

MAINE STATE LEGISLATURE

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ONE HUNDRED AND SIXTH LEGISLATURE

Legislative Document

No. 1699

H. P. 1306

House of Representatives, March 29, 1973

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

E. LOUISE LINCOLN, Clerk

Presented by Mr. Ferris of Waterville.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-THREE

AN ACT to Fund the Costs of Public School Education from State Sources.

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 R. S., T. 20, § 1293, repealed. Section 1293 of Title 20 of the Revised Statutes, as repealed and replaced by chapter 221 of the public laws of 1971, is repealed.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 R. S., T. 20, c. 117, repealed. Chapter 117 of Title 20 of the Revised Statutes is repealed.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 shall be reimbursed. and 90% 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, § 3456, amended. The first paragraph, as amended, and the 2nd paragraph of section 3456 of Title 20 of the Revised Statutes, are repealed.

Sec. 6. R. S., T. 20, § 3456, amended. The last paragraph of section 3456 of Title 20 of the Revised Statutes, as enacted by section 9 of chapter 589 of the public laws of 1969, is repealed.

Sec. 7. R. S., T. 20, § 3457, amended. All of 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

AID TO PUBLIC SCHOOLS

§ 3711. Intent

To insure a relatively equal educational opportunity to all public school students, to provide a significant measure of relief to property taxpayers 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 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.

§ 3712. Definitions

As used in this chapter, unless the context otherwise indicates, the following words shall have the following meanings.

1. Adjusted elementary per pupil operating cost. Elementary shall include a 2-year childhood educational program as defined by section 859,

through to grade 8. Adjusted elementary per pupil operating cost shall mean the elementary per pupil operating cost established by the Legislature. The current adjusted elementary per pupil operating cost shall be \$600.

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 Legislature. The current adjusted secondary per pupil operating cost shall be \$915.

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 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

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:

1. The product of the average number of enrolled elementary pupils by the adjusted elementary per pupil operating cost;
2. The product of the average number of enrolled secondary pupils by the adjusted secondary per pupil operating cost;
3. The excess operating cost for special education during the current year;
4. The excess operating cost for vocational education during the current year;
5. Excess operating cost attributable to the geographical isolation of an administrative unit;
6. Cost attributable to transportation, community services, capital outlay items and debt service during the current year.

§ 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 costs equals or exceeds the expenditures for operating costs of such unit for elementary and secondary pupils for the school year 1973-74. In no instance shall the 1973-74 per pupil expenditures of an administrative unit used in this section exceed 110% of the 1972-73 per pupil expenditures for said administrative.

§ 3715. Biennial legislative review

The Legislature shall, at each regular session of the Legislature, review and revise, if needed, the adjusted per pupil operating costs for both elementary and secondary schools. Such adjusted per pupil operating cost shall be sufficient to support the current operating costs of public education. 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 "local leeway" increases.

§ 3717. Appeal

The 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 subsidy 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. Local leeway

Municipalities may raise and appropriate funds to provide a "local leeway" 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. Local control

Each local school administrative unit must receive approval from the local appropriating body before expending the subsidy or any portion thereof received from the State under section 3713.

Sec. 9. 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 expended 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 12½ 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 expended by said municipality for the school year 1973-74 for elementary and secondary 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 12½ mills, from the proceeds of the tax assessed under section 451.

Sec. 10. 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 State Treasurer the school subsidy set apart for such city, town or plantation so long as such tax remains unpaid.

Sec. 11. Appropriation. There is appropriated to the Department of Educational and Cultural Services from the General Fund the sum of \$149,000,000 to carry out the purposes of this Act. The breakdown shall be as follows:

1974-75

EDUCATIONAL AND CULTURAL SERVICES,
DEPARTMENT OF

All Other

\$149,000,000

Sec. 12. 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 try to equalize educational opportunity by providing equal tax dollars per pupil at the local level for equal local tax effort. It is further the intent of this Act to reform the method of financing public schools in Maine in a manner to remove all doubt as to the constitutionality of the funding system.