

Public School Facility Improvement Grant Program

By Jonathan W. Cox

The \$100 million Public School Facility Improvement Grant Program is open for applications from March 1, 2024 until May 31, 2024. The Program is authorized under Section 1753.2-E of the Fiscal Code, pursuant to Act 34 of 2023, which is available [here](#). The program will be administered by the Commonwealth Financing Authority with assistance from the Department of Community and Economic Development. Guidelines for the program were released on February 9, 2024 and are available [here](#).

All public school districts and vocational-technical schools are authorized to apply. The program is focused on improvements to existing buildings, including roof repairs and replacement, HVAC, boilers and controls, plumbing, energy savings, health and safety, emergencies, accessibility, internet, demolition, window repairs and replacement, and other projects approved at the discretion of the CFA. Multiple applications per entity are permitted, with a \$5 million limit per project. No entity may receive more than 20% of available funds and the portion allocated to vocational-technical schools is limited to 20% per fiscal year. The CFA, with support from DCED, must develop a prioritization rubric for evaluating applications that takes into consideration school district wealth, building age and condition, emergencies, and safety considerations. The guidelines do not expand upon or further define the prioritization factors or their weighting, however, we anticipate that more detail on the prioritization rubric will be forthcoming from DCED.

Although the Guidelines are generally clear and concise, there are a number of critical timing issues and application nuances that we want to make our clients aware of based on conversations we have had with DCED regarding the program:

1. The Guidelines indicate that an applicant may not commence with a project, nor may hard costs be incurred, prior to CFA approval. DCED anticipates that the earliest that program applications will be considered for approval is the CFA Board meeting scheduled for September 17, 2024, although it is possible that decisions will be deferred to their November 2024 meeting or later. For traditional design—bid—build projects, commencement means awarding of contracts. Soft costs paid or incurred prior to application are acceptable but cannot be used in connection with the match requirement and should not be reflected in the budget supporting the application. We have asked DCED to clarify what commencement of a project means with respect to projects following a Guaranteed Energy Savings Act procurement process.
2. The 25% match funding source must be “secured” at the time of application, however DCED will not require that an applicant close on financing for its match prior to application submission. Rather, DCED has indicated that a term sheet or commitment letter from a financial institution would meet the application requirement.

3. Bid Tabulation / Cost Estimate Requirement. Act 34 and the Guidelines require that applicants demonstrate that they have received three bids or estimates. DCED has indicated that they will accept a detailed project cost estimate from an architect or engineer, but to satisfy the requirement of Act 34, the applicant must summarize two additional bids or estimates received from vendors or contractors that support the overall cost estimate. Cooperative purchasing programs like COSTARS are acceptable but must be supported by two additional bids or estimates.