

# MAINE STATE LEGISLATURE

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A. & S.

L.D. 706

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DATE: June 27, 1995 (Filing No. S- 356 )

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**STATE OF MAINE  
SENATE  
117TH LEGISLATURE  
FIRST REGULAR SESSION**

SENATE AMENDMENT "C " to HOUSE AMENDMENT "A" to H.P. 516, L.D. 706, Bill, "An Act Making Unified Appropriations and Allocations for the Expenditures of State Government, General Fund and Other Funds, and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 1996 and June 30, 1997"

Amend the amendment by striking out all of Parts Y and Z and inserting in their place the following:

**PART Y**

**Sec. Y-1. 20-A MRSA §15602, sub-§10 is enacted to read:**

10. Transportation operating adjustment in fiscal year 1995-96. In fiscal year 1995-96, the reduction percentage specified in section 15603, subsection 26-A, paragraph F does not apply to transportation operating costs.

**Sec. Y-2. Basic elementary and secondary per pupil operating rate.**

The basic elementary per pupil operating rate for 1995-96 is \$2,797 and the basic secondary per pupil operating rate for 1995-96 is \$3,763. The per pupil guarantee described in the Maine Revised Statutes, Title 20-A, section 15652, subsection 5 for 1995-96 is \$3,400.

**Sec. Y-3. Basic education allocation.** The basic allocation of

state and local funds for 1995-96 for the purposes listed in this section is as follows.

**1995-96**

**EDUCATION, DEPARTMENT OF**

R. d. S.

SENATE AMENDMENT "C" to HOUSE AMENDMENT "A" to H.P. 516, L.D. 706

**BASIC EDUCATION ALLOCATIONS**

|    |                                      |                    |
|----|--------------------------------------|--------------------|
| 2  |                                      |                    |
| 4  | <b>Operating Costs</b>               |                    |
| 6  | Elementary and Secondary             |                    |
| 8  | Operating Costs, based on per        |                    |
|    | pupil guarantee as specified         |                    |
| 10 | in section 15652, subsection 5       | 729,531,200        |
|    | Less Public Law 81-874, Federal      |                    |
|    | Impact Funds                         | -0-                |
| 12 | <b>Operating Costs</b>               |                    |
|    | <b>Total</b>                         | <u>729,531,200</u> |
| 14 | <b>Program Costs</b>                 |                    |
| 16 | Early Childhood                      | 338,292            |
| 18 | Special Education, Local             | 106,574,766        |
| 20 | Special Education, Tuition           |                    |
|    | and Board                            | 11,270,559         |
| 22 | Vocational Education                 | 22,574,098         |
|    | Transportation Operating             | 56,287,476         |
|    | Bus Purchases                        | 4,500,000          |
| 24 | <b>Program Costs</b>                 |                    |
| 26 | <b>Total</b>                         | <u>201,545,191</u> |
| 28 | Less percentage reduction, pursuant  |                    |
| 30 | to the Maine Revised Statutes,       |                    |
|    | Title 20-A, section 15603,           |                    |
| 32 | subsection 26-A, paragraph F         | (28,034,739)       |
| 34 | <b>Adjusted Program Costs</b>        |                    |
|    | <b>Total</b>                         | <u>173,510,452</u> |
| 36 | <b>Debt Service Costs</b>            |                    |
| 38 | Principal and Interest               | 64,051,493         |
|    | Approved Leases                      | 5,143,906          |
| 40 | Insured Value Factor                 | 1,994,388          |
| 42 | <b>Debt Service Costs</b>            |                    |
|    | <b>Total</b>                         | <u>71,189,787</u>  |
| 44 |                                      |                    |
| 46 | Less percentage reduction of insured |                    |
|    | value factor pursuant to the Maine   |                    |
| 48 | Revised Statutes, Title 20-A,        |                    |
|    | section 15603, subsection 26-A,      |                    |
| 50 | paragraph F                          | (384,997)          |

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|    |  |                |
|----|--|----------------|
| 2  | <b>Adjusted Debt Service Costs</b>   |                |
|    | <b>Total</b>   | 70,804,790     |
| 4  | <b>Combined Allocations</b>  | 973,846,442    |
| 6  | Minimum State Allocation   | 900,000        |
| 8  | <b>BASIC EDUCATION ALLOCATION</b>  |                |
|    | <b>TOTAL</b>   | \$974,746,442  |
| 10 |  |                |
| 12 | <b>Sec. Y-4. Subsidy indexes; income weight; statewide adjustment factor.</b>  |                |
| 14 | The following mill rates are established: operating cost millage - 6.06 mills; program millage limit - 1.24 mills; and debt service millage 0.49 mills. The income weight in section 15652 is .15. The statewide adjustment factor as described in section 15654, subsection 1, paragraph B is .52678. |                |
| 16 |  |                |
| 18 | <b>Sec. Y-5. Appropriation.</b>  |                |
| 20 | The appropriation provided for General Purpose Aid for Local Schools for the fiscal year beginning July 1, 1995 and ending June 30, 1996 is calculated as follows.   |                |
| 22 |  |                |
|    |  | <b>1995-96</b> |
| 24 |  |                |
| 26 | <b>STATE ALLOCATION</b>  |                |
|    | <b>TOTAL</b>   | \$510,373,543  |
| 28 | <b>ADJUSTMENTS AND MISCELLANEOUS COSTS</b>   |                |
| 30 |  |                |
| 32 | Cost of Geographic Isolation Adjustments   | \$250,000      |
| 34 | Cost of Quality Incentive Adjustments  | -0-            |
| 36 | Audit Adjustments  | -0-            |
| 38 | Cost of Reimbursement for Private School Services  | 201,000        |
| 40 |  |                |
| 42 | Special Education Hardship Grants  | -0-            |
| 44 | Special Education Tuition and Board for State Wards and Other Pupils Placed Directly by the State  | 8,760,605      |
| 46 |  |                |
| 48 | State Agency Clients   | 10,962,748     |
| 50 | Out-of-District Placements   | 1,474,000      |

# SENATE AMENDMENT

R. & S.

SENATE AMENDMENT "C" to HOUSE AMENDMENT "A" to H.P. 516, L.D. 706

|    |   |                      |
|----|---|----------------------|
| 2  | Long-term Drug Treatment Centers        | 126,500              |
| 4  | Fiscal Year 1995-96 "Cushion"           | 2,000,000            |
| 6  | <b>TOTAL ADJUSTMENTS</b>                | <u>23,774,853</u>    |
| 8  | <b>RECOMMENDED FUNDING LEVEL</b>        |                      |
|    | <b>TOTAL</b>                            | <u>534,148,396</u>   |
| 10 | Estimated Construction Audit Recoveries | -0-                  |
| 12 | <b>APPROPRIATION FOR FISCAL</b>         |                      |
| 14 | <b>YEAR 1995-96</b>                     |                      |
| 16 | <b>TOTAL</b>                            | <u>\$534,148,396</u> |

18       **Sec. Y-6. Limit of State's obligation.** If the State's continued  
 20 obligation for any individual program contained in sections 3 and  
 22 5 exceeds the level of funding provided for that program, any  
 24 unexpended balances occurring in other programs may be applied to  
 avoid proration of payments for any individual program. Any  
 unexpended balances from sections 3 and 5 may not lapse but must  
 be carried forward for the same purpose.

26       **Sec. Y-7. Appropriation.** Nothing in sections 2 to 6 may be  
 28 construed to require the State to provide payments that exceed  
 the appropriation of funds for General Purpose Aid for Local  
 Schools for the fiscal year beginning July 1, 1995 and ending  
 June 30, 1996.

30       **Sec. Y-8. Hardship cushion.** The commissioner shall establish  
 32 a hardship cushion for fiscal year 1995-96. A school  
 34 administrative unit must meet the following criteria to be  
 eligible for the hardship cushion.

36       **1. State share; foundation allocation.** The fiscal year  
 38 1995-96 state share of the foundation allocation for a school  
 administrative unit as defined in the Maine Revised Statutes,  
 Title 20-A, section 15603, subsection 12 plus the minimum state  
 40 allocation as described in Title 20-A, section 15613, subsection  
 42 13 and excluding the state subsidy for bus purchases  
 is less than the corresponding amount for fiscal year 1994-95  
 plus or minus the hardship cushion for fiscal year 1994-95.

44       **2. Mill increase.** The school administrative unit must  
 46 raise 7.30 mills or over excluding debt service in fiscal year  
 1994-95.

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# SENATE AMENDMENT

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3. **Loss calculation.** The loss calculated in subsection 1 must exceed 2.453% of the school administrative unit's fiscal year 1994-95 budget excluding debt service and buses.

**PART Z**

**Sec. Z-1. 20-A MRSA §15603, sub-§11-A,** as enacted by PL 1993, c. 410, Pt. F, §13, is amended to read:

**11-A. Fiscal capacity.** "Fiscal capacity" means the ability of a municipality to raise property tax revenues. For each year of funding, fiscal capacity is measured as the average of the state valuation amounts for the 2 most recent years prior to the year of funding. For fiscal year 1993-94 and fiscal year 1994-95 and fiscal year 1996-97 only, if the most recent state valuation amount is less than the average of the 2 most recent state valuation amounts, the fiscal capacity of the municipality is considered to be the state valuation for the most recent year. The fiscal capacity of a school administrative district or a community school district is the sum of the fiscal capacity amounts of its member municipalities.

**Sec. Z-2. 20-A MRSA §15603, sub-§26-A, ¶F,** as enacted by PL 1993, c. 410, Pt. F, §15, is amended to read:

F. If, for any fiscal year, the total amount appropriated for the State's share of the total allocation is less than the amount specified in the certified funding level for that year, then all subsidizable costs except as noted in subparagraphs (1) and (2) are reduced by a percentage of the original cost amounts. The reduction percentage is the smallest percentage that results in a state share of the total allocation that does not exceed the amount appropriated for this purpose. The following subsidizable costs may not be reduced:

- (1) Principal and interest on approved school construction costs; and
- (2) Approved lease costs;
- (3) For fiscal year 1995-96 only, transportation operating costs as defined in subsection 29; and
- (4) For fiscal year 1996-97, the program costs as specified in section 15608.

**Sec. Z-3. 20-A MRSA §15610, sub-§1, ¶C,** as amended by PL 1989, c. 875, Pt. E, §29, is further amended to read:

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**SENATE AMENDMENT**

R & S

2 C. The state share of the foundation allocation for each  
 4 administrative unit is limited to the same proportion of the  
 6 maximum allocation as the local administrative unit raises  
 8 of its maximum local share of the foundation allocation.  
 10 For the purpose of this subsection only and for fiscal year  
 12 1990-91 only, the required local share must be reduced by  
 14 the same percentage as the percentage reduction in the state  
 16 subsidy specified in section 15602, subsection 4. For fiscal  
 18 year 1995-96 only, the provisions of this paragraph do not  
 20 apply for any school administrative unit that had approved  
 22 its 1995-96 budget prior to notification by the commissioner  
 24 of the unit's maximum local share of the foundation  
 26 allocation.

28 Sec. Z-4. 20-A MRSA c. 606-A is enacted to read:

30 CHAPTER 606-A

32 SCHOOL FINANCE ACT OF 1995

34 §15651. Short title

36 This chapter is known and may be cited as the "School  
 38 Finance Act of 1995."

40 §15652. Definitions

42 1. Elementary grades. "Elementary grades" means  
 44 kindergarten to grade 8 and includes children enrolled in early  
 46 kindergarten programs and 4-year-old children enrolled in a  
 48 2-year childhood education program prior to grade one.

50 2. Income weight. "Income weight" means a value between  
 zero and one that is used to adjust a municipality's ratio of  
 local median household income to the statewide median household  
 income. The income weight plus the property weight, as defined  
 in subsection 7, must equal one.

3. Municipality. "Municipality" means a city, town or  
 organized plantation.

4. Normalized regional cost adjustment. "Normalized  
 regional cost adjustment" means a factor that is used to adjust a  
 median household income value up or down to reflect variations in  
 regional costs. The statewide normalized regional cost  
 adjustment is one.

5. Per pupil guarantee. "Per pupil guarantee" means the  
 total amount of funds that is made available for each  
 subsidizable pupil.

R & S.

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6. Property fiscal capacity. "Property fiscal capacity" means the lesser of the average of the state valuation amounts for the 2 most recent years prior to the year of funding or the state valuation amount for the most recent year.

7. Property weight. "Property weight" means a value between zero and one that is used to adjust a municipality's ratio of local per pupil property fiscal capacity to the statewide per pupil property fiscal capacity. The income weight, defined in subsection 2, plus the property weight must equal one.

8. School administrative unit local contribution to the per pupil guarantee. "School administrative unit local contribution to the per pupil guarantee" means the funds that a school administrative unit provides for each subsidizable pupil who resides in that unit.

9. School administrative unit state contribution to the per pupil guarantee. "School administrative unit state contribution to the per pupil guarantee" means the funds that the State provides to a school administrative unit for each subsidizable pupil who resides in that unit.

10. Secondary grades. "Secondary grades" means grades 9 to 12.

11. Subsidizable pupils. "Subsidizable pupils" means all kindergarten to grade 12 pupils who reside in a school administrative unit and who are educated at public expense.

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

13. Year of funding. "Year of funding" means the fiscal year during which state subsidies are disbursed to school administrative units, except as specified in section 15005, subsection 1.

**§15653. Per pupil guarantee; statewide features**

1. Per pupil guarantee. Beginning in fiscal year 1997-98, the Legislature shall annually establish a per pupil guarantee. For fiscal year 1995-96 the per pupil guarantee is \$3,400. For fiscal year 1996-97 the per pupil guarantee is \$3,536.

2. Contribution to per pupil guarantee. The Legislature and each school administrative unit are jointly responsible for contributing to the per pupil guarantee. For each school administrative unit, the per pupil guarantee is the sum of the



R. & S.

school administrative unit local contribution to the per pupil guarantee and the school administrative unit state contribution to the per pupil guarantee.

3. Legislature's contribution. The commissioner's recommendation for an appropriation for the Legislature's contribution to the per pupil guarantee for all subsidizable pupils in all school administrative units must be at least the amount of the corresponding appropriation for the prior fiscal year, unless a lesser amount is necessary to ensure compliance with section 15607, subsection 1. The appropriation may not exceed 105% of the corresponding appropriation for the prior fiscal year.

4. Statewide local share. The statewide local share amount of the operating costs' allocation is based on the sum of the amounts determined by multiplying for each unit 6.06 mills times the units' property fiscal capacity.

**§15654. School administrative unit state and local contributions to the per pupil guarantee**

1. Unit's local share percentage. For each school administrative unit, the commissioner shall annually determine the unit's local share percentage of the per pupil guarantee. Except as described in subsection 2, the local share percentage of the per pupil guarantee is the product of the amounts in paragraphs A and B:

A. The school administrative unit's weighted relative fiscal capacity, as defined in section 15657; and

B. A statewide adjustment factor to be established annually by the commissioner.

2. Special cases. Special cases for the local share percentage of the per pupil guarantee are as follows.

A. The local share percentage for a school administrative district or a community school district is calculated as a weighted average of the local share percentages of each member municipality, as if each member municipality were a separate school administrative unit. The weight for each municipality is the proportion of the district's subsidizable students who reside in the municipality.

B. The local share percentage for a school administrative unit or a municipality in a school administrative district or a community school district may not exceed 100%. If the local share percentage calculation is performed for a

R & S.

SENATE AMENDMENT "C" to HOUSE AMENDMENT "A" to H.P. 516, L.D. 706

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municipality in accordance with paragraph A, then the local share percentage for the municipality may not exceed 100%.

3. School administrative unit; contribution. For each school administrative unit, the commissioner shall annually determine the following.

A. The school administrative unit local contribution to the per pupil guarantee is the product of the per pupil guarantee and the school administrative unit's local share percentage of the per pupil guarantee.

B. The school administrative unit state contribution to the per pupil guarantee is the per pupil guarantee less the school administrative unit local contribution to the per pupil guarantee.

§15655. Allocation for per pupil guarantee

1. School administrative unit; allocation; local share; state share. For each school administrative unit, the commissioner shall annually determine the following.

A. The school administrative unit's total allocation for the per pupil guarantee is the product determined by multiplying the per pupil guarantee by the number of subsidizable pupils in the unit.

B. The school administrative unit's local share of the allocation for the per pupil guarantee is the product determined by multiplying the school administrative unit local contribution to the per pupil guarantee and the number of subsidizable pupils in the unit.

C. Except as described in paragraph D, the school administrative unit's state share of the allocation for the per pupil guarantee is the amount in paragraph A less the amount in paragraph B.

D. If a school administrative unit chooses to raise less than 100% of its local share of the allocation for the per pupil guarantee, then the State shall contribute the same percentage of the state share as the reduced local share, as computed by the commissioner.

2. Statewide allocation; local share; state share. The commissioner shall annually determine the following.

# SENATE AMENDMENT

R & S.

SENATE AMENDMENT "C" to HOUSE AMENDMENT "A" to H.P. 516, L.D. 706

- 2        A. The statewide total allocation for the per pupil  
guarantee is the sum of the total allocation for the per  
pupil guarantee for all school administrative units.
- 4
- 6        B. The statewide local share of the allocation for the per  
pupil guarantee is the sum of the local share allocation for  
the per pupil guarantee for all school administrative units.
- 8
- 10       C. The statewide state share of the allocation for the per  
pupil guarantee is the sum of the state share allocation for  
the per pupil guarantee for all school administrative units.

**§15656. Pupil counts**

14       For each school administrative unit, the number of  
16       subsidizable pupils is the average number of subsidizable  
18       students in that school administrative unit on April 1st and  
20       October 1st of the most recent calendar year prior to the year of  
funding.

**§15657. Weighted relative property fiscal capacity**

22       For each school administrative unit, the commissioner shall  
24       annually determine the unit's weighted relative fiscal capacity.  
26       This determination is the result of the following steps.

28       1. Property fiscal capacity. The local per pupil property  
fiscal capacity divided by the statewide per pupil property  
30       fiscal capacity as computed by the commissioner is multiplied by  
a property weight of 0.85.

32       2. Local median household income. The most recent local  
median household income is divided by the statewide average  
34       median household income. That amount is divided by the  
normalized regional cost adjustment as defined in section 15652,  
36       subsection 4. The final result is multiplied by an income weight  
of 0.15. The department shall use local median household income  
38       data, updated annually from the Federal Decennial Census. The  
department shall contract for the acquisition of annual  
40       normalized regional cost adjustment data, based on the National  
42       Chamber of Commerce model. In fiscal year 1995-96 the normalized  
regional cost adjustment may not be used in subsidy calculations.

44       3. Weighted relative property fiscal capacity. The results  
of subsection 1 and subsection 2 are added and the sum represents  
46       the weighted relative property fiscal capacity.

**§15658. Relationship to the School Finance Act of 1985**

R. & S.

SENATE AMENDMENT "C" to HOUSE AMENDMENT "A" to H.P. 516, L.D. 706

The provisions of chapter 606 apply except as described in this section.

1. Operating costs mill rate. The operating costs mill rate, as described in chapter 606, is in effect for the limited purposes of determining the state and local shares of each school administrative unit's program costs allocation and its debt service allocation, and for determining the amount required to provide the statewide state share of the allocation for the per pupil guarantee. For each individual school administrative unit, the amounts described in section 15655, subsection 1 are used rather than the amounts in section 15608, subsection 1; section 15609, subsection 1, paragraph A; and section 15610, subsection 1, paragraph A.

2. Parameters for fiscal year 1996-97. Notwithstanding any other provision of this Title, the following parameters as described in chapter 606 and this chapter must be used for fiscal year 1996-97:

A. For fiscal year 1996-97:

(1) The income weight in section 15652, subsection 2 is .15;

(2) The statewide adjustment factor as described in section 15654, subsection 1, paragraph B is .15;

(3) The operating costs mill rate used in the subsidy calculation is 6.06 mills;

(4) The program millage limit is 1.24 mills; and

(5) The debt service millage limit is .49 mills.

**Sec. Z-5. Effective date.** That section of this Part that enacts the Maine Revised Statutes, Title 20-A, chapter 606-A takes effect July 1, 1995.'

Further amend the amendment by relettering or renumbering any nonconsecutive Part letter or section number to read consecutively.

#### FISCAL NOTE

This amendment will have no net effect on General Fund appropriations and revenue and a balanced budget is maintained for fiscal year 1995-96 and fiscal year 1996-97.

R.S.

SENATE AMENDMENT "C" to HOUSE AMENDMENT "A" to H.P. 516, L.D. 706

STATEMENT OF FACT

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This amendment replaces that section of the amendment dealing with school funding with the report endorsed by a minority of the members of the Joint Standing Committee on Education.

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SPONSORED BY: *Kevin J. Cassidy*  
(Senator CASSIDY)

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COUNTY: Washington

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