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# *The* SMITH HILL REPORT

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## RIFTHP Objects to Tuition Tax Credit Expansion

Private and religious school advocates gathered in the House Finance Committee to ask for more state subsidies on Tuesday May 23<sup>rd</sup>. They were there to testify on [H6031](#), introduced by Representative Robert Lancia. The bill increases the current state tax credit to private and religious schools from an annual cap of \$1.5 million to \$5 million. The RIFTHP and the Economic Progress Institute offered testimony against the expansion.

RIFTHP lobbyist James Parisi testified against the bill. He started with criticism that state law allows a tax credit for corporate donations to private and religious schools, but does not allow a similar tax credit for corporate donations to public schools. Parisi also testified that there were more important education priorities than increasing state support of private and religious schools, such as fixing public school buildings.

Finally, Parisi voiced grave concern about the program based on a recent report from the Institute on Taxation and Economic Policy. Because Rhode Island's tax credit is so generous and the IRS allows these corporate donations to be used as a tax deduction on federal taxes, ***corporations are actually making money on every dollar they contribute to private school scholarships.*** Rhode Island permits a 90% tax credit for any business that donates to private and religious schools for two or more years. Parisi cited an October, 2016 report by the Institute on Taxation and Economic Policy to explain the profit-making tax credit in Rhode Island and nine other states. <https://itep.org/state-tax-subsidies-for-private-k-12-education/>.

## RIFTHP Supports Survivor Benefit Increase

RIFTHP President Frank Flynn testified in support of a Teachers Survivor Benefit increase in the House Finance Committee on Wednesday May 24<sup>th</sup>. The bill, [H5071](#) by Representative Gregg

Amore, increases the death benefit paid to survivors of deceased members. The Teacher Survivor Benefit program was established by the Assembly to mirror the federal survivor benefit program within our Social Security system to cover those teachers who do not participate in Social Security. The program is currently funded by employee and employer contributions of \$96/year.

President Flynn supported revisions to the bill to ensure that the costs do not rise excessively. He spoke about the importance of survivor benefits for teachers who are not in social security, citing as an example the family of former Cranston Teacher Alliance Treasurer Dick Beauvais. He also thanked General Treasurer Magaziner for getting the State's actuaries to work on the legislation in order to provide a benefit increase.

The General Treasurer's lobbyist LeeAnn Byrne testified in support of a revision to Representative Amore's bill. This revision is based on the actuary report that was distributed to the Committee. The current program is over-funded, and benefits could increase by 10% with only a modest increase of \$19/year for teachers and employers. The maximum monthly benefit of \$1250 would increase to \$1375.



Frank Flynn and LeeAnn Byrne

### **Investment Fee Transparency**

General Treasurer Seth Magaziner instituted a policy that all future investment managers of state pension funds must regularly disclose their fee structure. This information is now available online at (<http://data.treasury.ri.gov/dataset/c6745fc2-a0a4-4f52-a947-dedcf1f793ca/resource/7559f44e-15b5-45c0-b140-7efa560f68b7/download/FY16-Expenses.pdf>). The AFT is supporting investment fee transparency around the country and cites Rhode Island as a model. Legislation was introduced by Representative Lauren Carson to put the investment fee transparency initiative in statute to ensure future General Treasurers continue the practice.

Rep. Carson's bill, [H5923](#), was heard in the House Finance Committee on Thursday May 25<sup>th</sup>. RIFTHP lobbyist James Parisi testified in support of the bill. He noted the national union support of the initiative and the concern RIFTHP members have about investment performance being impaired by excessive fees on certain types of investments. Parisi told the committee that since COLA restoration and continued benefits rely on investment performance, shining a light on fees for investors is important for teachers, state workers and municipal workers in the State's pension system.

### **Education Aid Maintenance of Effort Increase**

Every year, cities and towns are required to contribute as much money for public schools as they did the prior year. This provision, known as Maintenance of Effort, has been in state law for decades. Legislation was introduced by Rep. Gregg Amore to increase the maintenance of effort by a consumer price index or another measure based on enrollment increases. His bill, [H5749](#), was heard in the House Finance Committee on Wednesday, May 24<sup>th</sup>.

RIFTHP lobbyist James Parisi joined RI Association of School Committee lobbyist Tim Duffy and the RI School Superintendents' Association lobbyist Tim Ryan in support of the bill. The League of Cities and Town's lobbyist Brian Daniels testified against the bill. Parisi urged support because the seven years of increased state funding are coming to a close and schools will be more reliant on local revenue in the near future. He and others noted that local contributions were flat in many places where the state education aid increased under the new education funding formula.



James Parisi

### **BILL INTRODUCTIONS**

#### **Post Retirement Employment – Faculty - \$15,000 to \$22,500**

([S0213](#) Picard, Senate Finance)

This bill would increase the permitted gross pay for post-retirement employment for certain

persons who are retired employees from state colleges, universities, schools or any teacher retired under Title 16, Title 36 or Title 45, who work as college faculty, from fifteen thousand dollars (\$15,000) up to twenty-two thousand, five hundred dollars (\$22,500) per year.

### **Testing of Home-School Students**

([S0244](#) Picard, Senate Education)

This bill would require that students who are home schooled be evaluated via grade level standardized assessment to measure satisfactory progress or growth from the previous year, or that an annual written narrative evaluation be conducted by a certified teacher or other professional for the purpose of measuring satisfactory progress or growth from the previous year.

### **Testing of Home-School and Chronically Absent**

([S0246](#) Picard, Senate Education)

This bill would require that students who are home schooled be evaluated via grade level standardized assessment to measure satisfactory progress or growth from the previous year, or that an annual written narrative evaluation be conducted by a certified teacher or other professional for the purpose of measuring satisfactory progress or growth from the previous year. More testing would be required in cases of excessive absenteeism.

### **State Lottery Income – Education Aid**

([H5236](#) Ucci, House Finance)

This bill would direct profits from the state lottery into an education aid restricted receipt account to be disbursed as state aid to education.

### **Tuition Savings Program (529 Plan) Tax Deduction**

([H5245](#) Cunha, House Finance)

This bill would increase the deduction from the state income tax for contributions to the tuition savings program from five hundred dollars (\$500) to one thousand dollars (\$1,000) for an individual and from one thousand dollars (\$1,000) to two thousand (\$2,000) for a joint return.



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