

Governor's Commission on School Construction – Meeting Summary

Date: June 20, 2025
Location: via Zoom
Time: 10:00 a.m. – noon

Key Topics

1. Dedicated Fund and Interest-Bearing Account
2. Diversification of Revenue Stream
3. Cash Versus Debt

Desired Outcome

Commission determines the next steps on the above topics. Options include identifying additional information or analysis needed for decision-making and/or endorsing a recommendation in concept to be further developed with language for the commission's review and decision.

Attending

Commission Members. Valerie Landry (Chair), Jenny Boyden, Elaine Clark, Fern Desjardins, Roy Gott, Anthony Jaccarino

Maine DOE Staff. Scott Brown, Abigail Cram, Glenn Cummings, Laura Cyr, Chloe Teboe

Guests. Donald Bresnahan (Building Infrastructure Management Solutions)

Action Items

- **New meeting dates** have been sent to commission members. The Work Plan provides a general outline of when specific topics will be discussed. Breakout sessions will happen intermittently.
- The commission will continue to examine the merits, mechanics, and desired outcomes of a **dedicated fund**, including target revenue goals over time.
- Anthony Jaccarino will formulate an outline for commission review regarding determining the merits and mix of **cash versus debt** in school construction.
- Glenn Cummings will provide information regarding how partnerships with **energy service companies** (ESCOs) could contribute to greater efficiencies in cost and performance and as a mechanism to tap resources not tied to GPA.
- Laura Cyr will provide an **update on LDs** that propose to address funding for school construction. While a number of these bills are no longer active, they are included below for informational purposes. Once all have been finalized, Laura will provide a final update.
 - LD 225, An Act to Reduce Property Taxes and Finance Public School Construction and Education Through a 3 Percent Sales Tax on Hotel and Lodging Place Rentals
 - LD 242, An Act to Extend the Maximum Time Period for Certain School Construction Bonds
 - LD 363, An Act to Authorize a General Fund Bond Issue to Create the School Capital Improvement Fund
 - LD 823, An Act to Establish a Grant Program to Provide for Statewide and Equitable Access to Experiential Science, Technology, Engineering and Mathematics Competition Programs

- LD 826, An Act to Authorize a General Fund Bond Issue to Establish the School Energy Savings Revolving Loan Fund
- LD 854, An Act to Provide Equitable Capital Construction Funding for Maine's Charter Schools
- LD 1087, An Act to Increase the State's Share of Major Capital School Construction Costs
- LD 1256, An Act to Support Healthy Meal Programs in Maine Schools by Allowing the School Revolving Renovation Fund to Make Loans to Repair and Renovate School Kitchens and Cafeterias
- LD 1312, An Act to Provide a Source of Revenue for School Construction and for the Land for Maine's Future Trust Fund

Discussion

1. Dedicated Fund and Interest-Bearing Account

(Note: Unless explicitly stated, the comments below do not necessarily reflect agreement among commission members but rather questions or statements offered by one or more members or staff.)

Members agreed to continue to examine this topic, with the following comments and questions:

- No steady stream of funding exists now other than Debt Service from GPA. Despite money going into the School Revolving Renovation Fund, it is not a steady resource for construction funding.
- The amount of revenue needed to capitalize the fund is not yet determined. \$50 million was suggested as a starting point. A slow, sustainable approach to asset development is needed.
- What options exist to capitalize the fund? The use of “liquor bonds” a decade ago was provided as an example of funds being used on a temporary basis to solve a problem (in that case, the debt to hospitals).
- A dedicated fund with its own tax ID could be treated like an endowment or foundation (i.e., able to accept gifts and funds from sources other than state funding).
- There is a need to reduce the likelihood that the funds would be “sweepable.”
- There is a need to deal with the current amount of indebtedness.
- At the local level, interest is both paid and accrued.

2. Diversification of Revenue Stream

(Note: Unless explicitly stated, the comments below do not necessarily reflect agreement among commission members but rather questions or statements offered by one or more members or staff.)

Members agreed to continue to examine this topic, with the following comments and questions:

- The issue of deferred maintenance will continue to accelerate if the existing funding model remains as-is.
- Massachusetts dedicates one penny of the state’s 6.25% sales tax to school construction.
- It is worth exploration of the intersection with economic development and business contribution to support investment in the future workforce.

- A potential revenue stream could come from investment in green energy savings and partnerships with energy service companies (ESCOs).
- Gaining legislative perspective on the topic of dedicated tax or other revenue options is important.

3. **Cash Versus Debt**

(Note: Unless explicitly stated, the comments below do not necessarily reflect agreement among commission members but rather questions or statements offered by one or more members or staff.)

Members agreed to continue to examine this topic, with the following comments and questions:

- Considerations include the time-value variable, inflation, deflation, and interest.
- The cash versus debt decision generally pertains to those who have cash-on-hand. The majority of state projects involve Debt Service.
- Is it an all-or-nothing decision? Could cash and debt financing be used simultaneously—and, if so, under what circumstances?
- A blended cash and debt financing process exists now in the School Revolving Renovation Fund.
- What steps could be taken to make cash more readily available?
- The use of bonds (rather than waiting for cash) enables the getting of students into schools more quickly.