

[HB 873](#) – Capital Construction Funding

Originally, the bill addressed only the Special Facility Construction Account (SFCA) program to revise provisions relating to receipt of funds, criteria for requests, pre-application review, consultants, and repayment of school district's share of project costs. The House Appropriations Committee approved a Committee Substitute to this bill that contains the original provisions relating to the SFCA program and adds provisions relating to charter school capital outlay funding.

In addition to the SFCA program provisions, the bill:

- Replaces the existing eligibility criteria for charter school outlay funding to provide that, in order to be eligible for funding, a charter school must be part of a high-performing charter school system **OR** meet all 3 of the following criteria:
 - Be in operation for 2 or more years (rather than the current 3 or more years);
 - Not have more than two consecutive school grades lower than "B" unless the school serves a student population at least 50% of which is eligible for free or reduced-price meals; and
 - Have an annual audit with no financial emergency conditions.
- Revises the methodology for calculating the amount of state funding for charter school capital outlay from 1/15th to 1/40th of the cost per student station.
- Provides that, if **state** funds for charter school capital outlay do not fully fund 1/40th of the cost per student station or the amount of per student funding generated by the district school board's discretionary ad valorem tax levy for capital outlay, whichever is less, then the school district must share discretionary ad valorem tax revenues to make up the difference.
- Changes the revenue sources which are not allowed to be expended in amounts above the statutory costs per student station to include all capital outlay revenue sources available to school districts.
- Restricts school district eligibility for state PECO appropriations for three years if the district exceeds the statutory cost per student station for school construction projects.
- Requires DOE and EDR to work in consultation to study the actual costs of construction and submit recommendations to the legislature on new statutory costs per student station for school construction projects.

Additional Notes:

- The House staff analysis of the PCS estimates that under the provisions of this bill, if the state allocates \$90 million in PECO funds for charter school capital outlay (as is the case in the current House budget), school districts would need to contribute about \$63 million for charter school capital outlay.
- The Senate companion bill – [SB 1064](#) – currently addresses only the SFCA program revisions and does not contain the charter school capital outlay provisions.