

Senator Rafferty , Representative Murphy, members of the Education and Cultural Affairs Committee, I writing to testify in opposition to LD 1518, An Act to Clarify the Amount and Use of Unallocated Balances in a School Administrative Unit Budget.

My name is Tyler Backus and I am a resident of Oakland.

Though I am in opposition to the bill I want to clarify some information.

- 1) 20-A MRSA §15004 was kept in statute to ensure that any funds raised for the use by school districts cannot be transferred to other purposes. Especially for municipal school districts this ensures that funds raised for education cannot be allocated back to the municipality to be utilized for other departments.
- 2) The wording "used to reduce the state and local share of the total allocation for the purpose of computing state statute" was intentional as it implies funds should be used to reduce taxes. By instead having "spent to fund educational programs" this would imply to me the school districts would need to determine a way to track expenditures covered by the use of fund balance, which would both increase the workload of local districts and the school finance team at the state level.
- 3) The last sentence is too restrictive as other emergencies can come up, especially for maintenance.
- 4) The words "held separate and apart" have the meaning that they would need to be held in a separate fund, which would be antithetical that funds raised through taxation must be held in the general fund and approved by taxpayers. The only way to make the funds separate and apart would be to put them in a special revenue fund, which would actually provide school districts more ability in spending money without taxpayer knowledge. Another option would be to require the districts to put them in a restricted fund balance that the department could set up and the use of those funds could be governed by this statute. I will note however that it would be difficult to determine how those funds were being used, unless you also changed statute to also require a budgetary warrant article to specifically specify how the funds were being used.
- 5) The 3 year carry forward rule is tricky because it is recalculated each year, so making the board vote on putting funds into a restricted fund balance to be used in a certain year would be constraining to them.

For these reasons I am opposition to LD 1518, An Act to Clarify the Amount and Use of Unallocated Balances in a School Administrative Unit Budget.