

RA01A
Public Library Capital Grant Program
Maryland State Department of Education

Public Library Capital Grant Program (Statewide)

General Obligation Bonds **\$5,000,000** **Recommendation:** **Reduce \$2,325,000 for projects of questionable capital eligibility, projects where State funds have little impact, and major new projects**

Bill Text: Provide grants to acquire land, design, construct, and equip public library facilities. The funds appropriated for this purpose shall be administered in accordance with § 23-510 of the Education Article.

Program Description: The Public Library Capital Grants Program was established by Chapter 494 of 2006 and received its first funding in fiscal 2008. The program provides funds to local libraries and library systems for capital improvements to existing libraries or construction of new facilities.

Section 23-510 of the Education Article mandates \$5,000,000 in annual funding for a capital grant program for public library projects. The Maryland State Department of Education’s (MSDE) Division of Library Development and Services (DLDS) is responsible for administering the program. To apply for a grant, local public library systems must develop a countywide library plan to file with DLDS and produce a master plan describing the capital projects approved by the applicant’s governing body. DLDS reviews applications and submits recommendations to the State Board of Education for approval. The list of approved projects is then forwarded to the Department of Budget and Management for funding. Grants from the program require a match from any combination of county, municipal, or private sources. State grants may not fund more than 50% of a project’s cost, or be less than \$20,000.

Prior Authorization and Capital Improvement Program

Authorization Request
(\$ in Millions)

| <i>Fund Source</i> | <i>2009 Approp.</i> | <i>2010 Approp.</i> | <i>2011 Allowance</i> | <i>2012 Estimate</i> | <i>2013 Estimate</i> | <i>2014 Estimate</i> | <i>2015 Estimate</i> |
|--------------------|-------------------------|-------------------------|---------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| GO Bonds | \$4.000 | \$5.000 | \$5.000 | \$5.000 | \$5.000 | \$5.000 | \$5.000 |
| Total | \$4.000 | \$5.000 | \$5.000 | \$5.000 | \$5.000 | \$5.000 | \$5.000 |

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Authorization Encumbrance and Expenditure Data

Authorization Summary (\$ in Millions)

| <i>Fiscal Year</i> | <i>Authorization</i> | <i>Funds</i> | | <i>Balances</i> | |
|--------------------|----------------------|-------------------|-----------------|-------------------------|-----------------------|
| | | <i>Encumbered</i> | <i>Expended</i> | <i>To Be Encumbered</i> | <i>To Be Expended</i> |
| Prior Years | \$0.000 | \$0.000 | \$0.000 | \$0.000 | \$0.000 |
| 2006 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| 2007 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| 2008 | 2.025 | 2.025 | 1.985 | 0.000 | 0.040 |
| 2009 | 4.000 | 4.000 | 2.578 | 0.000 | 1.422 |
| 2010 | 5.000 | 5.000 | 0.000 | 0.000 | 5.000 |
| Total | \$11.025 | \$11.025 | \$4.563 | \$0.000 | \$6.462 |

As of November 2009.

Program Analysis and Performance

The original fiscal 2008 legislative appropriation totaled \$2,250,000 in general funds; however, this was reduced in July 2007 by \$225,000 to \$2,025,000 by a Board of Public Works cost containment action. Sixteen library systems submitted 20 project requests for fiscal 2008. All projects were at least partially funded. Grant amounts ranged from \$22,500 to a maximum of \$270,000.

For fiscal 2009, DLDS approved 17 project requests in 11 library systems. The total amount requested was \$21.8 million, for which the Governor provided \$5.0 million, the mandated amount. The State's share of the total estimated cost for all of these projects is just 5%. In Howard County, the State's share amounts to only 1%; while in Somerset County, for the project at the Princess Anne Library, the State shares 50% of the total project costs. The General Assembly reduced the allowance for the program to \$4.0 million.

For fiscal 2010, DLDS approved 13 projects in 10 library systems. Projects ranged from new library construction, to renovations to increase Americans with Disabilities Act (ADA) compliance, to increasing energy efficiency. Project allocations ranged from \$20,000 to \$800,000.

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For fiscal 2011, DLDS approved 12 projects in 9 library systems. Projects range from new library construction to additions to replacement of shelving systems to improving parking lots. Project allocations range from \$85,000 to \$765,000.

The total allocation for the four years of the program is shown in **Exhibit 1**. Of the 24 library systems, 19 have received at least one grant for a local library. Washington County has received the largest share of the total allocations, at \$1.8 million (10.9%). It is closely followed by Baltimore, Howard, and Montgomery counties.

Exhibit 1
Total Library Grant Allocations
Fiscal 2008-2011

| <u>Local Unit</u> | <u>Allocations</u> | <u>Percent of Total Allocations</u> |
|-------------------|---------------------|-------------------------------------|
| Allegany | \$63,000 | 0.4% |
| Anne Arundel | 194,800 | 1.2% |
| Baltimore City | 1,414,000 | 8.8% |
| Baltimore | 1,708,000 | 10.6% |
| Calvert | 0 | 0.0% |
| Caroline | 139,550 | 0.9% |
| Carroll | 1,089,000 | 6.8% |
| Cecil | 890,000 | 5.5% |
| Charles | 0 | 0.0% |
| Dorchester | 0 | 0.0% |
| Frederick | 992,000 | 6.2% |
| Garrett | 0 | 0.0% |
| Harford | 873,000 | 5.4% |
| Howard | 1,710,000 | 10.6% |
| Kent | 389,000 | 2.4% |
| Montgomery | 1,725,950 | 10.7% |
| Prince George's | 821,700 | 5.1% |
| Queen Anne's | 0 | 0.0% |
| St. Mary's | 837,000 | 5.2% |
| Somerset | 201,500 | 1.3% |
| Talbot | 765,000 | 4.8% |
| Washington | 1,754,000 | 10.9% |
| Wicomico | 440,000 | 2.7% |
| Worcester | 67,500 | 0.4% |
| Total | \$16,075,000 | 100.0% |

Source: Maryland State Department of Education

Issues

1. General Assembly May Want to Consider Whether Mandated Funding Is Essential and Whether Project Grants Should Be Capped

Given the State's current fiscal situation, all statutory funding mandates deserve close scrutiny. The General Assembly and the Administration have reduced numerous statutory funding mandates for operating programs in recent years through budget reconciliation and financing legislation. Likewise, the statutory mandate set forth in Section 23-510(e)(5) of the Education Article, which requires the Governor to include \$5.0 million for county library capital projects in either the annual operating or capital budget, should be reconsidered. The State is presently at its debt limit capacity. As a result, the Capital Debt Affordability Committee has revised its projections for new GO bond issuances downward by \$400 million in aggregate for fiscal 2012 through 2015. This downward revision requires even greater prioritization of the State's limited GO bond fund capacity. Mandates further limit flexibility in setting priorities.

Furthermore, although the State's funding of local library capital projects is a worthy endeavor, it is first and foremost a local government responsibility. Until fiscal 2008, the State did not have a \$5 million annual county library grant program. The State already contributes a large share of the GO bond program to assist local governments with funding K-12 and community college capital projects. **The Department of Legislative Services (DLS) recommends that the General Assembly consider whether mandated spending of \$5,000,000 annually on Public Library Capital Grants is essential.**

There is another overarching concern about the library grant program. Statute authorizes the \$5,000,000 appropriated annually to be used for renovations, construction, and land acquisition. However, when the State grants are used for new construction or major renovation projects, the State's contribution may be as little as 5% of the total project cost. It can be argued that State funds do not have a significant impact and are not crucial for leveraging other funds when used for major projects. Moreover, this diverts resources away from smaller projects that may help maintain proper function of existing libraries and where State funding can be large enough to have a meaningful impact. **Appendix 1** shows that the fiscal 2011 capital budget includes five projects with total costs of \$16 million or more. **DLS recommends that the General Assembly consider limiting allocations to each project to the lesser of \$800,000 or 50% of the project cost.**

2. Grants Should Be Deleted for Projects of Questionable Capital Eligibility, Projects Where State Funds Have Little Impact, and Major New Projects

The Public Library Capital Grant Program includes several projects for which funds should be deleted, resulting in a \$2.3 million overall reduction in the program. First of all, some projects that are set to receive funds through this mandated program might not otherwise be considered capital in nature or eligibility. Capital projects must have a life span of at least 15 years. Projects like replacing carpet and furniture should be funded as an operating or deferred maintenance expense.

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Also, some proposed projects are major renovations in which State funds are a relatively small portion of the total funds. These projects are not an effective use of scarce State capital funds. Finally, planning for major new projects should not be funded, given the State's current fiscal constraints. Following are projects for which the Department of Legislative Services recommends deleting fiscal 2011 funds:

- Carroll County – Eldersburg Library Renovation. This \$85,000 project would replace carpeting and furniture.
- Carroll County – North Carroll Library Renovation. This \$125,000 project includes furniture replacement and other improvements that do not expand services to the public.
- Howard County – New Miller Branch Library. The State funded portion of this project is only 5.6%, or \$1.6 million of the \$28.6 million total project cost. The 2010 CIP includes \$500,000.
- Montgomery County – Gaithersburg Library Renovation and Expansion. The State funded portion of this project is only 7.8%, or \$2 million of the \$23.7 million total project cost. The 2010 CIP includes \$600,000.
- Montgomery County – New Silver Spring Library. The State funded portion of this project is only 6.4%, or \$3.7 million of the \$54.7 million total project cost. The 2010 CIP includes \$250,000.
- St. Mary's County – New Leonardtown Library. The 2010 CIP includes \$765,000 for planning a new \$16 million, 39,000 square foot facility.

DLS recommends reducing Public Library Capital Grants by \$2,325,000 to exclude funds for projects that should be funded through local jurisdiction operating budgets, projects in which State funds will have little effect, and major new projects.

Recommended Actions

Reduce the following:

RA01A Public Library Grant Program \$ 2,675,000

| <u>Allowance</u> | <u>Change</u> | <u>Authorization</u> |
|------------------|---------------|----------------------|
| 5,000,000 | -2,325,000 | 2,675,000 |

Explanation: The Public Library Capital Grant Program includes several projects for which funds should be deleted, resulting in a \$2.3 million overall reduction in the program. These funds are for projects of questionable capital eligibility, projects where State funds have little impact, and planning for major new projects. The projects include:

- Carroll County – Eldersburg Library Renovation. This \$85,000 project would replace carpeting and furniture.
- Carroll County – North Carroll Library Renovation. This \$125,000 project includes furniture replacement and other improvements that do not expand services to the public.
- Howard County – New Miller Branch Library. The State funded portion of this project is only 5.6%, or \$1.6 million of the \$28.6 million total project cost. The 2010 CIP includes \$500,000.
- Montgomery County – Gaithersburg Library Renovation and Expansion. The State funded portion of this project is only 7.8%, or \$2 million of the \$23.7 million total project cost. The 2010 CIP includes \$600,000.
- Montgomery County – New Silver Spring Library. The State funded portion of this project is only 6.4%, or \$3.7 million of the \$54.7 million total project cost. The 2010 CIP includes \$250,000.
- St. Mary’s County – New Leonardtown Library. The 2010 CIP includes \$765,000 for planning a new \$16 million, 39,000 square foot facility.

**State Department of Education
Public Library Capital Grant Program
Fiscal 2011**

| <u>Subdivision</u> | <u>Project Title</u> | <u>Estimated Cost</u> | <u>Prior Auth.</u> | <u>FY 2011 Amount</u> | <u>Future Request</u> | <u>Total State Share (%)</u> |
|--------------------|---|-----------------------|--------------------|-----------------------|-----------------------|------------------------------|
| Baltimore | New Sollers Point Library; construction of a new 5,000-square foot library within a 25,000-square foot multi-purpose center | \$1,000,000 | - | \$500,000 | - | 50.0% |
| Baltimore | Towson Library – Renovation; includes new shelving, new study rooms, and improved energy efficiency | 222,000 | - | 110,000 | - | 49.5% |
| Carroll | Eldersburg Library – Renovation; includes carpet and furniture replacement | 418,000 | \$124,000 | 85,000 | - | 50.0% |
| Carroll | North Carroll Library – Renovation; includes entrance expansion, parking lot resurfacing, and ADA modifications | 257,000 | - | 125,000 | - | 48.6% |
| Frederick | New Walkersville Library; construction and equipping of a new 15,000-square foot library | 5,890,750 | 144,000 | 450,000 | - | 10.1% |
| Howard | New Miller Branch Library; construction of a new 63,800-square foot library | 30,205,000 | 1,120,000 | 500,000 | - | 5.4% |
| Montgomery | Gaithersburg Library – Renovation/expansion; includes expansion from 33,726 square feet to 61,471 square feet | 25,754,000 | 410,000 | 600,000 | \$1,000,000 | 7.8% |
| Montgomery | New Silver Spring Library; construction of a new 64,000-square foot multi-purpose facility that includes a library | 58,367,000 | 466,000 | 250,000 | 3,000,000 | 6.4% |
| Prince George’s | Spauldings Library – Renovation; includes ADA modifications and improved energy efficiency | 800,000 | - | 400,000 | - | 50.0% |
| St. Mary’s | New Leonardtown Library; design of a new LEED certified, 39,000-square foot library | 16,150,000 | 72,000 | 765,000 | 2,000,000 | 17.6% |

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Appendix 1 (Cont.)

| <u>Subdivision</u> | <u>Project Title</u> | <u>Estimated Cost</u> | <u>Prior Auth.</u> | <u>FY 2011 Amount</u> | <u>Future Request</u> | <u>Total State Share (%)</u> |
|--------------------|---|-----------------------|--------------------|-----------------------|-----------------------|------------------------------|
| Talbot | Talbot County Free Library – Renovation/expansion; includes expansion from 18,000 square feet to 28,000 square feet | 7,777,000 | - | 765,000 | - | 9.8% |
| Washington | Washington County Free Library – Renovation/expansion; includes expansion from 43,376 square feet to 91,000 square feet | 19,380,000 | 800,000 | 500,000 | - | 6.7% |
| Statewide | Less available funds | -50,000 | - | -50,000 | - | 100.0% |
| Total | | \$166,170,750 | \$3,136,000 | \$5,000,000 | \$6,000,000 | |

ADA: Americans with Disabilities Act

LEED: Leadership in Energy and Environmental Design

Source: Maryland State Department of Education

**State Department of Education
Public Library Capital Grant Program
Fiscal 2010**

| <u>Subdivision</u> | <u>Project Title</u> | <u>Estimated Cost</u> | <u>Prior Auth.</u> | <u>Amount</u> | <u>Future Request</u> | <u>Total State Share (%)</u> |
|--------------------|--|-----------------------|--------------------|---------------|-----------------------|------------------------------|
| Baltimore City | Canton Library – Renovation; includes new mechanical, electrical, and safety systems and improving disabled access | \$1,200,000 | - | \$400,000 | - | 33.3% |
| Baltimore | Randallstown Library – Renovation; includes renovating the entrance to accommodate an elevator, improving disabled access, and improving space for children’s services | 510,000 | - | 255,000 | - | 50.0% |
| Caroline | Denton Library – Renovation; includes completing a children’s service area, purchasing and installing equipment for a teen area, replacing window overhangs, and renovating an exterior deck and sidewalks | 106,500 | - | 50,000 | - | 46.9% |
| Carroll | Eldersburg Library – Renovation; includes installation of a drive-up service window and replacement of shelving | 248,000 | - | 124,000 | - | 50.0% |
| Carroll | Westminster Library – Phase 3 Renovation; includes construction of a Teen Zone | 1,841,000 | - | 183,000 | - | 9.9% |
| Cecil | North East Library – Site acquisition | 1,600,000 | - | 800,000 | - | 50.0% |
| Harford | Churchville Library – New construction of a green library and science center | 6,543,000 | - | 500,000 | - | 7.6% |
| Harford | Whiteford Library – Expansion | 4,445,000 | - | 373,000 | - | 8.4% |
| Howard | Miller Branch Library – Replacement; construction of a new library and historic center | 26,095,000 | \$320,000 | 800,000 | - | 4.3% |
| Prince George’s | Greenbelt Library – Renovation; includes improving ADA compliance and energy efficiency | 640,000 | - | 320,000 | - | 50.0% |

RA01A – MSDE – Public Library Capital Grant Program

Appendix 2 (Cont.)

| <u>Subdivision</u> | <u>Project Title</u> | <u>Estimated Cost</u> | <u>Prior Auth.</u> | <u>Amount</u> | <u>Future Request</u> | <u>Total State Share (%)</u> |
|--------------------|---|-----------------------|--------------------|--------------------|-----------------------|------------------------------|
| Washington | Washington County Free Library expansion | 10,825,000 | - | 800,000 | - | 7.4% |
| Wicomico | Pittsville Library – Replacement | 136,454 | - | 20,000 | - | 14.7% |
| Wicomico | Salisbury Main Library – Site acquisition | 750,000 | - | 375,000 | - | 50.0% |
| Total | | \$54,939,954 | \$320,000 | \$5,000,000 | \$0 | |

ADA: Americans with Disabilities Act

Source: Maryland State Department of Education