

## “The Responsible Government Spending and Investment Act”

### A Summary

Following the defeat of the latest statewide tax referendum in November, 2006, the Maine Education Association organized a coalition to develop a legislative initiative to reduce Maine’s tax burden and establish parameters for thoughtful state and local government spending and investment. A summary of our coalition’s work follows:

- **Our coalition consists of:**

- Maine Education Association
  - Maine State Chamber of Commerce
  - Maine Municipal Association
  - Maine Hospital Association
  - Maine Service Center Coalition

- **Our proposed legislation calls for:**

- ***Tougher Spending Limit Override Provisions***

- At the state level**, spending limits established by the Legislature last session may only be overridden by a 2/3 vote of the full Legislature, agreed to by joint rule.

- At the municipal level**, if a municipality receives “net new funding” from the state legislature, spending limits established by the Legislature last session may only be overridden by a majority of voters in a local referendum unless the governmental body can achieve a 2/3 vote of the body, e.g. the city council, the board of selectman, etc.

- At the school level**, if a school district receives “net new funding” from the state legislature, and if the school district budget exceeds the EPS funding level by more than 5%, such additional spending must be approved by a majority of voters in a local referendum unless the governmental body can achieve a 2/3 vote of the body.

- At the county level**, if a county receives “net new funding” from the state legislature, spending limits established by the Legislature last session may only be overridden by a majority of voters in a local referendum.

- ***Regional Delivery of School Administrative Services***

- The goal** - to reduce school administrative service costs by a minimum of 10%.

- The process** - the establishment of 26 “Regional Planning Alliances”, each consisting of

4 municipal officials, 4 school officials, and 4 members of the public who would work with school districts and municipalities within the geographic areas defined by the State’s current regional vocational centers.

**The areas of review** – special education management, human resource management, information technology management, financial management, transportation systems, the purchase of supplies and materials, and labor negotiations calendars and procedures.

**The timeline** – to begin no later than October, 2007 and to conclude no later than July, 2009.

○ ***Statewide Fiscal Benchmarks***

Statewide tax (revenue) and expenditure benchmarks must be established and reported on annually. Such benchmarks would compare Maine with national and peer state averages. Where Maine exceeds such averages, plans would be implemented to move closer to such averages.

○ ***Responsible and Aggressive State Investments***

Maine must invest in economic development activities that stimulate the state’s economy. Distinctions must be made between the state’s unfunded liabilities and its bonded indebtedness in order to determine appropriate investment strategies.