ARTICLE 12

RELATING TO EDUCATION AID

SECTION 1. Section 16-2-9.4 of the General Laws in Chapter 16-2 entitled "School Committees and Superintendents" is 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 section 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, 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, the board of regents for elementary and secondary education in writing, specifying the nature and extent of the failure, refusal, neglect, hindrance, or prevention, and the board of regents commissioner is hereby authorized and directed to review the matter so reported. If the regents 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 regents 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 regents commissioner may withhold distribution of state aid to said school district, regional school district, state school or charter school.

(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 section 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.

16-2-34. Central Falls School District board of trustees. -- (a) There is hereby established a seven (7) member board of trustees, which shall govern the Central Falls School District. With the exception of those powers and duties reserved by the commissioner of elementary and secondary education, the board of trustees shall have the powers and duties of school committees. Notwithstanding any provision of law to the contrary, the commissioner of education and secondary education, as the executive agent of the board of regents for elementary and secondary education, is authorized to exercise in whole or in part care, control, and management over the public schools of the Central Falls school district, whenever the commissioner deems such intervention to be necessary and appropriate.

(b) The board of regents for elementary and secondary education shall appoint the members of the board of trustees from nominations made by the commissioner of elementary and
secondary education. The chairperson shall also be selected in this manner. The board of regents shall determine the number, qualifications, and terms of office of members of the board of trustees, provided however, that at least four (4) of the members shall be residents of the city and parents of current or former Central Falls public school students. The remaining three (3) shall be appointed at large.

(c) The board of regents shall provide parameters for overall budget requests, approve the budget, and otherwise participate in budget development.

(d) The commissioner of elementary and secondary education shall recommend parameters for overall budget requests, recommend a budget, and otherwise participate in budget development.

(e) The commissioner shall approve the process for selection of the superintendent.

(f) The board of trustees shall meet monthly and serve without compensation. The board of trustees shall have broad policy making authority for the operation of the school, as well as the following powers and duties:

(1) To identify the educational needs of the district;
(2) To develop educational policies to meet the needs of students in the school district;
(3) To appoint a superintendent to serve as its chief executive officer and to approve assistant and associate superintendents from nominations made by the superintendent;
(4) To provide policy guidance and otherwise participate in budget development; and
(5) To develop staffing policies which ensure that all students are taught by educators of the highest possible quality.

(g) The superintendent shall serve at the pleasure of the board of trustees with the initial appointment to be for a period of not more than three (3) years; provided, however, that the terms and conditions of employment are subject to the approval of the board of regents for elementary and secondary education.

(h) It shall be the responsibility of the superintendent to manage and operate the school on a day-to-day basis. The superintendent's duties shall include the following:

(1) To be responsible for the care, supervision, and management of the schools;
(2) To recommend to the board of trustees educational policies to meet the needs of the district, and to implement policies established by the board of trustees;
(3) To present nominations to the board of trustees for assistant and associate superintendents and to appoint all other school personnel;
(4) To provide for the evaluation of all school district personnel;
(5) To establish a school based management approach for decision making for the
operation of the school;

(6) To prepare a budget and otherwise participate in budget development as required, and to authorize purchases consistent with the adopted school district budget;

(7) To report to the board of trustees, on a regular basis, the financial condition and operation of the schools, and to report annually on the educational progress of the schools;

(8) To establish appropriate advisory committees as needed to provide guidance on new directions and feedback on the operation of the schools;

(9) With policy guidance from the board of trustees and extensive involvement of the administrators and faculty in the school, to annually prepare a budget. The board of trustees shall approve the budget and transmit it to the commissioner. The board of regents for elementary and secondary education, upon recommendation of the commissioner of elementary and secondary education, shall provide parameters for the overall budget request. Based on review and recommendation by the commissioner, the board of regents shall approve the total budget and incorporate it into its budget request to the governor and to the general assembly. Line item budgeting decisions shall be the responsibility of the superintendent; and

(10) To negotiate, along with the chairperson of the board of trustees and his or her appointed designee, all district employment contracts, which contracts shall be subject to the approval of the commissioner of elementary and secondary education with the concurrence of the board of regents.

(i) Nothing in this section shall be deemed to limit or otherwise interfere with the rights of teachers and other school employees to bargain collectively pursuant to chapters 9.3 and 9.4 of title 28 or to allow the board of trustees or the superintendent to abrogate any agreement by collective bargaining.

(j) The appointment of the special state administrator for the Central Falls School District and the Central Falls School District Advisory Group, created by chapter 312 of the Rhode Island Public Laws of 1991, will no longer be in effect upon the selection and appointment of the board of trustees created in this section. All powers and duties of the special state administrator and the Central Falls School District Advisory Group are hereby transferred and assigned to the board of trustees created in this section, upon the selection and appointment of that board.

SECTION 2. Section 45-12-22.2 of the General Laws in Chapter 45-12 entitled "Indebtedness of Towns and Cities" is hereby amended to read as follows:

45-12-22.2, Monitoring of financial operations -- Corrective action. -- (a) The chief financial officer of each municipality and each school district within the state shall continuously
monitor their financial operations by tracking actual versus budgeted revenue and expense.

(b) The chief financial officer of the municipality shall submit a report on a monthly basis to the municipality's chief executive officer, each member of the city or town council, and school district committee certifying the status of the municipal budget from all fund sources, including the school department budget from all fund sources, or regional school district budget from all fund sources. The chief financial officer of the municipality shall also submit a quarterly report on or before the 25th day of the month succeeding the end of each fiscal quarter to the division of municipal finance, the commissioner of education, and the auditor general certifying the status of the municipal budget, including the school budget that has been certified by the school department. Each quarterly report submitted must be signed by the chief executive officer, chief financial officer as well as the superintendent of the school district and chief financial officer for the school district. The report has to be submitted to the city/town council president and the school committee chair. It is encouraged, but not required, to have the council president/school committee chair sign the report. The chief financial officer of the school department or school district shall certify the status of the school district's budget and shall assist in the preparation of these reports. The monthly and quarterly reports shall be in a format prescribed by the division of municipal finance, the commissioner of education, and the state auditor general. The reports shall contain a statement as to whether any actual or projected shortfalls in budget line items are expected to result in a year-end deficit, the projected impact on year-end financial results including all accruals and encumbrances, and how the municipality and school district plans to address any such shortfalls. In the event that the school reporting is not provided, then state education aid may be withheld pursuant to the provisions of section 16-2-9.4(d).

(c) If any of the quarterly reports required under subsection (b) above project a year-end deficit, the chief financial officer of the municipality shall submit to the state division of municipal finance, the commissioner of education, and the auditor general a corrective action plan signed by the chief executive officer and chief financial officer on or before the last day of the month succeeding the close of the fiscal quarter, which provides for the avoidance of a year-end deficit or structural deficit that could impact future years, and the school superintendent shall also comply with the provisions of section 16-2-11(c) to assist in this effort. The plan may include recommendations as to whether an increase in property taxes and/or spending cuts should be adopted to eliminate the deficit. The plan shall include a legal opinion by municipal counsel that the proposed actions under the plan are permissible under federal, state, and local law. The state division of municipal affairs may rely on the written representations made by the
municipality in the plan and will not be required to perform an audit.

d) If the division of municipal finance concludes the plan required hereunder is insufficient and/or fails to adequately address the financial condition of the municipality, the division of municipal finance can elect to pursue the remedies identified in section 45-12-22.7.

e) The reports required shall include the financial operations of any departments or funds of municipal government including the school department or the regional school district, notwithstanding the status of the entity as a separate legal body. This provision does not eliminate the additional requirements placed on local and regional school districts by sections 16-2-9(f) and 16-3-11(e)(3).

SECTION 3. Section 16-7-39 of the General Laws in Chapter 16-7 entitled “Foundation Level School Support” is hereby amended to read as follows:

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

1. The adjusted equalized weighted assessed valuation for the district is divided by the resident average daily membership for the district (grades twelve (12) and below);
2. The adjusted equalized weighted assessed valuation for the state is divided by the resident average daily membership for the state (grades twelve (12) and below);
3. The resultant ratio is multiplied by a factor currently set at sixty-two percent (62%) which represents the approximate average district share of school support; the resulting product is then subtracted from one hundred percent (100%) to yield the housing aid share ratio, provided that in no case shall the ratio be less than thirty percent (30%). Provided, that effective July 1, 2010, and annually at the start of each fiscal year thereafter, the thirty percent (30%) floor on said housing aid share shall be increased by five percent (5%) increments each year until said floor on the housing aid share ratio reaches a minimum of not less than forty percent (40%). This provision shall apply only to school housing projects completed after June 30, 2010 that received approval from the board of regents prior to June 30, 2012. Provided further, for the fiscal year beginning July 1, 2012 and for subsequent fiscal years, the minimum housing aid share shall be thirty-five percent (35%) for all projects receiving board of regents approval after June 30, 2012. The resident average daily membership shall be determined in accordance with § 16-7-22(1).
(a) Excess costs associated with special education students. Excess costs are defined when an individual special education student's cost shall be deemed to be "extraordinary." Extraordinary costs are those educational costs that exceed the state approved threshold based on an amount above five times the core foundation amount (total of core instruction amount plus student success amount). The 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 appropriated in any fiscal year;

(b) Career and technical education costs to help meet initial investment requirements needed to transform existing or create new comprehensive career and technical education programs and career pathways in critical and emerging industries and to help offset the higher than average costs associated with facilities, equipment maintenance and repair, and supplies necessary for maintaining the quality of highly specialized programs that are a priority for the state. The department shall recommend criteria for the purpose of allocating any and all career and technical education funds as may be determined by the general assembly on an annual basis. The 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;

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

(d) Central Falls Stabilization Fund is established to assure that appropriate funding is available to support the community, including students from the community that attend the charter schools, Davies, and the Met Center pursuant to § 16-7.2-5, due to concerns regarding the city's capacity to meet the local share of education costs. This fund requires that education aid calculated pursuant to section 16-7.2-3 and funding for costs outside the permanent foundation education aid formula, including but not limited to transportation, facility maintenance, and retiree health benefits, that the difference between education aid calculated pursuant to § 16-7.2-3 and education aid, as of the effective date of the formula, shall be shared between the state and the city of Central Falls. The state's share of the fund will be paid directly to the Central Falls school district upon verification that the city has transferred its share of the local contribution for education. The fund shall be annually reviewed to determine the amount of the state and city appropriation. The state's share of this fund may be supported through a reallocation of current state 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; and

(e) Excess costs associated with transporting students to out of district non-public schools and within regional school districts. (1) This fund will provide state funding for the costs associated with transporting students to out of district non-public schools, pursuant to title 16, Chapter 21.1. The state will assume the costs of non-public out-of-district transportation for those districts participating in the statewide system; and (2) This fund will provide direct state funding for the excess costs associated with transporting students within regional school districts, established pursuant to title 16, chapter 3. This fund requires that the state and regional school district share equally the student transportation costs net any federal sources of revenue for these expenditures. The 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.

(f) Public school districts that are regionalized shall be eligible for a regionalization bonus 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 16-3 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 section 16-3, including the Chariho Regional School District.

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

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

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

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

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

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

SECTION 5. Sections 16-7-17 and 16-7-38 of the General Laws in Chapter 16-7 entitled "Foundation Level School Support" are hereby amended to read as follows:

16-7-17. Time of payment of state's share of the basic program and approved expenditures. -- There shall be paid by the state to each community in twelve (12) monthly installments an amount as determined by law to be the state's share of the cost of the basic program for the reference year and all approved expenditures in excess of the basic program for the reference year, provided, however, that these payments to a community shall be reduced by the amount of funds deposited by the department into the local education agency EPSDT account in accordance with section 40-8-18 on behalf of the community. The July and August payments shall be two and one-half percent (2.5%) of the state's share based upon the estimated pupil data, valuation data, and expenditure data for the reference year and the September through June payments shall each be nine and one-half percent (9.5%) of the aid due and payable based upon the data for the reference year, except for the city of East Providence which shall be paid during October and April in accordance with chapter 344 of the Public Laws of 1982.

16-7-38. Time for payments to communities. -- There shall be paid during October and April on September 15 and March 15 of each year one-half (1/2) of the amount to which each community is entitled in terms of the computation in section 16-7-41.

SECTION 6. Section 16-7-23 of the General Laws in Chapter 16-7 entitled "Foundation Level School Support" is hereby amended to read as follows:

16-7-23. Community requirements -- Adequate minimum budget provision. -- (a) The school committee's budget provisions of each community for current expenditures in each budget year shall provide for an amount from all sources sufficient to support the basic program and all other approved programs shared by the state. Each community shall contribute local funds to its school committee in an amount not less than its local contribution for schools in the previous fiscal year except to the extent permitted by section sections 16-7-23.1 and 16-7-23.2.

Provided, that for the fiscal years 2010 and 2011 each community shall contribute to its school committee in an amount not less than ninety-five percent (95.0%) of its local contribution for schools for the fiscal year 2009. Calculation of the annual local contribution shall not include
Medicaid revenues received by the municipality or district pursuant to chapter 8 of title 40. A community which has a decrease in enrollment may compute maintenance of effort on a per pupil rather than on an aggregate basis when determining its local contribution; furthermore, a community which experiences a nonrecurring expenditure for its schools may deduct the nonrecurring expenditure in computing its maintenance of effort. The deduction of nonrecurring expenditures shall be with the approval of the commissioner. Provided, however, that notwithstanding any provision of this title to the contrary, debt service that is no longer carried on the books of any school district shall not be included in any school districts’ annual budget, nor shall non-recurring debt service be included in maintenance of effort as set forth in this chapter, nor shall any non-recruiting debt service be included in the operating budget of any school district. For the purposes set forth above non-recurring capital lease payments shall be considered non-recurring debt service. The courts of this state shall enforce this section by writ of mandamus means of injunctive relief.

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

SECTION 7. Chapter 16-7 of the General Laws entitled “Foundation Level School Support” is hereby amended by adding thereto the following section:

16-7-23.2. School deficit reduction -- Maintenance of effort provision. – A city, town, or regional school district appropriating authority may appropriate supplemental funds to eliminate or reduce a school budget deficit. To the extent that such a supplemental appropriation represents payment of past annual expenditure, the payment shall not be used in the computation of the maintenance of effort requirements established by section 16-7-23.
CHILDREN WHO ARE DEAF OR BLIND” is hereby repealed in its entirety.

CHAPTER 16-25

Education of Children Who are Deaf or Blind

16-25-1. Appointment of state beneficiaries at special institutions. — The governor, on
recommendation of the department of elementary and secondary education and upon application
of the parent or guardian, may appoint any child who is deaf, blind, or visually impaired being a
legal resident of this state, who shall appear to the department to be a fit subject for education, as
a state beneficiary at any suitable institution or school now established or that may be established
either within or without the state, for the period that he or she may determine, within the limit of
ten (10) years; provided, that he or she may, upon the special recommendation of the department,
extend the period and that he or she shall have the power to revoke any appointment at any time
for cause.

16-25-2. Supervision of beneficiaries — Reports to general assembly. — The
department of elementary and secondary education is invested with the duty and responsibility of
supervising the education of all those beneficiaries, and no child appointed as provided in section
16-25-1 shall be withdrawn from any institution or school except with its consent, or the consent
of the governor, and the department shall annually report its doings under this chapter to the
general assembly, with any further information in relation to the several institutions at which
these beneficiaries have been placed that may be deemed desirable.

16-25-3. Repealed. —

16-25-4. Care and instruction of children who are blind or visually impaired under
school age. — The department of elementary and secondary education shall have power to
provide for the suitable care, maintenance, and instruction of babies and children under school
age residing in this state who may be born blind or become blind or visually impaired, in any case
where by reason of lack of means or other cause the parent or parents of the children may be
unable to properly care for, maintain, and educate the children.

16-25-5. Contracts for care of children who are blind or visually impaired. — For the
purpose of providing care, maintenance, and education of children who are blind or visually
impaired, the department of elementary and secondary education shall have power to contract
with any institution having or furnishing special education and related services in this or any
other state at a contract price within the amount appropriated.

16-25-6. Payment of expenses of chapter. — Each community, as defined in chapter 7 of
this title, shall contribute to the department of elementary and secondary education in accordance
with regulations to be prescribed by the department.

SECTION 9. Section 16-3.1-11 of the General Laws in Chapter 16-3.1 entitled "Cooperative Service Among School Districts" is hereby amended to read as follows:

16-3.1-11. Urban collaborative. -- Notwithstanding the provisions of any general or special law to the contrary, the school committees of the cities of Providence, Pawtucket, East Providence, Central Falls and other Rhode Island school districts as may be approved for inclusion by existing member districts in accordance with collaborative bylaws are authorized and empowered to continue and/or initiate cooperative efforts to provide alternate education programs and/or diagnostic services required by law or regulation for students achieving limited success in traditional settings and to do all things necessary including, but not limited to utilization of technology, including television, all on a collaborative basis. The various school committees may assign and delegate to their respective school committee chairs or designee or superintendents of schools or designee, acting as a regional board any duties, responsibilities, and powers that the committees may deem necessary for the conduct, administration, and management of the urban collaborative. Beginning on July 1, 2013 the urban collaborative shall be funded pursuant to the provisions of section 16-7.2-3. The state share of the permanent foundation education aid shall be paid directly to the urban collaborative pursuant to the provisions of section 16-7.2-7. The local school district shall transfer the difference between the calculated state share of the permanent foundation education aid and the amount calculated pursuant to the provisions of section 16-7.2-7 to the urban collaborative, until the transition of the state share is complete. In addition, the local school district shall pay the local share of education funding to the urban collaborative as outlined in section 16-7.2-5.

SECTION 10. This article shall take effect on July 1, 2012.