

MAINE STATE LEGISLATURE

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L.D. 1

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STATE OF MAINE
SENATE
122ND LEGISLATURE
FIRST REGULAR SESSION

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

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

PART D

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

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

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

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

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

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

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

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

20 B. Under an alternate plan approved by the state board and
22 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
30 defined in section ~~15603,~~ ~~subsection 11-A~~ 15672,
32 subsection 23;

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

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

40 **Sec. D-5. 20-A MRSA §1307, sub-§3**, as amended by PL 1997, c.
42 68, §1, is further amended to read:

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

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

 4. **Budget explanation.** The warrant may include an
 explanation of the relationship between warrant articles
 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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2 **§4003-A. Hazardous chemicals**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

§8402. Programs

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

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training and education in academic and business skills preparing students to further their education at the community college or other college level or allowing students to use trade and occupational 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-26. 20-A MRSA §8404, sub-§3, ¶C, as corrected by RR 2003, c. 2, §59, is amended to read:

C. Shall, in the event that the school boards of School Administrative District No. 27, School Administrative 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 Administrative District No. 33 becomes operational, devise a cost sharing formula for the center established thereby pertaining to the cost of career and technical education programs that exceed expenditures made for those programs in the base year as adjusted pursuant to section ~~15603~~ 15681-A, subsection ~~--5-~~ 4 and to the local share of debt service costs attributable to construction of the center in School Administrative District No. 33;

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

§8451-A. Programs

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

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6. **Municipality.** "Municipality" has the same meaning as in section ~~15603~~,--subsectien-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 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. The Legislature, by an affirmative vote of each House, may exceed the limitations on increases in the total cost of the components of essential programs and services provided in this subsection, as long as that vote is taken upon legislation stating that it is the Legislature's intent to override the

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

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

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

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

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

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

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

~~B. Supplies and equipment;~~

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~~C. Specialized services, including professional development, instructional leadership support, student assessment, technology and cocurricular and extra-curricular programs; and~~

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

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

- ~~A. Special education students;~~
- ~~B. Limited-English-proficiency students;~~
- ~~C. Economically-disadvantaged students; and~~
- ~~D. Students in kindergarten to grade 2.~~

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

78 **Sec. D-36. 20-A MRSA §15672**, as amended by PL 2003, c. 712,
80 §12, is further amended to read:

82 **§15672. Definitions**

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

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

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

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

12 1-B. Base year. "Base year" means the 2nd year prior to
14 the allocation year.

16 1-C. Bus purchase costs. "Bus purchase costs" includes
18 expenditures for bus purchases approved by the commissioner and
20 made during the year prior to the allocation year.

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

24 2-A. Debt service costs. "Debt service costs," for subsidy
26 purposes, includes:

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

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

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

SENATE AMENDMENT

(2) Temporary interim nonadministrative space.

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(a) A school administrative unit with state-approved need for nonadministrative space may lease temporary interim space, with state support, for a maximum of 5 years. A school 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:

(i) Fiscal capacity;

(ii) Enrollment demographics; and

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

The state board's decision is final.

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

(3) Permanent small nonadministrative space that replaces or is converted from existing approved leased portable space. The existing approved leased portable space will be eligible for state support until July 1, 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.

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;

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

D. The cost of construction or purchase of portable, temporary classroom space as approved by the commissioner beginning January 1, 1988. For the purposes of this

703

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

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

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

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

36 **A.** The actual percentage of elementary students in a school
37 administrative unit who are eligible to receive free or
38 reduced-price meals or free milk or both; or
39

40 **B.** The commissioner's estimated percentage of elementary
41 students in a school administrative unit who are eligible to
42 receive free or reduced-price meals or free milk or both.
43

44 **6. Elementary grades.** "Elementary grades" means
45 kindergarten to grade 8 and includes children enrolled in early
46 kindergarten programs and 4-year-old children enrolled in a
47 2-year childhood education program prior to grade one.
48

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SENATE AMENDMENT

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

6 7-A. EPS per-pupil rate. "EPS per-pupil rate" means the
8 rate calculated under section 15676 or 15676-A, as applicable.

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

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

22 9-A. Gifted and talented costs. "Gifted and talented
24 costs" means the cost of programs for gifted and talented
students that have been approved by the commissioner.

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

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

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

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

40 13-A. Institutional resident. "Institutional resident"
42 means a person between 5 years of age and 20 years of age who is
44 attending a public school of the school administrative unit and
who is committed or otherwise legally admitted to and residing at
a state-operated institution. "Institutional resident" does not
include students attending private facilities, regardless of the
means of placement.

48 ~~14. Income weight.~~ "~~Income weight~~" means a value between
50 ~~zero and one that is used to adjust a municipality's ratio of~~
~~local median household income to the statewide median household~~

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~~income. -- The income weight plus the property weight, as defined in subsection 24, must total one.~~

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

15 **21-B. Portable, temporary classroom space.** "Portable,
16 temporary classroom space" means one or more mobile or modular
17 buildings that are at least partially constructed off site and
18 that are designed to be moved to other sites with a minimum of
19 disassembly and reassembly.

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

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

24 ~~B. Salary and benefit costs for other identified school~~
25 ~~level staff;~~

26 ~~C. Designated costs for substitute teachers; and~~

27 ~~D. Identified nonstaffing costs.~~

28 **22-A. Predicted per-pupil transportation costs.** "Predicted
29 per-pupil transportation costs" means the predicted
30 transportation costs for a school administrative unit based on
31 the number of resident pupils, the number of miles of Class 1 to
32 Class 5 roads in the school administrative unit and approved
33 adjustments. Approved adjustments include a per mile rate equal
34 to the state average gross transportation operating costs per
35 mile driven for transportation associated with out-of-district
36 special education programs, up to 2 round trips per day for
37 vocational education programs, and adjustments for expenditures
38 for ferry services within a school administrative unit,
39 transportation of homeless children in accordance with section
40 5205 and transportation costs of island school administrative
41 units.

R. O. S.

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

4
6 ~~**24. Property weight.** "Property weight" means a value~~
~~between zero and one that is used to adjust a municipality's~~
~~ratio of local per pupil property fiscal capacity to the~~
8 ~~statewide per pupil property fiscal capacity. The income weight,~~
~~as defined in subsection 14, plus the property weight must total~~
10 ~~one.~~

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

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

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

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

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

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

40 **30-A. Special education costs.** "Special education costs"
42 for subsidy purposes includes:

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

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

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

4 C. The following preschool handicapped services:

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

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

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

26 30-B. State-operated institution. "State-operated
27 institution" means any residential facility or institution that
28 is operated by the Department of Health and Human Services or a
29 school operated by the Department of Education.

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

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

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

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

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

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B. of S.

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

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

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

10 A. The total operating allocation under section 15683;

11 B. Debt service cost; and

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

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

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

27
28 32. Subsidizable pupils. "Subsidizable pupils" means all
29 school level pupils who reside in a school administrative unit
30 and who are educated at public expense at a public school or at a
31 private school approved for tuition purposes.

32
33 32-A. Total allocation. "Total allocation" means the total
34 of the operating allocation as described in section 15683 and the
35 debt service allocation as described in section 15683-A.

36
37 Nonsubsidizable costs are not considered in the calculation of
38 the total allocation. "Nonsubsidizable costs" includes the
39 following:

40 A. Community service costs;

41 B. Major capital costs;

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

12 of 13

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

2 D. Transportation costs not associated with transporting
students from home to school and back home each day; and

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

6
8 32-B. Total cost of components of essential programs and
services. "Total cost of the components of essential programs
and services" means the total of the following components:

10
12 A. The base total determined pursuant to section 15683,
subsection 1;

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

16 C. Debt service costs;

18 D. Adjustments determined pursuant to section 15689; and

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

22
24 32-C. Transportation operating costs. "Transportation
operating costs" means all costs incurred in the transportation
of pupils in kindergarten to grade 12, including lease costs for
bus garage and maintenance facilities and lease-purchase costs
that the school administrative unit may apply to the purchase of
bus garage and maintenance facilities, when the leases and
lease-purchase agreements have been approved by the commissioner,
but excluding the costs of bus purchases and excluding all costs
not associated with transporting students from home to school and
back home each day. The amount includable for determining the
subsidy for a school administrative unit for lease-purchase of
bus garage and maintenance facilities may not exceed the amount
for the lease of a comparable facility.

36
38 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.

42
44 32-E. Year. "Year" means a fiscal year starting July 1st
and ending June 30th of the succeeding year.

46
48 33. Year of funding. "Year of funding" means the fiscal
year during which state subsidies are disbursed to school
administrative units, except as specified in section 15005,
subsection 1.

50

SENATE AMENDMENT

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

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

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

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

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

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

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

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

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

30 **§15676. EPS per-pupil rate**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PL 003

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

12 B. For units that do not operate secondary grade schools,
14 the EPS per-pupil rate for secondary grades is calculated by
16 multiplying the number of students sent by the sending unit
18 to a secondary grade receiving unit multiplied by the
20 receiving unit's EPS per-pupil rate for secondary grades and
22 the result divided by the number of students sent by the
24 sending unit to that secondary grade receiving unit. If the
26 sending unit sends students to more than one secondary grade
28 receiving unit, then the secondary grade receiving unit cost
30 for each student sent by the sending unit is added and the
32 result divided by the total number of students sent to
34 secondary grade receiving units by the sending unit. The
36 result is the average secondary grade EPS per-pupil rate for
38 the sending unit.

40 The EPS per-pupil rate for private schools approved for
42 tuition purposes under chapter 117 is the statewide average
44 EPS per-pupil rate for secondary grades. The secondary
46 attending student count is the most recent October 1st count
48 prior to the allocation year.

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

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

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

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

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

48 **§15681-A. Other subsidizable costs**

50 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

EPS

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

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

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

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

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

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

44 3. Transportation costs. For fiscal year 2005-06, the
45 commissioner, using information provided by a statewide education
46 department, shall allocate additional funds to school administrative
47 units that are identified as high-cost units.

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

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

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

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

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

40 **§15682., Regional adjustment**

42 The commissioner shall make a regional adjustment in the
44 total operating allocation for each school administrative unit
46 determined pursuant to section 15683. The regional adjustment
48 must be based on the regional differences in teacher salary costs
50 within labor market areas in the State, as computed by a
statewide education policy research institute, and must be
applied only to appropriate teacher salary and benefits costs as
calculated under section 15678 and salary and benefit costs of
other school-level staff who are not teachers as calculated under
section 15679. Beginning in fiscal year 2006-07, and at least

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2 every 2 years thereafter, the commissioner, using information
4 shall review the regional adjustment amounts under this section
6 and shall submit any recommended changes to the state board for approval.

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

10 **§15683. Total operating allocation**

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

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

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

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

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

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

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

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

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

48

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

4
6 C. If the school administrative unit is eligible for
targeted student assessment funds pursuant to section 15681,
subsection 1, the sum of:

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

16
18 (2) The product of the high school level per-pupil
amount for targeted student assessment funds calculated
20 pursuant to section 15681, subsection 2 multiplied by
the grade 9 to 12 portion of the pupil count calculated
22 pursuant to section 15674, subsection 1, paragraph C,
subparagraph (1);

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

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

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

42
44 E. If the school administrative unit is eligible for
targeted kindergarten to grade 2 funds pursuant to section
15681, subsection 1, the product of the ~~per-pupil-guarantee~~
46 EPS per-pupil rate multiplied by the additional weight for
kindergarten to grade 2 calculated pursuant to section
48 15675, subsection 3, and

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

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

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

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

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

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

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

§15683-A. Total debt service allocation

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

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

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.

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

§15686. Transition adjustment

For each of the fiscal years described in section 15671, subsection 7, the commissioner shall establish a transition adjustment calculated to minimize the adverse fiscal impact that may be experienced by some municipalities as a result of the phase-in of this Act. The transition adjustment for a municipality must be directly related to the phase-in of 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.

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.

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 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 section 15689, subsection 1 and the adjustment for geographic isolation pursuant to section 15612, subsection 2. The state share adjustment is an amount equal to that difference less the losses due to reduced expenditures for buses, debt service, special education, gifted and talented education and vocational education.

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

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

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

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

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

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

16 Sec. D-54. 20-A MRSA §15688, sub-§2, as enacted by PL 2003, c.
18 712, §17, is amended to read:

20 2. **Member municipalities in school administrative districts**
22 **or community school districts; total costs.** For each
24 municipality that is a member of a school administrative district
26 or community school district, the commissioner shall annually
28 determine each municipality's total cost of education. A
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.

30 Sec. D-55. 20-A MRSA §15688, sub-§3, as enacted by PL 2003, c.
32 712, §17, is repealed.

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

36 3-A. School administrative unit; contribution. For each
38 school administrative unit, the commissioner shall annually
40 determine the school administrative unit's required contribution,
42 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.

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

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

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

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

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

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

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

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

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

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

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

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

48 **Sec. D-58. 20-A MRSA §15689, sub-§1**, as enacted by PL 2003, c.
50 712, §17, is repealed and the following enacted in its place:

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

6 A. The sum of the following calculations:

7
8 (1) Multiplying 5% of each school administrative
9 unit's essential programs and services per-pupil
10 elementary rate by the average number of resident
11 kindergarten to grade 8 pupils as determined under
12 section 15674, subsection 1, paragraph C, subparagraph
13 (1); and

14
15 (2) Multiplying 5% of each school administrative
16 unit's essential programs and services per-pupil
17 secondary rate by the average number of resident grade
18 9 to grade 12 pupils as determined under section 15674,
19 subsection 1, paragraph C, subparagraph (1); and

20
21 B. The school administrative unit's special education costs
22 as calculated pursuant to section 15681-A, subsection 2
23 multiplied by the following transition percentages:

24
25 (1) In fiscal year 2005-06, 84%; and

26
27 (2) In fiscal year 2006-07, 100%.

28
29 These funds must be an adjustment to the school administrative
30 unit's state and local allocation after the state and local
31 allocation has been adjusted for debt service pursuant to
32 subsection 2.

33
34 **Sec. D-59. 20-A MRSA §15689, sub-§3,** as enacted by PL 2003, c.
35 712, §17, is amended to read:

36
37 **3. Adjustment limitations.** The amounts of the adjustments
38 paid to school administrative units or municipalities in
39 ~~subsections 1 and 2~~ pursuant to this section are limited to the
40 amounts appropriated by the Legislature for these adjustments.

41
42 **Sec. D-60. 20-A MRSA §15689, sub-§§4 to 6** are enacted to read:

43
44 **4. Audit adjustments.** The following provisions apply to
45 audit adjustments.

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

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

22 5. Adjustment for cost of educating eligible students in
24 long-term drug treatment centers. A school administrative unit
26 that operates an educational program approved pursuant to chapter
28 327 to serve eligible students in licensed drug treatment centers
30 must be reimbursed in the year in which costs are incurred as
32 follows.

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

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

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

Sec. D-61. 20-A MRSa §§15689-A to 15689-F are enacted to read:

§15689-A. Authorization of payment of miscellaneous costs

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

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

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

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

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

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

22 3. Essential programs and services components contract.
23 The commissioner may contract for the updating of the essential
24 programs and services component with a statewide education
25 research institute.

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

31 5. Regionalization, consolidation and efficiency
32 assistance. The commissioner may expend and disburse funds
33 limited to the amount appropriated by the Legislature to carry
34 out the purposes of promoting regionalization, consolidation and
35 efficiency.

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

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

42 §15689-B. Authorization and schedules of payment of state
43 subsidy; appeals

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

10 2. Notification of allocation; commissioner's duty;
12 superintendent's duty. The following provisions apply to
14 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
22 allocated to the school administrative unit.

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

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

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

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

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

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

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

13 **§15689-C. Commissioner's recommendation for funding levels;**
14 **computations**

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

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

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

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

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

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

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

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

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

42

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

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

10 **§15689-D. Governor's recommendation for funding levels**

12 The Department of Administrative and Financial Services,
13 Bureau of the Budget shall annually certify to the Legislature
14 the funding levels that the Governor recommends under sections
15 15683, 15683-A, 15689 and 15689-A. The Governor's
16 recommendations must be transmitted to the Legislature within the
17 time schedules set forth in Title 5, section 1666.

18 **§15689-E. Actions by Legislature**

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

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

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

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

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

44 B. The state share of the total operating allocation and
45 the total debt service allocation described in sections
46 15683 and 15683-A; and

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

50

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

4 **§15689-F. Actions by department**

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

8
10 1. State's obligation. If the State's continued obligation
for any program provided by one of the appropriated amounts under
12 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.

14
16 2. Cash flow. For the purpose of cash flow, the
commissioner may pay the full state and local share of the
18 payment amounts due on bond issues for school construction from
that school administrative unit's state subsidy, excluding
20 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.

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

24 **§15690. Local appropriations**

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

30
32 1. School administrative unit contribution to total cost of
funding public education from kindergarten to grade 12. The
34 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.

36
38 A. For a municipal school unit, an article in substantially
the following form must be used when a single municipal
40 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.

42
44 (1) "Article.....: To see what sum the municipality
will appropriate for the school administrative unit's
46 contribution to the total cost of funding public
education from kindergarten to grade 12 as described in
48 the Essential Programs and Services Funding Act
(Recommend \$.....) and to see what sum the
municipality will raise as the municipality's
50 contribution to the total cost of funding public

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education from kindergarten to grade 12 as described in the Essential Programs and Services Funding Act in accordance with the Maine Revised Statutes, Title 20-A, section 15688. (Recommend \$.....)"

(2) The following statement must accompany the article in subparagraph (1). "Explanation: 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 is the amount of money determined by state law to be the minimum amount that a municipality must raise in order to receive the full amount of state dollars."

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

(1) "Article: To see what sum each municipality will appropriate for 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 and to see what sum each municipality will raise as each municipality'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 in accordance with the Maine Revised Statutes, Title 20-A, section 15688 (Recommends):

<u>Total cost by municipality</u>	<u>Municipal local 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>
<u>School District</u>	<u>School District</u>
<u>Total (\$sum of above)</u>	<u>Total (\$sum of above)"</u>

(2) The following statement must accompany the article in subparagraph (1). "Explanation: The school administrative unit's contribution to the total cost of

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2 funding public education from kindergarten to grade 12
4 as described in the Essential Programs and Services
6 Funding Act is the amount of money determined by state
8 law to be the minimum amount that each municipality
10 must raise in order to receive the full amount of state
12 dollars."

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

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

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

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

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

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

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

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

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

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

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

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

46 (2) The following statement must accompany the article
47 in subparagraph (1). "Explanation: The additional
48 local funds are those locally raised funds over and
49 above the school administrative unit's local
50 contribution to the total cost of funding public

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2 education from kindergarten to grade 12 as described in
4 the Essential Programs and Services Funding Act and
6 local amounts raised for the annual debt service
8 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."

10 4. Total budget article. A school administrative unit must
12 include a summary article indicating the total annual budget for
14 funding public education from kindergarten to grade 12 in the
16 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.

18 A. "Article: To see what sum the (municipality or
20 district) will authorize the school committee to expend for
22 the fiscal year beginning (July 1,) and ending (June
24 30,) from the school administrative unit's contribution
26 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.
28 (Recommend \$.....)"

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

34 6. Administrative costs for units with no pupils. If a
36 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.

38 **§15691. Municipal assessment paid to district**

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

46 The assessment schedule must include each member municipality's
48 share of the school administrative unit's contribution to the
total cost of funding public education from kindergarten to grade
12 as described in section 15688, the school administrative
50 unit's contribution to debt service for non-state-funded school

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2 construction projects and additional local funds for school
purposes under section 15690.

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

16 **§15692. Special school districts**

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

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

42 **§15693. School budget; budget formats**

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

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

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

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

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

A. At least 7 days before the initial meeting of the
legislative body responsible for adopting a budget, the

2 school administrative unit shall provide a detailed budget
3 document to that legislative body and to any person who
4 requests one and resides within the geographic area served
5 by the school administrative unit.

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

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

28
29
30 3. Budget format. The following provisions apply to a
31 budget format.

32
33 A. Except as provided in subsection 4, the budget format is
34 that prescribed by a majority of the school board until an
35 article prescribing the school budget format is approved by
36 a majority of voters in an election in which the total vote
37 is at least 20% of the number of votes cast in the
38 municipality in the last gubernatorial election, or 200,
39 whichever is less.

40
41 B. The format of the school budget may be determined in
42 accordance with section 1306.

43
44 C. It is the intent of the Legislature that a school board
45 shall attempt to obtain public participation in the
46 development of the school budget format.

47
48 4. Budget format; town or city charter. In a municipality
49 where the responsibility for final adoption of the school budget
50 is vested by municipal charter in a council, the school budget

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2 format may be changed through amendment of the charter under the
3 home rule procedures of Title 30-A, chapter 111, except that the
4 amendment must be approved by a majority of voters in an election
5 in which the total vote is at least 20% of the number of votes
6 cast in the municipality in the last gubernatorial election.

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

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

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

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

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

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

28 C. The district school committee shall:

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

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

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

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

§15694. Actions on budget

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

1. Checklist required. Prior to a vote on articles dealing with school appropriations, the moderator of a regular or special 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.

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

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

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

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

(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

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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:

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

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

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

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

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

24 B. Pursuant to criteria established in accordance with this
25 section, a school administrative unit or municipality may
26 apply to the commissioner for a distribution from the fund
27 during the period beginning with the start of fiscal year
28 2005-06 and ending prior to the end of fiscal year 2006-07;
29 and

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

33 **§15755. Entitlement**

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

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

38 E. Identify best management practices and make this
39 information available to the public, including, but not
40 limited to, best management practices that facilitate
41 property tax rate reduction pursuant to the increasing state
42 share of the total cost of essential programs and services
43 under Title 20-A, chapter 606-B;

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

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

- 12 A. Seventy percent and no less than 30% for health, safety
and compliance;
- 14 B. Seventy percent and no less than 30% for repairs and
16 improvements; and
- 18 C. ~~Fifty~~ Seventy percent and no less than 20% 30% for
20 learning space upgrades.

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

36 **Sec. D-67. Fund for Efficient Delivery of Educational Services;**
distribution of the fund in fiscal year 2005-06. Notwithstanding the
38 Maine Revised Statutes, Title 20-A, section 15754, the
allocations from the General Purpose Aid to Local Schools program
40 in fiscal year 2005-06 to the Fund for the Efficient Delivery of
Educational Services must be used for the transition adjustment
42 pursuant to Title 20-A, section 15686, subsection 1. The
allocation of funds from the Fund for the Efficient Delivery of
44 Educational Services must be distributed to school administrative
units that are eligible for the transition adjustment under the
46 criteria established in Title 20-A, section 15686, subsection 1.

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

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

Sec. D-69. Method of cost sharing; exception. Beginning in fiscal year 2005-06, the provisions of the Maine Revised Statutes, Title 20-A, section 15688, subsection 2 do not apply in determining the local cost of education of member municipalities in Maine School Administrative Districts No. 6 and No. 44. The cost-sharing formulas established between the member municipalities in these 2 school administrative districts prior to January 1, 2005 remain in effect until the formulas are changed pursuant to Title 20-A, section 1301, subsection 3. Pursuant to section 68, all other school administrative districts and community school districts whose cost-sharing formulas were established in accordance with Title 20-A, sections 1301 and 1704, respectively, remain subject to a phase-in approach to achieve the requirements of Title 20-A, section 15688, subsection 2 and must reach full implementation of this provision no later than fiscal year 2008-09.

Sec. D-70. Criteria for isolated small school adjustment; rulemaking. For fiscal year 2005-06 and pursuant to the Maine Revised Statutes, Title 20-A, section 15683, subsection 1, paragraph F, the Commissioner of Education shall use the proposed model that was approved by the State Board of Education during its December 2004 meeting to determine the school administrative units that qualify for the adjustment for isolated small schools, except that the commissioner shall use the following criterion

100

2 change for isolated small elementary schools: for elementary
3 schools, the distance from the nearest school is reduced from 10
4 to 8 miles. The commissioner shall develop provisionally adopted
5 rules that establish the qualifications for the adjustment for
6 isolated small schools in accordance with Title 20-A, section
7 15687 no later than December 2, 2005 so that the Legislature may
8 consider these criteria during the Second Regular Session of the
9 122nd Legislature.

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

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

26 **Sec. D-73. Effective date.** Except for that portion of this Part
27 that enacts the Maine Revised Statutes, Title 20-A, section 15754
28 and that portion that amends Title 30-A, section 2181, subsection
29 4, paragraph E, and except for sections 66 to 71, this Part takes
30 effect July 1, 2005.'

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

36 **PART I**

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

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

42 **Homestead Property Tax Exemption Reimbursement 0886**

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

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

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2	GENERAL FUND TOTAL	\$53,872	\$162,789
4	Homestead Property Tax Exemption - Mandate Reimbursement 0887		
6	Initiative: Provides funds to reimburse municipalities 90% of		
8	the additional costs associated with changes to the homestead		
	exemption.		
10	GENERAL FUND	2005-06	2006-07
	All Other	\$115,000	\$0
12			
	GENERAL FUND TOTAL	\$115,000	\$0
14			
	Maine Revenue Services 0002		
16	Initiative: Provides funds for one Tax Examiner position and		
18	related costs associated with the expansion of the Maine		
20	Residents Property Tax Program, including one-time funds for		
	computer programming costs.		
22	GENERAL FUND	2005-06	2006-07
	POSITIONS - LEGISLATIVE COUNT	1.000	1.000
24	Personal Services	\$52,529	\$56,513
	All Other	\$109,517	\$85,002
26			
	GENERAL FUND TOTAL	\$162,046	\$141,515
28			
	ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF		
30	DEPARTMENT TOTALS	2005-06	2006-07
32	General Fund	\$330,918	\$304,304
34	DEPARTMENT TOTAL - ALL FUNDS	\$330,918	\$304,304
36			
	EDUCATION, DEPARTMENT OF		
38	General Purpose Aid for Local Schools 0308		
40	Initiative: Provides additional funds needed to increase the		
42	State's share of the total cost of K-12 public education based on		
44	the essential programs and services model to 55% by fiscal year		
	2006-07.		
46	GENERAL FUND	2005-06	2006-07
	All Other	\$0	\$90,205,242
48			
	GENERAL FUND TOTAL	\$0	\$90,205,242
50			

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

General Purpose Aid for Local Schools 0308

Initiative: Appropriates funds in fiscal year 2005-06 in order to provide additional subsidy to local school units and 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 services.

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

General Purpose Aid for Local Schools 0308

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

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

Fund for the Efficient Delivery of Educational Services

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

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

**EDUCATION, DEPARTMENT OF
DEPARTMENT TOTALS**

	2005-06	2006-07
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

2 **State Planning Office 0082**

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


8	GENERAL FUND	2005-06	2006-07
	All Other	\$50,000	\$50,000
10	GENERAL FUND TOTAL	<u>\$50,000</u>	<u>\$50,000</u>
12	EXECUTIVE DEPARTMENT		
14	DEPARTMENT TOTALS	2005-06	2006-07
	GENERAL FUND	\$50,000	\$50,000
16	DEPARTMENT TOTAL - ALL FUNDS	<u>\$50,000</u>	<u>\$50,000</u>
18	SECTION TOTALS	2005-06	2006-07
20	GENERAL FUND	\$13,806,717	\$104,525,915
22	OTHER SPECIAL REVENUE FUNDS	\$6,962,382	\$19,929,786
24	SECTION TOTAL - ALL FUNDS	<u>\$20,769,099</u>	<u>\$124,455,701</u>

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

30
32 **SUMMARY**

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

38 **FISCAL NOTE REQUIRED**
(See attached)

40
42 SPONSORED BY: 
44 (Senator P. MILLS)

46 COUNTY: Somerset

48



122nd MAINE LEGISLATURE

LD 1

LR 0328(10)

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

Fiscal Note for Senate Amendment "B" to Committee Amendment A

Sponsor: Senator Mills

Fiscal Note Required: Yes

Fiscal Note

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

Fiscal Detail and Notes

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