

## CONCISE EXPLANATORY STATEMENT

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In accordance with the Administrative Procedures Act, Section § 42-35-2.6 of the General Laws of Rhode Island, following is a concise explanatory statement:

**AGENCY:** Department of Elementary and Secondary Education

**DIVISION:** Student Opportunities

**RULE IDENTIFIER:** 200-RICR-20-05-2

**RULE TITLE:** CHARTER SCHOOL REGULATIONS

**REASON FOR RULEMAKING:** The Rhode Island Department of Education (RIDE) has undertaken the revision of regulation 200-RICR-20-05-2 governing charter schools in order to clarify that charter schools can revise their charter type through a major amendment request.

**ANY FINDING REQUIRED BY LAW AS A PREREQUISITE TO THE EFFECTIVENESS OF THE RULE:** *(if any)*

**TESTIMONY AND COMMENTS:** See attached public feedback.

**CHANGE TO TEXT OF THE RULE:** Please see attached summary of public feedback and RIDE's rationale for changes.

**REGULATORY ANALYSIS:** Provide the text of the regulatory analysis prepared under § 42-35-2.9.

### Charter School Regulations

### Benefit-Cost Analysis

### Rhode Island Department of Education

#### Introduction

The Rhode Island Department of Education (RIDE) has undertaken an amendment of its charter school regulations. These regulations govern the establishment, operation,

oversight, and accountability of charter schools in the State of Rhode Island. RIDE is seeking to amend one sentence in the Charter School Regulations section regarding the charter amendment process to clarify that charter schools can revise their charter type through a major amendment request, i.e., converting from a mayoral academy or district charter school to an independent charter school.

Because a charter's type determines the statutory holdback percentage a sending school department may retain from per-pupil tuition (7% for most charter types, with certain exceptions such as Johnston's unique calculation, versus 14% applicable upon conversion), this procedural clarification can produce a downstream fiscal effect on both sending LEAs and converting charter schools. This analysis quantifies that effect.

## **Scope/Summary**

This analysis considers regulatory provisions where RIDE exercised discretion and does not analyze any provision mandated by state or federal law. This analysis looks at the single regulatory amendment described above.

While the amendment itself is a procedural clarification, RIDE has determined that its practical effect is reasonably likely to have a fiscal impact in at least one identified case. RIDE therefore quantified this impact rather than treating it as de minimis, using the most likely conversion scenario as its base case and a broader, less likely scenario as an upper bound.

## **Alternatives**

RIDE considered the following alternative to the proposed amendment:

Alternative: Maintain current regulatory language. RIDE could leave the existing ambiguity regarding a charter's ability to change type unresolved. This alternative was rejected because it perpetuates the lack of clarity identified by the K-12 Council on January 22, 2025, and provides no mechanism for charters to formally request a change in type.

## **Conclusion**

This analysis shows the proposed amendment is a procedural clarification with no independent fiscal impact of its own. However, because it operationalizes charter type conversion, it enables a change in holdback rate that has an estimated first-year fiscal impact of \$207,149 in the most likely scenario (conversion of RISE Mayoral Academy), and up to \$2.54 million in a broader, unlikely scenario in which multiple mayoral academies convert. RIDE does not consider this impact de minimis and has quantified it below.

## **Charter Amendment Process**

### **Proposed Change**

These regulations would clarify a charter may convert from one type of charter school to another type, i.e., converting from a mayoral academy or district charter school to an independent charter school.

### **Regulatory Citation**

2.3.1.A

### **Costs**

There is no net fiscal impact on the State of Rhode Island. This proposed amendment clarifies that a charter may convert from one type of charter school to another, i.e., converting from a mayoral academy or district charter school to an independent charter school. Because independent charter schools are subject to a 14% holdback rather than the 7% holdback applicable to most mayoral academies, a conversion enabled by this amendment shifts revenue between the converting charter school and the district(s) that send it students.

This shift is a transfer, not a net cost to the State: the sending LEA retains more per-pupil funding, and the converting charter school receives correspondingly less tuition revenue. RIDE quantified the magnitude of this transfer using RISE Mayoral Academy,

identified as the mayoral academy most likely to pursue conversion in the first year under the amended regulations.

RISE Mayoral Academy receives students from Burrillville, Johnston, North Smithfield, Pawtucket, Providence, and Woonsocket. Each of these communities utilizes the 7% holdback except Johnston, whose per-pupil expenditures relative to the charter average already exceed 7% under current law, such that Johnston's current holdback exceeds 7% and is not affected by this change. For the remaining five districts, RIDE multiplied the number of students sent to RISE Mayoral by the difference between a 14% holdback and the current 7% holdback to estimate the shift in revenue. For example, Burrillville's 7% holdback is currently \$735 per student, and Burrillville sends 73 students to RISE Mayoral Academy; the change in holdback for Burrillville would be  $(\$1,470 - \$735) \times 73 = \$53,655$ .

Most likely scenario. If RISE Mayoral Academy alone converts, RIDE estimates sending LEAs would collectively retain an additional \$207,149 in the first school year, with a corresponding \$207,149 reduction in tuition revenue to RISE Mayoral Academy.

Upper-bound scenario (unlikely). RIDE also modeled a scenario in which Achievement First, Blackstone Valley Prep Mayoral Academy, Excel Academy, Hope Academy, and RISE Mayoral Academy all convert. Under this scenario, the total shift in holdback across all affected sending districts would be approximately \$2.54 million, all of which RIDE considers unlikely to occur, particularly within a single school year.

## **Benefit**

Per the K-12 Council's January 22, 2025 meeting, there is a lack of clarity on the ability of charter schools to amend their charter type. This regulation provides that clarity by establishing a defined process — the major amendment request — through which a charter may pursue a type of conversion.

A secondary benefit is fiscal transparency for sending LEAs. By clarifying the conversion pathway and tying it to the existing holdback framework, school departments can anticipate and plan for the funding effects of a sending charter school's conversion, rather than encountering an ambiguous or contested process.

