

# The Rhode Island Education Funding and Accountability Act

## (House Bill 8351, Senate Bill 3015)

### Frequently Asked Questions- For Municipal Leaders

#### What is the case for municipal leaders to actively support this legislation?

The current system is not working. It hides costs, produces inequities, and makes budget planning harder than it needs to be. It asks municipalities to absorb unpredictable expenses that should be shared, and it gives taxpayers no reliable way to understand whether their education dollars are being used well. That erodes public trust, not just in schools, but in local government.

The Rhode Island Education Funding and Accountability Act offers a better path. It makes the true cost of education visible and shared. It stabilizes municipal budgets by removing the most unpredictable costs from local ledgers. It gives communities better tools for planning, and it gives residents better information about outcomes. And it does all of this within a framework that preserves local control and local voice.

Rhode Island has set a goal of becoming one of the nation's top-performing education systems by 2030. A well-educated workforce is the foundation of a thriving local economy – and the communities that can attract and retain working families are the ones with strong schools. Supporting this legislation is not just good policy. It is good stewardship of the communities you serve.

The bills are before the Senate Finance Committee and the House Finance Committee now. Your voice matters. We encourage you to engage with your legislators and make clear that Rhode Island's municipalities are ready for a funding system that finally works.

## Why should municipal leaders care about education funding reform?

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Right now, hundreds of millions of dollars in education costs fall entirely outside the state's funding formula. That means transportation, building maintenance, early childhood special education, and legacy teacher pension liabilities land on local budgets.

The Rhode Island Education Funding and Accountability Act changes that. It brings nearly all educational costs into a shared, transparent system – making clear what education actually costs, who is responsible for what, and ensuring the state carries its fair share.

## Will this increase my municipality's financial burden?

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For most municipalities, the new system will meaningfully reduce local financial pressure.

Here is why: the proposed Core Education Amount expands the baseline used to calculate shared costs to include transportation, building maintenance, food service, and retirement costs for current teachers – expenses your municipality is already paying. Bringing these costs into the formula means the state shares them. At the same time, several of the largest and least predictable costs, legacy teacher pension liabilities, high-cost special education, and out-of-district transportation, would shift entirely to the state.

Consider what that means in practice. If a student requiring expensive out-of-district special education services enrolls in your district mid-year, your community currently absorbs that cost alone, often without warning. Under the new system, the state covers it, and has the bargaining power to negotiate costs to serve students with special needs at scale. The same principle applies to legacy teacher pension liabilities, which have been quietly crowding out spending on current teachers, students in today's classrooms, and education services for years.

The Commission's fiscal modeling, using FY 2024 data, shows that total state aid – including both formula aid and newly state-covered costs – increases for the overwhelming majority of Rhode Island communities. The new system doesn't ask municipalities to spend more. It asks them to spend transparently, and ensures the state does the same.

## What exactly is the required local contribution, and is it really new?

The legislation requires that each municipality contribute a minimum amount toward the education of its students as a condition of receiving state aid. That minimum is calculated based on a uniform rate applied to your community's equalized assessed property valuation.

In practice, nearly all Rhode Island municipalities are already meeting or exceeding the recommended contribution level. What is new is that this becomes a legal requirement rather than a recommendation, closing the loophole that has allowed some communities to underfund their students while still receiving full state aid. Rhode Island is currently one of only three states in the nation without such a requirement. The legislation simply brings us in line with standard practice.

Importantly, there is no cap on local contributions. Municipalities remain free to invest above the minimum if their community chooses. And if a genuine, unforeseen financial hardship makes it impossible to meet the minimum in a given year, a formal hardship appeals process is available. The penalty for falling short is firm (a state aid reduction equal to double the shortfall) and based on current policy in Connecticut. However, the appeals process ensures that communities facing extraordinary circumstances are not left without recourse.

## Does this mean the state will have more control over how my community funds its schools?

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The legislation sets a floor, not a ceiling, and it preserves local control in meaningful ways.

The legislation does require transparency and accountability for the dollars that flow through the formula, from both the state and municipalities. Every school district will be required to adopt a public spending plan linked to student outcomes, report through the Uniform Chart of Accounts (UCOA), and present that plan annually to its governing body. A new public dashboard will allow residents, municipal leaders, and state officials to see how education dollars are being spent and what results they are producing, district by district.

This is accountability in the service of better outcomes, not state micromanagement of local schools. In fact, the legislation explicitly establishes a tiered support system in which most districts face no additional requirements at all. Only districts that persistently fail to make progress would face escalating oversight, and even then the process begins with collaborative technical assistance, not state takeover.

## How will this affect my municipality's budget planning process?

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Significantly, and for the better. One of the most damaging features of the current system is its timing. Municipalities begin budget processes in the spring; districts must make staffing commitments by late spring, and yet the state budget deadline is July 1. That misalignment forces communities to build budgets on guesswork, often leading to overly conservative decisions and disruption in the form of laying off staff who then have to be rehired, delaying programs, or absorbing last-minute surprises.

The legislation fixes this directly. RIDE would be required to issue preliminary state aid estimates by March 1 each year – giving municipalities and districts the advance information they need to plan responsibly. The General Assembly may also authorize multi-year aid commitments, providing even greater stability. State and municipal aid payments would be made quarterly, in July, October, January, and April, on a predictable schedule.

For municipal leaders who have spent years building budgets and explaining unexpected cost swings to city councils and at town meetings, this change alone is significant.

## When would this take effect, and what does the transition look like?

Both the Senate bill (S 3015) and the House companion bill (H 8351) take effect upon passage, with full implementation required no later than fiscal year 2030. That means a phase-in period of up to three fiscal years, time for RIDE, school districts, and municipalities to align financial systems, adjust budgets, and prepare for the new requirements.

Existing aid programs continue during the transition to prevent any funding shortfalls. RIDE is required to develop a detailed transition plan specifying annual adjustments to state and municipal shares as the new system comes online. And a new UCOA transition fund will provide technical assistance and financial support to help districts align their reporting systems, reducing the administrative burden on local governments during implementation.

The legislation also includes an important protection for future unfunded mandates: any new state education requirement enacted after the law takes effect must include a fiscal impact statement and a specific state appropriation to cover implementation costs. No more passing requirements down to municipalities and districts without the resources to meet them.