

D25
Interagency Commission on School Construction – Capital

Capital Budget Summary

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

Program	2025 Approp.	2026 Request	2027	2028	2029	2030
Built to Learn Fund	\$425.410	\$302.225	\$302.225	\$0.000	\$0.000	\$0.000
Public School Construction Program	313.891	300.000	280.000	280.000	280.000	280.000
Healthy School Facility Fund	90.000	90.000	0.000	0.000	0.000	0.000
Supplemental Capital Grant Program	40.000	53.891	80.000	80.000	80.000	80.000
Prince George’s County P3 Built to Learn Fund	29.000	69.000	69.000	69.000	69.000	69.000
Kopp Priority Fund	0.000	0.000	90.000	90.000	90.000	90.000
Aging Schools Program	6.109	6.109	0.000	0.000	0.000	0.000
Nonpublic Aging Schools Program	3.500	3.500	3.500	3.500	3.500	3.500
Total	\$907.910	\$824.725	\$824.725	\$522.500	\$522.500	\$522.500

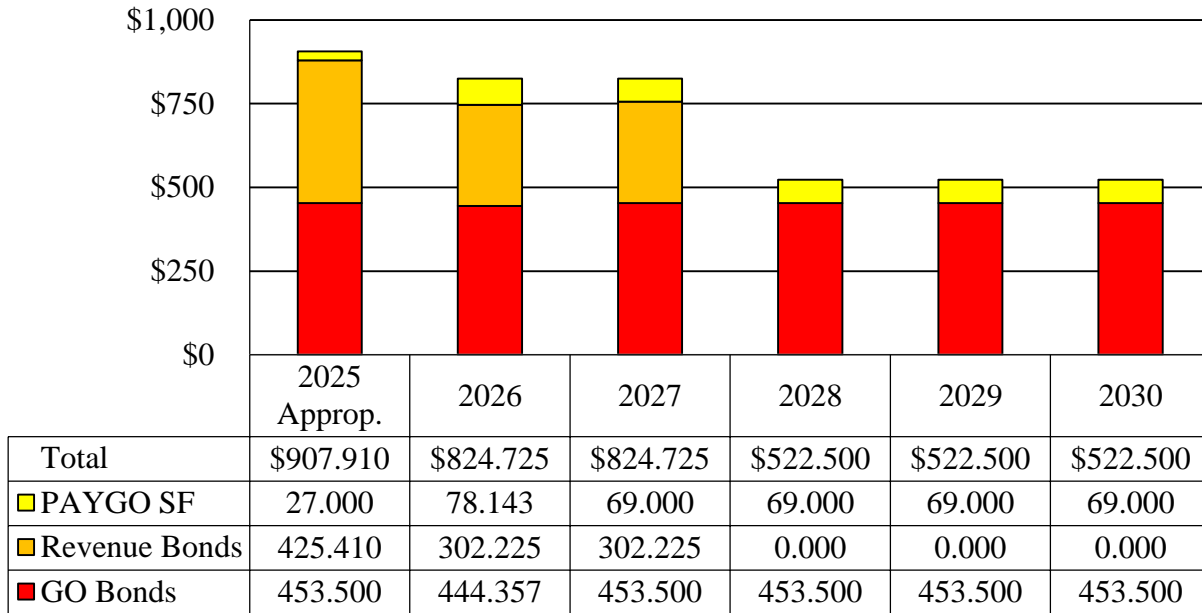
Note: The Built to Learn program revenue bond estimates are based on a total of \$2.0 billion available for this purpose. The fiscal 2026 and 2027 revenue bond issuance is from the Governor’s proposed budget and is based on approximate bonds left in the remaining issuance. In fiscal 2025, funding for the Prince George’s County Public-private Partnership Fund is as specified in Chapter 679 of 2023; in fiscal 2026 and out-years; funding reflects a recently signed memorandum of understanding, in which Prince George’s County contributes an additional \$42.0 million annually to the fund for debt service for a total deposit of \$69.0 million annually to the fund. In fiscal 2026, the Public School Safety Grant Program remains in the operating budget and uses general funds for that purpose, and therefore is no longer part of the capital budget; this program is budgeted in the Interagency Commission on School Construction budget, D25E03.03; the program was scheduled to terminate in fiscal 2027 as part of Chapter 32 of 2022 but was reinstated in Chapter 354 of 2024. For information on school safety programs in fiscal 2026, see the operating budget analysis R00A01 – Maryland State Department of Education Headquarters.

Source: Governor’s Fiscal 2026 *Capital Improvement Program*

For further information contact: Laura H. Hyde

laura.hyde@mlis.state.md.us

D25 – Interagency Commission on School Construction – Capital



GO: general obligation
 PAYGO: pay-as-you-go
 SF: special funds

Source: Governor’s Fiscal 2026 *Capital Improvement Program*

Key Observations

- 2025 Capital Improvement Program (CIP) Meets Legislative Intent through Fiscal 2030:*** The 21st Century Schools Facilities Program (Chapter 14 of 2018) included a provision expressing the intent of the General Assembly that new public school construction funding meet or exceed \$400 million annually. Between fiscal 2019 and 2025, funding exceeded the legislative intent in all years except fiscal 2020. Chapter 32 of 2022 further increased the legislature’s intended annual funding level to \$450 million. The amount budgeted for fiscal 2026 is \$450.0 million, which meets the legislative intent. Proposed annual allowances programmed in the 2025 CIP for fiscal 2027 through 2030 also total \$450 million per year to meet the mandate.
- Built to Learn (BTL) Proposed Issuances Continue through Fiscal 2027:*** In the 2025 CIP, the proposed revenue bond issuance for BTL is \$302.2 million, which, if realized, would be the fourth bond issuance for the program. Since fiscal 2022, BTL has received a total of \$1.15 billion, including an issuance in fiscal 2025 of \$432.4 million. The proposed total issuance for the program in the 2025 CIP through fiscal 2027 is \$1.75 billion, which is less than the \$2.0 billion estimate for program bond issuances and the \$2.2 billion initially authorized in the BTL Act (Chapter 20 of 2020). A final issuance amount for the program will depend on bond market conditions.

D25 – Interagency Commission on School Construction – Capital

- ***Prince George’s County Private-public Partnership (P3) Established; Additional Funding Provided to Prince George’s P3 Fund:*** Chapter 679 of 2023 increased the payment from the Maryland Stadium Authority (MSA) into the Prince George’s P3 Fund for debt service from \$25.0 million to \$27.0 million in Education Trust Fund (ETF) special funds for school construction in that county beginning in fiscal 2025. In fiscal 2026, the Prince George’s P3 Fund receives a total of \$69.0 million as part of a memorandum of understanding (MOU) signed by all parties, which includes the \$27.0 million payment from MSA and a payment from Prince George’s County of \$42.0 million per year.

- ***Healthy School Facility Fund (HSFF) Federal Fund Expenditure Deadline Extended:*** In fiscal 2022 and 2023, the HSFF received a total of \$80 million in federal pay-as-you-go (PAYGO) funds from the State and Local Fiscal Recovery Fund (SLFRF) as part of the American Rescue Plan Act (ARPA). All funds must be obligated by December 31, 2024, but local education agencies (LEA) have until December 31, 2026, to expend funds. The Interagency Commission on School Construction (IAC) reports that the agency met the December 31, 2024 deadline to obligate all funds.

PAYGO Recommended Actions

1. Concur with Governor’s allowance.

GO Bond Recommended Actions

1. Reduce funding for the Healthy School Facility Fund.

D25E03B	Healthy School Facility Fund.....	\$ 45,000,000						
	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;"><u>Allowance</u></td> <td style="text-align: center;"><u>Change</u></td> <td style="text-align: center;"><u>Authorization</u></td> </tr> <tr> <td style="text-align: center;">90,000,000</td> <td style="text-align: center;">-45,000,000</td> <td style="text-align: center;">45,000,000</td> </tr> </table>	<u>Allowance</u>	<u>Change</u>	<u>Authorization</u>	90,000,000	-45,000,000	45,000,000	
<u>Allowance</u>	<u>Change</u>	<u>Authorization</u>						
90,000,000	-45,000,000	45,000,000						

Explanation: Reduce funding for the Healthy School Facility Fund by \$45.0 million. About \$233 million remains unexpended from prior years.

2. Preauthorize funds for the Healthy School Facility Fund.

ZF4350	SECTION 13 – Interagency Commission on School Construction – Healthy School Facility Fund	\$ 45,000,000
--------	---	---------------

D25 – Interagency Commission on School Construction – Capital

Add the following language:

EXECUTIVE DEPARTMENT – GOVERNOR

D25E03. INTERAGENCY COMMISSION ON SCHOOL CONSTRUCTION
02

- (A) Healthy School Facility Fund. Provide funds to public primary and secondary schools in the State to improve the health of school facilities. Grants shall be administered in accordance with § 5-322 of the Education Article. Further provided that funds shall be administered by the Interagency Commission on School Construction (Statewide)..... 45,000,000

Explanation: This action adds a preauthorization for the 2026 session for the Healthy School Facility Fund. This is intended to replace \$45.0 million of general obligation bond funds reduced from the fiscal 2026 authorization to the program.

Total General Obligation Bonds Reductions/Additions	\$ 45,000,000
Total Preauthorization (2026) Reductions/Additions	-\$ 45,000,000
Total Reductions	\$ 0

Updates

- ***Revolving Loan Fund Repealed in 2024 Session:*** The School Construction Revolving Loan Fund was initially established in Chapter 14 and revised in Chapter 32 to provide low- or no-interest loans to local governments to forward fund the local or State share of school construction projects. Although the fund was established in fiscal 2018, funding was not required until fiscal 2024. The fund received \$40.0 million in fiscal 2023 and \$20.0 million in fiscal 2024. In fiscal 2025, because the program was still in development and funding had not yet been awarded, the proposed budget did not include an allocation. The Budget Reconciliation and Financing Act (BRFA) of 2024 as proposed delayed funding by one year, with the CIP programming \$10 million in general obligation (GO) bonds in fiscal 2026 and 2027, respectively. However, the BRFA of 2024 as enacted repealed the program; the fiscal 2024 allocation of \$20.0 million was deauthorized and reallocated to other legislative priorities in the fiscal 2025 operating budget bill; and the \$40.0 million remaining was transferred to the Blueprint for Maryland’s Future Fund.

Budget Overview of Grant and Loan Programs

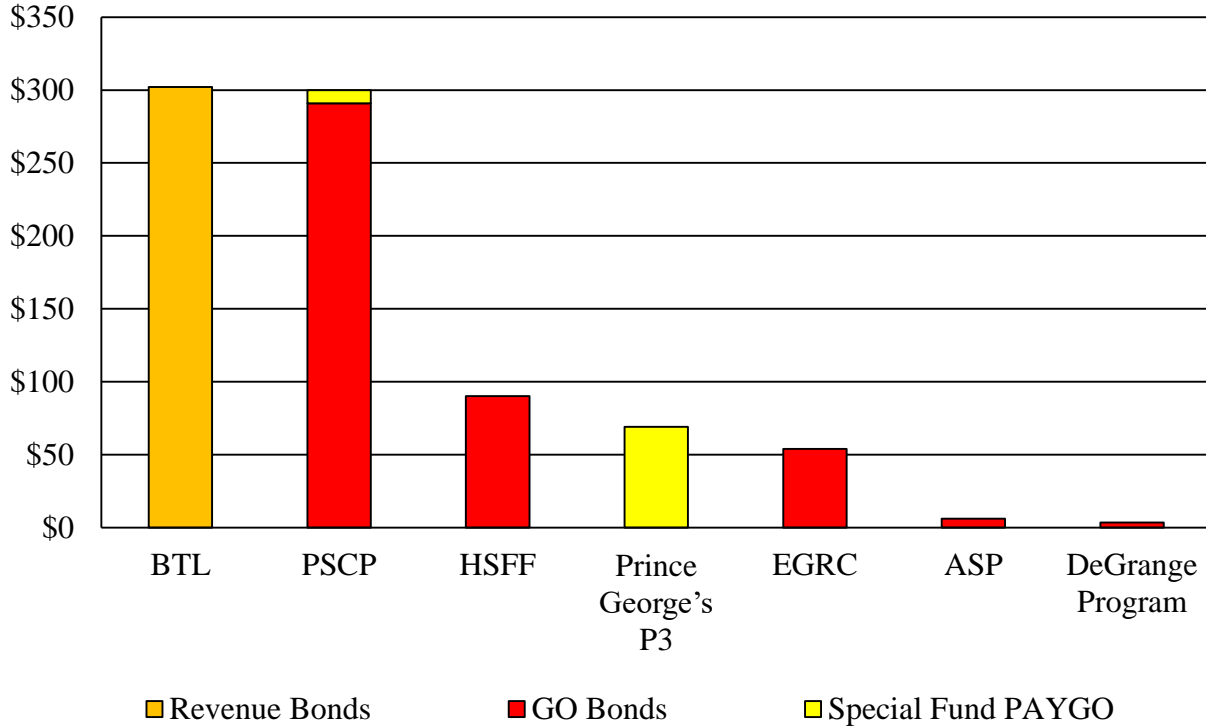
IAC is an independent commission of State government that is currently responsible for the management and administration of seven school construction programs for LEAs and, in some cases, nonpublic schools. For fiscal 2026, seven out of eight programs are funded in the Governor’s 2025 CIP. These programs and allowances as programmed are as follows:

- \$371.2 million for BTL, which includes \$69.0 million in special funds, \$27.0 million from the ETF and a \$42.0 million contribution from Prince George’s County for the Prince George’s P3 Fund and \$302.2 million in revenue bonds for BTL projects;
- \$300.0 million for the Public School Construction Program (PSCP) including \$290.9 million in GO bonds and \$9.1 million in special fund PAYGO from the Fiscal Responsibility Fund. This program is the primary school construction program in the State;
- \$90.0 million in GO bonds for the HSFF to meet the mandated funding level in Chapter 20 as amended;
- \$53.9 million in GO bonds for the Enrollment Growth and Relocatable Classroom (EGRC) Supplemental Capital Grant program, which provides funds for LEAs with enrollment growth that exceeds school building capacity. This allowance exceeds the \$40.0 million mandate in Chapter 20 as amended;
- \$6.1 million in GO bonds for the Aging Schools Program (ASP), which provides funds for repairs and maintenance of aging schools; and
- \$3.5 million in GO bonds for the Senator James E. “Ed” DeGrange Nonpublic Aging Schools (DeGrange) Program, which funds repairs and maintenance for nonpublic schools.

The Nancy K. Kopp Public School Facilities Priority Fund (Kopp Priority Fund) is programmed in the 2025 CIP to receive \$90.0 million starting in fiscal 2027, of which \$70.0 million is mandated as specified in Chapter 354 of 2024.

As shown in **Exhibit 1**, the proposed fiscal 2026 capital program provides a total of \$824.7 million for all public school construction programs. Of this amount, \$444.4 million, or 54%, is GO bonds; \$302.2 million, or 37%, is revenue bonds; and \$78.1 million, or 9%, is special fund PAYGO.

Exhibit 1
Fiscal 2026 Request by Fund Source and Program
 (\$ in Millions)

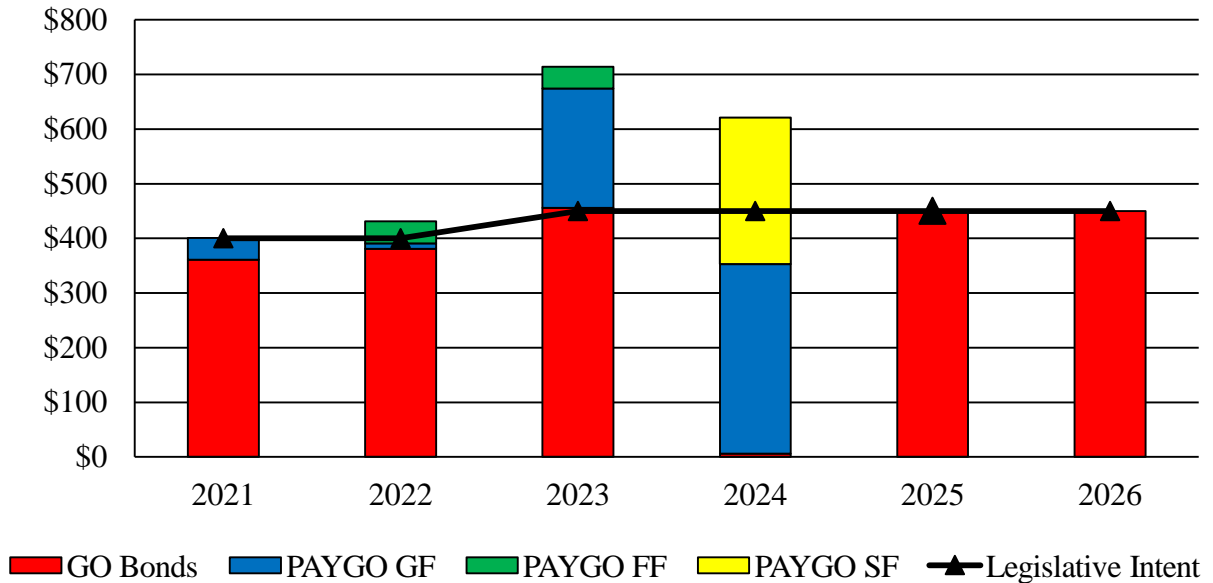


ASP: Aging Schools Program
 BTL: Built to Learn
 DeGrange Program: DeGrange Nonpublic Aging Schools Program
 EGRC: Enrollment Growth Relocatable Classroom Supplemental Grant Program
 GO: general obligation
 HSFF: Health School Facilities Fund
 P3: public-private partnership
 PAYGO: pay-as-you-go
 PSCP: Public School Construction Program

Source: Governor’s Fiscal 2026 *Capital Improvement Program*

Chapter 14 included a provision expressing the intent of the General Assembly that new (not recycled) public school construction funding meet or exceed \$400 million annually. Chapter 32 further increased the legislature’s intended annual funding level to \$450 million. Programs considered part of new public school construction funding are the PSCP, the EGRC, the HSFF, the ASP, and the Public School Safety Grant prior to the program’s move to the operating budget in fiscal 2023. **Exhibit 2** shows that between fiscal 2021 and 2025, new public school construction funding met or exceeded the legislative intent of \$450.0 million. The fiscal 2026 budget as introduced also meets the legislative intent.

Exhibit 2
New School Construction Funding by Source
Fiscal 2021-2026
(\$ in Millions)



FF: federal funds
 GF: general funds
 GO: general obligation

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

Note: Programs included in new public school construction funding to meet the \$450 million legislative intent in Chapter 32 of 2022 are the Public School Construction Program, the Enrollment Growth Relocatable Classroom Supplemental Grant Program, the Healthy School Facilities Fund, the Aging Schools Program, and the Public School Safety Grant Program when that program received funds in the capital budget.

Source: Governor’s Fiscal 2026 *Capital Improvement Program*

Public School Construction Program

The PSCP is the primary statewide funding source for all LEAs for school construction and the Maryland School for the Blind (MSB). IAC manages State review and approval of local school construction projects. Each year, LEAs develop and submit their facilities master plan to IAC, which includes an analysis of future school facility needs based on the current condition of school buildings and projected enrollment. The master plan must be approved by the local school board. Subsequently, each LEA submits a county CIP to IAC, which may include projects that an LEA has forward-funded.

Exhibit 3 shows the requested amounts for the PSCP by each LEA, the number of projects, 90% funding recommendations, 100% projected recommendations, and the percentage of allowance per LEA total request. Fiscal 2026 LEA requests totaled \$765.5 million. In February 2025, IAC made fiscal 2026 90% funding allocations totaling \$257.1 million for 93 projects in all 24 LEAs. IAC’s 100% recommendations total \$300.0 million to meet the Governor’s proposed allowance, including \$4.5 million for the Statewide Contingency Account and \$500,000 for Department of General Services design fees.

Exhibit 3
Public School Construction Program 90% and 100% Recommendations
Fiscal 2026
(\$ in Millions)

LEA	Fiscal 2026 CIP Requests Planning/Funding	Requests Approved	90% Funding Allocation	100% Recommendation (Projected)	% of Total Request
Allegany	\$10.2	1	\$3.6	\$7.4	72%
Anne Arundel	41.8	12	17.6	23.8	57%
Baltimore City	172.0	3	23.6	26.6	15%
Baltimore	102.1	1	31.2	32.5	32%
Calvert	9.4	1	3.8	6.5	70%
Caroline	3.1	2	2.8	2.8	90%
Carroll	13.8	4	7.3	7.4	54%
Cecil	6.8	1	4.7	4.7	69%
Charles	14.5	3	8.6	9.2	64%
Dorchester	2.4	2	2.4	2.4	100%
Frederick	46.3	3	16.5	16.5	36%
Garrett	15.2	1	2.0	6.4	42%
Harford	18.5	2	10.2	13.4	73%
Howard	19.5	21	10.4	16.6	85%
Kent	14.0	1	2.3	2.8	20%
Montgomery	53.3	9	34.1	37.6	71%
Prince George’s	73.9	14	38.4	38.4	52%
Queen Anne’s	6.1	2	2.8	4.0	66%
Somerset	20.2	1	2.8	2.8	14%
St. Mary’s	16.1	1	7.5	9.0	56%
Talbot	2.3	1	2.3	2.3	100%
Washington	11.1	3	7.5	7.9	71%
Wicomico	68.7	1	6.5	6.5	9%
Worcester	4.0	2	2.8	2.8	70%
MSB	22.2	1	4.8	4.8	21%
Subtotal for LEAs	\$767.4	93	\$256.4	\$295.0	38%

D25 – Interagency Commission on School Construction – Capital

<u>LEA</u>	<u>Fiscal 2026 CIP Requests Planning/Funding</u>	<u>Requests Approved</u>	<u>90% Funding Allocation</u>	<u>100% Recommendation (Projected)</u>	<u>% of Total Request</u>
Statewide					
Contingency Reserve	\$0.0	-	\$0.0	\$4.5	
DGS Design Review Fees	0.0	-	0.0	0.5	
Subtotal – Other	\$0.0	-	\$0.0	\$5.0	
Total	\$767.4	93	\$256.4	\$300.0	39%

CIP: *Capital Improvement Program*
DGS: Department of General Services
LEA: local education agency
MSB: Maryland School for the Blind

Note: Numbers may not sum due to rounding. Percent of total requests approved based on 100% projected recommendations.

Source: Governor’s Fiscal 2026 CIP; Interagency Commission on School Construction

Appendix 3 shows local cost share by LEA; **Appendix 4** shows the fiscal 2021 to 2025 allocations and total allocations from fiscal 1973 to 2024.

Built to Learn

Chapter 20 authorizes MSA to issue up to \$2.2 billion in revenue bonds to support public school facilities. The bonds are backed by mandated State appropriations from the ETF, which collects proceeds from video lottery terminals and table games at licensed gaming facilities. The Supplemental Public School Construction Financing Fund is used to pay debt service on bonds issued by MSA for State school construction projects and all reasonable charges and expenses related to the issuance of bonds. Annual debt service funded with the ETF deposits is \$100 million beginning in fiscal 2025.

To support BTL, MSA is issuing 30-year bonds. **Exhibit 4** shows that the average debt service cost for the first three sales is \$64 million, leaving \$36 million in annual debt service capacity. Proceeds to date provided over \$1.1 billion for the project fund.

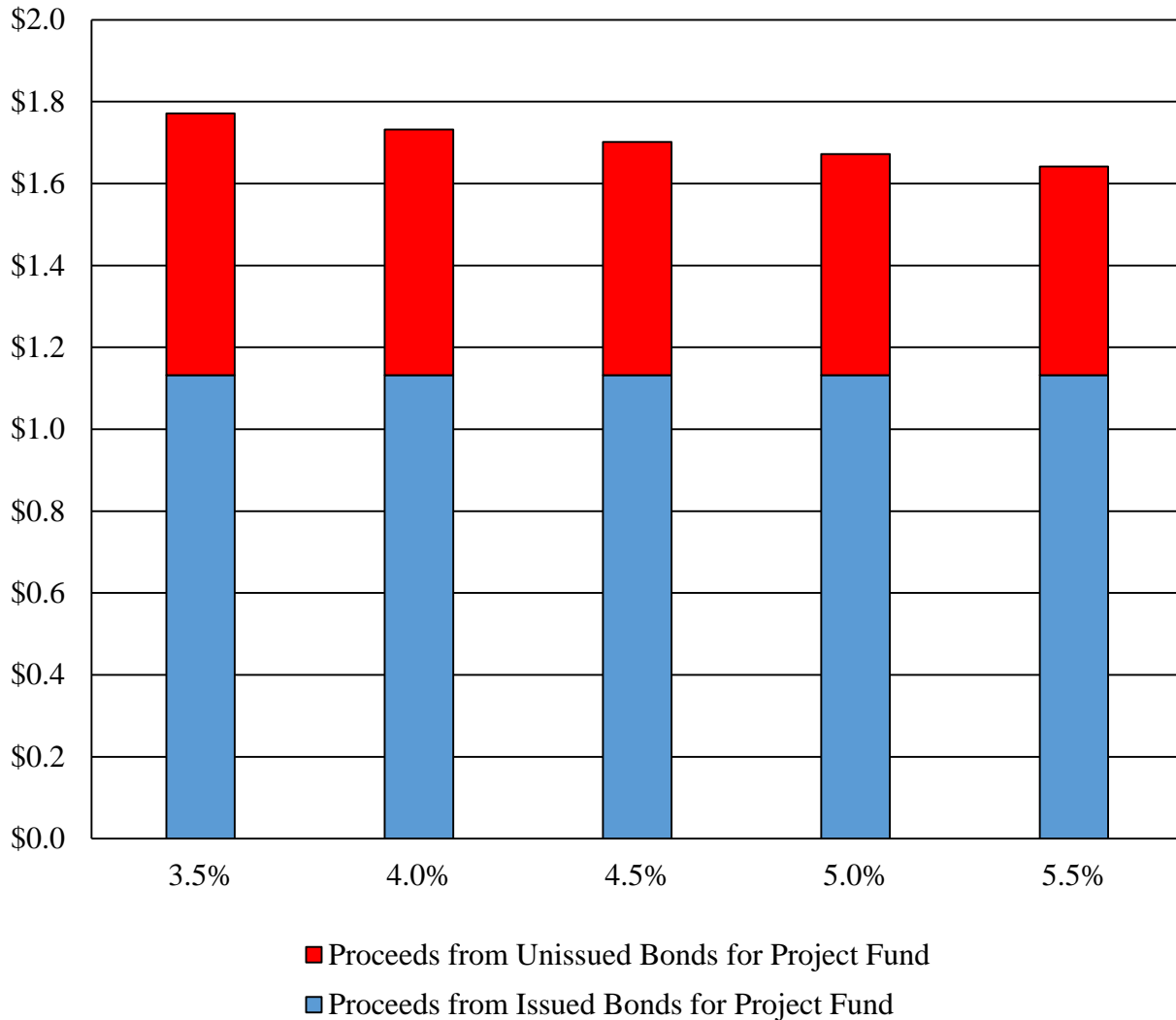
Exhibit 4
Built to Learn Bond Sales
Calendar 2021-2024
(\$ in Millions)

	<u>Series 2021</u>	<u>Series 2022</u>	<u>Series 2024</u>	<u>Total</u>
Fiscal Year That Issuance Matures	2051	2052	2054	
Par Value	\$257.0	\$373.1	\$410.7	\$1,040.8
Premium Net of Issuance and Capitalized Interest Costs	28.9	40.4	21.6	90.9
Total Available for Project Fund	\$285.9	\$413.5	\$432.4	\$1,131.7
Average Annual Debt Service	\$14.8	\$21.7	\$27.9	\$64.4
Final Debt Service Payment	14.8	36.5	59.2	
True Interest Cost	2.83%	3.21%	4.26%	
Bond Buyer 20-Bond Index in Week of Sale	2.28%	3.19%	3.91%	

Source: BofA Securities

Since annual appropriations for debt service are fixed at \$100 million per year, higher interest rates reduce bond proceeds. The most recent bond sale was in October 2024, and the estimated amount available for projects has declined as interest rates have increased. **Exhibit 5** shows that if rates remain at current levels for the remaining sales, ETF revenues will support between \$1.6 billion and \$1.8 billion in projects.

Exhibit 5
Effect of Various Interest Rates on Proceeds for Built to Learn Bonds
(\$ in Billions)



Source: Bank of America Securities; Department of Legislative Services

Exhibit 6 shows BTL projects approved and the remaining allocations compared to allowances. As of January 2025, 20 out of 23 LEAs have projects approved for a total of \$1.36 billion, or 80% of the \$1.7 billion projected amount available. The remaining total available is \$360.9 million: \$319.4 million for 7 LEAs with remaining balances and an unallocated fund total of \$41.5 million.

Exhibit 6
Built to Learn Allowances and Allocations
Fiscal 2022-2025
(\$ in Millions)

<u>Local Education Agency</u>	<u>Statutory Percentage</u>	<u>Projected Allowance</u>	<u>Approved Allocation</u>	<u>Remaining Allocation</u>
Allegany	0.4%	\$6.5	\$6.9	\$0.0
Anne Arundel	12.5%	212.5	212.5	0.0
Baltimore City	21.0%	357.0	147.9	209.1
Baltimore County	21.0%	357.0	357.0	0.0
Calvert	0.7%	12.7	13.6	0.0
Caroline	0.3%	4.5	4.8	0.0
Carroll	1.2%	20.2	23.8	0.0
Cecil	0.7%	11.8	12.7	0.0
Charles	1.4%	23.2	16.9	6.3
Dorchester	0.2%	3.9	0.0	3.9
Frederick	5.1%	86.7	87.2	0.0
Garrett	0.2%	3.0	3.2	0.0
Harford	1.8%	30.3	35.7	0.0
Howard	6.6%	112.2	36.6	75.6
Kent	0.1%	1.4	1.6	0.0
Montgomery	21.0%	357.0	357.0	0.0
Queen Anne’s	0.4%	6.5	0.0	6.5
St. Mary’s	0.9%	14.9	1.4	13.5
Somerset	0.1%	2.3	0.0	2.3
Talbot	0.2%	3.6	3.9	0.0
Washington	1.0%	17.7	19.0	0.0
Wicomico	0.7%	11.7	13.8	0.0
Worcester	0.3%	5.2	5.6	0.0
Unallocated	2.4%	41.5	0.0	41.5
Total	100%	\$1,703.3	\$1,361.1	\$358.6

Note: Numbers may not sum to total due to rounding. Does not include Prince George’s County for startup costs for public-private partnership projects. Projected allowance is approximate based on \$1.7 billion in currently projected bond issuances and is subject to change. Local education agencies with project allocations that exceed the allowance are shown with a \$0 balance.

Source: Interagency Commission on School Construction; Department of Legislative Services.

Prince George’s County Public-private Partnership and Fund

Chapter 20 as amended authorized State funding for a P3 agreement for Prince George’s County. In July 2024, IAC entered into a MOU with Prince George’s County Public Schools, Prince George’s County, and MSA as part of the requirements for a P3 agreement. This agreement represents the second of two phases of private-public school construction in Prince George’s County. Prince George’s County calls these schools Blueprint Schools. The first phase was not part of Chapter 20, with six schools completed in calendar 2023. The second phase was approved by the Prince George’s County school board in September 2023. Phase 2 includes eight new schools, six elementary and two K-8 schools, with the first scheduled to open in calendar 2026.

Pursuant to Chapter 698 of 2021 as amended, from fiscal 2025 through 2055, MSA must deposit \$27.0 million annually into the P3 Fund established by Chapter 387. The source of the fund is lottery proceeds from the ETF. For Prince George’s County to receive these annual payments, the P3 agreement has to include: (1) a minimum of eight schools to be improved, constructed, renovated, operated, and maintained; (2) agreement that the Prince George’s County board and private entity remain in the private-public partnership; and (3) a commitment by the Prince George’s County government and school board to provide the local share of the availability payment. In fiscal 2024, the Prince George’s P3 Fund received an initial payment from MSA of \$25.0 million. In fiscal 2025, the Prince George’s P3 Fund received \$29.0 million, which included \$27.0 million in special funds from the ETF and \$2.0 million in general fund PAYGO as part of legislative priorities in the fiscal 2025 operating budget bill (Chapter 716 of 2024). In the 2025 CIP, the Prince George’s P3 Fund receives \$69.0 million, the mandated \$27.0 million payment from MSA, and \$42.0 million from Prince George’s County as the availability payment.

Healthy School Facility Fund

The HSFF was established in Chapter 561 of 2018, with funding extended and revised in Chapter 20 and Chapter 32. The purpose of the fund is to provide grants to public primary and secondary schools in the State to improve the health of school facilities. Current statute mandates specified funding levels for the HSFF through fiscal 2026 of at least \$40 million in fiscal 2023 and \$90 million for each of fiscal 2024 through 2026. At least 50% of funds must be provided to projects in Baltimore City.

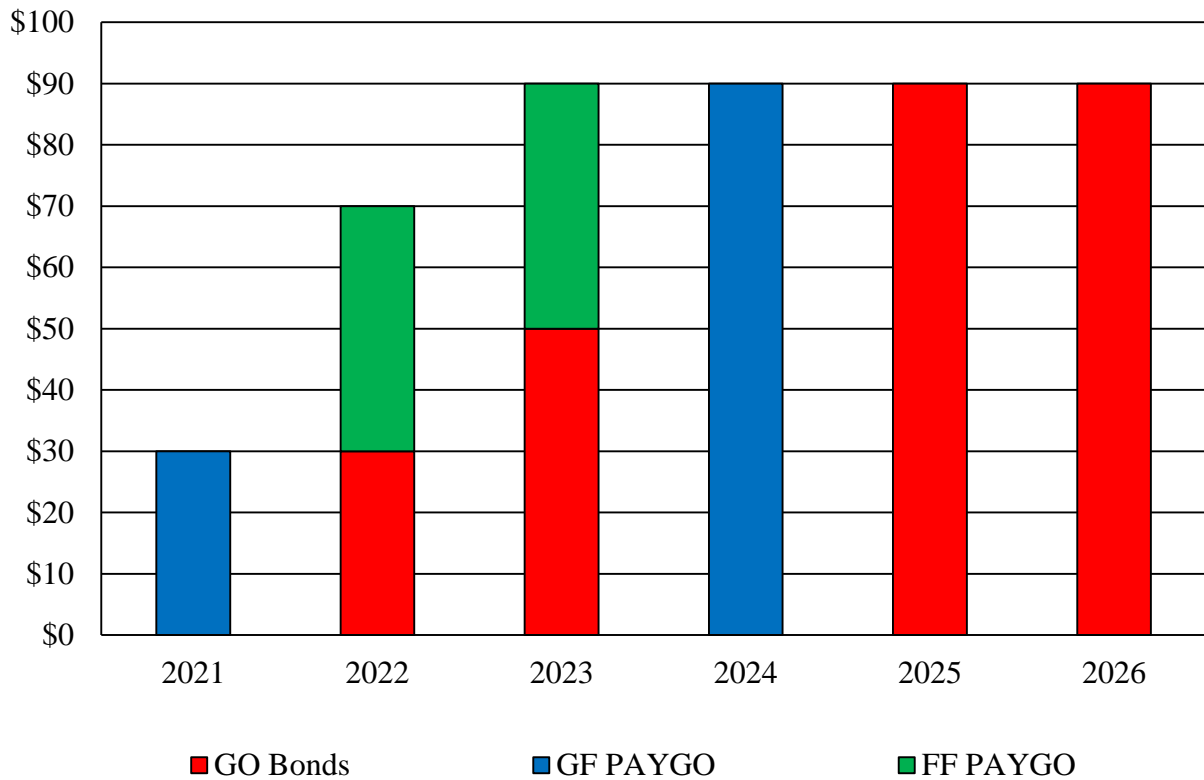
Exhibit 7 provides allocations by fund type and fiscal year. Since fiscal 2021, the State has appropriated \$370.0 million for the HSFF. This allowance has been distributed as follows:

- in fiscal 2021. The HSFF received \$35.2 million. Of this amount, IAC reports allocating \$35.2 million;
- in fiscal 2022, the HSFF received an allowance of \$70 million, \$30 million in GO bonds, and \$40 million in ARPA SLFRF federal funds. IAC has obligated all funds, and LEAs have until December 31, 2026 to expend.

D25 – Interagency Commission on School Construction – Capital

- in fiscal 2023, the HSFF received \$40 million in ARPA SLFRF funding and an additional \$50 million in GO bonds. Of this amount, IAC has allocated \$89.5 million, with \$500,000 remaining;
- in fiscal 2024, the HSFF received the mandated amount of \$90 million in general fund PAYGO. Of this amount, all funds have been allocated;
- in fiscal 2025 and 2026, the HSFF received \$90 million in GO bonds to meet the mandate.

Exhibit 7
Healthy School Facility Fund
Fiscal 2021-2026
(\$ in Millions)

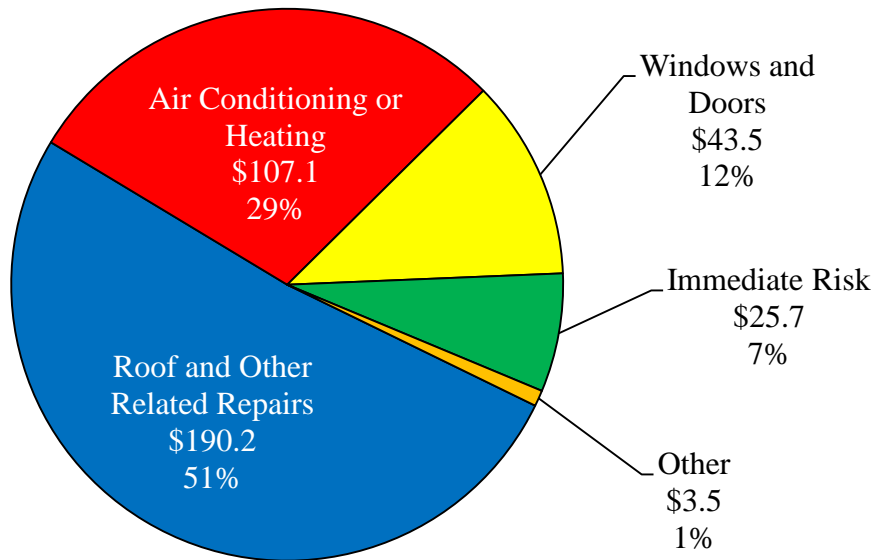


FF: federal funds
GF: general funds
GO: general obligation
PAYGO: pay-as-you-go

Source: Governor's Fiscal 2025 *Capital Improvement Program*; Interagency Commission on School Construction

Exhibit 8 shows that of the \$370.0 million appropriated to the HSFF, IAC has allocated \$190.2 million, or 51%, on roofs and related repairs; \$107.1 million, or 29%, for air conditioning and heating; \$43.5 million, or 12%, on windows and doors; \$25.7 million, or 7%, on repairs that have an immediate risk; and \$3.5 million on other repairs.

Exhibit 8
Healthy School Facility Fund Encumbrances
Fiscal 2021-2025
(\$ in Millions)



Note: Numbers may not sum due to rounding.

Source: Interagency Commission on School Construction

Federal fund PAYGO allocated in fiscal 2022 and 2023 as part of the ARPA are SLFRF funds with an obligation deadline of December 31, 2024. Agencies have until December 31, 2026, to expend these funds. IAC met the December 31, 2024 deadline to obligate funds. Information on HSFF allocations by LEA is in **Appendix 1**.

The Department of Legislative Services (DLS) notes that while allocations to LEAs are timely, there is a significant amount of unexpended funds (\$233 million) from appropriations made prior to fiscal 2025. Given that the State has appropriated \$370 million to the program in a relatively short period of time, from fiscal 2021 through 2025, this is not unexpected. Due to the slow rate of expenditures, DLS recommends deferring \$45 million to fiscal 2027. This would provide \$45 million in fiscal 2026 and a secondary recommendation to preauthorize \$45 million for fiscal 2027.

Enrollment Growth and Relocatable Growth Supplemental Grant Program

The EGRC Supplemental Grant Program was established in Chapter 355 of 2015 and amended in Chapter 20. The purpose of the program is to provide annual supplemental grants to LEAs experiencing significant enrollment growth or that have a high number of relocatable classrooms. Chapter 20 also changed the definition of “significant number of relocatable classrooms” to an average of more than 250 (instead of 300) relocatable classrooms over the past five years beginning in fiscal 2021. Per Chapter 20, the current mandated allocation in fiscal 2026 is \$40.0 million; beginning in fiscal 2027, the mandate increases to \$80.0 million.

The fiscal 2026 allowance of \$53.8 million in GO bonds is based on the \$40.0 million as mandated in Chapter 20 as revised and \$13.2 million in nonmandated funding using a revised formula in Chapter 32, which uses an enrollment growth adjustment to calculate any allowance over \$40 million. Nine LEAs receive funding in fiscal 2026 – Anne Arundel, Baltimore, Carroll, Charles, Frederick, Harford, Montgomery, Prince George’s, and Worcester. Of these nine LEAs, six LEAs receive \$13.9 million in additional funding exceeding the mandate. Two LEAs that received funding in past years – Caroline and Howard– do not receive funding in this year’s budget because they do not qualify for this program in fiscal 2026. **Exhibit 9** shows these allowances.

Exhibit 9

Enrollment Growth and Relocatable Classroom Supplemental Grant Program Fiscal 2022-2026 (\$ in Millions)

<u>Local Education Agency</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026A</u>	<u>2026B</u>	<u>Total</u>
Anne Arundel	\$7.3	\$14.6	\$4.9	\$5.0	\$5.3	\$1.0	\$38.1
Baltimore County	9.4	7.9	6.5	6.5	6.9	0.0	37.2
Carroll	0.0	0.0	1.5	1.5	1.7	2.9	7.5
Charles	0.0	4.4	1.6	1.6	1.7	1.8	11.1
Frederick	5.8	15.3	2.6	2.7	3.0	6.2	35.6
Harford	0.0	0.0	2.2	2.2	2.4	0.8	7.6
Howard	9.4	16.8	3.4	3.4	0.0	0.0	33.0
Montgomery	15.2	18.6	9.4	9.4	10.0	0.0	62.6
Prince George’s	12.9	17.8	7.5	7.6	8.1	0.0	53.9
Worcester	0.0	0.0	0.4	0.0	0.9	1.2	2.5
Total	\$60.0	\$95.4	\$40.0	\$39.9	\$40.0	\$13.9	\$289.2

Note: Numbers may not sum due to rounding. 2026A allowance reflects the \$40 million mandate for this program; the 2026B allowance exceeds the mandate. Fiscal 2026 allocations from the Interagency Commission on School Construction may be adjusted in May 2025 when the *Capital Improvement Program* is finalized.

Source: Governor’s Fiscal 2025 Capital Improvement Program; Interagency Commission on School Construction

DLS notes that the fiscal 2026 CIP reports a significant amount of funds to be expended on this program dating back to its inception. Not including the fiscal 2025 allocation of \$40.0 million, funds remaining to be expended total \$148.7 million between fiscal 2016 and 2024. **IAC should comment on why the program’s unexpended balance is over \$100 million.**

Aging Schools Program

The fiscal 2026 capital budget funds the ASP at the statutorily mandated amount of \$6.1 million in GO bond funds. The allocations to each LEA are established in statute and do not vary from year to year unless additional funds above the statutory amount are appropriated. As part of Chapter 679, ASP allocations are funded through fiscal 2026, after which the purposes of the program will be funded through the Kopp Priority Fund. **Appendix 2** shows the fiscal 2020 through 2025 average allocations by LEA, which include prior year contingent funds, and the fiscal 2026 allocation.

James E. “Ed” DeGrange Nonpublic Aging Schools Program

The DeGrange Program is a nonstatutory program that was first funded in fiscal 2014. This grant program provides funding to nonpublic schools for minor renovations and infrastructure repairs. Grants are limited to nonpublic schools, excluding preschools, which meet the eligibility requirements for funding through the Aid to Non-Public Schools Program. The fiscal 2026 budget provides \$3.5 million in GO bonds, which is the customary annual funding level.

Language in the fiscal 2026 capital budget bill stipulates the criteria for program participation, which is the same language as in the fiscal 2025 capital budget bill. The program limits an individual school’s grant to no more than \$100,000 and no less than \$5,000, and IAC must prorate the grants if additional funding is available. Three criteria are used to determine maximum funding per school: (1) at least 20% of the school’s students being eligible for free and reduced-price meals; (2) tuition charged to students being less than the statewide average per pupil expenditure; and (3) the school having a facility with an average age of 50 years or older. Schools may receive up to a maximum allocation based on how many criteria it meets:

- up to \$25,000 for schools meeting one criterion;
- up to \$75,000 for schools meeting two criteria; and
- up to \$100,000 for schools meeting three criteria.

IAC has not yet awarded fiscal 2025 grants; fiscal 2023 and 2024 grants have been awarded for the total amount. **Appendix 3** shows these awards by LEA for fiscal 2022 to 2024.

Update on Unexpended Balances

The 2025 CIP provides details on unexpended balances by fiscal year and program. From the year of issuance, LEAs have seven years to expend funds. In the fiscal 2026 CIP, unexpended balances total \$1.13 billion from five programs, with \$137.4 million prior to fiscal 2019. This amount is \$386.4 million more than the balance in the 2024 CIP. Funds allocated prior to fiscal 2017 would be eligible to be canceled or transferred to the Unreserved Statewide Contingency Account. **Exhibit 10** shows these fund balances by fiscal year and program.

Exhibit 10
Unexpended Balances
Prior to Fiscal 2020 through 2024
(\$ in Millions)

<u>Program</u>	<u>Prior to 2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>Total</u>
PSCP	\$110.6	\$22.2	\$65.5	\$110.3	\$418.2	\$726.8
HSFF	9.0	13.6	43.4	77.2	90.0	233.2
EGRC Supplemental Grant Program	12.1	9.0	14.0	76.5	37.1	148.7
ASP	4.1	0.8	1.3	3.4	5.9	15.5
DeGrange Program	1.2	1.1	1.4	2.3	3.5	9.5
Total	\$137.0	\$46.7	\$125.6	\$269.7	\$554.7	\$1,133.7

ASP: Aging Schools Program
DeGrange Program: DeGrange Nonpublic Aging Schools Program
EGRC: Enrollment Growth and Relocatable Classroom
HSFF: Healthy School Facility Fund
PSCP: Public School Construction Program

Source: Governor’s Fiscal 2026 *Capital Improvement Program*

Because the CIP does not break out unexpended balances by fiscal year and program prior to fiscal 2020, IAC should report this information and comment on any discrepancies between the CIP and IAC’s recorded balances for these programs. IAC should also comment on how the agency plans to spend outstanding balances for each program and whether any funds prior to fiscal 2017 would be eligible to be canceled or transferred to the Unreserved Statewide Contingency Account.

Update on Contingency Funds

Per requirements in § 5-303 of the Education Article, IAC is responsible for submitting a quarterly report on contingency balances. As of September 30, 2024, contingency balances across nine programs total \$104.3 million, with the majority of these funds, \$47.8 million, for the HSFF. **Exhibit 11** shows these fund balances.

Exhibit 11
Contingency Fund Balances
As of September 30, 2024
(\$ in Millions)

<u>Program</u>	<u>Amount</u>
Healthy School Facility Fund	\$47.8
Reserved for Statewide Purposes	40.5
Reserved for LEAs	8.0
EGRC Supplemental Grant Program	7.2
Baltimore City HSFF	0.4
Fiscal 2012 Supplemental Appropriation	0.3
Fiscal 2014 ACI	0.1
Total	\$104.3

ACI: Air Conditioning Initiative
EGRC: Enrollment Growth and Relocatable Classroom
HSFF: Healthy School Facility Fund
LEA: local education agency

Note: Baltimore City HVAC Reserve and Fiscal 2013 Energy Efficiency Initiative have less than \$10,000 in contingency funds.

Source: Interagency Commission on School Construction

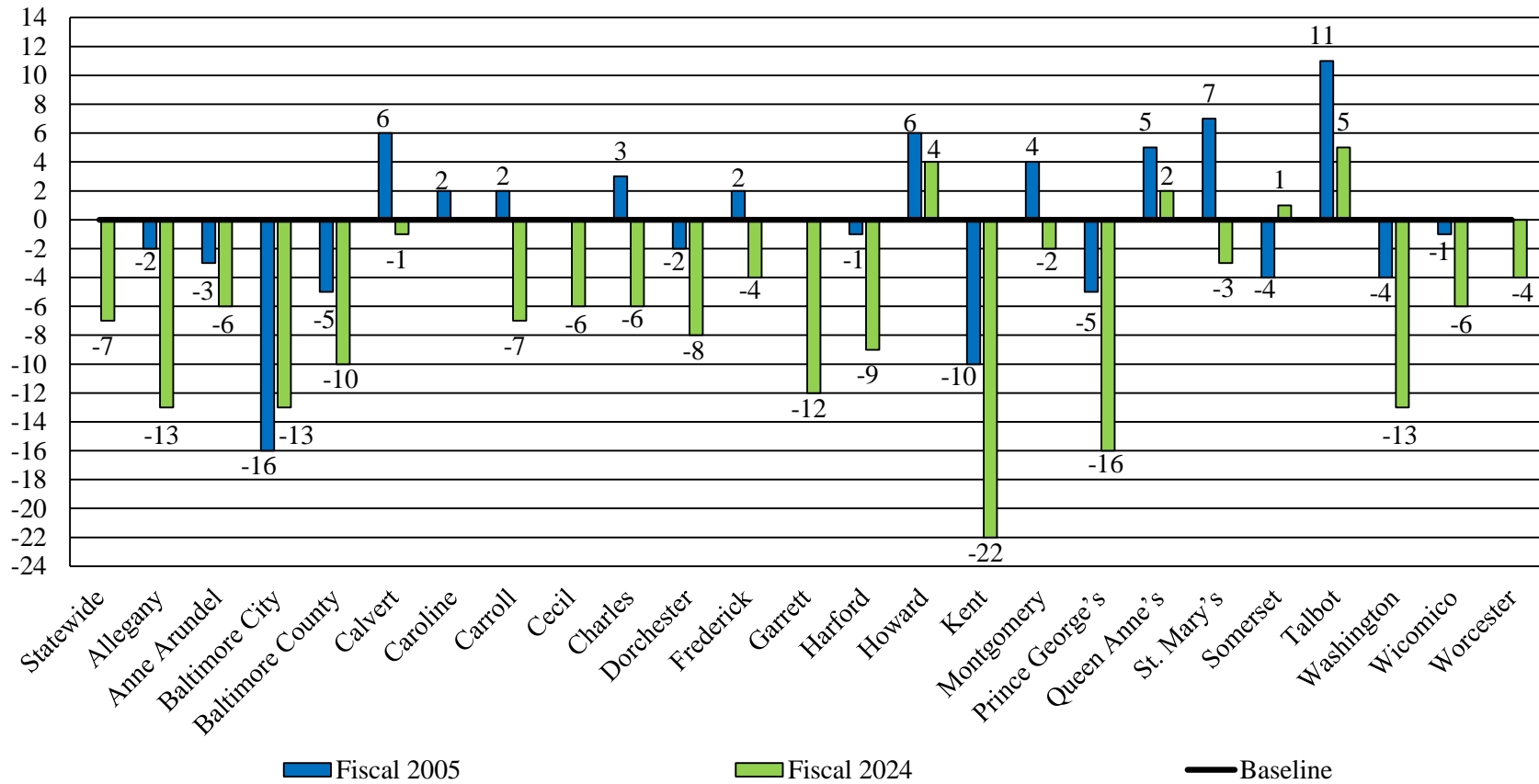
IAC should comment on the following concerns regarding this report: (1) the reason that IAC reports are frequently delayed and when the December 31, 2024 report will be available; (2) the balance for funds reserved for Statewide purposes and the intended use of those funds; (3) the reason that balances over seven years old have not been returned to the Unreserved Statewide Contingency Account; and (4) the reason that a balance for the Unreserved Statewide Contingency Account is not reported.

Performance Measures and Outputs

Statewide Square Footage

One of IAC’s performance goals focuses on the equity and quality of Maryland’s school facilities and whether they are safe physical environments for teaching and learning. As illustrated in **Exhibit 12**, one performance goal measures the average age of each LEA’s assigned public school facility square footage against the State baseline average age. This measure has been in place since fiscal 2005, which serves as the baseline year, when the average age of State square footage was 24 years. In fiscal 2024, the statewide average is 31 years.

Exhibit 12
Deviation from Statewide Average of Public School Facilities by Local Education Agency
Fiscal 2005-2024



Note: Deviation from the statewide average of 24 years (black line) means the average age of schools is either newer (above) or older (below) than 24 years.

Source: Department of Budget and Management; Interagency Commission on School Construction

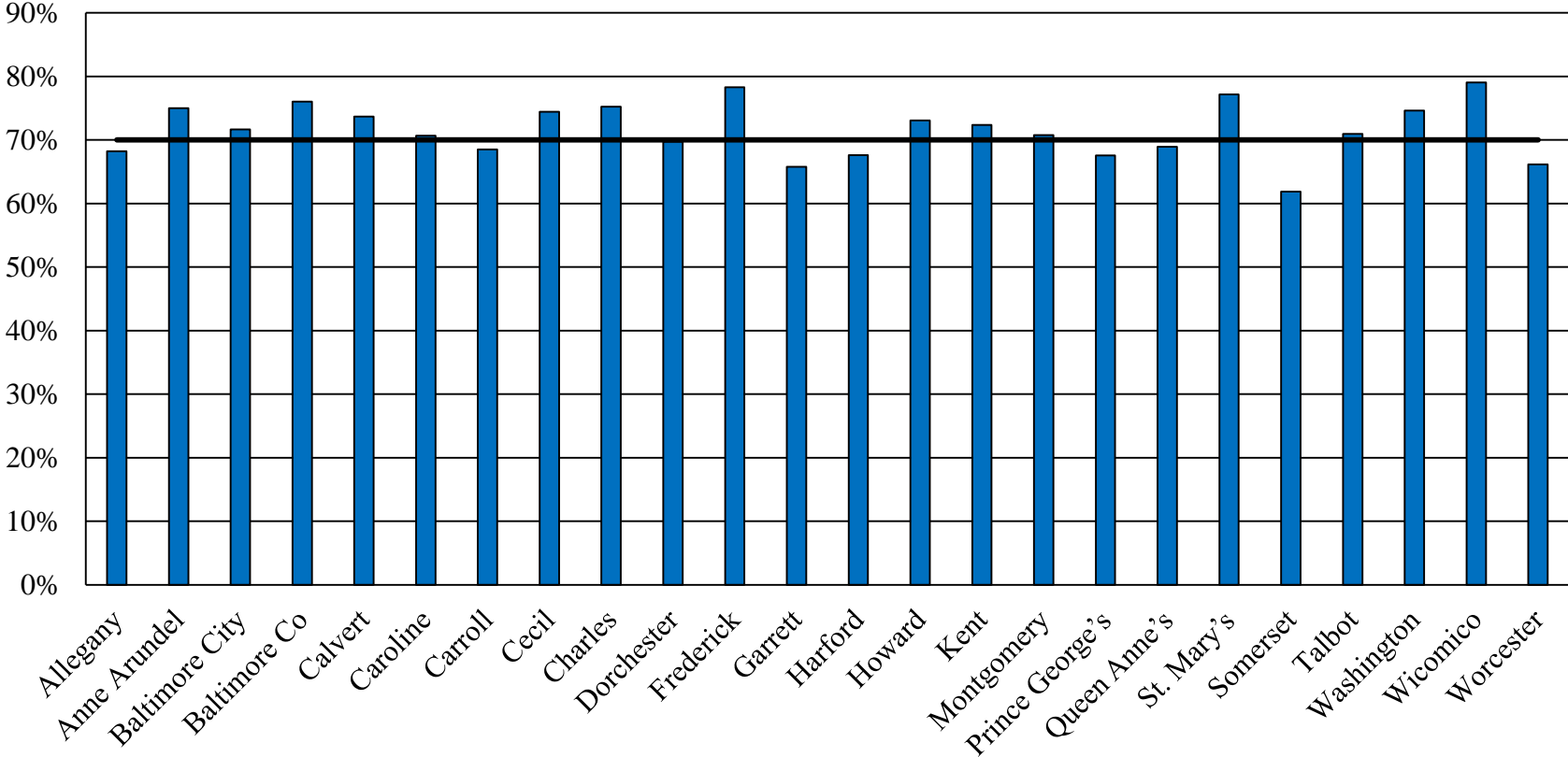
Annual Maintenance Assessment

In calendar 2020, IAC developed a new maintenance effectiveness assessment with LEA input. This new assessment was implemented for fiscal 2021 and is based upon a more stringent rubric that is designed to reduce the subjectivity of the assessments. Elements of this new rubric include:

- 21 categories of components grouped into five areas – site, exterior, interior, equipment and systems, and maintenance management;
- weights for each component that reflect its impact on teaching and learning;
- five rating levels (superior, good, adequate, not adequate, and poor) with specific criteria and a rating factor for each level; and
- use of management software to inform the rating of the “maintenance management” group and factors into the overall facility rating.

Exhibit 13 displays the results for fiscal 2024, the fourth year of this assessment, which shows an average score of 72%, which is 1.2 percentage points higher than in fiscal 2023. Out of 24 LEAs, 11 scored at or above this average, and 13 scored below.

Exhibit 13
Maintenance Effectiveness Assessment Results
Fiscal 2024



Source: Department of Budget and Management; Interagency Commission on School Construction

Appendix 1
Healthy School Facilities Fund by LEA
Fiscal 2021-2025

<u>Local Education Agency</u>	<u>2021</u>	<u>2022 GF</u>	<u>2022 FF</u>	<u>2023 GO</u>	<u>2023 FF</u>	<u>2024</u>	<u>2025</u>	<u>Total</u>
Allegany	\$0.7	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.7
Anne Arundel	0.0	0.0	0.3	1.2	0.0	2.5	7.1	11.1
Baltimore City	15.0	12.6	20.0	25.0	20.0	44.9	45.0	182.5
Baltimore	11.8	6.9	4.5	0.0	4.2	2.3	11.1	40.8
Calvert	0.1	0.7	0.3	0.9	0.0	1.0	0.0	3.0
Caroline	0.0	0.0	0.0	0.0	0.0	1.4	3.5	4.8
Carroll	0.6	0.0	3.2	1.9	5.5	2.2	4.8	18.2
Cecil	0.0	0.0	0.0	0.0	1.1	2.6	0.0	3.7
Charles	2.5	0.0	0.3	4.7	0.0	0.0	5.6	13.1
Dorchester	1.8	1.6	1.9	0.0	0.0	0.0	0.0	5.4
Frederick	0.3	0.0	0.0	0.0	0.0	0.9	0.0	1.2
Garrett	0.3	0.1	7.8	0.0	8.4	7.8	0.0	24.4
Harford	0.2	1.2	1.4	0.0	0.6	0.0	2.4	5.9
Howard	0.2	1.7	0.0	0.0	0.0	2.2	0.0	4.1
Kent	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Montgomery	0.1	0.0	0.0	0.0	0.0	0.3	0.1	0.5
Prince George's	0.0	1.6	0.0	9.3	0.0	12.7	8.8	32.3
Queen Anne's	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Somerset	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.2
St. Mary's	0.0	0.0	0.0	0.0	0.0	9.2	0.0	9.2
Talbot	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Washington	0.6	0.0	0.0	0.0	0.0	0.0	1.4	2.0
Wicomico	1.0	0.9	0.3	6.9	0.3	0.0	0.0	9.3

<u>Local Education Agency</u>	<u>2021</u>	<u>2022 GF</u>	<u>2022 FF</u>	<u>2023 GO</u>	<u>2023 FF</u>	<u>2024</u>	<u>2025</u>	<u>Total</u>
Worcester	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Maryland School for the Blind	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.3
<i>Subtotal</i>	\$35.2	\$27.6	\$40.0	\$50.0	\$40.0	\$89.9	\$90.0	\$372.8
Unallocated	\$0.0	\$2.1	\$0.0	\$0.0	\$0.0	\$0.1	\$0.0	\$2.2
Total	\$35.2	\$29.7	\$40.0	\$50.0	\$40.0	\$90.0	\$90.0	\$375.0

FF: federal funds
 GF: general funds
 GO: general obligation
 LEA: local education agency

Note: Allocations less than \$50,000 and shown as \$0 are Harford (fiscal 2020) and Somerset (fiscal 2023). Total in fiscal 2021 includes unexpended funds from fiscal 2020.

Source: Interagency Commission on School Construction

Appendix 2
Aging Schools Program
Fiscal 2020-2026 Est.
\$ in Thousands

<u>Local Education Agency</u>	<u>Avg. Expenditure Fiscal 2020-2025</u>	<u>2026 Est.</u>
Allegany	\$97.8	\$97.8
Anne Arundel	506.0	506.0
Baltimore City	1,387.9	1387.9
Baltimore	1,016.0	874.2
Calvert	38.4	38.3
Caroline	50.1	50.1
Carroll	138.1	137.3
Cecil	100.5	96.0
Charles	61.4	50.1
Dorchester	38.3	38.3
Frederick	184.0	182.6
Garrett	38.3	38.3
Harford	222.5	217.4
Howard	87.8	87.8
Kent	50.3	38.3
Montgomery	602.7	602.7
Prince George’s	1,260.5	1209.4
Queen Anne’s	50.9	50.1
St. Mary’s	50.1	50.1
Somerset	38.3	38.3
Talbot	47.7	38.3
Washington	134.9	134.9
Wicomico	108.8	106.6
Worcester	38.3	38.3
Total	\$6,349	\$6,109

Source: Interagency Commission on School Construction

Appendix 3
Senator James E. “Ed” DeGrange Nonpublic Aging Schools Program
Fiscal 2021-2024
\$ in Thousands

<u>County</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>Total</u>	<u>% of Total</u>
Allegany	\$22.9	\$26.7	\$31.0	\$35.4	\$116.1	0.8%
Anne Arundel	183.4	133.6	157.0	\$177.1	651.1	4.7%
Baltimore City	588.4	614.6	824.0	\$637.7	2664.6	19.0%
Baltimore	832.9	768.2	596.0	\$715.6	2912.7	20.8%
Calvert	38.2	40.1	39.0	\$28.3	145.6	1.0%
Caroline	0.0	0.0	0.0	\$28.3	28.3	0.2%
Carroll	30.6	33.4	31.0	\$49.6	144.6	1.0%
Cecil	45.8	46.8	31.0	\$49.6	173.2	1.2%
Charles	61.1	59.6	55.0	\$49.6	225.3	1.6%
Dorchester	22.9	0.0	0.0	\$0.0	22.9	0.2%
Frederick	22.9	66.8	86.0	\$70.9	246.6	1.8%
Garrett	0.0	26.7	0.0	\$7.1	33.8	0.2%
Harford	68.8	73.5	71.0	\$70.9	284.1	2.0%
Howard	91.7	147.0	94.0	\$106.3	438.9	3.1%
Kent	0.0	0.0	0.0	\$0.0	0.0	0.0%
Montgomery	618.9	601.2	636.0	\$644.7	2500.9	17.9%
Prince George’s	473.7	487.4	463.0	\$510.1	1934.3	13.8%
Queen Anne’s	30.6	0.0	0.0	\$0.0	30.6	0.2%
Somerset	0.0	0.0	102.0	\$0.0	102.0	0.7%
St. Mary’s	122.3	100.2	0.0	\$106.3	328.7	2.3%
Talbot	76.4	60.1	71.0	\$21.3	228.8	1.6%
Washington	76.4	153.6	141.0	\$127.5	498.6	3.6%
Wicomico	61.1	53.4	63.0	\$56.7	234.2	1.7%
Worcester	0.0	6.7	8.0	\$7.1	21.8	0.2%
Unallocated	31.0	0.5	0.0	\$0.0	31.5	0.2%
Total	\$3,500.0	\$3,500.0	\$3,499.0	\$3,500.0	\$13,999.0	100.0%

Source: Interagency Commission on School Construction

Appendix 4
State Cost Share by Local Education Agency
Fiscal 2023-2026

The State pays at least 50% of eligible costs of school construction and renovation projects based on a funding formula that takes into account numerous factors, including each local school system’s wealth and ability to pay. Statute requires that the cost-share formula be recalculated every two years. In calendar 2023, IAC approved a plan to review and update the State cost-share formula in calendar 2025. The chart below shows the State share of eligible school construction costs for all Maryland jurisdictions from fiscal 2023 to 2026 as projected by IAC. Counties whose calculated State share would have been lower in fiscal 2023 than in fiscal 2022 were held harmless by Chapter 698; Garrett County’s State share was adjusted in accordance with provisions of Chapter 698; MSB’s share is adjusted to 100% in accordance with the provisions in Chapter 192 of 2024.

<u>County</u>	<u>2023 and 2024</u>	<u>2025</u>	<u>2026</u>
Allegany	90%	89%	89%
Anne Arundel	50%	50%	50%
Baltimore City	96%	94%	91%
Baltimore	61%	59%	57%
Calvert	56%	56%	56%
Caroline	88%	94%	94%
Carroll	59%	57%	54%
Cecil	66%	64%	61%
Charles	65%	64%	64%
Dorchester	93%	98%	98%
Frederick	65%	67%	67%
Garrett	90%	89%	89%
Harford	63%	61%	58%
Howard	56%	54%	51%
Kent	50%	50%	50%
Montgomery	50%	50%	50%
Prince George’s	73%	71%	68%
Queen Anne’s	51%	50%	50%
St. Mary’s	58%	58%	58%
Somerset	100%	100%	100%
Talbot	50%	50%	50%
Washington	79%	78%	78%
Wicomico	100%	98%	95%
Worcester	50%	50%	50%
Maryland School for the Blind	93%	100%	100%

Source: Interagency Commission on School Construction

Appendix 5
School Construction Funding by LEA
Fiscal 1973-2025
(\$ in Millions)

<u>LEA</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>Allocation 2021-2025</u>	<u>Total Allocation 1973-2025</u>	<u>% Total Since 2021</u>
Allegany	\$2.2	\$2.6	\$3.2	\$5.3	\$5.4	\$18.7	\$166.0	11.2%
Anne Arundel	38.3	38.0	42.0	54.2	40.5	213.0	953.9	22.3%
Baltimore City	45.0	69.3	154.8	93.3	73.0	435.4	1,342.5	32.4%
Baltimore	53.9	59.3	118.8	66.8	52.0	350.8	1,220.2	28.8%
Calvert	4.0	13.5	8.7	5.2	8.3	39.5	250.1	15.8%
Caroline	13.8	4.8	2.3	4.5	6.0	31.2	104.1	30.0%
Carroll	8.2	14.6	20.6	16.6	15.1	75.1	329.1	22.8%
Cecil	3.9	5.5	6.3	41.7	5.0	62.4	224.8	27.7%
Charles	12.5	12.3	35.2	20.6	16.7	97.3	396.4	24.6%
Dorchester	6.0	6.6	2.4	5.9	3.7	24.6	140.5	17.5%
Frederick	23.0	20.6	48.2	30.9	18.4	141.1	595.6	23.7%
Garrett	1.6	11.8	10.8	15.3	23.8	63.3	118.5	53.4%
Harford	12.4	14.7	10.9	23.1	16.7	77.8	449.4	17.3%
Howard	31.8	26.0	68.1	24.3	19.5	169.6	688.4	24.6%
Kent	2.5	0.2	1.9	1.7	0.4	6.6	26.3	25.2%
Montgomery	56.3	45.3	41.0	68.1	52.9	263.6	1,446.8	18.2%
Prince George's	44.7	38.9	79.3	72.2	52.8	288.0	1,204.0	23.9%
Queen Anne's	1.2	2.3	4.5	5.3	0.8	14.2	103.7	13.7%
St. Mary's	5.6	5.8	6.9	8.9	5.7	32.8	226.8	14.4%
Somerset	3.1	0.6	0.3	9.4	4.5	17.9	126.7	14.1%
Talbot	3.2	1.4	0.9	2.3	6.4	14.2	58.5	24.3%
Washington	8.4	8.7	10.2	14.9	8.9	51.1	253.4	20.2%
Wicomico	10.5	12.4	32.7	21.3	7.9	84.7	301.9	28.1%

<u>LEA</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>Allocation 2021-2025</u>	<u>Total Allocation 1973-2025</u>	<u>% Total Since 2021</u>
Worcester	1.5	5.0	0.3	0.7	2.2	9.7	90.3	10.8%
MSB	6.8	8.1	15.2	19.7	10.7	60.5	128.9	46.9%
Total	\$400.5	\$428.3	\$725.3	\$632.1	\$457.1	\$2,643.4	\$10,947.9	24.1%

LEA: local education agency
MSB: Maryland School for the Blind

Note: Does not include Built to Learn or the Baltimore City 21st Century Schools Program

Source: Interagency Commission on School Construction; Department of Legislative Services