



Vermont State Treasurer's Office

School Construction Task Force Report



***Presentation to State Aid for School
Construction Working Group***

September 27, 2024

Overview

- State Debt Management Process
- Rhode Island Model/State Subsidy for Debt Service Payments
 - 6 Example Chart
 - \$100M in Perpetuity Chart
- Need for Additional Revenues
- Other Policy Considerations for State Aid

State Debt Management Process

- The State Treasurer's Office is statutorily charged with managing the State's bonds and debt obligations.
- Vermont is currently tied with Massachusetts for highest bond ratings in New England.
- Role of Capital Debt Affordability Advisory Committee and Debt Metrics Ratios
- For the FY24-25 biennium, CDAAC recommended a debt authorization of \$108,000,000 (or \$54,000,000 per year). Represents a 12% reduction from prior biennium and a reduction of 37% over the past decade.

Rhode Island Model/State Subsidy for Debt Service Payments

- RIHEBC issues bonds on behalf of cities and towns for school construction, State pays a subsidy amount (which varies based on a scoring system) for the bond debt service.
- Provides for a strong credit rating.
- Bonds issued through the program are not considered to be State net tax supported debt.
- Pooling of bonds achieves scale and reduces costs.
- Note: RI also issued \$500M of G.O. bonds to provide "pay-as-you-go" funding to school districts. This is not an option that the Treasurer's Office would recommend for Vermont.

Debt Service Subsidy Models for School Construction Aid

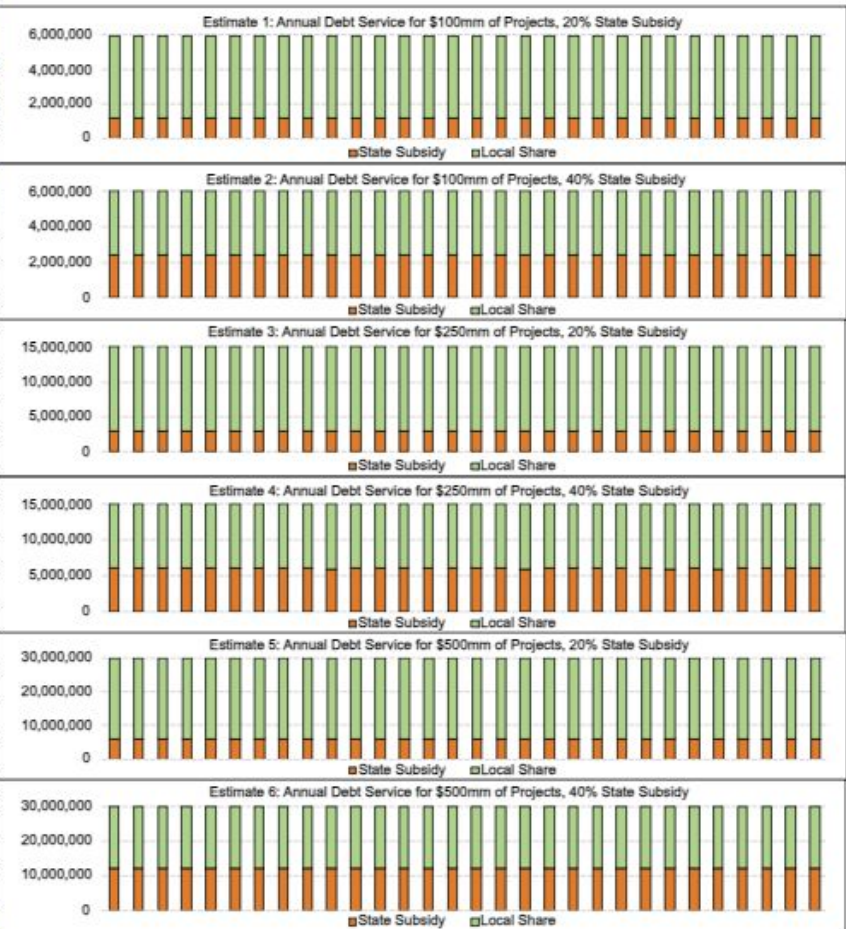
Disclaimer: The models on the following slides are meant to be demonstrative of the order of magnitude of project costs that varying amounts of annual State subsidy commitment could support, as a starting point, for continuing policy discussions around the scale and scope of a new State School Construction Aid Program. The total project funds contemplated do not reflect a recommendation as to the scale of a future program, but rather were chosen for mathematical ease of reference to facilitate program development

Modeled two ways:

- Large one-time infusion of support with either 20% or 40% state subsidy.
- Ongoing set dollar amount of projects per year with 20% state subsidy.

	State Subsidy Estimates					
Estimate #	1	2	3	4	5	6
Project Funds	\$100,000,000	\$100,000,000	\$250,000,000	\$250,000,000	\$500,000,000	\$500,000,000
Total Subsidy	\$35,920,893	\$71,841,786	\$89,803,608	\$179,607,216	\$179,606,666	\$359,213,332
Avg Subsidy/Year	\$1,088,512	\$2,177,024	\$2,721,321	\$5,442,643	\$5,442,626	\$10,885,252
Subsidy Pct	20%	40%	20%	40%	20%	40%

	Annual State Subsidy Amount for Each Estimate					
Year	1	2	3	4	5	6
2025	\$1,196,893	\$2,393,786	\$2,993,758	\$5,987,516	\$5,985,466	\$11,970,932
2026	1,197,500	2,395,000	2,993,200	5,986,400	5,987,450	11,974,900
2027	1,196,950	2,393,900	2,993,850	5,987,700	5,986,700	11,973,400
2028	1,197,700	2,395,400	2,993,650	5,987,300	5,987,350	11,974,700
2029	1,197,650	2,395,300	2,993,550	5,987,100	5,987,150	11,974,300
2030	1,197,800	2,395,600	2,993,450	5,986,900	5,986,950	11,973,900
2031	1,197,100	2,394,200	2,993,250	5,986,500	5,986,550	11,973,100
2032	1,197,550	2,395,100	2,993,850	5,987,700	5,986,750	11,973,500
2033	1,197,050	2,394,100	2,993,100	5,986,200	5,987,300	11,974,600
2034	1,197,600	2,395,200	2,992,950	5,985,900	5,986,950	11,973,900
2035	1,197,100	2,394,200	2,993,250	5,986,500	5,986,500	11,973,000
2036	1,197,550	2,395,100	2,993,850	5,987,700	5,986,700	11,973,400
2037	1,197,850	2,395,700	2,993,600	5,987,200	5,987,250	11,974,500
2038	1,196,950	2,393,900	2,993,400	5,986,800	5,986,850	11,973,700
2039	1,197,850	2,395,700	2,993,100	5,986,200	5,987,250	11,974,500
2040	1,197,400	2,394,800	2,993,550	5,987,100	5,987,100	11,974,200
2041	1,197,600	2,395,200	2,993,550	5,987,100	5,987,100	11,974,200
2042	1,197,350	2,394,700	2,992,950	5,985,900	5,986,900	11,973,800
2043	1,197,600	2,395,200	2,993,600	5,987,200	5,987,150	11,974,300
2044	1,197,250	2,394,500	2,993,250	5,986,500	5,986,450	11,972,900
2045	1,197,250	2,394,500	2,993,750	5,987,500	5,986,450	11,972,900
2046	1,197,500	2,395,000	2,993,850	5,987,700	5,986,700	11,973,400
2047	1,196,900	2,393,800	2,993,350	5,986,700	5,986,750	11,973,500
2048	1,197,400	2,394,800	2,993,050	5,986,100	5,987,150	11,974,300
2049	1,197,850	2,395,700	2,993,700	5,987,400	5,987,400	11,974,800
2050	1,197,150	2,394,300	2,993,000	5,986,000	5,987,000	11,974,000
2051	1,197,250	2,394,500	2,993,750	5,987,500	5,986,450	11,972,900
2052	1,197,000	2,394,000	2,993,600	5,987,200	5,987,200	11,974,400
2053	1,197,300	2,394,600	2,993,300	5,986,600	5,986,600	11,973,200
2054	1,197,000	2,394,000	2,993,550	5,987,100	5,987,100	11,974,200
Total	\$35,920,893	\$71,841,786	\$89,803,608	\$179,607,216	\$179,606,666	\$359,213,332



Expanded Estimate 1: Annual Debt Service for \$100mm of Projects Per Year, 20% State Subsidy

