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## Testimony in Qualified Support of LD 2226:

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

Senator Rafferty, Representative Murphy, and Distinguished Members of the Joint Standing Committee on Education and Cultural Affairs, thank you for the opportunity to submit testimony on LD 2226: An Act to Amend the Essential Programs and Services School Funding Formula.

On behalf of the MADSEC Legislative Committee, I write this testimony in qualified support of LD 2226. The Essential Programs and Services (EPS) funding formula was designed to establish a research-based funding framework for public education in Maine. However, over time, several components of the formula have become misaligned with current student needs and operational realities in school administrative units. LD 2226 recognizes that it is time to revisit and update elements of the formula so that it better supports both students and the schools responsible for educating them. Adjusting elements of the EPS formula, including the special education prevalence rate, helps move the funding model closer to the actual conditions schools are facing today.

While this proposal does not fully reflect the current reality of special education identification in Maine, it represents an important and practical step toward aligning the EPS formula with the actual needs of Maine's schools and students. Recent data indicate that approximately 20.4% of Maine public school students receive special education services. This rate is significantly higher than the national average of approximately 15% of students receiving special education services under IDEA. Over the past decade, Maine has experienced a steady increase in the percentage of students identified for special education services. Most recent data shows an increase from 16.4% (2015) to 20.4% (2025).

Despite this reality, the EPS funding formula still assumes only 15% of students require special education services, a figure that no longer reflects the demographic, educational, and operational realities facing Maine schools. As a result, school administrative units must provide legally required services to students whose needs exceed the funding assumptions built into the formula. Adjusting the special education



prevalence rate within the EPS funding formula from 15% to 17% is a reasonable step toward a more realistic funding framework.

At the same time, we understand hesitation with the complexities of special education funding and impact to local school budgets. MADSEC encourages continued research and policy discussion to better understand the factors driving special education costs in Maine and to ensure that Maine remains committed to serving students with disabilities effectively and responsibly. Given such hesitation, MADSEC respectfully submits the following for consideration:

- **Section 13**, which proposes removing language in 20-A MRSA §15681-A, subsection 2(B) related to funding support for high-cost in-district special education placements. MADSEC respectfully recommends maintaining this section in statute at this time until additional discussion and analysis can occur. While we understand and appreciate the desire to revisit components of the EPS formula, removing this provision without further study could result in unintended consequences or financial hardship for a school district
- **Section 14**, which would create 20-A MRSA §15681-A, subsection 2-B, establishing a maintenance of effort adjustment cap beginning in fiscal year 2027–28. The proposed language would require the Department to implement a cap on the total amount of funding allocated per school administrative unit for the maintenance of effort adjustment, limiting the adjustment to no more than 80% of the difference between a school administrative unit's base special education allocation and the prior fiscal year's actual special education expenditures. MADSEC respectfully recommends not moving forward with this provision at this time until additional discussion, study, analysis can occur as to not further cause a hardship for specific school administrative units
- **Section 15**, which would enact 20-A MRSA §15681-A, subsection 2-C, prohibiting the Department from allocating additional midyear funds for unexpected out-of-district special education placement costs beginning in fiscal year 2027–28. MADSEC respectfully recommends not adding this provision at this time until further discussion and analysis can occur. Out-of-district placements are among the most unpredictable and high-cost services that school administrative units may be required to provide. These placements occur when a student's Individualized Education Program (IEP) team determines that the student's needs cannot be met within the district, and the placement is necessary to provide the student with a Free Appropriate Public Education (FAPE) as required under the Individuals with Disabilities Education Act (IDEA) and Maine's Unified Special Education Regulations (MUSER).

MADSEC appreciates the Committee's attention to the issues and the recognition that the EPS formula must evolve to reflect the realities facing Maine schools, while ensuring that policy discussion and study have thoroughly been conducted specific to the high costs of special education prior to making policy decisions.

In closing, MADSEC supports all other elements of LD 2226 with strong advocacy for the proposed increase in the prevalence rate to 17%. We believe the data illustrating Maine's special education identification rate has been above 15% for at least a decade with the last two years above 20% support such a change, and while the increase to 17% does not fully close the gap, it represents a meaningful step toward a more accurate and sustainable funding model and allows progress to be made while further and more thorough review is conducted before implementation of the other special education cost and funding adjustment provisions.

Thank you for your time and consideration.

Please feel free to contact me with any questions you may have.

Respectfully submitted,

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