

House Committee on Finance
State of Rhode Island General Assembly

February 28, 2026
Testimony in support of H-8157

Dear members of the House Committee on Finance,

I am vice chair of the East Greenwich School Committee and I want to express my strong support for H-8157.

Last year the SSRC for East Greenwich fell by 8.7%, from 25.9% to 17.2%. This is more than four times the change required to trigger the Poverty Loss Stabilization Fund provision.

Accordingly, the formula aid for East Greenwich was reduced by 27%, from \$6,253,354 to \$4,506,258. A \$1.7 million reduction corresponds to 4% of the local tax appropriation, so it would wipe out an entire year's increase in the local tax appropriation, resulting in a level funding situation even if the town provided the maximum allowed increase.

On reconciliation, the Poverty Loss Stabilization Fund provided an additional \$1,012,068 which increased the FY2026 formula aid to \$5,567,633 and allowed us to avoid laying off critical staff.

That said, I want to point out a little appreciated operational characteristic of the Poverty Loss Stabilization Fund. In a year that follows an extreme reduction in the SSRC, barring a total financial collapse of the town's finances, a further 2% reduction is unlikely. This means that a district experiencing a significant benefit from the Poverty Loss Stabilization Fund mechanism one year is unlikely to qualify in the subsequent year.

It is generally not appreciated that when this occurs, in the absence of any correcting mechanism, the funding formula reverts to the original value, not the reconciled value. This has the effect of rescinding the additional funds that were provided the previous year, and completely cancels out the effect of the Poverty Loss Stabilization Funds provided the previous year.

Another way of putting this is that if the district qualifies in FY2026 and receives additional funds, if they do not experience a 2% drop in SSRC in FY2027, those funds are deducted from the FY2027 formula aid. This is done implicitly by basing the FY2027 aid on the FY2026 aid before reconciliation. The effect is to create a situation where the Poverty Loss Stabilization Funds are effectively just an advance on the FY2027 formula aid. No additional funds are actually provided: by the end of FY2027, the funding received by the district is exactly the same as they would have received if the Poverty Loss Stabilization Funds did not exist.

As an example, in FY2027 our SSRC *increased* by 2%, which means we did not qualify for Poverty Loss Stabilization Funds. The funding formula called for an increase of \$599,234, but this was applied to the unreconciled FY2026 aid of \$4,506,258 resulting in FY2027 formula aid of \$5,105,483, which is about \$400,000 less than the reconciled FY2026 formula aid. In effect, the approximately \$1 million in Poverty Loss Stabilization Funds received in FY2026 was deducted from the reconciled formula aid before the \$599,234 was added in, resulting in a net loss of \$400,000.

I believe the rescinding of the Poverty Loss Stabilization Funds received in one year in a subsequent year is contrary to the intent of the statute, which is to dampen the large oscillations that are an artifact of the current funding formula.

An individual student might spend 13 years in the district, and I believe the School Committee has a responsibility to ensure a consistent, stable funding environment. We never want to be in the position of having to say to a cohort of students that services their older siblings received are no longer available due to funding cuts. The Poverty Loss Stabilization Funds mechanism goes a long way towards improving the stability of school funding, but its tendency to rescind the additional funds in subsequent years reduces its effectiveness.

An obvious fix would be to apply the formula aid increase to the reconciled aid from the previous year. This would avoid the rescinding problem, but would result in formula aid that was out of sync with the formula.

In FY2026 the Poverty Loss Stabilization Funds were a real lifesaver. Having those funds effectively rescinded this year was detrimental to our ability to deliver the high quality educational experience our residents have come to expect. I would hope that future legislation would address this shortcoming.

Sincerely,

Eugene Quinn, Ph.D.
Vice Chair, East Greenwich School Committee
Chair, Revenue and Finance Committee