

**2010 -- S 2770 SUBSTITUTE A**

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**STATE OF RHODE ISLAND**

**IN GENERAL ASSEMBLY**

**JANUARY SESSION, A.D. 2010**

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A N A C T

RELATING TO EDUCATION-- THE EDUCATION ADEQUACY ACT

Introduced By: Senators Gallo, Paiva-Weed, Ruggerio, DiPalma, and Felag

Date Introduced: April 07, 2010

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1           SECTION 1. Sections 16-7-16, 16-7-20, 16-7-22, 16-7-23, 16-7-23.1, 16-7-24, 16-7-39  
2   and 16-7-41 of the General Laws in Chapter 16-7 entitled "Foundation Level School Support" are  
3   hereby amended to read as follows:

4           **16-7-16. Definitions.** -- The following words and phrases used in sections 16-7-15 to 16-  
5   7-34 have the following meanings:

6           (1) "Adjusted equalized weighted assessed valuation" means the equalized weighted  
7   assessed valuation of a community as determined by the department of revenue or as apportioned  
8   by the commissioner pursuant to the provisions of section 16-7-21;

9           (2) "Average daily membership" means the average number of pupils in a community  
10   during a school year as determined pursuant to the provisions of section 16-7-22, less any  
11   students who are served in a program operated by the state and [funded through the permanent](#)  
12   [foundation education aid formula pursuant to chapter 16-7.2](#) ~~which program is part of the~~  
13   ~~operations aid formula;~~

14           (3) "Basic [education](#) program" means the cost of education of resident pupils in grades  
15   twelve (12) and below in average daily membership for the reference year as determined by the  
16   mandated minimum program level ~~plus all transportation costs including school bus monitors;~~

17           (4) "Certified personnel" means all persons who are required to hold certificates issued  
18   by or under the authority of the board of regents for elementary and secondary education;

19           (5) "Community" means any city, town, or regional school district established pursuant

1 to law and/or the department of children, youth, and families; provided, however, that the  
2 department of children, youth, and families shall not have those administrative responsibilities  
3 and obligations as set forth in chapter 2 of this title; provided, however, that the member towns of  
4 the Chariho regional high school district, created by P.L. 1958, chapter 55 as amended, shall  
5 constitute separate and individual communities for the purpose of determining and distributing  
6 the foundation level school support including state aid for noncapital excess expenses for the  
7 special education of children with disabilities provided for in section 16-24-6 for all grades  
8 financed in whole or in part by the towns irrespective of any regionalization and any school  
9 operated by the state department of elementary and secondary education;

10 (6) "Department of children, youth, and families" means that department created  
11 pursuant to chapter 72 of title 42. For purposes of this section, sections 16-7-20, 16-24-2, and 42-  
12 72-5(b)(22), "children" means those children who are placed, assigned, or otherwise  
13 accommodated for residence by the department of children, youth, and families in a state operated  
14 or supported community residence licensed by a state agency and the residence operates an  
15 educational program approved by the department of elementary and secondary education;

16 (7) "Equalized weighted assessed valuation" means the equalized weighted assessed  
17 valuation for a community as determined by the division of property valuation pursuant to the  
18 provisions of section 16-7-21;

19 (8) "Full time equivalency students" means the time spent in a particular activity divided  
20 by the amount of time in a normal school day;

21 (9) "Incentive entitlement" means the sum payable to a local school district under the  
22 formula used;

23 (10) "Mandated minimum program level" means the amount that shall be spent by a  
24 community for every pupil in average daily membership as determined pursuant to the provisions  
25 of section 16-7-18;

26 (11) "Reference year" means the next year prior to the school year immediately  
27 preceding that in which the aid is to be paid; ~~and~~. For the purposes of calculating the permanent  
28 foundation education formula aid as described in section 16-7.2-3, the reference date shall be one  
29 year prior to the year in which aid is paid; and

30 (12) "Regularly employed" and "service" as applied to certified personnel have the same  
31 meaning as defined in chapter 16 of this title.

32 **16-7-20. Determination of state's share.** -- (a) For each community the state's share  
33 shall be computed as follows: Let

R = state share ratio for the community.

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

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

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

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

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

Then the state share entitlement for the community shall be RE where

$R = 1 - 0.5 \frac{vM}{Vm}$  through June 30, 2011, and  $R = 1 - 0.475 \frac{vM}{Vm}$  beginning on July 1, 2011 and thereafter.

1 Except that in no case shall R be less than zero percent (0%). ~~This percentage shall be~~  
2 ~~applied to one hundred percent (100%) of all expenditures approved by the board of regents for~~  
3 ~~elementary and secondary education in accordance with currently existing rules and regulations~~  
4 ~~for administering state aid, including but not limited to the setting of appropriate limits for~~  
5 ~~expenditures eligible for reimbursement; provided, however, that the costs of special education~~  
6 ~~required under chapter 24 of this title shall be excluded; and the costs for regional vocational~~  
7 ~~school operation and tuition which are funded in chapter 45 of this title for the reference year~~  
8 ~~1987-1988 and thereafter, shall be excluded. "Special education costs" mean the costs that are in~~  
9 ~~excess of the average per pupil expenditure in average daily membership for the second school~~  
10 ~~year preceding. The average per pupil expenditure in average daily membership of those students~~  
11 ~~receiving special education shall be included in the cost of the basic program for the reference~~  
12 ~~year, as "reference year" is defined in section 16-7-16. Expenditures from federal money in lieu~~  
13 ~~of taxes shall not be counted and, provided further that the individual communities in the Charito~~  
14 ~~regional districts shall each receive the seven and five hundredths percent (7.05%) for those~~  
15 ~~grades serviced by the regional school district.~~

16 ~~(b) The department of elementary and secondary education shall base reimbursement on~~  
17 ~~one hundred percent (100%) of the expenditures for its state-operated schools in accordance with~~  
18 ~~the reference year provision as defined in section 16-7-16(11). Any funds to supplement the~~  
19 ~~reimbursement shall be appropriated and included in the department budget.~~

20 ~~(c) This section shall apply to the School for the Deaf and the Davies Vocational School~~  
21 ~~notwithstanding any provisions of this section to the contrary.~~

22 (d) Whenever any funds are appropriated for educational purposes, the funds shall be

1 used for educational purposes only and all state funds appropriated for educational purposes must  
2 be used to supplement any and all money allocated by a city or town for educational purposes and  
3 in no event shall state funds be used to supplant, directly or indirectly, any money allocated by a  
4 city or town for educational purposes. The courts of this state shall enforce this section by writ of  
5 mandamus.

6 (e) Notwithstanding the calculations in subsection (a), the hospital school at the Hasbro  
7 Children's Hospital shall be reimbursed one hundred percent (100%) of all expenditures approved  
8 by the board of regents for elementary and secondary education in accordance with currently  
9 existing rules and regulations for administering state aid, and subject to annual appropriations by  
10 the general assembly including, but not limited to, expenditures for educational personnel,  
11 supplies, and materials in the prior fiscal year.

12 **16-7-22. Determination of average daily membership.** -- Each community shall be  
13 paid pursuant to the provisions of section 16-7-17 an amount based upon the following  
14 provisions:

15 (1) On or before September 1 of each year the average daily membership of each city  
16 and town for the reference year shall be determined by the commissioner of elementary and  
17 secondary education from data supplied by the school committee in each community in the  
18 following manner: The aggregate number of days of membership of all pupils enrolled full time  
19 in grade twelve (12) and below, except that pupils below grade one who are not full time shall be  
20 counted on a full time equivalent basis: (i) increased by the aggregate number of days of  
21 membership of pupils residing in the particular city or town whose tuition in schools approved by  
22 the department of elementary and secondary education in other cities and towns is paid by the  
23 particular city or town; and (ii) decreased by the aggregate number of days of membership of  
24 nonresident pupils enrolled in the public schools of the particular city or town and further  
25 decreased by the aggregate number of days of membership equal to the number of group home  
26 beds calculated for the purposes of reimbursement pursuant to section 14-64-1.1; and (iii)  
27 decreased further, in the case of a city or town which is a member of a regional school district  
28 during the first year of operation of the regional school district, by the aggregate number of days  
29 of membership of pupils residing in the city or town who would have attended the public schools  
30 in the regional school district if the regional school district had been operating during the  
31 previous year, divided by the number of days during which the schools were officially in session  
32 during the reference year. The resulting figures shall be the average daily membership for the city  
33 or town for the reference year. [For purposes of calculating the permanent foundation education](#)  
34 [aid as described in section 16-7.2-3 \(1\) and \(2\), the average daily membership for school districts](#)

1 [shall exclude charter school and state school students.](#)

2 (2) The average daily membership of pupils attending public schools shall apply for the  
3 purposes of determining the percentage of the state's share under the provisions of sections 16-7-  
4 16(3), 16-7-16(10), 16-7-18, 16-7-19, 16-7-20, ~~and~~ 16-7-21 [and 16-7.2-4.](#)

5 (3) In the case of regional school districts, the aggregate number of days of membership  
6 by which each city or town is decreased in subdivision (1)(iii) of this section divided by the  
7 number of days during which the schools attended by the pupils were officially in session shall  
8 determine the average daily membership for the regional school district during the first year of  
9 operation. After the first year of operation, the average daily membership of each regional school  
10 district, except the Chariho regional high school district, shall be determined by the commissioner  
11 of elementary and secondary education from data supplied by the school committee of each  
12 regional school district for the reference year in the manner provided in subdivision (1) of this  
13 section.

14 **16-7-23. Community requirements -- Adequate minimum budget provision. --** (a)

15 The school committee's budget provisions of each community for current expenditures in each  
16 budget year shall provide for an amount from all sources sufficient to support the basic program  
17 and all other approved programs shared by the state. Each community shall contribute local funds  
18 to its school committee in an amount not less than its local contribution for schools in the  
19 previous fiscal year [except to the extent permitted by section 16-7-23.1. Provided, that for the](#)  
20 [fiscal years 2010 and 2011 each community shall contribute to its school committee in an amount](#)  
21 [not less than ninety-five percent \(95.0%\) of its local contribution for schools for the fiscal year](#)  
22 [2009.](#) Calculation of the annual local contribution shall not include Medicaid revenues received  
23 by the municipality or district pursuant to chapter 8 of title 40. A community which has a  
24 decrease in enrollment may compute maintenance of effort on a per pupil rather than on an  
25 aggregate basis when determining its local contribution; furthermore, a community which  
26 experiences a nonrecurring expenditure for its schools may deduct the nonrecurring expenditure  
27 in computing its maintenance of effort. The deduction of nonrecurring expenditures shall be with  
28 the approval of the commissioner. The courts of this state shall enforce this section by writ of  
29 mandamus.

30 (b) Whenever any state funds are appropriated for educational purposes, the funds shall  
31 be used for educational purposes only and all state funds appropriated for educational purposes  
32 must be used to supplement any and all money allocated by a city or town for educational  
33 purposes and, in no event, shall state funds be used to supplant, directly or indirectly, any money  
34 allocated by a city or town for educational purposes. All state funds shall be appropriated by the

1 municipality to the school committee for educational purposes in the same fiscal year in which  
2 they are appropriated at the state level even if the municipality has already adopted a school  
3 budget. All state and local funds unexpended by the end of the fiscal year of appropriation shall  
4 remain a surplus of the school committee and shall not revert to the municipality. Any surplus of  
5 state or local funds appropriated for educational purposes shall not in any respect affect the  
6 requirement that each community contribute local funds in an amount not less than its local  
7 contribution for schools in the previous fiscal year, subject to subsection (a) of this section, and  
8 shall not in any event be deducted from the amount of the local appropriation required to meet the  
9 maintenance of effort provision in any given year.

10 **16-7-23.1. Special maintenance of effort rules for high local contribution and high**  
11 **per pupil expenditure communities.** -- (a) Any community that has a local appropriation that  
12 funds at least eighty five percent (85%) of the basic education program shall be defined as a high  
13 local contribution community. A high local contribution community that has provided full  
14 funding of the basic education program and all other approved programs required in law and  
15 regulation is authorized to reduce its local appropriation to schools by an amount up to ten  
16 percent (10%) of any increase it receives in state school funds, pursuant to the implementation of  
17 the permanent foundation education aid formula as defined in section 16-7.2-3.

18 (b) Any community that has a local appropriation that combined with state education aid  
19 provides full funding of the basic education program and exceeds the benchmarks established by  
20 the department of elementary and secondary education for costs outside the permanent foundation  
21 education aid formula, pursuant to section 16-7.2-3, including but not limited to transportation,  
22 facility maintenance, and retiree health care, shall be defined as a high per pupil expenditure  
23 community. A high per pupil expenditure community is authorized to reduce its local  
24 appropriation to schools by an amount up to ten percent (10%) of any increase it receives in state  
25 school funds, pursuant to the implementation of the permanent foundation education aid formula  
26 as defined in section 16-7.2-3.

27 (c) Upon request of the local community, and for good cause shown, the commissioner  
28 of elementary and secondary education may grant variances to subsection (a) and (b) if the  
29 commissioner finds that such adjustment does not disrupt the continued effective operation of the  
30 public school system of the city or town.

31 **16-7-24. Minimum appropriation by a community for approved school expenses.** --  
32 Each community shall appropriate or otherwise make available to the school committee for  
33 approved school expenditures during each school year, to be expended under the direction and  
34 supervision of the school committee of that community, an amount, which, together with state

1 education aid and federal aid: (1) shall be not less than the costs of the basic program during the  
2 reference year, (2) plus the costs in the reference year of all optional programs shared by the state;  
3 provided, however, that the state funds provided in accordance with section 16-5-31 shall not be  
4 used to supplant local funds. The board of regents for elementary and secondary education shall  
5 adopt regulations for determining the basic education program and the maintenance of local  
6 appropriation to support the basic education program. A community that has a local appropriation  
7 insufficient to fund the basic education program pursuant to the regulations described in this  
8 section and all other approved programs shared by the state and required in law shall be required  
9 to increase its local appropriation in accordance with section 44-5-2 or find efficiencies in other  
10 non-education programs to provide sufficient funding to support the public schools. The city of  
11 Central Falls annual local contribution to education shall be determined pursuant to subsection  
12 16-7.2-6(d).

13 **16-7-39. Computation of school housing aid ratio.** -- For each community, the percent  
14 of state aid for school housing costs shall be computed in the following manner:

15 (1) The adjusted equalized weighted assessed valuation for the district is divided by the  
16 resident average daily membership for the district (grades twelve (12) and below); (2) the  
17 adjusted equalized weighted assessed valuation for the state is divided by the resident average  
18 daily membership for the state (grades twelve (12) and below); (1) is then divided by (2) and the  
19 resultant ratio is multiplied by a factor currently set at sixty-two percent (62%) which represents  
20 the approximate average district share of school support; the resulting product is then subtracted  
21 from one hundred percent (100%) to yield the housing aid share ratio, provided that in no case  
22 shall the ratio be less than thirty percent (30%). Provided, that effective July 1, 2010, and  
23 annually at the start of each fiscal year thereafter, the thirty percent (30%) floor on said housing  
24 aid share shall be increased by five percent (5%) increments each year until said floor on the  
25 housing aid share ratio reaches a minimum of not less than forty percent (40%). This provision  
26 shall apply only to school housing projects completed after June 30, 2010. The resident average  
27 daily membership shall be determined in accordance with section 16-7-22(1).

28 **16-7-41. Computation of school housing aid.** -- (a) In each fiscal year the state shall pay  
29 to each community a grant to be applied to the cost of school housing equal to the following:

30 The cost of each new school housing project certified to the commissioner of elementary  
31 and secondary education not later than July 15 of the fiscal year shall be divided by the actual  
32 number of years of the bond issued by the local community or the Rhode Island Health and  
33 Educational Building Corporation in support of the specific project, times the school housing aid  
34 ratio; and provided, further, with respect to costs of new school projects financed with proceeds

1 of bonds issued by the local community or the Rhode Island Health and Educational Building  
2 Corporation in support of the specific project, the amount of the school housing aid payable in  
3 each fiscal year shall not exceed the amount arrived at by multiplying the principal and interest of  
4 the bonds payable in each fiscal year by the school housing aid ratio and which principal and  
5 interest amount over the life of the bonds, shall, in no event, exceed the costs of each new school  
6 housing project certified to the commissioner of elementary and secondary education. If a  
7 community fails to specify or identify the appropriate reimbursement schedule, the commissioner  
8 of elementary and secondary education may at his or her discretion set up to a five (5) year  
9 reimbursement cycle for projects under five hundred thousand dollars (\$500,000); up to ten (10)  
10 years for projects up to three million dollars (\$3,000,000); and up to twenty (20) years for  
11 projects over three million dollars (\$3,000,000).

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

15 (c) Aid shall be paid either to the community or in the case of projects financed through  
16 the Rhode Island Health and Educational Building Corporation, to the Rhode Island Health and  
17 Educational Building Corporation or its designee including, but not limited to, a trustee under a  
18 bond indenture or loan and trust agreement, in support of bonds issued for specific projects of the  
19 local community in accordance with this section, section 16-7-40 and section 16-7-44.  
20 Notwithstanding the preceding, in case of failure of any city, town or district to pay the amount  
21 due in support of bonds issued on behalf of a city or town school project financed by the Rhode  
22 Island Health and Educational Building Corporation, upon notification by the Rhode Island  
23 Health and Educational Building Corporation, the general treasurer shall deduct the amount from  
24 aid provided under this section, section 16-7-40 and section 16-7-44 due the city, town or district  
25 and direct said funding to the Rhode Island Health and Educational Building Corporation or its  
26 designee.

27 (d) Notwithstanding any provisions of law to the contrary, in connection with the  
28 issuance of refunding bonds benefiting any local community, any net interest savings resulting  
29 from the refunding bonds issued by such community or a municipal public buildings authority for  
30 the benefit of the community or by the Rhode Island health and educational building corporation  
31 for the benefit of the community, in each case in support of school housing projects for the  
32 community, shall be allocated between the community and the state of Rhode Island, by applying  
33 the applicable school housing aid ratio at the time of issuance of the refunding bonds, calculated  
34 pursuant to section 16-7-39, that would otherwise apply in connection with school housing



1 projects of the community. In connection with any such refunding of bonds, the finance director  
2 or the chief financial officer of the community shall certify such net interest savings to the  
3 commissioner of elementary and secondary education. Notwithstanding section 16-7-44 or any  
4 other provision of law to the contrary, school housing projects costs in connection with any such  
5 refunding bond issue shall include bond issuance costs incurred by the community, the municipal  
6 public buildings authority or the Rhode Island health and educational building corporation, as the  
7 case may be, in connection therewith. In connection with any refunding bond issue, school  
8 housing project costs shall include the cost of interest payments on such refunding bonds, if the  
9 cost of interest payments was included as a school housing cost for the bonds being refunded. A  
10 local community or municipal public buildings authority shall not be entitled to the benefits of  
11 this subsection (d) unless the net present value savings resulting from the refunding is at least  
12 three percent (3%) of the refunded bond issue.

13 (e) Any provision of law to the contrary notwithstanding, the commissioner of  
14 elementary and secondary education shall cause to be monitored the potential for refunding  
15 outstanding bonds of local communities or municipal public building authorities or of the Rhode  
16 Island Health and Educational Building Corporation issued for the benefit of local communities  
17 or municipal public building authorities and benefiting from any aid referenced in this section. In  
18 the event it is determined by said monitoring that the net present value savings which could be  
19 achieved by refunding such bonds of the type referenced in the prior sentence including any  
20 direct costs normally associated with such refundings is equal to (i) at least one hundred thousand  
21 dollars (\$100,000) and (ii) for the state and the communities or public building authorities at least  
22 three percent (3%) of the bond issue to be refunded including associated costs then, in such event,  
23 the commissioner (or his or her designee) may direct the local community or municipal public  
24 building authority for the benefit of which the bonds were issued, to refund such bonds. Failure of  
25 the local community or municipal public buildings authority to timely refund such bonds, except  
26 due to causes beyond the reasonable control of such local community or municipal public  
27 building authority, shall result in the reduction by the state of the aid referenced in this section 16-  
28 7-4.1 associated with the bonds directed to be refunded in an amount equal to ninety percent  
29 (90%) of the net present value savings reasonably estimated by the commissioner of elementary  
30 and secondary education (or his or her designee) which would have been achieved had the bonds  
31 directed to be refunded been refunded by the ninetieth (90th) day (or if such day is not a business  
32 day in the state of Rhode Island, the next succeeding business day) following the date of issuance  
33 of the directive of the commissioner (or his or her designee) to refund such bonds. Such reduction  
34 in the aid shall begin in the fiscal year following the fiscal year in which the commissioner issued

1 such directive for the remaining term of the bond.

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

3 SECTION 2. Section 16-21.1-2 of the General Laws in Chapter 16-21.1 entitled  
4 "Transportation of School Pupils Beyond City and Town Limits" is hereby amended to read as  
5 follows:

6 **16-21.1-2. School bus districts established.** -- (a) There are hereby established school  
7 bus districts within the state to provide bus transportation in the interest of public safety, health,  
8 and welfare for pupils in grades kindergarten through twelve (12), or in special education  
9 programs, who attend public schools, including vocational schools and special education  
10 programs provided in accord with regulations of the board of regents for elementary and  
11 secondary education, consolidated schools, regional schools established under the provisions of  
12 section 16-3-1 et seq., or who participate in cooperative programs as provided by section 16-3.1-1  
13 et seq., and nonpublic nonprofit schools which are consolidated, regionalized, or otherwise  
14 established to serve residents of a specific area within the state which schools satisfy the  
15 requirements of law for any of the grades of school, kindergarten through twelve (12), as follows:

16 (1) Region I: The towns of Burrillville, North Smithfield, and Cumberland, and the city  
17 of Woonsocket;

18 (2) Region II: The county of Kent, except the town of West Greenwich and the towns of  
19 Foster, Glocester, and Scituate;

20 (3) Region III: The towns of Lincoln, Smithfield, Johnston, North Providence,  
21 Barrington, Warren, and Bristol, and the cities of Cranston, Central Falls, East Providence,  
22 Pawtucket, and Providence;

23 (4) Region IV: The county of Washington and the towns of Jamestown and West  
24 Greenwich;

25 (5) Region V: The towns of Little Compton, Middletown, Portsmouth, and Tiverton, and  
26 the city of Newport.

27 (b) A pupil attending a school, including a public school, vocational school, special  
28 education program provided in accord with regulations of the board of regents for elementary and  
29 secondary education, a regional school established under the provisions of section 16-3-1 et seq.,  
30 as authorized by section 16-3.1-1 et seq., or a nonpublic nonprofit school for grades kindergarten  
31 through twelve (12), consolidated, regionalized, or otherwise established to serve residents of a  
32 specific area within the state for any of the grades of schools, kindergarten through twelve (12), in  
33 the interest of public safety, health, and welfare, shall be provided with bus transportation to the  
34 school or facility which the pupil attends, within the region in which the pupil resides, by the

1 school committee of the city or town within which the pupil resides. The cost of transporting a  
2 pupil attending a charter school, the William M. Davies, Jr. Career and Technical High School  
3 ("Davies"), or the Metropolitan Regional Career and Technical Center "(the Met Center)" within  
4 the established region shall be charged to the receiving school at the same grade level  
5 transportation per pupil cost of the resident district. Districts may offer transportation to charter  
6 schools, Davies, or the Met Center outside the established region in order to facilitate efficiency  
7 provided there is not additional cost to the resident district.

8 SECTION 3. Section 16-45-6 of the General Laws in Chapter 16-45 entitled "Regional  
9 Vocational Schools" is hereby amended to read as follows:

10 **16-45-6. Powers additional to previous authority.** -- (a) The powers delegated and  
11 authorized in this chapter for the board of regents for elementary and secondary education and the  
12 department of elementary and secondary education shall be in addition to those previously  
13 authorized by any other general or public law.

14 (b) The governance, funding, and programming of the William M. Davies, Jr. vocational  
15 technical school and the Metropolitan Career and Technical School shall be in accordance with  
16 the rules and regulations formulated by the board of regents for elementary and secondary  
17 education pursuant to chapter 35 of title 42. Provided, however, the additional appropriation by  
18 the General Assembly in fiscal year 2005 for the William M. Davies, Jr. Vocational Technical  
19 School shall be used to fund sixty (60) additional placements. Forty (40) of those placements  
20 shall be made available to students from the City of Providence.

21 (c) The purpose of this chapter is to restructure the system of career and technical  
22 schools in Rhode Island for the benefit of the students, the economy, and the general welfare. The  
23 paramount aim is to enable the schools to make more significant contributions in providing the  
24 state's students with the career preparation they need to compete and succeed in the world of  
25 today and of the future. To ensure student success, a system of model career and technical schools  
26 will be established and supported. These schools will provide: integrated academic and vocational  
27 curricula, up to date technology, programs to meet the varying needs of all students, and strong  
28 links to business, industry, postsecondary education, and the community.

29 (d) (1) There shall be a system of state operated career and technical schools serving  
30 geographic areas of the state. Students attending these regional schools will do so on a full time  
31 basis with the costs for their education at the regional school ~~fully funded by the state~~ being  
32 shared by the state and the district of residence as described in section 16-7.2-5. State schools  
33 currently participating in the state retirement system that are not receiving reimbursement  
34 pursuant to section 16-16-22 shall have their state aid adjusted to reflect full reimbursement for

1 [expenses related to employer retirement contributions for those staff employed by the state.](#)

2 (2) These schools shall be operated as local education agencies and each shall be  
3 governed by a board of trustees. With the exception of those powers and duties reserved by the  
4 director, the commissioner of elementary and secondary education, and the board of regents for  
5 elementary and secondary education, the board of trustees shall have the powers and duties of  
6 school committees. The Davies school shall be the first school operated under the provisions of  
7 this chapter and shall be renamed the William M. Davies, Jr. career and technical high school.  
8 The Metropolitan Career and Technical School shall be the second school operated under the  
9 provisions of this chapter.

10 (e) (1) The board of regents for elementary and secondary education shall appoint the  
11 members of the board of trustees from nominations made by the commissioner of elementary and  
12 secondary education. The chairperson shall also be selected in this manner. The board of regents  
13 shall determine the number, qualifications, and terms of office of members of the board of  
14 trustees. The board of trustees will be broadly representative of the local communities served by  
15 each school and the larger statewide workforce interests.

16 (2) The board of regents shall establish strategic directions for the career and technical  
17 education system that are consistent with the state's economic development plans, workforce  
18 requirements, and educational priorities and learner outcomes established by the board of regents.

19 (3) The board of regents shall provide parameters for the overall budget requests,  
20 approve the budget, and participate in budget development as required in subsection (i).

21 (f) (1) The commissioner of elementary and secondary education shall recommend  
22 parameters for the overall budget requests, recommend a budget and participate in budget  
23 development as required in subsection (i).

24 (2) The commissioner shall approve the process for selection of a director of each  
25 regional school. The commissioner shall develop a plan for statewide implementation of the  
26 provisions of this chapter.

27 (g) The board of trustees shall meet monthly and serve without compensation. Nine (9)  
28 members of the board of trustees shall be required to attend teacher appeal hearings conducted  
29 pursuant to section 16-13-4. The board of trustees shall have broad policy making authority for  
30 the operation of the school consistent with subsection (e) and the following powers and duties:

31 (1) To identify the educational needs of the communities in the district.

32 (2) To develop educational policies to meet the needs of students in the communities  
33 served by the school district.

34 (3) To appoint a director of its regional school to serve as its chief executive officer and

1 to approve assistant and associate directors from nominations made by the director.

2 (4) To provide policy guidance and participate in budget development as required in  
3 subsection (i).

4 (5) To develop staffing policies which ensure that all students are taught by educators of  
5 the highest possible quality.

6 (h) (1) The director will serve at the pleasure of the board of trustees with the initial  
7 appointment to be for a period of not more than three (3) years, provided, that the term and  
8 conditions of employment are subject to the approval of the board of regents for elementary and  
9 secondary education.

10 (2) It is the responsibility of the director to manage and operate the school on a day to  
11 day basis. The director's duties shall include the following:

12 (i) To be responsible for the entire care, supervision, and management of the career and  
13 technical high school.

14 (ii) To recommend to the board of trustees educational policies to meet the needs of the  
15 district, and to implement policies established by the board of trustees.

16 (iii) To present nominations to the board of trustees for assistant and associate directors  
17 and to appoint all other school personnel.

18 (iv) To provide for the evaluation of all school district personnel.

19 (v) To establish a school based management approach for decision making for the  
20 operation of the school.

21 (vi) To prepare a budget and participate in budget development as required in subsection  
22 (i), and to authorize purchases consistent with the adopted school district budget.

23 (vii) To report to the board of trustees on a regular basis the financial condition and  
24 operation of the school, and to report annually on the educational progress of the school.

25 (viii) To establish appropriate advisory committees as needed to provide guidance on  
26 new directions and feedback on the operation of the school.

27 (i) With policy guidance from the board of trustees and extensive involvement of the  
28 administrators and faculty in the school, the director of each regional school shall annually  
29 prepare a budget. The board of trustees will approve the budget and transmit it to the  
30 commissioner. The board of regents for elementary and secondary education, upon  
31 recommendation of the commissioner of elementary and secondary education, shall provide  
32 parameters for the overall budget request. Based on review and recommendation by the  
33 commissioner, the board of regents shall approve the total budget and incorporate it into its  
34 budget request to the governor and to the general assembly. Line item budgeting decisions shall

1 be the responsibility of the director.

2 (j) Nothing in this section shall be deemed to limit or interfere with the rights of teachers  
3 and other school employees to bargain collectively pursuant to chapters 9.3 and 9.4 of title 28 or  
4 to allow the board of trustees or the director to abrogate any agreement by collective bargaining.  
5 Employees at the William M. Davies school shall continue to be state employees and the  
6 bargaining units which are presently established at the school shall remain intact.

7 SECTION 4. Chapter 16-7.2 of the General Laws entitled "The Education Equity and  
8 Property Tax Relief Act" is hereby amended by adding thereto the following sections:

9 **16-7.2-3. Permanent foundation education aid established.** -- (a) Beginning in the  
10 2012 fiscal year, the following foundation education aid formula shall take effect. The foundation  
11 education aid for each district shall be the sum of the core instruction amount in (a)(1) and the  
12 amount to support high need students in (a)(2), which shall be multiplied by the district state  
13 share ratio calculated pursuant to section 16-7.2-4 to determine the foundation aid.

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

27 (2) The amount to support high need students beyond the core instruction amount shall be  
28 determined by multiplying a student success factor of forty percent (40%) by the core instruction  
29 per pupil amount described in section 16-7.2-3 (1) and applying that amount to all resident  
30 children eligible for USDA reimbursable school meals.

31 (b) LEAs may set aside a portion of funds received under subsection (a) to expand  
32 learning opportunities such as after school and summer programs, full day kindergarten and/or  
33 multiple pathway programs provided that the basic education program and all other approved  
34 programs required in law are funded.

1           **16-7.2.4. Determination of state's share.** -- For each district, the state's share of the  
2 foundation education aid calculated pursuant to section 16-7.2-3 (a) shall use a calculation that  
3 considers a district's revenue generating capacity and concentration of high-need students. The  
4 calculation is the square root of the sum of the state share ratio for the community calculation  
5 (SSRC), pursuant to section 16-7-20, squared plus the district's percentage of students eligible  
6 for USDA reimbursable school meals in grades PK-6 (PK6FRPL) squared, divided by two.

$$\text{State Share Ratio (SSR)} = \sqrt{\frac{\text{SSRC}^2 + \%PK6FRPL^2}{2}}$$

7  
8           For purposes of determining the state's share, school district student data used in this  
9 calculation shall include charter school and state school students. These ratios are used in the  
10 permanent foundation education aid formula calculation described in section 16-7.2-5.

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

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

1           **16-7.2-6. Categorical programs, state funded expenses.** -- In addition to the foundation  
2 education aid provided pursuant to section 16-7.2-3 the permanent foundation education aid  
3 program shall provide direct state funding for:

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

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

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

25           (d) Central Falls Stabilization Fund is established to assure that appropriate funding is  
26 available to support the community, including students from the community that attend the  
27 charter schools, Davies, and the Met Center pursuant to section 16-7.2-5, due to concerns  
28 regarding the city's capacity to meet the local share of education costs. This fund requires that  
29 the difference between education aid calculated pursuant to section 16-7.2-3 and education aid, as  
30 of the effective date of the formula, shall be shared between the state and the city of Central Falls.  
31 The state's share of the fund will be paid directly to the Central Falls school district upon  
32 verification that the city has transferred its share of the local contribution for education. At the  
33 end of the transition period defined in section 16-7.2-7, the municipality will continue its  
34 contribution pursuant to section 16-7-24; and



1           (e) Excess costs associated with transporting students to out of district non-public schools  
2 and within regional school districts. (1) This fund will provide state funding for the costs  
3 associated with transporting students to out of district non-public schools, pursuant to title 16,  
4 Chapter 21.1. The state will assume the costs of non-public out-of-district transportation for those  
5 districts participating in the statewide system; and (2) This fund will provide direct state funding  
6 for the excess costs associated with transporting students within regional school districts,  
7 established pursuant to title 16, chapter 3. This fund requires that the state and regional school  
8 district share equally the student transportation costs net any federal sources of revenue for these  
9 expenditures. The department of elementary and secondary education shall prorate the funds  
10 available for distribution among those eligible school districts if the total approved costs for  
11 which school districts are seeking reimbursement exceed the amount of funding available in any  
12 fiscal year.

13           (f) Public school districts that are regionalized shall be eligible for a regionalization  
14 bonus as set forth below.

15           (1) As used herein, the term “regionalized” shall be deemed to refer to a regional school  
16 district established under the provisions of chapter 16-3 including the Chariho Regional School  
17 district.

18           (2) For those districts that are regionalized as of July 1, 2010, the regionalization bonus  
19 shall commence in FY2012. For those districts that regionalize after July 1, 2010, the  
20 regionalization bonus shall commence in the first fiscal year following the establishment of a  
21 regionalized school district as set forth section 16-3, including the Chariho Regional School  
22 District.

23           (3) The regionalization bonus in the first fiscal year shall be two percent (2.0%) of the  
24 state’s share of the foundation education aid for the regionalized district as calculated pursuant to  
25 sections 16-7.2-3 and 16-7.2-4 in that fiscal year.

26           (4) The regionalization bonus in the second fiscal year shall be one percent (1.0%) of the  
27 state’s share of the foundation education aid for the regionalized district as calculated pursuant to  
28 sections 16-7.2-3 and 16-7.2-4 in that fiscal year.

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

30           (6) The regionalization bonus for the Chariho regional school district shall be applied to  
31 the state share of the permanent foundation education aid for the member towns.

32           (7) The department of elementary and secondary education shall prorate the funds  
33 available for distribution among those eligible regionalized school districts if the total approve  
34 costs for which regionalized school districts are seeking a regionalization bonus exceed the

1 amount of funding appropriated in any fiscal year.

2 (g) Categorical programs defined in (a) through (f) shall be funded pursuant to the  
3 transition plan in section 16-7.2-7.

4 **16-7.2-7. Transition plan.** -- The general assembly, shall annually determine the  
5 appropriation of education aid pursuant to this chapter using a transition plan to begin in fiscal  
6 year 2012, not to exceed seven (7) years for LEA's for whom the calculated education aid  
7 pursuant to section 16-7.2-3 is more than the education aid the LEA is receiving as of the  
8 effective date of the formula, and ten (10) years for LEA's for whom the calculated education aid  
9 pursuant to section 16-7.2-3 is less than the education aid the LEA is receiving as of the effective  
10 date of the formula.

11 The local share of funding pursuant to section 16-7.2-5 shall be transitioned  
12 proportionately over a period not to exceed 5 years. The transition shall provide a combination of  
13 direct aid to districts, funds for the categorical programs, and district savings through state-  
14 assumed costs, as determined by the general assembly on an annual basis, Updates to any  
15 components of the permanent foundation education aid formula, such as student data, property  
16 values, and/or median family income, that result in an increase or decrease in state education aid  
17 that impacts the total state and local contribution by more than three percent (3%) shall be  
18 transitioned over a period of time not to exceed three (3) years.

19 **16-7.2-8. Accountability.** -- (a) Pursuant to sections 16-7.1-3 and 16-7.1-5, the  
20 department of elementary and secondary education shall use the uniform chart of accounts to  
21 maintain fiscal accountability for education expenditures that comply with applicable laws and  
22 regulations, including but not limited to the basic education program. This data shall be used to  
23 develop criteria and priorities for cost controls, efficiencies, and program effectiveness. The  
24 department of elementary and secondary education shall present this information in the form of  
25 an annual report to the general assembly.

26 (b) The department of elementary and secondary education shall establish and/or  
27 implement program standards to be used in the oversight of the use of foundation aid calculated  
28 pursuant to section 16-7.2-3. Such oversight will be carried out in accordance with the  
29 progressive support and intervention protocols established in chapter 7.1 of this title.

30 **16-7.2-9. Applicability.** -- This chapter applies to education aid for any city, town or  
31 regional school district including the Central Falls state operated school district, charter schools,  
32 the William M. Davies, Jr. Career and Technical High School, and the Metropolitan Regional  
33 Career and Technical Center. Calculation and distribution of aid under §§ 16-7-20.5, 16-7.1-6,  
34 16-7.1-8, 16-7.1-9, 16-7.1-10, 16-7.1-11, 16-7.1-11.1, 16-7.1-12, 16-7.1-15, 16-7.1-16, 16-7.1-17,

1 16-7.1-18, 16-7.1-19, 16-67-4, and 16-77.1 is hereby suspended until further action by the general  
2 assembly. Aid under this chapter will be paid pursuant to section 16-7-17, except that aid to the  
3 Central Falls state operated school district and charter schools, Davies, and the Met Center  
4 pursuant to section 16-7.2-5 shall be paid in twelve (12) equal installments on the first of each  
5 month.

6 **16-7.2-10. Reporting to the General Assembly. --** On or before November 15, 2010, the  
7 department of education shall report to the senate president, speaker of the house, and chairs of  
8 the Senate and House Finance Committees on the following: (a) The identification and evaluative  
9 impact of alternative mechanisms to update or supplement the median family income factor relied  
10 upon in the EWAV variable utilized in the permanent education aid formula in accordance with  
11 this section; (b) An analysis of the feasibility, alternative financing mechanisms, and impact of  
12 the Central Falls Stabilization Fund pursuant to this section; and, (c) a multi-year analysis of the  
13 impact of the financing of charter schools and vocational schools, pursuant to this section, on  
14 local school districts.

15 SECTION 5. This act shall take effect upon passage.

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LC02294/SUB A/3  
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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF  
A N A C T  
RELATING TO EDUCATION-- THE EDUCATION ADEQUACY ACT

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1           This act would establish a permanent education foundation aid formula for calculating  
2 state aid to public education.

3           This act would take effect upon passage.

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LC02294/SUB A/3  
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