

TESTIMONY IN SUPPORT OF

L.D. 1312

AN ACT TO PROVIDE A SOURCE OF REVENUE FOR SCHOOL CONSTRUCTION AND FOR THE LAND FOR MAINE'S FUTURE TRUST FUND

Senator Rotundo, Representative Gattine and members of the Appropriations and Financial Affairs Committee. I am Robbie Feinberg, the director of communications and government relations for Maine School Management Association, testifying on behalf of the legislative committees of the Maine School Boards Association and Maine School Superintendents Association in support of L.D. 1312.

Maine currently faces a school facilities crisis. A recent report found that more than 80 percent of Maine schools will need to be renovated or replaced within the next two decades, at a total cost of \$11 billion.

With residents already facing high property taxes, our local communities cannot pay for this on their own, and we need the legislature's support. L.D. 1312 would begin to provide one source of dedicated funding for school construction, and we view it as a positive first step towards fixing our schools.

L.D. 1312 would say that, when the state's rainy day fund has reached its statutory limit of 18 percent, half of any investment proceeds that would have gone towards the fund would instead go towards a new Major Capital School Construction Fund. We don't expect this to be an enormous amount – by our estimation, that would likely only total in the tens of millions of dollars annually. That's far below the cost of a new school, which now routinely reaches \$100 million or more.

However, we believe passing L.D. 1312 would send a clear message: that the legislature is serious about tackling this crisis affecting schools across Maine and finding practical commonsense solutions. While much more funding is ultimately needed to make a dent in this issue, L.D. 1312 would represent a solid start.

While Maine's school leaders express strong support for the efforts of the committee and Sen. Pierce to find more funding for our facilities, we do have a few reservations regarding this particular legislation:

Reduced Funding Towards Maine's Unfunded Actuarial Liability

Currently, Maine statute dictates that any investment proceeds from the rainy day fund must be transferred to the "Irrevocable Trust Funds for Other Post-employment Benefits," which was established "to meet the State's unfunded liability obligations for retiree health benefits." This is an important goal that will help to ensure fiscal stability for the state and its retirees, and this bill would appear to reallocate some state funds from that purpose. Some superintendents expressed concerns about whether the loss of some of this funding could lead to other financial challenges in meeting these obligations.

Look to the Governor's School Construction Commission for Guidance

As your committee is likely aware, the Governor's Commission on School Construction is currently meeting to discuss how the state can more effectively meet our pressing school facility needs. Finding new revenues for school construction is an important priority of the commission, and it is studying financing mechanisms and revenue sources used by other states. In addition, the commission is also exploring other potential policy changes, such as how to reduce the cost of building a school, and how to streamline the burdensome 21-step approval process that a district must complete before a new school is built and ready for students.

Before passing any legislation, we think it would be prudent for the legislature to wait for the commission's recommendations and carefully consider its ideas for new policy solutions. We hope that the commission can offer a path forward towards making a meaningful dent in Maine's billions of dollars' worth of school facility needs.

Thank you again for your committee's hard work on this issue, and I am happy to take any questions you may have.