Council Bill 46-2026 Fiscal Analysis
Introduced: July 6, 2026
Fiscal Manager: Owen Kahn

Legislative Intent: This legislation amends the school system FY2027 Capital Budget to approve an additional $6.07 million in State aid for capital projects E1058 – Systemic Renovations and E1059 – Roofing.

ANALYSIS

Fiscal Impact:

This legislation will increase the school system's capital budget by $6.07 million because of the increased State aid.

Subsequent to the County adopting the school system's FY2027 operating and capital budget, the Interagency Commission for School Construction (IAC) approved an additional $6.07 million for Howard County. As part of the process to determine the final award amount, the IAC conducts an annual audit of all local education agency's (LEA) reserve accounts. According to the Administration, this year the IAC notified the LEAs that there would be a second audit in May to redo the first audit. The IAC did not give a reason for the second audit. As a result of this second audit, HCPSS requires an amendment to their approved FY2027 budget to authorize the spending for the additional $6.068 million in capital funds.

State aid for school system infrastructure is allocated to two capital projects: E1058 – Systemic Renovations and E1059 – Roofing:

Project	FY2027 Approved	CB46 Addition	Amended Total
E1058 – Systemic Renovations	$69.620 million	$3.121 million	$72.741 million
E1059 – Roofing	$6.786 million	$2.947 million	$9.733 million
Amendment total		$6.068 million	

The Administration is proposing using the $2.95 million in additional State aid to transfer an equal amount of County funding out of the roofing project. Of that $2.95 million, $2.5 million would be allocated to capital project E1060 – Faulkner Ridge Center and $447,000 would be transferred to E1058 – Systemic Renovations. That transfer of appropriations is proposed in TAO1-FY2027 which is pending Council approval. According to the Administration, Faulkner Ridge was selected as the primary recipient of these freed up funds due to unexpectedly high bids for construction, caused by the rising costs of construction. The project was funded at $23.0 million in FY2026. State aid cannot be spent on the Faulkner Ridge project, but the additional

State funds in the roofing project allows the County to transfer funding to Faulkner ridge without negatively impacting E1059 – Roofing.

	FY2027 approved CIP	CB46 Amendment	TAO1-FY2027 Transfer	New Total for FY2027
E1058 – Systemic Renovations	$69.620 million	$3.121 million	$447,000	$73,188 million
E1059 – Roofing	$6.786 million	$2.947 million	($2.947 million)	$6.786 million
E1060 – Faulkner Ridge Center	$0		$2.5 million	$2.500 million

Budget Implications:

- **This is emergency legislation and the authority to spend the funds in the amended capital budget would take effect immediately upon adoption.**
- The school system's capital budget, which was approved in CB33-2026, will increase by $6.07 million. **The County's contribution to the capital budget will not change**, however $2.95 in County funding will shift between school system projects. The County funding being transferred is bond funding, necessitating additional legislation (CB47-2026) to authorize the bond spending.
- This will be the second budget transfer to the Faulkner Ridge project in 2026. The Council approved TAO2-FY2026 in May, which transferred $3.5 million to the project. During consideration of that legislation, the Board indicated there was still a $2.4 million shortfall in the project. This State aid allows the transfer of County funding needed to close that shortfall.

Other Notes:

- N/A.