Funding
School Facilities

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SCHOOL BUILDING AID BASICS

- What is Building Aid?
- RSA 198:15 and Ed 321
- Rates range from 30-60%
- Funded since 1946!
  - 1946 thru 2009 – funded
  - 2010 thru 2019 - repeated 2 yr. moratorium on new projects
  - 2020 – 2021- partially funded

Current rates a function of median family income & equalized valuation per pupil
FUNDING STRUCTURE

• 1946-2012: Pay % of principal over the life of the bond

• 2013-present: Pay 80% aid before construction, 20% upon completion

Example:
School takes out a 20 year bond for a $40M.
Their building aid rate is 50%.
Building Aid = $40 M x 50% = $20 Million

2012 Building Aid = $1M/yr for 20 years.
2020 Building Aid = $16M upfront; $4M upon completion.
<table>
<thead>
<tr>
<th>Fiscal Years</th>
<th>Obligated Payments for the biennium</th>
<th>Items of interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>1946 thru 2007</td>
<td>$1 - $78 million</td>
<td>Money appropriated to meet demand</td>
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<tr>
<td>2008 &amp; 2009</td>
<td>$92 million</td>
<td>Unable to pay obligated payments; shortfall of $1 - $2 million each year</td>
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<td>2010 &amp; 2011</td>
<td>$91 million</td>
<td>HB 2 imposes 2 year moratorium on new projects; no <em>new</em> projects funded</td>
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<td>2010 State takes a bond out to pay for building aid.</td>
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<tr>
<td>2012 &amp; 2013</td>
<td>$96 million</td>
<td>Moratorium extended for 2 years; no new projects funded</td>
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<td>Building Aid laws changed substantially</td>
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<td>Law limits aid to $100 million per biennium</td>
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<td>2014 – 2019*</td>
<td>$87 - $68 million</td>
<td>Moratorium extended for 2 years; no <em>new</em> projects funded</td>
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<tr>
<td>2020 &amp; 2021</td>
<td>$69 million</td>
<td>Moratorium ends. $8.6 million for <em>new</em> projects (3 projects funded)</td>
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*exception of a $2M appropriation to fund Hinsdale Elementary project in 2018.
2013 CHANGES

• CAPS building aid at $50 million per year

• Now a competitive structure for grant

• Projects ranked. (criteria - life safety issues, ADA deficiencies, overcrowding, etc.)

• 80% of award prior to start of a project; remainder paid upon completion.

• No tail payments
NEEDS ASSESSMENT
NH PUBLIC SCHOOL SPACE (NON-LEASED SPACE)

- 450 schools
- 168,000 K-12 students (172,000 total enrollment)
- 23.5 million SF (based on cap in law, but SpEd increasing)
- Avg 140 sf/student (based on RSA 198:15-b IV)
- Average cost of project ~ $300/sf
- ~35-40 years before major renovation needed

Sustainability Snapshot:

- 23.5M SF at $300/sf cost = $7 billion
- $7 billion over 40 years = $176 M per year

State share examples:
- 30% State Aid = $53 M per year
- 40% State Aid = $70 M per year
- 50% State Aid = $88 M per year
- 60% State Aid = $106 M per year

Current average building aid rate: 38%

These costs do NOT include maintenance (50/50)!
FUNDING MODELS

• BOND TERM - Pay % of principal over the life of the bond
  (+) fund more projects
  (-) creates a tail

• UPFRONT – Pay 80% aid before construction, 20% upon completion
  (+) towns bond less
  (-) 1/20th the number of projects

• CREDIT SYSTEM – Creates a cycle system.
  (+) allows for planning, equitable system
  (-) would need dedicated funds
ODDS AND ENDS

• Public School Infrastructure Fund - $28 M State Aid for security projects (expires 2020)

• CTE Funding – separate from Buildings Aid

• Lease Aid – 30% payment to charter leases, up to $30,000
MOST NH SCHOOL FACILITIES IN GOOD CONDITION!
BUT.....

- School construction projects have been funded from 1946-2009!
- 2016 NH school survey shows
  - 6% built prior to 1900
  - 26% built prior to 1950
  - 7 schools over 68 years old said it’s been more than 50 yrs. since last major renovation
  - 196 schools (60%) originally built ~50+ years ago
  - 15% of schools are using portables (5% are using 4 or more portables!)
  - 12% state their facility is in fair, poor, or in need of replacement
  - 19% state their HVAC system is in fair, poor, or in need of replacement
- July 1, 2020 - $285 M seeking building aid next biennium
- 70 cents of a dollar of construction goes back into the economy
EQUITABLE AND ADEQUATE SCHOOLS FACILITIES

- Working HVAC systems
- Clean air and good water quality
- Suitable lighting and acoustics
- Adequate classrooms and instructional spaces
- An accessible space
- A safe place to learn
- A place to play and be active

Researchers at the Harvard School of Public Health conclude that “the evidence is unambiguous — the school building influences student health, thinking, and performance” (Eitland et al., 2017).
CONTACT ME

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