



State Fiscal Note for Bill Number: 2023-H-6092

Date of State Budget Office Approval: Thursday, March 23, 2023

Date Requested: Wednesday, March 8, 2023

Date Due: Saturday, March 18, 2023

<i>Impact on Expenditures</i>		<i>Impact on Revenues</i>	
FY 2023	N/A	FY 2023	N/A
FY 2024	N/A	FY 2024	N/A
FY 2025	N/A	FY 2025	N/A

**Explanation by State
Budget Office:**

This act amends RIGL 34-37.1. "Homeless Bill of Rights," and would require municipalities that receive additional school aid to provide emergency shelters for the homeless.

**Comments on
Sources of Funds:**

The proposed legislation would require isolating the impact of each municipality's equalized weighted assessment valuation as part of the state share ratio calculation to determine which municipalities are entitled to receive additional school aid. Municipalities that receive additional school aid based on the equalized weighted assessment valuation would then be required to provide and maintain at least one emergency shelter, with a minimum of ten beds open year round.

The legislation as proposed does not allocate any state funding to municipalities for the shelters, and the cost of the emergency shelters are to be borne by the host municipality. The legislation does require that municipalities that receive additional school aid must provide these shelters.

**Summary of Facts
and Assumptions:**

The Permanent Foundation Education Aid, also known as the Education Aid Funding Formula, is financed using general revenues, allocated to the Education Aid program of the Department of Elementary and Secondary Education (RIDE). This bill does not propose any change to Education Aid Funding Formula allocations.

The Equalized Weighted Assessed Valuation (EWAV) measure the full and fair market value of real estate, tangible personal property, and motor vehicle wealth of all municipalities, and then is adjusted by a ratio which relates a municipality's median family income to the statewide median family income based on the latest federal census data.

While the EWAV adjusts the assessed valuations of a municipality to the true and market value of real and tangible personal property and by a ratio of the median family income of a municipality to the statewide median family income, the EWAV does not on its own determine whether a district receives additional school aid. Instead, the EWAV impacts the calculation of the State Share Ratio for Each Community (SSRC), which incorporates district average daily membership (RADM) data as well as state EWAV and State RADM.

The SSRC is based on the following calculation:

$$\text{SSRC} = 1 - (0.475 * (\text{District EWAV} / \text{District RADM}) / (\text{State EWAV} / \text{State RADM}))$$

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The SSRC is then incorporated into the State Share Ratio (SSR) for each district. The SSR is applied to the total foundation aid to determine how much education aid the state will provide to each school district. The SSR combines two factors, the SSRC and the percentage of Pre-K through grade 6 determined to be in poverty (%PK6Poverty), utilizing a mathematical average known as a quadratic mean. The practical effect of using this type of calculation is the larger number receives greater weight in a quadratic mean than a typical mean. For example, in districts where the ability to generate tax revenues is high but the PK-6 poverty concentration is greater, the quadratic mean provides a heavier weight to the value of the poverty concentration. Including student poverty status in the SSR is a way to account for additional local burden that exists because of a high concentration of poverty. The SSR is calculated using the following formula:

$$\text{SSR} = \text{square root of: } (\text{SSRC}^2 + \%PK6Poverty^2/2)$$

The Budget Office assumes that this bill would not impact municipalities that would receive additional state aid due to the calculation of the SSRC, which directly incorporates state and municipal EWAV data. The Budget Office assumes that municipalities with a positive SSRC, as calculated by RIDE, would be required to maintain at least one emergency shelter.

The proposed legislation requires each municipality to provide and maintain at least one emergency shelter, with a minimum of ten beds open year round. Based on data provided by the Rhode Island Department of Education (RIDE), the Budget Office estimates this bill would impact thirty-two districts beginning in FY 2024. The following nine districts would not be subject to the proposed legislation: Charlestown, Jamestown, Little Compton, Narragansett, New Shoreham, Newport, Portsmouth, South Kingstown, and Westerly. These nine districts would be exempt because the SSRC, which utilizes the EWAV valuation, does not result in a positive district State Share Ratio for Each Community (SSRC).

As discussed above, the SSRC utilizes each municipality's EWAV and the proposed legislation would isolate one factor of the SSRC to determine which municipalities would be required to provide and maintain at least one emergency shelter.

Summary of Fiscal Impact:

The legislation as proposed does not allocate any state funding to municipalities for the shelters, and the cost of the emergency shelters are to be borne by the host municipality. As a result, the Budget Office does not assume any fiscal impact in FY 2023, FY 2024, and FY 2025.

The municipalities that do not have emergency shelters but would be required to due to the provisions of this bill, which would likely incur a range of fiscal impacts associated with compliance, including costs to rent or purchase land or buildings or to retrofit existing municipal spaces that could serve as a shelter, as well as ongoing operation and maintenance costs.

Budget Office Signature:



Digitally signed by Joseph Codega, Jr.
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State of Rhode Island
**Budget
Office**
Department of Administration

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Fiscal Advisor Signature:

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