

OFFICE OF FISCAL ANALYSIS

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HB-6922

AN ACT IMPLEMENTING THE RECOMMENDATIONS OF THE
DEPARTMENT OF ADMINISTRATIVE SERVICES REGARDING THE
SCHOOL BUILDING PROJECTS STATUTES.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 26 \$	FY 27 \$
Treasurer, Debt Serv.	GF - See Below	See Below	See Below

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 26 \$	FY 27 \$
Various Municipalities; Local and Regional School Districts	See Below	See Below	See Below

Explanation

The bill makes several changes to the school construction program that alter project eligibility and may impact project costs and reimbursement levels, which in turn would affect levels of state reimbursement and municipal revenue gain. These changes include removing projects for the Connecticut Technical Education and Career System (CTECS) from the school construction program and allowing school air quality projects to qualify for the school construction program under certain conditions. The bill also repeals the standalone competitive grant program for school air quality projects.

The state's share of costs for both the school construction and school air quality grant programs are funded using General Obligation (GO) bonds, which are in turn repaid through General Fund debt service

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payments. The bill does not change bond authorization levels for either program.

CTECS Projects

Excluding future CTECS projects from being paid within the school construction program will lower spending within the school construction program. However, it is anticipated that such projects will still be undertaken and paid for through GO bonds. The long-term impact to the state for this change is unknown, as it will depend on whether project costs and approvals outside the school construction program for CTECS projects differs from under existing law.

School Air Quality Competitive Grant Program

Repealing the school air quality competitive grant program will result in lower future debt service costs from not using GO bonds previously authorized for the program. As of March 1, 2025, the unallocated balance for the program is \$138.5 million.

School Air Quality in the School Construction Program

Expanding the list of allowable non-priority list projects to include certain school air quality projects is anticipated to increase long-term spending under the school construction program. Given that reimbursement and approval for such projects is non-competitive, this will necessitate increased GO bond use and therefore increased long-term General Fund debt repayment. The increased GO bond spending will finance revenue gains to municipalities and school districts for those future air quality projects that would not have been funded under the standalone competitive grant program.

Background

The Governor's proposed bond bill (SB 1247) includes several changes related to this bill, including proposed bond authorizations of \$225 million for projects in CTECS schools and elimination of the remaining balance of unallocated bonds for school air quality (\$138.5

million). While the bill does not propose new funding for school air quality projects in particular, the proposal includes funding for the overall school construction program in each year of the biennium. The fiscal impact of those changes is tied to future and pending decisions about that bill.

The Out Years

The ongoing fiscal impacts identified above will continue into the future subject to future municipal decisions, applications for the school construction program, and the terms of any bonds issued.