

Overview of FY 2010-2011 Municipal Budget Program

Town Council Budget Work Session

March 1, 2010

UPDATED March 10, 2010

Town Council / School Committee Meeting

March 10, 2010

■ Agenda Items

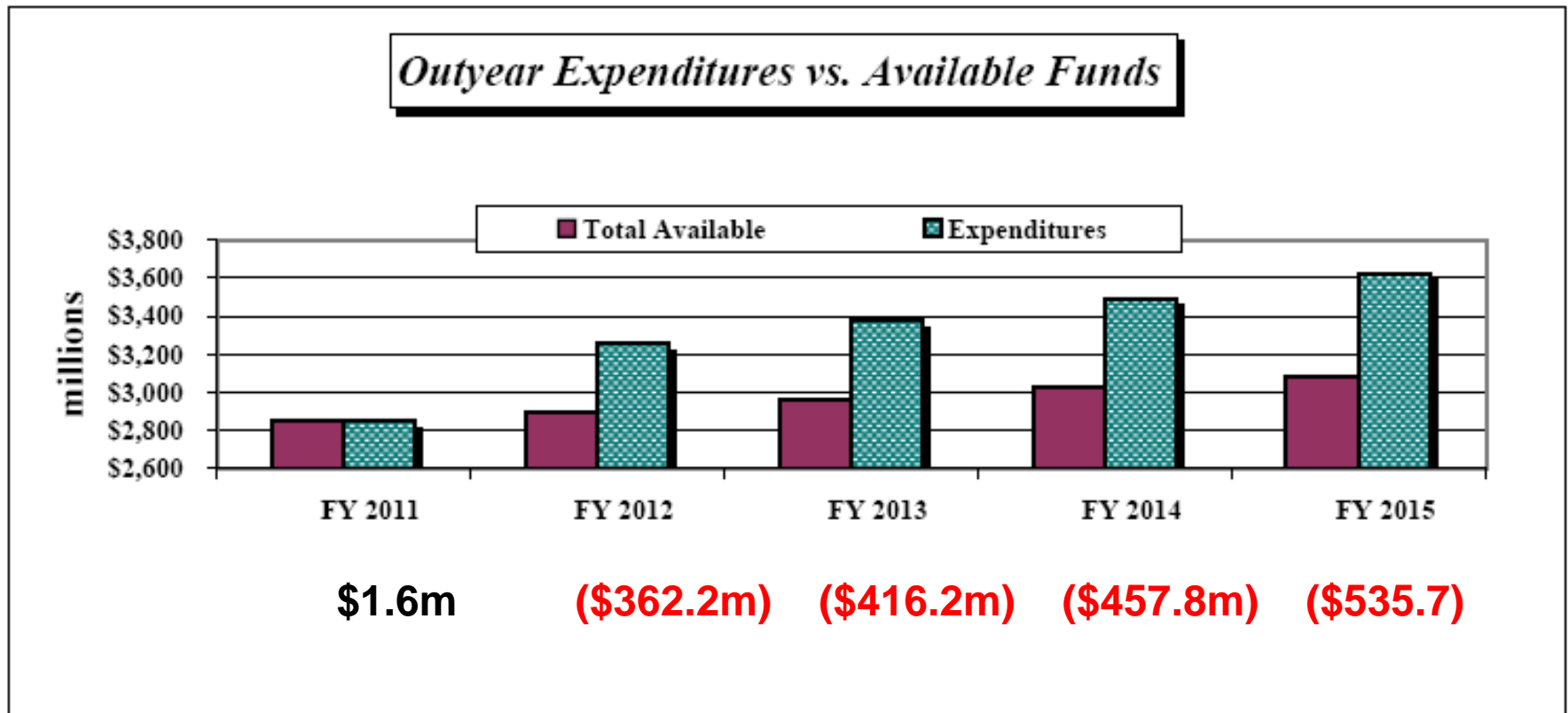
- School Committee to present Recommended February 11, 2010 Budget Proposal.
 - Town Manager to present budget landscape factors.
 - Town Manager to present Budget Message Concerns relative to SC Recommended Budget.
 - School Committee to address:
 - Actions to address Supplemental FY10 Potential COLA Shortfall
 - Actions to address Governor's FY 11 Potential COLA Shortfall
 - General Discussion relative to Education Aid Formula.
 - Town Manager to explain components and impact.
 - School Superintendent to explain long term implications
- Public Comments and Questions.

Overview of Municipal Budget Development

- Landscape
 - A. State Budget Projections
 - B. ARRA Funding Impacts
 - C. State FY 10 Supplemental Budget
 - Pension Reform, School Aid Reductions, & MV Reimbursement
 - D. State FY 11 Budget Implications
 - E. Loss of GRS and MV Reimbursement
 - F. Revaluation Impact
 - G. Recommended Education Aid Formula
 - H. Local Revenue Concerns

Overview of Municipal Budget Development

■ State Budget Projections



Federal Funding Uses in State Budget

- Use of American Recovery and Reinvestment Act (ARRA)

Governor's Recommended General Revenue Offset from ARRA Funding

ARRA Program	FY2009 Actual	FY 2010 Rec	FY 2011 Rec	Totals
Stabilization	53,107,223	57,832,511	26,645,522	\$137,585,256
Enhanced FMAP **	149,567,764	194,099,187	190,677,846	\$534,344,797
Totals	\$202,674,987	\$251,931,698	\$217,323,368	\$671,930,053

* The FY 2011 recommendation assumes an extension of FMAP

** *Federal Medicare Assistance Percentage*

FY 2010 Supplemental Revisions in Local Aid (in Millions)

	FY 10 Enacted	Base Change/Shift/Cost Reduction *	Reductions *	FY 10 Governor
General Aid				
Motor Vehicle Excise Tax	135.3	\$0	(\$65.1)	\$70.2
Other General Aid	51.4	0	0	51.4
Sub-total General Aid	186.7	0	(65.1)	121.6
State Support for Schools:				
1) General Education Aid from Reduced Contributions	489.7	(18.3)	0	447.7
2) Across-the-Board Cut			(19.1)	
3) Shift to Stabilization Funds		(4.6)		
School Construction	61.5	(3.1)		58.4
Teacher Retirement - from Reduced Contributions	77.8	(1.5)	(12.3)	64.0
Charter Schools	33.3	(0.5)	(1.0)	31.8
Other Education Aid	154.3	0.5	0	154.5
Sub-total Education Aid	816.3	(27.5)	(32.4)	756.4
Total All Local Aid	\$1,003.0	(\$27.5)	(\$97.5)	\$878.0

(\$125m)

	Adopted Budget 2009-2010	School Dept. Estimated 2009-2010	Governor with Retirement Change 2009-2010	Governor w/o Retirement Change 2009-2010
Revenue Statement				
State Aid	\$10,364,027	\$9,224,287	\$8,313,355	\$8,313,355
Federal Stabilization Aid	0	518,412	591,203	591,203
Total State and Federal	\$10,364,027	\$9,742,699	\$8,904,558	\$8,904,558
Total Local Revenue	\$1,338,008	\$1,338,008	\$1,338,008	\$1,338,008
Property Tax Appropriation	\$47,909,928	\$47,909,928	\$47,909,929	\$47,909,928
Total Income	\$59,611,963	\$58,990,635	\$58,152,495	\$58,152,494
Expense Statement				
Salaries	\$34,210,016	\$34,043,900	\$34,043,900	\$34,043,900
Benefits	<i>14,935,271</i>	<i>14,213,998</i>	<i>13,649,851</i>	<i>14,213,998</i>
Professional Services	1,345,149	1,213,446	1,213,446	1,213,446
Property Services	565,163	649,429	649,429	649,429
Other Services	6,564,461	6,130,254	6,130,254	6,130,254
Supplies	1,562,735	1,568,194	1,568,194	1,568,194
Equipment	429,168	426,041	426,041	426,041
Total Expense	\$59,611,963	\$58,245,262	\$57,681,115	\$58,245,262
Difference	\$0	\$745,373	\$471,380	(\$92,768)

FY 2010 Supplemental Revisions in Local Aid

- Other Notable Concerns
 - Land Sales - \$21 Million
 - Delay in Repayment of FY 09 Deficit
 - State Share of Teacher Retirement Reform cuts an additional \$12.3 Million from Pension Contributions
 - December Forecast a \$219.3 Million Deficit without revisions
 - May Revenue Estimating Conference could increase this estimate

Governor's Proposed FY 11 Budget

- Projected Income Shortfall - \$427.4 Million
- Municipal Aid Proposed Reductions
 - Education Aid – 3.8% Reduction - \$26.9m
 - 2nd Yr Saving on Pension Reform - \$32.2m
 - M. V Excise Tax Reimbursement - \$135.3m
- ARRA Funding - \$95.3m (Subject to Congressional Approval)

	School Committee Recommended 2010-2011	Governor's with Retirement Change 2010-2011	Governor's w/o Retirement Change 2010-2011
Revenue Statement			
State Aid	\$8,763,073	\$8,425,386	\$8,425,386
Federal Stabilization Aid	492,491	371,476	371,476
Total State and Federal	\$9,255,564	\$8,796,862	\$8,796,862
Total Local Revenue	\$1,482,381	\$1,482,381	\$1,482,381
Property Tax Appropriation	\$47,909,928	\$47,909,928	\$47,909,928
Total Income	\$58,647,873	\$58,189,171	\$58,189,171
Expense Statement			
Salaries	\$34,372,106	\$34,372,106	\$34,372,106
Benefits	<i>14,525,150</i>	<i>13,935,616</i>	<i>14,525,150</i>
Professional Services	1,161,452	1,161,452	1,161,452
Property Services	569,363	569,363	569,363
Other Services	6,136,712	6,136,712	6,136,712
Supplies	1,520,319	1,520,319	1,520,319
Equipment	362,771	362,771	362,771
Total Expense	\$58,647,873	\$58,058,339	\$58,647,873
Difference	\$0	\$130,832	(\$458,702)

Loss of Local State Aid

General State Aid	Actual FY 2007	Actual FY 2008	Actual FY 2009	Budgeted FY 2010	Estimated FY 2010	Proposed FY 2011
General Revenue Sharing	\$1,011,722	\$873,061	\$390,437	\$0	\$0	\$0
Payment in Lieu of Taxes	121,138	121,138	118,511	0	139,325	124,067
State Library General Aid	194,843	173,094	166,635	166,635	175,702	182,354
State Library Endowment Fund	21,749	21,748	23,027	23,027	23,645	23,645
M.V. Tax Phase Out	2,165,338	2,167,848	2,178,075	2,000,000	1,610,535	0
General State Aid - Total	\$3,514,789	\$3,356,889	\$2,876,685	\$2,189,662	\$1,949,207	\$330,066
Aid Reductions		(\$157,900)	(\$480,204)	(\$687,023)	(\$927,478)	(\$1,859,596)
Construction Program Reimbursement	Actual FY 2007	Actual FY 2008	Actual FY 2009	Budgeted FY 2010	Estimated FY 2010	Proposed FY 2011
Chapter 26, School Housing	\$1,134,488	\$1,116,126	\$1,009,808	\$1,058,200	\$1,042,384	\$948,806
State Library Const. Reimb.	53,361	50,971	48,562	46,138	46,138	17,378
Restricted State Aid - Total	\$1,187,849	\$1,167,097	\$1,058,370	\$1,104,338	\$1,088,522	\$966,184
Pass Thru Aid	Actual FY 2007	Actual FY 2008	Actual FY 2009	Budgeted FY 2010	Estimated FY 2010	Proposed FY 2011
Public Service Corporations Tax	\$275,088	\$271,798	\$245,156	\$245,156	\$271,518	\$271,518
Meal Tax Income	481,412	511,101	507,472	500,000	515,000	515,000
Hotel Tax	62,507	68,169	112,015	100,000	100,000	108,000
Pass Thru Revenues	\$819,007	\$851,068	\$864,643	\$845,156	\$886,518	\$894,518
General Fund State Aid Total	\$5,521,645	\$5,375,054	\$4,799,698	\$4,139,156	\$3,924,247	\$2,190,768
Total Municipal Budget	\$67,568,905	\$71,207,300	\$73,543,179	\$73,450,207	\$72,917,359	\$72,783,253
State Aid as % of Gen. Fund	8.2%	7.5%	6.5%	5.6%	5.4%	3.0%

FY 2011 Revaluation Impact

Classification	Current Year Roll	Records	No Revaluation	Revaluation	Reduction	Change
Residential	\$4,486,891,202	12,627	\$4,509,136,837	\$3,707,422,437	(\$801,714,400)	-17.78%
Commercial	627,575,623	1,728	614,688,579	569,392,279	(45,296,300)	-7.37%
Industrial	38,252,960	8	38,253,000	34,504,600	(3,748,400)	-9.80%
Utilities	42,212,820	19	42,192,120	41,766,220	(425,900)	-1.01%
Total	\$5,194,932,605	14,382	\$5,204,270,536	\$4,353,085,536	(\$851,185,000)	-16.36%
Less Exemptions	(\$12,312,284)		(\$12,312,284)	(\$10,500,000)	\$1,812,284	-14.72%
Total Taxable Roll	\$5,182,620,321		\$5,191,958,252	\$4,342,585,536	(\$849,372,716)	-16.36%
Land Values	\$4,947,116,630		\$2,554,678,207	\$1,980,674,207	(\$574,004,000)	-22.47%
Building Values	Included Above		\$2,412,876,100	\$2,133,182,900	(\$279,693,200)	-11.59%
Tangible	247,815,975		\$236,716,229	\$239,228,429	\$2,512,200	1.06%
Total	5,194,932,605	14,382	\$5,204,270,536	\$4,353,085,536	(\$851,185,000)	-16.36%

Property Tax Impact Associated with Revaluation and MV Revisions

Revaluation Impact	Adopted FY 2009-2010		Without Revaluation FY 2010-2011	With Revaluation No MV Change FY 2010-2011	With Revaluation & MV Change FY 2010-2011
Tax Levy	\$62,645,443		\$63,560,165	\$63,560,165	\$61,221,598
Tax Rate	\$12.09		\$12.24	\$14.64	\$14.10
Increase			\$0.15	\$2.55	\$2.01
Single House Value	\$421,521		\$422,827	\$346,658	\$346,658
Average Tax	\$5,095.18		5,176.26	5,073.86	4,887.18
Increase			\$81.08	(\$21.32)	(\$208.00)

Motor Vehicle Excise Tax Options	Taxable Value	MV Tax Rate	Tax Levy
Motor Vehicle Roll Without Exemption	\$103,650,078	\$18.71	\$1,939,293
Motor Vehicle Roll With \$6,000 Exemption	228,640,279	18.71	4,277,860
Difference			(\$2,338,567)

Implications of Recommended Education Aid Formula

FUNDING FORMULA PROPOSAL

- **A core instruction amount, derived from a market-basket approach, that adequately funds student instructional needs as described in the Basic Education Program (BEP);**
 - Proposed Amount - **\$8,295** (Derived from a regional average of National Center for Educational Statistics (NCES) expenditure data) applied to PK-I2 Resident Average Daily Membership (district data excludes charter and state schools)
- **A student success factor that provides additional funding to support student needs beyond the core services with the ultimate goal of closing student achievement gaps;**
 - Proposed - 0.40 of core instruction - **\$3,318** - applied to PK-I2 students eligible for free and reduced price lunch (FRPL) (district data excludes charter and state schools)

Implications of Recommended Education Aid Formula

- **A state share ratio that considers a district's revenue generating capacity and concentration of at-risk students;**

- Proposed - a quadratic mean average of the current state share ratio, called Equalized Weighted Assessed Valuation (EWAV), and districts student count of PK-6 students eligible for free and reduced price lunch

- **Categorical funding outside the formula distribution for high-cost special education, start-up and maintenance of high-cost career and technical programs, early childhood programs, and state stabilization funds for Central Falls Public Schools.**

- Over the last month, RIDE has presented this formula proposal to several stakeholders so that potential concerns could be addressed. This feedback has been taken into consideration and the proposal includes the best thinking for a student centered model for education funding that builds a foundation to ensure all children receive what they need to succeed.

Implications of Recommended Education Aid Formula

- Formula takes the full value of the December 2006 tax roll (last revaluation year) and increases it by the Town Median Family Income (MFI) as a means of projecting SK Property Wealth.
- Property Wealth should not be adjusted by MFI.

Implications of Recommended Education Aid Formula

- Formula uses a “Poverty Driver” factor based on PK-6 students on FRPL. This factor provides communities with lower MFI values a higher proportionate share.
- Therefore, use of MFI and PK-6 FRPL in the same formula underfunds higher income communities.

Implications of Recommended Education Aid Formula

- Reported FY 2010 Aid - \$9,367,699
- Formula Aid in FY 2010 - \$5,524,493
- **Projected Loss - \$3,843,206**

- Ten Year Phase-In of Reductions
 - **First Year Loss - \$468,385**