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ARTICLE 13 AS AMENDED

RELATING TO EDUCATION AID

SECTION 1. ~~Section~~ [Sections 16-7-41 and 16-7-41.1](#) of the General Laws in Chapter 16-7 entitled "Foundation Level School Support" ~~is~~ [are](#) hereby amended to read as follows:

16-7-41. Computation of school housing aid. -- (a) In each fiscal year the state shall pay to each community a grant to be applied to the cost of school housing equal to the following:

The cost of each new school housing project certified to the commissioner of elementary and secondary education not later than July 15 of the fiscal year shall be divided by the actual number of years of the bond issued by the local community or the Rhode Island Health and Educational Building Corporation in support of the specific project, times the school housing aid ratio; and provided, further, with respect to costs of new school projects financed with proceeds of bonds issued by the local community or the Rhode Island Health and Educational Building Corporation in support of the specific project, the amount of the school housing aid payable in each fiscal year shall not exceed the amount arrived at by multiplying the principal and interest of the bonds payable in each fiscal year by the school housing aid ratio and which principal and interest amount over the life of the bonds, shall, in no event, exceed the costs of each new school housing project certified to the commissioner of elementary and secondary education. If a community fails to specify or identify the appropriate reimbursement schedule, the commissioner of elementary and secondary education may at his or her discretion set up to a five (5) year reimbursement cycle for projects under five hundred thousand dollars (\$500,000); up to ten (10) years for projects up to three million dollars (\$3,000,000); and up to twenty (20) years for projects over three million dollars (\$3,000,000).

(b) Aid shall be provided for the same period as the life of the bonds issued in support of the project and at the school housing aid ratio applicable to the local community at the time of the bonds issued in support of the project as set forth in section 16-7-39.

(c) Aid shall be paid either to the community or in the case of projects financed through the Rhode Island Health and Educational Building Corporation, to the Rhode Island Health and Educational Building Corporation or its designee including, but not limited to, a trustee under a bond indenture or loan and trust agreement, in support of bonds issued for specific projects of the local community in accordance with this section, section 16-7-40 and section 16-7-44.

1 Notwithstanding the preceding, in case of failure of any city, town or district to pay the amount
2 due in support of bonds issued on behalf of a city ~~or~~, town, school or district project financed by
3 the Rhode Island Health and Educational Building Corporation, upon notification by the Rhode
4 Island Health and Educational Building Corporation, the general treasurer shall deduct the
5 amount from aid provided under this section, section 16-7-40, section 16-7-44 and section 16-7-
6 15 through section 16-7-34.3 due the city, town or district and direct said funding to the Rhode
7 Island Health and Educational Building Corporation or its designee.

8 (d) Notwithstanding any provisions of law to the contrary, in connection with the
9 issuance of refunding bonds benefiting any local community, any net interest savings resulting
10 from the refunding bonds issued by such community or a municipal public buildings authority for
11 the benefit of the community or by the Rhode Island health and educational building corporation
12 for the benefit of the community, in each case in support of school housing projects for the
13 community, shall be allocated between the community and the state of Rhode Island, by applying
14 the applicable school housing aid ratio at the time of issuance of the refunding bonds, calculated
15 pursuant to section 16-7-39, that would otherwise apply in connection with school housing
16 projects of the community; provided however, that for any refundings that occur between July 1,
17 2013 and December 31, 2015, the community shall receive eighty percent (80%) of the total
18 savings and the state shall receive twenty percent (20%). In connection with any such refunding
19 of bonds, the finance director or the chief financial officer of the community shall certify such net
20 interest savings to the commissioner of elementary and secondary education. Notwithstanding
21 section 16-7-44 or any other provision of law to the contrary, school housing projects costs in
22 connection with any such refunding bond issue shall include bond issuance costs incurred by the
23 community, the municipal public buildings authority or the Rhode Island health and educational
24 building corporation, as the case may be, in connection therewith. In connection with any
25 refunding bond issue, school housing project costs shall include the cost of interest payments on
26 such refunding bonds, if the cost of interest payments was included as a school housing cost for
27 the bonds being refunded. A local community or municipal public buildings authority shall not be
28 entitled to the benefits of this subsection (d) unless the net present value savings resulting from
29 the refunding is at least three percent (3%) of the refunded bond issue.

30 (e) Any provision of law to the contrary notwithstanding, the commissioner of
31 elementary and secondary education shall cause to be monitored the potential for refunding
32 outstanding bonds of local communities or municipal public building authorities or of the Rhode
33 Island Health and Educational Building Corporation issued for the benefit of local communities
34 or municipal public building authorities and benefiting from any aid referenced in this section. In

1 the event it is determined by said monitoring that the net present value savings which could be
2 achieved by refunding such bonds of the type referenced in the prior sentence including any
3 direct costs normally associated with such refundings is equal to (i) at least one hundred thousand
4 dollars (\$100,000) and (ii) for the state and the communities or public building authorities at least
5 three percent (3%) of the bond issue to be refunded including associated costs then, in such event,
6 the commissioner (or his or her designee) may direct the local community or municipal public
7 building authority for the benefit of which the bonds were issued, to refund such bonds. Failure of
8 the local community or municipal public buildings authority to timely refund such bonds, except
9 due to causes beyond the reasonable control of such local community or municipal public
10 building authority, shall result in the reduction by the state of the aid referenced in this section 16-
11 7-4.1 associated with the bonds directed to be refunded in an amount equal to ninety percent
12 (90%) of the net present value savings reasonably estimated by the commissioner of elementary
13 and secondary education (or his or her designee) which would have been achieved had the bonds
14 directed to be refunded been refunded by the ninetieth (90th) day (or if such day is not a business
15 day in the state of Rhode Island, the next succeeding business day) following the date of issuance
16 of the directive of the commissioner (or his or her designee) to refund such bonds. Such reduction
17 in the aid shall begin in the fiscal year following the fiscal year in which the commissioner issued
18 such directive for the remaining term of the bond.

19 (f) Payments shall be made in accordance with section 16-7-40 and this section.

20 (g) For purposes of financing or refinancing school facilities in the city of Central Falls
21 through the issuance bonds through the Rhode Island Health and Educational Building
22 Corporation, the city of Central Falls shall be considered an "educational institution" within the
23 meaning of subdivision 45-38.1-3(13) of the general laws.

24 **16-7-41.1. Eligibility for reimbursement. -- School districts, not municipalities, may**
25 **apply for and obtain approval for a project under the necessity of school construction process set**
26 **forth in the regulations of the board of regents for elementary and secondary education, provided,**
27 **however, in the case of municipality which issues bonds through the Rhode Island Health and**
28 **Educational Building Corporation to finance or refinance school facilities for a school district**
29 **which is not part of the municipality, the municipality may apply for and obtain approval for a**
30 **project. Such approval will remain valid until June 30 of the third fiscal year following the fiscal**
31 **year in which the board of regents for elementary and secondary education's approval is granted.**
32 **Only those projects undertaken at school facilities under the care and control of the school**
33 **committee and located on school property may qualify for reimbursement under sections 16-7-35**
34 **-- 16-7-47. Facilities with combined school and municipal uses or facilities that are operated**

1 jointly with any other profit or non-profit agency do not qualify for reimbursement under sections
2 16-7-35 -- 16-7-47. Projects completed by June 30 of a fiscal year are eligible for reimbursement
3 in the following fiscal year. A project for new school housing or additional housing shall be
4 deemed to be completed when the work has been officially accepted by the school committee or
5 when the housing is occupied for its intended use by the school committee, whichever is earlier.

6 Notwithstanding the provisions of this section, the board of regents shall not grant final
7 approval for any project between June 30, 2011 and June 30, 2014 except for projects that are
8 necessitated by immediate health and safety reasons. In the event that a project is requested
9 during the moratorium because of immediate health and safety reasons, those proposals shall be
10 reported to the chairs of the house and senate finance committees.

11 Any project approval granted prior to the adoption of the school construction regulations
12 in 2007, and which are currently inactive; and any project approval granted prior to the adoption
13 of the school construction regulations in 2007 which did not receive voter approval or which has
14 not been previously financed, are no longer eligible for reimbursement under this chapter. The
15 department of elementary and secondary education shall develop recommendations for further
16 cost containment strategies in the school housing aid program.

17 SECTION 2. Section 16-2-21 of the General Laws in Chapter 16-2 entitled "School
18 Committees and Superintendents" is hereby amended to read as follows:

19 **16-2-21. Pre-budget consultation -- Annual reports -- Appropriation requests --**
20 **Budgets.** -- (a) At least sixty (60) days but not more than ninety (90) days prior to the formal
21 submission of the school budget to the appropriate city or town officials by the school committee,
22 there shall be a joint pre-budget meeting between the school committee and the city or town
23 council(s). At or before this meeting:

24 (1) The highest elected official of the city or town shall submit to the school committee
25 an estimate, prepared in a manner approved by the department of administration, of projected
26 revenues for the next fiscal year. In the case of the property tax, the projections shall include only
27 changes in the property tax base, not property tax rates;

28 (2) The school committee shall submit to the city or town council a statement for the
29 next ensuing fiscal year of anticipated total expenditures, projected enrollments with resultant
30 staff and facility requirements, and any necessary or mandated changes in school programs or
31 operations; and

32 (3) The school committee shall prepare and submit, annually, to the department of
33 elementary and secondary education, on or before the first day of August, a report in the manner
34 and form prescribed by the state board of regents for elementary and secondary education; the

1 committee shall also prepare not less than thirty (30) days before the date of the annual financial
2 town meeting, or the date of the meeting of the city council at which annual appropriations are
3 made, on forms prescribed and furnished by the department of elementary and secondary
4 education, the estimates and recommendations of the amounts necessary to be appropriated for
5 the support of public schools for the fiscal year ensuing; provided, that a copy of these estimates
6 and recommendations shall be sent to the department of elementary and secondary education, and
7 until the report is made, and if the estimates and recommendations are not presented to the
8 department, it may refuse to draw its orders for the money in the state treasury apportioned to the
9 city or town; provided, that the necessary blank for the report has been furnished by the
10 department on or before the first day of June, next preceding, and the necessary forms for the
11 estimates and recommendations shall have been furnished by the department not less than sixty
12 (60) days before the date of the annual appropriations meeting of the city council; the committee
13 shall also prepare and submit annually to the department of elementary and secondary education
14 and at the annual financial town meeting a report to the city or town, setting forth its doings, the
15 state and condition of the schools, and plans for their improvement, which report, unless printed,
16 shall be read in open meeting; and if printed, at least three (3) copies shall be transmitted to the
17 department on or before the day of the annual financial town meeting in each year.

18 (b) If the amount appropriated by the town meeting, the city or town council, or budget
19 referendum is either more or less than the amount recommended and requested by the school
20 committee, the school committee shall, within thirty (30) days after the appropriation is made,
21 amend its estimates and recommendations so that expenses are no greater than the total of all
22 revenue appropriated by the state or town or provided for public schools under the care, control,
23 and management of the school committee.

24 (c) Only a school budget in which total expenses are less than or equal to appropriations
25 and revenues shall be considered an adopted school budget.

26 (d) Notwithstanding any provision of the general or public laws to the contrary:

27 (i) the budget adopted and presented by any school committee for the fiscal year 2008
28 shall not propose the appropriation of municipal funds (exclusive of state and federal aid) in
29 excess of one hundred five and one-quarter percent (105.25%) of the total of municipal funds
30 appropriated by the city or town council for school purposes for fiscal year 2007;

31 (ii) the budget adopted and presented by any school committee for the fiscal year 2009
32 shall not propose the appropriation of municipal funds (exclusive of state and federal aid) in
33 excess of one hundred five percent (105%) of the total of municipal funds appropriated by the
34 city or town council for school purposes for fiscal year 2008;

1 (iii) the budget adopted and presented by any school committee for the fiscal year 2010
2 shall not propose the appropriation of municipal funds (exclusive of state and federal aid) in
3 excess of one hundred four and three-quarters percent (104.75%) of the total of municipal funds
4 appropriated by the city or town council for school purposes for fiscal year 2009;

5 (iv) the budget adopted and presented by any school committee for the fiscal year 2011
6 shall not propose the appropriation of municipal funds (exclusive of state and federal aid) in
7 excess of one hundred four and one-half percent (104.5%) of the total of municipal funds
8 appropriated by the city or town council for school purposes for fiscal year 2010;

9 (v) the budget adopted and presented by any school committee for the fiscal year 2012
10 shall not propose the appropriation of municipal funds (exclusive of state and federal aid) in
11 excess of one hundred four and one-quarter percent (104.25%) of the total of municipal funds
12 appropriated by the city or town council for school purposes for fiscal year 2011; and

13 (vi) the budget adopted and presented by any school committee for the fiscal year 2013
14 and for each fiscal year thereafter shall not propose the appropriation of municipal funds
15 (exclusive of state and federal aid) in excess of one hundred four percent (104%) of the total of
16 municipal funds appropriated by the city or town council for school purposes for ~~fiscal year 2012~~
17 [the previous fiscal year](#).

18 (e) Notwithstanding any provision of the general or public laws to the contrary, any
19 judgment rendered pursuant to subsection 16-2-21.4(b) shall consider the percentage caps on
20 school district budgets set forth in subsection (d) of this section.

21 SECTION 3. This article shall take effect upon passage.

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