

MSBA Technology Infrastructure Loan Program

July 20, 2016

MSBA Board of Directors

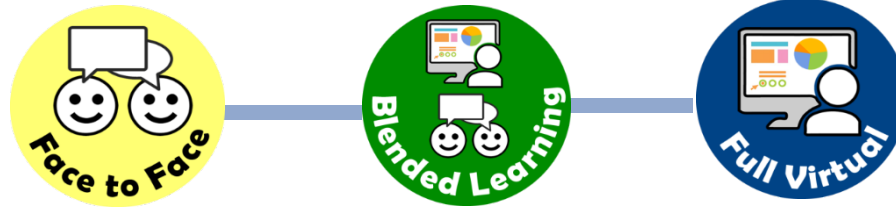
FY16/FY17 Strategic Initiative

MSBA Board of Directors approved following strategic initiative: ***Evaluate the changing technological needs of schools and create program(s) to assist upgrades in otherwise sound schools***

- Met with Commissioner Chester and staff, and agreed to form working group of staff from MSBA and DESE to explore possibilities, with objective to present a program to Board in summer 2016
- Determined loan program best option for new program, so as to NOT compete with grants for construction work
- Determined a revolving loan program of a maximum of \$50 million overall, and not to exceed \$10 million in a fiscal year, was possible
- Determined that due to staffing and expertise needs, best role for MSBA was as a funder, not a program manager
- MSBA General Counsel Ryan and CFO Gonzalez assigned project

Digital Learning

- “Digital learning” refers to the thoughtful, deliberate use of technology to support teaching and learning.
- The vast majority of educators in our schools use digital tools to support learning and teaching.
- Digital learning supports a range of experiences across a spectrum.





ACCESS

Provide students access to a greater range of learning opportunities and course options



COLLABORATION

Promote greater student engagement and collaboration with peers and adults

DIFFERENTIATED PATHWAYS

Offer differentiated learning paths for students based on demonstrated competency in a subject or skill

PROFESSIONAL LEARNING

Encourage teacher networking and knowledge-sharing



LEARNING ENVIRONMENT

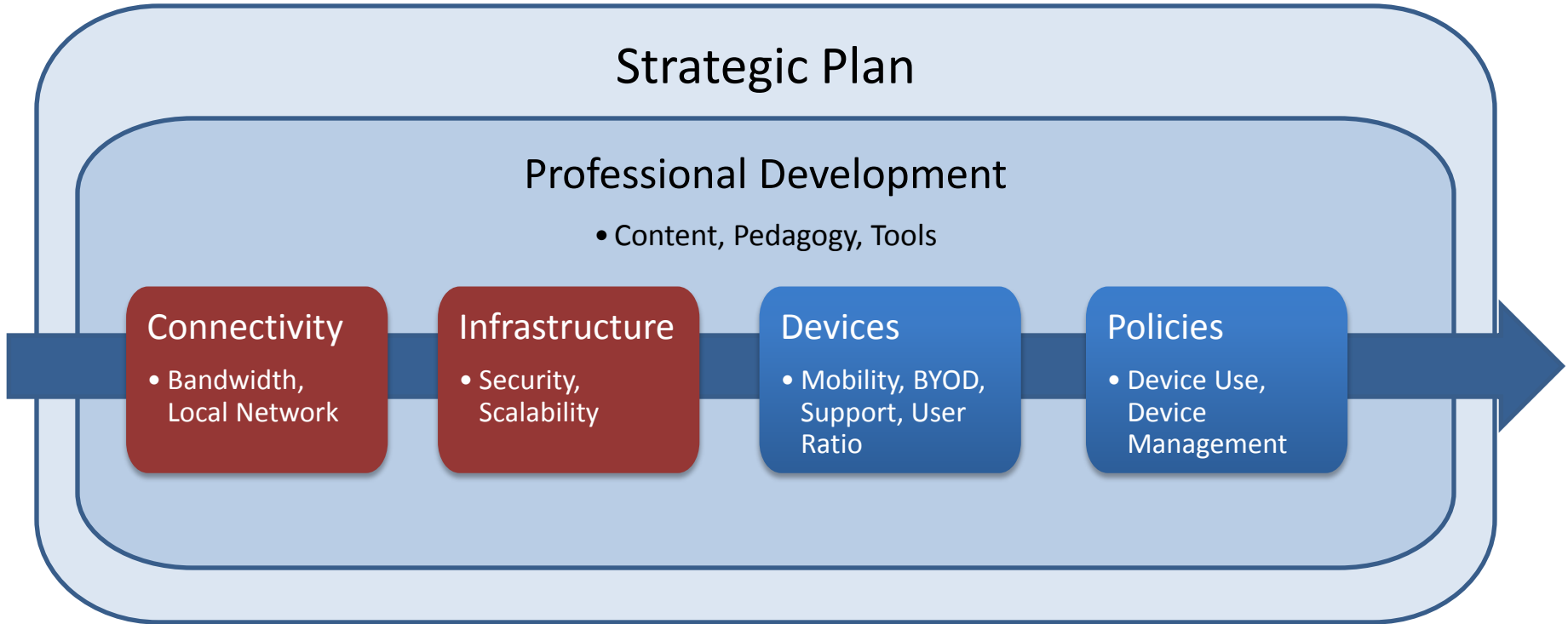
Tailor the learning environment to afford students more control over the place, time, content, and method of instruction

SUPPORT

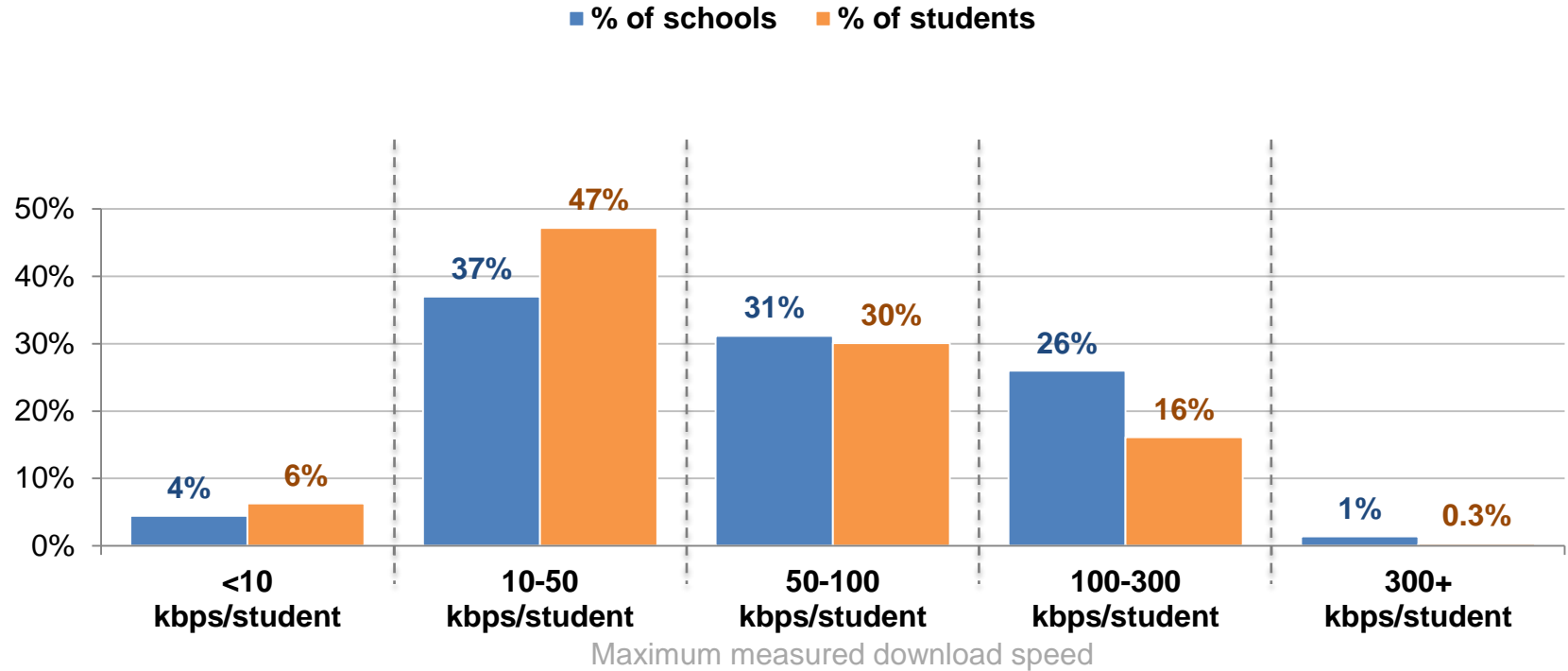
Intervene more quickly with struggling students

DIGITAL LEARNING enables PERSONALIZED LEARNING

What is needed for Digital Learning?



Schools Lack the Infrastructure

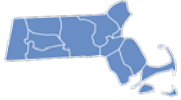


Source: Education Superhighway, October 2013

NOTE: Data to be updated Fall 2016 as part of grant and loan administration and partnership with Education Superhighway

Efforts to Build Capacity

Chapter 257 of the Acts of 2014: AN ACT FINANCING INFORMATION TECHNOLOGY EQUIPMENT AND RELATED PROJECTS



Digital Connections Partnership Grant Program is established & subsequently administered in FY15 and FY16 by ESE and MassIT

Local Matching



MSBA Loans for Technology Infrastructure



Federal Communications Commission (FCC) schools and libraries “E-rate” program

Our Challenge

How to weave all of these funding sources together into a coherent program that:

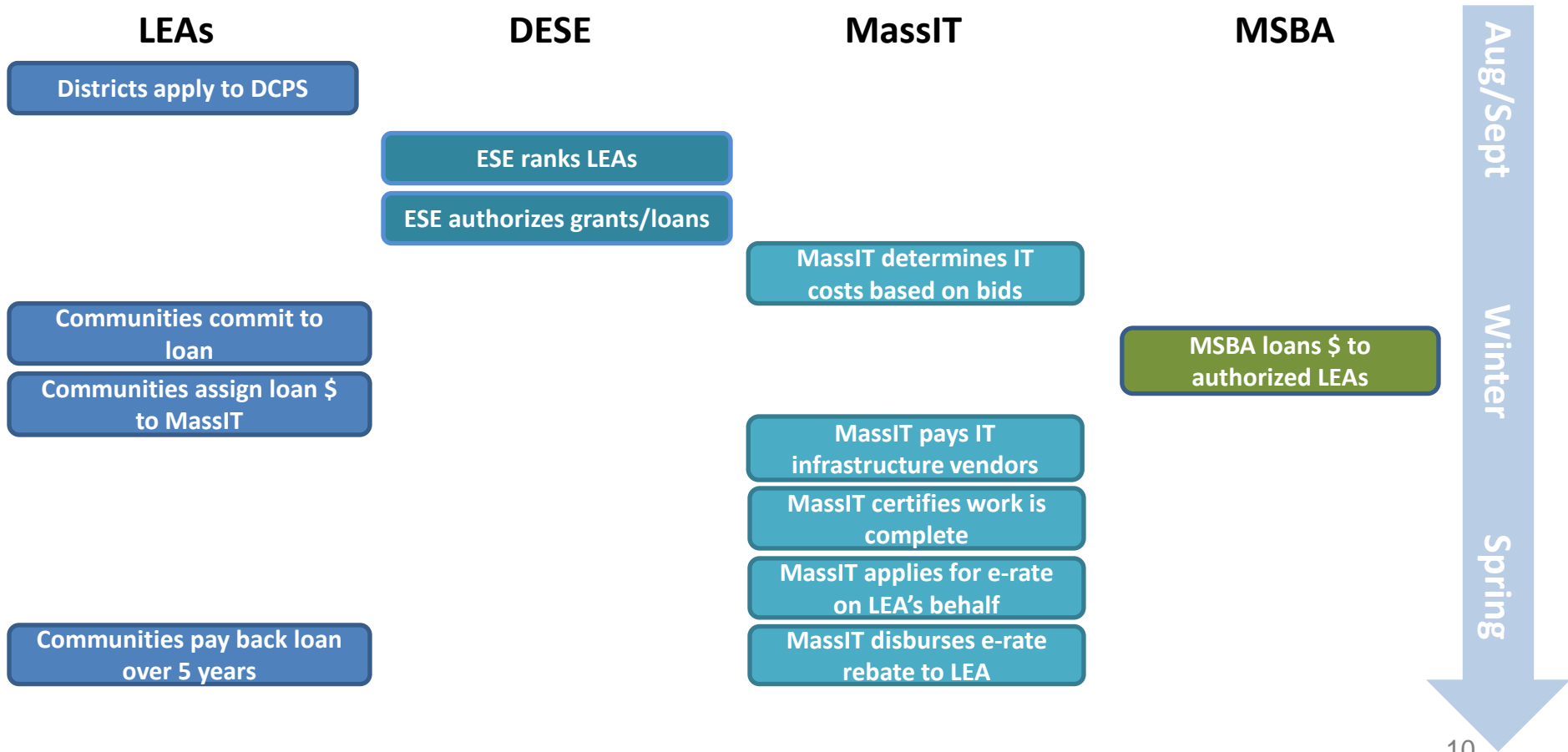
1. Will drive the development of technology infrastructure in schools
2. Will result in greater equity in terms of technology access
3. Will not overwhelm districts with complexity

Our Solution

Use the existing Digital Connections grant program

- ESE runs the grant program, ranks the applicants (Ed Superhighway support)
- ESE and MassIT authorize grants and loans (separately or in combination)
 - Grants pay for costs that federal e-rate doesn't cover
- MassIT determines project cost
 - LEAs front the costs that federal e-rate will cover to MassIT
 - MSBA loan proceeds help LEAs to front these costs
- MassIT makes payments to approved vendors; ensures quality
- MassIT applies for e-rate rebate on LEA's behalf
- MassIT collects e-rate reimbursement and returns \$\$ to LEAs
- LEAs use \$\$ to repay loan, pay for more infrastructure, devices, etc.
- LEAs are required to repay MSBA within terms of loan agreement
 - MSBA can intercept state aid if LEA defaults on loan

IT Infrastructure Loan Program: Proposed Process



Funding Plan

- The MSBA has unrestricted cash available from loans that were previously made to several districts.
- These funds will not be replenished from sales tax or other sources, hence recommendation that the program be a revolving loan program.
- These funds are separate from the funds used to award grants to districts through the SOI process.
- Overall program recommended at this time is \$50 million with an annual limit of \$10 million in loan authorization
- Loans shall be a maximum of 5 years
- Loans shall be either low interest or no interest loans
- Projects shall have a value of at least \$250,000 but no more than \$2,500,000
- Repayment of loans shall go back into the revolving fund so that by the 5th year there are sufficient balances in the fund to continue the program on a sustainable basis

Summary of MSBA Participation in the Technology Loan Pilot Program

- ESE and Mass IT will oversee the operation of the program and the MSBA will be a funding partner through loans
- The Loan Agreement with district shall provide that the MSBA will be allowed to intercept the District's state aid if a loan payment is not made
- MSBA will develop loan agreement documents and requirements
- Staff shall evaluate the success of the Pilot Program and make recommendations to Board on continuation or change to the program annually
- If Pilot Program successful, has the potential to become sustainable through the rapid repayment of the loan

Statutory Authority

- Chapter 70B: Section 3: *“There is hereby established a school building assistance program. The purpose of said program is to administer the provisions of this chapter...relative to grants and loans to cities and towns for the planning and construction of school building and school facility projects.”*
- Chapter 70B: Section 3: *“Specific powers of the authority shall include [the power to] disburse...grants approved by the authority, to finance or refinance costs of approved school projects and...[to] finance or refinance the local share of costs of these projects...”*
- Chapter 70B: Section 7: *“There shall be a limit on the estimated amount of grants approved by the authority during a fiscal year. For fiscal year 2008, the limit shall be \$500,000,000. For each fiscal year thereafter, the limit shall be the limit for the previous fiscal year plus the lower of the rate of growth in the dedicated sales tax revenue amount, as defined in subsection (a) of section 35BB of chapter 10, or 4.5 per cent.”*

Statutory Authority

- **Chapter 10: Section 35BB(b)**: *“There shall be established on the books of the commonwealth a separate fund, to be known as the School Modernization and Reconstruction Trust Fund [and] **All amounts in the fund, including investment earnings, shall be available for expenditure by the authority for any lawful purpose ...”.***
- **Chapter 70B: Section 1**: *“It is in the best interests of the commonwealth and its citizens to create an authority to achieve the objectives of effective management and planning of the commonwealth's investments in school building assets, promoting positive educational outcomes, ensuring the health, safety, security and wellbeing of **students**, easing and preventing overcrowding, maintaining good repair, efficient and economical construction and maintenance, financial sustainability of the school building assistance program, thoughtful community development, smart growth and accessibility....”.*