

Building with Us

How to Take Advantage of Rhode Island's Historic School Facilities Bonus Incentives with Regionalization

The regionalization of two communities would result in school construction housing aid reimbursement potentially reaching 80.5% by taking advantage of bonus incentives available through 2022 and then doubling to 61% permanently (up to 66% with bonus). Below explains how an increased school housing aid reimbursement rate could be achieved and the financial impact (including of up front funding available through the \$250M statewide construction bond) for each district.

Reimbursement: Short-term Incentives

(Available for projects commencing by December 2022)

Local Base Reimbursement	35%
	+
Regional Bonus (K-12) (2% per grade)	26%
	+
Project eligible for maximum temporary incentive bonuses	19.5%*
	<hr/>
Regional District Maximum Eligible	80.5%

Reimbursement: Long-term Incentives

(Available for projects beyond time limited bonuses)

Local Base Reimbursement	35%
	+
Regional Bonus (K-12) (2% per grade)	26%
	+
Project eligible for maximum permanent incentive bonus	5%
	<hr/>
Regional District Maximum Eligible	66%

* State law caps incentive bonuses

** Incentive bonus rates are applied once projects are complete

Example of Financial Impact

Community A	Community B	Regional District
\$50M Project	\$50M Project	\$100M Combined Projects
State Share 35% Local Share 65%	State Share 35% Local Share 65%	State Share 80.5% Reg. Share: 19.5%
State = \$17.5M Local = \$32.5M	State = \$17.5M Local = \$32.5M	State = \$80.5M Local = \$19.5M Each Community: \$9.75M



How much pay-as-you-go funding would be offered?

Community A $\$50\text{M (project)} \times 35\% \text{ (base rate)} \times 15\% \text{ (pay-go)}$
= \$2.6M (up front)

Community B $\$50\text{M (project)} \times 35\% \text{ (base rate)} \times 15\% \text{ (pay-go)}$
= \$2.6M (up front)

Regional District $\$100\text{M (project)} \times 61\%^{**} \text{ (base rate)} \times 15\% \text{ (pay-go)}$
\$9.15M (up front)

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Example of Financial Impact

Community A	Community B	Regional District
\$100M Project	\$100M Project	\$100M Combined Projects
State Share 35% Local Share 65%	State Share 35% Local Share 65%	State Share 80.5% Reg. Share: 19.5%
State = \$35M Local = \$65M	State = \$35M Local = \$65M	State = \$80.5M Local = \$19.5M Each Community: \$9.75M



How much pay-as-you-go funding would be offered?

Community A $\$100\text{M (project)} \times 35\% \text{ (base rate)} \times 15\% \text{ (pay-go)}$
= \$5.25M (up front)

Community B $\$100\text{M (project)} \times 35\% \text{ (base rate)} \times 15\% \text{ (pay-go)}$
= \$5.25M (up front)

Regional District $\$100\text{M (project)} \times 61\%^{**} \text{ (base rate)} \times 15\% \text{ (pay-go)}$
\$9.15M (up front)

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How to Take Advantage of Rhode Island's Historic School Facilities Bond



Rhode Island voters approved a statewide school construction bond on November 6, 2018.

The statewide bond triggered two components:

1. Established six temporary bonus incentives
2. Provides \$250 million in "pay-as-you-go" funding to support approved projects



How much pay-as-you-go funding can I receive?

LEAs will receive 15 percent of their total state share in pay-as-you-go funds from the bond. So, for example, if you have a \$200 million project and have a 61 percent state share ratio, the state will pay \$122 million. Fifteen percent of \$122 million - or \$18.3 million - will be offered as pay-as-you-go funding.

In the "Bonus"

Permanent

School Safety & Security

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

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.

Commence by 2022 - Complete by 2027



Health & Safety

Projects that address Health and Safety Deficiencies shall receive a 5% bonus.



Educational Enhancements

Projects that address Educational Enhancements such as Early Childhood Education and Career and Technical Education shall receive a 5% bonus.

Commence by 2023 - Complete by 2028



Replacement

Replacement of a facility that has a Facility Condition Index of 65% or higher shall receive a 5% bonus.



Decrease Overcrowding

New construction or renovation that decreases overcrowding from more than 120% functional utilization to between 85% and 105% shall receive a 5% bonus.



Newer & Fewer

Consolidation of two or more school buildings (Newer and Fewer) into one school building shall receive a 5% bonus.



Increase Utilization

New construction or renovation that increases functional utilization from less than 60% to more than 80% shall receive a 5% bonus.