

Requirements of Ed. Art. §5-310 and 2018 Md. Laws, Chap. 14

The Workgroup shall report its findings and recommendations to the Governor and General Assembly on or before December 1, 2019

1. Statutory Requirement: The Workgroup shall consider how the relative condition of public school facilities within the educational facilities sufficiency standards and the facility condition should be prioritized, taking into account local priorities and in consultation with local jurisdictions, including whether the prioritization should be by category and by local jurisdiction or statewide.

Background Information: The statewide school facilities assessment will assess both facility condition and educational sufficiency components (including available space for projected enrollment).

Potential Solutions	Pros	Cons	Draft Workgroup Recommendations
A. <u>Recommend extension of Assessment and Funding Workgroup, or standing Public School Facilities oversight Workgroup, to adopt final weightings and program recommendations upon completion of the Statewide facilities assessment and to guide and evaluate the pilot program(s).</u>	<ul style="list-style-type: none"> Allows continuous improvement of policies, practices, and procedures. Increases transparency and expands stakeholder input to high-level decision makers 	<ul style="list-style-type: none"> Requires additional member and staff time and effort. 	<u>Workgroup recommends that draft recommendations proceed but that final decisions regarding assessment category weights and prioritization be postponed until assessment results become available.</u>
B. Adopt weights for categories of deficiencies (except relocatables) to ensure that schools with the highest educational-sufficiency needs are prioritized to recognize deficiencies that have the greatest impact on teaching and learning.	<ul style="list-style-type: none"> The needs-based ranking of schools based upon the assessment results provides a clear and comparable picture of facilities needs throughout the State. Valuable data becomes available, including data on both facility condition and educational sufficiency. Even if a ranking is not generated, this information is critical to impartially support school facilities planning decisions. Provides independent, unbiased justification of needs and priorities. Provides more accurate estimates of future capital needs for planning purposes and as required by the Capital Debt Affordability Committee (CDAC). 	<ul style="list-style-type: none"> State prioritization may not take into account all local programmatic requirements or standards. Local and State priorities may not always align perfectly. 	<p>There is agreement that the proposed category weightings are appropriate.</p> <p><i>Staff are directed to consider a separate category weighting for relocatables. Please note that special programmed schools (such as alternative, charter, or CTE schools) will be assessed differently than those that provide education via traditional methods as traditional space requirements as defined by the Maryland Sufficiency Standards may not be applicable to these methods of educational delivery.</i></p>
C. For relocatables, adjust the proposed weights. Under the original proposal, relocatables would be weighted first at .25 (Category 9) and then progress to a range between .25 and 1.5 weight (-Category 5) when they exceed twice their expected life span. Staff recommends quadrupling the initial weight to 1.0 (Category 7-Sufficiency Deficiency)) and then progressing to 3.0 (Category 2) when they exceed twice their expected life span.	<ul style="list-style-type: none"> Puts a higher priority on relocatables Applies weight that is less than the 3.0 weight for unhoused students 	<ul style="list-style-type: none"> Although students in relocatables are in less than ideal conditions, heavily weighting relocatables could draw funds from other educational sufficiency needs. Will compete, in some cases, with unhoused students 	<p><u>The Workgroup agrees that relocatables should be weighted higher than originally proposed.</u></p> <p><i>Staff is directed to provide the Workgroup with additional options for weighting relocatables.</i></p>
<u>C1. Relocatable Option A: Relocatables be weighted as Category 2 (weight of 3.0) regardless of age.</u>	<ul style="list-style-type: none"> Students housed in relocatables are not differentiated from students that are essentially unhoused. 	<ul style="list-style-type: none"> Students housed in relocatables are not differentiated from students that are essentially unhoused. 	

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<i>C2. Relocatable Option B: Relocatables begin as a Category 7 (weight of 1.0) until end of expected life and increase to category 4 (weight of 1.5) until twice expected life, at which point they are category 2 (weight of 3.0).</i>	<ul style="list-style-type: none"> • <u>Puts a higher priority on relocatables</u> • <u>Applies weight that is less than the 3.0 weight for unhoused students</u> 	<ul style="list-style-type: none"> • <u>Although students in relocatables are in less than ideal conditions, heavily weighting relocatables could draw funds from other educational sufficiency needs.</u> • <u>Will compete, in some cases, with unhoused students</u> 	
D. From the assessment, produce two reports– one with all schools in the state compared one against another and a second showing the schools in each county compared against only those within that county.	<ul style="list-style-type: none"> • Same pros as listed for A1 above. 	<ul style="list-style-type: none"> • State prioritization may not take into account all local programmatic requirements or standards. • Local and State priorities may not always align perfectly. 	<u>The Workgroup recommends implementation of this solution.</u>
E. Create a separate category or categories with higher weighting for issues/deficiencies found in selected building systems such as HVAC systems.	<ul style="list-style-type: none"> • Earmarks resources for building systems chosen [by the State] for special attention. Categories are able to account for the relevant needs of any building system without specific modification. • Weighting allows escalation of educational deficiency relevancy. 	<ul style="list-style-type: none"> • The proposed categories already inherently account for the impact of HVAC issues because the proportionally high cost per square foot of HVAC systems ensures that HVAC needs greatly affect a facility’s overall MDCI score. • Assigning one category and weight to all deficiencies pertaining to a given building system regardless of their effects on teaching and learning would preclude the progressive weighting of issues that the proposed categories enable. 	<i>The Workgroup directed Staff to consider how certain building systems, such as HVAC, could have a higher weighting than the default categories.</i>
F. Adopt a system to prioritize facilities needs by category— considering specific project types (such as roofs, which can be easily compared and prioritized based upon the facility condition index of the roof system).	<ul style="list-style-type: none"> • A component of the sufficiency index calculations is the facility condition index, which can identify and prioritize high category needs. • Provides independent, unbiased justification of priorities. • Can be utilized either statewide or locally. • 	<ul style="list-style-type: none"> • Needs priorities would not recognize preemptive scheduled systems replacements. 	Adoption of this proposed solution is unnecessary because all data is available by default to be sorted in various ways and available if there is a need to generate information for a future program or other identified need.

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<p>2. Statutory Requirement: The Workgroup shall determine whether—and, if so, how—the assessment results should be incorporated into State decisions about school-construction funding</p> <p>Background Information: Current state school-construction funding more or less follows LEAs’ prioritizations, with mid- to large-sized LEAs receiving roughly the same proportional allocation each year and smaller LEAs receiving funding for projects in years when they have projects. Maryland school facilities have a current asset value of \$55.3 billion and more than 140 million gross square feet. Despite combined state and local funding averaging \$1.9 billion per year, facility conditions have not drastically improved and the average age of our facilities has risen significantly.</p>			
Potential Solutions	Pros	Cons	Draft Workgroup Recommendations
<p>A. Do not use assessment ranking information in State or local funding decisions.</p>	<ul style="list-style-type: none"> Protects the autonomy of counties. 	<ul style="list-style-type: none"> Does not focus available resources on ensuring sufficiency for all students. Does not maximize limited State and local resources. 	<p>Consider various options to utilize assessment results in State funding decisions.</p> <ul style="list-style-type: none"> Use assessment data in ways yet to be determined (potentially as described in B, C, and D below) for allocating new funding but do not take away from existing funding.
<p>B. Create a pilot program using new funding to prioritize State funding to the highest new, renewal, or replacement school needs, as measured by the assessment. The prioritized program would be only one of a mix of solutions for improving school conditions and the majority of funding to the existing CIP program would <u>must</u> be maintained to fund LEA priorities (often system replacements). The Pilot Program can include funding for all project commitments except for land acquisition, offsite expenditures, and items with a median expected life span of less than 15 years.</p> <p>Adopted weightings can be reevaluated by the Workgroup (if extended) or by a similar advisory group after completion of the pilot program.</p>	<ul style="list-style-type: none"> Prioritized (standards-based) funding would maximize limited State and local resources to most efficiently improve the overall facility condition of the statewide portfolio, which will reduce the cost to own and operate the statewide portfolio over time. Promotes sufficient facilities for every child in the State of Maryland. Pilot program allows stakeholders to monitor and evaluate the effectiveness of a prioritized program while the IAC’s traditional funding programs remain in place. 	<ul style="list-style-type: none"> Without incentives for good maintenance, could potentially “reward” poor maintenance practices since schools with highest needs are funded first. 	<ul style="list-style-type: none"> Fund a standards-based pilot program with new money only for new, renewal, or replacement schools. Funding prioritization for the pilot program should only be determined after the data from the statewide facilities assessment is available.

Items in italics are not recommendations of the Workgroup but represent directions to staff.

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C. Allocate funds through additional funding programs for certain systemic needs, such as roofs, to compare and fund projects across the state in a systematic and prioritized way.	<ul style="list-style-type: none"> Comparable and critical systems can be prioritized for need and addressed quickly, reducing the need for reactive maintenance on failed systems and subsequently reducing the facility's cost of ownership while improving the overall health of the facilities portfolio. Allows targeting of specific needs. Funding could have sunset dates. 	<ul style="list-style-type: none"> Issue-focused funding will not meet the overall facilities needs of the state. Issue-focused funding programs are difficult to manage unless tied to specific needs that are mutually exclusive and objectively measurable and comparable. Does not improve statewide portfolio health as efficiently as new, renewal, or replacement projects. Primarily protects capital assets but does not necessarily address educational sufficiency needs. 	<u>The Workgroup recommends postponing consideration of this potential solution until assessment results are available and specific needs can be identified based upon the provided data.</u>
<p>D. [Potential Incentive – Capital Maintenance (Systemics)] Calculate, from each year's assessment information, the number of systems in a facility that are beyond their expected life and by what amount. Correspondingly provide for an increase to the LEA's State Cost Share to incentivize good maintenance practices.</p> <p><u>Each year the assessment will provide the savings/loss percentages resulting from extended/reduced life cycles for each school facility and each LEA portfolio. The Incentive could increase the LEA's State share for the following year by ¼% for each percentage point increase of extended life of the LEA portfolio.</u></p>	<ul style="list-style-type: none"> Encourages good maintenance practices that extend the life of systems in facilities. Rewards counties that have consistently maintained their schools. Counterbalances for prioritized (standards-based) funding, which when unchecked, could potentially encourage poor facilities maintenance by funding schools with the highest needs. 	<ul style="list-style-type: none"> Understaffed and underfunded counties are likely to benefit to a much lesser degree than highly staffed and more well funded counties 	<u>The Workgroup recommends postponing a decision on this proposal until assessment data is available.</u>
D.E. <u>Collaborate with the Kirwan Commission, who are currently considering a dedicated maintenance funding stream, to coordinate efforts to incentivize and appropriately fund maintenance operations.</u>	<ul style="list-style-type: none"> <u>Recognizes the interlinked nature of operational funding (for routine maintenance) and capital funding (for capital maintenance [systemics])</u> <u>Works with the proposed Capital incentive (2. D.) to appropriately fund and incentivize good maintenance practices.</u> 	<ul style="list-style-type: none"> 	<u>The Workgroup recommends collaboration with the Kirwan Commission, who are currently considering a dedicated maintenance funding stream, to coordinate efforts to incentivize and appropriately fund maintenance operations.</u>

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3. Statutory Requirement: The Workgroup shall consider whether the State should provide funding incentives for local jurisdictions that reduce the total cost of ownership of public school facilities.

Background Information: The costs of owning and operating a facility for 30 years can exceed the initial cost to construct the facility and those operational costs compete directly with teachers and supplies for operational funding. According to Industry standards, facility owners should annually invest an average of 2% of the initial construction cost in maintenance and operations (heating, cooling, custodial, grounds, etc.) and an additional 2% of the initial construction cost in replacement of building systems (capital maintenance).

Potential Solutions	Pros	Cons	Draft Workgroup Recommendations
A. The Workgroup on Educational Development Specifications outlined a potential incentive that would provide for additional State share percentage points that correspond to percentage reductions in the facility Total Cost of Ownership (TCO) when compared to the baseline.	<ul style="list-style-type: none"> Immediately rewards small but powerful cost-saving decisions by LEAs in school construction. Encourages LEAs not only to look at total square footage and space use, but also to look at efficiencies that can be gained by the selection of certain efficient systems or materials. Moves the conversation away from lower first-costs of construction that may ultimately cause higher total costs over the life of the facility. Produces savings for the LEA both immediately and over time, but also would result in savings for the State over time as the need for systemic replacements is reduced. Focuses local attention on total cost of ownership, laying the groundwork for greater fiscal capacity to support school construction over time. Encourages renovations and use of existing facilities. Incentivizes good and fiscally sustainable design. 	<ul style="list-style-type: none"> May require additional-up front State funding. (See Item # 5, below for information regarding Ed Spec Workgroup recommendation). Will require additional resources to accurately analyze the estimated total cost of ownership requires additional resources. Could reduce the emphasis on aesthetics. 	<p><u>The Workgroup recommends implementation of this incentive, as described in Scenario G of the Workgroup materials, to provide a ¼% State share incentive for each 1% reduction in TCO. LEAs with a State share of 89% or more shall receive a 1% State share incentive for each 1% reduction in TCO. Each reduction resulting in a State share above 100% will result in a ¼% increase to State share (regardless of LEA State share percentage) and may be used for any LEA educational facility project purpose.</u></p> <p><u>The incentive should be evaluated after a period of time and modified as necessary.</u></p>

Recommendations of the Ed Specs Workgroup for the Workgroup on the Assessment and Funding of School Facilities

Ed Specs Workgroup Recommendations	Pros	Cons	Draft Workgroup Recommendations
4. Create incentives that encourage LEAs to analyze and plan/design for total cost of ownership for new, replacement, and fully renovated school facilities based on the costs of building, operating, and maintaining facilities over the full life of a project. (Incentives as presented at the April 10 Ed Spec Workgroup Meeting to increase State participation by a percentage or a fraction of a percentage corresponding to the number of percentage points an LEA reduces the total cost of ownership under the baseline total cost of ownership (available at http://www.pscp.state.md.us/Workgroups/EDSW/EDSWindex.cfm))			<p>This item is a statutory charge and a recommendation of the Workgroup on Educational Development Specifications. Please see item #3 for more detail.</p>

Recommendations of the Ed Specs Workgroup for the Workgroup on the Assessment and Funding of School Facilities			
Ed Specs Workgroup Recommendations	Pros	Cons	Draft Workgroup Recommendations
<p>5. Create and maintain life-cycle-cost-analysis standards and measures to be used as part of a tool to estimate the total cost of ownership of potential projects.</p> <p>This recommendation is a component of the Total Cost of Ownership Incentive described in item #3. In order to estimate the cost of ownership of a designed facility to qualify for an incentive, comparable standards and measures of the life-cycle costs of various building systems must be developed.</p>	<ul style="list-style-type: none"> • Supports reasonable and comparable total cost of ownership analysis, which is essential to making critical project decisions. • Could support the implementation of a TCO incentive as described in item 3. 	<ul style="list-style-type: none"> • Creation of the LCCA standards and measures, as well as the tool to estimate TCO, will require some State resources. 	<p><u>The Workgroup recommends implementation of this solution.</u></p>
<p>6. Implement post-occupancy evaluations of new and renovated facilities utilizing a standard template that will facilitate collection and availability of comparable information for all LEAs.</p>	<ul style="list-style-type: none"> • Post-occupancy evaluations analyze and report on best practices and lessons learned in school facility design and construction projects. Through the standard documentation and reporting of project successes and lessons learned, LEAs can learn from one another to increase the success of every project in the State. 	<ul style="list-style-type: none"> • Post-occupancy evaluations require funding for a third-party vendor to conduct the evaluation. 	<p><u>The Workgroup recommends implementation of this state-provided solution. The Workgroup further recommends that Post Occupancy Evaluations be performed by State employees rather than third party vendors. Information gleaned from POEs shall not be used to retroactively modify funding for projects.</u></p>
<p>7. Implement the National Council on School Facilities’ “Definitions of Key Facilities Data Elements” for activities related to facilities that make up the total cost of ownership that LEAs report to MSDE and track the cost of ownership.</p>	<ul style="list-style-type: none"> • Standard definitions of activities related to facilities enable better analysis and reporting of facilities costs so that best practices can be measured and understood. 	<ul style="list-style-type: none"> • Before the full benefits of the resulting data could be obtained, MSDE would need to replace its COBOL-based finance data system, which cannot accommodate further modifications. • Reporting requirements must be carefully considered to ensure that an additional burden is not placed on the LEAs. 	<p><u>The Workgroup recommends implementation of this solution.</u></p>
<p>8. Explore the implementation of a standard maintenance management system to collect data on LEAs’ facility operations, maintenance, and capital-renewal activities. Analyze the data and provide reports to State and local stakeholders.</p> <p>Staff recommends that certain components required for effective maintenance management and comparable effective maintenance metrics be purchased by the State, which will be offered to every LEA without cost. LEAs should not be required to utilize the system, but could purchase additional components if desired.</p>	<ul style="list-style-type: none"> • Almost every LEA currently uses a common computerized maintenance management system (CMMS) to track work orders, preventive maintenance logs, cost information, and other maintenance activities. Implementation of a Statewide system would have scale advantages, decreasing the cost to taxpayers to support isolated systems in each LEA, and would provide valuable information to the State for analysis and the dissemination of best practices information. • Shifts the financial burden of the maintenance management system from the LEAs to the State 	<ul style="list-style-type: none"> • Shifts the financial burden of the maintenance management systems from the LEAs to the State • Some LEAs may want to use a different CMMS. • Some LEAs may not want the State to see their data. 	<p><u>The Workgroup recommends implementation of this state-funded solution to include preventive maintenance, work order management, and utility management. The Workgroup further recommends that the system and data collection reside within the purview of the IAC.</u></p>

Recommendations of the Ed Specs Workgroup for the Workgroup on the Assessment and Funding of School Facilities			
Ed Specs Workgroup Recommendations	Pros	Cons	Draft Workgroup Recommendations
9. Explore the implementation of real-time utilities metering for each facility.	<ul style="list-style-type: none"> Real-time utilities metering monitors energy consumption over time and can identify efficiency improvements, such as controls adjustments, to ensure that facilities efficiency meets design expectations. Supports both accountability of facility systems performance and occupant behavior. Provides basis for continuous improvement and best practices. Provides the opportunity for information to be included in curriculum. 	<ul style="list-style-type: none"> Funding is required to support real-time utilities metering. 	<p><i>The Workgroup recommends implementation of this potential solution, initially with each new, renewed, or replacement schools that utilize any State funding be fitted with standardized M&V and that any associated costs be treated as an eligible cost of the project.</i></p>

Optional Considerations			
Potential Solutions	Pros	Cons	Draft Workgroup Recommendations
10. Adopt a methodology for LEA CIP (Capital Improvement Program) funding allocations so that LEAs receive a formula-driven allocation (primarily based upon enrollment) each year. Revise ineligible items to more fully fund project obligations, and use existing Revolving Fund to “bank” or “advance” them as needed by each LEA, so that each LEA eventually receives their annual allocation but so that the full allocation does not have to be used by each LEA every year.	<ul style="list-style-type: none"> LEAs know what funding to anticipate for local priorities and can develop better plans based upon anticipated funding levels. State participates more fully in project costs, decreasing the burden on LEAs that struggle to fund their share of CIP projects. Utilizes revolving fund to its maximum benefit. LEAs without funding needs in a given year can “bank” and combine multiple annual allocations to fund complete projects. 	<ul style="list-style-type: none"> Will not completely eliminate the potential that in some years there will not be sufficient dollars banked for every need unless additional money is added to the Revolving Fund. 	<p><i>Staff is directed to provide additional information and recommendations regarding formulaic CIP funding to the Workgroup.</i></p>