

## **SECTION 1 – COMMUNITY COLLEGE CAPITAL FUNDING OVERVIEW**

### **Relevant Law –**

- Annotated Code of Maryland, Education Article, Division III, Higher Education, Title 11 Maryland Higher Education Commission, Subtitle 1 Commission Established and Organized
- Annotated Code of Maryland, Education Article, Division III, Higher Education, Title 11 Maryland Higher Education Commission, Subtitle 1 Commission Established and Organized, Chapter 11-05 General Powers and Duties, Regulation (j) General public junior or community college and regional community college construction program
- Annotated Code of Maryland, Education Article, Division III, Higher Education, Title 16 Community Colleges

### **Relevant Regulation –**

- Code of Maryland Regulations (COMAR), Title 13B Maryland Higher Education Commission, Subtitle 07 Community Colleges, Chapter 4 Construction Procedures, Regulation 03 Five-Year Capital Improvements Program/Annual Capital Budget Request Submission
- Code of Maryland Regulations (COMAR), Title 13B Maryland Higher Education Commission, Subtitle 07 Community Colleges, Chapter 4 Construction Procedures, Regulation 05 Obtaining Conditional Allocation for State Funds (Not Applicable to Baltimore City Community College)

### **Critical Due Dates –**

- Annual Five-Year Capital Improvements Program and Annual Capital Budget Request are due July 1
- Executive Branch Capital Budget Meetings are held in September
- Legislative Branch Capital Budget Hearings are held between January and April

## **1.01 STATE AGENCY FUNCTIONS AND RESPONSIBILITIES**

The Annotated Code of Maryland, Education Article, Division III, Higher Education, Title 11-101 established the Maryland Higher Education Commission (MHEC). The law empowers the Commission to develop guidelines to assess the adequacy of capital funding and to make annual recommendations on the appropriate level of funding for higher education. The Commission's responsibility includes the comprehensive assessment of statewide need for higher education capital improvements.

In addition to the Maryland Higher Education Commission, other State agencies are responsible for certain aspects of these functions. The Department of Budget and Management (DBM) acts as a budgetary control agency; the Department of General Services (DGS) serves as a technical services agency; and the Maryland Department of Planning (MDP), through the Growth and Conservation initiative, coordinates regional planning and environmental compliance.

The Growth and Conservation initiative is a statewide policy plan that coordinates the smart growth efforts and programs of state government and sets a course to grow where it makes sense while protecting valuable resources such as waterways, farmland and forests. It aims to create sustainable growth by guiding state agencies to target their resources to help achieve smart growth at the local level and for Maryland's counties and municipalities to identify their growth and preservation areas to meet land use, planning and development goals.

Table 1 details each agency's specific area of responsibility. These responsibilities are described in detail in subsequent sections. Submissions to the various agencies shall be consistent with individual agency requirements.

The foundation of the community college capital improvements program is the Facilities Master Plan (FMP). The FMP for each institution establishes the framework for the orderly development of all capital projects. The Five-Year Capital Improvements Program (CIP) and Annual Capital Budget Request for each institution detail the projects included in the Facilities Master Plan. See Section 2 for discussion of FMP requirements.

The project administration phase, which reflects State agency perspective of the approved capital projects, involves:

- Funding allocation
- Architect selection
- Review of design documents
- Approval of the disbursement of State matching funds
- Maintenance of project records

**Table 1. State Agency Functions and Responsibilities**

<b>Facilities Master Plan</b>	<b>MHEC</b>	<b>DBM</b>	<b>DGS</b>	<b>MDP</b>
Review for consistency with Role and Mission Statement	•			
Endorse student and faculty/staff projections	•			
Verify that programs support approved Mission Statement	•			
Verify compliance with space guidelines	•			
Assess adequacy of facilities to support current and proposed academic programs	•			
Distribution of findings to College	•	•		
Review of space guidelines analysis		•		
Physical planning considerations		•	•	
Cost/benefit considerations		•	•	
Telecommunication Plan	•	•	•	
Environmental Studies and Growth & Conservation Initiatives		•	•	•
<b>Capital Improvements Program (Capital Budget Process)</b>	<b>MHEC</b>	<b>DBM</b>	<b>DGS</b>	<b>MDP</b>
Receive capital budget requests	•			
Review for consistency with Endorsed FMP's enrollment projections and program requirements	•			
Review exceptions to Master Plan and make recommendations	•			
Rank projects	•			
Prepare and submit system wide capital budget request	•			
Prepare State capital budget		•		
<b>Part I Programs (Project Justification and Scope)</b>	<b>MHEC</b>	<b>DBM</b>	<b>DGS</b>	<b>MDP</b>
Review for consistency with endorsed projections, program requirements, and adherence to community college space guidelines	•			
Determine that project qualifies as a capital improvement in accordance with State policies, including Growth and Conservation initiatives, and State Finance Procurement Article		•		•
Determine project justification and urgency relative to other proposals		•		
<b>Part II Programs (Detailed Project Description and Requirements)</b>	<b>MHEC</b>	<b>DBM</b>	<b>DGS</b>	<b>MDP</b>
Review project for conformity to program and fiscal guidelines		•		
Review project's relationship to non-academic federal, State, and local plans and programs		•		
Review guidance to architect/engineer for clarity and completeness		•	•	
Review design considerations		•	•	
Assure that applicable codes are cited			•	
Assure project's compliance with environmental requirements				•
<b>Design Documents</b>	<b>MHEC</b>	<b>DBM</b>	<b>DGS</b>	<b>MDP</b>
Identify fund source(s) and recommend allocation of design funds	•			
Review schematics		•	•	
Review design development documents		•	•	
Review construction documents		•	•	
<b>Project Award &amp; Funding</b>	<b>MHEC</b>	<b>DBM</b>	<b>DGS</b>	<b>MDP</b>
Identify fund source(s) and recommend allocations	•			
Request Board of Public Works approval of allocations and approve contract awards			•	
Payments of State share			•	
Project close out			•	
Maintenance records	•	•	•	

## **1.02 COMMUNITY COLLEGE CONSTRUCTION GRANT PROGRAM**

State capital funds for locally owned community colleges are provided through the Maryland Community College Construction Grant Program (Grant) which was established in 1961 to assist in the acquisition of property and in the design, construction, renovation, and equipping of public and regional community college buildings, site improvements, and facilities (Chapter 373, SB 212, April 24, 1961). In addition, the Grant provides funds for the systematic renovation of buildings, the improvement of existing infrastructure, and the installation of modern telecommunications infrastructure. The Grant is comprised of capital projects submitted by the colleges in their annual Capital Improvements Program (CIP). The CIP is a five-year capital improvement plan that presents a capital budget request for the current fiscal year and lists capital project expectations for the following four years.

The Grant is administered by the Maryland Higher Education Commission (MHEC-the lead agency), the Maryland Department of Budget and Management (DBM) and the Maryland Department of General Services (DGS). Funds for this purpose are appropriated in accordance with provisions of the Annotated Code of Maryland, Education Article, Division III, Title 11 and Title 16, and the Code of Maryland Regulations (COMAR) approved by the Board of Public Works (BPW).

## **1.03 CAPITAL PROJECT JUSTIFICATION**

For a capital project to be listed in the budget, the college must submit a program statement for each project to the three agencies (DBM, DGS, and MHEC) for review. The program statement consists of a Part I/project justification and scope and a Part II/detailed project description and requirements. Such factors as the timing of the project, its relevance to the mission of the college and the facilities master plan, enrollment demand, space needs, local funding availability and project costs are considered in the review process. For further information please see Section 4 – Facilities Program, and Section 14 – Attachments.

## **1.04 MHEC CAPITAL BUDGET PRIORITIES**

The statute creating the Maryland Higher Education Commission requires the Commission to develop guidelines to assess the adequacy of capital funding and make annual recommendations on the appropriate level of funding for higher education capital projects. As a result, the Commission annually establishes capital budget priorities for the community colleges, in coordination with the Maryland Association of Community Colleges (MACC). The capital budget priorities provide a uniform framework within which individual capital project requests are recommended.

Pursuant to language in the 2007 Joint Chairmen’s Report from the budget committees of the General Assembly, MACC developed a capital project prioritization model to rank projects submitted to the Commission for the fiscal 2009 capital budget. Endorsed by the community college presidents and accepted by the Commission, the prioritization model incorporates factors historically considered in the Commission’s recommendations, such as project type, project phase and facility category (See Table 2). Additional factors

include inventory status, age of facilities, funding history and college priority. The combination of these factors reflects the complexity of elements that impact project viability and funding priority (See Table 2).

<b>Table 2. FY2016 Capital Project Prioritization Model*</b>		
<b>Maryland Higher Education Commission</b>		
<b>Community College Construction Grant Program</b>		
<b>FACTOR</b>	<b>DESCRIPTION</b>	<b>WEIGHT</b>
Project Type	Renovation Utilities New Construction Site Improvements	10%
Project Phase	Life Safety Completion (F&E) Construction Design + Design Acquisition	25%
Building/Campus Age	Renovation: Building Age in Years New Construction, Utilities or Site Improvements: Avg. Campus Age	5%
Type of Facility (HEGIS Code)	Academic (100+200) Student Support (300+400+500+600+800) Institutional Support (700)	10%
Current & Future Facilities Needs	Academic Student Support Institutional Support	40%
5-Year Funding History	College's 5-year total State appropriations compared with community college 5-year total State capital appropriations	10%
College Priority	Move completion projects which are colleges' top priorities to top	

\*Developed by the Maryland Association of Community Colleges (MACC)

<sup>1</sup>To the extent possible, institutions are encouraged to seek non-public financing for revenue-generating facilities such as student housing, parking, bookstores, athletic facilities, and dining services.

## **1.05 LEVEL OF STATE FUNDING SUPPORT**

Each year the Maryland General Assembly reviews the State's capital budget as presented by the Governor. Within the budget is the Maryland Community College Construction Grant Program.

The level of State participation in capital projects for the community colleges is determined by two criteria: the portion of the project that meets the space eligibility requirements for State support; and the State and local cost-sharing formula prescribed in statute and calculated by the Maryland State Department of Education (MSDE) <http://www.marylandpublicschools.org/msde/>.

MSDE uses this cost-sharing formula to calculate the State's share in providing financial assistance for public education. The formula is based on a current expense calculation that considers the enrollment of students in elementary and secondary schools and county wealth (e.g., net taxable income, the assessed valuation of real property, and the assessed value of personal property). Based on this cost-sharing formula, the State contributes between 50 and 70 percent of the eligible costs of a project for the community colleges and 75 percent for regional community colleges. See the Annotated Code of Maryland, Education Article, Division III, Title 11-105 (j). The balance of funding for projects is provided through local and/or college sources and must be expended before State funds are expended.

The Attachments in Section 14 include an example of the table of State share percentages, historical and current, for the community college construction grant program based on the MSDE's State Aid Calculation Reports as issued annually by MHEC. These percentages are used for new initiatives while advancing projects in effect the year the project was first authorized.

## **1.06 STATE CAPITAL PROJECT FUNDING**

Primary funding for capital projects comes from the State. State funding for the Grant is supported by the sale of 15-year general obligation bonds (GO bonds) and, in years when available, with periodic supplemental funding from general funds also known as "pay-as-you-go" (PAYGO). Colleges are encouraged to seek local funding as well as alternative financing that may be available to support their capital improvement needs. Alternative financing groups such as local economic development corporations, the Maryland Health and Higher Education Facilities Authority (MHHEFA), the Maryland Economic and Development Corporation (MEDCO), and the Maryland Energy Administration (MEA) are available sources.

The Maryland Health and Higher Educational Facilities Authority (<http://www.mhhefa.org/>) was created in 1970 (Chapter 408, Acts of 1970). The Authority assists hospitals and educational institutions with financing for construction, site acquisition, and capital equipment. Private nonprofit health and higher educational

facilities may use the Authority as a vehicle to issue tax-exempt bonds and thereby pay a lower rate of interest.

Established in 1984, the Maryland Economic Development Corporation ([www.medco-corp.com](http://www.medco-corp.com)) enables the State to develop property for economic purposes which serve the public interest. Originally, the Corporation was limited to developing vacant or unused industrial sites and facilities and other economic resources in economically distressed areas of the State (Chapter 498, Acts of 1984). Since 2001, the Corporation may develop property throughout the State as long as the private sector has shown no significant interest or development capability (Chapter 338, Acts of 2001).

Projects whose primary purpose is to reduce the consumption of energy in order to decrease the expense of operating a facility, to renovate or expand a heating or cooling plant, or to acquire a piece of equipment which is a major consumer of energy, should first be submitted to the Maryland Energy Administration [www.energy.state.md.us/](http://www.energy.state.md.us/) as part of the submitting agency's Energy Conservation Master Plan that is required by Chapter 490 of the Acts of 1992. The MEA will review the project to determine the best means of financing it. If the MEA decides that a project cannot be financed by any means other than State capital funding the project can be submitted to DBM as a capital project request.

## 1.07 LEGISLATIVE PROCESS/AVAILABILITY OF STATE SHARE

### **Executive Branch**

The Governor's Annual Capital Budget is prepared by the Department of Budget and Management, Office of Capital Budgeting (OCB). The Capital Budget includes State-owned construction projects and numerous grant and loan programs. For all capital projects, the Office inspects sites, holds hearings, and prepares testimony for the General Assembly.

Capital Budget Meetings are held in the Office of Capital Budgeting conference room during September each year. The meetings are conducted by the Executive Director of the Office of Capital Budgeting. Additional OCB personnel include the Assistant Director and the Capital Budget Analyst for the MHEC program. Attendees at the meeting include the Maryland Association of Community Colleges, the Maryland Higher Education Commission, the Department of General Services, and the Department of Legislative Services. Representatives from the Governor's office and additional State personnel may attend. For example, personnel from the Maryland Energy Administration (MEA) may participate when there are issues involving that agency.

The meetings focus on issues pertaining to the Community College Construction Grant Program in general and questions OCB and attending State agencies have about the proposed projects for the upcoming Capital Improvements Program (CIP). The meeting usually consists of an opening statement by the requesting entity, followed by a discussion of each budget-year request and the questions which have been prepared in advance. Other questions may be raised during the discussion by anyone present.

Meeting questions and scheduled hearing times (by college) are generally available one week prior to the hearings. The schedule and meeting discussion questions are released from the OCB. Written responses to the questions should be prepared and ten (10) copies made available at the hearings. OCB staff will distribute the copies to the agencies after the meeting.

### **Legislative Branch**

The Maryland General Assembly is a bicameral legislature consisting of the Senate and the House of Delegates (House). The Maryland General Assembly's website is [www.mlis.state.md.us/](http://www.mlis.state.md.us/). The site gives an overview of the assembly and provides bill information and status, budget documents and hearing schedule, legislative calendar proceedings and agenda, Maryland Statutes, etc. For complete information on the legislative process, refer to <http://www.mdarchives.state.md.us>.

Because the assembly is bicameral, each request that appears in the Executive's Capital Budget will be scheduled for two capital budget hearings, one each in the House and the Senate. The community colleges are generally scheduled along with other requesting entities. When scheduled, the MHEC grant program appears in a list with a starting time meaning that the grant program request could be heard at any time during that session.

Legislative sessions typically run from mid-January to mid-April. These sessions are



scheduled and conducted solely at the discretion of the legislature. Therefore, the hearing schedule may fluctuate.

### **Availability of State Share**

The Maryland General Assembly considers two (2) budget bills each session: the operating budget which is effective July 1 and is in tune with the fiscal year; and the Maryland Consolidated Capital Bond Loan (MCCBL) which is effective June 1 and authorizes the sale of General Obligation (GO) bonds. The proceeds from the sale of bonds finance the State share of capital projects.

A community college may advertise a Request for Proposal for an architect/engineer to design a project or an Invitation to Bid for a general contractor to construct a project the day after the legislative session closes. However, award of the contract is contingent upon Board of Public Works encumbrance of funds, and DGS approval of the contract. The State agencies will accept submittals from community colleges in late April through May for Board of Public Work's agenda action items in June for the MCCBL. The MCCBL approves the list of projects and authorizes individual ones.

Note that State GO funds are available on June 1 and PAYGO on July 1. However, the county (local) share must be expended prior to the State share. Therefore, the county determines when funds may be spent not the State. Funds from alternative fund sources may differ.

## 1.08 PROJECT NUMBER ASSIGNMENTS

Following each Legislative Session, MHEC assigns a three digit project number to each newly authorized capital project in the order of the request as they begin the design selection process. Projects carry their assigned number throughout the funding process, i.e., design, construction, equipping. Project numbers are broken down into five components as illustrated below. The MHEC component is the most important because it serves as the project identification number (ID) and is used for tracking all project activities. During a project's life the funding year allocation numbers are the only part of the project number that may change. Example: CC-10-MC99/02-945

CC = Community College  
 10 = Allegany College (Assigned sequentially as colleges were established.)  
 MC = Maryland Consolidated Capital Bond Loan  
 99/02 = Funding Year Allocations: 1999 for Design and 2002 for Construction  
 945 = MHEC-assigned Project Number

NOTE: Only the college identifier and the project number are necessary for inclusion in the college's letter of request for funding, e.g., CC-10-945.

**Table 3. Alphabetical Listing: Assignment of Community College Numbers**

Community College	Campus	Community College Number
Allegany	All	CC-10
Anne Arundel	All	CC-11
Carroll	All	CC-18
Community College of Baltimore County (CCBC)	Campus-wide	CC-03
CCBC	Catonsville	CC-04
CCBC	Dundalk	CC-16
CCBC	Essex	CC-05
Cecil	All	CC-13
Chesapeake	All	CC-12
College of Southern MD	All	CC-09
Frederick	All	CC-06
Garrett	All	CC-15
Hagerstown	All	CC-02
Harford	All	CC-07
Howard	All	CC-14
Montgomery	All	CC-01
Prince George's	All	CC-08
Wor-Wic	All	CC-17

## **1.09 MHEC COMMUNITY COLLEGE CONSTRUCTION GRANT PROGRAM CONTINGENCY FUND**

Authorization, eligibility criteria and application requirements for requesting funds created solely for use by MHEC for Community College Construction Grant Program.

### **Authorization**

This fund was established by language in the 1996 Joint Chairmen's Report (JCR- Capital Budget, FY 1997 capital budget cycle). Subsequent clarifications concerning project management were made during the 1996 interim resulting in the 1997 language, pg. 14.

The fund consists of (1) savings from projects (expenditures less than the approved State budget share), and the lesser of (2) new annual authorizations up to 2% of the value of new authorizations or \$500,000.

LEGISLATIVE HISTORY: Joint Chairmen's Report – Capital, April 1997.

### **Determination of Eligibility of Projects for MHEC Contingency Funds**

Funds are not intended for projects contracted under Guaranteed Maximum Price. Projects eligible for MHEC Contingency Funds must meet the following eligibility requirements:

Project must be an eligible project, previously authorized in the State's capital budget and approved by the General Assembly;

Program scope must be approved and construction drawings must have been reviewed and approved by the Department of General Services;

Project must be on schedule, as determined by schedule on the project detail sheet submitted at time of the most recent budget request (e.g., DBM Capital Budget Information System, Part IVA – Project Detail); and

Budget authorization must be insufficient to meet the award of the base bid (design, construction, equipment). Funds are intended to ensure that approved projects can proceed; therefore, the focus is on the base bid and not on construction alternates, construction contingency or inspection allowances.

### **Application for and use of MHEC Contingency Funds**

A request for MHEC Contingency Funds must be explicitly stated in the request letter that asks the State to process an item for Board of Public Works approval. The letter should also state that additional local funds are available to match the increased grant.

**5% CAP.** Contingency funds are limited to an amount up to 5% as applied to the approved base budget AND the availability of contingency funds.

## Reporting Requirement

The enabling JCR requires MHEC to file a report at the beginning of each legislative Session. Therefore, the name of the grantee and each approved project will appear on the list that is submitted to the General Assembly.

**Table 4. Capital Budget Calendar Highlights**

<b>DUE DATE</b>	<b>ACTION/REQUIREMENT</b>	<b>NOTES</b>
APRIL 1 <sup>st</sup>	<b>Facilities Inventory</b> due to MHEC	
MAY 1 <sup>st</sup>	<b>Part I &amp; Part II Programs</b> are due to DBM, DGS, & MHEC	For all current year project requests, i.e., the year in which a bond bill request will be made.
MAY - JUNE	<b>Bond Bill Review Committee (BBRC) Meets</b>	Reviews individual community college requests and establishes a segmental request based on community college criteria.
MAY - JUNE	<b>Maryland Council of Community College Chief Executive Officers (MCCCCEO) review</b>	MCCCCEO arbitrates if a conflict arises between the BBRC recommendation and an individual college.
JUNE 1 <sup>st</sup>	<b>Funds are available</b>	Funds become available for the community colleges for capital projects for the next fiscal year.
JULY 1 <sup>st</sup>	<b>Capital Improvement Programs (CIP) due to MHEC</b>	Five-Year CIPs with budget requests must be entered into DBM's Capital Budget Information System (CBIS) and submitted to MHEC.
AUGUST 15 <sup>th</sup>	<b>MHEC submits annual Capital Budget Request to DBM</b>	An electronic budget request is sent via the DBM's CBIS. Additional documentation is also submitted which includes the MACC Project Prioritization List, proposed projects for the succeeding years, etc.
SEPTEMBER	<b>DBM Budget Hearings held</b>	Individual community colleges meet to review their respective capital bond requests.
OCT - NOV	<b>MHEC &amp; DBM submits annual Capital Budget Recommendation to the Governor</b>	
NOV- DEC	<b>Governor develops the Capital Budget</b>	
JAN - APRIL	<b>Legislative Review of the Capital Budget</b>	Legislature reviews, modifies, and deliberates executive capital budget and authorizes the construction loan act.
APRIL	MHEC develops revised rankings of projects expected to be funded.	

**Table 5. Sample Community College Capital Budget Calendar**

		<b>Working Calendar</b>								
		<b>2004</b>								
<b>Project</b>		<b>Notify CC's</b>	<b>MHEC Due</b>	<b>Description</b>						
MHEC Encumbrances & Expenditures Summary		NA	January	Report status of CC Grant Loan Program for use by DLS						
MHEC Cash Flow Analysis		NA	January	MHEC report of cash disbursements by GO Bond Bills to Treasurer						
CC Quarterly Cash Flow/Status of Funded Projects		1-Jan	3rd Friday	Report of actuals & projections for 2nd quarter of fiscal year						
Facilities Master Plans Due to MHEC (1 elec & 1 Bound)		NA	1-Feb	New and updates/changes to FMP						
State Share Percentages Developed - MHEC		14-Feb	14-Feb	Letter with upcoming budget year State Share Percentages distributed to colleges.						
CC Space Inventory (Annual Facilities Inventory)		30-Jan	1-Apr	Report of annual space inventory (Table 1 & Summary Sheet)						
MHEC Revised Ranking of Projects		NA	April	Listing of Projects to be funded by Construction Loan Act (Gov.)						
CC Quarterly Cash Flow/Status of Funded Projects		1-Apr	3rd Friday	Report of actuals & projections for 3rd quarter of fiscal year						
MHEC 10-Year Enrollment Projections		NA	April	Draft of enrollment projections from Finance Analysis to Finance Policy						
MHEC Capital Budget Priority Categories		NA	May	MHEC Fin. Pol. /Commission adopt Capital Priority Categories						
CC Part 1 and CC Part 2		NA	1-May	Capital Projects/Program submission by Colleges for upcoming budget request						
MHEC List of Projects Approved Gen. Assembly		NA	May	MHEC reports projects approved by General Assembly						
MHEC Cash Flow Analysis		NA	May	MHEC Report to Treasurer of cash disbursements by GO Bond Bills						
CC CIP's w/Form B Due to MACC		Apr	May	CIP's,Form B, Impact Statements/Tables submitted for preliminary review						
CC & MHEC Bond Bill Review Committee		NA	May-June	Review Capital projects for recommendations						
State Authorized Funding Available		NA	1-Jun	State funds available for capital projects inacted in April						
CC Capital Improvement Program (CIP)		26-Apr	1-Jun	CC Five-Year CIP w/FY 2006 Budget Request Due to MHEC						
CC Facilities Planners Conference		March	7-9 June	CC & MHEC/DGS attend. Location MACC Offices						
MHEC Capital Construction Review		NA	July	MHEC Construction Review Committee reviews & adopts FY 2006						
				Eligibility List, Rankings & Financing						
CC Quarterly Cash Flow/Status of Funded Projects		1-Jul	3rd Friday	Report of actuals & projected 4th quarter of fiscal year						
MHEC Capital Request Submission		NA	15-Aug	MHEC submits CC Capital Request to DBM via CBIS						
DBM Capital Budget Hearings		August	Sep TBA	DBM/MHEC capital budget meetings w/CC's: review budget requests						
CC Quarterly Cash Flow/Status of Funded Projects		1-Oct	3rd Friday	Report of actuals & projected 1st quarter cash flow activities						
MHEC & DBM Develop Capital Recommendations		NA	Oct-Nov	DBM submits Capital Budget Recommendations to Governor						
Governor Develops Capital Budget		NA	Nov-Dec							

## **1.10 QUARTERLY CASH FLOW/STATUS OF FUNDED PROJECTS REPORT**

As described in sub section 1.06 of this manual, the Community College Construction Grant Program is primarily funded through the sale of 15-year general obligation bonds (GO bonds). State of Maryland General Obligation Bond issues are planned, prepared, and advertised by the State Treasurer. With the approval of the Board of Public Works, the Treasurer arranges bond sales; prepares the State's Official Statement; receives bids; and arranges settlement, delivery of bonds, and tracking of the proceeds for these General Obligation Bonds.

To assist the State Treasurer's office in determining the cash requirements and the number of bond issues for upcoming bond sales, MHEC submits a Projected Expenditures Report. The report forecasts the amount of State funds to be expended for community college capital projects during each six-month period of the fiscal year. These projections form the basis of the Commission's request for the issuance of bonds to support the payment of the State share. Projected expenditures are derived from the Quarterly Cash Flow/Status of Funded Projects Report (CC Form P). CC Form Ps are submitted to the Commission each quarter by the community colleges.

The CC Form P must be completed by an authorized representative of the community colleges at the end of each fiscal quarter as follows: 1<sup>st</sup> quarter – by November 1, 2<sup>nd</sup> quarter – by February 1, 3<sup>rd</sup> quarter – by May 1, and 4<sup>th</sup> quarter – by August 1. The official deadline for submittal is established by the Commission in a memorandum, but is not to exceed the last day of the month following the quarter to be reported. The Commission notifies each community college electronically approximately three weeks prior to the submission deadline for each quarter. The email usually includes two (2) files, the memorandum, and a MS Excel Workbook with four (4) tabs. The tabs are labeled, "C-Flow Instructions", "Cash Flow", "Design Status", and "Construction Status." Each community college enters data relative to their respective capital projects into the workbook, saves the file, and emails it as an attachment back to the Commission following the directions provided. In addition, each community college shall provide the Commission with an electronic copy (PDF) of the signed hard copy of Form P "Cash Flow Tab". The cash flow projection shall be adjusted as the project progresses and as significant changes are made. Complete instructions and an example of the files are included in Section 14 – Attachments.

## **1.11 PROJECT ADMINISTRATION**

The Department of Budget and Management and the Department of General Services are responsible for certain aspects of monitoring and administering capital projects. Institutions shall comply with the specific requirements of these agencies. MHEC's role during each of the phases is described below. All project submissions to MHEC must be copied to each State agency.

### **Architect Selection and Design Phase**

Each community college will submit a CC Form N: Resolution and CC Form O: Petition to the Secretary of Higher Education to request funds for the design phase prior to the Board of Public Works approval of the contract award. The Secretary will identify the

source(s) of State funds and recommend the allocation for design. The recommendation shall be based on the availability of bond funds. The Secretary's determination shall be transmitted to the Department of Budget and Management and the Department of General Services. See Section 14 – Attachments for the forms.

A copy of the agreement between the community college and the project architect/engineer shall be provided to MHEC. A copy of each proposed modification to this agreement shall be provided to MHEC.

During the design phase of each capital project, the institution shall furnish room summaries to the Commission. After the space has been initially approved, justification for subsequent NASF increase of 10 percent or more shall be provided to the Commission.

### **Construction Phase**

Each community college will submit a CC Form N: Resolution and CC Form O: Petition to the Secretary of Higher Education to request funds for the construction phase **prior to the Board of Public Works approval of the contract award**. The Secretary will identify the source(s) of State funds and recommend the allocation for construction. The recommendation shall be based on the availability of bond funds. The Secretary's determination shall be transmitted to the Department of Budget and Management and the Department of General Services. See Section 14 – Attachments for the forms.

A copy of the agreement between the community college and the general contractor shall be provided to MHEC. A copy of each proposed change order to this agreement shall be provided to MHEC.

Upon award of a construction contract and on a quarterly basis thereafter, an authorized representative of the community college shall provide to the Department of General Services and to the Maryland Higher Education Commission CC Form P as described in sub section 1.10 Quarterly Cash Flow/Status of Funded Projects Report.

### **Furniture and Equipment Phase (DBM-Approved Form G-Equipment List)\*\*\*\*\***

Each community college will submit a CC Form N: Resolution and CC Form O: Petition to the Secretary of Higher Education to request funds for the furnishing and equipping phase prior to the Board of Public Works approval of the contract award. The Secretary will identify the source(s) of State funds and recommend the allocation for furniture and equipment. The recommendation shall be based on the availability of bond funds. The Secretary's determination shall be transmitted to the Department of Budget and Management and the Department of General Services. See Section 14 – Attachments for the forms.

## **Project Management**

The local share of a project shall be expended prior to any expenditure of the State share. The disbursement of State matching funds by the Department of General Services will be made in accordance with applicable State policies.

During the construction period, MHEC and DGS shall jointly maintain records on project status and bond funds.