

Department of Legislative Services  
Maryland General Assembly  
2017 Session

FISCAL AND POLICY NOTE  
First Reader

Senate Bill 538 (Senator Salling)  
Budget and Taxation

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**Public School Construction - Regulations - Equitable Distribution of Projects and Improvements**

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This bill requires the Board of Public Works (BPW), at the recommendation of the Interagency Committee on School Construction (IAC), to adopt regulations that require each local school system to determine funding requests for public school construction projects that result in an equitable distribution of projects in each legislative district within the geographic boundaries of the local school system.

The bill takes effect July 1, 2017.

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**Fiscal Summary**

**State Effect:** BPW and IAC can develop and adopt the required regulations with existing budgeted resources. The bill affects only local funding requests, not funding awards, so there is no further effect on IAC staff. The bill has no effect on total State spending for school construction, which is established annually by the Governor and General Assembly through the capital budget process. No effect on revenues.

**Local Effect:** The bill has an operational effect on local school systems with more than one legislative district (and potentially with more than one legislative subdistrict), which will have to adjust their processes for determining State school construction funding requests to conform with the new regulations. The allocation of State school construction funding within these districts may be affected, but the effect will vary from year to year depending on the current scope and distribution of funding requests and the amount of future requests.

**Small Business Effect:** None.

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## Analysis

**Current Law/Background:** Subject to the final approval of BPW, 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 for approval. 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 to BPW, which may not approve the projects before 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 State has 24 local school systems that are contiguous with the 24 counties (including Baltimore City). There are 47 legislative districts, including 16 that are divided into subdistricts. The bill specifies that requests for funding by each local school system must have an equitable distribution across legislative districts in each system, but it is not clear whether the bill's requirement applies to subdistricts as well. Currently, nine local school systems have just one legislative district within their boundaries, but several of those have multiple legislative subdistricts, as shown in **Exhibit 1**.

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**Exhibit 1**  
**Legislative Districts and Subdistricts, by County**

<u>County</u>	<u>Districts</u>	<u>Subdistricts</u>
Allegany	1	3
Anne Arundel	5	8
Baltimore City	6	6
Baltimore	8	9
Calvert	2	3
Caroline	2	2
Carroll	3	3
Cecil	2	3
Charles	2	2
Dorchester	1	2
Frederick	2	3
Garrett	1	1
Harford	3	4
Howard	3	4
Kent	1	1
Montgomery	8	8
Prince George's	8	11
Queen Anne's	1	1
St. Mary's	1	3
Somerset	1	1
Talbot	1	1
Washington	2	3
Wicomico	2	4
Worcester	1	2

Source: Department of Legislative Services

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**Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Board of Public Works; Public School Construction Program;  
Department of Legislative Services

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