



# OFFICE OF MANAGEMENT & BUDGET

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## MEMORANDUM

**To:** The Honorable Marvin L. Abney, Chairman, House Finance Committee  
The Honorable Louis P. DiPalma, Chairman, Senate Finance Committee

**From:** Joseph Codega Jr., Budget Officer 

**Date:** May 10, 2024

**Subject:** Amendments to the FY 2025 Appropriations Act (24-H-7225)

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### Governor's Budget Amendment #18

The Governor requests amendments to the FY 2025 Appropriations Act within Article 8, *Relating to Education*. The provisions and policy goals underlying these amendments are set forth below, with associated legislative changes and/or additions detailed in the subsequent technical section.

- **Local District Per-Pupil Tuition Reduction Adjustment.** Under current law, local districts reduce their per-pupil local share tuition to state schools, charter schools, and mayoral academies by the greater of (1) 7 percent, or (2) the per-pupil value of several statutorily defined expenditures for a local district, less the average per pupil expenses for those same categories across all charter schools. For local districts that reduce local share tuitions by more than 7 percent pursuant to the calculation under (2), above, the local payment rate to mayoral academies can be further reduced by an amount equal to the per-pupil value of teacher retirement costs attributable to the unfunded liability, as calculated by the state's actuary. The calculation and the additional adjustment for mayoral academies can lead to significant changes in per-pupil local share tuition rates, which introduces uncertainty in planning for the upcoming school year for local districts, charter schools, and mayoral academies.

This amendment sets local share tuition reductions at 7 percent for all charter and state schools and at 9 percent for all mayoral academies. This change addresses the budgetary uncertainty that current law creates for local districts, charter schools, and mayoral academies. Moreover, this provides additional local share reductions for all districts impacted by mayoral academies, not just those that are impacted by the above calculation. This amendment has no impact on state funds in FY 2025 and would be effective July 1, 2025.

If you have any questions regarding these amendments, please feel free to call me or my staff at 222-6300.

## Attachments

cc: Sharon Reynolds Ferland, House Fiscal Advisor  
Stephen Whitney, Senate Fiscal Advisor  
Brian Daniels, Director, Office of Management and Budget  
Jonathan Womer, Director of Administration

**24-H-7225 RELATING TO MAKING APPROPRIATIONS IN SUPPORT OF FY 2025**

**Article 8 – Relating to Education**

Page 207, after line 22, insert a new Section 2 as follows and renumber all subsequent sections accordingly:

SECTION 2. [Effective July 1, 2025.] Section 16-7.2-5 of the General Laws in Chapter 16-7.2 entitled "The Education Equity and Property Tax Relief Act" is hereby amended to read as follows:

**16-7.2-5. Charter public schools, the William M. Davies, Jr. Career and Technical High School, and the Metropolitan Regional Career and Technical Center.**

16-7.2-5. Charter public schools, the William M. Davies, Jr. Career and Technical High School, and the Metropolitan Regional Career and Technical Center.

(a) Charter public schools, as defined in chapter 77 of this title, the William M. Davies, Jr. Career and Technical High School (Davies), and the Metropolitan Regional Career and Technical Center (the Met Center) shall be funded pursuant to § 16-7.2-3. If the October 1 actual enrollment data for any charter public school shows a ten percent (10%) or greater change from the prior year enrollment that is used as the reference year average daily membership, the last six (6) monthly payments to the charter public school will be adjusted to reflect actual enrollment. The state share of the permanent foundation education aid shall be paid by the state directly to the charter public schools, Davies, and the Met Center pursuant to § 16-7.2-9 and shall be calculated using the state-share ratio of the district of residence of the student as set forth in § 16-7.2-4. The department of elementary and secondary education shall provide the general assembly with the calculation of the state share of permanent foundation education aid for charter public schools delineated by school district.

(b) The local share of education funding shall be paid to the charter public school, Davies, and the Met Center by the district of residence of the student and shall be the local, per-pupil cost calculated by dividing the local appropriation to education from property taxes, net of debt service, and capital projects, as defined in the uniform chart of accounts by the average daily membership for each city and town,

pursuant to § 16-7-22, for the reference year.

(c) ~~Beginning in FY 2017, t~~There shall be a reduction to the local per-pupil funding paid by the district of residence to charter public schools, Davies, and the Met Center. This reduction shall be equal to ~~the greater (i) Of seven percent (7%) of the local, per-pupil funding of the district of residence pursuant to subsection (b) or (ii) The per-pupil value of the district's costs for non-public textbooks, transportation for non-public students, retiree health benefits, out of district special education tuition and transportation, services for students age eighteen (18) to twenty one (21) years old, pre-school screening and intervention, and career and technical education, tuition and transportation costs, debt service and rental costs minus the average expenses incurred by charter schools for those same categories of expenses as reported in the uniform chart of accounts for the prior preceding fiscal year pursuant to § 16-7-16(11) and verified by the department of elementary and secondary education.~~ In the case where audited financials result in a change in the calculation after the first tuition payment is made, the remaining payments shall be based on the most recent audited data. ~~For those districts whose greater reduction occurs under the calculation of (ii), t~~There shall be an additional reduction equal to two percent (2%) to payments to mayoral academies with teachers who do not participate in the state teacher's retirement system under chapter 8 of title 36 ~~equal to the per-pupil value of teacher retirement costs attributable to unfunded liability as calculated by the state's actuary for the prior preceding fiscal year.~~

(d) Local district payments to charter public schools, Davies, and the Met Center for each district's students enrolled in these schools shall be made on a quarterly basis in July, October, January, and April; however, the first local-district payment shall be made by August 15, instead of July. Failure of the community to make the local-district payment for its student(s) enrolled in a charter public school, Davies, and/or the Met Center may result in the withholding of state education aid pursuant to § 16-7-31.

(e) Beginning in FY 2017, school districts with charter public school, Davies, and the Met Center enrollment, that, combined, comprise five percent (5%) or more of the average daily membership as defined in § 16-7-22, shall receive additional aid for a period of three (3) years. Aid in FY 2017 shall be equal to the number of charter public school, open-enrollment schools, Davies, or the Met Center students as of the

reference year as defined in § 16-7-16 times a per-pupil amount of one hundred seventy-five dollars (\$175). Aid in FY 2018 shall be equal to the number of charter public school, open-enrollment schools, Davies, or the Met Center students as of the reference year as defined in § 16-7-16 times a per-pupil amount of one hundred dollars (\$100). Aid in FY 2019 shall be equal to the number of charter public school, open-enrollment schools, Davies, or the Met Center students as of the reference year as defined in § 16-7-16 times a per-pupil amount of fifty dollars (\$50.00). The additional aid shall be used to offset the adjusted fixed costs retained by the districts of residence.

(f) [Deleted by P.L. 2023, ch. 79, art. 8, § 2.]