



Pennsylvania Association of School Business Officials

Mailing Address:
P.O. Box 6993
Harrisburg, PA 17112-0993

Office Location:
2608 Market Place
Harrisburg, PA 17110

Telephone 717-540-9551

www.pasbo.org

FAX 717-540-1796

**Testimony of the PA Association of School Business Officials
House Education Committee
March 3, 2011
School Construction Issues
Jay Himes, Executive Director**

Good morning, I am Jay Himes, executive director of the PA Association of School Business Officials (PASBO). We are an association of 3,000 members, two-thirds of which are K-12 non-instructional administrators who provide finance, accounting, operations, facilities, transportation, food service, technology, communication, human resources, purchasing and safety services to support classroom learning in schools in Pennsylvania. I want to thank Chairmen Clymer and Roebuck and the other members of the Education Committee for the opportunity to present our comments on school construction issues.

School construction is a major undertaking at the local level. Providing new, expanded or rehabilitated facilities consumes substantial budget and human resources at the local level. At the same time, it is a critical component in the delivery of education.

In the current environment of scrutinizing school district expenditures and the resulting property taxes necessary to provide the revenue, PASBO believes it is appropriate for the General Assembly to create options and flexibility for school districts to reduce their costs in all aspects of local educational administration. Providing options and flexibility for local education agencies to reduce expenditures is particularly valuable since there are significant state and local resources at stake. Therefore we support legislation updating construction and supply contract bid limits as well as eliminating PlanCon requirements for projects that will not receive state funding. I will address the former issue first and then PASBO's recommendations regarding PlanCon.

PASBO supports increasing and indexing bid limit thresholds for construction-related expenses.

Section 751 of the School Code requires provides that: (1) School boards must obtain at least three price quotes for all contracts that exceed \$4,000; (2) School personnel may only perform construction, reconstruction, repairs, or work of any nature, where the entire cost of project, including labor and materials, is less than \$5,000; and (3) School boards must solicit three competitive bids for projects totaling \$10,000 or more.

Section 807.1 of the School Code subjects the purchase of supplies to a \$10,000 limit as well, and the telephonic quote limit is set at \$4,000.

These thresholds have not increased in more than 20 years. For instance, the limit regarding when work may be completed by school district maintenance personnel has been in place since 1970. The limit for obtaining three competitive bids was last changed in 1990. These thresholds are clearly archaic, seriously restricting the ability of districts to complete improvement projects in the most cost effective manner possible.

The decades old thresholds force school districts to use contractors to do a lot of work, which could be completed with in-house staff. School districts lose valuable time because the bids must be advertised in three calendar weeks. School districts invest a significant amount of time developing bidding specifications and there is a cost for the mandated newspaper advertising. Often the response for relatively small projects or purchases is limited, resulting in uncompetitive prices. Adjusting the thresholds by an inflationary index, with a minimum threshold set at \$50,000 and the quote threshold at \$20,000 would be more reasonable, giving school districts greater latitude on minor projects and create savings. Moreover, adjusting the construction and supply contract bid limits would more closely align Pennsylvania's limits with those of other states.

The Task Force on Mandate Waivers (January 2009), the Task Force on School Cost Reduction pursuant to Act 1 (November 2007), the School Construction Working Group (January 2004), and "A Report to the Governor: Recommendations for Improving the Efficiency of Publicly Supported Education in Pennsylvania" (November 1992) have each recommended amending statute to raise current thresholds.

PASBO supports streamlining PlanCon for school construction and eliminating approval for projects not eligible for State reimbursement.

PlanCon, an acronym for Planning and Construction Workbook, is a set of forms and procedures used to apply for Commonwealth reimbursement. Established by the Pennsylvania Department of Education (PDE) almost 40 years ago, schools spend a lot of time and dollars attempting to meet the arcane requirements.

According to the Department's web site, the purpose of PlanCon is to:

- (1) document a local school district's planning process;
- (2) provide justification for a project to the public;
- (3) ascertain compliance with state laws, regulations and standards; and
- (4) establish the level of state participation in the cost of the project.

PASBO believes that the current administrative requirements for numerous local Board of Education (board) approvals of very complex and technical documents results in PlanCon being a very poor instrument for providing justification for a project to the public.

As one example, see *Attachment 1* for the instructions for completing up to six (6) pages of the first part of PlanCon when a district anticipates enlarging a room. Neither the board nor the public can be expected to understand the detail of such instructions. Nonetheless, current PDE procedures require boards to vote on, and publicly adopt, these kinds of documents that are subsequently reviewed and possibly modified by PDE staff and then re-entered in to board minutes.

Essentially, while PDE has statutory requirements for assuring that overall costs do not exceed state law, the review process also creates additional architectural reviews which are unnecessary. Many schools spend more time and effort for unnecessary PlanCon reviews than the single digit state support they receive. PASBO therefore supports eliminating PlanCon requirements for projects that will not receive State reimbursement.

For those projects that are eligible for State reimbursement, PASBO believes that PDE can better achieve its stated goals more easily and effectively by making minor changes in their administrative requirements. Simply put, we suggest that the PDE PlanCon submission requirements be altered to allow for local boards to adopt simple, plain language resolutions that describe what they intend to do to their facilities and to designate administrators to develop and submit documents as determined and required by PDE. This adoption would decrease the burdensome administrative procedures as required by school administrations and boards and the changes would serve to better inform members of the board and the public as to building construction/renovation plans. The suggestions would also create a substantial savings of time, money and resources.

PASBO has specific recommendations for the possible wording of board resolutions; what portions of PlanCon could be accommodated with such resolutions; and when separate board action would still be required.

Conclusion

Easing the cost drivers related to school construction would have a great impact. This is critically important as local revenues are declining, the Act 1 index is falling, and pension expenditures are increasing. Without a state funding increase in basic education for FY 11-12, basic education funding will fall by 20%. As school districts work to further control costs and adopt a reasonable and balanced FY 11-12 budget, schools are eager for new ways to improve their bottom line and use of time. PASBO calls therefore on the Committee and the General Assembly to make a priority to see that updating construction and supply contract bid limits as well as streamlining and/or eliminating approval for projects not eligible for State reimbursement, as provided for in HB 257, passes the House of Representatives quickly in the coming session.

Thank you for the opportunity to provide comments on these school construction issues. PASBO looks forward to working with Committee in achieving positive changes to improve the efficiency of school construction in the Commonwealth. I would be pleased to respond to any questions from members of the Committee.

Attachment 1

PDE's instructions for completing PlanCon when a school district plans to add to an existing room:

ROOMS THAT ARE PARTIALLY EXISTING AND PARTIALLY NEW - Pages A11, A12, A13, A14, A15 and A18 - If a school district plans to add onto an existing room (that is, part of the room's area will be "existing" and part "new") the FTE, square footage, and number of units for this "hybrid" room should be prorated between "existing" and "new". Prorating these factors will produce a room schedule that closely mirrors the actual project building's floor plan. First determine if the total area for a "hybrid" room meets minimum square footage requirements. To receive FTE capacity, the total area - new and existing - for each room must be 660 square feet or greater for all rooms except Industrial Arts Shops and Tech Ed rooms which must be 1,800 square feet or greater, gymnasiums which must be 6,500 or greater and auxiliary gymnasiums which must be 2,500 square feet or greater. If the total area does meet the minimum, then its total area should be reported in Columns #3 and #7. The number of units in Columns #4 and #8 is determined by dividing the "existing" area for Column #4 and the "new" area for Column #8 by the total (existing plus new) area, rounded to the nearest tenth. **FOR THE COMPUTERIZED VERSION** - In Column #4, type " $\text{= (the existing area) / (the total area)}$ " and in Column #8, type " $\text{= (the new area) / (the total area)}$." For example, if a school district planned to add on 480 square feet to an existing Tech Ed room with 1,540 square feet for a total of 2,020 square feet, the calculation for Column #4 would be " =1540/2020 " and the calculation for Column #8 would be " =480/2020 ." Contact the Division of School Facilities if additional clarification is needed.