Task Force to Study Public School Facilities

2002 Interim Report

Annapolis, Maryland

December 2002

For further information concerning this document contact:

Library and Information Services
Office of Policy Analysis
Department of Legislative Services
90 State Circle
Annapolis, Maryland 21401
Maryland Relay Services: 1-800-735-2258
E-mail: libr@mlis.state.md.us

Baltimore Area: 410-946-5400 Washington Area: 301-970-5400
Other Areas: 1-800-492-7122, Extension 5400
TDD: 410-946-5401 301-970-5401
Maryland Relay Service: 1-800-735-2258
E-mail: libr@mlis.state.md.us

The Department of Legislative Services does not discriminate on the basis of race, color, national origin, sex, religion, or disability in the admission or access to its programs or activities. Sherry M. Little has been designated to coordinate compliance with the non-discrimination requirements contained in Section 35.107 of the Department of Justice regulations. Requests for assistance should be directed to Ms. Little at the telephone numbers shown above.

Task Force to Study Public School Facilities

State Treasurer Nancy K. Kopp
Chairman

December 31, 2002

The Honorable Governor of Maryland
The Honorable President of the Senate
The Honorable Speaker of the House of Delegates

Gentlemen:

On behalf of the Task Force to Study Public School Facilities, I respectfully submit the interim report. The task force has requested a one-year extension for the task force's final report, which you have approved. Legislation must be enacted in 2003 to extend the task force's final report deadline to December 31, 2003.

Since its appointment late in the summer of 2002, the task force has worked diligently to examine a broad range of issues related to its charge to review the adequacy and equity of the State's public school construction program and continuation of the Aging School program. As the meetings progressed, the task force realized the difficult and unprecedented nature of its charge and the challenge of doing a comprehensive job by the deadline. Most importantly, the task force is not able to complete a major part of its charge related to implementation of the Bridge to Excellence in Public Schools Act of 2002 (Chapter 288) until each local jurisdiction submits its comprehensive master plan by October 2003. Further, the task force is undertaking an unprecedented assessment of the current conditions of the State's public school facilities as a baseline measure of facility needs.

The task force's interim report contains several recommendations based on its work thus far and identifies numerous items that will be studied further in 2003. In regard to the level of State funding, the task force is recommending that the State increase school construction funding in the next four years above the current planned level of $425 million, which is significantly less than the $951 million provided in the past four years.

The task force's interim report includes several recommendations for action during the 2003 session. First, the task force recommends requiring comprehensive master plans submitted by school systems to address the impact of the planned educational programs on school facilities, including implementing full-day kindergarten for all students and pre-kindergarten for economically disadvantaged students by 2007–2008. Regarding the Aging School Program, which will sunset after fiscal 2004 under current law, the task force recommends making the Aging School program permanent. The current allocation of funds should be maintained in fiscal 2004 and 2005. The task force will examine whether to modify the allocation of Aging School funds and may make a recommendation in the final report. Third, the task force

Department of Legislative Services, 90 State Circle, Annapolis, Maryland 21401-1991
410-946-5530 • 301-970-5530 • Fax: 410-946-5555 • Fax: 301-970-5555 • Toll Free Number: 1-800-492-7122 • TTY: 410-946-5401

Public School Construction Program, 200 West Street, Baltimore, Maryland 21201
410-767-0469 • Fax: 410-333-2226 • TTY: 410-333-6442

recommends maintaining the special provisions of the State/local shared cost formula for Baltimore City and Prince George's County through fiscal 2005. Implementing these recommendations will require legislation in the 2003 session, although the Maryland State Department of Education is moving to implement the recommendation that school systems address facilities in the comprehensive master plan.

Maintaining the special provisions through fiscal 2005 is consistent with the task force's decision to further study options for revising the State/local shared cost formula and make recommendations in the final report, which would take effect in fiscal 2006 at the earliest. The task force will also examine further whether certain schools, such as schools with high concentrations of students eligible for free and reduced price meals and schools in distressed counties, should receive a greater State share of school construction costs. Other issues identified by the task force for further study include facility needs for full-day kindergarten and pre-kindergarten; State Rated Capacity; eligible and ineligible costs for State funding; and alternative funding mechanisms to provide additional non-State funding for school construction and to allow school systems to react in a timely manner to facility need.

I wish to express my appreciation to the members and staff of the task force for their participation and hard work over the past months. I look forward to completing our work in 2003.

Sincerely,

Nancy K. Kopp

Nancy K. Kopp

NKK/RHH/kjl

cc: Members of the General Assembly

Task Force to Study Public School Facilities

2002 Membership Roster

State Treasurer Nancy K. Kopp, **Chairman**

Ms. Sylvia H. Barrios
Mr. Dunbar Brooks
Mr. Dane A. Coleman
Delegate George C. Edwards
Secretary T. Eloise Foster
Commissioner Jan H. Gardner
Dr. Nancy S. Grasmick
Ms. Marcel Hall
Dr. Francine Dove Hawkins
Delegate Sheila E. Hixson
Senator Patrick J. Hogan
Ms. Kathryn G. Manley
Senator Nathaniel J. McFadden
Commissioner Julie B. Randall
Secretary Peta N. Richkus
Mr. Daniel C. Smith
Dr. Yale Stenzler
Mr. William Struever
Mr. Marvin F. Wilson
Mr. Timothy C. Woodring

Department of Legislative Services Staff

Mark Collins
Rachel Hise
Beth McCoy
Kimberly Landry

Public School Construction Program Staff

Barbara Strein

Maryland State Department of Education Staff

Allen Abend

Department of Budget and Management Staff

Arthur Hilsenrad

Contents

	Page
Transmittal Letter	iii
2002 Membership Roster	v
The Task Force Charge	ix
Summary of Meetings	xi
Interim Recommendations and Items to Examine Further in 2003	1
Request for Extension	1
Adequacy	1
Assessing Facility Needs	2
Comprehensive Master Plans	3
Full-day Kindergarten	5
Pre-kindergarten	6
State Rated Capacity	7
Equity	8
State/Local Shared Cost Formula	8
Greater State Share for Certain Schools	13
Adjustments for Baltimore City and Prince George's County	15
Allocation of State Funds	17
Aging School Program	18
Funding and Eligibility	20
Eligible and Ineligible Items	20
Level of State Funding	20
Local Funding for School Construction	21
Alternative Funding Mechanisms	21
Roles and Processes	22
Appendix 1 – Chapter 288/Senate Bill 856 of 2002 (Section 5)	25
Appendix 2 – Veto letter for House Bill 937 of 2002	27
Appendix 3 – Request for Extension	31
Appendix 4 – Approval of Extension Request From Governor and Presiding Officers	33
Appendix 5 – Task Force 2002 Schedule/Workplan	35

The Task Force Charge

The Task Force to Study Public School Facilities was established by the Bridge to Excellence in Public Schools Act of 2002 (Senate Bill 856/Chapter 288). The task force was recommended by the Commission on Education Finance, Equity, and Excellence (Thornton Commission) to review issues related to the adequacy and equity of public school facilities. Specifically, Chapter 288 requires the task force to review, evaluate, and make findings and recommendations regarding: (1) whether public school facilities are adequate to support educational programs funded through an adequate operating budget as proposed by the Thornton Commission; (2) the equity of the State's school construction program, particularly the equity of the State and local cost shares for school construction projects; (3) the continuation of the Aging Schools Program as a permanent program; and (4) any other matters that are relevant to the adequacy and equity of the State's school construction program.

House Bill 937 of 2002 would have established a similar school facilities task force with an expanded charge. The bill also would have redistributed Aging Schools Program funding. The Governor vetoed the bill for policy reasons related to the redistribution of Aging Schools funding. However, the Governor's veto letter requested that the task force consider the additional issues addressed by the charge in House Bill 937. Specifically, the Governor requested that the task force examine whether the State should provide a greater share of eligible school construction costs for: (1) schools with high proportions of students eligible for free and reduced price meals; (2) small schools located in priority funding areas; and (3) schools in qualified distressed counties.

The task force was to submit its final report and recommendations to the Governor and General Assembly by December 31, 2002, the date on which the task force was terminated under Chapter 288.

Summary of Meetings

August 12, 2002

The Task Force to Study Public School Facilities held its first meeting on August 12. The first order of business was the review of the task force's charge, as established by the Bridge to Excellence in Public Schools Act of 2002 (Chapter 288) and the Governor's veto letter for House Bill 937, which asked the group to examine whether the State should provide a greater share of eligible costs for certain schools.

The meeting also included an overview of the State's Public School Construction Program (PSCP) presented by the Executive Director of PSCP. The task force reviewed the school construction funding allocation process and the rules, regulations, and procedures of PSCP. Next, the task force heard from the Secretary of Planning, who provided an explanation of enrollment projections prepared annually by the Department of Planning. The secretary noted that statewide school enrollment is expected to peak in 2005, although the trends are not consistent across the 24 school systems. Finally, the task force reviewed and approved its 2002 Interim schedule, which included five additional work sessions and a possible public hearing. It was decided that "adequacy" would be covered at the September 18 meeting, equity issues would be considered at the October 7 meeting, and funding and eligibility subjects would be reviewed at the October 28 meeting. The remaining meetings were reserved for work sessions to be used to finalize the task force's interim recommendations and items to be examined further in 2003.

September 18, 2002

At its September 18 meeting, the task force examined different aspects of the concept of adequacy as it relates to school facilities. These aspects include basic structural adequacy and adequacy based on enrollment level, but also adequacy in terms of a specific relationship to academic achievement. The first presentation covered the Bridge to Excellence in Public Schools Act and the work of the Commission on Education Finance, Equity, and Excellence (Thornton Commission). To get some idea of the staffing levels and programs that might be implemented with the funding provided under the Bridge to Excellence legislation, the task force also reviewed the staffing and programmatic data that guided the adequacy studies conducted for the Thornton Commission.

The task force then examined the ways other states have handled the concept of adequacy of public school facilities to educational outcome goals. Although some states have adopted detailed standards for school facilities, staff for the task force was unable to identify any states that have made efforts to link student performance and school facilities. The next presentation covered the methods Maryland uses to ensure that new or renovated school facilities support the educational programs and services local school systems are implementing. The task force learned that construction projects must meet the programmatic goals of a school system in order to be approved for funding. The Bridge to Excellence in Public Schools Act mandated two specific educational programs: full-day kindergarten for all students and pre-kindergarten for

economically disadvantaged four-year-old children. These requirements affect school facility needs. The task force examined the impact of these mandates, both of which go into effect at the beginning of the 2007-2008 school year, as well as the impact of the often-stated goal of reducing class sizes or school sizes. Finally, the task force reviewed public school facilities data that are readily available from PSCP.

October 7, 2002

The task force reviewed equity issues related to school construction at the October 7 meeting. The task force reviewed the current State/local shared cost formula for public school construction, approved in 1993, including the adjustments made for Baltimore City and Prince George's County. The task force looked at the potential impact of using the funding formulas established in the Bridge to Excellence in Public Schools Act of 2002 (e.g., the foundation program, using both actual and projected wealth and enrollment data, and the Guaranteed Tax Base program) on the State share of public school construction costs.

The task force also examined whether the State should provide a greater share of eligible school construction costs for schools with 50 percent or more of their students eligible for free and reduced price meals; small schools constructed or renovated in priority funding areas; and schools in qualified distressed counties. The task force compared counties that qualify for the Guaranteed Tax Base Program with those counties that are designated as qualified distressed counties to determine the potential impact on the State share of public school construction costs.

The annual process for allocating State public school construction funds was reviewed, using the fiscal 2003 public school construction Capital Improvement Program as an example. In addition, the potential impact of local master plans on facility needs, alternative funding mechanisms, and whether the Aging School Program should continue were discussed. The task force also looked at the outstanding debt of Maryland counties and Baltimore City to assess the debt burden faced by the local jurisdictions in meeting school construction and other capital needs

October 28, 2002

At the October 28 meeting, the task force reviewed issues relating to the funding of school construction. The first presentation covered State and local funding for school construction. State funding for school construction has increased dramatically over the last eight fiscal years. Local funding has also increased, although not at the same rate as State funding. The task force was also presented with a list showing the planned levels of State general obligation debt for fiscal 2004 to 2007 by agency or program. The State expects to authorize about $100 million per year for school construction during the time period, a significant decrease from the funding provided during the previous four years.

Next, the task force reviewed items that are eligible and ineligible for the State/local shared cost formula. Changing the items that are eligible for State funding or altering the size or scope of projects for which the State will share in the cost has important implications for the

State and local governments. Finally, the task force went over some school construction funding innovations that are being implemented in Maryland and in other states.

The task force discussed the possibility of authorizing the use of public-private partnerships or other innovations, such as new taxes or fees earmarked for school construction, that would help school systems to support more and better projects. Lisa Rawlings of the University of Maryland School of Public Affairs presented information on alternative funding mechanisms that are currently in effect in some Maryland counties as well as school districts in other states. Ms. Rawlings reviewed Charles County's new Fair Share School Construction (FSSC) excise tax. FSSC tax is applied to all new residential development, with homeowners paying the tax over 10 years at the county's interest rate. She also discussed the practice of shared use in school facilities in Harford, Howard, Montgomery and Prince George's counties. Alternative mechanisms found in other areas of the country include construct-leaseback, in which private developers construct and own school facilities leased by the local school systems. Ms. Rawlings also reviewed a local incremental sales tax option for schools, in which states allow local jurisdictions to impose an increase in the sales tax with a majority of the revenue generated by each jurisdiction going directly toward each jurisdiction's public school construction needs and the remaining amount going into a fund to help participating jurisdictions that have great need but little tax capacity. Other public-private partnerships were also discussed such as the selling of air rights over existing facilities, historical tax credits for renovating older schools, shared-use facilities, and the extension of performance contracting.

November 22, 2002

At the November 22 meeting, the task force reviewed Virginia's Public-Private Education Facilities and Infrastructure Act of 2002 in which private activity bonds are used to finance school construction projects. Virginia Delegate Preston Bryant explained that the act facilitates public-private partnerships for school construction and the co-location of facilities such as having a school library also serve as the county library. Other alternative funding mechanisms such as lease-purchases/sale-leasebacks and user fees were also discussed.

The potential impact of special needs populations on school facility design and appropriate thresholds of special needs populations the State could set in determining whether to approve special facility designs were also examined by the task force. Members noted that the special education population will not diminish in the near future and that the number of limited English proficient students is growing rapidly. The task force also reviewed projected full-day kindergarten and pre-kindergarten enrollments and the potential impact of projected enrollment on State-rated capacity and adequate public facilities ordinances. The task force then reviewed the factors the State examines in determining its allocation of State public school construction funding. The task force also approved a letter requesting a one-year extension for the task force.

The task force concluded by discussing the options listed in the task force's draft 2002 interim report regarding adequacy, facility needs assessment, master plans, full-day and pre-kindergarten, class size reduction efforts, potential changes to the State/local shared cost formula, greater State share for certain schools, adjustments for Baltimore City and Prince

George's County, allocation of State funds, the Aging School Program, funding and eligibility, the level of State funding, local funding for school construction, and roles and processes.

December 4, 2002

At the December 4, meeting, Dr. R. Craig Wood, B.O. Smith Research Professor at the University of Florida's College of Education, discussed various models for determining the adequacy of educational facilities. Dr. Wood suggested examining the facilities at the successful schools surveyed as part of the Thornton Commission's adequacy study and using those facilities as a benchmark for adequate facilities, since student performance in those schools has already been defined as successful or "adequate."

The task force also heard invited testimony from representatives of the Maryland Association of Counties (MACO), the Maryland Association of Boards of Education (MABE), the New Maryland Education Coalition (MEC), the Public School Superintendents' Association of Maryland (PSSAM), and the School Finance Officers on how they would define an adequate school facility and determine whether a school is adequate; what they would select as the most important factor affecting the equitable distribution of State school construction funding; and which options in the interim report they support or oppose.

Several panelists supported an additional and separate funding stream for constructing full-day kindergarten facilities while others urged the task force to continue to fund projects based on the jurisdictions' prioritization of projects. If separate, additional funding is provided for full-day kindergarten facilities, it was suggested that special consideration be given to school systems that have already implemented full-day kindergarten. Most panelists supported periodically updating the State/local shared cost formula, though most also recommended that the task force defer updating the formula until next year.

Interim Recommendations and Items to Examine Further in 2003

Request for Extension

Since its appointment late in the summer of 2002, the task force has worked diligently to review a broad range of issues related to its charge in an effort to meet the deadline for a final report to the Governor and General Assembly by December 31, 2002. As the meetings progressed, the task force realized the difficult and unprecedented nature of its charge and the challenge of doing a comprehensive job by the deadline. Most importantly, as is discussed below under the Adequacy section, the task force is not able to complete a major part of its charge related to implementation of the Bridge to Excellence in Public Schools Act until each local jurisdiction submits its comprehensive master plan by October 2003. Further, the task force is planning to conduct an unprecedented assessment of the current conditions of the State's public schools as a baseline measure of facility needs. Other issues also require greater study, including the use of alternative funding mechanisms to provide additional non-State funding for school construction and to allow school systems to react in a timely manner to facility needs.

Therefore, the task force has requested that the Governor and General Assembly grant a one-year extension of the task force's deadline. The task force is submitting an interim report with some recommendations based on its work thus far, and will submit a final report by December 31, 2003. Preliminary discussions with staff in the offices of the Governor and presiding officers indicate that an extension will be approved. Legislation will need to be enacted by the General Assembly and the Governor in order to extend the task force.

Adequacy

The task force has been charged with evaluating whether school facilities are adequate to support the programs funded by the Bridge to Excellence in Public Schools Act of 2002. On September 18, 2002, the task force reviewed the funding structure and requirements of the Bridge to Excellence legislation. In particular, two new mandates, full-day kindergarten for all students and publicly-funded pre-kindergarten for economically disadvantaged four-year-old children, both of which are required by the 2007–2008 school year, will generate a need for new or reconfigured classroom space. The act also requires each local school system to develop a comprehensive master plan for the coordinated use of State, local, and federal funding to implement educational programs that will improve the academic performance of all students. Depending on the programs articulated in the comprehensive master plans, class-size reduction efforts and other school improvement strategies may also influence the size and number of school facilities required. The direct linking of "adequate" school facilities and "excellent" school programs targeted at improved educational outcomes is a very new and relatively unexplored area of inquiry in the nation today.

Assessing Facility Needs

Understanding the present state of school facilities may help to determine how far the State is from meeting the goal of adequate facilities in different school systems. State funding efforts could be focused in jurisdictions to address the "gaps" between adequate facilities and existing facilities.

The task force considered various approaches to assessing the current state of Maryland's public schools, including a professional inventory that would cost millions of dollars. Concerns were raised that a professional inventory would be expensive and would take time to complete. An assessment of facility needs at a given point in time also may be of limited usefulness, because utilization rates, conditions, and student populations shift over time.

The task force agreed on a two-part approach that utilizes existing resources. The first part involves identifying the fundamental elements that the task force, through the Public School Construction Program (PSCP) and in consultation with education and facility experts at the State and local levels, believes are necessary for an adequate public school facility. A survey instrument will be designed to assess the degree to which the approximately 1,400 public school facilities in Maryland contain the fundamental elements.

An Advisory Panel will be appointed by Treasurer Kopp, Chair of the task force, to advise PSCP and experts as the fundamental elements are identified and the survey instrument is developed. Dr. Nancy Grasmick, State Superintendent of Schools and Chair of the Interagency Committee on School Construction (IAC), will serve as Chair of the Advisory Panel. Other members will include members of the task force who represent the State Board of Education (Mr. Dunbar Brooks), Maryland Association of Counties (Ms. Jan Gardner), Maryland Association of Boards of Education (Mr. Bill Struever), Maryland State Teachers' Association (Ms. Sylvia Barrios) and educators (Ms. Marcel Hall) as well as at least one county superintendent (Dr. Eric Smith, Superintendent, Anne Arundel County Public Schools).

Once the fundamental elements and survey have been approved by the task force (in late February), the survey will then be distributed to the 24 local education agencies. It is anticipated that the results of the survey will be available in June 2003. The second part will involve analyzing the results of the survey and estimating the cost of bringing all public schools up to meeting the fundamental elements.

Recommendations: The task force will undertake an assessment of Maryland's public schools in 2003 as outlined below.

1. *Identify the fundamental elements necessary for an adequate public school facility.*

2. *Design survey instrument to assess Maryland's public school facilities based on the fundamental elements.*

3. *Establish Advisory Panel, chaired by Dr. Nancy Grasmick, to assist in identification of fundamental elements and development of survey instrument.* The Advisory Panel will receive advice and recommendations from the Technical Workgroup of PSCP staff, school facility experts and educational program experts as the fundamental elements of an adequate public school facility are identified and the survey instrument is developed.

4. *Require local school systems to complete the survey about existing school facilities.* The survey results would be used by the task force next year as it continues its deliberations. The survey will be completed and results will be available in June 2003.

5. *Develop a method to uniformly estimate facility needs in different school systems using available data, including survey results, based on the fundamental elements identified as necessary for an adequate public school facility.* For example, the needs calculation for a school system could include measures of the age and condition of facilities, the utilization rates (i.e., "crowdedness") of existing schools, projected enrollment trends, the number of at-risk students, and regional cost differences. Another concomitant approach would be to review the annual education facilities master plans submitted by local school systems. The facility needs estimate could then be used to guide decisions about State funding.

6. *Review the facility needs identified in local school systems' comprehensive master plans to be submitted to MSDE in October 2003.*

7. *Visit schools around the State to acquire first-hand impressions of school facility needs.* The task force will visit various public schools during the 2003 interim.

Comprehensive Master Plans

The Bridge to Excellence Act provided local school systems with great flexibility in their use of State aid. To ensure accountability, local school systems are required to develop and implement five-year comprehensive master plans that will provide for improvements in academic performance across all student populations. The plans must be submitted to the

Maryland State Department of Education (MSDE) by October 1, 2003. The legislation does not require the plans to address the impact of educational programs on school facilities.

MSDE has developed a document entitled "Bridge to Excellence in Public Schools Act – Guidance on Developing the Master Plan" which has been distributed in draft form (dated 12/6/2002) to a wide range of stakeholders for review and comment. In response to the task force's interest in including the impact of education programs on school facilities in the master plans, MSDE incorporated facility needs in the document, based on input from the PSCP and the task force. For example, the guidelines provide that:

> Each school system must review what the impact of implementing the Bridge to Excellence Master Plan will be on the planning, design, construction, operation, maintenance, and management of its educational facilities. The local planning team should address capital improvements necessary to implement pre-kindergarten programs for economically disadvantaged students, full-day kindergarten for all students by the 2007–2008 school year. Also, capital improvements may be required to support other educational programs and services and strategies for summer school programs, after school programs, class size reductions, and alternative programs.[1]

Recommendations:

1. *Require local school systems to address school facilities' needs in their comprehensive master plans. The more detailed plan for capital improvements will be included in the annual Educational Facilities Master Plan submitted to PSCP due in July (2003 or 2004).* MSDE's "Bridge to Excellence in Public Schools Act – Guidance on Developing the Master Plan" (Draft – 12/6/2002), to be distributed in final form to local school systems in January 2003, requires school systems to review the impact of implementing the master plan on educational facilities and describe the capital improvements that may be required. (See excerpt above) Depending on each school system's timeline for comprehensive master plan development, school systems may include more detailed capital improvement plans in the July 2003 or July 2004 submission of the educational facilities master plan.

2. *Recommend that the State approve only school construction projects that are aligned with the comprehensive master plans.* This recommendation is consistent with the current practice of the IAC and PSCP to only approve school construction projects that are linked to school systems' educational programs (i.e., "form follows function").

[1] "Bridge to Excellence in Public Schools Act – Guidance on Developing the Master Plan," Maryland State Department of Education, December 6, 2002 Draft, page 23.

Full-day Kindergarten

With the requirement that school systems implement full-day kindergarten for all students by the 2007–2008 school year, making accommodations for full-day programs will be an important component of school facilities planning over the next five years. In the 2001–2002 school year, approximately 44 percent of kindergarten students attended full-day programs. Five local school systems provided full-day kindergarten for all students, one did not provide any full-day programs, and 18 systems offered a mix of full-day and half-day programs. State approval and funding of projects addressing the need for new and reconfigured classrooms will be essential for the full-day kindergarten requirement to be successfully implemented. The IAC estimates that the cost of providing the additional classrooms needed to house full-day kindergarten programs in all school systems is $142.1 million, $82.6 million for the State, and $59.5 million for local governments.

The task force recognizes that some school systems have already begun implementing full-day kindergarten while others are still in the planning process. In addition, the costs estimated by the IAC do not take into account renovations that may be necessary in school systems that currently provide full-day kindergarten in less than adequate space. Further, the question was raised whether: (1) a certain amount or proportion of the State's school construction appropriation should be set aside to fund projects that address needs associated with full-day kindergarten; (2) a separate full-day kindergarten school construction appropriation should be provide; or (3) facility needs for full-day kindergarten should be funded in the priority order identified by each local school system. The task force will examine this issue further next year after the Governor and General Assembly adopt a fiscal 2004 budget to see if the current implementation of the Bridge to Excellence Act remains on track (with full-day kindergarten mandated in 2007–2008) and as additional information is available from local school systems on their facility needs and requirements.

Recommendations:

1. *Require that each comprehensive master plan include a description of the school system's strategy for addressing the facility needs associated with the implementation of full-day kindergarten.* (This is also contained within the "Comprehensive Master Plan" recommendations.)

2. *Require that the education facilities master plans and capital improvement programs (CIPs) submitted by local school systems include the projects they will need to meet the mandate for full-day kindergarten.*

3. *Encourage local school systems to creatively address short-term space needs as full-day kindergarten is implemented. Reduce any disincentives for creative space solutions. For example, the State should consider providing funding for local school systems to purchase relocatable classrooms as a temporary space solution.* Currently, the State does not provide funding for relocatable classroom purchases.

State funding for relocatable classrooms would allow school systems to shift older grades into relocatable classrooms and accommodate full-day kindergarten in existing space (although renovation may be necessary) to address short-term space needs.

4. *The task force recognizes that in order for school systems to implement the mandate for full-day kindergarten, facilities must be available. At the same time, the ongoing need to renovate and/or construct public school facilities must also be addressed. The task force will consider several options as it seeks to address all of the facility needs of school systems.*

Issues:

- Prioritizing or providing funding based on full-day kindergarten needs may direct school construction funding towards the systems that have not yet implemented full-day kindergarten. This could lead to inequities and/or cause the State to overlook other priorities.

Pre-kindergarten

The Bridge to Excellence Act also requires all school systems to make publicly-funded pre-kindergarten programs available to all economically disadvantaged four-year-old children by the 2007–2008 school year. It is anticipated that some school systems will make use of pre-kindergarten options that do not necessitate new facilities (for example, paying to place children in private pre-kindergarten programs). Other school systems may decide to address the requirement with new or newly-renovated school facilities. In that context, the issue was raised whether: (1) a certain amount or proportion of the State's school construction appropriation should be set aside to fund projects that address needs associated with pre-kindergarten; (2) a separate pre-kindergarten school construction appropriation should be provided; or (3) facility needs for pre- kindergarten should be funded in the priority order identified by each local school system. All local school systems have established some pre-kindergarten programs for at-risk children using State funding from the Extended Elementary Education Program ($19.3 million annually). There has been no requirement, however, that all eligible children be served by the programs. Therefore, additional pre-kindergarten slots will be needed to accommodate all eligible children, particularly in areas with large numbers of economically disadvantaged children. Facilities for pre-kindergarten students are eligible for State school construction funding.

Recommendations:

1. *Require that each comprehensive master plan include a description of the school system's strategy for addressing the facility needs associated with the implementation of pre-kindergarten for disadvantaged students*. (This is also contained within the "Comprehensive Master Plan" recommendations.)

2. *Require that the education facilities master plans and CIPs submitted by local school systems include the projects they will need to meet the pre-kindergarten requirement.*

3. *Encourage local school systems to creatively address short-term space needs as pre-kindergarten for disadvantaged students is implemented. Reduce any disincentives for creative space solutions. For example, the State should consider providing funding for local school systems to lease facility space for pre-kindergarten.* Currently, the State does not provide funding for leased space. This is one example of utilizing public-private partnerships to address facility needs. (This is discussed further under "Alternative Funding Mechanisms.")

4. *The task force recognizes that in order for school systems to implement the mandate for pre- kindergarten, facilities must be available. At the same time, the ongoing need to renovate and/or construct public school facilities must also be addressed. The task force will consider several options as it seeks to address all of the facility needs of school systems.*

5. *Request that the Maryland Department of Planning include projections of eligible pre-kindergarten enrollments in its annual public school enrollment projections and provide the information to the task force and local school systems.*

State Rated Capacity

Another factor impacting school facility needs is class size. The existing State Rated Capacity (SRC), used to evaluate whether a school is overcrowded and the amount of square footage that is eligible for State funding. At the elementary level SRC is 20 students per pre-kindergarten classroom, 22 students per kindergarten classroom, and 25 students per classroom for grades one to five or six. At the middle and high school levels, SRC is determined based on 25 students per teaching station multiplied by an 85 percent utilization factor. The Bridge to Excellence Act does not require school systems to achieve certain class sizes. (In fact, requirements enacted by the Class-size Reduction Initiative were deleted in the Bridge to Excellence legislation.) It is assumed, however, that some school systems will use increased revenues to reduce class sizes, particularly in schools with high proportions of at-risk students. Any efforts to move toward smaller classes will be articulated in the comprehensive master plans submitted by local school systems and may require the construction of additional classrooms.

Recommendations:

1. *Reexamine SRC figures next year once the comprehensive master plans have been submitted by local school systems to see if SRC is aligned with school system plans.*

2. *Reexamine SRC figures regularly, e.g., every five years, to see if they are aligned with school system plans and current teacher/pupil ratios.*

Issues:

- Even without the comprehensive master plans, there is evidence that the current SRC is higher than most school systems' stated class size targets and actual practice.

- A reduction in SRC will increase utilization rates in existing schools and may trigger restrictions on development under existing Adequate Public Facilities Ordinances (APFOs) enacted by local governments to control growth and plan for required capital improvements.

- Reducing SRC will increase eligible costs for each project and/or the number of eligible projects. The State would provide more funding per project but, assuming the State appropriation for school construction remains the same, fewer projects would receive funding.

Equity

The task force is charged with evaluating the equity of the State's school construction program, particularly the equity of the State and local shares for school construction projects, and making recommendations as appropriate. The task force was also asked to consider whether a greater State share should be provided to schools: (1) with a high number of students eligible for free and reduced price meals; (2) with a small number of students; and (3) in counties that are economically distressed. In addition, the task force must make a recommendation on whether to continue the Aging School Program.

State/Local Shared Cost Formula

The State/local shared cost formula determines the portion of eligible project costs the State and local governments will pay. The shared cost formula is based on the State's share of the current expense formula, the primary formula for K-12 education funding, which takes into account each county's wealth and provides more State aid to the less wealthy counties. The shared cost formula currently in effect was revised by the Board of Public Works (BPW) in 1993 and was effective with the fiscal 1995 CIP. It had previously been revised in fiscal 1989. Under the shared cost formula adopted by BPW in 1993, the State's share of costs ranged from 50 percent to 80 percent, with 50 percent being the minimum share. Since then, the General Assembly passed legislation that modified the shared cost formula for two jurisdictions, Baltimore City and Prince George's County. (See **Exhibit 1**)

With the enactment of the Bridge to Excellence Act in 2002, the current expense formula was replaced with a new Foundation Program beginning in fiscal 2004. The new formula incorporates a higher per pupil foundation amount based on the resources needed to provide an adequate education. The Foundation Program utilizes a wealth factor similar to that used in the current expense formula and provides more aid to the less wealthy counties. The foundation amount is scheduled to increase incrementally over five years until it reaches its target amount in fiscal 2008.

The Bridge to Excellence Act establishes a new program called the Guaranteed Tax Base (GTB) beginning in fiscal 2005. The GTB program was created to provide additional State funding to those counties with less than 80 percent of the statewide wealth per pupil that make a greater local education tax effort than is required under the Foundation Program.

During 2003, the task force was presented with several options for updating and modifying the State/local shared cost formula. These options included: (1) updating the formula based on the new Foundation Program in the Bridge to Excellence Act using the same methodology as in 1993 by applying the State's estimated average share of the Foundation Program in fiscal 2006 through 2008 for each county, and then rounding up to the nearest 5 percent (e.g., 68 percent is rounded up to 70 percent) with the 50 percent minimum share retained. (See **Exhibit 2**) Alternatively, figures could be rounded up to the nearest 1 percent, eliminating the 5 percent brackets, and/or the 50 percent floor on the State's share could be changed; and (2) updating the formula based on the new Foundation Program and the GTB Program in the Bridge to Excellence Act. The additional proportion of the Foundation Program that would be provided by the GTB Program would be added to the State's estimated average share of the Foundation Program in fiscal 2006 through 2008. (See **Exhibit 3**) The task force may consider these and other options for revising the shared cost formula during its deliberations in 2003.

Exhibit 1
State/Local Shared Cost Formula[1]
Fiscal 2003

50/50	55/45	60/40	65/35	70/30	75/25	80/20
Anne Arundel	Calvert	Prince George's[2]	Carroll	Cecil	Allegany	Somerset
Baltimore Co.	Queen Anne's		Charles	Dorchester	Baltimore City[3]	
Howard			Frederick	Garrett	Caroline	
Kent			Harford	St. Mary's		
Montgomery			Washington	Wicomico		
Talbot						
Worcester						

[1] Approved by the Board of Public Works October 6, 1993; effective fiscal 1995 Capital Improvement Program.

[2] For fiscal 1999 through 2003, Prince George's County receives 75 percent of the eligible project costs for the first $35 million allocated by the State and 60 percent if any State funds are provided in excess of $35 million. For fiscal 2004 through 2007, Prince George's County will receive 75 percent of the eligible project costs for the first $35 million allocated by the State and 65 percent if any State funds are provided in excess of $35 million.

[3] For fiscal 1998 through 2001, Baltimore City received 90 percent of the eligible project costs for the first $10 million allocated by the State and 75 percent for State funds that were provided in excess of $10 million. For fiscal 2002 through 2004, Baltimore City receives 90 percent of the eligible project costs for the first $20 million allocated by the State and 75 percent if any State funds are provided in excess of $20 million.

Source: Public School Construction Program

Exhibit 2
Estimated State Share of Foundation Program

County	(column A) *FY03 Current State Cost Share*	(column B) FY06-FY08 Est. Average State Share of Foundation Prgm	(column C) *Adjusted State Cost Share*	(column D) Change from Current State Share
Allegany	*75.0%*	70.1%	*75.0%*	0.0%
Anne Arundel	*50.0%*	37.3%	*50.0%*	0.0%
Baltimore City	*75.0%* [1]	73.9%	*75.0%*	0.0%
Baltimore	*50.0%*	44.6%	*50.0%*	0.0%
Calvert	*55.0%*	56.0%	*60.0%*	+ 5.0%
Caroline	*75.0%*	69.6%	*70.0%*	- 5.0%
Carroll	*65.0%*	56.6%	*60.0%*	- 5.0%
Cecil	*70.0%*	62.0%	*65.0%*	- 5.0%
Charles	*65.0%*	59.6%	*60.0%*	- 5.0%
Dorchester	*70.0%*	60.8%	*65.0%*	- 5.0%
Frederick	*65.0%*	55.4%	*60.0%*	- 5.0%
Garrett	*70.0%*	56.9%	*60.0%*	- 10.0%
Harford	*65.0%*	55.9%	*60.0%*	- 5.0%
Howard	*50.0%*	38.6%	*50.0%*	0.0%
Kent	*50.0%*	38.2%	*50.0%*	0.0%
Montgomery	*50.0%*	24.5%	*50.0%*	0.0%
Prince George's	*60.0%* [2]	65.8%	*70.0%*	+ 10.0%
Queen Anne's	*55.0%*	46.7%	*50.0%*	- 5.0%
St. Mary's	*70.0%*	57.9%	*60.0%*	- 10.0%
Somerset	*80.0%*	71.6%	*75.0%*	- 5.0%
Talbot	*50.0%*	18.7%	*50.0%*	0.0%
Washington	*65.0%*	56.7%	*60.0%*	- 5.0%
Wicomico	*70.0%*	65.5%	*70.0%*	0.0%
Worcester	*50.0%*	18.7%	*50.0%*	0.0%
Total	**--**	**50.5%**	**--**	**--**

[1] For fiscal 2004, the State match for Baltimore City is 90 percent for the first $20 million and 75 percent for funding in excess of $20 million.

[2] For fiscal 2004 through 2007, the State match for Prince George's County is 75 percent for the first $35 million and 65 percent for funding in excess of $35 million.

Prepared by the Department of Legislative Services, October 2002

Exhibit 3
State Share of Foundation Program and Guaranteed Tax Base Program

County	(column A) *FY03 Current State Cost Share*	(column B) FY06-FY08 Est. Average State Share of Foundation Prgm	(column H) Additional State Share of Foundation with GTB Program[1]	(column I) Total State Share of Foundation with GTB (B+H)	(column J) *Adjusted State Cost Share*	(column K) Change from Current State Share
Allegany	*75.0%*	70.1%	3.9%	73.9%	*75.0%*	0.0%
Anne Arundel	*50.0%*	37.3%	0.0%	37.3%	*50.0%*	0.0%
Baltimore City	*75.0%* [2]	73.9%	6.1%	80.0%	*80.0%*	+ 5.0%
Baltimore	*50.0%*	44.6%	0.0%	44.6%	*50.0%*	0.0%
Calvert	*55.0%*	56.0%	0.0%	56.0%	*60.0%*	+ 5.0%
Caroline	*75.0%*	69.6%	2.8%	72.4%	*75.0%*	0.0%
Carroll	*65.0%*	56.6%	0.0%	56.6%	*60.0%*	- 5.0%
Cecil	*70.0%*	62.0%	1.9%	63.9%	*65.0%*	- 5.0%
Charles	*65.0%*	59.6%	0.0%	59.6%	*60.0%*	- 5.0%
Dorchester	*70.0%*	60.8%	0.6%	61.4%	*65.0%*	- 5.0%
Frederick	*65.0%*	55.4%	0.0%	55.4%	*60.0%*	- 5.0%
Garrett	*70.0%*	56.9%	0.0%	56.9%	*60.0%*	- 10.0%
Harford	*65.0%*	55.9%	0.0%	55.9%	*60.0%*	- 5.0%
Howard	*50.0%*	38.6%	0.0%	38.6%	*50.0%*	0.0%
Kent	*50.0%*	38.2%	0.0%	38.2%	*50.0%*	0.0%
Montgomery	*50.0%*	24.5%	0.0%	24.5%	*50.0%*	0.0%
Prince George's	*60.0%* [3]	65.8%	1.7%	67.5%	*70.0%*	+ 10.0%
Queen Anne's	*55.0%*	46.7%	0.0%	46.7%	*50.0%*	- 5.0%
St. Mary's	*70.0%*	57.9%	0.0%	57.9%	*60.0%*	- 10.0%
Somerset	*80.0%*	71.6%	8.9%	80.5%	*85.0%*	+ 5.0%
Talbot	*50.0%*	18.7%	0.0%	18.7%	*50.0%*	0.0%
Washington	*65.0%*	56.7%	0.0%	56.7%	*60.0%*	- 5.0%
Wicomico	*70.0%*	65.5%	3.3%	68.9%	*70.0%*	0.0%
Worcester	*50.0%*	18.7%	0.0%	18.7%	*50.0%*	0.0%
Total	**--**	**50.5%**	**1.1%**	**51.6%**	**--**	**--**

[1] In order to use actual rather than projected data, the percentages shown column H assume the foundation and guaranteed tax base programs are fully implemented in fiscal 2003. This was done to avoid using estimates of local appropriations, which are difficult to project accurately.
[2] For fiscal 2004, the State match for Baltimore City is 90 percent for the first $20 million and 75 percent for funding in excess of $20 million.
[3] For fiscal 2004 through 2007, the State match for Prince George's County is 75 percent for the first $35 million and 65 percent for funding in excess of $35 million.

Prepared by the Department of Legislative Services, October 2002

Recommendations:

1. *Wait until 2003 to recommend updating the formula, effective for the fiscal 2006 CIP.*

2. *Consider providing for a transition to the updated formula in fiscal 2006 by allowing projects that have not yet received construction funds (i.e., have been approved for planning) to receive a State share equal to the higher of the State share calculated under the old and new formulas.*

3. *Recommend that the formula be updated regularly, such as every five years, to maintain a formula that is responsive to changes in jurisdictions' relative wealth.*

Issues:

- The calculations shown in this document are based on full implementation of the Foundation Program established in the Bridge to Excellence Act by fiscal 2008. If the General Assembly alters the implementation schedule, the State's share of the Foundation Program for each county may change slightly.

- Under all options, some counties' State share declines due to an increase in their wealth relative to other jurisdictions in the State. (Several counties' State share increases, and the State share remains the same in many counties.) The State share declines for fewer counties if the formula is updated based on the Foundation Program and the GTB Program.

- The formula calculations use enrollment and wealth projections, which are not precise.

Greater State Share for Certain Schools

House Bill 937 was passed by the General Assembly but vetoed by the Governor for policy reasons related to a revised allocation of the Aging School Program funds. In his veto letter, the Governor requested that the task force study three items that would have been added to the charge of the task force if House Bill 937 had been enacted.

The task force was asked to review, evaluate, and make findings and recommendations as to whether the State should provide a greater share of eligible school construction costs for:

- schools with 50 percent or more of the students eligible for free and reduced price meals (FRPM);

- small schools constructed or renovated in a priority funding area; and

- schools in qualified distressed counties (i.e., "One Maryland" counties).

In order to evaluate these items, the task force must first determine if these are circumstances that it believes warrant additional State funding. If the conclusion is positive, then there are various ways that additional funding can be provided. One is to increase the State's share of eligible costs on an ad hoc basis for eligible projects. Another way would be to incorporate the factors into the calculation of eligible costs of a project, thereby increasing the total eligible costs that the State would share with the local government. To facilitate its evaluation of this aspect of its charge, the task force reviewed the intent behind three separate pieces of legislation (House Bill 937, House Bill 1119, and House Bill 1422) introduced in the 2002 session that sought to increase State funding for certain school construction projects.

House Bill 937 as originally introduced would have required the State to provide 75 percent of eligible costs for schools with 50 percent or more free or reduced price meals (FRPM) students. The sponsor was seeking to provide a higher State share as an incentive to local school systems and governments to give a higher priority to projects at schools with a concentration of FRPM students. MSDE has provided some data related to the number of schools with various concentrations of FRPM students as well as data regarding concentrations of students with limited English proficiency (LEP) and students with disabilities.

House Bill 1119 proposed a higher State share for small schools in order to encourage local school systems and governments to propose such projects, based on the assumption that smaller schools and smaller learning communities within larger schools provide benefits, including improved student performance, lower dropout rates, and fewer student behavior problems. A small school is defined as 300-400 students in elementary/middle schools and 400-800 students in high schools. The bill would have given construction and renovation projects at small schools an additional 10 percent of the total eligible costs of the project, above the county's current State share, if the school was in a priority funding area as defined by the "Smart Growth" statute (State Finance and Procurement Article, Title 5, Subtitle 7B).

House Bill 1422 proposed a higher State share for school construction projects in qualified distressed counties. By statutory definition, a qualified distressed county must have:

- average unemployment rate that is more than 150 percent of the average statewide unemployment rate (most recent 18 months data is available); or

- average per capita personal income that is 67 percent or less than the average statewide per capital personal income (most recent 24 months data is available).

Currently, seven qualified distressed counties are eligible for State economic development benefits: Allegany, Caroline, Dorchester, Garrett, Somerset, and Worcester and Baltimore City.

Recommendations:

1. *Further examine whether projects in distressed counties should receive a higher State share in recognition of the economic problems facing these counties that may reduce local revenues available for school construction.* An additional 5 percent could be added to the State share of the Foundation (with or without GTB) based on each criterion that qualifies a county as distressed. The Department of Business and Economic Development (DBED) receives data monthly. Status of distressed counties should be confirmed with DBED periodically at the same time of year (e.g., September). (See **Exhibit 4**)

2. *Further examine the impact of special needs populations (FRPM, Limited English Proficient students (LEP), and students with disabilities) on school facilities, particularly the possible need for additional space per student (e.g., break out rooms, smaller class sizes) and/or a greater State share.*

3. *Further examine the desirability of providing a higher State share for small schools and whether existing rules sufficiently address their space needs.*

Exhibit 4
Using Distressed County Status to Adjust State Share

County	Based on State Share of Foundation	Based on State Share of Foundation with GTB	Qualifies as a Distressed County Based on … Unemployment	Qualifies as a Distressed County Based on … Per Capita Income	Distressed County Adjustment (+5% per factor)
Allegany	70.1%	73.9%	Yes	Yes	+10%
Baltimore City	73.9%	80.0%	Yes	No	+5%
Caroline	69.6%	72.4%	No	Yes	+5%
Dorchester	60.8%	61.4%	Yes	Yes	+10%
Garrett	56.9%	56.9%	Yes	Yes	+10%
Somerset	71.6%	80.5%	Yes	Yes	+10%
Worcester	18.7%	18.7%	Yes	No	+5%

Prepared by the Department of Legislative Services, November 2002

Adjustments for Baltimore City and Prince George's County

In 1997, the Board of Public Works increased the State share for Baltimore City from 75 percent to 90 percent for the first $10 million of State funds in fiscal 1998 through 2002 based on the requirements of a consent decree signed by the State and Baltimore City to reform the Baltimore City Public School System. Legislation was enacted in 2001 to increase to

$20 million the amount for which the State would pay 90 percent of the costs for Baltimore City, and extended the provision through fiscal 2003. The Bridge to Excellence Act of 2002 extended the provision through fiscal 2004, to provide time for the task force to evaluate the adjustment and make a recommendation.

In 1998, legislation was enacted to alter the State share for Prince George's County. The legislation was prompted by the county's Memorandum of Understanding with the National Association for the Advancement of Colored People (NAACP) to end court-ordered busing for desegregation. The legislation required the State to pay 75 percent of eligible costs for up to $35 million in Prince George's County (compared to 60 percent under the formula) in fiscal 1999 through 2002. Any funds provided in excess of $35 million would be shared 60 percent State/40 percent local. The county was required to spend $20 million each year on neighborhood schools, which were being renovated or constructed near students' homes so busing would not be necessary. At the time, the county indicated that 16 neighborhood schools were needed. Fourteen projects have since been partially or fully funded by the State, with two projects deferred based on mutual agreement of the State and county. Subsequent legislation extended these provisions through fiscal 2003 and the Bridge to Excellence Act extended them through fiscal 2004, to provide the task force time to evaluate them and make recommendations.

However, also in 2002, legislation was enacted to restructure the Prince George's County Board of Education. That legislation extended the special school construction rules for Prince George's County through fiscal 2007. It also increased the State's share of costs to 65 percent for funds in excess of $35 million (instead of 60 percent). These provisions supercede the extension through fiscal 2004 enacted in the Bridge to Excellence Act.

In June 2002, U.S. District Court issued a court order declaring the unitary status of the Prince George's County Public Schools. The court order identifies items required by the Memorandum of Understanding that remain to be completed, including five neighborhood school projects. According to the IAC, each project has been either partially or fully funded by the State, with $13,076,000 still to be funded by the State.

Separate options were presented to the task force for the special provisions for Baltimore City and Prince George's County, contingent on updating the State/local shared cost formula for 2005. For Baltimore City, the task force was presented with allowing the special provisions for Baltimore City to expire since under one option (Exhibit 2) the State share in Baltimore City would be 80 percent based on the most recent estimates available. For Prince George's County, the task force was presented with an option to recommend that the special provisions for Prince George's County be terminated except for the remaining State funding for the five neighborhood schools identified in the court order, which would be provided at a 75 percent State share.

However, consistent with the task force's recommendation to consider updating the State/local shared cost formula next year, the task force recommends that the special provisions for Baltimore City and Prince George's County remain in effect for fiscal 2005. This would require the Governor and General Assembly to enact legislation extending the provision for Baltimore City for one year, since it is scheduled to sunset after fiscal 2004. Action is not

necessary in the 2003 session for the Prince George's County provision since it remains in effect through fiscal 2007.

Recommendations:

1. *Maintain the special provisions for Baltimore City and Prince George's County remain in effect through fiscal 2005 until the State/local shared cost formula is updated.* This will allow both jurisdictions to address projects in the pipeline without increasing the costs considerably for either jurisdiction. Legislation must be enacted to extend Baltimore City's provision beyond fiscal 2004, when it currently sunsets. The Prince George's County provision remains in effect through fiscal 2007.

2. *Further examine adjustments to the provisions for Baltimore City and Prince George's County next year when changes to the State/local shared cost formula are recommended.*

Allocation of State Funds

The Board of Public Works determines the allocation of State school construction funds to jurisdictions, based on recommendations of the Interagency Committee on School Construction. The IAC is chaired by the State Superintendent of Schools, with the secretaries of the Department of Planning and the Department of General Services serving as members. The IAC's professional staff evaluates each jurisdiction's requests for school construction projects and makes recommendations to the IAC on whether projects are ready to go, what level of funding they are eligible for, and whether the project should be funded in the current year (or approved for planning). To be eligible for State funding, the local government must provide a written commitment that it will provide the local share for the project in the upcoming fiscal year.

The Governor indicates the total level of funding planned for school construction in the fall for the upcoming fiscal year (i.e., fall 2002 for fiscal 2004 budget). The Governor includes funds for school construction in the operating and capital budgets submitted to the General Assembly (bonds in capital budget, PAYGO in operating budget) in January. The Governor may include more or less funds than indicated in the fall. The General Assembly appropriates school construction funds as a "lump sum" to the Board of Public Works. The Board of Public Works approves the allocation of funds to jurisdictions at two times each year, in January and in May. Since 1997, the IAC has recommended projects totaling at least 75 percent of the funding level indicated by the Governor in the fall to the Board of Public Works for approval in January. This practice was requested by the chairmen of the budget committees to limit the amount of funds allocated by the Board of Public Works after the legislative session.

The decision process or priorities used by the IAC in recommending projects to the Board of Public Works is not written in State law or in the Public School Construction Program's

Rules, Regulations, and Procedures. However, in presentations before the task force, the IAC staff outlined criteria used in reviewing and evaluating projects and making recommendations, including projected enrollment and capacity for the specific school and/or adjacent schools and the number of projects and the priority order submitted by each jurisdiction. Among the priorities the IAC uses in allocating construction funds are providing State funds for projects that have already been approved for planning or have been partially funded. In addition, to the extent that a county has at least one eligible project that is supported by the local government, the IAC makes it a priority to provide some State funding to every jurisdiction each year, to assure that children throughout the State are benefited.

In the absence of a facilities' needs assessment in each jurisdiction, the documents available for determining the school construction needs in a jurisdiction are the ten-year Educational Facilities Master Plan submitted each July and the CIP submitted each October. The CIP includes the school system's request for the upcoming fiscal year and the following five years. The local government does not have to indicate support of the request for the upcoming year until December. Therefore, to some extent, the local school system's request for the upcoming year (and possibly the out-years depending on how much effort a jurisdiction puts into a multi-year capital plan) indicates the facility needs of the jurisdiction.

Recommendations:

1. *Continue discussion of the current allocation process during 2003 and whether it has resulted in an equitable distribution of funds over time.*

2. *Identify priorities or principles that should be followed by the IAC and BPW in allocating State funds.* These priorities or principles could be developed by the task force and the IAC in 2003. If desired, they could be incorporated into the PSCP's Rules, Regulations, and Procedures (approved by BPW) and/or the Administrative Procedures Guide (approved by the IAC) or codified in statute.

3. *Consider developing a methodology for allocating State funds that prioritizes types of projects across all jurisdictions based on certain criteria (e.g., health/public safety repairs, high utilization rate in school, "gap" in facility needs, etc.).* The Maryland Higher Education Commission prioritizes community college capital requests using such a methodology. The task force could review possible methodologies in 2003.

Aging School Program

The Aging School Program was established in 1997 to provide additional funds to jurisdictions for projects at older schools. The initial funding was established in the same legislation as the Baltimore City-State Partnership. Funding was increased in 1998 as part of the School Accountability and Funding for Excellence (SAFE) legislation, and totals $10.37 million annually. The funds are allocated in statute to every jurisdiction. The allocations were primarily

based on each jurisdiction's proportion of square footage in the State built before 1960 (as of 1995). Each jurisdiction receives a minimum allocation.

Originally set to expire after fiscal 2002, the Aging School Program was extended by several pieces of legislation, most recently the Bridge to Excellence Act, and will sunset after fiscal 2004. The program was extended in 2002 to allow the task force time to review the program and make recommendations on whether to continue the program. Also in the 2002 session, the General Assembly passed legislation (House Bill 937) making the Aging School Program permanent and altering the allocation of funds. The bill deleted minimum allocations for jurisdictions and revised the allocation of the $10.37 million based on more recent data (February 2002) on each jurisdiction's proportion of pre-1960 square footage. The Governor vetoed the bill for policy reasons, stating in his veto letter that he did not think it was appropriate to alter jurisdictions' Aging School funding for fiscal 2003, since the jurisdictions had incorporated funds in their local budgets based on the pre-existing legal allocation in use since 1998. In the veto letter, the Governor asked the task force to review the allocation proposed in House Bill 937 and make recommendations on whether to alter the allocation of funds if the program is recommended to continue.

The Aging School Program is administered by the IAC which has adopted procedures for the program that make it more flexible for jurisdictions than the regular school construction program. Smaller projects (minimum of $10,000) are eligible for funding and some projects not eligible for capital funding are eligible for Aging School funding (e.g., painting, carpeting). However, many of the projects eligible for Aging School funding also qualify for capital funding. Jurisdictions can also request funds throughout the fiscal year, rather than once prior to the fiscal year under the construction program. In addition, no local match is required. Although the program was created to provide funds for projects at older schools, there is no requirement that Aging School funds be used for projects at schools constructed or renovated before 1960.

The task force considered several options to modify the allocation of Aging School funds, including revising allocations based on updated pre-1960 square footage (the methodology included in House Bill 937) and based on pre-1970 square footage. Both options were considered with and without minimum amounts for each school system. In order to provide school systems with a stable funding amount, the task force is recommending that the current statutory allocations be maintained in fiscal 2005. The task force will review the allocation formula and related issues in 2003.

Recommendation:

1. *Make Aging School Program permanent with current allocations and further examine modifications to the allocation of funds next year effective in fiscal 2006 at the earliest.* This will require the Governor and General Assembly to enact legislation in 2003 to remove the program's sunset date of June 30, 2004. The task force also requests that the legislation include an uncodified section with requirements similar to its intent to examine modifications to the allocations and make recommendations in its final report in December 2003.

Funding and Eligibility

Concurrent with its responsibility to review the adequacy and equity of the State's school construction program, the task force has been given the charge of evaluating and making recommendations about other matters that are relevant to the school construction program. The abilities of the State and local governments to fund construction projects is a significant issue to address in this segment of the task force charge. The task force has reviewed the debt that local governments are carrying and the State's capital improvement program for fiscal 2004 through 2007 as well as the categories of items eligible and ineligible for State funding.

Eligible and Ineligible Items

When applying the State and local shared cost formula, certain costs are eligible for the State match and other costs are not eligible. For example, architectural and engineering costs, site acquisition costs, and leasing costs are ineligible for State matches, while the costs of new schools, additions to schools, systemic renovations, and moving and installing State-owned relocatable classroom buildings are all eligible for State matches.

Recommendation:

1. *Request that local school systems and the IAC work together to gather cost estimates for some or all of the ineligible items.* With these estimates, the task force would be better prepared to make recommendations next year about what items might be moved from the ineligible list to the eligible list.

Issues:

- Moving items from the ineligible to the eligible category will not necessarily increase the total State appropriation for public school construction. The result may be that fewer projects are funded each year.

Level of State Funding

Governor Glendening has proposed a $139 million fiscal 2004 appropriation for public school construction. However, CIP indicated only $78.7 million in fiscal 2003, and annual appropriations of about $100 million in fiscal 2005 through 2007. Even with the higher amount in fiscal 2004, the four-year total for fiscal 2004 through 2007 is estimated at $425 million, significantly less than the $951 million provided from fiscal 2000 through 2003.

The task force recognizes the declining revenues and budget shortfalls currently facing the State. However, reducing the State's investment in school construction by over $500 million in the next four years, compared to the previous four-year period, will significantly affect the ability to meet school facility needs. The State has received over $300 million in requests for

school construction projects in fiscal 2004. The task force notes that additional debt capacity exists under the State's capital debt affordability limits.

Recommendations:

1. *Urge the Governor and General Assembly to increase State funding for school construction over the amounts indicated in CIP for the next four years.*

Local Funding for School Construction

Local governments contribute significant amounts to public school construction every year, impacting the adequacy and equity of school facilities across the State. From fiscal 1996 to 2001, local governments spent approximately $2.24 billion ($374 million annually) to fund school construction projects. The ability and willingness of local governments to provide funds for school construction affects the amount of State funds a county receives. To receive State funds for an eligible project, the local government must agree to provide the local match. It is difficult to distinguish between ability and willingness in most cases.

Recommendations:

1. *Continue to study alternative financing mechanisms for both the State and local governments in 2003.*

2. *Consider extending bond issuing authority to boards of education other than Baltimore City.* Locally issued bonds backed by local boards of education (Baltimore City uses an intercept of State aid as collateral for the bonds) could provide funds for local jurisdictions to match State funds or fund other projects. This may be an issue to explore in 2003.

3. *Further examine issues related to local ability to provide matching funds and conduct analyses to distinguish between local ability and willingness to provide matching funds.*

Alternative Funding Mechanisms

The task force discussed alternative funding mechanisms and the use of public-private partnerships across the country to meet school construction needs. The task force reviewed several innovative funding approaches in use in Maryland and in other states. The task force reviewed Virginia's Public-Private Education Facilities and Infrastructure Act of 2002 (PPEFIA) in which private activity bonds are used to finance school construction projects. Virginia Delegate Preston Bryant explained that the act facilitates public-private partnerships for school construction and the co-location of facilities such as having a school library also serve as the county library. Delegate Bryant noted that Virginia provides almost no school construction funding, leaving the role of public school construction to the local jurisdictions. One impetus of

Virginia's act was to utilize private activity bonds authorized by the federal Economic Growth and Tax Relief Reconciliation Act of 2001, which created a provision for private activity bonds. These bonds could be used to finance school facilities to be owned by a private/for-profit corporation pursuant to a public-private partnership agreement with a state or local jurisdiction. PPEFIA serves as a vehicle in Virginia for tapping into these federal funds. Other alternative funding mechanisms such as lease-purchases/sale-leasebacks and user fees were also discussed.

Information was presented to the task force on alternative funding mechanisms that are currently in effect in some Maryland counties as well as school districts in other states. For example, Charles County's new Fair Share School Construction (FSSC) excise tax was discussed, as well as shared use of school facilities in Harford, Howard, Montgomery and Prince George's counties. Alternative mechanisms found in other areas of the country include construct-leaseback, in which private developers construct and own school facilities leased by the local school systems.

The task force is very interested in pursuing the use of alternative funding mechanisms, such as public-private partnerships, to address school construction needs in Maryland. The task force will continue to examine examples of innovative public-private partnerships and other alternative funding mechanisms. The task force will also examine whether there are any provisions in Maryland statute, rules and regulations, or otherwise that inhibit or prohibit public-private partnerships and similar alternative funding mechanisms. In addition, the task force will further examine Virginia's enabling act as a mechanism for accessing the Maryland's private activity bond allocation. In order to utilize the bonds, Maryland's allocation would need to be further allocated to local school systems.

Recommendations:

1. *Evaluate whether the State has any laws or regulations that inhibit the use of innovative public-private partnerships.*

2. *Establish a workgroup of the task force, chaired by Treasurer Kopp, to continue to examine successful models of innovative alternative funding mechanisms and any barriers to their implementation in Maryland.* The workgroup will meet during Winter/Spring 2003 and report back to the task force in June 2003. The workgroup will work with the University of Maryland, College Park in these activities.

Roles and Processes

As the task force discussed issues related to adequacy, equity, eligibility, and funding of school construction, the roles of the BPW, IAC, Governor and General Assembly were briefly reviewed. An in-depth review of their roles would be useful in evaluating the school construction program. In the course of its work this interim, the task force also reviewed many of the Rules, Regulations, and Procedures (RRP) adopted by BPW for the Public School

Construction Program. Several members have raised questions about why these provisions governing school construction are not codified in statute, and thus subject to the legislative process. In addition, some of the decision processes and criteria used by the BPW, IAC and staff are not in RRP or in statute. All of these issues should be reviewed in 2003 when the task force considers whether to recommend changes in the roles or administrative processes.

Recommendations:

1. *Review the roles of the BPW, IAC, Governor, and General Assembly in 2003 and consider whether to recommend any changes.*

2. *Consider whether provisions currently in RRP should be codified in statute.*

3. *Determine whether decision processes and criteria used in practice but not written in RRP or statute should be codified in statute or adopted in RRP (approved by BPW) and/or the Administrative Procedures Guide (approved by the IAC).*

required by the General Assembly, Section 1 of this Act shall be abrogated and of no further force and effect.

Chapter 280 of the Acts of 2001

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That, notwithstanding any other provision of law, for fiscal years [2002 and 2003] 2002 THROUGH 2004, in each year, the State shall provide 90 percent of the eligible costs for up to and including $20 million in public school construction projects in Baltimore City, and for funding above $20 million, the State shall provide 75 percent of the eligible costs.

SECTION 2. AND BE IT FURTHER ENACTED, That, notwithstanding the provisions of Section 1 of this Act, Baltimore City shall appropriate for school construction in fiscal [2002 and 2003] YEARS 2002 THROUGH 2004, in each year, at least $12.4 million, the amount that Baltimore City appropriated in fiscal 2001 to match the State funds provided in fiscal 2001 for school construction in Baltimore City.

SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2001. It shall remain effective for a period of [2] 3 years and, at the end of [June 30, 2003] JUNE 30, 2004, with no further action required by the General Assembly, this Act shall be abrogated and of no further force and effect.

SECTION 5. AND BE IT FURTHER ENACTED, That:

(a) There is a Task Force to Study Public School Facilities.

(b) The Task Force shall review, evaluate, and make findings and recommendations regarding the following issues relating to the State's school construction program:

(1) whether public school facilities are adequate to support programs funded through an adequate operating budget as proposed by the Commission on Education Finance, Equity, and Excellence in its January 2002 Final Report;

(2) the equity of the State's school construction program, particularly the equity of the State and local cost shares for school construction projects;

(3) whether the Aging Schools Program should be continued as a permanent program; and

(4) any other matter that the Task Force determines to be relevant to an evaluation of the adequacy and equity of the State's school construction program.

(c) The Commission shall be composed of 21 members as follows:

(1) a chairman appointed by the Governor;

1 (2) two members of the Senate of Maryland, appointed by the President
2 of the Senate;

3 (3) two members of the House of Delegates of Maryland, appointed by
4 the Speaker of the House;

5 (4) the Executive Director of the Interagency Committee on School
6 Construction;

7 (5) the State Superintendent of Schools, or the State Superintendent's
8 designee;

9 (6) the Secretary of the Department of Budget and Management, or the
10 Secretary's designee;

11 (7) the Secretary of the Department of General Services, or the
12 Secretary's designee;

13 (8) a member of the State Board of Education;

14 (9) three representatives of county governments, appointed by the
15 Governor;

16 (10) three representatives of local boards of education, appointed by the
17 Governor;

18 (11) three educators who work in public schools in the State, appointed by
19 the Governor; and

20 (12) two members of the public, appointed by the Governor.

21 (d) To the extent practicable, the Governor shall attempt to ensure regional,
22 ethnic, economic, and gender diversity on the Task Force.

23 (e) The Interagency Committee on School Construction, the Maryland State
24 Department of Education, the Department of Budget and Management, and the
25 Department of Legislative Services, jointly, shall provide staff support to the Task
26 Force.

27 (f) The Task Force shall:

28 (1) be appointed and begin its deliberations no later than June 1, 2002;
29 and

30 (2) submit a report of its findings and recommendations to the Governor
31 and, in accordance with § 2–1246 of the State Government Article, the General
32 Assembly on or before December 31, 2002.

33 (g) The Task Force shall terminate on December 31, 2002.

STATE OF MARYLAND
OFFICE OF THE GOVERNOR

PARRIS N. GLENDENING
GOVERNOR

ANNAPOLIS OFFICE
STATE HOUSE
100 STATE CIRCLE
ANNAPOLIS, MARYLAND 21401
(410) 974-3901
(TOLL FREE) 1-800-811-8336

WASHINGTON OFFICE
SUITE 311
444 NORTH CAPITOL STREET, N.W.
WASHINGTON, D.C. 20001
(202) 624-1430

TDD (410) 333-3098

May 7, 2002

The Honorable Casper R. Taylor, Jr.
Speaker of the House
State House
Annapolis MD 21401

Dear Mr. Speaker:

In accordance with Article II, Section 17 of the Maryland Constitution, I have today vetoed House Bill 937 - Education – Public School Facilities.

As introduced, House Bill 937 would have increased the State share of school construction funds for any school in which more than 50% of the students in the school are eligible for free and reduced price meals under federal law. The bill, sponsored by Delegate Michael E. Busch, was an effort to provide an incentive for local school systems to address the disparity in the condition of schools in poorer neighborhoods when compared with schools in wealthier neighborhoods at the local level. As amended and passed by the House of Delegates, the bill created a Task Force to Study Public School Facilities. The Task Force was charged to examine the issue that was raised in the bill as introduced, and other issues related to the State's public school construction program, including the continuation of the Aging Schools Program.

As amended by the Senate on the final weekend of the 2002 Session of the General Assembly, the bill created the Task Force and codified a formula for distributing funds under the Aging Schools Program, at the request of the Public School Construction Program. Prior to the inclusion of this formula in House Bill 937, funds for the Aging Schools Program had been distributed according to codified, specific dollar amounts for each local jurisdiction. The House concurred in the Senate amendments on *sine die*.

My decision to veto House Bill 937 is based on two concerns. The first is a concern for the impact of the formula on many jurisdictions, small and large, across the State. The second is rooted in the complex, contentious and practical history of K-12 education funding over the past 8 years. A brief historical review is helpful to understanding these concerns.

The Honorable Casper R. Taylor, Jr.
May 7, 2002
Page 2

In most communities, and for most elected officials, a quality K-12 education system is the highest priority. Working together, we have increased the base budget for K-12 education by over $1.2 billion since I took office. Developing a consensus for increased education funding has never been a challenge. But beneath the surface of that consensus, there have always been competing ideas regarding how to allocate those increased dollars. The debate has centered on the role of sound management versus increased funding; the effectiveness of various programs and instructional methods; and the unique needs of local school systems in our diverse State. These competing interests have been clearly on display in every Session of the General Assembly since 1997. In every major education funding initiative since 1997, we have seen a similar pattern. Legislation is introduced to address a specific concern or problem. The legislation is amended (and funding is increased) to address issues that are important to elected officials, members of the education community and local school systems. In the end, the result is positive - increased funding for Maryland's children.

The Aging Schools Program was created in 1997 by Senate Bill 795 (Chapter 105 of the Acts of 1997). Senate Bill 795 was introduced to settle long-standing litigation between the State and various parties concerning the Baltimore City public school system. The settlement agreement, and the legislation, provided $230 million to the City schools over a 5-year period. This increased funding created a concern, and ultimately an opportunity, for other local subdivisions. In the course of the legislative process, Senate Bill 795 was amended to provide additional funds through existing and newly created programs for other subdivisions in Maryland. The programs that were chosen to receive an increase, the newly created programs and the amounts of additional funding were directly related to the unique needs of local school systems. All of the funding in the bill was scheduled to sunset after fiscal year 2002.

The Aging Schools Program was allocated $4.3 million by Chapter 105. The funds were distributed, by specific amount, to each local jurisdiction in the State. The basis for the distribution was the amount of pre-1960 square footage in each jurisdiction, as of April 1995. House Bill 937 establishes a formula relying on data that was updated in February 2002.

In 1998, the General Assembly enacted legislation to increase the academic performance of at-risk children and settle the Prince George's County Public School System desegregation litigation (Chapters 565 and 704 of the Acts of 1998). Again, the legislation created new programs, and enhanced existing programs, that were of interest to local jurisdictions. The School Accountability Funding for Excellence (SAFE) Program (Chapter 565) provided an additional $6 million for the Aging Schools Program. Again, this was accomplished by including specific allocations for each jurisdiction. As was the case with Chapter 105 of 1997, all funding in Chapter 565 of 1998 was to sunset after fiscal year 2002.

The Honorable Casper R. Taylor, Jr.
May 7, 2002
Page 3

Legislation passed in the 1999 Session of the General Assembly created the Commission on Education Finance, Equity, and Excellence, which came to be known as the Thornton Commission. The Thornton Commission issued an interim report that contained several recommendations to be considered by the General Assembly during the 2001 Session. One of those recommendations was to continue the funding for the programs that were set to sunset after fiscal year 2002, including the Aging Schools Program, through fiscal year 2003. This recommendation was enacted as part of Senate Bill 719 (Chapter 420 of the Acts of 2001). This year, the General Assembly passed Senate Bill 856 (Chapter 288 of the Acts of 2002), historic legislation that further implements the Thornton Commission's recommendations, which extends the Aging Schools Program through fiscal year 2004.

The extensive, yet brief, history of the Program leads to my decision to veto House Bill 937. First, local school systems have been planning to receive the specific allocations contained in the law for fiscal year 2003 since the 2001 Session. House Bill 937 significantly reduces the amount that some local jurisdictions will receive and completely eliminates funding for 3 jurisdictions (Charles, Dorchester and Somerset Counties). In all, 17 jurisdictions, small and large, wealthy and poor, would receive less money than anticipated. For example, Cecil County would receive approximately half of the $355,000 it was scheduled to receive; Wicomico County would receive $206,000 less than anticipated; Allegany County would lose $149,000; Baltimore County would lose $274,000; and Montgomery County would lose $914,000. I am concerned that, given the lateness of the request from the Public School Construction Program to codify a formula that would have a negative impact on some school systems, the change occurred without sufficient notice to the jurisdictions that the amounts they had planned to receive for the upcoming fiscal year would be reduced.

My second concern is based on the practical realities of how this Program was created. As outlined above, the Aging Schools Program is one of many programs that were enhanced or created to respond to unique, specific needs of jurisdictions across the State. While this may be an imperfect method of making funding decisions, jurisdictions to which this program is important supported programs of importance to other jurisdictions with the expectation that the funds would be provided at the levels that were specifically enacted into law. This was a reasonable expectation, given the creation of the Program in 1997, the enhancement of the Program in 1998 and the extension of the Program in 2001 and 2002 at the codified levels. While I understand the desire of proponents of House Bill 937 to update the Aging Schools Program data, the reduction of the amounts allocated through this Program now is understandably troubling to some jurisdictions.

The Honorable Casper R. Taylor, Jr.
May 7, 2002
Page 4

Fortunately, the decision to veto House Bill 937 will have no impact on the Aging Schools Program. The Program is fully funded at $10.4 million in fiscal year 2003 and local school districts will receive their anticipated amounts. The Program will continue to exist in fiscal year 2004 because of the sunset extension in Chapter 288 of 2002. Further, the veto will not jeopardize the work of a task force to examine school construction issues. Section 5 of Chapter 288 of 2002 creates a Task Force to Study Public School Facilities. Part of the charge to the Task Force is to consider whether the Aging Schools Program should be continued as a permanent program. The Task Force would be an appropriate forum to address the allocation issues raised in House Bill 937.

The Task Force language in Chapter 288 of 2002 is not exactly the same as the language used in House Bill 937. Most importantly, Chapter 288 of 2002 does not include a charge to the Task Force to examine the issue that was originally of concern to Delegate Busch, the sponsor of House Bill 937, and the bill's co-sponsor, Delegate David D. Rudolph - the allocation of school construction funding to schools with a significant population of children who are eligible for free and reduced price meals. In deference to the sponsors of House Bill 937, I respectfully request that the Task Force consider this issue and the other issues outlined in House Bill 937 as part of its work.

For the above reasons, I have vetoed House Bill 937.

Sincerely,

Parris N. Glendening
Governor

Task Force to Study Public School Facilities

State Treasurer Nancy K. Kopp
Chairman

November 25, 2002

The Honorable Parris N. Glendening
The Honorable Thomas V. Mike Miller, Jr.
The Honorable Casper R. Taylor, Jr.

Gentlemen:

Since its appointment in late summer, the Task Force to Study Public School Facilities has worked diligently in an effort to complete its work by the statutory deadline of December 31, 2002. As you know, the task force was established in the Bridge to Excellence in Public Schools Act (Chapter 288, Acts of 2002) to review the adequacy and equity of the State public school construction program. As the meetings have progressed, the task force realized the difficult and unprecedented nature of its charge and the challenge of doing a comprehensive job by this December.

The task force's primary charge is to examine whether public school facilities are adequate to support the programs funded by the recommendations of the Commission on Education Finance, Equity, and Excellence ("Thornton Commission"). The Thornton Commission's recommendations were enacted in the Bridge to Excellence legislation, including a requirement that every local school system submit a comprehensive master plan by October 1, 2003, that details how academic performance will be improved across all student populations. Neither the Thornton Commission's recommendations nor the Bridge to Excellence Act dictate the educational programs that school systems must implement to improve student performance. School systems are given the flexibility to determine the educational programs that will improve performance in their schools, with the State holding them accountable for achieving results. Until all of the master plans are submitted and reviewed by the State Superintendent of Schools, the task force is unable to evaluate whether facilities are adequate to support educational programs under the Bridge to Excellence Act.

Further, the task force is considering whether and how to conduct an unprecedented assessment of the current conditions of the State's public schools as a baseline measure of facility needs. Other issues relating to equity and funding, including the use of alternative funding mechanisms, also require greater study.

Department of Legislative Services, 90 State Circle, Annapolis, Maryland 21401-1991
410-946-5530 • 301-970-5530 • Fax: 410-946-5555 • Fax: 301-970-5555 • Toll Free Number: 1-800-492-7122 • TTY: 410-946-5401

Public School Construction Program, 200 West Street, Baltimore, Maryland 21201
410-767-0469 • Fax: 410-333-2226 • TTY: 410-333-6442

Therefore, the task force is requesting a one-year extension of its deadline. The task force intends to submit an interim report by December 31, 2002, that will include interim recommendations and identify issues the task force will study further in 2003. One important recommendation will be to require the master plans to address the impact of the proposed educational programs on school facilities. Legislation will need to be enacted by the General Assembly and Governor in order to formally extend the task force's work into 2003.

Sincerely,

Nancy K. Kopp

Nancy K. Kopp

NKK/RHH/kjl

cc: Task Force Members

STATE OF MARYLAND
OFFICE OF THE GOVERNOR

02 DEC 24 AM 11:19
STATE TREASURER'S OFFICE

December 18, 2002

PARRIS N. GLENDENING
GOVERNOR

ANNAPOLIS OFFICE
STATE HOUSE
100 STATE CIRCLE
ANNAPOLIS, MARYLAND 21401
(410) 974-3901
TOLL FREE: 1-800-811-8336

WASHINGTON OFFICE
SUITE 311
444 NORTH CAPITOL STREET, N.W.
WASHINGTON, D.C. 20001
(202) 624-1430

TDD (410) 333-3098

The Honorable Nancy K. Kopp
State Treasurer
80 Calvert Street, Treasury Building
Annapolis MD 21401

Dear Nancy:

Thank you for your letter explaining the situation related to the activities and responsibilities of the Task Force to Study Public School Facilities that was appointed earlier this year. Given the difficult work of the Task Force, your request for an extension does not come as a surprise.

You and all the Task Force have worked diligently and effectively since being appointed considering the many aspects and requirements of educational programs and services in relationship to the facilities necessary to support them. The interim report from the Task Force is due later this month. I would expect that it would outline some of the activities and/or subjects that will require further study and subsequent decisions.

During the past eight years we have been able to provide in excess of $1.6 billion for school construction projects throughout the State. This has greatly improved the public school buildings and the environment necessary for an education in the 21st century. In addition, as I promised, the draft capital budget I have transmitted to Governor-Elect Ehrlich contains $150 million more for school construction.

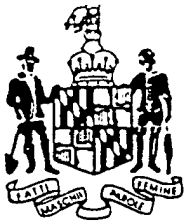
Recognizing that the Maryland General Assembly has to enact legislation to extend the life of the Task Force, I will urge Governor-elect Ehrlich to support the proposed legislation. I endorse the proposal at this time with the expectation that the remaining work would be accomplished and a final report submitted prior to December 31, 2003.

My staff and I continue to be available to assist you and the Task Force as you proceed into the final days and activities for this year.

Sincerely,

Parris N. Glendending
Governor

cc: Governor-elect Robert Ehrlich



MARYLAND GENERAL ASSEMBLY

STATE HOUSE

ANNAPOLIS, MARYLAND 21401-1991

The Honorable Nancy K. Kopp
State Treasurer
Treasury Building, 80 Calvert Street
Annapolis, Maryland 21401

Dear Treasurer Kopp:

We received your request as Chair of the Task Force to Study Public School Facilities for an extension of the task force's deadline to complete its work. When the General Assembly passed the legislation creating the task force last year, we gave the task force an extremely challenging charge and a very short time frame. We appreciate the difficult nature of the task force's charge, to examine the adequacy and equity of the State's public school construction program, and understand the need for an extension.

We will support legislation during the 2003 legislative session to extend the life of the task force, with a final report deadline of December 31, 2003. We look forward to reviewing the task force's interim report, which we understand will outline some initial recommendations and items for further study including the task force's undertaking of the first comprehensive assessment of the condition of Maryland's public school facilities. Our thanks to you and the members of the task force for your continued efforts.

Sincerely,

Thomas V. Mike Miller, Jr.
President of the Senate

Michael E. Busch
Speaker of the House of Delegates

Task Force to Study Public School Facilities
Meeting Schedule

1. **Organizational Meeting/Background Briefings,** ***Monday, August 12, 2-6 p.m.***
   - Review charge of Task Force (SB 856, Governor's veto of HB 937)
   - Review roles of Interagency Committee on School Construction (IAC), Board of Public Works (BPW), Governor, General Assembly, and statutory requirements
   - Review rules, regulations, and procedures of Public School Construction Program (e.g., State Rated Capacity (SRC), projected enrollments, eligible/ineligible items, project approval process)
   - Review current State/local shared cost formula and adjustments for Baltimore City and Prince George's County
   - Past State funding levels

2. **Defining Adequacy,** ***Wednesday, September 18, 1-5 p.m.***
   - Review Thornton Commission work and legislation (SB 856)
   - Education programs and impact on facilities
   - Impact of full-day kindergarten and pre-K for disadvantaged
   - Impact of class size reductions (current and projected levels)
   - Review other states'/organizations' studies of adequate facilities
   - Possible ways to define an adequate public school facility

3. **Issues of Equity,** ***Monday, October 7, 1-5 p.m.***
   - State/local shared costs
   - Adjustments for Baltimore City and Prince George's County
   - Allocation of State funds
   - Incentives for certain schools
   - Aging School Program (whether to continue, equitable allocation of funds)

4. **Funding and Eligibility,** ***Monday, October 28, 1-5 p.m.***
   - Review SRC and projected enrollments (based on definition of adequate facility)
   - State eligible/ineligible items
   - Impact of class size reductions
   - Planned anticipated levels of State funding (next 5 years)
   - Past local funding and ability of local governments to provide local share (next 5 years)

5. **Work Session,** ***Friday, November 22, 1-5 p.m.***
   - Virginia Public-Private Partnership Act and Baltimore City Bonding Authority
   - Impact of Special Needs Populations on School Facilities
   - State Rated Capacity and Projected Enrollments by LEA
   - Options for How to Proceed on Defining Adequacy Issue
   - Options for Interim Recommendations (e.g., State/local shared cost, Aging Schools Program, facilities impact of master plans, impact of class size on State Rated Capacity)
   - Develop Draft Recommendations

6. **Work Session**, ***Wednesday, December 4, 1-5 p.m.***
   - Invited Testimony on Draft Recommendations and list of questions related to adequacy, equity, and funding.
   - Invited Testimony could include panels organized by MACO, MABE, PSSAM, School Business Officers, MEC, Maryland Business Roundtable for Education.
   - Panel on County Experiences Implementing Full-Day Kindergarten

7. **Final Interim Meeting,** ***Friday, December 20, 10 a.m.-5 p.m.***
   - Finalize Interim Recommendations and Report