

What is a Capital Improvement Project?

Just like a home, school facilities need regular attention and upkeep to continue to operate year after year as originally intended. The cost of keeping up with the daily wear and tear caused by hundreds of students, staff and visitors, year after year, can rise above and beyond what the annual school budget can support. Capital improvement projects are a way for school districts to complete a larger amount of facilities work sooner than otherwise possible within the scope of the annual school budget.

HOW it WORKS...



Identify funding challenges/opportunities

With 70 percent of the average school budget devoted to instructional expenses alone, many school districts look elsewhere to fund capital improvement projects. One source of funding is building aid provided by the state, which brings local tax dollars paid to the state back into the local community. Districts also use financing methods such as capital reserves and bonds, which are funded by local school property taxes.



Identify facilities challenges/opportunities

New York school districts are required to conduct regular building condition surveys and to develop multi-year facilities plans, which can help identify aging, outdated or energy inefficient school infrastructure and facilities issues related to health and wellness. Heightened safety concerns and changing job markets may also create a community demand for increased school security and improvements to classrooms and technology infrastructure.

1

2



Set work priorities and seek community input

With information on facilities issues and funding sources, districts can determine how much work might be possible with what level of local tax impact. Districts often share that information during public meetings, in newsletters, on websites, via local media and with facilities committees. These methods allow districts to gather community feedback and refine the scope of the capital improvement project.

3



Make a capital improvement project proposal

A school district Board of Education approves final recommendations for the cost and scope of the capital improvement project and sets a vote date.

4



Voters decide on the proposal

Voter approval is necessary for all capital improvement projects in New York state. For most school districts, a simple majority of voter support (50 percent plus one) is needed for passage. Small city school districts seeking to exceed their constitutional debt limit must secure a supermajority (60 percent).

5

6



Shovels in ground

Work gets underway based on a timeline set and monitored by the Board of Education. Upon completion of the work, the district must submit state-required paperwork to ensure it receives proper building aid reimbursements from the state.

7



Details, details

Once approved, final architectural plans must be completed and approved by the New York State Education Department. The district can then request bids and award contracts for the scope of work to be completed.

REDUCING THE WALLET IMPACT



Leveraging state aid

Principal and interest costs for eligible capital improvement projects are reimbursed by the state at state-calculated rates that vary by district. State building aid allows a district to get more work done faster and with the support of a broader, state-wide tax base. This reduces, or in some cases eliminates, the cost for local taxpayers.

Making strategic debt payments

Districts can sometimes reduce or eliminate the additional local tax impact of a capital improvement project by taking on new debt — through bond financing — as old debt is retired.

Sticking with the plan

Districts cannot spend above the bond amount approved by voters during the capital improvement project public referendum. If costs begin to exceed those estimated once work begins, the scope of the project must be reduced accordingly.

1,199

New York students spend on average 1,199 hours in school each year

9

Nine fundamental building factors influence health and performance: ventilation, air quality, thermal health, moisture, dust and pests, safety and security, water quality, noise, and lighting and views

5%

Teachers are 5 percent more likely to stay in buildings with better conditions and resources

30%

Nearly 30 percent of home buyers list school quality as a deciding factor in their home purchase



Data Source: <http://bit.ly/1QyZ1CB>

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