



School Finance Basics

Minimum Receiver Status

September 12, 2023
Education and Cultural Affairs Committee

Minimum Receiver Status – what does it mean?

Minimum Receiver Status

- When a SAU/town's ability to pay is *greater* than their required local contribution, then they are considered a minimum receiver.
- The Required Local Contribution = the current Mill Rate x the Town's Valuation
- The current Mill Rate is the cap or that any individual town will be required to contribute to Education per the EPS formula.
- In FY 24 the Mill Rate (local contribution cap) is 6.97.
- In other words, no town will be expected to pay any more than the current mill rate x their town valuation for EPS funding.
- If the town's ability to pay is greater than their required local contribution, then the actual mill rate they are contributing will be less than the current cap for all other town's.

Minimum Receiver Status – what does it mean?

Minimum Receiver Status

- Remember, the EPS funding formula is used to *equitably* **distribute** limited State funds to the areas that need them the most.
- In FY 24, 87 out of 256 SAUs, 34% are minimum receivers.
 - In other words, towns contributed less than the current Mill Rate, because the cost they were responsible for was less than the mill rate x their town's valuation.
- As a result, if a SAU has a higher valuation times the current mill rate, (aka: higher ability to pay), the EPS formula will provide less funds to them, so it can provide more funds to SAUs that do not have as great an ability to pay for the cost of education using local property taxes.

Distribution of State Funding

How Big A Slice Does Each SAU Get?

How to distribute State funds to individual SAUs:

Example SAU: **Augusta**

Total Cost of Education per EPS = \$27,977,827.56

Town Valuation = \$1,756,200,000

x Mil Rate Expectation = 6.97

= Local Ability to Pay = \$12,240,714.00

Total Cost of Education per EPS for SAU = \$27,977,827.56

Minus Local Ability to Pay = \$12,240,714.00

Equals State Contribution to SAU = **\$15,737,113.56**

Additional State Funds for Career & Technical Education Center = \$2,651,179.98

Distribution of State Funding

How Big A Slice Does Each SAU Get?

How to distribute State funds to individual SAUs:

Example SAU: **York**

Total Cost of Education per EPS = \$22,365,421.37

Town Valuation = \$4,934,333,333

x Mil Rate Expectation = 6.97

= Local Ability to Pay = \$34,392,303.33

Notes:

Actual Local Contribution Mill
Rate Paid = 3.91

State Share % of Total Cost
after adjustments = 13.73%

Total Cost of Education per EPS for SAU = \$22,365,421.37

Minus Local Ability to Pay = \$34,392,303.33

Equals State Contribution to SAU Prior to Adjustments = \$0*

State Contribution after Minimum Receiver Adjustment = \$ 3,071,383.74

Adjusted Local Share after Minimum Receiver Adjustment = \$19,294,037.63

** This is an example of a Minimum Receiver*

Minimum Receiver Adjustments – ED 279 Section 5

List of adjustments where applicable:

- ❖ Minimum State Allocation Adjustment (5%) *(Minimum Receiver)*
- ❖ Minimum Special Education Adjustment (50%) *(Minimum Receiver)*
- ❖ Adjustment for Debt Service *(Minimum Receiver)*
- ❖ Minimum Economically Disadvantaged Student Adjustment *(Minimum Receiver)*

Minimum Debt Service Adjustments

Minimum Debt Service Adjustment: Title 20A, §15689, Subsection 2

Eligibility Criteria:

1. Must have principal and interest payments on the ED 279 (State Subsidized Debt)
2. State Share by town must be less than the Total Debt Service allocation less the valuation times the debt service adjustment mill rate.

Calculation:	Chebeague	RSU 08/SAD 08	RSU 75/SAD 75			
	Island	Vinalhaven	Bowdoin	Bowdoinham	Harpswell	Topsham
Does the SAU or Town have Principal & Interest Payments?	Yes	NO	Yes	Yes	Yes	Yes
EPS Total Allocation by Town (100%)	636,628.95		7,236,758.19	6,645,238.38	5304959.31	18,251,006.83
Total Debt Service by Town	83,916.00		740,509.31	679,981.39	542,835.84	1,867,554.51
Current State Share before Adjustments by Town	-		5,342,330.19	4,263,959.88	-	10,430,902.33
State Valuation (Lessor of 3 year average or Previous year valuation)	254,850,000		259,866,667	326,650,000	2,069,783,333	1,072,716,667
Multiply State Valuation times Debt Service Mill Rate (0.25) ÷ 1000	63,712.50	-	64,966.67	81,662.50	517,445.83	268,179.17
New Required Debt Service Local Share	63,712.50	-	64,966.67	81,662.50	517,445.83	268,179.17
Total Debt Service by Town less the new Debt Service Local Share	20,203.50	-	675,542.64	598,318.89	25,390.01	1,599,375.34
If Difference is Greater than State Share Before Adjustments = Eligible	YES	NO	NO	NO	YES	NO
Total Allocation less Total Debt Service by Town	552,712.95	-	6,496,248.88	5,965,256.99	4,762,123.47	16,383,452.32
Debt Service Local Share Ability to Pay = State Valuation x (current mill rate less debt	1,794,144.00	-	1,829,461.34	2,299,616.00	14,571,274.66	7,551,925.34
If calculated Debt Service Local Share Ability to Pay is less than the Debt Service Alloc	552,712.95	-	1,829,461.34	2,299,616.00	4,762,123.47	7,551,925.34
New State Share	20,203.50	-	675,542.64	598,318.89	25,390.01	1,599,375.34
Debt Service Adjustment Amount = New State Share less Current State Share	20,203.50	-	-	-	25,390.01	-

Minimum Special Education Adjustment

Minimum Special Education Adjustment: Title 20A, §15689, subsection 1(B)

Eligibility Criteria:

1. Must have subsidy student counts
2. State Share must be less than Special Ed Allocation x current percentage per Statute
3. If State Share is less, the amount of the adjustment is the difference between the State share and the new Special ED calculated amount.

Calculation:	Chebeague	RSU 08/SAD 08	Deer Isle Stonington CSD		Carrabassett	Kittery
	Island	Vinalhaven	Deer Isle	Stonington	Valley	
100% Special Education Amount from Section 3A, Line 2 & 3	106,280.38	588,154.02	868,697.36		41,751.75	3,460,696.20
Multiply by current Minimum Percentage (FY 24 = 50%)	53,140.19	294,077.01	434,348.68		20,875.88	1,730,348.10
State Share before adjustments - Section 5A	0.00	0.00	0.00		0.00	0.00
Difference from Minimum Percentage Amount	53,140.19	294,077.01	434,348.68		20,875.88	1,730,348.10
If Difference is Greater than Zero = Eligible	YES	YES	YES		YES	YES
Adjustment for Special Education Costs at 50% = Difference	53,140.19	294,077.01	434,348.68		20,875.88	1,730,348.10
New State Share including Min. Special Ed Adjustment =	53,140.19	294,077.01	434,348.68		20,875.88	1,730,348.10
			293,402.53	140,946.15		

Minimum State Allocation Adjustment

Minimum State Allocation (Subsidy) Adjustment: Title 20A, §15689, subsection 1(A)

Eligibility Criteria:

1. Must have subsidy student counts
2. Must not have any State Share before Adjustments in Section 5A

Calculation:	Chebeague	RSU 08/SAD 08	Deer Isle Stonington CSD		Carrabassett	Seboeis Plt
	Island	Vinalhaven	Deer Isle	Stonington	Valley	
Elementary EPS Rate	7,130	7,200	7,445		7,483	7,160
Secondary EPS Rate	8,841	7,677	7,922		8,146	8,297
Calculate Elementary EPS Rate * 5%	356.50	360.00	372.25		374.15	358.00
Calculate Secondary EPS Rate * 5%	442.05	383.85	396.10		407.30	414.85
Average Elementary Subsidizable Pupils	22	121.5	222		42.5	3
Average Secondary Subsidizable Pupils	16	37.5	82.5		32.5	0.5
Multiply Subsidizable Elementary Pupils x New 5% Rate	7,843.00	43,740.00	82,639.50		15,901.38	1,074.00
Multiply Subsidizable Secondary Pupils x New 5% Rate	7,072.80	14,394.38	32,678.25		13,237.25	207.43
Add the two calculated amounts	14,915.80	58,134.38	115,317.75		29,138.63	1,281.43
Compare to State Share before adjustments - Section 5A	-	-	0.00		-	-
If State Share is less than Total of both 5% amounts = Eligible	YES	YES	YES		YES	YES
Minimum Subsidy Adjustment =	14,915.80	58,134.38	115,317.75		29,138.63	1,281.43
If also eligible for Minimum Special Ed Adj the greater of the two adjustments will be allocated.	-	-	0.00		8,262.75	-

Minimum Economic Disadvantaged Student Adjustment

Minimum Economic Disadvantaged Student Adjustment: Title 20A, §15689, subsection 11

Eligibility Criteria:

1. Disadvantaged Percentage must be greater than State Average Disadvantaged Percentage rate.
2. Must also receive either the Minimum Subsidy or Minimum Special Education Adjustment.
3. Must Operate a School.

FY 24 = 39.31%

Calculation:	Chebeague	RSU 08/SAD 08	Deer Isle Stonington CSD		RSU 23	Easton
	Island	Vinalhaven	Deer Isle	Stonington		
Disadvantaged Percentage	0.00%	37.50%	52.38%		41.65%	40.98%
Is Disadvantaged Percentage Greater than State Average Disadvantaged Rate?	NO	NO	YES		YES	YES
Does SAU operate a school?	YES	YES	YES		YES	YES
Does SAU receive either Min. Subsidy or Min. Special Ed Adjustment?	YES	YES	YES		YES	YES
If the SAU has a YES in all 3 previous rows, then they are Eligible:	NO	NO	YES		YES	YES
Disadvantaged total allocation amounts from Page 2 ED 279 report	-	87,313.15	241,616.79		444,012.59	103,430.63
State share before adjustments	-	-	0.00		-	-
Disadvantaged Adjustment equals State Share less Disadvantaged Total Allocation			241,616.79		444,012.59	103,430.63
			163,212.14	78,404.65		