Grade 4						
Percent of Students Meeting or Exceeding the State-Performance Standard						
	Basic Understanding			Analysis & Interpretation		
	2001	2004	Change 2001-04	2001	2004	Change 2001-04
Cranston	77	85	8	68	75	7
East Providence	74	76	2	60	63	3
North Providence	75	79	4	63	65	2
Pawtucket	58	66	8	39	52	13
Warwick	76	81	5	61	73	12

Indicates the percent of all students who met or exceeded the standard (including LEP Level I and those eligible for Alternate Assessment)
 Source: RI Dept. of Education InfoWorks, and RIPEC calculations.

Fourth grade performance in analysis and interpretation improved by 12.0 percentage points in Warwick, from 61.0 percent meeting or exceeding proficiency levels in 2001 to 73.0 percent in 2004. This was the second highest increase in proficiency among the peer districts. Only Pawtucket had a higher increase, increasing its proficiency by 13.0 percentage points, from 39.0 percent of its 4th graders being proficient in 2001 to 52.0 percent in 2004. However, even with that increase, Pawtucket still has the lowest proficiency levels among its peers. In 2004, 52.0 percent of its 4th grade students were proficient in analysis and interpretation. Cranston had the highest level of 4th graders being proficient (75.0 percent), followed by Warwick with 73.0 percent being proficient in 2004.