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Senate Bill 551

School Construction Incentive Act of 2021

MACo Position: **SUPPORT**
WITH AMENDMENTS

To: Budget and Taxation Committee

Date: February 10, 2021

From: Drew Jabin

The Maryland Association of Counties (MACo) **SUPPORTS SB 551 WITH AMENDMENTS**. This bill would create a framework of incentives for cost-efficient school buildings. The bill creates incentives for long term operational efficiency, but hinges this structure on measures and systems that have not yet been developed through any stakeholder-driven process, and are premature.

The incentives SB 551 envisions are very sensible: expanding the “shared costs” recognized as part of the split State/county funding responsibility, and potentially increasing the State share for projects that exhibit best practices. These concepts represent a productive starting point to promote broader pursuit of desired facility innovations.

The bill, however, leaps to specific conclusions regarding the desirability of specific measurements and standards that are not yet a matter of consensus.

In recent years, both the “Knott” Commission (21st Century School Facilities Commission) and its successor (Workgroup on the Assessment and Funding of School Facilities) have brought multiple stakeholders together to contemplate matters such as a uniform facility index. No consensus on the details of such a calculation has yet been reached, and thus legislation attaching potentially dramatic incentives to this scorecard is inherently premature. Measurements and policies that fairly and reasonably balance the complex and sometimes contradictory matters of “urgency” and “prudent actions” should be an element of consensus rather than conjecture.

Further, the “total cost of ownership” model, spelled out in detail in SB 551, may in practice amount to a reshaping of the next generation of school facilities. If a certain type of school building – potentially far different than those meeting our schoolchildren’s needs today – become the favored style, SB 551 could have consequences far beyond the current pilot and opt-in programs. Not every community is ideally suited for converted commercial spaces, vertical designs, or other new-look school visions that may score well on the not-yet-determined metrics.

School systems, with their design professionals, already have incentives to promote efficiencies, and to engage in ongoing school maintenance. Some of these are enshrined in State law, some are functions of fiscal constraints, and others arise from sensible management practices. SB 551 rejects this productive framework for a set of dictates – one statewide maintenance management system, one statewide condition index, one statewide cost analysis standard developed without even any consultation with the local education agencies or county governments.

SB 551 envisions incentives for efficient schools, but presupposes many details that lack input and stakeholder buy-in. MACo recognizes the goals of efficient schools and sensible maintenance – but asserts that a less prescriptive bill could help advance those larger goals without attaching them to as-yet-unknown specifics. For these reasons, MACo **SUPPORTS SB 551 WITH AMENDMENTS** to defer to more stakeholder-driven standards and processes.

SB 551.Total Cost of Ownership Methodology Incenti

Uploaded by: Woolums, John

Position: UNF



621 Ridgely Avenue, Suite 300, Annapolis, Maryland 21401
410-841-5414 · 800-841-8197 · Fax: 410-841-6580 · MABE.org

BILL: Senate Bill 551
TITLE: School Construction Incentive Act of 2021
DATE: February 10, 2021
POSITION: OPPOSE
COMMITTEE: Budget and Taxation
CONTACT: John R. Woolums, Esq.

The Maryland Association of Boards of Education (MABE) opposes Senate Bill 551 at this time in light of the imminent enactment of the landmark Built to Learn Act and ongoing statewide school facilities assessment and final deliberations and recommendations of the school facilities funding workgroup.

MABE's top priority regarding school facilities funding and policy in the 2021 session is the Built to Learn Act of 2020. This legislation will go into effect upon the passage of the Blueprint for Maryland's Future Act. Both of these bills represent sea changes in the ways Maryland's state and local governments and school systems will fund and operate schools in the foreseeable future. Local boards of education support Built to Learn because it would launch a major and much needed school construction funding initiative. For MABE and Maryland's 24 local school boards, the mission to provide all of Maryland's students with high performing school facilities conducive to learning is a top priority. MABE believes that this includes the duty to equitably provide safe, high quality school facilities in which all students can learn.

The Built to Learn Act represents a much needed supplemental program to the annual capital budget for school construction, renovation and aging schools projects. MABE fully supports the passage of House Bill 1 in order to launch this bold initiative to generate \$2.2 billion in school construction funding, through bonds issued by the Maryland Stadium Authority (MSA). MABE believes that this legislation will build on the success of the Baltimore City 21st Century Schools Program and support the continued implementation of the Prince George's County Public Private Partnership (P3) Program.

Local boards of education appreciate that Senate Bill 551 would establish a funding incentive program tied to a specific approach to school construction financing, one based on total cost of ownership. However, MABE supports maintaining the critically important local role of school boards and local government funding authorities to identify priority projects for construction and major renovation. The substantial role of local funding in financing school facilities projects, and the governance role of each local board of education, warrant continued deference to locally adopted priorities.

The Interagency Commission on School Construction (IAC) is at present overseeing an unprecedented statewide assessment of the conditions of all public school facilities in the State, and the results of this work are to be the subject of forthcoming deliberations and final recommendations of the Work Group on the Assessment & Funding of School Facilities. MABE firmly believes that the incentive program proposed by Senate Bill 551 needs to be the subject of further discussion and final recommendations of this workgroup before being considered for enactment into law.

Maryland has an outstanding public school construction program that has achieved a remarkable degree of equity and excellence across the diverse landscape of Maryland's 24 local school systems. And yet, continuous improvement must be promoted and pursued in order to incorporate new best practices and optimize what are always limited, and therefore inadequate, State and local resources.

For these reasons, MABE requests an unfavorable report on Senate Bill 551.