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Date: (Filing No. H-)

EDUCATION AND CULTURAL AFFAIRS

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**STATE OF MAINE
HOUSE OF REPRESENTATIVES
132ND LEGISLATURE
SECOND REGULAR SESSION**

COMMITTEE AMENDMENT “ ” to H.P. 1503, L.D. 2226, “An Act to Amend the Essential Programs and Services School Funding Formula”

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

Sec. 1. 20-A MRSA §15676, sub-§1, as amended by PL 2017, c. 284, Pt. C, §31, is further amended to read:

1. Teaching staff costs. Beginning July 1, 2017, the salary and benefit costs for school level teaching staff that are necessary to carry out this Act, calculated in accordance with section 15678 and adjusted by the regional adjustment under section 15682 prior to fiscal year 2027-28 or under section 15682-A beginning in fiscal year 2027-28;

Sec. 2. 20-A MRSA §15676, sub-§2, as amended by PL 2017, c. 284, Pt. C, §31, is further amended to read:

2. Other staff costs. Beginning July 1, 2017, the salary and benefit costs for school-level staff who are not teachers, but including substitute teachers, that are necessary to carry out this Act, calculated in accordance with section 15679 and adjusted by the regional adjustment under section 15682 prior to fiscal year 2027-28 or under section 15682-A beginning in fiscal year 2027-28; and

Sec. 3. 20-A MRSA §15682, as amended by PL 2011, c. 419, §2, is further amended to read:

§15682. Regional adjustment prior to fiscal year 2027-28

The commissioner shall make a regional adjustment in the total operating allocation for each school administrative unit determined pursuant to section 15683. The regional adjustment must be based on the regional differences in teacher salary costs, for labor market areas in which the school administrative unit is located, as computed by a statewide education policy research institute, and must be applied only to appropriate teacher salary and benefits costs as calculated under section 15678 and salary and benefit costs of other school-level staff who are not teachers as calculated under section 15679. Beginning in

COMMITTEE AMENDMENT

1 fiscal year 2012-13, and ~~for each subsequent fiscal year~~ in each fiscal year prior to fiscal
2 year 2027-28, the commissioner shall make a regional adjustment in the total operating
3 allocation for each school administrative unit determined pursuant to section 15683. The
4 regional adjustment must be based on the regional differences in teacher salary costs, for
5 labor market areas in which the school administrative unit is located, as computed by a
6 statewide education policy research institute, and must be applied only to appropriate
7 teacher salary costs as calculated under section 15678 and salary costs of other school-level
8 staff who are not teachers as calculated under section 15679.

9 **Sec. 4. 20-A MRSA §15682-A** is enacted to read:

10 **§15682-A. Regional adjustment beginning in fiscal year 2027-28**

11 Beginning in fiscal year 2027-28, and for each subsequent fiscal year, the
12 commissioner shall make a regional adjustment in the total operating allocation for each
13 school administrative unit determined pursuant to section 15683. The regional adjustment
14 must be based on the regional differences in the cost of living, as computed by a statewide
15 education policy research institute using a nationwide index or combination of nationwide
16 indices. The regional adjustment must align with the salary matrix described in section
17 15677 so that the minimum index value is sufficient to pay the minimum teacher salary
18 established under chapter 505. The regional adjustment must be applied only to appropriate
19 teacher salary and benefit costs as calculated under section 15678 and salary costs of other
20 school-level staff who are not teachers as calculated under section 15679.

21 **Sec. 5. 20-A MRSA §15688, sub-§3-A, ¶A**, as enacted by PL 2005, c. 2, Pt. D,
22 §56 and affected by §§72 and 74 and c. 12, Pt. WW, §18, is amended by amending
23 subparagraph (2) to read:

24 (2) The total of the full-value education mill rate calculated in section 15671-A,
25 subsection 2 multiplied by the property fiscal capacity of the municipality and,
26 beginning in fiscal year 2027-28, adjusted by 10% for relative income level using
27 an index calculated by a statewide education policy research institute. The index
28 must be based on the percentage of resident pupils that are identified as
29 economically disadvantaged under section 15675, subsection 2.

30 **Sec. 6. 20-A MRSA §15688, sub-§3-A, ¶B**, as amended by PL 2015, c. 494, Pt.
31 A, §13, is further amended by amending subparagraph (2) to read:

32 (2) The total of the full-value education mill rate calculated in section 15671-A,
33 subsection 2 multiplied by the property fiscal capacity of the municipality and,
34 beginning in fiscal year 2027-28, adjusted by 10% for relative income level using
35 an index calculated by a statewide education policy research institute. The index
36 must be based on the percentage of resident pupils that are identified as
37 economically disadvantaged under section 15675, subsection 2.

38 **Sec. 7. 20-A MRSA §15699** is enacted to read:

39 **§15699. State subsidy transition period**

40 Beginning in fiscal year 2027-28 and until fiscal year 2030-31, the State may not reduce
41 from the previous fiscal year the amount of a school administrative unit's state subsidy
42 attributable to the combination of the regional adjustment calculated pursuant to section

1 15682-A and the local contribution calculated pursuant to section 15688, subsection 3-A.
2 Beginning in fiscal year 2030-31, the following provisions apply.

3 **1. Fiscal year 2030-31.** In fiscal year 2030-31, the amount of a school administrative
4 unit's state subsidy attributable to the combination of the regional adjustment calculated
5 pursuant to section 15682-A and the local contribution calculated pursuant to section
6 15688, subsection 3-A may not be reduced by the State by more than 25% from the
7 previous fiscal year.

8 **2. Fiscal year 2031-32.** In fiscal year 2031-32, the amount of a school administrative
9 unit's state subsidy attributable to the combination of the regional adjustment calculated
10 pursuant to section 15682-A and the local contribution calculated pursuant to section
11 15688, subsection 3-A may not be reduced by the State by more than 50% from the
12 previous fiscal year.

13 **3. Fiscal year 2032-33 and subsequent fiscal years.** In fiscal year 2032-33 and in
14 each subsequent fiscal year, the state subsidy for all school administrative units is adjusted
15 by the regional adjustment calculated pursuant to section 15682-A and the local
16 contribution calculated pursuant to section 15688, subsection 3-A.

17 **Sec. 8. Maine Education Policy Research Institute; further study.** The
18 Maine Education Policy Research Institute shall study the components of the essential
19 programs and services school funding formula established in the Maine Revised Statutes,
20 Title 20-A, chapter 606-B. The institute shall submit a report no later than January 15,
21 2027 to the joint standing committee of the Legislature having jurisdiction over education
22 matters. The report must include, but is not limited to, the following:

23 1. An analysis of the impact of inflation on the essential programs and services school
24 funding formula since fiscal year 2019-20 and recommendations on how to mitigate its
25 effects or account for its impact on the formula;

26 2. Recommendations related to a poverty indicator that reflects overall community
27 income rather than only the income of families with school-aged children;

28 3. Modeling one or more scenarios using a 5-year average for pupil counts and property
29 valuation; and

30 4. Recommendations on which components of the funding formula are considered
31 essential and whether the funding formula accounts for the true costs of those components
32 and provides adequate funding to school administrative units.

33 The joint standing committee is authorized to report out a bill related to the report to
34 the 133rd Legislature in 2027.'

35 Amend the bill by relettering or renumbering any nonconsecutive Part letter or section
36 number to read consecutively.

37 **SUMMARY**

38 This amendment, which is the majority report of the committee, does the following.

39 1. It removes sections of the bill related to state payments for high-cost in-district and
40 out-of-district special education placements, instructional staff support cost components, a
41 cap on the special education maintenance of effort adjustment, special education budgetary

1 hardship eligibility, state payments for transportation, economically disadvantaged student
2 weights and the special education prevalence threshold.

3 2. It clarifies that changes to the regional adjustment begin in fiscal year 2027-28.

4 3. It provides that a school administrative unit's ability to pay must be adjusted by 10%
5 for relative income.

6 4. It provides that, beginning in fiscal year 2027-28 and until fiscal year 2030-31, the
7 State may not reduce the portion of a school administrative unit's state subsidy attributable
8 to the regional adjustment and local contribution calculation and provides a 3-year
9 transition period beginning in fiscal year 2030-31.

10 5. It directs the Maine Education Policy Research Institute to study the components of
11 the essential programs and services school funding formula and report back to the
12 Legislature by January 15, 2027.

13 **FISCAL NOTE REQUIRED**

14 **(See attached)**