

RA0702

Interagency Commission on School Construction – Capital

Capital Budget Summary

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

Description	2019 Approp.	2020 Approp.	2021 Request	2022 Estimate	2023 Estimate	2024 Estimate	2025 Estimate
Public School Construction Program	\$313.900	\$251.800*	\$280.000	\$280.000	\$280.000	\$280.000	\$280.000
Building Opportunity Fund	0.000	0.000	340.000	470.000	500.000	700.000	0.000
Supplemental Capital Grant Program	68.200	68.200	40.000	40.000	40.000	40.000	40.000
Healthy School Facility Fund	0.000	30.000	30.000	0.000	0.000	0.000	0.000
Revolving Loan Fund	0.000	0.000	20.000	20.000	40.000	40.000	0.000
Public School Safety Grant	20.000	10.000	10.000	10.000	10.000	10.000	10.000
Aging Schools Program	6.109	6.109	6.109	6.109	6.109	6.109	6.109
Nonpublic Aging Schools	3.500	4.000	3.500	3.500	3.500	3.500	3.500
Nonpublic School Security Improvements	3.500	3.500	3.500	3.500	3.500	3.500	3.500
Heating, Ventilation, and Air Conditioning Improvements	15.000	0.000	0.000	0.000	0.000	0.000	0.000
Total	\$430.209	\$373.609	\$733.109	\$813.109	\$883.109	\$1,083.109	\$343.109

* Does not include \$127 million of general funds restricted in the Revenue Stabilization Account and Dedicated Purpose Account, which the Governor did not release.

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RA0702 – Interagency Commission on School Construction – Capital

Description	2019 Approp.	2020 Approp.	2021 Request	2022 Estimate	2023 Estimate	2024 Estimate	2025 Estimate
PAYGO GF	\$13.500	\$13.500	\$3.500	\$3.500	\$3.500	\$3.500	\$13.500
GO Bonds	416.709	360.109	329.609	329.609	329.609	329.609	329.609
Revenue Bonds	0.000	0.000	400.000	480.000	550.000	750.000	0.000
Total	\$430.209	\$373.609	\$733.109	\$813.109	\$883.109	\$1,083.109	\$343.109

GF: general funds
GO: general obligation
PAYGO: pay-as-you-go

Key Observations

- ***Increased Funding Proposed for Public School Construction:*** Both the Governor (SB 276/HB 338) and members of the General Assembly (SB 1/HB 1) have introduced legislation that would significantly increase funding for public school construction projects statewide. Both authorize the Maryland Stadium Authority (MSA) to issue \$2.2 billion in revenue bonds backed by annual payments from the Education Trust Fund (ETF).

Summary of Recommended PAYGO Actions

1. Amend language for the Healthy School Facilities Fund, the School Safety Grant Program, and the Nonpublic School Safety Grant Program.
2. Revise language for the Healthy School Facilities Fund.

Summary of Recommended Bond Actions

1. Aging Schools Program

Approve the Governor’s \$6.1 million general obligation bond fund authorization for the Aging Schools Program.

2. Public School Construction Program

Approve the Governor’s \$280 million general obligation bond fund authorization for the Public School Construction Program.

3. Senator James E. “Ed” DeGrange Nonpublic Aging Schools Program

Amend language to require that grants made under the Senator James E. “Ed” DeGrange Nonpublic Aging Schools Program must be expended within three years, at which point any unspent funds must be transferred to the Unreserved Statewide Contingency Fund. Also amend language to include additional requirements for program eligibility.

4. Supplemental Capital Grant Program

Approve the Governor’s \$40 million general obligation bond fund authorization for the Supplemental Capital Grant Program.

Program Description

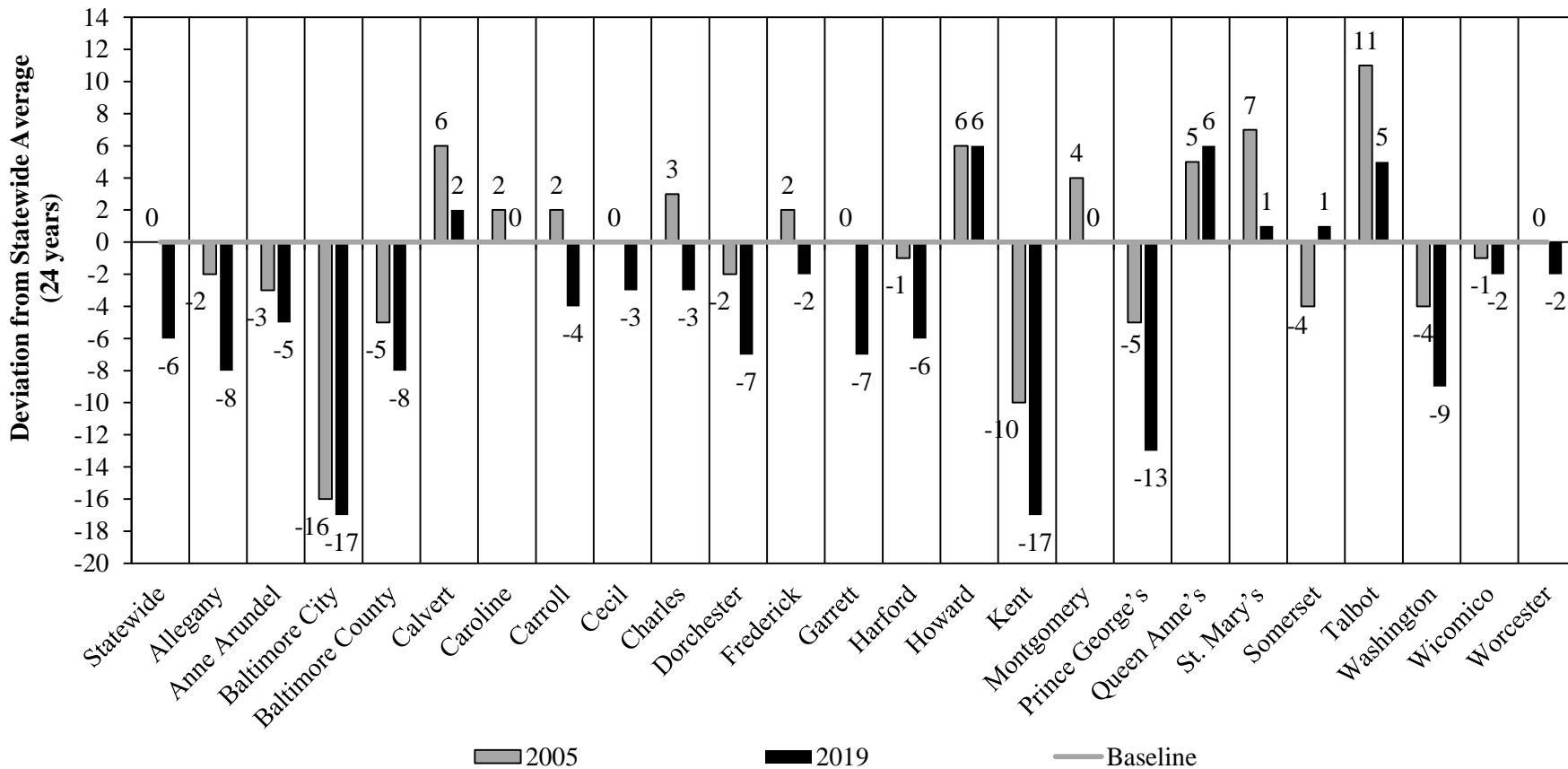
The Interagency Commission on School Construction (IAC) is an independent commission within the Maryland State Department of Education (see R00A07 for the operating budget analysis of this agency). This agency is responsible for the management and distribution of capital (pay-as-you-go (PAYGO)), operating, and special funds; general obligation (GO) bonds; bond premiums; and revenue bonds) for public and nonpublic school construction programs in Maryland. Programs administrated by IAC are the Public School Construction Program (PSCP), the Supplemental Capital Grant Program, the Healthy School Facility Fund, the Public School Safety Grant, the Aging Schools Program (ASP), the “Ed” DeGrange Nonpublic Aging Schools Program, the Nonpublic School Security Improvements, and other programs with funds that will expire in the next few years. Additionally, IAC oversees the Baltimore City 21st Century School Program. More information on these programs can be found in **Appendix 1**.

Performance Measures and Outputs

IAC’s mission is to enable students and educators to learn and teach in safe environments that are designed, constructed, and maintained to support the requirements of educational programs and services. In keeping with this mission, IAC’s performance goals focus on the equity and quality of Maryland’s school facilities and whether they are safe physical environments for teaching and learning.

As illustrated in **Exhibit 1**, one performance goal measures the average age of each local education agency’s (LEA) assigned public school facility square footage (SF) against the State baseline average age. This measure has been in place since fiscal 2005, which serves as the baseline year, when the average age of State SF was 24 years. In fiscal 2019, the statewide average increased to 30 years.

Exhibit 1
LEA Deviation from the Statewide Average Age of Square Footage
Fiscal 2005 and 2019

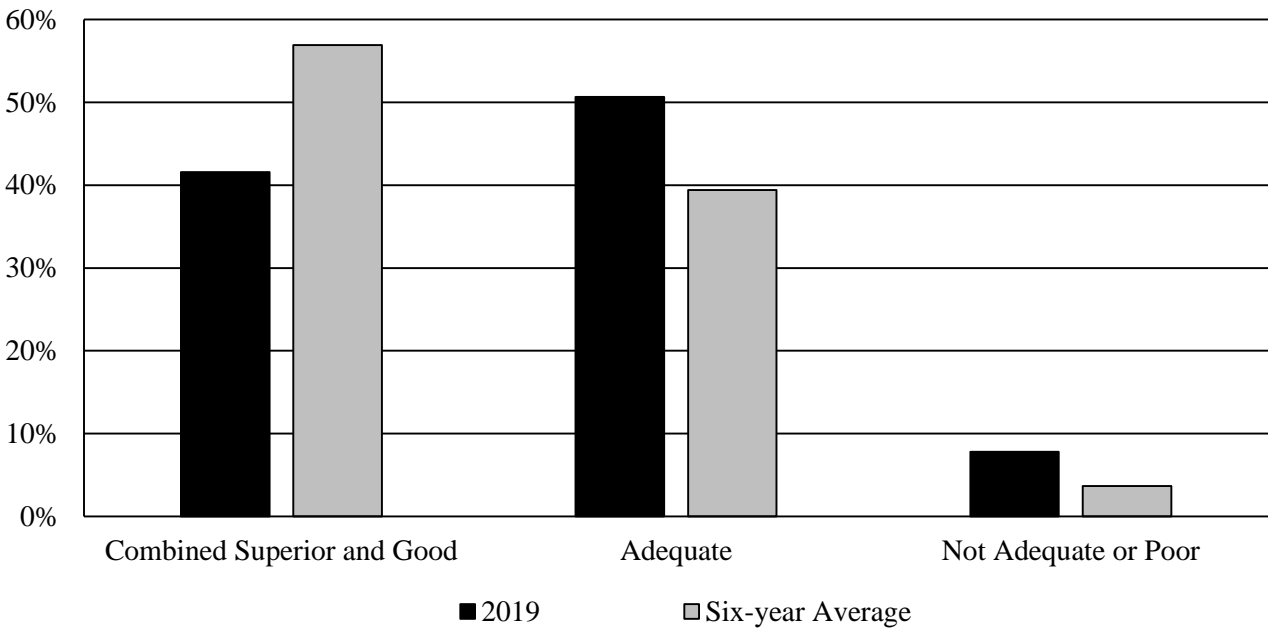


LEA: local education agency

Source: Interagency Commission on School Construction

Improving inspection ratings is another IAC performance measure. In fiscal 2019, 42% of inspections were rated as either superior or good, 51% as adequate, and 8% received a poor rating. This finding correlates with the advancing age of many Maryland school buildings. **Exhibit 2** shows this performance measure for fiscal 2019 compared to the average percentage rating per category in last five years (2014 to 2018).

Exhibit 2
IAC Maintenance Inspection Ratings
Fiscal 2019



IAC: Interagency Commission on School Construction

Source: Interagency Committee on School Construction

While Exhibit 2 compares average ratings in fiscal 2019 to the average in the previous five years, IAC reports this measure with average inspection ratings from the current year plus the previous five years. **The Department of Legislative Services (DLS) recommends that IAC change its Managing for Results goals to a more accurate performance measure.**

Budget Overview

The Governor’s plan for school construction funding provides \$733 million from all sources in fiscal 2021 and a total of \$3.9 billion from all sources through fiscal 2025. **Exhibit 3** shows the Governor’s plan by fund source and purpose.

Exhibit 3
School Construction – Governor’s Plan
Fiscal 2021-2025
(\$ in Millions)

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>Totals</u>
General Funds						
Public School Safety Program	\$0.0	\$0.0	\$0.0	\$0.0	\$10.0	\$10.0
Nonpublic School Safety Improvements	3.5	3.5	3.5	3.5	3.5	17.5
Subtotal	\$3.5	\$3.5	\$3.5	\$3.5	\$13.5	\$27.5
GO Bonds						
Public School Construction Program	\$280.0	\$280.0	\$280.0	\$280.0	\$280.0	\$1,400.0
Supplemental Capital Grant Program	40.0	40.0	40.0	40.0	40.0	200.0
Aging Schools Program	6.1	6.1	6.1	6.1	6.1	30.5
Nonpublic Aging Schools Program	3.5	3.5	3.5	3.5	3.5	17.5
Subtotal	\$329.6	\$329.6	\$329.6	\$329.6	\$329.6	\$1,648.0
Revenue Bond Proceeds						
Building Opportunity Fund	\$340.0	\$470.0	\$500.0	\$700.0	\$0.0	\$2,010.0
Healthy School Facility Fund	30.0	0.0	0.0	0.0	0.0	0.0
Local Share of School Construction Costs Revolving Loan Fund	20.0	20.0	40.0	40.0	0.0	120.0
Public School Safety Grant	10.0	10.0	10.0	10.0	0.0	40.0
Subtotal	\$400.0	\$500.0	\$550.0	\$750.0	\$0.0	\$2,200.0
Total	\$733.1	\$833.1	\$883.1	\$1,083.1	\$343.1	\$3,875.5

GO: general obligation

Note: Total does not include anticipated administrative costs of \$190,000 starting in fiscal 2021.

Source: Governor’s Fiscal 2021 Budget Books

LEAs receive funds for capital projects through the State’s *Capital Improvement Program* (CIP). The largest allocation in the CIP is the PSCP, which is the primary statewide funding source for all LEAs for school construction and for Maryland School for the Blind. Other statewide funds for all LEAs include ASP, School Safety Grant Program, and the Healthy School Facility Fund. Some, but not all, LEAs receive funds from the Enrollment Growth and Relocatable Classroom (EGRC) Supplemental Grant Program. Nonpublic schools may apply for grants from the Senator James E. “Ed” DeGrange Nonpublic Aging Schools Program and the Nonpublic School Safety Grant Program.

PSCP

State and local governments share in the cost of school construction projects. The State pays for 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 LEA’s wealth and ability to pay. The 21st Century School Facilities Act (Chapter 14 of 2018) requires that the cost-share formula be recalculated every two years. The fiscal 2021 and 2022 State cost shares were approved by IAC on September 12, 2019, in order to hold harmless LEAs that would have experienced a decreased State share under the calculation formula. **Exhibit 4** shows the cost shares for fiscal 2021 and 2022 by LEA.

Exhibit 4
State Cost Shares by Local Education Agency
Fiscal 2021-2022

<u>Local Education Agency</u>	<u>State Share</u>
Allegany	89%
Anne Arundel	50%
Baltimore City	96%
Baltimore County	57%
Calvert	53%
Caroline	87%
Carroll	59%
Cecil	66%
Charles	65%
Dorchester	82%
Frederick	64%
Garrett	50%
Harford	63%
Howard	55%
Kent	50%
Montgomery	50%
Prince George’s	70%
Queen Anne’s	51%
St. Mary’s	58%
Somerset	100%
Talbot	50%
Washington	79%
Wicomico	100%
Worcester	50%
Maryland School for the Blind	93%

Source: Interagency Commission on School Construction

RA0702 – Interagency Commission on School Construction – Capital

As enacted by Chapter 14, IAC manages State review and approval of local school construction projects. Each year, LEAs 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 LEA submits a county CIP to IAC, which may include projects that the LEA has forward funded. **Exhibit 5** shows the fiscal 2016 to 2020 date allocations and total allocations from 1972 to 2020.

The fiscal 2021 LEA requests for State public school construction funding total approximately \$751 million. In December 2019, IAC made the fiscal 2021 preliminary, 75%, and 90% funding recommendations based on the Governor’s preliminary \$280 million allocation. Additionally, IAC provided LEAs with the anticipated 100% allocation based on the Governor’s preliminary allocation, which will be made final in May 2020. To the extent that the enacted capital budget provides more or less funding for public school construction than the Governor’s preliminary allocations, the 100% allocation may change. Allocations for fiscal 2021 cover 37% of requested funds for school construction. **Exhibit 6** shows the requested amounts by LEA and the 75%, 90%, and anticipated 100% allocations

Exhibit 5
State School Construction Funding
Fiscal 2016-2020
(\$ in Thousands)

<u>Local Education Agency</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>Allocation 2016-2020</u>	<u>Total Allocation 1972- 2020</u>
Allegany	\$10,837	\$24,242	\$12,873	\$3,950	\$2,840	\$54,742	\$147,152
Anne Arundel	39,419	42,598	36,829	28,832	28,487	176,165	750,065
Baltimore City	36,788	37,500	37,303	68,735	41,062	221,388	917,625
Baltimore	42,177	45,775	45,186	41,865	33,795	208,798	886,694
Calvert	1,500	9,964	14,575	9,763	2,165	37,967	202,417
Caroline	2,902	36	1,646	423	11,603	16,610	81,988
Carroll	6,415	3,418	3,853	6,853	7,604	28,143	251,209
Cecil	4,723	6,650	6,730	5,152	3,871	27,126	161,177
Charles	12,817	8,951	10,516	14,856	13,937	61,077	299,966
Dorchester	179	5,009	10,975	11,026	4,068	31,257	118,944
Frederick	21,000	21,295	19,564	19,178	16,636	97,673	463,354
Garrett	0	0	1,567	0	443	2,010	53,039
Harford	9,309	8,732	13,592	12,278	12,964	56,875	372,669
Howard	27,820	31,206	21,066	10,374	969	91,435	536,363
Kent	615	0	0	0	1,433	2,048	22,220
Montgomery	45,708	50,128	59,194	59,714	32,836	247,580	1,211,381
Prince George's	41,729	44,675	49,625	49,031	29,189	214,249	938,669
Queen Anne's	0	249	2,455	806	657	4,167	88,642
St. Mary's	7,015	1,273	815	6,347	4,780	20,230	194,157
Somerset	2,222	1,771	14,720	17,500	3,161	39,374	111,471
Talbot	308	0	0	8,390	9,000	17,698	46,267
Washington	8,404	4,847	2,592	12,042	11,671	39,556	202,436

<u>Local Education Agency</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>Allocation 2016-2020</u>	<u>Total Allocation 1972- 2020</u>
Wicomico	7,440	10,373	11,847	9,971	11,070	50,701	216,801
Worcester	72	0	0	4,336	4,336	8,744	77,270
Maryland School for the Blind	8,616	6,000	9,376	14,000	7,401	45,393	73,565
Total		\$364,692	\$386,899	\$415,422	\$295,978	\$1,801,006	\$8,425,941

Note: Does not include allocations for statewide projects, reserved funds, or consultant fees.

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

Exhibit 6
Public School Construction Funding Recommendations and Approvals
Fiscal 2021
(\$ in Thousands)

<u>Local Education Agency</u>	<u>2021 CIP Requests Planning/Funding</u>	<u>75% Funding Recommendation</u>	<u>90% Funding Recommendation</u>	<u>100% Preliminary Recommendation</u>	<u>Total New Authorization</u>	<u>Percent of Total Request</u>
Allegany	\$1,180	\$1,032	\$147	\$0	\$1,179	100%
Anne Arundel	52,178	22,394	3,799	1,624	27,817	53%
Baltimore City	100,691	23,579	3,508	682	27,769	28%
Baltimore	219,778	24,464	3,775	2,466	30,705	14%
Calvert	3,852	3,352	326	0	3,678	95%
Caroline	16,885	3,847	2,813	6,382	13,042	77%
Carroll	22,501	5,107	901	1,249	7,257	32%
Cecil	5,563	3,266	0	367	3,633	65%
Charles	32,087	7,498	2,254	0	9,752	30%
Dorchester	5,715	3,437	361	114	3,912	68%
Frederick	22,234	11,492	5,783	59	17,334	78%
Garrett	1,335	953	143	49	1,145	86%
Harford	13,942	8,392	2,415	871	11,678	84%
Howard	44,403	13,904	2,690	282	16,876	38%
Kent	3,036	2,211	0	0	2,211	73%
Montgomery	110,398	25,334	2,804	3,608	31,746	29%
Prince George's	48,543	20,257	4,952	3,138	28,347	58%
Queen Anne's	2,491	882	69	0	951	38%
St. Mary's	5,331	3,706	174	924	4,804	90%
Somerset	2,900	2,175	725	0	2,900	100%

<u>Local Education Agency</u>	<u>2021 CIP Requests Planning/ Funding</u>	<u>75% Funding Recommendation</u>	<u>90% Funding Recommendation</u>	<u>100% Preliminary Recommendation</u>	<u>Total New Authorization</u>	<u>Percent of Total Request</u>
Talbot	3,707	2,046	927	0	2,973	80%
Washington	11,107	6,507	574	429	7,510	68%
Wicomico	11,792	7,683	1,489	0	9,172	78%
Worcester	1,275	1,275	0	0	1,275	100%
MD School for the Blind	8,201	5,207	1,371	0	6,578	80%
Funding Reserved	0	0	0	5,256	5,256	100%
DGS Design Consultant Fees	0	0	0	500	500	100%
State Projects						
Total	\$751,125	\$210,000	\$42,000	\$28,000	\$280,000	37%

CIP: Capital Improvement Program
DGS: Department of General Services
MD: Maryland

Note: Totals may be different than the Interagency Commission on School Construction totals due to rounding.

Source: Interagency Commission on School Construction

EGRC Supplemental Grant

The fiscal 2021 budget provides the mandated \$40 million for the EGRC Supplemental Grant Program to be allocated through the program funding formula. Since 2016, six counties have been eligible for EGRC funding: Anne Arundel; Baltimore; Dorchester; Howard; Montgomery; and Prince George’s. In fiscal 2021, Caroline County becomes eligible while Baltimore County is no longer eligible. **Exhibit 7** shows the fiscal 2017 through 2021 EGRC grant allocations, which illustrates that in each of the three previous fiscal years, the General Assembly increased funding above the mandated amount.

Exhibit 7
Enrollment Growth or Relocatable Classroom
Supplemental Grant Authorizations
Fiscal 2017-2021 Est.
(\$ in Thousands)

<u>Local Education Agency</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021 Est.*</u>
Anne Arundel	\$3,019	\$6,038	\$9,480	\$7,916	\$7,935	\$6,890
Caroline	0	0	0	0	0	470
Baltimore County	4,137	8,275	12,342	10,853	10,812	0
Dorchester	179	357	0	0	0	3,522
Howard	2,050	4,100	6,670	5,447	5,462	6,687
Montgomery	5,864	11,728	21,835	25,912	25,903	13,488
Prince George’s	4,751	9,502	12,173	18,073	18,088	11,297
Total	\$20,000	\$40,000	\$62,500	\$68,200	\$68,200	\$40,000

*Estimate is based on current law, not proposed legislation.

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

Healthy School Facilities Fund

The fiscal 2021 budget proposes to fund the Healthy School Facilities Fund with \$30 million of revenue bond proceeds to be issued as a component of the Governor’s Building Opportunity Fund (SB 276/HB 338). Although the fiscal 2021 operating budget includes \$30 million of general funds to meet the program’s funding mandate, language deletes this appropriation contingent upon legislation

authorizing the use of revenue bonds. **DLS recommends striking the contingent language to fund the program with general funds as mandated.**

Exhibit 8 shows the allocation of the \$30 million of general funds appropriated in fiscal 2020 by type of project; fiscal 2021 allocations have not yet been determined.

Exhibit 8
Healthy School Facilities Fund Allocations
Fiscal 2020
(\$ in Thousands)

<u>Project Categories</u>	<u>Projects Requested</u>	<u>Projects Approved</u>	<u>Total Estimated Cost</u>	<u>Total State Funding</u>	<u>Percentage of Total Cost Funded</u>
Immediate Life, Safety, Health, or Environmental Risk					
Air Conditioning	13	13	\$43,302	\$23,914	55%
Lead – Water Fountains	22	22	88	58	66%
Subtotal	35	35	\$43,390	\$23,972	55%
Nonimmediate Life, Safety, Health, or Environmental Risk					
Lead – Water Fountains	24	8	\$403	\$84	21%
Lead – Piping Replacement	2	0	533	0	0%
HVAC	1	1	8,094	4,975	61%
Air Conditioning	11	6	2,028	620	31%
Heating	3	3	780	350	45%
Mold – Masonry Disrepair	10	0	6,689	0	0%
Windows – Asbestos	4	0	1,286	0	0%
Windows – Mold	1	0	211	0	0%
Windows – Structural	2	0	1,599	0	0%
Subtotal	58	18	\$21,623	\$6,028	28%
Total	93	53	\$65,013	\$30,000	46%

Source: Interagency Commission on School Construction

ASP

The fiscal 2021 capital budget funds the ASP at approximately \$6.1 million in GO bond funding with each LEA receiving its mandated annual amount. **Exhibit 9** shows the fiscal 2020 allocation,

which includes \$1.2 million in prior year authorized funds (that may be carried forward under certain limitations by LEAs for future use), and total available funds for each LEA.

Exhibit 9
Aging Schools Program Allocation
Fiscal 2020

<u>Local Education Agency</u>	<u>2020 Allocation</u>	<u>Prior Year Authorized Funds</u>	<u>Total Available</u>
Allegany	\$97,791	\$0	\$97,791
Anne Arundel	506,038	0	506,038
Baltimore City	1,387,924	0	1,387,924
Baltimore	874,227	708,814	1,583,041
Calvert	38,292	690	38,982
Caroline	50,074	40	50,114
Carroll	137,261	3,970	141,231
Cecil	96,024	22,301	118,325
Charles	50,074	56,607	106,681
Dorchester	38,292	0	38,292
Frederick	182,622	6,759	189,381
Garrett	38,292	0	38,292
Harford	217,379	25,708	243,087
Howard	87,776	0	87,776
Kent	38,292	59,996	98,288
Montgomery	602,651	0	602,651
Prince George's	1,209,426	255,153	1,464,579
Queen Anne's	50,074	3,940	54,014
St. Mary's	50,074	0	50,074
Somerset	38,292	115	38,407
Talbot	38,292	47,066	85,358
Washington	134,904	0	134,904
Wicomico	106,627	11,034	117,661
Worcester	38,292	14	38,306
Totals	\$6,108,990	\$1,202,207	\$7,311,197

Source: Interagency Commission on School Construction

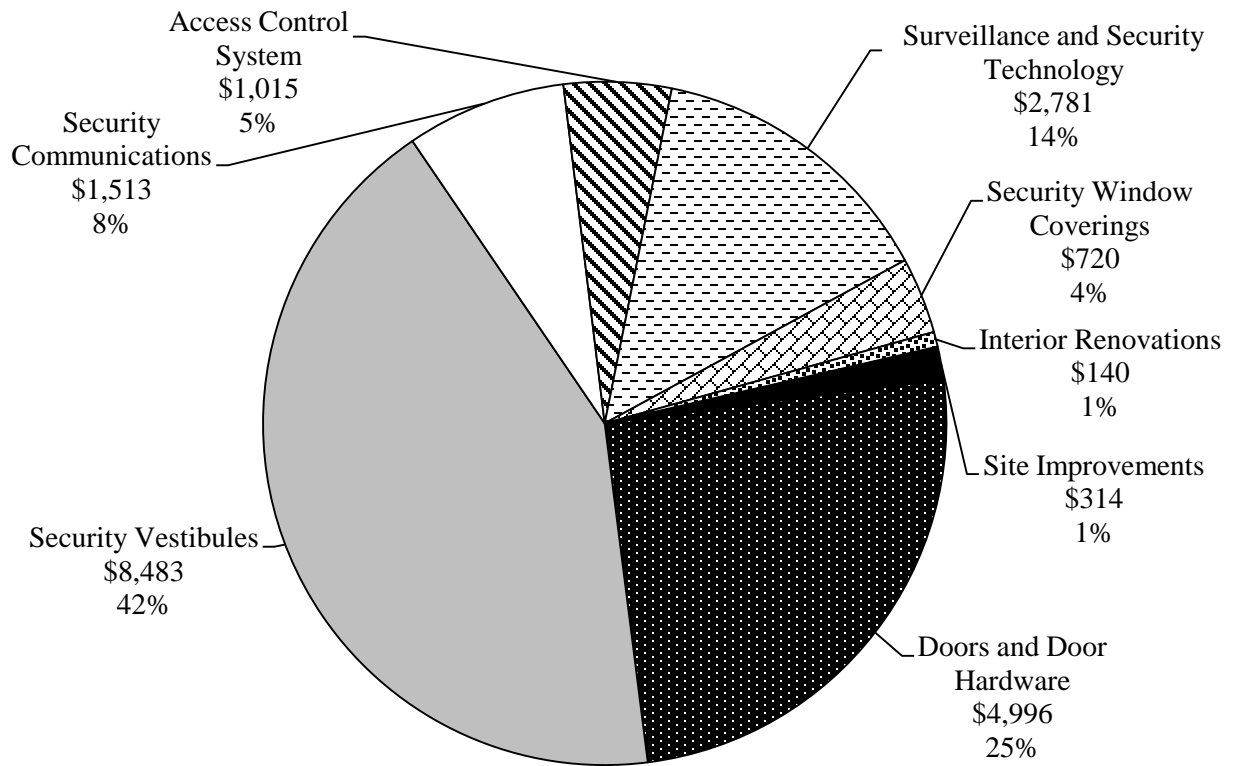
Public School Safety Grant Program

The Governor's fiscal 2021 capital budget includes \$10.0 million of revenue bond proceeds for the School Safety Grant Program to be issued as a component of the Governor's Building Opportunity Fund. The Governor is mandated to provide \$10 million for this program in fiscal 2021 using either general or GO bond funds. The Governor meets this mandate using general funds but language deletes

this appropriation contingent upon legislation authorizing the use of revenue bonds. **DLS recommends striking the contingent language to fund this program with general funds in fiscal 2021.**

The program was initially funded in fiscal 2019 at \$20 million comprised of \$10 million in general funds and \$10 million in bond premiums allocated in the capital budget bill. The grant allocation was split evenly across two funding rounds. Round 1 distributed funds based on the proportion of total enrollment and total facility SF; final applications for Round 1 funding were due on April 1, 2019. For Round 2 funding, each county was provided a minimum allocation of \$200,000. The remaining funds were competitively awarded based on applications by local school systems. As of November 2019, a total of \$19,961,020 of the total \$20 million had been allocated to public schools across the State. **Exhibit 10** details the use of these funds by improvement category. More information on school safety is in the Maryland Center for School Safety analysis, R00A06.

Exhibit 10
School Safety Grant Funding by Project Category
Fiscal 2019
(\$ in Thousands)



Source: Interagency Commission on School Construction

DeGrange Program

The Governor’s fiscal 2021 capital budget includes \$3.5 million of GO bond funds for the Senator James E. “Ed” DeGrange Nonpublic Aging Schools Program to provide grants to nonpublic schools for minor renovations and infrastructure repairs. Grants are limited to nonpublic schools, excluding preschools, that meet the eligibility requirements for funding through the Aid to Non-Public Schools Program. The program limits an individual school’s grant to no more than \$100,000 and no less than \$5,000. Three criteria are used to determine maximum funding per school: (1) at least 20% of the school’s students being eligible for free and reduced-price meals (FRPM); (2) tuition charged to students being less than the statewide average per pupil expenditure; and (3) the school having a facility with an average age of 50 years or older. Schools may receive up to a maximum allocation based on how many criterion it meets. Language attached to the fiscal 2021 authorization as proposed sets the levels as follows:

- up to \$25,000 for schools meeting one criterion;
- up to \$75,000 for schools meeting two criteria; and
- up to \$100,000 for schools meeting three criteria.

In the fiscal 2020 capital budget, the legislature authorized \$4.0 million for this program but restricted approximately \$1.0 million for seven projects at designated schools. Per program requirements, fiscal 2020 grants will not be distributed until March 2020. As shown in **Exhibit 11**, this program allocated \$3.5 million to 180 projects in fiscal 2019.

Exhibit 11 Nonpublic Aging Schools Program Fiscal 2019

<u>County</u>	<u>Projects Allocated</u>	<u>Allocation</u>
Allegany	2	\$15,516
Anne Arundel	13	191,669
Baltimore County	36	805,240
Calvert	3	38,790
Carroll	3	38,790
Cecil	4	77,551
Charles	4	61,556
Frederick	5	85,338
Harford	4	56,035
Howard	6	77,580
Kent	0	0
Montgomery	32	571,305
Prince George’s	23	417,769

RA0702 – Interagency Commission on School Construction – Capital

<u>County</u>	<u>Projects Allocated</u>	<u>Allocation</u>
Queen Anne’s	1	31,032
St. Mary’s	5	108,612
Somerset	0	0
Talbot	3	69,822
Washington	4	100,267
Wicomico	4	62,064
Worcester	1	7,550
Baltimore City	27	683,994
Total	180	\$3,500,480

Source: Interagency Commission on School Construction

Language added to the fiscal 2020 authorization requires that grants be expended within three years of becoming available after which any unexpended grant funds must transfer to the Unreserved Statewide Contingency account for public school construction. The fiscal 2020 authorization also includes eligibility requirements for the program. **DLS recommends restoring this language to the fiscal 2021 GO bond authorization.**

Nonpublic School Safety Grants

Nonpublic schools receive \$3.5 million in general funds in fiscal 2021 in Nonpublic School Safety Grants. As introduced, the use of the funds is not restricted by any eligibility requirements. However, language was added to the fiscal 2020 appropriation that established distribution eligibility requirements as follows: in order to qualify for a grant, nonpublic schools must also participate in the Aid to Non-Public Schools Program; the maximum grant amount is \$65 per student, except where at least 20% of the students are eligible for FRPM, the maximum grant amount is \$85 per student. The minimum grant amount is \$5,000 per eligible school. Per program requirements, fiscal 2020 grants will not be distributed until March 2020. **Exhibit 12** shows the distribution of grants for fiscal 2019.

Exhibit 12
Nonpublic School Safety Improvements
Fiscal 2019

<u>County</u>	<u>Projects</u>	<u>Total Allocation</u>
Allegany	2	\$36,335
Anne Arundel	13	296,382
Baltimore County	33	927,919
Calvert	3	23,814
Carroll	3	18,515

RA0702 – Interagency Commission on School Construction – Capital

<u>County</u>	<u>Projects</u>	<u>Total Allocation</u>
Cecil	4	57,330
Charles	3	57,395
Frederick	5	41,710
Harford	3	71,370
Howard	3	51,025
Kent	0	0
Montgomery	32	615,556
Prince George’s	24	466,468
Queen Anne’s	1	5,000
St. Mary’s	6	112,290
Somerset	0	0
Talbot	2	36,595
Washington	4	58,415
Wicomico	4	72,545
Worcester	0	0
Baltimore City	23	369,285
Total	168	\$3,317,949

Source: Interagency Commission on School Construction

The fiscal 2021 budget bill does not include program eligibility requirements, grant distribution amounts, and that IAC will administer this fund. DLS recommends restoring this language.

Use of Contingency Funds

Every year, new funds are authorized for public school construction projects, primarily as GO bonds and sometimes as PAYGO. LEAs must use these funds for approved projects within two years or the funds revert to the Statewide Contingency Account from which it may be recycled for other projects. During the 2006 session, the General Assembly authorized – and later codified – LEAs to reserve unused previously authorized funds for an additional two years. Funds that are not spent by that LEA after two years are transferred to Statewide Contingency Account where it may be allocated to a different LEA.

As of January 2020, contingency funds have a total balance of \$34.7 million. LEA funds held in reserve from fiscal 2019 and 2020 total approximately \$31.0 million. EGRC funds total approximately \$2.4 million with balances for Howard, Montgomery, and Prince George’s counties. The Baltimore City HVAC improvement fund, which was established in fiscal 2019, is reserved specifically for Baltimore City school buildings. This fund has a balance of approximately \$329,000. Two statewide

RA0702 – Interagency Commission on School Construction – Capital

funds for emergency repairs to buildings and relocatable classrooms have approximately \$310,000 and \$248,000, respectively. Three counties have funds remaining in the fiscal 2012 Supplemental Appropriation: Baltimore City has approximately \$123,000; Garrett County has approximately \$49,000; and Cecil County has approximately \$1,100. Calvert County has approximately \$128,000 in the fiscal 2013 Energy Efficiency Program fund. The Quality Zone Academy Bond Program has approximately \$112,000, and the fiscal 2019 Safety and Security Grant Initiative fund has approximately \$29,000. **Exhibit 13** shows the balances for each of these funds.

Exhibit 13
Contingency Fund Balances
Fiscal 2020
(\$ in Thousands)

<u>Fund</u>	<u>Balance</u>
Local Education Agency Funds in Reserve for Fiscal 2019 and 2020	\$31,049
Enrollment Growth and Relocatable Classroom Funds	
Howard County	1,881
Prince George’s County	444
Montgomery County	29
Baltimore City HVAC Reserve	329
Emergency Repair Fund	310
Relocatable Repair Fund	248
Fiscal 2012 Supplemental Appropriation	174
Fiscal 2013 Energy Efficiency Initiative	128
Quality Zone Academy Bond Program	112
Fiscal 2019 Safety Security	29
Total	\$34,733

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

Governor and Legislators Introduce Bills for School Construction

Building Opportunity Act of 2020

The Governor’s capital priorities include a significant enhancement to the State’s PSCP that would more than double the amount of State funding over the next five years. The key component of the HB 338/SB 276 plan entails the use of up to \$125 million annually from the ETF to support the

RA0702 – Interagency Commission on School Construction – Capital

debt service on \$2.2 billion of revenue bonds programmed to be issued from fiscal 2021 through 2024. With this proposed new initiative, public school construction would receive a total of \$3.876 billion through fiscal 2025 compared to the \$4.096 billion that the Built to Learn Act of 2020 (HB 1/SB 1) would provide. **Exhibit 14** compares the Governor’s Building Opportunity Act of 2020 with HB 1/SB 1, which like the Governor’s proposal, would authorize MSA to issue up to \$2.2 billion of revenue bonds backed by payments from the ETF to enhance the funding of public school construction projects throughout the State.

Exhibit 14
Public School Construction Funding
Building Opportunity Act and the Built to Learn Act
Fiscal 2020-2025

	Governor’s Plan Totals Fiscal <u>2021-2025</u>	HB1/SB1 Plan Totals Fiscal <u>2021-2025</u>
Revenue Bond Proceeds		
Building Opportunity Fund – Education Trust Fund	\$2,010.0	\$2,200.0 ¹
Healthy School Facility Fund	30.0	0.0
Local Share of Revolving Loan Fund	120.0	0.0
Public School Safety Grants	40.0	0.0
Subtotal	\$2,200.0	\$2,200.0
GO Bonds		
Public School Construction Program	\$1,400.0	\$1,400.0
EGRC Supplemental Capital Grant Program	200.0	200.0 ²
Aging Schools Program	30.5	30.5
Nonpublic Aging Schools Program	17.5	17.5
Public School Facilities Priority Fund	0.0	120.0 ³
Subtotal	\$1,648.0	\$1,768.0
General Funds		
Public School Safety Grants	\$10.0	\$50.0
Nonpublic School Security Improvements	17.5	17.5
Healthy School Facilities Fund	0.0	60.0 ⁴
Subtotal	\$27.5	\$127.5
Total	\$3,875.5	\$4,095.5

GO: general obligation

¹ Under HB 1/SB1, if Prince George’s County enters into a public-private partnership, the bond issuance would be reduced to \$2.0 billion and \$25 million of the Education Trust Fund (ETF) funds would be used to make availability payments.

² Under HB 1/SB 1, the Supplemental Capital Grant Program mandated annual funding level increases from \$40 million to \$80 million effective in fiscal 2027 with either general funds or GO bond funds.

RA0702 – Interagency Commission on School Construction – Capital

³ Under HB 1/SB 1, the Public School Facilities Priority Fund is established with an annual funding mandate of \$40 million for fiscal 2023 through 2026, increasing to \$80 million annually beginning in fiscal 2027 using either general funds or GO bond funds. The Aging Schools Program and the School Safety Grant Program would be consolidated into the Public School Facilities Fund effective in fiscal 2027.

⁴ Under HB 1/SB 1, the \$30 million general fund mandate for the Healthy School Facilities Fund is extended one year through fiscal 2022.

Note: Source of debt service on \$2.2 billion 30-year revenue bond issuance is \$125 million general fund from the ETF.

Source: Department of Legislative Services

Built to Learn Act of 2020

HB 1/SB 1 has the following elements:

- The issuance of \$2.2 billion of 30-year revenue bonds would be supplemental to funding already programmed for public school construction and allow the State to more fully address annual funding requests from local school systems that range between \$600 million and \$900 million.
- The source of debt service on the revenue bonds would be a share of casino revenues in the ETF programmed at \$125 million annually until all issuances are fully retired. The proceeds would be paid into a sinking fund to accrue interest and be available for debt service as needed.
- MSA would issue the revenue bonds similar to the Baltimore City 21st Century Schools Initiative program. The bonds would not be State tax-supported debt and, therefore, not counted within the State’s debt affordability calculation.
- MSA is responsible for the construction and improvements financed with the revenue bond proceeds. However, IAC may grant a waiver to this requirement if it determines that a county board of education possesses the resources necessary to manage and oversee projects (HB 1/SB 1 does not allow this exception for Baltimore City).
- Local governments would match the State school construction funding using the local cost-share formula for school construction.

Differences with Governor’s Proposal

Under the Governor’s proposed Building Opportunity Initiative, there is no prescribed allocation plan; the revenue bond proceeds would be allocated based on the process currently established in §5-304 of the Education Article. Alternatively, the provisions in HB 1/SB 1 prescribe an allocation plan, as illustrated in **Exhibit 15**.

Exhibit 15
Allocation of Bond Sale Proceeds - HB/SB 1
(\$ in Millions)

	<u>Percent of Total</u>	<u>Proceeds</u>
Anne Arundel	12.5%	\$250
Baltimore City	21.0%	420
Baltimore	21.0%	420
Frederick	5.1%	102
Howard	6.6%	132
Montgomery	21.0%	420
Prince George’s	*	*
All Other Counties	11.5%	230
Unallocated/MSA	1.3%	26
Total		\$2,000

MSA: Maryland Stadium Authority

*Under the bill, Prince George’s County receives \$25.0 million annually for up to 30 years to supplement local funds for an availability payment if it enters into a public-private partnership agreement, subject to other provisions in the bill.

Source: Department of Legislative Services

- As part of the allocation plan, if Prince George’s County enters into a public-private partnership (P3) agreement, the county would receive \$25 million of ETF funds for up to 30 years to make P3 availability payments.
- The Governor’s plan would use \$120 million of revenue bond proceeds to fund the Local Share of School Construction Cost Revolving Loan Fund established under Chapter 14 for counties that may have difficulty providing matching funds as quickly as the initiative would require. The fund would be capitalized with \$20 million of revenue bond proceeds in each of fiscal 2021 and 2022 and another \$40 million in each of fiscal 2023 and 2024. This proposed allocation reduces the amount of revenue proceeds available to support project expenditures.
- The Governor’s plan further reduces the amount of revenue bond proceeds that would be used to support new projects by an additional \$70 million below what HB 1/SB 1 would provide. This includes \$40 million of fiscal 2021 revenue bond allocation that replaces \$30 million of general fund mandated spending for the Healthy School Facility Fund and another \$10 million of general fund mandated spending for school safety enhancements. Another \$30 million of

RA0702 – Interagency Commission on School Construction – Capital

revenue bond proceeds replaces \$30 million of mandated general fund spending for school safety enhancement from fiscal 2022 through 2024.

- Under the Governor’s proposal, the process for recommending projects to be funded in the program shall be made in accordance with the process established in § 5-304 of the Education Article. HB 1/SB 1 instead requires that priority be given to schools that (1) are the oldest buildings in a school system; (2) have high concentrations of low-income students; (3) have a large number of relocatable classrooms; or (4) have high utilization based on a school’s State-rated capacity.
- HB 1/SB 1 includes design costs as an eligible cost for all projects (not just those funded with revenue bond proceeds) for projects that (1) are located in a county that has fewer than 20,000 full-time equivalent students enrolled and (2) have received local planning authority. Moreover, this provision of HB 1/SB 1 applies to *all* public school construction projects funded under the bill.
- HB 1/SB 1 alters the mandate for the existing capital grant program for local school systems with significant EGRC to raise the mandated funding level from \$40 million to \$80 million beginning in fiscal 2027 and allows the mandate to be met with either general funds or GO bond funds. It also expands the criteria for school systems to be eligible to receive funds to 250 relocatable classrooms (instead of 300 in current law) beginning July 1, 2020.
- HB 1/SB 1 creates the Public School Facilities Priority Fund, effective July 1, 2022, 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. In fiscal 2023 through 2026, 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 2027, the mandated annual appropriation increases to at least \$80.0 million. Money expended from the fund is supplemental and is not intended to take the place of funding that otherwise would be appropriated for public schools in the State.
- HB 1/SB 1 expresses the intent that funding for the ASP and the School Safety Grant Program be consolidated into the priority fund beginning in fiscal 2027. Contingent on that consolidation, the bill repeals the ASP and the School Safety Grant Program, effective July 1, 2026.
- HB 1/SB 1 extends the \$30.0 million mandated appropriation for the Healthy School Facility Fund by one year, through fiscal 2022. It also clarifies how applications for plumbing-related projects should be prioritized.

Debt Affordability

Under both proposals, the revenue bond issuances would not be debt of the State, which excludes the debt from inclusion in the State’s debt affordability calculations. Were the debt to count under the affordability calculations, it would result in a debt service to revenue ratio extremely close to the 8.0% limit, leaving little room to support other State capital priorities and little margin in the event

that State revenues decline. The rating agencies may take note of this debt, especially since it represents an expansion of what might otherwise be considered debt of the State similar to the debt issued under the Baltimore City 21st Century Schools Initiative program.

Debt Service Costs

Preliminary estimates on the proposed issuance stream indicate that total debt service costs would be \$3.685 billion, consisting of the \$2.2 billion of principal and \$1.485 billion of interest, depending on the interest rate on the bonds and other market conditions.

Local Capacity

While the Governor’s initiative includes the use of the Local Share of School Construction Cost Revolving Loan Fund, preliminary estimates indicate that the local cost share would be more than \$1 billion. This amount is in addition to the annual local spending to match school construction projects funded in the capital budget and may be challenging for some local governments.

Labor Market Capacity and Project Cost Impact

The initiative would provide a significant amount of work for the construction market to absorb in a relatively short amount of time. This could impact the cost of projects with less competition and higher bids.

Commission on Innovation and Excellence in Education Priorities

The funds in the ETF are also viewed as a source of funding for priorities that come from the recommendations of the Commission on Innovation and Excellence in Education.

Updates

1. 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 Memorandum of Understanding (MOU) to establish a framework for completion of the initiative. The MOU was completed and signed in September 2013, and the Board of Public Works approved the MOU in October 2013.

RA0702 – Interagency Commission on School Construction – Capital

As of January 2020, 10 of 11 year-one projects in Baltimore City had been completed with the final year-one schools expected to be completed in summer 2021. The first of 17 year-two schools was completed in September 2019, and 3 additional year-two schools were completed in January 2020. The remaining 13 year-two schools are in various stages of planning, design, and construction.

PAYGO Recommended Actions

1. Amend the following language to the general fund appropriation:

~~General Fund Appropriation, provided that \$40,000,000 of this appropriation shall be reduced contingent upon the enactment of the Building Opportunity Fund legislation that authorizes certain revenue bond proceeds be used for the Healthy School Facility Fund and the School Safety Grant Program, provided that \$3,500,000 of this appropriation made for the purpose of Nonpublic School Safety Grants shall be distributed as grants to nonpublic schools in Maryland for school safety improvements. Provided that grants may be provided only to nonpublic schools that were eligible to participate in Aid to Non-Public Schools R00A03.04 (for the purchase of textbooks or computer hardware and software for loans to students in eligible nonpublic schools) during the 2019-2020 school year or nonpublic schools that serve students with disabilities through the Non-Public Placement Program R00A02.07 Subprogram 0762, with a maximum amount of \$65 per eligible nonpublic school student for participating schools, except that at schools where at least 20% of the students are eligible for the free or reduced-price meal program or for schools that service students with disabilities through the Non-Public Placement Program, there shall be a distribution of \$85 per student and no individual school may receive less than \$5000. Further provided that funds shall be administered by the Interagency Commission on School Construction.~~

Explanation: This action removes the contingency based on passage of the Building Opportunity Fund legislation. It also amends language for Nonpublic School Safety Grants to specify eligibility requirements and provides that the Interagency Commission on School Construction will administer Nonpublic School Safety Grant funds.

2. Strike the following language to the special fund appropriation:

~~Special Fund Appropriation, provided that \$30,000,000 of this appropriation shall be reduced contingent upon the enactment of the Building Opportunity Fund legislation that authorizes certain revenue bond proceeds be used for the Healthy School Facility Fund.~~

Explanation: This action removes the contingency based on passage of the Building Opportunity Fund legislation from the general fund appropriation for the Healthy School Facility Fund.

GO Bond Recommended Actions

1. Approve the Governor’s \$6.1 million general bond obligation fund for the Aging Schools Program.
2. Approve the Governor’s \$280 million general obligation bond fund authorization for the Public School Construction Program.
3. Amend language to require that grants made under the Senator James E. “Ed” DeGrange Nonpublic Aging Schools Program must be expended within three years, at which point any unspent funds must be transferred to the Unreserved Statewide Contingency Fund. Also amend language to include additional requirements for program eligibility.

RA0702C	Senator James E. “Ed” DeGrange Nonpublic Aging Schools Program	\$ 3,500,000
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Amend the following language:

- (C) Senator James E. “Ed” DeGrange Nonpublic Aging Schools Program. Provide funds to be distributed as grants to nonpublic schools in Maryland for expenditures eligible under the Aging Schools Program established in § 5-206 of the Education Article, including school security improvements. Provided that grants may only be provided to nonpublic schools eligible to receive Aid to Nonpublic Schools R00A03.04 (for the purchase of textbooks and computer hardware and software for loans to students in eligible public schools) or nonpublic schools that serve students with disabilities through the Non-Public Placement Program R00A02.07 Subprogram 0762, excluding preschools in fiscal 2020, with a maximum amount of \$100,000 and a minimum amount of \$5000 per eligible school.

Further provided that:

- (a) ~~An~~ Unless a school serves students through the Non-Public Placement Program, an eligible school may apply and qualify for a grant as specified below based on the following criteria:
- (1) At least 20% of the school’s students are eligible for free or reduced price meal programs;
 - (2) Tuition charged to students is less than the statewide average per pupil expenditure for public schools as calculated by the Maryland State Department of Education; and

RA0702 – Interagency Commission on School Construction – Capital

- (3) The school has a facility with an average of 50 years or more; and
- (b) If a school meets:
- (1) All three of the criteria specified above, or serves students through the Nonpublic Placement Program, the school may receive up to \$100,000;
 - (2) Two of the three criteria specified above, the school may receive up to \$75,000; and
 - (3) One of the three criteria specified above, the school may receive up to \$25,000.

Further provided that if more eligible schools apply and qualify for grants that the total authorizations, the Maryland State Department of Education shall prorate the grants based on the total authorization amount. Further provided that the funds shall be administered by the Maryland State Department of Education and the Interagency Commission on School Construction.

Further provided that grants made to nonpublic schools shall be expended within three years of the date that funding for the grants became available. Any funding for grants that is unexpended following three years of having become available shall be transferred to the Unreserved Statewide Contingency Account for public school construction.

Explanation: This action restores language from the fiscal 2020 capital bill that specifies that grants made to nonpublic schools must be expended within three years of the date of that funding or they will be transferred to the Unreserved Statewide Contingency Fund.

4. Approve the Governor’s \$40 million general obligation bond fund authorization for the Supplemental Capital Grant Program.

Appendix 1 Program Descriptions

Capital Improvement Program

The State *Capital Improvement Program* (CIP) provides the majority of funds for local education agencies (LEA) for school construction. In order to qualify for their annual allocation, each LEA, including the Maryland School for the Blind, develops and submits a 10-year Educational Facilities Plan for future school construction to the Interagency Commission on School Construction (IAC). This plan must assess local school construction needs based on (1) the current condition of school buildings and 2) the county’s projected enrollment. LEAs must also submit an annual county CIP that includes plans for specific projects and requests for planning and construction projects for the next fiscal year. These county CIPs provide IAC with the annual information needed to allocate program funds.

Public School Construction Program

The 21st Century School Facilities Act (Chapter 14 of 2018) establishes the goal for the State to commit at least \$400 million annually to public school construction within current debt affordability guidelines. This program is funded by general obligation (GO) bonds and requires a State and local cost-share. IAC decides how to allocate the Public School Construction Program (PSCP) funds on a regular schedule, which is as follows:

- **October:** The Governor announces a preliminary allocation for public school construction funds designated for the upcoming fiscal year. IAC staff gives this information to LEAs, which submit both an annual and five-year county CIP request for public school construction funds. The county CIP must be signed by the LEAs school board and the county governing body.
- **October-November:** IAC staff evaluate each CIP to determine the relative merit of each funding request. Each project is assigned a letter (A, B, C, or D), which determines its approval status:
 - “A” projects receive IAC approval for planning and funding;
 - “B” projects are deferred for funding by due to fiscal constraints, but are eligible for local planning or construction funding;
 - “C” projects are not currently eligible for planning or funding approval based on unresolved issues; and
 - “D” projects are not eligible for funding.
- **December:** Upon completion of this evaluation, IAC staff presents these recommendations to IAC for review. LEAs may appeal IAC recommendations and approval status.

- **December 31:** IAC must approve 75% of funds from the Governor’s preliminary allocation for school construction. IAC has final approval authority. The list of projects approved by the IAC board becomes part of the Governor’s proposed capital budget, which is submitted to the General Assembly for approval.
- **March 1:** IAC presents its approval of 90% projected State funds as submitted in the Governor’s capital budget.
- **May 1:** IAC approves all projects (100% allocation) with funds in the enacted capital budget. Final allocations are not subject to appeal.

Enrollment Growth or Relocatable Classrooms Supplemental Grant Program

Chapter 355 of 2015 established the Enrollment Growth or Relocatable Classrooms (EGRC) Grant Program, which provides a minimum of \$40 million in annual supplemental grants to LEAs with significant enrollment growth or relocatable classrooms. LEAs match these funds through State and local cost-share. This program is funded with GO bonds. The eligibility criteria for LEAs to receive EGRC money are (1) enrollment growth that exceeds 150% of the statewide average or (2) an average of greater than 300 relocatable classrooms in use in the last five years. IAC notifies EGRC-eligible counties of their allocation on the same schedule as PSCP.

The Healthy School Facility Fund

Chapter 561 of 2018 established the Healthy School Facility Fund to provide grants to public schools to improve the health of school facilities. The Governor must appropriate \$30.0 million for the fund in fiscal 2020 and 2021, which must be in addition to funds that would otherwise be appropriated for public schools. The Governor’s proposed fiscal 2021 capital budget includes \$30 million in funds from the sale of Maryland Stadium Authority revenue bonds for the fund. IAC must give priority in awarding grants to schools based on the severity of issues in the school, including (1) air-conditioning; (2) heating; (3) indoor air quality; (4) mold remediation; (5) temperature regulation; (6) plumbing, including the presence of lead in drinking water; and (7) windows. IAC must establish application procedures for school systems to request grants and additional procedures to make awards from the fund not more than 45 days after receiving an application. No jurisdiction may receive more than \$15.0 million in a given fiscal year, and the total amount of a grant is not required to cover the full cost of a project.

Aging Schools Program

The Aging Schools Program (ASP), Section 5-206, provides funds for costs associated with aging school buildings. These costs may include, but are not limited to, asbestos and lead paint abatement; upgrading of fire protection systems and equipment, plumbing, roofing, upgrading of HVAC systems; site redevelopment; wiring schools for technology; and renovation projects related to education programs and services. The State funds this program with GO bonds. ASP does not have a

State and local cost-share requirement. IAC distributes ASP grants to LEAs through a formula based on the pre-1970s square footage of school buildings that have not been renovated.

Edward “Ed” DeGrange Nonpublic Aging Schools Program

The fiscal 2014 capital budget created the Nonpublic Aging Schools Program, which provides grants for nonpublic schools with aging buildings. In Chapter 9 of 2018, this program was renamed for Senator James E. “Ed” DeGrange and is now called the DeGrange Program. This program must be renewed every year as part of the capital budget and has historically been funded with GO bonds. The Maryland State Department of Education manages this program, and IAC distributes funds.

To qualify for this grant, grant recipients must be eligible for the Aid to Non-Public Schools Program and meet specific criteria: (1) at least 20% of the school’s students are eligible for free and reduced-price meals (FRPM); (2) tuition rates must be less than the statewide average per pupil expenditure; and (3) the school must have an average building age of 50 years or older. Payment for work completed under this program is reimbursed to the grant recipient. No matching funds are required, but the school is responsible for all project costs exceeding the amount of the grant. In 2019, the legislature added language in the fiscal 2020 capital budget bill that grant funds must be spent within three years or the funds revert to the Statewide Contingency Fund.

Eligible schools may receive up to a maximum allocation based on how many criterion it meets of no more than \$100,000 and no less than \$5,000. These amounts represent the maximum amounts available for projects according to their funding levels.

Qualified Zone Academy Bonds

In 2017, the federal government discontinued the Qualified Zone Academy Bond Program. However, the State has a very small amount of funds remaining and continues to take applications for remaining funds from eligible LEAs. This program has not been reauthorized by the U.S. Congress.

Public School Safety Grant Program

Chapter 14 of 2018 created the Public School Safety Grant Program 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.

Nonpublic School Security Improvements

Funding for nonpublic school security improvement grants was first provided in fiscal 2019. In order to apply for a grant, a school must (1) be eligible for, and participated in, the Aid to Non-Public Schools Grant Program in the prior school year *or* (2) serve students with disabilities through the Non-Public Placement Program. For eligible schools that have less than 20% FRPM participants, the

RA0702 – Interagency Commission on School Construction – Capital

maximum grant amount is \$65 per student. For eligible schools with over 20% FRPM students, the maximum grant amount is \$85 per student. No individual school may receive less than \$5,000.

Baltimore City HVAC Improvement Grant

In fiscal 2019, the State provided \$15.0 million in funding from bond premiums for Baltimore City Public Schools to be used for HVAC systems. This funding was primarily in response to the closure of Baltimore City schools in January 2018 for one day due to heating outages as a result of extremely cold weather and aging facilities that left students in unheated classrooms.