RIPEC

State and Local Funding of Elementary and Secondary Education in Rhode Island

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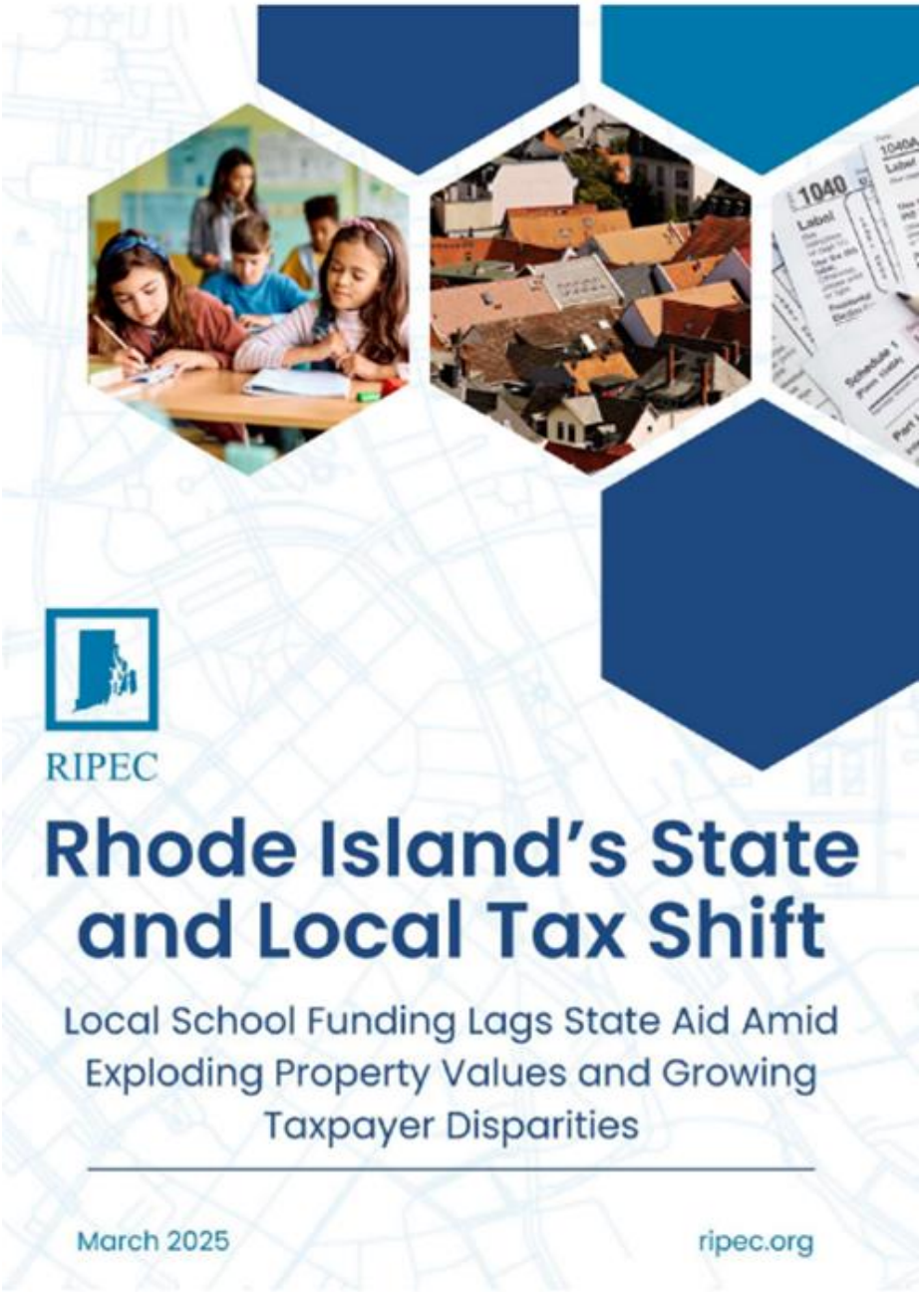
About RIPEC

The Rhode Island Public Expenditure Council (RIPEC) is a nonpartisan and nonprofit **public policy research organization** dedicated to advancing fiscally responsible government, competitive tax policies, and economic opportunities for all in Rhode Island

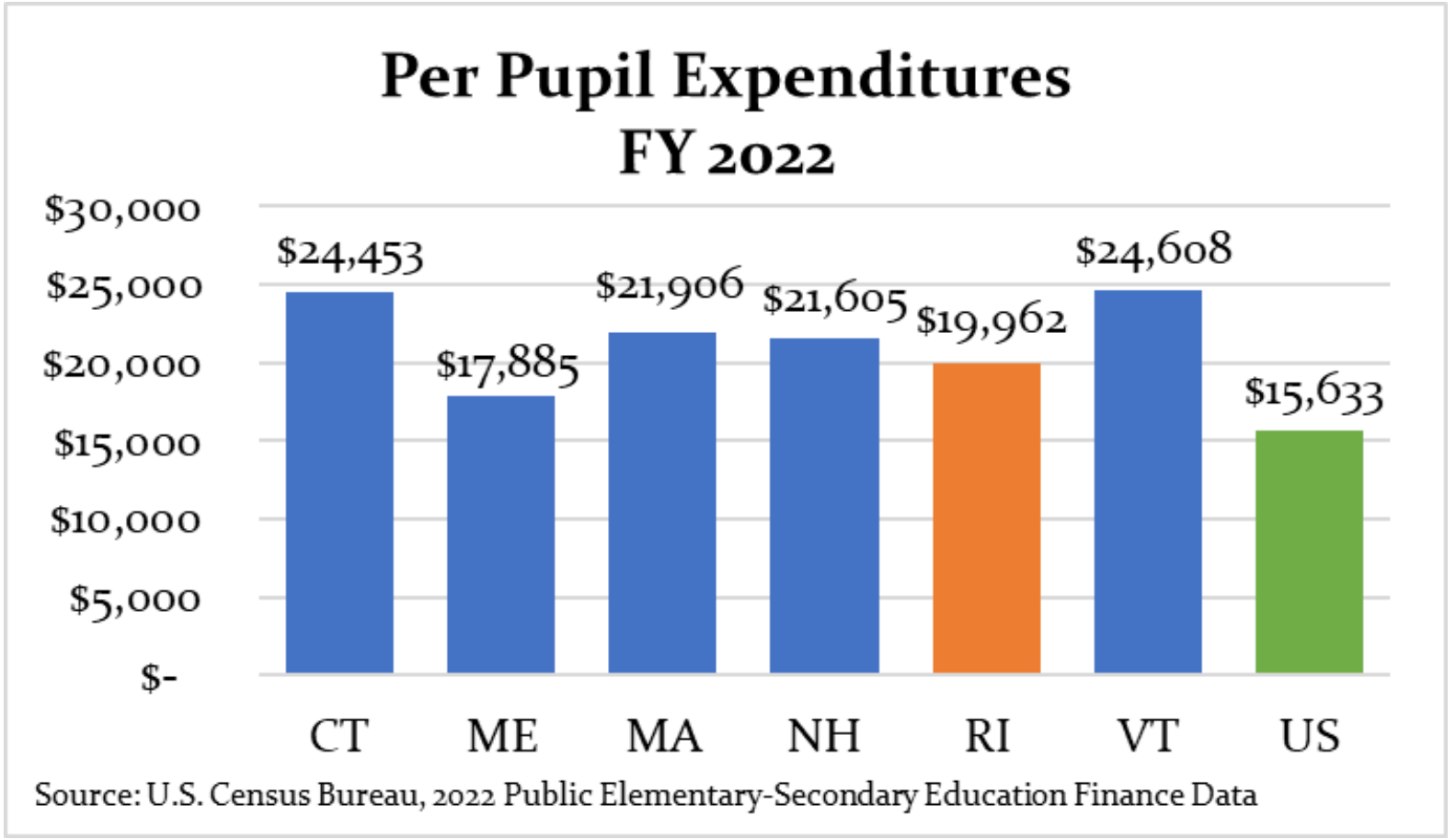
We conduct research and develop policy solutions around:

- State Finance
- Tax Policy
- Municipal Finance
- The Economy
- K-12 Education
- Housing

RIPEC's March 2025 report links changes in property taxes and K-12 funding

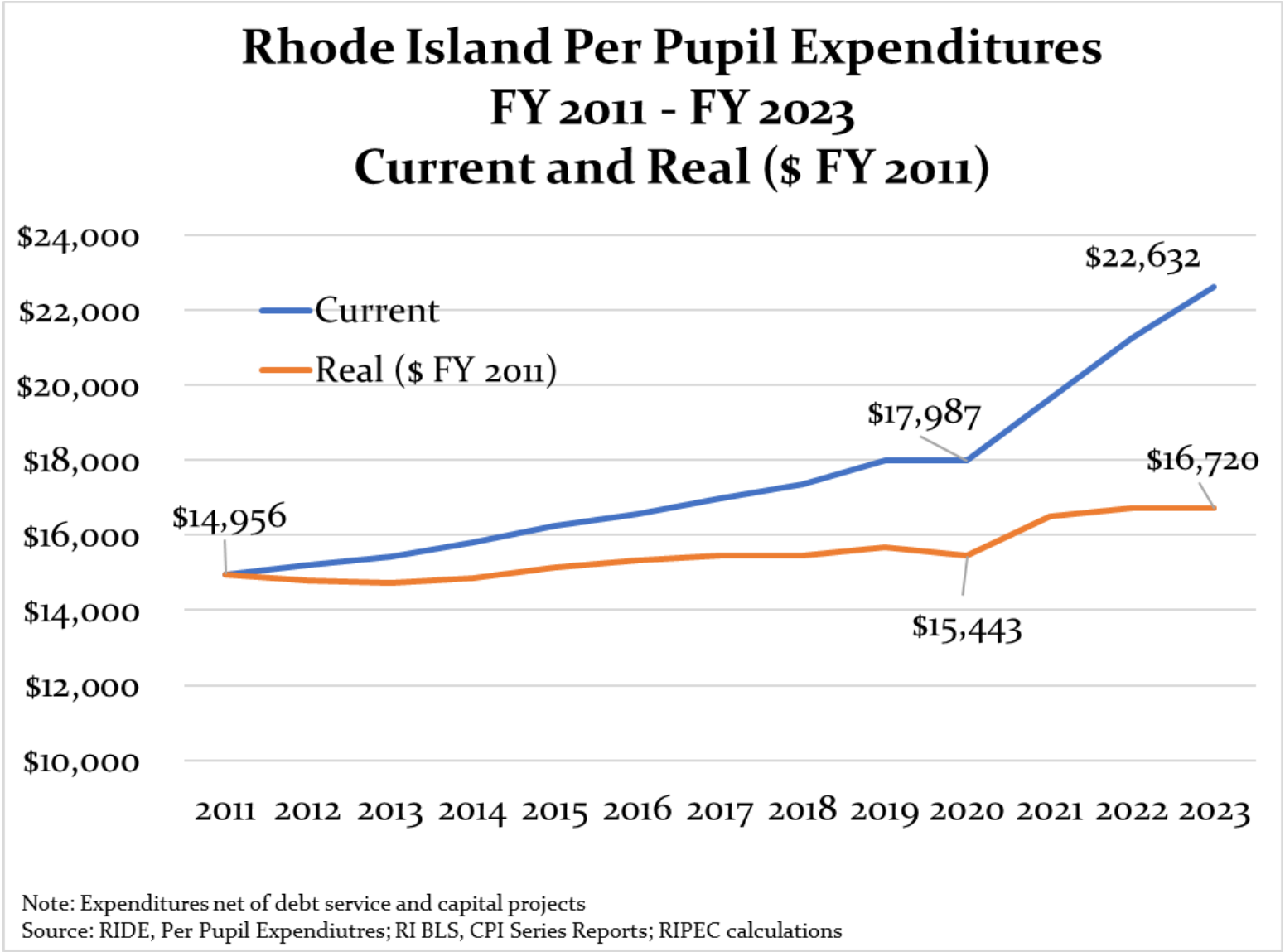


RI ranks 8th highest in US for per pupil spending, but 2nd to last in NE



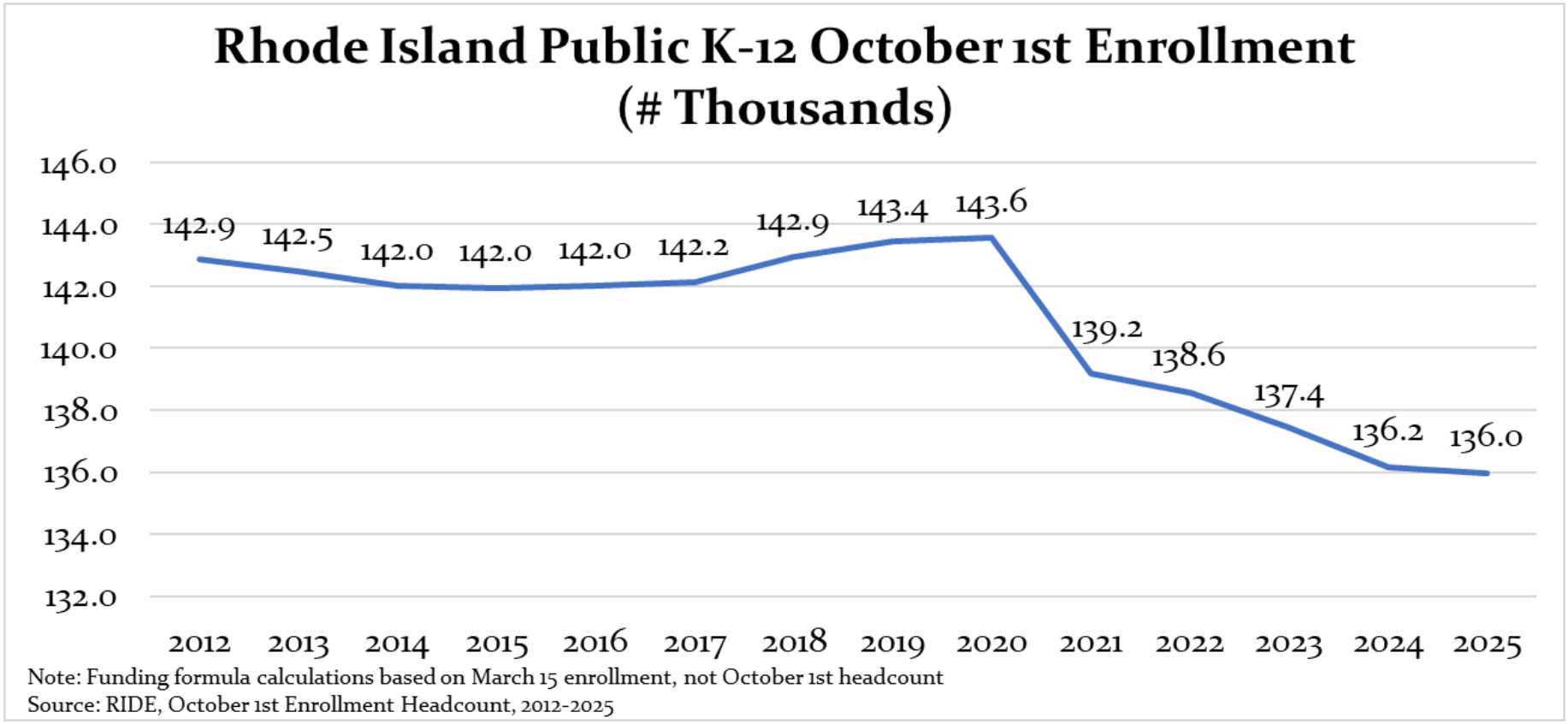
Source: U.S. Census Bureau, 2022 Public Elementary-Secondary Education Finance Data

Per pupil spending has been rising faster in recent years, even accounting for high inflation



Note: Expenditures net of debt service and capital projects
Source: RIDE, Per Pupil Expendiutres; RI BLS, CPI Series Reports; RIPEC calculations

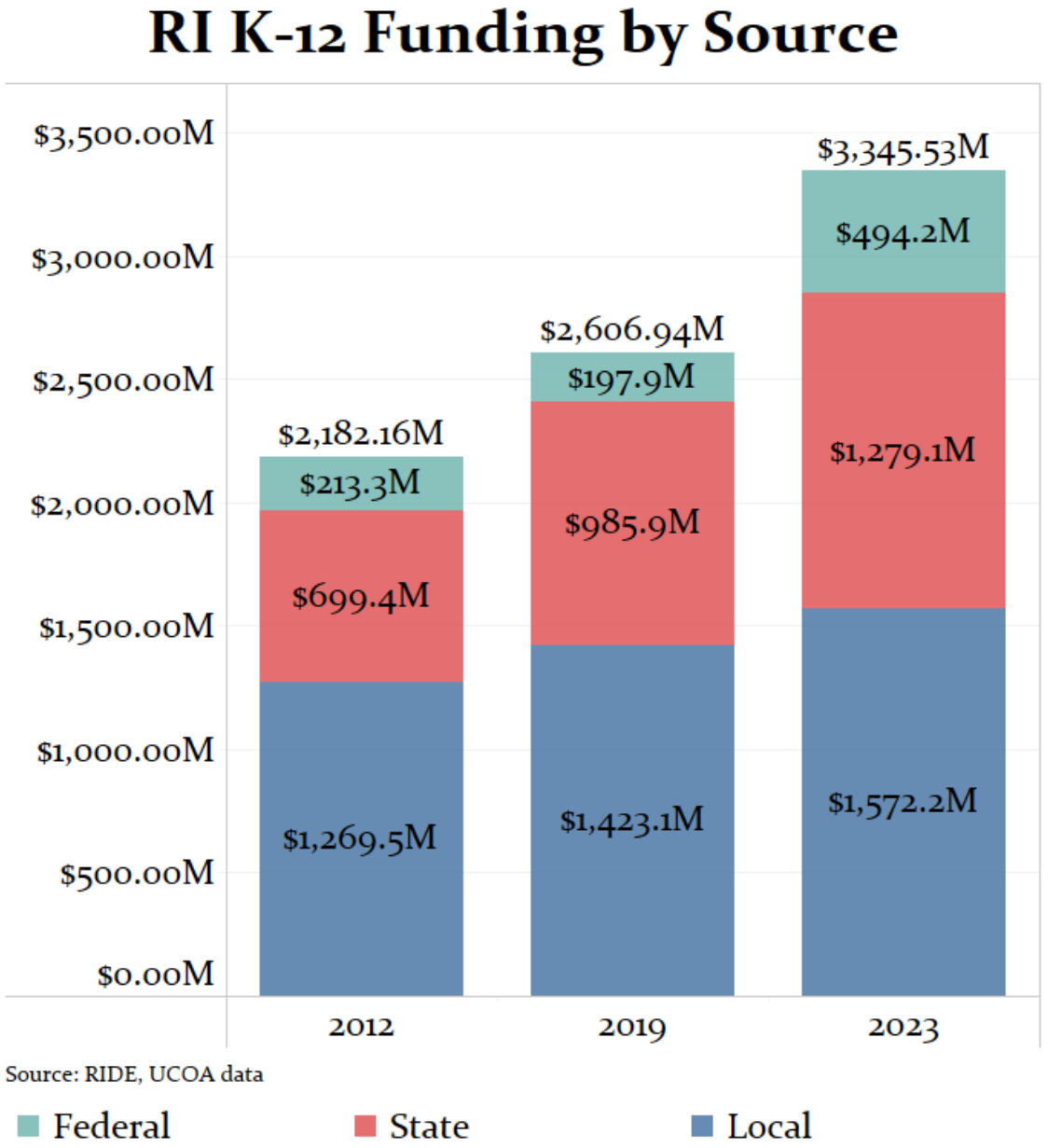
Spending is up per pupil in part because enrollment is down



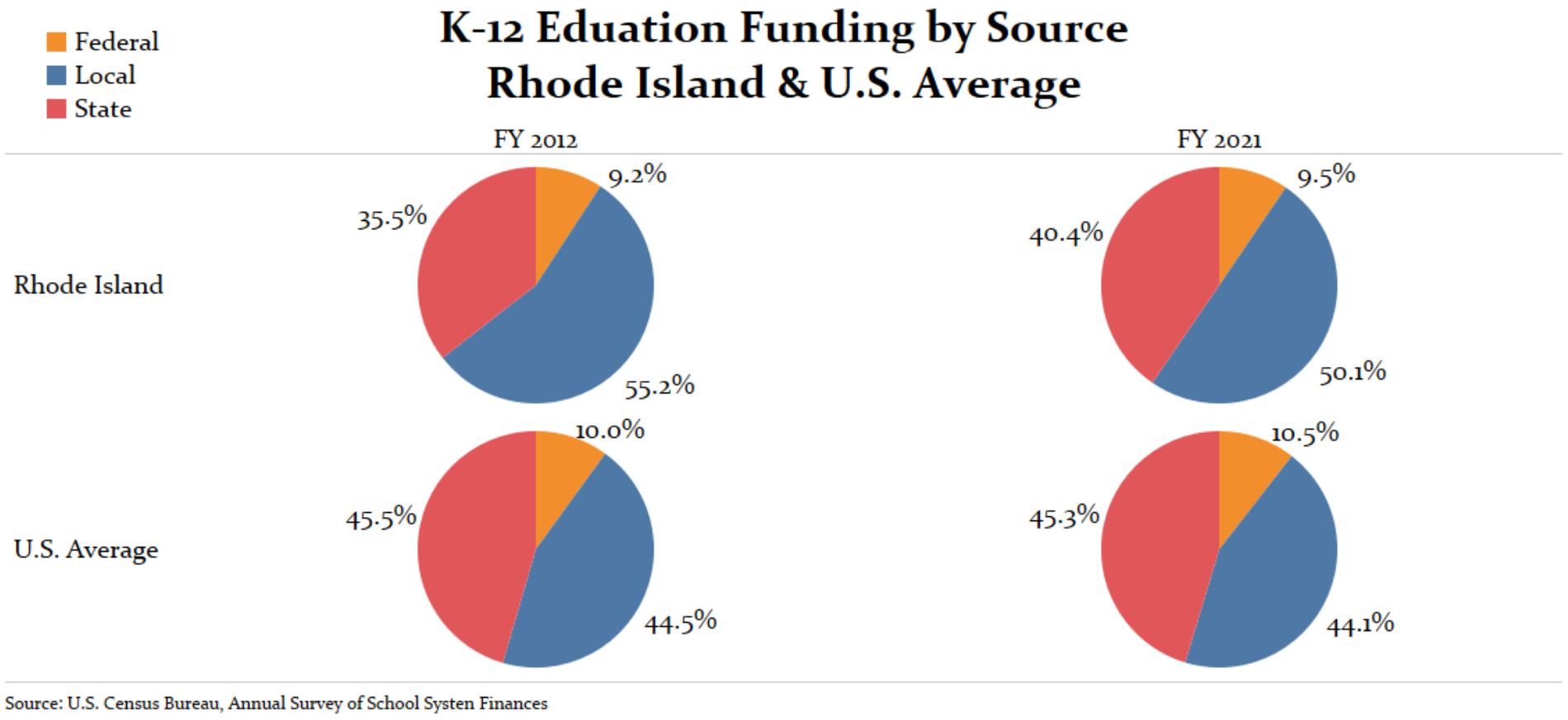
Note: Funding formula calculations based on March 15 enrollment, not October 1st headcount
Source: RIDE, October 1st Enrollment Headcount, 2012-2025

Total K-12 funding is up 53% since the formula was introduced, mostly due to state aid and temporary federal increases

- Required obligation of ESSER III aid by September 30,2024 not yet captured in data

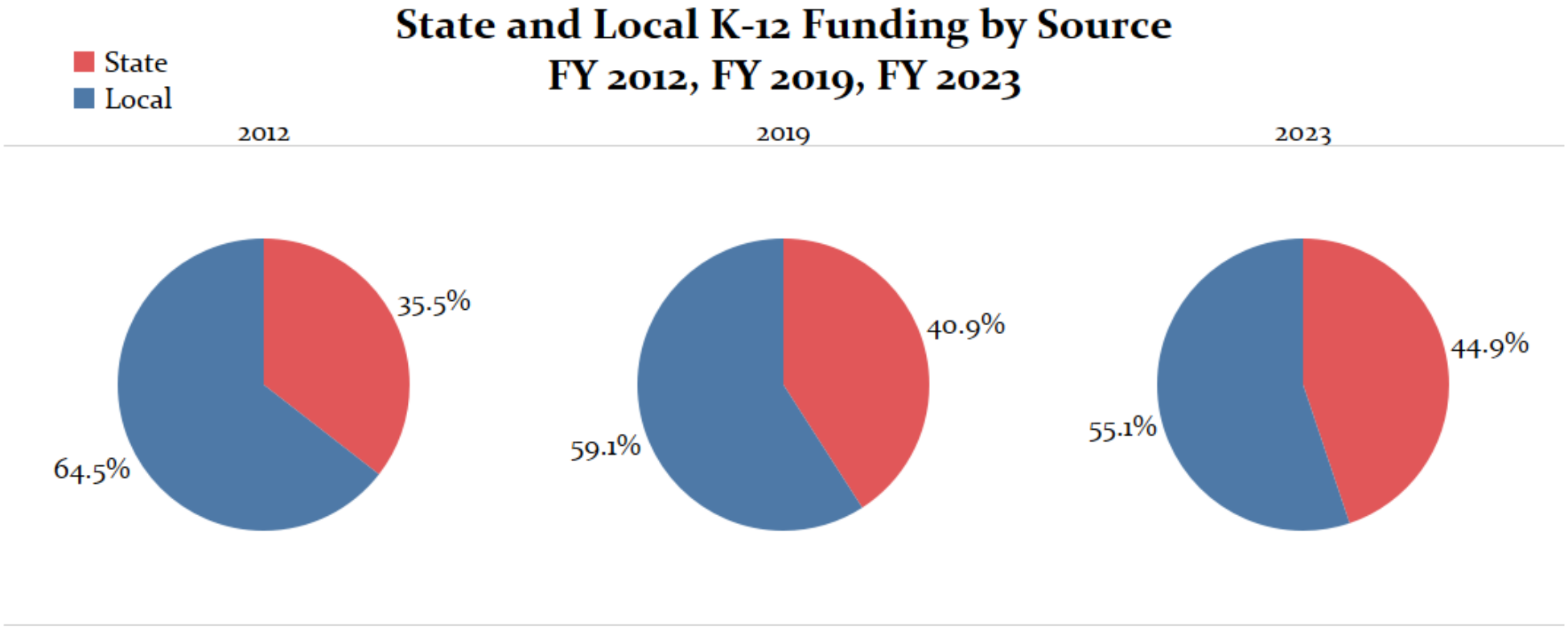


RI's funding mix has shifted considerably, but is still more reliant on local funding than U.S.



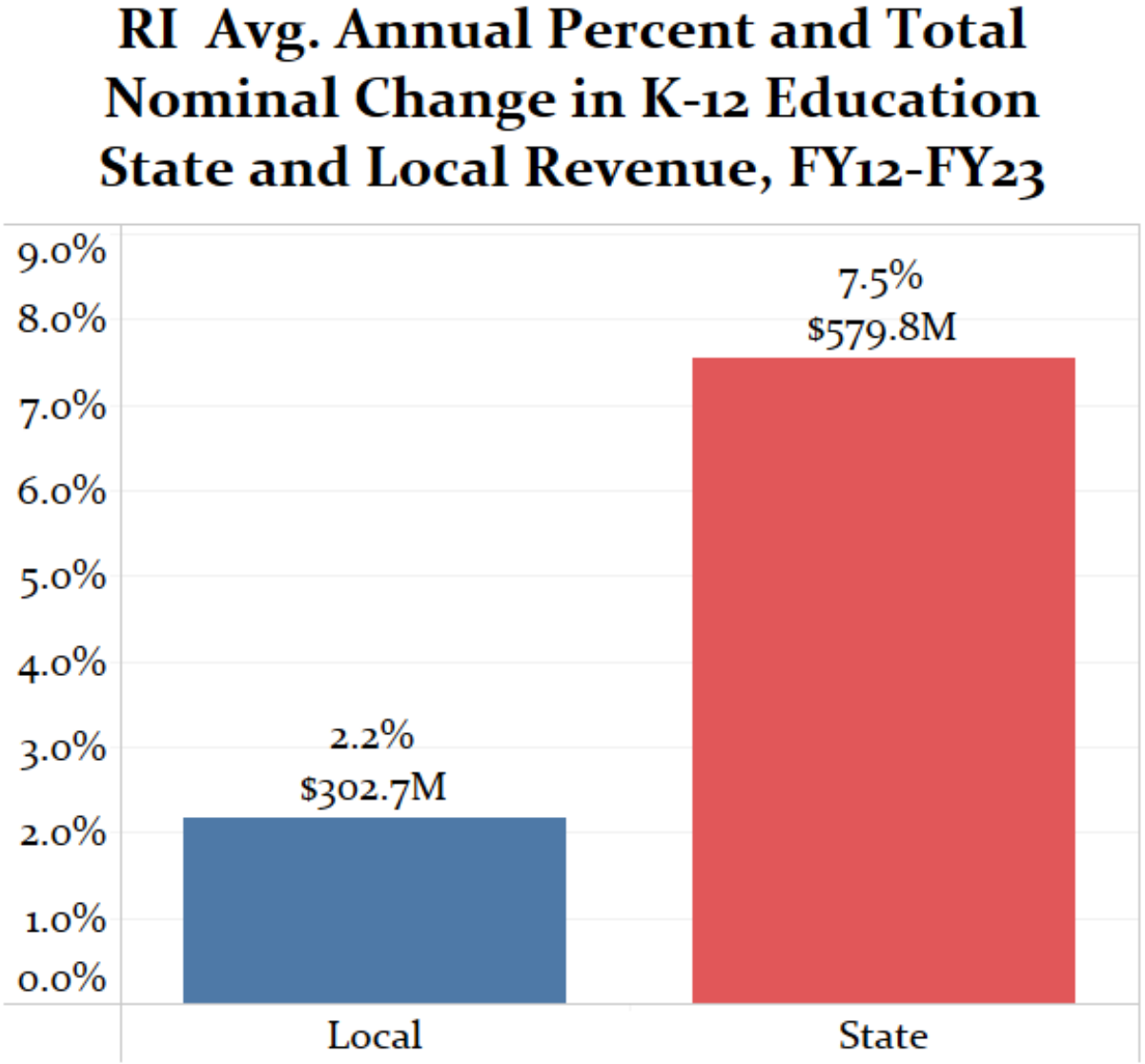
Source: U.S. Census Bureau, Annual Survey of School Systen Finances

RI is now more in line with the nation in terms of its approx. 1:1 state/local funding split



Source: RIDE, UCOA. RIPEC calculations

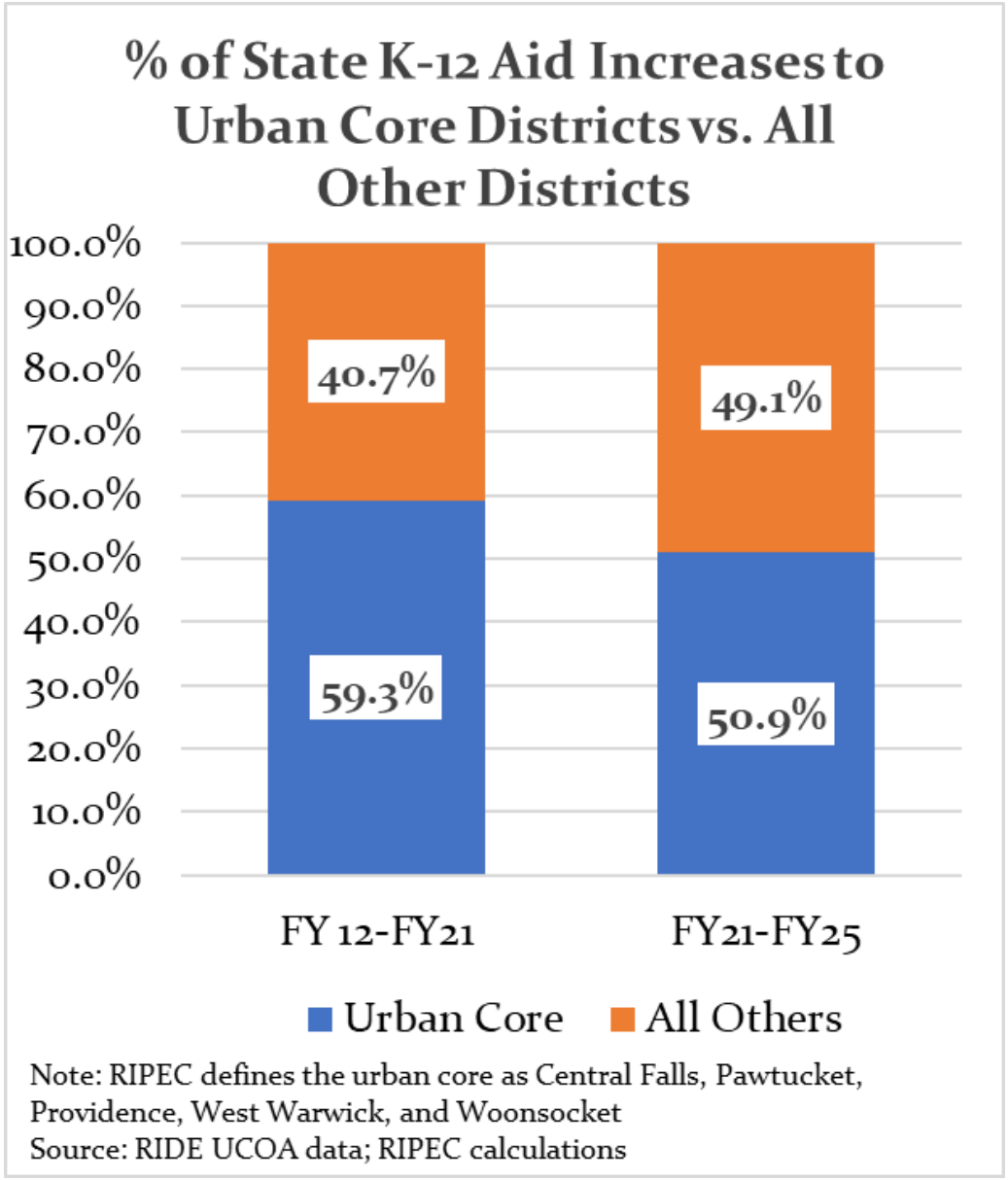
Change in RI's state/local mix resulted from state aid increases at over 3X rate of local aid increases



Source: RIDE, UCOA data; RIPEC calculations

A smaller share of state aid increases have gone to urban core schools from FY21 toFY25 than in the formula's phase-in period

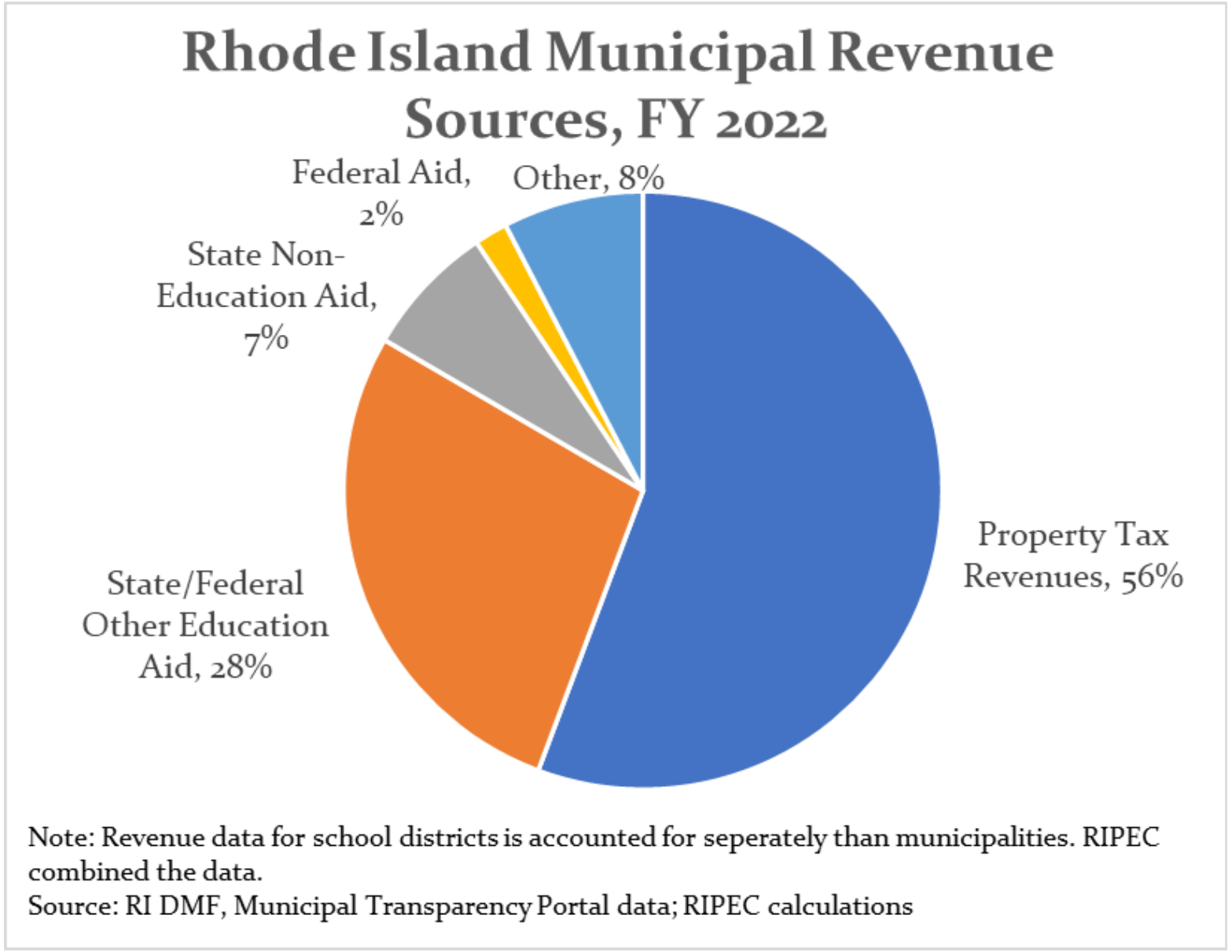
Urban core districts have also seen steeper enrollment declines (12% from FY21 toFY25 vs. 6% for all other districts)



Note: RIPEC defines the urban core as Central Falls, Pawtucket, Providence, West Warwick, and Woonsocket
Source: RIDE UCOA data; RIPEC calculations

Despite shift in state/local mix, over half of funding for K-12 schools is from property taxes

- Over 90% of locally-generated revenues are from property taxes
- Reliance on property tax revenues relative to state, federal aid varies significantly across cities and towns

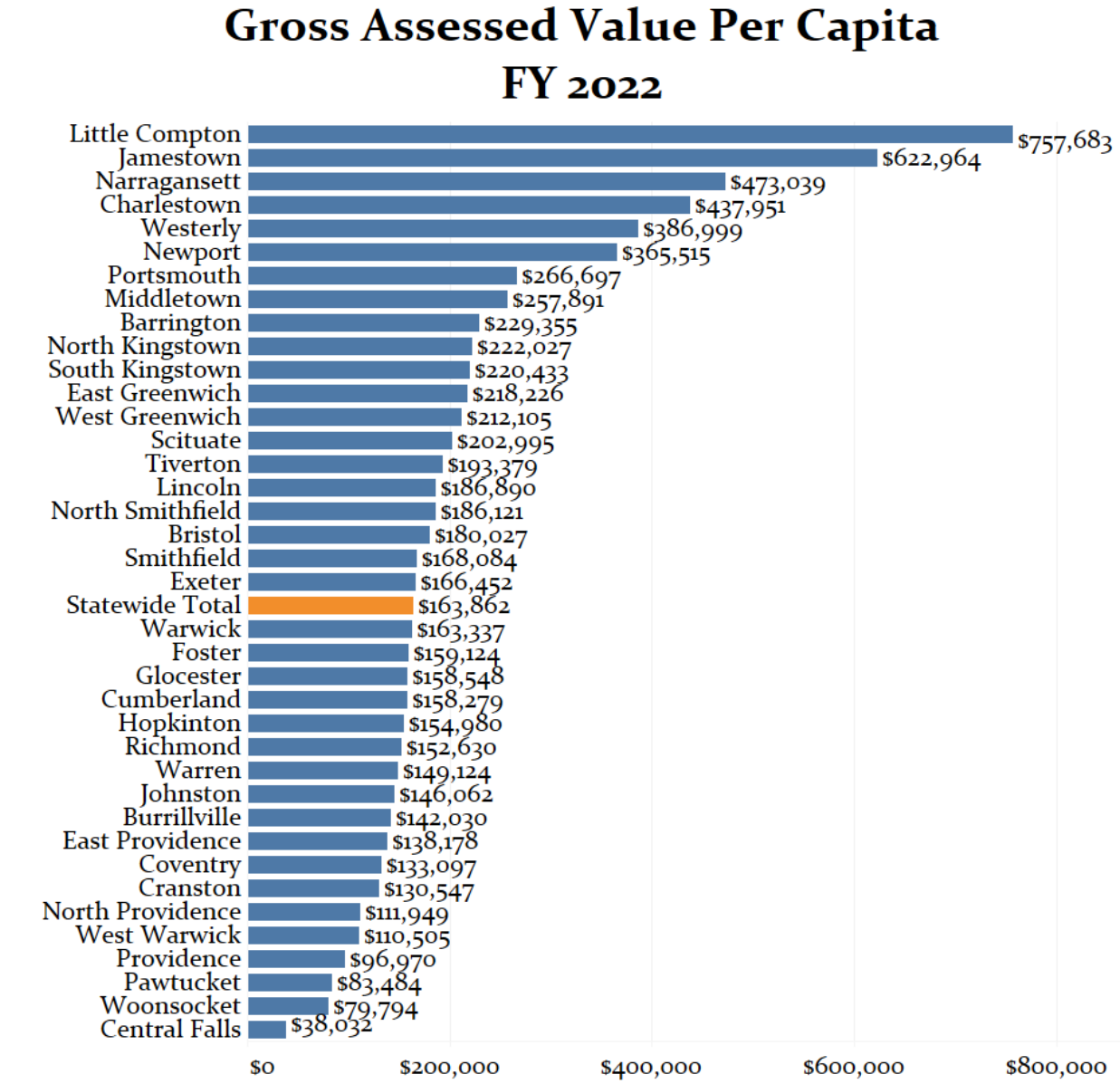


Note: Revenue data for school districts is accounted for seperately than municipalities. RIPEC combined the data.
Source: RI DMF, Municipal Transparency Portal data; RIPEC calculations

Funding formula: incorporates community's ability to pay but relatively weak local spending requirement

- The State Share Ratio is a quadratic mean of two elements:
  - Community ability to pay, based on equalized property valuations, adjusted by median family income
  - Proportion of PreK-6th grade students in poverty
- Local Maintenance of Effort
  - Generally, cities and towns must maintain funding level year over year
  - If enrollment declines, local contribution may be reduced proportionally, but no city or town appears to have utilized this provision

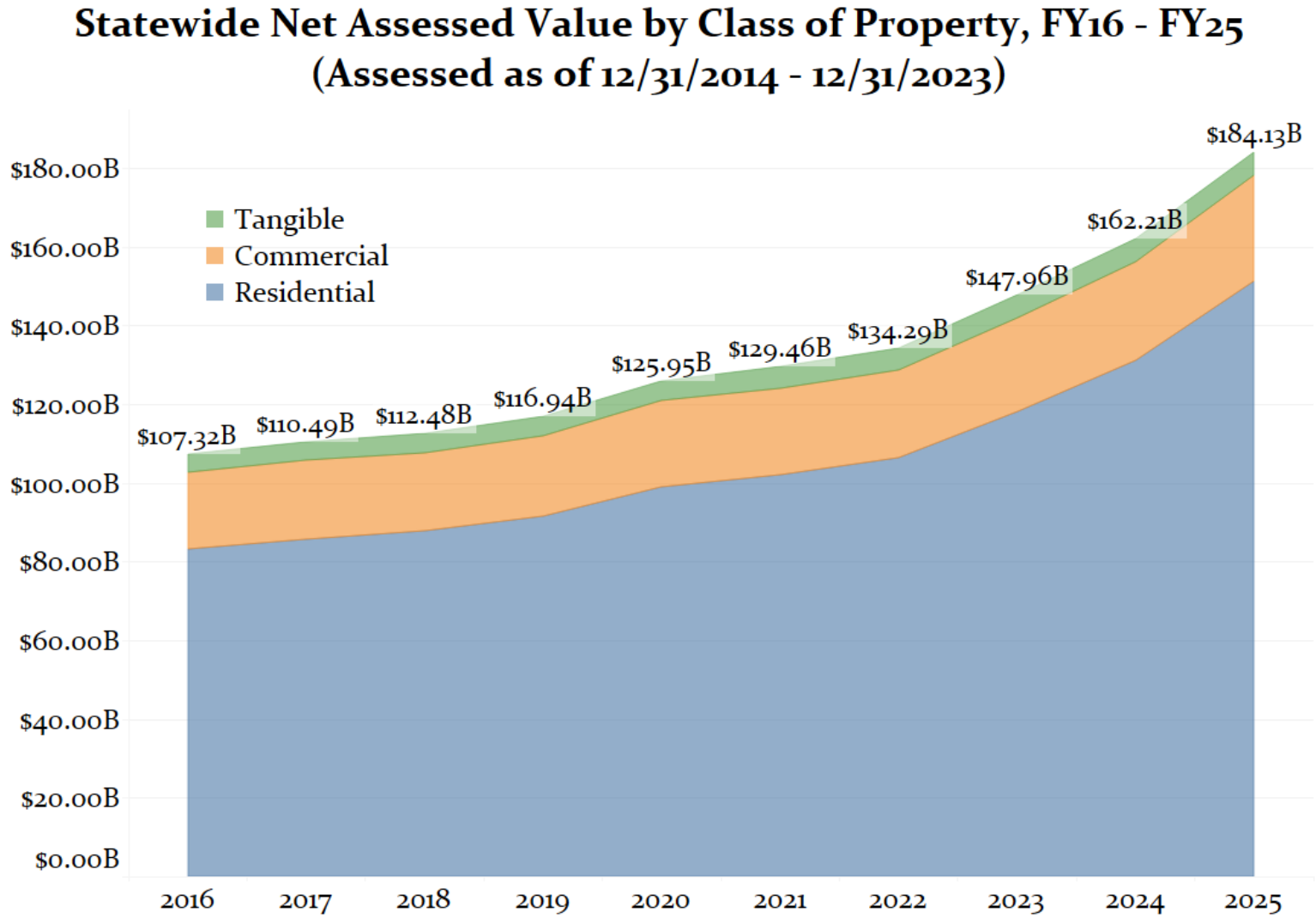
The range in per capita property value is remarkably wide



Note: New Shoreham, excluded for purposes of scale, had a gross assessed value per capita of $1,904,594
Source: R.I. Division of Municipal Finance; U.S. Census Bureau; RIPEC calculations.

Property values have ballooned in last few years, particularly residential property

Given the historical nature of assessments and RI's 3-year assessment schedule, very large increases will continue for the next few years

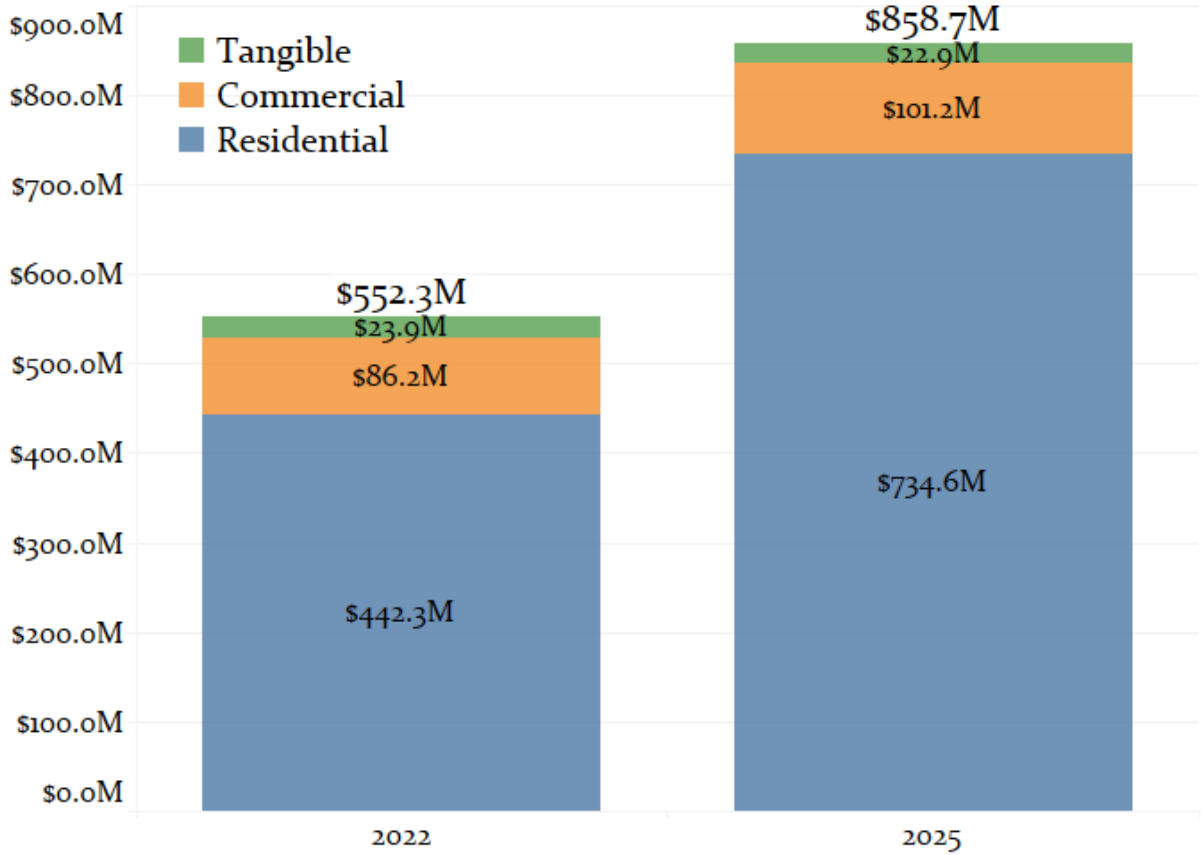


Note: For purpsoes of comparision, motor vehicle is excluded for FY 2016-FY 2023. Figure is net of municipal exemptions and is affected by the state's staggered three-year property revaluation cycle. Tangible property is reassessed annually.
Source: R.I. Division of Municipal Finance, Assessed Values

Low property wealth communities have had some of the greatest increases in property values

- Incomes also have risen faster in urban communities
- Property values and incomes in urban communities remain low relative to the state

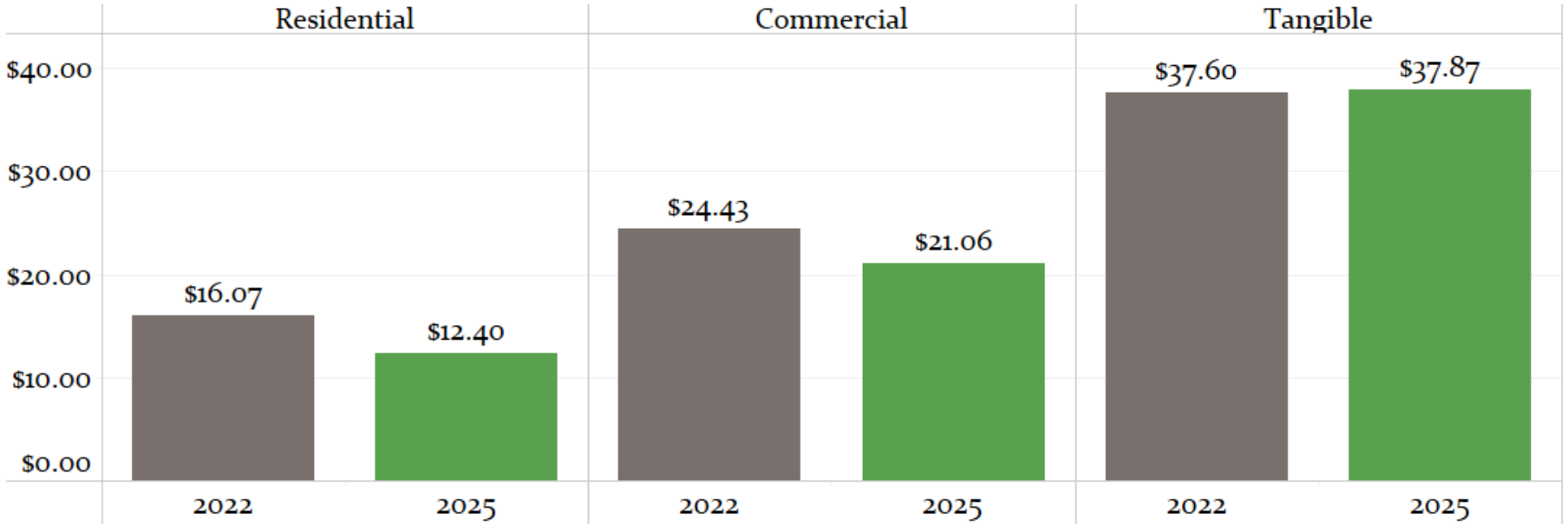
Central Falls Net Assessed Value by Class of Property, FY22 - FY25 (Assessed as of 12/31/20 vs. 12/31/23)



Note: Central Falls' last real property revaluation was for property assessed as of December 31, 2021 (FY 2023). Assessment is net of motor vehicle property for FY 2022.
Source: R.I. Division of Municipal Finance, Assessed Values

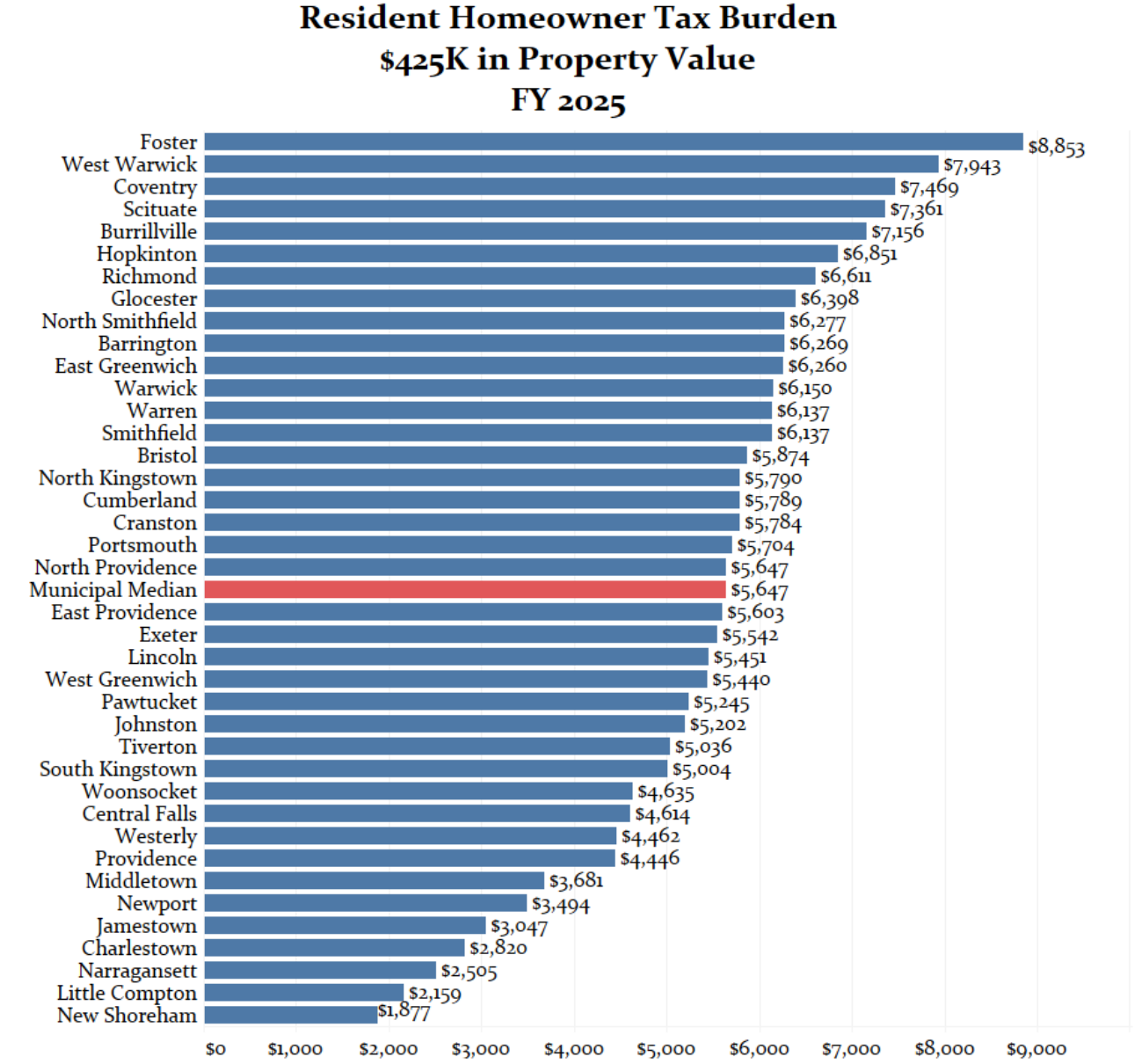
In response, municipalities have reduced property tax rates, particularly residential

Rhode Island Municipal Effective Property Tax Rate by Class of Property
(Per $1K Assessed Value)
FY 2022 vs. FY 2025



Note: The effective property tax rate is calculated by dividing the levy for each class of property by the total assessed value divided by $1,000.
Source: R.I. Division of Municipal Finance, Assessed Values and Levies; RIPEC calculations.

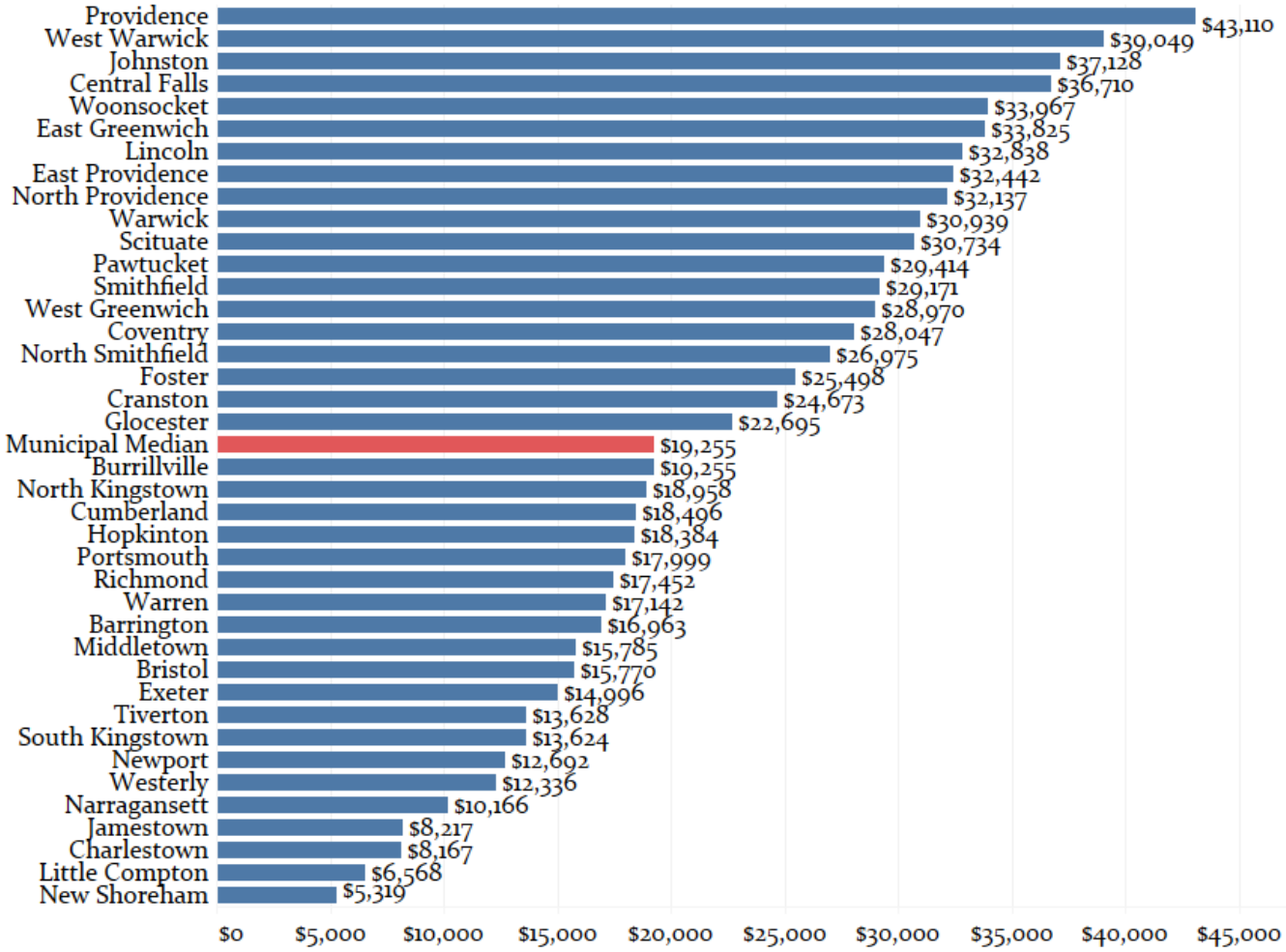
There is wide difference in the taxes paid on property of the same type, and of equal value, across cities and towns



Note: Tax burden for East Providence and Cumberland reflect FY 2024. The most recent available tax rate data was used for for fire disitrcts.
Source: R.I. Division of Municipal Finance, Municipal Finance Tax Rates, Fire District Tax Rates, Report on Veteran, Senior, and Other Tax Exemption Programs; Municipal sources; RIPEC calculations.

The differences between cities and towns are even wider for business and apartment property

Business Tax Burden
$1.0M in Real and $200K in Tangible Property Value
FY 2025



Note: Tax burden for East Providence and Cumberland reflect FY 2024. The most recent available tax rate data was used for municipalities and for fire disitrcts.
Source: R.I. Division of Municipal Finance, Municipal Finance Tax Rates, Fire District Tax Rates, Report on Veteran, Senior, and Other Tax Exemption Programs; Municipal sources; RIPEC calculations

Less affluent communities have relatively low rates for resident homeowners but high rates for landlords, renters, and businesses

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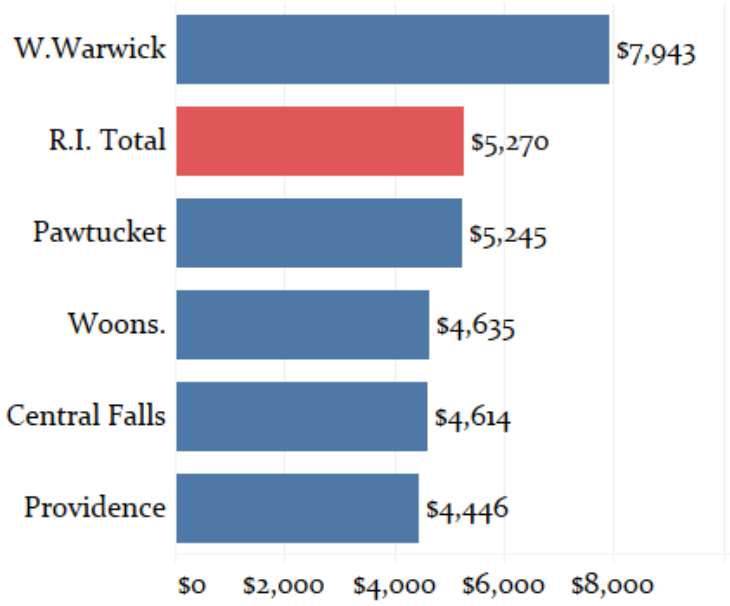
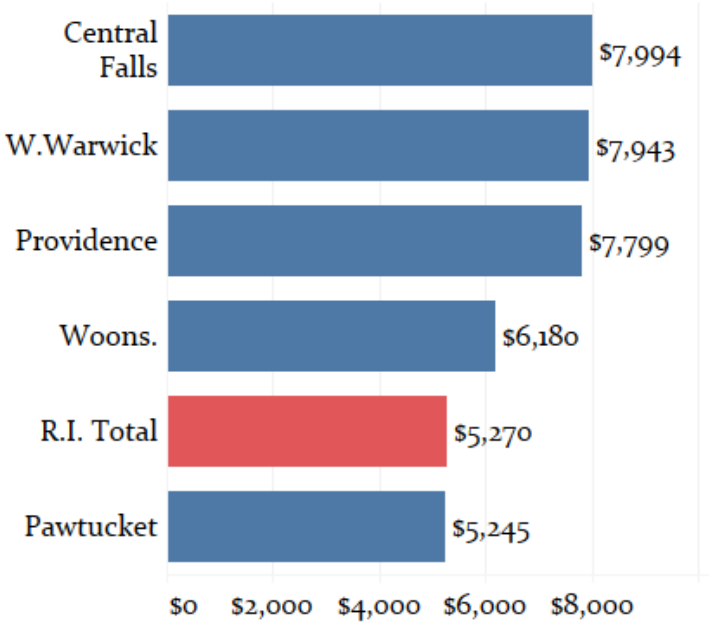
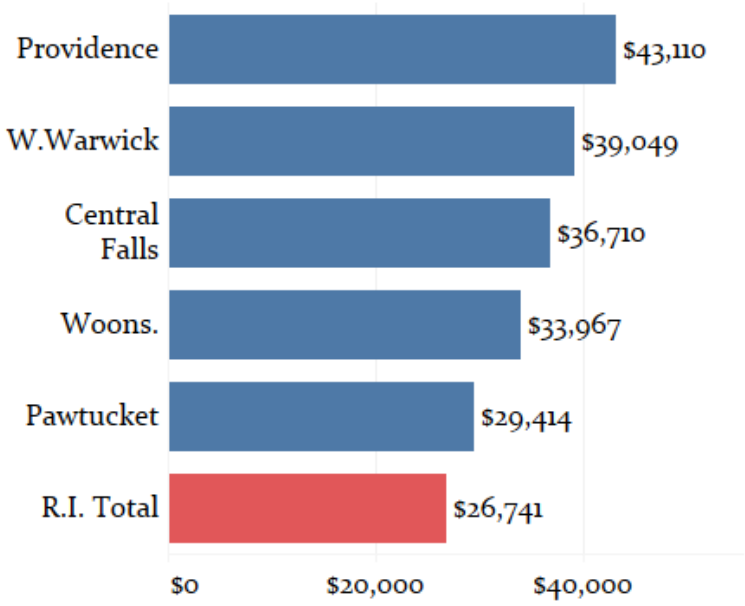
Homeowner Tax Burden $425K in Property Value FY 2025



Nonresident Tax Burden $425K in Property Value FY 2025



Business Tax Burden with $1M in Real Estate and $200K in Tangible FY 2025



Most cities and towns have historically stayed well within RI's 4% levy cap

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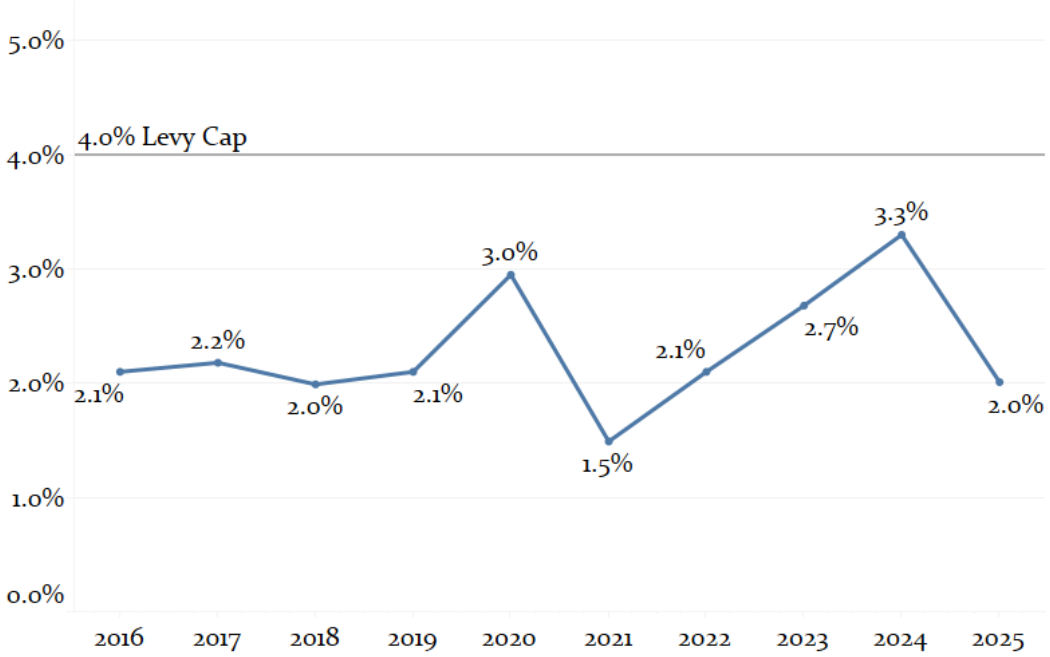
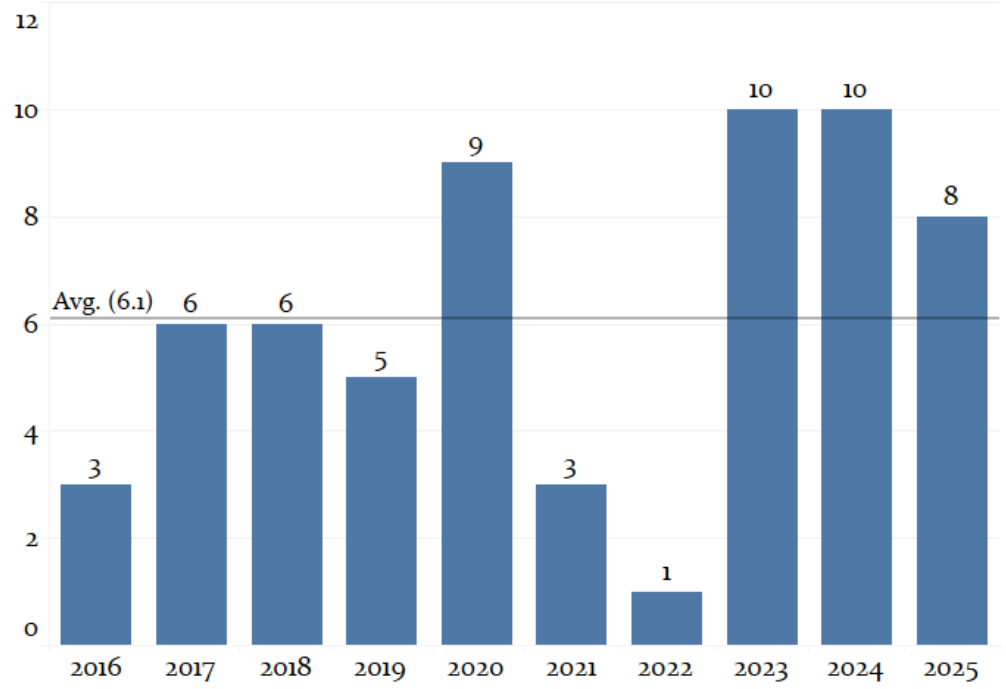
R.I. Municipal Levy Annual Change



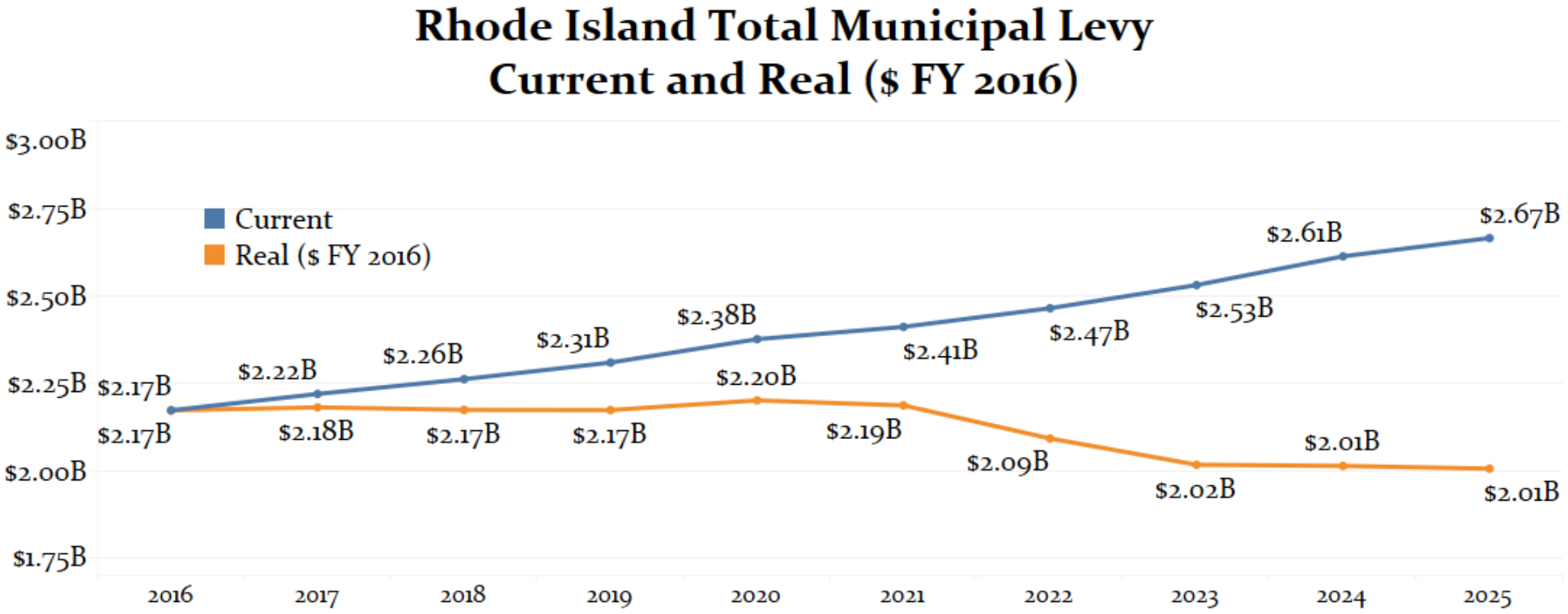
Source: R.I. Division of Municipal Finance, Reports on the Property Tax Cap

Number of Cities and Towns With Annual Municipal Levy Increase Over 3.90 Percent



Source: R.I. Division of Municipal Finance, Reports on the Property Tax Cap, FY 2016 - FY 2025; RIPEC calculations

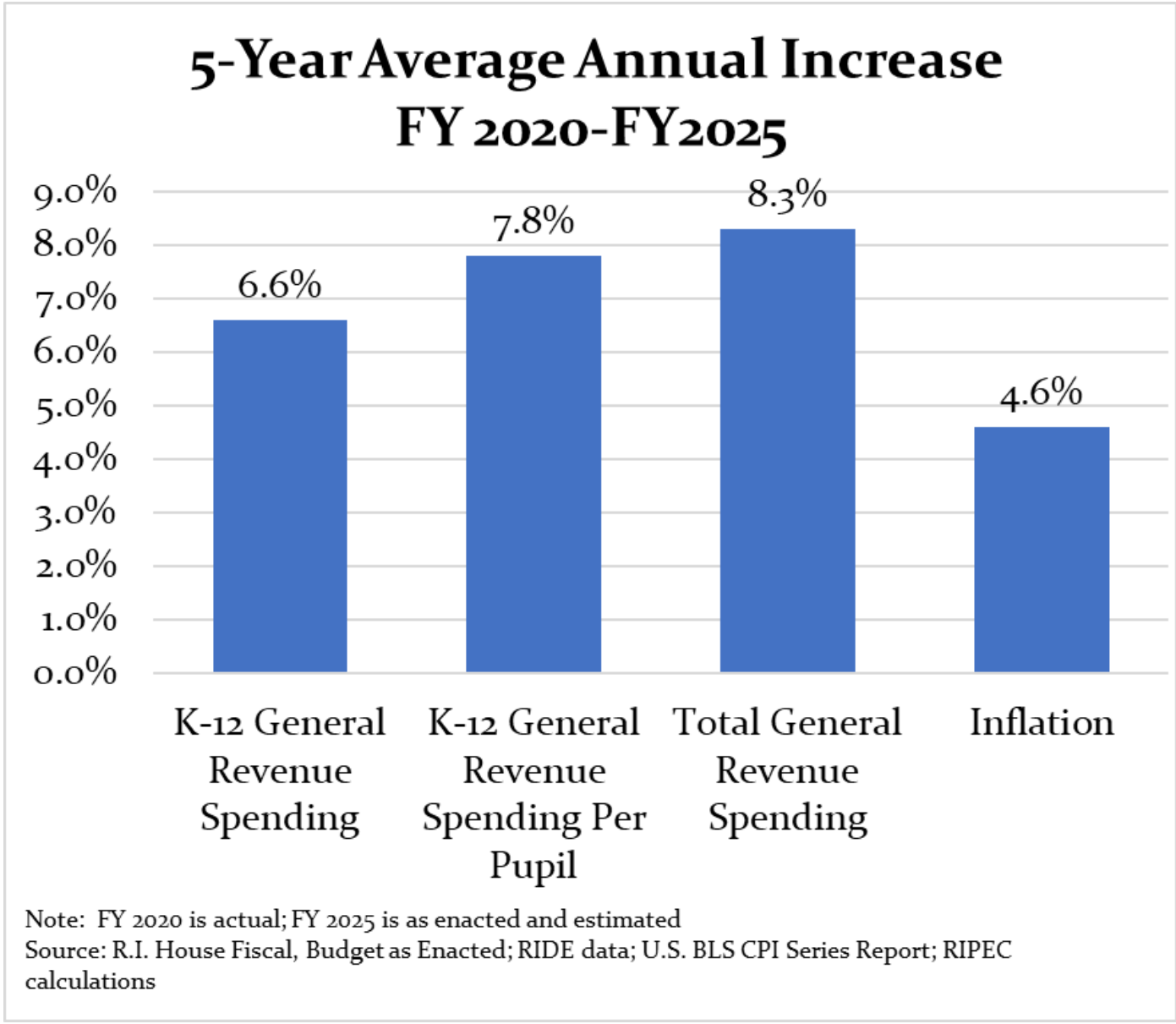
Since FY21, as property values exploded, levy increases have been below inflation



Note: For purposes of comparision, motor vehicle is excluded for FY 2016-FY 2023.
Source: R.I. Division of Municipal Finance, Municipal Levies; U.S. BLS, CPI Series Report; RIPEC calculations

General revenue spending on K-12 increased well above inflation while enrollment declined

Even on a per pupil basis, K-12 general revenue spending still lagged overall GR spending



Note: FY 2020 is actual; FY 2025 is as enacted and estimated
Source: R.I. House Fiscal, Budget as Enacted; RIDE data; U.S. BLS CPI Series Report; RIPEC calculations

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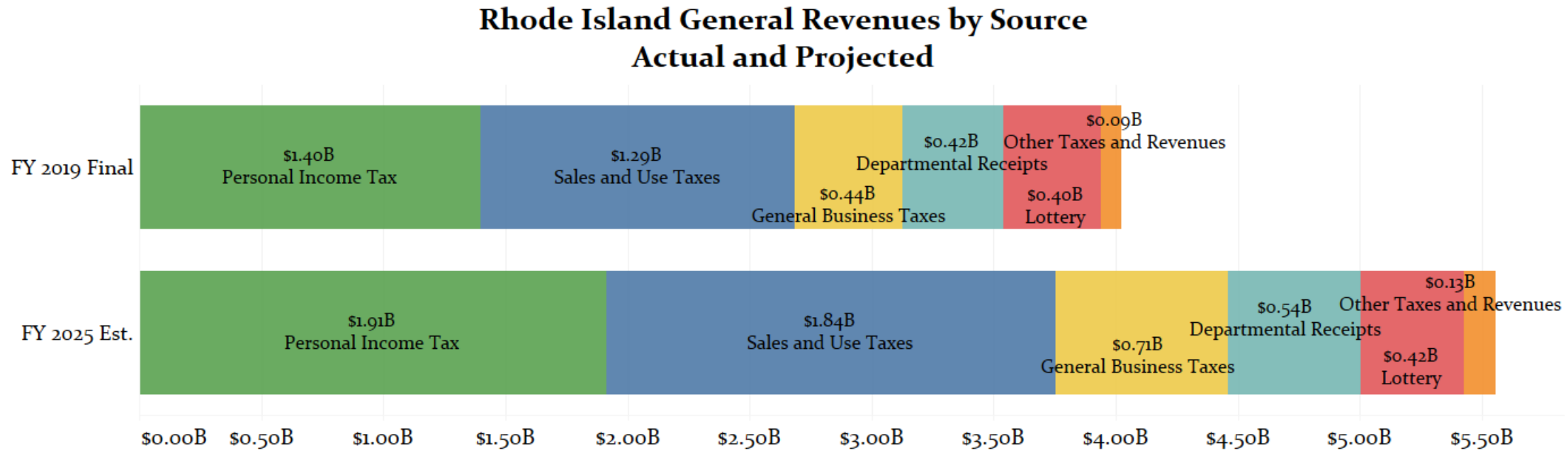
General revenue increases are not from new revenues, but growth in existing sources



Note: Sales and use taxes include excise taxes on motor vehicles, cigarette, and alcohol. General business taxes include business corporations, public utilities, financial institutions, insurance companies, bank deposits, and health care provider taxes. Other taxes and revenue include inheritance and gift taxes, racing and athletics taxes, realty transfers, unclaimed property, and other miscellaneous. Departmental receipts estimate for FY 2026 includes a hospital licensing fee estimate at the FY 2025 level ($215.7 million).
Source: R.I. OMB,Revenue Estimating Conference Reports

Most districts have seen low levels of local increase relative to state increases – apparent in urban, suburban, and rural districts

Slide 1/2

Change in District Local and State Revenues and Enrollment by Lowest to Highest Avg. Annual Increase in Local Revenues FY 2019 - FY 2023

District	Revenue Source Change				Enrollment Change	
	Local Revenue		State Revenue			
	Nominal ($ Mil.)	Avg. Annual %	Nominal ($ Mil.)	Avg. Annual %	Nominal	%
Woonsocket	$ 0.01	0.0%	$ 9.85	3.9%	-415	-6.9%
Westerly	$ 1.36	0.7%	$ 0.22	0.6%	-421	-15.7%
North Providence	$ 0.97	0.7%	$ 4.88	5.2%	-30	-0.9%
South Kingstown	$ 1.73	0.8%	$ (0.85)	-3.4%	-440	-15.0%
Pawtucket	$ 1.50	1.1%	$ 12.94	3.5%	-828	-9.4%
Johnston	$ 1.79	1.2%	$ 2.79	3.8%	-118	-3.7%
Chariho	$ 2.49	1.3%	$ 1.75	2.8%	-148	-4.7%
Providence	$ 7.68	1.4%	$ 25.93	2.5%	-2,739	-11.9%
Burrillville	$ 1.24	1.5%	$ 2.34	4.7%	-239	-10.5%
West Warwick	$ 1.96	1.5%	$ 8.30	7.9%	-92	-2.6%
Cranston	$ 6.19	1.6%	$ 11.75	4.8%	-175	-1.7%
Smithfield	$ 2.13	1.6%	$ (0.22)	-0.7%	35	1.5%
Lincoln	$ 2.94	1.7%	$ 4.81	9.4%	169	5.5%
Newport	$ 2.06	1.8%	$ 3.19	6.3%	-259	-12.1%
Coventry	$ 4.30	2.2%	$ 2.21	2.4%	-462	-10.0%
Warwick	$ 11.56	2.3%	$ 5.07	3.3%	-738	-8.5%
Exeter-WG	$ 2.53	2.4%	$ (0.06)	-0.2%	-98	-6.1%
Portsmouth	$ 3.36	2.4%	$ (0.36)	-2.1%	-242	-10.0%

Most districts have seen low levels of local increase relative to state increases – apparent in urban, suburban, and rural districts

Slide 2/2

Change in District Local and State Revenues and Enrollment by Lowest to Highest Avg. Annual Increase in Local Revenues FY 2019 - FY 2023

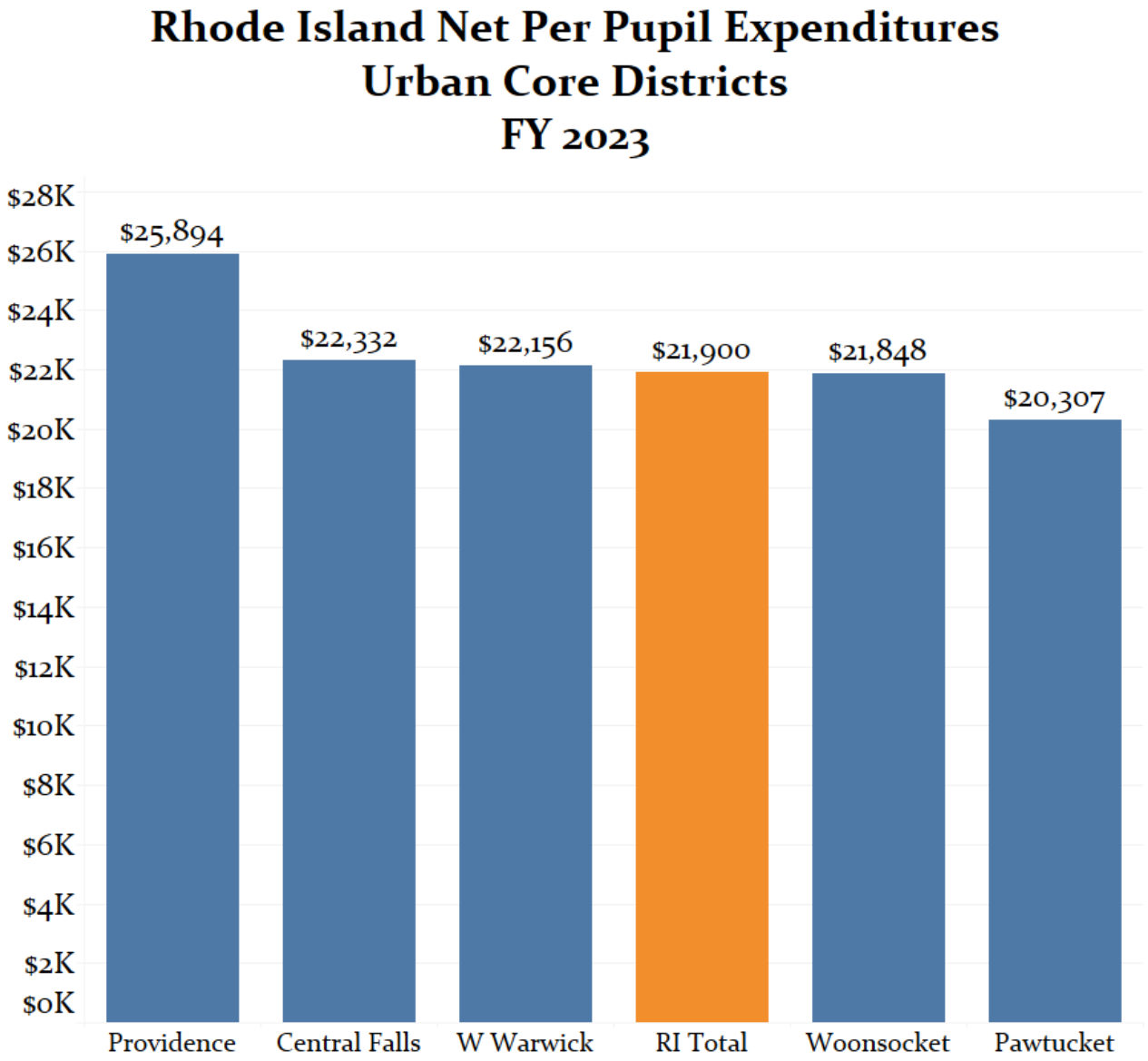
District	Revenue Source Change				Enrollment Change	
	Local Revenue		State Revenue			
	Nominal ($ Mil.)	Avg. Annual %	Nominal ($ Mil.)	Avg. Annual %	Nominal	%
Bristol-Warren	$ 4.34	2.7%	$ (1.55)	-2.3%	-325	-10.1%
Narragansett	$ 3.02	2.8%	$ (0.07)	-0.7%	-138	-10.8%
Cumberland	$ 5.41	2.9%	$ 1.97	2.4%	107	2.3%
Barrington	$ 5.37	2.9%	$ 3.54	16.0%	27	0.8%
North Smithfield	$ 2.43	3.0%	$ 0.42	1.7%	-40	-2.4%
East Greenwich	$ 4.80	3.3%	$ 1.67	12.5%	3	0.1%
Scituate	$ 2.66	3.4%	$ (0.88)	-6.4%	-38	-3.1%
Little Compton	$ 0.95	3.4%	$ 0.11	7.3%	-29	-12.4%
East Providence	$ 6.89	3.6%	$ 4.41	2.8%	-139	-2.6%
Middletown	$ 3.94	3.6%	$ 0.72	2.2%	-183	-8.5%
Foster-Glocester	$ 2.78	3.6%	$ 0.49	1.4%	61	4.7%
North Kingstown	$ 8.43	3.6%	$ 2.09	5.1%	-162	-4.1%
New Shoreham	$ 0.77	3.9%	$ 0.22	34.7%	-1	-0.8%
Jamestown	$ 1.86	3.9%	$ (0.06)	-2.7%	-92	-18.4%
Glocester	$ 1.13	4.3%	$ 0.26	2.8%	48	9.1%
Foster	$ 0.58	4.5%	$ (0.12)	-2.3%	-44	-17.2%
Central Falls	$ 0.18	5.0%	$ 19.70	11.3%	-118	-4.3%
Tiverton	$ 5.06	5.3%	$ 0.64	2.4%	-126	-7.2%

Note: Enrollment is determined by average daily membership for the school years corresponding to FY 2019-FY 2023 (2018-19 - 2022-23). Figure does not include change in state or local aid for students residing in these districts who attend public school out of district.
Source: RIDE, UCOA Data, RIPEC calculations.

Some urban core districts have lower PPE than RI LEAs overall

Despite increased costs of educating students in poverty and MLLs, who are heavily concentrated in these districts

Funding will look less generous with the end of federal COVID aid



Note: Expenditures are net of debt service and capital projects expenditures, as well as tuition to other public schools.
Source: RIDE, FY 2023 Per Pupil Expenditure Chart

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