

**D25E03**  
**Interagency Committee on School Construction**

***Operating Budget Data***

(\$ in Thousands)

	<u>FY 07</u> <u>Actual</u>	<u>FY 08</u> <u>Working</u>	<u>FY 09</u> <u>Allowance</u>	<u>FY 08-09</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$24,259	\$18,791	\$20,833	\$2,042	10.9%
<b>Total Funds</b>	<b>\$24,259</b>	<b>\$18,791</b>	<b>\$20,833</b>	<b>\$2,042</b>	<b>10.9%</b>

- Funding increases by \$2.0 million from the fiscal 2008 working appropriation. The Aging Schools program increases by \$4.1 million due to a fund shift from capital to operating funds. However, this increase is offset by a \$2.2 million decrease in the Technology in Maryland Schools program.
- Underlying fiscal 2009 budget change, absent health insurance and Other Post Employment Benefits which distort year-to-year comparisons, is \$1.9 million, or 10.4%.

***Personnel Data***

	<u>FY 07</u> <u>Actual</u>	<u>FY 08</u> <u>Working</u>	<u>FY 09</u> <u>Allowance</u>	<u>FY 08-09</u> <u>Change</u>
Regular Positions	19.00	19.00	19.00	0.00
Contractual FTEs	<u>0.25</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>Total Personnel</b>	<b>19.25</b>	<b>19.00</b>	<b>19.00</b>	<b>0.00</b>

***Vacancy Data: Regular Positions***

Turnover, Excluding New Positions	0.38	2.00%
Positions Vacant as of 12/31/07	2.00	10.53%

- Personnel is unchanged from fiscal 2008.

Note: Numbers may not sum to total due to rounding.

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## *Analysis in Brief*

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### Major Trends

***Public School Construction Program (PSCP) Inspectors Surveyed 233 Schools for Adequacy of Maintenance of Facilities:*** The PSCP inspectors inspected 233 schools during the year, chosen based on the oldest inspection date on record. Ten schools were rated “not adequate;” all are located in Baltimore City and Prince George’s County. **The Interagency Committee on School Construction (IAC) should comment on the concentration of inadequate schools in two school systems.**

***Little Improvement of the Average Age of School Facilities:*** The baseline statewide average, collected in 2005, was 24 years (constructed in 1981). In 2006 the average age was 26 years (constructed in 1980), and in 2007 the average age was 27 years (constructed in 1980). Rather than the statewide average age of facilities decreasing from the baseline year, average age has actually increased every year since 2005. **IAC should comment on the increasing average age of school facilities across the State and the lack of improvement in average age of facilities in those jurisdictions which are most in need of facility upgrades.**

### Issues

***Excess Space Problematic for Several School Systems:*** The Board of School Commissioners (BOC) has shown considerable commitment to achieving the three-year 15% reduction in the Baltimore City Public Schools Systems (BCPSS) operating space. However, excess space continues to be a problem in Baltimore City, and as shown in recent legislative audit reports, Kent County as well. **IAC should comment on the actual square footage BCPSS has been able to close and transfer to the city and the progress made toward the 15% reduction in square footage. IAC should also comment on steps taken to limit the amount of underutilized space across the State.**

***IAC to Submit Guidelines for Local Education Agencies (LEA) on Renovations:*** Fiscal 2008 budget bill language restricted \$2 million until the IAC submitted guidelines for LEAs to use for major systems’ repair. These have not been submitted. **IAC should comment on why the guidelines have not been submitted and when the committees should expect to receive the report.**

### Recommended Actions

1. Add budget bill language to reduce the funding for the Aging Schools Program.

**D25E03**  
**Interagency Committee on School Construction**

***Operating Budget Analysis***

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**Program Description**

The Interagency Committee on School Construction (IAC) administers the Public School Construction Program (PSCP) under the authority of the Board of Public Works (BPW). The largest program that IAC administers is the *Capital Improvement Program*, which allocates funding to Local Education Agencies (LEAs) for public school capital improvement projects. Eligible projects include renovations, additions, new schools, and systemic renovations. IAC also administers the Technology in Maryland Schools (TIMS) program, the Aging Schools program, the federal Qualified Zone Academy Bond program, and the Recycled Tire program. Employees of the Maryland State Department of Education (MSDE), the Department of General Services (DGS), and the Maryland Department of Planning support the activities of the PSCP and provide technical assistance to the public school systems.

In administering the PSCP, IAC has established the following goals:

- to promote physical learning environments that support the educational goals of MSDE and LEAs;
- to promote well-maintained, safe physical environments in which to teach and learn; and
- to promote equity in the quality of school facilities throughout the State.

**Performance Analysis: Managing for Results (MFR)**

**PSCP Inspectors Increase Schools Participating in the School Maintenance Surveys**

One of IAC's major objectives in the Managing for Results report is to promote well-maintained, safe physical environments in schools. The corresponding performance measures reflect a recent focus on the adequacy of maintenance procedures in public school facilities. This performance measure relates to the number of schools in which PSCP inspectors will conduct annual maintenance surveys and requires the submission of an annual report to BPW, IAC, and LEAs. For schools rated not adequate or poor, timely remediation plans by those schools and reinspection and correction of deficiencies are required.

*D25E03 – Interagency Committee on School Construction*

Consistent with the MFR performance measures, the PSCP submitted the *Maintenance Survey Report for Public School Buildings* to BPW in December 2007. In fiscal 2006, DGS inspectors inspected 100 school facilities. In fiscal 2007, the responsibility for school maintenance inspections was transferred to PSCP, and two full-time inspector positions were created. The PSCP inspectors inspected 233 schools in fiscal 2007, chosen based on the oldest inspection date on record. **Exhibit 1** summarizes the results of the survey. Of the 233 schools surveyed, 49 were rated superior, 112 were rated good, 62 were rated adequate, and 10 were rated not adequate. The 10 schools rated not adequate were located in the Baltimore City school district (6) and the Prince George’s County school district (4). In fiscal 2006, only one school was rated not adequate, located in Baltimore City.

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**Exhibit 1**  
**Maintenance Survey Results**  
**December 14, 2007**

<u>County</u>	<u>Superior</u>	<u>Good</u>	<u>Adequate</u>	<u>Not Adequate</u>	<u>Poor</u>	<u>Total</u>
Allegany	1	2				3
Anne Arundel	7	10	1			18
Baltimore City	3	9	22	6		40
Baltimore	5	23	5			33
Calvert	4	1				5
Caroline			1			1
Carroll	3	4	1			8
Cecil	2					2
Charles	1	4	1			6
Dorchester	1					1
Frederick	2	9	2			13
Garrett		1				1
Harford	2	5	1			8
Howard	3	2				5
Kent		1				1
Montgomery	5	25	7			37
Prince George’s	3	11	19	4		37
Queen Anne’s	1					1
St. Mary’s	2	2				4
Somerset		1				1
Talbot	1					1
Washington	2	1	2			5
Wicomico	1					1
Worcester		1				1
<b>Total</b>	<b>49</b>	<b>112</b>	<b>62</b>	<b>10</b>	<b>0</b>	<b>233</b>
<b>%</b>	<b>21%</b>	<b>48%</b>	<b>27%</b>	<b>4%</b>		<b>100%</b>

Source: Interagency Committee on School Construction

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**Exhibit 2** shows the percentage of facilities ranked superior, good, adequate, not adequate, and poor in the fiscal 2006 and 2007 surveys. In both surveys, no schools were ranked poor. Between 2006 and 2007 the percentage of schools ranked superior increased by 13 points. **The IAC should comment on the increase in the number and percentage of schools rated not adequate. The IAC should also comment on plans to develop LEA maintenance “report cards” and how maintenance progress is tied to funding.**

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**Exhibit 2**  
**Maintenance Survey Results**  
**Fiscal 2006-2007**

	<u>Fiscal 2006</u>	<u>Fiscal 2007</u>	<u>Change in Percentage Points</u>
Superior	8%	21%	13%
Good	51%	48%	-3%
Adequate	40%	27%	-13%
Not Adequate	1%	4%	3%
Poor	0%	0%	0%

Source: Interagency Committee on School Construction

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**Average Age of School Facilities Shows Little Improvement**

In fiscal 2007, IAC established the third MFR goal to promote equity in the quality of school facilities throughout the State. The accompanying objective is to improve or, at least hold constant, each LEA’s deviation from the statewide average age of square footage of school facilities. The baseline statewide average, determined in 2005, was 24 years old (constructed in 1981).

**Exhibit 3** shows each LEA’s deviation from the statewide average year of school construction for 2005, 2006, and 2007. The statewide average age of school facilities was 26 years in 2006 and 27 years in 2007. Rather than decreasing from the baseline year, the statewide average has actually increased every year since 2005.

**Exhibit 3**  
**Age of Facilities Deviation from Statewide Averages**  
**2005-2007**

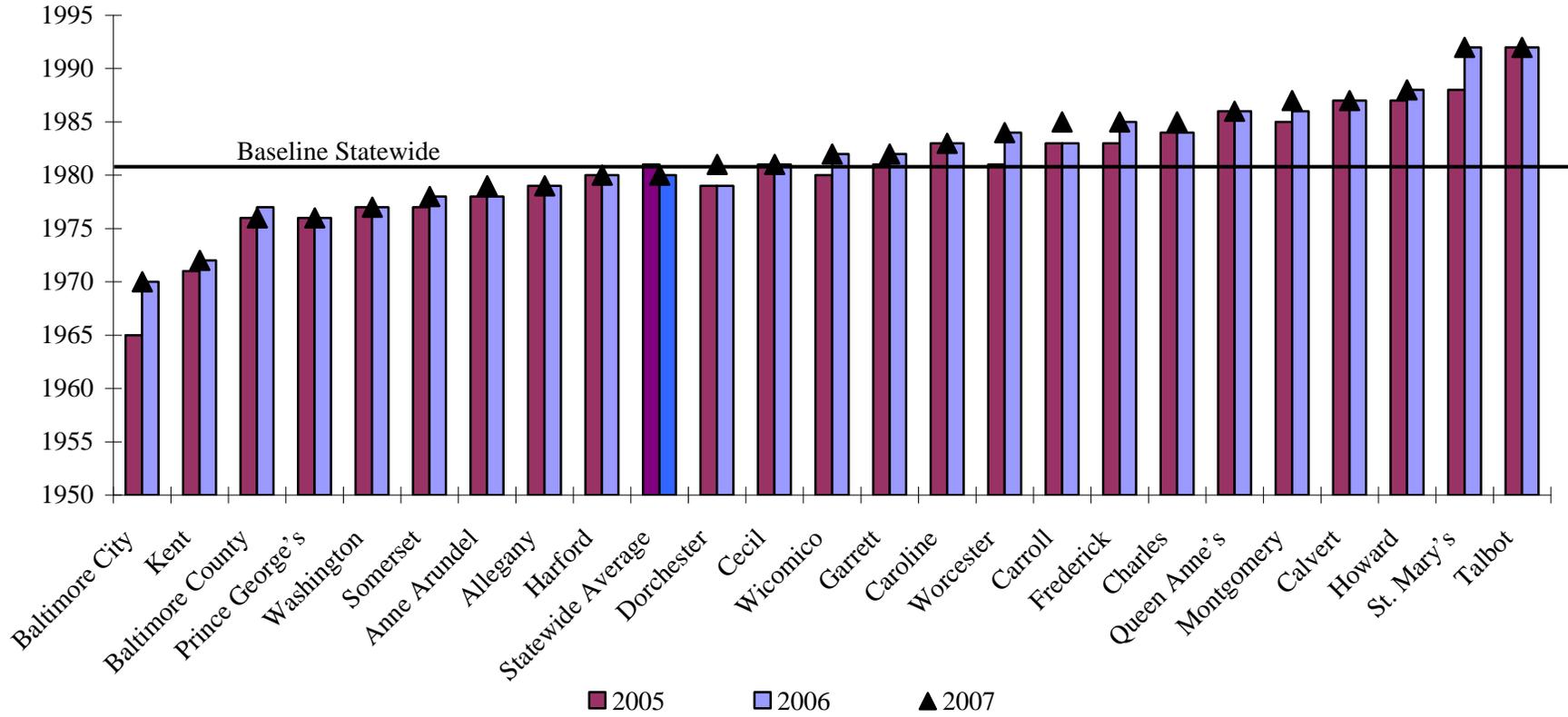
<u>School System</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Baltimore City	16	10	10
Kent	10	8	8
Baltimore County	5	3	4
Prince George's	5	4	4
Washington	4	3	3
Somerset	4	2	2
Anne Arundel	3	2	1
Allegany	2	1	1
Harford	1	0	0
Dorchester	2	1	-1
Cecil	0	-1	-1
Wicomico	1	-2	-2
Garrett	0	-2	-2
Caroline	-2	-3	-3
Worcester	0	-4	-4
Carroll	-2	-3	-5
Frederick	-2	-5	-5
Charles	-3	-4	-5
Queen Anne's	-5	-6	-6
Montgomery	-4	-6	-7
Calvert	-6	-7	-7
Howard	-6	-8	-8
St. Mary's	-7	-12	-12
Talbot	-11	-12	-12

Source: Department of Budget and Management

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**Exhibit 4** shows the average year of construction by LEA for 2005 (baseline year), 2006, and 2007. The oldest schools are located in Baltimore City, with an average construction date of 1970, or 37 years old. Kent County follows closely with an average construction date of 1972. Prince George's and Baltimore counties have the third oldest school facilities with an average construction date of 1975, showing no improvement from 2005. The newest school facilities are located in St. Mary's and Talbot counties, both with average construction dates of 1992.

**Exhibit 4**  
**Average Year of School Construction**  
**2005-2007**



Source: Department of Budget and Management

Furthermore, between 2006 and 2007, 18 of the 24 school districts showed no improvement in the average age of school facilities, including Baltimore City, and Kent and Prince George’s counties. Baltimore County was the only LEA in which the average age of school facilities increased between 2006 and 2007. The remaining 5 school systems showed improvement in the average age of facilities (Anne Arundel, Carroll, Charles, Dorchester, and Montgomery counties). **IAC should comment on the increasing average age of school facilities across the State and the lack of improvement in average age of facilities in those jurisdictions with the oldest buildings.**

## **Governor’s Proposed Budget**

The fiscal 2009 allowance increases \$2.0 million from the fiscal 2008 working appropriation, as shown in **Exhibit 5**. The largest increase is the \$4.1 million increase in general funds for the Aging Schools program. However, this increase is overstated because the fiscal 2008 appropriation included \$5.5 million for the program from federal Qualified Zone Academy Bonds, reducing the amount of general funds necessary to fund the mandated program.

Although general funds for the Aging Schools program are increasing by inflation as mandated in State law, the amount of funds available for the program is decreasing by \$1.4 million as hold harmless grants and enhancement funds have been phased out in fiscal 2009. **Exhibit 6** shows the total funds available in the Aging Schools program by county.

This increase was offset by a \$2.2 million decrease in TIMS wiring lease payments. As the wiring of all public schools for Internet access through the TIMS program is nearing completion, it is becoming easier to estimate the amount needed for lease payments; therefore, the allowance is closer to what will actually be needed than in the past. The Administration is assuming a fiscal 2008 reversion of \$260,000 from TIMS.

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**Exhibit 5**  
**Governor’s Proposed Budget**  
**Interagency Committee on School Construction**  
**(\$ in Thousands)**

<b>How Much It Grows:</b>	<b>General Fund</b>	<b>Total</b>
2008 Working Appropriation	\$18,791	\$18,791
2009 Governor’s Allowance	<u>20,833</u>	<u>20,833</u>
Amount Change	\$2,042	\$2,042
Percent Change	10.9%	10.9%
 <b>Where It Goes:</b>		
<b>Personnel Expenses</b>		
Increments and other compensation.....		-\$7
Health Insurance – pay-as-you-go costs .....		28
Health insurance – reduce long-term Other Post Employment Benefits liability .....		72
Turnover adjustments.....		12
 <b>Other Changes</b>		
Inflation and replacement of bond funds for the Aging Schools program.....		4,100
Technology in Maryland Schools program wiring lease payments .....		-2,155
Other Changes.....		-8
<b>Total</b>		<b>\$2,042</b>

Note: Numbers may not sum to total due to rounding.

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**Exhibit 6**  
**Aging School Program Allocation**  
**Fiscal 2009**

<u>County</u>	<u>Base*</u>	<u>Inflation Adjustment</u>	<u>Fiscal 2009 Total</u>
Allegany	\$173,171	\$4,658	\$177,829
Anne Arundel	896,109	24,105	920,214
Baltimore City	2,457,779	66,114	2,523,893
Baltimore	1,548,109	41,644	1,589,753
Calvert	67,808	1,824	69,632
Caroline	88,672	2,385	91,057
Carroll	243,066	6,538	249,604
Cecil	170,042	4,574	174,616
Charles	88,672	2,385	91,057
Dorchester	67,808	1,824	69,632
Frederick	323,392	8,699	332,091
Garrett	67,808	1,824	69,632
Harford	384,941	10,355	395,296
Howard	155,437	4,181	159,618
Kent	67,808	1,824	69,632
Montgomery	1,067,194	28,708	1,095,902
Prince George's	2,141,690	57,611	2,199,301
Queen Anne's	88,672	2,385	91,057
St. Mary's	88,672	2,385	91,057
Somerset	67,808	1,824	69,632
Talbot	67,808	1,824	69,632
Washington	238,893	6,426	245,319
Wicomico	188,819	5,079	193,898
Worcester	67,808	1,824	69,632
<b>Total</b>	<b>\$10,817,986</b>	<b>\$291,000</b>	<b>\$11,108,986</b>

\*2009 Base equals 2008 funding level, less the hold harmless grants and enhancements.

Source: Department of Budget and Management

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## *Issues*

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### **1. Excess Space Problematic for Several School Systems**

In 1990, Baltimore City had 108,663 students. By 2007, the city's enrollment has dropped to 81,284. Since the 1997 State law establishing the City-State Partnership was enacted, the State has recommended that the Baltimore City Public School System (BCPSS) consolidate schools and close unneeded school space due to declining enrollment and aging facilities in order to achieve cost savings and operating efficiencies. In 2006, the Baltimore City Board of School Commissioners adopted a policy to reduce the school system's square footage by 15% over three years. Since then, BCPSS has provided updates on facility issues in periodic reports submitted to IAC. In response to the May 2007 60-day report, IAC praised BCPSS for the progress in reducing the square footage of operating space in the school system.

However, IAC commented that the real financial and operational benefits of school closures only occur when responsibilities for maintenance, operations, and capital improvements are transferred from the school system to the city, or the building is "shuttered." The closure of a school as an educational unit does not provide these benefits if the building is still being used by BCPSS for other purposes. The most recent data from BCPSS shows that as of the spring of 2007, 13 schools have been through the closing process in *Code of Maryland Regulations* (COMAR), which requires certain notification before a school may close to students. These schools total 2,109,578 square feet, or 11.55% of the 15% goal. Of the schools that have been through the process, six have actually been closed/shuttered to date for 1,163,868 square feet or 6.37% towards the 15% goal. Three more are due to phase out by the end of the 2007-2008 school year, bringing the shuttered total to 1,603,931, or 8.78%. Three additional schools will go through the COMAR process in the spring of 2008. However, with the continual decline in enrollment BCPSS may have to reevaluate closure goals. **The IAC should comment on progress made toward the 15% goal and whether additional closures are necessary due to declining enrollment.**

School capacity may also be problematic in other local school systems. As reported in recent school system audits completed by the Office of Legislative Audits, Kent County, although the smallest system in the State, had at least a 20% underutilization rate in every school. Excess space can cost both large and small school systems. **The IAC should comment on the status of underutilized space in the State and steps taken to better align renovations and new construction to limit the amount of space not being used by the school systems.**

### **2. IAC to Submit Guidelines for Local Education Agencies on Renovations**

Fiscal 2008 budget bill language restricts \$2,000,000 of the general fund appropriation pending the submission by IAC of guidelines for local education agencies to use for long-term major systems' repair and replacement needs. The guidelines are required 45 days prior to the release of the funds. As of January 1, 2008, these guidelines have not been submitted. **IAC should comment on why the guidelines have not been submitted and when the committees should expect to receive the report.**

## ***Recommended Actions***

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1. Add the following language to the general fund appropriation:

, provided that this appropriation shall be reduced by \$291,000 contingent on enactment of legislation.

**Explanation:** The reduction represents the inflationary adjustment made to the Aging Schools Program formula and is consistent with reductions considered during the 2007 special session. The Aging Schools Program would continue to be funded at \$10,817,986.

## *Current and Prior Year Budgets*

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### Current and Prior Year Budgets Interagency Committee on School Construction (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
<b>Fiscal 2007</b>					
Legislative Appropriation	\$19,303	\$0	\$0	\$0	\$19,303
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	4,959	0	0	0	4,959
Reversions and Cancellations	-3	0	0	0	-3
<b>Actual Expenditures</b>	<b>\$24,259</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$24,259</b>
<b>Fiscal 2008</b>					
Legislative Appropriation	\$18,768	\$0	\$0	\$0	\$18,768
Cost Containment	0	0	0	0	0
Budget Amendments	23	0	0	0	23
<b>Working Appropriation</b>	<b>\$18,791</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$18,791</b>

Note: Numbers may not sum to total due to rounding.

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## **Fiscal 2007**

IAC's fiscal 2007 actual expenditures were \$5.0 million above the legislative appropriation, which consists solely of general funds. The increase includes a \$5.2 million transfer from the Board of Public Works to provide grants through the Aging Schools program, as directed by fiscal 2007 budget bill language. Also included in this increase is a \$16,567 cost-of-living adjustment (COLA) for State employees. The appropriation was reduced by \$308,245 to reflect the surplus in health insurance funding in the Governor's cost containment plan, and \$345 toward funding of a statewide salary survey. Finally \$2,664 was reverted to the general fund.

## **Fiscal 2008**

The fiscal 2008 general fund appropriation increased by \$22,988 for a COLA for State employees.

**Object/Fund Difference Report  
Interagency Committee on School Construction**

<u>Object/Fund</u>	<u>FY07 Actual</u>	<u>FY08 Working Appropriation</u>	<u>FY09 Allowance</u>	<u>FY08-FY09 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	19.00	19.00	19.00	0	0%
02 Contractual	0.25	0	0	0	0.0%
<b>Total Positions</b>	<b>19.25</b>	<b>19.00</b>	<b>19.00</b>	<b>0</b>	<b>0%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 1,351,817	\$ 1,364,925	\$ 1,470,036	\$ 105,111	7.7%
02 Technical and Spec. Fees	18,433	480	480	0	0%
03 Communication	10,203	16,860	18,096	1,236	7.3%
04 Travel	-1,728	18,220	18,220	0	0%
07 Motor Vehicles	11,592	11,508	11,760	252	2.2%
08 Contractual Services	9,985	28,822	22,822	-6,000	-20.8%
09 Supplies and Materials	2,190	13,088	11,588	-1,500	-11.5%
10 Equip. – Replacement	-480	591	591	0	0%
11 Equip. – Additional	7,703,661	10,322,195	8,166,496	-2,155,699	-20.9%
12 Grants, Subsidies, and Contributions	15,148,000	7,008,986	11,108,986	4,100,000	58.5%
13 Fixed Charges	5,757	5,126	4,094	-1,032	-20.1%
<b>Total Objects</b>	<b>\$ 24,259,430</b>	<b>\$ 18,790,801</b>	<b>\$ 20,833,169</b>	<b>\$ 2,042,368</b>	<b>10.9%</b>
<b>Funds</b>					
01 General Fund	\$ 24,259,430	\$ 18,790,801	\$ 20,833,169	\$ 2,042,368	10.9%
<b>Total Funds</b>	<b>\$ 24,259,430</b>	<b>\$ 18,790,801</b>	<b>\$ 20,833,169</b>	<b>\$ 2,042,368</b>	<b>10.9%</b>

Note: The fiscal 2008 appropriation does not include deficiencies.

**Fiscal Summary**  
**Interagency Committee on School Construction**

<u>Program/Unit</u>	<u>FY07 Actual</u>	<u>FY08 Wrk Approp</u>	<u>FY09 Allowance</u>	<u>Change</u>	<u>FY08-FY09 % Change</u>
01 General Administration	\$ 1,426,684	\$ 1,490,225	\$ 1,587,264	\$ 97,039	6.5%
02 School Facilities Program	22,832,746	17,300,576	19,245,905	1,945,329	11.2%
<b>Total Expenditures</b>	<b>\$ 24,259,430</b>	<b>\$ 18,790,801</b>	<b>\$ 20,833,169</b>	<b>\$ 2,042,368</b>	<b>10.9%</b>
General Fund	\$ 24,259,430	\$ 18,790,801	\$ 20,833,169	\$ 2,042,368	10.9%
<b>Total Appropriations</b>	<b>\$ 24,259,430</b>	<b>\$ 18,790,801</b>	<b>\$ 20,833,169</b>	<b>\$ 2,042,368</b>	<b>10.9%</b>

Note: The fiscal 2008 appropriation does not include deficiencies.