It is enacted by the General Assembly as follows:

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

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

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

(c) Upon completion of the implementation of the uniform chart of accounts, all the school districts, regional school districts, state schools, and/or charter schools, shall implement a...
regents-approved budget model, that shall include a distinct line item for payments to charter schools and use best practices established by the department of education for long-range planning, budget development, and budget administration and reporting.

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

(e) The department of elementary and secondary education, in consultation with the division of municipal finance, shall conduct periodic reviews and analysis of school revenues and expenses. The department shall also review and monitor compliance with the approved budget model and best practices. The department shall identify those local education agencies considered to be at risk of a year-end deficit or a structural deficit that could impact future years. Such potential deficits shall be identified based on the periodic reviews, which may also include on-site visits and reporting in accordance with the provisions of § 45-12-22.2. Potential deficits shall be reported to the office of municipal finance, office of auditor general, superintendent, chairman of...
the school committee, mayor or town manager, and the president of the town council, of the applicable school district, regional school district, or state school, and/or for a charter school, to the board of trustees or directors, as applicable.

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

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

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

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

(3) The school committee shall prepare and submit, annually, to the department of elementary and secondary education, on or before the first day of August, a report in the manner and form prescribed by the state board of regents for elementary and secondary education; the committee shall also prepare, not less than thirty (30) days before the date of the annual financial town meeting, or the date of the meeting of the city council at which annual appropriations are made, on forms prescribed and furnished by the department of elementary and secondary education, the estimates and recommendations of the amounts necessary to be appropriated for the support of public schools, including a distinct line item for estimated payments to charter schools, for the fiscal year ensuing; provided, that a copy of these estimates and recommendations shall be sent to the department of elementary and secondary education, and until the report is made, and if the estimates and recommendations are not presented to the department, it may refuse to draw its orders for the money in the state treasury apportioned to the city or town; provided, that the necessary blank for the report has been furnished by the department on or before the first day of June, next preceding, and the necessary forms for the estimates and recommendations shall have been furnished by the department not less than sixty (60) days before the date of the annual appropriations meeting of the city council. The committee shall also prepare and submit annually to the department of elementary and secondary education and at the annual financial town meeting, a report to the city or town, setting forth its doings, the state, and
condition of the schools, and plans for their improvement, which report, unless printed, shall be
read in open meeting; and if printed, at least three (3) copies shall be transmitted to the
department on or before the day of the annual financial town meeting in each year.

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

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

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

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

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

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

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

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

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

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

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

16-7-20. Determination of state's share. (a) For each community the state's share
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 §
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 § 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 - 0.5vM/(Vm) through June 30, 2011, and R = 1 - 0.475 vM/(Vm) beginning on July 1, 2011 and

thereafter.

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

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

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

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

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

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

SECTION 4. Sections 16-77.1-1 and 16-77.1-2 of the General Laws in Chapter 16-77.1 entitled "Funding of Charter Public Schools [See Title 16 Chapter 97 - The Rhode Island Board
16-77.1-1. Statement of purpose. -- The purpose of this chapter is to provide a funding mechanism through which costs for charter public schools will be shared between the state and the local school districts sending students to a charter public school.

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

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

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

(d) The state shall make payments of its share of operating costs its contribution to each charter public school on a quarterly basis in July, October, January, and April. The July and October payments will be based upon the reported student membership of the charter public
school as of June 30 of the reference year as defined in § 16-7-16(11) (or the enrollment as of
October 1 of the current school year in the first year of operation of a charter school). Charter
public schools will report current student enrollment, including district of residence for school
purposes of each student enrolled, and each district will report current total district operating
expenses and total district enrollments (including district students enrolled in charter public
schools) annually by October 1. If the October 1 data on a charter public school's student
enrollment show a ten percent (10%) or greater increase or decrease in students from the June
membership count, the third and fourth quarter payments to the charter public school will be
adjusted to reflect actual student enrollment in the charter public school.

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

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

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

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

SECTION 5. This act shall take effect on July 1, 2016.
EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
AN ACT
RELATING TO EDUCATION -- MUNICIPAL FUNDING OF CHARTER SCHOOLS

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1 This act would remove a city or town's financial obligation to contribute to their resident
2 students who enroll in charter schools, William M. Davies, Jr. Career and Technical High School
3 or the Metropolitan Regional Career and Technical Center.
4 This act would take effect on July 1, 2016.

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