

State of Maine
DEPARTMENT OF EDUCATION

Testimony of Paula Gravelle, Director of School Finance

In Support of: L.D. 1160

Resolve, Directing the Department of Education to Conduct a Study on the Equity of the State Education Subsidy Formula

Before the Joint Standing Committee on Education and Cultural Affairs

Sponsored by: Representative Geiger

Co-sponsored by: Senator Beebe-Center and Representative Matlack

Date: April 12, 2023

Senator Rafferty, Representative Brennan, and Members of the Joint Standing Committee on Education and Cultural Affairs:

My name is Paula Gravelle, and I am here today representing the Department of Education speaking in support of L.D. 1160, Resolve, Directing the Department of Education to Conduct a Study on the Equity of the State Education Subsidy Formula. This bill proposes that the Department of Education contract with a 3rd party to conduct a study on the equity of the Essential Programs and Services (EPS) funding model and the way the state subsidy funds capital projects.

As outlined in Title 20-A, Chapter 606-B, §15686-A, individual components of the EPS formula are reviewed on a rotating basis. These reports are submitted to the Education and Cultural Affairs Committee each year and can be found on the Department of Education website. These reviews are conducted every three years in groups of EPS components. With this approach, a segment of EPS is always under review. The EPS model was last reviewed in totality in a comprehensive study in 2013, completed by Lawrence Picus and Associates and commonly referred to as “the Picus report.”

The Department believes that the time may be right for another comprehensive review. FY 22 was the first year that the 55% State share has been fully funded, which means this is the first time the EPS formula is working the way it was intended to. Both the economic and educational landscapes of Maine have changed since the Picus report in 2013. We are seeing changing needs throughout the State, and an updated comprehensive review will more accurately assess the equity of our funding model at this time.

It is important to note the interconnectedness of EPS funding formula components. Individual component adjustments to the EPS formula always have positive and negative impacts on school administrative units (SAUs). Given the finite amount of funding, a calculation to increase one segment will necessarily decrease another segment. It would be prudent to examine any one element in the context of a comprehensive study such as the one LD 1160 proposes. In order to

make equitable decisions that cause the least harm to our SAUs, the Department will need to dedicate time and resources to analyze the implications of any change.

Due to the staff time and resources required to perform the functions required by this bill, the Department of Education recommends a fiscal note of \$5,000.

For these reasons, the Department of Education is in support of L.D. 1160, Resolve, Directing the Department of Education to Conduct a Study on the Equity of the State Education Subsidy Formula. I am happy to answer any questions the Committee may have, and I will be available for work sessions on this bill.