

April 28, 2026

The Honorable Marvin L. Abney
Chair, House Committee on Finance
State House
Providence, RI 02903

**Re: 2026 H-8429- AN ACT RELATING TO EDUCATION –
SCHOOL COMMITTEES AND SUPERINTENDENTS**

Dear Chair Abney:

The Division of Municipal Finance (“DMF”) writes to provide information that may be of assistance to the Committee as it considers House Bill 8429, An Act Relating to Education-School Committees and Superintendents. This letter is not intended as a position in support of or opposition to the bill, but only as recommendations on drafting to provide clarity in the bill and to aid municipal tax administration.

As you know, per the Explanation by the Legislative Council, the bill would “repeal § 16-2-34 (‘Central Falls School District board of trustees’)[;] include funding for tuition payments for outplaced special education students and tuition payments to other public schools” in the Central Falls Stabilization Fund; and establish the “Davies and Met Stabilization Fund . . . to ensure appropriate funding is available to support their students.” The bill is set to take effect on July 1, 2026.

With respect to the Central Falls Stabilization Fund (the “Fund”), the bill attempts to establish mandatory allocation amounts to the Fund and the specific funding sources for such amounts. However, as drafted, the components of such requirements, and their interplay, could lead to ambiguity in their administration. For example, the proposed bill requires that a portion of the amount to be allocated to the Fund consist of “[f]unding for all costs outside the permanent foundation education-aid formula, calculated according to the most recently published Universal Charter of Accounts (UCOA) expenditures data for Central Falls school district, *with adjustments for inflation and the percentage change in the resident average daily membership for the city of Central Falls.*” (Emphasis added.) It is unclear which measure of inflation should be used for this adjustment, and the time period over which to measure both the change in inflation and in resident average daily membership. The DMF respectfully suggests that the bill be redrafted to provide clarity with respect to how to perform these calculations.

Further, the bill requires the city of Central Falls to allocate to the Fund an amount at least equal to the sum of “(A) [o]ne percent (1%) of the city's prior year total tax levy; and (B) the city's prior year contribution to the [Fund].” To the extent these provisions could be interpreted to require that funding being compounded year-over-year, this required contribution alone would cause the city of Central Falls to exceed the 4% maximum levy cap imposed by R.I. Gen. Laws §

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44-5-2 by Fiscal Year 2030. Even if they are interpreted not to require compounded funding, the city of Central Falls would have to dedicate approximately 1.98% of its levy increase just to make this required contribution to the Fund. In either scenario, no additional levy increase is assumed. This would seem to necessitate an exemption to the 4% maximum levy cap be granted to the city of Central Falls for this funding requirement, otherwise cuts to other services may be required to comply with the proposed bill's mandates.

Finally, the proposed bill includes provisions that “[t]he state shall allocate the balance of the [Fund]” and that “[t]he city shall annually assume responsibility for any deficit incurred by the Central Falls school district.” Given the placement of these provisions in proposed new subsection 16-7.2-6(d)(3), it is unclear to what extent they interplay with each other and/or with the mandatory allocation amounts to the Fund and the specific funding sources for such amounts.

The DMF takes no position with respect to the remainder of the proposed legislation. Rather, the DMF is concerned solely with the issues of clarity and municipal tax administration.

Thank you for your consideration.

Sincerely,



Stephen E. Coleman Jr.
Chief

Cc: The Honorable Members of the House Committee on Finance
The Honorable Joshua J. Giraldo
Nicole McCarty, Esq., Chief Legal Counsel to the Speaker of the House
Jane E. Cole, Interim Director, Department of Revenue