

MAINE STATE LEGISLATURE

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1 FIRST REGULAR SESSION
2

3 ONE HUNDRED AND ELEVENTH LEGISLATURE
4

5 Legislative Document

No. 1688
6

7 H.P. 1275

House of Representatives, May 25, 1983

8 Pursuant to study by the Select Committee on School Finance.

9 Reported by Representative Locke from the Committee on Education and
10 printed under Joint Rule 18.

EDWIN H. PERT, Clerk

11
12 STATE OF MAINE
13

14 IN THE YEAR OF OUR LORD
15 NINETEEN HUNDRED AND EIGHTY-THREE
16

17 AN ACT to Revise the School Finance Act.
18

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

21 Sec. 1. 20-A MRSA c. 605, as enacted by PL 1981,
22 c. 693, §§5 and 8, is repealed.

23 Sec. 2. 20-A MRSA c. 606 is enacted to read:

24 CHAPTER 606

25 SCHOOL FINANCE ACT OF 1985

26 §15601. Short title

27 This chapter may be cited as the "School Finance
28 Act of 1985."

29 §15602. Intent

1 1. Contributions from General Fund. It is the
2 intent of the Legislature to provide at least 55% of
3 the cost of the total allocation from General Fund
4 revenue sources or a percentage no less than that
5 provided in the year prior to the year of allocation,
6 whichever is greater.

7 2. Amount of actual operating and program
8 costs. It is the intent of the Legislature that the
9 actual operating and program costs, as annually
10 established by the Legislature, shall be an amount
11 sufficient to meet the level of the costs in the year
12 prior to the year of allocation.

13 §15603. Definitions

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

17 1. Actual education costs. "Actual education
18 costs" means the state and local expenditures during
19 the base year for the programs and adjustments speci-
20 fied in sections 15604 and 15612.

21 2. Actual local operating costs. "Actual local
22 operating costs" include all costs except the follow-
23 ing:

24 A. Program costs for special education costs in
25 subsection 19, vocational education costs in sub-
26 section 27 and transportation operating costs in
27 subsection 26;

28 B. Bus purchase costs;

29 C. Debt service costs;

30 D. Community service costs;

31 E. Major capital costs; and

32 F. Expenditures from all federal revenue
33 sources, except for amounts received under United
34 States Public Law 81-874.

1 3. Actual local operating costs adjust-
2 ed. "Actual local operating costs adjusted" means
3 actual operating costs in subsection 2 adjusted to
4 meet the level of the costs in the year prior to the
5 year of allocation.

6 4. Actual local program costs. "Actual local
7 program costs" include all costs for the following:

8 A. Special education costs in subsection 19;

9 B. Vocational education costs in subsection 27;
10 and

11 C. Transportation operating costs in subsection
12 26.

13 5. Actual local program costs adjusted. "Actual
14 local program costs adjusted" means actual program
15 costs in subsection 4, adjusted to meet the level of
16 the costs in the year prior to the year of alloca-
17 tion.

18 6. Base year. "Base year" means the 2nd year
19 prior to the year of allocation of funds.

20 7. Bus purchase costs. "Bus purchase costs"
21 includes:

22 A. Expenditures for bus purchases approved by
23 the commissioner and made during the year prior
24 to the year of allocation; and

25 B. The portion of contracts in the year prior to
26 the year of allocation for transportation ser-
27 vices approved by the commissioner applicable to
28 purchases of buses.

29 8. Debt service costs. "Debt service costs,"
30 for subsidy purposes, includes:

31 A. Principal and interest costs for approved
32 major capital projects in the year of allocation;

33 B. Lease costs for school buildings when the
34 leases have been approved by the commissioner for
35 the year prior to the year of allocation; and

1 C. The portion of the tuition costs applicable
2 to the insured value factor computed under Title
3 20-A, section 5806, for the base year.

4 9. Debt service millage limit. "Debt service
5 millage limit" means the equivalent of a mill rate
6 which, if applied to the state valuation of an admin-
7 istrative unit, limits the local share of debt ser-
8 vice required under section 15611, subsection 1,
9 paragraph A.

10 10. Elementary grades. "Elementary grades"
11 includes a childhood educational program, as defined
12 by section 5201, through grade 8.

13 11. Foundation allocation. "Foundation alloca-
14 tion" means the total of actual local operating costs
15 and actual local program costs adjusted to the
16 equivalent of the year prior to the year of alloca-
17 tion.

18 12. Foundation per pupil operating
19 rate. "Foundation per pupil operating rate" means
20 the rate established by the Legislature in section
21 15607, subsection 1.

22 13. Institutional resident. "Institutional res-
23 ident" means a person between the ages of 5 years and
24 20 years who is attending a public school of the
25 school administrative unit and who is committed or
26 otherwise legally admitted to, and residing at, a
27 state-operated institution. It does not include stu-
28 dents attending private facilities, regardless of the
29 means of placement.

30 14. Local share of the foundation alloca-
31 tion. "Local share of the foundation allocation"
32 means a school administrative unit's share of the
33 foundation allocation.

34 15. Local share percentage. "Local share per-
35 centage" means the rate computed by dividing the
36 local share of the operating cost allocation by the
37 maximum operating cost allocation, expressed as a
38 percentage under section 15609, subsection 1, para-
39 graph A.

1 16. Major capital costs. "Major capital costs"
2 means costs relating to school construction projects,
3 as defined in section 15901.

4 17. Minor capital costs. "Minor capital costs"
5 means costs relating to maintenance of plant and
6 minor remodeling and site development not in conjunc-
7 tion with a construction project.

8 A. Minor capital costs shall not include con-
9 struction of new buildings or the purchase of
10 land.

11 B. Expenditures to repay funds borrowed for
12 maintenance of plant and minor remodeling shall
13 be considered minor capital costs in the year in
14 which these funds are repaid.

15 18. Municipality. "Municipality" includes cit-
16 ies, towns and organized plantations.

17 19. Program millage limit. "Program millage
18 limit" means the equivalent of a mill rate which, if
19 applied to the state valuation of an administrative
20 unit, shall limit the local share of the program
21 allocation required under section 15609, subsection
22 1, paragraph B.

23 20. Secondary grades. "Secondary grades" means
24 grades 9 to 12.

25 21. Special education costs. "Special education
26 costs" for subsidy purposes includes:

27 A. The salary and benefit costs of certified
28 professionals, assistants and aides or persons
29 contracted to perform a special education ser-
30 vice;

31 B. The costs of tuition and board to other
32 schools for programs which have been approved by
33 the commissioner. Medical costs shall not be
34 allowable as part of a tuition charge; and

35 C. The cost of programs for gifted and talented
36 students which have been approved by the commis-
37 sioner.

1 22. State-operated institution. "State-operated
2 institution" means any residential facility or insti-
3 tution which is operated by the Department of Mental
4 Health and Mental Retardation.

5 23. State share of the foundation alloca-
6 tion. "State share of the foundation allocation"
7 means the state's share of the foundation allocation.

8 24. State share percentage. "State share per-
9 centage" means the rate computed by dividing the
10 state share of the operating costs allocation by the
11 maximum operating cost allocation, expressed as a
12 percentage, under section 15609, subsection 1, para-
13 graph A.

14 25. State subsidy. "State subsidy" means the
15 total of the state share of the foundation alloca-
16 tion, the state share of the debt service allocation,
17 if any, and the state share of the bus purchase allo-
18 cation, if any.

19 26. Subsidy indices. "Subsidy indices" means
20 the equivalent of mill rates which, if applied to the
21 state valuation of all municipalities, would raise
22 not more than 45% of the total allocation and would
23 establish the operating cost millage, the program
24 millage limit and the debt service millage limit.

25 These indices may not be levied, but shall be used
26 for the purpose of computing allocations.

27 27. Total allocation. "Total allocation" means
28 the total of the foundation allocation, the debt ser-
29 vice allocation and the bus purchase allocation.

30 28. Transportation operating costs. "Trans-
31 portation operating costs," for subsidy purposes,
32 means all costs incurred in the transportation of
33 pupils in kindergarten and grades one to 12, exclud-
34 ing the costs of bus purchases.

35 29. Vocational education costs. "Vocational
36 education costs" for subsidy purposes means all costs
37 incurred by the vocational regions, centers or
38 satellites in providing approved secondary school
39 vocational education programs, excluding transporta-
40 tion, capital costs and debt service.

1 30. Year. "Year" means a fiscal year starting
2 July 1st and ending June 30th of the succeeding year.

3 §15604. Notification of actual educational costs;
4 other information; mandatory reports; audit
5 adjustments

6 1. Notification; items. Prior to December 1st
7 of each year, the commissioner shall notify the
8 Legislature and the Bureau of the Budget of actual
9 education costs. This notification includes the fol-
10 lowing items:

11 A. Operating costs;

12 B. Special education costs for programs operated
13 by school administrative units;

14 C. Special education tuition and board, exclud-
15 ing medical costs, defined as follows:

16 (1) Tuition and board for pupils placed by
17 school administrative units;

18 (2) Tuition and board for pupils placed
19 directly by the State in accordance with
20 rules adopted or amended by the commis-
21 sioner;

22 (3) Special education tuition and other
23 tuition for institutional residents of
24 state-operated institutions attending pro-
25 grams in school administrative units in ac-
26 cordance with rules adopted or amended by
27 the commissioner; and

28 (4) Adjustments under section 15612, sub-
29 section 6;

30 D. Vocational education costs;

31 E. Transportation operating costs;

32 F. Bus purchase costs;

33 G. Debt service costs;

1 H. Costs of reimbursement for private school
2 services; and

3 1. Cost of state expenditures for teachers'
4 retirement benefits.

5 2. Additional information. The commissioner
6 shall provide additional information requested by the
7 Legislature.

8 3. Required reports; subsidy payments with-
9 held. A school administrative unit shall provide the
10 commissioner with information which the commissioner
11 requests to carry out the purposes of this chapter,
12 according to time schedules which the commissioner
13 shall establish.

14 The commissioner may withhold monthly subsidy payments
15 from a school administrative unit when information is
16 not filed in specified format and content and within
17 specified time schedules.

18 4. Audit adjustments. The commissioner may cor-
19 rect errors revealed by audit.

20 §15605. Commissioner's recommendation for funding
21 levels; computations; guidelines

22 1. Annual certification. Prior to December 15th
23 of each year, the commissioner, with the approval of
24 the state board, shall certify to the Governor and
25 the Bureau of the Budget the funding levels which the
26 commissioner recommends for sections 15604 and 15613.

27 2. Funding level computations. The following
28 are the funding level computations that support the
29 commissioner's funding level recommendations.

30 A. The foundation per pupil operating rate shall
31 be the summary of actual local operating costs of
32 all school administrative units of the base year
33 adjusted to the year prior to the year of alloca-
34 tion divided by the average total resident pupils
35 in sections 5104 and 6004 educated at public
36 expense in kindergarten and grades one to 12 on
37 April 1st and October 1st of the calendar year
38 prior to the year of allocation.

1 (1) The elementary foundation per pupil
2 operating rate shall be the summary of actual
3 local operating costs of all school
4 administrative units of the base year ad-
5 justed to the year prior to the year of
6 allocation divided by the average total res-
7 ident pupils in sections 5104 and 6004 edu-
8 cated at public expense in kindergarten and
9 grades one to 8 on April 1st and October 1st
10 of the calendar year prior to the year of
11 allocation.

12 (2) The secondary foundation per pupil
13 operating rate shall be the summary of actual
14 local operating costs of all school
15 administrative units of the base year ad-
16 justed to the year prior to the year of
17 allocation divided by the average total res-
18 ident pupils in sections 5104 and 6004 edu-
19 cated at public expense in grades 9 to 12 on
20 April 1st and October 1st of the calendar
21 year prior to the year of allocation.

22 B. The requested funding levels for operating
23 costs under section 15604, subsection 1, para-
24 graph A, shall be the actual local operating
25 costs for the base year adjusted to the equiva-
26 lent of the year prior to the year of allocation.

27 C. The requested funding levels for program
28 costs under section 15604, subsection 1, para-
29 graph B; section 15604, subsection 1, paragraph
30 C, subparagraph (1); section 15604, subsection 1,
31 paragraphs D and E, shall be the actual local
32 program costs for the base year adjusted to the
33 equivalent of the year prior to the year of allo-
34 cation.

35 D. The requested funding levels for debt service
36 under section 15604, subsection 1, paragraph G,
37 shall be as follows:

38 (1) The known obligations and estimates of
39 anticipated principal and interest costs for
40 the year of allocation;

41 (2) The expenditures for the insured value
42 factor for the base year; and

1 (3) The level of leases approved by the
2 commissioner for the year prior to the year
3 of allocation.

4 E. The requested funding levels for bus pur-
5 chases under section 15604, subsection 1, para-
6 graph F, shall be the level of purchases and the
7 portion of a transportation contract attributable
8 to acquisition of buses approved by the commis-
9 sioner for the year prior to the year of alloca-
10 tion.

11 F. The requested funding levels for special edu-
12 cation under section 15604, subsection 1, para-
13 graph C, subparagraphs (2) and (3), shall be com-
14 puted by estimating costs for the year of alloca-
15 tion.

16 G. The requested funding levels for adjustments
17 under section 15612 shall be computed by esti-
18 imating costs for the year of allocation.

19 H. The requested funding levels for reimbursement
20 for private school services under section 15604,
21 subsection 1, paragraph H, shall be the actual
22 costs for the base year.

23 3. Guidelines for actual local operating and
24 program costs. The commissioner's recommendation for
25 actual local operating and program costs adjusted
26 shall reflect changes in pupil enrollment, economic
27 factors, actual changes in educational costs and any
28 other considerations which effect a change in the
29 costs of education. The commissioner shall be con-
30 scious of the need for prudent restraint in educa-
31 tional financing.

32 §15606. Governor's recommendation for funding levels

33 The Bureau of the Budget shall annually certify
34 to the Legislature the funding levels which the Gov-
35 ernor recommends for sections 15604 and 15612.

36 The Governor's recommendations shall be trans-
37 mitted to the Legislature within the time schedules
38 set forth by Title 5, section 1666.

1 §15607. Actions by the Legislature

2 The Legislature shall annually, prior to April
3 1st, enact legislation which shall:

4 1. Foundation per pupil operating rate. Estab-
5 lish the foundation per pupil operating rate and the
6 elementary and secondary foundation per pupil oper-
7 ating rates;

8 2. Subsidy indices. Establish an operating cost
9 millage, a program millage limit and a debt service
10 millage limit;

11 3. Appropriation for the state share of the
12 foundation. Appropriate the necessary funds to meet
13 the maximum state obligation for the state's share of
14 the foundation allocation under section 15610;

15 4. Appropriation for state share of debt ser-
16 vice. Appropriate the necessary funds for the
17 state's share of debt service under section 15611;

18 5. Appropriation for state share of bus pur-
19 chases. Appropriate the necessary funds for the
20 state's share of bus purchases under section 15611;

21 6. Appropriation for geographic isola-
22 tion. Appropriate the required funds for adjustments
23 due to geographic isolation under section 15612, sub-
24 section 2;

25 7. Appropriation for unusual enrollment
26 increase. Appropriate the required funds for adjust-
27 ments for unusual enrollment increases under section
28 15612, subsection 3;

29 8. Appropriation for small administrative
30 units. Appropriate the necessary funds for adjust-
31 ments to small school administrative units which
32 qualify under section 15612, subsection 4;

33 9. Appropriation for quality pro-
34 grams. Appropriate the necessary funds for quality
35 incentive adjustment for school administrative units
36 which qualify under section 15612, subsection 1;

1 10. Appropriation for special education pupils
2 placed directly by the State. Appropriate the neces-
3 sary funds for:

4 A. Tuition and board for pupils placed directly
5 by the State in accordance with rules adopted or
6 amended by the commissioner; and

7 B. Special educational tuition and other tuition
8 for residents of state-operated institutions
9 attending programs in school administrative units
10 in accordance with rules adopted or amended by
11 the commissioner;

12 11. Appropriation for audit adjust-
13 ments. Appropriate the necessary funds for audit ad-
14 justments; and

15 12. Appropriation for nonpublic school ser-
16 vices. Appropriate the necessary funds for reim-
17 bursement for nonpublic school services under section
18 15613, subsection 4.

19 §15608. Computation of the maximum state-local allo-
20 cation prior to adjustments

21 The commissioner shall compute the maximum
22 foundation allocation for each school administrative
23 unit as follows.

24 1. Operating cost allocation. The maximum oper-
25 ating cost allocation shall be the total of:

26 A. The product determined by multiplying the
27 average number of resident pupils in kindergarten
28 and grades one to 8 in the unit on April 1st and
29 October 1st of the calendar year immediately
30 prior to the year of allocation, excluding spe-
31 cial education tuition pupils, by the elementary
32 foundation per pupil operating rate as estab-
33 lished in section 15607; and

34 B. The product determined by multiplying the
35 average number of resident pupils in grades 9 to
36 12 in the unit on April 1st and October 1st of
37 the calendar year immediately prior to the year
38 of allocation, excluding special education

1 tuition pupils, by the secondary foundation per
2 pupil operating rate as established in section
3 15607.

4 2. Program costs allocation. The program costs
5 allocation shall be the total of the following pro-
6 gram costs.

7 A. The special education portion of the program
8 cost allocation shall be the special education
9 costs in section 15603, subsection 21, as adjust-
10 ed.

11 B. The vocational education portion of the pro-
12 gram costs allocation shall be the actual
13 expenditures for vocational education programs in
14 section 15603, subsection 29, as adjusted.

15 C. The transportation operating portion of the
16 program costs allocation shall be the actual
17 expenditures for transportation operating costs
18 for the unit as adjusted.

19 §15609. Computation of maximum local share of the
20 foundation allocation

21 1. Maximum local share of the foundation alloca-
22 tion computation. The commissioner shall compute the
23 local share of the foundation allocation by adding
24 the following.

25 A. The local share of the allocation for oper-
26 ating costs shall be the product of the operating
27 cost millage established under section 15607 and
28 the state valuation of the municipalities in the
29 administrative units. The commissioner's computa-
30 tion of the local share of the allocation for
31 operating costs for each unit or member municipi-
32 ality within a school administrative district or
33 community school district shall not exceed the
34 total operating allocation of each municipality.

35 (1) The local share percentage shall be the
36 proportion that the local share of the allo-
37 cation for operating cost is to the maximum
38 operating cost allocation. The state share
39 percentage shall be the proportion that the

1 state share of the allocation for operating
2 cost is to the maximum operating cost allo-
3 cation.

4 B. The local share of the allocation for program
5 costs shall be the actual local program costs in
6 the base year adjusted and multiplied by the
7 local share percentage determined in paragraph A
8 or the program millage limit established in
9 section 15607 times the state valuation of the
10 municipalities in the administrative unit, which-
11 ever is less.

12 (1) The program millage limit shall be 1.20
13 mills in 1985-86 and shall be adjusted for
14 each year of distribution in the same pro-
15 portion that the operating cost millage
16 changes.

17 §15610. Computation of state share of the foundation
18 allocation

19 1. State share of the foundation allocation com-
20 putation; limitation. The commissioner shall compute
21 the state share of the foundation allocation for each
22 unit as follows.

23 A. The state share of the allocation for oper-
24 ating costs shall be the difference between the
25 local share of the allocation and the maximum
26 operating cost allocation.

27 B. The state share of the allocation for program
28 costs shall be the difference between the local
29 share of the allocation and the total program
30 cost allocation.

31 C. The state share of the foundation allocation
32 for each administrative unit shall be limited to
33 the same proportion of the maximum allocation as
34 the local administrative unit raises of its maxi-
35 mum local share of the foundation allocation.

36 D. The commissioner shall reduce the state share
37 of the foundation allocation to an administrative
38 unit in the current year or following year by an
39 amount that represents the state share of

1 expenditures for salaries and benefits paid to
2 uncertified personnel.

3 §15611. Computation of local and state shares for
4 debt service and bus purchases

5 1. Debt service. The commissioner shall compute
6 the local share of allocation for debt service for
7 each unit as follows.

8 A. The local share of allocation for debt ser-
9 vice shall be the product of the debt service
10 allocation multiplied by the percentage local
11 share determined in section 15609 or the debt
12 service millage limit established in section
13 15607 times the state valuation of the municipal-
14 ities in the administrative units, whichever is
15 less.

16 (1) The debt service millage limit shall be
17 0.70 mills in 1985-86 and shall be adjusted
18 for each year of distribution in the same
19 proportion that the operating cost millage
20 changes.

21 2. Bus purchases. The commissioner shall com-
22 pute the local share of allocation for bus purchases
23 for each unit as follows.

24 A. The state share of allocation for bus pur-
25 chases shall be limited to the product of the bus
26 purchase allocation multiplied by the local share
27 percentage of operating costs in section 15609.

28 3. State shares. The state shares of allocation
29 for debt service and bus purchases shall be the dif-
30 ference between the allocations and the local shares
31 as follows.

32 A. The state share of allocation for debt ser-
33 vice shall be the difference between the local
34 share of allocation for debt service and the debt
35 service costs in section 15603.

36 B. The state share of allocation for bus pur-
37 chases shall be the product of the bus purchase
38 costs in section 15603 multiplied by the state

1 share percentage of operating costs in section
2 15610.

3 §15612. Adjustments to the state share of the
4 foundation allocation

5 Adjustments to the state share of the foundation
6 allocation shall be made as allowed in subsections 1
7 to 4 for each school administrative unit that has
8 raised the maximum amount of its local share of the
9 foundation allocation for operating costs.

10 1. Quality incentive adjustments; computation of
11 adjustment. The following provisions apply to incen-
12 tives for quality programs.

13 A. A school administrative unit qualifies for a
14 quality incentive adjustment if its per pupil
15 operating costs in the base year exceed the
16 foundation per pupil operating rate in the year
17 of allocation by 20% or less.

18 B. The adjustment shall be 1/2 of the difference
19 between the unit's operating costs in the base
20 year and the operating allocation in the year of
21 allocation multiplied by the state share percent-
22 age as determined in section 15609.

23 2. Geographic isolation; determination; adjust-
24 ment limitation. The following provisions apply to
25 geographic isolation, determination and adjustment
26 limitation.

27 A. The commissioner, with the approval of the
28 State Board of Education, shall determine geo-
29 graphic isolation if a school administrative unit
30 operates a school which is located an unreason-
31 ably long distance from another school facility
32 in another unit or is situated in a location
33 which has unique problems in transporting stu-
34 dents to another school administrative unit.

35 B. If the school administrative unit is declared
36 to be geographically isolated, the commissioner
37 shall adjust the operating allocation to meet the
38 educational needs of that unit.

1 C. The geographic isolation adjustment shall not
2 exceed the amounts expended by the school admin-
3 istrative unit in the base year which were in
4 excess of the operating allocation in the year of
5 allocation.

6 3. Unusual enrollment increase, computation of
7 adjustment; local authorization. The following
8 provisions apply to unusual enrollment increase, com-
9 putation of adjustment, proration, local authoriza-
10 tion and contingent accounts.

11 A. A school administrative unit may qualify for
12 an unusual enrollment adjustment when the
13 increase in pupils between October 1st of the
14 year of allocation of funds and October 1st of
15 the year prior to the year of allocation of funds
16 is 3% or more. The number of pupils in excess of
17 a 3% increase shall be multiplied by the founda-
18 tion per pupil operating rate as established in
19 section 15603 to determine the allowable adjust-
20 ment.

21 B. A school administrative unit may expend any
22 funds received through this adjustment without
23 calling for a special meeting of the local legis-
24 lative body.

25 4. Small administrative unit subsidy adjust-
26 ments; legislative intent. A school administrative
27 unit may qualify for one of the following small unit
28 subsidy adjustments.

29 A. If a school administrative unit is operating
30 an elementary school with 25 pupils or less in
31 kindergarten and grade one to grade 8 during the
32 school year immediately prior to the year of
33 allocation, it shall receive a minimum allocation
34 for operating costs equal to 5/3 of the state
35 average elementary teachers salary in the school
36 year immediately prior to the year of allocation
37 as determined by the commissioner.

38 B. If a school administrative unit is not oper-
39 ating an elementary school or a secondary school
40 and has 25 pupils or less in kindergarten and
41 grade one to grade 8 during the school year

1 immediately prior to the year of allocation, it
2 shall receive a minimum allocation computed by
3 multiplying the elementary or secondary pupil
4 enrollment on October 1st in the year of allocat-
5 ion by the foundation per pupil operating rate
6 or the actual cost of tuition payment in the year
7 of allocation, whichever is less.

8 C. The small unit subsidy adjustment shall guar-
9 antee a minimum subsidy payment for operating
10 costs to those school administrative units which
11 qualify and it shall be made only after the ad-
12 justments in subsections 1 to 3 have been made.

13 5. Pupils on federal land; adjustment; limita-
14 tion. The following provisions apply to pupils on
15 federal land, adjustment and limitation.

16 A. A school administrative unit which enrolls
17 eligible pupils under the United States laws of
18 September 30, 1950, chapter 1124, United States
19 Code, Section 236, et seq., Public Law 81-874,
20 shall count those pupils as resident pupils for
21 purposes of this chapter.

22 B. The state share of the foundation allocation
23 to that school administrative unit shall be ad-
24 justed by subtracting the receipts under the
25 United States laws of September 30, 1950, Chapter
26 1124, United States Code, Section 236, et seq.,
27 Public Law 81-874, in the same proportion that
28 total local revenues under the state equalization
29 program are to total local revenues for education
30 in that unit.

31 C. The amount subtracted under paragraph B may
32 not exceed 90% of the school administrative
33 unit's entitlement for the year prior to the year
34 of allocation or the year of allocation, which-
35 ever is less. In adjusting the allocation, the
36 amounts subtracted for pupils residing on land
37 under control of the Federal Government or a fed-
38 eral agency, or on a federal military reservation
39 shall not exceed 1/2 of the national average
40 expenditure per pupil, as computed by the Federal
41 Government, multiplied by the number of students
42 in the school administrative unit.

1 6. Special educational adjustment; guidelines;
2 limits; local authorization. The following provi-
3 sions apply to special educational adjustment, guide-
4 lines, limits and location authorization.

5 A. If a school administrative unit petitions the
6 commissioner and demonstrates that the unexpected
7 costs of placement for educational purposes of a
8 student in a special educational program will
9 cause a budgetary hardship, the commissioner may
10 adjust the unit's state subsidy to include an
11 amount not to exceed the educational cost of the
12 placement under rules adopted or amended by the
13 commissioner.

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

17 C. School boards may expend the funds allocated
18 without seeking approval from their legislative
19 bodies.

20 7. Audit adjustments. The following provisions
21 apply to audit adjustments.

22 A. If errors are revealed by audit and by the
23 commissioner, the school administrative unit's
24 foundation allocation shall be adjusted to
25 include corrections.

26 §15613. Authorization and schedules of payment of
27 state subsidy; appeals; limitations

28 1. Schedules of payment of unit allocation. The
29 commissioner shall authorize state subsidy payments
30 to the school administrative units to be made in ac-
31 cordance with time schedules set forth in section
32 15005, sections 15901 to 15910 and Title 20, sections
33 3457 to 3460.

34 2. Notification of allocation; commissioner's
35 duty; superintendent's duty. The following provi-
36 sions apply to notification of allocation, commis-
37 sioner's duty and superintendent's duty.

1 A. The commissioner shall annually, prior to
2 April 21st, notify each school board of the
3 amount allocated to the school administrative
4 unit.

5 B. Each superintendent shall report to the
6 municipal officers whenever the school adminis-
7 trative unit is notified of the allocation or a
8 change is made in the allocation resulting from
9 an adjustment.

10 3. Payments of state subsidy to unit's treasurer;
11 basis. State subsidy payments shall be made
12 directly to the treasurer of each school administra-
13 tive unit. They shall be based on audited financial
14 reports submitted by school administrative units.

15 4. Nonpublic school service reimbursements. The
16 following provisions apply to nonpublic school ser-
17 vice reimbursements.

18 A. Notwithstanding any other provision of this
19 chapter, if students attend nonpublic schools
20 that are not operated for profit in whole or in
21 part, the commissioner shall reimburse 50% of the
22 expenditures of the base year for providing ser-
23 vices to these nonpublic school students as
24 authorized by Title 30, section 5104, subsections
25 5 to 8. Municipal officers shall report these
26 expenditures to the commissioner on forms pro-
27 vided by the commissioner.

28 B. The total amount reimbursed under this sub-
29 section shall not exceed the level of funds
30 appropriated for this item under section 15607,
31 subsection 12.

32 C. Municipal officers shall submit documentation
33 demonstrating the amount of money appropriated
34 for nonpublic school student services for the
35 base year.

36 D. The commissioner may adopt or amend rules to
37 assure that:

38 (1) All sums reimbursed were utilized and
39 actually expended for programs authorized

1 pursuant to Title 30, section 5104, subsec-
2 tions 5 to 8;

3 (2) No municipality receives reimbursement
4 for a student who attends school at public
5 expense; and

6 (3) All services provided to nonpublic
7 school students that require professional
8 personnel are provided by public employees.

9 5. Direct special educational payments. The
10 commissioner may make tuition and board payments
11 directly to private special educational boarding
12 schools which receive state wards or other pupils
13 placed directly by the State.

14 6. Education of institutional residents. The
15 commissioner may pay tuition to school administrative
16 units for institutional residents within the limits
17 of the appropriation made under section 15607, sub-
18 section 12.

19 7. Appeals. A school board may appeal the com-
20 putation of state subsidy for the school administra-
21 tive unit to the state board in writing within 30
22 days of the date of notification of the computed
23 amount. The state board shall review the appeal and
24 make an adjustment if, in its judgment, an adjustment
25 is justified. The state board's decision shall be
26 final as to facts supported by the record of the
27 appeal.

28 8. School purpose expense require-
29 ment. Notwithstanding any other public or private
30 statute, money allocated for school purposes shall be
31 expended only for school purposes.

32 9. Balance of allocations. Notwithstanding any
33 other public or private statute, balances of alloca-
34 tions at the end of a school administrative unit's
35 fiscal year shall be carried forward to meet the next
36 year's school needs.

37 10. Payment of previous year's state share of
38 local leeway. For the 1985-86 fiscal year only, the
39 commissioner may pay to eligible local administrative

1 units the state share of local leeway for the period
2 January 1984 to June 1984.

3 11. Guarantee of state subsidy for 1985-86. For
4 the 1985-86 year only, the commissioner may pay local
5 educational units the 1984-85 state subsidy or the
6 1985-86 state allocation, whichever is greater.

7 §15614. Local appropriations

8 The following provisions shall apply to local
9 appropriations for school purposes.

10 1. Foundation allocation. The legislative body
11 of each school administrative unit may vote to raise
12 and appropriate an amount up to the local share of
13 the foundation allocation.

14 A. An article in substantially the following
15 form shall be used when a school administrative
16 unit is considering the appropriation of the
17 foundation allocation.

18 (1) "Article _____ : To see what sum the
19 municipality/district will appropriate from
20 the foundation allocation for school pur-
21 poses (Recommend \$ _____) and to see what
22 sum the municipality/district will raise as
23 the local share of the foundation allocation
24 (Recommend \$ _____)."

25 2. Debt service allocation. The legislative
26 body of each school administrative unit may vote to
27 raise and appropriate an amount up to the local share
28 of the debt service allocation.

29 A. An article in substantially the following
30 form shall be used when a school administrative
31 unit is considering the appropriation for debt
32 service allocation.

33 (1) "Article _____ : To see what sum the
34 municipality/district will raise as the
35 local share of debt service (Recommend
36 \$ _____)."

1 3. Additional local appropriation. A school
2 administrative unit may raise and expend funds for
3 educational purposes in addition to the funds under
4 subsections 1 and 2.

5 4. Actions in subsections 1 to 3 shall be taken
6 by a recorded vote.

7 5. Exception. The provisions of subsections 1
8 to 3 shall not apply to a school administrative unit
9 in which the local share of the foundation allocation
10 is equal to or greater than its foundation alloca-
11 tion, but that unit shall report to the commissioner
12 the amount of the appropriation for foundation allo-
13 cation, debt service allocation and additional local
14 appropriation.

15 6. Administrative costs for units with no
16 pupils. If a school administrative unit is required
17 to pay administrative costs and has no allocation of
18 state or local funds, that unit may raise and expend
19 funds for administrative costs.

20 §15615. Municipal assessment paid to district

21 1. Presentation of assessment schedule. The
22 assessment schedule based on the budget approved at a
23 community school district or school administrative
24 district budget meeting shall be presented to the
25 treasurer of each municipality which is a member of
26 the district.

27 The assessment schedule shall include each member
28 municipality's share of the district's local alloca-
29 tion, local share of debt service and additional
30 local appropriations.

31 2. Municipal treasurer's payment schedule. The
32 treasurer of the member municipality, after being
33 presented with the assessment schedule, shall forward
34 1/12 of that member municipality's share to the
35 treasurer of the district on or before the 20th day
36 of each month of the fiscal year beginning in July.

37 §15616. Special school districts

1 1. School administrative unit. For the purposes
2 of section 15619 and Title 20, sections 3457 to 3460,
3 a special school district shall be deemed to be a
4 school administrative unit.

5 2. Debt service. Debt service on bonds or notes
6 issued by a special school district shall be included
7 in the school budget of the school administrative
8 unit which operates the schools constructed by that
9 district. The school board for the school administra-
10 tive unit which operates the special district's
11 schools shall pay to the special school district all
12 sums necessary to met the payments of principal and
13 interest on bonds or notes when due and to cover
14 maintenance or other costs for which the special
15 school district is responsible.

16 §15617. School budget; budget formats

17 1. Content. A school administrative unit shall
18 include in its school budget document:

19 A. Its foundation allocation, its debt service
20 allocation, if any, any additional expenditures
21 authorized by statute; and

22 B. A summary of anticipated revenues and esti-
23 imated school expenditures for the fiscal year.

24 2. Budget deadlines. The following time limita-
25 tions shall apply to adoption of a budget.

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

32 B. Notwithstanding a provision of statute or
33 charter to the contrary, school administrative
34 units may adopt an annual budget prior to June
35 30th, except that the school budgets for voca-
36 tional regions shall be adopted on or before
37 August 1st.

38 3. Budget format. The following provisions
39 shall apply to a budget format.

1 A. Except as provided in subsection 4, the bud-
2 get format shall be that prescribed by a majority
3 of the school board until an article prescribing
4 the school budget format is approved by a major-
5 ity of voters in an election in which the total
6 vote is at least 20% of the number of votes cast
7 in the municipality in the last gubernatorial
8 election, or 200, whichever is less.

9 B. The format of the school budget may be deter-
10 mined in accordance with section 1306.

11 C. It is the intent of the Legislature that a
12 school board shall attempt to obtain public
13 participation in the development of the school
14 budget.

15 4. Budget format; town or city charter. In a
16 municipality where the responsibility for final adop-
17 tion of the school budget is vested by municipal
18 charter in a council, the school budget format may be
19 changed through amendment of the charter under the
20 home rule procedures of Title 30, sections 1911 to
21 1920, except that the amendment shall be approved by
22 a majority of voters in an election in which the
23 total vote is at least 20% of the number of votes
24 cast in the municipality in the last gubernatorial
25 election.

26 5. Budget format; town meeting. When the final
27 budget authority is vested in a town meeting oper-
28 ating under the general enabling procedures of Title
29 30, the format of the school budget may be determined
30 by the town meeting or under the procedures of Title
31 30, section 2053 or 2061.

32 6. Budget format; community school dis-
33 trict. The following provisions shall apply to the
34 budget format of a community school district.

35 A. An article containing the district's proposed
36 budget format shall be placed on the next warrant
37 issued or ballot printed if:

38 (1) A majority of the district school com-
39 mittee votes to place it on the warrant or
40 ballot; or

1 (2) A written petition of at least 10% of
2 the number of voters voting in the last
3 gubernatorial election in each municipality
4 within the community school district request
5 it to be on the warrant or ballot.

6 B. The article containing the budget format may
7 be voted on by secret ballot at an election con-
8 ducted in accordance with Title 30, sections 2061
9 to 2065.

10 C. The district school committee shall:

11 (1) Issue a warrant specifying that the
12 municipal officers of the municipalities
13 within the community school district place
14 the budget format article on the secret bal-
15 lot; and

16 (2) Prepare and furnish the required number
17 of ballots for carrying out the election,
18 including absentee ballots.

19 7. Budget format; articles. The articles pre-
20 scribed in this chapter shall be included in the bud-
21 get format and voted on in the adoption of the budget
22 in order to determine state and local cost sharing.

23 8. Change in budget format. Any change in the
24 budget format shall be voted on at least 90 days
25 prior to the budget year for which that change is to
26 be effective.

27 §15618. Actions on budget

28 The following provisions shall apply to approving
29 a budget.

30 1. Checklist required. Prior to the articles
31 dealing with school appropriations being voted on,
32 the moderator of a regular or special school budget
33 meeting shall require the clerk or secretary to make
34 a checklist of the registered voters present. The
35 number of voters listed on the checklist shall be
36 conclusive evidence of the number present at the
37 meeting.

1 2. Reconsideration. Notwithstanding another
2 statute to the contrary, in school administrative
3 units where the school budget is finally approved by
4 the voters, a special budget meeting to reconsider
5 action taken on the budget may only be called as fol-
6 lows.

7 A. It shall be held within 30 days of the
8 regular budget meeting.

9 B. In a school administrative district or commu-
10 nity school district, it shall be called by the
11 school board, or as follows.

12 (1) At least 10% of the number of voters
13 voting in the last gubernatorial election in
14 member municipalities of the school adminis-
15 trative unit, or 100 voters, whichever is
16 less, shall present a signed petition within
17 15 days of the regular budget meeting to the
18 school board, specifying the article or
19 articles to be reconsidered.

20 (2) On receiving the petition, the school
21 board shall call the special reconsideration
22 budget meeting to be held within 15 days of
23 the date the petition was received.

24 C. In a municipality, the meeting shall be
25 called by the municipal officers:

26 (1) Within 15 days after receipt of a
27 request from the school board, if the
28 request is received within 15 days of the
29 budget meeting and it specifies the article
30 or articles to be reconsidered; or

31 (2) Within 15 days after receipt of a peti-
32 tion presented in accordance with Title 30,
33 section 2065, if the petition is received
34 within 15 days of the budget meeting and it
35 specifies the article or articles to be
36 reconsidered.

37 3. Invalidation of action of a special recon-
38 sideration budget meeting. If a special budget meet-
39 ing is called to reconsider action taken at a regular

1 budget meeting, the actions of the meeting shall be
2 invalid if the number of voters at the special budget
3 meeting is less than the number of voters present at
4 the regular budget meeting.

5 4. Line item transfers. Meetings requested by a
6 school board for the purpose of transferring funds
7 from one category or line item to another shall be
8 posted for voter or council action within 15 days of
9 the date of the request.

10 §15619. Bonds; notes; other

11 All bonds, notes or other evidences of indebted-
12 ness issued for school purposes by a school adminis-
13 trative unit, as defined in section 15603, for major
14 capital expenses, bus purchases or for current oper-
15 ating expenses, including tax or other revenue antic-
16 ipation notes, shall be general obligations of the
17 unit.

18 1. Tax assessments. The municipal officers or
19 school board shall require the sums which may be
20 necessary to meet in full the principal of and inter-
21 est on these bonds, notes or other evidences of
22 indebtedness payable in each year to be assessed and
23 collected in the manner provided by law for the
24 assessment and collection of taxes.

25 2. Reduction. The sums to be assessed and col-
26 lected shall be reduced by the amount of an alloca-
27 tion of funds appropriated by the Legislature to pay
28 the principal and interest owed by the unit in a
29 given year as certified to the school administrative
30 unit by the commissioner. The commissioner shall cer-
31 tify the amount due to the unit within 30 days of its
32 appropriation by the Legislature.

33 3. Collection. After assessment and reduction,
34 the remaining sum shall be payable from ad valorem
35 taxes which may be levied without limit as to rate or
36 amount upon all the taxable property within the unit.

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STATEMENT OF FACT

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This bill revises the School Finance Act.

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