



HOUSE OF REPRESENTATIVES

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November 1, 2010

To: Winslow Town Council
Subject: Maine Legislative Update for November 2010

State Funding Disbursed to Municipalities and Counties:

The Legislature's Office of Fiscal and Program Review recently updated the State's financial support of local governments. This report showed that:

- Total state funding to municipalities and towns was \$1.077 billion in 2002 increasing to a peak of \$1.378 billion in 2008. In 2010, total state funding decreased to \$1.315 billion or a net decrease of \$63 million from 2008. The projected 2011 total state funding to be disbursed is \$1.297 billion which would be an decrease of \$18 million from 2010.
- Within the total state funds disbursed, state Education funding (including teacher's retirement) was \$0.880 billion in 2002 increasing to \$1.150 billion in 2008. In 2009, the state's funding decreased to \$1.100 billion and is projected to decrease to \$1.088 billion in 2011. While the 55% state education funding requirement was approved by the voters, the last budget approved by the Governor and 2/3 of the Legislature actually reduced the progress towards the 55% requirement.
- Municipal Revenue Sharing was \$101 million in 2002 increasing to \$133 million in 2008. In 2010, Municipal Revenue Sharing decreased to \$97 million (the lowest level since 1998). A significant portion of the decrease was due to the lower state revenues. The remaining decrease was due to a change in the state's revenue sharing formula which was implemented in the last Supplemental Budget. The projected 2011 Municipal Revenue Sharing amount is \$108 million which is equivalent to the amount dispersed in 2003.
- It is important to note that the report did not include the ARRA federal stimulus funds which were passed through to offset the impact on local governments from the reductions in school subsidies and State-Municipal Revenue Sharing in 2009-2010. These federal funds are not expected to be available in 2011. The next budget cycle will be particularly challenging because expected revenue is increasing by 2.8% but projected spending is increasing by 23%.

My Legislative Letters:

This will be my last Legislative update. It has been my privilege and pleasure to have had the opportunity to serve the people of Winslow during the last eight years. I hope the monthly information provided by my Legislative updates have been useful to the Council and the people. Thank you for the opportunity.

Please contact me if there are questions or comments.

Ken Fletcher
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