



**Testimony of Commissioner Michelle Gilman**

**Department of Administrative Services**

**General Bonding Subcommittee**

**March 18, 2024**

Good morning, Senator Moore, Representative Napoli, Senator Hwang, Representative Piscopo and distinguished members of the General Bonding Subcommittee. My name is Michelle Gilman, and I am the Commissioner of the Department of Administrative Services (“DAS”).

DAS utilizes bond funds in connection with a number of different programs, including property and facilities management, the hazardous materials remediation program, construction services, and various statewide technology initiatives. In addition, the DAS Office of Grants Administration utilizes bond funds to reimburse public schools for eligible costs under the School Construction Grant program and to support the HVAC Indoor Air Quality Grants for Public Schools program.

The committee has expressed a particular interest in information regarding the School Construction Grant program, the HVAC Indoor Air Quality Grant for Public Schools program, and DAS-Administered Construction Projects, so we have provided some additional information below.

**School Construction Grant Program**

Under the School Construction Grant program, the State of Connecticut provides reimbursement grants to local and regional school districts and other LEAs to cover a need-based portion of their approved school construction projects. Grants are provided as progress and final payments over the course of each project. The program also directly pays vendors under approved CTECS vocational-technical high school projects and costs for CREC school projects managed by DAS Construction Services. State bonding

**450 Columbus Boulevard | Hartford, CT 06103**

*Affirmative Action/Equal Opportunity Employer*

provides the funding for these grants and payments. To save in the cost of financing to the state, bonds are only allocated when payments are actually to be made. Therefore, the School Construction Grant fund essentially functions on a cash-flow basis, with the State Bond Commission allocating funds, as needed, to cover grant payments.

<i>Public Act</i>	<i>Authorization</i>	<i>Unallocated Balance</i>
10-287d CGS	10,059,875,000	421,000,000

**FY25 Capital Budget: 250,000,000**

Under this reimbursement grant program, the State provides public school districts partial funding for new construction and renovation projects. For certain school projects approved by the General Assembly, districts are ranked according to their adjusted equalized net grand list per capita and, based on such rankings, a reimbursement percentage is assigned to determine the amount of grant money a town or regional school district may be eligible to receive.

As of June 30, 2023, DAS estimates that current grant obligations for school construction projects are approximately \$3.6 billion. The legislature has authorized the issuance of State bonds for the school construction grant program based on the amount of grants that the agency estimates will be paid during each fiscal year. Since there is generally a lapse of one or more years from the time grant commitments are approved to the time grant payments are required to be made, the amount of unpaid grant commitments will be significantly greater than the amount of bonds authorized to fund the grant commitments. The Governor’s proposed budget includes a bond authorization of \$250,000,000 for school construction grant payments. This amount is intended to cover the department’s’ cashflow needs, and is an annual request.

The 2024 Priority List submitted to the Connecticut General Assembly on December 15, 2023 can be found [here](#). This document contains the following summary chart of priority list projects covering the last five years:

**SECTION 3: SUMMARY ANALYSIS OF PREVIOUS PRIORITY LISTS**

**DEPARTMENT OF ADMINISTRATIVE SERVICES  
2024 SCHOOL BUILDING PROJECT PRIORITY CATEGORY LIST  
SECTION 3  
Summary Analysis of Previous Priority Lists  
December 15, 2023**

**Current List:**

	# of Projects	Estimated Project Costs	%	Estimated Grant Obligation
<b>2023/2024</b>				
Category A	4	\$270,875,624	46.44%	\$183,292,569
Category B	7	\$312,444,397	53.56%	\$286,943,255
Category C	0	\$0	0.00%	\$0
A, B & C Total	11	\$583,320,021		\$470,235,824
Supplemental Cost Increases	2	\$41,086,326		\$39,032,010
Supplemental Forgiveness	1	\$202,538		\$202,538
<b>Total Projects</b>	<b>14</b>	<b>624,608,885</b>		<b>509,470,372</b>

**Priority Lists Authorized For the Past Five Years:**

	# of Projects	Estimated Project Costs	%	Estimated Grant Obligation
<b>2022/2023</b>				
Category A	7	\$534,751,782	43.28%	\$266,607,172
Category B	10	\$477,817,821	38.67%	\$354,932,368
Category C	3	\$3,593,549	0.29%	\$1,079,726
Legislative Additions to PL	4	\$204,646,691	16.56%	\$161,124,853
Cost Increases Added by Legislature	2	\$14,795,317	1.20%	\$12,670,629
A, B, C & Leg Additions Total	26	\$1,235,605,160		\$796,414,748
Section 2 (Reauthorization)	2	\$53,075,064		\$37,610,051
Section 2 Added by Legislature	3	\$112,413,300		\$109,093,300
Increases Added by Legislature	8	\$90,000,000		\$111,807,775
<b>Total Projects</b>	<b>39</b>	<b>\$1,491,093,524</b>		<b>\$1,054,925,874</b>

**450 Columbus Boulevard | Hartford, CT 06103**

*Affirmative Action/Equal Opportunity Employer*

	# of Projects	Estimated Project Costs	Estimated Grant Obligation
<b>2021/2022</b>			
Category A	3	\$389,604,871	\$245,850,873
Category B	6	\$105,739,534	\$60,836,356
Category C	0	\$0	\$0
Legislative Additions to PL	6	\$405,242,274	\$355,950,274
A, B, C & Leg Additions Total	15	\$900,586,679	\$662,637,503
Section 2 (Reauthorization)	1	\$59,552,805	\$59,552,805
Section 2 Added by Legislature	7	\$69,315,027	\$61,257,923
Cost Increases Added by Legislature	2	\$53,866,652	\$41,159,996
Total Projects	25	\$1,083,321,163	\$824,608,227
<b>2020/2021</b>			
Category A	5	\$368,121,316	\$223,065,088
Category B	10	\$269,588,767	\$205,139,485
Category C	0	\$0	\$0
Legislative Additions to PL	1	\$55,000,000	\$52,250,000
A, B, C & Leg Additions Total	16	\$692,710,083	\$480,454,573
Section 2 (Reauthorization)	2	\$119,723,495	\$111,445,262
Cost Increases Added by Legislature	1	\$25,000,000	\$41,003,811
Total Projects	19	\$837,433,578	\$632,903,646
<b>2019/2020</b>			
Category A	6	\$355,063,446	\$138,930,957
Category B	6	\$146,204,500	\$77,901,242
Category C	0	\$0	\$0
Legislative Additions to PL	1	\$282,000,000	\$225,600,000
A, B, C & Leg Additions Total	13	\$783,267,946	\$442,432,199
Cost Increases Added by Legislature	1	\$1,869,941	\$1,869,941
Total Projects	14	\$785,137,887	\$444,302,140
<b>2018/2019</b>			
Category A	4	\$227,567,117	\$159,840,427
Category B	4	\$1,470,281	\$658,539
Category C	0	\$0	\$0
Legislative Additions to PL	2	\$196,700,000	\$186,865,000
A, B, C & Leg Additions Total	10	\$425,737,398	\$347,363,966
Cost Increases Added by Legislature	3	\$46,000,000	\$59,140,000
Total Projects	13	\$471,737,398	\$406,503,966

450 Columbus Boulevard | Hartford, CT 06103

Affirmative Action/Equal Opportunity Employer

**HVAC Indoor Air Quality Grant Program for Public Schools**

Grants in-aid for school air quality improvements, including, but not limited to, upgrades to, replacement of or installation of heating, ventilation and air conditioning equipment.

<i>Public Act</i>	<i>Authorization</i>	<i>Unallocated Balance</i>
<i>PA 22-118 &amp; PA 23-205</i>	225,000,000	-

**FY25 Capital Budget: 150,000,000**

DAS was allocated \$75 million in bond funds and \$75 million in ARPA funds in fiscal year 2023 to implement the HVAC Indoor Air Quality Grant Program for Public Schools. We also received an additional \$150 million in both fiscal years 2024 and 2025 for purposes of this program, for a grand total of \$450M. The program is for the purposes of installation, replacement, upgrades, and other improvements to indoor air quality in public schools. The program operates similarly to our school construction grant programs and is a reimbursement based program. Districts must demonstrate commitment of their local share at the time of application.

The first round of applications closed December 1, 2022, and DAS awarded \$56 million in grant funds in the first round. The second round of applications closed December 31, 2023, and DAS is currently reviewing the applications. If all grants are awarded, the state share for the second round is approximately \$137 million. ARPA funds were held in the first round in order to ensure the appropriate reporting measures were in place. For the second round of grant awards, we intend to utilize all available ARPA funds first and then draw upon the available bond funds for the remainder of the grant awards.

The three charts below provide additional details on the funding and awards:

<b>FY23 (PA 22-118)</b>	<b>Available</b>	<b>Awarded</b>	<b>Remaining</b>
<b>ARPA Funds</b>	\$75,000,000.00	\$0.00	\$75,000,000.00
<b>Bond Funds</b>	\$75,000,000.00	\$56,000,000.00	\$19,000,000.00
<b>Total</b>	\$150,000,000.00	\$56,000,000.00	\$94,000,000.00

<b>FY24 (PA 23-205)</b>	<b>Available</b>	<b>Awards (estimated)</b>	<b>Remaining</b>
<b>ARPA CF Funds</b>	\$75,000,000.00	\$75,000,000.00	\$0.00
<b>Bond CF Funds - FY 23</b>	\$19,000,000.00	\$19,000,000.00	\$0.00
<b>Bond Funds - FY 24</b>	\$150,000,000.00	\$43,000,000.00	\$107,000,000.00

**450 Columbus Boulevard | Hartford, CT 06103**

*Affirmative Action/Equal Opportunity Employer*

<b>Total</b>	\$244,000,000.00	\$137,000,000.00	\$107,000,000.00
--------------	------------------	------------------	------------------

<b>FY25 (PA 23-205)</b>	<b>Available</b>	<b>Awards (unknown)</b>	<b>Remaining</b>
<b>Bond CF Funds - FY 24</b>	\$107,000,000.00		\$257,000,000.00
<b>Bond Funds - FY 25</b>	\$150,000,000.00		
<b>Total</b>	\$257,000,000.00		\$257,000,000.00

**DAS Administered Construction Projects**

The DAS Construction Services team provides construction management services to other agencies, including the hiring of design consultants and contractors, and the management of those services through the various phases of construction. Agencies are permitted to administer their own projects (therefore known as “agency-administered”) below a prescribed cost, which varies by agency, but beyond which current law requires the administration to be by DAS. The upper threshold for agency administered projects is currently \$3M for Judicial, Military and Connecticut State Colleges & Universities (CSCU) and \$1M for all other agencies. These were increased from \$1M and \$500,000 respectively in the 2023 session, but DEEP’s remained at \$1M. The newly proposed threshold increase in SB 290, a DEEP agency proposal this year, brings them into alignment with last year’s threshold increase to \$3M. Please see the attached document entitled “DAS Administered Design and Construction Projects by Agency” for a summary of current projects.

To date, DAS is only aware of 2 projects that have been agency administered in FY24 that would have previously been required to be DAS administered. One for CSCU and another for the Department of Correction. The number of projects numbers has been inconsistent in recent years, largely due to the impact of COVID 19 and residual market effects, but agency administered projects typically number 50-60 per year.

Currently the value of DAS administered projects -from design through active construction - is approximately \$1.4B representing 145 projects, although, if including projects also in closeout phase, the total is \$2.2B in project value representing 173 projects. When administering a project, the DAS project management team works actively with our consultants and contractors, and is supplemented with consulting construction administrators.

For DAS administered major projects, our largest currently under construction is the Bullard Havens Technical High school with a project cost of \$199M. In final design we have the Valley Lab project for the Agricultural Experiment Station in Windsor with a project value of \$37M.

When agencies administer their own projects, they are required to follow all of the DAS procedures and are fully responsible for all project management. DAS's primary role is assisting the agency with the hiring of a consulting team. At the end of the project, agencies need to provide DAS with appropriate closeout documentation.

When the agency administers their own projects, they will typically be responsible for payments using their business office (assuming they are holding their funding). With certain agencies, they may choose to transfer funds and payment would be made by the DAS business office. It is the role of the agency to "drive" the project - we are "in service" to them. It is up to them to spend those dollars.

Attached please find several documents providing detailed information on these programs:

1. **DAS's 2024 Unallocated Bond Report**, which provides detailed information on all of the programs for which DAS has unallocated bonds;
2. Two Construction Services reports:
  - a. The **DAS Administered Design and Construction Projects by Agency**, which summarizes the formal projects that DAS is designing and constructing on behalf of other agencies that are generally above the statutory thresholds; and
  - b. **DAS HazMat Projects Report**, which summarizes the expenditures on various projects from the Hazardous Materials Abatement Fund;
3. Three Facilities Management reports:
  - a. The **5-Year Facilities Management Capital Improvement Plan**, which is a planning document that identifies projects capital improvements needed in the next five years at various buildings under DAS control;
  - b. The **DAS Facilities Management Pipeline Report**, which is a detailed report on large and small construction projects in various stages of design and construction under DAS control; and
  - c. The **DAS Facilities Management Annual Capital Expenditure Program Request for FY 2023-2024**, which provides an annual review of our intended capital requests for projects under DAS control;
4. DAS's Answers to Questions Posed by OFA

I would be happy to answer any questions you may have.

**450 Columbus Boulevard | Hartford, CT 06103**

*Affirmative Action/Equal Opportunity Employer*