



## “Placeholder” Testimony of the Maine Municipal Association

### Neither For Nor Against LD 2024

#### *An Act to Remove from the Calculation of the Cost of Education the Maine Public Employees Retirement System Teacher Plan Unfunded Actuarial Liability*

January 29, 2020

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Senator Millett, Representative Kornfield and members of the Education and Cultural Affairs Committee, my name is Kate Dufour and I am providing placeholder testimony neither for nor against LD 2024 on behalf of the Maine Municipal Association (MMA).

Although our Legislative Policy Committee (LPC) will establish the Association’s official position on LD 2024 at its January 30 meeting, in preparation for this hearing MMA staff conducted an informal poll to gauge municipal response to the changes proposed in the bill.

Under existing law, total K-12 public school expenditures are calculated in two ways.

As provided for in section 15671, subsection 7-B, the total cost of K-12 education is defined as the amount necessary to fund education under the Essential Programs and Services (EPS) model. Under this calculation, the state’s \$1.16 billion FY 20 allocation is calculated as 50.8% of total K-12 education expenditures.

As provided for in section 15671, subsection 7-C, the total cost of K-12 education is defined as the amount necessary to fund K-12 under the EPS model plus the contributions to the unfunded actuarial liabilities of the Maine Public Employees Retirement System, which is a debt incurred as a result legislative funding priorities and decisions. Under this calculation, the state’s FY 20 allocation for schools increases to \$1.39 billion and the state’s share for K-12 education expenditures increases to 55.2%.

Municipal officials who responded to the survey support the repeal of the second calculation, as proposed in LD 2024. Simply defining total expenditures as the cost related to educating students, including administration, more accurately assesses the state’s progress with the 55% funding target and honors the promises made to Maine residents and property taxpayers.

Thank you for the opportunity to comment. If our Policy Committee's official position on this bill varies considerably from the testimony presented today, I will inform the members of the committee of that outcome in a timely fashion. If you have any questions regarding our position on LD 2024, please do not hesitate to contact me at either [kdufour@memun.org](mailto:kdufour@memun.org) or 1-800-452-8786.