

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 61
Appropriations

(Delegate Charkoudian)

Public School Construction and Renovation - Solar Canopies for School Parking
Lots - Underground Infrastructure

This bill requires each construction project or major renovation project of a public school building proposed after December 31, 2025, that includes construction or renovation of a school parking lot to be designed, engineered, and constructed so that the parking lot is equipped with the appropriate underground infrastructure necessary to support solar canopy installation. **The bill takes effect July 1, 2025.**

Fiscal Summary

State Effect: The Interagency Commission on School Construction (IAC) can verify the inclusion of solar canopy infrastructure on new school construction projects and major renovations using existing resources. The bill otherwise does not directly affect the overall level of State support for school construction, which is set in the annual capital budget. Revenues are not affected.

Local Effect: Local shares of future school construction project costs may increase minimally to include specified infrastructure in the construction or major renovation of a school parking lot, as discussed below. Completion of new school construction or major renovations may also be slightly delayed because of the additional work required by the bill.

Small Business Effect: Minimal.

Analysis

Current Law: IAC must adopt regulations requiring design development documents for the construction or major renovation of school buildings to include:

- an evaluation of the use of solar technologies, including photovoltaic or solar water heating, based on life cycle costs; and
- if an evaluation determines that solar technologies are not appropriate for a new school or major renovation of a school, an explanation of why the technology is not appropriate.

By December 31 of each year, IAC must submit a [report](#) to the Governor and the General Assembly on the number of public school construction and major renovation projects in each jurisdiction that use solar technologies.

For a detailed discussion of State support for public school construction, please see the **Appendix – State Funding for Public School Construction.**

Local Expenditures: It is not clear if the underground infrastructure required by the bill qualifies for State funding. If it does, the State and local school systems will share in any associated costs according to the cost-share formula; otherwise, local school systems are responsible for the full cost of adding the necessary infrastructure. In either case, the local share of public school construction costs increases.

IAC advises that the cost of adding such infrastructure to new or major renovation projects is minimal, likely \$10,000 per project not including planning costs. Exact costs for a local school system will vary by the number of new school or major renovation projects in the district and the size and location of any parking lots on those projects. Since most districts have a limited number of new construction or major renovation projects in a given fiscal year, the overall impact is likely minimal relative to the overall portfolio of capital improvement projects in a county. Given the IAC's timeline for approval of the local school system Master Facility Plans and adoption of the State Capital Improvement Program (CIP), with CIP allocations for fiscal 2026 slated to be finalized in May 2025, any new school construction projects proposed January 2026 and beyond would likely be funded beginning in fiscal 2027.

The IAC also advises that the cost of subsequently installing solar canopies is prohibitive for many local school systems, and local school systems opting to utilize solar technology for energy efficiency may wish to pursue more financially viable options, including ground mounted or rooftop solar arrays. Baltimore City Public Schools similarly advises that parking lot solar canopies are generally not cost effective for that system. Specifically, it notes that its schools often have parking lots that are too small to merit the cost of solar

canopy installation and therefore the installation of underground infrastructure for solar canopies will likely go unused.

Montgomery County Public Schools advises that the installation of solar canopies in school parking lots is not feasible for many schools because of easements, underground stormwater structures, and other factors. Baltimore City and Baltimore County public schools similarly advise that costs for the construction of new solar canopies at all new school construction could significantly increase expenditures for school construction. The Department of Legislative Services, however, advises that the bill only requires the construction of *underground infrastructure* and not the completion of solar canopies above school parking lots. Therefore, any costs associated with subsequent canopy installation and management are at the discretion of each local school system and not a requirement of the bill. Nevertheless, installation of underground infrastructure in schools where solar canopies are not practical may not be cost efficient.

Additional Comments: The Maryland Energy Administration advises that its fiscal 2025 [Decarbonizing School Program](#) includes an incentive for solar canopy projects over parking lots owned by local education agencies.

Additional Information

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

Designated Cross File: None.

Information Source(s): Interagency Commission on School Construction; Maryland Energy Administration; Baltimore City Public Schools; Baltimore County Public Schools; Montgomery County Public Schools; Department of Legislative Services

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Appendix – State Funding for Public School Construction

School Construction Review and Approval Process

The Interagency Commission on School Construction (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. The master plan must be approved by the local school board. Subsequently, each local school system submits a capital improvement plan to IAC that includes projects for which it seeks planning and/or funding approval for the upcoming fiscal year, which may include projects that the local system has forward funded. In addition to approval from the local school board, the request for the upcoming fiscal year must be approved by the county's governing body. Typically, the submission letter to IAC contains signatures of both the school board president and either the county executive and county council president or chair of the board of county commissioners.

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 fund through the Public School Construction Program (PSCP). By December 31 of each year, IAC must approve projects comprising 75% of the preliminary school construction allocation projected to be available by the Governor for the upcoming fiscal year. Local school systems may appeal these preliminary decisions by IAC. By March 1 of each year, IAC must recommend to the General Assembly projects comprising 90% of the allocation for school construction submitted in the Governor's capital budget. Following the legislative session, IAC approves projects comprising the remaining school construction funds included in the enacted capital budget, no earlier than May 1. The final allocations are not subject to appeal.

Built to Learn Act

The Built to Learn Act (Chapter 20 of 2020) authorizes the Maryland Stadium Authority (MSA) to issue up to \$2.2 billion in revenue bonds, backed by annual payments from the Education Trust Fund (ETF) beginning in fiscal 2022, for public school construction projects in the State, including to support a public-private partnership (P3) agreement to build six new schools in Prince George's County (the P3 agreement in place is actually for eight schools). Proceeds from the revenue bonds are in addition to funding available from PSCP and are allocated among local school systems as shown in **Exhibit 1** (based on MSA's most recent projection of anticipated revenues of \$1.7 billion given increases in interest rates since the program's enactment).

Exhibit 1
Allocation of Built to Learn Bond Sale Proceeds
(\$ in Millions)

	<u>Percent of Total</u>	<u>Proceeds</u>
Anne Arundel	12.5%	\$212.5
Baltimore City	21.0%	357.0
Baltimore	21.0%	357.0
Frederick	5.1%	86.7
Howard	6.6%	112.2
Montgomery	21.0%	357.0
Prince George's	*	*
All Other Counties	11.5%	195.5
Unallocated/Maryland Stadium Authority	1.3%	22.1
Total	100.0%	\$1,700.0

* Under Chapter 20 of 2020, as amended by Chapter 679 of 2023, Prince George's County receives \$27.0 million annually for up to 30 years to supplement local funds for an availability payment if it enters into a public-private partnership agreement, subject to other provisions in the Act.

Source: Department of Legislative Services

The Built to Learn Act also (1) extends mandated funding for the Healthy School Facility Fund (HSFF) by three years, through fiscal 2024, with Chapter 32 of 2022 subsequently extending funding to at least \$90.0 million in fiscal 2024 through 2026; (2) raises the mandated annual funding level for the Enrollment Growth or Relocatable Classrooms (EGRC) program from \$40.0 million to \$80.0 million beginning in fiscal 2027; and (3) creates the Public School Facilities Priority Fund ((PSFPF), later renamed by Chapter 32 to be the Nancy K. Kopp Public Schools Facilities Priority Fund) to provide State funds to address the facility needs of the highest priority schools identified by the statewide facilities assessment completed by IAC. Under Chapter 354 of 2024 and only for fiscal 2027, the purpose of PSFPF is to provide State funds to address the severity of issues in a school, including (among other things) air conditioning, heating, and plumbing. In accordance with funding amounts updated by Chapter 354, beginning in fiscal 2027, the Governor must appropriate at least \$70.0 million to the fund annually.

Prior to distributing funds under the Built to Learn program, MSA must enter into a program memorandum of understanding (MOU) with IAC (which is in place), and each county, local school board, and MSA must enter into a project MOU for each project seeking funding from the program. All projects receiving Built to Learn funds must be approved by IAC using the same process it uses for PSCP. As of December 2024, IAC has approved 52 projects and committed more than \$1.3 billion in funding to those projects.

Eligible School Construction Costs

IAC establishes a range of appropriate per-student, square-foot allocations for elementary, middle, and high schools as well as for special education students, career and technology students, and specialized programs. IAC updated the space allocations in 2019 and renamed them gross area baselines. IAC also establishes, on an annual basis, a *cost per square foot* that is applicable to major school construction projects. For fiscal 2026, the cost per square foot is \$416 for new construction *without* site development (up from \$404 in fiscal 2025) and \$495 for new construction *with* site development (up from \$481 in fiscal 2025). In general, multiplying the cost per square foot by the applicable gross area baseline for each proposed project (based primarily on the State-rated capacity of a building) yields the maximum allowable cost that is subject to the State/local cost-share formula. Thus, any portion of a project that exceeds the gross area baseline is not eligible for State funding and must be paid for by the local school system.

The cost of acquiring land may not be considered an eligible construction cost and may not be paid by the State. Otherwise, regulations specify public school construction-related costs that are eligible and ineligible for State funding. Chapter 20 expands the costs eligible for State funding. In general, the following costs are now included among *eligible* expenses:

- planning and design costs (including architectural and engineering fees);
- construction of a new facility, renovation of a new facility, an addition to an existing facility, or a replacement of an existing building or building portion (*i.e.*, “bricks and mortar”);
- building and site development;
- replacement of building systems, including roofs; windows; and heating, ventilation, and air conditioning (*i.e.*, “systemic renovations”);
- modular construction that meets specified standards;
- State-owned relocatable facilities and temporary facilities that are required to be on site during construction; and
- furniture, fixtures, and equipment with a median useful life of at least 15 years.

Among the major items explicitly *not eligible* for State funding under current law (besides site acquisition) are (1) master plans and feasibility studies; (2) projects or systemic renovations for buildings and systems that have been replaced, upgraded, or renovated within the last 15 years; and (3) items that do not have a useful life of at least 15 years.

State Share of Eligible Costs

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. The 21st Century School Facilities Act requires

that the cost-share formula be recalculated every two years (previously, statute required recalculation every three years). **Exhibit 2** shows the State share of eligible school construction costs for all Maryland jurisdictions for fiscal 2023 and 2024; fiscal 2025; and fiscal 2026, as approved by IAC. Counties whose calculated State share would have been lower in fiscal 2023 than in fiscal 2022 were held harmless by Chapter 698 of 2021; Garrett County’s State share was adjusted in accordance with provisions of Chapter 698. When updating the cost-share calculations every two years, Chapter 32 requires IAC to limit the percentage decrease in the State share for any county to 5%.

Exhibit 2
State Share of Eligible School Construction Costs
Fiscal 2023-2026

<u>County</u>	<u>FY 2023 and 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>
Allegany	90%	89%	89%
Anne Arundel	50%	50%	50%
Baltimore City	96%	94%	91%
Baltimore	61%	59%	57%
Calvert	56%	56%	56%
Caroline	88%	94%	94%
Carroll	59%	57%	54%
Cecil	66%	64%	61%
Charles	65%	64%	64%
Dorchester	93%	98%	98%
Frederick	65%	67%	67%
Garrett	90%	89%	89%
Harford	63%	61%	58%
Howard	56%	54%	51%
Kent	50%	50%	50%
Montgomery	50%	50%	50%
Prince George’s	73%	71%	68%
Queen Anne’s	51%	50%	50%
St. Mary’s	58%	58%	58%
Somerset	100%	100%	100%
Talbot	50%	50%	50%
Washington	79%	78%	78%
Wicomico	100%	98%	95%
Worcester	50%	50%	50%
Maryland School for the Blind*	93%	100%	100%

* Chapter 192 of 2024 establishes the State share at 100% for Maryland School for the Blind for all eligible school construction projects.

Source: Interagency Commission on School Construction

State Funding Levels

Chapter 14 of 2018, the 21st Century School Facilities Act, established the State's intent to provide at least \$400.0 million annually, within current debt affordability guidelines. Chapter 32 increased the legislature's intended annual funding level to \$450.0 million beginning in fiscal 2023. Chapter 354 clarifies that the intended threshold does not include funding provided through the Built to Learn program. The State surpassed the intended thresholds in fiscal 2019 and 2021 through 2025; the State would have surpassed \$400.0 million in fiscal 2020, but the \$10.0 million allocation for the School Safety Grant Program (SSGP) was canceled by the Board of Public Works for cost-containment reasons. Chapter 679 of 2023 repeals the Aging Schools Program beginning in fiscal 2027 with the intent that funding be transferred to PSFPP, which takes effect that year. Although Chapter 679 also repealed SSGP beginning fiscal 2027, Chapter 354 subsequently retained the \$10.0 million funding mandate for the program indefinitely. **Exhibit 3** shows annual State public school construction funding from fiscal 2021 through 2025, by county.

The fiscal 2026 operating and capital budgets as introduced provide more than \$800.0 million in funding for public school construction projects in the State, divided among general obligation (GO) bond funding, revenue bonds, and special funds. Not including Built to Learn funding, the funding provided meets the \$450.0 million statutory goal, including:

- \$302.2 million in MSA revenue bonds for Built to Learn;
- \$290.9 million in GO bonds and \$9.1 million in special funds for PSCP;
- \$53.9 million in GO bonds for EGRC;
- \$90.0 million in GO bonds for HSFF;
- \$6.1 million in GO bonds for the Aging Schools Program; and
- \$69.0 million in special funds for the P3 to construct and maintain schools in Prince George's County (of which \$27.0 million are State funds from ETF and the remainder are local funds).

Exhibit 3
State Public School Construction Funding
Fiscal 2021-2025
(\$ in Thousands)

<u>County</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
Allegany	\$2,177	\$2,613	\$4,116	\$5,742	\$12,308
Anne Arundel	38,559	170,456	76,974	58,141	87,297
Baltimore City	70,867	83,293	327,001	154,841	72,981
Baltimore	53,889	258,299	127,687	75,823	195,615
Calvert	4,179	13,454	8,678	18,737	8,250
Caroline	13,763	4,791	7,059	4,469	5,967
Carroll	10,449	38,831	20,955	16,609	15,293
Cecil	3,952	5,508	19,590	42,912	5,490
Charles	12,505	32,552	35,237	21,031	16,703
Dorchester	5,994	6,616	4,670	6,114	3,707
Frederick	23,015	108,705	48,808	43,608	19,136
Garrett	1,833	12,185	11,065	18,479	23,802
Harford	13,182	47,453	16,911	33,455	18,240
Howard	32,596	63,461	69,797	26,993	19,645
Kent	3,231	158	2,331	3,242	406
Montgomery	56,313	304,212	50,233	198,048	59,889
Prince George's	48,275	43,362	124,264	76,967	57,038
Queen Anne's	1,298	2,368	4,526	6,934	784
St. Mary's	5,580	5,773	7,878	15,951	7,073
Somerset	3,138	815	266	9,409	4,472
Talbot	3,211	1,380	1,129	6,202	6,438
Washington	8,446	8,804	10,413	14,903	27,890
Wicomico	10,506	26,169	33,416	22,072	7,861
Worcester	1,513	5,014	308	689	7,814
Maryland School for the Blind	6,779	2,021	9,100	13,605	4,662
Statewide	5,794	6,500	4,279	63	9,033
Total	\$441,042	\$1,254,793	\$1,026,691	\$895,038	\$697,791

Notes: Includes general obligation bonds, Built to Learn revenue bonds, pay-as-you-go funds, and reallocated funds that were previously authorized. Allocated funds include the Enrollment Growth or Relocatable Classroom program, School Safety grants, and Healthy School Facility grants. Statewide funds include unallocated discretionary funds, contractual costs for external reviews, and funds reserved for unforeseen contingencies. Columns may not sum to total due to rounding.

Source: Interagency Commission on School Construction; Department of Legislative Services