

Department of Legislative Services
Maryland General Assembly
2014 Session

FISCAL AND POLICY NOTE

Senate Bill 470 (Senator Muse)
Budget and Taxation

Public School Facilities Security Improvements Program

This bill establishes the Public School Facilities Security Improvements Program within the Public School Construction Program (PSCP) and requires the Governor to include \$1.0 million in the fiscal 2016 capital budget for the program.

The bill takes effect July 1, 2014, and terminates June 30, 2020.

Fiscal Summary

State Effect: None. It is assumed that the amount of money allocated in the FY 2016 capital budget does not increase, but rather that \$1.0 million of the funds that would otherwise be allocated to PSCP are reserved for this initiative. PSCP can implement the bill with existing budgeted resources, as discussed below. No effect on revenues.

Local Effect: Total State funds provided to local school boards for school construction do not change, but a total of \$1.0 million in FY 2016 is reserved for security enhancements.

Small Business Effect: None.

Analysis

Bill Summary: The Public Facilities Security Improvements Program provides grants to local school boards to enhance the security of public school buildings. Program grants may pay for up to 50% of the cost of any enhancement, with local matching funds paying for the rest. Local school boards may be awarded multiple grants, and all grants are subject to approval by the Board of Public Works. Grants may be used only for

(1) controlled access that allows school staff to screen visitors; (2) bullet-resistant glass; and (3) metal detectors. Although funding for the program is mandated only for the fiscal 2016 capital budget, grants may be awarded through fiscal 2020.

IAC must implement and administer the program, including developing procedures for local school boards to apply for grants.

Current Law/Background: For a description of State support for public school construction funding, please see the **Appendix – State Funding for Public School Construction Projects**.

The fiscal 2014 capital budget, as enacted, provided \$325.0 million for PSCP, including \$25 million in pay-as-you-go (PAYGO) funding dedicated to security enhancements for public school buildings. PSCP reports that the security initiative has generated 1,472 requests for funding, with an average funding request of \$15,000. To date, 1,273 projects have been approved (86.5%), using \$18.4 million of the total allocation. Six local school boards have not yet applied for the remaining funds (Carroll, Garrett, Kent, Queen Anne's, Somerset, and Talbot counties). The application deadline is April 2014. The security initiative includes funding for enhancements that are not included in the program proposed by this bill, since PAYGO funds can be used for capital costs with less than a 15-year life, including security card readers, door hardware, mobile radios, and camera surveillance.

State Fiscal Effect: PSCP advises that it requires additional staffing resources, specifically an assistant program manager, to handle the volume of additional funding requests it will receive under this bill. The Department of Legislative Services disagrees. Even if the initiative results in a larger number of small funding requests due to the limitations placed on grant requests, PSCP should be able to handle the volume with existing staff. As noted above, the fiscal 2014 security initiative yielded a substantial number of small requests. However, this initiative is considerably smaller than the fiscal 2014 initiative (\$1.0 million compared with \$25.0 million), and PSCP will have completed its work on the earlier initiative by the time this one begins. Since it was able to handle the increased volume of requests in fiscal 2014 with existing staff, it should be able to handle the significantly reduced volume of requests under this initiative.

Additional Information

Prior Introductions: None.

Cross File: HB 15 (Delegates McDermott and Smigiel) - Ways and Means.

Information Source(s): Board of Public Works, Maryland State Department of Education, Maryland Association of Counties, Montgomery County, Baltimore City, Public School Construction Program, Department of Legislative Services

Fiscal Note History: First Reader - January 27, 2014
ncs/rhh

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Appendix – State Funding for Public School Construction Projects

Subject to the final approval of the Board of Public Works (BPW), the Interagency Committee on School Construction (IAC) manages State review and approval of local school construction projects. Each year, local systems develop and submit to IAC a facilities master plan that includes an analysis of future school facility needs based on the current condition of school buildings and projected enrollment. The master plan must be approved by the local school board. Subsequently, each local school system submits a capital improvement plan to IAC that includes projects for which it seeks planning and/or funding approval for the upcoming fiscal year, which may include projects that the local system has forward funded. In addition to approval from the local school board, the request for the upcoming fiscal year must be approved by the county's governing body. Typically, the submission letter to IAC contains signatures of both the school board president and either the county executive and county council president or chair of the board of county commissioners.

Based on its assessment of the relative merit of all the project proposals it receives, and subject to the projected level of school construction funds available, IAC makes recommendations for which projects to fund to BPW. By December 31 of each year, IAC must recommend to BPW projects comprising 75% of the preliminary school construction allocation projected to be available by the Governor for the upcoming fiscal year. Local school boards may then appeal the IAC recommendations directly to BPW. By March 1 of each year, IAC must recommend to BPW and the General Assembly projects comprising 90% of the allocation for school construction submitted in the Governor's capital budget. Following the legislative session, IAC recommends projects comprising the remaining school construction funds included in the enacted capital budget for BPW approval, no earlier than May 1.

The State pays at least 50% of eligible costs of school construction and renovation projects, based on a funding formula that takes into account numerous factors including each local school system's wealth and ability to pay. The Public School Facilities Act (Chapters 306 and 307 of 2004) requires that the cost-share formula be recalculated every three years. The first recalculation occurred in 2007, and the second recalculation occurred in 2010. **Exhibit 1** shows the State share of eligible school construction costs for all Maryland jurisdictions for fiscal 2012, which was determined by the 2007 recalculation, and for fiscal 2013 through 2015, as determined by the 2010 recalculation. The 2013 recalculation is currently in process and will be completed by spring 2014 for implementation beginning in fiscal 2016.

Chapters 306 and 307 also established the State's intent to provide \$2.0 billion of funding for school construction by fiscal 2013, an average of \$250.0 million each year for eight years. As a result, Public School Construction Program (PSCP) funding increased from \$125.9 million in fiscal 2005 to \$253.8 in fiscal 2006, and has remained above the

\$250.0 million target each year since, which resulted in significant increases in school construction assistance to local school boards. As a result, the State achieved the \$2.0 billion goal ahead of schedule. **Exhibit 2** shows annual State public school construction funding from fiscal 2006 through 2014, by county.

Exhibit 1
State Share of Eligible School Construction Costs
Fiscal 2012-2015

<u>County</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
Allegany	91%	93%	93%	93%
Anne Arundel	50%	50%	50%	50%
Baltimore City	94%	93%	93%	93%
Baltimore	50%	50%	50%	50%
Calvert	61%	56%	56%	56%
Caroline	86%	81%	78%	78%
Carroll	61%	58%	58%	58%
Cecil	75%	70%	69%	69%
Charles	77%	72%	67%	63%
Dorchester	71%	69%	69%	69%
Frederick	72%	67%	62%	60%
Garrett	59%	54%	50%	50%
Harford	59%	63%	63%	63%
Howard	61%	60%	60%	60%
Kent	50%	50%	50%	50%
Montgomery	50%	50%	50%	50%
Prince George's	73%	68%	63%	62%
Queen Anne's	55%	50%	50%	50%
St. Mary's	75%	70%	65%	64%
Somerset	88%	83%	82%	82%
Talbot	50%	50%	50%	50%
Washington	73%	71%	71%	71%
Wicomico	87%	96%	96%	96%
Worcester	50%	50%	50%	50%

Source: Public School Construction Program

Exhibit 2
State Funding for Public School Construction
(\$ in Thousands)

<u>County</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Allegany	\$12,000	\$18,650	\$412	\$0	\$0	842	727	1,999	2,496
Anne Arundel	19,457	22,675	27,827	27,420	25,020	26,200	32,400	33,349	34,870
Baltimore City	21,523	39,436	52,665	41,000	27,733	28,559	41,000	46,102	39,478
Baltimore	25,218	35,053	52,250	40,985	28,000	29,000	39,000	47,394	52,068
Calvert	3,437	2,723	12,644	7,824	8,181	8,450	7,317	7,129	5,577
Caroline	4,699	2,935	2,426	8,100	6,000	3,767	235	756	7,788
Carroll	7,434	8,282	8,219	11,741	10,520	8,444	9,079	15,211	4,874
Cecil	8,656	8,271	9,533	2,674	1,538	1,744	2,830	1,915	1,268
Charles	8,267	10,200	13,170	11,704	8,898	8,335	9,180	12,480	9,426
Dorchester	656	872	6,137	10,400	6,469	5,436	3,639	979	1,590
Frederick	11,910	17,942	18,728	14,759	16,226	14,000	16,532	19,254	20,163
Garrett	1,507	1,235	6,243	3,020	666	0	382	319	134
Harford	8,287	11,096	16,238	14,751	16,253	13,835	17,040	16,573	13,214
Howard	15,273	17,808	23,206	18,265	18,262	18,290	26,936	32,811	25,931
Kent	2,000	3,479	1,335	0	388	0	104	123	95
Montgomery	30,431	40,040	52,297	53,312	28,350	30,183	42,000	43,794	38,592
Prince George's	29,833	37,425	52,250	41,000	28,200	29,500	40,348	42,192	39,371
Queen Anne's	6,897	3,000	3,925	4,951	3,947	5,750	5,374	649	4,371
St. Mary's	3,271	5,495	9,806	7,266	4,028	6,600	3,354	3,172	7,472
Somerset	14,300	12,022	5,153	0	6,000	6,000	3,371	289	3,811
Talbot	2,422	2,405	2,038	0	436	344	135	35	634
Washington	6,431	4,478	8,970	9,368	7,965	7,970	8,571	9,117	8,494
Wicomico	7,616	4,178	8,143	12,960	13,170	9,975	1,864	11,290	13,327
Worcester	2,241	6,872	8,213	5,483	403	0	165	166	4,882
MD School for the Blind								2,800	6,063
Bond Premium		6,100							
Statewide						500		100	1,288
Total	\$253,766	\$322,672	\$401,828	\$346,983	\$266,653	\$263,724	\$311,583	\$349,997	\$347,277
Over \$250M	\$3,766	\$72,672	\$151,828	\$96,983	\$16,653	\$13,724	\$61,583	\$99,997	\$97,277