

Opposition to LD 1103 - An Act Regarding Unallocated Balances in a School Administrative Unit School Budget

There are 3 components I oppose to:

1. Making the 'temporary 9%' permanent or extending it, rather than going back to 5% as was the intent when the 9% was put into place.
2. The ability of school districts to put excess over the 5% or 9% cap into special allocated reserves.
3. The timeframe is too long to deal with excess unallocated reserves.

Regarding the 9%....

1. That was put in place at a time to address uncertainty surrounding COVID, and that is behind us. If one were concerned about future uncertainty,
 - o There is very little exposure as unforeseen expenses are small, especially when 76% of the RSU 18 budget is compensation. We are not dealing in risky commodities here.
 - o The fact is that funding of the school budget is assured. The State has plenty of money as their budget has gone from \$8.4M to \$11.7M over the past few years. In RSU 18, The Towns have been paying \$1.5M a year more than it costs to run the school for the past 5 years. Be it the State or the Towns, the ability to tax and fund any change in the school budget is unlimited. So, let's not play the 'sky is falling' card.
2. My bigger objection is that we are transferring accountability and approval for spending from the taxpayers to the Superintendent and his/her school board. The process is that the school budget is overstated (by \$1.5M/year, on average, over the last 5 years in RSU 18) and that overage goes into reserves controlled by the Superintendent.
3. The question is really what is an appropriate level of reserves. Let me ask and answer 3 questions.
 - o HOW MUCH IS TOO LITTLE? Having no reserves is not prudent
 - o HOW MUCH IS TOO MUCH? 9% PLUS Board discretionary fund is excessive
 - o HOW MUCH IS ABOUT RIGHT? The historical 5% state limit feels about right.

Regarding ability to move 'excess unallocated reserves' into 'allocated reserves'.....

1. This encourages the above practice of over-budgeting and over-taxing towns so that the excess can be under the control of the superintendent and school board.
2. My understanding is that the current state plan is to cut the 9% back to 5%, with that difference having 3 possible outcomes:
 - o (a) transfer unallocated to a Contingency or Reserve Fund,
 - o (b) Expend within 3 years or
 - o (c) reduce RSU Assessments to member towns.

The simple fact is that the school boards will avoid option c. Once the towns are taxed, the last thing the school board wants to do is give any back.

Hence, I believe that should be only one option which is option c.

Regarding timeframe.....

1. If we were to adopt option c above, it is simple, and
2. It does not provide the school board time to find ways to spend taxpayer money on projects and services they want to fund.

Respectfully submitted,

Trent Shute,
Resident of Rome Maine