

DE0202
Public School Construction
Board of Public Works

Capital Budget Summary

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

<i>Program</i>	<i>2013 Approp.</i>	<i>2014 Approp.</i>	<i>2015 Request</i>	<i>2016 Estimate</i>	<i>2017 Estimate</i>	<i>2018 Estimate</i>	<i>2019 Estimate</i>
Public School Construction Program (PSCP)	\$349.167	\$346.876	\$298.677	\$250.000	\$250.000	\$250.000	\$250.000
Aging Schools Program	31.109	8.109	6.109	6.109	6.109	6.109	6.109
Qualified Zone Academy Bonds	15.324	4.549	4.625	4.625	0.000	0.000	0.000
Nonpublic Aging Schools Program	0.000	3.500	3.500	0.000	0.000	0.000	0.000
Total	\$395.600	\$363.034	\$312.901	\$260.734	\$256.109	\$256.109	\$256.109

<i>Fund Source</i>	<i>2013 Approp.</i>	<i>2014 Approp.</i>	<i>2015 Request</i>	<i>2016 Estimate</i>	<i>2017 Estimate</i>	<i>2018 Estimate</i>	<i>2019 Estimate</i>
PAYGO GF	\$0.000	\$25.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
GO Bonds	326.393	316.158	289.234	260.734	256.109	256.109	256.109
Nonbudgeted Funds (PSCP)	22.774	21.876*	23.677	0.000	0.000	0.000	0.000
Total	\$395.600	\$363.034	\$312.901	\$260.734	\$256.109	\$256.109	\$256.109

* As of December 31, 2013 Contingency Fund Balance

Note: Nonbudgeted funds in the out-years will depend on the amount of unencumbered funds that are reallocated by the local education agencies and the Interagency Committee on School Construction.

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Summary of Updates

\$25 Million Fiscal 2014 Air Conditioning Initiative: The Maryland Consolidated Capital Bond Loan of 2013 included \$25 million for an Air Conditioning Initiative (ACI). The intent of the ACI was to provide State funding grants for air conditioning in schools that lacked central air conditioning in spaces used for educational instruction. The initiative was not intended to provide State funding grants to upgrade or replace existing central air conditioning systems in schools. As of February 2014, 26 projects have been approved by the Board of Public Works (BPW), for a total of \$24.2 million slated for ACI projects.

\$25 Million Fiscal 2014 Security Initiative: The fiscal 2014 capital budget included \$25 million in pay-as-you-go (PAYGO) general funds to support security improvements in public schools. As of February 2014, 1,493 project requests have been submitted for 1,308 projects in 20 local education agencies (LEA). Project applications include security cameras, photo identification systems for visitor sign-in, lockset and changes for interior and exterior doors, installing security vestibules, relocating school office areas to a school's primary entrance area, and open space classroom enclosures. There are fewer approved projects than the number of requests due to fiscal constraints.

Summary of Recommended Bond Actions

	<u>Funds</u>
1. Public School Construction Program	
Approve the Governor's \$275.0 million general obligation bond fund authorization for the Public School Construction Program.	
2. Aging Schools Program	
Approve the Governor's \$6.1 million general obligation bond fund authorization for the Aging Schools Program.	
3. Qualified Zone Academy Bond Program	
Approve the Governor's \$4.6 million general obligation bond fund authorization for Qualified Zone Academy Bonds.	
4. Nonpublic Aging Schools Program	\$500,000 DA
Amend language.	
Total Reductions	\$500,000

Program Description

Public School Construction

The State established the Public School Construction Program (PSCP) in 1971 to provide State contributions toward school construction costs in an attempt to give property tax relief to local governments and equalize educational facilities across the State.

IAC was created to oversee the PSCP, subject to BPW approval. Members include the State Superintendent of Schools, who serves as the chairperson; the Secretary of the Department of General Services; the Secretary of the Department of Planning; a member of the public appointed by the President of the Senate; and a member of the public appointed by the Speaker of the House. Each October, the Governor announces the proposed amount of funding for public school construction for the upcoming fiscal year. Local jurisdictions submit their annual and five-year *Capital Improvement Program* (CIP) to IAC in October.

Annually, in October and November, PSCP staff reviews the CIP applications and recommends to IAC which projects should be funded based on certain criteria. Each December, IAC develops a list of eligible projects and decides which should be recommended to BPW for approval. IAC must recommend an initial allocation of 75% of the Governor's preliminary allocation for school construction before December 31 of each year. In January, BPW votes on IAC recommendations, and the projects approved by BPW become part of the State's proposed capital budget. The proposed budget is then submitted to the General Assembly for approval. Annually, by March 1, IAC is required to submit recommendations to the Governor and General Assembly equal to 90% of the school construction allocation submitted by the Governor in the capital budget. In May, BPW allocates any remaining school construction funds to school construction projects recommended by IAC.

Aging Schools

The Aging Schools Program (ASP), administered by IAC, provides funds to local school systems for improvements, repairs, and deferred maintenance in public school buildings. Funding is specified in §5-206 of the Education Article and provides a specific amount based on each school system's share of older space as compared to statewide totals. Originally, the basis of allocation was the proportion of pre-1960 square footage (sq. ft.) that had not been renovated. In Chapter 307 of 2004, the basis of allocation was changed to the proportion of pre-1970 sq. ft. that had not been renovated. Matching local funds are not required for State funds provided for the program. The State/local cost share formula used for State-funded school construction projects in the CIP does not apply to the ASP.

Nonpublic Aging Schools

The Nonpublic Aging Schools Program, administered by IAC and MSDE, provides funds to nonpublic schools for improvements, repairs, school security improvements, and deferred maintenance in nonpublic school buildings. It is a new program that began in fiscal 2014. Funds are distributed to nonpublic schools currently participating in the Maryland Nonpublic Student Textbook Program using the same eligibility requirements as the ASP. Payment for work completed under this program will be through reimbursement to the grant recipient. No matching funds are required, but the nonpublic school is responsible for all project costs exceeding the amount of the grant.

Qualified Zone Academy Bonds

Funds from Qualified Zone Academy Bonds (QZAB) may be used in schools located in a federal Enterprise or Empowerment Zone or in schools in which at least 35% of the student population qualifies for free or reduced price meals. The State does not pay interest on QZAB issuances. Instead, the State repays the principal only, and the bondholder receives a federal tax credit in lieu of interest payments each year until the bond matures. Because QZABs are issued with the full faith and credit of the State, QZABs are considered State debt and are included in the State's general obligation (GO) bond debt outstanding and debt service in calculations of State debt affordability.

Federal law requires that schools that are granted QZAB funds receive a 10% private sector match, which may be in the form of cash, in-kind goods and services, or field trips. The funds must be spent according to federal law (Section 1397E of the Internal Revenue Service code) on renovations and repairs. However, federal law authorizes other uses that are typically not eligible uses of Maryland GO bonds. In Maryland, eligible expenditures include but are not limited to asbestos and lead paint abatement; upgrade of fire protection systems and equipment; painting, plumbing, and roofing; upgrade of heating, ventilation, and air conditioning systems (HVAC); site redevelopment; wiring for technology; and renovation projects related to education programs and services.

Budget Overview

School Construction Program

Proposed Allocation and Distribution for Fiscal 2015

State and local governments share in the cost of school construction projects. This share is based on a formula which includes components to recognize local wealth and the proportion of low-income students, enrollment growth, economically distressed counties, and the local funding effort by counties. The local effort component of the formula includes bond and pay-as-you-go (PAYGO) funding provided by local governments for school construction. The cost share formula is

updated every three years to reflect changes in the inputs on the local level. In January 2011, BPW approved updated State shares to be phased in beginning in fiscal 2013, as shown in **Exhibit 1**. The next update will be completed spring 2014 and recommended to BPW for approval to be used beginning in fiscal 2016.

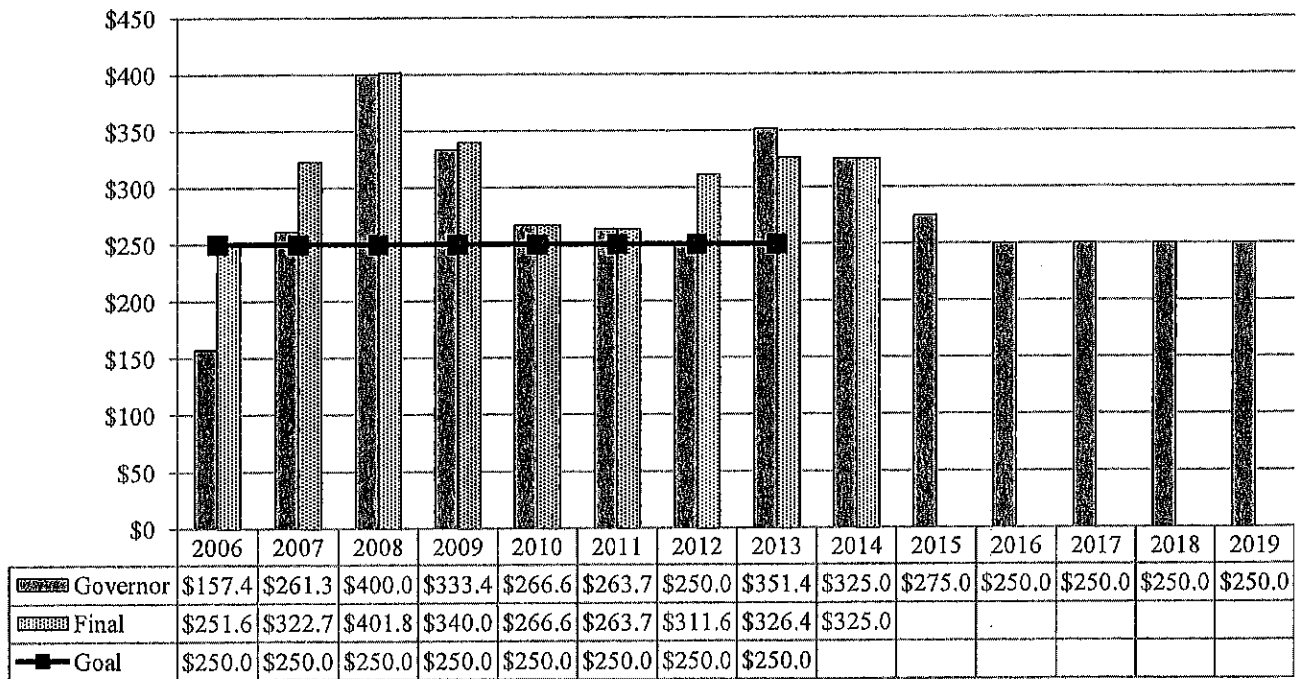
Exhibit 1
State Share of Eligible School Construction Costs
Fiscal 2013-2015

<u>County</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Allegany	93%	93%	93%
Anne Arundel	50%	50%	50%
Baltimore City	93%	93%	93%
Baltimore	50%	50%	50%
Calvert	56%	56%	56%
Caroline	81%	78%	78%
Carroll	58%	58%	58%
Cecil	70%	69%	69%
Charles	72%	67%	63%
Dorchester	69%	69%	69%
Frederick	67%	62%	60%
Garrett	54%	50%	50%
Harford	63%	63%	63%
Howard	60%	60%	60%
Kent	50%	50%	50%
Montgomery	50%	50%	50%
Prince George's	68%	63%	62%
Queen Anne's	50%	50%	50%
St. Mary's	70%	65%	64%
Somerset	83%	82%	82%
Talbot	50%	50%	50%
Washington	71%	71%	71%
Wicomico	96%	96%	96%
Worcester	50%	50%	50%

Source: Public School Construction Program

The Public School Facilities Act of 2004 established a State goal to provide \$2.0 billion in State funding over eight years to address deficiencies, or \$250 million per year through fiscal 2013. The \$2.0 billion goal was met in fiscal 2012, one year early. Between fiscal 2006 and 2014, the State invested \$2.6 billion, as shown in **Exhibit 2**. **Appendix 1** shows the total State allocation for public school construction between 1972 and the 75% fiscal 2015 allocation. The fiscal 2013 capital budget included \$25 million for projects to improve the energy efficiency of existing schools through the Energy Efficiency Initiative (EEI). The fiscal 2014 total includes \$25.0 million in PAYGO general funds reserved for projects that improved school security and \$25 million reserved for projects focused on new air conditioning in schools. Both of the initiatives are discussed in the Updates section of this analysis.

Exhibit 2
State Funding for School Construction
Fiscal 2006-2019
(\$ in Millions)



Note: Includes new general obligation bond authorizations and pay-as-you-go (PAYGO) general funds only.

Note: Fiscal 2012 final appropriation includes a \$47.5 million supplementary appropriation.

Source: *Capital Improvement Programs*, Fiscal 2005-2014

Fiscal 2015 CIP

Seventy-five percent of the preliminary \$250.0 million announced by the Governor in November 2013, or \$187.5 million, was recommended for specific projects by IAC and approved by BPW in February 2014. In addition, the IAC recommended \$5.7 million for six air conditioning projects which were submitted in the fiscal 2015 CIP that will be funded entirely from the fiscal 2014 CIP ACI. Another \$60.0 million in fiscal 2015 CIP funds were recommended by IAC in February 2014, totaling \$247.5 million of the \$275.0 million proposed budget after setting aside the \$5.7 million reserved for air conditioning projects. These actions satisfy the requirement that IAC submit recommendations by March 1, 2014, equal to 90% of the funding provided in the Governor's proposed capital budget, excluding the \$5.7 million reserved for ACI projects.

Appendix 2 shows a summary of the proposed fiscal 2015 CIP by jurisdiction to date. This includes the amount of funding approved by BPW in January during the 75% round of allocation and the amount IAC is recommending for approval by BPW equal to 90% of the capital allocation for school construction. Finally, Appendix 2 shows the fiscal 2014 ACI allocation, excluding \$18.1 million in funds that were provided to the fiscal 2014 CIP. The 90% fiscal 2015 CIP recommendations, including fiscal 2015 ACI projects, include the following:

- 54 major construction projects at \$169.2 million;
- 96 systemic renovation projects at \$81.4 million;
- 3 kindergarten projects at \$2.2 million; and
- 1 relocatable project at \$361,000.

Including ACI projects, a total of 154 out of 264 projects have been recommended for funding to date. As shown in Appendix 2, LEAs requested a total of \$643.1 million for fiscal 2015, of which approximately \$524.8 million is eligible for funding. The 90% recommendation funds \$247.5 million of the eligible project requests when ACIs are not included. **Appendix 3** shows the amount of capital program funds that local school systems have requested and will request between fiscal 2015 and 2020.

The amount of funds requested by LEAs for fiscal 2015 (\$643.1 million) is \$41.0 million less than the fiscal 2014 amount (\$684.1 million). IAC attributes this decrease to the fiscal 2014 request being exceptionally high because of the inclusion of the EEI requests in the fiscal 2014 CIP, as well as the continued addition of Maryland School for the Blind requests.

Contingency Fund

Exhibit 3 shows the components of the contingency fund that are available for projects in fiscal 2015. IAC is required to report quarterly to the General Assembly and the Department of Legislative Services on the contents of the contingency fund. The contingency balance reserved for LEAs was \$21.7 million as of December 31, 2013, to be allocated toward the fiscal 2015 CIP.

Exhibit 3
Statewide Contingency Fund Account Available for Fiscal 2015
as of December 31, 2013

Bond Funds	\$23,674,909	Funds Reserved for Specific LEAs	\$21,735,985
Supplemental Funds	0	Unreserved Balance	1,940,909
PAYGO Funds	1,985	Funds Available for Allocation Fiscal 2015	23,676,894
Total Statewide Contingency	\$23,676,894	Total Available Contingency Fund Balance	\$23,676,894

LEAs: local education agencies

PAYGO: pay-as-you-go

Source: Public School Construction

Combined with unreserved statewide contingency funds of \$1.9 million, contingency funding available for fiscal 2015 projects totals at least \$23.7 million. Both amounts will be assigned by the IAC to the fiscal 2015 CIP. IAC reports that \$12.8 million held in reserve for specific LEAs is undetermined as to its use at this time. Each LEA was notified in March 2014 of its reserved contingency balance with a request to specify its use by March 2014.

The General Assembly has added language to the capital budgets each year since 2006 allowing funds allocated to an eligible project in a county that are not spent for the project to be reserved in the contingency fund for two years for use by the county for another eligible project. Funds not encumbered within two years are reverted and made available to any county. This language was codified during the 2013 legislative session and no longer needs to be recommended in the analysis.

Qualified Zone Academy Bonds

As of December 2013, Maryland had issued \$87.6 million in QZABs, as shown in **Exhibit 4**. The most recent issuance of \$4.5 million was authorized by Chapter 426 of 2013. Issuances prior to 2008 are allowed to accumulate interest under federal law, resulting in \$2.9 million in total proceeds.

Maryland first authorized the sale of QZABs in Chapter 322 of 2000. Additional issuances were authorized by Chapter 139 of 2001, Chapter 55 of 2003, Chapter 431 of 2005, Chapter 585 of 2007, Chapter 532 of 2010, Chapter 96 of 2011, Chapter 3 of the First Special Session of 2012, and Chapter 426 of 2013. Funds are distributed to LEAs that have eligible schools that apply for the funds.

Through fiscal 2009, Maryland allowed QZAB proceeds to be used only for renovation and repair (brick-and-mortar) projects as part of the ASP. Chapter 707 of 2009 expanded the use of previously authorized QZABs for equipment, affecting funds available from 2007 and prior

issuances. The expansion of the program to purchase equipment was not repeated in the years following fiscal 2010. Chapter 707 also authorized the Maryland State Department of Education (MSDE) to allocate a portion of the QZAB funds for LEAs for breakthrough center projects, authorized the balance of the funds to be accessed through competitive applications among eligible LEAS, and authorized eligible public charter schools to apply for funds.

SB 218 and HB 190 of 2014 would authorize the issuance of \$4.6 million in QZABs by December 31, 2014. The federal American Taxpayer Relief Act of 2012 allocated an additional \$4.6 million through the QZAB program to Maryland for each of federal fiscal 2012 and 2013. Thus, there will be one more QZAB issuance proposed in 2015 under current federal law. **IAC should comment on the status of expending \$5.9 million unexpended balance of the 2011(b) QZAB funds that have a spending deadline of August 5, 2014.**

Exhibit 4
Expenditures of QZAB Bond Proceeds
through December 2013

<u>QZAB Series</u>	<u>Sale Proceeds</u>	<u>Interest Income through 12/31/13</u>	<u>Proceeds Plus Interest through 12/31/13</u>	<u>Expenditures through 12/31/13</u>	<u>Unexpended Balance 12/31/13</u>	<u>% Expended through 12/31/13</u>	<u>Spending Deadline</u>
2001	\$18,097,984	\$1,321,125	\$19,419,109	\$19,419,071 (a)	\$38	100.00%	n/a
2004	9,043,000	979,857	10,022,857	10,006,197	16,660	99.83%	n/a
2006	4,378,000	327,666	4,705,666	4,703,853	1,813	99.96%	n/a
2007	4,986,000	130,081	5,116,081	5,097,633	18,448	99.64%	n/a
2008	5,563,000	73 (c)	5,563,073	5,563,073	0	100.00%	3 year deadline met
2009	5,563,000	13,752	5,576,752	5,576,752	0	100.00%	3 year deadline met
2010	4,543,000	13,209	4,556,209	4,556,209	0	100.00%	3 year deadline met
2011	15,731,348	105,122	15,836,470	9,924,284	5,912,186	62.67%	August 5, 2014
2012	15,166,643	39,566	15,206,209	3,996,025	11,210,184	26.28%	August 14, 2015
2013	4,549,000	0	4,549,000	22,500	4,526,500	0.49%	December 19, 2016
Total	\$87,620,975	\$2,930,451	\$90,551,426	\$68,865,597	\$21,685,829		

QZAB: Qualified Zone Academy Bonds

(a) \$593,868 of the expenditures for QZAB 2001 were spent on nonqualified projects. This amount must be deducted from expenditures for federal compliance purposes, therefore, reducing percentage expended to 96.65%.

(b) QZABs issued after October 3, 2008 require 100% of proceeds to be spent within three years of issuance.

(c) In anticipation of closing the 2008 QZAB account, the interest balance was transferred into the proceeds account.

Aging Schools

The Budget Reconciliation and Financing Act (BRFA) of 2011 permanently authorized that either general funds or GO bonds may be used to fund the program. The BRFA of 2012 rebased funding for the ASP at \$6.1 million in fiscal 2013, returning the program to the fiscal 2011 level, and specified that future year funding is fixed at that level, rather than based on prior year funding beginning in fiscal 2013. However, Chapter 444 of 2012 increased the fiscal 2013 authorization for ASP to \$31.1 million. The fiscal 2014 capital budget included \$8.1 million for the program.

The program includes \$6.1 million in GO bonds for the program in fiscal 2015. **Exhibit 5** shows the fiscal 2014 and 2015 allocation by LEA. **Exhibit 6** shows encumbrances and expenditures.

The Department of Legislative (DLS) Services advises that the statutory allocations for ASP total \$6,108,990; however, the capital budget includes \$6,109,000 for the program. This misalignment of funds has occurred for several years, and IAC has placed the extra \$10 in the ASP Contingency Fund. The Office of the Attorney General has advised that it should be corrected. **DLS recommends that the budget committees correct the error in the capital budget bill, either by reducing the funding by \$10 or altering the statutory allocations. IAC should comment on the status of the \$31.8 million in unexpended funds for ASP. IAC should also discuss the challenges created by the authorization of the large infusion of \$31.0 million of funds into the relatively small program in fiscal 2013.**

Exhibit 5
Aging Schools Program Allocation by LEA
Fiscal 2014 and 2015

<u>LEA</u>	<u>2014 ASP Allocation</u>	<u>Prior 2012 Unexpended Allocation</u>	<u>Total Allocation Available for 2014</u>	<u>2015 ASP Allocation</u>
Allegany	\$97,791	-	\$97,791	\$97,791
Anne Arundel	506,038	\$70,596	576,634	506,038
Baltimore City	1,387,924	-	1,387,924	1,387,924
Baltimore	2,874,227	-	2,874,227	874,227
Calvert	38,292	-	38,292	38,292
Caroline	50,074	488	50,562	50,074
Carroll	137,261	-	137,261	137,261
Cecil	96,024	9,754	105,778	96,024
Charles	50,074	1,361	51,435	50,074
Dorchester	38,292	7,581	45,873	38,292
Frederick	182,622	42,519	225,141	182,622
Garrett	38,292	15,612	53,904	38,292
Harford	217,379	-	217,379	217,379
Howard	87,776	87,911	175,687	87,776
Kent	38,292	-	38,292	38,292
Montgomery	602,651	-	602,651	602,651
Prince George's	1,209,426	-	1,209,426	1,209,426
Queen Anne's	50,074	-	50,074	50,074
St. Mary's	50,074	2,214	52,288	50,074
Somerset	38,292	16,947	55,239	38,292
Talbot	38,292	7,217	45,509	38,292
Washington	134,904	-	134,904	134,904
Wicomico	106,627	2,341	108,968	106,627
Worcester	38,292	9,711	48,003	38,292
Contingency	10	-	-	10
Totals	\$8,109,000	\$274,252	\$8,383,242	\$6,109,000

ASP: Aging Schools Program
LEA: local education agency

Source: Interagency Committee on School Construction

Exhibit 6
Aging School Program Encumbrances and Expenditures as of February 28, 2014

Local Education Agency	2012		2013		2014		Total Unexpended
	Encumbrances	Expenditures ²	Encumbrances ¹	Expenditures ²	Working Authorization ³	Balance as of Dec. 31, 2013*	
Allegany	\$137,810	\$137,810	\$497,984	\$137,810	\$97,791	\$497,984	\$595,775
Anne Arundel	642,532	642,533	2,576,913	642,533	506,038	2,576,912	3,082,950
Baltimore City	1,883,779	1,408,013	7,067,769	1,408,013	1,387,924	7,543,535	8,931,459
Baltimore	1,209,362	1,194,794	4,451,853	1,194,794	2,874,227	4,466,421	7,340,648
Calvert	53,948	53,948	194,996	53,948	38,292	194,996	233,288
Caroline	70,078	70,078	254,993	70,078	50,074	254,993	305,067
Carroll	193,433	193,433	698,978	193,433	137,261	698,978	836,239
Cecil	125,566	125,566	488,986	125,566	96,024	488,986	585,010
Charles	69,205	-	254,993	-	50,074	324,198	374,272
Dorchester	46,381	46,381	194,996	46,381	38,292	194,996	233,288
Frederick	214,839	214,839	929,972	214,839	182,622	929,972	1,112,594
Garrett	38,350	38,350	194,996	38,350	38,292	194,996	233,288
Harford	306,339	1,033,305	1,106,966	1,033,305	217,379	380,000	597,379
Howard	35,786	35,786	446,984	35,786	87,776	446,984	534,760
Kent	53,962	-	194,996	-	38,292	248,958	287,250
Montgomery	849,278	213,618	3,068,898	213,618	602,651	3,704,558	4,307,209
Prince George's	1,633,391	1,633,391	6,158,798	1,633,391	1,209,426	6,158,798	7,368,224
Queen Anne's	70,566	316,005	254,993	316,005	50,074	9,554	59,628
St. Mary's	68,352	166,919	254,993	166,919	50,074	156,426	206,500
Somerset	37,015	37,015	194,996	37,015	38,292	194,996	233,288
Talbot	46,745	-	194,996	-	38,292	241,741	280,033
Washington	190,111	190,111	686,976	190,111	134,904	686,976	821,880
Wicomico	147,921	147,920	542,980	147,920	106,627	542,981	649,608
Worcester	44,251	53,196	194,996	53,196	38,292	186,051	224,343
ASP Contingency	440,000	-	-1	-	10	439,999	440,009
Total	\$8,609,000	\$7,953,011	\$31,109,000	\$7,953,011	\$8,109,000	\$31,764,989	\$39,873,989

ASP: Aging School Program

¹ Fiscal 2013 encumbrances do not reflect re-allocated fiscal 2010 (\$834,410) and 2011 (\$103,014) contingency balances.² The expenditure period spans fiscal 2013 and the first six months of fiscal 2014. Amounts expended during fiscal 2013 were from projects approved in the fiscal 2012 program (\$6,558,132) and 2013 program (\$75,251). Amounts expended in the first six months of fiscal 2014 were for projects approved in the fiscal 2013 program (\$1,319,628).³ The fiscal 2014 working authorization does not reflect re-allocated fiscal 2012 (\$274,252) contingency balance.

*As of February 28, 2014, the unexpended amount is \$15.5 million.

Source: Public School Construction Program

Nonpublic Aging Schools

The fiscal 2015 CIP includes \$3.5 million in funds for the Nonpublic Aging Schools Program. \$3.5 million was also provided in fiscal 2014. **Exhibit 7** shows an overview of the allocation of funds and projects for fiscal 2014 as of February 2014. MSDE has completed approving nonpublic aging schools projects of 261 schools totaling \$2.9 million. Of the 359 schools that are eligible, 261 schools were approved, and \$572,685 remains from the fiscal 2014 authorization. An additional 9 schools that were recently approved for the Nonpublic Textbook Program have requested approximately \$75,000, which would leave approximately \$500,000 that will not be spent in fiscal 2014. **DLS recommends de-authorizing approximately \$500,000 allowing those funds to be spent on other capital purposes in fiscal 2015.**

Exhibit 7
Nonpublic Aging Schools Program

<u>School System</u>	<u>Total Schools</u>	<u>Maximum Total Allocation</u>	<u>Schools Approved</u>	<u>Allocation Approved</u>
Allegheny	4	\$32,120	2	\$22,120
Anne Arundel	27	317,955	19	277,215
Baltimore County	64	718,445	50	630,045
Calvert	3	17,175	3	17,175
Caroline	0	0	0	0
Carroll	12	70,270	7	45,270
Cecil	5	48,015	4	31,635
Charles	11	89,690	9	79,435
Dorchester	0	0	0	0
Frederick	12	94,525	10	84,525
Garrett	0	0	0	0
Harford	14	125,475	8	91,900
Howard	21	170,025	10	107,445
Kent	0	0	0	0
Montgomery	48	537,815	40	482,440
Prince George's	54	554,790	40	470,105
Queen Anne's	3	15,000	1	5,000
Somerset	11	89,355	7	63,050
St. Mary's	2	21,065	1	16,065
Talbot	4	31,320	3	25,335
Washington	11	77,810	9	65,705
Wicomico	5	53,890	4	48,890
Worcester	2	15,395	1	10,395
Baltimore City	46	421,590	33	355,290
Statewide	359	\$3,501,725	261	\$2,929,040

1. The Maximum Total Allocation column exceeds \$3.5 million because one school had underreported 2012 enrollment and the IAC made the adjustment.
2. Applications from two (2) schools were denied due to age of building less than 16 years old.
3. Nine (9) schools approved for the textbook loan program for school year 2013-14 have expressed interest in applying for any remaining funds.
4. The final list of school year 2013-14 textbook eligible schools was determined by the Maryland State Department of Education (MSDE) in late February.
5. For additional information, contact Barbara Bice, MSDE, at 410-767-0097 or bbice@msde.state.md.us.

Source: Maryland State Department of Education

Updates

1. \$25 Million Fiscal 2014 Air Conditioning Initiative

The fiscal 2014 capital budget included \$25 million for the ACI. The intent of the ACI was to provide State funding grants for air conditioning in schools that lacked central air conditioning in spaces used for educational instruction. The initiative was not intended to provide State funding grants to upgrade or replace existing central air conditioning systems in schools.

Administrative procedures were approved by the IAC and distributed to the LEAs on April 18, 2013, initiating the application process. Projects were required to meet high performance energy requirements, to have a local funding match, and to meet the usual CIP procedural and substantive requirements for a systemic renovation project. One project, previously submitted in the fiscal 2014 CIP, was eligible for a total of \$400,000. New project requests for 20 projects with a total value of \$20.638 million were received on June 24, 2013; of these, 19 projects were found to be eligible and were approved by BPW on August 21, 2013, with a total value of \$18.123 million. Project types included air conditioning of schools that did not have central air, non-air conditioned portions of schools, and air conditioning for gymnasiums. BPW approved \$5.7 million for 6 projects that were submitted in the fiscal 2015 CIP, leaving a balance of \$788,000 that will be reverted to the statewide contingency account. **Exhibit 8** shows the breakdown in the allocation of funds and projects funded by county.

Exhibit 8
Fiscal 2014 Air Conditioning Initiative

<u>LEA</u>	<u>2014 Air Conditioning Allocation</u>	<u>Number of Projects Funded</u>
Allegany	\$0	0
Anne Arundel	0	0
Baltimore City	2,800,000	1
Baltimore	15,654,000	6
Calvert	230,000	1
Caroline	0	0
Carroll	0	0
Cecil	0	0
Charles	567,000	2
Dorchester	0	0
Frederick	0	0
Garrett	0	0
Harford	0	0
Howard	0	0
Kent	0	0
Montgomery	0	0
Prince George's	2,511,000	8
Queen Anne's	0	0
St. Mary's	0	0
Somerset	0	0
Talbot	384,000	1
Washington	0	0
Wicomico	1,672,000	5
Worcester	0	0
Maryland School for the Blind	394,000	2
ACI Contingency	788,000	0
Totals	\$25,000,000	26

ACI: Air Conditioning Initiative

LEA: local education agency

Note: Allocations reflect Board of Public Works and Interagency Committee on School Construction 90% recommendations for fiscal 2015 CIP as of February 20, 2014; and the \$400,000 allocation approved for Wicomico County in fiscal 2014.

Source: Public School Construction Program

2. \$25 Million Fiscal 2014 Security Initiative

The fiscal 2014 capital budget included \$25 million in PAYGO general funds to support security improvements in public schools. The Administrative Procedures Guide (APG) for this initiative was approved on March 29, 2013, by the IAC. On May 15, 2013, BPW approved funding allocations based on each LEA's proportion of total statewide square feet. As of February 2014, 1,493 project requests have been submitted for 1,308 projects funded in 20 LEAs. Project applications include security cameras, photo identification systems for visitor sign-in, lockset and changes for interior and exterior doors, installing security vestibules, relocating school office areas to a school's primary entrance area, and open space classroom enclosures. There are fewer approved projects than the number of requests due to fiscal constraints. The application period is from April 3, 2013, to April 15, 2014; specific project approvals are reported to BPW and IAC on a quarterly basis. LEAs have to provide a local match of funds following the percentages that were shown on Exhibit 1. **Exhibit 9 illustrates the number of projects funded and allocation of funds by county. IAC should discuss the status of the large amount of remaining allocation of funds for Baltimore City in the fiscal 2014 security initiative and why so little of the funds were approved in fiscal 2014.**

Exhibit 9
Fiscal 2014 Security Initiative

<u>LEA</u>	<u>Total BPW Approved Allocation</u>	<u>Security Initiative Approved Allocation</u>	<u>Remaining Allocation</u>	<u>Number of Projects Funded</u>
Allegany	\$322,000	\$322,000	\$0	58
Anne Arundel	2,313,000	2,276,171	36,829	93
Baltimore City	3,178,000	186,000	2,992,000	3
Baltimore	2,914,000	2,914,000	0	189
Calvert	435,000	435,000	0	53
Caroline	152,000	81,900	70,100	2
Carroll	817,000	0	817,000	0
Cecil	384,000	384,000	0	3
Charles	659,000	659,000	0	29
Dorchester	172,000	172,000	0	25
Frederick	1,163,000	1,093,722	69,278	94
Garrett	134,000	0	134,000	0
Harford	1,088,000	1,070,167	17,833	45
Howard	1,431,000	457,118	973,882	46
Kent	95,000	0	95,000	0
Montgomery	4,186,000	4,186,000	0	444
Prince George's	3,360,000	3,413,500	-53,500	132
Queen Anne's	233,000	0	233,000	0
St. Mary's	402,000	202,262	199,738	11
Somerset	120,000	120,000	0	0
Talbot	128,000	0	128,000	0
Washington	605,000	605,000	0	15
Wicomico	394,000	394,000	0	18
Worcester	215,000	66,330	148,670	37
Maryland School for the Blind	100,000	88,778	\$11,222	1
Totals	\$25,000,000	\$19,126,948	\$5,873,052	1,298

BPW: Board of Public Works

LEA: local education agency

Source: Public School Construction Program

GO Bond Recommended Actions

1. Approve the Governor’s \$275.0 million general obligation bond fund authorization for the Public School Construction Program.
2. Approve the Governor’s \$6.1 million general obligation bond fund authorization for the Aging Schools Program.
3. Approve the Governor’s \$4.6 million general obligation bond fund authorization for Qualified Zone Academy Bonds.
4. Amend the following language:

DE02.02

PUBLIC SCHOOL CONSTRUCTION
(Statewide)

(C) Nonpublic Aging Schools Program. Provide funds to be distributed as grants to nonpublic schools in Maryland for expenditures eligible under the Aging Schools Program established in § 5-206 of the Education Article, including school security improvements. Provided that grants may only be provided to nonpublic schools eligible to receive Aid to Non-Public Schools R00A03.04 (for the purchase of textbooks or computer hardware and software for loan to students in eligible nonpublic schools) with a maximum amount of \$35 per eligible nonpublic school student for participating schools, except that at schools where at least 20% of the students are eligible for the free or reduced price meal program there shall be a distribution of \$50 per student and no individual school may receive less than \$5,000. Further provided that the funds shall be administered by the Maryland State Department of Education and the Interagency Committee on School Construction.....

[3,500,000]
3,000,000

Explanation: This action reduces the amount of general obligation bond authorizations in fiscal 2014 made for the purpose of providing grants to nonpublic schools in Maryland for projects eligible under the Aging Schools Program to reflect funds that are unencumbered.

Fiscal 2015 Projects**Total State Allocation for Public School Construction
Fiscal 1972 through Initial 2015 Allocation**

<u>LEA</u>	<u>Allocation</u>	<u>% of Total</u>
Allegany	\$99,600,871	1.45%
Anne Arundel	573,820,745	8.38%
Baltimore City	799,825,653	11.68%
Baltimore County	686,830,586	10.03%
Calvert	171,747,150	2.51%
Caroline	77,690,939	1.13%
Carroll	236,194,390	3.45%
Cecil	137,825,734	2.01%
Charles	241,723,313	3.53%
Dorchester	89,398,756	1.31%
Frederick	378,064,963	5.52%
Garrett	52,519,309	0.77%
Harford	326,093,340	4.76%
Howard	451,342,572	6.59%
Kent	24,052,861	0.35%
Montgomery	938,048,291	13.70%
Prince George's	754,882,284	11.02%
Queen Anne's	86,670,300	1.27%
St. Mary's	177,995,130	2.60%
Somerset	82,408,442	1.20%
Talbot	32,806,268	0.48%
Washington	166,888,349	2.44%
Wicomico	169,128,919	2.47%
Worcester	70,900,406	1.04%
Maryland School for the Blind	19,858,000	0.29%
Statewide	1,888,000	0.03%
Total	\$6,848,205,571	100.00%

LEA: local education agency

Note: Excludes fiscal 2012 supplementary appropriation.

Fiscal 2015 Public School Construction Funding
 (\$ in Thousands)

LEA	75% Approved IAC/BPW	90% Additional IAC Recommendation	90% Total Recommendation	Fiscal 2014 Air Conditioning Initiative	Total Recommendation	Total Request	A/B* Request	% A/B Request Funded*
Allegany	\$1,600	\$2,500	\$4,100	-	\$4,100	\$7,373	\$7,373	56%
Anne Arundel	18,800	7,408	26,208	-	26,208	56,447	55,661	47%
Baltimore City	17,085	10,476	27,561	-	27,561	52,037	36,117	76%
Baltimore County	19,830	7,836	27,666	\$3,939	31,605	94,215	42,889	74%
Calvert	613	-	613	-	613	2,653	613	100%
Caroline	-	-	-	-	-	-	-	-
Carroll	3,915	-	3,915	-	3,915	4,735	3,915	100%
Cecil	2,884	1,610	4,494	-	4,494	9,179	9,179	49%
Charles	6,140	830	6,970	344	7,314	18,508	18,508	40%
Dorchester	568	100	668	-	668	768	768	87%
Frederick	11,311	2,537	13,848	-	13,848	15,891	15,890	87%
Garrett	-	-	-	-	-	-	-	-
Harford	10,106	2,880	12,986	-	12,986	14,240	14,240	91%
Howard	14,000	4,026	18,026	-	18,026	29,276	18,026	100%
Kent	600	217	817	-	817	1,604	817	100%
Montgomery	22,000	6,540	28,540	-	28,540	162,929	160,289	18%
Prince George's	19,828	7,833	27,661	-	27,661	110,920	78,730	35%
Queen Anne's	3,707	804	4,511	-	4,511	5,112	5,112	88%
St. Mary's	7,106	532	7,638	-	7,638	13,269	13,269	58%
Somerset	2,113	639	2,752	-	2,752	3,632	3,632	76%
Talbot	-	-	-	384	384	384	384	100%

<u>LEA</u>	<u>75% Approved IAC/BPW</u>	<u>90% Additional IAC Recommendation</u>	<u>90% Total Recommendation</u>	<u>Fiscal 2014 Air Conditioning Initiative</u>	<u>Total Recommendation</u>	<u>Total Request</u>	<u>A/B* Request</u>	<u>% A/B Request Funded*</u>
Washington	5,918	633	6,551	-	6,551	8,234	8,234	80%
Wicomico	8,381	1,071	9,452	1,022	10,474	16,941	16,379	64%
Worcester	-	-	-	-	-	-	-	-
Maryland School for the Blind	10,995	1,528	12,523	-	12,523	14,733	14,733	85%
Total	\$187,500	\$60,000	\$247,500	\$5,689	\$253,189	\$643,080	\$524,759	48%

BPW: Board of Public Works

IAC: Interagency Committee on School Construction

LEA: local education agency

*Percent of A or B projects eligible for funding as of the 90% total recommendation.

Source: Public School Construction Program

Summary of Capital Program Requests
Maryland Public School Construction Program
Fiscal 2015-2020
(\$ in Thousands)

<u>LEA</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>Total</u>
Allegany	\$7,373	\$13,210	\$8,545	\$0	\$1,768	\$0	\$30,896
Anne Arundel	56,447	55,869	46,961	85,731	66,159	24,016	335,183
Baltimore County	94,215	35,250	45,750	38,750	36,750	37,250	287,965
Calvert	2,653	11,367	12,240	6,933	2,532	8,963	44,688
Caroline	0	2,938	0	7,572	14,480	9,699	34,689
Carroll	4,735	12,374	11,914	21,379	22,588	20,640	93,630
Cecil	9,179	7,598	8,357	11,789	10,845	10,212	57,980
Charles	18,508	2,157	9,453	8,754	4,379	4,819	48,070
Dorchester	768	\$0	12,803	10,325	0	9,862	33,758
Frederick	15,891	49,804	11,497	13,958	6,545	27,234	124,929
Garrett	0	0	6,147	1,550	0	0	7,697
Harford	14,240	34,261	31,873	21,680	27,704	10,177	139,935
Howard	29,276	36,935	68,187	65,094	59,451	50,817	309,760
Kent	1,604	278	425	0	2,000	1,256	5,563
Montgomery	162,929	113,827	130,252	108,031	101,477	64,727	681,243
Prince George's	110,920	65,705	\$37,830	0,000	50,147	55,332	359,934
Queen Anne's	5,112	0	\$12,540	10,000	6,070	0	33,722
St. Mary's	13,269	5,440	\$3,324	4,031	1,307	4,198	31,569
Somerset	3,632	0	\$15,018	5,006	0	0	23,656
Talbot	384	215	\$400	0	6,348	0	7,347
Washington	8,234	7,556	4,325	9,620	7,764	14,645	52,144
Wicomico	16,941	7,755	43,501	20,372	39,480	26,519	154,568
Worcester	0	0	3,647	4,977	0	0	8,624
Baltimore City	52,037	80,000	81,947	70,000	70,000	70,000	423,984
Maryland School for the Blind	14,733	14,986	8,100	8,156	7,459	9,202	62,636
Total State	\$643,080	\$557,525	\$615,036	\$573,708	\$545,253	\$459,567	\$3,394,170
Total Adjusted State	\$643,080	\$579,826	\$665,223	\$645,343	\$637,869	\$559,134	\$3,730,476

LEA: Local Education Agency

Total State: Estimated based on fiscal 2015 requests with no adjustment for inflation.

Total Adjusted State: Adjusted for inflation based on fiscal 2015 requests compounded at 4% per year.