

MAINE STATE LEGISLATURE

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STATE OF MAINE
HOUSE OF REPRESENTATIVES (Filing No. H-898)
107TH LEGISLATURE
FIRST SPECIAL SESSION

HOUSE AMENDMENT " B " to H.P. 1873, L.D. 2031, Bill,
"AN ACT to Repeal and Replace the Present School Finance Law."

Amend said Bill in section 1 by striking out all of subsections 6 to 9 of that part designated "§3742." and inserting in place thereof the following:

'6. Average elementary per pupil operating costs. Until June 30, 1975, "average elementary per pupil operating costs" shall be computed by dividing elementary operating costs for the base year by the average number of resident elementary pupils, excluding those full-time students in special education programs, on October 1st and April 1st in the base year.

After July 1, 1975, "average elementary per pupil operating costs" shall be computed by dividing elementary operating costs for the base year by the average number of resident elementary pupils on October 1st and April 1st in the base year.

7. Average secondary per pupil operating costs. Until June 30, 1975, "average secondary per pupil operating costs" shall be computed by dividing secondary operating costs for the base year by the average number of resident secondary pupils, excluding full-time students, as defined by the department, in special and vocational education programs, on October 1st and April 1st in the base year. Any student graduating from grade 12 during

the base year prior to April 1st shall be counted as though he were in attendance on April 1st of that year.

After July 1, 1975, "average secondary per pupil operating costs" shall be computed by dividing secondary operating costs for the base year by the average resident secondary pupils on October 1st and April 1st in the base year. Any student graduating from grade 12 during the base year prior to April 1st shall be counted as though he were in attendance on April 1st of that year.

8. Special education. Until June 30, 1976, "special education," for subsidy purposes only, shall include programs which have been approved by the commissioner for children with special needs.

After July 1, 1976, "special education," for subsidy purposes only, shall include the costs of certified professionals, assistants and aides or persons contracted to perform a special education service, including the costs of tuition and board to other schools for programs which have been approved by the commissioner.

9. Vocational education. Until June 30, 1976, "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.

After July 1, 1976, "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. Subsidy for vocational education shall be limited to the costs of directors, certified professionals, assistants and aides, plus the costs of instructional materials which are unique to teaching a specific skill and the costs of equipment as approved by the Bureau of Vocational Education and the commissioner.'

Further amend said Bill in section 1 by striking out all of paragraphs C to G of subsection 13 of that part designated "§3742." and inserting in place thereof the following:

- 'C. Costs of special education programs operated by administrative units;
- D. Costs of special education tuition and board, excluding medical costs;
- E. Costs of vocational education programs;
- F. Transportation costs;
- G. Debt service costs;
- H. Major capital costs;
- I. Cost of unusual enrollment adjustments;
- J. Cost of geographic isolation adjustments; and
- K. Costs of reimbursement for private school transportation.'

Further amend said Bill in section 1 by striking out all of the underlined letter "G" in the last paragraph of subsection 13 of that part designated "§3742." and inserting in place thereof the underlined letter 'K'

Further amend said Bill in section 1 by adding at the end of that part designated "§3742." the following:

'17. Maintenance of effort. Maintenance of effort is that local appropriation needed to maintain the unit's elementary or secondary per pupil operation cost at a level no greater than the level of the unit's base year costs plus 6%.'

Further amend said Bill in section 1 by striking out all of paragraphs C to I of subsection 1 of that part designated "§3743." and inserting in place thereof the following:

- 'C. Special education costs for programs operated by the administrative units;
- D. Special education costs for tuition and board, excluding medical costs;
- E. Vocational education costs;
- F. Transportation costs;
- G. Debt service costs;
- H. Major capital costs;
- I. Cost of unusual enrollment adjustments;
- J. Costs of geographic isolation adjustments;
- K. Costs of reimbursement for private school transportation;
- L. State expenditures for each of paragraphs C to K for the base year;
- M. Audit adjustments;
- N. Local and state funds raised under section 3746, subsection 4 to be used for the base year;
- O. Local funds without state participation raised under section 3747; and
- P. Local funds appropriated as maintenance of effort funds under section 3746, subsection 3, paragraph B, to be used during the base year.'

Further amend said Bill in section 1 by striking out in the first sentence of subsection 2 of that part designated "§3743." the following "items A to G of subsection 1" and inserting in place thereof the following 'paragraphs A to K of subsection 1 and for the state's maximum obligation under section 3746, subsection 4'

Further amend said Bill in section 1 by striking out all of the 4th sentence of subsection 2 of that part designated "§3743." and inserting in place thereof the following: 'The requested funding levels for section 3742, subsection 13, paragraphs C, E, F and the costs of the insured value factor and leases under paragraph G shall be computed by adding the actual costs for the first half of the year immediately prior to the year of allocation of funds to the total estimated costs that will be incurred for the 2nd half of the same year. The costs of section 3742, subsection 13, paragraph D shall be computed by estimating the costs of special education tuition and board excluding medical costs in the year of allocation of funds. The costs of principal and interest payments under section 3742, subsection 13, paragraph G shall be computed by computing both known obligations and the estimate of anticipated principal and interest costs for the year of allocation of funds. The commissioner shall have the authority to correct errors revealed by audit in administrative units when compiling actual education costs.'

Further amend said Bill in section 1 by striking out the underlined letter "G" at the end of the first sentence of that part designated "\$3744." and inserting in place thereof the following:

'K and for the state's maximum obligation under section 3746, subsection 4'

Further amend said Bill in section 1 by striking out all of paragraphs C to F of subsection 3 of that part designated "\$3745." and inserting in place thereof the following:

- ' C. Special education programs operated by the administrative units;
- D. Special education tuition and board excluding medical costs;
- E. Vocational education;
- F. Transportation;
 - (1) Operating costs;
 - (2) Purchase of buses;
- G. Debt service;
- H. Contingent account for unusual enrollment adjustments; and
- I. Adjustments due to geographic isolation;'

Further amend said Bill in section 1 by striking out in the first sentence of subsection 4 of that part designated "\$3745." the underlined words "level of"

Further amend said Bill by striking out all of subsections 5 and 6 of that part designated "\$3745." and inserting in place thereof the following:

'5. Appropriation for private school transportation.
Appropriate the necessary funds for reimbursement for private school transportation;

6. Appropriation for audit adjustments. Appropriate the necessary funds for audit adjustments;

7. Appropriation for basic education appropriation. Appropriate the necessary funds for the basic education appropriation established in subsection 3 and for major capital costs as established in subsection 4. The Legislature shall appropriate no more than 90% of the amounts established for subsection 3, paragraphs C, E and F, subparagraph (1);

8. Appropriation for state participation with local optional funds. Appropriate the necessary funds to meet the maximum state obligation under section 3746, subsection 4; and

9. Establishment of uniform property tax rate. Establish the uniform property tax rate. This rate shall produce an amount not to exceed 50% of the basic education appropriation as established by the Legislature.'

Further amend said Bill in section 1 by striking out all of subparagraphs (1), (2) and (3) of paragraph C of subsection 1 of that part designated "§3746." and inserting in place thereof the following:

'(1) Special education. Expenditures for special education programs operated or contracted for by the administrative unit and expenditures for special education tuition or board, or both. Medical costs shall not be allowable as a part of a tuition charge. Reimbursement for any special education programs shall be limited to 90% of the estimated costs used in compiling the commissioner's recommendation and adjusted by the Legislature

in its establishment of the basic education appropriation for this item or 90% of the actual expenditures, whichever is less.

(2) Vocational education. Reimbursement for vocational education shall be limited to 90% of the estimated costs used in compiling the commissioner's recommendation and adjusted by the Legislature in its establishment of the basic education appropriation for this item or 90% of the actual expenditures, whichever is less.

Any vocational center shall have the authority to bill its member units in proportion to the number of students served for any reduction in vocational education subsidies. If any bill is not paid within 30 days after submission, the vocational center may appeal to the commissioner under the 3rd paragraph of section 1292.

(3) Transportation of pupils, including the purchase of buses. Reimbursement for transportation operating costs shall be limited to 90% of the estimated costs used in compiling the commissioner's recommendation and adjusted by the Legislature in its establishment of the basic education appropriation for this item or 90% of the actual expenditures, whichever is less.

(4) Debt service.

Principal and interest costs for major capital projects approved prior to the effective date of this Act shall be reimbursed in the amount of current year costs.'

Further amend said Bill in section 1 by striking out in the last sentence of subsection 2 of that part designated "§3746." the following: "section 3455 and sections 3457 to 3460" and inserting in place thereof the following: 'section 3455, sections 3457 to 3460 and section 3745'

Further amend said Bill in section 1 by striking out all of that part designated "§3746." of subsection 3/and inserting in place thereof the following:

'3. Adjustments to the allocation. Adjustments to the allocation as computed in subsections 1 and 2 shall be made as follows:

A. If the administrative unit's average elementary or secondary per pupil operating cost in the base year is less than the basic elementary or secondary per pupil operating rate, the per pupil allocation for elementary or secondary pupils respectively shall be limited to an amount which equals the unit's average per pupil operating cost for the base year plus an amount equivalent to 2/5 of the difference between the unit's per pupil elementary or secondary cost for the base year and the basic elementary or secondary per pupil operating rate respectively.

B. If the average elementary or secondary per pupil operating cost for the base year in the unit is above the basic elementary or secondary per pupil operating rate, the per pupil allocation for elementary or secondary pupils respectively shall be frozen at 1/2 the difference between the basic elementary or secondary per pupil operating rate respectively and the local average elementary or secondary per pupil operating cost respectively expended during the 1973-74 school year or the state elementary or secondary average per pupil allocation respectively, whichever is greater.

Each unit may appropriate additional local funds to maintain its average elementary or secondary operating costs at a level no greater than the level of the unit's base year costs plus 6%. Local funds raised under this paragraph shall be known as maintenance of effort funds.

Income received by a unit for "B" students under ^{Federal}Public Law 874 may be used to meet the unit's share of the funds required under this paragraph.

An article in substantially the following form must be used when any municipality, School Administrative District or community school district is considering the appropriation of additional local funds under this paragraph:

Article : To see what sum the municipality or district will raise and appropriate for maintenance of effort to

maintain per pupil school operating costs at a level
no greater than the level of the base year costs plus 6%.

C. The State Board of Education shall determine geographic
isolation and may declare a unit to be geographically
isolated when that unit is located an unreasonably long distance
from another unit or school facility or is situated in a
location which has unique problems in transporting students
to another school unit. If the unit is declared to be
geographically isolated by the State Board of Education,
the board shall adjust the per pupil allocation to that unit
to meet the educational needs of that unit, except that such
an adjustment shall not exceed the amounts expended by that
unit in the base year which were in excess of the basic
elementary and secondary per pupil operating rates in the
base year.

D. When an administrative unit enrolls pupils who reside on
land under control of the Federal Government, or any agency
thereof, or on a Federal Military Reservation, such pupils
shall be considered as resident pupils for purposes of this
chapter. ~~←~~ the allocation to such a unit shall be
adjusted by subtracting therefrom the Federal Public Law
874 receipts in the same proportion that total local revenues
under the state equalization program are in total local revenues
for education in the unit. The amount which may be
subtracted may not exceed 90% of the unit's entitlement for
the year immediately prior to the year of allocation. In
the
adjusting the allocation under/previous sentence, the amounts

subtracted for pupils residing on land under control of the Federal Government, or any agency thereof, or on a Federal Military Reservation shall not exceed 1/2 of the national average expenditure per pupil, as computed by the Federal Government, times the number of such students in the unit.

E. A unit may qualify for an unusual enrollment subsidy adjustment whenever the increase in pupils between October 1st of the year of allocation of funds and October 1st of the year prior to the year of allocation of funds is 3% or more.

The number of pupils in excess of 3% increase shall be multiplied by the appropriate per pupil rate as established in section 3745 to determine the allowable adjustment. All units shall be prorated if necessary to remain within the sum appropriated for such adjustment. Local administrative units are authorized to expend any funds received through this adjustment without calling for a special meeting of the local legislative body. There is established within the department a contingent account for unusual enrollment subsidy adjustments.

4. Optional local appropriations with state participation.

The legislative body of any administrative unit may, in addition to the unit's allocation under this section and after the maximum ← maintenance of effort funds have been raised as provided under subsection 3, paragraph B, authorize an additional expenditure for either elementary or secondary pupils, or both, not to exceed a local appropriation of one mill on the state valuation of the unit in effect on January 1st of the same calendar year and one

mill on the state valuation in effect on July 1st of the same
calendar year. Under this subsection, an administrative unit
is authorized to appropriate a maximum of \$95 per pupil per year
for the pupils specified in subsection 1. The maximum levy on a
municipality within an administrative unit shall not exceed \$47.50
per pupil per mill levied on that municipality. If the authorization
for additional funds by an administrative unit under this subsection
exceeds the maximum levy for any municipality within such administrative
unit, the commissioner shall add to the allocation of the unit for
the unit's fiscal year a sum which equals the excess over such
maximum levy of any municipality within the unit. If the additional
school levy authorized under this subsection fails to produce
\$47.50 per pupil per mill levied, the commissioner shall add to
the allocation of the unit for the unit's fiscal year a sum which,
when combined with the local levy under this section, shall equal
\$47.50 per pupil per mill. Such sum shall be paid annually to the
administrative unit no later than December 31st for the previous
12-month period.

The funds appropriated under this section shall be called optional
local funds with state participation. The purpose of these funds
is to provide that all administrative units may raise and appropriate
at least \$47.50 per pupil per mill to supplement the adjusted
allocations when necessary in the judgment of the local
administrative units. The Legislature shall annually appropriate
an amount equivalent to the maximum state obligation under this

subsection.

An article in substantially the following form is to be used
when any municipality, School Administrative District or community
school district is considering the appropriation of additional local
funds under this subsection: Article : To see what sum the
municipality or district will authorize to be expended from optional
local appropriations for school purposes (Recommended \$),
and to see if the municipality or district will raise and appropriate
the local share of \$.

Further amend said Bill in section 1 by renumbering

subsection 4 to 8 of that part designated "§3746." to be subsections 5 to 9.

Further amend said Bill in section 1 by adding at the end of that part designated "§3746." the following:

'10. Reimbursement for transportation. Notwithstanding shall any other provision of this chapter, the commissioner/reimburse, at a level of 90% of the costs, any municipality for providing the transportation of school children to and from schools other than public schools, except such schools as are operated for profit in whole or in part. The total amount reimbursed under this subsection shall not exceed the level of funds appropriated for this item under section 3745, subsection 5.'

Further amend said Bill by adding at the end of section 1 the following:

'3748. Construction project approval limit

No construction project shall be approved by the State Board of Education prior to July 1, 1977, except that the State Board of Education may approve school construction projects which it deems to be of an emergency nature.'

Further amend said Bill by striking out all of section 2 and inserting in place thereof the following:

'Sec. 2. 20 MRSA §3713, sub-§11, as last amended by PL 1975, c. 510, §35, is repealed and the following enacted in place thereof:

11. The legislative body of any administrative unit may, in addition to the unit's allocation under this section and in addition to any additional local funds appropriated under subsection

3, paragraph B, authorize an additional expenditure for either elementary or secondary pupils, or both, not to exceed a local appropriation of 1 1/4 mills on the state valuation of the unit in effect on January 1st of the same calendar year. Under this subsection, an administrative unit is authorized to appropriate a maximum of \$62.50 per pupil for this 6-month period ending June 30, 1976, for the pupils specified in subsection 1. If the additional school levy authorized under this subsection fails to produce \$50 per pupil per mill levied, the commissioner shall add to the allocation of the unit for the unit's fiscal year a sum which, when combined with the local levy under this section shall equal \$50 per pupil per mill. Such sum shall be paid no later than the last month of the unit's fiscal year, except that moneys appropriated after November 1, 1975, shall be paid no later than December 31, 1976.

The funds appropriated under this section shall be called local leeway funds.

An article in substantially the following form is to be used when any municipality, School Administrative District or community school district is considering the appropriation of additional local funds under this subsection.

Article : To see what sum the municipality or district will authorize to be expended from local leeway for school purposes (Recommended \$), and to see if the municipality or district will raise and appropriate the local share of \$.

No municipality shall appropriate toward total education costs an amount exceeding the local allocation under this section, supplemented by any amounts raised under subsection 3, paragraph B, and under this subsection. ~~←~~ Upon petition to the State Board of Education and upon a showing that unusual circumstances require additional expenditures in order to avoid serious educational hardship in any administrative unit, the State Board of Education shall grant authority for additional appropriations for school purposes. Moneys appropriated under such a special grant of authority by the State Board of Education shall not be included in any future calculation of state or local average per pupil operating costs, total education costs or any component of total education costs.'

Further amend said Bill in section 3 by striking out in the first sentence of the 2nd paragraph of subsection 2 of that part designated "§451." the underlined word "allocation" and inserting in place thereof the underlined word 'appropriation'

Further amend said Bill by striking out all of the emergency clause and inserting in place thereof the following:

'Emergency clause. In view of the emergency cited in the preamble, this Act shall take effect July 1, 1976, except section 2 and section 3748 of Title 20 of section 1 of this Act which shall become effective when approved.'

Fiscal Note

The present level of appropriations for the funding of public school education costs for 1976-77 is as follows:

General Fund appropriation. P.L. 1975, c. 272	\$243,134,091
Federal Revenue Sharing	15,500,000
Allocation of bond proceeds	<u>6,765,000</u>
	\$265,399,091

Of this total appropriation, \$131,516,305 was anticipated as General Fund revenues attributable to the uniform property tax. The balance of \$133,882,786 would be derived from General Fund sources other than the uniform property tax.

This amendment would distribute \$260,697,724 in 1976-77.

This amount includes the following for each item:

1. Elementary and secondary operating costs \$197,133,676
2. Special education local programs (at 90%) 7,929,770
3. Special education tuition 3,550,000
4. Vocational education (at 90%) 5,967,828
5. Transportation
 - (a) operating costs (at 90%) 13,903,403
 - (b) bus purchases 1,965,668
6. Debt service
 - (a) insured value and leases 710,164
 - (b) principal and interest 26,000,000
7. Major capital - for emergency construction needs 1,000,000
8. Geographic isolation 200,000
9. Unusual enrollment 637,218

- 10. Private school transportation (at 90%) 300,000
- 11. Local funds with ~~State~~ participation
(1/2 year) 3,800,000

The difference between the amount distributed through this amendment and the total amount appropriated for 1976-77 costs is 4.7 million dollars. This amount would be available to pay part of the ~~State's~~ remaining obligation in the current year under the local leeway provision.

A uniform property tax rate of 14.5 mills would raise \$131,516,305 and the balance of \$133,882,786 would be provided from the General Fund tax sources.

The remainder of the ~~State's~~ obligation in the current year under the local leeway provision, the amount attributable to those units presently converting to the uniform fiscal year, will require funding through other legislation.

Statement of Fact

The purpose of this amendment is to:
the

1. Provide for adjustments in/basic allocation for below and above average spending units;
2. Provide for adjustments for geographic isolation and unusual enrollment;
3. Provide for optional local funds with state participation (formerly local leeway) at a maximum of 2 mills or \$95 per pupil;
4. Provide reimbursement for special education, vocational the education and transportation at 90% of/costs;
5. Provide reimbursement for private school transportation the at 90% of/costs;

6. Establish a moratorium on school construction approvals; and
7. Delay until July 1, 1977, the payment of current year local leeway obligations for units converting to the uniform fiscal year until December 31, 1976.

Filed by Mrs. Lewis of Auburn.

Reproduced and distributed under the direction of the Clerk
of the House.
2/13/76

(Filing No. H-898)