

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 – health suites, classrooms, community-use areas, etc. – and are not overly specific, and make recommendations as needed/appropriate.

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 space. Make recommendations regarding the square footage allocations that should be used to calculate the State’s maximum allowable square footage allocations, including recommendations on community-use space in schools, especially in communities and schools with a high proportion of students eligible for free and reduced-price meals.

Issues	Potential Solutions	Pros	Cons	Draft Recommendations
<p>A. The IAC’s <i>Maximum Gross Area Allowances</i> (MGAAs), used to bound-set state <u>funding</u> participation, are too restrictive and do not align with MSDE’s <i>Design Guidelines</i> for space.</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.- Provides a reasonable funding boundary around facility size that supports educational sufficiency.</p> <p>Will support improved educational sufficiency.</p> <p>Will support greater equity in school facilities sufficiency as facilities are built/renovated.</p> <p>Promotes educational sufficiency as facilities are built and/or renovated.</p> <p>Supports 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 <i>and remain</i> 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>

Discussion Matrix: HB 1783 Charges to the Ed Specs Workgroup

Jan. 4, 2019

Issues	Potential Solutions	Pros	Cons	Draft Recommendations
<p>B. Too much state micro-management.</p>	<p>Abolish existing MSDE Design Guidelines and IAC Maximum Gross Area Allowances; eliminate all State influence on size of schools to be built.</p> <p><u>Survey school districts to determine their needs and priorities and add value through additional technical assistance— and/or other state assistance – in designing facilities/spaces, bulk purchasing, or standardized agreements to attain educational sufficiency and fiscal sustainability (utilizing total cost-of-ownership analysis.)</u></p> <p><u>Invest time and effort to develop and share well-documented best practices, tools and training with LEAS, (e.g., through a resource library).</u></p>	<p>1) <u>Maximum flexibility given to LEAs. Facilitates partnerships between the State and local school districts to define and achieve shared educational goals.</u></p> <p>2) <u>Less State involvement would enable the State to devote more capacity to other support functions. By focusing local attention on total cost of ownership, the State can lay the groundwork for greater capacity to support school construction over time.</u></p> <p>3) <u>Possible lower first costs in school construction.</u></p>	<p>1) New spaces may not be educationally sufficient.</p> <p>2) Total cost of ownership may increase if LEAs build larger than is necessary for sufficiency.</p> <p>3) Makes it easier for LEAs to build below educational sufficiency.</p> <p>4) Does not address construction cost variability across LEAs and between projects that can result from scale and from market fluctuations.</p> <p><u>Requires more IAC staff time and capacity.</u></p>	<p>Clarify in regulations that decisions on space have been and remain local decisions.</p> <p>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).</p> <p><u>See Potential Solutions column (to left).</u></p> <p><u>Continue with implementation of HB 1783 and add IAC capacity as determined necessary by the IAC.</u></p>

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<p><u>C. No incentive to build below the current maximum gross area allowance and little disincentive for building above the MGAA.</u></p>	<p><u>Develop incentives and disincentives to promote long-term planning that is grounded in fiscal sustainability (affordability) through analyses of Total Cost of Ownership.</u></p> <p><u>1) Base the State share on the full eligible square footage allowed by the MGAA/SFPBs for a given enrollment, thereby rewarding LEAs that build fewer square feet.</u></p> <p><u>2) Reduce the State share for each square foot built above what is allowed by the MGAA for a given enrollment, thereby disincentivizing building above the MGAA/SFPBs.</u></p>	<p><u>Building within the MGAA will restrict the trend of increasing gross square footage of the school facilities portfolio and accordingly its fiscal unsustainability.</u></p> <p><u>Empowers LEAs, by incentive to increase proportionate state capital dollars, to lower their average portfolio Total Cost of Ownership every time they plan a new or renewal project.</u></p> <p><u>Helps to induce better facilities portfolio cost control by LEAs and may increase state capital dollars for LEAs building within the MGAA.</u></p>	<p><u>More pressure on local funding sources to cover costs of building facilities larger than what the state funds.</u></p>	<p><u>Create incentives and disincentives that encourage LEAs to analyze and plan/design for total cost of ownership for new, replacement, and fully renovated school facilities based on:</u></p> <p><u>1) How much their project costs fall above/below MGAA's and/or square footage requirements;</u></p> <p><u>2) The costs of building, operating, and maintaining facilities over the full life of a project; and</u></p> <p><u>3) State Funding Participation Baselines that drive LEAs to build schools at sizes that are more fiscally sustainable.</u></p> <p><u>Research and report factors influencing trends and requirements for additional space, including non-traditional classroom space in schools, as well as best practices.</u></p>

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<p><u>D. Systemics above the eligible square footage (MGAA/SFPBs) for new/renovation projects currently are eligible for state funding regardless of size.</u></p>	<p><u>Provide allocations for systemic projects only to the portions of facilities within the state eligible square footage.</u></p>	<p><u>State funding would be preserved for supporting educational sufficiency.</u></p> <p><u>Systemic projects without state funding are not held to state requirements such as prevailing wage, which might lower project costs and allow greater local contractor participation.</u></p>	<p><u>Cost of ownership, including systemics associated with portions of facilities over the MGAA, would become solely a local responsibility.</u></p> <p><u>Existing facilities built with local dollars often have space that exceeds the past, current, and proposed MGAA. Some systemic project costs in those cases would shift to LEAs/Counties.</u></p>	<p><u>Analyze each systemic request and allocate State-share funding to only those portions of a school facility that are within the MGAA/SFPB state eligible square footage.</u></p>
<p><u>E. The size of facilities has increased over time and the MGAA's may have become insufficient due to legislative requirements.</u></p>	<p><u>Concrete data on actual educational facility needs and their costs will assist the Governor and General Assembly in understanding how much space is needed in light of the pressure on schools to add additional community and social-services roles to their historic educational roles.</u></p>	<p><u>Data would be available to show total cost of ownership when making educational and legislative decisions.</u></p>	<p><u>Requires LEAs to perform analytical work to justify a requested increase in State funding for facilities that exceed the MGAA's.</u></p>	<p><u>See recommendation for Issue I-A "Consider converting MGAA's into State Funding Participation Baselines (SFPBs)... grant variances as appropriate;" and quantify and annually report on variances, trends and goals – educational and legislative – that reflect growing demand for school space.</u></p> <p><u>Quantify and report on trends and goals – educational and legislative – that reflect growing demand for school space.</u></p>

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

Issues	Potential Solutions	Pros	Cons	Draft Recommendations
<p>A. Supply Side: SRC does not match LEAs' calculations of facility capacity. <u>LEAs report that the supply side of available student capacity of existing facilities, as calculated with the SRC, often differs from the availability calculated by utilization.</u></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>Maintain the use of SRC for high-level decisions on housing-development approvals, while initiating the development of a new process and tools for decision-making at the neighborhood level.</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>Acknowledges 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 involvement (staff time) from LEAs and the IAC to produce justification of need.</p> <p>Requires more staff time from the IAC <u>and partner agencies.</u></p>	<p>Maintain the use of SRC for high-level decisions regarding housing development approvals.</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>Consider launching a joint State-Local effort to develop a system for determining agreed-upon supply/demand for school facilities at the local level.</p>

Discussion Matrix: HB 1783 Charges to the Ed Specs Workgroup

Jan. 4, 2019

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<p>B. Demand Side: The IAC currently allocates capital funds without having the data required to conduct neighborhood-level supply-demand analyses.</p>	<p><u>Encourage LEAs to use a GIS-based or similar system to analyze demand at the neighborhood level and share their data with the State.</u></p> <p><u>Develop a statewide GIS system to capture and share student mobility trends with LEAs to use for greater accuracy in projecting populations of schools and communities.</u></p>	<p><u>Supports LEAs to improve their planning capacity by sharing valuable data.</u></p> <p><u>Allows the State to deploy state capital dollars more accurately to meet the current and projected needs.</u></p> <p><u>Hedges against over/under-building.</u></p>	<p><u>The State and the LEAs need more time and resources to develop systems and capacity to support more precise projections of facilities needs at the local level with accurate data.</u></p>	<p><u>Develop and devote IAC and MD Dept of Planning resources to move toward data-driven systems for estimating and reporting current and projected demand by neighborhood.</u></p> <p><u>Work with LEAs to support more accurate long-range supply-demand analyses and portfolio-wide capacity planning.</u></p>
<p><u>C. Some existing facilities are underutilized.</u></p>	<p><u>Incentivize administrative solutions for better utilization of existing facilities such as support for converting them into magnet schools that draw from a larger area.</u></p>	<p><u>Results in lower facilities portfolio cost of ownership.</u></p> <p><u>Maximizes the return on past investments in facilities and infrastructure.</u></p>	<p><u>Possible increases in transportation costs.</u></p> <p><u>May require students to cross existing attendance zones within LEAs.</u></p>	<p><u>When projects are being planned that will increase the gross square footage of an LEA's facilities portfolio, prepare Total Cost of Ownership analyses that study administrative solutions as alternatives to building additional space.</u></p>

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 that are established annually, which would aim to 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	Draft Recommendations
<p>A. 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>The <u>goal</u> – of adjusting state funding to more closely match the cost of construction in different regions of the state – <u>is well-intentioned.</u></p>	<p>Because construction costs vary greatly based on the specifics of each project, any attempt to develop cost figures from sample sets of the size available on a regional basis will not accurately represent future costs.</p> <p>Does not address issues of scale or market dynamics.</p> <p>Requires more IAC staff capacity.</p> <p>The design of an actual projects in a region in any given year is 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><u>Determined to be unfeasible because of the huge variation among regions, variability on bid day, and types of projects, etc.</u></p>

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<p>[A. Continued]</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><u>Maintain current annual cost and utilize the current IAC authority to make adjustments through the variance process.</u></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><u>The IAC has the discretion to increase maximum State allocation.</u></p>	<p>Poses challenges to the variance process as follows:</p> <ul style="list-style-type: none"> • Determinations of cost efficiency are subjective. • Actual projects in a region in a given year are not necessarily “efficient” or even reasonable. • The small sample set in some regions might not accurately represent the true cost of construction. • Requires more IAC staff capacity. <p><u>With no discretionary fund, changes to the maximum allocation are delayed by one year.</u></p>	<p>Maintain the single statewide cost-per-square-foot measure, but allow LEAs to appeal in cases of unusual costs.</p> <p>COMAR 23.03.02.07 currently addresses this issue and can be reviewed for improvement.</p> <p><u>Set aside 2.5 percent of an allocation as an IAC contingency fund to be used in these instances. Remaining funding would revert to the next year’s CIP.</u></p> <p><u>See recommendation for Issue I-A and I-E “Consider converting MGAs into State Funding Participation Baselines (SFPBs)... grant variances as appropriate.”;</u> <u>and, quantify and annually report on variances, trends and goals – educational and legislative – that reflect growing demand for school space.</u></p>

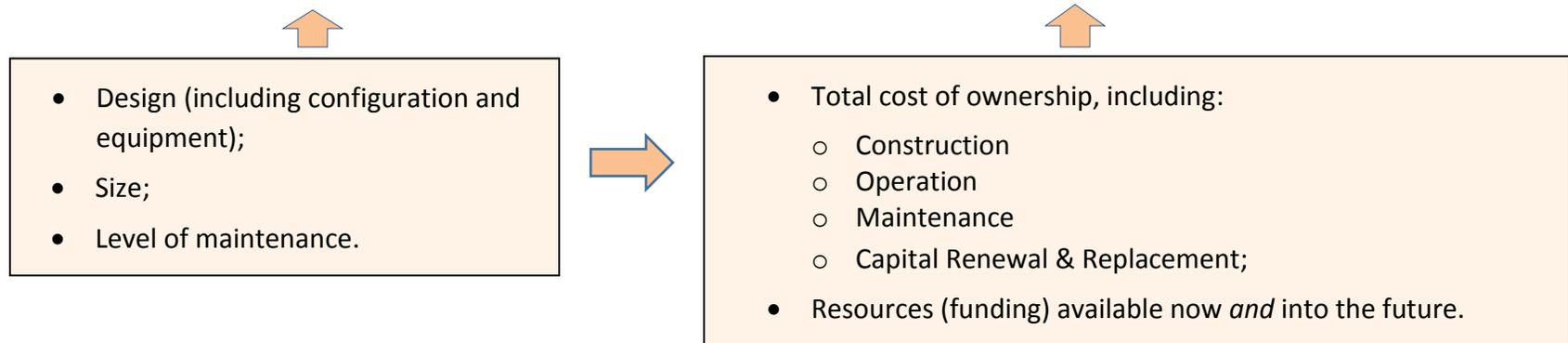
V. Cost per Student of School Construction — Review the cost per student of school construction projects for new or replacement schools and major renovations of existing school facilities and examine the differences in cost per student by type of school across local jurisdictions. Make recommendations 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	Draft Recommendations
<p>A. The State is not actively incentivizing cost savings in school construction.</p>	<p>Identify an average cost of construction on a per-student basis and provide additional funds to LEAs that build schools below that cost level (see, e.g., Senate Bill 92)</p> <p><u>See new recommendations for Topics I and III above.</u></p>	<p>Incentivizes 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 population capacity schools would be at a clear disadvantage and high-enrollment capacity 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><u>Greater GSF will generally predict higher costs of ownership that can be much greater than the original cost of construction.</u></p> <p><u>Once the cost-per-student is adjusted to account for scale differences and special populations, the result is effectively the same as the IAC’s current funding calculations based on space size.</u></p> <p><u>There’s no incremental stretch goal (e.g. 30 percent reduction in cost) which would incentivize even minor reductions.</u></p>	<p>Continue to use a cost-per-square-foot measure for state funding allocations.</p> <p><u>See new recommendation for I and III above.</u></p>

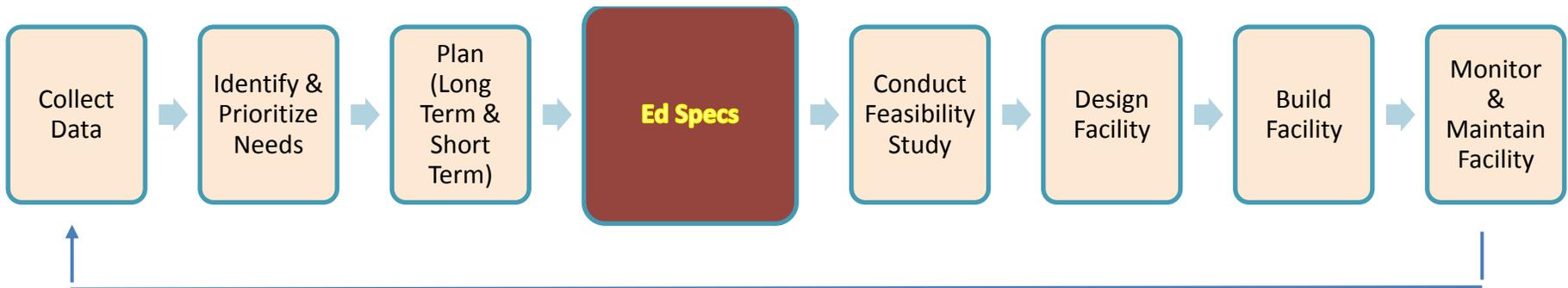
Issues	Potential Solutions	Pros	Cons	Draft Recommendations
<p>B. The State is not actively incentivizing lower total (full lifecycle) costs of ownership.</p>	<p>Develop standards and standardized tools for calculating and reporting total cost of ownership of facilities. Ensure that Educational Specifications provide full disclosure of the Total Cost of Ownership of each major school project and of the LEA's total portfolio before and after the project.</p>	<p>More efficient portfolio management by LEAs would free up state and local dollars to meet other needs.</p>	<p>Will require increased time and effort from LEAs to support the increased transparency and data reporting. 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>Develop incentives for LEAs to improve the fiscal sustainability of their facilities portfolios.</p> <p><u>Develop requirements and incentives for LEAs to reduce total cost of ownership.</u></p>

Educational Development Specifications Workgroup – STRATEGIC GOAL

A statewide *portfolio* of school facilities that are
educationally effective and **fiscally sustainable**



FACILITY MANAGEMENT PROCESS FLOW



Educational Specifications facilitate communication between educators and design professionals. Ed specs should also serve as FULL DISCLOSURE regarding the projected total cost of ownership for the facility across its expected lifespan.