

MAINE STATE LEGISLATURE

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1 (New Draft of H.P. 1275, L.D. 1688)

2 SECOND REGULAR SESSION
3

4 ONE HUNDRED AND ELEVENTH LEGISLATURE
5

6 Legislative Document

No. 2327

7
8 H.P. 1765

House of Representatives, March 22, 1984

9 Reported by Representative Murphy from the Committee on Education
10 and printed under Joint Rule 2.

11 EDWIN H. PERT, Clerk

12
13 STATE OF MAINE
14

15 IN THE YEAR OF OUR LORD
16 NINETEEN HUNDRED AND EIGHTY-FOUR
17

18 AN ACT to Revise the School Finance Act.
19

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

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23 c. 693, §§5 and 8, is repealed.

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

25 CHAPTER 606

26 SCHOOL FINANCE ACT OF 1985

27 §15601. Short title

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

30 §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 es-
10 tablished by the Legislature, shall be an amount suf-
11 ficient 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 oth-
15 erwise indicates, the following terms have the fol-
16 lowing 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 22, vocational education costs in sub-
26 section 30, transportation operating costs in
27 subsection 29 and bus purchase costs in subsec-
28 tion 7;

29 B. Debt service costs;

30 C. Community service costs;

31 D. Major capital costs; and

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

35 3. Actual local operating costs ad-
36 justed. "Actual local operating costs adjusted"

1 means actual operating costs in subsection 2 adjusted
2 to meet the level of the costs in the year prior to
3 the year of allocation.

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

6 A. Special education costs in subsection 22;

7 B. Vocational education costs in subsection 30;

8 C. Transportation operating costs in subsection
9 29;

10 D. Bus purchase costs in subsection 7; and

11 E. Early childhood educational program costs in
12 subsection 10.

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" in-
21 cludes:

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

25 8. Debt service costs. "Debt service costs,"
26 for subsidy purposes, includes:

27 A. Principal and interest costs for approved ma-
28 ajor capital projects in the year of allocation;

29 B. Lease costs for school buildings when the
30 leases have been approved by the commissioner for
31 the year prior to the year of allocation;

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; and

4 D. Funds allocated by the state board to admin-
5 istrative units to cover the costs of new school
6 construction projects funded in the current fis-
7 cal year.

8 9. Debt service millage limit. "Debt service
9 millage limit" means the equivalent of a mill rate
10 which, if applied to the state valuation of an admin-
11 istrative unit, limits the local share of debt ser-
12 vice required under section 15611, subsection 1, par-
13 agraph A.

14 10. Early childhood educational programs. "Early
15 childhood educational programs" means the excess cost
16 of approved plans implemented under chapter 203, sub-
17 chapter II.

18 11. Elementary grades. "Elementary grades" in-
19 cludes a childhood educational program, as defined by
20 section 5201, through grade 8.

21 12. Foundation allocation. "Foundation alloca-
22 tion" means the total of actual local operating costs
23 and actual local program costs adjusted to the equiv-
24 alent of the year prior to the year of allocation.

25 13. Foundation per pupil operating
26 rate. "Foundation per pupil operating rate" means
27 the rate established by the Legislature in section
28 15607, subsection 1.

29 14. Institutional resident. "Institutional res-
30 ident" means a person between the ages of 5 years and
31 20 years who is attending a public school of the
32 school administrative unit and who is committed or
33 otherwise legally admitted to, and residing at, a
34 state-operated institution. It does not include stu-
35 dents attending private facilities, regardless of the
36 means of placement.

37 15. Local share of the foundation alloca-
38 tion. "Local share of the foundation allocation"
39 means a school administrative unit's share of the
40 foundation allocation.

1 16. Local share percentage. "Local share per-
2 centage" means the rate computed by dividing the lo-
3 cal share of the operating cost allocation by the
4 maximum operating cost allocation, expressed as a
5 percentage under section 15609, subsection 1, para-
6 graph A.

7 17. Major capital costs. "Major capital costs"
8 means costs relating to school construction projects,
9 as defined in section 15901.

10 18. Minor capital costs. "Minor capital costs"
11 means costs relating to maintenance of plant and mi-
12 nor remodeling and site development not in conjunc-
13 tion with a construction project.

14 A. Minor capital costs shall not include con-
15 struction of new buildings or the purchase of
16 land.

17 B. Expenditures to repay funds borrowed for
18 maintenance of plant and minor remodeling shall
19 be considered minor capital costs in the year in
20 which these funds are repaid.

21 19. Municipality. "Municipality" includes
22 cities, towns and organized plantations.

23 20. Program millage limit. "Program millage
24 limit" means the equivalent of a mill rate which, if
25 applied to the state valuation of an administrative
26 unit, shall limit the local share of the program al-
27 location required under section 15609, subsection 1,
28 paragraph B.

29 21. Secondary grades. "Secondary grades" means
30 grades 9 to 12.

31 22. Special education costs. "Special education
32 costs" for subsidy purposes includes:

33 A. The salary and benefit costs of certified
34 professionals, assistants and aides or persons
35 contracted to perform a special education ser-
36 vice;

1 B. The costs of tuition and board to other
2 schools for programs which have been approved by
3 the commissioner. Medical costs shall not be al-
4 lowable as part of a tuition charge; and

5 C. The cost of programs for gifted and talented
6 students which have been approved by the commis-
7 sioner.

8 23. State-operated institution. "State-operated
9 institution" means any residential facility or insti-
10 tution which is operated by the Department of Mental
11 Health and Mental Retardation.

12 24. State share of the foundation alloca-
13 tion. "State share of the foundation allocation"
14 means the state's share of the foundation allocation.

15 25. State share percentage. "State share per-
16 centage" means the rate computed by dividing the
17 state share of the operating costs allocation by the
18 maximum operating cost allocation, expressed as a
19 percentage, under section 15609, subsection 1, para-
20 graph A.

21 26. State subsidy. "State subsidy" means the
22 total of the state share of the foundation alloca-
23 tion, the state share of the debt service allocation,
24 if any, and the state share of the bus purchase al-
25 location, if any.

26 27. Subsidy indices. "Subsidy indices" means
27 the equivalent of mill rates which, if applied to the
28 state valuation of all municipalities, would raise
29 not more than 45% of the total allocation and would
30 establish the operating cost millage, the program
31 millage limit and the debt service millage limit.

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

34 28. Total allocation. "Total allocation" means
35 the total of the foundation allocation and the debt
36 service allocation.

37 29. Transportation operating costs. "Transpor-
38 tation operating costs," for subsidy purposes, means

1 all costs incurred in the transportation of pupils in
2 kindergarten to grade 12, excluding the costs of bus
3 purchases.

4 30. Vocational education costs. "Vocational edu-
5 cation costs" for subsidy purposes means all costs
6 incurred by the vocational regions, centers or
7 satellites in providing approved secondary school vo-
8 cational education programs, excluding transporta-
9 tion, capital costs and debt service.

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

12 §15604. Notification of actual educational costs;
13 other information; mandatory reports; audit
14 adjustments

15 1. Notification; items. Prior to December 1st
16 of each year, the commissioner shall notify the Leg-
17 islature and the Bureau of the Budget of actual edu-
18 cation costs. This notification includes the follow-
19 ing items:

20 A. Operating costs;

21 B. Special education costs for programs operated
22 by school administrative units;

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

25 (1) Tuition and board for pupils placed by
26 school administrative units;

27 (2) Tuition and board for pupils placed di-
28 rectly by the State in accordance with rules
29 adopted or amended by the commissioner;

30 (3) Special education tuition and other tu-
31 ition for institutional residents of
32 state-operated institutions attending pro-
33 grams in school administrative units in ac-
34 cordance with rules adopted or amended by
35 the commissioner; and

36 (4) Adjustments under section 15612, sub-
37 section 6;

- 1 D. Vocational education costs;
2 E. Transportation operating costs;
3 F. Bus purchase costs;
4 G. Debt service costs;
5 H. Cost of reimbursement for private school ser-
6 vices;
7 I. Cost of state expenditures for teachers' re-
8 retirement benefits; and
9 J. Early childhood educational programs.

10 2. Additional information. The commissioner
11 shall provide additional information requested by the
12 Legislature.

13 3. Required reports; subsidy payments with-
14 held. A school administrative unit shall provide the
15 commissioner with information which the commissioner
16 requests to carry out the purposes of this chapter,
17 according to time schedules which the commissioner
18 shall establish.

19 The commissioner may withhold monthly subsidy payments
20 from a school administrative unit when information is
21 not filed in specified format and content and within
22 specified time schedules.

23 4. Audit adjustments. The commissioner may cor-
24 rect errors revealed by audit.

25 §15605. Commissioner's recommendation for funding
26 levels; computations; guidelines

27 1. Annual certification. Prior to December 15th
28 of each year, the commissioner, with the approval of
29 the state board, shall certify to the Governor and
30 the Bureau of the Budget the funding levels which the
31 commissioner recommends for sections 15604 and 15613.

32 2. Funding level computations. The following
33 are the funding level computations that support the
34 commissioner's funding level recommendations.

1 A. The foundation per pupil operating rate shall
2 be the summary of actual local operating costs of
3 all school administrative units of the base year
4 adjusted to the year prior to the year of alloca-
5 tion divided by the average total resident pupils
6 in sections 5104 and 6004 educated at public ex-
7 penditure in kindergarten to grade 12 on April 1st
8 and October 1st of the calendar year prior to the
9 year of allocation.

10 (1) The elementary foundation per pupil op-
11 erating rate shall be the summary of actual
12 local operating costs of all school adminis-
13 trative units of the base year adjusted to
14 the year prior to the year of allocation di-
15 vided by the average total resident pupils
16 in sections 5104 and 6004 educated at public
17 expenditure in kindergarten to grade 8 on April
18 1st and October 1st of the calendar year
19 prior to the year of allocation.

20 (2) The secondary foundation per pupil op-
21 erating rate shall be the summary of actual
22 local operating costs of all school adminis-
23 trative units of the base year adjusted to
24 the year prior to the year of allocation di-
25 vided by the average total resident pupils
26 in sections 5104 and 6004 educated at public
27 expenditure in grades 9 to 12 on April 1st and
28 October 1st of the calendar year prior to
29 the year of allocation.

30 B. The requested funding levels for operating
31 costs under section 15604, subsection 1, para-
32 graph A, shall be the actual local operating
33 costs for the base year adjusted to the equiva-
34 lent of the year prior to the year of allocation.

35 C. The requested funding levels for program
36 costs under section 15604, subsection 1, para-
37 graph B; section 15604, subsection 1, paragraph
38 C, subparagraph (1); section 15604, subsection 1,
39 paragraphs D, E and J, shall be the actual local
40 program costs for the base year adjusted to the
41 equivalent of the year prior to the year of alloca-
42 tion; and under section 15604, subsection 1,
43 paragraph F, for the year prior to the year of
44 allocation.

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

4 (1) The known obligations and estimates of
5 anticipated principal and interest costs for
6 the year of allocation;

7 (2) The expenditures for the insured value
8 factor for the base year;

9 (3) The level of leases approved by the
10 commissioner for the year prior to the year
11 of allocation; and

12 (4) Funds allocated by the state board for
13 new school construction projects funded in
14 the current fiscal year.

15 E. The requested funding levels for special edu-
16 cation under section 15604, subsection 1, para-
17 graph C, subparagraphs (2) and (3), shall be com-
18 puted by estimating costs for the year of alloca-
19 tion.

20 F. The requested funding levels for adjustments
21 under section 15612 shall be computed by estimat-
22 ing costs for the year of allocation.

23 G. The requested funding levels for reimbursement
24 for private school services under section 15604,
25 subsection 1, paragraph H, shall be the actual
26 costs for the base year.

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

36 §15606. Governor's recommendation for funding levels

1 The Bureau of the Budget shall annually certify
2 to the Legislature the funding levels which the Gov-
3 ernor recommends for sections 15604 and 15612.

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

7 §15607. Actions by the Legislature

8 The Legislature shall annually, prior to April
9 1st, enact legislation which shall:

10 1. Foundation per pupil operating rate. Estab-
11 lish the foundation per pupil operating rate and the
12 elementary and secondary foundation per pupil operat-
13 ing rates;

14 2. Subsidy indices. Establish an operating cost
15 millage, a program millage limit and a debt service
16 millage limit;

17 3. Appropriation for the state share of the
18 foundation. Appropriate the necessary funds to meet
19 the maximum state obligation for the state's share of
20 the foundation allocation under section 15610;

21 4. Appropriation for state share of debt ser-
22 vice. Appropriate the necessary funds for the
23 state's share of debt service under section 15611;

24 5. Appropriation for geographic isola-
25 tion. Appropriate the required funds for adjustments
26 due to geographic isolation under section 15612, sub-
27 section 2;

28 6. Appropriation for unusual enrollment in-
29 crease. Appropriate the required funds for adjust-
30 ments for unusual enrollment increases under section
31 15612, subsection 3;

32 7. Appropriation for small administrative
33 units. Appropriate the necessary funds for adjust-
34 ments to small school administrative units which
35 qualify under section 15612, subsection 4;

1 8. Appropriation for quality pro-
2 grams. Appropriate the necessary funds for quality
3 incentive adjustment for school administrative units
4 which qualify under section 15612, subsection 1;

5 9. Appropriation for special education pupils
6 placed directly by the State. Appropriate the neces-
7 sary funds for:

8 A. Tuition and board for pupils placed directly
9 by the State in accordance with rules adopted or
10 amended by the commissioner; and

11 B. Special educational tuition and other tuition
12 for residents of state-operated institutions at-
13 tending programs in school administrative units
14 in accordance with rules adopted or amended by
15 the commissioner;

16 10. Appropriation for audit adjust-
17 ments. Appropriate the necessary funds for audit ad-
18 justments; and

19 11. Appropriation for nonpublic school ser-
20 vices. Appropriate the necessary funds for reim-
21 bursement for nonpublic school services under section
22 15613, subsection 4.

23 §15608. Computation of the maximum state-local allo-
24 cation prior to adjustments

25 The commissioner shall compute the maximum foun-
26 ation allocation for each school administrative unit
27 as follows.

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

30 A. The product determined by multiplying the av-
31 erage number of resident pupils in kindergarten
32 and grades one to 8 in the unit on April 1st and
33 October 1st of the calendar year immediately pri-
34 or to the year of allocation, excluding special
35 education tuition pupils, by the elementary foun-
36 ation per pupil operating rate as established in
37 section 15607; and

1 B. The product determined by multiplying the av-
2 erage number of resident pupils in grades 9 to 12
3 in the unit on April 1st and October 1st of the
4 calendar year immediately prior to the year of
5 allocation, excluding special education tuition
6 pupils, by the secondary foundation per pupil op-
7 erating rate as established in section 15607.

8 2. Program costs allocation. The program costs
9 allocation shall be the total of the following pro-
10 gram costs.

11 A. The special education portion of the program
12 cost allocation shall be the special education
13 costs in section 15603, subsection 22, as ad-
14 justed.

15 B. The vocational education portion of the pro-
16 gram costs allocation shall be the actual expend-
17 itures for vocational education programs in sec-
18 tion 15603, subsection 30, as adjusted.

19 C. The transportation operating portion of the
20 program costs allocation shall be the actual ex-
21 penditures for transportation operating costs for
22 the unit as adjusted.

23 D. The bus purchases portion of the program
24 costs allocation shall be the actual expenditures
25 for bus purchases in section 15603, subsection 7.

26 §15609. Computation of maximum local share of the
27 foundation allocation

28 1. Maximum local share of the foundation alloca-
29 tion computation. The commissioner shall compute the
30 local share of the foundation allocation by adding
31 the following.

32 A. The local share of the allocation for operat-
33 ing costs shall be the product of the operating
34 cost millage established under section 15607 and
35 the state valuation of the municipalities in the
36 administrative units. The commissioner's computa-
37 tion of the local share of the allocation for op-
38 erating costs for each unit or member municipali-
39 ty within a school administrative district or

1 community school district shall not exceed the
2 total operating allocation of each municipality.

3 (1) The local share percentage shall be the
4 proportion that the local share of the allo-
5 cation for operating cost is to the maximum
6 operating cost allocation. The state share
7 percentage shall be the proportion that the
8 state share of the allocation for operating
9 cost is to the maximum operating cost allo-
10 cation.

11 B. The local share of the allocation for program
12 costs shall be the actual local program costs in
13 the base year adjusted and bus purchase costs in
14 the year prior to the year of allocation multi-
15 plied by the local share percentage determined in
16 paragraph A or the program millage limit estab-
17 lished in section 15607 times the state valuation
18 of the municipalities in the administrative unit,
19 whichever is less.

20 (1) The program millage limit shall be the
21 mills derived by dividing 40% of the program
22 costs adjusted as defined in section 15603,
23 subsection 5, by the state valuation of all
24 municipalities.

25 §15610. Computation of state share of the foundation
26 allocation

27 1. State share of the foundation allocation com-
28 putation; limitation. The commissioner shall compute
29 the state share of the foundation allocation for each
30 unit as follows.

31 A. The state share of the allocation for operat-
32 ing costs shall be the difference between the lo-
33 cal share of the allocation and the maximum oper-
34 ating cost allocation.

35 B. The state share of the allocation for program
36 costs shall be the difference between the local
37 share of the allocation and the total program
38 cost allocation.

1 C. The state share of the foundation allocation
2 for each administrative unit shall be limited to
3 the same proportion of the maximum allocation as
4 the local administrative unit raises of its maxi-
5 imum local share of the foundation allocation.

6 D. The commissioner shall reduce the state share
7 of the foundation allocation to an administrative
8 unit in the current year or following year by an
9 amount that represents the state share of expend-
10 itures for salaries and benefits paid to uncerti-
11 fied personnel.

12 §15611. Computation of local and state shares for
13 debt service

14 1. Local share. The commissioner shall compute
15 the local share of allocation for debt service for
16 each unit as follows.

17 A. The local share of allocation for debt ser-
18 vice shall be the product of the debt service al-
19 location multiplied by the percentage local share
20 determined in section 15609 or the debt service
21 millage limit established in section 15607 times
22 the state valuation of the municipalities in the
23 administrative units, whichever is less.

24 (1) The debt service millage limit shall be
25 the mills derived by dividing 45% of the
26 debt service costs as defined in section
27 15603, subsection 8, by the state valuation
28 of all municipalities.

29 2. State share. The state share of allocation
30 for debt service shall be the difference between the
31 local share of allocation for debt service and the
32 debt service costs in section 15603, subsection 8.

33 §15612. Adjustments to the state share of the foun-
34 ation allocation

35 Adjustments to the state share of the foundation
36 allocation shall be made as allowed in subsections 1
37 to 4 for each school administrative unit that has
38 raised the maximum amount of its local share of the
39 foundation allocation for operating costs.

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

4 A. A school administrative unit qualifies for a
5 quality incentive adjustment if its per pupil op-
6 erating costs in the base year exceed the founda-
7 tion per pupil operating rate in the year of al-
8 location by 20% or less.

9 B. The adjustment shall be 1/2 of the difference
10 between the unit's operating costs in the base
11 year and the operating allocation in the year of
12 allocation multiplied by the state share percent-
13 age as determined in section 15609.

14 2. Geographic isolation; determination; adjust-
15 ment limitation. The following provisions apply to
16 geographic isolation, determination and adjustment
17 limitation.

18 A. The commissioner, with the approval of the
19 State Board of Education, shall determine geo-
20 graphic isolation if a school administrative unit
21 operates a school which is located an unreason-
22 ably long distance from another school facility
23 in another unit or is situated in a location
24 which has unique problems in transporting stu-
25 dents to another school administrative unit.

26 B. If the school administrative unit is declared
27 to be geographically isolated, the commissioner
28 shall adjust the operating allocation to meet the
29 educational needs of that unit.

30 C. The geographic isolation adjustment shall not
31 exceed the amounts expended by the school admin-
32 istrative unit in the base year which were in ex-
33 cess of the operating allocation in the year of
34 allocation.

35 3. Unusual enrollment increase, computation of
36 adjustment; local authorization. The following pro-
37 visions apply to unusual enrollment increase, compu-
38 tation of adjustment, proration, local authorization
39 and contingent accounts.

1 A. A school administrative unit may qualify for
2 an unusual enrollment adjustment when the in-
3 crease in pupils between October 1st of the year
4 of allocation of funds and October 1st of the
5 year prior to the year of allocation of funds is
6 3% or more. The number of pupils in excess of a
7 3% increase shall be multiplied by the foundation
8 per pupil operating rate as established in sec-
9 tion 15603 to determine the allowable adjustment.

10 B. A school administrative unit may expend any
11 funds received through this adjustment without
12 calling for a special meeting of the local legis-
13 lative body.

14 4. Small administrative unit subsidy adjust-
15 ments; legislative intent. A school administrative
16 unit may qualify for one of the following small unit
17 subsidy adjustments.

18 A. If a school administrative unit is operating
19 an elementary school with 25 pupils or less in
20 kindergarten and grade one to grade 8 during the
21 school year immediately prior to the year of al-
22 location, it shall receive a minimum allocation
23 for operating costs equal to 5/3 of the state av-
24 erage elementary teachers salary in the school
25 year immediately prior to the year of allocation
26 as determined by the commissioner.

27 B. If a school administrative unit is not oper-
28 ating an elementary school or a secondary school
29 and has 25 pupils or less in kindergarten and
30 grade one to grade 8 during the school year imme-
31 diately prior to the year of allocation, it shall
32 receive a minimum allocation computed by multi-
33 plying the elementary or secondary pupil enroll-
34 ment on October 1st in the year of allocation by
35 the foundation per pupil operating rate or the
36 actual cost of tuition payment in the year of al-
37 location, whichever is less.

38 C. The small unit subsidy adjustment shall guar-
39 antee a minimum subsidy payment for operating
40 costs to those school administrative units which
41 qualify and it shall be made only after the ad-
42 justments in subsections 1 to 3 have been made.

1 5. Pupils on federal land; adjustment; limita-
2 tion. The following provisions apply to pupils on
3 federal land, adjustment and limitation.

4 A. A school administrative unit which enrolls
5 eligible pupils under the United States laws of
6 September 30, 1950, chapter 1124, United States
7 Code, Section 236, et seq., Public Law 81-874,
8 shall count those pupils as resident pupils for
9 purposes of this chapter.

10 B. The state share of the foundation allocation
11 to that school administrative unit shall be ad-
12 justed by subtracting the receipts under the
13 United States laws of September 30, 1950, Chapter
14 1124, United States Code, Section 236, et seq.,
15 Public Law 81-874, in the same proportion that
16 total local revenues under the state equalization
17 program are to total local revenues for education
18 in that unit.

19 C. The amount subtracted under paragraph B may
20 not exceed 90% of the school administrative
21 unit's entitlement for the year prior to the year
22 of allocation or the year of allocation, whichev-
23 er is less. In adjusting the allocation, the
24 amounts subtracted for pupils residing on land
25 under control of the Federal Government or a fed-
26 eral agency, or on a federal military reservation
27 shall not exceed 1/2 of the national average ex-
28 penditure per pupil, as computed by the Federal
29 Government, multiplied by the number of students
30 in the school administrative unit.

31 6. Special educational adjustment; guidelines;
32 limits; local authorization. The following provi-
33 sions apply to special educational adjustment, guide-
34 lines, limits and location authorization.

35 A. If a school administrative unit petitions the
36 commissioner and demonstrates that the unexpected
37 costs of placement for educational purposes of a
38 student in a special educational program will
39 cause a budgetary hardship, the commissioner may
40 adjust the unit's state share of state subsidy to
41 include an amount not to exceed the educational
42 cost of the placement under rules adopted or
43 amended by the commissioner.

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

4 C. School boards may expend the funds allocated
5 without seeking approval from their legislative
6 bodies.

7 7. Audit adjustments. The following provisions
8 apply to audit adjustments.

9 A. If errors are revealed by audit and by the
10 commissioner, the school administrative unit's
11 foundation allocation shall be adjusted to in-
12 clude corrections.

13 §15613. Authorization and schedules of payment of
14 state subsidy; appeals; limitations

15 1. Schedules of payment of unit allocation. The
16 commissioner shall authorize state subsidy payments
17 to the school administrative units to be made in ac-
18 cordance with time schedules set forth in section
19 15005, sections 15901 to 15910 and Title 20, sections
20 3457 to 3460.

21 2. Notification of allocation; commissioner's
22 duty; superintendent's duty. The following provi-
23 sions apply to notification of allocation, commis-
24 sioner's duty and superintendent's duty.

25 A. The commissioner shall annually, prior to
26 April 21st, notify each school board of the
27 amount allocated to the school administrative
28 unit.

29 B. Each superintendent shall report to the mu-
30 nicipal officers whenever the school administra-
31 tive unit is notified of the allocation or a
32 change is made in the allocation resulting from
33 an adjustment.

34 3. Payments of state subsidy to unit's treasur-
35 er; basis. State subsidy payments shall be made di-
36 rectly to the treasurer of each school administrative
37 unit. They shall be based on audited financial re-
38 ports submitted by school administrative units.

1 4. Nonpublic school service reimbursements. The
2 following provisions apply to nonpublic school ser-
3 vice reimbursements.

4 A. Notwithstanding any other provision of this
5 chapter, if students attend nonpublic schools
6 that are not operated for profit in whole or in
7 part, the commissioner shall reimburse 50% of the
8 expenditures of the base year for providing ser-
9 vices to these nonpublic school students as au-
10 thorized by Title 30, section 5104, subsections 5
11 to 8. Municipal officers shall report these ex-
12 penditures to the commissioner on forms provided
13 by the commissioner.

14 B. The total amount reimbursed under this sub-
15 section shall not exceed the level of funds ap-
16 propriated for this item under section 15607,
17 subsection 12.

18 C. Municipal officers shall submit documentation
19 demonstrating the amount of money appropriated
20 for nonpublic school student services for the
21 base year.

22 D. The commissioner may adopt or amend rules to
23 assure that:

24 (1) All sums reimbursed were utilized and
25 actually expended for programs authorized
26 pursuant to Title 30, section 5104, subsec-
27 tions 5 to 8;

28 (2) No municipality receives reimbursement
29 for a student who attends school at public
30 expense; and

31 (3) All services provided to nonpublic
32 school students that require professional
33 personnel are provided by public employees.

34 5. Direct special educational payments. The
35 commissioner may make tuition and board payments di-
36 rectly to private special educational boarding
37 schools which receive state wards or other pupils
38 placed directly by the State.

1 6. Education of institutional residents. The
2 commissioner may pay tuition to school administrative
3 units for institutional residents within the limits
4 of the appropriation made under section 15607, sub-
5 section 12.

6 7. Appeals. A school board may appeal the com-
7 putation of state subsidy for the school administra-
8 tive unit to the state board in writing within 30
9 days of the date of notification of the computed
10 amount. The state board shall review the appeal and
11 make an adjustment if, in its judgment, an adjustment
12 is justified. The state board's decision shall be fi-
13 nal as to facts supported by the record of the ap-
14 peal.

15 8. School purpose expense require-
16 ment. Notwithstanding any other public or private
17 statute, money allocated for school purposes shall be
18 expended only for school purposes.

19 9. Balance of allocations. Notwithstanding any
20 other public or private statute, balances of alloca-
21 tions at the end of a school administrative unit's
22 fiscal year shall be carried forward to meet the next
23 year's school needs.

24 10. Payment of previous year's state share of
25 local leeway. For the 1985-86 fiscal year only, the
26 commissioner may pay to eligible local administrative
27 units the state share of local leeway for the period
28 January 1984 to June 1984.

29 11. Guarantee of state subsidy for 1985-86. For
30 the 1985-86 year only, the commissioner may pay local
31 educational units the 1984-85 state subsidy or the
32 1985-86 state allocation, whichever is greater.

33 §15614. Local appropriations

34 The following provisions shall apply to local ap-
35 propriations for school purposes.

36 1. Foundation allocation. The legislative body
37 of each school administrative unit may vote to raise
38 and appropriate an amount up to the local share of
39 the foundation allocation.

1 A. An article in substantially the following
2 form shall be used when a school administrative
3 unit is considering the appropriation of the
4 foundation allocation.

5 (1) "Article : To see what sum the mu-
6 nicipality/district will appropriate from
7 the foundation allocation for school pur-
8 poses (Recommend \$) and to see what
9 sum the municipality/district will raise as
10 the local share of the foundation allocation
11 (Recommend \$)."

12 2. Debt service allocation. The legislative
13 body of each school administrative unit may vote to
14 raise and appropriate an amount up to the local share
15 of the debt service allocation.

16 A. An article in substantially the following
17 form shall be used when a school administrative
18 unit is considering the appropriation for debt
19 service allocation.

20 (1) "Article : To see what sum the mu-
21 nicipality/district will raise as the local
22 share of debt service (Recommend \$)."

23 3. Additional local appropriation. A school ad-
24 ministrative unit may raise and expend funds for edu-
25 cational purposes in addition to the funds under sub-
26 sections 1 and 2.

27 4. Actions in subsections 1 to 3 shall be taken
28 by a recorded vote.

29 5. Exception. The provisions of subsections 1
30 to 3 shall not apply to a school administrative unit
31 in which the local share of the foundation allocation
32 is equal to or greater than its foundation alloca-
33 tion, but that unit shall report to the commissioner
34 the amount of the appropriation for foundation allo-
35 cation, debt service allocation and additional local
36 appropriation.

37 6. Administrative costs for units with no pu-
38 pils. If a school administrative unit is required to
39 pay administrative costs and has no allocation of

1 state or local funds, that unit may raise and expend
2 funds for administrative costs.

3 §15615. Municipal assessment paid to district

4 1. Presentation of assessment schedule. The as-
5 essment schedule based on the budget approved at a
6 community school district or school administrative
7 district budget meeting shall be presented to the
8 treasurer of each municipality which is a member of
9 the district.

10 The assessment schedule shall include each member
11 municipality's share of the district's local alloca-
12 tion, local share of debt service and additional lo-
13 cal appropriations.

14 2. Municipal treasurer's payment schedule. The
15 treasurer of the member municipality, after being
16 presented with the assessment schedule, shall forward
17 1/12 of that member municipality's share to the trea-
18 surer of the district on or before the 20th day of
19 each month of the fiscal year beginning in July.

20 §15616. Special school districts

21 1. School administrative unit. For the purposes
22 of section 15619 and Title 20, sections 3457 to 3460,
23 a special school district shall be deemed to be a
24 school administrative unit.

25 2. Debt service. Debt service on bonds or notes
26 issued by a special school district shall be included
27 in the school budget of the school administrative
28 unit which operates the schools constructed by that
29 district. The school board for the school administra-
30 tive unit which operates the special district's
31 schools shall pay to the special school district all
32 sums necessary to met the payments of principal and
33 interest on bonds or notes when due and to cover
34 maintenance or other costs for which the special
35 school district is responsible.

36 §15617. School budget; budget formats

37 1. Content. A school administrative unit shall
38 include in its school budget document:

1 A. Its foundation allocation, its debt service
2 allocation, if any, any additional expenditures
3 authorized by statute; and

4 B. A summary of anticipated revenues and esti-
5 mated school expenditures for the fiscal year.

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

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

14 B. Notwithstanding a provision of statute or
15 charter to the contrary, school administrative
16 units may adopt an annual budget prior to June
17 30th, except that the school budgets for voca-
18 tional regions shall be adopted on or before Au-
19 gust 1st.

20 3. Budget format. The following provisions
21 shall apply to a budget format.

22 A. Except as provided in subsection 4, the bud-
23 get format shall be that prescribed by a majority
24 of the school board until an article prescribing
25 the school budget format is approved by a majori-
26 ty of voters in an election in which the total
27 vote is at least 20% of the number of votes cast
28 in the municipality in the last gubernatorial
29 election, or 200, whichever is less.

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

32 C. It is the intent of the Legislature that a
33 school board shall attempt to obtain public par-
34 ticipation in the development of the school bud-
35 get.

36 4. Budget format; town or city charter. In a
37 municipality where the responsibility for final adop-
38 tion of the school budget is vested by municipal

1 charter in a council, the school budget format may be
2 changed through amendment of the charter under the
3 home rule procedures of Title 30, sections 1911 to
4 1920, except that the amendment shall be approved by
5 a majority of voters in an election in which the to-
6 tal vote is at least 20% of the number of votes cast
7 in the municipality in the last gubernatorial elec-
8 tion.

9 5. Budget format; town meeting. When the final
10 budget authority is vested in a town meeting operat-
11 ing under the general enabling procedures of Title
12 30, the format of the school budget may be determined
13 by the town meeting or under the procedures of Title
14 30, section 2053 or 2061.

15 6. Budget format; community school dis-
16 trict. The following provisions shall apply to the
17 budget format of a community school district.

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

21 (1) A majority of the district school com-
22 mittee votes to place it on the warrant or
23 ballot; or

24 (2) A written petition of at least 10% of
25 the number of voters voting in the last gu-
26 bernatorial election in each municipality
27 within the community school district request
28 it to be on the warrant or ballot.

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

33 C. The district school committee shall:

34 (1) Issue a warrant specifying that the mu-
35 nicipal officers of the municipalities with-
36 in the community school district place the
37 budget format article on the secret ballot;
38 and

1 (2) Prepare and furnish the required number
2 of ballots for carrying out the election,
3 including absentee ballots.

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

8 8. Change in budget format. Any change in the
9 budget format shall be voted on at least 90 days pri-
10 or to the budget year for which that change is to be
11 effective.

12 §15618. Actions on budget

13 The following provisions shall apply to approving
14 a budget.

15 1. Checklist required. Prior to the articles
16 dealing with school appropriations being voted on,
17 the moderator of a regular or special school budget
18 meeting shall require the clerk or secretary to make
19 a checklist of the registered voters present. The
20 number of voters listed on the checklist shall be
21 conclusive evidence of the number present at the
22 meeting.

23 2. Reconsideration. Notwithstanding another
24 statute to the contrary, in school administrative
25 units where the school budget is finally approved by
26 the voters, a special budget meeting to reconsider
27 action taken on the budget may only be called as fol-
28 lows.

29 A. It shall be held within 30 days of the regu-
30 lar budget meeting.

31 B. In a school administrative district or commu-
32 nity school district, it shall be called by the
33 school board, or as follows.

34 (1) At least 10% of the number of voters
35 voting in the last gubernatorial election in
36 member municipalities of the school adminis-
37 trative unit, or 100 voters, whichever is
38 less, shall present a signed petition within

1 15 days of the regular budget meeting to the
2 school board, specifying the article or ar-
3 articles to be reconsidered.

4 (2) On receiving the petition, the school
5 board shall call the special reconsideration
6 budget meeting to be held within 15 days of
7 the date the petition was received.

8 C. In a municipality, the meeting shall be
9 called by the municipal officers:

10 (1) Within 15 days after receipt of a re-
11 quest from the school board, if the request
12 is received within 15 days of the budget
13 meeting and it specifies the article or ar-
14 articles to be reconsidered; or

15 (2) Within 15 days after receipt of a peti-
16 tion presented in accordance with Title 30,
17 section 2065, if the petition is received
18 within 15 days of the budget meeting and it
19 specifies the article or articles to be re-
20 considered.

21 3. Invalidation of action of a special reconsid-
22 eration budget meeting. If a special budget meeting
23 is called to reconsider action taken at a regular
24 budget meeting, the actions of the meeting shall be
25 invalid if the number of voters at the special budget
26 meeting is less than the number of voters present at
27 the regular budget meeting.

28 4. Line item transfers. Meetings requested by a
29 school board for the purpose of transferring funds
30 from one category or line item to another shall be
31 posted for voter or council action within 15 days of
32 the date of the request.

33 §15619. Bonds; notes; other

34 All bonds, notes or other evidences of indebted-
35 ness issued for school purposes by a school adminis-
36 trative unit, as defined in section 15603, for major
37 capital expenses, bus purchases or for current oper-
38 ating expenses, including tax or other revenue antic-
39 ipation notes, shall be general obligations of the
40 unit.

