

**Department of Legislative Services**  
 Maryland General Assembly  
 2004 Session

**FISCAL AND POLICY NOTE**  
**Revised**

House Bill 199  
 Appropriations

(Delegate F. Turner, *et al.*)

Budget and Taxation

**Education - Public School Construction - Modular Construction**

This bill requires the Board of Public Works (BPW) to include modular construction as an approved public school construction or capital improvement cost. BPW, at the recommendation of the Interagency Committee on School Construction (IAC), must adopt regulations that define modular construction and establish the minimum specifications required for approval of modular construction as a public school construction or capital improvement cost.

**Fiscal Summary**

**State Effect:** General fund expenditures would increase by \$10,700 in FY 2005 only. State funding for public school construction projects would not change.

(in dollars)	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	10,700	0	0	0	0
Net Effect	(\$10,700)	\$0	\$0	\$0	\$0

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

**Local Effect:** Potential decrease in local school expenditures for school construction projects if the use of modular construction by local school systems increases.

**Small Business Effect:** Potential minimal.

## Analysis

**Current Law:** BPW defines by regulation what constitutes an approved public school construction or capital improvement cost. Modular construction is currently eligible for State school construction funding if the specifications meet the approval of IAC staff for structural integrity, durability of materials and finishes, ability to meet the educational program needs, and projected useful life. These criteria, however, have not been formally recorded.

**Background:** Modular construction implies that a large proportion of building components are pre-manufactured off-site and then transported to the building site, where they are assembled on permanent foundations. Relocatable classrooms are entire units that can be readily transported from one site to another. According to IAC, a high-quality modular construction is visually indistinguishable from conventional construction. Modular construction can also be as energy efficient, durable, and comfortable as conventional construction while costing less. The time period required for design and construction of modular construction is less than for conventional construction.

**State Fiscal Effect:** Minimum construction standards for modular construction are not formalized but depend on staff's experience with architectural and construction practice. Pursuant to this legislation, IAC must establish minimum specifications for the use of modular construction. The one-time cost to develop, publish, and disseminate the new standards would total approximately \$10,700 in fiscal 2005. This reflects \$10,000 to hire a part-time consultant to develop the specifications and \$700 for travel and office expenses.

**Local Fiscal Effect:** Several modular construction projects have been approved and funded by IAC/BPW, while others have not. Establishing requirements for State funding of modular construction would make it easier for local school systems to determine whether to proceed with conventional or modular construction on a public school construction or improvement project. Modular construction may benefit local school systems by reducing the time required to complete a project and by lowering construction costs. For example, a new elementary school serving 1,000 students was constructed in Compton, California in 166 days which is approximately one-half the time for conventional construction.

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## Additional Information

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Board of Public Works, Maryland State Department of Education, Public School Construction Program, Department of Legislative Services

**Fiscal Note History:** First Reader - February 3, 2004  
ncs/ljm Revised - House Third Reader - March 30, 2004

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