



**Testimony from Jordan Day, Policy Director
Governor's FY 2022 Budget (H 7123)
Article 1, Section 1 – State Aid (Education Aid Hold Harmless)
Article 5 – Relating to Capital Development Program
Article 10 – Relating to Education Aid
H 7125 – Statewide Referendum
House Committee on Finance – February 17, 2022**

Thank you, Mr. Chairman and members of the committee, for the opportunity to submit testimony. The League of Cities and Towns appreciates the General Assembly's commitment to phasing in the school funding formula for the last 11 years. The funding formula created a predicable methodology that has increased state aid to education, improved student outcomes and slowed property tax growth.

Education Aid

We support the Governor's commitment to steady education funding by maintaining education funding formula aid in FY2023 to local educational agencies and categorical aid, including:

- \$14.9 million for early childhood education
- \$5.0 million for multilanguage learners
- \$4.2 million for regional district transportation and \$3.5 million for non-public transportation
- \$4.5 million for high-cost special education
- \$4.5 million for career and technical education
- \$1.0 million for school choice density aid

While these are important investments, we know that annual funding for categorical programs is not sufficient to meet all the needs of our students. Municipal officials have specifically noted the need for additional funding for special education and transportation, which have not been funded at appropriate levels. In addition, we believe the state should also encourage efficiency by increasing regional school bonuses.

Since FY 2021 was the tenth and final year of the phase-in of the education funding formula, we encourage the General Assembly to maintain its commitment to education while making some needed improvements.

- **Improve budget certainty** – School districts can see major increases or decreases in their state education funding from year to year. While communities are able to calculate education aid in a more predictable way, there is still the possibility for funding impacts if there are major changes in enrollment. The state should smooth any decreases while being more responsive to new costs.
- **Increase state pension contribution for teachers** – Rhode Island covers only 40% of the employer portion of teacher pensions, with local government covering the remaining 60%. Four other New England states cover 100% of the costs, and we urge Rhode Island to increase its share for

educators. We appreciate the Governor including an additional \$6.9 million for the state's 40% share of teacher pension costs, for a total state contribution of \$130.9 million.

Provide relief to school districts experiencing enrollment and Free/Reduced-Price lunch program fluctuation

The approved FY 2022 budget made accommodations to address education funding shortfalls driven by fluctuations in enrollment and Free/Reduced-Price lunch as a result of the COVID-19 pandemic. As we are still in the midst of a transition from a pandemic to an endemic, enrollment around the state continues to fluctuate, League members asked that similar accommodations are made in the FY 2023 budget to smooth any decreases to communities. In the FY 2023 proposed budget, the Governor allocates \$49.7 million to a Transition Fund which will ensure that no local education agency will receive a reduction in aid compared to FY 2022.

School Construction Bond

The state has historically been a key partner with cities and towns on school facilities through the education housing aid program. As you know, the state funds a portion of qualifying debt service for school facility projects – ranging from 35% to almost 97%. Unfortunately, despite that partnership and increased investments, our cities and towns have not been able to keep up with pressing needs. A RI Department of Education (RIDE) report by Jacobs Engineering from 2017 identified \$2.2 billion in immediate facility needs. The RIDE report found that the average school campus was 56 years old, with some buildings still using their original systems.

Ultimately, we maintain four principles for school construction funding:

- Supports pay-as-you-go state reimbursement to reduce municipal borrowing costs;
- Targets new funding to the highest-need projects (“warm, safe, dry”);
- Distributes new funds transparently and equitably to communities so that all communities can benefit; and
- Avoids costly state mandates and supports local decision-making.

Many Rhode Island communities have benefited from the \$250 million bond that was approved by voters in 2018, as documented in the School Building Authority Report “[Renewing the Dream](#)” released earlier this week. Municipalities have taken advantage of almost \$210 million in pay-as-you-go bond offering as of January 2022, optimizing their reimbursements through temporary bonuses. Advancing additional pay-as-you-go funding and housing aid in combination with extending temporary bonuses will benefit all communities.

Municipal and Higher Ed Matching Grant Program

The League appreciates the FY 2023 budget proposal that would leverage the State's federal funds with municipalities' federal funds to maximize the impact from their investments. With the additional allocation of \$46.7 million available as a matching fund for cities and towns, communities will be able to expand their American Rescue Plan Act (ARPA) investments, including opportunities to renovate or build a community wellness center to support out-of-school learning opportunities, workforce development and improve health outcomes for their residents.

The League believes that we must work collaboratively with many stakeholders to sustain and build on recent education improvements in a comprehensive fashion. We thank you for your consideration of our views when determining education funding in the FY 2023 budget.