

SB1186 Howard Co BOE Testimony 032624 for B&T - Ho

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of Howard County**

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**Board of Education of Howard County
Testimony Submitted to the Maryland Senate,
Budget and Taxation Committee
March 26, 2024**

SB1186: FAVORABLE WITH AMENDMENTS

**Howard County Task Force to Study Revenue Options for School Capital Needs
Ho. Co. 18-24**

The Board of Education of Howard County (the Board) supports **SB1186 Howard County Task Force to Study Revenue Options for School Capital Needs Ho. Co. 18-24** with amendments to clarify the intent of additional revenue identified.

SB1186 as presented today by the Howard County Delegation establishes a Task Force that would: identify the capital needs of the school system, including deferred maintenance, through 2035; project available funding to be allocated through 2035; identify funding gaps based on revenue projections; and study options to close identified funding gaps, including the redistribution of the transfer tax, the use of a commercial excise tax, and other existing revenue authority of the County. This melds several topics the Board has supported over the past few legislative sessions to address capital funding needs of the Howard County Public School System (HCPSS).

In planning for capital needs, the HCPSS capital budget sets an expectation with the projects listed that attempt to capitalize on available funding. There is limited opportunity within the current framework and available funds however, to insert new projects based on new residential developments. While the 2023 HCPSS Feasibility Study indicates the annual rate of enrollment growth is expected to lessen compared to prior projections, due to years of underfunded capital needs, HCPSS capacity has not kept pace with the historically steady growth in student populations in Howard County. This is in addition to aging infrastructure that creates significant demands for facilities maintenance funding.

In 2019 and 2020, legislation passed by the Howard County Delegation increased funding for capital projects of the school system through the school facility surcharge and the county's transfer tax rate, of which 25 percent of any increase would be distributed to HCPSS. In order to maintain an expected high-level of educational services from the school system, however, more needs to be done to mitigate the impact of past and future development on school capacity as well as the overall lifecycle of facility maintenance. Further study of options to produce supplemental capital funding for expected capacity increases as well as existing infrastructure needs as proposed under SB1186 would allow stakeholders to propose a sensible reallocation in the transfer tax as well as additional funding opportunities to support school buildings while balancing other Howard County capital needs.

To further strengthen the intent of the bill, the Board recommends the inclusion of language requiring any additional funds identified by the Task Force not be used to supplant school system funding already received from the County. With this amendment, we urge a FAVORABLE report of SB1186 from this Committee.

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Testimony

**SB1186 – Howard County Task Force to Study Revenue Options for School Capital Needs Ho. Co. 18-24
Budget & Taxation Committee
March 26th, 2024**

Informational Only

Thank you, Chairman Guzzone, Vice-Chair Rosapepe, and members of the Budget & Taxation Committee for the opportunity for AFSCME Council 3 to submit informal testimony on SB1186, legislation to create a task force to study revenue options for school capital needs in Howard County.

SB1186 looks to create a task force in Howard County to study revenue options for school construction needs by:

- Identifying the capital needs, including deferred maintenance, of HCPS through 2035;
- Determining the projected funding expected to be allocated to HCPS capital projects through 2035.
- Identify the anticipated funding gaps for HCPS capital projections under current revenue projections through 2035.
Study options for closing any identified funding gaps for HCPS capital projects under current revenue projections through 2035, including (1) allocating a higher percentage of revenue from the transfer tax to HCPS capital projects; (2) enacting a commercial excise tax; (3) exercising existing authority that Howard County may use to generate additional revenue; and (4) any other potential revenue sources the task force determines appropriate.

While we understand that the legislation being introduced does not but could include a discussion concerning pursuing Public-private partnerships (PPPs), we believe the task force should consider a few key components: The public should retain control over decisions regarding transportation planning and management, the public must receive a fair value so future revenues won't be sold off at a discount, no deal should last longer than 30 years because of uncertainty over future conditions, and contracts should require state-of-the-art maintenance and safety standards instead of statewide minimum. These steps will ensure taxpayer transparency and make it clear that under no circumstances should a PPPs also include the continued operation and maintenance of the facility. The committee should also include a labor voice as a part of the workgroup which could only strengthen the conversation.

Lastly, we believe that Public-private partnership agreements should include Labor Peace Agreements (PLAs). PLAs ensure the timely completion of projects at or under budget, provide employers with reliable sources of highly skilled workers increase diversity and support workforce development, and improve worker health and safety on the job. PLAs sometimes include provisions for training and apprenticeships that increase career opportunities for low-income communities.

Public-private partnerships (PPPs) have gained popularity as a means of financing and managing infrastructure projects. However, when it comes to K-12 school constructions, the adoption of this model raises significant concerns. Before we move forward further with these types of collaborations we should if this is the route to address school infrastructure needs in Maryland.

