Discussion Matrix: HB 1783 Charges to the Ed Specs Workgroup **May 16, 2019**

NOTE: Strikethroughs and underlining represent changes from discussion at the meeting on 5/15/19 **DRAFT**

Blue shading indicates direct relation to statutory charges
Green shading indicates that recommendation will be presented to the Funding Workgroup for additional consideration
Yellow shading indicates that recommendation is outside of direct statuory charges

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	Responsible Actor
A. The IAC's *Maximum Gross Area Allowances* (MGAAs), used to set state funding participation, are too restrictive and do not align with MSDE's *Design Guidelines* for space.	Adjust the IAC's *Maximum Gross Area Allowances* (MGAAs) to better support educational sufficiency and to align with MSDE's *Design Guidelines*.	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. Supports the provision of resource spaces and community spaces.	May perpetuate the perceived validity of a "required" size. There is scarce evidence showing that providing more space results in improved student academic performance. May produce significant costs of ownership unrelated to academics	1) IAC adopt the revised MGAAs proposed by IAC staff and convert MGAAs into Gross Area Baselines (GABs) that describe the default outer boundaries of size in which the state will participate while allowing the IAC to grant variances on a case by case basis as appropriate. 2) The IAC will continue to review and adjust the GABs as it deems necessary and at least every 2 years.	• IAC
B. LEAs often misinterpret MSDE's "guidance" on the design of space as a requirement, including multi-use of spaces, resulting in a perception of too much state micro-management. MSDE curriculum specialists must advise only on programmatic requirements, while facilities requirements must be left up to LEA authority.	Clarify in regulations that decisions on design of space have been ***and remain*** local decisions. Survey school districts to determine their needs and priorities and add value through additional technical assistance—and/or other state support – on design of facilities/spaces; bulk purchasing; public/private partnerships; and/or standardized agreements to attain educational sufficiency *and* fiscal sustainability (utilizing total cost-of-ownership analysis); Invest time and effort to develop and share well-documented best practices, tools, and training with LEAS, (e.g., through a resource library).	1) Facilitates partnerships between the State and local school districts to define and achieve shared educational goals. 3) Retains LEA flexibility to meet State programmatic goals in ways that make the best use of limited resources and school facilities.	Requires IAC staff time and capacity.	1) Revise statutes, COMAR, and/or policies that impose State restrictions on use of space to clarify that use of space is a local decision. 2) 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. 3) Align all state communications to acknowledge that facility design lies within the LEAs' purview. 4) Review State Board of Education COMAR for implied space requirements <u>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.</u> 5) Research and share information on multi-use best practices and models to LEAs and other stakeholders.	• IAC • State Board of Education • MSDE School Facilities Branch

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C. Total Cost of Ownership is not weighed heavily enough in State funding decisions, despite the long-term impacts at the state *and* local levels. There are few incentives for LEAs to plan, design and build more efficiently and to factor in total cost of ownership.	Develop incentives to promote long-term planning and decision-making that are grounded in fiscal sustainability (affordability) through analyses of Total Cost of Ownership.	Incentivizes to lower their average portfolio Total Cost of Ownership every time they plan a new or renewal project. By focusing local attention on total cost of ownership, the State can lay the groundwork for greater fiscal capacity to support school construction over time.	To accurately determinine the estimated total cost of ownership requires additional resources. 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.	1) 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. (Rosapepe 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; http://www.pscp.state.md.us/Workgroups/EDSW/EDSWindex.cfm)~~and~~ 2) Create and maintain LCCA comparable standards and measures used in a tool for calculating total cost of ownership. 3) Implement post-occupancy evaluations utilizing a standard template that will facilitate collection and availability of comparable information for all LEAs. 4) 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 and track the cost of ownership. 5) 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. 6) Explore the implementation of real time utilities metering for each facility.	• Funding Workgroup • IAC

Issues	Potential Solutions	Pros	Cons	Draft Recommendations	Responsible Actor
D. Some LEAs see value in allowing community partners to use school spaces. 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. 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). 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.]	Develop standardized agreements to support fiscally prudent, cooperative use of school facilties. 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.	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.) 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.	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.	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 joint-use School Facilities Cost Calculator [*http://www.bestschoolfacilities.org/jointusecalc/*] created by the 21st Century School Fund's Building Educational Success Together collaborative. 4) Educate county governments and the public on cost of ownership (which can be more than the original cost of construction).	• IAC
E. Building above the baseline total cost of ownership shifts future state funding for systemic replacements from efficientyly building LEAs to the overbuilding LEAs.	Disincentivize overbuilding by reducing State participation now or in the future.	State funds will more equitably address a greater set of facilities needs statewide.	Would require the development of a more robust and sophisticated database to track GABs at time of award.	1) Beginning in the FY 2021 CIP cycle, track ~~GABs~~ eligible square footage for new or renewal projects and only participate in the same percentage of systemics built in the future, thereby disincentivizing overbuilding. 2) Create a robust communications plan to inform districts of the changes.	• IAC

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	Responsible Actor
A. Supply Side: Maryland Department of Planning (MDP) and local governments use the SRC primarily for planning and growth management. The SRC does not match LEAs' calculations of facility capacity. LEAs report that the supply side of available student capacity in existing facilities, as calculated with the SRC, often differs from the availability calculated by utilization. IAC calculations of facility capacity do not adequately recognize the spaces needed to deliver programs required to address the needs of special populations.	Initiate the development of a new process and tools for decision-making at the neighborhood level. 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.	Acknowledges that the SRC calculation produces only a rough estimate of facility capacity. Factors actual facility utilization into decision making on capital projects. Acknowledges the spaces required to deliver the programs that LEAs believe they must deliver (e.g., to meet the needs of special populations).	May require more information and involvement (staff time) from LEAs. Requires more staff time from the IAC and partner agencies to analyze justification of need.	1) Transition the current SRC that is used for high level decisions to the SFC that will replace the SRC over time with a more specific and accurate tool. 2) Consider launching a joint State-Local effort to develop a system for 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.	• IAC • MDP
B. Demand Side: The IAC currently allocates capital funds without having the data required to conduct neighborhood-level, supply-demand analyses.	Encourage LEAs to use a GIS-based or similar system to analyze demand at the neighborhood level and share their data with the State. Develop a statewide GIS system to capture and share student mobility trends with LEAs to achieve greater accuracy in projecting populations of schools and communities.	Supports LEAs to improve their planning capacity by sharing valuable data. Allows the State to deploy state capital dollars more accurately to meet the current and projected needs. Hedges against over/under-building.	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.	1) Develop and devote resources of the IAC, MD Dept of Planning, and DoIT's Office of GIS to move toward data-driven systems for estimating and reporting current and projected demographic trends. 2) Work with 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.	• IAC • MDP • DoIT
C. Some existing facilities are underutilized.	Incentivize administrative solutions for better utilization of existing facilities, such as support for converting them into magnet schools that draw from a larger area.	Results in lower facilities portfolio cost of ownership. Maximizes the return on past investments in facilities and infrastructure.	Possible increases in transportation costs. May require students to cross existing attendance zones within LEAs.	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 alternate solutions to building additional space. 2) <u>Legislature should determine a process and agency to address issues and opportunities to increase utilization of underutilized space within the statewide school facilities portfolio.</u>	• IAC • General Assembly

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	Responsible Actor
A. The IAC's single cost-per-square-foot measure does not reflect the variability in construction costs across the state.	Maintain current annual cost and utilize the current IAC authority to make adjustments through the variance process.	The goal – of adjusting state funding to more closely match the cost of construction in different regions of the state – is well-intentioned. The IAC has the discretion to increase the maximum State allocation.	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. Does not address issues of scale or market dynamics. Poses additional challenges to the variance process as follows: • Determinations of cost efficiency are subjective. • The design of an actual project in a region in a given year may not necessarily be "efficient" or even reasonable. • The small sample set in some regions may not accurately represent the true cost of construction. • Requires more IAC staff capacity. With no discretionary fund, changes to the maximum allocation are delayed by one year.	1) COMAR 23.03.02.07 currently addresses this issue and can be reviewed for improvement. 2) Set aside 2.5 percent of ~~an~~ the annual total CIP allocation as an IAC contingency fund to be used in instances where the actual cost-per-square-foot exceeds the cost-per-square-foot eligible for State funding participation, despite best efforts to control costs**.** Remaining funding would revert to the next year's CIP. 4) Quantify and annually report on variances, trends, and goals – educational and legislative – that reflect growing demand for school space.	• IAC

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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	Responsible Actor
A. The State is not actively incentivizing cost savings in school construction. The public can more easily understand dollars per student versus calculations in the current system.	Identify an average cost of construction ***on a per-student basis*** and provide additional funds to LEAs that build schools below that cost level (see, for e.g., Senate Bill 92)	Incentivizes value engineering and cost control on the part of LEAs. Could save the state money. Could allow LEAs to build more square footage if they can keep the cost per square foot low.	Low-enrollment capacity schools would be at a clear disadvantage and high-enrollment capacity schools would have a substantial scale advantage. 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. Cost-per-student figures do not take into account the characteristics of a given student population or its needs. May not disincentivize greater GSF, which generally predicts higher long-term costs of ownership that can be greater than the original cost of construction. 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. There's no incremental stretch goal (e.g. 30 percent reduction in cost) which would incentivize even minor reductions.	1) Allow the purchase of buildings for renovation as part of a project cost if feasibility studies demonstrate that it is the best solution. 1) Implement the use of the ed spce total cost of ownership calculator to capture and inform on the cost to build and operate the facility over time. 2) <u>Require that</u> LEAs provide both cost per square foot and cost per student, per the draft ed spec total cost of ownership estimating tool, beginning at the ed spec submission.	• IAC
B. Maintenance and operations activities that include preventive maintenance and lower the total cost of ownership are reportedly underfunded. Maintenance funding competes with operational dollars.	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.	Will help to ensure sufficient funding to protect capital investments: ensure educationally sufficient environments; and minimize the total cost of ownership.	Unless additional operations funds are added, increases in maintenance funding may come at the cost of instructional, programmatic, and/or other operational functions.	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. 2) Request that the Kirwan Commission consider isolating the use of operational maintenance funding from other operations and implement standard NCSF definitions. <u>3) Recommend that the Kirwan Commission include a funding bonus or reward to LEAs for achieving a level of maintenance effectiveness.</u> <u>4) Consider incentives in which the state share of systemic projects would be increased where the system to be replaced has exceeded the lifespan expected.</u>	• General Assembly • Kirwan Commission • IAC