



MEMO

To: Members of the Commission on Innovation and Excellence in Education

From: ACLU of Maryland, Education

Date: August 2, 2018

Subject: Costing out school facility maintenance and operations

As the Commission works to develop a new state education funding formula, it is critical to include adequate funding for school facility maintenance and operations for all Maryland school districts.ⁱ The Commission has been working to develop a funding formula that will help ensure adequate staffing, programs, and services for students with various needs and from a variety of backgrounds. However, properly constructed and properly maintained school facilities where students can learn in safety and comfort are also crucial to ensuring that Maryland students have the opportunity to excel. Moreover, if the costs for facility maintenance and operations are not properly accounted for in the operational funding formula, school districts will likely take funds intended for the classroom to address school building issues that often arise throughout the school year. And when school districts lack adequate funding for facility maintenance and operations, mechanical systems and building structures are likely to fall into disrepair before the end of their life cycle, which will increase facility costs in the long term.

House Bill 1783 requires local school districts to adopt, implement, and periodically update comprehensive maintenance plans and preventative maintenance plans based on industry standards. Each school district is required to report to the state's Interagency Commission on School Construction (IAC) by July 1st of each year. Given this state mandate, it is critical that the Commission cost out facility maintenance and operations and include sufficient provisions for those costs in the new state education funding formula so that students are able to learn in adequate facilities and districts are not forced to compromise funding for the classroom to make that happen.

Industry Standards for Facility Operations

According to industry experts, school districts should expect to invest at least 3% of the Current Replacement Value (CRV) of their school facilities annually on current maintenance and operationsⁱⁱ. Two percent of CRV covers preventative maintenance, minor repairs, custodial services, and groundskeeping. One percent covers the cost of utilities and security, which typically accounts for 30-45% of school district spending on facility operations.

CRV is calculated by multiplying the total square footage of a district's school building inventory by the cost of construction, per square foot. As reported by the Knott Commission, construction costs

vary among districts in Marylandⁱⁱⁱ. Construction costs vary statewide depending on the size of the school, educational specifications, local policies, and site-specific issues (urban areas are generally more expensive due to site limitations).

Here is one example of what a school district with 10 million square feet of building space should spend on maintenance and operations, assuming a construction cost of \$303 per square foot^{iv}.

Total Square Footage	X	Cost Per Square Foot	=	Current Replacement Value
10,000,000 square feet		\$303		\$3,030,000,000
CRV	X	Maintenance & Operations	=	Total for Maintenance & Operations
\$3,030,000,000		3%		\$90,900,000

Ensuring Adequacy and Equity for School Buildings in Poor Condition

The education funding formula must also be responsive to school districts that have old buildings and mechanical systems beyond or nearing the end their life cycle. While APA included facility maintenance in the foundation part of the formula, it is highly likely that the amount was underestimated. The successful schools that were selected for the study do not encompass the breadth of schools across the state and their varied conditions. These facilities are more expensive to operate and maintain. Low-wealth districts are more likely to have old and deficient school buildings since they have less capacity to incur debt for capital renewal. These districts end up making necessary short-term repairs using their operating budgets, which negatively impact the classroom. The state funding formula should include a multiplier to account for the additional costs associated with maintaining and operating old and deficient school facilities.

Expert Consultation

The Commission should consult experts to ensure accurate and effective accounting for school facility maintenance and operations in the education funding formula. The Commission should collaborate with Bob Gorrell, Director of Maryland's Public School Construction Program, and the IAC, given their charge to ensure local school districts are implementing comprehensive and preventative maintenance plans. Mary Filardo, a national expert and the Executive Director of the 21st Century School Fund in Washington, DC, is another excellent resource.

We are urging the Commission to make time on the agenda at a future meeting to discuss this matter. We are willing to connect the Commission with experts and resources. Please contact Frank Patinella at 410.889.8550 x 123 or patinella@aclu-md.org for more information. Thank you.

ⁱ Adequate capital funding is not within this Commission's scope, but it is essential to ensuring adequate programming.

ⁱⁱ Filardo, Mary (2016). *State of Our Schools: America's K-12 Facilities*, Washington, DC, 21st Century Schools Fund. Note this formula does not account for the costs of deferred maintenance due to earlier inadequate funding or for special costs needed to maintain older or otherwise unique facilities.

ⁱⁱⁱ Meeting Materials for 21st Century School Facilities Commission, State of Maryland, April 28, 2016

^{iv} Cost per square foot was calculated based on recent new school construction projects in Maryland reported in the meeting materials for the 21st Century School Facilities Commission on April 28, 2016.