

## Explanation of Need for Corrective Amendments to FY2009-10 Lewiston School Budget

When the Lewiston School budget articles for FY2009-10 were prepared, the Lewiston School Department made a technical error by not providing that \$1,450,989 in previously approved non-state funded debt service be included in the total of the summary article, in addition to its K-12 minimum state requirement for EPS. As the summary article is written, the City's local contribution is less than mandated by statute. Unless the budget is adjusted, the City could lose approximately \$3,000,000 in state subsidy for 2009-10.

The problem is solved with no increase in local taxation by clarifying that the non-state subsidized local debt service is funded from its Medicaid balance rather than from its local contribution to EPS.

The effect of making this change will be the transfer of \$1,450,989 in Medicaid balance to the School Department's 2009-10 budget. With this transfer, the City raises and appropriates its required share without subsidy loss. Since the 2009-10 budget was developed to operate without this transfer, these additional funds will be needed to sustain this year's projected funding curtailment and next year's projected funding "cliff" when General Purpose Aid will be 60 million less than this year.

Under Lewiston's City Charter and prior law, these technical corrective amendments to the school budget could have been handled simply by having the City Council adopt corrective orders at a regular or special meeting of the City Council. Under the state's recently enacted budget validation referendum procedure, however, the process of amending a school budget is now more complicated. The City Council must now adopt the amendment at a regular or special meeting and then the amendments must be "validated" at the budget validation referendum conducted within fourteen (14) days following the City Council meeting.

To satisfy the requirement that the referendum be conducted within fourteen (14) days following the City Council meeting, the City Clerk has recommended that the City Council act on the amendment at its September 1, 2009 meeting and hold a budget validation referendum on September 15, 2009. The cost to the School Department is estimated to be \$1,500.

Proposed orders for adoption by the City Council to correct the school budget problem and the proposed referendum question are attached to this memo.

**ORDERS ADOPTING TECHNICAL CORRECTIVE AMENDMENTS TO  
THE SCHOOL BUDGET FOR THE PERIOD JULY 1, 2009 TO JUNE 30, 2010**

ORDERED, that upon recommendation of the School Department, this City Council hereby declares that an emergency exists within the meaning of Maine Revised Statutes, Title 20-A M.R.S.A. Section 1488 and that this City Council adopt the following corrective amendments to the budget for the School Department for the 2009-10 fiscal year with no increase in local taxation, in order to prevent a possible loss of State school subsidy.

ORDERED, that upon recommendation of the School Department, this City Council hereby amends the budget of the School Department for the 2009-10 fiscal year to appropriate the previously approved sum of \$1,450,989 for non-state funded debt service from the School Department's Medicaid balance rather than from the School Department's local contribution to the total cost of funding public education as described in the Essential Programs and Services Funding Act.

ORDERED, that upon recommendation of the School Department, this City Council hereby amends the school budget line item for Regular Instruction from \$17,713,321 to \$19,164,310 by adding the sum of \$1,450,989 in order to authorize expenditure of the full amount of the School Department's required local contribution to the total cost of funding public education as described in the Essential Programs and Services Funding Act.

ORDERED, that upon recommendation of the School Department, this City Council hereby amends the total budget of the School Committee for the 2009-10 fiscal year from \$49,654,485 to \$51,105,474 by adding to the total school budget, the additional sum of \$1,450,989 which the City Council has now authorized to be expended for Regular Instruction in order to authorize expenditure of the full amount of the School Department's required local contribution to the total cost of funding public education as described in the Essential Programs and Services Funding Act.

**NOTICE OF SCHOOL BUDGET AMENDMENTS ADOPTED BY CITY COUNCIL  
FOR VOTERS AT SCHOOL BUDGET VALIDATION REFERENDUM**

TO: City Clerk of the City of Lewiston, State of Maine

Pursuant to 20-A M.R.S.A. §§ 1486(2) and 2307 this Notice is to be displayed at all polling places for the school budget validation referendum to be held on September 15, 2009, to assist the voters in voting on whether to ratify the amendments to the school budget approved at the September 1, 2009 meeting of the Lewiston City Council.

<b>Amendments to School Budget</b>	<b>Amendment Recommended by School Committee</b>	<b>Amendment Approved at the City Council Meeting on September 1, 2009</b>
Amendment to Correct Source of Funding for Previously Approved Amount of Non-State Funded Debt Service	Amendment to Appropriate the Previously Approved Amount of \$1,450,989 in Non-State Funded Debt Service from the School Department's Medicaid Balance Rather than from the School Department's Contribution to the Total Cost of Funding Public Education as Described in the Essential Programs and Services Funding Act.	Amendment to Appropriate the Previously Approved Amount of \$1,450,989 in Non-State Funded Debt Service from the School Department's Medicaid Balance Rather than from the School Department's Contribution to the Total Cost of Funding Public Education as Described in the Essential Programs and Services Funding Act.
Amendment Increasing school budget line item for Regular Instruction	Amendment to increase school budget line item for Regular Instruction from \$17,713,321 to \$19,164,310 by adding thereto the sum of \$1,450,989 in order to authorize expenditure of the full amount of the School Department's required local contribution to the total cost of funding public education as described in the Essential Programs and Services Funding Act.	Amendment to increase school budget line item for Regular Instruction from \$17,713,321 to \$19,164,310 by adding thereto the sum of \$1,450,989 in order to authorize expenditure of the full amount of the School Department's required local contribution to the total cost of funding public education as described in the Essential Programs and Services Funding Act.
Amendment Correcting Summary of Total Authorized General Fund Expenditures:	Amendment of Total School Budget from \$49,654,485 to \$51,105,474 by adding the additional \$1,450,989 authorized to be expended for Regular Instruction	Amendment of Total School Budget from \$49,654,485 to \$51,105,474 to add Previously Approved Amount of \$1,450,989 in Non-State Funded Debt Services being Appropriated from School Department's Medicaid Balance

Completed and signed at the direction of the Lewiston School Committee

By: \_\_\_\_\_ Date: \_\_\_\_\_  
Superintendent of Schools

A true copy of the Notice, attest: \_\_\_\_\_

\_\_\_\_\_, Clerk  
City of Lewiston

**QUESTION ONE**  
**SCHOOL BUDGET VALIDATION REFERENDUM**

Do you favor approving the amendments to the Lewiston School Department Budget for the 2009-10 school year that were adopted at the September 1, 2009 Lewiston City Council meeting?