

TAO1-FY2026 Fiscal Analysis

Introduced: January 5, 2026

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Legislative Intent: This legislation transfers \$7.6 million from capital project E1058 Systemic Renovations to capital project E1036, Oakland Mills Middle School Addition and Renovation, to cover a budget shortfall caused by the rising costs of construction.

ANALYSIS

Fiscal Impact:

<u>Proposed FY2026 Capital Project funding transfer</u>			
<u>Project title</u>	<u>Approved FY2026</u>	<u>Proposed transfer</u>	<u>New Total</u>
<u>E1058 Systemic Renovations</u>	\$147,602,000	(\$7,600,000)	\$140,002,000
<u>E1036 Oakland Mills Middle School Addition and Renovation</u>	\$39,017,000	<u>\$7,600,000</u>	\$46,617,000
Net impact on <u>FY2026 capital budget</u>		\$0	

This legislation will have no fiscal impact on the FY2026 capital budget because the \$7.6 million was already approved in the FY2026 capital budget. The funds will be transferred from one school construction project to another, resulting in a net impact of \$0.

All funds in this project are General Obligation bonds approved for issuance by CB65-2025. This legislation enables the County to transfer the approval of bond issuance of \$7.6 million in General Obligation to fund the renovation of Oakland Mills Middle School.

According to the Board of Education, this transfer is necessary because of the rising costs of construction impacting the Oakland Mills Middle School renovation project. The project had been funded at \$39,017,000 for FY2026. Rising costs of construction have resulted in bids requiring an additional \$11,116,799 to complete the project. The Board has proposed closing this shortfall by transferring \$7.6 million in FY2026 funding, and requesting the remaining \$3.5 million in FY2027.

In FY2026, the Board of Education is proposing transferring \$7.6 million out of E1058 Systemic Renovations for the school system. Specifically, the funds will come from two HVAC replacement projects that have come in under budget: the Lime Kiln Middle School Heating, Ventilation, and Air Conditioning (HVAC) replacement and St. John's Lane Elementary School HVAC replacement projects.

In addition, \$3 million will come from FY2027 funding for the Applications and Research Lab (ARL) Maintenance. That project is also funded through capital project E1058 Systemic Renovations. An additional \$516,799 will be requested in a future capital budget to close the budget shortfall for Oakland

Mills Middle School. Those changes are not included in this legislation but will be requested in the FY2027 budget cycle.

Budgeting for school construction and cost per square foot

The school system typically receives advantageous bids for school construction projects because the [State monitored cost per square foot](#) is used when projecting projects costs. In 2026, the State estimates \$431.00 per square foot for renovation without site development, and \$513.00 per square foot with site development. Howard County's school construction projects often come in under budget because the local cost per square foot is slightly below the statewide average. In the case of Oakland Mills Middle School, the cost per square foot for renovations without site development was \$498, higher than the statewide average and resulting in higher constructions bids than estimated.

Projects can also come in under budget if one contractor can be used for all aspects of the renovation. For example, the Board of Education indicated that part of the reason the HVAC projects in this legislation had leftover funds was because one HVAC contractor was able to complete all the work. For Oakland Mills, multiple contractors are needed for different aspects of the project (HVAC, steel, electrical, etc.).

Budget Implications:

- [HCPSS and the Board of Education](#) have confirmed that the funds are available to transfer.
- Adoption of CB1-2026 is necessary for the implementation of this legislation. Both bills are necessary to approve the transfer of funds and the bond issuance.
- This legislation will have a net zero fiscal impact on the previously approved capital budget for FY2026 because funding is transferred, not increased or decreased. In FY2027, subsequent changes will require an increase of about \$500,000.
- The Board of Education believes this transfer will not have an impact on the County's FY2027 application for State school construction funding, which was approved by [C183-2025](#).

Other Notes:

- According to the Board of Education, the budget shortfall at the Oakland Mills Middle School project is reflective of broader challenges in funding school construction. Building costs have risen 70% since FY2018.