

1 **ARTICLE 9**

2 RELATING TO SCHOOL CONSTRUCTION AND EDUCATION

3 SECTION 1. Sections 16-7-23, 16-7-36, 16-7-39, 16-7-40, 16-7-41, 16-7-41.1, 16-7-44 of
4 the General Laws in Chapter 16-7 entitled "Foundation Level School Support [See Title 16 Chapter
5 97 – The Rhode Island Board of Education Act]" are hereby amended to read as follows:

6 **16-7-23. Community requirements -- Adequate minimum budget provision.**

7 (a) The school committee's budget provisions of each community for current expenditures
8 in each budget year shall provide for an amount from all sources sufficient to support the basic
9 program and all other approved programs shared by the state. Each community shall contribute
10 local funds to its school committee in an amount not less than its local contribution for schools in
11 the previous fiscal year except to the extent permitted by §§ 16-7-23.1 and 16-7-23.2. Provided,
12 that for the fiscal years 2010 and 2011 each community shall contribute to its school committee in
13 an amount not less than ninety-five percent (95.0%) of its local contribution for schools for the
14 fiscal year 2009. Calculation of the annual local contribution shall not include Medicaid revenues
15 received by the municipality or district pursuant to chapter 8 of title 40. A community which has a
16 decrease in enrollment may compute maintenance of effort on a per pupil rather than on an
17 aggregate basis when determining its local contribution; furthermore, a community which
18 experiences a nonrecurring expenditure for its schools may deduct the nonrecurring expenditure in
19 computing its maintenance of effort. The deduction of nonrecurring expenditures shall be with the
20 approval of the commissioner. Provided, however, that notwithstanding any provision of this title
21 to the contrary, debt service that is no longer carried on the books of any school district shall not
22 be included in any school ~~districts'~~ district's annual budget, nor shall non-recurring debt service be
23 included in maintenance of effort as set forth in this chapter, nor shall any non-recruiting debt
24 service be included in the operating budget of any school district. For the purposes set forth above
25 non-recurring capital lease payments shall be considered non-recurring debt service. The courts of
26 this state shall enforce this section by means of injunctive relief.

27 (b) Districts' annual maintenance expenditures must meet the requirements of subsection
28 (b)(1), (b)(2), or (b)(3) of this section.

29 (1) A minimum of three percent (3%) of the operating budget shall be dedicated exclusively
30 for maintenance expenditures as defined in § 16-7-36(11) provided that for FY 2019, that amount

1 shall be one and one-half percent (1.5%), for FY 2020 that amount shall be two percent (2%), and
2 for FY 2021 that amount shall be two and one-half percent (2.5%).

3 (2) A minimum of three percent (3%) of the replacement value shall be dedicated
4 exclusively for maintenance expenditures as defined in § 16-7-36(11) provided that for FY 2019,
5 that amount shall be one percent (1%), for FY 2020 that amount shall be one and one-half percent
6 (1.5%), for FY 2021 that amount shall be two percent (2%), and for FY 2022 that amount shall be
7 two and one-half percent (2.5%).

8 (3) A minimum of three dollars (\$3.00), subject to inflation, per square foot of building
9 space shall be dedicated exclusively for maintenance expenditures as defined in § 16-7-36(11).

10 (c) The department of elementary and secondary education shall be responsible for
11 establishing a reporting mechanism to ensure the intent of this section is being met. In the event
12 that a district does not meet its minimum expenditure requirement in a given year, the state shall
13 direct state housing aid paid pursuant to § 16-4-41-or § 16-105-5, in an amount equal to the
14 shortfall, to a restricted fund created by the district and dedicated solely to meeting maintenance
15 requirements.

16 ~~(b)~~(d) Whenever any state funds are appropriated for educational purposes, the funds shall
17 be used for educational purposes only and all state funds appropriated for educational purposes
18 must be used to supplement any and all money allocated by a city or town for educational purposes
19 and, in no event, shall state funds be used to supplant, directly or indirectly, any money allocated
20 by a city or town for educational purposes. All state funds shall be appropriated by the municipality
21 to the school committee for educational purposes in the same fiscal year in which they are
22 appropriated at the state level even if the municipality has already adopted a school budget. All
23 state and local funds unexpended by the end of the fiscal year of appropriation shall remain a
24 surplus of the school committee and shall not revert to the municipality. Any surplus of state or
25 local funds appropriated for educational purposes shall not in any respect affect the requirement
26 that each community contribute local funds in an amount not less than its local contribution for
27 schools in the previous fiscal year, subject to subsection (a) of this section, and shall not in any
28 event be deducted from the amount of the local appropriation required to meet the maintenance of
29 effort provision in any given year.

30 **16-7-36. Definitions.**

31 The following words and phrases used in §§ 16-7-35 to 16-7-47 have the following
32 meanings:

33 (1) "Adjusted equalized weighted assessed valuation" means the equalized weighted
34 assessed valuation for a community as determined by the division of property valuation within the

1 department of revenue in accordance with § 16-7-21; provided, however, that in the case of a
2 regional school district the commissioner of elementary and secondary education shall apportion
3 the adjusted equalized weighted assessed valuation of the member cities or towns among the
4 regional school district and the member cities or towns according to the proportion that the number
5 of pupils of the regional school district bears to the number of pupils of the member cities or towns.

6 (2) "Approved project" means a project which has complied with the administrative
7 regulations governing §§ 16-7-35 through 16-7-47, and which has been authorized to receive state
8 school housing reimbursement by the commissioner of elementary and secondary education.

9 (3) "Commissioning Agent" means a person or entity who ensures that systems are
10 designed, installed, functionally tested, and capable of being operated and maintained to perform
11 in conformity with the design intent of a project.

12 ~~(3)~~(4) "Community" means any city, town, or regional school district established pursuant
13 to law; provided, however, that the member towns of the Chariho regional high school district,
14 created by P.L. 1958, ch. 55, as amended, shall constitute separate and individual communities for
15 the purposes of distributing the foundation level school support for school housing for all grades
16 financed in whole or in part by the towns irrespective of any regionalization.

17 (5) "Facilities Condition Index" means the cost to fully repair the building divided by the
18 cost to replace the building as determined by the school building authority.

19 (6) "Functional Utilization" means the ratio of the student population within a school
20 facility to the capacity of the school facility to adequately serve students as defined by the school
21 building authority.

22 (7) "Owners Program Manager" means owner's program manager as defined in § 37-2-7.

23 (8) "Prime contractor" means the construction contractor who is responsible for the
24 completion of a project.

25 ~~(4)~~(9) "Reference year" means the year next prior to the school year immediately preceding
26 that in which aid is to be paid.

27 (10) "Subject to inflation" means the base amount multiplied by the percentage of increase
28 in the Producer Price Index (PPI) Data for Nonresidential Building Construction (NAICS 236222)
29 as published by the United States Department of Labor, Bureau of Labor Statistics determined as
30 of September 30 of the prior calendar year.

31 (11) "Maintenance expenditures" means amounts spent for repairs or replacements for the
32 purpose of keeping a school facility open and safe for use, including repairs, maintenance, and
33 replacements to a school facility's heating, lighting, ventilation, security and other fixtures to keep
34 the facility or fixtures in effective working condition. Maintenance shall not include contracted or

1 [direct custodial or janitorial services, expenditures for the cleaning of a school facility or its](#)
2 [fixtures, the care and upkeep of grounds, recreational facilities, or parking lots, or the cleaning of](#)
3 [or repairs and replacements to movable furnishings or equipment.](#)

4 **16-7-39. Computation of school housing aid ratio.**

5 For each community, the percent of state aid for school housing costs shall be computed in
6 the following manner:

7 (1) The adjusted equalized weighted assessed valuation for the district is divided by the
8 resident average daily membership for the district (grades twelve (12) and below); (2) the adjusted
9 equalized weighted assessed valuation for the state is divided by the resident average daily
10 membership for the state (grades twelve (12) and below); (1) is then divided by (2) and the resultant
11 ratio is multiplied by a factor currently set at sixty-two percent (62%) which represents the
12 approximate average district share of school support; the resulting product is then subtracted from
13 one hundred percent (100%) to yield the housing aid share ratio, provided that in no case shall the
14 ratio be less than thirty percent (30%). Provided, that effective July 1, 2010, and annually at the
15 start of each fiscal year thereafter, the thirty percent (30%) floor on said housing aid share shall be
16 increased by five percent (5%) increments each year until said floor on the housing aid share ratio
17 reaches a minimum of not less than forty percent (40%). This provision shall apply only to school
18 housing projects completed after June 30, 2010 that received approval from the board of regents
19 prior to June 30, 2012. Provided further, for the fiscal year beginning July 1, 2012 and for
20 subsequent fiscal years, the minimum housing aid share shall be thirty-five percent (35%) for all
21 projects receiving ~~board of regents~~ [council on elementary and secondary education](#) approval after
22 June 30, 2012. The resident average daily membership shall be determined in accordance with §
23 16-7-22(1).

24 [\(2\) No district shall receive a combined total of more than twenty \(20\) incentive percentage](#)
25 [points for projects that commence construction by December 30, 2023, and five \(5\) incentive points](#)
26 [for projects that commence construction thereafter. Furthermore, a district's share shall not be](#)
27 [decreased by more than half of its regular share irrespective of the number of incentive points](#)
28 [received nor shall a district's state share increase by more than half of its regular share irrespective](#)
29 [of the number of incentive points received.](#)

30 ~~**16-7-40 Increased school housing ratio for regional schools—Energy conservation—**~~
31 ~~**Access for people with disabilities—Asbestos removal projects**~~ **Increased school housing**
32 **ratio.**

33 (a)(1) In the case of regional school districts, the school housing aid ratio shall be increased
34 by two percent (2%) for each grade so consolidated.

1 (2) Regional school districts undertaking renovation project(s) shall receive an increased
2 share ratio of four percent (4%) for those specific project(s) only, in addition to the combined share
3 ratio calculated in § 16-7-39 and this subsection.

4 ~~(b) In the case of projects undertaken by regionalized and/or non-regionalized school~~
5 ~~districts specifically for the purposes of energy conservation, access for people with disabilities,~~
6 ~~and/or asbestos removal, the school housing aid share ratio shall be increased by four percent (4%)~~
7 ~~for these specific projects only, in the calculation of school housing aid. The increased share ratio~~
8 ~~shall continue to be applied for as long as the project(s) receive state housing aid. In order to qualify~~
9 ~~for the increased share ratio, seventy-five percent (75%) of the project costs must be specifically~~
10 ~~directed to either energy conservation, access for people with disabilities, and/or asbestos removal~~
11 ~~or any combination of these projects. The board of regents for elementary and secondary education~~
12 ~~shall promulgate rules and regulations for the administration and operation of this section. In the~~
13 ~~case of projects undertaken by districts specifically for the purposes of school safety and security,~~
14 ~~the school housing aid share ratio shall be increased by five percent (5%) for these specific projects~~
15 ~~only, in the calculation of school housing aid. The increased share ratio shall continue to be applied~~
16 ~~for as long as the project(s) receives state housing aid. In order to qualify for the increased share~~
17 ~~ratio, seventy-five percent (75%) of the project costs must be specifically directed to school safety~~
18 ~~and security measures. The council on elementary and secondary education shall promulgate rules~~
19 ~~and regulations for the administration and operation of this section.~~

20 (c) ~~Upon the transfer of ownership from the state to the respective cities and towns of the~~
21 ~~regional career and technical center buildings located in Cranston, East Providence, Newport,~~
22 ~~Providence, Warwick, Woonsocket and the Chariho regional school district, the school housing aid~~
23 ~~share ratio shall be increased by four percent (4%) for the renovation and/or repair of these~~
24 ~~buildings. To qualify for the increased share ratio, as defined in § 16-7-39, renovation and repair~~
25 ~~projects must be submitted for approval through the necessity of school construction process prior~~
26 ~~to the end of the second full fiscal year following the transfer of ownership and assumption of local~~
27 ~~care and control of the building. Only projects at regional career and technical centers that have~~
28 ~~full program approval from the department of elementary and secondary education shall be eligible~~
29 ~~for the increased share ratio. The increased share ratio shall continue to be applied for as long as~~
30 ~~the renovation and/or repair project receives school housing aid. For purposes of addressing health~~
31 ~~and safety deficiencies as defined by the school building authority, including the remediation of~~
32 ~~hazardous materials, the school housing aid ratio shall be increased by five percent (5%) so long as~~
33 ~~the construction of the project commences by December 30, 2022, is completed by December 30,~~
34 ~~2027, and a two hundred fifty million dollar (\$250,000,000) general obligation bond is approved~~

1 on the November 2018 ballot. In order to qualify for the increased share ratio, twenty-five percent
2 (25%) of the project costs or a minimum of five hundred thousand dollars (\$500,000) must be
3 specifically directed to this purpose.

4 (d) For purposes of educational enhancement, including projects devoted to the
5 enhancement of early childhood education and career and technical education, the school housing
6 aid ratio shall be increased by five percent (5%) so long as construction of the project commences
7 by December 30, 2022, is completed by December 30, 2027, and a two hundred fifty million dollar
8 (\$250,000,000) general obligation bond is approved on the November 2018 ballot. In order to
9 qualify for the increased share ratio, twenty-five percent (25%) of the project costs or a minimum
10 of five hundred thousand dollars (\$500,000) must be specifically directed to these purposes.

11 (e) For replacement of a facility that has a Facilities Condition Index of sixty-five percent
12 (65%) or higher, the school housing ratio shall be increased by five percent (5%) so long as
13 construction of the project commences by December 30, 2023, is completed by December 30, 2028,
14 does not receive a bonus pursuant to § 16-7-40(f) or § 16-7-40(g), and a two hundred fifty million
15 dollar (\$250,000,000) general obligation bond is approved on the November 2018 ballot. In order
16 to qualify for the increased share ratio, twenty-five percent (25%) of the project costs or a minimum
17 of five hundred thousand dollars (\$500,000) must be specifically directed to this purpose.

18 (f) For any new construction or renovation that increases the functional utilization of any
19 facility from less than sixty percent (60%) to more than eight percent (80%), including the
20 consolidation of buildings within or across districts, the school housing aid ratio shall be increased
21 by five percent (5%) so long as construction of the project commences by December 30, 2023, is
22 completed by December 30, 2028, and a two hundred fifty million dollar (\$250,000,000) general
23 obligation bond is approved on the November 2018 ballot. In order to qualify for the increased
24 share ratio, twenty-five percent (25%) of the project costs or a minimum of five hundred thousand
25 dollars (\$500,000) must be specifically directed to this purpose.

26 (g) For any new construction or renovation that decreases the functional utilization of any
27 facility from more than one hundred twenty percent (120%) to between eighty-five percent (85%)
28 to one hundred five percent (105%), the school housing ratio shall be increased by five percent
29 (5%) so long as construction of the project commences by December 30, 2023, is completed by
30 December 30, 2028, and a two hundred fifty million dollar (\$250,000,000) general obligation bond
31 is approved on the November 2018 ballot. In order to qualify for the increased share ratio, twenty-
32 five percent (25%) of the project costs or a minimum of five hundred thousand dollars (\$500,000)
33 must be specifically directed to this purpose.

34 (h) For consolidation of two (2) or more school buildings, within or across districts into

1 one school building, the school housing aid ratio shall be increased by five percent (5%) so long as
2 construction of the project commences by December 30, 2023, is completed by December 30, 2028,
3 a two hundred fifty million dollar (\$250,000,000) general obligation bond is approved on the
4 November 2018 ballot, and does not receive a bonus pursuant to § 16-7-40(f) or § 16-7-40(g). In
5 order to qualify for the increased share ratio, twenty-five percent (25%) of the project costs or a
6 minimum of five hundred thousand dollars (\$500,000) must be specifically directed to this purpose.

7 **16-7-41 Computation of school housing aid.**

8 (a) In each fiscal year the state shall pay to each community a grant to be applied to the
9 cost of school housing equal to the following:

10 The cost of each new school housing project certified to the commissioner of elementary
11 and secondary education not later than July 15 of the fiscal year shall be divided by the actual
12 number of years of the bond issued by the local community or the Rhode Island Health and
13 Educational Building Corporation in support of the specific project, times the school housing aid
14 ratio; and provided, further, with respect to costs of new school projects financed with proceeds of
15 bonds issued by the local community or the Rhode Island Health and Educational Building
16 Corporation in support of the specific project, the amount of the school housing aid payable in each
17 fiscal year shall not exceed the amount arrived at by multiplying the principal and interest of the
18 bonds payable in each fiscal year by the school housing aid ratio and which principal and interest
19 amount over the life of the bonds, shall, in no event, exceed the costs of each new school housing
20 project certified to the commissioner of elementary and secondary education. If a community fails
21 to specify or identify the appropriate reimbursement schedule, the commissioner of elementary and
22 secondary education may at his or her discretion set up to a five (5) year reimbursement cycle for
23 projects under five hundred thousand dollars (\$500,000); up to ten (10) years for projects up to
24 three million dollars (\$3,000,000); and up to twenty (20) years for projects over three million
25 dollars (\$3,000,000).

26 (b) Aid shall be provided for the same period as the life of the bonds issued in support of
27 the project and at the school housing aid ratio applicable to the local community as set forth in §
28 16-7-39 at the time ~~of the bonds issued in support of the project as set forth in § 16-7-39~~ the project
29 is approved by the council on elementary and secondary education.

30 (c) Aid shall be paid either to the community or in the case of projects financed through
31 the Rhode Island Health and Educational Building, to the Rhode Island Health and Educational
32 Building Corporation or its designee including, but not limited to, a trustee under a bond indenture
33 or loan and trust agreement, in support of bonds issued for specific projects of the local community
34 in accordance with this section, § 16-7-40 and § 16-7-44. Notwithstanding the preceding, in case

1 of failure of any city, town or district to pay the amount due in support of bonds issued on behalf
2 of a city, town, school or district project financed by the Rhode Island Health and Educational
3 Building Corporation, upon notification by the Rhode Island Health and Educational Building
4 Corporation, the general treasurer shall deduct the amount from aid provided under this section, §
5 16-7-40, § 16-7-44 and § 16-7-15 through § 16-7-34.3 due the city, town or district and direct said
6 funding to the Rhode Island Health and Educational Building Corporation or its designee.

7 (d) Notwithstanding any provisions of law to the contrary, in connection with the issuance
8 of refunding bonds benefiting any local community, any net interest savings resulting from the
9 refunding bonds issued by such community or a municipal public buildings authority for the benefit
10 of the community or by the Rhode Island health and educational building corporation for the benefit
11 of the community, in each case in support of school housing projects for the community, shall be
12 allocated between the community and the state of Rhode Island, by applying the applicable school
13 housing aid ratio at the time of issuance of the refunding bonds, calculated pursuant to § 16-7-39,
14 that would otherwise apply in connection with school housing projects of the community; provided
15 however, that for any refundings that occur between July 1, 2013 and December 31, 2015, the
16 community shall receive eighty percent (80%) of the total savings and the state shall receive twenty
17 percent (20%). In connection with any such refunding of bonds, the finance director or the chief
18 financial officer of the community shall certify such net interest savings to the commissioner of
19 elementary and secondary education. Notwithstanding § 16-7-44 or any other provision of law to
20 the contrary, school housing projects costs in connection with any such refunding bond issue shall
21 include bond issuance costs incurred by the community, the municipal public buildings authority
22 or the Rhode Island health and educational building corporation, as the case may be, in connection
23 therewith. In connection with any refunding bond issue, school housing project costs shall include
24 the cost of interest payments on such refunding bonds, if the cost of interest payments was included
25 as a school housing cost for the bonds being refunded. A local community or municipal public
26 buildings authority shall not be entitled to the benefits of this subsection (d) unless the net present
27 value savings resulting from the refunding is at least three percent (3%) of the refunded bond issue.

28 (e) Any provision of law to the contrary notwithstanding, the commissioner of elementary
29 and secondary education shall cause to be monitored the potential for refunding outstanding bonds
30 of local communities or municipal public building authorities or of the Rhode Island Health and
31 Educational Building Corporation issued for the benefit of local communities or municipal public
32 building authorities and benefiting from any aid referenced in this section. In the event it is
33 determined by said monitoring that the net present value savings which could be achieved by
34 refunding such bonds of the type referenced in the prior sentence including any direct costs

1 normally associated with such refundings is equal to (i) at least one hundred thousand dollars
2 (\$100,000) and (ii) for the state and the communities or public building authorities at least three
3 percent (3%) of the bond issue to be refunded including associated costs then, in such event, the
4 commissioner (or his or her designee) may direct the local community or municipal public building
5 authority for the benefit of which the bonds were issued, to refund such bonds. Failure of the local
6 community or municipal public buildings authority to timely refund such bonds, except due to
7 causes beyond the reasonable control of such local community or municipal public building
8 authority, shall result in the reduction by the state of the aid referenced in this § 16-7-4.1 associated
9 with the bonds directed to be refunded in an amount equal to ninety percent (90%) of the net present
10 value savings reasonably estimated by the commissioner of elementary and secondary education
11 (or his or her designee) which would have been achieved had the bonds directed to be refunded
12 been refunded by the ninetieth (90th) day (or if such day is not a business day in the state of Rhode
13 Island, the next succeeding business day) following the date of issuance of the directive of the
14 commissioner (or his or her designee) to refund such bonds. Such reduction in the aid shall begin
15 in the fiscal year following the fiscal year in which the commissioner issued such directive for the
16 remaining term of the bond.

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

18 (g) For purposes of financing or refinancing school facilities in the city of Central Falls
19 through the issuance bonds through the Rhode Island Health and Educational Building Corporation,
20 the city of Central Falls shall be considered an "educational institution" within the meaning of
21 subdivision 45-38.1-3(13) of the general laws.

22 **16-7-41.1 Eligibility for reimbursement.**

23 (a) School districts, not municipalities, may apply for and obtain approval for a project
24 under the necessity of school construction process set forth in the regulations of the ~~board of regents~~
25 ~~for~~ council on elementary and secondary education, provided, however, in the case of municipality
26 which issues bonds through the Rhode Island Health and Educational Building Corporation to
27 finance or refinance school facilities for a school district which is not part of the municipality, the
28 municipality may apply for and obtain approval for a project. Such approval will remain valid until
29 June 30 of the third fiscal year following the fiscal year in which the ~~board of regents for~~ council
30 on elementary and secondary education's approval is granted. Only those projects undertaken at
31 school facilities under the care and control of the school committee and located on school property
32 may qualify for reimbursement under §§ 16-7-35 – 16-7-47. Facilities with combined school and
33 municipal uses or facilities that are operated jointly with any other profit or non-profit agency do
34 not qualify for reimbursement under §§ 16-7-35 – 16-7-47. Projects completed by June 30 of a

1 fiscal year are eligible for reimbursement in the following fiscal year. A project for new school
2 housing or additional housing shall be deemed to be completed when the work has been officially
3 accepted by the school committee or when the housing is occupied for its intended use by the school
4 committee, whichever is earlier.

5 (b) Notwithstanding the provisions of this section, the board of regents shall not grant final
6 approval for any project between June 30, 2011 and May 1, 2015 except for projects that are
7 necessitated by immediate health and safety reasons. In the event that a project is requested during
8 the moratorium because of immediate health and safety reasons, those proposals shall be reported
9 to the chairs of the house and senate finance committees.

10 (c) Any project approval granted prior to the adoption of the school construction
11 regulations in 2007, and which are currently inactive; and any project approval granted prior to the
12 adoption of the school construction regulations in 2007 which did not receive voter approval or
13 which has not been previously financed, are no longer eligible for reimbursement under this
14 chapter. The department of elementary and secondary education shall develop recommendations
15 for further cost containment strategies in the school housing aid program.

16 (d) Beginning July 1, 2015, the council on elementary and secondary education shall
17 approve new necessity of school construction applications on an annual basis. The department of
18 elementary and secondary education shall develop an annual application timeline for LEAs seeking
19 new necessity of school construction approvals.

20 (e) Beginning July 1, 2019, no state funding shall be provided for projects in excess of ten
21 million dollars (\$10,000,000) unless the prime contractor for the project has received certification
22 from the school building authority.

23 (f) Beginning July 1, 2019, the necessity of school construction process set forth in the
24 regulations of the council on elementary and secondary education shall include a single statewide
25 process, developed with the consultation of the department of environmental management, that will
26 ensure community involvement throughout the investigation and remediation of contaminated
27 building sites for possible reuse as the location of a school. That process will fulfill all provisions
28 of § 23-19.14-5 related to the investigation of reuse of such sites for schools.

29 (g) Beginning July 1, 2019, school housing projects exceeding one million five hundred
30 thousand dollars (\$1,500,000) subject to inflation shall include an owners program manager and a
31 commissioning agent. The cost of the program manager and commissioning agent shall be
32 considered a project cost eligible for aid pursuant to §§ 16-7-41 and 16-105-5.

33 (h) Temporary housing, or swing space, for students shall be a reimbursable expense so
34 long as a district can demonstrate that no other viable option to temporarily house students exists

1 and provided that use of the temporary space is time limited for a period not to exceed twenty-four
2 (24) months and tied to a specific construction project.

3 (i) Environmental site remediation, as defined by the school building authority, shall be a
4 reimbursable expense up to one million dollars (\$1,000,000) per project.

5 (j) If, within thirty (30) years of construction, a newly constructed school is sold to a private
6 entity, the state shall receive a portion of the sale proceeds equal to that project's housing aid
7 reimbursement rate at the time of project completion.

8 (k) All projects must comply with § 37-13-6, ensuring that prevailing wage laws are being
9 followed, and § 37-14.1-6, ensuring that minority business enterprises reach a minimum of ten
10 percent (10%) of the dollar value of the bid.

11 **16-7-44 School housing project costs.**

12 School housing project costs, the date of completion of school housing projects, and the
13 applicable amount of school housing project cost commitments shall be in accordance with the
14 regulations of the commissioner of elementary and secondary education and the provisions of §§
15 16-7-35 – 16-7-47; provided, however, that school housing project costs shall include the purchase
16 of sites, buildings, and equipment, the construction of buildings, and additions or renovations of
17 existing buildings and/or facilities. School housing project costs shall include the cost of interest
18 payment on any bond issued after July 1, 1988, provided that such bond is approved by the voters
19 on or before June 30, 2003, or issued by a municipal public building authority or by the appropriate
20 approving authority on or before June 30, 2003. Except as provided in § 16-7-41(d), those projects
21 approved after June 30, 2003, interest payments may only be included in project costs provided
22 that the bonds for these projects are issued through the Rhode Island Health and Educational
23 Building Corporation. School housing project costs shall exclude: (1) any bond issuance costs
24 incurred by the municipality or regional school district; (2) demolition costs for buildings, facilities,
25 or sites deemed surplus by the school committee; and (3) restrictions pursuant to § 16-7-44.1 below.
26 A building, facility, or site is declared surplus by a school committee when the committee no longer
27 has such building, facility, or site under its direct care and control and transfers control to the
28 municipality, § 16-2-15. The ~~board of regents for~~ council on elementary and secondary education
29 will promulgate rules and regulations for the administration of this section. These rules and
30 regulations may provide for the use of lease revenue bonds, capital leases, or capital reserve
31 funding, to finance school housing provided that the term of any bond, or capital lease shall not be
32 longer than the useful life of the project and these instruments are subject to the public review and
33 voter approval otherwise required by law for the issuance of bonds or capital leases. Cities or towns
34 issuing bonds, or leases issued by municipal public buildings authority for the benefit of a local

1 community pursuant to chapter 50 of title 45 shall not require voter approval. Effective January 1,
2 2008, and except for interim finance mechanisms, refunding bonds, borrowing from the school
3 building authority capital fund, and bonds issued by the Rhode Island Health and Educational
4 Building Corporation to finance school housing projects for towns, cities, or regional school
5 districts borrowing for which has previously been authorized by an enabling act of the general
6 assembly, all bonds, notes and other forms of indebtedness issued in support of school housing
7 projects shall require passage of an enabling act by the general assembly.

8 SECTION 2. Sections 16-7.2-3 and 16-7.2-6 of the General Laws in Chapter 16-7.2 entitled
9 "The Education Equity and Property Tax Relief Act" are hereby amended to read as follows:

10 **16-7.2-3. Permanent foundation education aid established.**

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

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

29 (b) The department of elementary and secondary education shall provide an estimate of the
30 foundation education aid cost as part of its budget submission pursuant to § 35-3-4. The estimate
31 shall include the most recent data available as well as an adjustment for average daily membership
32 growth or decline based on the prior year experience.

33 (c) In addition, the department shall report updated figures based on the average daily
34 membership as of October 1 by December 1.

1 (2) The amount to support high-need students beyond the core-instruction amount shall be
2 determined by multiplying a student success factor of forty percent (40%) by the core instruction
3 per-pupil amount described in subdivision (a)(1) and applying that amount for each resident child
4 whose family income is at or below one hundred eighty-five percent (185%) of federal poverty
5 guidelines, hereinafter referred to as "poverty status."

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

10 ~~(c)~~(e) The department of elementary and secondary education shall promulgate such
11 regulations as are necessary to implement fully the purposes of this chapter.

12 **16-7.2-6. Categorical programs, state funded expenses.**

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

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

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

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

4 (d) Central Falls, Davies, and the Met Center Stabilization Fund is established to ensure
5 that appropriate funding is available to support their students. Additional support for Central Falls
6 is needed due to concerns regarding the city's capacity to meet the local share of education costs.
7 This fund requires that education aid calculated pursuant to § 16-7.2-3 and funding for costs outside
8 the permanent foundation education-aid formula, including, but not limited to, transportation,
9 facility maintenance, and retiree health benefits shall be shared between the state and the city of
10 Central Falls. The fund shall be annually reviewed to determine the amount of the state and city
11 appropriation. The state's share of this fund may be supported through a reallocation of current state
12 appropriations to the Central Falls school district. At the end of the transition period defined in §
13 16-7.2-7, the municipality will continue its contribution pursuant to § 16-7-24. Additional support
14 for the Davies and the Met Center is needed due to the costs associated with running a stand-alone
15 high school offering both academic and career and technical coursework. The department shall
16 recommend criteria for the purpose of allocating any and all stabilization funds as may be
17 determined by the general assembly;

18 (e) Excess costs associated with transporting students to out-of-district non-public schools.
19 This fund will provide state funding for the costs associated with transporting students to out-of-
20 district non-public schools, pursuant to chapter 21.1 of title 16. The state will assume the costs of
21 non-public out-of-district transportation for those districts participating in the statewide system.
22 The department of elementary and secondary education shall prorate the funds available for
23 distribution among those eligible school districts if the total approved costs for which school
24 districts are seeking reimbursement exceed the amount of funding available in any fiscal year;

25 (f) Excess costs associated with transporting students within regional school districts. This
26 fund will provide direct state funding for the excess costs associated with transporting students
27 within regional school districts, established pursuant to chapter 3 of title 16. This fund requires that
28 the state and regional school district share equally the student transportation costs net any federal
29 sources of revenue for these expenditures. The department of elementary and secondary education
30 shall prorate the funds available for distribution among those eligible school districts if the total
31 approved costs for which school districts are seeking reimbursement exceed the amount of funding
32 available in any fiscal year;

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

1 (1) As used herein, the term "regionalized" shall be deemed to refer to a regional school
2 district established under the provisions of chapter 3 of title 16, including the Chariho Regional
3 School district;

4 (2) For those districts that are regionalized as of July 1, 2010, the regionalization bonus
5 shall commence in FY 2012. For those districts that regionalize after July 1, 2010, the
6 regionalization bonus shall commence in the first fiscal year following the establishment of a
7 regionalized school district as set forth in chapter 3 of title 16, including the Chariho Regional
8 School District;

9 (3) The regionalization bonus in the first fiscal year shall be two percent (2.0%) of the
10 state's share of the foundation education aid for the regionalized district as calculated pursuant to
11 §§ 16-7.2-3 and 16-7.2-4 in that fiscal year;

12 (4) The regionalization bonus in the second fiscal year shall be one percent (1.0%) of the
13 state's share of the foundation education aid for the regionalized district as calculated pursuant to
14 §§ 16-7.2-3 and 16-7.2-4 in that fiscal year;

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

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

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

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

1 (i) State support for school resource officers. Beginning in FY 2019, for a period of three
2 (3) years, school districts or municipalities that choose to employ school resource officers shall
3 receive direct state support for costs associated with employing such officers at public middle and
4 high schools. Districts or municipalities shall be reimbursed an amount equal to one-half (1/2) of
5 the cost of salaries and benefits for the qualifying positions. Funding will be provided to school
6 resource officer positions established on or after July 1, 2018, provided that:

7 (1) Each school resource officer shall be assigned to one school:

8 (i) Schools with enrollments below one thousand twelve hundred (1,200) students shall
9 require one school resource officer;

10 (ii) Schools with enrollments of one thousand twelve hundred (1,200) or more students
11 shall require two school resource officers;

12 (2) School resource officers hired in excess of the requirement noted above shall not be
13 eligible for reimbursement; and

14 (3) Schools that eliminate existing school resource officer positions and create new
15 positions under this provision shall not be eligible for reimbursement.

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

18 SECTION 3. Sections 16-105-3, 16-105-7, and 16-105-8 of the General Laws in Chapter
19 16-105 entitled "School Building Authority" are hereby amended to read as follows:

20 **16-105-3 Roles and responsibilities.**

21 The school building authority roles and responsibilities shall include:

22 (1) Management of a system with the goal of ensuring equitable and adequate school
23 housing for all public school children in the state;

24 (2) Prevention of the cost of school housing from interfering with the effective operation
25 of the schools;

26 (3) Management of school housing aid in accordance with statute;

27 (4) Reviewing and making recommendations to the council on elementary and secondary
28 education on necessity of school construction applications for state school housing aid and the
29 school building authority capital fund, based on the recommendations of the school building
30 authority advisory board;

31 (5) Promulgating, managing ~~M~~anaging and maintaining school construction regulations,
32 standards, and guidelines applicable to the school housing program, based on the recommendations
33 of the school building authority advisory board, created in § 16-105-8. Said regulations shall require
34 conformance with the minority business enterprise requirements set forth in § 37-14.1-6;

1 (6) Developing a prequalification and review process for prime contractors, architects and
2 engineers seeking to bid on projects in excess of ten million dollars (\$10,000,000) in total costs
3 subject to inflation. Notwithstanding any general laws to the contrary, a prequalification shall be
4 valid for a maximum of two (2) years from the date of issuance. Factors to be considered by the
5 school building authority in granting a prequalification to prime contractors shall include, but not
6 be limited to, the contractor's history of completing complex projects on time and on budget, track
7 record of compliance with applicable environmental and safety regulations, evidence that
8 completed prior projects prioritized the facility's future maintainability, and compliance with
9 applicable requirements for the use of women and minority owned subcontractors;

10 (i) At least annually, a list of prequalified contractors, architects, and engineers shall be
11 publically posted with all other program information.

12 (7) Providing technical assistance and guidance to school districts on the necessity of
13 school construction application process;

14 ~~(6)~~(8) Providing technical advice and assistance, training, and education to cities, towns,
15 and/or LEAs and to general contractors, subcontractors, construction or project managers,
16 designers and others in planning, maintenance, and establishment of school facility space;

17 ~~(7)~~(9) Developing a project priority system, based on the recommendations of the school
18 building authority advisory board, in accordance with school construction regulations for ~~the state~~
19 ~~school housing aid set forth in §§ 16-7-35 to 16-7-47 and~~ the school building authority capital fund,
20 subject to review and, if necessary, to be revised on intervals not to exceed five (5) years. Project
21 priorities shall ~~be in accordance with~~ include, but not be limited to, the following order of priorities:

22 (i) Projects to replace or renovate a building that is structurally unsound or otherwise in a
23 condition seriously jeopardizing the health and safety of school children where no alternative exists;

24 (ii) Projects needed to prevent loss of accreditation;

25 (iii) Projects needed for the replacement, renovation, or modernization of the HVAC
26 system in any schoolhouse to increase energy conservation and decrease energy-related costs in
27 said schoolhouse;

28 (iv) Projects needed to replace or add to obsolete buildings in order to provide for a full
29 range of programs consistent with state and approved local requirements; and

30 (v) Projects needed to comply with mandatory, instructional programs.

31 ~~(8)~~(10) Maintaining a current list of requested school projects and the priority given them;

32 ~~(9)~~(11) Collecting and maintaining readily available data on all the public school facilities
33 in the state;

34 (12) Collecting, maintaining, and making publicly available quarterly progress reports of

1 all ongoing school construction projects that shall include, at a minimum, the costs of the project
2 and the time schedule of the project;

3 ~~(10)~~(13) Recommending policies and procedures designed to reduce borrowing for school
4 construction programs at both state and local levels;

5 ~~(11)~~(14) At least every five (5) years, conducting a needs survey to ascertain the capital
6 construction, reconstruction, maintenance, and other capital needs for schools in each district of the
7 state, including public charter schools;

8 ~~(12)~~(15) Developing a formal enrollment projection model or using projection models
9 already available;

10 ~~(13)~~(16) Encouraging local education agencies to investigate opportunities for the
11 maximum utilization of space in and around the district;

12 ~~(14)~~(17) Collecting and maintaining a clearinghouse of prototypical school plans that may
13 be consulted by eligible applicants;

14 (18) Retaining the services of consultants, as necessary, to effectuate the roles and
15 responsibilities listed within this section;

16 ~~(15)(19) By regulation, offering additional incentive points to the school housing aid ratio~~
17 ~~calculation set forth in § 16-7-39, as the authority, based upon the recommendation of the advisory~~
18 ~~board, determines will promote the purposes of this chapter. Said regulations may delineate the~~
19 ~~type and amounts of any such incentive percentage points; provided, however, that no individual~~
20 ~~category of incentive points shall exceed two (2) additional points; and provided further, that no~~
21 No district shall receive a combined total of more than ~~five (5)~~ twenty (20) incentive percentage
22 points as set forth in § 16-7-39 for projects that commence construction by December 30, 2023,
23 and five (5) incentive points for projects that commence construction thereafter. Such incentive
24 points may be awarded for a district's use of highly efficient construction delivery methods;
25 remediation of hazardous substances; regionalization with other districts; superior maintenance
26 practices of a district; energy efficient and sustainable design and construction; the use of model
27 schools as adopted by the authority; and other incentives as recommended by the advisory board
28 and determined by the authority to encourage the most cost-effective and quality construction.
29 Notwithstanding any provision of the general laws to the contrary, the reimbursement or aid
30 received under this chapter or chapter 38.2 of title 45 shall not exceed one hundred percent (100%)
31 of the sum of the total project costs plus interest costs nor shall a district's share be decreased by
32 more than half of its regular share irrespective of the number of incentive points received nor shall
33 a district's state share increase by more than half of its regular share irrespective of the number of
34 incentive points received.

1 Projects approved between May 1, 2015 and January 1, 2018 are eligible to receive five
2 (5) additional incentive points (above and beyond what the project was awarded at the time of
3 approval.) Any project approved between May 1, 2015 and January 1, 2018 that is withdrawn
4 and/or resubmitted for approval shall not be eligible for any incentive points.

5 **16-105-7 ~~Expenses incurred by the department school building authority~~ Expenses**
6 **incurred by the school building authority.**

7 In order to provide for one-time or limited expenses of the ~~department of elementary and~~
8 ~~secondary education~~ school building authority under this chapter, the Rhode Island health and
9 educational building corporation shall provide funding from the school building authority capital
10 fund, fees generated from the origination of municipal bonds and other financing vehicles used for
11 school construction, and its own reserves. The school building authority shall, by October 1 of each
12 year, report to the governor and the chairs of the senate and house finance committees, the senate
13 fiscal advisor, and the house fiscal advisor the amount sought for expenses for the next fiscal year.

14 There is also hereby established a restricted receipt account within the budget of the
15 department of elementary and secondary education entitled "school construction services", to be
16 financed by the Rhode Island health and educational building corporation's sub-allotments of fees
17 generated from the origination of municipal bonds and other financing vehicles used for school
18 construction and its own reserves. Effective July 1, 2018, this account shall be utilized for the
19 express purpose of supporting personnel expenditures directly related to the administration of the
20 school construction aid program.

21 **16-105-8. School building authority advisory board established.**

22 (a) There is hereby established a school building authority advisory board that shall advise
23 the school building authority regarding the best use of the school building authority capital fund,
24 including the setting of statewide priorities, criteria for project approval, and recommendations for
25 project approval and prioritization.

26 (b) The school building authority advisory board shall consist of seven (7)-members as
27 follows:

28 (1) The general treasurer, or designee;

29 (2) The director of the department of administration, who shall serve as chair;

30 (3) ~~A member of the governor's staff, as designated by the governor~~ The chair of the Rhode
31 Island health and educational building corporation; and

32 (4) Four (4) members of the public, appointed by the governor, and who serve at the
33 pleasure of the governor, each of whom shall have expertise in education and/or construction, real
34 estate, or finance. At least one of these four (4) members shall represent a local education agency

1 [and at least one of these four \(4\) members shall be an educator.](#)

2 (c) In addition to the purposes in subsection (a), the school building authority advisory
3 board shall advise the school building authority on, including but not limited to, the following:

4 (1) The project priorities for the school building authority capital fund;

5 (2) Legislation as it may deem desirable or necessary related to the school building
6 authority capital fund and the school housing aid program set forth in §§ 16-7-35 to 16-7-47;

7 (3) Policies and procedures designed to reduce borrowing for school construction programs
8 at both state and local levels;

9 (4) Development of a formal enrollment projection model or consideration of using
10 projection models already available;

11 (5) Processes and procedures necessary to apply for, receive, administer, and comply with
12 the conditions and requirements respecting any grant, gift, or appropriation of property, services,
13 or monies;

14 (6) The collection and maintenance of a clearinghouse of prototypical school plans which
15 may be consulted by eligible applicants and recommend incentives to utilize these prototypes;

16 (7) The determination of eligible cost components of projects for funding or
17 reimbursement, including partial or full eligibility for project components for which the benefit is
18 shared between the school and other municipal and community entities;

19 (8) Development of a long-term capital plan in accordance with needs and projected
20 funding;

21 (9) Collection and maintenance of data on all the public school facilities in the state,
22 including information on size, usage, enrollment, available facility space, and maintenance;

23 (10) Advising districts on the conduct of a needs survey to ascertain the capital
24 construction, reconstruction, maintenance, and other capital needs for schools across the state;

25 (11) The recommendation of policies, rules, and regulations that move the state toward a
26 pay-as-you-go funding system for school construction programs; and

27 (12) Encouraging local education agencies to investigate opportunities for the maximum
28 utilization of space in and around the district.

29 SECTION 4. Sections 45-38.2-2, 45-38.2-3 and 45-38.2-4 of the General Laws in Chapter
30 45-38.2 entitled "School Building Authority Capital Fund" are hereby amended to read as follows:

31 **45-38.2-2. School building authority capital fund.**

32 (a) There is hereby established a school building authority capital fund. The corporation
33 shall establish and set up on its books the fund, to be held in trust and to be administered by the
34 corporation as provided in this chapter. This fund shall be in addition to the annual appropriation

1 for committed expenses related to the repayment of housing aid commitments. The corporation
2 shall deposit the following monies into the fund:

3 (1) The difference between the annual housing aid appropriation and housing aid
4 commitment amounts appropriated or designated to the corporation by the state for the purposes of
5 the foundation program for school housing; provided that for FY 2019 and FY 2020 that amount
6 shall be used for technical assistance to districts pursuant to § 16-105-3(7);

7 (2) Loan repayments, bond refinance interest savings, and other payments received by the
8 corporation pursuant to loan or financing agreements with cities, towns, or LEAs executed in
9 accordance with this chapter;

10 (3) Investment earnings on amounts credited to the fund;

11 (4) Proceeds of bonds of the corporation issued in connection with this chapter to the extent
12 required by any trust agreement for such bonds;

13 (5) Administrative fees levied by the corporation, with respect to financial assistance
14 rendered under this chapter and specified in § 45-38.2-3(a)(4), less operating expenses;

15 (6) Other amounts required by provisions of this chapter or agreement, or any other law or
16 any trust agreement pertaining to bonds to be credited to the fund; and

17 (7) Any other funds permitted by law which the corporation in its discretion shall determine
18 to credit thereto.

19 (b) The corporation shall establish and maintain fiscal controls and accounting procedures
20 conforming to generally accepted government accounting standards sufficient to ensure proper
21 accounting for receipts in and disbursements from the school building authority capital fund.

22 (c) The school building authority shall establish and maintain internal controls to ensure
23 that LEAs are providing adequate asset protection plans, all LEAs have equal access and
24 opportunity to address facility improvements on a priority basis, and to ensure that funding from
25 the school building authority capital fund has the greatest impact on facility gaps in state priority
26 areas. The school building authority will also manage necessity of school construction approvals
27 in accordance with the funding levels set forth by the general assembly.

28 **45-38.2-3. Administration.**

29 (a) The corporation shall have all the powers necessary or incidental to carry out and
30 effectuate the purposes and provisions of this chapter including:

31 (1) To receive and disburse such funds from the state as may be available for the purpose
32 of the fund subject to the provisions of this chapter;

33 (2) To make and enter into binding commitments to provide financial assistance to cities,
34 towns and LEAs from amounts on deposit in the fund;

1 (3) To enter into binding commitments to provide subsidy assistance for loans and city,
2 town, and LEA obligations from amounts on deposit in the fund;

3 (4) To levy administrative fees on cities, towns, and LEAs as necessary to effectuate the
4 provisions of this chapter; ~~provided the fees have been previously authorized by an agreement~~
5 ~~between the corporation and the city, town, or LEA;~~ provided that the fee does not exceed one tenth
6 of one percent (0.001) of the principal amount;

7 (5) To engage the services of third-party vendors to provide professional services;

8 (6) To establish one or more accounts within the fund; and

9 (7) Such other authority as granted to the corporation under chapter 38.1 of title 45.

10 (b) Subject to the provisions of this chapter, and to any agreements with the holders of any
11 bonds of the corporation or any trustee therefor, amounts held by the corporation for the account
12 of the fund shall be applied by the corporation, either by direct expenditure, disbursement, or
13 transfer to one or more other funds and accounts held by the corporation or a trustee under a trust
14 agreement or trust indenture entered into by the corporation with respect to bonds or notes issued
15 by the corporation under this chapter or by a holder of bonds or notes issued by the corporation
16 under this chapter, either alone or with other funds of the corporation, to the following purposes:

17 (1) To provide financial assistance to cities, towns and LEAs to finance costs of approved
18 projects, and to refinance the costs of the projects, subject to such terms and conditions, if any, as
19 are determined by the department and/or the corporation;

20 (2) To fund reserves for bonds of the corporation and to purchase insurance and pay the
21 premiums therefor, and pay fees and expenses of letters or lines of credit and costs of
22 reimbursement to the issuers thereof for any payments made thereon or on any insurance, and to
23 otherwise provide security for, and a source of payment for obligations of the corporation, by
24 pledge, lien, assignment, or otherwise as provided in chapter 38.1 of title 45;

25 (3) To pay or provide for subsidy assistance as determined by the school building authority;

26 (4) To provide a reserve for, or to otherwise secure, amounts payable by cities, towns, and
27 LEAs on loans and city, town, and LEA obligations outstanding in the event of default thereof;
28 amounts in any account in the fund may be applied to defaults on loans outstanding to the city,
29 town, or LEA for which the account was established and, on a parity basis with all other accounts,
30 to defaults on any loans or city, town, or LEA obligations outstanding; and

31 (5) To provide a reserve for, or to otherwise secure, by pledge, lien, assignment, or
32 otherwise as provided in chapter 38.1 of title 45, any bonds or notes of the corporation issued under
33 this chapter.

34 (c) The repayment obligations of the city, town, or LEA for loans shall be in accordance

1 with its eligibility for state aid for school housing as set forth in §§ 16-7-39, 16-77.1-5, and 105-
2 3(15).

3 (d) In addition to other remedies of the corporation under any loan or financing agreement
4 or otherwise provided by law, the corporation may also recover from a city, town or LEA, in an
5 action in superior court, any amount due the corporation together with any other actual damages
6 the corporation shall have sustained from the failure or refusal of the city, town, or LEA to make
7 the payments or abide by the terms of the loan or financing agreement.

8 **45-38.2-4 Payment of state funds.**

9 (a) Subject to the provisions of subsection (b), upon the written request of the corporation,
10 the general treasurer shall pay to the corporation, from time to time, from the proceeds of any bonds
11 or notes issued by the state for the purposes of this chapter or funds otherwise lawfully payable to
12 the corporation for the purposes of this chapter, such amounts as shall have been appropriated or
13 lawfully designated for the fund. All amounts so paid shall be credited to the fund in addition to
14 any other amounts credited or expected to be credited to the fund.

15 (b) The corporation and the state may enter into, execute, and deliver one or more
16 agreements setting forth or otherwise determining the terms, conditions, and procedures for, and
17 the amount, time, and manner of payment of, all amounts available from the state to the corporation
18 under this section.

19 (c) The corporation, per order of the school building authority capital fund, is authorized
20 to grant a district or municipality its state share of an approved project cost, pursuant to §§ 16-7-39
21 and 16-77.1-5. Construction pay-as-you-go grants received from the school building authority
22 capital fund shall not be considered a form of indebtedness subject to the provisions of § 16-7-44.

23 (d)(1) Notwithstanding the provisions of §§ 45-12-19 and 45-12-20, and notwithstanding
24 city or town charter provisions to the contrary, prior to July 1, 2016, no voter approval shall be
25 required for loans in any amount made to a city or town for the local education agency's share of
26 total project costs.

27 (2) Notwithstanding the provisions of §§ 45-12-19 and 45-12-20, and notwithstanding city
28 or town charter provisions to the contrary, on or after July 1, 2016, up to five hundred thousand
29 dollars (\$500,000) may be loaned to a city or town for the local education agency 's share of total
30 project costs without the requirement of voter approval.

31 (e)(1) Funds from the two hundred fifty million (\$250,000,000) in general obligation
32 bonds, if approved on the November 2018 ballot, shall first be used to support the state share of
33 foundational housing aid and shall be offered to LEAs on a pay-as-you-go basis and not as a
34 reimbursement of debt service for previously completed projects.

1 (2) Funds to support the state share of foundational housing aid in a given year on a pay-
2 as-you-go basis shall be offered proportionately to LEAs based on the total state share of
3 foundational housing aid awarded to projects in that year.

4 (3) Any excess funds may be transferred to the school building authority capital fund in an
5 amount not to exceed five percent (5%) of any amount of bonds issued in a given year.

6 ~~(e)~~(f) Notwithstanding any provision to the contrary, the term of any bond, capital lease,
7 or other financing instrument shall not exceed the useful life of the project being financed.

8 (g) In accordance with §§ 45-10-5.1 and 45-10-6, the auditor general shall give guidance
9 to municipalities and school districts on the uniform financial reporting of construction debt
10 authorized and issued, and on funding received from the state within ninety (90) days of the passage
11 of this article.

12 SECTION 5. This article shall take effect upon passage.

13