Department of Legislative Services

Maryland General Assembly
2004 Session

FISCAL AND POLICY NOTE

House Bill 38 (Delegate Impallaria)
Appropriations

Education - Public School Construction - Plans and Specifications

This bill provides local boards of education with ownership rights to the plans and specifications for school construction projects or public school improvements that are commissioned by the local board. A local board may sell the plans and specifications to another local board for no more than 50% of the original cost to develop the plans and specifications. The authority granted to local boards under the bill's provisions supersedes any contract or right to the contrary asserted by any other person or entity.

Fiscal Summary

State Effect: None.

Local Effect: Potential decrease in local school expenditures for capital projects. Local school revenues could increase by a minimal amount from the resale of construction documents.

Small Business Effect: Meaningful impact on small architectural and engineering firms.

Analysis

Current Law: The ownership of plans and specifications for school construction projects are governed by the terms of the contract between the local board of education and the contractor that developed the work product. Current law does not address this issue.

Background: The development of construction documents, such as architectural and engineering plans, accounts for approximately 6% of the total construction cost for a

public school project. Since architectural and engineering plans are ineligible costs under the State Public School Construction Program, local school systems are required to pay the full cost to develop the plans. Local school systems frequently reuse an architectural and engineering plan for multiple school construction projects within their county.

Local Fiscal Effect: The reuse of plans will not eliminate the planning costs for a school construction project because local school systems may need to modify the original plans to reflect site-specific characteristics, building code changes, school capacity and educational program differences, and changes to mechanical and structural systems. Due to these factors, local school systems will still need to hire an architectural and engineering firm. According to the Interagency Committee on School Construction (IAC), reusing a plan could reduce the total construction cost for a typical capital project by 1.5%. This represents approximately 25% of the architectural and engineering fees incurred by local school systems for a capital project.

The cost to build a new public high school ranges between $30 and $80 million, depending upon the size of the facility, with a public elementary school costing $12 million. As shown in **Exhibit 1**, a local school system could save approximately $180,000 for an elementary school project and $750,000 for a high school project. However, any potential cost savings may be negated if a local school system has to purchase the plans.

Exhibit 1
Potential Cost Savings from Utilizing Repeat Plans

	High School	**Elementary School**
Total Construction Cost	$50 million	$12 million
Planning Costs (6% of total construction costs)	$3 million	$0.72 million
Planning Costs when Reusing Plans (4.5% of total construction costs)	$2.25 million	$0.54 million
Potential Savings	$0.75 million	$0.18 million

Small Business Effect: Any potential cost savings for local school systems would result in a direct loss in revenue for architectural and engineering firms. The potential revenue loss for a single public school construction project could exceed $100,000. There are 5,750 licensed architects and 13,500 professional engineers in Maryland.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Board of Public Works; Interagency Committee on School Construction (Public School Construction Program), Department of Labor, Licensing, and Regulation; Department of Legislative Services

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mh/ljm

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