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STATE OF MAINE

Report with Recommendations

on

Study of School Finances and Needs in the State

NOTE

This is a preliminary draft of the summary of findings, conclusions and recommendations on school finances and needs in the state. Some of the material contained herein is subject to change before final presentation.

J. L. Jacobs & Company
Chicago, Illinois

SECTION I

SCOPE OF STUDY

STATE OF MAINE

Report with Recommendations

on

Study of School Finances and Needs in the State

Section I - Scope of Study

The study of school finances and needs in the State of Maine, which is reported on herein, was authorized by and carried out in accordance with the following resolve of the State Legislature:

Chapter 183, Resolves of 1955

"RESOLVE, Providing that the Legislative Research Committee Study School Finances and Needs in the State.

"Research Committee to study school finances and needs in the State, Resolved: That the Legislative Research Committee be authorized to study school finances and needs in the State of Maine. The scope of the survey shall include all expenditures of funds within the jurisdiction of the State Department of Education and shall particularly relate to a study of the distribution of education funds to municipalities on an equitable basis.

"Said Committee shall further particularly study the educational system of the State with a view toward determining the existence of non-productive or partially productive programs and activities in the educational field, and shall further conduct said study with a view towards recommending methods and techniques of increasing the efficiency of expenditure of education funds."

Main Phases of Study

The several phases of the study required in accordance with the legislative resolve are all closely inter-related as affecting the costs and financing of the public schools and the educational returns for such expenditures. Such study includes the phases of (a) determining the extent to which the objectives of a sound school finance program are being attained, and (b) determining the actions required to correct existing weaknesses and to more fully attain the objectives of a sound school finance program.

The main objectives of such program include the following:

- (a) A reasonably adequate and well-rounded educational opportunity be made available for all children.

- (b) The responsibility for and burden of financial support be equitably distributed among all taxpayers and taxing units, representing appropriate local tax effort and state participation.
- (c) Such educational opportunity be provided with maximum efficiency and economy with appropriate educational return.
- (d) Local initiative and responsibility for public education be encouraged.

More specifically, the study has included analyses and evaluations of school finances and needs in the following principal areas:

- (a) The character, costs and financing of elementary and secondary schools, particularly with respect to the provision of a satisfactory minimum or foundation program of education for all children, the total costs for such a program, the division of such costs between the state and local governments, and the methods of distribution of state funds for education to local governments.
- (b) The quality of school program or educational return in the towns of the state as evidenced by such measurable factors as cost, teacher salaries and qualifications, enrollment and teacher-pupil ratios, the availability and use of special instructional, supervisory and administrative services, the provision of occupational, vocational, physical education and other special courses.
- (c) The organization of educational units throughout the state, with emphasis on evaluating the present administrative units or school districts provided in the town and city governments and the present supervisory unions, and on developing criteria for a strengthened plan of school district organization.
- (d) The administration, operation, financing and performance of the state teachers' colleges.
- (e) The duties, responsibilities and organization of the State Department of Education.

During the course of the study special analyses have been made (a) to identify significant characteristics and differences in the school programs and finances among the towns which are grouped according to size of school population and ability to support their schools, (b) to evaluate the strengths and weaknesses of the existing school program and the plans and organization for administration and financing of the schools, and (c) to develop practical and constructive recommendations to strengthen the state school program and the administration and financing of schools throughout the state.

Distribution of Expenditures for Educational Activities

The expenditures of state funds for educational activities which are under the jurisdiction of the State Department of Education totalled \$9,628,182 in the fiscal year 1955.

The specific objectives and activities for which such funds were expended are as follows:

<u>Activity</u>	<u>Expenditures</u>
Permanent School Fund Interest	\$ 16,252
Subsidies to Cities and Towns -	
General Purpose Educational Aid	7,256,068
Professional Credits for Teaching Positions	59,000
Temporary Residence	1,110
Main School Building Authority (Expense)	4,095
Student Scholarship Fund	48,786
Administration	172,196
Normal and Training Schools	1,055,981
Schooling in Unorganized Territories	269,460
Superintendents of School Unions	181,499
Vocational Education and Rehabilitation	447,858
Education of Orphans of Veterans	778
School Lunch - Administration	28,972
Special Education of Physically Handicapped Children	26,967
Secondary Education of Island Children	2,370
Industrial Education	25,347
Nursing Attendant Education	31,443
	<u>\$9,628,182</u>

Source: Financial Report - Fiscal Year Ending June 30, 1955, Department of Finance and Administration, Bureau of Accounts and Control.

The main areas of emphasis in this study and report on state financial assistance to cities and towns for education, appropriate district organization for education, school personnel and teacher preparation, and the duties, organization, staffing and procedures of the State Department of Education represent activities for which about 94% of the above total state funds were expended in 1955.

In addition to the above state expenditures for education which are under the jurisdiction of the State Department of Education and are covered in the scope of this study, the following expenditures of state funds were made during the fiscal year 1955 for related education purposes:

<u>Activity</u>	<u>Expenditures</u>
State Historian	\$ 547
Maine State Library	97,973
Bookmobile Service	9,080
Purchase and Distribution of Maine Court Records	3,608
Maine Maritime Academy	95,000
University of Maine	1,708,528
Teachers Pensions	1,634,845
	<u>\$3,549,581</u>

Sources of Data for Study

The data presented in this report on school enrollments, finances and related activities have been taken or compiled from (1) official school reports and records of the State Department of Education, the individual cities and towns, the teachers colleges, and the National Education Association, (2) financial reports of the State Controller, (3) reports of the State Bureau of Taxation, and (4) special reports requested for the study which were prepared by the State Department of Education and the School Superintendents throughout the state.

Minor variances which occur in some of the data presented in the report are caused by incomplete records of some of the detailed information used in compiling the several presentations. These variances are minor and of no consequence with respect to the validity and the analysis and interpretation of the data.

SECTION II

SUMMARY OF FINDINGS AND RECOMMENDATIONS

Section II

Summary of Findings, Conclusions and Recommendations

This section presents a summary of the specific findings, conclusions and recommendations on school finances and needs in the State of Maine as developed during the course of this study. These, together with related factual data, are presented in detail in the subsequent sections of the report.

The analysis of school finances and needs in the state has involved a broad coverage and integrated evaluation of the several factors which are affected by or influence the effectiveness of the school finance system. These include such factors as (1) the total cost and financial requirements of an adequate school program, (2) the sources of school revenue and the state and local efforts in supporting the school program, (3) the educational returns or quality of school program related to expenditures, (4) the organization at the local level for the administration, supervision, operation and financing of schools with maximum efficiency and economy, and (5) the quality and availability of teachers.

Principal Characteristics and Conclusions About the School System and School Finances

Underlying the recommendations for strengthening the school program and its financing throughout the state are the existing characteristics and conditions of the school system and school finances. The following lists certain main characteristics of the present school system and finances and the conclusions which they point up.

(1) The operation and financing of schools is a major responsibility of the state and local governments, providing the elementary and secondary school education for about 175,000 students at a total cost of about \$35,000,000 to the state, city and town governments.

(2) Even though the expenditures for schools in the state have increased about 40% during the last five years, the current level is very low, as compared with the conditions in other states. This is evidenced by the facts that the current expense per pupil in Maine is about 21% below the average of all states, and the average salaries for instructional staff in Maine are about 27% below the United States average.

These conditions indicate the need to raise the over-all level of school program and expenditures for the state as a whole. As indicated later, the average levels in the state should be raised by improving the school program and expenditures in the small communities where they are now the poorest. This should be accomplished through a combination of improvements in the school finance system and strengthening of the organization and consolidation of schools at the local level.

(3) There is evidence that the state and local governments can accomplish the over-all raising of school program and expenditures without incurring an unreasonable additional financial load. This is indicated by the fact that other states which have about the same ability to support schools in terms of per capita income now exert a greater effort than is the case in Maine.

(4) The general sparsity of population throughout the state and few large concentrations of population is a major factor to be considered in evaluating the school finances and needs. These conditions, coupled with the continuance of town governments as the basic units at the local level responsible for public education, have the most significant impact in terms of existing weaknesses in the school program and effectiveness of the school finance system.

The distribution of school enrollment according to size of town is summarized as follows:

Summary of School Enrollment
By Size of Town
1954-55

Size Group*	Elementary Schools		Secondary Schools			
	Number of Towns	Average Daily Membership	Public Schools	Average Daily Membership	Academies	Students Educated At Public Expense
0	22	-	311	-	-	-
1-25	50	683	12	173	1	11
26-50	38	1,414	36	1,266	5	84
51-100	97	7,211	44	3,061	13	492
101-200	124	17,843	38	5,637	22	2,247
201-400	76	21,851	32	9,225	10	1,678
401-750	47	26,339	10	5,767	3	546
751-1000	8	6,880	2	1,766	-	-
Over 1000	27	53,588	4	5,700	-	-
Total	489	135,809	489	32,595	54	5,058

*Represents average daily membership in elementary schools, public high schools or academies, as applicable.

While many of the small schools are necessary because of the geographical distribution of population in the state, there are also many instances where small schools are not necessary since they are within reasonable distances of larger and more effective schools. These latter conditions are not justified and cause inefficient operations and higher expenditures for generally inadequate schooling.

While considerable progress has been made in the consolidation of schools to serve rural areas, the need for further effort along these lines continues. This need exists to some extent within town boundaries, but more important between and among neighboring towns. This points up, as discussed later, the importance of strengthening the school organization at the local level by establishing larger school districts or administrative units.

(5) In addition to the city and town governments as the basic units at the local level responsible for public education, summary attention is called to the supervisory unions and community school districts as other principal school units at the local level.

Under the state law, towns having less than 75 teachers are grouped into supervisory unions for the purpose of employing superintendents of schools and thereby providing for professional supervision at the local level over the schools of the respective towns. When the supervisory unions were first established, the new plan was a major milestone in strengthening the school programs throughout the state, and the school superintendents continue as a major influence for strong and improved schools and quality of education. Since the school superintendents are responsible independently to the school committee of each of the member towns in the union, they must perform similar and duplicating administrative duties for each of the towns, and the effectiveness and educational leadership of the superintendents is accordingly lessened. This, too, points to the need of strengthening the school organization at the local level by establishing larger school districts or administrative units.

Under the community school district law, authority is granted to the towns to organize into consolidated districts so that each town may obtain the benefits of the larger school enrollment, more comprehensive school program, and the pooling of resources for financing school construction. Despite the advantages of organizing community school districts, only six such districts have been established, including twenty-three of the towns and plantations in the state. This indicates the need to provide further encouragement to the several towns to establish larger school districts, which will be accomplished most effectively through the school finance system.

(6) The detailed analysis of school operations and financing reveals most emphatically the wide and significant differences among the several towns in the state. In general, the schools in the smaller and less able towns are operated with proportionately more state funds and with lesser quality or educational return than is the case of the schools in the larger and more able towns and cities.

These over-all conditions point up the principal need to raise the level of school programs for smaller towns, in order to provide a greater equalization of educational opportunity for all children throughout the state. The accomplishment of this objective requires adjustments in the school finance system and reorganization of school systems at the local level as recommended in this report.

(7) During the year 1954-55, the total public school costs of approximately \$35,000,000 were obtained from the following main sources:

<u>Source of Funds</u>	<u>Amount</u>	<u>% of Total</u>
State General Purpose Aid.....	\$ 7,256,671	20.8
Other State Aid.	504,023	1.4
Town School Organizations.	24,157,967	69.4
Other Town Revenues.	2,914,722	8.4
Total	\$34,833,883	100.0

Tuition Receipts (offset by expenditures from above revenues) \$1,258,444

As indicated above, the state general purpose school aid represents about 21% of total school revenues. It represents about 26% of the school operating and maintenance costs for which the state general purpose school aid is made available.

The detailed analysis of school financing in the respective towns reflects the wide differences among the towns in the availability and use of state and local funds and the local ability and effort to support their schools. Under the equalization provision of the present law for distributing state school aid to towns, proportionately more state aid is provided to the less able communities than to the more able communities. For example, the state aid per resident pupil ranges from an average of about \$75 in the least able towns to an average of about \$30 in the most able towns. These relationships are good.

In terms of the utilization of state and local funds and the educational returns therefor, the total costs per resident pupil as a general measure of quality vary widely among the towns. These costs range from an average of about \$150 to \$165 per resident pupil in the least able towns to about \$190 to \$200 per resident pupil among the most able towns. Thus, even with proportionately more state aid, the school programs in the smaller less able towns do not match the quality in the larger more able towns.

While the state school aid formula has resulted in an equalization of school financing to a notable degree among the several towns, it has not accomplished a similar degree of equalization of educational opportunity throughout the state. As indicated later, this is due to significant weaknesses in the formula for distributing state school aid and in the plan of school organization at the local level.

As another consideration of the equalization effect of the state school aid, the variations in local effort to support schools must be taken into account. Even with the equalization feature in the present law and the proportionately greater amounts of state aid furnished to the less able towns, the local tax effort for schools is substantially greater among the towns with lower financial ability as compared with the towns with greater ability. The least able

towns have an equalized tax rate for schools of an average of about \$26 to \$29 per thousand of state property valuation, while the most able towns have an equalized tax rate for schools of an average of about \$9 to \$13. The range of local effort is greater than these averages with some of the least able towns having an equalized tax rate in the neighborhood of \$40 per thousand of state valuation. The wide differences are caused in large part by the continuance as school administrative units of many small towns which have very low property values or property tax base. It may be reasoned that the greater effort by the smaller less able towns is in part a payment for inefficiencies caused by inadequate local school organization. At the same time, the state aid is provided in substantial proportion to the smaller less able towns, so the state too is sharing in the costs of these inefficiencies in communities where the quality of school program is generally not the best. These basic considerations stress again the need to strengthen the local school organization by establishing larger school districts or administrative units.

(8) The present system and formula for determining total state school aid and its distribution to the municipalities of the state is described in detail in Section IV of this report. In summary, the present law provides that the state will pay to each municipality a specified percentage of the amount of money the municipality spends for school operating and maintenance purposes. The percentages to which the state participates in local school costs range from 65% for the least able towns which have a state property evaluation per resident pupil of less than \$3,000, to 15% for the most able towns and cities where the state valuation per resident pupil is over \$15,000.

In essence, the present method for determining and distributing state aid relies upon the two main elements of the actual school expenditures of each of the municipalities and the prescribed percentage to accomplish an equalization of state aid among the several municipalities.

A second main feature of the state school aid law is that this law prescribes minimum teachers' salary schedules which must be adhered to by the municipalities.

In evaluating the present school finance system and the results obtained, several features stand out as definite strengths and weaknesses.

The main strengths in the present state aid law and practices include the following:

- (a) The equalization feature in the state general purpose aid formula is effective in providing proportionately more state aid to municipalities where the needs are greatest.
- (b) The formula for computing state general purpose aid is simple and the amounts of state aid under the formula are predictable.

- (c) The emphasis on actual costs and experience of the municipalities as one factor in computing state aid recognizes to an extreme the initiative and responsibility of the municipalities for their respective school programs.
- (d) The absence of limitations on tax rates for school operations avoid the possibility of placing unrealistic restrictions on the municipalities.
- (e) The measurement of the relative ability of municipalities to support their schools on the basis of state property valuation per pupil is a sound and practical basis and encourages effective practices for assessment equalization throughout the state.

The main weaknesses in the present state aid law and method of distributing state aid include the following:

- (a) The law and formula for the distribution of general purpose school aid does not define what the state is buying, or the level of school programs in which the state will participate, other than a percentage of whatever amount each municipality spends for schooling of its resident pupils. This means that there are 490 standards of school program and school costs in which the state participates financially. Under the law and formula, the state may and does participate to a maximum financial extent in certain inadequate and inefficient school programs. This feature of the law has been referred to as a "blank check" provision.
- (b) Without the definition of the minimum or foundation school program in which the state will participate, the state general purpose aid law is not directed to equalize the educational opportunity for all children throughout the state.
- (c) The state law does not require any minimum school effort or school program by the municipalities, and wide variances in both features exist.
- (d) The continued emphasis on town and city governments as the school administrative units, tends to encourage the continuance of inadequate and inefficient school administration and operations at the local level.
- (e) The inclusion of provisions for minimum teachers' salaries in the general purpose aid law is good. However, the level at which these minimums are prescribed is not in keeping with the needs and prevailing practices in the state.
- (f) The State Department of Education is not sufficiently staffed, nor has it devoted the desired effort on planning and research work to assure proper evaluation or administration and maintenance of a more effective school finance system.

(9) The legislative resolve which called for this study includes the provision for the study to be conducted with a view toward recommending methods and techniques of increasing the efficiency of expenditures of education funds. The major conclusion from this study is that such substantial inefficiencies as exist in the expenditure of education funds are caused by improper and inadequate organization of school systems at the local level. It is also our conclusion that the soundest and most effective means for overcoming many of the inadequacies of schools, correcting the major inefficiencies which exist, and assuring a sound and effective school finance system, is to strengthen the organization of school systems at the local level by establishing larger school districts or administrative units.

The existence of the many small school administrative units designated as the responsibility of individual town governments places major handicaps on the establishment of a most effective school finance system and on the attainment of adequate educational opportunity for all children throughout the state.

The effectiveness with which the state can discharge its responsibility for an adequate school program is directly related to the degree to which school administrative units are developed of a size and population and financial ability that permit efficient operation. It is increasingly recognized throughout the country that the state-wide school system must deal with a manageable number of reasonably sized local units if the state finance aid is to insure the maintenance of minimum educational program and standards.

The main problems and weaknesses which exist and are directly related to the plan of local school organization include the following:

- (a) Many of the towns are so small in school population that it is impossible to expect them to provide an adequate educational program. This is particularly the case with respect to the many small secondary schools. The existence of small elementary and secondary schools within reasonable distances of larger, more efficient schools is not justified and causes an unreasonable expenditure for generally inadequate schooling. While considerable progress has been made in the consolidation of schools, there continues to be the need for further action along these lines. This will be stimulated by the establishment of appropriate school districts.
- (b) The many small towns exercising independent financial responsibility are the main cause for the extremes in local ability to support schools and the wide differences in local tax burdens for schools. The continuance of the many small units precludes the most effective utilization of the property tax base for local financing of schools.

- (c) The limited programs offered in many of the small towns are frequently more costly than the better programs provided in the larger towns and cities. While some higher-cost, small schools are necessary because of the geographical distribution of population, many of the existing small schools are not necessary and they have inefficient and uneconomical operations.
- (d) With the present plan of distributing state aid on the basis of the actual costs of the towns and a percentage scale based on ability, the entire state is asked to participate in the financing of the inefficient operations which are really the responsibility of individual towns.
- (e) With the many small towns which do not operate high schools, but send their high school students to neighboring towns on a tuition basis, the desired effect of local responsibility for schools is lost, since the sending towns do not participate in the policy making, administration and operations of the schools where their high school students are educated.
- (f) While the school superintendents of supervisory unions provide supervision of schools in two or more towns, their effectiveness and educational leadership is lessened because they must divide their efforts on similar and duplicating administrative matters for each of the towns.

(10) The entire subject of teaching personnel and teacher preparation is fundamental in the evaluation of the quality and educational returns of the school systems throughout the state. Also, the number and salary levels of teachers is of prime importance in developing an effective school finance system, since the costs for instruction represent the major share of about 60% of total school costs.

Of major importance are the elements of the supply and demand of teachers, teachers' salaries, the qualifications of teachers, teacher turnover, and the preparation of teachers in the teachers' colleges and other colleges and universities in the state. The main findings and conclusions with respect to teaching personnel and teacher preparation and their impact on school finances and needs include the following:

(a) At the present rate of increasing enrollments and teacher turnover, there is an anticipated demand for about 900 new teachers per year for the next five years, with a declining requirement thereafter. Following is a summary of the sources of new teachers during 1954-55:

State Teachers Colleges-----	197
Other Colleges and Universities in Maine-----	187
Other Schools in Maine-----	21
Other Occupations-----	<u>290</u>
Total from Maine 695	
Outside of Maine-----	<u>101</u>
Total-----	
	796

As shown above, there is a need for about 100 more new teachers than in 1955. It is also important to note that the teachers colleges furnished about 25% of the new teachers, other colleges and universities in Maine furnished about 23%, and a substantial reservoir of prospective teachers is present and has been drawn upon from other occupations.

By increasing the attractiveness of the teaching profession, each of the sources indicated above may be expected to furnish appropriate shares of new teacher requirements in the future.

(b) As indicated in connection with the general level of school finances, the average teachers' salaries in Maine are considerably below those in other states. The impact of low teachers' salaries is particularly important in the small towns where teachers' salaries are much lower than in the larger towns and cities. This points to the need particularly to improve teachers' salaries in the small schools as one part of the program to strengthen the educational program in the smaller schools.

The provision of the minimum teachers' salary law is a definite step forward in assuring that qualified teachers are available in the schools throughout the state. However, the schedules now provided in the minimum teachers' salary law are substantially lower than the prevailing practices in most of the towns. Accordingly, the minimum salary law is not as effective as it should be.

(c) The qualifications of teachers in terms of training and experience is one of the main indicators of the quality of school program provided in the several towns throughout the state. Analysis of the training and experience qualifications of the teachers presently employed in the several school systems shows that about 55 percent of the teachers do not have complete formal teacher training in the form of having completed college work and attaining bachelors degrees. It is also significant to note that the greater proportion of teachers with higher training and experience qualifications are employed in the larger school systems.

(d) The turnover of teachers in the various schools is another major indicator of quality of program and presents a serious problem to many of the schools, particularly those in the smaller towns. We find that on the average there is a turnover rate among teachers of about 15 per cent. In actual experience, the teacher turnover rate varies from 10 per cent to 12 per cent in the larger towns to an average of 25 to 30 per cent in the smaller towns. This again points up the particular need to direct major attention and effort to strengthen the school programs in the smaller towns.

(e) In connection with the preparation of teachers, we have studied the operations and performance of the teachers' colleges, which now have the basic responsibility for training elementary school teachers and secondary school teachers in the fields of home economics and industrial arts.

The main observation about the operations and performance of the teachers' colleges is that a major need exists to strengthen the facilities, staff and curriculum at these teacher training institutions. This may be summarized that none of the teachers' colleges are accredited and all should secure accreditation. Accreditation is not an end in itself, but it does signify the attainment of an acceptable level of excellence.

While the teachers' colleges now furnish about 25 per cent of all new teachers employed in the state, it should also be noted that these colleges do an excellent job in terms of the number of their graduates who actually teach in the state. This has averaged in the neighborhood of 90 per cent during recent years.

Because of the very small size of some of the teachers' colleges, the per pupil costs are high and additional expenditures required to improve such small schools add further to the financial needs. It is necessary to consider alternatives of closing certain of the schools or enlarging the scope of program in the schools in order to have the most effective programs at appropriate levels of cost.

Recommendations for Strengthening School Finances and Programs in the State of Maine

As indicated in the summary of existing characteristics and conditions of school finances and operations in the state, the matter of school finances involves consideration of a number of elements besides money. School finances must be considered, and an appropriate finance system developed, in the light of such elements as the cost for an adequate minimum school program for all children throughout the state, the local organization for administration and supervision of schools, the appropriate standards of education programs to be maintained to insure proper opportunity and educational return for all children, the adequacy and availability of qualified supervisory and teaching personnel, the existing differences among school units, and the ability of local communities to support their schools.

As a guiding principle it must be stressed that the school finance system is an integral part of and directly related to the program for school administration and the determination of the quality of the school program. The school finance system should, in addition to providing independent determination and accounting for school funds, be an influencing force for continued improvement in school programs and in their administration and operation.

The major principles and objectives to be attained through a sound plan of school financing include the following:

(1) The plan for financing schools should assure that reasonably adequate and well-rounded educational opportunity is available for all children, with provision for a satisfactory program and adequate level of support.

(2) The responsibility for and burden of financial support should be equitably distributed among all taxpayers and taxing units representing appropriate local tax effort and state participation. This requires an equalization plan for the distribution of state aid to provide proportionately more assistance where the need is greatest.

(3) The school finance system should assure the maximum efficiency, economy and educational returns, and should encourage efficient organization and administration of schools at the local level.

(4) The finance plan should encourage local initiative and responsibility for public education without legal restrictions or interference. It should also establish and require that a satisfactory minimum school program and equitable local support should be provided for the respective communities.

(5) The program should provide for continued evaluation, sound administration and long-range planning based on competent research.

By appraising the existing strengths and weaknesses of school finances and operations in the state and the objectives of a sound school finance system, we have developed a program of action to correct the existing weaknesses and to strengthen the school finance system.

In summary, the main objectives to be attained and methods for their accomplishment include the following:

(1) Raise the level of educational program and expenditures where the need is greatest, with main effort for the small and less able towns. This primarily requires adjustment in the school finance system and in the plan of school organization at the local level.

(2) Correct the basic weakness in the present general purpose aid law of determining subsidy payments as a percentage of the actual school costs in the respective towns. This requires the definition of (a) a basic or foundation school program in which the state will participate financially and (b) the formula for determining total costs of the foundation program, the foundation program cost for each school district or municipality, the total amount of state aid, and the basis for equitable distribution of state aid to the school districts and municipalities.

(3) Provide incentives in the plan for school financing to encourage the establishment of larger school districts or administrative units. Such incentives should be reflected in the normal application of the state aid formula, under which excessive state aid to unnecessary small schools should be avoided. In addition, a more specific incentive should be established in the form of provision of state aid for school building construction which is required in the establishment of larger school districts, and in the form of supplemental state aid to the school districts so established. This will be directed to overcoming the main obstacle which exists in connection with the consolidation of school districts.

(4) Provide for higher and more appropriate minimum teachers' salary schedules, in keeping with reasonable requirements and prevailing practices. This requires amendment of the existing law so that the minimum teachers' salary schedules will be effective and will accordingly be used as one of the main components in computing the cost of the foundation school program.

(5) Encourage the employment of a larger number of more qualified teachers, through provision of higher minimum teachers' salary schedules. Subsequent consideration should be given to the provision of additional state aid to school districts or municipalities which actually employ teachers whose qualifications are above average.

(6) Initiate positive action to stimulate and accomplish in the most reasonable period, the establishment of appropriate larger school districts or administrative units. The establishment of specific appropriate larger school districts should not be anticipated in general throughout the state until after considerable study at the state and local levels and the provision of positive leadership by the legislature and the executive branch of the state government. This requires (a) recognition by the legislature of the imperative need to accomplish an effective reorganization of school administrative units at the local level, (b) the enactment of legislation to provide for the accomplishment of such reorganization, the establishment of criteria for appropriate school districts as a guide in planning and carrying out the necessary school district reorganizations, to call upon the local communities to undertake the major responsibility of carrying out the necessary study to determine the best plan of school district reorganization for each community or group of communities, and to provide leadership and assistance on this work by creating a school reorganization commission to develop with the local communities the best plan of school district organization and to submit its recommendations on the same at the next legislative session.

(7) Provide for strengthening of the teachers' colleges in order to assure the best preparation and provision of qualified teachers. Appropriate actions require improvement of housing and instruction facilities, better libraries, more instructors with higher qualifications, a broadened liberal arts base of the college curriculum, concentration on the teachers' college program in the more effective schools by closing the Fort Kent State Normal School; improvement of the educational program at Aroostook and Washington State Teachers Colleges through enlargement of the scope of program at these colleges including terminal and two-year junior college curricula or some other appropriate activity related to work of the University of Maine.

(8) Provide additional qualified staff in the State Department of Education to carry on the necessary planning and research work and to assure effective administration of the proposed school finance system.

The program summarized above should be implemented over a period of years, particularly the objectives on the establishment of appropriate larger school districts and the strengthening of the teachers' colleges. The main actions to be taken immediately should include the amendment of the general purpose school aid law to provide for the foundation program of school financing as recommended herein, the provision of state aid for school construction required in connection with establishing appropriate school districts, the provision of supplemental state aid to school districts which become appropriately organized, the initiation of the work on school district reorganization by establishing the desired criteria of appropriate school districts and by setting up the school reorganization commission to follow through on this work, and to proceed with the strengthening of the teachers' colleges by closing the Fort Kent State Normal School, determining specific activities to enlarge the scope of program at Aroostook and Washington State Teachers Colleges, and undertaking the construction or improvement of housing and instruction facilities at the colleges.

With this constructive start, further action should be directed to full implementation of the school district reorganizations and refinements in the school finance system.

The recommendations for strengthening school finances and programs are summarized more specifically in the following.

Foundation Program for School Finances - In line with successful practice and experience in other states, and to provide that the school finance system will be directed to equalizing the educational opportunity for all children throughout the state, the general purpose aid law should be amended to provide for the determination and distribution of state school aid on the basis of a foundation program of school financing.

The school foundation program is defined as the minimum educational program which the state seeks to assure for all children, and in which the state will participate financially. As the main purpose of the foundation program is to provide the base for the school finance system, the foundation program is expressed in terms of dollar cost per pupil.

It is emphasized that the foundation program for school financing is a method for determining the estimated cost of the minimum school program throughout the state and a basis for determining the amount of state aid for schools and its apportionment among the school districts and municipalities. The foundation program is not intended to be used in establishing the school budgets of the individual school districts and municipalities. The foundation program for an individual school district or municipality should be the minimum program in which the state participates financially and may be exceeded in the several municipalities according to their initiative and resources. The foundation program should be expressed in terms of total values within which or above which the school districts and municipalities will establish their specific school programs.

It is recommended that the school foundation program should be established on the basis of the following standards:

(1) The scope of school program to be jointly financed by the state and local governments should include kindergarten through the twelfth grade, and costs for the operation and maintenance of schools which are now included under the law on general purpose school aid, excluding conveyance.

(2) State aid for conveyance should be provided on the basis of actual requirements and the same percentage of costs as determined for the foundation program in each school district or municipality.

(3) State aid for capital outlays or debt service for school construction should be made available separately from the foundation program, primarily as an incentive for the establishment of appropriate school districts.

(4) The basic minimum requirements of the foundation program should be that the school districts or municipalities provide (a) a satisfactory number of teachers paid according to the proposed minimum teachers' salary schedule and (b) the non-teaching services required to assure an adequate school program. These basic requirements are summarized in the following:

Size of School District or Municipality Based on Average Daily Membership	Elementary Schools			Secondary Schools	
	Teacher Quota (Pupils per Teacher)			Teacher Quota (Pupils per Teacher)	Non-Teach. Services (% of Cost for Inst.)
	1-8	Kinder- garten	Non-Teaching Services (% of Cost for Inst.)		
1-15	1/school	*	\$100/pupil	2/school	\$150/pupil
16-25	1/school	*	50%	2/school	40%
26-50	25	*	40	16	40
51-100	27	*	40	18	40
101-200	29	*	40	20	40
201-400	30	*	40	22	40
Over 400	30	60	35	22	35

*Include with average daily membership for grades 1-8.

(5) The higher allowances per pupil under the foundation program for smaller schools should be allowed for necessary small elementary schools which are not over ten miles from a neighboring school and for necessary small high schools which are not over fifteen miles from a neighboring school, provided that means of transportation are not unduly hazardous. The per pupil allowance for small schools which do not meet these isolation criteria should be the average for all schools in the state.

On the basis of the above standards and the proposed minimum teachers' salary schedules, the proposed foundation program allowances per pupil are as follows:

Size of School District or Municipality Based on Average Daily Membership	Foundation Program Allowances Per Pupil	
	Elementary Schools	Secondary Schools
1-15	\$3,173 / \$100/pupil*(1)	\$7,984 / \$150/pupil*(2)
16-25	\$4,760*(1)	\$12,000*(2)
26-50	179 (1)	349 (2)
51-100	164 (1)	310 (2)
101-200	153	280
201-400	148	254
Over 400	134	245

* - Value per school.

(1) - Compute at \$142 per pupil in ADM if within ten miles of neighboring school.

(2) - Compute at \$264 per pupil in ADM if within fifteen miles of neighboring high school.

Applying the foundation program allowances set forth above to each of the towns, and including an appropriate allowance for conveyance costs, it is estimated that the cost for the minimum or foundation program and conveyance for all schools in the state will total about \$32,500,000, excluding duplicated tuition payments. This compares with about \$29,600,000 spent in 1954-55 for similar school purposes, or an increase of about 10%.

It is important to note the effect of the proposed foundation program according to size of the towns. Although we have not been able to estimate the effect of the distance factor for unnecessary small schools, the minimum or foundation program cost averages about 20% - 25% greater than actual experience in the smaller schools and is about 6% - 8% less than actual experience in the towns with larger schools. These relationships are to be expected, since the need for improvement is greatest in the smaller schools, and the minimum program for the state as a whole should be less than that in the larger and better school systems. This accomplishes one step toward the objective to raise the level of school program and expenditures where the need is greatest. Complete accomplishment of this objective must await the establishment of appropriate larger school district and the consolidation of schools.

Calculation of the Amount and Distribution of State School Aid for the Foundation Program - The determination of the share of the total cost of the school foundation program to be borne by the state and by the local governments respectively is a policy matter. It is dependent in part on the local ability and reasonable local tax effort to support schools and the policy on the extent to which state aid should be made available on the basis of sharing taxes with the municipalities (flat grant) or on the basis of equalization to provide more state aid where the need is greatest and ability is the lowest.

On the basis of the evaluation of different alternatives, it is recommended that the state share of the total cost of the foundation program plus conveyance should be approximately thirty per cent.

It is also recommended that the amount of state aid to be furnished to any school district or municipality should be based on a flat grant per pupil or equalizing aid from the foundation program formula, whichever is the higher. This will provide some state aid for all municipalities and will recognize the principles of shared taxes, and will also continue the emphasis on equalization which is properly established in the state.

It is specifically recommended that the amount and distribution of state general purpose school aid to each school district or municipality should be determined as follows:

State school aid shall be the higher of:

- (1) a flat grant of \$35 per resident pupil or per pupil in average daily membership, whichever is the greater, or
- (2) a total of the following formula --
 - (a) Foundation program cost, including elementary, secondary and tuition allowances as appropriate.
 - (b) Minus yield from local property tax at specified rates on the state valuation.*
 - (c) Minus tuition receipts.
 - (d) Minus miscellaneous receipts for school operating purposes, such as federal payments, interest from school land funds, gifts, etc.
 - (e) Plus the state share of conveyance costs based upon the percentage of state aid calculated from steps (a), (b), (c), and (d) above to the foundation program cost for the school district or municipality.

* In view of the general existence of inadequately organized school districts, it is recommended that the required local tax rate on the state valuation be established on an inverse sliding scale, pending the establishment of appropriate larger school districts. This is recommended as an interim measure. When reasonable progress is made in establishing appropriate school districts, the required local effort should be set at a single uniform rate. The recommended tax rates for this computation are:

Town Class, Based on State Valuation Per Resident <u>Pupil</u>	<u>Tax Rate on State Valuation</u>
\$4,500 and under	\$20/ thousand
\$4,501 - \$7,500	\$18/ thousand
\$7,501 - \$9,000	\$16/ thousand
\$9,001 - \$15,000	\$14/ thousand
\$15,001 and over	\$10/ thousand

In application of the above plan to the individual towns and cities there will be considerable differences in the amount of adjustment of state aid from the present state aid. Such differences reflect the correction of existing inequities and the efforts to provide a greater equalization of educational opportunity throughout the state. In view of the normal effects of such a change, it is suggested that consideration be given to the plan to provide that no town or municipality will receive less state school aid than it did during the last biennium. Such special provision should be limited to the transition period of the next biennium.

On the basis of the above formula, it is estimated that the state general purpose aid in support of the foundation program and conveyance will be about \$10,700,000 per year. This compares with state general purpose aid of \$7,256,068 in the fiscal year 1955, or an increase of about \$3,440,000 or about 47% increase.

The additional state aid of \$3,440,000 may be compared with an increase of about \$1,779,000 called for under the present general purpose school aid law. The difference is largely directed to equalizing the educational opportunity among the schools in the state.

Under the above plan, the increase in state aid is proportionately greater to the smaller less able communities than to the larger more able communities. As with the basic foundation program, this will assist in raising the level of the school program where the need is greatest.

Tuition Payments - Pending the establishment of appropriate larger school districts and the elimination or minimizing of tuition problems, it is recommended that the procedures for computing and making tuition payments among the towns in the state be continued as provided in the present law and practices. Under the foundation program of financing, the tuition costs of sending towns will be included in the foundation program cost of such towns. The tuition receipts of receiving towns will be deducted from their foundation program cost (based on average daily membership) in computing the amount of state aid for such towns.

Minimum Teachers' Salary Schedules - As a basic feature and standard to determine the cost of the school foundation program, and to establish effective minimum teachers' salary schedules in line with prevailing practice and reasonable requirements, it is recommended that the law should be amended to provide for the following teachers' minimum salary schedules:

PROPOSED MINIMUM SALARIES FOR TEACHERS

<u>Years of Teaching Experience</u>	<u>Certified Teachers</u>	<u>Teachers with 3 years of Professional Study Beyond High School</u>	<u>Teachers With 4 Years of Professional Study Beyond High School and with a Bachelor's Degree</u>	<u>Teachers With an Earned Master's Degree</u>
0	\$2,200	\$2,600	\$3,000	\$3,200
1	2,300	2,700	3,100	3,300
2	2,400	2,800	3,200	3,400
3	2,500	2,900	3,300	3,500
4	2,600	3,000	3,400	3,600
5	2,700	3,100	3,500	3,700
6	2,800	3,200	3,600	3,800
7	2,900	3,300	3,700	3,900
8	3,000	3,400	3,800	4,000
9	3,100	3,500	3,900	4,100
10	3,200	3,600	4,000	4,200

On the basis of the actual qualifications of present teachers in terms of training and experience, application of the proposed minimum schedules results in an average salary among all teachers of \$3,412. This compares with the actual average teachers' salary in 1955 of \$2,879, or an increase of about 18%.

It is also estimated that the proposed minimum salary law will result in an average elementary teacher's salary of \$3,173 and an average secondary teacher's salary of \$3,992. These compare with the average elementary teacher's salary in 1955 of \$2,679 and the average secondary teacher's salary in 1955 of \$3,381.

State Aid for School Construction - In order to provide effective incentive for the establishment of appropriate larger school districts, and thereby accomplish one of the main objectives of strengthening the school operations and financing throughout the state, it is recommended that provision should be made to furnish state financial assistance on school construction required in connection with proper school district reorganizations.

Such state aid should be in the form of state participation in the debt service costs occasioned by such construction. The equalization principle should be applied to this construction assistance by providing that state aid for construction shall be in the same percentage as state aid for the foundation program, or shall be a uniform part of such percentage, for example, two-thirds or one-half.

In the absence of specific needs and plans for school district reorganization and construction, it is impossible to compute actual costs for such state aid. This information should be one of the results of the work by the school district reorganization commission. At the same time, this incentive should not be delayed.

It is accordingly recommended that an appropriation of \$250,000 should be made for this purpose for the next biennium. Authorization for the obligation and for expenditure of these funds should be assigned to the State Department of Education on the basis of approved construction coupled with the establishment of an appropriate school district in line with the criteria set up for the same.

Supplemental State Aid for Reorganized School Districts - It is recommended that a further incentive for proper school district reorganization be established by providing that the state aid for a consolidated district computed on the foundation program formula be increased by 10%. In addition to being a direct incentive for district reorganization, this provision will assist in equalizing the local effort required among groups of towns which form a school administrative district under the proposed criteria therefor.

Like the school construction aid, it is impossible to estimate the exact financial requirements of this part of the program. Since the supplemental state aid will apply only to reorganized districts and not to existing larger districts or municipalities which already meet the school district criteria, this supplemental aid will not equal 10% of total state aid. It is estimated that maximum requirements for this supplemental state aid would be in the neighborhood of \$400,000.

School District Reorganization - As indicated previously, the need to establish appropriate larger school districts throughout the state cannot be over-emphasized. This major adjustment in school administration should be accomplished as soon as possible, but a period of several years must be anticipated. It will involve strong leadership from the state level and constructive participation of persons and organizations at the local level.

In order to initiate positive action to determine the best specific plans for appropriate school district organization, it is recommended that a law should be enacted to establish a school district reorganization commission. This commission should study thoroughly the school conditions and needs in each community, to determine specific plans for the establishment of appropriate school districts, and to report its recommendations to the next session of the legislature.

The legislation should charge the commission to carry out its work with the participation and assistance of persons and organizations at the local level.

It is recommended that an appropriation of at least \$75,000 should be made available to the commission for the expenses incident to its work. The State Department of Education should be called upon to furnish the greater part of physical work required by the commission. The commission funds should be used in part to supplement the staff of the Department of Education for this work.

In addition to developing recommendations on the best plan of specific school district organization, the commission should have the authority to approve for itself and recommend specific school district reorganizations. The procedures for implementing school district reorganizations should be generally similar to those now set forth in the community school district law.

It is further recommended that this legislation should include the following criteria for appropriate school districts for use as a guide in planning and carrying out the necessary school district reorganizations. The objective in each case should be to satisfy all or the best combination of these criteria.

(1) Scope of Program - The school district should offer a program in grades one through twelve, including kindergarten or junior primary.

(2) Size of District - The student enrollment in the school district should be large enough to make it practical to offer a well-rounded educational program with the necessary supervision and special courses and services. The basic measurement should be the size of secondary school enrollment with a minimum average daily membership of three hundred secondary school students in grades 9 through 12.

(3) Geographical Area of District - The appropriate geographical area of the school district should be measured by reasonable conveyance distance and time within appropriate attendance areas in the district. These would be approximately twenty miles and no more than one or one and one-half hours' conveyance.

(4) Government and Administration - The school district should be governed by a single Board of Education or School Committee, with proportional or minimum representation from each town comprising the district. The administration and operation of the schools should be supervised by a school superintendent elected by the District School Committee and the Superintendent should continue in office at the pleasure of the committee.

(5) Financial Responsibility - The District School Committee should have the following financial responsibilities and authority:

- (a) To determine the expenditure budget for school operations and maintenance.
- (b) To issue warrants on the towns in the district for their proportionate shares of school costs (after state aid to the district), based on the state valuation in the respective towns.
- (c) To receive state financial assistance for the district as a whole.
- (d) To borrow money separately from the town debt limitations with a school debt limit of 7½% of the state property valuation, and to administer the debt service program including the issuance of warrants on the respective towns for their proportionate shares of debt service costs.
- (e) To contract with private academies for the education of high school students if this practice is desired, and to represent the school district on joint committees with such academies.

(6) Financial Size - The school district should have a tax base sufficiently large which, with appropriate equalizing state assistance, will provide the desired educational program and permit the construction of necessary school buildings.

(7) Community of Interest - The school district should be centered around at least one natural community which serves as the center of employment, commercial activity and social activity to provide a sense of community identity for the district.

The work of this commission should not delay the establishment of community school districts which are now being considered or are in the process of being formed. Rather, such cases may be given priority attention and assistance, with emphasis on appropriate action to satisfy the desired criteria.

Teachers Colleges - In order to assure that the pressing needs for well-qualified teachers are satisfied, it is recommended that an integrated program should be initiated and followed through to strengthen the teachers' colleges and the preparation of teachers in the state. Such program should be directed to improve the quality of performance and attractiveness of the colleges in terms of their educational program and physical facilities for housing and instruction.

The main parts of the recommended program for strengthening of the state teachers' colleges should include the following:

(1) Careful study should be made of the relationships between the teacher-training institutions and the University of Maine relative to the training of teachers at both the elementary and secondary levels to assure that a proper division of function and responsibility is maintained.

(2) If the teacher-training institutions are to participate to any increasing degree in the preparation of teachers for secondary schools, this effort should be limited to the two larger institutions. In view of the needs to strengthen the existing programs at the teachers' colleges, care should be taken in expanding into the secondary teacher field to assure that adequate programs and qualified instructors and facilities are available or can be made available.

(3) In view of the very small enrollment and high cost at the Fort Kent State Normal School, and as this school is only about 60 miles from the Aroostook State Teachers College, it is recommended that the Fort Kent State Normal School should be closed.

(4) In order to make it possible to provide a more complete and adequate program at the Aroostook and Washington State Teachers Colleges, their functions should be enlarged to include terminal and two-year junior college curriculum, or some other appropriate activity related to the University of Maine. These colleges should not abandon their main function as teacher-training institutions, but enlargement of their function will permit the strengthening of their educational programs.

(5) A definite program for construction of housing and instruction facilities should be established and carried out at the respective schools, in line with known needs and recommendations in other studies that have been made in this connection.

(6) All of the institutions should take positive steps to provide that their faculty members have improved academic preparation.

(7) The state-wide curriculum study should be continued and steps should be taken to broaden the liberal arts base of the college curriculum.

(8) All of the institutions should make every effort to secure accreditation by the regional accrediting association. Accreditation is not an end in itself, but it does signify the attainment of an acceptable level of excellence.

State Department of Education - Primary attention to strengthening the services of the State Department of Education should be directed to the establishment and carrying out of effective and competent planning and research work in connection with the variety of activities and, in particular, the administration and financing of schools throughout the state. In addition to the immediate needs, such planning and research is a requirement for continued and effective administration of the school finance system and the establishment of appropriate larger school districts, as recommended in this report.

It is recommended that the staff of the State Department of Education should be increased by at least two persons qualified by training and experience to perform the planning and research work, together with additional statistical and clerical help.

It is also recommended that immediate steps should be taken to provide for the maintenance of basic records and to the development of information and reports by mechanized methods. This should be applied in connection with the records on school finances, pupil accounting and attendance, teacher qualifications and history of employment, and basic curriculum and course conduct of the respective schools.

A major handicap to effective administration of the school finance program exists because of the many differences in fiscal years among the towns and between the town and state governments. In order to strengthen the school finance system, as well as other programs which are jointly financed by the state and local governments, it is recommended that study be undertaken to determine appropriate methods and the impacts involved and to accomplish a single uniform fiscal year for the state and local governments.