

## FAQ—Pass-Through Grant Funds for Certain Counties SB 291 (2022 Md. Laws, Ch. 344)

### Nature and Amount of Funding

1. We understand that the \$237,000,000 provided in SB 291 for school construction projects allocated to certain counties are not PAYGO, but rather are GO bond funds. Do the designated appropriations function as CIP funds or as separate funds akin to a block grant to the named counties and the recipient(s) of the remainder to be determined by the IAC?
  - a. The funds are pass-through funds, earmarked for certain counties, and administered by the IAC for projects that meet the budgetary requirements. IAC will develop a *very simple* application process for the LEA to submit the requested project and budget and to provide concurrence that the County has prioritized the funding as required by SB 291. PTG funds shall not be used to replace the local share of projects that have received funding through any other IAC program.
  - b. For projects solely funded by PTG funds and/or PTG funds plus local funds, other IAC processes such as funding factors and submission reviews will not be required. For projects funded through the BTL, CIP, and/or other State funding programs, other IAC processes such as funding factors and submission reviews will apply.
2. What funds are being made available, and to which counties?
  - a. The capital budget bill provides \$237 million as follows:
    - i. \$75 million to Baltimore City;
    - ii. \$80 million to Baltimore County;
    - iii. \$5 million to Charles County;
    - iv. \$10 million to Frederick County;
    - v. \$35 million to Howard County;
    - vi. \$30 million to Prince George’s County; and
    - vii. A total of \$2 million to be allocated through a process established by the IAC to the counties not listed above (with the exception of Montgomery and Anne Arundel counties, which are not eligible for any of the funds).
3. Will the release of the funds be rolling?
  - a. Yes. Funds must be encumbered by June 30, 2023 to avoid reversion. LEAs can submit requests for allocation on a rolling basis until May 1, 2023.
4. What are the stipulations for these funds as the current IAC allocation recommendation for the FY 2023 EGRC funds is \$95.4M?
  - a. These funds are unrelated to and separate from EGRC.
5. Is a local match required to use these funds?
  - a. No, these funds do not require a local match to be spent on a project. However, they can be combined with local funds on a project.

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### **Applicable Statutory/Regulatory Requirements**

6. Do the IAC's/PSCP's usual CIP-type requirements apply?
  - a. No, because these funds are pass-through funds earmarked for certain counties and are being delivered and administered by the IAC.
7. Will the standard IAC/MSDE/DGS procedures under the Education Article of the Maryland Code still apply, including project review?
  - a. PTG projects need not comply with all of the 5-303 requirements that apply to State funded projects, but must comply with the 2-303 requirements for review by the Maryland State Department of Education and Department of General Services (Educational Specifications, Schematic Design, Design Development, and Construction Documents).
8. Are Membrane Bioreactors (MBRs) used as septic systems an eligible cost for state funding through this program?
  - a. IAC will not determine eligibility, other than to confirm that the project scopes are eligible for receipt of bond funding and that projects are not receiving funds through any other IAC program. There are no specific project types that are ineligible.
9. Do the state's Prevailing Wage and Minority Business Enterprise regulations apply to PTG projects?
  - a. Yes, IAC staff interpret Prevailing Wage and Minority Business Enterprise regulations as applying to PTG-funded projects.

### **Eligibility and Selection of Projects**

10. Can Pass-Through Grant funds be combined with other State school construction dollars on the same project?
  - a. Yes, however local-share funding must be provided to match any State participation through other IAC program funding sources as governed by that program's procedures. Further, PTG funds shall not be used until other allocated State and local funding sources are exhausted. If, during project closeout and reconciliation, it is determined that the local match requirement of other State funding sources has not been met, the LEA may be required to refund all or a portion of the State allocation.
11. It was noted that the County specifically decides which projects the funds are expended on. Does this mean that the County selects projects for the school system to complete or that the County provides agreement and confirmation on selected projects?
  - a. The County is required to determine the project priority, and once the IAC has received that priority either directly from the County or as concurrence with an LEA submission, then IAC will allocate funds to the LEA for the specified projects.

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12. Is the intent that the County, or the school system, procures the contracts and takes responsibility for execution of the work?
  - a. The IAC will allocate funding to the LEA for priority projects identified by the County. We anticipate that the school system will take responsibility for the execution of work.

### Process and Timeline

13. How will a county apply for funding through the Pass-Through Grant program?
  - a. IAC staff expect to take a simple application to the IAC for review and approval at the June IAC meeting. The IAC will then release the application and begin making allocations upon receipt and approval
14. Will the State be releasing further instructions or guidance for utilization of these funds?
  - a. Yes, the IAC will provide guidance to LEAs as soon as possible and expects to approve some process/application documents at the June IAC meeting.
15. Due to the current timing, how does a county apply for projects if we are beyond the date to amend our FY 2023 CIP?
  - a. IAC staff will recommend that the IAC approve guidance documents at the June IAC meeting.
16. Can we amend our FY23 CIP to add projects? If so, will there be special procedures and a timeline to apply?
  - a. These are pass-through grant funds that will be allocated outside of the normal CIP process. Information will be provided after the June IAC meeting.
17. We understand that the IAC has a general expectation that funds be expended within the fiscal year for which they are allocated. However, it is likely that supply-chain problems, lengthier projects, and the potential unavailability of County funds to support non-state-approved expenses may impact the ability to expend the funds in the time allotted. Adding more time allows for the most meaningful use of funds, rather than rushing projects through to meet the timing. In addition, submission and reviews of design and other project components take time, which will contribute to making it difficult to expend the funds within FY2023. Could extensions be granted if a plan is identified for projects and the funds are partially expended within that fiscal year?
  - a. These funds are outside of the normal CIP process and will be subject only to requirements for capital bond funding. Projects will need to be identified and encumbered by the end of FY 2023, and funds are required to be expended within seven years.
18. Are there different procedures in obtaining the funds and expending the funds? SB 291 on page 23 does identify the funds as grant money.
  - a. Each County will receive the amount of funding identified in SB 291, and the IAC will provide very simple guidance on application and reporting processes after

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the June IAC meeting. We anticipate that this guidance will include some verification of expenditures on a periodic (perhaps biannual) basis.

19. Will the County or Board be running the financials (requesting reimbursement from the State)?
  - a. PTG funds will be provided to the LEA up front, with required attestations that the funding will only be used for the provided purpose.
20. How will the State oversee the use of these funds and ensure accountability?
  - a. Funding will be allocated to and provided directly to the LEA after the IAC has confirmed the eligibility of the project and received required attestations that the funding will only be used for the provided purpose. Some periodic expenditure reporting will be required, and details will be provided in the instructions distributed after the June IAC meeting.

### **Reversions**

21. Do the standard State capital rules (7-year limit) apply for use of GO bond funds that are not allocated OR are allocated but not expended?
  - a. Yes – must encumber via allocation to a project during FY 2023 and spend within seven years.
22. Will/can unexpended funds revert to the LEA's reserve appropriations fund and be applied to a future-year CIP project?
  - a. No. These funds are separate from the Capital Improvement Program and are not expected to be reverted to the LEA reserve fund.

### **Effects on State Funding To LEAs under Other Programs**

23. How will this funding affect the LEA's 10-year average CIP funding level?
  - a. This funding will not affect the LEA's 10-year average CIP funding level.
24. How do these special SB 291 funds relate to the Supplemental Capital Grant Program for Local School Systems (EGRC)?
  - a. There is no relationship between the Supplemental Capital Grant and these funds.
25. SB 291 also indicates that, for the FY2023 Supplemental Capital Grant Program for Local School Systems, the allocation is \$95,391,000. The 90 Day Report for the General Assembly on page 160 indicates specific EGRC allocations. Does this include the prior funding initially allocated for FY2023, or is it in addition to? We are anticipating this is the total for FY23 and is inclusive of the initial amount.
  - a. Yes, the total is inclusive of the originally published EGRC funding. The 90-day reports simply included projects that had already been identified in the IAC's

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projected CIP allocations. The final allocation is \$95.391 million, which was approved by the IAC at their May meeting.