

# MAINE STATE LEGISLATURE

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L.D. 1766

DATE: 4-6-06

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**EDUCATION AND CULTURAL AFFAIRS**

Reported by: Report "B"

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

COMMITTEE AMENDMENT "B" 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 MRS §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 MRS §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 WW, §18, is repealed and the following enacted in its place: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  
programs, and adjustments for expenditures for ferry services  
within a school administrative unit, transportation of homeless  
children in accordance with section 5205 and transportation costs  
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  
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  
to its allocation for limited English proficiency students  
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.

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repealed and the following enacted in its place:

40 3. Transportation costs. For fiscal year 2006-07, the  
commissioner, using information provided by a statewide education  
policy research institute, shall establish for each school  
administrative unit a predicted per-pupil transportation cost as  
defined in section 15672, subsection 22-A. The established  
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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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 1. Regional adjustment for fiscal year 2006-07. For fiscal  
33 year 2006-07, a labor market area adjustment:

34 A. May not exceed 1.05; and

35 B. May not be less than .95.

36  
37 2. Regional adjustment for fiscal year 2007-08. For fiscal  
38 year 2007-08, the labor market adjustment is 1.0 for all labor  
39 market areas in the State.

40  
41 **Sec. 9. 20-A MRSA §15683, sub-§1, ¶F**, as enacted by PL 2005,  
42 c. 2, Pt. D, §47 and affected by §§72 and 74 and c. 12, Pt. WW,  
43 §18, is amended to read:

44  
45 F. An isolated small unit adjustment. A school  
46 administrative unit is eligible for an isolated small school  
47 adjustment when the unit meets the size and distance  
48 criteria as established by the commissioner ~~and approved by~~  
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~~the-state-board.~~ The amount of the adjustment is the result 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.

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

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

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

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

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

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

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

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

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

6 (3) The school administrative unit's state subsidy in  
8 fiscal year 2006-07, including the transition  
10 adjustment under this section, is less than the school  
12 administrative unit's fiscal year 2004-05 state share  
14 of its total allocation, including the minimum state  
16 share of its total allocation pursuant to section  
18 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;

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

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

30 School administrative units meeting all the criteria in this  
32 paragraph are eligible to receive a transition adjustment in  
34 an amount equal to the difference between the following:  
36 the school administrative unit's state subsidy in fiscal  
38 year 2006-07, including the transition adjustment under this  
40 section; and the fiscal year 2004-05 state share of the  
42 school administrative unit's total allocation, including the  
44 minimum state share of its total allocation pursuant to  
46 section 15689, subsection 1 and the adjustment for  
48 geographic isolation pursuant to former section 15612,  
50 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 MRS §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,

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

2 labor markets and gifted and talented components under this  
3 chapter and shall submit to the joint standing committee of the  
4 Legislature having jurisdiction over education matters any  
5 recommended changes for legislative action.

6 2. Components to be reviewed beginning in fiscal year  
7 2007-08. Beginning in fiscal year 2007-08, and at least every 3  
8 years thereafter, the commissioner, using information provided by  
9 a statewide education policy research institute, shall review the  
10 essential programs and services career and technical education,  
11 special education, specialized student populations, system  
12 administration and operations and maintenance components under  
13 this chapter and shall submit to the joint standing committee of  
14 the Legislature having jurisdiction over education matters any  
15 recommended changes for legislative action.

16 3. Components to be reviewed beginning in fiscal year  
17 2008-09. Beginning in fiscal year 2008-09, and at least every 3  
18 years thereafter, the commissioner, using information provided by  
19 a statewide education policy research institute, shall review the  
20 essential programs and services professional development, student  
21 assessment, technology, leadership support, cocurricular and  
22 extra-curricular activities and supplies and equipment components  
23 under this chapter and shall submit to the joint standing  
24 committee of the Legislature having jurisdiction over education  
25 matters any recommended changes for legislative action.

26 **Sec. 12. 20-A MRSA §15689, sub-§1, as affected by PL 2005, c.**  
27 **12, Pt. WW, §18 and amended by c. 457, Pt. I, §1, is further**  
28 **amended to read:**

29 **1. Minimum state allocation.** Each school administrative  
30 unit must be guaranteed a minimum state share of its total  
31 allocation that is an amount equal to the greater of the  
32 following:

33 A. The sum of the following calculations:

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

40 (2) Multiplying 5% of each school administrative  
41 unit's essential programs and services per-pupil  
42 secondary rate by the average number of resident grade  
43 9 to grade 12 pupils as determined under section 15674,  
44 subsection 1, paragraph C, subparagraph (1); and

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- 2           B. The school administrative unit's special education costs  
4 as calculated pursuant to section 15681-A, subsection 2  
multiplied by the following transition percentages:
- 6           (1) In fiscal year 2005-06, 84%;
- 8           (2) In fiscal year 2006-07, 84%;
- 10          (3) In fiscal year 2007-08, 95%; and
- 12          (4) In fiscal year 2008-09 and succeeding years, 100%.

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

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

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

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

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

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

48           This subparagraph is repealed June 30, 2007.



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

(a) The local share amount for the school administrative unit calculated as the lesser of the total allocation excluding debt service costs and the school administrative unit's fiscal 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

(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.

**COMMITTEE AMENDMENT**



**RMS**

2 school administrative units whose state share of debt service  
3 costs were adversely impacted due to the changes in recognizing  
4 debt service costs with the enactment of Public Law 2005, chapter  
5 2 related to the Essential Programs and Services Funding Act.

6 5. It provides that, beginning no later than fiscal year  
7 2007-08, gifted and talented education costs must be included in  
8 the operating cost calculations of the Essential Programs and  
9 Services Funding Act.

10 6. It provides that, beginning no later than fiscal year  
11 2008-09, career and technical education costs must be included in  
12 the operating cost calculations of the Essential Programs and  
13 Services Funding Act.

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

19 Public Law 2005, chapter 519, Part AAAA, which was enacted  
20 March 29, 2006, includes the provisions for transition  
21 adjustments for eligible school administrative units that are  
22 included in this amendment and incorporates all of the statutory  
23 changes proposed in this amendment with the exception of the  
24 market labor adjustments to the regional adjustment set forth in  
25 the Maine Revised Statutes, Title 5, section 15682, subsections 1  
26 and 2.

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

**COMMITTEE AMENDMENT**



# 122nd MAINE LEGISLATURE

LD 1766

LR 3021(03)

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

**Fiscal Note for Bill as Amended by Committee Amendment "B"**

**Committee: Education and Cultural Affairs**

**Fiscal Note Required: Yes**

**Minority Report**

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### Fiscal Note

Potential current biennium cost increase - General Fund

#### Fiscal Detail and Notes

Amending the regional adjustment to the salary and benefit costs of teachers and other school personnel that are based on labor market areas may increase the total state and local cost of funding K-12 public education beginning in fiscal year 2006-07. The amount can not be determined at this time. Information from the Department of Education indicates that this measure will affect the distribution of school subsidy with the 104 units that are currently below the .95 threshold in FY 2006-07 receiving an increase in subsidy and the 26 units that are currently above the 1.05 threshold receiving less subsidy. Requiring the labor market adjustment to be 1.0 for all labor markets in the State beginning in FY 2007-08 will result in 193 of the 288 units that are currently below 1.0 receiving an increase in subsidy and the 82 units that are currently above 1.0 receiving less subsidy.

Public Law 2005, Chapter 519, Part AAAA, the 2006-2007 Supplemental Budget, includes the provisions for transition adjustments for eligible school administrative units that are included in this legislation and provides for the one-time costs of the measure, estimated to be \$1,818,563, as part of the FY 2006-07 General Fund appropriation for the General Purpose Aid for Local Schools program.