



Testimony of Commissioner Michelle Gilman

Department of Administrative Services

General Obligation Bonding Subcommittee

March 25, 2025

Good morning, Senator Miller, Representative Napoli, Senator Hwang, Representative Piscopo and distinguished members of the General Bonding Subcommittee. I am Michelle Gilman, Department of Administrative Services (DAS) Commissioner. I would like to give you a brief overview of DAS and some significant elements of the governor's proposed biennial capital FY 2026-2027 budget.

DAS utilizes bond funds in connection with a few different programs, including property and facilities management, the hazardous materials remediation program, construction services, and various statewide technology initiatives. In addition, the DAS Office of Grants Administration (OGA) utilizes bond funds to reimburse public schools for eligible costs under the School Building Projects Grant program and to support the HVAC Indoor Air Quality Grants for Public Schools program.

We have included additional information regarding the new program authorization monies centered around solar installations on state properties, along with information regarding the school building grants administered by OGA and construction projects administered by DAS.

Solar Installation on State Properties

FY26-FY27 Capitol Budget: FY 26 75,000,000

This funding is needed to comply with Governor Lamont's Executive Order 1 mandate to reduce the state's greenhouse gas (GHG) emissions 45% by 2030, as well as the Executive Order 21-3 mandate that the state shall deploy an average 10,000kWDC of new solar capacity annually for the next 10 years.

To meet these goals, DAS has collaborated with the CT Green Bank and the Attorney General's Office to obtain Power Purchase Agreements that support numerous state solar projects. Currently, state agencies are working on 39 solar projects that are at various stages, ranging from conceptual design to construction.

Recently, DAS submitted four projects to the CT Green Bank to apply for Eversource's Non-Residential Renewable Energy Solutions (NRES) Incentive program. The availability of these incentives is limited and the process for receiving them is competitive, so it is not certain that an

agency's project will be selected during any given round of the program. The \$75,000,000 in bonding, in addition to these potential NRES incentives, will help ensure that the state achieves the goals outlined in the Executive Orders.

School Building Projects Grant Program

Under Chapter 173 of the Connecticut General Statutes (Public School Building Projects), the State of Connecticut provides grants to local and regional school districts and other LEAs to reimburse a percentage of eligible expenses for authorized school building projects using a statutory formula based on the adjusted equalized net grand list per capita. Grant funds are distributed as progress and final payments to reimburse eligible expenses a district incurs during the course of a project.

State bonding provides the funding for these payments pursuant to CGS § 10-287d. Bonds are only allocated when payments are made to save on the cost of financing to the State. Therefore, this grant program functions on a cash-flow basis, with the State Bond Commission allocating funds, as needed, to cover grant payments. § 10-287d authorizes the issuance of bonds not to exceed \$13,862,160,000. The unallocated balance of this authorized amount is \$170,000,000.

The Governor's proposed budget for FY26-FY27 includes a bond authorization of \$550,000,000 in each FY to support school building projects. As of June 30, 2024, DAS estimates that current outstanding grant commitments for school building projects total approximately \$4.2 billion. Since there is typically a lapse of one or more years from the date grant commitments are authorized to the date school building projects commence, and the total grant commitment for a particular project is generally paid out in smaller portions over the course of a multi-year project, the amount of unpaid grant commitments will be significantly greater than the cash flow needed to support grant payments. DAS estimates that the department will need \$550,000,000 in each fiscal year of the FY26-FY27 budget to cover the cash flow needs for school construction grants.

Bond authorization per § 10-287d	\$13,862,160,000
Unallocated balance of bond authorization	\$170,000,000
DAS cash flow estimate/Governor's proposed budget for FY26	\$550,000,000
DAS cash flow estimate/Governor's proposed budget for FY27	\$550,000,000

The 2025 Priority List submitted to the Connecticut General Assembly on December 13, 2024, can be found [here](#). This document contains the following summary chart of priority list projects covering the last five years:

	# of Projects	Estimated Project Costs	Estimated Grant Obligation
Current List:			
2024/2025			
Applications Submitted to DAS	8	\$262,706,727	\$152,430,810
Reauthorization Request Submitted to DAS	1	\$50,665,500	\$50,665,500
Total Projects	9	\$313,372,227	\$203,096,310
Priority Lists Authorized for the Past Five Years:			
2023/2024			
Applications Submitted to DAS	11	\$583,320,021	\$470,235,824
Applications Added by Legislature	11	\$570,435,552	\$312,571,097
Reauthorization Requests Submitted to DAS	2	\$41,086,326	\$39,032,010
Cost Increases Authorized by Legislature	12	\$216,435,110	\$99,479,900
Total Projects	36	\$1,411,277,009	\$921,318,830
2022/2023			
Applications Submitted to DAS	20	\$1,016,163,152	\$622,619,266
Applications Added by Legislature	5	\$204,646,691	\$161,124,853
Reauthorization Requests Submitted to DAS	2	\$53,075,064	\$37,610,051
Cost Increase Authorized by Legislature	8	\$217,208,617	\$233,571,704
Total Projects	35	\$1,491,093,524	\$1,054,925,874
2021/2022			
Applications Submitted to DAS	9	\$495,344,405	\$306,687,229
Applications Added by Legislature	6	\$405,242,274	\$355,950,274
Reauthorization Requests Submitted to DAS	1	\$59,552,805	\$59,552,805
Cost Increase Authorized by Legislature	9	\$123,181,679	\$102,417,918
Total Projects	25	\$1,083,321,163	\$824,608,227
2020/2021			
Applications Submitted to DAS	15	\$637,710,083	\$428,204,573
Applications Added by Legislature	1	\$55,000,000	\$52,250,000
Reauthorization Requests Submitted to DAS	2	\$119,723,495	\$111,445,262
Cost Increase Authorized by Legislature	2	\$25,000,000	\$41,003,811
Total Projects	20	\$837,433,578	\$632,903,646

HVAC Indoor Air Quality Grant Program for Public Schools

FY26-FY27 Capital Budget: (138,500,000)

In Public Act 22-118, the State of Connecticut established a competitive grant program to provide grants for air quality improvements in schools, including upgrades to and replacement of heating, ventilation and air conditioning equipment (“HVAC grant program”). DAS administered two rounds of funding opportunities under this program, awarding \$178,000,000 in grants to support HVAC improvements. Based on feedback from districts and to support HVAC improvements on a more long-term basis, DAS has [proposed](#) rolling the stand-alone, competitive HVAC grant program into the school building grant program. Funds needed to process payment requests for grants awarded under the HVAC grant program are included in the cash flow needs estimated by DAS for the school building grant program.

DAS Administered Construction Projects

The DAS Construction Services team provides construction management services to other agencies, including hiring design consultants and contractors and managing those services through the various phases of construction. Agencies are permitted to administer their own projects (therefore known as “agency-administered”) below a prescribed cost, which varies by agency, but beyond which current law requires the administration to be by DAS.

The upper threshold for agency-administered projects is currently \$3M for Judicial, Military, and Connecticut State Colleges & Universities (CSCU) and \$1M for all other agencies. These were increased from \$1M and \$500,000, respectively, in the 2023 session. Please see the attached document entitled “DAS Projects by Agency” for a summary of current projects.

Currently, the total value of DAS-administered projects — from planning through active construction — is approximately \$1.4 billion, representing 138 projects. This includes:

- Planning to Construction: 138 Projects
 - Total Construction Cost: \$922,296,701
 - Total Project Cost: \$1,372,930,102

If we also include projects in the closeout phase, the total project value increases to approximately \$2.1 billion, representing 181 projects. This breakdown includes:

- Planning to Closeout: 181 Projects
 - Total Construction Cost: \$1,384,276,909
 - Total Project Cost: \$2,058,505,548

When administering a project, the DAS project management team works actively with our consultants and contractors and is supplemented with consulting construction administrators.

For DAS administered major projects, our largest currently under construction is the Bullard Havens Technical High school with a project cost of \$199M. In final design we have the Valley Lab project for the Agricultural Experiment Station in Windsor with a project value of \$37M.

When agencies administer their own projects, they are required to follow all of the DAS procedures and are fully responsible for all project management. DAS's primary role is assisting the agency with the hiring of a consulting team. At the end of the project, agencies need to provide DAS with appropriate closeout documentation.

When the agency administers their own projects, they will typically be responsible for payments using their business office (assuming they are holding their funding). With certain agencies, they may choose to transfer funds and payment would be made by the DAS business office. It is the role of the agency to "drive" the project – we are "in service" to them. It is up to them to spend those dollars.

Attached please find several documents providing detailed information on these programs:

1. Two Construction Services reports:
 - a. The **DAS Projects by Agency**, which summarizes the formal projects that DAS is designing and constructing on behalf of other agencies that are generally above the statutory threshold; and
 - b. **DAS HazMat Projects Report**, which summarizes the expenditures on various projects from the Hazardous Materials Abatement Fund;
2. Three Facilities Management reports:
 - a. The **5-Year Facilities Management Capital Improvement Plan FY 2026 to FY 2030 (including DAS 5-Year Executive Summary)**, which identifies over \$300 million in planned capital improvement activity over the next 5 years;
 - b. The **DAS Facilities Management Pipeline Report**, which is a detailed report on large and small construction projects in various stages of design and construction under DAS control; and
 - c. The **DAS Facilities Management Annual Capital Expenditure Program Report**, which is a yearly report on plan construction activity for DAS Construction Services.
3. DAS's Answers to Questions Posed by OFA

I would be happy to answer any questions you may have.