



August 12, 2015

The Honorable Tom Wolf
Governor of Pennsylvania
508 Main Capitol Building
Harrisburg, PA 17120

Dear Governor Wolf:

RE: PlanCon Program for School Construction Reimbursement

We, the undersigned, applaud your focus on education and your efforts to address the inequity that exists in our current education funding structure. While much of the discussion on education funding centers on basic education funding, state funding for school construction is also critical to our members, and we believe that a program for providing state reimbursement for school construction must be continued into the future.

The current process for obtaining state reimbursement for a portion of school construction or renovation costs—the PlanCon process—covers everything from preliminary planning and facility design to project financing and refinancing and requires approval by the Department of Education (PDE) at every step of the process. School districts and career and technical education centers (CTCs) that comply with the strict PlanCon requirements are eligible to receive state reimbursement for a portion of their school construction or renovation costs, based upon their relative wealth.

We are very supportive of state funding for school construction. However, the current PlanCon process is lengthy, burdensome and antiquated and should be streamlined. The massive backlog of school construction and renovation projects now waiting for overdue state reimbursement is a dramatic symptom of a program that needs an overhaul.

We strongly believe, however, that the state must continue to play a role in providing reimbursement for school construction. Maintaining a program for state reimbursement for school construction and renovation ensures that all school districts and CTCs can provide appropriate school facilities and safe and secure learning environments for their students.



Even as the vast majority of school construction projects involve the renovation of an existing facility and not new construction, the constraints of Act 1 of 2006 prevent many school districts from being able to raise the resources necessary to complete such a project without state funding. Additionally, the downgrading of many school districts' bond ratings, mostly as a result of rising pension costs, health care costs and charter school tuition costs, also makes borrowing for school construction projects much more expensive for school districts and taxpayers. While local taxpayers already bear much of the burden of needed school construction or renovation projects, in the absence of state reimbursement for school construction, local taxpayers will be forced to carry an even greater share of the load.

Additionally, many school districts and CTCs are likely to be put in the untenable position of being forced to cut educational programs and staff to free up resources to address critical facility needs such as failing HVAC systems or leaking roofs.

We believe that the PlanCon borrowing plan proposed in House Bill 762 offers Pennsylvania the unique opportunity to clear out the backlog and satisfy the already incurred financial obligations of the commonwealth and to craft a reformed, efficient and streamlined process for school construction and renovation reimbursement going forward.

We believe a restructured reimbursement program could, and should, look very different than the current PlanCon process. A modernized program could prioritize different types of projects—such as smaller projects or maintenance projects, require fewer approvals with significantly reduced burden and cost to school districts and CTCs as well as to PDE, provide lump sum reimbursements instead of paying out funds over twenty or thirty years, use updated measures of local wealth to more accurately and effectively distribute state funds or anything in between.

While you work with the General Assembly to craft a state budget that provides needed additional funding for education, we ask that you continue to provide state funding for school construction both now and through future programs. Instead of ending the state's contribution to school construction funding, we urge you to take this opportunity to craft a program for school construction reimbursement that will benefit the state, school districts, CTCs, the built industry and taxpayers into the future.

We look forward to working with you to create a sustainable school construction funding program, and we thank you for your efforts to prioritize education funding for our school districts and CTCs across the state.



Best Regards,

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Executive Director
PA Association of School Business Officials

Jim Buckheit
Executive Director
PA Association of School Administrators

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Cc: Senator Joseph Scarnati, President Pro Tempore
Senator Jake Corman, Majority Leader
Senator Lloyd Smucker, Majority Chairman, Senate Education Committee
Senator Jay Costa, Minority Leader
Senator John Eichelberger
Senator Andrew Dinniman, Minority Chairman, Senate Education Committee
Representative Mike Turzai, Speaker of the House
Representative Dave Reed, Majority Leader
Representative Stan Saylor, Majority Chairman, House Education Committee
Representative Seth Grove
Representative Frank Dermody, Minority Leader
Representative Jim Roebuck, Minority Chairman, House Education Committee
Secretary Pedro Rivera, Department of Education