

# **MAINTENANCE OF PUBLIC SCHOOL FACILITIES IN MARYLAND**

**INITIATIVES TO ENSURE THAT MARYLAND'S PUBLIC  
SCHOOLS ARE ADEQUATELY MAINTAINED**

**SUBMITTED TO THE CAPITAL DEBT  
AFFORDABILITY COMMITTEE  
Treasurer Nancy K. Kopp, Chair**

**August 26, 2005**

The Interagency Committee on School Construction

Dr. Nancy S. Grasmick, State Superintendent of Schools, Chair  
Ms. Audrey E. Scott, Secretary, Maryland Department of Planning  
Ms. Boyd K. Rutherford, Secretary, Department of General Services  
Mr. Timothy Maloney, Appointee, President of the Senate  
Mr. Fred Puddester, Appointee, Speaker of the House  
Dr. David Lever, Executive Director

With the assistance of:

Department of Budget and Management  
Department of Legislative Services  
University of Maryland System  
School District Maintenance Managers Workgroup

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Mr. Ed Almes, Supervisor of Maintenance, Anne Arundel County Public Schools

Mr. Mark Beck, Director of Capital Planning, University of Maryland System

Ms. Cathy Berry, Chief, Department of General Services

Mr. Chad Clapsaddle, Executive Director, Department of Budget and Management

Mr. Tony Cucina, Supervisor of Environmental Services, Kent County Public Schools

Mr. Craig Ebersole, P.E., Special Assistant, Department of Physical Facilities, Baltimore County Public Schools

Ms. Rachel Hise, Policy Analyst, Department of Legislative Services

Mr. Matthew Klein, Manager, Department of Legislative Services

Mr. Jim Marlett, Director of School Facilities, Calvert County Public Schools

Mr. Michael Sines, Executive Director of Facilities, Baltimore County Public Schools

Ms. Jillian Storms, School Facilities Architect, Maryland State Department of Education, Facilities Branch

Mr. Alex Szachnowicz, P.E., Director of Facilities, Anne Arundel County Public Schools

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# **MAINTENANCE OF PUBLIC SCHOOL FACILITIES IN MARYLAND INITIATIVES TO ENSURE THAT MARYLAND'S PUBLIC SCHOOLS ARE ADEQUATELY MAINTAINED**

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## **BACKGROUND**

There is growing concern about the maintenance of Maryland's public school facilities. The State has made a very significant contribution toward public school construction, and must ensure that its investment is well cared for. For schools as for all types of facilities, corrective maintenance to address observed deficiencies and preventive maintenance to protect against new deficiencies greatly extends the useful life of the structure. By maintaining building systems, the costs of future repairs and major renovation are significantly reduced. Regular maintenance ensures that buildings will remain operational, even under adverse weather conditions. Most important, a well maintained school protects the health and safety of building occupants, and studies have shown that there is a positive relationship between the quality of a school facility and the quality of the educational activity that takes place within it.<sup>1</sup>

In 2003 the Treasurer's Task Force to Study Public School Facilities found that \$3.85 billion in local and State funds will be required to bring Maryland's public schools to the minimum building and educational standards that would be in place if they were constructed today.<sup>2</sup> In the fall of 2004, almost \$600 million in requests were submitted by the local school systems for State funding in the FY 2006 Public School Construction Capital Improvement Program. Both of these figures indicate the enormous task of school construction that the State and the local governments face. Fully \$316.8 million (53%) of the \$594 million requested for FY 2006 was for work on existing facilities: major renovations, renovations with additions, systemic renovations, or science classroom renovations, with another \$48.7 million (8%) requested to replace school buildings that could no longer be cost-effectively renovated. In response to the overall need, the General Assembly and Governor provided \$250 million in FY 2006 State funding for the Public School Construction Program, a figure that is expected to be sustained at least through FY 2007 and perhaps beyond. Of the \$251.1 million in State funds that was eventually approved for FY

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<sup>1</sup> Lawrence, Barbara Kent: "Save a Penny, Lose a School: The Real Cost of Deferred Maintenance," a Policy Brief for the Rural School and Community Trust, June 2003. Dr. Lawrence summarizes a large body of literature that addresses factors such as days of school lost due to indoor air quality (IAQ) problems; teacher and student morale; teacher absenteeism and retention; and student alertness, concentration, and overall academic performance.

<sup>2</sup> Because of construction escalation of approximately 12% per year since 2003, it is anticipated that if the survey were conducted today, the total cost for correcting deficiencies would be in excess of \$4 billion. It also should be remembered that the standards that were used in the survey were minimum standards, and that LEAs will typically build schools to a standard higher than minimum. Of the \$3.85 billion identified in the 2003 survey, 34% was associated with building and site factors and another 20% with facility corrections needed to support educational programs (Task Force to Study Public School Facilities Final Report, February 2004: p. 182)

2006 projects,<sup>3</sup> \$126.3 million or 50% was applied to a variety of renovation, renovation/addition, and systemic renovation projects that will substantially upgrade the building performance and the educational suitability of public schools. Another \$33.6 million in funding (13%) was approved for new schools that will replace some of the most obsolete school facilities in the State.

Given the high level of school construction need in Maryland and the funding that has been provided by the State and the local governments, there is a desire on the part of decision-makers to ensure that the State's investment is well protected through adequate maintenance. Members of the Capital Debt Affordability Committee have expressed the need to both strengthen accountability on the part of the local school systems for the maintenance of their schools, and to assist them with resources to accomplish their maintenance tasks.

### **CURRENT STATUS OF MAINTENANCE IN MARYLAND'S PUBLIC SCHOOLS**

The Committee recognizes that while the State provides assistance for school construction in the State capital budget, the maintenance of school facilities is the responsibility of the LEAs and is funded through the LEAs' operating budgets. The Bridge to Excellence in Public Education Act of 2002 will provide over \$4.0 billion in education aid (Thornton Funding) to the LEAs in FY 2006. The adequacy figures in the Thornton funding included a minimum allocation per pupil for maintenance of facilities, based on statewide average spending in FY 1999. The Committee is concerned that the LEAs must achieve spending levels that provide appropriate funding for deferred and preventive maintenance and, at a minimum, must meet the plant operation and maintenance funding requirements of the Thornton formula.

The majority of the school systems of Maryland have long-established programs that allow them to identify, prioritize and execute projects that address corrective maintenance and preventive maintenance tasks. Baltimore City Public Schools, which is recovering from a history of inadequate maintenance, is currently engaged in a vigorous and accelerated program to develop maintenance management programs that correspond to the number and age of its facilities.<sup>4</sup> Nevertheless, maintenance in Maryland's schools suffers at several levels:

#### *Capital Maintenance and Renovation Projects*

For the largest maintenance projects – systemic renovations and major renovations - the State's FY 2006 capital budget provides welcome relief, although the tasks are so extensive that this level of funding must be sustained for a number of years in order to have a significant impact on the deficiencies identified in the Treasurer's 2003 study. In FY 2006, the State was able to fund 65% of all of the systemic renovation requests, but only 35% of the combined requests that were submitted for major renovations and science classroom renovations.<sup>5</sup>

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<sup>3</sup> Subsequent to passage of \$250 million for public school construction by the General Assembly and enactment by the Governor, the IAC approved an additional \$3.7 million in project funding from the Statewide Contingency Account. However, \$2.6 million of the original \$250 could not be allocated because of technical issues. The net result was an increase of \$1.1 million.

<sup>4</sup> Concurrently, BCPSS has undertaken a planning process to develop a ten-year capital improvement program that will include, in addition to capital construction and maintenance projects, the closure of underutilized or obsolete schools. A significant reduction in gross building area will improve the BCPSS maintenance effort by allowing a more efficient use of available staff, equipment, and contractor resources.

<sup>5</sup> Fast-growing school districts such as Calvert and Frederick have needed to defer the renovation of older schools in order to provide capacity for their rapidly increasing student populations. Limitations in both State and local funding mean that both categories of project cannot usually proceed concurrently.

### *Routine Maintenance Operations*

Day-to-day operations - small carpet replacement and painting tasks, miscellaneous wiring, repairs from minor vandalism and storm events, and preventive maintenance items such as replacing filters in mechanical equipment - constitute a large part of maintenance and have a great impact on the visual appeal of buildings and their continuing operation. But the maintenance operating budgets that address these tasks are not adequate:

- A recent study by Baltimore County Public Schools found that four medium to large districts in Maryland have maintenance budgets that average 1.74% of their total operating budget.<sup>6</sup> Maintenance managers indicate that 3% of the annual operating budget is a benchmark figure that would allow a school system to both correct observed deficiencies and conduct a sound preventative maintenance program.
- While the total operating budgets of school districts have consistently increased, the proportion dedicated to maintenance and operation (M&O) of facilities has remained fairly constant, resulting in a net decline in the percentage of funds available to maintain facilities.<sup>7</sup>
- Moreover, within the maintenance operating budget, as the cost of utilities and salaries has consistently increased, the funds available for supplies, materials, and contracted services has declined.<sup>8 9</sup> Unpredictability in the cost of energy makes it extremely difficult for the school officials who are responsible for setting maintenance budgets to provide reliable information to their local fiscal authorities.
- Preventive maintenance, the most cost-effective type of maintenance activity, is underfunded within the already shrinking M&O budgets. Newer facilities in particular, representing the highest value assets of the school system, should receive a larger percentage of maintenance budget than older facilities, where the effort is targeted at deferring major renovation and maintaining continuity of operations.<sup>10</sup>

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<sup>6</sup> Baltimore County Public Schools Department of Physical Facilities presentation to Board of Education, June 14, 2005. The four districts are Frederick, Prince George's, Montgomery, and Baltimore County.

<sup>7</sup> For example, Anne Arundel County Public Schools has seen an increase in its total operating budget of approximately 123% in the period 1990-2005, but the maintenance operation budget has increased by only approximately 19%. The maintenance portion of the total operating budget has consequently declined from about 3.2% in 1990 to about 1.7% in 2005. Anne Arundel County Public Schools Budget Task Force, Support Services Sub-Group: "Budget Trending Information," February 19, 2004. This experience is not atypical for other school districts (see Lawrence, op. cit.). *American School and University* reported in April 2005 that M&O budgets for school districts have declined from 9.55% of overall district expenditures in 1996 to 7.51% of district expenditures in 2005 (ASU does not provide detailed information about which facility factors are included in the percentage figure they provide; since some maintenance figures include utility costs and others do not, there can be considerable variance in the value of the percentage figures that are provided from different sources).

<sup>8</sup> Anne Arundel County Public Schools reports a decline between 1990 and 2005 of about 29% in the funds available for these categories; *Ibid.* This claim is supported by Lawrence, op. cit.

<sup>9</sup> *American School and University* reported in April 2005 (op. cit.) that the maintenance and operation budgets of school districts are typically split as follows:

- |                           |     |
|---------------------------|-----|
| • Payroll:                | 50% |
| • Energy/utilities:       | 33% |
| • Equipment/supplies:     | 7%  |
| • Outside contract labor: | 6%  |
| • Other:                  | 4%  |

<sup>10</sup> The American Association of School Administrators, a national organization of educational leaders, references expertise that states that 2 to 4 percent of a building's total replacement costs should be spent annually on preventative maintenance. *Schoolhouse in the Red: An Administrator's Guide to Improving America's School*

### *Non-Bondable but Expensive Projects*

At an intermediate level, school systems have an enormous need to carry out projects that are expensive but not bondable, either because they are too small or because the lifespan of the corrected item is less than the 15 year term associated with general obligation bonds in Maryland. Projects in this category include those that are eligible under Maryland's Aging School Program: carpet, painting, partial replacement of roof and driveway surfaces, replacement of ceiling tile, correction of hardware deficiencies, playground equipment, etc.

- Because this type of project is too small to be recognized in the capital budget but too large for routine operating expenses, it is not likely to be carried out at all unless funds are provided through special local and State programs like the ASP.
- These projects often have a large impact on the visual appeal of a school building, and also have a marked effect on extending the date when the building or building system will need to be replaced.
- LEA facility planners consistently report this is the arena within which local and State investment will yield the largest return, in both building quality and in deferral of larger maintenance costs.

## **INITIATIVES**

The Interagency Committee on School Construction met on August 16, 2005, to consider three initiatives that will effectively ensure the consistent and appropriate maintenance of public schools in Maryland:

1. Improve the State's annual maintenance surveys in order to enhance the State's ability to monitor the maintenance of public schools;
2. Strengthen the relationship between maintenance and State funding provided through the Capital Improvement Program; and
3. Develop an incentive program of State funding to assist the local school systems with their maintenance tasks.

This report presents the considerations and decisions of the Committee on each of these topics, and outlines future areas of research and action.

### **Initiative 1: Improve the State's annual maintenance surveys in order to enhance the State's ability to monitor the maintenance of public schools**

#### Current Status of the Maintenance Survey Process

For many years, an employee of the Department of General Services surveyed 100 or more schools annually, noting the condition of each school in the 34 categories shown in the attached

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*Facilities and Environment* (ASSA, 2004) p. 22. The relation between facility age and preventative maintenance budget is emphasized in a study by Engineering Associates, Inc., of Atlanta Georgia, completed for Frederick County Public Schools ("Management Study and Plan: The Maintenance Department, Facilities Service Division", June, 2000).

chart. In fiscal year 2004, this position was eliminated and the survey function was assigned to eleven inspectors in the DGS Maintenance Engineering Division (Office of Facilities Planning, Design and Construction). Although considerable effort has been invested into improving this program,<sup>11</sup> there are inherent limitations within this process:

- Eleven individuals, no matter how highly qualified and dedicated, have different orientations and reactions to the same observed conditions. These differences are apparent in the variability of the reports that have been reviewed by the Public School Construction Program. In the private sector, for example in the insurance industry, considerable training is provided in order to reduce this variability as much as is humanly possible. Given departmental budget constraints, few resources are available for the extensive and continual training that would be required to ensure consistency among the reports of DGS's eleven inspectors.
- All of the eleven inspectors, who are geographically dispersed throughout the state, have other duties in addition to inspection of public schools. To bring them together on a regular basis for training would reduce the time they have available for the maintenance surveys and their other duties.
- The DGS Maintenance Engineering Division also has numerous other functions aside from the school maintenance survey. Consequently, there have been unavoidable delays in the processing of the survey results.
- Because of their other duties, the inspectors cannot survey more than 100 schools per year. This means that every school in the state receives an inspection, on average, at a 14-year interval. This is too long an interval to determine if maintenance is being properly conducted.
- Because of limitations in staffing, there are currently almost no consequences if "Poor" conditions are noted in the surveys:
  - If a specific item is found to be "Poor" within a survey that otherwise results in a ranking of "Not Adequate" or better, the LEA is asked to indicate how the deficient item will be corrected, but no re-survey of the item is conducted.
  - If the overall rating of the school is "Poor," the school is re-surveyed in the following year, and will continue to be re-surveyed until the rating improves, but there are no fiscal or other consequences for the school system.
- Currently, the complete operation of the maintenance survey is divided among three agencies: the Department of General Services which conducts the surveys, the MSDE Facilities Branch which identifies the schools that will be surveyed and develops the annual report for the Board of Public Works, and the Public School Construction Program, which reviews and issues the individual county reports. This fragmentation of responsibility reduces the efficiency of the survey process.

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<sup>11</sup> Actions taken to date include a complete revision of the maintenance survey instrument; meeting of the 11 inspectors with supervisors and personnel from the Public School Construction Program and MSDE to coordinate methodology and standards; and a half-day survey by all eleven inspectors of a high school near Baltimore to develop consistency in the evaluations of, and standards applied to, the building systems observed.

The members of the Committee believe that no program of funding incentives and penalties related to school maintenance will be effective unless the State has the ability to accurately and continuously monitor the condition of schools. A well structured maintenance survey process has the potential to ensure that the State has current and complete knowledge of the condition of schools. To bring the maintenance survey to this level, the Committee recommends:

*Beginning in FY 2007, engage four full-time inspectors to carry out the State's annual maintenance survey of public schools.*

- The inspectors will perform between 300 and 400 school surveys per year starting in the fall of 2006. With this schedule, it will be possible to survey every school in Maryland on approximately a four to five year cycle, as well as carry out additional duties related to the CIP. The shorter inspection cycle will provide early warning if maintenance is not being properly conducted.
- The inspectors will report to, and be housed in, the Public School Construction Program.
- The inspectors should have the same level of experience and training that is expected of "due diligence" inspectors in the insurance industry, who are specifically trained to carry out inspections. Four positions are needed for this function in order to increase the number of schools that are inspected each year to a meaningful level.
- The inspectors will maintain records and conduct focused inspections to determine whether deficiencies noted in prior surveys have been corrected; will report to the PSCP on the methods and schedules proposed by the LEA to correct the deficiencies; and, once a program of funding consequences has been developed (see below), will advise the PSCP on actions to be taken if deficiencies are not corrected in a timely manner.
- The inspectors will be responsible for the functions that are now spread among three agencies: conducting the surveys, developing individual project and LEA reports, and assisting with the comprehensive report that is submitted to the Board of Public Works in October of each year. In addition, as a program of consequences related to CIP funding is developed by the IAC, the inspectors will participate in surveying projects included in the CIP submissions and in staff deliberations about project funding and approval.

#### Budget Implications

The high level of funding that the State has provided for public school construction since inception of the Public School Construction Program – more the \$4 billion - requires an appropriate level of operational funding. Inspection of schools is a critical function that must be adequately supported in order for the State to protect its large investment and to ensure uninterrupted continuity of school functions.

It is anticipated that the salary of the inspectors should be approximately \$60,000 in order to attract individuals with the qualifications needed. The inspection team will require one support position. The estimated FY 2007 funding required for the four inspector positions and the support position are:

*Annual Expenses:*

Four inspectors: Salaries and benefits	\$300,000
Administrative Specialist III: Salary and benefits	\$37,500

Annual mileage allowance:	\$20,000
Annual supplies and mobile phones:	<u>\$7,000</u>
Estimated annual costs:	\$364,500
<i>One-Time Expenses:</i>	
Two new workstations and associated furnishings:	\$22,000
<i>Total Estimated FY 2007 Expense:</i>	\$386,500

**Initiative 2. Strengthen the relationship between maintenance and State funding provided through the Capital Improvement Program**

The Committee recognizes that State funding provided through the Public School Construction Capital Improvement Program for renovations should only be directed at schools that have been well maintained and school systems that exercise sound maintenance programs. The approval of State funding for a school that has not been well maintained is a reward for negligence. Accordingly, the Committee wishes to establish consequences for poor maintenance that will result in a reduction or denial of capital funding in the CIP. The logical approach is to use the improved maintenance survey process described above to assess the maintenance of schools which are applied for as projects in the annual CIP, and then to incorporate this information into decisions about State funding.

However, the Committee also expresses caution regarding any program of funding consequences that are related to maintenance:

*Physical Condition vs. Maintenance Effort*

The physical condition of a school building and the effort that is expended to maintain it must be distinguished. "Maintenance effort" consists of a combination of factors, including the local government's overall funding for the operational budget of the school system, the percentage of this budget that is dedicated to maintenance, and the facility culture of the school system: the procedures and structures that govern maintenance activities, the communication between school-based and central office staff, and the work ethic and attitude of those individuals who are directly responsible for inspecting schools and performing maintenance activities. One school system may have schools in poor condition because it provides inadequate resources for maintenance, lacks proper training and accountability for its staff, does not place a priority on preventative maintenance, and has an organizational structure that does not promote rapid decisions and appropriate actions, while another system, because of the age of its facilities and a lack of local wealth, may have schools that are in poor condition despite vigorous and well-organized maintenance efforts. This attitude can be observed in the custodial care that is applied to some of Maryland's oldest and most obsolete schools, making them attractive learning environments in spite of their many building deficiencies.

As with any physical asset, maintenance effort increases disproportionately as the asset ages. Even with adequate maintenance, the performance and visual impact of this effort also become increasingly marginal as the asset ages. And as maintenance funding for public schools is perennially compromised by the intensive and multiple demands that are placed on operating budgets by other needs, the resources that can be devoted specifically to maintenance are reduced. Rising energy costs and salaries further reduce the amount of funds that are available for maintenance-related equipment,

supplies and contracted services. The result may well be a downward spiral in which a school building shows accelerated deterioration despite a worthy effort expended on its upkeep. In some cases, denial of funding could further contribute to the building's decline, with obvious consequences both for the building occupants and for the long-term durability of the structure. Care must be taken that penalties associated with maintenance funding do not harm building occupants and do not accelerate the deterioration of the building fabric.<sup>12</sup>

In recommending adjustments to construction funding based on maintenance performance, the Committee will take into consideration the effort made by the LEAs to meet their responsibilities within their operating budgets for properly funding and managing school maintenance programs. The Committee recognizes that any program of funding consequences should not penalize school systems where the maintenance effort expended on schools may be high but the results, for reasons that lie beyond the control of the LEA, are less than adequate. The Committee will develop instruments to objectively measure local maintenance effort, including analysis of LEA operating budgets, use of Thornton funds, and the results of the State maintenance surveys. Since evaluation of local maintenance effort is a complex issue, funding decisions will be subject to the judgment of the Committee and the final approval of the Board of Public Works.

In recognition of these cautions, the Committee has made a distinction between those actions that can be undertaken immediately and those that will require more study and deliberation:

Immediate Actions:

1. *Provide clear definitions of maintenance in order to facilitate discussion about the issue.*

The definitions must align with the actual practices of school systems and distinguish between the types of funding sources that school systems use to carry out a broad range of maintenance activities:

- *Routine or Operational Maintenance*, e.g. painting or carpet replacement, elevator service, grounds maintenance, upkeep of mechanical equipment, recoating of roof surfaces, and correction of poorly operating doors and windows.
- *Mid-Range Refurbishment or Repair*, e.g. roof or driveway patching, replacement of a motor within an HVAC unit, abatement of a "hot" asbestos-containing building system or area, or re-lamping of an entire facility.
- *Capital Replacement or Upgrade*, e.g. replacement of an entire roof, installation of air conditioning, replacement of boilers, wiring a facility for data, or renovation of an entire facility.

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<sup>12</sup> The State's maintenance survey method currently acknowledges this problem. Without undertaking a level of in-depth research for which the inspectors do not have time or resources, it is not possible for them to know the detailed history of local maintenance effort for any particular school building. Consequently, it was decided in August 2004 that the DGS inspectors will rate the 34 building components based on their physical appearance, but will include in their notes any information they can obtain about the maintenance effort that has been applied to the school.

2. *In the annual report that is submitted to the Board of Public Works in October of each year, provide narrative descriptions of the general observations of the facilities of each school system.*

Note should be made especially of those schools that received either “Superior” or “Poor” overall ratings, and also of those building systems that appear to be most in need of correction on a statewide basis.<sup>13</sup> Because the report is due on October 1 of each year, this action will be first implemented with the October 1, 2006 submission.

3. *Strengthen the linkage between the Capital Improvement Program (CIP) and the Comprehensive Maintenance Plan (CMP), modeled on the current relationship between the annual Educational Facility Master Plan (EFMP) and the CIP:*

- When reviewing the CIP submissions, confirm that high priority projects in the deferred maintenance category of the CMP are submitted as systemic renovation or other projects. In case of discrepancies between the CIP and the CMP, discussion will be held to determine the cause (e.g., the LEA may plan to submit the project in the Aging Schools Program rather than the CIP).
- Develop uniform requirements for the format and content of the CMP that will be similar to those currently in place for the Educational Facilities Master Plan and the Capital Improvement Program. This will permit the staff of the PSCP to readily assess the relation of the projects in the CIP to deferred maintenance projects in the CMP.

#### Short Term Actions:

1. *Define a set of metrics, based on national, regional, or statewide practices, that will allow the IAC to determine if a school has been properly maintained.*

These metrics will address both building condition and maintenance effort, and will be incorporated into the State’s maintenance survey procedure. The Committee will obtain advice and technical assistance from the private sector concerning best practices for deferred and preventive maintenance of public school facilities.

2. *Determine how the funds provided through the Thornton formula have been used for maintenance activities by the LEAs.*

Thornton funds were intended to provide operational budget assistance to the LEAs in all areas of education, including support activities such as facility maintenance. MSDE has gathered information about the use of Thornton funds by the LEAs, but this information has not yet been analyzed to determine whether funds have been spent on facility maintenance activities in accordance with the requirements of the law.

3. *Define the funding consequences that will be applied to schools and school systems that show a record of poor maintenance, as well as the procedures that will be developed to determine and apply these consequences.*

- The factor of maintenance effort, described above, must be incorporated into any method of evaluation that is used.

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<sup>13</sup> For example, the Treasurer’s facility assessment study of 2003 determined that human comfort was the area of building performance in greatest need of funding among the 31 categories studied (16.7% of the total of \$3.85 billion). Human comfort in any building is usually related to the performance of the mechanical system. Improvements in this one category have significant impacts on two other areas that were assessed in the survey, namely indoor air quality and building conditions, and on an area that was not assessed, energy conservation.

- Consequences must never be mandatory, but must be subject to the discretion and judgment of the IAC and the final approval of the Board of Public Works.

#### 4. Other Actions

- *Improve the dissemination of best maintenance practices throughout the state.*  
For example, the PSCP will help to establish an on-line library of best practices, participate in the semi-annual statewide meetings of public school facility maintenance managers, and sponsor occasional statewide seminars to discuss focused topics in maintenance.
- *Develop a set of maintenance guidelines as benchmarks for funding and performance.*  
It is not recommended that a single set of maintenance standards should be applied to every school district in Maryland. There is broad recognition that the maintenance needs of the local school systems are vastly different, for reasons that include the age of their facilities, climatic exposure, community preferences, and their history of capital projects.<sup>14</sup> Nevertheless, many LEAs feel that the State can play a critical role by disseminating quantifiable guidelines that address the multiple dimensions of good maintenance. These guidelines will allow the LEAs to compare their own programs to those of others, and to use objective information to support their requests for funding, staff, and other resources from local governments. The guidelines will cover, at a minimum, the following areas of school maintenance:
  - Annual Maintenance Budgets
  - Preventive Maintenance
  - Life Expectancy of Systems
  - Maintenance Checklists
  - Staffing Expectations
  - Quality Assurance
- *Publicly disseminate the results of the maintenance inspection reports and ratings.*  
Online access to inspection reports about the physical condition of each building and its inspection rating can be provided with the information that MSDE currently provides on the academic progress of each public school in the State, including the school's annual testing scores.

### **Initiative 3. Develop an incentive program of State funding to assist the local school systems with their maintenance tasks.**

The Committee recognizes the importance of providing the local school systems with adequate funding to assist with maintenance activities, and finds attractive the idea that some aspect of

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<sup>14</sup> As an example, school systems that install central air conditioning as a matter of course will have maintenance costs and tasks that are inherently higher than those that – perhaps for climatic reasons – do not require central air throughout. A single maintenance budget standard applied to both would be misleading.

State funding should be structured to provide incentives for the school systems to improve their maintenance performance. At the same time, the Committee recognizes that the LEAs currently receive large allocations of State funding: Thornton funding is intended in part to address maintenance and operational tasks, and the \$251.1 million that the State has provided in FY 2006 for capital projects contains a large component that addresses maintenance-related projects. Moreover, the Committee is very aware of the complexities involved in developing such an incentive program, including:

- The importance of rewarding good maintenance effort as a component of the overall assessment of building condition;
- The importance of being scrupulously fair and objective in the allocation of this valuable resource; and
- The necessity to ensure that these funds are used to supplement local maintenance funds rather than to supplant them.

Given these unresolved issues, the IAC requests additional time to consider:

- Whether an additional funding program is needed, given the current level of State funding;
- How such a program of incentives should be structured
- What level of funding is appropriate, the source of these funds, what types of projects or other activities would be eligible within the program, and whether or not a local match would be required.
- Whether these funds will be separate from the State's capital improvement program or will be an incentive allocation within the capital improvement program; and the related question whether these funds should be targeted to the non-bondable, mid-range refurbishment or repair level of projects or to major capital improvement projects that can be financed through bond revenues.

## **CONCLUSION**

The IAC places great importance on the maintenance of public schools. The Committee recognizes not only that the State's considerable investment in public school construction must be protected and that maintenance has a bearing on the welfare of building occupants, but also that there is evidence of a relationship between building condition and the behavior and attitude of the occupants. With the enormous public concern that is focused on academic achievement, the condition of facilities should be considered as a significant factor that can influence learning.

At their scheduled meeting of September 26, 2005, the IAC will continue the discussion about the long-term issues that are discussed above: The development of consequences related to the State's capital improvement program, and whether a funding initiative should be developed that will provide incentives for good maintenance to the local school systems. The IAC will begin to implement the immediate initiatives that are described above: developing definitions, refining the annual report to the Board of Public Works, and strengthening the linkage between the Comprehensive Maintenance Plan and the CIP. It will also begin work on the short term

actions listed: defining a set of metrics for maintenance performance, determining how Thornton funds are used, defining funding consequences, and disseminating best practices among the LEAs.

Since the improvement of the maintenance survey process is of central importance to all of the initiatives outlined in this report, the Committee requests support from the members of the Capital Debt Affordability Committee in bringing this critical item forward as a request in the FY 2007 operating budget of the Public School Construction Program.