



**State Fiscal Note for Bill
Number: 2015-H-5540**

Date of State Budget Office Approval:

Date Requested: Thursday, March 05, 2015

Date Due: Sunday, March 15, 2015

<i>Impact on Expenditures</i>		<i>Impact on Revenues</i>	
FY 2015	n/a	FY 2015	n/a
FY 2016	\$998,796	FY 2016	n/a
FY 2017	+\$998,796	FY 2017	n/a

**Explanation by State
Budget Office:**

This bill would restore the amount of education aid to be paid to the towns of Middletown and Portsmouth, to the level of education aid they received from the state, immediately prior to the implementation of the state funding formula in FY 2012. This amount shall constitute the base amounts for the communities and shall not be lowered without further action by the general assembly.

**Comments on
Sources of Funds:**

Source of funds for education aid is general revenue.

**Summary of Facts
and Assumptions:**

Both the towns of Middletown and Portsmouth are considered 'losing' districts under the education aid formula, in that during the transition period, they receive less education aid over the ten year period. During the transition period, empirical data on student poverty, and adjusted assessed property values are utilized to update the state share allowance for each district, so their rate of 'losing' state education aid may vary from year to year.

The funding formula is complex, taking into consideration several factors with an attempt to equalize the distribution of education aid to all districts equally. Any change to a factor or component of the formula may result in a conflict with the tenants of the policy, or create an inequity in aid distribution for another community.

The proposed bill does not address the application of the formula in subsequent years, other than to say that the amount to be paid to the communities shall not be less than the amount paid in FY 2011, or the year prior to implementation of the formula. In FY 2011, the Town of Middletown received \$8,941,414 and the Town of Portsmouth received \$5,485,149 in the Governor's recommendation for that year.

**Summary of Fiscal
Impact:**

An estimate of fiscal impact for FY 2015 would not be applicable as the proposed bill would not become law until the 2015/2016 school year. For FY 2016 under the current formula calculation, the Town of Middletown is to receive \$8,660,856, or \$280,558 less than the pre-formula amount in FY 2011. For Portsmouth, the FY 2016 amount is \$4,766,911, or \$718,238 less than the pre-formula amount in FY 2011. These two differences added together total \$998,796 or the amount of general revenue that would be required above the funding formula to bring the two communities to the FY 2011 level. For FY 2017, it is known that the amount would likely be more (as the two communities would continue to 'lose' under the formula), however, student and property data updates during FY 2016 would provide the actual amount for the FY2017 calculation.

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Thursday, March 19, 2015

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