



THE MAINE HERITAGE POLICY CENTER

The Maine Heritage Policy Center Testimony to Oppose 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”

Senator Millett, Representative Kornfield and distinguished members of the Committee on Education and Cultural Affairs, my name is Adam Crepeau and I serve as a policy analyst at The Maine Heritage Policy Center. Thank you for the opportunity to speak in opposition to LD 2024.

The Maine Heritage Policy Center is strongly opposed to this legislation because it would exclude the unfunded actuarial liability of the Maine Public Employees Retirement System from the calculation of the state’s share of K-12 education. Both Governor Mills and Governor LePage included the unfunded actuarial liability to attempt to reach the state’s share of 55 percent for education costs in their biennial budgets.

According to LD 1001, the 2020-21 biennial budget, the state’s share of essential programs and services was \$1.164 million or 50.78 percent. In contrast, the local share was \$1.128 million, or 49.2 percent.¹ If lawmakers were to exclude the unfunded actuarial liability from the calculation, it would have cost taxpayers an additional \$97 million for a total of \$1.261 million to fund K-12 education at the 55 percent level.² This would be unacceptable — the state already spends an absurd amount of money to educate approximately 180,000 students.³

Not only did the state neglect to fully pay for our transportation needs but we still have more than 2,000 people with disabilities on waitlists who need services. Instead of increasing the total state share for the cost of education, lawmakers should attempt to find other long-term, holistic solutions.

The most effective way to put more money into instruction would be to trim administrative costs. Currently, nearly \$208 million is spent on school and system administration annually — these costs could be trimmed to ensure more money flows into Maine’s classrooms.⁴ We suggest

¹ <http://legislature.maine.gov/bills/getPDF.asp?paper=HP0743&item=4&snum=129>.

² Ibid.

³ https://www.maine.gov/doe/sites/maine.gov.do/files/inline-files/FY18ResidentExpenditureBudgetCat_PerPupil_20190124.pdf

⁴ https://www.maine.gov/doe/sites/maine.gov.do/files/inline-files/FY18ResidentExpenditureBudgetCat_TotalAmount_20190124_0.pdf



capping and incrementally lowering the amount that can be spent on administration, similar to how the legislature created annual targets to increase instructional expenditures.⁵ For an interactive map that will show you how much your school district spends on various types of school expenditures, visit <https://mainepolicy.org/schoolmap/>.

Because excluding the unfunded actuarial liability from the formula would cost taxpayers more money and there are more efficient ways to ensure funds flow into Maine's classrooms, The Maine Heritage Policy Center urges the committee to vote, "Ought Not to Pass" on this bill. Thank you.

⁵ <https://www.mainelegislature.org/legis/statutes/20-A/title20-Asec1485.html>