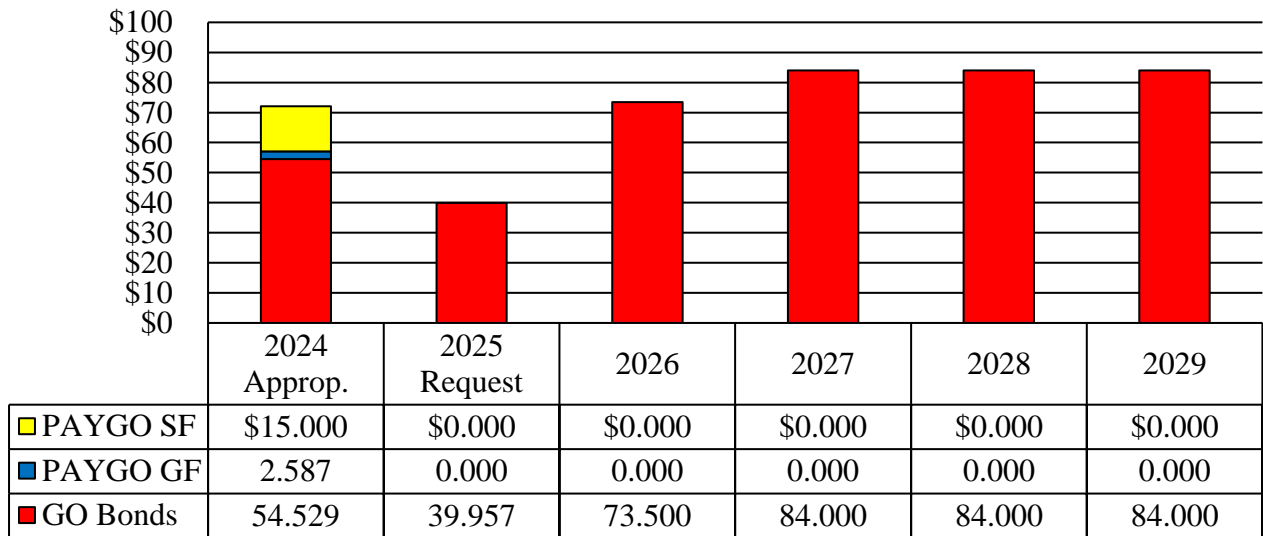
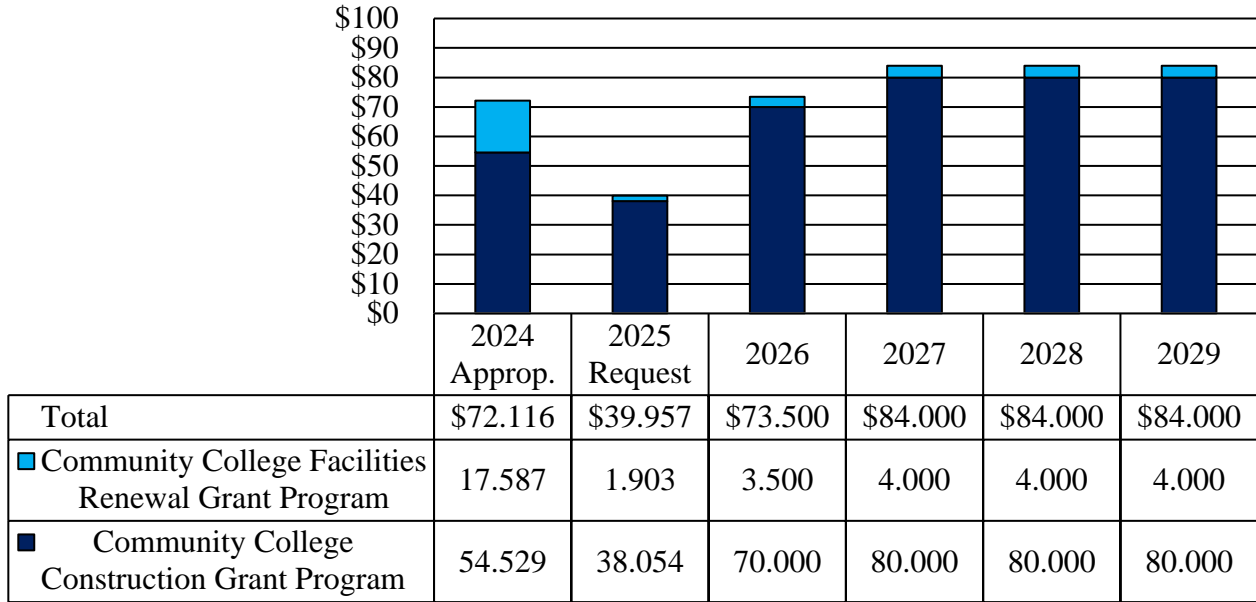


RI00
Maryland Higher Education Commission – Capital

Capital Budget Summary

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



GF: general funds
GO: general obligation

PAYGO: pay-as-you-go
SF: special funds

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Key Observations

- ***Community College Construction Grant Program (CCCGP):*** The fiscal 2025 capital budget includes \$38.1 million to support nine projects at seven community colleges. This level of funding is \$16.5 million lower than the fiscal 2024 appropriation, \$41.9 million lower than the annual planned amount for this program (\$80 million), and the lowest funding level for the program in recent fiscal years.
- ***Community College Facilities Renewal Grant Program (CCFRGP):*** The fiscal 2025 capital budget includes \$1.9 million to support the program, which provides equal grants of \$238,000 to eight community colleges. This level of funding is \$684,000 less than the formula funding portion of funds authorized in fiscal 2024 and \$2.1 million less than the annual planned amount for this program (\$4 million).

GO Bond Recommended Actions

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

Budget Overview of Grant and Loan Programs

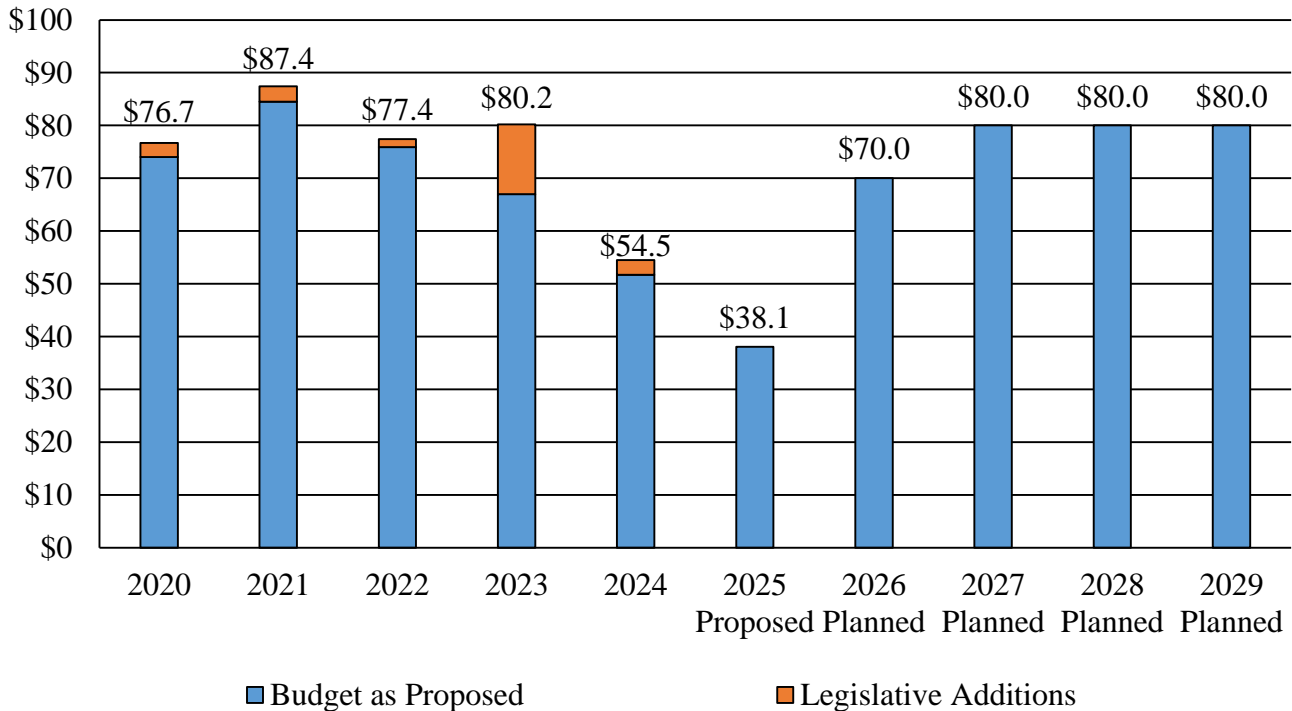
Community College Construction Grant Program

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.

Exhibit 1 shows the total annual program funding levels, including the prior appropriations since fiscal 2020 and the planned program funding through fiscal 2029. 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 2025 allowance is \$49.1 million less than the \$80 million annual planned program funding level, \$16.4 million less than the fiscal 2024 appropriation for the program, and the lowest funding level for the program in recent fiscal years. The peak funding level for this period was \$87.3 million in fiscal 2021. **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
CCCGP Annual Funding Levels
Fiscal 2020-2029 Planned
(\$ in Millions)

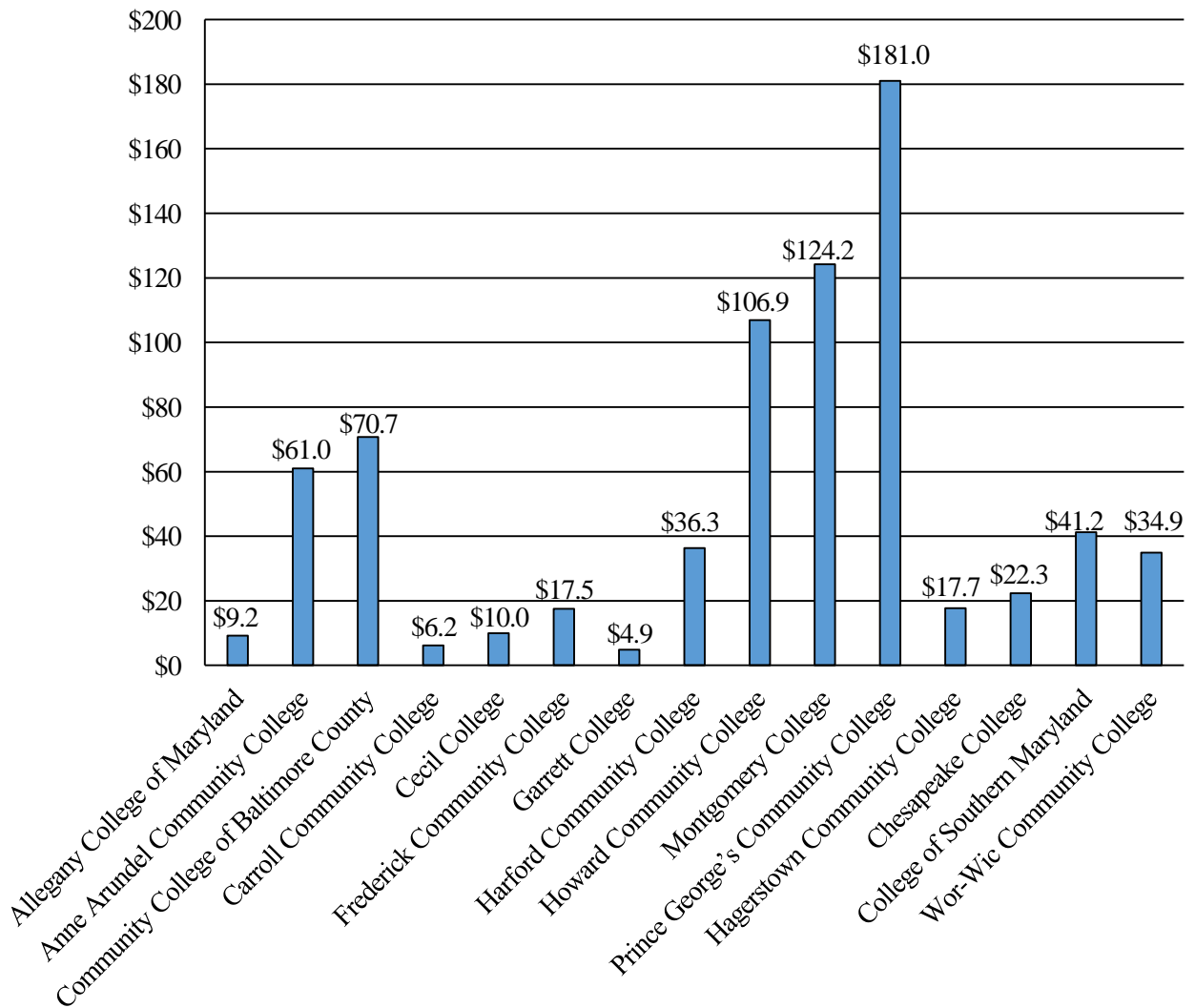


CCCGP: Community College Construction Grant Program

Source: Department of Budget and Management

Exhibit 2 shows the funding history by college for the CCCGP from fiscal 2015 through the 2025 planned amounts. A total of \$744.0 million has been allocated through the program during this time, of which the largest share, \$181.0 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
CCCGP Funding by Community College
Fiscal 2015-2025
(\$ in Millions)



Source: Department of Budget and Management

RI00 – Maryland Higher Education Commission – Capital

The fiscal 2025 capital budget provides \$38.1 million to fund nine projects at seven community colleges. The total fiscal 2025 cost of these projects is \$40.1 million; however, MHEC intends to utilize \$2 million in CCCGP surplus fund balance in addition to the \$38.1 million in general obligation (GO) bond authorization. Six projects received previous State funding authorizations in prior fiscal years, while three projects are new projects receiving State funding for the first time. The fiscal 2025 program funding level is \$16.4 million less than the amount provided in fiscal 2024 and is reflective of the reported monthly cash flow expenditures and project schedules for the individual projects receiving funding. A summary of the proposed fiscal 2025 projects is presented in **Exhibit 3**.

- **Planned Preauthorization for Fiscal 2026:** The fiscal 2025 capital budget bill includes an \$11.9 million GO bond preauthorization for fiscal 2026 for the Howard Community College – New Workforce Development and Trades Center. Preauthorizations are included for the estimated balance of the State construction share for projects where the construction schedules extend beyond fiscal 2025. This ensures that sufficient funds are budgeted, whether authorized or preauthorized, when the local government is ready to award a construction contract.

**Exhibit 3
CCCGP Proposed Projects
Fiscal 2025
(\$ in Millions)**

<u>Project</u>	<u>Total Cost</u>	<u>Prior Auth.</u>	<u>2025 Request</u>	<u>Future Request</u>	<u>Total Share</u>
<p>Anne Arundel Community College – Dragun Building Renovation: 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 the Department of Budget and Management (DBM), and the project’s design is projected to begin in February 2025.</p>	\$57.565	\$0.000	\$0.759	\$28.024	50%

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<u>Project</u>	<u>Total Cost</u>	<u>Prior Auth.</u>	<u>2025 Request</u>	<u>Future Request</u>	<u>Total Share</u>
<p>Anne Arundel Community College – Florestano Building Renovation: 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. Design began in January 2024 and is projected to conclude in January 2025, allowing for construction to begin in June 2025. The current project schedule represents a six-month delay from last year’s estimate, and the total estimated project cost has increased by approximately \$840,000.</p>	18.840	0.720	1.050	7.650	50%
<p>Community College of Baltimore County – Essex-Primary Switchgear and Distribution Replacement: 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, and the project’s design is projected to begin in September 2024.</p>	11.015	0.000	0.522	5.360	53%

RI00 – Maryland Higher Education Commission – Capital

<u>Project</u>	<u>Total Cost</u>	<u>Prior Auth.</u>	<u>2025 Request</u>	<u>Future Request</u>	<u>Total Share</u>
<p>Community College of Baltimore County – Multiple Building Roof Membrane Replacement: Replace or repair roofs of six buildings at the college’s Catonsville, Dundalk, and Essex campuses to address water infiltration issues. The project is divided into three phases, the first of which was funded in fiscal 2024 and includes the roof replacement of one building located on the Dundalk campus. The fiscal 2025 allowance provides funding for the design and construction of the second phase of the project, which will include replacement of the roof membrane of one building on the Catonsville campus and three buildings on the Essex campus. Design for the second phase of the project will begin in July 2024. Although a portion of the construction schedule for phase two extends into fiscal 2026, the entirety of funding under the State’s commitment to this project for phase two is provided in fiscal 2025. The third phase of the project is planned for fiscal 2028 and 2029.</p>	5.261	0.481	0.681	1.590	52%
<p>Harford Community College – Chesapeake Welcome Center Renovation and Addition: Renovate and expand the existing Chesapeake Center building to repurpose it as the new Chesapeake Welcome Center. The new facility will house enrollment services, dining services, performing arts space, conference space, and a visitor’s center. The project will upgrade and replace building systems, reconfigure and resize space, address code deficiencies, incorporate energy efficient design features, and address life safety issues. Construction began in October 2023 and is projected to be complete in April 2025. Although the current schedule represents a four-month delay from last year’s estimate, the total project cost has decreased by \$2.7 million.</p>	49.308	17.244	8.890	0.000	53%

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<u>Project</u>	<u>Total Cost</u>	<u>Prior Auth.</u>	<u>2025 Request</u>	<u>Future Request</u>	<u>Total Share</u>
<p>Howard Community College – New Workforce Development and Trades Center: 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 the facilities 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 began in August 2023 using non-State funding. Design is projected to conclude in October 2024 and construction is projected to begin in January 2025. The fiscal 2025 budget request includes reimbursement for the State’s share of fiscal 2024 design costs.</p>	45.250	0.000	8.609	14.016	50%
<p>Montgomery College – New Germantown Student Services Center: 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 is projected to begin in March 2024, and construction is projected to begin in September 2025.</p>	137.900	2.000	1.836	65.114	50%

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<u>Project</u>	<u>Total Cost</u>	<u>Prior Auth.</u>	<u>2025 Request</u>	<u>Future Request</u>	<u>Total Share</u>
<p>Prince George’s Community College – Marlboro Hall Renovation and Addition: 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 April 2025. The project schedule represents a four-month delay compared to last year’s estimate due to ongoing supply chain issues; however, total project cost has not changed.</p>	164.409	82.551	17.411	0.000	61%
<p>Hagerstown Community College – Advanced Technology Center Renovation: 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 replacement of several building systems including plumbing, HVAC, fire alarm, telecommunications, lighting, electrical, roof, and windows. Project design is projected to begin in April 2024, and construction is projected to begin in July 2025.</p>	14.703	0.294	0.296	9.011	65%
Use of CCCGP Balance/Surplus			-\$2.000		
Total	\$504.251	\$103.290	\$38.054	\$130.765	

CCCGP: Community College Construction Grant Program

Source: Department of Budget and Management

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 (BCCC), 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.

Fund Sources:						
(\$ in Millions)	2024 Approp.	2025 Request	2026	2027	2028	2029
GO Bonds	\$0.000	\$1.903	\$3.500	\$4.000	\$4.000	\$4.000
GF	2.587	0.000	0.000	0.000	0.000	0.000
SF	15.000	0.000	0.000	0.000	0.000	0.000
Total	\$17.587	\$1.903	\$3.500	\$4.000	\$4.000	\$4.000

The fiscal 2025 capital budget includes \$1.903 million in GO bonds for the CCFRGP. This funding level represents 5% of the \$38.054 million in funding allocated to the CCCGP as mandated in statute. Based on the formula, the budget provides \$684,000 less than the formula funding portion of funds authorized in fiscal 2024 (\$2.587 million). In fiscal 2026, a funding level of \$3.5 million is planned based on a planned CCCGP funding level of \$70 million. In fiscal 2027 through 2029, a \$4.0 million annual funding level is planned based on the annual planned CCCGP funding level of \$80 million.

- **Allocation:** The fiscal 2025 allowance for the CCFRGP provides equal sized grants of \$238,000 to eight community colleges, supported through GO bond funding. In comparison, grants of \$323,000 were allocated in fiscal 2024 and \$419,000 in fiscal 2023, under the mandated portion of program funding. In both years, supplemental program funding of \$15 million was available, which was provided to colleges in addition to the mandated portion of the program funding. In fiscal 2024, \$15 million in special funds from the Fiscal Responsibility Fund was divided equally among all 15 locally governed community colleges, while in fiscal 2023, \$15 million in general funds from the Dedicated Purpose Account was allocated equally among all 16 Maryland community colleges (including BCCC, which is State-owned). The CCFRGP allocations to each community college in fiscal 2023 through 2025 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 2023-2025
(\$ in Thousands)

<u>Community College</u>	<u>Award</u> <u>2023</u>	<u>Supplemental</u> <u>Award 2023</u>	<u>Award</u> <u>2024</u>	<u>Supplemental</u> <u>Award 2024</u>	<u>Award</u> <u>2025</u>
Allegany College of Maryland	\$0	\$938	\$323	\$1,000	\$0
Anne Arundel Community College	0	938	323	1,000	0
Baltimore City Community College	419	938	0	-	238
Community College of Baltimore County	0	938	323	1,000	0
Carroll Community College	419	938	0	1,000	238
Cecil College	0	938	323	1,000	0
Frederick Community College	419	938	0	1,000	238
Garrett College	419	938	0	1,000	238
Harford Community College	419	938	0	1,000	238
Howard Community College	419	938	0	1,000	238
Montgomery College	0	938	323	1,000	0
Prince George’s Community College	0	938	323	1,000	0
Hagerstown Community College	419	938	0	1,000	238
Chesapeake College	419	938	0	1,000	238
College of Southern Maryland	0	938	323	1,000	0
Wor-Wic Community College	0	938	323	1,000	0
Total	\$3,352	\$15,000	\$2,587	\$15,000	\$1,903

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 2025 proposed funding, BCCC will have received \$26.7 million in total over the four-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.

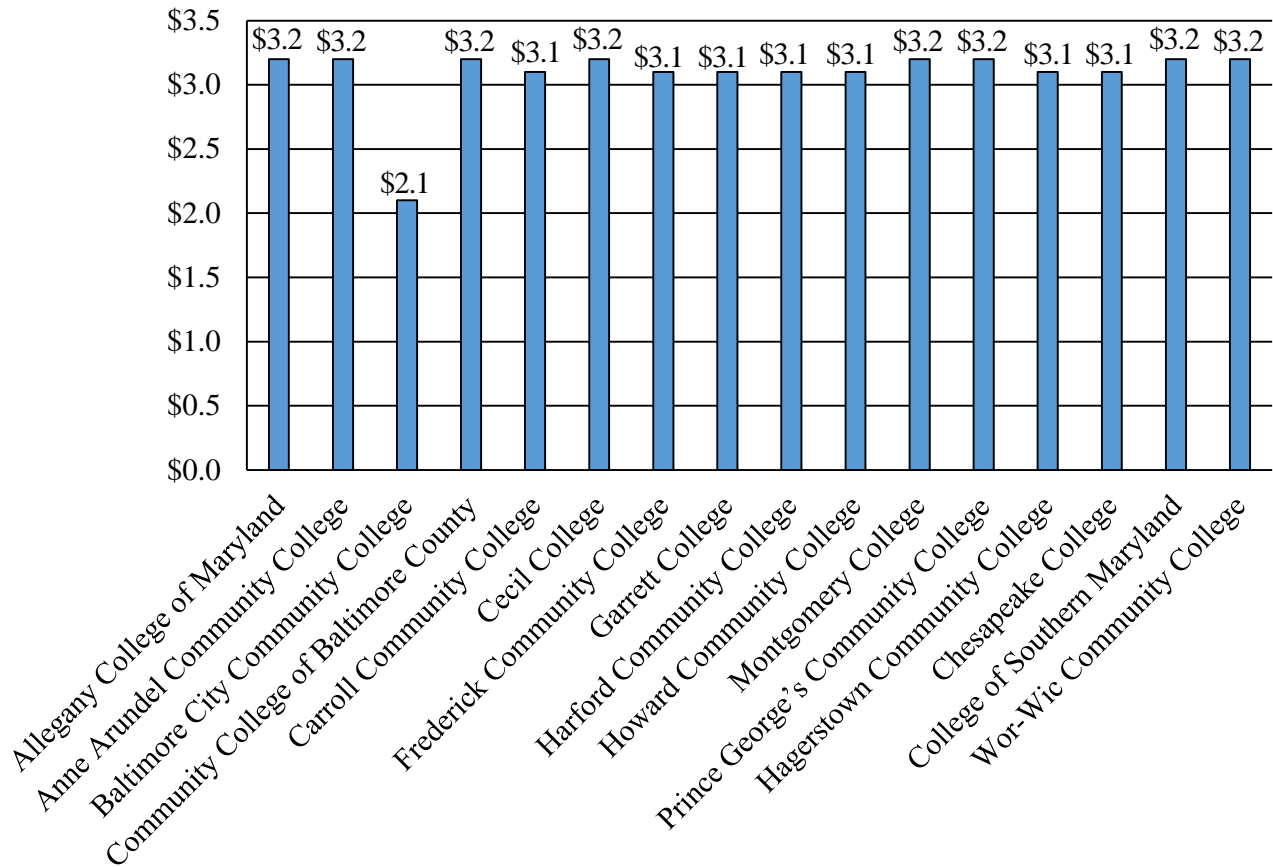
Source: Department of Budget and Management

- **Concerns:** The mandated program funding amount of \$1.9 million is notably lower than the mandated amount in recent fiscal years, reflective of the lower funding level of the CCCGP in fiscal 2025. The per college allocation of funds to the eight colleges receiving grants in fiscal 2025 is \$85,000 less compared to the eight colleges awarded grants in

fiscal 2024, and \$181,000 less compared to the fiscal 2023 awards due to the lower program funding level. **The committees should consider amending the statute to set the mandate at \$4.0 million to ensure a predictable level of annual funding.**

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 2025 proposed funding, the CCFRGP has provided a total of \$49.4 million in State funds to all 16 Maryland community colleges since fiscal 2020.

Exhibit 5
CCFRGP Total Funding by Community College
Fiscal 2020-2025
(\$ in Millions)



CCFRGP: Community College Facilities Renewal Grant Program

Source: Department of Budget and Management