LC005007

#### 2020 -- S 2788

## STATE OF RHODE ISLAND

#### IN GENERAL ASSEMBLY

#### JANUARY SESSION, A.D. 2020

#### AN ACT

## RELATING TO EDUCATION -- THE EDUCATION EQUITY AND PROPERTY TAX RELIEF ACT

Introduced By: Senators Pearson, DiPalma, Cano, Seveney, and Satchell Date Introduced: March 12, 2020

Referred To: Senate Education

It is enacted by the General Assembly as follows:

SECTION 1. Sections 16-7.2-3, 16-7.2-4, 16-7.2-5, 16-7.2-6 and 16-7.2-8 of the General
 Laws in Chapter 16-7.2 entitled "The Education Equity and Property Tax Relief Act" are hereby
 amended to read as follows:

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#### 16-7.2-3. Permanent foundation education aid established.

(a) Beginning in the 2012 fiscal year, the following foundation education-aid formula shall
take effect. The foundation education aid for each district shall be the sum of the core instruction
amount in subdivision (a)(1) and the amount to support high-need students in subdivision (a)(2),
which shall be multiplied by the district state-share ratio calculated pursuant to § 16-7.2-4 to
determine the foundation aid.

10 (1) The core-instruction amount shall be an amount equal to a statewide, per-pupil core-11 instruction amount as established by the department of elementary and secondary education, 12 derived from the average of northeast regional expenditure data for the states of Rhode Island, Massachusetts, Connecticut, and New Hampshire from the National Center for Education Statistics 13 14 (NCES) that will adequately fund the student instructional needs as described in the basic education program and multiplied by the district average daily membership as defined in § 16-7-22. 15 Expenditure data in the following categories: instruction and support services for students, 16 instruction, general administration, school administration, and other support services from the 17 18 National Public Education Financial Survey, as published by NCES, and enrollment data from the 1 Common Core of Data, also published by NCES, will be used when determining the core-2 instruction amount. The core-instruction amount will be updated annually. For the purpose of 3 calculating this formula, school districts' resident average daily membership shall exclude charter 4 school and state-operated school students.

5 (2) The amount to support high-need students beyond the core-instruction amount shall be 6 determined by multiplying a student success factor of forty percent (40%) by the core instruction 7 per-pupil amount described in subdivision (a)(1) and applying that amount for each resident child 8 <u>either: whose</u>

- 9 (i) Whose family income is at or below one hundred eighty-five percent (185%) of federal
   10 poverty guidelines: or hereinafter referred to as "poverty status."
- 11 (ii) Identified as an English language learner, as defined in the Rhode Island department of
- 12 elementary and secondary education (department) regulations.
- (b) The department of elementary and secondary education shall provide the following as
  part of its budget submission pursuant to § 35-3-4:
- 15 (1) An an estimate of the foundation education aid cost as part of its budget submission 16 pursuant to § 35-3-4. The estimate shall include the most recent data available as well as an 17 adjustment for average daily membership growth or decline based on the prior year experience-;
- 18 <u>and</u>
- (2) The amount of the state and local share of education funding calculated for each local
   education agency (LEA) receiving state education aid in the budget. This information shall also be
- 21 provided to each LEA and published on the department's website.

22 (c) In addition, the department shall report updated figures based on the average daily 23 membership as of October 1 by December 1. The general assembly shall hereby establish an 24 education aid fund to be administered by the department of education for the purposes of addressing 25 increases in LEA enrollment of at least twenty-five (25) students that is realized on the October 1 26 data update, but was not included in the enacted budget; provided however, that if the general 27 assembly's appropriation to this fund is not sufficient to compensate for all increases in enrollment 28 described in this subsection, the disbursements shall be prorated to LEAs. 29 (d) Cities and towns shall be required to appropriate sufficient funds to meet their local

- 30 share of education funding, calculated pursuant to subsection (b)(2) of this section, by FY 2022, or
  31 by the timeline contained in the education funding plan that is approved by the director of revenue,
- 31 by the timeline contained in the education funding plan that is approved by the director of revenue,
- 32 whichever is later. If a municipality will not be able to appropriate such funds, the chief executive
- 33 of the city or town shall notify the department and director of revenue (director) by November 1 of
- 34 the preceding fiscal year. The chief executive, in consultation with the department and the director,

1 shall develop an education funding plan for the municipality to meet its local share within five (5)

2 years. The plan shall be approved by the director. In extraordinary circumstances, the director may

approve a period greater than five (5) years, provided that the director notifies the governor, 3

- 4 president of the senate, and speaker of the house of the extraordinary circumstances that prevent
- 5 the municipality from meeting their local share within a five (5) year period.
- 6

(d)(e) Local education agencies may set aside a portion of funds received under subsection 7 (a) to expand learning opportunities such as after school and summer programs, full-day 8 kindergarten and/or multiple pathway programs, provided that the basic education program and all 9 other approved programs required in law are funded.

- 10 (e)(f) The department of elementary and secondary education shall promulgate such 11 regulations as are necessary to implement fully the purposes of this chapter.
- 12 (g) The department shall review the student success factor of forty percent (40%) provided 13 in subsection (a)(2) of this section to determine whether that weight ensures local education 14 agencies receive the funding necessary to meet students' instructional needs. The department shall
- 15 complete its review and report its findings to the governor, the president of the senate, and the
- 16 speaker of the house by October 1, 2020.
- 17

## 16-7.2-4. Determination of state's share.

18 (a) For each district, the state's share of the foundation education aid calculated pursuant 19 to § 16-7.2-3(a) shall use a calculation that considers a district's revenue-generating capacity and 20 concentration of high-need students. The calculation is the square root of the sum of the state-share 21 ratio for the community calculation, pursuant to § 16-7-20, squared plus the district's percentage of 22 students in grades PK-6 in poverty status squared, divided by two.

23 (b) For purposes of determining the state's share, school district student data used in this 24 calculation shall include charter school and state school students. These ratios are used in the permanent foundation education aid formula calculation described in § 16-7.2-5. 25

26 (c) In any given fiscal year, the total education aid paid to a local education agency,

27 including distributed categorical funds, may not be reduced by more than one percent (1%) of the

- 28 municipal education appropriation to the local education agency in the previous fiscal year.
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#### 16-7.2-5. Charter public schools, the William M. Davies, Jr. Career and Technical 30 High School, and the Metropolitan Regional Career and Technical Center.

31 (a) Charter public schools, as defined in chapter 77 of this title, the William M. Davies, Jr. 32 Career and Technical High School (Davies), and the Metropolitan Regional Career and Technical 33 Center (the Met Center) shall be funded pursuant to § 16-7.2-3. If the October 1 actual enrollment 34 data for any charter public school shows a ten percent (10%) or greater change from the prior year

1 enrollment which is used as the reference year average daily membership, the last six (6) monthly 2 payments to the charter public school will be adjusted to reflect actual enrollment. The state share 3 of the permanent foundation education aid shall be paid by the state directly to the charter public 4 schools, Davies, and the Met Center pursuant to § 16-7.2-9 and shall be calculated using the state-5 share ratio of the district of residence of the student as set forth in § 16-7.2-4. The department of elementary and secondary education shall provide the general assembly with the calculation of the 6 7 state share of permanent foundation education aid for charter public schools delineated by school 8 district.

9 (b) The local share of education funding shall be paid to the charter public school, Davies, 10 and the Met Center by the district of residence of the student and shall be the local, per-pupil cost 11 calculated by dividing the local appropriation to education from property taxes, net of debt service, 12 and capital projects, as defined in the uniform chart of accounts by the average daily membership 13 for each city and town, pursuant to § 16-7-22, for the reference year.

14 (c) Beginning with new enrollments for the 2021-2022 academic year, the local share of

15 education funding shall be paid to charter public schools based upon a comparison of performance

16 data between the specific school from which the student is coming and the specific charter school

17 that will be receiving the student. For purposes of this subsection, performance shall be defined

18 <u>pursuant to § 16-97.1-1.</u>

(1) If the receiving charter school has outperformed the student's specific school in each
of the prior two (2) academic years, the local share of education funding paid to the receiving
charter school shall be one hundred percent (100%) of the local, per-pupil cost described in
subsection (b) of this section.

(2) If the student's specific school has outperformed the receiving charter in each of the
 prior two (2) academic years, the local share of education funding paid to the receiving charter
 school shall be fifty percent (50%) of the local, per-pupil cost described in subsection (b) of this
 section.

27 (3) In any fiscal year, no school district's total charter school expenses, defined as the sum 28 of tuition and state education aid paid to charter schools for students from that district, shall exceed 29 nine percent (9%) of the district's adopted budget; however, if the council on elementary and 30 secondary education determines that the school district is in the lowest ten percent (10%) of all 31 statewide student performance scores released in each of the two (2) consecutive academic years 32 prior to the date the student submits the charter school application, the school district's total charter 33 school expense may exceed nine percent (9%) of the district's adopted budget, provided that it shall not exceed eighteen percent (18%); provided further, if, in FY 2021, any district's total charter 34

1 school expenses exceed the nine percent (9%) or eighteen percent (18%) caps prescribed in this

2 <u>subsection, no new enrollments shall be allowed from that district to charter schools until the</u>

3 district's charter school expenses are in compliance with the caps in this subsection.

4 (c)(d) Beginning in FY 2017, there shall be a reduction to the local per pupil funding paid 5 by the district of residence to charter public schools, Davies, and the Met Center. This reduction shall be equal to the greater (i) Of seven percent (7%) of the local, per-pupil funding of the district 6 7 of residence pursuant to subsection (b) or (ii) The per-pupil value of the district's costs for non-8 public textbooks, transportation for non-public students, retiree health benefits, out-of-district 9 special-education tuition and transportation, services for students age eighteen (18) to twenty-one 10 (21) years old, pre-school screening and intervention, and career and technical education, tuition 11 and transportation costs, debt service and rental costs minus the average expenses incurred by 12 charter schools for those same categories of expenses as reported in the uniform chart of accounts 13 for the prior preceding fiscal year pursuant to § 16-7-16(11) and verified by the department of 14 elementary and secondary education. In the case where audited financials result in a change in the 15 calculation after the first tuition payment is made, the remaining payments shall be based on the 16 most recent audited data. For those districts whose greater reduction occurs under the calculation 17 of (ii), there shall be an additional reduction to payments to mayoral academies with teachers who 18 do not participate in the state teacher's retirement system under chapter 8 of title 36 equal to the 19 per-pupil value of teacher retirement costs attributable to unfunded liability as calculated by the 20 state's actuary for the prior preceding fiscal year.

21 (d)(e) Local district payments to charter public schools, Davies, and the Met Center for 22 each district's students enrolled in these schools shall be made on a quarterly basis in July, October, 23 January, and April; however, the first local-district payment shall be made by August 15, instead 24 of July. Failure of the community to make the local-district payment for its student(s) enrolled in a 25 charter public school, Davies, and/or the Met Center may result in the withholding of state 26 education aid pursuant to § 16-7-31.

27 (e) Beginning in FY 2017, school districts with charter public school, Davies, and the Met 28 Center enrollment, that, combined, comprise five percent (5%) or more of the average daily 29 membership as defined in § 16-7-22, shall receive additional aid for a period of three (3) years. Aid 30 in FY 2017 shall be equal to the number of charter public school, open-enrollment schools, Davies, 31 or the Met Center students as of the reference year as defined in § 16-7-16 times a per-pupil amount 32 of one hundred seventy-five dollars (\$175). Aid in FY 2018 shall be equal to the number of charter 33 public school, open enrollment schools, Davies, or the Met Center students as of the reference year 34 as defined in § 16-7-16 times a per-pupil amount of one hundred dollars (\$100). Aid in FY 2019

1 shall be equal to the number of charter public school, open-enrollment schools, Davies, or the Met 2 Center students as of the reference year as defined in § 16-7-16 times a per-pupil amount of fifty 3 dollars (\$50.00). The additional aid shall be used to offset the adjusted fixed costs retained by the 4 districts of residence.

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#### 16-7.2-6. Categorical programs, state funded expenses.

In addition to the foundation education aid provided pursuant to § 16-7.2-3, the permanent 6 7 foundation education-aid program shall provide direct state funding for:

8 (a) Excess costs associated with special education students. Excess costs are defined when 9 an individual special education student's cost shall be deemed to be "extraordinary". Extraordinary 10 costs are those educational costs that exceed the state-approved threshold based on an amount 11 above five times the core foundation amount (total of core-instruction amount plus student success 12 amount). The department of elementary and secondary education shall prorate the funds available 13 for distribution among those eligible school districts if the total approved costs for which school 14 districts are seeking reimbursement exceed the amount of funding appropriated in any fiscal year; 15 and the department of elementary and secondary education shall also collect data on those 16 educational costs that exceed the state-approved threshold based on an amount above two (2), three 17 (3), and four (4) times the core-foundation amount;

18 (b) Career and technical education costs to help meet initial investment requirements 19 needed to transform existing, or create new, comprehensive, career and technical education 20 programs and career pathways in critical and emerging industries and to help offset the higher-21 than-average costs associated with facilities, equipment maintenance and repair, and supplies 22 necessary for maintaining the quality of highly specialized programs that are a priority for the state. The department shall develop criteria for the purpose of allocating any and all career and technical 23 24 education funds as may be determined by the general assembly on an annual basis. The department 25 of elementary and secondary education shall prorate the funds available for distribution among 26 those eligible school districts if the total approved costs for which school districts are seeking 27 reimbursement exceed the amount of funding available in any fiscal year;

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(c) Programs to increase access to voluntary, free, high-quality pre-kindergarten programs. 29 The department shall recommend criteria for the purpose of allocating any and all early childhood 30 program funds as may be determined by the general assembly;

31 (d) Central Falls, Davies, and the Met Center Stabilization Fund is established to ensure 32 that appropriate funding is available to support their students. Additional support for Central Falls 33 is needed due to concerns regarding the city's capacity to meet the local share of education costs. 34 This fund requires that education aid calculated pursuant to § 16-7.2-3 and funding for costs outside

1 the permanent foundation education-aid formula, including, but not limited to, transportation, 2 facility maintenance, and retiree health benefits shall be shared between the state and the city of 3 Central Falls. The fund shall be annually reviewed to determine the amount of the state and city 4 appropriation. The state's share of this fund may be supported through a reallocation of current state 5 appropriations to the Central Falls school district. At the end of the transition period defined in § 16-7.2-7, the municipality will continue its contribution pursuant to § 16-7-24. Additional support 6 7 for the Davies and the Met Center is needed due to the costs associated with running a stand-alone 8 high school offering both academic and career and technical coursework. The department shall 9 recommend criteria for the purpose of allocating any and all stabilization funds as may be 10 determined by the general assembly;

(e) Excess costs associated with transporting students to out-of-district non-public schools.
This fund will provide state funding for the costs associated with transporting students to out-ofdistrict non-public schools, pursuant to chapter 21.1 of this title. The state will assume the costs of
non-public out-of-district transportation for those districts participating in the statewide systemThe department of elementary and secondary education shall prorate the funds available for
distribution among those eligible school districts if the total approved costs for which school
districts are seeking reimbursement exceed the amount of funding available in any fiscal year;

18 (f) Excess costs associated with transporting students within regional school districts. This 19 fund will provide direct state funding for the excess costs associated with transporting students 20 within regional school districts, established pursuant to chapter 3 of this title. This fund requires 21 that the state and regional school district share equally the student transportation costs net any 22 federal sources of revenue for these expenditures. The department of elementary and secondary 23 education shall prorate the funds available for distribution among those eligible school districts if 24 the total approved costs for which school districts are seeking reimbursement exceed the amount 25 of funding available in any fiscal year;

26 (g) Public school districts that are regionalized shall be eligible for a regionalization bonus
27 as set forth below:

(1) As used herein, the term "regionalized" shall be deemed to refer to a regional school
district established under the provisions of chapter 3 of this title, including the Chariho Regional
School district;

(2) For those districts that are regionalized as of July 1, 2010, the regionalization bonus
shall commence in FY 2012. For those districts that regionalize after July 1, 2010, the
regionalization bonus shall commence in the first fiscal year following the establishment of a
regionalized school district as set forth in chapter 3 of this title, including the Charibo Regional

1 School District;

2 (3) The regionalization bonus in the first fiscal year shall be two percent (2.0%) of the
3 state's share of the foundation education aid for the regionalized district as calculated pursuant to
4 §§ 16-7.2-3 and 16-7.2-4 in that fiscal year;

5 (4) The regionalization bonus in the second fiscal year shall be one percent (1.0%) of the 6 state's share of the foundation education aid for the regionalized district as calculated pursuant to 7 §§ 16-7.2-3 and 16-7.2-4 in that fiscal year;

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(5) The regionalization bonus shall cease in the third fiscal year;

9 (6) The regionalization bonus for the Chariho regional school district shall be applied to
10 the state share of the permanent foundation education aid for the member towns; and

(7) The department of elementary and secondary education shall prorate the funds available for distribution among those eligible regionalized school districts if the total, approved costs for which regionalized school districts are seeking a regionalization bonus exceed the amount of funding appropriated in any fiscal year;

15 (h) Additional state support for English learners (EL). The amount to support EL students 16 shall be determined by multiplying an EL factor of ten percent (10%) by the core-instruction per-17 pupil amount defined in 16-7.2-3(a)(1) and applying that amount of additional state support to 18 EL students identified using widely adopted, independent standards and assessments identified by 19 the commissioner. All categorical funds distributed pursuant to this subsection must be used to 20 provide high-quality, research-based services to EL students and managed in accordance with 21 requirements set forth by the commissioner of elementary and secondary education. The 22 department of elementary and secondary education shall collect performance reports from districts 23 and approve the use of funds prior to expenditure. The department of elementary and secondary 24 education shall ensure the funds are aligned to activities that are innovative and expansive and not 25 utilized for activities the district is currently funding. The department of elementary and secondary 26 education shall prorate the funds available for distribution among eligible recipients if the total 27 calculated costs exceed the amount of funding available in any fiscal year;

(i) State support for school resource officers. For purposes of this subsection, a school
resource officer (SRO) shall be defined as a career law enforcement officer with sworn authority
who is deployed by an employing police department or agency in a community-oriented policing
assignment to work in collaboration with one or more schools. School resource officers should have
completed at least forty (40) hours of specialized training in school policing, administered by an
accredited agency, before being assigned. Beginning in FY 2019, for a period of three (3) years,
school districts or municipalities that choose to employ school resource officers shall receive direct

1 state support for costs associated with employing such officers at public middle and high schools.

2 Districts or municipalities shall be reimbursed an amount equal to one-half (1/2) of the cost of 3 salaries and benefits for the qualifying positions. Funding will be provided for school resource

- 4 officer positions established on or after July 1, 2018, provided that:
- 5 (1) Each school resource officer shall be assigned to one school:
- 6 (i) Schools with enrollments below one thousand twelve hundred (1,200) students shall 7 require one school resource officer;
- 8 (ii) Schools with enrollments of one thousand twelve hundred (1,200) or more students 9 shall require two school resource officers;
- 10 (2) School resource officers hired in excess of the requirement noted above shall not be 11 eligible for reimbursement; and
- 12 (3) Schools that eliminate existing school resource officer positions and create new 13 positions under this provision shall not be eligible for reimbursement.; and
- 14

(j) Categorical programs defined in (a) through (g) shall be funded pursuant to the transition 15 <del>plan in § 16-7.2-7.</del>

16 16-7.2-8. Accountability.

17 (a) Pursuant to §§ 16-7.1-3 and 16-7.1-5, the department of elementary and secondary 18 education (department) shall use the uniform chart of accounts to maintain fiscal accountability for 19 education expenditures that comply with applicable laws and regulations, including but not limited 20 to the basic education program. This data shall be used to develop criteria, and priorities, and 21 benchmarks specific to each local education agency (LEA) to improve for cost controls, 22 efficiencies, and program effectiveness. The department of elementary and secondary education 23 shall present this the LEA-specific information in the form of an annual report to the LEA to which 24 it applies and provide a summary of all LEA reports to the governor and the general assembly, 25 annually, beginning on August 1, 2021.

26 (b) The department of elementary and secondary education shall establish and/or 27 implement program programs standards to be used in the oversight of the use of foundation aid 28 calculated pursuant to § 16-7.2-3. The department shall propose an incentive fund structure to the 29 general assembly by December 1, 2021 that provides for the state to share in an LEA's non-core 30 costs provided that the LEA meets benchmarks developed by the department pursuant to subsection 31 (a) of this section. Such oversight Oversight will be carried out for all LEAs, including those 32 receiving in accordance with the progressive support and intervention protocols established in chapter 7.1 of this title. 33 34

SECTION 2. Title 16 of the General Laws entitled "EDUCATION" is hereby amended by

1	adding thereto the following chapter:
2	CHAPTER 22.3
3	THE BASIC EDUCATION PROGRAM
4	<u>16-22.3-1. Definitions.</u>
5	For the purposes of this chapter:
6	(1) The "basic education program" means a set of regulations promulgated by the council
7	on elementary and secondary education that establishes minimum standards for the Rhode Island
8	public education system.
9	(2) The "council" means the council on elementary and secondary education.
10	(3) The "department" means the department of elementary and secondary education.
11	16-22.3-2. Elements of the basic education program.
12	(a) The basic education program (BEP) shall include, but is not limited to, the following:
13	(1) A standard for students who are English language learners;
14	(2) The requirements set forth in §§ 16-22-17 and 16-22-24; and
15	(3) Any other requirements set forth in the Rhode Island general laws.
16	(b) By October 1, 2020, and in all even-numbered years thereafter, the department shall
17	review the BEP and identify areas to update, if appropriate. Updates to the BEP shall be proposed
18	to the council by no later than November 1 of a review year, and the council shall vote on the
19	adoption of the updates by December 1 of a review year.
20	(c) By October 1, 2020, and in all even-numbered years thereafter, the department shall
21	complete a fiscal analysis that identifies the expected costs associated with the requirements of the
22	BEP. The department shall provide the fiscal analysis to the council by no later than November 1
23	of a review year.
24	SECTION 3. Section 45-13-14 of the General Laws in Chapter 45-13 entitled "State Aid"
25	is hereby amended to read as follows:
26	45-13-14. Adjustments to tax levy, assessed value, and full value when computing state
27	<u>aid.</u>
28	(a) Whenever the director of revenue computes the relative wealth of municipalities for the
29	purpose of distributing state aid in accordance with title 16 and the provisions of § 45-13-12, he or
30	she shall base it on the full value of all property except:
31	(1) That exempted from taxation by acts of the general assembly and reimbursed under §
32	45-13-5.1 of the general laws, which shall have its value calculated as if the payment in lieu of tax
33	revenues received pursuant to § 45-13-5.1, has resulted from a tax levy;
34	(2) That whose tax levy or assessed value is based on a tax treaty agreement authorized by

1 a special public law or by reason of agreements between a municipality and the economic 2 development corporation in accordance with § 42-64-20 prior to May 15, 2005, which shall not have its value included; 3

4 (3) That whose tax levy or assessed value is based on tax treaty agreements or tax 5 stabilization agreements in force prior to May 15, 2005, which shall not have its value included;

6 (4) That which is subject to a payment in lieu of tax agreement in force prior to May 15, 7 2005:

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(5) Any other property exempt from taxation under state law; or

9 (6) Any property subject to chapter 27 of title 44, taxation of Farm, Forest, and Open Space 10 Land.

11 (b) The tax levy of each municipality and fire district shall be adjusted for any real estate 12 and personal property exempt from taxation by act of the general assembly by the amount of 13 payment in lieu of property tax revenue anticipated to be received pursuant to § 45-13-5.1 relating 14 to property tax from certain exempt private and state properties, and for any property subject to any 15 payment in lieu of tax agreements, any tax treaty agreements or tax stabilization agreements in 16 force after May 15, 2005, by the amount of the payment in lieu of taxes pursuant to such 17 agreements.

18 (c) Fire district tax levies within a city or town shall be included as part of the total levy 19 attributable to that city or town.

20 (d) The changes as required by subsections (a) through (c) of this section shall be 21 incorporated into the computation of entitlements effective for distribution in fiscal year 2007-2008 22 and thereafter.

23

SECTION 4. This act shall take effect upon passage.

LC005007

#### **EXPLANATION**

#### BY THE LEGISLATIVE COUNCIL

#### OF

### AN ACT

# RELATING TO EDUCATION -- THE EDUCATION EQUITY AND PROPERTY TAX RELIEF ACT

#### \*\*\*

- 1 This act would modify the amount of education aid determined for each school district with
- 2 respect to high-need students.
- 3 This act would take effect upon passage.

LC005007