



# HOUSE BILL 241: Education Bond Act of 2019.

2019-2020 General Assembly

<b>Committee:</b>	House Rules, Calendar, and Operations of the House	<b>Date:</b>	March 6, 2019
<b>Introduced by:</b>	Reps. Moore, Johnson, Elmore, Horn	<b>Prepared by:</b>	Kristen L. Harris*
<b>Analysis of:</b>	Second Edition		Committee Co-Counsel

**OVERVIEW:** *HB 241 would place a referendum on the March 2020 ballot for a \$1.9 billion bond for public school capital outlay projects, community college capital outlay projects, and UNC constituent institution capital outlay projects statewide.*

**BILL ANALYSIS:** HB 241 would establish a bond referendum for consideration by the voters of the State on the March 2020 ballot for the presidential preference primary on whether to issue \$1.9 billion in general obligation bonds for the purpose of providing funds for grants to counties for public school capital outlay projects, community college enterprise resource planning information technology and community college capital outlay projects, and constituent institution capital outlay projects.

### Local School Administrative Units - \$1.5 billion

\$1.5 billion in funds would be distributed among local school administrative units (LEAs) based on the following 4 categories: Average daily membership (ADM), Low-wealth county, ADM growth, and Adjustment factor.

Requirements for grants to counties for LEAs would include the following:

- Grants allocated when any portion of the designated proceeds is allocated from a low-wealth or adjustment factor designation would not require a county match.
- All other grants would be required to match every bond proceeds dollar as follows:
  - LEAs in Tier 1 counties would be required to match \$1.00 in local funds for every \$3.00 of bond proceeds.
  - LEAs in Tier 2 counties would be required to match \$1.00 in local funds for every \$2.00 of bond proceeds.
  - LEAs in Tier 3 counties would be required to match \$1.00 in local funds for every \$1.00 of bond proceeds.
  - Matches could be satisfied by non-State expenditures for public school facilities made on or after January 1, 2015.
  - If a county did not meet its matching requirement by January 1, 2026, the funds would be reallocated to other qualifying counties who met the match requirements.
- In determining between projects for which bond proceeds are allocated, the State Board would give consideration to projects that primarily involve materially improving the energy efficiency of the school facility.

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## UNC Constituent Institutions - \$200,000,000

Requirements for grants to constituent institutions would include:

- Funds would be required to be matched for new construction projects.
- Funds would not be required to be matched for rehabilitation of existing facilities and repairs and renovations.
- The Board of Governors would consider various factors in determining allocation of the bond proceeds, including size, population historically served, development tier area designations, operation of a K-12 school, and length of outstanding repairs and renovations requests.

## Community Colleges - \$200,000,000

- Funds could be used for upgrades to the systemwide enterprises resource planning information technology (ERP Project) with no match requirement.
- All grants to community colleges for new construction would be required to match every bond proceeds dollar as follows:
  - Community colleges with a main campus in Tier 1 counties would be required to match \$1.00 in local funds for every \$3.00 of bond proceeds.
  - Community colleges with a main campus in Tier 2 counties would be required to match \$1.00 in local funds for every \$2.00 of bond proceeds.
  - Community colleges with a main campus in Tier 3 counties would be required to match \$1.00 in local funds for every \$1.00 of bond proceeds.
- Funds would not be required to be matched for rehabilitation of existing facilities and repairs and renovations.
- The Community Colleges System Office would give first priority to the ERP project, and prioritize allocation of the rest of the funds based on rankings of three components:
  1. Development factor ranking (single weighted)
  2. Repair and renovation needs (double weighted)
  3. Additional square footage needs (single weighted)

The bill would also provide:

- The process for issuance of the bonds and notes.
- The role of the State Treasurer in holding and investing the bond money until disbursed.
- The role of the State Board of Education, Board of Governors, and Community College System Office in supervising administration or issuance of the proceeds of the bond.
- The role of the Office of State Budget and Management in maintaining a portion of funds needed for cost escalation to be released under certain circumstances.
- Reporting requirements on a quarterly basis on projects funded from the bonds to the Joint Legislative Capital Oversight Committee, the House of Representatives Appropriations Committee, and the Senate Committee on Appropriations/Base Budget. The State Board of Education would consolidate reports from LEAs, the North Carolina Community College System

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Office would consolidate reports from community colleges, and constituent institutions would report directly to the committees.

- Requirements that the transfer of voters to an adjacent precinct for the March 2020 election be limited only to that election (rather than for the term of office of the county board of elections making the transfer).
- Requirement that any bond funds expended for school technology be credited against the judgment in *N.C Sch. Bds. Ass'n. v. Moore*.

**EFFECTIVE DATE:** HB 241 would become effective when it becomes law.

*\*Kara McCraw, Staff Attorney, contributed substantially to the contents of this summary.*