

MAINE STATE LEGISLATURE

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132nd MAINE LEGISLATURE

SECOND REGULAR SESSION-2026

Legislative Document

No. 2226

H.P. 1503

House of Representatives, March 3, 2026

An Act to Amend the Essential Programs and Services School Funding Formula

Reported by Representative MURPHY of Scarborough for the Joint Standing Committee on Education and Cultural Affairs pursuant to Resolve 2025, chapter 84, section 2, subsection 4.

Reference to the Committee on Education and Cultural Affairs suggested and ordered printed pursuant to Joint Rule 218.

A handwritten signature in cursive script that reads "Robert B. Hunt".

ROBERT B. HUNT
Clerk

1 **Be it enacted by the People of the State of Maine as follows:**

2 **Sec. 1. 20-A MRSA §2413, sub-§2, ¶B**, as amended by PL 2011, c. 570, §19, is
3 further amended by repealing subparagraph (3).

4 **Sec. 2. 20-A MRSA §2413-A, sub-§2, ¶B**, as enacted by PL 2015, c. 54, §5, is
5 amended by repealing subparagraph (3).

6 **Sec. 3. 20-A MRSA §2413-A, sub-§2, ¶H**, as enacted by PL 2015, c. 54, §5, is
7 amended to read:

8 H. A public charter school may receive payment pursuant to paragraph A for students
9 residing in the unorganized territory based on the state average EPS per-pupil rate as
10 defined in section 15672, subsection 7-A. A special education student residing in the
11 unorganized territory must be treated the same as a resident student from a school
12 administrative unit for special education costs pursuant to paragraph B. The
13 responsibility for providing a free, appropriate public education for a special education
14 student passes to the charter school in which the student enrolls. ~~As with other resident~~
15 ~~school administrative units in accordance with section 15681-A, subsection 2,~~
16 ~~paragraph B, the department shall pay for high-cost in-district students.~~

17 **Sec. 4. 20-A MRSA §15672, sub-§22-A**, as repealed and replaced by PL 2005, c.
18 519, Pt. AAAA, §4, is repealed.

19 **Sec. 5. 20-A MRSA §15672, sub-§22-B** is enacted to read:

20 **22-B. Predicted transportation costs.** "Predicted transportation costs" means the
21 average of:

22 A. A pupil density model based on the net cost per resident pupil for each school
23 administrative unit that is predicted by pupil density per mile of road in the school
24 administrative unit, including transportation costs for in-district and out-of-district
25 special education programs, career and technical education programs and
26 transportation of students who are experiencing homelessness pursuant to provisions
27 adopted under section 5205, subsection 7. Adjustments may be made for transportation
28 costs of island school administrative units; and

29 B. The most recent year's net transportation costs adjusted for inflation.

30 **Sec. 6. 20-A MRSA §15675, sub-§2**, as amended by PL 2021, c. 635, Pt. C, §2, is
31 further amended to read:

32 **2. Economically disadvantaged students.** For each economically disadvantaged
33 student, an eligible school administrative unit receives the following additional weights:

34 A. An additional weight of between .15 and .35 based on an index developed by a
35 statewide education policy research institute. The index must be updated at least once
36 every 5 years. The number of economically disadvantaged students for each school
37 administrative unit is ~~determined by multiplying~~ the number of resident pupils in the
38 most recent calendar year ~~by the most recent available elementary~~ that are eligible for
39 free or reduced-price meals percentage. The elementary free or reduced-price meals
40 percentage may be applied to determine the number of economically disadvantaged
41 students in the unit's secondary grades; ~~and.~~

1 ~~B. An additional weight for approved extended learning programs that specifically~~
2 ~~benefit economically disadvantaged students equal to .05. The commissioner shall~~
3 ~~approve qualifying extended learning programs based on evidence-based research by~~
4 ~~a statewide education policy research institute.~~

5 ~~To be eligible to receive funds under this paragraph, a school administrative unit must~~
6 ~~certify that any funds previously received under this section and any funds that will be~~
7 ~~received are used in direct support of learning for economically disadvantaged students~~
8 ~~through summer schools, extended learning programs, tutoring and other evidence-~~
9 ~~based practices conforming to rules developed by the department and informed by~~
10 ~~evidence from a statewide education policy research institute.~~

11 **Sec. 7. 20-A MRSA §15676, sub-§1**, as amended by PL 2017, c. 284, Pt. C, §31,
12 is further amended to read:

13 **1. Teaching staff costs.** Beginning July 1, 2017, the salary and benefit costs for school
14 level teaching staff that are necessary to carry out this Act, calculated in accordance with
15 section 15678 and adjusted by the regional adjustment under section ~~15682~~ 15682-A;

16 **Sec. 8. 20-A MRSA §15676, sub-§2**, as amended by PL 2017, c. 284, Pt. C, §31,
17 is further amended to read:

18 **2. Other staff costs.** Beginning July 1, 2017, the salary and benefit costs for school-
19 level staff who are not teachers, but including substitute teachers, that are necessary to carry
20 out this Act, calculated in accordance with section 15679 and adjusted by the regional
21 adjustment under section ~~15682~~ 15682-A; and

22 **Sec. 9. 20-A MRSA §15680, sub-§1, ¶D**, as enacted by PL 2003, c. 504, Pt. A,
23 §6, is amended to read:

24 D. Cocurricular and extracurricular activities; and

25 **Sec. 10. 20-A MRSA §15680, sub-§1, ¶E**, as enacted by PL 2003, c. 504, Pt. A,
26 §6, is repealed.

27 **Sec. 11. 20-A MRSA §15680, sub-§1, ¶F**, as enacted by PL 2003, c. 504, Pt. A,
28 §6, is amended to read:

29 F. Instructional leadership staff support.

30 **Sec. 12. 20-A MRSA §15681, sub-§2-A**, as amended by PL 2013, c. 506, §16, is
31 repealed.

32 **Sec. 13. 20-A MRSA §15681-A, sub-§2**, as amended by PL 2017, c. 284, Pt. C,
33 §37 and affected by §66, is further amended to read:

34 **2. Special education costs.** A school administrative unit receives an additional weight
35 of 1.50 for each special education student identified on the annual December 1st child count
36 as required by the federal Individuals with Disabilities Education Act for the most recent
37 year, up to a maximum of 15% of the school administrative unit's resident pupils as
38 determined under section 15674, subsection 1, paragraph C, subparagraph (1). For those
39 school administrative units in which the annual December 1st child count for the most
40 recent year is less than ~~15%~~ 17% of the school administrative unit's resident pupils as
41 determined under section 15674, subsection 1, paragraph C, subparagraph (1), the special
42 education child count percentage may not increase more than 0.5% in any given year, up

1 to a maximum of 1.0% in any given 3-year period. For each special education student
2 above the ~~15%~~ 17% maximum, the unit receives an additional weight of .38. In addition,
3 each school administrative unit must receive additional allocations:

4 A. For lower staff-student ratios and expenditures for related services for school
5 administrative units with fewer than 20 enrolled special education students identified
6 on the annual December 1st child count as required by the federal Individuals with
7 Disabilities Education Act for the most recent year;

8 ~~B. For high-cost in-district special education placements. Additional funds must be~~
9 ~~allocated for each student estimated to cost 3 times the statewide special education EPS~~
10 ~~per-pupil rate. The additional funds for each student must equal the amount by which~~
11 ~~that student's estimated costs exceed 3 times the statewide special education EPS per-~~
12 ~~pupil rate;~~

13 D. Beginning July 1, 2018, to ensure the school administrative unit meets the federal
14 maintenance of effort requirement for receiving federal Individuals with Disabilities
15 Education Act funds in accordance with recommendations of any legislative task force
16 established in the First Regular Session of the 128th Legislature to identify special
17 education cost drivers and innovative approaches to services; and

18 E. A separate allocation must be determined for high-cost out-of-district special
19 education placements in accordance with this paragraph.

20 (1) For private school placements, additional funds must be allocated for each
21 student estimated to cost 4 times the statewide special education EPS per-pupil
22 rate. The additional funds for each student must equal the amount by which that
23 student's estimated costs exceed 4 times the statewide special education EPS per-
24 pupil rate.

25 (2) For public school placements, additional funds must be allocated for each
26 student estimated to cost 3 times the statewide special education EPS per-pupil
27 rate. The additional funds for each student must equal the amount by which that
28 student's estimated costs exceed 3 times the statewide special education EPS per-
29 pupil rate.

30 (3) For public regional special education program placements, additional funds
31 must be allocated for each student estimated to cost 2 times the statewide special
32 education EPS per-pupil rate. The additional funds for each student must equal the
33 amount by which that student's estimated costs exceed 2 times the statewide special
34 education EPS per-pupil rate. Resident students for the fiscal agent of the regional
35 special education program are considered out-of-district placements for purposes
36 of this determination. The commissioner may expend and disburse funds pursuant
37 to section 15689, subsection 9 for direct contractual agreements to provide legal
38 services, facilitation services and other services to assist a school administrative
39 unit with planning and implementing a regional special education program.

40 The commissioner shall develop an appeals procedure for calculated special education
41 costs for school administrative units;

42 **Sec. 14. 20-A MRS §15681-A, sub-§2-B** is enacted to read:

43 **2-B. Maintenance of effort adjustment cap.** Beginning in fiscal year 2027-28 and
44 in each subsequent fiscal year, the department shall implement a cap on the total amount

1 of funding allocated per school administrative unit per fiscal year for the maintenance of
2 effort adjustment. The cap must be no more than 80% of the difference between the school
3 administrative unit's base special education allocation calculated in subsection 2 and the
4 school administrative unit's prior fiscal year's actual special education expenditures;

5 **Sec. 15. 20-A MRSA §15681-A, sub-§2-C** is enacted to read:

6 **2-C. Midyear adjustment; out-of-district special education placement costs.**
7 Beginning in fiscal year 2027-28, the department may not allocate additional funds midyear
8 for unexpected out-of-district special education placement costs;

9 **Sec. 16. 20-A MRSA §15681-A, sub-§3**, as repealed and replaced by PL 2005, c.
10 519, Pt. AAAA, §8, is amended to read:

11 **3. Transportation costs.** ~~For fiscal year 2006-07, the commissioner, using~~
12 ~~information provided by a statewide education policy research institute, shall establish for~~
13 ~~each school administrative unit a predicted per-pupil transportation cost as defined in~~
14 ~~section 15672, subsection 22-A. The established predicted per-pupil transportation cost~~
15 ~~multiplied by the number of the school administrative unit's resident students for each~~
16 ~~school administrative unit must be no less than 90% of the most recent year's reported net~~
17 ~~transportation expenditures. Beginning in fiscal year 2007-08 2027-28, and for each~~
18 ~~subsequent fiscal year, the per-pupil transportation costs for each school administrative unit~~
19 ~~are its predicted per-pupil transportation cost costs for the most recent year adjusted by the~~
20 ~~Consumer Price Index or other comparable index, except that the established predicted per-~~
21 ~~pupil transportation cost multiplied by the number of the school administrative unit's~~
22 ~~resident students costs for each school administrative unit must be no less than 90% of the~~
23 ~~most recent year's reported net transportation expenditures and no more than 105% of the~~
24 ~~most recent year's reported net transportation expenditures adjusted for inflation. The~~
25 ~~commissioner shall develop an appeals procedure for established per-pupil transportation~~
26 ~~costs for school administrative units;~~

27 **Sec. 17. 20-A MRSA §15682**, as amended by PL 2011, c. 419, §2, is repealed.

28 **Sec. 18. 20-A MRSA §15682-A** is enacted to read:

29 **§15682-A. Regional adjustment**

30 Beginning in fiscal year 2027-28, and for each subsequent fiscal year, the
31 commissioner shall make a regional adjustment in the total operating allocation for each
32 school administrative unit determined pursuant to section 15683. The regional adjustment
33 must be based on the regional differences in the cost of living, as computed by a statewide
34 education policy research institute using a nationwide index or combination of nationwide
35 indices. The regional adjustment must align with the salary matrix described in section
36 15677 so that the minimum index value is sufficient to pay the minimum teacher salary
37 established under chapter 505. The regional adjustment must be applied only to appropriate
38 teacher salary and benefit costs as calculated under section 15678 and salary costs of other
39 school-level staff who are not teachers as calculated under section 15679.

40 **Sec. 19. 20-A MRSA §15688, sub-§3-A, ¶A**, as enacted by PL 2005, c. 2, Pt. D,
41 §56 and affected by §§72 and 74 and c. 12, Pt. WW, §18, is amended by amending
42 subparagraph (2) to read:

1 (2) The total of the full-value education mill rate calculated in section 15671-A,
2 subsection 2 multiplied by the property fiscal capacity of the municipality adjusted
3 for relative income level using an index calculated by a statewide education policy
4 research institute. The index must be based on the percentage of resident pupils
5 that are identified as economically disadvantaged under section 15675, subsection
6 2.

7 **Sec. 20. 20-A MRSA §15688, sub-§3-A, ¶B**, as amended by PL 2015, c. 494, Pt.
8 A, §13, is further amended by amending subparagraph (2) to read:

9 (2) The total of the full-value education mill rate calculated in section 15671-A,
10 subsection 2 multiplied by the property fiscal capacity of the municipality adjusted
11 for relative income level using an index calculated by a statewide education policy
12 research institute. The index must be based on the percentage of resident pupils
13 that are identified as economically disadvantaged under section 15675, subsection
14 2.

15 **Sec. 21. 20-A MRSA §15689, sub-§15**, as enacted by PL 2017, c. 284, Pt. C, §53,
16 is amended to read:

17 **15. Special education budgetary hardship adjustment.** Beginning in fiscal year
18 ~~2018-19~~ 2026-27, the following provisions apply to adjustments for special education
19 budgetary hardships.

20 A. If a school administrative unit determined eligible pursuant to paragraph B petitions
21 the commissioner and demonstrates that the ~~unexpected~~ education costs of placement
22 of a student in a special education program will cause a budgetary hardship, the
23 commissioner may provide to the unit an amount not to exceed the allowable costs of
24 the placement less 3 times the statewide special education EPS per-pupil rate for in-
25 district placements or less 4 times the statewide special education EPS per-pupil rate
26 for out-of-district placements. The allowable costs are those special education costs
27 described in section 15672, subsection 30-A, paragraphs A and B.

28 B. The commissioner shall determine that a school administrative unit is eligible for
29 an adjustment under paragraph A if:

30 (1) The student's placement is a result of an appeal approved by the commissioner
31 pursuant to section 5205, subsection 6 or the student became the fiscal
32 responsibility of the school administrative unit after the passage of that unit's
33 budget for the current fiscal year; and

34 (2) The school administrative unit's ~~unexpected~~ allowable costs result in a ~~5%~~ 10%
35 or more increase in ~~the percentage of~~ the unit's special education budget category
36 ~~to the unit's total budget excluding the debt service budget category.~~

37 C. The funds for adjustments under paragraph A are limited to the amount appropriated
38 by the Legislature for that purpose, and any unexpended balance from another
39 program's appropriated amounts under this chapter may be applied by the
40 commissioner toward the adjustments.

41 D. A school administrative unit may expend the funds from the adjustment under
42 paragraph A without seeking approval by the unit's legislative body.

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SUMMARY

This bill is reported out by the Joint Standing Committee on Education and Cultural Affairs pursuant to Resolve 2025, chapter 84. The committee has not taken a position on the substance of this bill. By reporting this bill out, the committee is not suggesting and does not intend to suggest that it agrees or disagrees with any aspect of this bill. The committee is reporting the bill out for the sole purpose of having a bill printed that can be referred to the committee for an appropriate public hearing and subsequent processing in the normal course. The committee is taking this action to ensure clarity and transparency in the legislative review of the proposals contained in the bill.

10 The bill makes the following changes to the essential programs and services school
11 funding formula.

12 1. It provides a new calculation for predicted transportation costs for school
13 administrative units and provides that a school administrative unit's transportation costs
14 may not exceed 105% of the most recent year's reported net transportation expenditures
15 adjusted for inflation.

16 2. It provides for a variable weight for students identified as economically
17 disadvantaged to be applied based on an index developed by a statewide education policy
18 research institute.

19 3. It removes a per-pupil cost component for professional development and inserts a
20 new per-pupil cost component for instructional staff support.

21 4. It increases the special education prevalence threshold from 15% to 17%, removes
22 the additional allocation for high-cost in-district special education placements and corrects
23 cross-references to the high-cost in-district special education allocation.

24 5. It updates the method of calculating the regional adjustment, to be based on a
25 nationwide cost-of-living index, and provides that the regional adjustment must align with
26 the salary matrix. It also corrects cross-references related to the regional adjustment
27 calculation.

28 6. It inserts an income indicator into the calculation for a school administrative unit's
29 local contribution to the cost of education.

30 7. It changes the eligibility requirements for a special education budgetary hardship
31 adjustment.

32 8. It directs the Department of Education to implement a cap on the maintenance of
33 effort special education expenditure adjustment based on the difference of the base
34 allocation and the prior fiscal year's expenditures.

35 9. It directs the department to discontinue midyear funding adjustments for out-of-
36 district tuition costs for special education students.