

Governor's FY 2019 Budget: Articles

Staff Presentation to the House Finance
Committee
March 22, 2018

Introduction

- Article 5, Section 1 – School Construction Bond
- Article 9 – Education
 - School for the Deaf
 - School Construction
- Governor requested amendment to Article 9 on March 16

School for the Deaf

- Would allow non-deaf/hard-of-hearing students to attend the School for the Deaf
 - Commissioner to promulgate rules/regs.
 - Beginning FY 2019
- These students would be funded pursuant to the funding formula
 - Budget does not assume any revenues or expenses from this

School Construction Aid

- **History**
- Recent Activity
- Program Changes
- How to Pay
- Issues & Considerations

School Construction Aid

- State reimburses cities and towns for a share of school capital projects
 - Includes principal and interest
- State shares are based on a district's wealth compared to state wealth
- Minimum state share is 35%
 - 18 communities for FY 2018
- Charter schools get 30%
- Bonuses for regionals & specific types of projects

School Construction Aid: Current State Shares

Districts FY 2018	Share Ratio
Burrillville	58.2%
Coventry	47.6%
Central Falls	96.7%
Cranston	48.4%
Cumberland	40.7%
East Providence	54.4%
Johnston	44.2%

Districts FY 2018	Share Ratio
North Providence	57.0%
Pawtucket	83.6%
Providence	82.9%
West Warwick	65.9%
Woonsocket	88.1%

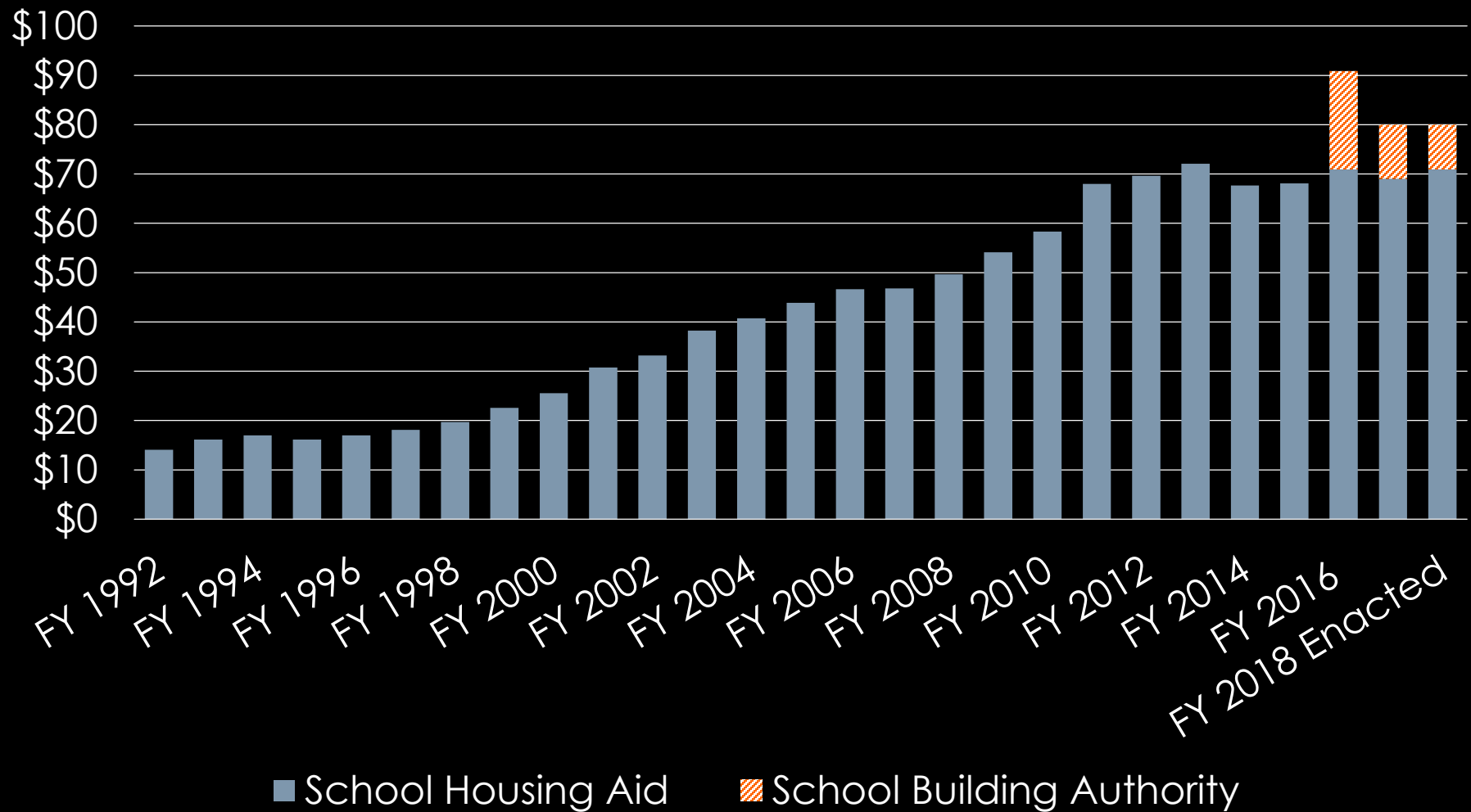
School Construction Aid: Current State Shares

Regional Districts FY 2018	Base w/Min	Regional Bonus	Total Share Ratio
Bristol-Warren	35.0 %	28.0%	63.0%
Chariho	35.0%	26.0%	61.0%
Exeter/West Greenwich	35.0%	26.0%	61.0%
Foster/Glocester	37.7%	14.0%	51.7%

- All other districts not listed get 35%
- Charter schools get 30%

School Housing Aid

Historical Expenditures (in millions)



School Construction Aid - History

- Prior to FY 1998 only projects supported by local GO bonds were reimbursed
- 1997 Assembly expanded program
 - Projects financed by lease revenue bonds, capital leases, & capital reserves
- Beginning in 2003, Assembly made various legislative changes in effort to control growth
 - Concerns over escalating costs

School Construction Aid - History

- 2003 Assembly:
 - Limited bond interest aid to those financed through RIHEBC for favorable rates and low administrative cost to districts
 - Sunset Regents' approval after 3 years
 - Instructed RIDE to study cost of building new schools
 - Report submitted on March 29, 2004
 - School Construction Regulations adopted by Regents in May 2007

School Construction Aid - History

- 2007 Assembly required its approval for any local borrowing requiring voter approval
 - Providence PBA does not require voter approval
- 2008 Assembly required bonds be refunded when savings are available
 - Savings split based on share ratio
- 2010 funding formula had 2-year increase in state's min. share to 40% by FY 2013
 - Previously 30%

School Construction Aid - History

- 2012 Assembly adopted Governor's proposal to freeze state's minimum share at 35%
- 2013 Assembly allowed locals to keep 80% of refunding savings
 - Time-limited to encourage districts with higher state shares to refund bonds and save money

School Construction Aid - History

- 2011 Assembly imposed a 3-year moratorium on new project approvals
 - Exception for health and safety reasons
 - Requires RIDE to develop recommendations for cost containment strategies
- 2014 Assembly extended to May 1, 2015
 - \$197.8 million of health & safety projects approved during the moratorium

School Building Authority

- 2015 Assembly created new School Building Authority Capital Fund
 - Administered by newly created School Building Authority
 - Advisory board created to advise Authority
 - Council still has final approval of all projects
- SBA fund created to
 - Support smaller projects – same cost sharing
 - Address emergent needs faster than traditional program

School Building Authority

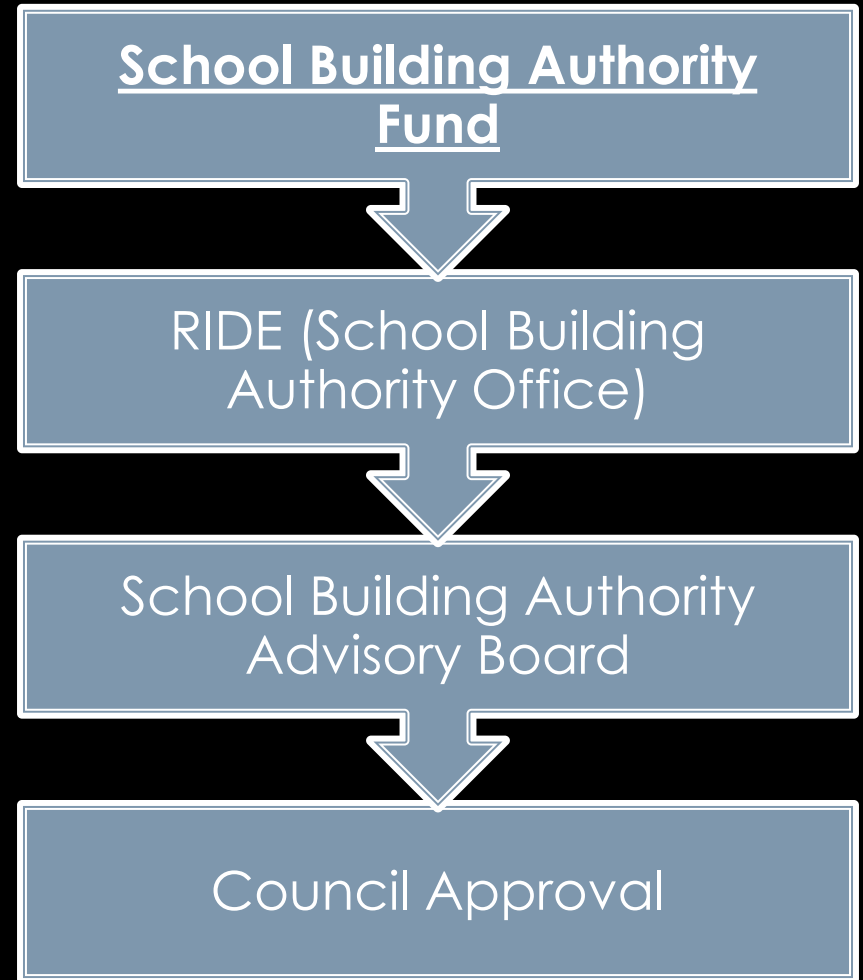
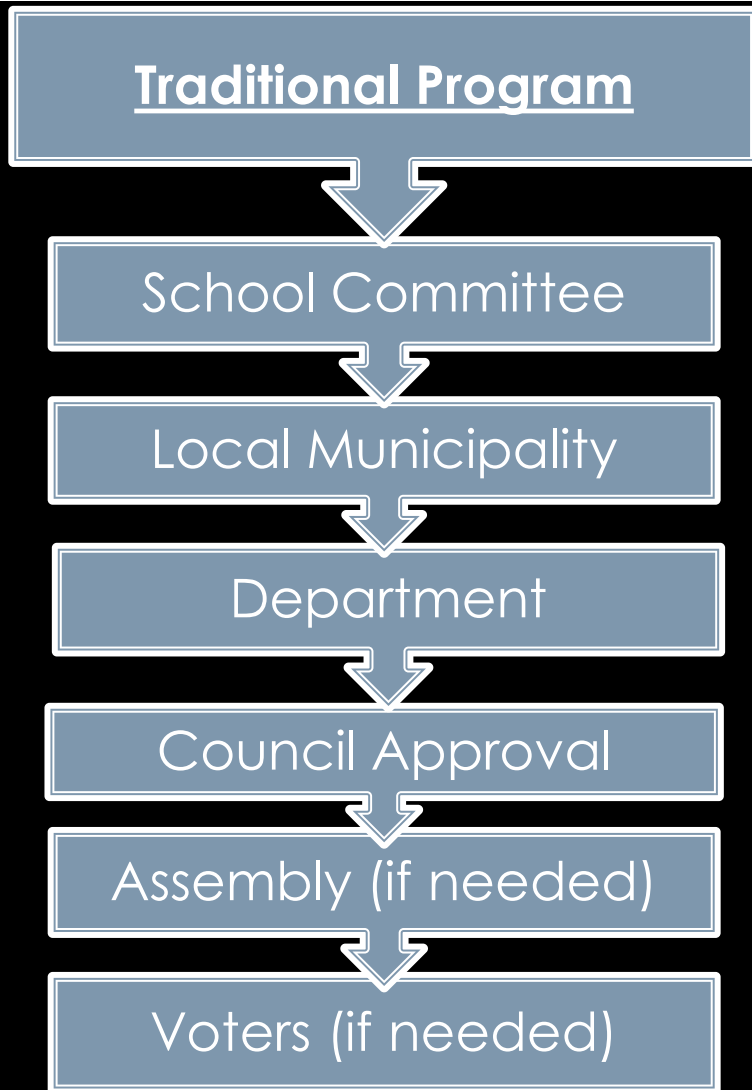
- FY 2016 Budget allocated \$20 million to seed the Fund
 - Available from restructuring state debt
- Governor's FY 2016 budget indicated plan to budget \$80 million per year for school construction beginning in FY 2017
 - Amounts over what's needed for traditional construction aid would go to the SBA fund
 - Traditional program cost \$70.9 million in FY 2016

Necessity of School Construction

- RIDE uses 4 metrics to evaluate “necessity” of school housing projects for traditional program
 - However law works as entitlement program
 - Project meeting standards get funded
 - This is why moratorium was statutory not administrative
 - RIDE cannot reject projects because of overall funding constraints

Metric	# of Points
Facility Condition Index	35
Weighted Priority Score	35
Utilization of Buildings	15
Wealth Index	15
Total	100

School Construction Aid – Approval Processes



School Construction Aid

- History
- **Recent Activity**
- Program Changes
- How to Pay
- Issues & Considerations

Statewide Assessment

- Current law allows RIDE to use funding from School Building Authority Fund for “one-time or limited expenses”
 - Intended to allow for professional assessment
- RIDE hired firm to identify statewide need
 - 2017 State of Rhode Island Schoolhouses
 - “Jacobs” Study - \$4.4 million
 - RIHEBC paid \$1.0 million
 - \$3.4 million from newly created SBA Fund from the initial seeding of \$20 million

Statewide Assessment

- Prior estimates of statewide need
 - \$1.8 billion to bring all schools to good condition based on RIDE's 2013 Public Schoolhouse Assessment
 - Districts self reported
 - Statewide need does not necessarily align with ability or willingness to pay
 - Districts and municipalities may not have the bonding capacity to address all needs

State of RI Schoolhouses

- Assessment began in February 2015
- *State of RI Schoolhouses* report issued in September 2017 identified
 - \$627.5 million for safe, warm, & dry projects
 - \$54.5 million in “priority” repairs
 - \$2.2 billion in facility deficiencies
 - \$793.5 million for future facility costs over the next 5 years
 - \$3.0 billion in total 5-year need

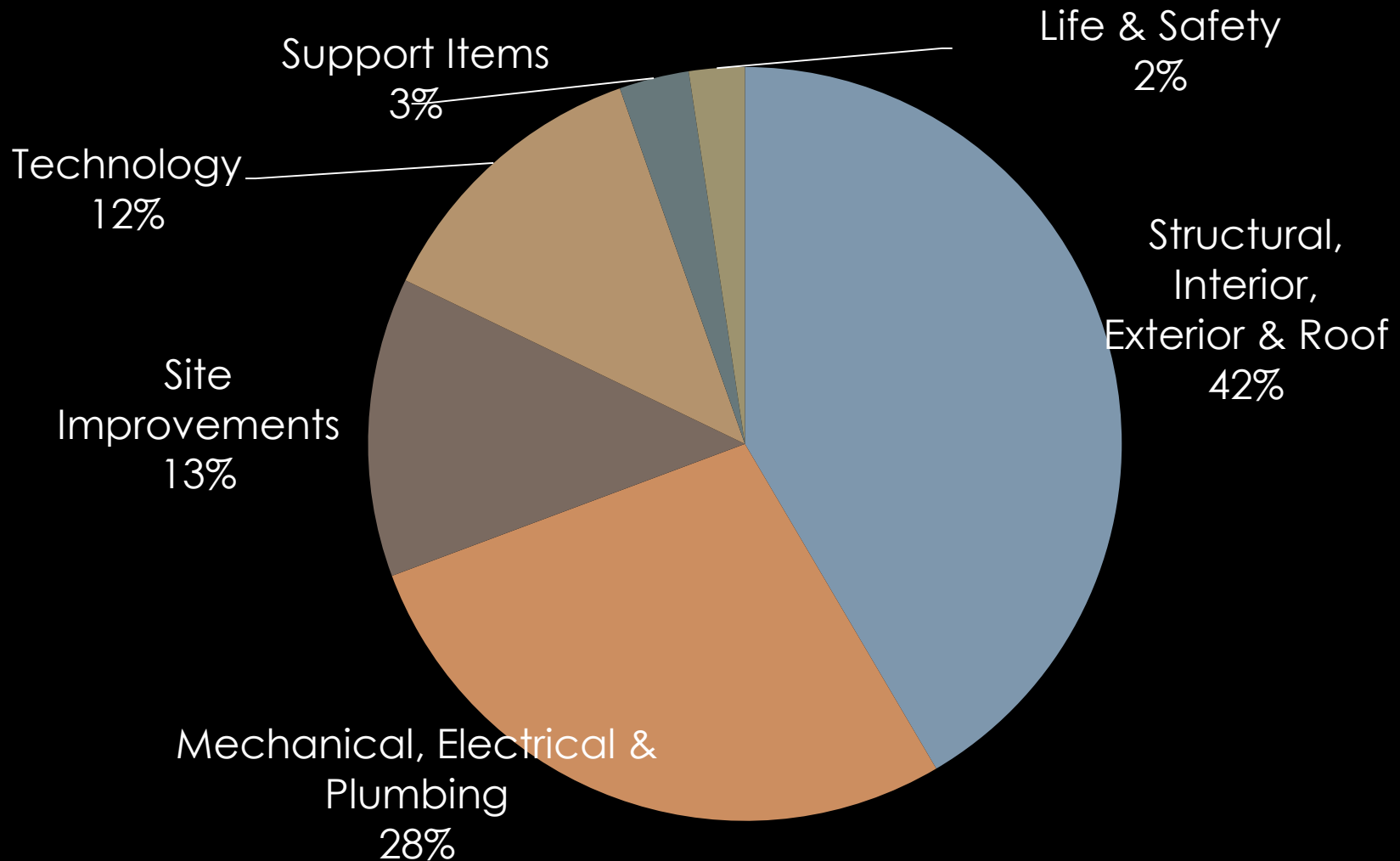
State of RI Schoolhouses

Priority	Description	Cost
1	<u>Mission Critical</u> : safety, code compliance, components severely damaged or failing	\$ 106.9
2	<u>Indirect Impact to Education</u> : items may become priority 1 if not fixed in near term	708.0
3	<u>Short-Term Conditions</u> : necessary but not critical, includes efficiency improvements	1,108.8
4	<u>Long-Term Needs</u> : improvements to instructional environment	760.5
5	<u>Enhancements</u> : aesthetic upgrades such as repainting or recarpeting	331.9
Total		\$ 3,016.2

State of RI Schoolhouses

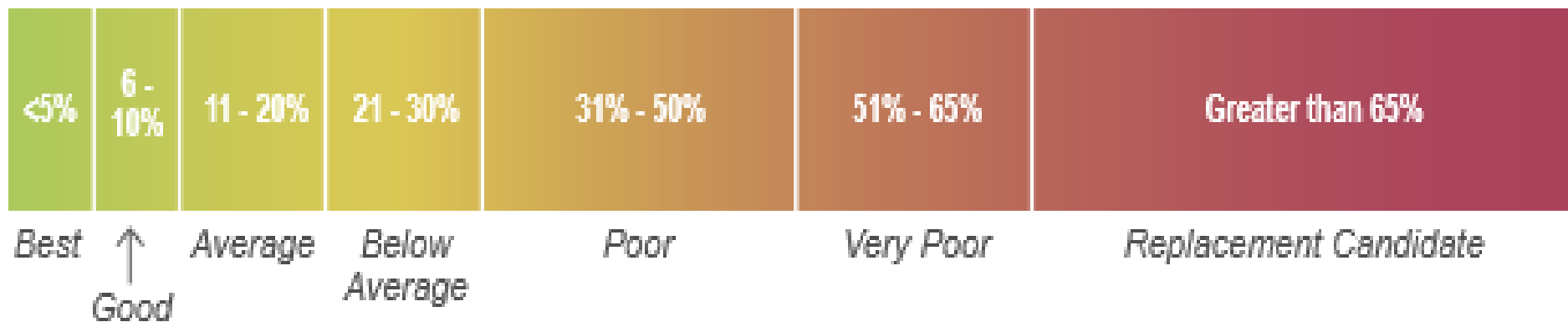
Element	Cost
Structural, interior, exterior, roofs	\$1,252.1
Mechanical, electrical, plumbing systems	837.7
Site improvements (sidewalks, stairs)	387.4
Technology	376.3
Support items (desks, lockers)	90.5
Life and Safety	72.0
\$ in millions	Total Reported Need
	\$3,016.2

State of RI Schoolhouses



State of RI Schoolhouses

- Facilities Condition Index
 - General indicator of a facilities' health
 - FCI = total repair costs/replacement cost



State of RI Schoolhouses

5-Yr. Facility Condition	Public School Campuses	Percent of Total
Good	10	3.3 %
Average	28	9.1%
Below Average	56	18.3%
Poor	143	46.7%
Very Poor	51	16.7%
Replacement Candidate	18	5.9%
Total	306	100 %

School Building Task Force

- Governor Raimondo established the School Building Task Force by Executive Order 17-09
 - Chaired by Treasurer Magaziner & Commissioner Wagner
 - Included more than a dozen stakeholders
 - Met 6 times between September and December 2017
 - Submitted recommendations December 15

School Building Task Force

- Recommendations include:
 - Temporary incentives to increase state share
 - Increased oversight by the SBA
 - Additional maintenance requirements
 - Development of prototypes
 - \$500 million of general obligation bonds
 - \$250 million each in 2018 and 2022
- Many included in Governor's proposal

Task Force vs Governor

Task Force Recommendation	Governor's FY 2019 Budget and Capital Plan
Approved but not started projects eligible for 20% share increase	Approved but not started projects by Jan 1, 2018 eligible for 5% share increase
\$500 million of GO bonds	\$250 million of GO bonds
Maintenance = 3% of replacement value	RIDE must develop maintenance checklist
	Increase charter school minimum from 30% to 35%
	Permanent 4% increase for Career & Tech Facilities
	Additional SBA Board Members

Task Force vs Regulations

- Recommendations already in regulations
 - State claw back for facilities sold within 30 years of project
 - Currently 50 years
 - Development of prototypes/“Kit of Parts”
 - Maintenance guidelines & asset protection requirements
 - Commissioning agents
 - Use of Women & Minority-Owned Contractors

Task Force vs Regulations

- Some regulations are not being followed
 - Development of prototypes/“Kit of Parts” has not yet happened
 - Maintenance & asset protection requirements
 - No approval for any project resulting from lack of maintenance or negligence by district
 - No denials under this provision
 - No approval if district has not spent at least 50% of its asset protection in each of the previous three years
 - Applications have been delayed for noncompliance
 - Low spending in prior year means even lower standard next year – allowing compliance a year later

Jacobs Recommendations

- Jacobs recommendations not included in Task Force or Governor proposals:
 - Lower state minimum share ratio to 30%
 - Create an exceptional needs program for financially distressed districts
 - Use RIDE's capital budget request for STEAM & CTE programmatic improvements
 - Establish a dedicated funding stream

School Construction Aid

- History
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- **Program Changes**
- How to Pay
- Issues & Considerations
- School for the Deaf

Program Changes

- Goals:
 - Incentivize \$1 billion in school construction activity over the next five years
 - Task force called for \$600 million of Priority 1 and 2 deficiencies to be remediated
 - Also prioritized “21st century learning environments” and overall improvements in every district
 - Reduce local borrowing
 - Use state’s borrowing capacity where possible

Program Changes

- New State Share Incentives
- Charter Schools
- Expenses
- Infrastructure Bank
- Facility Use
- Project Requirements

Current State Share Bonuses

Current Law Bonuses	State Share Increase
Each regionalized grade	2% per grade (up to 26% for a fully regionalized district)
Energy efficiency, access for people with disabilities, or asbestos abatement - Must be 75% of project cost	Law: 4% (regulations: 2% - 4% for energy efficiency projects)
Former state CTE facilities that have been transferred to local districts	One-time 4% upon transfer of facility

Current State Share Bonuses

- Current bonuses are and would remain permanent
- New “incentives” are added but are time-limited
 - New incentives only require 25% or minimum of \$250,000 to be spent toward each incentive to qualify
 - Existing bonus for energy, ADA, asbestos requires 75% of project to be directly related to bonus
- Existing and new bonuses can be stacked for a maximum of 20%

New State Share Incentives

New Incentive	Add	Start By
Health & safety (GBA adds school security)	5%	2022
Educational enhancements for STEAM, CTE, early ed. & technology enabled facilities	5%	2022
Replacing a facility with a Facilities Condition Index of 65%+	5%	2023
Increase functional utilization of a facility from less than 60% to 80%	5%	2023
Decrease functional utilization of a facility from >120% to between 85% and 105%	5%	2023
Consolidation of 2 or more buildings within or across districts	5%	2023

New State Share Incentives

- Article makes 4.0% bonus for former state career & tech facilities transferred to local districts permanent
 - Was one-time only, occurred upon transfer
 - To encourage districts to take facilities
 - Would be available annually
 - Adds a facility in Coventry as being eligible
 - CTE Funding Working Group included recommendation in its February 2018 report

New State Share Incentives

- Article allows for 5% increase to state share for projects approved but not started by January 1, 2018
 - As long as Owners Program Manager & commissioning agent are used
 - Regardless of project meeting any new incentive standards
 - Approved projects that are withdrawn & resubmitted are not eligible for any increase

Outstanding Projects

Approval Year	Remaining Approval
FY 2017	\$129.7
FY 2016	161.8
FY 2015	34.6
FY 2014	23.7
FY 2007	4.9
FY 2006	0.3
FY 2005	1.6
Total	\$356.6

\$ In millions

- Projects approved but not started
 - Includes phases or sub-projects
 - 30 districts
 - 3 charter schools
- Aid payments begin when project is completed
 - Phases allowed

New State Share Incentives

- Eligibility
 - Construction must begin by December 30, 2022 or 2023
 - Amendment adds 5-year window for completion
 - 25% of total project costs or a minimum of \$250,000 must be specifically directed to any of the specific incentives
- Amendment ties all new incentives to passage of \$250M bond – Article 5

New State Share Incentives

- Limitations:
 - Maximum increase in any LEAs state share is 20%
 - An LEA's local share cannot decrease by more than half
 - With this measure, no local project will be 100% state funded

Example 1 – Asbestos Project

- \$50.0 million approval for hazardous material removal & consolidate 2 buildings

	State Share Ratio	State Share of Cost
Current Law	35%	\$17.5
Asbestos abatement	4%	\$2.0
Health & safety	5%	\$2.5
Consolidation	5%	\$2.5
Sum of Bonuses	14%	\$7.0
New State Share	49%	\$24.5

\$ in Millions

Example 2 – Career & Tech

- \$50.0 million for renovations, including CTE enhancements w/energy efficiency

\$ in Millions	State Share Ratio	State Share of Cost
Current Law	80%	\$40.0
Health & safety	5%	\$2.5
CTE enhancements	5%	\$2.5
Energy efficiency	4%	\$2.0
Sum of Bonuses	14%	\$7.0
Reduction in local share capped at 50%: 20% share = 10% max	(4%)	(\$2.0)
New State Share	90%	\$45.0

Program Changes: Charter Schools

- Article establishes 35% minimum state share ratio for all local education agencies, “notwithstanding any other law to the contrary”
 - Extends to charter schools
 - Language effectively overrides RIGL 16-77-1.5 which sets charter state share ratio at 30%
 - Applicable statute not directly amended
 - Charter schools are eligible for current bonuses & would be eligible for new incentives

Program Changes: Expenses

- Temporary swing space would be a reimbursable expense if only option
 - Amendment adds that use of temporary space is “time-limited” (not defined)
- Environmental remediation reimbursable up to \$1.0 million per project
- If a new school is sold to a private entity within 30 years of construction, the state will receive a portion of the payment
 - Current regs. - clawback after 50 years

Program Changes: RI Infrastructure Bank

- Removes existing prohibition of Infrastructure Bank from receiving state housing aid
 - Any approved project that is predominately energy or environmental in nature would be eligible for school housing aid assistance through Infrastructure Bank

Program Changes: RI Infrastructure Bank

- RIIB would be able to receive housing aid directly
 - Currently aid is paid directly to school district or to RIHEBC
 - Similar to provision in 2017-H 5842
 - Was not enacted
- Amendment prevents municipalities from using housing aid towards existing debt with Infrastructure Bank

Program Changes: Facility Use

- Current law: facilities combined with municipal uses or operated with non-profit or for-profit agencies not eligible for housing aid
- Article 9 allows for other uses of facilities
 - Does not define “primarily”

Program Changes: New Project Requirements

Who	What	When	Cost
Prime Contractor	Construction contractor responsible for completion	Projects over \$10 million	Part of project
Owners Program Manager	Entity engaged to provide project management services on behalf of state for construction & supervision	Projects over \$1.5 million starting FY 2020	100% state (bond funds)
Commissioning Agent	Ensures systems are designed, installed, tested, capable, conform w/design intent	CA <i>currently required by regs.</i>	

Program Changes: New Project Requirements

- Regulations currently require
 - Commissioning agents
 - Cost reimbursed as part of project
 - “project managers”
 - Hired by locals; cost reimbursed as part of project
- Article 9 requires state to hire & pay both
 - Commissioning agents & OPMs estimated to be 3% of total construction costs
 - Current pipeline & expected investments would mean cost of \$30 million over several years

Program Changes: SBA Responsibilities

Article 9	Current Practice
Statewide process for remediating new school sites w/DEM July 1, 2019	DEM has site remediation program
Promulgate rules that conform with minority business requirements	Current regs require 10% of costs > \$500,000 be performed by minority, women, or disadvantaged
Develop a statewide maintenance checklist beginning June 30, 2021	Require maintenance guidelines consistent with Northeast - CHPS
Pre-qualify for prime contractors –originally Article says “certify”	Districts choose own contractors w/o Dept. input
Quarterly reporting	Reports occur annually for traditional program
Retaining experts	Done at local level as part of bid

Program Changes: SBA Responsibilities

- Develop minimum annual maintenance spending requirement for each district
 - Beginning June 30, 2019
- Develop review and pre-qualification process for prime contractors
 - Multiple contractors affected
 - Valid for maximum of 2 years
 - Not clear how long developing process will take or cost

Program Changes: SBA Advisory Board

- School Building Authority Advisory Board currently has 7 members
- Article adds two new members
 - Commissioner of Elementary & Secondary Education, or designee
 - RIHEBC Chair
- Requested amendment:
 - Allows Treasurer to send designee
 - Requires 1 of 4 public members to represent RI League of Cities & Towns

School Construction Aid

- History
- Recent Activity
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- **How to Pay**
- Issues & Considerations
- School for the Deaf

Fiscal Impact Scenario - 10% Share Increase -New Projects

New Projects		FY 19	FY 20	FY 21	FY 22	FY 23	FY 24
FY18	300.0	-	5.3	10.6	15.9	15.9	15.9
FY19	300.0	-	-	5.3	10.3	15.9	15.9
FY 20	300.0	-	-	-	5.3	10.3	15.9
FY 21	300.0	-	-	-	-	5.3	10.3
FY 22	200.0	-	-	-	-	-	3.5
Total	\$1,400.0	\$ -	\$5.3	\$15.9	\$31.5	\$47.4	\$61.5
Pre-FY 2018	\$356.4	\$5.4	\$10.9	\$16.3	\$16.3	\$16.3	\$16.3
Current Completed		65.6	62.3	59.2	56.3	53.5	50.8
<i>Total Current/Pre-FY18</i>		<i>\$71.1</i>	<i>\$78.5</i>	<i>\$75.5</i>	<i>\$72.6</i>	<i>\$69.8</i>	<i>\$67.1</i>
Change to \$80M		(\$8.9)	(\$1.5)	\$11.4	\$24.4	\$37.4	\$48.9

SBA Capital Fund

- Currently, unspent funds from traditional program appropriation transferred to SBA capital fund
- Article 9 allows unspent funds from SBA fund to be transferred to the traditional program
 - To be used *“on a pay-as-you-go basis and not as a reimbursement of debt service for previously completed projects”*
 - Related to proposed bond proceeds

How to Pay – Article 9

GO Bonds
deposited in SBA
Capital Fund

SBA may transfer
funds not needed for
use on traditional
program to reduce
local bonds

Distributed based
proportionately on
total state share of
new projects
awarded that year

How to Pay – Article 5 & 9

SBA	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24
<i>Capital Fund Requests</i>	\$32.1	\$31.8	\$31.5	\$31.1	\$30.8	\$30.8
Local Share impact	(4.8)	(4.8)	(4.8)	(4.7)	(4.7)	(4.7)
Capital Fund Need	\$27.3	\$27.0	\$26.7	\$26.4	\$26.1	\$26.1
Traditional Program excess from \$80M	\$8.9	\$1.5	-	-	-	-
GO Bonds to meet Capital fund need	18.3	25.5	26.7	26.4	26.2	n/a
Annual GO Bonds*	(50.0)	(50.0)	(50.0)	(50.0)	(50.0)	n/a
Bonds Available for Traditional Program	\$31.7	\$24.5	\$23.3	\$23.6	\$23.8	n/a

*Proposal allows for up to \$100m in a single year – no 2nd bond – SBA fund projects would move to traditional or require separate approp.

Fiscal Impact:

Scenario- 10% Share Increase

New Projects – net of newly available GO		FY 19	FY 20	FY 21	FY 22	FY 23	FY 24
FY18	300.0	-	5.3	10.6	15.9	15.9	15.9
FY19	268.3	-	-	4.7	9.5	14.2	14.2
FY 20	275.5	-	-	-	4.9	9.7	14.6
FY 21	276.7	-	-	-	-	4.9	9.8
FY 22	176.4	-	-	-	-	-	3.1
Total	\$1,296.9	\$ -	\$5.3	\$15.3	\$30.3	\$44.7	\$57.6
Pre-FY 2018	\$356.4	\$5.4	\$10.9	\$16.3	\$16.3	\$16.3	\$16.3
Current Completed		65.6	62.3	59.2	56.3	53.5	50.8
<i>Total Current/Pre-FY18</i>		<i>\$71.1</i>	<i>\$78.5</i>	<i>\$75.5</i>	<i>\$72.6</i>	<i>\$69.8</i>	<i>\$67.1</i>
Change to \$80M		(\$8.9)	(\$1.5)	\$10.8	\$22.9	\$34.5	\$44.7

How to Pay – Article 5 & 9

	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24
<i>Current Law/Estimate</i>	\$80.0	\$80.0	\$80.0	\$80.0	\$80.0	\$80.0
Debt Service on new bonds*	1.7	5.9	10.1	14.3	18.5	20.7
Additional cost to traditional program	-	-	10.8	22.9	34.5	44.7
Total Impact	\$1.7	\$5.9	\$20.9	\$37.2	\$53.0	\$65.4

*full impact of new bonds would be \$20.7 million annually but does not phase in until all are issued – estimated to be FY 2024

New SBA Account

- Establishes a restricted account to be funded from RIHEBC fees and reserves
 - RIDE expenses for administering the school construction program
 - FY 2019 Budget includes \$0.7 million to support 4.0 positions and overhead expenses
 - 3.0 positions currently filled and 1.0 new

New SBA Account

- Would also support new required costs
 - Owners Program Managers
 - Commissioning agents
 - Any costs associated with new certification process
- Budget does not assume any of these costs for FY 2019
 - Costs intended to come from bond proceeds

New SBA Account

- RIHEBC collects a limited number of fees
- Uses reserves for small loans & grants
 - Contributed \$1.0 million to facilities study
- FY 2018 enacted budget requires transfer \$6.0 million to state general revenues
 - At the end of FY 2017, \$12.6 million in reserves
 - Balance of \$6.6 million
 - Intent is for RIHEBC to support RIDE programming & bond funds to pay for OPMs and commissioning agents but not explicit in legislation

New Requested Debt – GO

November 2018

Project	Amount	Annual Debt
Rhode Island School Buildings	\$250.0	\$20.7
URI Narragansett Bay Campus	45.0	3.6
RIC Horace Mann Hall	25.0	2.0
Green Economy & Clean Water	48.5	3.9
Total	\$368.5	\$30.2

*Assumes 5% rate and 20 year term
Data in millions*

Article 5, Question 1

- Proposes \$250.0 million of general obligation bonds be submitted to voters on November ballot
 - Supports school construction and renovation projects
 - Funding to be disbursed over 5 years
 - No more than \$100 million could be issued in any year

Article 5, Question 1

- Capital budget assumes \$50 million annually for 5 years
- Task Force recommended \$500 million total, \$250 million each 2018 and 2022
 - Budget documents are silent on a second ballot measure
 - No referenda for any project beyond 2018

Assembly Role

- Appropriate Pay-Go (Articles 1 & 10)
- Approve General Obligation Bond Referenda
 - Voters approve or reject
 - Debt service automatic
- Other Financing (Kushner)
 - Approve or reject resolution
 - Generally appropriate debt service

Project Considerations

- Does the project need to be done?
- Is the project ready to be done?
 - When will it start?
 - Is it well thought through and ready for funding/financing?
 - What will the operating budget impacts be?
 - Maintenance costs, staff savings?
 - When will it be complete?

Funding Considerations

- Should a project be financed or pay-as-you-go?
 - Rhode Island Capital Plan funds available as pay-go for all or part of project
 - More pay-go equals less future debt service

Funding Considerations

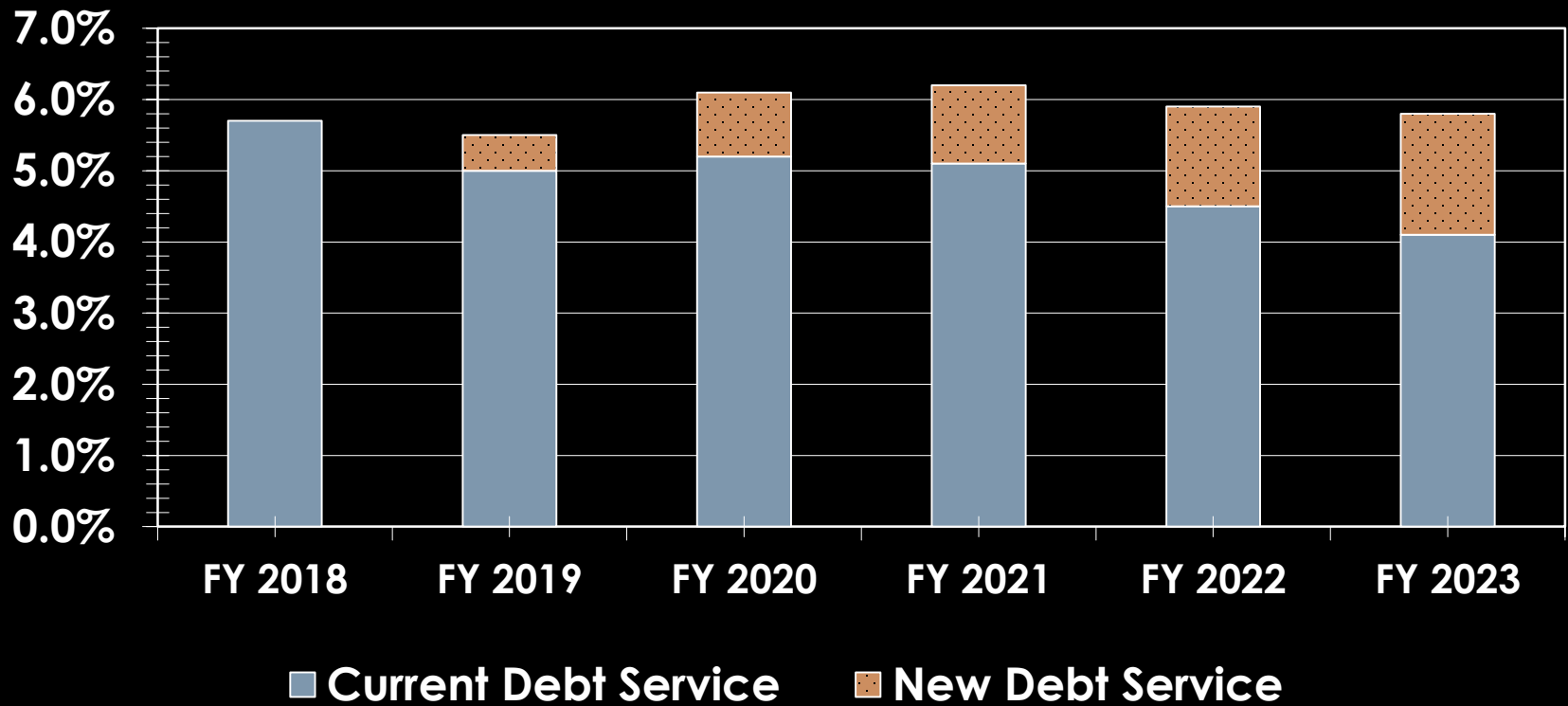
- State's overall debt structure
 - Net tax supported debt would decrease by \$120.9 million to \$1,648.5 million
 - Had dropped to \$1.3 billion in FY 2003 after use of tobacco bonds to decrease debt
 - Past practice indicates it will be higher as more projects are added

Funding Considerations – Debt Service

Fiscal Year	Net Tax Supported Debt Service*	Pct. of Revenues
2018	\$219.7	5.7%
2019	\$217.5	5.5%
2020	\$246.4	6.1%
2021	\$259.8	6.3%
2022	\$248.7	5.9%
2023	\$249.8	5.8%

*Millions

Debt Service as Percent of Useable Revenues



School Construction Aid

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- **Issues & Considerations**

Issues & Considerations

- One goal appears to be to encourage districts to do most needed projects
 - Locals' priorities ultimately decide projects brought forward
 - Fiscal capacity and other considerations
 - Would any projects not qualify for at least some bonus?
 - What other options could encourage projects to be done?

Issues & Considerations

- State share ratios currently affected by how projects are grouped
 - Currently approval structure does not link to eventual components in reimbursement structure
 - Projects grouped to get highest share ratio
 - Incentive combinations and timelines suggest opportunities for gaming bonuses
 - Should more prescriptive language be included to ensure similar projects are treated similarly?

Issues & Considerations

- Housing aid is an entitlement program
 - No statutory limits on size of approvals or reimbursements
 - Unchanged from current program
- Out-year impact of higher state share
 - Long tail on incentives
 - Last project may not start getting paid until FY 2029
 - Some increases are permanent
 - Increase to charter school share
 - Career & tech center bonus
 - State responsibility for OPM & Agents

Issues and Considerations

- Local reporting and compliance issues
 - Lack of uniformity on how districts budget and report expenses
 - Facilities personnel costs
 - Contracted personnel costs
 - Regular maintenance
 - Repairs
 - Incentives committed before issues resolved

Issues and Considerations

- How much should be specified included in law?
 - How much should be left to administrative discretion?
- Current state ability to hold districts to maintenance and other standards
 - Administrative capacity to enforce?
- What happens when a district does not comply?
 - What prevents future state of disrepair?

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