

August 26, 2016

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

Dear Governor Wolf:

**RE: Building Additional Capacity into the PlanCon Borrowing**

The PlanCon program for school construction reimbursement, which has been in existence for decades, has benefitted every single school district, career and technical education center and taxpayer in Pennsylvania.

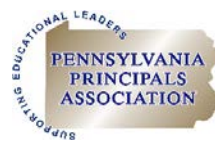
While we are pleased that the borrowing plan, pursuant to Act 26 of 2016, is moving forward to ensure that school districts and career and technical education centers receive state reimbursement for their school construction or renovation projects, we have grave concerns about the structure of the plan and what it means for the future of school construction.

Over the past year, as the borrowing plan was being developed, the education community was supportive of structuring the plan to build in capacity for future school construction. This additional capacity would preserve dollars within the PlanCon line item for new projects, pursuant to the recommendations of the PlanCon Advisory Committee.

This additional capacity would not require borrowing additional dollars for new projects; instead, this capacity would result from structuring the debt payments to create a gap between the amount needed to pay the debt and the PlanCon line item, which was \$306 million in 2014-15 before being zeroed out. Such a structure could provide an estimated \$40 million annually to guarantee that a program for school construction reimbursement would continue in the future.

This additional capacity would provide school districts, career and technical schools and the construction industry with needed certainty about the future of the program, and it will ensure that there will be resources available for a new program and new projects as soon as the current moratorium expires. Failing to structure the borrowing in a way that includes additional capacity from the beginning has significant negative implications for all stakeholders involved.

Providing no additional capacity going forward is tantamount to shutting the door on the state's role in school construction and renovation, significantly undercutting the PlanCon Advisory Committee's ability to realistically implement any future recommendations for a new program.



In a press release earlier in the week in regards to the 2016-17 capital budget, you stated that “insuring the integrity of our state infrastructure is something that must be addressed in order to properly serve those who visit our facilities and ensure the well-being of those who work in them.” We are hopeful that a similar concern exists for the students, teachers, administrators, parents and other community members who enter, learn and work in our schools each day.

Without state support for school construction and renovation, needed projects simply won't happen in most districts. In an Act 1 environment, school districts have no capacity to raise the revenue needed to cover a construction or renovation project absent state reimbursement. As a result, a lack of state support for school construction means financial hardship for school districts and career and technical schools and deteriorating, crumbling and inadequate school facilities.

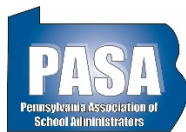
Historic efforts were made earlier this year to begin to remedy the funding inequity across school districts in Pennsylvania, and failure to provide state support for needed school construction and renovation will work against those efforts and widen the divide that exists across school districts. While all school districts would be negatively impacted by the elimination of state support for school construction, some of Pennsylvania's poorest school districts, already struggling with academic and financial challenges, would be hurt the most if the state no longer supported school construction.

Where school districts have an emergency facility issue that cannot be ignored, despite the financial constraints, they will be forced to use their other dollars—namely their basic education funding, which is intended for the classroom—to repair or replace their facilities. As a result, the equity attempted by the increased state investment in basic education funding and the new formula will be undermined. Districts across the state, including many of the neediest districts, must use these valuable dollars to repair failing HVAC systems, replace roofs and ensure the structural integrity of their facilities instead of focusing on improving academic achievement and opportunities for students.

The absence of state support for school construction funding not only negatively impacts students, teachers and staff; it also negatively impacts the construction industry. With no program for school construction reimbursement, future school construction across the state will grind to a halt, meaning there will be fewer jobs and Pennsylvania's economy will suffer.

The issue of the state's role in school construction is an issue that has the capacity to impact the financial, academic and structural future of school districts across the state, and it is not an issue that can be tabled and decided later. We ask that you provide school districts, career and technical centers and the construction industry with needed certainty that the state will continue to have a role in school construction. This needed certainty cannot exist without building the additional capacity into the first tranche of borrowing.

We appreciate your time and your attention to this critical issue. Please do not hesitate to contact us if you have any questions.



Best Regards,

Jay Himes  
Executive Director  
PA Association of School Business Officials

Jim Buckheit  
Executive Director  
PA Association of School Administrators

Nathan Mains  
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PA School Boards Association

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