



# Maryland

DEPARTMENT OF BUDGET  
AND MANAGEMENT

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## **HOUSE BILL 1290 Education - Public School Construction - Funding and Administration (McIntosh)**

### **STATEMENT OF INFORMATION**

**DATE: March 1, 2022**

**COMMITTEE: House Appropriations**

**SUMMARY OF BILL:** HB 1290, in part, increases the State's share of school construction funding under certain circumstances; enhances facility inspections and prevents facility assessment data from being used in funding decisions before FY 2027; mandates General Fund appropriations in the amount of \$50 million in FY 2023, \$20 million in FY 2024, and \$10 million in FY 2025 and FY 2026 to the School Construction Revolving Loan Fund and adds the State share as a permissible use of forward funding; provides local governments a five year repayment requirement that can be waived by the Interagency Commission; extends the Healthy School Facility Fund mandated appropriation in the amount of \$40 million from FY 2024 to FY 2026; repeals the \$40 million mandated appropriation for the Public Schools Facilities Priority Fund in FY 2025 and FY 2026; and expresses legislative intent that beginning FY 2023, school construction funding is to be at least \$400 million.

**EXPLANATION:** The Department of Budget and Management's Office of Capital Budget is responsible for preparing the annual Capital Budget bill and develops the Five-Year Capital Improvements Program (CIP).

The **School Construction Revolving Loan Fund** is currently funded in the Capital Budget, rather than in the operating budget as proposed in the legislation, and includes:

- FY 2023 \$40 million (GF PAYGO)
- FY 2024 \$10 million (GO Bonds)
- FY 2025 \$20 million (GO Bonds)

The legislation provides aggregate funding in the amount of \$90 million in FY 2023 - FY 2026 vs. the current aggregate funding of \$70 million in FY 2023 - FY 2025 and shifts the funding to the General Fund. The bill proposes enabling counties to use this Fund to forward fund the State share of projects, which alters the original intent of the Fund. The Fund is designed to prevent school construction delays in counties that cannot afford the local share of a school construction project in a given year, thereby forward funding those projects.

The **Healthy School Facility Fund** is funded in the Capital Budget in the amounts of \$50 million in FY 2023 and \$40 million in FY 2024. The legislation provides aggregate funding in the amount of \$80 million in FY 2025 - FY 2026 vs. no anticipated funding in the CIP for FY 2025 - FY 2026. It is important to note that the \$40 million mandated appropriation for the *Public Schools Facilities Priority Fund* in FY 2025 and FY 2026 is repealed, thereby having no net impact on the CIP.

While there is minimal fiscal impact of the legislation's funding mandates, the mandated appropriations limit the flexibility of directing funding where it is most needed in any given year.

In addition, increasing the state share of certain school construction projects could incentivize counties to contribute less funding for school construction. The current school construction cost-share formula is updated biannually, rather than codified in statute as the legislation proposes.

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