

OFFICE OF FISCAL ANALYSIS

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sHB-7354

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

AMENDMENT

LCO No.: 10898

File Copy No.: 787

House Calendar No.: 495

OFA Fiscal Note

See Fiscal Note Details

Section 501 makes conforming changes regarding administration of the school building project program, which does not result in a fiscal impact.

Section 502 requires inclusion of an individual with construction industry experience on school building committees, which does not result in a fiscal impact.

Section 503-504 replace a set eighty percent reimbursement rate for diversity school projects with a ten percent 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 505 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 costs to the state for school construction reimbursements.

Section 506 increases the reimbursement rate for a Martin Luther King Jr. Elementary construction project in Hartford from 80% to 95%

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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.

Section 507 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 508 allows Hartford to convert a code violation project at Bulkeley High School to a renovation project and allows placement the project on the school building project priority list under certain requirements. 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 State costs and reimbursements to the city of Hartford is approximately \$22.4 million.

Section 509 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 510 sets a reimbursement rate for the Birch Grove Primary School in Tolland at 89%, which represents full State reimbursement for crumbling foundations-related costs (approximately \$20 million) and 80% reimbursement for all remaining costs (approximately \$26.2 million). To the extent the project is completed, there would be a cost to the State and reimbursement to the town of Tolland of approximately \$41.1 million. Absent the legislative action, it is

expected the \$46.2 million project would receive emergency funds at Tolland's current renovation reimbursement rate (52%). The marginal increase in State costs and revenue to Tolland is \$17.1 million.

In total, the marginal increase in project costs to the State and reimbursements to towns is \$107.4 million. The projected debt service cost to the General Fund to issue the increased State reimbursement of up to \$107.4 million at a 5.25% interest rate for a 20-year term is \$158.6 million. The amendment does not authorize new GO bonds.

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.