

HB458_PGCEX_FAV.pdf

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THE PRINCE GEORGE'S COUNTY GOVERNMENT

OFFICE OF THE COUNTY EXECUTIVE

BILL: House Bill 458 – Public School Construction - Programs, Approvals, and Administration - Alterations

SPONSOR: Delegate Lewis, *et al.*

HEARING DATE: March 28, 2023

COMMITTEE: Budget and Taxation

CONTACT: Intergovernmental Affairs Office, 301-780-8411

POSITION: SUPPORT

The Office of the Prince George's County Executive **SUPPORTS House Bill 458 – Public School Construction - Programs, Approvals, and Administration - Alterations**, which makes the Interagency Commission on School Construction (IAC) an independent unit of State government and makes changes to secure the public-private partnership Prince George's County is using for school construction.

HB 458 was amended in the House to strengthen the public private partnership being used by Prince George's County for the school construction funding mandating by the Built to Learn Act. **HB 458** removes the County as a required signatory with Prince George's County Public Schools ("PGCPS") to enter into the public-private partnership agreement with the selected developer. If required to be a signatory for the public-private partnership agreement with the selected developer, the County runs the risk of jeopardizing its future bond capacity and bond rating, possibly hindering future County initiatives. For example, the anticipated cost of Blueprint Schools Phase II is ~\$625M. At financial close of this transaction, if the County is a signatory to the agreement, the County would have to recognize the full \$625M as debt on its balance sheet as an outstanding obligation, even though the County is not responsible for satisfying the obligation, PGCPS is. The Blueprint Schools Phase I Project Agreement only has Prince George's County Public Schools as the signatory, as they conducted the procurement and are directly managing the implementation of the Program. Further, it was structured that way to ensure that the debt incurred from the program did not impair the County's bond limit or rating. As a party to the required four-party Memorandum of Understanding set forth under the 2022 Authority -- which will lay out the roles and responsibilities of the Parties, the County will exercise, and ensure, the requisite oversight of the Program.

HB 458 also clarifies the Legislature's intent of providing support of \$25M/year for 30 years to the Blueprint Schools Phase II Program. Having a fixed amount of State contributions is necessary to enable PGCPS to appropriately plan and scope the project, thus ensuring maximum value to the County, by eliminating any potential funding risk that a developer could build into its proposal pricing. It is unlikely that PGCPS or the County would have sufficient excess funding to cover any unexpected shortfall in State funds on an annual basis, such that it is likely that PGCPS would be unable to proceed with this project.

In addition, HB 458 directs State funds for the partnership to the school board rather than to the developer. This follows the funding flow PGCPS receives from the State for other school construction projects. In these projects, PGCPS contracts with a third party and pays that third party in accordance with its agreement with PGCPS regardless of the source of payment. As PGCPS will be the party actively monitoring and administering the project, it is most appropriate for PGCPS to be the entity that also delivers payments to the developer in accordance with the terms and conditions of the public-private partnership agreement. To the extent the State remains involved as the payer to the developer, developers may request to have privity with the State. This will raise similar concerns as described above with respect to the County's potential execution of the public-private partnership agreement (i.e. the State could have to recognize the full \$625M as debt on its balance sheet as an outstanding obligation, even though it is not responsible for satisfying the obligation, PGCPS is.)

For the reasons stated above, the Office of the Prince George's County Executive **SUPPORTS House Bill 458** and asks for a **FAVORABLE** report.

HB458---Senate Oral Testimony.pdf

Uploaded by: Delegate Jazz Lewis

Position: FAV

JAZZ LEWIS
Legislative District 24
Prince George's County

MAJORITY WHIP

Appropriations Committee



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THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

Oral Testimony of Jazz Lewis
HB458– Public School Construction – Grant Programs, Approvals, and
Administration – Alterations
Before the Budget and Taxation Committee

Chair Guzzone and members of the Budget and Taxation Committee,

I am here to present House Bill 458 the House crossfile of Senate Bill 360.

To start, this bill will bring the Interagency Commission on School Construction out of the Department of Education and will make it an independent unit of state government. This reflects the intent of the Built to Learn Act but wasn't included in statute. This move will help us streamline the Commission's work. Both the House and Senate bills also offer a number of technical changes to help in the Commission's work.

The House bill does have a number of amendments currently not included in the Senate version of the bill. These particularly relate to Prince George's County's P3 agreement on school construction. These amendments clarify that any debt associated with the P3 agreement is owed by the School Board, limiting any impacts this debt might have on the County's bonding authority. The House bill also raises the state's yearly contribution to the Prince George's County Public-Private Partnership Fund from \$25 million to \$27 million. These amendments also shift the evaluation of using alternative energy systems in schools from being conducted by the Commission and the Maryland Stadium Authority to the local jurisdiction's Board of Education. There are also a number of technical changes included within these amendments.

This bill, alongside the accompanying amendments from the House will help us streamline and improve our state's process for school construction.

For these reasons, I urge a favorable report.

HB 458 Crossover_ Public School Construction – Gra

Uploaded by: Alexa Thomas

Position: FWA



PSSAM
Public School Superintendents' Association
OF MARYLAND

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BILL: HB 458

TITLE: Public School Construction – Grant Programs, Approvals, and Administration – Alterations

DATE: March 28, 2023

POSITION: Support with Amendments

COMMITTEE: Budget and Taxation

CONTACT: Mary Pat Fannon, Executive Director, PSSAM

The Public School Superintendents' Association of Maryland (PSSAM), on behalf of all twenty-four local school superintendents, **supports** House Bill 458 **with amendments**.

This bill makes the Interagency Commission on School Construction (IAC) an independent unit of State government and allows appointed members of IAC to be removed by their appointing authority. The legislation also repeals the School Safety Grant Program (SSGP) and the Aging Schools Program (ASP) beginning in fiscal 2027. The bill raises the cost thresholds for specified actions related to school construction that must be approved by the State Superintendent. Finally, it makes other technical and procedural changes related to the approval and funding of school construction projects in the State, including clarification that approval from the Board of Public Works is not needed for grants disbursed through the Significant Enrollment Growth or Relocatable Classrooms programs.

PSSAM supports the IAC's reorganization as an independent unit of the State, rather than a Commission under the Maryland State Department of Education. The proponents of this bill cite the current Superintendent's support of this initiative, as it will result in the IAC operating more quickly and efficiently, especially with their human resources personnel.

As amended by the House, the bill contains a new provision that shifts responsibility for a one-time life cycle evaluation of alternative energy systems by the IAC or the Maryland Stadium Authority to local boards of education for each new construction or major renovation project.

Such analysis can be done, however, the new provisions require the local board to conduct this evaluation during the design development phase, after which, if the board determines no alternative energy systems are appropriate, the bill would also require the local board of education to report to the IAC why alternative energy systems were not appropriate for that project. The timing of this evaluation and report would be problematic. Therefore, PSSAM suggests an amendment to indicate this would be done no later than design development or indicate that the IAC cannot delay approval of a project based on the completion of the evaluation and submission of this report. This would give local systems greater flexibility in their project timelines.

Additionally, PSSAM seeks an amendment that either retains the two terminated programs - ASP and SSGP, or, includes binding language that the current appropriations for these programs are shifted in total to the new Nancy K. Kopp Public School Facilities Priority Fund and used primarily for the targeted projects in these two programs. The fiscal note assumes these funds would continue, but also acknowledge that there is no guarantee, and the State expenditures could decrease by \$10.0 million in general funds (for SSGP) and \$6.1 million in general obligation bond funds (for ASP) beginning in fiscal 2027.

PSSAM's preference would be to retain these as separate programs and not consolidate them into the larger Fund where it may be more difficult for smaller systems to access the funding due to larger systems with more "high-priority school construction projects."

For these reasons, PSSAM **supports** House Bill 458 **with the amendments proposed above**, and urges a favorable report.

HB458 - Public School Construction Programs, Appro

Uploaded by: Dawana Sterrette

Position: FWA

BALTIMORE CITY PUBLIC SCHOOLS

Brandon M. Scott
Mayor, City of Baltimore

Jhnette A. Richardson
Chair, Baltimore City Board
of School Commissioners

Dr. Sonja Brookins Santelises
Chief Executive Officer

**Testimony of the
Baltimore City Board of School Commissioners
Support with Amendments
House Bill 458 –
Public School Construction, Approvals, and Administration – Alterations**

March 28, 2023

The Baltimore City Board of School Commissioners support with amendments House Bill 458. This legislation is concerning because it repeals the Aging Schools Program and the School Safety Grant program. Each of those programs is extremely helpful to Baltimore City Public Schools.

While each of the programs is to be folded into the larger Nancy Kopp Public School Facilities Priority Fund beginning in FY 2027, the concern arises because the funding for both programs will now be required to have a match. While the Board can understand the IAC's desire to not have to administer such small programs, these small non-matching fund programs is important to a district like Baltimore City.

Everyone acknowledges the funding a facility challenges in the Baltimore City Public School System (BCPSS.) The BCPSS uses the Aging Schools Program dollars to renovate schools that would not ordinarily meet the strict requirements of the Capital Improvement Program (CIP) and are smaller than the larger projects in the CIP, but are just as important. The School Safety Grant program allows the school district to fund for lockable doors, surveillance equipment, monitoring equipment, etc.. The Board cannot stress how important these additional dollars are to an urban school district.

Because of the tremendous need in Baltimore City, the children of BCPSS know what it is like to attend school in buildings lacking air conditioning on hot summer days, but yet are expected to take the same test as their counterparts are taking in the comfort of air conditioning. They know about drinking bottled water rather than water from the hallway fountains because of health concerns. They know about having windows so old that you can no longer see through them or insufficient locks to aid in security.

For the foregoing reasons, the Baltimore City Board of School Commissioners supports with amendments House Bill 458.

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HB0458 Howard Co BOE Testimony 032823 for B&T - Co

Uploaded by: Staff Howard County

Position: FWA



**Board of Education of Howard County
Testimony Submitted to the Maryland Senate,
Budget and Taxation Committee
March 28, 2023**

**Board of Education
of Howard County**

**HB0458: FAVORABLE W/AMENDMENTS
Public School Construction - Programs, Approvals, and Administration –
Alterations**

Antonia Watts, *Chair*

Yun Lu, Ph.D., *Vice Chair*

Linfeng Chen, Ph.D.

Jennifer Swickard Mallo

Jacky McCoy

Jolene Mosley

Abisola Ayoola
Student Member

Michael J. Martirano, Ed.D.
*Superintendent
Secretary/Treasurer*

The Board of Education of Howard County (the Board) supports **HB0458 Public School Construction - Programs, Approvals, and Administration – Alterations** with amendments to reinstate grant funding and allow for flexibility in completing life cycle cost analyses.

HB0458 would make the Interagency Commission on School Construction (IAC) an independent State agency instead of an entity under the authority of the Maryland State Department of Education. The bill additionally makes changes to the process by which appointed members may be removed. The IAC is currently made up of nine members, including three ex officio members and six public members, with two each appointed by the Governor, the Speaker of the House, and the President of the Senate. The bill also codifies clarification that the Board of Public Works does not approve grants awarded by IAC.

Related to existing provisions that govern the authority and duties of the State Superintendent, HB0458 authorizes the State Superintendent's designee (in addition to the Superintendent) to approve school site or building purchases, construction activities, and contracts for school construction projects. The bill, as amended by both the House and the Senate, also increases the threshold for costs that must be approved, including for the remodeling of a school building if costs are more than \$1 million (up from \$350,000) and a change order for the remodeling, restoration, or construction of a school building if costs are more than \$50,000 (up from \$25,000).

Howard County Public School System's (HCPSS) Operations staff believes the above portions of the bill related to the governance and authority by the State would not have a direct impact on the operations of the IAC and the broader Public School Construction Program. The remaining section of the bill does, however, concern staff.

Specifically, HB0458 repeals the School Safety Grant Program (SSGP) and the Aging Schools Program (ASP) beginning in fiscal 2027. HCPSS has been allocated \$509,000 from the SSGP for the current year, which has been used for physical security items. Although a small portion of the HCPSS Capital Budget, the ASP annually allots Howard County \$87,776 that has typically been used to replace a playground at an elementary school.

Board of Education of Howard County
Testimony Submitted to the Budget and Taxation Committee
March 28, 2023

As a legislative platform, the Board supports adequate facility investments to ensure HCPSS can maintain safe and efficient physical spaces that are conducive to learning and close the gap in the total cost of facility ownership needs of the school system. For the 2023 session, the Board asked elected officials to consider the impact of the local match required for much of the capital funds received from the State. SSGP and ASP are two funding programs that don't require a local match and thus are instrumental in allowing local school systems to complete small but meaningful projects. The Board recommends the repeal of the SSGP and ASP be removed from HB0458 should the legislature find it prudent to make the above governance changes to the IAC.

As amended by the House, HB0458 contains a new provision that shifts responsibility for a one-time life cycle evaluation of alternative energy systems by the IAC or the Maryland Stadium Authority to local boards of education for each new construction or major renovation project. Such analysis can be done, however the new provisions require the local board to conduct this evaluation *during* the design development phase, after which, if the board determines no alternative energy systems are appropriate, the bill would also require the local board of education to report to the IAC why alternative energy systems were not appropriate for that project. The timing of this evaluation and report would be problematic, thus the Board recommends an amendment to indicate this would be done no later than design development or indicate the IAC cannot delay approval of a project based on the completion of the evaluation and submission of this report to give school systems greater flexibility.

With the above amendments, we urge a FAVORABLE report of HB0458 from this Committee.