

Funding

Areas of potential consensus

1. Conduct a statewide facility assessment using an integrated data system that will enable LEAs to regularly assess school facilities in a uniform manner statewide. The assessment and integrated data system should be done by an outside vendor initially, with the State and LEAs continually updating it. (Initial estimates for the cost of one-time assessment *only* is \$3.5 million.) The LEAs should work with the State to identify the data elements that should be maintained at the State level, utilizing existing reporting sources such as the Educational Facilities Master Plan for data reporting to the extent possible.
2. The State should set a new funding goal and counties must continue to provide their local match. The State's short-term funding goal should be at least the current capital funding level for school construction (\$342.5 million in fiscal 2018). Although this is not sufficient to address school construction needs, it is critical to have up-to-date information upon which to base the goal. Once the initial school facility assessment is completed, the results should be used to develop a long-term school construction funding goal.
3. The State-Local Cost Share formula should continue to favor jurisdictions with limited resources to support school construction. After reviewing the cost share formula as revised by the IAC in fall 2017, the formula appears to include all of the appropriate components. However, a common definition of local PAYGO included in the local school construction effort calculation should be developed so that all 24 counties are reporting comparable data. In addition, the cost share formula should be updated every two years (instead of three years) to reflect changes in local conditions.
4. Review and update eligible and ineligible costs in light of changing circumstances (*e.g.*, projectors are ineligible but many classrooms now have projectors permanently mounted

Areas for Further Discussion

1. Should/how should the results of the assessment be incorporated into project funding decisions?
 - 4a. With limited resources, any significant expansion of eligible costs may mean fewer projects receive funding in a given year.
 - 4b. Should any costs be removed from eligibility, perhaps systemic renovations (*i.e.*, capital maintenance)?

to ceilings) within existing State policy that requires eligible costs to have a useful life of at least 15 years. Items that do not have a 15 year useful life should not be eligible for State funding.

5. Eliminate the 2.5% withholding for contingencies from the State allocation (related to Process Subcommittee recommendation to eliminate DGS review of change orders) but require LEAs to maintain a contingency to address unanticipated construction costs above the State allocation.
6. Eliminate the requirement that LEAs submit future planning and construction project requests in the CIP beyond the upcoming fiscal year.
7. The State should provide technical assistance and help facilitate P3s, such as developing template lease agreements between developers and school systems.
8. Preventative maintenance is critical – there is a need to require LEAs to perform required regular maintenance and for the State to collect and monitor performance data through a comprehensive maintenance management system (CMMS) that is integrated with the facility assessment information system.
9. The State should encourage and provide technical support for agreements between and among LEAs and county governments, including regional partnerships, to improve efficiencies.
10. The State should explore the possibility of creating a school construction authority that issues appropriation-backed or revenue bonds with terms longer than 15 years to accelerate State school construction funding. Alternative funding such as a dedicated revenue source or perhaps combining State and local revenue should be considered.

Areas for Further Discussion

10. GO bond debt is typically the least expensive option for the State. Moving to appropriation or revenue backed bonds increases the cost of debt, which may be offset by completing projects sooner and avoiding the inflationary costs.

11. The State should explore creating a facility renewal fund equal to 2% of the value of the facility assets or requiring LEAs to create such a fund.
12. Consider whether an alternative methodology to the current square footage allocations that are used to calculate the State maximum allowable square foot for a project could result in more efficient use of space in school buildings. The current space allocations have not been updated to reflect new space guidelines. If the current methodology is retained, consider regional figures rather than one statewide amount. (PPE Subcommittee also considered this issue.)
13. Explore the feasibility of regional (multi-district) school construction projects, *e.g.* regional Career and Technical Education high schools and develop mechanisms and incentives to provide State funding.
14. The State should encourage the maximum use of energy savings performance contracts to improve energy efficiency in new and renovated schools, perhaps by pooling LEA projects and even local projects to maximize the savings. Over time, the operating savings from lower energy costs provides a new revenue source that may be monetized (perhaps to address item 10.).

Areas for Further Discussion

11. Should the State provide an incentive for LEAs to fund facility renewal?
14. What incentives if any should the State provide for LEAs to improve energy efficiency?