



## Senate Bill 92

### *Maryland School Overcrowding Reduction Act of 2018*

MACo Position: **SUPPORT**  
**WITH AMENDMENTS**

Date: January 31, 2018

To: Budget & Taxation Committee

From: Robin Clark Eilenberg

The Maryland Association of Counties (MACo) **SUPPORTS SB 92 with AMENDMENTS**. This bill would make several changes to current laws for school construction and creates an incentive program for alternative financing projects. In general, Maryland counties seek and support a range of tools to tackle school construction in a period of high construction costs and critical education facility needs.

Additional flexibility for local governments, such as new options for public-private partnerships in designing, building, financing and operating schools supports experimentation into alternative practices that could assist counties and school boards. While this legislation makes some changes to existing law, however, it does not address a central hurdle to experimentation - a lack of clarity in the treatment of capital leases under school funding rules.

Incentives for counties and school boards to reduce school construction costs could help spur best value development and renovation. The incentive program envisioned in this legislation, however, misses an opportunity to encourage cost-effective practices across all types of construction, whether traditional or alternative.

The 21<sup>st</sup> Century School Facilities Commission has made several recommendations for school construction and alternative financing in line with county interests. These include that the State:

- Provides technical assistance to help facilitate public-private partnerships (P3s),
- Provides a financial incentive to cover the associated risks of alternative financing, and
- Examines the legal and financial implications of long-term lease agreements.

To improve existing school construction laws and provide meaningful options and incentives for alternative financing, MACo **SUPPORTS SB 92 WITH AMENDMENTS** to address areas of county interest and concern and bring the legislation in line with the 21<sup>st</sup> Century School Facilities Commission's recommendations.