

Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 121 (Senator Ellis)
Budget and Taxation

College of Southern Maryland - Funding and Responsibilities - La Plata Pool

This bill requires that the Board of Trustees of the College of Southern Maryland (CSM) include funding in the college’s annual budget for (1) the planning, design, repair, renovation, reconstruction, and site improvement of CSM’s La Plata Campus pool and (2) the reopening of the La Plata Campus pool by December 31, 2024. **The bill takes effect July 1, 2024.**

Fiscal Summary

State Effect: None. Local community colleges receive a set amount of funding through the John A. Cade Funding Formula for Community Colleges and capital funding through the Community College Construction Grant Program (CCCGP). The bill does not impact the funding formula or the total State funding for CCCGP.

Local Effect: CSM expenditures to repair the La Plata Campus pool increase by at least \$3.0 million in FY 2025 as discussed below. Construction and repair expenditures are offset to the extent \$1.0 million in funding included in the FY 2024 capital budget is used to support the project. CSM ongoing operating expenditures and revenues increase beginning in FY 2025, as discussed below. **This bill imposes a mandate on a unit of local government.**

Small Business Effect: None.

Analysis

Current Law: CSM is a public, regional community college serving Calvert, Charles, and St. Mary’s counties. It was established in statute by Chapter 695 of 1999 from the existing

Charles County Community College. CSM operates four campuses in the tri-county area: two in Charles County and one each in Calvert and St. Mary's counties. CSM is governed by a nine-member Board of Trustees, who are appointed for five-year terms by the Governor with the advice and consent of the Senate.

The fiscal 2024 capital budget includes \$1.0 million in funding for the acquisition, planning design, construction, repair, renovation, reconstruction, site improvement, and capital equipping of the CSM pool.

Senator John A. Cade Funding Formula

The formula used for the distribution of funds to community colleges is known as the Senator John A. Cade Funding Formula. The State's annual contribution to the Cade formula is determined by enrollment at community colleges and a percentage, set in statute, of the level of funding received by selected public four-year institutions. Specifically, the formula bases per student funding on a set statutory percentage of current year State appropriations per full-time equivalent student (FTES) at the selected four-year institutions, including noncapital appropriations from the Higher Education Investment Fund. The resulting community college per student amount is multiplied by the number of FTES enrolled in the colleges in the second preceding fiscal year to identify a total formula amount.

Community College Construction Grant Program

CCCGP provides grants for capital improvements to Maryland's local community colleges; as Baltimore City Community College is a State agency, it is not included in the program and receives separate capital improvement funding. Applications for grants are submitted simultaneously to the Maryland Higher Education Commission (MHEC) and the Department of Budget and Management (DBM). DBM recommends grant awards to MHEC. The recommended projects are included in the Governor's capital budget bill submitted to the General Assembly. All grants under the program must be approved by the Board of Public Works. The level of State support is based on two criteria: (1) the portion of the project that meets the eligibility requirements for State support; and (2) the State/local cost-sharing formula contained in statute. Except for regional community colleges, grant awards under CCCGP cover between 50% and 70% of total design and construction costs for a project, including site acquisition and development costs. For regional community colleges, the grants cover 75% of project costs. Projects are chosen for CCCGP based on a capital prioritization model that ranks a number of factors, including project type, project phase, and facility category.

Local Effect: CSM advises that completion of the renovation project is not possible by December 2024 since similar renovation projects for the college typically take one to

two years to complete. Thus, capital costs to complete the project, particularly within the expedited timeframe required by the bill, likely exceed the \$3.0 million estimated below.

Capital Costs

Assuming a one- to two-year planning and construction timeframe, CSM advises that, per a feasibility study last updated in October 2023, repairing the existing 50-year-old, six-lane, 25-yard pool in its current configuration costs an estimated \$3.0 million. The feasibility study also considered two options to reconfigure the pool into smaller bodies of water or demolish the pool and instead build two separate and extended pools, both of which cost significantly more (approximately \$10.0 million and \$21.9 million, in total, respectively). All options, therefore, require at least \$2.0 million in additional expenditures beyond the State funds available in the fiscal 2024 capital budget to repair the pool and, according to CSM, could extend the life of the existing aquatic facility by just three to five years.

Ongoing Operating Expenditures and Revenues

Whichever repair option CSM selects, CSM advises that it incurs additional ongoing expenses associated with operating the pool. Generally, CSM expects operating costs for the pool to be between \$350,000 to \$600,000 annually, depending on the type of facility constructed and the level of community usage.

Once the pool is reopened, CSM revenues increase from pool admission fees, swim lessons, lane rentals, and water aerobics. The Charles County Department of Recreation, Parks, and Tourism (DRPT) estimates that, based on its contractor costs to manage and operate pool facilities, a pool renovated under option one (repairing the pool in its current configuration) generates an estimated \$195,000 in annual revenue.

Effect on County Governments

CSM further advises that capital improvement projects are generally submitted and approved by the State as part of the *Capital Improvement Program* and are prioritized through a vetting process by the presidents of Maryland's 16 community colleges as part of the Maryland Association of Community Colleges Capital Prioritization List for State funding through CCCGP. As a regional college, CSM receives State funds for 75% of the cost of the project and the associated county pays 25% of the project. However, the La Plata Campus pool has not been included in this process and, therefore, must be funded using CSM's operating budget.

Per Chapter 393 of 2020, the county commissioners in each county that supports the college must review and approve the CSM budget request made to that county, rather than just for the campus in their county, and may reduce it. Therefore, to the extent CSM cannot cover

additional capital or operating expenditures associated with repairing the LaPlata Campus pool using available revenues, CSM may request additional funding from Calvert, Charles, and St. Mary's counties.

Additional Comments: The Charles County Board of Commissioners advises that the Charles County DRPT has recommended accelerating a \$50.0 million design-build project for a county-owned and -operated multigenerational facility with a natatorium to fiscal 2025 and 2026. Such a pool would be able to be used by the CSM LaPlata Campus as well as the community.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Charles and St. Mary's counties; College of Southern Maryland; Department of Legislative Services

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km/clb

Analysis by: Michael E. Sousane

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