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January 15, 2026

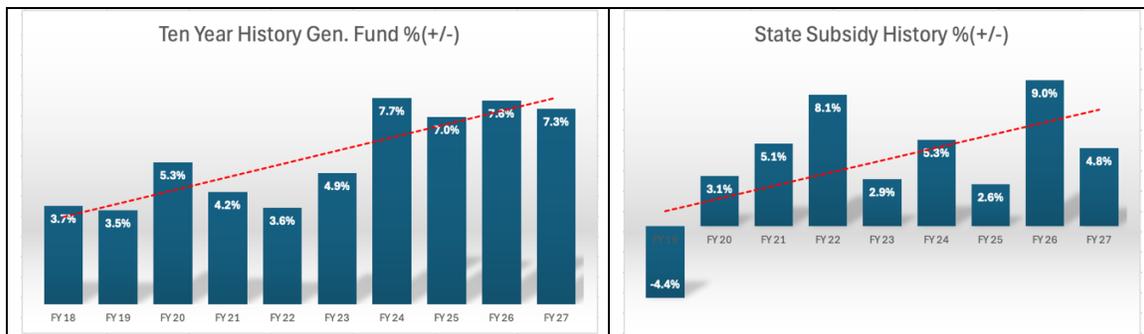
Re: Qualified Support for LD 2226

Senator Rafferty, Representative Murphy, and distinguished members of the Education and Cultural Affairs Committee:

My name is Heather Perry and I serve as the Superintendent of the Gorham School Department. I have worked in public education in Maine for over 30 years, including the past 21 years as a superintendent. My first year as a Superintendent in Maine was the first year the EPS funding formula was implemented. Talk about dating myself! 😊

I am here today to express **qualified support for LD 2226**, an important step toward modernizing Maine's Essential Programs and Services (EPS) funding formula.

Maine's EPS formula has not been meaningfully updated in more than a decade. As a result, **it no longer fully reflects the real costs that school districts face in educating students across our state**. Gorham has one of the lowest per pupil expenditures in the state, and yet State subsidy has not kept up with overall cost increases as seen in the two charts below:



The chart on the left reflects a ten-year average increase of total costs at 5.5%. The chart on the right indicates a ten-year average increase in state subsidy of 4.1%. This demonstrates that EPS subsidy is not keeping up with actual costs to operate schools.

LD 2226 takes meaningful steps toward improving the formula by updating key components such as the regional adjustment to better reflect cost-of-living differences, revising how transportation costs are calculated, and directing additional resources toward economically disadvantaged students. These updates are important to acknowledge that the formula wasn't constructed to

work with established min. salaries across the state and to more meaningfully acknowledge that it costs more to educate students from economically disadvantaged families.

I also appreciate that LD 2226 begins to address questions of fairness in the formula by incorporating community income indicators into the calculation of local ability to pay, which may provide a more accurate picture of a community's capacity than property valuation alone. But it does so in a measured approach, trying to balance past issues of "winners" and "losers" in the formula.

However, I would respectfully urge the committee to consider two important modifications as you move forward.

First, I recommend that the special education provisions included in this bill be removed at this time. The proposed changes—such as adjustments to the special education maintenance of effort calculations – that could have significant and complex impacts on local school budgets and services that we do not yet fully understand. Special education funding and service delivery are among the most complex areas of school finance, and these provisions deserve a more thorough and deliberate review before implementation.

Second, I strongly encourage the Legislature to include a "hold harmless" provision to ensure that no school administrative unit loses funding during the transition to a revised formula. Some districts could experience reductions in state subsidy as a result of the regional adjustment and ability-to-pay changes.

If the formula is modernized, I believe it is critical that districts be held harmless at least to their FY27 state subsidy levels for the first two years of implementation. This would allow communities time to plan responsibly and adjust budgets without sudden financial disruption to students, staff, or taxpayers.

In closing, LD 2226 represents an important opportunity to begin updating Maine's school funding formula so that it better reflects today's economic realities and student needs. With the removal of the special education provisions and the inclusion of a hold-harmless transition period, this bill could provide a thoughtful and responsible path forward.

Thank you for your time, your service to the people of Maine, and your continued commitment to ensuring that every student in our state has access to a high-quality public education.

Sincerely,

A handwritten signature in black ink, appearing to read "Heather J. Perry", with a stylized flourish at the end.

Heather J. Perry, Ph.D.
Superintendent of Schools