

Governor's Commission on School Construction

Meeting Agenda

**June 20, 2025**

**10:00 a.m. – noon**

[Join the Zoom meeting here.](#)

Meeting ID: 852 8164 4128

Passcode: 89414991

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**Key Topics**

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

**Desired Outcome**

Commission determines next steps on 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.

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**Agenda**

*(Times are approximate.)*

10:00 Welcome and Introductions

10:05 Announcements  
*All*

10:10 Updates and Review of Agenda

10:15 Dedicated Fund and Interest-Bearing Account

11:00 Diversification of Revenue Stream

11:30 Cash Versus Debt

11:50 Wrap-Up and Next Steps

Noon Adjourn

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## Key Questions

There are two sets of questions below for each major topic on the June 20 agenda. The first set is intended to support discussion at the commission meeting. The second supports continued examination and analysis by commission members, staff, and other subject experts. Please consider the questions below as examples, not exclusive to other questions. Commission members, staff, and interested parties are encouraged to add questions or desired analysis as needed.

### 1. Dedicated Fund

**Premise:** A dedicated, regenerative interest-bearing account has the potential to establish a long-term sustainable source of revenue for school facility needs.

#### Examples of questions for commission discussion:

- Could a dedicated fund be **capitalized with a legislative appropriation**?
- **What amount of funding would result in sufficient growth over time** to make a substantive difference?
- Could an **annual or biennial contribution** be made until a specific level is achieved?
- Could a **dedicated tax or other continuing source of revenue** be applied?
- Could this fund include the **difference between what is bonded and the debt ceiling for funds not used** resulting in investment income? Although not a substantial amount of revenue, would this add to the funding mix to provide additional fiscal stability?
- What **governance structure** would be needed to ensure proper oversight of investment strategies, while maintaining professional fund management?
- What **organizational capacity** would be needed to cultivate and manage a stand-alone fund?

#### Examples of questions for continued examination:

- What **legal and ethical frameworks** would govern private contributions?
- **How do other states structure funds** to balance growth with cash-flow needs for projects?
- What **parameters** would need to be established (e.g., reinvest all earnings initially to build principal; spend investment income only to preserve principal; establish a minimum fund size before distributions begin; prioritize capital projects versus smaller renovation projects)?
- Realistically, what percentage of **annual capital funding** could be supported through investment income?
- What **statutory or other protections** for a dedicated fund would be needed?
- How would investment income be coordinated with other funding sources to ensure consistent project funding?

## 2. Diversification of Revenue Stream

**Premise:** Revenue streams should be diversified with consideration to a mix of General Fund, property taxes, dedicated taxes, investment income, grants, lapsed balances/unappropriated surplus, fees, grants, private investment/lease-back, and/or philanthropic. A combination of these sources, as used in other states, could better ensure that funding for construction and renovation is adequate and stable.

### Examples of questions for commission discussion:

- Does the commission want to **pursue analysis** in this area?
- If Maine continues to **rely solely on the General Fund and property taxes** for school infrastructure, what will be the result?
- If and how could a broader mix of funding sources assist—over time—in **achieving a more sustainable financial approach** to school infrastructure in Maine?
- What is the **profile of revenue streams** that should be considered? For example, property taxes have been used for educational funding due, in part, to their “stability” and local benefit.

### Examples of questions for continued examination:

- What is the **targeted amount of revenue needed** from non-general fund and property taxes over what timeframe?
- **Dedicated Tax**
  - What **revenue sources**, besides the general fund, are used in other states? What is the trend?
- Assuming varying levels of instability, what **mix of funding sources** could better ensure both sustainability and stability over time?
- **Property Tax**
  - What percentage of construction and renovation funding now comes from **General Fund versus property taxes**?
  - Are there **statutory limitations** on how property tax revenues can be allocated to education capital projects?
  - What is the **existing property tax capacity in districts** with aging infrastructure needs versus those with newer facilities?
  - How could **greater flexibility and equality** for districts be achieved?
- **Grants and Philanthropy**
  - What opportunities exist for **grant partnerships** among the major public educational institutions in Maine?
  - What **foundations in Maine prioritize education**? Is, or could, infrastructure be of interest?
  - What **organizational capacity** would be needed to effectively cultivate and manage philanthropic relationships?
- **Private Investment**

- What types of **private sector investments** (e.g., P3, tax credit, lease-back, or other) should be actively examined? What capacity would be needed to pursue and manage these?

### 3. **Cash Versus Debt**

**Premise:** Establish and/or clarify the rationale regarding a cash-versus-debt strategy, with attention to life-cycle cost savings and sustainability of the overall approach to funding.

Examples of questions for commission discussion:

- Does the commission want to **pursue further examination** of this strategy?
- What are the potential **upsides, downsides, and unintended consequences**?