



# Town of East Greenwich

## Town Manager

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June 12, 2022

The Honorable K. Joseph Shekarchi  
Speaker  
Rhode Island House of Representatives  
State House, Room 323  
Providence, RI 02903

The Honorable Dominick J. Ruggerio  
President  
Rhode Island Senate  
State House, Room 318  
Providence, RI 02903

The Honorable Daniel J. McKee  
Governor  
State of Rhode Island  
State House  
Providence, RI 02903

Dear Speaker Shekarchi, President Ruggerio and Governor McKee:

As one of Rhode Island's municipalities that is continuing to adjust to a severely altered and volatile post Covid, economic, labor and societal environment in Rhode Island, we are also preparing for a possible adoption of the FY 2023 State Budget later this week. East Greenwich finds itself standing as one of only a few communities in the State whose School District is poised to suffer a significant financial loss as a result of the recent budget recommendation of the House Finance Committee (HFC) in the area of Elementary and Secondary Education. This work included a re-calculation of specific data points that influence the education aid funding distribution. The HFC released its budget recommendation on Thursday, June 9, 2022 and it remains unclear as to what may have occurred and why, as well as what prompted the recommendation for immediate implementation, prior to having an opportunity to learn about the issues, and appropriately plan for a changed disbursement. In that HFC recommendation, we remain hopeful that the education aid adjustment and its resultant negative impact recommended by the HFC, were inadvertent and unanticipated in this process. Should the decision be made to leave this formula update in place, without further community relief, the effect on East Greenwich Schools and others, would be unsustainable in FY 2023 with its impact significantly affecting our local districts ability to deliver the required local education program or contemplate other serious

June 12, 2022

Page | 2

modifications to our delivery of services that would negatively impact the district. Based on the severity of the potential impacts, this urgent matter needed to be brought to your attention for timely consideration.

As a community, we continue to remain hopeful and confident that any such change stemming from an education aid formula data update, can be addressed in the FY 2023 final budget adoption process and any communities negatively affected can be **held harmless** from the effects of this last-minute budget adjustment in the 2023 fiscal year. The pressure surrounding the impact of this matter has been compounded by the lack of notice and ability to react, and the true recognition of the affect this decision will have on the districts involved. The Town's budget for FY 2023 has already been approved, under a Town Charter mandate on or before June 10<sup>th</sup>. During the budget development process, all traditional sources of projected State Education Aid reported by various State agencies remained stable and consistent in their providing such data to all school districts throughout the State. The Town received no such notice of this unforeseen change as prompted by HFC action and stands as one of only a few School Districts that are not proposed to be held harmless from this change in FY 2023 from the relied upon Projected Aid figures. We are very conservative in how we utilize such estimates as they are subject to such change, and this process has proven over the years to be extremely reliable, thus we had no reason to believe a change of this magnitude would occur at the end of the process.

We are forwarding this critical information to the leadership of the House, Senate and the Governor as we recognize the work of these three offices and its leadership and the compromises that have had to be made in order to move matters forward in guiding the State's business. We would like to draw your attention to a review of the summary of changes made and the full budget article under Elementary and Secondary Education, (180 & 182) in H7123 Sub A, changes to the Governor's Recommended Budget-Revenue Changes, specifically impacting Budget Article 10, relating to Education. We are seeking further collaboration and leadership on this matter in order for a select few public school systems to be allowed to continue to stabilize and advance our districts with your support, and to not be forced to take a significant step backwards, seeing that our official budgets have already been approved for the 2023 fiscal year.

**This final HFC Budget recommendation resulted in reduced Education Aid in the East Greenwich community by (\$729,579) from the total that was projected by RIDE, presented by the State Department of Revenue, relied on by the District and Town and presented in the Governor's Budget for Adjusted Education Aid totaling \$5,422,975, an increase of \$880,926 in FY 2023. This total has now been decreased to \$151,348, leaving the School District to address a last-minute budgetary shortfall of (\$729,579), with the local budget already having been adopted by the Town Council.**

June 12, 2022

Page | 3

From what our community has been able to learn about this issue in recent days, it would appear that a formula re-calculation occurred, stemming from the correction of alleged inaccurate data submitted by other School Districts around the state. This data specifically undercounted children that would customarily qualify to be eligible for the free and reduced lunch program. This counting, as it surfaces in the aid formula calculation, conversely would have a favorable financial effect on communities that have a lesser population of children that meet the criteria and ultimately in how it impacts the Education Aid results. Many of the communities negatively impacted by this change are some of the same districts that are uniformly seeing **population growth** in their school age enrollment. The state share ratio subsequently was modified and a dramatic shift in the lessening of funding was realized for just a few districts, when the vast majority of districts gaining financially, with the **addition of \$17 million from General Revenues** reflecting these changes and an updated school of choice density aid calculation in funding in this category and many of these same districts will benefit by the **Hold Harmless** language in the budget, curbing potential financial loss from enrollment decline.

In this assessment, it is important to not isolate this proposed education formula change and correction from another such change that has been supported statewide, and was included in the Governor's recommended budget as well as the HFC recommended budget. This change shielded all School Districts that would have potentially and rightfully incurred a reduction in Education Aid, as they are experiencing declining enrollment. This change is a routine and planned element of the Education Aid formula, and one that all Districts can see coming and have time to prepare for with much advance notice. There was significant interest amongst all municipalities in this form of relief, thus in spite of sufficient notice and the normal application of the formula, a decision was made to protect those Districts from this potential fluctuation in aid in FY 2023, and to hold them harmless from any decline in enrollment data that could precipitate a reduction in Aid. **This change in and of itself can significantly impact the Education Aid disbursement, and negatively impact districts, like in East Greenwich that are realizing expanding enrollment. We cannot implement one form of relief, without fully understanding its impact when added changes are made to specific data points for alternate relief, all of which actively influence the formula disbursement.**

A community like East Greenwich that is realizing population growth at 8.9% between 2010 and 2020, as well as present and future projections of future enrollment growth along with its

June 12, 2022

Page | 4

associated district-wide costs, did not reap that benefit as we are one of the few communities on the outside of the relief of the Hold Harmless directive, designed to curb enrollment losses resulting in education aid reductions. Enrollment growth in the community is also being driven by our efforts to expand and diversify housing stock options and to diversify the socio makeup of our community.

**The East Greenwich School District and Town are requesting that the House of Representatives honor the FY 2023 Education Aid projections that were provided to all cities and towns in advance and throughout the budget development process. The East Greenwich School District, like the other affected districts in Smithfield and Barrington, are facing a significant reduction, after the act of our local budgets having been formally approved in some communities. We look for your support based on the availability of ARP and surplus funds, the Local Education Agency (LEA) is seeking Hold Harmless relief that can be provided in FY 2023, based upon the unique circumstances of this given situation and its resultant effects on our local public schools.**

Although the Town of East Greenwich may be considered by some through a certain lens, we have six schools. Only one, the Archie Cole Middle School serving Grades 6-8 is 11 years old. All other school facilities for Grades K-2 , 3-5 and the High School were built in the 1920's, 1950's and 1960's. East Greenwich, like all other Districts, is planning for major investment in our education systems in order to better serve our residents and meet the increasingly demanding and evolving RIDE and National standards in education. The Town and District stand prepared to do our part and fund the essential educational programs based on requirements as determined by the RIDE, although the adjustments made to the Aid Formula, and its irregular fluctuations have led to disparities that are moving districts in opposing directions. East Greenwich requires your support and assistance to stabilize the financial fluctuations in the 2023 fiscal year. This stabilization for FY 2022 Aid, including projected and budgeted FY2023 aid, will provide for the balance and relief adjustment based on the statewide program, and we, like all other districts, need to be prepared to re-enter a period of a more stable investment, stemming from the re-evaluation of statewide data and its impact on aid in the years to come.

We respectfully ask for your support in financially Holding Harmless the Town of East Greenwich and other negatively impacted communities, in the FY 2023 state budget based on the presented **State Education Aid Projections**, and we stand ready to assist you in any way we can.

Thank you for your consideration.

Respectfully,



Andrew E. Nota, Town Manager  
Town of East Greenwich

June 12, 2022

Page | 5

East Greenwich Town Council

Mark Schwager, President

Michael Donegan, Vice President

Renu Englehart

Caryn Corenthal

Michael Zarrella

cc: Representative Evan P. Shanley, District 24  
Representative Justine Caldwell, District 30  
Senator Bridget Valverde, District 35