

MAINE STATE LEGISLATURE

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L.D. 1

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

HOUSE AMENDMENT "N" 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 in Part A in section 5 in that part designated "~~§1534~~" in subsection 3 in the 4th line (page 5, line 46 in amendment) by inserting after the following: "circumstances" the following: 'and only by a 2/3 vote of both Houses of the Legislature'

Further amend the amendment in Part A in section 5 in that part designated "~~§1534~~" by striking out all of subsection 4.

Further 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.

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

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

6 **18. Minor capital costs.** "Minor capital costs" is defined
8 in section ~~15603,--subsectien-18~~ 15672, subsection 20-A.

10 **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:

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

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

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

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

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

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

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

36 **Sec. D-5. 20-A MRSA §1307, sub-§3**, as amended by PL 1997, c.
38 68, §1, is further amended to read:

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

44 **Sec. D-6. 20-A MRSA §1307, sub-§4**, as enacted by PL 1997, c.
46 68, §2, is amended to read:

48 **4. Budget explanation.** The warrant may include an
explanation of the relationship between warrant articles
50 authorizing specific line item expenditures as provided in

subsection 1 and the articles prescribed in chapter 606 606-B summarizing the budget proposal.

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

§1308. Failure to pass budget

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.

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

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

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

12. State-local allocations. To summarize the action taken 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.

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

5. Failure to approve budget. If the voters do not validate the budget approved in the district budget meeting at the budget validation referendum vote, the district school committee shall hold another district budget meeting in accordance with section 1701, subsection 8 at least 10 days after the referendum to vote on a budget approved by the committee. The budget approved at the district budget meeting must be submitted to the voters for validation at referendum in accordance with this section. The process must be repeated until a budget is approved at a district budget meeting and validated 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.

2 **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:

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

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

10 **§4003-A. Hazardous chemicals**

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

16 **Sec. D-17. 20-A MRSA §4254, sub-§1**, as amended by PL 1997, c.
16 534, §3, is further amended to read:

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

22 **Sec. D-18. 20-A MRSA §5401, sub-§15, ¶C**, as amended by PL
24 2001, c. 667, Pt. C, §11, is further amended to read:

26 C. A school board may obtain a short-term loan or enter
28 into a lease-purchase agreement to acquire school buses if
the loan is approved by the unit's legislative body or if
30 funds that can be used for the initial lease-purchase
payment have been appropriated by the unit's legislative
32 body. The term of a loan or a lease-purchase agreement may
not exceed 5 years. The commissioner shall establish a
34 maximum amount for annual-term purchases in excess of the
amount established in paragraph A. Beginning in fiscal year
36 ~~2003-04~~ 2005-06, these expenditures must be subsidized in
accordance with ~~section-15603,--subsection-26-A~~ chapter 606-B.

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

40 **§6303. Medicaid for health and human services**

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

48 **Sec. D-20. 20-A MRSA §6651, sub-§3**, as amended by PL 1989, c.
50 414, §16, is repealed.

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

4 **§6654. School-based child care grants**

6 The department and the Department of Health and Human
7 Services are authorized to provide assistance to school
8 administrative units to assist the units in establishing
9 school-based child care services. ~~Any assistance provided must
10 provide funds for 2 years and expenditure of those funds is
11 considered expenditure of local funds in computing the unit's
12 educational program costs in chapter 606. The department has
13 full authority to administer any grant program that it operates
14 under this section.~~

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

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

25 **Sec. D-23. 20-A MRSA §8301-A, sub-§§4 and 9**, as enacted by PL
26 1991, c. 518, §2, are amended to read:

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

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

34 **Sec. D-24. 20-A MRSA §8351**, as amended by PL 1991, c. 518,
35 §9 and c. 716, §6 and PL 2003, c. 545, §5, is further amended to
36 read:

38 **§8351. State aid for career and technical education centers
39 and career and technical education regions**

41 State aid for centers and regions must be administered in
42 accordance with chapters 606 606-B and 609 and Title 20, section
43 3457.

45 **Sec. D-25. 20-A MRSA §8402**, as corrected by RR 2003, c. 2,
46 §55, is amended to read:

48 **§8402. Programs**

2 A center shall provide programs of career and technical
education. Programs of career and technical education are
4 eligible to receive state subsidy pursuant to chapters ~~606~~ 606-B
and 609. All programs of career and technical education offered
6 by a center must be approved by the commissioner pursuant to
section 8306-A. The programs must offer a sequence of courses
8 that are directly related to the preparation of individuals for
employment in current or emerging occupations and may include
10 training and education in academic and business skills preparing
students to further their education at the community college or
12 other college level or allowing students to use trade and
occupational skills on other than an employee basis. Programs of
14 career and technical education may also include alternative
educational programs and training and education in music,
16 athletics, art and other activities approved by the commissioner
pursuant to section 8306-A.

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

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

34
36 **Sec. D-27. 20-A MRSA §8451-A,** as corrected by RR 2003, c. 2,
§61, is amended to read:

38 **§8451-A. Programs**

40 A region shall provide programs of career and technical
education. Programs of career and technical education are
42 eligible to receive state subsidy pursuant to chapters ~~606~~ 606-B
and 609. All programs of career and technical education offered
44 by a region must be approved by the commissioner pursuant to
section 8306-A. The programs must offer a sequence of courses
46 that are directly related to the preparation of individuals for
employment in current or emerging occupations and may include
48 training and education in academic and business skills preparing
students to further their education at the community college or
50 college level or allowing students to use trade and occupational

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skills on other than an employee basis. Programs of career and technical education may also include alternative educational programs and training and education in music, athletics, art and other activities approved by the commissioner pursuant to section 8306-A.

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

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

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

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

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

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

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

§15622. Repeal

This chapter is repealed July 1, 2005.

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

1. State and local partnership. The State and each local school administrative unit are jointly responsible for contributing to the cost of the components of essential programs and services described in this chapter. Except as otherwise provided in this subsection, for each fiscal year, the total cost of the components of essential programs and services may not exceed the prior fiscal year's costs multiplied by one plus the average real personal income growth rate as defined in Title 5, section 1665, subsection 1, except that in no case may that rate exceed 2.75%. For fiscal years commencing after the state tax burden ranks in the middle 1/3 of all states, as calculated and certified by the State Tax Assessor, the total cost of the

2 components of essential programs and services may not exceed the
3 prior fiscal year's costs multiplied by one plus the average real
4 personal income growth rate as defined in Title 5, section 1665,
5 subsection 1. The Legislature, by an affirmative vote of each
6 House, may exceed the limitations on increases in the total cost
7 of the components of essential programs and services provided in
8 this subsection, as long as that vote is taken upon legislation
9 stating that it is the Legislature's intent to override the
10 limitation for that fiscal year. The state contribution to the
11 cost of the components of essential programs and services,
12 exclusive of federal funds that are provided and accounted for in
13 the cost of the components of essential programs and services,
14 must be made in accordance with this subsection:

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

20 B. By fiscal year 2009-10 2006-07 the state share of the
21 total cost of funding public education from kindergarten to
22 grade 12, as described by essential programs and services,
23 must be 55%. ~~Beginning in fiscal year 2005-06 and in each~~
24 ~~fiscal year until fiscal year 2009-10, the state share of~~
25 ~~essential programs and services described costs must~~
26 ~~increase toward the 55% level required in fiscal year~~
27 ~~2009-10.~~

28
29 Beginning in fiscal year 2005-06 and in each fiscal year
30 thereafter, the commissioner shall use the funding level
31 determined in accordance with this section as the basis for a
32 recommended funding level for the state share of the cost of the
33 components of essential programs and services.

34
35 **Sec. D-33. 20-A MRS §15671, sub-§§2, 3, 4 and 6, as enacted by**
36 **PL 2001, c. 660, §1, are amended to read:**

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

2 A. ~~School personnel, including regular and special subject~~
3 ~~teachers, educational technicians, guidance, library, health~~
4 ~~services, school administration, support or clerical staff~~
5 ~~and substitute teachers;~~

6 B. ~~Supplies and equipment;~~

8 C. ~~Specialized services, including professional~~
9 ~~development, instructional leadership support, student~~
10 ~~assessment, technology and cocurricular and extracurricular~~
11 ~~programs; and~~

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

16 **3. Specialized student populations.** In recognition that
17 educational needs can be more costly for some student populations
18 than for others, ~~modified per-pupil guarantee amounts or weighted~~
19 ~~pupil counts must be calculated for specialized student~~
20 ~~populations~~ special student populations are specifically
21 addressed in sections 15675 and 15681-A, subsection 2. The
22 ~~specialized student populations to be addressed are:~~

24 A. ~~Special education students;~~

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

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

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

32 **4. Educational cost components outside per-pupil rate.** A
33 per-pupil guarantee rate is not a suitable method for allocation
34 of all educational cost components. These components may
35 include, but are not limited to, debt service, transportation,
36 bus purchases, vocational education, small school adjustments,
37 teacher educational attainment and longevity of service and
38 adjustments to general purpose aid. The funding methodology of
39 these educational cost components must be established based on
40 available research.

42 **6. Targeted funds.** Funds for technology, assessment and
43 the costs of additional investments in educating children in
44 kindergarten to grade 2 as described in section 15681 must be
45 provided as targeted grants. School administrative units shall
46 submit a plan for the use of these funds and shall receive
47 funding based on approval of the plan by the commissioner.

48 **Sec. D-34. 20-A MRSA §15671, sub-§7,** as amended by PL 2003, c.
50 712, §10, is further amended to read:

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

6 A. The base total calculated pursuant to section 15683,
8 subsection 2 is subject to the following annual targets for
the-essential-programs-and-services-transition-percentage,
10 excluding-program-cost-allocation,-debt-service-allocation
and-adjustments,-are-as-follows.

12 (1) For fiscal year 2005-06, the target is 84%.

14 (2) For fiscal year 2006-07, the target is 88% 100%.

16 ~~(3) For fiscal year 2007-08, the target is 92%.~~

18 ~~(4) For fiscal year 2008-09, the target is 96%.~~

20 ~~(5) For fiscal year 2009-10 and succeeding years, the~~
22 ~~target is 100%.~~

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

28 (1) For fiscal year 2005-06, the target is 52.6%.

30 (2) For fiscal year 2006-07, the target is 52.6% 55%.

32 ~~(3) For fiscal year 2007-08, the target is 53%.~~

34 ~~(4) For fiscal year 2008-09, the target is 54%.~~

36 ~~(5) For fiscal year 2009-10 and succeeding years, the~~
target is 55%.

38 **Sec. D-35. 20-A MRSA §15671-A,** as enacted by PL 2003, c.
40 712, §11, is amended to read:

42 **§15671-A. Property tax contribution to public education**

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

48 A. "Funding public education from kindergarten to grade 12"
means providing the cost of funding the essential programs
and services described in this chapter plus, including the

2 total allocations for ~~program-cost~~ other subsidizable costs,
debt service costs and adjustments.

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

10 C. "Statewide total local share" means the local share,
calculated on a statewide basis, of the statewide total cost
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.

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

20 **2. Local cost share expectation.** ~~The local cost share~~
~~expectation is established as follows.~~ This subsection
establishes full-value education mill rates that limit a
municipality's required local contribution pursuant to section
15688, subsection 3-A. The full-value mill rates represent rates
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.

34 ~~A. 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, this subsection~~
~~establishes the local cost share expectation that may be~~
~~assessed on the value of property for the purpose of funding~~
~~public education from kindergarten to grade 12. The~~
36 commissioner shall annually by February 1st notify each
38 school administrative unit of its local cost share
40 expectation. Each superintendent shall report to the
42 municipal officers whenever a school administrative unit is
44 notified of the local cost share expectation or a change
46 made in the local cost share expectation resulting from an
adjustment.

48 B. For property tax years beginning on or after April 1,
2005, the commissioner shall calculate the full-value
50 education mill rate that is required to raise the statewide

total of the local cost share expectation. The full-value education mill rate is calculated for each fiscal year by 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 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 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 applied according to section 15688, subsection --3- 3-A, paragraph A to determine a municipality's local cost share expectation. Full-value education mill rates must be derived according to the following schedule.

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

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

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

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

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

3. Exceeding maximum local cost share expectations; separate article. Beginning with the 2005-2006 school budget, the legislative body of a school administrative unit may adopt property tax rates an additional local appropriation that exceeds the local cost share expectation established by section 15688, subsection --3- 3-A, paragraph A only if that action is approved in a separate article by a vote of the school administrative unit's legislative body through the same process that the school budget is approved in that school administrative unit and in accordance with section 15690. If that additional appropriation causes the school administrative unit to exceed the

maximum state and local spending target described in subsection 4, the requirements of subsection 5 apply.

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

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

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

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

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

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

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

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

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

6 (2) An article approving the additional amount must
8 conform to the requirements of section 15690,
 subsection 3, paragraph B and be approved by a majority
10 of the entire membership of the council in a vote taken
 in accordance with section 15690, subsection 5 or, if
12 the council votes not to approve the article, by a
 majority of voters voting in a referendum called
14 pursuant to subparagraph (4).

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

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

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

4 **§15672. Definitions**

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

8 1. **Allocation year.** "Allocation year" means the year that
10 subsidy is distributed to school administrative units.

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

20 1-B. Base year. "Base year" means the 2nd year prior to
the allocation year.

22 1-C. Bus purchase costs. "Bus purchase costs" includes
24 expenditures for bus purchases approved by the commissioner and
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
department's database.

30 2-A. Debt service costs. "Debt service costs," for subsidy
32 purposes, includes:

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

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

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

10 (2) Temporary interim nonadministrative space.

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

22 (i) Fiscal capacity;

24 (ii) Enrollment demographics; and

26 (iii) Unforeseen circumstances not within
28 the control of the appealing school
 administrative unit.

30 The state board's decision is final.

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

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

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

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

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

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

34 **4. Education technician.** "Education technician" means a
36 full-time equivalent public teacher aide or education technician
38 I, associate teacher or education technician II or assistant
40 teacher or education technician III but not a special education
 technician I, II or III, as documented in the department's
 database.

42 **5. Elementary free or reduced-price meals percentage.**
44 "Elementary free or reduced-price meals percentage" means the
 percentage, as determined by the commissioner, that reflects
 either:

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

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

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

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

14
16 7-A. EPS per-pupil rate. "EPS per-pupil rate" means the
rate calculated under section 15676 or 15676-A, as applicable.

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

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

30
32 9-A. Gifted and talented costs. "Gifted and talented
costs" means the cost of programs for gifted and talented
34 students that have been approved by the commissioner.

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

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

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

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

48
50 13-A. Institutional resident. "Institutional resident"
means a person between 5 years of age and 20 years of age who is

2 attending a public school of the school administrative unit and
3 who is committed or otherwise legally admitted to and residing at
4 a state-operated institution. "Institutional resident" does not
5 include students attending private facilities, regardless of the
6 means of placement.

7 ~~14. --- Income weight. --- "Income weight" means a value between~~
8 ~~zero and one that is used to adjust a municipality's ratio of~~
9 ~~local median household income to the statewide median household~~
10 ~~income. --- The income weight plus the property weight, as defined~~
11 ~~in subsection 24, must total one.~~

12
13 **15. Kindergarten to grade 8 portion.** "Kindergarten to grade
14 8 portion" means those pupils in the elementary grades or a
15 combination of the elementary school level and middle school
16 level.

17
18 **16. Kindergarten to grade 2 student.** "Kindergarten to
19 grade 2 student" means a student in any grade from
20 prekindergarten to grade 2 who is at least ~~5~~ 4 years old on
21 October 15th of the school year.

22
23 **17. Librarian.** "Librarian" means a full-time equivalent
24 public librarian or media specialist, as documented in the
25 department's database.

26
27 **18. Limited English proficiency student.** "Limited English
28 proficiency student" means a student who was not born in the
29 United States or whose native language is a language other than
30 English and who satisfies the definition of a limited English
31 proficient student under the federal No Child Left Behind Act of
32 2001, 20 United States Code, Chapter 70.

33
34 **18-A. Major capital costs.** "Major capital costs" means
35 costs relating to school construction projects, as defined in
36 section 15901.

37
38 **19. Media assistant.** "Media assistant" means a full-time
39 equivalent public librarian aide or library technician I,
40 librarian assistant or library technician II or librarian
41 associate or library technician III, as documented in the
42 department's database.

43
44 **20. Middle school level.** "Middle school level" means grade
45 6 to grade 8.

46
47 **20-A. Minor capital costs.** "Minor capital costs" means
48 costs relating to plant maintenance, minor remodeling, site
49 development or the purchase of land not in conjunction with a
50 construction project.

2 A. "Minor capital costs" does not include construction of
4 new buildings or the purchase of land in conjunction with a
 school construction project.

6 B. Expenditures to repay funds borrowed for minor capital
8 expenditures must be considered minor capital costs in the
 year in which these funds are repaid.

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

12 (1) By the legislative body of the school
14 administrative unit; and

16 (2) By the commissioner, under rules adopted for this
18 purpose.

20 **21. Municipality.** "Municipality" means a city, town or
 organized plantation.

22 **21-A. Other subsidizable costs.** "Other subsidizable costs"
24 means those costs identified in section 15681-A. These costs are
 part of the total operating allocation under section 15683.

26 **21-B. Portable, temporary classroom space.** "Portable,
28 temporary classroom space" means one or more mobile or modular
 buildings that are at least partially constructed off site and
30 that are designed to be moved to other sites with a minimum of
 disassembly and reassembly.

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

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

38 ~~B. Salary and benefit costs for other identified school~~
40 ~~level staff;~~

42 ~~C. Designated costs for substitute teachers, and~~

44 ~~D. Identified nonstaffing costs.~~

46 **22-A. Predicted per-pupil transportation costs.** "Predicted
48 per-pupil transportation costs" means the predicted
 transportation costs for a school administrative unit based on
50 the number of resident pupils, the number of miles of Class 1 to
 Class 5 roads in the school administrative unit and approved
 adjustments. Approved adjustments include a per mile rate equal

2 to the state average gross transportation operating costs per
4 mile driven for transportation associated with out-of-district
6 special education programs, up to 2 round trips per day for
8 vocational education programs, and adjustments for expenditures
for ferry services within a school administrative unit,
transportation of homeless children in accordance with section
5205 and transportation costs of island school administrative
units.

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

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

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

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

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

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

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

48 **30. Secondary grades.** "Secondary grades" means grade 9 to
grade 12.

2 30-A. Special education costs. "Special education costs"
for subsidy purposes includes:

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

8 B. The costs of tuition and board to other schools for
10 programs that have been approved by the commissioner and not
paid directly by the State. Medical costs are not allowable
12 as part of a tuition charge;

14 C. The following preschool handicapped services:

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

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

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

38 30-B. State-operated institution. "State-operated
40 institution" means any residential facility or institution that
is operated by the Department of Health and Human Services or a
42 school operated by the Department of Education.

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

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

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

4
5 ~~C. Allocations for debt service costs, as defined in~~
6 ~~section 15603, subsection 8; and~~

7
8 ~~D. Allocations for all adjustments and miscellaneous costs~~
9 ~~authorized pursuant to sections 15612 and 15613.~~

10
11 31-A. State subsidy. "State subsidy" means the total of the
12 state contribution determined under section 15688, subsection
13 3-A, paragraph B and any applicable adjustment under section
14 15689.

15
16 31-B. Subsidizable costs. "Subsidizable costs" includes
17 the costs described in paragraphs A to C and used to calculate
18 the total allocation amount:

19
20 A. The total operating allocation under section 15683;

21
22 B. Debt service cost; and

23
24 C. Adjustments and miscellaneous costs under sections 15689
25 and 15689-A including special education tuition and board,
26 excluding medical costs. For purposes of this paragraph,
27 "special education tuition and board" means:

28
29 (1) Tuition and board for pupils placed directly by
30 the State in accordance with rules adopted or amended
31 by the commissioner; and

32
33 (2) Special education tuition and other tuition for
34 institutional residents of state-operated institutions
35 attending programs in school administrative units or
36 private schools in accordance with rules adopted or
37 amended by the commissioner.

38
39 32. Subsidizable pupils. "Subsidizable pupils" means all
40 school level pupils who reside in a school administrative unit
41 and who are educated at public expense at a public school or at a
42 private school approved for tuition purposes.

43
44 32-A. Total allocation. "Total allocation" means the total
45 of the operating allocation as described in section 15683 and the
46 debt service allocation as described in section 15683-A.

47
48 Nonsubsidizable costs are not considered in the calculation of
49 the total allocation. "Nonsubsidizable costs" includes the
50 following:

- 2 A. Community service costs;
- 4 B. Major capital costs;
- 6 C. Expenditures from all federal revenue sources, except
8 for amounts received under United States Public Law 81-874;
- 10 D. Transportation costs not associated with transporting
12 students from home to school and back home each day; and
- 14 E. Costs payable to the Maine State Retirement System under
16 Title 5, section 17154, subsections 10 and 11.

18 32-B. Total cost of components of essential programs and
20 services. "Total cost of the components of essential programs
22 and services" means the total of the following components:

- 24 A. The base total determined pursuant to section 15683,
26 subsection 1;
- 28 B. Other subsidizable costs identified in section 15681-A;
- 30 C. Debt service costs;
- 32 D. Adjustments determined pursuant to section 15689; and
- 34 E. Miscellaneous costs appropriated pursuant to section
36 15689-A.

38 32-C. Transportation operating costs. "Transportation
40 operating costs" means all costs incurred in the transportation
42 of pupils in kindergarten to grade 12, including lease costs for
44 bus garage and maintenance facilities and lease-purchase costs
46 that the school administrative unit may apply to the purchase of
48 bus garage and maintenance facilities, when the leases and
50 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.

2 32-E. Year. "Year" means a fiscal year starting July 1st
and ending June 30th of the succeeding year.

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

8
10 **Sec. D-37. 20-A MRSA §15673**, as repealed and replaced by PL
2003, c. 712, §13, is repealed.

12 **Sec. D-38. 20-A MRSA §15675, sub-§1**, as enacted by PL 2003, c.
14 504, Pt. A, §6, is amended to read:

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

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

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

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

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

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

38 **§15676. EPS per-pupil rate**

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

44 1. **Teaching staff costs.** The salary and benefit costs for
46 school level teaching staff that are necessary to carry out this
Act, calculated in accordance with section 15678, adjusted by the
48 regional adjustment under section 15682 and reduced by the amount
of funds received by the school administrative unit during the
50 most recent fiscal year under Title 1 of the federal Elementary

and Secondary Act of 1965, 20 United States Code, Section 6301 et seq.;

2
4 **2. Other staff costs.** The salary and benefit costs for 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 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

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

16 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.

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

22 **§15676-A. EPS per-pupil rate for units that do not operate**
24 **schools**

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

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

32 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.

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

38 **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.

44 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

2 the sending unit sends students to more than one elementary
3 grade receiving unit, then the elementary grade receiving
4 unit cost for each student sent by the sending unit is added
5 and the result divided by the total number of students sent
6 to elementary grade receiving units by the sending unit.
7 The result is the average elementary grade EPS per-pupil
8 rate for the sending unit.

9
10 The EPS per-pupil rate for private schools approved for
11 tuition purposes under chapter 117 is the statewide average
12 EPS per-pupil rate for elementary grades. The elementary
13 attending student count is the most recent October 1st count
14 prior to the allocation year.

15
16 B. For units that do not operate secondary grade schools,
17 the EPS per-pupil rate for secondary grades is calculated by
18 multiplying the number of students sent by the sending unit
19 to a secondary grade receiving unit multiplied by the
20 receiving unit's EPS per-pupil rate for secondary grades and
21 the result divided by the number of students sent by the
22 sending unit to that secondary grade receiving unit. If the
23 sending unit sends students to more than one secondary grade
24 receiving unit, then the secondary grade receiving unit cost
25 for each student sent by the sending unit is added and the
26 result divided by the total number of students sent to
27 secondary grade receiving units by the sending unit. The
28 result is the average secondary grade EPS per-pupil rate for
29 the sending unit.

30 The EPS per-pupil rate for private schools approved for
31 tuition purposes under chapter 117 is the statewide average
32 EPS per-pupil rate for secondary grades. The secondary
33 attending student count is the most recent October 1st count
34 prior to the allocation year.

35 **Sec. D-41. 20-A MRSA §15678, sub-§5, ¶B,** as enacted by PL
36 2003, c. 504, Pt. A, §6, is amended to read:

37
38 B. The amount, as determined by the commissioner, that
39 equals the statewide percentage of salary costs that
40 represents the statewide average benefit costs.

41
42 **Sec. D-42. 20-A MRSA c. 606-C, headnote,** as enacted by IB 2003,
43 c. 2, §1, is repealed.

44
45 **Sec. D-43. 20-A MRSA §15681,** as enacted by IB 2003, c. 2,
46 §1, is repealed.

47
48 **Sec. D-44. 20-A MRSA §15681-A** is enacted to read:

49
50

§15681-A. Other subsidizable costs

The following are other subsidizable costs:

1. Bus purchases. Bus purchase costs:

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

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

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

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

2 D. To ensure the school administrative unit meets the
3 federal maintenance of effort requirement for receiving
4 federal Individuals with Disabilities Education Act funds.

5 The commissioner shall develop an appeals procedure for
6 calculated special education costs for school administrative
7 units;

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

33 4. Vocational education costs. Vocational education costs
34 in the base year adjusted to the year prior to the allocation
35 year; and

36 5. Gifted and talented education costs. Gifted and
37 talented costs in the base year adjusted to the year prior to the
38 allocation year.

39 **Sec. D-45. 20-A MRSA §15682, as enacted by IB 2003, c. 2,**
40 **§1, is repealed.**

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

43 **§15682. Regional adjustment**
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2 The commissioner shall make a regional adjustment in the
3 total operating allocation for each school administrative unit
4 determined pursuant to section 15683. The regional adjustment
5 must be based on the regional differences in teacher salary costs
6 within labor market areas in the State, as computed by a
7 statewide education policy research institute, and must be
8 applied only to appropriate teacher salary and benefits costs as
9 calculated under section 15678 and salary and benefit costs of
10 other school-level staff who are not teachers as calculated under
11 section 15679. Beginning in fiscal year 2006-07, and at least
12 every 2 years thereafter, the commissioner, using information
13 provided by a statewide education policy research institute,
14 shall review the regional adjustment amounts under this section
15 and shall submit any recommended changes to the state board for
16 approval.

17 **Sec. D-47. 20-A MRSA §15683**, as amended by PL 2003, c. 712,
18 §14, is further amended to read:

19 **§15683. Total operating allocation**

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

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

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

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

33 (2) The additional weight for limited English
34 proficiency students calculated pursuant to section
35 15675, subsection 1; and

36 (3) The additional weight for economically
37 disadvantaged students calculated pursuant to section
38 15675, subsection 2;

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

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

4 (2) The additional weight for limited English
5 proficiency students calculated pursuant to section
6 15675, subsection 1; and

7 (3) The additional weight for economically
8 disadvantaged students calculated pursuant to section
9 15675, subsection 2;

10 C. If the school administrative unit is eligible for
11 targeted student assessment funds pursuant to section 15681,
12 subsection 1, the sum of:

13 (1) The product of the elementary school level and
14 middle school level per-pupil amount for targeted
15 student assessment funds calculated pursuant to section
16 15681, subsection 2 multiplied by the kindergarten to
17 grade 8 portion of the pupil count calculated pursuant
18 to section 15674, subsection 1, paragraph C,
19 subparagraph (1); and

20 (2) The product of the high school level per-pupil
21 amount for targeted student assessment funds calculated
22 pursuant to section 15681, subsection 2 multiplied by
23 the grade 9 to 12 portion of the pupil count calculated
24 pursuant to section 15674, subsection 1, paragraph C,
25 subparagraph (1);

26 D. If the school administrative unit is eligible for
27 targeted technology resource funds pursuant to section
28 15681, subsection 1, the sum of:

29 (1) The product of the elementary school level and
30 middle school level per-pupil amount for targeted
31 technology resource funds calculated pursuant to
32 section 15681, subsection 3 multiplied by the
33 kindergarten to grade 8 portion of the pupil count
34 calculated pursuant to section 15674, subsection 1,
35 paragraph C, subparagraph (1); and

36 (2) The product of the high school level per-pupil
37 amount for targeted technology resource funds
38 calculated pursuant of section 15681, subsection 3
39 multiplied by the grade 9 to 12 portion of the pupil
40 count calculated pursuant to section 15674, subsection
41 1, paragraph C, subparagraph (1); and

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2 E. If the school administrative unit is eligible for
targeted kindergarten to grade 2 funds pursuant to section
4 15681, subsection 1, the product of the per-pupil-guarantee
EPS per-pupil rate multiplied by the additional weight for
6 kindergarten to grade 2 calculated pursuant to section
15675, subsection 3; and

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

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

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

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

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

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

42 **Sec. D-49. 20-A MRS §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
in section 15672, subsection 2-A.

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

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

6 **Sec. D-52. 20-A MRSA §15686**, as amended by PL 2003, c. 712,
8 §16, is further amended to read:

10 **§15686. Transition adjustment**

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

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

30 A. The school administrative unit's state share of the
total allocation, including the debt service adjustment
pursuant to section 15689, subsection 2, and the minimum
state share of its total allocation pursuant to section
34 15689, subsection 1 is less than the fiscal year 2004-05
state share of its total allocation, including the minimum
state share of its total allocation pursuant to former
36 section 15689, subsection 1 and the adjustment for
geographic isolation pursuant to section 15612, subsection
38 2. The state share adjustment is an amount equal to that
40 difference less the losses due to reduced expenditures for
42 buses, debt service, special education, gifted and talented
education and vocational education.

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

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

12 **Sec. D-53. 20-A MRS §15688, sub-§1, ¶¶A to C,** as enacted by PL
14 2003, c. 712, §17, are amended to read:

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

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

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

34 **Sec. D-54. 20-A MRS §15688, sub-§2,** as enacted by PL 2003, c.
36 712, §17, is amended to read:

38 **2. Member municipalities in school administrative districts**
40 **or community school districts; total costs.** For each
42 municipality that is a member of a school administrative district
44 or community school district, the commissioner shall annually
46 determine each municipality's total cost of education. A
48 municipality's total cost of education is the school
administrative district's or community school district's total
cost of funding education multiplied by the percentage that the
municipality's most recent calendar year average pupil count is
to the school administrative district's or community school
district's most recent calendar year average pupil count.

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

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

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

2 A. For a school administrative unit composed of only one
3 municipality, the contribution of the unit and the
4 municipality is the same and is the lesser of:

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

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

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

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

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

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

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

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

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

40 **Sec. D-57. 20-A MRSA §15688, sub-§4**, as enacted by PL 2003, c.
41 712, §17, is amended to read:

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

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

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

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

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

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

25
26 B. The rate of reimbursement per student may not exceed the
27 state average tuition rates in effect during the year of
28 placement as computed under sections 5804 and 5805. The
29 tuition rates must be computed based on the state average
30 secondary tuition rate and may be adjusted if the program is
31 approved to operate beyond the 180-day school year.

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

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

40
41 **§15689-A. Authorization of payment of miscellaneous costs**

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

1
2 A. The commissioner shall approve special education costs
3 and supportive services, including transportation, for all
4 state agency clients placed in residential placements by an
5 authorized agent of a state agency.

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

10 C. The commissioner shall pay only approved special
11 education costs and supportive services, including
12 transportation, authorized by this subsection for state
13 agency clients and may not allocate for those special
14 education costs and supportive services, including
15 transportation, incurred by the school administrative unit
16 for state agency clients in the base years starting July 1,
17 1985, and every base year thereafter.

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

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

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

34 4. Learning results implementation, assessment and
35 accountability. The commissioner may expend and disburse funds
36 limited to the amount appropriated by the Legislature to carry
37 out the purposes of Public Law 1995, chapter 649, sections 5 and
38 8.

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

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

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

6 §15689-B. Authorization and schedules of payment of state
subsidy; appeals

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

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

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

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

28 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
30 audited financial reports submitted by school administrative
units.

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

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

44 6. Balance of allocations. Notwithstanding any other law,
46 general operating fund balances at the end of a school
administrative unit's fiscal year must be carried forward to meet
48 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
50 fiscal year's school budget must be used to reduce the state and

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2 local share of the total allocation for the purpose of computing
3 state subsidy. School boards may carry forward unallocated
4 balances in excess of 3% of the previous year's school budget and
5 disburse these funds in the next year or over a period not to
6 exceed 3 years.

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

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

18 §15689-C. Commissioner's recommendation for funding levels;
19 computations

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

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

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

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

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

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

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

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

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

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

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

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

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

§15689-E. Actions by Legislature

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

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

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

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

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

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

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

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

§15689-F. Actions by department

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

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

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

Sec. D-62. 20-A MRS §§15690 to 15695 are enacted to read:

§15690. Local appropriations

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

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

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

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2 (1) "Article.....: To see what sum the municipality
4 will appropriate for the school administrative unit's
6 contribution to the total cost of funding public
8 education from kindergarten to grade 12 as described in
10 the Essential Programs and Services Funding Act
12 (Recommend \$.....) and to see what sum the
14 municipality will raise as the municipality's
16 contribution to the total cost of funding public
18 education from kindergarten to grade 12 as described in
20 the Essential Programs and Services Funding Act in
22 accordance with the Maine Revised Statutes, Title 20-A,
24 section 15688. (Recommend \$.....)"

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

24 B. For a school administrative district or a community
26 school district, an article in substantially the following
28 form must be used when the school administrative district or
30 community school district is considering the appropriation
32 of an amount up to its required contribution to the total
34 cost of education as described in section 15688.

32 (1) "Article: To see what sum each municipality
34 will appropriate for the school administrative unit's
36 contribution to the total cost of funding public
38 education from kindergarten to grade 12 as described in
40 the Essential Programs and Services Funding Act and to
42 see what sum each municipality will raise as each
44 municipality's contribution to the total cost of
46 funding public education from kindergarten to grade 12
48 as described in the Essential Programs and Services
50 Funding Act in accordance with the Maine Revised
Statutes, Title 20-A, section 15688 (Recommends):

	<u>Total cost by</u>	<u>Municipal local</u>
	<u>municipality</u>	<u>contribution</u>
	<u>Town A (\$amount)</u>	<u>Town A (\$amount)</u>
	<u>Town B (\$amount)</u>	<u>Town B (\$amount)</u>
	<u>Town C (\$amount)</u>	<u>Town C (\$amount)</u>

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2	<u>School District</u>	<u>School District</u>
4	<u>Total (\$sum of above)</u>	<u>Total (\$sum of above)"</u>

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

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

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

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

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

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(2) The following statement must accompany the article in subparagraph (1). "Explanation: Non-state-funded debt service is the amount of money needed for the annual payments on the (municipality's or district's) long-term debt for major capital school construction that is not approved for state subsidy. The bonding of this long-term debt was approved by the voters on (date of original referendum)."

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

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

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

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

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

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

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

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

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

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

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

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

§15691. Municipal assessment paid to district

1. Presentation of assessment schedule. The assessment schedule based on the budget approved at a community school

1 district or school administrative district budget meeting must be
2 presented to the treasurer of each municipality that is a member
3 of the district.

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

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

19 **§15692. Special school districts**

20
21 1. School administrative unit. For the purposes of section
22 15695 and Title 20, sections 3457 to 3460, a special school
23 district is deemed to be a school administrative unit.

24
25 2. Debt service. Debt service on bonds or notes issued by a
26 special school district must be included in the school budget of
27 the school administrative unit that operates the schools
28 constructed by that district. The school board for the school
29 administrative unit that operates the special district's schools
30 shall pay to the special school district all sums necessary to
31 meet the payments of principal and interest on bonds or notes
32 when due and to cover maintenance or other costs for which the
33 special school district is responsible.

34
35 **§15693. School budget; budget formats**

36
37 1. Content. A school administrative unit shall include in
38 its school budget document:

39
40 A. The school administrative unit's total cost of funding
41 public education from kindergarten to grade 12, its
42 non-state-funded debt service, if any, and any additional
43 expenditures authorized by law;

44
45 B. A summary of anticipated revenues and estimated school
46 expenditures for the fiscal year; and

47
48 C. The following statement, including the estimated dollar
49 amount of state retirement payments: "This budget does not
50

2 include the estimated amount of \$..... in employer share
3 of teacher retirement costs that is paid directly by the
4 State."

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

C. The district school committee shall:

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

HOUSE AMENDMENT

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

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

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

14 **§15694. Actions on budget**

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

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

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

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

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

40 (1) A petition containing a number of signatures of
42 legal voters in the member municipalities of the school
44 administrative unit equalling at least 10% of the
46 number of voters who voted in the last gubernatorial
48 election in member municipalities of the school
 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.

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

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

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

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

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

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

§15695. Bonds; notes; other

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

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

2. Reduction. The sums to be assessed and collected under subsection 1 must be reduced by the amount of an allocation of

funds appropriated by the Legislature to pay the principal and interest owed by the school administrative unit in a given year as certified to the unit by the commissioner. The commissioner 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.

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

§15754. Fund for Efficient Delivery of Educational Services

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

1. Source of funds; purpose. Funds for appropriations under this section must be appropriated in addition to the total amount annually appropriated for general purpose aid for local schools and must be placed into a single account. For fiscal year 2005-06 and fiscal year 2006-07, an amount calculated to be not greater than 2% of the total amount annually appropriated for general purpose aid for local schools must be dedicated to the fund and distributed from the fund to those school administrative units and municipalities that are able to demonstrate significant and sustainable savings in the cost of delivering educational services and improved student 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.

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

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

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

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

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

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

34 B. Pursuant to criteria established in accordance with this
35 section, a school administrative unit or municipality may
36 apply to the commissioner for a distribution from the fund
37 during the period beginning with the start of fiscal year
38 2005-06 and ending prior to the end of fiscal year 2006-07;
39 and

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

44 **§15755. Entitlement**

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

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

2 E. Identify best management practices and make this
3 information available to the public, including, but not
4 limited to, best management practices that facilitate
5 property tax rate reduction pursuant to the increasing state
6 share of the total cost of essential programs and services
7 under Title 20-A, chapter 606-B;

8
9 **Sec. D-65. 30-A MRSA §6006-F, sub-§6,** as enacted by PL 1997,
10 c. 787, §13, is amended to read:

11
12 **6. Forgiveness of principal payments.** The fund must
13 provide direct grants by forgiving the principal payments of a
14 loan for an eligible school administrative unit. The amount of
15 the forgiveness of principal payments must be determined by the
16 school administrative unit's state share percentage of ~~debt~~
17 ~~service-costs~~ as determined in Title 20-A, section ~~15611~~ 15672,
18 subsection 31, not to exceed:

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

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

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

25
26 **Sec. D-66. Fund for Efficient Delivery of Educational Services;**
27 **implementation plan.** The Commissioner of Education shall submit a
28 proposed plan to govern the design, implementation, management
29 and oversight of the Fund for the Efficient Delivery of
30 Educational Services established in the Maine Revised Statutes,
31 Title 20-A, section 15754 to the Joint Standing Committee on
32 Education and Cultural Affairs by March 31, 2005. As part of
33 this review, the commissioner shall consider the efficient
34 delivery of educational services in rural and isolated small
35 school administrative units. The joint standing committee may
36 report out a bill designed in accordance with the intentions of
37 this Part to govern the design, implementation, management and
38 oversight of the Fund for the Efficient Delivery of Educational
39 Services.

40
41 **Sec. D-67. Fund for Efficient Delivery of Educational Services;**
42 **distribution of the fund in fiscal year 2005-06.** Notwithstanding the
43 Maine Revised Statutes, Title 20-A, section 15754, the
44 allocations from the General Purpose Aid to Local Schools program
45 in fiscal year 2005-06 to the Fund for the Efficient Delivery of
46 Educational Services must be used for the transition adjustment
47 pursuant to Title 20-A, section 15686,
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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.

2 **Sec. D-70. Criteria for isolated small school adjustment;**
3 **rulemaking.** For fiscal year 2005-06 and pursuant to the Maine
4 Revised Statutes, Title 20-A, section 15683, subsection 1,
5 paragraph F, the Commissioner of Education shall use the proposed
6 model that was approved by the State Board of Education during
7 its December 2004 meeting to determine the school administrative
8 units that qualify for the adjustment for isolated small schools,
9 except that the commissioner shall use the following criterion
10 change for isolated small elementary schools: for elementary
11 schools, the distance from the nearest school is reduced from 10
12 to 8 miles. The commissioner shall develop provisionally adopted
13 rules that establish the qualifications for the adjustment for
14 isolated small schools in accordance with Title 20-A, section
15 15687 no later than December 2, 2005 so that the Legislature may
16 consider these criteria during the Second Regular Session of the
17 122nd Legislature.

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

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

34 **Sec. D-73. Effective date.** Except for that portion of this Part
35 that enacts the Maine Revised Statutes, Title 20-A, section 15754
36 and that portion that amends Title 30-A, section 2181, subsection
37 4, paragraph E; and except for sections 66 to 71, this Part takes
38 effect July 1, 2005.'

39 Further amend the amendment in Part F in section 1 in
40 subsection 1 in the 2nd line (page 77, line 2 in amendment) by
41 striking out the following: "\$13,000" and inserting in its place
42 the following: '\$7,000' and in the 11th line (page 77, line 11 in
43 amendment) by striking out the following: "\$13,000" and inserting
44 in its place the following: '\$7,000'

45 Further amend the amendment in Part F by striking out all of
46 sections 3 and 4.

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.

ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF

Homestead Property Tax Exemption Reimbursement 0886

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

GENERAL FUND	2005-06	2006-07
All Other	\$53,872	\$162,789
GENERAL FUND TOTAL	\$53,872	\$162,789

Homestead Property Tax Exemption - Mandate Reimbursement 0887

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

GENERAL FUND	2005-06	2006-07
All Other	\$115,000	\$0
GENERAL FUND TOTAL	\$115,000	\$0

Maine Revenue Services 0002

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.

GENERAL FUND	2005-06	2006-07
POSITIONS - LEGISLATIVE COUNT	1.000	1.000
Personal Services	\$52,529	\$56,513
All Other	\$109,517	\$85,002
GENERAL FUND TOTAL	\$162,046	\$141,515

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

	2005-06	2006-07
General Fund	\$330,918	\$304,304

408

2 DEPARTMENT TOTAL - ALL FUNDS \$330,918 \$304,304

4 EDUCATION, DEPARTMENT OF

6 General Purpose Aid for Local Schools 0308

8 Initiative: Provides additional funds needed to increase the
10 State's share of the total cost of K-12 public education based on
12 the essential programs and services model to 55% by fiscal year
2006-07.

14 GENERAL FUND 2005-06 2006-07
16 All Other \$0 \$90,205,242
18 GENERAL FUND TOTAL \$0 \$90,205,242

20 General Purpose Aid for Local Schools 0308

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

28 GENERAL FUND 2005-06 2006-07
All Other \$6,463,417 (\$5,963,417)
30 GENERAL FUND TOTAL \$6,463,417 (\$5,963,417)

32 General Purpose Aid for Local Schools 0308

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

42 GENERAL FUND 2005-06 2006-07
All Other \$6,962,382 \$19,929,786
44 GENERAL FUND TOTAL \$6,962,382 \$19,929,786

46 Fund for the Efficient Delivery of Educational Services

48 Initiative: Allocates funds for the Fund for the Efficient
50 Delivery of Educational Services. Funds appropriated in fiscal
year 2005-06 only are to be used to provide transition

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adjustments in order to minimize the adverse fiscal impact that may be experienced by some municipalities as a result of the phase-in of the essential programs and services model.

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

	2005-06	2006-07
EDUCATION, DEPARTMENT OF		
DEPARTMENT TOTALS		
GENERAL FUND	\$13,425,799	\$104,171,611
OTHER SPECIAL REVENUE FUNDS	\$6,962,382	\$19,929,786
DEPARTMENT TOTAL - ALL FUNDS	<u>\$20,388,181</u>	<u>\$124,101,397</u>

EXECUTIVE DEPARTMENT

State Planning Office 0082

Initiative: Provides funds for contractual services for the required data collection, data entry and analysis.

	2005-06	2006-07
GENERAL FUND		
All Other	\$50,000	\$50,000
GENERAL FUND TOTAL	<u>\$50,000</u>	<u>\$50,000</u>

	2005-06	2006-07
EXECUTIVE DEPARTMENT		
DEPARTMENT TOTALS		
GENERAL FUND	\$50,000	\$50,000
DEPARTMENT TOTAL - ALL FUNDS	<u>\$50,000</u>	<u>\$50,000</u>

	2005-06	2006-07
SECTION TOTALS		
GENERAL FUND	\$13,806,717	\$104,525,915
OTHER SPECIAL REVENUE FUNDS	\$6,962,382	\$19,929,786
SECTION TOTAL - ALL FUNDS	<u>\$20,769,099</u>	<u>\$124,455,701</u>

Further amend the amendment by inserting after Part I the following:

PART J

Sec. J-1. Calculation and transfer; savings from reducing appropriations to fiscal year 2003-04 levels. Notwithstanding any other provision of law, the State Budget Officer after consultation with the Governor shall calculate the amount of reduction in section 2 that applies against each General Fund account for all departments and agencies by reducing General Fund appropriations to the final enacted appropriations for the fiscal year ending June 30, 2004. General Fund appropriations for general purpose aid for local schools and General Fund appropriations for the Maine Residents Property Tax Program and homestead property tax reimbursement program may not be included in the calculations pursuant to this Part. The Governor may use discretion in the amount of the reductions to individual programs as necessary to achieve the amount of savings identified in each fiscal year with the intent of reducing recent program expansions and slowing the growth of General Fund appropriations. The State Budget Officer shall transfer the calculated amounts by financial order upon the approval of the Governor. These transfers are considered adjustments to appropriations in fiscal year 2005-06 and fiscal year 2006-07. The State Budget Officer shall provide the joint standing committee of the Legislature having jurisdiction over appropriations and financial affairs a report of the transferred amounts and any necessary implementing legislation required to achieve the reductions no later than January 15, 2006.

Sec. J-2. Appropriations and allocations. The following appropriations and allocations are made.

ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF

Departments and Agencies - Statewide 0016

Initiative: Deappropriates funds to reduce funding for state departments and agencies statewide based on the Governor's recommendations to reduce General Fund appropriations to approximately fiscal year 2003-04 funding levels. General purpose aid for local schools and the homestead property tax reimbursement program are exempt from the reductions.

GENERAL FUND	2005-06	2006-07
Unallocated	(\$52,118,542)	(\$104,000,000)
GENERAL FUND TOTAL	(\$52,118,542)	(\$104,000,000)

PART K

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

ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF

Homestead Property Tax Exemption Reimbursement 0886

Initiative: Adjusts funding to reflect a \$7,000 homestead exemption and 100% reimbursement to municipalities.

GENERAL FUND	2005-06	2006-07
All Other	\$2,129,531	\$2,163,486
GENERAL FUND TOTAL	\$2,129,531	\$2,163,486

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

SUMMARY

This amendment removes the provision in Part A that allows increases in the appropriation limitation for other than the enumerated extraordinary circumstances and requires a 2/3 vote of the Legislature to exceed the limitation for extraordinary circumstances. The bill replaces the 4-year ramp in the majority amendment with a 2-year ramp. The amendment provides that the funding for this acceleration may come only from General Fund sources. To achieve this, the amendment requires that departments and agencies of State Government operate on the budgets in place for fiscal year 2003-04 and that the General Fund dollars thus freed up be applied towards the essential programs and services funding. Finally, the amendment replaces the increases and changes to the homestead property tax exemption with the flat \$7,000 exemption.

SPONSORED BY: David C. Bowles
(Representative BOWLES)

TOWN: Sanford

FISCAL NOTE REQUIRED
(See attached)

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

OFFICE OF THE REVISOR OF STATUTES

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AMENDMENT SUMMARY

6

LR #: 328 ITEM #: 36 TYPE: A

8

AMENDMENT TYPE: H

10

EMERGENCY STATUS: (NO CHANGE)

12

AMENDMENT SPONSOR: BOWLES

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AMENDED ITEM: 2

16

DRAFTER: MEM TECH: TML PROOF: ACM REVIEWER:

18

DATE/TIME LAST PRINTED: 01/19/05 15:45

20

LAST ACTION: AMD/RVPRF 01/19/05

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**122nd MAINE LEGISLATURE**

LD 1

LR 0328(36)

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. Bowles****Fiscal Note Required: Yes****Fiscal Note**

	2005-06	2006-07	Projections 2007-08	Projections 2008-09
Net Cost (Savings)				
General Fund	(\$49,585,466)	\$3,155,794	\$54,415,964	\$3,239,927
Appropriations/Allocations				
General Fund	(\$49,989,011)	\$2,104,362	\$53,385,184	\$2,224,866
Other Special Revenue Funds	\$0	\$13,735,634	\$5,881,111	\$0
Revenue				
General Fund	(\$403,545)	(\$1,051,432)	(\$1,030,780)	(\$1,015,061)
Other Special Revenue Funds	(\$22,136)	(\$57,673)	(\$56,541)	(\$55,679)

Fiscal Detail and Notes

This amendment increases funding for education 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. It also includes a statewide deappropriation to fund the total cost of the bill as amended by this amendment and bring General Fund appropriations for the 2006-2007 biennium to approximately what they were during fiscal year 2003-04 with the exception of General Purpose Aid for Local Schools.

General Fund Detail - Cost/(Savings)	2005-06	2006-07	Projections 2007-08	Projections 2008-09
Education	\$0	\$103,940,876	\$51,513,178	\$0
Statewide Reduction	(\$52,118,542)	(\$104,000,000)	\$0	\$0
Homestead	\$2,129,531	\$2,163,486	\$1,872,006	\$2,224,866
Circuit Breaker	\$0	\$673,247	\$650,766	\$633,617
Individual Income Tax	\$403,545	\$378,185	\$380,014	\$381,444
	(\$49,585,466)	\$3,155,794	\$54,415,964	\$3,239,927