

## HB 1069 -- Capital Improvement Funds for Elementary and Secondary Schools

Sponsor: Thomson

This bill establishes a procedure for using federal stimulus funds from the American Recovery and Reinvestment Act of 2009 for repairing elementary and secondary schools. The bill creates the Federal Budget Stabilization Fund and the Federal Stimulus Fund to be administered by the State Treasurer. The State Treasurer will be allowed to create additional funds as needed to avoid commingling moneys. The General Assembly must allocate half of the moneys deposited into the Federal Stimulus Fund to the School Building Revolving Fund, which is renamed the School Building Renovation Fund, under the control of the Department of Elementary and Secondary Education to support public school renovation projects. "School facility" is redefined as "school building" to exclude athletic facilities and administrative facilities. The current fund limit of \$440 million is removed.

The initial deposit of federal stimulus moneys into the fund will be distributed immediately to the districts on the basis of the previous year's pupil count and must be used within one year of receipt. Within 60 days of receipt, each district must submit a plan of capital improvement projects to the department. At the end of the one-year period, a final report must be submitted to the department detailing the renovations made with a certified statement by the district's auditor that the funds were used in accordance with the provisions of the bill.

If moneys remain in the fund because districts did not use them timely, districts may submit applications for matching grants for allowed capital improvement projects. Long-range capital improvement plans are required for these applications. The department must develop minimum school building standards as criteria for granting funds, and projects must also meet federal criteria. Grants will be prioritized based on renovation projects with costs in excess of insurance proceeds and buildings over 35 years old. Under certain circumstances, a building that is 50 or more years old may be replaced rather than renovated. If a district does not meet its matching obligation, it forfeits its right to the grant but may resubmit an application the next year. The department must publish criteria for the grant within 60 days of the effective date of the bill. Currently, moneys in the School Building Revolving Fund can be used for lease-purchases. The bill removes that option.

The bill contains criteria for a district's matching obligation based on the rank-ordering of the school districts' equalized assessed valuation per pupil and assigning a 50% match to the

lowest-ranked district and a 75% match to the highest. Each district in between will be assigned a unique percentage. The department will match costs up to the maximums specified in the bill based on the grade levels housed in the building to be renovated. Funds will be distributed between July 1 and July 15 after a district obtains its matching funds and, upon the State Board of Education certifying the amounts, warrants will be issued by the Commissioner of the Office of Administration and the funds will be placed in the district's capital projects fund. Districts are responsible for any costs in excess of the estimated cost; and if a project costs less than estimated, the district will return the department's share of funds. After a project is completed, the district will submit a final report to the department for review of compliance with the provisions of the bill. If the district failed to expend funds as required by the bill, it must repay the department within 60 days or an amount may be withheld from the district's state aid payment. State matching funds do not impose liability on the department or the state in regard to a district's contractor. Title to property improved or acquired with grant moneys will be held by the district.

The bill contains an emergency clause.