

## Non-State Grants

### General Information

- Allows the use of state general fund supported bonding (GFSB) on non-state (local or non-profit) construction/development projects that have a statewide public purpose
- Each non-state grant is specifically enumerated in the statutes (s. 13.48)
- The grant recipient must be a local government (city, county, etc.) or a non-profit organization (501 (c)(3))
- The grantee must provide matching funds
  - SBC policy is that at least a 50% match from the grantee is required
  - We prefer projects where the state share is less than half the total project cost
  - Fairly broad definition of what constitutes an allowable matching fund source. Allowable fund sources include:
    - Monetary: donations, funds raised through a capital campaign, grants, local government funds such as TIF, economic development authority, and other state funds as long as you are not usurping another state purpose
    - Another debt instrument: a loan as long as the loan is secured at the time the grantee requests the release of the grant funds
    - Non-monetary: a donation of land, a building, related equipment, tangible in-kind contributions such as grantee labor

### 2015-17 Non-State Grant Process

#### Pre-enumeration:

- Non-state grant requests are due to DOA September 12, 2014
- DOA will include it in the non-state agency requests portion of the 2015-17 Capital Budget and publish it in the Agency Request document in early 2015
- The request will be reviewed and analyzed, and a recommendation will be made to the Governor in late 2014-early 2015
- The Governor's 2015-17 Capital Budget Recommendations will be published in February 2015 and will include a yes, no, or modified recommendation for all projects requested
- The State Building Commission will take up the Governor's Capital Budget recommendations at its March 2015 meeting. They can approve, defer, or modify any of the recommendations
- Once the SBC has voted on and approved a Capital Budget, their recommendations are published and submitted to the Joint Committee on Finance by Tuesday, April 7, 2015
- The JFC can modify any of the SBC recommendations and will take action on the Capital Budget during their review of the state operating budget. Then, the Capital Budget is rolled into the operating budget and the entire package is presented to both houses of the legislature
- The Senate and Assembly take up the budget and can modify the Capital Budget. Both houses must pass the same version of the budget

- The budget is sent to the Governor for signature. The Governor can veto or partially veto the Capital Budget prior to enactment.

**Post-enumeration:**

- After the budget is signed into law, the non-state grant recipient must request the release of funds from the SBC at a subsequent monthly meeting. The earliest this money will be available is at the August 2015 meeting.
  - In order to request release of funds, the grantee must show two things:
    - That their matching funds are secured
    - Plans and specifications for the proposed project illustrating that they are in fact building the type of project the legislature enumerated in the statutes
  - Once these two things are proven, DOA will place the item on the monthly SBC agenda
- Once the SBC has approved the release of funds, the grantee must enter into a legal agreement with DOA. Please note: the legal agreement contains certain standard language that is non-negotiable in order to protect the state's partial ownership interest in the project and the tax exempt status of the bonds.
- Once the agreement is executed by both parties, the grantee can submit paid invoices to the DOA for reimbursement. DFD and the Capital Finance office review the invoices to ensure they are appropriate expenditures, and in proportion to the amount released by the SBC.
  - The non-state grant funds can only be used for actual project costs—there has to be an asset tied to the reimbursement

**What DOA will need by September 12, 2014:**

- Identification of the local government/non-profit partner who will receive the state grant
- An estimate of the available grantee match and the source of those funds
- A description of the proposed project including total project cost and an explanation of the public benefit of the project.

## Local or Non-State Projects.

Local projects typically involve a non-state entity, such as a nonprofit organization or local government, requesting state aid in the construction or renovation of a facility. Historically, local projects tend not to be included in the state building program.

However, in recent biennia, the Building Commission and the Legislature have included local projects in biennial state building programs. Table 2 shows the local projects that were enumerated in recent state building programs, including several under 2009 Act 28 and one under 2011 Act 32.

Concerns have been raised related to the recent trend of including local projects in biennial state building programs, since there are many local projects within communities throughout the state that could use state assistance. As a result, the Building Commission has developed policies and criteria for including state funding for local projects in the state's capital budget. Under these Building Commission policies and guidelines, the following requirements are to be used in determining whether a local project should be included in the state building program.

- the project must be in the public interest;
- there should be a statewide basis justifying the need for the project;
- local or other financing alternatives should be considered first;
- the requestor should be required to provide evidence that the purpose and use of the project is such that it can be financed with tax-exempt bonds;
- the requestor and DFD should consider appropriate language to protect the state's interest in the project if the property is used for purposes other than those approved by the Building Commission;
- the Commission can modify its original approval if the proposed change is in the public interest and approved by state bond counsel;
- the requestor agrees to provide a 50% or greater match for the project before initial review by the Commission and the Commission may require appropriate guarantees for this match; and
- the local project must be submitted and reviewed following the same procedures used for state agency requests for funding through the state capital budget.

**Table 2: Local Projects Enumerated under Recent State Building Programs**

Project	State Funding
Nash Auto Museum (1997 Act 27)	\$1,000,000
Swiss Cultural Center (1999 Act 9)	2,000,000
Milwaukee Policy Athletic League Youth Activities Center (1999 Act 9)	1,000,000
HR Academy, Inc. Youth and Family Center (2001 Act 16)	1,500,000
Hmong Cultural Center (2007 Act 20)	2,250,000
Bond Health Center (2007 Act 20)	1,000,000
Aids Network (2009 Act 28)	300,000
Aids Resource Center (2009 Act 28)	800,000
Bradley Center Sports and Entertainment Corp. (2009 Act 28)	5,000,000
Dane County Yahara River Watershed Initiative (2009 Act 28)	6,600,000
Madison Children's Museum (2009 Act 28)	250,000
Myrick Hixon EcoPark (2009 Act 28)	500,000
Aldo Leopold Climate Change Classroom and Interactive Library (2009 Act 28)	500,000
Oshkosh Opera House (2009 Act 28)	500,000
L.E. Phillips Library -- Eau Claire (2009 Act 28)	125,000
Stone Barn Restoration -- Town of Chase (2009 Act 28)	100,000
Lac du Flambeau Indian Tribal Cultural Center (2011 Act 32)	<u>250,000</u>
Total	\$23,675,000