

MAINE STATE LEGISLATURE

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122nd MAINE LEGISLATURE

FIRST SPECIAL SESSION-2005

Legislative Document

No. 1684

H.P. 1189

House of Representatives, May 26, 2005

An Act Regarding Transition Provisions for the Sharing of Costs in Certain School Districts

(EMERGENCY)

Reported by Representative NORTON of Bangor for the Joint Standing Committee on
Education and Cultural Affairs pursuant to Public Law 2005, chapter 2, Part D, section 68.

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

2 **Emergency preamble.** Whereas, acts of the Legislature do not
become effective until 90 days after adjournment unless enacted
as emergencies; and

4
6 **Whereas,** Public Law 2005, chapter 2 directs the Department
of Education to conduct a review and analysis of the implications
8 of the proposed cost-sharing mechanism established pursuant to
the Maine Revised Statutes, Title 20-A, section 15688, subsection
10 2 on the member municipalities of school administrative districts
and community school districts whose cost-sharing formulas were
12 established in accordance with Title 20-A, sections 1301 and
1704, respectively; and

14 **Whereas,** it is necessary to establish transition provisions
for certain school districts whose cost-sharing formulas may
16 result in adverse fiscal impacts for member municipalities within
those school districts in fiscal year 2005-06; and

18
20 **Whereas,** it is necessary to allow the Department of
Education additional time to assist certain school districts in
22 developing transition plans that include a phase-in to achieve
the new method of determining member municipalities' local
24 contribution to the total cost of education in accordance with
Title 20-A, section 15688, subsection 2; and

26 **Whereas,** in the judgment of the Legislature, these facts
create an emergency within the meaning of the Constitution of
28 Maine and require the following legislation as immediately
necessary for the preservation of the public peace, health and
30 safety; now, therefore,

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

34 **Sec. 1. Transition adjustments.** The following transition
adjustments apply to eligible school administrative districts and
36 community school districts.

38 1. For fiscal year 2005-06, eligible school administrative
districts and community school districts must receive transition
40 adjustments to the member municipalities' local contributions and
the districts' state contributions.

42 A. A school administrative district or community school
44 district is eligible for these adjustments if it meets the
following eligibility criteria.

46 (1) One or more member municipalities, but not all the
48 district's member municipalities, have a local
contribution that is below the 8.26 mill expectation.

50

2 (2) A member municipality's local contribution
pursuant to the Maine Revised Statutes, Title 20-A,
4 section 15688 is 5% greater than that municipality's
local share would have been under its existing local
6 cost-sharing formula.

8 B. A school administrative district or community school
district that meets the eligibility criteria in paragraph A
10 must receive a transition adjustment to the state
contribution equal to the following.

12 (1) For each municipality in the district that meets
the eligibility criteria in paragraph A, the sum of
14 each municipality's special education allocation as
determined in paragraph D multiplied by 0.25.

16 C. A school administrative district or community school
18 district that meets the eligibility criteria in paragraph A
must have its local contribution adjusted as follows.

20 (1) For each municipality in the district that meets
22 the eligibility criteria in paragraph A, the
municipality's local contribution as determined
24 pursuant to Title 20-A, section 15688 must be reduced
by an amount equal to the municipality's special
26 education allocation as determined in paragraph D
multiplied by 0.25.

28 D. Each member municipality's special education allocation
30 is the special education allocation pursuant to Title 20-A,
section 15681-A, subsection 2 for the district multiplied by
32 the percentage of calendar year resident pupils in each
municipality.

34 This section is repealed June 30, 2006.

36
38 **Sec. 2. Method of sharing total costs in School Administrative
District No. 71; transition provision.** Notwithstanding the Maine
40 Revised Statutes, Title 20-A, section 15688, subsection 3-A, the
local contribution to the total cost of funding public education
42 from kindergarten to grade 12 for each member municipality in
School Administrative District No. 71 is subject to the following
44 transition provisions for fiscal year 2005-06 to fiscal year
2008-09 and future years. For each of these fiscal years, School
46 Administrative District No. 71 shall calculate the local
contribution for each member municipality in the school district
as follows.

48
50 1. For fiscal year 2005-06, 50% of the local contribution
for each municipality must be based on property fiscal capacity

2 as defined in Title 20-A, section 15672, subsection 23, and 50%
3 must be based on pupil counts pursuant to Title 20-A, section
4 15674, subsection 1, paragraph C.

6 2. For fiscal year 2006-07, 40% of the local contribution
7 for each municipality must be based on property fiscal capacity
8 as defined in Title 20-A, section 15672, subsection 23, and 60%
9 must be based on pupil counts pursuant to Title 20-A, section
10 15674, subsection 1, paragraph C.

12 3. For fiscal year 2007-08, 30% of the local contribution
13 for each municipality must be based on property fiscal capacity
14 as defined in Title 20-A, section 15672, subsection 23, and 70%
15 must be based on pupil counts pursuant to Title 20-A, section
16 15674, subsection 1, paragraph C.

18 4. For fiscal year 2008-09 and subsequent fiscal years, the
19 local contribution for each municipality must be determined
20 pursuant to Title 20-A, section 15688.

22 **Sec. 3. Method of sharing total costs in Manchester, Mount Vernon,
23 Readfield and Wayne Community School District; transition provision.**

24 Notwithstanding the Maine Revised Statutes, Title 20-A, section
25 15688, subsections 2 and 3, and to ensure that none of the member
26 municipalities in the Manchester, Mount Vernon, Readfield and
27 Wayne Community School District, referred to in this section as
28 "the school district," experiences significant adverse effects as
29 a result of the cost-sharing mechanism established pursuant to
30 Title 20-A, section 15688, subsections 2 and 3, the school
31 district's contribution to the total cost of funding public
32 education from grade 6 to grade 12 as described in the Essential
33 Programs and Services Funding Act must be contributed to by the
34 school district's member municipalities in accordance with the
35 transition provisions set forth in this section for fiscal year
36 2005-06 to fiscal year 2008-09. For each of these 4 fiscal
37 years, the school district shall determine each member
38 municipality's percentage share of the school district's
39 contribution to the total cost of funding public education from
40 grade 6 to grade 12 in accordance with Title 20-A, section 15688
41 and in accordance with the school district's prior cost-sharing
42 formula.

44 1. For fiscal year 2005-06, 60% of the school district's
45 contribution to the total cost of funding public education from
46 grade 6 to grade 12 must be allocated among the member
47 municipalities based on the percentages determined in accordance
48 with Title 20-A, section 15688, and 40% of the school district's
49 contribution to the total cost of funding public education from
50 grade 6 to grade 12 must be allocated among the member
municipalities in accordance with the percentages determined in
accordance with the school district's prior cost-sharing formula.

2 2. For fiscal year 2006-07, 75% of the school district's
 4 contribution to the total cost of funding public education from
 6 grade 6 to grade 12 must be allocated among the member
 8 municipalities based on the percentages determined in accordance
 10 with Title 20-A, section 15688, and 25% of the school district's
 contribution to the total cost of funding public education from
 grade 6 to grade 12 must be allocated among the member
 municipalities in accordance with the percentages determined in
 accordance with the school district's prior cost-sharing formula.

12 3. For fiscal year 2007-08, 90% of the school district's
 14 contribution to the total cost of funding public education from
 16 grade 6 to grade 12 must be allocated among the member
 18 municipalities based on the percentages determined in accordance
 20 with Title 20-A, section 15688, and 10% of the school district's
 contribution to the total cost of funding public education from
 grade 6 to grade 12 must be allocated among the member
 municipalities in accordance with the percentages determined in
 accordance with the school district's prior cost-sharing formula.

22 4. For fiscal year 2008-09, 100% of the school district's
 24 contribution to the total cost of funding public education from
 26 grade 6 to grade 12 must be allocated among the member
 municipalities based on the percentages determined in accordance
 with Title 20-A, section 15688.

28 This section does not take effect unless the following
 30 article is approved at a district meeting of the Manchester,
 Mount Vernon, Readfield and Wayne Community School District prior
 to June 30, 2005:

32 Article ____: Shall the Manchester, Mount Vernon, Readfield
 34 and Wayne Community School District approve a cost-sharing
 36 transition provision for fiscal years 2005-06 through 2008-09
 38 under which the district's contribution to the total cost of
 funding public education from grade 6 to grade 12 under the
 Essential Programs and Services Funding Act is shared by the
 member municipalities of the district partially on the basis of
 40 the Maine Revised Statutes, Title 20-A, section 15688 and
 partially on the basis of the district's prior cost-sharing
 42 formula in accordance with the following percentages:

<u>FISCAL YEAR</u>	<u>PERCENTAGE SHARED UNDER 20-A MRSA §15688</u>	<u>PERCENTAGE SHARED UNDER DISTRICT'S COST-SHARING FORMULA</u>
2005-06	60%	40%
2006-07	75%	25%

2	2007-08	90%	10%
	2008-09	100%	0%

4 The district meeting at which the article is considered must be
6 conducted in accordance with the same procedures as a regular
annual budget meeting conducted pursuant to Title 20-A, section
1701.

8
**10 Sec. 4. Method of sharing costs in School Administrative District No.
74; transition provision.** Notwithstanding the Maine Revised
12 Statutes, Title 20-A, section 15688, subsections 2 and 3, and to
ensure that the member municipalities in School Administrative
14 District No. 74 do not experience significant adverse effects as
a result of the cost-sharing mechanism established pursuant to
16 Title 20-A, section 15688, subsections 2 and 3, the Department of
Education shall continue to review and analyze the implications
of this proposed cost-sharing mechanism on the member
18 municipalities in School Administrative District No. 74. The
Department of Education shall assist the member municipalities in
20 School Administrative District No. 74 in developing a transition
plan that includes a phase-in to achieve the new method of
22 determining member municipalities' local cost of education in
accordance with Title 20-A, section 15688, subsections 2 and 3 no
24 later than fiscal year 2008-09. The Department of Education
shall report the findings of this review, including any
26 recommended legislation, to the Joint Standing Committee on
Education and Cultural Affairs no later than February 1, 2006.
28 The Joint Standing Committee on Education and Cultural Affairs is
authorized to introduce a bill related to the Department of
30 Education report to the Second Regular Session of the 122nd
Legislature.

32
34 Sec. 5. State valuation for Town of Lincoln. Notwithstanding the
filing deadline set forth in the Maine Revised Statutes, Title
36 36, section 208-A, the Town of Lincoln may request a reduction in
its state valuation under Title 36, section 208-A for the year
2004 based on the reduction in value of the Eastern Fine Paper
38 plant in the town.

40
42 Sec. 6. General purpose aid for local schools; Town of Lincoln.
Notwithstanding any other provision of law, the Commissioner of
Education shall adjust the payments to the Town of Lincoln for
44 general purpose aid for local schools in accordance with the 2004
state valuation amount of \$225,000,000 for fiscal year 2005-06.
46 If any savings occur in fiscal year 2005-06 general purpose aid
for local schools account, the appropriate amount of those
savings must be applied to increase the general purpose aid for
48 local schools allocation to School Administrative District No. 67
for fiscal year 2005-06. If insufficient savings occur in the
50 fiscal year 2005-06 general purpose aid for local

2 schools account, the appropriate increase in the general purpose
aid for local schools allocation to School Administrative
District No. 67 for 2005-06 must be applied as an audit
4 adjustment to the general purpose aid for local schools
allocation in fiscal year 2006-07.

6
8 **Emergency clause.** In view of the emergency cited in the
preamble, this Act takes effect when approved.

10
12 **SUMMARY**

14 This bill is reported out as an emergency bill by the Joint
Standing Committee on Education and Cultural Affairs pursuant to
Public Law 2005, chapter 2. The bill changes the cost-sharing
16 mechanism established by the Essential Programs and Services
Funding Act and incorporates transition provisions for certain
18 school districts whose cost-sharing formulas may result in
adverse impacts for member municipalities within the school
20 districts. The bill accomplishes the following.

22 1. It provides an adjustment to the state share of the
total allocation for school administrative districts and
24 community school districts that have member municipalities with
local contributions that are below the maximum mill rate
26 expectation but that are adversely affected as a result of the
cost-sharing mechanism established pursuant to the Maine Revised
28 Statutes, Title 20-A, section 15688.

30 2. It provides transition provisions to the current
cost-sharing formula of School Administrative District No. 71 for
32 fiscal year 2005-06 to fiscal year 2008-09 and subsequent fiscal
years.

34 3. It provides transition provisions to the cost-sharing
36 formula of the Manchester, Mount Vernon, Readfield and Wayne
Community School District for fiscal year 2005-06 to fiscal year
38 2008-09.

40 4. It provides a one-year extension to allow the Department
of Education to continue to assist School Administrative District
42 No. 74 in developing a transition plan to phase in the new method
of determining member municipalities' local cost of education in
44 accordance with Title 20-A, section 15688 by fiscal year 2008-09.

46 5. It authorizes the Commissioner of Education to adjust
the allocation of general purpose aid to local schools for School
48 Administrative District No. 67 in fiscal year 2005-06 should the
state valuation for the Town of Lincoln be reduced due to a
50 reduction in value of the Eastern Fine Paper plant.



122nd MAINE LEGISLATURE

LD (Not Known)

LR 2383(01)

An Act Regarding Transition Provisions for the Sharing of Costs in Certain School Districts

Fiscal Note for Original Bill

Reported out by: Education and Cultural Affairs

Committee: Not Referred

Fiscal Note Required: Yes

Fiscal Note

No net State fiscal impact

Fiscal Detail and Notes

This legislation may affect the percentage of funds contributed by the member municipalities for the local share of funding K-12 public education beginning in fiscal year 2005-06. The impact to each member municipality can not be determined at this time. This legislation will not affect the amount of state subsidy to be received by the affected school administrative districts and community school districts for General Purpose Aid for Local Schools.

The additional one-time cost to the Department of Education to provide an adjustment to the state share of the total allocation for school administrative districts and community school districts that have member municipalities with local contributions that are below the maximum mill rate expectation of 8.26 mills but are adversely impacted by the established cost-sharing mechanism is estimated to be \$189,000 in fiscal year 2005-06. The Department of Education can absorb the additional cost of this provision within the funds appropriated for General Purpose Aid for Local Schools for fiscal year 2005-06.

Authorizing the Commissioner of Education to adjust the allocation of general purpose aid to local schools for School Administrative District No. 67 in fiscal year 2005-06 if the State Valuation for the Town of Lincoln is reduced will increase the amount of school subsidy received by SAD 67 by \$125,000. Since this legislation requires the Department of Education to fund the increase through savings that may occur in the General Purpose Aid for Local Schools program in fiscal year 2005-06 or as an audit adjustment in the program in fiscal year 2006-07, no additional General Fund appropriation is required. However, if an audit adjustment is required in fiscal year 2006-07, it will reduce the amount of subsidy available for distribution to all other local school units in the State. The impact to each individual unit can not be determined at this time.