

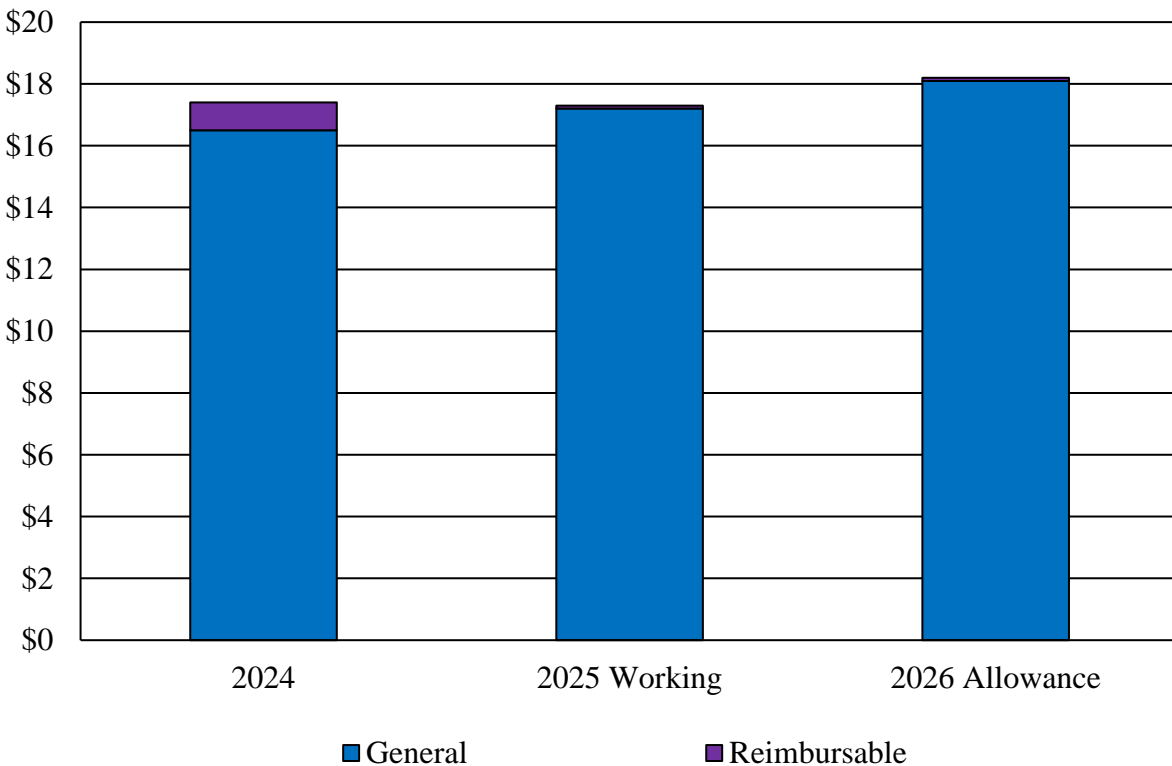
D25E03
Interagency Commission on School Construction

Program Description

As part of the passage of Chapter 679 of 2023, the Interagency Commission on School Construction (IAC) was authorized as an independent State agency. The role of IAC is to review, analyze, and approve requests for State school construction funds distributed to local education agencies (LEA). IAC’s goals are to promote (1) equity in the quality of school facilities throughout the State and (2) well-maintained, safe physical environments for teaching and learning. More information on the State’s public school construction program and supplemental grants can be found in the capital budget analysis for D25 – IAC.

Operating Budget Summary

**Fiscal 2026 Budget Increases \$912,864, or 5.3%, to \$18.2 Million
(\$ in Millions)**



Note: The fiscal 2025 impacts of statewide salary adjustments are centrally budgeted in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency’s budget. The fiscal 2026 impacts of the fiscal 2025 statewide salary adjustments appear in this agency’s budget. The fiscal 2026 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency’s budget.

For further information contact: Laura H. Hyde

laura.hyde@mlis.state.md.us

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Previously under the authority of the Board of Public Works (BPW) and the Maryland State Department of Education (MSDE), IAC is an independent commission created by the 21st Century School Facilities Act (Chapter 14 of 2018). Members of the commission include the State Superintendent of Schools, the Secretary of Planning, the Secretary of General Services, two members of the public appointed by the Governor, two members of the public appointed by the President of the Senate, and two members of the public appointed by the Speaker of the House of Delegates. IAC staff assist the commission to administer school construction funding under the Built to Learn Act (Chapter 20 of 2020, as amended); the Public School Construction Program; and State supplemental grants, including the Aging Schools Program for public and nonpublic schools. IAC's budget includes funding for public school safety programs, although that program is administrated by the Maryland Center for School Safety – budget code R00A06.

Fiscal 2024

School Construction Revolving Loan Fund Repealed

For the School Construction Revolving Loan Fund (Revolving Loan Fund), actions in the Budget Reconciliation and Financing Act (BRFA) of 2024 (Chapter 717 of 2024) resulted in the program's repeal and transfer of the balance to the Blueprint for Maryland's Future Fund (Blueprint Fund). The Revolving Loan Fund was established in Chapter 14 to provide loans to local governments to assist them in funding the local share of school construction projects with low- or no-interest loans. Funding was not provided until mandated by Chapter 32 of 2022, which required the Governor to allocate at least \$40.0 million in fiscal 2023, \$20.0 million in fiscal 2024, and \$10.0 million in each of fiscal 2025 and 2026. Because LEAs had not used these funds, the BRFA of 2024 included a provision that repealed the Revolving Loan Fund. In keeping with this action, § 19 of the fiscal 2025 Budget Bill (Chapter 716 of 2024) reduced funds appropriated in fiscal 2024 for the program by \$20.0 million. With the passage of the BRFA of 2024, the \$40.0 million balance was transferred to the Blueprint Fund as fiscal 2025 revenue.

Fiscal 2025

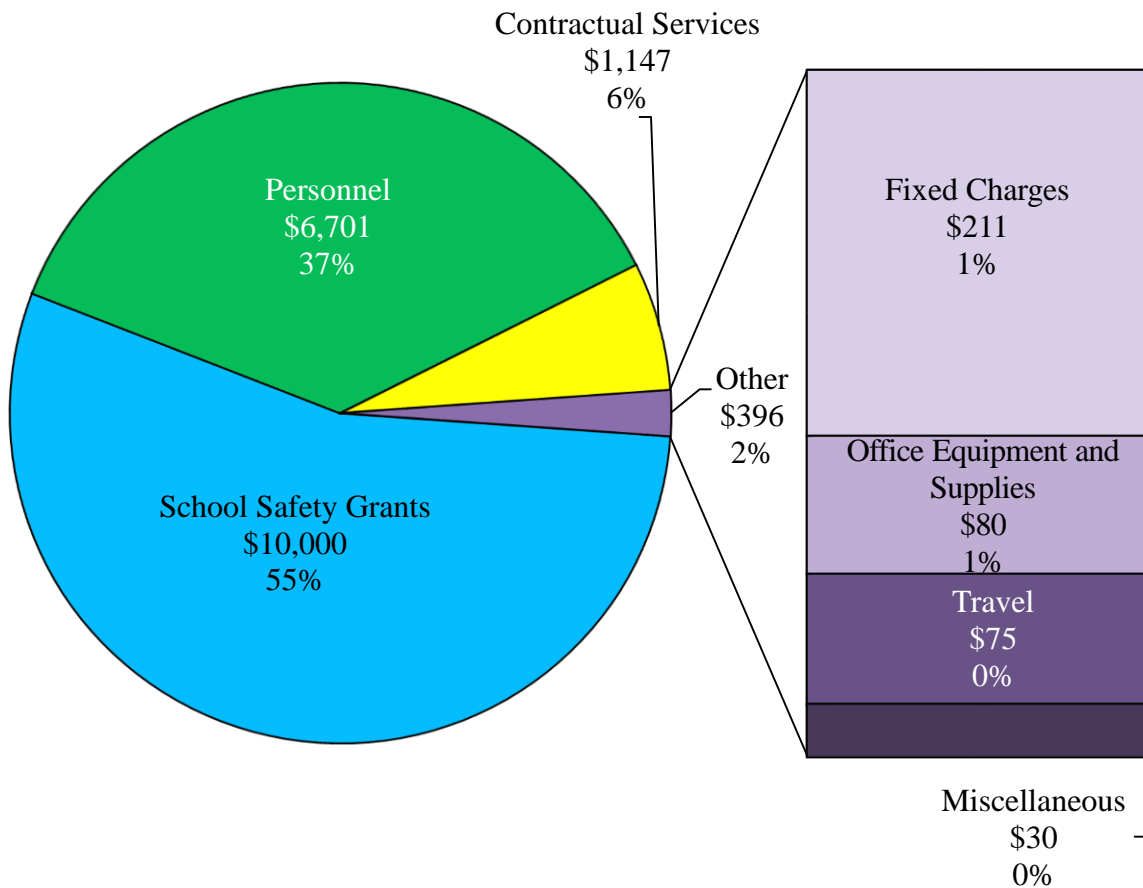
Implementation of Legislative Priorities

Section 21 of the fiscal 2025 Budget Bill added one legislative priority to the IAC Headquarters budget. For the Prince George's County private-public partnership fund, a general fund appropriation of \$2.0 million increased the fiscal 2025 budget from \$27.0 million to \$29.0 million. This increase is needed to cover payments associated with new school construction.

Fiscal 2026 Overview of Agency Spending

In the fiscal 2026 proposed budget, IAC’s total allowance is \$18.2 million. Public school safety grants receive \$10.0 million in general funds, or 55%, of this allowance. IAC’s administrative budget receives \$8.2 million, or 45%, of this allowance. **Exhibit 1** shows IAC’s fiscal 2026 proposed budget by object.

Exhibit 1
Overview of Agency Spending
 Fiscal 2026 Allowance
 (\$ in Thousands)



Note: The fiscal 2026 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency’s budget.

Source: Governor’s Fiscal 2026 Budget Books

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In fiscal 2026, IAC’s personnel allowance is approximately \$6.7 million, or 37%, of the total budget and 81% of the agency’s \$8.2 million in administrative expenditures. This amount is dedicated to regular salaries and fringe benefits for full-time employees. Contractual services receive \$1.1 million, or 6%, of this budget, which includes \$753,066 for licensing for the Integrated Master Facilities Asset Library (IMFAL) business management system (BMS) and \$263,013 for the Department of Information Technology (DoIT) services. Other expenses total approximately \$396,000, or 2%, of this budget, which includes \$211,275 for rent under fixed charges and \$75,000 for travel.

Proposed Budget Change

IAC’s fiscal 2026 proposed budget increases by \$912,864 in general and reimbursable funds compared to the fiscal 2025 working appropriation. The agency receives a net increase of \$866,144 for regular personnel costs and an increase of \$46,720 for operating expenses. **Exhibit 2** shows these proposed changes.

**Exhibit 2
Proposed Budget
Interagency Commission on School Construction
(\$ in Thousands)**

How Much It Grows:	<u>General Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2024 Actual	\$16,469	\$938	\$17,407
Fiscal 2025 Working Appropriation	17,225	106	17,331
Fiscal 2026 Allowance	<u>18,123</u>	<u>121</u>	<u>18,244</u>
Fiscal 2025-2026 Amount Change	\$898	\$15	\$913
Fiscal 2025-2026 Percent Change	5.2%	13.7%	5.3%

Where It Goes:	<u>Change</u>
Personnel Expenses	
Regular salary increases and associated fringe benefits, including fiscal 2025 cost-of-living adjustments and increments	\$353
Turnover change from 12.02% to 2.25%	594
Reclassification	18
Employee and retiree health insurance.....	-99
Other Changes	
Computers, software, and licenses, including DoIT services	187

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Where It Goes:	<u>Change</u>
Travel	25
Routine operating expenses.....	8
Rent and insurance	2
Graphic design services and other contractual services	-75
Debt capacity study for the Revolving Loan Fund canceled due to the repeal of that program in the BRFA of 2024 (Chapter 717 of 2024)	-100
Total	\$913

BRFA: Budget and Reconciliation Financing Act
DoIT: Department of Information Technology

Note: Numbers may not sum to total due to rounding. The fiscal 2025 impacts of statewide salary adjustments are centrally budgeted in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency’s budget. The fiscal 2026 impacts of the fiscal 2025 statewide salary adjustments appear in this agency’s budget. The fiscal 2026 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency’s budget.

Personnel Data

	<u>FY 24</u> <u>Actual</u>	<u>FY 25</u> <u>Working</u>	<u>FY 26</u> <u>Allowance</u>	<u>FY 25-26</u> <u>Change</u>
Regular Positions	41.00	44.00	44.00	0.00
Contractual FTEs	0.00	0.00	0.00	0.00
Total Personnel	41.00	44.00	44.00	0.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	0.99	2.25%
Positions and Percentage Vacant as of 12/31/24	3.00	6.82%
Vacancies Above Turnover	2.01	

- As of December 31, 2024, IAC has 3 vacancies, with 2.01 vacancies above the budgeted turnover in fiscal 2026. IAC reports that the agency also has a recent fourth vacancy that is in the process of reclassification. The 3 vacancies are a capital projects manager, a facilities assessor, and a special projects manager. Out of these vacancies, 2 positions have been vacant more than 12 months.
- IAC’s budgeted turnover rate in fiscal 2025, 12.02%, was artificially high due to the calculation of that rate to reflect abolished positions. In fiscal 2026, the turnover rate decreases to 2.25%.

Key Observations

1. IAC School Construction Reports Delayed

Chapter 14 required a comprehensive review of the State’s process to assess and fund public school construction. This law reconstituted IAC as an independent agency within MSDE, authorized new positions, expanded IAC staff responsibilities, and created two new workgroups to examine school construction planning and funding. It also required IAC to conduct a statewide facilities assessment (SFA); adopt and implement IMFAL; hire additional personnel to meet Chapter 14 requirements; and submit certain reports. In calendar 2021, IAC completed the first round of the SFA, established a baseline for this measure and process, and hired additional personnel.

Since the passage of Chapter 14, the General Assembly has enacted additional statutory measures in regard to public school construction, including Chapter 20 – the Built to Learn Act, which established the Built to Learn school construction program; Chapter 32, which implemented the recommendations of one of the workgroups established in Chapter 14, the Workgroup on the Assessment and Funding of School Facilities; Chapter 679 of 2023, which established IAC as an independent agency and required certain reports; and Chapter 354 of 2024, which reestablished the Workgroup on the Assessment and Funding of School Facilities.

In calendar 2021, the Workgroup on the Assessment and Funding of School Facilities reviewed the first cycle of SFA data and submitted its final report. This report included several school construction funding recommendations, some of which were intended to align Chapter 14 with Chapter 36 of 2021, as amended – Blueprint for Maryland’s Future Grant Program (Blueprint) – Implementation. These recommendations were added to requirements in Chapter 32, including the alignment of sufficiency standards and gross area baseline allowances with Blueprint mandates; development of State and local cost share formulas; verification of SFA data; and additional reporting requirements.

Part of the workgroup recommendation included in Chapter 32 was an updated reporting requirement for IAC’s annual maintenance assessment. The updated requirement states that as part of IAC’s annual maintenance survey, IAC must include:

- inspections of temperature, humidity, carbon dioxide, acoustic levels, lead paint, asbestos, kitchen sanitary equipment, lighting, emergency communications systems with respect to remaining useful life; health room attributes; safety equipment in each laboratory space;
- the functionality of HVAC, life safety building systems, and roofs; and
- any additional critical building systems identified by IAC.

In October 2023, IAC submitted the mandated annual maintenance report, but the report did not include the measures added in Chapter 32. After review of the requirements and

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consultation with the Department of Legislative Services (DLS), in February 2024, IAC agreed to turn in a separate report with an update on these tasks as soon as possible, and annually thereafter on October 1. However, as of February 2025, even though IAC acknowledges the agreement to submit this information in separate report, DLS has not received the report, and the 2024 annual maintenance report did not include this information. **DLS recommends adding budget bill language to restrict funds pending the submission of a report on measures required by Chapter 32.**

In addition to the update on Chapter 32 requirements, IAC has not submitted 6 mandated reports due in calendar 2023, 2024, and 2025. IAC has submitted updates to the SFA data to DLS for review, with the most recent data for SFA Refresh Cycle 3 submitted in January 2025. **Exhibit 3** provides the status of IAC mandated reports as of February 15, 2025.

Exhibit 3
Status of Mandated Reports and Tasks
Calendar 2024-2026

<u>Due Date and Report</u>	<u>Action</u>	<u>Status</u>
January 15, 2024 (annual) Baltimore City School Facilities	Annual report required in Chapter 14 of 2018 under §10-645 of the Education Article on the progress of replacements, renovations, and maintenance including actions taken during the previous fiscal year and planned for the current fiscal year Joint report with MSA, Baltimore City, and the Baltimore City Board of School Commissioners	January 2024 and 2025 reports overdue
March 30, 2024 (quarterly) Statewide Contingency Account	Quarterly report required in Chapter 14 of 2018 under §5-303 of the Education Article on the balance in the account	Submitted calendar 2024 reports for March, June, and September; December 2024 report overdue
June 30, 2024 State and Local Cost-share Formulas and Incentives	Update cost-share for State share of the foundation and guaranteed tax base calculations to align with Blueprint formulas. Apply State and local cost-share adjustments to the Public School Construction Program, Healthy School Facility Fund, and supplemental grant program.	Both actions completed. Revised cost-share formulas for fiscal 2026 to 2027 were approved in May 2023. State cost-share adjustment add-ons for Blueprint programs were also approved.

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<u>Due Date and Report</u>	<u>Action</u>	<u>Status</u>
October 1, 2024 (annual) Annual Maintenance Report	Annual report required in Chapter 32 of 2022 under §5-310 of the Education Article on the condition of school buildings	Submitted, but incomplete; does not include updates as required in Chapter 32
December 31, 2024 (annual) Solar Technologies	Annual report required in Chapter 14 of 2018 under §5-319 of the Education Article on major renovation projects in each jurisdiction that use solar technologies	December 2024 report overdue
December 31, 2024 (annual) Alternative Energy Systems	Annual report required in Chapter 679 of 2023 under §5-325 of the Education Article on major renovation projects in each jurisdiction that use alternative energy systems Initial report due in December 2024	December 2024 report overdue
January 15, 2025 (annual) Prince George’s County P3	Annual report required in Chapter 679 of 2023 under §4-126.1 of the Education Article on the progress of construction and renovations of public school facilities under the P3 agreement including actions taken during the previous fiscal year and planned for the current fiscal year Joint report MSA, Prince George’s County government, and the Prince George’s County Board Initial report due in January 2025	January 2025 report overdue
Calendar 2022 through July 1, 2025	IAC continues to work with DLS to verify data collected under SFA until at least the date specified.	Completed. IAC submitted SFA Refresh Cycle 3 data to DLS in January 2024, which DLS is still reviewing.
On or after June 1, 2025 Workgroup on the Assessment and Funding of School Facilities	In Chapter 32 of 2022, no later than July 2025, form a workgroup to determine how the relative condition of public school facilities within the educational facilities sufficiency standards and the facility condition index should be prioritized, taking into account local priorities and in consultation with local jurisdictions prior to the Public School	

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<u>Due Date and Report</u>	<u>Action</u>	<u>Status</u>
January 1, 2026	Facilities Priority Fund being funded for fiscal 2027	
Findings and recommendations of the workgroup	As specified in Chapter 32 of 2022, the workgroup must submit a report on its findings and recommendations	

Blueprint: Blueprint for Maryland’s Future Program
DLS: Department of Legislative Services
IAC: Interagency Commission on School Construction
MSA: Maryland Stadium Authority
P3: public-private partnerships
SFA: statewide facilities assessment

Source: Department of Legislative Services

IAC should comment on the reasons for the delays in submitting required reports. DLS recommends adding budget bill language to restrict funds pending the submission of overdue reports in calendar 2025.

IMFAL BMS Complete; Facilities Data System Remains under Development

Chapter 14 required IAC to build a cloud-based, asset library (which is IMFAL) that would integrate preventive maintenance and facilities assessment data and allow LEAs to access this data electronically. IMFAL has two main components: BMS, which is currently in partial use by IAC staff and LEAs and is expected to transition to full use by the end of calendar 2025; and the Facilities Data System (FDS), which is under development and will eventually be part of IMFAL.

IAC executed BMS first because it contains and manages the routing and processing of most documents involved in IAC’s business processes, including applications for site approval, submissions of project design documents, contracts to grant applications, and payments. FDS is connected to BMS and IAC’s recently rebuilt Facilities Inventory Database, which will provide a portal for LEAs to review and report changes to school facility assessment data and school facility assessment reports. Until September 2023, this function was provided through a third-party vendor, Bureau Veritas. Since then, IAC has been maintaining SFA data manually until FDS is online. In May 2024, BPW approved the FDS project, with full development expected by August 2025 followed by LEA access to the new system in phases through the end of calendar 2025.

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For BMS, IAC received two allocations of approximately \$1.5 million in fiscal 2022 and 2024. Ongoing licensing costs for BMS are approximately \$750,000 per year for the next seven years, not including DoIT oversight costs. The total allocation in fiscal 2024 for FDS development was \$879,000, of which IAC has expended approximately \$250,000 to date, with annual licensing costs estimated at \$21,000 per year. IAC is currently also negotiating operational costs for IMFAL, which are estimated at \$40,000 per year starting in fiscal 2027.

Operating Budget Recommended Actions

1. Add the following language to the general fund appropriation:

, provided that \$100,000 of this appropriation made for the purpose of administration may not be expended until the Interagency Commission on School Construction (IAC) submits to the budget committees a report on the condition of school buildings recommended by the Workgroup on the Assessment and Funding of School Facilities and mandated as part of Chapter 32 of 2022 in §5-310(b)(2)(ii) of the Education Article. This report shall be submitted by July 1, 2025, and include data from inspections of individual school buildings for the following measures:

- (1) temperature, humidity, carbon dioxide, acoustic levels, lead paint, asbestos, kitchen sanitary equipment, lighting, emergency communications systems with respect to remaining useful life, health room attributes, and safety equipment in each laboratory space;
- (2) the functionality of heating, ventilation, and air conditioning; life safety building systems; and roofs; and
- (3) any additional critical building systems identified by IAC.

The report shall also specify whether future data on these measures will be included in IAC’s maintenance report required as part of Chapter 14 of 2018, which is due annually on October 1, or if these data will be submitted in a separate annual report.

The budget committees shall have 45 days from the date of the receipt of the report to review and comment. Funds restricted pending the receipt of a report may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund if the report is not submitted to the budget committees.

Explanation: Chapter 32 required IAC to incorporate additional measures on the condition of school facilities into the State’s annual maintenance assessment. This language restricts funds until IAC (1) submits a report with data from these measures and (2) specifies whether the agency intends to incorporate these measures into the annual maintenance report or provide this information in a separate annual report.

Information Request	Author	Due Date
Report on measures of school facilities required in Chapter 32	IAC	July 1, 2025

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2. Add the following language to the general fund appropriation:

Further provided that \$100,000 of this appropriation made for the purpose of administration in the Interagency Commission on School Construction may not be expended until the agency submits a letter to the budget committees confirming the submission of all reports required by Chapter 14 of 2018 and Chapter 679 of 2023 due between January 1, 2023, and January 15, 2026. The letter shall be submitted within 30 days of the submission of the last outstanding report requested during the identified time period, and the budget committees shall have 45 days from the receipt of the letter to review and comment. Funds restricted pending the receipt of the letter may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund if the letter is not submitted to the budget committees.

Explanation: The Interagency Commission on School Construction (IAC) is responsible for submitting mandated reports as required in Chapter 14 of 2018 and Chapter 679 of 2023. In calendar 2023, 2024, and 2025, IAC did not submit multiple reports and has six reports outstanding as of February 15, 2025. This action restricts funds until IAC submits a letter to the budget committees confirming the submission of all mandated reports for the specified time period.

Information Request	Author	Due Date
Letter confirming the submission of mandated reports	IAC	Within 30 days of the submission of the last outstanding report

**Appendix 1
Object/Fund Difference Report
Interagency Commission on School Construction**

<u>Object/Fund</u>	<u>FY 24 Actual</u>	<u>FY 25 Working Appropriation</u>	<u>FY 26 Allowance</u>	<u>FY 25 - FY 26 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	41.00	85.00	44.00	-41.00	-48.2%
Total Positions	41.00	85.00	44.00	-41.00	-48.2%
Objects					
01 Salaries and Wages	\$ 5,432,585	\$ 5,834,724	\$ 6,700,868	\$ 866,144	14.8%
03 Communication	300	15,255	20,255	5,000	32.8%
04 Travel	68,847	50,000	75,000	25,000	50.0%
07 Motor Vehicles	8,055	4,800	4,800	0	0%
08 Contractual Services	1,829,425	1,135,039	1,147,289	12,250	1.1%
09 Supplies and Materials	11,452	7,500	10,000	2,500	33.3%
11 Equipment – Additional	57,491	69,553	69,553	0	0%
12 Grants, Subsidies, and Contributions	9,799,703	10,000,000	10,000,000	0	0%
13 Fixed Charges	199,582	214,305	216,275	1,970	0.9%
Total Objects	\$ 17,407,440	\$ 17,331,176	\$ 18,244,040	\$ 912,864	5.3%
Funds					
01 General Fund	\$ 16,469,225	\$ 17,224,677	\$ 18,122,915	\$ 898,238	5.2%
09 Reimbursable Fund	938,215	106,499	121,125	14,626	13.7%
Total Funds	\$ 17,407,440	\$ 17,331,176	\$ 18,244,040	\$ 912,864	5.3%

Note: The fiscal 2026 allowance does not include statewide salary adjustments budgeted within the Department of Budget and Management.