

MAINE STATE LEGISLATURE

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Legislative Record
House of Representatives
One Hundred and Twenty-Fifth Legislature
State of Maine

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- L.D. 1133 An Act To Reform the Maine Public Employees Retirement System
 L.D. 1304 An Act Pertaining to Retirement Benefits for State Legislators

The sponsors and cosponsors have been notified of the Committee's action.

Sincerely,
 S/Heather J.R. Priest
 Clerk of the House

READ and ORDERED PLACED ON FILE.

**REPORTS OF COMMITTEE
 Divided Reports**

Majority Report of the Committee on **EDUCATION AND CULTURAL AFFAIRS** reporting **Ought to Pass as Amended by Committee Amendment "A" (S-240)** on Bill "An Act To Restore Equity in Education Funding"

(S.P. 395) (L.D. 1274)

Signed:

Senators:

LANGLEY of Hancock
 MASON of Androscoggin

Representatives:

EDGECOMB of Caribou
 JOHNSON of Greenville
 MAKER of Calais
 McCLELLAN of Raymond
 McFADDEN of Dennysville
 RANKIN of Hiram

Minority Report of the same Committee reporting **Ought Not to Pass** on same Bill.

Signed:

Senator:

ALFOND of Cumberland

Representatives:

RICHARDSON of Carmel
 LOVEJOY of Portland
 NELSON of Falmouth
 WAGNER of Lewiston

Representative SOCTOMAH of the Passamaquoddy Tribe - of the House - supports the Majority **Ought to Pass as Amended by Committee Amendment "A" (S-240)** Report.

Came from the Senate with the Majority **OUGHT TO PASS AS AMENDED** Report **READ** and **ACCEPTED** and the Bill **PASSED TO BE ENGROSSED AS AMENDED BY COMMITTEE AMENDMENT "A" (S-240) AS AMENDED BY SENATE AMENDMENT "A" (S-273)** thereto.

READ.

Representative RICHARDSON of Carmel moved that the House **ACCEPT** the Majority **Ought to Pass as Amended** Report.

Representative CAIN of Orono **REQUESTED** a roll call on the motion to **ACCEPT** the Majority **Ought to Pass as Amended** Report.

More than one-fifth of the members present expressed a desire for a roll call which was ordered.

The **SPEAKER**: The Chair recognizes the Representative from Greenville, Representative Johnson.

Representative **JOHNSON**: Thank you, Mr. Speaker. Mr. Speaker, Ladies and Gentlemen of the House. This is a bill that I would like to go over some of the background on. This funding mechanism that supports the allocation of EPS funding has a long and storied history and it's important to understand how we got to where we are. The model was enacted in the 121st Legislature, LD 1924, in 2004 and was amended by the 122nd Legislature in LD 1 in 2005.

The purpose of the funding formula and the distribution of those funds was to provide adequate funds for programs and services for all students to meet the Maine Learning Results. The formula is a complex formula and uses over 25 variables in the categories of: School Personnel, Supplies and Equipment, Specialized Services, District Services, Resources for Specialized Student Populations and School Level Adjustments.

The variables were developed by a study group under the guidance of the State Board of Education and are reviewed and modified by the Education Committee based on analysis from MEPRI, a research organization of the University of Southern Maine. Several assumptions and variables of the EPS formula are arbitrary and based on educational expert opinion.

Examples are: the model school size was based on the average of existing schools (K-8 and 9-12) leading to a one size fits all model. The Regional Salary Index is one of the most controversial aspects of the model. That was calculated by averaging the teacher salaries in 35 regional areas. The result is they were calculated at a point in time and locked in the factor that salaries are multiplied by in the EPS formula. This was done at the beginning of the EPS and has not been updated. The effect is to provide a lower recognized subsidy for school districts that had low salaries for teachers forever. Its relationship to the relative cost of living or even labor costs in general is only coincidental. The Regional Salary Index varies from .84 to 1.09. Equally arbitrary variables are for the economically disadvantaged and small and isolated schools.

What do some of the professional organizations have to say about this formula? The Maine School Management Authority reviewed EPS at its 10-year anniversary in June 2009. I would like to read some of the comments from that report: "What it isn't is a representative model of how to fund small schools in rural areas." "It treats school funding in a rural state under the assumption that one size fits all. The model inadequately addresses the unique features of the state."

Even one of the key authors says it doesn't cover the wide range of courses, like advanced placement, designed to challenge all students. If you're talking about a comprehensive program, it does not define that.

Many believe that the EPS formula was hijacked in 2005 in LD 1 to serve as a spending cap. It was never intended to serve that purpose.

There is much public misunderstanding of EPS and the variation of state aid to school districts varies greatly from about 6% for minimum receivers to as high as 82%.

Is school funding fair? A national group issued a report in September 2010. The title is "Is School Funding Fair? A National Report Card." It was done by scholars from Rutgers University and the Educational Law Center. Some of their conclusions are: Maine gets an A for funding level. We do a good job relative to our income in supporting schools. It gets a D for funding distribution. The authors of that report looked at funding levels of school districts in four groups of 0% poverty, 10% poverty, 20% poverty, 30% and above poverty. Maine ranked near the bottom nationally in distribution of funding with the amount spent per student decreasing in each group from 0%

poverty level to the 30% and above poverty level. Maine's High/Low rating is 85% compared to the highest rated states, those that distribute a larger amount of funding to economically disadvantaged. The leaders are Utah at 151% and New Jersey at 140%.

Last Month, Scott Porter, Superintendent of East Machias, presented an example of winners and losers using Department of Education sources. I want to give you a couple of examples. These examples are not meant to say that winners didn't deserve that or losers didn't deserve that. They are only examples of what has occurred. In the winner category: Yarmouth, 116% increase in four years. Cumberland, 95%; Brewer, 62%; Windham, 61%. Among the losers: Jonesport, 95%; Greenville, 80%; Damariscotta, 76%; Steuben, 67%. That just gives you an idea of what has happened, not the rationale for why it happened. It should be noted that the EPS formula is complex and all cases of inconsistent or unfair treatment in the distribution of state aid are not described by my comments today. The EPS formula and distribution of state aid desperately needs an independent review of how to modify it for all school districts. I have the word of the Commissioner of Education that he is highly in favor of that effort.

LD 1274 is a modest change that would redistribute less than 0.7% of GPA to school districts that have seen severe decline in state GPA under EPS. It is implemented in school year 2012-2013 when 19 million new dollars are added to GPA so no school district is projected to lose subsidy based on LD 1274. LD 1274 will make the following adjustments: A 10% adjustment to the staffing levels of teachers and support staff for school administrative districts of less than 1,200 students. This addresses the staffing requirements of smaller school districts caused by the one size fits all assumption of the EPS formula. It does not apply the dreaded labor market factor to the benefits cost for each SAU. SAU costs are consistent across the state so it doesn't make any rational sense to apply a factor of 0.84 in some of our poorest districts to reduce that calculation. Benefits costs across the state are basically consistent. It provides minimum subsidy provisions for school administrations that have economically disadvantaged populations greater than the state average. This addresses some of the funding distribution problems identified in the report "Is School Funding Fair? A National Report Card."

Ladies and gentlemen, this is a modest change that helps some of our most disadvantaged school districts in Maine. It does not fix all the problems in school funding. We will consider other initiatives to do that important work. I urge everyone to support LD 1274. It is the right thing to do. Thank you, Mr. Speaker.

The SPEAKER: The Chair recognizes the Representative from Harrington, Representative Tilton.

Representative TILTON: Thank you, Mr. Speaker. Mr. Speaker, Ladies and Gentlemen of the House. I rise in support of the pending motion. I want to just tell you a little bit about the school districts in the area that I live in and how the EPS funding formula as it's currently designed has affected my local districts, well, my two local districts and my nine towns and how we've dealt with it. The two complete school districts in my House District are the Moosabec CSD and SAD 37. The Moosabec CSD is comprised of the towns of Jonesport and Beals Island. These towns are obviously very small. The people who live there year-round are clambers, fishermen, they dig worms for a living, but they have a lot of waterfront. I would say that this is probably a good time to remind people that waterfront property does not directly equate into ability to pay. Only money in your pocket indicates ability to pay and the Jonesport area is 60 percent of state median income. Sixty percent, that's almost half of the

median income in the state, and yet they are a minimum receiver under the current funding formula. Last I checked they got about \$30,000 for a special ed, but it is a very small amount and so those two small communities that are 60 percent of state median income are paying for their schools almost 100 percent from the taxes raised on local citizens. They are just sucking it up and paying it because they feel so strongly that they want to keep their schools intact.

Secondly is SAD 37. This is actually the school district that I am a product of. My two children finished school from SAD 37. There are six towns in that district, five of them are coastal. There are about 730 students in SAD 37. The largest town in the district has about 1,200 people, the smallest has about 400. Four times schools in our district have been recognized as Title I distinguished schools, so even though we're small, we do a good job. Our high school, Narraguagus, has fewer than 300 students; all six towns send to that school. So I think you will agree with me that this is a small district doing quite well academically with not a lot to work with.

When the EPS funding formula went into effect, I think it was about 10 years ago now, we lost a million dollars from our budget overnight. Bang, a million dollars gone. I don't know how a million dollars just being taken from your budget affects school districts elsewhere in the state, but I can tell you, for us, it was a bad, bad day. We have since then lost funding every year, meaning every year when the numbers come out we get less money than we got the year before. Now some people may think, well, you rural areas, you've got way too much money, more than you needed, more than you deserved, you were wasteful, you probably should have been smarter with your money, you should have been more thrifty, but listen to what our district has done as a result of these funding reductions just in the last couple of years. Our budget reductions from '08 and '09 to 2010 and 2011, we reduced our budget by another \$682,000, our local taxes to pay for education increased by \$614,000, while the state allocation decreased by \$768,000 in order to fund a budget that was \$584,000 less than the previous year. We got less state subsidy in 2010 and 2011 than we received 21 years ago. Now it was actually more than 21 years ago when I was a student in that school district, but I can tell you we didn't have that many more students then than we do now. So this is really a big net decrease. We closed Columbia Falls Elementary School in 2009 and 2010. Five out of our six towns had their own elementary schools, now four have their own elementary schools. The school board actually voted to close another of our local schools in 2009 and 2010, but the citizens of Cherryfield, whose population is, I don't know, maybe around 1,000, voted to keep that school open and use local funding to do it. We reduced the teaching force by seven teachers in the year 2010 and 2011. We reduced from five full-time elementary principals to 1.29. I don't know who the .29 is, but I imagine they have four or five other jobs as well. But we had five elementary school principals and we now have fewer than two. We reduced from two full-time high school administrators to 1.5. We reduced central office staff by one assistant superintendent and a half of a receptionist. Our total reduction of elementary positions is 28. Our high school positions were reduced by 9.5. Total staff reductions is over 40. This is the real kicker for me. We reduced from 45 elementary classroom teachers to 28. That's a 40 percent reduction. Now I was never very good at math. We had good math teachers; I was not good at math. But this is almost half, isn't it? We have reduced our teaching staff by almost half as a direct result of the accumulation of the effect of the EPS funding formula on my district.

Will LD 1274, as it's presented here, restore our funding or

solve all of our problems? No, but it will provide a little relief and is a modest bit of progress toward a fair and equitable funding formula. Thank you, Mr. Speaker.

The SPEAKER: The Chair recognizes the Representative from Calais, Representative Maker.

Representative **MAKER**: Thank you, Mr. Speaker. Mr. Speaker, Ladies and Gentlemen of the House. What this legislation does, it recognizes that small schools cannot hope to achieve the economy of scale that larger schools do for their support staff, so it applies a 10 percent reduction to pupil/staff ratios for all SAUs with less than 1,200 pupils. It provides a slight increase for a minimum subsidy district with a high percentage of economically disadvantaged students, greater than the average percentage of free and reduced lunch. It states that the labor market adjustment will not be applied to benefit costs because, unlike salaries which do reflect to some degree the cost of living in an area, benefits like health insurance are essentially the same cost across the state and should not be weighted by cost of living formulas. These changes will not impact next school year budget. These conditions would not be put in place until fiscal year '12-'13. When 19 million new dollars are added to K-12 education in fiscal year '13, all districts in the state will gain subsidy or remain unchanged using current fiscal year data. If local conditions change valuation and student populations, districts could lose subsidy or gain more subsidy than projected. If enacted, this bill will shift between \$6 million and \$7 million to rural Maine.

I need to talk a little bit about Calais because I know some are going to bring this forth and claim that Calais gets 80 percent of their costs paid for by the State of Maine. That would be wonderful. The City of Calais would love that, and if you could do it soon, it would be really, really good. But what you need to know also is that Calais pays for the vocational education program for the city of Eastport and Baileyville. They pay no money into that, so we get refunded. We have a large population called Children's Project of special education students in Calais and that in itself is costing us additional funds. We also have debt service in Calais. A question came up about consolidation. Calais did way before this, consolidated three buildings to two buildings. We moved our seventh and eighth graders with our high school and we moved our fifth and sixth graders with our elementary school. We've consolidated. We've dropped art and music which is the love of my life and it kills me every time I have to say this, and as a city councilor I used to say to them all the time, you know, you need to put this back in, but there is no funds. Our kids are hurting because we are not receiving the funds to help educate our kids. Thank you.

The SPEAKER: The Chair recognizes the Representative from Lewiston, Representative Wagner.

Representative **WAGNER**: Thank you, Mr. Speaker. Mr. Speaker, Men and Women of the House, and my Colleagues from Downeast and my Colleague from Greenville. It would be flip to say I feel your pain. I don't, but I understand your pain I'm pretty sure. My concern is as the Representative from Greenville had stated, the commissioner and most of us on the committee, maybe all of us on the Education Committee, want EPS independently evaluated and that should happen very soon. As a result, it seems to me, we should wait until this independent evaluation takes place before playing with the formula, even though the cause is just. The \$19 million that would be so wonderful to have, I wonder if it will be around in 2013? I hope it is. But in any case, I think we need to wait on this despite the good cause. Thank you, Mr. Speaker.

The SPEAKER: The Chair recognizes the Representative from Dennysville, Representative McFadden.

Representative **McFADDEN**: Thank you, Mr. Speaker. Mr. Speaker, Ladies and Gentlemen of the House. Representative Johnson explained this pretty much to the detail that we need to be listening to, but I still have a few more points I want to make. First of all, this is a bipartisan bill. This is not one side of the aisle versus another. This is to partially correct the EPS funding formula. It won't correct it, but it will partially correct it. It's not one part of the state versus another part of the state. It's only about SAUs with less than 1,200 students.

What does it do? It reduces some pupil/staff ratios by 10 percent. For example, it reduces students in the library from 800 to 720, media assistants from 500 to 400, help from 800 to 750, guidance from 250 to 225 and I can keep going on. But this is very critical to the smaller schools around the state because they don't have the population in the schools to meet these ratios. It recognizes smaller schools cannot hope to achieve the economy of scale that larger schools do for the staff, so that it must apply a 10 percent reduction to pupil/staff ratios with less than 1,200 students. These changes will help some, but it's not the complete answer to the flawed EPS funding formula.

The second part of it reduces the reasonable salary adjustment for teachers and other school level staff. It states that the labor market adjustments will not apply to benefit costs because, unlike salaries which do reflect to some degree the cost of living in the area, benefits like health insurance are essentially the same costs across the state and they should not be used in the formula. It also shows the labor markets across the state, the 35 regions across the state, which range from 84 percent to 109 percent, and it depends on the employment in the area. Let me give you an example of a labor market salary of regional adjustment. Not in my district, but we have two towns on the St. Croix River in Washington County. I'm going to name the towns Perry and Robbinston, they are in the same district and Perry is in the 84 percent regional labor market and Robbinston is in the 96 percent. Now when they send in the April 1st and October 1st enrollments for students and so forth and so on to run it through the EPS funding formula, and when they pay their central office staff and so forth and so on, the line 15 on your 279 shows your regional adjustment and Perry receives 84 percent back of the state average. Robbinston receives 96. Now you see they are paying out the same amount basically for the central office, for teachers and so forth and so on, and they are next door to each other. The towns are almost identical. They are approximately the same size and have approximately the same evaluation, but the markets are really, really messed up.

I just want to read a few of the labor market areas across the state so you can see where you fall. First of all, Lewiston and Auburn, they're in .98, so they are a little bit less than the average. Norway and Paris, .94. And by the way, this is from the Department of Education. This isn't something that's been made up like some of the figures that we've been looking at. Stonington, .95. Augusta, .95. Waterville, .97. Bucksport, .94. Jonesport, .84. Machias, .84. Bangor, 1.02. That means they receive two percent above the average. Now this is the stickler. Out of Bangor is .89, the towns surrounding. I think it's like Levant and maybe Veazie and I'm not sure just what towns outside, but the people from Bangor know. Lincoln, 86 percent. Rumford, 93. Ellsworth, 93. Dexter, 93. Patten, 88. Millinocket, 88. Houlton, 86. Greenville, 95. Presque Isle, 90. Up in the northern part, Van Buren, Fort Kent and Madawaska is 99. I think you can do it to the Fraser paper mill up there. But now Portland is 1.08. They receive 8 percent more. Now if I was representing Portland, I wouldn't vote for this bill because I don't want to lose 8 percent. But if I lived in one of those districts

where it's less than 1, I certainly would be supporting it because it would help me as far as the labor market goes.

Okay, the other piece is increased GPA to minimum receivers. The high property valuation is a problem. I also have another piece from the Education Department. I'm taking another town that's not in my district, it's Lubec, and I think probably a lot of you know what happened to Lubec two years ago. Let me just tell you what their valuation was in 2005. It was \$99 million. In 2011, it was \$171 million. So you see the great increase and the main reason is Lubec is like three peninsulas. There is Lubec itself, it's a peninsula. North Lubec is a peninsula. South Lubec is a peninsula. It's all waterfront and that's what's happened to the valuation. Their GPA from the state two years ago or three years ago was over \$600,000. Today it's around \$35,000. It's so bad that they had to close their high school a year ago and transport the kids 30 or 35 miles on the bus, and it's also so bad today that they are thinking about closing their elementary school. Now can you imagine busing kindergarten and first graders and second graders 30 or 35 miles every day? I can't and I'm sure no one in here would want this to happen. Now if an SAU has ocean frontage, lake frontage or river frontage, any water frontage, it increases the peninsula valuation. That's what has happened to Lubec. It has also happened to Jonesport and it has also happened to Eastport. It has happened and I'm sure there are towns down the coast that I don't know about that the same thing has happened to. This increased valuation, in turn, greatly lessens your GPA due to the increased fiscal capacity of the municipality. Minimum receivers' above average economically disadvantaged students will see a slight increase in the GPA and the economical advantage, as we know, are students that are on free and reduced lunch.

Some final thoughts. EPS was designed to meet Maine's Learning Results, so all students in the state receive the same education. We know that's not happening because we don't have the extra dollars to put in education that some of the other more fortunate do. We saw a set of numbers awhile back, a week or two ago, that I disagreed with but maybe they were correct, I don't know, but it showed the GPA, the amount the state sends out to the towns, and it also shows the GPA the towns must raise and that's all it shows. It's not a true picture because what happens is the state tells you how much GPA you are going to get from the state and then the other figure they had on there was how much you must raise. You must raise that much locally to get the full amount from the state. But there is also, in order to run your district, your SAUs, you have to raise additional local and that's what was left out. That's why Representative Maker is talking about the 80 percent. As a matter of fact, that also shows Dennysville at 80 percent. But I've been on the school board there for years and years and years and I had my own figures, not my own, the board figures. I knew that was just a little bit off. Since \$19 million new dollars will be infused in GPA for fiscal year 2012, all SAUs will receive an increase. Some will receive a lot more. These minimum receivers and the less fortunate districts with less wealth will see more. My understanding, there is around \$6 million that would flow and this is only approximately one half of 1 percent of the total amount for GPA for the year 2012. The property-rich and wealth-poor areas should gain under this, so the gap will lessen some, and the ability to pay, that's the key, the ability to pay is not really a coastal valuation. It's the ability to pay. If you have a town on the coast and there is no business there, it's just a town itself and some of these towns don't even have a store. They don't have a garage, they don't have anything. That needs to be taken into consideration.

Okay now the other thing, the DOE testified for and fully support LD 1274 and they recognize the formula doesn't work for

rural Maine. Now it was just mentioned by my good friend Representative Wagner that there was an independent study coming up. I believe the Education Committee has recommended that they use \$600,000 for an independent study. It wouldn't be done by the Department of Education. It wouldn't be done by MEPRI, David Silvernail and his crew from southern Maine, the University of Southern Maine. We hear that this study, why pass this bill, why don't we wait for the study? Well, let me ask you a question. When the school regionalization formula came into effect, are we waiting and waiting and to fix that? We've been fixing that piece by piece by piece by piece ever since it became law and we're still fixing it and it's still not perfect and it will probably never be perfect. So we need to pass this piece of legislation now. This is the first piece of it and then we can do the study and go on from there and do what we need to make this right for all of Maine. Thank you, Mr. Speaker.

The SPEAKER: The Chair recognizes the Representative from Whiting, Representative Burns.

Representative **BURNS**: Thank you, Mr. Speaker. Mr. Speaker, Ladies and Gentlemen of the House. The good thing about waiting your turn in the queue is that everything has been said. The bad thing about being first is you might get it wrong. I will try not to bore you with much more detail. I don't think we have a corner on the market on this side of the aisle with that, but we can hold our own. The issue here, in my opinion, and you've heard it over and over again and we hear it about a lot of other bills, is fairness.

I appreciate the fact that the good Representative from Lewiston, Representative Wagner, said that he really couldn't feel the pain. He could understand it because he is absolutely right. He can't feel the pain. I can't even feel the pain and I live right next door to the town of Lubec and I've talked about that several times to you folks. I'm going to mention it one more time, Representative McFadden just mentioned it, the fact that they had to close their school down after losing almost all of the \$600,000 in subsidy. It wasn't because of mismanagement. It wasn't because of a lot of other factors that people will throw at you. The fact was that they just couldn't afford to keep the schools open. Imagine 75 people turning out to that last school board meeting having to make that difficult decision, many of them leaving the place crying because they were losing their high school after all of these years. Here we are coming up in July with the 200th anniversary of the town of Lubec, the year before they lose their high school and there is a threat of losing their grammar school. As I said last night, I just asked you to think about that, how devastating that is.

Eastport is facing some of the same situations because, as the Representative said, one has three peninsulas and the other one is an island, Eastport losing over 65 percent of their state funding in the last several years. How do you make up those losses? That's why I say this is a matter of fairness. It's not a matter of mismanagement. They work with what they have. It's not the fault of the city of Eastport or the folks in Lubec or the rest of the coastal towns that you've heard from or folks in Greenville, that their property values have skyrocketed. It's not their fault. It's all about who's willing to come in and pay for those properties. People from out of state, well-to-do Mainers. It's nobody's fault the property is for sale. If they want to come in and buy it, there goes your property value ratings. But with some of the highest unemployment rates in the state, Washington County has very little to meet that demand with, especially in the communities of Lubec, Trescott, Machiasport, Cutler where I represent. So again, we think it's about fairness.

We're talking about a \$19 million stipend here that's going to help provide some equity across the state. We think if you folks

are willing to pass this bill, it's a start. Only about \$6 million of that is going to be used to meet some of these unmet needs in these rural communities. But I just want to keep reemphasizing it's not about mismanaging. It's a matter of making the very best that you can out of what you have to work with. People who go out and work every day, work several jobs trying to pay their taxes, trying to keep their schools open, but because of what we see and what you've heard over and over again, at least for the last three years that I've been here, an inequitable funding formula causing small schools, rural schools, coastal schools to face a deficit they just can't cope with and having to close down their schools. Maybe some of them need to be closed, maybe they don't. The point is when your school closes and you have very little else in your community, what's next? When you have to send your high school kids 35 to 40 miles one way to another school and then you have to consider the possibility of sending your grammar school kids the same distance, those are pretty difficult issues to face. I hope people haven't made their mind up hard and fast about this. I hope they've been listening this morning.

Again, some of these things have to be said, some of these facts have to be presented. I realize or I guess I would say I'm glad this is happening during the daylight hours. Even though I look around, there is no hockey game, there's only about half of us here, I hope those of you that are here are listening and have an open mind. These are really important issues that we're talking about, extremely important issues. It's not about the haves and have nots, it's about the fairness situation. Every kid in this state deserves an opportunity to have a good education, whether it's in a charter school, a private school, a public school, it doesn't matter to me. What matters is they all have to have the same opportunity. People enjoy going Downeast on the coast seeing the beauties that we have, and I appreciate that. The more that come, the merrier, as far as I'm concerned. Spend the winter there, eke out a living, see what it's like. They have what they have because they work hard, not because somebody gives them something that they don't deserve. This is a fairness issue. I just implore you to consider that and I would ask you to follow my light and vote to support this. Thank you very much, Mr. Speaker, and Ladies and Gentlemen of the House.

The SPEAKER: The Chair recognizes the Representative from Palermo, Representative Harmon.

Representative **HARMON**: Thank you, Mr. Speaker. Mr. Speaker, Ladies and Gentlemen of the House. I rise in favor of the pending motion. Currently, Mr. Speaker, the EPS regional salary cost indexing includes health insurance benefits for staff members across the state. Although salaries may vary across the state, health benefits do not. Hence this would be only 84 percent of the cost to Washington County or 95 percent of those costs to Somerset is unfairly underfunding the districts for costs that are equal across the state. LD 1274 removes the cost of benefits from this calculation helping more rural parts of Maine pay for these very necessary benefits.

Currently, Mr. Speaker, the EPS formula utilizes two-year old state property value data to determine the distribution of funds for schools. As property values change, sometimes significantly, either up or down, this one-year snapshot doesn't actually reflect the current ability to pay of the local school units. LD 1274 allows school units to use a three-year average of property values to determine their ability to pay or their two-year-old values, whichever is lesser. Much like our averaging student enrollment data to try to account for shifting populations, this allows for an averaging of property values which also accounts for shifting values. Overall, it helps to mitigate the pendulum effect to some

and/or it helps to mitigate large swings of property values allowing assessments to catch up.

Currently, Mr. Speaker, the EPS funding formula takes Title I funds from each local school unit. These funds are distributed based upon a formula at the Federal Government level and brings those funds into the formula as a state contribution, essentially subtracting those funds from our allocations. Some would argue that this is more than accounted for by including Title I teachers in the salary matrixes. However, that only works if you spend the majority of your funds on Title I teachers. Many rural schools do not. Instead they spend their funds on educational technicians or on supplies, equipment and on professional development, none of which are accounted for within the EPS. Title I funds are supposed to be distributed directly to school units accounted for within EPS. Title I funds are supposed to be distributed directly to the school units from the Federal Government based upon their formulas. EPS should stay out of it. LD 1274 removes the Title I calculation from EPS in its entirety, also removing Title I teachers from the ratio calculations so Title I funds can flow directly to school units as they are intended to do.

In conclusion, Mr. Speaker, LD 1274 ultimately does this: One, it allows school systems using three averages of state values versus the one snapshot year that is two years behind that is used now. Two, it allows a larger per pupil amount to be calculated for economically disadvantaged students. Three, it allows school systems that are under 1,200 to get a 10 percent reduction in the ratio calculations. Four, it allows Title I funds to be removed from the EPS funding allocation. Currently the state uses federal funds within the EPS formula. Five and lastly, it allows health benefits to be removed from the regional salary cost indexing calculations. Health benefits cost the same cost to the state regardless of where you live. Thank you, Mr. Speaker. If a roll call hasn't been requested, I request that the yeas and nays be taken.

The SPEAKER: A roll is already in order. The Chair recognizes the Representative from Deer Isle, Representative Kumiega.

Representative **KUMIEGA**: Thank you, Mr. Speaker. Mr. Speaker, Men and Women of the House. As a school committee member I've been arguing inequities of the EPS formula since it was first proposed. EPS has been bleeding the life out of small rural schools since its inception. I honestly didn't think this body could enact legislation more harmful to small rural schools until the school consolidation came along. Some have referred to this bill as spreadsheet politics, where members decide their votes based solely on the effect LD 1274 will have on schools in their district. I ask members to vote based on what's right, not what's politically right. Thank you, Mr. Speaker.

The SPEAKER: The Chair recognizes the Representative from Brooksville, Representative Chapman.

Representative **CHAPMAN**: Thank you, Mr. Speaker. Mr. Speaker, Colleagues and Friends of the House. Half a dozen years ago I did a detailed analysis of the effect of the EPS funding formula. I was an outspoken critic of it because it could show that the effect the EPS funding formula had at that time and for every year after that was to move money from the small schools to larger schools, whether that was the intent or not the intent.

The only other comment I'd like to make is to second the comment of my colleague from Deer Isle, Representative Kumiega, who I think very clearly points out that the benefit to this statewide policy is not merely the sum of the benefits to each of our local areas. I'd like to point out that seven years ago when

I was doing this detailed analysis, the EPS funding formula had a very, very minor effect in my home town, but I recognized that it would have a devastating effect to some of my neighbors and other areas of the state. I think that that's the important point here. We have to recognize that people around the state are all our neighbors and we need to look out for all of their welfare. Thank you, Mr. Speaker.

The SPEAKER: The Chair recognizes the Representative from Greenville, Representative Johnson.

Representative **JOHNSON**: Thank you, Mr. Speaker. Mr. Speaker, Ladies and Gentlemen of the House. I apologize for rising twice, but I wanted to make one comment in regard to Representative Wagner's comments. I appreciated them very much and they were accurate. I am committed with whatever time I have left in this world to change the EPS funding formula. However, I recognize it is not a near-term task. We should all understand the difficulty of changing that because no matter what you do to change it, there are winners and losers. So it is not a simple thing to do. The best possible is three years out, the best possible, and I'm not sure how long I'm going to live, but I'm going to try to change that with whatever time I have left.

The SPEAKER: The Chair recognizes the Representative from Caribou, Representative Edgecomb.

Representative **EDGECOMB**: Thank you, Mr. Speaker. Mr. Speaker, Ladies and Gentlemen of the House. This is for real. You're lucky, Mr. Speaker. I could go on for a considerable amount of time on the EPS formula and we definitely would miss lunch, but I just want to make one point. This is not scientific, but it's a result of working in Aroostook County in education and working in Washington County. But students that leave and move out of Washington County and Aroostook County have a tendency when they leave to go to Bangor and places south, and I'm sure that if you live in those cities and towns in southern Maine that you would like to have intelligent young people move into your community. When students, my observation is also when they leave Portland they don't usually move to Aroostook County or move to Washington County, they leave the State of Maine. So you educate them and they leave. We educate them and we send them to you. Please keep that in mind.

The SPEAKER: The Chair recognizes the Representative from Veazie, Representative Parker.

Representative **PARKER**: Thank you, Mr. Speaker. Mr. Speaker, Ladies and Gentlemen of the House. We're hearing very little today from those who actually gain out of the EPS formula. As you know, I represent Bangor and standing up and speaking in favor of this motion basically could suggest that I want to take money away from my city. The \$19 million that is being added is additional money. We're going to get the money we would have received and now we're going to get some additional. It's not a reduction in what we get by getting less than we'd like to get, but I think this is a fairness situation because it's about time we did something for the smaller communities. We've had a lot of debate here today from the small communities trying to survive and we've heard little, if anything, from the big communities who now can take advantage, because if we leave it as it is and we study it, we can keep that money in the big communities. That's not what we should be looking at. We should try to be fair. This is an opportunity to take \$19 million out of nearly \$1 billion worth of money to tweak it a little bit to help some of these small communities survive. I think it's time we support this motion. I think then as a body we should look at this EPS formula. It's going to be a long difficult battle to get those who have to give to those who haven't, but that has to be done in the future. This is just a short-term solution to help maybe a few small communities and I think we have to support this motion.

The SPEAKER: A roll call has been ordered. The pending question before the House is Acceptance of the Majority Ought to Pass as Amended Report. All those in favor will vote yes, those opposed will vote no.

ROLL CALL NO. 202

YEA - Ayotte, Beliveau, Bennett, Black, Blodgett, Briggs, Burns DC, Cebra, Chapman, Chase, Clark H, Clark T, Cotta, Crafts, Cray, Crockett, Curtis, Cushing, Damon, Davis, Dow, Duchesne, Dunphy, Edgecomb, Espling, Fitts, Fitzpatrick, Flemings, Flood, Fossel, Foster, Gifford, Gilbert, Gillway, Guerin, Hamper, Hanley, Harmon, Harvell, Hayes, Johnson D, Johnson P, Keschl, Knapp, Knight, Kumiega, Libby, Long, Luchini, MacDonald, Maker, Malaby, Maloney, Martin, McClellan, McFadden, Morissette, Moulton, Nass, Newendyke, Parker, Parry, Peterson, Picchiotti, Rankin, Richardson D, Richardson W, Rioux, Rosen, Sanderson, Sarty, Theriault, Tilton, Treat, Turner, Waterhouse, Weaver, Willette A, Willette M, Winsor, Mr. Speaker.

NAY - Beaudoin, Beaulieu, Beavers, Beck, Berry, Bickford, Boland, Bolduc, Bryant, Burns DR, Cain, Carey, Casavant, Chipman, Clarke, Cornell du Houx, Dill J, Driscoll, Eberle, Eves, Goode, Graham, Harlow, Haskell, Herbig, Hogan, Hunt, Innes Walsh, Kaenrath, Kent, Kruger, Lajoie, Longstaff, Lovejoy, Mazurek, McCabe, McKane, Morrison, Nelson, O'Brien, O'Connor, Olsen, Peoples, Pilon, Plummer, Prescott, Priest, Rochelo, Rotundo, Russell, Sanborn, Shaw, Sirocki, Stevens, Strang Burgess, Stuckey, Timberlake, Tuttle, Valentino, Volk, Wagner R, Webster, Welsh, Wood.

ABSENT - Celli, Dion, Fredette, Hinck, Wintle.

Yes, 81; No, 64; Absent, 5; Vacant, 1; Excused, 0.

81 having voted in the affirmative and 64 voted in the negative, 1 vacancy with 5 being absent, and accordingly the Majority Ought to Pass as Amended Report was **ACCEPTED**.

The Bill was **READ ONCE**. Committee Amendment "A" (S-240) was **READ** by the Clerk.

Senate Amendment "A" (S-273) to Committee Amendment "A" (S-240) was **READ** by the Clerk and **ADOPTED**.

Committee Amendment "A" (S-240) as Amended by Senate Amendment "A" (S-273) thereto was **ADOPTED**.

Under suspension of the rules the Bill was given its **SECOND READING WITHOUT REFERENCE** to the Committee on Bills in the Second Reading.

Under further suspension of the rules the Bill was **PASSED TO BE ENGROSSED** as Amended by Committee Amendment "A" (S-240) as Amended by Senate Amendment "A" (S-273) thereto in concurrence.

The following items were taken up out of order by unanimous consent:

CONSENT CALENDAR

First Day

In accordance with House Rule 519, the following items appeared on the Consent Calendar for the First Day:

(S.P. 353) (L.D. 1153) Bill "An Act To Regulate the Bonded Indebtedness of the State" Committee on **APPROPRIATIONS AND FINANCIAL AFFAIRS** reporting **Ought to Pass as Amended by Committee Amendment "A" (S-317)**

(H.P. 1076) (L.D. 1467) Bill "An Act To Improve Timely Access to Health Care Data" (EMERGENCY) Committee on **HEALTH AND HUMAN SERVICES** reporting **Ought to Pass as Amended by Committee Amendment "A" (H-655)**

Under suspension of the rules, Second Day Consent Calendar notification was given.