

CR194-2026 Fiscal Analysis

Introduced: October 5, 2026

Fiscal Manager: Owen Kahn

Legislative Intent: This legislation endorses the Howard County Board of Education's FY2028 initial State Capital Budget request for State funding.

ANALYSIS

Fiscal Impact:

<u>FY 2028 Capital Budget for school construction projects</u>			
<u>Capital Budget</u> <u>Project</u>	<u>Proposed</u> <u>State Aid</u>	<u>Proposed</u> <u>County Match</u>	<u>Total</u>
Systemic Renovations/Modernizations	\$10,000,000	\$12,178,000	\$22,178,000
Roofing Projects	\$8,574,000	\$10,301,000	\$18,875,000
Total	\$18,574,000	\$22,479,000	<u>\$ 41,053,000</u>

FY28 CIP Request

This legislation proposes an application for \$18.57 million in State funds for school construction projects from the Capital Improvement Program (CIP) administered by the State Interagency Commission on School Construction (IAC). \$10.00 million would be used for Systemic Renovations/Modernizations and \$8.57 million would be used for Roofing Projects. Four projects are proposed to receive State funding:

Priority	CIP	Project	Estimated FY28 State Participation	Estimated FY28 Local Participation	Estimated FY28 Total Request
1	E1058 Systemic Renovations	Dunloggin MS Reno/Add	\$10,000,000	\$12,178,000	\$22,178,000
2	E1059 Roofing	Ilchester ES Roof	\$1,398,000	\$1,427,000	\$2,825,000
3		Hollifield Station ES Roof	\$2,004,000	\$2,046,000	\$4,050,000
4		Long Reach HS Envelope/Roof	\$5,172,000	\$6,828,000	\$12,000,000
		TOTALS	\$18,574,000	\$22,479,000	\$41,053,000

Because these projects require local matching funds, the legislation proposes \$12.18 million local funds for Systemic Renovations/Modernizations and \$10.30 million for Roofing Projects for a total of \$22.48 million in local funding. **The total proposed budget for State eligible school construction projects is \$41.05 million, 45.24% of which is State funded and the remaining 54.76% being locally funded.**

HCPSS has notified the County that these numbers are overestimated and that the real award amount, to be determined by the State in spring 2027, will be several million dollars lower than what is stated in this legislation. **According to the Board, the IAC’s target allocation for Howard County in FY2028 is \$13.19 million in State aid, plus an additional \$1.30 million in reserve funds for a total of \$14.49 million.** HSPSS testified the reason for this overestimation is to “allow for adjustments” once the State has made final award decisions. Additionally, State law will require the County’s matching funds to total 50% of eligible projects. This means that the total local funding will need to be increased to evenly match the State’s final award amount.

As a point of comparison, for FY2026 the Board estimated in October 2025 that the State aid would be \$27.14 million. The final awards confirmed by the State was \$24.14 million, \$3 million lower than the October 2025 estimate.

According to HCPSS, \$1.30 million of the State aid would be drawn from a reserve account. This is State funding that had been available to the County in prior fiscal years but has not been spent yet.

	FY 2026 final award	FY 2027 final award	FY 2028 application	Dollar difference	Percent difference from FY26
Systemic Renovations Modernizations	\$16,659,000	20,583,855	\$10,000,00	(\$10,583,855)	-51.42%
Roofing Projects	\$7,061,000	\$3,554,374	\$8,574,000	\$5,019,626	141.22%
Total	\$23,720,000	\$24,138,229	\$18,574,000	(\$5,564,229)	-23.05%

According to the Board, State funding for Dunloggin MS Renovation/Addition and Long Reach HS Envelope/Roof will continue after FY2028. The expected remaining State award for Dunloggin MS is \$4.45 million and Long Reach HS is \$5.21 million.

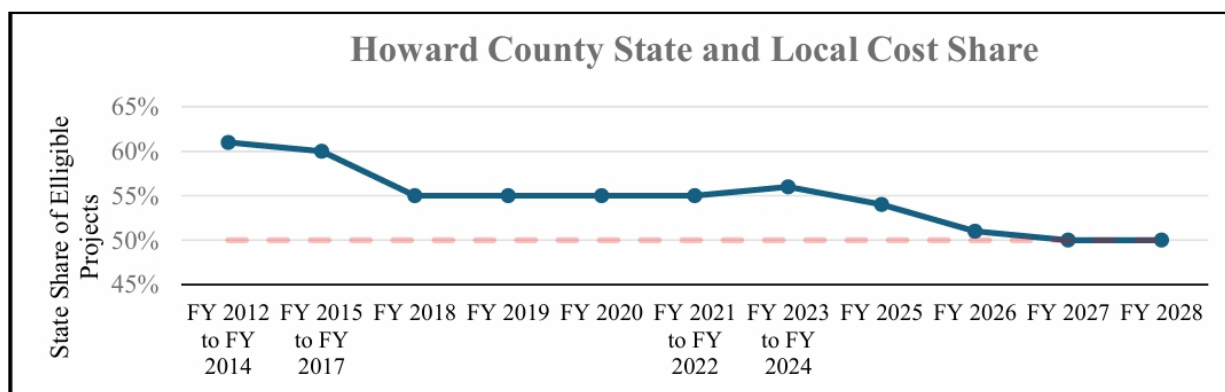
Locally Funded Projects

This legislation only proposes capital projects that will likely receive State aid. HCPSS and the Board have indicated that subsequent legislation proposing all locally funded prospects will be presented later in the year. As a point of comparison, in 2025, the Board proposed an amendment to CB183-2025 on November 17th to include locally funded projects.

State CIP Appropriations Background and State Process

The State provides significant funding to the County’s school construction projects. The largest source of funds is the State CIP, which is administered by the IAC. The CIP’s ~\$300 million budget is awarded to each county based off a formula that takes the county’s share of [statewide enrollment](#) and adjusts to consider local wealth and local facility needs. In FY27, Howard County’s enrollment is 6.48% of statewide enrollment and the County’s CIP award amount was 8.05% of statewide CIP.

CIP grants are awarded to each county for eligible costs of certain projects, and the County is required to appropriate a certain ratio of local matching funds. The formula for calculating the State share ranges from 50% to 100% of eligible costs for a project. The State cost split for Howard County has declined from 61% in FY 2012 to 51% in FY2026. [Beginning in FY2027, Howard County's share decreased to 50%](#), the lowest share allowed by State law. Barring major changes to the State or County budgets, it will likely remain at 50% for the foreseeable future. Other counties with similar education commitments, such as Montgomery County and Anne Arundel County, have remained at 50% as well.



Budget Implications:

- This legislation only approves the planned school construction projects for the purpose of submitting the application to the IAC. The Council will be presented with the plan again in April when the HCPSS submits their FY2028 Capital Budget plan for approval.
- Following adoption of this legislation, the IAC will begin its process of making final award decisions for local education agencies. Howard County can expect the final award amounts in May 2027.
- HCPSS no longer qualifies for [Enrollment Growth and Relocatable Funding \(EGRC\)](#) due to lack of enrollment growth

Other Notes:

- The [Comptroller of Maryland recently released a report](#) criticizing the State's reducing its share of school construction costs.
- The [FY2027 Board request](#) was introduced on October 6, 2025 and amended to include local projects on November 17th, 2025 before being approved by the Council.
- The Board indicated that the Board is refining the facility prioritization process for the FY2029 Capital Budget, including a comprehensive Program Sufficiency Study.