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Regionalization Committee Completes Work

Monitoring the two-month long process of the *ad hoc* Committee on Regionalization and Community Co-operation was similar to attending any middle school's annual spring concert. Generally, the process was slow, extremely lengthy and painfully off-key, but in the end the Committee accomplished its goals, wrapped-up its work and those participating and monitoring the process were generally satisfied with the outcome. Although not all of the performances were perfect, the participants in the process can't help but think that it was worth all of the time and effort. It is with little fanfare or debate that the Committee performed its final number as it voted out all of its bills on Monday of this week.

LD 1921 - School Efficiency Bill

The Committee voted "ought to pass as amended" on the Governor's school efficiency bill, LD 1921, *An Act to Encourage Voluntary Efficiency in Maine's School Systems and Related Costs Savings*, by a margin of 12 to 3. As amended, the bill seeks to create three model school systems (so-called "consulting school units", regional cooperatives and regional school districts) to meet the goals of increasing efficiency, improving equity and mitigating against annual school cost increases without compromising the quality of K -12 education in Maine. Each of the three efficiency models described in LD 1921 has its own:

- qualifying criteria;
- incentives (to be provided over a six year period between FY 2005 and FY 2010);
- reporting requirements;
- cost efficiency/savings targets; and
- penalties for failing to meet efficiency and saving targets.

A portion of the state's share of K-12 education funding (GPA) is used to fund the incentives provided in the bill.

Regional School Districts (RSD). Under LD 1921, a regional school district would be comprised of two or more existing school administrative units with an aggregate resident student population of 1,000 or more that consolidates into a single administrative unit governed by a single board. The State Board of Education could autho-

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Committees Poised to Ignore School Funding Commitment

For several weeks the Education Committee and the Taxation Committee have been meeting together to "work" LD 1924, Governor Baldacci's bill designed to implement the Essential Programs and Services school funding allocation and distribution system.

As a new "allocation" system, EPS defines how much every school's budget should be in order to educate Maine's school children up to the "Learning Results" standard.

As a distribution system, LD 1924 would repeal the current school funding formula and replace it with a completely new system. When fully implemented in 2010, the new system would establish a mill rate effort to support local schools that every municipality in Maine would be asked to levy. After that amount of property tax effort is expended, the state would provide the rest of that school's budget up to the total amount defined as necessary by the EPS model.

Communities with enough taxable property per public school student to generate the full EPS allocation within that mill rate effort will not get financial support from the state for public education, except for a minimal subsidy allowance and previously guaranteed state debt payments.

The two committees are supportive of the plan but are trying to quell some of the inevitable controversies that arise with the implementation of a new funding system.

It is also apparent by some of the Committee's actions that there is not a complete understanding on the legislative level of how the EPS implementation system is designed to work, or

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rize the creation of a RSD with an aggregate resident student population less than 1,000 students if located in a geographically isolated area of the state. The RSD would be required to include at least one high school with a resident student population of 300, unless the State Board agreed at its discretion that the smaller high school could administer an adequate and efficient educational program. The units in the RSD would be required to agree to implement a school-level budgeting and accounting system and adopt a state approved five-year plan for increasing efficiencies and academic performance in the RSD. Each of the school administrative units comprising the RSD would be required to approve an agreement for addressing the continuity of employment and benefits and rights of all bargaining units in the new mega-district.

As proposed in LD 1921, a qualifying RSD with a student population greater than 2,500 would be eligible to receive an annual GPA bonus equal to 10% of the total GPA provided in each of the existing school administrative units over a period of five years. In addition to the GPA bonus, the state would pay over the same 5-year period 50% of major capital construction debt incurred prior to July 1, 2004 for elements of school construction projects that the state previously would not participate in. The RSD would also receive two year's worth of additional state funding for the creation of all-day kindergarten programs.

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A smaller RSD with a student population between 1,000 and 2,500 would receive the same type of incentives but at reduced levels — the GPA bonus payment would be 7.5% and the state would assume 25% of the non-state supported major capital construction debt incurred prior to July 1, 2004.

Penalties. In order to continue to qualify for incentive funding, the RSD would be required to annually illustrate to the State Board: (1) that it had made "satisfactory" annual progress in implementing its five year plan; and (2) the consolidated school's total annual administrative expenditures were no greater than 90% of the previous year's administrative expenditures, adjusted for inflation. Unless it could be illustrated that an "exceptional circumstance" prevented the RSD from meeting its established savings and performance targets, it would become ineligible for future incentive funding and required to pay back the state an amount equal to the difference between the actual cost savings achieved and the 90% cost savings target as well as 50% of the state incentive funds received in the fiscal year.

Regional Cooperatives (RC). Regional Cooperatives would be comprised of three or more school administrative units with aggregate resident student populations of at least 1,500, except that a regional cooperative with an aggregate student population of less than 1,500 could be created if located in a geographically isolated area. Municipalities and counties could also participate in a regional cooperative. The purpose of the regional cooperative is to generate cost savings by developing a plan for providing administrative services, such as purchase of supplies and equipment, transportation, fuel and utilities costs, special education, professional development, facilities and maintenance, business operation, etc. on a regional basis. The RC would be required to reinvest at least 50% of the realized savings into school instructional programs.

The RC incentives are thin. As proposed in LD 1921, a qualifying regional cooperative with a student population greater than 1,500 students would be entitled to receive funding for the salary and benefits equal to one half-time regional staff member to be paid by the state on a declining scale over a five-year period. The cooperative also would be eligible to receive assistance in the purchase of region-wide service software and receive state assistance for providing regional services training programs.

A regional cooperative with a student population less than 1,500 would receive the same incentives, except that it would receive funding for the salary and benefits equal to one quarter-time regional staff member (rather than half-time) to be paid by the state on a declining scale over a five-year period.

Penalties. In order to continue to qualify for incentive funding, the cooperative would be required to annually illustrate to the commissioner of the Department of Education that it had made "satisfactory" annual progress in implementing its regional services delivery plan. Unless it could be illustrated that an "exceptional circumstance" prevented the RC from meeting its establish goals, it would become ineligible for future incentive funding and in the following fiscal year required to reimburse 100% of the incentive funds provided.

Consulting School Units (CSU). "Consulting school units" would be defined as existing units that meet cost-efficiency criteria and demonstrate high-level student performance as determined by yet- to-be-established Department of Education rules. The consulting unit would be required to develop a five-year plan for providing assistance and execute an agreement with one or more school administrative units seeking to provide K-12 education services more efficiently.

The incentives for CSUs parallel those for the Regional School Districts. As proposed in LD 1921, a qualifying consulting school with a student population greater than 2,500 would be eligible to receive an annual GPA bonus equal to 10% of the total GPA provided in each of the existing school administrative units over a period of five years. In addition to the GPA bonus, the state would pay over a 5-year period 50% of

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REGIONAL (cont'd)

major capital construction debt incurred prior to July 1, 2004 for elements of school construction projects that the state previously would not participate in. A consulting school with a student population between 1,000 and 2,500 would be entitled to receive the greater of a 7.5% GPA bonus or 25% of pre-existing non-state supported debt. A consulting school with a student population less than 1,000 would be entitled to receive over a 5-year period the greater of a 5% GPA bonus 25% state reimbursement of the pre-existing non-state supported debt.

Penalties. In order to continue to qualify for incentive funding, the consulting school would be required to annually document to the Department of Education that the school had sustained or improved its service delivery efficiencies, provided the agreed-upon assistance, and sustained or improved high-level student performance. Unless it could be illustrated that an "exceptional circumstance" prevented the consulting unit from meeting its goals, it would become ineligible for future incentive funding and required to reimburse 25% of the incentive funds provided in the following fiscal year.

Incentive Funding. To cover the incentives, LD 1921 would create the *Fund for the Efficient Delivery of Education Services*. The name and structure of this fund is lifted from the citizens-initiated *School Finance and Tax Reform Act of 2003* (Question 1A) which will be on the ballot on June 8, 2004. In both cases, the fund is capitalized by diverting a 2% share of the GPA appropriation for regionalization incentives. The major difference from the fund that is created in LD 1921 and the fund that is envisioned in Question 1A is that Question 1A authorized the 2% diversion only when the state was contributing 55% of the cost of K-12 education. LD 1921 authorizes the diversion even though the GPA appropriation will only be providing 42% of the total K-12 allocation, which will result in some negative consequences for many school districts.

Under the phased-in funding proposal of LD 1921, in FY 05 one half of one percent of the state's share of K-12 funding for education is diverted to fund the new incentives. In FY 06, the diversion of GPA funds increases to 1% and increases to 2% in fiscal years 2007 – 2010. According to the GPA funding timetable most recently adopted by the Legislature, over a six-year period the state will divert over $80 million of state revenue currently targeted for the operation of K-12 schools to fund the incentives established in LD 1921.

The chart below shows the amount of funds and the impact the set aside will have on available GPA. For example, FY 05 GPA is projected to decrease by $3.8 million. Coupled with the $3.6 million in GPA revenue diverted to fund the incentives of LD 1921, the total impact to operational GPA is a loss of $7.4 million. In FY 06, the incentive funding proposal in the bill will decrease the anticipated $27.4 million increase in GPA revenue to $19.9 million.

LD 1921 Concerns. As amended by the Regionalization Committee, MMA believes there are three significant problems with the bill.

First, the efficiency models established in the bill are based on unverified data. Through the research of the Maine Education Policy Research Institute's David Silvernail and the work of the Governor's Task Force on *Increasing Efficiency and Equity in the Use of K-12 Education Resources*, it was determined that schools with student populations greater than 2,500 are more efficient than smaller school units. While the efficiency models in the bill provide incentives to smaller school units, it lavishes the largest incentive packages unto the units with largest student populations. This is particularly problematic since, as reported in the April 2nd edition of the *Legislative Bulletin*, MMA was unable to reproduce the "bigger is better" findings published in the Governor's Task Force report. Even when utilizing the same data Dr. Silvernail used to establish that schools with student populations greater than 2,500 are more efficient, MMA could not reproduce the same results. Based on the inability to reproduce the same findings, MMA is unable to support a policy based solely on the Task Force's findings.

Second, of the three efficiency models provided in LD 1921, the model with the most potential for reducing the education funding burden on the property taxpayers is also the most difficult to accomplish. Through the creation of regional school districts, it is possible that the cost savings associated with reducing staff, administration and the number of school buildings could reduce the property tax share of K-12 education costs. Unfortunately, the difficulty of the task coupled with the disincentives in the bill makes participation in the regional school district near impossible. While the consulting school unit and regional cooperative models require less controversial changes, the savings associated

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LD 1921 Incentive Funding Proposal
Impact on Projected State Funding for K-12 Education

FY	Total GPA (in millions)	Projected GPA Change (in millions)	% of GPA Diverted per LD 1921	Total GPA Diverted per LD 1921 (in millions)
2003-04	729.6			
2004-05	725.8	-3.8	1/2	3.6
2005-06	753.2	27.4	1	7.5
2006-07	797.3	44.1	2	15.9
2007-08	839.3	42.0	2	16.8
2008-09	883.6	44.3	2	17.7
2009-10	929.2	45.6	2	18.6

TV Reruns

This is the third article in MMA's *Legislative Bulletin* regarding a state program for the recycling of cathode ray tubes ("CRTs"). Last session, the Legislature enacted a disposal ban on CRTs, which are most commonly found in televisions and computer monitors. However, there is no statewide plan as to how to handle the products once the ban goes into effect – January, 1, 2006. This Legislature has been working on a plan.

The hearings before the Natural Resources Committee clarified the division between two possible solutions. In the end, two Committee reports were issued for LD 1892, *An Act to Protect Public Health and the Environment by Providing for a System of Shared Responsibility for the Safe Collection and Recycling of Electronic Waste*.

The majority report is a slightly modified version of the original bill. It can be most easily characterized as the manufacturer responsibility plan. The minority report is best characterized as the upfront fee plan.

The majority plan obligates TV and computer monitor manufacturers to take-back their own products and to collectively manage the waste of manufacturers who are no longer in business. The municipal responsibility would be to ensure that waste TVs and monitors are delivered to centralized consolidation points. From those consolidation points forward, the manufacturers are responsible.

Unlike earlier drafts of the original bill, towns would be allowed to charge end of life fees or drop-off fees at transfer stations to cover the towns' costs to transport the waste. Furthermore, towns are allowed to opt-out of the state recycling program. However, towns would still have to obey the disposal ban. The opt-out provision will be most useful for towns that ship waste to New Hampshire or Canada or who are happy with their current recycling program and don't want to change.

The minority report would apply an advanced recovery fee ("ARF") on each TV or computer sold in Maine. The ARF revenues would be sent to the Department of Environmental Protection which would then disperse the revenue to either towns who volunteer to manage a recycling program, or otherwise to consolidators who would manage the program.

The issue is being heavily lobbied on both sides and as a result it has been re-referred to Committee for more work to see if an agreement can be reached.

MMA's primary concern is that the Committee may decide to delay making a difficult decision, not adopt either approach and instead recommend more studying. MMA feels no additional study is needed – we all know what the issues are and the pros and cons of each approach. What is needed now is a decision.

Legal Notices

With all the talk about the redundancy in the provision services at the local level and the need to address mandates one at a time rather than through a comprehensive study, it is frustrating that the Legislature did not support a bill that sought to do both.

Last week, both the House and Senate voted against passage of LD 1873, *An Act to Amend the Requirements for Status as Publisher of Legal Notices.*

As proposed, LD 1873 presented the Legislature with an opportunity to redesign an existing mandate by providing municipalities maximum flexibility in the process for notifying residents of important meetings and hearings. LD 1873 would have provided municipal officials with the necessary flexibility by relaxing the existing requirement that municipal legal notices must be advertised in the expensive types of newspapers. Municipal legal notices published in the less expensive newspapers is discounted by law as ineffective advertising, which is inaccurate.

The requirement that municipal legal notices must be provided in newspapers mailed under second class postage prevents municipalities from being able to accomplish legal notice the use of newspapers mailed in bulk (such as advertising shoppers) except as a redundant additional expense to the municipality. These newspapers are read by the local residents, received by every household and provide for larger notices at lower prices than the daily or weekly newspaper advertising rates.

As amended, LD 1873 would have allowed a municipality to advertise exclusively in a newspaper mailed under bulk mail postage, as long as the municipal officers notify the local legislative body and archive the publication.

The Legislature has now killed the bill.

Municipal Sloth

Last week, we reported on a bill, LD 1935, *An Act to Create the Starboard Water District*, that appeared to be in trouble. Thanks to the work of Senator Kevin Shorey (Washington Cty.), the sponsor of the bill, it appears that the legislation will indeed pass.

The bill would allow the creation of a sub-municipal water district, or micro-district, in Machiasport that would help solve a water contamination problem that was caused by the federal government.

The Utilities and Energy Committee had voted 10-3 to support the bill with all House members in support. However, all Senators opposed the bill and this united senatorial opposition was a strong indication of ultimate legislative failure. The reason for senatorial opposition to this bill was their opinion that Machiasport should handle the problem by creating a municipal water department.

While reasonable people could disagree over which solution is best, MMA felt that the Legislature should not stand in the way of the water district approach because it preferred another approach. MMA felt the people of Machiasport should be given the opportunity to choose between the municipal department or water district solutions – which is really all this bill did.

Thankfully, the people of Machiasport will now have a choice of options to address this unfortunate situation.

Down on the Homestead

As reported in last week's *Bulletin*, the Legislature's tax relief/tax reform effort is being worked and unworked on several tracks, in separate caucuses, formally and informally, in all corners of the State House.

The most formal discussions around the Legislature's tax package is occurring in the Taxation Committee, where there are just three bills remaining.

LD 1824. Speaker of the House Pat Colwell's bill that would repeal the Homestead property tax exemption, convert it into a rebate program and merge it with an expanded "Circuit Breaker" program;

LD 1923. Governor Baldacci's bill that would repeal the Homestead property tax exemption, repeal the personal property tax in a going-forward way, and impose a spending cap on municipal and county government; and

LD 1924. Governor Baldacci's proposal to implement the Essential Programs and Services school funding system.

On Monday this week, the Taxation Committee began to work on LD 1824. At this point the Committee's primary focus is on redesigning the "Circuit Breaker" property tax and rent rebate program.

The way the current Circuit Breaker program works:

1. The Legislature appropriates about $23 million.

2. Maine Revenue Services makes applications available in August.

3. Renters and homeowners with relatively low income fill out an application sometime between August and December 31st detailing their income and property taxes for the previous calendar year. In the case of renters, a presumptive property tax is calculated.

4. Applicants who are determined eligible for the benefit receive a check in the mail.

The Committee has asked its legislative analyst and Maine Revenue Services to redesign the Circuit Breaker program as follows:

1. After a 2004 transition year, Maine Revenue Services would make applications available at the same time of year (January) and in the same manner as the state income tax (1040) form becomes available. Although the application would require the same type of information as the Circuit Breaker application, it would actually be an application for a refundable, property tax-related income tax credit rather than a rebate benefit.

2. For Circuit Breaker recipients who have an income tax liability, the same application information would become embedded within the state's 1040 income tax form.

3. Households that are determined eligible for the property tax-related, refundable income tax credit would get a check in the mail if the household had no income tax liability.

4. Eligible households that have an income tax liability would see that liability reduced by the value of this property tax-related income tax credit.

5. As an income tax credit, the payment of the benefit would not be appropriated annually by the Legislature. Instead, the tax credit would simply be covered by available income tax revenue as part of the mechanics of processing income tax returns.

Tax Committee members spoke of three benefits associated with this proposed redesign of the Circuit Breaker program.

Reduce administrative redundancy. If one element of the tax relief/tax reform package is the "targeted" tax relief to the households with the lowest income, that system of targeting necessarily involves an analysis of household income. If the process of determining eligibility is linked to the income tax analysis, the overall administration should be less cumbersome or redundant.

Improved participation. As part of the income tax process, more households may participate. Maine Revenue Services believes there are many people in Maine who are eligible to receive the Circuit Breaker benefit but who don't apply. Speculation abounds as to why the Circuit Breaker program has a relatively low participation rate. Some believe: (1) there is general lack of awareness about the program; and/or (2) certain households are aware of the program but won't apply because it's "welfare"; and/or (3) other households do not apply so as not to draw attention to under-the-table income.

Reduction in Maine's tax burden calculation. The $23 million that is raised in state taxes to provide Circuit Breaker benefits is a state appropriation that is counted as "state spending" even though it is used to relieve property taxes. When Maine's tax burden is compared to the tax burden in other states, that appropriation becomes part of the numerator, Maine's "total personal income" is the denominator, and the result is a calculation of the state's overall tax burden. Under that accounting, Maine's overall tax burden in higher than most other states in the country. If the Circuit Breaker benefit is converted into an income tax credit, however, the $23 million would actually be subtracted from the numerator rather than added to it, thus reducing the comparative calculation of the state's overall tax burden.

In addition to redesigning the system that delivers the Circuit Breaker benefit, there is an obvious interest among some Committee members to expand the program. Circuit Breaker eligibility is controlled by several moving parts, including the maximum allowed household income level (currently approximately $46,000 for multi-person households), the maximum allowed benefit (currently $1,000), and the percent of a person's rent that is presumed to be their property tax contribution (currently 18%). Under the terms of LD 1824, all three of these eligibility standards would be increased in manner that would double the size of the Circuit Breaker, from a $23 million annual program to a refundable income tax credit that is worth nearly $50 million annually.

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HOMESTEAD (cont'd)

Down on the Homestead. The Committee has also asked its legal staff and Maine Revenue Services to write up the necessary changes to sweep the Homestead property tax exemption into the same income tax credit system that is being contemplated for the Circuit Breaker program.

What this would mean is that the Homestead exemption would be repealed and the actual property tax bill of all Maine's 310,000 homesteaders would increase by 3.5% on average. The value of the Homestead exemption (calculated by Maine Revenue Services on the basis of each income tax filer's specific municipal information) would be provided at a later date as a refundable income tax credit.

Although the Committee has asked for the development of a converted "Homestead" benefit, none of the three benefits associated with converting the Circuit Breaker program apply.

Reduce administrative redundancy. If the linking-up of Circuit Breaker and income tax processing might find some administrative harmonies, the state takeover of the Homestead program would create a new state bureaucracy where none exists now. All municipalities have easily adapted to the administration of the Homestead exemption, which has been seamlessly folded-in to the local process of tax administration. Now that the software has been incorporated into the local tax administration programs, the Homestead property tax exemption is provided at a remarkably low administrative cost. In contrast, Maine Revenue Services estimates a fiscal note of over $1 million a year just to administer the Homestead program at the state level.

Improved participation. Unlike the Circuit Breaker, the Homestead exemption has an extremely high participation rate. Almost all homesteaders eligible to receive the exemption are receiving it, unless they deliberately choose not to. Because of local advertising, homeowners are aware of the program and no one regards the homestead as welfare.

Reduction in Maine's tax burden calculation. Unlike the redesign of the Circuit Breaker program, converting the Homestead property tax exemption into a refundable income tax credit will do nothing to adjust Maine's overall tax burden as currently calculated. Although the income tax credit would have the effect of lowering tax revenue by $40 million in that account, there would be a simultaneous $40 million increase in property taxes. A zero-sum gain.

It appears that at least some of the Taxation Committee members understand what a difficult job it would be to sell a tax relief plan to the people of Maine that will increase the size of their property tax bills, all in the name of tax reform.

SCHOOL (cont'd)

what will make it fail.

Cost sharing. One of the controversies is associated with the new system's override of SAD and CSD cost sharing systems. Because the heart of the new system requires each taxing unit – each municipality – to have a common mill rate for education, the current approach of treating each school district as an individual municipality for the purpose of school subsidy is replaced with a town-by-town assessment. Existing cost sharing agreements internal to the district don't mesh with the new system.

Whether the EPS-derived cost sharing results are more or less fair than the results achieved by the home-grown cost sharing formulas depend on where you sit, but in about 20 (of 100) districts, the results of overriding the cost sharing systems will be disruptive.

In response, the membership of both committees have agreed to amend the bill so that the new override of the cost sharing systems will not apply in those school districts that employ a cost sharing formula defined in a "private and special" law. Eight of the 20 districts disrupted by the new system have cost sharing formulas controlled by private law. It is unclear if there is any intention to address the impacts on school districts that are operating under cost sharing systems developed locally and not by "private and special" legislation. If so, that intention has not been articulated by the Committees.

Transportation/Special Education. Other controversies are associated with LD 1924's insistence that the school costs of transportation and special education be incorporated into the EPS model before EPS goes "on-line" in FY 06. The school administrators are very concerned that the modeling of these volatile (in the case of special education) and district-specific (in the case of transportation) school costs will be done unfairly. In the case of the transportation model, unveiled in a preliminary way in the text of LD 1924, that possibility has become apparent.

The Committees have responded by approving in the bill a directive to the Department of Education that essentially asks the department to do a good job modeling these two difficult-to-model cost centers. Some legislators are not comfortable putting into motion a directive that will significantly impact the EPS model with so little direction and so much Department of Education and State Board of Education control.

Funding. What could be and what should be the centerpiece of LD 1924 is being ignored by both Committees at the moment, and that is the state's financial commitment to this new school funding system.

Although a tremendous amount of statewide attention has been focused over the last two years on the need for the Legislature to clearly articulate its commitment to public education, the Governor's approach in the printed version of LD 1924 is to mumble. The bill pushes out a promise to be funding 55% of the EPS model six years from now (when the costs of education are projected to be actually reduced in terms of real dollars), but there is no commitment to any specific funding level between now and then, leaving property taxpayers on the hook.

Both Committees have been clearly presented with a school funding "ramp" that makes sense. As reported in last week's *Bulletin*, the school funding recommendation of the so-called "Tax Working Group" has been widely recognized as a responsible ramping-up of state commitment to education. It could not fail to escape the attention of anyone following the school funding debate that the amorphous, I've-got-a-secret school funding language of LD 1924 needs to be replaced with the coherency of the Working Group's recommendation.

That being said, the Committees cast a preliminary vote on the bill on Thursday this week and gave strong support for the EPS bill without any clear funding commitments. The Committees' final vote on the bill is now scheduled for Monday.

The ultimate success of EPS hinges on appropriate funding from the state. Under the best of circumstances, commitment to the EPS model will be a political and administrative challenge that will require sincere good-faith effort on the part of all parties, including the Legislature, the Department, the school administrators and school boards, the school teachers, the relatively vast private-sector elements of the educational industry, and the municipalities. If the Legislature enacts the EPS implementation bill without committing to EPS financially, there is no chance the effort will succeed.

REGIONAL (cont'd)

with the two models will be insignificant or must be reinvested in other educational programs, rather than used to reduce property taxpayer burden.

Third, MMA is concerned with the use of General Purpose Aid for Education (GPA) revenues as the funding source for the incentives offered in LD 1921. Municipal officials strongly believe that before the state siphons any revenues from GPA, it should be providing a substantial amount more financial support for public education. At a time when the burden on the property taxpayer is at an all time high, municipalities can ill afford to lose any of the state revenues used to reduce taxpayer burden.

LD 1930 - Intergovernmental Cooperation Bill

On Monday of this week, the Committee also voted that LD 1930, *An Act to Promote Intergovernmental Cooperation, Cost Savings and Efficiencies*, "ought to pass as amended" by a margin of 13 to 2.

At the center of LD 1930 is the creation of a permanent seventeen-member Intergovernmental Advisory Group (IAG). The membership of the IAG would include 2 legislators, 3 state agency or department heads, 3 county officials, 2 representatives from regional planning agencies, 3 municipal officials, 2 members representing school administrative units or special districts, and 2 private sector representatives, one from the non-profit sector and another from the for-profit sector. With the exception of the legislative members, the Governor would be responsible for appointing the remaining 15 members to the group. The IAG would be tasked with finding ways to reduce duplication and improve efficiencies in the delivery of governmental services; promote communication and cooperation between the entities delivering services; design and implement a process to allow the state to offer technical support, assistance and incentives to encourage regionalization; identify and create a best management practices database; prepare legislation and report the IAG's findings annually to the State and Local Government Committee. The members of the group would be responsible for providing operating assistance to the IAG through mutual contributions, in-kind contributions or by seeking outside contributions and grants.

In addition to creating the IAG, the bill also would accomplish the following: 1) it would repeal statutory references to salaries for county officials, location and minimum number of county commissioner meetings, and the legislative delegation involvement in the county budget estimate process; 2) it would authorize the county commissioners to initiate a charter commission without receiving permission from the voters of the county (final adoption of the charter still requires approval from the voters in the county); 3) it would authorize a county that adopts a charter to develop its own budget process; and 4) it would clarify that municipalities, counties, school administrative units and state agencies are authorized to work together under the Interlocal Cooperation laws.

While the Maine Municipal Association is concerned with some of the elements of the bill (i.e., repeal of minimum county commissioner meeting times and county commissioner override of the voters to initiate a charter commission), municipalities support the creation of the Intergovernmental Advisory Group.

Municipal officials are interested in participating in a study to develop thoughtful mechanisms for providing governmental services in a more cost efficient manner. It is through this bottom up approach that those responsible for delivering governmental services can determine how to provide those services more effectively and efficiently. Municipal officials appreciate the Committee members' support for a grassroots, rather than one size fits all approach to regionalization.