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An Act To Establish a Commission To Reform Public Education Funding and Improve Student Performance in Maine and Make Supplemental Appropriations and Allocations for the Expenditures of the Department of Education and To Change Certain Provisions of the Law Necessary to the Proper Operations of Government for the Fiscal Year Ending June 30, 2017

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

Whereas, the 90-day period may not terminate until after the beginning of the next fiscal year; and

Whereas, certain obligations and expenses incident to the operation of state departments and institutions will become due and payable immediately; and

Whereas, costs for providing public education have increased at an alarming rate despite declining student populations and without significant improvement in student outcomes, requiring immediate attention to address the underlying condition and its consequences; 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:

PART A

Sec. A-1. Commissioner of Education to convene commission. The Commissioner of Education or the commissioner's designee, referred to in this Part as "the commissioner," shall convene, no later than May 1, 2016, a commission to reform public education funding and improve student performance in the State.

1. Members. The commissioner shall invite to serve as members of the commission:

A. The Governor or the Governor's designee;

B. A representative of the Department of Education, appointed by the Governor, who shall serve as chair of the commission;

C. Notwithstanding Joint Rule 353, the following 4 members of the Legislature:

(1) The member of the Legislature who is serving as the Senate Majority Leader or that leader's designee, who must be a member on the Legislative Council;

(2) The member of the Legislature who is serving as the Senate Minority Leader or that leader's designee, who must be a member on the Legislative Council;

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(3) The member of the Legislature who is serving as the House Majority Leader or that leader's designee, who must be a member on the Legislative Council; and

(4) The member of the Legislature who is serving as the House Minority Leader or that leader's designee, who must be a member on the Legislative Council;

D. A person who is serving on the State Board of Education, designated by the chair of the State Board of Education;

E. A person who was named Maine Teacher of the Year on or after January 1, 2006, designated by the Maine Education Association;

F. A person who is serving on the Maine Charter School Commission established in the Maine Revised Statutes, Title 5, section 12004-G, subsection 10-D, designated by the chair of the Maine Charter School Commission;

G. A person who is a teacher or administrator at one of the State's career and technical education centers, designated by Maine Administrators of Career and Technical Education;

H. A person designated by the Maine School Management Association;

I. The Chancellor of the University of Maine System or the chancellor's designee;

J. The President of the Maine Community College System or the president's designee; and

K. Two members of the public, appointed by the Governor, at least one of whom has prior work experience in a municipal management role.

2. Vacancies; quorum. In the event of a vacancy on the commission, the commissioner shall select a replacement member in the same manner as the original selection set forth in subsection 1. A quorum consists of a majority of the nonvacant seats on the commission.

3. Meetings; duties. The commission shall meet at least 6 times each year in 2016 and in 2017. In order to identify solutions to lower the cost of public education and improve student performance, the commission shall collect and analyze data from all public secondary and postsecondary education units in the State that receive state funding. In conducting its review and analysis, the commission may:

A. Evaluate the success and shortcomings of the current funding formula for kindergarten to grade 12 education and propose changes to improve the funding formula;

B. Identify the causes of increased per-pupil education costs and develop proposals to help local school districts contain increasing costs;

C. Examine the State's special education spending, including its impact on school administrative units, and develop proposals to ensure the State's special education spending addresses the State's needs;

D. Identify trends and disparities across the State in student performance in kindergarten to grade 12 and develop recommendations for improvement;

E. Identify best practices for integrating technology into teaching and learning and develop proposals for statewide implementation of the best practices;

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F. Review the existing laws governing the process of school administrative unit consolidation and withdrawal and identify improvements that will help lower costs and improve outcomes for school administrative units;

G. Evaluate teacher compensation throughout the State for adequacy and competitiveness and propose changes, as necessary;

H. Identify state and federal mandates for school administrative units that result in increased cost to local property tax payers and propose options for how these mandates might be addressed;

I. Assist school board and municipal leaders in identifying opportunities to leverage state or regional resources in order to reduce local costs;

J. Review the use of federal funds by school administrative units and identify challenges associated with requirements of those funding sources;

K. Examine the preparedness of students in the State to matriculate to the University of Maine System and the Maine Community College System and develop proposals to enhance the ability of public education from kindergarten to higher education to prepare students in the State for the modern workforce;

L. Evaluate the adequacy and effectiveness of state funding provided to the Maine Community College System and the University of Maine System, the financial needs of each system and each system's tuition rates in order to develop a long-term strategy for the financial sustainability of each system;

M. Identify opportunities to partner with the private sector and private philanthropic organizations to identify opportunities to access additional resources to reduce the cost of public education and improve student performance in the State; and

N. Identify and evaluate additional issues that the commission determines might reduce the cost of education and improve student performance.

4. Staff assistance; funding. The Department of Education shall provide necessary staffing services to the commission. Funding for the commission must be provided from existing resources of the Department of Education.

5. Report; legislation. By January 10, 2017 and January 10, 2018, the commissioner shall submit to the Governor and the joint standing committee of the Legislature having jurisdiction over education matters a report of the commission that includes findings and recommendations for action to reform public education funding and improve student performance in the State. Notwithstanding Joint Rule 353, upon submission of each report of the commission, the commissioner is authorized to submit to the Legislature a bill to implement the commission's recommendations.

6. Expiration of commission. The commission is authorized until July 31, 2018.

PART B

An Act To Establish a Commission To Reform Public Education Funding and Improve Student Performance in Maine and Make Supplemental Appropriations and Allocations for the Expenditures of the Department of Education and To Change Certain Provisions of the Law Necessary to the Proper Operations of Government for the Fiscal Year Ending June 30, 2017

Sec. B-1. Transfer from General Fund unappropriated surplus; general purpose aid for local schools; fiscal year 2016-17. Notwithstanding any other provision of law, the State Controller shall transfer \$15,000,000 from the General Fund unappropriated surplus to the General Purpose Aid for Local Schools program, General Fund account within the Department of Education no later than June 30, 2017. The State Budget Officer, upon approval of the Governor, shall allot the funds in this Part to the General Purpose Aid for Local Schools program, General Fund account within the Department of Education by financial order in fiscal year 2016-17. This transfer is not considered an adjustment to appropriations.

PART C

Sec. C-1. 20-A MRSA §13007, sub-§2, ¶D, as enacted by PL 2011, c. 702, §1, is amended to read:

D. Report and pay no more than \$150,000 in fiscal year 2012-13, no more than \$240,000 in fiscal year 2013-14 and no more than \$335,000 in fiscal year 2014-15 and each fiscal year thereafter from fees collected pursuant to subsection 1 to the Treasurer of State to be credited to the National Board Certification Salary Supplement Fund, Other Special Revenue Funds account within the Department of Education.

Sec. C-2. 20-A MRSA §15671, sub-§1-A, as amended by PL 2015, c. 267, Pt. C, §4, is further amended to read:

1-A. State funding for kindergarten to grade 12 public education. Beginning in fiscal year ~~2016-17~~2017-18 and in each fiscal year thereafter until the state share percentage of the total cost of funding public education from kindergarten to grade 12 reaches 55% pursuant to subsection 7, paragraph B, the State shall increase the state share percentage of the funding for the cost of essential programs and services by at least one percentage point per year over the percentage of the previous year and the department, in allocating funds, shall make this increase in funding a priority. For those fiscal years that the funding appropriated or allocated for the cost of essential programs and services is not sufficient to increase the state share percentage of the total cost of funding public education from kindergarten to grade 12 by at least one percentage point, no new programs or initiatives may be established for kindergarten to grade 12 public education within the department that would divert funds that would otherwise be distributed as general purpose aid for local schools pursuant to subsection 5.

Sec. C-3. 20-A MRSA §15671, sub-§7, ¶B, as amended by PL 2015, c. 267, Pt. C, §6, is further amended to read:

B. The annual targets for the state share percentage of the statewide adjusted total cost of the components of essential programs and services are as follows.

(1) For fiscal year 2005-06, the target is 52.6%.

(2) For fiscal year 2006-07, the target is 53.86%.

(3) For fiscal year 2007-08, the target is 53.51%.

(4) For fiscal year 2008-09, the target is 52.52%.

(5) For fiscal year 2009-10, the target is 48.93%.

(6) For fiscal year 2010-11, the target is 45.84%.

(7) For fiscal year 2011-12, the target is 46.02%.

(8) For fiscal year 2012-13, the target is 45.87%.

(9) For fiscal year 2013-14, the target is 47.29%.

(10) For fiscal year 2014-15, the target is 46.80%.

(11) For fiscal year 2015-16, the target is 47.54%.

(12) For fiscal year 2016-17, the target is 48.10%.

Sec. C-4. 20-A MRSA §15671, sub-§7, ¶C, as amended by PL 2015, c. 267, Pt. C, §7, is further amended to read:

C. Beginning in fiscal year 2011-12, the annual targets for the state share percentage of the total cost of funding public education from kindergarten to grade 12 including the cost of the components of essential programs and services plus the state contributions to teacher retirement, retired teachers' health insurance and retired teachers' life insurance are as follows.

(1) For fiscal year 2011-12, the target is 49.47%.

(2) For fiscal year 2012-13, the target is 49.35%.

(3) For fiscal year 2013-14, the target is 50.44%.

(4) For fiscal year 2014-15, the target is 50.13%.

PUBLIC Law, Chapter 389, LD 1641, 127th Maine State Legislature
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(5) For fiscal year 2015-16, the target is 50.08%.

(6) For fiscal year 2016-17 ~~and succeeding years~~, the target is ~~55%~~50.79%.

(7) For fiscal year 2017-18 and succeeding years, the target is 55%.

Sec. C-5. 20-A MRSA §15671-A, sub-§2, ¶B, as amended by PL 2015, c. 267, Pt. C, §8, is further amended to read:

B. For property tax years beginning on or after April 1, 2005, the commissioner shall calculate the full-value education mill rate that is required to raise the statewide total local share. The full-value education mill rate is calculated for each fiscal year by dividing the applicable statewide total local share by the applicable statewide valuation. The full-value education mill rate must decline over the period from fiscal year 2005-06 to fiscal year 2008-09 and may not exceed 9.0 mills in fiscal year 2005-06 and may not exceed 8.0 mills in fiscal year 2008-09. The full-value education mill rate must be applied according to section 15688, subsection 3-A, paragraph A to determine a municipality's local cost share expectation. Full-value education mill rates must be derived according to the following schedule.

(1) For the 2005 property tax year, the full-value education mill rate is the amount necessary to result in a 47.4% statewide total local share in fiscal year 2005-06.

(2) For the 2006 property tax year, the full-value education mill rate is the amount necessary to result in a 46.14% statewide total local share in fiscal year 2006-07.

(3) For the 2007 property tax year, the full-value education mill rate is the amount necessary to result in a 46.49% statewide total local share in fiscal year 2007-08.

(4) For the 2008 property tax year, the full-value education mill rate is the amount necessary to result in a 47.48% statewide total local share in fiscal year 2008-09.

(4-A) For the 2009 property tax year, the full-value education mill rate is the amount necessary to result in a 51.07% statewide total local share in fiscal year 2009-10.

(4-B) For the 2010 property tax year, the full-value education mill rate is the amount necessary to result in a 54.16% statewide total local share in fiscal year 2010-11.

(4-C) For the 2011 property tax year, the full-value education mill rate is the amount necessary to result in a 53.98% statewide total local share in fiscal year 2011-12.

(5) For the 2012 property tax year, the full-value education mill rate is the amount necessary to result in a 54.13% statewide total local share in fiscal year 2012-13.

(6) For the 2013 property tax year, the full-value education mill rate is the amount necessary to result in a 52.71% statewide total local share in fiscal year 2013-14.

(7) For the 2014 property tax year, the full-value education mill rate is the amount necessary to result in a 53.20% statewide total local share in fiscal year 2014-15.

(8) For the 2015 property tax year, the full-value education mill rate is the amount necessary to result in a 52.46% statewide total local share in fiscal year 2015-16.

(9) For the 2016 property tax year ~~and subsequent tax years~~, the full-value education mill rate is the amount necessary to result in a ~~45%~~51.90% statewide total local share in fiscal year 2016-17 ~~and after~~.

(10) For the 2017 property tax year and subsequent tax years, the full-value education mill rate is the amount necessary to result in a 45% statewide total local share in fiscal year 2017-18 and after.

Sec. C-6. 20-A MRSA §15686-A, sub-§3, as enacted by PL 2005, c. 519, Pt. AAAA, §12, is amended to read:

3. Components to be reviewed beginning in fiscal years 2008-09 and 2016-17.

Beginning in fiscal year 2008-09, and at least every 3 years thereafter, the commissioner, using information provided by a statewide education policy research institute, shall review the essential programs and services professional development, student assessment, technology, leadership support, cocurricular and extra-curricular activities ~~and~~, supplies and equipment ~~and~~, beginning in fiscal year 2016-17, charter school components under this chapter and shall submit to the joint standing committee of the Legislature having jurisdiction over education matters any recommended changes for legislative action.

Sec. C-7. 20-A MRSA §15689, sub-§1, ¶B, as amended by PL 2013, c. 368, Pt. C, §13, is further amended to read:

B. The school administrative unit's special education costs as calculated pursuant to section 15681-A, subsection 2 multiplied by the following transition percentages:

(1) In fiscal year 2005-06, 84%;

(2) In fiscal year 2006-07, 84%;

(3) In fiscal year 2007-08, 84%;

(4) In fiscal year 2008-09, 45%;

(5) In fiscal year 2009-10, 40% including funds provided under Title XIV of the State Fiscal Stabilization Fund of the American Recovery and Reinvestment Act of 2009;

(6) In fiscal year 2010-11, 35% including funds provided under Title XIV of the State Fiscal Stabilization Fund of the American Recovery and Reinvestment Act of 2009;

(7) In fiscal year 2011-12, 30%;

(8) In fiscal year 2012-13, 30%;

(9) In fiscal year 2013-14, 35%; and

(10) In fiscal year 2014-15 and succeeding years, 30%;

(11) In fiscal year 2015-16, 30%;

(12) In fiscal year 2016-17, 30%;

(13) In fiscal year 2017-18, 35%;

(14) In fiscal year 2018-19, 40%;

(15) In fiscal year 2019-20, 45%; and

(16) In fiscal year 2020-21 and succeeding years, 50%.

Sec. C-8. 20-A MRSA §15689-C, sub-§1, as amended by PL 2009, c. 275, §1, is further amended to read:

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1. Annual recommendation. Prior to ~~December 15th~~January 20th of each fiscal year, the commissioner, with the approval of the state board, shall recommend to the Governor and the Department of Administrative and Financial Services, Bureau of the Budget the funding levels that the commissioner recommends for the purposes of this chapter. Beginning with the recommendations due in 2009, the commissioner's annual recommendations must be in the form and manner described in subsection 4.

Sec. C-9. 20-A MRSA §15690, sub-§1, ¶C, as amended by PL 2007, c. 539, Pt. C, §15, is further amended to read:

C. The state share of the total cost of funding public education from kindergarten to grade 12 as described in section 15688, excluding state-funded debt service for each school administrative unit, is limited to the same proportion as the local school administrative unit raises of its required contribution to the total cost of education as described in section 15688, excluding state-funded debt service costs. ~~For school administrative units that annually demonstrate savings by purchasing supplies using an electronic bidding forum, the commissioner may suspend all or a portion of any adjustment to the unit's state contribution pursuant to this paragraph.~~

Sec. C-10. 20-A MRSA §15905, sub-§1, ¶A, as amended by PL 2015, c. 267, Pt. C, §15, is further amended to read:

A. The state board may approve projects as long as no project approval will cause debt service costs, as defined in section 15672, subsection 2-A, paragraph A and pursuant to Resolve 2007, chapter 223, section 4, to exceed the maximum limits specified in Table 1 in subsequent fiscal years.

Fiscal year	Major Capital Maximum Debt Service Limit	Integrated, Consolidated Secondary an Maximum De
1990	\$ 48,000,000	
1991	\$ 57,000,000	
1992	\$ 65,000,000	
1993	\$ 67,000,000	
1994	\$ 67,000,000	
1995	\$ 67,000,000	
1996	\$ 67,000,000	
1997	\$ 67,000,000	
1998	\$ 67,000,000	
1999	\$ 69,000,000	
2000	\$ 72,000,000	
2001	\$ 74,000,000	
2002	\$ 74,000,000	
2003	\$ 80,000,000	
2004	\$ 80,000,000	
2005	\$ 84,000,000	
2006	\$ 90,000,000	
2007	\$ 96,000,000	
2008	\$100,000,000	
2009	\$104,000,000	
2010	\$108,000,000	

PUBLIC Law, Chapter 389, LD 1641, 127th Maine State Legislature

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2011	\$126,000,000	
2012	\$116,000,000	
2013	\$116,000,000	
2014	\$126,000,000	\$10,000,000
2015	\$126,000,000	\$10,000,000
2016	\$126,000,000	\$10,000,000
2017	\$126,000,000	\$10,000,000
<u>2018</u>	<u>\$126,000,000</u>	<u>\$10,000,000</u>
<u>2019</u>	<u>\$126,000,000</u>	<u>\$10,000,000</u>

Sec. C-11. Mill expectation. The mill expectation pursuant to the Maine Revised Statutes, Title 20-A, section 15671-A for fiscal year 2016-17 is 8.30.

Sec. C-12. Total cost of funding public education from kindergarten to grade 12. The total cost of funding public education from kindergarten to grade 12 for fiscal year 2016-17 is as follows:

	2016-17 TOTAL
Total Operating Allocation	
Total operating allocation pursuant to the Maine Revised Statutes, Title 20-A, section 15683 and total other subsidizable costs pursuant to Title 20-A, section 15681-A	\$1,882,494,984
Total Debt Service Allocation	
Total debt service allocation pursuant to the Maine Revised Statutes, Title 20-A, section 15683-A	\$88,428,148
Enhancing Student Performance and Opportunity	\$4,397,105
Total Adjustments and Miscellaneous Costs	
Total adjustments and miscellaneous costs pursuant to the Maine Revised Statutes, Title 20-A, sections 15689 and 15689-A	\$67,138,019
Total Normal Cost of Teacher Retirement	\$38,357,583
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Total Cost of Funding Public Education from Kindergarten to Grade 12	
Total cost of funding public education from kindergarten to grade 12 for fiscal year 2016-17 pursuant to the Maine Revised Statutes, Title 20-A, chapter 606-B	\$2,080,815,839
Total cost of the state contribution to teacher retirement, teacher retirement health insurance and teacher retirement life insurance for fiscal year 2016-17 pursuant to the Maine Revised Statutes, Title 5, chapters 421 and 423 excluding the normal cost of teacher retirement	\$156,985,489
Adjustment pursuant to the Maine Revised Statutes, Title 20-A, section 15683, subsection 2	\$42,200,635
Total cost of funding public education from kindergarten to grade 12	\$2,280,001,963

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Sec. C-13. Local and state contributions to total cost of funding public education from kindergarten to grade 12. The local contribution and the state contribution appropriation provided for general purpose aid for local schools for the fiscal year beginning July 1, 2016 and ending June 30, 2017 is calculated as follows:

	2016-17 LOCAL	2016-17 STATE
Local and State Contributions to the Total Cost of Funding Public Education from Kindergarten to Grade 12		
Local and state contributions to the total cost of funding public education from kindergarten to grade 12 pursuant to the Maine Revised Statutes, Title 20-A, section 15683, subject to statewide distributions required by law	\$1,079,854,324	\$1,000,961,515
State contribution to the total cost of teacher retirement, teacher retirement health insurance and teacher retirement life insurance for fiscal year 2016-17 pursuant to the Maine Revised Statutes, Title 5, chapters 421 and 423		\$156,985,489
State contribution to the total cost of funding public education from kindergarten to grade 12		\$1,157,947,004

Sec. C-14. Authorization of payments. If the State's continued obligation for any individual component contained in those sections of this Part that set the total cost of funding public education from kindergarten to grade 12 and the local and state contributions for that purpose exceeds the level of funding provided for that component, any unexpended balances occurring in other programs may be applied to avoid proration of payments for any individual component. Any unexpended balances from this Part may not lapse but must be carried forward for the same purpose.

Sec. C-15. Limit of State's obligation. Those sections of this Part that set the total cost of funding public education from kindergarten to grade 12 and the local and state contributions for that purpose may not be construed to require the State to provide payments that exceed the appropriation of funds for general purpose aid for local schools for the fiscal year beginning July 1, 2016 and ending June 30, 2017.

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

Effective 90 days following adjournment of the 127th
Legislature, Second Regular Session, unless otherwise indicated.