

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

***Operating Budget Data***

(\$ in Thousands)

	<u>FY 11</u> <u>Actual</u>	<u>FY 12</u> <u>Working</u>	<u>FY 13</u> <u>Allowance</u>	<u>FY 12-13</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$6,066	\$3,046	\$1,581	-\$1,465	-48.1%
<b>Adjusted General Fund</b>	<b>\$6,066</b>	<b>\$3,046</b>	<b>\$1,581</b>	<b>-\$1,465</b>	<b>-48.1%</b>
Special Fund	21	62	131	69	110.9%
<b>Adjusted Special Fund</b>	<b>\$21</b>	<b>\$62</b>	<b>\$131</b>	<b>\$69</b>	<b>110.9%</b>
<b>Adjusted Grand Total</b>	<b>\$6,087</b>	<b>\$3,108</b>	<b>\$1,712</b>	<b>-\$1,396</b>	<b>-44.9%</b>

- The fiscal 2013 allowance is \$1.4 million below the 2012 working appropriation. This change includes a \$1.4 million reduction in payments for the Technology in Maryland Schools wiring program.

***Personnel Data***

	<u>FY 11</u> <u>Actual</u>	<u>FY 12</u> <u>Working</u>	<u>FY 13</u> <u>Allowance</u>	<u>FY 12-13</u> <u>Change</u>
Regular Positions	18.00	18.00	17.00	-1.00
Contractual FTEs	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>0.00</u>
<b>Total Personnel</b>	<b>19.00</b>	<b>19.00</b>	<b>18.00</b>	<b>-1.00</b>

***Vacancy Data: Regular Positions***

Turnover and Necessary Vacancies, Excluding New Positions	0.00	0.00%
Positions and Percentage Vacant as of 12/31/11	2.00	11.11%

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

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- The fiscal 2013 allowance declines by 1.0 regular position, which is abolished.
- The fiscal 2013 allowance does not budget for turnover. As of December 31, 2011, there are 2.0 vacant positions, equal to an 11.1% turnover expectancy. One of these positions is abolished in the fiscal 2013 allowance.

## ***Analysis in Brief***

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### **Major Trends**

***Fiscal 2011 Maintenance Survey Data Not Available:*** The Interagency Committee on School Construction (IAC) established an objective in fiscal 2007 to conduct 230 maintenance surveys of public schools each year. The objective was exceeded in 2007 and 2008, but the number of surveys declined in 2009 and 2010. IAC reports that the 230 survey target was met in fiscal 2011, though the 2011 survey maintenance report will not be available until March 2012 due to staffing shortages. To help address this issue, the agency is requesting approval from the Department of Budget and Management to reclassify a recently vacated position to support the building inspection function. **IAC should comment on how maintenance surveys are progressing for fiscal 2012 and whether it expects to meet the 230 survey benchmark in fiscal 2012.**

***Seven School Systems Were Below Statewide Average Facility Age in Fiscal 2011, Down from 11 in 2005:*** The improvement in statewide average facility age reflects the State's significant investment in school construction in recent years. Maryland has gained three years in the effort to reduce schools' age. Six years elapsed between 2005 and 2011, but the schools aged only three years more. While 2011 data shows improvement over the baseline, with seven local education agencies below the State average age, this represents a slight decline since 2010 when only six local education agencies fell below the State average.

### **Recommended Actions**

1. Concur with Governor's allowance.

### **Updates**

***School Construction Supplementary Appropriation:*** School construction funds for fiscal 2012 include a supplementary one-time pay-as-you-go (PAYGO) appropriation of \$47.5 million. The Board of Public Works (BPW) is authorized to approve projects to receive these funds, with the Public School Construction Program providing review for technical soundness and financial viability. As of January 25, 2012, projects totaling \$36.5 million for seven counties/regions have been approved by BPW. Projects must be submitted to BPW for review by January 31, 2012, to receive funds.

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

***Operating Budget Analysis***

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**Program Description**

School construction spending is shared by State and local government. The Interagency Committee on School Construction (IAC) administers the State Public School Construction Program (PSCP) under the authority of the Board of Public Works (BPW). The State funds its share of school construction primarily by issuing bonds and allocating the funds to local education agencies (LEA). IAC reviews requests for State funds for eligible projects such as renovations, additions, new schools, and systemic renovations. Local matching funds are required. More information about the PSCP can be found in the capital budget analysis for the program (DE0202A).

IAC also administers the Technology in Maryland Schools (TIMS) program, the Aging Schools Program, and federal programs such as Qualified Zone Academy Bonds (QZAB). More information about the Aging Schools Program and the use of QZABs can be found in the capital budget analysis for the program (DE0202B).

Several 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.

IAC has the following goals in administering the PSCP:

- 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**

**Fiscal 2011 Maintenance Survey Data Not Available**

One of IAC's major goals is to promote well-maintained, safe physical environments in schools. To work toward this goal, the PSCP hired two full-time inspectors in fiscal 2007 and established an objective to conduct maintenance surveys in at least 230 schools each year. At this rate, each of Maryland's 1,400 public schools can be inspected once every six years. Prior to fiscal 2007, school inspections were conducted by DGS, which usually completed about

100 maintenance surveys each year. Neither Maryland statute nor the *Code of Maryland Regulations* specifies a minimum number of schools to be surveyed annually.

IAC reported that survey activity dropped in fiscal 2009 and 2010 because of budget constraints. Specifically, fiscal 2010 budget reductions of \$4,000 were applied to fuel expenditures for the two maintenance inspectors to travel to schools and conduct inspections. The General Assembly was concerned about the agency's reduction of maintenance surveys and added language to the fiscal 2011 budget bill restricting some of IAC's funds until 230 maintenance surveys were completed and reports submitted. A final report was submitted on June 27, 2011, showing that 230 inspections and 3 re-inspections were completed in fiscal 2011.

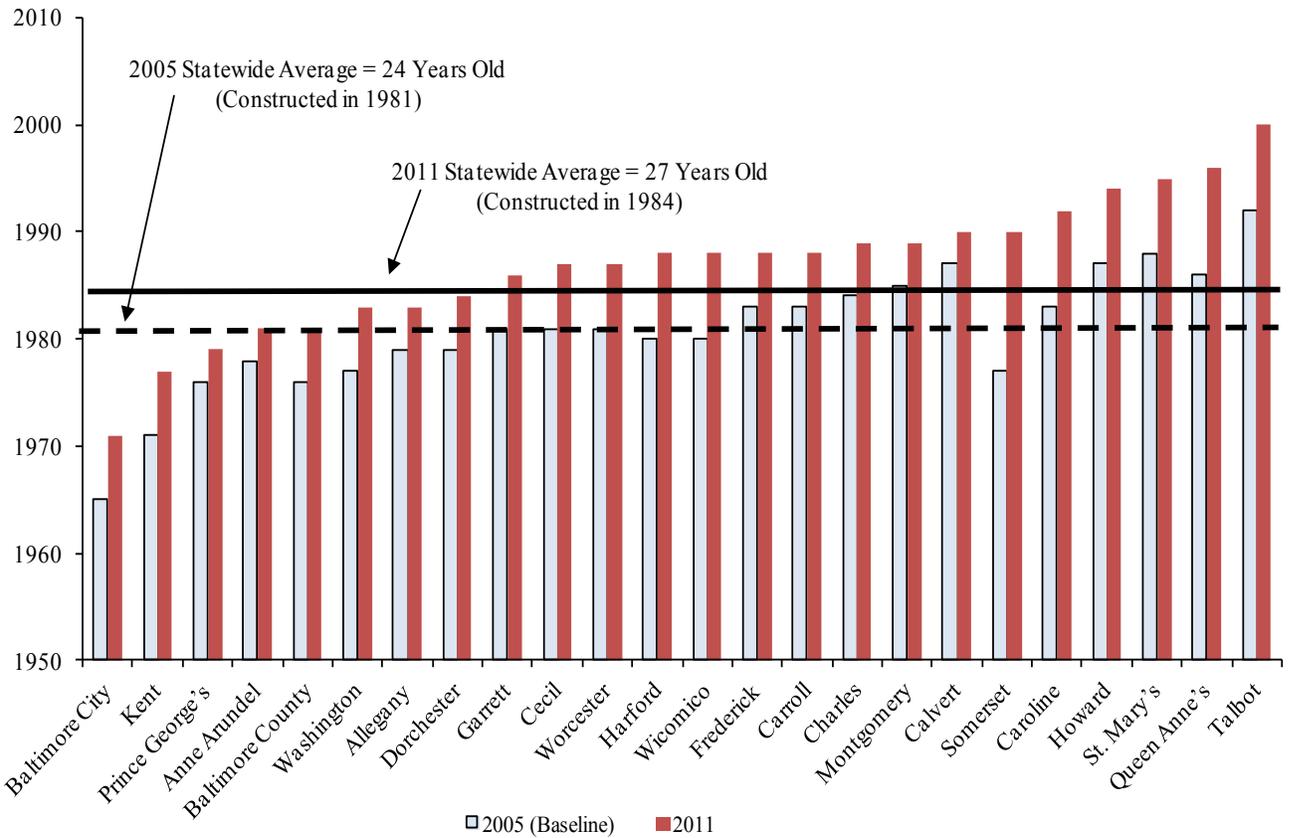
Though all 230 inspections requested by the budget committees were completed, IAC reports that the fiscal 2011 survey maintenance report will not be available until March 2012 due to staffing shortages. An administrative support position reporting to the deputy director that oversees the maintenance inspection function was frozen in June 2008 and is abolished in the fiscal 2013 allowance. A second administrative support position that supported administrative tasks for maintenance inspections was frozen and then abolished in June 2009. To help address this issue, IAC is requesting approval from the Department of Budget and Management (DBM) to reclassify a recently vacated position within the agency. **IAC should comment on how maintenance surveys are progressing for fiscal 2012 and whether it expects to meet the 230 survey benchmark in fiscal 2012.**

### **Seven School Systems Below Statewide Average Facility Age in Fiscal 2011, Down from 11 in 2005**

In fiscal 2007, IAC established a goal for the PSCP 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 1** shows the average year of construction by LEA for fiscal 2005 (the baseline year) and 2011. In fiscal 2005, 11 LEAs were below the State average age, and 3 LEAs were at the State average. The fiscal 2011 data shows improvement over the baseline, with 7 LEAs below the State average age and 1 at the State average, though this represents a slight decline from fiscal 2010 when only 6 LEAs fell below the State average. IAC attributes the increase in the number of districts with an average year of construction older than the statewide average to constraints on local capital funding, particularly among small and mid-size jurisdictions. This trend was first evident in the deferral of several large projects in Worcester and Dorchester counties, accelerated in fiscal 2012 with the withdrawal of several projects, and is reflected in the reduction in the total amount requested in the 5-year *Capital Improvement Program* (CIP) by such counties as well as in the lack of fiscal 2013 CIP requests from six jurisdictions, five of which are projects that could be submitted. Meanwhile, the statewide average age of square footage stays at a constant 27 years old, due mainly to large renovation and replacement programs in larger counties.

**Exhibit 1**  
**Average Construction Year**  
**Fiscal 2005 and 2011**



Source: Interagency Committee on School Construction for fiscal 2005 data; Governor's Budget Books, Fiscal 2013

Overall, Maryland has gained three years in the effort to reduce schools' age. Six years elapsed between fiscal 2005 and 2011, but the schools aged only three years more. In fiscal 2005, the average age was 24 years, and in 2011 the average age was 27 years.

The oldest schools are in Baltimore City, with an average construction date of 1971, or 40 years old. Schools in Allegany, Anne Arundel, Baltimore, Kent, Prince George's, and Washington counties are also below the 2011 statewide average; and Dorchester County is equal to the statewide average. Talbot County has the newest schools, with an average construction date of 2000, or 11 years old. The average age of Talbot County's schools changed dramatically in fiscal 2009 because the St. Michael's Elementary/Middle/High School renovation project was completed, and with only nine schools in the system, any new or renovated square footage has a sizable effect.

## **Proposed Budget**

As shown in **Exhibit 2**, the fiscal 2013 allowance is \$1.4 million less than the fiscal 2012 working appropriation. The most significant element of this decrease is a \$1.4 million general fund reduction for the TIMS wiring program, which is in its final years of payment. Special funds increase \$68,728 due to additional QZAB funds used to support 1 regular position.

The Aging Schools Program grants to school systems are not included in the operating budget. The Governor's capital budget includes \$6.1 million to fully fund the grants. Chapter 397 of 2011 (the Budget Reconciliation and Financing Act (BRFA) of 2011) authorized that the mandated funding could be funded in the operating or capital budget. The BRFA of 2012 proposes to eliminate a provision in the law that would rebase the formula at a higher level permanently if funds above the mandated level are provided.

## **Personnel Expenses**

Personnel expenses increase \$7,629 in the fiscal 2013 allowance, including a \$44,759 reduction related to 1 abolished administrative support position which reported to the deputy director that oversees the maintenance inspection function. The position had been vacant since June 2008 and was frozen to help the agency meet turnover, which was budgeted in fiscal 2012 at 3.5%. The agency currently has 1 additional vacancy, which IAC is requesting DBM approval to reclassify to support the building inspection function. Turnover is budgeted at 0.0% in the fiscal 2013 allowance, resulting in a \$42,285 increase since turnover was budgeted in and associated funds reduced from the fiscal 2012 working appropriation. Between January 1, 2009, and July 1, 2011, the IAC's vacancy rate remained 5.6%, representing the long-term vacancy abolished in the fiscal 2013 allowance.

**Exhibit 2**  
**Proposed Budget**  
**Interagency Committee on School Construction**  
**(\$ in Thousands)**

<b>How Much It Grows:</b>	<b>General Fund</b>	<b>Special Fund</b>	<b>Total</b>
2012 Working Appropriation	\$3,046	\$62	\$3,108
2013 Allowance	<u>1,581</u>	<u>131</u>	<u>1,712</u>
Amount Change	-\$1,465	\$69	-\$1,396
Percent Change	-48.1%	110.9%	-44.9%
 Contingent Reductions	 \$0	 \$0	 \$0
Adjusted Change	-\$1,465	\$69	-\$1,396
Adjusted Percent Change	-48.1%	110.9%	-44.9%

**Where It Goes:**

**Personnel Expenses**

Abolished position.....	-\$45
State contribution to employee retirement .....	17
Reclassification .....	-13
Completion of one-time \$750 employee bonuses .....	-14
Employee and retiree health insurance.....	20
Turnover adjustments .....	42

**Other Changes**

Technology in Maryland Schools wiring program lease payments .....	-1,430
Other changes .....	27

**Total** **-\$1,396**

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

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## ***Recommended Actions***

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1. Concur with Governor's allowance.

## Updates

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### 1. School Construction Supplementary Appropriation

Chapter 572 of 2011 allocated \$47.5 million in supplementary appropriations for public school construction projects as one-time funds from the increase in the State sales and use tax on alcoholic beverages to 9% of the taxable price of the alcoholic beverage. The General Assembly allocated each county or region a specific sum for which local matching funds are not required. Under the Act, these projects may or may not be eligible for funding from the PSCP and must be approved by BPW. BPW must consider requests from local jurisdictions and projects that benefit older school buildings; benefit schools with high proportions of low-income students; can be completed in one year; eliminate or reduce the use of relocateable classrooms; are eligible for State funding but are not fully funded in fiscal 2012; or reduce energy consumption or incorporate high-performance “green” building principals. Funds may also be reserved for eligible projects in fiscal 2013, but local funding recommendations must be submitted to BPW for approval by January 31, 2012. **Exhibit 3** shows the allocation of fiscal 2012 supplementary funds by county or region.

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**Exhibit 3**  
**Supplementary School Construction Appropriation by County or Region**  
**Fiscal 2012**

<u>County/Region</u>	<u>Appropriation</u>
Anne Arundel	\$5,000,000
Baltimore City	9,000,000
Baltimore County	7,000,000
Howard County	4,000,000
Montgomery County	9,000,000
Prince George’s County	9,000,000
Eastern Shore (Caroline, Dorchester, Kent, Queen Anne’s, Somerset, Talbot, Wicomico, and Worcester)	1,250,000
Northeast Maryland (Cecil and Harford)	1,250,000
Southern Maryland (Calvert, Charles, and St. Mary’s)	1,250,000
Western Maryland (Allegany, Carroll, Garrett, Frederick, and Washington)	750,000
<b>Total</b>	<b>\$47,500,000</b>

Source: Chapter 572 of 2011

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*D25E03 – Interagency Committee on School Construction*

As of January 25, 2012, Anne Arundel, Baltimore, Howard, and Montgomery counties, Baltimore City, and counties in the Northeast (Cecil and Harford) and Eastern Shore (Caroline, Dorchester, Kent, Queen Anne's, Somerset, Talbot, Wicomico, and Worcester) regions had submitted school construction project recommendations to BPW for review and received approval for projects totaling \$36.5 million. Approved projects range from the installation of artificial turf athletic fields to the replacement of entire facilities (in which case supplementary funding supports only a portion of the total project cost). Though one county and two regions had not submitted funding recommendations to BPW for review at the time of publication, IAC expects all counties and regions to meet the January 31, 2012 deadline for submission.

## *Current and Prior Year Budgets*

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### **Current and Prior Year Budgets Public School Construction (\$ in Thousands)**

	<b><u>General Fund</u></b>	<b><u>Special Fund</u></b>	<b><u>Federal Fund</u></b>	<b><u>Reimb. Fund</u></b>	<b><u>Total</u></b>
<b>Fiscal 2011</b>					
Legislative Appropriation	\$6,097	\$0	\$0	\$0	\$6,097
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	0	23	0	0	23
Reversions and Cancellations	-31	-2	0	0	-33
<b>Actual Expenditures</b>	<b>\$6,066</b>	<b>\$21</b>	<b>\$0</b>	<b>\$0</b>	<b>\$6,087</b>
<b>Fiscal 2012</b>					
Legislative Appropriation	\$3,033	\$0	\$0	\$0	\$3,033
Budget Amendments	13	62	0	0	75
<b>Working Appropriation</b>	<b>\$3,046</b>	<b>\$62</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,108</b>

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

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## **Fiscal 2011**

The fiscal 2011 budget closed at \$6.1 million, just \$10,086 less than the legislative appropriation. Special funds increased \$23,000 from unexpended prior year QZAB proceeds to hire a contractual employee to manage the QZAB program. Reversions and cancellations totaled \$33,086, of which \$30,663 was general funds and \$2,423 of special funds.

## **Fiscal 2012**

The fiscal 2012 working appropriation is \$74,912 above the legislative appropriation. Of this change, \$62,000 is due to an increase in special funds transferring a portion of QZAB proceeds from the capital budget to the operating budget to be used for eligible administrative costs to support LEA understanding of and grant applications for the QZAB program. General funds increase \$12,912 to reflect the one-time \$750 employee bonus.

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

<u>Object/Fund</u>	<u>FY 11 Actual</u>	<u>FY 12 Working Appropriation</u>	<u>FY 13 Allowance</u>	<u>FY 12 - FY 13 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	18.00	18.00	17.00	-1.00	-5.6%
02 Contractual	1.00	1.00	1.00	0.00	0%
<b>Total Positions</b>	<b>19.00</b>	<b>19.00</b>	<b>18.00</b>	<b>-1.00</b>	<b>-5.3%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 1,337,352	\$ 1,454,755	\$ 1,462,384	\$ 7,629	0.5%
02 Technical and Spec. Fees	17,332	56,614	67,397	10,783	19.0%
03 Communication	6,441	6,503	6,120	-383	-5.9%
04 Travel	12,185	16,595	18,729	2,134	12.9%
07 Motor Vehicles	10,220	11,760	11,760	0	0%
08 Contractual Services	12,084	22,753	36,801	14,048	61.7%
09 Supplies and Materials	17,552	8,888	8,888	0	0%
10 Equipment – Replacement	7,689	591	591	0	0%
11 Equipment – Additional	4,662,847	1,526,947	96,034	-1,430,913	-93.7%
13 Fixed Charges	3,312	2,800	3,019	219	7.8%
<b>Total Objects</b>	<b>\$ 6,087,014</b>	<b>\$ 3,108,206</b>	<b>\$ 1,711,723</b>	<b>-\$ 1,396,483</b>	<b>-44.9%</b>
<b>Funds</b>					
01 General Fund	\$ 6,066,437	\$ 3,046,206	\$ 1,580,995	-\$ 1,465,211	-48.1%
03 Special Fund	20,577	62,000	130,728	68,728	110.9%
<b>Total Funds</b>	<b>\$ 6,087,014</b>	<b>\$ 3,108,206</b>	<b>\$ 1,711,723</b>	<b>-\$ 1,396,483</b>	<b>-44.9%</b>

Note: The fiscal 2012 appropriation does not include deficiencies.

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

<u>Program/Unit</u>	<u>FY 11 Actual</u>	<u>FY 12 Wrk Approp</u>	<u>FY 13 Allowance</u>	<u>Change</u>	<u>FY 12 - FY 13 % Change</u>
01 General Administration	\$ 1,447,136	\$ 1,593,930	\$ 1,627,360	\$ 33,430	2.1%
02 Aging Schools Program	4,639,878	1,514,276	84,363	-1,429,913	-94.4%
<b>Total Expenditures</b>	<b>\$ 6,087,014</b>	<b>\$ 3,108,206</b>	<b>\$ 1,711,723</b>	<b>-\$ 1,396,483</b>	<b>-44.9%</b>
General Fund	\$ 6,066,437	\$ 3,046,206	\$ 1,580,995	-\$ 1,465,211	-48.1%
Special Fund	20,577	62,000	130,728	68,728	110.9%
<b>Total Appropriations</b>	<b>\$ 6,087,014</b>	<b>\$ 3,108,206</b>	<b>\$ 1,711,723</b>	<b>-\$ 1,396,483</b>	<b>-44.9%</b>

Note: The fiscal 2012 appropriation does not include deficiencies.