Department of Legislative Services

Maryland General Assembly
2019 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 727 (Delegate Dumais, *et al.*)
Appropriations Budget and Taxation

Build to Learn Act of 2019

This bill authorizes the Maryland Stadium Authority (MSA) to issue up to $2.2 billion in revenue bonds, backed by annual payments of $125 million from the Education Trust Fund (ETF) beginning in fiscal 2021, for public school construction projects in the State. The bill allocates proceeds from the revenue bonds among local schools systems, including to support a possible public-private partnership (P3) agreement for Prince George's County. It increases mandated State funding for public school construction projects in school systems experiencing significant enrollment growth or relocatable classrooms (EGRC) and establishes a new fund and mandate for the highest priority school facilities. **The bill takes effect July 1, 2019.**

Fiscal Summary

State Effect: A portion of ETF revenue ($125 million) that the State constitution requires the Governor to allocate for supplemental State funding for education is dedicated to debt service on MSA revenue bonds and a possible P3 agreement beginning in FY 2021 (not shown in the table). General fund expenditures increase by $153,600 in FY 2020 and by $242,800 in FY 2021 for program administration. Out-year expenditures reflect ongoing costs. General fund expenditures further increase by $40.0 million annually beginning in FY 2022 for priority school capital grants, with special fund revenues and expenditures increasing commensurately, and by an additional $80 million beginning in FY 2026 for priority schools and EGRC. **This bill establishes a mandated appropriation beginning in FY 2022 and increases existing mandated appropriations beginning in FY 2026.**

(in dollars)	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
SF Revenue	$0	$0	$40,000,000	$40,000,000	$40,000,000
GF Expenditure	$153,600	$242,800	$40,293,900	$40,304,000	$40,314,400
SF Expenditure	$0	$0	$40,000,000	$40,000,000	$40,000,000
Net Effect	($153,600)	($242,800)	($40,293,900)	($40,304,000)	($40,314,400)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: Local revenues for public school construction projects increase by an estimated $2.2 billion over several years beginning in FY 2021. Local capital expenditures increase for the local share of school construction projects. Prince George's County can handle the bill's reporting requirements with existing resources.

Small Business Effect: Minimal.

Analysis

Bill Summary

Sale of Revenue Bonds

The issuance of a bond under the bill is not directly, indirectly, or contingently a moral or other obligation of the State, MSA, or any other governmental unit to levy or pledge any tax or to make an appropriation to pay the bond. A bond issued by MSA to finance improvements, construction, or renovations to a public school facility:

- is a limited obligation of MSA and is payable only with money pledged by MSA that is made available to MSA for that purpose;
- is not a debt, liability, or pledge of the faith and credit or taxing power of the State, MSA, or any other governmental unit; and
- may not give rise to any pecuniary liability of the State, MSA, or any other governmental unit.

Before each issuance of bonds to finance school construction projects, MSA must obtain the approval of the Board of Public Works (BPW) of the aggregate amount of the proposed bond issue. At least 45 days before seeking approval from BPW for the sale of revenue bonds, MSA must provide specified written notice to the fiscal committees of the General Assembly.

Total debt service for all bond issuances may not exceed $125.0 million annually; it may not exceed $100.0 million if Prince George's County enters into a P3 agreement (discussed below).

By July 1, 2030, MSA must complete a 10-year evaluation of the effectiveness of the issuance of bonds to finance construction and renovations of public school facilities.

Allocation of Bond Proceeds

All projects funded under the bill must be approved by the Interagency Commission on School Construction (IAC) using the same process used for the Public School Construction Program (PSCP). Construction contracts funded by the bond proceeds are not subject to approval by BPW.

Proceeds of MSA's sale of revenue bonds must be allocated to local school systems as shown in **Exhibit 1** (based on the full $2.2 billion authorization) for public school construction projects approved by IAC. The allocation for Baltimore City must include a specified amount for a specified project. Any allocation must be used within 10 years or be subject to reallocation. The bond proceeds provided to each county represent the State share of eligible public school construction costs under current law and regulation (including planning costs for small school systems, as required by the bill and discussed below).

Exhibit 1
Allocation of Bond Sale Proceeds
($ in Millions)

	Percent of Total	Proceeds
Anne Arundel	11.4%	$250.8
Baltimore City	18.2%	400.4
Baltimore	18.2%	400.4
Frederick	3.4%	74.8
Howard	4.5%	99.0
Montgomery	18.2%	400.4
Prince George's*	18.2%	400.4
All Other Counties	7.9%	173.8
Total	**100.0%**	**$2,200.0**

*Only if Prince George's County does not enter into a public-private partnership agreement, as discussed below.

Source: Department of Legislative Services

Project Management

In general, local school systems may choose to either contract, manage, and oversee public school construction projects funded by the bill themselves or have MSA carry out those responsibilities for them. However, MSA must contract, manage, and oversee projects in Baltimore City. Projects managed by local school systems are subject to the same requirements and procedures that govern PSCP.

Before projects are approved for funding under the bill, MSA and IAC must enter into a memorandum of understanding (MOU) with specified provisions. Also, each county, county school board, and MSA must enter into an MOU with specified provisions that is subject to approval by IAC. One of the required provisions in the latter MOU is that priority must be given to schools that (1) are the oldest buildings in a school system; (2) have high concentrations of low-income students; or (3) have a large number of relocatable classrooms.

Any power granted to MSA under the bill may not in any way interfere with the enumerated powers of a local school board. However, the powers of a local school board may not limit the ability of the authority to carry out its obligations under the bill.

Local school systems that elect to have MSA manage their projects must deliver buildable sites that meet specified conditions and that are free from any specified conditions that may affect the funding or construction schedule.

Prince George's County P3 Agreement

A P3 agreement is defined as one in which a county government and county board of education contracts with a private entity for the acquisition, design, construction, improvement, renovation, expansion, equipping, or financing of a public school. It may include provisions for the operation and maintenance of a school, for cooperative use of a school or an adjacent property, and for the generation of revenue to offset the cost of construction or use of the school. The bill creates the Prince George's County Public-Private Partnership Fund to provide funds to pay an availability payment to a private entity that is a party to a P3 agreement with Prince George's County. The fund is administered by IAC and may be used only to pay the specified availability payment.

Before Prince George's County enters into a P3 agreement, it must be reviewed by MSA and approved by IAC. If Prince George's County enters into a specified P3 agreement by July 1, 2020, MSA must deposit $25.0 million from the bond proceeds annually, beginning in fiscal 2021, into the Prince George's County Public-Private Partnership Fund. However, in order to receive these annual payments, Prince George's County must forego any other funding from the MSA bond proceeds and the P3 agreement must include:

- a minimum of 10 schools that will be improved, constructed, or renovated and operated and maintained under the P3 agreement; and

- a commitment by the Prince George's County Government and the Prince George's County School Board to provide the local share of the availability payment.

The bill includes specified reporting requirements related to the Prince George's County P3 agreement and related payments. It also requires IAC to complete a five-year evaluation of the P3 agreement by July 1, 2025, and to report on the results of the evaluation to the Governor and fiscal committees of the General Assembly by December 31, 2025.

Facilities and Financing Funds

The bill establishes two nonbudgeted funds, administered by MSA, to finance improvements to public school facilities in the State: the Supplemental Public School Construction Facilities Fund and the Supplemental Public School Construction Financing Fund. Both funds are continuing, nonlapsing funds. The Treasurer must invest assets of both funds in the same manner as other State funds; all investment earnings accrue to each respective fund. No part of either fund may revert or be credited to the State's general fund or any special fund. As needed to pay debt service and other specified purposes, monies may be transferred between the funds. Both funds must be used to supplement, but not supplant, money appropriated to the Public School Construction Program.

The financing fund includes (1) proceeds from the sale of bonds for public school facilities that are not under a trust agreement; (2) revenues collected or received from any other source; (3) interest earnings of the fund; and (4) any additional money from any public source. Monies in the financing fund are pledged to and used to pay (1) debt service on bonds issued by MSA; (2) debt service reserves under a trust agreement; (3) the annual payment of $25.0 million to the Prince George's County P3 fund, if required; (4) all reasonable charges and expenses related to the issuance of bonds; and (5) all reasonable expenses related to MSA's management of the fund and its project oversight responsibilities. MSA may not use any current sources of funds, whether appropriated or nonbudgeted, to pay for any costs related to financing public school facilities under the bill, except for specified start-up costs before bond revenues are available. Any expenditures for start-up costs must be reimbursed from the financing fund.

The facilities fund includes (1) revenue transferred from the financing fund; (2) interest earnings of the fund; and (3) any additional money made available from any public sources. MSA may use the facilities fund as a revolving fund to pay (1) debt service on bonds; (2) design and construction costs relating to public school facilities; (3) to the extent authorized by federal law, any start-up costs, administration, overhead, and operations related to management of improvements to public school facilities; (4) all reasonable charges and expenses related to MSA's oversight and project management responsibilities; and (5) all reasonable expenses related to its review of the Prince George's County P3 agreement, if needed.

Supplemental Capital Grant Program

The bill makes several changes to the existing Capital Grant Program for Local School Systems with Significant Enrollment Growth or Relocatable Classrooms. First, it raises the mandated annual funding level from $40.0 million to $80.0 million beginning in fiscal 2026. It also changes the definition of "significant number of relocatable classrooms" to mean an average of more than 250 (instead of 300) relocatable classrooms over the past five years, beginning July 1, 2019. Finally, it requires the Governor to include funding for the program in *either* the operating budget or the capital improvement program of PSCP (instead of just in the latter).

Eligible Costs

IAC must adopt regulations that include architectural, engineering, consulting, and other planning costs as eligible costs for a project that (1) is located in a county that has fewer than 20,000 full-time equivalent students enrolled and (2) has received local planning approval from IAC. This provision applies to all public school construction projects, not just those funded by the bill.

Public School Facilities Priority Fund and Aging Schools and School Safety Grant Programs

The bill creates the Public School Facilities Priority Fund to provide State funds to address the facility needs of the highest priority schools identified by the statewide facilities assessment completed by IAC under current law. IAC administers the fund. In fiscal 2022 through 2025, the Governor must appropriate at least $40.0 million to the fund in either the annual State operating or capital budget bill. Beginning in fiscal 2026, the mandated annual appropriation increases to at least $80.0 million. Money expended from the fund is supplemental to and is not intended to take the place of funding that otherwise would be appropriated for public schools in the State.

The bill repeals the Aging Schools Program (ASP) and the School Safety Grant Program (SSGP) in fiscal 2026, and expresses intent that funding be consolidated in the priority fund.

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

Baltimore City 21st Century Schools Program

Chapter 647 of 2013 dedicated State and local funding sources to support a $1.1 billion public school construction and revitalization initiative for Baltimore City to build or substantially renovate 23 to 28 school facilities. Specifically, it phased in requirements that the State, Baltimore City, and Baltimore City Public Schools each contribute $20.0 million annually for approximately 30 years to pay debt service on bonds issued by MSA to finance the program. State general funds for the initiative are provided from proceeds of the State Lottery. Included in Chapter 647 was a requirement that Baltimore City, IAC, the Baltimore City Board of School Commissioners, and MSA enter into a four-party MOU to establish a framework for completion of the initiative. The MOU was completed and signed in September 2013, and BPW approved the MOU in October 2013.

As of September 2018, nine projects in Baltimore City had been completed, five were under construction, six were in various stages of design, and eight were in early planning stages.

Education Trust Fund

ETF is a nonlapsing, special fund supported by gaming revenues that has been used to provide funding for formulas and programs under the Bridge to Excellence in Public Schools Act after it was established during the 2007 special session. Chapter 357 of 2018, a proposed constitutional amendment approved by the voters at the 2018 general election, requires the Governor to provide supplemental State funding for public education through the use of commercial gaming revenues that are dedicated to public education in the State budget beginning in fiscal 2020. Supplemental funding must total at least $125 million in fiscal 2020, growing to 100% of all gaming revenues dedicated to ETF by fiscal 2023. This funding must be dedicated to public education as supplemental education or school construction funding, which is to be in addition to the State funding provided through the Bridge to Excellence in Public Schools Act.

The fiscal 2020 operating budget, as enacted, distributes ETF funds among various programs and initiatives, including (1) $45 million for pay-as-you-go public school construction funding, (2) $20 million dedicated to a revolving loan fund for public school construction as established under the 21st Century School Facilities Act, (3) $24 million for initiatives approved under Chapter 361 of 2018 – the Commission on Innovation and Excellence in Education Act of 2018 (Kirwan Commission), and (4) $36 million in funding to implement the Kirwan Commission's 2019 recommendations.

Supplemental Grant for Enrollment Growth or Relocatable Classrooms

The supplemental capital grant program provides grants to local school systems that have enrollment growth that exceeds 150% of the statewide average or with more than 300 relocatable classrooms over a five-year period. These EGRC grants are allocated proportionally based on full-time equivalent enrollment. The grants are for the construction and renovation of public school facilities and are supplemental to the funding for the public school construction program. Projects funded are subject to the State and local cost-share formula for each school system. The EGRC program was provided $20 million in fiscal 2016, its initial year. Program funding was doubled to $40 million for fiscal 2017, and each year thereafter, by Chapters 665 and 666 of 2016. For fiscal 2018, the General Assembly increased the EGRC allocation by $22.5 million in the capital budget bill, providing a total of $62.5 million in authorizations. The General Assembly again increased the allocation for fiscal 2019 by $28.2 million to a total of $68.2 million, with the allocation of the additional funding specified in the capital budget. The program has been funded with general obligation bonds. Allocations by local school system since the program's inception are provided in **Exhibit 2**. The Governor's proposed fiscal 2020 capital budget includes $40 million for EGRC.

Exhibit 2
Enrollment Growth or Relocatable Classroom
Supplemental Grant Authorizations
Fiscal 2016-2019
($ in Thousands)

Local Education Agency	2016	2017	2018	2019
Anne Arundel	$3,019	$6,038	$9,480	$7,916
Baltimore County	4,137	8,275	12,342	10,853
Dorchester	179	357	0	0
Howard	2,050	4,100	6,670	5,446
Montgomery	5,864	11,728	21,835	25,912
Prince George's	4,751	9,502	12,173	18,073
Total	**$20,000**	**$40,000**	**$62,500**	**$68,200**

Source: Department of Legislative Services, *Eligible School Construction Costs*

The Code of Maryland Regulations (COMAR) specifies which school construction costs are eligible for partial reimbursement under the State-local cost sharing arrangement established in statute. In general, eligible costs are direct construction costs ("bricks and mortar"), including new construction, additions to an existing facility, building and site development, modular construction, systemic renovations, and relocatable facilities. Under Chapter 14 of 2018 (the 21st Century School Facilities Act), an item must have a median useful life of at least 15 years in order to be an eligible cost.

COMAR also lists items that are specifically not eligible for State reimbursement, including, among other things, site acquisition, architectural and engineering services, feasibility studies, and movable equipment.

Aging Schools Program

Eligible Aging Schools Program expenditures include asbestos and lead paint abatement; upgrade of fire protection systems and equipment; painting; plumbing; roofing; upgrade of heating, ventilation, and air-conditioning systems; site redevelopment; wiring schools for technology; and renovation projects related to education programs and services. Projects must cost at least $10,000 to be funded through the program. The Maryland State Department of Education and IAC review aging schools project requests submitted by local school systems, approve eligible projects, and determine if additional review of any construction documents will be required.

The fiscal 2020 capital budget, as enacted, includes $6.1 million for the program, which is allocated in statute to each local school system based on each county's proportion of pre-1970 square footage in public school facilities.

School Safety Grant Program

Chapter 14 of 2018 created SSGP to provide grants to local school systems for security improvements, including:

- secure and lockable doors for every classroom;
- an area of safe refuge in every classroom; and
- surveillance and other security technology for school monitoring purposes.

IAC administers the program in consultation with the Maryland Center for School Safety. The Governor is required to include $10.0 million in the annual operating or capital budget that may be used only to make grant awards. Program funding is supplemental to and not instead of funding that would otherwise be appropriated for public school construction projects. The fiscal 2020 budget, as enacted, includes $10.0 million in pay-as-you-go (PAYGO) general funds for the program.

IAC Funding Requests

For fiscal 2020, IAC received 182 requests from local school systems for $695.4 million in State funding, including 70 projects involving major construction (the remainder were largely for systemic renovations).

State Fiscal Effect:

Debt Service Payments

A portion of ETF revenue ($125 million) that the constitution requires the Governor to allocate for supplemental State funding for education is dedicated to debt service on revenue bonds beginning in fiscal 2021; nonbudgeted revenues for MSA increase commensurately. This payment continues each year that bonds are outstanding and unpaid.

Mandated Appropriations

The bill mandates appropriations for both EGRC and the Public School Facilities Priority Fund in either the operating or capital budget. Although general obligation (GO) bonds have been used to fund EGRC to date, the General Assembly can only mandate spending in the operating budget. Therefore, this analysis assumes that PAYGO general funds are used to satisfy both mandates. To the extent that the Governor uses GO bonds in the capital budget to satisfy either mandate, general fund expenditures are replaced by GO bond expenditures.

Based on the assumptions above, general fund expenditures increase by $40.0 million annually from fiscal 2022 through 2025 for the priority fund; special fund revenues and expenditures increase correspondingly. Beginning in fiscal 2026, general fund expenditures further increase by $80 million annually, with $40 million going to EGRC and $40 million going to the priority fund. Special fund revenues and expenditures for the priority fund increase correspondingly. Based on legislative intent, a portion of the fiscal 2026 increase in funding for the priority fund may be offset by the reallocation of funds otherwise designated for ASP and SSGP.

IAC and MSA Staffing

The number of funding requests submitted to IAC is limited by local capacity to pay the local match for public school construction projects. Given that limiting factor as well as the fact that current requests for State funding already exceed available funds by more than $200 million, the Department of Legislative Services (DLS) does not anticipate a significant increase in the number of funding requests submitted to IAC for review and approval. However, there will be a substantial increase in the number of projects approved for funding that require separate MOUs to be negotiated for each local school system. In addition, the new Public School Facilities Priority Fund requires additional staff to administer the program and ensure that funds are being provided for priority projects, as defined by the bill.

DLS anticipates that most projects under the program are approved during the first four or five years. As the increased workload for IAC extends for more than three years, this analysis assumes regular positions rather than contractual employees. Therefore, general fund expenditures increase by $153,601 in fiscal 2020, which accounts for a 90-day start-up delay from the bill's July 1, 2019 effective date. This estimate reflects the cost of hiring a program manager and an assistant Attorney General to manage the MOU negotiations and any additional review and oversight responsibilities required under the bill. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses. As the priority fund is not funded until fiscal 2022, this analysis assumes that a second program manager begins January 1, 2021, to oversee the new grant program, including the development of policies and procedures for grant applications. This position also oversees the IAC's five-year evaluation of the Prince George's County P3. Therefore, general fund expenditures increase by $242,836 in fiscal 2021, which reflects annualized costs for the original staff and the addition of a second program manager for half of fiscal 2021.

	FY 2020	**FY 2021**
Positions	2	1
Salaries and Fringe Benefits	$142,883	236,383
Operating Expenses	10,718	6,453
Total IAC Expenditures	**$153,601**	**$242,836**

Future year expenditures reflect full salaries with annual increases and employee turnover and ongoing operating expenses.

MSA anticipates a significant increase in staffing to manage the projects that it will be overseeing under the program, but a reliable estimate is not feasible as it is not known how many projects will be managed by local school systems instead of MSA. Any expenses for MSA to hire new staff are paid from either the financing fund or the facilities fund and are not otherwise included in this analysis.

Nonbudgeted Revenues and Expenditures

This analysis assumes that bonds issued by MSA under the bill have a duration of 30 years, and that they are issued over four or five years in increasing quantities until they hit either the $2.2 billion cap in the bill or a lesser amount that reflects MSA's capacity to pay debt service with available funds, given the debt service caps in the bill. Nonbudgeted revenues increase by up to either $1.8 billion or $2.2 billion over several years, depending on whether Prince George's County enters into a P3 agreement. This reflects the additional resources for public school construction generated by the sale of MSA revenue bonds. Based on projected interest rates, annual debt service payments are projected to increase annually until they reach $99.8 million annually (for $1.8 billion in proceeds) or $125 million annually (for $2.2 billion in proceeds). They remain relatively constant at that level until the bonds are fully paid off, which is projected to occur in fiscal 2053. As those debt service payments are paid from the financing and/or facilities funds, they are not otherwise reflected in this analysis.

Eligible School Construction Costs

Including planning costs as eligible costs for local school systems with small enrollments (Allegany, Calvert, Caroline, Cecil, Dorchester, Garrett, Kent, Queen Anne's, St. Mary's, Somerset, Talbot, Wicomico, and Worcester counties) does not affect the total amount of funding for school construction in the annual capital budget, as that amount is determined annually by the Governor and General Assembly through the capital budget process. However, to the extent that funds are used for planning costs in some districts, fewer funds are available for construction costs in all local school systems in the State.

Additional Information

Prior Introductions: None.

Cross File: SB 731 (Senators Zucker and Peters) - Budget and Taxation.

Information Source(s): Maryland Association of Counties; Maryland State Department of Education; Interagency Commission on School Construction; Board of Public Works; Maryland Stadium Authority; Baltimore City Public Schools; Department of Legislative Services

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Appendix – State Funding for Public School Construction

School Construction Review and Approval Process

As enacted by Chapter 14 of 2018 (the 21st Century School Facilities Act), the Interagency Commission 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 determines which projects to fund. By December 31 of each year, IAC must approve projects comprising 75% of the preliminary school construction allocation projected to be available by the Governor for the upcoming fiscal year. Local school systems may appeal these preliminary decisions by IAC. By March 1 of each year, IAC must recommend to the General Assembly projects comprising 90% of the allocation for school construction submitted in the Governor's capital budget. Following the legislative session, IAC approves projects comprising the remaining school construction funds included in the enacted capital budget, no earlier than May 1. The final allocations are not subject to appeal.

Eligible School Construction Costs

IAC establishes a range of appropriate per student, square foot allocations for elementary, middle, and high schools as well as for special education students, career and technology students, and specialized programs. IAC also establishes, on an annual basis, a *cost per square foot* that is applicable to major school construction projects. For fiscal 2020, the cost per square foot is $318 for new construction *without* site development (up from $302 in fiscal 2019) and $378 for new construction *with* site development (up from $360 in fiscal 2019). In general, multiplying the cost per square foot allocation by the allowable square feet (based primarily on the State-rated capacity of a building) yields the maximum allowable cost that is subject to the State/local cost-share formula.

The cost of acquiring land may not be considered an eligible construction cost and may not be paid by the State. Otherwise, regulations specify public school construction-related costs that are eligible and ineligible for State funding. In general, the following costs are included among *eligible* expenses:

- construction of a new facility, a renovation of a new facility, an addition to an existing facility, or a replacement of an existing building or building portion (*i.e.*, "bricks and mortar");
- building and site development;
- modular construction that meets specified standards;
- State-owned relocatable facilities and temporary facilities that are required to be on site during construction; and
- built-in equipment and furnishings.

Among the major items that explicitly are *not eligible* for State funding (besides site acquisition) are (1) architectural, engineering, and other consulting fees; (2) master plans and feasibility studies; (3) projects or systemic renovations for buildings and systems that have been replaced, upgraded, or renovated within the last 15 years; (4) movable equipment and furnishings; and (5) items that do not have a useful life of at least 15 years.

State Share of Eligible Costs

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 21st Century School Facilities Act requires that the cost-share formula be recalculated every two years (previously, statute required recalculation every three years). The most recent recalculation was approved by IAC in January 2019. **Exhibit 1** shows the State share of eligible school construction costs for all Maryland jurisdictions for fiscal 2020, as approved by IAC.

Chapter 14 also established the State's intent to provide at least $345 million for school construction in fiscal 2019 and at least $400 million annually as soon as practicable and within current debt affordability guidelines. The State far surpassed the fiscal 2019 goal with a total of $435.4 million approved for public school construction funding. **Exhibit 2** shows annual State public school construction funding from fiscal 2015 through 2019, by county.

The Governor's proposed fiscal 2020 capital budget includes $280.0 million in general obligation (GO) bonds for public school construction and an additional $40.0 million in GO bonds for a supplemental grant program for school systems that have high enrollment growth or a large number of relocatable classrooms, as established by statute. It also includes $45 million from the Education Trust Fund (ETF) for additional public school construction projects, $30.0 million in pay-as-you-go (PAYGO) general funds for the

Healthy School Facility Fund established by Chapter 561 of 2018, and $20.0 million from ETF for a revolving loan fund created by Chapter 14 to assist local governments in forward funding school construction projects. The fiscal 2020 *Capital Improvement Program* includes $280.0 million annually for public school construction in fiscal 2021 through 2024 and $40.0 million annually for the supplemental grant program. Additional funding totaling $1.8 billion beginning in fiscal 2021 from revenue bonds supported by $125 million from ETF is also projected for public school construction projects, as proposed by the Governor.

Exhibit 1
State Share of Eligible School Construction Costs
Fiscal 2020

County	FY 2020
Allegany	85%
Anne Arundel	50%
Baltimore City	91%
Baltimore	56%
Calvert	53%
Caroline	81%
Carroll	55%
Cecil	66%
Charles	61%
Dorchester	75%
Frederick	60%
Garrett	50%
Harford	60%
Howard	54%
Kent	50%
Montgomery	50%
Prince George’s	70%
Queen Anne’s	51%
St. Mary’s	57%
Somerset	96%
Talbot	50%
Washington	71%
Wicomico	95%
Worcester	50%
MD School for the Blind	93%

Source: Interagency Commission on School Construction

Exhibit 2
State Public School Construction Funding
Fiscal 2015-2019
($ in Thousands)

County	FY2015	FY 2016	FY 2017	FY 2018	FY 2019
Allegany	$6,597	$10,837	$24,242	$12,873	$3,950
Anne Arundel	36,200	39,419	42,598	36,829	28,832
Baltimore City	35,329	36,788	37,500	37,303	68,735
Baltimore	34,561	42,177	45,775	45,186	41,865
Calvert	2,653	1,500	9,964	14,575	9,763
Caroline	0	2,902	36	1,646	423
Carroll	3,915	6,415	3,418	3,853	6,853
Cecil	8,194	4,723	6,650	6,730	5,152
Charles	8,200	12,817	8,951	10,516	14,856
Dorchester	768	179	5,009	10,975	11,026
Frederick	15,901	21,000	21,295	19,564	19,178
Garrett	0	0	0	1,567	0
Harford	12,791	9,309	8,732	13,592	12,278
Howard	20,772	27,820	31,206	21,066	10,374
Kent	817	615	0	0	0
Montgomery	39,950	45,708	50,128	59,194	59,714
Prince George’s	38,539	41,729	44,675	49,625	49,031
Queen Anne’s	5,112	0	249	2,455	806
St. Mary’s	11,876	7,015	1,273	815	6,347
Somerset	2,752	2,222	1,771	14,720	17,500
Talbot	0	308	0	0	8,390
Washington	7,467	8,404	4,847	2,592	12,042
Wicomico	10,991	7,440	10,373	11,847	9,971
Worcester	0	72	0	0	4,336
MD School for the Blind	14,733	8,616	6,000	9,376	14,000
Statewide	660	175	300	500	20,000
Total	**$318,778**	**$338,190**	**$364,992**	**$387,399**	**$435,422**

Note: Includes new general obligation bonds, pay-as-you-go funds, and reallocated funds that were previously authorized. Counties receiving $0 did not request any eligible projects to be funded in that year. Fiscal 2016-2019 include funds allocated for the Enrollment Growth and Relocatable Classroom program totaling $20 million in fiscal 2016, $40 million in fiscal 2017, $62.5 million in fiscal 2018, and $68.2 million in fiscal 2019. Fiscal 2017 total for Baltimore County includes $5 million withheld by the Board of Public Works and later reauthorized by the General Assembly in fiscal 2018. Does not include funding for projects supported by Maryland Stadium Authority revenue bonds.

Source: Interagency Commission on School Construction; Department of Legislative Services