



HOUSE OF REPRESENTATIVES

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Testimony of Representative Nathan Carlow before the Joint Standing Committee on Education and Cultural Affairs

April 13, 2021

In **support** of L.D. 1198, *An Act Authorizing an Increase to the Maximum Annual Fund Balance for Public School Districts.*

Thank you, Mr. Chairman, and distinguished members of the Joint Standing Committee on Education and Cultural Affairs.

I am Representative Nathan Carlow, and I am pleased to be with you this morning to present brief testimony in support of legislation I have introduced that supports fiscally responsible accounting practices for public school districts.

In addition to my legislative service, I sit on the Board of Directors for Maine School Administrative District 6 which is comprised of the towns of Buxton, Hollis, Standish, Limington and Frye Island. This is the largest S.A.D. in the State of Maine and our budget for this fiscal year exceeds 50 million dollars.

Currently, state law does not permit the setting aside of any amount greater than 5% of the total budget. This has created precarious fiscal challenges in the past and makes it challenging for school districts to keep an eye on the future, particularly in the context of saving money for large scale investment in facilities projects and academic programming.

This legislation is designed to help school districts who may want additional flexibility to save funds for these capital projects, as opposed to contracting debt through a bond or other type of bank loan.

In discussions that I've had with one other member, a question was raised whether or not an increase in savings would affect the money received by school districts under the EPS formula, so I'd like to preemptively state for the Committee's awareness that I have verified that this does not have any relation to the EPS formula and an increase in savings does not affect state subsidy.

It's my understanding that Maine sets a very low bar in what amount it permits school districts to carry forward relative to other states, and while I am not fully committed to the 15% provision that is in the bill's current form, I would like to start the conversation about how we can encourage school district's to be more fiscally responsible by offering alternative pathways other than assuming debt and the interest that debt accrues.

I would emphasize that this is a bipartisan bill, and I was happy that Representative Bailey from both a neighboring house district and a neighboring school district was in agreement that now is a good time to increase this limit. School districts have a lot of work to do to rebuild and rethink how education works particularly in the context of COVID-19, and that's going to take prudent fiscal policy to support that work.

For these reasons, I ask the Committee to vote in favor of the bill.

Thank you Mr. Chairman, I would be delighted to take questions from committee members at this time.

Nathan Carlow
Maine State Legislature

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