

NOTE: Strikethroughs and underlining represent changes from discussion at the third meeting on 1/4/19

**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 set state funding 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 to 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><del>Promotes educational sufficiency as facilities are built and/or renovated.</del></p> <p>Supports the provision of resource spaces and community spaces.</p>	<p><del>May Might</del> 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><del>May Might</del> produce significant costs of ownership unrelated to academics.</p>	<p><del>1) Clarify in regulations that decisions on design space have been and remain local decisions. [Note: Moved this recommendation to B. Potential Solutions below]</del></p> <p>1) IAC adopt the revised MGAAs proposed by IAC staff <u>and</u> 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 <u>on a case by case basis</u> as appropriate.</p> <p>2) <u>The IAC will continue to periodically review and adjust the MGAAs as it deems necessary.</u></p> <p>3) <u>Align all State communications to acknowledge that facility design lies within the LEAs purview.</u></p>

Discussion Matrix: HB 1783 Charges to the Ed Specs Workgroup

February 6, 2019

NOTE: Strikethroughs and underlining represent changes from discussion at the third meeting on 1/4/19

Issues	Potential Solutions	Pros	Cons	Draft Recommendations
<p><u>B. LEAs often misinterpret MSDE’s “guidance” on the design of space as a requirement, resulting in a perception of too much state micro-management.</u></p> <p><u>MSDE curriculum specialists must advise only on programmatic requirements, while facilities requirements must be left up to LEA authority.</u></p>	<p>Clarify in regulations that decisions on design of space have been <b><i>and remain</i></b> local decisions.</p> <p>Survey school districts to determine their needs and priorities and add value through additional technical assistance—and/or other state assistance <u>support</u> – <del>in designing on design of</del> facilities/spaces; bulk purchasing; <u>public/private partnerships</u>; and/or standardized agreements to attain educational sufficiency <i>and</i> fiscal sustainability (utilizing total cost-of-ownership analysis);</p> <p>Invest time and effort to develop and share well-documented best practices, tools, and training with LEAs, (e.g., through a resource library).</p>	<p>1) Facilitates partnerships between the State and local school districts to define and achieve shared educational goals.</p> <p>2) By focusing local attention on total cost of ownership, the State can lay the groundwork for greater <u>fiscal</u> capacity to support school construction over time.</p> <p><u>3) Retains LEA flexibility to meet State programmatic goals in ways that make the best use of limited resources and school facilities.</u></p>	<p>Requires more IAC staff time and capacity.</p>	<p><u>1) Clarify in statute (Ed. Art. §2-303), MSDE’s Design Guidelines, COMAR, and APG that the layout and design of school space fall under local control as long as they meet State programmatic requirements and building codes. Include language stating that the IAC cannot withhold funding based solely on internal design elements.</u></p> <p><u>2) Align all state communications to acknowledge that facility design lies within the LEAs’ purview.</u></p> <p><del>See Potential Solutions column to left.</del></p> <p>3) Continue with implementation of HB 1783 and add IAC capacity as determined necessary by the IAC.</p>
<p><del>C. No incentive to build below the current maximum gross area allowance and little disincentive for building above the MGAA.</del></p> <p><u>C. Total Cost of Ownership is not weighed heavily enough in State funding decisions, despite the long-term impacts at the state <i>and</i> local levels. There are few incentives for LEAs to plan, design and build more efficiently and to factor in total cost of ownership.</u></p>	<p>Develop incentives <del>and disincentives</del> to promote long-term planning <u>and decision-making that is are</u> grounded in fiscal sustainability (affordability) through analyses of Total Cost of Ownership.</p> <p>1) <del>Base the State share on the full eligible square footage allowed by the MGAAs/SFPBs for a given enrollment, thereby rewarding LEAs that build fewer square feet.</del></p> <p>2) <del>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 MSGAS/SFPBs.</del></p>	<p><del>Building within the MGAA will restrict the trend of increasing gross square footage of the school facilities portfolio and, accordingly, its fiscal unsustainability.</del></p> <p><u>Empowers Incentivizes 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><del>Helps to induce better facilities portfolio cost control by LEAs and may increase state capital dollars for LEAs building within the MGAA.</del></p>	<p>More pressure on local funding sources to cover costs of building any facilities larger than what the state funds.</p> <p><u>To accurately determinine the estimated total cost of ownership requires additional resources.</u></p> <p><u>Reconciling the projected total cost of ownership with the actual total cost of ownership – through Post-occupancy evaluations and facility monitoring – requires additional resources, such as accounting services.</u></p>	<p>Create incentives <del>and disincentives</del> that encourage LEAs to analyze and plan/design for total cost of ownership for new, replacement, and fully renovated school facilities based on:</p> <p>a. <del>How much their project costs fall above/below MGAAs and/or square footage requirements</del></p> <p>a. The costs of building, operating, and maintaining facilities over the full life of a project; and</p> <p>b. State Funding Participation Baselines that drive LEAs to build schools at sizes that are more fiscally sustainable.</p> <p>1) <del>Research and report factors influencing trends and requirements for additional space, including non-traditional classroom space in schools, as well as best practices total cost of ownership.</del></p> <p><u>2) Create a tool for calculating total cost of ownership.</u></p> <p><u>3) Require reporting of total cost of ownership in educational specifications for each project.</u></p> <p><u>4) Implement post-occupancy evaluations utilizing a standard template that will facilitate collection and availability of comparable information for all LEAs.</u></p> <p><u>5) Implement the National Council on School Facilities’ “Definitions of Key Facilities Data Elements” for budgets and expenditures that make up the total cost of ownership that LEAs report to MSDE.</u></p>

Discussion Matrix: HB 1783 Charges to the Ed Specs Workgroup

February 6, 2019

NOTE: Strikethroughs and underlining represent changes from discussion at the third meeting on 1/4/19

Issues	Potential Solutions	Pros	Cons	Draft Recommendations
<p><del>D. Systemics above the eligible square footage (MGAs/SFPBs) for new/renovation projects currently are eligible for state funding regardless of size.</del></p>	<p><del>Provide allocations for systemic projects only to the portions of facilities within the state-eligible square footage.</del></p>	<p><del>State funding would be preserved for supporting educational sufficiency.</del></p> <p><del>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.</del></p>	<p><del>Cost of ownership, including systemics associated with portions of facilities over the MGAA, would become solely a local responsibility.</del></p> <p><del>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.</del></p>	<p><del>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.</del></p>
<p><del>E. The size of facilities has increased over time and the MGAs may have become insufficient due to legislative requirements.</del></p>	<p><del>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.</del></p>	<p><del>Data would be available to show total cost of ownership when making educational and legislative decisions.</del></p>	<p><del>Requires LEAs to perform analytical work to justify a requested increase in State funding for facilities that exceed the MGAs.</del></p>	<p><del>See recommendation for Issue I-A “Consider converting MGAs 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.</del></p> <p><del>Quantify and report on trends and goals—educational and legislative—that reflect growing demand for school space.</del></p>
<p><u>D. Multi-use of spaces:</u></p> <p><u>School facilities have large spaces (cafeteria, gym, etc.) that often are used for a single purpose. State law can be interpreted as not allowing multiple uses, such as serving lunch in the gymnasium. But the use of these spaces should be solely a local decision.</u></p>	<p><u>Review statute, COMAR, and policies for any restrictions on the use of school space that go beyond absolute local control.</u></p> <p><u>Share best practices with LEAs to facilitate full utilization of space.</u></p>	<p><u>Greater utilization decreases space needs, and therefore the cost of construction and the ongoing cost of ownership.</u></p>	<p><u>May require greater administrative effort to schedule multiple uses of spaces.</u></p> <p><u>May require reconfigurable furniture, fixtures and equipment (FF&amp;E) to support multiple uses of space and to better support learning (e.g. through project based learning).</u></p>	<p><u>1) Revise statutes, COMAR, and/or policies that impose State restrictions on use of space.</u></p> <p><u>2) Share information on multi-use best practices and models to LEAs.</u></p>

**Discussion Matrix: HB 1783 Charges to the Ed Specs Workgroup**

**February 6, 2019**

NOTE: Strikethroughs and underlining represent changes from discussion at the third meeting on 1/4/19

Issues	Potential Solutions	Pros	Cons	Draft Recommendations
<p><u>E. Some LEAs see value in allowing community partners to use school spaces.</u></p> <p><u>But the ongoing costs of owning and operating a school – including cooperative use spaces – can equal or exceed the original cost of construction and they fall almost entirely on the LEAs.</u></p> <p><u>There is not enough funding in LEA budgets to support both essential educational spaces and additional use spaces (e.g. for recreational, social, and health services).</u></p> <p><u>Members of the public feel that they should be able to use school spaces without paying for them, however, because they have already funded the construction with tax dollars. [They do not understand the ongoing cost of owning and operating school facilities.]</u></p>	<p><u>Develop standardized agreements to support fiscally prudent, cooperative use of school facilities.</u></p> <p><u>Provide a standardized calculator for use of LEA space that uses rates conducive to properly supporting the total cost of ownership for long-term fiscal sustainability.</u></p>	<p><u>In some cases, maximizing use of school space with Cooperative Use Agreements can encourage partners to provide “wrap around services,” (e.g. after-school care and/or student vaccinations.)</u></p> <p><u>The LEA can recover some of the costs to own and operate a school over its expected life, which is often equal to or greater than the original cost of construction.</u></p>	<p><u>Convenience of wrap-around services being offered in school facilities could be reduced or additional funding for those services may need to be developed to make LEA budgets whole.</u></p>	<p><u>1) Research questions and resources related to cooperative use agreements, such as standardized leases and cost per square foot.</u></p> <p><u>2) Explore the idea of requiring cooperative-use partners to make a payment to the school that goes toward owning and maintaining the space.</u></p> <p><u>3) Provide technical assistance and best practices information on cooperative-use agreements for LEAs.</u></p> <p><u>4) Develop an online toolkit highlighting information, resources, and practical tools. such as the joint-use <a href="http://www.bestschoolfacilities.org/jointusecalc/">School Facilities Cost Calculator</a> [http://www.bestschoolfacilities.org/jointusecalc/] created by the 21<sup>st</sup> Century School Fund’s Building Educational Success Together collaborative.</u></p>

NOTE: Strikethroughs and underlining represent changes from discussion at the third meeting on 1/4/19

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><b>A. Supply Side:</b> <u>Maryland Department of Planning (MDP)</u> and local governments use the SRC primarily for planning and growth management. The SRC does not match LEAs' calculations of facility capacity.</p> <p>LEAs report that the supply side of available student capacity <u>in</u> of existing facilities, as calculated with the SRC, often differs from the availability calculated by utilization.</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>May require <del>Requires much</del> more information and involvement (staff time) from LEAs <del>and the IAC to produce justification of need.</del></p> <p>Requires more staff time from the IAC and partner agencies to <u>analyze</u> justification of need.</p>	<p>1) Maintain the use of SRC for high-level decisions regarding housing development approvals.</p> <p>2) 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> <p>3) <u>Explore potential partnerships with groups that have GIS expertise, such as the Office of GIS within the State Department of Information Technology (DoIT) and the Eastern Shore GIS Cooperative through Salisbury University, which assists counties on the Eastern Shore.</u></p>
<p><b>B. Demand Side:</b> The IAC currently allocates capital funds without having the data required to conduct neighborhood-level, supply-demand analyses.</p>	<p>Encourage LEAs to use a GIS-based or similar system to analyze demand at the neighborhood level and share their data with the State.</p> <p>Develop a statewide GIS system to capture and share student mobility trends with LEAs to achieve <del>use</del> <u>for</u> greater accuracy in projecting populations of schools and communities.</p>	<p>Supports LEAs to improve their planning capacity by sharing valuable data.</p> <p>Allows the State to deploy state capital dollars more accurately to meet the current and projected needs.</p> <p>Hedges against over/under-building.</p>	<p>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.</p>	<p>1) Develop and devote resources <u>of the IAC, MD Dept of Planning, and DoIT's Office of GIS</u> to move toward data-driven systems for estimating and reporting current and projected demand by neighborhood.</p> <p>2) Work with LEAs to support more accurate long-range, supply-demand analyses and portfolio-wide capacity planning.</p>
<p>C. Some existing facilities are underutilized.</p>	<p>Incentivize administrative solutions for better utilization of existing facilities, such as support for converting them into magnet schools that draw from a larger area.</p>	<p>Results in lower facilities portfolio cost of ownership.</p> <p>Maximizes the return on past investments in facilities and infrastructure.</p>	<p>Possible increases in transportation costs.</p> <p>May require students to cross existing attendance zones within LEAs.</p>	<p>1) 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.</p>

**Discussion Matrix: HB 1783 Charges to the Ed Specs Workgroup**

**February 6, 2019**

NOTE: Strikethroughs and underlining represent changes from discussion at the third meeting on 1/4/19

**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>Maintain current annual cost and utilize the current IAC authority to make adjustments through the variance process.</p>	<p>The goal – of adjusting state funding to more closely match the cost of construction in different regions of the state – is well-intentioned.</p> <p>The IAC has the discretion to increase the maximum State allocation.</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><del>Requires more IAC staff capacity.</del></p> <p><del>The design of an actual project in a region in any given year is not necessarily “efficient” or even reasonable.</del></p> <p><del>The small sample set in some regions might not accurately represent the true cost of construction.</del></p> <p>Poses additional challenges to the variance process as follows:</p> <ul style="list-style-type: none"> <li>• Determinations of cost efficiency are subjective.</li> <li>• The design of an actual project in a region in a given year are <u>may</u> not necessarily <u>be</u> “efficient” or even reasonable.</li> <li>• The small sample set in some regions <u>may</u> not accurately represent the true cost of construction.</li> <li>• Requires more IAC staff capacity.</li> </ul> <p>With no discretionary fund, changes to the maximum allocation are delayed by one year.</p>	<p><del>Determined to be unfeasible because of the huge variation among regions, variability on bid day and types of projects, etc.</del></p> <p>1) COMAR 23.03.02.07 currently addresses this issue and can be reviewed for improvement.</p> <p>2) Set aside 2.5 percent of an allocation as an IAC contingency fund to be used in <del>these instances where the actual cost-per-square-foot exceeds the</del> <u>cost-per-square-foot eligible for State funding participation, despite best efforts to control costs.</u> Remaining funding would revert to the next year’s CIP.</p> <p>3) <u>“Consider converting MGAA’s into State Funding Participation Baselines (SFPBs)... allowing the IAC to grant variances on a case by case basis as appropriate.”</u> [See <i>recommendation for Issue I-A above</i>].</p> <p>4) Quantify and annually report on variances, trends, and goals – educational and legislative – that reflect growing demand for school space.</p>

**Discussion Matrix: HB 1783 Charges to the Ed Specs Workgroup**

**February 6, 2019**

NOTE: Strikethroughs and underlining represent changes from discussion at the third meeting on 1/4/19

**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 <b><i>on a per-student basis</i></b> and provide additional funds to LEAs that build schools below that cost level (see, for e.g., Senate Bill 92)</p> <p>See new recommendations for Topics I and III above.</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><del>Low-enrollment population</del> 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>May not disincentivize</u> greater GSF, <del>which will</del> generally predicts higher <u>long-term</u> costs of ownership that can be <del>much</del> greater than the original cost of construction.</p> <p>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.</p> <p>There’s no incremental stretch goal (e.g. 30 percent reduction in cost) which would incentivize even minor reductions.</p>	<p>1) Continue to use a cost-per-square-foot measure for state funding allocations.</p> <p>2) See new recommendations for I and III above.</p>
<p>B. The State is not actively incentivizing lower <b><i>total</i></b> (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.</p> <p>Will require additional staff resources from the IAC for analysis and oversight.</p>	<p>1) Collect data on LEAs’ facility operations, maintenance and capital-renewal activities. Analyze the data and provide reports to state and local stakeholders.</p> <p>2) Develop incentives for LEAs to improve the fiscal sustainability of their facilities portfolios.</p> <p>3) Develop requirements and incentives for LEAs to reduce total cost of ownership.</p>

**Discussion Matrix: HB 1783 Charges to the Ed Specs Workgroup**

**February 6, 2019**

NOTE: Strikethroughs and underlining represent changes from discussion at the third meeting on 1/4/19

Issues	Potential Solutions	Pros	Cons	Draft Recommendations
<p><u>C. The public can more easily understand dollars per student versus calculations in the current system.</u></p>	<p><u>Translate properly scaled square footage into cost per student for any given project.</u></p> <p><i>[Note: Scaled square footage accounts for increased efficiencies in schools with larger enrollments.]</i></p>	<p><u>Comparable information that's easy for the public to understand.</u></p>	<p><u>Masks total square footage, which is the primary driver of total cost of ownership, and square footage per student.</u></p>	<p><u>1) Provide both cost per square foot and cost per student, per the draft total cost of ownership estimating tool.</u></p>
<p><u>D. When capital maintenance expenditures from LEA's operating budgets are counted in Maintenance of Effort calculations, it disincentivizes capital maintenance, which can diminish the sufficiency of learning spaces as well as increase total costs of ownership.</u></p>	<p><u>Exclude some or all capital maintenance (systemics) expenditures from Maintenance of Effort calculations.</u></p>	<p><u>May removes disincentive to make capital maintenance expenditures, which naturally vary from year to year.</u></p> <p><u>Removes an excuse for failing to fully fund capital maintenance.</u></p>	<p><u>Option could add new fiscal pressures on county budgets.</u></p>	<p><u>IAC staff should:</u></p> <ol style="list-style-type: none"> <li><u>1) Study Education Article §5-202(d), related COMAR sections, local government practices, and the Financial Reporting Manual for Maryland Public Schools;</u></li> <li><u>2) Consult MSDE, LEAs, and the Maryland Attorney General's Office;</u></li> <li><u>3) Identify the capital maintenance expenditures currently included in MOE under existing rules.</u></li> </ol>
<p><u>E. Maintenance and operations activities that include preventive maintenance and lower the total cost of ownership are reportedly underfunded. Maintenance funding competes with operational dollars.</u></p>	<p><u>Consider legislation requiring that a certain percentage of formula funding or a new funding source be dedicated to and spent on routine facilities maintenance and operations.</u></p>	<p><u>Will help to ensure sufficient funding to protect capital investments: ensure educationally sufficient environments; and minimize the total cost of ownership.</u></p>	<p><u>Unless additional operations funds are added, increases in maintenance funding may come at the cost of instructional, programmatic, and/or other operational functions.</u></p>	<p><u>1) Require that a certain percentage of formula funding or a new funding source be dedicated to and spent on routine facilities maintenance and operations.</u></p>