



Essential

Programs & Services

Integrated with New Tax Policy

MADSEC Special Education Fall Conference

Grand Summit Conference Center - Bethel

November 7, 2005

The Focus of Today's Agenda

● Essential Programs and Services

- The New Basis for School Funding Beginning in FY05-06***
- Including a New Special Education Funding Model***

● Maine's New Funding Formula for Sharing the Costs of K-12 Education Between State and Local

- Local Mill Rate Expectation - PL2004 Chapter 712***
- Minimum Subsidy Special Education - LD-1***
- Additional Local Article Voting Requirements - LD-1***



Essential

Programs & Services

The Concept:

*Essential Programs and Services is designed to insure that all schools have the programs and resources that are essential for all students to have an equitable opportunity to achieve **Maine's Learning Results***

The EPS model provides a basis for adequacy and greater equity in the funding of K-12 education because it is cost driven instead of expenditure driven

The model is designed to respond to student needs and is based on years of research and information gleaned from high performing cost effective school units

Applying the EPS Model to **Hermon** FY 2006

100% EPS Model

\$7,232,347
State & Local

Debt Service

\$851,398

- Major Capital Construction Debt
- Temporary Lease Space Purchase Conversions

Other Subsidizable Costs

\$1,130,254

- Special Education
- Transportation
- Vocational Education
- Gifted & Talented

Operating Costs

\$5,250,696

- Salary and Benefits
- System Administration
- Operation & Maintenance
- Supplies & Equipment
- Other Instructional Support

Chapter 606B PL2003

Operating Costs

Key EPS Operating Cost Components

- **Student Demographics**
(SAU Pupil Counts for K-5, 6-8, 9-12 and Specialized Student Populations)
- **EPS Per Pupil Rate for Each SAU**
(Per Pupil Amounts Tailored for Each Unit Which Reflect Costs for Personnel, Administration, & Instructional Support)
- **Weighted Amounts**
(Additional Per Pupil Amounts for Limited English Proficiency (LEP) and Economically Disadvantaged Pupils)
- **Targeted Amounts**
(Additional Per Pupil Amounts for K-2 Pupils, Assessments, and Technology Resources)
- **Other Adjustments**
(Isolated Small Schools, Declining Enrollments, Adult Education, And Equivalent Instruction)

Operating Costs

Total Operating Cost Calculation for Hermon

Total Population		Pupils	EPS Rate	Total Allocation
• K-8 Pupils		606.5	X \$5502.00 =	\$3,336,963.00
• 9-12 Pupils		249.5	X \$5839.00 =	\$1,456,830.50
				\$4,793,793.50
Weighted Amounts		EPS wt.		
• Disadvantaged K-8	.15	X	121.9	X \$5502.00 = \$100,604.07
9-12	.15	X	50.1	X \$5839.00 = \$43,880.09
• Limited English K-8	.50	X	0.0	X \$5502.00 = \$0.00
9-12	.50	X	0.0	X \$5839.00 = \$0.00
				\$144,484.16
Targeted Amounts		EPS wt.		
• Assessment K-12			856.0	X \$100.00 = \$85,600.00
• Technology K-8			606.5	X \$83.00 = \$50,339.50
• Technology 9-12			249.5	X \$252.00 = \$62,874.00
• K-2 Pupils	.10	X	202.5	X \$5502.00 = \$1,111,415.50
				\$310,229.00
Other Adjustments				
• Isolated Small Schools K-8 and/or 9-12				\$0.00
• Declining Enrollment				\$0.00
• Adult Education & Equivalent Instruction				\$2,189.63
Total EPS Operating Allocation				\$5,250,696.29

Applying the EPS Model to **Hermon** for FY2006

100% EPS Model

\$7,232,347
State & Local

Debt Service

\$851,398

Major Capital Construction Debt
Temporary Lease Space
Purchase Conversions

Other Subsidizable Costs

\$1,130,254

Special Education
Transportation
Vocational Education
Gifted & Talented

Included in LD-1

Other Costs

696

Benefits
Administration
& Maintenance
& Equipment
Instructional Support

Under 606B PL2003

Other Subsidizable Costs

Key EPS Cost Components

- **Special Education**
(Weighted Per Pupil Amounts for each Special Education Student Plus Adjustments for High Cost In-District and Out of District Placements)
- **Transportation**
(Costs for Transportation Based on the Number of Pupils, the Number of Road Miles and Other Adjustments)
- **Vocational Education**
(An Allocation for Vocational Education Programs Based on Prior Year Expenses - No Change from Current Law)
- **Gifted & Talented Programs**
(An Allocation for Gifted & Talented Programs Based on Prior Year Approved Expenses - No Change from Current Law)

Other Subsidizable Costs

Other Subsidizable Cost Calculations for Hermon

Special Education

Total Allocation

• Base Component Ident up to 15% (137% Of EPS Rate X Pupils)	\$896,586.00
• Prevalence Adjustment Ident Above 15% (38% of EPS Rate)	\$0.00
• Size Adjustment	\$0.00
• High Cost In- District Adjustment	\$0.00
• High Cost Out-of-District Adjustment	\$0.00
• Federal Revenues Adjustment	(\$145,079.52)
• Maintenance of Effort Adjustment ('03-'04 Actual Expenses)	\$0.00
• Medicaid Revenue Adjustment	(\$51,226.00)
	\$700,280.48

Transportation

• Base Costs	\$319,780.25
• Bus Purchases 2004-05	\$17,006.68
	\$336,786.93

Vocational Education

• Approved Expend 03-04X 101.8%	\$49,035.76
	\$49,035.76

Gifted & Talented

• Approved Expend 03-04X 101.8%	\$44,150.36
	\$44,150.36

Total EPS Other Subsidizable Costs **\$1,130,253.53**

Other Subsidizable Costs

Other Subsidizable Cost Calculations for Hermon

Special Education

Total Allocation

• Base Component Ident up to 15% (137% Of EPS Rate X Pupils)	\$896,586.00
• Prevalence Adjustment Ident Above 15% (38% of EPS Rate)	\$0.00
• Size Adjustment	\$0.00
• High Cost In- District Adjustment	\$0.00
• High Cost Out-of-District Adjustment (Estimate)	\$0.00
• Federal Revenues Adjustment	(\$145,079.52)
• Maintenance of Effort Adjustment ('03-'04 Actual Expenses)	\$0.00
• Medicaid Revenue Adjustment	(\$51,226.00)
	\$700,280.48

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Details of Base Component Calculation

Students w/Disabilities '03-'04 (minus SAC) X 1.375 X K-12 EPS Rate

116 Students X \$7629 Per Pupil (1.375 X \$5621) = \$896,586

December 1, 2003 Child Count minus State Agency Clients

Other Subsidizable Costs

Other Subsidizable Cost Calculations for Hermon

Special Education

Total Allocation

• Base Component Ident up to 15% (137% Of EPS Rate X Pupils)	\$896,586.00
• Prevalence Adjustment Ident Above 15% (38% of EPS Rate)	\$0.00
• Size Adjustment	\$0.00
• High Cost In- District Adjustment	\$0.00
• High Cost Out-of-District Adjustment (Estimate)	\$0.00
• Federal Revenues Adjustment	(\$145,079.52)
• Maintenance of Effort Adjustment ('03-'04 Actual Expenses)	\$0.00
• Medicaid Revenue Adjustment	(\$51,226.00)
	\$700,280.48

2

Details of High Cost In-District Calculation

Costs in Excess of 3 Times the State Avg. Spec Ed EPS rate of \$6930 or \$20,790

Estimated '03-'04 Costs for Each Per Pupil Over \$20,790 = \$0.00

EFS02 - Estimated Cost of Related Services by Placement Category
for Each December 1, 2003 Student Receiving the Related Services

Other Subsidizable Costs

Other Subsidizable Cost Calculations for Hermon

Special Education

Total Allocation

• Base Component Ident up to 15% (137% Of EPS Rate X Pupils)	\$896,586.00
• Prevalence Adjustment Ident Above 15% (38% of EPS Rate)	\$0.00
• Size Adjustment	\$0.00
• High Cost In- District Adjustment	\$0.00
• High Cost Out-of-District Adjustment (Estimate)	\$0.00
• Federal Revenues Adjustment	(\$145,079.52)
• Maintenance of Effort Adjustment ('03-'04 Actual Expenses)	\$0.00
• Medicaid Revenue Adjustment	(\$51,226.00)
	\$700,280.48

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Details of High Cost Out-of-District Calculation

Costs in Excess of 4 Times the State Avg. EPS Spec Ed Rate of \$6930 or \$27,720

Estimated '03-'04 Costs for Each Pupil Over \$27,720 = \$0.00

Estimate based on EFS07 from '03-'04- Adjusted Spring '06 based on EFS214


(An Increase made through '06 Audit Adjustment-A Decrease made '07 Allocation)

Other Subsidizable Costs

Other Subsidizable Cost Calculations for Hermon

Special Education

Total Allocation



• Base Component Ident up to 15% (137% Of EPS Rate X Pupils)	\$896,586.00
• Prevalence Adjustment Ident Above 15% (38% of EPS Rate)	\$0.00
• Size Adjustment	\$0.00
• High Cost In- District Adjustment	\$0.00
• High Cost Out-of-District Adjustment (Estimate)	\$0.00
• Federal Revenues Adjustment	(\$145,079.52)
• Maintenance of Effort Adjustment ('03-'04 Actual Expenses)	\$0.00
• Medicaid Revenue Adjustment	(\$51,226.00)
	\$700,280.48

Details of Federal Revenue Adjustment

Actual '03-'04 Federal Revenues (Expended) Inflated two years to FY06

'03-'04 Expenditures \$119,900 Inflated to FY06 = \$145,079.52

Actual '03-'04 Expenditures of Federal Funds Used for Personnel and Contracted Services Reported on the EFS02

Other Subsidizable Costs

Other Subsidizable Cost Calculations for Hermon

Special Education

Total Allocation

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• Base Component Ident up to 15% (137% Of EPS Rate X Pupils)		\$896,586.00
• Prevalence Adjustment Ident Above 15% (38% of EPS Rate)		\$0.00
• Size Adjustment		\$0.00
• High Cost In- District Adjustment		\$0.00
• High Cost Out-of-District Adjustment (<i>Estimate</i>)		\$0.00
• Federal Revenues Adjustment		(\$145,079.52)
'06 EPS Allocation	\$751,506.48	
'03-'04 Actual State/Local Expenses	\$637,705.00	
• Maintenance of Effort Adjustment ('03-'04 minus '06)		\$0.00
• Medicaid Revenue Adjustment		(\$51,226.00)
		\$700,280.48

Details of Maintenance of Effort Adjustment

FY06 EPS Allocation Can Not be Less Than '03-'04 State/Local Expenditures

'03-'04 Expenditures \$637,705 - '06 EPS \$751,506.48 = \$0.00

Actual '03-'04 Total State/Local Expenditures Reported on EFS02

Other Subsidizable Costs

Other Subsidizable Cost Calculations for Hermon

Special Education

Total Allocation

• Base Component Ident up to 15% (137% Of EPS Rate X Pupils)	\$896,586.00
• Prevalence Adjustment Ident Above 15% (38% of EPS Rate)	\$0.00
• Size Adjustment	\$0.00
• High Cost In- District Adjustment	\$0.00
• High Cost Out-of-District Adjustment (Estimate)	\$0.00
• Federal Revenues Adjustment	(\$145,079.52)
• Maintenance of Effort Adjustment ('03-'04 Actual Expenses)	\$0.00
• Medicaid Revenue Adjustment	(\$51,226.00)
	\$700,280.48

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Details of Medicaid Revenue Adjustment

'03-'04 Medicaid Revenues Inflated two years to FY2006

'03-'04 Revenues of \$49,431 Inflated to FY06 = \$51,226.00

Actual '03-'04 Medicaid Revenue Reported in the General Fund on EFM45

Applying the EPS Model to **Hermon** for FY 2006

100% EPS Model

\$7,232,347
State & Local

Additional Local

*Additional Local Commitment
Including Local Debt Service*

Debt Service

\$851,398

*Major Capital Construction Debt
Temporary Lease Space
Purchase Conversions*

Other Subsidizable Costs

\$1,130,254

*Special Education
Transportation
Vocational Education
Gifted & Talented*

Operating Costs

\$5,250,696

*Salary and Benefits
System Administration
Operation & Maintenance
Supplies & Equipment
Other Instructional Support*

Compared to Current Model for **Hermon** for **FY2005**

Total Allocation

\$5,936,690
State & Local

Additional Local

\$1,514,639

Additional Local Commitment
Includes Local Debt Service \$427,694

Debt Service

\$889,629

Major Capital Construction Debt
Temporary Lease Space
Lease Purchase Conversions

Program Costs

\$1,013,662

Special Education
Vocational Education
Transportation
Gifted & Talented
Early Childhood

Operating Costs

\$4,033,400

Salary and Benefits
System Administration
Operation & Maintenance
Supplies & Equipment
Other Instructional Support

Applying Chapter 712 EPS Phase-in to **Hermon** for FY2006

84% EPS Model

\$6,392,236
State & Local

Debt Service

\$851,398

Major Capital Construction Debt
Temporary Lease Space
Purchase Conversions

Other Subsidizable Costs

\$1,130,254

Special Education
Transportation
Vocational Education
Gifted & Talented

No Reduction

Additional Local

Additional Local Commitment
Including Local Debt Service

Operating Costs

\$4,410,585

Salary and Benefits
System Administration
Operation & Maintenance
Supplies & Equipment
Other Instructional Support

Reduced to 84% of Total

Maine's New Funding Formula

- ***Limits the Local Share of All EPS Defined Education Costs to 8.0 Mills or Less by FY2008-09***
 - ***Establishes a New Method of Distribution for the State Share of Education Funding***
 - ***Ensures That a Municipality, Single or Part of an SAU Will Not Be Required to Raise More Than 8.0 Mills of State Valuation for Their Share of Local Education Costs by FY2008-09***
 - ***State Share Becomes the Difference Between the Established Mill Rate Expectation and the EPS Defined Costs Each Year***

Applying Chapter 712 State Local Share to **Hermon**

84% EPS Model

\$6,392,236
State & Local

Local Share = Up to 8.26 Mills
X State Certified Valuation for 2004

Additional Local

\$1,508,952

Additional Local Commitment
Excluding Local Only Debt of \$109,265

Construction Debt
Space
Conversions

Operating Costs

\$10,585

Salary and Benefits
System Administration
Operation & Maintenance
Supplies & Equipment
Other Instructional Support

No Reduction

Reduced to 84% of Total

Total EPS Allocation

Total EPS Allocation/Cost - State/Local Share

Single Municipality

Hermon

84% Model

Total EPS Allocation

\$6,392,236

Hermon K-12 Allocation

\$6,392,236

State Certified Valuation '04

\$275,200,000

Amount Raised Local

(by 8.26 Mills or less)

\$2,273,152

State Share

\$4,119,084

Additional Local Funds

\$1,508,952

Local Only Debt

\$109,265

Total Local Assessment '06

\$3,891,369

Total Local Raised '05

\$3,889,484

State
Increase
\$557,239
+15.6%

● *How Does Hermon K-12 State Local Spending Compare to EPS Defined Costs?*

- *Total FY05 State/Local Spending for Hermon*

\$3,561,845 State Subsidy

\$3,461,790 Total Local Raised(excluding local debt Of \$427,694)

\$7,023,635

\$877,553 (12.5% Increase to FY06)

\$7,901,188 *FY06 Voter Approved State/Local Spending*

\$7,232,347 *FY06 100% EPS Defined Costs*

- ***Conclusion:*** *Hermon is Spending is \$668,841 or approx 9.2% above EPS Defined Costs Based on These Assumptions*

However, \$380,773 was included in the Additional Local Funds article that were for Capital Reserves - not recognized by EPS. If those costs are identified and excluded from the comparison, the state /local spending is \$277,068 or approx. 3.9% above EPS

LD-1 Voting Requirements

- ***If the Total State and Local Spending Proposed will Exceed 100% of EPS Defined Costs, Additional Voting Procedures are Required.***
 - ***If the Additional Local Article Put Before the Voters will Exceed the Difference Between 100% of EPS Defined Costs and the Annual Total EPS Allocation, the Additional Local Article Must:***
 - ***Specify the amount that the proposed article exceeds EPS defined costs and***
 - ***State the Reasons for the additional funds exceeding EPS***
 - ***In Hermon's case for FY2006, if the Additional Local Article proposed will exceed the difference between the 100% EPS Allocation (\$7,232,347) and the 84% EPS Allocation (\$6,392,236) or **\$840,111** the additional voting procedures will be required.***