MAINE STATE LEGISLATURE

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116th MAINE LEGISLATURE

FIRST REGULAR SESSION-1993

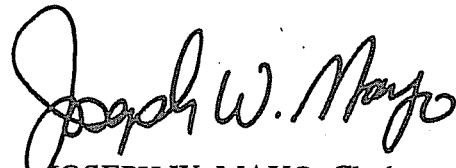| Legislative Document	No. 924
H.P. 682	House of Representatives, March 16, 1993

An Act to Amend the School Funding Formula.

Reference to the Committee on Education suggested and ordered printed.

JOSEPH W. MAYO, Clerk

Presented by Representative SKOGLUND of St. George.
Cosponsored by Senator PINGREE of Knox and
Representatives: ADAMS of Portland, GRAY of Sedgwick, HEINO of Boothbay, KERR of Old Orchard Beach, MELENDY of Rockland, SIMONEAU of Thomaston.

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

Sec. 1. 20-A MRSA §1301, sub-§1, ¶¶A and B, as enacted by PL 1981, c. 693, §§5 and 8, are amended to read:

A. Under a ~~property-valuation~~ total municipal wealth method as established in chapter 606, municipalities in a district shall share costs in the same proportion as each municipality's ~~state-valuation~~ total municipal wealth is to the district's ~~state-valuation~~ total municipal wealth.

B. Under an alternate plan approved by the state board and by a vote of the legislative bodies of the school administrative units forming the district and based on:

    (1) The number of resident pupils in each town;

    (2) The ~~state-valuation~~ total municipal wealth of each member ~~town's-real-property~~ town as set in the calendar year prior to the district's fiscal year; or

    (3) Any combination of subparagraphs (1) and (2).

Sec. 2. 20-A MRSA §1704, sub-§1, ¶B, as enacted by PL 1981, c. 693, §§5 and 8, is amended to read:

B. The ~~state--valuation~~ total municipal wealth of each member ~~municipality's---real---property~~ municipality as established in chapter 606 set in the calendar year prior to the district's fiscal year;

Sec. 3. 20-A MRSA §15603, sub-§9, as enacted by PL 1983, c. 859, Pt. G, §§2 and 4, is amended to read:

9. **Debt service millage limit.** "Debt service millage limit" means the equivalent of a mill rate which, if applied to the ~~state--valuation~~ total wealth of an administrative unit, limits the local share of debt service required under section 15611, subsection 1, paragraph A.

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

20. **Program millage limit.** "Program millage limit" means the equivalent of a mill rate which, if applied to the ~~state valuation~~ total wealth of an administrative unit, ~~shall--limit~~ limits the local share of the program allocation required under section 15609, subsection 1, paragraph B.

Sec. 5. 20-A MRSA §15603, sub-§26-A is enacted to read:

2   **26-A.** **State wealth ratio.** "State wealth ratio" means the quotient of the subsidized statewide local education costs and
4   total state wealth as defined in subsection 28-B.

6   **Sec. 6. 20-A MRSA §15603, sub-§27,** as enacted by PL 1983, c. 859, Pt. G, §§2 and 4, is amended to read:

8
     27. **Subsidy indices.** "Subsidy indices" means the equivalent
10   of mill rates which, if applied to the ~~state--valuation~~ total
     wealth of all municipalities, would raise not more than 45% of
12   the total allocation and would establish the operating cost
     millage, the program millage limit and the debt service millage
14   limit.

16   These indices may not be levied, but ~~shall~~ must be used for the
     purpose of computing allocations.
18
     Sec. 7. 20-A MRSA §15603, sub-§§28-A and 28-B are enacted to
20   read:

22   **28-A.** **Total municipal wealth.** "Total municipal wealth"
     means the product of the median household income in the
24   municipality and the number of households in the municipality
     divided by the percentage of total municipal property tax
26   assessed to residential property owners.

28   **28-B.** **Total state wealth.** "Total state wealth" means the
     sum of the total municipal wealth of all municipalities in the
30   State.

32   **Sec. 8. 20-A MRSA §15609, sub-§1, ¶¶A and B,** as amended by PL
     1987, c. 848, §7, are further amended to read:
34
     A. The local share of the allocation for operating costs
36   ~~shall--be~~ is the product of the operating cost millage
     established under section 15607 and the ~~state--valuation~~
38   total wealth of the municipalities in the administrative
     units. The commissioner's computation of the local share of
40   the allocation for operating costs for each unit or member
     municipality within a school administrative district or
42   community school district ~~shall~~ may not exceed the total
     operating allocation of each municipality.
44
     (1) The local share percentage of operating costs
46   ~~shall-be~~ is the proportion that the local share of the
     allocation for operating cost is to the maximum
48   operating cost allocation. The state share percentage
     of operating costs ~~shall-be~~ is the proportion that the

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state share of the allocation for operating cost is to
the maximum operating cost allocation.

B. The local share of the allocation for program costs
shall be is the actual local program costs in the base year
adjusted and bus purchase costs in the year prior to the
year of allocation multiplied by the local share percentage
determined in paragraph A or the program millage limit
established in section 15607 times the state valuation total
wealth of the municipalities in the administrative unit,
whichever is less.

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

(2) The local share percentage of program costs shall
be is the proportion that the local share of the
allocation for program cost is to the maximum program
cost allocation. The state share percentage of program
costs shall be is the proportion that the state share
of the allocation for program cost is to the maximum
program cost allocation.

Sec. 9. 20-A MRSA §15610, as amended by PL 1991, c. 625, §2
and affected by §5, is further amended to read:

§15610. Computation of the state share and local share of the
foundation allocation

1. State share of the foundation allocation computation;
limitation. The commissioner shall compute the state share of the
foundation allocation for each unit as follows.

A. The state share of the allocation for operating costs
shall be the difference between the local share of the
allocation and the maximum operating cost allocation.

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

B-1. The state share of the foundation allocation is the
difference between the total funds allocated and the local
share of the foundation allocation, computed pursuant to
subsection 2.

C. The state share of the foundation allocation for each
administrative unit is limited to the same proportion of the

maximum allocation as the local administrative unit raises of its maximum local share of the foundation allocation. For the purpose of this subsection only and for fiscal year 1990-91 only, the required local share must be reduced by the same percentage as the percentage reduction in the state subsidy specified in section 15602, subsection 4.

D. The commissioner shall reduce the state share of the foundation allocation to an administrative unit in the current year or following year by an amount that represents the state share of expenditures for salaries and benefits paid to uncertified personnel.

E. For the fiscal year 1991-92, the state share of the foundation allocation and of the minimum allocation must be reduced by 13.008%.

F. In addition to the reduction specified in paragraph E, for fiscal year 1991-92, the state share of the foundation allocation and the minimum subsidy allocation must be further reduced by an amount based on 50% of each of the following amounts:

(1) An amount calculated as approximately 3.41% of the unit's state share of its foundation allocation and minimum subsidy; and

(2) An amount calculated by multiplying approximately 0.287 mills by the state valuation of the unit.

The amount to be reduced may not exceed the unit's subsidy for foundation allocation and minimum subsidy.

2. Local share of the foundation allocation. The local share of the foundation allocation is the product of the state wealth ratio and the total municipal wealth.

Sec. 10. 20-A MRSA §15611, sub-§1, ¶A, as amended by PL 1987, c. 848, §8, is further amended to read:

A. The local share of allocation for debt service shall-be is the product of the debt service allocation multiplied by the percentage local share determined in section 15609 or the debt service millage limit established in section 15607 times the state-valuation total wealth of the municipalities in the administrative units, whichever is less.

(1) The debt service millage limit shall--be is the mills derived by dividing 45% of the debt service costs

as defined in section 15603, subsection 8, by the ~~state valuation~~ total wealth of all municipalities.

(2) The local share percentage of debt service costs ~~shall be~~ is the proportion that the local share of the allocation for debt service cost is to the maximum debt service cost allocation.

Sec. 11. 20-A MRSA §15612, sub-§11, as repealed and replaced by PL 1989, c. 878, Pt. D, §7, is repealed.

Sec. 12. 20-A MRSA §15612, sub-§11-A is enacted to read:

11-A. Special education tuition and costs for out-of-district placement adjustment. The department shall pay the total cost for placing a student in an out-of-district placement. State payments to school administrative units pursuant to this subsection must be made during the year of allocation.

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

13. Minimum state allocation. ~~Effective 1988-89, each~~ Each school administrative unit ~~shall~~ must be guaranteed a minimum state share of its total allocation that is determined by multiplying ~~5%~~ 10% of the foundation per pupil operating rate by the average number of resident kindergarten to grade 12 pupils, including special education tuition pupils, in the unit on April 1st and October 1st of the calendar year immediately prior to the year of allocation. These funds ~~shall~~ must be included as part of the school unit's total allocation as computed under this chapter and not as an adjustment to the unit's total allocation.

STATEMENT OF FACT

This bill establishes a new method of determining a municipality's ability to support education costs.

Under the current school funding statute, a municipality's state subsidy for education costs is tied to the number of pupils in the municipality and the state valuation of property. This bill replaces state valuation of property with a new measure of wealth defined as median municipal household income times the number of households in the municipality divided by the percent of total municipal property tax assessed on residential property. The income-based model is designed to lessen reliance on property value as a measure of ability to pay.

The bill requires that the State fund 100% of all special
education tuition and costs for students placed out of district
to receive education services.   The bill also increases the
minimum state allocation to a school unit from 5% to 10% of the
foundation per pupil operating rate times the number of pupils in
the unit.

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