

MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND NINTH LEGISLATURE

Legislative Document

No. 1323

H. P. 1156

House of Representatives, March 26, 1979

Reported by Mr. Connolly of Portland from the Interim Education Finance Commission pursuant to P.L. 1977, c. 711. Printed under Joint Rules No. 17.

EDWIN H. PERT, Clerk

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-NINE

AN ACT to Amend the School Finance Law.

Emergency preamble. Whereas, Acts of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, the changes in the school finance law contained in this legislation will benefit all of Maine's school children; and

Whereas, these changes must be in effect on July 1, 1979; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,

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

Sec. 1. 20 MRSA § 4742, sub-§ 1, as enacted by PL 1977, c. 625, § 8, is repealed and the following enacted in its place:

1. Contribution from General Fund. It is the intent of the Legislature to provide at least 55% of the cost of the basic education allocation from General Fund revenue sources or a percentage no less than that provided in the year prior to the year of allocation, whichever is greater.

Sec. 2. 20 MRSA § 4743, sub-§ 15-A is enacted to read:

15-A. Municipality's share of the unit's state-local allocation. "Municipality's share of the unit's state-local allocation" means the portion of the state-local allocation of a unit which is computed as follows:

A. Divide the state-local allocation of the unit by the average number of resident pupils used in computing the state-local allocation of the unit; and

B. Multiply the quotient determined in paragraph A by the average number of resident pupils in the municipality.

Sec. 3. 20 MRSA § 4744, sub-§ 1, ¶ P, is enacted to read:

P. Cost of state expenditures for teachers retirement benefits.

Sec. 4. 20 MRSA § 4748, sub-§ 3 ¶ D, is enacted to read:

D. The percentages applied under paragraph A shall be used to compute the maximum amount of money in each program area which may be included in the unit's state-local allocation. These percentages shall not be construed as indicating the level of the state's share in any of the program areas.

Sec. 5. 20 MRSA § 4749, first ¶, as enacted by PL 1977, c. 625, § 8, is amended by adding at the end the following new sentence:

Any unit which raises less than its local allocation because of the provisions of section 4751, subsection 1, paragraph D shall be considered to have raised its local allocation for purposes of the adjustments identified in subsections 2, 4, 5, 6 and 8.

Sec. 6. 20 MRSA § 4749, sub-§ 3, ¶ C, first sentence, as amended by PL 1977, c. 690, § 14-B, is further amended to read:

C. The amount subtracted under paragraph B may not exceed 90% of the unit's entitlement for the year prior to the year of allocation or the base year, whichever is less.

Sec. 7. 20 MRSA § 4751, sub-§ 1, as enacted by PL 1977, c. 625, § 8, is repealed and the following enacted in its place:

1. Local allocation computation; recorded vote; limit; exception for certain units.

A. The commissioner shall compute the local allocation by multiplying the subsidy index established by the Legislature under section 4747, subsection 4, by the state valuation of the municipalities within each administrative unit.

B. The legislative body of each administrative unit may vote to raise and appropriate an amount up to the local allocation as computed by the commissioner. This action shall be taken by a recorded vote.

C. Notwithstanding paragraph A, the commissioner's computation of the local allocation for each administrative unit shall not exceed the state-local allocation as adjusted by section 4749 for the unit.

D. Notwithstanding any other provision of this chapter, the portion of the local allocation of a unit which the unit may assess a member municipality shall be the lesser of the 2 following amounts:

- (1) The municipality's share of the unit's state-local allocation; or**
- (2) The product of the state valuation of the member municipality and the subsidy index.**

E. Whenever any unit does not raise the local allocation as the result of paragraph D, the commissioner shall add to the state allocation of the unit an amount equal to the difference between the local allocation of the unit and the actual amount raised by the unit under these provisions.

Sec. 8. 20 MRSA § 4751, sub-§ 3, as enacted by PL 1977, c. 625, § 8, is repealed and the following enacted in its place:

3. Local leeway

A. The legislative body of an administrative unit may, in addition to the unit's state-local allocation under sections 4748 and 4749, authorize an additional expenditure for either elementary or secondary pupils, or both, not to exceed a local appropriation for each municipality of 1.3 mills on the state valuation in effect on July 1st or \$125 per pupil, whichever is less, for the 1978-79 year of distribution. No unit shall participate in local leeway unless it has raised the minimum amount of its local allocation, as computed by the commissioner under subsection 1, paragraph A or as provided under subsection 1, paragraph D. Any unit may appropriate funds under this subsection no later than 90 days following the final adoption of the school budget.

B. The local appropriations shall be divided equally over a 12-month period.

C. The funds appropriated under this subsection shall be called "local leeway."

(1) The purpose of these appropriations is to provide that all administrative units may raise and appropriate at least the amount per pupil established at the computed mill rate for that year under this subsection to supplement the adjusted allocations when necessary in the judgment of the local administrative units.

(2) The amount appropriated by the Legislature under section 4747, subsection 6 shall be the maximum state obligation under this subsection.

(3) The Legislature shall adjust annually the computed mill rate and the amount per pupil so that the state's maximum obligation under this subsection is equal to 40% of the maximum amount which the state and local units may appropriate under this subsection.

D. If the authorization for additional funds by an administrative unit under this subsection exceeds the maximum levy for any municipality within the

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 the maximum levy of any municipality within the unit.

E. If the additional school levy authorized under this subsection fails to produce the amount per pupil established at the computed mill rate for that year under this subsection, 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 the amount per pupil established at the computed mill rate for that year under this subsection. This sum shall be paid to the unit in 2 equal payments no later than December 31st and June 30th in the year of allocation.

F. If the administrative unit raises less than the maximum allowed under this subsection, the levy on any municipality within the administrative unit shall be in the same proportion as the municipality's share is to the total when the maximum amount allowed is raised.

G. If the administrative unit raises less than the maximum allowed under this subsection, the State shall pay its share in the same proportion to the maximum state share that the amount raised locally is to the maximum local share.

H. 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 shall appropriate from local leeway for school purposes (recommended total \$, local share \$, state share \$), and to see if the municipality or district shall raise the local share of \$

Sec. 9. Appropriation. The following funds are appropriated from the General Fund to carry out the purposes of this Act.

1979-80

EDUCATIONAL & CULTURAL SERVICES,
DEPARTMENT OF

All Other \$6,400,000

Emergency clause. In view of the emergency cited in the preamble, this Act shall be effective July 1, 1979.

STATEMENT OF FACT

The purpose of this bill is to carry out those recommendations of the Interim Education Finance Commission which require statutory changes. The recommendations are as follows.

1. The state's share of education costs is established as 55% of the basic education allocation or the level of the prior year, whichever is greater.
2. Towns in school districts are protected from having to raise more than their share of the districts state-local allocation.
3. The state's expenditures for teacher retirement benefits will be reported annually as part of the actual costs of education. The State will continue to pay 100% of the employer's share of the costs.
4. The meaning of the percentages included in the School Finance Act of 1978 are clarified.
5. The deduction for federal impact aid funds will be computed on the base year or prior year entitlement level, whichever is less.
6. The payment of local leeway is changed to coincide with the unit's fiscal year.
7. The Legislature is directed to adjust the local leeway provision annually in order to maintain the state's share at 40%.
8. Local units are required to vote any local leeway within 90 days after their final school budget has been approved.