



STATE OF MAINE  
DEPARTMENT OF EDUCATION  
23 STATE HOUSE STATION  
AUGUSTA, MAINE  
04333-0023

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GOVERNOR

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COMMISSIONER

**EXHIBIT: #IX.D.**

**TO:** Members of the State Board of Education

**FROM:** Ann Weisleder, Board Chair

**DATE:** April 14, 2010

**SUBJECT:** Consideration of request for subsidy appeal from Regional School Unit 57 Superintendent Frank Sherburne regarding the state funding allocation for 2010/2011.

**BACKGROUND:**

Regional School Unit 57 has requested a subsidy appeal hearing as described in the letter of request attached to this exhibit. The first basis for their request is the significant reduction of state aid using the calculation of the Essential Programs and Services (EPS) formula and their belief that the formula needs to be reviewed. The second basis is their disagreement with their placement on the Labor Market Map.

The Board Chair has consulted with the Board's counsel. In the matter of the first basis of the appeal request, the appeal is not specific enough to appeal cost component calculations. In the matter of the second basis for the appeal request, the statute describes the Labor Market and provides for its review by the Commissioner, the Education Committee and the Legislature. It is not something that we have authority to adjust. Statutory references and the explanation of the processes involved are also attached to this exhibit.

**RECOMMENDATION:** The Chair recommends that the State Board of Education deny the request of Regional School Unit 57 for a subsidy appeal hearing.

The SAD#57 appeal is not specific enough to appeal cost component calculations. While they disagree with their so called "Labor Market Map placement", the regional adjustment required by 20-A §15682 has not changed since the original implementation of Essential Programs and Services (EPS) in FY2005-06.

## **20-A §15682. REGIONAL ADJUSTMENT**

The commissioner shall make a regional adjustment in the total operating allocation for each school administrative unit determined pursuant to section 15683. The regional adjustment must be based on the regional differences in teacher salary costs for labor market areas in which the school administrative unit is located, as computed by a statewide education policy research institute, and must be applied only to appropriate teacher salary and benefits costs as calculated under section 15678 and salary and benefit costs of other school-level staff who are not teachers as calculated under section 15679.

The regional adjustment was computed by the Maine Education Policy Research Institute (MEPRI) based on the 35 labor market areas defined by the Maine Department of Labor prior to the FY2005-06 implementation year of EPS

Chapter 606-B §15686-A requires a review of the Essential Programs and Services components every three years. The required review of the regional adjustment has occurred at least two times since the EPS implementation year. The review in each case has been reported to the Commissioner and as required to Education Committee of the legislature for possible legislative action to change or update. Included in those reviews were:

- The resultant impacts of changing the regional adjustment to reflect the geographic areas in the 31 federal labor market areas adopted by the Maine Department of Labor in 2007 and
- Updates to the regional differences in teacher salary costs within those new areas

However, the Commissioner has not proposed any changes in to 35 geographic areas defined at EPS implementation by Maine Department of Labor or updates in the regional salary differences based on those reviews and the Education Committee has not proposed any changes through legislative action following their reviews.

The regional adjustment for FY2010-11 remains the same as the EPS implementation year and has been applied per §15682 for SAD#57 ED279 calculations for FY2010-11.