

Are you Planning to Start, Complete, or Revisit a FCA Study of Your Facilities in 2023?

By Kyle Christiansen



On October 13, 2022, Roth IAMS presented a webinar for APPA, Association of Physical Plant Administrators – for educational facilities, on the following topic:

2023: Why Now is the Best Time to Conduct a Facility Condition Assessment of your Educational Facilities

Over 350 attendees from all areas of the US and Canada took time to attend the webinar. The attendees were asked to report on their plans for 2023. 53% said that they were planning to conduct a FCA, Facility Condition Assessment, of their campus or school district.

Why is that important and why is that significant? This response is significant because school facilities are foundational to our culture, critical for our children, and are currently rated D+ for their overall condition, by the federal government. Obtaining funding and prioritizing spending for facilities is increasingly dependant upon quality, dependable data. Gone are the days where funding can be obtained by antidotal arguments that are based on personal opinion or historical patterns of funding. In today's world, data is king and few asset managers, school boards, board of regents, or state legislatures are willing to allocate funding without documented justification. For instance, in January of 2022, the state of Maryland passed legislation requiring a Facility Condition Assessment

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Report for each school building on a 4 year cycle. Many other states have made the same requirement in order to address the increasing levels of deferred maintenance

The average school needs \$4.3 million to return the school to good condition. Very simply, the country has 180,000 public K-12 school facilities and 30,000 private K-12 schools. The list of deferred maintenance includes:

1. Windows in poor condition = 32%
2. Restrooms in poor condition = 31%
3. HVAC in poor condition = 30%
4. Energy use in poor condition = 29%
5. Roofs in poor condition = 25%
6. Electrical systems in poor condition = 22%
7. Life safety systems in poor condition = 19%
8. Exterior walls in poor condition = 18%
9. Structural systems in poor condition = 14%
10. K-12 schools require \$85 B per year for facility investment in 2023

Secondary schools have not been studied in as much detail as K-12 schools. However, the pressure to justify and prioritize requests for funding is just as significant as the K-12 schools. State by state, there appears to be increasing levels of interest and action in addressing deferred maintenance for school facility. Here is a partial list of state funding initiatives for 2023 in the US:

- **Alaska** has a differed maintenance backlog of \$375M per year. The state is currently budgeting for 33% of the needed funding, \$124M per year
- **Arizona** has set aside 17% of their overall state budget for school facility capital renewal. 32% of the total school funding comes from local property taxes.
- **California's** governor is proposing \$1.3 billion for school facilities in 2022-23
- **Idaho** has increased funding for state universities by 7.1% and increased funding for community colleges by 4.8%. The state expects to retire 20% of schools over the next 10 years. They understand that 53% of schools need significant maintenance or they will also need to be retired. Funds needed for 77 school districts is \$847 to restore schools to good condition. The total need is between \$1-2billion.
- **Illinois** is increasing the mandated amount for their Healthy school from \$30 million to \$40 million in FY 2023 and 2024.
- **Maryland** is mandating that schools be reassessed every 4 years for condition and capital planning. Maryland authorized the Maryland Stadium Authority (MSA) to issue up to \$2.2 billion in revenue bonds, backed by annual payments

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from the Education Trust Fund (ETF) beginning in fiscal 2022 that phase up to \$125 million annually by fiscal 2024, for public school construction projects in the State, including to support a possible public-private partnership (P3) agreement for Prince George's County. It also increases or extends mandated State funding for supplemental public school construction programs and establishes a new special fund and mandate for the highest priority school facilities, including:

- \$285 million - Capital Improvement Program for approved local school construction and renovation projects.
 - \$60 million - Supplemental Grant Program for school systems with more than 300 relocatable classrooms or high enrollment growth.
 - \$70 million Health School Facility Grant Program for HVAC projects.
 - \$10 million - Public School Safety Grant Program.
 - \$6 million - Aging Schools Program.
 - \$333 million - Built to Learn Act revenue bonds.
- **Michigan**, specifically Detroit, is proposing a 2022 budget of \$700 million for school facilities.
 - **Minnesota** embarked on a state-wide assessment of their state university system in 2022 that will address the condition of each university building over the next 5 years.
 - **New Hampshire's** school building fund, which was in moratorium for over a decade, will be infused with \$30 million for new projects. There were approximately \$250 million worth of projects proposed for the 2022-2023 biennium
 - **New Jersey** is proposing a 2022 budget of \$400 million for college and university facilities as well as \$11.6 billion for K-12 facilities.
 - **North Carolina** has a nearly \$13 billion backlog in new school construction and renovations, according to the 2020-21 Facility Needs Survey. The backlog represents an increase of more than \$4 billion over the \$8 billion reported in the Facility Needs Survey five years ago. Construction costs for new schools, as well as additions and renovations to existing ones account for more than half — approximately \$6.54 billion — of the costs identified in the 2020-21 survey.
 - **Oklahoma's** Senate Bill 229 would create a \$38.5 million equalization fund to distribute among school districts with low property tax bases. That would include brick-and-mortar charter schools, which do not have access to the building funds provided by local ad valorem taxes.
 - **Oregon schools all submit information each year for** all of Oregon's school districts, charter schools, and ESDs. This annual data collection provides key information about school facilities across the state. Specifics

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such as location, age, size, structure type, and designated use are collected. Additional fields include significant building renovations and seismic upgrades, annual energy consumption, and the type and speed of internet service. <https://www.koin.com/news/oregon-schools-to-get-64-2m-in-common-school-funds/>

- **Rhode Island** is proposing a \$300-million bond for school construction and renovation that would go before voters on the 2022 ballot. Four years ago, Rhode Island voters approved a \$250-million school construction bond to address decades of neglect, and what one official called a tidal wave of need. Now, state officials are proposing a second, \$300-million bond that would go before voters on the 2022 ballot. The bond would also provide incentives for early childhood education facilities, career and technical education facilities, and STEAM (science, technology, engineering, arts, and math) facilities. The legislation also includes new incentives for energy efficiency and renewable energy improvements to public school buildings, and new incentives for school districts to hire local contractors and minority business enterprises on construction projects.
- **South Carolina** reports that they are making the largest legislative investment in school funding in 80 years.

Risk of Inaction

If we extrapolate the 210,000 K-12 schools, with an average of \$4.3 million dollars of deferred maintenance, we are looking at \$900 billion in needed investment. Kicking the can down the road can be good for our children or culture. Studies have shown that the condition of school facilities significantly affect the quality of learning. Most prospective college students make their school choice based on their impressions of the school facilities. In 2023, are you part of the 53% of facility managers that are planning to conduct a facility condition assessment for your school facilities? In 2023, Roth IAMS asks you to join us in our mission to:

TO SOLVE THE WORLD'S DEFERRED CAPITAL RENEWAL AND MAINTENANCE BACKLOG CRISIS

We collaborate with organizations to enable them to make better decisions within their unique organizational context on where and how to invest their limited capital and maintenance dollars to create a better built environment.

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IMAGINE your
organization's buildings
and assets just being...
better.

**WE WANT TO HELP YOU MAKE
THIS YOUR REALITY.** +