Governor's Commission on School Construction

Topic: Commission Meeting Summary
Date: November 15, 2024
Location: Room 103, Burton Cross Office Building, Augusta, Maine
Time: 1:00 – 3:30 p.m.

Key Topics
Commission Purpose and Expectations, Current State of School Infrastructure, and Financing Mechanisms

Presenters
Scott Brown, Director of School Construction Programs, Maine Department of Education
Paula Gravelle, Director of School Finance, Maine Department of Education

Attending
Governor's Office. Joseph Marro
Commission Members. Pender Makin (Maine DOE Commissioner), Valerie Landry (Commission Chair), Jennifer Boyden, Elaine Clark (remote), Hollis Cobb, Fern Desjardins, Art Dudley, Roy Gott, Chris Howell, Anthony Jaccarino, Jane McCall, Justin Poirier, and Rhonda Sperrey
DOE Staff. Daniel Chuhta, Abigail Cram, Glenn Cummings, Laura Cyr, Chelsey Fortin-Trimble, Chloe Teboe, and Georgette Valliere
Office of Policy Innovation and the Future. Brian Hubbell
Other Attendees. Robert Feinberg (MSMA) and Amy Johnson and Patricia Lech (MEPRI)

Action Items
- The next commission meeting is **December 20 from 1:00 – 3:30 p.m.** at Room 103, Burton Cross Office Building.
- Subcommittees on Policy, Finance, and Design Guidelines will be formed. Members are welcome to join one or more. It is expected that subcommittees will need to meet at least monthly. Information on subcommittees will be sent to members shortly.
- Special meetings for key stakeholders such as superintendents will be scheduled.
- Contact with the Joint Standing Committee on Education and Cultural Affairs will be maintained.
- School visits will be scheduled to include discussions with principals, teachers, and students.
- A webpage has been created where commission information will be posted.
- All are welcome to submit ideas, suggestions, and/or concerns.

Discussion

1. Introduction - *Joseph Marro, Chair Landry, and Commissioner Makin*

   On behalf of the Governor, Joseph Marro thanked members for their willingness to serve on the Commission. He emphasized the importance of every child in Maine being able to attend a safe, modern, efficient, and accessible public school, regardless of where they live. Chair Landry and Commissioner Makin emphasized the importance of the Commission's work and the need for results with both short- and long-term benefits for students, educators, communities, and the state. The Commissioner reminded all to remain forward-thinking and optimistic in tackling the work.

2. Current State of School Building Infrastructure - *Scott Brown*
   (See PPT for more details regarding the following topics.)

The School Construction office is responsible for the Leased Space Program, State School Building Inventory, School Revolving Loan Fund, Major Capital Construction, and Integrated Consolidated 9-16 Educational Facility Program. Brief information on each is as follows:

- Leased Space Program. This includes leased educational space, particularly temporary educational facilities during times of renovations, overcrowding, or unsafe conditions.

- State School Building Inventory. The average school building in Maine was built between 1955-1975, with an average age of 54 years. In 2023, the physical plant conditions of Maine schools were evaluated and placed on a software platform. By 2024, the data collection process had been completed for Maine's 600 public schools. By April 2025, MEPRI (Maine Educational Policy Research Institute) will issue a report with more than 100 data points.

- School Revolving Loan Fund. The fund resulted from the 1998 School Construction Commission recommendations. Revenue sources include legislative appropriations, state issued bonds, interest earned from investment of fund balance, repayments of loans made from the fund, and school construction audit recoveries. Loans are paid back at 0% interest. Between 30% and 70% of the loan is forgiven based on state share. The fund is administered jointly with the Maine Bond Bank and to date has been used primarily to address Priority One health and safety needs.

- Major Capital School Construction. MRS 20A Chapter 609 Statutory debt ceiling – Chapter 61 State Board of Education Rules established for Major Capital projects. For context: In 1998, the average project cost was $120 per square foot. Today, it is $650 per square foot. In 1992, Brunswick High School cost $19 million. In 1995, Oxford Hills cost $27 million. In 2014, the average total cost at Edward Little High School in Auburn was $120 million, and at Sanford High School, it was $100 million.

- Integrated Consolidated 9-16 Educational Facility Program. Applications due June 2025 for Integrated and Consolidated concepts throughout the state.

3. Current Financing Mechanisms and Funding - *Paula Gravelle*

Director Gravelle outlined the relationship between Essential Programs and Services (EPS) financing model and the school construction formula:

- The annual overall state aid granted to each school district is determined by a detailed calculation (EPS) of a district's ability to raise funds locally through the property tax. It also includes some consideration for district-wide per capita income, percentage of student demographic with special needs, English language capacity, and overall student percentage who qualify for free/reduced lunch.

- Debt service debt limit ceilings are established in 20-A, Chapter 609, §15905, subsection 1.A: Current limits are up to $150 million.

- Projected total principal and debt over the next 20 years (2025-2045) amounts to principal of $908 million and interest payments over $245 million.

4. Areas of Interest - *All*
(Note: Comments do not reflect agreement among Commission members but rather topics or questions raised by one or more members or staff for future discussion, clarification, or analysis.)

- Schools are important to community identity. Safety and travel time are also important to parents. Any consolidation should be examined with an understanding of its benefits and implications for students and parents, and on funding success.

- Discussed universal access to revolving loan funds for upkeep against capital depreciation, thus lightening the long-term demand for new school construction. Proper insurance contracts would help to protect against unforeseen damage and guarantee a full rebuild.

- Consider the role of local investment in school construction projects. This is especially relevant to the smaller renovation projects under $12 million. Would this allow school construction funds to go further for schools in need?

- Should the state shift from a debt model of school funding to a cash model, thus avoiding considerable (almost a quarter-billion dollars) in interest payments?

- Should a portion of a school project be funded, rather than entire new construction? A sectional approach often reveals other serious problems.

- Other states, such as Massachusetts, have designated a percentage of taxation to school construction. There is a desire to review other state models regarding tax-funded revenue.

- There may be a need to review the contractor prequalification process.

- Should maintenance be incentivized? How do other states fund short- and long-term maintenance?