EMERGENCY CERTIFICATION

SB-1210
AN ACT CONCERNING AUTHORIZATION OF STATE GRANT COMMITMENTS FOR SCHOOL BUILDING PROJECTS.

OFA Fiscal Note

State Impact:

<table>
<thead>
<tr>
<th>Agency Affected</th>
<th>Fund-Effect</th>
<th>Out Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Treasurer, Debt Serv.</td>
<td>GF - Future Cost</td>
<td>401.2 million</td>
</tr>
</tbody>
</table>

Note: GF=General Fund

Municipal Impact:

<table>
<thead>
<tr>
<th>Municipalities</th>
<th>Effect</th>
<th>Out Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Various Municipalities</td>
<td>Future Revenue Gain</td>
<td>271.7 million</td>
</tr>
</tbody>
</table>

Explanation

The bill approves a total of $271.7 million in state grant commitments for school construction projects. The grants-in-aid will be financed through the issuance of General Obligation (GO) bonds in future fiscal years. The bill does not authorize new GO bonds. The projected debt service cost to the General Fund to issue $271.7 million at a 5.25% interest rate for a 20-year term is $401.2 million.

The fiscal impacts of specific sections are detailed below.

Section 1 approves a total of $160.5 million in state grant commitments for eight new school construction projects on the State’s
school project priority list. The total project cost across these eight projects is $229 million, of which $68.5 million is anticipated to be paid by municipalities.

**Section 2** makes conforming changes regarding administration of the school building project program, which does not result in a fiscal impact.

**Section 3** requires inclusion of an individual with construction industry experience on school building committees, which does not result in a fiscal impact.

**Sections 4 and 5** replace a set 80% reimbursement rate for diversity school projects with a 10% increase over a district’s statutory reimbursement rate. To the extent this changes future reimbursement rates, there would be a commensurate change in revenue gain to relevant municipalities and change in debt service for the State.

**Section 6** makes several changes to contracting requirements for the school construction process. To the extent these changes alter the total cost of future projects, there would be a proportional change to the state’s cost for school construction reimbursements.

**Section 7** adds school security projects to the list of allowable emergency projects for which the Department of Administrative Services may waive standard application requirements. To the extent such projects are funded that would not otherwise have been, there would be a proportional change to the state’s cost for school construction reimbursements.

**Section 8** increases the reimbursement rate for a Martin Luther King Jr. Elementary construction project in Hartford from 80% to 95% and allows for up to $2 million of otherwise ineligible costs to receive state reimbursement. The project is on the school building project priority list under current law at a reimbursement rate of 80%. To the extent these projects are completed and $2 million of otherwise ineligible costs are incurred and reimbursed, the marginal increase in state costs
and reimbursements to the city of Hartford is approximately $18.1 million.

**Section 9** converts a code violation project at the Burns Latino Studies Academy to a renovation project and places the project on the school building project priority list. The reimbursement rate for the project in Hartford is increased from 80% to 95%. To the extent the $47.7 million estimated total cost project is completed, the marginal increase in State costs and reimbursements to the city of Hartford is approximately $7.2 million.

**Section 10** allows placement of a project at Bulkeley High School on the school building project priority list if Hartford files an application for the project prior to October 1, 2019. The reimbursement rate for the project is increased from 80% to 95%. To the extent the $149 million estimated total cost project is completed, the marginal increase in State costs and reimbursements to the city of Hartford is approximately $22.4 million.

**Section 11** allows a 95% reimbursement rate for future projects meeting certain criteria in Hartford. To the extent all $284.4 million worth of potential projects other than those listed independently in the amendment are completed, the marginal increase in State costs and reimbursements to the city of Hartford is up to $42.7 million.

**Section 12** sets a reimbursement rate for the primary project at Birch Grove Primary School in Tolland at 89% (of an estimated $44.8 million in project costs) and a separate 100% reimbursement rate for use of portable classrooms in a related project (of an estimated $9 million in project costs). To the extent the projects are completed, there would be a cost to the State and reimbursement to the town of Tolland of approximately $48.9 million. Absent the legislative action, it is expected the $53.8 million cost of the combined projects would receive emergency funds at Tolland’s current renovation reimbursement rate (52%). The marginal increase in State costs and revenue to Tolland from the legislation is $20.9 million.
The Out Years

The ongoing fiscal impact identified above will continue into the future subject to project completion, successful municipal application for reimbursement, and the costs of borrowing.

The preceding Fiscal Impact statement is prepared for the benefit of the members of the General Assembly, solely for the purposes of information, summarization and explanation and does not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.