

so much the lending of state money as a lending of the state's credit. Under this program, which continued until 1971, the state would sell general obligation bonds, lend the proceeds to the subdivisions for school construction projects at just a shade over its actual debt service cost, and recoup the funds out of the subdivisions' respective shares of various taxes collected by the state. The counties were thus able to take advantage of the state's better credit rating, and consequent lower interest cost, without risk or cost to the state.

The board's role in public school construction, as noted, was fairly substantial. It not only had to superintend the selling of the bonds, but it had to make final determinations as to how the proceeds would be allocated among the subdivisions and their proposed projects and actually approve each project and each loan. By 1967 the General Assembly had authorized the sale of \$335 million in bonds of this type, and over \$227 million of the proceeds had actually been lent.¹⁶

A good bit of the board's authority with respect to disbursement of the bond proceeds was temporarily curtailed when the credit-lending program was revised in 1967. Under the new program the bond proceeds were allocated among the subdivisions in accordance with a fixed formula, thus eliminating the need for the board to approve allocations, project priorities, or individual projects. Supervision over disbursements was vested in the State Department of Education.¹⁷

That arrangement lasted only four years. In 1971 the state undertook a considerably expanded role in financing local school construction, and the board was assigned a much more active role in administering the program. The substantive heart of the new program was the legislative direction that "from and after July 1, 1971, the State shall pay the costs in excess of available Federal funds of all public school construction projects and public school capital improvements in the counties and Baltimore City which have been approved by the Board of Public Works." The board's role in this venture was broadly stated:

The Board of Public Works is authorized to adopt rules, regulations and procedures for the administration of the programs provided for by this section. The rules, regulations and procedures adopted by the board may prescribe requirements for: the development and submission of long-range plans, the submission of annual plans and/or plans for specific projects, the submission of other data or information relevant to school construction or capital improvements, the approval of sites, plans and specifications for the construction of new school buildings or the improvement of existing buildings, site improvements, competitive bidding, the hiring of personnel in connection with school construction or capital improvement, the actual construction of school buildings or improvements thereto, the relative roles of different State and local governmental agencies in the planning and construction of school buildings or school capital improvements, and any other requirements involving school construction and capital improvements necessary or appropriate for the proper implementation of this section.

The "authority, responsibilities, powers and duties" of all state and local officials with respect to the new school funding program were made "subject to the rules, regulations and procedures adopted by the Board of Public Works," and all funds appropriated to finance the program were to be administered in accordance with those rules and regulations.¹⁸

The new program became effective 1 June 1971, which gave the board little time to put it in place. Shortly after the enabling legislation passed, the governor appointed a committee, chaired by the lieutenant governor, to develop a set of rules and pro-

16. See Acts of 1949, ch. 488 (\$50 million); 1953, ch. 609 (\$20 million); 1956, ch. 80 (\$75 million); 1961, ch. 432 (\$20 million); 1962, ch. 25 (\$20 million); 1963, ch. 542 (\$50 million); 1965, ch. 25 (\$50 million); 1967, ch. 655 (\$50 million). As to disbursement of the loan proceeds, see exhibit C ("Cash Disbursements from the State Treasury") to the respective "Statements of Receipts and Expenditures" for fiscal years 1951-67, appearing in the Acts of 1952-68.

17. Acts of 1967, ch. 142, sec. 2.

18. Acts of 1971, ch. 624, sec. 1, enacting new sec. 130A to *Md. Ann. Code*, (1957), art. 77.