

124th Legislature LD 1126 SP0417
Education And Cultural Affairs

An Act To Limit the Scope of Miscellaneous Costs within the General Purpose Aid for Local Schools Appropriation. **Presented by** Senator TRAHAN of Lincoln. **Public Hearing** 04/13/09. OTP-AM Accepted 05/28/09. **Amended by:** CA S-209. **Final Disposition:** Enacted, Signed 06/08/09, PUBLIC LAWS, Chapter 275.

LAWS
OF THE
STATE OF MAINE

AS PASSED BY THE

ONE HUNDRED AND TWENTY-FOURTH LEGISLATURE

FIRST REGULAR SESSION
December 3, 2008 to June 13, 2009

THE GENERAL EFFECTIVE DATE FOR
FIRST REGULAR SESSION
NON-EMERGENCY LAWS IS
SEPTEMBER 12, 2009

PUBLISHED BY THE REVISOR OF STATUTES
IN ACCORDANCE WITH MAINE REVISED STATUTES ANNOTATED,
TITLE 3, SECTION 163-A, SUBSECTION 4.

Augusta, Maine
2009

to confer that degree in its home state. It includes educational, academic, literary and professional degrees. It also includes associate, baccalaureate, master's, first professional and doctoral degrees and certificates of advanced graduate studies.

Sec. 11. 20-A MRSA §10705, as amended by PL 2007, c. 572, Pt. A, §11, is further amended to read:

§10705. Courses for credit

An educational institution may offer courses or programs for academic credit leading to degree-completion requirements only if:

1. **Authority.** It has been authorized under sections 10704 and 10704-A to grant degrees;

2. **State board authority.** It has been given temporary authority by the state board to use the name "community college," "college" or "university"; or

3. **Out-of-state institution.** It is:

A. Located outside the State; and

B. Authorized by the state board to offer courses for academic credit leading to degree-completion requirements; or

4. **Coordinated programs.** It is offering courses or programs in coordination with an educational institution in the State that is authorized to grant degrees and the state board has approved the coordination.

Sec. 12. 20-A MRSA §10708, sub-§1, as enacted by PL 1981, c. 693, §§5 and 8, is amended to read:

1. **Prior to September 18, 1981.** ~~Have specific degree-granting authority granted to them by the Legislature~~ Had been authorized by the Legislature or the state board to grant undergraduate or graduate degrees prior to September 18, 1981 and are offering additional or different degrees at the same level;

Sec. 13. 20-A MRSA §10712, sub-§4, as enacted by PL 1991, c. 563, §4, is amended to read:

4. **Merger; consolidation; reorganization.** The merger or consolidation of the educational institution with ~~any other~~ an external entity, or the reorganization of the educational institution, including, but not limited to, reorganization in bankruptcy. This subsection does not apply and authority to confer degrees is not terminated if degree programs are consolidated or reorganized within an educational institution and are at the same level as those authorized by the Legislature or the state board prior to the consolidation or reorganization.

Sec. 14. 20-A MRSA c. 506, as amended, is repealed.

Sec. 15. 20-A MRSA §15001, sub-§3, as enacted by PL 1981, c. 693, §§5 and 8 and amended by PL 2005, c. 397, Pt. D, §3, is repealed.

Sec. 16. 20-A MRSA c. 612, as amended, is repealed.

Sec. 17. 27 MRSA §40, sub-§3 is enacted to read:

3. Telecommunications education access fund. The State Librarian or the Commissioner of Education may enter into contracts or order services on behalf of schools and libraries in connection with the telecommunications education access fund pursuant to Title 35-A, section 7104-B. The State Librarian or the Commissioner of Education may take advantage of any discounts available pursuant to the federal Telecommunications Act of 1996.

Sec. 18. 35-A MRSA §7104-B, sub-§4-A is enacted to read:

4-A. State Librarian; Commissioner of Education. The State Librarian or the Commissioner of Education may enter into contracts or order services on behalf of qualified schools and qualified libraries in connection with the fund and may take advantage of any discounts available pursuant to the federal Telecommunications Act of 1996.

See title page for effective date.

CHAPTER 275

S.P. 417 - L.D. 1126

**An Act To Limit the Scope of
Miscellaneous Costs within the
General Purpose Aid for Local
Schools Appropriation**

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

Sec. 1. 20-A MRSA §15689-C, sub-§1, as enacted by PL 2005, c. 2, Pt. D, §61 and affected by §§72 and 74 and c. 12, Pt. WW, §18, is amended to read:

1. **Annual recommendation.** Prior to December 15th of each 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. 2. 20-A MRSA §15689-C, sub-§4 is enacted to read:

4. Guidelines for updating adjustments and miscellaneous costs. The commissioner's recommendations regarding the adjustments and miscellaneous costs components as set forth in subsection 2 also must delineate each amount that is recommended for each subsection and paragraph under sections 15689 and 15689-A and the purposes for each cost in these sections. For each amount shown in the commissioner's recommendations, the commissioner's recommendation must also show the amount for the same component or purpose that is included in the most recently approved state budget, the differences between the amounts in the most recently approved state budget and the commissioner's recommendations and the reasons for the changes.

Sec. 3. 20-A MRSA §15689-D, as amended by PL 2007, c. 240, Pt. C, §7, is repealed and the following enacted in its place:

§15689-D. Governor's recommendation for funding levels

1. Annual recommendations. The Department of Administrative and Financial Services, Bureau of the Budget shall annually certify to the Legislature the funding levels that the Governor recommends under sections 15683, 15683-A, 15689 and 15689-A. The Governor's recommendations must be transmitted to the Legislature within the time schedules set forth in Title 5, section 1666 and in the form and manner described in subsection 2. The commissioner may adjust, consistent with the Governor's recommendation for funding levels, per-pupil amounts not related to staffing pursuant to section 15680 and targeted funds pursuant to section 15681.

2. Funding level computations. The Governor's recommendations under subsection 1 must specify the amounts that are recommended for the total operating allocation pursuant to section 15683, the total of other subsidizable costs pursuant to section 15681-A, the total debt service allocation pursuant to section 15683-A, the total adjustments pursuant to section 15689, the total miscellaneous costs pursuant to section 15689-A, the amount for any other components of the total cost of funding public education from kindergarten to grade 12 and the total cost of funding public education from kindergarten to grade 12 pursuant to this chapter. The Governor's recommendations regarding the adjustments and miscellaneous costs components also must delineate each amount that is recommended for each subsection and paragraph under sections 15689 and 15689-A and the purposes for each cost in these sections. For each amount shown in the Governor's recommendations, the Governor's recommendations must also show the amount for the same component or purpose that is included in the most recently approved state budget, the differences between the amounts in the most recently approved state budget

and the Governor's recommendations and the reasons for the changes.

See title page for effective date.

CHAPTER 276

S.P. 101 - L.D. 337

**An Act Regarding Emergency
Involuntary Admission of a
Participant in the Department
of Health and Human Services'
Progressive Treatment
Program to a State
Mental Institute**

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

Sec. 1. 34-B MRSA §3863, sub-§8, as enacted by PL 2005, c. 519, Pt. BBBB, §8 and affected by §20, is amended to read:

8. Rehospitalization from progressive treatment program. The assertive community treatment team physician or, psychologist, certified psychiatric clinical nurse specialist or nurse practitioner may make a written application under this section to admit to a state mental health institute a person who fails to fully participate in the progressive treatment program in accordance with section 3873, subsection 5. The provisions of this section apply to that application, except that the standard for admission is governed by section 3873, subsection 5, paragraph B.

Sec. 2. 34-B MRSA §3873, sub-§5, ¶A, as enacted by PL 2005, c. 519, Pt. BBBB, §14 and affected by §20, is amended to read:

A. If the person does not fully participate in the program and follow the individualized treatment plan and if the assertive community treatment team physician or, psychologist, certified psychiatric clinical nurse specialist or nurse practitioner determines, based on clinical findings, that as a result of failure to fully participate or follow the individualized treatment plan the person's mental health has deteriorated so that hospitalization is in the person's best interest and the person poses a likelihood of serious harm as defined in section 3801, subsection 4, paragraph D, the assertive community treatment team physician or, psychologist, certified psychiatric clinical nurse specialist or nurse practitioner shall complete a certificate stating that the person requires hospitalization and the grounds for that belief. The person

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AUGUSTA, MAINE



124th MAINE LEGISLATURE

FIRST REGULAR SESSION-2009

Legislative Document

No. 1126

S.P. 417

In Senate, March 25, 2009

An Act To Limit the Scope of Miscellaneous Costs within the General Purpose Aid for Local Schools Appropriation

Reference to the Committee on Education and Cultural Affairs suggested and ordered printed.

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator TRAHAN of Lincoln.
Cosponsored by Representative McKANE of Newcastle and
Senators: NUTTING of Androscoggin, RAYE of Washington, WESTON of Waldo,
Representatives: FINCH of Fairfield, PENDLETON of Scarborough, PIEH of Bremen,
RICHARDSON of Carmel, SCHATZ of Blue Hill.

1 cover a contract with the university to monitor and update the essential programs and
2 services school funding model.

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Date: 5-26-09

(Filing No. S-209)

EDUCATION AND CULTURAL AFFAIRS

Reproduced and distributed under the direction of the Secretary of the Senate.

STATE OF MAINE

SENATE

124TH LEGISLATURE

FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to S.P. 417, L.D. 1126, Bill, "An Act To Limit the Scope of Miscellaneous Costs within the General Purpose Aid for Local Schools Appropriation"

Amend the bill by striking out everything after the enacting clause and before the summary and inserting the following:

Sec. 1. 20-A MRSA §15689-C, sub-§1, as enacted by PL 2005, c. 2, Pt. D, §61 and affected by §§72 and 74 and c. 12, Pt. WW, §18, is amended to read:

1. Annual recommendation. Prior to December 15th of each 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. 2. 20-A MRSA §15689-C, sub-§4 is enacted to read:

4. Guidelines for updating adjustments and miscellaneous costs. The commissioner's recommendations regarding the adjustments and miscellaneous costs components as set forth in subsection 2 also must delineate each amount that is recommended for each subsection and paragraph under sections 15689 and 15689-A and the purposes for each cost in these sections. For each amount shown in the commissioner's recommendations, the commissioner's recommendation must also show the amount for the same component or purpose that is included in the most recently approved state budget, the differences between the amounts in the most recently approved state budget and the commissioner's recommendations and the reasons for the changes.

Sec. 3. 20-A MRSA §15689-D, as amended by PL 2007, c. 240, Pt. C, §7, is repealed and the following enacted in its place:

COMMITTEE AMENDMENT

H. 86.

1 **§15689-D. Governor's recommendation for funding levels**

2 **1. Annual recommendations.** The Department of Administrative and Financial
3 Services, Bureau of the Budget shall annually certify to the Legislature the funding levels
4 that the Governor recommends under sections 15683, 15683-A, 15689 and 15689-A. The
5 Governor's recommendations must be transmitted to the Legislature within the time
6 schedules set forth in Title 5, section 1666 and in the form and manner described in
7 subsection 2. The commissioner may adjust, consistent with the Governor's
8 recommendation for funding levels, per-pupil amounts not related to staffing pursuant to
9 section 15680 and targeted funds pursuant to section 15681.

10 **2. Funding level computations.** The Governor's recommendations under
11 subsection 1 must specify the amounts that are recommended for the total operating
12 allocation pursuant to section 15683, the total of other subsidizable costs pursuant to
13 section 15681-A, the total debt service allocation pursuant to section 15683-A, the total
14 adjustments pursuant to section 15689, the total miscellaneous costs pursuant to section
15 15689-A, the amount for any other components of the total cost of funding public
16 education from kindergarten to grade 12 and the total cost of funding public education
17 from kindergarten to grade 12 pursuant to this chapter. The Governor's
18 recommendations regarding the adjustments and miscellaneous costs components also
19 must delineate each amount that is recommended for each subsection and paragraph
20 under sections 15689 and 15689-A and the purposes for each cost in these sections. For
21 each amount shown in the Governor's recommendations, the Governor's
22 recommendations must also show the amount for the same component or purpose that is
23 included in the most recently approved state budget, the differences between the amounts
24 in the most recently approved state budget and the Governor's recommendations and the
25 reasons for the changes.'

26 **SUMMARY**

27 This amendment replaces the bill to incorporate changes in the law concerning the
28 Commissioner of Education's funding level recommendations and the Governor's
29 recommendations for the annual appropriation to the General Purpose Aid for Local
30 Schools program in the state budget. The amendment requires that the amounts
31 appropriated for certain components of the Essential Programs and Services Funding Act
32 that are proposed in any state budget must be shown in a sufficiently detailed and
33 transparent form and manner to permit the Legislature and the citizens of the State to
34 identify the changes in proposed funding for the components of the Essential Programs
35 and Services Funding Act from the proposed budget without need for reference to other
36 documents or explanations.

FISCAL NOTE REQUIRED
(See Attached)



124th MAINE LEGISLATURE

LD 1126

LR 466(02)

An Act To Limit the Scope of Miscellaneous Costs within the General Purpose Aid for Local Schools Appropriation

Fiscal Note for Bill as Amended by Committee Amendment "A"

Committee: Education and Cultural Affairs

Fiscal Note Required: Yes

Fiscal Note

Minor cost increase - General Fund

Fiscal Detail and Notes

Additional costs to the Department of Education associated with providing the required detailed information can be absorbed within existing budgeted resources.

State of Maine
DEPARTMENT OF EDUCATION

Testimony of Susan A. Gendron, Commissioner of Education

In Opposition to: L.D. 1126

An Act To Limit the Scope of Miscellaneous Costs within the General Purpose Aid for Local Schools Appropriation

Before the Joint Standing Committee on Education and Cultural Affairs

Sponsored by: Senator Trahan

Cosponsored by: Representatives Finch, McKane, Pendleton, Pieh, Richardson, and Schatz and Senators Nutting, Raye, Weston

Date: April 13, 2009

Senator Alford, Representative Sutherland, and Members of the Joint Standing Committee on Education and Cultural Affairs:

My name is Susan Gendron, Commissioner of Education, and I am here today on behalf of the Department of Education in opposition to L.D. 1126 An Act To Limit the Scope of Miscellaneous Costs Within the General Purpose Aid for Local Schools Appropriation.

With the enactment of L.D. 1 in January 2005, Maine shaped a new future for funding public education and the state's commitment to sharing the costs with local communities. The Essential Programs and Services (EPS) model would define the costs of PreK-12 education and the funding law enacted in 2004 would set the state and local share of those EPS defined costs. L.D. 1 specified the state share of the defined EPS costs and an implementation over time to achieve a 55% state share. Although the L.D. 1 path has been interrupted by the current economic environment and lower state revenues, the intent and commitment to the structure in place to achieve the goals of L.D. 1 should not be eroded.

Neither L.D. 1 nor the funding law implied that the costs of education to be shared were just the local costs but rather the total cost of PreK-12 education for the State of Maine. No longer would some initiatives/costs be treated outside the funding law environment with different levels of state commitment and so-called mandated programs would need to be included and require the same level of state support. If a program, initiative, or federal/state reporting requirement were to be part of the total cost of education, the costs should be included and require a state and local commitment of those costs. Significantly increased reporting burdens at the state level and especially at the federal level (*soon to be over 125 reports*) have demanded a major commitment both at the state and local level.

In the first funding year of EPS the legislature began to include elements such as the MLTI laptop initiative and some staffing positions that support the annual General Purpose Aid (GPA) distribution to local schools required in Chapter 606-B. Data system development and reporting requirements were also included because that support is absolutely a cost of K-12 education and should be shared by both state and local funds. Over time as costs of providing services to support to local schools have been identified those costs have been included in the costs of education and in each case by legislative consideration and approval. Chapter 457 in 2005 included positions and the MLTI program costs. Chapter 240 in FY2007-08 included funding for Jobs for Maine's Graduates (JMG), Maine School of Science and Math (MSSM), and the Maine Center for Deaf and Hard of Hearing (MCDHH, all public schools providing K-12 education. L.D. 1126 even proposes to eliminate support for three teachers and four other educators required to educate public students in the Department of Corrections juvenile corrections facilities - most certainly a cost of K-12 education.

Chapter 539 in FY2008-09 added positions that support local education costs with the objective of reducing local reporting burdens and provide support for GPA and MEDMS. Eleven positions in School Finance and Operations targeted in L.D. 1126 were added by legislative action four in FY2005-06, three in FY2007-08, and the remaining four in FY2008-09. No new position counts were included in the FY2009-10 budget. To remove them from the EPS adjustments and miscellaneous costs would presume that those costs are not a PreK-12 education cost and should be a separate general fund commitment. In fact, those positions have been focused on relieving local reporting burdens from student information to financial requirements required for both state and federal reporting. The decisions to include those costs as a necessary cost for adequate support of education were made with legislative hearing, debate, and approval.

In summary, all of these costs, functions and positions are funded by General Purpose Aid because they are all legitimate costs of adequate support to local school administrative units as part of the total cost of PreK-12 education. They have all been proposed in budget bills, reviewed and approved by the Joint Standing Committee on Education and Cultural Affairs, by the Joint Standing Committee on Appropriations and Financial Affairs and by the full Maine Legislature.

For these reasons, the Department of Education opposes L.D. 1126 An Act To Limit the Scope of Miscellaneous Costs within the General Purpose Aid for Local Schools Appropriations. I would be happy to answer any questions the Committee may have, and I will be available for work sessions on this bill.

April 13, 2009

Testimony of Joseph A. Stupak, Director of Collective Bargaining and Research, Maine Education Association, to the Joint Standing Committee on Education and Cultural Affairs in support of LD 1126, An Act to Limit the Scope of Miscellaneous Costs within the General Purpose Aid for Local Schools Appropriation

Senator Alford, Representative Sutherland and members of the Joint Standing Committee on Education and Cultural Affairs:

My name is Joe Stupak. I am a resident of Stetson, Maine. I work as the Director of Collective Bargaining and Research for the Maine Education Association. The Association has more than 25,000 members who teach, work or have retired from Maine's local public schools and public higher education institutions.

In 1985, the Legislature expressed its intent, in statute, to pay 55% of public elementary and secondary costs of education. In 1999, the Bangor Daily News editorialized that "the Legislature has been studying the failures of Maine's school-funding formula for six years. There no longer is any doubt about what is wrong or what is required to make it right...property taxpayers have been forced to take on more of the burden or schools have had to do without...these taxpayers have been carrying the state for too long."

Five years later, that burden on local taxpayers had not been lifted. In June, 2004, Maine voters, tired of waiting nearly twenty years for the 55% intent to be fulfilled, voted for citizen-initiated legislation calling on the State to pay 55% of the cost of public education, including all special education costs, "for the purpose of shifting costs from the property tax to State resources".

By January, 2005 the State had responded to the voters by enacting LD 1 for that session, but the response did not then and has not since fulfilled the 55% State funding intent. The total cost of public education under LD 1 was not based on actual local school costs but on a new EPS funding formula. The principal architects of that new funding formula, in a Maine Policy Review article in 2001, described it as "a mechanism to ensure adequate resources behind each child so they achieve desired goals, but it does not limit the total amount of resources that may be deemed important by a local community for achieving other desired outcomes. In other words, it does not place an upper limit on the amount of resources a community may raise and use to achieve the educational outcomes they desire for their children."

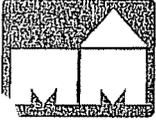
The reference to EPS turned the denominator in the funding equation from the amount that school boards and citizens, who approved local education budgets, were actually paying to "achieve the educational outcomes they desire for their children" into an amount deemed to be "adequate".

But 55% of that amount was not provided; instead, the State handed an IOU to local school units, in the form of a four year "ramp" to 55%, which then became a five year ramp. It will probably be extended to a seven year ramp upon the adoption of an FY 10 – FY 11 State budget, but a budget which purports to achieve the 55% intent in FY 11 would be disingenuous in the current economic climate.

Perversely, since the passage of LD 1, most local school units are condemned annually in the State LD 1 report for failing to adhere to EPS allocations, which were intended originally as adequacy funding floors to meet basic State standards but now have been distorted into funding ceilings.

LD 1126 addresses one other significant manipulation of school funding that has become part of the State's avoidance of its 55% responsibility. Since 2004, the State has added State staff and programs that at best indirectly support local public education both to its share of education costs and the total, thereby embellishing its ostensible performance in funding schools. From FY 05 to the proposed FY 10 budget, the adjustments and miscellaneous costs in GPA, all credited to the State share, have grown from \$44.5 million to \$74.8 million.

LD 1126 is imperfect as a solution to this very large school funding problem that has existed for at least twenty-five years, but it would be a step in the right direction. MEA urges the Committee to report it unanimously as "ought to pass".



Maine Municipal Association

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Testimony of the Maine Municipal Association
In Support of LD 1126
An Act To Limit the Scope of Miscellaneous Costs within the General Purpose Aid for Local Schools Appropriation

April 13, 2009

Senator Alford, Representative Sutherland, members of the Education Committee, my name is Geoff Herman and I am testifying in support of LD 1126 on behalf of the Maine Municipal Association.

Seven years ago, many municipalities and the state as a whole were facing both local and state-level property tax revolts. Over that seven year period, Maine's municipal leaders invested a great deal of energy in an effort to define and measure state financial support for K-12 public education. The straightforward municipal motive was to reduce or at least contain the upward pressure on property taxes.

To achieve that end, the municipal focus was on the yardstick that the Legislature had created to define the school subsidy appropriation, which is appropriately called General Purpose Aid for Local Schools (GPA). In the early 1980s, the GPA appropriation was approximately 52% of total state and local spending on K-12 education, and the Legislature itself enacted a law to establish the statutory goal of paying 55% of K-12 spending with General Fund resources. After an extended period of flat-funding school subsidy during the 1990s, the GPA appropriation declined to around 43% of the total expenditure, and property taxes increased significantly.

Putting the existing measurement tools together, the municipalities were of the belief that if the state could achieve the financial goal it established for itself -- using the GPA yardstick and 55% standard it had itself created -- the property tax containment goal could be realized.

As a result of that effort, it is critically important to Maine's municipal leaders that the GPA yardstick remain true both to its name and its historical function. If the yardstick is turned into an instrument made of rubber, the 55% standard becomes meaningless.

The focus of LD 1126 is on several lines within the "miscellaneous" category within the GPA appropriation. These are the lines that have been created in recent years to cover the personnel costs of approximately 20-plus state employees who work in the Department of Education and several state employees who work in the Department of Corrections.

The proponents of LD 1126 are not claiming these employees do not provide important services. The question is only whether the payment of the personnel costs of those state employees is appropriately defined as "General Purpose Aid for Local Schools".

It is very important to Maine's municipalities that both the Essential Programs and Services school funding model and the structure of the GPA appropriation retain their complete integrity. As the steward of these systems, we are asking the Education Committee through this legislation to conduct a critical review of the most recent expansions of the "miscellaneous" lines within the GPA appropriation so that a standard can be articulated governing which state employees, if any, should be considered by their positions or service to be the functional equivalent of General Purpose Aid school subsidy.

We the people of Maine...

THE MAINE HERITAGE POLICY CENTER

Testimony regarding LD 1126
An Act to Limit the Scope of Miscellaneous Costs
within the General Purpose Aid for Local Schools Appropriation

Stephen Bowen
The Maine Heritage Policy Center

Senator Alford, Representative Sutherland, men and women of the Committee,

My name is Stephen Bowen and I direct the Center for Education Excellence at the Maine Heritage Policy Center. I come before you today to testify in favor of LD 1126.

The Department's practice of shifting "adjustments and miscellaneous costs" programs from the General Fund to General Purpose Aid first came to my attention during the 122nd legislature, when I served on the Appropriations committee and helped to negotiate a number of budget bills in which the Department first proposed these kinds of shifts. Upon joining the Maine Heritage Policy Center, I authored the attached report, which describes in some detail what we then called the "Hidden LD 1 Cost Shift"

As the table on the first page of my report illustrates, since LD 1 was enacted in 2005, the Department has been slowly but steadily shifting the funding of a number of its programs from the General Fund to the General Purpose Aid (GPA) account. Prior to the enactment of LD 1, the state paid 100 percent of the costs of the so-called "Adjustments and Miscellaneous Costs" programs from the General Fund. As you can see, the cost of those programs then totaled almost \$40 million, all of it paid for out of the General Fund. Beginning in the 2005-2006 biennium, however, those programs were shifted to the GPA account, reducing the state's share of the cost of these programs from 100 percent to 55 percent. The Department added a couple of programs to that category as well, with the result that the total cost for these programs came to \$48 million, of which the state paid only \$21 million.

Just like that, the Department was able to cut its General Fund budget by \$26.8 million, shifting those costs onto local property taxpayers.

In the years that followed, the Department, with the consent of the legislature, shifted more and more programs into the "adjustments" category, so that by the 2008-2009 budget cycle, the "adjustments" programs had a total cost of \$76.7 million, of which only \$42.2 million was paid by the state.

In this way, the state was able to shift, over four years, more than \$120 million in costs onto local school districts. These were costs, remember, that were paid 100 percent out of the General Fund prior to the passage of LD 1.

Why does any of this matter? It matters because voters went to the polls in 2004 to approve a citizen-initiated referendum compelling the state to fund 55 percent of the cost of public education. What the "cost of public education" meant was left undefined in the initiative, unfortunately, but the 99,000

Maine citizens who voted in favor of it almost certainly did not intend by their vote that the state should only fund at a 55 percent rate those programs that it used to fund 100 percent. If anything, voters clearly intended that a greater share of education funding be paid by the state, not a lesser share, as is the case with the “adjustments and miscellaneous costs” component.

Of additional concern is the way that this cost-shift practice was used to evade the LD 1 cap on General Fund spending, which requires that the state budget grow no faster than the income of the average Mainer plus population growth. In Fiscal Year 2006, for instance, the cap was 3.11 percent, which meant that the General Fund budget was allowed to grow to about \$2.79 billion. Another \$102 million in GPA was added on to lift the General Fund cap to \$2.89 billion, and the state ended up spending \$2.87 billion, just under the LD 1 limit.[10]

That same fiscal year, however, the Department of Education shifted \$48 million in “adjustments” out of the General Fund and into GPA where it no longer counted against the cap. Had it remained in the General Fund, the state would have been over the LD 1 cap, and further budget cuts would have needed to be found elsewhere.

Lastly, I have concerns about the extent to which this cost shift artificially inflates the state’s 55 percent share, as mandated by voters and by LD 1. By shifting these programs from the General Fund to GPA, the state not only gets to cut its own General Fund budget, but gets to include the amount that it does fund toward its 55 percent share.

For instance, as I noted in my report, the Baxter School had always been paid for with state General Fund dollars. By moving it into GPA, as was done in Fiscal Year 2008, the state cut its own General Fund budget *and* got to count its far lower contribution to the cost of the Baxter School toward the 55 percent state share target mandated by voters. In this way, the state gets to its 55 percent state share with less new money.

In conclusion, I urge the committee to take a careful look at my report on this cost-shift, and to take whatever steps are needed to uphold the wishes of voters, and to end what I think to be a deceptive practice by the state which has not only shifted costs to property taxpayers, but has allowed the state to evade the LD 1 cap on the General Fund, and allowed it to increase its share of “the cost of public education” with less new money for our schools.

I thank you for your time and I am happy to answer any questions.



Senator David Trahan
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**Testimony of
Senator David Trahan
Before the Joint Standing Committee on Education and Cultural Affairs
April 13, 2009**

**LD 1126, An Act to Limit the Scope of Miscellaneous Costs within the
General Purpose Aid to Local Schools**

Senator Alford, Representative Sutherland, and distinguished members of the Education and Cultural Affairs Committee, I am Senator David Trahan, and I am here to present LD 1126, An Act to Limit the Scope of Miscellaneous Costs within the General Purpose Aid to Local Schools.

As elected officials, one of the first lessons we learn is the public demands and deserves a higher standard of conduct, ethics and principle from their leaders than the general public. The reason this bill is in front of you is because I believe the Department of Education's leadership has not met that standard and has designed a school funding formula that misleads the public, and violates the intent of LD 1.

Four years ago, in June of 2004, the people of this state passed the Maine Municipal Association backed referendum which demanded that the state government assume a larger portion of education expenditures – 55 percent of all K through 12 education costs. The objective was property tax relief and to fulfill the state's commitment to help local school districts meet rising education costs.

In response to these demands, in January of 2005 the Governor and his administration put forth a schedule for the "ramp-up" to 55-percent funding over four years. The ramp-up bill, known as LD 1, was also billed as a way to provide property tax relief by putting spending caps on all levels of government.

LD 1 also included, however, significant changes in the definition of education in Maine known as Essential Programs and Services (EPS). Prior to these changes in the EPS formula, the Department of Education and the Legislature paid for programs such as laptops for junior high students (\$11.4 million per year) through a dedicated account. Other programs like, Jobs for Maine Graduates, (\$1.6 million) and the Magnet School, (\$1.7 million); as well as the Governor Baxter School for the Deaf; (\$6.5 million) were paid through the state's General Fund.

Through legislation initiated in recently approved state budgets, 19 programs have been added to the EPS formula. These programs existed previous to passage of LD 1 and were funded 100% by the state. Budget writers within the administration have moved these programs into to the school funding formula and nearly half the cost on the backs of property taxpayers. I do not for a moment question whether these programs belong in the formula - that is a policy discussion for this committee - my issue is the disingenuous way in which it was done.

Attached to my testimony is an analysis of the 19 programs conducted by the Legislatures non-partisan Office of Fiscal and Program Review.

The gimmick does several things:

1. Because of statutory language passed in LD1, all new ramp-up education money through 2009 is exempt from the state's spending cap limitation. This maneuver makes spending look less than it actually is for the state. This effect is especially disingenuous, as the Department of Education has publicly criticized communities for not staying below the LD 1 cap. This, while the DOE shifted \$75 million per year of state spending into EPS, made the property tax payer pick up half the cost, and then said shame on you.
2. Second, the shift from the General Fund to EPS, artificially inflates the new education "ramp-up" money. Using the Fiscal Office analysis, through fiscal years 2004 and 2010, these 19 programs represent \$363 million of "so-called" new money when in reality no new money was produced. Remember the statement from our commissioner, "We have increased education funding by \$850 million?"
3. Shifting the 19 programs into General Purpose Aid to Education places 45% of the cost of these programs onto property tax payers. Opposite the intent of LD 1 which was property tax relief.

On March 11, 2009, the Ellsworth American ran a story about this bill titled, "General Purpose Aid for Schools Challenged." In the piece the Department of Education attempted to explain their reasons for the gimmick. I will explain.

First, quote, "Rier said the EPS formula has been broadening because of decisions made by the Legislature." That's right, the DOE blamed the Legislature for the gimmick. What he didn't say in the article is the gimmicks were proposed by the administration in their budget. We all know that when an item is in the budget, to remove it we must replace the funding to maintain a balanced budget. The Legislature would have had to find half of the \$363 million in either spending cuts or tax increases to say no to the spending shift. The decision to use this gimmick was not the Legislatures, but solely that of DOE. Yes, the Legislature could have protested more aggressively, but Rier's statement minimizes DOE's role.

Second, he said, "In spite of what the allegations are, the EPS formula is meant to define the cost of K-12 education statewide, said Rier, "When a new initiative comes along, is that something that should be accounted for in a separate silo?" Again deceptive, none of the 19 programs are "new initiatives" just the opposite, all 19 were programs funded completely by the state before LD 1.

LD 1126 removes from the school funding formula 23 positions in the DOE and the Department of Labor, as well as a few other programs. More importantly, the bill stops the disingenuous spending shift onto the property tax payer in the future.

What is sad about this debate is nothing the DOE has done around these shifts improves the quality education for students in Maine. When leaders make statements to the public, the public should have some confidence that what they are saying is true. I believe in order to maintain public trust; this committee needs to set the record straight on the true level of education funding. We cannot change what has happened but we can certainly go back and correct the record. What is sad about this debate is nothing the DOE has done around these shifts improves the quality education for students in Maine.

I ask this committee to send a clear message to DOE officials that they have gone too far. I further ask you to design a school funding formula that is honest and transparent. We all know there is not enough money at this time to fund 55% of the cost of local education, stop the DOE from manufacturing an image that there is.

State and Local Cost Sharing of Funding K-12 Public Education
 Fiscal Year 2005 to Fiscal Year 2009

Scenario Analysis of Impact of Including Adjustments and Misc. Costs in Calculation of State Contribution

	FY 2004-05 (PL 2003, c. 673) (prior to implementation of EPS Funding Model)	FY 2005-06 (PL 2005, c. 12)	FY 2006-07 (PL 2005, c. 519 as amended by PL 2005, c. 635)	FY 2007-08 (PL 2007, c. 240)	FY 2008-09 (PL 2007, c. 539) as amended by PL 2009, c. 1	2009-10 Governor's Proposed Budget for the 2010- 2011 Biennium
Total State & Local Cost of Funding K-12 Public Education	\$ 1,471,095,335	\$ 1,566,417,644	\$ 1,697,174,567	\$ 1,827,623,778	\$ 1,821,026,402	\$ 1,880,017,964
Total Operating Allocation	\$ 1,013,836,339	\$ 1,297,437,503	\$ 1,325,400,719	\$ 1,351,740,918	\$ 1,327,003,735	\$ 1,361,048,007
Total Operating Allocation transition %		84%	90%	95%	97%	97%
Total Operating Allocation - adjusted for transition %		\$ 1,089,847,503	\$ 1,192,860,647	\$ 1,284,153,872	\$ 1,287,193,623	\$ 1,320,216,567
Transition adjustments			\$ 10,712,943	\$ 3,264,728	\$ -	\$ -
Total subsidizable costs	\$ 326,768,103	\$ 339,867,236	\$ 354,628,374	\$ 377,071,968	\$ 371,300,906	\$ 386,167,586
Total operating allocation	\$ 1,340,604,442	\$ 1,429,714,739	\$ 1,558,201,964	\$ 1,664,490,568	\$ 1,658,494,529	\$ 1,706,384,153
Total Debt Service	\$ 83,021,680	\$ 88,665,631	\$ 86,741,023	\$ 90,484,971	\$ 91,354,060	\$ 98,773,116
Adjustments and Miscellaneous Costs	\$ 45,303,652	\$ 48,037,274	\$ 52,231,580	\$ 72,648,239	\$ 70,953,816	\$ 74,860,695
% State Share	50.33%	52.6%	53.86%	53.51%	52.52%	51.01%
State Share	\$ 740,378,576	\$ 824,028,099	\$ 914,098,222	\$ 977,958,385	\$ 956,481,491	\$ 958,971,492
Transition adjustment	\$ -	\$ 13,425,799	\$ -	\$ -	\$ -	\$ -
Total General Fund appropriation (before supplemental adjustments)	\$ 740,378,576	\$ 837,453,898	\$ 914,098,222	\$ 977,958,385	\$ 956,481,491	\$ 958,971,492
Adjustment to GF appropriation (PL 2003, c. 676)	\$ (791,955)					
Adjustment to GF appropriation (PL 2005, c. 386, Part A)		\$ (363,932)	\$ -	\$ -	\$ -	\$ -
Adjustment to GF appropriation (PL 2005, c. 457, Part I)		\$ (974,000)	\$ -	\$ -	\$ -	\$ -
Adjustment to GF appropriation (PL 2007, c. 539, Part A)		\$ -	\$ -	\$ (6,000,000)	\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -
Total General Fund appropriation	\$ 739,586,621	\$ 836,115,966	\$ 914,098,222	\$ 971,958,385	\$ 956,481,491	\$ 958,971,492
Scenario # 1: State % Contribution excluding all Adjustments/Misc. Costs						
Total State & Local Cost of Funding K-12 Public Education	\$ 1,471,095,335	\$ 1,566,417,644	\$ 1,697,174,567	\$ 1,827,623,778	\$ 1,821,026,402	\$ 1,880,017,964
Adjustments & Miscellaneous Costs	\$ 45,303,652	\$ 48,037,274	\$ 52,231,580	\$ 72,648,239	\$ 70,953,816	\$ 74,860,695
Total S&L Cost of Funding K-12 Public Education (excl. all Adj/Misc. Costs)	\$ 1,425,791,683	\$ 1,518,380,370	\$ 1,644,942,987	\$ 1,754,975,539	\$ 1,750,072,586	\$ 1,805,157,269
State share	\$ 740,378,576	\$ 824,028,099	\$ 914,098,222	\$ 977,958,385	\$ 956,481,491	\$ 958,971,492
Adjustments & Miscellaneous Costs	\$ 45,303,652	\$ 48,037,274	\$ 52,231,580	\$ 72,648,239	\$ 70,953,816	\$ 74,860,695
Total State Share (excl. all Adj/Misc. Costs)	\$ 695,074,924	\$ 775,990,825	\$ 861,866,642	\$ 905,310,146	\$ 885,527,675	\$ 884,110,797
% State Share (excl. all Adj/Misc. Costs)	48.75%	51.11%	52.39%	51.59%	50.60%	48.98%
Scenario # 2: State % Contribution excluding certain Adjustments/Misc. Costs						
Total State & Local Cost of Funding K-12 Public Education	\$ 1,471,095,335	\$ 1,566,417,644	\$ 1,697,174,567	\$ 1,827,623,778	\$ 1,821,026,402	\$ 1,880,017,964
Total Adjustments & Misc. Costs - to be excluded in State Share % (see Detail):	\$ -	\$ 8,488,570	\$ 12,060,980	\$ 25,113,241	\$ 26,905,033	\$ 32,779,764
Total S&L Cost of Funding K-12 Public Education (excl. certain Adj/Misc. Costs)	\$ 1,471,095,335	\$ 1,557,929,074	\$ 1,685,113,587	\$ 1,802,510,537	\$ 1,794,121,369	\$ 1,847,238,200
State Share	\$ 740,378,576	\$ 824,028,099	\$ 914,098,222	\$ 977,958,385	\$ 956,481,491	\$ 958,971,492
Total Adjustments & Miscellaneous Costs (to be excluded in State Share %):	\$ -	\$ 8,488,570	\$ 12,060,980	\$ 25,113,241	\$ 26,905,033	\$ 32,779,764
Total State Share (excl. certain Adj/Misc. Costs)	\$ 740,378,576	\$ 815,539,529	\$ 902,037,242	\$ 952,845,144	\$ 929,576,458	\$ 926,191,728

% State Share (excl. certain Adj/Misc. Costs) 50.33% 52.35% 53.53% 52.86% 51.81% 50.14%

Adjustments and Miscellaneous Costs - Detail

State Wards and State Agency Clients	\$ 37,071,443	\$ 36,932,519	\$ 37,420,034	\$ 38,505,215	\$ 39,122,234	\$ 40,256,779
Long-Term Drug Treatment Center Adjustment	\$ 166,392	\$ 175,344	\$ 184,632	\$ 194,293	\$ 182,637	\$ 182,637
Maine Policy Research Institute Contracts	\$ 150,000	\$ 200,000	\$ 200,000	\$ 225,000	\$ 250,000	\$ 250,000
EPS Contract	\$ 75,000	\$ 150,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
Carpenter Bus Loan Payment	\$ 550,000	\$ 504,325	\$ 498,915	\$ 496,685	\$ 492,518	\$ -
Regionalization Consolidation Efficiency Assistance	\$ 125,000	\$ 200,000	\$ 200,000	\$ 205,800	\$ -	\$ -
Learning Results Accountability	\$ 250,000	\$ 254,500	\$ 260,099	\$ 267,642	\$ 275,671	\$ -
Learning Results Implementation	\$ 1,112,000	\$ 1,132,016	\$ 1,156,920	\$ 7,390,363	\$ 3,475,723	\$ 1,141,515
Geographic Isolation Adjustments	\$ 489,904	\$ -	\$ -	\$ -	\$ -	\$ -
Reimbursement for Private School Services	\$ 203,031	\$ -	\$ -	\$ -	\$ -	\$ -
English as a Second Language	\$ 2,129,818	\$ -	\$ -	\$ -	\$ -	\$ -
Out of district placements	\$ 2,981,064	\$ -	\$ -	\$ -	\$ -	\$ -
Total Adjustments & Miscellaneous Costs (to be included in State Share %):	\$ 45,303,652	\$ 39,548,704	\$ 40,170,600	\$ 47,534,998	\$ 44,048,783	\$ 42,080,931
MLTI Program	\$ -	\$ 8,365,847	\$ 10,378,853	\$ 11,486,124	\$ -	\$ -
Learning Through Technology - (incl. laptops/positions/Distance Learning)	\$ -	\$ -	\$ -	\$ -	\$ 12,585,096	\$ 15,241,980
Data Management & Support for EPS (includes GPA positions)	\$ -	\$ 122,723	\$ 450,000	\$ 1,000,000	\$ 2,201,239	\$ 4,850,952
GPA Team Positions	\$ -	\$ -	\$ 288,898	\$ 358,737	\$ -	\$ -
Minimum Teacher Salary Supplement	\$ -	\$ -	\$ 661,229	\$ 1,997,650	\$ 1,598,120	\$ 1,598,120
NBPT Salary Supplement	\$ -	\$ -	\$ 282,000	\$ 290,178	\$ 298,883	\$ 307,551
Job for Maine Graduates	\$ -	\$ -	\$ -	\$ 1,630,266	\$ 1,635,266	\$ 1,675,851
Magnet School - MSSM	\$ -	\$ -	\$ -	\$ 1,782,486	\$ 1,745,808	\$ 2,135,808
Governor Baxtor School for the Deaf	\$ -	\$ -	\$ -	\$ 6,567,800	\$ 5,940,114	\$ 5,940,114
Learning Systems Positions for Corrections	\$ -	\$ -	\$ -	\$ -	\$ 265,281	\$ 285,466
Department of Corrections positions	\$ -	\$ -	\$ -	\$ -	\$ 272,856	\$ 304,674
Post-secondary course payments	\$ -	\$ -	\$ -	\$ -	\$ 280,000	\$ 350,000
Transportation Administration	\$ -	\$ -	\$ -	\$ -	\$ 82,370	\$ 89,248
Total Adjustments & Miscellaneous Costs (to be excluded in State Share %):	\$ -	\$ 8,488,570	\$ 12,060,980	\$ 25,113,241	\$ 26,905,033	\$ 32,779,764
Total Adjustments & Miscellaneous Costs	\$ 45,303,652	\$ 48,037,274	\$ 52,231,580	\$ 72,648,239	\$ 70,953,816	\$ 74,860,695

Notes: ¹ Includes \$5,050,000 carried forward from FY 2003-04 per PL 2003, c. 673, Part N-19



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To: Joint Standing Committee on Education and Cultural Affairs

From: Senator David Trahan

Date: April 29, 2009

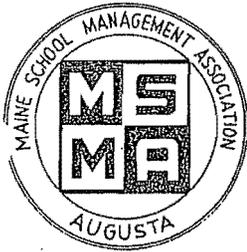
Re: LD 1126, An Act to Limit the Scope of Miscellaneous Costs within the
General Purpose Aid to Local Schools

At the April 13, 2009 public hearing on LD 1126, Department of Education Commissioner Susan Gendron told the committee that she has never called the miscellaneous shifts of education funding "new money". Please find attached two articles which appeared in the Bangor Daily News in 2007, one by Governor Baldacci and the other by Commissioner Gendron. Both articles indicate that the state is contributing an additional \$800 million dollars to education.

I present these articles to correct the record and show that I was not providing misinformation in my testimony on LD 1126

ADJUSTMENTS A/	CELLANEOUS COSTS										
	1998-99	1999-2000	2000-01	After additional appropriation 2001-02	er 1st, 2nd & 3rd curtailments 2002-03	2003-04	2004-05	Ch 12 Part D 3/31/2005 Ch 457 6/24/2005 2005-06	Ch 519 Part J 3/29/2006 2006-07	Ch 240 Part C 6/7/2 2007-08	Ch 539 Part C 3/31/2008 2008-09
Geographic Isolation	\$250,000	\$250,000	\$250,000	\$425,000	\$478,356	\$483,140	\$489,904	\$0	\$0	\$0	\$0
Audits	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Private School Services	\$201,000	\$201,000	\$201,000	\$201,000	\$198,246	\$200,228	\$203,031	\$0	\$0	\$0	\$0
State Wards	\$7,162,151	\$8,200,000	\$8,806,800	\$10,901,257	\$10,275,084	\$11,076,541	\$11,231,613	\$11,433,782	\$11,685,325	\$12,024,199	\$12,384,925
State Agency Clients	\$18,315,237	\$18,100,000	\$19,439,400	\$24,941,029	\$23,618,483	\$25,514,625	\$25,047,875	\$25,498,737	\$25,734,709	\$28,481,016	\$26,737,309
English as a 2nd Language	\$0	\$1,000,000	\$1,600,000	\$1,920,000	\$2,045,192	\$2,100,412	\$2,129,818	\$0	\$0	\$0	\$0
Out-of-District Placements	\$1,751,000	\$2,411,274	\$2,592,120	\$3,405,156	\$2,727,185	\$2,939,905	\$2,981,064	\$0	\$0	\$0	\$0
Long Term Drug Treatment Center	\$58,000	\$60,976	\$63,415	\$65,952	\$67,650	\$68,327	\$166,392	\$175,344	\$184,632	\$194,293	\$182,637
Learning Through Technology (Laptop Program)								\$8,365,847	\$10,378,853	\$11,486,124	\$11,486,124
Learning Through Technology											\$176,939
Learning Through Technology - Distance Learning											\$922,033
Data Management & Support for EPS								\$122,723	\$450,000	\$1,000,000	\$1,030,000
Payment for DOE -- GPA Team positions PL 2005 Ch. 457								\$274,892	\$288,898	\$358,737	\$1,171,239
Maine Policy Research Institute						\$150,000	\$150,000	\$200,000	\$200,000	\$225,000	\$250,000
EPS Contract						\$75,000	\$75,000	\$150,000	\$250,000	\$250,000	\$250,000
Carpenter Bus Loan Payment							\$550,000	\$504,325	\$498,915	\$496,685	\$492,518
Regionalization/Consolidation/Efficiency Assistance							\$125,000	\$200,000	\$200,000	\$205,800	\$0
Contract -- Income & Cost-of-Living	\$28,309	\$29,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Learning Results Accountability							\$250,000	\$254,500	\$260,099	\$267,642	\$275,671
Learning Results Implementation & Assessment	\$0	\$0	\$0	\$1,300,000	\$1,282,190	\$1,250,000	\$1,112,000	\$1,132,016	\$1,156,920	\$7,390,363	\$3,475,723
Medicaid Seed	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Minimum Teacher Salary Supp.										\$1,997,650	\$1,598,120
Natl Bd for Prof. Teaching Standards Supp.									\$282,000	\$290,178	\$298,883
Jobs for Maine Graduates (JMG)										\$1,630,266	\$1,635,266
Maine School for Science & Math (MSSM - Magnet)										\$1,782,486	\$1,798,691
Gov. Baxter School for the Deaf										\$6,567,800	\$6,111,228
Post-secondary course payments											\$280,000
Learning Systems positions for Corrections											\$265,281
Dept. of Correction positions											\$272,856
Transportation Administration position											\$82,370
Total Adjustments & Misc. Costs:	\$27,765,697	\$30,252,250	\$32,952,735	\$43,159,394	\$40,692,386	\$43,858,178	\$44,511,697	\$48,312,166	\$51,570,351	\$72,648,239	\$71,177,813
HOLD HARMLESS		\$1,230,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CUSHION	\$2,999,599	\$3,783,692	\$4,309,294	\$5,200,000	\$3,945,200	\$5,000,000	\$0	\$0	\$0	\$0	\$0
TIER 2 CUSHION				\$1,000,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$30,765,296	\$35,265,942	\$37,262,029	\$49,359,394	\$44,637,586	\$48,858,178	\$44,511,697	\$48,312,166	\$51,570,351	\$72,648,239	\$71,177,813
	20.5%	14.6%	5.7%	32.5%	-9.6%	9.5%	-8.9%	8.5%	6.7%	40.9%	-2.0%

ADJUSTMENTS AND MISCELLANEOUS COSTS		Ch 12 Part D 3/31/2005 Ch 457 6/24/2005	Ch 519 Part J 3/29/2006	Ch 240 Part C 6/7/2007	Ch 539 Part C 3/31/2008	Proposed LD 353	DOE Positions
		2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
20-A							
MRSA							
15689 (4)	Audits						
15689 (5)	Education Costs for Long Term Drug Treatment Center	\$166,392	\$175,344	\$184,632	\$194,293	\$182,637	\$182,637
15689 (7)	Minimum Teacher Salary Supplement				\$1,997,650	\$1,598,120	\$1,598,120
15689 (9)	Regionalization/Consolidation/Efficiency Assistance	\$125,000	\$200,000	\$200,000	\$205,800	\$0	\$0
15689-A (1)	Special Education Costs for State Agency Clients	\$25,047,875	\$25,498,737	\$25,734,709	\$26,481,016	\$26,737,309	\$27,512,691
15689-A (2)	Special Education Costs for State Wards	\$11,231,613	\$11,433,782	\$11,685,325	\$12,024,199	\$12,384,925	\$12,744,088
15689-A (3)	Essential Programs & Services Contract	\$75,000	\$150,000	\$250,000	\$250,000	\$250,000	\$250,000
15689-A (4)	Learning Results Implementation & Assessment	\$1,112,000	\$1,132,016	\$1,156,920	\$7,390,363	\$3,475,723	\$1,141,515
15689-A (6)	Maine Policy Research Institute Contract	\$150,000	\$200,000	\$200,000	\$225,000	\$250,000	\$250,000
15689-A (8) & (12-A)	Learning Through Technology		\$8,365,847	\$10,378,853	\$11,486,124	\$11,486,124	\$14,039,947
	Funding for positions added:				6	1	0 = 7 PS \$620,809
15689-A (8) & (12-A)	Learning Through Technology					\$176,939	in above
15689-A (8) & (12-A)	Learning Through Technology - Evaluation Contract					in above	\$250,000
15689-A (8) & (12-A)	Learning Through Technology - Distance Learning					\$922,033	\$952,033
15689-A (9)	Carpenter Bus Loan Payment	\$550,000	\$504,325	\$498,915	\$496,685	\$492,518	\$0
15689-A (10)	Data Management & Support for EPS (DMS)		\$122,723	\$450,000	\$1,000,000	\$1,030,000	\$3,680,851
15689-A (4)	DMS - Learning Results Accountability (MEDMS Financial)	\$250,000	\$254,500	\$260,099	\$267,642	\$275,671	in above
15689-A (10)	DMS - Sch. Fin. & Oper. Team positions		\$274,892	\$288,898	\$358,737	\$1,171,239	\$1,170,101
	Funding for positions added:		4	1	2	4	0 = 11 PS \$620,101
15689-A (11)	Post-secondary course payments					\$280,000	\$350,000
15689-A (12)	National Board for Professional Teaching Standards Salary Supplement			\$282,000	\$290,178	\$298,883	\$307,551
15689-A (13)	Jobs for Maine Graduates (JMG)				\$1,630,266	\$1,635,266	\$1,675,851
15689-A (14)	Maine School for Science & Mathematics (MSSM - Magriet)				\$1,782,486	\$1,798,691	\$2,135,808
15689-A (15)	ME Ctr. for the Deaf & Hard of Hearing and GBSD				\$6,567,800	\$6,111,228	\$5,940,114
15689-A (16)	Learning Systems positions for Corrections					\$265,281	\$285,466
	Funding for positions added:					4	0 = 4 PS \$269,052
15689-A (17)	Department of Correction positions					\$272,856	\$304,674
15689-A (18)	Transportation Administration position					\$82,370	\$89,248
	Funding for positions added:					1	0 = 1 PS \$89,248
Law Repealed	Private School Services	\$203,031					
Law Repealed	Geographic Isolation	\$489,904					
Law Repealed	English as a 2nd Language	\$2,129,818					
Law Repealed	Out-of-District Placements	\$2,981,054					
	Total Adjustments & Misc. Costs:	\$44,511,696	\$48,312,166	\$51,570,351	\$72,648,239	\$71,177,813	\$74,860,695
	Total General Purpose Aid for Local Schools	\$737,013,147	\$836,115,966	\$914,098,222	\$977,958,385	\$956,481,492	\$958,971,492



MAINE SCHOOL MANAGEMENT ASSOCIATION

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TESTIMONY IN SUPPORT OF

LD #1126

“AN ACT TO LIMIT THE SCOPE OF MISCELLANEOUS COSTS WITHIN THE GENERAL PURPOSE AID FOR LOCAL SCHOOLS APPROPRIATION”

Senator Alford, Representative Sutherland and members of the Education and Cultural Affairs Committee. I am Sandra MacArthur, deputy executive director of the Maine School Management Association. I am here to testify on behalf of the legislative committees of the Maine School Superintendents Association and Maine School Boards Association in support of LD #1126.

Our associations support this legislation because it makes it clear that General Purpose Aid for schools is supposed to support K-12 education at the local level and not state employees in the Department of Education or elsewhere in the executive branch.

Funding the positions highlighted in the bill out of General Purpose Aid was gradually phased in over the last several years with little discussion. The move in this year's biennial budget to finally recognize the headcount associated with that funding made the transfer more transparent, but only after the fact.

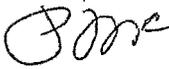
Any time new expenses are funded out of General Purpose Aid, it leaves less funding available for school districts. These new expenses not only diminish local aid, but also artificially inflate the amount it appears the state is putting toward its obligation to fund 55 percent of K-12 costs – a ramp-up that is actually now going downhill.

We urge your support of this legislation to protect General Purpose Aid for what it was intended – funding to help classroom learning, not positions housed here in Augusta.

OFFICE OF POLICY AND LEGAL ANALYSIS

April 14, 2009

TO: Members, Joint Standing Committee on Education & Cultural Affairs

FROM: Phillip D. McCarthy, Ed.D., Legislative Analyst 

SUBJ: **LD 1126, An Act to Limit the Scope of Miscellaneous Costs within the General Purpose Aid for Local Schools Appropriation (Trahan)**

SUMMARY

This bill amends the law concerning the various elements of the "miscellaneous costs" component of the general purpose aid (or "GPA") for local schools appropriation. The premise of the bill is that the GPA appropriation should be either a general purpose subsidy to local schools or a state expenditure that provides direct educational services to students who would otherwise be served by the State's public elementary or secondary schools. The bill eliminates the Commissioner of Education's authority to use GPA funds to pay the personnel costs for a range of state employees who work for the Department of Education and provide only indirect support to the public education system. The bill eliminates a similar authority to use GPA funds to pay for the personnel costs of 3 teachers employed by the Department of Corrections. The bill also eliminates the authority to use GPA funds to pay for general education research conducted by the University of Maine, but it retains the authority to use GPA funds to cover a contract with the university to monitor and update the essential programs and services school funding model.

TESTIMONY

Proponents

- ⊕ Sponsor suggests DOE has been disingenuous and misleading to the Legislature and the public in designing the school funding formula and suggesting that new money in the budget for schools is actually paying for DOE personnel and other "miscellaneous costs"
- ⊕ OFPR analysis found that \$363m of GPA program funds from FY 04 to FY 10 have been allocated for 19 "miscellaneous costs," shifting ½ of state budget items to local school budgets
- ⊕ Maine Heritage Policy Center report also details the "hidden LD 1 cost shift" as DOE has shifted over \$120m from DOE budget to GPA fund to local schools over 4 years; finds that this cost shift practice is also used to evade the LD 1 spending cap; by placing GBSD, JMG and MSSM into GPA program in FY 08, the state share of 55% target for the cost of public education has been inflated; intent of voters on citizens initiative was to support state paying 55% of education costs, not shifting additional state costs to the local share of education costs
- ⊕ Maine Municipal Association introduced this bill with the goal of having a measurement tool to define the state share of local education

Opponents

- ⊕ DOE notes that passage of LD 1 did not define cost of education and that EPS is still being developed to fully define those costs
- ⊕ DOE litmus test is whether cost is a state function or something that is shared between state and local schools to support local school programs or services; GBSD & MSSM are public schools and were also included within DOE budget and were subjected to curtailments to state agencies;
- ⊕ JMG funds flow to pay for school-based positions
- ⊕ Learning Through Technology positions are directly related to supporting school laptop program and the program is implemented in partnership with schools
- ⊕ Juvenile development center programs are also considered public schools and GPA only pays for special education costs and costs for transitioning and reintegrating juveniles
- ⊕ Under new funding formula, DOE is providing financial assistance for and on behalf of local school systems as compared to the past when DOE just received local school system data ... so DOE see these roles as shared costs
- ⊕ DOE can present analysis of miscellaneous

spending (e.g., GPA for Local Schools), not just some cost defined by a school funding formula; same goal as the citizens initiative in 2004 and the statutory goal established in 1980s to achieve the 55% state share of total costs of K-12 education; MMA found that the GPA yardstick has become flexible since 2004; and while they can understand including funding for MSSM and GBSD students (who would otherwise be enrolled in a public school), they suggest paying for DOE and DOC employees from the GPA program is crossing the line; EDU is steward of the 55% EPS numerator and 100% GPA denominator

- ⊕ Maine Education Association noted the Legislature State's 25 year problem with attempting to resolve the school funding problem; state controls the denominator as an "adequacy" amount and then derides local school boards that exceed the LD 1 spending limits; see LD 1126 in an imperfect solution, but see it as a step in the right direction
- ⊕ Maine School Superintendents Association and School Boards Association support bill as it clarifies that GPA for local schools should only provide funds for local school costs, not DOE or other state employees; urge support as "ramp up" is now going down
- ⊕ Maine Principals Association also unanimously supports this bill

costs at work session, including State Agency Client costs

NFNA

- ⊕ Augusta School Department Business Manager is not opposed to some of the miscellaneous costs (e.g., GBSD, MSSM, state agency clients, MLTI program that support student learning), yet sees miscellaneous costs as a significant issue and doesn't approve of accounting for costs in a misleading manner;
- ⊕ Why not take these miscellaneous costs outside of GPA program and then determine state share based on the state subsidies distributed to local schools

POTENTIAL ISSUES OR TECHNICAL PROBLEMS:

- ⊕ Miscellaneous cost items are not included in the EPS funding formula, but they come of the top of the GPA for Local Schools program
- ⊕ Would Maine people have voted for the 55% state citizens initiative if they knew it would require a tax increase to pay for this state share
- ⊕ 55% of what, should teacher retirement costs also be included in total cost of public education
- ⊕ Lovejoy – DOE position count FY 04 to FY 09, including the number supported by GF appropriation and the amounts of GF as compared to the number and amounts supported by GPA funds
- ⊕ Schneider – costs for teacher retirement supported by State
- ⊕ Weston - \$76m moved into GPA program?
- ⊕ Schneider – how can state appropriations for GPA program become more transparent
- ⊕ Alford – define State agency client costs

FISCAL IMPACT:

- ⊕ Preliminary fiscal impact has not been determined yet.

COMMITTEE VOTING TALLY SHEET

LD OR CONFIRMATION: 1126

COMMITTEE: EDUCATION AND CULTURAL AFFAIRS

DATE: 4-14

MOTION: OTP *Table* BY: *Weston* SECOND *Richardson*

	OTP	ONTP	OTP-A	TABLE	OTHER
Rep. McFadden	X				
Rep. Nelson	X				
Rep. Wagner	X				
Sen. Weston	X				
Sen. Schneider	<i>WMS</i>				
Sen. Alford	X				
Rep. Sutherland					
Rep. Finch	X				
Rep. Rankin	X				
Rep. Johnson	X				
Rep. Lovejoy	X				
Rep. Richardson	X				
Rep. Casavant	X				
TOTALS					

NOTES:

VOTING TALLY SHEET

For LD's

LD #: 1126

Committee: Joint Standing Committee on Education and Cultural Affairs

Date: 5-11-09

Motion: Ought to Pass as Amended

Motion by: Rep Sutherland

Seconded by: Sen Weston

Those Voting in Favor of the Motion	Recommendation of those opposed to the Motion					Absent	Abstain
	ONTP	OTP	OTP-AM	New Draft	Re-Refer		

Senators

1. Justin L Alford (Ch)	X						
2. Elizabeth M. Schneider	X						
3. Carol Weston	X						

Representatives

1. Patricia B. Sutherland (Ch)	X						
2. Edward D. Finch	X						
3. Alan M. Casavant	X						
4. Richard V. Wagner	X						
5. Stephen D. Lovejoy	X						
6. Mary Pennell Nelson	X						
7. Helen Rankin	X						
8. David E. Richardson						X	
9. Howard E. McFadden	X						
10. Peter B. Johnson	X						
TOTALS	12					1	

