April 12, 2023.
Belgrade Lakes, ME

Senator Rafferty, Senate Chair
Representative Brennan, House Chair
Members of the Joint Standing Committee on Education and Cultural Affairs
131st Maine Legislature, First Special Session
2 State House Station
Augusta, Maine 04333-0002

Senator Rafferty, Representative Brennan, Representative Campbell and Distinguished Members of the Education and Cultural Affairs Committee:

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Testimony IN FAVOR of LD 1160:
Resolve Directing the Department of Education to Conduct a Study
and the Equity of the State Education Subsidy Formula – April 12, 2023

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My name is Sara Languet, and I am one of the two Belgrade RSU#18 School Board Directors. I also represented the Town of Belgrade in the 2022 RSU#18 Cost Sharing Formula (CSF) committee.

Participating in a CSF committee does give residents of a Regional School Units (RSU) a direct view of how the State of Maine calculates a fair estimation of the "total school operational cost" and how the "funding contributions" are figured for the member municipalities of such RSU. The table below gives a good summary of such efforts.
Every year, by statutory law, the State of Maine places out a report called ED-279, where each town's educational costs are calculated, and educational revenues are allocated using the Department of Education Mill Rate (DOE-MR). So, the educational operational costs are determined by municipality specifically and generally based on their student population. By the time each municipality educational operational costs are determined; they basically are **the same per student** for all municipalities (which happen to share the same resources in the RSU) as noted in **COLUMN A** below. Then, once "STATE SUBSIDY" is applied per municipality; the cost per student drops significantly for most municipalities that receive such state subsidy as noted in **COLUMN B** (TOWNS LOCAL EPS Contributions).

Table 1. Summary of FY'24 ED-279 Report for RSU#18

														AVERAGE	$12,455	$6,383	$6,072	$2,952	$9,335
FY'24						PLUS Additional Local Funds (ALF)==>>		$7,920,090							COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
			DOE-MilExp	6.97		PER MUNICIPALITY									--------------------PER STUDENT--------------------				
Number of School Board Directors/town	Weight of each Director vote	Total points in voting	Valuations	Municipality	Pupils	% Pupils (P)	OPERATIONAL COST Allocation	Debt	TOTAL OPERATIONAL COST Educational Expense Allocation	TOWNS LOCAL EPS Contribution By Valuation with CHINA having an extra $109,478 in IVF	STATE Subsidy (SS)	% of Total Valuation (V)	% of CSF =(75%*(V)+25%*(P))	TOTAL ED-279 OPERATIONAL COST Educational Expense Allocation (((SS plus Local EPS)))	TOWNS LOCAL EPS Contribution By Valuation	STATE Subsidy (SS)	ALF_CSF Extra Fund to fulfill BUDGET expenses–CHINA with an extra $286,557-School Choice	TOTAL LOCAL TOWN CONTRIBUTION (EPS+ALF)
2	85	170	$701,400,000	Belgrade	431	16%	$5,326,929	$0	$5,326,929	$4,888,758	$438,171	27.19%	24.41%	$12,359	$11,343	$1,017	$4,485	$15,828
2	117	234	$469,333,333	China	647	24%	$8,008,648	$107,081	$8,115,729	$3,271,253	$4,844,476	18.19%	19.67%	$12,713	$5,056	$7,488	$2,851	$7,907
3	109	327	$584,033,333	Oakland	877	33%	$10,849,677	$0	$10,849,677	$4,070,712	$6,778,964	22.64%	25.15%	$12,371	$4,642	$7,730	$2,271	$6,913
1	58	58	$354,533,333	Rome	131	5%	$1,616,333	$0	$1,616,333	$1,616,333	$0	13.74%	11.53%	$12,338	$12,338	$0	$6,970	$19,308
2	105	210	$470,466,667	Sidney	597	22%	$7,388,002	$0	$7,388,002	$3,279,153	$4,108,850	18.24%	19.24%	$12,375	$5,493	$6,882	$2,553	$8,045
10		999	$2,579,766,666	Total	2683	100%	$33,189,589	$107,081	$33,296,670	$17,126,209	$16,170,461	100%	100%	$12,410				

Since the 1970s (when MSADs were instituted), it was understood that such LOCAL EPS Contributions seek to balance "wealth" variances between neighboring towns and neighboring districts by exclusively using the municipality's valuation and a DOE-MR as the main metrics to determine revenue sources (which are local contributions and state subsidy). The present fiscal worldwide circumstances need a different paradigm. **That is why such present SCHOOL FUNDING FORMULA should be reviewed including further public opinion/hearings during the updating process.**

To start with the volumetric cost of education will not be sustainable on two counts. First, the cost of education is growing at a pace that is double the cost of living, at least in my RSU. But so, I understand this is a state and nationwide problem.

	Cost of Living per year	Cost per student per year
2010	$ 58,000	$ 10,760
2019	$ 67,000	$ 14,050
change	13%	23%

And second, with the **present revenue assigned contributions** which currently have some municipalities paying more than others for the <mark>same services</mark>. That is not fair, nor does it proclaims EQUALITY in being evenly and fiscally responsible for their own cost share of the same services. In any association, every member pays the same unit fee for membership, that concept should not be different in an RSU.

<mark>HARD NOTE</mark>: A realistic and specific point of reference is that the annual tuition at the UMaine System is about $12,000 for an undergraduate student; and the town of Rome is paying about $19,000 annually for a Kindergartener.

RSU#18 is not the only School district with this dilemma, the following towns mentioned below are paying significantly more per student than neighboring towns in the same RSU –almost in a disparaged manner:

RSU 1— with Arrowsic and Phillipsburg

RSU 2- with Dresden and Hollowel

RSU 3- Freedom, Liberty, Monroe and Waldo

RSU 38- Wayne

RSU 54- Smithfield

RSU 9- Weld

The above are the only RSUs I have time to do calculations for; but certainly, in most every RSU there is an affected town. Most towns will not complain as they are habituated to their local property taxes (which are a conglomeration of Educational, Town Operations and County taxes) and will have no idea of the financial disparity that they live in unless such is pointed out. **And, certainly, this issue affects mostly municipalities with high valuation and low number of pupils/students, which are usually the minority towns (with less weighed points in voting when deciding expenses) in every RSU.**

For the ED-279 Report to provide fiscal EQUALITY, few considerations might be reflected on:

a. **Real town property valuations need to happen** at the municipalities every so often (maybe every 5 to 10 years at least). Instead of continuously using estimates for the town's property valuations.

b. **Use the total State Subsidy amount as a lump sum that impacts the entire RSU finances.** Meaning that once the **Total Cost of RSU Operations** and the **Total Town Contribution** from the Municipalities are determined. Then, the **Total Educational Cost of Town's Pupils** can be calculated.

So:
[Total Town Contribution] = (Total Cost of RSU Operations) – (Total State Subsidy lump sum)

Then:
[RSU Cost per Pupil] = (Total Town Contribution)/ (Total Number of RSU Pupils)

Finally, **Total Educational Cost of Town's Pupils** can be calculated by utilizing **[RSU Cost per Pupil]** to determine the fiscal responsibility of each town (municipality).

So, for each town (municipality):
[Total Educational Cost of Town's Pupils]= [RSU Cost per Pupil] x [Number of Town Residing pupils]

Certainly, this proposal will benefit the "overcharged towns" while increasing taxes in towns with lower educational taxes; but since the lower educational taxes towns have much more population the impact at the town mill rate level will be minimal as below $6 per week increase in their annual taxes on a $100,000 property. Most RSU's residents do not realize how minimal is the financial impact and believe that their tax increase will be unbearable when such is far from real.

c. Possibly the first order of action is to establish that after 15 years from school districts reorganization with RSUs; the allocation of **Additional Local Funds (ALF)** should be determined exclusively **by the student population (100%) while not considering town valuations at all.** Usually, ALFs are like 10% to 25% of any RSU's Total Budget Expenditures. That will be a "soft" start point on progressively achieving financial EQUALITY among town (municipalities) members of the same RSU. That will place the tax increase to certain towns to be below $2 per week in their annual taxes for a $100,000 property.
So, for example, looking at **Column D** in Table 1 above **all towns** will pay **exactly the same $2,952** per student for ALFs rather than the different figures below per town… $4,485; $2,851, $2,271, $6,970, $2,553.
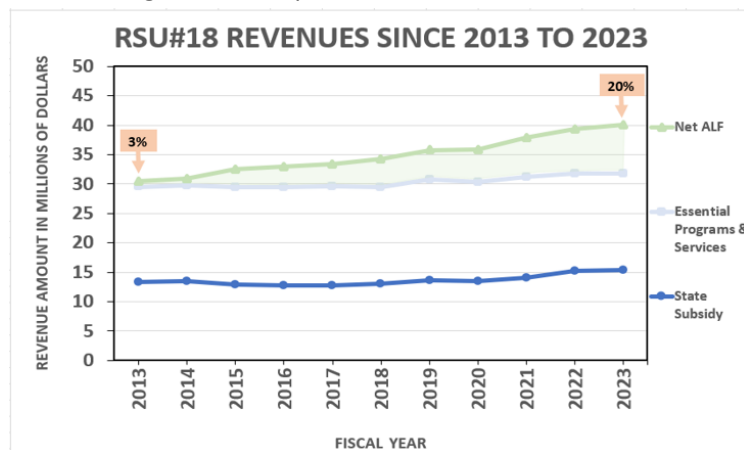
Please, feel free to reach out to me via email any time. At your discretion, I will welcome a future invitation to answer any further questions or concerns.   Thank you for your consideration and your time devoted to these causes that foster the education of our children as they are the future of our state and our country. Thank you for your service.
 Sincerely,

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