



# 132nd MAINE LEGISLATURE

LD 1892

LR 903(02)

## An Act to Establish Procedures for School Construction Projects

### Fiscal Note for Bill as Amended by Committee Amendment " "

Committee: Education and Cultural Affairs

Fiscal Note Required: Yes

### Fiscal Note

Future Biennium Impact to Budget Stabilization Fund

	FY 2025-26	FY 2026-27	Projections FY 2027-28	Projections FY 2028-29
<b>Net Cost (Savings)</b>				
General Fund	\$0	\$0	\$0	\$0
<b>Appropriations/Allocations</b>				
Other Special Revenue Funds	\$0	\$500	\$500	\$500
<b>Revenue</b>				
Other Special Revenue Funds	\$0	\$0	\$17,000,000	\$8,000,000
<b>Transfers</b>				
General Fund	\$0	\$0	\$0	\$0

#### Fiscal Detail and Notes

The bill provides an ongoing baseline Other Special Revenue Funds allocation to the Department of Education (department), beginning in fiscal year 2026-27, for the purpose of awarding funding to school administrative units for immediate repair needs. The funding will be transferred from half of the unobligated balances in the GPA account that would otherwise carry forward, beginning in fiscal year 2027-28. While the amount of the transfer in fiscal year 2027-28 cannot be known until the close of that fiscal year, it is estimated at approximately \$17 million based on the average of the amounts that would have been available between fiscal years 2019-20 and 2024-25, inclusive. This fiscal note assumes that the unobligated balances available for transfer will be lower in future fiscal years. The annual transfer may necessitate higher GPA account appropriations in future fiscal years in order to maintain the State's share of funding public education.

The bill also directs the State Controller to transfer up to \$50 million, taken first from the unbudgeted lapsed General Fund balances at the close of each fiscal year and then, should those balances be less than \$50 million, the remaining amount, up to \$50 million, from the unbudgeted surplus of the General Fund, beginning in fiscal year 2026-27. The funds available for transfer cannot be determined until the close of the fiscal year. This transfer will affect the funds available for the Budget Stabilization Fund and other year-end closing transactions.

This bill increases the debt service limit for approved school construction projects in future fiscal years. Increasing the debt service limit from prior fiscal years will increase the general obligation of the State. The bill also requires that, beginning in fiscal year 2027-28, debt service costs that exceed the fiscal year 2027-28 debt service limit may not be included in the total cost of education. If and when these debt service costs do exceed the fiscal year 2027-28 limit, the requirements of this bill will constrain the total cost of education and consequently reduce the share paid by the State towards debt service costs for school construction projects, leaving a greater share to be paid by school administrative units. Any additional costs to the department and other state entities to implement the other provisions of this bill are expected to be minor and can be absorbed within existing budgeted resources.