

Frequently Asked Questions: Pennsylvania House Bill 1724 (SCIP)

1. WHAT IS A “SCIP CONTRACT” UNDER HB 1724?

A Sustainable Capital Improvement Project (SCIP) contract is a long-term procurement and financing structure that allows a public entity—including school districts—to contract with a single provider that handles design, construction, financing or , ownership, operations, and maintenance of a project. These contracts are performance-based and typically tied to guaranteed cost savings, energy efficiency, or operational improvements. Rather than relying on bond referendums or new taxes, districts can use savings and existing budget allocations to fund upgrades.

2. WHICH ENTITIES ARE ALLOWED TO USE SCIP CONTRACTS?

HB 1724 amends Pennsylvania’s Title 62 procurement statute. Once enacted, school districts, intermediate units, CTCs, and other public education entities would be able to procure SCIP contracts under the same framework as other public bodies.

3. DOES SCIP OVERRIDE TRADITIONAL PROCUREMENT RULES?

No. HB 1724 adds SCIP as an authorized procurement mechanism but does not eliminate competitive requirements. Districts must still use RFP/RFQ processes, follow Title 62 procedures, and comply with prevailing wage, public notice, and contracting standards.

4. IS A SCIP CONTRACT CONSIDERED DEBT?

Depending on how the contract is structured, SCIP contracts can be treated as a service agreement (current operating expense) rather than a capital lease (debt) under GASB. However, final classification depends on contract terms and legal/accounting interpretation by the district solicitor and business office.

5. DO SCIP CONTRACTS REQUIRE VOTER APPROVAL OR REFERENDUM?

Typically, no. Since SCIP contracts don’t involve new borrowing, tax increases, or bond issues, school boards can authorize them through standard board action—unless a district has local referendum-trigger rules.

6. WHAT TYPES OF SCHOOL FACILITY PROJECTS QUALIFY UNDER SCIP?

Common examples include:

- HVAC system replacement or modernization
- Roof and envelope improvements
- Lighting retrofits and controls
- Building automation and energy management systems
- Renewable energy and resilience upgrades
- Water conservation measures
- ADA, IAQ, and safety/security enhancements
- Long-term capital repair and modernization projects

SCIP is especially valuable for aging buildings and deferred maintenance that existing budgets haven’t been able to address.

7. CAN SCIP PROJECTS BE SCHEDULED AROUND INSTRUCTIONAL NEEDS?

Yes. Construction, retrofits, or system replacements can be phased during summers, long breaks, evenings, or weekends. Many providers specialize in minimizing disruption for K–12 operations and can phase work by building, wing, or classroom.

8. HOW DOES SCIP AFFECT SCHOOL STAFF RESPONSIBILITIES?

Maintenance and facilities teams often stay involved in oversight but benefit from upgraded systems and reduced emergency repairs. Contractors may assume responsibility for certain maintenance or M&V tasks, while district staff focus on daily operations. Roles and responsibilities are defined contractually on a case-by-case basis.

9. WILL SCIP HELP ADDRESS DEFERRED MAINTENANCE BACKLOGS?

Yes. A major goal of SCIP is to tackle unfunded capital needs using performance-based financing instead of waiting on capital budgets or bond approvals. Districts can bundle multiple improvements into one contract.

10. WHAT IMPACT DOES SCIP HAVE ON LEARNING ENVIRONMENTS?

Projects can directly improve indoor air quality, comfort, lighting, acoustics, and safety—all of which affect student performance and teacher satisfaction. Many districts may choose to use SCIP to meet health standards and improve classroom conditions without raising taxes.

11. HOW ARE VENDORS OR PROVIDERS SELECTED?

Districts issue competitive RFPs or RFQs. Providers must demonstrate qualifications, bonding capability, experience in performance-based contracting on projects of similar size and scope, and the ability to guarantee outcomes (certain key performance indicators or KPIs). Cooperative purchasing agreements may apply if consistent with Title 62.

12. WHAT IS INCLUDED IN PERFORMANCE GUARANTEES?

Providers must guarantee project performance, including energy savings and other KPIs. If actual results fall short, the payments from the district to the provider are reduced accordingly per the terms of the contract. This is enforced through the contract and verified annually.

13. HOW IS PERFORMANCE MEASURED AND VERIFIED?

Measurement and verification (M&V) ensures actual results align with performance. Districts receive reporting, and third-party standards (e.g., IPMVP) can be used.

14. CAN SCIP BE COMBINED WITH FEDERAL OR STATE FUNDING?

Yes. Districts can layer SCIP with:

- ESSER funds or other federal funds
- Tax incentives/rebates
- Utility grants/rebates
- State facility improvement and capital program funds
- Local capital funds

This can reduce financing costs and broaden project scope.

15. HOW DOES SCIP IMPACT BONDING CAPACITY OR FUTURE BORROWING?

Because SCIP is not always classified as debt, it may preserve bonding capacity for other district priorities and be considered credit neutral. However, contracts must be structured to avoid unintended impacts on debt ceilings.

16. DOES SCIP AFFECT STAFF, UNIONS, OR LOCAL LABOR REQUIREMENTS?

No. Prevailing wage, apprenticeship programs, labor agreements, and local hiring goals remain in place. SCIP providers must comply with these requirements.

17. IS THERE A PUBLIC COMMUNICATION OR STAKEHOLDER PROCESS?

Districts choose the level of outreach. Many boards brief unions, PTOs, community groups, or taxpayers, especially when projects affect multiple schools or involve visible construction. Transparency is a best practice even if not statutorily required.

18. DOES SCIP ELIMINATE THE NEED FOR PLANCON?

No. PlanCon remains separate. Districts can choose to use SCIP alone or ensure SCIP projects comply with PlanCon reimbursement criteria.

19. WHAT IS THE STATUS OF HB 1724?

HB 1724 is currently in the state House Finance Committee. It must pass both the state House and state Senate and be signed by the Governor to become law. Implementation would follow any regulatory or contractual guidance from the state.

20. HOW SHOULD SCHOOL BOARDS PREPARE NOW?

- Identify capital and maintenance needs
- Assess aging facilities and energy costs
- Engage legal and business offices early
- Monitor legislative progress
- Explore vendor interest and funding pairings
- Develop timelines that align with school calendars