

# MAINE STATE LEGISLATURE

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# 119th MAINE LEGISLATURE

## FIRST REGULAR SESSION-1999

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Legislative Document

No. 1799

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H.P. 1251

House of Representatives, March 9, 1999

### An Act Regarding the School Funding Formula.

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Reference to the Committee on Education and Cultural Affairs suggested and ordered printed.

A handwritten signature in black ink that reads "Joseph W. Mayo".

JOSEPH W. MAYO, Clerk

Presented by Representative BRENNAN of Portland.

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

Sec. 1. 20-A MRSA §15602, sub-§11, as enacted by PL 1997, c. 469, §1, is amended to read:

11. **State share of debt service costs for school construction; separate budget line item; separate appropriation.** It is the intent of the Legislature that the state share of the school construction debt service costs, as biennially established by the Legislature pursuant to the debt service limits authorized in section 15905, must be supported by General Fund appropriations beginning in fiscal year 1999-2000. The Legislature shall annually report the aggregate amount of the state share of the allocation for debt service costs under section 15611 as a separate line item and program account in the budget submitted to the Legislature for consideration. The Legislature shall annually appropriate an amount to capitalize the state share of debt service costs under section 15611, subsection 2 that is separate from the appropriation for general purpose aid for local schools.

Sec. 2. 20-A MRSA §15652, sub-§2, as enacted by PL 1995, c. 368, Pt. Z, §1 and affected by §2, is amended to read:

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. Beginning in fiscal year 1999-00, the income weight must be the median household income data reported in the United States Census data that was used for the statewide component and for the local municipality component in fiscal year 1997-98. The department shall use the fiscal year 1997-98 median household income data for each fiscal year until fiscal year 2001-02 when the department shall use the median household income data reported in the United States Census for 2000 for each fiscal year until fiscal year 2011-12 when the department shall use data for the United States Census for 2010.

Sec. 3. 20-A MRSA §15652, sub-§4, as amended by PL 1997, c. 643, Pt. D, §3, is further amended to read:

4. **Normalized regional cost adjustment; public education price index.** "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 department shall contract for the acquisition of annual normalized regional cost adjustment data, based on the National Chamber of Commerce model, except as follows. ~~Beginning in fiscal year 1998-99, the weight of the housing component of the market basket is 14%,~~

instead--of--28%--and--the--weights--of--the--other--market--basket  
eomponents--are--increased--proportionately.---In--addition,--for--any  
municipality--whose--regional--cost--adjustment--is--less--than--1.0,  
that--adjustment--is--increased--to--1.0. Beginning in fiscal year  
1999-00, the department shall contract for the acquisition of  
normalized regional cost-adjustment data based on a regional  
education cost-adjustment model that incorporates the prices that  
school administrative units actually pay for the market basket  
components of goods and services that a unit must purchase to  
provide public education. The public education price index must  
be updated every 3 years.

**Sec. 4. Department of Education to develop regional education  
cost-adjustment model based on public education price index.** The  
Department of Education shall develop a regional education  
cost-adjustment model that reflects variations in the regional  
education prices that school administrative units pay for the  
market basket components of goods and services that units must  
purchase to provide public education. Based on the public  
education price index developed by the department, this regional  
education cost-adjustment model must replace the so-called  
"National Chamber of Commerce model" in calculating a local  
municipality's "normalized regional cost-adjustment" under the  
Maine Revised Statutes, Title 20-A, chapter 606-A. This regional  
cost-adjustment factor adjusts a median household income value up  
or down to more accurately represent variations in regional  
education costs and is used to determine the capacity of  
municipal taxpayers in a school administrative unit to raise  
local revenues to support public education. The cost-adjustment  
model must be updated every 3 years. The department shall  
develop this regional education cost-adjustment model and the  
public education price index by January 1, 2000 and shall  
implement this regional education cost-adjustment model and the  
public education price index for the 2000-2001 school year.

**Sec. 5. Appropriation.** The following funds are appropriated  
from the General Fund to carry out the purposes of this Act.

**1999-00**

**EDUCATION, DEPARTMENT OF**

**General Purpose Aid for Local  
Schools**

All Other	\$29,493,680
Provides funds to fully fund actual local program costs.	

## 2 Management Information Systems

4	All Other	\$25,000
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6 Provides funds to develop a regional  
education cost-adjustment model based on a  
8 public education price index.

**10 DEPARTMENT OF EDUCATION**  
**TOTAL**

\$29,518,680

## 14 SUMMARY

16           The purpose of this bill is to ensure that pupil equity and  
taxpayer equity are achieved through the school funding formula.  
18       This bill accomplishes the following.

20           1. It clarifies that the statutory provisions requiring the  
state share of school construction debt service costs must be  
22       supported by General Fund appropriations by:

24           A. Indicating that the Legislature shall annually report  
the aggregate amount of the state share of the allocation  
26   for debt service costs as a separate line item and program  
account in the budget bill submitted to the Legislature for  
28   consideration; and

30 B. Indicating that the Legislature shall annually  
appropriate an amount to capitalize the state share of debt  
32 service costs that is separate from the appropriation for  
general purpose aid for local schools.

2. It suspends the annual updating of the income weight in the School Finance Act of 1995 by establishing that the income weight used in fiscal year 1997-98 must be used beginning in fiscal year 1999-00 and must remain fixed at the level of the median household income data reported in the United States Census data. Fiscal year 1997-98 median household income data must be used for the statewide component and for the local municipality component of income weighting for each fiscal year until fiscal year 2001-02 when the department shall use the median household income data reported in the United States Census for 2000 report for each fiscal year until fiscal year 2011-12 when the data for the United States Census for 2010 must be used.

48           3. It replaces the so-called "cost-of-living adjustment" in  
the School Finance Act of 1995 with a regionalized  
50 cost-adjustment model that is based on a public education price

2 index. The cost-adjustment model must be updated every 3 years.  
3 The Department of Education shall develop a regional education  
4 cost-adjustment model based on a public education price index and  
5 this new regionalized cost-adjustment model will replace the  
6 National Chamber of Commerce model beginning in fiscal year  
2000-01.

8 4. It provides a \$25,000 General Fund appropriation to the  
9 Department of Education to develop a regional education  
10 cost-adjustment model based on a public education price index.

12 5. It provides a \$29,493,680 General Fund appropriation to  
13 the Department of Education to fully fund actual local program  
14 costs in the school funding formula.