
OLR Bill Analysis

sSB 29

AN ACT AUTHORIZING AND ADJUSTING BONDS OF THE STATE FOR CAPITAL IMPROVEMENTS, TRANSPORTATION AND OTHER PURPOSES.

SUMMARY:

This bill authorizes up to \$437.3 million in new state general obligation (GO) bonds for FY 15 for state capital projects and grant programs. It authorizes up to \$28.4 million in additional special tax obligation (STO) bonds for transportation projects. It changes the amounts of certain FY 15 bond authorizations enacted in 2013, for a net increase of \$69.9 million for GO bonds and a net decrease of \$35.7 million for STO bonds. It repeals \$15 million in authorizations for FY 15 and cancels \$6.8 million in bond authorizations for past years.

The bill establishes a new preschool competitive grant program to reimburse towns for the capital and operating expenses they incur in establishing or expanding a preschool program. It provides up to \$20 million in funding for the grants for each of FYs 15 through 24 by (1) authorizing \$10 million per year in state GO bonds for the program and (2) requiring that \$10 million per year be disbursed to the program from the Tobacco Settlement Fund.

The bill also establishes a new grant program for eligible drinking water projects approved by the Department of Public Health (DPH) under the Drinking Water State Revolving Fund (DWSRF) program and authorizes up to \$500 million in GO bonds over 10 years for the program.

The bill (1) expands the state's competitive school security grant program to regional education service centers (RESCs), state charter schools, technical high schools, and private schools; (2) authorizes an additional \$22 million in bonds for the program; (3) sets aside 10% of the grant funds available for FY 15 to be awarded to private schools;

and (4) expands the security infrastructure eligible for reimbursement under the program.

The bill also (1) transfers an existing \$10 million bond authorization for DPH to Connecticut Innovations, Inc. (CII) for the Stem Cell Research Fund and (2) renames the fund the Regenerative Medicine Research Fund, for purposes of the bond authorization (see COMMENT). It authorizes up to \$10 million in GO bonds each year for FY 16 and FY 17 for the fund.

Lastly, the bill makes minor and technical changes.

EFFECTIVE DATE: July 1, 2014, unless otherwise noted below.

§§ 1-15 — BOND AUTHORIZATIONS FOR STATE AGENCY PROJECTS AND GRANTS

The bill authorizes up to \$195.3 million in GO bonds for FY 15 for the state capital projects and grant programs listed in Table 1. The bonds are subject to standard issuance procedures and have a maximum term of 20 years.

The bill includes a standard provision requiring that, as a condition of bond authorizations for grants to private entities, each granting agency include repayment provisions in its grant contract in case the facility for which the grant is made ceases to be used for the grant purposes within 10 years of the grantee receiving it. The required repayment is reduced by 10% for each full year that the facility is used for the grant purpose.

Table 1: GO Bond Authorizations for FY 15

§	AGENCY	FOR	FY 15
<i>State Projects and Programs</i>			
2(a)	Office of Legislative Management (OLM)	Information technology upgrades, replacements and improvements; Capitol complex equipment replacement, including updated technology for the Office of State Capitol Police; and renovations, repairs, and minor capital improvements at the Capitol and Old State House	\$4,892,200
		Production and studio equipment for the Connecticut Network	3,230,000

2(b)	Office of Governmental Accountability	Information technology improvements	1,000,000
2(c)	Office of Policy and Management (OPM)	Transit-oriented development pre-development fund	7,000,000
2(d)	Department of Veterans' Affairs	State matching funds for federal grants for renovations and code improvements to existing facilities	1,409,450
		Planning and feasibility study for additional veterans' housing at the Rocky Hill campus, including vacant building demolition	500,000
2(e)	Department of Administrative Services (DAS)	Construction, improvements, repairs, renovations, and land acquisition at fire training schools	15,777,672
2(f)	Office of the Healthcare Advocate	Development, acquisition, and implementation of health information technology systems and equipment to support the state innovation model	1,900,000
2(g)	Agricultural Experiment Station	Planning, design, construction, and equipment for additions and renovations to the Valley Laboratory in Windsor	1,000,000
2(h)	State Library	Creation and maintenance of a statewide platform for the distribution of electronic books to public library patrons	2,200,000
Grants			
9(a)	Office of the State Comptroller	Grant to Connecticut Public Broadcasting Network for transmission, broadcast, production, and information technology equipment	3,300,000
9(b)	Department of Labor	Subsidized Training and Employment program	10,000,000
9(c)	Department of Energy and Environmental Protection	Grants or reimbursement to municipalities of up to \$1,000 each for the initial installation of a prescription drug drop box	100,000
9(d)	Department of Economic and Community Development (DECD)	Connecticut Manufacturing Innovation Fund and grants for advanced composite materials research and development	30,000,000
		Grant to Northeast Connecticut Economic Development Alliance	2,000,000
		Grant to nonprofit organizations sponsoring cultural and historic sites	10,000,000
9(e)	Department of Housing (DOH)	Shoreline Resiliency Fund	25,000,000
9(f)	Department of Transportation (DOT)	Grants to municipalities for the Town-Aid-Road program (see § 55)	60,000,000
9(g)	Department of Social Services	Grant to Oak Hill for down payment assistance or capital improvements associated with acquiring Camp Hemlocks	1,000,000
9(h)	Department of Rehabilitation Services	Grants for home modifications and assistance technology devices related to aging in place	5,000,000

9(i)	State Department of Education (SDE)	Grants for alterations, repairs, improvements, technology, equipment, and capital start-up costs to expand the availability of high-quality school models and assist in implementing common core state standards and assessments, in accordance with procedures the SDE commissioner establishes	10,000,000
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§§ 16-21 — TRANSPORTATION PROJECTS

The bill authorizes up to \$28.4 million in STO bonds in FY 15 for the following transportation projects in DOT's Bureau of Engineering and Highways Operations:

1. \$10,000,000 for the development of a comprehensive asset management plan in accordance with federal requirements,
2. \$5,400,000 for highway and bridge renewal equipment,
3. \$10,000,000 for the local bridge program, and
4. \$3,000,000 to reconfigure an existing off ramp on the Merritt Parkway in Westport.

§§ 22 & 49 — REGENERATIVE MEDICINE RESEARCH FUND

The bill (1) transfers an existing \$10 million bond authorization from DPH to Connecticut Innovations, Inc. (CII) for the Stem Cell Research Fund and (2) redesignates the fund as the Regenerative Medicine Research Fund, for purposes of the bond authorization (see COMMENT). It also authorizes up to \$10 million in GO bonds each year for FY 16 and FY 17 for the fund.

EFFECTIVE DATE: July 1, 2015 for the new bond authorization provision.

§§ 23-25 & 58 — PRESCHOOL COMPETITIVE GRANT PROGRAM

The bill establishes a 10-year grant program, from FY 15 through FY 24, to reimburse towns for the capital and operating expenses they incur in establishing or expanding a preschool program. The Office of Early Childhood (OEC) administers the program, under which towns may receive annual grants of up to (1) \$75,000 for each preschool classroom or (2) \$5,000 per preschooler, up to \$150,000 per town.

Eligibility and Application Process

Beginning by July 1, 2014, local and regional boards of education may apply for the grants on behalf of their towns or member towns at the time and in the manner the OEC commissioner prescribes. To be eligible for a grant, a board must (1) demonstrate a need for creating or expanding a preschool program and (2) submit an expenditure plan for grant funds, including the town's contribution to the preschool program's operation.

Preschool programs eligible for the grants include classrooms with (1) an individual who holds a teaching certificate with an endorsement in early childhood education or special education, (2) a class size of up to 18 children, and (3) a maximum child-teacher ratio of 10:1.

The OEC commissioner must give priority to towns that she determines have the greatest need and, among those towns, highest priority to towns that do not have a preschool program at the time of application.

Grant Conditions

Each town awarded a grant must:

1. receive the grant for five years (and may submit a renewal application to OEC);
2. within three years of creating the preschool program, obtain the same accreditation required of school readiness programs; and
3. annually report to OEC on the preschool program's status and operation.

By law, accredited school readiness programs are those (1) accredited by (a) the National Association for the Education of Young Children or (b) a Head Start on-site program review instrument or successor instrument pursuant to federal regulations, or (2) that meet the SDE commissioner's criteria.

Program Funding

The bill establishes the preschool competitive grant account, a separate, nonlapsing General Fund account, to fund the grant program and directs to the account up to \$20 million in funding for the grants for each of FYs 15 through 24. It does so by (1) requiring that \$10 million per year be disbursed from the Tobacco Settlement Fund to the grant account for FYs 15 through 24 and (2) authorizing \$10 million per year in state GO bonds for the program over the same 10-year period.

Bond Authorizations. The bill authorizes \$100 million in GO bonds, in \$10 million annual increments, for the program over the 10-year period. Any issuance costs and capitalized interest may be added to the annual authorizations. If OEC does not use all or part of the maximum amount in a fiscal year, the remaining amount is added to the following year's authorization.

The bond commission must authorize the total bond issuance. The bill requires OEC to enter into a memorandum of understanding (MOU) with the OPM secretary and state treasurer regarding the bond issuance, including the extent to which federal, private, and other available funds should be added to the bond proceeds. The bond commission must approve the MOU, which satisfies the standard approval requirements under the State General Obligation Bond Procedure Act. The bill deems the principal amount of the authorized bonds to be an appropriation and allocation of the bond amounts. The bonds are subject to standard statutory conditions.

EFFECTIVE DATE: Upon passage for the provision creating the account.

§§ 26 & 29 — BOND AUTHORIZATIONS FOR URBAN ACTION AND MANUFACTURING ASSISTANCE ACT PROGRAMS

The bill increases the bond authorization limit for the Urban Action program by \$60 million for economic and community development projects OPM undertakes. It reserves \$10 million of this amount for a grant to develop an intermodal transportation facility in northeastern Connecticut.

The bill also increases the bond authorization limit for the

Manufacturing Assistance Act program by \$100 million.

§§ 27 & 28 — STATE GRANTS FOR DRINKING WATER PROJECTS

The bill establishes a new DPH-administered grant program for eligible drinking water projects and authorizes up to \$500 million in GO bonds over 10 years for the program. The program replaces a defunct drinking water facilities grant program for eligible municipally-owned and private water companies.

Eligible Projects

The grants are awarded to eligible public water systems for eligible drinking water projects approved by DPH under its existing DWSRF program. By law, “eligible public water systems” are (1) water companies (private or municipal) that serve at least 25 people or 15 year-round service connections and (2) nonprofit noncommunity water systems (i.e., facilities served by their own water supply). “Eligible drinking water projects” are those to plan, design, develop, construct, repair, extend, improve, remodel, alter, rehabilitate, reconstruct, or acquire all or part of a public water system.

Under the DWSRF program, DPH awards loans equal to 100% of eligible project costs to eligible drinking water projects, based on a priority list for funding it establishes and maintains. The bill does not specify whether DPH must coordinate these existing loans with the project grants, including the DWSRF’s priority list.

Grant Amounts, Terms, and Regulations

The grants are limited to 30% of the eligible project’s costs. DPH must adopt regulations specifying the grants’ terms and conditions.

Bond Authorizations

The bill authorizes \$50 million in GO bonds per year for each of FYs 15 through 24 for the grants. The bonds are subject to standard issuance procedures and have a maximum term of 20 years.

§§ 30-39, 42-48, & 50-57 — BOND CANCELLATIONS AND CHANGES TO EXISTING AUTHORIZATIONS

§§ 30 & 35 — Supertotal Changes

The bill increases bond supertotals in PA 07-7 and PA 11-57 that correspond to FY 08 and FY 12 bond authorizations, respectively, for state capital projects to align them with the specific bond authorizations that make up those totals.

§§ 31-32, 36, 38, & 57 — Cancellations

The bill cancels all or part of bond authorizations for the projects and grants shown in Table 2.

Table 2: Bond Cancellations

§	Agency	For	Existing Authorization	Amount Cancelled
31	Community College System (Northwestern Community College)	Nursing and allied health program infrastructure development and improvements	\$340,000	\$340,000
32	Connecticut State University System (all universities)	Land and property acquisitions	100,000	5,490
38	Community College System (all colleges)	Facilities alterations and improvements, including fire, safety, energy conservation, code compliance, and property acquisition	5,000,000	5,000,000
57	DECD	Grants (\$500,000 each) to (1) the Metropolitan Economic Development Commission to create elderly housing, (2) the John E. Rogers African American Cultural Center to convert the former Northwest-Jones School to a cultural center, and (3) Catholic Charities of Hartford to create affordable housing with supportive services	1,500,000	1,500,000

§ 33 — Restored Bond Authorizations

The bill restores the following the DAS bond authorizations, repealed by PA 13-239 (§ 116):

1. \$4,100,000 for the development and implementation of the Connecticut Education Network,
2. \$2,165,000 for planning and design of an alternate state data center, and
3. \$4,180,847 for the development and implementation of information technology systems to comply with the Health

Insurance Portability and Accountability Act.

EFFECTIVE DATE: Upon passage

§§ 34, 39, 42, & 52 — Bond Authorizations Transferred to OEC

The bill transfers the following existing bond authorizations for SDE to OEC:

1. \$1,500,000 for grants for minor capital improvements and wiring for technology for school readiness programs and
2. \$36,500,000 for grants to towns and tax-exempt organizations for facility improvements and minor capital repairs to facilities housing school readiness programs and state-funded day care centers.

§§ 37 & 46 — Modification in Authorization Language

DAS Improvements to State Office Building and Parking Facilities. The bill modifies the purposes for which DAS may use an existing authorization of up to \$24 million for improvements to the State Office Building and associated parking facilities in Hartford. Specifically, it eliminates planning, design, development, and demolition work related to the improvements as a permissible use of the funds.

Housing Development and Rehabilitation. The bill earmarks \$20 million of an existing \$70 million bond authorization for DOH's housing development and rehabilitation programs. The earmarked funds must be used to promote homeownership through new home construction or home conversion in Bridgeport, Hartford, New Britain, New Haven, and New London.

§§ 43-45, 47-48, 50-51, & 53-56 — Changes to FY 15 Bond Authorizations

The bill changes certain FY 15 GO and STO bond authorizations enacted in PA 13-239, as listed in Tables 3 and 4.

Table 3: Changes to FY 15 GO Bond Authorizations in PA 13-239

§	Agency	For	PA 13-239 Auth. for FY 15	Change	Total Auth. For FY 15
44	OPM	Information technology capital investment program	\$25,000,000	\$25,000,000	\$50,000,000
45	Board of Regents for Higher Education	All community colleges: New and replacement instruction, research, or laboratory equipment	5,000,000	(5,000,000)	0
		All community colleges: System technology initiative	5,000,000	(5,000,000)	0
		All community colleges: Alterations, and improvements to facilities, including fire, safety, energy conservation, code compliance and acquisition of property	5,000,000	(5,000,000)	0
48	OPM	Grants to private, nonprofit, tax-exempt health and human service organizations for alterations, renovations, improvements, additions, and new construction, including (1) health, safety, ADA compliance, and energy conservation improvements; (2) information technology systems; (3) technology for independence; and (4) vehicle purchases New: The bill (1) restricts the grants to nonprofits that receive state funds to provide direct health or human services to state agency clients and (2) allows the grants to be used for property acquisition.	20,000,000	30,000,000	50,000,000
50	DOT	Grants for improvements to ports and marinas, including dredging and navigational direction	5,000,000	20,000,000	25,000,000
51	SDE	Grants for <i>Sheff</i> magnet school program start-up costs: Purchasing a building or portable classrooms, leasing space, and purchasing equipment, including computers and classroom furniture, provided that title to any such building that ceases to be used as an interdistrict magnet school may revert to the state as the education commissioner determines New: The bill specifies that the funds are to assist the state in meeting the goals of the current, rather than 2008, <i>Sheff v. O'Neill</i> stipulation and order.	7,500,000	9,900,000	17,400,000

Table 4: Changes to FY 15 STO Bond Authorizations in PA 13-239

§	Authorized Program Areas	For	PA 13-239 Auth. for FY	Change	Total Auth. For FY 15
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54	Bureau of Engineering and Highway Operations	Environmental compliance, soil and groundwater remediation, hazardous materials abatement, demolition, salt shed construction and renovation, storage tank replacement, and environmental emergency response at or near state-owned properties or related to DOT operations	\$13,990,000	\$6,700,000	\$20,690,000
55	Bureau of Engineering and Highway Operations	Town-Aid-Road program	60,000,000	(60,000,000)	0 (authorized as GO bonds in § 9(g))
56	Bureau of Public Transportation	Bus and rail facilities and equipment, including rights-of-way, other property acquisition, and related projects	143,000,000	17,650,000	160,650,000

§§ 40-41 — SCHOOL SECURITY INFRASTRUCTURE GRANT PROGRAM

The state's competitive school security grant program reimburses towns for certain expenses they incur in improving their school security infrastructure. The Department of Emergency Services and Public Protection (DESPP), DAS, and SDE jointly administer the program.

The bill expands the program, as described below, and increases its bond authorization by \$22 million, from \$15 million to \$37 million.

Eligible Schools

The bill expands the program to RESCs, state charter schools, technical high schools, and private schools.

By law, local or regional boards of education can apply to DESPP for funds on behalf of their town or member towns for costs incurred for eligible security improvements on or after January 1, 2013. Decisions to approve or deny applications, and which expenses are eligible for reimbursement, must meet the most recent standards established by the School Safety Infrastructure Council. Beginning in FY 15, the bill extends these provisions to the aforementioned schools and requires the RESC, charter school's governing authority, technical high school's superintendent, or nonpublic school's supervisory agent,

respectively, to apply for the funds.

Eligible Infrastructure

The bill expands the security infrastructure eligible for reimbursement to include real time interoperable communications and multimedia sharing infrastructure. As under existing law, eligible infrastructure also includes the installation of surveillance cameras, penetration resistant vestibules, ballistic glass, solid core doors, double-door access, computer-controlled electronic locks, entry door buzzer systems, scan card systems, panic alarms, and other systems.

Grant Amount and Set-Aside

By law, the grants reimburse school districts for 20% to 80% of the eligible expenses for security measures, based on a scale of town wealth. In addition, under the bill:

1. RESCs receive grants according to the same scale, based on the weighted average of the wealth of their member towns;
2. state charter schools receive the same reimbursement percentage their host towns receive;
3. SDE, on behalf of technical high schools, receives grants for 100% of the schools' eligible expenses; and
4. private schools receive grants for 50% of their eligible expenses.

The bill sets aside 10% of the grant funds available for FY 15 for private schools.

Grant Priority

If there is not enough money to reimburse every district for its full percentage, existing law requires the DESPP commissioner, in consultation with the DAS (formerly the Department of Construction Services) and education commissioners, to give first priority to applicants with schools they determine have the greatest need for security infrastructure based on the school security assessments the districts submits. Of the applicants with the greatest security

infrastructure need, the commissioners must give first priority to applicants that have no security infrastructure at the time of the assessment and secondary priority to applicants from priority school districts.

The bill extends these same requirements to RESCs, state charter schools, and technical high schools. For private schools, the bill requires the commissioners to give first priority to applicants that they determine have the greatest need, instead of basing it on each school's security assessment.

As under existing law, to receive a grant, an applicant must show that it (1) has conducted a uniform security assessment of its schools and any security infrastructure, (2) has an emergency plan at its schools developed with applicable state and local first responders, and (3) periodically practices the plan. The security assessment must be carried out under the supervision of the district's local law enforcement agency and use the Safe Schools Facilities Check List published by the National Clearinghouse for Educational Facilities.

EFFECTIVE DATE: Upon passage, except for the bond authorization, which is effective July 1, 2014.

COMMENT

Authorization Transferred from DPH to CII

The bill transfers from DPH to CII responsibility for an existing bond authorization for the Stem Cell Research Fund, but DPH retains authority for administering the fund and issuing grants from it, with direction from the Stem Cell Advisory Committee. The bill also renames the fund for purposes of the bond authorization, but does not make corresponding changes to the statutes governing the fund and its administration (CGS § 19a-32e et seq.).

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 44 Nay 6 (04/01/2014)

