



June 2006

TO: Superintendents of Public School Districts (or Official Designee)
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 #1: Basic Program Information

Included in Chapter 61 of the Laws of 2006 is a new program to provide additional funding for certain types of school construction projects. The responses to the following questions provide basic information about the program for districts other than New York City.

Q1.

How much funding is available in total for the program?

A1.

To support this program, the Dormitory Authority of the State of NY (DASNY) is authorized to issue a maximum of \$2.6 billion in bonds and notes: a maximum of \$1.8 billion for NYC and a maximum of \$0.8 billion for other districts.

Q2.

Will the entire \$2.6 billion be available to districts during the 2006-07 aid year?

A2.

At this time, no timetable for payment has been established; however, there is nothing in the legislation to specifically prohibit a district from receiving its entire allocation during the 2006-07 aid year.

Q3.

What districts are eligible for EXCEL?

A3.

All districts are eligible except special act districts, districts with less than eight teachers and districts that contract for 100% of the cost of educating their students. BOCES are not eligible to receive EXCEL Aid, nor are districts eligible to receive EXCEL Aid to fund or partially fund their share of a BOCES capital project. Private schools, nonpublic schools and charter schools are not eligible to receive EXCEL Aid.

Q4.

An amount of EXCEL Aid appears at the bottom of the 2006-07 Estimated State Aid Projections released with the passage of the State Budget. Can districts assume that they will receive that entire amount during the 2006-07 aid year?

A4.

The amount that appears at the bottom of the 2006-07 aid projections is the district's calculated maximum additional apportionment (MAA) under EXCEL. If other eligibility criteria are met, there is no prohibition against using the entire amount in the same year. However, there is not a regular payment schedule for EXCEL. Not all approved EXCEL costs will necessarily be funded in 2006-07. If the district's MAA is *not* fully expended in one year, the amount not expended will be carried over and available in the next school year.

Q5.

How is the maximum additional apportionment (MAA) calculated for districts other than NYC?

A5.

For districts eligible for the High Need Supplemental Building Aid Ratio (HNSBAR):

2005 enrollment (as it appears on the SA0607 computer run) X \$778.22

[\(Click here for a list of HNSBAR – eligible districts.\)](#)

For any other eligible district:

2005 enrollment (as it appears on the SA0607 computer run) X \$320.46

NOTE: Each district's MAA appears on the district's SA0607 computer projections of 2006-07 State Aid published on the State Aid website at the time of budget passage. The amount that appears on the SA0607 computer run is the maximum amount that can be received by your district under the EXCEL program, NOT an annual apportionment.

[Click here to view your district's maximum apportionment under EXCEL.](#)

Q6.

How can a district's maximum additional apportionment (MAA) under EXCEL be used?

A6.

EXCEL funds may be used in addition to [Building Aid] as long as the sum of apportionments under these aids and EXCEL funds applied to the project do not exceed the *total* project cost. EXCEL funds may also be used in lieu of Building Aid. If a district chooses to receive EXCEL funds in addition to Building Aid, Building Aid will be paid on the full *approved* project cost; i.e., receipt of EXCEL funds will not reduce the Building Aid apportionment. If a district chooses to receive EXCEL funds in lieu of Building Aid, *no Building Aid will be calculated for the project.*

Q7.

When may an eligible district first receive an EXCEL apportionment?

A7.

During the State fiscal year beginning April 1, 2006, for projects approved by Facilities Planning as eligible EXCEL projects.

Q8.

How and when will EXCEL funds be paid to school districts?

A8.

EXCEL Aid for an approved EXCEL project will be paid to school districts only following:

- a) Facilities Planning approval of the project as an approved EXCEL project,
- b) submission to SED of Form SA-139 containing the EXCEL amount requested by the district (SED will certify this amount to DASNY)
- c) execution of a Grant Disbursement Agreement with the Dormitory Authority of the State of New York (DASNY) and the submission to DASNY of documentation substantiating that the costs for which reimbursement has been sought have been paid or incurred by the school district for an approved EXCEL project.

DASNY Payment Process

The bonds authorized to be issued by the Dormitory Authority pursuant to section 1689-i of the Public Authorities Law (the "EXCEL Bonds") will constitute "state-supported debt" for purposes of the State Finance Law. The State Finance Law provides that state-supported debt may only be incurred for a "capital work or purpose" which is defined to mean any project involving:

- (i) the acquisition, construction, demolition, or replacement of a fixed asset or assets;
- (ii) the major repair or renovation of a fixed asset, or assets which materially extends its useful life or materially improves or increases its capacity; or
- (iii) the planning or design of the acquisition, construction, demolition, replacement, major repair or renovation of a fixed asset or assets, including the preparation and review of plans and specifications including engineering and other services, field surveys and sub-surface investigations incidental thereto.

Therefore, only those components of a Project that constitute a "capital work or purpose", as defined above, will be eligible to be financed with the proceeds of EXCEL Bonds. Further, the Project must constitute an "EXCEL Project" as defined in Education Law §3641(14)(b).

The Dormitory Authority will periodically issue EXCEL Bonds to fund the various EXCEL apportionments certified by SED. As condition of disbursement to a school district, the Grant Disbursement Agreement between the district and the Dormitory Authority will, among other things,

require the school district to provide the Dormitory Authority with documentation substantiating that the costs for which reimbursement is sought have been paid or incurred by the school district for an approved EXCEL Project. The Dormitory Authority will make such payments to the school districts based on requisitions for payment no more often than monthly. Please note, however, that the Dormitory Authority will not have any funds available to make payments under the EXCEL Program until EXCEL Bonds are issued and that the Authority cannot issue these Bonds unless and until certain regulatory approvals are obtained.

Q9.

What is an eligible EXCEL project?

A9.

An eligible EXCEL project is a project that:

- a) has been reviewed by Facilities Planning and approved as an EXCEL project;
- b) did not have an SA-139 on file with SED before April 1, 2006 and
- c) falls within one or more of the following categories:
 - Education technology
 - Health and Safety
 - Accessibility
 - Physical capacity expansion or school construction
 - Energy

Category explanations:

- “Education technology project” means an eligible school construction project which, **as a primary purpose**, enhances the use of technology including but not limited to, instructional content with video streaming, electrical upgrades, wiring, cabling installations, internet connections, fiber optics, conduits, raceways, telecommunication systems, hardware, electronic commerce and wireless options;
- “Health and safety project” means an eligible school construction project which, **as a primary purpose**, addresses the reduction or elimination of the risk of personal injury or harm to occupants of public school buildings used primarily for instruction, including but not limited to environmental remediation, the eradication of fire and health code violations, the provision of adequate ventilation including heating, ventilation and air conditioning equipment and the rehabilitation and repair of existing facilities.
- “Accessibility project” means an eligible school construction project, which, **as a primary purpose**, enhances accessibility to public school buildings used primarily for instruction for individuals with disabilities.
- “Physical capacity expansion project or school construction project” means an eligible school construction project which, **as a primary purpose**, expands the availability of adequate and appropriate instructional space in a public school building used primarily for instruction, including but not limited to expansions which provide for reduced class size and science laboratories, and

- “Energy project” means an eligible energy project, which, **as a primary purpose**, reduces energy costs and/or energy consumption.

Q10.

If a project combines purposes which are approved for EXCEL funding with purposes which are not approved for EXCEL funding, will it be approved as an EXCEL project? If not, will it be split into two projects and given two project numbers?

A10.

Districts are strongly encouraged to apply for EXCEL funds only for projects that are consistent with the purposes set forth in the statute (see Q9. above). Only projects that have as their *primary purpose* one or more of the purposes listed above will be approved as EXCEL projects by Facilities Planning. If the project is not approved for EXCEL funding, subsequent handling of the project will be based on communication between Facilities Planning and the district on a case by case basis. However, SED will not divide costs for an individual project into EXCEL-eligible and EXCEL-ineligible costs.

Q11.

Can EXCEL funds be applied to bus garage projects?

A11.

No.

Q12.

Can EXCEL funds be used to purchase land?

A12.

Yes, if the land is purchased as part of an approved EXCEL project.

Q13.

What project costs are eligible for EXCEL?

A13.

Any expenses for an approved EXCEL project are eligible for EXCEL Aid, up to the *total* project cost. Such costs include, but are not limited to, the acquisition, design, planning, construction, reconstruction, rehabilitation, preservation, development, improvement or modernization of an EXCEL school facility. Such costs must fall within the definition of “capital work or purpose” as applied to state-supported debt under the State Finance Law (see Q8. above).

Q14.

Are principal and interest payments on bonds eligible for reimbursement under the EXCEL program?

A14.

No. State Law prohibits using proceeds of DASNY bonds to finance project costs that have already been permanently financed with the proceeds of bonds. If, however, projects have been previously financed with bond anticipation notes (“BANs”), DASNY may reimburse the district for expenses

financed with the proceeds of BANS so long as the EXCEL grant moneys are used to redeem the BANS used to finance such costs.

Q15.

If a district has borrowed the entire cost of a project that has already been approved by Facilities Planning, and the project qualifies as an EXCEL project based on all statutory criteria, will the district receive EXCEL funds to support the project?

A15.

No except as described in Q14 above. If SED determines that the project is EXCEL eligible, and the district requests EXCEL funding, SED will certify an EXCEL amount to DASNY. However, State Law prohibits DASNY from making payments for expenses that have already been bonded. DASNY will decline to pay the amount certified by SED and the district will need to submit an FP-FI form to revise funding source information on the SA-139.

Q16.

What deadlines apply to the application for and receipt of EXCEL funds?

A16.

Approved projects for which Form SA-139 was received by State Aid prior to April 1, 2006 are not eligible for EXCEL Aid. The EXCEL legislation contains no statutory project application deadline, project approval deadline or project completion deadline. There is no SA-139 submission deadline; however, the amount of EXCEL funds listed on submitted SA-139 forms will be the amount of EXCEL funding certified periodically by SED to the Dormitory Authority. It is therefore advisable to submit the SA-139 as soon as possible. Finally, deadlines applicable to all capital projects still apply; e.g., final cost reports must be submitted in a timely manner.

Q17.

Can EXCEL funds be used to fund projects already approved by Facilities Planning as well as new projects?

A17.

Yes, as long as all other criteria for use of the funds are met. However, projects for which Form SA-139 was received by State Aid prior to April 1, 2006 are not eligible for EXCEL Aid.

Q18.

How can a district apply for EXCEL funding?

A18.

The application process is as follows:

1. For new project applications, district must submit Form FP-F (Application for Examination and Approval of Final Plans and Specifications), clearly indicating the use of EXCEL funds on the application, and whether the EXCEL funds should be used in lieu of or as a supplement to Building Aid (See note d) below.) Districts should not indicate an EXCEL amount greater than their maximum allocation listed in Q5 above. If the Facilities Planning review indicates that the project

falls within the statutory criteria for eligibility as an EXCEL project, and falls within the criteria for state-supported debt (see A8. above), the project will be approved.

2. Prior to submitting the Form SA-139 (Request for Building Project Data) to the State Aid Office, districts should use the SA-4 Building Aid estimate, as well as any necessary adjustments, as a basis for updating the estimate of total Building Aid the project will generate. The district should use the Building Aid amount to assist in determining the correct amount of EXCEL funds to be applied to the project.

3. The SA-139 will be amended to allow it to function as a) the official district request for a specific amount of EXCEL funds and b) the official district request to receive EXCEL funds in addition to Building Aid or in lieu of Building Aid. When indicating the date upon which a general contract was awarded, the contracted costs and the proposed funding for the project, the district will include the amount of EXCEL funds that will support project costs and will designate whether the EXCEL funds will be in addition to or in lieu of Building Aid.

4. Periodically, within a reasonable time after Facilities Planning approval of a project as EXCEL eligible, *but not prior to submission of Form SA-139*, SED will provide DASNY with a list of districts for which SED has determined an EXCEL Aid apportionment should be made, the amount of each apportionment and an estimate of when each project will be undertaken. The EXCEL Aid amount provided to DASNY by SED will be the lesser of: (i) the district's total EXCEL Aid allocation or (ii) the EXCEL amount indicated by the district on Form SA-139.

5. As discussed above, districts will need to enter into a Grant Disbursement Agreement with DASNY and provide DASNY with documentation substantiating the costs for which reimbursement is sought before the SED-certified amounts can be reimbursed by DASNY bond proceeds.

6. 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 recertification between SA-139 submission and final cost report submission may be reviewed on a case-by-case basis.

IMPORTANT NOTES:

- a) Districts should not apply for EXCEL funding for approved projects for which Form SA-139 was received by the State Aid Office prior to April 1, 2006. These projects are not eligible for EXCEL Aid.
- b) If the "Request for Building Project Data," Form SA-139 was received by State Aid prior to the decision to use EXCEL funds in support of a project, *but on or after April 1, 2006*, the project may be EXCEL-eligible. The district should submit a Request for Revision of

Financial Information (FP-FI) to the Facilities Planning Unit. The amount of EXCEL Aid allocated to the district that will be used to fund the project should be listed as "Other Funds" on the FP-FI, and in a cover letter, the district should request that the project be reviewed for EXCEL eligibility.

- c) For projects pending approval at Facilities Planning, districts must submit a separate letter indicating the amount of EXCEL funds and the purpose for which these funds will be used, re-submit Form FP-F (Application for Examination and Approval of Final Plans and Specifications), and in a cover letter, the district should request that the project be reviewed for EXCEL eligibility.
- d) Whether indicating the intent for a new or already approved project to be reviewed for EXCEL eligibility, or submitting the SA-139, the district must clearly indicate the intent to use EXCEL funds to supplement Building Aid OR to use EXCEL funds in lieu of Building Aid. (See A6. for further explanation)
- e) To avoid SED certification to DASNY of EXCEL expenditures that DASNY will not be able to reimburse, please remember that State Law prohibits DASNY from using bond proceeds to make payments for expenses that have already been bonded. (See Q14)

Q19.

When may districts begin applying for review of projects for EXCEL eligibility and for EXCEL funding?

A19.

Now.

Q20.

Must a district plan to spend its entire EXCEL apportionment in 2006-07?

A20.

No. If the district's MAA is not fully expended in 2006-07, the amount not expended will be carried over and available in the next school year.

Q21.

Is there a cap on the percent of total project costs that can be covered by the combination of Building Aid and EXCEL?

A21.

The combination of Building Aid and EXCEL funding cannot exceed the *total* project cost. There is no 95% or 98% cap on the portion of project cost that can be supported by State funds; i.e., EXCEL Aid can be applied to the difference between approved project cost and total project cost such that it is possible in some instances for there to be no local share.

Q22.

How should EXCEL expenditures and revenues be reported on the ST-3?

A22.

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.

Q23.

Does the application of EXCEL funding to project costs, including projects funded exclusively with EXCEL funds, affect the requirements for voter approval?

A23.

The receipt of EXCEL funds does not change requirements for voter approval.

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