State of Rhode Island
Department of Administration
Office of Management and Budget

Fiscal Note for Proposed Administrative Rules (R.I.G.L. § 22-12-1.1)

Name of Administrative Rule:

Regulations Pursuant to Rhode Island General Laws §16-7.1-5.1

FISCAL IMPACT					
State Revenues		***State Expenditures***		***City/Town Expenditures***	
FY 2024	$ 0	FY 2024	$ 114,547	FY 2024	$ 15,066
FY 2025	$ 0	FY 2025	$ 41,007	FY 2025	$ 3,766
FY 2026	$ 0	FY 2026	$ 119,255	FY 2026	$ 18,832

Summary of Policy Change:

The Rhode Island Department of Education (RIDE) has undertaken the creation of regulations to provide criteria and a procedure for determining the end of turnaround status for Local Education Agencies (LEAs) subject to intervention and support pursuant to R.I. Gen. Laws § 16-7.1-5, and to return control over the operation of such LEAs from the Council on Elementary and Secondary Education (Council) back to the local school board or committee. The Rhode Island General Assembly in 2022 mandated that RIDE create these regulations pursuant to R.I. Gen. Law § 16-7.1-5.1.

RIDE has developed these proposed regulations with input from public education stakeholders and experts and by examining education policy best practices. Additionally, these proposed regulations were created by looking at similar regulatory language from Massachusetts and adjusting language to tailor the regulations to meet Rhode Island's specific requirements.

These proposed regulations stipulate that the Commissioner include within an LEA's (Local Education Agency) turnaround plan progress measures that the LEA must meet to exit turnaround status. This includes progress metrics to be included in any turnaround plan.

These regulations subsequently require the Commissioner to craft a report to be delivered to the Council prior to the end of any order under R.I. Gen. Law § 16-7.1-5. This report shall include to what degree an LEA has made significant progress towards achieving its goals formulated in the Turnaround Plan, as well as a review of the local governance capacity to sustain said progress. The Commissioner in this report will recommend whether to renew the turnaround plan, draft a new turnaround plan, or exit the LEA from turnaround status. Should the LEA be ready to return to local governance, then the proposed regulations include a provision to release a LEA from state control upon determination by the Council, and the potential to condition the return to local governance subject to a transitional period.

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Summary of State Fiscal Impact:

R.I. Gen. Law § 16-7.1-5.1 contemplates outlining process for the Commissioner to review and recommend to the Council decisions regarding the turnaround status of an LEA under RIDE's control. These regulations further expand upon the requirements of such a review and recommendation process, in fulfillment of the requirements of R.I. Gen. Law § 16-7.1-5.1. The review and recommendation process as outlined in the regulations is largely consistent with the similar regulations from Massachusetts. Thus, fiscal costs to the state in fulfilling these statutory requirements as prescribed by the proposed regulations pertain to the development and implementation of the review and recommendation process, as well as indirect costs for the preparation and presentation of reports from RIDE to the Council.

Further, the methodology for the proposed time and effort cost was calculated with the knowledge that not all RIDE employees will directly impact the review process, and some will have greater responsibility and effort requirements than others. The RIDE employees that will work on tasks related to the LEA reviews and implementation of these regulations may have a work week where most of their work is committed to tasks related to LEA reviews as outlined in the proposed regulations. Those same employees may have weeks where they contribute only marginally or not at all to the review process. The chart below details the itemized cost of each projected cost driver and associated activities by fiscal year.

RIDE anticipates the total cost for the development and implementation of one full review cycle to total $155,554, based on the following analysis below:

Cost Driver	Projected Cost Activities	Total Cost	FY24 Cost	FY25 Cost
Develop Review Methodology	• Staff Time & Effort: 4 FTEs working an average of 30 total hours ($11,299) • Consultant Professional Services to assist in the development of the review methodology ($25,000)	$36,299	$36,299	-
Conduct LEA Review and Determine Recommendation	• Staff Time & Effort: 6 FTEs working an average of 75 total hours ($42,372) • Contractual services to contract with an organization with expertise in education to conduct the LEA review ($75,000) Based on the timing of implementation of these regulations, RIDE anticipates that 2/3 of these costs will occur in FY24 and the remaining 1/3 will occur in FY25.	$117,372	$78,248	$39,124

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Indirect Costs – Preparation and Presentation to Council	• Staff Time & Effort: 2 FTEs working an average of 20 total hours ($1,883)	$1,883	-	$1,883
Total Costs		$155,554	$114,547	$41,007

For comparison purposes, the Massachusetts Department of Elementary and Secondary Education contracted with American Institutes for Research (AIR) in a $1,000,000 to develop and implement review process for their LEAs as they do not have the capacity to conduct the reviews currently.

Furthermore, both §16-7.1-5.1 and the proposed regulations allow for an LEA to return from RIDE to local governance control subject to a transitional period. The regulations permit a transitional period to exist initially for up to two years. At that two-year mark, the regulations require RIDE to conduct a similar review process and present a recommendation to the Council of the transitional period should be continued or ended. RIDE anticipates the costs of conducting a supplemental review and recommendation process for a transitional period to total $119,225 ($117,372 for conducting the review plus $1,883 for the development of indirect costs). RIDE has therefore included these potential costs for FY26, should RIDE conduct such a transitional period review at that time.

RIDE will not receive nor generate any revenues for the state as a result of these regulations.

In addition, it should be noted that the reporting requirements in this regulation will help fulfill the statutory obligations for conducting a LEA review pursuant to R.I. Gen. Law § 16-97.1-2.

City or Town Impact:

The expected cost to a city or town of these regulations would be the effort and time of LEA employees, school committee members (who often serve on a voluntary basis), and applicable municipal leadership, to prepare documentation and participate in stakeholder interviews associated with the LEA review process.

The methodology for the proposed time and effort cost at the city and local level was calculated in much the same manner as the state time and effort costs. It was calculated with the knowledge that not all local employees will directly impact the review process, and some will have greater responsibility and effort requirements than others. As LEA and municipal entities vary in size, 20 staff members was assumed to be the number working on tasks associated with the proposed regulations, with an average of 10 total hours per staff member. As before, those employees that will work on tasks related to LEA reviews may have a work week where most of their work is committed to tasks related to LEA reviews as outlined in the proposed regulations. Those same employees may have weeks where they contribute only marginally or not at all to the review process. Finally, for ease of calculation, we have assumed the same RIDE hourly rate of $94.16 per hour for municipal and LEA and municipal leadership.

As a result, RIDE estimates the total cost to cities and towns to comply with the review requirements in the regulations to total $18,832. Within this fiscal note, RIDE has estimated these costs for both an initial review in FY24 (with 80% of the costs in FY24 as well as 20% allocated for FY25 as transitionary costs).

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Furthermore, as noted above, while this fiscal note is germane for these specific regulations, the fulfillment of these regulations will also help satisfy the LEA review requirements pursuant to R.I. Gen. Law § 16-97.1-2.

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