

**Testimony in support of LD 258, "An Act Making Unified Appropriations and Allocations from the General Fund and Other Funds for the Expenditures of State Government and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2023, June 30, 2024 and June 30, 2025."**

**Arthur Phillips, Economic Policy Analyst**

**Before the Appropriations and Financial Affairs Committee and the  
Education and Cultural Affairs Committee**

**February 13, 2023**

Good afternoon, Senator Rafferty, Representative Brennan and members of the Joint Standing Committee on Education and Cultural Affairs; and Senator Rotundo, Representative Sachs, and members of the Joint Standing Committee on Appropriation and Financial Affairs. My name is Arthur Phillips, and I am an analyst at the Maine Center for Economic Policy. I am here to voice support for four proposals in the Governor's budget proposal regarding education, which we hope this committee will recommend as priorities, while also noting two areas of concern.

The Maine Center for Economic Policy applauds the governor's proposed initiatives to maintain Maine's commitment to funding 55 percent of K-12 education costs; to continue providing free school meals to all public students; to extend funding for free community college; and to raising the value of the Maine State Grant from \$2,500 to \$3,000.

Each of these proposals represents a down payment on our state's future that will improve the odds that all young people in Maine can thrive in our public schools, colleges, and universities.

However, while underlining the significance of these proposals, I want to share our concerns on two points.

First, Maine became one of only two states in the country to guarantee free school meals to all public-school students. An unintended consequence of this decision, though, is jeopardizing federal funding to support school meals. With the state guaranteeing free school meals for all students, families and schools no longer have the incentive to demonstrate eligibility for free or reduced-price meals. This also limits our ability to identify which schools serve students with the greatest economic disadvantages, and therefore our ability to target resources where they are needed most. We therefore must work towards a solution that both extends this universal benefit to ensure all public-school students get the nourishment they need, and ensures we are not forgoing resources from the federal government to do so.

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Our second concern is another case of being a victim of our own success. Because of the Governor's bold initiative to offer free community college to recent high school graduates, and because of the relatively seamless transferability between the Maine Community College and University of Maine systems, we are experiencing a profound increase in community college enrollment and an associated decline at UMaine. Savvy students seeking a four-year degree have a clear incentive to attend two years of community college before transferring to the University of Maine for the final two years. While we applaud efforts to lower the cost of higher education, including both proposals to extend free community college and expand the Maine State Grant Program, we must not also undermine the stability of our universities. One possible solution would be to create a parallel initiative to the free community college program that would significantly subsidize the costs of tuition for Maine residents at University of Maine campuses.

We offer our comments to commend these budget proposals while seeking to avoid painful unintended consequences. We urge you to continue funding 55 percent of K-12 education costs and providing free school meals to all public students; to extend free community college and increase the value of the Maine State Grant.

Thank you for the opportunity to provide testimony and I welcome any questions you may have.