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**Testimony of the Maine Municipal Association
In Opposition To**

LD 1518 - *An Act to Clarify the Amount and Use of Unallocated Balances in a School Administrative Unit Budget*

April 29, 2025

Senator Rafferty, Representative Murphy and members of the Education & Cultural Affairs Committee, my name is Rebecca Lambert, and I am providing testimony in opposition to LD 1518 on behalf of the Maine Municipal Association's (MMA) elected 70-member Legislative Policy Committee (LPC). MMA is a nonpartisan, nonprofit member service organization and aims to help provide policy solutions that work for all residents in Maine and the LPC guides the advocacy efforts and establishes positions on bills of municipal interest.

While local leaders fully support investing in schools, this proposal would impose an inflexible, one-size-fits-all mandate that severely restricts local fiscal management and undermines a local school district's ability to responsibly budget.

Municipalities and school districts work closely together each year to carefully craft budgets that balance educational needs with the financial realities of our taxpayers. When there are unexpended funds at the end of a fiscal year, whether it is due to unexpected savings, enrollment shifts, or conservative financial planning, those resources are critical when looking to stabilize future budgets. Rolling those funds forward to reduce the tax burden helps cushion our citizens against sharp increases in state and local funding needs, particularly as we face escalating costs in areas like healthcare, transportation, and special education services.

Mandating that any surplus over 5% be spent only on educational programs in the coming year or within a period of no greater than three years, regardless of a district's unique circumstances, is a step towards handcuffing property taxpayer authority. In many cases, unexpended funds are already earmarked for critical stabilization funds, capital improvements, or to respond to emerging needs without resorting to emergency overrides or steep tax increases.

Not only does LD 1518 shift decision making authority from residents, but this mandate would also weaken the incentive for schools to find operational efficiencies or to practice conservative fiscal management. Instead of encouraging stewardship, it would create a "use it or lose it" environment where funds will be spent quickly, rather than strategically.

Municipalities and school districts need flexibility, not rigid mandates, to meet educational priorities. Our residents, who are also our taxpayers, deserve school and town leaders who can prudently manage resources and reduce volatility in both school and municipal budgets.

In short, while municipal leaders will remain steadfast in their commitment to supporting high-quality education, we respectfully urge you to reject this proposal to allow districts to continue to work collaboratively at the local level to meet the needs of our students and our taxpayers, not through state-imposed spending rules, but through thoughtful and community-driven budgeting.

Thank you for your time and considering the municipal perspective.



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