

# Maryland Department of Planning

Fiscal Year 2026 Capital Budget

Response to Department of Legislative Services Analysis

Senate Budget & Taxation Committee – Capital Budget Subcommittee  
Senator Craig J. Zucker, Chair  
February 11, 2025

House Appropriations Committee – Capital Budget Subcommittee  
Delegate Mark S. Chang, Chair  
February 10, 2025

## Capital Budget Summary

MDP concurs with the proposed Fiscal Year 2026 Capital Budget.

## Budget Overview of Grant and Loan Programs

### 1. Maryland Historical Trust Capital Grant Program

*Funding Authorization Extensions: The capital budget bill also includes amendments to GO bonds authorized in fiscal 2017 and 2018 to allow MDP to expend those funds through fiscal 2027. Since projects receiving awards sometimes fall through and awards must be rescinded, funds from prior years may become available for MHT to re-award. Projects may also take longer than grantees expected. Unless extended by an Act of the General Assembly, GO bond funds terminate seven years after authorization. The proposed amendments allow MHT additional time to use these funds for the capital grant program. MDP should comment on the strategies that it uses to ensure the timely execution of projects and the expenditure of State funds.*

**Planning Response:** MHT provides a high level of technical assistance to grantees both in the AAHPP and MHT Capital Grant programs. Projects are often complex and urgent projects that require preservation expertise, but are frequently undertaken by small volunteer organizations without dedicated staff. MHT grant program staff assist grantees in many areas, including establishing work priorities and phasing, understanding preservation best practices, conducting procurements, and working with architects, engineers, and contractors - whatever assistance may be needed to complete a particular project. The grantee is ultimately responsible for moving the project forward; MHT's technical assistance is intended to ensure that program requirements are met and that the grantee is supported by MHT in their stewardship of the property and project.

The MHT Capital Grant program began receiving an appropriation again in FY2018 after a decade-long hiatus, and as program staffing levels have stabilized in the past year, staff have focused their efforts on bringing the oldest projects to completion. At this time the program still has one active project from FY2018, one from FY2019, three from FY2020, and one from FY2021. Program staff continue to personally reach out to assist stalled projects, attend meetings and site visits with grantees, and if necessary, reach out to other organizations that may assist in resolving issues.

## **2. African American Heritage Preservation Grant Program**

*Funding Authorization Extension: As with the MHT Capital Grant program, the capital budget bill contains extensions for the deadline to expend funds previously allocated to the African American Heritage Preservation Program. The funds were appropriated in capital budget bills from calendar 2011 through 2018, and some have already had extensions. As of January 2025, MDP reports that just under \$850,000 in funding remains. **MDP should comment on how the increased funding cap and other program changes have improved grantees' ability to complete their projects and whether additional program changes, such as raising the per project cap to the statutory limit or reserving 20% of the total grant fund to help meet emergency needs, would make it easier for MDP to assist grantees who require additional grant funds to complete projects and expend funds in a timely manner.***

**Planning Response:** The increased cap and elimination of the match have positively impacted the pace at which grantees can complete projects. As project costs have increased, these changes make it possible to fully fund and complete many projects using a single state grant rather than awaiting additional funds from a future grant application, awaiting fundraising or other sources of match, or splitting a project into phases. The higher cap has also encouraged more comprehensive rehabilitation projects, increased the visibility of the projects, and in many cases provided a catalyst for private funders and other grants.

Whether to raise the per project cap to the statutory limit, and how much to hold in the emergency reserve, are both decisions made by MCAAHC as part of our shared administration of the AAHP program.

In terms of the per project cap, MHT encourages applicants to request an amount of money that aligns with their project phasing, project timing, urgency, and administrative capacity. Increasing the project cap may encourage applicants to ask for more money than they have the capacity to expend in a timely way. Raising the per project cap is also not a guarantee that applicants will request the full amount; we have found that many grantees have simple, straightforward, and less costly projects and request small grants (often under \$50,000) that align with their needs.

In terms of the emergency reserve fund, in the 14 years since the creation of the program, only one emergency grant has been awarded. For several years the reserve fund was quite small (under \$15,000), which did not make very much money available for true emergencies. In recognition of this, in FY2025 MCAAHC recommended increasing the reserve to \$100,000, but to date there have been no emergency grant applications requesting those funds.