

**Review of Selected Components in the Essential Programs and
Services Funding Formula**

Report to
Commissioner Susan Gendron
Maine Department of Education & Cultural Services
&
Joint Standing Committee on Education and Cultural Affairs
Maine State Legislature

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Beginning in 2005-06, Maine implemented a new school funding formula entitled Essential Programs and Services (EPS). Maine's EPS formula is fashioned after, what is called nationally, an Adequacy funding model. Adequacy funding models are designed to insure there are adequate funds in a K-12 school funding formula to insure all students have equity of opportunities to achieve some pre-determined level of student performance.

According to the state statute, approximately one-third of the EPS components in the funding formula are reviewed each year. The purpose of the review is to determine if any adjustments in the components are appropriate. For 2008-09, the EPS components scheduled for review are: (1) professional development; (2) student assessment; (3) technology; (4) leadership support; (5) co-and extra-curricular activities; and (6) supplies and equipment.

The standard review of the components, conducted by the Maine Education Policy Research Institute (MEPRI) review team, entails determining how current SAU expenditures on the EPS components compare to the most recent EPS cost allocations for the components. These comparisons are submitted to the state commissioner of education and the joint standing committee on education and cultural affairs.

In establishing and reviewing the EPS cost allocation for the six components listed above, the MEPRI review team in the past has had to rely on collecting SAU expenditures through self-reporting surveys completed by SAUs. Beginning with the current review, expenditure data was compiled through accessing SAU reported expenditures on the state MEDMS system. Thus a more accurate accounting of expenditures was possible for this review. The summary findings from the review of the six components appear on subsequent pages. Additional details about expenditures for each component appear in Appendix A.

A. Professional Development EPS Component

As of the date of the beginning of this review, 107 SAUs (37%) had reported expenditures for professional development, and these expenditures are summarized in Table 1. In total these SAUs spent approximately \$4.9 million on professional development in 2007-08. The average per-pupil expenditure for professional development was \$42, with one SAU

Table 1: Professional Development Expenditures by Maine SAUs	
Number of SAUs	107
Total Expenditure	\$4,912,362
Attending Enrollment	116,567.5
Average Per-Pupil Expenditure Statewide	\$42
Average Per-Pupil Expenditure Inflated to FY09	\$43
Per-Pupil EPS Rate FY09	\$54
Lowest Per-Pupil Expenditure	\$0.03
Highest Per-Pupil Expenditure	\$464

reporting the lowest expenditure per-pupil of \$0.03 and the highest of \$464.00 per pupil. Most expenditures were for university course tuition reimbursements for school district staff (See Appendix A for more details).

For comparison purposes and to the established EPS professional development allocation, the 2007-08 per pupil has been inflated by 2.9%, yielding an estimated per-pupil expenditure rate of \$43. This rate equals 80% of the 2008-09 component rate.

B. Student Assessment EPS Component

The second component reviewed this year was the student assessment component, and the summary of the SAU expenditure data for this component appears in Table 2. As may be

Table 2: Student Assessment Expenditures by Maine SAUs	
Number of SAUs	120
Total Expenditure	\$3,547,732
Attending Enrollment	130,274.0
Average Per-Pupil Expenditure Statewide	\$27
Average Per-Pupil Expenditure Inflated to FY09	\$28
Per-Pupil EPS Rate FY09	\$40
Lowest Per-Pupil Expenditure	\$0.12
Highest Per-Pupil Expenditure	\$151

seen in the table, the range of per-pupil expenditures in the 120 SAUs (42%) was a low of \$0.12 and a high of \$151.00 per pupil, with an average of \$27. Once the average is adjusted for inflation, this amount equals 70% of the 2008-09 student assessment EPS approved allocation of \$40 per pupil.

C. Instructional Technology EPS Component

The instructional technology component was the third component reviewed in year, and the expenditures appear in Table 3. In 2007 – 08 approximately 63% (n=181) of the SAUs

reported expenditures of almost \$38 million on instructional technology equipment, services and personnel. Approximately (55%) was for personnel salary and benefits. Per- pupil expenditures

Table 3: Instructional Technology Expenditures by Maine SAUs		
	K-8	9-12
Number of SAUs	181	181
Total Expenditure	\$20,888,703	\$10,943,171
Attending Enrollment	121,126.0	56,016.0
Average Per-Pupil Expenditure Statewide	\$172	\$195
Average Per-Pupil Expenditure Inflated to FY09	\$177	\$201
Per-Pupil EPS Rate FY09	\$90	\$273
Lowest Per-Pupil Expenditure	\$1.70	\$1.70
Highest Per-Pupil Expenditure	\$764	\$1,530

among the SAUs ranged from a low of \$1.70 to a high of \$1530. The average for K-8 was \$172, and 9-12 was \$195. Once inflated to 2008-09 rates, and as shown in the table, the K-8 rate becomes \$177 and the 9-12 rate becomes \$201. The K-8 rate is 196% of the K-8 EPS established rate, and the 9-12 rate is 74% of the EPS established rate.

D. Instructional Leadership EPS Component

The instructional leadership component of the EPS formula was designed to recognize costs supporting school professional personnel in developing K-12 Learning Results curriculum. In 2007-08 only 48 SAUs (17%) reported expenditures for instructional leadership, as defined by EPS. As with other EPS components, there is a wide range of per-pupil expenditures (\$0.66 to \$327.00), with an average of \$20. The inflated amount equals approximately 96% of the established 2008-09 EPS allocation.

Table 4: Instructional Leadership Expenditures by Maine SAUs	
Number of SAUs	48
Total Expenditure	\$1,706,451
Attending Enrollment	85,595.0
Average Per-Pupil Expenditure Statewide	\$20
Average Per-Pupil Expenditure Inflated to FY09	\$21
Per-Pupil EPS Rate FY09	\$22
Lowest Per-Pupil Expenditure	\$0.66
Highest Per-Pupil Expenditure	\$327

E. Co-and Extra-Curricular Activities EPS Component

Tables 5 and 6 report 2007-08 SAU expenditures for co- and Extra-curricular programs and activities. In the case of K-8 expenditures, expenditures for these two categories

Table 5: Elementary Extra- and Co-Curricular Expenditures and Revenue by Maine SAUs

	Co-curricular Expense	Extracurricular Expense	Extra- and Co-curricular Revenue	100% Co- plus 10% Net Extra-curricular Expense
Number of SAUs	89	92	10	
Total Expenditure	\$1,480,881	\$3,225,847	\$58,795	
Attending Enrollment	62,296.5	62,296.5	62,296.5	
Average Per-Pupil Expenditure Statewide	\$24	\$52	\$1	\$29
Average Per-Pupil Expenditure Inflated to FY09	\$25	\$54	\$1	\$30
Per-Pupil EPS Rate FY09				\$31
Lowest Per-Pupil Expenditure	\$2	\$5.15	\$0.99	
Highest Per-Pupil Expenditure	\$457	\$282	\$33	

ranged from \$2.00 to \$457. Averages, inflation rates, and the 2008-09 EPS established allocation also appear in the table. It is important to note that within the EPS funding formula, rates are established for recognizing 100% of co-curricular programs and activities, both at K-8 and 9-12 grade levels, and 10% of extra-curricular programs and activities. The analyses indicate that expenditures equal 97% of the K-8 EPS allocations.

For Maine’s public high schools, 2007-08 expenditures, inflated rates, and the EPS 2008-09 rates appear in Table 6. Expenditures range from \$11.00 to \$1369.00, with an inflated 2008-

	Co-curricular Expense	Extracurricular Expense	Extra- and Co-Curricular Revenue	100% Co- plus 10% Net Extra-Curricular Expense
Number of SAUs	110	112	50	
Total Expenditure	\$6,370,905	\$25,985,367	\$688,984	
Attending Enrollment	58,494.5	58,494.5	58,494.5	
Average Per-Pupil Expenditure Statewide	\$109	\$444	\$12	\$152
Average Per-Pupil Expenditure Inflated to FY09	\$112	\$457	\$12	\$156
Per-Pupil EPS Rate FY09				\$105
Lowest Per-Pupil Expenditure	\$11	\$58.42	\$2.56	
Highest Per-Pupil Expenditure	\$811	\$1,369	\$60	

09 per pupil rate is \$156. This average expenditure rate is 49% above the 2008-09 established EPS allocations.

F. Supplies and Equipment EPS Component

The final EPS component scheduled for a regular review in 2008-09 was the supplies and equipment component. Table 7 reports 2007-08 SAU expenditures. Average per-pupil expenditures in 2007-08 and inflated for 2008-09 were \$226 for K-8 and \$347 for 9-12. The EPS funding formula has a separate K-8 and 9-12 per pupil allocation of \$320 and \$442, respectively. Thus, the K-8 expenditures equal 83% of the K-8 EPS allocation, and the 9-12 expenditure rate equals 60% of the 9-12 EPS allocation.

	K-8	9-12
Number of SAUs	217	116
School Expenditure	\$25,912,594	\$18,657,972
System Expenditure	2,516,024	1,135,514
Total Expenditure	\$28,428,618	\$19,793,486
Attending Enrollment	129,474.5	58,766.5
Average Per-Pupil Expenditure Statewide	\$220	\$337
Average Per-Pupil Expenditure Inflated to FY09	\$226	\$347
Per-Pupil EPS Rate FY09	\$320	\$442
Lowest Per-Pupil Expenditure	\$53	\$121
Highest Per-Pupil Expenditure	\$1,424	\$1,468

Summary Comparative Analysis

The results of the reviews are summarized in Table 8. As indicated in the table, in almost all cases the approved EPS component allocations are greater than actual (inflated) expenditures reported by Maine’s SAUs. The two exceptions are for the K-8 instructional technology component, and the 9-12 co- and extra-curricular programs and activities component.

Table 8: Comparison of Expenditures and EPS Allocation for 2008-09			
EPS Components	Average Per Pupil Expenditure	EPS per pupil allocation	Average expenditure compared to EPS allocation
A. Professional Development (K-12)	\$43	\$54	80%
B. Student Assessment (K-12)	\$28	\$40	70%
C. Instructional Technology (K-8) (9-12)	\$177 \$201	\$90 \$273	197% 74%
D. Instructional Leadership (K-12)	\$21	\$22	96%
E. Co & Extra-Curricular (K-8) (9-12)	\$30 \$156	\$31 \$105	97% 149%
F. Supplies & Equipment (K-8) (9-12)	\$226 \$347	\$320 \$442	83% 60%

Recommendations

Based on this review of evidence, the following recommendations are made to the commissioner of education and the joint standing committee of education and cultural affairs of the state legislature, with regard to the six components:

Recommendation 1: The current EPS established allocations, adjusted for inflation, be maintained for 2009-10.

Recommendation 2: The targeted EPS components (student assessment and instructional technology) be monitored for use of resources.

Recommendation 3: Consideration be given to targeting additional EPS components.

These recommendations are offered for several reasons. First, in recognition of the fact that GPA for education may be level-funded for the next biennial budget, it may be most prudent not to make any adjustments to current EPS allocations. Second, because the State is still ramping up to providing 55% of the cost of education, the local communities may need the

additional allocations to have a better opportunity to achieve the level of programming needed to meet the Learning Results. Third, at the date of this review, several SAUs have not submitted their required financial information to the Maine Department of Education, resulting in this review not including information on all of SAUs. Finally, the joint standing committee on education and cultural affairs is considering a review of the school funding formula, which it may result in future modifications in EPS components.

It is also recommended that greater consideration be given to the monitoring of the existing targeted EPS components and to the possibility of instituting a targeted status for additional EPS components. Although most state subsidy funds are classified as a block grant, three EPS components are targeted grants. In the case of the block grants, SAUs may decide how and what resources and services will be purchased using state subsidy. For targeted grant funds SAUs must spend their subsidy on the specific components of EPS. For instance, in order for SAUs to receive state subsidy funds for student assessment and instructional technology, the SAUs must spend the funds on these categories. The evidence for this review indicates this is not always done. It is recommended that a process be established to monitor these targeted funds in the future. In addition, it is recommended that other EPS components, such as professional development, be established as targeted EPS components.

Appendix A
Expenditure Details for EPS Components

A. Professional Development

Table 1: Professional Development Expenditures by Object

Object Code	Expenditure Object	Total Expenditure	Percent of Total	Per-Pupil Expenditure
1010	Salaries - Professionals	\$357,881	7.3%	\$3.07
1020	Salaries - Aides or Assistants	49,467	1.0%	0.42
1040	Salaries - Administrators	74,792	1.5%	0.64
1050	Salaries - Assistant Administrators	415,624	8.5%	3.57
1100	Salaries - Regular Employees	18,528	0.4%	0.16
1200	Salaries - Temporary Employees	30,675	0.6%	0.26
1230	Salaries - Substitutes	374,838	7.6%	3.22
1300	Salaries - Overtime Wages	3,264	0.1%	0.03
1500	Salaries - Stipends	655,478	13.3%	5.62
2000	Employee Benefits	172,885	3.5%	1.48
2500	Tuition Reimbursement	1,588,565	32.3%	13.63
3000	Purchased Prof & Technical Services	723,593	14.7%	6.21
5000	Other Purchased Services	186,344	3.8%	1.60
6000	General Supplies	119,392	2.4%	1.02
7300	Equipment	98,397	2.0%	0.84
8000	Debt Service & Miscellaneous	42,639	0.9%	0.37
Total		\$4,912,362	100.0%	\$42.14

B. Student Assessment

Table 2: Student Assessment Expenditures by Object

Object Code	Description	Total Expenditure	Percent of Total	Per-Pupil Expenditure
1010	Salaries - Professionals	619,240	17.5%	4.75
1020	Salaries - Aides or Assistants	10,497	0.3%	0.08
1040	Salaries - Administrators	867,202	24.4%	6.66
1100	Salaries - Regular Employees	186,455	5.3%	1.43
1300	Salaries - Overtime Wages	28,116	0.8%	0.22
1500	Salaries - Stipends	238,778	6.7%	1.83
2000	Employee Benefits	250,702	7.1%	1.92
3000	Purchased Prof & Technical Services	682,868	19.2%	5.24
4000	Purchased Property Services	41,006	1.2%	0.31
5000	Other Purchased Services	96,262	2.7%	0.74
6000	General Supplies	435,580	12.3%	3.34
7300	Equipment	13,330	0.4%	0.10
8000	Debt Service & Miscellaneous	77,696	2.2%	0.60
Total		3,547,732	100.0%	27.23

C. Instructional Technology

Table 3: Instructional Technology Expenditures by Object, Grades K-8

Object Code	Description	Total Expenditure	Percent of Total	Per-Pupil Expenditure
1010	Salaries - Professionals	3,449,272	16.5%	28.48
1020	Salaries - Aides or Assistants	1,437,710	6.9%	11.87
1180	Salaries - Regular Employees	3,281,245	15.7%	27.09
1190	Salaries - Others	161,034	0.8%	1.33
1310	Salaries - Overtime for Professionals	279	0.0%	0.00
1500	Salaries - Stipends	123,903	0.6%	1.02
2000	Employee Benefits	2,334,878	11.2%	19.28
3000	Purchased Prof & Technical Services	937,390	4.5%	7.74
4000	Purchased Property Services	15,921	0.1%	0.13
4300	Purch Prop Services - Repair & Maintenance	1,477,568	7.1%	12.20
4400	Purch Prop Services - Rentals	1,841,422	8.8%	15.20
4900	Purch Prop Services - Other Purchased Services	3,803	0.0%	0.03
5000	Other Purchased Services	85,290	0.4%	0.70
5300	Other Purch Services - Communications	330,872	1.6%	2.73
5800	Other Purchased Services - Travel	30,582	0.1%	0.25
5900	Other Purchased Services	13,262	0.1%	0.11
6500	Technology-Related Supplies	1,607,515	7.7%	13.27
7300	Equipment	664,673	3.2%	5.49
7340	Equipment - Technology Hardware	2,716,559	13.0%	22.43
7350	Equipment - Technology Software	329,085	1.6%	2.72
7390	Other Equipment	46,442	0.2%	0.38
Total		20,888,703	100.0%	172.45

Table 4: Instructional Technology Expenditures by Object, Grades 9-12

Object Code	Description	Total Expenditure	Percent of Total	Per-Pupil Expenditure
1010	Salaries - Professionals	1,170,934	10.7%	20.90
1020	Salaries - Aides or Assistants	571,888	5.2%	10.21
1180	Salaries - Regular Employees	1,773,597	16.2%	31.66
1190	Salaries - Others	54,148	0.5%	0.97
1310	Salaries - Overtime for Professionals	137	0.0%	0.00
1500	Salaries - Stipends	63,548	0.6%	1.13
2000	Employee Benefits	986,376	9.0%	17.61
3000	Purchased Prof & Technical Services	414,826	3.8%	7.41
4000	Purchased Property Services	7,676	0.1%	0.14
4300	Purch Prop Services - Repair & Maintenance	738,259	6.7%	13.18
4400	Purch Prop Services - Rentals	1,195,755	10.9%	21.35
4900	Purch Prop Services - Other Purchased Services	1,878	0.0%	0.03
5000	Other Purchased Services	84,279	0.8%	1.50
5300	Other Purch Services - Communications	308,595	2.8%	5.51
5800	Other Purchased Services - Travel	13,313	0.1%	0.24
5900	Other Purchased Services		0.0%	0.00
6500	Technology-Related Supplies	1,004,991	9.2%	17.94
7300	Equipment	311,947	2.9%	5.57
7340	Equipment - Technology Hardware	1,995,964	18.2%	35.63
7350	Equipment - Technology Software	209,676	1.9%	3.74
7390	Other Equipment	35,383	0.3%	0.63
	Total	10,943,171	100.0%	195.36

D. Instructional Leadership

Table 5: Instructional Leadership Expenditures by Object

Object Code	Description	Total Expenditure	Percent of Total	Per-Pupil Expenditure
1510	Stipends - Department Head	\$572,361	33.5%	\$6.69
1520	Stipends - Curriculum Work	362,155	21.2%	4.23
1560	Stipends - Teacher Leader	722,613	42.3%	8.44
1570	Stipends - Teacher Mentor	49,322	2.9%	0.58
Total		\$1,706,451	100.0%	\$19.94

E. Co-curricular and Extracurricular Activities

Table 6: Extra- and Co-Curricular Expenditures by Object, Grades K-8

Object Code	Description	Total Expenditure	Percent of Total	Per-Pupil Expenditure
1010	Salaries - Professionals	190,774	4.1%	3.06
1040	Salaries - Administrators	23,896	0.5%	0.38
1050	Salaries - Assistant Administrators	35,174	0.7%	0.56
1060	Salaries - Other Professional Salaries	24,236	0.5%	0.39
1100	Salaries - Regular Employees	112,893	2.4%	1.81
1200	Salaries - Temporary Employees	72,276	1.5%	1.16
1300	Salaries - Overtime Wages	16,890	0.4%	0.27
1500	Salaries - Stipends	2,734,474	58.1%	43.89
2000	Employee Benefits	144,036	3.1%	2.31
3000	Purchased Prof & Technical Services	329,296	7.0%	5.29
4000	Purchased Property Services	36,053	0.8%	0.58
5000	Other Purchased Services	182,572	3.9%	2.93
6000	General Supplies	401,508	8.5%	6.45
7000	Property	6,377	0.1%	0.10
7300	Equipment	47,989	1.0%	0.77
8000	Debt Service & Miscellaneous	348,284	7.4%	5.59
	Total	4,706,728	100.0%	75.55

Table 7: Extra- and Co-Curricular Expenditure by Object, Grades 9-12

Object Code	Description	Total Expenditure	Percent of Total	Per-Pupil Expenditure
1010	Salaries - Professionals	2,112,216	6.5%	36.11
1020	Salaries - Aides or Assistants	74,561	0.2%	1.27
1040	Salaries - Administrators	1,736,120	5.4%	29.68
1050	Salaries - Assistant Administrators	173,230	0.5%	2.96
1060	Salaries - Other Professional Salaries	120,923	0.4%	2.07
1100	Salaries - Regular Employees	1,310,631	4.1%	22.41
1200	Salaries - Temporary Employees	446,045	1.4%	7.63
1300	Salaries - Overtime Wages	102,150	0.3%	1.75
1500	Salaries - Stipends	13,997,023	43.3%	239.29
2000	Employee Benefits	1,757,048	5.4%	30.04
3000	Purchased Prof & Technical Services	2,228,028	6.9%	38.09
4000	Purchased Property Services	1,094,918	3.4%	18.72
5000	Other Purchased Services	1,168,423	3.6%	19.97
6000	General Supplies	3,004,088	9.3%	51.36
7000	Property	51,438	0.2%	0.88
7300	Equipment	297,363	0.9%	5.08
8000	Debt Service & Miscellaneous	2,682,065	8.3%	45.85
	Total	32,356,272	100.0%	553.15

F. Supplies and Equipment

Table 8: Supplies and Equipment Expenditures by Object, Grades K-8

Object Code	Description	Total Expenditure	Percent of Total	Per-Pupil Expenditure
4000	Purchased Property Services	\$294,659	1.0%	\$2.28
4300	Purch Prop Services - Repair & Maintenance	\$1,341,151	4.7%	\$10.36
4400	Purch Prop Services - Rentals	\$2,056,047	7.2%	\$15.88
4900	Purch Prop Services - Other Purchased Services	\$22,150	0.1%	\$0.17
5200	Other Purchased Services - Insurance	\$39,357	0.1%	\$0.30
5300	Other Purch Services - Communications	\$1,440,877	5.1%	\$11.13
5400	Other Purch Services - Advertising	\$46,875	0.2%	\$0.36
5500	Other Purch Services - Printing & Binding	\$215,388	0.8%	\$1.66
5800	Other Purchased Services - Travel	\$660,002	2.3%	\$5.10
5900	Other Purchased Services	\$67,840	0.2%	\$0.52
6000	General Supplies	\$1,891,311	6.7%	\$14.61
6100	Instructional Supplies	\$9,098,696	32.0%	\$70.27
6400	Books and Periodicals	\$6,578,913	23.1%	\$50.81
6500	Technology-Related Supplies	\$607,020	2.1%	\$4.69
6600	Audiovisual Supplies	\$295,034	1.0%	\$2.28
7000	Property	\$54,192	0.2%	\$0.42
7300	Equipment	\$2,125,930	7.5%	\$16.42
8000	Debt Service & Miscellaneous	\$181,887	0.6%	\$1.40
8100	Dues & Fees - Membership	\$1,259,374	4.4%	\$9.73
8900	Miscellaneous Expenditures	\$151,915	0.5%	\$1.17
Total		\$28,428,618	100.0%	\$219.57

Table 9: Supplies and Equipment Expenditures by Object, Grades 9-12

Object Code	Description	Total Expenditure	Percent of Total	Per-Pupil Expenditure
4000	Purchased Property Services	\$163,465	0.8%	\$2.78
4100	Purch Prop Services - Utility Services	\$474	0.0%	\$0.01
4200	Purch Prop Services - Cleaning Services	\$1,175	0.0%	\$0.02
4300	Purch Prop Services - Repair & Maintenance	\$940,009	4.7%	\$16.00
4400	Purch Prop Services - Rentals	\$1,162,105	5.9%	\$19.77
4900	Purch Prop Services - Other Purchased Services	\$11,883	0.1%	\$0.20
5200	Other Purchased Services - Insurance	\$17,485	0.1%	\$0.30
5300	Other Purch Services - Communications	\$1,158,759	5.9%	\$19.72
5400	Other Purch Services - Advertising	\$24,962	0.1%	\$0.42
5500	Other Purch Services - Printing & Binding	\$235,701	1.2%	\$4.01
5800	Other Purchased Services - Travel	\$325,409	1.6%	\$5.54
5900	Other Purchased Services	\$8,131	0.0%	\$0.14
6000	General Supplies	\$1,234,593	6.2%	\$21.01
6100	Instructional Supplies	\$5,689,816	28.7%	\$96.82
6400	Books and Periodicals	\$4,772,687	24.1%	\$81.21
6500	Technology-Related Supplies	\$481,000	2.4%	\$8.18
6600	Audiovisual Supplies	\$271,066	1.4%	\$4.61
7000	Property	\$35,203	0.2%	\$0.60
7300	Equipment	\$1,866,538	9.4%	\$31.76
8000	Debt Service & Miscellaneous	\$194,218	1.0%	\$3.30
8100	Dues & Fees - Membership	\$1,019,649	5.2%	\$17.35
8900	Miscellaneous Expenditures	\$179,158	0.9%	\$3.05
	Total	\$19,793,486	100.0%	\$336.82