

MAINE STATE LEGISLATURE

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MAJORITY

Date: 5/20/19

(Filing No. S-130)

EDUCATION AND CULTURAL AFFAIRS

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STATE OF MAINE

SENATE

129TH LEGISLATURE

FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to S.P. 71, L.D. 259, Bill, "An Act To Require the State To Meet the Mandatory 55 Percent Contribution to Schools"

Amend the bill by inserting after the enacting clause and before section 1 the following:

Sec. 1. 20-A MRSA §5806, sub-§2, as repealed and replaced by PL 2013, c. 497, §1, is amended to read:

2. Maximum allowable tuition. The maximum allowable tuition charged to a school administrative unit by a private school 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 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. From school year 2009-2010 to school year 2013-2014, a school administrative unit is not required to pay an insured value factor greater than 5% of the school's tuition rate or \$500 per student, whichever is less, 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 2014-2015 school year, a school administrative unit is not required to pay an insured value factor greater than 6% 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. Beginning in the 2015-2016 school year, a school administrative unit is not required to pay an insured value factor greater than the amount of the prior school year's insured value factor adjusted by a percentage equal to the percentage change in the state share percentage of the total cost of funding public education in the prior school year as determined by section 15671, subsection 7, paragraph ~~C~~ **B** as compared to the applicable percentage for the current school year. In no case may the insured value factor be less than 6% or greater than 10% 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 an insured value factor that exceeds the amount

COMMITTEE AMENDMENT

SMG
5/20/19

1 otherwise permitted by this subsection by no more than 5% of the school's tuition rate per
2 student. For the 2013-2014 school year only, the maximum allowable tuition charged to
3 a school administrative unit by a private school that participates in the Maine Public
4 Employees Retirement System must be increased above the amount otherwise permitted
5 under this section by an amount equal to the calculated normal cost of teacher retirement
6 for that school divided by the number of enrolled students as of October 1, 2012.'

7 Amend the bill by inserting after section 1 the following:

8 'Sec. 2. 20-A MRSA §15671, sub-§7, ¶C, as amended by PL 2017, c. 284, Pt. C,
9 §20, is repealed.

10 **Sec. 3. Appropriations and allocations.** The following appropriations and
11 allocations are made.

12 **EDUCATION, DEPARTMENT OF**

13 **General Purpose Aid for Local Schools 0308**

14 Initiative: Provides additional funds to increase the State's contribution to funding the
15 total cost of education from kindergarten to grade 12 to 55%.

16	GENERAL FUND	2019-20	2020-21
17	All Other	\$99,304,868	\$99,940,016
18			
19	GENERAL FUND TOTAL	<u>\$99,304,868</u>	<u>\$99,940,016</u>
20			

21 Amend the bill by relettering or renumbering any nonconsecutive Part letter or
22 section number to read consecutively.

23 **SUMMARY**

24 This amendment, which is the majority report of the committee, repeals the provision
25 of law containing the annual targets for the state share percentage of the total cost of
26 funding public education from kindergarten to grade 12 that include the cost of
27 components of essential programs and services plus the state contributions to the
28 unfunded actuarial liabilities of the Maine Public Employees Retirement System that are
29 attributable to teachers, retired teachers' health insurance and retired teachers' life
30 insurance. The amendment also adds an appropriations and allocations section.

31 **FISCAL NOTE REQUIRED**

32 (See attached)



129th MAINE LEGISLATURE

LD 259

LR 280(02)

An Act To Require the State To Meet the Mandatory 55 Percent Contribution to Schools

Fiscal Note for Bill as Amended by Committee Amendment 'A' (S-130)

Committee: Education and Cultural Affairs

Fiscal Note Required: Yes

Fiscal Note

	FY 2019-20	FY 2020-21	Projections FY 2021-22	Projections FY 2022-23
Net Cost (Savings)				
General Fund	\$99,304,868	\$99,940,016	\$99,940,016	\$99,940,016
Appropriations/Allocations				
General Fund	\$99,304,868	\$99,940,016	\$99,940,016	\$99,940,016

Fiscal Detail and Notes

This bill sets the state share percentage of the statewide adjusted total cost of the components of essential programs and services at 55% for fiscal year 2019-20 and each fiscal year thereafter. The estimated cost of this provision is \$144,151,319 in fiscal year 2019-20 and \$188,212,121 in fiscal year 2020-21. LD 1001, the 2020-2021 biennial budget, proposes to increase funding for K-12 public education by \$44,846,451 and \$88,272,105 in fiscal years 2019-20 and 2020-21, respectively.

This bill includes additional General Fund appropriations of \$99,304,868 in fiscal year 2019-20 and \$99,940,016 in fiscal year 2020-21 to the General Purpose Aid to Local Schools program within the Department of Education necessary to reach the required state share percentage of 55%. Increasing the State's contribution to funding the total cost of K-12 public education will result in a corresponding decrease in the amount of funds required to be raised by local school administrative units (SAU'S). The impact to individual SAU'S can not be determined at this time. The included appropriations assume the additional GPA funding in LD 1001 gets enacted as proposed. If that does not happen, the appropriations in this bill will need to be adjusted for the differences.

Repealing the section of law that requires the calculation of the annual targets for the state share percentage of the total cost of funding public education from kindergarten to grade 12 to include the State's contribution to funding the cost of the unfunded actuarial liability (UAL) of the Maine Public Employees Retirement System that are attributable to teachers, retired teachers' health insurance and retired teachers' life insurance in addition to the cost of the components of essential programs and services means the General Fund appropriations needed to reach the 55% target are higher than would be required if the costs of the UAL, health insurance and life insurance were included in the calculation.