

Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 515
Appropriations

(Delegate J. Long)

Budget and Taxation

Workgroup to Study the Fiscal and Operational Viability of Public-Private Partnerships for Calvert County Public Schools

This bill establishes the Workgroup to Study the Fiscal and Operational Viability of Public-Private Partnerships (P3s) for Calvert County Public Schools (CCPS). The Calvert County Board of Education must provide staff for the workgroup. Members of the workgroup may not receive compensation but are entitled to reimbursement for expenses. By December 31, 2024, the workgroup must report its findings and recommendations to specified State and local entities. **The bill takes effect June 1, 2024, and terminates June 30, 2025.**

Fiscal Summary

State Effect: The bill does not materially affect State operations or finances.

Local Effect: CCPS has previously advised that a reliable estimate of the fiscal effect is not feasible in the absence of better information regarding the level and type of staff support needed. Expenditures may increase for temporary staffing or consultant services to the extent that current staff lack the time or expertise to support the workgroup. CCPS further advised previously that time constraints for workgroup members may prevent it from meeting the bill's reporting deadline. No effect on revenues.

Small Business Effect: None.

Analysis

Bill Summary: The workgroup must study:

- the fiscal and operational viability of using a P3 for financing, constructing, maintaining, and operating schools in Calvert County;
- implementation of a P3 by CCPS; and
- how a P3 may relieve the significant burden for funding new school construction and renovations for CCPS.

With respect to P3s, the workgroup must make recommendations for (1) new school construction and (2) maintenance and rehabilitation of schools to meet identified needs at a lower cost.

Current Law:

Public-private Partnerships in State Law

Chapter 5 of 2013 established a new framework for the approval and oversight of P3s by the State. Chapter 5 defined a P3 as a method for delivering public infrastructure assets using a long-term, performance-based agreement between specified State “reporting” agencies and a private entity where appropriate risks and benefits can be allocated in a cost-effective manner between the contract partners, in which:

- a private entity performs functions normally undertaken by the government, but the reporting agency remains ultimately accountable for the public infrastructure asset and its public function; and
- the State may retain ownership of the public infrastructure asset and the private entity may be given additional decision-making rights in determining how the asset is financed, developed, constructed, operated, and maintained over its life cycle.

A “public infrastructure asset” is a capital facility or structure, including systems and equipment related to the facility or structure intended for public use.

Chapter 5 establishes the public policy of the State to utilize P3s, if appropriate, for (1) developing and strengthening the State’s public infrastructure assets; (2) apportioning between the public sector and the private sector the risks involved in the development and strengthening of public infrastructure assets; (3) fostering the creation of new jobs; and (4) promoting the State’s socioeconomic development and competitiveness. The public policy also asserts that private entities that enter into P3s must comply with the provisions of the Labor and Employment Article and the federal Fair Labor Standards Act.

Charles County Workgroup

[Chapters 425 and 426 of 2022](#) established a similar workgroup for Charles County Public Schools. The Interagency Commission on School Construction advises that the workgroup submitted its final report on December 12, 2022, but was not able to assess the fiscal viability of a P3. The workgroup lacked the financial expertise to assess the viability and instead recommended that a financial advisor be brought on for that purpose. Operationally, Charles County Public Schools concluded that a P3 model would not be needed for new construction based on current enrollment trends but could be considered if enrollment growth outpaces the school system's capacity in the future.

Additional Information

Recent Prior Introductions: Similar legislation has been introduced within the last three years. See SB 467 of 2023.

Designated Cross File: SB 114 (Senators Jackson and Bailey) - Budget and Taxation.

Information Source(s): Calvert County; Interagency Commission on School Construction; Maryland Stadium Authority; Department of Legislative Services

Fiscal Note History: First Reader - January 29, 2024
rh/mcr Third Reader - April 9, 2024

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