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**Testimony of Rep. Brian Hubbell in support of
LD 131, An Act to Amend the Laws Related to Public Funding of Charter Schools**

23 February 2015

Senator Langley, Representative Kornfield, esteemed colleagues on the Education Committee, I am Brian Hubbell. I represent House District 135, Bar Harbor, Mount Desert, and Lamoine, and I am before you this afternoon as the sponsor of LD 131: An Act To Amend the Laws Related to Public Funding of Charter Schools

Before I take you through what this bill does, let me first be explicit about what this bill does NOT do:

- This bill does not increase the public funding allocation that goes to charter schools.
- This bill does not give additional priority to charter school funding at the expense of public schools.
- This bill does not change the calculation of the total cost of education in Maine.
- This bill does not alter the EPS allocation calculated for each student attending a charter school -- nor does it change the total calculation of EPS.
- This bill does not alter the amount of money that the state allocates as General Purpose Aid to Education -- nor does it reduce the net amount of GPA that is available to public schools.
- Last, this bill neither shields nor exposes charter school funding to capricious meddling in the legislative appropriations process differently than any public school.

In terms of funding, what this bill does is simply disperse and level statewide the liability for the local share of the cost of charter school students.

No more, no less.

Once districts are relieved of the current inequitable and unpredictable impact of charter school funding, the effect on local schools from charter schools will be no different than if charters were funded as a separate line within the Miscellaneous Costs section of GPA or if charters had their own separate cost line within GPA

-- In fact, no different than if charter funding were subtracted entirely out of GPA and sent over to the Department of Corrections.

To me this is just a matter of common fairness.

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If the state is going to authorize charter schools, then the state as a whole needs to bear the liability for the cost of charter school operations.

For nearly four years now, public schools and charter schools have been pitted unfortunately against each other in competition for increasingly strained local resources.

As a result, mutual fear has inflamed suspicion about the intentions and motivations in the opposite camps in any discussion about different funding models..

This bill can defuse that.

Beyond the funding fix, this bill includes significant measures to improve transparency in the oversight of ongoing charter operations and to represent clearly the full amount of public funding that charters receive.

Let me take you through the bill to explain.

The bill proposes changes essentially in three different areas of policy

- 1) **Transparency.** Bill sections 1 through 3 (on bill pages 1 and 2) simply require that the reports on charter approval, operations, and oversight from the charter commission to the Commissioner of Education are copied to the Legislature. Section 11 (on bill page 8) requires that reports from virtual charter schools are also copied to the Legislature. Bill sections 7-10 (on bill page 7) relate to making transparent the total cost of charter funding within the state budget.
- 2) **Funding.** Bill sections 4 through 6 (on bill pages 2 through 6) are the technical sections about funding and EPS. These sections in this bill are essentially equivalent to the language in LD 235.
- 3) **Virtual charter operations.** Bill sections 12-13 (on bill page 8) emplace a one-year moratorium on the authorization of any additional virtual charter schools and charges the Charter Commission with developing a model for virtual charter schools to best serve Maine students.

Attached to this testimony is an outline of those respective bill sections and the affected statute sections.

Following that page is a matrix outlining the respective consequences of the funding policy components -- both with and without additional funding expanding GPA. The center columns represent the funding language in this bill. The right columns compare a different model from two years ago in which charter costs were proposed to be estimated, then deducted from EPS, and represented as Miscellaneous Costs within GPA.

To conclude I am supplementing this testimony with a proposed committee amendment that benefits from the public review to date of both LD 131 and the Governor's supplemental budget bill LD 235 which we are also hearing today.

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This amendment folds in essentially all the EPS-related language from the Governor's bill, LD 235 which has clearly been technically improved from the equivalent language in my bill.

All of the amended language brought in from LD 235 is highlighted in yellow.

While this amended version of LD 131 still contains all of 131's sections which are not part of LD 235 regarding transparency and virtual charters, this version includes all of 235's 'Part C' policy language with one exception: I have retained the pupil count calculation based on the average of October and April attendance figures. In contrast, LD 235 bases charter pupil count on only October enrollment.

The only other changes in this amendment are the addition of explicit clarifying provisions (highlighted in blue) to the transparency provisions in bill sections 7 and 9 which require tabulations of charter school budgeting and expenditures on the Department's website.

Thank you and I'm happy to answer any questions

Affected sections of statute:

Title 20-A, Chapter 112: PUBLIC CHARTER SCHOOLS

- §2405. Authorizers (LD 131 - Sec. 1)
 - 4. Reporting and evaluation.
- §2407. Charter applications (LD 131 - Sec. 2)
 - 5. Approval; denial.
- §2411. Charter term and renewal (LD 131 - Sec. 3)
 - 7. Notification to commissioner and the Legislature.
- §2413. Funding (LD 131 - Sec. 4; LD 235 - Sec. C1)
- §2413-A. Funding for public charter schools authorized by the commission (LD 131 - Sec. 5; LD 235 - Sec. C2)
 - 1. Pupil count.
 - 2. Revenue provisions.

Title 20-A, Chapter 606-B: ESSENTIAL PROGRAMS AND SERVICES

- §15683-B. Public charter schools; calculation of total allocation and state contribution (LD 131 - Sec. 6; LD 235 - Sec. C3)
 - 1. Calculation of EPS per-pupil rates.
 - 2. Pupil counts.
 - 3. Operating allocation.
 - 4. Other subsidizable costs allocation.
 - 5. Total allocation and state contribution.
 - 6. Payment of state contribution.
 - 7. MaineCare seed.
 - 8. Curtailment adjustment.
 - 9. Phase-in procedures for new or newly expanded public charter schools.
- §15689-B. Authorization and schedules of payment of state subsidy; appeals (LD 131 - Sec. 7; LD 235 - Sec. C4)
 - 2-A. Notification of state contribution to public charter schools.
- §15689-C. Commissioner's recommendation for funding levels; computations (LD 131 - Sec. 8; LD 235 - Sec. C5)
- §15689-D. Governor's recommendation for funding levels (LD 131 - Sec. 9; LD 235 - Sec. C6)
- §15689-E. Actions by Legislature (LD 131 - Sec. 10; LD 235 - Sec. C7)

UNALLOCATED LANGUAGE

- Reports to the Legislature. (LD 131 - Sec. 11)
- Moratorium on operations of virtual public charter schools. (LD 131 - Sec. 12)
- Review. (LD 131 - Sec. 13)
- Emergency clause.

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Charter funding policy matrix:

Charter school funding policy matrix	Status quo	LD 131 (just policy, w/o increase to GPA)	LD 131 (policy w/Gov's funding)	Transfer as Miscellaneous Cost (policy, w/o increase to GPA)	Transfer as Miscellaneous Cost (w/Gov's funding)
Proponent points	Funding "follows student"	<ul style="list-style-type: none"> * Broadens liability for local share of funding state-commissioned charter schools across state on the basis of property wealth. * Increases funding transparency * Diffuses funding conflict which pits community schools against charter schools. 		<ul style="list-style-type: none"> * Broadens liability for local share of funding state-commissioned charter schools across state on the basis of property wealth. * Increases funding transparency * Isolates charter funding from local district funding at greatest distance possible within the budget. 	
Opponent points	Local property tax is diverted from local school capacity without local voter approval	<ul style="list-style-type: none"> * Communities which presently do not have charter enrollees share marginal costs of charter funding. * Stable equivalent funding "Institutionalizes" charters further within the Maine educational landscape and takes focus off competition for resources. 		<ul style="list-style-type: none"> * Communities which presently do not have charter enrollees share marginal costs of charter funding. * Requires cumbersome additional steps of estimating and reconciling annual funding. * Isolating budget line appears intended to make charter funding subject to more capricious independent adjustments during appropriations process. 	
'Total Cost of Education' calculation	-----	unchanged	unchanged	unchanged	unchanged
GPA	-----	unchanged	increased by ~\$6M	unchanged	increased by ~\$6M
EPS	-----	unchanged	unchanged	unchanged calculation, then reduced by \$6M, transferred and reappropriated as misc cost	unchanged calculation, then reduced by \$6M, transferred and reappropriated as misc cost
Miscellaneous costs	-----	unchanged	unchanged	increased by ~\$6M	increased by ~\$6M
Total funding to charters	enrollment based at 100% EPS rate	reduced from 100% of EPS to 97% of EPS	reduced from 100% of EPS to 97% of EPS	100% EPS rate, estimated by DoE	100% EPS rate, estimated by DoE
State share of district funding conveyed to charters	function of 100% EPS enrollment rate and GPA appropriation	function of EPS, enrollment rate, and GPA appropriation, adjusted to 97%	function of EPS, enrollment rate, and GPA appropriation, adjusted to 97%	estimate based on function of 100% EPS enrollment rate and GPA appropriation	function of 100% EPS enrollment rate and GPA appropriation

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Local share to charters in districts with resident charter students	full difference between per-pupil state subsidy and EPS rate	reduced to additional ~3/100th of a mil	reduced to zero	reduced to additional ~3/100th of a mil	reduced to zero
Local share to charters in districts without resident charter students	none	increased to additional ~3/100th of a mil	neutral	increased to additional ~3/100th of a mil	neutral
effect on local mil rate from funding policy	substantial function of local charter enrollment	additional ~3/100th of a mil	none	additional ~3/100th of a mil	none
effect on schools and taxpayers in districts without charter students	neutral	increases to marginal cost of ~3/100th of a mil 'insurance premium'	neutral	increases to marginal cost of ~3/100th of a mil 'insurance premium'	neutral
effect on schools and taxpayers in districts with charter students	substantial cost increase as a function of charter enrollment	reduces to marginal cost of ~3/100th of a mil 'insurance premium'	reduces to neutral	reduces to marginal cost of ~3/100th of a mil 'insurance premium'	reduces to neutral
distribution of local liability risk for costs of potential charter enrollments	No 'insurance': 100% local liability	moderately progressive 'insurance' premium based on local per-pupil property valuation	state-subsidized 'insurance'	moderately progressive 'insurance' premium based on local per-pupil property valuation	state-subsidized 'insurance'
Transparency	no provisions	requires Gov formally to propose charter budget and DoE to maintain updated charter expenditures online	requires Gov formally to propose charter budget and DoE to maintain updated charter expenditures online	estimated charter costs appear in supplementary budget document during briefing	estimated charter costs appear in supplementary budget document during briefing
Progress towards property tax relief and 55% state of funding of GPA	—	-----	marginally progressive	-----	marginally progressive
Limits against further charter expansion	-----	moratorium on new virtual charters	moratorium on new virtual charters	-----	-----

An Act To Amend the Laws Related to Public Funding of Charter Schools

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

Whereas, implementation of Maine's recently enacted charter school law has resulted in substantial budgetary challenges for certain school administrative units that are located within the catchment areas of public charter schools recently approved by the Maine Charter School Commission; and

Whereas, these challenges demonstrate the need for more timely and transparent funding provisions enacted as part of the education statutes related to public charter schools authorized and approved by the Maine Charter School Commission; and

Whereas, the funding mechanism proposed by this Act must be initiated as soon as possible in order to enable school boards to make practicable budgetary decisions that will not be constrained by funding reductions that result from students enrolling in public charter schools after school administrative units have approved their budgets for the 2015-2016 school year; and

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

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

Sec. 1. 20-A MRSA §2405, sub-§4, as amended by PL 2011, c. 570, §§5 and 6, is further amended to read:

4. Reporting and evaluation. An authorizer shall submit to the commissioner and the Legislature an annual report within 60 days of the end of each school fiscal year summarizing:

- A. The authorizer's strategic vision for chartering and progress toward achieving that vision;
- B. The performance of all operating public charter schools overseen by the authorizer, according to the performance measures and expectations specified in the charter contracts;
- C. The status of the authorizer's public charter school portfolio of approved charter applications, identifying all public charter schools within that portfolio as:
 - (1) Approved, but not yet open;
 - (2) Operating;
 - (3) Renewed;
 - (4) Transferred;
 - (5) Terminated;
 - (6) Closed; or

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(7) Never opened;

D. The oversight and services provided by the authorizer to the public charter schools under the authorizer's purview; and

E. The total amount of funds collected from each public charter school the authorizer authorized pursuant to subsection 5, paragraph B and the costs incurred by the authorizer to oversee each public charter school.

Sec. 2. 20-A MRSA §2407, sub-§5, ¶C, as amended by PL 2013, c. 272, §1, is further amended to read:

C. Within 10 days of rendering a decision on an application, the authorizer shall report to the commissioner and the Legislature the action it has taken. The authorizer shall provide a copy of the report to the applicant at the same time that the report is submitted to the commissioner and the Legislature.

Sec. 3. 20-A MRSA §2411, sub-§7, as enacted by PL 2011, c. 414, §5, is amended to read:

7. Notification to commissioner and the Legislature. Within 10 days of taking action to renew, not renew or revoke a charter under this section, the authorizer shall report to the commissioner and the Legislature the action taken and shall provide a copy of the report to the public charter school at the same time that the report is submitted to the commissioner and the Legislature. The report must include a copy of the governing entity of the authorizer's resolution setting forth the action taken and reasons for the decision.

Sec. 4. 20-A MRSA §2413, sub-§3 is enacted to read:

3. Funding for public charter schools authorized by the commission. Beginning with fiscal year 2015-16, this section no longer applies to public charter schools authorized by the commission.

Sec. 5. 20-A MRSA §2413-A is enacted to read:

§ 2413-A. Funding for public charter schools authorized by the commission

Beginning with fiscal year 2015-16, this section applies to public charter schools authorized by the commission.

1. Pupil count. Students enrolled in and attending public charter schools must be reported to the department, for attendance and funding purposes, as provided in section 15683-B, subsection 2 and department rules amended or adopted pursuant to this chapter.

2. Revenue provisions. State allocation funds follow each student to the public charter school attended by the student.

A. For each public charter school, the total allocation must be determined as follows.

(1) The total allocation must be calculated pursuant to section 15683-B, based on the student's grade level and adjusted as appropriate for economically disadvantaged students and limited English proficiency students pursuant to section 15675, subsections 1 and 2. Debt service and capital outlays may not be included in the calculation of these allocations. The department shall adopt rules governing how to calculate per-pupil allocations, including those for targeted funds for assessment, technology and kindergarten to grade 2 programs.

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(2) For students attending public charter schools, the payments for public charter schools must be made pursuant to section 15683-B, subsection 6.

(3) For transportation expenses, the transportation operating allocation must be the statewide per-pupil essential programs and services transportation operating allocation multiplied by pupil counts determined under section 15683-B, subsection 2, paragraph A multiplied by the percentage established by the commission for the public charter school based on the cost of transportation services provided by the public charter school to the student, but not to exceed 100%.

(4) The department shall pay to the public charter school any additional allocation assigned to the public charter school for gifted and talented students pursuant to section 15681-A, subsection 5 in the year in which the allocation is assigned.

B. The following provisions govern special education funding.

(1) For each enrolled special education student, a public charter school must receive the average additional allocation calculated by the department under section 15681-A, subsection 2 for its special education students. These allocations must be paid on the same basis as the per-pupil allocations for operating funds.

(2) The department shall pay directly to a public charter school any federal or state aid attributable to a student with a disability attending the public charter school in proportion to the level of services for the student with a disability that the public charter school provides directly or indirectly.

(3) The department shall pay to the public charter school any additional allocation assigned to the public charter school because of a high-cost in-district special education placement in accordance with section 15681-A, subsection 2, paragraph B in the year in which the allocation is assigned as an adjustment to the public charter school's state contribution.

(4) The department shall pay to the public charter school any additional allocation assigned to the school administrative unit because of a high-cost out-of-district special education placement in accordance with section 15681-A, subsection 2, paragraph C in the year in which the allocation is assigned.

C. Except as otherwise provided in this chapter, the State shall send applicable federal funds directly to public charter schools attended by eligible students. Public charter schools with students eligible for funds under Title I of the federal Elementary and Secondary Education Act of 1965, 20 United States Code, Section 6301 et seq. must receive and use these funds in accordance with federal and state law. During the first year of operation, a public charter school must receive Title I funds on the basis of an estimated enrollment of eligible students, as determined by its authorizer.

D. A public charter school may receive gifts and grants from private sources in any manner that is available to a school administrative unit.

E. A public charter school may not levy taxes or issue bonds secured by tax revenues.

F. Any money received by a public charter school from any source and remaining in the school's accounts

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at the end of any budget year remains in the school's accounts for use by the school during subsequent budget years and may not revert to the authorizer or to the State.

G. Nothing in this chapter may be construed to prohibit any person or organization from providing funding or other assistance for the establishment or operation of a public charter school. The governing board of a public charter school may accept gifts, donations or grants of any kind made to the school and expend or use such gifts, donations or grants in accordance with the conditions prescribed by the donor except that a gift, donation or grant may not be accepted if subject to a condition that is contrary to any provision of law or term of the charter contract.

H. A public charter school may receive payment for students residing in the unorganized territory pursuant to paragraph A based on the state average EPS per-pupil rate as defined in section 15672, subsection 7-A. A special education student residing in the unorganized territory must be treated the same as a resident student from a school administrative unit for special education costs pursuant to paragraph B. The responsibility for providing a free, appropriate public education for a special education student passes to the charter school in which the student enrolls. As with other resident school administrative units, the department shall pay for high-cost in-district students.

Sec. 6. 20-A MRSA §15683-B is enacted to read:

§ 15683-B. Public charter schools; calculation of total allocation and state contribution

Beginning with fiscal year 2015-16, this section applies to public charter schools authorized by the Maine Charter School Commission, established under Title 5, section 12004-G, subsection 10-D, in accordance with the funding provisions established in section 2413-A.

1. Calculation of EPS per-pupil rates. If there is only one school administrative unit sending students to a public charter school in a school year, the commissioner shall use that resident school administrative unit's EPS per-pupil rate. If there is more than one school administrative unit sending students to the public charter school, the commissioner shall calculate a public charter school's EPS per-pupil rate for each year as follows.

A. When there are elementary students from outside of a single resident school administrative unit sending students to an elementary public charter school, the EPS per-pupil rate for elementary grades is calculated by multiplying the number of students from a resident school administrative unit attending the public charter school by the resident school administrative unit's elementary EPS per-pupil rate to find the total cost for elementary students enrolled in the public charter school in that resident school administrative unit, then adding the total elementary cost for students enrolled in the public charter school from each resident school administrative unit. The result is divided by the total number of elementary students in the public charter school.

B. When there are secondary students from outside of a single resident school administrative unit sending students to a public charter school, the EPS per-pupil rate for secondary grades is calculated by multiplying the number of students attending the public charter school from the resident school administrative unit by that resident school administrative unit's secondary EPS per-pupil rate to find the total cost for secondary students enrolled in the public charter school in that resident school administrative unit, then adding the total secondary cost for students enrolled in the public charter school from each resident school administrative unit. The result is divided by the total number of secondary students in the public charter

school.

2. Pupil counts. For a public charter school, the commissioner shall determine that school's student counts for each year as follows.

A. The basic student count for a public charter school is the average of the 2 pupil counts for the school for April 1st and October 1st of the most recent calendar year prior to the year of funding.

B. The number of economically disadvantaged students for each public charter school is determined by multiplying the number of pupils by the most recent available elementary free or reduced-price meals percentage for that public charter school. The elementary free or reduced-price meals percentage may be applied to determine the number of economically disadvantaged students in the public charter school secondary grades. If the public charter school does not operate elementary grades, the most recent available secondary free or reduced-price meals percentage must be used in place of the elementary free or reduced-price meals percentage.

C. The number of limited English proficiency students for each public charter school is the number of limited English proficiency students from the most recent October count prior to the year of funding.

D. The number of special education students for each public charter school is the number of special education students from the most recent October count prior to the year of funding.

3. Operating allocation. The commissioner shall determine a public charter school's operating allocation for each year as the sum of:

A. The base allocation, which is the pupil count pursuant to subsection 2, paragraph A multiplied by the public charter school's EPS per-pupil rates calculated pursuant to subsection 1;

B. The economically disadvantaged allocation, which is the student count determined pursuant to subsection 2, paragraph B multiplied by the additional weight for each economically disadvantaged student pursuant to section 15675, subsection 2;

C. The limited English proficiency allocation, which is the pupil count pursuant to in subsection 2, paragraph C multiplied by the additional weight for each limited English proficiency student pursuant to section 15675, subsection 1;

D. The targeted funds for standards-based system allocation, which is based on the per-pupil amount pursuant to section 15683, subsection 1, paragraph C multiplied by pupil count pursuant to subsection 2, paragraph A;

E. The targeted funds for technology resource allocation, which is based on the per-pupil amount pursuant to section 15683, subsection 1, paragraph D multiplied by pupil counts in subsection 2, paragraph A; and

F. The targeted funds for public preschool to grade 2 student allocation, which is based on the preschool to grade 2 pupil count pursuant to subsection 2, paragraph A multiplied by the public charter school's elementary EPS per-pupil rates in subsection 1.

The operating allocation calculated pursuant to this subsection must be adjusted by multiplying it by the appropriate transition percentage in accordance with section 15671, subsection 7.

4. Other subsidizable costs allocation. For a public charter school, the commissioner shall

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determine a public charter school's other subsidizable costs allocation for each year as the sum of:

- A. The gifted and talented allocation pursuant to section 2413-A, subsection 2, paragraph A, subparagraph (4);
- B. The special education allocation pursuant to section 2413-A, subsection 2, paragraph B. The special education allocation may not be less than 90% of the public charter school base year expenditures for special education; and
- C. The transportation operating allocation, which is the statewide per-pupil essential programs and services transportation operating allocation multiplied by a percentage established by the Maine Charter School Commission for that public charter school based on the cost of transportation services provided by the public charter school to the student but not to exceed 100% multiplied by the pupil count in subsection 2, paragraph A.

A public charter is not entitled to career and technical education funding. The school administrative unit in which the public charter school student resides must pay the cost of attendance for the student at a career and technical education program.

5. Total allocation and state contribution. The commissioner shall determine a public charter school's total allocation as the sum of the school's operating allocation under subsection 3 and other subsidizable costs allocation under subsection 4. That total allocation is the state contribution, except that up to 3% of this amount must be withheld in accordance with section 2405, subsection 5, paragraph B and transferred to the Maine Charter School Commission account.

6. Payment of state contribution. The commissioner shall authorize state subsidy payments to be made to public charter schools in accordance with the same schedule of payments for school administrative units pursuant to section 15689-B.

7. MaineCare seed. The commissioner may deduct from a public charter school's state subsidy and pay on behalf of the public charter school allowable school-based costs that represent the public charter school's portion of MaineCare payments. A transfer of payment by the department to the Department of Health and Human Services must be made pursuant to a schedule agreed upon by the Department of Health and Human Services and the department and based on documentation of payments made from MaineCare funds.

8. Curtailment adjustment. In any funding year, if general purpose aid for local schools funding is curtailed, then the public charter school state contribution under this chapter must be curtailed by the proportional percentage that school administrative units have been curtailed.

9. Phase-in procedures for new or newly expanded public charter schools. For new or newly expanded public charter schools, the commissioner shall make a preliminary calculation of total allocation based on the following:

- A. Estimated student counts not to exceed the enrollment limit established by the Maine Charter School Commission;
- B. Estimated rates and weights based on statewide averages; and
- C. The preliminary calculation of total allocation, which must be replaced with actual student data once students have been enrolled for the new school year. The new or newly expanded public charter school

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must enroll new students no later than August 1st in a student information system maintained by the department.

Sec. 7. 20-A MRSA §15689-B, sub-§2-A is enacted to read:

2-A. Notification of state contribution to public charter schools. The commissioner shall annually, prior to February 1st, notify the governing board of each public charter school of the estimated amount of state contribution to be allocated to the public charter school pursuant to section 15683-B

Sec. 8. 20-A MRSA §15689-C, sub-§2, ¶A, 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:

A. The requested funding levels for the operating allocation under ~~section~~ sections 15683 and 15683-B;

Sec. 9. 20-A MRSA §15689-D, as amended by PL 2013, c. 368, Pt. C, §18, is further amended to read:

§ 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, 15683-B, 15688-A, 15689 and 15689-A and the amount for any other components of the total cost of funding public education from kindergarten to grade 12 pursuant to this chapter. 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 ~~and these recommendations must be tabulated on the Department's web site.~~ 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 allocations 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 allocation pursuant to section 15683-B, the total costs of enhancing student performance and opportunity pursuant to section 15688-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. ~~These computations must be tabulated on the Department's web site.~~

Sec. 10. 20-A MRSA §15689-E, sub-§1, ¶B, as amended by PL 2013, c. 368, Pt. C, §19, is further amended to read:

B. The state share of the total operating allocation and the total debt service allocation described in sections

15683 and, 15683-A and 15683-B;

Sec. 11. Reports to the Legislature. Beginning on the effective date of this section and until one year after the effective date of this section, a virtual public charter school shall also submit to the Legislature each report that the virtual public charter school is required to submit to the Commissioner of Education or to the Department of Education.

Sec. 12. Moratorium on operations of virtual public charter schools. Notwithstanding the Maine Revised Statutes, Title 20-A, chapter 112 or any other law to the contrary, the Maine Charter School Commission may not approve, authorize or execute a contract for a virtual public charter school during the period between the effective date of this section and one year following the effective date of this section. Nothing in this section may be construed to limit the operation of a virtual public charter school that, prior to the effective date of this section, was approved or authorized by the Maine Charter School Commission or that executed a contract with the Maine Charter School Commission.

Sec. 13. Review. The Maine Charter School Commission shall review the requirements of the Maine Revised Statutes, Title 20-A, chapter 112 and the virtual public charter school models that have been implemented in other states and shall develop a model for virtual public charter schools that will best serve the academic and developmental needs of students in the State. The Maine Charter School Commission shall submit a report on the review of virtual public charter schools to the joint standing committee of the Legislature having jurisdiction over education and cultural affairs no later than December 3, 2015. The report must include the commission's findings and recommendations and any necessary implementing legislation regarding the authorization and operation of virtual public charter schools in the State. The committee is authorized to report out a bill to the Second Regular Session of the 127th Legislature related to the recommendations included in this report.

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

SUMMARY

This bill establishes provisions to fund public charter schools that are authorized by the Maine Charter School Commission beginning in fiscal year 2015-16.

1. The bill establishes provisions that calculate the total allocation of funds to be provided under general purpose aid for local schools for public charter schools that are authorized by the Maine Charter School Commission and establishes that the Commissioner of Education must adjust the operating allocation calculated for public charter schools by multiplying the operating allocation by the appropriate transition percentage in accordance with the Maine Revised Statutes, Title 20-A, section 15671, subsection 7.

2. It also provides that, beginning in fiscal year 2015-16, the Commissioner of Education's recommendations to the Governor and the Department of Administrative and Financial Services for funding levels under the Essential Programs and Services Funding Act must include funding level computations for the total operating allocation of funds to public charter schools authorized by the commission in accordance with the provisions of this legislation.

3. It establishes a moratorium on the approval of, authorization of and execution of contracts for virtual public charter schools by the commission, and it provides that the moratorium applies to the period between the effective date of this legislation and one year following the effective date of this legislation.

4. It requires the commission to review the virtual public charter school models in other states and to

Representative Hubbell; Sponsoring testimony for LD 131; 23 February 2015

submit a report to the joint standing committee of the Legislature having jurisdiction over education and cultural affairs that recommends a model for virtual public charter schools that will best serve the academic and developmental needs of Maine students.

5. It requires that virtual public charter schools and authorizers include the Legislature among the recipients of certain of their reports.

ESSENTIAL BUDGET
FY 14-15
LD 1509, 6/26/2013

2013-14
TOTAL

Total Operating Allocation

Total operating allocation pursuant to the Maine Revised Statutes, Title 20-A, section 15683 without transitions percentage \$1,397,436,773

Total operating allocation pursuant to the Maine Revised Statutes, Title 20-A, section 15683 with 97% transitions percentage \$1,355,513,670

Total other subsidizable costs pursuant to the Maine Revised Statutes, Title 20-A, section 15681-A \$441,387,263

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 \$1,796,900,933

Total Debt Service Allocation

Total debt service allocation pursuant to the Maine Revised Statutes, Title 20-A, section 15683-A \$97,440,243

Enhancing Student Performance and Opportunity \$2,500,000

Total Adjustments and Miscellaneous Costs

Total adjustments and miscellaneous costs pursuant to the Maine Revised Statutes, Title 20-A, sections 15689 and 15689-A \$66,725,883

Total Normal Cost of Teacher Retirement \$28,898,559

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 2013-14 pursuant to the Maine Revised Statutes, Title 20-A, chapter 606-B \$1,992,465,619

Total cost of the state contribution to teacher retirement, teacher retirement health insurance and teacher retirement life insurance for fiscal year 2013-14 pursuant to the Maine Revised Statutes, Title 5, chapters 421 and 423 excluding the normal cost of teacher retirement	\$169,515,042
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Adjustment pursuant to the Maine Revised Statutes, Title 20-A, section 15683, subsection 2	\$41,923,103
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Total cost of funding public education from kindergarten to grade 12	\$2,203,903,764
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Sec. C-23. 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, 2013 and ending June 30, 2014 is calculated as follows:

	2013-14 LOCAL	2013-14 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	\$1,050,170,213	\$942,295,406
State contribution to the total cost of teacher retirement, teacher retirement health insurance and teacher retirement life insurance for fiscal year 2013-14 pursuant to the Maine Revised Statutes, Title 5, chapters 421 and 423		\$169,515,043
State contribution to the total cost of funding public education from kindergarten to grade 12		\$1,111,810,448

Sec. C-24. Limit of State's obligation. 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

General Purpose Aid for Local Schools - 1/13/2015

Miscellaneous "Targeted/Direct" Costs elements:	FY15	Baseline	Proposed FY 2016	Proposed FY 2017
Audit	\$250,000	\$250,000	\$250,000	\$250,000
Long-Term Drug Treatment Center Adjustment	\$249,412	\$249,412	\$374,432	\$374,432
Bus Refurbishing Program	\$280,123	\$280,123	\$280,123	\$280,123
Special Education Costs for State Agency Clients and State Wards	\$27,095,484	\$27,095,484	\$27,095,484	\$27,095,484
Essential Programs & Services Contract	\$250,000	\$250,000	\$250,000	\$250,000
Learning Results Implementation & Assessment	\$440,459	\$440,459	\$301,091	\$298,135
Maine Policy Research Institute Contract	\$250,000	\$250,000	\$250,000	\$250,000
Learning Through Technology Program (LTT)	\$15,168,154	\$15,232,299	\$15,237,367	\$15,233,008
Data Management & Support for EPS	\$4,304,150	\$4,385,300	\$6,622,505	\$6,235,806
Post-secondary course payments (Aspirations program)	\$400,000	\$400,000	\$1,000,000	\$1,000,000
National Board for Prof. Teaching Standards Salary Supplement	\$307,551	\$307,551	\$307,551	\$307,551
Jobs for Maine Graduates (JMG)	\$2,645,379	\$2,645,379	\$2,945,379	\$2,945,379
Maine School for Science and Mathematics	\$2,525,120	\$2,525,120	\$3,331,242	\$3,615,347
ME Ctr. for the Deaf & Hard of Hearing	\$5,943,751	\$5,743,751	\$6,985,370	\$7,769,215
Transportation Administration	\$107,577	\$118,713	\$118,713	\$116,411
Coordination of Services for Juvenile Offenders	\$273,797	\$288,298	\$288,298	\$290,159
Dept. of Corrections positions	\$303,520	\$303,520	\$303,520	\$303,520
Center of Excellence for At-Risk Students -- proposed change to Choice and Opportunity Fund	\$530,000	\$530,000	\$530,000	\$530,000
MaineCare Seed	\$842,466	\$842,466	\$842,466	\$842,466
Comprehensive Early College Programs Funding to expand Bridge Year program to five more sites.	\$650,000		\$1,000,000	\$1,000,000
Miscellaneous "Targeted/Direct" Costs elements:	\$62,816,943	\$62,137,875	\$68,313,541	\$68,987,036
Enhancing Student Performance and Opportunity elements 20-A MRSA \$15688-A:	FY15	Baseline	Proposed FY 2016	Proposed FY 2017
Funding for Adult Education College Readiness programs.	\$500,000	\$500,000	\$550,000	\$550,000
PROPOSED: Funding to put an Office of School Improvement into place to support struggling schools, paralleling existing Title I school improvement efforts.			\$1,500,000	\$1,500,000
PROPOSED: Funding to assist CTE centers in attaining national industry certification. (Will pay for equipment upgrades, staff training, new student assessments for industry certification, etc.).			\$1,500,000	\$1,500,000
PROPOSED: Funding to assist districts in implementing new teacher and principal evaluation systems. Required by LD 1858.			\$2,500,000	\$2,500,000
Funding for to assist districts in the transition to standards-based high school diplomas. Required by LD 1422	\$1,972,105	\$1,972,105	\$1,972,105	\$1,972,105
Enhancing Student Performance and Opportunity elements 20-A MRSA \$15688-A:	\$2,472,105	\$2,472,105	\$8,022,105	\$8,022,105

General Purpose Aid for Local Schools

Miscellaneous "Targeted/Direct" Costs elements:	Budgeted FY 2015	Proposed FY 2016	Proposed FY 2017	Proposed FY 2016 Change	Proposed FY 2017 Change	Proposed Change 2016-2017
Audit	\$250,000	\$250,000	\$250,000	\$0	\$0	\$0
Long-Term Drug Treatment Center Adjustment	\$249,412	\$374,432	\$374,432	\$125,020	\$125,020	\$250,040
Bus Refurbishing Program	\$280,123	\$280,123	\$280,123	\$0	\$0	\$0
Special Education Costs for State Agency Clients and State Wards	\$27,095,484	\$27,095,484	\$27,095,484	\$0	\$0	\$0
Essential Programs & Services Contract	\$250,000	\$250,000	\$250,000	\$0	\$0	\$0
Learning Results Implementation & Assessment	\$440,459	\$301,091	\$298,135	(\$139,368)	(\$142,324)	(\$281,692)
Maine Policy Research Institute Contract	\$250,000	\$250,000	\$250,000	\$0	\$0	\$0
Learning Through Technology Program (LTT)	\$15,168,154	\$15,237,367	\$15,233,008	\$69,213	\$64,854	\$134,067
Data Management & Support for EPS	\$4,304,150	\$6,622,505	\$6,235,806	\$2,318,355	\$1,931,656	\$4,250,011
Post-secondary course payments (Aspirations program)	\$400,000	\$1,000,000	\$1,000,000	\$600,000	\$600,000	\$1,200,000
National Board for Prof. Teaching Standards Salary Supplement	\$307,551	\$307,551	\$307,551	\$0	\$0	\$0
Jobs for Maine Graduates (JMG)	\$2,645,379	\$2,945,379	\$2,945,379	\$300,000	\$300,000	\$600,000
Maine School for Science and Mathematics	\$2,525,120	\$3,331,242	\$3,615,347	\$806,122	\$1,090,227	\$1,896,349
ME Ctr. for the Deaf & Hard of Hearing	\$5,943,751	\$6,985,370	\$7,769,215	\$1,041,619	\$1,825,464	\$2,867,083
Transportation Administration	\$107,577	\$118,713	\$116,411	\$11,136	\$8,834	\$19,970
Coordination of Services for Juvenile Offenders	\$273,797	\$288,298	\$290,159	\$14,501	\$16,362	\$30,863
Dept. of Corrections positions	\$303,520	\$303,520	\$303,520	\$0	\$0	\$0
Center of Excellence for At-Risk Students -- proposed change to Choice and Opportunity Fund	\$530,000	\$530,000	\$530,000	\$0	\$0	\$0
MaineCare Seed	\$842,466	\$842,466	\$842,466	\$0	\$0	\$0
Comprehensive Early College Programs Funding to expand Bridge Year program to five more sites.	\$650,000	\$1,000,000	\$1,000,000	\$350,000	\$350,000	\$700,000
Miscellaneous "Targeted/Direct" Costs elements:	\$62,816,943	\$68,313,541	\$68,987,036	\$5,496,598	\$6,170,093	\$11,666,691

Enhancing Student Performance and Opportunity elements 20-A MRSA §15688-A:	FY15	Proposed FY 2016	Proposed FY 2017	Proposed FY 2016	Proposed FY 2017	Proposed Change 2016-2017
Funding for Adult Education College Readiness programs.	\$500,000	\$550,000	\$550,000	\$50,000	\$50,000	\$100,000
PROPOSED: Funding to put an Office of School Improvement into place to support struggling schools, paralleling existing Title I school improvement efforts.		\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$3,000,000
PROPOSED: Funding to assist CTE centers in attaining national industry certification. (Will pay for equipment upgrades, staff training, new student assessments for industry certification, etc.).		\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$3,000,000
PROPOSED: Funding to assist districts in implementing new teacher and principal evaluation systems. Required by PL 2011, chapter 635, LD 1858.		\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	\$5,000,000
Funding for to assist districts in the transition to standards-based high school diplomas. Required by PL 2011, c. 669, LD 1422	\$1,972,105	\$1,972,105	\$1,972,105	\$0	\$0	\$0
Enhancing Student Performance and Opportunity elements 20-A MRSA §15688-A:	\$2,472,105	\$8,022,105	\$8,022,105	\$5,550,000	\$5,550,000	\$11,100,000

Normal Cost of Teacher Retirement	FY15	Proposed FY 2016	Proposed FY 2017	Proposed FY 2016	Proposed FY 2017	Proposed Change 2016-2017
State Share	\$ 14,836,977	\$ 18,346,560	\$ 18,957,388	\$ 3,509,583	\$ 4,120,411	\$ 7,629,994
Local Share	\$ 14,955,005	\$ 18,944,530	\$ 19,638,890	\$ 3,989,525	\$ 4,683,885	\$ 8,673,411
Normal Cost of Teacher Retirement	\$ 29,791,982	\$ 37,291,090	\$ 38,596,278	\$ 7,499,108	\$ 8,804,296	\$ 16,303,405

General Purpose Aid for Local Schools	FY15	Proposed FY 2016	Proposed FY 2017	Proposed FY 2016	Proposed FY 2017	Proposed Change 2016-2017
General Fund	\$ 930,063,464	\$ 947,959,292	\$ 949,985,750	\$ 17,895,828	\$ 19,922,286	\$ 37,818,114
Casino Revenue	\$ 13,782,644	\$ 16,187,903	\$ 16,349,782	\$ 2,405,259	\$ 2,567,138	\$ 4,972,397
Total General Purpose Aid for Local Schools	\$ 943,846,108	\$ 964,147,195	\$ 966,335,532	\$ 20,301,087	\$ 22,489,424	\$ 42,790,511

Additional State Funding (Misc. Costs, Enhancing Student Performance and Opportunity, State Share of Normal Cost of Teacher Retirement)	\$14,556,181	\$15,840,504	\$30,396,685
Additional State Funding (Other EPS Components)	\$ 5,744,906	\$ 6,648,920	\$ 12,393,826

Note: Includes data provided by the Maine Department of Education and the Governor's Proposed 2016-2017 Biennial Budget