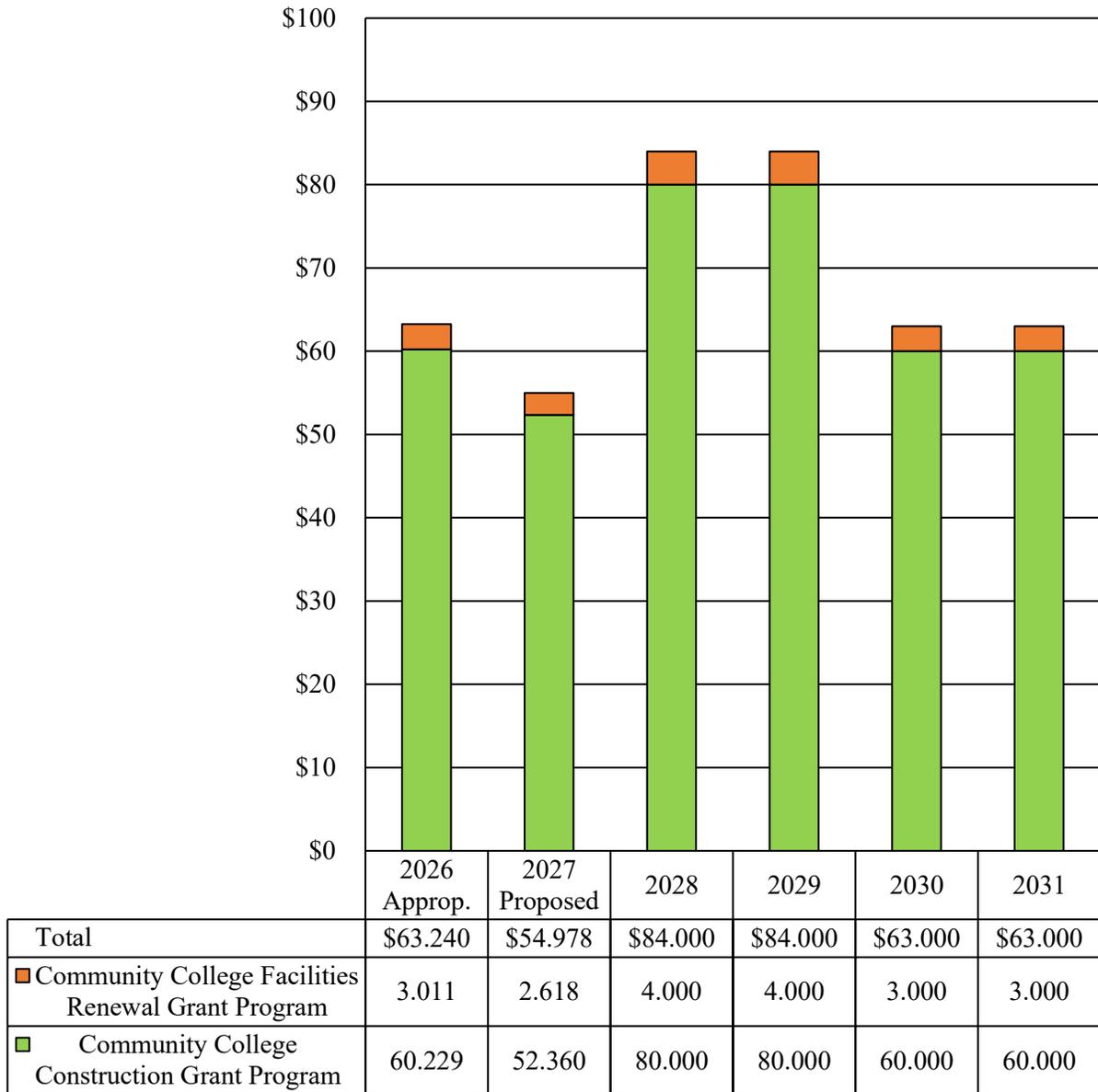


R62*
Maryland Higher Education Commission – Capital

Capital Budget Summary

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



Note: All program expenditures supported with general obligation bonds.

For further information contact: David Propert

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Key Observations

- ***Community College Construction Grant Program (CCCGP):*** The fiscal 2027 capital budget includes \$52.4 million to support 14 projects at 11 community colleges. This level of funding is \$7.9 million below the fiscal 2026 appropriation and \$27.6 million below the planned amount (\$80.0 million) for this program in the 2025 *Capital Improvement Program (CIP)*.
- ***Community College Facilities Renewal Grant Program (CCFRGP):*** The Governor is mandated to fund the CCFRGP at an amount equal to 5% of the State allowance for the CCCGP. The fiscal 2027 capital budget includes \$2.618 million to support the CCFRGP, which meets the mandate. The budget will fund equal grants of \$327,250 to 8 community colleges.

GO Bond Recommended Actions

- 1 Adopt the following narrative:

Unexpended Funds for the Community College Construction Grant Program (CCCGP): The committees request that the Maryland Higher Education Commission (MHEC) submit a project funding status report for all CCCGP projects with unencumbered and unexpended funds as of December 1, 2026. The report shall be submitted by January 10, 2027, and should provide specifics about the status and completeness of design and construction; awarded contracts or requests for proposals; the justification for retaining funding, including any barriers or setbacks that have impacted project execution; and the amount of unencumbered and unexpended funds for each project.

Information Request	Author	Due Date
Report on unencumbered and unexpended CCCGP funds	MHEC	January 10, 2027

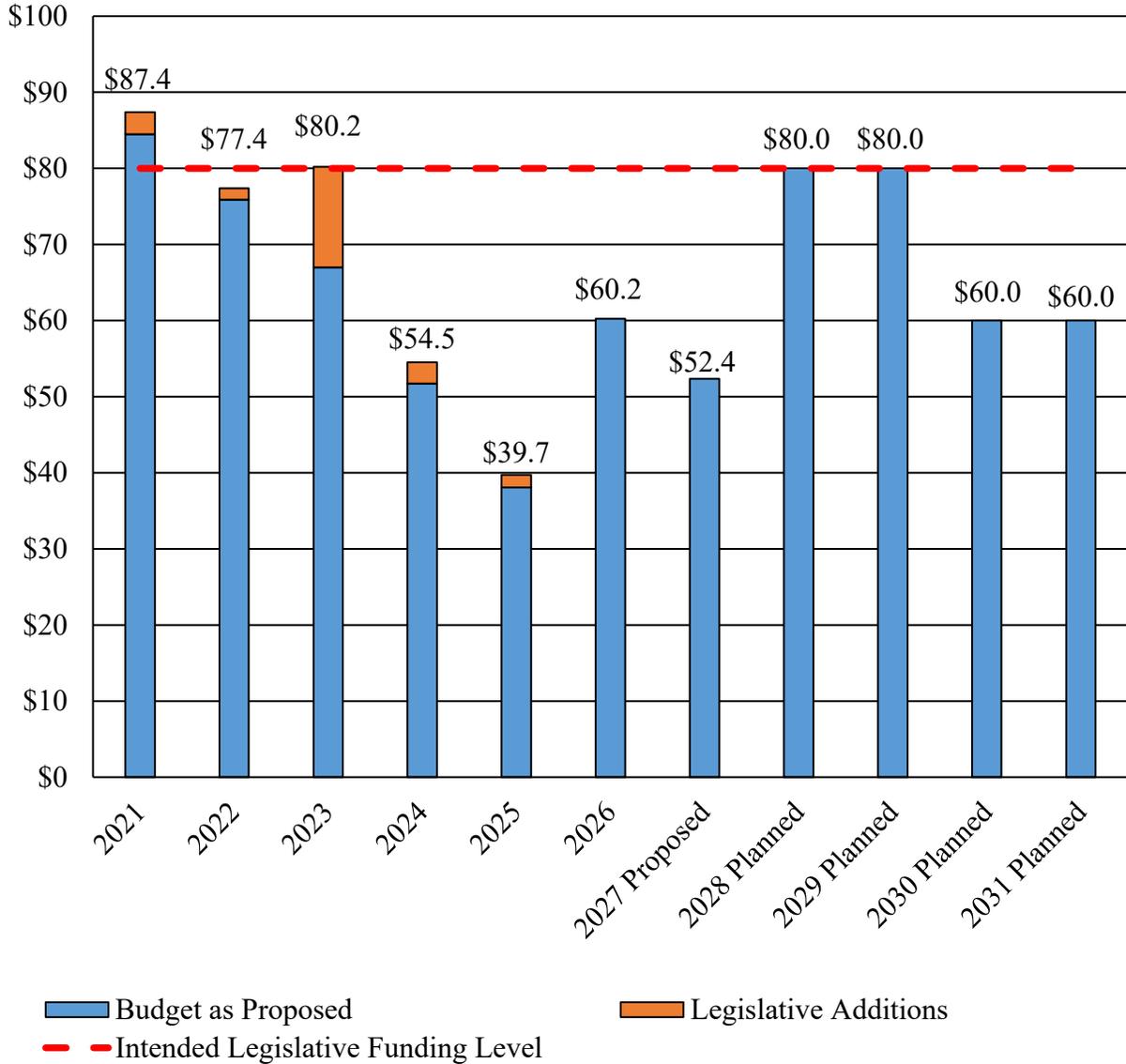
Budget Overview of Grant and Loan Programs

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.

In June 2016, the budget committees submitted a request to the Governor that the community colleges be programmed at \$80 million per year in the out-years of the CIP. **Exhibit 1** shows the total annual program funding levels, including the prior appropriations since fiscal 2021 and the planned program funding through fiscal 2031. Although \$80 million is typically 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's budget as proposed by MHEC in recent fiscal years. However, even with these funding increases, total program funding has not met the \$80 million planned amount since fiscal 2023. The fiscal 2027 allowance of \$52.4 million is \$27.6 million below the level requested by the legislature. MHEC reported that some project schedules have been pushed back in fiscal 2027 and attributes these delays as the reason that only \$8.6 million is included in the fiscal 2027 capital budget for projects that received a total of \$35.5 million of preauthorizations in the fiscal 2026 capital budget bill. **The Department of Budget and Management (DBM) should brief the committees as to why the planned funding levels for fiscal 2030 and 2031 have been reduced from \$80 million to \$60 million.**

**Exhibit 1
CCCGP Annual Funding Levels
Fiscal 2021-2031 Planned
(\$ in Millions)**

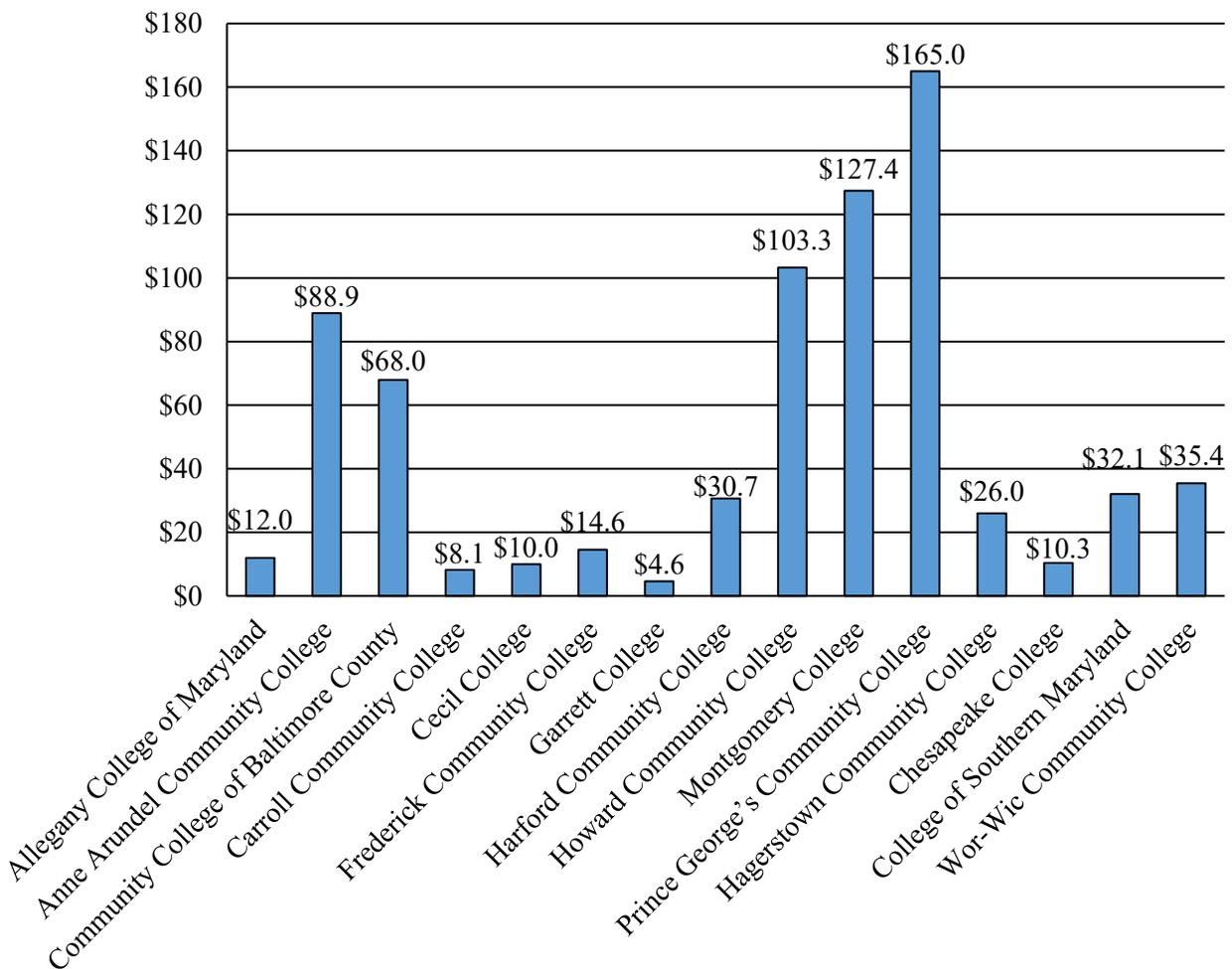


CCCGP: Community College Construction Grant Program

Source: Department of Budget and Management

Exhibit 2 shows the funding history by college for the CCCGP from fiscal 2017 through the 2027 planned amounts. A total of \$736.4 million has been allocated through the program during this period, of which the largest share, \$165.0 million, has been provided to Prince George’s College. Montgomery and Howard colleges have both also received over \$100 million in CCCGP funding during the same time frame. Of the 15 colleges, 10 have received \$35.4 million or less during the period shown.

Exhibit 2
Community College Construction Grant Program Funding by Community College
Fiscal 2017-2027
(\$ in Millions)



Source: Department of Budget and Management

Fiscal 2027 Funding Plan

The fiscal 2027 capital budget provides \$52.4 million to fund 14 projects at 11 community colleges. The total fiscal 2026 cost of these projects is \$54.8 million; however, MHEC intends to utilize \$2.4 million in CCCGP surplus fund balance in addition to the \$52.4 million general obligation (GO) authorization. Twelve projects received State funding authorizations in prior fiscal years, while 2 projects are receiving State funding for the first time. A summary of the proposed fiscal 2026 projects is presented in **Exhibit 3**.

Exhibit 3
CCCGP Proposed Projects
Fiscal 2027
(\$ in Millions)

<u>Project</u>	<u>Total Cost</u>	<u>Prior Auth.</u>	<u>2027 Request</u>	<u>Future Request</u>	<u>Total Share</u>
Allegany College of Maryland – Workforce Development and Training Center Renovation	\$14.839	\$0.543	\$2.402	\$7.131	68%

This project will renovate the Workforce Development and Training Center to provide modern educational spaces for the workforce development programs at the college. The project will redesign the interior to provide additional classroom, laboratory, and study space while reducing office, meeting, and lounge space. Total project cost has decreased by \$1.185 million in the 2026 CIP, and the project’s design is projected to be finished in November 2026. The fiscal 2027 capital budget bill preauthorizes \$6.7 million in fiscal 2028 to continue construction.

Anne Arundel Community College – Dragun Building Renovation	\$56.027	\$1.822	\$18.808	\$7.384	50%
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This project will 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. Costs have decreased by \$1.537 million in the 2026 CIP, and construction is projected to begin in July 2026. The fiscal 2027 capital budget bill preauthorizes \$7.4 million in fiscal 2028 to continue construction.

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<u>Project</u>	<u>Total Cost</u>	<u>Prior Auth.</u>	<u>2027 Request</u>	<u>Future Request</u>	<u>Total Share</u>
Carroll Community College – Systemic Renovation	\$15.614	\$6.231	\$1.905	\$0.0	52%

This project will renovate several building systems and the exterior of Building A on the main campus. This project will replace heating and cooling equipment, fire alarm system, and the building envelope. Funding was not anticipated for this project in fiscal 2027 but delays in HVAC replacement occurred due to new equipment being needed, which led to a re-design prior to advertising the contract. Construction is planned to be completed in April 2027.

Chesapeake College – New Queen Anne’s Technical Building	\$48.444	\$1.970	\$5.938	\$28.425	75%
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This project will construct a new Queen Anne’s Technical Building to house the skilled trade and workforce development programs at the Chesapeake College main campus. The Part I and II Program Plans for this project are currently under review by DBM, and the total cost has decreased by \$7.994 million in the 2026 CIP due to a smaller scope being used. The 2026 CIP includes a 42,730 GSF facility whereas the 2025 CIP included a 63,000 GSF building. The project’s design is anticipated to conclude in January 2027. The fiscal 2027 capital budget bill preauthorizes \$16.4 million for fiscal 2028 and \$8.2 million for fiscal 2029 to continue construction.

College of Southern Maryland – Leonardtown – A Building Renovation and Expansion	\$15.647	\$0.576	\$0.362	\$10.796	75%
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This project will renovate the A Building to repurpose it into a new Library and Learning Commons. The renovated building will serve as a centralized student services center. The Part I and II Program Plans for this project have been approved by DBM, and the project’s design is projected to conclude in January 2027. Costs for this project have decreased from \$17.479 million to \$15.647 million due to reductions in the regional construction factor for St. Mary’s County and changes in estimated construction cost escalation.

CCBC – Multiple Building Roof Replacement	\$5.462	\$1.162	\$1.695	\$0.0	52%
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This project will replace or repair the roofs of six buildings at the Catonsville, Dundalk, and Essex campuses, and three have already been completed. Construction for the remaining three are scheduled to be completed in October 2026.

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<u>Project</u>	<u>Total Cost</u>	<u>Prior Auth.</u>	<u>2027 Request</u>	<u>Future Request</u>	<u>Total Share</u>
CCBC – Essex-Primary Switchgear and Distribution Replacement	\$23.030	\$2.639	\$1.0	\$8.660	\$53%

This project will 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 have been approved by DBM. The total estimated project cost has increased by approximately \$8.0 million. As the design of this project progressed, CCBC discovered that the work required to properly replace the electrical infrastructure was more expensive than initially anticipated. Cost increases include a \$4.4 million increase to the cost of switchgear and transformer equipment as well as increased allocations for site work and utilities. These increased costs were included in the cost estimate provided with completed Construction Design documents. The Department of General Services has stated that the current estimate aligns with what they have observed for switchgear projects. Construction is planned to begin in April 2026. The fiscal 2027 capital budget bill preauthorizes \$6.0 million for fiscal 2028 and \$2.6 million for fiscal 2029 to fully equip the project and continue construction.

CCBC – Catonsville – Automotive Technology Renovation and Expansion

	\$23.853	\$0.000	\$6.816	\$5.634	52%
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This project will renovate and expand the Transportation Technology Center and create additional automotive laboratories (including for electric vehicles), classrooms, and faculty offices for the college’s automotive technology program. The Part I and II Program Plans for this project are currently under review by DBM and are expected to be approved before construction is planned to begin in July 2026. This project will receive State funding for the first time in fiscal 2027 as funding for project design came entirely from local matching funds. The fiscal 2027 capital budget bill preauthorizes \$5.6 million for fiscal 2028 to continue construction.

FCC – Catoctin Hall Renovation and Addition

	\$63.253	\$0.000	\$1.317	\$34.485	57%
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This project will renovate Catoctin Hall and construct an additional 28,352 GSF at the main campus. HVAC and lighting systems in the original building will be replaced. Catoctin Hall currently houses the computing, business, and STEM programs. MHEC projects that FCC’s enrollment could increase by approximately 11.8% by fall 2034. FCC has projected deficits in calendar 2034 of classroom, class laboratory, and office which this project will help address. The Part I and II Program Plans for this project are currently under review by DBM, and project design is projected to begin in July 2026.

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Project	<u>Total Cost</u>	<u>Prior Auth.</u>	<u>2027 Request</u>	<u>Future Request</u>	<u>Total Share</u>
HCC – Advanced Technology Center Renovation	\$14.703	\$7.520	\$2.081	\$0.000	65%

This project will 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 the replacement of several building systems including plumbing, HVAC, fire alarm, telecommunications, lighting, electrical, roof, and windows. Project design is complete, and the estimated total project cost is based on fully completed design documents. Construction is projected to be completed in May 2027.

HCC – Second Entrance Widening	\$8.393	\$3.989	\$1.500	\$0.000	65%
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This project will construct road and pedestrian infrastructure improvements to realign campus traffic and promote driver and pedestrian safety. The current rear entrance at Yale Drive will become the main campus entrance and mitigate backups during peak usage. The project was fully funded in fiscal 2023 but experienced significant delays and extended design and construction timelines. HCC originally planned for design to last three months and construction to last four months, both of which were unrealistic. HCC’s facilities department experienced significant turnover in personnel, which hindered their ability to coordinate with the design team. The project scope was also increased during design. The lengthened design and construction timelines and scope increases, as well as the associated cost escalation, led to the estimated cost exceeding available funding. Construction is currently scheduled to begin in March 2026.

Howard Community College – New Workforce Development and Trades Center	\$45.250	\$20.525	\$2.100	\$0.000	50%
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This project will construct a new facility to house existing and new skilled trade programs, including automotive technology, welding, electrical, HVAC, plumbing, green technology, additive manufacturing, and logistics. Current programs are dispersed across four facilities at two campuses and 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, and construction is planned to conclude in July 2026.

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<u>Project</u>	<u>Total Cost</u>	<u>Prior Auth.</u>	<u>2027 Request</u>	<u>Future Request</u>	<u>Total Share</u>
Montgomery College – Rockville Library Renovation	\$28.696	\$8.859	\$5.489	\$0.000	50%

This project will renovate the first three floors of the Macklin Tower on the college’s Rockville campus, which houses the campus library. The project will include modernization and upgrades to building systems as well as reconfiguring space on each floor. Fiscal 2027 is the final year of construction funding and the cost estimate reflects a construction contract approved by the college’s Board of Trustees in June 2025. The proposed funding is \$912,000 more than the amount preauthorized in the Maryland Consolidated Capital Bond Loan of 2026, reflecting the most up-to-date costs and contracts. Construction started in January 2026 and is expected to conclude in May 2027.

Wor-Wic Community College – Maintenance Building Expansion	\$4.785	\$0.242	\$3.347	\$0.000	75%
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This project will construct an addition to the existing Maintenance Building. The project will provide climate-controlled warehouse space and vehicle storage to accommodate all maintenance equipment and vehicles. The Part I and II Program Plans for this project have been approved by DBM, and the project’s design is projected to be completed in April 2026.

CCBC: Community College of Baltimore County
 CCCGP: Community College Construction Grant Program
 CIP: *Capital Improvement Program*
 DBM: Department of Budget and Management
 FCC: Frederick Community College
 GSF: gross square foot
 HCC: Hagerstown Community College
 MHEC: Maryland Higher Education Commission
 STEM: science, technology, engineering, and mathematics

Source: Department of Budget and Management

Preauthorization’s Included in the 2026 Capital Budget Bill

The fiscal 2027 capital budget bill includes GO bond preauthorization for projects in fiscal 2028 through 2030, as shown in **Exhibit 4**. Preauthorizations are included for the estimated balance of the State construction share for projects where the construction schedules extend beyond fiscal 2027. This ensures that sufficient funds are budgeted, whether authorized or preauthorized, when the local government is ready to award a construction contract.

**Exhibit 4
Preauthorizations
2027–2029 Sessions
(\$ in Millions)**

<u>Project Title</u>	<u>2027 Session</u>	<u>2028 Session</u>	<u>2029 Session</u>
Allegany College of Maryland – Workforce Development and Training Center Renovation	\$6.724		
Anne Arundel Community College – Dragun Building Renovation	7.384		
Chesapeake College – New Queen Anne’s Technical Building	16.447	\$8.223	
Community College of Baltimore Co. – Catonsville – Automotive Technology Renovation and Expansion	5.635		
Community College of Baltimore Co. – Catonsville – Student Services Center Renovation and Expansion		1.926	\$8.271
Community College of Baltimore Co. – Essex – Primary Switchgear and Distribution Replacement	6.038	2.571	
Montgomery College – New Germantown Student Services Center		32.408	17.510
Prince George’s Community College – New Charlene Mickens Dukes Student Center	22.864	23.387	
Total Preauthorization	\$65.092	\$68.515	\$25.781

Source: Department of Budget and Management

- Fiscal 2027 Preauthorizations That Did Not Receive Funding in the Allowance:*** The fiscal 2026 capital budget bill contained a fiscal 2027 preauthorization of \$7.6 million for the Community College of Baltimore County – Catonsville – Student Services Center Renovation and Expansion, but no fiscal 2027 funding is included for this project in the fiscal 2027 capital budget bill. MHEC reported that new scope was added to the project during the initial design phase as additional complexities of the building were discovered and that a program modification will be submitted soon. Additional State funds are not expected to be needed until fiscal 2029, and \$1.9 million is preauthorized in the fiscal 2027 allowance. Additionally, the fiscal 2026 capital budget bill contained a fiscal 2027 preauthorization of \$19.1 million for the Montgomery College – New Germantown Student Services Center, which did not receive funding in the allowance. MHEC reported that the program for the project is not fully approved yet, and the college is waiting for this before proceeding with design. State funds are preauthorized in the fiscal 2027 allowance for fiscal 2029 (\$32.4 million) and 2030 (\$17.5 million) for this project.

Significant Amount of Unexpended State Funds

The CCCGP always has numerous ongoing projects with evolving timelines as work is performed, and schedules are updated. Even after accounting for the \$70 million of CCCGP program expenditures through the first half of fiscal 2026, there remains approximately \$194 million in unexpended funds dating back to at least fiscal 2022. **The Department of Legislative Services (DLS) recommends adopting committee narrative requesting the submission of an annual project status report. The report should outline the stage of design and construction completeness for all CCCGP projects with outstanding unencumbered and unexpended funds as of December 1, 2026. This information is essential to both DBM and DLS to properly evaluate annual program funding needs and to identify and highlight any issues impacting scheduling, funding, and project implementation for projects already funded by the State.**

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, 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. Since the CCFRGP appropriation fluctuates based on the CCCGP appropriation, there can be an uneven distribution of funds over time as each college receives this funding every other year.

Fund Sources:						
(\$ in Millions)	2026 Approp.	2027 Requests	2028	2029	2030	2031
GO Bonds	\$3.011	\$2.618	\$4.000	\$4.000	\$3.000	\$3.000
Total	\$3.011	\$2.618	\$4.000	\$4.000	\$3.000	\$3.000

The fiscal 2027 capital budget includes \$2.618 million in GO bonds for the CCFRGP. This funding level represents 5% of the \$52.360 million in funding allocated to the CCCGP as mandated in statute. Based on the formula, the budget provides \$0.393 million less than the formula funding portion of funds authorized in fiscal 2026. In fiscal 2028 and 2029, a \$4.0 million annual funding level is planned based on the annual planned CCCGP funding level of \$80 million. In fiscal 2030 and 2031, only \$3.000 million is planned as the annual CCCGP is anticipated to only be \$60.000 million in those years due to current project timelines.

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- **Allocation:** The fiscal 2027 allowance for the CCFRGP provides equal sized grants of \$327,250 to eight community colleges, supported through GO bond funding. In comparison, grants of \$376,375 were allocated in fiscal 2026 and \$237,875 in fiscal 2025 under the mandated portion of program funding. The CCFRGP allocations to each community college in fiscal 2025 through 2027 include funding from the mandated portion of the program as shown in **Exhibit 5**.

Exhibit 5
Community College Facilities Renewal Grant Program Recipients
Fiscal 2025-2027
(\$ in Thousands)

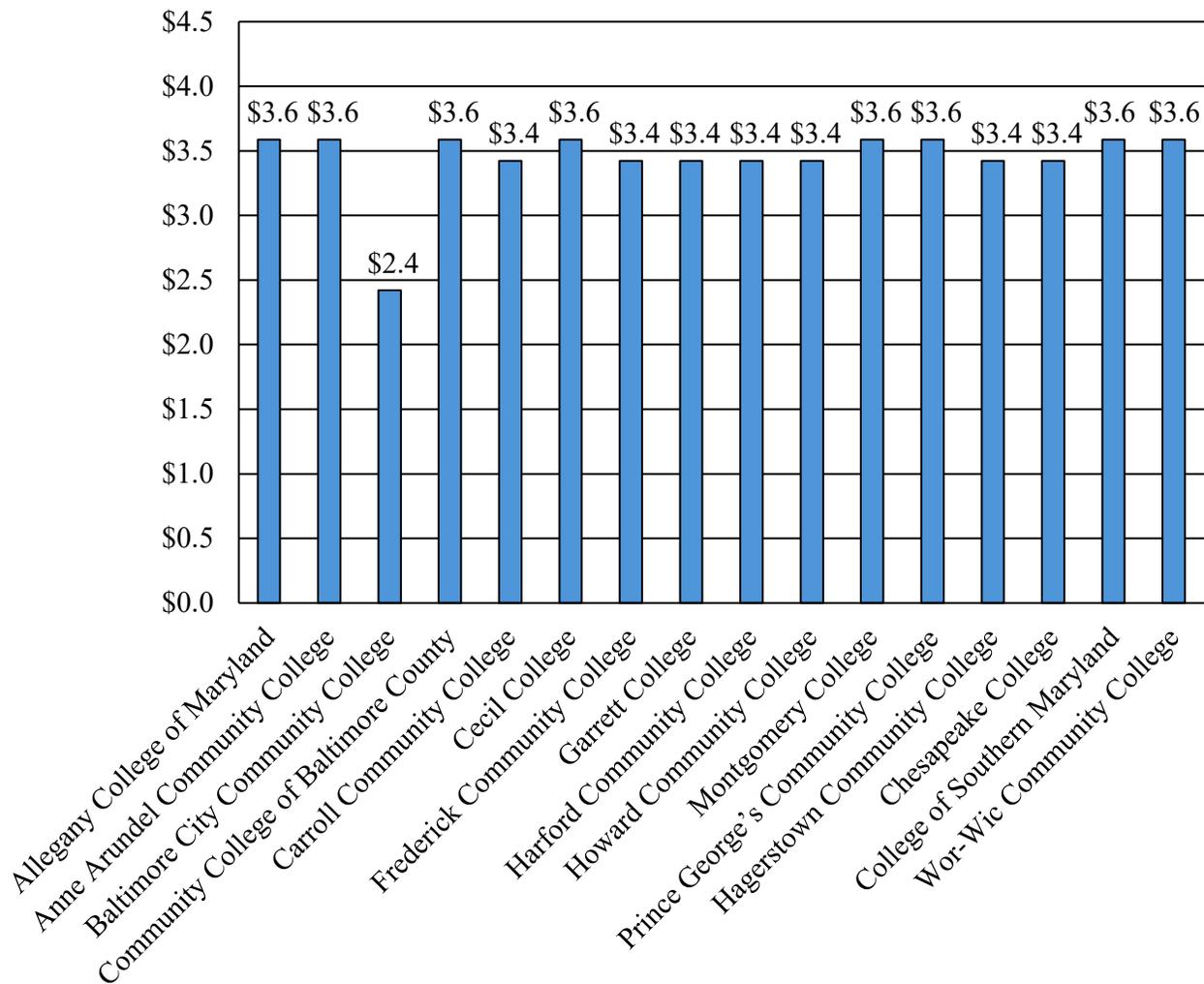
<u>Community College</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
Allegany College of Maryland	\$0	\$376	\$0
Anne Arundel Community College	0	376	0
Baltimore City Community College	238	0	327
Community College of Baltimore County	0	376	0
Carroll Community College	238	0	327
Cecil College	0	376	0
Frederick Community College	238	0	327
Garrett College	238	0	327
Harford Community College	238	0	327
Howard Community College	238	0	327
Montgomery College	0	376	0
Prince George’s Community College	0	376	0
Hagerstown Community College	238	0	327
Chesapeake College	238	0	327
College of Southern Maryland	0	376	0
Wor-Wic Community College	0	376	0
Total	\$1,903	\$3,011	\$2,618

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. Through fiscal 2027, BCCC will have received \$30.7 million in total over the six-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

Exhibit 6 shows the total funding provided by the CCFRGP per college over the history of the program, including supplemental funding amounts. Including the fiscal 2027 proposed funding, the CCFRGP has provided a total of \$55.1 million in State funds to all 16 Maryland community colleges since fiscal 2020.

Exhibit 6
Community College Facilities Renewal Grant Program Total Funding
Fiscal 2020-2027
(\$ in Millions)



Note: Baltimore City Community College has its own deferred maintenance program which has received \$30.7 million since funding for that program began in fiscal 2022.

Source: Department of Budget and Management