

TAO2-FY2026 Fiscal Analysis

Introduced: April 6, 2026

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Legislative Intent: This legislation transfers \$1 million from E1024 Hammond HS Renovation and Addition and \$2.5 million from E1035 New HS #13 Guilford Park HS to E1060 Faulkner Ridge Center – Early Learning Center, to cover a budget shortfall caused higher than expected construction bids.

ANALYSIS

Fiscal Impact:

Proposed FY2026 Capital Project funding transfer

<u>Project title</u>	<u>Project total approved in FY2026</u>	<u>Proposed transfer</u>	<u>New Total</u>
<u>E1024 Hammond High School Renovation and Addition</u>	\$99,464,000	(\$1,000,000)	\$98,464,000
<u>E1035 New High School #13 Guilford Park High School</u>	\$129,997,000	(\$2,500,000)	\$127,497,000
<u>E1060 Faulkner Ridge Center – Early Learning Center</u>	\$23,056,000	<u>\$3,500,000</u>	\$26,556,000
Net impact on <u>FY2026 Capital Budget</u>		\$0	

This legislation will have no fiscal impact on the FY2026 Capital Budget because the \$3.5 million was already approved in the FY2026 Capital Budget. The funds will be transferred from two school capital projects to another, resulting in a net impact of \$0.

All funds involved with this transfer are General Obligation bonds approved for issuance by CB65-2025. This legislation enables the County to transfer the approval of bond issuance of \$3.5 million in General Obligation to fund the Faulkner Ridge Center project.

According to the Board of Education, this transfer is necessary because of unexpectedly high bids for construction, caused by rising costs of construction. The project was funded at \$23.0 million in FY2026. After receiving public bids, the Board now estimates the project will require an additional \$5.9 million in funding. Howard County Public School System (HCPSS) staff indicated that the main drivers of this cost increase were site development, HVAC, and plumbing. The Board is proposing closing this shortfall by transferring \$3.5 million from capital projects with leftover funding and requesting the remaining \$2.4 million in FY2028.

In FY2026, the Board is proposing transferring \$1 million out of E1024 Hammond HS Renovation and Addition and \$2.5 million from E1035 New HS #13 Guilford Park HS. Both projects are completed and are in the financial closeout process. HCPSS reports that after this transfer, E1024 Hammond HS will

have \$1.3 million remaining in unencumbered funds, and E1035 New HS #13 will have \$906,116 remaining in unencumbered funds. These remaining funds will cover closeout activities.

Budgeting for school construction and cost per square foot

The school system typically receives advantageous bids for school construction projects because the [State monitored cost per square foot](#) is used when projecting projects costs. In 2026, the State estimates \$431.00 per square foot for renovation without site development, and \$513.00 per square foot with site development. In the case of the Hammond HS Renovation and the Guilford Park HS construction, bids were received before COVID and subsequent increases in construction costs. According to the school system, capital projects typically attempt to account for price increases and volatility by calculating price escalations between 3% and 7% depending on the length of the project.

Budget Implications:

- HCPSS and the Board of Education have confirmed that the funds are available to transfer.
- Adoption of CB22-2026, which approves the corresponding bond issuance for this transfer, is necessary for the implementation of this legislation.
- This legislation will have a net zero fiscal impact on the previously approved Capital Budget for FY2026 because funding is transferred, not increased or decreased. In FY2028, the Board will request the remaining \$2.4 million to close the shortfall.
- **The [proposed FY2027 Capital Budget](#) does not currently reflect the anticipated \$2.4 million request in FY2028.**
- The Board of Education believes this transfer will not have an impact on the County's FY2027 application for State school construction funding, which was approved by [CR183-2025](#).

Other Notes:

- This is the second TAO in FY2026 to transfer funds to a school construction project. The Council recently approved [TAO1-FY2026](#) to cover a budget shortfall at Oakland Mills Middle School.
- According to the Board of Education, the budget shortfall at the Faulkner Ridge Early Learning Center is reflective of broader challenges in funding school construction. Building costs have risen 70% since FY2018.