

## **Testimony in Support of H5749: Poverty Loss Stabilization Fund**

Mark Schwager, President, East Greenwich Town Council

H5749 Support

Good evening committee members. I am Mark Schwager, President of the East Greenwich Town Council. Thank you for the opportunity to speak in support of H5749, which raises the poverty loss stabilization fund for districts experiencing significant declines in their state share ratio for education aid.

The "Poverty Loss Stabilization Fund" is not exclusively tied to changes in student poverty levels. Districts may qualify if their state share ratio decreases due to various factors, such as increased local property wealth per student, resulting in reduced state aid. Importantly, a community's increase in property wealth may not translate to increased revenue for local government.

East Greenwich faces the largest reduction in state aid of any Rhode Island community—\$860,000—and this is occurring at a particularly challenging time. Our schools department's reserve fund has been depleted by emergency repairs at our aging high school and by purchasing a portable classroom for an elementary school with surging enrollment. Despite the Town Council's commitment to increase the school's 2026 tax transfer by the statutory maximum of 4%, the district had to address an overall shortfall of approximately \$2M.

These budget cuts affect core educational services, reducing teachers and paraprofessionals, and cutting hundreds of thousands of dollars from basic facility maintenance, technology, field trips, and equipment.

At the same time, East Greenwich is undertaking a \$150M school building project to replace two elementary schools, renovate our high school, and convert another elementary school into a preK-K facility. In FY26, we will issue construction bonds increasing our debt service by \$2M, and requiring a waiver to exceed the 4% tax levy cap.

Our community strongly supports education—nearly 70 cents of every tax dollar goes to schools, and voters overwhelmingly approved our school bond. However, there are practical limits to what local governments can absorb.

The Poverty Loss Stabilization Fund reflects Rhode Island's commitment to protecting districts from abrupt funding changes and promoting the equitable distribution of

educational resources. Your support of H5749 would shield East Greenwich, and other districts, from the immediate adverse impact of this year's state aid reductions.

Thank you for your consideration.