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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2021

A N A C T

RELATING TO EDUCATION -- THE EDUCATION EQUITY AND PROPERTY TAX
RELIEF ACT--LOCAL EDUCATION AID READJUSTING NEEDS AMENDMENT
("LEARN" AMENDMENT)

Introduced By: Senators Pearson, and Seveney

Date Introduced: March 11, 2021

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 16-7.2-5 of the General Laws in Chapter 16-7.2 entitled "The
2 Education Equity and Property Tax Relief Act" is hereby amended to read as follows:

3 **16-7.2-5. Charter public schools, the William M. Davies, Jr. Career and Technical**
4 **High School, and the Metropolitan Regional Career and Technical Center.**

5 (a) Charter public schools, as defined in chapter 77 of this title, the William M. Davies, Jr.
6 Career and Technical High School (Davies), and the Metropolitan Regional Career and Technical
7 Center (the Met Center) shall be funded pursuant to § 16-7.2-3. If the October 1 actual enrollment
8 data for any charter public school shows a ten percent (10%) or greater change from the prior year
9 enrollment which is used as the reference year average daily membership, the last six (6) monthly
10 payments to the charter public school will be adjusted to reflect actual enrollment. The state share
11 of the permanent foundation education aid shall be paid by the state directly to the charter public
12 schools, Davies, and the Met Center pursuant to § 16-7.2-9 and shall be calculated using the state-
13 share ratio of the district of residence of the student as set forth in § 16-7.2-4. The department of
14 elementary and secondary education shall provide the general assembly with the calculation of the
15 state share of permanent foundation education aid for charter public schools delineated by school
16 district.

17 (b) The local share of education funding shall be paid to the charter public school, Davies,
18 and the Met Center by the district of residence of the student and shall be the local, per-pupil cost

1 calculated by dividing the local appropriation to education from property taxes, net of debt service,
2 and capital projects, as defined in the uniform chart of accounts by the average daily membership
3 for each city and town, pursuant to § 16-7-22, for the reference year.

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

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

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

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

5 Paycheck Protection Program funds adjustment:

6 (1) Definitions.

7 (i) The Paycheck Protection Program ("PPP") means that federal program initially created
8 by the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), as amended and/or
9 supplemented by the Consolidated Appropriations Act of 2021 and any subsequent legislation, and
10 codified under Chapter 14A and/or Chapter 116 of Title 15 of the United States Code.

11 (ii) "PPP funds" shall constitute the amount of funds received in connection with any
12 application or loan made pursuant to the PPP.

13 (iii) The amount considered as PPP funds shall be reduced by:

14 (A) The amount equal to any and all taxes due in connection with proceeds received
15 through a PPP loan;

16 (B) Amounts which are subject to an irrevocable obligation for repayment without
17 forgiveness of the debt under federal law;

18 (C) Amounts that were subject to any reappropriation, allocation, or other action taken by
19 the state including the FY2020 revised education aid distribution that results in a lesser amount of
20 funds being available from the PPP loan.

21 (D) For the purposes of this section "charter public schools" means district charter schools,
22 independent charter schools, or mayoral academies.

23 (2) Within thirty (30) days of receipt of the PPP funds, any charter public school that
24 receives any PPP funds shall make a report to the department and to each sending school district,
25 as defined in § 16-77-2.1, which have made or are due to make any local direct payments during
26 FY2021 or FY2022. Such report shall include:

27 (i) The amount of the funds received;

28 (ii) The date the funds were received;

29 (iii) Any projected reductions as defined in subsection (e)(1)(C) of this section;

30 (iv) The total number of students the PPP funds per student quotient calculated pursuant to
31 subsection (e)(3) of this section;

32 (v) The total amount of each local district payment reduction calculated pursuant to
33 subsection (e)(3) of this section; and

34 (vi) The per-payment reduction for the remaining period of FY2021 and FY2022 as

1 calculated pursuant to subsections (e)(3) and (e)(4) of this section.

2 (3) Readjustment of local aid.

3 In FY2021 and FY2022, the amount of the local district payment due to a charter public
4 school shall be reduced by the amount of PPP funds received by the charter public school. In
5 determining the amount of the local district payment reduction, the total amount of the PPP funds
6 shall be multiplied by the ratio of funds paid by the sending district divided by the total funds
7 received from all sending school districts.

8 (i) The reduction calculated in subsection (e)(3) of this section shall be allocated equally
9 against the payments due from the sending district to the charter public school during the remainder
10 of FY2021 and for each payment due in FY2022.

11 (ii) Any charter public school that should fail to make a timely report required under
12 subsection (e)(2) of this section shall also have aid reduced by the amount of statutory interest
13 applicable to civil actions calculated based on the period between when the report was due and
14 when the first payment reduction is made. In the event the failure to disclose is not discovered until
15 after the final local district payment for FY2022 is due, then the entire amount shall be reduced by
16 the local district in the next payment due after discovery of the failure by the public charter school.

17 (iii) The reduction required under this subsection (e) of this section shall supersede and
18 take precedence over all other statutes, rules or regulations or other laws to the contrary.

19 SECTION 2. Section 16-77.1-2 of the General Laws in Chapter 16-77.1 entitled "Funding
20 of Charter Public Schools [See Title 16 Chapter 97 - The Rhode Island Board of Education Act]"
21 is hereby amended to read as follows:

22 **16-77.1-2. Operating costs.**

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

1 minus the state share of that per pupil cost as designated in this section.

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

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

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

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

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

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

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

5 For fiscal years 2021 and 2022 local direct payments due to charter public schools shall be
6 reduced for funds received under the federal Paycheck Protection Program in accordance with §
7 16-7.2-5(e).

8 SECTION 3. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO EDUCATION -- THE EDUCATION EQUITY AND PROPERTY TAX
RELIEF ACT--LOCAL EDUCATION AID READJUSTING NEEDS AMENDMENT
("LEARN" AMENDMENT)

1 This act would readjust local aid to charter schools that received any Paycheck Protection
2 Program funds created by the Coronavirus Aid, Relief and Economic Security Act by multiplying
3 the ratio of funds paid to the sending district divided by the total funds received from all sending
4 school districts. The reduction calculated shall be allocated equally against the payments due from
5 the sending district to the charter public school during the remainder of FY2021 and for each
6 payment due in FY2022.

7 This act would take effect upon passage.

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