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Capital – State Department of Education

Maryland State Department of Education

Response to the Analyst's Review and Recommendations

Senate Capital Budget Subcommittee - March 7, 2017

House Capital Budget Subcommittee - March 8, 2017

The Maryland State Department of Education (MSDE) welcomes the opportunity to respond to the capital budget analysis.

Fiscal 2017 is the tenth anniversary of the Public Library Capital Grant Program which enabled MSDE to award 115 grants totaling \$40,025,000 to 20 library systems for the construction, renovation and expansion of 67 public library facilities. Over the past ten years, the State mandate to provide \$5,000,000 in capital funds annually has been matched by local funds of approximately \$215,000,000, nearly six times the amount of the State's investment.

While most awards were for smaller, but critical, renovation projects such as new roofs and replacement windows, eleven new libraries opened across the State with assistance from the program including; Ocean City (Worcester), Perryville (Cecil), Boonsboro (Washington), Brunswick (Frederick), Perry Hall (Baltimore County), Miller (Howard), Hagerstown (Washington), Waldorf West (Charles), Silver Spring (Montgomery), Havre de Grace (Harford) and Crisfield (Somerset). During fiscal 2018, it is anticipated that construction of five additional new libraries will be underway in Walkersville (Frederick), Annapolis (Anne Arundel), Hancock (Washington), Berlin (Worcester) and Leonardtown (St. Mary's).

MSDE gratefully acknowledges the legislation enacted in fiscal 2008 by the General Assembly to create the Public Library Capital Grant Program.

MSDE also wishes to express its appreciation for the funding previously authorized through fiscal 2019 to continue and complete renovations to the State Library Resource Center. The analysis provides an excellent description of the dire need at the Central Branch of the Enoch Pratt Free Library in Baltimore City.

MSDE should comment on its rationale for recommending the North East Library project at its requested funding level and how it plans to address out-year costs for all of its recommended projects. MSDE should also comment on the utility of the Public Library Capital Grant program if some jurisdictions are able to use funds from the program for large projects at a low percentage of State share for total costs, thereby limiting funding for projects statewide.

Article § 23-510 of the Annotated Code of Maryland outlines the criteria for making funding recommendations in all previous and future review cycles:

- (i) The public necessity and urgency of a project;
- (ii) The need for additional sources of funding for a project;
- (iii) The estimated cost and timeliness of executing a project;
- (iv) The viability of matching funds for a project; and
- (v) Geographic diversity.

During the fiscal 2018 application cycle, the Cecil County Public Library submitted an extremely compelling proposal to design the new North East Library (replacing an existing 2,800 square foot facility with a new 45,000 square foot building) which documented people standing in line outside the current library waiting for other customers inside to leave so that they could enter. The project received the highest review scores among all the other applicants for fiscal 2018, and the county received comparatively limited funding overall through fiscal 2017. The prior allocation for the North East Library was made in fiscal 2010 for site acquisition, indicating this project has been needed for nearly a decade.

The out-year costs for the North East project, as well as all of the recommended projects, reflect the totals that may be requested according to the wealth based funding formula or that are currently anticipated. They may not be the same amounts that are recommended for future funding in fiscal 2019 and beyond. This is a competitive grant program, therefore all proposals are vetted each year to ensure the broadest possible allocation of funds statewide and to provide a fair and equal opportunity for all library systems to benefit from the program.

As noted in the analysis, awards may be reduced if requests exceed available resources. During the current grant cycle (FY 2018), MSDE received 12 applications from 11 library systems totaling \$6,640,000. Because the allocation is capped at \$5,000,000, eight of those projects are recommended for full funding, but all of them are recommended to receive some funding. Until proposals for fiscal 2019 are submitted later this calendar year, MSDE cannot be certain what amounts will be requested. Current projects may fall behind schedule, cost estimates may change, and new projects will undoubtedly be received. MSDE will continue to recommend funding as outlined in statute based on availability.

Finally, as noted in the analysis, the cost sharing formula implemented in fiscal 2014 has resulted in an increase in both the number of projects and jurisdictions receiving awards, particularly to geographic areas with less wealth. The substantial allocations received by Howard and Montgomery Counties before fiscal 2014 (when the local match was 50% for all library systems) are now comparable to the total received by Somerset County. During the fiscal 2014 and 2015 grant cycles, MSDE was able to allocate \$5,189,000, or 90% of the total cost, for the new Crisfield Library.

At this time, there is no evidence that larger projects with smaller percentages of State funding are limiting projects statewide.

With regard to the specific recommendations noted in the analysis:

Recommended Actions

1. **Approve the \$5 million general obligation bond fund authorization for the Public Library Capital Grant Program.**

MSDE concurs.

2. **Approve the \$ 32.678 million general obligation bond fund authorization to provide continued funding for the State Library Resource Center renovation project.**

MSDE concurs.

3. **Approve the fiscal 2019 pre-authorization of \$3.5 million for the State Library Resource Center renovation project.**

MSDE concurs.

4. **Approve the fiscal 2019 pre-authorization of \$ 3.5 million for the State Library Resource Center renovation project.**

MSDE concurs.