

R00A07
Interagency Commission on School Construction

Program Description

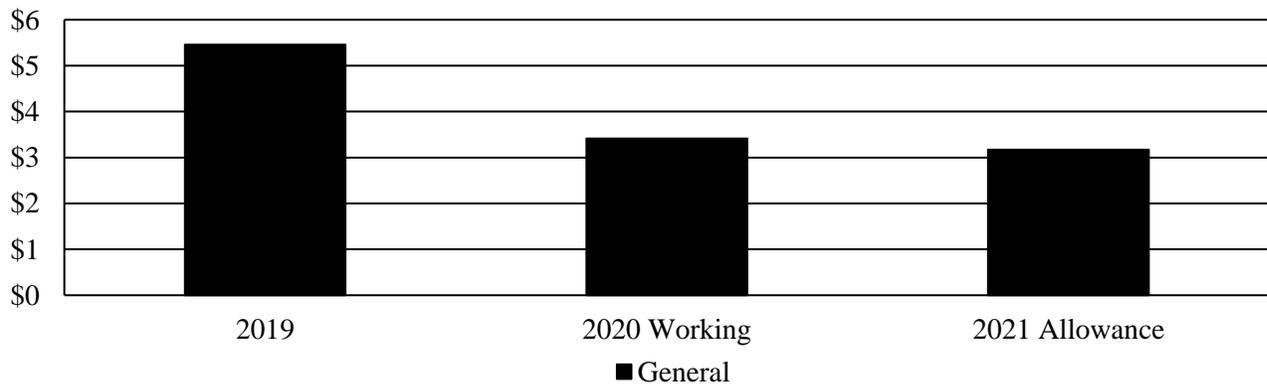
The Interagency Commission on School Construction (IAC) is an independent agency within the Maryland State Department of Education (MSDE) that reviews, analyzes, and approves requests for State school construction funds for each local education agency (LEA). IAC’s goals are to promote (1) equity in the quality of school facilities throughout the State and (2) well-maintained, safe physical environments for teaching and learning.

Previously under the authority of the Board of Public Works, the 21st Century School Facilities Act of 2018 (Chapter 14) created IAC as an independent commission within MSDE and expanded its membership and staff. In this expanded form, members of the commission include the State Superintendent of Schools, the Secretary of Planning, the Secretary of General Services, two members of the public appointed by the Governor, two members of the public appointed by the President of the Senate, and two members of the public appointed by the Speaker of the House of Delegates. IAC staff assist the commission to administer the Public School Construction Capital Improvement Program, which is the largest school construction grant program in the State, as well as State grants, including the Aging Schools Program for public and nonpublic schools; the Healthy School Facility Fund; the Public and Nonpublic School Safety Grants; and the Qualified Zone Academy Bond program.

More information on the State’s public school construction program and supplemental grants can be found in the IAC Capital Analysis (RA0702).

Operating Budget Summary

**Budget Decreases by \$237,464 or 7% to a Total of \$3.2 Million in Fiscal 2021
(\$ in Millions)**



Note: Numbers may not sum due to rounding. The fiscal 2020 appropriation includes deficiencies, planned reversions, and general salary increases. The fiscal 2021 allowance includes contingent reductions and general salary increases.

For further information contact: Laura H. Hyde

Phone: (410) 946-5530

Fiscal 2019

In fiscal 2019, IAC’s general fund appropriation was \$7.0 million, which was an increase of \$4.9 million over the legislative appropriation. This increase was due to the transfer of \$4.9 million reserved by the General Assembly in fiscal 2018 for a Statewide Facility Assessment (SFA) and an Integrated Master Facilities Asset Library, which Chapter 14 requires. IAC also received an increase of \$15,687 for salary cost-of-living (COLA) adjustments.

IAC reverted \$1.7 million in fiscal 2019: \$1.4 million for the Integrated Master Facility Asset Library and approximately \$300,000 in unused personnel expenses related to vacant positions. The agency had encumbrances totaling \$3.5 million for SFA.

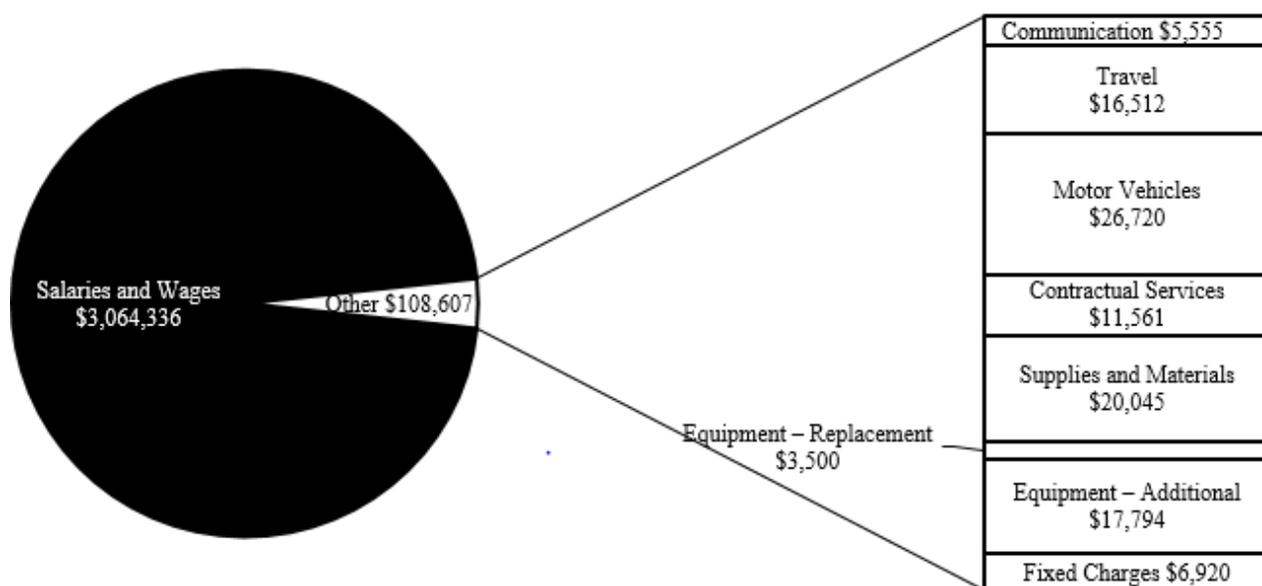
Fiscal 2020 Proposed Deficiency

In fiscal 2020, IAC’s working appropriation is approximately \$3.4 million in general funds. This allocation includes a \$500,000 deficiency appropriation for contractual services, which the agency intends to apply to SFA.

Overview of Agency Spending

IAC’s fiscal 2021 allowance is approximately \$3.2 million in general funds. IAC’s allocation for personnel is slightly more than \$3.0 million, which represents 97% of the agency’s total allocation. **Exhibit 1** shows the overview of agency spending for the fiscal 2021 allowance.

**Exhibit 1
Overview of Agency Spending
Fiscal 2021 Allowance**



Source: Governor’s Fiscal 2021 Budget Books

Proposed Budget Change

The fiscal 2021 allowance for IAC is approximately \$3.2 million, which is a decrease of \$237,000 and 7.0% less than the fiscal 2020 working appropriation. These proposed budget changes are shown in **Exhibit 2**.

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

	<u>General Fund</u>	<u>Total</u>
Fiscal 2019 Actual	\$5,459	\$5,459
Fiscal 2020 Working Appropriation	3,410	3,410
Fiscal 2021 Allowance	<u>3,173</u>	<u>3,173</u>
Fiscal 2020-2021 Amount Change	-\$237	-\$237
Fiscal 2020-2021 Percent Change	-7.0%	-7.0%

Where It Goes:

Personnel Expenses

Regular earnings	\$227
Employee and retiree health insurance	103
Employees retirement system	63
Fiscal 2021 salary increase	22
Social Security contributions	17
Fiscal 2020 salary adjustments	10
Unemployment compensation	1
Turnover adjustments	-130

Other Changes

Supplies and materials	-3
Equipment – Additional.....	-16
Motor vehicles	-30
Fiscal 2020 deficiency appropriation for one-time costs associated with the Statewide Facilities Assessment.....	-500
Total	-\$237

Note: Numbers may not sum due to rounding. The fiscal 2020 appropriation includes deficiencies, planned reversions, and general salary increases. The fiscal 2021 allowance includes contingent reductions and general salary increases.

For fiscal 2021, the IAC allowance does not add any new positions. Regular earnings increase \$227,000 as the agency tries to address its existing vacancies through more attractive salary offerings. Statewide COLA increases in fiscal 2020 and 2021 provide an additional increase of approximately \$31,000. Social Security, employee and retiree health insurance, retirement, and unemployment compensation increased a total of \$184,000. Increasing budgeted turnover expectancy to better align with current vacancies reduces personnel funding by \$130,000. Other changes to general operating expenses in the fiscal 2021 budget result in a net reduction of \$49,000.

Personnel Data

	<u>FY 19</u> <u>Actual</u>	<u>FY 20</u> <u>Working</u>	<u>FY 21</u> <u>Allowance</u>	<u>FY 20-21</u> <u>Change</u>
Regular Positions	22.00	27.00	27.00	0.00
Contractual FTEs	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Personnel	22.00	27.00	27.00	0.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	2.40	8.90%
Positions and Percentage Vacant as of 12/31/19	12.00	44.44%
Vacancies Above Turnover	9.6	

The restructuring of IAC and its responsibilities resulted in additional positions allocated to the agency in fiscal 2019 and 2020. In fiscal 2021, IAC did not receive an allowance for any additional positions. IAC’s budgeted turnover rate of 8.90% reflects the agency’s difficulty in securing personnel in the last year but is still well below the 44.44% actual vacancy rate at the end of calendar 2019.

Key Observations

1. Ongoing Implementation of the 21st Century School Facilities Act of 2018

Chapter 14 of 2018 required a comprehensive review of the State’s current process to assess and fund public school construction. These recommendations added appointees to the commission; reconstituted IAC as an independent agency within MSDE; authorized new positions for IAC staff; expanded IAC staff responsibilities; and created two workgroups to examine school construction planning and funding. This first set of key observations focuses on the operational issues that face IAC staff as they implement workgroup recommendations and legislated responsibilities.

IAC Personnel Vacancies Continue

Implementation of Chapter 14 required IAC to hire additional personnel. In fiscal 2019, IAC received \$193,806 in deficiency funds for 3 new positions through the transfer and reclassification of vacant positions from the Department of Public Safety and Correctional Services. In fiscal 2020, IAC received \$367,000 for 5 new positions for information technology (IT), facilities assessment, and grant administration staff.

Due to IAC’s difficulty in filling positions allocated in fiscal 2019, in fiscal 2020, the Department of Legislative Services (DLS) requested that IAC submit a report on its plan to increase staff and provide an updated organizational chart. IAC submitted this report in October 2019. This report explained the reclassification of staff, identified vacant positions, and clarified roles and responsibilities for 6 new positions, which include:

- 2 project managers to assist LEAs in Eastern Shore and Western Maryland facilities management;
- 2 facilities assessors for the Eastern Shore and Western Maryland;
- 1 project development support manager to oversee regional project managers; and
- 1 application developer.

In December 2019, IAC provided DLS an update on current vacancies. IAC has 12 vacancies out of 27 positions. One person is scheduled to start in January 2020, and 4 vacancies are new positions allocated in fiscal 2020. Open positions are: administrator of programs and finance; public information officer; lead assessor; Prince George’s County Project Manager; IT manager; programs delivery process manager; IT service and support; finance and business manager; IT database and development; facility assessment data administrator; and project manager.

IAC is holding 2 positions vacant and 4 positions are under recruitment. Recruitment for 2 IT positions will start after an IT manager is hired.

With the transfer of IAC from the Board of Public Works to MSDE in fiscal 2019, the recruitment and hiring of qualified personnel for IAC is now the responsibility of MSDE Office of Human Resources. **Due to continued hiring challenges for IAC, DLS recommends the adoption of committee narrative for IAC and MSDE Office of Human Resources to jointly report to the budget committees by July 1, 2020, on how MSDE and IAC intend to fill current vacancies.**

IAC Delay on Statewide Facilities Assessment

Chapter 14 required IAC to contract with a third-party vendor to complete a Statewide Facilities Assessment on or before July 1, 2019. The law also states that, if possible, this assessment should utilize the existing data sources from LEAs educational master facilities plan and that IAC should coordinate with LEAs to identify data elements to be used in the assessment. Following this assessment, IAC is to (1) develop standards and procedures to comprehensively update the facilities assessment so that this data is not more than four years old; and (2) share the results with the Workgroup on the Assessment and Funding of School Facilities, which recently requested an extension until December 2020.

The budget provides the agency with a \$500,000 fiscal 2020 general fund deficiency appropriation for increased costs related to this assessment. In fiscal 2019, IAC received \$3.5 million for this assessment, which the agency encumbered. However, IAC has not yet procured a third-party vendor of this assessment. **Due to a delay in the procurement of a third-party vendor for the statewide facilities assessment, DLS recommends the adoption of budget bill language for IAC to report to the budget committees by July 1, 2020, on the agency’s progress to secure a third-party vendor for this assessment, its anticipated timeline for completing the required assessment, and its anticipated cost.**

IAC Delay in Procurement for Integrated Master Facility Asset Library

Chapter 14 required IAC to acquire a cloud-based, integrated data system to be called the Integrated Master Facility Asset Library. LEAs would be able to access this library electronically, which would contain data from SFA and LEAs preventive maintenance data. In fiscal 2019, IAC received \$1.4 million for the procurement of this system, which was subsequently reverted. The agency intends to issue a Request for Proposal (RFP) for this project after the RFP for SFA. **Due to a delay in the procurement of a vendor for the Integrated Master Facility Asset Library, DLS recommends the adoption of committee narrative for IAC to report to the budget committees by September 1, 2020, on its progress to secure a contractor for this project, the anticipated timeline for implementation, and its anticipated cost.**

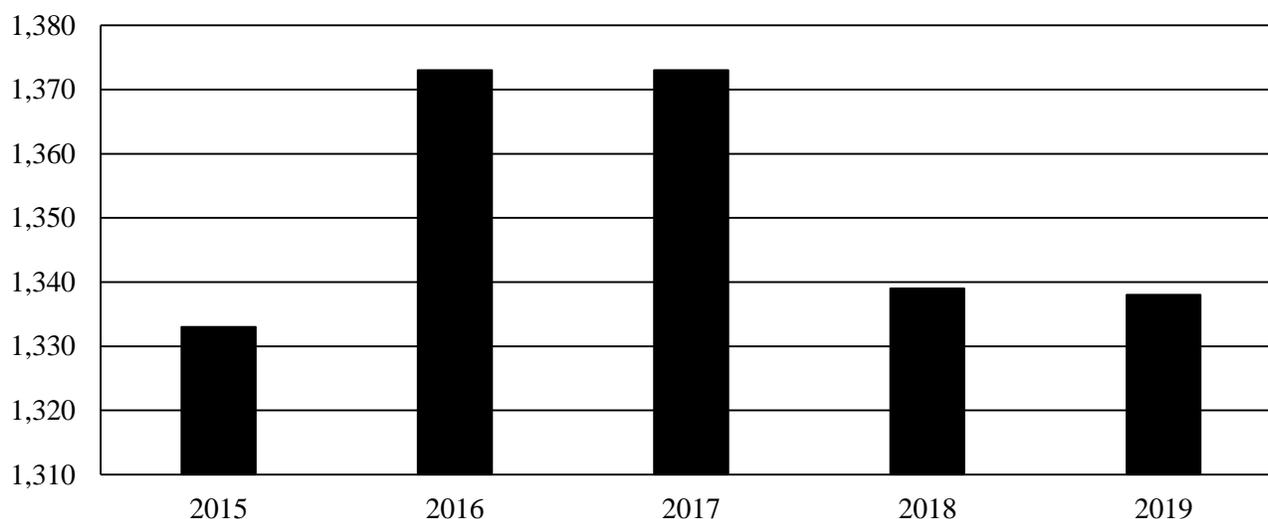
Additionally, IAC should comment on the combined timelines for these projects and provide further detail on how their implementation will meet Chapter 14 requirements. IAC should also identify the funding source for the Integrated Master Facility Asset Library.

2. Performance Analysis: Managing for Results

From 2006 to 2015, IAC’s goal was to survey each school in Maryland once every six years. Since 2016, IAC has scheduled school surveys based on a concept of differential accountability, so that LEAs that have a higher number of buildings in poor or not adequate condition receive a higher percentage of assessments than LEAs with buildings that receive superior, good, or adequate ratings. The result is that one or two surveys are performed each year in school systems that have a history of good school maintenance, while significantly more schools are surveyed in school systems that received lower scores over the same time period.

Exhibit 3 shows the total number of schools surveyed in the current and past five fiscal years, which is one of IAC’s performance measures.

Exhibit 3
IAC Buildings Surveyed – Six-year Total
Fiscal 2015-2019



IAC: Interagency Commission on School Construction

Source: Managing for Results, Interagency Commission on School Construction

Chapter 14 requires that school facility assessment data not be more than four years old, regardless of the school’s condition. To meet this goal, IAC needs to assess approximately 470 facilities each year. Although useful in the past, the current Managing for Results (MFR) measure does not reflect this new requirement. Additionally, this measure is convoluted and difficult to understand. **Due to the convoluted nature of this measure and its misalignment with the statutory requirement in Chapter 14, DLS recommends that IAC revise its MFR measures to comply with statutory requirements to include, at a minimum, a measure of “total number of school buildings surveyed per year.”**

Operating Budget Recommended Actions

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

, provided that \$100,000 of this appropriation may not be expended until the Interagency Commission on School Construction (IAC) submits a report to the budget committees on the status of the Statewide Facilities Assessment (SFA), which will include the agency’s progress to secure a third-party vendor, the anticipated timeline for completing the required assessment, and its anticipated cost. The report shall be submitted by July 1, 2020, and the budget committees shall have 45 days to review and comment. Funds restricted pending the receipt of a report may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund if the report is not submitted to the budget committees.

Explanation: Chapter 14 of 2018 requires IAC to contract with a third-party vendor to complete SFA. Following this assessment, IAC is to develop standards and procedures to comprehensively update data on school facilities so that these data are not more than four years old. Due to delays in the procurement of a third-party vendor, this assessment has not started. This language directs IAC to submit a report on the status of this assessment in order to provide the budget committees with an update on the agency’s progress in meeting the requirements in Chapter 14.

Information Request	Author	Due Date
Status of SFA	IAC	July 1, 2020

2. Adopt the following narrative:

Status Update on the Interagency Commission on School Construction Staffing: In fiscal 2019 and 2020, the Interagency Commission on School Construction (IAC) received 8 additional positions in recognition of the agency’s enhanced responsibilities from the enactment of Chapter 14 of 2018. The agency has struggled to fill these positions and, when combined with agency departures, is currently operating with nearly half of its allotted positions vacant. Due to these continued hiring challenges for IAC and the potential impact of these vacancies on the implementation of statutory requirements in Chapter 14, the budget committees direct IAC and the Maryland State Department of Education (MSDE) Office of Human Resources to jointly report to the budget committees by July 1, 2020, on how MSDE and IAC intend to fill current vacancies.

Information Request	Authors	Due Date
Status update on IAC staffing	IAC MSDE	July 1, 2020

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3. Adopt the following narrative:

Status Update on the Integrated Master Facilities Asset Library: Chapter 14 of 2018 requires the Interagency Commission on School Construction (IAC) to create an Integrated Master Facilities Asset Library. The library will house local education agency (LEA) preventive maintenance data and schedules as well as data collected in the Statewide Facilities Assessment. The library will be made available to LEAs in a cloud-based system. Due to a delay in the procurement of this system, the budget committees direct IAC to report by September 1, 2020, on its progress to secure a third-party vendor for this library, the timeline for this project, and its anticipated cost.

Information Request	Author	Due Date
Status of Asset Library	IAC	September 1, 2020

4. Adopt the following narrative:

Revision of the Interagency Commission on School Construction’s Managing for Results Measures: Prior to the adoption of Chapter 14 of 2018, the Managing for Results (MFR) measure for the Interagency Commission on School Construction (IAC) in regard to number of school buildings surveyed was a cumulative measure that counted school buildings surveyed in the last six years. Chapter 14 requires school building survey data to be no less than four years old. Due to the misalignment of IAC’s current MFR measure with Chapter 14, the budget committees direct IAC to adopt new MFR measures for school building surveys that, at a minimum, provide a count of school buildings surveyed each year. IAC shall submit the revised MFR measures beginning with the fiscal 2022 data submission.

Information Request	Author	Due Date
Revision of MFR	IAC	With the fiscal 2022 data submission

Updates

- ***IAC Completes Report on Educational Facilities Standards.*** Chapter 14 requires IAC to adopt Educational Facilities Sufficiency Standards, which are a uniform set of criteria and measures for evaluating the physical attributes and educational sustainability of public school facilities in the State. In July 2019, IAC’s Workgroup on Educational Specifications completed the update of the sufficiency standards. These recommendations included new calculations for gross area allowances, a life-cycle cost standard to measure the Total Cost of Ownership for a facility, and adoption of a standards-based Comprehensive Maintenance Management System to support LEA facilities operation and maintenance.

Appendix 1
2019 Joint Chairmen’s Report Responses from Agency

The 2019 *Joint Chairmen’s Report* (JCR) requested that the Interagency Commission on School Construction (IAC) prepare one report. Electronic copies of the full JCR responses can be found on the Department of Legislative Services Library website.

- **Staffing for IAC:** In fiscal 2019 and 2020, IAC received additional funds to reclassify staff and hire new staff. However, recruitment difficulties, inadequate salaries for required duties and responsibilities, and a time consuming process to reclassify positions has resulted in a delay in new hires. Currently, the agency has 12 vacancies out of 27 allocated staff positions. Further discussion of this JCR response can be found in the Key Observations section of this analysis.

**Appendix 2
Audit Findings**

Audit Period for Last Audit:	July 1, 2015 – June 30, 2018
Issue Date:	March 2019
Number of Findings:	1
Number of Repeat Findings:	0
% of Repeat Findings:	0%
Rating: (if applicable)	n/a

Finding 1: The Interagency Commission on School Construction did not always obtain required corrective action plans from local education agencies to address deficiencies identified during annual maintenance inspections.

**Appendix 3
Object/Fund Difference Report
Interagency Commission on School Construction**

<u>Object/Fund</u>	<u>FY 19 Actual</u>	<u>FY 20 Working Appropriation</u>	<u>FY 21 Allowance</u>	<u>FY 20 - FY 21 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	22.00	27.00	27.00	0.00	0%
Total Positions	22.00	27.00	27.00	0.00	0%
Objects					
01 Salaries and Wages	\$ 1,710,084	\$ 2,741,854	\$ 3,022,321	\$ 280,467	10.2%
02 Technical and Spec. Fees	116,034	0	0	0	0.0%
03 Communication	7,205	5,555	5,555	0	0%
04 Travel	8,348	16,512	16,512	0	0%
07 Motor Vehicles	9,100	56,920	26,720	-30,200	-53.1%
08 Contractual Services	3,543,216	11,836	11,561	-275	-2.3%
09 Supplies and Materials	16,513	23,045	20,045	-3,000	-13.0%
10 Equipment – Replacement	1,284	3,500	3,500	0	0%
11 Equipment – Additional	39,739	34,200	17,794	-16,406	-48.0%
13 Fixed Charges	7,216	6,920	6,920	0	0%
Total Objects	\$ 5,458,739	\$ 2,900,342	\$ 3,130,928	\$ 230,586	8.0%
Funds					
01 General Fund	\$ 5,458,739	\$ 2,900,342	\$ 3,130,928	\$ 230,586	8.0%
Total Funds	\$ 5,458,739	\$ 2,900,342	\$ 3,130,928	\$ 230,586	8.0%

Note: The fiscal 2020 appropriation does not include deficiencies, targeted revenues, or across-the-board reductions. The fiscal 2021 allowance does not include contingent reductions or cost-of-living adjustments.