

RA01
State Department of Education

Capital Budget Summary

Summary of State-owned Projects Funded in Governor's Request
(\$ in Millions)

<i>Project Title</i>	<i>Prior Approp.</i>	<i>FY 2014 Request</i>	<i>Future Estimated</i>	<i>Estimated Total</i>	<i>DLS FY 2014 Recommd.</i>
State Library Resource Center – Renovation	\$5.965	\$1.205	\$84.000	\$91.170	\$1.205
Total	\$5.965	\$1.205	\$84.000	\$91.170	\$1.205

Summary of Grant and Loan Programs Funded in Governor's Request
(\$ in Millions)

<i>Program Title</i>	<i>FY 2012 Approp.</i>	<i>FY 2013 Approp.</i>	<i>FY 2014 Request</i>	<i>Percent Change</i>	<i>DLS Recommd.</i>
Public Library Capital Grant Program	\$4.000	\$5.000	\$2.300	-54.0%	\$2.300
Total	\$4.000	\$5.000	\$2.300	-54.0%	\$2.300

Summary of Recommended Bond Actions

1. Public Library Capital Grant Program

Approve the \$2.3 million general obligation bond fund authorization for the Public Library Capital Grant Program.

2. State Library Resource Center

Approve the \$1.2 million general obligation bond fund authorization to resume and complete design of the State Library Resource Center – Renovation project.

Capital Improvement Program

State-owned Capital Improvement Program (\$ in Millions)

Projects	<i>Prior Auth.</i>	<i>2014 Request</i>	<i>2015 Est.</i>	<i>2016 Est.</i>	<i>2017 Est.</i>	<i>2018 Est.</i>	<i>Beyond CIP</i>
State Library Resource Center – Renovation	\$5.965	\$1.705	\$13.300	\$24.500	\$26.000	\$25.500	\$0.000
Total	\$5.965	\$1.705	\$13.300	\$24.500	\$26.000	\$25.500	\$0.000

<i>Fund Source</i>	<i>Prior Auth.</i>	<i>2014 Request</i>	<i>2015 Est.</i>	<i>2016 Est.</i>	<i>2017 Est.</i>	<i>2018 Est.</i>	<i>Beyond CIP</i>
GO Bonds	\$5.965	\$1.205	\$13.300	\$24.500	\$23.350	\$22.850	\$0.000
Nonbudgeted Funds	0.000	0.500	0.000	0.000	2.650	2.650	0.000
Total	\$5.965	\$1.705	\$13.300	\$24.500	\$26.000	\$25.500	\$0.000

**Grant and Loan Capital Improvement Program
(\$ in Millions)**

<i>Program</i>	<i>2012 Approp.</i>	<i>2013 Approp.</i>	<i>2014 Request</i>	<i>2015 Est.</i>	<i>2016 Est.</i>	<i>2017 Est.</i>	<i>2018 Est.</i>
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Public Library Capital Grant Program	\$4.000	\$5.000	\$2.300	\$5.000	\$5.000	\$5.000	\$5.000
Total	\$4.000	\$5.000	\$2.300	\$5.000	\$5.000	\$5.000	\$5.000

<i>Fund Source</i>	<i>2012 Approp.</i>	<i>2013 Approp.</i>	<i>2013 Request</i>	<i>2015 Est.</i>	<i>2016 Est.</i>	<i>2017 Est.</i>	<i>2018 Est.</i>
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GO Bonds	\$4.000	\$5.000	\$2.300	\$5.000	\$5.000	\$5.000	\$5.000
Total	\$4.000	\$5.000	\$2.300	\$5.000	\$5.000	\$5.000	\$5.000

Budget Overview

Public Library Capital Grant Program

The Public Library Capital Grant Program was established by Chapter 494 of 2006 and first received funding in fiscal 2008. The program provides funds to local libraries and library systems for capital improvements to existing libraries or construction of new facilities.

Section 23-510 of the Education Article mandates \$5 million in annual funding for a capital grant program for public library projects. The Maryland State Department of Education’s (MSDE) Division of Library Development Services (DLDS) is responsible for administering the program. To apply for a grant, local public library systems must develop a countywide library plan to file with DLDS and produce a master plan describing the capital projects approved by the applicant’s governing body. DLDS reviews applications and submits recommendations to the State Board of Education for approval. The list of approved projects is then forwarded to the Department of Budget and Management (DBM) for funding. Grants from the program require a match from any combination of county, municipal, or private sources. State grants may not fund more than 50% of a project’s cost or be less than \$20,000.

The total allocation for the six years of the program (fiscal 2008-2014) is shown in **Exhibit 1. Appendix 1** shows annual appropriations by county. Of the 24 library systems, 20 have received at least one grant for a local library.

Exhibit 1
Total Library Grant Allocations
Fiscal 2008-2014

<u>County</u>	<u>Allocations</u>	<u>Percent of Total Allocations</u>
Howard	\$5,432,735	19.9%
Washington	4,253,935	15.6%
Montgomery	3,996,280	14.6%
Baltimore	2,381,000	8.7%
Baltimore City	1,814,000	6.6%
Carroll	1,526,000	5.6%
Prince George's	1,310,700	4.8%
Cecil	1,260,000	4.6%
Talbot	1,240,000	4.5%
Somerset	1,019,500	3.7%
Charles	820,000	3.0%
Frederick	583,000	2.1%
Kent	389,000	1.4%
Harford	373,000	1.4%
Anne Arundel	314,800	1.2%
Dorchester	174,000	0.6%
Caroline	139,550	0.5%
Wicomico	117,000	0.4%
Allegany	113,000	0.4%
Worcester	67,500	0.2%
Calvert	0	0.0%
Garrett	0	0.0%
Queen Anne's	0	0.0%
St. Mary's	0	0.0%
Total	\$27,325,000	100.0%

Source: Maryland State Department of Education

Howard County has received the largest share of the total allocations at \$5.4 million (19.9%), followed by Washington and Montgomery counties, which have received \$4.3 million and \$4.0 million, respectively. While St. Mary's County received funds to support a new Leonardtown Library, the fiscal 2009 and 2011 authorizations were rescinded and reallocated in fiscal 2014 to other projects due to the county's inability to certify the local match requirement. Dorchester County, which had not previously received funds, is allocated \$174,000 to support a heating, ventilation, and air conditioning (HVAC) replacement at the Cambridge Central Library. Overall for fiscal 2014, DLDS approved 11 projects in 11 library systems. Projects range from new library construction to roof replacement, and allocations range from \$20,000 to \$1.4 million. Fiscal 2014 proposed projects appear in **Exhibit 2**. The fiscal 2014 Public Library Capital Grant allocation totals \$2.3 million, which when combined with \$887,000 in reallocated funds from prior year rescinded projects, provides \$3.2 million for library capital projects, below the program's mandated funding level of \$5.0 million. The proposed allocation fully funds the projects recommended by MSDE.

As shown in Exhibit 2, though projects are eligible for a State match at 50% of the total project cost, 50% of the total project cost in a given year is often not the amount eligible for funding, as projects may have received prior authorizations from the State, and project costs may include ineligible expenses such as paint and carpeting with less than a 15-year life. Moreover, in some cases, libraries will not request funding for the entire eligible amount. Given the limited resources available for the program, some library systems may limit the size of the request to improve the odds of receiving funding. In addition, some systems may not be able to match the entire eligible State amount. Finally, the review committee may not recommend fully funding a project request to ensure geographic diversity in the allocation of funds.

Exhibit 2
Recommended Fiscal 2014 Allocations
Current and Proposed Local Match Methodology

<u>County</u>	<u>Project Description</u>	<u>Total Fiscal 2014 Project Cost</u>	<u>50% Eligibility</u>	<u>Current Recommendation</u>	<u>Revised Match Eligibility</u>	<u>Revised Match Recommendation</u>
Allegany	South Cumberland Library – Roof replacement	\$100,000	\$50,000	\$50,000	90%	\$90,000
Anne Arundel	Severna Park Library – Renovation; ADA-compliant service desk area	280,000	140,000	70,000	50%	70,000
Baltimore	Towson Library – HVAC system replacement	1,448,000	398,000	231,000	58%	231,000
Carroll	Mt. Airy Library – Phase 2 renovation; includes security improvements, creating a computer training tool, and better accommodation for wi-fi users	314,000	157,000	157,000	50%	157,000
Cecil	Elkton Library – Phase 4 renovations; includes ADA-compliant restrooms; convert underutilized space for public service, seating, and meeting space	1,562,374	766,187	420,000	62%	420,000
Charles	P.D. Brown Library – Renovation; repurpose “book sale” room to study and activity room	40,000	20,000	20,000	53%	21,000
Dorchester	Cambridge Central Library – HVAC system replacement	347,000	174,000	174,000	68%	224,000

<u>County</u>	<u>Project Description</u>	<u>Total Fiscal 2014 Project Cost</u>	<u>50% Eligibility</u>	<u>Current Recommendation</u>	<u>Revised Match Eligibility</u>	<u>Revised Match Recommendation</u>
Frederick	C. Burr Artz Library – Renovation; improve security and ADA compliance	56,000	41,000	41,000	50%	41,000
Howard	New Elkridge Library – Design a new 35,000 gross square foot library	2,030,000	1,015,000	125,000	50%	125,000
Somerset	New Crisfield Library – Construct a new 15,000 gross square foot library	4,800,000	455,000	465,000	89%	3,000,000
Washington	New Hancock Library – Construct a new 7,680 gross square foot library	2,867,000	1,433,500	1,434,000	70%	1,508,000
Total		\$13,844,374	\$4,649,687	\$3,187,000		\$5,887,000

ADA: Americans with Disabilities Act
 HVAC: heating, ventilation, and air conditioning

Source: Maryland State Department of Education

Fund Allocation

Funding recommendations for the Public Library Capital Grant Program are made by a library grant review committee appointed by DLDS and composed of three public library directors or associate directors; one library trustee from Western Maryland, Southern Maryland, the Eastern Shore, and Central Maryland; and one architect from MSDE's Public School Construction Branch. Committee members are selected from library systems that do not have an application under consideration for funding. The committee recommends projects using evaluation criteria developed by DLDS and reviewed by the Maryland Library Association which includes existing facility problems such as insufficient space. Library space planning guidelines were adopted in April 2010 and have been used beginning with the fiscal 2012 grant review cycle.

The 2012 *Joint Chairmen's Report* requested that MSDE and the Maryland Association of Public Library Administrators (MAPLA) study how the Public Library Capital Grant Program could be operated using a cost sharing formula to reduce the local match requirement for counties with less wealth. In response, MSDE and MAPLA assembled a committee from library systems in Allegany, Carroll, Montgomery, St. Mary's, and Wicomico counties that worked with MSDE to develop a new match formula. Allegany, St. Mary's, and Wicomico counties have all rescinded prior grant awards due to the inability to certify the required local match.

The committee's recommended model is based on the Public Library State Aid Formula adjusted for county wealth based on a per capita distribution. The proposed maximum match is 50%, as local education agencies and community colleges are not required to match more than 50% of a project's total cost under existing State formulas. The recommended minimum match is 10%, in keeping with the program's legislative intent to encourage local support of the development of public library facilities. MAPLA unanimously endorsed a State funding range of 50 to 90% for library capital projects on June 28, 2012. The committee recommended that the required local match be recalculated annually for projects submitted for funding in more than one year, and that awards be reduced to ensure geographic diversity when program requests exceed the mandated funding level of \$5 million.

SB 633/HB 685 of 2013 would implement this recommendation by altering the State share and local matching requirement for the public library capital grant program, based on the per capita wealth measure used to calculate State aid formula grants for public libraries, beginning in fiscal 2014. The legislation establishes the State share for a library capital project, calculated by dividing the State aid formula grant amount by the full minimum program amount (*i.e.*, the combined State and local share under the State aid formula grant amount) and multiplying the result by 1.25; however, the State share cannot be less than 50% or greater than 90%.

Exhibit 2 shows the State share and the local match percentages for proposed fiscal 2014 projects, using the wealth-based local match methodology established by SB 633/HB 685. Twelve counties will have a local matching requirement below 50%. In Allegany County, the maximum 90% State share would be provided for approved fiscal 2014 grants. Under the revised match formula, funding for the proposed fiscal 2014 projects would total \$5.9 million, fully obligating the program's \$5 million mandated level, in addition to the \$887,000 in available contingency funds.

Through an amendment to the Budget Reconciliation and Financing Act of 2013, the Administration set the minimum funding level for the library capital grant in fiscal 2014 at the lesser of \$5.0 million or the total estimated State cost of capital projects approved by the State Board of Education. The General Assembly may elect to add \$1.8 million to the library capital grant program to fully fund a revised cost-share formula after accounting for the \$887,000 in available contingency funds, contingent on the enactment of the 2013 legislation.

State Library Resource Center – Renovation

The Enoch Pratt Free Library is a State Library Resource Center. Education Article §23-205 specifies that the State is responsible for supporting the State Library Resource Center capital costs. The fiscal 2014 budget includes \$1.2 million in general obligation bond funds to resume and complete design of the renovation of the Enoch Pratt Free Library. Baltimore City will provide \$500,000 toward the project in fiscal 2014 and has pledged \$5.3 million in additional support in subsequent fiscal years. DBM is working to attain written confirmation of the city's commitment.

The Enoch Pratt Free Library, established in 1933, has never been fully renovated. As a State Library Resource Center, the library provides books, information, services, and resources that cannot be provided by individual libraries. The project will address major mechanical, electrical, structural, and HVAC issues related to aging infrastructure and an inappropriate configuration of space. The facility does not meet fire code, is not Americans with Disabilities Act (ADA) compliant, and contains asbestos. The building's HVAC system, installed in 1950, has not been updated and is inadequate to control interior climate and humidity, posing a threat to library collections and making the top floor unusable in some seasons. Many windows are original and do not close completely. The library has moved collections into inappropriate spaces to accommodate new technology. For example, a computer lab is now located in a portion of the front lobby, and the multi-media section is located in a former sitting room and office space. Because the library employs more staff than the building was designed for, offices have been added to hallways. Moreover, the building does not have any meeting or conference space for individual study or private meetings. The renovation project will provide updated wiring for modern technology, upgraded lighting, refinish worn interiors, and clean and restore original murals. The renovation will provide adequate office, training, and meeting space; replace mechanical, electrical, plumbing, HVAC and elevator systems; and address fire code and ADA compliance issues.

A program for the renovation and construction of an addition to the Enoch Pratt Free Library was approved in 1996. The capital budget bills of 1997 and 1998 included language expressing legislative intent that the cost of renovating the existing facility be shared between the State and Baltimore City. While the addition was completed in 2003, the renovation was deferred due to funding constraints. Unencumbered funds totaling \$4.8 million from the addition project was used to initiate design of the building's renovation, and the General Assembly added \$1.6 million to the fiscal 2010 capital budget to update the renovation's design. Of this total, \$1.2 million remains unencumbered. When combined with these remaining funds, the fiscal 2014 authorization will update the design to meet current building code and will complete design. Project costs are expected to total \$97.0 million. Design is expected to be completed in May 2014. Construction is projected to begin in January 2015 and to be completed in July 2018.

GO Bond Recommended Actions

1. Approve the \$2.3 million general obligation bond fund authorization for the Public Library Capital Grant Program.
2. Approve the \$1.2 million general obligation bond fund authorization to resume and complete design of the State Library Resource Center – Renovation project.

**Public Library Capital Grants
Fiscal 2008-2014**

<u>County</u>	<u>2008 Auth.</u>	<u>2009 Auth.</u>	<u>2010 Auth.</u>	<u>2011 Auth.</u>	<u>2012 Auth.</u>	<u>2013 Auth.</u>	<u>2014 Auth.</u>	<u>Total Auth.</u>
Allegany	\$63,000	\$0	\$0	\$0	\$0	\$0	\$50,000	\$113,000
Anne Arundel	82,800	112,000	0	0	0	50,000	70,000	314,800
Baltimore City	270,000	744,000	400,000	0	400,000	0	0	1,814,000
Baltimore	135,000	708,000	255,000	610,000	0	442,000	231,000	2,381,000
Calvert	0	0	0	0	0	0	0	0
Caroline	89,550	0	50,000	0	0	0	0	139,550
Carroll	135,000	437,000	307,000	210,000	233,000	47,000	157,000	1,526,000
Cecil	90,000	0	750,000	0	0	0	420,000	1,260,000
Charles	0	0	0	0	800,000	0	20,000	820,000
Dorchester	0	0	0	0	0	0	174,000	174,000
Frederick	144,000	398,000	0	0	0	0	41,000	583,000
Garrett	0	0	0	0	0	0	0	0
Harford	0	0	373,000	0	0	0	0	373,000
Howard	90,000	320,000	800,000	500,000	927,735	2,670,000	125,000	5,432,735
Kent	198,000	191,000	0	0	0	0	0	389,000
Montgomery	220,950	655,000	0	975,000	1,145,330	1,000,000	0	3,996,280
Prince George's	101,700	0	320,000	400,000	0	489,000	0	1,310,700
Queen Anne's	0	0	0	0	0	0	0	0
St. Mary's	0	0	0	0	0	0	0	0
Somerset	22,500	179,000	0	0	103,000	250,000	465,000	1,019,500
Talbot	0	0	0	1,240,000	0	0	0	1,240,000
Washington	270,000	184,000	800,000	675,000	890,935	0	1,434,000	4,253,935
Wicomico	45,000	0	20,000	0	0	52,000	0	117,000
Worcester	67,500	0	0	0	0	0	0	67,500
Total	\$2,025,000	\$3,928,000	\$4,075,000	\$4,610,000	\$4,500,000	\$5,000,000	\$3,187,000	\$27,325,000

Note: In fiscal 2009, funds for the St. Mary's County Leonardtown Library (\$72,000) were rescinded and reallocated in the fiscal 2014 appropriation. In fiscal 2011, funds for the Frederick County Walkersville Branch (\$450,000 approved for fiscal 2011) and the Wicomico County Central Library project (\$375,000 approved for fiscal 2010) were rescinded in an October 2010 Board of Public Works action. The funds were reallocated to the Montgomery County Gaithersburg Library (\$125,000), St. Mary's County Leonardtown Library (\$50,000), Talbot County Main Library (\$475,000), and Washington County Main Library (\$175,000). Funds for the St. Mary's County Leonardtown Library (\$815,000) were rescinded and reallocated in the fiscal 2014 appropriation. The fiscal 2012 appropriations adjusted for the reallocation of \$500,000 from fiscal 2010 unencumbered funds originally awarded to Howard County.

Source: Maryland State Department of Education