

MAINE STATE LEGISLATURE

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ONE HUNDRED AND SIXTH LEGISLATURE

Legislative Document

No. 1617

H. P. 1239

House of Representatives, March 26, 1973

Referred to the Committee on Education. Sent up for concurrence and ordered printed.

E. LOUISE LINCOLN, Clerk

Presented by Mr. Haskell of Houlton.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-THREE

AN ACT to Create Local-State Funding of Public Schools.

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

Sec. 1. R. S., T. 20, § 1293, repealed. Section 1293 of Title 20 of the Revised Statutes, as repealed and replaced by chapter 221 of the public laws of 1971, is repealed.

Sec. 2. R. S., T. 20, c. 117, repealed. Chapter 117 of Title 20 of the Revised Statutes, as amended, is repealed.

Sec. 3. R. S., T. 20, § 2356-B, sub-§ 1, amended. The first paragraph of subsection 1 of section 2356-B of Title 20 of the Revised Statutes, as enacted by section 3 of chapter 440 of the public laws of 1965, is amended to read as follows:

~~Seventy five percent of the~~ **The cost of constructing and equipping subsequent**
~~to the effective date of this Act~~ a building or buildings to be used for the
maintenance and operation of a regional technical and vocational center which
is approved in accordance with section 2356-A **shall be reimbursed to the unit**
in accordance with sections 3457 to 3460.

Sec. 4. R. S., T. 20, § 2356-B, sub-§ 2, amended. The first sentence of subsection 2 of section 2356-B of Title 20 of the Revised Statutes, as enacted by section 3 of chapter 440 of the public laws of 1965, is amended to read as follows:

~~Two thirds of the~~ **The excess** cost of instruction as defined in section 3712 in
approved technical and vocational classes maintained on the secondary level

through grade 12 ~~and 90%~~ shall be reimbursed. Ninety percent of the costs of instruction for approved part-time and evening classes for out-of-school youth and adults shall be reimbursed.

Sec. 5. R. S., T. 20, § 2405, amended. Section 2405 of Title 20 of the Revised Statutes is amended by adding at the end a new sentence to read as follows:

Authorization to reimburse units for programs operated under this section is rescinded effective January 1, 1974.

Sec. 6. R. S., T. 20, § 3456, repealed and replaced. Section 3456 of Title 20 of the Revised Statutes, as amended, is repealed and the following enacted in place thereof:

§ 3456. Reorganized districts

Reorganized districts shall maintain:

1. Program. A program which includes kindergarten through grade 12;
2. Secondary facility. Whenever a district enrolls more than 700 pupils in grades 9 through 12, said district may operate more than one 4-year school. Whenever a district enrolls fewer than 700 pupils in grades 9 through 12, it must house the pupils in grades 10 through 12 in one facility within 4 years from the date of the district's formation. A district may meet the requirement of providing a secondary facility by contracting with another unit or with a private academy for a term of from 5 to 20 years. Said facilities may be constituted as 4-year schools, or combined with grades 7 and 8 to form a 6-year school or 2 or more 3-year schools, except for children living remote from a public school as provided in section 912.

Sec. 7. R. S., T. 20, § 3457, amended. Table II of section 3457 of Title 20 of the Revised Statutes, as enacted by section 2 of chapter 475 of the public laws of 1965 and as repealed and replaced by section 3 of chapter 500 of the public laws of 1971, is repealed and the following enacted in place thereof:

TABLE II

Each administrative unit shall be reimbursed the sums expended for capital outlay projects which have been approved in accordance with sections 3457 to 3460. The unit shall be reimbursed the amount of debt service which has been incurred on all approved school construction projects. Construction reimbursements shall be scheduled so that payments may be made in accordance with the payment schedules established by the administrative units. It is the intention of the Legislature, as expressed in section 3711, that 40% of the cost of construction shall be paid from a uniform property tax assessed against all the municipalities in the State and that 60% of the cost of construction shall be paid from nonproperty tax revenues.

Sec. 8. 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

LOCAL-STATE FUNDING OF PUBLIC SCHOOLS

§ 3711. Intent

It is declared to be the intent of the Legislature to reduce the burden of education program costs in public schools which are borne by the property tax to 40% and to provide 60% of the total cost of education from state tax sources. It is further declared to be the intent of the Legislature to finance the 40% property tax share through a uniform property tax rate applied to all administrative units alike. The Legislature intends that a limit be placed upon additional taxes that may be imposed on local property for school purposes, thus encouraging more efficient management of the available resources.

§ 3712. Definitions

The following definitions shall apply to state and administrative units' computations under this chapter:

1. **Operating costs.** Elementary or secondary operating costs shall include all costs except transportation, community services, capital outlay and debt service; reduced by tuition receipts, expenditures from all federal revenue sources and excess expenditures for special and vocational education programs as defined in subsection 4.

2. **Average elementary per pupil operating costs.** Elementary grades shall include a childhood educational program as defined by section 859, through grade 8. Average elementary per pupil operating costs shall be computed by dividing elementary operating costs by the average number of resident elementary pupils on October 1st and April 1st in the unit in the same fiscal year, July 1st to June 30th. Those average costs so computed shall be used in the distribution of funds to the local units for the succeeding fiscal year.

3. **Average secondary per pupil operating costs.** Secondary grades shall mean grades 9 through 12. Average secondary per pupil operating costs shall be computed by dividing secondary operating costs by the average number of resident secondary pupils on October 1st and April 1st in the unit in the same fiscal year, July 1st to June 30th. Those average costs so computed shall be used in the distribution of funds to the local units for the succeeding fiscal year.

4. **Excess costs.** Excess costs shall apply only to those expenditures made for special and vocational education programs. Excess costs shall be defined as those expenditures for special and vocational education programs which exceed the local average elementary or secondary expenditure per pupil. An administrative unit's total expenditures for special and vocational education programs, including tuition expenditures for pupils attending such programs outside of the local unit, shall be divided by the number of elementary or secondary pupils in average daily membership in those programs to determine an average elementary or secondary per pupil operating cost for special and vocational education programs in that unit. A unit's excess costs for special and vocational education programs shall be computed by multiplying the num-

ber of average resident elementary or secondary pupils enrolled in such special and vocational education programs by the excess cost per elementary or secondary pupil by which special and vocational education programs exceed the average elementary or secondary per pupil operating costs in that local unit.

5. Special education for subsidy purposes. Special education, for subsidy purposes, shall include educational programs for children with special needs which have been approved by the commissioner.

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

7. School aid payments. School aid payments shall be made directly to the treasurer of each administrative unit and shall be based upon the number of resident pupils educated at public expense and contingent expenditures as outlined in this chapter based upon audited financial reports submitted by the various administrative units.

8. Appeals. The computation of aid for any unit may be appealed in writing to the State Board of Education by the school committee or board of directors of any school unit within 30 days from the date of notification of the computed amount. The board shall review the appeal and make an adjustment if in its judgment such an adjustment is fully justified. The board's decision shall be final as to facts supported by the records of the appeal.

§ 3713. Computation of unit allocations

A sum of money shall be recommended by the State Board of Education to the Bureau of the Budget, said sum to equal the estimated cost of education for each year of the biennium. Sixty percent of the estimated sum shall come from state sources and 40% of the sum from a uniform property tax. The Bureau of the Budget shall include this recommended amount in the Part I budget.

The basis of allocation of funds to each unit shall be computed as follows:

1. The average number of resident pupils educated at public expense on October 1st and April 1st of each school year shall be used in the computation of aid as follows:

A. Multiply the average number of resident elementary pupils in the unit by the state average elementary per pupil cost. The amount to be distributed for the 1974-75 fiscal year only shall be \$600 per pupil;

B. Multiply the average number of resident secondary pupils in the unit by the state average secondary per pupil cost. The amount to be distributed for the 1974-75 fiscal year only shall be \$915 per pupil;

C. Compute the excess cost for special education in the preceding year;

D. Compute the excess cost for vocational education in the preceding year;

E. Record expenditures from state and local revenue receipts for the transportation of pupils. Reimbursement for such expenditures shall be limited to an amount not in excess of a 7% increase over the previous year;

F. Record the expenditures from state and local revenue receipts for capital outlay projects approved by the local unit;

G. Record the expenditures from state and local revenue receipts for debt service projects which have been approved by the local unit and the State Board.

2. Total the amounts computed and recorded for subsection 1, paragraphs A to G. The sum thus obtained shall become the basis for allocation to the unit, subject to adjustments as defined below.

3. Adjustments to the allocation in subsection 1, paragraph A and subsection 1, paragraph B may be made as follows:

A. If the per pupil expenditure in the unit from local and state revenues for the year preceding subsidy distribution was less than the state average elementary or secondary per pupil cost, the per pupil allocation for elementary or secondary pupils shall be limited to an increase of $\frac{1}{3}$ of the difference between the per pupil cost of the unit and the state average elementary or secondary per pupil operating cost;

B. If the per pupil expenditure in the unit from local and state revenues for the preceding year for elementary or secondary pupils is above the state average, the allocation shall be frozen at $\frac{1}{2}$ the difference between the state average per pupil cost and the local average per pupil cost expended during the 1973-74 school year or the state average per pupil allocation, whichever is greater. Each unit may appropriate additional local funds to maintain its average per pupil expenditure level as computed for the 1973-74 school year;

C. If the unit is declared to be geographically isolated by the State Board of Education, the board shall adjust, at its discretion, the per pupil allocation to that unit to meet the educational needs of that unit, except that no adjustments shall be made until the local additional appropriations as specified in subsection 7 have been used and are shown to be inadequate.

D. In any municipality, the assistance in federally affected areas (Title I, P. L. 81-874) plus state operational aid may not exceed the state average per pupil distribution or the unit's cost if it is higher as defined in subsection 3, paragraph B, by more than 7%. State aid shall be adjusted to stay within the above guideline. Every unit eligible to receive assistance in federally affected areas shall annually file application to receive such funds. Failure to annually check such eligibility shall result in application of a financial penalty equivalent to the loss in federal aid under section 854.

4. Allocations in the months of July through October shall be based on the October 1st and April 1st average enrollments of the preceding school year.

5. Allocations in the months of July through October shall be based on the state average per pupil operating cost of the second year preceding allocation adjusted by a $7\frac{1}{2}\%$ increase.

6. Allocations shall be subsequently adjusted to give each unit its proper allocation based upon the previous year's state average cost and the enrollments in the current year as recorded on October 1st and April 1st.

7. The legislative body of the administrative unit may, in addition to any local funds raised and appropriated under subsection 3, paragraph B, authorize an additional expenditure per pupil for either elementary or secondary pupils, or both, not to exceed a local appropriation of 5 mills on the state valuation of the unit. For each mill authorized by the local unit for elementary or secondary pupils, or both, the State shall distribute \$25 per pupil or a portion thereof for each portion of a mill appropriated by the unit within the unit's fiscal year. Whenever a unit has authorized an additional local school levy, the treasurer shall pay to the Treasurer of State the proceeds of the levy so authorized in periodic installments coinciding with the payments of the uniform state property tax.

8. 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.

9. Notwithstanding any other public or private statute to the contrary, all money allocated for school purposes must be expended for school purposes only.

10. Balances of allocations at the end of the unit's fiscal year may be carried forward to meet the next year's school needs in an amount not to exceed 10% of the total allocation. Any excess above this amount shall be returned to the Treasurer of State.

Sec. 9. R. S., T. 20, c. 512, repealed. Chapter 512 of Title 20 of the Revised Statutes, as enacted by section 2 of chapter 496 of the public laws of 1969, is repealed.

Sec. 10. R. S., T. 36, § 451, repealed and replaced. Section 451 of Title 36 of the Revised Statutes, as amended, is repealed and the following enacted in place thereof:

§ 451. Rate of tax

The Commissioner of Educational and Cultural Services shall annually, prior to February 15th, certify to the State Tax Assessor 40% of the estimated total public school education costs for the current school year to be completed. For the necessary expenses of local and state government a tax is assessed at a rate that is equivalent to 40% of the estimated total state-wide public school education costs divided by the total of the most recent state valuation ad-

justed upward to the nearest half mill as filed under section 381 or section 381-A at 100% valuation plus 6½ mills on the dollar applied to a 100% valuation for the property tax year commencing April 1, 1974; 8 mills effective April 1, 1975; 9½ mills effective April 1, 1976; 11 mills April 1, 1977; and 12½ mills effective April 1, 1978 and every year thereafter upon each municipality, township and each lot and parcel not included in any township in the State. In any event, such rate shall never exceed whatever shall from time to time be the weighted average municipal tax rate. The "weighted average municipal tax rate" means the total municipal property taxes levied state-wide for the previous year, as determined by the State Tax Assessor from the annual return of municipal assessors pursuant to section 383, divided by the state valuation of municipalities in effect for the previous year adjusted to a 100% basis. The valuation as determined by the State Tax Assessor, as set forth in the statement filed by him as provided by section 381 or section 381-A, shall be the basis for the computation and apportionment of the tax assessed.

Sec. 11. 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 a sum equivalent to the mill rate established by dividing 40% of the estimated total public school education costs applied to 100% valuation, as determined by the State Tax Assessor, from the proceeds of the tax assessed under section 451 and section 451-A.

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. For the year 1974, the municipal treasurer shall pay ½ the sum provided for in this section to the Treasurer of State. Payments in 1974 shall be in 2 equal installments payable on or before the last day of September and the last day of December. For the year 1975 and thereafter, payments shall be made to the Treasurer of State in equal quarterly installments payable on or before the 15th day of March, June, September, and December.

Sec. 12 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. 13. Appropriation. There is appropriated to the Department of Educational and Cultural Services the sum of \$143,000,000 for the fiscal year ending June 30, 1975 to carry out the purposes of this Act. The appropriation shall be apportioned as follows:

	1974-75
EDUCATIONAL AND CULTURAL SERVICES, DEPARTMENT OF	
From federal revenue sharing	\$ 28,200,000
From the Uniform Property Tax	86,500,000
From school construction aid bond issue	12,000,000
From the General Fund	16,300,000
	\$143,000,000

Sec. 14. Effective date. This Act shall become effective January 1, 1974, except for payment of aid to administrative units, which shall become effective July 1, 1974.

STATEMENT OF FACT

The purpose of this Act is to encourage an equalization of educational opportunity by making available to all units at least the average per pupil cost while requiring the municipalities to make a uniform tax effort state-wide. The bill is designed to encourage prudent fiscal management by placing an absolute maximum limit on the tax rate that may be assessed against any municipality for school purposes. The bill is designed to meet the objections raised by the courts in other states as to the method of financing public school education. The bill, if enacted, will provide substantial property tax relief for a majority of the municipalities and is one step in achieving a balanced tax structure for local and state government.