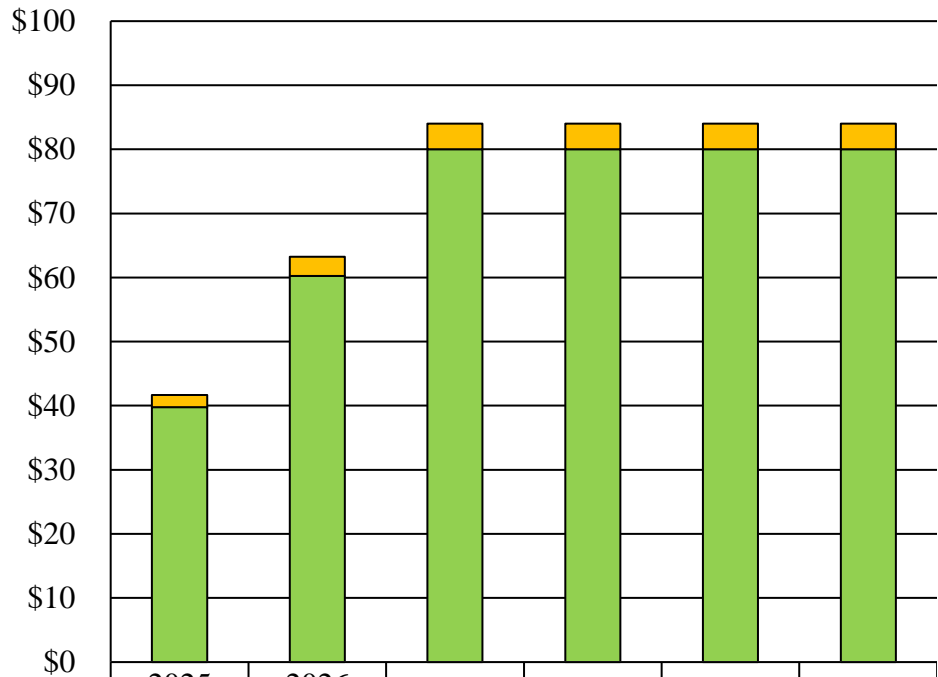


RI00
Maryland Higher Education Commission – Capital

Capital Budget Summary

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



	2025 Approp.	2026 Proposed	2027	2028	2029	2030
Total	\$41.657	\$63.240	\$84.000	\$84.000	\$84.000	\$84.000
■ Community College Facilities Renewal Grant Program	1.903	3.011	4.000	4.000	4.000	4.000
■ Community College Construction Grant Program	39.754	60.229	80.000	80.000	80.000	80.000

GO: general obligation

Note: All program expenditures supported with general obligation (GO) bonds.

Key Observations

- ***Community College Construction Grant Program (CCCGP):*** The fiscal 2026 capital budget includes \$60.2 million to support 14 projects at 10 community colleges. This level of funding is \$20.5 million higher than the fiscal 2025 appropriation but \$9.8 million lower than the planned amount for this program (\$70 million).
- ***Community College Facilities Renewal Grant Program (CCFRGP):*** The fiscal 2026 capital budget includes \$3.011 million to support the program, which provides equal grants of \$376,375 to eight community colleges. This level of funding is \$1.11 million more than the formula funding portion of funds authorized in fiscal 2025. However, it is \$489,000 less than the planned amount of \$3.5 million for this program.

GO Bond Recommended Actions

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

Budget Overview of Grant and Loan Programs

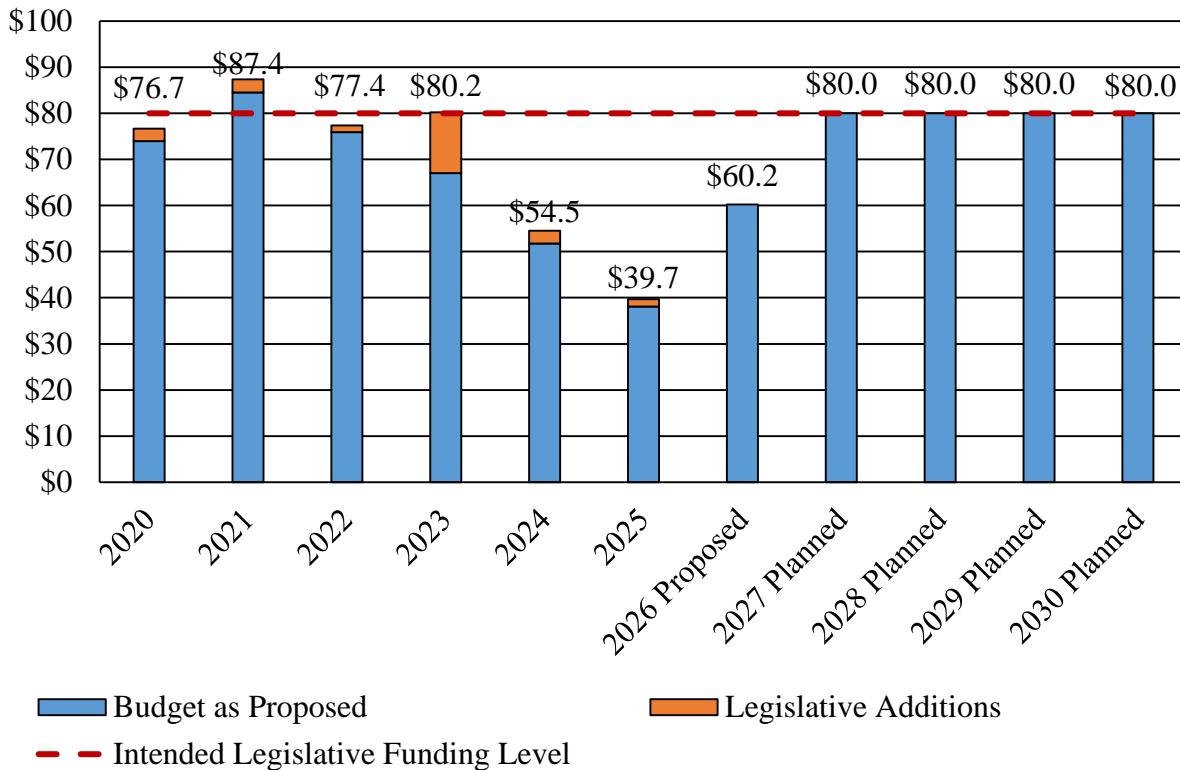
Community College Construction Grant Program

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.

In June 2016, the budget committees submitted a request to the Governor that the community colleges be programmed at \$80 million per year in the out-years of the Capital Improvement Program. However, the planned program funding level for fiscal 2026 was \$70.0 million, \$10 million less than the intended legislative funding level. **Exhibit 1** shows the

total annual program funding levels, including the prior appropriations since fiscal 2020 and the planned program funding through fiscal 2030. 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 2026 allowance of \$60.2 million is \$9.8 million less than the \$70 million planned program funding level but \$20.5 million more than the fiscal 2025 appropriation for the program. The peak funding level for this period was \$87.3 million in fiscal 2021, and the lowest funding level was \$39.7 million in fiscal 2025. **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
Community College Construction Grant Program Annual Funding Levels
Fiscal 2020-2030
(\$ in Millions)

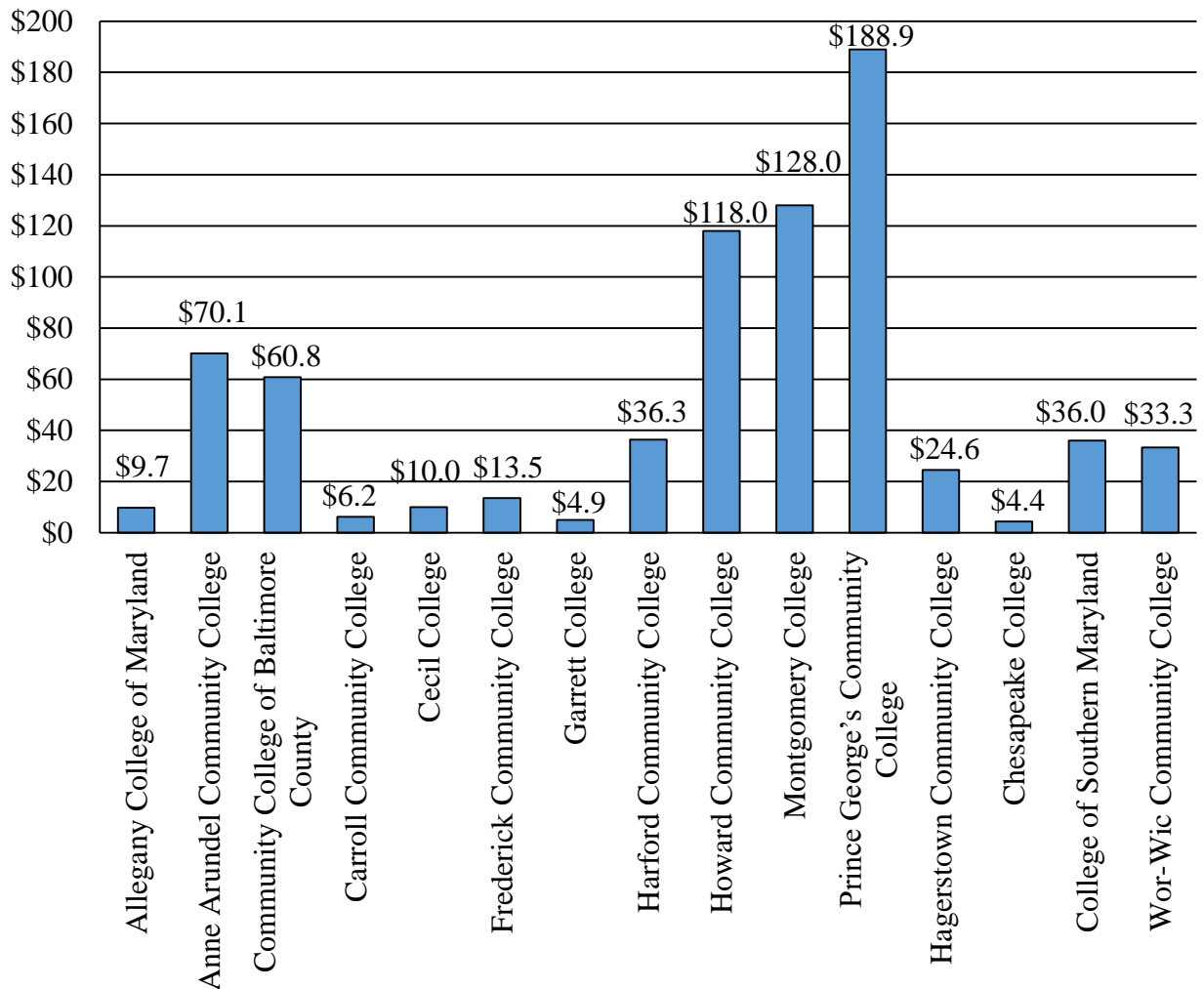


Note: Annual funding level does not include CCCGP surplus fund balance.

Source: Department of Budget and Management

Exhibit 2 shows the funding history by college for the CCCGP from fiscal 2016 through the 2026 planned amounts. A total of \$744.7 million has been allocated through the program during this time, of which the largest share, \$188.9 million, has been allocated to Prince George’s Community College. Montgomery College and Howard Community College have both also received over \$100 million in CCCGP funding during this time period.

Exhibit 2
Community College Construction Grant Program Funding
by Community College
Fiscal 2016-2026
(\$ in Millions)



Source: Department of Budget and Management

The fiscal 2026 capital budget provides \$60.2 million to fund 14 projects at 10 community colleges. The total fiscal 2026 cost of these projects is \$65.4 million; however, MHEC intends to utilize \$5.2 million in CCCGP surplus fund balance in addition to the \$60.2 million in general obligation (GO) bond authorization. Ten projects received State funding authorizations in prior fiscal years, while four projects are new projects receiving State funding for the first time. A summary of the proposed fiscal 2026 projects is presented in **Exhibit 3**.

Exhibit 3
Community College Construction Grant Program Proposed Projects
Fiscal 2026
(\$ in Millions)

<u>Project</u>	<u>Total Cost</u>	<u>Prior Auth.</u>	<u>2026 Request</u>	<u>Future Request</u>	<u>Total Share</u>
Allegany College of Maryland – Workforce Development and Training Center Renovation	\$16.02	\$0.00	\$0.54	\$10.34	68%

This project will renovate the Workforce Development and Training Center to provide modern educational spaces for the workforce development programs at the college. The project will redesign the interior to provide additional classroom, laboratory, and study space while reducing office, meeting, and lounge space. The Part I and II Program Plans for this project are currently under review by the Department of Budget and Management (DBM). The project’s design is projected to begin in October 2025.

Anne Arundel Community College – Dragun Building Renovation	57.564	0.759	1.063	26.960	50%
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This project will renovate the two-story Dragun Science Building to address the space needs of the college’s science programs and modernize teaching spaces. This project will improve the space layout of the building to allow for additional laboratory space to meet growing demand for science courses and modernize technology in laboratory and classroom spaces to meet current educational and safety standards. The Part I and II Program Plans for this project are currently under review by DBM. The project’s design is projected to complete in February 2026 and construction is projected to begin in July 2026.

RI00 – Maryland Higher Education Commission – Capital

<u>Project</u>	<u>Total Cost</u>	<u>Prior Auth.</u>	<u>2026 Request</u>	<u>Future Request</u>	<u>Total Share</u>
Anne Arundel Community College – Florestano Building Renovation	19.580	1.770	8.020	0.000	50%

This project will renovate the first three floors of the Florestano Building. 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 Maryland Higher Education Commission (MHEC) reports that the design is nearing completion and construction is expected to begin in June 2025, as scheduled. The total estimated project cost has increased by approximately \$740,000.

Community College of Baltimore County – Catonsville – Student Services Center Renovation and Expansion	33.786	4.201	3.953	8.739	50%
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This project will renovate and expand Student Services Center. This project will replace systemic infrastructure; reconfigure improperly sized spaces; correct code deficiencies; enhance energy efficiency; and address other functional deficiencies, design inadequacies, and life-safety issues. Issues of insufficient and inadequate space will be addressed. The design is scheduled to complete in May 2025, allowing for construction to begin in November 2025.

Community College of Baltimore County – Essex-Primary Switchgear and Distribution Replacement	15.023	0.522	2.117	5.387	53%
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This project will replace the primary electric switchgear and portions of the college’s aging electrical distribution infrastructure. The Part I and II Program Plans for this project are currently under review by DBM. The total estimated project cost has increased by approximately \$4.0 million. MHEC reports that this increase is primarily associated with design costs being higher than estimated, as well as identification of new elements during the design process including patch panels and security equipment.

RI00 – Maryland Higher Education Commission – Capital

<u>Project</u>	<u>Total Cost</u>	<u>Prior Auth.</u>	<u>2026 Request</u>	<u>Future Request</u>	<u>Total Share</u>
Chesapeake College – New Queen Anne’s Technical Building	56.438	0.000	1.970	40.358	75%

This project will construct a new technical building to house the skilled trade and workforce development programs. The majority of the facility will be laboratory space for skilled trade and workforce development instruction. The remainder of the facility will include a student lounge and office space for faculty and staff as well as two business incubators currently housed elsewhere on campus. The Part I and II Program Plans for this project are currently under review by DBM, and the project’s design is projected to begin in October 2025.

College of Southern Maryland – La Plata – Student Resource Center	7.726	5.697	0.098	0.000	75%
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This project will 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. The construction portion of this project was scheduled to be completed in May 2024. However, due to delays from the manufacturer, the building reached substantial completion in September 2024. These delays increased the total costs by \$130,000, with an increase of \$98,000 in the State’s share.

College of Southern Maryland - Leonardtown – A Building Renovation and Expansion	17.479	0.000	0.576	12.533	75%
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This project will renovate the A Building to repurpose the building into a new Library and Learning Commons. The renovated building will serve as a centralized student services center. The Part I and II Program Plans for this project are currently under review by DBM, and the project’s design is projected to begin in October 2025.

Hagerstown Community College – Advanced Technology Center Renovation	14.703	1.290	6.230	2.081	65%
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This project will renovate the existing two-story facility to address inadequate spaces for current academic programs and outdated building systems. The project scope includes renovations to create an improved space layout with updated laboratory, classroom, and office space, and the replacement of several building systems including plumbing, HVAC, fire alarm, telecommunications, lighting, electrical, roof and windows. Project design is projected to complete in July 2025, and construction is projected to begin in October 2025.

RI00 – Maryland Higher Education Commission – Capital

<u>Project</u>	<u>Total Cost</u>	<u>Prior Auth.</u>	<u>2026 Request</u>	<u>Future Request</u>	<u>Total Share</u>
Howard Community College – New Workforce Development and Trades Center	45.250	8.609	11.916	2.100	50%

This project will construct a new facility to house existing and new skilled trade programs, including automotive technology, welding, electrical, HVAC, plumbing, green technology, forklift/heavy equipment operation, additive manufacturing, and logistics. Current programs are dispersed across four facilities at two campuses and are insufficient to support growing enrollment levels and allow for proposed new programs. The new facility will include classroom, laboratory, office, lounge, and support spaces. The project’s design was completed using non-State funding, and construction will commence immediately following contract approval at the college’s Board of Trustees meeting in February 2025.

Montgomery College – New Germantown Student Services Center	136.967	3.836	11.566	53.081	50%
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This project will construct a new facility to house several student services that are currently located in separate buildings across campus. The proposed facility will house the offices of Student Affairs, the Library, the Office of Public Safety, the Campus Store, and related support functions in addition to classroom and laboratory space. The project scope includes additional site preparation and infrastructure work necessary to prepare for the construction of the new facility. Design for the project began in September 2024, and construction is projected to begin in December 2025.

Montgomery College – Rockville Library Renovation	26.871	3.169	5.690	4.577	50%
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This project will 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. Construction is scheduled to begin in December 2025.

RI00 – Maryland Higher Education Commission – Capital

<u>Project</u>	<u>Total Cost</u>	<u>Prior Auth.</u>	<u>2026 Request</u>	<u>Future Request</u>	<u>Total Share</u>
Prince George’s Community College – Marlboro Hall Renovation and Addition	183.151	99.962	11.395	0.000	61%

This project will 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 the Liberal Arts, Social Sciences, Business, Mathematics, and Learning Foundation curriculum courses. Construction began in June 2020 and is projected to be complete in June 2025. The project schedule represents a two-month delay compared to last year’s estimate. Total project cost increased by \$18.7 million compared to last year’s estimate.

Wor-Wic Community College – Maintenance Building Expansion	4.785	0.000	0.242	3.347	75%
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This project will construct an addition to the existing Maintenance Building. The project will provide climate-controlled warehouse space and vehicle storage to accommodate all maintenance equipment and vehicles. The Part I and II Program Plans for this project are currently under review by DBM, and the project’s design is projected to begin in October 2025.

Use of CCCGP Balance/Surplus			-\$5.150		
Total	\$635.35	\$129.82	\$60.23	\$169.50	

CCCGP: Community College Construction Grant Program

Source: Department of Budget and Management

Planned Preauthorization for Fiscal 2027: The fiscal 2026 capital budget bill includes \$35.5 million GO bond preauthorization for fiscal 2027 to be used as follows:

- \$7.6 million for Community College of Baltimore County – Catonsville – Student Services Center Renovation and Expansion;
- \$2.1 million for Community College of Baltimore County – Essex – Primary Switchgear and Distribution Replacement;
- \$2.1 million for Hagerstown Community College – Advanced Technology Center Renovation;
- \$19.1 million for Montgomery College – New Germantown Student Services Center; and

RI00 – Maryland Higher Education Commission – Capital

- \$4.6 million for Montgomery College – Rockville – Library Renovation.

Planned Preauthorization for Fiscal 2028: The fiscal 2026 capital budget bill includes \$21.8 million GO bond preauthorization for fiscal 2028 to be used as follows:

- \$2.7 million for Community College of Baltimore County – Essex – Primary Switchgear and Distribution Replacement; and
- \$19.1 million for Montgomery College – New Germantown Student Services Center.

Planned Preauthorization for Fiscal 2029: The fiscal 2026 capital budget bill includes \$9.3 million GO bond preauthorization for fiscal 2029 to be used as follows:

- \$451,000 for Community College of Baltimore County – Essex – Primary Switchgear and Distribution Replacement; and
- \$8.8 million for Montgomery College – New Germantown Student Services Center.

Preauthorizations are included for the estimated balance of the State construction share for projects where the construction schedules extend beyond fiscal 2026. This ensures that sufficient funds are budgeted, whether authorized or preauthorized, when the local government is ready to award a construction contract.

Community College Facilities Renewal Grant Program

Program Description: 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, 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, general funds and special funds from the Fiscal Responsibility Fund authorized in fiscal 2023 and 2024) are not subject to the requirements of § 16-320 of the Education Article. Matching funds are not required to receive funding under the CCFRGP.

RI00 – Maryland Higher Education Commission – Capital

Fund Sources:						
(\$ in Millions)	2025 Approp.	2026 Request	2027	2028	2029	2030
GO Bonds	\$1.903	\$3.011	\$4.000	\$4.000	\$4.000	\$4.000
Total	\$1.903	\$3.011	\$4.000	\$4.000	\$4.000	\$4.000

The fiscal 2025 capital budget includes \$3.011 million in GO bonds for the CCFRGP. This funding level represents 5% of the \$60.229 million in funding allocated to the CCCGP as mandated in statute. Based on the formula, the budget provides \$1.108 million more than the formula funding portion of funds authorized in fiscal 2025 (\$1.903 million). In fiscal 2027 through 2030, a \$4.0 million annual funding level is planned based on the annual planned CCCGP funding level of \$80 million.

- **Allocation:** The fiscal 2026 allowance for the CCFRGP provides equal sized grants of \$376,375 to eight community colleges, supported through GO bond funding. In comparison, grants of \$238,000 were allocated in fiscal 2025 and \$323,000 in fiscal 2024 under the mandated portion of program funding. In fiscal 2024, supplemental program funding of \$15 million in special funds was provided from the Fiscal Responsibility Fund, which was divided equally among all 15 locally governed community colleges. The CCFRGP allocations to each community college in fiscal 2024 through 2026 including funding from both the mandated portion of the program and supplemental funding allocations is shown in **Exhibit 4**.

Exhibit 4
Community College Facilities Renewal Grant Program Recipients
Fiscal 2024-2026
(\$ in Thousands)

<u>Community College</u>	<u>Award 2024</u>	<u>Supplemental Award 2024</u>	<u>Award 2025</u>	<u>Award 2026</u>
Allegany College of Maryland	\$323	\$1,000	\$0	\$376
Anne Arundel Community College	323	1,000	0	376
Baltimore City Community College	0	0	238	0
Community College of Baltimore County	323	1,000	0	376
Carroll Community College	0	1,000	238	0
Cecil College	323	1,000	0	376
Frederick Community College	0	1,000	238	0
Garrett College	0	1,000	238	0
Harford Community College	0	1,000	238	0
Howard Community College	0	1,000	238	0
Montgomery College	323	1,000	0	376
Prince George’s Community College	323	1,000	0	376
Hagerstown Community College	0	1,000	238	0

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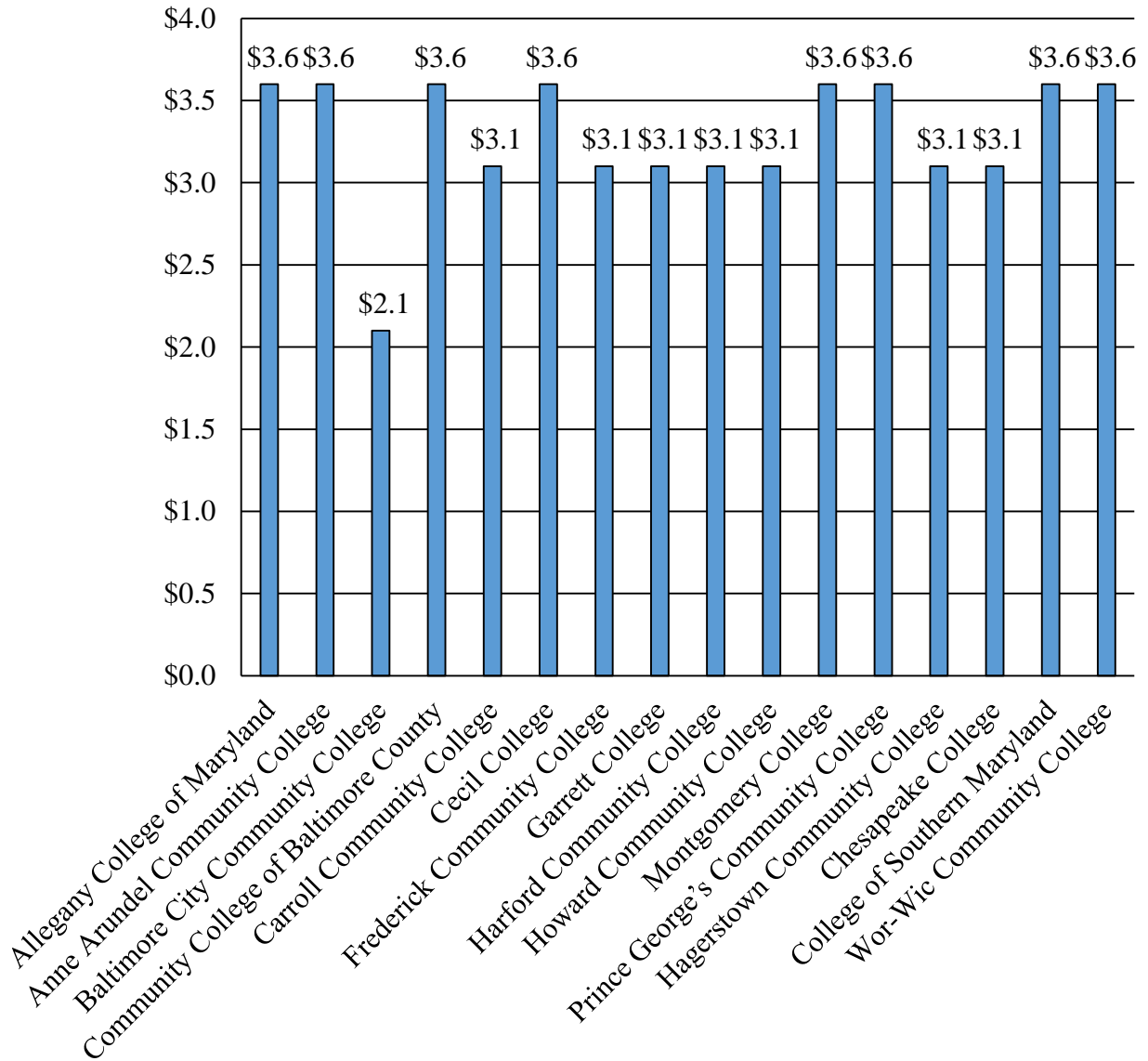
<u>Community College</u>	<u>Award 2024</u>	<u>Supplemental Award 2024</u>	<u>Award 2025</u>	<u>Award 2026</u>
Chesapeake College	0	1,000	238	0
College of Southern Maryland	323	1,000	0	376
Wor-Wic Community College	323	1,000	0	376
Total	\$2,587	\$15,000	\$1,903	\$3,011

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 2026 proposed funding, BCCC will have received \$30.7 million in total over the five-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 nonconsecutive years.

Source: Department of Budget and Management

Exhibit 5 shows the total funding provided by the CCFRGP per college over the history of the program, including supplemental funding amounts. Including the fiscal 2026 proposed funding, the CCFRGP has provided a total of \$52.6 million in State funds to all 16 Maryland community colleges since fiscal 2020.

Exhibit 5
Community College Facilities Renewal Grant Program Total Funding
by Community College
Fiscal 2020-2026
(\$ in Millions)



Source: Department of Budget and Management