

MAINE STATE LEGISLATURE

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ONE HUNDRED AND SEVENTH LEGISLATURE

Legislative Document

No. 431

H. P. 347

House of Representatives, January 29, 1975

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

EDWIN H. PERT, Clerk

Presented by Mr. Mackel of Wells.

Cosponsors: Mr. MacLeod of Bar Harbor and Mr. Perkins of Blue Hill.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-FIVE

AN ACT Changing the Formula for State Subsidy of Education.

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

Sec. 1. 20 MRSA, § 1293, as repealed by PL 1973, c. 556, § 9, is reenacted to read:

§ 1293. Tuition of state wards

Any child between the ages of 5 and 20 assigned to a private home in an administrative unit not maintaining an elementary or secondary school by the Department of Health and Welfare shall have school privileges in the unit to which he is assigned and the unit shall be reimbursed by the Department of Health and Welfare for the net amount expended for tuition as determined by the commissioner. In addition, whenever any child is assigned to an approved private tax-exempt secondary institution, the institution shall be reimbursed for tuition purposes by the Commissioner of Educational and Cultural Services by an amount equivalent to the per capita state subsidy for pupils residing in the administrative unit in which the institution is located and the balance of the legal tuition charge shall be reimbursed to the institution by the State Department of Health and Welfare. The annual tuition charge for educating such children shall be computed in accordance with section 1292. Payments shall be based on the legal tuition rate for the previous fiscal year. Such reimbursements shall be made prior to December 30th following the close of the school year in June.

Sec. 2. 20 MRSA, § 1391, as repealed by PL 1973, c. 556, § 10, is reenacted to read:

§ 1391. Attendance at public schools

Any child between the ages of 5 and 20, who resides at a private tax-exempt institution within this State, shall have the right to attend the public schools in the administrative unit in which such institution is located under the same conditions as pupils residing in such administrative unit, and shall for the purposes of this section be classed as resident pupils and the administrative unit shall be paid from the appropriation for general-purpose aid the net local cost of educating such children at each elementary or secondary school attended by them. Any child between the ages of 5 and 20, committed or otherwise legally admitted to any state-operated institution, shall have the right to attend the public schools in the administrative unit in which such institution is located, or in any adjoining administrative unit, upon enrollment therein by the head of such institution under the same conditions as pupils residing in such administrative unit and shall for the purposes of this section be classed as resident pupils, and the net local cost of educating such children shall include only those school operating expenses paid by the administrative unit on account of such children enumerated in section 3731, and shall be computed for each school on the basis of financial reports and school enrollment figures required by and filed with the commissioner during each school year ending June 30th. Payments shall be made to each administrative unit based on the net local per pupil cost of education during the previous fiscal year. The payment shall be added to the general-purpose aid of the administrative unit.

Sec. 3. 20 MRSA, § 2356-R, sub-§ 1, first ¶, as last amended by PL 1973, c. 625, § 102, is repealed and the following enacted in place thereof:

Seventy-five percent of the cost of constructing and equipping subsequent to September 3, 1965, 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.

Sec. 4. 20 MRSA, § 2356-B, sub-§ 2, first 2 sentences as last amended by PL 1973, c. 556, § 12, are repealed and the following enacted in place thereof:

Two-thirds of the cost of instruction in approved technical and vocational classes maintained on the secondary level through grade 12 and 90% of the costs of instruction for approved part-time and evening classes for out-of-school youth and adults.

Sec. 5. 20 MRSA, § 3457, Table II, as last repealed and replaced by PL 1973, c. 556, § 15, is repealed and the following enacted in place thereof:

TABLE II

The percentage of state aid for each municipality 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 40%. No administrative unit may qualify for more than 85% school construction aid. The construction aid on any project shall be frozen at the rate which was in existence at the time the project was approved by the governing body of the administrative unit.

Sec. 6. 20 MRSA c. 512, as last repealed by PL 1973, c. 556, § 5, is re-enacted to read:

CHAPTER 512 GENERAL PURPOSE AID

§ 3731. General purpose aid, defined

To help equalize educational opportunity and to assist administrative units in providing an adequate educational program for all pupils a sum of money shall be distributed through an equalization formula. It is declared to be the intent of the Legislature that the sum to be distributed through the equalization formula shall equal at least $\frac{1}{3}$ of the average per pupil operating cost for all public schools in the State. Operating costs shall cover the fiscal year which precedes the convening of the Legislature. They shall include all expenditures except transportation, community services, capital outlay items and debt service, reduced by tuition receipts. In addition to the sum of money distributed under the equalization formula, each unit shall be reimbursed a percentage of its expenditures for the transportation, board of pupils, school bus purchases and the education of handicapped pupils.

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 computed under the appropriate sections of this Title for distribution in the fiscal year 1969-70, and shall be frozen at this amount until July 1, 1975. 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. No new contracts shall be written extending beyond July 1, 1975, which call for direct payments of state aid toward the superintendent's salary.

Administrative units shall pay teachers an amount at least equal to the minimum salary law; and should employ at least one teacher for each 30 elementary school pupils in average daily membership except in the kindergarten where the ratio should not exceed one teacher to 60 pupils and one teacher for each 25 high school pupils.

§ 3732. —computation

A sum of money to be distributed under an equalization formula to maintain the state's share at a minimum of $\frac{1}{3}$ of the operating cost as defined in section 3731 shall be recommended by the Department of Educational and Cultural Services to the Bureau of the Budget. The Bureau of the Budget shall include a recommended amount in the Part I budget that shall represent at least $\frac{1}{3}$ of the operating cost for all public schools as defined.

Equalization formula

Definition of Pupils: 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. Pupils at-

tending school on a part-time basis shall be counted in proportion to the time attended in order to insure fair and equitable treatment in the distribution of state aid.

The amount of money to be distributed to each municipality and administrative unit shall be computed in accordance with the following equalization formula:

$$\begin{array}{l} \text{State Valuation Per} \\ \text{Pupil at Mid Point} \\ \text{Per Pupil Valuation} \\ \text{of Municipality} \end{array} \times \begin{array}{l} \text{Base Rate} \\ \text{Per Pupil} \end{array} \times \begin{array}{l} \text{Number of Pupils} \\ \text{in the Municipality} \\ \text{as Defined in this} \\ \text{Section in Year} \\ \text{Preceding the} \\ \text{Convening of the} \\ \text{Legislature} \end{array} = \begin{array}{l} \text{The Equalization} \\ \text{Amount Per} \\ \text{Municipality} \end{array}$$

Prepare a list showing the per pupil valuation and the number of pupils as defined in this section for each municipality. Rearrange the list according to per pupil valuations from high to low. From this list determine the mid point in the pupil population and read the corresponding per pupil valuation. The figure thus determined shall be rounded to the nearest thousand. This per pupil valuation shall be called the state valuation per pupil at midpoint.

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 total equalization sum available shall be divided by the number of resident pupils as defined in this section to determine a per pupil rate for the municipality with the median state valuation per pupil. The number of dollars per pupil used in the formula is determined by dividing the median state valuation per pupil by the state valuation per pupil at midpoint and multiplying the per pupil rate for the municipality with the median state valuation by that result. The amount thus determined shall become the base rate per pupil.

If the state valuation per pupil at midpoint divided by the per pupil valuation of a municipality results in a factor of more than 3.0, then 3.0 shall be used in the computation.

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 in Table I and the results shall become part of the general purpose aid of the unit.

Expenditures made for handicapped children in excess of the expenditures for school children in regular classes shall be reimbursed in accordance with Table I when such expenditures have been approved by the commissioner. State aid reimbursements for the education of handicapped children shall occur in the fiscal year immediately following the expenditure year.

The per pupil valuation of each municipality shall be determined as provided in this section. The commissioner shall establish the applicable percentage for each eligible unit from the formula in Table I 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.

TABLE I

The percentage of state aid for each municipality 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%.

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 on April 1st, in the year preceding the convening of the Legislature. Said costs shall be multiplied by the appropriate percentage in Table I and the subsidies for each municipality within the district shall be added together to arrive at a district total.

Any unit which fails to appropriate by local taxation annually \$30 per inhabitant as determined by section 851 for the support of its public schools for each of the 2 years preceding the convening of the Legislature shall receive the same percentage of its general-purpose aid as the percentage determined when the unit's appropriation per inhabitant from local taxes for public schools is divided by \$30.

The total aid to a unit in any year may not be less than 90% of the aid received by the unit in the preceding year.

To the subsidy thus determined shall be added \$15 for every student completing a driver education course during the preceding year.

The state valuation used in the above computations shall be as 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 December 1st.

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 section. The state subsidy covering the town's share of the cost of the community school district shall be paid to the community school district from the town's subsidy allotment with the remainder being paid directly to the town.

§ 3733. Tax effort

If funds become available by legislative appropriation, each municipality shall be reimbursed from a fund to be known as the Tax Effort Fund a percentage of the fund if its tax effort for all municipal purposes in the year preceding the convening of the Legislature exceeded the median tax effort of all municipalities in the State. The tax effort for each municipality shall

be determined by dividing its assessments on property by the state valuation as published in the year preceding the convening of the Legislature. For all municipalities that exceed the median tax effort, the sums of money by which each unit exceeds the median shall be added together and a percentage shall be determined for each unit by dividing its excess assessment by the total excess assessment for the State. Any funds distributed for tax effort shall be distributed on the basis of the percentage thus determined.

The tax effort funds available shall be distributed to those units who equal or exceed a part of the median school tax effort of the State in accordance with the following table. School tax effort shall be determined by dividing total school appropriations by the state valuation of the municipality for the year preceding the convening of the Legislature.

State Valuation Per Resident Pupil	Percent of Median School Tax Effort
\$ 4,500 and under	100%
4,501— 7,500	90%
7,501— 9,000	80%
9,001—15,000	70%
15,001 and over	50%

§ 3734. 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. 7. 36 MRSA, § 451, as last repealed and replaced by PL 1973, c. 556, § 6 and c. 783, § 45, is repealed and the following enacted in place thereof:

§ 451. Rate of tax

For necessary expenses of local and State Government, a tax is assessed at the rate of 16.5 mills on the dollar applied to a 100% valuation for the property tax year commencing April 1, 1973 and increasing thereafter to 18 mills effective April 1, 1974, 19½ mills effective April 1, 1975, 21 mills effective April 1, 1976, 22.5 mills effective April 1, 1977 and 24 mills effective April

1, 1978 and every year thereafter upon each municipality, township and each lot and parcel of land 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. 8. 36 MRSA, § 453, as last repealed and replaced by PL 1973, c. 556, § 7 and c. 783, § 46, is repealed and the following enacted in place thereof:

§ 453. Distribution of tax to municipalities and apportionment

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 pay to the treasurers of their respective municipalities the sums against said municipalities required by this subchapter.

The sum so collected in each municipality shall be paid when collected to the treasurer thereof to be by him disbursed for necessary expenses of local government as determined or appropriated by the legislative body of such municipality for the public welfare within the purposes specified in Title 30, which Title sets forth those purposes for the public welfare for which municipalities are themselves authorized to raise money by taxation.

Sec. 9. 20 MRSA, § 220, 3rd ¶, as enacted by PL 1973, c. 556, § 2, is repealed.

Sec. 10. 20 MRSA, § 220, last ¶, as enacted by PL 1973, c. 780, § 1, is repealed.

Sec. 11. 20 MRSA, § 358, 2nd ¶, as enacted by PL 1973, c. 556, § 3, is repealed.

Sec. 12. 20 MRSA, § 358, last ¶, as enacted by PL 1973, c. 780, § 2, is repealed.

Sec. 13. 20 MRSA, § 2356-B, sub-§ 2, 1st ¶, last sentence, as enacted by PL 1973, c. 783, § 24, is repealed.

Sec. 14. 20 MRSA, § 2405, last sentence, as enacted by PL 1973, c. 556, § 13, is repealed.

Sec. 15. 20 MRSA, § 3561, next to last paragraph, as enacted by PL 1973, c. 556, § 4, is repealed.

Sec. 16. 20 MRSA, § 3561, last paragraph, as enacted by PL 1973, c. 780, § 3, is repealed.

Sec. 17. 20 MRSA, c. 510, as enacted by PL 1973, c. 556, § 1 and as amended, is repealed.

Sec. 18. 36 MRSA, § 891-A, as enacted by PL 1973, c. 556, § 8, is repealed.

FISCAL NOTE

It is estimated that \$75,000,000 would be saved over the biennium by reverting to the old formula.

STATEMENT OF FACT

The intent of this bill is to repeal the Act Equalizing the Financial Support of School Units and revert back to the educational subsidy formula in effect prior to enactment of L.D. 1994 and, thereby, return control and primary responsibility for education to the local level.