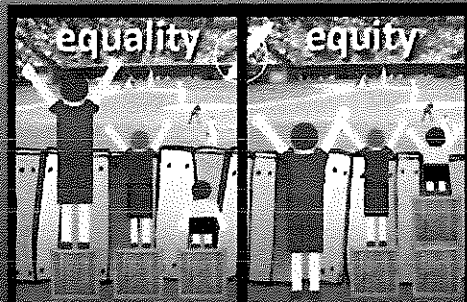# Calculation: EPS Formula

Essential Programs and Services
Title 20-A, Chapter 606-B: ESSENTIAL PROGRAMS AND SERVICES

The EPS formula provides the State with a mechanism for establishing a *minimum* sufficient funding level for achieving the Learning Results and an equitable way to *distribute* the funding responsibility between local communities and the State.

Calculation: EPS Formula

Calculation: EPS Formula

- Essential Programs and Services (EPS) is designed to ensure 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 PreK-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.

Calculation: EPS Formula

What EPS is NOT:

$ A prescription for how funds should be spent.

The decisive amount to be spent on education in a school administrative unit.

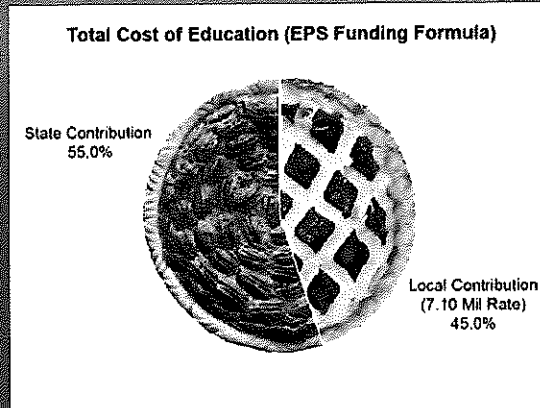How funds are budgeted and spent on public education is a local decision.

How much to budget and spend on public education is a local decision.

Calculation: EPS Formula

How Much Pie Do We Need?
Total Cost of Education FY 23 = $2,462,294,676

Total Cost of Education (EPS Funding Formula)

State Contribution
55.0%

Local Contribution
(7.10 Mil Rate)
45.0%

Calculation: EPS Formula

Key Operating (*Cost Driven*) Components:

- Student Demographics (Pupil counts by SAU & grade level)
- EPS Per Pupil Rate for each individual SAU (Per pupil amounts are tailored for each unit reflecting costs for actual Staff)
- Weighted Amounts (Additional funding for English (Multilingual) Learners and those identified as Economically Disadvantaged)
- Targeted Amounts (Additional funding for PreK, K-2, Assessments, and Technology Resources)
- Other Adjustments (include additional funding for Isolated Small Schools, Adult Education, and Equivalent Instruction)

Calculation: EPS Formula

Other Subsidizable (*Expenditure Driven*) Components:
- Special Education
- Transportation
- Gifted & Talented
- Bus Purchases
- School Construction Debt Service

Calculation: EPS Formula

State and Local Share:
- In order to receive State subsidy, SAUs must contribute the required local amount per the EPS calculation.
- Many SAUs raise above and beyond what the State requires for the local share – that is referred to as "additional local".

Key Factors in Determining Required Local Share:
- Valuation by town as provided by the Maine Revenue Service each year, which determines ability to pay
- Percentage of students by town within a combined SAU, used to determine distribution of Total Allocation by Town
- Mil Expectation calculated after determining Total Cost of Education, State Funds Available, and Valuation by Town.
- Current FY 23 Mil Rate = 7.10

Distribution of State Funding

How Big A Slice Does Each SAU Get?

How to distribute State funds to individual SAUs:

Example SAU: **Augusta**

Total Cost of Education per EPS = $27,083,361.63

Town Valuation = $1,656,850,000

x Mil Rate Expectation = 7.10

= Local Ability to Pay = $11,763,635.00

> Total Cost of Education per EPS for SAU = $27,083,361.63
> *Minus* Local Ability to Pay = $11,763,635.00
> *Equals* State Contribution to SAU = **$15,319,726.63**

Distribution of State Funding

How Big A Slice Does Each SAU Get?

How to distribute State funds to individual SAUs:

Example SAU: **York**

Total Cost of Education per EPS = $21,612,236.37

Town Valuation = $4,704,133,333

x Mil Rate Expectation = 7.10

= Local Ability to Pay = $33,399,346.66

> Total Cost of Education per EPS for SAU = $21,612,236.37
> *Minus* Local Ability to Pay = $33,399,346.66
> *Equals* State Contribution to SAU = **$0** *
> State Contribution after Minimum Receiver Adjustment = $ 2,968,115.81
> *This is an example of a Minimum Receiver*

Distribution of State Funding

Minimum Receiver Status

When a SAU/town's ability to pay is *greater* than their required local contribution, then they are considered a minimum receiver.

Remember, the EPS funding formula is used to *equitably* **distribute** funds to the areas that need them the most.

As a result, if a SAU has a higher valuation, (aka: higher ability to pay), the EPS formula will provide less funds to you, so it can provide more funds to SAUs that do not have as great an ability to pay.

Accountability of State Funds

In order to ensure accountability:

All SAUs are required to submit a financial audit annually per Title 20-A, §6051.