

'Meet the Press' transcript for June 3, 2007

MR. TIM RUSSERT: Our issue this Sunday: Public school consolidation in the State of Maine. An exclusive interview with a member of the Maine state legislature who supports school consolidation. Welcome Senator/Representative to MEET THE PRESS.

REP/SENATOR: Nice to be with you, Tim.

MR. RUSSERT: I understand this is a defining moment for K-12 public education policy in Maine.

REP/SENATOR: Yes, Tim. It is. We are talking about the most profound change to public education in our lifetime.

MR. RUSSERT: Tell us. In January, your Governor proposed radical changes to public education in your state. His proposal seeks to reduce the number of school districts in Maine from about 290 to only 26. The Maine legislature is about to take action before it adjourns by June 20 -- less than 3 weeks. Where does school consolidation stand in Maine?

REP/SENATOR: Tim, this week the Appropriations committee voted unanimously to mandate school consolidation across the state. Our goal is to reduce the number of school districts from about 290 to no more than 80 by July 1, 2008. Each new school district must serve at least 2,500 students.

MR. RUSSERT: Can you tell us what other states have states implemented such monumental change in such a short period?

REP/SENATOR: That's a good question.

MR. RUSSERT: On what basis do you think 290 separate school districts can merge in a year?

REP/SENATOR: Tim, that's a good question. But something needs to happen. Even critics of these plans agree that there needs to be some level of school consolidation in Maine -- no one thinks we need 290 separate school districts and no one thinks they are not taxed enough. We all agree it does not make sense to pour more money into costly, underperforming school districts. There is agreement that the status quo is not acceptable.

MR. RUSSERT: What's driving the timetable?

REP/SENATOR: Candidly, Tim, we need "political cover".

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- First, in 2004, Maine voters approved a referendum that requires the State to pay 55% of the cost of public education. We are in the final year of the "ramp up" to the 55% level which puts increased pressure on the state budget. The Governor and legislature are simply are not willing to make the budget cuts elsewhere to meet the requirement for aid to education without increasing taxes.
- Second, the Governor is required, by law, to produce a balanced budget. Together with the Governor, we've already "booked" \$36.5 million. If we pushed the date out any further, we probably would violate state law in producing a balanced budget.
- Third, we live in fear of a Palesky II or TABOR II and want to give the appearance that we're doing something meaningful to manage state spending.

MR. RUSSERT: How solid are those savings?

REP/SENATOR: That's a good question.

MR. RUSSERT: One of your objectives is to inoculate yourselves from another taxpayer initiative. If you lead people to believe school consolidation will solve the state' budget problems and will reduce their property taxes -- and it does neither -- won't you be inviting the next taxpayer initiative?

REP/SENATOR: I could see that being a likely outcome, yes.

MR. RUSSERT: You are advocating for an unprecedented numbers of school mergers. In the private sector, when businesses merge costs increase initially due to severance costs, broken leases, moving costs, systems integration, salary and benefit increases to equalize compensation, program integration and so forth. How could you save \$ 36.5 million in the same year you will incur significant merger-related costs?

REP/SENATOR: That's a good question.

MR. RUSSERT: Senator/Rep, we understand there have been a dozen or so different school consolidation plans during this session. The proposals differ in substantive ways and even have different timetables. Tell us how so many different proposals on different timetables miraculously project the same exact amount of savings in the 2008/2009 year?

REP/SENATOR: That's a good question.

MR. RUSSERT: I understand Maine lawmakers already have agreed to reduce General Purpose Aid for Education by \$ 36.5 million in fiscal year 2009.

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REP/SENATOR: Yes, that is true.

MR. RUSSET: Are you telling us that you and others have already agreed to reduce funding for education regardless of what school consolidation plan ultimately is enacted?

REP/SENATOR: Yes, that is true.

MR. RUSSET: Senator/Rep, how can you reduce General Purpose Aid for Education when the state is required to pay 55%?

REP/SENATOR: Well, the Department of Education has latitude in determining "55% of what". By convincing people we will save millions in school consolidation, we think we can reduce aid for education without much of an uproar.

MR. RUSSET: But if you cut aid to education to local communities, won't the outcome be increased local property taxes to make up the difference?

REP/SENATOR: Yes.

MR. RUSSET: If the new region school districts are also dealing with merger-related costs, won't that result in even higher local property taxes?

REP/SENATOR: You make a good point.

MR. RUSSET: This is an important point. If you cut aid to the school districts and you force them to consolidate – to merge – and incur these merger related costs, you will be increasing local property taxes when your stated goal is to reduce property taxes.

REP/SENATOR: Yes, it is ironic, isn't it?

MR. RUSSET: The plan you support requires significant reductions immediately in local expenditures in special education, transportation and buildings and maintenance. Where will those savings come from?

REP/SENATOR: I don't know.

MR. RUSSET: The prices of fuel and heating oil have never been higher. How low can school departments set their thermostats and how long is it appropriate to have kids sitting on fewer buses with longer routes?

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REP/SENATOR: Good questions.

MR. RUSSERT: It's well known that with advances in medicine, we're seeing more children needing more expensive special services. How do schools find savings in special ed?

REP/SENATOR: Good question.

MR. RUSSERT: Besides reducing state EPS allocations for special education, transportation, maintenance and administration next year, the bill actually mandates that communities reduce THEIR OWN EXPENDITURES in those areas by 5 percent. It doesn't seem to matter if the community is under funding or over funding special education services now; just cut it by 5 percent. It doesn't matter if three students with out-of-district placement needs just moved into the district, cut it by 5 percent now. Why would any reasonable person support that?

REP/SENATOR: Tim, you ask very legitimate questions and I wish I had answers for you.

MR. RUSSERT: Let's get back to the timetable. If this legislation passes this month, I understand that by August 31 of this year each school administrative district must inform the DOE of its intention to how it plans to consolidate. If most school districts elect school committees this month -- in June -- on what basis would a new school committee be in a position to make an informed decision by the end of the summer? Won't many school committees be comprised of people haven't had any experience even serving on a school committee let alone being asked to make a profound and lasting decision on behalf of their community?

REP/SENATOR: That's a good question. But, again, if we don't make the effective date July 1, 2008, then it actually may be illegal for us to book \$36.5 million in savings.

MR. RUSSERT: When businesses merge, they have the fiduciary responsibility to perform a complete analysis of the costs and benefits so they can make an informed decision and act in the best interest of their stakeholders. Are lawmakers providing complete and accurate information to local communities so they understand the impact of school consolidation in terms of education and costs?

REP/SENATOR: I am not aware that this is happening. No.

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MR. RUSSERT: If one community has been putting off significant capital improvements and they are undertaken after joining an SAD, do all the members of the new SAD now incur those costs?

REP/SENATOR: That is my understanding.

MR. RUSSERT: In business, we hear 50-75% of mergers fail in large part due to the lack of management foresight, inadequate research, underestimating practical challenges and ignoring cultural differences. Why do you think all these school mergers will succeed?

REP/SENATOR: It is a leap of faith.

MR. RUSSERT: In business, a "hostile takeover" is defined as a takeover against the wishes of a party. If the state is forcing local school districts to merge, is this a "hostile takeover" by the state?

REP/SENATOR: Yes.

MR. RUSSERT: If you owned a business and you were thinking about merging your company, would you want to understand if you and your new partner were "strategically compatible"?

REP/SENATOR: Yes. Of course.

MR. RUSSERT: I've read a number of reports in the Maine press over the past six months. It is clear lawmakers are portraying school consolidation as being limited to "school administrative consolidation". Is that really fair to Maine people?

REP/SENATOR: I see your point. In all honesty, our strategy has been to sell school consolidation as being limited to "back office" consolidation.

MR. RUSSERT: Tell us, what should Maine people really expect from "school consolidation"?

REP/SENATOR: This will get me into trouble back home. In truth, it really is a lot more than just sharing superintendents and central office staff.

MR. RUSSERT: What would happen to existing school districts?

REP/SENATOR: They will cease to exist.

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MR. RUSSERT: Explain to us what this means about the impact to education in a community. For example, when you eliminate all the school districts and combine them into larger ones, how will students in the class room be impacted?

REP/SENATOR: Tim, we haven't wanted to talk about this publicly, but people should expect changes in their curriculum and the level of service provided by the schools in their town. For example, Mainers should expect the first order of business for the new school committees will be to start the "homogenization" process where the curricula, school policies, labor contracts, etc. of the former school districts get "rationalized" and become the same.

MR. RUSSERT: So, if people are saying it is not about "consolidating schools" but instead it is consolidating "administration", you agree this is misleading.

REP/SENATOR: Let me just say that when you consolidate administration, by extension you consolidate schools. Look at any SAD today. One curriculum, one set of policies, one teacher contract. All the schools in that system mirror the others.

MR. RUSSERT: So, if a current school district provides certain program like all-day kindergarten or offers certain courses or maintains certain class-size standards or an extended laptop program, those would be changed?

REP/SENATOR: That is a likely outcome. The new regional school committee would decide what to keep and what to toss.

MR. RUSSERT: Is it likely that teachers or principals in one school district can be moved to other towns and schools within the new larger school districts?

REP/SENATOR: Absolutely.

MR. RUSSERT: Public education has been the prerogative of local communities in Maine. Let's share with our viewers a statement by the Appropriations Committee this week:

"It means there is flexibility for communities in terms of people they partner with and the size. There might be circumstances where 1,200 would be appropriate number for a consolidated district. So flexibility and local control have been very important to us."

Tell us, REP/SENATOR, the bill endorsed unanimously by the Appropriations Committee will eliminate state funding for any community with does not go along with the state's

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consolidation plan. Hasn't the Appropriations Committee taken a position of " "consolidate or starve"?"

REP/SENATOR: I suppose it has.

MR. RUSSERT: And you think this is a real local vote and not just lip service?

REP/SENATOR: If we provide a fair local vote, we fear many communities will not consolidate on their own.

MR. RUSSERT: Do you agree that schools are the "heart of a community" and many people choose where to live because of the school system?

REP/SENATOR: Absolutely.

MR. RUSSERT: Do you think local communities should determine the fate of their school systems?

REP/SENATOR: I used to.

MR. RUSSERT: Do you think it fair to withhold state aid to local communities who do not wish to consolidate, even if they are high performing and efficient?

REP/SENATOR: Probably not.

MR. RUSSERT: Let's talk about the local vote. For the benefit of our viewers, let's show on the screen the ballot question the Appropriations Committee wants to use when communities decide to consolidate their school departments:

A "YES" vote means that you approve of the (municipality or SAU) joining the proposed regional school unit, which will be provided with the following incentives:

- More favorable consideration in approval and funding of school construction projects;
and
- Eligibility for additional financial support for reorganization costs.

A "NO" vote means that you do not approve of the (municipality or SAU) joining a regional school unit, which will result in the existing (municipality or school administrative unit) receiving the following penalties:

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- Less favorable consideration in approval and funding of school construction projects; and
- A reduction in state funding of education costs in an amount estimated to be \$_____ for school year 200_ and \$_____ for school year 200_, with the possibility of ongoing penalties for continued failure to join an approved regional school unit. Reductions in state education funding will result in an increased mill rate expectation of _____ (mills) and an increase in property taxes of \$_____ for tax year _____.

Mr. REP/SENATOR, do you think this is a neutral ballot or do you think it is intended to influence the voter to vote for consolidation?

REP/SENATOR: Tim, clearly we want most school districts in Maine to consolidate. We will use every weapon at our disposal.

MR. RUSSERT: Maine lawmakers are saying student performance is lagging, student enrollment is falling, and yet state aid is increasing on an unsustainable path. There is an expression "why do you rob banks" and the answer is "because that's where the money is". What aren't Maine lawmakers focusing on school districts which cost the state the most, are inefficient and are not delivering results?

REP/SENATOR: Good question.

MR. RUSSERT: But if many school districts are being funded to a large extent by the state and they are not delivering results, shouldn't the state be focused on them?

REP/SENATOR: I suppose.

MR. RUSSERT: Then why does your plan turn nearly all school districts in Maine upside down, even the highest performing and those receiving the least state aid?

REP/SENATOR: Good point.

MR. RUSSERT: If you were a doctor in a medical practice and you generated 80-90% of the revenue and your junior partner announced that he had decided, on his own, to merge your practice with other medical practice, if he couldn't tell you what would happen to your practice, your patients or your income, etc. what would you do?

REP/SENATOR: I'd call 911, have him rushed to the hospital and have him evaluated.

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MR. RUSSERT: Isn't this essentially what the state is doing to local communities?

REP/SENATOR: I see your point.

MR. RUSSERT: Let's turn to what you in Maine call your "Essential Programs and Services" - or EPS. The state has portrayed EPS as being the "adequate" level of education for children; however, they also recognize that the EPS funding formula does NOT cover all necessary costs. Why is it appropriate to include EPS in the new budget process?

REP/SENATOR: Tim, I admit EPS is flawed but again our goal is to create an environment that makes it very difficult for local communities to invest in education.

MR. RUSSERT: Is it true that more than 80% of school districts exceed the EPS level?

REP/SENATOR: That sounds about right.

MR. RUSSERT: Moving forward, are you saying that 8 out of 10 school districts in Maine will be required to adopt the new budget adoption process?

REP/SENATOR: Yes, that is right. They will need to use what we call a "budget validation process" which includes a separate budget referendum vote.

MR. RUSSERT: How will this process work?

REP/SENATOR: The new regional school committees will come up with their proposed budget like they have in the past. There will be a regional "town meeting" to adopt a budget. At that meeting the budget can be cut. Whatever gets approved at the town meeting is then sent to a regional referendum. This happens several days later and will be a secret written ballot where towns normally hold elections.

MR. RUSSERT: Tell how the state's EPS formula is used in that process.

REP/SENATOR: Voters will see a comparison of the state's EPS formula with the amount the publicly elected officials are recommending after their lengthy budget process. In most cases, voters will get to choose between the lower EPS amount and the higher amount their school committee has recommended.

MR. RUSSERT: Wait. Earlier in this conversation, you confirmed that EPS is not an accurate comparison. Is it fair to use the EPS amount as the benchmark?

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REP/SENATOR: Listen Tim. This is not about being fair. It is a clever way to force local communities to spend less on K-12 public education.

MR. RUSSERT: How do you respond to critics of this budget validation process claim when they say it requires friends of education to participate in the process twice, but if you want to kill the budget, you need only to vote in the referendum.

REP/SENATOR: I would say they are very observant.

MR. RUSSERT: It would seem that your largest municipal districts like Portland, Biddeford, Lewiston, Auburn and Bangor could have a very difficult time passing budgets above the EPS level.

REP/SENATOR: Another keen observation. The new process could be the hardest on those communities and their schools. Our intent is to make it extremely difficult, if not impossible, for voters to approve school budgets above the state defined EPS level. If we are successful at getting local voters to reduce the level of educational programming in their communities, we think we will have the best chance of reducing property taxes in Maine. It is that simple.

MR. RUSSERT: Are you confirming that the real savings do not come from school administration, but actually come from reducing educational programming?

REP/SENATOR: Indeed. The lion's share of the savings resulting from the consolidation plan will come from reducing the level of educational programming across the state.

MR. RUSSERT: Tell us what is wrong with the present system of governance. If a school community conducts all its business in public, holds public hearings on the budget and invites public input, if they make a budget recommendation to their town council and if the town council holds public hearings and ultimately recommends a budget to the community at a town meeting, how is the current process not transparent and open?

REP/SENATOR: To be honest with you, it probably is transparent and open but it doesn't produce the outcome we want.

MR. RUSSERT: If most of the cost for education is paid through locally raised property taxes, then why are you making it so difficult for local communities to spend their own money?

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REP/SENATOR: Tim, there is a view that it is unfair for some communities to invest more in education than others, even if they are investing their own money. One of our objectives is to "levelize" K-12 public education in Maine.

MR. RUSSERT: Provide some examples of where the budget validation process is used by high performing school districts.

REP/SENATOR: I am not aware of any. Tim, at the risk of repeating myself, the budget validation process is not intended to support educational excellence.

MR. RUSSERT: For the benefit of our viewers, let's show a sample of the information the Appropriations Committee wants to show on the ballot:

"Do you favor approving the (name of regional school unit) budget for the upcoming school year that was adopted at the latest regional school unit budget meeting and that includes locally raised funds that exceed the required local contribution as described in the Essential Programs and Services Funding Act?"

Yes/No

A YES vote allows the additional money to be spent for K-12 public education.

A NO vote results in a reduction in the property tax mill rate required for education purposes."

Mr. REP/SENATOR, how do you respond to those who say language is less than "neutral"?

REP/SENATOR: Tim, it is not intended to be neutral. The goal of the new budget validation process is to make it extremely difficult for school budgets to pass. It is a tool to help protect voters from themselves.

MR. RUSSERT: So, when lawmakers talk about the "transparency" of the budget validation process, they are talking about the transparent attempt to make it hard to pass school budgets?

REP/SENATOR: Precisely.

MR. RUSSERT: Why single out school budgets? We hear that Maine lawmakers have the same appetite for social services as Massachusetts but the resources of Mississippi. Why not apply the budget validation process to all levels of government, including the state budget?

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Why not show how Maine's level of services compares with other states and let the public vote on the elements of the Maine state budget?

REP/SENATOR: Good question.

MR. RUSSERT: Tell us about cost shifting. What do you have to say about towns where property taxes will increase as a result of these mergers because the new regional school budget will be apportioned in part due to town property valuations?

REP/SENATOR: Yes, we expect there to be cost shifting across the state. Many communities will see their property taxes increase as they are charged educational services in the other towns which comprise their new school district. You see, Tim, if you have a municipal school system, it is like a family going out to dinner and the family pays its own bill. Once you become part of an SAD, however, the bill is apportioned by the value of the property in your community.

MR. RUSSERT: What do you tell a taxpayer who pays more in property taxes but receives no corresponding increases in services?

REP/SENATOR: I'd probably say "thanks for taking one for the team".

MR. RUSSERT: In all seriousness, in addition to cost-shifting just based on local town property valuations, won't there also be cost-shifting as communities "levelize"?

REP/SENATOR: Absolutely. It is likely that taxpayers will not only start subsidizing school costs in the other town in their SAD, but these same taxpayers will also subsidize the costs of any "leveling" of the educational programming. For example, if their community provides a richer program and their SAD adopts that level of service across the SAD, they will be paying for improvements in the neighboring communities.

MR. RUSSERT: Consultants tell us more often than not there is a "leveling up" when school districts merge. For example, if teachers have a richer salary and benefits package in one school district, then often the staff in the new SAD rise to that level. We're talking about significant expenses. Shouldn't this cost be considered in any school consolidation plan, just as it is in business mergers?

REP/SENATOR: I suppose.

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MR. RUSSERT: So you do agree that as a result of the legislation, there will be significant cost-shifting between communities across the state.

REP/SENATOR: Yes.

MR. RUSSERT: Before we decided to go to war in Iraq, Secretary of State Powell warned the president by alluding to the Pottery Barn rule "you break it, you own it". If lawmakers "break" education in Maine, should you, other lawmakers, the Governor be held accountable?

REP/SENATOR: Certainly.

MR. RUSSERT: I understand Maine's Legislature is the sixth largest in the country -- with 151 Representatives and 35 Representative -- but Maine is 40th in population. There was a bill to shrink the size of the legislature somewhat to save money, but it was killed earlier this week. In terms of school consolidation, does the Maine legislature have a double-standard in asking for such a reduction of school districts and not taking a similar position on the legislature.

REP/SENATOR: I have to run.

MR. RUSSERT: And that's all for today. We'll be back next week. If it's Sunday, it's MEET THE PRESS.