

**GUIDING PRINCIPLES: Educational Effectiveness/Sufficiency & Fiscal Sustainability**

**I. MSDE Facilities Design Standards and Guidelines** — “Review . . . to ensure that the standards and guidelines are aligned with the space allowance for each type of space, such as health suites, classrooms, and community-use areas, and are not overly specific” and “make recommendations on the standards and guidelines.”

**III. IAC Square Footage Allocations/Maximum Gross Area Allowances (MGAAs)** — Review “to identify overly restrictive elements *and* to determine if alternative methodologies or allocations could yield more efficient use of school space.” Make recommendations regarding “the square footage allocations that should be used to calculate the State maximum allowable square footage allocations, including recommendations on community use space in schools, especially in community schools and in schools with a high proportion of students eligible for free and reduced-price meals.”

Issues	Potential Solutions	Pros	Cons	Staff Recommendations
<p>MSDE’s <i>Design Guidelines</i> for space and the IAC’s <i>Maximum Gross Area Allowances</i> (MGAAs) used to bound state funding participation are too restrictive and are not aligned.</p>	<p>Adjust the IAC’s <i>Maximum Gross Area Allowances</i> (MGAAs) to better support educational sufficiency and align with MSDE’s <i>Design Guidelines</i>.</p>	<p>Will align State funding with the State’s recommendations regarding facility spaces and size.</p> <p>Will support improved educational sufficiency.</p> <p>Will support greater equity in school facilities sufficiency as facilities are built/renovated.</p> <p>Will support the provision of resource spaces and community spaces that support positive student behavior and school climate.</p>	<p>Might perpetuate the perceived validity of a “required” size.</p> <p>There is scarce evidence showing that providing more space results in improved student academic performance.</p> <p>Might produce significant costs of ownership unrelated to academics.</p>	<p>Clarify in regulations that decisions on space have been and remain local decisions.</p> <p>Adopt the revised MGAAs proposed by IAC staff.</p> <p>Consider converting MGAAs into State Funding Participation Baselines (SFPBs) that describe the default outer boundaries of size in which the state will participate while allowing the IAC to grant variances as appropriate.</p>

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Too much state micro-management.	Abolish existing MSDE Design Guidelines and IAC Maximum Gross Area Allowances; eliminate all State influence on size of schools to be built.	1) Maximum flexibility given to LEAs. 2) Less State involvement would enable the State to devote more capacity to other support functions. 3) <i>Possible</i> lower first costs in school construction.	1) New spaces may not be educationally sufficient. 2) Total cost of ownership may increase if LEAs build larger than is necessary for sufficiency. 3) Potential for inequity due to varying levels of LEA fiscal capacity. 4) Does not address construction cost variability across LEAs and between projects, due to scale and market fluctuations.	Clarify in regulations that decisions on space have been and remain local decisions. Develop a method to calculate and award an average cost per student for construction that is adjusted for population size and program requirements (e.g., scale advantages; Title 1 and special education).

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**II. State-Rated Capacity (SRC)**—Review the process to determine SRC and make recommendations on any needed changes, including those necessary to address special programs and adjacent schools.”

Issues	Potential Solutions	Pros	Cons	Staff Recommendations
<p>SRC does not match LEAs’ calculations of facility capacity.</p> <p>IAC calculations of facility capacity do not adequately recognize the spaces needed to deliver programs required to address the needs of special populations.</p>	<p>Restrict use of SRC to high-level decisions on housing development approvals.</p> <p>For decisions on capital allocation and project approvals, adopt a process for calculating facility capacity based on detailed information on populations served, programs delivered and LEA policies.</p>	<p>Acknowledges that the SRC calculation produces only a rough estimate of facility capacity.</p> <p>Factors actual facility utilization into decision making on capital projects.</p> <p>Would acknowledge the spaces required to deliver the programs that LEAs believe they must deliver (e.g., to meet the needs of special populations).</p>	<p>Requires much more information and much more involvement (staff time) from LEAs and the IAC to produce justification of need.</p>	<p>Restrict the use of SRC to high-level decisions regarding housing development approvals; and</p> <p>Adopt a process for calculating facility capacity that obtains detailed and specific information about populations served, programs delivered, and LEA policies.</p>
<p>The IAC currently allocates capital funds without having the data required to conduct neighborhood-level supply-demand analyses.</p>	<p>Develop more precise, data-driven systems for estimating demand by neighborhood.</p>	<p>Would allow LEAs to improve their capacity planning.</p> <p>Would allow the State to deploy state capital dollars more accurately to meet the current and projected needs.</p> <p>Would hedge against over/under-building.</p>	<p>Requires more staff time from the IAC.</p>	<p>Devote IAC resources to developing data-driven systems for estimating demand by neighborhood.</p> <p>Work with LEAs to support more accurate long-range supply-demand analyses and portfolio-wide capacity planning.</p>

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**IV. Regional Cost per Square Foot of School Construction** — Examine “the [potential] use of regional cost-per-square-foot figures in the State allowable cost-per-square-foot figures established annually, which would reflect the different construction and labor markets in regions of the State.” Make recommendations regarding “the use of regional cost-per-square-foot figures in the State allowable cost-per-square-foot figures.”

Issues	Potential Solutions	Pros	Cons	Staff Recommendations
<p>The IAC’s single cost-per-square-foot measure does not reflect the variability in construction costs across the state.</p>	<p>Analyze the costs of construction in different regions of the state; create cost-per-square-foot figures for each region.</p>	<p>Would adjust state funding to more closely match the cost of construction in different regions of the state.</p>	<p>Because construction costs vary greatly based on the specifics of each project, any cost figures developed from sample sets of the size available on a regional basis will not be representative of future costs.</p> <p>Does not address issues of scale or market dynamics.</p> <p>Requires more IAC staff capacity.</p> <p>Actual projects in a region in a given year are not necessarily “efficient” or even reasonable.</p> <p>The small sample set in some regions might not accurately represent the true cost of construction.</p>	<p>This is not feasible.</p>

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<p><i>[Same as above].</i></p>	<p>Develop a “reasonable-cost” figure for a project based on actual bids on projects viewed as effectively designed and value engineered.</p>	<p>State funding would be aligned with project-cost estimates that are based on actual projects that are considered to be “efficient.”</p>	<p>Determinations of cost efficiency are subjective.</p> <p>Actual projects in a region in a given year are not necessarily “efficient” or even reasonable.</p> <p>The small sample set in some regions might not accurately represent the true cost of construction.</p> <p>Requires more IAC staff capacity.</p>	<p>Maintain the single statewide cost-per-square-foot measure, but allow LEAs to appeal in cases of unusual costs.</p> <p>COMAR 23030207 currently allows this and should be reviewed for improvement.</p>

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**V. Cost per Student of School Construction** — Review “the cost per student of school construction projects for new or replacement schools and major renovations of existing school facilities and examine the differences in cost per student by type of school across local jurisdictions.” Make recommendations regarding “options for increasing the State share of eligible school construction costs for projects with lower than average cost per student for each type of school.”

Issues	Potential Solutions	Pros	Cons	Staff Recommendations
<p>The State is not actively incentivizing cost savings in school construction.</p>	<p>Identify an average cost of construction <b>on a per-student basis</b> and provide additional funds to LEAs that build schools below that cost level (see, e.g., Senate Bill 92)</p>	<p>Would incentivize value engineering and cost control on the part of LEAs.</p> <p>Could save the state money.</p> <p>Could allow LEAs to build more square footage if they can keep the cost per square foot low.</p>	<p>Low-enrollment schools would be at a clear disadvantage and high-enrollment schools would have a substantial scale advantage.</p> <p>Cost-per-student figures based on a small sample set of projects do not necessarily reflect actual facility costs within a constantly changing construction market.</p> <p>Cost-per-student figures do not take into account the characteristics of a given student population or its needs.</p>	<p>Continue to use a cost-per-square-foot measure for state funding allocations.</p>
<p>The State is not actively incentivizing lower <b>total</b> (full lifecycle) costs of ownership.</p>	<p>Monitor and measure the total cost of ownership of facilities and develop incentives for LEAs to reduce those costs.</p>	<p>More efficient portfolio management by LEAs would free up state and local dollars to meet other needs.</p>	<p>Will require increased transparency and data reporting by LEAs.</p> <p>Will require additional staff resources from the IAC for analysis and oversight.</p>	<p>Collect data on LEAs’ facility operations, maintenance and capital-renewal activities. Analyze the data and provide reports to state and local stakeholders.</p> <p>And develop incentives for LEAs to improve the fiscal sustainability of their facilities portfolios.</p>