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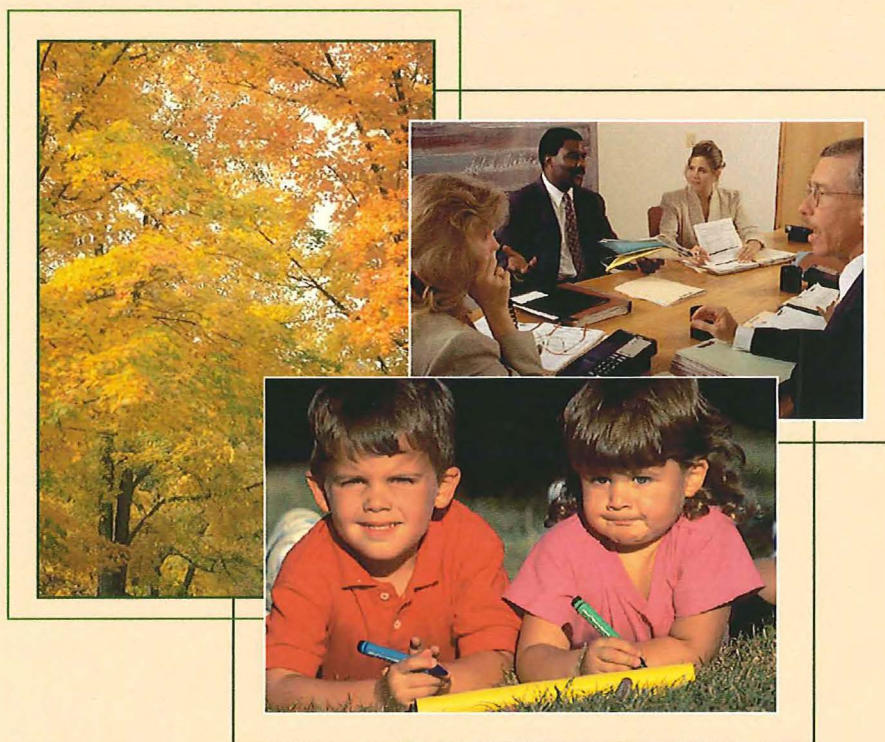
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Communities

Sharing the Costs of Education



A Report Submitted by
The State Board of Education
School Cost-Sharing Committee
to
The Joint Standing Committee on
Education and Cultural Affairs

Pursuant to a request by the Education
Committee Chairs Dated March 6, 2000

December 15, 2000

Communities

Sharing the Costs
of Education

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PREFACE

During the First Session of the 119th Legislature, the Joint Standing Committee on Education and Cultural Affairs considered a number of bills dealing with what the Committee termed “school governance” issues. The Committee took action on several of the bills, but requested that the State Board of Education establish a committee to study several unresolved issues and report back to them in the next session. The State Board established the School Governance Committee in July 1999. In January 2000, the School Governance Committee reported its findings and recommendations on voting procedures for budget approval, withdrawal, and cost-sharing change in School Administrative Units.

In making its report, the School Governance Committee recommended further study regarding the procedures for changing cost-sharing formulas. Additionally, the Education Committee received another related bill in the session, which embodied the same issue, LD2401 “An Act to Amend the Laws Regarding the Change of a Cost-sharing Formula in an SAD.” Due to the complexities identified by the School Governance Committee and those apparent in LD2401, the Education Committee asked the State Board to conduct a detailed study of the procedures available for changing School Administrative Unit cost-sharing formulas and report back during the First Session of the 120th Legislature. A copy of the letter from the Education Committee to the Chair of the State Board of Education, requesting this study, is attached as Appendix G.

In accordance with the request, the State Board of Education established an eight member **SCHOOL COST-SHARING COMMITTEE** comprised of representatives from the Department of Education, the State Board of Education, the Maine Municipal Association (elected and appointed), the Maine School Management Association (elected and appointed), and the Maine Chamber and Business Alliance.

State Board of Education

SCHOOL COST-SHARING COMMITTEE

JAMES E. RIER, JR., CHAIR

State Board of Education
21 North St.
Machias, ME 04654

RAY GLOVER

Selectman, Paris
MSAD #17
105 High Street
South Paris, ME 04281

MARK GREEN

Town Manager
Town of York
186 York Street
York, ME 03909

JUDITH LUCARELLI

Deputy Commissioner
Department of Education
23 State House Station
Augusta, ME 04333-023

BRUCE MCGRAY

Superintendent
MSAD #54
RR #3 Box 6487
Skowhegan, ME 04976

ELINOR MULTER

State Board of Education
P.O. Box 68
Orrs Island, ME 04066-0068

NEIL STINNEFORD

School Board Member
MSAD #9 School Board
P.O. Box 27
Weld, ME 04285

THOMAS STONE

Chief Financial Officer
Cianbro Corporation
P.O. Box 1000
Pittsfield, ME 04967

Communities

Sharing the Costs *of Education*

EXECUTIVE SUMMARY

Public education in Maine is administered through a number of school administrative unit configurations including School Administrative Districts (SADs), Community School Districts (CSDs), Independent Municipalities, Municipalities operating within a School Union, and others. Funding for these school units is accomplished through various mechanisms that include federal, state, and local appropriations. The focus of this study was the methods of sharing the required local appropriation in an SAD or CSD, and the process that allows communities to change their cost-sharing formula. The study and recommendations do not apply to SADs and CSDs whose cost-sharing formulas were created by private and special law. The formula, its parameters and the process to change them are generally part of the law that formed those districts.

The current procedure, established in law, for changing a cost-sharing formula in SADs and CSDs has become counter productive in some instances. As currently structured it is based upon the actions, or inaction, of a committee of which each town in the district has three (3) representatives, regardless of the towns population. The discontent with and pressure for change in cost-sharing formulas has been heightened in recent years by limited resources and sharp changes in state valuation in some communities. Cost-sharing formulas which were satisfactory when they were established can become a source of great local unrest when values in one town accelerate far in excess of those in other towns. Using the current process, only four (4) SADs have successfully changed their cost-sharing formulas since the early 1980s. Unrest seems to be growing as evidenced by recent requests to the Department of Education from at least nine (9) SADS and one (1) CSD for information about cost-sharing and/or withdrawal scenarios.

This Committee set out to first learn as much as possible about the cost-sharing change process that unfolds in a community or district and propose improvements based on its findings. Those improvements generally respond to four fundamental areas of concern with the process: the need for readily available, accurate, pertinent information, unbiased expertise to assist towns and school districts in examining sensitive cost-sharing issues, greater flexibility in formula design, and strengthening the formal process of approving a change.

The recommendations that follow and the discussion that supports them lay out a means of providing for readily available, accurate, and pertinent information and Department of Education expertise to assist districts or communities during the earliest stages of discussion. Provisions are also made to expand the opportunity for new formula design through the allowance of new parameters and the ability to phase in a new formula over a period time, under some circumstances. The Committee adds structure to the formal process by providing a facilitator/mediator to guide the decision-making procedure. Additionally, when the required municipal/district committee is not able to reach a strong consensus in approving a change a knowledgeable third party or reviewer is required to assess the process and issue a report.

An additional concern, which surfaced in the course of the Committee's study, is the stalemate that can occur when an attempt is made to change a cost-sharing formula in a two town SAD. Current law requires a municipal/district committee of three members from each town. A three (3) to three (3) tie vote by the committee does not reach the required majority to move the question forward to referendum; the request to change fails. One aggrieved town cannot consider withdrawal because it would leave a one town SAD that is inconsistent with current SAD law. The Committee recognized that the situation is problematic and can cause unrest in some of the fourteen (14) two town SADs in Maine but specific recommendations are not included in our report. However, early availability of information, facilitation, and the availability of new parameters, as recommended, may offer some improvement.

The Committee is hopeful that the following recommendations will assist the Joint Standing Committee on Education and Cultural Affairs in its search for fair and equitable solutions for these issues so critical to education.

RECOMMENDATIONS

The State Board of Education **SCHOOL COST-SHARING COMMITTEE** issues the following recommendations:

- A. **COST-SHARING INFORMATION** specific to each School Administrative District (SAD) and Community School District (CSD) should be available in a fair, consistent, and concise format. The information should be presented as a part of the School Profiles data now available on the Department of Education web-site, including a brief description cost-sharing formulas, the key elements involved in the calculation for each district, along with available historic and current data, and a graphic summary.

Structured **EVALUATION AND ASSISTANCE** from the Department of Education should be available upon request for sharing and discussing the information during the very early stages of considering the need for a formal review of the cost-sharing formula.

- B. A new, more flexible option for designing a cost-sharing formula should be available to all SAD's and CSD's, not requiring special legislation for each request. This new option should be in addition to the process spelled out in current law, and it should allow parameters other than state valuation and/or pupil count to respond to unique situations in a district.
- C. A cost-sharing formula change incorporating the new parameters allowed in recommendation B should require a majority vote in *each* municipality served by the district for approval. This approval contrasts the current requirement in an SAD, calling for a majority vote of the entire district, for formula changes based on state valuation and/or pupil count.
- D. The procedure required to change a cost-sharing formula, whether it incorporates currently available parameters or those suggested in recommendation B, should be revised to include a requirement for a **FACILITATOR/MEDIATOR**, guided by clear roles and responsibilities, beginning with the first meeting of the cost-sharing committee and concluding at the public hearing prior to the district referendum to approve the change. If a majority of cost-sharing committee members from *each* municipality do not support the decision to proceed to public hearing a **KNOWLEDGEABLE THIRD PARTY** should be required to assess the process to date, for fairness, accuracy, and responsiveness and present a report including impartial recommendations for consideration at the public hearing.

FRAMING THE PROCESS FOR A COST-SHARING CHANGE

School Administrative District (SAD) and Community School District (CSD)

COST-SHARING INFORMATION

Presentation of pertinent cost-sharing information as part of the School Profiles data now available on the Department of Education web site. The information provided in a fair and consistent manner.

Key Issues:

- Availability
- Presentation Format
- Treatment of Requests for Additional Information
- Others

J.E.Rier 1-07-01
Cost-Sharing Committee

1

EVALUATION ASSISTANCE

At the request of the District School Board or Municipal officials in a member municipality, a formal analysis may be initiated which includes early assistance from the DOE or others using the format developed by this committee to identify any shifts and fairly present their impact on the SAU

Key Issues:

- Agreeing on the Need for a Formal Review
- Providing for a Fair, Open, and Well Informed Process
- Assistance / Facilitation
- Decision to Proceed

2

MAKING THE CHANGE

Based on the evaluation in Phase #1 the formal process to request and approve a change begins. Facilitator/Mediator becomes a required element of that process and is in place by the first meeting of the Cost-Sharing Committee. Without strong consensus of the committee, a Knowledgeable Third Party review and report is required before district referendum

Key Issues:

- Sufficient Options Available for Formula Design to Meet Local Needs
- Who Approves the Change
- Facilitator/Mediator
- Knowledgeable Third Party

3

MANAGING THE IMPACT OF CHANGE

Provide a period of time to implement the change as well as an annual review of the progress

Key Issues:

- Tempering the Impact of Any Significant Change
- Providing an Opportunity to Assess the Change
- Opportunity to Reconsider

DISCUSSION

INTRODUCTION

The School Cost-Sharing Committee began its work by defining the key elements in the process of changing a cost-sharing formula. Understanding every aspect of the process from the very initial point of discussion to the implementation of a new formula would be important to its crafting recommendations that could bring meaningful and lasting improvements. The graphic (shown opposite), Framing the Process for a Cost-sharing Change, outlines the Committee's breakdown of the process into three phases in addition to the critical element of available information that should precede any action. The recommendations and discussion that follow flow from that outline and are founded in good decision-making process, driven by quality information, encouraging inclusion, thorough discussion, and consensus building.

RECOMMENDATION A: COST-SHARING INFORMATION specific to each School Administrative District (SAD) and Community School District (CSD) should be available in a fair, consistent, and concise format. The information should be presented as a part of the School Profiles data now available on the Department of Education web-site, including a brief description of cost-sharing formulas, the key elements involved in the calculation for each district, along with available historic and current data, and a graphic summary (shown opposite page 5).

Structured **EVALUATION AND ASSISTANCE** from the Department of Education should be available upon request for sharing and discussing the information during the very early stages of considering the need for a formal review of the cost-sharing formula.

COST-SHARING INFORMATION

The availability of clear, consistent, and inclusive information is critical in any decision-making process. It is particularly critical in the early stages of the process when considering the need for a change in the cost-sharing formula for an SAD or a CSD. Today the series of events leading to a request for a cost-sharing change usually begins when an interested party seeks information about its district or municipality. The information may come from a number of sources and may or may not be accurate, clear, consistent, or inclusive or present a fair representation of the issues or the facts. The availability of information and the most effective means to share it are two key elements of the Committee's first recommendation.

MUNICIPAL ASSESSMENT for EDUCATION
School Administrative District #99

Total District Local Allocation FY01/02

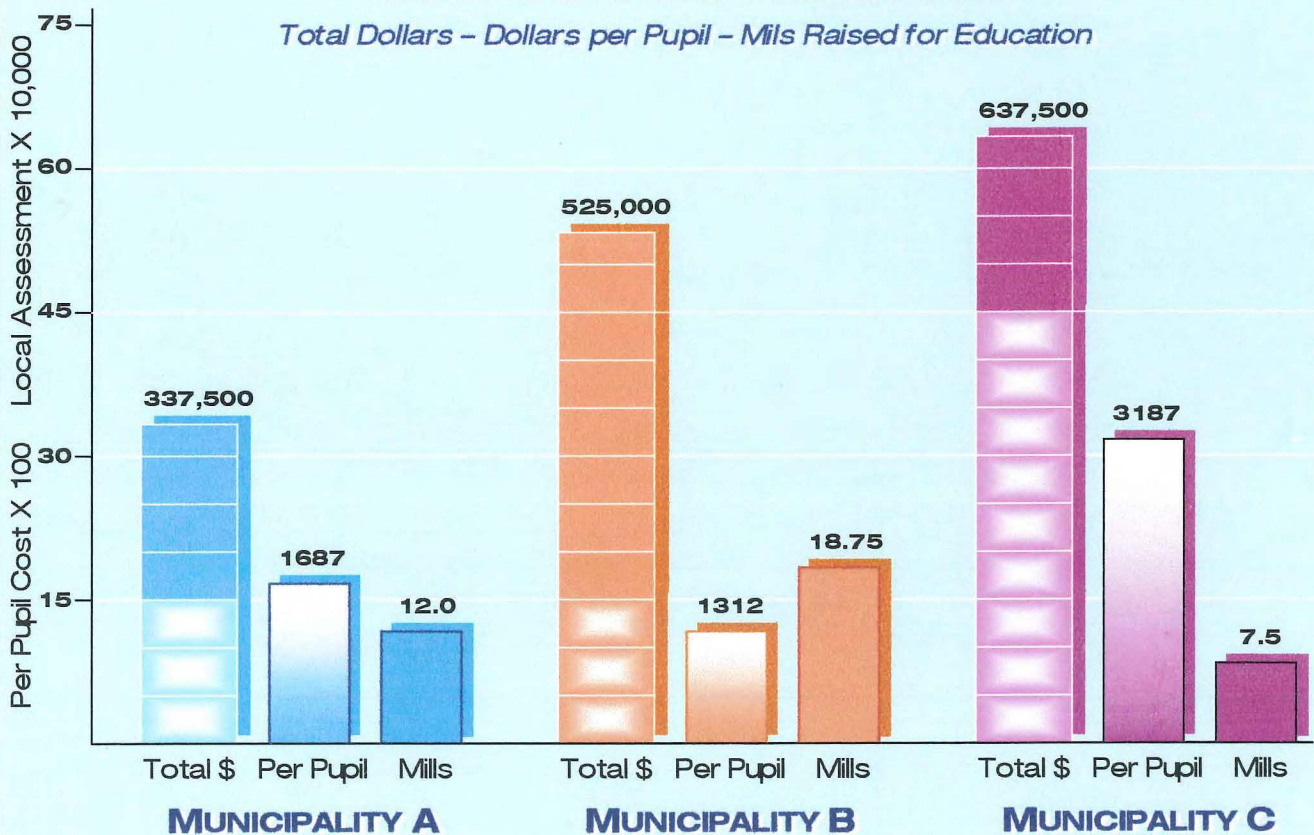


Cost-Sharing Method 50% Valuation 50% Pupil Count

MUNICIPALITY	% of Districts State Valuation	750,000 Valuation Share \$	750,000 Pupil Share \$	% Pupil	Total Share \$	MILS	Cost per Pupil \$
A	20%	150,000	187,500	25%	337,500	12.0	1687
B	20%	150,000	375,000	50%	525,000	18.75	1312
C	60%	450,000	187,500	25%	637,500	7.5	3187

LOCAL ASSESSMENT COMPARISONS

Total Dollars - Dollars per Pupil - Mills Raised for Education



Including the information as part of the School Profiles data on the DOE website is the preferred method of making the information available. It would be consistent with the purposes of the financial data section of that site and the need for the presentation of cost-sharing data specific to a district. The Committee's suggested format for presenting this information is shown on the facing page. The key elements of total assessment, per pupil costs, and mills raised for education are presented side by side in both spreadsheet and graphic format. The method of cost-sharing and calculation details should also be included. If one or more towns in a particular district are inclined to begin to consider changes to their cost-sharing formula, they would have access to pertinent data presented in a fair and consistent manner. As shown in the graphic opposite page 4 (Framing the Process for a Cost-Sharing Change), the availability of information is a fundamental component of a successful process.

The Committee deliberated at length about requiring districts to conduct a periodic review of their cost-sharing formula in order to monitor shifts that may be occurring in one or more of the factors that influence the formula and resultant assessments. An awareness of changes could then lead to an appropriate managed response. The Committee rejected that requirement because of its concern for stability in intra-district relationships. However, the Committee does recommend that local school and municipal authorities familiarize themselves with relevant information and review it periodically.

EVALUATION AND ASSISTANCE

The Committee also concluded that structured assistance should be available for the presentation and discussion of cost-sharing information at the earliest point possible when a formula change is contemplated. This phase of evaluation, assistance, and facilitation is shown in the context of the overall process as number one on the graphic opposite page 4. The assistance would be from the Department of Education and would be available upon a formal request by the district school board or by a member municipality.

The primary emphasis of this recommendation is to provide a more informed and structured environment for discussing the need for change. Currently, this phase has no definition and it can be divisive and dysfunctional. It can set the stage for disruptions to the educational program and often leads to a consideration of withdrawal by one or more member towns. Since the threat of withdrawal is frequently a factor when considering a change in the method of cost-sharing, early assessment of the financial consequences and educational implications of such action should be included in any Department of Education review.

RECOMMENDATION B: A new, more flexible option for designing a cost-sharing formula should be available to all SAD's and CSD's, not requiring special legislation for each request. This new option should be in addition to the process spelled out in current law and it should allow parameters other than state valuation and/or pupil count to respond to unique situations in a district.

COST-SHARING PARAMETERS

In its simplest terms, the cost-sharing formula determines each municipality's assessment that would be necessary to meet the total district local allocation approved by the citizens during the annual budget process or other local allocations that may be necessary during the budget cycle. Under current Maine law, School Administrative Districts and Community School Districts are generally limited in the parameters that may be incorporated into a cost-sharing formula. Individual assessment for education for each member municipality is determined by its percentage of the district's state valuation, percentage of pupil enrollment, or some combination of those parameters. A comparison of three such approaches is shown in Appendix A (Municipal Assessment for Education). The graphic shows how a formula based 100% on state valuation, 50% on state valuation / 50% on pupil count, or 100% on pupil count can significantly affect individual municipality assessment. Exceptions to these parameters would be those SADs and CSDs that were created by private and special law, in which case the formula, parameters and process to change them are generally part of the law that formed the district.

The committee reviewed formulas with the parameters provided in statute as well as those created by private and special law. It concluded that additional flexibility in creating a cost-sharing formula might improve the process and reduce the likelihood of conflict. The ability to include other parameters enhances the probability of resolution for such issues as the wide variations in state valuations in a district and other tax policy issues, such as Tax Increment Financing (TIF). For example, a formula such as the one currently in use by the Five Town CSD is based on a traditional 50% state valuation and 50% pupil count but also incorporates a subsidy credit component. This parameter was developed by the CSD as a means of responding to wide variations in the traditional components of the formula. This was permitted because the CSD was created by special legislation. Using the same graphic format as Appendix A, and only the traditional components of state valuation and pupil count, the local assessment for each participating community would be as shown in Appendix B. Incorporating the subsidy credit component is shown in Appendix C. An in-depth analysis of the subsidy credit component is involved and complex, but it essentially allows each individual community to benefit from its ability to garner state subsidy as opposed to the district as a whole. The total amount of state subsidy flowing to the district is not changed, however the way

its effects are distributed in assessment calculations for individual municipalities is changed. As the graphic shows, the low valuation communities proportionally receive a greater benefit from the subsidy credit component than those with high valuation; again a reflection of their individual ability to attract state subsidy. It should be noted that the information used by the CSD to calculate the subsidy credit component is not available on the Department of Education subsidy printout. The Committee is not proposing that particular approach be used in all formula structures but presents it only as one example of how the availability of more parameters might allow districts to design formulas that are locally responsive and acceptable to all.

TAX INCREMENT FINANCING

The extent to which Tax Increment Financing programs are currently in place in SAD and CSD member municipalities, as well as the degree to which they may be affecting cost-sharing assessments, was of interest to the Committee as it considered its response to them in our recommendations. Further investigation revealed that TIF programs are operating in at least one member municipality of 28 SAD's and or CSD's. Currently, the impact of those TIFs on cost-sharing assessments is found to be minimal since their value cannot exceed 5% of the municipality's state valuation. However, their perceived effect may be greater and their real impact could become a concern in the future.

Permitting new parameters to respond to tax policy issues such as TIF's without disrupting either the benefits to individual municipalities that a TIF provides or the General Purpose Aid (GPA) for education attracted by the district as a whole could provide an important tool in resolving conflict. The parameter could be designed to respond in a timely manner to changes brought about by TIF's over their prescribed duration. As shown in the summary provided in Appendix D, Tax Increment Financing structures vary in their effects on individual municipalities and the SAD's or CSD's to which they belong. The Committee is not suggesting how TIF's would be incorporated but rather recommending an opportunity to respond to them through formula design. To provide an example of this approach, the district data presented in Appendix A is adjusted to remove a TIF assumed to be in place in municipality C. In this example the *effective* TIF inclusion in municipality C is \$5 million (maximum allowed) and is not included in C's state valuation when computing the district's state valuation. Adding the amount of the TIF back in as part of the cost-sharing calculation, shown in Appendix C, changes the percent of valuation for each of the municipalities and their respective assessments. A formula that includes appropriate parameters could automatically respond to future TIF's, in any member municipality, and over their collective duration.

DURATION OF COST-SHARING FORMULAS

As shown in the list (Appendix F) of all School Administrative Districts and Community School Districts and the cost-sharing formulas used by each, the majority are using formulas that have been in place for decades; in most cases since the district was formed. As noted previously, circumstances can change over a long period of time. Providing an opportunity to respond effectively to change is important and should be able to minimize the disruptions for education that cost-sharing formula change and or withdrawal proceedings bring about.

	Total	100% Valuation	50%/50% Valuation/Pupil	100% Pupil	Other
SAD	73	56	8	0	9
CSD	14	3	1	9	1

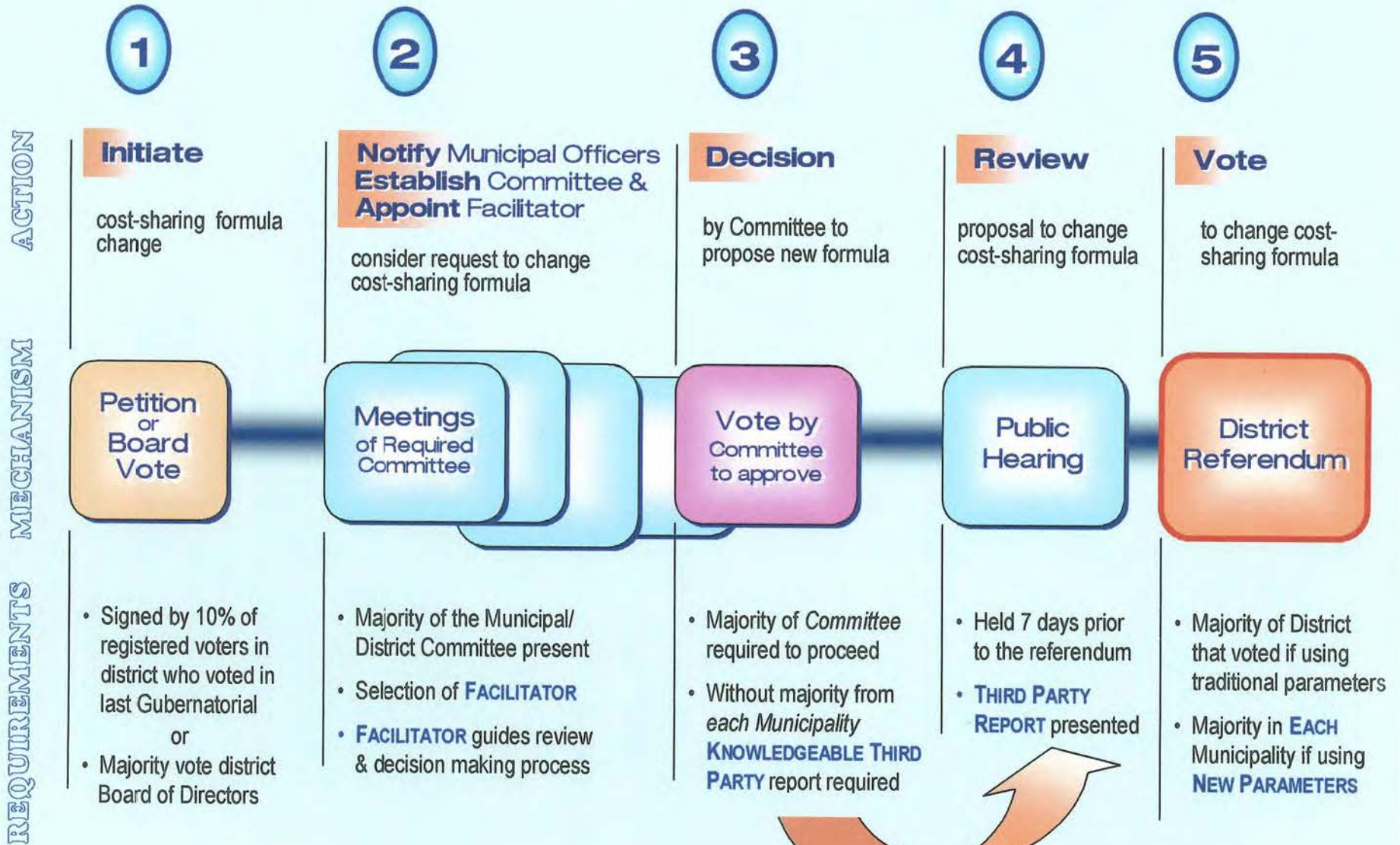
RECOMMENDATION C: A cost-sharing formula change incorporating the new parameters allowed in recommendation B should require a majority vote in *each* municipality served by the district for approval. This approval contrasts with the current requirement in an SAD, calling for a majority vote of the entire district, for formula changes based on state valuation and/or student count.

Allowing for much greater opportunity in the design of a cost-sharing formula is recommended by the Committee to accommodate fairness and flexibility, and to encourage consensus. Since that creativity will bring new ideas to the cost-sharing discussion, it is important that all parties agree on their inclusion in any new formula. Requiring approval by all municipalities will allow for greater opportunity for discovering new parameters. Without approval by all, it would be much more incumbent on statute and rules to define each and every new parameter and how it might be included. Rather, the Committee favors broad flexibility in allowing new parameters and approval by all to balance that flexibility and encourage fairness and consensus. The Committee has outlined some examples of parameters in the discussion section of recommendation B, not to suggest that those are the only possibilities, but to encourage more creative thinking, and ultimately, a more responsive cost-sharing solution.

The Committee strongly agreed that recommendations B and C must be mutually inclusive in any legislative package to add parameters to cost-sharing formulas. Recommendation D, that follows adds a third important component to the process; that of more structure and guidance to the formal process of approving a change to a cost-sharing formula.

FORMAL COST-SHARING CHANGE PROCEDURE

School Administrative District or Community School District



RECOMMENDATION D: The procedure required to change a cost-sharing formula, whether it incorporates currently available parameters or those suggested in recommendation B, should be revised to include a requirement for a **FACILITATOR/MEDIATOR**, guided by clear roles and responsibilities, beginning with the first meeting of the cost-sharing committee and concluding at the public hearing prior to the district referendum to approve the change. If a majority of the members of the cost-sharing committee from *each* municipality do not support the decision to proceed to public hearing a **KNOWLEDGEABLE THIRD PARTY** should be required to assess the process to date, for fairness, accuracy, and responsiveness and present a report including impartial recommendations for consideration at the public hearing.

MAKING THE CHANGE

In the very broadest sense, the Committee concluded that the process of considering the need for, and then making a change to a cost-sharing formula, would be improved by increased availability of information, early assistance, and more structure throughout the process. An important element of improving the structure of the process was considering strengthening the formal process required to approve a change in the cost-sharing formula.

The Committee deliberated extensively about ways to strengthen the formal process of change without burdensome requirements, yet respecting the local characteristics of these kinds of decisions. The recommendations are intended to encourage consensus-building through a well-planned and executed process. The requirement for a facilitator/mediator is the Committee's preferred method for providing that structure. Clearly defining the roles, responsibilities, and expectations of the facilitator/mediator is important. The Committee is making an important distinction between this role and that of a typical mediator and has chosen to refer to the position as a facilitator/mediator for that reason. The characteristic role of a mediator is to foster a solution through compromise. The Committee has added another important role, and thus a new designation, that of facilitating and providing structure for the process. The roles and responsibilities could be broadly defined to include a review of all pertinent cost-sharing data and information, soliciting and articulating concerns expressed by each community, and creating a plan of action to respond.

The facilitator/mediator should be prepared at the first meeting of the cost-sharing committee to review all available cost-sharing information for the district including, but not limited to:

- Information presented on the School Profiles web-site
- Data supplied by the D.O.E. as well as others during the consideration phase prior to beginning the formal process
- Data clearly articulating the financial consequences of withdrawal by one or more of the municipalities if an acceptable formula cannot be approved
- The educational implications of withdrawal by one or more of the municipalities if an acceptable formula cannot be approved

Provisions should also be made to solicit and understand the dynamics of any concerns about the current formula; for instance:

1. Municipality B has a high tax burden for education when compared to others
2. Municipality C has a very high cost per pupil compared to others
3. Municipalities A and B are concerned about the impact of a TIF in municipality C
4. Due to unforeseen circumstances municipality A is experiencing significant variations in student count and dramatic shifts in annual assessment
5. In a district that includes municipalities with significantly different state valuations, the formula is not treating the extremes fairly

The facilitator/mediator would also be charged with creating a plan of action to respond to the shared information and the concerns raised. Clear options and expectations must be spelled out at the very beginning of the formal process. Are the traditional parameters of state valuation and/or pupil count adequate to address the concerns or should new parameter options be considered? The plan of action should also clarify the expectation of achieving majority support of the committee members from each municipality to move a formula change to the public hearing and required referendum vote for approval. If the committee cannot reach a decision supported by a majority of the members from each municipality, a knowledgeable third party would be required and employed to review all pertinent information including the committee's work to date and prepare a report and recommendations to be considered first by the committee and then presented at the public hearing.

The Committee agreed strongly that it was important to guard the integrity of the process by providing a facilitator/mediator able to guide the decision in a very impartial way. Although the Committee considered giving the facilitator/mediator the additional responsibility of developing a neutral, third-party recommendation (in addition to any recommendation a cost-sharing committee might develop), it was ultimately decided that the role of the facilitator/mediator and the role of the knowledgeable third party could not be fairly given to a single individual.

A requirement for the facilitator/mediator to make a recommendation could unduly influence his or her ability and effectiveness in helping the cost-sharing committee reach a fair and equitable solution. The priority would be to achieve fairness and unanimity. Therefore, when a cost-sharing committee makes a recommendation to change the formula but that decision is not supported by a majority of members from each municipality, the facilitator/mediator would be provided with a selection process to employ the knowledgeable third party.

The knowledgeable third party would be required to assess the recommendations of the cost-sharing committee for fairness, accuracy, and responsiveness and to prepare a report that includes a summary of the work to date and an impartial recommendation. The report and recommendations would be presented to the cost-sharing committee for their consideration and response. The third party report and recommendations would be presented at the public hearing in addition to those offered by the cost-sharing committee. The voter response to the cost-sharing committee's recommendation would be direct and enact the change if approved by a majority of the voters in a district for a formula using the traditional parameters or by the majority of the voters in each municipality served by the district if new parameters are included.

The Commissioner of Education, in collaboration with Maine Municipal Association, and Maine School Management Association should maintain a list of qualified facilitator/mediators. The Commissioner should develop rules to define the roles, responsibilities, and skill-sets for a mediator/facilitator as well as a timely selection process to engage their services. The Commissioner, in collaboration with the above stakeholders, should also develop a list of knowledgeable third party individuals; clearly define their roles and responsibilities, as well as a selection process, in the event that one is necessary in the formal cost-sharing change process.

The school district involved would pay the expenses of the required facilitator/mediator and the knowledgeable third party if utilized.

MANAGING THE IMPACT OF CHANGE

The final stage of the process required to make a successful change in a school cost-sharing formula is that of managing the impact of the change. This stage is important because it can, by design, temper the impact of any change over a period of time, and it provides an opportunity to assess the change after the fact to insure that it is responding to the concerns identified in the formal change process. Recognizing the importance of this phase can also be helpful in the work of the cost-sharing committee during the formal change request taking place in phase two of "Framing the Process for a Cost-Sharing Change", shown on page 4. Designing in the ability to incrementally implement, monitor, or even reconsider a cost-sharing change could play an important role in achieving fairness and consensus.

ACKNOWLEDGMENTS

The **SCHOOL COST-SHARING COMMITTEE** sought the advice and expertise of many individuals and organizations in developing the recommendations presented in this report. The group would like to thank the following individuals for their guidance and contributions to this work

Maine Revenue Service
Larry Record

Maine Department of Education
J. Duke Albanese, Commissioner of Education
Joanne Allen, School Finance Consultant
Suzan Cameron, School Finance Consultant
Rhonda Casey, Secretary to the State Board of Education

Maine Municipal Association
Geoff Herman, State & Federal Relations

Maine School Management Association
Dale Douglas, Executive Director Maine School Boards Assoc.
Ron Barker, Executive Director Maine School Superintendents Assoc.

Office of Policy and Legal Analysis
David Elliott, Policy Analyst for the Education Committee

There were also many individuals who attended the School Cost-Sharing Committee meetings and we would like to thank them for their interest and valuable input.

State Representatives:
Eleanor Murphy, Berwick
Vaughn Stedman, Hartland

Selectmen:
Rosanna Libby, Newburgh

Town Managers:
Tammy Bonner, Danforth
James McMahan, Berwick
Dwayne Morin, North Berwick

School Board Members:
David Drysdale, MSAD #14
John Fenner, Five Town CSD
Larry Malone, MSAD #14
Lorraine Springer, MSAD #14

Citizens:
Phillip Clark, Ogunquit
John Malone, Ogunquit

MUNICIPAL ASSESSMENT for EDUCATION

School Administrative District

TOTAL DISTRICT LOCAL ALLOCATION



Cost-Sharing Method

100% Valuation
50% Valuation
50% Pupil Count
100% Pupil Count

MUNICIPALITY	1,500,000 Valuation Share \$	% of District's State Valuation	750,000 Valuation Share \$	750,000 Pupil Share \$	% Pupil	1,500,000 Pupil Share \$
A	300,000	20%	150,000	187,500	25%	375,000
			337,500			
B	300,000	20%	150,000	375,000	50%	750,000
			525,000			
C	900,000	60%	450,000	187,500	25%	375,000
			637,500			

Appendix A

MUNICIPAL ASSESSMENT for EDUCATION

Five Town CSD

TOTAL DISTRICT LOCAL ALLOCATION

4,830,288

Cost-Sharing Method 50% Valuation 50% Pupil Count

MUNICIPALITY	% of District's State Valuation	50% Valuation 2,415,144 Valuation Share \$	% Pupils	50% Pupil Count 2,415,144 Pupil Share \$	Total Assessment
A	4.1%	99,020	9.9%	239,099	338,120
C	50.6%	1,222,063	40.4%	975,718	2,197,781
H	4.6%	111,097	8.9%	214,948	326,045
L	11.3%	272,911	14.8%	357,441	630,352
R	29.4%	710,052	26.0%	627,938	1,337,990
					4,830,288

Appendix B

MUNICIPAL ASSESSMENT for EDUCATION

Five Town CSD

TOTAL DISTRICT LOCAL ALLOCATION

4,830,288

Plus State Share of Operating Costs + **386,562**

5,216,850

Amount of the State Operating Cost Allocation that each Municipality would receive if it were calculated separately

Cost-Sharing Method 50% Valuation 50% Pupil Count

MUNICIPALITY	% of District's State Valuation	2,608,425		2,608,425		Total	Subsidy Credit	Actual Assessment	
		Valuation Share \$	% Pupils	Pupil Share \$					
A	4.1%	107,540	9.9%	259,216	366,756	- (179,194)	=	187,562	
C	50.6%	1,320,378	40.4%	1,054,216	2,374,594	+ 79	=	2,374,673	
H	4.6%	119,546	8.9%	232,101	351,647	- (103,478)	=	248,169	
L	11.3%	294,130	14.8%	386,112	680,242	- (104,017)	=	576,225	
R	29.4%	766,830	26.0%	676,780	1,443,610	+ 49	=	1,443,659	
						5,216,850	- (386,562)	=	4,830,288

Appendix C

Tax Increment Financing – A Summary

**By Patrick M. Dow
Maine Department of Education
MIS Team**

Tax Increment Financing plans (TIFs) allow municipalities to create special development districts within their territory. These development districts are used to attract and retain private-sector activity in the municipality. A TIF plan allows municipalities to offer such incentives as tax breaks and public improvements to stimulate private-sector development in the area.

During the development period, the tax base in a development district is frozen at the predevelopment level. Taxpayers who existed within the development district before the district was created continue to pay property taxes based on the predevelopment tax base level. But additional property tax derived from increases in valuations (the tax increment) resulting from new business or business expansion in a development district is dedicated to subsidize current and future activity in the development district. This may include retiring costs incurred by a municipality in financing a development district, or leveraging future growth in the development district with tax breaks or additional municipal spending for public improvements.

Example:

A municipality decides to create a TIF district in an area within its boundaries. The property in this area has a combined \$50 million valuation. The TIF district is approved, and the development period begins.

Suppose the property valuation of the TIF district expands to \$100 million during the development period. Property taxpayers that were already located within the district when the development period began continue to pay property taxes to the municipality based on their combined \$50 million valuation for the life of the development period.

Property tax revenues derived from the additional \$50 million in property valuation created during the development period (the tax increment) are dedicated to development district activity. This may include the financing of costs incurred in creating the development district, additional tax breaks, and public improvements. These dedicated revenues are usually unavailable for general use by the municipality.

Effect on Taxpayer Equity in School Funding

While a TIF is in place, additional property tax revenues derived from an increasing tax base in a development district are reinvested into the development district. The school district in which the development district is located may not get any portion of increased taxes resulting from a development district. A municipality must also divert property tax revenue to finance the start-up costs of a TIF, making it unavailable for other uses, including education. This means that a municipality's property taxpayers outside a development district must bear a greater tax burden in dollars for supporting education than would result from normal (non-TIF related) development.

Correspondingly, in SADs and CSDs, all the municipalities involved bear a higher tax burden from the existence of a TIF within the school district. The additional property valuation within a development district is not available to be taxed normally, which would otherwise spread the property tax burden in over a greater number of taxpayers and shift tax burden from residential to commercial taxpayers.

In instances of successful TIF districts, employment growth leads to a higher population in the municipality involved. Increasing population leads to increasing student enrollments. A successful TIF district can increase the student population of a municipality, while diverting funds from the school district. Nearby school districts may also experience increasing student enrollments. This may place an additional financial burden on these school districts, which may see their costs rising faster than state subsidy due to the time lag involved.

There are two means that can be used to partially offset the diversion of funds from school districts. The first is an arrangement in which a school district participates in TIF financing and derives some benefit from the tax increment. The second is that Maine law has a caveat that tax increment revenues in excess of cost obligations for a development district may be transferred to a municipality's general fund, where it can be spent for education.

property used in school funding ability to pay

Maine Law Regarding TIF Districts

Development Districts

Maine law allows a legislative body of a municipality to designate development districts within the municipality's boundaries. A municipality must adopt a development program for each development district. Municipalities have broad options to promote, construct, improve, and maintain development in development districts.

Designation of a development district is contingent on several conditions:

- 1) A public hearing on the issue must be held, concerning whether the program will make a contribution to the economic growth and well-being of the community.
- 2) At least 25% of the area within a development district must be a blighted area, must be in need of rehabilitation, redevelopment, or conservation work, or must be suitable for industrial sites.
- 3) The total area of a single development district in a municipality may not exceed 2% of the total area of the municipality, and the total area of all development districts within a municipality may not exceed 5% of the total area of the municipality.
- 4) The aggregate value of equalized taxable property of a TIF district may not exceed 5% of the total value of equalized taxable property within the municipality, as of the April 1st preceding the date the development district is effectively established. This limit excludes:
 - Any district involving project costs over \$10,000,000, with contiguous area owned by a single taxpayer, and that has an assessed value that exceeds 10% of the municipality's total assessed value.
- 5) The aggregate value of municipal debt financed by the proceeds from TIF districts within any county may not exceed \$50,000,000, adjusted by the Consumer Price Index (CPI) from January 1, 1996 to the date of calculation.
- 6) TIF plans must be approved by the Commissioner of Economic and Community Development. The Commissioner reviews plans to ensure compliance with all rules and regulations of the state and municipal charters, and identifies tax shifts within the county where the TIF will be developed.

Municipal Tax Increment Financing Programs

Once a development district has been formed, the municipality's tax assessor certifies the original assessed value of the taxable property within the development district. Each year thereafter, the municipal assessor certifies the amount of increase or decrease from the original value.

Municipalities can retain all or part of the tax increment revenue generated in a TIF district for the purpose of continuing the development program. The percentage of captured assessed value to be retained must be declared in a statement by the municipality upon adoption of the development district program.

The municipality must establish a development program fund with a sinking fund account for repayment of debt issued to fund the development program, and a project cost account used for payment of project costs. The municipality must annually set aside all tax increment revenues and deposit these revenues in the appropriate development program fund.

The municipality is allowed to transfer funds between development fund accounts, as long as this does not result in a shortage of funds in the sinking account. Any tax increment revenues in excess of those estimated to satisfy the obligations of either the sinking fund or the project cost fund may be transferred to the municipal general fund.

State Tax Increment Financing

State tax increment financing districts may be created when the municipal development program will not go forward without the approval of the state district. Any tax increment financing district created by a municipality and approved by the Commissioner of Economic and Community Development is eligible to be approved as a state tax increment financing district.

A state tax increment financing district may apply only to designated businesses involved in nonretail commercial activities, such as manufacturing wholesaling, administration, and other service-related commercial activities. The Commissioner determines whether the proposed district will make a contribution to economic growth and well-being of the state, and whether the district will result in substantial detriment to existing businesses in the state. The municipality has the burden of demonstrating these conditions.

A state tax increment financing program may be integrated into the municipal development program for the development district in question, or may be separately stated and implemented. While the municipal program utilizes the property tax as a development tool, the state program utilizes the state sales and income taxes. Up to 25% of the state tax increment generated within a state tax increment financing district may be refunded to a municipality. A municipality may receive up to 25% of the state tax increment generated within a state tax increment financing district. These revenues must be deposited in the appropriate development program fund, and must be used

MUNICIPAL ASSESSMENT for EDUCATION

School Administrative District Without 4.25M TIF in Municipality C

TOTAL DISTRICT LOCAL ALLOCATION



Cost-Sharing Method

100% Valuation 50% Valuation 50% Pupil Count 100% Pupil Count

	1,500,000		750,000	750,000		1,500,000
MUNICIPALITY	Valuation Share \$	% of District's Adjusted Valuation	Valuation Share \$	Pupil Share \$	% Pupil	Pupil Share \$
A	300,000	20 %	150,000	187,500	25%	375,000
	291,000	19.4%	145,500	187,500	25%	375,000
			337,500			
B	300,000	20 %	150,000	187,500	50%	750,000
	291,000	19.4%	145,500	187,500	50%	750,000
			525,000			
C	900,000	60 %	450,000	187,500	25%	375,000
	918,000	61.2%	459,000	187,500	25%	375,000
			637,500			
			646,500			

SCHOOL DISTRICT ORGANIZATION

AND

COST-SHARING

IN MAINE

JULY 2000

Prepared by:
Department of Education
Management Information Systems Team
State House Station #23
Augusta, ME 04333

**SCHOOL ADMINISTRATIVE DISTRICTS IN MAINE
JULY 2000**

DISTRICT	MUNICIPALITIES	COUNTIES	DATE OF ORGANIZATION	NO. OF	SHARING
			* ADDITIONS	DIRECTORS	COSTS
S. A. D. # 1			7/17/58	(17)	State Valuation
	* Castle Hill	Aroostook	* 2/9/62	1	
	* Chapman	Aroostook		1	
	* Mapleton	Aroostook	Reap. Court Order 4/1/74	1	
	Presque Isle	Aroostook		13	
	Westfield	Aroostook		1	
S. A. D. # 3			9/23/58	(11)	State Valuation
	* Brooks	Waldo	* 3/5/59	1	
	Freedom	Waldo		1	
	* Jackson	Waldo		1	
	Knox	Waldo		1	
	Liberty	Waldo		1	
	Monroe	Waldo		1	
	Montville	Waldo		1	
	Thorndike	Waldo		1	
	Troy	Waldo		1	
	Unity	Waldo		1	
	Waldo	Waldo		1	
S. A. D. # 4			10/11/58	(18)	State Valuation
	Abbot	Piscataquis		2	
	Cambridge	Somerset	Reapportionment "B" 9/9/76	2	
	Guilford	Piscataquis		6	
	Parkman	Piscataquis	Realignment "B" 1/13/82	2	
	Sangerville	Piscataquis		4	
	Wellington	Piscataquis		2	
S. A. D. # 5			11/24/58	(11)	State Valuation
	Owl's Head	Knox		2	
	Rockland	Knox	Reapportionment "B" 8/12/87	7	
	South Thomaston	Knox		2	
S. A. D. # 6			1/2/59	(13)	State Valuation
	Buxton	York	* 7/1/98	4	
	Hollis	York	Reapportionment 2/14/74	2	
	Limington	York		2	
	Standish	Cumberland	Reapportionment "B" 4/1/98	4	
	* Frye Island	Cumberland		1	
S. A. D. # 7			4/27/59	(5)	State Valuation
	North Haven	Knox	P & S Law 1959 Ch 25	5	
S. A. D. # 8			4/14/59	(5)	State Valuation
	Vinalhaven	Knox	P & S Law 1959 Ch 24	5	

**SCHOOL ADMINISTRATIVE DISTRICTS IN MAINE
JULY 2000**

DISTRICT	MUNICIPALITIES	COUNTIES	DATE OF ORGANIZATION		NO. OF DIRECTORS	SHARING
			* ADDITIONS			COSTS
S. A. D. #9				7/1/59	(15)	State Valuation
	Chesterville	Franklin	* 8/9/65		1	
	Farmington	Franklin	** 5/2/66		5	
	Industry	Franklin	*** 8/1/66		1	
	** New Sharon	Franklin	**** 11/28/66		1	
	**** New Vineyard	Franklin			1	
	*** Temple	Franklin			1	
	* Vienna	Kennebec			1	
	**** Weld	Franklin			1	
	*** Wilton	Franklin			3	
S. A. D. #10				5/4/59	(5)	State Valuation
	Allagash	Aroostook	P & S Law 1959 Ch 78		5	
S. A. D. #11				7/31/59	(12)	State Valuation
	Gardiner	Kennebec			6	
	Pittston	Kennebec			2	
	Randolph	Kennebec			2	
	West Gardiner	Kennebec			2	
S. A. D. #12				11/16/59	(7)	State Valuation
	Jackman	Somerset	* 3/31/69		4	
	* Moose River	Somerset			3	
	Dennistown Plt.	Somerset	6/9/82	Withdrew		
S. A. D. #13				9/21/59	(12)	State Valuation
	Bingham	Somerset	Reapportionment "D" 7/1/74		6	
	Caratunk	Somerset			1	
	Moscow	Somerset	Realignment 12/21/82		4	
	West Forks Plt.	Somerset			1	
	The Forks Plt.	Somerset	7/1/98	Withdrew		
			Reapportionment "D" 7/1/98			
S. A. D. #14				3/28/60	(5)	State Valuation
	Danforth	Washington			3	
	Weston	Aroostook			2	
S. A. D. #15				4/18/60	(11)	State Valuation
	Gray	Cumberland			6	
	New Gloucester	Cumberland	Reapportionment "D" 12/9/76		5	
S. A. D. #16				6/30/60	(6)	State Valuation
	Farmingdale	Kennebec			3	
	Hallowell	Kennebec			3	

**SCHOOL ADMINISTRATIVE DISTRICTS IN MAINE
JULY 2000**

DISTRICT	MUNICIPALITIES	COUNTIES	DATE OF ORGANIZATION	NO. OF	SHARING
			* ADDITIONS	DIRECTORS	COSTS
S. A. D. #17			6/28/61	(22)	FY97 voted in a five
	** Harrison	Cumberland	* 11/20/65	2	year plan of
	*** Hebron	Oxford	** 1/26/66	1	75% Valuation
	Norway	Oxford	*** 5/2/66	5	25% Pupils
	** Otisfield	Oxford		1	phasing in 5%
	* Oxford	Oxford	Reapportionment "B" 11/13/85	4	pupils each year.
	Paris	Oxford		5	Now in year 4 are at
	* Waterford	Oxford		2	80% Valuation
	* West Paris	Oxford		2	20% Pupils
S. A. D. #18			6/19/61	(6)	50% Valuation
	Prospect	Waldo		3	50% Pupils
	Verona	Hancock		3	2/16/94
S. A. D. #19			6/29/61	(5)	State Valuation
	Lubec	Washington	P & S Law 1961 Ch 28	5	
S. A. D. #20			11/21/61	(5)	State Valuation
	Fort Fairfield	Aroostook	P & S Law 1961 Ch 191	5	
S. A. D. #21			10/23/61	(14)	State Valuation
	* Canton	Oxford	* 12/30/64	4	
	Carthage	Franklin		3	
	Dixfield	Oxford	Reapportionment "D" 7/11/74	7	
S. A. D. #22			11/13/61	(13)	Alternate B
	Hampden	Penobscot	* 5/16/70	7	Chapter 237,
	Newburgh	Penobscot		2	P&S Laws 1969
	* Winterport	Waldo		4	80% Valuation 20% Pupils
S. A. D. #23			2/10/62	(6)	State Valuation
	Carmel	Penobscot		3	
	Levant	Penobscot		3	
S. A. D. #24			8/13/62	(9)	State Valuation
	Cyr Plt.	Aroostook	* 10/23/63	1	
	* Hamlin Plt.	Aroostook	** 6/6/64	1	
	Van Buren	Aroostook	Reapportionment "B" 6/6/74	7	
	** Grand Isle	Aroostook	12/16/87 Withdrew		

**SCHOOL ADMINISTRATIVE DISTRICTS IN MAINE
JULY 2000**

DISTRICT	MUNICIPALITIES	COUNTIES	DATE OF ORGANIZATION	NO. OF	SHARING
			* ADDITIONS	DIRECTORS	COSTS
S. A. D. #25			5/1/63	(11)	State Valuation
	Mt. Chase	Penobscot		1	
	Patten	Penobscot		4	
	Sherman	Aroostook		3	
	Stacyville	Penobscot		3	
S. A. D. #26			5/10/63	(6)	State Valuation
	Eastbrook	Hancock		3	
	Waltham	Hancock		3	
S. A. D. #27			5/27/63	(12)	State Valuation
	Eagle Lake	Aroostook	* 6/23/65	1	
	Fort Kent	Aroostook	** 9/23/66	6	
	New Canada	Aroostook		1	
	St. Francis	Aroostook	Reapportionment "A" 8/13/80	1	
	* St. John Plt.	Aroostook		1	
	Wallagrass	Aroostook		1	
	** Winterville Plt.	Aroostook		1	
S. A. D. #28			11/30/64	(8)	State Valuation
	Camden	Knox		5	
	Rockport	Knox	Reapportionment "B" 9/9/94	3	
S. A. D. #29			6/24/63	(10)	State Valuation
	Hammond	Aroostook		1	
	Houlton	Aroostook		5	
	Littleton	Aroostook		2	
	Monticello	Aroostook		2	
S. A. D. #30			6/15/63	(15)	Alternate B
	Lee	Penobscot	* 7/9/80	6	50% Valuation 50% Pupils
	* Webster Plt.	Penobscot	Reapportionment "B" 2/17/93	2	7/9/80
	* Winn	Penobscot		4	
	Prentiss Plt.	Penobscot	7/1/90 Withdrew		
S. A. D. #31			7/1/63	(19)	State Valuation
	* Burlington	Penobscot	* 7/7/64	2	
	** Edinburg	Penobscot	** 12/15/67	1	
	* Enfield	Penobscot		5	
	Howland	Penobscot	Reapportionment "B" 6/6/74	6	
	Lowell	Penobscot		1	
	Maxfield	Penobscot	Realignment 1/13/82	1	
	Passadumkeag	Penobscot		2	
	Seboeis Plt.	Penobscot		1	

**SCHOOL ADMINISTRATIVE DISTRICTS IN MAINE
JULY 2000**

DISTRICT	MUNICIPALITIES	COUNTIES	DATE OF ORGANIZATION	NO. OF	SHARING
			* ADDITIONS	DIRECTORS	COSTS
S. A. D. #32			11/29/63	(10)	Alternate B
	Ashland	Aroostook	* 12/30/67	6	70% Valuation
	Garfield Plt.	Aroostook			30% Pupils
	* Masardis	Aroostook	Reapportionment "D" 1/15/76		7/9/80
	* Oxbow Plt.	Aroostook			
	Portage Lake	Aroostook	Realignment "D" 7/9/80	2	
	District I (Oxbow Plt, Masardis, & Garfield ** Plt.)			2	
			Reapportionment "D" 9/20/91		
S. A. D. #33			4/6/64	(8)	State Valuation
	Frenchville	Aroostook		5	
	St. Agatha	Aroostook	Reapportionment "D" 6/8/77	3	
S. A. D. #34			4/17/64	(14)	State Valuation
	Belfast	Waldo	* 11/6/64	8	
	** Belmont	Waldo	** 11/19/65	1	
	** Morrill	Waldo		1	
	* Northport	Waldo		2	
	Searsmont	Waldo		1	
	Swanville	Waldo		1	
S. A. D. #35			5/11/64	(6)	State Valuation
	Eliot	York		3	
	South Berwick	York		3	
S. A. D. #36			12/30/64	(13)	State Valuation
	Livermore	Androscoggin	* 11/27/65	5	
	Livermore Falls	Androscoggin		8	
	* Fayette	Kennebec	7/1/93 Withdrew		
S. A. D. #37			12/30/64	(15)	State Valuation
	Addison	Washington		3	
	Cherryfield	Washington	Reapportionment "B" 1/13/89	3	
	Columbia	Washington		2	
	Columbia Falls	Washington		2	
	Harrington	Washington		2	
	Milbridge	Washington		3	
S. A. D. #38			4/26/65	(6)	State Valuation
	Dixmont	Penobscot		3	
	Etna	Penobscot		3	

**SCHOOL ADMINISTRATIVE DISTRICTS IN MAINE
JULY 2000**

DISTRICT	MUNICIPALITIES	COUNTIES	DATE OF ORGANIZATION		NO. OF DIRECTORS	SHARING
			* ADDITIONS			COSTS
S. A. D. #39				5/3/65	(11)	State Valuation
	Buckfield	Oxford			5	
	Hartford	Oxford			3	
	Sumner	Oxford			3	
S. A. D. #40				6/7/65	(16)	50% Pupil
	** Friendship	Knox	*	11/20/65	2	50% Valuation
	* Union	Knox	**	10/2/67	3	4/14/92
	Waldoboro	Lincoln			5	
	Warren	Knox			4	
	* Washington	Knox			2	
S. A. D. #41				6/21/65	(13)	Chapter 68,
	Atkinson	Piscataquis	*	6/3/67	2	P&S Laws 1965
	** Brownville	Piscataquis	**	7/31/67	3	100% Valuation
	* Lagrange	Penobscot			2	(except
	Lake View Plt.	Piscataquis		Reapportionment "D" 6/6/74	1	Lake View Plt.
	Milo	Piscataquis			5	P. P. Cost)
S. A. D. #42				6/1/65	(8)	State Valuation
	Blaine	Aroostook	*	9/1/75	3	
	Mars Hill	Aroostook			5	
	Bridgewater	Aroostook		7/1/87 Withdrew		
	* E Plt	Aroostook		7/1/90 Deorganized		
S. A. D. #43				5/31/65	(13)	Alternate B
	Byron	Oxford	*	7/1/89	1	75% Valuation
	Mexico	Oxford			4	25% Pupils
	Roxbury	Oxford			1	7/1/89
	* Rumford				7	
S. A. D. #44				8/16/65	(17)	State Valuation
	Andover	Oxford			3	
	Bethel	Oxford		Reapportionment "B" 11/8/88	6	
	Greenwood	Oxford			3	
	Newry	Oxford			2	
	Woodstock	Oxford			3	
S. A. D. #45				8/23/65	(11)	State Valuation
	Perham	Aroostook			2	
	Wade	Aroostook		Reapportionment "D" 7/10/75	1	
	Washburn	Aroostook			8	
S. A. D. #46				11/15/65	(13)	State Valuation
	Dexter	Penobscot	*	1/26/66	7	
	** Exeter	Penobscot	**	11/19/66	2	
	Garland	Penobscot			2	
	* Ripley	Somerset			2	

**SCHOOL ADMINISTRATIVE DISTRICTS IN MAINE
JULY 2000**

DISTRICT	MUNICIPALITIES	COUNTIES	DATE OF ORGANIZATION	NO. OF	SHARING
			* ADDITIONS	DIRECTORS	COSTS
S. A. D. #47			11/29/65	(13)	State Valuation
	* Belgrade	Kennebec	* 6/20/66	3	
	Oakland	Kennebec		7	
	Sidney	Kennebec		3	
S. A. D. #48			12/31/65	(15)	State Valuation
	Corinna	Penobscot	* 10/31/66	3	
	Hartland	Somerset		2	
	Newport	Penobscot	Reapportionment "B" 1/6/92	4	
	Palmyra	Somerset		2	
	* Plymouth	Penobscot		2	
	St. Albans	Somerset		2	
S. A. D. #49			1/3/66	(12)	State Valuation
	* Albion	Kennebec	* 9/29/66	2	
	Benton	Kennebec		2	
	Clinton	Kennebec		2	
	Fairfield	Somerset		6	
S. A. D. #50			2/4/66	(10)	50% Valuation 50% Pupils
	Cushing	Knox		2	
	St. George	Knox		3	
	Thomaston	Knox		5	
S. A. D. #51			2/7/66	(8)	State Valuation
	Cumberland	Cumberland		5	
	North Yarmouth	Cumberland		3	
S. A. D. #52			2/8/66	(9)	State Valuation
	Greene	Androscoggin		3	
	Leeds	Androscoggin	Reapportionment "B" 2/9/82	2	
	Turner	Androscoggin		4	
S. A. D. #53			2/8/66	(11)	State Valuation
	Burnham	Waldo		2	
	Detroit	Somerset	Reapportionment "B" 6/6/74	2	
	Pittsfield	Somerset	Realignement "B" 10/14/81	7	
S. A. D. #54			3/21/66	(23)	State Valuation
	Canaan	Somerset	* 8/25/67	2	
	Cornville	Somerset		2	
	Mercer	Somerset	Reapportionment "B" 6/6/74	2	
	Norridgewock	Somerset		4	
	Skowhegan	Somerset	Reapportionment "B" 10/18/84	11	
	* Smithfield	Somerset		2	

**SCHOOL ADMINISTRATIVE DISTRICTS IN MAINE
JULY 2000**

DISTRICT	MUNICIPALITIES	COUNTIES	DATE OF ORGANIZATION	NO. OF	SHARING
			* ADDITIONS	DIRECTORS	COSTS
S. A. D. #55			6/20/66	(15)	State Valuation
	* Baldwin	Cumberland	* 9/3/66	3	
	Cornish	York		3	
	Hiram	Oxford		3	
	Parsonsfield	York		3	
	Porter	Oxford		3	
S. A. D. #56			6/20/66	(11)	State Valuation
	Frankfort	Waldo		2	
	Searsport	Waldo	Reapportionment "D" 6/10/81	6	
	Stockton Springs	Waldo		3	
S. A. D. #57			6/23/66	(18)	Chapter 93 , P&S Laws 1965
	Alfred	York		3	50% Valuation
	Limerick	York		3	50% Pupils
	Lyman	York		3	
	Newfield	York		3	
	Shapleigh	York		3	
	Waterboro	York		3	
S. A. D. #58			8/8/66	(9)	State Valuation
	Avon	Franklin		1	
	Eustis	Franklin		2	
	Kingfield	Franklin		2	
	Phillips	Franklin		2	
	Strong	Franklin		2	
S. A. D. #59			9/19/66	(11)	State Valuation
	Athens	Somerset	* 8/23/69	2	
	* Brighton Pit.	Somerset		1	
	Madison	Somerset		6	
	Starks	Somerset		2	
S. A. D. #60			9/19/66	(9)	Chapter 67, P&S Laws 1967
	Berwick	York		3	50% Valuation
	Lebanon	York		3	50% Pupils
	North Berwick	York		3	
S. A. D. #61			10/17/66	(13)	State Valuation
	Bridgton	Cumberland	* 1/16/67	5	
	Casco	Cumberland		3	
	Naples	Cumberland	Reapportionment "B" 8/19/81	3	
	* Sebago	Cumberland	Reapportionment "B" 9/20/91	2	
S. A. D. #62			11/16/66	(5)	State Valuation
	Pownal	Cumberland	P & S Law 1965 Ch 198	5	

**SCHOOL ADMINISTRATIVE DISTRICTS IN MAINE
JULY 2000**

DISTRICT	MUNICIPALITIES	COUNTIES	DATE OF ORGANIZATION	NO. OF	SHARING
			* ADDITIONS	DIRECTORS	COSTS
S. A. D. #63			12/27/66	(13)	State Valuation
	Clifton	Penobscot		1	
	Eddington	Penobscot	Reapportionment "D" 3/14/74	5	
	Holden	Penobscot		7	
S. A. D. #64			3/27/67	(18)	State Valuation
	Bradford	Penobscot	Reapportionment "B" 6/21/91	3	
	Corinth	Penobscot		5	
	Hudson	Penobscot	Realignment 8/19/81	3	
	Kenduskeag	Penobscot		4	
	Stetson	Penobscot	Realignment 4/29/91	3	
S. A. D. #65			10/17/67	(3)	State Valuation
	Matinicus Isle Plt.	Knox	P & S Law 1967 Ch 158	3	
S. A. D. #67			7/1/68	(12)	Alternate B
	Chester	Penobscot		1	60% Valuation
	Lincoln	Penobscot	Reapportionment "B" 6/6/74	8	40% Pupils
	Mattawamkeag	Penobscot	Realignment 10/14/81	3	
S. A. D. #68			8/26/68	(9)	Alternate B
	Charleston	Penobscot		2	70% Valuation
	Dover-Foxcroft	Piscataquis	Reapportionment "B" 4/8/81	5	30% Pupils
	Monson	Piscataquis		1	
	Sebec	Piscataquis		1	
S. A. D. #70			10/14/68	(14)	State Valuation
	Amity	Aroostook	* 12/8/73	1	
	Cary Plt.	Aroostook		1	
	Haynesville	Aroostook		1	
	Hodgdon	Aroostook		5	
	* Linneus	Aroostook		3	
	* Ludlow	Aroostook		1	
	* New Limerick	Aroostook		2	
S. A. D. #71			11/13/68	(9)	Alternate B
	Kennebunk	York		6	70% Valuation
	Kennebunkport	York	Reapportionment "B" 12/1974	3	30% Pupils

**SCHOOL ADMINISTRATIVE DISTRICTS IN MAINE
JULY 2000**

DISTRICT	MUNICIPALITIES	COUNTIES	DATE OF ORGANIZATION	NO. OF	SHARING
			* ADDITIONS	DIRECTORS	COSTS
S. A. D. #72			11/25/68	(15)	Alternate B
	Brownfield	Oxford	* 5/3/69	2	60% Valuation
	* Denmark	Oxford	Reapportionment Chpt 29, P & S Law 6/2/93	2	40% Pupils
	Fryeburg	Oxford		6	
	Lovell	Oxford		2	
	Stoneham	Oxford		1	
	Stow	Oxford		1	
	Sweden	Oxford		1	
S. A. D. #74			3/24/69	(15)	Alternate B
	Anson	Somerset	* 10/25/69	6	45% Valuation
	* Embden	Somerset		3	55% Pupils
	New Portland	Somerset		3	
	Solon	Somerset		3	
S. A. D. #75			5/12/69	(14)	Alternate B
	* Bowdoin	Sagadahoc	* 10/20/69	2	50% Valuation
	Bowdoinham	Sagadahoc		2	50% Pupils
	Harpswell	Cumberland	Reapportionment "B" 2/11/81	4	
	Topsham	Sagadahoc		6	
S. A. D. #76			11/10/69	(5)	State Valuation
	Swan's Island	Hancock	P & S Law 1969 Ch 175 Realignment w/C12 P&S Laws 1969 -- 2/21/73	5	
S.A. D. #77			11/10/69	(12)	Alternate B
	Cutler	Washington		3	50% Valuation
	East Machias	Washington	Reapportionment "D" 7/11/74	3	50% Pupils
	Machiasport	Washington		3	
	Whiting	Washington		3	

**COMMUNITY SCHOOL DISTRICTS IN MAINE
JULY 2000**

DISTRICT	MUNICIPALITIES	COUNTIES	DATE OF ORGANIZATION		NO. OF DIRECTORS	SHARING COSTS
				* ADDITIONS		
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BOOTHBAY-BOOTHBAY HARBOR C.S.D. (C.S. D. #3)			3/15/54		(6)	100% Pupils
	Boothbay	Lincoln			3	
	Boothbay Harbor	Lincoln		K-12 on 3/18/74	3	
<hr/>						
FLANDER'S BAY C.S.D. (C. S. D. #4)			1/13/51		(12)	100% Pupils
	** Franklin	Hancock	*	8/12/52	2	
	Gouldsboro	Hancock	**	10/7/66	3	
	Sorrento	Hancock			1	
	** Steuben	Washington		Reapportionment "B" 8/8/94	2	
	Sullivan	Hancock			2	
	* Winter Harbor	Hancock			2	
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MOUNT DESERT REGIONAL DISTRICT (C. S. D. #7)			4/21/65		(14)	67% Valuation 33% Pupils
	Bar Harbor	Hancock			5	
	Mount Desert	Hancock			3	
	Southwest Harbor	Hancock			3	
	Tremont	Hancock			3	
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AIRLINE C.S.D. (C. S. D. #8)			1/12/70		(11)	State Valuation
	Amherst	Hancock			5	
	Aurora	Hancock		/95	2	
	Great Pond	Hancock			2	
	Osborn	Hancock			2	
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SOUTHERN AROOSTOOK C.S.D. (C. S. D. #9)			3/12/73		(10)	State Valuation
	Crystal	Aroostook			1	
	Dyer Brook	Aroostook		Reapportionment "B" 5/13/81	1	
	Island Falls	Aroostook			3	
	Merrill	Aroostook			1	
	Oakfield	Aroostook			3	
	Smyrna	Aroostook			1	
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MARANACOOK C.S.D. (C. S. D. #10)			6/20/73		(12)	100% Pupils
	Manchester	Kennebec			3	
	Mount Vernon	Kennebec		/98	3	
	Readfield	Kennebec			3	
	Wayne	Kennebec			3	
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SCHOODIC C.S.D. (C. S. D. #11)			9/13/73		(5)	100% Pupils
	Sorrento	Hancock		Reapportionment "D" 11/12/80	1	
	Sullivan	Hancock			4	
				Reapportionment "B" 5/18/94		

**COMMUNITY SCHOOL DISTRICTS IN MAINE
JULY 2000**

DISTRICT	MUNICIPALITIES	COUNTIES	DATE OF ORGANIZATION		NO. OF DIRECTORS	SHARING COSTS
			* ADDITIONS			SHARING COSTS
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EAST RANGE II C.S.D. (C. S. D. #12)	Codyville Plt. Topsfield	Washington Washington	11/9/73		(4) 2 2	100% Pupils
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DEER ISLE-STONINGTON C.S.D. (C. S. D. #13)	Deer Isle Stonington	Hancock Hancock	11/12/73		(6) 3 3	100% Pupils
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GREAT SALT BAY C.S.D. (C. S. D. #14)	Damariscotta Newcastle * Bremen	Lincoln Lincoln Lincoln	2/15/74 4/9/97	*	(7) 3 3 1	100% Pupils
				Reapportionment Chpt. 80, P&S Laws 6/30/75		
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OAKHILL C.S.D. (C. S. D. #15)	Litchfield Sabattus Wales	Kennebec Androscoggin Androscoggin	7/1/74		(13) 5 5 3	100% Pupils
				Reapportionment 9/27/95 Method 'B' Weighted Votes		
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MOOSABEC C.S.D. C. S. D. #17)	Beals Jonesport	Washington Washington	1/1/75 7/1/77	<-1: 3-1:	(9) 3 6	100% Pupils
				Chapter 54, P & S Laws 1977		
				Reapportionment "D" 11/30/89		
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WELLS-OGUNQUIT C.S.D. (C. S. D. #18)	Ogunquit Wells	York York	7/1/80		(6) 3 3	100% Valuation
				Reapportionment Chapter 93, P&S Laws 1986		
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FIVE TOWNS C.S.D. (C.S.D. # 19)	Appleton Camden (SAD#28) Hope Lincolnville Rockport (SAD#28) (S.A.D. #28)	Knox Knox Knox Waldo Knox	7/1/99		(11) 1 1 2 7	50% Pupils 50% Valuation with Subsidy Credit Component
				Chapter 64, P & S Laws 1994		

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DAVID ELLIOTT, LEGISLATIVE ANALYST
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STATE OF MAINE

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ONE HUNDRED AND NINETEENTH LEGISLATURE

COMMITTEE ON EDUCATION AND CULTURAL AFFAIRS

March 6, 2000

James E. Rier Jr., Chair
State Board of Education
21 North Street
Machias, ME 04654

Dear Mr. Rier:

Thank you for the State Board of Education's Report on School Governance that you recently submitted to the Joint Standing Committee on Education. Your findings have been very helpful to the committee this session in developing legislation improving the school budget approval process. As you know, the Committee has another governance issue before it for consideration this session. That issue is embodied in LD 2401, "An Act to Amend the Laws Regarding the Change of a Cost-sharing Formula in a School Administrative District". The issue of changing cost sharing formulas was an area of concern that the State Board identified in its earlier study. However, due to the magnitude and complexity of that issue and the compressed time frame for completion of the State Board's study, you recommended that the issue of cost sharing be studied in its own right at another time.

We agree that the current law has limited options for municipal members of school administrative units who wish for various reasons to change or not to change the cost sharing formula governing their unit. In many situations operation of the current cost sharing change process can become counter productive to attainment of the educational goals of the unit and the State of Maine. The Committee does not plan to enact major legislation in this area this year. However, in considering ways to address concerns about changing cost formulas in the future, we are once again hoping to enlist the assistance of the State Board.

The Committee requests that the State Board either extend the School Governance Committee that worked on the voting procedure study or establish a similar body to conduct a detailed study of the method of altering school administrative unit cost sharing formulas and report back next legislative session. In framing the board's charge to the study group and during the conduct of the study, please consult with interested officials

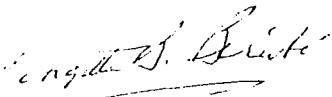
and citizens. We have encouraged the towns comprising SAD #60 to monitor and participate in your study. Among the issues we would like examined as part of the study are the following:

- What is your assessment of the operation of the current process; should there be a change; should other cost-sharing formulas be made available?
- Given the fact that many important elements affecting the relationship between municipalities in a school unit (e.g. student population growth, change in relative municipal property valuations, the availability of community and business tax incentives such as TIF and BETR that indirectly shift educational costs between municipalities) change over time, can more flexibility or more options be provided to the process of changing formulas?
- Should the voting in the initial step of changing cost formulas be weighted?
- How can the interest of both property-rich and low-property-value towns be most fairly served?
- Is there a role for mediation or arbitration?
- Should changes in the process be available in both SAD's and CSD's?
- Are there different methods in other states that would make sense for Maine?
- Other relevant issues identified by the study committee during its deliberations.

Due to the current prominence of this issue and the time we expect that it will take to thoughtfully sort out its complexities, we request that you begin work on this request as soon as possible. In order to permit introduction of any necessary legislation to the 1st Regular Session of the 120th Legislature, please submit your findings and recommendations to the Joint Standing Committee on Education before bill filing cloture for next session—December 15th, 2000.

Thank you for your assistance in this matter. As always, we look forward to your report. If you have any questions, please contact us.

Sincerely,



Senator Georgette Berube

Sincerely,



Representative Michael Brennan