
OLR Bill Analysis

sHB 5347

AN ACT CONCERNING AUTHORIZATION OF STATE GRANT COMMITMENTS FOR SCHOOL BUILDING PROJECTS AND REVISIONS TO THE SCHOOL BUILDING PROJECTS STATUTES.

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SUMMARY

This bill authorizes school construction state grant commitments totaling \$470.2 million toward total estimated project costs of \$583.3 million. It also reauthorizes three projects that have changed substantially in scope and cost with an additional state grant commitment of \$73.9 million.

The bill also makes numerous changes in the school building project and related statutes (§§ 2-17), including the following:

1. increasing, from five to 15 percentage points, the bonus rate for projects that include space for certain early childhood programs and expanding the types of programs eligible for the bonus rate (§ 6);
2. increasing, from 10 to 15 percentage points, the bonus rate for projects relating to (1) the Early Reading Success program or (2) full-day kindergarten or preschool in priority school districts or priority schools (§ 7);
3. prohibiting construction managers from receiving additional compensation beyond the project's guaranteed maximum price as a result of a change order, ineligible costs, or other change directive (§§ 9 & 11);
4. increasing, from 5% to 11%, the percentage of a grant the Department of Administrative Services (DAS) must withhold

- pending completion of an audit (§ 13);
5. requiring that school districts, upon approval of a Smart Start grant application, receive grants for capital and operating expenses to expand or establish preschool programs (under current law they “may” receive these grants) (§ 16);
 6. making endowed academies and state charter schools eligible for indoor air quality grants (§ 17);
 7. allowing, under certain conditions, indoor air quality grants for uniform inspection and evaluation of existing heating, ventilation, and air conditioning (HVAC) systems (§ 17); and
 8. requiring DAS, for FYs 25 & 26, to reconsider any rejected application that a school board or regional education service center (RESC) submitted before July 1, 2024 (§ 17).

The bill also makes minor, technical, and conforming changes, including repealing obsolete language. Among other things, it conforms the law to current practice by requiring DAS to review applications in consultation with the State Department of Education (SDE) (§ 2). (Generally, SDE reviews applications for compliance with specified educational requirements.)

EFFECTIVE DATE: July 1, 2024, except that the grant commitments for priority list projects are effective upon passage.

§ 1 — PRIORITY LIST GRANT COMMITMENTS

Authorizes 11 school construction state grant commitments totaling \$470.2 million toward total estimated project costs of \$583.3 million; reauthorizes three projects with an additional state grant commitment of \$73.9 million

The bill authorizes school construction state grant commitments totaling \$470.2 million toward total estimated project costs of \$583.3 million. It also reauthorizes three projects that have changed substantially in scope and cost with an additional state grant commitment of \$73.9 million.

Under the state school construction grant program, the state reimburses towns and local districts for a percentage of eligible school construction costs through state general obligation bonds (with less wealthy municipalities receiving a higher reimbursement). The municipalities pay the remaining costs. For the state-operated Connecticut Technical Education and Career System, also known as the technical high schools, the state pays 100% of the project costs.

School Construction Grant Commitments

For each project authorized by the bill, the table below shows the district, school, project type, estimates for total cost and state grant commitment, and state reimbursement rate.

Table: 2024 School Construction Grant Commitments

<i>District</i>	<i>School</i>	<i>Project Type</i>	<i>Estimated Project Costs</i>	<i>Estimated Grant</i>	<i>Reimbursement Rate</i>
Bristol	Edgewood Pre-K Academy	Renovation	\$16,803,560	\$11,701,999	69.64%
LEARN	New Early Childhood School at 51 Daniels Avenue	Magnet/ Alteration/ Purchase of Facility	95,736,656	76,589,325	80%
Stamford	South School – Upper	New	85,871,466	51,522,880	60%
Stamford	South School – Lower	New	72,463,942	43,478,365	60%
Bristol	Bristol Central High School Culinary Arts	Alteration	1,426,955	993,731	69.64%
Bristol	Bristol Eastern High School Culinary Arts	Alteration	1,448,285	1,008,586	69.64%
Danbury	Danbury High School	Alteration	16,500,000	10,429,650	63.21%
Hartford	Montessori Magnet at Batchelder	Renovation	102,569,302	97,440,837	95%
Hartford	S.A.N.D. Elementary School	Renovation	82,837,086	78,695,232	95%

District	School	Project Type	Estimated Project Costs	Estimated Grant	Reimbursement Rate
Hartford	Maria C. Colon Sanchez Elementary School	Renovation	96,945,196	92,097,936	95%
Newington	John Wallace Middle School	Renovation	10,717,573	6,277,283	58.57%
Totals			\$583,319,021	\$470,235,223	

Reauthorized Projects

The bill also reauthorizes three school construction projects with a change in cost and scope, resulting in an additional state grant commitment of \$73,910,096. The table below describes the changes to these projects.

Table: Reauthorized School Construction Projects

District	School and Project	Current Law		The Bill	Reimbursement Rate
Hartford	Betances Learning Lab Magnet School	Estimated project costs	\$43,709,774	\$66,825,200	95%
		Estimated state grant	41,524,285	63,483,940	
Hartford	Fred D. Wish Museum School	Estimated project costs	49,320,000	67,290,900	95%
		Estimated state grant	46,854,000	63,926,355	
Hartford	E.B. Kennelly School	Estimated project costs	51,146,225	88,130,000	95%
		Estimated state grant	48,845,414	83,723,500	

§§ 2-5 — PRIORITY LIST REQUIREMENTS

Requires that the priority list include additional information about enrollment projections; allows school boards to redirect a school building project to a public use during the grant amortization period; eliminates requirement that DAS assign categories to school building projects; requires applicants to secure funding for all project costs; modifies reasons for which DAS may disapprove an application

Project Report (§ 2)

The law requires DAS to annually submit the priority list to the legislature, governor, and Office of Policy and Management secretary in December. For each project, the list must include enrollment and capacity projections for (1) the school receiving the grant and (2) all schools under the applicable school board’s jurisdiction (for the eight years following the application date in the latter case). The bill additionally requires that the report include (1) who conducted the enrollment projections and their cost and (2) an estimate and itemization of each project’s ineligible costs.

Projects Redirected for Public Use (§ 2)

Existing law establishes a 10- or 20-year amortization period (depending on the grant amount) for school building project grants and generally requires school boards to repay the unamortized balance if they abandon, sell, lease, demolish, or redirect the project’s use during the amortization period to anything other than a school use. The bill additionally allows school boards to redirect the project to a public use during the amortization period without triggering the repayment requirement. (Current law allows towns to seek forgiveness of the unamortized balance if they redirect the project for a public use.)

Project Categories (§§ 2 & 4)

The bill eliminates a requirement that DAS assign school building projects to one of three categories and makes conforming changes. Generally, the categories are based on whether the project provides mandatory instructional facilities, enhances these facilities, or provides supportive services.

Local Funding Authorization (§ 3)

Current law prohibits DAS from adding a project to the priority list unless the applicant, before applying, has either secured funding authorization for the local share of project costs or has scheduled and prepared a referendum for which results will be submitted by November 15 in the application year. The bill instead requires applicants to secure funding authorization for the total project costs.

Project Review (§ 5)

Current law allows the DAS commissioner to disapprove a grant application if, among other things, it does not comply with the state fire marshal's or Department of Public Health's (DPH) requirements. The bill instead allows her to disapprove an application if it does not include an attestation from the local fire marshal or DPH commissioner that the project plans comply with these requirements.

§§ 6 & 7 — REIMBURSEMENT RATE INCREASES FOR CERTAIN EARLY CHILDHOOD PROJECTS

Increases the reimbursement rate bonus to 15 percentage points for certain elementary and early childhood projects

Current law gives a five-percentage-point reimbursement rate increase for new or expansion elementary school building projects that include space for a school readiness program. The bill (1) increases this bonus rate to 15 percentage points and (2) broadens its availability to include an early childhood care and education program providing services for children from birth to age five. As under existing law, recipient districts must maintain the program for at least 10 years (§ 6).

The bill also increases, from 10 to 15 percentage points, the reimbursement rate bonus for elementary school projects relating to (1) full-day kindergarten or preschool in priority school districts or priority schools or (2) reducing class sizes under the Early Reading Success program. It specifies that a recipient district's overall reimbursement rate cannot exceed 100% (§ 7).

§ 8 — GRANTS TO ENDOWED ACADEMIES

Eliminates a requirement that an endowed academy's governing board meet specified composition requirements to be eligible for a grant

By law, an endowed academy that functions as a public high school under state law is eligible for school construction grants (i.e., Gilbert School, Norwich Free Academy, and Woodstock Academy). The bill eliminates a requirement that, to be eligible for a school construction grant, at least half of the members of an endowed academy's governing board, other than its chairperson, represent the school boards of the towns that designate them as their high schools. It retains the

requirement that the academies provide school facilities to those towns for at least 10 years after the last grant payment.

§§ 9 & 11 — CONSTRUCTION MANAGERS AND CONSULTANTS

Prohibits construction managers and administrators from receiving additional compensation for certain change orders; eliminates prohibition on construction managers bidding on project elements; requires that consultant awards be made from a pool of at least three of the most responsible qualified proposers; requires construction managers to report on ineligible costs

Construction Manager and Administrator Compensation

The bill prohibits school building project construction managers and construction administrators from receiving additional compensation beyond the project's guaranteed maximum price (GMP, see below) because of a change order, ineligible costs, or other change directive.

GMP and Construction Managers

Under existing law, the construction manager's contract must include a GMP for construction costs. This price must be determined no later than 90 days after selecting trade subcontractor bids.

The bill (1) eliminates current law's prohibition on construction managers bidding on project elements and (2) prohibits construction from beginning before the GMP is determined. Current law allows site preparation and demolition work to occur before the GMP is determined.

Consultant and Construction Management Services Award Process

Current law requires that contracts for school building project architectural services be awarded from a pool of up to the four most responsible qualified proposers after a public selection process. The bill instead requires that the award be from a pool of at least three of the most responsible qualified proposers and makes conforming changes. Among other things, the awarding authority must determine at least three of the most responsible qualified proposers after the qualification process (rather than the four most responsible qualified proposers) and award the contract to one of these proposers.

Under the bill, this change also applies to contracts for (1) construction management services and (2) other consultant services, including services rendered by an owner's representatives, construction administrators, program managers, environmental professionals, planners, and financial specialists. The bill requires that DAS approval of orders or contracts for these consultants be in writing or through written electronic communication for the costs to be eligible for state funding.

Construction Manager Reporting and Document Retention

The bill requires that construction manager contracts include a requirement to retain all documents and receipts for two years following the date DAS completes the project audit (see below).

It also requires construction managers to submit to school boards and DAS (1) quarterly reports regarding ineligible project costs to date and (2) a final report on total ineligible costs. It must submit this final report upon submitting the notice of project completion and before DAS audits the project.

§§ 10, 12 & 13 — PROJECT AUDITS

Increases, from 5% to 11%, the percentage of a grant DAS must withhold pending completion of an audit; shortens certain audit and post-project completion deadlines

The bill increases, from 5% to 11%, the percentage of an applicant's reimbursement grant DAS must withhold pending completion of a project audit. Existing law requires DAS to complete the audit within six months after a request for the final payment, or the applicant may have an independent audit performed and include the audit cost in the eligible project cost.

The law requires towns and regional school districts to submit a notice of project completion for a school building project after issuing a certificate of occupancy for the project. The bill shortens, from within three years to within one year after this issuance, the deadline by which towns and regional districts must submit the notice. By law, DAS must deem the project completed and conduct the audit if the town or district does not submit the notice by the required deadline.

Under current law, if DAS does not complete an audit within five years after receiving a notice of project completion, then it must conduct a limited scope audit (e.g., a review of total reported expenditures and adherence to authorized space specifications). The bill moves up the time at which DAS must conduct the limited scope audit to two years after receiving the notice.

§ 14 — ALL-GENDER BATHROOMS

Prohibits DAS from including new construction projects on the priority list if the project plans do not provide for an all-gender bathroom

Beginning July 1, 2025, the bill prohibits DAS from including new construction projects on the priority list if the project plans do not provide for an all-gender bathroom.

§ 15 — SCHOOL BUILDING COMMITTEE MEMBERSHIP

Requires that school building committees include the school board chair or a designee

The bill requires that local school building committees include the school board chair for the project's district or a designee. Under existing law, the committee must have at least one member with experience in the construction industry. Among other things, the committees approve project plans (CGS § 10-291).

§ 16 — SMART START

Requires, rather than allows, school districts to receive a Smart Start grant upon approval of the application

The bill requires that school districts, upon approval of a Smart Start grant application, receive grants for capital and operating expenses to expand or establish preschool programs. Current law allows (rather than requires) districts to receive these grants.

§ 17 — INDOOR AIR QUALITY GRANTS

Makes endowed academies and state charter schools eligible for grants; authorizes grants for inspections and evaluations; requires DAS to reconsider previously rejected grant applications in FYs 25 and 26

Endowed Academies and Charter Schools

The law allows school boards or regional educational service centers (RESC) to apply to DAS for grants to reimburse costs for projects to

install, replace, or upgrade HVAC systems or related improvements. The bill extends eligibility for these grants to endowed academies and state charter schools and makes conforming changes. As under existing law for school boards and RESCs, DAS must consider the academy's or charter school's ability to finance the remainder of the project costs.

Under the bill, endowed academies must receive the same reimbursement rate for indoor air quality grants as they do for school building project grants under existing law. Generally, this percentage may be up to 85%, based on the weighting of the reimbursement rates of towns that have designated the academy as their high school, rounding to the next higher whole number and adding 5% (CGS § 10-285b). The bill does not specify how grant amounts are determined for state charter schools.

Reconsideration of Rejected Applications

The bill requires DAS, for FYs 25 and 26, to reconsider any rejected application that a school board or RESC submitted before July 1, 2024. The bill specifies that the school board or RESC does not need to submit a new application for reconsideration unless the (1) previous application was denied for being incomplete or (2) DAS commissioner determines that additional information or revisions are needed. Under the bill, DAS must provide technical assistance to school boards and RESCs during the reconsideration period.

State Grants for HVAC Inspections

The law requires school boards to complete a uniform inspection and evaluation of their school buildings' HVAC systems. Current law prohibits the DAS commissioner from awarding grants for HVAC or indoor air quality improvements to school districts that have not certified compliance with the law's inspection and evaluation requirements.

The bill makes an exception by allowing the commissioner to award grants to reimburse the cost of performing the inspections and evaluations. Like current law, the bill prohibits her from awarding other

grants under the program if the district has not certified compliance with the inspection and evaluation requirements. (Once in compliance, a district may receive the other HVAC grants for repair, upgrading, and installation work.)

Background — Related Bills

sSB 287 (File 213), reported favorably by the Education Committee, also allows grants for indoor air quality inspections and evaluations; it additionally extends the deadline for completing them as well as the reporting deadline for the working group studying this issue.

sSB 288 (File 214), reported favorably by the Education Committee, makes several changes in the school building project statutes, including specifying procedural requirements for receiving the five-percentage-point bonus for being an “inclusive municipality.”

sHB 5052 (File 358), reported favorably by the Energy and Technology Committee, excludes certain energy-related funds from the state funds that must be subtracted from the total project cost when calculating a school construction grant.

sHB 5004 (File 321, § 14), reported favorably by the Environment Committee, gives a 10-percentage-point bonus rate for school building projects involving installation of a renewable energy or energy efficiency project.

COMMITTEE ACTION

Education Committee

Joint Favorable Substitute Change of Reference - FIN
Yea 43 Nay 0 (03/20/2024)

Finance, Revenue and Bonding Committee

Joint Favorable Substitute
Yea 50 Nay 0 (04/02/2024)