



SMITH HILL REPORT

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Receivership Legislation Approved By Assembly

Legislation was introduced in the final week of the Assembly to address the circumstances in which a municipality can claim bankruptcy and go into receivership. The legislation was introduced in response to the Central Falls local government asking for a court-appointed receiver. Several Central Falls municipal unions went to court to oppose the appointment of the receiver.

The RIFTHP and the other public sector unions supported the premise of the receivership bill. The unions sought and won language that would prevent a budget review commission or a receiver from abrogating an existing collective bargaining agreement. The RIFTHP also advocated to prevent a receiver or budget commission from interfering with personnel or reorganization of school employees since they work for school committees, not municipal governments. That change was not adopted by the Assembly. The legislation **H8247**, that was sponsored by **Representative Costantino**, and **S2997**, that was sponsored by **Senator DaPonte**, passed by an overwhelming margin. The bills have the support of the Governor's staff.

Education Formula Finally Enacted

The General Assembly finally passed an education aid formula, something promised by almost every single politician who has ever run for office.

Senator Gallo, who has championed the creation of an education formula for over a decade, sponsored the Senate version and the House legislation was sponsored by **Representative Costantino**, who based his legislation on a proposal put forward by the Commissioner of Education.

The RIFTHP has supported the creation of a funding formula ever since the Assembly abolished the prior funding formula in the mid-1990s. The RIFTHP would have preferred a formula that significantly increased the State's share of education funding. However, the RIFTHP appreciates the creation of a formula that, now on the books, can be improved over time.

The funding formula bases a core funding per student of \$8,295 per student. Each student eligible for free and reduced lunch will be allocated a 40% increase in funding. The formula provides a funding stream based on student enrollment. Some advocates sought additional funding for students who are of limited English proficiency. The formula also provides additional funding for students whose extraordinary special education costs exceed

\$58,065. The formula contains additional funding to cover the cost of non-public student transportation. In an effort to garner additional political support, additional funds are allocated for regional school districts for a two-year period.

The education formula does not go into effect until the next fiscal year. Districts that are due an increase from the current funding level will be increased gradually over a 7-year period while those districts realizing a funding cut will have that reduction phased in over a 10-year period. The bill also contains an increase for all districts for State reimbursement for school construction. The current State minimum is 30% of school construction cost, which shall be increased to a minimum of 40% over a two-year period. The increase in minimum State funding for school construction does not apply to charter schools.

The House passed the funding formula on a 60-14 vote. The Senate passed the formula on a 24-9 vote. Most of those voting against the formula represented districts that lost significant State funding for public education.

The following chart does not include the additional funding allocated for transportation and special education.

Town	2010 Budget Allocation	Funding Formula Total Effect	Yearly Change	
Barrington	\$1,991,517	\$4,475,114	\$639,302	each year for 7 years
Burrillville	\$13,612,645	(\$1,069,580)	(\$106,958)	each year for 10 years
Charlestown	\$1,796,445	(\$516,540)	(\$51,654)	each year for 10 years
Coventry	\$19,048,388	\$3,480,267	\$497,181	each year for 7 years
Cranston	\$33,415,011	\$10,880,625	\$1,554,375	each year for 7 years
Cumberland	\$12,483,950	\$4,784,339	\$683,477	each year for 7 years
East Greenwich	\$1,600,301	\$498,862	\$71,266	each year for 7 years
East Providence	\$25,828,242	\$4,188,191	\$598,313	each year for 7 years
Foster	\$1,356,544	(\$644,670)	(\$64,467)	each year for 10 years
Glocester	\$3,086,716	(\$880,170)	(\$88,017)	each year for 10 years
Hopkinton	\$5,986,133	(\$1,027,390)	(\$102,739)	each year for 10 years
Jamestown	\$425,179	(\$219,750)	(\$21,975)	each year for 10 years
Johnston	\$10,127,678	\$2,842,917	\$406,131	each year for 7 years
Lincoln	\$6,729,719	\$3,690,708	\$527,244	each year for 7 years
Little Compton	\$314,871	(\$187,910)	(\$18,791)	each year for 10 years
Middletown	\$10,051,682	(\$2,724,040)	(\$272,404)	each year for 10 years
Narragansett	\$1,560,864	\$47,586	\$6,798	each year for 7 years
Newport	\$11,331,160	(\$1,662,080)	(\$166,208)	each year for 10 years
New Shoreham	\$70,241	\$43,764	\$6,252	each year for 7 years
North Kingston	\$11,223,268	(\$83,350)	(\$8,335)	each year for 10 years
North Providence	\$12,742,673	\$689,822	\$98,546	each year for 7 years
North Smithfield	\$4,583,159	\$1,983,800	\$283,400	each year for 7 years
Pawtucket	\$65,487,899	\$7,412,741	\$1,058,963	each year for 7 years
Portsmouth	\$6,254,079	(\$2,074,890)	(\$207,489)	each year for 10 years
Providence	\$187,887,861	\$29,697,801	\$4,242,543	each year for 7 years
Richmond	\$5,958,086	(\$1,638,840)	(\$163,884)	each year for 10 years
Scituate	\$3,094,571	\$964,103	\$137,729	each year for 7 years
Smithfield	\$5,276,397	\$588,812	\$84,116	each year for 7 years
South Kingstown	\$9,745,434	(\$3,166,250)	(\$316,625)	each year for 10 years
Tiverton	\$5,564,928	(\$1,139,880)	(\$113,988)	each year for 10 years
Warwick	\$35,327,749	\$2,040,990	\$291,570	each year for 7 years
Westerly	\$6,113,006	\$1,380,218	\$197,174	each year for 7 years
West Warwick	\$19,747,950	\$333,816	\$47,688	each year for 7 years
Woonsocket	\$46,417,513	\$4,219,964	\$602,852	each year for 7 years
Bristol Warren	\$19,774,182	(\$8,588,800)	(\$858,880)	each year for 10 years
Exeter - W. Greenwich	\$7,189,110	(\$2,018,590)	(\$201,859)	each year for 10 years
Chariho	\$398,437	(\$398,330)	(\$39,833)	each year for 10 years
Foster - Glocester	\$5,477,881	(\$566,550)	(\$56,655)	each year for 10 years
Central Falls	\$44,674,937	(\$12,514,780)	(\$1,251,478)	each year for 10 years
	<u>\$663,756,406</u>	<u>\$43,122,050</u>	<u>\$7,922,681</u>	

State Budget Pending Approval

The Rhode Island Senate approved the budget sent to it by the House of Representatives. The Senate did not have a separate vote on the budget proposal to cap pension COLA's for those not eligible to retire upon passage of the legislation. The proposed State Budget has been sent to the Governor, and the pension changes will become effective upon his signature.