

**The 2009-10 Review of
Employee Benefits Component in the Essential Programs and Services
School Funding Model**

**David L. Silvernail
Director**



**James E. Sloan
Research Associate**

**Maine Education Policy Research Institute
University of Southern Maine Office**

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Essential Programs and Services Funding Model**

D. L. Silvernail

J. E. Sloan

In 2004, the legislature passed the *Essential Programs and Services Funding Act*, a new method of determining the cost of K-12 education for Maine. The Essential Programs and Services (EPS) model of education costs is employed in determining the cost allocation for each School Administrative Unit (SAU) in Maine. The resulting cost allocations are, in turn, applied to the funding formula to determine General Purpose Aid to schools.

Employee benefits were approximately \$223.5 million statewide in 2008-09, not counting contributions made by the State to the Maine State Retirement Fund for teacher pensions.

SAU benefits costs for school personnel are accounted for in EPS using the concept of employee benefits percentages—that is, the cost of employee benefits is defined as a percentage of the cost of employee salaries and wages. The EPS School Personnel component includes a benefits percentage for each of the EPS school staff categories. The current EPS benefits percentages are listed in the Table 1 below.

Table 1: Benefit Percentage by School Staff Category

EPS School Staff Category	EPS Benefits Percentage
Teachers, Guidance/Counseling, Library and Health Staff	19%
Education Technicians and Media Assistants	36%
School Administrators	14%
Clerical Staff	29%

As required by law, the Benefits component of the EPS formula was reviewed for 2009-10. For this review the expenditure distribution for 2008-09 as reported by SAUs was used.

Specifically, changes in benefits percentages by accounting function were calculated. The results of this analysis are presented in Table 2.

Table 2: Employee Benefits Percentages by Function

Function	Benefits Percentage		
	Current	2008-09	Change
Teachers, Guidance, Librarians, and Health Staff	19%	22.2%	+3.2%
Education Technicians/Media Assistants	36%	33.3%	-2.7%
School Administrators	14.0%	18.5%	+4.5%
Clerical Staff	29.0%	32.1%	+3.1%
All School Functions (Excludes System Functions)	20.5%	23.2%	+2.7%

Examining Table 2, there were increases of 2.7% - 4.5% or less in the benefits percentages for 3 out of 4 categories. The benefits percentage decreased by 2.7% for Clerical staff by function, as may be seen in the rightmost column. The financial data by function includes employee pay for part-time employees and employees without benefits. The EPS model is based on full-time employees with benefits. The changes in the benefits percentages by function may be attributable to a number of factors: a change in the number of part-time employees or employees not receiving benefits, changes in the mix of job classifications, changes in salary structures, or other changes.

Based on this analysis, consideration of changes in the Benefits component of EPS may be warranted. Any changes in line with actual benefits percentages that are reported in Table 2 would significantly increase the Total Allocation of EPS, but the exact increase may only be determined when the changes are applied to the actual calculations of EPS for a given fiscal year.