

TESTIMONY

Neither For Nor Against

LD 270: An Act To Amend the Regional Adjustment Index To Ensure School Districts Do Not Receive Less than the State Average for Teacher Salaries
LD 566: An Act To Address Labor Market Inequities in the School Funding Formula

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Before the Joint Standing Committee on Education and Cultural Affairs

March 8th, 2021

Senator Daughtry, Representative Brennan and other esteemed members of the Education and Cultural Affairs Committee,

My name is John Kosinski, and I am here on behalf of the Maine Education Association (MEA) to testify neither for nor against LD 270, An Act To Amend the Regional Adjustment Index To Ensure School Districts Do Not Receive Less than the State Average for Teacher Salaries and LD 566, An Act To Address Labor Market Inequities in the School Funding Formula. While we have concerns about both bills, we have a new and different proposal for the Committee to consider in its deliberations.

The issue of the Labor Market Adjustments (LMA) embedded in our school funding formula is among the most complicated issues this Committee attempts to address, and frankly, for at least a decade, any efforts to alter the Labor Market Adjustments have been stymied – both due to the complications of the subject and because of the cost increases associated with the changes sought. While the matter is complicated, we believe now is the time to adjust this important component of the formula and we hope this Committee will work together to find a resolution to this nearly annual debate. With the increase in the minimum teacher salary to \$40,000 underway, and the recent analysis provided by the Maine Education Policy Research Institute (MEPRI) on this subject, we feel now is the time to introduce solutions to this long-standing issue and, hopefully, provide school districts the resources they need to lift salaries for teachers and educators. The pressure to increase wages and salaries for educators is even greater due to the increasing shortages we are seeing across the state. The list of shortage positions in our public schools has grown significantly – the only thing we do not have a shortage of is shortages.¹ And you will likely hear, some districts will argue that the current Labor Market Adjustments make it harder for them to increase

¹ For a list of the shortage areas in public schools for the 2020-2021 school year, please see: [Update – Teacher Shortage Areas For 2020-2021 School Year – Maine DOE Newsroom](#)

salaries and wages for teachers and other educators. The inevitable “winners and losers” that may result from any action has stymied efforts to adjust and make improvements to this section of our EPS funding formula.

In the past we have focused our testimony on this issue attempting to explain the Labor Market Adjustments to this Committee. I will not do that today and instead point the members of the Committee to the testimony provided by MEA last year on a similar bill by then-Representative Stewart, LD 309. You can find our testimony on that bill here: [getTestimonyDoc.asp \(mainelegislature.org\)](#) The testimony includes a full explanation of the history and calculation of Labor Market Adjustments in our school funding formula.

Instead, today I want to focus specifically on the potential solutions to this issue and encourage the Committee to find solutions to the Labor Market Adjustment issue this session. LD 309 from last session resulted in a resolve, requiring the Department of Education to direct MEPRI to analyze the Labor Market Adjustments and that study provides multiple sound options for this Committee to consider to finally solve an intractable problem.²

While there is no perfect solution to this problem, we hear the concerns that the current Labor Market Adjustments may disadvantage some rural districts in their efforts to raise salaries and wages for educators and teachers. Rather than making drastic changes as proposed in these bills, the MEA suggests a more graduated option, as outlined by MEPRI to slowly adjust the LMAs to benefit rural communities.

Below is what we propose:

- As outlined in the MEPRI analysis, we suggest updating the salary information to include the most recent salary information that is available. The current LMAs have not been updated since the inception of the EPS funding formula. Put another way, the data used for salary information in the school funding formula is nearly 20 years old.
- Furthermore, we recommend instituting a bottom cap on LMAs at .93. Currently, some districts are currently at .80. A bottom cap of .93 will make sure communities in rural Maine and other disadvantaged communities with limited ability to raise money locally are not further penalized in our school funding formula.
- With updated salary information, MEPRI estimates several districts could see cuts to their LMA calculation. This will not help anyone. The MEA proposes we “hold harmless” any districts which may experience a reduction in their LMA calculation due to the updated salary information. Many districts, particularly in York and Cumberland counties, will see substantial increases in their LMA calculation because salaries in those areas have climbed significantly since 2004-2005. For example, the Kittery LMA with updated salary information will see an increase in their LMA multiplier from 1.06 to 1.16 based on the increases. This is an accurate reflection of the increase in teacher salaries in that community. However, making negative adjustments to districts will only harm the ability to raise teacher and educator salaries/wages so a “hold harmless” provision is necessary to prevent this change from creating “losers,” especially in areas where districts are doing the right thing by attempting to increase salaries and wages for school personnel.
- Obviously, this change should not occur for the next school year since districts already have their preliminary funding figures for the state for next school year and many are diligently working to prepare budgets now. Making this type of change would only cause confusion. Instead, we suggest making the

² For the final chaptered law on LD 309 from the 129th Legislative Session, please see: [Sec \(mainelegislature.org\)](#); To read the MEPRI analysis on Labor Market Adjustments in the school funding formula, please see: [Microsoft Word - EPS Regional Adjustment_11.27.19.docx \(maine.gov\)](#)

changes above for the 2022-2023 school year. This additional time will give the Department of Education and the districts the time they need to understand the changes and prepare for them.

- The total estimated cost of the proposal above is approximately \$18.5 million, according to MEPRI analysis. The current 2-year budget proposal from Governor Mills “flat funds” schools for next year, but a supplemental budget for the second year is an annual affair and we can argue for the additional funding in the second year of the budget during the supplemental budget. Better yet, passing a version of the above would better inform the supplemental budget process for next year and will hopefully include these changes in any proposals that come forward.
- Lastly, it should also be noted that during the work of the Commission to Study the Adequacy and Equity of Certain Cost Components of the School Funding Formula (aka the “Picus report”) it was disclosed that many school administrative units who have labor market adjustment below 1.0 do not actually spend on salaries what their total salary allocation is even after the labor market adjustment is applied. We would ask the Committee to consider language requiring any district with a .93 LMA multiplier to spend at least their full allocation on salaries.

Thank you in advance for your time and attention and I am happy to try to answer any questions you may have.