

**Department of Legislative Services**  
Maryland General Assembly  
2024 Session

**FISCAL AND POLICY NOTE**  
**First Reader**

House Bill 1442  
Appropriations

(Howard County Delegation)

---

**Workgroup to Study the Fiscal and Operational Viability of Public-Private Partnerships for Howard County Public Schools - Established**  
**Ho. Co. 14-24**

---

This bill establishes the Workgroup to Study the Fiscal and Operational Viability of Public-Private Partnerships (P3s) for Howard County Public Schools (HCPS). The Howard County Executive and the Superintendent of HCPS must jointly provide staff for the workgroup. Members of the workgroup may not receive compensation but are entitled to reimbursement for expenses. By December 1, 2025, the workgroup must report its findings and recommendations to specified State and local entities. **The bill takes effect June 1, 2024, and terminates December 31, 2025.**

---

**Fiscal Summary**

**State Effect:** The bill does not materially affect State operations or finances.

**Local Effect:** Howard County expenditures increase, potentially significantly, to the extent it must hire consultants with relevant expertise to assist the workgroup in completing its work. Local revenues are not affected.

**Small Business Effect:** None.

---

## Analysis

**Bill Summary:** The workgroup must study the use of P3s for school construction in other counties and make recommendations on:

- the potential of P3s to reduce or increase the speed of school construction;
- the potential of P3s to reduce or improve the quality of school construction;
- the potential of P3s to reduce or increase upfront costs associated with school construction;
- how P3s would achieve any reduction to the upfront costs of school construction, including wages and benefits;
- the potential of P3s to reduce or increase the overall costs associated with school construction;
- how P3s would achieve any reduction to overall costs of school construction, including wages and benefits;
- potential funding options for constructing schools using P3s;
- the potential of P3s to reduce or increase the overall costs associated with the operation and maintenance of schools;
- the potential arrangements for the ownership, operation, and maintenance of schools built by P3s, including the benefits or risks of each arrangement or model;
- the potential benefits or risks of financing schools constructed or renovated through P3s, including the impact on Howard County’s spending affordability limits and bond ratings;
- the potential legislative changes needed to facilitate the use of P3s for school construction in Howard County; and
- any other potential benefits or risks of using P3s for school construction.

### **Current Law:**

#### *Public-private Partnerships in State Law*

Chapter 5 of 2013 established a new framework for the approval and oversight of P3s by the State. Chapter 5 defined a P3 as a method for delivering public infrastructure assets using a long-term, performance-based agreement between specified State “reporting” agencies and a private entity where appropriate risks and benefits can be allocated in a cost-effective manner between the contract partners, in which:

- a private entity performs functions normally undertaken by the government, but the reporting agency remains ultimately accountable for the public infrastructure asset and its public function; and

- the State may retain ownership of the public infrastructure asset and the private entity may be given additional decision-making rights in determining how the asset is financed, developed, constructed, operated, and maintained over its life cycle.

A “public infrastructure asset” is a capital facility or structure, including systems and equipment related to the facility or structure intended for public use.

Chapter 5 establishes the public policy of the State to utilize P3s, if appropriate, for (1) developing and strengthening the State’s public infrastructure assets; (2) apportioning between the public sector and the private sector the risks involved in the development and strengthening of public infrastructure assets; (3) fostering the creation of new jobs; and (4) promoting the State’s socioeconomic development and competitiveness. The public policy also asserts that private entities that enter into P3s must comply with the provisions of the Labor and Employment Article and the federal Fair Labor Standards Act.

#### *Charles County Workgroup*

[Chapters 425 and 426 of 2022](#) established a similar workgroup for Charles County Public Schools. The Interagency Commission on School Construction advises that the workgroup submitted its final report on December 12, 2022, but was not able to assess the fiscal viability of a P3. The workgroup lacked the financial expertise to assess the viability and instead recommended that a financial advisor be brought on for that purpose. Operationally, Charles County Public Schools concluded that a P3 model would not be needed for new construction based on current enrollment trends but could be considered if enrollment growth outpaces the school system’s capacity in the future.

**Local Expenditures:** Howard County advises that, to properly staff the workgroup, HCPS expenditures increase by \$500,000 to hire consultants with relevant expertise (likely spread across fiscal 2025 and 2026 as the workgroup completes its required study and recommendations). Any such costs may be mitigated to the extent that existing staff from the county executive and superintendent can provide support to the workgroup.

---

### **Additional Information**

**Recent Prior Introductions:** Similar legislation has not been introduced within the last three years.

**Designated Cross File:** SB 1155 (Howard County Senators) - Rules.

**Information Source(s):** Calvert County; Interagency Commission on School Construction; Maryland Stadium Authority; Department of Legislative Services

**Fiscal Note History:** First Reader - March 8, 2024  
km/mcr

---

Analysis by: Michael E. Sousane

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510