

# The Salem News

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## State turns off flow of school building funds

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BOSTON - For all but a handful of cities and towns, the cash cow that has funneled billions of dollars in state aide to help build schools died last month.

Earlier this summer, Gov. Mitt Romney and the Legislature "froze" the School Building Assistance (SBA) program until July 1, 2007 - essentially ending to the program responsible for scores of new and rebuilt schools scattered from the Berkshires to the Atlantic Ocean.

Romney's Executive Office and Administration and Finance is working with the Department of Education to develop a new program for building schools - one that is expected to be far less generous and more competitive than its predecessor, said Romney spokeswoman Nicole St. Peter.

The new SBA will likely encourage renovation over new construction, reimburse cities and towns are much lower percentages and include tougher standards for approval, she said.

"The governor has said all along that the SBA is the next 'Big Dig' and that there is no funding source to pay the \$11 billion currently promised to cities and towns," St. Peter said of the debt figure that now eclipses the state's share of the massive Central Artery project.

While Beacon Hill lawmakers and those pushing local school construction projects

## NEWS

### BROWSER

- [Home](#)
- [Page One](#)
- [Obituaries](#)
- [Police & Fire](#)
- [Court](#)
- [North Shore](#)
- [Sports](#)
- [Record](#)
- [Opinion](#)
- Features*
- [Money](#)
- [Health](#)
- [At Home](#)
- [Weekender](#)
- [Living](#)
- [Classified](#)

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Navigate

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continue to assert the state has never reneged on an SBA promise, state education officials have recently begun requiring that communities sign a statement saying they understand reimbursement promises are not legally binding - a not-so-subtle warning to those contemplating joining the bottom of the list.

Three hundred and seventy projects already await funding, 282 on the general list and another 46 on a priority list for projects required for racial integration, typically inner-city schools with large minority populations like Lawrence and Salem. North of Boston school districts on either of the two lists include Lawrence, Andover, North Andover, Georgetown, Reading, North Reading, Salem, Newburyport, Amesbury and Masconomet Regional, which includes the towns of Boxford, Topsfield and Middleton.

Moreover, 63 school districts with plans in the works to get on the crowded SBA list - including Manchester Essex Regional and North Andover - were given extensions to win final local approval and get their "ducks in a row" by Sept. 15, St. Peter said. Those with a chance to still get on the list represent another roughly \$1 billion in potential state obligation.

#### Last chance

Manchester Essex lost its final chance to claim a piece of the SBA pie last Tuesday when voters in Essex defeated a Proposition 2 1/2 override that would have hiked taxes to pay the town's share of a \$35.5 million regional middle-high school; North Andover is expected to lock into the SBA program for a \$35 million elementary school at the Foster Farm property by the end of summer, said its school building committee chairman, Louis Minicucci.

North Andover officials are not seeking a tax override to pay for the new school, so approval is not required at the polls, but they still need to secure preliminary local permitting and have a school design accepted

by the Department of Education, Minicucci said.

The debate over the Manchester Essex project was contentious and hinged over when, if ever, the cash-strapped state would start reimbursing the district. Project proponents rallied behind the fact that, in SBA's 55-year existence, the state has never reneged on a promise of reimbursement; opponents cautioned it could take anywhere from 12 to 20 years for the district to start seeing its money, and questioned whether those at the end of the SBA list would see their money at all.

The regional project passed Town Meeting in both communities and a tax override election in Manchester-by-the-Sea, only to be rejected twice by Essex at the polls, the final time by a lopsided tally of 1,044-619 in the small North Shore town's biggest local election in at least two decades.

St. Peter said those at the end of the list can expect to wait between 10 and 15 years for state reimbursement to kick in, based on the Legislature's 2004 funding of \$15 million for first-year payments. But those in the Manchester Essex school district and others vying to get on the SBA list pointed to a statement by the governor that no community has ever had to wait more than seven years for reimbursement to bolster their argument.

Romney issued the written statement last month in his explanation for vetoing a proposal by lawmakers including state Sen. Bruce E. Tarr, R-Gloucester, to raise the short-term borrowing limitation for SBA projects from seven to 10 years. Currently, cities and towns pay only interest on school construction for seven years or until state reimbursement begins. After the seventh year, they must start paying the loan principal whether or not state money starts to flow.

"All the governor was saying in his veto is that no one is approaching seven years right now," St. James said. "Not that they won't wait that

long in the future."

During the Manchester Essex campaign, state Rep. Bradford Hill, R-Ipswich, and Tarr, who both represent the regional school district, told their constituents they believe the state would eventually pay all those on the SBA list, but that it could be a long wait. Tarr pegged the delay at 12 years, while Hill estimated it in the "15-to-20" year range.

"I think supporters of the project took our comments to mean 'don't worry, we'll eventually get the money' and opponents took what we said to mean the future of the SBA is risky," Tarr said. "I think people heard what they wanted to hear."

The next "Big Dig"

In 2004, the state has budgeted \$379 million to cities and towns receiving SBA reimbursement - schools that have come off the list and are somewhere in the middle of their 20-year payback schedule. The state also allotted \$15 million to make first-year payments to schools on the general list of projects awaiting reimbursement, funding that fluctuates annually depending on state finances and the Legislature's mood.

Another \$7 million will be spent in 2004 on first-year payments for projects that are needed to eliminate racial imbalance, including \$2.1 million to help pay for two new elementary schools in Salem - the two-year-old, \$18 million Nathaniel Bowditch elementary school and the \$8 million Carlton elementary school, which is expected to open by February.

The amount of money the Legislature dedicates to first-year payments determines how fast the list moves, making it difficult to predict when those in the middle or near the end of the list would see their money. In 2002, the Legislature approved approximately 30 million for first-year payments, but only \$13 million last year.

State Rep. David M. Torrasi, D-North Andover, a member of the Legislature's Joint Education Committee, said he expects the panel to start reviewing bills for revamping the SBA program in the fall. Torrasi is also responsible for shepherding the Foster Farm project in North Andover, as well the most expensive project in SBA history - a \$110 million high school in Lawrence. The state is reimbursing Lawrence 90 percent of the massive construction project, plus it is allowing the city to use its annual state education aid for design costs and to pay interest on the loan.

The Lawrence project is 24th on the SBA list, and Torrasi expects reimbursement to start rolling in about three years.

"By the time the school is built and housing kids, we should be at the top on the list," he said.

For the last few communities attempting to board the SBA gravy train before it pulls out of the station for good, how fast the SBA list will move is the "64 million dollar question."

"The debate in Manchester Essex was all about when and if the state will pay, and it was pretty heated," Tarr said. "The SBA will return, but the terms probably won't be nearly as desirable as they've been in the past."

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NEWS BROWSER	<a href="#">Home</a> - <a href="#">Page One</a> - <a href="#">Obituaries</a> - <a href="#">Police &amp; Fire</a> - <a href="#">Court</a> - <a href="#">North Shore</a> - <a href="#">Sports</a> - <a href="#">For The Record</a> - <a href="#">Opinion</a> - <a href="#">Money</a> - <a href="#">Health</a> - <a href="#">At Home</a> - <a href="#">Weekender</a> - <a href="#">Living</a> - <a href="#">Classified</a>
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