Rhode Island Department of Education
School Building Authority
School Construction Bond Presentation

League of Cities & Towns
January 24, 2019
Breaking Ground

LOCAL approvals

Identify your team
Pull together a School Building Committee, composed of city and school representatives

Letter of Intent
Send a statement of interest signed by Superintendent, School Committee, and municipal representative

Local Support
Stage II must include School Committee and City Council approvals

Stage I: Identify Need

SBA Stage I Preliminary Approval
Authorization to move forward with Stage II

Stage II: Develop Solution

State Agency Reviews
DOA Planning, RIHPC, Commission on Disabilities

SBA Stage II Preliminary Approval

Approvals and Beyond...

Memorandum of Agreement
Signed by School Committee and Superintendent

Voter Approval
For bonds, unless the municipality has a public building authority

6 months maximum

Enabling Legislation
For projects that are using bonds or other forms of indebtedness

Council Approval
With recommendation from SBA Advisory Board, Commissioner makes recommendation to CESE

State approvals

RIDELinked Department of Education
Getting Shovel Ready

STOP Have you received necessity project approval? This is required for all projects to access state funding.

Housing Aid

Foundational housing aid represents the state’s contribution to public school construction projects.

Only projects approved through the “Necessity of School Construction Application Process” are eligible to receive state funding. The state’s share ratio or housing aid reimbursement rate (the percentage that the state will contribute towards a project) is calculated annually for each Local Education Agency (LEA). A majority of the state’s funding is based on a reimbursement model and payment occurs when the project is complete.

SBA Capital Fund

The SBA Capital Fund provides “pay-as-you-go” state funding for approved projects to address high-priority needs. This competitive funding is distributed as work is being done, with LEAs submitting invoices to RIDE.

Construction Bond

The bond was approved by voters in November 2018. COMING SOON: Information about how the bond works will be released in early 2019.
Statewide Bond Approval did TWO things:

1. Activated six (6) temporary bonus incentives – LEAs are eligible for up to 20%

2. Provided for $250M in up front funding to support state share of projects (Pay-Go)
Temporary Bonuses

In order to qualify for the increased share ratio for the temporary bonuses, 25% of the project costs, or a minimum of $500,000, must be specifically directed to these purposes.

Permanent Bonus

School Safety & Security

If 75% of a project is for the purposes of School Safety & Security, then the project shall receive 5% bonus.

Note on Combining Bonuses:
- Safety projects may qualify for either School Safety & Security bonus OR Health & Safety Bonus
- Projects may qualify for Newer & Fewer OR one of the functional utilization bonuses
- Projects may qualify for Replacement OR one of the functional utilization bonuses
**Financial Impact of Bonuses**

*LEAs are eligible for up to an additional 20% in state share support*

**Examples:**

<table>
<thead>
<tr>
<th>Base Ratio</th>
<th>Incentives</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>35%</td>
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<tr>
<td><strong>17.5%</strong></td>
<td><strong>Incentives</strong></td>
<td><em>(Project qualifies for four bonuses)</em></td>
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<tr>
<td><strong>52.5%</strong></td>
<td></td>
<td><em>(Maximum State Share)</em></td>
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<tr>
<td>40%</td>
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<tr>
<td><strong>20%</strong></td>
<td><strong>Incentives</strong></td>
<td><em>(Project qualifies for four bonuses)</em></td>
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<tr>
<td><strong>60%</strong></td>
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<td><em>(Maximum State Share)</em></td>
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<tr>
<td>80%</td>
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<tr>
<td><strong>10%</strong></td>
<td><strong>Incentives</strong></td>
<td><em>(Project qualifies for two bonuses)</em></td>
</tr>
<tr>
<td><strong>90%</strong></td>
<td></td>
<td><em>(Maximum State Share)</em></td>
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*State share cannot be increased or decreased by more than half of its base state share ratio*
Pay-as-you-go Funding

$250 Million is to support the state’s share of Foundational Housing Aid

15%

of the state share will be offered in up front funding for eligible projects
Example of How up front funding works:

- LEA receives a $50 million approval from RIDE for school construction with a 50% base state share ratio (not including bonuses)

- The state’s share of the approval is $25 million

- 15% of $25 million ($3,750,000) is offered up front on a pay-go basis

  - LEA submits invoices to RIDE and receives payments as project is being completed

<table>
<thead>
<tr>
<th>Approved Project Cost</th>
<th>Base State Aid Share Ratio</th>
<th>State Share of Project Cost</th>
<th>15% of State Share offered up front (Pay-as-you-Go)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$50,000,000</td>
<td>50%</td>
<td>$25,000,000</td>
<td>$3,750,000</td>
</tr>
</tbody>
</table>

- Once the project is complete:
  - RIDE confirms bonuses and calculates state share ratio w/bonuses
  - The remaining amount of the state share is paid as traditional Housing Aid reimbursement

For simplicity, interest was omitted from the example but will be included in calculations