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Fiscal Year 2023 IAC Operational Budget Response - February 11, 2022

**House Appropriations Committee
Education and Economic Development
Delegate Benjamin S. Barnes, Chair
Wednesday, February 16, 2022**

**Senate Budget and Taxation Committee
Education, Business, and Administration
Senator Nancy King, Chair
Thursday, February 17, 2022**

Presenters:

- Edward J. Kasemeyer, Chair, IAC
- Robert Gorrell, IAC Executive Director
- Cassandra Viscarra, IAC Acting Deputy Director for Administration
- Alex Donahue, IAC Deputy Director for Field Operations
- Arabia Davis, Funding Programs Manager
- Fred Mason, Chief, School Facilities Branch, Maryland State Department of Education

Thank you for your continuing support for public school construction in Maryland, and for the opportunity to report today on the operating budget for the Interagency Commission on School Construction (IAC). The Commission and their staff are tasked with a significant mission to provide leadership and resources to local education agencies to develop and sustain school facilities so that all Maryland public school students, teachers, administrators, and staff have safe and educationally sufficient environments in which to teach and learn.

In this report we will respond to the analyst's questions, and will provide additional information that may be of interest to the members of the committee.

- 1. The Department of Legislative Services (DLS) recommends that \$300,000 of the IAC appropriation: "may not be expended until the Interagency Commission on School Construction (IAC) submits to the budget committees two reports on Chapter 14 of 2018 implementation requirements related to the Statewide Facilities Assessment, the Integrated Master Facility Asset Library (IMFAL), and recommendations from the Workgroup on the Assessment and Funding of School Facilities. The first report should be submitted on July 15, 2022, and include:**
 - (1) detailed information on steps taken by IAC to resolve outstanding data and dataset issues with the Department of Legislative Services and local education agencies (LEA) including, but not limited to:**
 - (a) receipt of requested datasets;**
 - (b) development of a data dictionary;**



(c) confirmation of the accuracy of the facility condition index at the school, system, and LEA level; and

(d) calculations for, and confirmation of, the accuracy of the enrollment growth index;

(2) revisions to Maryland Educational Sufficiency Standards and details as to how those standards will be used in future school facility assessments starting in fiscal 2022;

(3) regulations adopted by IAC that support workgroup decisions involving the use of assessment data and revised sufficiency standards;

(4) progress on IMFAL, including the implementation schedule for the business processing system; system costs for fiscal 2022, 2023 and 2024; and progress on other key system software and/or components needed to integrate school construction data for LEA use.

The second report should be submitted on December 15, 2022 and include additional actions taken by IAC in calendar 2022 to complete the aforementioned tasks and fulfill workgroup recommendations, including progress made on items submitted as part of the July 15, 2022 report.”

The IAC will provide the reports as requested. The Business Management System (BMS), a key component of the IAC’s IMFAL, is currently in procurement and we anticipate the initiative could go live in May 2022. IAC staff will inform DLS of the updated schedule as soon as the contract is executed.

To provide a brief update on the SFA prior to submission of these reports: The IAC provided an updated data set to DLS, which we believe resolves most if not all outstanding issues, on December 21, 2021. We will continue to work with DLS to resolve any concerns DLS may have, as well as to provide the requested data dictionary, calculations, and other information.

- 2. DLS recommends the adoption of budget bill language to appropriate \$3,500,000 for the purpose of funding security improvements in nonpublic schools which may be provided only to nonpublic schools that were eligible to participate in the Aid to Non-Public Schools during 2021-22 school year or nonpublic schools that serve students with disabilities through the Non-Public Placement Program, with additional specifications on the maximum amount per eligible student.**

The IAC concurs with this recommendation.



3. **“The budget committees are concerned about recent changes in the School Safety Grant Program (SSGP) and the Nonpublic School Security Improvement Program (NSSI). For the first time in fiscal 2023, these programs receive general funds in the operating budget; therefore, eligible projects will no longer need to meet the 15-year lifespan requirement for capital improvements. Due to these changes, the budget committees request that the IAC and the Maryland Center for School Safety (MCSS) submit a joint update on both programs by December 1, 2022. This update should include:**
- **the criteria for distribution of SSGP and NSSI grants to local education agencies in fiscal 2023 and amounts allocated;**
 - **changes to administrative guides to reflect the new fund source; and**
 - **for SSGP, documentation of regulations aligned with new grant requirements.”**

The IAC will work with MCSS to provide the report as requested. The fiscal year 2022 budget included a budgetary language change requiring that MCSS administer FY 2022 SSGP funding. MCSS implemented the program with support from, but independently of, the IAC. Without similar budgetary language in the fiscal year 2023 budget, the IAC would administer the FY 2023 SSGP independently of MCSS.

Furthermore, the IAC does not anticipate significant material changes to its SSGP procedures, though the Commission may consider revising eligibility to include items such as software to support security camera or access control operation.

4. **DLS recommends deleting the “general fund deficiency appropriation for the school facility assessments contractor. The unsatisfactory quality of assessment data provided to date is an indicator that the State should not continue funding future assessments with the incumbent vendor.**

Total Reductions to Fiscal 2022 Deficiency \$1,282,482”

The IAC does not concur with the DLS recommendation to delete the deficiency appropriation required to execute a change order to conduct additional school facilities assessments and necessary to comply with the requirement in Ed. Art., §5-310 that the IAC assess each of Maryland’s 1,400 PK-12 public school facilities at least once every four years.

The DLS concerns regarding the integrity of the SFA data they received are understandable and in part due to the enormity of the data set (over a half million data points). Nevertheless, there are no

significant issues with data collected by the IAC's contractor, Bureau Veritas (BV), that should result in deletion of this deficiency allocation or a prohibition on utilizing BV for needed work. Issues identified early in the data review process pertained not to the root data collected but instead to initial database configuration that erroneously categorized assets and to presentation material. The core data points collected by BV have been found, in the overwhelming majority of cases, to be correct. Minor errors were identified and corrected as planned, as would be expected in a data set of this size. The resulting baseline data set meets the IAC's expectations for data accuracy. Further, the IAC's statutorily mandated process of conducting periodic assessments and of incorporating ongoing input from the LEAs regarding the data ensures that the data will continue to evolve. This is a living data set that will only become more complete the longer it is in use.

Prohibiting the IAC from utilizing BV for the necessary FY 2022 assessments would place the IAC in an untenable position by making it near impossible – if not impossible – for the IAC to comply with the statutory mandate to execute 1,400 more assessments within four years. A number of factors combine to produce this outcome:

1. Chapter 14 (2018) requires that the IAC assess each of Maryland's 1,400 PK-12 public school facilities at least once every four years. To do this without incurring extra and unnecessary costs, the IAC must conduct around 350 assessments per year beginning in FY 2022. In 2020 and 2021, the IAC requested five PINs for the in-house assessors needed to perform these 350 annual assessments. Funds were provided for this purpose in the FY 2022 operating budget. Multiple delays in the procurement process resulted in delayed completion of the baseline assessment. Because of anticipated and recommended changes required by DLS and the Workgroup, it became neither possible nor effective to use IAC operating funds to bring on the planned five in-house assessors until March 2022 at the earliest. These new staff will also need to be thoroughly trained, which is provided for in the current BV contract, before conducting assessments. As a result, half of FY 2022 has passed, making it impossible for the IAC to conduct 350 assessments before June 30, 2022. Further, unless a change order is executed, there will be no opportunity for the IAC's staff to shadow BV on assessment, a significant part of training, resulting in wasted investment on the part of the State and a missed opportunity to move to the first data refresh phase of the ongoing assessment with optimal levels of quality assurance. The State currently does not have the trained in-house staff needed to perform the statutorily mandated assessments, so outsourcing the FY 2022 and possibly the FY 2023 rounds of refresh assessments to a contractor is necessary.



2. The statutory mandate that the IAC conduct 1,400 assessments within the next three years also means that the IAC cannot afford to spend a year or more procuring outsourced assessment support from a new contractor.
3. BV is under contract with the IAC through November 2023 to provide the database currently containing the State's assessment data along with the business-intelligence platform being used for data extraction, analysis, and presentation, but not to provide a platform for data collection or to allow another contractor to upload data into the database. As a result, for the IAC to make use of a contractor other than BV to conduct FY 2022 or future assessments, the IAC would have to either duplicate the database and acquire a replacement for the current business-intelligence platform at additional cost, thereby wasting the State funds already spent to rent BV's platforms and creating an immediate need for significant additional resources, or pay BV additional funds to interface with another contractor's systems and personnel. Having to take such steps would delay the collection and use of future assessment data.

The IAC's procurement experience to date strongly suggests that the cost per assessment that a contractor other than BV would charge is likely to be higher than the change-order price currently offered by BV because a new contractor would have to spend significantly more time and resources to find and engage qualified local MBE subcontractors, come up to speed on the State's requirements, and train a corps of assessors.