

Issue Brief Introduction

The attached brief was developed to introduce and frame key issues under discussion by the Funding Formula Working Group.

These briefs do not address every issue that affects public education funding. By focusing on concise introductions to important and complicated topics, some detail and nuance has been intentionally omitted.

We welcome your feedback on these briefs or on any other topic related to Rhode Island's Funding Formula, which you may submit to edfundingri@ride.ri.gov.

Issue Brief #3: School Housing

Issue Summary

School housing costs are a complicated and important issue that affects both the deliberations of the funding formula working group and public education more generally. This issue includes two major components: (1) state support for school housing through state school construction aid; (2) the method by which traditional districts and public schools of choice pay for school housing.

In Rhode Island, land purchase, building renovation, and construction are typically funded through a combination of state construction funding (separate from the Funding Formula), local bond funding, and/or financial support from the city or town in which the school is located. Public charter schools cannot issue public bonds and (typically) do not have a city or town that provides financial support for the purchase, construction, or renovation of school housing.¹

State school construction funding is allocated to districts based on a scale: wealthier communities are eligible for a lower state contribution and poorer communities are eligible for a higher state contribution. In FY 2016, these range from 35% to 96.1%. By statute, the charter school construction state reimbursement is set at 30%, below the district minimum of 35%.

National Practice and Examples

A summary of state mechanisms for funding public school housing is complex and beyond the scope of this brief. However, national approaches to handling charter school housing merit summary. Across the nation, there are four primary ways that charter school housing costs are supported:

1. An Annual Set-Aside for Application-Based Aid and/or Matching Funds for Construction/Renovation
2. Right of First Refusal/Increased Access to Existing Public Facilities
3. Tax-Exempt Financing and/or Bond Application
4. Per Pupil Facilities Aid

The majority of states provide a combination of at least two of the forms of support listed above. Over 30 states with charter laws provide some form of financial support for the charter sector. 14 states provide no financial support for charter school housing.

¹ While charter schools cannot issue public bonds, they have other methods of entering into similar long-term debt to fund facilities purchase, construction, and renovation.