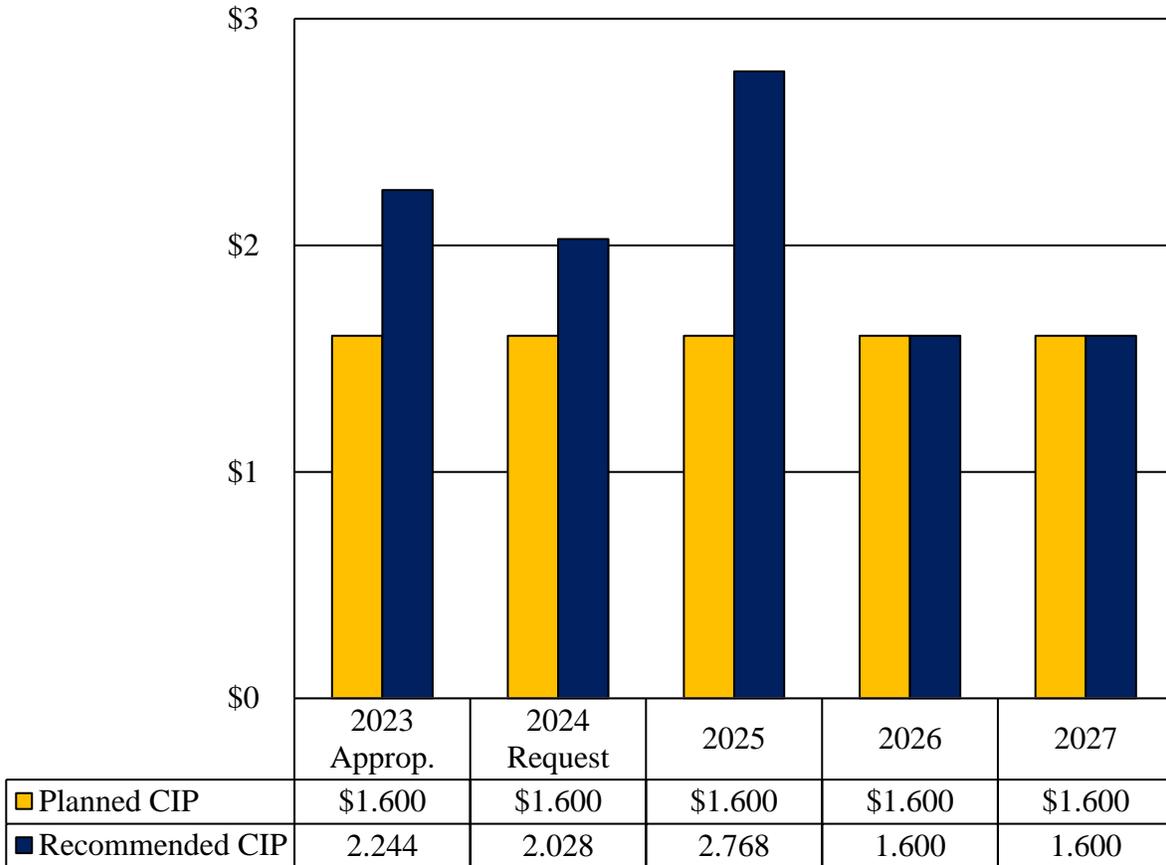


DA0201
Department of Disabilities – Capital

Capital Budget Summary

State-owned *Capital Improvement Program*
Access Maryland Program
(\$ in Millions)



CIP: *Capital Improvement Program*

Note: Access Maryland Capital Improvement Program is funded entirely with general obligation bonds.

Key Observations

- ***Six New and One Ongoing Projects Funded:*** The fiscal 2024 budget for the Maryland Department of Disabilities (MDOD) Access Maryland program includes \$1.678 million for six projects not previously funded, of which three will receive both design and construction funds in fiscal 2024, while another three are scheduled to receive construction funds in a future budget. A previously funded project for Historic St. Mary’s City receives \$350,000 to complete the project funding. A summary of projects can be found in the Program Description in this analysis.
- ***Slow Pace of Encumbrances:*** MDOD has recorded just \$120,636 of encumbrances through the first six months of fiscal 2023 and would need to encumber another \$2.8 million by the end of the year to reach the anticipated end of fiscal year encumbrance level. This continues a trend of low annual encumbrances and large unencumbered balances. Even if the department manages to reach the anticipated fiscal 2023 encumbrance level, this would still leave \$2.6 million end-of-year balance, which represents previously funded projects in some stage of design or construction behind original project schedules. Further discussion of MDOD’s fiscal 2023 spending plan can be found in Issue 1 of this analysis.

GO Bond Recommended Actions

1. Approve general obligation bond funds proposed for Access Maryland.
2. Adopt the following narrative:

Annual Report on Access Maryland Project Encumbrances and Expenditures: The committees are concerned about the slow pace of annual encumbrances and lack of reliable and up-to-date encumbrance and project status information reported by the Maryland Department of Disabilities (MDOD) for the Access Maryland program. The information is needed to appropriately evaluate the effectiveness of the program. The committees request that MDOD submit a report by December 1, 2023, and annually thereafter that outlines year-to-date encumbrances and expenditures for the Access Maryland program. The Department of Legislative Services will work with MDOD to ensure that there is consensus on the reporting format.

Information Request	Author	Due Date
Annual report on Access Maryland Project encumbrances and expenditures	MDOD	Annually, beginning December 1, 2023

Program Description

The Americans with Disabilities Act (ADA) requires State agencies to ensure individuals with disabilities can access public services and programs. In compliance with the ADA, MDOD manages the Access Maryland program, which funds accessibility modifications at State-owned facilities. Rented space is not eligible for funding. Projects funded within this program are part of a long-term effort, and the program will require funding beyond the current *Capital Improvement Program (CIP)*. Since fiscal 2020, higher education institutions are required to contribute a 30% non-State match to any Access Maryland-funded project. University System of Maryland projects must also complete a financial closeout report to identify funding sources.

Budget Overview

As shown in **Exhibit 1**, the fiscal 2024 request includes a total of \$2,028,000 for seven projects in four jurisdictions, including one project for Historic St. Mary’s City authorized in fiscal 2023. The total fiscal 2024 request includes \$539,000 for design expenditures and \$1.489 million for construction expenditures. This request is \$428,00 more than the planned CIP allotment for fiscal 2024 (\$1.6 million), and \$216,000 greater than the fiscal 2023 appropriation.

Exhibit 1
Access Maryland Fiscal 2024 Request
 (\$ in Millions)

<u>Jurisdiction</u> <u>(Agency)</u>	<u>Project</u> <u>(Purpose)</u>	<u>Est. Total</u> <u>Cost</u>	<u>Prior</u> <u>Auth.</u>	<u>2024 Request</u> <u>(% of Total Cost)</u>	<u>Future</u> <u>Request</u>
Anne Arundel (DGS)	ADA Upgrades, Central Services Building (Design and Construction)	\$0.945	\$0.000	\$0.945 (100%)	\$0.000
	Automated Doors and Bathroom Upgrades, Community Place (Design)	1.404	0.000	0.164 (100%)	1.240
	Restroom Upgrades, Historic State House (Design)	1.603	0.000	0.223 (100%)	1.380

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<u>Jurisdiction (Agency)</u>	<u>Project (Purpose)</u>	<u>Est. Total Cost</u>	<u>Prior Auth.</u>	<u>2024 Request (% of Total Cost)</u>	<u>Future Request</u>
Baltimore County (USM)	Wheelchair Lift Replacement, Towson University, Stephens Hall (Design and Construction)	0.120	0.000	0.084 (70.0%)	0.000
	Restroom Upgrades, UMBC Biological Science Building (Design and Construction)	0.315	0.000	0.220 (69.8%)	0.000
Prince George’s (USM)	Restroom Upgrades, UMCP Atlantic Building (Design)	0.318	0.000	0.042 (59.7%)	0.148
St. Mary’s (HSMC)	Entrance and Restroom Upgrades, HSMC Public Relations Building (Construction)	0.450	0.100	0.350 (100%)	0.000
	Total	\$5.155	\$0.100	\$2.028	\$2.768

ADA: Americans with Disabilities Act
DGS: Department of General Services
HSMC: Historic St. Mary’s City
UMBC: University of Maryland Baltimore County
UMCP: University of Maryland, College Park Campus
USM: University System of Maryland

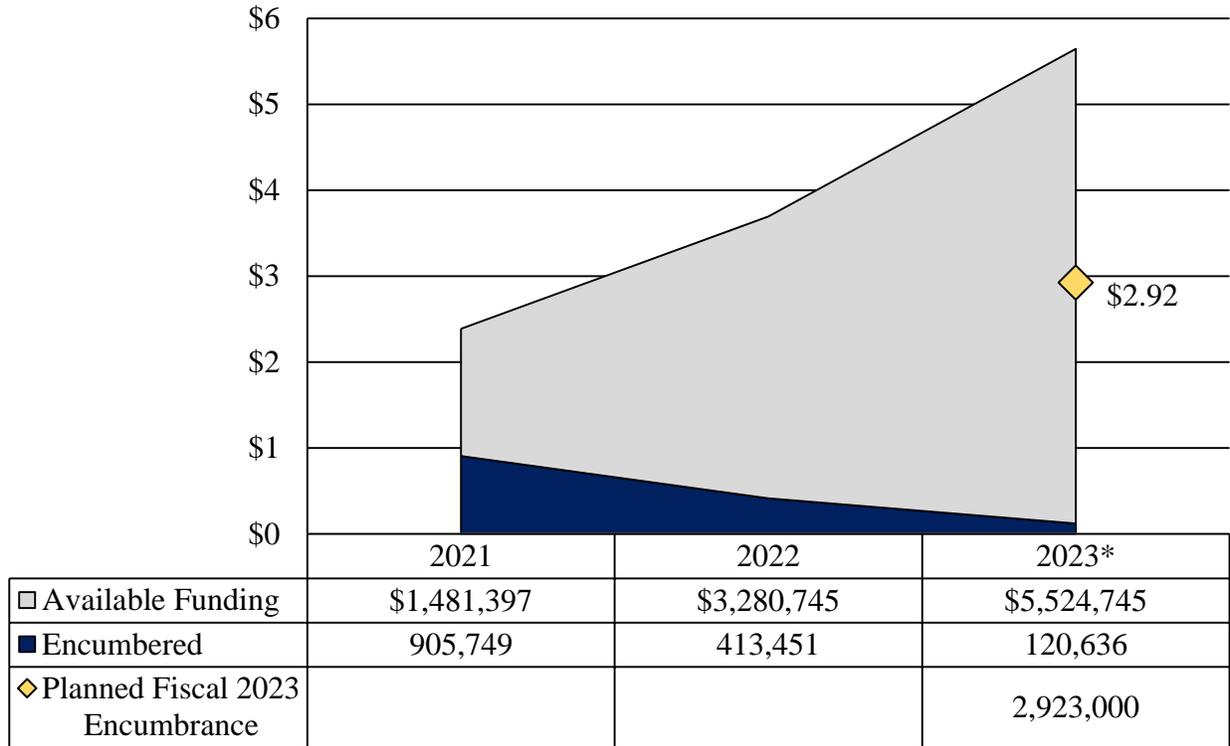
Source: Department of Budget and Management

Issues

1. MDOD Risks Carrying High Encumbrance Balance into Fiscal 2024

At the start of fiscal 2023, the Access Maryland program carried an unencumbered balance of \$3.3 million for funds authorized in fiscal 2022 and prior. As shown in **Exhibit 2**, if no further funding is encumbered in fiscal 2023, the year-end balance of available funding will reach \$5.5 million. MDOD projects encumbering \$2.9 million in fiscal 2023, leaving a balance of \$2.6 million in unencumbered funds for projects at various stages of completion. As of December 13, 2022, MDOD had encumbered \$120,636 against its fiscal 2023 projection.

Exhibit 2
Actual Encumbrances and Ending Balances
Fiscal 2019-2023
(\$ in Millions)



*Fiscal 2023 actuals reflect encumbrances as of December 13, 2022.

Source: Department of Budget and Management

Programs such as Access Maryland administer multiple projects in various stages of design and construction and will typically carry an unencumbered balance. However, the pace of encumbrances from fiscal 2021 through the first six months of fiscal 2023 is well below authorization levels, which suggest projects are taking longer to execute than originally scheduled. Were MDOD able to reach the anticipated \$2.9 million encumbrance level over the second half of fiscal 2023, this would surpass the \$1.3 million total encumbrances for both fiscal 2021 and 2022 combined. Even if the department manages to reach the anticipated fiscal 2023 encumbrance level, this would still leave a \$2.6 million end-of-year balance, which represents previously funded projects in some stage of design or construction behind original project schedules.

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To be fair, a contributing factor is that some projects, based on anticipated project schedules, receive both design and construction funds in a single fiscal year; and if there are delays in the design phase, the construction portion of the authorization – often representing upwards of 90% of the total authorization – will not be encumbered until the following fiscal year. For example, the fiscal 2024 request for the Central Services Building project includes \$110,000 for design and \$835,000 for construction and proposes July 2023 and April 2024 as start dates for each phase, respectively. If the project experiences just three months of delays prior to construction, the construction start date could be pushed into fiscal 2025, causing the \$835,000 allocated to construction to carry over as unencumbered funds in fiscal 2025. While this can help explain why a program such as Access Maryland will have some level of unencumbered funds carry over into following fiscal year, it does not explain why the program, since fiscal 2021, has encumbered such a low level of its authorization.

Considering new projects are continuously added to the Access Maryland program to upgrade buildings in compliance with ADA regulations, MDOD should prioritize encumbering funds to complete existing projects to avoid a backlog. Moreover, completion of building modifications and upgrades are necessary to ensure individuals with disabilities have full access to State facilities and offices. Detailed tracking of authorized projects and encumbrances could aid MDOD to prioritize and move projects more efficiently to completion. **The Department of Legislative Services recommends adopting committee narrative requesting that MDOD produce an annual report of project encumbrances and expenditures.**