

How Rhode Islanders Raise Revenue for Education

by Joanne DeVoe

The Constitution of Rhode Island states, "...it shall be the duty of the general assembly to promote public schools... and to adopt all means which it may deem necessary and proper to secure to the people the advantages and opportunities of

education..." Article XII, section 1. The general assembly has delegated much of this responsibility to the cities and towns; the state supplements local funds and provides supervision through the RI Department of Education.

TABLE

Revenue raised per pupil by \$1 per \$1,000 tax rate, RI Cities & Towns Sorted by Taxable Property Wealth per Pupil

City or Town	Property Value In \$ Millions (000) ¹	Enrollment ²	Wealth Per Pupil ³	Percent of RI Average ⁵	Revenue per pupil of \$1 Tax Rate ⁶
New Shoreham	\$ 2,353	133	\$ 17,691,729	1787.8%	\$17,692
Little Compton	\$ 2,142	443	\$ 4,835,214	488.6%	\$4,835
Narragansett	\$ 5,363	1,460	\$ 3,673,288	371.2%	\$3,673
Jamestown	\$ 2,415	711	\$ 3,396,624	343.2%	\$3,397
Newport	\$ 6,171	2,078	\$ 2,969,682	300.1%	\$2,970
Westerly	\$ 6,100	3,257	\$ 1,872,889	189.3%	\$1,873
Bristol	\$ 3,636	2,238	\$ 1,624,665	164.2%	\$1,625
S. Kingstown	\$ 5,488	3,664	\$ 1,497,817	151.4%	\$1,498
Tiverton	\$ 2,757	1,948	\$ 1,415,298	143.0%	\$1,415
Portsmouth	\$ 3,775	2,764	\$ 1,365,774	138.0%	\$1,366
Middletown	\$ 3,205	2,382	\$ 1,345,508	136.0%	\$1,346
Smithfield	\$ 3,043	2,549	\$ 1,193,801	120.6%	\$1,194
Warren	\$ 1,462	1,237	\$ 1,181,892	119.4%	\$1,182
E. Greenwich	\$ 2,771	2,388	\$ 1,160,385	117.3%	\$1,160
Warwick	\$ 12,267	10,827	\$ 1,133,001	114.5%	\$1,133
N. Kingstown	\$ 4,650	4,254	\$ 1,093,089	110.5%	\$1,093
Scituate	\$ 1,883	1,726	\$ 1,090,962	110.2%	\$1,091
Foster	\$ 730	671	\$ 1,087,928	109.9%	\$1,088
N. Providence	\$ 3,495	3,251	\$ 1,075,054	108.6%	\$1,075
Johnston	\$ 3,494	3,275	\$ 1,066,870	107.8%	\$1,067
Exeter	\$ 908	892	\$ 1,017,937	102.9%	\$1,018
Lincoln	\$ 3,434	3,379	\$ 1,016,277	102.7%	\$1,016
W. Greenwich	\$ 1,063	1,054	\$ 1,008,539	101.9%	\$1,009
TOTAL STATE	\$ 145,749	147,286	\$ 989,565	100.0%	\$990
Barrington	\$ 3,335	3,444	\$ 968,351	97.9%	\$968
E. Providence	\$ 5,456	5,761	\$ 947,058	95.7%	\$947
Cranston	\$ 9,382	10,578	\$ 886,935	89.6%	\$887
Cumberland	\$ 4,402	5,016	\$ 877,592	88.7%	\$878
N. Smithfield	\$ 1,604	1,880	\$ 853,191	86.2%	\$853
Hopkinton	\$ 1,089	1,298	\$ 838,983	84.8%	\$839
Richmond	\$ 1,053	1,265	\$ 832,411	84.1%	\$832
Gloicester	\$ 1,324	1,657	\$ 799,034	80.7%	\$799
W. Warwick	\$ 2,807	3,542	\$ 792,490	80.1%	\$792
Coventry	\$ 4,050	5,449	\$ 743,256	75.1%	\$743
Burrillville	\$ 1,757	2,642	\$ 665,026	67.2%	\$665
Pawtucket	\$ 5,545	8,647	\$ 641,263	64.8%	\$641
Providence	\$ 15,047	23,786	\$ 632,599	63.9%	\$633
Woonsocket	\$ 2,681	6,013	\$ 445,867	45.1%	\$446
Charlestown	\$ 2,825	6,466	\$ 436,901	44.2%	\$437
Central Falls	\$ 789	3,261	\$ 241,950	24.5%	\$242

Public education in RI is financed through taxes. Property taxes are levied by the city or town for its local school system or for the regional school district to which it sends its children. In Fiscal Year 2008, local property taxes paid for on average 57% of public school funds; the state paid 36% from its general revenues received primarily from the income tax and from sales taxes; and the federal government paid the remaining 7% from its general tax revenues.¹

The cities and towns are not equal in their ability to fund their public schools. They have very different levels of taxable property wealth when compared to the numbers of children they have to educate. Little Compton has 489% of the state average taxable property wealth per pupil while Woonsocket has only 45%; Providence, Rhode Island's largest city, has only 64%. This means that in Little Compton each dollar of tax levied per thousand will raise \$4,835 for each student; in Woonsocket that tax rate dollar raises only \$466 for each student, and in Providence \$633. See the table on the left.

What is meant by taxable property wealth? The state calls this "...true and market value of real and personal property..." This value is defined as the total of assessed valuations of real and personal property reported by each city or town, then adjusted for each by the relationship of that amount to the value of the property as determined by a study of market values for that city or town. This adjustment to market value is done for all cities and towns in the same time period. The adjustment is necessary because each city and town is assessed at three different points in a nine year assessment cycle; two assessments are statistical and one is on site. Thus, at any one time, each city or town is at a different point in the nine-year cycle. To be able to compare the taxable property wealth of cities and towns, they must have their assessed values related to market values at the same time. This is especially important when property values are unstable, like these days.²

States have enacted laws establishing school funding formulas that supplement local funds with state funds in reverse proportion to their local property tax wealth per pupil. These equalization formulas are set at varying levels per pupil; the closer the per pupil amount is to the costs of educating a child, the more equalization is achieved. Traditionally, states will adjust the enrollment numbers in their formulas—referred to as weighting—to

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Notes:
 1. Full Value Assessed Valuation (col. 2) to nearest \$1,000,000 12/31/05; source: RI Dept. Municipal Affairs
 2. Oct. 1st, 2008 Enrollment by residence (col. 3); source: Rhode Island Department Education
 3. Full Value Assessed Valuation Per Pupil (col. 2 divided by col 3 times \$1,000,000).
 4. Percent for each city and town of RI average per pupil (col 4 divided by col. 4 TOTAL STATE \$989,565).
 5. Revenue raised per pupil based on \$1 per \$1,000 tax rate in each city and town.
 Analysis from the latest available data, May, 2009, League of Women Voters of Rhode Island

Raising Revenues *continued from previous page*

account for the higher costs of educating poor, handicapped, and immigrant children. These enrollment-adjusted formulas are of greater help to the urban school districts since a greater proportion of their children are poor, handicapped and/or immigrant.

Rhode Island had a state equalization funding formula until the 1990s when the state funds given to each school district through the formula were frozen. Since then, the state formula funds have been raised a percentage in most years. Currently, each school district's state funding is increased by the same percentage, based on the 1998 student enrollment, and without regard to changes in enrollments or taxable wealth. Rhode Island is the only state in the country without a public education equalization formula.

Most public school systems in Rhode Island serve only one city or town; residents of each city or town pay the same tax rates to that city or town for their school system. There are several regional school districts that serve two or three towns: Bristol-Warren, Exeter-West Greenwich, Charliho, and Foster-Glocester. The towns served by regional schools pay

amounts per pupil that are set by their regional school boards; the towns of Bristol and Warren pay one amount per pupil, the Charlestown, Richmond, and Hopkinton pay another amount, etc. The result of this is that the residents each town of a regional school district are not paying the same tax rate as the other town or towns of that district. For example, if Bristol and Warren each paid \$1,000 per pupil, Bristol would need to levy a property tax of 62 cents per \$1,000 assessable property value to raise the money whereas Warren would have to levy a tax of 85 cents per \$1,000 assessable property value which is 37% higher.³

Notes

1. "Equity and Adequacy of Resources", FY2008, RI Department of Education.
2. See RI General Laws, Title 16, Section 16-7-21-(1) and Full Value column of "2006 Equalized Weighted Assessed Valuations of Rhode Island Municipalities", RI Department of Municipal Affairs.
3. Bristol: $2,238 \text{ enrollment} \times \$1,000 = \$2,238,000 \text{ cost}$; $\$2,238,000 \text{ cost} \div \$3,635,890,000 \text{ full value assessed valuation} = \$0.00062 = 62 \text{ cents per } \$1,000 \text{ property tax rate}$. Warren: $1,237 \text{ enrollment} \times \$1,000 = \$1,237,000 \text{ cost}$; $\$1,237,000 \text{ cost} \div \$1,461,736,000 \text{ full value assessed valuation} = \$0.00085 = 85 \text{ cents per } \$1,000 \text{ property tax rate}$. $85 \text{ cents Warren property tax rate} \div 62 \text{ cents Bristol property tax rate} = 1.37$; Warren is 37% higher. Data source: see Table..