



STATE OF MAINE
DEPARTMENT OF EDUCATION
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GOVERNOR

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February 16, 2023

Senator Rafferty, Senate Chair
Representative Brennan, House Chair
Members of the Joint Standing Committee on Education and Cultural Affairs

Senator Rafferty, Representative Brennan, and Distinguished Members of the Education and Cultural Affairs Committees:

LD 280, An Act to Make Maine Schools Safer and Healthier by Increasing the Maximum Debt Service Limit, proposes to change the maximum debt service limit for school capital improvements to \$250,000,000 for fiscal years 2024-2027. The current debt service limit is \$150,000,000. Title 20-A, § 15905 states that every other year the Commissioner shall recommend to the Legislature, and the Legislature shall establish a maximum debt service limit for the next two biennia.

The current maximum debt service limit for major school construction projects in FY 24 is \$150,000,000. Current bonded debt includes \$98,916,606, with \$48,108,394 remaining. The current approved projects from the 2018 priority list include additional bonding for seven new projects which will require funding for bonds up to approximately \$500,000,000 over the next 20 years. Given the requirements of new projects prior to final funding approval and bonding, it is unlikely that additional projects over and above those already approved for bonding over the next few years would be able to be ready for bonding within the timeframe of this proposal, i.e., fiscal years 2024-2027.

This bill will have a fiscal impact on General Purpose Aid (GPA) to schools and the Department of Education (DOE). The additional cost of this increase to the maximum debt service limit will result in an increase to the total cost of education statewide, which will then reduce the amount of funds available for other costs of education, unless additional funds are allocated for this purpose, as well as increase both the state share of 55%, and the local share of 45% for all school administrative units across the State. If school construction projects were approved up to the new proposed Debt Service Limit, additional staffing would be required to manage the additional projects. The DOE estimates that as many as three new public service coordinator positions would be required to manage the additional projects.

The average age of Maine's school buildings is approximately 60 years. There are 58 projects awaiting funding in the Major Capital Construction Program. Additionally, there have been sharp

increases in construction costs which limits the number of projects that can be completed. School Construction has seen significant increases in cost of materials over that past several years. Information provided by the Associated General Contractors (AGC) indicates that material costs increased by nearly 20% over the past two years.

The Department will be available to provide additional information on LD 280 and respond to any questions during the upcoming work session.

Sincerely,

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Paula Gravelle
Director of School Finance

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