



OFFICE OF MANAGEMENT & BUDGET

State Budget Office

One Capitol Hill
Providence, RI 02908-5890

Office: (401) 222-6300
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State Fiscal Note for Bill Number:

2025-S 0035

Date of State Budget Office Approval: Friday, February 21, 2025

Date Requested: Thursday, January 23, 2025

Date Due: Saturday, February 15, 2025

<i>Impact on Expenditures</i>		<i>Impact on Revenues</i>	
FY 2025	N/A	FY 2025	N/A
FY 2026	\$182,049	FY 2026	N/A
FY 2027	\$5,690,272	FY 2027	N/A

Explanation by State Budget Office:

This bill would require that by June 30, 2026, the Department of Education, in consultation with the Office of Energy Resources, adopt regulations requiring all school buildings to meet the standard of zero-energy capable, as defined in RIGL 16-7-36, by December 31, 2037.

Summary of Facts and Assumptions:

This bill would require that by June 30, 2026, the Department of Education (RIDE), in consultation with the Office of Energy Resource, adopt regulations requiring all school buildings to meet the standard of zero-energy capable, as defined in RIGL 16-7-36, by December 31, 2037. Zero-energy capable is defined as the actual energy delivered to the school building must be less than or equal to the renewable energy generated onsite. Alternatively, a school building could meet the definition of zero-energy capable if the actual energy delivered to the school building must be less than or equal to the sum of:

The renewable energy generated onsite.

The renewable energy generated offsite through a power purchase agreement.

The value of purchased NE-GIS certificates that meet the standard for renewable energy resources.

School districts that comply with the provisions of this bill through the purchase of renewable energy generated offsite or purchasing NE-GIS certificates will be responsible for all associated costs. State expenditures will be impacted through increased housing aid for school construction projects that include renewable energy generation, such as the installation of solar panels.

RIDE is required to conduct a needs survey of the construction, reconstruction, maintenance, and other capital needs for schools in each school district in Rhode Island, including charter schools every five years. Beginning in 2025 the survey must include progress towards and recommendations for energy efficiency and renewable energy upgrades to bring all state school buildings to the definition of zero-energy capable. The expanded scope of the survey will likely increase the consulting costs need to properly incorporate the provisions of this bill. RIDE is conducting a survey which is anticipated to be published in spring 2025, prior to anticipated passage of this bill in late June 2025. The provisions



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of the bill will be fully incorporated in the first survey published after the passage of this bill, which will be published in 2030, and no increased costs are anticipated in the timeframe reviewed in this analysis.

The bill requires RIDE to hire 1.0 FTE position to create and implement plans for bringing all state school buildings in compliance with the definition of a zero-energy capable school building, and provide technical assistance to cities, towns, and school districts. The estimated costs by fiscal year are as follows:

FY 2025: This analysis assumes the position will be filled in July 2025, and for this reason no fiscal impact is reported in FY 2025.

FY 2026: \$182,049 (\$110,717 Salary/\$71,332 Benefits)

FY 2027: \$198,031 (\$121,642 Salary/\$76,389 Benefits)

Rhode Island provides local districts with partial reimbursement for school construction projects, also known as school housing aid. Districts are reimbursed for a percentage of project costs on a sliding scale with a greater reimbursement going to districts with lower fiscal capacity. In FY 2026, school housing aid ratios for local school districts (LEAs) vary from the minimum required state share ratio of 35% to 95.7% of total project cost. The bill will require projects seeking school housing aid will need to complete independent studies on all projects over ten million dollars to determine whether the adoption of a projects labor agreement would help achieve the goals of the state purchases act.

The basic calculation for school housing aid as established in Rhode Island General Laws Section 16-7-39(1) is as follows:

“The adjusted equalized weighted assessed valuation for the district is divided by the resident average daily membership for the district (grades twelve (12) and below); (2) The adjusted equalized weighted assessed valuation for the state is divided by the resident average daily membership for the state (grades twelve (12) and below); (1) is then divided by (2) and the resultant ratio is multiplied by a factor currently set a sixty-two percent (62%) which represents the approximate average district share of school support; the resulting product is then subtracted from one hundred percent (100%) to yield the housing share ratio[.]” This base housing aid is not to fall below thirty-five percent (35%) for projects approved by June 30, 2012 as of July 1, 2012. The base housing aid is subject to the addition of incentive percentage points for projects started prior to December 30, 2023 – though not to exceed twenty (20) additional incentive points or five (5) additional incentive points for projects started after that date. The district’s share may also not be reduced by more than half its regular share regardless of incentive points awarded or additional aid for regional school districts.”



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This bill would establish two enhancements to the school housing aid state share:

A five percent (5%) increase to the state share of school housing aid when 75 percent (75%) of the project costs are directed to meeting high-performance school design standards.

A ten percent (10%) increase to the state share of school housing aid when new construction or renovation projects meet the standard of a zero-energy capable building.

The Budget Office reached out to the School Building Authority (SBA) to obtain estimates of the impact of housing aid increases as described in this bill.

This analysis assumes that RIDE will adopt regulations for zero-energy capable schools on June 30, 2026, with the bonuses taken effect on July 1, 2026. For this reason, no fiscal impact to housing aid is reported in FY 2025 or FY 2026.

Beginning in FY 2027 expenditures for school housing aid are anticipated to increase, reflecting a higher state share of projects from the proposed bonuses.

It is anticipated the proposed bonuses will incentivize school districts to take on new projects or expand the scope of future projects. This analysis assumes any fiscal impact from the potential new projects will begin in FY 2028 or later, beyond the period considered in this analysis.

The FY 2027 fiscal impact reported in the fiscal note for S-2168 from the 2024 legislative session remains the most accurate projection of costs resulting from this bill. This results in an FY 2027 fiscal impact of \$5.5 million. Estimates obtained from the School Building Authority assume that approximately 80 percent of large projects will qualify for the energy efficiency bonus. The estimates include SBA assumptions as to which municipalities will try to qualify for the bonuses set forth in this bill, depending on project completion timeline and stage of design at the time of passage for this bill. Some projects, such as the Johnston Elementary School, are included in the estimates presented in this analysis despite not having included the bonus requirements in their original design.

Comments on Sources of Funds:

All costs associated with the bill will be financed by general revenue.

Summary of Fiscal Impact:

FY 2025: N/A

FY 2026:

Personnel: \$182,049 (\$110,717 Salary/\$71,332 Benefits)

School Housing Aid: N/A

Total: \$182,049



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FY 2027:

Personnel: \$198,031 (\$121,642 Salary/\$76,389 Benefits)

School Housing Aid: \$5,508,223

Total: \$5,690,272

Budget Office Signature: _____

A handwritten signature in black ink, appearing to read "Joe M. Codega Jr.", written over a horizontal line.

Digitally signed by Joseph
Codega Jr.
Date: 2025.02.24 08:55:57 -05'00'

Fiscal Advisor Signature: _____

A handwritten signature in black ink, written in a cursive style, written over a horizontal line.