

Cape Elizabeth Tax Cap Task Force

June 24, 2004

1. Task Force (TF) members approved the minutes from the last meeting. Everyone received new handouts from the School Department 1) Palesky Tax Cap 2) Class Size & Palesky 3) Palesky Tax Cap Staff Impact [4pp.] & 5) Cape Elizabeth Schools Future Direction Plan [summary].

2. Steve announced a PBS program – From First to Worst: The Impact of the Tax Cap in California

3. The meeting began with the consideration of the Town Manager's Guiding Principles (GPs) for crafting the cuts on the town side: Matthew Sturgis sat in for Michael McGovern who had a previous commitment. Matt reviewed Michael's previously emailed comments on his GPs.

Questions and comments from the Task Force (TF) members:

- How are the town's efforts in public health affected? Very little. Public safety issue and thus not targeted in cut process.
- How about transfer station and sewers? Transfer station expenses could be covered by user fees as is sewage.
- Do we have competitive bids for insurance? Council members also answered here. Town uses MMA insurance pool that is the most competitive rates for towns throughout the state.
- Is there a "rule of thumb" ratio in budgets of benefits: salaries, i.e. 1:5, \$8000 benefits for \$40,000 salary. Tom Forcella said "no" for the school budget and discussion implied a similar "no" for the town.
- Will we have real cuts or use fee increases instead of raising taxes. Complicated issue that was developed more completely later.

4. Steve Simonds encouraged TF members to keep in mind their 4 or 5 key concerns that could be included in the TF final report.

5. The question arose as to what were the town's regional commitments that could not be avoided regardless of tax caps. No mechanism in place to share the financial pain of tax cap with the county.

6. Discussion turned to how the TF should portray possible tax cap mayhem to the public: Present all cuts? Some cuts and some fees? Cuts, fees, and some other revenue sources?

- Don't have the luxury of presenting 3 choices.
- A fee is a tax.
- Matt Sturgis suggested(from a discussion with MMA) that fees not in place prior to the tax cap may not be legal.
- Much doubt and confusion on this point and Matt to clarify.
- South Portland alternative – change the charter. Uncertainty as to effectiveness and legality of this alternative.

Back to the question of alternatives to present: Seemed to be a consensus that although there were several alternatives that could be presented, it would be confusing to the public to present more than one balanced proposal.

7. The meeting began consideration of the School department's GPs and possible cuts. Tom Forcella reminded us that the schools have to follow certain state requirements and

board policy requirements (though these latter could be changed). Just as the town has a Comprehensive Plan, the schools have a comparable "Future Direction Plan". Also, schools can't just institute fees in all situations because public education is meant to be "free". However, some school activities, e.g. co-curricular and athletics, are outside of the required "free" area. Nonetheless, many in the community might want even those fee activities available to all students regardless of their family resources. Questions and comments:

- One could pack the room for any of the proposed cuts.
- How do these newer lists dovetail with the initial list from the May 18th meeting? They parallel each other although the items are in slightly different order.
- What's the financial relationship of the MMA prop.1 vote in June to the possible Palesky cap? We would get about \$2 million if MMA fully funded and lose about \$3 million under Palesky for a \$1 million net loss of revenue.
- The MMA proposal focused on funding 55% of education costs, but 55% of what? Not all costs, but [per new legislation] "essential services" not including special education.
- How many staff might be affected by the proposed cuts. There are 240 full time staff equivalents [FTEs] and this would affect at least 47 staff.
- A later count suggested that the count might be 24.5 teachers, 14.5 additional professional staff and 20.5 support staff.
- What would the impact of the cuts be on "No child left behind"? No simple answer and hard to estimate at this point.
- Would there be an impact on accreditation? Probably not, but hard to say at this point.
- Class size: where are we vis-à-vis comparable towns? About the same K-6 & 9-12, a bit higher in middle grades but our program is also a bit different.
- The community might not support major cuts proposed for allied arts. The TF members concurred that the arts programs in this district were highly valued. Also the Learning Results standards include allied arts. TF members foresaw a heated discussion on the arts (probably on many proposed cuts).
- How do school staff cuts compare to cuts in staff on town side? No clear answer at the moment.

8. Update on the Communications Committee: comments and questions.

- Add Rebecca Millett to the committee.
- How do we cast our report to the public?
- Should it be impartial or take a position?
- We don't want our report to look like a campaign for or against.
- It could consist of articles, reports, and public information boards. Not a lot of [glossy?] media.
- Should we show the impact on various pieces of property, e.g. a \$200,000 house?
- Might be \$1800 according to Matt.
- Could it show the impact of that tax reduction on other aspects of the owner's finances such as tax return etc.
- Note: only 1/3 of the households in town have kids in school. i.e., 2/3 don't have kids in school and might perceive the school cuts differently.
- Keep our audience in mind.
- The final report should be factual, objective, and transparent.
- List where fees can work, can't work, and use GPs to sort out those areas where it is less clear.
- Show the public the stark realities.

Notes submitted by Frank Miles

Next Meeting: Tuesday, July 6, 7 PM.