



July 2006 / Updated May 07

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
including change to Answer #6, a new Q/A #11 re:
Native American Building Aid projects and ST-3 reporting
instructions in Q/A #10.**

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.

(UPDATED 5/07 – ANSWER CHANGED FROM NO TO YES BASED ON 4/07 STATUTORY CHANGE)

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.

Yes. Changes to the EXCEL statute were enacted in Chapter 57 of the Laws of 2007. Effective July 1, 2007, expenditures for projects eligible for capital exception aid pursuant to NYS Education Law 3602 6-f, are now eligible project costs for purposes of the EXCEL program.

To apply EXCEL Aid to a capital exception project, the project must be approved by the Office of Facilities Planning as an EXCEL project, and the SA-139 form for the project cannot have been on file with SED prior to April 1, 2006.

To apply EXCEL Aid to a project for which an SA-139 has already been submitted (but not before 4/1/06), please contact your project manager in the Office of Facilities Planning.

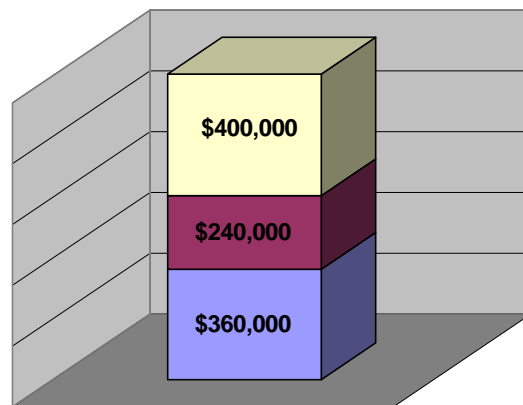
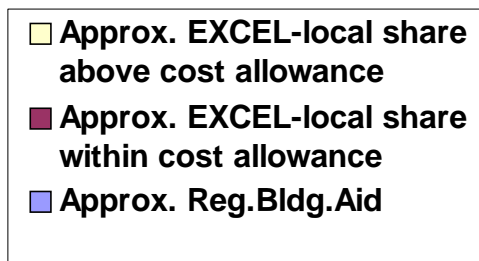
Q7.

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



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.

(UPDATED 5/07)

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

A10.

Recording of EXCEL Aid Revenues received:

For capital projects where EXCEL Aid has been received, the district should record the EXCEL Aid revenues in the Capital Fund on Schedule G2 of the Annual Financial report (Form ST-3) under “Revenue from State Sources , EXCEL Aid” (H3297) for combined total revenues and by individual project.

Recording expenditures of capital projects funded with EXCEL Aid:

EXCEL Aid can be used for expenditures of voter approved capital projects or to retire bond anticipation notes (BANS) used to finance capital projects eligible for EXCEL Aid; however, EXCEL Aid cannot be used for interest on BANS.

If BANS are used to finance capital projects eligible for EXCEL Aid and the BANS are retired using EXCEL Aid, the ensuing bond issue must be reduced by the amount of EXCEL Aid used to retire BANS. Expenditures for these capital projects should be reported in the Capital Fund on Schedule G2 of the ST-3 in the appropriate control accounts and as expenditures from “Current Funds” (H522); however, if the project is initially funded with BANS and the BANS are still outstanding as of year-end, expenditures should be reported under “Obligations (Bonds, BANS, Cap Notes)” (H524).

Interest on BANS should be reported in General Fund Schedule A4 under account number A9731.7 (Bond Anticipation Notes – School Construction), whether they are retired with EXCEL Aid or by other means.

(IMPORTANT NOTE: INFORMATION PROVIDED AT ASBO EXCEL WORKSHOPS IN FEB/MAR 2007 INSTRUCTED DISTRICTS TO REPORT BAN INTEREST FOR EXCEL PROJECTS IN CAPITAL FUND SCHEDULE G3 H2110.270. SINCE THAT TIME, THE OFFICE OF THE STATE COMPTROLLER HAS ELIMINATED THAT LINE/CODE FROM THE ST-3. BEGINNING WITH THE ST-3 FOR 2006-07 EXPENDITURE REPORTING, ALL INTEREST ON BANS, INCLUDING THAT FOR EXCEL PROJECTS, SHOULD BE REPORTED IN GENERAL FUND SCHEDULE A4 A9731.7)

If revenue anticipation notes are used to finance part of a capital project eligible for EXCEL Aid, the related interest should be reported under account number A9770.7 in the General Fund.

Q11.

(ADDED 5/07)

Can EXCEL Aid be applied to projects eligible for Native American Building Aid?

A11.

Yes. EXCEL can be applied to the local share of projects eligible for Native American Building Aid. The portion of the cost to be covered by Native American Building Aid will be calculated first. The remaining portion of approved project cost will be used to calculate regular Building Aid. EXCEL can be applied to the local share of total project cost, where such costs already exclude Native American Building Aid.

Contact information:

Assigned Project Manager, Office of Facilities Planning , 518-474-3906

Louise Gallerie, State Aid Office, Building Aid Unit, 518-474-2977 , lgalleri@mail.nysed.gov

Debra Drescher, Dormitory of the State of New York , 518-257-3120, ddresche@dasny.org