

Department of Legislative Services
2010 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 256

(Senator Harrington, *et al.*)

Budget and Taxation

Ways and Means

Public Schools - Physical Education Facilities

This bill requires the Maryland State Department of Education (MSDE) to adopt regulations requiring public school buildings that are newly constructed or completely renovated and occupied on or after January 1, 2013, to include a gymnasium and support spaces for physical education instruction. The regulations must include a waiver process for complete school renovations based on land or zoning constraints. MSDE must also develop guidelines for facilities for physical education programs.

The bill takes effect July 1, 2010, and applies only to school construction or renovation projects that have not initiated a request for proposals for an architectural and engineering consultant by that date.

Fiscal Summary

State Effect: The bill does not alter total State funding for school construction but may reduce the number of school construction projects funded in order to accommodate the State share of construction costs for gymnasiums. The required regulations and guidelines are currently in draft form and can be completed with existing resources. Revenues are not affected.

Local Effect: Rather than increase local capital expenditures to fund the potential increase in local costs for new and fully renovated school buildings, some local school systems may opt to fund fewer school construction and renovation projects beginning in FY 2013. **This bill may impose a mandate on a unit of local government.**

Small Business Effect: None.

Analysis

Current Law: Every public school must have a program of physical education that is given in a planned and sequential manner to all students in order to develop their good health and physical fitness and improve their motor coordination and physical skills.

On the recommendation of the State Superintendent of Schools, the State Board of Education must establish standards and guidelines for planning and constructing school building projects. 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.

Subject to the final approval of the Board of Public Works, the Interagency Committee on School Construction (IAC) manages State review and approval of public 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 five-year *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 that are eligible for State funding, and subject to the projected level of school construction funds available, IAC determines the 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 to BPW after May 1 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 was 69%.

Source: Public School Construction Program

Background: The National Health and Nutrition Examination Survey conducted by the federal Centers for Disease Control and Prevention has found that, from 1976 to 2006, the percentage of children ages 6 to 11 who are overweight increased from 6.5% to 17.0%. Similarly, the percentage of children ages 12 to 19 who are overweight increased from 5.0% to 17.6%. Experts recommend that all children from prekindergarten through grade 12 receive daily physical education in appropriate facilities.

Almost all public middle and high schools in the State, except small specialized schools, are already designed with gymnasiums; however, some school systems have built elementary schools with only multipurpose rooms or “cafeteriums.” There are currently 191 elementary schools without gymnasiums in the State. The school systems with the largest number of elementary schools without gymnasiums are Prince George’s County (81), Baltimore City (28), and Anne Arundel County (26). In its 2008 report, the Task Force to Study Student Fitness in Maryland estimated the total project cost for a 6,500 square foot gymnasium addition as a stand-alone project at between \$1.5 and \$2.0 million. MSDE advises that this amount is still a reasonable estimate and that the additional cost for a gym as part of a larger project would be less.

State and Local Fiscal Effect: The cost of building a gymnasium as part of new and completely renovated schools is subject to the State and local cost-sharing formula for school construction projects. Therefore, local school systems bear at least a portion of the increased cost associated with building gymnasiums for schools that may not otherwise have them. MSDE advises that all recent school construction submissions for new and fully renovated schools have included separate gymnasiums, including elementary school plans. To the extent there is a new State or local cost, some local school systems may opt to fund fewer capital projects rather than increasing local capital expenditures to accommodate the cost of a gymnasium. Conversely, a school system may choose not to fully renovate a school to avoid the cost of adding a gymnasium.

Additional Information

Prior Introductions: HB 508 of 2009, a similar bill, received a hearing in the House Ways and Means Committee, but no further action was taken. Its cross file, SB 404, received a hearing in the Senate Budget and Taxation Committee, but no further action was taken.

Cross File: HB 334 (Delegate Walker, *et al.*) – Ways and Means.

Information Source(s): Maryland State Department of Education, Public School Construction Program, U.S. Centers for Disease Control and Prevention, Department of Legislative Services

Fiscal Note History: First Reader - February 8, 2010
ncs/rhh Revised - Senate Third Reader - March 27, 2010

Analysis by: Michael C. Rubenstein

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