

STATE OF MAINE

IN THE YEAR OF OUR LORD  
TWO THOUSAND TWENTY-SIX

H.P. 1503 - L.D. 2226

**An Act to Amend the Essential Programs and Services School Funding  
Formula**

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

**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 fiscal year 2012-13, and ~~for each subsequent fiscal year~~ in each fiscal year 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 costs as calculated under section 15678 and salary costs of other school-level staff who are not teachers as calculated under section 15679.

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

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

Beginning in fiscal year 2027-28, and for each subsequent fiscal year, 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 the cost of living, as computed by a statewide education policy research institute using a nationwide index or combination of nationwide indices. The regional adjustment must align with the salary matrix described in section 15677 so that the minimum index value is sufficient to pay the minimum teacher salary established under chapter 505. The regional adjustment must be applied only to appropriate teacher salary and benefit costs as calculated under section 15678 and salary costs of other school-level staff who are not teachers as calculated under section 15679.

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

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

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

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

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

**§15699. State subsidy transition period**

Beginning in fiscal year 2027-28 and until fiscal year 2030-31, the State may not reduce from the previous fiscal year the amount of a school administrative unit's state subsidy attributable to the combination of the regional adjustment calculated pursuant to section 15682-A and the local contribution calculated pursuant to section 15688, subsection 3-A. Beginning in fiscal year 2030-31, the following provisions apply.

**1. Fiscal year 2030-31.** In fiscal year 2030-31, the amount of a school administrative unit's state subsidy attributable to the combination of the regional adjustment calculated

pursuant to section 15682-A and the local contribution calculated pursuant to section 15688, subsection 3-A may not be reduced by the State by more than 25% from the previous fiscal year.

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

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

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

1. An analysis of the impact of inflation on the essential programs and services school funding formula since fiscal year 2019-20 and recommendations on how to mitigate its effects or account for its impact on the formula;
2. Recommendations related to a poverty indicator that reflects overall community income rather than only the income of families with school-aged children;
3. Modeling one or more scenarios using a 5-year average for pupil counts and property valuation; and
4. Recommendations on which components of the funding formula are considered essential and whether the funding formula accounts for the true costs of those components and provides adequate funding to school administrative units.

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