



STATE OF LOUISIANA
DEPARTMENT OF EDUCATION
RECOVERY SCHOOL DISTRICT

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2007-2008 Recovery School District Capital Budget Update

Summary

The Recovery School District's capital budget goals are clear—build and maintain unparalleled RSD-operated and charter school facilities. The district is enthusiastically accomplishing this by delivering painted classrooms, air conditioning in every school, modern furniture and textbooks in every classroom, and building new schools designed to maximize student performance.

Since spring 2007, the RSD has added almost ten thousand classroom seats for students. The projects contributing to this effort include the rehabilitation of 21 permanent school campuses and eleven modular campuses. On top of this approximately **\$170 million** capital construction program includes a **\$4.6 million** initiative to renovate half the restrooms in the district, and more than **\$2.3 million** in kitchen renovations to provide hot food to students for the first time since the storm.

Between the eventual total obligations of FEMA and CDBG funding to the RSD, the district anticipates developing a capital budget in excess of **\$700 million**. Among the challenges, successes, and plans for the RSD's capital budget include:

- **Quickstart:** To begin a long-term capital construction program and the implementation of the Orleans Parish school facilities master plan, the RSD has broken ground on five new schools, with construction fully funded by the Federal Emergency Management Agency (FEMA).
- **Increasing FEMA Payouts:** Between December 2007 and February 2008, the RSD's negotiations with FEMA to rewrite the scope of the district's Project Worksheets (PW) have yielded nearly **\$11 million** in additional FEMA payouts on rebuilding projects. By working with FEMA to reassess damages to RSD structures—particularly in determining the total percent of damages incurred on RSD facilities by Hurricane Katrina—the district's obligated FEMA funding has increased an additional **\$39 million** during this same time period.
- **Leveraging the federal 2008 Omnibus Appropriations Bill:** The impact of this legislation, designed by Senator Mary Landrieu in cooperation with RSD and Louisiana Department of Education staff, is significant for the district. Specifically, the legislation will bring more than **\$58.4 million** in additional FEMA funding to the district and allows the RSD to build a **\$50 million** "revolving fund" to alleviate its cash flow crisis. The creation of the revolving fund is the result of an unprecedented agreement between the Louisiana Recovery Authority (LRA) and the Governor's Office of Homeland Security and Emergency Preparedness that will enable the RSD

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to pay past bills and have the cash on hand to prevent future delays in paying vendors in the short-term.

- **Receive CDBG Funding Efficiently:** The RSD is the first hurricane-impacted Louisiana school district to actually receive Community Development Block Grant funds to rebuild its schools, receiving approximately **\$15 million** out of the **\$90 million** allocated to the RSD and **\$200 million** allocated statewide. On February 12, 2008, the LRA voted to allocate an additional **\$21 million** in CDBG to the district, bringing the district's total CDBG allocation to approximately **\$111 million**.
- **FEMA Contents Settlement:** The RSD successfully negotiated a settlement with FEMA over the value of the district's damaged and destroyed building contents, bringing more than **\$49 million** to the district. These funds will replenish the expended operating funds that the district used to replace the contents of its buildings during the 2006-2007 school year. Once the process of replenishing the district's operating funds is complete, these funds will be listed as revenue within the RSD's Operating Budget.
- **Quicker Start:** The district is negotiating with FEMA to finalize the "**Quicker Start**" initiative, which will bring additional facilities online to the district by fall 2008 in anticipation of the RSD's growing enrollment.
- **Fall 2008 Rebuilding Goals:** To further satisfy the district's fall 2008 enrollment, the RSD is also working to rebuild two permanent facilities and bring all charter school restrooms up to safe and humane condition by fall 2008. To reduce neighborhood blight and to enhance safety, the RSD has also begun demolishing buildings and modular units that cannot be economically rehabilitated.
- **Creative Financing:** The district is exploring creative financing measures that leverage forthcoming FEMA and CDBG reimbursement claims, with the intent of increasing the RSD's capital revenue. The RSD is also interested in using these funds to receive tax credits and other additional revenue sources to fund upgrades to the RSD's existing operating schools.

The RSD is committed to continuing its work to build superior school facilities in New Orleans, while managing the district's capital funding efficiently, and will continually update the BESE board as the district moves forward.

Paul G. Vallas

Superintendent