



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 0112

Date of State Budget Office Approval: Friday, February 28, 2025

Date Requested: Friday, January 31, 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	\$ 19,161,453	FY 2026	N/A
FY 2027	\$ 20,466,348	FY 2027	N/A

Explanation by State Budget Office:

This bill sets forth a new chapter of Rhode Island General Law entitled "The Bright Today Scholarship and Open Enrollment Act". This bill allows parents of elementary and secondary school students to enroll their children in public school districts other than their district of residence. Additionally, the bill establishes a new state education aid program by extending aid to students who attend a public school district other than their district of residence, a private school, or enrolled in a homeschool program through a scholarship fund entitled the "Bright Today Scholarship".

The amount of aid each student receives is dependent on the student's household income and public school district of residence, with a cap of \$6,000 per student. Students who enroll in a public school district other than the district of residence and have a household income that is below the threshold level for the Free and Reduced Priced Lunch (FRPL) program will receive the full amount of the base education aid from which the student resides. Students with a household income greater than the FRPL limit and up to one and one-half (1.5) times the income limit will receive 75 percent of the base education aid. Students with a household income greater than one and one-half (1.5) times the FRPL income limit and up to two (2) times the income limit will receive 50 percent of the base education aid. Students with a household income greater than two (2) times the FRPL income limit and up to two and one-half (2.5) times the income limit will receive 25 percent of the base education. Students with a household income greater than two and one-half (2.5) times the FRPL income limit will receive 15 percent of the base education aid.

Students who choose to attend a private school or enroll in a homeschool program will receive state education aid based on the income parameters outlined above, provided that the aid is reduced by 75 percent in all cases.

Finally, when a student receives special education services the cost of providing the services, financed by state and local dollars, will be added to the student's scholarship amount.



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Summary of Facts and Assumptions:

1. The program will begin on August 1, 2025. Therefore, there will be no fiscal impact reported in FY 2025.
2. "Base funding" as defined in 16-112-3, refers to the per pupil state and local funding for each district and excludes federal funds. State funding includes the core instruction amount calculated through the education aid funding formula and the Student Success Factor for students with a household income under \$57,201.

The student success factor is a component of the education aid funding formula calculation that supports high-need students beyond the core instruction amount. The student success factor is determined annually by multiplying the core instruction amount by 40% and applying the amount to students who meet poverty status (185% of the Federal Poverty Level).

3. The scholarship amount for participating students is dependent on each student's household income as it relates to the income requirements of the FRPL program, which provides free or reduced-price lunches to students with a household income of up to 185 percent of the Federal Poverty Level (FPL).

The U.S. Census data indicates the average number of children per household for the U.S. is 1.9, and this analysis assumes an average household size of 4 people. FPL is determined by household size and for four people during the ongoing 2024-2025 school year the FPL is \$31,200. This creates the following income ranges for the proposed scholarship amounts:

100 percent of the resident district base funding: Annual household income of \$0 - \$57,200

75 percent of the resident district base funding: Annual household income of \$57,201 - \$85,800

50 percent of the resident district base funding: Annual household income of \$85,801 - \$114,400

25 percent of the resident district base funding: Annual household income of \$114,401 - \$143,000

15 percent of the resident district base funding: Annual household income more than \$143,000

Individual scholarships are calculated using the following formula (resident district base funding * household income adjust = Bright Today Scholarship Amount)



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Examples:

1. A student from Pawtucket with a household income of less than \$57,200: ($\$7,737 * 1.0 = \$7,737$) In this example the total scholarship amount exceeds \$6,000, and the student would receive a scholarship of \$6,000.
2. A student from Charlestown with a household income of \$100,000: ($\$688 * 0.50 = \334)
4. When a student who is currently enrolled in a public school chooses to enroll in a new public school, it is assumed there will be no fiscal impact to state expenditures. When a student's household income exceeds \$57,200, the student's scholarship amount will be less than the full base education amount. For these students the State will provide the full education aid, and any amount more than the student's scholarship will be remitted to the student's district of residence.
5. The fiscal impact of the bill will result from extending education aid to students who are enrolled in a private school or in a homeschool program. The most recent data provided by RIDE was the fall 2024 enrollment data for private schools and the students receiving homeschool instruction, organized by the municipality of student residence. In total 12,432 students are reported to be enrolled in private schools and 2,883 students are receiving homeschool instruction for the 2024-2025 academic year. This results in a total of 15,315 students either enrolled in private schools or receiving homeschool instruction.
6. To calculate the fiscal impact of extending education aid to the students who are enrolled in a private school or in a homeschool program this analysis utilizes the FY 2025 funding formula calculator based on current law. This includes the core instruction amount plus the 40 percent Student Success Factor for students with household incomes of less than \$57,200.

The household income per student was determined using the U.S. Census Bureau data for household income in Rhode Island from 2023, referenced in a 2023 fiscal note on this topic. This analysis assumes all municipalities in Rhode Island have the same income distribution, which is as follows:

23.4 percent of private school and homeschool students have household incomes that are at or below the FRPL income limit.

14.3 percent have a household income greater than the FRPL income limit and up to one and one-half times the income limit.

13.9 percent have a household income greater than one and one-half times the FRPL income limit and up to two times the income limit.



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22.6 percent have a household income greater than two times the FRPL income limit and up to two and half times the income limit.

25.8 percent have a household income greater two and one-half times the FRPL income limit.

The projected state share of the scholarship amount was calculated for each private school and home school student by applying the district of residence per pupil state education aid then applying the applicable percentage based on the student's household income. The total calculated aid was then reduced by 75 percent, as prescribed in the bill. It is assumed the State will only be responsible for the scholarship amount of each student and the remaining portion of the full per pupil funding will not be remitted to the district of residence.

Individual scholarships are calculated using the following formula ((resident district base funding * household income adjust) * private school/home school reduction = Bright Today Scholarship Amount)

Examples:

1. A student from Providence with a household income of \$75,000
(((\$18,790 * 0.75) * 0.25 = \$3,523)
2. A student from Jamestown with a household income of \$150,000
(((\$682 * 0.15) * 0.25 = \$21)

Based on the provisions of the bill, extending state education aid to the 15,315 private school and homeschool students will result in an additional \$18.2 million in state expenditures, resulting in an average scholarship of \$1,192 per student.

7. Bright Today Scholarships will also include special education funding for eligible students, which is financed through the High-Cost Special Education Categorical Fund. The intent of the fund is for the State to finance all per-pupil special education costs above four times the basic core instruction amounts and the student success factor, calculated as part of the funding formula. The categorical fund is subject to appropriation, and it is assumed the provisions of this bill will not result in increased appropriations for the High-Cost Special Education Categorical Fund. It is projected the allocation to school districts will change, but aggregate state expenditures will remain the same.
8. The Five-Year Forecast included in the FY 2026 Governor's Recommended Budget projects FY 2025 funding formula education aid will grow at a rate of 6.81%. Applying this rate to the projected FY 2026 fiscal impact it is anticipated the impact in FY 2027 will be \$19.5 million.
9. The bill allows the Rhode Island Department of Education (RIDE) to retain a maximum of three percent (3%) of each scholarship for administrative costs, and it is assumed RIDE will fully utilize all available funds.



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10. Federal regulation CFR Part 245.9(f)(4)(iv) requires "any local educational agency seeking to obtain socioeconomic data from children receiving free meals under this section must develop, conduct, and fund this effort entirely separate from, and not under the auspices of, the National School Lunch Program or School Breakfast Program." For this reason, it is assumed RIDE will be required to develop and staff a program to determine household income that is completely separate from the school lunch and breakfast programs and will not use Free and Reduced Price Lunch applications, to verify household income, when determining scholarship amounts. Retainage for administrative costs will finance this requirement.

11. It is anticipated that the provisions of this bill will result in a decrease in funding formula aid received by Davies Career and Technical School and public charter schools. Under current law Davies and public charter schools receive the full funding formula amount for each student, and the provisions of the bill will limit the amount of aid the schools receive to the amount of each student's scholarship.

Davies Career and Technical School is a state operated school. If the provisions of this bill result in a significant decrease in education aid received by Davies it is likely the school will require an increase in the supplemental general revenue appropriations to maintain the current level of operations.

12. It is unclear if the provisions of the bill would require municipalities to finance a local share of scholarships for students who are currently enrolled in a private school or in a homeschool program. This would result in a significant increase in municipal expenditures to support the education of students who are not currently supported by municipal education expenditures.

Comments on Sources of Funds:

State education aid is financed with general revenue.

Summary of Fiscal Impact:

As discussed above, this bill presents the following impact for state expenditures:

FY 2025: \$0

FY 2026: \$19,161,453

FY 2027: \$20,466,348

Budget Office Signature: _____

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Codega
Date: 2025.03.03 12:25:06
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Fiscal Advisor Signature: _____

see attachment



SENATE FISCAL OFFICE COMMENTS

2025-S-0112: An Act Relating to Education – The Bright Today Scholarship and Open Enrollment Education Act

The bill reduces the scholarship amount by 75.0 percent only for those students who attend a private school or receive at-home instruction **at the time of enactment**. See page 5 lines 22-26.

Any student attending a public school at the time of enactment who chooses to attend a private school or receive home instruction would qualify for the full scholarship available based on their family income and resident district.

Assuming attendance at private schools and/or home school remains static, the fiscal impact would increase each year as the students graduating/leaving would be replaced with students who would not have the scholarship reduced. The fiscal note likely represents the low end of the fiscal impact.

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