FAQs on the Built To Learn (BTL) Program

Answers provided are a joint product of the IAC and MSA.

Built to Learn Bond Funds - General

1) What is being done to communicate these changes to County Governments?

A: The IAC and MSA staff are working collaboratively to be able to communicate processes and procedures that will affect local governments. IAC Meetings, Facility Planner Meetings, newsletters, website updates, and other outreach methods serve as our prime modes of general communication. For any specific concerns, please reach out to the IAC so that staff may determine the best way to address them.

2) Will this require a major overhaul of the CIP worksheets, at least in terms of eligible costs?

A: Recent modifications have been made to the CIP worksheets to reflect the expansion of costs eligible for State participation and to provide the ability for the LEA to distinguish whether a project is requested to be BTL funded, standard CIP funded, or both.

Built to Learn Bond Funds - Funds

3) Will there be a local match required for projects approved for BTL funding? Will the normal CIP Cost Share Percentages apply to the whole project, including design costs and FF&E?

A: Yes, Local Governments will still need to provide their local match for all BTL projects. Cost Share Percentages will apply to the whole project, including planning and design development costs and FF&E.

4) Has the amount of BTL funding for each LEA been determined?

A: No. Funding availability is based upon a combination of factors, including interest rates, the amount bonded and projected to be bonded by MSA, and the specific projects that have been approved by the IAC. The exact funding amounts for each LEA therefore are not yet known. For the LEAs that received designated percentages in the BTL Act, overall funding is currently estimated based upon an eventual *estimated* total yield of $1.7 billion. The allocations for the 17 LEAs without designated percentages can be estimated but will remain somewhat in flux due to the non-fixed nature of the factors listed above. See question 6 for more information.

5) Has it been determined how the full funding will be rolled out over the next few years?

A: BTL funding is on a rolling basis and will depend upon a combination of factors, including the projects selected, the need for funds, interest rates, and bond issuances. MSA will conduct a number of bond sales throughout the program as needed. Bond proceeds must be spent within 10 years or be reallocated

6) When can the 17 LEAs who are sharing the 11.5% expect to find out their allocations?
A: The IAC initially provided the 17 LEAs who share 11.5% of available funding an estimated allocation amount in a memo dated May 27, 2021 based upon estimated total funding availability of $1.8 billion for the Built to Learn Program. As a starting point for consideration, IAC staff prioritize eligible projects within each LEA's proportional (by enrollment as of September 30, 2019) percentage of the estimated available $207 million as shown in Table 1. Estimates were updated on November 15, 2022 to account for a reduced anticipated total amount of available funding ($1.7 billion). **However, please note that this is a rough guideline and that each LEA may receive more or less than the amount identified in Table 1** depending on the availability of shovel-ready projects in the next five years. Projects are subject to the State and local cost shares adopted by the IAC for the fiscal year in which funding is allocated and project eligibility will be limited to projects of a total project cost of at least $4 million unless an exception is approved by the Executive Director of the IAC.

Table 1 shows numbers as presented to the IAC at the May 2021 IAC Meeting, based upon the best estimate of $1.8 billion at the time.

Table 1

LEA	Full Time Equivalent Enrollment as of 9/30/19	Percentage	Calculated Allocation Based on $1.8 B Bond Proceeds
Allegany	7,955	3.67%	$ 7,589,054
Calvert	15,577	7.18%	$ 14,860,199
Caroline	5,507	2.54%	$ 5,253,025
Carroll	24,968	11.51%	$ 23,818,913
Cecil	14,592	6.72%	$ 13,920,540
Charles	26,579	12.25%	$ 25,355,517
Dorchester	4,466	2.06%	$ 4,260,660
Garrett	3,627	1.67%	$ 3,460,281
Harford	37,407	17.24%	$ 35,685,083
Kent	1,800	0.83%	$ 1,717,381
Queen Anne's	7,505	3.46%	$ 7,159,530
St. Mary's	17,138	7.90%	$ 16,349,104
Somerset	2,685	1.24%	$ 2,561,404
Talbot	4,448	2.05%	$ 4,243,250
Washington	21,830	10.06%	$ 20,825,122
Wicomico	14,482	6.67%	$ 13,815,508
Worcester	6,421	2.96%	$ 6,125,429
Total	**216,988**	**100.00%**	**$ 207,000,000**

As of November 11, 2022, updated estimated allocations based upon the revised estimated eventual total bond proceeds of $1.7 billion are as follows:

Table 2

LEA	Est. Available Calculation based on $1.7 billion in revenue bonds (approved allocations are shaded)[1]
Allegany	$6,937,020
Calvert	$13,566,212
Caroline	$4,802,284
Carroll	$23,818,913
Cecil	$12,724,701
Charles	$23,177,756
Dorchester	$3,894,498
Garrett	$3,162,862
Harford	$35,685,083
Kent	$1,569,659
Queen Anne's	$6,544,605
St. Mary's	$14,944,896
Somerset	$2,341,408
Talbot	$3,878,801
Washington	$19,036,473
Wicomico	$13,815,508
Worcester	$5,599,322
Total	**$195,500,000**

Further, estimates for Counties with a mandatory statutory proportion of BTL funding have been updated as follows:

Table 3

Local Education Agency	Statutory Percentage	Calculated Allocation Based on $1.7 billion Bond Proceeds	Allocations To Date	Estimated Available Amount Remaining After Allocation
Anne Arundel	12.50%	$212,500,000	$131,443,000	$81,057,000
Baltimore City	21.00%	$357,000,000	$125,550,352	$231,449,648
Baltimore County	21.00%	$357,000,000	$198,979,000	$158,021,000
Frederick County	5.10%	$86,700,000	$87,170,062	-$470,062
Howard County	6.60%	$112,200,000	$34,901,360	$77,298,640
Montgomery County	21.00%	$357,000,000	$207,716,500	$149,283,500
Total		**$1,482,400,000**	**$785,760,274**	**$696,639,726**

7) Can the LEAs expect $250 or $280 Million a year for the normal CIP process for the next several years?

A: In Section 4 of 2022's Chapter 32 (House Bill 1290), the General Assembly indicated an intention that, "beginning in fiscal year 2023, within the current debt affordability guidelines, the State should provide at least $450,000,000 each year for public school construction in order to maintain a relatively stable number of funded projects in the Capital Improvement Program." However, it is not guaranteed that such a figure will in fact be appropriated or budgeted. The State Capital Budget Volume currently indicates a target of $216.5 million per FY from FY 2024 through FY 2026 and $280 million in FY 2027.

Built to Learn Bond Funds - Project Types and Requirements

8) If an LEA has limited its request based upon its local funding cash flows and then does not have projects eligible for BTL due to available State funds, how will that be addressed?

A: The BTL Act states that, "for the initial funding, priority shall be given to projects that the IAC has deemed eligible for funding but for which State funding has been deferred due to fiscal constraints," such as those that received B status in the FY 2022 CIP. The Act directs the IAC to develop a process for allocating revenue bond funds to projects on a rolling basis thereafter. The Act also requires that certain funding amounts be received by certain jurisdictions. These

requirements will be balanced, so that all LEAs receive an appropriate amount over the life of the Program.

9) How should an LEA communicate its intentions if it has alternate plans for the BTL bond funding that do not involve its CIP B-status projects?

A: Each LEA has a specifically assigned Regional Facilities Manager to help coordinate projects and facilitate State participation. LEAs are encouraged to continue to establish their projects pipeline to define priorities and needed cash flow and to develop strong portfolio strategies which include planned BTL allocations.

10) Will projects funded with BTL bond funds have to meet the same project requirements as projects receiving CIP funding (e.g., prevailing wage and MBE)?

A: Yes, all BTL-bond-funded projects must comply with current IAC regulations.

11) For what types of services and context will LEA's be able to request planning & design (max. 10% of construction cost) and FF&E (max. 5% of construction cost) funding?

A: The IAC's total approved allocation will include, at the LEA's requests, amounts for design and furniture, fixtures, and equipment. This funding will cover any consulting planning costs related to the project-specific educational specifications submission and, if necessary, the feasibility study submission. Design and construction phase activities also covered include any architecture and engineering (A/E) services directly contracted by the LEA; consulting (commissioning agent, industrial hygienist, etc.) services; third-party materials testing and inspections; and CMAR pre-construction services engaged prior to the start of the schematic phase of the design. For FF&E, the following items are eligible for State funding participation: furnishings, fixtures, and equipment that are dedicated permanently to use in that facility and have a median useful life of at least 15 years from the date of purchase, including furniture and other items used in the delivery of educational programs or services in that facility but excluding the following:

1) Specific items of furniture, fixtures, and equipment that already exist elsewhere within the LEA's facilities and are available to be dedicated to the project;
2) Portable electronic equipment intended primarily for student use; and
3) Portable security-related equipment including those items that can be moved from location to location within the facility.

It will be strongly encouraged that design of FF&E occur concurrently with facility design to maximize utility of the facility and minimize total cost of ownership (TCO).

12) With each LEA CIP submission in the future, will the LEAs select a funding program (CIP, BTL, or both) for each state-funded project, or will the State select the funding program for each project?

A: To apply for BTL and/or CIP funds, LEAs should submit a Form 102 which allows an LEA to select one or both funding programs. The State/IAC does not select the funding program for each project on the LEA's behalf.

13) Are systemic renovation projects in the B category also eligible for the HB1 funding?
A: There is consensus between the IAC and MSA that it would be best to utilize the special-revenue-bond funds and MSA's services under BTL for new, replacement, and large renovation projects. However, BTL funds may be used for small additions and for capital maintenance/systemic replacements with a minimum total project cost of at least $4 million.

14) How will LEAs that cannot afford large renovations or replacements be able to use the BTL money if not on systemic renovations?
A: LEAs can use their BTL funding towards the State participation of any project with a total cost of at least $4 million, including bundled projects covering multiple facilities (e.g., replacement of roofs of three different schools). Local-share funds will still be required.

15) Will the 17 LEAs that are sharing the 11.5% be able to bank their BTL portion with CIP allocations over multiple fiscal years as they work towards collecting the State share needed for a larger project?
A: As of now, the IAC does not have formulaic funding or a banking system in place that would allow this to occur. LEAs have five years to receive approval from the IAC for their BTL project(s) and have ten years to expend all approved BTL funds. The IAC Regional Facilities Managers are working with all LEAs to define their project pipelines to inform IAC on potential projects that could occur within the life of the BTL program. Once BTL bonds are issued for a project, the bond proceeds for that project must be spent within three years of the bond issuance.

16) Will partial-renovation projects be eligible for BTL funds? For example, if you are only renovating 1/4 or 1/3 of a facility?
A: In order to be eligible for BTL funding, the only requirement is that the project must have a total project cost of at least $4 million. Small additions, limited renovations and systemic renovations that meet this threshold are all eligible. The IAC's Regional Facilities Managers are available to discuss specific potential project scopes.

Built to Learn Bond Funds - Project Timing and Funding

17) Is there a sunset or time limit on when the potential BTL bond funds must be used?
A: Per statute, any allocations not used within 10 years may be reallocated to any LEA as determined by the IAC. Specific procedures for reversions may be developed as processes for administering BTL funds are further defined.

18) If an LEA forward funds a project, will BTL bond funds be usable to pay back the LEA as is done with typical CIP projects?
A: Under the BTL Act, projects that have already been completed are not eligible for reimbursement. For projects on which construction began ***on or after June 1, 2020***, the IAC, in collaboration with the MSA, will be able to reimburse the LEA for eligible costs.

19) For BTL projects that started construction after June 1, 2020, when will MSA be able to reimburse the LEA for project expenditures to date?

A: Upon execution of the LEAs MOU with MSA and MSAs completion of the first bond sale, MSA will review the LEAs approved BTL projects and determine what will be eligible for reimbursement. MSA is currently investigating the possibility of an initial bond issuance to occur around November of 2021.

Built to Learn Bond Funds - MOU Process with MSA

20) What will the MOU process look like?

A: There will be two types of MOU: 1) the Program MOU between the IAC and MSA, which will guide the Project MOUs, and 2) each Project MOU, based upon the program MOU, will be established between MSA and the LEA for each project.

21) Is there a schedule for the LEA and MSA MOU process?

A: The only deadline for BTL funding is that the project must be approved by the IAC within five years and all of the LEAs allocation must be expended within ten years. Otherwise, there is no deadline for LEA and MSA MOU execution. The project specific MOU process will start between MSA and the LEA once the project and State share amount have been approved by the IAC.

22) Is it possible to have one large MOU with MSA and all of the LEAs?

A: No. Individual LEA MOUs are required by the Act.

23) If an LEA has several projects each year, can one MOU be developed to cover all projects per year?

A: Possibly, depending on the nature of the projects with the individual LEA. This can be discussed and identified at the time of MOU establishment with MSA. Each MOU will be tailored to the project needs and based on construction management capacity, construction delivery method, administration, and/or financing requirements. Utilizing separate project-level MOUs over time will allow for continual improvement of the MOU template as lessons are learned.

24) Is IAC or MSA expecting to control project schedules?

A: MSA will administer all BTL-bond-funded projects approved for allocation by the IAC unless it gives permission to the LEA to execute, as established in the project MOU. The IAC will require project specific Educational Specifications inclusive of scope, budget, and proposed timeline to recommend allocation for the project. Certain IAC requirements may be waived for projects that were in design prior to June 2021.

25) What criteria will be used to determine MSA involvement in a project?

A: A variety of factors shall be used in determining MSAs level of involvement, including but not limited to capacity (both parties), history, funding percentage, project status at the time of request, and project types. This will be discussed at the time of the project MOU establishment.