



# **School Construction and Major Maintenance Considerations**

Senate Finance Committee  
March 18, 2026  
Legislative Finance Division

# Program Comparison

Program Name	School Bond Debt Reimbursement	School Construction Grant Fund	School Major Maintenance Grant Fund
State Cost Share	40% to 50%	65% to 98%	65% to 98%
Open to REAAs?	No	Yes	Yes
State Funding Model	Annual reimbursement of debt service	Up-front payment of State share	Up-front payment of State share
FY27 Full Funding Amount	\$41,636.6	\$442,916.7 for 14 projects	\$400,975.6 for 103 projects

# Projected School Debt and REAA Fund Amounts

- LFD has used a \$7.8 million placeholder for new school debt based on historical program usage prior to the moratorium, prorated to the lower State share.
- Without new debt added to the program, the REAA Fund would be projected to decline as well.

	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36
Existing School Debt	41,614.0	39,047.9	34,223.3	31,844.3	29,583.0	26,317.4	20,152.1	17,862.4	12,859.3	6,198.7
REAA Fund	19,603.0	16,184.7	14,481.1	13,588.2	11,909.3	11,081.4	10,294.5	9,158.1	7,012.7	6,215.9
New Debt Placeholder	-	7,800.0	15,600.0	23,400.0	31,200.0	39,000.0	46,800.0	54,600.0	62,400.0	70,200.0
School Debt + Placeholder	41,614.0	46,847.9	49,823.3	55,244.3	60,783.0	65,317.4	66,952.1	72,462.4	75,259.3	76,398.7
REAA Fund with New Debt	19,603.0	16,184.7	14,481.1	16,302.5	17,337.8	19,224.3	21,151.7	22,729.6	23,298.4	25,216.0

# REAA Fund and School Construction List

- Six of the top seven projects on the school construction list are in REAAs and total \$382.6 million.
- The top school alone costs \$71.3 million. It would take five years to save up enough in the REAA fund to fund that project.
- Without new school debt, the REAA fund would never reach enough to fund the top three REAA projects.
- With the debt placeholder, the entire list would take 17 years to fund through the REAA fund.

# Parity in the Major Maintenance Grant Fund

- LFD analyzed the FY27 Major Maintenance list by comparing districts with a 35% cost share to districts with a lower cost share (both REAAs and lower-wealth districts) as a proxy for district wealth.
- Overall, the projects in lower-wealth districts averaged 140.0 project points compared to 138.7 for the wealthier districts. But that masks significant variation within categories:
  - Projects in lower-wealth districts averaged 3.7 more points for emergency situations and 2.2 more for life/safety and code conditions.
  - Projects in higher-wealth districts averaged 4.4 more points for planning and design and 2.9 more points for quality of the cost estimate.
- When general funds are appropriated to the Major Maintenance Grant Fund, DEED can stretch those dollars further down the list by using REAA funds for eligible projects. But that risks REAAs getting no benefit from the GF appropriations to the fund and the entire benefit going to municipal school districts.

# Considerations for Municipalities

- The School Major Maintenance program has two main advantages for municipal districts compared to School Debt Reimbursement:
  - Lower local cost share
  - State share provided up-front
- The disadvantage of that program is that funding is extremely uncertain from year to year.
- The School Debt Reimbursement program theoretically trades a higher local cost share for certainty of payments, but recent inconsistency of State School Debt payments jeopardizes that advantage.
  - School debt wasn't fully funded in FY 17, 20, 21, 22, and 26

# Considerations for the State

- In a year with low revenue, partially funding School Debt Reimbursement shifts costs to local taxpayers. Funding less for Major Maintenance simply results in no projects moving forward.
- In a year with high revenue, more Major Maintenance projects can be funded. However, inconsistent funding may harm districts' ability to make CIP plans.
- Generally, the funding level currently provided is insufficient to meet the need. DEED reports \$12.5 billion of insured value for school facilities statewide – each 1% of that value is \$125 million.

# Questions?

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