

MAINE STATE LEGISLATURE

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L.D. 1041

Date: 4/2/8

Report B

(Filing No. H- 909)

EDUCATION AND CULTURAL AFFAIRS

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**STATE OF MAINE
HOUSE OF REPRESENTATIVES
123RD LEGISLATURE
FIRST SPECIAL SESSION**

COMMITTEE AMENDMENT "B" to H.P. 759, L.D. 1041, Bill, "An Act To Improve the Essential Programs and Services Funding Formula"

Amend the bill by striking out everything after the enacting clause and inserting the following:

Sec. 1. 20-A MRSA §5806, sub-§2, as amended by PL 1987, c. 463, is further amended to read:

2. Maximum allowable tuition. The maximum allowable tuition charged to a school administrative unit by a private school ~~shall be~~ is the rate established under subsection 1 or the state average per public secondary student cost as adjusted, whichever is lower, plus an insured value factor. The insured value factor ~~shall be~~ is computed by dividing 5% of the insured value of school buildings and equipment by the average number of pupils enrolled in the school on October 1st and April 1st of the year immediately before the school year for which the tuition charge is computed. It may not exceed 10% of a school's legal tuition rate per student in any one year ~~beginning with the 1988-89 school year.~~ Beginning with the 2009-2010 school year, a school administrative unit is not required to pay an insured value factor greater than 7% of the school's tuition rate per student, unless the legislative body of the school administrative unit votes to authorize its school board to pay a higher insured value factor that is no greater than 10% of the school's tuition rate per student.

~~For the 1988-89 school year only the state share of the increase in the insured value factor shall be paid in the year of allocation.~~

Sec. 2. 20-A MRSA §15672, sub-§2-A, ¶A-1 is enacted to read:

A-1. Principal and interest costs for approved major capital projects in the allocation year, including the initial local share of school construction projects that received voter approval for all or part of their funding in referendum beginning in fiscal year 2009-10 and subsequent fiscal years;

COMMITTEE AMENDMENT



1 **Sec. 3. 20-A MRSA §15689, sub-§1, ¶B**, as amended by PL 2007, c. 240, Pt. C,
2 §3, is further amended to read:

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

- 5 (1) In fiscal year 2005-06, 84%;
- 6 (2) In fiscal year 2006-07, 84%;
- 7 (3) In fiscal year 2007-08, 84%; and
- 8 (4) In fiscal year 2008-09 and succeeding years, ~~100%~~ 50%.

9 **Sec. 4. 20-A MRSA §15907, sub-§2**, as enacted by PL 1981, c. 693, §§5 and 8,
10 is amended to read:

11 **2. Payment of local share.** A school administrative unit shall pay the local share of
12 their its project costs. For school construction projects that receive final funding approval
13 from the state board after January 1, 2009, the annual local share of a school
14 administrative unit's project costs is an amount equal to the total of 1/2 mill multiplied by
15 the property fiscal capacity of the school administrative unit for each year of the school
16 administrative unit's debt retirement schedule.

17 **Sec. 5. Rules.** Not later than December 31, 2008, the State Board of Education
18 shall file provisionally adopted major substantive rules pursuant to the Maine Revised
19 Statutes, Title 5, chapter 375, subchapter 2-A that adopt or amend rules pertaining to the
20 approval of school construction projects pursuant to the Maine Revised Statutes, Title 20-
21 A, section 15907, subsection 2.

22 **Sec. 6. Review of limited English proficiency cost component.**
23 Notwithstanding the Maine Revised Statutes, Title 20-A, section 15686-A, subsection 2,
24 the Commissioner of Education shall conduct a fiscal and program review of the costs
25 reported by school administrative units that receive a portion of their total operating
26 allocation for limited English proficiency students. The purpose of this review is to
27 develop clear and transparent procedures for collecting and reporting valid and reliable
28 data on the costs of providing services to limited English proficiency students through
29 programs approved by the Department of Education pursuant to Title 20-A, section
30 15675, subsection 1. Funding for this review must be included in the contract for
31 updating essential programs and services components pursuant to Title 20-A, section
32 15689-A, subsection 3.

33 **Sec. 7. Report.** No later than January 31, 2009 the Commissioner of Education
34 shall submit a report that includes findings and recommendations, including any
35 necessary suggested legislation to implement clear and transparent procedures for
36 collecting and reporting valid and reliable data on the costs of providing services to
37 limited English proficiency students, for presentation to the joint standing committee of
38 the Legislature having jurisdiction over education and cultural affairs.'

SUMMARY

1
2 This amendment is one of the minority reports of the Joint Standing Committee on
3 Education and Cultural Affairs. The amendment strikes and replaces the concept draft to
4 accomplish the following.

5 1. Under current law, school administrative units that send secondary students to
6 private schools pay the maximum allowable tuition rate for secondary school students
7 plus a so-called "insured value factor." The amendment establishes that, beginning with
8 the 2009-2010 school year, the insured value factor for school administrative units that
9 send students to a private school is 7%. It also permits the legislative body of the sending
10 school administrative unit to authorize its school board to pay an insured value factor that
11 is greater than 7% but less than or equal to 10%.

12 2. Current law provides that, beginning in fiscal year 2008-09 and succeeding years,
13 a school administrative unit that is a so-called "minimum receiver" of state subsidy is
14 guaranteed a minimum of 5% of the school administrative unit's total allocation or 100%
15 of the school administrative unit's special education costs, whichever amount is greater.
16 The amendment provides that, beginning in fiscal year 2008-09 and succeeding years, the
17 percentage of special education costs that may be allocated to a minimum receiver of
18 state subsidy is 50%.

19 3. For school construction projects that receive final funding approval from the State
20 Board of Education after January 1, 2009, the amendment establishes that a school
21 administrative unit must contribute 1/2 mill multiplied by the property fiscal capacity of
22 the school administrative unit as the local share contribution towards the debt service
23 costs of the school construction project. It also directs the State Board of Education to
24 amend or adopt its rules to implement this local share requirement.

25 4. It requires the Commissioner of Education to conduct a fiscal and program review
26 of the costs reported by school administrative units that receive a portion of their total
27 operating allocation for limited English proficiency students. The commissioner shall
28 report the findings and recommendations from the review to the joint standing committee
29 of the Legislature having jurisdiction over education and cultural affairs by January 31,
30 2009.

31 **FISCAL NOTE REQUIRED**

32 (See attached)



123rd MAINE LEGISLATURE

LD 1041

LR 785(05)

An Act To Improve the Essential Programs and Services Funding Formula

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

Committee: Education and Cultural Affairs

Fiscal Note Required: Yes

Fiscal Note

Potential future biennium savings - General Fund

Fiscal Detail and Notes

This bill provides that, beginning in fiscal year 2009-10, a school administrative unit (SAU) that tuitions students to a private school shall not be required to pay an insured value factor greater than 7% of the school's tuition rate per student unless the legislative body of the sending unit authorizes its school board to pay up to 10%. This may reduce the total state and local cost of K-12 public education in future biennia. The amount can not be determined at this time.

The requirement that SAU's with school construction projects that receive final funding approval after January 1, 2009 contribute one-half of a mill as the local contribution towards the debt service costs will not affect the total cost of funding K-12 public education or the State's share of that cost. The requirement will affect the amount of funds required to be raised by SAU's, with those SAU's that have received approval for school construction projects after January 1, 2009 being required to raise more funds and those that do not have school construction projects that were approved after January 1, 2009 being required to raise less. The impact to individual SAU's can not be determined at this time.

Reducing the percentage of special education costs that may be allocated to a minimum receiver of state subsidy from 100% beginning in fiscal year 2008-09 to 50% also will not affect the total cost of funding K-12 public education beginning in fiscal year 2008-09 or the State's share of that cost. The provision will affect the amount of funds required to be raised by a local school administrative unit with minimum receivers being required to raise more funds and non-minimum receivers being required to raise less. The impact to individual local school units can not be determined at this time.

The Governor's Supplemental Budget Recommendation for fiscal years 2007-08 and 2008-09 proposes to reduce the percentage of special education costs that may be allocated to minimum receivers of state subsidy from 100% in fiscal year 2008-09 to 50%, and then increases the percentage to 84% beginning in fiscal year 2009-10.