

State Fiscal Note for Bill Number: 2017-H-5980

Date of State Budget Office Approval:

Date Requested: Tuesday, May 02, 2017

Date Due: Friday, May 12, 2017

<i>Impact on Expenditures</i>		<i>Impact on Revenues</i>	
FY 2017	\$0	FY 2017	n/a
FY 2018	\$37,724,122	FY 2018	n/a
FY 2019	\$37,724,122 (+)	FY 2019	n/a

**Explanation by State
Budget Office:**

This Act amends RIGL section 16-7.2-5, entitled "Charter Public Schools, the William M. Davies, Jr. Career and Technical High School, and the Metropolitan Regional Career and Technical Center", by requiring that the State pay the local share of education costs for individual students sent by Local Education Authorities (LEAs or districts) which send more than 5.0 percent of their total student enrollment to either a charter public school, state school, and mayoral academy. This bill also removes the Density Aid categorical, which would be rendered unnecessary if this legislation is enacted.

**Comments on
Sources of Funds:**

Financing for charter public schools, Davies, the Met School, and mayoral academies are split between the State and the sending LEA of the attending student. The State's share is financed with general revenues based on the share ratio of the sending district set forth by the education funding formula. This bill would have the State finance the local share for each individual students sent by LEA's which are identified by the criteria above, using general revenues.

**Summary of Facts
and Assumptions:**

Currently, there are six communities whose total charter public school, state school, and mayoral academy average daily membership meets or exceeds the 5.0 percent threshold: Central Falls, Cumberland, Lincoln, Pawtucket, Providence, and Woonsocket. The combined projected local share for these six districts totals \$37.7 million, which includes the removal of the Density Aid categorical. This estimate is based on current enrollment expectations for the 2017-2018 school year, totaling 9,389 students.

**Summary of Fiscal
Impact:**

This fiscal impact uses FY 2018 enrollment projections for students who are sent to charter public schools, Davies, the Met School, and mayoral academies for the six communities who meet or exceed the 5.0 percent threshold. Interpreting the legislation as written, the State would now finance the entire local share for each student sent by these six communities, while also eliminating the redundant Density Aid categorical, totaling a general revenue increase of \$37.7 million in FY 2018. The removal of the Density Aid categorical generates an estimated savings of \$938,900. For FY 2019, the full contribution by the State for the six districts is assumed to be higher than FY 2018, due to a smaller offset of the Density Aid categorical in FY 2019.

Prepared by:

Storm Lawrence / 4012221153 / storm.lawrence@budget.ri.gov

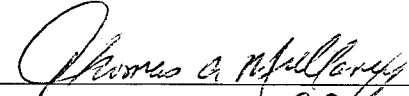
Friday, May 05, 2017

Page 1 of 2

For the impact by municipality, the following information is provided.

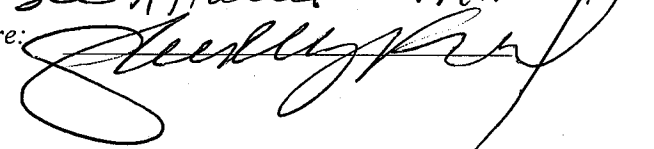
Sending District	Enrollment	Local Share
Central Falls	1,589	\$4,133,611
Cumberland	598	\$4,583,153
Lincoln	326	\$3,898,901
Pawtucket	1,841	\$4,784,183
Providence	4,357	\$20,277,987
Woonsocket	381	\$985,188
Density Categorical		-\$938,900
Total	9,389	\$37,724,122

Budget Office Signature:



see attached comments

Fiscal Advisor Signature:



House Fiscal Advisor Comments H 5980:

As drafted, the fiscal note assumes tuition payments will be made for all students attending charter schools, Davies and the Met for those districts in which more than five percent of resident students attend one of these schools. The bill, however, calls for providing tuition payments for only those students above the five percent threshold.

The fiscal note also assumes that both mayoral and non-mayoral charter schools receive the same reimbursement rates, which is not the case for Central Falls and Pawtucket. Payments to charter schools, Davies and the Met reflect a per pupil reduction equal to seven percent or the districts unique costs, whichever is greater. Districts with higher unique costs further discount payments to mayoral academies whose teachers do not participate in the state teacher's retirement system.

The note also does not adjust the per pupil calculation to exclude tuition paid in FY 2014, as required by the bill. When adjusted for these factors and updated for March 2017 student enrollment data, the fiscal note appears to overstate costs by \$16.9 million.

The table below shows the districts that would receive aid under this bill, the number of students in excess of five percent of district enrollment attending charter schools, Davies, and the Met, and the total cost per student. When adjusted for the school choice density aid categorical funding, which would be eliminated under this bill, the additional cost for state education aid would be \$20.9 million.

District	Students >5%*	Total Payments
Central Falls	1,323	\$ 2,719,150
Charlestown	24	259,494
Cumberland	258	1,841,519
Lincoln	100	1,107,295
Pawtucket	1,229	2,598,600
Providence	3,224	13,064,458
Woonsocket	78	187,350
Subtotal	6,236	\$ 21,777,866
Density Aid		(910,500)
Total	6,236	\$ 20,867,366

**Reflects March 2017 Enrollment Data*

