

# MAINE STATE LEGISLATURE

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# 122nd MAINE LEGISLATURE

## FIRST REGULAR SESSION-2005

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Legislative Document

No. 12

S.P. 11

In Senate, January 6, 2005

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**An Act To Implement the School Finance and Tax Reform Act of  
2003**

---

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script, reading 'Joy J. O'Brien'.

JOY J. O'BRIEN  
Secretary of the Senate

Presented by Senator NUTTING of Androscoggin.  
Cosponsored by Representative FLETCHER of Winslow and  
Senators: BARTLETT of Cumberland, DAVIS of Piscataquis, MARTIN of Aroostook,  
MITCHELL of Kennebec, TURNER of Cumberland, Representatives: MAZUREK of  
Rockland, PARADIS of Frenchville, SCHATZ of Blue Hill.

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

2  
4       **Sec. 1. 5 MRSA §1677, sub-§2**, as enacted by PL 2003, c. 712,  
§1, is amended to read:

6       **2. Determination of effectiveness of increased state**  
7 **support for public education in reducing property tax.** Beginning  
8 in fiscal year 2006-07 and ending in fiscal year 2009-10, the  
committee shall meet annually on or about June 15th and, in  
10 coordination with the development of budget estimates pursuant to  
section 1665, determine whether the state share percentage of the  
12 total costs of essential programs and services described in Title  
20-A, section 15671, ~~subsection 7~~ was met in the prior fiscal  
14 year and to determine whether this level of state funding  
resulted in a reduction of the related local property tax  
16 commitment required to fund the costs of essential programs and  
services described in Title 20-A, section 15671 in the prior  
18 fiscal year. The committee's determination must be based on  
consideration of the following information developed by the  
20 Department of Education regarding each municipality and the  
statewide aggregate for the prior fiscal year:

22           A. The total state and municipal spending for public  
24 education services for kindergarten to grade 12;

26           B. The total costs of the essential programs and services  
described in Title 20-A, section 15671;

28           C. The total state appropriation for public education  
30 services for kindergarten to grade 12; and

32           D. The total local property tax commitment to support the  
34 provision of public education services for kindergarten to  
grade 12, municipal services and the local share of the  
36 county budget apportioned pursuant to Title 30-A, section  
706.

38       **Sec. 2. 20-A MRSA §15671, sub-§1, ¶A.** as enacted by PL 2001,  
c. 660, §1, is repealed.

40       **Sec. 3. 20-A MRSA §15671, sub-§1, ¶B.** as amended by PL 2003,  
42 c. 712, §9, is further amended to read:

44           B. By fiscal year ~~2009-10~~ 2005-06 the state share of the  
46 total cost of funding public education from kindergarten to  
grade 12, as described by essential programs and services,  
must be 55%. ~~Beginning in fiscal year 2005-06 and in each~~  
48 ~~fiscal year until fiscal year 2009-10, the state share of~~  
~~essential programs and services described costs must~~  
50 ~~increase toward the 55% level required in fiscal year~~  
~~2009-10.~~

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Sec. 4. 20-A MRSA §15671, sub-§1-A is enacted to read:

1-A. Essential Programs and Services Review Panel. To ensure the sustained integrity of the essential programs and services school funding model, the Governor shall appoint the following members to serve as the Essential Programs and Services Review Panel, which is charged with evaluating on an annual basis the degree to which the model accurately identifies the true and reasonable costs of providing educational services:

A. The commissioner or the commissioner's designee;

B. One representative of the state board;

C. Two active school teachers recommended by the Maine Education Association;

D. Two active school superintendents recommended by a statewide school superintendents' association;

E. Two active school board members recommended by the Maine School Boards Association;

F. Two municipal officials recommended by the Maine Municipal Association; and

G. One active school principal recommended by a statewide school principals' association.

The Governor's appointments must be characterized by broad representation both geographically and with respect to the variously configured and sized school administrative units. No later than December 1, 2005 and by December 1st every year thereafter, the review panel must prepare a formal evaluation of the essential programs and services school funding model, along with any recommendations to change the model in order to approve its accuracy and integrity, and provide that evaluation to the state board, the Governor and the Legislature.

Sec. 5. 20-A MRSA §15671, sub-§7, as amended by PL 2003, c. 712, §10, is repealed.

Sec. 6. 20-A MRSA §15671-A, sub-§2, ¶B, as enacted by PL 2003, c. 712, §11, is amended to read:

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 total of

2 the local cost share expectation. The full-value education  
4 mill rate is calculated by dividing the applicable tax year  
6 percentage of the projected cost of funding public education  
8 from kindergarten to grade 12 by the certified total state  
10 valuation for the year prior to the most recently certified  
12 total state valuation for all municipalities. The  
14 full-value education mill rate ~~must decline over the period  
from fiscal year 2005-06 to fiscal year 2009-10 and may not  
exceed 9.0 mills in fiscal year 2005-06 and may not exceed~~  
16 8.0 8.5 mills in fiscal year 2009-10 2005-06 and every  
18 fiscal year thereafter. The full-value education mill rate  
20 must be applied according to section 15688, subsection 3,  
22 paragraph A to determine a municipality's local cost share  
24 expectation. ~~Full-value--education--mill--rates--must--be  
derived--according--to--the--following--schedule.~~

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

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

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

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

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

36 **Sec. 7. 20-A MRSA §15672, sub-§9**, as enacted by PL 2003, c.  
38 504, Pt. A, §6, is repealed.

40 **Sec. 8. 20-A MRSA §15680, sub-§4**, as enacted by PL 2003, c.  
42 504, Pt. A, §6, is amended to read:

44 **4. Review; approval.** Beginning in fiscal year 2006-07, and  
46 at least every 2 years thereafter, the commissioner, using  
48 information provided by a statewide education policy research  
50 institute, shall review the essential programs and services  
components under this Act and shall submit, in consultation with  
the review panel established pursuant to section 15671,  
subsection 1-A, any recommended changes to the state board for  
approval.

2           **Sec. 9. 20-A MRSA §15681, sub-§5**, as enacted by PL 2003, c.  
504, Pt. A, §6, is amended to read:

4           **5. Review; approval.** Beginning in fiscal year 2006-07, and  
6 at least every 2 years thereafter, the commissioner, using  
information provided by a statewide education policy research  
8 institute, shall review the targeted amounts under this section  
and shall submit, in consultation with the review panel  
10 established pursuant to section 15671, subsection 1-A, any  
recommended changes to the state board for approval.

12           **Sec. 10. 20-A MRSA §15682**, as enacted by PL 2003, c. 504, Pt.  
14 A, §6, is amended to read:

16           **§15682. Regional adjustment**

18           The commissioner shall make a regional adjustment in the  
total operating allocation for each school administrative unit  
20 determined pursuant to section 15683. The regional adjustment  
must be based on the regional differences in teacher salary costs  
22 within labor market areas in the State, as computed by a  
statewide education policy research institute, and must be  
24 applied only to appropriate teacher salary and benefits costs as  
calculated under section 15678. Beginning in fiscal year  
2006-07, and at least every 2 years thereafter, the commissioner,  
26 using information provided by a statewide education policy  
research institute, shall review the regional adjustment amounts  
28 under this section and shall submit, in consultation with the  
review panel established pursuant to section 15671, subsection  
30 1-A, any recommended changes to the state board for approval.

32           **Sec. 11. 20-A MRSA §15683, last ¶**, as enacted by IB 2003, c. 2,  
34 §1, is amended to read:

36           For the purposes of the mandatory appropriation required by  
this section and in accordance with the essential programs and  
38 services school funding allocation system established in this  
chapter, the commissioner shall identify and provide in the  
40 commissioner's recommendation pursuant to section 15605 the total  
costs to the individual school administrative units associated  
42 with providing all special education services mandated under  
federal or state law, rule or regulation for the school year  
~~excluding on the previous June 30th~~ associated with the  
44 commissioner's recommendation. In addition to any appropriations  
required by section 15607, the Legislature shall appropriate and  
46 ensure the accurate distribution of the total amount identified  
by the commissioner, adjusted by the ~~actual state and~~ federal  
48 reimbursements for the costs of special education services  
mandated by federal or state law, rule or regulation ~~and~~  
50 ~~previously~~ that will be provided to the individual school  
administrative units for that same school year.

2           **Sec. 12. 20-A MRSA §15686**, as amended by PL 2003, c. 712,  
§16, is repealed.

4  
6           **Sec. 13. 20-A MRSA §15688, sub-§1, ¶A**, as enacted by PL 2003,  
c. 712, §17, is amended to read:

8           A. The school administrative unit's total cost of funding  
essential programs and services ~~subject to the transition~~  
10 ~~percentages--described--in--section--15671,--subsection--7,~~  
paragraph-A;

12  
14           **Sec. 14. 20-A MRSA §15689**, as enacted by PL 2003, c. 712 ,  
§17, is repealed.

16           **Sec. 15. 20-A MRSA c. 608** is enacted to read:

18                               **CHAPTER 608**

20                                       **FUND FOR THE EFFICIENT DELIVERY**  
22   **OF EDUCATIONAL SERVICES**

24           **§15801. Fund for Efficient Delivery of Educational Services**

26           1. Establishment. The Fund for the Efficient Delivery of  
Educational Services, referred to in this chapter as "the fund,"  
is established as a dedicated, special revenue account to provide  
28 a financial incentive for voluntary collaboration among school  
administrative units or among one or more municipalities and one  
30 or more school administrative units to reduce the costs of  
delivering educational services.

32           2. Fund source; nonlapsing. The fund consists of revenues  
34 provided pursuant to section 15684 and any funds received as  
contributions from private and public sources. Eligible  
36 investment earnings credited to the assets of the fund become  
part of the assets of the fund. Any balance remaining in the  
38 fund at the end of any fiscal year must be carried forward to the  
next fiscal year, except that the maximum fund balance, less any  
40 encumbrances, at the end of any fiscal year must not exceed 150%  
of the revenue accrued to the fund during that fiscal year.  
42 Revenue in the fund in excess of the maximum fund balance, less  
any encumbrances, must be used to supplement, and not supplant,  
44 the distribution of general school subsidy during the subsequent  
fiscal year.

46           3. Administration. The fund, to be accounted within the  
48 department, must be held separate and apart from all other money,  
funds and accounts. The department shall administer the fund  
50 according to the grant application review and decision process  
established in subsection 5.

2           4. Fund eligibility. The fund is available solely to fund  
4           proposed efficiency projects jointly presented in a collaborative  
6           application pursuant to subsections 6 to 10 by one or more school  
8           administrative units. School administrative units may contract  
          with nongovernmental organizations and individuals for the  
          purpose of carrying out projects supported by the fund.

10           5. Establishment of review panel; review and decision on  
12           grant applications. The Governor shall appoint the following  
14           members to serve as the review panel, which, in accordance with  
          rules developed by the department pursuant to subsection 11,  
          shall review, prioritize among and award applications for  
          competitive grants made pursuant to subsections 6 to 9:

16           A. One representative of the department;

18           B. One representative of the state board;

20           C. One representative of a private financial institution  
22           with expertise in the areas of business finance, commercial  
          loans and return on investment;

24           D. One representative recommended by the Maine Education  
26           Association who formerly served as a public school teacher  
          in Maine; and

28           E. Two representatives recommended by the Maine School  
30           Management Association, one of whom formerly served as a  
32           school superintendent in Maine and one of whom formerly  
          served as an elected school board member or school district  
          representative in Maine.

34           The Governor's appointments must be characterized by broad  
36           geographic representation.

38           6. Competitive grants; standard of qualification. In seeking  
40           competitive awards from the fund, each application for a grant to  
42           fund or partially fund an efficiency project must contain  
          sufficient information so that the review panel established in  
          subsection 5 can identify:

44           A. The nature, scope and timing of the entire efficiency  
46           project, including all proposed programmatic and governance  
48           changes, school administrative unit or school district  
          reconfigurations, system restructurings, employment  
          reconfigurations and capital or infrastructure investments;

50           B. The total cost of the efficiency project, including the  
52           dollar value of the grant request and all other funds and  
          in-kind services contributed by the applicants and other  
          sources;



2           C..The annual cost of providing educational services  
4           throughout the jurisdiction represented by the applicant or  
          applicants for each of the 10 years before the  
          implementation of the efficiency project;

6  
8           D. The projected costs of providing educational services  
          throughout the jurisdiction represented by the applicant or  
10          applicants for each of the 10 years after the implementation  
          of the efficiency project;

12          E. The type of commitments, contracts or agreements made,  
          entered into or executed by the applicant or applicants that  
14          serve to substantiate, verify or support the projections  
          required by this subsection; and

16  
18          F. The annual return on investment with respect to the  
          total cost of projects supported in whole or in part with  
20          grants from the fund.

22          7. Competitive grants; qualifying actions. Except as  
          otherwise provided in subsection 10, applicants for grant  
24          assistance must demonstrate significant and sustainable savings  
          in the cost of delivering educational services through proposals  
          involving one or more of the following qualifying actions:

26            A. Consolidation of school administrative units;

28            B. Enhancement of the regional delivery of educational  
30            services;

32            C. Consolidation of administrative services or functions  
          directly related to delivery of educational services;

34            D. Creation of broad-based alliances for the purchase of  
36            goods and services directly related to delivery of  
          educational services;

38            E. Creation of collaborative school-municipal or  
40            school-county service delivery or service support systems;  
          and

42            F. Changes in the school administrative unit's governance  
44            system, administrative structure or adopted policies that  
          provide for one or more qualifying actions provided for in  
46            paragraphs A to E.

48          The qualifying actions in this subsection are not listed in order  
          of priority. Except as otherwise provided in subsection 10,  
50          applicants for a grant under this chapter must specify the

2 pertinent qualifying actions for which assistance is sought, how  
4 implementation of those actions will result in cost savings and a  
6 projection of the cost savings reasonably attributable to  
implementation of its proposal, in addition to and in the manner  
provided in rules adopted by the department pursuant to  
subsection 11.

8 **8. Competitive grants; additional review criteria.** In  
10 addition to the standard of qualification information identified  
12 in subsection 6 and the qualifying actions identified in  
subsection 7, the review panel shall also consider the following  
review criteria:

14 A. Chance of success, including the extent and quality of  
16 historical cooperation among the various school or municipal  
applicants;

18 B. Estimate and likelihood of property tax savings,  
20 including the strength and enforceability of all agreements,  
22 contracts and commitments supporting the estimated  
investment returns;

24 C. Ability to replicate the efficiency project in other  
areas of the State; and

26 D. Innovation, creativity and likelihood of stimulating  
28 similarly structured projects.

30 **9. Relationship to school funding distribution.** Except as  
32 provided in this subsection, grants that are authorized pursuant  
34 to this chapter must be provided to the successful applicants  
separately and distinctly from the distribution of school subsidy  
as targeted grants provided for the purposes of establishing more  
efficient educational service delivery systems and achieving  
defined cost reductions.

36 A. School administrative units experiencing or projected to  
38 experience significant and sustained reductions in total  
40 allocation primarily attributable to low student populations  
42 or sustained declining school enrollments may be awarded  
44 grants under this chapter that are effectively distributed  
in whole or in part as supplements to the school subsidy  
that would otherwise be distributed pursuant to chapter  
606-B, if all of the following requirements are met:

46 (1) Supplemental school subsidy distribution may not  
48 be provided for more than a 5-year period;

50 (2) The successful applicant must submit a school  
system reconfiguration plan, approved by the

2 appropriate legislative body or bodies, that when fully  
3 implemented would result in a total allocation  
4 according to the essential programs and services  
5 funding model that is reasonably sufficient to operate  
6 the reconfigured school system on a sustained basis  
7 without the need for local spending beyond the local  
8 share of the total allocation;

9  
10 (3) The reconfiguration plan must be designed to  
11 provide for its full implementation within a 5-year  
12 period; and

13  
14 (4) No annual distribution of supplemental school  
15 subsidy provided on a transitional basis under this  
16 section may be authorized unless the reconfiguration  
17 plan is being implemented on schedule and the  
18 appropriate legislative body or bodies have annually  
19 validated their original endorsement of the plan.

20 **10. Planning grants.** The review panel established pursuant  
21 to subsection 5 may award eligible applicants a planning grant,  
22 in an amount not to exceed \$10,000, to support technical  
23 assistance and facilitation needed for development of a proposal  
24 for one or more qualifying actions potentially eligible for  
25 funding under subsections 6 to 9. The review panel may award a  
26 planning grant under this subsection prior to adoption of rules  
27 required under subsection 11.

28  
29 **11. Rulemaking.** No later than January 1, 2006, the  
30 department shall adopt rules governing the schedule for  
31 submission and action on competitive grant proposals submitted  
32 pursuant to subsections 6 and 7, related submission and  
33 information requirements including, but not limited to,  
34 information that an applicant must provide to demonstrate  
35 significant cost savings, the methodology for determining such  
36 significant cost savings, the methodology for estimating  
37 anticipated return on investment of fund proceeds through  
38 issuance of grants and criteria for scoring and prioritizing  
39 among grant proposals. The department may adopt any rules  
40 necessary for the administration of the fund. Rules adopted  
41 pursuant to this subsection are routine technical rules as  
42 defined in Title 5, chapter 375, subchapter 2-A.

43 **Sec. 16. 30-A MRSA c. 230** is enacted to read:

44  
45 **CHAPTER 230**

46  
47 **FUND FOR THE EFFICIENT DELIVERY**  
48 **OF LOCAL AND REGIONAL SERVICES**

2                   **§6201. Fund for Efficient Delivery of Local and Regional**  
3                   **Services**

4                   **1. Establishment.** The Fund for the Efficient Delivery of  
5                   Local and Regional Services, referred to in this chapter as "the  
6                   fund," is established as a dedicated, special revenue account to  
7                   provide a financial incentive for voluntary collaboration among  
8                   municipalities or among one or more municipalities and one or  
9                   more counties to reduce the costs of delivering local and  
10                   regional governmental services.

11                   **2. Fund source; nonlapsing.** The fund consists of revenues  
12                   transferred from the Local Government Fund pursuant to section  
13                   5681, subsection 5-B and Public Law 2003, chapter 20, Part W,  
14                   section 2 and any funds received as contributions from private  
15                   and public sources. Eligible investment earnings credited to the  
16                   assets of the fund become part of the assets of the fund. Any  
17                   balance remaining in the fund at the end of any fiscal year must  
18                   be carried forward to the next fiscal year, except that the  
19                   maximum fund balance, less any encumbrances, at the end of any  
20                   fiscal year must not exceed 150% of the revenue accrued to the  
21                   fund during that fiscal year. Revenue in the fund in excess of  
22                   the maximum fund balance, less any encumbrances, must be returned  
23                   to the Local Government Fund and distributed in addition to all  
24                   other revenue otherwise accruing to the Local Government Fund the  
25                   subsequent fiscal year.

26                   **3. Administration.** The fund, to be accounted within the  
27                   Department of Administrative and Financial Services, must be held  
28                   separate and apart from all other money, funds and accounts. The  
29                   State Planning Office shall administer the fund according to the  
30                   grant application review and decision process established in  
31                   subsection 5.

32                   **4. Fund eligibility.** The fund is available solely to fund  
33                   proposed efficiency projects jointly presented in a collaborative  
34                   application pursuant to subsections 6 to 9 by 2 or more  
35                   municipalities or one or more municipalities and one or more  
36                   regional service providers, including counties, regional planning  
37                   commissions or councils of government established pursuant to  
38                   chapter 119, or development districts established pursuant to  
39                   chapter 206. Municipalities and regional service providers may  
40                   contract with nongovernmental organizations and individuals for  
41                   the purpose of carrying out projects supported by the fund.

42                   **5. Establishment of review panel; review and decision on**  
43                   **grant applications.** The Governor shall appoint the following  
44                   members to serve as the review panel, which, in accordance with  
45                   rules developed by the State Planning Office pursuant to

2 subsection 10, will review, prioritize among and award  
3 applications for competitive grants made pursuant to subsections  
4 6 to 9:

5 A. One representative of the State Planning Office;

6 B. One representative of the Department of Economic and  
7 Community Development;

8 C. One representative of the Maine Municipal Bond Bank or a  
9 private financial institution with expertise in the areas of  
10 business finance, commercial loans and return on investment;

11 D. One representative representing providers of  
12 governmental services on a regional basis; and

13 E. Three representatives of municipal government  
14 recommended by the Maine Municipal Association who formerly  
15 served as a municipal officer or the chief administrative  
16 official of a municipality, with one representing a rural  
17 community with a population of less than 4,000 inhabitants,  
18 one representing a suburban community with a population of  
19 4,000 to 15,000 inhabitants and one representing a service  
20 center community with a population greater than 15,000  
21 inhabitants.

22 The Governor's appointments must be characterized by broad  
23 geographic representation.

24 **6. Competitive grants; standard of qualification.** In making  
25 competitive awards from the fund, and with respect to the  
26 jurisdictions throughout the several local or regional  
27 governments that are submitting each application for a grant to  
28 fund or partially fund an efficiency project, the review panel  
29 established in subsection 5 must identify:

30 A. The nature, scope and timing of the entire efficiency  
31 project, including all proposed programmatic and governance  
32 changes, system restructurings, employment reconfigurations  
33 and capital or infrastructure investments;

34 B. The total cost of the efficiency project, including the  
35 dollar value of the grant request and all other funds and  
36 in-kind services contributed by the applicants and other  
37 sources;

38 C. The annual cost of providing the targeted services  
39 throughout the jurisdictions represented by the several  
40 applicants for each of the 10 years before the  
41 implementation of the efficiency project;

2           D. The projected costs of providing the targeted services  
4           throughout the jurisdictions represented by the several  
          applicants for each of the 10 years after the implementation  
6           of the efficiency project;

8           E. The type of commitments, contracts or agreements made,  
          entered into or executed by the several applicants that  
10          serve to substantiate, verify or support the projections  
          required by this subsection; and

12          F. The annual return on investment with respect to the  
          total cost of projects supported in whole or in part with  
14          grants from the fund.

16          7. Competitive grants; qualifying actions. Except as  
          otherwise provided in subsection 8, applicants for grant  
18          assistance must demonstrate significant and sustainable savings  
          in the cost of delivering local and regional governmental  
20          services through proposals involving one or more of the following  
          qualifying actions:

22           A. Collaborative delivery of governmental services;

24           B. Enhancement of an existing or development of a new  
26           regionalized system for delivery of governmental services;

28           C. Consolidation of administrative services or functions  
30           directly related to delivery of governmental services;

32           D. Creation of broad-based alliances for purchase of goods  
          and services directly related to delivery of governmental  
34           services; or

36           E. Execution and implementation of an interlocal agreement  
          pursuant to chapter 115 that provides for one or more  
38           qualifying actions provided for in paragraphs A to D.

40          The qualifying actions in this subsection are not listed in order  
          of priority. Except as otherwise provided in subsection 9,  
42          applicants for a grant under this chapter must specify the  
          pertinent qualifying actions for which assistance is sought, how  
44          implementation of those actions will result in cost savings and a  
          projection of the cost savings reasonably attributable to  
46          implementation of its proposal, in addition to and in the manner  
          provided in rules adopted by the State Planning Office pursuant  
48          to subsection 10.

50          8. Competitive grants; additional review criteria. In  
          addition to the standard of qualification information identified

2 in subsection 6 and the qualifying actions identified in  
3 subsection 7, the review panel established in subsection 5 must  
4 also consider the following review criteria:

5 A. Chance of success, including the extent and quality of  
6 historical cooperation among local and regional governments  
7 and nongovernment organizations;

8 B. Estimate and likelihood of property tax savings,  
9 including the strength and enforceability of all agreements,  
10 contracts and commitments supporting the estimated  
11 investment returns;

12 C. Ability to replicate the efficiency project in other  
13 areas of the State; and

14 D. Innovation, creativity and likelihood of stimulating  
15 similarly structured projects.

16 9. Planning grants. The review panel established pursuant  
17 to subsection 5 may award eligible applicants a planning grant,  
18 in an amount not to exceed \$10,000, to support technical  
19 assistance and facilitation needed for development of a proposal  
20 for one or more qualifying actions potentially eligible for  
21 funding under subsections 6 to 8. The review panel may award a  
22 planning grant under this subsection prior to adoption of rules  
23 required under subsection 10.

24 10. Rulemaking. No later than January 1, 2006, the State  
25 Planning Office shall adopt rules governing the schedule for  
26 submission and action on competitive grant proposals submitted  
27 pursuant to subsections 6 and 7, related submission and  
28 information requirements including, but not limited to,  
29 information that an applicant must provide to demonstrate  
30 significant cost savings, the methodology for determining such  
31 significant cost savings, the methodology for estimating  
32 anticipated return on investment of fund proceeds through  
33 issuance of grants and criteria for scoring and prioritizing  
34 among grant proposals. The Department of Administrative and  
35 Financial Services may adopt any rules necessary for the  
36 administration of the fund. Rules adopted pursuant to this  
37 subsection are routine technical rules as defined in Title 5,  
38 chapter 375, subchapter 2-A.

## 44 SUMMARY

45 The School Finance and Tax Reform Act of 2003, as adopted by  
46 the voters on June 8, 2004, requires the State to provide 55% of  
47 "the total allocation," a term that describes the total state and  
48 local financial contribution to the operation of the State's  
49

2 kindergarten to grade 12 public school system. The current law  
delays until 2010 the State's obligation to meet the 55% school  
4 funding level. This bill removes all transitional language in  
that law that would delay the full implementation of the State's  
55% school funding requirement. This bill also creates an  
6 essential programs and services review panel, made up largely of  
educational practitioners, that is charged with annually  
8 evaluating the school funding allocation system with respect to  
the model's accuracy and integrity. In addition, the bill  
10 redesigns the 100% special education funding requirement,  
established as a year-to-year reimbursement system according to  
12 the School Finance and Tax Reform Act of 2003, as a current-year  
state funding requirement that operates through the essential  
14 programs and services allocation system as it pertains to special  
education. This bill also establishes the system of managing  
16 both the Fund for the Efficient Delivery of Educational Services  
and the Fund for the Efficient Delivery of Local and Regional  
18 Services, both of which were created by the School Finance and  
Tax Reform Act of 2003. By the management systems created in the  
20 bill, grants from both funds would be distributed to school  
administrative units and local or regional governmental units  
22 that compete for project financing. The bill establishes the  
review panels charged with reviewing and awarding the efficiency  
24 grants, as well as the funding qualifications and review criteria.