



# 125th MAINE LEGISLATURE

LD 786

LR 872(01)

## An Act To Eliminate the Penalty for School Administrative Units That Did Not Consolidate and Eliminate State Funding of Local Administrative Costs

### Preliminary Fiscal Impact Statement for Original Bill

Sponsor: Rep. Lovejoy of Portland

Committee: Education and Cultural Affairs

Fiscal Note Required: Yes

### Preliminary Fiscal Impact Statement

	FY 2011-12	FY 2012-13	Projections FY 2013-14	Projections FY 2014-15
<b>Net Cost (Savings)</b>				
General Fund	(\$18,241,200)	(\$26,418,286)	(\$30,962,232)	(\$36,287,736)
<b>Appropriations/Allocations</b>				
General Fund	(\$18,241,200)	(\$26,418,286)	(\$30,962,232)	(\$36,287,736)

#### Fiscal Detail and Notes

This legislation will result in a net reduction in the State's share of funding K-12 public education of \$18,241,200 in fiscal year 2011-12 and \$26,418,286 in fiscal year 2012-13.

The General Purpose Aid for Locals Schools program within the Department of Education will require General Fund deappropriations of \$22,541,200 in fiscal year 2011-12 and \$26,418,286 in fiscal year 2012-13 as a result of the requirement in this legislation that State funds not be appropriated or allocated to pay local administrative costs. This provision will result in a corresponding increase in costs to local school administrative units. This estimate assumes system administration costs of \$218 per student and 188,000 students enrolled in K-12 public schools statewide. It also assumes growth in system administration costs of 1.72% per year pursuant to Title 20-A, §15671 and the State share is 55% .

Also, the General Purpose Aid for Locals Schools program within the Department of Education will require a one-time General Fund appropriation of \$4,300,000 in fiscal year 2011-12 for the cost associated with reimbursing those local school administrative units that had their fiscal year 2011-12 state subsidy reduced for failing to comply with the laws governing school administrative unit reorganization.

Because this legislation is not an emergency it will not take effect until 90 days after the adjournment of the 1st Regular Session of the 125th Legislature, or approximately October 2011. Since both the State's budget for fiscal year 2011-12 and the budgets of local school administrative units (SAU's) for the 2011-2012 school year will be set well before the effective date of this legislation, it is unclear how this reduction in state subsidy will be implemented by local school administrative units.