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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2016

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A N A C T

RELATING TO EDUCATION -- MUNICIPAL FUNDING OF CHARTER SCHOOLS

Introduced By: Representatives Barros, Coughlin, Blazejewski, Johnston, and Abney

Date Introduced: January 07, 2016

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Sections 16-2-9.4 and 16-2-21 of the General Laws in Chapter 16-2 entitled
2 "School Committees and Superintendents [See Title 16 Chapter 97 - The Rhode Island Board of
3 Education Act]" are hereby amended to read as follows:

4 **16-2-9.4. School district accounting compliance.** -- (a) The office of auditor general
5 and the department of elementary and secondary education shall promulgate a uniform system of
6 accounting, including a chart of accounts based on the recommendations of the advisory council
7 on school finance, and require all accounts of the school districts, regional school districts, state
8 schools, and charter schools to be kept in accordance therewith; provided, that in any case in
9 which the uniform system of accounting is not practicable, the office of auditor general, in
10 conjunction with the department of elementary and secondary education, shall determine the
11 manner in which the accounts shall be kept. The uniform system of accounting shall also include
12 a standardized budget process to ensure districts can annually assess investment priorities and
13 incorporate long-range planning.

14 (b) For the purpose of securing a uniform system of accounting and a chart of accounts
15 the advisory council on school finances, as defined in § 16-2-9.2 may make such surveys of the
16 operation of any school districts, regional school district, state school, or charter school as they
17 shall deem necessary.

18 (c) Upon completion of the implementation of the uniform chart of accounts, all the
19 school districts, regional school districts, state schools, and/or charter schools, shall implement a

1 regents-approved budget model, ~~that shall include a distinct line item for payments to charter~~
2 ~~schools~~ and use best practices established by the department of education for long-range
3 planning, budget development, and budget administration and reporting.

4 (d) If any school district, regional school district, state school, or charter school fails to
5 install and maintain the uniform system of accounting, including a chart of accounts and
6 approved budget model, or fails to keep its accounts and interdepartmental records, or refuses or
7 neglects to make the reports and to furnish the information in accordance with the method
8 prescribed by the office of auditor general and the department of education, or hinders or prevents
9 the examination of accounts and financial records, the auditor general and the commissioner of
10 education, and/or their respective designee(s), shall make a report to the superintendent of schools
11 of the local education agency, the school committee chairperson, the mayor or town manager, and
12 the president of the town council, and/or for a charter school, to the board of trustees or directors,
13 as applicable, in writing, specifying the nature and extent of the failure, refusal, neglect,
14 hindrance, or prevention, and the commissioner is hereby authorized and directed to review the
15 matter so reported. If the commissioner shall find that failure, refusal, neglect, hindrance, or
16 prevention exists and that the school district, regional school district, state school, or charter
17 school should properly comply in the matter so reported, the commissioner shall direct the school
18 district, regional school district, state school, or charter school, in writing, to so comply. If the
19 failure, refusal, neglect, hindrance, or prevention shall continue for a period of ten (10) days
20 following the written direction, the commissioner may request the board of education for
21 approval to withhold distribution of state aid to said school district, regional school district, state
22 school, or charter school. The board shall hold a hearing and provide the subject school and/or
23 district notice and an opportunity to be heard at said hearing. After hearing thereon, the board
24 may authorize the commissioner to withhold the distribution of state aid to said school district,
25 regional school district, state school, or charter school, if the board determines such sanction is
26 appropriate.

27 (e) The department of elementary and secondary education, in consultation with the
28 division of municipal finance, shall conduct periodic reviews and analysis of school revenues and
29 expenses. The department shall also review and monitor compliance with the approved budget
30 model and best practices. The department shall identify those local education agencies considered
31 to be at risk of a year-end deficit or a structural deficit that could impact future years. Such
32 potential deficits shall be identified based on the periodic reviews, which may also include on-site
33 visits and reporting in accordance with the provisions of § 45-12-22.2. Potential deficits shall be
34 reported to the office of municipal finance, office of auditor general, superintendent, chairman of

1 the school committee, mayor or town manager, and the president of the town council, of the
2 applicable school district, regional school district, or state school, and/or for a charter school, to
3 the board of trustees or directors, as applicable.

4 **16-2-21. Pre-budget consultation -- Annual reports -- Appropriation requests --**

5 **Budgets.** -- (a) At least sixty (60) days, but not more than ninety (90) days, prior to the formal
6 submission of the school budget to the appropriate city or town officials by the school committee,
7 there shall be a joint, pre-budget meeting between the school committee and the city or town
8 council(s). At or before this meeting:

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

13 (2) The school committee shall submit to the city or town council a statement for the
14 next ensuing fiscal year of anticipated total expenditures, projected enrollments with resultant
15 staff and facility requirements, ~~estimated enrollment and payments to charter schools,~~ and any
16 necessary or mandated changes in school programs or operations; and

17 (3) The school committee shall prepare and submit, annually, to the department of
18 elementary and secondary education, on or before the first day of August, a report in the manner
19 and form prescribed by the state board of regents for elementary and secondary education; the
20 committee shall also prepare, not less than thirty (30) days before the date of the annual financial
21 town meeting, or the date of the meeting of the city council at which annual appropriations are
22 made, on forms prescribed and furnished by the department of elementary and secondary
23 education, the estimates and recommendations of the amounts necessary to be appropriated for
24 the support of public schools, ~~including a distinct line item for estimated payments to charter~~
25 ~~schools~~ for the fiscal year ensuing; provided, that a copy of these estimates and recommendations
26 shall be sent to the department of elementary and secondary education, and until the report is
27 made, and if the estimates and recommendations are not presented to the department, it may
28 refuse to draw its orders for the money in the state treasury apportioned to the city or town;
29 provided, that the necessary blank for the report has been furnished by the department on or
30 before the first day of June, next preceding, and the necessary forms for the estimates and
31 recommendations shall have been furnished by the department not less than sixty (60) days before
32 the date of the annual appropriations meeting of the city council. The committee shall also
33 prepare and submit annually to the department of elementary and secondary education and at the
34 annual financial town meeting, a report to the city or town, setting forth its doings, the state, and

1 condition of the schools, and plans for their improvement, which report, unless printed, shall be
2 read in open meeting; and if printed, at least three (3) copies shall be transmitted to the
3 department on or before the day of the annual financial town meeting in each year.

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

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

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

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

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

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

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

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

33 (vi) The budget adopted and presented by any school committee for the fiscal year 2013
34 and for each fiscal year thereafter shall not propose the appropriation of municipal funds

1 (exclusive of state and federal aid) in excess of one hundred four percent (104%) of the total of
2 municipal funds appropriated by the city or town council for school purposes for the previous
3 fiscal year.

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

7 SECTION 2. Section 16-7-20 of the General Laws in Chapter 16-7 entitled "Foundation
8 Level School Support [See Title 16 Chapter 97 - The Rhode Island Board Of Education Act]" is
9 hereby amended to read as follows:

10 **16-7-20. Determination of state's share.** -- (a) For each community the state's share
11 shall be computed as follows: Let

12 R = state share ratio for the community.

13 v = adjusted equalized weighted assessed valuation for the community, as defined in §
14 16-7-21(3).

15 V = sum of the values of v for all communities.

16 m = average daily membership of pupils in the community as defined in § 16-7-22(3).

17 M = total average daily membership of pupils in the state.

18 E = approved reimbursable expenditures for the community for the reference year minus
19 the excess costs of special education, tuitions, federal and state receipts, and other income.

20 Then the state share entitlement for the community shall be RE where $R = 1 -$
21 $0.5vM/(Vm)$ through June 30, 2011, and $R = 1 - 0.475 vM/(Vm)$ beginning on July 1, 2011 and
22 thereafter.

23 Except that in no case shall R be less than zero percent (0%).

24 (b) Whenever any funds are appropriated for educational purposes, the funds shall be
25 used for educational purposes only and all state funds appropriated for educational purposes must
26 be used to supplement any and all money allocated by a city or town for educational purposes and
27 in no event shall state funds be used to supplant, directly or indirectly, any money allocated by a
28 city or town for educational purposes [except concerning state funding of charter schools](#). The
29 courts of this state shall enforce this section by writ of mandamus.

30 (c) Notwithstanding the calculations in subsection (a), the hospital school at the Hasbro
31 Children's Hospital shall be reimbursed one hundred percent (100%) of all expenditures approved
32 by the board of regents for elementary and secondary education in accordance with currently
33 existing rules and regulations for administering state aid, and subject to annual appropriations by
34 the general assembly including, but not limited to, expenditures for educational personnel,

1 supplies, and materials in the prior fiscal year.

2 SECTION 3. Section 16-7.2-5 of the General Laws in Chapter 16-7.2 entitled "The
3 Education Equity and Property Tax Relief Act" is hereby amended to read as follows:

4 **16-7.2-5. Charter public schools, the William M. Davies, Jr. Career and Technical**
5 **High School, and the Metropolitan Regional Career and Technical Center.** -- (a) Charter
6 public schools defined in chapter 77 of this title, the William M. Davies, Jr. Career and Technical
7 High School (Davies) and the Metropolitan Regional Career and Technical Center (the Met
8 Center) shall be funded pursuant to § 16-7.2-3. If the October 1 actual enrollment data for any
9 charter public school shows a ten percent (10%) or greater change from the prior year enrollment
10 which is used as the reference year average daily membership, the third and fourth quarter
11 payments to the charter public school will be adjusted to reflect actual enrollment. The state share
12 of the permanent foundation education aid shall be paid by the state directly to the charter public
13 schools, Davies, and the Met Center pursuant to § 16-7.2-9 and shall be calculated using the state
14 share ratio of the district of residence of the student as set forth in § 16-7.2-4. The department of
15 elementary and secondary education shall provide the general assembly with the calculation of
16 the state share of permanent foundation education aid for charter public schools delineated by
17 school district. The department shall also provide the general assembly a performance dashboard
18 indicating the per-pupil expenditures of each school district and charter school broken down by
19 revenue sources and expenditure categories. The department shall provide, within the same
20 dashboard, student performance indicators for each school district or charter school. ~~The local
21 share of education funding, as defined by the department of elementary and secondary education
22 and approved by the General Assembly, shall be paid to the charter public school, Davies, and the
23 Met Center by the district of residence of the student and shall be the local per pupil cost
24 calculated by dividing the local appropriation to education from property taxes, net of debt
25 service and capital projects, as defined in the uniform chart of accounts by the average daily
26 membership for each city and town, pursuant to § 16-7-22, for the reference year.~~

27 ~~(b) Local district payments to charter public schools, Davies, and the Met Center for
28 each district's students enrolled in these schools shall be made on a quarterly basis in July,
29 October, January and April; however, the first local district payment shall be made by August 15
30 instead of July. Failure of the community to make the local district payment for its student(s)
31 enrolled in a charter public school, Davies, and/or the Met Center may result in the withholding
32 of state education aid pursuant to § 16-7-31.~~

33 SECTION 4. Sections 16-77.1-1 and 16-77.1-2 of the General Laws in Chapter 16-77.1
34 entitled "Funding of Charter Public Schools [See Title 16 Chapter 97 - The Rhode Island Board

1 of Education Act]" are hereby amended to read as follows:

2 **16-77.1-1. Statement of purpose.** -- The purpose of this chapter is to provide ~~a~~ for state
3 funding ~~mechanism through which~~ of the costs for charter public schools ~~will be shared between~~
4 ~~the state and the local school districts sending students to a charter public school.~~

5 **16-77.1-2. Operating costs. State's contribution.** -- (a) ~~Operating costs of a charter~~
6 ~~public school shall be the total of the per pupil payments for each student attending the charter~~
7 ~~public school. The per pupil payment for each student shall be determined based on the per pupil~~
8 ~~cost for the district of residence of each student.~~ The state's ~~share of the per pupil amount~~
9 contribution for each student attending the charter public school shall be calculated under chapter
10 7.2 of this title and shall be paid by the state directly to the charter public school ~~and shall be the~~
11 ~~percent, or share ratio, previously calculated under chapter 7 of this title; provided, that in no case~~
12 ~~shall the ratio be less than thirty percent (30%), minus the five percent (5%) of per pupil cost~~
13 ~~designated for indirect cost support to the student's school district as defined in subsection (b).~~
14 ~~The five percent (5%) indirect cost amount shall be deducted from the district per pupil cost~~
15 ~~before the state share is derived by applying the share ratio to the district per pupil cost. The local~~
16 ~~share of the per pupil amount for each student attending the charter public school shall be paid to~~
17 ~~the charter public school by the district of residence of the student and shall be the per pupil cost~~
18 ~~for the district of residence of the student minus the state share of that per pupil cost as designated~~
19 ~~in this section.~~

20 (b) In addition to all state aid to education paid to a local district pursuant to chapter 7.1
21 of this title, the state will pay an additional amount to the district for each student from this
22 district who is attending a charter public school. The additional amount of state aid per pupil shall
23 be five percent (5%) of the districts per pupil cost. The additional state aid shall be for the
24 purpose of assisting local school districts to undertake the indirect costs borne by a district when
25 its student attends a charter public school.

26 (c) ~~The state department of elementary and secondary education shall annually determine~~
27 ~~both the state and local share of each charter public school's operating costs by deriving the~~
28 ~~respective shares associated with each student reported as a member of the charter public school~~
29 ~~as of June 30 of the reference year as defined in § 16-7-16(11) (or the enrollment as of October 1~~
30 ~~of the current school year in the first year of operation of a charter school). All other data used in~~
31 ~~this determination shall be based upon the reference year as defined in § 16-7-16(11).~~

32 (d) The state shall make ~~payments of its share of operating costs~~ its contribution to each
33 charter public school on a quarterly basis in July, October, January, and April. The July and
34 October payments will be based upon the reported student membership of the charter public

1 school as of June 30 of the reference year as defined in § 16-7-16(11) (or the enrollment as of
2 October 1 of the current school year in the first year of operation of a charter school). Charter
3 public schools will report current student enrollment, including district of residence for school
4 purposes of each student enrolled, and each district will report current total district operating
5 expenses and total district enrollments (including district students enrolled in charter public
6 schools) annually by October 1. If the October 1 data on a charter public school's student
7 enrollment show a ten percent (10%) or greater increase or decrease in students from the June
8 membership count, the third and fourth quarter payments to the charter public school will be
9 adjusted to reflect actual student enrollment in the charter public school.

10 (e) ~~Local district payments to charter public schools for each district's students enrolled~~
11 ~~in the charter public school shall also be made quarterly as designated in subsection (d); the first~~
12 ~~local district payment shall be made by August 15 instead of July. Any local school district more~~
13 ~~than thirty (30) days in arrears on a quarterly payment for its student(s) enrolled in a charter~~
14 ~~public school shall have the amount of the arrearage deducted from state aid to that district and~~
15 ~~the withheld arrearage shall be paid by the state directly to the charter public school.~~

16 (f) Local school districts with student(s) enrolled in a charter public school shall continue
17 to report these students in the total census of district public school students and will receive state
18 aid for all these students pursuant to the provisions of chapter 7.1 of this title.

19 (g) All entitlements except those provided for in § 16-24-6.2 shall be ratably reduced if
20 less than one hundred percent (100%) of the expenditures is appropriated.

21 (h) For fiscal year 2007, the indirect aid paid to districts pursuant to this section shall
22 equal the amount received in the fiscal year 2006 enacted budget by the 2005 general assembly.

23 SECTION 5. This act shall take effect on July 1, 2017.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO EDUCATION -- MUNICIPAL FUNDING OF CHARTER SCHOOLS

1 This act would eliminate a city or town's financial obligation to contribute to their
2 resident students who enroll in charter schools, William M. Davies, Jr. Career and Technical High
3 School or the Metropolitan Regional Career and Technical Center.

4 This act would take effect on July 1, 2017.

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