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August 22, 2008

TO: Chief School Administrators
School Business Administrators

FROM: Lucille E. Davy
Commissioner

SUBJECT: Overview of Grant Program for School Facilities Projects for Regular Operating Districts and Notification of Application Submission Deadline for First Allocation

On July 9, 2008, Governor Corzine signed P.L. 2008, CHAPTER 39 into law making three major changes to the existing "Educational Facilities Construction and Financing Act" (EFCFA). The first is the authorization of an additional \$3.9 billion dollars for the state share of approved school facilities projects with \$1 billion, including \$50 million for vocational schools, to be available for Regular Operating District (ROD) school facilities projects in the form of grants. The second is the requirement to establish a priority process for the allocation of the available grant funding based on the determination of critical need in accordance with priority project categories outlined in the law. The third is the requirement for the establishment of a process for the annual allocation of grant funding.

The Department of Education is issuing, through this correspondence, notification that applications for the first ROD grant funding allocation are now being accepted. Applications for this first allocation must be received in the Office of School Facilities no later than November 20, 2008. A second grant allocation has also been scheduled, with applications to be accepted by the Department from November 1, 2008 to January 31, 2009.

The attached documents, which are also available on the Office of School Facilities web page at <http://www.nj.gov/education/facilities>, provide an overview of the new procedures and outline the timelines necessary to implement the changes to EFCFA. The documents explain in detail the ROD Grant Program, including the application process, eligibility, and critical deadlines. Since the previous process for grant funding allocations has changed significantly, including the types of projects to be funded and the submission timelines of school facilities project applications to the Department, it is important that the attached documents be thoroughly reviewed and understood. Projects in vocational school districts must adhere to the same timelines but will be considered separately.

Please contact Bernie Piaia at the Department's Office of School Facilities at (609) 984-2738 or email questions to project_app@doe.state.nj.us, if you need additional information.

c: Executive County Superintendents



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Overview of Grant Program for School Facilities Projects for Regular Operating Districts

On July 9, 2008, Governor Corzine signed legislation authorizing an additional \$3.9 billion for the school construction program. The legislation calls for \$1 billion, including \$50 million for vocational schools, to be available for Regular Operating District (ROD) school facilities projects in the form of grants. The following describes the ROD grant program, including the application process, eligibility, and critical timelines.

Is this grant process different from the last grant funding allocation?

Grant funding was previously approved for school facilities projects on an ongoing "first come" basis without prioritizing need. The new grant funding process is designed so that that grants are allocated to the most critical and educationally responsive projects. Major changes are as follows:

- **Grant applications will be approved two times per year for the first year and then at least once a year rather than on an on-going basis.**

In the past, grant funding was approved by the Department on an on-going basis as projects were received. Per the Educational Facilities Construction and Financing Act, P.L. 2000, c. 72 (N.J.S.A. 18A: 7G-1 *et seq.*), as amended by P.L. 2007, the commissioner will establish a process for the annual allocation of grant funding. This process requires districts to submit grant applications by specific deadlines so that requests can be collectively considered and prioritized. This change may require districts to plan earlier for summer work and referenda than past practices.

- **The amount of money approved for the first grant allocation will not exceed \$200 million.**

In order to allow all districts to participate in the grant process, and not penalize districts who may require more lengthy planning time, the total amount of grant money that will be approved for the first allocation will not exceed \$200 million. If grant approvals for the first allocation total less than \$200 million, the remaining money will be added to future allocations.

- **Projects requesting grants will be ranked according to a prioritization process.**

Per the Educational Facilities Construction and Financing Act, P.L. 2000, c. 72, as amended by P.L. 2007, *"the commissioner shall establish a priority process for the financing of school facilities projects based upon the commissioner's determination of critical need... The priority project categories shall include, but not be limited to, health and safety, overcrowding in the elementary, middle, and high school grade levels, spaces necessary to provide in-district programs and services for current disabled students who are being served in out-of-district placements or in-district programs and services for the projected disabled student population, and full-day kindergarten facilities in the case of school districts required to provide full-day preschool."*

What types of projects will be considered for grant funding and how will they be prioritized?

For a school facilities project to be considered for grant funding, the proposed scope of work must be 100% eligible for State support and be included in one of the priority “levels” described below. If the project scope is not 100% eligible for State support and/or the scope of work is not included in one of the three prioritization levels, the project will not be considered for grant funding. However, a district may request debt service aid if the proposed scope of work, or a portion of the proposed scope of work, is eligible for State support. Please note that the State share will be an amount equal to the district aid percentage, but not be less than 40% of the final eligible costs. The 115% multiplier used for the previous grant program will no longer be applied.

Once a school facilities project has been determined by the Department to have 100% eligible scope, it will be placed in one of three prioritization “levels” based on the proposed scope of work. If the proposed scope of work is applicable to more than one level, the project will be placed in the lower priority level. Levels 1 and 2 contain a mix of educational and capital maintenance scopes of work. Level 3 pertains to major educational projects involving renovation and/or new construction.

LEVEL 1

Level 1 school facilities projects address the most critical operational building needs, including health and safety issues, and program mandates.

- **Emergent projects** (*Includes capital projects requiring expedited review and approval to alleviate a condition that, if not corrected on an expedited basis, would render a building or facility so potentially injurious or hazardous that it causes an imminent peril to the health and safety of students or staff.*)
- **Essential building systems upgrades** (*Structural, mechanical/heating and cooling, electrical, and plumbing systems; Includes required refinishing work.*)
- **Building skin** (*Repair or replacement of roof, windows, masonry, etc.*)
- **Building code issues**
- **ADA upgrades** (*Includes site and building access, toilet room renovations.*)
- **Hazardous material abatement** (*Radon, lead, asbestos, etc.; Includes required refinishing work.*)
- **Security and communications systems** (*Includes essential systems such as public address, telephone, building entrance security.*)
- **Site drainage** (*To remediate an existing problem; Not in conjunction with new construction.*)
- **Elementary school playgrounds** (*Includes the upgrade or replacement of existing playgrounds to meet life cycle, safety, and/or consumer produce safety codes; Not applicable for new playgrounds.*)
- **Renovated or new early childhood classrooms** (*Includes the renovation and/or new construction of pre-kindergarten and/or kindergarten classrooms in either an existing or a proposed new building. At least 75% of impacted net square feet in the proposed project must consist of pre-kindergarten and/or kindergarten classrooms. Only applicable for projects that address capacity for State-mandated universal preschool programs and full-day kindergarten in school districts required to provide full-day preschool.*)
- **Special population needs** (*For program expansion or educational adequacy; May include renovation and/or new construction. At least 75% of impacted net square feet in the proposed project must address special population space needs.*)

LEVEL 2

Level 2 school facilities projects focus on the renewal of existing buildings, overcrowding, and/or improving the quality of existing instructional spaces.

- **Repair/replacement of existing building systems and components not included in Level 1**
- **Existing site upgrades, excluding athletic fields and tracks** (*Includes upgrades to sidewalks, paving, fencing, and security lighting.*)
- **Renovation and/or new construction of capacity-generating classrooms to address overcrowding or substandard conditions** (*At least 75% of impacted net square feet in the proposed project must consist of capacity-generating classrooms; Applicable projects may include general classrooms and specialized classrooms noted by the district to be capacity-generating, such as middle or high school science labs.*)
- **Technology infrastructure upgrades** (*For classroom instruction in accordance with Department's Technology Plan; Does not include equipment.*)

LEVEL 3

Level 3 includes major school facilities projects that involve the renovation and/or expansion of existing schools or the construction of new schools. These projects typically address both capital maintenance and educational deficiencies.

- **Renovation and/or new construction projects**, ranked according to:
 - District-wide unhoused students and overcrowding
 - Early childhood program accommodations
 - FES compliance
 - Use of temporary or leased facilities
 - Building age
 - Project scope
 - Prior grant funding

What are the application deadlines and when will a district receive notification as to whether the project has been approved for a grant?

The Department has scheduled two grant allocations for the first year to accommodate districts who have pending planned referendum projects as well as districts who would like to take advantage of the grant program as soon as possible. The two grant allocations are timed to coordinate with an April 2009 referendum and a September 2009 referendum. These allocations will be open to all project types, including both referendum and non-referendum projects. It is anticipated that subsequent allocations will be minimally planned around September referenda.

Therefore, at this time, if you are planning to submit a school facilities project for (1) summer work in 2009, (2) a referendum in 2009, or (3) a January 2010 referendum, and you would like to request grant funding, you must apply for one of the first two scheduled allocations.

For an April 2009 referendum timeline:

- **November 20, 2008:** Deadline for district project application to the Department.
- **January 15, 2009:** The latest date that the Department will issue preliminary project approval to the district, including a determination as to whether the project has been approved to receive grant money for eligible costs.
- **February 15, 2009:** The latest date that the Department will issue final approval to the district pending receipt of a Board of Education resolution from the district accepting the preliminary approval letter and funding determination.

For a September 2009 referendum timeline and summer 2009 work:

- **January 31, 2009:** Deadline for district project application to the Department.
- **March 2009:** To facilitate the planning for summer work, approval letters for Level 1 non-referendum projects may be released in March depending upon the number of projects submitted for consideration.
- **June 29, 2009:** The latest date that the Department will issue preliminary project approval to the district, including a determination as to whether the project has been approved to receive grant money for eligible costs.
- **July 29, 2009:** The latest date that the Department will issue final approval to the district pending receipt of a Board of Education resolution from the district accepting the preliminary approval letter and funding determination.

It is critical that a complete district project application be submitted to the Department by the noted deadline. Incomplete submissions may not be reviewed and considered for grant funding in the requested allocation.

What if my district has already submitted a project to the Department?

If your district has already submitted a project to the Department for review and would like to participate in the grant process, please contact Frank LoDolce from the Office of School Facilities at (609) 292-7078 for further information.

Can a previously approved project be considered for grant funding?

If a school facilities project has been previously approved by the Department and the district would like it to be considered for grant funding, one of the following options, based on the type of project approval, can be selected:

- **If the project was approved as an “Other Capital” project,** the district must cancel the project application and resubmit a new project application to the Department in accordance with the grant deadlines noted above.
- **If the project was approved for debt service aid funding,** two options are available. If the district has accepted the preliminary eligible costs (PEC) as the final eligible costs (FEC), the district must cancel the project and resubmit a new project application to the Department. If the district has not accepted the PEC as the FEC, the district can request the school facilities project to be considered for grant funding. All cancellation requests and resubmissions must include a resolution from the local school board requesting the cancellation and resubmission of the specified project and meet the grant application deadlines noted above.

Do all school facilities projects have to go through the grant application process?

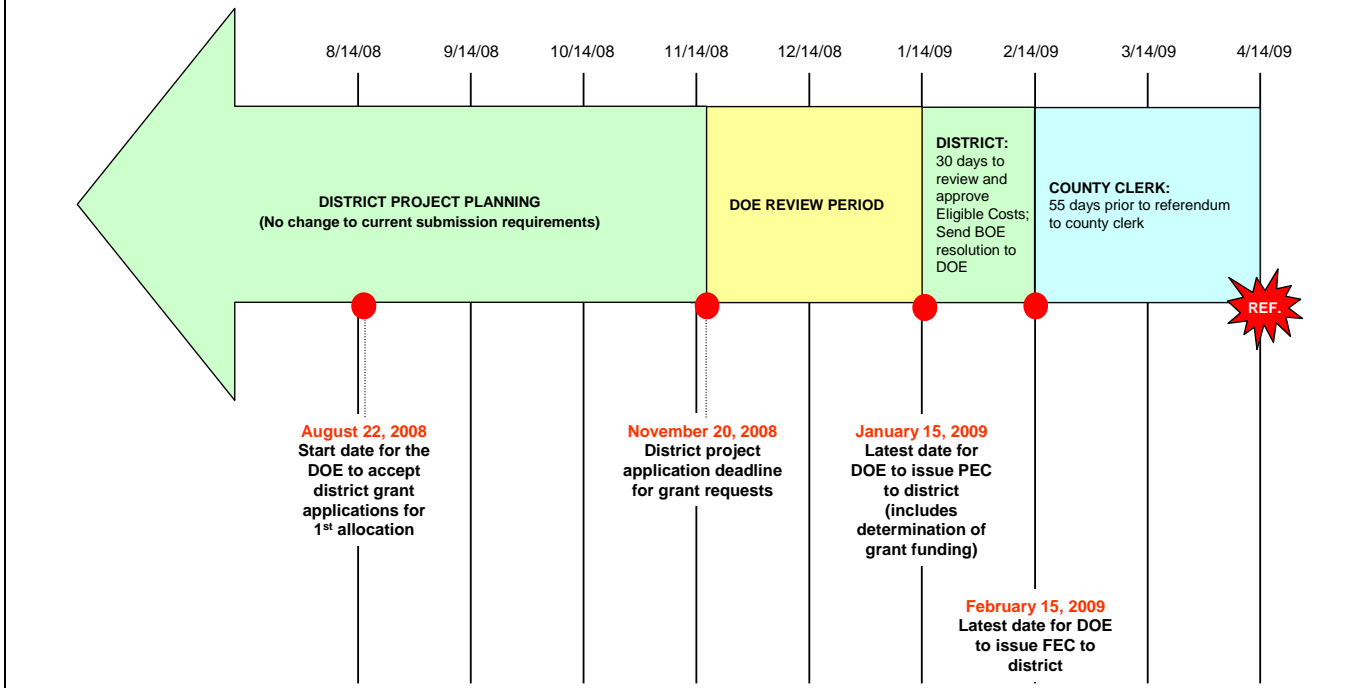
A school district is not required to participate in the grant application process. There are two options if your district does not elect to request a grant for a school facilities project. The first option is to request an “Other Capital” project approval if the project is either ineligible for state funding support or if the district chooses not to request state funding support, either in the form of a grant or as debt service aid. “Other Capital” projects will be reviewed and approved by the Department on an on-going basis according to current practice. The second option is to request debt service aid for the eligible costs of the school facilities project. These projects will be reviewed and approved by the Department according to current practice and can go to the voters for approval on any of the five referenda days allowed by law.

What if a project is not selected to receive a grant?

If a project is not selected for grant funding, the district has four options, depending upon the type of project submitted.

- If the project met the criteria for inclusion in one of the three grant prioritization levels, the district can hold and resubmit the school facilities project for the next grant funding allocation. (The number of projects approved for grant funding in prioritization levels two and three will be impacted by state-wide grant funding requests since the maximum grant allocation per year is fixed. Therefore, competition for grant funding may vary for each allocation.)
- If the project scope was not applicable to one of the three prioritization levels, or contained work that prevented its placement in a higher priority level, the district can revise and resubmit the school facilities project for the next grant funding allocation.
- If the school facilities project has eligible costs for State support, the district can request debt service aid instead of a grant in accordance with current practices.
- If the district does not want to seek debt service aid, it can convert the project to an “Other Capital” project and fully fund the project without State funding support.

ROD Grant Funding Allocation Timeline for April 14, 2009 Referendum



ROD Grant Funding Allocation Timeline for September 29, 2009 Referendum

