



# QUESTION

What should be the State's financial contribution to K-12 public education?

Learning Results is proving to be an expensive state mandate, increasing education costs by 10% (or \$160 million a year) when fully implemented. How should Learning Results be implemented?

What state, regional or local programs or services should be cut or scaled back in light of the looming state revenue shortfall?

Can the (approx.) \$900 million structural gap be closed without reducing state government services?

Are you in favor of reducing the burden on the property tax, and when?

Are you in favor of local option sales taxation?

Are you in favor of comprehensive tax reform?

How would you find efficiencies in the delivery of local and regional services?

Do you support MMA's Comprehensive Tax Reform Proposal?

## Debate At Convention

Three of the four candidates vying to be Maine's next governor engaged in debate at MMA's annual convention in Bangor. Over 300 municipal officials packed the large conference room in the Auditorium to hear John Baldacci, Jonathan Carter and Peter Cianchette lay out their positions on issues from tax reform to learning results, regionalization to health care cost containment.

Maine Public Television's Don Carrigan had the moderator's task of drawing out detailed answers from the gubernatorial hopefuls, who often prefer to focus on the goals of their administration rather than the specifics of change.

The candidates' responses to various questions are provided in this article. One essential question that weaved its way through the debate was how many dollars can be saved by restructuring the delivery of local, educational and regional governmental services. The major party candidates, John Baldacci and Peter Cianchette, focused on "efficiencies" as the key to solving the state's looming structural deficit and easing the burden on the property tax. Green Independent Jonathan Carter advocated for the identification and implementation of all the efficiencies that may be available, but included additional tax revenue in his overall plan to address the state's financial predicament. The candidates also expressed a range of opinions on comprehensive tax reform. Carter endorsed it. Baldacci was interested in looking at it. Cianchette thought it should be deferred until "spending reforms" are implemented.

# BALDACCI

# CARTER

# CIANCHETTE

<p>As the State is moving to the Essential Programs and Services system (EPS), it should ramp up over several years to 50% State funding for EPS.</p>	<p>The State should immediately provide 55% of K-12 education, obtaining the necessary revenue by broadening the sales tax base, increasing the cigarette tax, and increasing the meals and lodging tax.</p>	<p>The 55% "promise" doesn't define what total sum 55% should be measured by. The first step is to implement the EPS system, then define and provide the appropriate State share.</p>
<p>Consolidation of school administration should be encouraged to help allow for the implementation of Learning Results. Perhaps Learning Results should be phased in over a longer period of time.</p>	<p>Implementation of Learning Results will cost \$140 million more annually, but the other candidates refuse to explain where additional resources will come from. Without the necessary resources, the cost of Learning Results will fall directly on the property tax.</p>	<p>The cost of all state programs should be frozen at FY 03 levels, but that doesn't mean education funding can't be prioritized for increased state support. Increased support should be used to "incent" the consolidation of administrative services to obtain educational cost savings.</p>
<ol style="list-style-type: none"> <li>1) Implement Governor King's short-term recommendations</li> <li>2) Continue state govt hiring freeze</li> <li>3) Slow down federal "conformity" tax cuts</li> <li>4) Consolidate health insurance purchasing system</li> <li>5) Eliminate personal property tax without financial hardship on affected towns</li> </ol>	<ol style="list-style-type: none"> <li>1) Implement single payer health care plan</li> <li>2) Institute energy conservation program</li> <li>3) Implement MMA's incentive program to find efficiencies in the delivery of local/regional services</li> <li>4) Restructure state bureaucracy</li> </ol>	<ol style="list-style-type: none"> <li>1) Accept Governor King's curtailment and short-term cost cutting proposals</li> <li>2) Freeze overall state spending at the FY 03 level.</li> <li>3) Implement recommendations of candidate's cost containment commission (specifics not yet disclosed)</li> </ol>
<p>There has to be a reduction or elimination within some systems, if not services. For example, consolidation might reduce the number of school administrative units or middle-level bureaucrats.</p>	<p>We will need to cut services where we can, perform a state government "audit of the ages", and then adjust state revenue to bridge the balance to continue necessary programs.</p>	<p>Limit state spending to the growth in personal income. May need to look at affordability of recent expansions in Medicaid.</p>
<p>Support looking at comprehensive tax reform package developed by State Economist Laurie LaChance. General strategy would to increase State share of education costs, streamline special education services and find efficiencies in service delivery.</p>	<p>Yes. The state should pay 55% of public education and the Homestead Property Tax Exemption should be doubled to \$14,000. Combined, that is a 15% - 20% reduction in property taxes.</p>	<p>We need to relieve the property tax. By consolidating the delivery of educational and other local services, cost savings will be obtained.</p>
<p>Could support a controlled local option system that is time-limited and tied to major capital projects, but entire tax code should be reformed first.</p>	<p>A strong supporter of local control, but not in the area of taxation. Would limit "local option" to a certain time-limited "surcharge" on the sales tax for regional capital projects.</p>	<p>No. It would only add to Maine's overall tax burden.</p>
<p>Better spending is the key. For example, the state's purchasing power could reduce municipal costs for big-ticket (e.g., fire trucks).</p>	<p>Yes. The three major taxes (property, sales and income) should be balanced in terms of revenue generation. Support broadening the sales tax base, redesigning the income tax rate structure, and reducing the property tax.</p>	<p>Spending reform must precede tax reform. After spending reform is implemented, supports tax reform to achieve better balance among the three major taxes and supports property tax reduction, including the tax on personal property.</p>
<p>Use educational subsidy system (GPA) to create incentives to consolidate. Design the school construction subsidy system similarly. Develop central or common school building design.</p>	<p>Does not support closing community schools which anchor the community center. Supports MMA's proposal to provide incentives through the existing subsidy systems (GPA and municipal revenue sharing) for the schools and municipalities to find the efficiencies that actually work.</p>	<p>Supports regionalization but not school building consolidation. Design the educational subsidy systems to support consolidated "cost centers" (i.e., administrative, rather than classroom, services).</p>
<p>Support the overall thrust, but have problems with some details, such as the state obligation to pay 100% of special education, therefore cannot support the entire initiative.</p>	<p>Yes. Completely.</p>	<p>No. But will work with municipalities to provide property tax relief.</p>