

MAINE STATE LEGISLATURE

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114th MAINE LEGISLATURE

FIRST REGULAR SESSION - 1989

Legislative Document

No. 1168

H.P. 836

House of Representatives, April 12, 1989

Reference to the Committee on Education suggested and ordered printed.

A handwritten signature in cursive script that reads "Ed Pert".

EDWIN H. PERT, Clerk

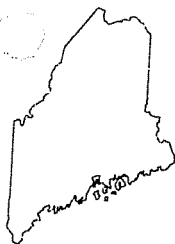
Presented by Representative ROLDE of York.

Cosponsored by Senator ESTES of York, Senator PERKINS of Hancock and Representative SMALL of Bath.

STATE OF MAINE

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

An Act to Provide Adjustments in the Educational Funding Formula.



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

3 **Sec. 1. 20-A MRSA §2, sub-§3**, as enacted by PL 1987, c. 821,
5 is amended to read:

7 **3. Mandated programs.** Any legislation containing a state
9 mandate enacted by the Legislature after January 1, 1989, which
11 requires additional funding, shall contain provisions for full
13 funding by the State for 2 years, ~~after which the legislation
shall contain full funding through the School Finance Act of
1985, as amended~~ the duration of the mandate. The funding
requirements to implement the mandate must be identified. Any
such legislation for which full state funding is not provided may
not be enacted.

15 State mandates are defined as any state-initiated or statutory
17 action that requires a local school administrative unit to
19 establish, expand or modify its activities in such a way as to
21 necessitate additional expenditures from local revenues,
excluding any order issued by a state court or any legislation
necessary to comply with a federal mandate.

23 ~~This chapter is repealed on June 30, 1992, unless reviewed and
extended by specific Act of the Legislature.~~

25 **Sec. 2. 20-A MRSA §5805, sub-§2**, as enacted by PL 1981, c.
27 693, §§5 and 8, is repealed.

29 **Sec. 3. 20-A MRSA §5805, sub-§§3 and 4** are enacted to read:

31 **3. Maximum tuition chargeable to sending unit.** The maximum
33 tuition charged by a receiving unit to a sending unit shall not
35 exceed the receiving unit's cost per student for secondary
education for the preceding year, or the state average cost per
student for secondary education for that year, whichever is lower.

37 **4. State reimbursement of excess.** The State shall pay
39 directly to a receiving unit, for each tuition student received,
41 the amount, if any, by which the unit's cost per student for
secondary education exceeds the state average cost per student
for secondary education in the year prior to the year of
allocation.

43 **Sec. 4. 20-A MRSA §6004, sub-§2, ¶C** is enacted to read:

45 **C.** A student who is eligible to receive a reduced price
47 meal under the National School Lunch Program or the National
49 School Breakfast Program shall be counted as 1.1 students; a
51 student who is eligible to receive a free meal under the
National School Lunch Program or the National School
Breakfast Program shall be counted as 1.2 students.

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Sec. 5. 20-A MRSA §15602, sub-§2, as enacted by PL 1983, c. 859, Pt. G, §§2 and 4, is amended to read:

2. Amount of actual operating and program costs. It is the intent of the Legislature that the ~~actual operating and~~ program costs other than special education costs, as annually established by the Legislature, shall be an amount sufficient to meet the level of the costs in the year prior to the year of allocation and that the actual operating costs and special education costs, as annually established by the Legislature, shall be an amount sufficient to meet the level of the costs in the year of allocation.

Sec. 6. 20-A MRSA §15603, sub-§3, as enacted by PL 1983, c. 859, Pt. G, §§2 and 4, is amended to read:

3. Actual local operating costs adjusted. "Actual local operating costs adjusted" means actual operating costs in subsection 2 adjusted to meet the level of the costs in the year ~~prior to the~~ year of allocation.

Sec. 7. 20-A MRSA §15603, sub-§5, as enacted by PL 1983, c. 859, Pt. G, §§2 and 4, is amended to read:

5. Actual local program costs adjusted. "Actual local program costs adjusted" means the sum of actual program costs in subsection 4, paragraphs B to E, adjusted to meet the level of the costs in the year prior to the year of allocation and actual local program costs in subsection 4, paragraph A, adjusted to the year of allocation.

Sec. 8. 20-A MRSA §15603, sub-§12, as enacted by PL 1983, c. 859, Pt. G, §§2 and 4, is amended to read:

12. Foundation allocation. "Foundation allocation" means the total of actual local operating costs and adjusted to the year of allocation, actual local program costs other than special education costs described in subsection 22 adjusted to the equivalent of the year prior to the year of allocation and special education costs described in subsection 22 adjusted to the year of allocation.

Sec. 9. 20-A MRSA §15603, sub-§22, ¶B, as amended by PL 1987, c. 850, §§1 and 5, is repealed and the following enacted in its place:

B. The costs of tuition and board to other schools for programs which have been approved by the commissioner, except those paid:

1 (1) Directly by the State under section 15607,
2 subsection 9, paragraph A; and

3 (2) As an adjustment under section 15612, subsection
4 10.

5 Medical costs shall not be allowable as part of a tuition
6 charge;

7 **Sec. 10. 20-A MRSA §15604, sub-§1, ¶C,** as enacted by PL 1983,
8 c. 859, Pt. G, §§2 and 4, is amended to read:

9 C. Special education tuition and board, excluding medical
10 costs, defined as follows:

11 (1) Tuition and board for pupils placed by school
12 administrative units;

13 (2) Tuition and board for pupils placed directly by
14 the State in accordance with rules adopted or amended
15 by the commissioner; and

16 (3) Special education tuition and other tuition for
17 institutional residents of state-operated institutions
18 attending programs in school administrative units in
19 accordance with rules adopted or amended by the
20 commissioner; and

21 ~~(4) Adjustments under section 15612, subsection 6;~~

22 **Sec. 11. 20-A MRSA §15605, sub-§2, ¶¶A and B,** as enacted by PL
23 1983, c. 859, Pt. G, §§2 and 4, are amended to read:

24 A. The foundation per pupil operating rate shall be the
25 summary of actual local operating costs of all school
26 administrative units of the base year adjusted to the year
27 prior to the year of allocation divided by the average total
28 resident pupils in sections 5104 and 6004 educated at public
29 expense in kindergarten to grade 12 on April 1st and October
30 1st of the calendar year prior to the year of allocation.

31 (1) The elementary foundation per pupil operating rate
32 shall be the summary of actual local operating costs of
33 all school administrative units of the base year
34 adjusted to the year prior to the year of allocation
35 divided by the average total resident pupils in
36 sections 5104 and 6004 educated at public expense in
37 kindergarten to grade 8 on April 1st and October 1st of
38 the calendar year prior to the year of allocation.

39 (2) The secondary foundation per pupil operating rate
40 shall be the summary of actual local operating costs of

1 all school administrative units of the base year
2 adjusted to the year-prior-to-the year of allocation
3 divided by the average total resident pupils in
4 sections 5104 and 6004 educated at public expense in
5 grades 9 to 12 on April 1st and October 1st of the
6 calendar year prior to the year of allocation.

7
8 B. The requested funding levels for operating costs under
9 section 15604, subsection 1, paragraph A, shall be the
10 actual local operating costs for the base year adjusted to
11 the equivalent of the year-prior-to-the year of allocation.

12 **Sec. 12. 20-A MRSA §15605, sub-§2, ¶C,** as enacted by PL 1983,
13 c. 859, Pt. G, §§2 and 4, is repealed and the following enacted
14 in its place:

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16 C. The requested funding levels for program costs under:

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18 (1) Section 15604, subsection 1, paragraph B, shall be
19 the actual costs for the base year adjusted to the
20 equivalent of the year of allocation;

21
22 (2) Section 15604, subsection 1, paragraph C,
23 subparagraph (1) and section 15604, subsection 1,
24 paragraphs D, E and J, shall be the actual local
25 program costs for the base year adjusted to the
26 equivalent of the year prior to the year of allocation;
27 and

28
29 (3) Section 15604, subsection 1, paragraph F, shall be
30 for costs for the year prior to the year of allocation.

31
32 **Sec. 13. 20-A MRSA §15605, sub-§3,** as repealed and replaced by
33 PL 1987, c. 848, §6, is amended to read:

34
35 3. Guidelines for actual local operating and program costs;
36 updating. The commissioner's recommendation for actual local
37 operating and program costs adjusted, exclusive of bus purchase
38 costs, shall reflect changes in pupil enrollment, economic
39 factors, actual changes in educational costs and any other
40 considerations which effect a change in the costs of education.
41 In any year, the adjustments for program costs other than special
42 education shall not be less than the average of the 2 most recent
43 annual percentages of increase in statewide operating-and program
44 costs of school administrative units and the adjustments for
45 special education programs and operating costs shall be no less
46 than twice the 2 most recent annual percentages of increase in
47 statewide operating costs of school administrative units.
48 Notwithstanding this subsection, in the event that increases in
49 any category within the program costs are significantly out of
50 proportion to increases in the other categories, the commissioner
51 may use other appropriate considerations in determining the

1 recommended funding level for that category. The commissioner
2 shall be conscious of the need for prudent restraint in
3 educational financing.

5 **Sec. 14. 20-A MRSA §15609, sub-§2** is enacted to read:

7 2. State valuation used in calculating 1989-90 state
8 subsidy. For subsidy year 1989-90, the program millage limit and
9 the local share of the allocations for operating and program
10 costs shall be determined using the 1987 state valuation.

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13 **Sec. 15. 20-A MRSA §15611, sub-§3** is enacted to read:

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15 3. State valuation used in calculating 1989-90 state
16 subsidy. For subsidy year 1989-90, the debt service millage
17 limit and the local share of the allocation for debt service
18 shall be determined using the 1987 state valuation.

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Sec. 16. 20-A MRSA §15612, sub-§5, ¶B, as amended by PL 1985,
c. 583, is repealed.

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Sec. 17. 20-A MRSA §15612, sub-§5, ¶B-1 is enacted to read:

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24 B-1. The state share of the foundation allocation to that
25 school administrative unit shall be adjusted by subtracting
26 the portion of receipts under Section 3(c)(1) of Public Law
27 81-874, United States Code, Title 20, Section 236 et seq.,
28 computed as follows:

29

(1) The actual receipts under Public Law 81-874, minus;

31

(2) The following amount:

33

(a) The number of students for which federal aid
34 has been received, multiplied by;

35

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(b) The amount by which the per pupil foundation
38 expenditures of the unit for the base year
39 exceeded the per pupil foundation allocation for
40 the base year.

39

41

Sec. 18. 20-A MRSA §15612, sub-§5, ¶C, as amended by PL 1985,
c. 583, is further amended to read:

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C. The amount subtracted under paragraph B B-1 may not
exceed 90% of the school administrative unit's Section 3-(e)
47 ~~(1)~~ Public Law 81-874 payment of entitlement for the year
prior to the year of allocation or the base year, whichever
49 is less.

47

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1 **Sec. 19. 20-A MRSA §15612, sub-§6**, as enacted by PL 1983, c.
2 859, Pt. G, §§2 and 4, is repealed.

3 **Sec. 20. 20-A MRSA §15612, sub-§10**, as enacted by PL 1987, c.
4 827, §2 and c. 861, §§16 and 17, is repealed and the following
5 enacted in its place:

6 10. Adjustment for cost of educating eligible students in
7 long-term drug treatment centers. A school administrative unit
8 which operates an educational program, approved pursuant to
9 sections 9701 to 9706 to serve eligible students in licensed drug
10 treatment centers, shall be reimbursed in the year in which costs
11 are incurred as follows.

12 A. Reimbursements shall be limited to a maximum of 12 state
13 average tuition rates a year for each approved plan.

14 B. The rate of reimbursement per student shall not exceed
15 the state average tuition rates in effect during the year of
16 placement as computed under sections 5804 and 5805.

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

19 **Sec. 21. 20-A MRSA §15612, sub-§11** is enacted to read:

20 11. Special education tuition and cost for out-of-district
21 placement adjustment. Based on the costs under section 15603,
22 subsection 22, paragraph B, the State shall pay annually to each
23 local unit a per pupil adjustment equal to the amount by which
24 the tuition and board costs for out-of-district placements for
25 each pupil exceeds the foundation per pupil operating rate.

26 **Sec. 22. 20-A MRSA §15613, sub-§13**, as enacted by PL 1987, c.
27 848, §10, is amended to read:

28 13. Minimum state allocation. Effective 1988-89 1989-90,
29 each school administrative unit shall be guaranteed a minimum
30 state share of its total allocation that--is determined by
31 multiplying 5% 15% of the foundation per pupil operating rate by
32 the average number of resident kindergarten to grade 12 pupils,
33 including special education tuition pupils, in the unit on April
34 1st and October 1st of the calendar year immediately prior to the
35 year of allocation. These funds shall be included as part of the
36 school unit's total allocation as computed under this chapter and
37 not as an adjustment to the unit's total allocation.

1

STATEMENT OF FACT

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5 This bill makes the following changes in the School Finance Act:

7 1. Provides for full state funding of all education programs and costs mandated by the State for the duration of the mandate;

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11 2. Permits school units which receive tuition students to be paid their full per student cost for students received, with the sending unit paying up to the state average per student cost and the State paying any amount by which the receiving unit's per student cost exceeds the state average;

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17 3. Adds a low-income student index requiring school units to count each student qualified for a free or reduced lunch under the federal National School Lunch Program as slightly more than one student so that these units will have a greater allocation for education costs;

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23 4. Raises the per pupil expenditure level by requiring a 2nd year of inflation adjustment in calculating the operating cost allocation for the formula;

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27 5. Brings special education reimbursement up to current costs;

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31 6. Limits the amount a school unit must pay for out-of-district placement costs for special education students to the foundation per pupil operating rate and requires the State to pay any additional amounts required;

33

35 7. Requires the use of 1987 state valuation figures in calculating the state subsidy for 1989-90;

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39 8. Provides a different method of reducing the state subsidy to units which receive federal impact aid by allowing each unit to retain federal money to cover costs for those students above the subsidized amounts and subtracting any additional amounts from the state subsidy of the unit; and

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43 9. Increases the 5% minimum state subsidy to 15%.