Description of the Formula

Beginning in 2005-06, Maine’s school funding formula became an adequacy-based formula entitled Essential Programs and Services. Using a cost analysis, the State establishes the amount, level and cost of education components needed in each school to ensure all students had equitable opportunities to achieve proficiency in state learning standards. The essential programs and services allocation calculated for each depends upon student, staff and school characteristics, resulting in unique EPS foundation operating cost rates for each LEA.

By statute, the State share percentage of the total EPS foundation operating costs is 55%. Local share for each LEA is calculated based on property valuation, and local communities may choose to raise more than its required EPS foundation operating costs. The State subsidizes 100% of approved EPS special education costs for most school district, and up to 30% for minimum subsidy receiving districts.

District-Based Components

Density/Sparsity of Small Schools
Additional State subsidies are provided to geographically isolated districts, small administrative units, and island schools.

Grade Level Differences
The number of staff approved for K-8 and 9-12 grade spans vary depending upon EPS established ratios and costs, which result in different EPS allocations based on grade span and school size for each LEA, and different levels of State subsidizeable funds provided each LEA.

Declining Enrollment or Growth
Does not apply.
Capital Outlay and/or Debt Service
All expenditures for school construction that are approved by the State Board of Education are subsidized by the State.

Transportation
The total subsidized transportation operating funds for each LEA is calculated on a funding formula that reflects LEA student density and miles traveled each year. Additional adjustments are provided for island schools, out-of-district special education costs and ferry services.

Student-Based Components

Special Education
The State subsidizes 100% of approved Essential Programs and Services special education costs for all non-minimum subsidy receiving school districts.

Compensatory Education
The State provides additional subsidies for all children eligible for free or reduced lunches in each LEA based on a 1.15 pupil weighting.

English Language Learner/Bilingual Education
The State provides additional subsidies for all ESL children based on weightings 1.525-1.70, depending upon the number of eligible children in each LEA.

Gifted and Talented Education
The State subsidizes approved EPS gifted and talented costs.

Other
Does not apply.

Revenue and Expenditure Information

State Mandates Restricting Revenue or Expenditure Increases
At present there are no state mandates restricting revenue nor expenditures. The State is on a multi-year plan of action to result in the State paying 55% of approved K-12 costs. Once the State reaches this target, State and local budgets will be subject to a growth cap; a cap equal to the 10 year average percent growth in personal income and percent change in K-12 student population. Locals will be permitted to exceed this percentage growth if it is approved by referendum by the local voters.

The cap was scheduled to take effect for the 08-09 year. However, the State has been delayed in reaching its 55% target, and thus the growth cap is delayed.

Property Assessment Ratios Used/Legal Standards For Property Assessment
Each municipality is responsible for annually assessing its property, either by individually assessing parcels of property or by increasing the prior year’s assessment of each parcel by some common factor. The sum of the resulting assessments are required to be no less than 70% of the
just value of, or full market value of, this combined property. Each municipality’s valuation posed in the school funding is first equalized to estimate full market value of the property in the municipality.

**Measure of Local Ability To Support Schools**
Property valuation per pupil as computed by the state tax assessor to estimate full market value. The resulting full value property valuation is multiplied by a statewide mill rate to determine the amount of support required by local communities.

**School District Budget and Tax Rate Procedures/Sources of Local Revenue**
Districts (serving two or more municipalities) are fiscally independent. The budget is approved at an annual district meeting by voters of the participating municipalities. Following budget approval each member municipality is assessed its share. Single municipality school administrative units develop a budget, which must be approved by the legislative body (which may be elected representatives or the voters). Beginning in 2007-08 all budgets must be approved by local communities by a referendum vote. In all cases, the tax rate for each municipality is set by its legislative body. Local revenues include property tax and miscellaneous revenues.

**State Support for Nonpublic Schools**
Does not apply.

*Source: Dr. David Silvernail, University of Southern Maine.*