

MAINE STATE LEGISLATURE

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
122ND LEGISLATURE
FIRST REGULAR SESSION

HOUSE AMENDMENT "A" to COMMITTEE AMENDMENT "A" to H.P. 6, L.D. 1, Bill, "An Act To Increase the State Share of Education Costs, Reduce Property Taxes and Reduce Government Spending at All Levels"

Amend the amendment by striking out all of Part D and inserting in its place the following:

PART D

Sec. D-1. 5 MRSA §17154, sub-§6, ¶E, as amended by PL 2003, c. 504, Pt. B, §1, is further amended to read:

E. Notwithstanding this section, the employer retirement costs related to the retirement system applicable to those teachers whose funding is provided directly or through reimbursement from private or public grants must be paid by local school systems from those funds. "Public grants" does not include state or local funds provided to school administrative units under Title 20-A, chapters 315, 606 and 606-B.

Sec. D-2. 20-A MRSA §1, sub-§§17 and 18, as amended by PL 1999, c. 75, §1, are further amended to read:

17. Major capital costs. "Major capital costs" is defined in section 15603, subsection 17 15672, subsection 18-A.

18. Minor capital costs. "Minor capital costs" is defined in section 15603, subsection 18 15672, subsection 20-A.

HOUSE AMENDMENT

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Sec. D-3. 20-A MRSA §1301, sub-§1, ¶A, as amended by PL 1993, c. 410, Pt. F, §3, is further amended to read:

A. Under a property valuation method, municipalities in a district shall share costs in the same proportion as each municipality's fiscal capacity as defined in section 15603, ~~subsection 11-A 15672~~, subsection 23 is to the district's fiscal capacity.

Sec. D-4. 20-A MRSA §1301, sub-§1, ¶B, as amended by PL 2001, c. 375, §1, is further amended to read:

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 fiscal capacity of each member municipality as defined in section 15603, ~~subsection 11-A 15672~~, subsection 23;
- (3) Any combination of subparagraphs (1) and (2); or
- (4) Any other factor or combination of factors that may, but need not, include subparagraphs (1) and (2).

Sec. D-5. 20-A MRSA §1307, sub-§3, as amended by PL 1997, c. 68, §1, is further amended to read:

3. Summary action. To summarize the action taken on the school budget for the purposes of determining state and local cost sharing, the articles prescribed in chapter 606 ~~606-B~~ must also be voted upon.

Sec. D-6. 20-A MRSA §1307, sub-§4, as enacted by PL 1997, c. 68, §2, is amended to read:

4. Budget explanation. The warrant may include an explanation of the relationship between warrant articles authorizing specific line item expenditures as provided in subsection 1 and the articles prescribed in chapter 606 ~~606-B~~ summarizing the budget proposal.

Sec. D-7. 20-A MRSA §1308, as amended by PL 1999, c. 710, §6, is further amended to read:

§1308. Failure to pass budget

2 If a budget for the operating of the district is not
4 approved prior to July 1st, the latest budget as submitted by the
6 board of directors is automatically considered the budget for
8 operational expenses for the ensuing year until a final budget is
10 approved, except that, when the school board delays the school
12 budget meeting in accordance with section ~~15617~~ 15693, subsection
2, paragraph C, the operating budget must be approved within 30
days of the date the commissioner notifies the school board of
the amount allocated to the school unit under section ~~15613~~
15689-B or the latest budget submitted by the directors becomes
the operating budget for the next school year.

14 **Sec. D-8. 20-A MRSA §1311, sub-§1, ¶C**, as amended by PL 1993,
c. 372, §4, is further amended to read:

16 C. Minor capital costs as defined in section ~~15603,~~
18 ~~subsection-18~~ 15672, subsection 20-A.

20 **Sec. D-9. 20-A MRSA §1351, sub-§1, ¶K**, as amended by PL 1999,
c. 75, §2, is further amended to read:

22 K. To borrow funds for minor capital costs as defined in
24 section ~~15603,-subsection-18~~ 15672, subsection 20-A.

26 **Sec. D-10. 20-A MRSA §1407, sub-§2**, as amended by PL 1999, c.
75, §3, is further amended to read:

28 **2. Expense of keeping school open.** If the voters vote to
30 keep the school open, the member municipality is liable for some
32 additional expense for actual local operating costs and
34 transportation operating costs as defined in section ~~15603~~
15672. The determination of costs is subject to the approval of
36 the commissioner. The cost to be borne by the town voting to
38 keep an elementary school open is the amount that would be saved
if the school were closed. Any additional costs that must be
borne by the member municipality must be part of the article
presented to the voters at the meeting to determine whether the
school should remain open.

40 **Sec. D-11. 20-A MRSA §1701, sub-§3**, as amended by PL 1991, c.
42 429, §4, is further amended to read:

44 **3. Time and place.** The district school committee shall
46 call an annual budget meeting on or before June 30th at an hour
48 and in a location within the community school district it
designates, except that the school committee may delay the annual
budget meeting to a date after July 1st in accordance with
section ~~15617~~ 15693, subsection 2, paragraph C.

2 **Sec. D-12. 20-A MRSA §1701, sub-§9, ¶A**, as amended by PL 1999,
c. 710, §8, is further amended to read:

4 A. The budget format may be determined by the voters of a
6 community school district by adoption of an appropriate
warrant article at a properly called election held in
8 accordance with the procedure set forth in section ~~15617~~
15693, subsection 6.

10 **Sec. D-13. 20-A MRSA §1701, sub-§12**, as amended by PL 1999, c.
12 710, §10, is further amended to read:

14 **12. State-local allocations.** To summarize the action taken
on the budget for the purposes of determining the community
16 school district's state-local allocations, the articles
prescribed in chapter ~~606~~ 606-B must also be voted on.

18 **Sec. D-14. 20-A MRSA §1701-B, sub-§5**, as enacted by PL 1999,
20 c. 710, §11, is amended to read:

22 **5. Failure to approve budget.** If the voters do not
validate the budget approved in the district budget meeting at
24 the budget validation referendum vote, the district school
committee shall hold another district budget meeting in
accordance with section 1701, subsection 8 at least 10 days after
26 the referendum to vote on a budget approved by the committee.
The budget approved at the district budget meeting must be
28 submitted to the voters for validation at referendum in
accordance with this section. The process must be repeated until
30 a budget is approved at a district budget meeting and validated
at referendum. If a budget is not approved and validated before
32 July 1st of each year, the latest budget submitted by the
committee is automatically considered the budget for operational
34 expenses for the ensuing year until a final budget is approved,
except that when the school committee delays the district budget
36 meeting in accordance with section ~~15617~~ 15693, subsection 2,
paragraph C the operating budget must be approved within 30 days
38 of the date the commissioner notifies the school committee of the
amount allocated to the school unit under section ~~15613~~ 15689-B
40 or the latest budget submitted by the committee becomes the
operating budget for the next school year.

42 **Sec. D-15. 20-A MRSA §1704, sub-§1, ¶B**, as amended by PL 1993,
44 c. 410, Pt. F, §4, is further amended to read:

46 B. The fiscal capacity of each member municipality as
48 defined in section ~~15693,--subsection-11-A~~ 15672, subsection
23;

50 **Sec. D-16. 20-A MRSA §4003-A** is enacted to read:

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2 **§4003-A. Hazardous chemicals**

4 The commissioner shall establish rules governing the
6 purchase and storage of hazardous chemicals in schools.

8 **Sec. D-17. 20-A MRSA §4254, sub-§1**, as amended by PL 1997, c.
10 534, §3, is further amended to read:

12 **1. Allowable costs.** Allowable costs are the cost of
14 implementing approved plans; these costs may be added to the
16 school unit's subsidizable costs under chapter ~~606~~ 606-B.

18 **Sec. D-18. 20-A MRSA §5401, sub-§15, ¶C**, as amended by PL
20 2001, c. 667, Pt. C, §11, is further amended to read:

22 C. A school board may obtain a short-term loan or enter
24 into a lease-purchase agreement to acquire school buses if
26 the loan is approved by the unit's legislative body or if
28 funds that can be used for the initial lease-purchase
payment have been appropriated by the unit's legislative
body. The term of a loan or a lease-purchase agreement may
not exceed 5 years. The commissioner shall establish a
maximum amount for annual-term purchases in excess of the
amount established in paragraph A. Beginning in fiscal year
~~2003-04~~ 2005-06, these expenditures must be subsidized in
accordance with ~~section-15603, -subsection-26-A~~ chapter 606-B.

30 **Sec. D-19. 20-A MRSA §6303**, as enacted by PL 1995, c. 427,
32 §1, is amended to read:

34 **§6303. Medicaid for health and human services**

36 A school administrative unit may receive funds from the
38 Medicaid program pursuant to the United States Social Security
40 Act, 42 United States Code, for the provision of preventive
42 health, health, habilitation, rehabilitation and social services
44 to eligible students ~~in accordance with section-15613, -subsection~~
46 ~~16.~~

48 **Sec. D-20. 20-A MRSA §6651, sub-§3**, as amended by PL 1989, c.
50 414, §16, is repealed.

Sec. D-21. 20-A MRSA §6654, as amended by PL 1991, c. 550 and
PL 2003, c. 689, Pt. B, §6, is further amended to read:

§6654. School-based child care grants

The department and the Department of Health and Human
Services are authorized to provide assistance to school

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HOUSE AMENDMENT "A" to COMMITTEE AMENDMENT "A" to H.P. 6, L.D. 1

2 administrative units to assist the units in establishing
3 school-based child care services. ~~Any assistance provided must~~
4 ~~provide funds for 2 years and expenditure of those funds is~~
5 ~~considered expenditure of local funds in computing the unit's~~
6 ~~educational program costs in chapter 606. The department has~~
7 ~~full authority to administer any grant program that it operates~~
8 ~~under this section.~~

10 **Sec. D-22. 20-A MRSA §7734-A, first ¶**, as repealed and replaced
11 by PL 1999, c. 296, §10, is amended to read:

12 In addition to the programs authorized in this chapter,
13 school administrative units may provide services for children who
14 are disabled in a manner consistent with sections 4251 to 4254,
15 and the cost of such services is subsidizable as special
16 education costs under chapter 606 606-B.

18 **Sec. D-23. 20-A MRSA §8301-A, sub-§§4 and 9**, as enacted by PL
19 1991, c. 518, §2, are amended to read:

20 **4. Municipality.** "Municipality" has the same meaning as in
21 section ~~15603, subsection 19~~ 15672, subsection 21.

24 **9. State subsidy.** "State subsidy" has the same meaning as
25 in section ~~15603, subsection 26~~ 15672, subsection 31-A.

26 **Sec. D-24. 20-A MRSA §8351**, as amended by PL 1991, c. 518,
27 §9 and c. 716, §6 and PL 2003, c. 545, §5, is further amended to
28 read:

30 **§8351. State aid for career and technical education centers**
31 **and career and technical education regions**

34 State aid for centers and regions must be administered in
35 accordance with chapters 606 606-B and 609 and Title 20, section
36 3457.

38 **Sec. D-25. 20-A MRSA §8402**, as corrected by RR 2003, c. 2,
39 §55, is amended to read:

40 **§8402. Programs**

42 A center shall provide programs of career and technical
43 education. Programs of career and technical education are
44 eligible to receive state subsidy pursuant to chapters 606 606-B
45 and 609. All programs of career and technical education offered
46 by a center must be approved by the commissioner pursuant to
47 section 8306-A. The programs must offer a sequence of courses
48 that are directly related to the preparation of individuals for
49 employment in current or emerging occupations and may include
50

training and education in academic and business skills preparing students to further their education at the community college or other college level or allowing students to use trade and occupational skills on other than an employee basis. Programs of career and technical education may also include alternative educational programs and training and education in music, athletics, art and other activities approved by the commissioner pursuant to section 8306-A.

Sec. D-26. 20-A MRSA §8404, sub-§3, ¶C, as corrected by RR 2003, c. 2, §59, is amended to read:

C. Shall, in the event that the school boards of School Administrative District No. 27, School Administrative District No. 33 and Madawaska School Department enter into a cooperative agreement pursuant to section 8401 and a new career and technical education center in Maine School Administrative District No. 33 becomes operational, devise a cost sharing formula for the center established thereby pertaining to the cost of career and technical education programs that exceed expenditures made for those programs in the base year as adjusted pursuant to section ~~15603~~ 15681-A, subsection ~~--5-~~ 4 and to the local share of debt service costs attributable to construction of the center in School Administrative District No. 33;

Sec. D-27. 20-A MRSA §8451-A, as corrected by RR 2003, c. 2, §61, is amended to read:

§8451-A. Programs

A region shall provide programs of career and technical education. Programs of career and technical education are eligible to receive state subsidy pursuant to chapters ~~606~~ 606-B and 609. All programs of career and technical education offered by a region must be approved by the commissioner pursuant to section 8306-A. The programs must offer a sequence of courses that are directly related to the preparation of individuals for employment in current or emerging occupations and may include training and education in academic and business skills preparing students to further their education at the community college or college level or allowing students to use trade and occupational skills on other than an employee basis. Programs of career and technical education may also include alternative educational programs and training and education in music, athletics, art and other activities approved by the commissioner pursuant to section 8306-A.

Sec. D-28. 20-A MRSA §8601-A, sub-§6, as enacted by PL 1991, c. 518, §33, is amended to read:

2 **6. Municipality.** "Municipality" has the same meaning as in
3 section ~~15603, subsection 19~~ 15672, subsection 21.

4 **Sec. D-29. 20-A MRSA §8605, sub-§2, ¶B,** as amended by PL 1995,
5 c. 665, Pt. J, §1, is further amended to read:

6 B. The unit in which such a person resides must be
7 reimbursed in accordance with ~~chapters-606-and-606-A~~ chapter
8 606-B.

9 **Sec. D-30. 20-A MRSA §8606-A, sub-§2, ¶C,** as amended by PL
10 1991, c. 518, §38, is further amended to read:

11 C. The recommendation in the commissioner's funding level
12 certification must include local program cost adjustment to
13 the equivalent of the year prior to the year of allocation.
14 This adjustment is calculated according to the same
15 guidelines established, for purposes of chapter 606 606-B,
16 by section ~~15605~~ 15689-C, subsection 3.

17 **Sec. D-31. 20-A MRSA §15622** is enacted to read:

18 **§15622. Repeal**

19 This chapter is repealed July 1, 2005.

20 **Sec. D-32. 20-A MRSA §15671, sub-§1,** as amended by PL 2003, c.
21 712, §9, is further amended to read:

22 **1. State and local partnership.** The State and each local
23 school administrative unit are jointly responsible for
24 contributing to the cost of the components of essential programs
25 and services described in this chapter. Except as otherwise
26 provided in this subsection, for each fiscal year, the total cost
27 of the components of essential programs and services may not
28 exceed the prior fiscal year's costs multiplied by one plus the
29 average real personal income growth rate as defined in Title 5,
30 section 1665, subsection 1, except that in no case may that rate
31 exceed 2.75%. For fiscal years commencing after the state tax
32 burden ranks in the middle 1/3 of all states, as calculated and
33 certified by the State Tax Assessor, the total cost of the
34 components of essential programs and services may not exceed the
35 prior fiscal year's costs multiplied by one plus the average real
36 personal income growth rate as defined in Title 5, section 1665,
37 subsection 1. The Legislature, by an affirmative vote of each
38 House, may exceed the limitations on increases in the total cost
39 of the components of essential programs and services provided in
40 this subsection, as long as that vote is taken upon legislation
41 stating that it is the Legislature's intent to override the

2 limitation for that fiscal year. The state contribution to the
3 cost of the components of essential programs and services,
4 exclusive of federal funds that are provided and accounted for in
5 the cost of the components of essential programs and services,
6 must be made in accordance with this subsection:

7 A. The level of the state share of funding attributable to
8 the cost of the components of essential programs and
9 services must be at least 50% of eligible state and local
10 General Fund education costs statewide, no later than fiscal
11 year ~~2007-08~~ 2005-06; and

12 B. By fiscal year ~~2009-10~~ 2006-07 the state share of the
13 total cost of funding public education from kindergarten to
14 grade 12, as described by essential programs and services,
15 must be 55%. ~~Beginning in fiscal year 2005-06 and in each~~
16 ~~fiscal year until fiscal year 2009-10, the state share of~~
17 ~~essential programs and services described costs must~~
18 ~~increase toward the 55% level required in fiscal year~~
19 ~~2009-10.~~

20
21 Beginning in fiscal year 2005-06 and in each fiscal year
22 thereafter, the commissioner shall use the funding level
23 determined in accordance with this section as the basis for a
24 recommended funding level for the state share of the cost of the
25 components of essential programs and services.

26
27 **Sec. D-33. 20-A MRSA §15671, sub-§§2, 3, 4 and 6,** as enacted by
28 PL 2001, c. 660, §1, are amended to read:

29
30 **2. Per-pupil rate amounts.** A per-pupil guarantee rate
31 represents the an amount of funds that is to be made available
32 for each subsidizable pupil. ~~Three per-pupil-guarantee amounts~~
33 ~~must be calculated, reflecting grade-level cost differences: one~~
34 ~~for kindergarten to grade 5, one for grades 6 to 8 and one for~~
35 ~~grades 9 to 12. These per-pupil-guarantees must be modified as~~
36 ~~appropriate for special student populations. The per-pupil~~
37 ~~guarantee represents the annual cost of staffing and material~~
38 ~~resources that are appropriately allocated on a per-pupil basis.~~
39 Categories of staffing and resources are as follows: Per-pupil
40 rates are determined pursuant to section 15676.

41
42 A. ~~School personnel, including regular and special subject~~
43 ~~teachers, educational technicians, guidance, library, health~~
44 ~~services, school administration, support or clerical staff~~
45 ~~and substitute teachers;~~

46
47 B. ~~Supplies and equipment;~~

2 C. ~~Specialized services, including professional~~
3 ~~development, instructional leadership support, student~~
4 ~~assessment, technology and cocurricular and extracurricular~~
5 ~~programs, and~~

6 D. ~~School administrative unit services, including system~~
7 ~~administration and operation and maintenance of plant.~~

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10 **3. Specialized student populations.** In recognition that
11 educational needs can be more costly for some student populations
12 than for others, ~~modified per-pupil guarantee amounts or weighted~~
13 ~~pupil counts must be calculated for specialized student~~
14 ~~populations~~ special student populations are specifically
15 addressed in sections 15675 and 15681-A, subsection 2. The
16 ~~specialized student populations to be addressed are:~~

17 A. ~~Special education students,~~

18 B. ~~Limited English proficiency students,~~

19 C. ~~Economically disadvantaged students, and~~

20 D. ~~Students in kindergarten to grade 2.~~

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25 **4. Educational cost components outside per-pupil rate.** A
26 per-pupil guarantee rate is not a suitable method for allocation
27 of all educational cost components. These components may
28 include, but are not limited to, debt service, transportation,
29 bus purchases, vocational education, small school adjustments,
30 teacher educational attainment and longevity of service and
31 adjustments to general purpose aid. The funding methodology of
32 these educational cost components must be established based on
33 available research.

34
35 **6. Targeted funds.** Funds for technology, assessment and
36 the costs of additional investments in educating children in
37 kindergarten to grade 2 as described in section 15681 must be
38 provided as targeted grants. School administrative units shall
39 submit a plan for the use of these funds and shall receive
40 funding based on approval of the plan by the commissioner.

41 **Sec. D-34. 20-A MRSA §15671, sub-§7,** as amended by PL 2003, c.
42 712, §10, is further amended to read:

43
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45 **7. Transition; annual targets.** To achieve the system of
46 school funding based on essential programs and services required
47 by this section, the following annual targets are established.

48
49 A. The base total calculated pursuant to section 15683,
50 subsection 2 is subject to the following annual targets for

2 ~~the-essential-programs-and-services-transition-percentage,~~
3 ~~excluding-program-cost-allocation,-debt-service-allocation~~
4 ~~and-adjustments,-are-as-follows.~~

5 (1) For fiscal year 2005-06, the target is 84%.

6 (2) For fiscal year 2006-07, the target is 88% 100%.

7 ~~(3)--For-fiscal-year-2007-08,-the-target-is-92%.~~

8 ~~(4)--For-fiscal-year-2008-09,-the-target-is-96%.~~

9 ~~(5)--For-fiscal-year-2009-10-and-succeeding-years,-the~~
10 ~~target-is-100%.~~

11 B. The annual targets for the state share percentage of the
12 statewide adjusted total cost of the components of essential
13 programs and services are as follows.

14 (1) For fiscal year 2005-06, the target is 52.6%.

15 (2) For fiscal year 2006-07, the target is 52.6% 55%.

16 ~~(3)--For-fiscal-year-2007-08,-the-target-is-53%.~~

17 ~~(4)--For-fiscal-year-2008-09,-the-target-is-54%.~~

18 ~~(5)--For-fiscal-year-2009-10-and-succeeding-years,-the~~
19 ~~target-is-55%.~~

20 **Sec. D-35. 20-A MRSA §15671-A**, as enacted by PL 2003, c.
21 712, §11, is amended to read:

22 **§15671-A. Property tax contribution to public education**

23 **1. Definitions.** As used in this section, unless the
24 context otherwise indicates, the following terms have the
25 following meanings.

26 A. "Funding public education from kindergarten to grade 12"
27 means providing the cost of funding the essential programs
28 and services described in this chapter plus, including the
29 total allocations for program-cost other subsidizable costs,
30 debt service costs and adjustments.

31 B. "Local cost share expectation" means the maximum amount
32 of money for funding public education from kindergarten to
33 grade 12 that may be derived from property tax for the
34 required local contribution established in section 15688,
35 subsection -3- 3-A.

2 C. "Statewide total local share" means the local share,
4 calculated on a statewide basis, of the statewide total cost
6 of the components of essential programs and services as
8 adjusted pursuant to section 15671, subsection 7 to reflect
10 the application of the transition targets to the base total
12 component.

14 D. "Statewide valuation" means the certified total state
16 valuation for the year prior to the most recently certified
18 total state valuation for all municipalities statewide.

20 2. Local cost share expectation. The local cost share
22 expectation is established as follows. This subsection
24 establishes full-value education mill rates that limit a
26 municipality's required local contribution pursuant to section
28 15688, subsection 3-A. The full-value mill rates represent rates
30 that, if applied to the statewide valuation, would produce the
32 statewide total local share. Notwithstanding any other provision
34 of law, with respect to the assessment of any property taxes for
36 property tax years beginning on or after April 1, 2005, a
38 municipality's required local contribution determined pursuant to
40 section 15688, subsection 3-A establishes the local cost share
42 expectation for that municipality.

44 A. Notwithstanding any other provision of law, with respect
46 to the assessment of any property taxes for property tax
48 years beginning on or after April 1, 2005, this subsection
50 establishes the local cost share expectation that may be
assessed on the value of property for the purpose of funding
public education from kindergarten to grade 12. The
commissioner shall annually by February 1st notify each
school administrative unit of its local cost share
expectation. Each superintendent shall report to the
municipal officers whenever a school administrative unit is
notified of the local cost share expectation or a change
made in the local cost share expectation resulting from an
adjustment.

B. For property tax years beginning on or after April 1,
2005, the commissioner shall calculate the full-value
education mill rate that is required to raise the statewide
total of the local cost share expectation. The full-value
education mill rate is calculated for each fiscal year by
dividing the applicable tax-year percentage of the projected
cost of funding public education from kindergarten to grade
12 statewide total local share by the certified total state
applicable statewide valuation for the year prior to the
most recently certified total state valuation for all
municipalities. The full-value education mill rate must

decline over the period from fiscal year 2005-06 to fiscal year 2009-10 ~~2006-07~~ and may not exceed 9.0 mills in fiscal year 2005-06 and may not exceed 8.0 mills in fiscal year 2009-10 ~~2006-07~~. The full-value education mill rate must be applied according to section 15688, subsection ~~--3-~~ 3-A, paragraph A to determine a municipality's local cost share expectation. Full-value education mill rates must be derived according to the following schedule.

(1) For the 2005 property tax year, the full-value education mill rate is the amount necessary to result in a 47.4% statewide total local share in fiscal year 2005-06.

(2) For the 2006 property tax year, the full-value education mill rate is the amount necessary to result in a 47.4% 45% statewide total local share in fiscal year 2006-07.

~~(3) For the 2007 property tax year, the full-value education mill rate is the amount necessary to result in a 47.0% local share in fiscal year 2007-08.~~

~~(4) For the 2008 property tax year, the full-value education mill rate is the amount necessary to result in a 46.0% local share in fiscal year 2008-09.~~

~~(5) For the 2009 property tax year, the full-value education mill rate is the amount necessary to result in a 45.0% local share in fiscal year 2009-10.~~

3. Exceeding maximum local cost share expectations; separate article. Beginning with the 2005-2006 school budget, the legislative body of a school administrative unit may adopt ~~property tax rates~~ an additional local appropriation that ~~exceeds~~ exceeds the local cost share expectation established by section 15688, subsection ~~--3-~~ 3-A, paragraph A only if that action is approved in a separate article by a vote of the school administrative unit's legislative body through the same process that the school budget is approved in that school administrative unit and in accordance with section 15690. If that additional appropriation causes the school administrative unit to exceed the maximum state and local spending target described in subsection 4, the requirements of subsection 5 apply.

4. Maximum state and local spending target. The maximum state and local spending target for a school administrative unit is the sum of the following costs calculated by the commissioner for the unit:

2 A. The base total calculated pursuant to section 15683,
4 subsection 1 without the adjustment for transition targets
 under section 15671, subsection 7, paragraph A;

6 B. Other subsidizable costs described in section 15681-A;
 and

8 C. The debt service allocation pursuant to section 15683-A.

10 The commissioner shall annually notify each school administrative
12 unit of its maximum state and local spending target.

14 5. Exceeding maximum state and local spending target. If
16 the sum of a school administrative unit's required local
18 contribution determined pursuant to section 15688, subsection 3-A
20 plus the state contribution as calculated pursuant to section
22 15688, subsection 3-A, paragraph D plus any additional local
 amount proposed to be raised pursuant to section 15690,
 subsection 3 exceeds the school administrative unit's maximum
 state and local spending target established pursuant to
 subsection 4, the following provisions govern approval of that
 additional amount.

24 A. The article approving the additional amount must conform
26 to the requirements of section 15690, subsection 3,
28 paragraph B. Notwithstanding section 1304, subsection 6,
30 section 1701, subsection 7, Title 30-A, section 2528,
32 subsection 5, or any other provision of law, municipal
34 charter provision or ordinance, voter approval of the
 article, whether in town meeting, district meeting or other
 voting process established by law, municipal charter or
 ordinance, including, but not limited to, any vote on the
 article initiated by voter petition, must be by referendum
 or written ballot.

36 B. In a municipality where the responsibility for final
38 adoption of the school budget is vested by the municipal
40 charter in a council, this paragraph applies, except that
42 the petition and referendum provisions apply only if the
44 municipal charter does not otherwise provide for or prohibit
 a petition and referendum process with respect to the
 matters described in this paragraph.

46 (1) A majority of the entire membership of the school
48 board or committee must approve the additional amount
 in a regular budget meeting.

50 (2) An article approving the additional amount must
 conform to the requirements of section 15690,

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subsection 3, paragraph B and be approved by a majority of the entire membership of the council in a vote taken in accordance with section 15690, subsection 5 or, if the council votes not to approve the article, by a majority of voters voting in a referendum called pursuant to subparagraph (4).

(3) If an article is approved by the council pursuant to subparagraph (2), the voters may petition for a referendum vote on the same article in accordance with subparagraph (4). If a petition is filed in accordance with subparagraph (4), the vote of the council is suspended pending the outcome of the referendum vote. Upon approval of the article by a majority of the voters voting in that referendum, the article takes effect. If the article is not approved by a majority of the voters voting in that referendum, the article does not take effect. Subsequent to the vote, the school committee or board may again propose an additional amount, subject to the requirements of this section.

(4) If a written petition, signed by at least 10% of the number of voters voting in the last gubernatorial election in the municipality, requesting a vote on the additional amount is submitted to the municipal officers within 30 days of the council's vote pursuant to subparagraph (2), the article voted on by the council must be submitted to the legal voters in the next regular election or a special election called for the purpose. The election must be called, advertised and conducted according to the law relating to municipal elections, except that the registrar of voters is not required to prepare or the clerk to post a new list of voters. For the purpose of registration of voters, the registrar of voters must be in session the secular day preceding the election. The voters shall indicate by a cross or check mark placed against the word "Yes" or "No" their opinion on the article. The results must be declared by the municipal officers and entered upon the municipal records.

Sec. D-36. 20-A MRSA §15672, as amended by PL 2003, c. 712, §12, is further amended to read:

§15672. Definitions

As used in this chapter, unless the context otherwise indicates, the following terms have the following meanings.

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HOUSE AMENDMENT "A" to COMMITTEE AMENDMENT "A" to H.P. 6, L.D. 1

2 1. Allocation year. "Allocation year" means the year that
subsidy is distributed to school administrative units.

4 1-A. Adjusted total cost of components of essential
6 programs and services. "Adjusted total cost of the components of
8 essential programs and services" means the total cost of the
10 components of essential programs and services adjusted to reflect
12 the application of the transition targets to the base total
14 component as specified in section 15671, subsection 7, paragraph
16 A.

18 1-B. Base year. "Base year" means the 2nd year prior to
the allocation year.

20 1-C. Bus purchase costs. "Bus purchase costs" includes
22 expenditures for bus purchases approved by the commissioner and
24 made during the year prior to the allocation year.

26 2. Clerical staff. "Clerical staff" means full-time
28 equivalent public school secretaries, as documented in the
30 department's database.

32 2-A. Debt service costs. "Debt service costs," for subsidy
34 purposes, includes:

36 A. Principal and interest costs for approved major capital
38 projects in the allocation year, including the initial local
40 share of school construction projects that received voter
42 approval for all or part of their funding in referendum in
44 fiscal year 1984-85, but excluding payments made with funds
46 from state and local government accounts established under
48 the federal Internal Revenue Code and regulations for
50 disposition of excess, unneeded proceeds of bonds issued for
a school project;

B. Lease costs for school buildings when the leases,
including leases under which the school administrative unit
may apply the lease payments to the purchase of portable,
temporary classroom space beginning January 1, 1988, have
been approved by the commissioner for the year prior to the
allocation year. Beginning July 1, 1998 lease costs include
costs for leasing:

(1) Administrative space. A school administrative
unit may lease administrative space with state support
until July 1, 2003. A school administrative unit
engaged in a lease-purchase agreement for
administrative space is eligible for state support
until July 1, 2008;

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2 (2) Temporary interim nonadministrative space.

4 (a) A school administrative unit with
6 state-approved need for nonadministrative space
8 may lease temporary interim space, with state
10 support, for a maximum of 5 years. A school
12 administrative unit may appeal to the state board
14 if this limitation presents an undue burden. When
16 making a determination on a school administrative
18 unit's request for relief based on undue burden,
20 the state board may consider, but are not limited
22 to considering, the following:

16 (i) Fiscal capacity;

18 (ii) Enrollment demographics; and

20 (iii) Unforeseen circumstances not within
22 the control of the appealing school
24 administrative unit.

24 The state board's decision is final.

26 (b) A school administrative unit engaged in a
28 lease-purchase agreement for temporary interim
30 nonadministrative space is eligible for state
32 support for a maximum of 10 years; and

34 (3) Permanent small nonadministrative space that
36 replaces or is converted from existing approved leased
38 portable space. The existing approved leased portable
40 space will be eligible for state support until July 1,
42 2003. Once an existing leased portable space has been
44 converted into a permanent nonadministrative space
46 through an approved lease-purchase agreement, that
48 space is eligible for state support for a maximum of 10
50 years.

40 The department shall adopt rules necessary to implement this
42 paragraph. Rules adopted by the department to implement
44 this paragraph are major substantive rules pursuant to Title
46 5, chapter 375, subchapter 2-A;

46 C. The portion of the tuition costs applicable to the
48 insured value factor for the base year computed under
50 section 5806; and

50 D. The cost of construction or purchase of portable,
 temporary classroom space as approved by the commissioner

beginning January 1, 1988. For the purposes of this section, "portable, temporary classroom space" means a project consisting of one or more mobile or modular buildings that are at least partially constructed off site and are designed to be moved to other sites with a minimum of disassembly and reassembly. "Portable, temporary classroom space" includes, but is not limited to, space for regular classrooms, small group instruction, libraries, clinics and guidance and administrative office space, including principal and superintendent offices. The department shall adopt rules for approving the purchase, construction or lease-purchase of portable, temporary classroom space and for determining the amount includable for subsidy purposes. Lease-purchase agreements may not exceed a term of 10 years. Approved costs are those for the year prior to the allocation year. The department shall adopt rules necessary to implement this paragraph. Rules adopted by the department to implement this paragraph are major substantive rules pursuant to Title 5, chapter 375, subchapter 2-A.

3. Economically disadvantaged students. "Economically disadvantaged students" means students who are included in the department's count of students who are eligible for free or reduced-price meals or free milk or both.

4. Education technician. "Education technician" means a full-time equivalent public teacher aide or education technician I, associate teacher or education technician II or assistant teacher or education technician III but not a special education technician I, II or III, as documented in the department's database.

5. Elementary free or reduced-price meals percentage. "Elementary free or reduced-price meals percentage" means the percentage, as determined by the commissioner, that reflects either:

A. The actual percentage of elementary students in a school administrative unit who are eligible to receive free or reduced-price meals or free milk or both; or

B. The commissioner's estimated percentage of elementary students in a school administrative unit who are eligible to receive free or reduced-price meals or free milk or both.

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

2 **7. Elementary school level.** "Elementary school level"
4 means the grades from kindergarten to grade 5 and includes early
6 kindergarten programs and 2-year childhood education programs
8 enrolling 4-year-old children prior to grade one.

6 **7-A. EPS per-pupil rate.** "EPS per-pupil rate" means the
8 rate calculated under section 15676 or 15676-A, as applicable.

10 **8. Essential programs and services.** "Essential programs
12 and services" means those educational resources that are
14 identified in this chapter that enable all students to meet the
16 standards in the 8 content standard subject areas of the system
18 of learning results established in chapter 222.

16 **9. Essential programs and services transition percentage.**
18 "Essential programs and services transition percentage" means the
20 ~~full-estimated-cost-for-all-essential-programs-and-services-for~~
22 ~~that-fiscal-year-that-will-be-funded-by-a-state-contribution-or~~
24 ~~by-a-required-local-contribution~~ percentage of the base total
26 calculated pursuant to section 15671, subsection 7, paragraph A.

24 **9-A. Gifted and talented costs.** "Gifted and talented
26 costs" means the cost of programs for gifted and talented
28 students that have been approved by the commissioner.

26 **10. Grade 9 to 12 portion.** "Grade 9 to 12 portion" means
28 those pupils in the secondary grades or high school level.

30 **11. Guidance staff.** "Guidance staff" means full-time
32 equivalent public guidance counselors, directors of guidance or
34 school social workers, as documented in the department's database.

34 **12. Health staff.** "Health staff" means full-time
36 equivalent public school nurses, as documented in the
38 department's database.

38 **13. High school level.** "High school level" means grade 9 to
40 grade 12.

40 **13-A. Institutional resident.** "Institutional resident"
42 means a person between 5 years of age and 20 years of age who is
44 attending a public school of the school administrative unit and
46 who is committed or otherwise legally admitted to and residing at
48 a state-operated institution. "Institutional resident" does not
50 include students attending private facilities, regardless of the
means of placement.

48 **~~14. Income weight.~~** "~~Income weight~~" means a value between
50 ~~zero and one that is used to adjust a municipality's ratio of~~

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~~local median household income to the statewide median household income. The income weight plus the property weight, as defined in subsection 24, must total one.~~

15. **Kindergarten to grade 8 portion.** "Kindergarten to grade 8 portion" means those pupils in the elementary grades or a combination of the elementary school level and middle school level.

16. **Kindergarten to grade 2 student.** "Kindergarten to grade 2 student" means a student in any grade from prekindergarten to grade 2 who is at least ~~5~~ 4 years old on October 15th of the school year.

17. **Librarian.** "Librarian" means a full-time equivalent public librarian or media specialist, as documented in the department's database.

18. **Limited English proficiency student.** "Limited English proficiency student" means a student who was not born in the United States or whose native language is a language other than English and who satisfies the definition of a limited English proficient student under the federal No Child Left Behind Act of 2001, 20 United States Code, Chapter 70.

18-A. Major capital costs. "Major capital costs" means costs relating to school construction projects, as defined in section 15901.

19. **Media assistant.** "Media assistant" means a full-time equivalent public librarian aide or library technician I, librarian assistant or library technician II or librarian associate or library technician III, as documented in the department's database.

20. **Middle school level.** "Middle school level" means grade 6 to grade 8.

20-A. Minor capital costs. "Minor capital costs" means costs relating to plant maintenance, minor remodeling, site development or the purchase of land not in conjunction with a construction project.

A. "Minor capital costs" does not include construction of new buildings or the purchase of land in conjunction with a school construction project.

B. Expenditures to repay funds borrowed for minor capital expenditures must be considered minor capital costs in the year in which these funds are repaid.

2 C. Purchase of land made in accordance with this subsection
3 must be approved:

4 (1) By the legislative body of the school
5 administrative unit; and

6 (2) By the commissioner, under rules adopted for this
7 purpose.

8 **21. Municipality.** "Municipality" means a city, town or
9 organized plantation.

10 **21-A. Other subsidizable costs.** "Other subsidizable costs"
11 means those costs identified in section 15681-A. These costs are
12 part of the total operating allocation under section 15683.

13 **21-B. Portable, temporary classroom space.** "Portable,
14 temporary classroom space" means one or more mobile or modular
15 buildings that are at least partially constructed off site and
16 that are designed to be moved to other sites with a minimum of
17 disassembly and reassembly.

18 ~~**22. Per pupil guarantee.** "Per pupil guarantee" means the~~
19 ~~total amount of funds that is made available for each~~
20 ~~subsidizable pupil representing the following cost components:~~

21 ~~A. Salary and benefit costs for school level teaching staff;~~

22 ~~B. Salary and benefit costs for other identified school~~
23 ~~level staff;~~

24 ~~C. Designated costs for substitute teachers; and~~

25 ~~D. Identified nonstaffing costs.~~

26 **22-A. Predicted per-pupil transportation costs.** "Predicted
27 per-pupil transportation costs" means the predicted
28 transportation costs for a school administrative unit based on
29 the number of resident pupils, the number of miles of Class 1 to
30 Class 5 roads in the school administrative unit and approved
31 adjustments. Approved adjustments include a per mile rate equal
32 to the state average gross transportation operating costs per
33 mile driven for transportation associated with out-of-district
34 special education programs, up to 2 round trips per day for
35 vocational education programs, and adjustments for expenditures
36 for ferry services within a school administrative unit,
37 transportation of homeless children in accordance with section
38 5205 and transportation costs of island school administrative
39 units.

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2 **23. Property fiscal capacity.** "Property fiscal capacity"
means the certified state valuation amount for the year prior to
4 the most recently certified state valuation.

6 ~~**24. Property weight.** "Property weight" means a value
between zero and one that is used to adjust a municipality's
8 ratio of local per pupil property fiscal capacity to the
statewide per pupil property fiscal capacity. The income weight,
10 as defined in subsection 14, plus the property weight must total
one.~~

12 **25. School administrative staff.** "School administrative
14 staff" means full-time equivalent public school principals and
assistant principals, as documented in the department's database.

16 **26. School administrative unit's local contribution to EPS
18 per-pupil rate.** "School administrative unit's local contribution
to the per-pupil-guarantee EPS per-pupil rate" means the funds
20 that a school administrative unit provides for each subsidizable
pupil who resides in that unit.

22 **27. School administrative unit's state contribution to EPS
24 per-pupil rate.** "School administrative unit's state contribution
to the per-pupil-guarantee EPS per-pupil rate" means the funds
26 that the State provides to a school administrative unit for each
subsidizable pupil who resides in that unit.

28 **28. School level.** "School level" means elementary level,
30 middle school level and high school level.

32 **29. School level teaching staff.** "School level teaching
staff" means full-time equivalent public classroom teachers,
34 itinerant classroom teachers and special teachers of reading or
literacy specialists excluding special education teachers and
36 vocational education teachers, as documented in the department's
database.

38 **30. Secondary grades.** "Secondary grades" means grade 9 to
40 grade 12.

42 **30-A. Special education costs.** "Special education costs"
for subsidy purposes includes:

44 A. The salary and benefit costs of certified professionals,
46 assistants and aides or persons contracted to perform a
special education service;

48 B. The costs of tuition and board to other schools for
50 programs that have been approved by the commissioner and not

paid directly by the State. Medical costs are not allowable as part of a tuition charge;

C. The following preschool handicapped services:

(1) The salary and benefit costs of certified professionals, assistants and aides or persons contracted to perform preschool handicapped services that have been approved by the commissioner; and

(2) The cost of tuition to other schools for programs that have been approved by the commissioner; and

D. Special education costs that are the costs of educational services provided to students who are temporarily unable to participate in regular school programs. Students who may be included are pregnant students, hospitalized students or those confined to their homes for illness or injury, students involved in substance abuse programs within hospital settings or in residential rehabilitation facilities licensed by the Department of Health and Human Services, Office of Alcoholism and Drug Abuse Prevention for less than 6 weeks duration or students suffering from other temporary conditions that prohibit their attendance at school. Students served under this paragraph may not be counted as exceptional students for federal reporting purposes.

30-B. State-operated institution. "State-operated institution" means any residential facility or institution that is operated by the Department of Health and Human Services or a school operated by the Department of Education.

31. State share percentage. "State share percentage" means the percentage of the sum of the following amounts that is provided by a state appropriation: state contribution determined under section 15688, subsection 3, paragraph B divided by the total cost determined in section 15688, subsection 1.

A. Operating costs total allocation, as described in section 15683;

B. Program costs allocation, as described in section 15608, subsection 2;

C. Allocations for debt service costs, as defined in section 15603, subsection 8; and

D. Allocations for all adjustments and miscellaneous costs authorized pursuant to sections 15612 and 15613.

2 31-A. State subsidy. "State subsidy" means the total of the
3 state contribution determined under section 15688, subsection
4 3-A, paragraph B and any applicable adjustment under section
5 15689.

6
7 31-B. Subsidizable costs. "Subsidizable costs" includes
8 the costs described in paragraphs A to C and used to calculate
9 the total allocation amount:

10 A. The total operating allocation under section 15683;

11 B. Debt service cost; and

12
13 C. Adjustments and miscellaneous costs under sections 15689
14 and 15689-A including special education tuition and board,
15 excluding medical costs. For purposes of this paragraph,
16 "special education tuition and board" means:

17
18
19 (1) Tuition and board for pupils placed directly by
20 the State in accordance with rules adopted or amended
21 by the commissioner; and

22
23 (2) Special education tuition and other tuition for
24 institutional residents of state-operated institutions
25 attending programs in school administrative units or
26 private schools in accordance with rules adopted or
27 amended by the commissioner.

28
29 32. Subsidizable pupils. "Subsidizable pupils" means all
30 school level pupils who reside in a school administrative unit
31 and who are educated at public expense at a public school or at a
32 private school approved for tuition purposes.

33
34 32-A. Total allocation. "Total allocation" means the total
35 of the operating allocation as described in section 15683 and the
36 debt service allocation as described in section 15683-A.

37
38 Nonsubsidizable costs are not considered in the calculation of
39 the total allocation. "Nonsubsidizable costs" includes the
40 following:

41 A. Community service costs;

42
43 B. Major capital costs;

44
45 C. Expenditures from all federal revenue sources, except
46 for amounts received under United States Public Law 81-874;

47
48 D. Transportation costs not associated with transporting
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students from home to school and back home each day; and

E. Costs payable to the Maine State Retirement System under Title 5, section 17154, subsections 10 and 11.

32-B. Total cost of components of essential programs and services. "Total cost of the components of essential programs and services" means the total of the following components:

A. The base total determined pursuant to section 15683, subsection 1;

B. Other subsidizable costs identified in section 15681-A;

C. Debt service costs;

D. Adjustments determined pursuant to section 15689; and

E. Miscellaneous costs appropriated pursuant to section 15689-A.

32-C. Transportation operating costs. "Transportation operating costs" means all costs incurred in the transportation of pupils in kindergarten to grade 12, including lease costs for bus garage and maintenance facilities and lease-purchase costs that the school administrative unit may apply to the purchase of bus garage and maintenance facilities, when the leases and lease-purchase agreements have been approved by the commissioner, but excluding the costs of bus purchases and excluding all costs not associated with transporting students from home to school and back home each day. The amount includable for determining the subsidy for a school administrative unit for lease-purchase of bus garage and maintenance facilities may not exceed the amount for the lease of a comparable facility.

32-D. Vocational education costs. "Vocational education costs" for subsidy purposes means all costs incurred by the vocational regions, centers or satellites in providing approved secondary school vocational education programs, excluding transportation, capital costs and debt service.

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

33. 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.

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HOUSE AMENDMENT "A" to COMMITTEE AMENDMENT "A" to H.P. 6, L.D. 1

2 **Sec. D-37. 20-A MRSA §15673**, as repealed and replaced by PL 2003, c. 712, §13, is repealed.

4 **Sec. D-38. 20-A MRSA §15675, sub-§1**, as enacted by PL 2003, c. 504, Pt. A, §6, is amended to read:

6 **1. Limited English proficiency students.** The additional weights for school administrative units with limited English proficiency students are as follows:

10 A. For a school administrative unit with 15 or fewer limited English proficiency students, the unit receives an additional weight of .50 per student;

12 B. For a school administrative unit with more than 15 and fewer than 251 limited English proficiency students, the unit receives an additional weight of .30 per student; and

14 C. For a school administrative unit with 251 or more limited English proficiency students, the unit receives an additional weight of .60 per student.

16 Eligibility for state funds under this subsection is limited to school administrative units that are providing services to limited English proficient students through programs approved by the department.

18 **Sec. D-39. 20-A MRSA §15676**, as enacted by PL 2003, c. 504, Pt. A, §6, is amended to read:

20 **§15676. EPS per-pupil rate**

22 For each school administrative unit, the commissioner shall calculate the unit's ~~per-pupil-guarantee~~ EPS per-pupil rate for each year as the sum of:

24 **1. Teaching staff costs.** The salary and benefit costs for school level teaching staff that are necessary to carry out this Act, calculated in accordance with section 15678, adjusted by the regional adjustment under section 15682 and reduced by the amount of funds received by the school administrative unit during the most recent fiscal year under Title 1 of the federal Elementary and Secondary Act of 1965, 20 United States Code, Section 6301 et seq.;

26 **2. Other staff costs.** The salary and benefit costs for school-level staff who are not teachers, but including substitute teachers, that are necessary to carry out this Act, calculated in accordance with section 15679, adjusted by the regional adjustment under section 15682 and reduced by the amount of funds

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received by the school administrative unit during the most recent fiscal year under Title 1 of the federal Elementary and Secondary Act of 1965, 20 United States Code, Section 6301 et seq.; and

3. Additional costs. The per-pupil amounts not related to staffing, calculated in accordance with section 15680.

The EPS per-pupil rate is calculated on the basis of which schools students attend. For school administrative units that do not operate their own schools, the EPS per-pupil rate is calculated under section 15676-A.

Sec. D-40. 20-A MRSA §15676-A is enacted to read:

§15676-A. EPS per-pupil rate for units that do not operate schools

1. Definitions. For purposes of this section, the following terms have the following meanings.

A. "Receiving unit" means the school administrative unit to which students are sent by the sending unit.

B. "Receiving unit cost" means the amount arrived at by multiplying the receiving unit's EPS rate by the number of students sent to that unit by the sending unit.

C. "Sending unit" means the school administrative unit sending students to other school administrative units.

2. Calculation of EPS per-pupil rate. For school administrative units that do not operate certain types of schools, the commissioner shall calculate that unit's EPS per-pupil rate for each year as follows.

A. For units that do not operate elementary grade schools, the EPS per-pupil rate for elementary grades is calculated by multiplying the number of students sent by the sending unit to an elementary grade receiving unit multiplied by the receiving unit's EPS per-pupil rate for elementary grades and the result divided by the number of students sent by the sending unit to that elementary grade receiving unit. If the sending unit sends students to more than one elementary grade receiving unit, then the elementary grade receiving unit cost for each student sent by the sending unit is added and the result divided by the total number of students sent to elementary grade receiving units by the sending unit. The result is the average elementary grade EPS per-pupil rate for the sending unit.

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2 The EPS per-pupil rate for private schools approved for
3 tuition purposes under chapter 117 is the statewide average
4 EPS per-pupil rate for elementary grades. The elementary
5 attending student count is the most recent October 1st count
6 prior to the allocation year.

8 B. For units that do not operate secondary grade schools,
9 the EPS per-pupil rate for secondary grades is calculated by
10 multiplying the number of students sent by the sending unit
11 to a secondary grade receiving unit multiplied by the
12 receiving unit's EPS per-pupil rate for secondary grades and
13 the result divided by the number of students sent by the
14 sending unit to that secondary grade receiving unit. If the
15 sending unit sends students to more than one secondary grade
16 receiving unit, then the secondary grade receiving unit cost
17 for each student sent by the sending unit is added and the
18 result divided by the total number of students sent to
19 secondary grade receiving units by the sending unit. The
20 result is the average secondary grade EPS per-pupil rate for
21 the sending unit.

22 The EPS per-pupil rate for private schools approved for
23 tuition purposes under chapter 117 is the statewide average
24 EPS per-pupil rate for secondary grades. The secondary
25 attending student count is the most recent October 1st count
26 prior to the allocation year.

27 **Sec. D-41. 20-A MRSA §15678, sub-§5, ¶B,** as enacted by PL
28 2003, c. 504, Pt. A, §6, is amended to read:

29 B. The amount, as determined by the commissioner, that
30 equals the statewide percentage of salary costs that
31 represents the statewide average benefit costs.

32 **Sec. D-42. 20-A MRSA c. 606-C, headnote,** as enacted by IB 2003,
33 c. 2, §1, is repealed.

34 **Sec. D-43. 20-A MRSA §15681,** as enacted by IB 2003, c. 2,
35 §1, is repealed.

36 **Sec. D-44. 20-A MRSA §15681-A** is enacted to read:

37 **§15681-A. Other subsidizable costs**

38 The following are other subsidizable costs:

- 39 1. Bus purchases. Bus purchase costs:

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2 2. Special education costs. Beginning in fiscal year
 3 2005-06, a school administrative unit receives an additional
 4 weight of at least 1.20 but not greater than 1.40 for each
 5 special education student identified on the annual December 1st
 6 child count as required by the federal Individuals with
 7 Disabilities Education Act for the most recent year, up to a
 8 maximum of 15% of the school administrative unit's resident
 9 pupils as determined under section 15674, subsection 1, paragraph
 10 C, subparagraph (1). For those school administrative units in
 11 which the annual December 1st child count for the most recent
 12 year is less than 15% of the school administrative unit's
 13 resident pupils as determined under section 15674, subsection 1,
 14 paragraph C, subparagraph (1), the special education child count
 15 percentage may not increase more than 0.5% in any given year, up
 16 to a maximum of 1.0% in any given 3-year period. For each
 17 special education student above the 15% maximum, the unit
 18 receives an additional weight of .38. In addition, each school
 19 administrative unit must receive additional funds:

20 A. For lower staff-student ratios and expenditures for
 21 related services for school administrative units with fewer
 22 than 20 special education students identified on the annual
 23 December 1st child count as required by the federal
 24 Individuals with Disabilities Education Act for the most
 25 recent year;

26 B. For high-cost in-district special education placements,
 27 Additional funds must be allocated for each student
 28 estimated to cost 3 times the statewide special education
 29 EPS per-pupil rate. The additional funds for each student
 30 must equal the amount by which that student's estimated
 31 costs exceed 3 times the statewide special education EPS
 32 per-pupil rate;

33 C. For high-cost out-of-district special education
 34 placements, Additional funds must be allocated for each
 35 student estimated to cost 4 times the statewide special
 36 education EPS per-pupil rate. The additional funds for each
 37 student must equal the amount by which that student's
 38 estimated costs exceed 4 times the statewide special
 39 education EPS per-pupil rate; and

40 D. To ensure the school administrative unit meets the
 41 federal maintenance of effort requirement for receiving
 42 federal Individuals with Disabilities Education Act funds.

43 The commissioner shall develop an appeals procedure for
 44 calculated special education costs for school administrative
 45 units;

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2 3. Transportation costs. For fiscal year 2005-06, the
 4 commissioner, using information provided by a statewide education
 6 policy research institute, shall establish a per-pupil
 8 transportation cost for each school administrative unit based on
 10 an analysis of the most recent year's reported transportation
 12 expenditures and a predicted per-pupil transportation cost based
 14 on the number of resident pupils, the number of miles of Class 1
 16 to Class 5 roads in the school administrative unit and any
 18 approved adjustments. In fiscal year 2005-06 the established
 20 per-pupil transportation cost for each school administrative unit
 22 is the most recent year's reported transportation expenditures or
 24 predicted per-pupil transportation cost, plus 10%, whichever is
 26 lower. Beginning in fiscal year 2006-07, and for each subsequent
 fiscal year, the per-pupil transportation costs for each school
 administrative unit are its established costs for the most recent
 year adjusted by the Consumer Price Index or other comparable
 index. For fiscal years 2005-06 and 2006-07, in no case may the
 per-pupil transportation costs for a school administrative unit
 be less than 75% of the established costs for the most recent
 fiscal year. Every 3 years, the commissioner, using information
 provided by a statewide education policy research institute,
 shall examine and may adjust reported transportation expenditures
 and predicted transportation costs. The commissioner shall
 develop an appeals procedure for established per-pupil
 transportation costs for school administrative units;

28 4. Vocational education costs. Vocational education costs
 30 in the base year adjusted to the year prior to the allocation
 year; and

32 5. Gifted and talented education costs. Gifted and
 34 talented costs in the base year adjusted to the year prior to the
 allocation year.

36 **Sec. D-45. 20-A MRSA §15682,** as enacted by IB 2003, c. 2,
 38 §1, is repealed.

40 **Sec. D-46. 20-A MRSA §15682,** as enacted by PL 2003, c. 504,
 Pt. A, §6, is amended to read:

42 **§15682. Regional adjustment**

44 The commissioner shall make a regional adjustment in the
 46 total operating allocation for each school administrative unit
 48 determined pursuant to section 15683. The regional adjustment
 50 must be based on the regional differences in teacher salary costs
 within labor market areas in the State, as computed by a
 statewide education policy research institute, and must be
 applied only to appropriate teacher salary and benefits costs as

calculated under section 15678 and salary and benefit costs of other school-level staff who are not teachers as calculated under section 15679. Beginning in fiscal year 2006-07, and at least every 2 years thereafter, the commissioner, using information provided by a statewide education policy research institute, shall review the regional adjustment amounts under this section and shall submit any recommended changes to the state board for approval.

Sec. D-47. 20-A MRSA §15683, as amended by PL 2003, c. 712, §14, is further amended to read:

§15683. Total operating allocation

For each school administrative unit, that unit's total operating allocation is the base total set forth in subsection 1 as adjusted in accordance with subsection 2 and including the total amount ~~for subsection 3~~ of other subsidizable costs as described in section 15681-A.

1. Base total. The base total of a school administrative unit's total operating allocation is the sum of:

A. The product of the school administrative unit's kindergarten to grade 8 ~~per-pupil-guarantee~~ EPS per-pupil rate multiplied by the total of the kindergarten to grade 8 portions of the following pupil counts:

(1) The pupil count set forth in section 15674, subsection 1, paragraph C;

(2) The additional weight for limited English proficiency students calculated pursuant to section 15675, subsection 1; and

(3) The additional weight for economically disadvantaged students calculated pursuant to section 15675, subsection 2;

B. The product of the school administrative unit's grade 9 to 12 ~~per-pupil-guarantee~~ EPS per-pupil rate multiplied by the total of the grade 9 to 12 portion of the following pupil counts:

(1) The pupil count set forth in section 15674, subsection 1, paragraphs A, B and C;

(2) The additional weight for limited English proficiency students calculated pursuant to section 15675, subsection 1; and

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2 (3) The additional weight for economically
4 disadvantaged students calculated pursuant to section
15675, subsection 2;

6 C. If the school administrative unit is eligible for
8 targeted student assessment funds pursuant to section 15681,
subsection 1, the sum of:

10 (1) The product of the elementary school level and
12 middle school level per-pupil amount for targeted
14 student assessment funds calculated pursuant to section
15681, subsection 2 multiplied by the kindergarten to
16 grade 8 portion of the pupil count calculated pursuant
to section 15674, subsection 1, paragraph C,
subparagraph (1); and

18 (2) The product of the high school level per-pupil
20 amount for targeted student assessment funds calculated
22 pursuant to section 15681, subsection 2 multiplied by
the grade 9 to 12 portion of the pupil count calculated
24 pursuant to section 15674, subsection 1, paragraph C,
subparagraph (1);

26 D. If the school administrative unit is eligible for
28 targeted technology resource funds pursuant to section
15681, subsection 1, the sum of:

30 (1) The product of the elementary school level and
32 middle school level per-pupil amount for targeted
34 technology resource funds calculated pursuant to
section 15681, subsection 3 multiplied by the
36 kindergarten to grade 8 portion of the pupil count
calculated pursuant to section 15674, subsection 1,
paragraph C, subparagraph (1); and

38 (2) The product of the high school level per-pupil
40 amount for targeted technology resource funds
42 calculated pursuant of section 15681, subsection 3
multiplied by the grade 9 to 12 portion of the pupil
count calculated pursuant to section 15674, subsection
1, paragraph C, subparagraph (1); and

44 E. If the school administrative unit is eligible for
46 targeted kindergarten to grade 2 funds pursuant to section
15681, subsection 1, the product of the ~~per-pupil-guarantee~~
48 EPS per-pupil rate multiplied by the additional weight for
kindergarten to grade 2 calculated pursuant to section
15675, subsection 3. ; and

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2 F. An isolated small unit adjustment. A school
4 administrative unit is eligible for an isolated small school
6 adjustment when the unit meets the size and distance
8 criteria as established by the commissioner and approved by
10 the state board. The amount of the adjustment is the result
12 of adjusting the necessary student-to-staff ratios
determined in section 15679, subsection 2, the per-pupil
amount for operation and maintenance of plant in section
15680, subsection 1, paragraph B or other essential programs
and services components in chapter 606-B, as recommended by
the commissioner.

14 **2. Adjustments.** The base total calculated pursuant to
16 subsection 1 must be adjusted as follows by multiplying it by the
18 appropriate transition percentage in accordance with section
15671, subsection 7, paragraph A.

20 ~~A. The base total calculated pursuant to subsection 1 must~~
22 ~~be reduced by the amount of all funds received by the school~~
24 ~~administrative unit under Title I of the federal Elementary~~
~~and Secondary Education Act of 1965, 20 United States Code,~~
~~Section 6301 et seq. during the most recent fiscal year.~~

26 ~~B. The amount calculated pursuant to paragraph A must be~~
28 ~~adjusted by the regional adjustment pursuant to section~~
~~15682.~~

30 ~~C. The amount calculated pursuant to paragraph B must be~~
32 ~~multiplied by the essential programs and services transition~~
~~percentage for the appropriate year in accordance with~~
~~section 15671, subsection 7, paragraph A.~~

34 **Sec. D-48. 20-A MRSA §15683,** as enacted by IB 2003, c. 2,
36 §1, is repealed.

38 **Sec. D-49. 20-A MRSA §15683-A** is enacted to read:

40 **§15683-A. Total debt service allocation**
42 For each school administrative unit, that unit's total debt
44 service allocation is that unit's debt service costs as defined
in section 15672, subsection 2-A.

46 **Sec. D-50. 20-A MRSA §15684,** as enacted by PL 2003, c. 712,
48 §15 and IB 2003, c. 2, §1, is repealed.

48 **Sec. D-51. 20-A MRSA §15685,** as enacted by PL 2003, c. 504,
Pt. A, §6 and IB 2003, c. 2, §1, is repealed.

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2 **Sec. D-52. 20-A MRSA §15686**, as amended by PL 2003, c. 712,
§16, is further amended to read:

4 **§15686. Transition adjustment**

6 For each of the fiscal years described in section 15671,
8 subsection 7, the commissioner shall establish a transition
adjustment calculated to minimize the adverse fiscal impact that
10 may be experienced by some municipalities as a result of the
phase-in of this Act. The transition adjustment for a
12 municipality must be directly related to the phase-in of
essential programs and services and the local cost share
14 expectation method under section 15671-A of determining the local
contribution to the cost of funding essential programs and
16 services. The amount of this adjustment must decline with each
successive fiscal year, and the adjustments must end no later
18 than fiscal year 2009-10 2006-07.

20 1. Adjustment in fiscal year 2005-06. A school
administrative unit is eligible for a transition adjustment in
22 fiscal year 2005-06 if the school administrative unit meets the
following criteria.

24 A. The school administrative unit's state share of the
26 total allocation, including the debt service adjustment
pursuant to section 15689, subsection 2, and the minimum
28 state share of its total allocation pursuant to section
15689, subsection 1 is less than the fiscal year 2004-05
30 state share of its total allocation, including the minimum
32 state share of its total allocation pursuant to former
section 15689, subsection 1 and the adjustment for
34 geographic isolation pursuant to section 15612, subsection
2. The state share adjustment is an amount equal to that
36 difference less the losses due to reduced expenditures for
buses, debt service, special education, gifted and talented
38 education and vocational education.

40 A school administrative unit that meets the criteria in paragraph
A is eligible to receive no less than a 5% transition adjustment
42 in fiscal year 2005-06 if the school administrative unit operates
an elementary or secondary school and also has a student count of
44 less than 1,000.

46 A school administrative unit that meets the criteria in paragraph
A is eligible to receive no less than a 2.5% transition
48 adjustment in fiscal year 2005-06 if the school administrative
unit operates an elementary or secondary school and also has a
student count of more than 1,000.

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2 **Sec. D-53. 20-A MRSA §15688, sub-§1, ¶¶A to C**, as enacted by PL
4 2003, c. 712, §17, are amended to read:

6 A. The school administrative unit's base total cost of
8 funding--essential--programs--and--services--subject--to--the
10 transition--percentages calculated pursuant to section 15683,
12 subsection 1, adjusted pursuant to the transition targets
14 described in section 15671, subsection 7, paragraph A;

16 B. The program-cost-allocation-as-used-in-chapter-606 other
18 subsidizable costs described in section 15681-A; and

20 C. The total debt service allocation as-used-in-chapter-606
22 described in section 15683-A.

24 **Sec. D-54. 20-A MRSA §15688, sub-§2**, as enacted by PL 2003, c.
26 712, §17, is amended to read:

28 **2. Member municipalities in school administrative districts**
30 **or community school districts; total costs.** For each
32 municipality that is a member of a school administrative district
34 or community school district, the commissioner shall annually
36 determine each municipality's total cost of education. A
38 municipality's total cost of education is the school
40 administrative district's or community school district's total
42 cost of funding education multiplied by the percentage that the
44 municipality's most recent calendar year average pupil count is
46 to the school administrative district's or community school
48 district's most recent calendar year average pupil count.

32 **Sec. D-55. 20-A MRSA §15688, sub-§3**, as enacted by PL 2003, c.
34 712, §17, is repealed.

36 **Sec. D-56. 20-A MRSA §15688, sub-§3-A** is enacted to read:

38 **3-A. School administrative unit; contribution.** For each
40 school administrative unit, the commissioner shall annually
42 determine the school administrative unit's required contribution,
44 the required contribution of each municipality that is a member
46 of the unit, if the unit has more than one member, and the
48 State's contribution to the unit's total cost of education in
 accordance with the following.

 A. For a school administrative unit composed of only one
 municipality, the contribution of the unit and the
 municipality is the same and is the lesser of:

- (1) The total cost described in subsection 1; and

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2 (2) The total of the full-value education mill rate
3 calculated in section 15671-A, subsection 2 multiplied
4 by the property fiscal capacity of the municipality.

6 B. For a school administrative district or community school
7 district composed of more than one municipality, each
8 municipality's contribution to the total cost of education
9 is the lesser of:

10 (1) The municipality's total cost as described in
11 subsection 2; and

12 (2) The total of the full-value education mill rate
13 calculated in section 15671-A, subsection 2 multiplied
14 by the property fiscal capacity of the municipality.

15 C. For a school administrative district or community school
16 district composed of more than one municipality, the unit's
17 contribution to the total cost of education is the lesser of:

18 (1) The total cost as described in subsection 1; and

19 (2) The sum of the totals calculated for each member
20 municipality pursuant to paragraph B, subparagraph (2).

21 D. The state contribution to the school administrative
22 unit's total cost of education is the total cost of
23 education calculated pursuant to subsection 1 less the
24 school administrative unit's contribution calculated
25 pursuant to paragraph A or C, as applicable. The state
26 contribution is subject to reduction in accordance with
27 section 15690, subsection 1, paragraph C.

28 **Sec. D-57. 20-A MRSA §15688, sub-§4, as enacted by PL 2003, c.**
29 **712, §17, is amended to read:**

30 **4. Method of cost sharing; exception.** For the purpose of
31 local cost sharing, the provisions of subsection -3- 3-A do not
32 apply to municipalities that are members of a school
33 administrative district or a community school district whose cost
34 sharing formula was established pursuant to private and special
35 law prior to January 1, 2004. For each municipality that is a
36 member of a school administrative district or a community school
37 district whose cost sharing formula was established pursuant to
38 private and special law prior to January 1, 2004, the cost
39 sharing formula established pursuant to private and special law
40 determines each municipality's local cost of education.

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2 **Sec. D-58. 20-A MRSA §15689, sub-§1**, as enacted by PL 2003, c. 712, §17, is repealed and the following enacted in its place:

4 1. Minimum state allocation. Each school administrative
6 unit must be guaranteed a minimum state share of its total
allocation that is an amount equal to the greater of the
8 following:

10 A. The sum of the following calculations:

12 (1) Multiplying 5% of each school administrative
unit's essential programs and services per-pupil
14 elementary rate by the average number of resident
kindergarten to grade 8 pupils as determined under
16 section 15674, subsection 1, paragraph C, subparagraph
(1); and

18 (2) Multiplying 5% of each school administrative
unit's essential programs and services per-pupil
20 secondary rate by the average number of resident grade
9 to grade 12 pupils as determined under section 15674,
22 subsection 1, paragraph C, subparagraph (1); and

24 B. The school administrative unit's special education costs
as calculated pursuant to section 15681-A, subsection 2
26 multiplied by the following transition percentages:

28 (1) In fiscal year 2005-06, 84%; and

30 (2) In fiscal year 2006-07, 100%.

32 These funds must be an adjustment to the school administrative
unit's state and local allocation after the state and local
34 allocation has been adjusted for debt service pursuant to
subsection 2.

36 **Sec. D-59. 20-A MRSA §15689, sub-§3**, as enacted by PL 2003, c.
38 712, §17, is amended to read:

40 **3. Adjustment limitations.** The amounts of the adjustments
42 paid to school administrative units or municipalities in
subsections 1 and 2 pursuant to this section are limited to the
44 amounts appropriated by the Legislature for these adjustments.

46 **Sec. D-60. 20-A MRSA §15689, sub-§§4 to 6** are enacted to read:

48 4. Audit adjustments. The following provisions apply to
audit adjustments.

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2 A. If errors are revealed by audit and by the commissioner,
4 the school administrative unit's state subsidy must be
adjusted to include corrections.

6 B. If audit adjustments are discovered after the funding
8 level is certified by the commissioner and the state board
10 on December 15th pursuant to section 15689-C, the department
12 may request the necessary additional funds, if any, to pay
for these adjustments. These amounts, if any, are in
addition to the audit adjustment amount certified by the
commissioner and state board on the prior December 15th.

14 5. Adjustment for cost of educating eligible students in
16 long-term drug treatment centers. A school administrative unit
18 that operates an educational program approved pursuant to chapter
327 to serve eligible students in licensed drug treatment centers
must be reimbursed in the year in which costs are incurred as
follows.

20 A. Reimbursements must be limited to a maximum of 12 state
22 average tuition rates a year for each approved plan.

24 B. The rate of reimbursement per student may not exceed the
26 state average tuition rates in effect during the year of
28 placement as computed under sections 5804 and 5805. The
tuition rates must be computed based on the state average
secondary tuition rate and may be adjusted if the program is
approved to operate beyond the 180-day school year.

30 6. Adjustment for uncertified personnel. The commissioner
32 shall reduce the state share of the total allocation to a school
34 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.

36 **Sec. D-61. 20-A MRSA §§15689-A to 15689-F are enacted to read:**

38 **§15689-A. Authorization of payment of miscellaneous costs**

40 1. Payment of state agency client costs. State agency
42 client costs are payable pursuant to this subsection. As used in
44 this subsection, "state agency client" has the same meaning as
defined in section 1, subsection 34-A.

46 A. The commissioner shall approve special education costs
48 and supportive services, including transportation, for all
state agency clients placed in residential placements by an
authorized agent of a state agency.

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2 B. Special education costs authorized by this subsection
4 for state agency clients must be paid by the department in
 the allocation year at 100% of actual costs.

6 C. The commissioner shall pay only approved special
8 education costs and supportive services, including
10 transportation, authorized by this subsection for state
 agency clients and may not allocate for those special
12 education costs and supportive services, including
 transportation, incurred by the school administrative unit
 for state agency clients in the base years starting July 1,
14 1985, and every base year thereafter.

16 D. Transportation costs for state agency clients, when
 provided in accordance with rules established by the
18 commissioner under section 7204, must be paid by the
 department in the allocation year at 100% of actual costs.

20 2. Education of institutional residents. The commissioner
22 may pay tuition to school administrative units or private schools
 for institutional residents within the limits of the allocation
24 made under this section.

26 3. Essential programs and services components contract.
 The commissioner may contract for the updating of the essential
28 programs and services component with a statewide education
 research institute.

30 4. Learning results implementation, assessment and
32 accountability. The commissioner may expend and disburse funds
 limited to the amount appropriated by the Legislature to carry
34 out the purposes of Public Law 1995, chapter 649, sections 5 and
 8.

36 5. Regionalization, consolidation and efficiency
38 assistance. The commissioner may expend and disburse funds
 limited to the amount appropriated by the Legislature to carry
40 out the purposes of promoting regionalization, consolidation and
 efficiency.

42 6. Education research contract. The commissioner may
44 contract for the compilation and analysis of education data with
 a statewide education research institute.

46 7. Disbursement limitations. The funds disbursed in
48 accordance with this section are limited to the amounts
 appropriated by the Legislature for these purposes.

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§15689-B. Authorization and schedules of payment of state subsidy; appeals

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1. Schedules of payment of unit allocation. The commissioner shall authorize state subsidy payments to the school administrative units to be made in accordance with time schedules set forth in sections 15005, 15689-D and 15901 to 15910.

2. Notification of allocation; commissioner's duty; superintendent's duty. The following provisions apply to notification of allocation by the commissioner and each superintendent.

A. The commissioner shall annually, prior to February 1st, notify each school board of the estimated amount to be allocated to the school administrative unit.

B. Each superintendent shall report to the municipal officers whenever the school administrative unit is notified of the allocation or a change is made in the allocation resulting from an adjustment.

3. Payments of state subsidy to unit's treasurer; basis. State subsidy payments must be made directly to the treasurer of each school administrative unit. The payments must be based on audited financial reports submitted by school administrative units.

4. Appeals. A school board may appeal the computation of state subsidy for the school administrative unit to the state board in writing within 30 days of the date of notification of the computed amount. The state board shall review the appeal and make an adjustment if in its judgment an adjustment is justified. The state board's decision is final as to facts supported by the record of the appeal.

5. School purpose expense requirement. Notwithstanding any other law, money allocated for school purposes may be expended only for school purposes.

6. Balance of allocations. Notwithstanding any other law, general operating fund balances at the end of a school administrative unit's fiscal year must be carried forward to meet the unit's needs in the next year or over a period not to exceed 3 years. Unallocated balances in excess of 3% of the previous fiscal year's school budget must be used to reduce the state and local share of the total allocation for the purpose of computing state subsidy. School boards may carry forward unallocated balances in excess of 3% of the previous year's school budget and

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disburse these funds in the next year or over a period not to exceed 3 years.

7. Required data; subsidy payments withheld. A school administrative unit shall provide the commissioner with information that the commissioner requests to carry out the purposes of this chapter, according to time schedules that the commissioner establishes. The commissioner may withhold monthly subsidy payments from a school administrative unit when information is not filed in the specified format and with specific content and within the specified time schedules.

8. Unobligated balances. Unobligated balances from amounts appropriated for general purpose aid for local schools may not lapse but must be carried forward to the next fiscal year.

§15689-C. Commissioner's recommendation for funding levels; computations

1. Annual recommendation. Prior to December 15th of each year, the commissioner, with the approval of the state board, shall recommend to the Governor and the Department of Administrative and Financial Services, Bureau of the Budget the funding levels that the commissioner recommends for the purposes of this chapter.

2. Funding level computations. The following are the funding level computations that support the commissioner's funding level recommendations:

A. The requested funding levels for the operating allocation under section 15683;

B. The requested funding levels for debt service under section 15683-A, which are as follows:

(1) The known obligations and estimates of anticipated principal and interest costs for the allocation year;

(2) The expenditures for the insured value factor for the base year;

(3) The level of lease payments and lease-purchase payments pursuant to section 15672, subsection 2-A for the year prior to the allocation year; and

(4) Funds allocated by the state board for new school construction projects funded in the current fiscal year;

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2 C. The requested funding levels for adjustments under
3 section 15689, which must be computed by estimating costs
4 for the allocation year; and

6 D. The requested funding levels for miscellaneous costs
7 under section 15689-A.

8 3. Guidelines for updating other subsidizable costs. The
9 commissioner's recommendation for updating percentages to bring
10 base year actual costs to the equivalent of one-year-old costs
11 may not exceed the average of the 2 most recent percentages of
12 annual increase in the Consumer Price Index.

14 **§15689-D. Governor's recommendation for funding levels**

16 The Department of Administrative and Financial Services,
17 Bureau of the Budget shall annually certify to the Legislature
18 the funding levels that the Governor recommends under sections
19 15683, 15683-A, 15689 and 15689-A. The Governor's
20 recommendations must be transmitted to the Legislature within the
21 time schedules set forth in Title 5, section 1666.

22 **§15689-E. Actions by Legislature**

24 The Legislature shall annually, prior to March 15th, enact
25 legislation to:

28 1. Appropriation for state share of adjustments, debt
29 service and operating; single account. Appropriate the necessary
30 funds for the State's share for general purpose aid for local
31 schools with a separate amount for each of the following
32 components:

34 A. Adjustments and miscellaneous costs described in
35 sections 15689 and 15689-A, including an appropriation for
36 special education pupils placed directly by the State, for:

38 (1) Tuition and board for pupils placed directly by the
39 State in accordance with rules adopted or amended by
40 the commissioner; and

42 (2) Special education tuition and other tuition for
43 residents of state-operated institutions attending
44 programs in school administrative units or private
45 schools in accordance with rules adopted or amended by
46 the commissioner; and

48 B. The state share of the total operating allocation and
49 the total debt service allocation described in sections
50 15683 and 15683-A; and

2 2. Local cost share expectation. Establish the local cost
share expectation described in section 15671-A.

4 Funds for appropriations under this section must be placed
6 in a single account.

8 **§15689-F. Actions by department**

10 Within the annual appropriations, the department shall
12 follow the procedures described in this section.

14 1. State's obligation. If the State's continued obligation
16 for any program provided by one of the appropriated amounts under
18 section 15689-E exceeds the appropriated amount, any unexpended
balance from another of those appropriated amounts may be applied
by the commissioner toward the obligation for that program.

20 2. Cash flow. For the purpose of cash flow, the
22 commissioner may pay the full state and local share of the
24 payment amounts due on bond issues for school construction from
26 that school administrative unit's state subsidy, excluding
payments on non-state-funded projects. This subsection does not
apply if a school administrative unit has less subsidy than the
total principal and interest payment on bonds.

28 **Sec. D-62. 20-A MRSA §§15690 to 15695** are enacted to read:

30 **§15690. Local appropriations**

32 Beginning with the budget for the 2005-2006 school year, the
34 following provisions apply to local appropriations for school
purposes.

36 1. School administrative unit contribution to total cost of
38 funding public education from kindergarten to grade 12. The
40 legislative body of each school administrative unit may vote to
raise and appropriate an amount up to its required contribution
to the total cost of education as described in section 15688.

42 A. For a municipal school unit, an article in substantially
44 the following form must be used when a single municipal
46 school administrative unit is considering the appropriation
of an amount up to its required contribution to the total
cost of education as described in section 15688.

48 (1) "Article.....: To see what sum the municipality
50 will appropriate for the school administrative unit's
contribution to the total cost of funding public
education from kindergarten to grade 12 as described in

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2 the Essential Programs and Services Funding Act
3 (Recommend \$.....) and to see what sum the
4 municipality will raise as the municipality's
5 contribution to the total cost of funding public
6 education from kindergarten to grade 12 as described in
7 the Essential Programs and Services Funding Act in
8 accordance with the Maine Revised Statutes, Title 20-A,
9 section 15688. (Recommend \$.....)"

10 (2) The following statement must accompany the article
11 in subparagraph (1). "Explanation: The school
12 administrative unit's contribution to the total cost of
13 funding public education from kindergarten to grade 12
14 as described in the Essential Programs and Services
15 Funding Act is the amount of money determined by state
16 law to be the minimum amount that a municipality must
17 raise in order to receive the full amount of state
18 dollars."

19 B. For a school administrative district or a community
20 school district, an article in substantially the following
21 form must be used when the school administrative district or
22 community school district is considering the appropriation
23 of an amount up to its required contribution to the total
24 cost of education as described in section 15688.

25 (1) "Article: To see what sum each municipality
26 will appropriate for the school administrative unit's
27 contribution to the total cost of funding public
28 education from kindergarten to grade 12 as described in
29 the Essential Programs and Services Funding Act and to
30 see what sum each municipality will raise as each
31 municipality's contribution to the total cost of
32 funding public education from kindergarten to grade 12
33 as described in the Essential Programs and Services
34 Funding Act in accordance with the Maine Revised
35 Statutes, Title 20-A, section 15688 (Recommends):

36	<u>Total cost by</u>	<u>Municipal local</u>
37	<u>municipality</u>	<u>contribution</u>
38		
39	<u>Town A (\$amount)</u>	<u>Town A (\$amount)</u>
40		
41	<u>Town B (\$amount)</u>	<u>Town B (\$amount)</u>
42		
43	<u>Town C (\$amount)</u>	<u>Town C (\$amount)</u>
44		
45	<u>School District</u>	<u>School District</u>
46	<u>Total (\$sum of above)</u>	<u>Total (\$sum of</u>
47		<u>above)"</u>

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2 (2) The following statement must accompany the article
3 in subparagraph (1). "Explanation: The school
4 administrative unit's contribution to the total cost of
5 funding public education from kindergarten to grade 12
6 as described in the Essential Programs and Services
7 Funding Act is the amount of money determined by state
8 law to be the minimum amount that each municipality
9 must raise in order to receive the full amount of state
10 dollars."

12 C. The state share of the total cost of funding public
13 education from kindergarten to grade 12 as described in
14 section 15688, excluding state-funded debt service for each
15 school administrative unit, is limited to the same
16 proportion as the local school administrative unit raises of
17 its required contribution to the total cost of education as
18 described in section 15688, excluding state-funded debt
19 service costs.

20 2. Non-state-funded debt service. For each school
21 administrative unit's contribution to debt service for
22 non-state-funded major capital school construction projects or
23 non-state-funded portions of major capital school construction
24 projects, the legislative body of each school administrative unit
25 may vote to raise and appropriate an amount up to the
26 municipality's or district's annual payments for non-state-funded
27 debt service.

30 A. An article in substantially the following form must be
31 used when a school administrative unit is considering the
32 appropriation for debt service allocation for
33 non-state-funded school construction projects or
34 non-state-funded portions of school construction projects.

36 (1) "Article: To see what sum the (municipality
37 or district) will raise for the annual debt service
38 payments on a non-state-funded school construction
39 project or non-state-funded portion of a school
40 construction project in addition to the funds
41 appropriated as the local share of the school
42 administrative unit's contribution to the total cost of
43 funding public education from kindergarten to grade
44 12. (Recommend \$.....)"

46 (2) The following statement must accompany the article
47 in subparagraph (1). "Explanation: Non-state-funded
48 debt service is the amount of money needed for the
49 annual payments on the (municipality's or district's)
50 long-term debt for major capital school construction

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2 that is not approved for state subsidy. The bonding of
3 this long-term debt was approved by the voters on (date
4 of original referendum)."

5 3. Additional local appropriation. A school administrative
6 unit may raise and expend funds for educational purposes in
7 addition to the funds under subsections 1 and 2.

8
9
10 A. If the amount of the additional funds does not result in
11 the unit's exceeding its maximum state and local spending
12 target established pursuant to section 15671-A, subsection
13 4, an article in substantially the following form must be
14 used when a school administrative unit is considering the
15 appropriation of additional local funds:

16 (1) "Article: To see what sum the (municipality
17 or district) will raise and to appropriate the sum of
18 (Recommend \$.....) in additional local funds for school
19 purposes under the Maine Revised Statutes, Title 20-A,
20 section 15690. (Recommend \$.....)"

21 (2) The following statement must accompany the article
22 in subparagraph (1). "Explanation: The additional
23 local funds are those locally raised funds over and
24 above the school administrative unit's local
25 contribution to the total cost of funding public
26 education from kindergarten to grade 12 as described in
27 the Essential Programs and Services Funding Act and
28 local amounts raised for the annual debt service
29 payment on non-state-funded school construction
30 projects or the non-state-funded portion of a school
31 construction project that will help achieve the
32 (municipality's or district's) budget for educational
33 programs."

34
35
36 B. If the amount exceeds the unit's maximum state and local
37 spending target established pursuant to section 15671-A,
38 subsection 4, an article in substantially the following form
39 must be used when a school administrative unit is
40 considering an appropriation of additional local funds.

41 (1) "Article: Shall (name of municipality or
42 district) raise and appropriate \$..... in additional
43 local funds, which exceeds the State's Essential
44 Programs and Services funding model by \$.....?"

45
46
47 The (school committee or board of directors) recommends
48 \$..... for the following reasons: (state reasons)

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(2) The following statement must accompany the article in subparagraph (1). "Explanation: The additional local funds are those locally raised funds over and above the school administrative unit's local contribution to the total cost of funding public education from kindergarten to grade 12 as described in the Essential Programs and Services Funding Act and local amounts raised for the annual debt service payment on non-state-funded school construction projects or the non-state-funded portion of a school construction project that will help achieve the (municipality's or district's) budget for educational programs."

4. Total budget article. A school administrative unit must include a summary article indicating the total annual budget for funding public education from kindergarten to grade 12 in the school administrative unit. The amount recommended must be the gross budget of the school system. This article does not provide money unless the other articles are approved.

A. "Article: To see what sum the (municipality or district) will authorize the school committee to expend for the fiscal year beginning (July 1,) and ending (June 30,) from the school administrative unit's contribution to the total cost of funding public education from kindergarten to grade 12 as described in the Essential Programs and Services Funding Act, non-state-funded school construction projects, additional local funds for school purposes under the Maine Revised Statutes, Title 20-A, section 15690, unexpended balances, tuition receipts, state subsidy and other receipts for the support of schools. (Recommend \$.)"

5. Vote. Actions taken pursuant to subsections 1 to 4 must be taken by a recorded vote.

6. Administrative costs for units with no pupils. If a school administrative unit is required to pay administrative costs and has no allocation of state or local funds, that unit may raise and expend funds for administrative costs.

§15691. Municipal assessment paid to district

1. Presentation of assessment schedule. The assessment schedule based on the budget approved at a community school district or school administrative district budget meeting must be presented to the treasurer of each municipality that is a member of the district.

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2 The assessment schedule must include each member municipality's
4 share of the school administrative unit's contribution to the
6 total cost of funding public education from kindergarten to grade
8 12 as described in section 15688, the school administrative
unit's contribution to debt service for non-state-funded school
construction projects and additional local funds for school
purposes under section 15690.

10 2. Municipal treasurer's payment schedule. The treasurer of
12 the member municipality, after being presented with the
14 assessment schedule, shall forward 1/12 of that member
16 municipality's share to the treasurer of the district on or
18 before the 20th day of each month of the fiscal year beginning in
20 July.

16 **§15692. Special school districts**

18 1. School administrative unit. For the purposes of section
20 15695 and Title 20, sections 3457 to 3460, a special school
22 district is deemed to be a school administrative unit.

24 2. Debt service. Debt service on bonds or notes issued by a
26 special school district must be included in the school budget of
28 the school administrative unit that operates the schools
30 constructed by that district. The school board for the school
32 administrative unit that operates the special district's schools
34 shall pay to the special school district all sums necessary to
36 meet the payments of principal and interest on bonds or notes
38 when due and to cover maintenance or other costs for which the
40 special school district is responsible.

32 **§15693. School budget; budget formats**

34 1. Content. A school administrative unit shall include in
36 its school budget document:

38 A. The school administrative unit's total cost of funding
40 public education from kindergarten to grade 12, its
42 non-state-funded debt service, if any, and any additional
44 expenditures authorized by law;

46 B. A summary of anticipated revenues and estimated school
48 expenditures for the fiscal year; and

50 C. The following statement, including the estimated dollar
amount of state retirement payments: "This budget does not
include the estimated amount of \$..... in employer share
of teacher retirement costs that is paid directly by the
State."

2 **2. Budget deadlines.** The following time limitations apply
4 to adoption of a school budget under this section.

6 A. At least 7 days before the initial meeting of the
8 legislative body responsible for adopting a budget, the
10 school administrative unit shall provide a detailed budget
 document to that legislative body and to any person who
 requests one and resides within the geographic area served
 by the school administrative unit.

12 B. Notwithstanding a provision of law or charter to the
14 contrary, school administrative units may adopt an annual
16 budget prior to June 30th. The school budgets for career
 and technical education regions must be adopted on or before
 August 1st.

18 C. Notwithstanding any municipal charter provision,
20 ordinance or other law to the contrary, if the level of
22 state subsidy for the next school year is not finalized in
24 accordance with this chapter before June 1st, the school
26 board may delay a school budget meeting otherwise required
28 to be held before July 1st to a date after July 1st. If a
30 school board elects to delay a school budget meeting under
32 this paragraph, the meeting must be held and the budget
34 approved within 30 days of the date the commissioner
 notifies the school board of the amount allocated to the
 school administrative unit under section 15689-B. When a
 school budget meeting is delayed under this paragraph, the
 school administrative unit may continue operation of the
 unit at the same budget levels as were approved for the
 previous year. Continued operation under the budget for the
 previous year is limited to the time between July 1st and
 the date the new budget goes into effect.

36 **3. Budget format.** The following provisions apply to a
38 budget format.

40 A. Except as provided in subsection 4, the budget format is
42 that prescribed by a majority of the school board until an
44 article prescribing the school budget format is approved by
46 a majority of voters in an election in which the total vote
 is at least 20% of the number of votes cast in the
 municipality in the last gubernatorial election, or 200,
 whichever is less.

48 B. The format of the school budget may be determined in
 accordance with section 1306.

C. It is the intent of the Legislature that a school board shall attempt to obtain public participation in the development of the school budget format.

4. Budget format; town or city charter. In a municipality where the responsibility for final adoption of the school budget is vested by municipal charter in a council, the school budget format may be changed through amendment of the charter under the home rule procedures of Title 30-A, chapter 111, except that the amendment must be approved by a majority of voters in an election in which the total vote is at least 20% of the number of votes cast in the municipality in the last gubernatorial election.

5. Budget format; town meeting. When the final budget authority is vested in a town meeting operating under the general enabling procedures of Title 30-A, the format of the school budget may be determined by the town meeting or under the procedures of Title 30-A, section 2522 or 2528.

6. Budget format; community school district. The following provisions apply to the budget format of a community school district.

A. An article containing the district's proposed budget format must be placed on the next warrant issued or ballot printed if:

(1) A majority of the district school committee votes to place it on the warrant or ballot; or

(2) A written petition signed by at least 10% of the number of voters voting in the last gubernatorial election in each municipality within the community school district requests it to be on the warrant or ballot.

B. The article containing the budget format may be voted on by secret ballot at an election conducted in accordance with Title 30-A, sections 2528 to 2532.

C. The district school committee shall:

(1) Issue a warrant specifying that the municipal officers of the municipalities within the community school district shall place the budget format article on the secret ballot; and

(2) Prepare and furnish the required number of ballots for carrying out the election, including absentee ballots.

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2 7. Budget format; articles. The articles prescribed in this
chapter must be included in the budget format and be voted on in
4 the adoption of the budget in order to determine state and local
cost sharing.

6
8 8. Change in budget format. Any change in the budget format
must be voted on at least 90 days prior to the budget year for
10 which that change is to be effective.

12 §15694. Actions on budget

14 The following provisions apply to approving a school budget
under this chapter.

16 1. Checklist required. Prior to a vote on articles dealing
with school appropriations, the moderator of a regular or special
18 school budget meeting shall require the clerk or secretary to
make a checklist of the registered voters present. The number of
20 voters listed on the checklist is conclusive evidence of the
number present at the meeting.

22 2. Reconsideration. Notwithstanding any law to the
24 contrary, in school administrative units where the school budget
is finally approved by the voters, a special budget meeting to
26 reconsider action taken on the budget may be called only as
follows.

28 A. The meeting must be held within 30 days of the regular
30 budget meeting at which the budget was finally approved.

32 B. In a school administrative district or community school
34 district, the meeting must be called by the school board or
as follows.

36 (1) A petition containing a number of signatures of
38 legal voters in the member municipalities of the school
administrative unit equalling at least 10% of the
40 number of voters who voted in the last gubernatorial
election in member municipalities of the school
42 administrative unit, or 100 voters, whichever is less,
and specifying the article or articles to be
44 reconsidered must be presented to the school board
within 15 days of the regular budget meeting at which
the budget was finally approved.

46 (2) On receiving the petition, the school board shall
48 call the special budget reconsideration meeting, which
must be held within 15 days of the date the petition
50 was received.

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2 C. In a municipality, the meeting must be called by the
4 municipal officers:

6 (1) Within 15 days after receipt of a request from the
8 school board, if the request is received within 15 days
10 of the budget meeting at which the budget was finally
12 approved and it specifies the article or articles to be
14 reconsidered; or

16 (2) Within 15 days after receipt of a written
18 application presented in accordance with Title 30-A,
20 section 2532, if the application is received within 15
22 days of the budget meeting at which the budget was
24 finally approved and it specifies the article or
26 articles to be reconsidered.

28 3. Invalidation of action of special budget reconsideration
30 meeting. If a special budget meeting is called to reconsider
32 action taken at a regular budget meeting, the actions of the
34 meeting are invalid if the number of voters at the special budget
36 meeting is less than the number of voters present at the regular
38 budget meeting.

40 4. Line-item transfers. Meetings requested by a school
42 board for the purpose of transferring funds from one category or
44 line item to another must be posted for voter or council action
46 within 15 days of the date of the request.

48 **§15695. Bonds; notes; other**

All bonds, notes or other evidences of indebtedness issued
for school purposes by a school administrative unit for major
capital expenses, bus purchases or current operating expenses,
including tax or other revenue anticipation notes, are general
obligations of the unit.

1. Tax assessments. The municipal officers or school board
shall require the sums that are necessary to meet in full the
principal of and interest on the bonds, notes or other evidences
of indebtedness issued pursuant to this section payable in each
year to be assessed and collected in the manner provided by law
for the assessment and collection of taxes.

2. Reduction. The sums to be assessed and collected under
subsection 1 must be reduced by the amount of an allocation of
funds appropriated by the Legislature to pay the principal and
interest owed by the school administrative unit in a given year
as certified to the unit by the commissioner. The commissioner

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shall certify the amount due to the unit within 30 days of its
appropriation by the Legislature.

3. Collection. After assessment and reduction under
subsection 2, the remaining sum must be paid from ad valorem
taxes, which may be levied without limit as to rate or amount
upon all the taxable property within the school administrative
unit.

Sec. D-63. 20-A MRSA c. 608 is enacted to read:

CHAPTER 608

SCHOOL FINANCE ACT OF 2003

§15751. Short title

This chapter may be known and cited as "the School Finance
Act of 2003."

**§15752. Mandated legislative appropriations for kindergarten
to grade 12 education**

In accordance with the phase-in schedule provided in chapter
606-B, beginning in fiscal year 2006-07, the Legislature each
year shall provide at least 55% of the cost of the total
allocation for kindergarten to grade 12 education from General
Fund revenue sources.

For the purposes of this chapter, and until such time as the
Legislature may implement an alternative school funding system,
"total allocation" means the foundation allocation for a year,
the debt service allocation for that year, the sum of all
adjustments for that year and the total of the additional local
appropriations for the prior year. In the event the Legislature
implements an alternative school funding model that alters the
meaning of the terms used in this Title or otherwise makes
obsolete the system of allocations and local appropriations
established by this Title, the term "total allocation" as it
applies to the mandatory appropriation required by this section
means the amount reasonably calculated as the equivalent of this
definition.

§15753. Mandated legislative appropriations for special education

Except as provided in section 15689, subsection 1, but
notwithstanding any other provision of chapter 606-B, the
Legislature shall provide 100% of a school administrative unit's
special education costs as calculated pursuant to section
15681-A, subsection 2.

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2 For the purposes of the mandatory appropriation required by
3 this section, and in accordance with the essential programs and
4 services school funding allocation system established in chapter
5 606-B, the commissioner shall identify and provide in the
6 commissioner's recommendation pursuant to section 15689-C the
7 total special education costs required to be funded pursuant to
8 this section. In addition to any appropriations required by
9 section 15689-E, the Legislature shall appropriate and ensure the
10 accurate distribution of the total amount identified by the
11 commissioner, adjusted by the federal reimbursements for the
12 costs of special education services mandated by federal or state
13 law, rule or regulation that will be provided to the individual
14 school administrative units for that same school year.

16 **§15754. Fund for Efficient Delivery of Educational Services**

18 The Fund for the Efficient Delivery of Educational Services,
19 referred to in this section as "the fund," is established as a
20 dedicated nonlapsing account within the Department of Education.
21 This section provides for the design, implementation,
22 administration and use of the fund.

24 1. Source of funds; purpose. Funds for appropriations
25 under this section must be appropriated in addition to the total
26 amount annually appropriated for general purpose aid for local
27 schools and must be placed into a single account. For fiscal
28 year 2005-06 and fiscal year 2006-07, an amount calculated to be
29 not greater than 2% of the total amount annually appropriated for
30 general purpose aid for local schools must be dedicated to the
31 fund and distributed from the fund to those school administrative
32 units and municipalities that are able to demonstrate significant
33 and sustainable savings in the cost of delivering educational
34 services and improved student achievement through changes in
35 governance, administrative structure or adopted policy that
36 result in the creation of consolidated school administrative
37 units, broad-based purchasing alliances, enhanced regional
38 delivery of educational services or collaborative
39 school-municipal service delivery or service support systems.

40 Beginning in fiscal year 2005-06, the Legislature shall annually,
41 prior to March 15th, enact legislation to allocate the following
42 amounts calculated based on the amount appropriated for general
43 purpose aid for local schools to the fund during each of the
44 following fiscal years:

46 A. In fiscal year 2005-06, an amount equivalent to 0.83% of
47 the total amount appropriated for general purpose aid for
48 local schools; and

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2 B. In fiscal year 2006-07, an amount equivalent to 2% of
4 the total amount appropriated for general purpose aid for
local schools.

6 Any balance remaining in the fund at the end of any fiscal year
8 does not lapse and must be carried forward for the next fiscal
year.

10 2. Administration; plan for implementation of fund. The
12 department shall administer the fund or may contract for services
14 for administration of the fund. The commissioner, in
16 consultation with the Executive Department, State Planning Office
18 and the other agencies, organizations and individuals determined
appropriate by the commissioner, shall establish an
implementation plan for the fund that includes, but is not
limited to, the following:

20 A. The establishment of criteria through which school
22 administrative units and municipalities may demonstrate
24 significant and sustainable savings in the cost of
26 delivering educational services and improved student
28 achievement through changes in governance, administrative
structure or adopted policy that result in the creation of
consolidated school administrative units, broad-based
purchasing alliances, enhanced regional delivery of
educational services or collaborative school-municipal
service delivery or service support systems;

30 B. Pursuant to criteria established in accordance with this
32 section, a school administrative unit or municipality may
34 apply to the commissioner for a distribution from the fund
during the period beginning with the start of fiscal year
2005-06 and ending prior to the end of fiscal year 2006-07;
and

36 C. Pursuant to criteria established in accordance with this
38 section, the commissioner may authorize distributions from
40 the fund in the form of competitive and planning grants.

42 **§15755. Entitlement**

44 The State's school administrative units and municipalities
are entitled to the appropriations required by this chapter.

46 **Sec. D-64. 30-A MRS §2181, sub-§4, ¶E,** as enacted by PL 2003,
48 c. 696, §12, is amended to read:

E. Identify best management practices and make this

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2 information available to the public, including, but not
3 limited to, best management practices that facilitate
4 property tax rate reduction pursuant to the increasing state
5 share of the total cost of essential programs and services
6 under Title 20-A, chapter 606-B;

7 **Sec. D-65. 30-A MRSA §6006-F, sub-§6,** as enacted by PL 1997,
8 c. 787, §13, is amended to read:

10 **6. Forgiveness of principal payments.** The fund must
11 provide direct grants by forgiving the principal payments of a
12 loan for an eligible school administrative unit. The amount of
13 the forgiveness of principal payments must be determined by the
14 school administrative unit's state share percentage of--debt
15 ~~service-costs~~ as determined in Title 20-A, section ~~15611~~ 15672,
16 subsection 31, not to exceed:

18 A. Seventy percent and no less than 30% for health, safety
19 and compliance;

20 B. Seventy percent and no less than 30% for repairs and
21 improvements; and

22 C. ~~Fifty~~ Seventy percent and no less than ~~20%~~ 30% for
23 learning space upgrades.

24
25 **Sec. D-66. Fund for Efficient Delivery of Educational Services;**
26 **implementation plan.** The Commissioner of Education shall submit a
27 proposed plan to govern the design, implementation, management
28 and oversight of the Fund for the Efficient Delivery of
29 Educational Services established in the Maine Revised Statutes,
30 Title 20-A, section 15754 to the Joint Standing Committee on
31 Education and Cultural Affairs by March 31, 2005. As part of
32 this review, the commissioner shall consider the efficient
33 delivery of educational services in rural and isolated small
34 school administrative units. The joint standing committee may
35 report out a bill designed in accordance with the intentions of
36 this Part to govern the design, implementation, management and
37 oversight of the Fund for the Efficient Delivery of Educational
38 Services.
39
40

41 **Sec. D-67. Fund for Efficient Delivery of Educational Services;**
42 **distribution of the fund in fiscal year 2005-06.** Notwithstanding the
43 Maine Revised Statutes, Title 20-A, section 15754, the
44 allocations from the General Purpose Aid to Local Schools program
45 in fiscal year 2005-06 to the Fund for the Efficient Delivery of
46 Educational Services must be used for the transition adjustment
47 pursuant to Title 20-A, section 15686, subsection 1. The
48 allocation of funds from the Fund for the

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Efficient Delivery of Educational Services must be distributed to school administrative units that are eligible for the transition adjustment under the criteria established in Title 20-A, section 15686, subsection 1.

Sec. D-68. Sharing of total costs in school administrative districts and community school districts; Department of Education review.

Notwithstanding the Maine Revised Statutes, Title 20-A, section 15688, subsection 2 and to ensure that member municipalities of school administrative districts and community school districts whose cost-sharing formulas were established in accordance with Title 20-A, sections 1301 and 1704, respectively, do not experience significant adverse effects as a result of the cost-sharing mechanism established pursuant to Title 20-A, section 15688, subsection 2, the Department of Education shall conduct a review and analysis, for each school administrative unit, of the implications of this proposed cost-sharing mechanism on the member municipalities of these school administrative districts and community school districts. The Department of Education shall assist the member municipalities of these school districts in developing transition plans that include a phase-in to achieve the new method of determining member municipalities' local cost of education in accordance with Title 20-A, section 15688, subsection 2 no later than fiscal year 2008-09. The Department of Education shall report the findings of this review, including any recommended legislation, to the Joint Standing Committee on Education and Cultural Affairs by March 31, 2005. The Joint Standing Committee on Education and Cultural Affairs is authorized to introduce a bill related to the Department of Education report to the First Regular Session of the 122nd Legislature.

Sec. D-69. Method of cost sharing; exception.

Beginning in fiscal year 2005-06, the provisions of the Maine Revised Statutes, Title 20-A, section 15688, subsection 2 do not apply in determining the local cost of education of member municipalities in Maine School Administrative Districts No. 6 and No. 44. The cost-sharing formulas established between the member municipalities in these 2 school administrative districts prior to January 1, 2005 remain in effect until the formulas are changed pursuant to Title 20-A, section 1301, subsection 3. Pursuant to section 68, all other school administrative districts and community school districts whose cost-sharing formulas were established in accordance with Title 20-A, sections 1301 and 1704, respectively, remain subject to a phase-in approach to achieve the requirements of Title 20-A, section 15688, subsection 2 and must reach full implementation of this provision no later than fiscal year 2008-09.

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2 **Sec. D-70. Criteria for isolated small school adjustment;**
3 **rulemaking.** For fiscal year 2005-06 and pursuant to the Maine
4 Revised Statutes, Title 20-A, section 15683, subsection 1,
5 paragraph F, the Commissioner of Education shall use the proposed
6 model that was approved by the State Board of Education during
7 its December 2004 meeting to determine the school administrative
8 units that qualify for the adjustment for isolated small schools,
9 except that the commissioner shall use the following criterion
10 change for isolated small elementary schools: for elementary
11 schools, the distance from the nearest school is reduced from 10
12 to 8 miles. The commissioner shall develop provisionally adopted
13 rules that establish the qualifications for the adjustment for
14 isolated small schools in accordance with Title 20-A, section
15 15687 no later than December 2, 2005 so that the Legislature may
16 consider these criteria during the Second Regular Session of the
17 122nd Legislature.

18 **Sec. D-71. Transition adjustment for fiscal year 2006-07.** To
19 minimize the adverse fiscal impact that may be experienced by
20 some school administrative units as a result of the phase-in of
21 the Essential Programs and Services Funding Act, the Commissioner
22 of Education shall facilitate a review and analysis of the need
23 for a transition adjustment in fiscal year 2006-07. The
24 Commissioner of Education, no later than January 13, 2006, shall
25 make a recommendation to the Joint Standing Committee on
26 Education and Cultural Affairs regarding the eligibility
27 requirements and funding levels necessary for a transition
28 adjustment in fiscal year 2006-07. The recommendations of the
29 Commissioner of Education must be consistent with the provisions
30 of the Maine Revised Statutes, Title 20-A, section 15686.

31 **Sec. D-72. Application.** This Part applies to school budgets
32 passed for the fiscal year beginning July 1, 2005, and thereafter.

33 **Sec. D-73. Effective date.** Except for that portion of this Part
34 that enacts the Maine Revised Statutes, Title 20-A, section 15754
35 and that portion that amends Title 30-A, section 2181, subsection
36 4, paragraph E, and except for sections 66 to 71, this Part takes
37 effect July 1, 2005.'

38
39 Further amend the amendment by striking out all of Part I
40 and inserting in its place the following:

41
42 **PART I**

43 **Sec. I-1. Appropriations and allocations.** The following
44 appropriations and allocations are made.

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ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF

Homestead Property Tax Exemption Reimbursement 0886

Initiative: Provides funds to increase the homestead exemption to \$13,000 and to provide 50% reimbursement to municipalities.

GENERAL FUND	2005-06	2006-07
All Other	\$53,872	\$162,789
GENERAL FUND TOTAL	\$53,872	\$162,789

Homestead Property Tax Exemption - Mandate Reimbursement 0887

Initiative: Provides funds to reimburse municipalities 90% of the additional costs associated with changes to the homestead exemption.

GENERAL FUND	2005-06	2006-07
All Other	\$115,000	\$0
GENERAL FUND TOTAL	\$115,000	\$0

Maine Revenue Services 0002

Initiative: Provides funds for one Tax Examiner position and related costs associated with the expansion of the Maine Residents Property Tax Program, including one-time funds for computer programming costs.

GENERAL FUND	2005-06	2006-07
POSITIONS - LEGISLATIVE COUNT	1.000	1.000
Personal Services	\$52,529	\$56,513
All Other	\$109,517	\$85,002
GENERAL FUND TOTAL	\$162,046	\$141,515

**ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF
DEPARTMENT TOTALS**

	2005-06	2006-07
General Fund	\$330,918	\$304,304
DEPARTMENT TOTAL - ALL FUNDS	\$330,918	\$304,304

EDUCATION, DEPARTMENT OF

General Purpose Aid for Local Schools 0308

Initiative: Provides additional funds needed to increase the

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2 State's share of the total cost of K-12 public education based on
 4 the essential programs and services model to 55% by fiscal year
 2006-07.

GENERAL FUND	2005-06	2006-07
All Other	\$0	\$90,205,242
GENERAL FUND TOTAL	\$0	\$90,205,242

10 **General Purpose Aid for Local Schools 0308**

12 Initiative: Appropriates funds in fiscal year 2005-06 in order
 14 to provide additional subsidy to local school units and
 16 deappropriates funds in fiscal year 2006-07 due to revised
 projections of the amount of subsidy required to fund the State's
 share of the cost of essential programs and services.

GENERAL FUND	2005-06	2006-07
All Other	\$6,463,417	(\$5,963,417)
GENERAL FUND TOTAL	\$6,463,417	(\$5,963,417)

22 **General Purpose Aid for Local Schools 0308**

24 Initiative: Provides funds for the Fund for the Efficient
 26 Delivery of Educational Services. Funds appropriated in fiscal
 28 year 2005-06 only are to be used to provide transition
 30 adjustments in order to minimize the adverse fiscal impact that
 may be experienced by some municipalities as a result of the
 phase-in of the essential programs and services model.

GENERAL FUND	2005-06	2006-07
All Other	\$6,962,382	\$19,929,786
GENERAL FUND TOTAL	\$6,962,382	\$19,929,786

36 **Fund for the Efficient Delivery of Educational Services**

38 Initiative: Allocates funds for the Fund for the Efficient
 40 Delivery of Educational Services. Funds appropriated in fiscal
 42 year 2005-06 only are to be used to provide transition
 44 adjustments in order to minimize the adverse fiscal impact that
 may be experienced by some municipalities as a result of the
 phase-in of the essential programs and services model.

OTHER SPECIAL REVENUE FUNDS	2005-06	2006-07
All Other	\$6,962,382	\$19,929,786
OTHER SPECIAL REVENUE FUNDS TOTAL	\$6,962,382	\$19,929,786

HOUSE AMENDMENT "A" to COMMITTEE AMENDMENT "A" to H.P. 6, L.D. 1

of \$.

2	EDUCATION, DEPARTMENT OF		
4	DEPARTMENT TOTALS	2005-06	2006-07
6	GENERAL FUND	\$13,425,799	\$104,171,611
8	OTHER SPECIAL REVENUE FUNDS	\$6,962,382	\$19,929,786
10	DEPARTMENT TOTAL - ALL FUNDS	\$20,388,181	\$124,101,397
12	EXECUTIVE DEPARTMENT		
14	State Planning Office 0082		
16	Initiative: Provides funds for contractual services for the required data collection, data entry and analysis.		
18	GENERAL FUND	2005-06	2006-07
20	All Other	\$50,000	\$50,000
22	GENERAL FUND TOTAL	\$50,000	\$50,000
24	EXECUTIVE DEPARTMENT		
26	DEPARTMENT TOTALS	2005-06	2006-07
28	GENERAL FUND	\$50,000	\$50,000
30	DEPARTMENT TOTAL - ALL FUNDS	\$50,000	\$50,000
32	SECTION TOTALS	2005-06	2006-07
34	GENERAL FUND	\$13,806,717	\$104,525,915
36	OTHER SPECIAL REVENUE FUNDS	\$6,962,382	\$19,929,786
38	SECTION TOTAL - ALL FUNDS	\$20,769,099	\$124,455,701

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

HOUSE AMENDMENT "A" to COMMITTEE AMENDMENT "A" to H.P. 6, L.D. 1

SUMMARY

This amendment ramps up the state share of the cost of education to 55% in 2 years rather than 4 years as proposed in Committee Amendment "A."

SPONSORED BY: *Barbara Merrill*
(Representative MERRILL)

TOWN: Appleton

FISCAL NOTE REQUIRED
(See attached)

HOUSE AMENDMENT



122nd MAINE LEGISLATURE

LD 1

LR 0328(16)

An Act to Increase the State Share of Education Costs, Reduce Property Taxes and Reduce Government Spending at All Levels

Fiscal Note for House Amendment " " to Committee Amendment " "

Sponsor: Rep. Merrill

Fiscal Note Required: Yes

Fiscal Note

	2005-06	2006-07	Projections 2007-08	Projections 2008-09
Net Cost (Savings)				
General Fund	\$0	\$103,940,876	\$51,513,178	\$0
Appropriations/Allocations				
General Fund	\$0	\$103,940,876	\$51,513,178	\$0
Other Special Revenue Funds	\$0	\$13,735,634	\$5,881,111	\$0

Fiscal Detail and Notes

This amendment increases the General Fund cost of the bill by \$103,940,876 in fiscal year 2006-07. Of that amount, \$90,205,242 will be distributed to school administrative units as additional state subsidy and \$13,735,634 will be transferred to the Fund for the Efficient Delivery of Educational Services.