

Department of Legislative Services  
Maryland General Assembly  
2007 Session

FISCAL AND POLICY NOTE

House Bill 118  
Appropriations

(Delegate Glassman, *et al.*)

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State Government - Priority Funding for Public School and Transportation  
Projects for BRAC

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This bill requires the State Interagency Committee on School Construction (IAC) to make a high priority any public school construction project that is required to accommodate any student population growth that is projected to result from the final approved recommendations of the federal Base Realignment and Closure Commission of 2005 (BRAC 2005). The bill also requires the Maryland Department of Transportation (MDOT) to include as a priority any capital project in the *Consolidated Transportation Plan* (CTP) needed to accommodate projected transportation needs resulting from BRAC 2005.

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Fiscal Summary

**State Effect:** None. The bill primarily alters the purposes for which existing funds may be used. To the extent it requires administrative changes, those changes could be handled with existing resources.

**Local Effect:** Although the total amount of State funding for school construction would not be affected, the distribution could be altered, affecting revenues for a particular jurisdiction. Local expenditures for school construction projects could increase.

**Small Business Effect:** None.

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## Analysis

**Current Law:** The CTP is the six-year budget for the construction, development, and evaluation of transportation capital projects. It is revised annually to reflect updated information and changing priorities. It contains a list of current and anticipated major and minor capital projects for the fiscal year it is issued, and for the next five fiscal years, including:

- an expanded description of major capital projects;
- a detailed breakdown of the costs of a project, project expenditures to date, expected expenditures for the current fiscal year, projected annual expenditures for the next five years, and total project costs; and
- MDOT's estimates of the revenues required to fund the projects in CTP, and what the source of the funding is anticipated to be (*i.e.*, federal funds, special funds, etc.).

The Public School Construction Program (PSCP), through oversight by IAC, provides State funding to local school systems for school construction and improvement projects. Each September, the Governor provides IAC with the preliminary amount of funding for public school construction for the upcoming fiscal year. IAC then transmits this information to the local jurisdictions and requests their annual and five-year capital improvement programs (CIPs) by October 15.

In October and November, IAC staff reviews the CIPs and recommends to IAC which projects should be funded based on certain criteria. In December, IAC develops a list of eligible projects and decides which of those projects should be recommended to the Board of Public Works (BPW) for its approval. IAC must provide recommendations for an initial allocation of 75% of the preliminary school construction budget. In January, BPW listens to appeals from the local jurisdictions and votes on IAC recommendations. The list of projects approved by BPW and any supplemental requests made by the Governor become part of the State's proposed capital budget. In 2005 and 2006 the capital budget limited the amount that could be approved before May 1 to 75% of the preliminary funding amount for school construction. The proposed budget is then submitted to the General Assembly for approval. In May, BPW allocates any remaining school construction funds to school construction projects recommended by IAC and the Governor. In 2005 and 2006 the capital budget included language giving IAC sole authority to approve school construction projects in May.

**Background:** In 1990 Congress created a process known as BRAC to address an excess capacity of military facilities. BRAC allows for the appointment of an independent

commission that evaluates the military's needs and offers recommendations. The 2005 BRAC represented the first major base closure and realignment activity in 10 years.

The BRAC Commission finished its work and submitted its recommendations to the President on September 8, 2005. The recommendations were subsequently submitted to the U.S. Congress and took effect November 9, 2005.

In total, Maryland will gain approximately 16,000 Department of Defense military and civilian jobs, phased in from 2005 to 2011. All BRAC recommendations must be implemented by 2011. The bulk of the gains are at Aberdeen Proving Ground, Fort Meade, and the newly renamed Walter Reed National Military Medical Center, and are expected to be highly-skilled, well-paid jobs.

In a December 2006 report, the Maryland Department of Planning (MDP) advised that it anticipates 28,176 new households as a result of BRAC, with 25,312 located in eight jurisdictions that MDP selected for detailed study. Of those 25,312 new households, the majority will be concentrated in Harford (26%), Anne Arundel (18%), and Baltimore counties (14%), followed by Baltimore City (10%), Montgomery (9%), Cecil and Prince George's (8% each) and Howard (7%) counties. Approximately 53.4% of the new households are projected to be high-income (income over \$75,000 annually) and an additional 28.4% are projected to be middle-income (\$30,001 to \$75,000 annually). MDP anticipates the highest demand for BRAC-related housing to be from 2009 to 2015.

MDOT is partnering with the Department of Business and Economic Development (DBED) and MDP to address BRAC-related transportation needs; it has already identified capital projects that will help address transportation needs associated with the influx of new jobs. Some of these projects were already in the CTP, while others were added.

PSCP advises that while it has met with DBED and MDP to discuss BRAC-related issues, funds have not been specifically allocated for BRAC-related projects. In order for that to occur, school systems would have to submit specific information showing the impact BRAC 2005 would have on student enrollment. However as yet, that impact has not occurred. In addition, PSCP advises that it is difficult to predict the effect of BRAC 2005 on local schools, as family demographic profiles of the employees expected to move into Maryland are not available.

**State Fiscal Effect:** MDOT advises that it has already identified certain projects as BRAC-related projects in the fiscal 2007-2012 CTP. Projects are enumerated in an appendix and sorted by military installation. Inclusion of any other capital project can be handled by existing personnel, and would have no operational impact. MDOT advises

that it has made an effort to capture all BRAC-related projects; and does not anticipate projects being removed from CTP to prioritize BRAC-related projects.

The bill would have no fiscal impact on the total funding provided by the State for school construction. The *Fiscal 2008 State Capital Improvement Program* provides \$400 million for school construction in fiscal 2008 and projects \$250 million annually in fiscal 2009 to 2012. PSCP advises that the total number of approved projects and the types of projects might change; however, this change would have no operational impact. For example, projects that increase enrollment capacity in BRAC-affected districts might be favored over smaller systemic renovation projects that do not add capacity but make current facilities more usable.

**Local Fiscal Effect:** Although the bill would not increase total State funding for school construction, it could alter the allocation of State funding. Local school systems that might have received funding previously for school construction projects could potentially no longer receive funding, while school systems with BRAC-related needs could receive additional funding. To the extent that local jurisdictions commit additional funds to school construction projects either to support BRAC-related projects or to replace State funding, local expenditures could increase.

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### Additional Information

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Business and Economic Development, Maryland State Department of Education, Maryland Department of Transportation, Public School Construction Program, Department of Legislative Services

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