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## **An Act To Amend School Funding Laws**

**Emergency preamble. Whereas,** acts and resolves of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

**Whereas,** certain financial barriers have been identified that may delay the implementation of the school district reorganization law, Public Law 2007, chapter 240, Part XXXX; and

**Whereas,** reorganization planning committees are engaged in negotiating proposed reorganization plans that, upon approval of the Commissioner of Education, are expected to be submitted to voters in affected municipalities across the State before the expiration of the 90-day period; and

**Whereas,** the removal of these financial barriers can reasonably be expected to enable reorganization planning committees to successfully negotiate and submit proposed reorganization plans in a timely manner; and

**Whereas,** in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,

### **Be it enacted by the People of the State of Maine as follows:**

**Sec. 1. 20-A MRSA §1305-C,** as enacted by PL 2007, c. 240, Pt. XXXX, §11, is amended to read:

#### **§ 1305-C. Mandatory budget validation and cost center summary budget form**

Notwithstanding any other law, school administrative district budgets developed after January 1, 2008 must conform to the format and referendum procedures set forth in sections ~~1305-A and 1305-B~~1485 and 1486.

**Sec. 2. 20-A MRSA §1481,** as enacted by PL 2007, c. 240, Pt. XXXX, §13, is repealed.

**Sec. 3. 20-A MRSA §1481-A** is enacted to read:

#### **§ 1481-A. Finances**

**1. Apportionment of costs for regional school unit.** A regional school unit may raise money, in addition to the local contribution pursuant to section 15690, subsection 1, for establishing and maintaining public schools, erecting buildings and providing equipment for educational purposes. The additional costs of operating a regional school unit must be shared among all municipalities within the regional school unit by the same local share percentages for each municipality resulting from the determination of the local contribution under section 15688.

**2. Existing cost-sharing agreement.** Notwithstanding subsection 1, a cost-sharing agreement in existence on June 7, 2007 that was adopted pursuant to Public Law 2005, chapter 2 or pursuant to a private and special law remains in existence unless the parties to the agreement modify or terminate the agreement:

- A. As part of a reorganization to regional school units under this chapter; or
- B. As a result of a negotiated agreement between the parties to the cost-sharing agreement.

**3. Method included in reorganization plan.** Notwithstanding subsection 1, a regional school unit may use a method of cost sharing that was included in a reorganization plan developed pursuant to section 1461 or Public Law 2007, chapter 240, Part XXXX, section 36 as long as the method complies with this subsection.

A. The costs of operating a regional school unit must be shared among all municipalities within the unit in one of the following ways.

(1) Under a property valuation method, municipalities in a unit shall share costs in the same proportion as each municipality's property fiscal capacity as defined in section 15672, subsection 23 is to the unit's property fiscal capacity.

(2) Under an alternate method of cost sharing, municipalities in a unit shall share costs based on:

(a) The number of resident pupils in each town;

(b) The property fiscal capacity of each member municipality as defined in section 15672, subsection 23;

(c) Any combination of divisions (a) and (b); or

(d) Any other factor or combination of factors that may, but need not, include divisions (a) or (b).

B. A process of amending the cost-sharing formula must be included in the reorganization plan that is filed with the Department of Education and approved by the commissioner.

Notwithstanding any provision of law to the contrary, a cost-sharing agreement in existence on June 7, 2007 that was adopted pursuant to Public Law 2005, chapter 2 or pursuant to a private and special law may not be construed to preempt the formation of a regional school unit under this chapter. Notwithstanding any provision of law to the contrary, a cost-sharing agreement between 2 or more municipalities in existence on June 7, 2007 that was adopted prior to June 7, 2007 may not be construed to preempt the formation of a regional school unit under this chapter.

Notwithstanding any provision of law to the contrary, a municipality within a regional school unit may raise money and direct the spending of the funds to a school serving children from kindergarten to no higher than grade 8.

**Sec. 4. 20-A MRSA §1701-C**, as enacted by PL 2007, c. 240, Pt. XXXX, §16, is amended to read:

**§ 1701-C. Mandatory budget validation and cost center summary budget form**

Notwithstanding any other law, community school district budgets developed after January 1, 2008 must conform to the format and referendum procedures set forth in sections ~~1701-A and 1701-B~~1485 and 1486.

**Sec. 5. 20-A MRSA §15688, sub-§3-A, ¶B-1**, as enacted by PL 2007, c. 240, Pt. XXXX, §30, is repealed.

**Sec. 6. 20-A MRSA §15688, sub-§3-A, ¶C**, as amended by PL 2007, c. 240, Pt. XXXX, §30, is further amended to read:

C. For a school administrative district, community school district or regional school unit composed of more than one municipality, the unit's contribution to the total cost of education is the lesser of:

(1) The total cost as described in subsection 1; and

(2) The sum of the totals calculated for each member municipality pursuant to paragraph B, subparagraph (2), ~~plus the total calculated pursuant to paragraph B-1 if applicable.~~

**Sec. 7. 20-A MRSA §15689, sub-§1-B** is enacted to read:

**1-B. Adjustments to state contributions to member municipalities in regional school units.** The minimum state allocation provisions of subsection 1, paragraph B are applicable for each case in which the school administrative units in existence prior to the operational date of the new regional school unit received an adjustment under subsection 1, paragraph B for fiscal year 2007-08 or fiscal year 2008-09. For each regional school unit eligible under this subsection, the minimum state allocation provisions of subsection 1, paragraph B are applicable for each member municipality that was a member of the eligible school administrative units in existence prior to the operational date of the new regional school unit.

**Sec. 8. Retroactivity.** Those sections of this Act that amend the Maine Revised Statutes, Title 20-A, sections 1305-C and 1701-C apply retroactively to January 1, 2008.

**Emergency clause.** In view of the emergency cited in the preamble, this legislation takes effect when approved.

**SUMMARY**

This bill amends the laws regarding school funding to address and correct school funding issues that present barriers to the implementation of school administration reorganization.