

MAINE STATE LEGISLATURE

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Date: 4/6/15

L.D. 131
(Filing No. H-38)

EDUCATION AND CULTURAL AFFAIRS

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**STATE OF MAINE
HOUSE OF REPRESENTATIVES
127TH LEGISLATURE
FIRST REGULAR SESSION**

COMMITTEE AMENDMENT "A" to H.P. 89, L.D. 131, Bill, "An Act To Amend the Laws Related to Public Funding of Charter Schools"

Amend the bill in section 5 in §2413-A in subsection 2 in paragraph A by striking out all of subparagraph (3) (page 3, lines 8 to 12 in L.D.) and inserting the following:

'(3) For transportation expenses, the transportation operating allocation must be the statewide per-pupil essential programs and services transportation operating allocation multiplied by pupil counts determined under section 15683-B, subsection 2, paragraph A multiplied by the percentage established by the commission for the public charter school based on the cost of transportation services provided by the public charter school to the student, but not to exceed 100%.'

Amend the bill in section 5 in §2413-A in subsection 2 by striking out all of paragraphs B and C (page 3, lines 17 to 42 in L.D.) and inserting the following:

- 'B. The following provisions govern special education funding.
 - (1) For each enrolled special education student, a public charter school must receive the average additional allocation calculated by the department under section 15681-A, subsection 2 for its special education students. These allocations must be paid on the same basis as the per-pupil allocations for operating funds.
 - (2) The department shall pay directly to a public charter school any federal or state aid attributable to a student with a disability attending the public charter school in proportion to the level of services for the student with a disability that the public charter school provides directly or indirectly.
 - (3) The department shall pay to a public charter school any additional allocation assigned to the public charter school because of a high-cost in-district special education placement in accordance with section 15681-A, subsection 2, paragraph B in the year in which the allocation is assigned as an adjustment to the public charter school's state contribution.

COMMITTEE AMENDMENT

1 (4) The department shall pay to a public charter school any additional allocation
2 assigned to the school administrative unit because of a high-cost out-of-district
3 special education placement in accordance with section 15681-A, subsection 2,
4 paragraph C in the year in which the allocation is assigned.

5 C. Except as otherwise provided in this chapter, the State shall send applicable
6 federal funds directly to public charter schools attended by eligible students. Public
7 charter schools with students eligible for funds under Title I of the federal Elementary
8 and Secondary Education Act of 1965, 20 United States Code, Section 6301 et seq.
9 must receive and use these funds in accordance with federal and state law. During
10 the first year of operation, a public charter school must receive Title I funds on the
11 basis of an estimated enrollment of eligible students, as determined by its authorizer.'

12 Amend the bill in section 5 in §2413-A in subsection 2 by inserting after paragraph G
13 the following:

14 'H. A public charter school may receive payment pursuant to paragraph A for
15 students residing in the unorganized territory based on the state average EPS per-
16 pupil rate as defined in section 15672, subsection 7-A. A special education student
17 residing in the unorganized territory must be treated the same as a resident student
18 from a school administrative unit for special education costs pursuant to paragraph B.
19 The responsibility for providing a free, appropriate public education for a special
20 education student passes to the charter school in which the student enrolls. As with
21 other resident school administrative units in accordance with section 15681-A,
22 subsection 2, paragraph B, the department shall pay for high-cost in-district students.'

23 Amend the bill by striking out all of section 6 (page 4, lines 16 to 40, page 5, lines 1
24 to 40, page 6, lines 1 to 41 in L.D.) and inserting the following:

25 '**Sec. 6. 20-A MRS §15683-B** is enacted to read:

26 **§15683-B. Public charter schools; calculation of total allocation and state**
27 **contribution**

28 Beginning with fiscal year 2015-16, this section applies to public charter schools
29 authorized by the Maine Charter School Commission, established under Title 5, section
30 12004-G, subsection 10-D, in accordance with the funding provisions established in
31 section 2413-A.

32 **1. Calculation of EPS per-pupil rates.** If there is only one school administrative
33 unit sending students to a public charter school in a school year, the commissioner shall
34 use that resident school administrative unit's EPS per-pupil rate. If there is more than one
35 school administrative unit sending students to the public charter school, the commissioner
36 shall calculate a public charter school's EPS per-pupil rate for each year as follows.

37 A. When there are elementary students from outside of a single resident school
38 administrative unit sending students to an elementary public charter school, the EPS
39 per-pupil rate for elementary grades is calculated by multiplying the number of
40 students from a resident school administrative unit attending the public charter school
41 by that resident school administrative unit's elementary EPS per-pupil rate to find the
42 total cost for elementary students enrolled in the public charter school in that resident
43 school administrative unit, then adding the total cost for elementary students enrolled

1 in the public charter school from each resident school administrative unit. The result
2 is divided by the total number of elementary students in the public charter school.

3 B. When there are secondary students from outside of a single resident school
4 administrative unit sending students to a secondary public charter school, the EPS
5 per-pupil rate for secondary grades is calculated by multiplying the number of
6 students from a resident school administrative unit attending the public charter school
7 by that resident school administrative unit's secondary EPS per-pupil rate to find the
8 total cost for secondary students enrolled in the public charter school in that resident
9 school administrative unit, then adding the total cost for secondary students enrolled
10 in the public charter school from each resident school administrative unit. The result
11 is divided by the total number of secondary students in the public charter school.

12 **2. Pupil counts.** Notwithstanding section 15674, the commissioner shall determine
13 a public charter school's student counts for each year as follows.

14 A. The basic student count for a public charter school is the pupil count for October
15 1st of the most recent calendar year prior to the year of funding.

16 B. The number of economically disadvantaged students for each public charter
17 school is determined by multiplying the number of students at the public charter
18 school by the most recent available elementary free or reduced-price meals
19 percentage for that public charter school. The elementary free or reduced-price meals
20 percentage may be applied to determine the number of economically disadvantaged
21 students in the public charter school secondary grades. If the public charter school
22 does not operate elementary grades, the most recent available secondary free or
23 reduced-price meals percentage must be used in place of the elementary free or
24 reduced-price meals percentage.

25 C. The number of limited English proficiency students for each public charter school
26 is the number of limited English proficiency students from the most recent October
27 count prior to the year of funding.

28 D. The number of special education students for each public charter school is the
29 number of special education students from the most recent October count prior to the
30 year of funding.

31 **3. Operating allocation.** The commissioner shall determine a public charter
32 school's operating allocation for each year as the sum of:

33 A. The base allocation, which is the pupil count pursuant to subsection 2, paragraph
34 A multiplied by the public charter school's EPS per-pupil rates calculated pursuant to
35 subsection 1;

36 B. The economically disadvantaged student allocation, which is the pupil count
37 determined pursuant to subsection 2, paragraph B multiplied by the additional weight
38 for each economically disadvantaged student pursuant to section 15675, subsection 2;

39 C. The limited English proficiency student allocation, which is the pupil count
40 pursuant to subsection 2, paragraph C multiplied by the additional weight for each
41 limited English proficiency student pursuant to section 15675, subsection 1;

1 D. The targeted funds for standards-based system allocation, which is based on the
2 per-pupil amount pursuant to section 15683, subsection 1, paragraph C multiplied by
3 the pupil count pursuant to subsection 2, paragraph A;

4 E. The targeted funds for technology resource allocation, which is based on the per-
5 pupil amount pursuant to section 15683, subsection 1, paragraph D multiplied by the
6 pupil count in subsection 2, paragraph A; and

7 F. The targeted funds for public preschool to grade 2 student allocation, which is
8 based on the preschool to grade 2 pupil count pursuant to subsection 2, paragraph A
9 multiplied by the public charter school's elementary EPS per-pupil rates in subsection
10 1.

11 The operating allocation calculated pursuant to this subsection must be adjusted by
12 multiplying it by the appropriate transition percentage in accordance with section 15671,
13 subsection 7.

14 **4. Other subsidizable costs allocation.** The commissioner shall determine a public
15 charter school's other subsidizable costs allocation for each year as the sum of:

16 A. The gifted and talented allocation pursuant to section 2413-A, subsection 2,
17 paragraph A, subparagraph (4);

18 B. The special education allocation pursuant to section 2413-A, subsection 2,
19 paragraph B. The special education allocation may not be less than 90% of the public
20 charter school base year expenditures for special education; and

21 C. The transportation operating allocation, which is the statewide per-pupil essential
22 programs and services transportation operating allocation multiplied by a percentage
23 established by the Maine Charter School Commission for that public charter school
24 based on the cost of transportation services provided by the public charter school to
25 the student but not to exceed 100% multiplied by the pupil count in subsection 2,
26 paragraph A.

27 A public charter school is not entitled to career and technical education funding. The
28 school administrative unit in which the public charter school student resides must pay the
29 cost of attendance for the student at a career and technical education program.

30 **5. Total allocation and state contribution.** The commissioner shall determine a
31 public charter school's total allocation as the sum of the school's operating allocation
32 under subsection 3 and other subsidizable costs allocation under subsection 4. That total
33 allocation is the state contribution, except that up to 3% of this amount must be withheld
34 in accordance with section 2405, subsection 5, paragraph B and transferred to the Maine
35 Charter School Commission.

36 **6. Payment of state contribution.** The commissioner shall authorize state subsidy
37 payments to be made to public charter schools in accordance with the same schedule of
38 payments for school administrative units pursuant to section 15689-B.

39 **7. MaineCare seed.** The commissioner may deduct from a public charter school's
40 state subsidy and pay on behalf of the public charter school allowable school-based costs
41 that represent the public charter school's portion of MaineCare payments. A transfer of
42 payment by the department to the Department of Health and Human Services must be

1 made pursuant to a schedule agreed upon by the Department of Health and Human
2 Services and the department and based on documentation of payments made from
3 MaineCare funds.

4 **8. Curtailment adjustment.** In any funding year, if general purpose aid for local
5 schools funding is curtailed, then the public charter school state contribution under this
6 chapter must be curtailed by the proportional percentage that school administrative units
7 have been curtailed.

8 **9. Phase-in procedures for new or newly expanded public charter schools.** For
9 new or newly expanded public charter schools, the commissioner shall make a
10 preliminary calculation of total allocation based on the following:

11 A. Estimated student counts not to exceed the enrollment limit established by the
12 Maine Charter School Commission;

13 B. Estimated rates and weights based on statewide averages; and

14 C. The preliminary calculation of total allocation, which must be replaced with
15 actual student data once students have been enrolled for the new school year. The
16 new or newly expanded public charter school shall enroll new students no later than
17 August 1st in a student information system maintained by the department.'

18 Amend the bill in section 7 in subsection 2-A in the last line (page 7, line 5 in L.D.)
19 by inserting after the following: "15683-B" the following: 'and post these estimated
20 contributions on the department's publicly accessible website'

21 Amend the bill by striking out all of section 9 and inserting the following:

22 **'Sec. 9. 20-A MRSA §15689-D,** as amended by PL 2013, c. 368, Pt. C, §18, is
23 further amended to read:

24 **§15689-D. Governor's recommendation for funding levels**

25 **1. Annual recommendations.** The Department of Administrative and Financial
26 Services, Bureau of the Budget shall annually certify to the Legislature the funding levels
27 that the Governor recommends under sections 15683, 15683-A, 15683-B, 15688-A,
28 15689 and 15689-A and the amount for any other components of the total cost of funding
29 public education from kindergarten to grade 12 pursuant to this chapter. The Governor's
30 recommendations must be transmitted to the Legislature within the time schedules set
31 forth in Title 5, section 1666 and in the form and manner described in subsection 2 and
32 these recommendations must be posted on the department's publicly accessible website.
33 The commissioner may adjust, consistent with the Governor's recommendation for
34 funding levels, per-pupil amounts not related to staffing pursuant to section 15680 and
35 targeted funds pursuant to section 15681.

36 **2. Funding level computations.** The Governor's recommendations under
37 subsection 1 must specify the amounts that are recommended for the total operating
38 ~~allocation~~ allocations pursuant to section 15683 including the total allocation pursuant to
39 section 15683-B, the total of other subsidizable costs pursuant to section 15681-A, the
40 total debt service allocation pursuant to section 15683-A, the total costs of enhancing
41 student performance and opportunity pursuant to section 15688-A, the total adjustments
42 pursuant to section 15689, the total miscellaneous costs pursuant to section 15689-A, the

1 amount for any other components of the total cost of funding public education from
2 kindergarten to grade 12 and the total cost of funding public education from kindergarten
3 to grade 12 pursuant to this chapter. The Governor's recommendations regarding the
4 adjustments and miscellaneous costs components also must delineate each amount that is
5 recommended for each subsection and paragraph under sections 15689 and 15689-A and
6 the purposes for each cost in these sections. For each amount shown in the Governor's
7 recommendations, the Governor's recommendations must also show the amount for the
8 same component or purpose that is included in the most recently approved state budget,
9 the differences between the amounts in the most recently approved state budget and the
10 Governor's recommendations and the reasons for the changes. These computations must
11 be posted on the department's publicly accessible website.'

12 Amend the bill by striking out all of sections 12 and 13 (page 8, lines 8 to 28 in L.D.)

13 **SUMMARY**

14 This amendment provides clarification to the provisions established to fund public
15 charter schools that are authorized by the Maine Charter School Commission beginning
16 in fiscal year 2015-16. The amendment accomplishes the following:

17 1. It adds a provision to provide that a public charter school may receive payment for
18 students residing in the unorganized territory and provides that a special education
19 student residing in the unorganized territory must be treated the same as a resident student
20 from a school administrative unit for purposes of special education costs;

21 2. It amends the calculation of the total allocation and state contribution for a public
22 charter school to provide that the EPS per-pupil rate is different when only one school
23 administrative unit sends students to a public charter school as compared to the EPS per-
24 pupil rate when there is more than one school administrative unit sending students to the
25 public charter school;

26 3. It amends the student count used for the determination of the EPS per-pupil rates
27 for public charter schools by providing that the basic student count is the October 1st
28 student count of the most recent calendar year prior to the year of funding;

29 4. It amends the provision related to the total allocation and state contribution for
30 public charter schools to provide that up to 3% of this amount must be withheld and
31 transferred to the Maine Charter School Commission in accordance with the Maine
32 Revised Statutes, Title 20-A, section 2405, subsection 5, paragraph B;

33 5. It removes the provision that establishes a moratorium on the approval of,
34 authorization of and execution of contracts for virtual public charter schools by the Maine
35 Charter School Commission;

36 6. It removes the provision that requires the Maine Charter School Commission to
37 review the virtual public charter school models in other states and to submit a report to
38 the joint standing committee of the Legislature having jurisdiction over education and
39 cultural affairs; and

40 7. It amends the provisions that require the Commissioner of Education and the
41 Governor to notify the governing board of each public charter school of the estimated
42 amount of state contributions and the recommended funding level computations that must

COMMITTEE AMENDMENT "A" to H.P. 89, L.D. 131

1 be allocated to the public charter school pursuant to the Maine Revised Statutes, Title
2 20-A, section 15683-B to provide that these estimated contributions must be posted on
3 the Department of Education's publicly accessible website.

FISCAL NOTE REQUIRED
(See attached)



127th MAINE LEGISLATURE

LD 131

LR 282(02)

An Act To Amend the Laws Related to Public Funding of Charter Schools

Fiscal Note for Bill as Amended by Committee Amendment 'A' (H-38)

Committee: Education and Cultural Affairs

Fiscal Note Required: Yes

Fiscal Note

Current biennium cost increase - General Fund

Fiscal Detail and Notes

This bill changes the way funding for students who attend authorized public charter schools is provided beginning in the 2015-2016 school year. Current law requires the school administrative unit (SAU) in which the student resides to forward the per-pupil allocation to the public charter school that the student is attending pursuant to Title 20-A, §2413. This legislation proposes to include the cost for authorized public charter schools in the total cost of funding public education from kindergarten to grade 12 with the State providing payments for the public charter schools total allocation directly to the charter school. This change in methodology shifts the responsibility for funding the local share of the cost of sending students to charter schools from the resident school administrative unit to all school administrative units.

The provision in section 6, sub-section 9 of this legislation, which requires a preliminary calculation of the total allocation for charter schools based on estimated student counts, increases the total state and local cost of funding public education beginning in fiscal year 2015-16 due to those students being included in student counts for both a public school and a charter school. The Department of Education estimates the total state and local cost of this provision to be approximately \$12.0 million in fiscal year 2015-16 and \$13.8 million in fiscal year 2016-17.

The Governor's proposed budget for the 2016-2017 biennium includes additional General Fund appropriations of \$17.9 million in fiscal year 2015-16 and \$19.9 million in fiscal year 2016-17 and additional Other Special Revenue Funds allocations of \$2.4 million and \$2.6 million in fiscal years 2015-16 and 2016-17, respectively, for the General Purpose Aid for Local Schools program. Of these amounts, approximately \$14.5 million in fiscal year 2015-16 and \$15.8 million in fiscal year 2016-17 are targeted for specific initiatives, leaving approximately \$5.7 million in fiscal year 2015-16 and \$6.7 million in fiscal year 2016-17 to be distributed as subsidy to local school administrative units. According to the Department of Education, these funds will be used to support the State's share of the increased costs associated with changing the way funding for authorized public charter schools is determined.

This fiscal note assumes that funding for this legislation will be approved as part of the Governor's proposed 2016-2017 biennial budget and, therefore, no General Fund appropriations are included in this bill. This fiscal note may need to be adjusted based on final legislative actions of the 127th Legislature, 1st Regular Session.

All MaineCare school-based costs are reimbursed by Department of Education, based on an agreed upon schedule. This bill changes who may be submitting some of the claims, but does not change the basics of this arrangement.