

Health Policy Brief:
**PlanCon
Funding**

PlanCon Funding

What is PlanCon?

PlanCon, an acronym for Planning and Construction Workbook, is a set of forms and procedures used by public school districts to apply for commonwealth reimbursement for construction and reconstruction projects implemented to improve school building conditions. This process originated from the Pennsylvania Department of Education's (PDE) school building standards and reimbursement system established by Act 24 of 1973¹. In the last 40 years, school districts across Pennsylvania received approximately \$8.1 billion in support of the construction of new facilities or the expansion and renovation of existing facilities². This resource is among other state and federal sources of support for school infrastructure improvement and/or expansion projects.

Why does PlanCon Funding exist?

Our schools are aging and in need of both structural repairs and replacement of its original, often toxic, materials. The average school building in Pennsylvania is 56 years old and the average year of the last renovation is 1997.³

Between 2006 and 2016, 79 percent of school districts have conducted some renovation in their buildings.⁴ Ensuring a healthy learning environment, free of environmental hazards such as lead in drinking water and paint, and indoor air contaminants (e.g., mold, radon gas, fumes from toxic cleaning products) is critical to learners' healthy development and academic success.

How do schools access these reimbursement funds?

When a school district undertakes a major school construction project and seeks reimbursement from the commonwealth, a process known as PlanCon is initiated. Project eligibility is determined through a 4-part application process with the PDE.

How much does PlanCon reimburse?

PlanCon will reimburse up to 65% of the school building project's structural costs. The amount is determined by a formula that considers pupil and building capacity, adjustments based on tax base and district wealth, and the state's adjustment factor. Reimbursements are dispersed annually over a 20-year period.

What is the purpose of the PlanCon application?

The forms are designed to (1) document a local school district's planning process; (2) provide justification for a project to the public; (3) ascertain compliance with state laws, regulations and standards; and (4) establish the level of state participation in the cost of the project.

Who reviews the applications?

The Division of School Facilities within the PA Department of Education.

What are the eligibility requirements for PlanCon Funding?

Proposed school building projects are assessed based on their plans and specifications, enrollments, building utilization and building condition.

Under Act 70 of 2019⁵, school districts undertaking projects that, while vital, do not rise to the level of a comprehensive PlanCon project, may instead apply for the Maintenance Project Grant Program (MPGP). This program will offer up to \$1 million for school construction projects related to roof repairs and replacement, heating, ventilation and air conditioning equipment, plumbing systems, health and safety upgrades and emergencies.



Is the PA Department of Education currently accepting PlanCon applications?

No, the PA Department of Education is not currently accepting PlanCon applications. A moratorium on new reimbursement requests has been in place (and extended by Governor Wolf's orders in Act 16 of 2019⁶) since 2016. This freeze on applications has forced many school districts to delay their renovation and construction projects due to budgetary constraints. Act 25 of 2016 required the Commonwealth Financing Authority (CFA) to establish a program to issue up to \$2.5 billion in appropriation-backed bonds in order to address a major backlog in providing reimbursements to school districts. About \$1 billion of these dollars remain and will be disbursed in 2021.⁷ For the last 4 years, no funds have been dedicated to PlanCon in the Annual PA General Fund Budget. Prior to the onset of the COVID-19 pandemic, Governor Wolf proposed \$1 billion of state funding just for lead and asbestos testing and remediation in the 2020-2021 budget. This proposal has since been forfeited and the moratorium on PlanCon applications and initiation of the MPGP continued for another year.⁸

The PA Public School Building Construction and Reconstruction Advisory Committee

This advisory committee was created in 2016 to review and make recommendations on how to modernize the process and requirements of PlanCon. The full list of recommendations can be found below. Their

recommendations were implemented in Act 70 of 2019, which updated the application process and reimbursement formula for the first time since 1973 and established the Maintenance Project Grant Program.⁹

The 16-member committee includes both the Majority and Minority Chairs of the Senate and House Appropriations and Education Committees, along with one member appointed the President Pro Tempore of the Senate, the Minority Leader of the Senate, the Speaker of the House of Representatives and the Minority Leader of the House of Representatives. The committee also includes the Secretary of Education, a representative of the Pennsylvania Association of School Business Officials, a representative of the Pennsylvania School Boards Association, and a member appointed by the President Pro Tempore of the Senate and the Speaker of the House of Representatives.

PlanCon Advisory Committee Recommendations

Administrative Process Recommendations:

- Simplify by reducing to a 4-step administrative process.
- Authorize PDE to develop a web-based application and data collection system.
- Allow electronic submittal of required documents via the Internet.

High-Performance Building Standards Recommendations:

- Recognize LEED and Green Globes as high-performance building standards.
- Allow the Secretary of Education to recognize other high-performance building standards with the goal to meet or exceed LEED and Green Globes standards.
- Provide a ten percent (10%) incentive in the reimbursement formula for projects that use recognized high-performance building standards.
- Require projects seeking the high-performance building standards reimbursement incentive to provide a projected return on investment for utilizing high-performance standards versus code construction which must show a positive return on investment over the building's lifetime.

Maintenance, Repairs, and Modernization Project recommendations:

- Create a small project building maintenance and repair grant program by designating a twenty percent (20%) set-aside of monies appropriated for the new building reimbursement program. Eligible projects shall include:
 - Roof repairs and replacement of HVAC boilers and controls

- Plumbing systems
- Energy savings projects
- Health and Safety Upgrades
- Emergencies
- Other projects as approved by the Secretary
- Per project maximum award of \$1 million with a fifty percent (50%) local match.

- Annual allocation of funds to a district cannot exceed twenty percent (20%) of annual set-aside funds.
- Use funding rubric to prioritize grant awards which shall consider:
 - School wealth
 - Prior receipt of grant awards
 - Building conditions
 - Emergencies
- Allocate fifty percent (50%) of grant awards on December 31 and allocate remaining funds no later than June 30.
- Define emergencies as deficiencies that prohibit a school building from being occupied. No local match is required for emergencies.
- Require PDE to annually transmit grant award information, including scoring, to the Senate and House Appropriations Committees.
- Develop guidelines for voluntary reporting of information by districts related to building safety, inventory and condition.
- Require PDE to create a uniform Facility Condition Assessment (FCA) for all school districts that

includes, but is not limited to, a projection of costs to maintain and renovate the district's existing facilities. Each district's completed FCA shall be submitted to the Department and the Department shall post the FCAs on its website.

- Incentivize districts to complete FCAs on a decennial basis.
 - Provide additional points in the small project grant funding rubric for participation.
 - Provide two percent (2%) incentive in reimbursement formula for participation.
- Require the Department of Labor and Industry to make information available to public school districts to help them understand the difference between “public work” and “maintenance work” based on industry standards and the existing language of the Pennsylvania Prevailing Wage Act.

Per Pupil Amount

- Determine a base per full-time equivalent (FTE) reimbursement amount using the state median structural cost of completed school building projects during the last five (5) years as determined by PDE.
- At present, PDE calculates this amount to be \$18,251.
- Recalculate base per FTE reimbursement every five (5) years.

Adjustment Factor

- The adjustment factor shall be set by the General Assembly and the Governor from 0 to 1 to determine the state share of the base per FTE amount.
- Consideration shall be given to provide for a consistent level of funding from year-to-year for school districts planning future projects

School Building Capacity

- Use the lesser of a school building's enrollment and the per FTE building capacity schedule that will be the same for all building types.
- Determine the per FTE building capacity using a room schedule that weighs the FTEs per room based on the cost of each type of room.
- Use room schedule developed by PDE's architect which considers costs.

Wealth Factor

- Use the greater of the Market Value Aid Ratio and a new aid ratio which utilizes factors contained in the Basic Education Funding Formula. The new aid ratio uses the following factors:
 - Median Household Income Index
 - Local Effort Capacity Index
 - Sparsity-Size Adjustment (School districts that qualify for sparsity-size adjustment receive an additional 0.1000)
 - Concentrated Poverty (School districts with concentrated poverty receive an additional 0.0500)
- Provides for a minimum wealth factor of 0.1500.

Formula Calculation

- Multiply the Per Pupil Amount by the Adjustment Factor by the Building Capacity by the Wealth Factor to determine the State share.

Maximum Payment Amount

- State share cannot exceed sixty five percent (65%) of school building projects structural costs.

Payment Schedule

- Divide state share into 20 equal payments to be made over 20 years.

Policy Recommendations

Creating and maintaining healthy schools requires dedicated ample public funding. Women for a Healthy Environment recommends that the Commonwealth:

- **lift the moratorium on new PlanCon applications for reimbursements,**
- **allocate funding to both PlanCon projects and the Maintenance Project Grant Program, as a permanent budget line item in the General Fund, and**
- **implement the PlanCon Advisory Committee's recommendation to "Create a set-aside of five percent (5%) of monies appropriated for the new building reimbursement program to be dedicated to school safety projects."**

Endnotes

1. Pennsylvania Department of Education. (2020) *School Construction and Facilities (PlanCon)* <https://www.education.pa.gov/Teachers%20-%20Administrators/School%20Construction%20and%20Facilities/Pages/default.aspx>
2. Public School Building Construction and Reconstruction Advisory Committee (May 2018) *Public School Building Construction and Reconstruction Advisory Committee Final Report* <http://pasenate.gov/plancon/wp-content/uploads/sites/81/2018/05/final-report-052318.pdf>
3. Healthy Schools PA (September 2018) *The State of Environmental Health in Southwestern Pennsylvania Schools* <http://healthyschoolspa.org/wp-content/uploads/2018/09/State-of-Environmental-Health-in-Schools-Report-9.4.18.pdf>
4. Healthy Schools PA. (September 2018) *The State of Environmental Health in Southwestern Pennsylvania Schools* <http://healthyschoolspa.org/wp-content/uploads/2018/09/State-of-Environmental-Health-in-Schools-Report-9.4.18.pdf>
5. "Senate Bill No. 700," Pub. L. No. 700, 14 30 (2019), <https://www.legis.state.pa.us/CFDOCS/Legis/PN/Public/btCheck.cfm?txtType=PDF&sessYr=2019&sessInd=0&billBody=S&billType=B&billNbr=0700&pn=1074>.
6. Pennsylvania General Assembly (2019) Act 16 <https://www.legis.state.pa.us/cfdocs/legis/li/uconsCheck.cfm?yr=2019&sessInd=0&act=16>
7. Research for Action. (October 2020) *State Funding to Ensure Safe and Healthy School Facilities: Lessons for Pennsylvania* <https://8rri53pm0cs22jk3vvqna1ub-wpengine.netdna-ssl.com/wp-content/uploads/2020/10/RFA-PACER-SchoolFacilitiesFunding.pdf>
8. Ibid vi
9. Pennsylvania Department of Education. (2020) *Act 70 of 2019* <https://www.education.pa.gov/Teachers%20-%20Administrators/School%20Construction%20and%20Facilities/Pages/Act70of2019.aspx>