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May 16, 2025

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

Senator Rafferty, Representative Murphy, and Distinguished Members of the Education and Cultural Affairs Committee:

LD 318, Resolve, Directing the Maine Education Policy Research Institute and the Maine Department of Education to Recommend Changes to the Essential Programs and Services Funding Formula, directs the Maine Policy Education Research Institute (MEPRI) to identify recommended changes to the Essential Programs and Services (EPS) funding formula by August 15, 2025, and for the Maine Department of Education (DOE) to conduct simulations of the recommendations of MEPRI by October 15, 2025, and with a report summarizing the results to be submitted to the Education and Cultural Affairs committee by January 15, 2026.

The resolve will require the Maine Education Policy Research Institute (MEPRI) to review and provide updated parameters for proposed changes to the Maine Department of Education School Finance team so that they may run the simulations in the EPS formula to determine overall impacts of proposed changes.

Those updated parameters and simulations are for the following sections of the Essential Programs and Services (EPS) funding formula:

- A. Transitional recommendations for moderating the special education component's expenditure-based (Step 6) adjustment, which was found to be driving inequities within the formula.

Response: Per Title 20-A, §15681-A, subsection 2D, the maintenance of effort adjustment is not well defined in statute and recommendations for moderating it would likely improve the equity of the overall EPS allocation of state funding for education.

- B. A minimum index value for the regional adjustment.

Response: Per Title 20-A, §15682, the regional adjustment uses Labor Market Areas to adjust for regional differences in teacher salary costs and benefits as calculated under section 15678 which uses a statewide average salary matrix for all SAUs. The current regional index values used have not been updated since the EPS funding model was enacted and first used in FY 2005-06. The updates to these values are necessary in order to properly calculate the EPS rates for each SAU, which could cause a large shift in funding amongst SAUs. The recommendation to initially apply a minimum index value may assist in reducing the impact of the need to update all values in the near future and allow for developing a transition plan to mitigate large changes all at once.

- C. Recommendation for calculating a regional index based on a valid and reliable cost-of-living measure.

Response: Per Title 20-A, §15682, the regional adjustment uses Labor Market Areas to adjust for regional differences in teacher salary costs and benefits as calculated under section 15678 which uses a statewide average salary matrix for all SAUs. The current regional index values used have not been updated since the EPS funding model was enacted and first used in FY 2005-06. Determining a valid and reliable cost-of-living measure for the regional adjustment that can also be updated regularly is another important adjustment to how the current EPS formula is calculated in order to provide an adequate and realistic cost model for education for each SAU depending upon where they are located within the state.

- D. An updated per-pupil amount to more adequately fund Instructional Staff Support.

Response: Per Title 20-A, §15680, subsections 1 E and F, provide for adding a per pupil amount for Professional development and Instructional leadership support respectively. The current per pupil amounts used in the FY 26 EPS calculations for each are \$74 per pupil for professional development and \$36 per pupil for instructional leadership support.

- E. A variable student weight for economic disadvantage, with higher-poverty units receiving a progressively higher student weight.

Response: Per Title 20-A, §15675, subsection 2, provides an additional weight of .15 and .05 for those students identified as economic disadvantaged students for the EPS calculation. The current definition of economically disadvantaged students per §15672 is "Economically disadvantaged students" means students who are included in the department's count of students who are eligible for free or reduced-price meals or free

milk or both. Many SAUs have indicated a need for more resources to assist with those that have higher percentage of students identified as economically disadvantaged.


F. Alternative parameters and implementation guidelines for the transportation model.

Response: Per Title 20-A, §15681-A, subsection 3, the transportation allocation indicates using a predicted per-pupil transportation cost as defined in §15672, subsection 22-A, which is a pupil density model. Transportation requirements are difficult to predict given the many different and unique aspects of travel all over the state of Maine. An updated model would greatly benefit the adequacy of the EPS model.

It is important to test each of these suggestions both separately and then combined in order to fully determine the impact on the entire EPS calculation and ultimately on the total cost of education and on individual SAUs required education costs.

The Department will be available to provide additional information on LD 318 and respond to any questions during the upcoming work session.

Sincerely,

DocuSigned by:  
  
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Paula Gravelle  
Director of School Finance