

MAINE STATE LEGISLATURE

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DATE: 4-6-06

(Filing No. S-566)

EDUCATION AND CULTURAL AFFAIRS

Reported by: Report "A"

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**STATE OF MAINE
SENATE
122ND LEGISLATURE
SECOND REGULAR SESSION**

COMMITTEE AMENDMENT "A" to S.P. 683, L.D. 1766, Bill, "An Act To Further the Implementation of the Essential Programs and Services Funding Model"

Amend the bill by inserting after section 1 the following:

Sec. 2. 20-A MRSA §15672, sub-§2-B is enacted to read:

2-B. Debt service adjustment mill rate. "Debt service adjustment mill rate" is the mill rate derived by dividing 45% of the debt service costs by the property fiscal capacity for all school administrative units.

Sec. 3. 20-A MRSA §15672, sub-§22-A, as enacted by PL 2005, c. 2, Pt. D, §36 and affected by §§72 and 74 and c. 12, Pt. WW, §18, is repealed and the following enacted in its place:

22-A. Predicted per-pupil transportation costs. "Predicted per-pupil transportation costs" means the greater of:

A. A pupil density model based on the net cost per resident pupil for each school administrative unit that is predicted by pupil density per mile of Class 1 to Class 5 roads in the school administrative unit and approved adjustments; and

B. The average of the pupil density model under paragraph A and an odometer miles model based on the gross cost per pupil conveyed for each school administrative unit that is predicted by the odometer miles traveled per pupil conveyed by the school administrative unit.

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2 Approved adjustments include a per-mile rate equal to the state
4 average gross transportation operating costs per mile driven for
6 transportation associated with out-of-district special education
8 programs, up to 2 round trips per day to each facility for
10 transportation associated with career and technical education
12 programs, and adjustments for expenditures for ferry services
14 within a school administrative unit, transportation of homeless
16 children in accordance with section 5205 and transportation costs
18 of island school administrative units.

12 **Sec. 4. 20-A MRSA §15675, sub-§1, ¶D,** as enacted by PL 2005,
14 c. 12, Pt. UU, §2 and affected by §§12 and 13 and Pt. WW, §18, is
16 amended to read:

16 D. Notwithstanding paragraphs A, B and C and--for--fiscal
18 year--2005-06--only, a school administrative unit that
20 receives an allocation for limited English proficiency
22 students and that has more than 15 and fewer than 26 limited
24 English proficiency students is eligible for an adjustment
26 to its allocation for limited English proficiency students
28 that is the difference between the amount that the school
unit would have received under the calculation described in
paragraph B and the amount that is calculated when the
school unit receives for the first 15 students a weight of
.50 instead of .30 as otherwise required under paragraph B.
This paragraph is repealed June-30,-2006 June 30, 2008.

28 **Sec. 5. 20-A MRSA §15680, sub-§4,** as enacted by PL 2003, c.
30 504, Pt. A, §6, is repealed.

32 **Sec. 6. 20-A MRSA §15681, sub-§5,** as enacted by PL 2003, c.
34 504, Pt. A, §6, is repealed.

34 **Sec. 7. 20-A MRSA §15681-A, sub-§3,** as amended by PL 2005, c.
36 12, Pt. UU, §3 and affected by §§12 and 13 and Pt. WW, §18, is
38 repealed and the following enacted in its place:

38 3. Transportation costs. For fiscal year 2006-07, the
40 commissioner, using information provided by a statewide education
42 policy research institute, shall establish for each school
44 administrative unit a predicted per-pupil transportation cost as
46 defined in section 15672, subsection 22-A. The established
48 predicted per-pupil transportation cost multiplied by the number
of the school administrative unit's resident students for each
school administrative unit must be no less than 90% of the most
recent year's reported net transportation expenditures.
Beginning in fiscal year 2007-08, and for each subsequent fiscal
year, the per-pupil transportation costs for each school
administrative unit are its predicted per-pupil transportation

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COMMITTEE AMENDMENT "A" to S.P. 683, L.D. 1766

2 cost for the most recent year adjusted by the Consumer Price
3 Index or other comparable index, except that the established
4 predicted per-pupil transportation cost multiplied by the number
5 of the school administrative unit's resident students for each
6 school administrative unit must be no less than 90% of the most
7 recent year's reported net transportation expenditures. The
8 commissioner shall develop an appeals procedure for established
9 per-pupil transportation costs for school administrative units;

10 **Sec. 8. 20-A MRSA §15682**, as amended by PL 2005, c. 2, Pt. D,
11 §46 and affected by §§72 and 74 and c. 12, Pt. WW, §18, is
12 further amended to read:

14 **§15682. Regional adjustment**

16 The commissioner shall make a regional adjustment in the
17 total operating allocation for each school administrative unit
18 determined pursuant to section 15683. The regional adjustment
19 must be based on the regional differences in teacher salary costs
20 within labor market areas in the State, as computed by a
21 statewide education policy research institute, and must be
22 applied only to appropriate teacher salary and benefits costs as
23 calculated under section 15678 and salary and benefit costs of
24 other school-level staff who are not teachers as calculated under
25 section 15679. ~~Beginning in fiscal year 2006-07, and at least~~
26 ~~every 2 years thereafter, the commissioner, using information~~
27 ~~provided by a statewide education policy research institute,~~
28 ~~shall review the regional adjustment amounts under this section~~
29 ~~and shall submit any recommended changes to the state board for~~
30 ~~approval.~~

32 **Sec. 9. 20-A MRSA §15683, sub-§1, ¶F**, as enacted by PL 2005,
33 c. 2, Pt. D, §47 and affected by §§72 and 74 and c. 12, Pt. WW,
34 §18, is amended to read:

36 F. An isolated small unit adjustment. A school
37 administrative unit is eligible for an isolated small school
38 adjustment when the unit meets the size and distance
39 criteria as established by the commissioner ~~and approved by~~
40 ~~the state board.~~ The amount of the adjustment is the result
41 of adjusting the necessary student-to-staff ratios
42 determined in section 15679, subsection 2, the per-pupil
43 amount for operation and maintenance of plant in section
44 15680, subsection 1, paragraph B or other essential programs
45 and services components in chapter 606-B, as recommended by
46 the commissioner.

48 **Sec. 10. 20-A MRSA §15686, sub-§2** is enacted to read:

COMMITTEE AMENDMENT

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COMMITTEE AMENDMENT "A" to S.P. 683, L.D. 1766

2 2. Adjustment in fiscal year 2006-07. A school
3 administrative unit is eligible for a transition adjustment in
4 fiscal year 2006-07 to mitigate a significant increase in
5 state-certified property valuation according to the provisions of
6 this subsection.

7 A. A school administrative unit is eligible under this
8 subsection if it meets the following tier 1 criteria:

9 (1) The school administrative unit's state subsidy for
10 fiscal year 2006-07, including the transition
11 adjustment under this section, is less than the state
12 subsidy the school administrative unit received in
13 fiscal year 2005-06, including transition adjustments
14 and adjustments for the decline in debt service; and

15 (2) The school administrative unit's state-certified
16 valuation's increase from 2004 to 2005 is greater than
17 the increase in statewide state-certified valuation
18 during the same period.

19 School administrative units meeting the criteria in
20 subparagraphs (1) and (2) are eligible to receive a
21 transition adjustment amount equal to the result of the
22 unit's valuation over the state average increase in
23 valuation up to 4% multiplied by the statewide mill
24 expectation established for fiscal year 2006-07 that may not
25 result in a state share greater than the unit received in
26 fiscal year 2005-06, including transition adjustments and
27 adjustments for the decline in debt service.

28 B. A school administrative unit is eligible under this
29 subsection if it meets the following tier 2 criteria:

30 (1) The school administrative unit's state subsidy in
31 fiscal year 2006-07, including the transition
32 adjustment under this section, is less than the state
33 subsidy the school administrative unit received in
34 fiscal year 2005-06, including transition adjustments
35 and adjustments for the decline in debt service;

36 (2) The school administrative unit's adjusted mill
37 expectation is below the statewide mill expectation
38 established for fiscal year 2006-07;

39 (3) The school administrative unit's state subsidy in
40 fiscal year 2006-07, including the transition
41 adjustment under this section, is less than the school
42 administrative unit's fiscal year 2004-05 state share
43 of its total allocation, including the minimum state
44 of its total allocation, including the minimum state

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share of its total allocation pursuant to section 15689, subsection 1 and the adjustment for geographic isolation pursuant to former section 15612, subsection 2 and including the adjustment due to reduced expenditures for buses, debt service, special education, gifted and talented education and career and technical education;

(4) The school administrative unit's state subsidy in fiscal year 2005-06 did not include a transition adjustment; and

(5) The school administrative unit operates an elementary or secondary school.

School administrative units meeting all the criteria in this paragraph are eligible to receive a transition adjustment in an amount equal to the difference between the following: the school administrative unit's state subsidy in fiscal year 2006-07, including the transition adjustment under this section; and the fiscal year 2004-05 state share of the school administrative unit's total allocation, including the minimum state share of its total allocation pursuant to section 15689, subsection 1 and the adjustment for geographic isolation pursuant to former section 15612, subsection 2 and including the adjustment due to reduced expenditures for buses, debt service, special education, gifted and talented education and career and technical education plus 5%.

Sec. 11. 20-A MRSA §15686-A is enacted to read:

§15686-A. Review of essential programs and services components

1. Components to be reviewed beginning in fiscal year 2006-07. Beginning in fiscal year 2006-07, and at least every 3 years thereafter, the commissioner, using information provided by a statewide education policy research institute, shall review the essential programs and services student-to-staff ratios, salary and benefits matrices, transportation, small schools adjustments, labor markets and gifted and talented components under this chapter and shall submit to the joint standing committee of the Legislature having jurisdiction over education matters any recommended changes for legislative action.

2. Components to be reviewed beginning in fiscal year 2007-08. Beginning in fiscal year 2007-08, and at least every 3 years thereafter, the commissioner, using information provided by a statewide education policy research institute, shall review the essential programs and services career and technical education.

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2 special education, specialized student populations, system
3 administration and operations and maintenance components under
4 this chapter and shall submit to the joint standing committee of
5 the Legislature having jurisdiction over education matters any
6 recommended changes for legislative action.

7 3. Components to be reviewed beginning in fiscal year
8 2008-09. Beginning in fiscal year 2008-09, and at least every 3
9 years thereafter, the commissioner, using information provided by
10 a statewide education policy research institute, shall review the
11 essential programs and services professional development, student
12 assessment, technology, leadership support, cocurricular and
13 extra-curricular activities and supplies and equipment components
14 under this chapter and shall submit to the joint standing
15 committee of the Legislature having jurisdiction over education
16 matters any recommended changes for legislative action.

17 **Sec. 12. 20-A MRSA §15689, sub-§1, as affected by PL 2005, c.**
18 **12, Pt. WW, §18 and amended by c. 457, Pt. I, §1, is further**
19 **amended to read:**

20
21 **1. Minimum state allocation.** Each school administrative
22 unit must be guaranteed a minimum state share of its total
23 allocation that is an amount equal to the greater of the
24 following:

- 25 A. The sum of the following calculations:
- 26
27 (1) Multiplying 5% of each school administrative
28 unit's essential programs and services per-pupil
29 elementary rate by the average number of resident
30 kindergarten to grade 8 pupils as determined under
31 section 15674, subsection 1, paragraph C, subparagraph
32 (1); and
33
34 (2) Multiplying 5% of each school administrative
35 unit's essential programs and services per-pupil
36 secondary rate by the average number of resident grade
37 9 to grade 12 pupils as determined under section 15674,
38 subsection 1, paragraph C, subparagraph (1); and
39

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

- 43 (1) In fiscal year 2005-06, 84%;
44
45 (2) In fiscal year 2006-07, 84%;
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47 (3) In fiscal year 2007-08, 95%; and
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COMMITTEE AMENDMENT "A" to S.P. 683, L.D. 1766

2 (4) In fiscal year 2008-09 and succeeding years, 100%.

4 These funds must be an adjustment to the school administrative
6 unit's state and local allocation after the state and local
8 allocation has been adjusted for debt service pursuant to
10 subsection 2. Beginning July 1, 2007, these funds must be an
adjustment to the school administrative unit's state and local
allocation in addition to the state and local allocation that has
been adjusted for debt service pursuant to subsection 2.

12 **Sec. 13. 20-A MRS §15689, sub-§2, ¶B,** as enacted by PL 2003,
14 c. 712, §17, is amended to read:

16 B. The amount of the adjustment is the difference, but not
18 less than zero, between the state share of the total
allocation under this chapter and the amount computed as
follows.

20 (1) The school administrative unit's state share of
22 the total allocation if the local share was the sum of
the following:

24 (a) The local share amount for the school
26 administrative unit calculated as the lesser of
the total allocation excluding debt service costs
28 and the school administrative unit's fiscal
capacity multiplied by the mill rate expectation
established in section 15671-A less .50 mills; and

30 (b) The local share amount for the school
32 administrative unit calculated as the lesser of
34 the debt service costs and the school
administrative unit's fiscal capacity multiplied
by .50 mills.

36 This subparagraph is repealed June 30, 2007.

38 (2) Beginning July 1, 2007, the school administrative
40 unit's state share of the total allocation if the local
share was the sum of the following:

42 (a) The local share amount for the school
44 administrative unit calculated as the lesser of
46 the total allocation excluding debt service costs
and the school administrative unit's fiscal
48 capacity multiplied by the mill rate expectation
established in section 15671-A less the debt
service adjustment mill rate defined in section
15672, subsection 2-B; and

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COMMITTEE AMENDMENT "A" to S.P. 683, L.D. 1766

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(b) The local share amount for the school administrative unit calculated as the lesser of the debt service costs and the school administrative unit's fiscal capacity multiplied by the debt service adjustment mill rate defined in section 15672, subsection 2-B.'

Further amend the bill in section 3 in paragraph B in subparagraph (1) by striking out all of the first paragraph (page 3, lines 32 to 35 in L.D.) and inserting in its place the following:

'(1) "Article: Shall (name of municipality or district) raise and appropriate \$..... in additional local funds, which exceeds the State's Essential Programs and Services funding allocation model by \$..... as required to fund the budget recommended by the (school committee or board of directors)?"'

Further amend the bill by inserting after section 3 the following:

Sec. 4. PL 2003, c. 712, §21 is repealed.

Sec. 5. Gifted and talented education. To ensure greater equity of education opportunities and efficiency in the use of approved gifted and talented education resources, beginning no later than fiscal year 2007-08, approved gifted and talented education costs must be included in the essential programs and services operating cost calculations.

Sec. 6. Career and technical education. To ensure greater equity of education opportunities and efficiency in the use of approved career and technical education resources, beginning no later than fiscal year 2008-09, approved career and technical education costs must be included in the essential programs and services operating cost calculations.

Sec. 7. Appropriations and allocations. The following appropriations and allocations are made.

EDUCATION, DEPARTMENT OF

General Purpose Aid for Local Schools 0308

Initiative: Provides one-time funds in fiscal year 2006-07 for transition adjustments to eligible school administrative units.

GENERAL FUND	2005-06	2006-07
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All Other	\$0	\$1,818,563
GENERAL FUND TOTAL	\$0	\$1,818,563'

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

SUMMARY

This amendment is the majority report of the Joint Standing Committee on Education and Cultural Affairs. The amendment makes the following changes to the bill.

1. It clarifies the language that must be included in the warrant article that is presented annually to the legislative body of each school administrative unit for the additional local appropriation that voters may elect to raise and expend for education.

2. It amends the definition of "predicted per-pupil transportation costs" to provide the most beneficial recognition of a school administrative unit's transportation costs beginning in fiscal year 2006-07. Under this new definition, a school unit's predicted per-pupil transportation costs would be the greater of the current pupil density model and the average of the pupil density model and an odometer mile model.

3. It provides a transition adjustment for fiscal year 2006-07 to provide additional state subsidy to those school administrative units that have experienced a significant increase in the property valuation as compared to the statewide average increase in property valuation from 2004 to 2005.

4. Beginning in fiscal year 2007-08, it provides for an adjustment to the minimum state allocation for certain outlier school administrative units whose state share of debt service costs were adversely impacted due to the changes in recognizing debt service costs with the enactment of Public Law 2005, chapter 2 related to the Essential Programs and Services Funding Act.

5. It provides that, beginning no later than fiscal year 2007-08, gifted and talented education costs must be included in the operating cost calculations of the Essential Programs and Services Funding Act.

6. It provides that, beginning no later than fiscal year 2008-09, career and technical education costs must be included in

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COMMITTEE AMENDMENT "A" to S.P. 683, L.D. 1766

2 the operating cost calculations of the Essential Programs and
Services Funding Act.

4 7. It establishes an amended review cycle for reviewing and
6 proposing updates to cost components in the Essential Programs
and Services Funding Act, and it clarifies that the Department of
8 Education must present any recommended changes based on its
review to the Legislature.

10 Public Law 2005, chapter 519, Part AAAA, which was enacted
12 March 29, 2006, includes the provisions for transition
adjustments for eligible school administrative units that are
14 included in this amendment and incorporates all of the statutory
changes proposed in this amendment.

16 **FISCAL NOTE REQUIRED**
(See attached)



122nd MAINE LEGISLATURE

LD 1766

LR 3021(02)

An Act to Further the Implementation of the Essential Programs and Services Funding Model

Fiscal Note for Bill as Amended by Committee Amendment "A"

Committee: Education and Cultural Affairs

Fiscal Note Required: Yes

Majority Report

Fiscal Note

	2005-06	2006-07	Projections 2007-08	Projections 2008-09
Net Cost (Savings)				
General Fund	\$0	\$1,818,563	\$0	\$0
Appropriations/Allocations				
General Fund	\$0	\$1,818,563	\$0	\$0

Fiscal Detail and Notes

This bill includes a one-time General Fund appropriation of \$1,818,563 in fiscal year 2006-07 to the General Purpose Aid for Local Schools program within the Department of Education for the costs associated with providing transition adjustments to eligible school administrative units.