

**Exhibit A**



**PUBLIC SCHOOL CONSTRUCTION PROGRAM  
OVERVIEW**

**BALTIMORE COUNTY PUBLIC SCHOOLS**

September 21, 2004

Website: [www.pscp.state.md.us](http://www.pscp.state.md.us)

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# **PUBLIC SCHOOL CONSTRUCTION PROGRAM**

## **BOARD OF PUBLIC WORKS – INTERAGENCY COMMITTEE ON SCHOOL CONSTRUCTION**

August 18, 2004

### **I. OVERVIEW OF THE PROGRAM**

Since 1971, the State of Maryland has provided funding to assist local education agencies (LEAs) with the construction of public school facilities. The Public School Construction Program (PSCP) administers six funding programs that are described in this overview. Delivery of public school construction projects, from site selection through design to construction and close-out, has been delegated to the LEAs, with the State reviewing design and procurement documents, contracts, change orders, and project close-outs. In addition to these activities, the PSCP provides the LEAs with technical assistance in procurement, financing, and project delivery, promulgates design and construction guidelines, facilitates communication between LEAs to develop best practices, and undertakes research in a number of areas to improve the quality and cost effectiveness of the LEAs' construction programs.

The Public School Construction Program was established by the Maryland General Assembly in 1971. The Assembly gave the Board of Public Works the responsibility and authority to develop the Rules, Regulations, and Procedures for the Administration of the School Construction Program (R,R,&P). The R,R,&P were originally approved by the Board in 1971 and have been amended and revised several times since then. The last revision approved was on December 18, 2002. Revisions to incorporate legislation passed in the 2004 General Assembly are now under study.

To administer the PSCP, the Board created the Interagency Committee on School Construction (IAC), which is comprised of the State Superintendent of Schools (chairperson), the Secretary of the Department of General Services, and the Secretary of the Maryland Department of Planning. Each of the IAC members have staff within their respective departments that is assigned to work with the seventeen staff members of the Public School Construction Program.

A summary of the State funding for public school construction projects since the inception of the Program in 1971 is shown below.

#### **Summary of State funding for capital improvements for public schools**

a. Public school construction projects (PSCP) FY1972 – FY2005	\$3,906,832,000
b. State assumption of County debt (pre-1967) for school construction projects – repaid 1971- 1998	\$755,622,000
c. Aging School Program (ASP) FY1998 – FY2005	\$76,940,000
d. Qualified Zone Academy Bonds (QZAB) FY2001, FY2002 and FY2004	\$27,717,000*
e. Recycled Tire Program (for Playgrounds) FY 1999, FY 2000, FY 2002, FY 2003 and FY 2004	\$930,000
f. Federal School Renovation Program (FSRP) FY2003	\$10,593,000

\* Includes \$576,000 in interest income.

The types of projects listed below are currently eligible for State funding through the Capital Improvement Budget. Smaller projects, including several types of work that are not eligible for Capital Improvement Program funds, are funded through the five other programs described in this document.

- Renovations to existing public schools
- Additions to existing public schools
- New and replacement schools

- Systemic renovation projects – replacement of roofs, boilers, chillers, windows, lighting and electrical systems, mechanical systems, plumbing, fire alarm or sprinkler systems, and conveying systems (elevators).
- LOOK OF THE FUTURE High School Science Facility projects
- Kindergarten and Pre-Kindergarten projects
- Locally owned relocatable classrooms (fiscal years 2006, 2007, and 2008 only)

When the Program first started, the State paid for architectural and engineering fees, the construction costs of the project, and movable furniture and equipment. The State contribution was generally about 95-99% of the project cost. Land acquisition was never eligible for State funding. In the mid-1970's the responsibility for A/E fees was shifted to the localities, and the costs of movable furniture and equipment were similarly shifted in the mid-1980's. Starting in the mid-1980's a shared State-local cost formula was developed and implemented. The formula took into consideration the wealth or lack of wealth of a jurisdiction. On December 18, 2002, the Board of Public Works extended the formula modifications for Baltimore City and Prince George's County that were approved by the Maryland General Assembly during the 2002 legislative session. In April 2004 the General Assembly approved a revised formula, which takes account of local wealth, the number of children in the Free and Reduced Price Meal Program, status of the jurisdiction as a distressed county, enrollment growth above the State average, and local debt. The new formula will take effect in fiscal year 2006.

Each school system submits an Educational Facilities Master Plan on July 1 of each year. The plan presents data and analysis of school facilities covering a period of ten years. It is utilized as a tool in reviewing the annual and five-year Capital Improvement Program request that the school system submits in October of each year. The staff of the IAC meets with each school system to review their requests and identify additional information that is needed to support and/or justify each project requested. The various steps for recommending and approving projects by the staff, the IAC and the Board of Public Works are presented below, and in greater detail in Part II. The dates shown reflect the activities related to the recently approved FY 2005 CIP.

#### **Steps for Recommendations and/or the Approval of Projects (FY 2005 CIP)**

1. Staff recommendations were made and sent to the IAC in November 2003 after meeting with each LEA to review their requests; information regarding the recommendations was sent to each LEA and local government.
2. The IAC held a hearing in early December on the staff recommendations, and the IAC then sent its recommendations to the Board of Public Works in December. Information regarding the recommendations was sent to each LEA and local government. The recommendations of the IAC were for 75% of the total allocation of \$100,000,000 anticipated for fiscal year 2005.
3. The Board of Public Works held a hearing on the IAC recommendations in late January and was requested to approve the recommendations. At this meeting, the Board heard appeals from the LEAs for projects not recommended by the IAC.
4. After the end of the legislative session and the determination of the total funds approved by the Governor and the General Assembly, as well as additional funds available through the Statewide Contingency Fund, the IAC met to consider final staff recommendations.
5. At the end of April, the IAC sent its final recommendation to the Board of Public Works based on the January appeals, the total allocated funds, and additional information provided by the school systems between January and April.
6. An agenda item was prepared for submittal to the Board of Public Works in May 2004 for the approval of projects within the State funds available for the next fiscal year. Information regarding the decisions of the BPW were sent to each LEA and local government.

For Fiscal Year 2005, a total of \$127.5 million was provided for the PSCP, consisting of \$114.2 million in new bond authorization, \$2.4 million in Stadium Authority funds, and \$10.9 million from the

Statewide Contingency Account. \$1.6 million of the bond authorization is dedicated to the Aging School Program. The total requests from all twenty-four school systems for FY 2005 were \$384 million. Appendices F-1 and F-2 contain additional information about the FY 2005 CIP.

### **Other Programs**

The State initiated, in FY 1997, the **Technology in Maryland Schools Program** (TIMS) to wire all of the public schools in the State for voice, video, and data communication systems. Funds were provided through the PSCP to fund the State share of the wiring costs. All of the public schools in the State (with a few exceptions for schools that are to be renovated or closed) have been funded, and the work should be completed within the next eighteen months. See Appendix G for more information.

In 1997 the Maryland General Assembly passed SB795, which established the **Aging School Program** (ASP). The ASP is administered by the IAC. The first year of funding was \$4,350,000. Annual funding was increased the following year to \$10,370,000. The allocations for each school system are established in statute based upon a formula that utilizes the pre-1960 square footage of the public schools in each school system. See Appendix H for more information.

The IAC administers the State's **Qualified Zone Academy Bond Program** (QZAB). This is a Federal tax-credit program. The State had six annual authorizations that it combined into three single bond sales after State legislation authorized the sales during the 2000, 2001 and 2003 sessions. The 2000 and 2001 bond sales were further combined into one bond sale. The program has enabled the State to sell these tax-credit bonds at appreciable savings to the taxpayers of Maryland. A formula was developed that considered the pre-1960 square footage of each school system and the number of students in each school system eligible for Free or Reduced Price Meals (under the Federal School Lunch Program). The program was not extended for FY 2005. See Appendix I for more information.

The Public School Construction Program, through an agreement with the Maryland Department of the Environment and Maryland Environmental Services, administers the **Recycled Tire Program** (RTG), which utilizes recycled tires for public school playgrounds. The Board of Public Works approves the allocation of the funds for this purpose. The PSCP has received allocations for five of the last six fiscal years. During that time thirty-eight projects in eight school systems have been approved for a total State cost of \$930,000. It is anticipated that the program will continue in future years. See Appendix J for more information.

In Fiscal Year 2001, the U.S. Congress passed legislation that established the School Renovation, IDEA, Technology Grant program. The Maryland State Department of Education applied for and received a grant that included funds for school renovation projects. The Public School Construction Program administers the **Federal School Renovation Program** (FSRP) portion of the grant received by the State. A total of \$10,586,000 has been made available for direct grants and \$156,000 is available to administer the program. The FSRP requires a competitive application and approval process. This Federal program has not been extended. See Appendix K for more information.

In addition to these programs, the State owns 212 **relocatable classrooms**, with generally one to four classrooms per unit. These units are utilized by the public school systems at no cost, but they do share in the cost to move the classroom units within or to their jurisdiction. The cost to move the units is within the established PSCP allocation. Starting in FY 1989 the State budgeted funds for capital improvements to these State-owned units. Beginning in FY 1996 the program has requested and has received \$200,000 every other year to fund the required capital improvements. The school systems share in the cost of these improvements to the State property. Funds in the amount of \$200,000 were authorized for FY 2004, and additional funds will be requested in FY 2006.

In 2004, the Board of Public Works was directed by legislation to develop procedures for an **Emergency Repair Fund**. These procedures were approved by the Board of Public Works on August 11, 2004. LEAs may access State funding for an emergency project, defined as “A condition in a public school building or on the school grounds that presents an immediate health or safety hazard to the occupants of the building, and/or a threat of severe damage to the school facility, and which could not have been reasonably foreseen through regular inspections or corrected through a regular preventive maintenance program.” Funds in FY 2005 will be provided from the Statewide Contingency Account. Please contact the PSCP for application requirements.

ADDITIONAL INFORMATION AVAILABLE ON REQUEST

## II. STATE PROCESS FOR APPROVAL OF PLANNING AND ALLOCATION OF FUNDS

1. **Sequence for Approval of Planning and Project Funding** (See Appendix D-1, "Capital Improvement Program Time Line". Dates given below are for FY 2006 CIP; some dates may be adjusted at a later time). This sequence applies only to projects in the Capital Improvement Program; projects in the five other programs described in Part I follow application and approval processes that are specific to each program.

- Preliminary Submission
  - Submission of LEA Capital Improvement Program requests for Planning Approval and State funds (October 7, 2004). (Note: October 15 has traditionally been the date for submission of the CIP requests. In the interest of the review process, CIP submissions for FY 2006 will be due on October 7, 2004. This date will be retained for future years if the results are favorable.)
  - Staff analysis of project requests (October 7 to approximately November 12 of each year, and subsequently until April of the following year, as new information becomes available)
    - Staff considers the items listed under 3 or 4 below, "Factors Considered for Approval of Planning" and "Factors Considered for State Funding"
    - Staff assigns a status to each project, as follows:
      - "A" Project: Recommended to be approved by Interagency Committee on School Construction (IAC) and recommended by the IAC to the Board of Public Works (BPW).
      - "B" Project: Project has met all technical requirements, but is recommended for deferral because of fiscal constraints.
      - "C" Project: Technical issues must be resolved before the project can be recommended for approval to the IAC. Examples of such technical issues include submission of an approved educational specification in order to receive planning approval, or evidence of progress in developing the project design in order to qualify for funding.
      - "D" Project: Project is not recommended for approval, typically because it has been renovated or improved too recently to be eligible for State funding, or because its scope is not eligible for State funding.
- "First Round" of approvals:
  - Designees recommend "A" projects for approval by the Interagency Committee on School Construction (IAC). LEAs are notified of recommendations (mid-November).
  - LEAs submit final revisions to CIP requests, including local government approval (December 8, 2004).
  - IAC hears appeals from LEAs on projects not recommended by Designees (mid-December).
  - IAC recommends approval of projects to the Board of Public Works (BPW), and LEAs are notified of recommendations (late December). Value of projects recommended at this stage equals at least 75% of total anticipated funding.
  - Board of Public Works hears appeals from the LEAs for projects not recommended by the IAC and makes decisions regarding the First Round projects recommended by the IAC (hearing appeals meeting, end of January 2005)
- "Second Round" of approvals:
  - PSCP staff develops recommendations for additional projects to be approved (mid- to late-April). All projects in these lists have a "B" Project Status, i.e., all technical issues are resolved.
  - IAC reviews the staff recommendations and approves (middle to end of April)

- Recommendations are submitted to the Governor, and discussions are held with BPW members on project merits and reasons for recommendations (end of April)
- BPW approves final project list (end of April or beginning of May)
- LEAs are notified, and final CIP is published and distributed (May to July)

## **2. Funding for the Public School Capital Improvement Program**

- Beginning of September 2004: Governor indicates to Executive Director of the Public School Construction Program the anticipated funding that will be available in the coming fiscal year for public school construction.
- Prior to September 15: Executive Director provides anticipated funding information to LEAs.
- October 7 to approximately mid-November: PSCP staff base their preliminary analysis of CIP requests on the Governor's indicated funding level.
- During the Assembly Session, the legislature or the Governor may provide additional funds.
- In developing Second Round recommendations, PSCP staff also analyze the status of the State Contingency Fund, which contains funds reverted from projects that have been cancelled, or that were completed at costs below the eligible State maximum. A portion of this contingency amount may be added to the total of available funds for the CIP. Staff also analyzes funds from other sources, e.g. Stadium Authority revenues.
- Final allocation of funds by the BPW must match the available funds.

## **3. Factors Considered in Developing Recommendations for Approval of Planning**

### **a. Quantifiable Planning Factors**

- State Educational Priority:  
Impact of the project on educational programs and numbers of students, and whether the project addresses State educational mandates or initiatives, such as full day kindergarten, pre-kindergarten for economically disadvantaged children, or high school science.
- Enrollment Priority:  
For renovations, the degree of overcrowding at a proposed school and its adjacent schools; for new schools, the degree of overcrowding at adjacent schools.
- Planning Priority:  
Impact that the proposed project has on statewide planning goals to foster communities and mitigate sprawl.
- Average Age of Building Area:  
This factor gives priority to older buildings, but reflects the fact that schools in Maryland have been built and added to in many episodes.
- Special Populations:  
Reflects the percentage of students at the school who are receiving special education services outside the regular classroom, are eligible for free and reduced price meals (FRPM), and/or are English Language Learners (ELL).

### **b. Planning Factors That Entail Judgment:**

- LEA's backlog of previously approved projects:  
If an LEA has a large backlog of projects that will require State funds, additional projects should generally not be added to the list. If, however, the LEA is able to provide local funds for the backlog without immediate reimbursement from the State, planning approval for pressing new projects can be considered.
- Local capacity to proceed with the project:  
Some LEAs may have the capacity to proceed with the design of a project even if they do not receive State planning approval; others may require the commitment of funding implicit in

State planning approval before they will proceed. The latter group will tend to receive higher consideration in the IAC review process.

- Total cost of the project, and when State funds will be required.  
A very large project, although it has a high priority, may block several other worthy projects of lower priority; in this case, consideration may be given to by-passing the higher priority project. However, it may be that the more costly project will extend over several years, and the impact on State funds will be relatively small in any one funding year.
- Other.  
Other factors will be considered that may be specific to a school system or to a particular school project. These may include the impact that the proposed school project will have on the fiscal viability of the school district; the effect of the project on significant student behavior and/or achievement issues; the requirements of rural schools; and schools where a safety issue is present.

#### **4. Factors Considered in Developing Recommendations for State Funding**

##### **a. Technical Factors:**

- By December 8<sup>th</sup>, 2004, the project must be formally approved by the Local Educational Agency's (LEA) Board of Education and must be supported by the City or County Government, which commits to providing matching funds.
- Priority given to project by LEA, and total list of project requests.
- Major Projects (typically, projects for which planning approval and funding are requested in sequential fiscal years):
  - *All Projects:*
    - Educational specification has been approved by LEA and the MSDE Facilities Branch.
    - LEA shows progress in the design of the project, with Schematic Design and Design Development documents submitted on schedule. This provides assurance that if the project is funded, the funds will be used within the budget year.
    - A reasonable schedule for design, bidding, and construction is provided.
    - Projected enrollments at the school and adjacent schools justify the proposed capacity of the project. (Note: Based on new information provided by the LEA, the capacity and the State maximum allocation may be adjusted from the figures that were approved in Planning).
    - Overall enrollment trends for the school district indicate a long-term need for the facility.
    - The scope of the proposed work is eligible for State funding.
  - *Renovation Project.* Portions of the building that will receive State funds have not been constructed or renovated within the last 16 years.
  - *Renovation with Addition Project.* Portions to be renovated have not been constructed or renovated within the last 16 years, and enrollment projections or program requirements justify the increase of school capacity.
  - *Replacement Project.* A Feasibility Study has been carried out, meets State standards for content and format, and shows that the replacement option is justified by costs, educational benefits, and other considerations. Generally, the State has a preference for the renovation of an existing facility over its replacement, unless renovation can be shown to be financially unfeasible or educationally detrimental. If the Designees do not agree that the replacement is justified and the LEA proceeds nevertheless to replace the original school, the IAC may recommend funding the project at the cost of renovation (typically lower than the cost of new construction) and with an additional 15% penalty.
  - *New Project (or Replacement Project on site other than original school site):* A site has been approved by the BOE, has passed through State Clearinghouse review, and has

been approved by the IAC. The Designees can review a project but cannot recommend approval until all of these steps are accomplished. Funds may be approved before actual title to the site is obtained by the BOE, but the BOE must hold title before the State is allowed to expend funds for construction (there are exceptions to this rule for Prince George's County and Baltimore City; in addition, new legislation allows an exception under certain circumstances when title is held for a restricted period by a private entity).

- Small Projects (typically, projects for which planning approval and funding are requested in the same fiscal year):
  - *Addition Project*. Enrollment projections justify the increase of student capacity. General indication of area of building in which the addition will be located is provided.
  - *High School Science Classroom Renovation Project*. Area proposed for renovation is indicated, including support spaces and adjacent corridors that will be affected, in order to justify area requested. Current and proposed utilization of classroom space is provided, based on actual and projected numbers of teachers and students in science classes.
- Systemic Renovation Project (planning approval is not required):
  - LEA provides a description of the building system, the age of the components, and a cost estimate. The building system to be replaced cannot be less than 16 years old.
  - The proposed renovation corresponds to one of the eligible categories for Systemic Renovations.
  - Project value is greater than \$100,000 (with exception that a project between \$50,000 and \$100,000 is eligible if LEA has no other projects greater than \$100,000).

**b. Non-Technical Factors**

- Issues of equity:
  - The IAC will follow past practice of attempting to provide funding for at least one eligible project for every LEA.
  - The IAC will attempt to fund major projects for smaller LEAs that have not had a major project for a number of years. Technical assistance is also provided in developing the design, bidding, engaging the constructor, and project administration.
- LEA's backlog of previously approved projects:
  - What is the LEA's ability to provide matching funds for a new project, given its obligation to fund previously approved projects?
  - How many projects have been entirely or partly forward funded, requiring the State to reimburse the LEA (typically with pay-go funds)?
  - Has the local fiscal authority ever deferred or rescinded a project because of lack of fiscal capacity?
  - Are projects not moving forward for other reasons, e.g. lack of staff capacity, poor performance by A/E consultants, redesign, local permitting problems, poor site conditions?
- Impact of Project: While generally deferring to priorities established by the LEA and local government, the IAC will also evaluate the relative priority of an LEA's submitted projects based on the following criteria:
  - Projects that benefit a larger number of students.
  - Projects that positively impact State mandates and initiatives: A project will generally receive higher priority for State funding if it is dedicated to, or contains portions that will address, full-day kindergarten, pre-kindergarten for disadvantaged children, or high school science classroom renovations.

- Projects that will benefit children with special learning needs: Special Education, English Language Learners, and Free and Reduced Price Meal program students.
- Projects that will positively impact State planning goals (“Smart Growth” principles, and projects in Priority Funding Areas)
- Projects that will positively impact local community goals or requirements (e.g. fulfillment of a court order to redress discrimination such as Prince George’s County *Memorandum of Understanding*)
- Projects that will positively impact on the economic development of the area.

**c. Fiscal Factors**

- Anticipated level of State funding for Budget Year and following five years, based on Governor’s letter of early September and subsequent increases of funding:
  - Anticipated bond revenues
  - Anticipated pay-go revenues
  - Anticipated other sources, e.g. Stadium Authority revenues and Statewide Contingency Fund.
- Relation between the LEA’s request for State and local funding and the anticipated requisition requirements of the project (the “draw” schedule). The PSCP has an interest in ensuring that approved State funds are efficiently utilized, and do not sit idle because of project delays.
- Impact on State funding in future years (e.g., a project that requires limited State funds in the first year of construction may require major State funding the second year, with impacts on the overall State CIP).