

# MAINE STATE LEGISLATURE

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STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
115TH LEGISLATURE  
SECOND REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 1416, L.D. 2028, Bill, "An Act to Clarify Municipal Approval of Payments of Public School Funds"

Amend the bill by striking out the title and substituting the following:

'An Act to Clarify Municipal Approval of Payments of Public School Funds and Awards of Hardship Fund Assistance'

Further amend the bill in the first line after the enacting clause (page 1, line 3 in L.D.) by inserting at the beginning the following: 'Sec. 1.'

Further amend the bill by inserting at the end before the statement of fact the following:

'Sec. 2. 20-A MRSA §15612, sub-§14, as enacted by PL 1991, c. 625, §3 and affected by §5, is amended to read:

14. **Hardship fund; eligibility; application; rulings; appeals.** For fiscal year 1991-92, a hardship fund is established to assist school administrative units severely affected by the supplemental reduction in the foundation allocation and minimum subsidy required under section 15602, subsection 6. The fund must be capitalized with up to \$4,500,000 from General Fund revenues collected above budgeted General Fund revenues. ~~The joint-standing-committee-of-the-Legislature-having-jurisdiction-over-education-shall-establish-a-definition-of-hardship-and-criteria-for-adjusting-a-unit's-foundation-allocation-and-minimum-subsidy.~~ The commissioner shall administer the fund.

The hardship fund is created under the jurisdiction of the department as a lapsing loan fund for the purposes of this subsection. Any unexpended balance in the fund on June 30, 1993 lapses to the General Fund. Loan repayment funds received by the department after June 30, 1993 must be credited to the General Fund.

2 The following provisions apply to hardship fund eligibility,  
application, rulings, repayment and appeals.

4 A. The commissioner, under rules adopted by the department,  
6 shall determine whether a school administrative unit is  
8 eligible for loan assistance from the hardship fund. The  
10 fund may be used only to minimize hardships resulting from  
the reductions in section 15602, subsection 6. The  
following factors must be considered in making the  
determination:

12 (1) Reduction in school days below 180 days;

14 (2) Staff reductions that result in cuts to required  
16 programs;

18 (3) Staff reductions that result in class sizes that  
20 are larger than the maximum established by law;

22 (4) Impact on student health and safety;

24 (5) Losses in special needs programs; and

26 (6) Other hardships that affect a school unit's  
28 ability to deliver educational services to students.

30 B. A school administrative unit seeking loan assistance  
32 from the hardship fund shall submit to the department a unit  
budget history for school years 1988-89, 1989-90 and  
1990-91, a detailed plan for meeting school year 1991-92  
costs and other supporting material. The deadline for  
receipt of applications is September 15, 1992.

34 A school administrative unit that applies for a loan or  
36 intends to apply for a loan in accordance with this  
subsection may carry the amount of the loan request as an  
38 account receivable from fiscal year 1991-92 to fiscal year  
1992-93 and from fiscal year 1992-93 to fiscal year  
40 1993-94. If the school administrative unit is denied a  
hardship loan or receives a loan less than the account  
42 receivable amount, the unit must budget for the amount that  
was not received in fiscal year 1993-94.

44 C. The commissioner shall rule on all requests for loan  
46 assistance from the hardship fund by November 15, 1992. The  
commissioner may require a hearing for the purpose of  
48 acquiring additional information. All rulings must be in  
writing and all funding denials must include specific  
50 reasons for denial.

2 D. The department shall establish loan amounts by rule. A  
3 school administrative unit may not receive a loan in excess  
4 of the amount of its reduction under section 15610,  
5 subsection 1, paragraph F. The department may prorate  
6 payments to units if the amount available is insufficient to  
7 make full payment to all units.

8 E. The commissioner shall establish loan repayment terms by  
9 rule. All loans are interest free and must be repaid in  
10 full within 2 fiscal years of the end of the school year in  
11 which the loan is received.

12 F. The State Board of Education shall hear and decide  
13 appeals of the commissioner's findings in accordance with  
14 rules adopted by the department. The board's decision is  
15 final.

#### 18 FISCAL NOTE

19 The costs associated with adopting rules and administering  
20 the hardship fund can be absorbed within existing resources of  
21 the Department of Education. Any funds remaining in the hardship  
22 fund at the end of fiscal year 1992-93 will be credited to the  
23 General Fund. This may result in a one-time increase in General  
24 Fund revenue.

#### 28 STATEMENT OF FACT

29 This amendment establishes guidelines for creation of a  
30 hardship fund to assist communities facing hardship due to  
31 reductions in general purpose aid during the 1991-92 school  
32 year. The amendment authorizes the Commissioner of Education to  
33 adopt rules for operation of the fund. The amendment also adds a  
34 new title and a fiscal note to the bill.  
35  
36

Reported by the Committee on Education.

Reproduced and distributed under the direction of the Clerk of the House.

(3/13/92)

(Filing No. H-1116)