

Select Board/Budget Committee

Joint Meeting

March 9, 2026

Town Office @ 4:30 PM

Virtual Meeting Link: <https://us02web.zoom.us/j/81038021289>

Agenda

- A. Call to Order Budget Committee Mtg
- B. Approve Minutes
 - a. [March 2, 2026](#)
- C. Official Action Items
 - a. Review [Select Board Recommendations](#)
 - i. Operating Budget
 - 1. Solid Waste
 - 2. Contingency
 - 3. Legal
 - 4. Animal Control
 - 5. Fire Department
 - 6. Emergency Management
 - 7. Hydrants
 - 8. Street Lights
 - 9. Traffic Lights
 - 10. Biscay Beach
 - 11. Debt Service
 - ii. Capital Budget
- D. Discussion Items
 - a. [MMA Article: Taxation Complexity](#)
- E. Adjourn

**Budget Committee
Meeting**

March 2, 2026

Town Office @ 4:30 PM

Virtual Meeting Link: <https://us02web.zoom.us/j/81038021289>

Minutes

Budget Committee: Richard McLean, Constance Magistrelli, Leah Puckey, Gary Rosenthal, Bruce Rockwood, Larry Sidelinger, Jenny Begin (alternate), Susan McAlister (alternate), Karen O'Bryan (via zoom), Mary Devlin (via zoom), Shari Sage (via zoom)

Others: Andrew Dorr, Town Manager; Lesley Wysocki, Deputy Clerk

A. Call to Order Budget Committee Mtg

McLean called the meeting to order at 4:30 p.m.

There was initial discussion regarding which alternate member should vote, if needed. As this option was not needed for tonight's meeting, it was determined to discuss it at a later time.

B. Approve Minutes

- a. [November 19, 2025](#)
- b. [December 3, 2025](#)
- c. [January 28, 2026](#)
- d. [February 9, 2026](#)
- e. [February 10, 2026](#)
- f. [February 11, 2026](#)

Motion by Devlin to approve the minutes of November, 19, December 3, January 28, February 9, February 10, and February 11 as presented.

Second by Rockwood

Vote: 9/0/0

C. Official Action Items

D. Discussion Items:

- a. Budget Review: Reflection/Observations

Dorr reminded members of the running question and answer document on-line and encouraged requests to be made in a timely manner in order to allow time to prepare or gather information prior to the meeting.

Magistrelli wanted to know what the initials CBA stood for. Dorr replied: Collective Bargaining Agreement.

Sidelinger asked why Damariscotta did not have a vote on the Jefferson-Nobleboro Transfer station contract. Dorr replied that a two town "Council of Governments" had been formed years ago and hasn't been updated. Newcastle and Damariscotta have both requested a seat at the table, but have not heard back yet. Sidelinger stated, "since we pay so much money, we should have a voice". Dorr continued clarifying that this contract runs on a calendar year vs a fiscal year. He is concerned that they may not be funding their capital needs appropriately and if they need to take out a bond, that could be a problem for us. Rockwood asked if there were any alternatives. McLean shared that they had looked at having a transfer station in Damariscotta but it was voted down by the community. Devlin shared that since we were already in the middle of the year, perhaps the Damariscotta-Newcastle Public Works Committee could look at the transfer station issue and possibly change it for future years. Magistrelli asked if the issue was just the cost or were we unhappy with the service? Rockwood suggested looking at other Town's fee structure and data as well.

Motion by Devlin that the Budget Committee recommends that the Select Board/Dam-New Public Works Committee review the rate structure for trash disposal, comparing it with Bristol and Boothbay and, if necessary, investigate alternatives including partnering with the Bristol or Boothbay stations or develop a new site.
Second by O'Bryan
Vote: 8/0/1

Magistrelli commented that she knows people have done thoughtful work on this budget proposal, but are the numbers presented absolutely needed? She also acknowledged that the reserves have been underfunded for a long time and now we need to catch up.

McLean stated that there are a number of expenses that are contracts which are approved throughout the year and would like the Budget Committee to be notified when a contract is on the Select Board's agenda for discussion or approval. Dorr encouraged members to sign up on the web page to receive the agenda.

Puckey commented that we are spending money like "teenagers with their daddy's credit card" and doing nothing to cut the budget. The Select Board and departments just keep spending. She believes every department should be reduced.

There was conversation about the Police Department's budget, in general, and the need for a department, in particular. Rockwood shared there had been discussions in 2013/2014 about whether or not to keep our own department and if we would receive the same level of service from the Sheriff's office for less money. The community wanted their own department at that time. Begin added there had been a desire of some people to discuss the future of a department when Chief Warlick resigned and was disappointed that those conversations didn't happen. Dorr stated that the Town Charter states that a Police Department exists and it would require a change to that, if that was the direction they wanted to go in a future year. McAlister brought up the Comp Plan work and wondered whether the town police department had come up during that in depth process.

Sage said she was offended by some of the comments being made and that prices of everything are going up. She didn't see a lot of unnecessary items being purchased.

Devlin stated that it was not realistic to simply do a percent decrease to each department, but rather, where can we create more revenue. (looking at fee structures and creating new fees, etc.) Dorr responded that the fee structure is on the Select Boards' radar for review.

Sidelinger asked about where the billing for police services for pumpkinfest appears, what percentage the patrol officers pay for health insurance, and when can that be changed. Dorr responded that the fees for services are simply netted out and officers pay approx. 5% of the monthly cost for their insurance per contract. Their contract expires in June 2027. It could be changed but you'd end up having to pay more in salary or something else for them to give up existing benefits. Begin said health insurance is really driving everything and continued by asking if there could be two budgets on the warrant for the police department. Dorr replied that if the Budget Committee recommended one figure and the Select Board another, that both would appear on the warrant. Sage commented that we need to have competitive salaries to be competitive.

Magistrelli and Rosenthal each voiced concerns about the school budget. She shared that there was an all-day workshop on March 25th on the school budget and hoped that members would be more proactive; especially when it represents $\frac{2}{3}$ of peoples' tax bill. McLean responded that the Budget Committee had no control over the school budget and it was up to them if they would take any public input at this point in their process.

Devlin said she appreciated these conversations, but for the sake of time, we should move on and as we get to each department, we could have further discussions.

Rosenthal left the meeting at 5:30 p.m.

McLean encouraged the committee to move on.

- b. Obligated/Contracted Expenses Review
 - i. [Statutorily Obligated](#)
 - ii. [Town Charter Obligated](#)
 - iii. [Ordinance Obligations/Enforcement](#)

Dorr pointed out the three documents which had been posted to the website and printed copies were available for the meeting. Each shared various requirements of the Town which provided a layer of the budget process. Members commented that the documents were very helpful. If the community wanted to make changes to the Town Charter or change ordinances, there were processes that would have to be followed.

- c. Select Board [FY 27 Budget Progress](#) as of 2/25/2026

McLean noted that the Select Board had voted on several items at their last meeting, so this committee would have to come prepared to vote at the next meeting. He agreed with some members that they needed to stick to the facts presented in each line, since things could be debated forever. Sidelinger wanted verification that the Select Board had recommended \$186,705 for the fire department. Dorr confirmed.

E. Adjourn

Motion by Rockwood to adjourn the meeting at 6:45 p.m.

Second by Puckey

Vote:8/0/0

Operating Budget		2023 Actual	2024 Actual	2025 Actual	2026 Budget	2026 YTD	2027 Dept Request	2027 Manager Proposal	2027 Select Board Rec	2027 Budget Committee Rec
General Government	Admin	\$461,463.36	\$508,206.16	\$549,775.62	\$614,810.00	\$316,230.92	\$646,263.00	\$651,095.00	\$0.00	\$0.00
	Assessing	\$27,006.80	\$31,152.08	\$36,573.04	\$49,875.00	\$10,072.85	\$48,565.00	\$52,225.00	\$0.00	\$0.00
	Planning/Development	\$81,543.96	\$128,731.56	\$140,427.76	\$192,885.00	\$104,039.01	\$222,210.00	\$228,990.00	\$0.00	\$0.00
	Solid Waste	\$141,870.00	\$145,417.04	\$183,265.76	\$190,445.00	\$91,106.82	\$211,950.00	\$211,950.00	\$211,950.00	\$0.00
	Municipal Building	\$50,828.76	\$50,771.45	\$79,997.36	\$78,470.00	\$35,851.53	\$127,245.00	\$117,430.00	\$0.00	\$0.00
	Contingency	\$9,454.42	\$17,474.56	\$12,544.69	\$18,000.00	\$5,416.94	\$20,000.00	\$20,000.00	\$20,000.00	\$0.00
	Legal	\$13,433.50	\$24,230.25	\$21,350.00	\$22,500.00	\$2,850.00	\$20,000.00	\$20,000.00	\$20,000.00	\$0.00
	Insurance	\$19,570.00	\$16,817.76	\$17,781.51	\$18,655.00	\$19,501.00	\$20,675.00	\$20,675.00	\$0.00	\$0.00
	General Assistance	\$ 2,434.60	\$ 2,971.61	\$ 3,409.86	\$ 5,000.00	\$ -	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ -
	Total	\$807,605.40	\$925,772.47	\$1,045,125.60	\$1,190,640.00	\$585,069.07	\$1,321,908.00	\$1,327,365.00	\$256,950.00	\$0.00
							\$131,268.00	\$136,725.00	-\$933,690.00	-\$1,190,640.00
							11.02%	11.48%	-78.42%	-100.00%
Police	Police	\$669,107.19	\$730,186.86	\$791,972.61	\$907,000.00	\$402,298.40	\$994,600.00	\$977,725.00	\$0.00	\$0.00
							\$87,600.00	\$70,725.00	-\$907,000.00	-\$907,000.00
							9.66%	7.80%	-100.00%	-100.00%
Public Safety	ACO	\$7,959.22	\$6,940.42	\$8,415.96	\$7,850.00	\$7,129.09	\$11,055.00	\$11,055.00	\$11,055.00	\$0.00
	Fire Dept	\$141,685.56	\$159,451.28	\$139,612.18	\$181,693.00	\$74,327.67	\$186,703.00	\$186,705.00	\$186,705.00	\$0.00
	EMA	\$1,879.56	\$2,380.40	\$2,390.64	\$2,780.00	\$1,094.34	\$3,040.00	\$3,040.00	\$3,040.00	\$0.00
	Hydrants	\$138,466.24	\$138,466.24	\$164,610.34	\$227,000.00	\$89,083.30	\$246,205.00	\$246,205.00	\$246,205.00	\$0.00
	Street Lights	\$6,338.31	\$6,860.79	\$7,341.45	\$6,000.00	\$4,205.94	\$0.00	\$0.00	\$0.00	\$0.00
	Traffic Lights	\$660.85	\$2,321.39	\$2,794.11	\$2,700.00	\$700.63	\$0.00	\$0.00	\$0.00	\$0.00
	CLC Ambulance	\$152,925.00	\$90,765.36	\$99,027.01	\$106,280.00	\$106,279.87	\$97,355.00	\$97,355.00	\$97,355.00	\$0.00
	Total	\$449,914.74	\$407,185.88	\$424,191.69	\$534,303.00	\$282,820.84	\$544,358.00	\$544,360.00	\$544,360.00	\$0.00
							\$10,055.00	\$10,057.00	\$10,057.00	-\$534,303.00
							1.88%	1.88%	1.88%	-100.00%
Public Works	Highway Dept	\$ 469,696.85	\$ 524,661.14	\$ 738,662.85	\$ 817,580.00	\$ 342,117.16	\$ 839,920.00	\$ 831,270.00	\$ -	\$ -
	Street Lights	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$13,200.00	\$8,200.00	\$8,200.00	\$0.00
	Traffic Lights	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$5,200.00	\$4,200.00	\$4,200.00	\$0.00
	Cemetery Maint.	\$39,739.55	\$73,863.07	\$49,119.35	\$63,090.00	\$29,273.71	\$66,425.00	\$66,425.00	\$0.00	\$0.00
	Biscay Beach	\$738.44	\$800.00	\$1,140.00	\$1,400.00	\$1,540.00	\$1,600.00	\$1,600.00	\$1,600.00	\$0.00
	Total	\$ 510,174.84	\$599,324.21	\$788,922.20	\$882,070.00	\$372,930.87	\$926,345.00	\$911,695.00	\$14,000.00	\$0.00
							\$44,275.00	\$29,625.00	-\$868,070.00	-\$882,070.00
							5.02%	3.36%	-98.41%	-100.00%
Community Services/ Betterment	Community Services	\$3,263.46	\$2,529.07	\$2,500.00	\$2,500.00	\$0.00	\$3,000.00	\$3,000.00	\$0.00	\$0.00
	Community Betterment (Provider Agencies) *via petition	\$78,828.00	\$86,874.00	\$72,665.00	\$95,452.05	\$95,452.05	\$55,164.00			

Studying the Property Tax

Undeterred by the enormity of the task, the 13-member Real Estate Property Tax Relief Task Force is on a mission to deliver targeted property tax relief.

By Betty Adams

A task force looking at current conditions regarding property tax relief—including the desire to keep Maine people in their homes—has focused largely on learning about how property taxes are determined, how they are used and who needs to be supported.

A legislative resolve that went into effect in July 2025 set the stage for a Real Estate Property Tax Relief Task Force, a group of 13 voting members with different areas of expertise and backgrounds, given the imperative to look at existing property tax relief measures to help the state with its desire to “deliver immediate property tax relief and launch a comprehensive, data-driven process to develop long-term solutions . . .”

In late January, as the task force was dealing with final edits on an interim report, Sen. Nicole Grohoski, representing municipalities in Hancock County as well as Isle au Haut in Knox County, who is co-chair of the task force and the Taxation Committee, talked about the progress: “So far, much education has taken place. Property taxes are complex and they are intertwined with the ways we fund state services and local services. There are a lot of threads you can follow, and we wanted to make sure everyone had the same grounding on property taxation: How does assessing work? What does the state pay for? What are the municipalities tasked with funding themselves? What relief programs do we have?”

Now that the investigative phase is wrapping up, she said, “We have a lot more work to do to make recommendations that will have lasting effect. The interim report has identified that we have the gold standard for property tax relief programs: the Property Tax Fairness Credit, the Homestead Exemption and the Property Tax Deferral programs. This is what we learned from national experts. I think one of the questions the task force now poses to the Taxation Committee is ‘We’ve got the right programs; are there any changes you want to make in the near term?’”

She noted that the task force has recommended

that the deferral program “is the most targeted and might be a place for investment but the others are also ripe for additional enhancement.”

Gov. Janet Mills also referenced that program when mentioning tax savings in her State of the State speech on Jan. 27, 2026, saying, “[I]f you are a senior citizen, you might qualify for property tax relief of up to \$2,000 through our Property Tax Fairness Credit, and your pension itself might well be exempt from income taxes.”

Additionally, a separate state program allows certain individuals to defer paying property taxes on their homestead; some municipalities also offer property tax deferral programs.

Grohoski said the next task is looking into what drives costs for municipalities that taxpayers fund: “The goal here is to find not only short-term relief that can help [offset] costs people are having now but to think about what we can do differently so we don’t have to keep addressing this whenever we’re in these economic periods where there are sharp increases in costs.”

A draft report prepared for the Dec. 16, 2025, task force meeting outlines part of the problem: “During the pandemic, residential property values rose, and commercial property values decreased.” It goes on to say, “The fair market value of Maine homes, which is the base on which property taxes are assessed, has risen dramatically over the last five years, post-COVID—two to three times faster than the incomes of most Maine households. The median home sale price in Maine, according to data from the Maine Association of Realtors, rose from \$225,000 in 2019 to \$390,200 in 2024—an increase of 73% in just 5 years.”

Lewis Cousins, an assessor for the City of Presque Isle, presented information about assessing to the task force at a Sept. 30 meeting.

In a later interview, Cousins, who is also vice president and co-treasurer of the Maine Association of Assessing Officers, said, “The task force has a monumental job in front of them to try to find a way to provide relief. The message I tried to give was to be careful not to simply

shift the tax burden from one group to another and that's what happens when we provide an exemption to a certain group of people."

He offered an example using the homestead exemption: "Those people that qualify for the homestead do receive a benefit, but the cost of city services doesn't change, so the burden of the taxes is shifted to businesses and landowners and other people who don't qualify for that exemption. It's very simple. You're not making the burden that taxation has to cover go away. What I tried to suggest—and it may be impossible—is to find a way to reduce the costs municipalities have to endure."

Presque Isle is also the base of the Aroostook Regional Assessing Office (ARAO) which provides services to Madawaska, New Canada, Cyr Plantation, New Sweden, Portage Lake, Garfield Plantation, Mars Hill, Hodgdon and Amity.

Rep. Robert Nutting, who represents Oakland, Mercer, Smithfield, Starks and part of Sidney, said in an interview that he wanted the task force to avoid getting side-tracked. "What we're trying to do is get some fairly immediate relief to property taxpayers. The obvious places to look are the Homestead Exemption

Program and the Property Tax Fairness Credit."

He talked about the high costs to county governments of funding jails and law enforcement: "They're mandated by the state to do lots of things, but the state has reneged on providing them with the funding that they

deserve. As a result, instead of being paid for with a combination of income tax or sales tax and every other tax that the state has access to, it becomes a property tax issue." He noted that several county sheriffs are seeking to have regional jail facilities to cut costs.

"We're looking at two things: the property tax relief, and if we can do something about the county, that would be great," he said. "At the end of the day, the people who vote control the property taxes. They get to vote on the municipal budget, they get to vote on the school budget, what they don't get to vote on is the county budget."

He too referenced the pandemic and the influx of individuals seeking an escape to rural Maine as one of the factors causing the property tax crisis.

Nutting, who is in his 20th year as a state legislator, also offers a municipal perspective as a member of the Oakland Town Council.

He too said the hard work for the task force will take place in the next four to six meetings. "To have any appreciable impact on property taxpayers there have to be some difficult decisions made. In one of the first couple of meetings, people who worked for Maine Revenue Service pointed out—rightfully so—that the state already does a lot in helping with property tax, but I think we're going to find out that they're not doing enough to please residents, but we'll see."

Nutting added, "I'm looking forward to what we'll end up doing. If they decide non-profit and educational facilities have to pay property tax, I will be surprised."

Task Force member Dick Woodbury, an economist and former state senator from Cumberland County, at the Sept. 30, 2025 meeting, said, "Spending and taxes are two sides of the same coin," and asked, "Are we apportioning the burden not as well as we could?" He said that a quick calculation shows the state spends \$2.2 billion a year on property tax relief.

Bangor City Manager Carollynn Lear, the task force member representing communities with at least 10,000 population, said that her role includes helping fellow

task force members understand the role of service center communities. Some 33.9% of property in Bangor is exempt from taxes according to data from Maine Revenue Services. A sample of other service center communities shows a high percentage of tax exempt property as well: Waterville, 32.4%, Augusta, 25.8%, and Lewiston, 23.2%.



Carollynn Lear

She noted that nontaxable properties drive a higher use of city services, including police, fire and public health and pushed to have information about that included in the task force's interim report: "The proportion of service center municipalities that is nontaxable property, for example, is a huge component of why it is uniquely challenging to be a service center community in a world where your primary revenue stream is property taxes."

Lear, an attorney and a native of Belfast, Maine, began her chief administrative role in Bangor in June



Robert Nutting

2025 after a career in taxes, including 10 years as deputy commissioner in the New Hampshire Department of Revenue Administration, and most recently three years with the IRS in the Office of Taxpayer Advocate.

Lear noted that New Hampshire's property tax rates are much higher than Maine's, but that reflects the absence of an income tax as well as a sales tax on goods purchased in the Granite State.

She said the task force meetings offered valuable information from individuals in the Property Tax Division of Maine Revenue Services about how the state operates with regard to assessment and its property tax relief programs.

"In reality, our whole web of state, federal and local taxes as well as numerous other economic factors is what is making home ownership and property taxes unaffordable for taxpayers," she said. "With that in mind, I actually think that one of the more valuable things our committee could do for our policymakers is to really narrow and identify what the true challenges are and whether those challenges are in fact driven by property taxes or more generally driven by economic factors."

She continued, "One thing I would highlight that I think is really unique about Maine and a place that the committee didn't explore but really needs to, is the fact that Maine has the highest proportion of non-owner occupied homes in the country. That's driven by the fact that people own second and vacation homes here.

"On the one hand you can talk about the benefit of that in that those part-time owners probably don't require the same level of local and state services as full-time owners, but at the same time, I think those property owners uniquely drive values in a way that impacts full-time residents. That's a place where it would behoove the committee to spend some time evaluating whether there's anything creative to be done to address the impact of our high proportion of second homeowners or nonresident homeowners."

Stonington Town Manager Kathleen Billings, who has held that post for more than 20 years, is the task force member representing municipalities with fewer than 10,000 residents. She started as town clerk in 1997-98.

The picturesque coastal town featured in the October 2025 issue of *Maine Town & City*, attracts lots of visitors in the warmer months, but some year-round residents—particularly the young and senior citizens—are being priced out of the housing market.

At the task force's Sept. 30, 2025 meeting, Billings commented that a number of long-term residents are having to leave the town because they can no longer afford to live there. She said houses along the coast and even inland homes were purchased by people from out of state, and that median house prices have hit \$400,000-\$600,000.



Kathleen Billings

"The have and the have-not divide is substantial," she said in an interview in late January. "The homestead exemption, started 20-25 years ago, is still at \$25,000. That's nothing when the house has appreciated so much in value." She would like the homestead exemption set at not less than \$100,000.

She offered an illustration of the change, saying that the Stonington Water Company, which is a town department, supplies water to 270 customers and almost all are shut off in the winter because the homes are closed up: "It's literally an empty Main Street; it's lost that vitality. The owners are only here for six months because they don't want to pay income tax."

She added that she finds it difficult to pay enough to keep staff in the town office, and that they provide a significant benefit to the state, particularly through issuing the various hunting and fishing licenses, and boat and motor vehicle registrations. "It's not sustainable to keep doing this," she added.

She would like to see some changes: an increase in agent fees for the towns and more webinars offered for training staff so the town office isn't short-staffed while individuals are attending training elsewhere.

In a Maine Municipal Association Potholes & Politics podcast aired on Nov. 25, 2025, task force member Nick Cloutier, current Waterville city manager and most recently assessor and director of special projects for the Town of Scarborough, summarized points he shared with the task force.

In the short-term, he listed potential relief for homeowners, especially individuals with lower incomes and seniors, and targeting "individuals who are really feeling the crunch" through existing programs, including the property tax fairness credit.

For the midterm and longer term, he said he expected the task force's final report to look at the root of the problem and perhaps suggest a tiered mil rate

or different rates for primary residences versus second homes, etc.

He noted that some people have suggested expanding the sales tax to more goods or providing more opportunities for municipalities to impose a local sales tax to bring in more revenue.

The task force has requested permission to have more meetings than provided for in the enabling legislation, and Grohoski expected that to be approved.

“When we reconvene probably in May, we’ll be interested to see what actions the Legislature takes not just in the tax arena but in education and criminal justice. What did those reports recommend and do we feel we want to pick up the ball on any of those things because they are related? We also know we could spend all of our time just on education funding, and we have to be more broad than that.”

She also praised the data analysis work of the Progress & Poverty Institute, a contractor which has worked on property tax issues in other states and is doing research and providing analytical support materials for Maine’s Real Estate Property Tax Relief Task Force.

“They have in a very short time put together a lot of information that will help us answer questions.” She

gave a few examples of those questions: “If you can appropriate another \$50 million for property tax relief, how do you put that in a program to make sure it’s helping the people that are struggling the most? How do we make sure that property taxes aren’t adversely affecting renters? That’s one of the really good things about our property tax fairness credit. It is one of the things that actually helps renters as well as homeowners and that is not as common, but certainly property taxes affect anyone that has a home.”

The resolve that created the task force notes that “no later than December 15, 2026, the task force shall submit a final report that includes its findings and recommendations, including suggested legislation, to the [Taxation Committee] which may report out legislation to the 133rd Legislature in 2027 based on the report.” Grohoski and task force co-chair Rep. Ann Matlack, who represents Cushing, St. George, South Thomaston, Thomaston and part of Owls Head will present that report. Grohoski said all task force committee members will be invited to attend as well.

Videos of task force meetings, the completed interim report and other documents are posted online at <https://legislature.maine.gov/real-estate-property-tax-relief-task-force>. 



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The Complexity of Funding Public Education

The finale.

By Rebecca Lambert / Municipal Issues Specialist

Through passage of LD 2286 in April of 2024, the Maine Educational Policy Research Institute (MEPRI) was directed to conduct a targeted review of how public education is financed in Maine, including examining the components of the Essential Programs and Services (EPS) funding formula. Articles published in the October and November 2025 and January 2026 editions of the *Maine Town & City*, outlined the components of the EPS formula and highlighted key data trends, explored regional cost variations and the impact of special education expenses within the EPS formula, and examined how Maine finances public education, the sharing of costs between the State and property taxpayers, and the effectiveness of the current EPS funding model.

The final segment in this series relies on artificial intelligence and human resources to summarize the 200-page report's most critical findings.

General Background and Trends

While expectations for public education in Maine have expanded, funding models have not kept pace with changing needs or inflation. Since EPS's introduction in 2005, per-pupil spending has grown significantly, even as student enrollment declined by 19%. This contrast highlights a clear paradox, as many districts are now spending more to educate fewer students. Two spending categories, special education and student/staff support, have seen the most growth, rising 141% and 174% respectively between 2001 and 2021—far outpacing inflation.

Stakeholder feedback also revealed a lack of consensus regarding the provision of an “adequate” education. Communities interpret “essential services” differently, leading to wide disparities in educational opportunities.

Economies of scale also contribute to the chronic underfunding of school programs. Communities often resist school closures, leading to structural inefficiencies in the system. One solution would be to support small schools through alternative funding models or by using multi-year enrollment averaging. Another

solution would encourage consolidation with stricter funding guidelines and prioritization of merged infrastructure.

State Funding, Local Ability to Pay, and Property Valuation

Maine's education funding system relies heavily on property taxes, which contributes to inequities across districts and taxpayers. According to the study, Maine ranks first in property tax as a percentage of available revenue, third in reliance on property taxes for funding state and local programs, and seventh in per capita property tax burden.

Recent surges in residential property values, especially post-pandemic, have shifted more of the education funding burden onto homeowners, exacerbating voter resistance to school budgets.

Additionally, when considering property valuation versus income disparity, the formula is flawed. The system assumes property value reflects ability to pay. However, nearly 13% of town and cities' residents have low or average incomes but high EPS-related tax burdens, suggesting that some residents are overburdened relative to their means.

Recommended solutions to overcome these challenges include incorporating income into the EPS formula in addition to property assessment, targeting relief to low-income property owners regardless of the community, and revisiting minimum contributor adjustments.

Regional Cost Variation

The study also brought to light that the EPS regional adjustment, meant to account for local labor market differences, is outdated and ineffective, as evidenced by growing salary gaps. The regional index still relies on 2004–2005 salary data, which no longer reflects actual regional differences. This practice undermines the model's goal to fairly fund districts based on real labor costs.

MEPRI recommends updating the index using either recent teacher salary data or cost-of-living indices to

establish funding formula provisions that ensure minimum support in low-wage areas. The report also recommends implementing periodic updates to keep the formula responsive to market changes.

Special Education Funding

Special education funding is complex, and Maine's current special education funding model is both inequitable and inadequate. Several issues were identified, including the overidentification of students, as Maine's special education identification rate (20%) is well above the national average (15%). Additionally, the funding model, described as being largely reactive, means schools with higher past expenditures receive more future funding.

Possible remedies include developing a tiered funding model based on student needs rather than expenditures, promoting the regionalization of services to manage costs and improve quality of services, moderating growth maintenance of effort adjustments to prevent budget inflation, and revisiting hardship funding rules to better assist districts facing unexpected high-cost placements.

Policy Considerations Summary and Next Steps

In terms of policy considerations, this study underscores several fundamental questions for current and future lawmakers to explore as they consider amendments to the models and formulas used to fund kindergarten to grade 12 education. As the state looks to implement findings from this study, MEPRI advises greater transparency in EPS cost assumptions, more explicit definitions of educational adequacy, engagement with tax policy experts, a shared vision of equity for students and taxpayers alike, and a phased implementation of major funding reforms to minimize disruption.

What has become clear is that Maine's education system is at a crossroads.

The EPS funding formula, once a bold step toward equity, now struggles under outdated assumptions and a rapidly changing social and economic landscape. By embracing the recommendations made by professional researchers in this report, policymakers have a basis to modernize school funding in a way that ensures both fairness and effectiveness for the next generation of students. 🏡



Cameron Ferrante
cferrante@preti.com

Kristin Collins
kcollins@preti.com

Gray Louis
glouis@preti.com

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