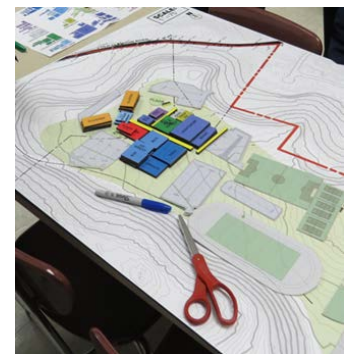




## Educational Development Specifications

The Findings and Recommendations of Maryland's ED Specs Workgroup  
established under the 21<sup>st</sup> Century School Facilities Act (HB 1783)

July 1, 2019



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## Executive Summary

In this report, the Workgroup on Educational Development Specifications (“the Workgroup”) provides its recommendations to the Governor and the General Assembly of Maryland as required in 2018’s House Bill 1783. In January 2016, the General Assembly established the 21<sup>st</sup> Century School Facilities Commission ([Knott Commission](#)) to review all aspects of the State’s school-construction funding process. The Commission held meetings and worked diligently for nearly two years to develop recommendations to improve the efficiency and cost-effectiveness of the process and issued its final report in January 2018. The recommendations of the Knott Commission provided the basis for 2018’s HB 1783, the *21<sup>st</sup> Century School Facilities Act*.

The Act created the Workgroup on Educational Development Specifications to review specific pieces of the process—those that relate to the early planning and funding processes involved in school construction—and to make recommendations to the Governor and General Assembly.

Ed Specs lay out a detailed project plan, with guidance on everything from the size of a school and its classrooms to lighting, acoustics, and temperature control; essentially, whatever is necessary to create comfortable and productive space for teaching and learning.

Equally important, Ed Specs establish a framework for Local Education Agencies (LEAs) and the State to set realistic funding targets. The workgroup focused on how to facilitate the full disclosure to county and city officials, school board members, school staff, and citizens, by describing in lay terms a facility’s function, purposes and its expected Total Cost of Ownership (TCO).

### **Maryland Schools Snapshot**

- **Nearly 1,400 Facilities** across 24 local school systems and the Maryland School for the Blind.
- **896,845 students** enrolled in September 2018.
- **139 million gross square feet (GSF)** of building space and thousands of acres of land statewide, with a total public asset value of **\$56 billion** at a current replacement cost of \$400 per GSF.
- **The cost of maintenance and operations**, at **\$1.112 billion** a year, is up from average annual expenditures of \$1.097 billion in 1994 – 2013.
- **The cost of replacing facilities**, at the same level of **\$1.112 billion** a year, has climbed from an annual average of \$808 million in 1994 – 2013.

Maryland has reached a critical juncture in the effort to ensure that public schools are designed and built to achieve state and local education objectives while remaining affordable to own and operate over time. The State invests hundreds of millions of dollars in school construction each year, yet conditions do not appear to be improving based upon the measures currently available.

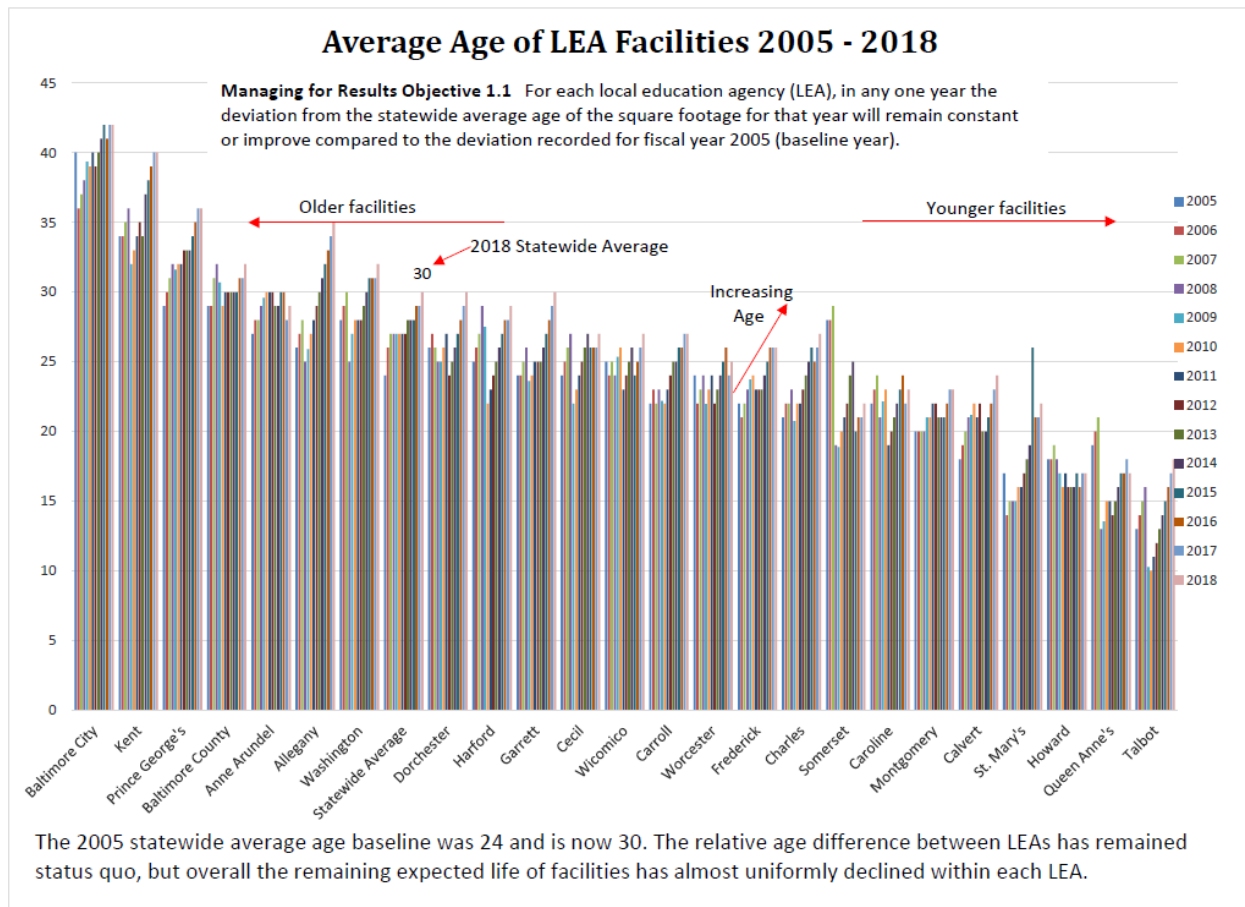


Figure 1. The IAC annually reports the average age of school facilities statewide.

The recommendations in this report reflect hours of analysis and deliberation by a body of elected officials and school-facilities professionals with a variety of experience, expertise and perspectives on how to fine-tune the way schools are designed, built, and operated such that our statewide school-facilities portfolio perpetually remains educationally sufficient and fiscally sustainable.

These consensus recommendations seek to lay the foundation for a new approach to school design and construction: one that enhances the partnership between local jurisdictions and the State and that both preserves local decision making and provides a path to fiscal sustainability.

## Statutory Charges

The ~~Maryland~~ General Assembly ~~of Maryland~~ passed the [21<sup>st</sup> Century School Facilities Act](#) in the Spring 2018 Legislative Session, laying the groundwork to re-evaluate the State's approach to school construction funding based upon the work of the Knott Commission. Section 6. of ~~HB 1783~~ [the Act](#) established the workgroup and outlined their charges.

### **(f) The Workgroup shall:**

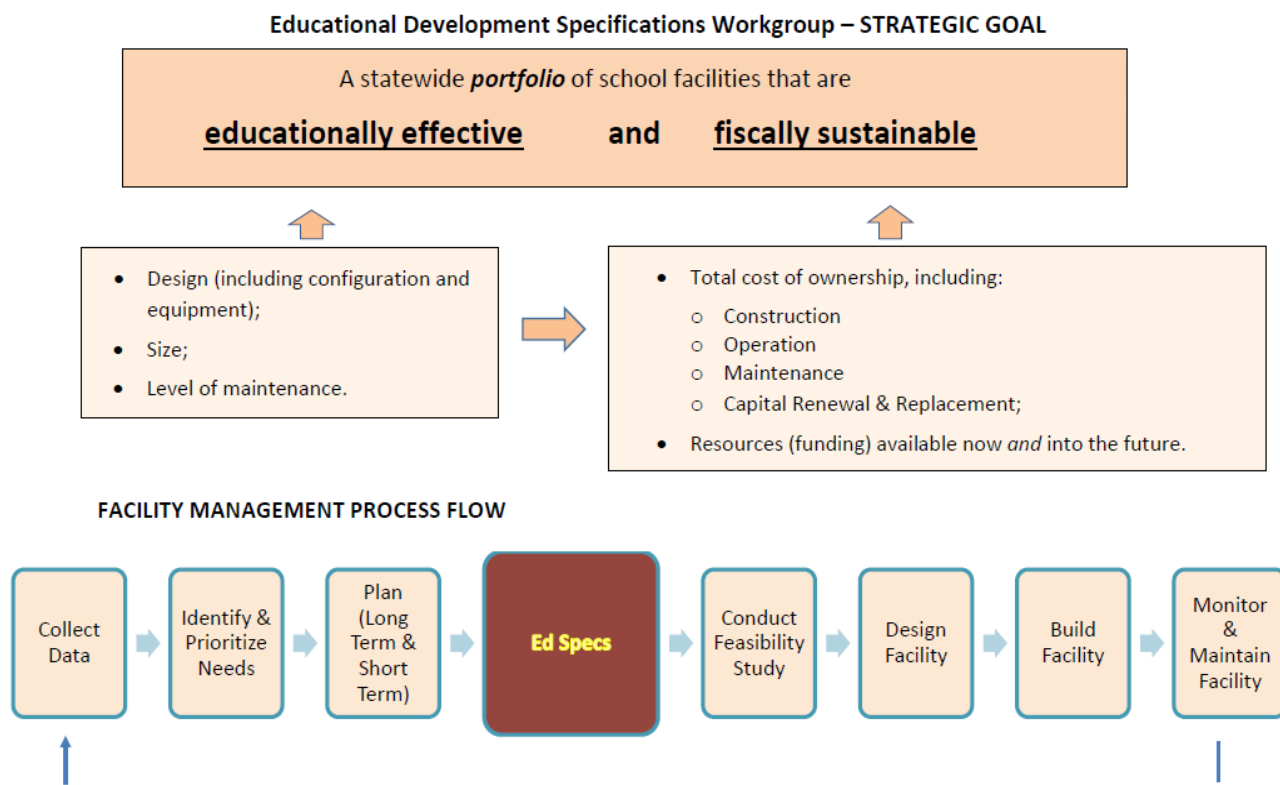
- (1) Review the square footage allocations that are currently used to calculate the State maximum allowable square footage for a project to identify any overly restrictive requirements and to determine if alternative methodologies or allocation could result in more efficient use of space in school buildings;
- (2) Review the Maryland State Department of Education school design standards and guidelines to ensure that the standards and guidelines:
  - (i) Are aligned with the space allowance for each type of space, such as health suites, classrooms, and community use areas; and
  - (ii) Are not overly specific;
- (3) Examine the use of regional cost-per-square-foot figures in the State allowable cost-per-square foot figures that are established annually, which would reflect the different construction and labor markets in regions of the State;
- (4) Review the State Rated Capacity process; and
- (5) 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.

### **(g) The Workgroup shall make recommendations regarding:**

- (1) 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;
- (2) The Maryland State Department of Education (MSDE) school design standards and guidelines;
- (3) The use of regional cost-per-square-foot figures in the State allowable cost-per-square-foot figures;
- (4) Updates to the State Rated Capacity process, including any updates necessary to address special programs and adjacent schools; and
- (5) 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.

## Workgroup Process

The Workgroup met six times, typically for all-day meetings, between November 28, 2018 and May 23, 2019. Each meeting was held in the Nancy Grasmick Education Building located at 200 West Baltimore Street in Baltimore City. Meetings were live streamed and archived video is available on the Interagency Commission on School Construction's (IAC) website at [iac.maryland.gov](http://iac.maryland.gov). At their first meeting, the members of the Workgroup agreed upon their primary strategic framework—to achieve a statewide portfolio of school facilities that are educationally effective and fiscally sustainable.



**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.

To facilitate their conversation, a discussion matrix that identified the statutory charges and corresponding issues was utilized and updated based upon the Workgroup's discussion at each meeting. The final discussion matrix is attached to this report as Appendix A.

## Prominent Discussion Themes

While working to come up with specific recommendations to meet the statutory charges, several prominent themes emerged around which all of the workgroup recommendations were focused.

### Sustainability of the Statewide School Facilities Portfolio

As the average age of school facilities continues to increase despite substantial financial investment into school facilities by the State and the local jurisdictions, the workgroup recognized early that the overarching objective must be to achieve a sustainable school facilities portfolio that maximizes the use of limited available resources. While decisions and information related to specific projects is critical, the workgroup recognized individual project choices must be to the benefit of the school facilities portfolio as a whole, resulting in a total statewide asset that is sufficient to educate every child in every seat in a Maryland school both today and in the future.

### Reduced Total Cost of Ownership

Early on the workgroup identified that, in isolation, neither the up-front cost of a construction project nor the long-term cost to own and operate a facility provide sufficient information to make informed decisions. Typically, a facility can last around 30 years before a major renovation project is necessary to keep the facility up-to-date and in working condition. The cost to own and operate a facility for those 30 years often exceeds the initial cost to build the facility. Therefore, facility design decisions must be made both with up-front and long-term costs in mind.

### The State's Role in School Facilities Construction and Management and LEA Flexibility

A second central theme emerged around the need for decision-making authority to stay with the decision makers who can make the best and most informed choices for their students and communities—the locals. It became clear that the State's role should be to support the LEAs by providing information, guidance, and best practices, without imposing unnecessary or overly restrictive requirements. School facilities are not one-size-fits-all, and the State's system and processes must be flexible enough to meet unique and constantly evolving educational needs.

### Maintenance

While the Workgroup focused primarily on early and critical planning and design decisions that determine the size, cost, and other attributes of a facility, the members also knew that projects and ownership cannot be separated from one another. After a facility is built, it must then be used and maintained properly. Inadequate maintenance shortens the life of the facility, costing valuable taxpayer dollars, and results in facility conditions that are not suitable for the education of children. The Workgroup identified that promoting best practices in maintenance and maintenance reporting will be critical to the success of the statewide school facilities portfolio, and discussed potential incentives and requirements around maintenance efforts and spending to promote positive practices.



## Findings and Recommendations

### Statutory Charges I and III

Because charges I and III are tied so closely together, the Workgroup chose to consider them in tandem, with various subtopics that focused on specific aspects of the charges.

#### Statutory Charge I

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.

#### Statutory Charge III

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.

In its review, the Workgroup focused on two main issues: 1) there is a prominent misconception that the Maryland State Department of Education’s (MSDE) school-facilities guidelines are *requirements* rather than recommendations with regard to both design and use; and, 2) whether or not the IAC’s square-footage allocations used to determine State funding participation are sufficient to support state required educational programs.

#### ***LEA’s misinterpret MSDE’s “guidance” as requirements***

With regard to design of spaces, Title 13A of the COMAR identifies programmatic requirements for educational facilities, which can be misinterpreted to require specific spaces. The Workgroup emphasized the need for local flexibility to meet educational requirements in innovative ways according to what is fiscally sustainable for the LEA. With regard to use of spaces, State requirements have at times been interpreted as not allowing multiple uses, such as serving lunch in the gymnasium. The Workgroup members agreed that the use of spaces should be a local decision. Greater utilization decreases space needs, which decreases the up-front cost to construct a facility as well as the ongoing cost of owning the facility.

#### *Recommendations to clarify State role in design decisions*

1. Clarify in Statute (Education Article § 2-303), MSDE’s Design Guidelines, COMAR, and the IAC Administrative Procedures Guide that the layout and design of school space fall under local control as long as they meet State programmatic requirements and building codes.
2. Align all State communications to acknowledge that facility design lies within the LEA’s purview.
3. Continue with implementation of HB 1783 and add IAC capacity as determined necessary by the IAC.

4. Review State Board of Education COMAR for implied space requirements and recommend that the State Board of Education adopt COMAR language stating that educational content standards shall not imply or specify the provision or use of school facility space. The use of space is a local decision.

*Recommendations to clarify that multiple-use of spaces is a local decision*

1. Review statutes, COMAR, and/or policies that impose State restrictions on use of space to clarify that use of space is a local decision.
2. Research and share information on multi-use best practices and models to LEAs and other stakeholders.

### ***The IAC's Maximum Gross Area Allowances (MGAAs) are not aligned with State design guidelines***

The IAC establishes Maximum Gross Area Allowances (MGAAs) for state funding participation that are based upon a formula that allows a certain number of square feet per student depending on the student's grade level. The IAC publishes these allowances in Appendix 102B of the IAC's [Administrative Procedures Guide](#). Over the course of a year, the IAC staff and MSDE School Facilities Branch Staff worked with LEAs and MSDE's program and content offices to review both the MGAAs and the State's facilities-design guidelines for each functional area of a school facility. Staff accordingly developed for consideration of the IAC and the Workgroup draft Gross Area Baselines (GABs) to replace the MGAAs. In most instances, the Baselines allow for a slight increase of eligible square footage over the MGAAs.

The purpose of a school facility is to properly support all educational programs. Because each school's combination of educational programs and environmental factors is unique, a standardized gross area formula will not always ensure sufficient space. The Workgroup accordingly recommended that the IAC adopt a variance process by which an LEA could request state funding participation for additional square footage beyond the GABs on a case-by-case basis, provided substantive evidence supports the need.

*Recommendations to align IAC's gross area allowances with programmatic requirements*

1. The IAC should adopt the Gross Area Baselines (GABs) to replace the MGAAs and, on a case by case basis, grant variances to increase space when appropriate.
2. The IAC should review and adjust the GABs as necessary and at least every two years.
3. Quantify and annually report on variances, trends, and goals – educational and legislative – that reflect growing demands for school space.

## **Statutory Charge II**

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

***Supply Side – The SRC does not match LEAs’ calculations of facility capacity and does not recognize the spaces needed to deliver programs required to address the needs of special populations***

The SRC calculation produces only a rough estimate of facility capacity. Facility capacity information is critical to efficient planning and early decision making and the SRC is not refined enough to be an accurate tool for either local decisions in planning and utilization or State decisions regarding the allocation of capital dollars to LEAs for school construction.

***Recommendations to refine capacity information for use in facility planning and funding decisions***

1. Transition the current SRC that is used for high-level decisions to the State Facility Capacity (SFC) that will replace the SRC over time with a more specific and accurate tool. The SFC is based upon an analysis of the projected utilization of all student-service spaces in a facility, both by seat and over the course of the hours in a typical week of operation. This analysis produces a more accurate description of student capacity of a facility than does the SRC. It will bring the capacity figures used in state-level funding decisions into closer alignment with the actual usage of the spaces within LEAs’ facilities.
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, maximizing use of school facilities between jurisdictions where there is an agreed upon joint programmatic opportunity.
3. 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.

***Demand Side – The SRC does not provide necessary data to conduct neighborhood-level supply-demand analysis***

When allocating funding and making planning decisions, the IAC utilizes county-level enrollment projections and recent year enrollment information for adjacent schools. Information regarding supply and demand at the neighborhood level is incomplete.

***Recommendations for more accurate supply-demand analysis***

1. Develop and devote resources of the IAC, Maryland Department of Planning (MDP) and DoIT’s Office of GIS to move toward data-driven systems for estimating and reporting current and project demand by neighborhood.
2. Work with the LEAs to support more accurate long-range supply-demand analyses and portfolio-wide capacity planning that incorporates the impact of academic program characteristics and elements that affect demand.

***Some existing facilities are underutilized***

Unused or underutilized space increases operational costs for LEAs unnecessarily. Increased utilization of school facilities, either by eliminating unnecessary square footage or identifying administrative

solutions for better utilization, results in lower facilities portfolio cost of ownership and maximizes the return on past investments in facilities and infrastructure.

#### *Recommendations to increase utilization of school facilities*

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~~ alternate solutions ~~as alternatives~~ to building additional space.
- 1.2. The legislature should determine a process and agency to address issues and opportunities to increase utilization of under-utilized space within the statewide school facilities portfolio.

#### Statutory Charge 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.

#### ***The IAC's single cost-per-square-foot measure does not reflect the variability in construction costs across the State***

The Workgroup discussed this topic extensively, and ultimately decided that regional cost-per-square-foot figures were not a feasible solution. Construction cost variables are extensive and far more complex than ~~it simply can be addressed with~~ regional figures. Additionally, data sets to determine regional cost-per-square-foot figures would be far too small to yield any accurate figures. Instead, the workgroup focused on allowing the IAC to have sufficient flexibility to participate in justifiable costs that exceed the standard cost-per-square-foot.

#### *Recommendations to promote State participation in justifiable construction costs exceeding the standard cost-per-square-foot*

1. Review and improve COMAR 23.03.02.07 to permit the IAC to increase State participation beyond the standard cost-per-square-foot in any county rather than only in "One Maryland" counties as defined by the regulation.
2. Set aside 2.5% of the annual total CIP new authorization allocation as an IAC contingency fund to be used case-by-case in instances where the actual cost-per-square-foot exceeds the cost-per-square-foot eligible for State funding participation, despite the LEA's best efforts to control costs. Remaining funding would revert to the next year's CIP for allocation.

#### Statutory Charge V

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.

### ***State is not actively incentivizing cost savings in school construction***

The statutory charge specifically required the Workgroup to make recommendations for incentivizing lower project costs. The Workgroup identified early on that the total cost of ownership for a facility was far more critical than the up-front cost to build, as the costs of owning and operating a facility for 30 years can exceed the initial cost to construct the facility and those operational dollar compete directly with funding for teachers and supplies. For that reason, the Workgroup focused on recommendations to lower the total cost of ownership, including up-front costs, which are detailed later in this report. The workgroup also discussed that the IAC should promote innovative solutions to facilities needs outside of existing processes when the LEA can demonstrate fiscally advantageous solutions.

### *Recommendations to allow local flexibility to meet facility needs*

Explore a. Allowing the purchase of buildings for renovation as part of a project's cost if feasibility studies demonstrate that it is the best solution.

### **Recommendations Outside of Direct Statutory Charges**

Throughout the course of the Workgroup discussions, the Workgroup often identified issues or potential solutions that were outside of the specific scope of the statutory charges, but were consistent with the intention of the legislative language and the agreed upon strategic goal of the Workgroup to find solutions to achieve a Statewide portfolio of school facilities that are educationally effective and fiscally sustainable. These recommendations are scattered throughout the Discussion Matrix in the categories that prompted their initial discussion, but have been reorganized within this additional category for clarity in the Workgroup's final report.

### ***Definitions of capital and maintenance spending on facilities are inconsistent and do not allow for comparable information across LEAs***

Although LEAs report budget and expenditure information to MSDE, the cost definitions that are used make it difficult to separate facility capital and maintenance costs from other costs. For example, vehicle maintenance costs can be grouped together with facilities maintenance costs. Lack of comparable and clear data makes it impossible to properly analyze facilities spending.

### *Recommendations to improve maintenance spending data for analysis and further consideration*

1. 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. Adoption of these definitions would streamline data collections and limit manual information collection required by the LEA for several other Workgroup recommendations.

### ***Total Cost of Ownership is not considered in State funding decisions***

Total cost of Ownership (TCO) is the cost to build, own, and operate a facility over time. Although the first cost of constructing a facility is costly, the cost to own and operate the facility for 30 years can exceed the initial cost of construction. Limiting decision-making information to first project cost severely limits the ability of decision makers to make good decisions. In discussing how to incentivize reducing the cost of a facility, the workgroup ultimately decided that it is far more important to incentivize building a facility that has a lower TCO, regardless of whether the up-front cost to build is more or less expensive. The workgroup further discussed that TCO should be discussed in terms of cost per student as well as cost per square foot, as the information is easier for the public to understand.

#### *Recommendations to incentive a lower TCO for new, replacement, and fully renovated school facilities*

1. Create Life Cycle Cost Analysis (LCCA) comparable standards and measures used in a tool for calculating the total cost of ownership.
2. Create an incentive that provides for additional State share percentage points that correspond to percentage reductions in the facility TCO when compared to the baseline. Industry standards show that for each year, facility cost of ownership equals 2% of the initial construction cost for maintenance and operations (including heating, cooling, custodial, grounds, etc.) plus 2% of the initial construction cost for systemic projects (capital maintenance). An incentive could reward LEAs who design a facility for which the estimate TCO of the facility is less than the baseline according to industry standards.
3. Develop incentives for LEAs to reduce total cost of ownership of independent facilities and to improve the fiscal sustainability of their entire facilities portfolio.

#### *Recommendations to report or identify TCO to inform State and local decision makers*

1. Implement post-occupancy evaluations utilizing a standard template that will facilitate collection and availability of comparable information for all LEAs.
2. Implement the use of the “Ed Spec Total Cost of Ownership Estimation” tool to capture and inform on the cost to build and operate facilities over time. The tool should include cost per student calculations and should be required beginning at the Educational Specifications submission to MSDE and should be updated at incremental design stages.
3. Explore the implementation of real time utilities metering for each facility.

### ***Maintenance and operations activities are underfunded and funding competes with operational dollars***

While capital dollars are accounted for and often derived from separate sources than operational dollars, maintenance spending directly competes with other critical operational needs, including teachers and textbooks. This competition often results in an underfunding of operational maintenance.

#### *Recommendations to ensure appropriate levels of maintenance funding*

1. 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.
2. Consider legislation that requires a certain percentage of formula funding or a new funding source be dedicated to and spent on routine facilities maintenance and operations.

- ~~3. Allocate 2% of each LEA's asset value to the LEA annually and require that the funding is used for operational maintenance.~~
- ~~4. Require a percentage set aside for maintenance and operations from each LEA's funding formula budget.~~
3. Request that the Kirwan commission consider isolating the use of operational maintenance funding from other operations and implement standard NCSF definitions to clearly define allowable uses of funding.
4. Recommend that the Kirwan Commission include a funding bonus or reward for meeting a certain level of maintenance effectiveness.
5. Consider incentives funding for in which the state share of systemic projects would be increased where the replaced system to be replaced has exceeded its the expected lifespan expected.

### ***Shared Use of Space***

The workgroup identified that the cost of operating and maintaining space is often not understood by community organizations or the public and school systems often have to pay for the use of space for non-educational purposes. Although LEAs see value in building space for community partners to use, there should be a full understanding of the cost of owning these spaces. Separately, the workgroup also noted that current State funding practices do not allow the greatest level of flexibility for the LEA to work out innovative facilities solutions—in particular, the IAC will not participate in the cost of purchasing a facility that could be renovated to serve as a school.

#### *Recommendations to promote clear shared-space agreements and practices*

1. Research questions and resources related to cooperative use agreements, such as standardized leases and cost per square foot.
2. Provide technical assistance and best practices information on cooperative-use agreements for LEAs.
3. Develop an online toolkit highlighting information, resources, and practical tools such as the join-use School Facilities Cost Calculator created by the 21<sup>st</sup> Century School Fund's Building Educational Success Together collaborative.
4. Educate county governments and the public on cost of ownership.

#### ~~*Recommendations to allow local flexibility to meet facility needs*~~

- ~~1. Explore allowing the purchase of buildings for renovation as part of a project cost if feasibility studies demonstrate that it is the best solution.~~

## Conclusion and Next Steps

The Workgroup on Educational Specifications is tasked with completing this report and submitting it to the Governor and the General Assembly by July 1, 2019. However, the submission of this report is only the first step in creating a State school-construction process that results in educationally sufficient and fiscally sustainable school facilities.

Some of the recommendations in this report can be almost immediately implemented by the Interagency Commission on School Construction. In fact, at their meeting on May 9, 2019, the IAC voted to replace the Maximum Gross Area Allowances with the proposed Gross Area Baselines (GABs), which better account for programmatic space requirements in school facilities. At the same meeting, the IAC voted to require preliminary estimated total cost of ownership information from LEAs when they submit their educational specifications to the IAC for review. The meeting agenda materials are available on the [IAC's website](#).

However, some recommendations require further discussion and deliberation. Ideas for potential funding-related incentives, for example, will now be passed on to the Workgroup on the Assessment and Funding of School Facilities (Funding Workgroup). The Funding Workgroup, created pursuant to Section 3 of HB 1783, is tasked with considering whether the State should provide funding incentives for local jurisdictions that reduce the total cost of ownership of public school facilities. The Funding Workgroup will also consider the results of the Statewide Assessment and how they should be used to guide State funding decisions. A brief summary of the Funding Workgroup membership and statutory changes is attached as Appendix B. The Funding Workgroup is anticipated to begin meeting later this summer.

The size of the statewide school facilities portfolio in Maryland is second only to the portfolio of its roads, with an asset value of \$56 billion. School facilities must remain perpetually in sufficient condition and the processes established for planning, funding, and maintaining these facilities must be persistent. Nearly 900,000 students attend just under 1,400 schools which must be in sufficient condition to enable those children to learn.