

**Rhode Island Department of Elementary and Secondary Education
FY 2015 Revised and FY 2016 Request
BR-10 Narrative Information**

Narrative Information	Agency: Elementary & Secondary Education Program: Housing Aid Subprogram: N/A
Program Explanation: <p>School Housing Aid provides school districts and charter schools with a reimbursement for approved school construction, repair, and renovation projects supported by bonds or capital reserve funds. Since July 1, 2011, there has been a moratorium on new approvals with the exception of projects necessitated by immediate health and safety. The moratorium was set to expire on June 30, 2014, but the General Assembly extended it through May 1, 2015. There is no projected impact for fiscal year 2016 as aid is paid on projects completed by June 30 of a given year. Typically, larger projects take two to four years from approval to completion; thus, any significant impact from lifting the moratorium is not expected until fiscal year 2017 or after.</p> <p>Districts are reimbursed on a sliding scale with a greater reimbursement going to the neediest districts. The minimum reimbursement in statute, originally 30%, increased to 35% in FY 2012, and 40% in FY 2013. However, the 2012 General Assembly amended this language so that the 40% would only apply to projects that received Board approval by June 30, 2012. Projects approved after July 1, 2012 will receive a minimum reimbursement of 35%.</p> <p>The Board of Education's FY 2015 revised request is \$68,429,866, or \$0.5 million more than the enacted budget. The difference is primarily because the state's share of savings from bond refinancings to comply with RIGL 16-7-41(d) was less than projected. To encourage municipalities to refinance their bonds, the 2013 General Assembly enacted changes to RIGL 16-7-41(d) that entitles towns to 80% of the total savings from bond refinancings, rather than the typical local share. This change applies to bond refinancings occurring between 7/1/2013 and 12/31/2015. The Board's original FY 2015 request was \$69,949,504. The Governor recommended and the General Assembly enacted a \$2.0 million reduction to this request for a final FY 2015 enacted budget of \$67,949,504. Although the final revised FY 2015 is less than the initial request, the department was unable to completely absorb this reduction.</p> <p>The Board of Education's FY 2016 request of \$70,907,110 is \$957,606 more than the target budget of \$69,949,504. Based on the district's project submissions, FY 2016's housing aid would be approximately \$72.2 million; however, some of the submitted projects do not have Board approval.</p>	

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<p>The department reduced the calculation to a more conservative level and accounted for anticipated savings from bond refinancings. Despite these efforts, we believe the target budget will be insufficient and have requested additional funding. Several districts are expected to complete large scale health and safety projects to qualify for housing aid in FY 2016, including roof repairs in Burrillville, high school athletic complex and other emergency repairs in Coventry, emergency repairs in Exeter-West Greenwich, high school roof repairs in North Providence, health and safety repairs in Pawtucket, and high school roof, boiler, and window repairs in Warwick. Currently, Cumberland, East Providence, Lincoln, West Warwick, and Woonsocket are considering bond refinancings and state savings for these projects are expected to be approximately \$0.6 million (savings would have been approximately \$2.2 million prior to the above mentioned legislation). However, if the market changes and interest rates increase, the refinancings may not proceed and there is a chance that additional funds may be needed for housing aid next year.</p> <p>The impact of the new school construction regulations is evident as the department's housing aid has decreased and is projected to remain level. Since the adoption of the School Construction Regulations (SCR), the School Construction Office has worked closely with local education agencies to find efficiencies in design, construction, and programming that have resulted in over \$90 million in project approval savings. As a result of the fiscal prudence set in place by the SCR, the necessity of school construction approvals were reduced from a ten year average of \$182 million to an average of \$75 million in the three years prior to the moratorium. With the increased departmental oversight, projects are being built to higher educational, energy efficiency, and sustainable (green) standards. Projects are responding to 21st century educational needs and creating healthier and more productive environments for students and staff that will cost less to operate and maintain. In addition, districts are being more diligent about only submitting projects that have gained community support and are close to implementation. Therefore, the level of inactive projects built into future year projections is minimal. In general, the collaborative approach between RIDE, districts, and other state agencies has been successful, resulting in unprecedented quality standards and substantial state savings.</p>	

Rhode Island Department of Education - Expenditures by Program

Program: School Housing Aid

Budget Object Code	FY 2013	FY 2014	FY 2015 Enacted	FY 2015 Current Level	FY 2016 Current Level	FY 2016 Constrained
No Sub-Programs						
Aid to Local Units of Government	72,034,378	67,663,036	67,949,504	68,429,866	70,907,110	70,907,110
Subtotal: No Sub-Programs	72,034,378	67,663,036	67,949,504	68,429,866	70,907,110	70,907,110
Total Expenditures by Program:	72,034,378	67,663,036	67,949,504	68,429,866	70,907,110	70,907,110
Expenditures by Object						
Operating						
Aid to Local Units of Government	72,034,378	67,663,036	67,949,504	68,429,866	70,907,110	70,907,110
Subtotal: Operating	72,034,378	67,663,036	67,949,504	68,429,866	70,907,110	70,907,110
Total Expenditures by Object:	72,034,378	67,663,036	67,949,504	68,429,866	70,907,110	70,907,110
Expenditures by Fund						
Fund						
General Revenue	72,034,378	67,663,036	67,949,504	68,429,866	70,907,110	70,907,110
Subtotal: Fund	72,034,378	67,663,036	67,949,504	68,429,866	70,907,110	70,907,110
Total Expenditures by Fund:	72,034,378	67,663,036	67,949,504	68,429,866	70,907,110	70,907,110

Rhode Island Department of Education - Expenditures by Program / Subprogram

Program: School Housing Aid - No Sub-Programs

Natural Account	FY 2013	FY 2014	FY 2015 Enacted	FY 2015 Current Level	FY 2016 Current Level	FY 2016 Constrained
Expenditures By Object						
Aid to Local Units of Government	72,034,378	67,663,036	67,949,504	68,429,866	70,907,110	70,907,110
Subtotal Operating:	72,034,378	67,663,036	67,949,504	68,429,866	70,907,110	70,907,110
Total Expenditures	72,034,378	67,663,036	67,949,504	68,429,866	70,907,110	70,907,110
Expenditures By Fund						
General Revenue	72,034,378	67,663,036	67,949,504	68,429,866	70,907,110	70,907,110
Total Expenditures	72,034,378	67,663,036	67,949,504	68,429,866	70,907,110	70,907,110

Rhode Island Department of Education

Form: BR6A

Program: School Housing Aid - Sub Program: No

Sub-Programs

Appropriation: 2655101 - SCHOOL HOUSING AID (1415-10400)

671200 - (652990) Aid to Local Governments and Affiliated Entities - Education Aid

Total for Aid to Local Units of Government:

Total: 2655101 - SCHOOL HOUSING AID (1415-10400)

Total for Sub Program: No Sub-Programs

Total for program: School Housing Aid

	FY 2013	FY 2014	2015 Enacted	2015 Current Level	2016 Current Level	FY 2016 Constrained
	72,034,378	67,663,036	67,949,504	68,429,866	70,907,110	70,907,110
	72,034,378	67,663,036	67,949,504	68,429,866	70,907,110	70,907,110
	72,034,378	67,663,036	67,949,504	68,429,866	70,907,110	70,907,110
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	72,034,378	67,663,036	67,949,504	68,429,866	70,907,110	70,907,110