

PLEASE NOTE: Legislative Information **cannot** perform research, provide legal advice, or interpret Maine law. For legal assistance, please contact a qualified attorney.

An Act To Encourage Cost Efficiency in Administration of and Contribution to Tax Burden Reduction by School Districts

CONCEPT DRAFT SUMMARY

This bill is a concept draft pursuant to Joint Rule 208.

This bill proposes to establish a multitiered school funding formula that is designed to provide additional school funding assistance to school districts that are sufficiently consolidated to gain cost efficiency in administration and to school districts that are contributing to statewide tax burden reduction.

Specifically, the proposal would change the Essential Programs and Services funding formula, or EPS, as defined in the Maine Revised Statutes, Title 20-A, chapter 606-B, to create a gradation of mill rate expectations that depend explicitly on district consolidation and budget decisions made by individual school districts in the previous year. The idea is to retain local control of school operations but create much stronger incentives for administrative cost efficiency.

The baseline mill rate expectation for all school districts would be set annually at the rate that could be supported with state general purpose aid funding, or GPA, that is equivalent to 50% of EPS costs. The additional 5% of the State's GPA funding, as required under current law, would be allocated into a supplementary school funding bonus system that would further reduce the mill rate expectation in eligible communities. The local mill rate expectation would be reduced by a fixed amount for each "efficiency point" earned up to a maximum of 5 efficiency points in each school district. Thus there would be in effect 5 tiers of mill rate expectation, depending on the administrative cost efficiency and tax burden reduction targets achieved.

1. District size. Consolidated school districts would be awarded efficiency points based on the size of the district, as follows:

- A. At least 3,000 students, 3 efficiency points;
- B. At least 2,000 but fewer than 3,000 students, 2 efficiency points; and
- C. At least 1,000 but fewer than 2,000 students, 1 efficiency point.

2. EPS spending. Districts could earn another 2 efficiency points by:

- A. Spending at least the EPS baseline on education but exceeding EPS by no more than 5%; or
- B. Exceeding EPS costs by proportionately less the previous year than the year prior to that year, indicating a proportional movement toward tax burden reduction.

The value of the efficiency points in terms of their reduction in mill rate expectation would be based on the cost of the mill rate reduction to State Government, calibrated to equate exactly to the incremental resources available from the last 5% of the State's 55% commitment.