

R00A07

Interagency Commission on School Construction

Program Description

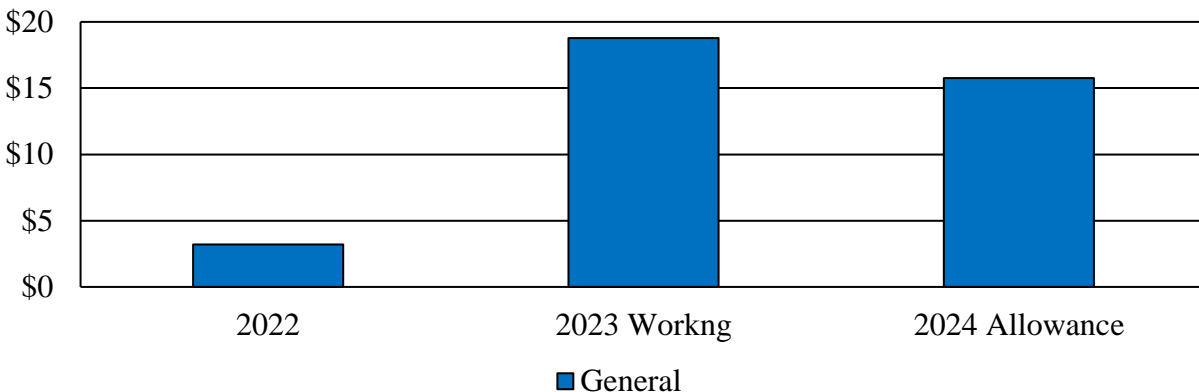
The Interagency Commission on School Construction (IAC) is an independent agency within the Maryland State Department of Education (MSDE) that reviews, analyzes, and approves requests for State school construction funds distributed to local education agencies (LEA). IAC's goals are to promote (1) equity 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 (BPW), the 21st Century School Facilities Act (Chapter 14 of 2018) 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 school construction funding under the Built to Learn Act (Chapter 20 of 2020); the Public School Construction Program; and State supplemental grants, including the Aging Schools Program for public and nonpublic schools.

More information on the State's public school construction program and supplemental grants can be found in the capital budget analysis for IAC – RA0702.

Operating Budget Summary

Fiscal 2024 Budget Decreases by \$3.0 Million, or 16.0%, to \$15.8 Million (\$ in Millions)



Note: Numbers may not sum due to rounding. The fiscal 2023 working appropriation includes deficiency appropriations including this agency's share of a deficiency appropriation budgeted in the Statewide Account within the Department of Budget and Management (DBM). Fiscal 2024 salary enhancements are budgeted in the Statewide Account within DBM.

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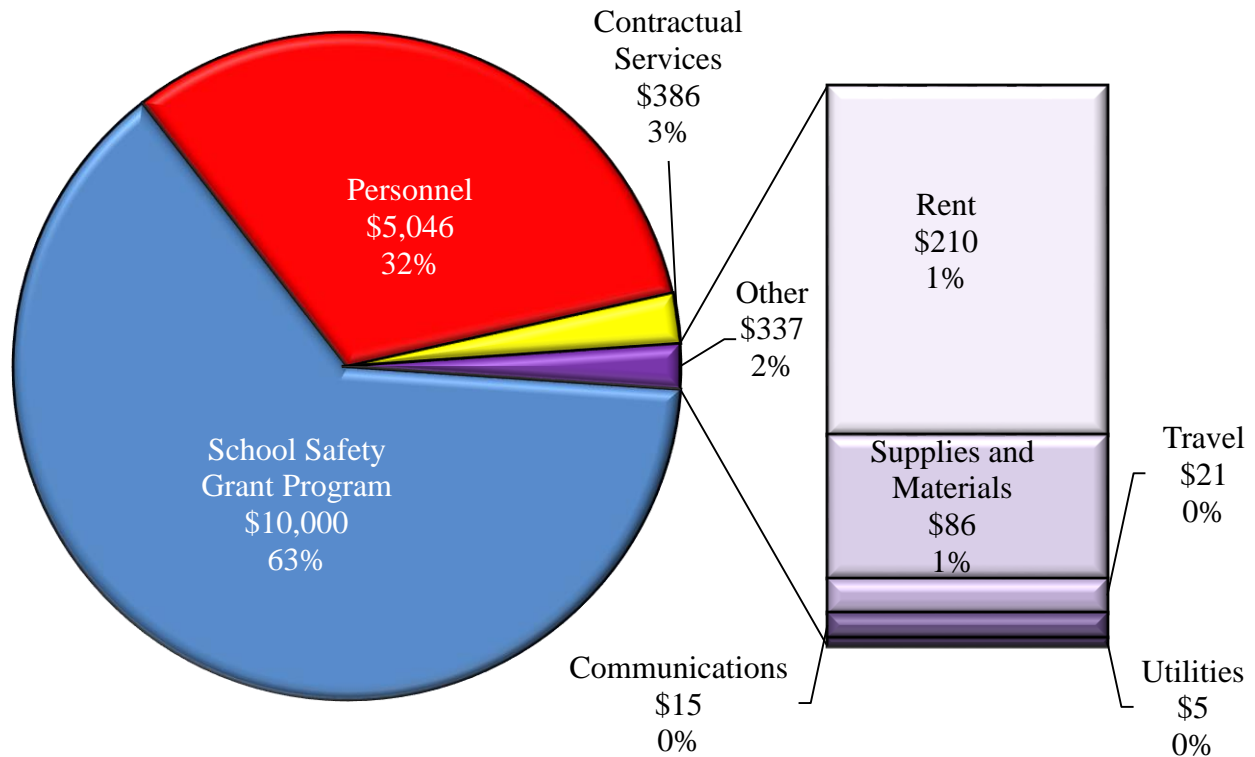
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- The fiscal 2024 budget decreases by \$3.0 million due to the elimination of \$3.5 million in general funds for the Nonpublic School Security Improvements (NSSI) program, offset by approximately \$500,000 for personnel and administrative expenses. The Public School Safety Grant Program (PSSGP) established in Chapter 30 of 2018 receives the mandated \$10.0 million in this proposed budget.

Fiscal 2024 Overview of Agency Spending

In the fiscal 2024 proposed budget, IAC’s total allowance is slightly less than \$15.8 million. School safety grants receive \$10.0 million, or 63%, of this allowance. IAC’s administrative budget receives \$5.8 million, or 27%, of this allowance. **Exhibit 1** shows IAC’s fiscal 2024 proposed budget by object.

Exhibit 1
Overview of Agency Spending
Fiscal 2024 Allowance
(\$ in Thousands)



Source: Governor’s Fiscal 2024 Budget Book

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In fiscal 2024, IAC’s personnel allowance is approximately \$5.0 million, or 92%, of the total administrative budget. This amount is dedicated to regular salaries and wages for full-time employees. Contractual services receive \$386,000, or 3%, of this budget, which includes \$210,000 for databases associated with the Integrated Master Facilities Asset Library (IMFAL) and \$100,000 for a study of local wealth and debt capacity. For the first time in fiscal 2024, IAC also receives an allowance for rent as it moves from shared space with MSDE to a new facility that better suits the agency’s needs. All other administrative expenses receive less than 1% of this allowance.

Proposed Budget Change

In fiscal 2024, the proposed budget decreases by \$3.0 million in general funds due to the elimination of \$3.5 million for the NSSI program offset by an approximately \$500,000 increase for agency administrative and personnel expenses. **Exhibit 2** shows this information.

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

How Much It Grows:	General Fund	Total
Fiscal 2022 Actual	\$3,200	\$3,200
Fiscal 2023 Working Appropriation	18,774	18,774
Fiscal 2024 Allowance	<u>15,769</u>	<u>15,769</u>
Fiscal 2023-2024 Amount Change	-\$3,005	-\$3,005
Fiscal 2023-2024 Percent Change	-16.0%	-16.0%

Where It Goes:	Change
Personnel Expenses	
Salaries and wages	\$144
Employee and retiree health insurance	107
Annualization of 4.5% cost-of-living adjustment in fiscal 2024	54
Employee retirement	44
Social Security	11
Turnover adjustments.....	-19
Other Changes	
Net change in rent for office move in calendar 2023.....	179
Routine operating expenses	15

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Where It Goes:	<u>Change</u>
Savings in fiscal 2023 for contractual services	-40
Elimination of funding for the Nonpublic School Security Improvements Program.....	-3,500
Total	-\$3,005

Note: Numbers may not sum to total due to rounding. The fiscal 2023 working appropriation includes deficiency appropriations including this agency’s share of a deficiency appropriation budgeted in the Statewide Account within the Department of Budget and Management (DBM). Fiscal 2024 salary enhancements are budgeted in the Statewide Account within DBM.

Changes in this proposed budget include:

- an increase of \$341,000 in personnel expenses including \$144,000 for regular salaries and wages; \$107,000 for health insurance; \$54,000 for the annualization of the 4.5% cost-of-living adjustment in fiscal 2024; \$44,000 for employee retirement, \$11,000 for Social Security; and turnover adjustments of -\$19,000;
- A net increase of \$154,000 in administrative expenses including \$179,000 for rent for IAC’s upcoming move to new offices; \$15,000 for routine operating expenses; and a decrease of \$40,000 from the expiration of contracts for Department of Information Technology (DoIT) services and website and graphic design.
- A \$3.5 million reduction reflecting the cessation of the NSSI program, which has been funded annually in the budget bill since fiscal 2019 but is not a mandate. The budget includes the minimum mandated allocation of \$10.0 million for the PSSGP.

Personnel Data

	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 23-24</u>
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>
Regular Positions	41.00	41.00	41.00	0.00
Contractual FTEs	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Personnel	41.00	41.00	41.00	0.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	2.87	7.00%
Positions and Percentage Vacant as of 12/31/22	6.80	16.59%
Vacancies Above Turnover	3.93	

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- IAC has approximately 34 of 41 positions filled. The agency’s current vacancy rate is 16.6%, which is the same as last year. IAC’s budgeted turnover rate for fiscal 2024 is 7.0%, allowing the agency to fill the equivalent of approximately 4 additional positions in the upcoming fiscal year.
- IAC reports 11 vacancies as of February 1, 2023. Out of these 11 vacant positions, 6 positions are currently posted, and 4 positions are being evaluated for reclassification.
- IAC’s 6 vacant positions currently advertised are:
 - 2 capital construction architect engineer II positions for regional facility managers;
 - 1 administrator II position for a finance administrator, which has a candidate in process;
 - 1 information technology (IT) technical specialist;
 - 1 program manager I position for a maintenance assessor; and
 - 1 administrator I position for a planning administrator.

Key Observations

1. IAC Implements Changes Required in Chapter 14 of 2018 and Chapter 32 of 2022

Chapter 14 required a comprehensive review of the State’s process to assess and fund public school construction. This law reconstituted IAC as an independent agency within MSDE, authorized new positions, expanded IAC staff responsibilities, and created two new workgroups to examine school construction planning and funding. It also required IAC to conduct a State Facilities Assessment (SFA), adopt and implement IMFAL, and hire additional personnel to meet Chapter 14 requirements. In calendar 2021, IAC completed the first round of the SFA, which established a baseline for this measure and process, and hired additional personnel.

In December 2021, the Workgroup on the Assessment and Funding of School Facilities, which was constituted as part of the requirement in Chapter 14, completed its final report. This report included a number of recommendations involved in school construction funding, some of which were included in Chapter 32 of 2022, which provides additional statutory measures in alignment with Chapter 14; Chapter 20 – the Built to Learn Act; and Chapter 36 of 2021, as amended – Blueprint for Maryland’s Future Grant Program – Implementation. As part of these recommendations in Chapter 32, IAC was charged with a number of tasks related to the funding and administration of school construction. **Exhibit 3** provides a timetable for these tasks and their current status from calendar 2022 to 2026.

Exhibit 3 Timetable and Status of Tasks Required in Chapter 32 of 2022 Calendar 2022-2026

<u>Due Date</u>	<u>Action</u>	<u>Status</u>
Immediately – as specified in Chapter 32 of 2022	Update regulations including: <ul style="list-style-type: none"> ● State and local-cost share; and ● limit the applicability of excess capacity in adjacent schools when evaluating projected enrollments to greater than 15% or more of the project school’s enrollment. 	<ul style="list-style-type: none"> ● Completed in September 2022. ● Completed in January 2023.
	Assessment and maintenance data must be accessible by LEA in IMFAL.	Baseline SFA data for LEA is available from IAC, but IMFAL is not complete.

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<u>Due Date</u>	<u>Action</u>	<u>Status</u>
July 1, 2022 – Sufficiency Standards	IAC must incorporate sufficiency standards beginning with the calendar 2022 assessments.	Completed in November 2022.
October 1, 2023 (annual) SFA Report	Initial report due in October 2023 to include: <ul style="list-style-type: none"> • a process for LEA to report any additional information relevant to their facility assessment; and • documentation of a place in IMFAL for the LEA to report each year on deficiencies in a school building, even if the school building was not inspected in the prior year. 	Due October 1, 2023, and annually thereafter.
October 1, 2023 Gross Area Baselines	Align sufficiency standards and square foot allowances with new requirements in the Blueprint for Maryland’s Future Program.	In process; workgroup has been formed to study this requirement.
June 30, 2024 State and Local Cost-Share Formulas and Incentives	Study of local fiscal and debt capacity for the purpose of implementing the revolving loan fund and other calculations to align with Blueprint for Maryland’s Future formulas. Apply State and local cost-share adjustments to the Public School Construction Program, Healthy School Facility program, and supplemental grant program.	In process; IAC reports that the agency intends to hire a consultant for this purpose.
Calendar 2022 through July 1, 2025	Work with DLS to verify data collected under the SFA.	In calendar 2022, DLS worked with IAC to verify baseline SFA data collected in calendar 2021; finalized SFA dataset was submitted as part of 2022 JCR. Second round of SFA is in process with IAC and DLS; verification of those data is expected in calendar 2023.

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<u>Due Date</u>	<u>Action</u>	<u>Status</u>
May 1, 2026	Adopt regulations establishing the use of the facility assessment results in annual school construction funding.	Per guidance by a new Workgroup on the Assessment of School Facilities.
No date specified	Establish an appeal process specifically for approved enrollment projections for individual projects.	In process
	Determine minimum equipment needed for food preparation to be used for the survey of school buildings.	In process

DLS: Department of Legislative Services
IAC: Interagency Commission on School Construction
IMFAL: Integrated Master Facilities Asset Library
LEA: local education agency
SFA: Statewide Facilities Assessment

Source: Department of Legislative Services

IAC should comment on the status of agency actions in process to meet Chapter 32 requirements.

IMFAL Further Delayed but Development Underway

Chapter 14 required IAC to build a cloud-based, asset library (IMFAL) that would integrate preventive maintenance and facilities assessment data and allow LEA to access this data electronically. IMFAL has two main components: a business management system (BMS), which is currently under contract and in development; and a facilities data system (FDS), which is currently provided by a third-party vendor but will eventually be part of IMFAL. IAC is executing the BMS first because it will contain and manage the routing and processing of the vast majority of documents involved in IAC’s business processes, including applications for site approval, submissions of project design documents, contracts to grant applications, and payments. **Exhibit 4** shows the production timetable for the IMFAL BMS.

Exhibit 4
Implementation Timeline for Integrated Master Facility Asset Library BMS
Calendar 2019-2024

<u>Date</u>	<u>Deliverable</u>
Calendar 2019	IAC requested comment on the project to obtain industry feedback
April 2020	Initial RFP out for bids
November 2020	IAC rescinded RFP before a vendor was selected
April 2021	Second RFP out for bid
April 2022	Award to vendor
June 2022	Contract approved by the Board of Public Works
September to December 2022	Vendor initiated work; business process mapping completed
December 2022	Design and configuration of software complete
January to May 2023	User acceptance testing and user training
May 2023	Operating system is live
May 2024	All tests completed; system fully implemented

BMS: business management system
IAC: Interagency Commission on School Construction
RFP: request for proposals

Source: Department of Information Technology; Interagency Commission on School Construction

The FDS is also under development and will provide a portal for LEA to review and report changes to school facility assessment data and provide school facility assessment reports. Currently, this function is being provided through a third-party vendor, Bureau Veritas. IAC has

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been working with DoIT to support the development and implementation of the system, which will when implemented, will bring SFA data under State control.

In fiscal 2021, IAC received an initial allocation of \$1.1 million for the BMS. In fiscal 2023, IAC received an additional \$400,000, and in fiscal 2024, this part of the project received a final allocation of \$160,000. These allocations bring the total cost of the project to date to approximately \$1.6 million, which does not include the cost of the FDS. With development of the FDS, total project cost for IMFAL is estimated at \$3.0 million.

Due to delays in IMFAL procurement and continued implementation of Chapters 14 and 32 requirements, the Department of Legislative Services (DLS) recommends that IAC submit a status update on these tasks.

Operating Budget Recommended Actions

1. Adopt the following narrative:

Status Update on Chapter 32 of 2022 Requirements: As required in the 21st Century Schools School Facilities Act of 2018 (Chapter 14) and as amended in Chapter 32, the Interagency Commission on School Construction (IAC) has requirements related to the implementation of the Statewide Facilities Assessment (SFA), the Integrated Master Facility Asset Library, and recommendations from the Workgroup on the Assessment and Funding of School Facilities. The budget committees request that by January 15, 2024, IAC submit a status update on the agency’s progress to meet these requirements in calendar 2023. This update should include the following information:

- alignment of the sufficiency standards and square foot allowances with gross area baselines;
- State and local-cost share formulas and incentives;
- verification of the second round of SFA data with the Department of Legislative Services;
- establishment of an appeals process for local education agencies for individual school construction projects with specifically approved enrollment projections; and
- determination of the minimum equipment needed for food preparation to be used for the survey of school buildings.

Information Request	Author	Due Date
Status update on Chapters 14 and 32 requirements	IAC	January 15, 2024

Appendix 1
2022 Joint Chairmen’s Report Responses from Agency

The 2022 *Joint Chairmen’s Report* (JCR) requested that IAC prepare four reports. Electronic copies of the full JCR responses can be found on the DLS Library website.

- ***Report on Implementation of Chapter 14 and HB 1290:*** Chapter 14 requires IAC to conduct a SFA, build IMFAL, and work with the Workgroup on the Assessment of Funding of School Facilities on recommendations related to the use of assessment data for funding decisions. The committees requested that IAC submit two reports to provide the committees with this update. To meet these requirements, IAC submitted two reports that included a data dictionary, a final baseline dataset for SFA, and a status update on IMFAL. Further discussion of this data can be found in Key Observations section of this analysis.
- ***Report on Charter and Contract School Facilities:*** The committees requested that IAC consult with the Maryland Association of Public Charter Schools to report on the condition of charter and contract school facilities in Maryland. IAC’s report documents these conditions by school, vendor, and current years in the building, including the age, replacement value, maintenance condition, cost for rent or lease, and average maintenance and capital costs for building upkeep. A detailed discussion of these data can be found in the JCR response.
- ***Report on Renewable Energy-fueled School in Western Maryland:*** The committees requested that IAC report on whether LEA were interested in the construction of a public school fueled with forest biomass. This report was to include possible sites in Western Maryland for a proposed school, examples of other schools that use forest biomass for fuel, an initial plan for a school, and alignment and compliance of this initial plan with Chapter 175 of 2009. IAC reported that requests to Western Maryland counties and LEA did not yield interest in a school fueled by forest biomass. Further discussion of this request can be found in the JCR response.
- ***Report on Public and Nonpublic School Safety Grants:*** The committees were concerned about recent changes in the PSSGP and the NSSI programs. For the first time in fiscal 2023, these programs receive general funds in the operating budget; therefore, eligible projects will no longer need to meet the 15-year lifespan requirement for capital improvements. This report was to include information on how IAC and the Maryland Center for School Safety would address these issues. The agencies responded that they negotiated a memorandum of understanding to document roles and responsibilities for these funds and their allocation to LEA. Further discussion of this report and school safety programs can be found in the analysis for MSDE Headquarters – R00A01.

Appendix 2
Integrated Master Facility Asset Library
Major Information Technology Project
Interagency Commission on School Construction

For information on this project see the Key Observations section of this analysis.

New/Ongoing: Ongoing								
Start Date: 7/1/2022					Est. Completion Date: 5/21/2024			
Implementation Strategy: Agile								
(\$ in Millions)	Prior Year	2023	2024	2025	2026	2027	Remainder	Total
GF	\$1.100	\$0.400	\$0.164	\$0.000	\$0.000	\$0.000	\$0.000	\$1.614
Total	\$1.100	\$0.400	\$0.164	\$0.000	\$0.000	\$0.000	\$0.000	\$1.614

- Project Summary:** This project procures and establishes a state-of-the-art, configurable, online BMS that will contain, route, and save the documents and information related to IAC’s many business processes. It is intended to streamline and enhance agency business processes and operational efficiencies.
- Need:** Under Chapter 14, IAC is mandated to utilize technology to “streamline compliance review and project deliveries.” To meet this requirement, IAC requires a robust, cloud-based solution to manage asset tracking, capital planning, engineering, site approval, design review, delivery, funding, payment, accounting, and completion processes, including tracking of post-occupancy and warranty materials. This system will be utilized by all 24 LEA and the Maryland School for the Blind for that purpose.
- Observations and Milestones:** In calendar 2019, the IAC released a request for comment on this project to obtain industry feedback and draft request for proposals (RFP) based on IAC’s requirements. After analyzing this feedback, an RFP was released in April 2020 with a due date of June 2020. This original RFP process was terminated in November 2020 before a vendor was selected. A revised RFP was issued in April 2021, and an award to the vendor was made in April 2022. IAC received BPW approval for the contract in June 2022. The vendor completed the business process mapping in September 2022; the design and configuration of the solution in December 2022; and is currently in user acceptance testing. The software is expected to go live in May 2023 with a final completion date of May 2024.
- Changes:** Schedule is subject to change based on testing and usability for the intended purpose.
- Concerns:** (1) IAC has limited information technology (IT) staff for onboarding this system, which could interfere with system configuration and implementation; (2) IAC’s business processes are mandated primarily by statute and are not necessarily modifiable or

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flexible, so there may be a technical challenge in configuring this system to meet mandated requirements; (3) IAC’s human resources, finance, procurement, and IT activities must be conducted through MSDE, and many staff involved in those activities are not familiar with IAC’s mission, responsibilities, functions, requirements, or operating procedures, which presents some risk of delays, misunderstandings, and other complications.

- ***Other Comments:*** IMFAL requires two software platforms: the BMS, which is provided as part of this project, and the FDS, which is currently provided by a third-party vendor but will eventually be part of IMFAL. IAC is currently working with DoIT on the initial plan for the FDS.

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

<u>Object/Fund</u>	<u>FY 22</u> <u>Actual</u>	<u>FY 23</u> <u>Working</u> <u>Appropriation</u>	<u>FY 24</u> <u>Allowance</u>	<u>FY 23 - FY 24</u> <u>Amount Change</u>	<u>Percent</u> <u>Change</u>
Positions					
01 Regular	41.00	41.00	41.00	0.00	0%
Total Positions	41.00	41.00	41.00	0.00	0%
Objects					
01 Salaries and Wages	\$ 3,024,940	\$ 4,596,750	\$ 5,046,289	\$ 449,539	9.8%
03 Communication	12,705	10,251	15,255	5,004	48.8%
04 Travel	36,823	13,462	20,750	7,288	54.1%
07 Motor Vehicles	11,711	26,720	4,800	-21,920	-82.0%
08 Contractual Services	76,445	426,745	386,447	-40,298	-9.4%
09 Supplies and Materials	3,424	16,600	16,600	0	0%
10 Equipment – Replacement	8,388	0	0	0	0.0%
11 Equipment – Additional	14,526	68,306	69,553	1,247	1.8%
12 Grants, Subsidies, and Contributions	0	13,500,000	10,000,000	-3,500,000	-25.9%
13 Fixed Charges	7,313	6,920	209,596	202,676	2928.8%
14 Land and Structures	4,187	0	0	0	0.0%
Total Objects	\$ 3,200,462	\$ 18,665,754	\$ 15,769,290	-\$ 2,896,464	-15.5%
Funds					
01 General Fund	\$ 3,200,462	\$ 18,665,754	\$ 15,769,290	-\$ 2,896,464	-15.5%
Total Funds	\$ 3,200,462	\$ 18,665,754	\$ 15,769,290	-\$ 2,896,464	-15.5%

Note: The fiscal 2023 appropriation does not include deficiencies. The fiscal 2024 allowance does not include contingent reductions or cost-of-living adjustments.