

SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

BILL NO. Senate Bill 700

PRINTER NO. 846

AMOUNT

No Fiscal Impact

FUND

General Fund

DATE INTRODUCED

June 3, 2019

PRIME SPONSOR

Browne

DESCRIPTION

Senate Bill 700 amends and the Public School Code to establish a new Article XXVI-J (Construction and Renovation of Buildings by School Entities) to implement a new program for state reimbursement for school construction and reconstruction projects and a grant program for school building maintenance projects based upon the recommendations of the Public School Building Construction and Reconstruction Advisory Committee as follows:

Administrative Process

- Simplifies the administrative process by reducing to 4 administrative steps;
- Authorizes the Department of Education (department) to develop a web-based application and data collection system for school construction and reconstruction projects; and
- Allows electronic submittal of required documents via the internet.

High-Performance Building Standards

- Recognizes LEED and Green Globes as high-performance building standards;
- Allows the Secretary of Education to recognize other high-performance building standards with the goal to meet or exceed LEED and Green Globes standards;
- Provides a ten percent (10%) incentive in the reimbursement formula for projects that use recognized high-performance building standards; and
- Requires projects seeking the high-performance building standards reimbursement incentive to provide a projected return on investment for utilizing high-performance standards versus code construction which must show a positive return on investment over the building's lifetime.

SENATE APPROPRIATIONS COMMITTEE

FISCAL NOTE

Maintenance, Repairs, and Modernization Project

- Creates a small project building maintenance and repair grant program by designating a twenty percent (20%) set-aside of monies appropriated for the new building reimbursement program. Eligible projects shall include:
 - Roof repairs and replacement;
 - HVAC boilers and controls;
 - Plumbing systems;
 - Energy savings projects;
 - Health and safety upgrades;
 - Emergencies;
 - Other projects as approved by the Secretary; and
 - Per project maximum award of \$1 million with a fifty percent (50%) local match.
- Provides that the annual allocation of funds to a district cannot exceed twenty percent (20%) of annual set-aside funds;
- Uses a funding rubric to prioritize grant awards which shall consider:
 - School district wealth;
 - Prior receipt of grant awards;
 - Building conditions; and
 - Emergency.
- Allocates fifty percent (50%) of grant awards on December 31 and allocates remaining funds no later than June 30;
- Defines emergencies as deficiencies which prohibit a school building from being occupied. No local match is required for emergencies;
- Requires the department to annually transmit grant award information, including scoring, to the Senate and House Appropriations Committees;
- Develops guidelines for voluntary reporting of information by districts related to building safety, inventory and condition;
 - Requires the department to create a uniform Facility Condition Assessment (FCA) for all school districts that includes, but is not limited to, a projection of costs to maintain and renovate the district's existing facilities. Each district's completed FCA shall be submitted to the department, and the department shall post the FCAs on its website; and
 - Incentivizes districts to complete FCAs on a decennial basis as follows:
 - Provides additional points in small project grant funding rubric for participation; and
 - Provides two percent (2%) incentive in reimbursement formula for participation.
- Requires the Department of Labor and Industry to make information available to public school districts to help them understand the difference between "public work" and "maintenance work" based on industry standards and the existing language of the Pennsylvania Prevailing Wage Act; and
- Creates a set-aside of five percent (5%) of monies appropriated for the new building reimbursement program to be dedicated to school safety projects.

SENATE APPROPRIATIONS COMMITTEE

FISCAL NOTE

Reimbursement Formula

Per Pupil Amount

- Determines a base per full-time equivalent (FTE) reimbursement amount using the state median structural cost of completed school building projects during the last five (5) years as determined by the department;
- At present, the department calculates this amount to be \$18,251; and
- Recalculates base per FTE reimbursement every five (5) years.

Adjustment Factor

- The adjustment factor shall be set by the General Assembly and the Governor from zero (0) to one (1) to determine the state share of the base per FTE amount; and
- The adjustment factor in the legislation is zero (0).

School Building Capacity

- Uses the lesser of a school building's enrollment and the per FTE building capacity schedule that will be the same for all building types;
- Determines the per FTE building capacity using a room schedule that weighs the FTEs per room based on the cost of each type of room; and
- Uses room schedule developed by the department's Architect which considers costs.

Wealth Factor

- Uses the greater of the Market Value Aid Ratio or a new aid ratio which utilizes factors contained in the Basic Education Funding formula. The new aid ratio uses the following factors:
 - Median Household Income Index;
 - Local Effort Capacity Index;
 - Sparsity-Size Adjustment (school districts that qualify for a sparsity-size adjustment receive an additional 0.1000);
 - Concentrated Poverty (school districts with concentrated poverty receive an additional 0.0500); and
 - Provides for a minimum wealth factor of 0.1500.

Formula Calculation

- Multiply the Per Pupil Amount by the Adjustment Factor by the Building Capacity by the Wealth Factor to determine the state share.

Maximum Payment Amount

- State share cannot exceed sixty five percent (65%) of a school building project's structural costs.

Payment Schedule

- Divide state share into 20 equal payments to be made over 20 years.

SENATE APPROPRIATIONS COMMITTEE

FISCAL NOTE

The provisions of the act pertaining to the internet-based application shall be effective immediately with the remainder effective on July 1, 2020, or immediately, whichever is later.

FISCAL IMPACT:

The enactment of Senate Bill 700 will have no fiscal impact on Commonwealth funds.

Reimbursement for school construction and reconstruction projects and funding for maintenance grants will be dependent on funding appropriated by the General Assembly and subsequent legislation establishing the adjustment factor (state share of reimbursement), which is presently set at zero (0) in the legislation.

The cost for the department to administer the new school construction and reconstruction reimbursement program and maintenance program should be minimal and can be accomplished with existing funds from the annual appropriation for General Governmental Operations as it will replace the Commonwealth's legacy school facilities construction program, known as PlanCon. The FY 2018-19 budget includes \$26,947,000 for General Government Operations.

In addition, costs to implement a new web-based application and data collection system should also be minimal and can be accomplished with funds from the department's annual appropriation for Information Technology Improvement. The FY 2018-19 budget includes \$3,740,000 for Information Technology Improvement.

The administration has sought to utilize PlanCon bond proceeds authorized by the Commonwealth Financing Authority to support the PlanCon program's administration and a new data system for school construction and reconstruction projects. To date, \$1,839,387 has been authorized for this purpose.