

## Eastern Shore Superintendents

### Position Paper #7: **Interagency Committee for Public School Construction (IAC)**

Each LEA's capacity to renovate or build new schools is directly related to the amount of funding made available through the Governor's annual capital budget for school construction. School district requests for school construction funding have always exceeded the amount budgeted. This prompted the prior Governor to appoint a task force to study the need for school construction funding and the existing formula for distribution of State funds. Under the current administration, the Maryland General Assembly and the Governor addressed many of the recommendations of the Task Force. Adjustments were made to the state formula for school construction, resulting in less wealthy jurisdictions receiving more of the available dollars. In April 2008, the Legislature approved 327 million dollars for FY 2009 expenditure. This funding amount includes 12 million recycled from previous funding.

The Maryland legislature in 2008 also enacted a High Performance Building Act requiring all new schools receiving State capital construction funding be high performance schools defined as meeting or exceeding USGBC silver LEED certification, or a comparable national standard approved by the Secretaries of the Department of General Services and the Department of Budget and Management, unless waived by IAC. This new regulation applies to all new school construction projects for which the RFP for AE services is issued after July 1, 2009, unless waived by IAC.

To accommodate the transition to high performance schools, the State will participate in 50% of extra local costs for fiscal years 2010 through 2014. Thereafter, the state will provide additional funding in the amount equal to 2% of the combined building and site costs for the project.

The Eastern Shore Superintendents recommend the following:

1. An increase in available school construction funding to meet the adequate facility needs identified by the Task Force. Also, school construction funding must meet the program and space needs of rapidly growing school-based populations.
2. Retention of the Public School Capital Projects process as currently established by law with the IAC approval resulting in distribution of no less than 90% of all appropriated funding prior to appeals before the Board of Public Works. Once approved, the state's allocation of project dollars should meet the approved construction schedule by providing the funding previously approved by the IAC during project planning. In addition, as projects are stretched out over two or more years, the cost per square foot used to determine the state's share of project costs should reflect the current approved cost per square foot.

3. An adjustment in the existing formula that adequately reflects the full cost of school construction projects, including costs currently disallowed for state participation.
4. An increase in available “Aging Schools” monies that reflects the increase in construction costs, with retention of the current formula for distribution.

### **Background**

Since 1971, the State of Maryland has provided a process for funding school construction costs under the Public School Construction Program (PSCP). Requests for state approval for planning and funding of new projects are submitted to the Interagency Committee for Public School Construction (IAC). To be eligible for State construction funding, all projects must meet the IAC’s evaluation criteria, be included in the county’s Educational Facilities Master Plan, and have prior IAC planning approval.

Eligible costs under current PSCP rules include costs for first-time site development, construction of new schools, and modernization or remodeling of existing schools in use for 15 or more years, including 5% site development costs of these projects. The county school system is responsible for certain costs on all projects including central administrative offices, architect and engineering fees, site acquisition, movable equipment, certain fixed equipment, insurance, and repairs and maintenance. The IAC may recommend deferral or modification of a project. One of the factors considered are the class size standards for children enrolled at various grade levels. These standards were updated as a result of the 2004 School Construction Task Force.

New project classification priorities were adopted for PSCP funding in 1995. The top priority project classification now is the renovation of schools that have been in use for more than 40 years. Lower priorities are assigned to renovations of schools in use for 25 years, projects that are part of local and state educational initiatives, renovation of schools in use for 15 or more years, and systemic renovation projects. The lowest priority of all is adding, expanding, or altering “limited use” spaces such as gyms, locker rooms, swimming pools, kitchens, cafeterias, site modifications and outdoor recreation facilities.

The IAC establishes a “maximum state construction budget” for each approved project. This budget includes both the State and local funding necessary to complete the project. It is computed using approved gross square footage of the project multiplied by a per square foot construction cost determined by the IAC. For new construction, 100% of the cost may be included in the budget. For renovation projects, the percentage of costs included increases with the age of the building (number of years occupied): 0 percent for 15 years or less, 50 percent for 16 to 20 years, 65 percent for 21 to 25 years, 75 percent for 26-30, 85 percent for 31-39 years and 100% for 40 or more years. Once a project is approved for planning, and the prescribed planning process is concluded, the state allocates the approved amount.

In 1987 the Board of Public Works established a formula providing for PSCP funding of eligible costs between 50 and 75 percent, depending on the fiscal capacity of the local jurisdiction. This formula was revised in 2004 to closely match the wealth of local jurisdictions.