



Rhode Island Association of School Business Officials

c/o Rhode Island College
610 Mt. Pleasant Avenue, Bldg. #6
Providence, RI 02908

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Board of Regents
RI Department of Education
255 Westminster Street
Providence, RI 02903

Mr. Chairman and Members of the Board of Regents:

On behalf of the RI Association of School Business Officials (RIASBO), we appreciate the opportunity to provide input concerning the proposed changes to the School Construction Regulations.

RIASBO is not in disagreement with the philosophy behind the proposed revisions to the regulations and understands that districts need to be accountable for the construction and maintenance of its buildings. However, the regulations as proposed severely constrict RIDE's ability to provide financial aid for school districts seeking to enhance the learning environment. Full implementation of these regulations, at a time when districts are grappling with the impact of S3050, creates an extremely difficult, if not impossible, situation for many districts and may even make the school construction process exclusionary for others.

RIASBO would like the Board to reconsider and revise the following items within the regulations:

Capital Maintenance Provisions

Our most significant concern involves the provision that would mandate an annual maintenance budget of 2% of the replacement cost of all district buildings, 50% of which

must be expended within the previous 3 years prior to applying for aid. Examples have been provided to illustrate our concern.

Pawtucket: With their buildings valued at approximately \$94 million, the required annual maintenance budget would be roughly \$1.9 million. Reviewing what the Governor has proposed in State Aid, the limitations of S3050, and the support from the City for education, the 2% maintenance budget could end up being greater than their total increase in revenue for the year. Since 1994, Pawtucket has spent \$24 million on major renovation and maintenance projects, an average of over \$2 million per year.

Burrillville: With the constraints of S3050, this provision would make it virtually impossible for them to meet the threshold requirements to even apply for Construction Aid to build additional classroom space in the future. The 2% figure also removes any local control over the school budgeting process and would result in the State absolving itself of its responsibility to assist districts in providing adequate educational facilities by making the school construction process exclusionary.

Cranston: With building values of \$276,093,253, Cranston Schools will have to budget in excess of \$5.5 million under this provision.

Johnston: Given their building values, Johnston would be required to set aside \$1.7 million annually. To do this, they would have to further reduce educational services and programming which would include areas such as replacement of outdated textbooks, curriculum committee work, and support services. This illustration of Johnston will occur in many other districts if this provision remains unchanged.

We are also concerned that the provision as it is currently stated would force districts to spend money on facility maintenance when it may not be needed in order to meet the threshold spending requirement for a planned future project. Many of the districts do a very good job of maintaining their facilities on an annual basis and plan carefully for the expenditure of funds. This provision appears to force spending that may not be necessary.

We believe that the budget percentage required needs to be reduced and that implementation of this provision must be phased-in. In addition, the provision needs to be revised so that districts are not forced to spend money which may not be necessary.

Another concern in this area is that the word "maintenance" needs a more specific definition within the regulations. Many questions were raised by our members and the answers assumed by each led to very different financial illustrations. Does

“maintenance” include only those funds set aside for high cost projects such as roof replacements or does it also include the funds a district budgets and expends each year for routine day-to-day upkeep of the buildings in the areas of plumbing, heating and electrical systems, carpentry, along with flooring repairs and replacements to name a few examples. Does the word maintenance also include the salaries and benefits of individuals on staff or contractors hired by the districts to perform these maintenance functions which are separate from custodial functions? A clearer definition of “maintenance” will resolve these issues among the districts.

Additionally, funding for unspent, ordinary maintenance under these regulations must accrue to a capital escrow account. We are concerned about the impact of this requirement when funds are frozen because of the impact of financial issues such as S3050 or unforeseen financial obligations that may occur. In short, it may not be possible for a district to transfer unspent maintenance funds without going into a deficit situation. In addition, we question whether or not local charter requirements regarding surplus funds will prohibit this practice.

Finally, ordinary maintenance funds transferred to the capital escrow account should not require RIDE review and approval for funding capital repairs and new construction. We do not disagree, however, that RIDE must review and approve projects for reimbursement. This area of the language needs further clarification.

Commissioning Agent – This is an important and prudent addition to the regulation. We do, however, believe that this cost should be reimbursable under the cost of the bond. The regulations are not clear as to whether this can happen. We also question whether or not, rather than independently contracting for this service, it would be more cost-effective for this individual to be a RIDE employee or consultant assigned to work with the districts on these projects.

On behalf of RIASBO, I offer the assistance and experience of the members of our organization. Please do not hesitate to call upon us. Thank you again for the opportunity to provide input.

Sincerely,

Cynthia S. Brown
RIASBO President

Cc: Commissioner McWalters
David V. Abbott, Esq.
Carolyn Dias