

Department of Legislative Services  
Maryland General Assembly  
2009 Session

FISCAL AND POLICY NOTE

Senate Bill 15 (Senator Rosapepe)  
Budget and Taxation

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**School Construction - Pedestrian and Bicycle Trail Enhancements - Funding**

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This bill requires that the Board of Public Works (BPW) include sidewalks, footpaths, and bicycle trails that link residential neighborhoods to schools as approved public school construction or capital improvement costs, thereby making them eligible for State public school construction funding.

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**Fiscal Summary**

**State Effect:** None. The bill does not alter total State funding for school construction but may reduce the number of school construction projects that receive State funding. BPW and the Interagency Committee on School Construction (IAC) can handle the bill's requirements with existing resources. State expenditures for student transportation may decrease by an indeterminate amount.

**Local Effect:** Increased State funding for the construction of sidewalks, footpaths, and bicycle trails normally built with local funds allows reallocation of about \$13 million annually in local capital funds to other purposes. Local expenditures on school bus transportation may decrease, with a commensurate reduction in local revenues from State education aid. No effect on local revenues from highway user revenues.

**Small Business Effect:** None.

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**Analysis**

**Bill Summary:** The bill requires that BPW define reasonable costs for sidewalks, footpaths, and bicycle trails and that it give preference for State funding to school construction projects that incorporate them as a means of encouraging students to walk or

bike to school. The bill caps annual State spending on sidewalks, footpaths, and bicycle trails at 5% of the annual authorization for State spending on public school construction. The bill establishes that the State should encourage the construction of sidewalks, footpaths, and bicycle trails wherever feasible to facilitate and encourage students to walk and bike to school. It also adds sidewalks to the list of eligible uses of highway user revenue and to the list of paths and trails subject to restrictions regarding the use of motorized vehicles.

**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 for use beginning in fiscal 2010. **Exhibit 1** shows the State share of eligible school construction costs for all Maryland jurisdictions for fiscal 2006 through 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.

Subject to the final approval of BPW, 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 for approval 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, 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 to BPW for approval projects comprising the remaining school construction funds included in the enacted capital budget.

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

<b><u>County</u></b>	<b><u>FY 2006-2009</u></b>	<b><u>FY 2010</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>
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

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The Code of Maryland Regulations (COMAR) identifies the following school construction costs as being eligible for State funding:

- construction of a new facility, including building and site development;
- additions to an existing facility, including building and site development and work to physically integrate the addition into the existing building;
- replacement of a building or portion of a building, including building and site development;
- modular construction that meets standards set forth in State regulations;
- renovation of a school building, including systemic renovations as defined in State regulations;
- State-owned relocatable classrooms;
- temporary facilities that are necessary during construction of a State-funded project;
- built-in equipment;
- off-site development costs required by State, local, or federal agencies; and
- emergency repairs as defined in State regulations.

Bike paths and sidewalks that are either on the school site or required by the local jurisdictions off-site are currently eligible for State funding.

COMAR also designates certain school construction costs as being ineligible for State funding, among them site acquisition costs; offsite development costs except those required by State, local, or federal agencies; and architectural, engineering, or other consultant fees, unless they are for innovative project designs.

In fiscal 2010, counties receive a combined total of \$439.2 million in highway user revenue from the State, and municipalities receive a total of \$40.8 million. Local jurisdictions may use those funds for a variety of transportation-related purposes, including the construction of footpaths, bicycle trails, and horse trails but not for sidewalks.

**State Fiscal Effect:** The Governor's fiscal 2010 capital budget includes \$260 million in general obligation bonds for school construction and projects allocations of \$250 million for each of the next four fiscal years. Therefore, the bill's 5% spending cap equals \$13 million in fiscal 2010 and it equals \$12.5 million for the each of the next four years. To the extent the State allocates up to the maximum amount to the construction of sidewalks, footpaths, and bicycle trails, those funds are not available to fund other school construction projects.

If the bill results in fewer students transported to school by bus, State transportation aid to local school systems may be reduced. However, the amount and distribution of reduced transportation aid cannot be estimated at this time.

**Local Fiscal Effect:** The use of State funding to aid in the construction of sidewalks, footpaths, and bicycle trails allows reallocation of commensurate amounts of local capital funds to other purposes. At the same time, the number of school construction and renovation projects receiving State funds is likely to be reduced, which may cause some local school construction and renovation projects to be delayed.

Increased use of alternatives to school bus transportation may reduce local school transportation costs and local revenues from State transportation aid, although a reliable estimate cannot be determined.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Caroline, Calvert, Howard, and Montgomery counties; Baltimore City; Board of Public Works; Department of Budget and Management; Public School Construction Program; Maryland Department of Transportation; Department of Legislative Services

**Fiscal Note History:** First Reader - January 27, 2009  
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