



Senate

General Assembly

File No. 214

February Session, 2024

Substitute Senate Bill No. 288

Senate, April 3, 2024

The Committee on Education reported through SEN. MCCRORY, D. of the 2nd Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT IMPLEMENTING THE RECOMMENDATIONS OF THE DEPARTMENT OF ADMINISTRATIVE SERVICES REGARDING THE SCHOOL BUILDING PROJECTS STATUTES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (k) of section 10-285a of the 2024 supplement to
2 the general statutes is repealed and the following is substituted in lieu
3 thereof (*Effective July 1, 2024*):

4 (k) [The] For applications submitted on and after July 1, 2024, the
5 percentage of school building project grant money a local or regional
6 board of education [for a municipality deemed to be an inclusive
7 municipality by the Commissioner of Housing] may be eligible to
8 receive shall be increased by five percentage points if, prior to December
9 first of the year in which the board submits an application for a grant,
10 such board submits a written determination issued by the
11 Commissioner of Housing within such year finding that the
12 municipality in which the school building project is to occur has been
13 deemed to be an inclusive municipality. As used in this subsection,

14 "inclusive municipality" means any municipality that: (1) Has a total
15 population, as defined in section 10-261, that is greater than six
16 thousand; (2) has less than ten per cent of its housing units determined
17 by the commissioner to be affordable; (3) has adopted and maintains
18 zoning regulations that (A) promote fair housing, as determined by the
19 commissioner, (B) provide a streamlined process for the approval of the
20 development of multifamily housing of three units or more, (C) permit
21 mixed-use development, and (D) allow accessory dwelling units; and
22 (4) has constructed new affordable housing units that (A) are restricted,
23 through deeds, covenants or other means, to individuals or families
24 whose income is eighty per cent or less of the state median income, and
25 (B) equal at least one per cent of such town's total housing units in the
26 three years immediately preceding the submission of an application
27 under this section.

28 Sec. 2. Section 10-285c of the general statutes is repealed and the
29 following is substituted in lieu thereof (*Effective July 1, 2024*):

30 For school building projects approved by the General Assembly after
31 July 1, 1993, if state reimbursement pursuant to the provisions of this
32 chapter or any special act, for the acquisition, purchase or construction
33 of a building was for ninety-five or more per cent of the eligible costs of
34 such acquisition, purchase or construction and such building ceases to
35 be used for the purpose for which the grant was provided within twenty
36 years of the date of approval by the General Assembly of the project,
37 title to the building shall revert to the state unless the Commissioner of
38 [Education] Administrative Services decides otherwise for good cause.

39 Sec. 3. Section 10-286e of the general statutes is repealed and the
40 following is substituted in lieu thereof (*Effective July 1, 2024*):

41 (a) If the Department of Administrative Services does not complete
42 an audit of a school building project during the five-year period from
43 the date the school district files a notice of project completion with the
44 department, the department shall conduct a limited scope audit of such
45 project. The limited scope audit shall review (1) the total amount of
46 expenditures reported, (2) any off-site improvements, (3) adherence to

47 authorized space specifications, (4) interest costs on temporary notes
48 and bonds, and (5) any other matter the Commissioner of
49 Administrative Services deems appropriate.

50 (b) The department shall not make any adjustment to a school
51 construction grant based on the result of an audit finding that a change
52 order was not publicly bid.

53 [(c) Notwithstanding the provisions of this section, the Commissioner
54 of Administrative Services may waive any audit deficiencies found
55 during an audit of a school building project conducted pursuant to this
56 section if the commissioner determines that granting such waiver is in
57 the best interest of the state.]

58 Sec. 4. Subsection (a) of section 10-287 of the general statutes is
59 repealed and the following is substituted in lieu thereof (*Effective July 1,*
60 *2024*):

61 (a) A grant for a school building project under this chapter [to meet
62 project costs not eligible for state financial assistance under section 10-
63 287a] shall be paid in installments, the number and time of payment of
64 which shall correspond to the number and time of principal installment
65 payments on municipal bonds, including principal payments to retire
66 temporary notes renewed for the third and subsequent years pursuant
67 to section 7-378a or 7-378e, issued for the purpose of financing such costs
68 and shall be equal to the state's share of project costs per principal
69 installment on municipal bonds or notes, except in cases where the
70 project has been fully paid for, in which case the number of installments
71 shall be five or, in the case of a regional agricultural science and
72 technology education center or a cooperative regional special
73 educational facility, shall be one; provided final payment shall not be
74 made prior to an audit conducted by the State Board of Education for
75 each project for which a final calculation was not made prior to July 31,
76 1983. Grants under twenty-five thousand dollars shall be paid in one
77 lump sum. The Commissioner of Administrative Services shall certify
78 to the State Comptroller, upon completion of the issuance of bonds or
79 such renewal of temporary notes to finance each school building project,

80 the dates and amounts of grant payments to be made pursuant to this
81 chapter and the State Comptroller shall draw an order on the State
82 Treasurer upon such certification to pay the amounts so certified when
83 due. All site acquisition and project cost grant payments shall be made
84 at least ten days prior to the principal payment on bonds or temporary
85 notes related thereto or short-term financing issued to finance such site
86 acquisition or project. Annual grant installments paid pursuant to this
87 section on principal installment payments to retire temporary notes
88 renewed pursuant to section 7-378a or 7-378e shall be based each year
89 on the amount required to be retired pursuant to said sections, as
90 adjusted for any ineligible project costs, and shall be paid only if at the
91 time such temporary notes are renewed the rate of interest applicable to
92 such notes is less than the rate of interest that would be applicable with
93 respect to twenty-year bonds if issued at the time of such renewal. The
94 determination related to such rates of interest pursuant to this
95 subsection may be reviewed and shall be subject to approval by the
96 Commissioner of Administrative Services prior to renewal of such
97 notes. In the event that a school building project is not completed at the
98 time bonds or temporary notes related thereto are issued to finance the
99 project, the certification of the grant payments made pursuant to this
100 section by the Commissioner of Administrative Services may be based
101 on estimates, provided upon completion of such project and notification
102 of final acceptance to the state, the Commissioner of Administrative
103 Services shall adjust and recertify the dates and amounts of subsequent
104 grant payments based on the state's share of final eligible costs.

105 Sec. 5. Section 10-287c of the general statutes is repealed and the
106 following is substituted in lieu thereof (*Effective July 1, 2024*):

107 (a) The [State Board of Education] Commissioner of Administrative
108 Services is authorized to prescribe such rules and regulations as may be
109 necessary to implement the provisions of this chapter, provided any
110 rules or regulations to implement the provisions of sections 10-283 [,]
111 and 10-287, as amended by this act, [10-287a, 10-292d and subsection (d)
112 of section 10-292m] shall be prescribed in consultation with the
113 Secretary of the Office of Policy and Management. [Whenever the

114 Commissioner of Education has made a commitment for a grant on or
115 before June 30, 2011, prior to the completion of a project as provided in
116 section 10-287a, and said commissioner has made advances thereon as
117 provided in said section, any such regulations prescribed in accordance
118 with this section which were in effect at the time of such commitment
119 and advances shall be applicable to any additional commitment and
120 subsequent advances with respect to such project.]

121 (b) Not later than June 30, 2013, the Commissioner of Administrative
122 Services, in consultation with the Commissioner of Education, shall
123 adopt regulations in accordance with the provisions of chapter 54 in
124 order to implement the provisions of this chapter. Such regulations shall
125 apply to any project for which a grant application is filed with the
126 Department of Education on or after July 1, 2013.

127 Sec. 6. Section 10-287d of the 2024 supplement to the general statutes,
128 as amended by section 59 of public act 23-205, is repealed and the
129 following is substituted in lieu thereof (*Effective July 1, 2024*):

130 For the purposes of funding (1) grants to projects that have received
131 approval of the Department of Administrative Services pursuant to
132 sections 10-287, as amended by this act, [and 10-287a,] subsection (a) of
133 section 10-65 and section 10-76e, (2) grants to assist school building
134 projects to remedy safety and health violations and damage from fire
135 and catastrophe, and (3) technical education and career school projects
136 pursuant to section 10-283b, the State Treasurer is authorized and
137 directed, subject to and in accordance with the provisions of section 3-
138 20, as amended by this act, to issue bonds of the state from time to time
139 in one or more series in an aggregate amount not exceeding thirteen
140 billion eight hundred sixty-two million one hundred sixty thousand
141 dollars. Bonds of each series shall bear such date or dates and mature at
142 such time or times not exceeding thirty years from their respective dates
143 and be subject to such redemption privileges, with or without premium,
144 as may be fixed by the State Bond Commission. They shall be sold at not
145 less than par and accrued interest and the full faith and credit of the state
146 is pledged for the payment of the interest thereon and the principal

147 thereof as the same shall become due, and accordingly and as part of the
148 contract of the state with the holders of said bonds, appropriation of all
149 amounts necessary for punctual payment of such principal and interest
150 is hereby made, and the State Treasurer shall pay such principal and
151 interest as the same become due. The State Treasurer is authorized to
152 invest temporarily in direct obligations of the United States, United
153 States agency obligations, certificates of deposit, commercial paper or
154 bank acceptances such portion of the proceeds of such bonds or of any
155 notes issued in anticipation thereof as may be deemed available for such
156 purpose.

157 Sec. 7. Section 10-287e of the general statutes is repealed and the
158 following is substituted in lieu thereof (*Effective July 1, 2024*):

159 All moneys received by the state in payment of the principal of and
160 the interest on bonds purchased and held by the state under the
161 provisions of section 10-287b of the 1969 supplement to the general
162 statutes, together with all net earnings on the temporary investment
163 thereof, shall comprise a fund to be designated "School Building
164 Construction Fund" and the moneys in said fund shall be used to pay
165 the principal of and the interest on bonds issued by the State Treasurer
166 under sections 10-287d, as amended by this act, [and 10-292k,] and of
167 notes, to the extent not paid by renewal notes, issued in anticipation of
168 the receipt of the proceeds of such bonds.

169 Sec. 8. Section 10-66i of the general statutes is repealed and the
170 following is substituted in lieu thereof (*Effective July 1, 2024*):

171 All state statutes concerning education, including provisions for
172 eligibility for state aid and the payment of grants in accordance with the
173 provisions of sections 10-283, 10-286d, 10-287, as amended by this act,
174 and 10-288 [, 10-292d and 10-292f] with respect to bonds, notes or other
175 obligations issued by a regional educational service center to finance
176 building projects approved by the Commissioner of Education, shall
177 apply to the operation of regional educational service centers.
178 Notwithstanding the provisions of any other section of the general
179 statutes, the board of a center shall be eligible to receive direct payment

180 pursuant to the provisions of section 10-76g.

181 Sec. 9. Subparagraph (A) of subdivision (1) of subsection (g) of section
182 3-20 of the 2024 supplement to the general statutes is repealed and the
183 following is substituted in lieu thereof (*Effective July 1, 2024*):

184 (g) (1) (A) With the exception of refunding bonds, whenever a bond
185 act empowers the State Bond Commission to authorize bonds for any
186 project or purpose or projects or purposes, and whenever the State Bond
187 Commission finds that the authorization of such bonds will be in the
188 best interests of the state, it shall authorize such bonds by resolution
189 adopted by the approving vote of at least a majority of said commission.
190 No such resolution shall be so adopted by the State Bond Commission
191 unless it finds that:

192 (i) There has been filed with it (I) any human services facility
193 colocation statement to be filed with the Secretary of the Office of Policy
194 and Management, if so requested by the secretary, pursuant to section
195 4b-23; (II) a statement from the Commissioner of Agriculture pursuant
196 to section 22-6, for projects which would convert twenty-five or more
197 acres of prime farmland to a nonagricultural use; (III) prior to the
198 meeting at which such resolution is to be considered, any capital
199 development impact statement required to be filed with the Secretary of
200 the Office of Policy and Management; (IV) a statement as to the full cost
201 of the project or purpose when completed and the estimated operating
202 cost for any structure, equipment or facility to be constructed or
203 acquired; and (V) such requests and such other documents as it or such
204 bond act requires, provided no resolution with respect to any school
205 building project financed pursuant to section 10-287d, as amended by
206 this act, [or any interest subsidy financed pursuant to section 10-292k]
207 shall require the filing of any statements pursuant to this clause and
208 provided further any resolution requiring a capital impact statement
209 shall be deemed not properly before the State Bond Commission until
210 such capital development impact statement is filed; and

211 (ii) Such authorization does not exceed the limit specified under
212 subdivision (2) of subsection (d) of this section.

213 Sec. 10. Sections 3-76t, 10-285f, 10-285h, 10-287a, 10-287f, 10-287j and
 214 10-292c to 10-292n, inclusive, of the general statutes are repealed.
 215 (*Effective July 1, 2024*)

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2024</i>	10-285a(k)
Sec. 2	<i>July 1, 2024</i>	10-285c
Sec. 3	<i>July 1, 2024</i>	10-286e
Sec. 4	<i>July 1, 2024</i>	10-287(a)
Sec. 5	<i>July 1, 2024</i>	10-287c
Sec. 6	<i>July 1, 2024</i>	10-287d
Sec. 7	<i>July 1, 2024</i>	10-287e
Sec. 8	<i>July 1, 2024</i>	10-66i
Sec. 9	<i>July 1, 2024</i>	3-20(g)(1)(A)
Sec. 10	<i>July 1, 2024</i>	Repealer section

ED *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do 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.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 25 \$	FY 26 \$
Treasurer, Debt Serv.	GF - See Below	See Below	See Below

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 25 \$	FY 26 \$
Various Municipalities	See Below	See Below	See Below

Explanation

Section 1 changes eligibility requirements and administrative steps associated with a five percentage point increase in state reimbursements for school construction projects in municipalities deemed to be inclusive. To the extent future school construction projects would otherwise be eligible for the increased reimbursement under the current system but ineligible under the terms outlined in the bill, this would reduce costs for the state and preclude potential revenue gain for municipalities.

Section 3 removes the ability of the Commissioner of Administrative Services to waive audit deficiency findings of school building projects if such a waiver is in the best interest of the state. To the extent a project would have received such a waiver of this nature, this would potentially result in decreased cost and/or revenue gain to the state, dependent upon whether the municipality was forgoing reimbursement or must repay the state for past reimbursements as a result of the audit findings. Likewise, this would increase cost or preclude revenue gain for

municipalities.

The school construction project reimbursement program is funded through General Obligation (GO) bond funds. Changes to the school construction program may result in commensurate changes in General Fund debt service costs to the degree that it causes authorized GO bond funds to be expended at a different rate than they would otherwise be spent. As of March 1, 2024, the unallocated bond balance available under the relevant authorization is \$421 million. The bill does not change GO bond authorizations relevant to the program.

The other sections of the bill are technical, make conforming changes, repeal obsolete programs, or otherwise do not have a fiscal impact to the state or municipalities.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**sSB 288*****AN ACT IMPLEMENTING THE RECOMMENDATIONS OF THE DEPARTMENT OF ADMINISTRATIVE SERVICES REGARDING THE SCHOOL BUILDING PROJECTS STATUTES.*****SUMMARY**

This bill makes several changes in the school building project statutes. It requires local and regional boards of education seeking a five-percentage point reimbursement rate increase for being in an “inclusive municipality” to give the Department of Administrative Services (DAS) the housing commissioner’s written determination that the municipality qualifies for the designation.

The bill also conforms the law to current practice by replacing certain references to the State Department of Education (SDE) or State Board of Education (SBE) in the school building project statutes with references to DAS. Lastly, the bill repeals several obsolete provisions and makes conforming changes.

EFFECTIVE DATE: July 1, 2024

§ 1 — INCLUSIVE MUNICIPALITY DESIGNATION

Existing law makes local and regional boards of education for an “inclusive municipality,” as determined by the housing commissioner, eligible for a five-percentage point increase to their state grant reimbursement rate for school building projects (see BACKGROUND).

The bill requires boards of education seeking this bonus rate to submit to DAS a written determination by the housing commissioner that the municipality in which the project will occur qualifies for the designation. The board must submit the determination before December 1 in the year it applies to DAS for a school building project grant, and

the determination must have been issued within that year. The bill applies to applications submitted on and after July 1, 2024.

§§ 2 & 5 — PROGRAM ADMINISTRATION

The bill conforms the law to current practice by replacing references to SDE or SBE in the school building project statutes with references to DAS. (Legislation in 2011 and 2014 transferred the primary responsibility for school construction grants from SDE to DAS.)

Specifically, under current law, if a school building project receives a grant with a reimbursement rate of 95% or more but ceases to be used for these purposes within 20 years after legislative approval, then title must revert to the state unless the SDE commissioner decides otherwise for good cause. The bill instead requires that title revert unless the DAS commissioner decides otherwise for good cause (§ 2).

The bill also (1) requires DAS, rather than SBE, to prescribe school construction rules and regulations and (2) repeals a reference to SBE regulations that applied to certain projects before July 1, 2011 (§ 5).

§§ 3-5 & 6-10 — REPEALED PROVISIONS

The bill repeals several obsolete statutes and makes conforming changes. The statutes relate to the following:

1. a 2002 pilot program for design-build projects (CGS § 10-285f);
2. an FY 06 pilot program for a charter school building project (CGS § 10-285h);
3. lump sum grant payments for projects submitted before October 15, 1975 (CGS §§ 10-287a & -287f); and
4. interest subsidy grants for certain projects authorized before July 1, 1996, or for which an application was submitted before July 1, 1997 (CGS §§ 3-76t, 10-287j & 10-292c to -292n).

The repeal of the interest subsidy grants also includes the repeal of a general obligation bond authorization that funded the grants (CGS § 10-

292k). (The State Bond Commission has fully allocated the authorization.)

The bill also repeals a redundant provision allowing the DAS commissioner to waive audit deficiencies if she finds that doing so is in the state’s best interests (§ 3). A separate statute, unchanged by the bill, also authorizes this (CGS § 10-286g).

BACKGROUND

Inclusive Municipality

To qualify as an inclusive municipality, a municipality must have a total population exceeding 6,000 and a share of affordable housing units that is less than 10% of its total housing, as determined by the housing commissioner.

The municipality must also have done the following:

1. adopted, and currently maintain, zoning regulations that (a) promote fair housing, as determined by the commissioner; (b) provide a streamlined approval process for multi-family housing development of three units or more; (c) permit mixed-use development; and (d) allow accessory dwelling units; and
2. built new affordable housing units that (a) are deed-restricted to households whose income is 80% or less of the state median income and (b) equal at least 1% of the municipality’s total housing units in the three years immediately before the municipality’s grant application.

COMMITTEE ACTION

Education Committee

Joint Favorable Substitute

Yea 44 Nay 0 (03/18/2024)