



Neither for Nor Against: L.D. 2226, An Act to Amend the Essential Programs and Services School Funding Model

March 9, 2026

Dear Senator Rafferty, Representative Murphy, and Members of the Joint Standing Committee on Education and Cultural Affairs,

The Maine Education Policy Research Institute (MEPRI) is neither for nor against L.D. 2226. Here, we link to the evidence from our prior (or impending) reports that relates to each proposed change.

1. Our analysis supports the proposed changes to the Regional Adjustment, Transportation, and Instructional Staff Support components. As we reported in June 2025 and further detailed in the LD 318 report, these changes are needed to provide an adequate estimate of SAUs' actual necessary costs.
2. Adding student economic disadvantage to the calculation of local ability to contribute would achieve the effect of shifting more state funding to SAUs with higher student poverty rates, which we understand to be the policy goal. Since the funds are redirected from lower-poverty SAUs it is a political decision to determine the extent of redistribution that is desirable. MEPRI is developing an illustration of the impacts of the 90/10 and 75/25 models in some example SAUs, which we hope to have available within the week to aid in your considerations. You may see the results of a pilot version, and Superintendent reactions to the concept of a 90/10 change, at:

<https://maine-education.polity.coop/>

3. The proposal to use a variable student weight for economically disadvantaged students would also increase resources for SAUs with higher poverty levels. This change has not yet been simulated in combination with the regional reindex and a selected ability-to-contribute method. Such an analysis is important because the change would impact the state mill rate expectation and incur a local share. It would help determine whether the combination of all three changes would result in increases to local taxpayers in some areas with high economic disadvantage and high property value, particularly if their current budgets are close to the EPS estimate.

If the variable student economic disadvantage weight moves forward, a language change is needed. Some of the edits proposed by MEPRI would have unintended consequences; the MDOE School Finance team will propose corrections.

4. The proposed changes in special education funding require separate treatment:
 - a. Increasing the prevalence threshold from 15% to 17% is justified given the changing patterns in Maine, as described in the June 2025 report. Additional (higher) thresholds could also be modeled.
 - b. Removing the high-cost in-district adjustment was suggested by MEPRI. This change **should not move forward**. While the adjustment itself is out-of-date, its removal may have an unintended negative impact on charter schools and would simply place additional pressure on the problematic “Step 6” (maintenance of effort) adjustment.
 - c. Lowering the threshold for hardship funding is warranted. Additional analysis should be completed to examine the change (from 5% of total budget to 10% of the special education budget) prior to full implementation. For example, this new threshold can be compared to the typical size of spring adjustments for tuition costs. It should be flexible enough to ensure that it would provide relief for extreme cases, but not so permissive as to replicate the same impacts as the current practice.
 - d. Additional simulation is needed prior to implementation of a collar on the Step 6 (maintenance of effort) adjustment to see how it interacts with other selected changes (i.e. regional reindexing and/or ability to contribute revisions). While MEPRI has advocated for changes to mitigate the inequitable funding patterns caused by the current expenditure-based system, the 80% collar would impact the same low-poverty SAUs that will see a reduction from the ability-to-contribute change, as well as some high-poverty SAUs with spending that is substantially higher than their cost model amounts. We recommend at a minimum that the Step 6 (MoE) adjustment be capped at its current level, constraining further growth.
 - e. As requested, MEPRI is developing draft language for creation of an Educational Service Center for each superintendent region for the narrow purposes of 1) supporting the FAPE transition from CDS to SAUs, and 2) additional oversight of students in out-of-district private school placements. We will propose that these new units could optionally be permitted to become the responsible unit and manage the IEPs of such students, with resident SAUs contributing to the costs.

In addition to the above, MEPRI is able and willing to add a section to our impending report on Special Education ESCs to identify possible policy mechanisms / considerations for stabilizing year-to-year fluctuations in state subsidy.

Respectfully submitted, Amy Johnson, Co-Director