

128th MAINE LEGISLATURE

FIRST REGULAR SESSION-2017

Legislative Document

No. 737

H.P. 517

House of Representatives, March 2, 2017

An Act To Allow Public Schools To Reserve Funds Designated for Operating Costs

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

ROBERT B. HUNT
Clerk

Presented by Representative STEARNS of Guilford.

Cosponsored by Representatives: AUSTIN of Gray, HIGGINS of Dover-Foxcroft, WARD of Dedham.

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

Sec. 1. 20-A MRSA §1312, as amended by PL 1987, c. 737, Pt. C, §§42 and 106 and PL 1989, c. 6; c. 9, §2; c. 104, Pt. C, §§8 and 10; and c. 132, §§1 and 2, is further amended to read:

§1312. Reserve fund for capital projects

School administrative districts may establish a reserve fund <u>for capital projects</u> as follows.

- **1. Establishment.** A school administrative district may establish a reserve fund for school construction projects, financing the acquisition or reconstruction of a specific or type of capital improvement or financing the acquisition of a specific item or type of capital equipment by including a request in the district budget and receiving voter approval. The board of directors shall be is the trustee of the reserve fund. The reserve fund shall must be deposited or invested by the treasurer under the direction of the board.
- **2. Deposit or investment.** All district funds, including reserve funds and trust funds to the extent that the terms of the instrument or vote creating the fund do not prohibit, shall <u>must</u> be deposited or invested by the treasurer under the direction of the board of directors according to the requirements for the deposit or investment of municipal funds contained in Title 30-A, chapter 223, subchapter III-A 3-A.
- **3. Expending money from reserve funds.** The board of directors may expend the sum in the reserve fund when authorized to do so by a vote of the district at a district meeting or a district budget meeting, when an article for that purpose is set out in the warrant calling the meeting.

Sec. 2. 20-A MRSA §1312-A is enacted to read:

§1312-A. Reserve fund for operating costs

School administrative districts may establish a reserve fund for operating costs as follows.

- 1. Establishment. A school administrative district may establish a reserve fund for up to 3 months' operating costs, including salary and benefits. The board of directors is the trustee of the reserve fund. The reserve fund must be deposited or invested by the treasurer under the direction of the board.
- **2. Deposit or investment.** All district funds, including reserve funds, must be deposited or invested by the treasurer under the direction of the board of directors according to the requirements for the deposit or investment of municipal funds contained in Title 30-A, chapter 223, subchapter 3-A.
- 3. Expending money from reserve funds. The board of directors may expend the sum in the reserve fund when authorized to do so by a vote of the district at a district meeting or a district budget meeting, when an article for that purpose is set out in the warrant calling the meeting.

- **Sec. 3. 20-A MRSA §15689-B, sub-§6,** as amended by PL 2009, c. 571, Pt. XXX, §1, is further amended to read:
- **6. Balance of allocations.** Notwithstanding Except for reserve funds for operating costs established pursuant to section 1312-A, and notwithstanding any other law, general operating fund balances at the end of a school administrative unit's fiscal year must be carried forward to meet the unit's needs in the next year or over a period not to exceed 3 years. Unallocated balances in excess of 3% of the previous fiscal year's school budget must be used to reduce the state and local share of the total allocation for the purpose of computing state subsidy. School boards may carry forward unallocated balances in excess of 3% of the previous year's school budget and disburse these funds in the next year or over a period not to exceed 3 years. For fiscal years 2008-09, 2009-10, 2010-11, 2011-12, 2012-13, 2013-14 and 2014-15 only, the carry-forward of a school administrative unit's unallocated balances is not limited to 3% of the previous fiscal year's school budget.

15 SUMMARY

This bill allows a school administrative district to establish a reserve fund for operating costs of the school administrative district, including salary and benefits.