



# 132nd MAINE LEGISLATURE

LD 2226

LR 3057(03)

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

Fiscal Note for Bill as Engrossed with:

C "A" (H-1046)

Committee: Education and Cultural Affairs

### Fiscal Note

Future biennium cost increase - General Fund

Future biennium cost increase - School Administrative Units

	FY 2025-26	FY 2026-27	Projections FY 2027-28	Projections FY 2028-29
<b>Net Cost (Savings)</b>				
General Fund	\$0	\$0	\$44,720,000	\$44,720,000
<b>Appropriations/Allocations</b>				
General Fund	\$0	\$0	\$44,720,000	\$44,720,000

#### Fiscal Detail and Notes

This bill makes several changes to the school funding formula under the Essential Programs and Services Funding Act, beginning in fiscal year 2027-28, which are expected to increase the State's share of the total cost of education. These changes include: updating the regional adjustment to staff salaries to account for current labor market variation across the State (which is estimated to increase the total cost of education by \$70,700,000); introducing a variable mill rate that accounts for a school administrative unit's (SAU's) property tax base and poverty rate (which will not change the total cost of education but will redistribute it among SAUs and shift a small portion from SAUs to the State); and preserving the State subsidy for SAUs that would otherwise receive a lower subsidy as a result of the prior two changes (which will not change the total cost of education but will redistribute it from SAUs to the State).

Collectively, these changes are expected to increase the total cost of education by \$70,700,000 per year, beginning in fiscal year 2027-28. The State's share of this cost is expected to be \$44,720,000 per year, of which \$39,600,000 will fund the State's share of the regional adjustment to staff salaries; \$20,000 will fund the slight reduction in the collective local share due to the new variable mill rate; and \$5,100,000 will preserve the State subsidy for SAUs that would otherwise see their subsidies decrease. The additional cost to local school units is estimated to be \$25,980 per year. These estimates are based on funding data for fiscal year 2026-27 and are intended to be illustrative. The actual changes to the total cost of education and State and local shares cannot be determined until funding data for fiscal year 2027-28 is available.

The Maine Education Policy Research Institute is expected to complete the further study required by this bill within