

# MAINE STATE LEGISLATURE

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DATE: 1-19-05

(Filing No. H-12 )

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STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
122ND LEGISLATURE  
FIRST REGULAR SESSION

HOUSE AMENDMENT "H" to COMMITTEE AMENDMENT "A" to H.P. 6, L.D. 1, Bill, "An Act To Increase the State Share of Education Costs, Reduce Property Taxes and Reduce Government Spending at All Levels"

Amend the amendment by striking out all of Part D and inserting in its place the following:

PART D

Sec. D-1. 5 MRSA §17154, sub-§6, ¶E, as amended by PL 2003, c. 504, Pt. B, §1, is further amended to read:

E. Notwithstanding this section, the employer retirement costs related to the retirement system applicable to those teachers whose funding is provided directly or through reimbursement from private or public grants must be paid by local school systems from those funds. "Public grants" does not include state or local funds provided to school administrative units under Title 20-A, chapters 315, 606 and 606-B.

Sec. D-2. 20-A MRSA §1, sub-§§17 and 18, as amended by PL 1999, c. 75, §1, are further amended to read:

17. Major capital costs. "Major capital costs" is defined in section 15603, subsection 17 15672, subsection 18-A.

18. Minor capital costs. "Minor capital costs" is defined in section 15603, subsection 18 15672, subsection 20-A.

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2           **Sec. D-3. 20-A MRSA §1301, sub-§1, ¶A**, as amended by PL 1993,  
c. 410, Pt. F, §3, is further amended to read:

4  
6           A. Under a property valuation method, municipalities in a  
district shall share costs in the same proportion as each  
municipality's fiscal capacity as defined in section ~~15603,~~  
8           ~~subsection-11-A 15672,~~ subsection 23 is to the district's  
fiscal capacity.

10           **Sec. D-4. 20-A MRSA §1301, sub-§1, ¶B**, as amended by PL 2001,  
12           c. 375, §1, is further amended to read:

14           B. Under an alternate plan approved by the state board and  
by a vote of the legislative bodies of the school  
16           administrative units forming the district and based on:

18                     (1) The number of resident pupils in each town;

20                     (2) The fiscal capacity of each member municipality as  
defined in section ~~15603,--subsection--11-A~~ 15672,  
22                     subsection 23;

24                     (3) Any combination of subparagraphs (1) and (2); or

26                     (4) Any other factor or combination of factors that  
may, but need not, include subparagraphs (1) and (2).

28           **Sec. D-5. 20-A MRSA §1307, sub-§3**, as amended by PL 1997, c.  
30           68, §1, is further amended to read:

32           **3. Summary action.** To summarize the action taken on the  
school budget for the purposes of determining state and local  
34           cost sharing, the articles prescribed in chapter ~~606~~ 606-B must  
also be voted upon.

36           **Sec. D-6. 20-A MRSA §1307, sub-§4**, as enacted by PL 1997, c.  
38           68, §2, is amended to read:

40           **4. Budget explanation.** The warrant may include an  
explanation of the relationship between warrant articles  
42           authorizing specific line item expenditures as provided in  
subsection 1 and the articles prescribed in chapter ~~606~~ 606-B  
44           summarizing the budget proposal.

46           **Sec. D-7. 20-A MRSA §1308**, as amended by PL 1999, c. 710,  
§6, is further amended to read:

48           **§1308. Failure to pass budget**

50

If a budget for the operating of the district is not approved prior to July 1st, the latest budget as submitted by the board of directors is automatically considered the budget for operational expenses for the ensuing year until a final budget is approved, except that, when the school board delays the school budget meeting in accordance with section ~~15617~~ 15693, subsection 2, paragraph C, the operating budget must be approved within 30 days of the date the commissioner notifies the school board of the amount allocated to the school unit under section ~~15613~~ 15689-B or the latest budget submitted by the directors becomes the operating budget for the next school year.

**Sec. D-8. 20-A MRSA §1311, sub-§1, ¶C**, as amended by PL 1993, c. 372, §4, is further amended to read:

C. Minor capital costs as defined in section ~~15603~~, ~~subsection-18~~ 15672, subsection 20-A.

**Sec. D-9. 20-A MRSA §1351, sub-§1, ¶K**, as amended by PL 1999, c. 75, §2, is further amended to read:

K. To borrow funds for minor capital costs as defined in section ~~15603~~, ~~subsection-18~~ 15672, subsection 20-A.

**Sec. D-10. 20-A MRSA §1407, sub-§2**, as amended by PL 1999, c. 75, §3, is further amended to read:

**2. Expense of keeping school open.** If the voters vote to keep the school open, the member municipality is liable for some additional expense for actual local operating costs and transportation operating costs as defined in section ~~15603~~ 15672. The determination of costs is subject to the approval of the commissioner. The cost to be borne by the town voting to keep an elementary school open is the amount that would be saved if the school were closed. Any additional costs that must be borne by the member municipality must be part of the article presented to the voters at the meeting to determine whether the school should remain open.

**Sec. D-11. 20-A MRSA §1701, sub-§3**, as amended by PL 1991, c. 429, §4, is further amended to read:

**3. Time and place.** The district school committee shall call an annual budget meeting on or before June 30th at an hour and in a location within the community school district it designates, except that the school committee may delay the annual budget meeting to a date after July 1st in accordance with section ~~15617~~ 15693, subsection 2, paragraph C.

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2           **Sec. D-12. 20-A MRSA §1701, sub-§9, ¶A**, as amended by PL 1999, c. 710, §8, is further amended to read:

4           A. The budget format may be determined by the voters of a  
6           community school district by adoption of an appropriate  
8           warrant article at a properly called election held in  
            accordance with the procedure set forth in section ~~15617~~  
            15693, subsection 6.

10           **Sec. D-13. 20-A MRSA §1701, sub-§12**, as amended by PL 1999, c.  
12           710, §10, is further amended to read:

14           **12. State-local allocations.** To summarize the action taken  
16           on the budget for the purposes of determining the community  
            school district's state-local allocations, the articles  
            prescribed in chapter ~~606~~ 606-B must also be voted on.

18           **Sec. D-14. 20-A MRSA §1701-B, sub-§5**, as enacted by PL 1999,  
20           c. 710, §11, is amended to read:

22           **5. Failure to approve budget.** If the voters do not  
24           validate the budget approved in the district budget meeting at  
26           the budget validation referendum vote, the district school  
28           committee shall hold another district budget meeting in  
30           accordance with section 1701, subsection 8 at least 10 days after  
32           the referendum to vote on a budget approved by the committee.  
34           The budget approved at the district budget meeting must be  
36           submitted to the voters for validation at referendum in  
38           accordance with this section. The process must be repeated until  
40           a budget is approved at a district budget meeting and validated  
42           at referendum. If a budget is not approved and validated before  
            July 1st of each year, the latest budget submitted by the  
            committee is automatically considered the budget for operational  
            expenses for the ensuing year until a final budget is approved,  
            except that when the school committee delays the district budget  
            meeting in accordance with section ~~15617~~ 15693, subsection 2,  
            paragraph C the operating budget must be approved within 30 days  
            of the date the commissioner notifies the school committee of the  
            amount allocated to the school unit under section ~~15613~~ 15689-B  
            or the latest budget submitted by the committee becomes the  
            operating budget for the next school year.

44           **Sec. D-15. 20-A MRSA §1704, sub-§1, ¶B**, as amended by PL 1993,  
            c. 410, Pt. F, §4, is further amended to read:

46           B. The fiscal capacity of each member municipality as  
48           defined in section ~~15603, subsection 11-A~~ 15672, subsection  
            23;

50           **Sec. D-16. 20-A MRSA §4003-A** is enacted to read:

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2 **§4003-A. Hazardous chemicals**

4 The commissioner shall establish rules governing the  
6 purchase and storage of hazardous chemicals in schools.

8 **Sec. D-17. 20-A MRSA §4254, sub-§1**, as amended by PL 1997, c. 534, §3, is further amended to read:

10 **1. Allowable costs.** Allowable costs are the cost of  
12 implementing approved plans; these costs may be added to the  
school unit's subsidizable costs under chapter 606 606-B.

14 **Sec. D-18. 20-A MRSA §5401, sub-§15, ¶C**, as amended by PL  
16 2001, c. 667, Pt. C, §11, is further amended to read:

18 C. A school board may obtain a short-term loan or enter  
into a lease-purchase agreement to acquire school buses if  
20 the loan is approved by the unit's legislative body or if  
funds that can be used for the initial lease-purchase  
22 payment have been appropriated by the unit's legislative  
body. The term of a loan or a lease-purchase agreement may  
24 not exceed 5 years. The commissioner shall establish a  
maximum amount for annual-term purchases in excess of the  
26 amount established in paragraph A. Beginning in fiscal year  
~~2003-04~~ 2005-06, these expenditures must be subsidized in  
28 accordance with ~~section-15603,--subsection-26-A~~ chapter 606-B.

30 **Sec. D-19. 20-A MRSA §6303**, as enacted by PL 1995, c. 427,  
§1, is amended to read:

32 **§6303. Medicaid for health and human services**

34 A school administrative unit may receive funds from the  
36 Medicaid program pursuant to the United States Social Security  
Act, 42 United States Code, for the provision of preventive  
38 health, health, habilitation, rehabilitation and social services  
to eligible students ~~in accordance with section-15613,--subsection~~  
16.

40 **Sec. D-20. 20-A MRSA §6651, sub-§3**, as amended by PL 1989, c.  
42 414, §16, is repealed.

44 **Sec. D-21. 20-A MRSA §6654**, as amended by PL 1991, c. 550 and  
46 PL 2003, c. 689, Pt. B, §6, is further amended to read:

48 **§6654. School-based child care grants**

50 The department and the Department of Health and Human  
Services are authorized to provide assistance to school

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administrative units to assist the units in establishing school-based child care services. ~~Any assistance provided must provide funds for 2 years and expenditure of those funds is considered expenditure of local funds in computing the unit's educational program costs in chapter 606. The department has full authority to administer any grant program that it operates under this section.~~

**Sec. D-22. 20-A MRSA §7734-A, first ¶**, as repealed and replaced by PL 1999, c. 296, §10, is amended to read:

In addition to the programs authorized in this chapter, school administrative units may provide services for children who are disabled in a manner consistent with sections 4251 to 4254, and the cost of such services is subsidizable as special education costs under chapter 606 606-B.

**Sec. D-23. 20-A MRSA §8301-A, sub-§§4 and 9**, as enacted by PL 1991, c. 518, §2, are amended to read:

**4. Municipality.** "Municipality" has the same meaning as in section ~~15603, subsection 19~~ 15672, subsection 21.

**9. State subsidy.** "State subsidy" has the same meaning as in section ~~15603, subsection 26~~ 15672, subsection 31-A.

**Sec. D-24. 20-A MRSA §8351**, as amended by PL 1991, c. 518, §9 and c. 716, §6 and PL 2003, c. 545, §5, is further amended to read:

**§8351. State aid for career and technical education centers and career and technical education regions**

State aid for centers and regions must be administered in accordance with chapters 606 606-B and 609 and Title 20, section 3457.

**Sec. D-25. 20-A MRSA §8402**, as corrected by RR 2003, c. 2, §55, is amended to read:

**§8402. Programs**

A center shall provide programs of career and technical education. Programs of career and technical education are eligible to receive state subsidy pursuant to chapters 606 606-B and 609. All programs of career and technical education offered by a center must be approved by the commissioner pursuant to section 8306-A. The programs must offer a sequence of courses that are directly related to the preparation of individuals for employment in current or emerging occupations and may include

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2 training and education in academic and business skills preparing  
3 students to further their education at the community college or  
4 other college level or allowing students to use trade and  
5 occupational skills on other than an employee basis. Programs of  
6 career and technical education may also include alternative  
7 educational programs and training and education in music,  
8 athletics, art and other activities approved by the commissioner  
pursuant to section 8306-A.

10 **Sec. D-26. 20-A MRSA §8404, sub-§3, ¶C,** as corrected by RR  
11 2003, c. 2, §59, is amended to read:

12  
13 C. Shall, in the event that the school boards of School  
14 Administrative District No. 27, School Administrative  
15 District No. 33 and Madawaska School Department enter into a  
16 cooperative agreement pursuant to section 8401 and a new  
17 career and technical education center in Maine School  
18 Administrative District No. 33 becomes operational, devise a  
19 cost sharing formula for the center established thereby  
20 pertaining to the cost of career and technical education  
21 programs that exceed expenditures made for those programs in  
22 the base year as adjusted pursuant to section ~~15603~~ 15681-A,  
23 subsection ~~5~~ 4 and to the local share of debt service  
24 costs attributable to construction of the center in School  
Administrative District No. 33;

26 **Sec. D-27. 20-A MRSA §8451-A,** as corrected by RR 2003, c. 2,  
27 §61, is amended to read:

30 **§8451-A. Programs**

31 A region shall provide programs of career and technical  
32 education. Programs of career and technical education are  
33 eligible to receive state subsidy pursuant to chapters ~~606~~ 606-B  
34 and 609. All programs of career and technical education offered  
35 by a region must be approved by the commissioner pursuant to  
36 section 8306-A. The programs must offer a sequence of courses  
37 that are directly related to the preparation of individuals for  
38 employment in current or emerging occupations and may include  
39 training and education in academic and business skills preparing  
40 students to further their education at the community college or  
41 college level or allowing students to use trade and occupational  
42 skills on other than an employee basis. Programs of career and  
43 technical education may also include alternative educational  
44 programs and training and education in music, athletics, art and  
45 other activities approved by the commissioner pursuant to section  
46 8306-A.

48 **Sec. D-28. 20-A MRSA §8601-A, sub-§6,** as enacted by PL 1991,  
49 c. 518, §33, is amended to read:

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2           **6. Municipality.** "Municipality" has the same meaning as in  
section ~~15603~~, ~~subsection 19~~ 15672, subsection 21.

4           **Sec. D-29. 20-A MRSA §8605, sub-§2, ¶B,** as amended by PL 1995,  
6 c. 665, Pt. J, §1, is further amended to read:

8           B. The unit in which such a person resides must be  
reimbursed in accordance with ~~chapters-606-and-606-A~~ chapter  
10 606-B.

12           **Sec. D-30. 20-A MRSA §8606-A, sub-§2, ¶C,** as amended by PL  
1991, c. 518, §38, is further amended to read:

14           C. The recommendation in the commissioner's funding level  
16 certification must include local program cost adjustment to  
the equivalent of the year prior to the year of allocation.  
18 This adjustment is calculated according to the same  
guidelines established, for purposes of chapter 606 606-B,  
20 by section ~~15605~~ 15689-C, subsection 3.

22           **Sec. D-31. 20-A MRSA §15622** is enacted to read:

24           **§15622. Repeal**

26           This chapter is repealed July 1, 2005.

28           **Sec. D-32. 20-A MRSA §15671, sub-§1,** as amended by PL 2003, c.  
712, §9, is further amended to read:

30           **1. State and local partnership.** The State and each local  
32 school administrative unit are jointly responsible for  
contributing to the cost of the components of essential programs  
34 and services described in this chapter. Except as otherwise  
provided in this subsection, for each fiscal year, the total cost  
36 of the components of essential programs and services may not  
exceed the prior fiscal year's costs multiplied by one plus the  
38 average real personal income growth rate as defined in Title 5,  
section 1665, subsection 1, except that in no case may that rate  
40 exceed 2.75%. For fiscal years commencing after the state tax  
burden ranks in the middle 1/3 of all states, as calculated and  
42 certified by the State Tax Assessor, the total cost of the  
components of essential programs and services may not exceed the  
44 prior fiscal year's costs multiplied by one plus the average real  
personal income growth rate as defined in Title 5, section 1665,  
46 subsection 1. The Legislature, by an affirmative vote of each  
House, may exceed the limitations on increases in the total cost  
48 of the components of essential programs and services provided in  
this subsection, as long as that vote is taken upon legislation  
50 stating that it is the Legislature's intent to override the

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2 limitation for that fiscal year. The state contribution to the  
3 cost of the components of essential programs and services,  
4 exclusive of federal funds that are provided and accounted for in  
5 the cost of the components of essential programs and services,  
6 must be made in accordance with this subsection:

7 A. The level of the state share of funding attributable to  
8 the cost of the components of essential programs and  
9 services must be at least 50% of eligible state and local  
10 General Fund education costs statewide, no later than fiscal  
11 year 2007-08 2005-06; and

12 B. By fiscal year 2009-10 2006-07 the state share of the  
13 total cost of funding public education from kindergarten to  
14 grade 12, as described by essential programs and services,  
15 must be 55%. ~~Beginning in fiscal year 2005-06 and in each~~  
16 ~~fiscal year until fiscal year 2009-10, the state share of~~  
17 ~~essential programs and services described costs must~~  
18 ~~increase toward the 55% level required in fiscal year~~  
19 ~~2009-10.~~

20  
21 Beginning in fiscal year 2005-06 and in each fiscal year  
22 thereafter, the commissioner shall use the funding level  
23 determined in accordance with this section as the basis for a  
24 recommended funding level for the state share of the cost of the  
25 components of essential programs and services.

26  
27 **Sec. D-33. 20-A MRSA §15671, sub-§§2, 3, 4 and 6,** as enacted by  
28 PL 2001, c. 660, §1, are amended to read:

29  
30 **2. Per-pupil rate amounts.** A per-pupil guarantee rate  
31 represents the an amount of funds that is to be made available  
32 for each subsidizable pupil. ~~Three per-pupil-guarantee-amounts~~  
33 ~~must-be-calculated,-reflecting-grade-level-cost-differences;-one~~  
34 ~~for-kindergarten-to-grade-5,-one-for-grades-6-to-8-and-one-for~~  
35 ~~grades-9-to-12.-These-per-pupil-guarantees-must-be-modified-as~~  
36 ~~appropriate-for-special-student-populations.-The-per-pupil~~  
37 ~~guarantee-represents-the-annual-cost-of-staffing-and-material~~  
38 ~~resources-that-are-appropriately-allocated-on-a-per-pupil-basis.~~  
39 ~~Categories-of-staffing-and-resources-are-as-follows: Per-pupil~~  
40 ~~rates are determined pursuant to section 15676.~~

41  
42 A. ~~School personnel, including regular and special subject~~  
43 ~~teachers, educational technicians, guidance, library, health~~  
44 ~~services, school administration, support or clerical staff~~  
45 ~~and substitute teachers;~~

46  
47 B. ~~Supplies and equipment;~~

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2 C. ~~Specialized services, including professional~~  
3 ~~development, instructional leadership support, student~~  
4 ~~assessment, technology and cocurricular and extracurricular~~  
5 ~~programs; and~~

6 D. ~~School administrative unit services, including system~~  
7 ~~administration and operation and maintenance of plant.~~

8  
9  
10 **3. Specialized student populations.** In recognition that  
11 educational needs can be more costly for some student populations  
12 than for others, ~~modified per-pupil guarantee amounts or weighted~~  
13 ~~pupil counts must be calculated for specialized student~~  
14 ~~populations~~ special student populations are specifically  
15 addressed in sections 15675 and 15681-A, subsection 2. The  
16 ~~specialized student populations to be addressed are:~~

17 A. ~~Special education students;~~

18 B. ~~Limited English proficiency students;~~

19 C. ~~Economically disadvantaged students; and~~

20 D. ~~Students in kindergarten to grade 2.~~

21  
22  
23  
24  
25 **4. Educational cost components outside per-pupil rate.** A  
26 per-pupil guarantee rate is not a suitable method for allocation  
27 of all educational cost components. These components may  
28 include, but are not limited to, debt service, transportation,  
29 bus purchases, vocational education, small school adjustments,  
30 teacher educational attainment and longevity of service and  
31 adjustments to general purpose aid. The funding methodology of  
32 these educational cost components must be established based on  
33 available research.

34  
35 **6. Targeted funds.** Funds for technology, assessment and  
36 the costs of additional investments in educating children in  
37 kindergarten to grade 2 as described in section 15681 must be  
38 provided as targeted grants. School administrative units shall  
39 submit a plan for the use of these funds and shall receive  
40 funding based on approval of the plan by the commissioner.

41 **Sec. D-34. 20-A MRSA §15671, sub-§7,** as amended by PL 2003, c.  
42 712, §10, is further amended to read:

43  
44  
45 **7. Transition; annual targets.** To achieve the system of  
46 school funding based on essential programs and services required  
47 by this section, the following annual targets are established.

48  
49 A. The base total calculated pursuant to section 15683,  
50 subsection 2 is subject to the following annual targets for

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2 the-essential-programs-and-services-transition-percentage,  
excluding-program-cost-allocation,-debt-service-allocation  
and-adjustments,-are-as-follows.

- 4 (1) For fiscal year 2005-06, the target is 84%.
- 6 (2) For fiscal year 2006-07, the target is 88% 100%.
- 8 ~~(3) For fiscal year 2007-08, the target is 92%.~~
- 10 ~~(4) For fiscal year 2008-09, the target is 96%.~~
- 12 ~~(5) For fiscal year 2009-10 and succeeding years, the~~
- 14 ~~target is 100%.~~

16 B. The annual targets for the state share percentage of the  
18 statewide adjusted total cost of the components of essential  
programs and services are as follows.

- 20 (1) For fiscal year 2005-06, the target is 52.6%.
- 22 (2) For fiscal year 2006-07, the target is 52.6% 55%.
- 24 ~~(3) For fiscal year 2007-08, the target is 53%.~~
- 26 ~~(4) For fiscal year 2008-09, the target is 54%.~~
- 28 ~~(5) For fiscal year 2009-10 and succeeding years, the~~
- 30 ~~target is 55%.~~

32 **Sec. D-35. 20-A MRSA §15671-A**, as enacted by PL 2003, c.  
712, §11, is amended to read:

34 **§15671-A. Property tax contribution to public education**

36 **1. Definitions.** As used in this section, unless the  
context otherwise indicates, the following terms have the  
38 following meanings.

40 A. "Funding public education from kindergarten to grade 12"  
means providing the cost of funding the essential programs  
42 and services described in this chapter plus, including the  
total allocations for ~~program-cost~~ other subsidizable costs,  
44 debt service costs and adjustments.

46 B. "Local cost share expectation" means the maximum amount  
of money for funding public education from kindergarten to  
48 grade 12 that may be derived from property tax for the  
required local contribution established in section 15688,  
50 subsection ~~3-~~ 3-A.

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2           C. "Statewide total local share" means the local share,  
4           calculated on a statewide basis, of the statewide total cost  
6           of the components of essential programs and services as  
            adjusted pursuant to section 15671, subsection 7 to reflect  
            the application of the transition targets to the base total  
            component.

8           D. "Statewide valuation" means the certified total state  
10          valuation for the year prior to the most recently certified  
12          total state valuation for all municipalities statewide.

14          2. **Local cost share expectation.** ~~The local cost share~~  
16          ~~expectation is established as follows.~~ This subsection  
18          establishes full-value education mill rates that limit a  
20          municipality's required local contribution pursuant to section  
22          15688, subsection 3-A. The full-value mill rates represent rates  
24          that, if applied to the statewide valuation, would produce the  
            statewide total local share. Notwithstanding any other provision  
            of law, with respect to the assessment of any property taxes for  
            property tax years beginning on or after April 1, 2005, a  
            municipality's required local contribution determined pursuant to  
            section 15688, subsection 3-A establishes the local cost share  
            expectation for that municipality.

26          A. ~~Notwithstanding any other provision of law, with respect~~  
28          ~~to the assessment of any property taxes for property tax~~  
30          ~~years beginning on or after April 1, 2005, this subsection~~  
32          ~~establishes the local cost share expectation that may be~~  
34          ~~assessed on the value of property for the purpose of funding~~  
36          ~~public education from kindergarten to grade 12.~~ The  
38          commissioner shall annually by February 1st notify each  
            school administrative unit of its local cost share  
            expectation. Each superintendent shall report to the  
            municipal officers whenever a school administrative unit is  
            notified of the local cost share expectation or a change  
            made in the local cost share expectation resulting from an  
            adjustment.

40          B. For property tax years beginning on or after April 1,  
42          2005, the commissioner shall calculate the full-value  
44          education mill rate that is required to raise the statewide  
46          ~~total of the local cost share expectation.~~ The full-value  
48          education mill rate is calculated for each fiscal year by  
50          dividing the applicable tax-year percentage of the projected  
            ~~cost of funding public education from kindergarten to grade~~  
            12 statewide total local share by the ~~certified total state~~  
            applicable statewide valuation ~~for the year prior to the~~  
            ~~most recently certified total state valuation for all~~  
            municipalities. The full-value education mill rate must

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2 decline over the period from fiscal year 2005-06 to fiscal  
year 2009-10 2006-07 and may not exceed 9.0 mills in fiscal  
4 year 2005-06 and may not exceed 8.0 mills in fiscal year  
2009-10 2006-07. The full-value education mill rate must be  
6 applied according to section 15688, subsection --3- 3-A,  
paragraph A to determine a municipality's local cost share  
8 expectation. Full-value education mill rates must be  
derived according to the following schedule.

10 (1) For the 2005 property tax year, the full-value  
education mill rate is the amount necessary to result  
12 in a 47.4% statewide total local share in fiscal year  
2005-06.

14 (2) For the 2006 property tax year, the full-value  
education mill rate is the amount necessary to result  
16 in a 47.4% 45% statewide total local share in fiscal  
18 year 2006-07.

20 ~~(3) For the 2007 property tax year, the full-value~~  
~~education mill rate is the amount necessary to result~~  
22 ~~in a 47.0% local share in fiscal year 2007-08.~~

24 ~~(4) For the 2008 property tax year, the full-value~~  
~~education mill rate is the amount necessary to result~~  
26 ~~in a 46.0% local share in fiscal year 2008-09.~~

28 ~~(5) For the 2009 property tax year, the full-value~~  
~~education mill rate is the amount necessary to result~~  
30 ~~in a 45.0% local share in fiscal year 2009-10.~~

32 **3. Exceeding maximum local cost share expectations;**  
**separate article.** Beginning with the 2005-2006 school budget,  
34 the legislative body of a school administrative unit may adopt  
~~property tax rates~~ an additional local appropriation that ~~exceed~~  
36 exceeds the local cost share expectation established by section  
15688, subsection --3- 3-A, paragraph A only if that action is  
38 approved in a separate article by a vote of the school  
administrative unit's legislative body through the same process  
40 that the school budget is approved in that school administrative  
unit and in accordance with section 15690. If that additional  
42 appropriation causes the school administrative unit to exceed the  
maximum state and local spending target described in subsection  
44 4, the requirements of subsection 5 apply.

46 **4. Maximum state and local spending target.** The maximum  
state and local spending target for a school administrative unit  
48 is the sum of the following costs calculated by the commissioner  
for the unit:

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2           A. The base total calculated pursuant to section 15683,  
3           subsection 1 without the adjustment for transition targets  
4           under section 15671, subsection 7, paragraph A;

6           B. Other subsidizable costs described in section 15681-A;  
7           and

8           C. The debt service allocation pursuant to section 15683-A.

10           The commissioner shall annually notify each school administrative  
11           unit of its maximum state and local spending target.

14           5. Exceeding maximum state and local spending target. If  
15           the sum of a school administrative unit's required local  
16           contribution determined pursuant to section 15688, subsection 3-A  
17           plus the state contribution as calculated pursuant to section  
18           15688, subsection 3-A, paragraph D plus any additional local  
19           amount proposed to be raised pursuant to section 15690,  
20           subsection 3 exceeds the school administrative unit's maximum  
21           state and local spending target established pursuant to  
22           subsection 4, the following provisions govern approval of that  
23           additional amount.

24           A. The article approving the additional amount must conform  
25           to the requirements of section 15690, subsection 3,  
26           paragraph B. Notwithstanding section 1304, subsection 6,  
27           section 1701, subsection 7, Title 30-A, section 2528,  
28           subsection 5, or any other provision of law, municipal  
29           charter provision or ordinance, voter approval of the  
30           article, whether in town meeting, district meeting or other  
31           voting process established by law, municipal charter or  
32           ordinance, including, but not limited to, any vote on the  
33           article initiated by voter petition, must be by referendum  
34           or written ballot.

36           B. In a municipality where the responsibility for final  
37           adoption of the school budget is vested by the municipal  
38           charter in a council, this paragraph applies, except that  
39           the petition and referendum provisions apply only if the  
40           municipal charter does not otherwise provide for or prohibit  
41           a petition and referendum process with respect to the  
42           matters described in this paragraph.

44           (1) A majority of the entire membership of the school  
45           board or committee must approve the additional amount  
46           in a regular budget meeting.

48           (2) An article approving the additional amount must  
49           conform to the requirements of section 15690,  
50

2 subsection 3, paragraph B and be approved by a majority  
3 of the entire membership of the council in a vote taken  
4 in accordance with section 15690, subsection 5 or, if  
5 the council votes not to approve the article, by a  
6 majority of voters voting in a referendum called  
7 pursuant to subparagraph (4).

8 (3) If an article is approved by the council pursuant  
9 to subparagraph (2), the voters may petition for a  
10 referendum vote on the same article in accordance with  
11 subparagraph (4). If a petition is filed in accordance  
12 with subparagraph (4), the vote of the council is  
13 suspended pending the outcome of the referendum vote.  
14 Upon approval of the article by a majority of the  
15 voters voting in that referendum, the article takes  
16 effect. If the article is not approved by a majority  
17 of the voters voting in that referendum, the article  
18 does not take effect. Subsequent to the vote, the  
19 school committee or board may again propose an  
20 additional amount, subject to the requirements of this  
21 section.

22 (4) If a written petition, signed by at least 10% of  
23 the number of voters voting in the last gubernatorial  
24 election in the municipality, requesting a vote on the  
25 additional amount is submitted to the municipal  
26 officers within 30 days of the council's vote pursuant  
27 to subparagraph (2), the article voted on by the  
28 council must be submitted to the legal voters in the  
29 next regular election or a special election called for  
30 the purpose. The election must be called, advertised  
31 and conducted according to the law relating to  
32 municipal elections, except that the registrar of  
33 voters is not required to prepare or the clerk to post  
34 a new list of voters. For the purpose of registration  
35 of voters, the registrar of voters must be in session  
36 the secular day preceding the election. The voters  
37 shall indicate by a cross or check mark placed against  
38 the word "Yes" or "No" their opinion on the article.  
39 The results must be declared by the municipal officers  
40 and entered upon the municipal records.

41 **Sec. D-36. 20-A MRSA §15672**, as amended by PL 2003, c. 712,  
42 §12, is further amended to read:

43 **§15672. Definitions**

44 As used in this chapter, unless the context otherwise  
45 indicates, the following terms have the following meanings.



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2 1. Allocation year. "Allocation year" means the year that  
subsidy is distributed to school administrative units.

4 1-A. Adjusted total cost of components of essential  
6 programs and services. "Adjusted total cost of the components of  
8 essential programs and services" means the total cost of the  
10 components of essential programs and services adjusted to reflect  
12 the application of the transition targets to the base total  
14 component as specified in section 15671, subsection 7, paragraph  
16 A.

18 1-B. Base year. "Base year" means the 2nd year prior to  
the allocation year.

20 1-C. Bus purchase costs. "Bus purchase costs" includes  
22 expenditures for bus purchases approved by the commissioner and  
24 made during the year prior to the allocation year.

26 2. Clerical staff. "Clerical staff" means full-time  
28 equivalent public school secretaries, as documented in the  
30 department's database.

32 2-A. Debt service costs. "Debt service costs," for subsidy  
34 purposes, includes:

36 A. Principal and interest costs for approved major capital  
38 projects in the allocation year, including the initial local  
40 share of school construction projects that received voter  
42 approval for all or part of their funding in referendum in  
44 fiscal year 1984-85, but excluding payments made with funds  
46 from state and local government accounts established under  
48 the federal Internal Revenue Code and regulations for  
50 disposition of excess, unneeded proceeds of bonds issued for  
a school project;

B. Lease costs for school buildings when the leases,  
including leases under which the school administrative unit  
may apply the lease payments to the purchase of portable,  
temporary classroom space beginning January 1, 1988, have  
been approved by the commissioner for the year prior to the  
allocation year. Beginning July 1, 1998 lease costs include  
costs for leasing:

(1) Administrative space. A school administrative  
unit may lease administrative space with state support  
until July 1, 2003. A school administrative unit  
engaged in a lease-purchase agreement for  
administrative space is eligible for state support  
until July 1, 2008;

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2                   (2) Temporary interim nonadministrative space.

4                   (a) A school administrative unit with  
6                   state-approved need for nonadministrative space  
8                   may lease temporary interim space, with state  
10                   support, for a maximum of 5 years. A school  
12                   administrative unit may appeal to the state board  
14                   if this limitation presents an undue burden. When  
16                   making a determination on a school administrative  
18                   unit's request for relief based on undue burden,  
20                   the state board may consider, but are not limited  
22                   to considering, the following:

16                   (i) Fiscal capacity;

18                   (ii) Enrollment demographics; and

20                   (iii) Unforeseen circumstances not within  
22                   the control of the appealing school  
24                   administrative unit.

24                   The state board's decision is final.

26                   (b) A school administrative unit engaged in a  
28                   lease-purchase agreement for temporary interim  
30                   nonadministrative space is eligible for state  
32                   support for a maximum of 10 years; and

34                   (3) Permanent small nonadministrative space that  
36                   replaces or is converted from existing approved leased  
38                   portable space. The existing approved leased portable  
40                   space will be eligible for state support until July 1,  
42                   2003. Once an existing leased portable space has been  
44                   converted into a permanent nonadministrative space  
46                   through an approved lease-purchase agreement, that  
48                   space is eligible for state support for a maximum of 10  
50                   years.

40                   The department shall adopt rules necessary to implement this  
42                   paragraph. Rules adopted by the department to implement  
44                   this paragraph are major substantive rules pursuant to Title  
46                   5, chapter 375, subchapter 2-A;

46                   C. The portion of the tuition costs applicable to the  
48                   insured value factor for the base year computed under  
50                   section 5806; and

50                   D. The cost of construction or purchase of portable,  
                    temporary classroom space as approved by the commissioner

2 beginning January 1, 1988. For the purposes of this  
3 section, "portable, temporary classroom space" means a  
4 project consisting of one or more mobile or modular  
5 buildings that are at least partially constructed off site  
6 and are designed to be moved to other sites with a minimum  
7 of disassembly and reassembly. "Portable, temporary  
8 classroom space" includes, but is not limited to, space for  
9 regular classrooms, small group instruction, libraries,  
10 clinics and guidance and administrative office space,  
11 including principal and superintendent offices. The  
12 department shall adopt rules for approving the purchase,  
13 construction or lease-purchase of portable, temporary  
14 classroom space and for determining the amount includable  
15 for subsidy purposes. Lease-purchase agreements may not  
16 exceed a term of 10 years. Approved costs are those for  
17 the year prior to the allocation year. The department shall  
18 adopt rules necessary to implement this paragraph. Rules  
19 adopted by the department to implement this paragraph are  
20 major substantive rules pursuant to Title 5, chapter 375,  
21 subchapter 2-A.

22 **3. Economically disadvantaged students.** "Economically  
23 disadvantaged students" means students who are included in the  
24 department's count of students who are eligible for free or  
25 reduced-price meals or free milk or both.

26 **4. Education technician.** "Education technician" means a  
27 full-time equivalent public teacher aide or education technician  
28 I, associate teacher or education technician II or assistant  
29 teacher or education technician III but not a special education  
30 technician I, II or III, as documented in the department's  
31 database.

32 **5. Elementary free or reduced-price meals percentage.**  
33 "Elementary free or reduced-price meals percentage" means the  
34 percentage, as determined by the commissioner, that reflects  
35 either:

36 **A.** The actual percentage of elementary students in a school  
37 administrative unit who are eligible to receive free or  
38 reduced-price meals or free milk or both; or

39 **B.** The commissioner's estimated percentage of elementary  
40 students in a school administrative unit who are eligible to  
41 receive free or reduced-price meals or free milk or both.

42 **6. Elementary grades.** "Elementary grades" means  
43 kindergarten to grade 8 and includes children enrolled in early  
44 kindergarten programs and 4-year-old children enrolled in a  
45 2-year childhood education program prior to grade one.  
46

2           **7. Elementary school level.** "Elementary school level"  
4 means the grades from kindergarten to grade 5 and includes early  
kindergarten programs and 2-year childhood education programs  
6 enrolling 4-year-old children prior to grade one.

8           **7-A. EPS per-pupil rate.** "EPS per-pupil rate" means the  
rate calculated under section 15676 or 15676-A, as applicable.

10           **8. Essential programs and services.** "Essential programs  
12 and services" means those educational resources that are  
identified in this chapter that enable all students to meet the  
14 standards in the 8 content standard subject areas of the system  
of learning results established in chapter 222.

16           **9. Essential programs and services transition percentage.**  
"Essential programs and services transition percentage" means the  
18 ~~full-estimated-cost-for-all-essential-programs-and-services-for~~  
~~that-fiscal-year-that-will-be-funded-by-a-state-contribution-or~~  
20 ~~by-a-required-local-contribution~~ percentage of the base total  
22 calculated pursuant to section 15671, subsection 7, paragraph A.

24           **9-A. Gifted and talented costs.** "Gifted and talented  
costs" means the cost of programs for gifted and talented  
26 students that have been approved by the commissioner.

28           **10. Grade 9 to 12 portion.** "Grade 9 to 12 portion" means  
those pupils in the secondary grades or high school level.

30           **11. Guidance staff.** "Guidance staff" means full-time  
32 equivalent public guidance counselors, directors of guidance or  
school social workers, as documented in the department's database.

34           **12. Health staff.** "Health staff" means full-time  
36 equivalent public school nurses, as documented in the  
department's database.

38           **13. High school level.** "High school level" means grade 9 to  
40 grade 12.

42           **13-A. Institutional resident.** "Institutional resident"  
44 means a person between 5 years of age and 20 years of age who is  
attending a public school of the school administrative unit and  
who is committed or otherwise legally admitted to and residing at  
46 a state-operated institution. "Institutional resident" does not  
include students attending private facilities, regardless of the  
48 means of placement.

50           ~~**14. Income weight.**~~ "~~Income weight~~" means ~~a value between~~  
~~zero and one that is used to adjust a municipality's ratio of~~

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2 ~~local median household income to the statewide median household~~  
3 ~~income. The income weight plus the property weight, as defined~~  
4 ~~in subsection 24, must total one.~~

6 **15. Kindergarten to grade 8 portion.** "Kindergarten to grade  
7 8 portion" means those pupils in the elementary grades or a  
8 combination of the elementary school level and middle school  
9 level.

10 **16. Kindergarten to grade 2 student.** "Kindergarten to  
11 grade 2 student" means a student in any grade from  
12 prekindergarten to grade 2 who is at least -5- 4 years old on  
13 October 15th of the school year.

14 **17. Librarian.** "Librarian" means a full-time equivalent  
15 public librarian or media specialist, as documented in the  
16 department's database.

17 **18. Limited English proficiency student.** "Limited English  
18 proficiency student" means a student who was not born in the  
19 United States or whose native language is a language other than  
20 English and who satisfies the definition of a limited English  
21 proficient student under the federal No Child Left Behind Act of  
22 2001, 20 United States Code, Chapter 70.

23 **18-A. Major capital costs.** "Major capital costs" means  
24 costs relating to school construction projects, as defined in  
25 section 15901.

26 **19. Media assistant.** "Media assistant" means a full-time  
27 equivalent public librarian aide or library technician I,  
28 librarian assistant or library technician II or librarian  
29 associate or library technician III, as documented in the  
30 department's database.

31 **20. Middle school level.** "Middle school level" means grade  
32 6 to grade 8.

33 **20-A. Minor capital costs.** "Minor capital costs" means  
34 costs relating to plant maintenance, minor remodeling, site  
35 development or the purchase of land not in conjunction with a  
36 construction project.

37 **A. "Minor capital costs" does not include construction of**  
38 **new buildings or the purchase of land in conjunction with a**  
39 **school construction project.**

40 **B. Expenditures to repay funds borrowed for minor capital**  
41 **expenditures must be considered minor capital costs in the**  
42 **year in which these funds are repaid.**

2 C. Purchase of land made in accordance with this subsection  
3 must be approved:

4 (1) By the legislative body of the school  
5 administrative unit; and

6 (2) By the commissioner, under rules adopted for this  
7 purpose.

8  
9  
10 21. **Municipality.** "Municipality" means a city, town or  
11 organized plantation.

12  
13 21-A. **Other subsidizable costs.** "Other subsidizable costs"  
14 means those costs identified in section 15681-A. These costs are  
15 part of the total operating allocation under section 15683.

16  
17 21-B. **Portable, temporary classroom space.** "Portable,  
18 temporary classroom space" means one or more mobile or modular  
19 buildings that are at least partially constructed off site and  
20 that are designed to be moved to other sites with a minimum of  
21 disassembly and reassembly.

22  
23 22. ~~Per pupil guarantee.~~ "Per pupil guarantee" means the  
24 ~~total amount of funds that is made available for each~~  
25 ~~subsidizable pupil representing the following cost components:~~

26  
27 A. ~~Salary and benefit costs for school-level teaching staff;~~

28  
29 B. ~~Salary and benefit costs for other identified school~~  
30 ~~level staff;~~

31  
32 C. ~~Designated costs for substitute teachers; and~~

33  
34 D. ~~Identified nonstaffing costs.~~

35  
36 22-A. **Predicted per-pupil transportation costs.** "Predicted  
37 per-pupil transportation costs" means the predicted  
38 transportation costs for a school administrative unit based on  
39 the number of resident pupils, the number of miles of Class 1 to  
40 Class 5 roads in the school administrative unit and approved  
41 adjustments. Approved adjustments include a per mile rate equal  
42 to the state average gross transportation operating costs per  
43 mile driven for transportation associated with out-of-district  
44 special education programs, up to 2 round trips per day for  
45 vocational education programs, and adjustments for expenditures  
46 for ferry services within a school administrative unit,  
47 transportation of homeless children in accordance with section  
48 5205 and transportation costs of island school administrative  
49 units.

2           **23. Property fiscal capacity.** "Property fiscal capacity"  
means the certified state valuation amount for the year prior to  
4 the most recently certified state valuation.

6           ~~24. Property weight. "Property weight" means a value~~  
~~between zero and one that is used to adjust a municipality's~~  
8 ~~ratio of local per pupil property fiscal capacity to the~~  
~~statewide per pupil property fiscal capacity. The income weight,~~  
10 ~~as defined in subsection 14, plus the property weight must total~~  
~~one.~~

12           **25. School administrative staff.** "School administrative  
14 staff" means full-time equivalent public school principals and  
assistant principals, as documented in the department's database.

16           **26. School administrative unit's local contribution to EPS**  
18 **per-pupil rate.** "School administrative unit's local contribution  
to the ~~per-pupil-guarantee~~ EPS per-pupil rate" means the funds  
20 that a school administrative unit provides for each subsidizable  
pupil who resides in that unit.

22           **27. School administrative unit's state contribution to EPS**  
24 **per-pupil rate.** "School administrative unit's state contribution  
to the ~~per-pupil-guarantee~~ EPS per-pupil rate" means the funds  
26 that the State provides to a school administrative unit for each  
subsidizable pupil who resides in that unit.

28           **28. School level.** "School level" means elementary level,  
30 middle school level and high school level.

32           **29. School level teaching staff.** "School level teaching  
staff" means full-time equivalent public classroom teachers,  
34 itinerant classroom teachers and special teachers of reading or  
literacy specialists excluding special education teachers and  
36 vocational education teachers, as documented in the department's  
database.

38           **30. Secondary grades.** "Secondary grades" means grade 9 to  
40 grade 12.

42           **30-A. Special education costs.** "Special education costs"  
44 for subsidy purposes includes:

46           A. The salary and benefit costs of certified professionals,  
assistants and aides or persons contracted to perform a  
48 special education service;

50           B. The costs of tuition and board to other schools for  
programs that have been approved by the commissioner and not

paid directly by the State. Medical costs are not allowable as part of a tuition charge;

C. The following preschool handicapped services:

(1) The salary and benefit costs of certified professionals, assistants and aides or persons contracted to perform preschool handicapped services that have been approved by the commissioner; and

(2) The cost of tuition to other schools for programs that have been approved by the commissioner; and

D. Special education costs that are the costs of educational services provided to students who are temporarily unable to participate in regular school programs. Students who may be included are pregnant students, hospitalized students or those confined to their homes for illness or injury, students involved in substance abuse programs within hospital settings or in residential rehabilitation facilities licensed by the Department of Health and Human Services, Office of Alcoholism and Drug Abuse Prevention for less than 6 weeks duration or students suffering from other temporary conditions that prohibit their attendance at school. Students served under this paragraph may not be counted as exceptional students for federal reporting purposes.

**30-B. State-operated institution.** "State-operated institution" means any residential facility or institution that is operated by the Department of Health and Human Services or a school operated by the Department of Education.

**31. State share percentage.** "State share percentage" means the percentage of the sum of the following amounts that is provided by a state appropriation: state contribution determined under section 15688, subsection 3, paragraph B divided by the total cost determined in section 15688, subsection 1.

A. Operating costs total allocation, as described in section 15683;

B. Program costs allocation, as described in section 15608, subsection 2;

C. Allocations for debt service costs, as defined in section 15603, subsection 8; and

D. Allocations for all adjustments and miscellaneous costs authorized pursuant to sections 15612 and 15613.



2           31-A. State subsidy. "State subsidy" means the total of the  
3 state contribution determined under section 15688, subsection  
4 3-A, paragraph B and any applicable adjustment under section  
5 15689.

6           31-B. Subsidizable costs. "Subsidizable costs" includes  
7 the costs described in paragraphs A to C and used to calculate  
8 the total allocation amount:

9           A. The total operating allocation under section 15683;

10           B. Debt service cost; and

11           C. Adjustments and miscellaneous costs under sections 15689  
12 and 15689-A including special education tuition and board,  
13 excluding medical costs. For purposes of this paragraph,  
14 "special education tuition and board" means:

15                   (1) Tuition and board for pupils placed directly by  
16 the State in accordance with rules adopted or amended  
17 by the commissioner; and

18                   (2) Special education tuition and other tuition for  
19 institutional residents of state-operated institutions  
20 attending programs in school administrative units or  
21 private schools in accordance with rules adopted or  
22 amended by the commissioner.

23           32. Subsidizable pupils. "Subsidizable pupils" means all  
24 school level pupils who reside in a school administrative unit  
25 and who are educated at public expense at a public school or at a  
26 private school approved for tuition purposes.

27           32-A. Total allocation. "Total allocation" means the total  
28 of the operating allocation as described in section 15683 and the  
29 debt service allocation as described in section 15683-A.

30           Nonsubsidizable costs are not considered in the calculation of  
31 the total allocation. "Nonsubsidizable costs" includes the  
32 following:

33           A. Community service costs;

34           B. Major capital costs;

35           C. Expenditures from all federal revenue sources, except  
36 for amounts received under United States Public Law 81-874;

37           D. Transportation costs not associated with transporting

students from home to school and back home each day; and

E. Costs payable to the Maine State Retirement System under Title 5, section 17154, subsections 10 and 11.

**32-B. Total cost of components of essential programs and services.** "Total cost of the components of essential programs and services" means the total of the following components:

A. The base total determined pursuant to section 15683, subsection 1;

B. Other subsidizable costs identified in section 15681-A;

C. Debt service costs;

D. Adjustments determined pursuant to section 15689; and

E. Miscellaneous costs appropriated pursuant to section 15689-A.

**32-C. Transportation operating costs.** "Transportation operating costs" means all costs incurred in the transportation of pupils in kindergarten to grade 12, including lease costs for bus garage and maintenance facilities and lease-purchase costs that the school administrative unit may apply to the purchase of bus garage and maintenance facilities, when the leases and lease-purchase agreements have been approved by the commissioner, but excluding the costs of bus purchases and excluding all costs not associated with transporting students from home to school and back home each day. The amount includable for determining the subsidy for a school administrative unit for lease-purchase of bus garage and maintenance facilities may not exceed the amount for the lease of a comparable facility.

**32-D. Vocational education costs.** "Vocational education costs" for subsidy purposes means all costs incurred by the vocational regions, centers or satellites in providing approved secondary school vocational education programs, excluding transportation, capital costs and debt service.

**32-E. Year.** "Year" means a fiscal year starting July 1st and ending June 30th of the succeeding year.

**33. Year of funding.** "Year of funding" means the fiscal year during which state subsidies are disbursed to school administrative units, except as specified in section 15005, subsection 1.

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2           **Sec. D-37. 20-A MRSA §15673**, as repealed and replaced by PL  
2003, c. 712, §13, is repealed.

4           **Sec. D-38. 20-A MRSA §15675, sub-§1**, as enacted by PL 2003, c.  
504, Pt. A, §6, is amended to read:

6  
8           **1. Limited English proficiency students.** The additional  
weights for school administrative units with limited English  
proficiency students are as follows:

10           A. For a school administrative unit with 15 or fewer  
12 limited English proficiency students, the unit receives an  
additional weight of .50 per student;

14           B. For a school administrative unit with more than 15 and  
16 fewer than 251 limited English proficiency students, the  
unit receives an additional weight of .30 per student; and

18           C. For a school administrative unit with 251 or more limited  
20 English proficiency students, the unit receives an  
additional weight of .60 per student.

22           Eligibility for state funds under this subsection is limited to  
24 school administrative units that are providing services to  
limited English proficient students through programs approved by  
26 the department.

28           **Sec. D-39. 20-A MRSA §15676**, as enacted by PL 2003, c. 504,  
Pt. A, §6, is amended to read:

30           **§15676. EPS per-pupil rate**

32           For each school administrative unit, the commissioner shall  
34 calculate the unit's ~~per-pupil-guarantee~~ EPS per-pupil rate for  
each year as the sum of:

36           **1. Teaching staff costs.** The salary and benefit costs for  
38 school level teaching staff that are necessary to carry out this  
Act, calculated in accordance with section 15678, adjusted by the  
40 regional adjustment under section 15682 and reduced by the amount  
of funds received by the school administrative unit during the  
42 most recent fiscal year under Title 1 of the federal Elementary  
and Secondary Act of 1965, 20 United States Code, Section 6301 et  
44 seq.;

46           **2. Other staff costs.** The salary and benefit costs for  
48 school-level staff who are not teachers, but including substitute  
teachers, that are necessary to carry out this Act, calculated  
in accordance with section 15679, adjusted by the regional  
50 adjustment under section 15682 and reduced by the amount of funds

received by the school administrative unit during the most recent fiscal year under Title 1 of the federal Elementary and Secondary Act of 1965, 20 United States Code, Section 6301 et seq.; and

3. **Additional costs.** The per-pupil amounts not related to staffing, calculated in accordance with section 15680.

The EPS per-pupil rate is calculated on the basis of which schools students attend. For school administrative units that do not operate their own schools, the EPS per-pupil rate is calculated under section 15676-A.

Sec. D-40. 20-A MRSA §15676-A is enacted to read:

**§15676-A. EPS per-pupil rate for units that do not operate schools**

1. **Definitions.** For purposes of this section, the following terms have the following meanings.

A. "Receiving unit" means the school administrative unit to which students are sent by the sending unit.

B. "Receiving unit cost" means the amount arrived at by multiplying the receiving unit's EPS rate by the number of students sent to that unit by the sending unit.

C. "Sending unit" means the school administrative unit sending students to other school administrative units.

2. **Calculation of EPS per-pupil rate.** For school administrative units that do not operate certain types of schools, the commissioner shall calculate that unit's EPS per-pupil rate for each year as follows.

A. For units that do not operate elementary grade schools, the EPS per-pupil rate for elementary grades is calculated by multiplying the number of students sent by the sending unit to an elementary grade receiving unit multiplied by the receiving unit's EPS per-pupil rate for elementary grades and the result divided by the number of students sent by the sending unit to that elementary grade receiving unit. If the sending unit sends students to more than one elementary grade receiving unit, then the elementary grade receiving unit cost for each student sent by the sending unit is added and the result divided by the total number of students sent to elementary grade receiving units by the sending unit. The result is the average elementary grade EPS per-pupil rate for the sending unit.

R.O.S.

HOUSE AMENDMENT "H" to COMMITTEE AMENDMENT "A" to H.P. 6, L.D. 1

2           The EPS per-pupil rate for private schools approved for  
3           tuition purposes under chapter 117 is the statewide average  
4           EPS per-pupil rate for elementary grades. The elementary  
5           attending student count is the most recent October 1st count  
6           prior to the allocation year.

8           B. For units that do not operate secondary grade schools,  
9           the EPS per-pupil rate for secondary grades is calculated by  
10           multiplying the number of students sent by the sending unit  
11           to a secondary grade receiving unit multiplied by the  
12           receiving unit's EPS per-pupil rate for secondary grades and  
13           the result divided by the number of students sent by the  
14           sending unit to that secondary grade receiving unit. If the  
15           sending unit sends students to more than one secondary grade  
16           receiving unit, then the secondary grade receiving unit cost  
17           for each student sent by the sending unit is added and the  
18           result divided by the total number of students sent to  
19           secondary grade receiving units by the sending unit. The  
20           result is the average secondary grade EPS per-pupil rate for  
21           the sending unit.

22           The EPS per-pupil rate for private schools approved for  
23           tuition purposes under chapter 117 is the statewide average  
24           EPS per-pupil rate for secondary grades. The secondary  
25           attending student count is the most recent October 1st count  
26           prior to the allocation year.

28           **Sec. D-41. 20-A MRSA §15678, sub-§5, ¶B,** as enacted by PL  
30           2003, c. 504, Pt. A, §6, is amended to read:

32           B. The amount, as determined by the commissioner, that  
33           equals the statewide percentage of salary costs that  
34           represents the statewide average benefit costs.

36           **Sec. D-42. 20-A MRSA c. 606-C, headnote,** as enacted by IB 2003,  
37           c. 2, §1, is repealed.

38           **Sec. D-43. 20-A MRSA §15681,** as enacted by IB 2003, c. 2,  
39           §1, is repealed.

42           **Sec. D-44. 20-A MRSA §15681-A** is enacted to read:

44           §15681-A. Other subsidizable costs

46           The following are other subsidizable costs:

- 48           1. Bus purchases. Bus purchase costs:

# HOUSE AMENDMENT

11.01.09

2 2. Special education costs. Beginning in fiscal year  
3 2005-06, a school administrative unit receives an additional  
4 weight of at least 1.20 but not greater than 1.40 for each  
5 special education student identified on the annual December 1st  
6 child count as required by the federal Individuals with  
7 Disabilities Education Act for the most recent year, up to a  
8 maximum of 15% of the school administrative unit's resident  
9 pupils as determined under section 15674, subsection 1, paragraph  
10 C, subparagraph (1). For those school administrative units in  
11 which the annual December 1st child count for the most recent  
12 year is less than 15% of the school administrative unit's  
13 resident pupils as determined under section 15674, subsection 1,  
14 paragraph C, subparagraph (1), the special education child count  
15 percentage may not increase more than 0.5% in any given year, up  
16 to a maximum of 1.0% in any given 3-year period. For each  
17 special education student above the 15% maximum, the unit  
18 receives an additional weight of .38. In addition, each school  
19 administrative unit must receive additional funds:

20 A. For lower staff-student ratios and expenditures for  
21 related services for school administrative units with fewer  
22 than 20 special education students identified on the annual  
23 December 1st child count as required by the federal  
24 Individuals with Disabilities Education Act for the most  
25 recent year;

26 B. For high-cost in-district special education placements.  
27 Additional funds must be allocated for each student  
28 estimated to cost 3 times the statewide special education  
29 EPS per-pupil rate. The additional funds for each student  
30 must equal the amount by which that student's estimated  
31 costs exceed 3 times the statewide special education EPS  
32 per-pupil rate;

33 C. For high-cost out-of-district special education  
34 placements. Additional funds must be allocated for each  
35 student estimated to cost 4 times the statewide special  
36 education EPS per-pupil rate. The additional funds for each  
37 student must equal the amount by which that student's  
38 estimated costs exceed 4 times the statewide special  
39 education EPS per-pupil rate; and

40 D. To ensure the school administrative unit meets the  
41 federal maintenance of effort requirement for receiving  
42 federal Individuals with Disabilities Education Act funds.

43 The commissioner shall develop an appeals procedure for  
44 calculated special education costs for school administrative  
45 units;

# HOUSE AMENDMENT

2           3. Transportation costs. For fiscal year 2005-06, the  
3           commissioner, using information provided by a statewide education  
4           policy research institute, shall establish a per-pupil  
5           transportation cost for each school administrative unit based on  
6           an analysis of the most recent year's reported transportation  
7           expenditures and a predicted per-pupil transportation cost based  
8           on the number of resident pupils, the number of miles of Class 1  
9           to Class 5 roads in the school administrative unit and any  
10           approved adjustments. In fiscal year 2005-06 the established  
11           per-pupil transportation cost for each school administrative unit  
12           is the most recent year's reported transportation expenditures or  
13           predicted per-pupil transportation cost, plus 10%, whichever is  
14           lower. Beginning in fiscal year 2006-07, and for each subsequent  
15           fiscal year, the per-pupil transportation costs for each school  
16           administrative unit are its established costs for the most recent  
17           year adjusted by the Consumer Price Index or other comparable  
18           index. For fiscal years 2005-06 and 2006-07, in no case may the  
19           per-pupil transportation costs for a school administrative unit  
20           be less than 75% of the established costs for the most recent  
21           fiscal year. Every 3 years, the commissioner, using information  
22           provided by a statewide education policy research institute,  
23           shall examine and may adjust reported transportation expenditures  
24           and predicted transportation costs. The commissioner shall  
25           develop an appeals procedure for established per-pupil  
26           transportation costs for school administrative units;

28           4. Vocational education costs. Vocational education costs  
29           in the base year adjusted to the year prior to the allocation  
30           year; and

32           5. Gifted and talented education costs. Gifted and  
33           talented costs in the base year adjusted to the year prior to the  
34           allocation year.

36           **Sec. D-45. 20-A MRSA §15682,** as enacted by IB 2003, c. 2,  
37           §1, is repealed.

38           **Sec. D-46. 20-A MRSA §15682,** as enacted by PL 2003, c. 504,  
39           Pt. A, §6, is amended to read:

42           **§15682. Regional adjustment**

44           The commissioner shall make a regional adjustment in the  
45           total operating allocation for each school administrative unit  
46           determined pursuant to section 15683. The regional adjustment  
47           must be based on the regional differences in teacher salary costs  
48           within labor market areas in the State, as computed by a  
49           statewide education policy research institute, and must be  
50           applied only to appropriate teacher salary and benefits costs as

calculated under section 15678 and salary and benefit costs of other school-level staff who are not teachers as calculated under section 15679. Beginning in fiscal year 2006-07, and at least every 2 years thereafter, the commissioner, using information provided by a statewide education policy research institute, shall review the regional adjustment amounts under this section and shall submit any recommended changes to the state board for approval.

**Sec. D-47. 20-A MRS §15683**, as amended by PL 2003, c. 712, §14, is further amended to read:

**§15683. Total operating allocation**

For each school administrative unit, that unit's total operating allocation is the base total set forth in subsection 1 as adjusted in accordance with subsection 2 and including the total amount ~~for subsection 3~~ of other subsidizable costs as described in section 15681-A.

**1. Base total.** The base total of a school administrative unit's total operating allocation is the sum of:

A. The product of the school administrative unit's kindergarten to grade 8 ~~per-pupil-guarantee~~ EPS per-pupil rate multiplied by the total of the kindergarten to grade 8 portions of the following pupil counts:

(1) The pupil count set forth in section 15674, subsection 1, paragraph C;

(2) The additional weight for limited English proficiency students calculated pursuant to section 15675, subsection 1; and

(3) The additional weight for economically disadvantaged students calculated pursuant to section 15675, subsection 2;

B. The product of the school administrative unit's grade 9 to 12 ~~per-pupil-guarantee~~ EPS per-pupil rate multiplied by the total of the grade 9 to 12 portion of the following pupil counts:

(1) The pupil count set forth in section 15674, subsection 1, paragraphs A, B and C;

(2) The additional weight for limited English proficiency students calculated pursuant to section 15675, subsection 1; and



- 2 (3) The additional weight for economically  
4 disadvantaged students calculated pursuant to section  
15675, subsection 2;
- 6 C. If the school administrative unit is eligible for  
8 targeted student assessment funds pursuant to section 15681,  
subsection 1, the sum of:
- 10 (1) The product of the elementary school level and  
12 middle school level per-pupil amount for targeted  
student assessment funds calculated pursuant to section  
14 15681, subsection 2 multiplied by the kindergarten to  
grade 8 portion of the pupil count calculated pursuant  
16 to section 15674, subsection 1, paragraph C,  
subparagraph (1); and
- 18 (2) The product of the high school level per-pupil  
20 amount for targeted student assessment funds calculated  
pursuant to section 15681, subsection 2 multiplied by  
22 the grade 9 to 12 portion of the pupil count calculated  
pursuant to section 15674, subsection 1, paragraph C,  
24 subparagraph (1);
- 26 D. If the school administrative unit is eligible for  
targeted technology resource funds pursuant to section  
28 15681, subsection 1, the sum of:
- 30 (1) The product of the elementary school level and  
middle school level per-pupil amount for targeted  
32 technology resource funds calculated pursuant to  
section 15681, subsection 3 multiplied by the  
34 kindergarten to grade 8 portion of the pupil count  
calculated pursuant to section 15674, subsection 1,  
36 paragraph C, subparagraph (1); and
- 38 (2) The product of the high school level per-pupil  
amount for targeted technology resource funds  
40 calculated pursuant of section 15681, subsection 3  
multiplied by the grade 9 to 12 portion of the pupil  
42 count calculated pursuant to section 15674, subsection  
1, paragraph C, subparagraph (1); and
- 44 E. If the school administrative unit is eligible for  
46 targeted kindergarten to grade 2 funds pursuant to section  
15681, subsection 1, the product of the ~~per-pupil-guarantee~~  
EPS per-pupil rate multiplied by the additional weight for  
48 kindergarten to grade 2 calculated pursuant to section  
15675, subsection 3, and

2 F. An isolated small unit adjustment. A school  
4 administrative unit is eligible for an isolated small school  
6 adjustment when the unit meets the size and distance  
8 criteria as established by the commissioner and approved by  
10 the state board. The amount of the adjustment is the result  
12 of adjusting the necessary student-to-staff ratios  
14 determined in section 15679, subsection 2, the per-pupil  
16 amount for operation and maintenance of plant in section  
18 15680, subsection 1, paragraph B or other essential programs  
20 and services components in chapter 606-B, as recommended by  
22 the commissioner.

24 **2. Adjustments.** The base total calculated pursuant to  
26 subsection 1 must be adjusted as follows by multiplying it by the  
28 appropriate transition percentage in accordance with section  
30 15671, subsection 7, paragraph A.

32 ~~A. The base total calculated pursuant to subsection 1 must be reduced by the amount of all funds received by the school administrative unit under Title I of the federal Elementary and Secondary Education Act of 1965, 20 United States Code, Section 6301 et seq., during the most recent fiscal year.~~

34 ~~B. The amount calculated pursuant to paragraph A must be adjusted by the regional adjustment pursuant to section 15682.~~

36 ~~C. The amount calculated pursuant to paragraph B must be multiplied by the essential programs and services transition percentage for the appropriate year in accordance with section 15671, subsection 7, paragraph A.~~

38 **Sec. D-48. 20-A MRSA §15683**, as enacted by IB 2003, c. 2,  
40 §1, is repealed.

42 **Sec. D-49. 20-A MRSA §15683-A** is enacted to read:

44 **§15683-A. Total debt service allocation**

46 For each school administrative unit, that unit's total debt  
48 service allocation is that unit's debt service costs as defined  
50 in section 15672, subsection 2-A.

52 **Sec. D-50. 20-A MRSA §15684**, as enacted by PL 2003, c. 712,  
54 §15 and IB 2003, c. 2, §1, is repealed.

56 **Sec. D-51. 20-A MRSA §15685**, as enacted by PL 2003, c. 504,  
58 Pt. A, §6 and IB 2003, c. 2, §1, is repealed.

2           **Sec. D-52. 20-A MRSA §15686**, as amended by PL 2003, c. 712,  
3 §16, is further amended to read:

4           **§15686. Transition adjustment**

6           For each of the fiscal years described in section 15671,  
7 subsection 7, the commissioner shall establish a transition  
8 adjustment calculated to minimize the adverse fiscal impact that  
9 may be experienced by some municipalities as a result of the  
10 phase-in of this Act. The transition adjustment for a  
11 municipality must be directly related to the phase-in of  
12 essential programs and services and the local cost share  
13 expectation method under section 15671-A of determining the local  
14 contribution to the cost of funding essential programs and  
15 services. The amount of this adjustment must decline with each  
16 successive fiscal year, and the adjustments must end no later  
17 than fiscal year ~~2009-10~~ 2006-07.

18           1. Adjustment in fiscal year 2005-06. A school  
19 administrative unit is eligible for a transition adjustment in  
20 fiscal year 2005-06 if the school administrative unit meets the  
21 following criteria.

22           A. The school administrative unit's state share of the  
23 total allocation, including the debt service adjustment  
24 pursuant to section 15689, subsection 2, and the minimum  
25 state share of its total allocation pursuant to section  
26 15689, subsection 1 is less than the fiscal year 2004-05  
27 state share of its total allocation, including the minimum  
28 state share of its total allocation pursuant to former  
29 section 15689, subsection 1 and the adjustment for  
30 geographic isolation pursuant to section 15612, subsection  
31 2. The state share adjustment is an amount equal to that  
32 difference less the losses due to reduced expenditures for  
33 buses, debt service, special education, gifted and talented  
34 education and vocational education.

35           A school administrative unit that meets the criteria in paragraph  
36 A is eligible to receive no less than a 5% transition adjustment  
37 in fiscal year 2005-06 if the school administrative unit operates  
38 an elementary or secondary school and also has a student count of  
39 less than 1,000.

40           A school administrative unit that meets the criteria in paragraph  
41 A is eligible to receive no less than a 2.5% transition  
42 adjustment in fiscal year 2005-06 if the school administrative  
43 unit operates an elementary or secondary school and also has a  
44 student count of more than 1,000.

2           **Sec. D-53. 20-A MRSA §15688, sub-§1, ¶¶A to C**, as enacted by PL  
3 2003, c. 712, §17, are amended to read:

4           A. The school administrative unit's base total cost--of  
5 funding--essential--programs--and--services--subject--to--the  
6 transition-percentages calculated pursuant to section 15683,  
7 subsection 1, adjusted pursuant to the transition targets  
8 described in section 15671, subsection 7, paragraph A;

9           B. The program-cost-allocation-as-used-in-chapter-606 other  
10 subsidizable costs described in section 15681-A; and

11           C. The total debt service allocation as-used-in-chapter-606  
12 described in section 15683-A.

13           **Sec. D-54. 20-A MRSA §15688, sub-§2**, as enacted by PL 2003, c.  
14 712, §17, is amended to read:

15           **2. Member municipalities in school administrative districts**  
16 **or community school districts; total costs.** For each  
17 municipality that is a member of a school administrative district  
18 or community school district, the commissioner shall annually  
19 determine each municipality's total cost of education. A  
20 municipality's total cost of education is the school  
21 administrative district's or community school district's total  
22 cost of funding education multiplied by the percentage that the  
23 municipality's most recent calendar year average pupil count is  
24 to the school administrative district's or community school  
25 district's most recent calendar year average pupil count.

26           **Sec. D-55. 20-A MRSA §15688, sub-§3**, as enacted by PL 2003, c.  
27 712, §17, is repealed.

28           **Sec. D-56. 20-A MRSA §15688, sub-§3-A** is enacted to read:

29           **3-A. School administrative unit; contribution.** For each  
30 school administrative unit, the commissioner shall annually  
31 determine the school administrative unit's required contribution,  
32 the required contribution of each municipality that is a member  
33 of the unit, if the unit has more than one member, and the  
34 State's contribution to the unit's total cost of education in  
35 accordance with the following.

36           A. For a school administrative unit composed of only one  
37 municipality, the contribution of the unit and the  
38 municipality is the same and is the lesser of:

39           (1) The total cost described in subsection 1; and

2           (2) The total of the full-value education mill rate  
4           calculated in section 15671-A, subsection 2 multiplied  
              by the property fiscal capacity of the municipality.

6           B. For a school administrative district or community school  
8           district composed of more than one municipality, each  
              municipality's contribution to the total cost of education  
              is the lesser of:

10           (1) The municipality's total cost as described in  
12           subsection 2; and

14           (2) The total of the full-value education mill rate  
16           calculated in section 15671-A, subsection 2 multiplied  
              by the property fiscal capacity of the municipality.

18           C. For a school administrative district or community school  
20           district composed of more than one municipality, the unit's  
              contribution to the total cost of education is the lesser of:

22           (1) The total cost as described in subsection 1; and

24           (2) The sum of the totals calculated for each member  
26           municipality pursuant to paragraph B, subparagraph (2).

28           D. The state contribution to the school administrative  
30           unit's total cost of education is the total cost of  
32           education calculated pursuant to subsection 1 less the  
34           school administrative unit's contribution calculated  
              pursuant to paragraph A or C, as applicable. The state  
              contribution is subject to reduction in accordance with  
              section 15690, subsection 1, paragraph C.

36           **Sec. D-57. 20-A MRSA §15688, sub-§4, as enacted by PL 2003, c.**  
              **712, §17, is amended to read:**

38           **4. Method of cost sharing; exception.** For the purpose of  
40           local cost sharing, the provisions of subsection -3- 3-A do not  
42           apply to municipalities that are members of a school  
44           administrative district or a community school district whose cost  
46           sharing formula was established pursuant to private and special  
48           law prior to January 1, 2004. For each municipality that is a  
              member of a school administrative district or a community school  
              district whose cost sharing formula was established pursuant to  
              private and special law prior to January 1, 2004, the cost  
              sharing formula established pursuant to private and special law  
              determines each municipality's local cost of education.

Sec. D-58. 20-A MRSA §15689, sub-§1, as enacted by PL 2003, c. 712, §17, is repealed and the following enacted in its place:

1. Minimum state allocation. Each school administrative unit must be guaranteed a minimum state share of its total allocation that is an amount equal to the greater of the following:

A. The sum of the following calculations:

(1) Multiplying 5% of each school administrative unit's essential programs and services per-pupil elementary rate by the average number of resident kindergarten to grade 8 pupils as determined under section 15674, subsection 1, paragraph C, subparagraph (1); and

(2) Multiplying 5% of each school administrative unit's essential programs and services per-pupil secondary rate by the average number of resident grade 9 to grade 12 pupils as determined under section 15674, subsection 1, paragraph C, subparagraph (1); and

B. The school administrative unit's special education costs as calculated pursuant to section 15681-A, subsection 2 multiplied by the following transition percentages:

(1) In fiscal year 2005-06, 84%; and

(2) In fiscal year 2006-07, 100%.

These funds must be an adjustment to the school administrative unit's state and local allocation after the state and local allocation has been adjusted for debt service pursuant to subsection 2.

Sec. D-59. 20-A MRSA §15689, sub-§3, as enacted by PL 2003, c. 712, §17, is amended to read:

3. Adjustment limitations. The amounts of the adjustments paid to school administrative units or municipalities in ~~subsections 1 and 2~~ pursuant to this section are limited to the amounts appropriated by the Legislature for these adjustments.

Sec. D-60. 20-A MRSA §15689, sub-§§4 to 6 are enacted to read:

4. Audit adjustments. The following provisions apply to audit adjustments.

2 A. If errors are revealed by audit and by the commissioner,  
4 the school administrative unit's state subsidy must be  
adjusted to include corrections.

6 B. If audit adjustments are discovered after the funding  
8 level is certified by the commissioner and the state board  
10 on December 15th pursuant to section 15689-C, the department  
12 may request the necessary additional funds, if any, to pay  
for these adjustments. These amounts, if any, are in  
addition to the audit adjustment amount certified by the  
commissioner and state board on the prior December 15th.

14 5. Adjustment for cost of educating eligible students in  
16 long-term drug treatment centers. A school administrative unit  
18 that operates an educational program approved pursuant to chapter  
20 327 to serve eligible students in licensed drug treatment centers  
must be reimbursed in the year in which costs are incurred as  
follows.

22 A. Reimbursements must be limited to a maximum of 12 state  
average tuition rates a year for each approved plan.

24 B. The rate of reimbursement per student may not exceed the  
26 state average tuition rates in effect during the year of  
28 placement as computed under sections 5804 and 5805. The  
tuition rates must be computed based on the state average  
secondary tuition rate and may be adjusted if the program is  
approved to operate beyond the 180-day school year.

30 6. Adjustment for uncertified personnel. The commissioner  
32 shall reduce the state share of the total allocation to a school  
34 administrative unit in the current year or following year by an  
36 amount that represents the state share of expenditures for  
salaries and benefits paid to uncertified personnel.

38 **Sec. D-61. 20-A MRSA §§15689-A to 15689-F are enacted to read:**

40 **§15689-A. Authorization of payment of miscellaneous costs**

42 1. Payment of state agency client costs. State agency  
44 client costs are payable pursuant to this subsection. As used in  
this subsection, "state agency client" has the same meaning as  
defined in section 1, subsection 34-A.

46 A. The commissioner shall approve special education costs  
48 and supportive services, including transportation, for all  
state agency clients placed in residential placements by an  
authorized agent of a state agency.

2 B. Special education costs authorized by this subsection  
4 for state agency clients must be paid by the department in  
the allocation year at 100% of actual costs.

6 C. The commissioner shall pay only approved special  
8 education costs and supportive services, including  
10 transportation, authorized by this subsection for state  
12 agency clients and may not allocate for those special  
14 education costs and supportive services, including  
transportation, incurred by the school administrative unit  
for state agency clients in the base years starting July 1,  
1985, and every base year thereafter.

16 D. Transportation costs for state agency clients, when  
18 provided in accordance with rules established by the  
commissioner under section 7204, must be paid by the  
department in the allocation year at 100% of actual costs.

20 2. Education of institutional residents. The commissioner  
22 may pay tuition to school administrative units or private schools  
24 for institutional residents within the limits of the allocation  
made under this section.

26 3. Essential programs and services components contract.  
28 The commissioner may contract for the updating of the essential  
programs and services component with a statewide education  
research institute.

30 4. Learning results implementation, assessment and  
32 accountability. The commissioner may expend and disburse funds  
34 limited to the amount appropriated by the Legislature to carry  
out the purposes of Public Law 1995, chapter 649, sections 5 and  
8.

36 5. Regionalization, consolidation and efficiency  
38 assistance. The commissioner may expend and disburse funds  
40 limited to the amount appropriated by the Legislature to carry  
out the purposes of promoting regionalization, consolidation and  
efficiency.

42 6. Education research contract. The commissioner may  
44 contract for the compilation and analysis of education data with  
a statewide education research institute.

46 7. Disbursement limitations. The funds disbursed in  
48 accordance with this section are limited to the amounts  
appropriated by the Legislature for these purposes.



**§15689-B. Authorization and schedules of payment of state subsidy; appeals**

**1. Schedules of payment of unit allocation.** The commissioner shall authorize state subsidy payments to the school administrative units to be made in accordance with time schedules set forth in sections 15005, 15689-D and 15901 to 15910.

**2. Notification of allocation; commissioner's duty; superintendent's duty.** The following provisions apply to notification of allocation by the commissioner and each superintendent.

**A.** The commissioner shall annually, prior to February 1st, notify each school board of the estimated amount to be allocated to the school administrative unit.

**B.** Each superintendent shall report to the municipal officers whenever the school administrative unit is notified of the allocation or a change is made in the allocation resulting from an adjustment.

**3. Payments of state subsidy to unit's treasurer; basis.** State subsidy payments must be made directly to the treasurer of each school administrative unit. The payments must be based on audited financial reports submitted by school administrative units.

**4. Appeals.** A school board may appeal the computation of state subsidy for the school administrative unit to the state board in writing within 30 days of the date of notification of the computed amount. The state board shall review the appeal and make an adjustment if in its judgment an adjustment is justified. The state board's decision is final as to facts supported by the record of the appeal.

**5. School purpose expense requirement.** Notwithstanding any other law, money allocated for school purposes may be expended only for school purposes.

**6. Balance of allocations.** Notwithstanding any other law, general operating fund balances at the end of a school administrative unit's fiscal year must be carried forward to meet the unit's needs in the next year or over a period not to exceed 3 years. Unallocated balances in excess of 3% of the previous fiscal year's school budget must be used to reduce the state and local share of the total allocation for the purpose of computing state subsidy. School boards may carry forward unallocated balances in excess of 3% of the previous year's school budget and

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disburse these funds in the next year or over a period not to exceed 3 years.

7. Required data; subsidy payments withheld. A school administrative unit shall provide the commissioner with information that the commissioner requests to carry out the purposes of this chapter, according to time schedules that the commissioner establishes. The commissioner may withhold monthly subsidy payments from a school administrative unit when information is not filed in the specified format and with specific content and within the specified time schedules.

8. Unobligated balances. Unobligated balances from amounts appropriated for general purpose aid for local schools may not lapse but must be carried forward to the next fiscal year.

§15689-C. Commissioner's recommendation for funding levels; computations

1. Annual recommendation. Prior to December 15th of each year, the commissioner, with the approval of the state board, shall recommend to the Governor and the Department of Administrative and Financial Services, Bureau of the Budget the funding levels that the commissioner recommends for the purposes of this chapter.

2. Funding level computations. The following are the funding level computations that support the commissioner's funding level recommendations:

A. The requested funding levels for the operating allocation under section 15683;

B. The requested funding levels for debt service under section 15683-A, which are as follows:

(1) The known obligations and estimates of anticipated principal and interest costs for the allocation year;

(2) The expenditures for the insured value factor for the base year;

(3) The level of lease payments and lease-purchase payments pursuant to section 15672, subsection 2-A for the year prior to the allocation year; and

(4) Funds allocated by the state board for new school construction projects funded in the current fiscal year;

2 C. The requested funding levels for adjustments under  
3 section 15689, which must be computed by estimating costs  
4 for the allocation year; and

6 D. The requested funding levels for miscellaneous costs  
7 under section 15689-A.

8 3. Guidelines for updating other subsidizable costs. The  
9 commissioner's recommendation for updating percentages to bring  
10 base year actual costs to the equivalent of one-year-old costs  
11 may not exceed the average of the 2 most recent percentages of  
12 annual increase in the Consumer Price Index.

14 **§15689-D. Governor's recommendation for funding levels**

16 The Department of Administrative and Financial Services,  
17 Bureau of the Budget shall annually certify to the Legislature  
18 the funding levels that the Governor recommends under sections  
19 15683, 15683-A, 15689 and 15689-A. The Governor's  
20 recommendations must be transmitted to the Legislature within the  
21 time schedules set forth in Title 5, section 1666.

22 **§15689-E. Actions by Legislature**

24 The Legislature shall annually, prior to March 15th, enact  
25 legislation to:

28 1. Appropriation for state share of adjustments, debt  
29 service and operating; single account. Appropriate the necessary  
30 funds for the State's share for general purpose aid for local  
31 schools with a separate amount for each of the following  
32 components:

34 A. Adjustments and miscellaneous costs described in  
35 sections 15689 and 15689-A, including an appropriation for  
36 special education pupils placed directly by the State, for:

38 (1) Tuition and board for pupils placed directly by the  
39 State in accordance with rules adopted or amended by  
40 the commissioner; and

42 (2) Special education tuition and other tuition for  
43 residents of state-operated institutions attending  
44 programs in school administrative units or private  
45 schools in accordance with rules adopted or amended by  
46 the commissioner; and

48 B. The state share of the total operating allocation and  
49 the total debt service allocation described in sections  
50 15683 and 15683-A; and

2           2. Local cost share expectation. Establish the local cost  
3           share expectation described in section 15671-A.

4           Funds for appropriations under this section must be placed  
5           in a single account.

8           **§15689-F. Actions by department**

10           Within the annual appropriations, the department shall  
11           follow the procedures described in this section.

12           1. State's obligation. If the State's continued obligation  
13           for any program provided by one of the appropriated amounts under  
14           section 15689-E exceeds the appropriated amount, any unexpended  
15           balance from another of those appropriated amounts may be applied  
16           by the commissioner toward the obligation for that program.

17           2. Cash flow. For the purpose of cash flow, the  
18           commissioner may pay the full state and local share of the  
19           payment amounts due on bond issues for school construction from  
20           that school administrative unit's state subsidy, excluding  
21           payments on non-state-funded projects. This subsection does not  
22           apply if a school administrative unit has less subsidy than the  
23           total principal and interest payment on bonds.

24           **Sec. D-62. 20-A MRSA §§15690 to 15695 are enacted to read:**

25           **§15690. Local appropriations**

26           Beginning with the budget for the 2005-2006 school year, the  
27           following provisions apply to local appropriations for school  
28           purposes.

29           1. School administrative unit contribution to total cost of  
30           funding public education from kindergarten to grade 12. The  
31           legislative body of each school administrative unit may vote to  
32           raise and appropriate an amount up to its required contribution  
33           to the total cost of education as described in section 15688.

34           A. For a municipal school unit, an article in substantially  
35           the following form must be used when a single municipal  
36           school administrative unit is considering the appropriation  
37           of an amount up to its required contribution to the total  
38           cost of education as described in section 15688.

39           (1) "Article.....: To see what sum the municipality  
40           will appropriate for the school administrative unit's  
41           contribution to the total cost of funding public  
42           education from kindergarten to grade 12 as described in



2 the Essential Programs and Services Funding Act  
3 (Recommend \$.....) and to see what sum the  
4 municipality will raise as the municipality's  
5 contribution to the total cost of funding public  
6 education from kindergarten to grade 12 as described in  
7 the Essential Programs and Services Funding Act in  
8 accordance with the Maine Revised Statutes, Title 20-A,  
9 section 15688. (Recommend \$.....)"

10 (2) The following statement must accompany the article  
11 in subparagraph (1). "Explanation: The school  
12 administrative unit's contribution to the total cost of  
13 funding public education from kindergarten to grade 12  
14 as described in the Essential Programs and Services  
15 Funding Act is the amount of money determined by state  
16 law to be the minimum amount that a municipality must  
17 raise in order to receive the full amount of state  
18 dollars."

19 B. For a school administrative district or a community  
20 school district, an article in substantially the following  
21 form must be used when the school administrative district or  
22 community school district is considering the appropriation  
23 of an amount up to its required contribution to the total  
24 cost of education as described in section 15688.

25 (1) "Article ....: To see what sum each municipality  
26 will appropriate for the school administrative unit's  
27 contribution to the total cost of funding public  
28 education from kindergarten to grade 12 as described in  
29 the Essential Programs and Services Funding Act and to  
30 see what sum each municipality will raise as each  
31 municipality's contribution to the total cost of  
32 funding public education from kindergarten to grade 12  
33 as described in the Essential Programs and Services  
34 Funding Act in accordance with the Maine Revised  
35 Statutes, Title 20-A, section 15688 (Recommends):

36	<u>Total cost by</u>	<u>Municipal local</u>
37	<u>municipality</u>	<u>contribution</u>
38		
39	<u>Town A (\$amount)</u>	<u>Town A (\$amount)</u>
40		
41	<u>Town B (\$amount)</u>	<u>Town B (\$amount)</u>
42		
43	<u>Town C (\$amount)</u>	<u>Town C (\$amount)</u>
44		
45	<u>School District</u>	<u>School District</u>
46	<u>Total (\$sum of above)</u>	<u>Total (\$sum of</u>
47		<u>above)"</u>

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2           (2) The following statement must accompany the article  
3           in subparagraph (1). "Explanation: The school  
4           administrative unit's contribution to the total cost of  
5           funding public education from kindergarten to grade 12  
6           as described in the Essential Programs and Services  
7           Funding Act is the amount of money determined by state  
8           law to be the minimum amount that each municipality  
9           must raise in order to receive the full amount of state  
10           dollars."

12           C. The state share of the total cost of funding public  
13           education from kindergarten to grade 12 as described in  
14           section 15688, excluding state-funded debt service for each  
15           school administrative unit, is limited to the same  
16           proportion as the local school administrative unit raises of  
17           its required contribution to the total cost of education as  
18           described in section 15688, excluding state-funded debt  
19           service costs.

20           2. Non-state-funded debt service. For each school  
21           administrative unit's contribution to debt service for  
22           non-state-funded major capital school construction projects or  
23           non-state-funded portions of major capital school construction  
24           projects, the legislative body of each school administrative unit  
25           may vote to raise and appropriate an amount up to the  
26           municipality's or district's annual payments for non-state-funded  
27           debt service.

30           A. An article in substantially the following form must be  
31           used when a school administrative unit is considering the  
32           appropriation for debt service allocation for  
33           non-state-funded school construction projects or  
34           non-state-funded portions of school construction projects.

36           (1) "Article ....: To see what sum the (municipality  
37           or district) will raise for the annual debt service  
38           payments on a non-state-funded school construction  
39           project or non-state-funded portion of a school  
40           construction project in addition to the funds  
41           appropriated as the local share of the school  
42           administrative unit's contribution to the total cost of  
43           funding public education from kindergarten to grade  
44           12. (Recommend \$.....)"

46           (2) The following statement must accompany the article  
47           in subparagraph (1). "Explanation: Non-state-funded  
48           debt service is the amount of money needed for the  
49           annual payments on the (municipality's or district's)  
50           long-term debt for major capital school construction

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2 that is not approved for state subsidy. The bonding of  
3 this long-term debt was approved by the voters on (date  
4 of original referendum)."

5 **3. Additional local appropriation.** A school administrative  
6 unit may raise and expend funds for educational purposes in  
7 addition to the funds under subsections 1 and 2.

8  
9  
10 A. If the amount of the additional funds does not result in  
11 the unit's exceeding its maximum state and local spending  
12 target established pursuant to section 15671-A, subsection  
13 4, an article in substantially the following form must be  
14 used when a school administrative unit is considering the  
15 appropriation of additional local funds:

16 (1) "Article . . . .: To see what sum the (municipality  
17 or district) will raise and to appropriate the sum of  
18 (Recommend \$.....) in additional local funds for school  
19 purposes under the Maine Revised Statutes, Title 20-A,  
20 section 15690. (Recommend \$.....)"

21 (2) The following statement must accompany the article  
22 in subparagraph (1). "Explanation: The additional  
23 local funds are those locally raised funds over and  
24 above the school administrative unit's local  
25 contribution to the total cost of funding public  
26 education from kindergarten to grade 12 as described in  
27 the Essential Programs and Services Funding Act and  
28 local amounts raised for the annual debt service  
29 payment on non-state-funded school construction  
30 projects or the non-state-funded portion of a school  
31 construction project that will help achieve the  
32 (municipality's or district's) budget for educational  
33 programs."

34  
35  
36 B. If the amount exceeds the unit's maximum state and local  
37 spending target established pursuant to section 15671-A,  
38 subsection 4, an article in substantially the following form  
39 must be used when a school administrative unit is  
40 considering an appropriation of additional local funds.

41 (1) "Article . . . .: Shall (name of municipality or  
42 district) raise and appropriate \$..... in additional  
43 local funds, which exceeds the State's Essential  
44 Programs and Services funding model by \$.....?"

45 The (school committee or board of directors) recommends  
46 \$..... for the following reasons: (state reasons)  
47  
48

2           (2) The following statement must accompany the article  
3           in subparagraph (1). "Explanation: The additional  
4           local funds are those locally raised funds over and  
5           above the school administrative unit's local  
6           contribution to the total cost of funding public  
7           education from kindergarten to grade 12 as described in  
8           the Essential Programs and Services Funding Act and  
9           local amounts raised for the annual debt service  
10           payment on non-state-funded school construction  
11           projects or the non-state-funded portion of a school  
12           construction project that will help achieve the  
13           (municipality's or district's) budget for educational  
14           programs."

15           4. Total budget article. A school administrative unit must  
16           include a summary article indicating the total annual budget for  
17           funding public education from kindergarten to grade 12 in the  
18           school administrative unit. The amount recommended must be the  
19           gross budget of the school system. This article does not provide  
20           money unless the other articles are approved.

21           A. "Article . . . .: To see what sum the (municipality or  
22           district) will authorize the school committee to expend for  
23           the fiscal year beginning (July 1, . . . .) and ending (June  
24           30, . . . .) from the school administrative unit's contribution  
25           to the total cost of funding public education from  
26           kindergarten to grade 12 as described in the Essential  
27           Programs and Services Funding Act, non-state-funded school  
28           construction projects, additional local funds for school  
29           purposes under the Maine Revised Statutes, Title 20-A,  
30           section 15690, unexpended balances, tuition receipts, state  
31           subsidy and other receipts for the support of schools.  
32           (Recommend \$.....)"

33           5. Vote. Actions taken pursuant to subsections 1 to 4 must  
34           be taken by a recorded vote.

35           6. Administrative costs for units with no pupils. If a  
36           school administrative unit is required to pay administrative  
37           costs and has no allocation of state or local funds, that unit  
38           may raise and expend funds for administrative costs.

39           §15691. Municipal assessment paid to district

40           1. Presentation of assessment schedule. The assessment  
41           schedule based on the budget approved at a community school  
42           district or school administrative district budget meeting must be  
43           presented to the treasurer of each municipality that is a member  
44           of the district.



2 The assessment schedule must include each member municipality's  
4 share of the school administrative unit's contribution to the  
6 total cost of funding public education from kindergarten to grade  
8 12 as described in section 15688, the school administrative  
10 unit's contribution to debt service for non-state-funded school  
12 construction projects and additional local funds for school  
14 purposes under section 15690.

16 **2. Municipal treasurer's payment schedule.** The treasurer of  
18 the member municipality, after being presented with the  
20 assessment schedule, shall forward 1/12 of that member  
22 municipality's share to the treasurer of the district on or  
24 before the 20th day of each month of the fiscal year beginning in  
26 July.

28 **§15692. Special school districts**

30 **1. School administrative unit.** For the purposes of section  
32 15695 and Title 20, sections 3457 to 3460, a special school  
34 district is deemed to be a school administrative unit.

36 **2. Debt service.** Debt service on bonds or notes issued by a  
38 special school district must be included in the school budget of  
40 the school administrative unit that operates the schools  
42 constructed by that district. The school board for the school  
44 administrative unit that operates the special district's schools  
46 shall pay to the special school district all sums necessary to  
48 meet the payments of principal and interest on bonds or notes  
50 when due and to cover maintenance or other costs for which the  
special school district is responsible.

**§15693. School budget; budget formats**

**1. Content.** A school administrative unit shall include in  
its school budget document:

A. The school administrative unit's total cost of funding  
public education from kindergarten to grade 12, its  
non-state-funded debt service, if any, and any additional  
expenditures authorized by law;

B. A summary of anticipated revenues and estimated school  
expenditures for the fiscal year; and

C. The following statement, including the estimated dollar  
amount of state retirement payments: "This budget does not  
include the estimated amount of \$..... in employer share  
of teacher retirement costs that is paid directly by the  
State."

2           2. Budget deadlines. The following time limitations apply  
4           to adoption of a school budget under this section.

6           A. At least 7 days before the initial meeting of the  
8           legislative body responsible for adopting a budget, the  
10           school administrative unit shall provide a detailed budget  
          document to that legislative body and to any person who  
          requests one and resides within the geographic area served  
          by the school administrative unit.

12           B. Notwithstanding a provision of law or charter to the  
14           contrary, school administrative units may adopt an annual  
16           budget prior to June 30th. The school budgets for career  
          and technical education regions must be adopted on or before  
          August 1st.

18           C. Notwithstanding any municipal charter provision,  
20           ordinance or other law to the contrary, if the level of  
22           state subsidy for the next school year is not finalized in  
24           accordance with this chapter before June 1st, the school  
26           board may delay a school budget meeting otherwise required  
28           to be held before July 1st to a date after July 1st. If a  
30           school board elects to delay a school budget meeting under  
32           this paragraph, the meeting must be held and the budget  
34           approved within 30 days of the date the commissioner  
          notifies the school board of the amount allocated to the  
          school administrative unit under section 15689-B. When a  
          school budget meeting is delayed under this paragraph, the  
          school administrative unit may continue operation of the  
          unit at the same budget levels as were approved for the  
          previous year. Continued operation under the budget for the  
          previous year is limited to the time between July 1st and  
          the date the new budget goes into effect.

36           3. Budget format. The following provisions apply to a  
38           budget format.

40           A. Except as provided in subsection 4, the budget format is  
42           that prescribed by a majority of the school board until an  
44           article prescribing the school budget format is approved by  
46           a majority of voters in an election in which the total vote  
48           is at least 20% of the number of votes cast in the  
          municipality in the last gubernatorial election, or 200,  
          whichever is less.

B. The format of the school budget may be determined in  
          accordance with section 1306.

2 C. It is the intent of the Legislature that a school board  
3 shall attempt to obtain public participation in the  
4 development of the school budget format.

6 4. Budget format; town or city charter. In a municipality  
7 where the responsibility for final adoption of the school budget  
8 is vested by municipal charter in a council, the school budget  
9 format may be changed through amendment of the charter under the  
10 home rule procedures of Title 30-A, chapter 111, except that the  
11 amendment must be approved by a majority of voters in an election  
12 in which the total vote is at least 20% of the number of votes  
13 cast in the municipality in the last gubernatorial election.

14 5. Budget format; town meeting. When the final budget  
15 authority is vested in a town meeting operating under the general  
16 enabling procedures of Title 30-A, the format of the school  
17 budget may be determined by the town meeting or under the  
18 procedures of Title 30-A, section 2522 or 2528.

20 6. Budget format; community school district. The following  
21 provisions apply to the budget format of a community school  
22 district.

24 A. An article containing the district's proposed budget  
25 format must be placed on the next warrant issued or ballot  
26 printed if:

28 (1) A majority of the district school committee votes  
29 to place it on the warrant or ballot; or

30 (2) A written petition signed by at least 10% of the  
31 number of voters voting in the last gubernatorial  
32 election in each municipality within the community  
33 school district requests it to be on the warrant or  
34 ballot.

36 B. The article containing the budget format may be voted on  
37 by secret ballot at an election conducted in accordance with  
38 Title 30-A, sections 2528 to 2532.

40 C. The district school committee shall:

42 (1) Issue a warrant specifying that the municipal  
43 officers of the municipalities within the community  
44 school district shall place the budget format article  
45 on the secret ballot; and

46 (2) Prepare and furnish the required number of ballots  
47 for carrying out the election, including absentee  
48 ballots.

2           7. Budget format; articles. The articles prescribed in this  
chapter must be included in the budget format and be voted on in  
4           the adoption of the budget in order to determine state and local  
cost sharing.

6  
8           8. Change in budget format. Any change in the budget format  
must be voted on at least 90 days prior to the budget year for  
10           which that change is to be effective.

12           §15694. Actions on budget

14           The following provisions apply to approving a school budget  
under this chapter.

16           1. Checklist required. Prior to a vote on articles dealing  
with school appropriations, the moderator of a regular or special  
18           school budget meeting shall require the clerk or secretary to  
make a checklist of the registered voters present. The number of  
20           voters listed on the checklist is conclusive evidence of the  
number present at the meeting.

22           2. Reconsideration. Notwithstanding any law to the  
24           contrary, in school administrative units where the school budget  
is finally approved by the voters, a special budget meeting to  
26           reconsider action taken on the budget may be called only as  
follows.

28           A. The meeting must be held within 30 days of the regular  
30           budget meeting at which the budget was finally approved.

32           B. In a school administrative district or community school  
34           district, the meeting must be called by the school board or  
as follows.

36           (1) A petition containing a number of signatures of  
38           legal voters in the member municipalities of the school  
40           administrative unit equalling at least 10% of the  
42           number of voters who voted in the last gubernatorial  
44           election in member municipalities of the school  
46           administrative unit, or 100 voters, whichever is less,  
and specifying the article or articles to be  
reconsidered must be presented to the school board  
within 15 days of the regular budget meeting at which  
the budget was finally approved.

48           (2) On receiving the petition, the school board shall  
50           call the special budget reconsideration meeting, which  
must be held within 15 days of the date the petition  
was received.

2 C. In a municipality, the meeting must be called by the  
3 municipal officers:

4  
5 (1) Within 15 days after receipt of a request from the  
6 school board, if the request is received within 15 days  
7 of the budget meeting at which the budget was finally  
8 approved and it specifies the article or articles to be  
9 reconsidered; or

10  
11 (2) Within 15 days after receipt of a written  
12 application presented in accordance with Title 30-A,  
13 section 2532, if the application is received within 15  
14 days of the budget meeting at which the budget was  
15 finally approved and it specifies the article or  
16 articles to be reconsidered.

17 3. Invalidation of action of special budget reconsideration  
18 meeting. If a special budget meeting is called to reconsider  
19 action taken at a regular budget meeting, the actions of the  
20 meeting are invalid if the number of voters at the special budget  
21 meeting is less than the number of voters present at the regular  
22 budget meeting.

23  
24 4. Line-item transfers. Meetings requested by a school  
25 board for the purpose of transferring funds from one category or  
26 line item to another must be posted for voter or council action  
27 within 15 days of the date of the request.

28  
29 **§15695. Bonds; notes; other**

30  
31 All bonds, notes or other evidences of indebtedness issued  
32 for school purposes by a school administrative unit for major  
33 capital expenses, bus purchases or current operating expenses,  
34 including tax or other revenue anticipation notes, are general  
35 obligations of the unit.

36  
37 1. Tax assessments. The municipal officers or school board  
38 shall require the sums that are necessary to meet in full the  
39 principal of and interest on the bonds, notes or other evidences  
40 of indebtedness issued pursuant to this section payable in each  
41 year to be assessed and collected in the manner provided by law  
42 for the assessment and collection of taxes.

43  
44 2. Reduction. The sums to be assessed and collected under  
45 subsection 1 must be reduced by the amount of an allocation of  
46 funds appropriated by the Legislature to pay the principal and  
47 interest owed by the school administrative unit in a given year  
48 as certified to the unit by the commissioner. The commissioner

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shall certify the amount due to the unit within 30 days of its appropriation by the Legislature.

3. Collection. After assessment and reduction under subsection 2, the remaining sum must be paid from ad valorem taxes, which may be levied without limit as to rate or amount upon all the taxable property within the school administrative unit.

Sec. D-63. 20-A MRSA c. 608 is enacted to read:

**CHAPTER 608**

**SCHOOL FINANCE ACT OF 2003**

**§15751. Short title**

This chapter may be known and cited as "the School Finance Act of 2003."

**§15752. Mandated legislative appropriations for kindergarten to grade 12 education**

In accordance with the phase-in schedule provided in chapter 606-B, beginning in fiscal year 2006-07, the Legislature each year shall provide at least 55% of the cost of the total allocation for kindergarten to grade 12 education from General Fund revenue sources.

For the purposes of this chapter, and until such time as the Legislature may implement an alternative school funding system, "total allocation" means the foundation allocation for a year, the debt service allocation for that year, the sum of all adjustments for that year and the total of the additional local appropriations for the prior year. In the event the Legislature implements an alternative school funding model that alters the meaning of the terms used in this Title or otherwise makes obsolete the system of allocations and local appropriations established by this Title, the term "total allocation" as it applies to the mandatory appropriation required by this section means the amount reasonably calculated as the equivalent of this definition.

**§15753. Mandated legislative appropriations for special education**

Except as provided in section 15689, subsection 1, but notwithstanding any other provision of chapter 606-B, the Legislature shall provide 100% of a school administrative unit's special education costs as calculated pursuant to section 15681-A, subsection 2.

2 For the purposes of the mandatory appropriation required by  
3 this section, and in accordance with the essential programs and  
4 services school funding allocation system established in chapter  
5 606-B, the commissioner shall identify and provide in the  
6 commissioner's recommendation pursuant to section 15689-C the  
7 total special education costs required to be funded pursuant to  
8 this section. In addition to any appropriations required by  
9 section 15689-E, the Legislature shall appropriate and ensure the  
10 accurate distribution of the total amount identified by the  
11 commissioner, adjusted by the federal reimbursements for the  
12 costs of special education services mandated by federal or state  
13 law, rule or regulation that will be provided to the individual  
14 school administrative units for that same school year.

16 **§15754. Fund for Efficient Delivery of Educational Services**

18 The Fund for the Efficient Delivery of Educational Services,  
19 referred to in this section as "the fund," is established as a  
20 dedicated nonlapsing account within the Department of Education.  
21 This section provides for the design, implementation,  
22 administration and use of the fund.

24 **1. Source of funds; purpose.** Funds for appropriations  
25 under this section must be appropriated in addition to the total  
26 amount annually appropriated for general purpose aid for local  
27 schools and must be placed into a single account. For fiscal  
28 year 2005-06 and fiscal year 2006-07, an amount calculated to be  
29 not greater than 2% of the total amount annually appropriated for  
30 general purpose aid for local schools must be dedicated to the  
31 fund and distributed from the fund to those school administrative  
32 units and municipalities that are able to demonstrate significant  
33 and sustainable savings in the cost of delivering educational  
34 services and improved student achievement through changes in  
35 governance, administrative structure or adopted policy that  
36 result in the creation of consolidated school administrative  
37 units, broad-based purchasing alliances, enhanced regional  
38 delivery of educational services or collaborative  
39 school-municipal service delivery or service support systems.

40 Beginning in fiscal year 2005-06, the Legislature shall annually,  
41 prior to March 15th, enact legislation to allocate the following  
42 amounts calculated based on the amount appropriated for general  
43 purpose aid for local schools to the fund during each of the  
44 following fiscal years:

45 A. In fiscal year 2005-06, an amount equivalent to 0.83% of  
46 the total amount appropriated for general purpose aid for  
47 local schools; and

2 B. In fiscal year 2006-07, an amount equivalent to 2% of  
4 the total amount appropriated for general purpose aid for  
local schools.

6 Any balance remaining in the fund at the end of any fiscal year  
8 does not lapse and must be carried forward for the next fiscal  
year.

10 2. Administration; plan for implementation of fund. The  
12 department shall administer the fund or may contract for services  
14 for administration of the fund. The commissioner, in  
16 consultation with the Executive Department, State Planning Office  
18 and the other agencies, organizations and individuals determined  
appropriate by the commissioner, shall establish an  
implementation plan for the fund that includes, but is not  
limited to, the following:

20 A. The establishment of criteria through which school  
22 administrative units and municipalities may demonstrate  
24 significant and sustainable savings in the cost of  
26 delivering educational services and improved student  
28 achievement through changes in governance, administrative  
structure or adopted policy that result in the creation of  
consolidated school administrative units, broad-based  
purchasing alliances, enhanced regional delivery of  
educational services or collaborative school-municipal  
service delivery or service support systems;

30 B. Pursuant to criteria established in accordance with this  
32 section, a school administrative unit or municipality may  
34 apply to the commissioner for a distribution from the fund  
during the period beginning with the start of fiscal year  
2005-06 and ending prior to the end of fiscal year 2006-07;  
and

36 C. Pursuant to criteria established in accordance with this  
38 section, the commissioner may authorize distributions from  
40 the fund in the form of competitive and planning grants.

42 **§15755. Entitlement**

44 The State's school administrative units and municipalities  
are entitled to the appropriations required by this chapter.

46 **Sec. D-64. 30-A MRSA §2181, sub-§4, ¶E,** as enacted by PL 2003,  
48 c. 696, §12, is amended to read:

E. Identify best management practices and make this



information available to the public, including, but not limited to, best management practices that facilitate property tax rate reduction pursuant to the increasing state share of the total cost of essential programs and services under Title 20-A, chapter 606-B;

**Sec. D-65. 30-A MRSA §6006-F, sub-§6,** as enacted by PL 1997, c. 787, §13, is amended to read:

**6. Forgiveness of principal payments.** The fund must provide direct grants by forgiving the principal payments of a loan for an eligible school administrative unit. The amount of the forgiveness of principal payments must be determined by the school administrative unit's state share percentage of ~~debt service costs~~ as determined in Title 20-A, section ~~15611~~ 15672, subsection 31, not to exceed:

A. Seventy percent and no less than 30% for health, safety and compliance;

B. Seventy percent and no less than 30% for repairs and improvements; and

C. ~~Fifty~~ Seventy percent and no less than ~~20%~~ 30% for learning space upgrades.

**Sec. D-66. Fund for Efficient Delivery of Educational Services; implementation plan.** The Commissioner of Education shall submit a proposed plan to govern the design, implementation, management and oversight of the Fund for the Efficient Delivery of Educational Services established in the Maine Revised Statutes, Title 20-A, section 15754 to the Joint Standing Committee on Education and Cultural Affairs by March 31, 2005. As part of this review, the commissioner shall consider the efficient delivery of educational services in rural and isolated small school administrative units. The joint standing committee may report out a bill designed in accordance with the intentions of this Part to govern the design, implementation, management and oversight of the Fund for the Efficient Delivery of Educational Services.

**Sec. D-67. Fund for Efficient Delivery of Educational Services; distribution of the fund in fiscal year 2005-06.** Notwithstanding the Maine Revised Statutes, Title 20-A, section 15754, the allocations from the General Purpose Aid to Local Schools program in fiscal year 2005-06 to the Fund for the Efficient Delivery of Educational Services must be used for the transition adjustment pursuant to Title 20-A, section 15686, subsection 1. The allocation of funds from the Fund for the

Efficient Delivery of Educational Services must be distributed to school administrative units that are eligible for the transition adjustment under the criteria established in Title 20-A, section 15686, subsection 1.

**Sec. D-68. Sharing of total costs in school administrative districts and community school districts; Department of Education review.**

Notwithstanding the Maine Revised Statutes, Title 20-A, section 15688, subsection 2 and to ensure that member municipalities of school administrative districts and community school districts whose cost-sharing formulas were established in accordance with Title 20-A, sections 1301 and 1704, respectively, do not experience significant adverse effects as a result of the cost-sharing mechanism established pursuant to Title 20-A, section 15688, subsection 2, the Department of Education shall conduct a review and analysis, for each school administrative unit, of the implications of this proposed cost-sharing mechanism on the member municipalities of these school administrative districts and community school districts. The Department of Education shall assist the member municipalities of these school districts in developing transition plans that include a phase-in to achieve the new method of determining member municipalities' local cost of education in accordance with Title 20-A, section 15688, subsection 2 no later than fiscal year 2008-09. The Department of Education shall report the findings of this review, including any recommended legislation, to the Joint Standing Committee on Education and Cultural Affairs by March 31, 2005. The Joint Standing Committee on Education and Cultural Affairs is authorized to introduce a bill related to the Department of Education report to the First Regular Session of the 122nd Legislature.

**Sec. D-69. Method of cost sharing; exception.**

Beginning in fiscal year 2005-06, the provisions of the Maine Revised Statutes, Title 20-A, section 15688, subsection 2 do not apply in determining the local cost of education of member municipalities in Maine School Administrative Districts No. 6 and No. 44. The cost-sharing formulas established between the member municipalities in these 2 school administrative districts prior to January 1, 2005 remain in effect until the formulas are changed pursuant to Title 20-A, section 1301, subsection 3. Pursuant to section 68, all other school administrative districts and community school districts whose cost-sharing formulas were established in accordance with Title 20-A, sections 1301 and 1704, respectively, remain subject to a phase-in approach to achieve the requirements of Title 20-A, section 15688, subsection 2 and must reach full implementation of this provision no later than fiscal year 2008-09.

**Sec. D-70. Criteria for isolated small school adjustment; rulemaking.** For fiscal year 2005-06 and pursuant to the Maine Revised Statutes, Title 20-A, section 15683, subsection 1, paragraph F, the Commissioner of Education shall use the proposed model that was approved by the State Board of Education during its December 2004 meeting to determine the school administrative units that qualify for the adjustment for isolated small schools, except that the commissioner shall use the following criterion change for isolated small elementary schools: for elementary schools, the distance from the nearest school is reduced from 10 to 8 miles. The commissioner shall develop provisionally adopted rules that establish the qualifications for the adjustment for isolated small schools in accordance with Title 20-A, section 15687 no later than December 2, 2005 so that the Legislature may consider these criteria during the Second Regular Session of the 122nd Legislature.

**Sec. D-71. Transition adjustment for fiscal year 2006-07.** To minimize the adverse fiscal impact that may be experienced by some school administrative units as a result of the phase-in of the Essential Programs and Services Funding Act, the Commissioner of Education shall facilitate a review and analysis of the need for a transition adjustment in fiscal year 2006-07. The Commissioner of Education, no later than January 13, 2006, shall make a recommendation to the Joint Standing Committee on Education and Cultural Affairs regarding the eligibility requirements and funding levels necessary for a transition adjustment in fiscal year 2006-07. The recommendations of the Commissioner of Education must be consistent with the provisions of the Maine Revised Statutes, Title 20-A, section 15686.

**Sec. D-72. Application.** This Part applies to school budgets passed for the fiscal year beginning July 1, 2005, and thereafter.

**Sec. D-73. Effective date.** Except for that portion of this Part that enacts the Maine Revised Statutes, Title 20-A, section 15754 and that portion that amends Title 30-A, section 2181, subsection 4, paragraph E, and except for sections 66 to 71, this Part takes effect July 1, 2005.'

Further amend the amendment by striking out all of Part I and inserting in its place the following:

**PART I**

**Sec. I-1. Appropriations and allocations.** The following appropriations and allocations are made.

2019

HOUSE AMENDMENT "H" to COMMITTEE AMENDMENT "A" to H.P. 6, L.D. 1

**ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF**

2

**Homestead Property Tax Exemption Reimbursement 0886**

4

Initiative: Provides funds to increase the homestead exemption to \$13,000 and to provide 50% reimbursement to municipalities.

6

8

<b>GENERAL FUND</b>	<b>2005-06</b>	<b>2006-07</b>
All Other	\$53,872	\$162,789

10

GENERAL FUND TOTAL	\$53,872	\$162,789
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12

**Homestead Property Tax Exemption - Mandate Reimbursement 0887**

14

Initiative: Provides funds to reimburse municipalities 90% of the additional costs associated with changes to the homestead exemption.

16

18

<b>GENERAL FUND</b>	<b>2005-06</b>	<b>2006-07</b>
All Other	\$115,000	\$0

20

GENERAL FUND TOTAL	\$115,000	\$0
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22

24

**Maine Revenue Services 0002**

26

Initiative: Provides funds for one Tax Examiner position and related costs associated with the expansion of the Maine Residents Property Tax Program, including one-time funds for computer programming costs.

28

30

<b>GENERAL FUND</b>	<b>2005-06</b>	<b>2006-07</b>
POSITIONS - LEGISLATIVE COUNT	1.000	1.000
Personal Services	\$52,529	\$56,513
All Other	\$109,517	\$85,002

32

34

GENERAL FUND TOTAL	\$162,046	\$141,515
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36

38

**ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF DEPARTMENT TOTALS**

40

<b>General Fund</b>	<b>\$330,918</b>	<b>\$304,304</b>
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42

<b>DEPARTMENT TOTAL - ALL FUNDS</b>	<b>\$330,918</b>	<b>\$304,304</b>
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44

46

**EDUCATION, DEPARTMENT OF**

48

**General Purpose Aid for Local Schools 0308**

50

Initiative: Provides additional funds needed to increase the

# HOUSE AMENDMENT

10/13

HOUSE AMENDMENT "H" to COMMITTEE AMENDMENT "A" to H.P. 6, L.D. 1

2 State's share of the total cost of K-12 public education based on  
the essential programs and services model to 55% by fiscal year  
2006-07.

4	<b>GENERAL FUND</b>	<b>2005-06</b>	<b>2006-07</b>
6	All Other	\$0	\$90,205,242
8	<b>GENERAL FUND TOTAL</b>	<u>\$0</u>	<u>\$90,205,242</u>

10 **General Purpose Aid for Local Schools 0308**

12 Initiative: Appropriates funds in fiscal year 2005-06 in order  
to provide additional subsidy to local school units and  
14 deappropriates funds in fiscal year 2006-07 due to revised  
projections of the amount of subsidy required to fund the State's  
16 share of the cost of essential programs and services.

18	<b>GENERAL FUND</b>	<b>2005-06</b>	<b>2006-07</b>
20	All Other	\$6,463,417	(\$5,963,417)
22	<b>GENERAL FUND TOTAL</b>	<u>\$6,463,417</u>	<u>(\$5,963,417)</u>

24 **General Purpose Aid for Local Schools 0308**

26 Initiative: Provides funds for the Fund for the Efficient  
Delivery of Educational Services. Funds appropriated in fiscal  
year 2005-06 only are to be used to provide transition  
28 adjustments in order to minimize the adverse fiscal impact that  
may be experienced by some municipalities as a result of the  
30 phase-in of the essential programs and services model.

32	<b>GENERAL FUND</b>	<b>2005-06</b>	<b>2006-07</b>
34	All Other	\$6,962,382	\$19,929,786
36	<b>GENERAL FUND TOTAL</b>	<u>\$6,962,382</u>	<u>\$19,929,786</u>

38 **Fund for the Efficient Delivery of Educational Services**

40 Initiative: Allocates funds for the Fund for the Efficient  
Delivery of Educational Services. Funds appropriated in fiscal  
year 2005-06 only are to be used to provide transition  
42 adjustments in order to minimize the adverse fiscal impact that  
may be experienced by some municipalities as a result of the  
44 phase-in of the essential programs and services model.

46	<b>OTHER SPECIAL REVENUE FUNDS</b>	<b>2005-06</b>	<b>2006-07</b>
48	All Other	\$6,962,382	\$19,929,786
	<b>OTHER SPECIAL REVENUE FUNDS TOTAL</b>	<u>\$6,962,382</u>	<u>\$19,929,786</u>

# HOUSE AMENDMENT

2	<b>EDUCATION, DEPARTMENT OF</b>		
4	<b>DEPARTMENT TOTALS</b>	<b>2005-06</b>	<b>2006-07</b>
6	<b>GENERAL FUND</b>	<b>\$13,425,799</b>	<b>\$104,171,611</b>
6	<b>OTHER SPECIAL REVENUE FUNDS</b>	<b>\$6,962,382</b>	<b>\$19,929,786</b>
8	<b>DEPARTMENT TOTAL - ALL FUNDS</b>	<b>\$20,388,181</b>	<b>\$124,101,397</b>
10	<b>EXECUTIVE DEPARTMENT</b>		
12	<b>State Planning Office 0082</b>		
14	Initiative: Provides funds for contractual services for the		
16	required data collection, data entry and analysis.		
18	<b>GENERAL FUND</b>	<b>2005-06</b>	<b>2006-07</b>
18	All Other	\$50,000	\$50,000
20	<b>GENERAL FUND TOTAL</b>	<b>\$50,000</b>	<b>\$50,000</b>
22	<b>EXECUTIVE DEPARTMENT</b>		
24	<b>DEPARTMENT TOTALS</b>	<b>2005-06</b>	<b>2006-07</b>
26	<b>GENERAL FUND</b>	<b>\$50,000</b>	<b>\$50,000</b>
28	<b>DEPARTMENT TOTAL - ALL FUNDS</b>	<b>\$50,000</b>	<b>\$50,000</b>
30	<b>SECTION TOTALS</b>	<b>2005-06</b>	<b>2006-07</b>
32	<b>GENERAL FUND</b>	<b>\$13,806,717</b>	<b>\$104,525,915</b>
32	<b>OTHER SPECIAL REVENUE FUNDS</b>	<b>\$6,962,382</b>	<b>\$19,929,786</b>
34	<b>SECTION TOTAL - ALL FUNDS</b>	<b>\$20,769,099</b>	<b>\$124,455,701</b>

36 Further amend the amendment by relettering or renumbering  
38 any nonconsecutive Part letter or section number to read  
consecutively.

40

HOUSE AMENDMENT "H" to COMMITTEE AMENDMENT "A" to H.P. 6, L.D. 1

**SUMMARY**

2

4

This amendment ramps up the State share of the cost of education to 55% in 2 years rather than 4 years as proposed in Committee Amendment "A."

6

8

10

SPONSORED BY: *Naugon A. Stedman*  
(Representative STEDMAN)

12

TOWN: Hartland

14

FISCAL NOTE REQUIRED  
(See attached)



# 122nd MAINE LEGISLATURE

LD 1

LR 0328(12)

## An Act to Increase the State Share of Education Costs, Reduce Property Taxes and Reduce Government Spending at All Levels

Fiscal Note for House Amendment " " to Committee Amendment " "

Sponsor: Rep. Stedman

Fiscal Note Required: Yes

### Fiscal Note

	2005-06	2006-07	Projections 2007-08	Projections 2008-09
<b>Net Cost (Savings)</b>				
General Fund	\$0	\$103,940,876	\$51,513,178	\$0
<b>Appropriations/Allocations</b>				
General Fund	\$0	\$103,940,876	\$51,513,178	\$0
Other Special Revenue Funds	\$0	\$13,735,634	\$5,881,111	\$0

#### Fiscal Detail and Notes

This amendment increases the General Fund cost of the bill by \$103,940,876 in fiscal year 2006-07. Of that amount, \$90,205,242 will be distributed to school administrative units as additional state subsidy and \$13,735,634 will be transferred to the Fund for the Efficient Delivery of Educational Services.