

MAINE STATE LEGISLATURE

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STATE OF MAINE
AUGUSTA, MAINE

ELECTIONS - 1969
(NOV)

State of Maine
DEPARTMENT OF EDUCATION
Augusta

September 19, 1969

To: Superintendents of Schools
From: Kermit S. Nickerson, Deputy Commissioner of Education
Subject: Educational Bond Issues.

Your attention is called to the importance of the bond issues involving education which will be voted on in a statewide referendum on November 4, 1969.

The following material is an attempt to provide a brief and concise statement of the purpose of each proposal, the amount involved, how the funds would be used and what will be the situation if approval is not given.

KSN:md

DATA RELATING TO BOND ISSUES
Enacted by the 104th Legislature

QUESTION NO. 4

Chapter 171 - L.D. 1467

An Act to Authorize Bond Issues in the Amount of \$22,000,000 to Provide Funds for Foundation Program School Subsidies for the Period Beginning January 1, 1970 and Ending June 30, 1970.

I. Purpose

To adjust state subsidy payments for general purpose aid to the state's fiscal year.

State subsidy payments have been and still are 6 months in arrears and need to be paid on a monthly basis which corresponds with the state fiscal year July 1 to June 30.

The reason why this correction is necessary is that the payment of educational subsidy to local units is by far the largest annual disbursement made by the state. Two-thirds of the full year's subsidy is due in August which comes near the beginning of the state's fiscal year before there is time to collect sufficient revenues.

The bond issue and a companion measure passed by the 104th Legislature would place subsidy payments on a monthly basis beginning January 1, 1970. The proceeds of the bond issue are needed to make the payments for a six-month period January 1 to June 30, 1970, after that the state would pay the subsidy monthly from current revenues.

This is a one-time adjustment and there would be no more recurring bond issues for this purpose in future years.

II. How Will the Funds be Used?

To make monthly subsidy payments to all towns, cities, and districts for the period January 1 to June 30, 1970.

III. What Are the Advantages of this Act?

A. It will eliminate the necessity for the state to borrow up to \$30,000,000 annually to meet subsidy payments before the end of the local fiscal year.

B. It will provide state subsidy payments monthly and eliminate the need for local units to borrow in anticipation of state aid. This can result in a substantial saving to local units.

C. It will remove the six-month lag in state payments and place the disbursement on an orderly basis which is in line with the state fiscal year.

IV. When is the Referendum?

November 4, 1969.

V. What Will Happen if the Referendum Fails?

The state will be forced to continue to borrow upwards of \$30,000,000 annually with nothing to show for this expenditure. Local units will be forced to borrow on the state's share of support of schools and will not receive full reimbursement until the very end of their fiscal year. Furthermore, an uneconomical and unbusinesslike procedure for both state and local units will be perpetuated.

The voters should remember that this is a onetime only bond issue and no further issue for this purpose will occur.

QUESTION NO. 7

Chapter 177 - L.D. 513

An Act to Authorize Bond Issues in the Amount of \$9,800,000 to Provide Funds for School Building Construction Under the Provisions of Section 3457 and Section 3459 of Title 20 RS and \$800,000 to Provide Funds for the Construction of Regional Technical and Vocational Centers Under the Provisions of Section 2356-B of Title 20 RS.

I. Purpose

To provide \$9,800,000 for state reimbursement on general school construction in 75 school administrative districts, and other units with an enrollment of 500 or more secondary pupils, and \$800,000 for reimbursement for construction at approved regional vocational centers, both of which are due and payable under the statutes.

This is not a new program, it is not a proposal to build more schools, but to meet the state's legal obligation on buildings already built or under construction. It provides subsidy for local payments for principal and interest on buildings constructed since 1957.

II. Why is a Bond Issue Necessary?

Prior to 1967 the Legislature provided the subsidy from current revenue. The 103rd and 104th Legislatures did not have sufficient revenues for the purpose and decided to finance this obligation by the issuance of bonds.

III. How Will the Funds be Used?

A. The amount of \$9,800,000 will provide building subsidy payments to 75 school administrative districts which include 283 towns, to community school districts comprised of 14 towns, and to 26 of the larger cities and towns.

B. The amount of \$800,000 for regional centers provides reimbursement for construction in Bath, Waterville, S.A.D. #1, Presque Isle; S.A.D. #9, Farmington; S.A.D. #46, Dexter; S.A.D. #54, Skowhegan; and S.A.D. #61, Bridgton.

IV. When is the Referendum?

November 4, 1969.

V. What Would Happen if the Referendum Fails?

Local units have budgeted for the current fiscal year having faith that the state will pay the amount due before the end of their fiscal year. Failure of the voters to approve this bond issue would create a serious financial crisis in school systems attended by 75% to 80% of the pupils of this state.

If the towns, cities and districts did not receive the funds they have been figuring on for payment of principal and interest on bonds they have issued, they might be in default which would have a disastrous effect on the credit of all towns and cities in the state.

The approval of this bond issue is vital to the operation of schools. It is an obligation which must be met.

QUESTION NO. 9

Chapter 183 - L.D. 404

An Act to Authorize Bond Issue in the Amount of \$770,000 for the Construction and Improvement of Vocational Educational Facilities at Northern, Southern, Eastern and Western Maine Vocational-Technical Institutes, and for the Construction and Improvement of Education Facilities at Maine Maritime Academy and the Unorganized Territory Schools and Indian Schools.

I. Purpose

To provide for capital improvements, construction, renovation and equipment at four of the state's postsecondary vocational-technical institutes, two of the unorganized territory schools, classroom buildings on the two Passamaquoddy Indian reservations, and projects at the Maine Maritime Academy.

II. List of Projects and Justification

A. Central Maine Vocational-Technical Institute

Project: Site Development \$35,700

This institute is located on an ideal site bordering Lake Auburn. Parking space and area for outdoor physical education have not been developed since the property was acquired and are needed for proper operation of a growing program. Parking areas are overcrowded with over 1,000 evening students attending.

B. Eastern Maine Vocational-Technical Institute

Projects:

1. Site Development \$50,000

This institute is located on a new site which has not been fully developed. Roads, parking areas and walks

are urgently needed. This project would continue site development according to a campus plan.

2. Building Trades Addition \$55,000

The addition to the construction shop would provide space for a drafting classroom. Cost is being kept at a minimum as heating and wiring are to be done by the students. Present drafting space is crowded and inadequate and interferes with other programs.

C. Northern Maine Vocational-Technical Institute

Project:

Renovate Two Dormitories \$12,000

The work includes minor modification of entrances and facilities for the housemother. The buildings are relatively old and the renovations are kept at a minimum to make them useful for several years.

D. Southern Maine Vocational-Technical Institute

Projects:

1. Fire Prevention and Safety \$10,000

This project includes changes required in the several buildings to conform to the code.

2. Dock Repairs and Renovations \$35,000

A survey by a marine engineering firm indicates that the dock is in a deteriorated and dangerous condition and could collapse if it is not repaired.

3. Surface Parking Lot \$26,000

Surfacing of a parking lot is needed because late fall and early spring mud conditions make the lot unusable. The funds requested would remedy what may be termed as intolerable condition.

E. Unorganized Territory Schools

Projects:

1. Class and All-Purpose Room - Kingman \$55,000

The proposed addition would provide space for hot lunches, physical education and a library.

2. Library Addition - Sinclair \$35,000

This project would provide at Sinclair the first centralized library in the Unorganized Territory schools. Pupils in all schools need the advantages a library can offer. This is especially important for pupils living in the remote sections of Maine. Conceivably no action could be taken which would serve to more nearly equalize the educational opportunities for the pupils at Sinclair.

F. Indian Schools

Projects:

1. Four Classrooms - Pleasant Point \$100,000

These classrooms are to be added to the classrooms and multi-purpose room previously authorized. The addition will make it possible to replace an obsolete building on the reservation. The added space will allow a kindergarten program to be offered which is not now possible. The additional space would allow the pupil-teacher ratio to be reduced to a more desirable standard.

2. Classroom - Peter Dana Point \$25,000

The purpose of this classroom is to provide for a kindergarten. The Indian children need a readiness program before entering grade one.

G. Maine Maritime Academy

Projects:

1. Fire Prevention and Safety	\$5,000
2. Acquisition of Land	50,000
3. Student Parking Lot	26,300
4. Physical Education Complex	250,000

III. When is the Referendum Vote?

November 4, 1969.

IV. What Will Result if the Referendum Fails?

The answer is very simple. There will be no capital improvements at any of the institutes or Unorganized Territory and Indian schools. Enrollments at the institutes will remain at present levels and opportunities for vocational education will not keep pace with the needs of Maine industry.

DATA RELATING TO RESOLVE
ENACTED BY THE 104th LEGISLATURE
PLEDGING CREDIT OF STATE FOR LOANS
OF MAINE SCHOOL BUILDING AUTHORITY

Chapter 31 - Resolve Proposing an Amendment to the Constitution
Pledging Credit of the State for Loans of Maine School
Building Authority

I. Purpose

To place the faith and credit of the State behind future bond issues of the Maine School Building Authority.

II. Why is this necessary?

It has been estimated that approximately $\frac{1}{4}\%$ to $\frac{1}{2}\%$ reduction in interest rates could be realized if this constitutional change is approved. Had the present lessees enjoyed this privilege, nearly one half million dollars less of interest charges would have been realized.

III. Are there any State funds involved?

Each lessee makes a lease-rental payment yearly to meet the principal and interest on its bonds. No defaults have been experienced. Should one occur, the payment to the Authority would be made out of the State's operational subsidy due to the lessee, hence, default payments to the Authority will not involve any additional State funds.

IV. When is the Referendum?

November 4, 1969.

V. What would happen if the referendum fails?

All future bond issues will be handled as usual. However, new applicants will doubtless pay a higher rate of interest for Authority bonds which would be reflected in increased taxes. In extreme cases it might mean postponement of needed school construction.