

# MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND TENTH LEGISLATURE

**Legislative Document**

**No. 1269**

H. P. 1034

House of Representatives, March 11, 1981

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

EDWIN H. PERT, Clerk

Presented by Representative Connors of Franklin.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND EIGHTY-ONE

**AN ACT Concerning the Computation of the State's Share of Operating Cost for  
Local School Administrative Units.**

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

**Sec. 1.** 20 MRSA c. 515, as enacted by PL 1977, c. 625, § 8, as amended, is repealed.

**Sec. 2.** 20 MRSA c. 516 is enacted to read:

**CHAPTER 516**

**THE SCHOOL FINANCE ACT OF 1981**

**§ 4771. Short title**

This chapter shall be known and may be cited as the "School Finance Act of 1981."

**§ 4772. Intent**

**1. Contribution from General Fund.** It is the intent of the Legislature to provide 50% of the gross state operating costs and 80% of the gross categorical program costs from General Fund revenue sources.

**2. Transportation costs of nonprofit private schools.** It is the intent of the Legislature to reduce the transportation costs incurred on behalf of the nonprofit

private schools in this State by reducing those costs to the extent and in the manner permitted by section 4780, subsection 6.

**§ 4773. Definitions**

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

1. **Actual education costs.** “Actual education costs” means the state and local expenditures during the base year for the programs and adjustments specified in section 4774.

2. **Average elementary per pupil operating costs.** “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.

Special education students for whom tuition is paid in programs approved by the commissioner shall not be counted nor otherwise included in determining the average elementary per pupil operating costs.

3. **Average secondary per pupil operating costs.** “Average secondary per pupil operating costs” is computed by dividing secondary operating costs for the base year by the average number of resident secondary pupils on October 1st and April 1st in the base year.

A. Special education students for whom tuition is paid in programs approved by the commissioner shall not be counted nor otherwise included in determining the average secondary per pupil operating costs.

B. 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.

4. **Base year.** “Base year” means the 2nd year prior to the year of allocation of funds.

5. **Categorical program costs.** “Categorical program costs” means the costs of the following:

A. Vocational education as defined in subsection 24;

B. Special education as defined in subsection 21;

C. Debt service costs;

D. Major capital costs; and

E. Transportation costs.

6. **Debt service costs.** “Debt service costs,” for subsidy purposes, includes:

A. Principal and interest costs for approved major capital projects;

B. The portion of the tuition costs applicable to the insured value factor computed under section 1292; and

C. Lease costs for school buildings when the leases have been approved by the commissioner.

7. Elementary grades. "Elementary grades" includes a childhood educational program, as defined by section 859, through grade 8.

8. Equalization index. "Equalization index" means the number computed by dividing the state factor by the local factor.

9. Gross local allotment. "Gross local allotment" means the amount computed by dividing the gross local operating costs by 2.

10. Gross local operating costs. "Gross local operating costs" means the amount computed by multiplying the number of resident elementary and secondary pupils in the unit on October 1st of the year prior to the year of allocation, times the elementary and secondary costs per pupil, respectively in the unit during the base year.

11. Gross state allotment. "Gross state allotment" means the amount computed by dividing the gross state operating costs by 2.

12. Gross state operating costs. "Gross state operating costs" means the sum of the gross local operating costs of each unit.

13. Institutional resident. "Institutional resident" means any person between the ages of 5 and 20 who is attending a public school of the administrative unit and who is committed or otherwise legally admitted to, and residing at, any state-operated institution. This shall not include students attending private facilities, regardless of the means of placement.

14. Local factor. "Local factor" means the number computed by dividing the total amount of individual income during the base year in an administrative unit, as reported to the Bureau of Taxation, by the total number of resident pupils in the unit on October 1st of the year prior to the year of allocation.

15. Major capital costs. "Major capital costs" includes all costs relating to school construction projects as defined in section 3471.

16. Minor capital costs. "Minor capital costs" includes all costs which are related to maintenance of plant and minor remodeling and shall be a part of operating costs.

A. Administrative units are authorized, with approval of the legislative body, to arrange financing for maintenance of plant and minor remodeling.

Funds expended to repay funds borrowed for maintenance of plant and minor remodeling shall be considered minor capital costs in the year in which these funds are repaid.

B. Administrative units are authorized to establish a capital reserve fund for maintenance of plant and minor remodeling.

**C. Minor capital costs may not include construction of new buildings or the purchase of land.**

**17. Municipality.** "Municipality" includes all cities, towns and organized plantations.

**18. Operating costs.** Except as listed in this subsection, "operating costs" includes all costs minus applicable tuition receipts. The following costs may not be included as operating costs:

**A. Transportation costs;**

**B. Community service costs;**

**C. Major capital costs;**

**D. Debt service costs;**

**E. Expenditures from all federal revenue sources except for amounts received under United States Public Law 874;**

**F. Special education programs defined in subsection 21;**

**G. Vocational education programs defined in subsection 24; and**

**H. Costs of maintaining:**

**(1) The Governor Baxter State School for the Deaf;**

**(2) The Maine Youth Center;**

**(3) The schools in the unorganized territories as defined by section 1451; and**

**19. Net local allotment.** "Net local allotment" means the amount computed by multiplying the gross local allotment times the equalization index.

**20. Secondary grades.** "Secondary grades" means grades 9 through 12.

**21. Special education costs.** "Special education costs", for subsidy purposes, includes:

**A. The costs of certified professionals, assistants and aides or persons contracted to perform a special education service; and**

**B. The costs of tuition and board to other schools for programs which have been approved by the commissioner.**

**22. State factor.** "State factor" means the number computed by dividing the total amount of individual income during the base year in the State, as reported to the Bureau of Taxation, by the total number of resident pupils in the unit on October 1st of the year prior to the year of allocation.

**23. State-operated institution.** "State-operated institution" includes any residential facility or institution which is operated by the Department of Mental Health and Corrections.

24. **Vocational education costs.** “Vocational education costs”, for subsidy purposes, includes all costs incurred by the vocational regions, centers or satellites, in providing approved secondary school vocational education programs as defined by section 2356-A, subsection 3.

25. **Year.** “Year” means a fiscal year starting July 1st and ending June 30th of the succeeding year.

26. **Year of allocation.** “Year of allocation” means the year for which funds are appropriated under this chapter.

§ 4774. **Notification of actual education costs; other information; unit reports mandatory; audit adjustments**

1. **Notification; items.** Prior to December 1st of each year, the commissioner shall notify the Legislature and the Bureau of the Budget of actual education costs. This notification shall include the following items:

- A. Elementary operating costs;
- B. Secondary operating costs;
- C. Special education costs for programs operated by the administrative units;
- D. Special education tuition and board, excluding medical costs, defined as follows:
  - (1) Tuition and board for pupils placed by administrative units;
  - (2) Tuition and board for pupils placed directly by the State in accordance with rules and regulations adopted by the commissioner and special education tuition and other tuition for institutional residents of state-operated institutions attending programs in administrative units in accordance with rules and regulations adopted by the commissioner; and
  - (3) Adjustment under section 4779, subsection 5;
- E. Vocational education costs;
- F. Transportation costs;
- G. Debt service costs;
- H. Costs of unusual enrollment adjustments;
- I. Costs of geographic isolation adjustments;
- J. Cost of adjustments for small administrative units;
- K. Costs of reimbursement for private school transportation;
- L. State expenditures for each of paragraphs C through K;
- M. Audit and adjustments; and
- N. Local funds raised under section 4782.

2. **Additional information.** The commissioner shall provide any additional information as requested by the Legislature.

3. **Unit reports required; subsidy payments withheld.** Each administrative unit shall provide the commissioner with any information he deems necessary to carry out this chapter according to time schedules which he shall establish.

The commissioner is granted the authority to withhold monthly subsidy payments from any administrative unit when information is not filed within specified time schedules.

4. **Audit adjustments.** The commissioner shall have the authority to correct errors revealed by audit in administrative units when compiling actual education costs.

§ 4775. **Commissioner's recommendation for funding levels; computations**

1. **Annual certification.** Prior to January 15th of each year, the commissioner, with the approval of the State Board of Education, shall certify to the Bureau of the Budget the funding levels he recommends for section 4774, subsection 1, paragraphs A to K and M.

2. **Funding levels.** The following provisions apply to funding levels.

A. The requested funding levels for section 4774, subsection 1, paragraphs A and B shall be the amount of the gross state allotment.

B. The requested funding levels for section 4774, subsection 1, paragraph C, paragraph D, subparagraph (1), paragraphs E and F and the insured value factor and leases under paragraph G shall be computed by adding the actual costs for the first ½ of the year prior to the year of allocation to the total estimated costs that will be incurred for the 2nd ½ of the same year and shall be 80% of this sum.

C. The requested funding levels of section 4774, subsection 1, paragraph D, subparagraphs (2) and (3), shall be computed by estimating those costs in the year of allocation of funds.

D. The requested funding level of principal and interest payments under section 4774, subsection 1, paragraph G, shall be computed by adding both known obligations and the estimate of anticipated principal and interest costs for the year of allocation of funds. The requested funding shall be 80% of this amount.

E. The commissioner shall have the authority to amend any estimate whenever he believes the estimate is unreasonable.

§ 4776. **Governor's recommendation for funding levels**

The Bureau of the Budget shall annually certify to the Legislature the funding levels which the Governor recommends for section 4774, subsection 1, paragraphs A to K. The Governor's recommendation shall be transmitted to the Legislature within the time schedule set by Title 5, section 1666.

**§ 4777. Actions by the Legislature**

The Legislature shall:

1. **Equalization index.** Establish the equalization index for the year of allocation;
2. **Gross state allotment.** Establish the amount which is to be the gross state allotment, as defined in section 4773, subsection 15;
3. **Appropriation for the gross state allotment.** Appropriate the necessary funds for the gross state allotment;
4. **Appropriation for unusual enrollment.** Appropriate the necessary funds for the contingent account for unusual enrollment adjustments established by section 4779, subsection 4;
5. **Appropriation for geographic isolation.** Appropriate the necessary funds for adjustments due to geographic isolation as determined by section 4779; subsection 1;
6. **Appropriation for small administrative units.** Appropriate the necessary funds for adjustments to small administrative units which qualify in accordance with section 4779, subsection 7;
7. **Appropriation for audit adjustments.** Appropriate the necessary funds for audit adjustments which are authorized pursuant to section 4779; subsection 6;
8. **Appropriation for nonpublic school student services.** Appropriate the necessary funds for reimbursement for nonpublic school student services as authorized by section 4780, subsection 6; and
9. **Appropriation for pupils placed directly by the State and for institutional residents.** Appropriate tuition and board for pupils placed directly by the State in accordance with rules and regulations adopted by the commissioner and special education tuition and other tuition for institutional residents of state-operated institutions attending programs in administrative units in accordance with rules and regulations adopted by the commissioner.

**§ 4778. Computation of allotments**

The net local allotment and the allotment for categorical program costs to each administrative unit prior to adjustments authorized under section 4779, shall be computed by the commissioner as follows.

1. **Net local allotment.** Reimbursement for elementary and secondary operating costs shall be limited to the net local allotment, as defined in section 4773, subsection 19.
  - A. Resident elementary pupils in the unit on October 1st in the year prior to the year of allocation shall not include special education tuition pupils.



**B. Resident secondary pupils in the unit on October 1st in the year prior to the year of allocation shall include pupils enrolled in programs for school dropouts and truants as counted in the manner provided in section 934 and pupils enrolled in adult education programs eligible for state subsidies as counted in the manner provided in section 2384. Resident elementary pupils in the unit on October 1st in the year prior to the year of allocation shall not include special education tuition pupils.**

**2. Reimbursement for categorical program costs. The following provisions apply to reimbursement for categorical program costs.**

**A. Reimbursement for both special education programs operated or contracted for by the administrative unit and for special education tuition and board shall be limited to 80% of the estimated costs as adjusted by the commissioner or by the Legislature or 80% of the actual expenditures, whichever is less. Special education tuition and board for state wards and other pupils placed directly by the State shall be paid by the State in the year of allocation at 100% of the actual cost. In no event shall a local unit be responsible for contracted special education tuition and board in an amount greater than \$500 per pupil for any pupil for whom the unit has contracted. Any amount exceeding \$500 per pupil for any pupil shall be entirely reimbursed. Medical costs shall be allowable as a part of a tuition charge.**

**B. Reimbursement for vocational education shall be limited to 80% of the estimated costs as adjusted by the commissioner or by the Legislature or 80% of the actual expenditures, whichever is less.**

**(1) Any vocational center shall have the authority to bill its member units for any legislatively approved reduction in vocational education subsidies in proportion to the number of students served on October 1st and April 1st of the year immediately prior to the year of allocation. Any vocational region shall have the same authority to bill vocational centers for any students which they may send to the region for vocational education programs.**

**(2) If any bill authorized under this paragraph is not paid within 30 days after submission, the vocational center or region may appeal to the commissioner under section 1292.**

**(3) Expenditures for the first 6 months and expenditure estimates for the next 6 months as submitted by vocational regions, or member units of those regions, shall be used in computing transportation reimbursements to regions for the fiscal year 1981 and thereafter, notwithstanding any other section of this Title. The commissioner is authorized to obtain expenditures and estimates and to make the necessary adjustments in vocational education cost estimates in accordance with the definition of vocational education costs for subsidy purposes.**

**C. Reimbursement for transportation operating costs shall be limited to 80% of the estimated costs as adjusted by the commissioner or by the Legislature or**

80% of the actual expenditures, whichever is less. In the event the Legislature appropriates, for the transportation of pupils, an amount which differs from the commissioner's recommendation, the percentage of increase or decrease in the amount shall apply only to the operating cost and not to the purchase of buses.

D. Principal and interest costs for approved major capital projects shall be reimbursed at 80% of the level in the year of allocation.

**§ 4779. Additional payments to local units**

In addition to the net local allotment and the reimbursements for categorical program costs, payments may be made to any eligible units for the following items.

1. **Geographic isolation; determination.** The determination of geographic isolation shall be as follows.

A. The commissioner, with the approval of the State Board of Education, shall determine geographic isolation if a 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.

B. If the unit is declared to be geographically isolated under paragraph A, the commissioner shall adjust the net local allotment to that unit to meet the educational needs of that unit.

2. **Pupils on federal land; payment; limitation.** The following provisions apply to pupils on federal land, payment and limitation.

A. An administrative unit which enrolls eligible pupils under United States Public Law 81-874, Impact Aid, Section 3, shall count those pupils as resident pupils for purposes of this chapter.

B. The net local allotment to such a unit shall be adjusted by subtracting therefrom the United States Public Law 874 receipts in the same proportion that total local revenues under the state equalization program are to total local revenues for education in the unit.

C. The amount subtracted under paragraph B shall not exceed 90% of the unit's entitlement for the year prior to the year of allocation. In adjusting the net local allotment under this paragraph, 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, multiplied times the number of the students in the unit.

3. **Unusual enrollment; computation on payment; proration; local authorization; contingent account.** The following provisions apply to unusual enrollment, computation on payment, proration, local authorization and contingent account.

A. 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 a 3% increase shall be multiplied by the appropriate per pupil cost as established in this section to determine the allowable adjustment.

B. All units shall be prorated if necessary to remain within the sum appropriated for that adjustment.

C. Local administrative units are authorized to expend any funds received through this adjustment without calling for a special meeting of the local legislative body.

D. There is established within the department a contingent account for unusual enrollment subsidy and adjustments.

4. Decrease in enrollment; guaranteed allocation. Any administrative unit which experiences a decrease in enrollment in either elementary or secondary education programs of 33% or greater between April 1st of the base year and October 1st of the year prior to the year of allocation shall, at a minimum, be eligible to have its net local allotment based on the average elementary or secondary per pupil operating cost.

5. Special education adjustment; guidelines; limits; local authorization. The following provisions apply to special education adjustments, guidelines, limits and authorization.

A. If an administrative unit petitions the commissioner and demonstrates that the tuition or board payment to a special education facility for the initial placement of an exceptional child will cause a budgetary hardship, the commissioner may adjust the unit's reimbursement for categorical programs to include up to the amount of the tuition and board payments.

B. The funds for the adjustment shall be limited to the amount appropriated by the Legislature for that purpose.

C. School committees and boards of school directors shall be authorized to expend the funds allocated without having to seek approval from their legislative bodies.

6. Audit adjustments; limits. The following provisions apply to audit adjustments and limits.

A. If errors are revealed by audit and corrected by the commissioner under authority granted in section 4774, subsection 4, the administrative net local allotment and reimbursement for categorical programs allocation shall be adjusted to include corrections.

B. The funds for these adjustments shall be limited to the amount appropriated by the Legislature under section 4777, subsection 7.

7. Small unit subsidy adjustments; legislative intent. A unit may qualify for one of the following small unit subsidy adjustments.

A. A unit shall receive a minimum allocation for operating costs equal to  $5/3$  of the state average elementary teachers' salary in the school year immediately prior to the year of allocation as determined by the commissioner, if it is operating an elementary school with 25 pupils or less in kindergarten through grade 8 during the school year immediately prior to the year of allocation.

B. A unit shall receive a minimum net local allotment computed by multiplying the elementary or secondary pupil enrollment on October 1st in the year of allocation by the actual cost of tuition payment in the year of allocation, if it is not operating an elementary school or a secondary school and has 25 pupils or less in the kindergarten through grade 8 during the school year immediately prior to the year of allocation.

C. The small unit subsidy adjustment shall guarantee a minimum subsidy payment for operating costs to those units which qualify and it shall be made only after the payments in subsections 1 to 6 have been made.

§ 4780. Authorization of payment of net local allotment and reimbursement for categorical programs and payments under section 4779, subsections 1 to 7; appeals; limitation of use

1. Authorization of payment of the net local allotment, reimbursement for categorical programs and payments under section 4779, subsections 1 to 7. The commissioner shall authorize payments of the net local allotment, reimbursements for categorical programs and payments under section 4779, subsections 1 to 7 to the administrative units to be made in accordance with time schedules set forth in section 3455, sections 3457 to 3460 and sections 3471 to 3477.

2. Notification; commissioner's duty; superintendent's duty. Notifications shall be as follows.

A. The commissioner shall annually, on or before May 15th, notify the school committees or school directors of each administrative unit of the amount allocated to the unit.

B. The superintendent of schools of each unit shall report to the municipal officers whenever the unit is notified of the allocation or a change is made in the allocation to a unit resulting from a December or June adjustment.

3. Payments to unit's treasurer; basis. Payments under subsection 1 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.

4. Computation of payments to community school districts. Whenever a

community school district is organized to educate some, but not all, of the grades from kindergarten through grade 12, the department shall compute the payments under subsection 1 for the member municipalities as follows:

- A. Compute the average number of resident pupils in the municipality on October 1st of the calendar year prior to the year of allocation;
  - B. Compute the average number of resident pupils during this period who were not educated by the community school district;
  - C. Multiply the ratio of B divided by A times the total individual income during the base year for the municipality as reported to the Bureau of Taxation. The result determines that part of the member municipality's income on which the department will use to compute the aid for the municipality; and
  - D. The sum of the remaining income of each member municipality shall be the total income which the department shall use to compute state aid for the community school district.
5. Payments under subsection 1 to vocational regions. Payments under subsection 1 for debt service on bonds issued by the cooperative boards of vocational regions shall be paid directly to the treasurers of the boards notwithstanding any other statute.
6. Nonpublic school student service reimbursements. Notwithstanding any other provision of this chapter, the commissioner shall reimburse 50% of the expenditures of the base year as reported by the municipal officers on forms provided by the commissioner for providing any of the services to nonpublic school pupils authorized by Title 30, section 5104, subsections 5 to 8, provided the students attend nonpublic schools that are not operated for profit in whole or in part. The total amount reimbursed under this section shall not exceed the level of funds appropriated for this item under section 4777, subsection 8. The municipal officers shall submit documentation demonstrating the amount of money appropriated for nonpublic school student services for the base year. The commissioner is authorized to promulgate reasonable rules and regulations to assure that all sums reimbursed were utilized and actually expended for programs authorized pursuant to Title 30, section 5104, subsections 5 to 8; that no municipality receives reimbursement under this section for any student who attends a nonpublic school at public expense and that all services provided to nonpublic school students that require professional personnel be provided by persons who are public employees.
7. Private school transportation payments; other payments for services to private school students. For the year beginning July 1, 1981, and ending June 30, 1982, the commissioner shall reimburse 50% of the expenditures of the year immediately prior to the year of allocation for those items subject to reimbursement under subsection 6. These expenditures shall be computed by adding the actual costs for the first half of that year to the total estimated costs that will be incurred for the 2nd half of that year as reported by 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. A municipality shall be limited to 90% of the estimated costs, as adjusted by the commissioner, or 90% of the actual expenditure, whichever is less. The total amount reimbursed under this subsection shall not exceed the level of funds appropriated for this item under section 4777, subsection 8.

8. Direct special education payments. The commissioner is authorized to make tuition and board payments directly to private special education boarding schools which receive state wards or other pupils placed directly by the State.

9. Education of institutional residents. The commissioner is authorized to pay tuition to administrative units for institutional residents, as defined in section 4773, subsection 13, and within the limits of the appropriation made under section 4777, subsection 9.

10. Appeals. The computation of payments under this chapter for any unit may be appealed in writing to the State Board of Education by the school committee or board of directors of any administrative 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 justified. The board's decision, shall be final as to facts supported by the records of the appeal.

11. School purpose expense requirement. Notwithstanding any other public or private statute to the contrary, all money allocated for school purposes shall be expended for school purposes only.

12. Balance of allocations. Notwithstanding any other public or private statute to the contrary, balances of allocations at the end of the unit's fiscal year shall be carried forward to meet the next year's school needs.

13. Transitional adjustment. Notwithstanding any other provision of this chapter, payments under this section to units during the years 1982-83 and 1983-84 shall be adjusted, as follows.

A. For the year 1982-83, any unit receiving an amount under this section which is either more or less than it would receive under the provisions of the School Finance Act of 1978 will receive 50% of the difference.

B. For the year 1983-84, any unit receiving an amount under this section which is less than it would receive under the School Finance Act of 1978 will receive 25% of the difference. Any unit receiving an amount under this section which is more than it would receive under the provisions of the School Finance Act of 1978 will receive 75% of the difference.

#### § 4781. Net local allotment; limitations and appropriations

1. Net local allotment; limitations. The net local allotment shall be computed by the commissioner with limitation.

A. The commissioner shall compute the net local allotment by multiplying the equalization index times the gross local allotment.

**B. Notwithstanding the provisions of subsection 1, the net local allotment to any unit shall not be less than 40% or greater than 160% of its gross local allotment.**

**2. Local appropriation of net local allotment. An article in substantially the following form is to be used when any administrative unit is considering the appropriation of the net local allotment.**

**“Article : To see what sum the municipality/district will appropriate from the net local allotment for school purposes (Recommended \$ ) and to see what sum the municipality/district will raise as additional local funds (Recommended \$ ).”**

**§ 4782. Local funds without state participation**

**1. Authorization. Each administrative unit is authorized to raise and expend funds for educational purposes in addition to the funds equal to 100% of its gross local allotment and 100% of its categorical program costs and in addition to the other funds available under sections 4779 to 4781.**

**2. Calculation of operating costs. For the purposes of this chapter, moneys raised under subsection 1 shall be included in any future calculation of the administrative unit’s elementary and secondary per pupil operating costs, but shall not be included in any future calculations of the state average or total operating costs.**

**3. Administrative costs for units with no pupils. In the event an administrative unit is required to pay administrative costs and has no allocation of state and local funds, that administrative unit may raise and expend funds for administrative costs.**

**§ 4783. Municipal assessment paid to district**

**1. Presentation of assessment schedule. The assessment schedule based on the budget approved at a community school district or school administrative district budget meeting or meetings shall be presented to the treasurer of each municipality which is a member of the district.**

**The assessment schedule shall include each member municipality’s share of the funds raised locally for 20% of the cost of categorical programs, and for the local portion of the gross local allotment and the local appropriation without state participation.**

**2. Municipal treasurer’s payment schedule. The treasurer of the member municipality, after being presented with the assessment schedule, shall forward 1/12 of that member municipality’s share to the treasurer of the district on or before the 20th day of each month of the fiscal year beginning in July.**

**§ 4784. Special school districts**

**1. Special school district defined. Any school district created by private and special law for the purposes of constructing or adding to school buildings which**

does not have authority nor responsibility for operating public schools is a "special school district" for the purposes of this section.

2. **Administrative unit.** For the purposes of sections 3457 to 3460 and 4787, any special school district to which this section is applicable shall be deemed to be an administrative unit.

3. **Debt service; payments by school committee.** Debt service on bonds or notes issued by a special school district shall be included in the school budget of the administrative unit which operates the school or schools constructed by the district.

The school committee, board of school directors or other board exercising like functions for the administrative unit which operates the school or schools shall pay to the special school district all sums necessary to meet the payments of principal and interest on bonds or notes when due and to cover any maintenance or other costs for which the special school district is responsible.

§ 4785. **School budget; budget formats**

1. **Content; net local allotment; summary.** The content of an administrative unit's budget shall include the following.

A. Each administrative unit shall include in its school budget its net local allotment and any additional expenditures authorized by statute.

B. The budget document shall contain a summary of anticipated revenues and estimated school expenditures for the fiscal year.

2. **Budget deadlines; prior to budget meeting; adoption.** The following provisions apply to budget deadlines.

A. At least 7 days before the initial meeting of the legislative body which is responsible for adopting a budget, a detailed budget document shall be available to that legislative body and to any person residing within the geographic area served by the administrative unit.

B. Notwithstanding any provision of statute or charter to the contrary, municipalities, School Administrative Districts and community school districts may adopt their respective annual budgets at any time prior to June 30th, except that the school budgets for vocational regions shall be adopted on or before August 1st.

3. **Budget formats; general; determination; public involvement.** The following provisions apply to budget formats.

A. Except as provided in subsection 4, the budget format shall be that prescribed by a majority of the school directors or school committee members until such time as an article prescribing the school budget format is approved by a majority of voters in an election in which the total vote is equal to or greater than 20% of the number of votes cast in the municipality at the most recent gubernatorial election, or 200, whichever is less.



**B. The format of the school budget may be determined in accordance with section 226, subsection 3 or section 369.**

**C. It is the intent of the Legislature that the governing bodies of administrative units shall attempt to encourage public involvement in the development of the school budget.**

**4. Budget format; town or city charter. In a town or city where the responsibility for final adoption of the school budget is vested by municipal charter in a town or city council, the school budget format may be changed through amendment of the charter under the home rule procedures prescribed in Title 30, sections 1911 to 1920, except that the amendment shall be approved by a majority of voters in an election in which the total vote is equal to or greater than 20% of the number of votes cast in the municipality at the most recent gubernatorial election.**

**5. Budget format; town meeting. Where the final budget authority is vested in a town meeting operating under the general enabling procedures of Title 30, the format of the school budget may be determined by the town meeting or under the procedures prescribed in Title 30, section 2053 or 2061.**

**6. Budget format; community school district; trustee's duties; petition. The following provisions apply to budget formats.**

**A. An article containing a community school district's proposed budget format shall be placed upon the next warrant issued or ballot printed if:**

- (1) A majority of the board of trustees votes to place it upon the warrant; or**
- (2) A written petition signed by 10% of the number of voters voting in the last gubernatorial election in each municipality comprising the district requests it to be on the warrant.**

**B. The article containing the budget format may be voted on by secret ballot at an election conducted in accordance with Title 30, sections 2061 to 2065.**

**C. The community school district's board of trustees shall:**

- (1) Issue a warrant specifying that the municipal officers of the municipalities within the community school district place the budget format article on the secret ballot to be voted upon as indicated in paragraph A; and**
- (2) Prepare and furnish the required number of ballots for carrying out the election, including absentee ballots.**

**7. Budget format; Articles. The articles prescribed in this chapter shall be included in the budget format and voted upon in the adoption of the budget in order to determine state and local cost sharing.**

**8. Change in budget format. Any change in the budget format shall be voted upon at least 90 days prior to the budget year for which that change is to be effective.**

**§ 4786. School budget adoption; extension**

Notwithstanding any provisions of statute or charter to the contrary, municipalities, School Administrative Districts and community school districts may adopt their respective annual budgets at any time prior to June 30th, annually, except that the school budget for vocational regions shall be adopted on or before August 1st, annually. Municipal officers and school directors or trustees may not certify to the assessors any amount to be raised by taxation until such time as a final budget has been approved that includes the total education cost estimates for the current or ensuing fiscal year. Expenditures may be made by municipalities or school districts after the commencement of, and prior to adoption of a final budget for, the current or ensuing fiscal years 1978 and 1979 based on interim or partial budgets adopted by the municipal officers, boards of directors of School Administrative Districts or boards of trustees of community school districts.

**§ 4787. Reconsideration of budget**

For administrative units in which the school budget is finally approved by the voters, a special meeting to reconsider action taken on the budget may be called under the following conditions and by the following procedures set forth in this section.

1. **Reconsideration.** Meetings to reconsider action shall be called within 30 days of the regular budget meeting.

2. **Special budget meeting.** A special budget meeting may be called by the board of directors in a School Administrative District or by the board of trustees in a community school district.

3. **Procedure for calling a special budget meeting.** A special budget meeting shall be called, within 15 days, by the board of directors in a School Administrative District or the board of trustees in community school districts whenever 10% of the voters voting in the last gubernatorial election in the member towns of the district or 100 voters, whichever is less, have signed a petition for the meeting specifying the article or articles to be acted upon at the special budget meeting.

4. **Who may call a special budget meeting.** A special budget meeting may be called by the school committee in a municipality which is responsible for the operation of its schools or may be called by using the petition procedures set forth in Title 30.

5. **Check list required.** Prior to the articles dealing with school appropriations being voted upon, the moderator of each regular or special school budget meeting shall require the clerk or secretary to make a check list of the registered voters present. The number of voters listed on the check list shall be conclusive evidence of the number present at the meeting as referred to in subsection 6.

6. **Invalidation of action of a special budget meeting.** Whenever a special school budget meeting is called to reconsider action taken at a regular budget meeting, the actions of the meeting shall be invalid if the number of voters present at the special budget meeting is less than the number of voters present at the regular budget meeting.

7. **Line item transfers.** Meetings required by school committees or school directors for the purpose of transferring funds from one category or line item to another shall be posted for voter or council action within 15 days of the date of the request.

§ 4788. **Bonds; notes; etc.**

1. **Obligations of administrative unit.** All bonds, notes or other evidences of indebtedness issued for school purposes by an administrative unit, as defined in section 3452, for major capital expenses or for current operating expenses, including tax or other revenue anticipation notes, shall be general obligations of the administrative unit.

2. **Tax assessments; reduction by legislative appropriation.** The following provisions apply to tax assessment.

A. **The municipal officers, school directors, trustees or other governing board exercising like functions in each administrative unit shall require the sums which may be necessary to meet in full the principal of and interest on these bonds, notes or other evidences of indebtedness payable in each year to be assessed and collected in the manner provided by law for the assessment and collection of taxes.**

(1) **The sums so assessed shall be payable from ad valorem taxes which may be levied without limit as to rate or amount upon all the taxable property within the administrative unit.**

B. **The sums to be assessed and collected under paragraph A shall be reduced by the amount of any allocation of funds appropriated by the Legislature to pay the principal and interest owed by the administrative unit in any given year as certified to the unit by the commissioner. The commissioner shall certify the amount due to the unit within 30 days after it has been appropriated by the Legislature.**

§ 4789. **Compliance with federal and state laws and regulations**

1. **Commissioner's duty.** The commissioner shall assure that any federal or state funds distributed to any school administrative unit are spent in compliance with:

A. **Revenue sharing.** Provisions of federal laws and regulations, United States Code, Title 31, Section 1242, as amended, and the Code of Federal Regulations, Title 31, Subtitle B, Part 51, Chapter I;

B. **Education amendments.** Title 9 of the Education Amendments of 1972,

United States Code, Title 20, Section 1681 et seq., and the Code of Federal Regulations, Title 45, Part 86;

C. Civil Rights Act. The Civil Rights Act of 1864, Title 6, United States Code, Title 42, 2000d and the Code of Federal Regulations, Title 45, Part 80;

D. Human Rights Act. Title 5, chapter 337, and the regulations promulgated pursuant to sections 4551 to 4631; and

E. Code of Fair Practices and Affirmative Action, Title 5, sections 781 to 790.

2. Assistance. Upon request by the department, the Human Rights Commission and the Department of the Attorney General shall assist the Department of Educational and Cultural Services in meeting its obligation to respond to complaints raised pursuant to this section.

Sec. 3. 36 MRSA § 201, as amended by PL 1977, c. 509, § 2, is repealed.

Sec. 4. 36 MRSA c. 102, sub-c. V, as enacted by PL 1975, c. 545, § 13, and as amended by PL 1979, c. 666, §§ 9-11, is repealed.

Sec. 5. 36 MRSA § 303, sub-§ 2, last sentence, as repealed and replaced by PL 197, c. 666, § 8, is repealed.

Sec. 6. 36 MRSA § 384, as amended by PL 1975, c. 623, § 52, is repealed.

Sec. 7. 36 MRSA § 578, sub-§ 1, first sentence, as repealed and replaced by PL 1977, c. 282, is repealed.

Sec. 8. 36 MRSA § 578, sub-§ 1, 3rd ¶, last sentence, as enacted by PL 1977, c. 720, § 3, is amended to read:

A municipality within whose boundaries this acreage lies shall receive annual payments from moneys so appropriated by the Legislature provided it submits an annual return in accordance with the provisions of section 383 ~~and it achieves the appropriate minimum assessment ratio described in section 327.~~

Sec. 9. 36 MRSA § 1608 is enacted to read:

#### § 1608. General Fund property tax

In addition to the Unorganized Territory Educational and Services Tax, a tax shall be assessed at the rate of 2 mills for the fiscal year ending June 30, 1981, and every year thereafter upon all nonexempt real and personal property in the unorganized territory. The State Tax Assessor shall compute and apportion the tax on the basis of his determination of values and shall determine the tax due from each taxpayer. He shall collect the tax in accordance with the schedule in section 1602 and deposit the proceeds in the General Fund of the State.

Sec. 10. Effective date. This Act becomes effective July 1, 1982.

## STATEMENT OF FACT

The purpose of this bill is to compute the state's share of operating costs based on the income, rather than the property values, of the local administrative unit.

Under this bill an equalization index, the ratio of the state's income per pupil to the local unit's income per pupil, is applied to the gross allotment for operating costs for which the unit is eligible. The result is the net allotment which the unit actually receives. Limitations are included on the net allotment so that all units are eligible for some state funds for operating costs and so that some units with very low income per pupil do not receive an unreasonably large amount.

The categorical programs, including special education, vocational education, debt service and transportation, are reimbursed with 80% state funds to each unit.

This bill also returns to local tax assessors full administrative control over property assessment functions by repealing those provisions of law imposing assessment standards administered by the State Tax Assessor. The State Tax Assessor's role in property tax administration is reduced to that of advising and assisting local government. This bill also imposes a 2 mill tax, in addition to the unorganized territory district tax, on the unorganized territory, the proceeds of which would go to the state's General Fund.