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A REVIEW OF SCHOOL FACILITIES PROGRAMS AND ANALYSIS OF SCHOOL FACILITY NEEDS

A Report from the State Department of Education in response to a request by the Joint Standing Committee on Education and Cultural Affairs for the Second Regular Session of the 122nd Legislature.

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http://www.state.me.us/education/const/homepage.htm

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A Review of School Facilities Programs And Analysis of School Facility Needs

Introduction

In 2005, as part of the first regular session of the 122nd Maine Legislature, LD 866 was introduced. LD 866, entitled Resolve to Direct the Department of Education to Review the School Facility Needs of the State and to Develop Standards for Cost-effective Financing of School Facilities, requested, in part:

> **Section 1: Department of Education review of school facility needs of State. Resolved:** That the Department of Education is directed to conduct a review of the school facilities inventory in order to evaluate the cost-effectiveness of existing state policies for financing school construction and to forecast the level of public investment necessary to meet the capital improvement needs of public schools over the next decade. This review must include analyses of the most recent data available from the school facilities inventory maintained by the Department in accordance with the Maine Revised Statutes, Title 20-A, section 15917, and must also include analyses of the facility maintenance plans and capital improvement programs submitted by school administrative units that have applied for:
>
> 1. State funds for a school construction project pursuant to Title 20-A, section 15905;
> 2. Loans from the School Revolving Renovation Fund pursuant to Title 30-A, section 6006-F;
> 3. Loans from the school facilities finance lease-purchase program pursuant to Title 30-A, section 6006-E; and
> 4. Approval from the Commissioner of Education for the construction of school facilities that were constructed without state support as non-state funded projects pursuant to Title 20-A, section 15905-A.
>
> The Department of Education shall assess the cost-effectiveness of existing policies for financing school construction by evaluating the life cycle costs associated with school facilities that were financed under each of the state finance policies or practices described in this section.

A copy of the complete resolve appears in Appendix A.

The Joint Committee on Education and Cultural Affairs voted Ought Not To Pass (ONTP) for LD 866, but directed the Department of Education:

> to analyze the effectiveness of the existing components of the school facilities programs and review procedures. An important consideration is the extent to which current facilities programs are aligned with the near-term and long-term school facility needs of the State. This review must also include an analysis of the Department's role and responsibilities with respect to the prevention and remediation

> of indoor air quality in school facilities. The Commissioner is to report the findings to the Education Committee before January 31, 2006.

Accordingly, this report provides descriptive information on each of the four central components of Maine's school facilities program:

1) major capital school construction;
2) school revolving renovation program;
3) leased space program; and
4) facilities maintenance and capital asset management program.

In 1997 a task force was created by then Governor Angus King and charged with "developing a sensible and predictable program for public financing of local school construction in Maine." The task force issued its report, entitled, "The Governor's School Facilities Commission Report" in February, 1998 and the report formed the basis of the Title 20-A Section 15905 law enacted in 1999. This law and Chapters 61 and 64 form the rules and regulations governing the current school construction program. To view Chapter 61 please refer to www.maine.gov/sos/cec/rules/05/071/071c061.doc. For Chapter 64, please refer to www.maine.gov/sos/cec/rules/05/071/071c064.doc.

Major Capital School Construction

Description of Program

Since the early 1970s, the state has subsidized major school construction and major renovation projects that gained a favorable vote by the Maine State Board of Education (MSBE). Major projects have gone through various rating processes over the years and those that were most highly rated gained approvals within the available dollar limits. As the economy cycled through highs and lows, the numbers of projects approved also increased and decreased reflecting those economic cycles.

In the 118th Legislature, with the enactment of LD 2252, the MSBE modified the Major Capital School Construction Program for State subsidized major school construction and renovation. Under the present legislation and Maine State Board of Education (MSBE) rule, school systems seeking State subsidized construction projects periodically apply to the Maine Department of Education (MDOE) for a school construction project. A team from the Maine Department of Education reviews the applications and conducts a site visit to each applicant's school district. Following the site visit, the team rates each potential project. The ratings are done from a matrix developed by rule and adopted by the MSBE. (See Chapter 61, Rules for Major Capital School Construction Projects, pages 5 to 7 for a description of the rating process.)

The Maine Department of Education then creates a list of projects from the project with the greatest need followed by projects with lesser needs in descending order. The Commissioner of the MDOE presents the list to the Maine State Board of Education and the MSBE funds as many projects from the list as available debt limit funds permit.

The MDOE, working in concert with the MSBE, establishes both size and financial limits on projects. Local school units may exceed these limits at local expense. Under current state school subsidy formulas, the State bears the major financial burden of capital costs in most school administrative units in Maine.

In seeking solutions to educational facility issues, the Maine Department of Education first looks to the possibility of renovations or renovations with additions. New school construction projects are only considered in those instances where renovation projects are not economically or educationally feasible.

It should be noted that there has been a second option for school systems other than the MSBE process. A number of communities in Maine have opted not to wait for subsidized construction and have upgraded or replaced their facilities with local tax dollars. This option remains open to all school units in Maine. At present the Maine Department of Education does not have a process in place for accurately identifying the amount of total funds used for unsubsidized construction.

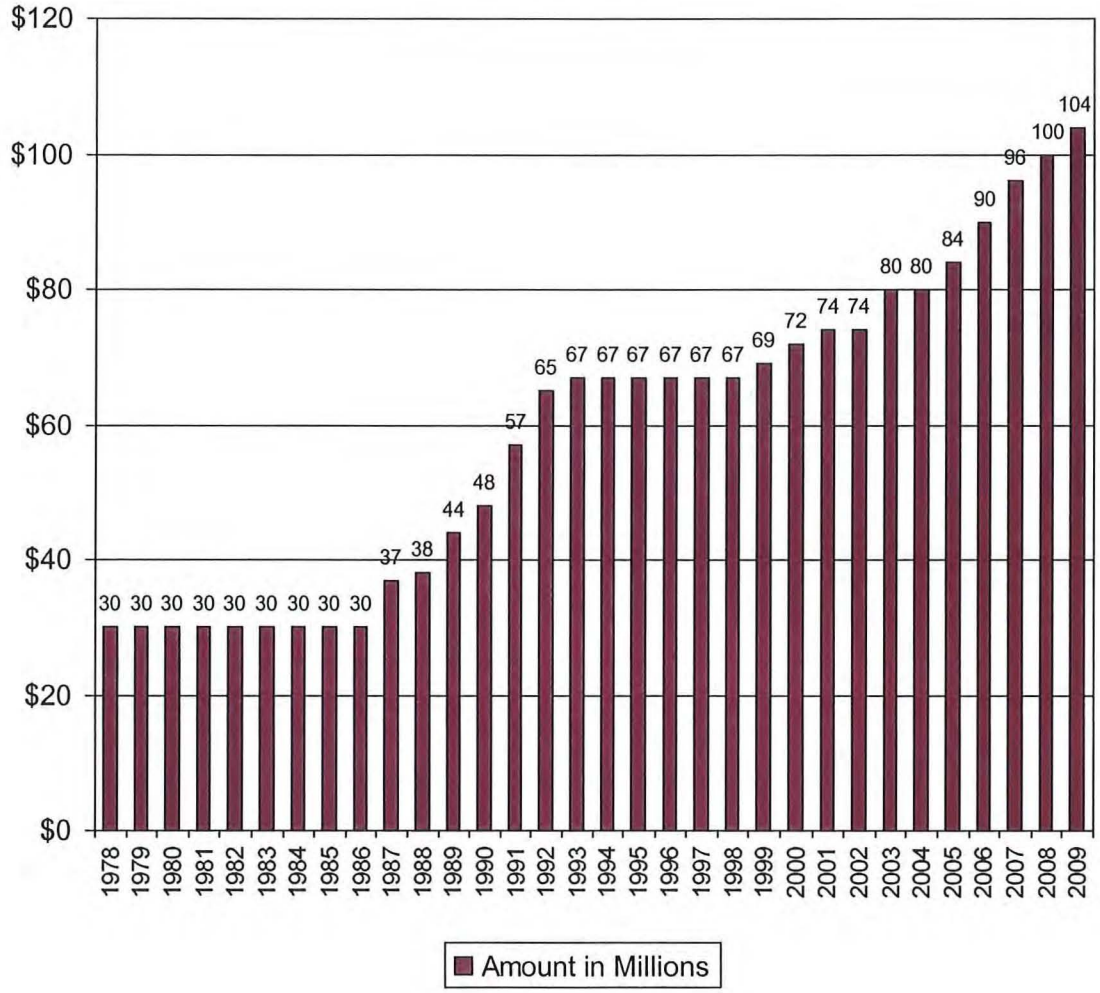
History and Future Maximum Debt Service Limit

The Maine State Board of Education must approve each school construction project unless it is a *small scale school construction project* as defined in Section 15901, Subsection 4-A, a *non-state funded project* as defined in Section 15905-A, or a *permanent space lease-purchase project*. The MSBE may approve projects as long as no project approval will cause debt service costs, as defined in Section 15672, 2-A, to exceed the maximum limits in subsequent fiscal years.

With respect to secondary school construction project limitations, the Maine State Board of Education may approve a secondary school construction project designed to accommodate fewer than 300 pupils only if the MSBE has determined that the school will have an adequate educational program. The MSBE may not approve a secondary school construction project if fewer than 10 full-time teachers will be employed at the school, unless the location of the school would be geographically isolated. More detailed information on the rules and regulations governing major capital construction is found in Chapter 61, "State Board of Education Rules for Major Capital School Construction Projects".

Figure 1 presents the Major Capital Improvements Statutory Debt Service Limit History from 1978 through 2009. The dollar amounts shown for each fiscal year are in millions.

Figure 1
History of Statutory Debt Service Limit
1978-2009



As shown in Figure 1, from 1978 to 1986 the debt service limit remained steady at $30 million per year. In 1987 it began a gradual increase until 1993 when it again reached a plateau at $67 million, until another increase in 1999. With the exception of 2001-2002 and 2003-2004, the debt service limit has continued to increase each year and will reach $104 million in 2009 by statute unless adjusted by legislative action. Related to this is the cost of construction which has skyrocketed in the past five years while bond service limit has not. Thus, there is a discrepancy between bond limit increase and construction costs.

Overall, construction costs have increased an average of 127% from 1978 to 2005, adjusted for inflation. Bonding, on the other hand, has not kept up with inflation, but

rather has decreased by 8%, adjusted for inflation, over the same period of time. According to inflation calculation, $30 million dollars in 1978 would be equivalent to $91,407,910 in 2005. The Debt Service Limit (Figure 1) in 2005 was $84 million or 8% less than what it should have been had the bonding kept up with inflation.

Table 1 presents historical information on the findings of school construction projects, from 1978 to the most recent, 2005. The highest average cost per project was in 2005, when projects averaged nearly $17 million each. The amount spent reflects state and local allocation.

Table 1
History of School Construction – 1978-2005

Funding Approval	Number of Projects	State/Local Allocation	Average Cost/Project
1978	12	15,854,677	1,321,223
1979	9	12,179,426	1,364,381
1980	18	32,855,237	1,825,291
1981	7	17,154,296	2,450,614
1982	13	11,452,698	880,976
1983	14	18,886,716	1,349,051
1984	16	21,261,806	1,328,863
1985	20	36,773,399	1,838,670
1986	21	25,714,840	1,224,516
1987	38	66,073,632	1,738,780
1988	24	61,802,254	2,575,094
1989	27	80,005,463	2,963,165
1990	24	78,932,597	3,288,858
1991	17	49,912,815	2,936,048
1992	17	41,829,742	2,460,573
1993	17	85,864,280	5,050,840
1994	8	25,042,247	3,130,281
1995	13	58,139,202	4,472,246
1996	10	36,080,862	3,608,086
1997	7	73,360,170	10,480,024
1998	6	55,472,291	9,245,382
1999	5	30,489,573	6,097,915
2000	4	26,840,479	6,710,120
2001	7	60,434,125	8,633,446
2002	10	70,433,566	7,043,357
2003	13	107,065,594	8,235,815
2004	4	50,029,781	12,507,445
2005	8	135,636,308	16,954,538

Prior to 1999, there were many "special projects" with less than 8,000 square feet, as well as the replacement of leased space projects. Because these were small projects, the funding needed to complete them was less than larger projects after 1999. When the Governor's Commission made a decision to replace the "special projects" and replacement of leased space projects, the School Revolving Renovation Fund (see page 12 of this report) was created for this purpose.

Bonds and Projects Proposed through FY 2026

The information in this section on bonds and projects proposed through 2026 are based on the costs of projects on the 2004-2005 priority list. In future application cycles, additional school systems may make application for major capital projects. The potential cost of these new applications cannot be predicted at this time.

Table 2 presents data prepared by the MIS team of the Maine Department of Education in July, 2005 which outlines outstanding Bonds on file. As the table reflects, in the next 22 years (2005-2026), it is estimated that the total amount needed to retire existing bonded funds will be $857,289,823. This amount only reflects current indebtedness. It is difficult to determine new bond needs. Currently, 53 projects were not funded in 2005, and the anticipated costs of these projects totaled approximately $743.7 million. Thus, the total of existing and new bonds needed is approximately $1.6 billion, an average projected deficit of $30 million per year. The total projected new project bonds needed is a conservative estimate based on the most recent list of requests. And, the $743.7 million does not include interest on the bonded indebtedness. As noted, this total is, in all likelihood, lower than what it will be as new applications are made in the future.

Table 2
Bond Amounts on File by Fiscal Year 2005-2026

Fiscal Year	Bond Amounts on File
2005	$ 72,855,065
2006	$ 77,765,361
2007	$ 72,965,916
2008	$ 69,775,543
2009	$ 66,415,173
2010	$ 62,391,693
2011	$ 56,465,103
2012	$ 50,081,057
2013	$ 46,512,206
2014	$ 42,833,835
2015	$ 37,522,307
2016	$ 34,855,524
2017	$ 32,156,780
2018	$ 28,839,563
2019	$ 24,855,075
2020	$ 21,960,227
2021	$ 18,862,841
2022	$ 16,077,195
2023	$ 9,659,943
2024	$ 7,204,736
2025	$ 6,896,333
2026	$ 338,343
Total approved for 2005-2026	**$ 857,289,823**

The Major Capital Improvement Program's amended format has been in place since 1999. The program has gone through three rating cycles. The following are statistics from those three cycles and the disposition of the applications:

- During the 1999-2000 cycle 70 applications were received; in the 2001-2002 cycle 92 applications were received; and during the 2004-2005 cycle 66 applications were received. The total received to date and rated in the three cycles is 228.

- Of the 228 projects that applied in the three cycles, 128 applications were for first-time projects and 100 were repeat applications for the same project.

- The 1999-2000 cycle resulted in 23 projects receiving funding; the 2001-2002 cycle resulted in 12 projects, that, because of redistricting, removed 13 projects from the list; and the 2004-2005 cycle has resulted in 13 identified projects. To date a total of 48 projects have been funded.

- Of the 128 projects that have been rated, 14 projects have been funded without State participation.

Each time applications are accepted by the State, a differing group of applicants are reflected. New proposals that have not been rated in previous cycles are received. Some projects that have not received either State or local funding do not reapply. And, future unmet needs are difficult if not impossible to predict. Presently, there are 66 projects that remain unfunded with the potential for additional project applications in the future.

In addition to future bonding needs, the Maine Department of Education and the MSBE will, in the future, face issues surrounding student enrollment projections as they review and approve new major construction projects. Although it is difficult to know with a high degree of accuracy actual future enrollments of a requested major school construction project, an analysis of recent history points to what the future may hold.

Table 3 reports design capacity enrollment projections at the time projects received approval for the last five years. The last column in Table 3 reports the actual 2004 enrollment as a percentage of the design capacity enrollment projections when the project was approved.

Table 3
School Construction/Enrollment Data 1999-2003[1]
With Enrollment Projections in 2004

Approved	School	Design Capacity (Enrollment)	Percent of Projected Enrollment in 2004
1999	Warren-Rowe	358	84%
	Mt. Ararat Middle	900	82%
	Orrington Center Davie	450	88%
	Westbrook Canal	N/A	N/A
	Bucksport H.S.	464	99%
2000	Falmouth H.S.	650	92%
	Winthrop Elementary	310	120%
	Maranacook Middle	400	87%
2001	Camden H.S.	775	97%
	Stonington Elementary	400	69%
	Madison Elementary	300	96%
	Kennebunk Middle	750	85%
	Bowdoin Elementary	300	78%
	Hartland Middle	400	88%
	Corinna Middle	320	82%
2002	Edgecomb	150	55%
	Skowhegan Middle	480	99%
	Hebron Elementary	150	59%
	Old Town Elementary	525	84%
	Biddeford Middle	780	N/A
	Bucksport Middle	380	90%
	Vinalhaven K-12	300	71%
	Oakland Middle	725	87%
	Gorham Middle	750	89%
	Winthrop H.S.	360	95%
2003	Belfast Elementary	330	95%
	Kennebunk Elementary	600	80%
	North Anson K-8	300	N/A
	Lisbon Elementary	700	103%
	Cumberland Middle	750	80%
	Windsor K-8	340	87%
	Sabattus K-8 *	375	93%
	Auburn	325	N/A
	Lincolnville	250	84%

N/A=data not available

As Table 3 reflects, schools were built to accommodate enrollment projections ten years into the future. Based on the percentages of projected enrollment in 2004 (far right column of Table 3), it appears that most schools were appropriately designed to

[1] For example: in 1999 when construction was approved for building the Warren-Rowe School, the school was designed to accommodate 358 pupils. By 2004 the actual school enrollment for this school was 84% of projected enrollment.

meet projected enrollments. A few schools, however, met with higher enrollments than anticipated when the project was designed.

Summary

In summary, approved debt service limits have increased, beginning in 1987, and will reach $104 million in 2009. A conservative estimate of funds to retire existing bonds and to bond for known projects between 2005 and 2026 is $1.6 billion. To date, a total of 48 projects have been funded and the average cost per square foot for new construction has increased 5.85% annually.

SCHOOL REVOLVING RENOVATION FUND

Description of Program

The 1998 Governor's School Facilities Commission Task Force also examined renovations needs. Recognizing that the costs for new construction, renovation and health, safety and compliance needs are beyond the financial capacity of school administrative units and communities, the Task Force concluded that the State should pledge adequate funding as appropriate for new construction renovation or repair of existing facilities. School administrative units and communities, in turn, should commit to long-term maintenance and capital improvement programs to preserve and protect their buildings. A review of a summary inventory of school facilities conducted by the University of Maine revealed a need in 1997 for repairs to address health and safety needs and other repairs for a total of more than $110 million. Based upon these identified needs, and the decision to replace "special projects" and replacement of leased space projects, the Task Force recommended the creation of a School Revolving Renovation Fund (SRRF) program.

In 1999 the SRRF was created by the Maine State Legislature. The Fund was established to make loans/grants for school renovation projects that contribute to safe, healthy, and adequate school facilities in which a School Administrative Unit (SAU) may deliver its education program. The SRRF has three major categories.

- **Priority 1.** This category is limited to health and safety projects. Specifically, Priority 1 addresses roofs, ADA compliance, air quality, asbestos and other health and safety issues.
- **Priority 2.** This category covers projects that are not health and safety related. These include infrastructure issues, windows, doors, water and septic systems.
- **Priority 3.** This category is limited to the upgrade of learning space and small capital projects.

Under Chapter 64 rules and regulations, the Commissioner of the Maine Department of Education may consider other issues not identified in Priority 1, 2, or 3 definitions. The

three categories, in general, have a limit of $1 million in each category for each school building. There are some limited exceptions to this but these occur on a project-by-project basis.

Until February 22, 2006 when it was announced by the MDOE that no further applications would be accepted for SRRF unless an emergency situation arises, applications for Priority 1 and Priority 2 projects were ongoing with school units submitting applications at any given time. The applications were rated by MDOE and reviewed by the Bureau of General Services (BGS). Applications that rated high enough to be funded resulted in a certificate signed by the Commissioner of the Maine Department of Education and mailed to the school superintendent. The certificates were then presented to the Maine Bond Bank for funding.

Priority 1 and Priority 2 projects qualified for a debt forgiveness rate on a scale from 70% to 30%. The scale is based upon the percentage of State subsidy aid paid to the local school unit. Priority 3 projects have been open for application only once. The forgiveness rate for Priority 3 projects is also on a scale from 70% to 30%.

Loans from the Fund are subject to time limits for repayment. Loans of $500,000 or less are due within five years or less than five years if accelerated by mutual agreement of the parties, and loans of $500,001 to $1 million are due within 10 years or less than 10 years if accelerated by mutual agreement of the parties.

See Chapter 64, "Maine School Facilities Program and School Revolving Renovation Fund" for the rules and regulations governing the SRRF.

Financial Summary – History to Present

In 1998-99, the legislature approved funds in the amount of $19,575,000 for the State Revolving Renovation Fund. In 1999-2000, another $23,420,315 was approved, and in 2000-2001 $28 million was approved, for a total of $70,995,315.

Figure 2 presents an historical financial summary of the School Revolving Renovation Fund, from fiscal year 1999 to the current fiscal year, 2006 (to date). As can be seen in the graph, the beginning and ending balances in the SRRF are fluid because of such things as income, paybacks, and expenditures occurring at various points in time. "Income" includes such items as cash received, bond proceeds, interest, capital gains, MCI audit recoveries, and loan repayments. "Loans and MDOE

Approvals" include loans, loans from repayment account, administrative allocations, BGS administrative fees, and MCI audit recoveries paid to the General Fund.

Figure 2
School Revolving Renovation Fund – Financial Summary
FY 1999 to FY 2006 (to date)

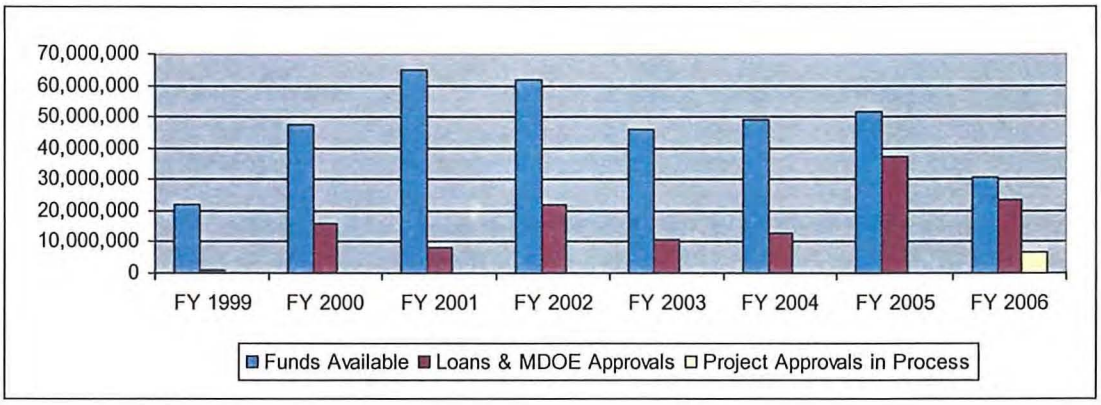


Table 4 (below) presents the data represented in Figure 2. This is the financial summary of all components of the SRRF, mentioned above. At the end of each fiscal year, the ending fund balance is carried forward into the next fiscal year. This, along with funds received through bonds proceeds, interest, capital gains, MCI audit recoveries and loan repayments, is what is available to fund loans for the subsequent fiscal year projects.

Table 4
Financial Summary of the School Revolving Renovation Fund

	FY 1999	FY 2000	FY 2001	FY 2002
Beginning Balance	-	$20,925,554	$31,529,976	$56,561,791
Income	$22,113,635	$26,544,713	$33,421,407	$5,514,870
Available Balance	$22,113,635	$47,470,267	$64,951,383	$62,076,661
Loans & MDOE Approvals	$1,188,081	$15,940,291	$8,389,592	$21,811,814
Ending Balance	$20,925,554	$31,529,976	$56,561,791	$40,264,846
	FY 2003	**FY 2004**	**FY 2005**	**FY 2006 (to date)**
Beginning Balance	$40,264,846	$35,368,181	$35,852,192	$13,937,642
Income	$5,784,727	$13,444,816	$15,580,475	$16,529,521
Available Balance	$46,049,574	$48,812,997	$51,432,667	$30,467,163
Loans & MDOE Approvals	$10,681,393	$12,960,806	$37,495,025	$23,147,942
Ending Balance	$35,368,181	$35,852,192	$13,937,642	$7,319,221*
		Less project approvals in process		$6,804,041
		Fund Balance as of February, 2006		**$515,180**

See Appendix B for a more detailed account of this Table.

Figure 3 presents the number of requests and the number of requested projects that were actually funded. These are displayed by priority. As may be seen, the most projects funded were Priority 1 projects. As mentioned earlier, these are projects related to health and safety issues (i.e., roofs, ADA Compliance, air quality, asbestos, etc.). Approximately 45% of requested Priority 1 projects were approved and funded. This left more than one-half of Priority 1 projects unfunded. About 26% of Priority 2 projects were funded and one-half of the Priority 3 projects were funded.

Figure 3
Number of Requests and Funded Projects by Priority

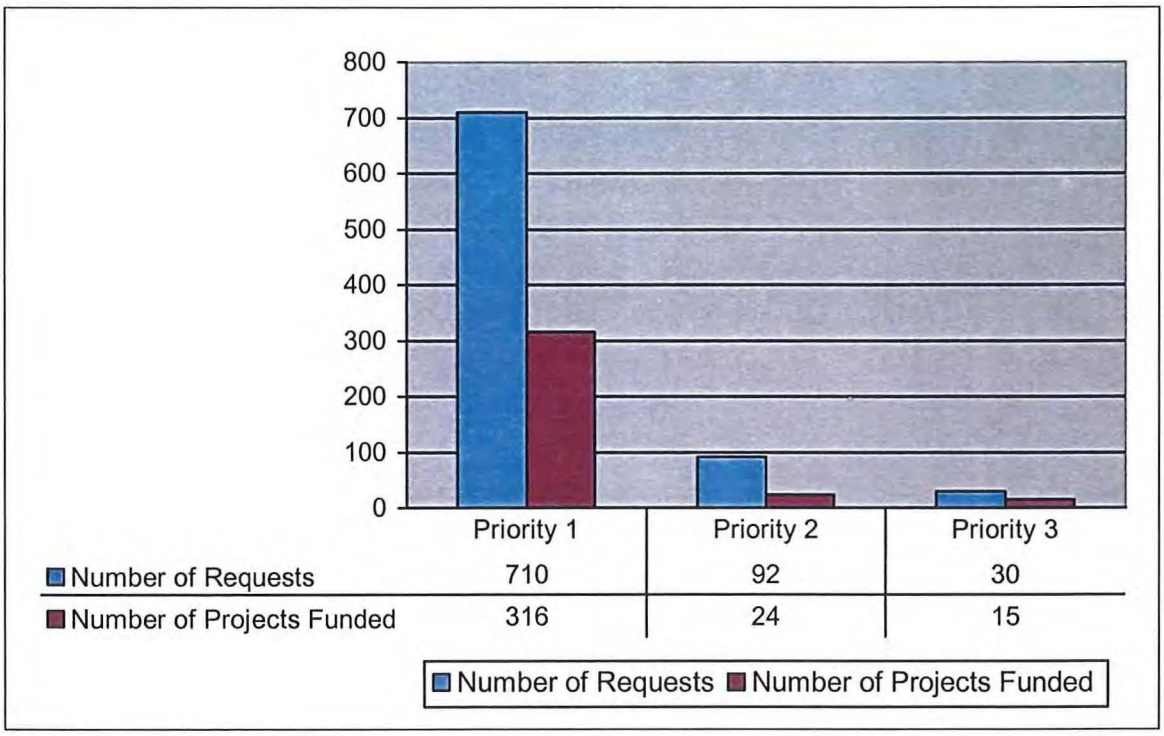


Figure 4 illustrates the project requests and those funded by project priority category. Most of these represent Priority 1 projects (ADA, Asbestos, Indoor Air, Oil Tank Removal, Roofs and other Priority 1 projects). The percentages of requests that were funded are as follows: ADA – 23.5%; Asbestos – 30.2%; Indoor Air – 48.0%; Oil Tank Removal – 51.4%; Roof – 64.9%; Other Priority 1 projects – 32.9%, Priority 2 – 26.1%; and Priority 3 – 50%.

Figure 4

Number of Requests and Funded Projects by Project Category

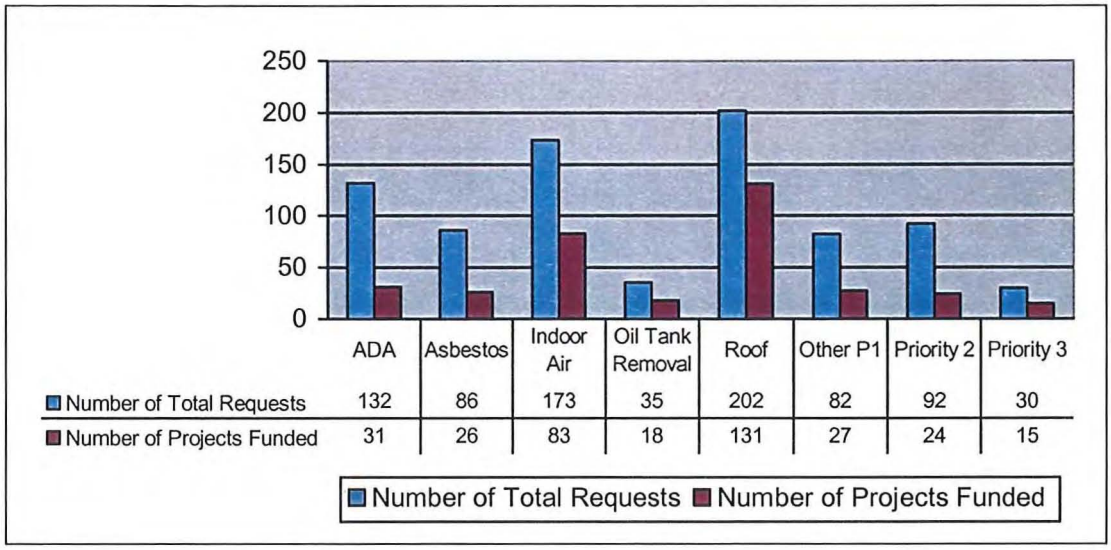
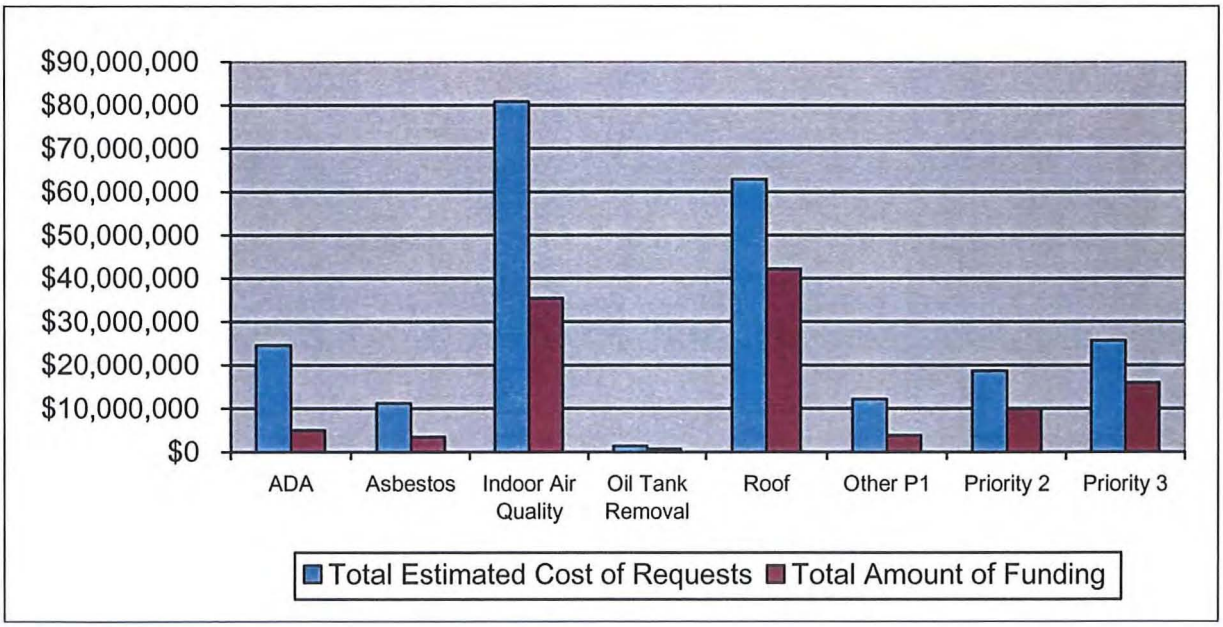


Figure 5 presents funding levels by project category. The first five categories (ADA, Asbestos, Indoor Air Quality, Oil Tank Removal, and Roofs) are Priority 1.

Figure 5

Summary of SRRF Funding By Project Category



When one compares Figures 4 and 5 which represent the same projects, the differences in the number of approved projects and costs become apparent. That is, for example, for ADA projects, the total requests numbered 132 and of those 31 were funded (23.5%). However, the total *estimated cost* of the requested projects under ADA was $24,606,936, of which $4,995,905 was provided for the 31 funded projects (20.3%). Thus, the *number* of projects funded represented a higher percentage of funding than the actual *dollar value* percentage funded. The highest *percentage* funding as well as the highest *amount* funded were for roof renovations, a total of $42,161,392 ($62,867,239 requested) for 131 roofs (of 202 requested). The second highest dollar amount of funding went for indoor air quality projects, with $35,465,733 being funded (of the $80,824,607 requested or 43.8%). Approximately 55% of the amount requested for oil tank removal was funded ($1,381,620 requested and $765,297 funded), 31% of the total amount requested for asbestos abatement was funded ($11,052,122 requested versus $3,432,956 funded), and 31.3% of other Priority 1 projects were funded ($12,179,913 requested and $3,818,078 funded). More than 53% of the amount requested for Priority 2 projects was funded (of the $18,669,391 requested $9,984,247 was funded). And, for Priority 3 projects, $25,674,839 was requested for 30 projects and $16,000,000 was funded to complete 15 projects. That is more than 62% funded. In summary, a total of 832 projects were requested and 355 were approved and funded (42.7%). In dollars requested ($237,256,667) approximately 49% of that requested was funded ($116,623,608).

Summary

In 1999 the School Revolving Renovation Fund was created with three categories: Priority 1, Priority 2, and Priority 3. The initial total amount of funding provided was $70,995,315. Additionally, in FY 2004 to FY 2006, the State approved bonds totaling $28 million for the fund. During the time when the SRRF has been in operation, the total amount requested was $237,256,667. The total amount of funds approved has been less than one-half of that requested or $116,623,608.

LEASED SPACE PROGRAM

Description of Program

The State of Maine currently subsidizes, through General Purpose Aid, partial lease reimbursement program for local school administrative units. According to Chapter 64, SRRF, three types of leased spaces are partially reimbursed. These three types are administrative space, instructional space, and lease-purchase agreement. More specifically, the three types of leases are defined as follows:

- Administrative space – This includes property used for housing of superintendents, principals and school administrative unit-wide eligible administrative personnel.
- Instructional space – This includes property used for regular classrooms, small group instruction, libraries, clinics, guidance, and other instructional activities as approved by the Department. Instructional space does not include athletic or playing fields.
- Lease-purchase agreement – This is an agreement under which a school administrative unit leases space for a defined period of time, at the end of which the school administrative unit has an option to purchase the property for one dollar.

Recommendations made by the Governor's School Facilities Commission[2] in 1998 included the following:

- Administrative Space: Phase out state participation in administration leased space over a five-year period. Support the transition to lease/purchase or Certificate of Participation instruments with a specified level of state subsidy for an additional five-year period. Revise the Construction Rules to allow the inclusion of administrative space in a new and/or renovation projects.
- Temporary Interim Space: School administrative units awaiting new construction or renovation approval and districts with short-term space needs would apply for lease financing centralized and managed by the Maine School Facilities Finance Program.
- Permanent Small Project Space: School administrative units needing permanent small additions would apply for lease/purchase or Certificate of Participation financing through the Maine School Facilities Finance Program. Funding from General Purpose Aid will be phased out over five years with transition to statutory debt service or Revolving Renovation Fund as applicable.

These recommendations became §MRSA, Title 20-A, Chapter 606B, Section 15672(B).

[2] A Report submitted to Governor Angus S. King, The Joint Standing Committee on Education and Cultural Affairs, and The Joint Standing Committee on Appropriations and Financial Affairs by The Governor's School Facilities Commission, February 1, 1998, p. 14.

According to the 1999 law, as recommended, the Administrative Leased Space is currently being phased out. The State no longer approves new leases for administrative space and will pay the last subsidy on existing administrative leases in 2008.

Non-administrative temporary leased space remains an active program, especially for needed classroom space due to overcrowding, enrollment fluctuations, new programs, health and safely issues, etc. Applications may be approved for a period of five years. If at the conclusion of the five year period the need still exists, a local school unit may apply to the State Board of Education for a lease extension on an annual basis.

Non-administrative permanent small space may replace temporary space from an existing temporary leased space. This space is eligible for a ten-year conversion to a lease-purchase program. A more detailed explanation of the leased space program may be found in the Department of Education rules Chapter 64 – "Maine School Facilities Program and School Revolving Renovation Fund".

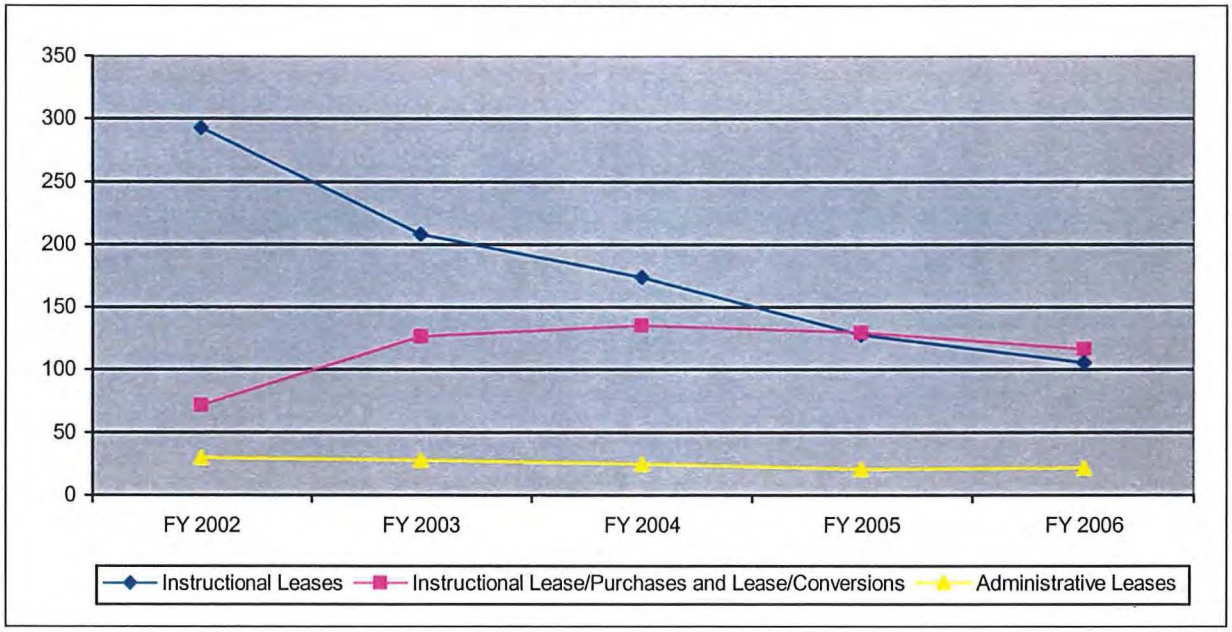
The non-administrative temporary leased space, the non-administrative permanent leased space, and the conversion to a lease-purchase agreement are eligible for $8.00 per square foot of State subsidy. The State currently (2004-2005) subsidizes, through General Purpose Aid, approximately $5.3 million to local school administrative units for lease reimbursement out of a total State and Local expenditure of $9.5 million. Thus, approximately two-thirds of SAU leased space is currently paid by the State. The lease program for recent years is described in the next section.

Recent History of Leased Space Program

In the last five years (FY2002 – FY 2006) the Maine Department of Education approved and funded 1617 leases. However, records are not available on the total number of requests received over the same period. Figure 6 reports the number of leases which were approved and funded for the three components of the Leased Space Program for the last five years. The largest number of approved and funded leases were for instructional space (N=909; 56.2%), followed by those for instructional lease purchase and conversion (N=582; 36.1%), and administrative leases (N=126; 7.8%). As shown in Figure 6, the number of approved leases for *instructional space* has declined

by 36%, the instructional lease/purchase and conversions have increased by 163%, and the administrative leases have declined by 73%.

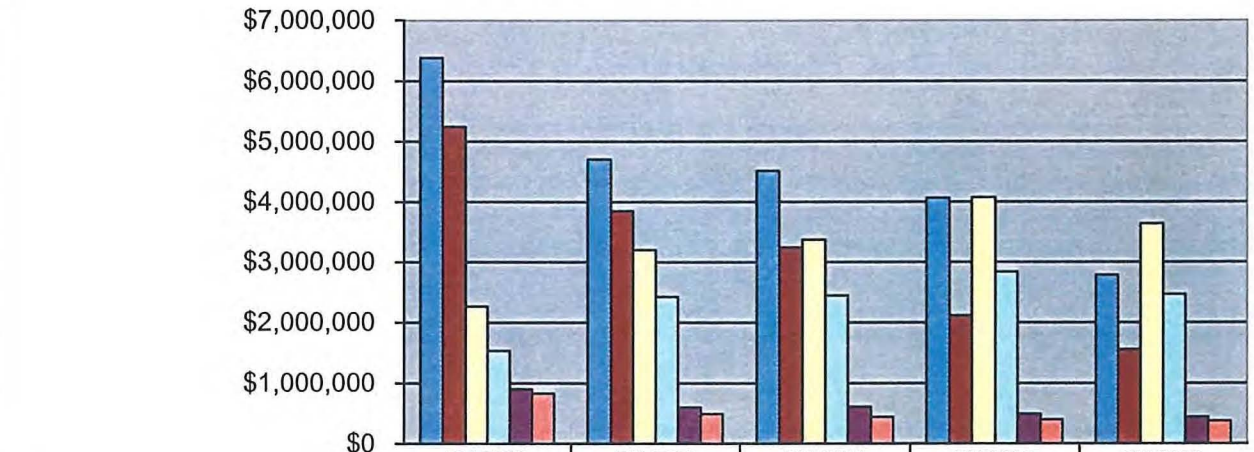
Figure 6
Number of Leases Approved and Funded
FY 2002 to FY 2006



In terms of expenditures, between fiscal year 2002 and fiscal year 2006, more than $30 million dollars was approved for leasing in all three areas: instructional leases, instructional lease/purchases and lease/conversions, and administrative leases. This represents approximately 72% of the amount of funds requested by schools.

Figure 7 presents the approximate amounts requested compared to those approved and funded for FY2002 to FY2006. As can be seen, the administrative lease approvals were closest to the amount of funds requested (83.8% approved). The greatest difference between what was requested and what was approved is found in the instructional lease/purchases and lease/conversions (70.8% of amount of funds requested were approved). And, 71.4% of instructional leases funds requested were approved. (Note: The amount requested may surpass the $8.00 square foot maximum MDOE approves for funding, which, in some cases, may account for the gap between requested and funded amounts.)

Figure 7
Leased Space Funding Requested and Approved
FY 2002 to FY 2006



	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Instructional Leases Requested	$6,373,332	4,701,799	$4,510,439	$4,060,818	$2,784,068
Instructional Leases Approved	$5,239,533	$3,844,673	$3,250,606	$2,116,151	$1,557,873
Instructional Lease/Purchases and Lease/Conversions Requested	$2,268,286	$3,208,916	$3,378,185	$4,073,717	$3,633,088
Instructional Lease/Purchases and Lease/Conversions Approved	$1,543,806	$2,421,351	$2,442,881	$2,837,753	$2,464,222
Administrative Leases Requested	$908,707	$595,657	$608,257	$490,556	$440,398
Administrative Leases Approved	$831,411	$497,800	$446,014	$401,756	$375,051

Expenditures for *instructional leases* that were requested have consistently decreased over the five years studied. In 2002, 82.2% of the total amount requested was approved; in 2003 approved expenditures dropped slightly to 81.8%; in 2004 another drop to 72.1%, dropping further in 2005 to 52.1% and increasing only slightly to 56.0% in 2006.

With respect to *instructional lease/purchases and lease/conversions*, approved expenditures increased slightly from year to year until 2005 when they declined. In 2002 approvals were 68.1% of funds requested; in 2003 the percentage was 69.8%; in 2004 it was 72.3%; in 2005 the percentage of approvals dropped to 69.7%, and again in 2006 it declined to 67.8%.

In looking to the future, Table 5 and Figure 8 provide projections to 2014. Table 5 gives the projections for funding which will be needed to fund the leases over the next

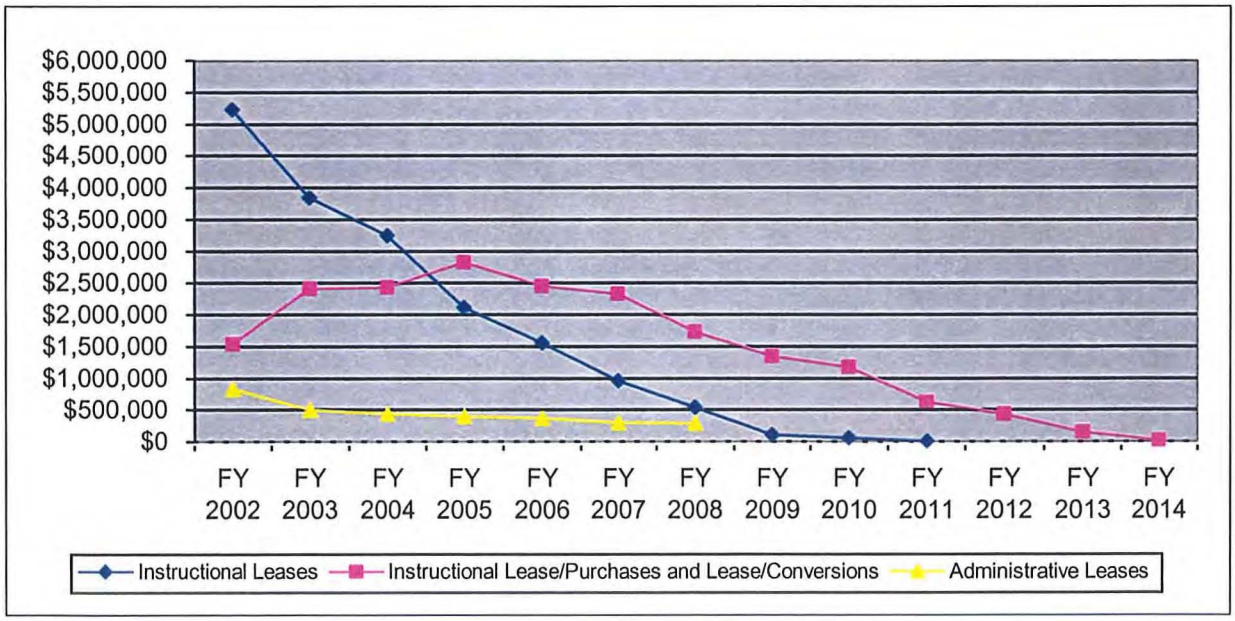
eight years, based on currently approved lease commitments. Figure 8 presents this data in graphic form.

Table 5
Projections of Amounts Needed to Fund Leased Space Program

Fiscal Year	Instructional Lease Amount Required	Instructional Lease/ Purchase and Lease/ Conversion Amounts Required	Administrative Lease Amounts Required	Total Amounts Required
FY 2007	$968,227.52	$2,339,863.68	$298,250.72	$3,606,341.92
FY 2008	$545,459.52	$1,734,606.36	$286,850.72	$2,566,916.60
FY 2009	$109,382.00	$1,358,413.61	-	$1,467,795.61
FY 2010	$60,800.00	$1,187,837.61	-	$1,248,637.61
FY 2011	$13,962.67	$636,832.81	-	$650,795.48
FY 2012	unknown	$443,516.81	-	$443,516.81
FY2013	unknown	$163,090.24	-	$163,090.24
FY 2014	unknown	$34,944.00	-	$34,944.00
Total	**$1,697,81.77**	**$7,899,105.12**	**$585,101.44**	**$10,182,038.27**

The MDOE has no way to calculate/predict additional future instructional lease amounts beyond those currently on file. The amounts shown in Table 5 in the "Instructional Lease Amount Required" column is the *minimum-known-need* amount, based on currently approved leases.

Figure 8
Approved Lease Commitments



As may be seen in Table 5, a total of $10,182,038.27 will be needed to fund the instructional leases, instructional lease/purchases and lease/conversions, and administrative leases that have been approved at the current time. The administrative lease portion of the program is scheduled to be phased out in FY 2008. New applications to the leased space program are anticipated in the future, but the level of funds needed is unknown at this time. In FY 2005 there were 24 new applications and in FY 2006 there were 26.

Summary

There are three types of leased spaces subsidized by the State of Maine. They are administrative space, instructional space, and lease-purchase agreement. Over the past five years, instructional and administrative leases have declined and instructional lease-purchase and conversions have increased. More than 1617 requests have been approved for a total cost of $30,271,881.

Facilities Maintenance and Capital Asset Management

Background[3]

In 1998, the Maine State Legislature passed LD 2252 authorizing the Department of Education (20-A 4001 and 15918) to require school administrative units to develop and implement a maintenance and capital improvement program for school buildings. These programs include elements such as routine, preventive, and predictive maintenance, and capital improvements such as replacement and upgrades of capital building components. Additionally, school administrative units were encouraged to designate a certain percentage of their operating budgets toward maintenance and capital improvement programs.

The Maine Department of Education has assisted schools with these efforts in terms of financial and technical assistance, including web-based software and templates. MDOE has created web-based templates for use by the school units. Several templates were created by a stakeholders group and placed on the MDOE website, to assist school units with evaluating and assessing their facilities with regard to custodial, operations, grounds, vehicle, and maintenance services. The intent of these programs is so SAUs may use this information to help them improve services and the State can use this information to assess a school unit's overall performance with regard to operations and maintenance. These templates are available at www.state.me.us/education/const/fm006.htm.

With respect to capital asset management (CAM), the Maine Department of Education was required by §MRSA Title 20-A, Chapter 609, Section 15918 to provide financial and technical assistance to school administrative units. Funding, from the School Revolving Renovation Fund, was provided for the development and hosting of a web-based CAM database for an initial 3-year period beginning in 2004. (Note: Schools began entering their facilities data in 2002, even though the contract period had not officially begun.) Funding was also provided for the initial evaluation and data input of all building assets as long as the school unit continued to actively use the web-based program for two years.

[3] See Rier, J. E. et al. The Governor's School Facilities Commission Report, February 1, 1998

The CAM is a data-based information storage, retrieval, and financial forecasting tool with respect to building assets. The use of the information serves two functions: it allows business managers to forecast repair and replacement expenses on a yearly basis and it records on-going conditions of all assets. The CAM reporting functions allows SAUs to identify the higher priority repair needs of the buildings, the costs of deferred maintenance and future investment needs, the condition of building components, and the relative repair to replace ratio for each building. CAM differs from 'facilities accounting' in that the CAM is a process where ongoing input and the updating of data reflect the current state of facilities. It requires regular and systematic data upkeep. The CAM software is provided via a contractor-hosted website to all Maine schools who have attended software training sponsored by MDOE.

An analysis of the CAM dataset reveals that slightly more than one-half (52%) of school administrative units have taken advantage of this opportunity and hired consultants to conduct the initial evaluation of their facilities and then to input the data into the web-based data system. To date the MDOE has reimbursed school units more than $500,000 for their CAM assessments, including input of the data. Additionally, the annual cost to the State for maintaining the contractor-hosted web database is $130,000 and the current contact expires in June of 2007.

The Maine Department of Education also has established a guideline for school units to reinvest in capital renewal of their school buildings. The guideline establishes a benchmark of 2% of the current replacement value of the building (in dollars) to be set aside in a fund for SAUs to use to replace worn out building components, but not to improve or add components. (See Chapter 64 – "Maine School Facilities Program and Revolving Renovation Fund".)

Review of CAM Data

Capital asset management data for all Maine SAUs currently participating in the program is available to MDOE on the hosted website, and a limited review of this data has been completed at this time. This review yielded several initial findings: for the 465 schools representing 120 SAUs which have input data, a total of 20,737 records are available. These records are primarily building components, or assets, that each school unit has along with a list of deficiencies in each of these buildings or assets. The SAU

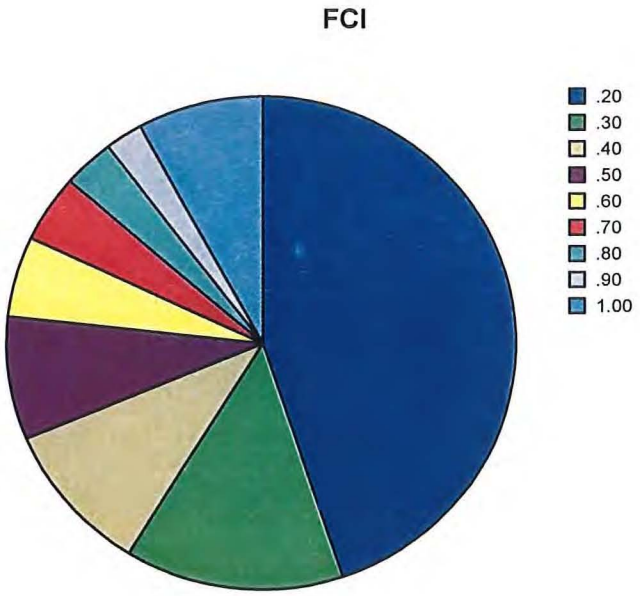
and the State may access the data 1) to forecast financial needs to fix some or all of the deficiencies, 2) to determine costs to repair each one of the deficiencies, and 3) to assess the overall condition of the facility with respect to repairs versus replacement of assets.

The CAM allows assessment of each component of an asset and each building/asset is assigned a Facility Condition Index (FCI). The FCI is defined as '*an industry standard created to measure the relative condition of assets. The total value of a set of requirements divided by the current replacement value for the asset produces the FCI.*' For example, generally speaking, the higher the FCI, the poorer the condition of the facility. In Maine, all deficiency requirements are used to calculate the overall FCI, regardless of the date that the deficiency requirement is due. That means that requirements that are immediately necessary (1-2 years) are grouped with requirements that are long-term (10-20 years) needs.

Of the 20,717 records in the dataset, 18,736 assets (90.4%) had an FCI of 1.0 or less. The remaining 1,981 records had an FCI of greater than 1.0. The Maine Department of Education has set the cutoff for an acceptable FCI of .2. An FCI of .2 or less indicates an asset is in good condition. Maine considers anything with an FCI of .5 or more in need of attention. By this definition, 55% of the assets on which data are available are in need of attention.

Figure 9 illustrates FCIs of the assets in the CAM database, with values between 0 and 1.0. As can be seen, only about 45% have an FCI of .2 or less. And, more than 31% have an FCI of between .5 and 1.0.

Figure 9
FCI Distribution for Assets in CAM Dataset



CAM also has a system for identifying a priority status for when corrective measures should be taken. Priority status, defined as '*the severity of a requirement and the time frame during which it should be scheduled for correction*', has five categories:

- Priority 1 – Currently critical
- Priority 2 – Potentially critical
- Priority 3 – Necessary – not yet critical
- Priority 4 – Recommended
- Priority 5 – Does not meet current codes/standards

Prioritizing the timing of correction of the deficiency gives an indication of the urgency of work needed. *FCI is the condition of the building with respect to individual repairs/replacements versus total building replacement; while Priority delineates relative need for repair/replacement of each asset in the building.* Figure 10 presents a graphic representation of assets by CAM-defined Priority.

Figure 10
Assets by CAM-defined Priority

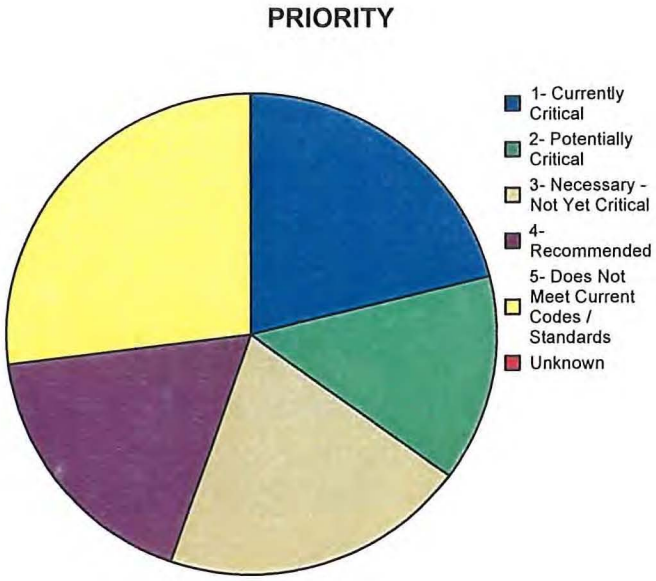


Table 6 displays the percentage of need by priority status as well as the dollar amounts associated with priority needs of the schools on which data are available.

Table 6
Percent of Corrective Measures Needed by Priority

Priority	N	%	Dollar Amount
1 – Currently Critical	4377	21.1%	$141,492,194
2 – Potentially Critical	2877	13.9%	$94,409,645
3 – Necessary, Not Yet Critical	4211	20.3	$162,894,280
4 – Recommended	3671	17.7%	$157,233,985
5 – Does Not Meet Current Codes/Standards	5589	27.9%	$101,518,763
6 – Unknown	12	.1%	
	Total Amount		**$658,548,867**

Approximately 21% of the assets included in the CAM data are in critical need of repairs or renovations or replacement (Priority 1), and, 27.9% of the assets do not meet current codes or standards (Priority 5). Together, with 'potentially critical' needs (Priority 2 – 13.9%), the data indicate that 62.8% of Maine's schools on which data are

available, have immediate needs, for a total cost of $337,420,602. The total amount needed to meet all Priority needs is $658,548,867.

Thus, an analysis of the CAM information suggests nearly $338 million is needed to correct deficiencies and current code non-compliance in current school facilities, and another $320 million will be needed in the near future. However, it should be noted that the preliminary review of the program revealed several critical shortcomings in the CAM program. The shortcomings include the following:

1. Only 120 of the 230 SAUs, representing approximately 52% of total SAUs, have input their data.
2. Of the 120 SAUs that input data, some of the largest SAUs in the state do not have accurate nor up-to-date data in the system.
3. While 465 schools contributed data to the database, some of the data were deemed either incomplete or flawed or incorrectly entered.
4. There is no indication that SAUs have updated data.
5. Replacement values for buildings vary greatly and are questionable in some cases.

Thus, caution needs to be taken in interpreting the computerized data.

Summary

The CAM software and its use for overall facility management will undergo review in the near future to determine the future viability of the program. The CAM software may provide valuable tools for capital asset planning and assessment of corrective actions needed in Maine's public schools. Originally the software was intended to assist school personnel with managing assets, in-house, but the preliminary review indicates that the software is not widely used. Additionally, the software may be too complex and labor-intensive for the majority of facility managers (intended audience) and may need to be explored more.

AIR QUALITY IN PUBLIC SCHOOLS

In a written communication from Senator Elizabeth Mitchell and Representative Jacqueline Norton addressed to Commissioner Susan Gendron the Committee stated, "We also want to clarify that the Education Committee also expects that the Department review includes an analysis of your agency's roles and responsibilities with respect to the prevention and remediation of indoor air quality problems in our school facilities."

The Department of Education has a number of approaches to the air quality issue in public schools.

Major Capital Construction and Renovation has addressed the most severe air quality issues. Two excellent examples are the East End School in Portland and the elementary school in Lincolnville. Both of these schools were closed because of severe mold issues. In addition, all new schools and major renovations meet the ASHRAE Standard for air quality changes in all school construction projects. This is an assurance that air quality standards will remain high in all new school construction projects, provided proper preventive maintenance schedules are followed.

The Revolving Renovation Fund program is a resource for problems in existing school facilities. School systems can apply for an interest-free loan for up to $1 million with a partial forgiveness for the principal part of the loan. A more complete explanation is given earlier in this report.

The Leased Space Program, which is also administered by the Department of Education has been used to house students when conditions in a school facility is too severe to remediate as a local project. This solution has been used in a number of instances. Details of the Leased Space Program are explained in detail earlier in this report.

In addition, the Department of Education relies on the Bureau of General Services for assistance on air quality issues. On the following pages is the Bureau of General Services' Indoor Air Quality (IAQ) Assessment Protocol for Public Schools.

STATE OF MAINE
DEPARTMENT OF ADMINISTRATIVE & FINANCIAL SERVICES
BUREAU OF GENERAL SERVICES
BURTON M. CROSS BUILDING
4TH FLOOR, 77 STATE HOUSE STATION
AUGUSTA, MAINE
04333-0077

JOHN ELIAS BALDACCI
GOVERNOR

REBECCA M. WYKE
COMMISSIONER

ELAINE L. CLARK
DIRECTOR

BUREAU OF GENERAL SERVICES INDOOR AIR QUALITY (IAQ) ASSESSMENT PROTOCOL For PUBLIC SCHOOLS

The Bureau of General Services (BGS) has provided technical assistance to public schools for several years performing assessment and interpretation services and overseeing mitigation pertaining to indoor air quality concerns. The Legislature (5 MRSA -1742-E) has determined that the Bureau shall be the lead agency for State facilities and Public Schools for asbestos, lead and indoor air concerns. The Bureau has developed a 2-phase protocol to assist public schools.

Any request for assistance shall be a written request from the Superintendent of the Local School District to the Manager, Environmental Program, Division of Safety and Environmental Services at 77 State House Station, Augusta, ME 04333. Although the Bureau may be present at the request of a Superintendent, it does not necessarily "represent" the Superintendent or the District. It is essential that Bureau staff be recognized as a neutral party and that they are present to determine facts.

The Bureau utilizes a protocol of building diagnostics assessment, plus other selected activities, as opposed to a general comprehensive testing of environmental conditions, to determine if a problem may or may not exist.

The Protocol presented below consists of two phases. Both phases may not be required. The Environmental Program Manager and the Superintendent shall determine the type and extent of any assessment. There shall be no charge for any services provided by Bureau staff.

The Bureau shall pre-qualify any consultants who perform Phase 1 or 2 assessments in a public school either with Bureau staff or under Bureau direction. A Local School District shall follow the established protocol and use a BGS pre-qualified consultant to perform the Phase 2 Comprehensive Assessment.

A. Phase 1 - Site visit and IAQ assessment by Bureau staff

i. Bureau staff is provided at no charge.

ii. The IAQ assessment may determine the validity of any concerns, or that no problem exists, or that a comprehensive assessment may be necessary.

iii. This IAQ assessment will start and end with an interview with the Superintendent plus other selected staff. The initial interview is necessary to explain the extent and limitations of the assessment. The exit interview has proven beneficial to explain the findings of the assessment and provide an opportunity to indicate the source or sources of concern.

iv. **No specialized comprehensive** air testing shall be performed at this time (i.e. air and bulk sampling for mold).

v. Selective generally accepted air testing (CO, CO_2, Temperature, Relative Humidity and Dust Particulate) may be performed by use of sensitive, calibrated, direct read instruments.

vi. This IAQ assessment shall include a review of any related written reports or activities.

vii. Many times the preliminary IAQ assessment provides sufficient information to identify the cause or causes of a problem. Therefore, this may negate the cost of a more comprehensive (and expensive) assessment.

B. Phase 2 - Comprehensive Assessment

The Phase 2 comprehensive assessment may be significantly more intensive and time consuming than previous assessments and shall be performed by pre-qualified consulting personnel.

i. Any consultant shall be reimbursed by the Local School District.

ii. Bureau staff is not available to assist in the on-site assessment but shall maintain oversight.

iii. The consultant shall provide three (3) copies of a report (assuming a consultant has been retained). The report shall be prepared in an Executive Summary format and shall include appropriate recommendations.

iv. The resulting report will be expected to be very detailed to include specific assessments performed and rationale for such tests, photo documentation, an interpretation of results plus recommendations for corrective action.

v. The consultant shall be responsible for addressing any questions relating to the final report.

vi. Comprehensive air testing is not advised except for specific circumstances to confirm a hypothesis.

vii. Should comprehensive air testing be utilized, the client should be advised in advance of the rationale, effectiveness and potential utilization of any results.

C. Mitigation:

Any mitigation, or corrective activity, is the financial responsibility of the Local School District. However, the Bureau offers to review any mitigation plans, prior to initiation of activity, to assist the District in obtaining maximum effectiveness.

Conflict of Interest

No party, entity, corporation, and / or partnership performing assessments for the Bureau or School Administration on any given project shall be eligible to perform remediation or abatement on that project.

Contact:
Program Manager, Div. of Safety & Environmental Services
Bureau of General Services
77 State House Station
Augusta, Maine 04333-0077
Tel: (207) 624-7360
Fax: (207) 287-4039

Revised March 6, 2006

Appendix A
LD 866

The Legislation

During the 122nd Maine Legislature First Regular Session – 2005, and according to Legislative Document No 866, H.P.617, the Resolve was "to direct the Department of Education to review the school facility needs of the State and to develop standards for cost-effective financing of school facilities".

Section 1: Department of Education review of school facility needs of State.

Resolved: That the Department of Education is directed to conduct a review of the school facilities inventory in order to evaluate the cost-effectiveness of existing state policies for financing school construction and to forecast the level of public investment necessary to meet the capital improvement needs of public schools over the next decade. This review must include analyses of the most recent data available from the school facilities inventory maintained by the Department in accordance with the Maine Revised Statutes, Title 20-A, section 15917 and must also include analyses of the facility maintenance plans and capital improvement programs submitted by school administrative units that have applied for:

5. State funds for a school construction project pursuant to Title 20-A, section 15905;
6. Loans from the School Revolving Renovation Fund pursuant to Title 30-A, section 6006-F;
7. Loans from the school facilities finance lease-purchase program pursuant to Title 30-A, section 6006-E; and
8. Approval from the Commissioner of Education for the construction of school facilities that were constructed without state support as non-state funded projects pursuant to Title 20-A, section 15905-A.

The Department of Education shall assess the cost-effectiveness of existing policies for financing school construction by evaluating the life cycle costs associated with school facilities that were financed under each of the state finance policies or practices described in this section, and be it further

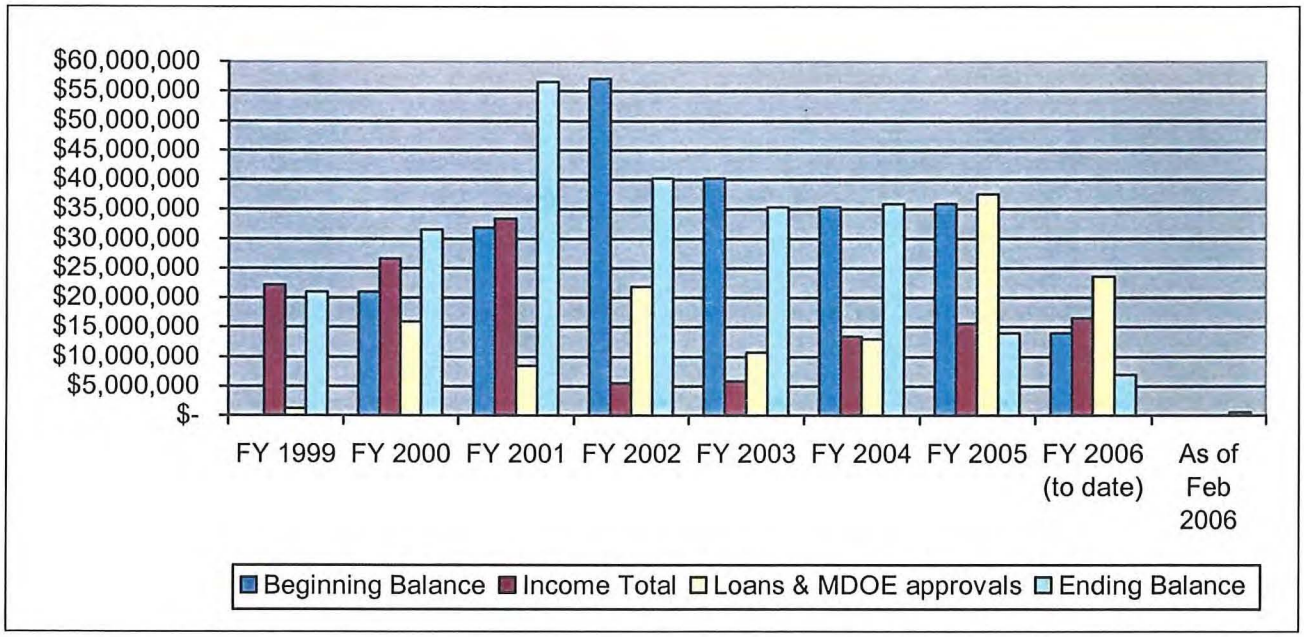
Section 2. Standards for cost-effective financing of school facilities; forecast for public investment in school facilities. Resolved: That, in examining the findings and conclusions formed during the review conducted under section 1, the Department of Education shall recommend standards for cost-effective revisions to existing school facility finance policies and practices that may result in more cost-effective expenditures of public funds. The Department shall also develop a forecast of the levels of public investment necessary to meet the capital improvement needs of public schools over the next decade; and be it further

Section 3. Report. Resolved: That, no later than December 2, 2005, the Department of Education shall submit a report of its review under section 1, together with the standards and forecast required under section 2, to the Joint Standing Committee on Education and Cultural Affairs. The Joint Standing Committee on Education and Cultural Affairs may introduce legislation based upon the Department of Education report to the Second Regular Session of the 122nd Legislature.

L.D. 866 Resolve, To Direct the Department of Education To Review the School Facility Needs of the state and To Develop Standards for Cost-effective Financing of School Facilities.

Appendix B

School Revolving Renovation Fund – Financial Summary FY 1999 – FY 2006 (to date)



SRRF Financial Summary FY 1999 to FY 2002

(FY 2003 to FY 2006 shown on next page)

	FY'99	FY'00	FY'01	FY'02
Beginning Balance	-	**$20,925,554**	**$31,529,976**	**$56,561,791**
Income				
Cash	$19,575,000	$23,420,315	$28,000,000	-
Bond Proceeds	-	-	-	-
Interest	$549,573	$1,576,023	$3,260,949	$3,009,980
Capital Gains	-	-	$283,848	$17,302
MCI Audit Recoveries	$1,205,921	$621,806	$1,202,535	$294,918
Loan Repayments	-	$926,569	$674,074	$2,192,670
Other	$783,141	-	-	-
Total Income	$22,113,635	$26,544,713	$33,421,407	$5,514,870
Available Balance	**$22,113,635**	**$47,470,268**	**$64,951,383**	**$62,076,661**
Loans & MDOE Approvals				
Loans	$678,500	$12,642,586	$7,795,426	$21,811,815
Loans from Repayment Account	-	-	-	-
Administrative Allocations	$431,281	$920,113	$594,167	-
Other – BGS Administrative Fee	$78,300	-	-	-
Total Loans & MDOE Approvals	$1,188,081	$15,940,291	$8,389,592	$21,811,814
Ending Balance	**$20,925,554**	**$31,529,976**	**$56,561,791**	**$40,264,846**

Note: Numbers are rounded to nearest dollar.

SRRF Financial Summary FY 2003 to FY 2006 (to date) (Continued)

	FY'03	FY'04	FY'05	FY'06 (to date)
Beginning Balance	**$40,264,846**	**$35,368,181**	**$35,852,192**	**$13,937,642**
Income				
Cash	-	-	-	-
Bond Proceeds	-	$9,000,000	$6,000,000	$13,000,000
Interest	$1,385,767	$342,616	$1,356,221	$372,824
Capital Gains	-	$3,770	($51,346)	-
MCI Audit Recoveries	$1,720,303	$434,237	$642,514	$576,438
Loan Repayments	$2,678,658	$3,664,193	$7,633,086	$2,580,260
Other	-	-	-	-
Total Income	$5,784,727	$13,444,816	$15,580,475	$16,529,521
Available Balance	**$46,049,574**	**$48,812,997**	**$51,432,666**	**$30,467,163**
Loans & MDOE Approvals				
Loans	$8,104,583	$11,839,420	$34,654,156	$10,961,923
Loans from Repayment Account	-	-	$1,733,631	$5,554,406
Administrative Allocations	$2,576,810	$1,121,386	$1,107,238	$1,119,669
Other – BGS Administrative Fee	-	-	-	-
MCI Audit Recoveries to Gen Fund	-	-	-	$5,900,000
Total Loans & MDOE Approvals	**$10,681,393**	**$12,960,806**	**$37,495,025**	**$23,147,942**
Ending Balance	**$35,368,181**	**$35,852,192**	**$13,937,642**	**$7,319,221**
	Less: Project Approvals in Process			**$6,804,041**
	Remaining Fund Balance as of February, 2006			**$515,180**

Note: Numbers are rounded to nearest dollar.

Please note that administrative allocations are 2% of the highest fund balance in any fiscal year and are used to pay the costs of the Bond Bank and the Department of Education associated with administration of the fund. Also note that in November, 1998, the Maine Municipal Bond Bank refinanced some school construction bonds. A portion of the savings ($783,141) was deposited to the SRRF. A final note about the tables above is that negative amounts under capital gains category in fiscal year 2005 is not a loss but reflects purchase of bonds at a premium in order to receive higher overall yield (i.e., it is money paid for accrued interest).