

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 June 1
- Executive Branch Capital Budget Hearings 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) coordinates regional planning and environmental compliance. 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 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

Facilities Master Plan	MHEC	DBM	DGS	MDP
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		•	•	•
Capital Improvements Program (Capital Budget Process)	MHEC	DBM	DGS	MDP
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		•		
Part I Programs (Project Justification and Scope)	MHEC	DBM	DGS	MDP
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 and State Finance Procurement Article		•		
Determine project justification and urgency relative to other proposals		•		
Part II Programs (Detailed Project Description and Requirements)	MHEC	DBM	DGS	MDP
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				•
Design Documents	MHEC	DBM	DGS	MDP
Identify fund source(s) and recommend allocation of design funds	•			
Review schematics		•	•	
Review design development documents		•	•	
Review construction documents		•	•	
Project Award & Funding	MHEC	DBM	DGS	MDP
Identify fund source(s) and recommend allocations	•			
Request Board of Public Works approval of allocations and contract awards			•	
Payments of State share			•	
Project close out			•	
Maintenance records	•	•	•	

Source: DGS Administrative Procedures Guide for Community College Construction Grant Project

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

MHEC shall annually establish and approve a set of capital budget priorities. These priorities provide a uniform framework within which individual capital project requests are recommended. All capital projects are placed into one of the priority categories for purposes of State participation. The projects are prioritized within a project category, then by type of facility. The following table lists the categories and types.

Table 2. Capital Budget Priorities

Project Categories	Types of Facilities (High to Low)				
	A. Academic Facilities	B. Research Facilities	C. Support Facilities ¹	Regional Higher Education Centers	Continuing Education Facilities
1. Life Safety	Facilities that support the instructional programs essential to the approved role and mission of the institution.	Research facilities consistent with the approved role and mission of the institution .	Administration, physical plant space, and other support services.	Facilities that include participation by more than one institution and offer an array of programs at multiple degree levels.	Facilities that address workforce training needs or offer programs that lead to certification in a workforce skill.
2. Legal Mandates					
3. Project Completions					
4. Renovation or Renewal of Existing Projects					
5. Improvements to Utility or Basic Support Services					
6. New Construction					
7. Site Improvements					
8. Land Acquisition					

¹ 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 a 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) 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/ 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 Hearings are held in the Office of Capital Budgeting conference room during September each year. The hearings are conducted by the Deputy Secretary of the Office of Capital Budgeting. Additional OCB personnel include the Deputy Director, the Team Leader for the Higher Education team, and the Capital Budget Analyst for the MHEC program. Attendees at the hearing 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 hearings 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 hearing 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.

Hearing questions and scheduled hearing times (by college) are generally available one week prior to the hearings. The schedule and hearing discussion questions are released from the OCB. Written responses to the hearing questions should be prepared and 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/. 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 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 approval. 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 G.O. 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. Sequential 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 (allocations 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

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).

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.

Funds are not intended for projects contracted under Guaranteed Maximum Price.

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.

Updated April 18, 2012

Table 4. Capital Budget Calendar Highlights

APRIL 1 ST	Facilities Inventory due to MHEC
MAY 1 ST	Part I & Part II Programs 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	Bond Bill Review Committee (BBRC) meets to review the individual community college requests and to establish a segmental request based upon community college criteria. [Segment = 2-yr., 4-yr., public, private, etc. college]
MAY	Maryland Council of Community College Chief Executive Officers (MCCCCEO) will arbitrate when a conflict arises between the BBRC recommendation and an individual college.
JUNE 1 ST	Funds are available for capital projects for next fiscal year.
JUNE 1 ST	CIP - Five-Year Capital Improvements Programs with budget requests are due to MHEC.
AUGUST 15 th	MHEC submits to DBM the Capital Request: adopted eligibility list, list of proposed projects for the four succeeding years, the bond bill request, Status of Funds and the Revised Eligibility List for Prior Fiscal Years.
SEPTEMBER (MID)	DBM conducts hearings with individual community colleges to review the capital bond bill requests.
OCT - NOV	MHEC and DBM submit their capital budget recommendation to the Governor.
NOV- DEC	The Governor develops the capital budget.
JAN - APRIL	Legislature reviews, modifies, and deliberates executive capital budget and authorizes construction loan act.
APRIL	MHEC develops revised rankings of projects expected to be funded by the construction loan act.

Table 5. Sample Community College Capital Budget Calendar

<u>Project</u>	<u>Notify CC's</u>	<u>MHEC Due</u>	<u>Description</u>						
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	23-Jan	Report of actuals & projections for 2nd quarter FY04						
Facilities Master Plans Due to MHEC (3 copies)	NA	1-Feb	New and changes to FMP						
State Share Percentages Developed - MHEC	14-Feb	14-Feb	Letter and FY 2006 State Share Table 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	FY 2005 Projects expected to be funded by Construction Loan Act (Gov.)						
CC Quarterly Cash Flow/Status of Funded Projects	1-Apr	23-Apr	Report of actuals & projections for 3rd quarter FY04						
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 FY06						
MHEC List of Projects Approved Gen. Assembly	NA	May	MHEC reports FY 2005 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	19-May	CIP's and Forms A, B submitted for preliminary review & scheduling						
CC & MHEC Bond Bill Review Committee	NA	21-May	Review FY06 Capital projects for recommendations						
State Authorized Funding Available	NA	1-Jun	State funds available for authorized FY 2005 capital projects						
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	23-Jul	Report of actuals & projected 4th quarter cash flow activities FY04						
MHEC Capital Request Submission	NA	15-Aug	MHEC submits FY 2006 CC Capital Request to DBM						
DBM Capital Budget Hearings	August	Sep TBA	DBM/MHEC capital budget hearings w/CC's: review FY 2006 budget requests						
CC Quarterly Cash Flow/Status of Funded Projects	1-Oct	22-Oct	Report of actuals & projected 1st quarter cash flow activities FY05						
MHEC & DBM Develop Capital Recommendations	NA	Oct-Nov	DBM submits FY 2006 Capital Budget Recommendations to Governor						
Governor Develops Capital Budget	NA	Nov-Dec							
State Capital Budget to General Assembly	NA	Jan-Apr	FY 2006 Budget:review, modify, deliberate for authorization						

1.10 QUARTERLY CASH FLOW/STATUS OF FUNDED PROJECTS REPORT

As described in sub section 1.06, 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.

CC Form P must be completed by an authorized representative of the community colleges at the end of each fiscal quarter as follows: 1st quarter – November 1, 2nd quarter – February 1, 3rd quarter – May 1, and 4th quarter – 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 one month prior to the end of 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 about 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 a signed hard copy. The cash flow projection shall be adjusted as the project progresses and as significant changes are made. Complete instructions and a hard copy 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 will 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. A copy of the local county's approved capital budget may be substituted. 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 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

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.

A copy of each purchase order between the community college and the vendor for furniture and equipment shall be provided to MHEC. A copy of each proposed change order shall be provided to MHEC.

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. See Section 14 – Attachments a copy of DBM's Project Management Plan.