

MAINTENANCE OF PUBLIC SCHOOL FACILITIES IN MARYLAND INITIATIVES TO ENSURE THAT MARYLAND'S PUBLIC SCHOOLS ARE ADEQUATELY MAINTAINED

Interagency Committee on School Construction
August 26, 2005

EXECUTIVE SUMMARY

Members of the Capital Debt Affordability Committee have expressed concern about the maintenance of Maryland's public school facilities. There is a need to both strengthen accountability on the part of the local school systems for the maintenance of their schools, and to assist them with additional resources to accomplish their maintenance tasks. Adequate maintenance prolongs the useful life of facilities, defers the need for major renovation, reduces the eventual costs of renovation, and most important, ensures the safety and well-being of building occupants and the continuing functioning of the facility. Given the high level of funding that has been provided for school construction since inception of the Public School Construction Program in 1971, the State also has an interest in protecting its investment in school buildings.

While the State provides assistance for school construction in the State capital budget and other programs, the maintenance of school facilities is the responsibility of the local school agencies and is funded through the LEAs' operating budgets. The majority of the school systems of Maryland have long-established programs that allow them to identify, prioritize and execute projects that address corrective maintenance and preventive maintenance tasks. However, the resources that are applied to maintenance generally fall far below the levels required:

- In 2003, the Treasurer's Task Force to Study Public School Facilities determined that \$3.85 billion in State and local funds was needed to bring Maryland's schools to standards that would be in place if they were built today. 34.5% of this total would be applied to correcting building and site deficiencies. In the fall of 2004, out of almost \$600 million in requests for construction funding that were submitted to the Public School Construction Program, fully 53% was for work on existing facilities, with a significant portion of that work related to the upgrade or replacement of systems, materials and components. With an additional 8% requested to replace obsolete school buildings, the requests related to existing facilities totaled \$365.5 million. Of the \$251.1 million in State funds that was approved for FY 2006 projects, 50% (\$126.3 million) was applied to projects at existing schools, and another 13% (\$33.6 million) was approved for new schools that will replace obsolete school facilities. This level of State funding represents an extraordinary accomplishment, yet the funding needs that remain are evident.
- At the local level, there has been a national trend toward reducing the percentage of the total operating budget that is applied to the routine maintenance of schools, for example small carpet replacement and painting tasks, minor repairs, and preventive maintenance items. As the cost of utilities and salaries has increased, the funds available for supplies, materials, and contracted services have consistently declined. And preventive maintenance, the most cost-effective type of maintenance activity, is generally underfunded within these already shrinking maintenance and operation budgets.
- The most pressing need in existing schools appears to be funding for mid-size refurbishment and repair projects. Examples include partial replacement of roof and driveway surfaces, replacement of ceiling tile, correction of hardware deficiencies, and replacement of playground equipment. Too small to be bondable projects within the capital

To address these concerns, the IAC has considered three initiatives that will effectively ensure the consistent and appropriate maintenance of public schools in Maryland.

1. Improve the State's annual maintenance surveys in order to enhance the ability to monitor the maintenance of public schools.

Currently, approximately 100 maintenance surveys are carried out each year by a team of eleven inspectors within the Department of General Services. The inspectors are geographically dispersed around the state, and their school inspections fall among numerous other duties. Despite efforts to bring a level of consistency to the inspection reports, there are inherent limitations to the effectiveness of the program as it is currently structured. As of now, there are no funding consequences if a school receives an overall rating of "Poor" in the survey or if individual items at the school are found to be "Not Adequate" or "Poor".

The IAC proposes that four full-time and highly qualified inspectors should be engaged to carry out between 300 and 400 inspections per year, beginning in FY 2007. This staffing level will allow every school in the state to be inspected on a four to five year cycle, rather than on the current 14 year average cycle. The inspectors would report to the Public School Construction Program and would receive appropriate staffing and material support. In addition to their routine school inspections, the inspectors would be involved in the CIP process as funding recommendations are formulated, providing information on schools that are requested as renovation or systemic renovation projects. With these improvements, the maintenance survey can become an effective tool not only to monitor the condition of school maintenance, but also to establish a link between maintenance and funding in the Capital Improvement Program.

2. Strengthen the relationship between maintenance and State funding provided through the Capital Improvement Program.

State funding provided for renovations and systemic renovations in the Capital Improvement Program should only be directed at schools that have been well maintained and school systems that exercise sound maintenance programs. Accordingly, the IAC wishes to establish a program of CIP funding consequences that will come into effect when poor results are achieved on the improved maintenance survey.

However, the IAC also expresses caution about any program of funding consequences that are related to maintenance. The physical condition of a school building and the effort that is expended to maintain it must be distinguished. The program should not penalize school systems where the maintenance effort may be high but the results of the maintenance survey, for reasons that lie beyond the control of the LEA, are less than adequate. In recommending adjustments to construction funding based on maintenance performance, the IAC will take into consideration the effort made by the LEAs within their operating budgets to meet their responsibilities for properly funding and managing school maintenance programs. The IAC will develop instruments to objectively measure local maintenance effort, including analysis of LEA operating budgets, use of Thornton funds, and the results of the State maintenance surveys. The IAC will undertake the following immediate and short-term actions:

Immediate Actions:

- Provide clear definitions of maintenance in order to facilitate discussion about the issue;
- Provide descriptions of the general condition of each school system's facilities in the annual report that is submitted to the Board of Public Works; and
- Strengthen the linkage between the Capital Improvement Program (CIP) and the annual Comprehensive Maintenance Plan (CMP) that is submitted by the LEAs.

Short Term Actions:

- Define a set of metrics, based on national, regional, or statewide practices, to determine if Maryland schools are properly maintained and maintenance resources are adequate;
- Determine how the funds provided through the Thornton formula have been used for maintenance activities by the LEAs;
- Define the funding consequences for schools and school systems that show a record of poor maintenance, as well as the procedures for determining and applying these consequences. These consequences must account for the local effort that is applied to maintenance as well as the condition of schools;
- Improve the dissemination of best maintenance practices throughout the state and develop a set of maintenance guidelines as benchmarks for funding and performance; and
- Publicly disseminate the results of the maintenance inspection reports and ratings.

3. Develop an incentive program of State funding to assist the local school systems with their maintenance tasks.

The IAC recognizes the importance of providing the local school systems with adequate funding to assist with maintenance activities, and finds attractive the idea that some aspect of State funding should be structured to provide incentives for the school systems to improve their maintenance performance. The IAC recognizes that the LEAs currently receive large State allocations through Thornton funds intended in part to address maintenance and operational tasks, as well as through the capital improvement budget. Moreover, the IAC is very aware of the complexities involved in developing such an incentive program, including the importance of rewarding good maintenance effort, the importance of being scrupulously fair and objective in the allocation of additional funding, and the necessity to ensure that these funds are used to supplement local maintenance funds rather than to supplant them.

Consequently, the IAC requests additional time to consider:

- Whether an additional funding program is needed;
- How such a program of incentives should be structured;
- What level of funding is appropriate, the source of these funds, and whether or not a local match would be required;
- Whether these funds will be separate from the State's capital improvement program, or will be an incentive allocation within the capital improvement program; and
- Whether these funds should be targeted to the non-bondable, mid-range refurbishment projects or activities, or to major capital improvement projects that can be financed through bond revenues.

The IAC looks forward to the response of the Capital Debt Affordability Committee, and to providing the CDAC with future updates on the progress of the initiatives that are outlined above and described in greater detail in the attached report.