

TESTIMONY PRESENTED TO THE GENERAL BONDING SUBCOMMITTEE

Office of Policy and Management Capital Programs

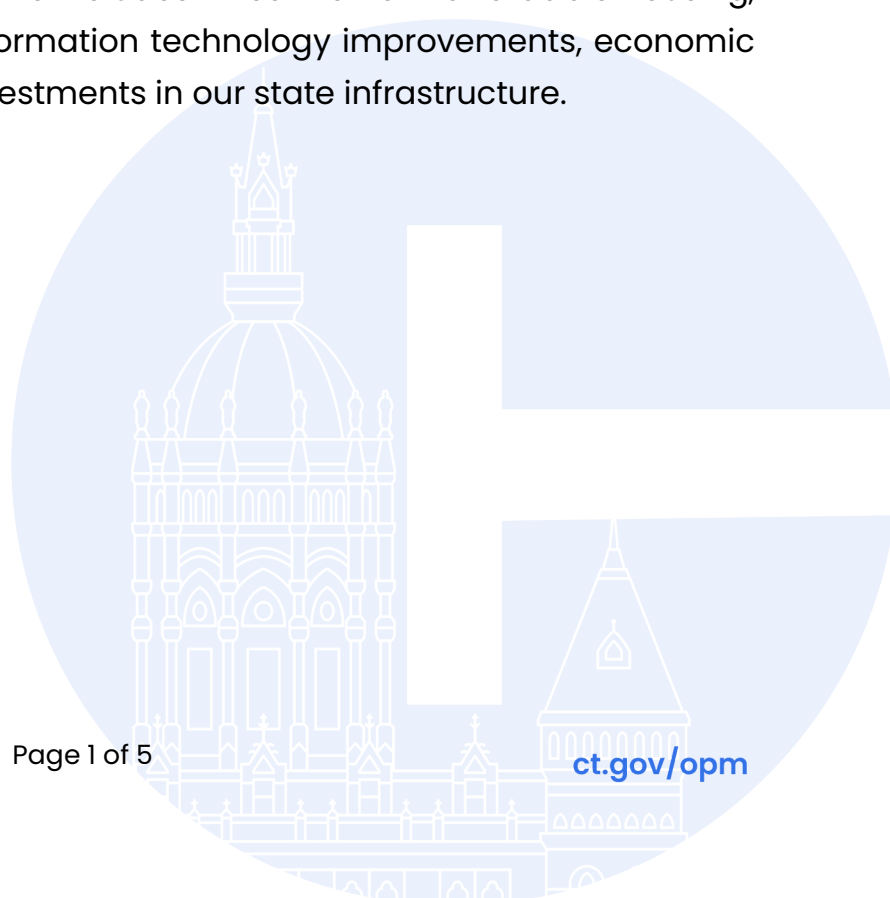
March 24, 2026

Joshua Wojcik, Acting Secretary

Senator Miller, Representative Napoli, Senator Hwang, Representative Piscopo and distinguished members of the General Bonding Subcommittee, thank you for the opportunity to discuss the Office of Policy and Management's (OPM) capital programs.

The Governor has proposed new and supplemental General Obligation (GO) bond authorizations of \$308.1 million for FY 2027. This is in addition to \$3.27 billion of GO authorizations that become available on July 1, 2026. There are no adjustments for the Office of Policy and Management as the currently adopted FY 2027 capital budget is sufficient to meet the needs of the agency.

The Governor continues to prioritize bond allocations in areas that are essential for the continued success of the state. This includes investments in affordable housing, climate resilience, municipal aid, information technology improvements, economic and workforce development, and investments in our state infrastructure.



OPM's adopted FY 2027 GO bond authorizations and the agency's existing unallocated balances are as follows:

Office of Policy and Management			
Unallocated Balance and Adopted FY 2027 Capital Budget			
	<u>Authorization</u>	<u>Unallocated*</u>	<u>FY 2027 Adopted</u>
1.	Capital Equipment Purchase Fund (CEPF)	\$ 6,131,625	\$ 40,000,000
2.	Distressed Municipalities	3,500,000	7,000,000
3.	District Repair and Improvement Project Program	-	30,000,000
4.	For electric grid improvements, energy efficiency, hardship protection and other purposes	250,000,000	250,000,000
5.	For statewide flood and resiliency mapping	5,000,000	-
6.	For the provision of community engagement training to law enforcement units	500,000	-
7.	For the purpose of funding any electric vehicle charging program	-	20,000,000
8.	For the purpose of reducing the annual costs of hardship protection measures within the systems benefits charge	-	125,000,000
9.	Grants-in-aid for municipal purposes	-	150,000,000
10.	Grants-in-aid for regional and local improvements and development	55,299,264	-
11.	Grants-in-aid to an acute care hospital licensed under chapter 368v	7,500,000	2,500,000
12.	Grants-in-aid to municipalities for the purchase of on-body cameras for law enforcement officers	3,945,087	-
13.	Grants-in-aid to support municipalities, homeowners, and small businesses who have been impacted by a catastrophic event	15,000,000	-
14.	Information Technology Capital Investment Program	58,962,852	75,000,000
15.	Local Capital Improvement Fund (LOCIP)	30,000,000	45,000,000
16.	Nonprofit health and human service organization grants-in-aid	70,000,000	-
17.	Small Town Economic Assistance Program (STEAP)	53,000,000	40,000,000
18.	State matching funds for projects and programs allowed under the Infrastructure Investment and Jobs Act	75,000,000	-
19.	Urban Act - Grants-in-aid for urban development	<u>305,360,402</u>	<u>200,000,000</u>
20.	Grand Total	\$939,199,230	\$984,500,000

*Unallocated Balance as of December 18, 2025

1. How are agency and/or legislative allocation requests prioritized?

All allocation requests are reviewed by staff at OPM. Each project or program is reviewed to ensure that the request fits within the language outlined in the authorization. OPM also determines if there is an operating cost to the project or program and whether those costs are incorporated into the budget.

For non-construction projects and programs (grants and loans), the staff is looking for the following:

- Does the request fit within the Governor's priorities (i.e., housing, economic development, information technology improvements)?
- How successful has this project/program been/expected to be at achieving its goals. Sometimes this requires reviewing what other states have done?
- Is the project/program ready for additional funding. Many times, requests are timed to allow for the current backlog of projects to move forward?

For construction projects our staff works closely with the Department of Administrative Services (DAS). All construction projects receive a thorough review. Priority is given as follows:

- Projects that are considered life safety projects.
- Deteriorating or code compliance issues. Fixing roofs and addressing ADA compliance are high priority projects.
- Whether or not the project or program furthers the goals of the agency.

2. How does OPM coordinate with DAS and other agencies to assess and address the state's capital needs?

OPM and DAS staff work together on construction projects for the state. Depending on the size and scope of the project, OPM may coordinate with DAS earlier in the construction process. Site acquisition, financing, and new construction all tend to have more OPM involvement due to the financial and public policy complexities.

Both DAS and OPM rely on the expertise within state agencies to identify priority projects. Agencies work with DAS when designing the project to keep within the framework of available resources.

3. Of the statutory allocation cap, what are anticipated annual allocation levels for FY 2026 and FY 2027? What major areas of bond use can be expected to see a substantially increased or decreased share of total annual allocations?

Due to increasing inflationary costs and rising levels of grant programs, the administration expects to target around \$2.6 billion each year in GO allocations approved by the State Bond Commission. This will be in line with current allocation cap limits. Maintaining GO allocations at this level will ensure that all priority projects can be funded, and that the state holds debt growth to statutorily allowed amounts under the allocation cap.

Based on current projections, School Construction will continue to be one of the major programs through the biennium. The state has approved many billions of dollars of school construction projects over the last several years, and those projects are now starting to move forward. In addition to school construction, there are several large state projects that will need to be funded over the next several years. Those projects will likely take a larger share of total allocations as the cashflow needs of construction increase.

OPM does not anticipate that any specific program will be targeted for a decreased share in total allocations. However, the capital budget continues to grow in the size and number of various grant-in-aid programs. These programs increase the difficulty of ensuring ongoing projects and priority programs can be fully funded. OPM will continue prioritizing programs and projects to ensure that we are meeting the needs of the state in the most fiscally responsible way, but there are limitations due to the significant amount of new programming that has been adopted.

4. What guidance, if any, has OPM provided to agencies on ensuring timely grant awards from bond-funded programs?

OPM has taken several proactive steps aimed at improving compliance, creating efficiency and standardization in the administration and oversight of grants including the issuance of the inaugural [Guide to Grants Management](#) in September 2025. This guide is supplemented by a series of grant management trainings to bolster state agency capabilities.

Additionally, DAS in collaboration with OPM and other executive branch agencies, has executed a contract with Euna to implement the Amplifund Grant Management Solution (GMS).

OPM and DAS are leading the implementation of the enterprise GMS to automate the administrative process of state and federal grants. Eleven (11) agencies are currently participating in Phase 1 of the implementation (concluding in early 2027). After assessing the results of Phase 1, a second phase will expand the implementation to additional agencies.

5. How has the recent increase of construction costs due to inflation affected long-term capital planning and bond use levels, if at all?

Inflation has required OPM to revisit targeted allocation amounts. We have worked with agencies across the state to ensure that there is adequate funding and looked towards lower cost options where it makes the most sense.

Attachment A provides a brief overview of each of the programs administered at OPM and a description of the brand-new grant program requested in the Governor's recommended capital budget.

I would like to again thank the committee for the opportunity to present this testimony, and I am happy to answer any questions you may have.