

Department of Legislative Services
Maryland General Assembly
2008 Session

FISCAL AND POLICY NOTE

House Bill 1207
Appropriations

(Kent County Delegation)

Education - Kent County - Public School Construction

This bill raises the State share of eligible school construction costs for Kent County from 50% to 75% beginning in fiscal 2010.

The bill takes effect July 1, 2008.

Fiscal Summary

State Effect: None. The bill does not alter total State funding for school construction but could reduce the number of school construction projects funded.

Local Effect: Assuming a fixed annual State allocation for school construction, the bill could increase State funding by 25% of eligible costs for future approved school construction projects in Kent County, with a corresponding decrease in total Kent County expenditures for school construction. State funds available for school construction projects in other counties would decline by the same amount.

Small Business Effect: None.

Analysis

Current Law: The State pays at least 50% of eligible costs of school construction and renovation projects, based on a funding formula that takes into account numerous factors including each local school system's wealth and ability to pay. Chapters 306 and 307 of 2004 (The Public School Facilities Act) require that the cost-share formulas be recalculated every three years. The first recalculation occurred in 2007. **Exhibit 1** shows

the State share of eligible school construction costs for all Maryland jurisdictions for fiscal 2006-2009 and for the three years beginning in fiscal 2010, following the 2007 recalculation. New rates are being phased in over two or three years for Calvert, Dorchester, Garrett, Harford, Queen Anne's, and Somerset counties because the 2007 recalculation resulted in a reduction of 5% or more in the State share of school construction costs compared with the fiscal 2006 to 2009 levels. As Exhibit 1 shows, the State share for Kent County remains unchanged at 50%.

Subject to the final approval of the Board of Public Works, IAC manages State review and approval of local school construction projects. Each year, local systems develop and submit to IAC a facilities master plan that includes an analysis of future school facility needs based on the current condition of school buildings and projected enrollment. Subsequently, each local school system submits a capital improvement plan to IAC that includes projects for which it seeks planning approval, projects for which it seeks funding approval, and projects that the local system has forward funded.

Based on its assessment of the relative merit of all the project proposals it receives, and subject to the projected level of school construction funds available, IAC determines which projects to recommend to BPW for State funding. By December 31 of each year, IAC recommends to BPW projects comprising 75% of the preliminary school construction allocation projected to be available. Local school districts may then appeal the IAC recommendations directly to BPW. By March 1 of each year, beginning in 2008, IAC recommends to BPW and the General Assembly projects comprising 90% of the allocation for school construction submitted in the Governor's capital budget. Following the legislative session, IAC recommends projects comprising the remaining school construction funds included in the enacted capital budget.

Exhibit 1
State Share of Eligible School Construction Costs
Fiscal 2006-2012

<u>County</u>	<u>FY 2006-2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
Allegany	90%	91%	91%	91%
Anne Arundel	50%	50%	50%	50%
Baltimore City	97%	94%	94%	94%
Baltimore	50%	50%	50%	50%
Calvert	69%	64%	61%	61%
Caroline	89%	86%	86%	86%
Carroll	65%	61%	61%	61%
Cecil	70%	75%	75%	75%
Charles	70%	77%	77%	77%
Dorchester	77%	72%	71%	71%
Frederick	72%	72%	72%	72%
Garrett	70%	65%	60%	59%
Harford	65%	60%	59%	59%
Howard	58%	61%	61%	61%
Kent	50%	50%	50%	50%
Montgomery	50%	50%	50%	50%
Prince George's	69-75%*	73%	73%	73%
Queen Anne's	70%	65%	60%	55%
St. Mary's	72%	75%	75%	75%
Somerset	97%	92%	88%	88%
Talbot	50%	50%	50%	50%
Washington	65%	73%	73%	73%
Wicomico	81%	87%	87%	87%
Worcester	50%	50%	50%	50%

*For fiscal 2006-2008, the State share for Prince George's County is 75% for funding allocated up to \$35 million, and 69% for funding allocated in excess of \$35 million as required in law. The split share expired in June 2008 and for fiscal 2009 the State share for Prince George's County is 69%.

Source: Public School Construction Program

Background: In January 2008, the Governor announced that \$333.4 million would be provided for public school construction in fiscal 2009, consisting of \$300.0 million in new bond authorizations, \$25.0 million in bond premiums, \$5.9 million in recycled contingency funds, and \$2.4 million in Stadium Authority funds. The *2008 Capital Improvement Program* includes \$250.0 million in new bond funding annually from fiscal 2010 through 2013.

Kent County did not request or receive any State school construction funds for fiscal 2009. IAC advises that Kent County's annual capital improvement plan typically includes one or two proposed school construction or renovation projects. Kent County has eight public schools.

State Fiscal Effect: State funding for school construction is determined by the capital budget approved by the Governor and the General Assembly. The bill does not require any annual increase in State school construction funding, so it will have no effect on State expenditures.

Local Fiscal Effect: Assuming a fixed annual State allocation for school construction, the bill could increase State funding by 25% for future approved school construction projects in Kent County, with a corresponding decrease Kent County expenditures for school construction. State funds available for school construction projects in other counties could decline by the same amount.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Kent County, Public School Construction Program, Department of Legislative Services

Fiscal Note History: First Reader - March 7, 2008
ncs/mwc

Analysis by: Michael C. Rubenstein

Direct Inquiries to:
(410) 946-5510
(301) 970-5510

