



State Fiscal Note for Bill Number: 2014-H-7182

Date of State Budget Office Approval:

Date Requested: Thursday, March 06, 2014

Date Due: Sunday, March 16, 2014

Impact on Expenditures

FY 2014	\$0
FY 2015	\$84,027,481
FY 2016	\$55,939,951

Impact on Revenues

FY 2014	\$0
FY 2015	\$0
FY 2016	\$0

Explanation by State Budget Office:

This bill removes the transition plan for local education agencies (LEAs) receiving more education aid as a result of the education aid funding formula enacted in FY 2011 (also referred to as "underfunded districts"). Instead, these LEAs will receive 100.0 percent of education aid due under the funding formula beginning July 1, 2014.

Comments on Sources of Funds:

Education aid, as calculated by the funding formula, is financed through general revenue.

Summary of Facts and Assumptions:

Current law stipulates that for LEAs receiving education aid pursuant to RIGL 16-7.2-3 that exceeds the amount received on the effective date of the formula, also referred to as "underfunded districts", funding will be transitioned over a period not to exceed seven years; the LEAs receiving less due to the formula, or "overfunded districts", will transition the decrease over a ten-year period. Each fiscal year's formula calculations utilize the previous fiscal year's financing level and assumptions as the base, and then adjustments are made to allow for data updates. This bill would amend the transition plan so that underfunded districts will receive the fully-transitioned amount of education aid due under the funding formula beginning in FY 2015, four years ahead of schedule. The overfunded districts shall remain on the ten-year transition plan.

The legislation would be effective upon passage and impacts all fiscal years remaining in the transition period for underfunded districts (FY 2015 to FY 2017). Under current law, FY 2018 is the first year where underfunded districts will receive the full amount of the state's share of education aid as calculated by the funding formula; this would coincide with proposed legislation. Senate bill S-2269 is the companion bill.

Summary of Fiscal Impact:

There is no fiscal impact for FY 2014 since this change to the formula will be applied to aid for the period beginning July 1, 2014. The fiscal impact for FY 2015 would be an \$84,027,481 increase in state aid to education, calculated by the additional amount necessary over the FY 2014 enacted level of \$119,983,419, less the \$35,955,938 transition amount already included in the Governor's recommendation. For FY 2016, there would be an increase of \$55,939,951 over the amount needed under current law and based on FY 2015 data.

] see attached comments SR

Due to formula calculations using the prior year's aid level as the base, if this bill passes and is effective for FY 2015, the change for FY 2016, and subsequent years, would only be due to other factors of the formula, such as the core instruction

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amount and the state share ratio. These changes totaled an increase of \$13.6 million for FY 2015, where the majority (\$7.9 million) is due to charter school growth that the Department of Elementary and Secondary Education projects will decline in the next few years.

The attached table shows changes in education aid calculated pursuant to current law RIGL 16-7.2-3 by district and the projected amounts per underfunded district for both fiscal years should the legislation pass.

This change affects 27 districts, 16 charter schools, and the Urban Collaborative. Of the 27 districts, 10 districts spent more than the state average of \$14,956 at the time of formula implementation and therefore, would be eligible to reduce their maintenance of effort payment by the amount of the acceleration, should the legislation come into effect.

Calculations for this fiscal note reflect data updates and therefore show a variance from the fiscal impact analysis completed for companion bill 2014-S-2269.

Budget Office Signature:

Thomas A. Mullany

Fiscal Advisor Signature:

See attached comments

House Bill 7182
Acceleration of formula

LEAs	State Funding (Data Updates)	Enacted Distribution	State \$ Change	Projection (4 yrs under/)	Charter Growth	2015 add back to Gov Rec	FY 2015 Total	FY 2016 Total
Underfunded Districts								
ACHIEVEMENT FIRST	\$4,408,893	\$1,745,202	\$2,663,691	\$2,663,691	\$620,052	\$0	\$2,663,691	\$0
BARRINGTON	\$6,399,172	\$3,918,965	\$2,480,207	\$620,052	\$1,860,156	\$1,860,156	\$2,480,207	\$1,240,104
BLACKSTONE	\$1,765,963	\$1,619,062	\$146,901	\$36,725	\$36,725	\$110,176	\$146,901	\$73,451
BURRILLVILLE	\$13,306,511	\$12,712,387	\$594,124	\$148,531	\$445,593	\$594,124	\$594,124	\$297,062
CHARLESTOWN	\$1,725,441	\$1,706,995	\$18,446	\$4,611	\$13,834	\$18,446	\$18,446	\$9,223
COVENTRY	\$23,152,419	\$20,180,158	\$2,972,262	\$743,065	\$2,229,196	\$2,972,262	\$2,972,262	\$1,486,131
CRANSTON	\$57,350,318	\$42,922,101	\$14,428,217	\$3,607,054	\$10,821,163	\$14,428,217	\$14,428,217	\$7,214,108
CUMBERLAND	\$18,608,907	\$14,621,350	\$3,987,558	\$996,889	\$2,990,668	\$3,987,558	\$3,987,558	\$1,993,779
EAST GREENWICH	\$2,727,742	\$2,266,168	\$461,574	\$115,393	\$346,180	\$461,574	\$461,574	\$230,787
EAST PROVIDENCE	\$32,751,475	\$27,403,793	\$5,347,682	\$1,336,921	\$4,010,762	\$5,347,682	\$5,347,682	\$2,673,841
ENGINEERING EARLY (x)	\$1,067,169	\$0	\$1,067,169	\$1,067,169	\$0	\$0	\$1,067,169	\$0
GREENE SCHOOL	\$1,021,770	\$892,101	\$129,669	\$32,417	\$97,252	\$129,669	\$129,669	\$64,835
HIGHLANDER	\$3,758,673	\$3,331,257	\$427,416	\$427,416	\$0	\$427,416	\$427,416	\$0
HOPE ACADEMY (x)	\$808,669	\$0	\$808,669	\$808,669	\$0	\$0	\$808,669	\$0
HOPKINTON	\$5,911,239	\$5,515,535	\$395,704	\$98,926	\$296,778	\$395,704	\$395,704	\$197,852
JAMESTOWN	\$527,507	\$359,449	\$168,058	\$42,014	\$126,043	\$168,058	\$168,058	\$84,029
JOHNSTON	\$16,357,225	\$11,636,085	\$4,721,141	\$1,180,285	\$3,540,855	\$4,721,141	\$4,721,141	\$2,360,570
LEARNING COMM	\$6,214,602	\$6,122,147	\$92,455	\$23,114	\$69,341	\$92,455	\$92,455	\$46,227
LINCOLN	\$12,218,726	\$8,822,047	\$3,396,678	\$849,170	\$2,547,509	\$3,396,678	\$3,396,678	\$1,698,339
LITTLE COMPTON	\$523,956	\$365,270	\$158,687	\$39,672	\$119,015	\$158,687	\$158,687	\$79,343
NARRAGANSETT	\$2,644,766	\$1,799,609	\$845,157	\$211,289	\$633,868	\$845,157	\$845,157	\$422,578
NEW SHOREHAM	\$99,057	\$75,366	\$23,691	\$5,923	\$17,768	\$23,691	\$23,691	\$11,846
NEWPORT	\$10,764,198	\$10,371,310	\$392,888	\$56,127	\$336,761	\$392,888	\$392,888	\$224,507
NORTH PROVIDENCE	\$20,081,828	\$14,744,604	\$5,337,224	\$1,334,306	\$4,002,918	\$5,337,224	\$5,337,224	\$2,668,612
NORTH SMITHFIELD	\$6,083,036	\$5,244,804	\$838,233	\$209,558	\$628,675	\$838,233	\$838,233	\$419,116
NOWELL	\$1,596,729	\$1,573,568	\$23,161	\$5,790	\$17,370	\$23,161	\$23,161	\$11,580
NURSES INSTITUTE	\$2,514,550	\$2,478,686	\$35,864	\$8,966	\$26,898	\$35,864	\$35,864	\$17,932
PAUL CUFFEE	\$8,038,499	\$7,962,677	\$75,823	\$18,956	\$56,867	\$75,823	\$75,823	\$37,911
PAWTUCKET	\$84,846,518	\$70,719,232	\$14,127,286	\$3,531,822	\$10,595,465	\$14,127,286	\$14,127,286	\$7,063,643
PROVIDENCE	\$235,526,263	\$203,678,050	\$31,848,213	\$7,962,053	\$23,886,160	\$31,848,213	\$31,848,213	\$15,924,107
RIMA-BLCKSTN PREP	\$9,501,709	\$7,818,591	\$1,683,117	\$1,683,117	\$0	\$1,683,117	\$1,683,117	\$0
SCITUATE	\$4,597,324	\$3,685,657	\$911,667	\$227,917	\$683,750	\$911,667	\$911,667	\$455,834
SEGUE INSTITUTE	\$2,739,105	\$2,596,191	\$142,915	\$35,729	\$107,186	\$142,915	\$142,915	\$71,457
SMITHFIELD	\$4,828,803	\$4,684,041	\$144,762	\$36,191	\$108,572	\$144,762	\$144,762	\$72,381
SOUTHSIDE ELEM (x)	\$255,742	\$0	\$255,742	\$255,742	\$0	\$0	\$255,742	\$0
TEXTRON	\$2,442,176	\$2,342,238	\$99,937	\$24,984	\$74,953	\$99,937	\$99,937	\$49,969
TIVERTON	\$5,998,392	\$5,769,004	\$229,388	\$57,347	\$172,041	\$229,388	\$229,388	\$114,694
TRINITY	\$1,828,080	\$1,448,044	\$380,036	\$380,036	\$0	\$380,036	\$380,036	\$0
URBAN COLLABORATIVE	\$1,558,649	\$296,703	\$1,261,945	\$374,264	\$887,681	\$1,261,945	\$1,261,945	\$513,417
VILLAGE GREEN	\$1,848,404	\$1,209,709	\$638,695	\$638,695	\$0	\$638,695	\$638,695	\$0
WARWICK	\$39,290,037	\$34,762,103	\$4,527,934	\$1,131,982	\$3,395,951	\$4,527,934	\$4,527,934	\$2,263,969
WEST WARWICK	\$22,749,356	\$20,265,989	\$2,483,366	\$620,842	\$1,862,525	\$2,483,366	\$2,483,366	\$1,241,683
WESTERLY	\$9,204,135	\$7,122,961	\$2,081,174	\$520,294	\$1,560,881	\$2,081,174	\$2,081,174	\$1,040,587
WOONSOCKET	\$55,101,362	\$47,972,469	\$7,128,893	\$1,782,223	\$5,346,670	\$7,128,893	\$7,128,893	\$3,564,446
Total	\$744,745,094	\$624,761,675	\$119,983,419	\$35,955,938	\$28,031,403	\$84,027,481	\$119,983,419	\$55,939,951

House Fiscal Advisor Comments H 7182:

While the fiscal impact appears correct, the “summary of fiscal impact” incorrectly describes the calculation used to arrive at the number. The fiscal impact reflects the amount that would be needed above the Governor’s FY 2015 recommendation.