

Department of Legislative Services
Maryland General Assembly
2007 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 552

(Senator Garagiola, *et al.*)

Budget and Taxation

Ways and Means

Education - Relocatable Classrooms - Indoor Air Quality Standards

This bill requires the Board of Public Works (BPW), in consultation with the Department of General Services and the Department of Housing and Community Development, to adopt regulations establishing criteria designed to enhance indoor air quality in relocatable classrooms that may be purchased or leased with State or local funds. The bill applies only prospectively to relocatable classrooms purchased or leased after the bill's October 1, 2007 effective date.

Fiscal Summary

State Effect: None. The Public School Construction Program (PSCP) has no plans to purchase or lease any new relocatable classroom units as its current stock ages and is sold or demolished. The State share of the cost of relocatable classrooms purchased by local school systems would not increase as a result of this bill. BPW could develop the new criteria required by the bill with existing resources.

Local Effect: New criteria required by the bill could increase the cost of relocatable classrooms by between \$3,000 and \$5,000 per unit. Although State funding to assist local school systems in purchasing relocatable classrooms expires at the end of FY 2008, local systems may continue to purchase or lease relocatable classrooms with local funds.

This bill imposes a mandate on a unit of local government.

Small Business Effect: None.

Analysis

Bill Summary: The criteria developed by BPW should require each relocatable classroom to:

- include appropriate air barriers to limit infiltration;
- be constructed in a manner that provides protection against water damage by using proper materials and drainage systems;
- provide continuous forced ventilation when the unit is occupied;
- include a programmable thermostat;
- be outfitted with an energy efficient lighting and heating and air conditioning system; and
- be constructed with building materials that contain low amounts of volatile organic compounds.

Current Law: Before fiscal 2005, local school systems could not use State funds to purchase relocatable classrooms. However, local school systems could request State funds to move and install State-owned relocatable classrooms for special programs, temporary relief of overcrowding, or to serve as interim facilities during an approved school construction project. Local school systems may use local funds to lease or purchase relocatable classrooms.

Chapters 306 and 307 of 2004 (the Public School Facilities Act) allowed local school systems to use State funds to purchase relocatable classrooms for three years. The Act also required the Governor to include \$1.0 million in the capital budget for the State share of the cost of purchasing relocatable classrooms in each year from fiscal 2006 through 2008. Finally, it required BPW to adopt regulations that define relocatable classrooms and establish minimum specifications for those purchased at least in part with State funds. BPW has not yet developed those regulations, and both the authority and funding for local school systems to use State funds to purchase relocatable classrooms expire at the end of fiscal 2008.

Exhibit 1 shows the current State share of eligible school construction costs for all Maryland jurisdictions.

Exhibit 1
State Share of Eligible School Construction Costs
Fiscal 2006-2008

50%	Anne Arundel, Baltimore, Kent, Montgomery, Talbot, Worcester
58%	Howard
65%	Carroll, Harford, Washington
69%	Calvert
70%	Cecil, Charles, Garrett, Queen Anne's
72%	Frederick, St. Mary's
75%	Prince George's*
77%	Dorchester
81%	Wicomico
89%	Caroline
90%	Allegany
97%	Baltimore City, Somerset

*For fiscal 2006-2008, the State match for Prince George's County is 75% for funding allocated up to \$35 million, and 69% for funding allocated in excess of \$35 million.

Source: Public School Construction Program

Background: As of November 2006, the State owned 308 relocatable classrooms, of which 202 were being used by local school systems. The fiscal 2008 capital budget includes \$250,000 to repair or demolish many of the older State-owned units. In addition, there were 2,877 relocatable classrooms either owned or leased by local systems. In fiscal 2006 and 2007, the State provided approximately \$2.0 million to assist in purchasing locally-owned relocatable classrooms.

The Interagency Committee on School Construction (IAC) recommended, and BPW approved, one request for State funding to assist with the purchase of new relocatable classrooms in fiscal 2008. This request totaled \$102,000, well below the \$1.0 million available for that purpose. IAC staff believe that demand for relocatable classrooms among local school systems has dropped off because most local systems have purchased enough relocatables to meet the Bridge to Excellence Act's mandates for full-day kindergarten and pre-kindergarten for disadvantaged four-year olds by the 2007-2008 school year.

According to the U.S. Environmental Protection Agency (EPA), portable classrooms have been a feature of many school districts for years. From a district's perspective, the two advantages of portable classrooms are low initial cost and short time between specification and occupancy. They are intended to provide flexibility to school districts, enabling quick response to demographic changes and providing the ability to be moved from one school to another as demographics change. In reality, portable classrooms are seldom moved and become permanent fixtures of the school.

Recent surges in student population fueled an explosion in the use of portable classrooms in many parts of the country, raising concerns about the healthfulness of portable classrooms. EPA advises that the most common problems with portable classrooms include:

- poorly functioning heating, ventilation, and cooling systems that provide minimal ventilation with outside air;
- poor acoustics due to loud ventilation systems;
- chemical off-gassing from pressed wood and other high-emission materials, which may be of greater concern because of rapid occupancy after construction;
- water entry and mold growth; and
- site pollution from nearby parking lots or loading areas.

According to EPA, the effects of poor indoor air quality in portable classrooms are no different than those in permanent classrooms. All school buildings use similar construction and furnishing materials, so the types of chemicals present in indoor air are not likely to be different for portable versus permanent classrooms. However, pressed-wood products, which may contain higher concentrations of formaldehyde, are used more in the factory-built portable units than in buildings constructed on-site. As a result, levels of airborne chemicals may be higher in new portable classrooms, especially if ventilation is reduced.

State Fiscal Effect: PSCP advises that the new criteria required by the bill would likely increase the cost of new relocatable classrooms, although it cannot reliably estimate the cost increase. However, PSCP also notes that it has no plans to purchase new relocatable classrooms to replace its aging stock. As existing State-owned units age, they will be sold or demolished, but not replaced.

The State share of the cost of relocatable classrooms purchased by local schools systems is determined by the same formula that applies to all school construction and renovation projects. If the cost of a project increases beyond the estimated cost, the State share

remains the same and the local school system pays for any excess costs. Therefore, any increased cost stemming from the new criteria would be borne by the local school systems.

Local Fiscal Effect: The Modular Building Institute advises that while some local school systems purchase or lease basic models of relocatable classrooms that do not meet the bill's criteria, other systems have already begun using higher-end models. Nevertheless, the institute estimates that the new criteria required by the bill will increase the per-unit cost of relocatable classrooms by between \$3,000 and \$5,000 over the basic model used in some Maryland school systems.

The Department of Legislative Services cannot reliably estimate total demand among local school systems for relocatable classrooms in the future. However, three large school systems contacted for this analysis indicated that they had purchased large numbers of relocatables in the last few years, so they do not anticipate purchasing a large number of units in the near future. All three systems indicated that their plans are to purchase from three to six new units each year for the next few years to replace aging units.

Additional Information

Prior Introductions: None.

Cross File: HB 164 (Delegate N. King, *et al.*) – Ways and Means.

Information Source(s): Department of General Services, Board of Public Works, Maryland State Department of Education, Public School Construction Program, U.S. Environmental Protection Agency, Department of Legislative Services

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