

Education and Cultural Affairs  
Committee

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# EPS Special Education Cost Model Recommendations

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## LD 2286: Addressed in 5 parts

- I. Data trends (February)
- II. State aid & local ability to pay (April)
- III. Regional cost variation
- IV. Special education**
- V. All Other

## Overview

- Challenges with the current model
- Approach(es) for model revisions
- Feasibility and expected impacts

## Purpose of EPS Funding Model

The Goal of the Essential Programs and Services school funding approach is to provide **adequate** resources so that schools “have the programs and services that are essential for all students to have **equitable opportunities** to achieve Maine’s Learning Results.”

**Cost models are generally more equitable than expenditure basis, and more adequate in lower wealth communities.**

## Adequacy Challenges

- Very large variation in spending patterns.
  - Only anecdotal information on what's happening.
  - Reports of underspending (lack of access to services)
  - Reports of overspending (litigation, hiring ed techs to compensate for lack of better options)
- **Spending data is unreliable indicator of adequacy for cost modeling.**

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## Special Education Spending Summary

Category	Total FY2023 Expenditure	%age of total
1. Teacher Salary & Ben.	\$175,395,939	33.9%
2. Ed Tech Salary & Ben.	\$154,354,771	29.8%
3. Related Services	\$95,814,858	18.5%
4. Administration	\$45,546,168	8.8%
5. Out of District Tuition	\$36,497,412	7.1%
6. Unassigned (All Other)	\$9,647,190	1.9%
<b>Total</b>	<b>\$517,256,337</b>	<b>100%</b>

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## Contextual Challenges

- Rising identification rates
  - From 16% in FY15 to 20% in FY25
  - National rate is 15%; top 4
  - 86% increase in Autism
  - 48% increase in Other Health Impairment
- Lack of regional infrastructure
- Inadequate MTSS (early intervention) systems
- MaineCare billing capacity

→ **All of these factors drive up spending.**

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## SpEd Funding Model Elements

- Base weight (1.5)
- Prevalence weight over 15% (0.38)
- High Cost In-District adjustment
- High Cost Out of District (HCOOD) adj.
- Small Program adjustment
- “Step 6” Expenditure comparison

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## Equity Challenges

Cost model no longer treats similar students similarly due to:

1. High Cost In-District Student adj.
2. Prevalence Adjustment @15%
3. Maintenance of Effort Component (expenditure driven)

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## Maintenance of Effort Patterns (FY2020)

District poverty level	N	Pupils w IEPs	Total MOE (\$Millions)	Avg. MOE adj. per pupil
Lowest 33%	63	11,121	\$36.7	\$3,839
Middle 33%	64	10,894	\$26.2	\$2,421
Highest 33%	63	8,998	\$19.9	\$1,307
<i>Total</i>	<i>190</i>	<i>31,013</i>	<i>\$83.0</i>	<i>\$2,522</i>

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## Updated Approach

- **Predictable costs only.**
  - Expenditure sharing system for highly variable costs
- **Multiple student weights**
  - Closer fit to student needs and actual prevalence
  - AZ, CO, GA, IN, IA, KY, NM, OH, OK, SC, TX
- **MaineCare services are separate**

**Q: What types of costs belong in each bucket?**

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## Multiple Student Weight Model Needs

- Need stable, reliable, valid data on **students**.
    - Method to assign students to tiers based on anticipated cost of services. 2 tiers = Higher and lower intensity of needs.
    - Typically based on disability, placement setting, or combination of both. We have the data, need policy for assigning to tiers.
  - Need stable, reliable, valid data on **costs of adequate services**
    - We don't have enough information on these.
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## MaineCare - Evolving Situation

Untapped potential in recent years

- \$96M in related services
- Unknown \$ for BHPs
- Only ~\$6M billed in FY23

Upcoming changes could expand

*But....*

Challenges in state budget

Potential (likely?) federal changes -> uncertainty

Important but not a cure-all.

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## Proposed Future Base Weights Model

<b>Tier 1 (Lower intensity)</b>	<b>Tier 2 (Higher intensity)</b>
Regular and Resource room SPED teachers	Self-contained SPED teachers
Unassigned ed techs	Self-contained room, 1:1, or 1:2 Ed techs
Proportional amount of administration & staff support (PD, Travel) in each weight	

**Approx Total: \$375 M**

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## Remaining costs (\$142M)

- Out-of-district tuition (SPPSs, regional programs)
- MaineCare eligible services
  - At least 60.1% of students with IEPs
  - Most related services (PT, OT, Speech)
  - Some BHP staff
- Related services & BHPs not eligible for MaineCare

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## Options for remaining costs

- Fixed cost share for all SAUs (e.g. 55% state, 45% local)
- Variable cost share with different rates for SAUs based on some criteria
- Include in model as adjustment based on prior year (similar to HCOOD)
- Block grants

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## Note: Included in Other EPS components

- Supplies and equipment
- Technology
- Transportation
- Property services

**MTSS early intervention programs are NOT explicitly included in the EPS regular education funding model.**

But they should be. They are “essential.”

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## Missing Cost Data

### For base weights:

- SPED Teacher assignments (resource room vs self-contained)
- Ed Tech assignments (unassigned vs. 1:1 or self-contained; distinguish BHPs)

### For remaining costs:

- MaineCare eligible expenses
- MTSS costs

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## Transitional changes recommended - FY27

- Need to improve adequacy and contain costs while two-tiered system finalized with additional data
- Fixed cost share results were extreme; increased mil rate by 0.56 (8%)
- Additional model(s) pending
- A more responsive hardship system could provide relief for unexpected costs that arise mid-year.

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## Transitional changes recommended - FY27

Model results pending:

- Increase base weight (e.g. to 1.67) and eliminate high-cost in-district adjustment
- Increase prevalence threshold to 17% (?)
- Option: Replace MOE adjustment with prior year unreimbursed related service expenses (similar mechanism to HCOOD)
- Option: Cap MOE at a percentage (e.g. 80%)

Recommendation(s) in final report.

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## Additional Next Steps

- Collect staff data for tiered weights, removing MaineCare-eligible BHPs (Fall 2025)
- Improve MaineCare billing
- Revisit 2018 Cost Driver Task Force report
- Workgroup on regional infrastructure & supports?
- Support for MTSS infrastructure (PD, coaching, implementation support).
- Continue to set aside \$ for hardship; re-evaluate criteria

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## Q & A

### Questions?

- Amy Johnson ([amyj@maine.edu](mailto:amyj@maine.edu))

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