

MAINE STATE LEGISLATURE

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ONE HUNDRED AND SIXTH LEGISLATURE

Legislative Document

No. 357

H. P. 279

House of Representatives, January 24, 1973

Referred to Committee on Appropriations and Financial Affairs. Sent up for concurrence and ordered printed.

E. LOUISE LINCOLN, Secretary

Presented by Mr. Smith of Dover-Foxcroft.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-THREE

AN ACT Providing for Financing Operating Costs of Public Schools.

Be it enacted by the People of the State of Maine, as follows:

Sec. 1. R. S., T. 20, c. 510, additional. Title 20 of the Revised Statutes is amended by adding a new chapter 510 to read as follows:

CHAPTER 510
OPERATING COSTS

§ 3711. Intent

To insure a relatively equal educational opportunity to all public school students, to provide a significant measure of relief to property tax payers and to distribute the tax burden more equitably, it is declared that it be the intent of the Legislature that the State provide all basic operating funds for the public schools. The basic operating cost subsidy will be derived from existing General Fund tax sources and from revenues generated by a new source of undedicated General Fund revenue, a state property tax applied at a uniform rate upon the state valuation. Municipalities shall continue to raise and appropriate funds for nonoperational costs.

§ 3712. Definitions

1. Adjusted elementary per pupil operating cost. Elementary shall include a 2-year childhood educational program as defined by Title 20, section 859, through to grade 8. Adjusted elementary per pupil operating cost shall mean the elementary per pupil operating cost established by the Commissioner of Educational and Cultural Services. The current adjusted elementary per pupil operating cost shall be \$630 for the 1974-75 fiscal year.

2. Adjusted secondary per pupil operating cost. Secondary shall include grades 9 through 12. Adjusted secondary per pupil operating cost shall mean the secondary per pupil operating cost established by the Commissioner of Educational and Cultural Services. The current adjusted secondary per pupil operating cost shall be \$945 for the 1974-75 fiscal year.

3. Average number of enrolled students. Average number of enrolled students in reference to elementary or secondary pupils shall mean the average number of pupils officially registered or enrolled, regardless of whether such pupils are in actual attendance, on October 1st and April 1st of each school year.

4. Excess operating costs. Excess operating costs are defined as expenditures in excess of the adjusted elementary and secondary per pupil operating cost and applicable federal subsidies, if any.

5. Operating costs. Operating costs shall include all items except transportation, community services, capital outlay items, debt service and excess operating costs.

6. Special education for subsidy purposes. Special education for subsidy purposes shall include educational programs for the benefit of mentally or physically handicapped children.

7. Vocational education for subsidy purposes. Vocational education for subsidy purposes shall mean training in trade, industrial, agricultural, technical and service occupations. It shall not include business education, consumer education or home economics programs.

§ 3713. Computation

1. Subsidy. The State shall pay a subsidy covering the basic operating cost for public school education to each eligible administrative unit. The basic operating cost subsidy paid to each administrative unit shall total the following:

- A. The product of the average number of enrolled elementary pupils by the adjusted elementary per pupil operating cost;
- B. The product of the average number of enrolled elementary pupils by the adjusted secondary per pupil operating cost;
- C. The excess operating cost for special education during the current year;
- D. The excess operating cost for vocational education during the current year;
- E. Excess operating cost attributable to the geographic isolation of an administrative unit.

§ 3714. Adjustments

1. Deficiency adjustments. Administrative units expending less than the adjusted elementary and secondary per pupil operating cost in the school

year 1973-74 shall be raised to the adjusted subsidy level over a 3-year period as follows:

A. For the school year 1974-75 such school administrative units shall receive 107% of the amount expended per pupil in 1973-74, plus $\frac{1}{3}$ of the difference between that amount and the adjusted elementary and secondary per pupil operating cost;

B. For the school year 1975-76 such units shall receive 107% of the 1974-75 subsidy, plus $\frac{1}{2}$ of the difference between that amount and the adjusted elementary and secondary per pupil operating cost;

C. For the school year 1976-77 and subsequent years, such units shall receive the full subsidy.

2. Expenditures in excess of subsidy. Administrative units expending more for operating costs per elementary and secondary pupil for the school year 1973-74 than the adjusted state elementary and secondary per pupil operating cost shall be paid the difference until such time as the adjusted state elementary and secondary per pupil operating cost equals or exceeds the expenditures for operating costs of such unit for elementary and secondary pupils for the school year 1973-74.

§ 3715. Biennial review

The commissioner shall biennially compute the per pupil operating costs for both elementary and secondary schools based upon audited reports from the various administrative units. These per pupil costs shall become the basis for the preparation of the biennial budget. The established adjusted elementary and secondary per pupil operating cost subsidy shall be applicable for the next 2 fiscal years of the State, July 1st to June 30th.

§ 3716. Payment

One-twelfth of the subsidy reflecting adjusted elementary and secondary per pupil operating costs and estimated excess, special, vocational costs and costs attributable to geographic isolation shall be paid to the treasurer of each eligible administrative unit each month. Adjustments reflecting actual excess special education, vocational education costs and costs attributable to geographic isolation shall be made with the applicable administrative units during the last month of the State's financial year. Unexpended subsidy balances at the end of the fiscal year of any administrative unit may be carried forward and credited to the subsidy for the subsequent year in an amount not in excess of 10% of the total subsidy. Unexpended balances in excess of 10% shall be returned to the Treasurer of State, except for unexpended balances reflecting municipally contributed "cost-of-living" increases.

§ 3717. Appeal

The basic operating cost subsidy allocated to an administrative unit may be appealed to the State Board of Education by the school committee or board of directors of an administrative unit. The Board of Education shall review the appeal and shall have the power to revise the total operating sub-

sidy in conformity with this chapter. The Board of Education's decision shall be final.

§ 3718. Rules and regulations

The State Board of Education may make all rules and regulations necessary to administer this chapter.

§ 3719. Cost of living increase

Municipalities may raise and appropriate funds to provide a "cost-of-living" increase supplementing the basic operating cost subsidy. Such increase shall not exceed 7% of the current operating cost subsidy allocable to the applicable administrative unit.

§ 3720. Municipality's responsibility for nonoperating cost

Municipalities shall raise and appropriate money for all nonoperating costs including, but not limited to, construction costs, debt service, transportation and community services in conformity with the statutory power of appropriation as provided in Title 30, section 5104.

§ 3721. Superintendent's salary

From the aid computed for each unit shall be deducted a sum of money which shall be paid directly to the superintendent of schools under sections 154 and 155. This sum shall be equal to the amount distributed in 1972-73 from each unit. If the aid of the unit is not greater than the amount to be withheld, the unit shall pay the entire share of the superintendent's costs from local funds, and any state aid that is payable to the unit shall be paid directly to the unit.

§ 3722. Transportation aid

Definition of pupil: The number of resident pupils on October 1st and April 1st for the fiscal year preceding the convening of the Legislature shall be averaged and used for all computations required in this chapter.

Definition of per pupil valuation: Per pupil valuation shall be determined by dividing the number of pupils in the municipality as defined in this section into the state valuation as filed by the State Tax Assessor.

The percentage of state aid for each municipality for transportation of pupils shall be determined by dividing the median state per pupil valuation by the state per pupil valuation of the municipality and multiplying the result by 75%. No administrative unit may qualify for more than 97% nor less than 13%. The commissioner shall establish the applicable percentage for each eligible unit on January 1st of the year in which the Legislature convenes in regular session. The percentage thus determined shall be applicable for the next 2 fiscal years of the State, July 1st to June 30th.

The average sums of money expended in the 2 fiscal years preceding the convening of the Legislature by administrative units for public school pupils for transportation, school bus purchase and board of pupils shall be multiplied by the percentages determined in the preceding paragraph and the results shall become part of the subsidy of the unit.

In the case of School Administrative Districts, the cost shall be distributed to each municipality in the district in direct proportion to the number of pupils in each municipality within the district in the year preceding the convening of the Legislature. Said costs shall be multiplied by the appropriate percentages and the subsidies for each municipality within the district shall be added together to arrive at a district total.

§ 3723. State valuations

The state valuations used in the above computations shall be determined by the State Tax Assessor in the statement filed by him, as provided in Title 36, section 381. The computation of state aid for each unit shall be subject to correction in accordance with the final statement filed by the State Tax Assessor on or before February 1st in a legislative year.

§ 3724. Community school districts

Community school districts are not considered to be administrative units for subsidy purposes. Each participating town's subsidy allotment shall be computed as set forth in this chapter. The state subsidy shall be paid to the community school district from the town's subsidy allotment with the remainder being paid directly to the town. That aid earned by pupils in the community school district shall be paid to the community school district.

§ 3725. Subsidy limitation

In any municipality the assistance in federally affected areas (Title I, P. L. 81-874) plus state operational aid may not exceed the average per pupil distribution by more than 7%. State aid shall be adjusted to stay within the above guideline.

§ 3726. Unusual school enrollment increases

Whenever a unit experiences an enrollment increase of resident pupils between October 1st in one school year and October 1st in the next school year in excess of 3% or whenever a private or parochial school closes or discontinues a portion of the grades served and the pupils become the responsibility of the administrative unit, it may apply to the Department of Educational and Cultural Services for a subsidy adjustment. Such an adjustment shall be computed and paid before December 31st, if proof is furnished and the department makes a finding of fact that a local tax hardship does exist. In such a case, such pupils shall be counted for the purpose of computing the subsidies allotted such a unit as if they had been attending school in the administrative unit during the applicable subsidy year. When the additional pupils do not cause a tax hardship in the current year and proof is furnished that a large increase in expenditures will be required in the next succeeding fiscal year of the unit, a subsidy adjustment may be made and paid during the next succeeding year of the unit. The department shall have the authority to adopt reasonable rules and regulations to carry out the intent of this section.

Sec. 2. R. S., T. 36, § 453, repealed and replaced. Section 453 of Title 36 of the Revised Statutes, as amended by section 7 of chapter 616 of the public laws of 1971, is repealed and the following enacted in place thereof:

§ 453. Payment of state tax by municipalities

The Treasurer of State, in his said warrants, shall require the said mayor and aldermen, selectmen or assessors, respectively, to pay or to issue their several warrants requiring the collectors of their several municipalities to collect and to pay to the treasurers of their respective municipalities the sums against said municipalities required by this subchapter.

Said municipal treasurer shall pay to the Treasurer of State on or before the first day of December next, the following sum:

1. If the amount appropriated by property taxes by said municipality for the school year 1973-74 for elementary and secondary school operating costs equals or exceeds the revenue yield of a mill rate of 10.5, applied to a 100% valuation as determined by the State Tax Assessor, said municipal treasurer shall pay a sum equivalent to 13 mills applied to a 100% valuation as determined by the State Tax Assessor, from the proceeds of the tax assessed under section 451; or

2. If the amount appropriated by property taxes by said municipality for the school year 1973-74 for elementary and secondary school operating costs is less than the revenue yield of a mill rate of 10.5 applied to a 100% valuation as determined by the State Tax Assessor, said municipal treasurer shall each year pay a sum equivalent to the following:

A. The mill rate, applied to a 100% valuation as determined by the State Tax Assessor, equivalent to the revenue yield of the amount expended by such municipality for the school year 1973-74 for elementary and secondary school operating costs plus;

B. An increment increase of 2.5 mills, applied to a 100% valuation as determined by the State Tax Assessor for the initial and each successive year until the sum of paragraphs A and B total 13 mills, from the proceeds of the tax assessed under section 451.

The balance of the sums so assessed in each municipality shall be disbursed by the treasurer thereof for necessary expenses of local government as determined or appropriated for the public welfare within the purposes specified in Title 30, which Title sets forth these purposes for the public welfare for which municipalities are themselves authorized to raise money by taxation.

3. For the year 1974, the municipal treasurer shall pay $\frac{1}{2}$ of the sum provided for in subsection 1 or 2, whichever is applicable, to the Treasurer of State.

Sec. 3. R. S., T. 36, § 891-A, additional. Title 36 of the Revised Statutes is amended by adding a new section 891-A, to read as follows:

§ 891-A. School subsidies withheld from delinquent municipalities

When any state tax assessed upon any city, town or plantation remains unpaid, such city, town or plantation may be precluded from drawing from

the Treasurer of State the school subsidy set apart for such city, town or plantation so long as such tax remains unpaid.

Sec. 4. R. S., T. 20, §§ 3731 - 3734, repealed. Sections 3731 to 3734 of Title 20 of the Revised Statutes, as enacted by section 2 of chapter 496 of the public laws of 1969, and as amended, are repealed.

Sec. 5. Allocation of Federal Revenue Sharing Fund. An amount available to the Federal Revenue Sharing Fund for the period ending June 30, 1975 shall be segregated, apportioned and expended as designated in the following schedule. The breakdown shall be as follows:

1974-75	
EDUCATIONAL AND CULTURAL SERVICES,	
DEPARTMENT OF	
Property Tax Adjustment Contribution	
All Other	\$28,200,000
Total allocation	\$28,200,000

Sec. 6. Effective date. This Act shall become effective July 1, 1974.

STATEMENT OF FACT

This Act provides for full state financing of the basic operating costs of public elementary and secondary education. The purpose of this Act is to provide a more equitable and constitutional means of support for public schools by requiring that all taxable property contribute at an equal rate to pay these costs and to assure that children receive a good quality education regardless of the wealth of their communities as measured by property.

In addition, this Act will improve the balance of our tax system by reducing the overall property tax burden through an increase in the state's share of local school operating costs from nonproperty sources to approximately 46%. This Act implements part of the Governor's tax reform program as presented to the Legislature on January 18, 1973.