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BILL: HB 1436

TITLE: Public School Construction - Projections and Funding - Inflationary
Adjustments

DATE: March 5, 2025

POSITION: Favorable

COMMITTEE: House Appropriations Committee

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The Public School Superintendents' Association of Maryland (PSSAM), on behalf of all twenty-four Maryland local school superintendents, **supports** House Bill 1436.

This bill amends uncoded language in Chapter 32 of 2022 as amended by Chapter 354 of 2024 to require that the State's goal for public school construction spending be recalculated with an inflationary adjustment that uses a cost of construction inflation index. The Interagency Commission on School Construction (IAC) must include an inflationary adjustment using a cost of construction inflation index in its projections of school capital improvement needs for the Capital Debt Affordability Committee. Finally, IAC must provide its projections of school capital improvement needs to the Governor for consideration when setting the annual allocation of school construction funds in the capital budget.

PSSAM strongly supports this requirement, as recalculating public school construction costs with an inflationary adjustment based on the construction cost inflation index ensures more accurate planning and resource allocation for local school systems. Without accounting for inflation, rising material and labor costs can reduce purchasing power, potentially leaving projects underfunded and unable to meet the original goals or cover increasing expenses.

Construction inflation is influenced by several factors, including labor availability, material costs, and regional economic conditions. Between 2018 and 2024, the cost of school construction across the country has risen significantly, placing increased financial pressure on school districts and state budgets. An important measure of these cost increases is the [Producer Price Index \(PPI\)](#) for New School Building Construction, tracked by the U.S. Bureau of Labor Statistics. According to the latest data, the PPI rose from 157.5 in January 2018 to 224.7 in January 2024—a 42.7% increase over six years. This rise underscores the growing challenges in funding and completing school construction projects.

In supporting the requirement that public school construction spending be recalculated with an inflationary adjustment, PSSAM advocates for a more accurate funding model that reflects the reality of rising school construction costs.

For these reasons, PSSAM **supports** Senate Bill 1436 and requests a **favorable** report.