July 2006

TO: Superintendents of Public School Districts
State Aid Designees
District Superintendents (For Information)

FROM: Carl Thurnau, Director of Facilities Planning
Andrea Hyary, Bureau Chief, Office of State Aid

SUBJECT: EXCEL (Expanding our Children's Education and Learning):
Informational Memo #2: Supplementary Program Information

Following are the responses to questions about the EXCEL program that have arisen since the June 2006 publication of the initial question and answer document.

Q1.
Within the EXCEL project category "education technology project," "hardware" and "wireless options" are included as eligible purposes. Does "hardware" include both PCs and servers? Does "wireless options" include wireless clusters and multiple PCs on a cart? In general, what hardware can be included in an EXCEL education technology project?
A1.
Yes and yes. In general, if the technology is purchased as part of a project, and otherwise meets the criteria for Building Aid, it will also meet the criteria for EXCEL.

Q2.
If a school district would like to include in an energy performance contract projects that have a high payback such as windows, boilers or renewable energy, can EXCEL Aid be used to buy down the cost of including those projects to meet the 18 year simple payback required by State law?
A2.
No. EXCEL funds may not be used to "buy down" the cost of high payback projects to meet the 18-year payback required by State law. EXCEL funds may not be included in the calculation of the 18 year payback for any energy performance projects. EXCEL funds are not savings that are derived from energy improvement. the 18-year payback must be derived from energy savings generated by the energy project.

Q3.
Will overpayments be taken if total Building Aid received plus total EXCEL Aid received exceeds the total project cost?
A3.
Yes, but since Building Aid can fluctuate somewhat over the term of the assumed amortization, even after final costs are submitted, final reconciliation generally will not occur until the end of the assumed amortization period: 15, 20 or 30 years. Overpayments of EXCEL Aid resulting from the reconciliation will be deducted from General Aid after the end of the assumed amortization period. Situations in which EXCEL Aid clearly was significantly overpaid may be reviewed on a case-by-case basis to determine whether the overpayment should be deducted from General Aid before the end of the assumed amortization period.

Q4.
What if the reconciliation described in #3 above indicates that additional EXCEL Aid could be applied to the project?
A4.
If the final reconciliation at the end of the assumed amortization period indicated that additional EXCEL Aid could be applied to the project, current statute would not preclude districts from applying for additional EXCEL Aid. However, districts should be aware that while applications would be accepted at that time, it cannot be predicted what the status of the EXCEL program will be in 15, 20 or 30 years.

Q5.
Can EXCEL Aid be applied to an emergency project?
A5.
Yes, if the project meets all other criteria.

Q6.
If the projects are wholly funded through capital outlay, Capital Exception Aid can be claimed for emergency projects, projects costing $100,000 or less and projects for which borrowing would cause small city districts to exceed their constitutional debt limit. Can EXCEL Aid be applied to the local share of projects claimed for Capital Exception Aid?
A6.
No. For these types of projects, the district may claim *EITHER*

a) Regular Building Aid based on prospective assumed amortization plus EXCEL Aid as a supplement,
OR
b) Capital Exception Aid with no EXCEL Aid applied to the project.

Q7.

In the example pictured below, instead of applying $640,000 of the EXCEL allocation to the project, can the district apply the entire maximum EXCEL allocation of $700,000 and reduce the amount of Building Aid paid on the project from $360,000 (based on amortizing $600K at 60%) to $300K (based on amortizing $500K at 60%)?

A7.

No. If the district chooses to receive EXCEL funds as a supplement to Building Aid, Building Aid must be paid on the full approved project cost.

Funding for Sample EXCEL Project 001

Approx. EXCEL-local share above cost allowance — $400,000

Approx. EXCEL-local share within cost allowance — $240,000

Approx. Reg.Bldg.Aid — $360,000
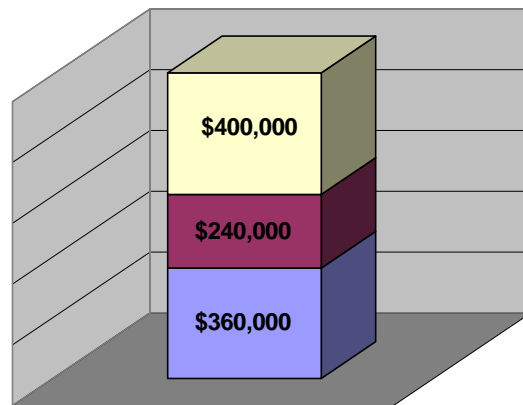
Total Cost = $1m.
Appd.Cost = $600K
Max.EXCEL = $700K
Aid Ratio = 60%

Q8.

To what do the terms "total cost" and "approved cost" refer in the context of the EXCEL program?

A8.

"Total cost" = the amounts that appear on the SA-130 line labeled TOTAL COSTS.

"Approved cost = the amount that appears on the SA-130 line labeled TOTAL COST ALLOWANCE FOR AID.

Q9.

If project costs increase substantially, can additional EXCEL Aid be used to fund the difference?

A9.

Yes, EXCEL can be used to fund substantial project cost increases:

- up to the amount of the districts' maximum EXCEL allocation
- as long as all voter approval requirements are satisfied
- as long as total project funding, including EXCEL Aid, does not exceed the amount authorized by the voters, and
- as long as the additional costs are otherwise eligible for EXCEL Aid (e.g., they will not be financed with bond proceeds).

The following text from Q18 on the initial Q&A document is reprinted below. It explains when and how districts can apply for additional EXCEL funds for a project:

"The EXCEL amount requested by the district on the SA-139 should be based on a thorough review of project costs, funding sources and Building Aid estimates, and should be considered the final EXCEL amount. However, if there are substantial changes in the factors affecting the EXCEL amount during the course of the project, an FP-FI may be submitted at the time the final cost report submission. Based on the FP-FI review, it may be possible for SED to re-certify the EXCEL amount to DASNY so as to increase the EXCEL amount, but not to exceed the maximum allocation. Any exigent circumstances potentially requiring re-certification between SA-139 submission and final cost report submission may be reviewed on a case-by-case basis."

Q10.

How will EXCEL revenue and expense be reported on the ST-3?

A10.

It will be reported in the Capital Fund, at the project level. More detailed instructions will be provided near the start of the 2007-08 data collection cycle.

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