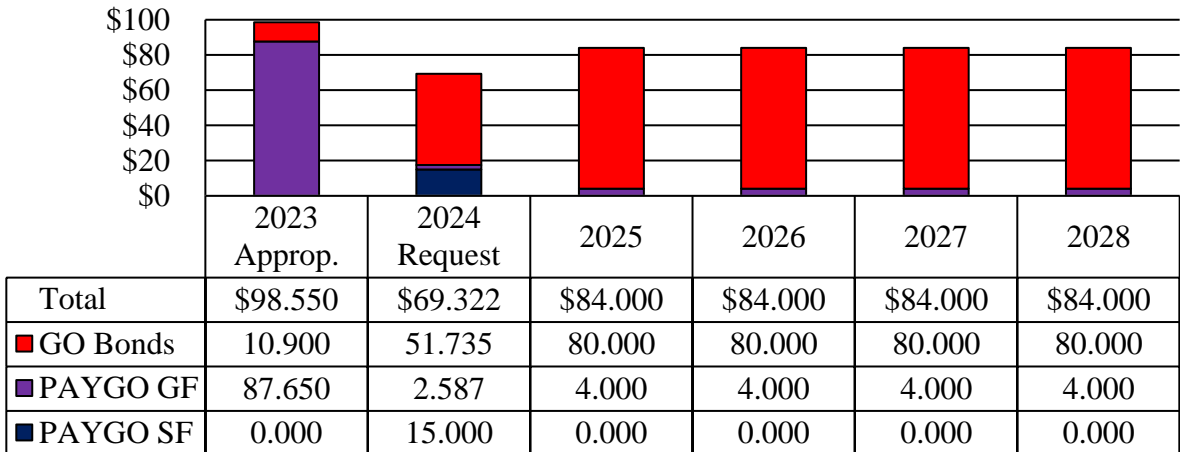
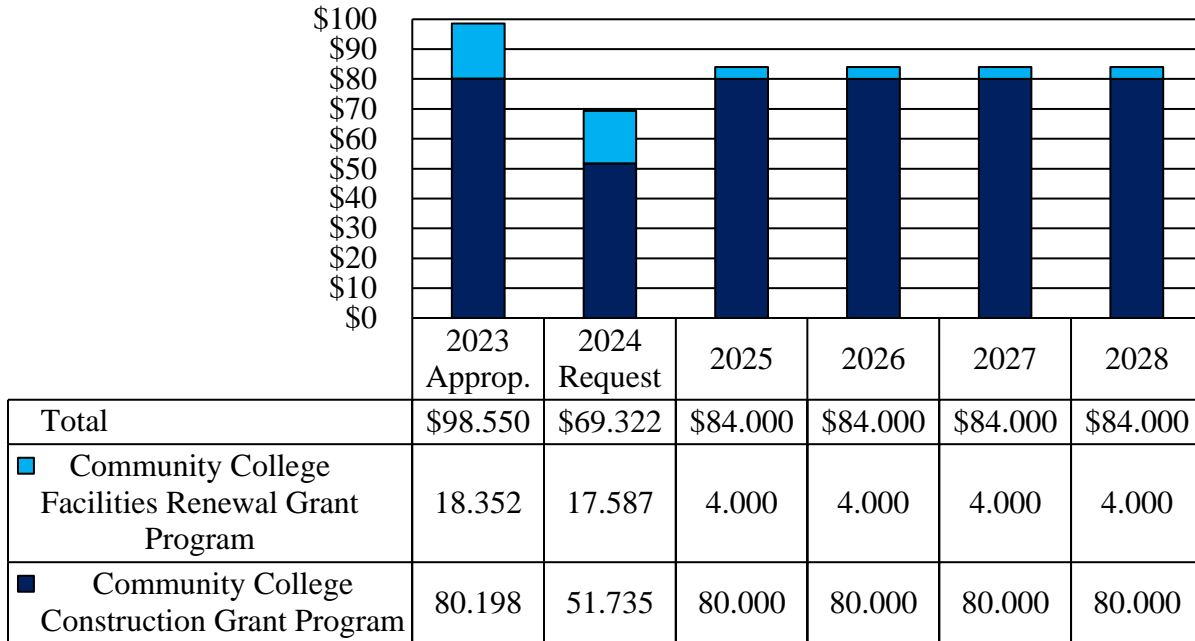


RI00
Maryland Higher Education Commission – Capital

Capital Budget Summary

Grant and Loan *Capital Improvement Program*
(\$ in Millions)



GF: general funds
 GO: general obligation
 PAYGO: pay-as-you-go
 SF: special funds

For further information contact: Samuel M. Quist

Samuel.Quist@mlis.state.md.us

Key Observations

- ***Community College Construction Grant Program (CCCGP):*** The fiscal 2024 budget includes \$51.7 million to support 11 projects at 8 community colleges. This level of funding is \$28.5 million lower than the fiscal 2023 appropriation and the lowest funding level for the program in recent fiscal years. Two projects receiving funding in fiscal 2024 were previously fully funded but require additional funds to complete construction due to market escalation costs.
- ***Community College Facilities Renewal Grant Program (CCFRGP):*** The fiscal 2024 budget includes \$2.6 million in general funds and \$15 million in special funds from the State’s Fiscal Responsibility Fund to support the program. Eight community colleges receive equal grants of \$323,000 through the general fund portion of the program, which is determined based on the amount of funding budgeted for the CCCGP and is \$96,000 less per college compared to the allocation in fiscal 2023 due to the lower funding level for the CCCGP in fiscal 2024. The fiscal 2024 budget also includes \$15 million in special funds intended to be distributed equally between the 15 locally governed community colleges. Supplemental program funding of \$15 million was also provided in fiscal 2023 from the Dedicated Purpose Account (DPA) for a similar purpose.

PAYGO Recommended Actions

1. Concur with the Governor’s allowance.

GO Bond Recommended Actions

1. Approve all authorizations and the preauthorizations for the Maryland Higher Education Commission.

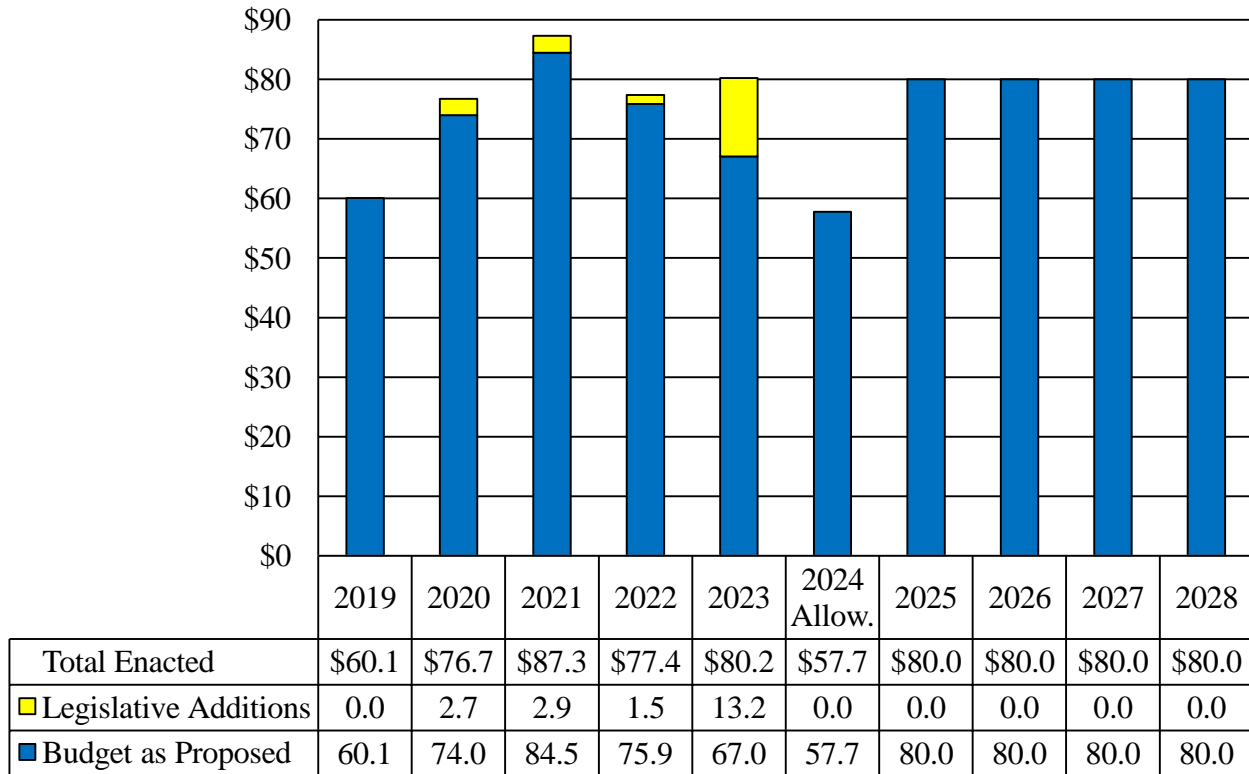
Budget Overview of Grant and Loan Programs

Community College Construction Grant Program

The CCCGP assists counties in improving the facilities and infrastructure of Maryland's 15 locally governed community colleges. For regional colleges, State support may total up to 75% of project cost, while other community colleges receive between 50% and 70% of project costs in State support depending on the wealth of the jurisdiction, per § 11-105(j) of the Education Article. Under current guidelines, priority projects are those that incorporate certain project types, project phases, and facility categories. Additional factors include inventory status, age of facilities, funding history, and overall college priority. The Maryland Higher Education Commission (MHEC) adopted revised prioritization rules in February 2014 to ensure that the model used is in line with PlanMaryland and Green Building concepts. Every community college project must also address workforce shortage concerns and institutional capacity for the project. MHEC also oversees the cost-sharing formula for counties. Projects carry their assigned State share, without change, through the life of the project. Colleges must provide a guarantee that local funding is in place for a project before it is included in the capital budget.

Exhibit 1 shows the total annual program funding levels, including the prior appropriations since fiscal 2019 and the planned program funding amounts through fiscal 2028. Although typically \$80 million is the planned program amount for future fiscal years, actual annual funding amounts vary depending on the actual cash flow needs and project schedules of each individual project, as prioritized by MHEC. Additional funding for certain legislative priorities has been added to the program budget as proposed by MHEC in recent fiscal years; however, even with these funding increases, total program funding has only met or exceeded the \$80 million planned amount in two out of the previous five fiscal years. The fiscal 2024 allowance is \$28.5 million less than the fiscal 2023 appropriation for the program and the lowest funding level for the program in recent fiscal years. The peak funding level for this period was \$87.3 million in fiscal 2021. **MHEC should comment on the factors that have prevented the CCCGP from being funded at the full \$80 million annual planned funding level in recent fiscal years.**

Exhibit 1
CCCGP Annual Funding Amounts
Fiscal 2019-2028
(\$ in Millions)



CCCGP: Community College Construction Grant Program

Source: Department of Budget and Management

The fiscal 2024 capital budget provides \$51.7 million to fund 11 projects at 8 community colleges. This is \$28.5 million less than the amount provided in fiscal 2023 and is reflective of the reported monthly cash flow expenditures and project schedules for the individual projects receiving funding. Two projects funded in fiscal 2024 (projects at Cecil College and the College of Southern Maryland) were previously fully funded in prior years but require additional State support due to construction market escalation. A summary of the proposed fiscal 2024 projects is presented in **Exhibit 2**.

- **Projects with Planned Preauthorizations for Fiscal 2025 and 2026:** The capital budget bill includes a \$34.4 million general obligation (GO) bond preauthorization for fiscal 2025 and a \$5.1 million GO bond preauthorization for fiscal 2026. Preauthorizations are

RI00 – Maryland Higher Education Commission – Capital

included for the estimated balance of the State construction share for projects where the construction schedules extend beyond fiscal 2024. This ensures that sufficient funds are budgeted, whether authorized or preauthorized, when the local government is ready to award a construction contract. Preauthorizations included in the 2023 capital budget bill include:

- \$9.6 million preauthorized in fiscal 2025 and \$5.1 million preauthorized in fiscal 2026 for the Community College of Baltimore County – Catonsville – Student Services Center Renovation and Expansion;
- \$8.5 million preauthorized in fiscal 2025 for the Harford Community College – Chesapeake Welcome Center Renovation and Addition;
- \$16.4 million preauthorized in fiscal 2025 for the Prince George’s Community College – Marlboro Hall Renovation.

Exhibit 2
Community College Construction Grant Program Proposed Projects
Fiscal 2024
(\$ in Millions)

<u>Project</u>	<u>Total Cost</u>	<u>Prior Auth.</u>	<u>2024 Request</u>	<u>Future Request</u>	<u>Total State Share</u>
<p>Anne Arundel Community College – Florestano Building Renovation (Floors 1-3): Renovate the first three floors of the Florestano Building on the college’s Arnold campus. The renovated facility will serve as a consolidated One-Stop Student Services Center housing the departments of Enrollment Services, Student Success, and Student Development, as well as conference and lounge space. Many of these student services units are currently housed on different floors of different buildings due to insufficient space to house all units in one building. The Part I and II Program Plans for this project are currently under review by the Department of Budget and Management (DBM) but are anticipated to be approved in time for design to begin in July 2023.</p>	\$18.000	\$0.000	\$0.720	\$8.280	50%

RI00 – Maryland Higher Education Commission – Capital

<u>Project</u>	<u>Total Cost</u>	<u>Prior Auth.</u>	<u>2024 Request</u>	<u>Future Request</u>	<u>Total State Share</u>
<p>Community College of Baltimore County – Catonsville – Student Services Center Renovation and Expansion: Renovate and expand the Student Services Center on the college’s Catonsville campus. This project will upgrade and replace aged and inadequate building systems including HVAC, electrical, mechanical, and plumbing; and construct an addition and reconfigure space to improve spatial layout. Portions of the facility were previously renovated using local funds and are not included in the scope of this project. Design is expected to commence in early 2023. The total cost estimate for this project has increased by \$8.2 million since last year’s estimate based on preliminary design stage efforts.</p>	40.000	1.170	3.031	15.799	50%
<p>Community College of Baltimore County – Dundalk – Student Services Center Renovation: Renovate the second floor of the Student Services building on the college’s Dundalk campus. This project will upgrade and replace aging building systems including HVAC, fire alarm, lighting, roof, and exterior windows; and will reconfigure space to better serve the current needs of the facility. Design is expected to commence in early February 2023. The total cost estimate for this project has increased by \$434,000 compared to last year’s estimate. Although the current project schedule extends to fiscal 2025, DBM recommends providing the remainder of funding for the State’s commitment in fiscal 2024 due to the relatively small amount of remaining funding required to complete the project.</p>	6.920	0.256	3.204	0.000	50%

RI00 – Maryland Higher Education Commission – Capital

<u>Project</u>	<u>Total Cost</u>	<u>Prior Auth.</u>	<u>2024 Request</u>	<u>Future Request</u>	<u>Total State Share</u>
<p>Community College of Baltimore County – Multiple Building Roof Replacement: Replace or repair roofs of six buildings at the college’s Catonsville, Dundalk, and Essex campuses. The project is divided into three phases, the first of which is scheduled for fiscal 2024 and will include the roof replacement for one building located on the Dundalk campus, the Wellness and Athletics center. The current facility has experienced water infiltration issues and damage caused by water infiltration leading to safety issues. Design for phase one is scheduled to begin in July 2023. Although a portion of the schedule for phase one extends into fiscal 2025, the entirety of funding under the State’s commitment to this project for phase one is provided in fiscal 2024. Funding for the second and third phases of the project will be requested separately, in fiscal 2025 and 2028.</p>	5.705	0.000	0.481	2.503	52%
<p>Cecil College – Entrance, Roadway, and Facilities Management Building: Construct a second, multi-lane entrance to the Cecil College campus as well as roadways within the campus to increase vehicular circulation and facilitate future development. The scope of the project also includes construction of a new 12,250 net assignable square foot (NASF) Facilities Management building and the demolition of the existing building once complete. This project was fully funded in fiscal 2022 and no additional State support was anticipated at that time. However, the fiscal 2024 budget includes \$1.2 million in additional State funding due to construction cost overruns caused by project delays and market escalation.</p>	16.466	8.827	1.150	0.000	61%

RI00 – Maryland Higher Education Commission – Capital

<u>Project</u>	<u>Total Cost</u>	<u>Prior Auth.</u>	<u>2024 Request</u>	<u>Future Request</u>	<u>Total State Share</u>
<p>Harford Community College – Chesapeake Welcome Center Renovation and Addition: Renovate and expand the existing Chesapeake Center building to repurpose it as the new Chesapeake Welcome Center. The new facility will house Enrollment Services, Dining Services, performing arts space, conference space, and a visitor’s center. The project will upgrade and replace building systems, reconfigure and resize space, address code deficiencies, incorporate energy efficient design features, and address life safety issues. Project design is nearing completion and construction is scheduled to begin in fall 2023. The total project cost increased by \$13.7 million since last year’s estimate due to gross square footage increases and added capital equipment requests made as part of the design process, as well as due to construction cost escalation.</p>	52.045	11.329	5.915	10.340	53%
<p>Howard Community College – Mathematics and Athletics Complex: Construct a new 95,155 NASF Mathematics and Athletics Complex at Howard Community College. The new facility will house academic programs for Mathematics, Actuarial Science, Exercise Science, and Physical Therapy, and program needs for Athletics programs. The new facility will meet the space needs of both programs, which are currently housed in outdated and undersized facilities. Throughout the project’s design phase, significant value engineering efforts were conducted to keep the project within budget, including reducing the overall size and scope of the project, identifying efficiencies, and preparing early construction packages to lock in bids and prevent further escalation. Construction began in March 2021 and is scheduled for completion in September 2024. The fiscal 2024 budget includes funds to complete the State’s commitment to the project.</p>	101.667	37.487	13.347	0.000	50%

RI00 – Maryland Higher Education Commission – Capital

<u>Project</u>	<u>Total Cost</u>	<u>Prior Auth.</u>	<u>2024 Request</u>	<u>Future Request</u>	<u>Total State Share</u>
<p>Montgomery College – Rockville Library Renovation Project: Renovate the first three floors of the Macklin Tower on the college’s Rockville campus, which houses the campus library. The project will include modernization and upgrades to building systems as well as reconfiguring space on each floor. A Part I and Part II Program Plan for the project has been approved and design is scheduled to begin in September 2023.</p>	26.218	0.000	1.669	11.440	50%
<p>Montgomery College – Takoma Park/Silver Spring – Library Renovation: Renovate the library at the college’s Takoma Park/Silver Spring campus. The project will upgrade and replace building systems including plumbing, fire protection, electrical, and the building envelope. The project will also reconfigure space on both floors of the building for office, group study space and quiet and silent study space. Design for this project was completed in September 2022 and construction is expected to begin in early 2023. The total project cost has increased by \$3.5 million since last year’s estimate due to an increase in gross square footage of the project scope and construction market escalation.</p>	13.570	3.693	3.092	0.000	50%

RI00 – Maryland Higher Education Commission – Capital

<u>Project</u>	<u>Total Cost</u>	<u>Prior Auth.</u>	<u>2024 Request</u>	<u>Future Request</u>	<u>Total State Share</u>
<p>Prince George’s Community College – Marlboro Hall Renovation and Addition: Renovate and expand Marlboro Hall to house new instruction and academic support spaces. The project will upgrade building infrastructure; improve the layout of space; and upgrade and expand classrooms for Liberal Arts, Social Sciences, Business, Mathematics, and Learning Foundation curriculum courses. This project continues to experience cost escalation and schedule delays. The total project cost has increased by \$37.3 million since last year’s estimate, to \$164.4 million, due to an increase in size of the project scope, schedule delays, and market escalation in construction cost. Construction began in June 2020; however, project completion has been extended from March 2024 to January 2025 due to design and construction delays and supply chain issues.</p>	164.409	65.075	17.476	17.411	61%
<p>College of Southern Maryland – Student Resource Center: Renovate the existing Health Technology Building on the college’s La Plata campus to create a new Student Resource Center. The new facility will address issues with insufficient space by consolidating several student services offices in one location. This project was fully funded in fiscal 2023 and no additional State support was anticipated at that time. However, the fiscal 2024 budget includes \$1.7 million in additional State funding due to construction cost overruns caused by market escalation.</p>	7.600	4.050	1.650	0.000	75%
Total	\$452.600	\$131.887	\$51.735	\$65.773	

Source: Department of Budget and Management

Community College Facilities Renewal Grant Program

The CCFRGP, established by Chapters 687 and 688 of 2018, provides grants for improvements, repairs, and deferred maintenance projects at the State’s 16 community colleges, including Baltimore City Community College (BCCC), which is State-owned. MHEC administers the CCFRGP in accordance with § 16-320 of the Education Article. Eligible projects may not exceed \$1.0 million in total project cost and must be submitted to MHEC as part of an annual or 10-year facilities master plan. Each community college may not receive more than \$500,000 in a fiscal year and may not receive grants in consecutive fiscal years. Grants provided by the CCFRGP are supplemental to, and may not supplant, funds provided through the CCCGP. Annual funding for the CCFRGP is mandated at 5% of the annual appropriation for the CCCGP. Additional funding appropriated to the CCFRGP in a given fiscal year beyond the mandated annual amount (for example, special funds from the Fiscal Responsibility Fund) are not subject to the requirements of § 16-320 of the Education Article. Matching funds are not required to receive funding under the CCFRGP.

Fund Sources:						
(\$ in Millions)	2023 Approp.	2024 Request	2025	2026	2027	2028
GF	\$18.352	\$2.587	\$4.000	\$4.000	\$4.000	\$4.000
SF	0.000	15.000	0.000	0.000	0.000	0.000
Total	\$18.352	\$17.587	\$4.000	\$4.000	\$4.000	\$4.000

Fund Uses:						
(\$ in Millions)	2023 Approp.	2024 Request	2025	2026	2027	2028
Community College Facilities Renewal Grant Program	\$18.352	\$17.587	\$4.000	\$4.000	\$4.000	\$4.000
Total	\$18.352	\$17.587	\$4.000	\$4.000	\$4.000	\$4.000

The fiscal 2024 capital budget includes \$2.587 million in general funds and \$15 million in special funds from the State’s Fiscal Responsibility Fund for the CCFRGP (\$17.587 million total). The general fund portion of the program funding is 5% of the \$51.735 million in funding allocated to the CCCGP as mandated in statute. Based on the funding formula, the budget provides \$765,000 less than the fiscal 2023 appropriation, and \$1.413 million less than the \$4.0 million that the program would receive annually through fiscal 2028 based on the funding formula and programmed levels of funding for the CCCGP.

- **Allocation:** The fiscal 2024 allowance for the CCFRGP provides equal sized grants of \$323,000 to eight community colleges under the mandated portion of program funding, supported through general funds. The \$15 million supplemental special fund appropriation to the program from the Fiscal Responsibility Fund will be available in equal amounts to the 15 locally governed community colleges (excluding BCCC) and is not subject to the statutory requirements of the mandated portion of program funding. In comparison, BCCC

RI00 – Maryland Higher Education Commission – Capital

received a supplemental award in fiscal 2023 through the additional program funding available that year, despite having its own deferred maintenance program that has received State support since fiscal 2022. The CCFRGP allocations to each community college in fiscal 2023 and 2024 through both the mandated portion of the program and through supplemental funding provided in both years are shown in **Exhibit 3**.

Exhibit 3
Community College Facilities Renewal Grant Program Recipients
Fiscal 2024
(\$ in Thousands)

<u>Community College</u>	<u>Award</u> <u>2023</u>	<u>Supplemental</u> <u>Award</u> <u>2023</u>	<u>Award</u> <u>2024</u>	<u>Supplemental</u> <u>Award</u> <u>2024</u>
Allegany College of Maryland	\$0	\$938	\$323	\$1,000
Anne Arundel Community College	0	938	323	1,000
Baltimore City Community College	419	938	0	0
Community College of Baltimore County	0	938	323	1,000
Carroll Community College	419	938	0	1,000
Cecil College	0	938	323	1,000
Frederick Community College	419	938	0	1,000
Garrett College	419	938	0	1,000
Harford Community College	419	938	0	1,000
Howard Community College	419	938	0	1,000
Hagerstown Community College	419	938	0	1,000
Montgomery College	0	938	323	1,000
Prince George’s Community College	0	938	323	1,000
Chesapeake College	419	938	0	1,000
College of Southern Maryland	0	938	323	1,000
Wor-Wic Community College	0	938	323	1,000
Total	\$3,352	\$15,000	\$2,587	\$15,000

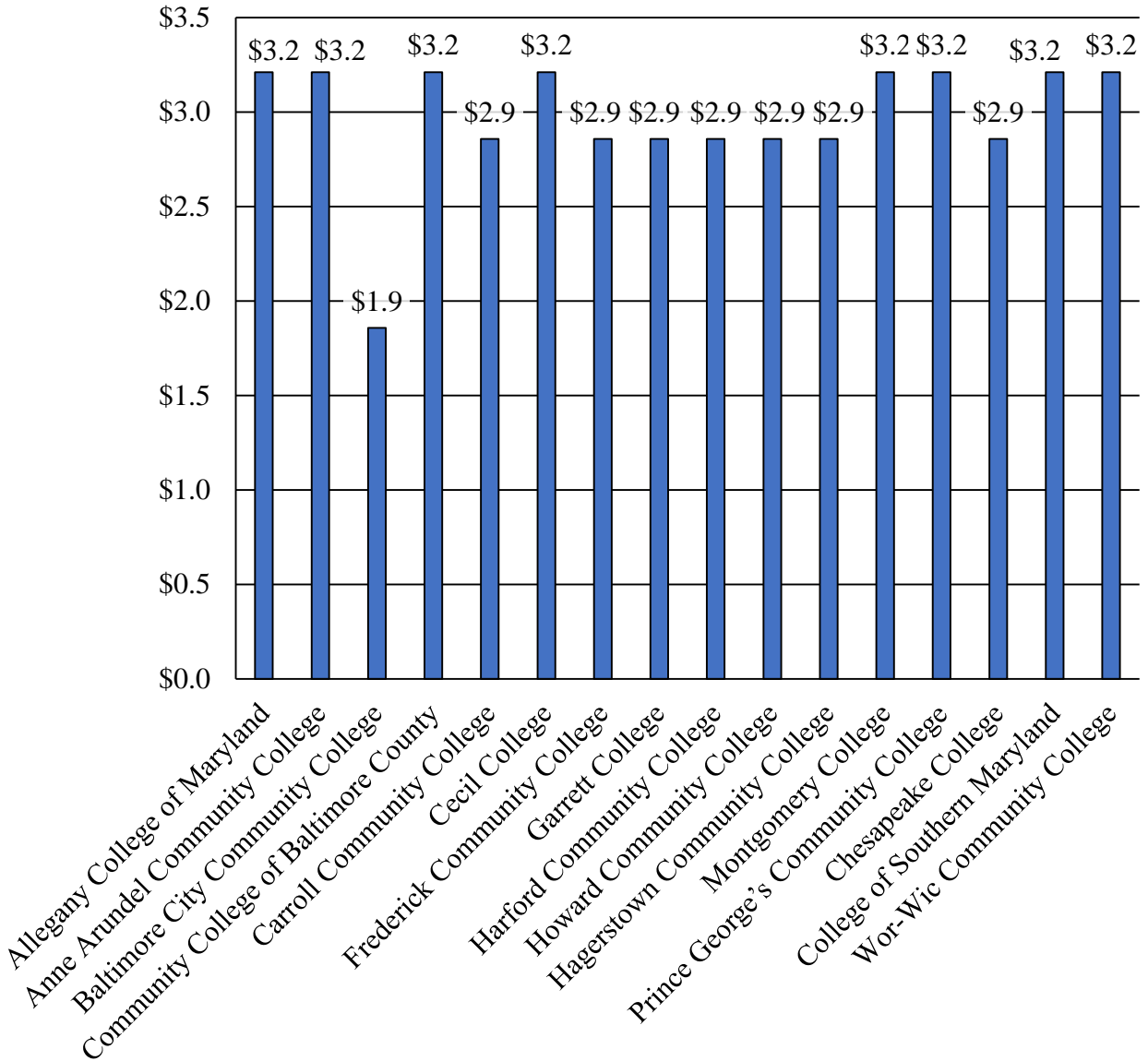
Note: Baltimore City Community College (BCCC) also has received State support for deferred maintenance through its own capital budget appropriation since fiscal 2022 to address the college’s extensive deferred maintenance backlog. Including fiscal 2024 proposed funding, BCCC will have received \$22.5 million in total over the three-year period for this purpose, in addition to funding available to it through the mandated portion of the Community College Facilities Renewal Grant Program in non-consecutive years.

Source: Department of Budget and Management

- **Concerns:** Outside of the \$15 million in special funds from the Fiscal Responsibility Fund that are allocated to the CCFRGP in fiscal 2024 as supplemental program funding, the mandated program funding amount of \$2.587 million in general funds is notably lower than the mandated amount in recent fiscal years, reflective of the lower funding level of the CCCGP in fiscal 2024. While the \$15 million in additional program funding available from the Fiscal Responsibility Fund is significant and allows for additional funds to be available to colleges in fiscal 2024, the per college allocation of funds to the eight colleges awarded grants under the general fund portion of the program is approximately \$96,000 less compared to the eight colleges awarded grants in fiscal 2023 due to the lower overall program funding level in fiscal 2024. **The committees should consider amending the statute to set the mandate at the greater of \$4.0 million, or 5% of the amount of State funds authorized for the CCCGP to at least establish a mandated minimum funding level for the program to allow for more consistency in grant amounts to community colleges each year, as well as to allow for additional program funding in fiscal years when the construction program is funded at a higher level.**
- **Other Comments:** The \$15 million in special funds from the Fiscal Responsibility Fund allocated to the CCFRGP in fiscal 2024 is intended by the Department of Budget and Management to be divided equally among Maryland’s 15 locally governed community colleges, allowing each college to use its share when it is ready. A similar arrangement was provided for in fiscal 2023, when an additional \$15 million in general funds from the DPA was allocated to the CCFRGP in addition to the mandated program funding amount that year. However, the fiscal 2023 supplemental appropriation of \$15 million was allocated equally across all 16 Maryland community colleges (including BCCC, which is State-owned), while the \$15 million in supplemental program funding from the Fiscal Responsibility Fund in fiscal 2024 is intended to be allocated among only the 15 locally governed community colleges (excluding BCCC). BCCC previously received a \$419,000 grant from the CCFRGP in fiscal 2023 as one of the eight community colleges receiving grants under the mandated funding amount for the program that year.

Exhibit 4 shows the total funding provided by the CCFRGP per college over the history of the program, including supplemental funding amounts.

Exhibit 4
CCFRGP Total Funding by Community College
Fiscal 2020-2024
(\$ in Millions)



CCFRGP: Community College Facilities Renewal Grant Program

Source: Department of Budget and Management; Department of Legislative Services