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Testimony of Representative Kristi Mathieson Presenting
LD 154, An Act Regarding Special Education Funding for So-called Minimum Receiver School Administration Units.

Before the Joint Standing Committee on Education and Cultural Affairs

Good afternoon Senator Rafferty, Representative Brennan, and honorable Members of Joint Standing Committee on Education and Cultural Affairs. My name is Kristi Mathieson. I have the distinct pleasure of representing the beautiful seaside community of Kittery, district 151. I am here to present **LD 154, An Act Regarding Special Education Funding for So-called Minimum Receiver School Administration Units.**

I was fortunate to have extensive tutelage with Ms. Paula Gravelle, Chair Brennan, and Representative Millet around the school funding formula. It was important (to me) to get a better understanding of the computation of the EPS rates that includes the multiple steps you all are very familiar with (basic operating cost allocations, additional operating cost allocations, calculations of required local contributions and adjustments made to the state and local contributions). These lessons helped me have more comprehensive conversations with my community and leadership around the school budget and state funding.

I am reminded, when I discuss schools and school funding with teachers and administrators, that all are **extremely overstretched and have been for quite some time**. They articulate similar essentials for a successful education environment - a school that supports the teachers and students, inclusion of a rigorous, diverse curriculum, fully funded resources, willing students, a social and cultural climate in which education is encouraged and respected, and an environment where the rights and dignity of teachers and students are in the forefront.

It is crystal clear that the total cost of education is increasing as is the amount provided by municipalities through local property taxes. The difficulty that minimal receiver towns such as Kittery run up against with these increased costs is multifaceted. When property valuation is used to measure the wealth or a town's ability to pay, a town can

be land rich but the median income of the residents does not match. In Kittery, many families are multigenerational property owners. The families purchased their property years ago when the valuation was substantially lower than current values. At the same time, the enrollment in the school district continues to be fairly flat (around 1000 students since 2006). So the town's assumed ability to pay continues to widen unless one of two things happens - enrollment increases remarkably or property valuation drops. When the population of students affects the subsidy formula and property valuation is a measure of the ability to pay, it hurts small, coastal areas like Kittery, Eastport and Lubec. These towns have a large amount of shoreline property, higher property valuations with lower student populations. But just because there's water does not mean there's money.

Over many decades the Kittery community has come out in full support of their public schools. However, it becomes more and more difficult for an income diverse community to support the school budget with so little assistance at the state level. In FY 2024 the school budget is \$21.2m; the calculated state contribution is \$1.7m or 8.1% of the total expense budget. The EPS Funding Formula calculates the Kittery school budget at \$13.4m or 63% of its actual budget. I do not understand how any SAU could operate a public school with just the allocation defined by the formula. Just one example, our high school would have less than one full time school counselor based on the formula. The state NWEA testing program alone requires one full time person at each school. There is a disconnect here, and unfortunately this disconnect ends up being an additional tax burden for tax payers in Kittery.

LD 154 is "simple". It looks at raising the school administrative unit's special education cost calculations pursuant to section 15681-A, subsection 2 for fiscal year 2024-25 and succeeding years to 55%. Over the years, the state's support for special education costs has changed from a high of 84% (in 2005) to a low of 30% in 2016. This bill would raise the current percentage by 5% from 50 to 55%.

You have my submitted, amended language in hand. There are two changes included. I thank chair Brennan for discussing the bill language with me and assisting me with these amendments. The changes include, the date in line 10 has been amended to read 'in fiscal year 2024-25, and it strikes lines 11-23, the report back request. I have one caveat. I am still unclear about an outstanding question in the EPS formula; in the town valuation calculation I am requesting clarification from the Department or Revenue Services if an *average or a median value* is used.

Thank you for your work and for considering this legislation. I ask you to vote this bill "Ought to Pass," and am happy to take any questions.

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Be it enacted by the People of the State of Maine as follows:

Sec. 1. 20-A MRSA §15689, sub-§1, ¶B, as amended by PL 2017, c. 284, Pt. C, §50, is further amended by amending subparagraph (15) to read:

(15) In fiscal year 2019-20, 45%; and

Sec. 2. 20-A MRSA §15689, sub-§1, ¶B, as amended by PL 2017, c. 284, Pt. C, §50, is further amended by amending subparagraph (16) to read:

(16) In fiscal year years 2020-21 and succeeding years 2021-22, 50%; and

Sec. 3. 20-A MRSA §15689, sub-§1, ¶B, as amended by PL 2017, c. 284, Pt. C, §50, is further amended by enacting a new subparagraph (17) to read:

(17) In fiscal year 2024-25 and succeeding years, 55%.

~~Sec. 4. Review and report. The Department of Education shall examine the methodologies used to determine when a school administrative unit's ability to pay for essential programs and services is greater than its required local contribution under the essential programs and services school funding formula under the Maine Revised Statutes, Title 20-A, chapter 606-B, a status that makes the unit what is commonly referred to as "a minimum receiver" under the funding formula. The department shall examine the trends in the number of school administrative units identified as minimum receivers and determine the factors that have caused any increases in the number of such units, the issues that this creates for the units and methods by which those issues may be reduced or resolved. The department shall report its findings and recommendations to the Joint Standing Committee on Education and Cultural Affairs no later than January 2, 2024. The committee may report out a bill to the Second Regular Session of the 131st Legislature relating to minimum receivers.~~

SUMMARY

This bill provides that, beginning in fiscal year 2024-25, the minimum state share of a school administrative unit's special education costs under the essential programs and services school funding formula must be 55%.

~~The bill also requires the Department of Education to examine the methodologies used to determine when a school administrative unit is a so-called minimum receiver under the essential programs and services school funding formula. The department is directed to examine the trends in the number of school administrative units identified as minimum receivers and determine the factors that have caused any increases in the number of such units, the issues that this creates for these units and methods by which those issues may be reduced or resolved. The department is directed to report its findings and recommendations to the Joint Standing Committee on Education and Cultural Affairs no later than January 2, 2024. The committee may report out a bill to the Second Regular Session of the 131st Legislature relating to minimum receivers.~~