

## Where Does School Facility Funding Come From?



### What is a school facility manager and school board to do?

How many fire sticks can one facility manager keep in the air? It would be easy to give up. But where would that get us? Sticking our head in the sand and wishing that school facilities would be a ticket to failure. Facility Condition Assessments is the ticket to building a capital planning program that is based on reliable data, reliable costs, and mission-based priorities.

The best way to get necessary funding is to have good data. Good data changes the conversation from a subjective discussion to an objective discussion. There has been a never-ending list of subjective social and political pressures that challenge funding for all manner of deserving projects. When objective information is presented, the failing roof, the leaking windows, the asbestos ceilings, and the failing HVAC system can help school boards make wise decisions based upon data-based priorities. Facility Condition Assessments are a product of the 21<sup>st</sup> century to address the complexity of priority and the reliability of recommendations.

This week, we are taking a look at where funding for school infrastructure comes from. No matter where the funding comes from there is no replacement for reliable and defensible data that can show the real-time condition and long-term prognosis for capital prioritization. We all want our funds to be spent wisely, effectively, and efficiently. Modern buildings are generally expected to have a useful life of 80 to 100 years. However, schools are typically considered to be out-dated for modern educational standards after 50 years. If this is the case, our educational infrastructure is very out of date.

### Los Angeles for example:

More than 70% of Los Angeles Unified School District's 1,400 schools were built more than 50 years ago and do not meet current standards for learning and safety, according

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to district officials. Los Angeles' high-poverty district, which has 100 schools that are nearly 100 years old, currently has more than \$50 billion worth of unfunded school facilities and technology needs.

### **Virginia Schools for example:**

A recent Virginia Department of Education report revealed that half of Virginia's schools are 50 years or older and replacing all of those would cost nearly \$25 billion. In July of 2021, an alliance of Virginia state organizations hosted a "crumbling schools tour" and inviting local, state and federal lawmakers to participate. The Virginia Coalition of Small and Rural Schools worked with several other organizations to showcase eight examples of schools in urgent need of repair or replacement. Virginia's public-school districts are underfunded by \$527 million every year for maintenance and operations. This annual deficit will only add to the current \$25 billion price tag in Virginia if federal, state, and local governments don't develop immediate solutions, especially for students and schools in high poverty communities. This is not just an issue of infrastructure; it is an issue of equity. Many factors contribute to this gap, including the fact that school buildings averaged 44 years old in 2012, which means they are toward the end of their expected and useful life as all facilities deteriorate with time and use. In addition, there is chronic underinvesting in annual capital renewals of existing public schools and chronic underfunding of maintenance and repairs.

### **Where does school infrastructure funding come from?**

Getting funding from local, state, and federal budgets is generally the only way to get schools funded for their infrastructure needs. Applications for funding must meet federal, state, and local goals and budgets. Those of us who have written grant applications understand the importance of a good, well constructed argument for funding that clearly articulates the problem, strategies for action, and budgetary needs for implementation. In the world of school facilities, having a strategic plan, based on verifiable and defensible data, is the first step towards acquiring the funding that is necessary to invest wisely in our schools and to obtain necessary funding.

### **Federal Funding**

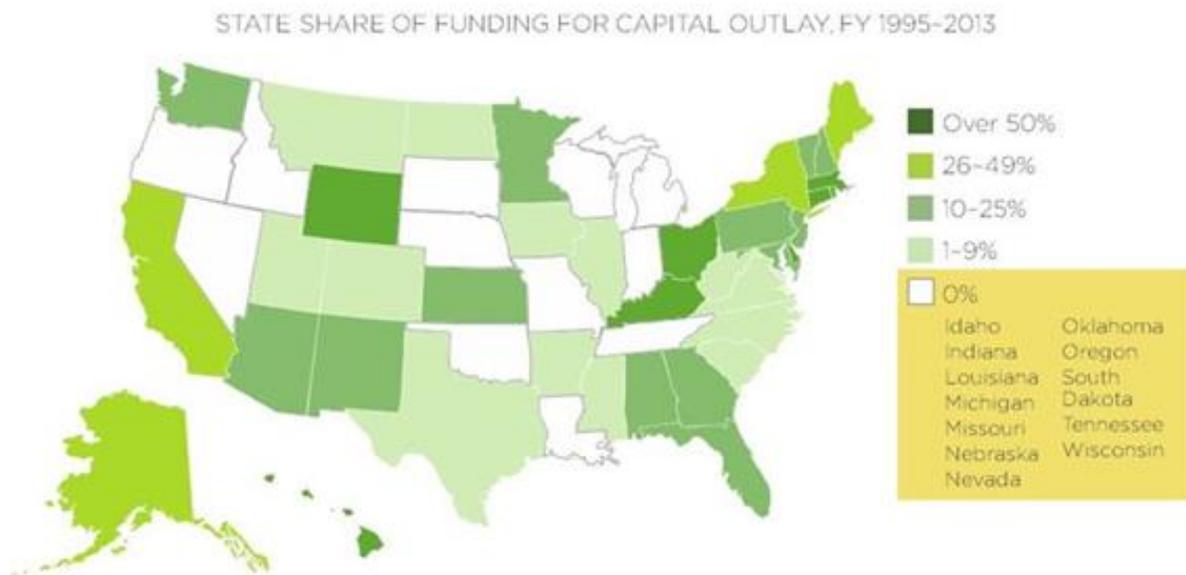
Typically, the federal government chips in \$1-7 billion per year. Most of these funds are ear-marked for natural disasters like tornados, hurricanes, and forest fires. In the 2021 Infrastructure bill, schools came close to getting a facility bail-out but at the last minute, \$100,000 billion package for K-12 schools was deleted from the historic infrastructure bill. Schools were set to be awarded \$100 billion for construction, modernization, and differed maintenance. That sounds like a big loss. The truth is that school facility infrastructure is considered to be underfunded by \$85 billion per year. according to the 2021 State of our Schools Report. That means that next year, schools will need another \$85 billion to keep up with the reported needs for new construction, renovation, and capital renewal. The infrastructure bill started with \$100 billion for schools and was reduced to \$82 billion in September before being discarded entirely in late October.

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### State Funding

State investment in school infrastructure funding varies considerably by state. The national average for state contribution for school capital expense and debt service in FY2009-2019 is 22 percent. According to the 2021 State of our Schools Report, approximately 75% of the financial burden of facility management and maintenance rest on school districts. States make up the majority of the shortfall, although this varies by state.

## 12 STATES PAY ZERO CONSTRUCTION COSTS



Roth IAMS can help cut through the fog of competing opinions and priorities by our Integrated Asset Management Solutions approach. Our in-house team and our partners offer a MVP (Multi-Variable Priority) approach that offers:

1. Facility Condition Assessments provide a comprehensive view and budget for your facilities elements and systems. A Facility Condition Report can be enhanced with options for:
  - a. Energy audits
  - b. ADA audits
  - c. Detailed system assessments
  - d. Demographic studies
  - e. Education classroom standards review
  - f. Air quality testing

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- g. Building Performance Consulting
- h. Retro-Commissioning

### Facility Asset management:

This past week I attended the National School Plant Manager Conference in Myrtle Beach. One of the facility managers that I talked with asked me to explain Asset Management. How are decisions made and how does Asset Management impact school funding. In my next newsletter I will tackle this question. For now, can be simplified to:

### How do you get Started?

Roth IAMS offers a streamline process that can help any client navigate through the journey of Facility Asset Management. Our SLAM software brings efficiency and accuracy to the process with industry reliable costs and reporting. SLAM software can also be used for Capital Planning and Maintenance Work Orders. Our team of 60 dedicated staff is one of the largest in the industry. Here are some helpful hints on getting started:

#### 1. Scope

- a. **Problem:** Many facility managers or asset managers do not have a clear summary of their facilities
- b. **Solution:** Collect data about each facility including
  - i. Square foot
  - ii. Year of construction
  - iii. Year of renovation or addition
  - iv. Address

#### 2. Specialty Services

- a. **Problem:** If you have specific issues that require more of a detailed study
  - i. Elevators
  - ii. Hydraulic Lifts
  - iii. Demographic Studies
  - iv. Bridges or Roadways
  - v. Roofing
  - vi. Energy
  - vii. ADA
  - viii. Asset Management Consulting
- b. **Solution:**
  - i. Detailed assessments require additional fees and time.
  - ii. Specifically request specialty services

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### 3. Budget

- a. **Problem:** Do you have an adequate budget for an FCA study? Where will the funding come from?
- b. **Solution:** FCA services are normally limited to a visual and limited assessment of systems
  - i. Facility assessments vary from \$1,000 to \$10,000, on average
    - 1. Consultants cost the portfolio by SF
      - a. Medium and Larger buildings cost less per SF
      - b. Smaller buildings can be more expensive per SF due to lack of efficiency
    - 2. Additional fees are required for specialty services
    - 3. Travel costs may challenge national companies
    - 4. Lack of experience may challenge local architects
    - 5. Funding sources for FCA services

### 4. Schedule

- a. **Problem:**
  - i. Pre-Assessment involves interviews with key stake-holders and collection of historic documents
  - ii. Site assessment requires escorts.
- b. **Solution**
  - i. Allow sufficient time to for research, site work, report writing, and fi

### 5. Procurement

- a. **Problem:** How do you find competent FCA consultants?
- b. **Solution:** Solicitation or Sole Source Sourcewell Procurement
  - i. Solicitation can be done as
    - 1. RFQ – Based solely on experience
    - 2. RFI
    - 3. RFP
  - ii. Sole Source Solicitation is available through Sourcewell for pre-qualified consultants
    - 1. Roth IAMS is ranked number one by Sourcewell for FCA consulting in N. America
    - 2. Sourcewell has a contract and procurement process that can guide you through legal negotiations with your consultant

### 6. FCA or PCA Report

- a. **Problem:** Understanding E2018-15 Guide to baseline property condition assessment
- b. **Solution:** Choose written or digital based report

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- i. PCA reports are provided as text-based, paper reports
- ii. FCA reports are provided in Text and data reports that can be mapped into a CMMS software system so that all of the data can be centralized and managed digitally.

