

## Working Group Plan Moves Forward

Last week's *Bulletin* described the final recommendation of the tax reform "Working Group". The Working Group was convened by the President of the Senate and the Speaker of the House (the "presiding officers") and included 10 legislators from all political parties and both chambers of the Legislature, the Senate and the House. The entire political spectrum was represented. The Working Group also included representatives of the Maine Education Association and the Maine Municipal Association.

**Finalized Recommendation.** The Working Group's consensus recommendation was finalized on Thursday last week and is articulated in a letter from the Working Group to the Presiding Officers that is provided in this article. The letter is crisply worded, to-the-point, and speaks for itself.

The Working Group's core finding is that the compromise education funding plan identified by the Working Group should be considered the foundation of any plan adopted by the Legislature designed to provide sustainable property tax relief. The Working Group presents a refreshingly clear and straightforward recognition of the fact that no property tax relief system can be effective unless the Legislature is willing to articulate and adhere to a meaningful financial commitment to K-12 public education.

The pledge of faith that the Working Group recommendation embodies is a commitment to support the Essential Programs and Services school funding model as a way to rationalize school

funding costs over time, both as a state-wide aggregate and on the school-system-by-school-system level. The Working Group recommendation represents a dedication among all parties to *work with* the EPS model and the discipline it will provide, and to continue to *work on* the EPS model to ensure it retains its integrity over time and does not become an artificial measure of nothing, which describes the current school funding allocation system.

**Picked up by Coastal/Rural Cau-**

**cus Plan.** Immediately after the Working Group finalized its recommendation last week, another larger group of legislators loosely coalesced as the "coastal" and "rural" caucuses inserted the education funding plan into the more comprehensive property tax relief package they are advocating (see related article).

**Press Conference.** On Tuesday this week, a press conference was called to draw attention to the consensus agreement reached by the Working Group. At that press conference, both MMA and the Maine Education Association said the two associations would withdraw their support for the citizen initiated "1A" question that will be on

*(continued on page 2)*

## Tax Reform Plans Begin To Crystalize

A few weeks ago there might have been a dozen tax relief or tax reform plans incubating here or there throughout the State House.

Some of the sediment has settled out. Some of the ingredients in the several plans have blended. There are now about six plans in motion.

**Governor Baldacci's plan**, embodied in LDs 1923 and 1924, would deliver a \$50 million *property tax increase* in the first year to Maine's residents and small businesses, according to MMA calculations. The Governor would repeal the homestead exemption (causing a property tax increase) and split those state "savings" between the Circuit Breaker program and an underfunded commitment to public education (causing a property tax increase). In addition, the plan would repeal the personal property tax in a going-forward manner

(causing and compounding a property tax increase), saving the state reimbursement obligations under the Business Equipment Tax Reimbursement program (BETR) but causing municipalities to eat multi-million dollar revenue losses each year.

**Speaker of the House Pat Colwell's plan** is found in LD 1824. As printed, the plan would repeal the \$7,000 Homestead property tax exemption but use that program's name to apply to a rebate program calculated to provide a check to each homesteader equal to their municipality's mill rate multiplied by the first \$14,000 of the homestead value. The Circuit Breaker program would also be expanded, particularly for elderly households.

*(continued on page 4)*

## **Editorial Misses The Mark**

The only thing appropriate about Thursday's Portland Press Herald editorial "Municipal Group should do more for tax reform" is that it ran on April Fools Day. For details on the Press Herald's most recent diatribe directed toward municipalities, generally, and MMA in particular, log onto the Internet site [www.pressherald.com](http://www.pressherald.com)

The week that MMA stood with a bi-partisan group of legislators to announce a breakthrough on some important issues, the Press Herald chose to attack MMA and scold us to do more. In particular, MMA is directed to "embrace some ideas it doesn't like" such as a limit on municipal spending and incentives for regionalizing services.

As for a limit on municipal spending, MMA has repeatedly expressed a willingness to include a limitation on municipal spending that is equal to any spending limitation that the Legislature is willing to impose on itself. If the Press Herald had contacted us, or anyone we have negotiated with, it would have known this fact.

Second, the Press Herald continues to misrepresent MMA's view on regionalism. MMA supports regionalism or consolidation when it makes sense. Abolishing local government or "top-down" approaches to regionalism, advocated by some Portland media, are not how we would approach regionalization, nor do we believe these approaches accurately represent Maine

people's view of regionalism. Just because we disagree with the radical version of regionalism propounded by the Press Herald, that does not give the Press Herald the right to misrepresent the MMA position.

Further, the MMA-backed tax reform referendum question (a.k.a, Question 1A) includes incentives for regionalism! How the PPH can assert that MMA does not support incentives for regionalism when our referendum question includes these incentives, raises questions about the newspapers' reporting capacity or integrity or both.

MMA has also been a willing and active participant in the daily deliberations of the Legislature's ad hoc committee on regionalism. We have pledged to help staff and operate a working group that is being assembled to continue regionalism work this summer. MMA supports regional approaches to service delivery and supports referendums that include incentives for regionalism. Any statement to the contrary is untrue.

Third, the editorial states that MMA should be more forthcoming about how the compromise plan will provide tax reductions. Is the Press Herald aware that under the EPS model, education spending, that the state will share in, rises at less than 2% a year between now and 2010? By increasing the state's contribution under a cost-containing education funding model, the compromise plan prevents an increasing over-reliance on property taxes to fund education.

The compromise plan commits the state to achieve a 55% funding level of EPS by 2010. This represents a funding level that has been in state law since 1985 and was an integral part of both 1A and 1B, which were supported by over 70% of Maine voters last November.

We understand Press Herald's frustration that there is no grand-slam solution to tax reform which identifies a funding source, establishes a firm state

level of education funding, creates a new education funding formula, caps spending, both state and local, and provides incentives for regionalization. It should be no surprise that such a massive piece of legislation is difficult to pass. However, the Press Herald should stop singling out the MMA for criticism and instead do more to highlight how close we may actually be on many of these difficult issues.

### **WORKING (cont'd)**

the ballot on June 8<sup>th</sup> if the Legislature would finally make this serious commitment to fund 55% of K-12 education as measured by EPS. That agreement, of course, is contingent on the Legislature's meeting the financial commitments without taking the revenue from residential and small business property taxpayers in other ways, such as by raiding revenue sharing, repealing the homestead exemption, etc.

**Gubernatorial reaction.** Although one would hope the Working Group commitment would be embraced by Augusta policy makers as rational, responsible, coherent, and positive, the press reported that Governor Baldacci responded with "little more than a shrug". Apparently the Governor actually disagrees with a central finding of the Working Group that there is a direct relationship between state support (or lack of support) for public education and the property tax burden. When interviewed for his reaction to the Working Group report, the Governor said: "But if you're going to have real property tax relief, it's not by putting \$40 million more in this year, \$69 million more next year, \$70 million more next year and after that and after that and then say 'well where is the property tax relief?'"

It is unclear what numbers the Governor was referring to. The Working Group recommendation translates to steady \$40 million annual increases to the state's share of K-12 education for the first several years of the transition period. The recommended annual increases do not jump from \$40 million to \$69 million to \$70 million, as characterized.

### **Legislative Bulletin**

A weekly publication of the Maine Municipal Association throughout sessions of the Maine State Legislature.

Subscriptions to the *Bulletin* are available at a rate of \$20 per calendar year. Inquiries regarding subscriptions or opinions expressed in this publication should be addressed to: *Legislative Bulletin*, Maine Municipal Association, 60 Community Drive, Augusta, ME 04330. Tel: 623-8428. Website: [www.memun.org](http://www.memun.org)

**Editorial Staff:** Geoffrey Herman, Kate Dufour, Jeff Austin, and Laura Veilleux of the State & Federal Relations staff.

March 26, 2004

Honorable Beverly C. Daggett     Honorable Patrick Colwell  
President of the Senate     Speaker of the House  
State House     State House  
Augusta, Maine 04333     Augusta, Maine 04333

Dear President Daggett and Speaker Colwell:

The Working Group was appointed by the President of the Senate and Speaker of the House of Representatives. It consists of three Senators and seven members of the House of Representatives with participation by representatives of the Maine Municipal Association and the Maine Education Association. The Working Group was directed by the presiding officers to review the current status of discussions surrounding the citizens' initiated referendum vote on the June ballot and related issues and to determine whether some consensus could be achieved on a way to address those issues.

The Working Group has met four times and has reviewed a variety of issues centered on the Maine Municipal Association referendum question which will be on the ballot in June. The Committee is pleased to report it has reached consensus on the key aspects of the issues presented by the referendum. The following is a summary of the recommendations from the Working Group.

1. The **overall property tax burden in Maine should be a priority for Legislative attention**. Local education costs represent the largest portion of the property tax burden in many municipalities and must play an inevitable part in alleviating that burden. This priority should be the focus of the Legislature's attention.

2. The Working Group **supports the Essential Programs and Services (EPS) model of funding K-12 education** adopted by the Legislature in 2003 as a method of providing a more rational determination of the costs of education.

3. The Working Group supports the **"local mill rate expectation" model for distribution of State education funding to municipalities'** and local school administrative units.

4. The Working Group supports increasing state funding to support 55% of the cost of EPS by fiscal year 2009-10.

5. The Working Group supports **an increase in state education funding in FY 05 of \$40 million** with an accelerated ramp-up of the State share of **funding that is based on the full cost of EPS**. The recommended State funding percentages are 46.5% in FY 06, 48% in FY 07, 50% in FY 08, 52.5% in FY 09 and 55% in FY 10. The costs of funding this schedule are provided on chart (*illustrated on page 4 of this Bulletin*).

6. Adjustments should be made to the EPS and Local Mill Rate Model that would include: **1) retention of the minimum subsidy allocation system, 2) protection of previous debt service commitments; and 3) a standard for funding special education**.

**Challenge for the Legislature.** While the Working Group has reached consensus on its recommendation, it recognizes there are a number of challenges to achieving these goals. It is anticipated the state will face a structural deficit for the next biennium combined with modest revenue increases. Competing demands for resources will continue to be before the Legislature. Consequently, the Working Group believes the Legislature must develop a sustainable funding mechanism to reach and maintain 55% funding for EPS. Otherwise, the recommendations made by the Working Group will not be fully realized. In addition to proposals regarding school funding, the Working Group also discussed several strategies for reducing property taxes. The Working Group has not reached consensus on those options. They include homestead tax relief proposals, revenue sharing reform, realignment of the State's major revenue sources, cost savings through regionalization and spending growth limitations at all levels of government. The Working Group believes that, with additional time and effort, progress can be made on these issues. We stand ready to provide whatever assistance we can in this effort.

Sincerely,

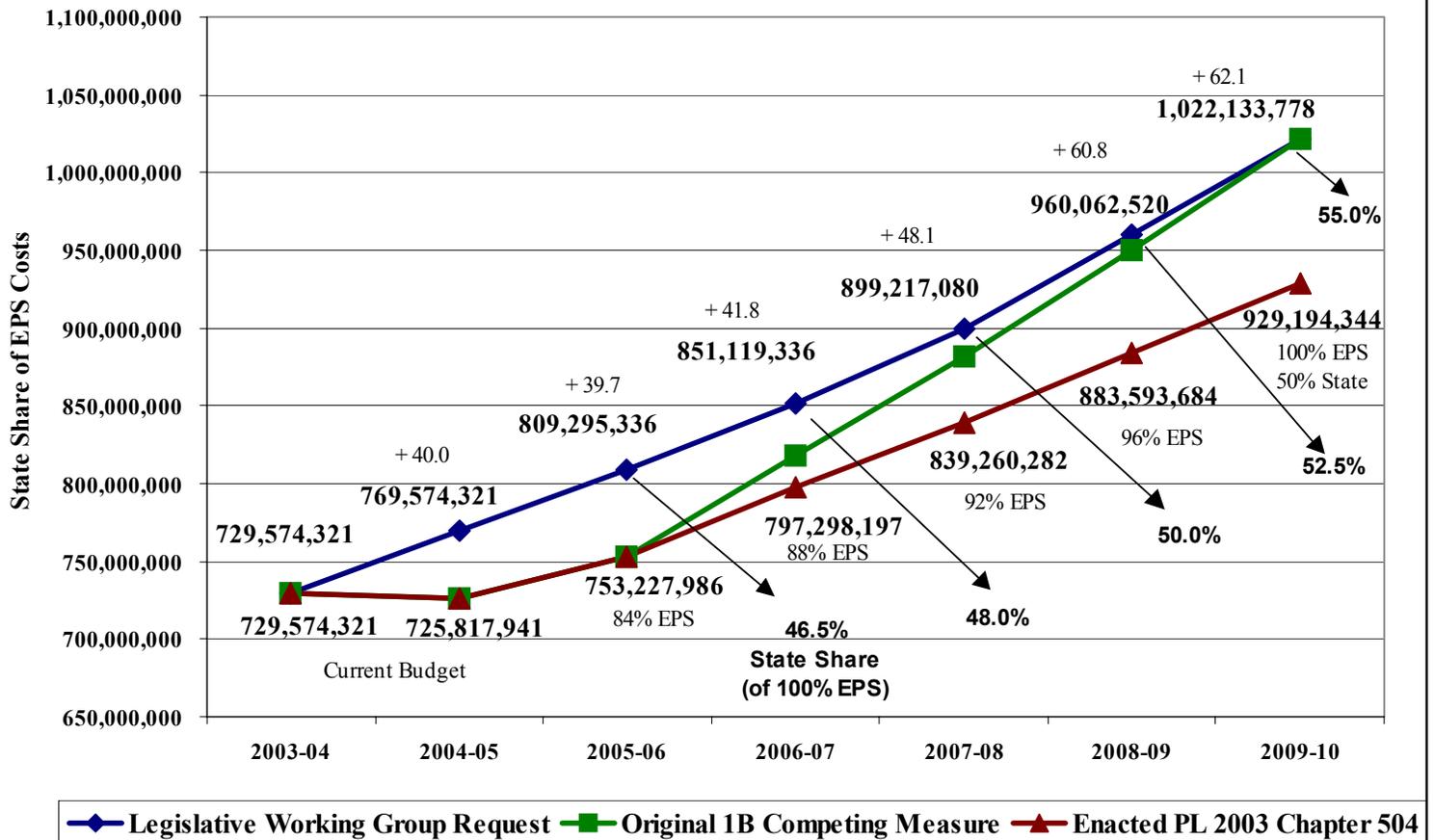
Sen. Kenneth T. Gagnon (Chair)  
Rep. Deborah L. Simpson (Chair)

Sen. Michael Brennan  
Rep. Harold Clough  
Rep. Jeremy Fisher  
Rep. Stan Gerzofsky  
Rep. Earle McCormick  
Sen. Richard Nass

Rep. Christopher O'Neil  
Rep. Richard Woodbury  
Steve Crouse, MEA  
Mark Gray, MEA  
Geoff Herman, MMA  
Chris Lockwood, MMA

## Education Funding & Property Tax Relief

**State Share of Funding Public Education K-12 (Working Group Request)**  
 (Increased State Support in FY 05, 06, 07, 08, 09 and 55% state Share by FY 2009-10)



### TAX REFORM (cont'd)

**Republican spending cap** is not a bill; it is a proposal from the Republican legislators in both House and Senate to put forward a constitutional amendment that would limit the appropriation increases of all governments (state, county, school and municipal) to the consumer price index (CPI) plus the population growth rate. It is based on a citizen-initiated amendment to Colorado's constitution.

**Chamber of Commerce / Service Center Coalition.** This plan which is not a bill and has yet to come forward in detail would repeal the personal property tax as the Governor is proposing, move most of the financial burden for county government to the state, redesign the municipal revenue sharing program, and create a governmental spending cap system of some kind.

**"Working Group" education fund-**

**ing plan.** See related article.

**Coastal/Rural Caucus plan.** This plan has been in the formative process for several months and was initially incubated in a bipartisan group of legislators who referred to themselves as the "coastal caucus". A month ago, the gestating plan also caught the attention of the so-called "rural caucus", which is a more known bipartisan group of legislators which regularly convenes to share information about the impact of laws and regulation on rural Maine. For several weeks, both caucuses have been meeting regularly, further refining the plan. Although many legislators are responsible for developing individual elements of the plan, it is impossible to review the final product without observing the numerous intellectual fingerprints of Rep. Peter Mills (Cornville) throughout.

The "coastal/rural caucus" plan has seven major elements including two proposed constitutional amendments.

**1. Education funding.** The plan incorporates the educational funding recommendation of the Tax Working Group as its foundation (see related article).

**2. Restoration of Homestead exemption.** The plan would restore the Homestead property tax exemption to its flat \$7,000 level, reversing the cuts to the Homestead exemption enacted by the Legislature last year.

**3. Circuit Breaker expansion.** The plan would rename and expand the current "Circuit Breaker" property tax rebate program. The new name would be the "Homestead Tax Cap" program. The changes to the current Circuit Breaker program would be as follows:

Under the existing program there are income eligibility standards that prohibit multi-person households that earn more than \$46,000 from receiving any rebate benefit. For income-eligible

*(continued on page 5)*

## TAX REFORM (cont'd)

households, the Circuit Breaker benefit is equal to 50% of the property tax bill that falls between 4% and 8% of household income and 100% of the property tax bill that exceeds 8% of household income, with a maximum rebate of \$1,000.

What Rep. Dick Woodbury (Yarmouth) figured out is that the mechanics of that system translates to an effective cap on a person's property taxes that equals 6% of household income, (provided the household is income eligible and the \$1,000 maximum is not breached).

The revised Circuit Breaker program, therefore, would generally do away with the income limits and open the program to all Maine homesteaders with disproportionately high property taxes relative to their income. The "Homestead Tax Cap" program would also increase the maximum benefit from \$1,000 to \$3,000.

### 4. Revenue Sharing Adjustment.

The current revenue sharing system sets aside 5.1% of state sales and income tax revenue and distributes to the municipalities on the basis of each town's population and full value mill rate. The coastal/rural caucus plan would increase the overall percentage of the revenue sharing set-aside to 5.4%, generating an additional \$6.6 million a year for revenue sharing, bringing the total projected revenue sharing allocation to \$120 million. According to the plan, in the first year about 91% of revenue sharing would be distributed according to the traditional distributional formula ("Revenue Sharing I"), and 9% would be distributed according to a modified formula ("Rev. II") that would target that dedicated revenue to municipalities with full value tax rates over 15 mills. In the second year, 87% of the revenue sharing gross would be distributed according to the traditional "Revenue Sharing I" formula and 13% would be distributed to the 15-mill-rate-plus municipalities under "Rev II".

**5. Constitutional Cap on Spending.** The first proposed constitutional amendment in the plan would cap the year-to-year growth in state appropriations to the average "real" annual growth in total personal income, ad-

justed by the current inflation rate. If that limit were in place today, the state budget from one year to the next could not grow more than 4.7%. Only by a two-thirds, "super majority" vote in both House and Senate could the Legislature appropriate more than available under that allowance.

**6. Constitutional Change in "Homestead" Assessment.** The plan also calls for a proposed constitutional amendment that would authorize (but not require) municipalities to cap the year-to-year growth in the value of all homesteaders' land at the rate of inflation. The valuation limitation system would not apply to any physical structures and it would only pertain to the amount of the land reasonably neces-

sary to support a personal residence. In addition, the capped value of all the homestead land would only apply with respect to the local taxation of that property. The full "just value" of all that property would also be recorded by the town for the purposes of determining the municipality's state valuation for state subsidy and count assessment purposes.

**7. Penny on the sales tax.** To finance the property tax relief plan, the general (5%) sales tax rate would be increased to 6%. That increase is projected to generate \$132 million in a full year. According to the plan, all of that revenue would be dedicated to property tax relief and no other budget-balancing purpose.

## Boiler Bill Advances

The so-called "Boiler bill", LD 1879, *An Act To Amend the Boiler and Pressure Vessel Law*, has been passed by both the House (it went "under the hammer" with no opposition) and the Senate (where the vote was unanimous). The Governor has not yet signed the bill. This legislation strips the state Board of Boilers and Pressure Vessels of its authority to establish monitoring ("attendance") requirements for the operation of certain low-pressure boilers in municipal buildings and schools.

The enactment of this Legislation will have a direct and significant effect on a proposed set of rules that were proposed by the Boiler Board in February. This set of rules would require all municipalities that have buildings containing heating boilers to cause some of their staff to become licensed boiler operators and to employ those staff to physically inspect the operation of all heating boilers in municipal and school buildings on periodic 24 hour or weekly rotations, depending on the size of the heating boiler.

The rulemaking has been suspended while LD 1879 works its way through the Legislature. Since the rulemaking concerned issues other than the municipal monitoring requirements, the Department of Professional and Financial Regulation (DPFR) is currently deciding if the Boiler Board needs to send out a whole new

notice of rulemaking that would not include the municipal issue or whether they can proceed the process that is already underway, deleting the sections of existing and proposed rules pertaining to municipal and school boiler "attendance" requirements.

Despite the rapid progress of LD 1879 through the Legislature, municipalities continue to receive letters from the Boiler Board stating that existing daily monitoring requirements will be enforced. DPFR explains that this is simply an unfortunate consequence of bureaucracy. That is, until LD 1879 actually becomes law, the obligations under existing law remain and will be cited in outgoing letters from the Board. DPFR is reviewing whether it can modify the language of those letters to cite the proposed legislative solution.

The bottom line is that the requirement for municipalities and schools to become licensed boiler operators for low pressure hot water boilers – and treat those household-variety boilers as though they were high-pressure manufacturing boilers – is going away. It is an example of a poorly designed and archaic state mandate that is being appropriately addressed by the Legislature.

MMA will attempt to determine from DPFR how municipalities should now respond to their notifications of alleged noncompliance. Stay tuned.

# Municipal Sloth?

A relatively minor piece of legislation served to highlight one of the more frustrating aspects of current state-municipal relations. The bill is LD 1935, *An Act to Create the Starboard Water District*. MMA had been merely tracking this bill, as it does most bills of uniquely regional interest. However, the public hearing and Committee vote is worth noting.

The bill would allow the creation of a sub-municipal water district, or micro-district, in Machiasport. The proposed micro-district would cover approximately 300 of Machiasport's 1,300 residents. The bill would allow the individuals who are within the proposed micro-district territory to decide by referendum whether or not to establish the district.

At issue is how to solve a water contamination problem that was caused by the federal government. Apparently, a defunct U.S. Air Force radar transmission tower has contaminated ground water for some, but not all, residents of Machiasport. Town officials, residents and the U.S. Army Corps of Engineers have been working on a solution for approximately ten years.

After this long difficult fight, it appears that the federal government is going to both put in place the infrastructure needed to supply the affected homes with clean water and then partially subsidize the operation of the system in the future. The purpose of the proposed water district is to establish the entity that would actually operate the system.

It is crucial that action be taken now. Those close to the process say that it has been a very difficult ordeal and that it would be reckless to give the federal government any excuses to drag its feet. The failure to establish an operating entity may be just such an excuse.

The Committee voted 10-3 to support the bill with all House members in support. However, all Senators op-

posed the bill and this united Senatorial opposition is a strong indication of ultimate legislative failure. The apparent reason for this senatorial opposition to this bill is unjustifiable. We urge all Senators to support this bill.

At the public hearing before the Utilities and Energy Committee, there were 2 proponents of the bill and no opponents. The primary proponent was the Maine Rural Water Association which has been assisting the residents for a few years and which has experience in establishing these micro-districts.

Questioning from the Committee centered on one issue - whether the solution to this problem should be the establishment of a micro-district or, alternatively, the creation of a new municipal water department. This questioning stems from two concerns.

The first concern is the statutory-purist's view that the Standard Water District law was not intended to be used to create sub-municipal water districts. It was intended to allow multi-municipal districts. Whether or not this purist-view has validity, the Legislature has approved several of these districts already and rejecting this bill now would be arbitrary and capricious. In addition, community water well systems that have been constructed in response to gas leaks or other contamination are effective.

The second concern is that water districts, including these micro-districts, fall under federal Clean Water rules and regulations. The feeling of some Committee members is that these micro-districts are not large enough to handle the unfunded mandates that are routinely handed down from the federal government.

While this is a seemingly legitimate concern, it would appear that this issue is more appropriately discussed and decided by the affected voters and not the Legislature. Since there was no opposition to the bill at the hearing, it

could be because the Committee need not save the people from themselves.

A troubling aspect of the public discussion was its focus on the alternative solution that was proposed by some Committee members. That solution would have the municipality establish a new water department to deal with the issue. A case could be made both for or against that approach and the people of Machiasport, through the Selectmen, have decided not to create a new municipal department.

This decision was characterized by one Committee member as "municipal sloth." It's one thing to resort to insult when judging a policy decision with which you disagree. That is not an uncommon practice in the State House. In this case, however, the insulting judgment is both patently unfair and actually quite hypocritical.

It is unfair, because municipalities should not be blamed for problems that are: (a) caused by the federal government's original contamination of the water, (b) exacerbated by years of federal government delay and indecision, and, (c) ultimately difficult to solve because the federal government sends down unfunded federal mandates to water districts.

It is hypocritical because expanding municipal payrolls are often cited by legislators as the "true" cause of high property taxes in Maine. Yet, in the often unseen day-to-day committee work on minor pieces of legislation, many legislators openly advocate for expanding municipal payrolls to solve problems created by others - in this case by multiple federal government decisions.

To publicly place all blame on municipalities for high property taxes in Maine is not right, to simultaneously advocate for higher municipal spending is over the top.

One can just imagine the reaction of the people of Machiasport who have already suffered enough because of the actions of the federal government to news that the Maine Senate is poised to block an essential piece of the solution that for so long they have been patiently waiting, all because of their alleged "municipal sloth".

# Is Bigger Better II?

Last week's *Bulletin* began to describe the research that underlies the primary premise of LD 1921, *An Act to Encourage Voluntary Efficiency in Maine's School Systems and Related Costs Savings* which is currently before the *ad hoc* Committee on Regionalization and Community Cooperation.

The premise of that bill is that education costs decrease as the size of the school systems increase – bigger is better. The bill decides to therefore incentivize school administrative units (SAUs) to consolidate. The support for this premise is the Final Report of the Governor's *Task Force on Increasing Efficiency and Equity in the Use of K-12 Education Resources* ("Report").

2% of the total. Furthermore, those 2 districts are the geographically unique school systems of North Haven and Islesboro.

This raises several concerns. What is the point of even having a fifth SAU group if it only has 2 members and those two members are quite unique in terms of very high property values and very remote locations? Does identifying such an unusually high per pupil expenditure for those two communities serve any public policy purpose or is it unnecessarily alarmist? When newspapers like the Portland Press Herald used these untested, unexamined, unreviewed findings to promote its anti-municipal editorial agenda, did it know how seriously skewed the data were?

representative of the other 28 SAUs in Maine that are less than 125 students.

The failure of Table 1 to present useful data regarding the smallest SAU category it created caused us to question all of the SAU categories the Report utilized. That is, why did the Report group the SAUs into the student populations that it did? If the smallest category is seemingly so meaningless, maybe the other groupings are meaningless as the basis of a per pupil expenditure analysis as well. In fact, we believe they are.

Below is an alternative MMA table using the data provided to us by the Report's authors. However, it groups the SAUs a little differently. First, we exclude the two SAUs below 125 students because of our belief that 2 SAUs do not provide a statistically significant barometer that should be used in policy making, especially when those two communities are so unique compared to others in Maine.

Second, our largest (or target) SAU is 1,400 or more students. MMA simply believes that the Report's original target of 2,500 is so far out of reach for most small SAUs in Maine as to be not useful. Further, we believe that mergers of SAUs that are currently more than 1,400 are going to be rare (*see table below*).

Again, these are per pupil expenditures using the data MMA was provided by the authors of the Report. Based upon our new groupings, the expenditure difference between the largest SAU group and the smallest SAU group is approximately \$700 per pupil or just under 10%. Further, the differences between each category and the next two above it (the most realistic target for SAUs that are considering consolidation) are 1%, 2% and 6% re-

*(continued on page 8)*

<b>REPORT SAU Groups</b>	<b>REPORT Number of SAUs</b>	<b>REPORT Per Pupil</b>	<b>MMA Calculation Per Pupil</b>
2500+	24	\$6,590	\$7,351
1000-2500	42	6,867	7,559
500-1000	22	7,100	7,831
125-500	20	7,591	8,232
<125	2	14,230	14,497

The heart of the Report is Table 1 which identifies five SAU groups and the per pupil expenditures in each group. MMA has finally received from the Report's author (David Silvernail of the University of Maine Graduate School) the data upon which this table was apparently based. However, using this data, we cannot reproduce the findings of the Report. Columns 1-3 of the table below are taken directly from the Report, the fourth column is MMA's calculation using the produced data (*see table above*).

Our first concern is that the heart of the Report cannot be reproduced and therefore verified.

Our second concern was hinted at in last week's *Bulletin*. This table represents the per pupil averages of 110 (out of 117) K-12 SAUs in Maine. According to the data provided, the smallest SAU group (less than 125 students) includes only 2 SAUs! This is less than

Further, since the Report is not clear that these 2 unique SAUs are the only K-12 SAUs in the whole state that fall into this category, does the Report mislead policy makers about the costs of small districts? Using the data the authors provided, we analyzed 28 K-8 SAUs that are less than 125 students and the per pupil expenditures were almost \$6,000 per-pupil less than for similarly sized K-12 SAUs. Thus, the 2 SAUs of less than 125 students that are included in the Report are in no way

<b>SAU Groups</b>	<b>New MMA Table K-12 Only Number of SAUs</b>	<b>New MMA Table K-12 Only Per Pupil Expenditures</b>
1,400+	49	\$7,505
850-1,400	23	7,569
650-850	10	7,725
125-650	24	8,192
125	2	Not Statistically Significant

## BIGGER (cont'd)

spectively. These do not strike MMA as the kinds of significant savings that would justify radical change.

Consolidation should be, and we believe is, a factor that should be routinely considered by municipalities, school leaders and communities. School consolidation will continue to occur without LD 1921. MMA believes that in pursuing public policy alternatives the Legislature should have useful data and data analysis. We hope this information serves this purpose.

Exaggerated claims based on skewed data that would be routinely excluded in normal academic analysis is unhelpful.

Anyone interested in obtaining more information on this matter should feel free to contact MMA's Jeff Austin at 1-800-452-8786 or [jaustin@memun.org](mailto:jaustin@memun.org). As we begin working with these data.

## Senate Votes to Kill Mandate Study

On Thursday of this week, the Senate voted against a mandate bill of municipal interest.

Under the motion of Senator Ken Gagnon (Kennebec Cty.), the Senate voted to indefinitely postpone LD 419, *Resolve, to Establish the Municipal and Education Mandate Audit Commission*, by a margin of 20 to 15. Based on the Senate's previous "under the hammer" support for LD 419, its April Fools vote came as a surprise to MMA.

The amended version of LD 419 creates a twelve-member commission charged with identifying, examining the need for, and potentially redesigning the mandates the state places on municipalities, counties, schools and other quasi-municipal districts.

Unfortunately due to the lack of debate on the bill, we do not know conclusively why the Senate opposed a bill aimed at reducing property taxpayer burden. Based on the State and Local Government Committee and House debates on LD 419, we can only assume that a majority of the Senate would rather address mandates "one at a time" rather than take a comprehensive look at how mandates in general impact municipalities, counties and schools.

For your information, the April 1<sup>st</sup> Senate roll call vote on LD 419 is available on the Internet at <http://janus.state.me.us/legis/LawMakerWeb/rollcall.asp?ID=280008533&chamber=Senate&serialnumber=308>. For a paper copy of the roll call, please contact SFR's Laura Veilleux at 1-800-452-8786.