cational program. Research in school finance points up that in a growing school system school construction requires one dollar of every eight of the annual school budget. When this school construction cost gets so high that it requires one dollar in every six rather than one in every eight, the ongoing school program begins to suffer. Beyond that point we begin to look to the school costs first as we do a mortgage on our home and the money is diverted from where it should go, instruction in the class room, to paying school construction costs. So as in a mortgage when times are tough and we have a job meeting mortgage payments we have to do without something else. In the case of education what we do without is a high level of education in the class rooms in the particular years when we are caught short.

In our school systems we have to plan ahead so that we will not get into a situation where a school program suffers. School officials must plan their capital construction programs in such a way that they will not over-burden their current operating budgets with excessive debt service costs to the detriment of their ongoing educational program. If the State could sell its school construction loan bonds for 25-year maturity period rather than 15-year periods that we now have it would be a great help to all of our local school systems and would save us funds in every school system in the State.

I urge the support of the committee report.

THE CHAIRMAN: Delegate Stern.

DELEGATE STERN: I yield three minutes to Delegate Hostetter.

THE CHAIRMAN: Delegate Hostetter.

DELEGATE HOSTETTER: Mr. Chairman, members of the Committee of the Whole, I feel much like the bantam rooster in the barnyard when he looked up at the mule and said, "let's be careful about stepping on one another around here", when I follow the fiscal giants.

The majority indicated in its report that it had a letter from MOODY'S and STANDARD AND POORS saying the increase from 15 to 25 years will not affect the State's triple A rating. However, in my county, Cecil County, about two years ago we had pending before the General Assembly a $4 million bond issue. At that time one of the credit rating organizations was contacted and requested to give us a statement as to whether or not our credit rating would be affected by this bond issue.

The bond issue passed. Two weeks after it passed our county rating dropped from triple A to double A.

I believe that the past limitation of 15 years on authorization of indebtedness has had a very beneficial effect on Maryland's credit rating and again I would like to make a quote here from the Majority Report stating that the 15-year maturity limitation has served the State well, it has reduced interest costs and has helped to hold down the amount of state debt. It is one of the state factors contributing to the high rating enjoyed by general obligation bonds of the State of Maryland.

It would appear that by extending this time there is no doubt but what in the future some time our credit rating would be affected. As far as cost is concerned I am not going to bother you with a bunch of arithmetic but by extending from the 15-year period to 25-year period an increase in interest cost of 76 percent results.

I submit that it takes no Einstein to see that the taxpayer is being placed at a distinct disadvantage from this standpoint.

I, therefore, support the amendment.

THE CHAIRMAN: Delegate Sherbow, you have one minute you may yield.

DELEGATE SHERBOW: I yield that one minute to you.

THE CHAIRMAN: Thank you.

Delegate Stern.

DELEGATE STERN: Three minutes to Delegate Henderson.

THE CHAIRMAN: Delegate Henderson.

DELEGATE HENDERSON: Mr. Chairman, fellow delegates, it seems to me the fatal tendency in governments is to borrow rather than pay their way. We see an example of that in Washington where we have had an unbalanced budget for nearly 50 years. The dead horse which is around all our necks has to be paid off or it results in defalcation and inflation and has all sorts of disadvantages.

We have been blessed in this State I think by paying our way and having a balanced budget over those same years. We have been able to pay off our indebtedness as it fell due in the 15-year period. If we had had 25-year periods permitted I think we would have an entirely different picture.

To talk of this proposition as a compromise seems to me to be ridiculous. As Dele-