



STATE OF MAINE
DEPARTMENT OF EDUCATION
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April 12, 2023

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

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

LD 154, An Act Regarding Special Education Funding for So-called Minimum Receiver School Administration Units, proposes that beginning in fiscal year 2022-23, the minimum state share of a school administrative unit's special education costs under the Essential Programs and Services (EPS) 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 EPS school funding formula.

The Maine Department of Education is engaged in on-going review of the metrics that contribute to the EPS funding formula. Title 20-A, Chapter 606-B, §15686-A outlines the component review cycle. For example, the minimum amount of special education funding has been adjusted often since the start of the EPS funding formula in FY 06; most recently it was changed to 50% in FY 21.

A school administrative unit (SAU) is considered a minimum receiver if the total cost of education per the EPS formula is less than the calculated ability to pay local required share. As a result, the SAU is able to cover all or most of the EPS calculated cost of education, and the limited State funds are then provided to SAUs with a lower tax base to ensure all students have an equitable opportunity to achieve Maine's learning results. When an SAU is considered a minimum receiver, they are then eligible to receive one of four different possible adjustments. The adjustments ensure that all SAUs receive some funding from the State. One of these adjustments is based on 50% of the special education allocation. The current formula for calculating special education funding is primarily based on actual expenditures, which means it is an expenditure driven model. The more an SAU spends, the more they will get in the allocation. As a result, it is difficult to control spending, and this may be adding to inequity in services for SAUs with lower property tax base.

It is also important to note the interconnectedness of EPS funding formula components. Individual component adjustments to the EPS formula always have positive and negative impacts on 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. 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.

The Special Education allocation calculation portion of the EPS funding formula is currently being reviewed by MEPRI and the School finance team. It would be helpful if the findings were available prior to making a change to the percentage at this time.

The Department will be available to provide additional information on LD 154 and respond to any questions during the upcoming work session.

Sincerely,

DocuSigned by:
Paula Gravelle

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Paula Gravelle

Director of School Finance

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