



WYOMING LEGISLATIVE SERVICE OFFICE

Issue Brief

K-12 MAJOR MAINTENANCE (W.S. 21-15-109)

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by

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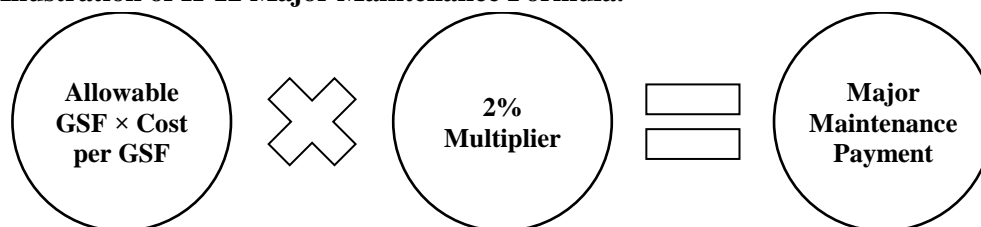
PURPOSE

This Issue Brief provides background regarding the K-12 school facilities major maintenance formula created under W.S. 21-15-109 and administered by the State Construction Department (SCD) pursuant to the School Facilities Commission's (Commission) Chapter 3 and 6 rules. The Select Committee on School Facilities' (Select Committee) interim topic priority #2 is to review the major maintenance calculation, the amount that can be utilized to maintain local enhancements, and the replacement value percentage. The Select Committee is also charged to review the routine maintenance resources generated under K-12 education resource block grant model (K-12 funding model).

MAJOR MAINTENANCE

As part of the Legislature's charge to maintain "a complete and uniform system of public instruction" the state finances the maintenance of school facilities. The state finances major building and facility repair and replacement through the K-12 major maintenance formula. In the simplest terms, the K-12 major maintenance formula is equal to the allowable gross square footage (GSF) of all school district facilities multiplied by a per square foot cost replacement value to determine the total cost replacement value. The cost replacement value is then multiplied by a replacement value percentage of 2 percent, specified in W.S. 21-15-109(c)(vi) and (vii), to arrive at the major maintenance amount. Four quarterly payments are made, beginning July 1 of each fiscal year, with the remaining payments distributed October 1, January 2, and April 1. Prior to school year (SY) 2020-2021, major maintenance payments were made July 1 of each year if funds in the School Capital Construction Account (SCCA) were sufficient.¹ Figure 1 depicts the major maintenance calculation.

Figure 1. Illustration of K-12 Major Maintenance Formula.



¹ In the 2018 Budget Session, W.S. 21-15-109(b) was amended to no longer pay the full major maintenance amount on July 1 if funds in the SCCA were sufficient. The amendment provided for 75 percent of the estimated major maintenance amount to be paid on July 1 and the balance to be paid not later than September 30 of each year. Further, a mechanism was added to increase or reduce subsequent a school district payment, as appropriate, in the event a school district received an excessive or deficient distribution. See **2018 Wyo. Sess. Laws, Ch. 35**. In the 2019 General Session, the quarterly payment amendment occurred. See **2019 Wyo. Sess. Laws, Ch. 42**.

There are multiple steps in determining the allowable GSF for each building category (educational, office, warehouse, and closed educational facilities, "mothballed"), as described below. The structures included for each category are defined in the Commission's Chapter 6 rules. Table 1 depicts the school year (SY) 2021-2022 allowable statewide GSF and major maintenance amount, by building category.

Table 1. SY 2021-2022 Major Maintained Summary, by Building Category.

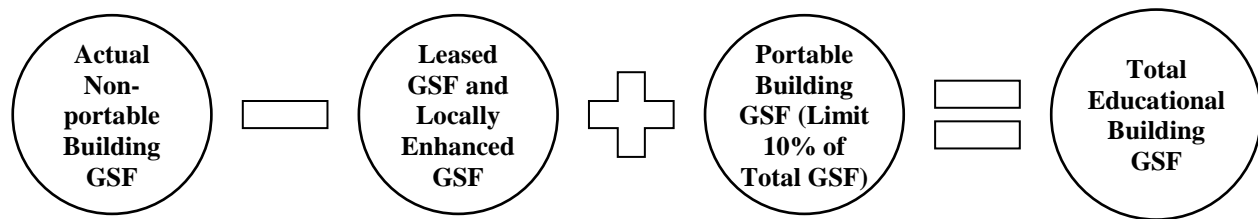
Building Category	Statewide Allowable GSF	Major Maintenance Amount
Educational	18,567,041	\$67,905,238
Educational - Mothballed	153,519	\$56,147
Office	805,908	\$2,683,093
Warehouse	1,435,171	\$4,142,076
Total	20,961,639	\$74,786,553

Source: LSO analysis of State Construction Department's calculations.

Educational Building GSF

Each district's educational GSF includes the prior year's actual educational building GSF *less* any leased GSF² and any GSF identified as a local enhancement³. The educational GSF also incorporates portable building (modular) GSF, provided the total portable building GSF does not exceed more than 10 percent of the total GSF computed for all school buildings and facilities, excluding teacherages.⁴ No school districts exceeded the 10 percent portable building limitation for SY 2021-2022. Figure 2 depicts this calculation.

Figure 2. Illustration of Educational Building GSF Calculation.



Each district's adjusted educational building GSF is then compared against the district's total allowable educational GSF based upon the Commission's maximum educational GSF methodology using average daily membership (ADM) from the prior school year.⁵ The total allowable educational GSF is multiplied by 115 percent to provide a maximum allowable educational GSF. Each district is allocated the lesser of its adjusted educational building GSF or 115 percent of the maximum allowable educational GSF for purposes of the major maintenance payment.

To provide context on this calculation, in SY 2021-2022, the statewide total educational building GSF was 23,166,757 GSF. The statewide maximum allowable educational GSF was 18,930,260. Only five school districts used the total educational building GSF, while the remaining 43 school districts were allocated the maximum allowable educational GSF (115 percent of Commission's allowable square footage). The

² See W.S. 21-15-109(c)(i)(B).

³ See W.S. 21-15-109(c)(i)(D).

⁴ See W.S. 21-15-109(c)(ii)(C). A "teacherage" is defined in W.S. 21-15-109(a)(vii) as "housing provided by and owned by a school district for use as living quarters of a teacher or other school district employee."

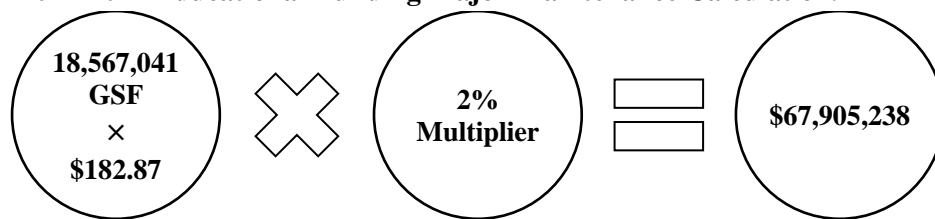
⁵ See W.S. 21-15-109(c)(iii). The school's maximum allowable GSF based upon the Commission's **adopted methodology** and the school's prior school year ADM [see <https://stateconstruction.wyo.gov/school-facilities/school-facilities-commission/sfc-documents>, last visited June 7, 2022]. The specific formulas can be found in the Commission's allowable square footage **calculator** [see <https://stateconstruction.wyo.gov/school-facilities/planning-financing>, last visited June 7, 2022.]

educational building GSF used for major maintenance payments equal 18,567,041 or 4,599,716 less than the total educational building GSF.

The educational building GSF used for major maintenance payments is then multiplied by the cost replacement factor computed by the SCD in accordance with W.S. 21-15-109(c)(v). The cost replacement factor is based upon, "data from August 1 of the prior school year based upon the median estimate in the most current edition of a nationally recognized, quarterly published construction cost index that provides cost indices for elementary schools, junior high schools, high schools, offices and warehouses by city or town, as modified to reflect current Wyoming construction costs determined by the department of administration and information, division of economic analysis."⁶

The SCD averages the amounts computed for an elementary school, junior high school, and high school for the educational building GSF cost replacement factor. For SY 2021-2022, the average amount equaled \$182.87 per square foot. The statewide educational building cost replacement value is then calculated by multiplying the 18,567,041 GSF by the \$182.87, totaling \$3,395,261,878. The cost replacement value is then further adjusted by a "multiplier" of 2 percent, pursuant to W.S. 21-15-109(c)(vi), to determine the major maintenance amount. For SY 2021-2022, the educational building major maintenance amount equaled \$67,905,238. Figure 3 illustrates the SY 2021-2022 educational building major maintenance calculation.

Figure 3. SY 2021-2022 Educational Building Major Maintenance Calculation.



Office and Warehouse Building GSF

Each district's office building and warehouse building GSF includes the prior year's actual GSF *less* any leased GSF⁷ and any GSF identified as a local enhancement⁸. For SY 2021-2022, the cost replacement factor computed by the SCD in accordance with W.S. 21-15-109(c)(v) for office buildings equaled \$184.96 per square foot and for warehouse buildings equaled \$160.34 per square foot. The statewide office building and warehouse building cost replacement value is then calculated by multiplying the total GSF for each building category by the respective per square foot cost replacement factor. The cost replacement value for each building category is then further adjusted by a "multiplier" of 2 percent, pursuant to W.S. 21-15-109(c)(vii).

A district's total adjusted office building and warehouse building cost replacement value is further adjusted based upon the proportion of the total office building and warehouse building GSF to the district's total educational building GSF pursuant to W.S. 21-15-109(c)(vii)(B) through (E):

(B) If the proportion is ten percent (10%) or less, the district is entitled to one hundred percent (100%) of the amount computed under this paragraph;

⁶ The SCD uses data from RS Means for specific Wyoming costs to determine the cost replacement value. Further, August 1 of the prior school year was amended during the 2018 Budget Session to ensure a known cost replacement factor for budgeting purposes. Prior to then, the biennial appropriation was estimated and, in some instances, insufficient appropriations were made. See **2018 Wyo. Sess. Laws, Ch. 35, Sec. 1**.

⁷ See W.S. 21-15-109(c)(i)(B).

⁸ See W.S. 21-15-109(c)(i)(D).

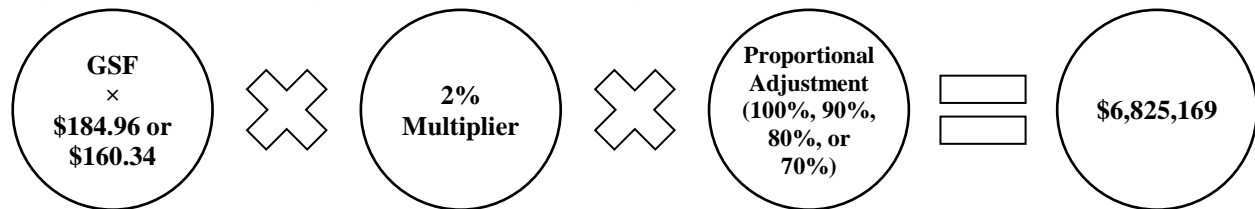
(C) If the proportion is greater than ten percent (10%) but less than sixteen percent (16%), the district is entitled to ninety percent (90%) of the amount computed under this paragraph;

(D) If the proportion is sixteen percent (16%) or greater but less than twenty-one percent (21%), the district is entitled to eighty percent (80%) of the amount computed under this paragraph;

(E) If the proportion is twenty-one percent (21%) or greater, the district is entitled to seventy percent (70%) of the amount computed under this paragraph.

For SY 2021-2022, 19 school districts had an adjustment of 100 percent, 19 school districts had an adjustment of 90 percent, eight school districts had an adjustment of 80 percent, and two school districts had an adjustment of 70 percent. Figure 4 illustrates the SY 2021-2022 office building and warehouse building major maintenance calculation.

Figure 4. Office Building and Warehouse Building Major Maintenance Calculation.

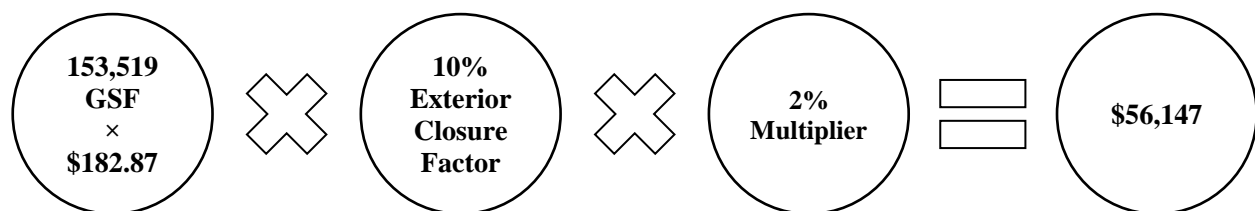


For SY 2021-2022, the office building and warehouse building major maintenance amounts equaled \$2,683,093 and \$4,142,076, respectively, for a total of \$6,825,169.

Mothballed GSF

In accordance with W.S. 21-15-109(c)(iv), educational building square footage of any district building or facility that is not operational but closed within the district's facility plan as a cost efficient means, is defined as "mothballed." The mothballed square footage is further multiplied by exterior closure factor of 10 percent.⁹ For SY 2021-2022, the total mothballed square footage totaled 153,519. Figure 5 illustrates the SY 2021-2022 mothballed GSF major maintenance calculation.

Figure 5. Mothballed GSF Major Maintenance Calculation.



For SY 2021-2022, the mothballed building major maintenance amounted to \$56,147.

⁹ Prior to the Commission's current Chapter 6 rules, the exterior factor of 10 percent was identified in Section 5(f) and the maximum length a building could be mothballed was three years. Under the Commission's current Chapter 6 rules, effective January 15, 2020, it does not appear the required exterior closure factor is identified, as required by W.S. 21-15-109(c)(iv).

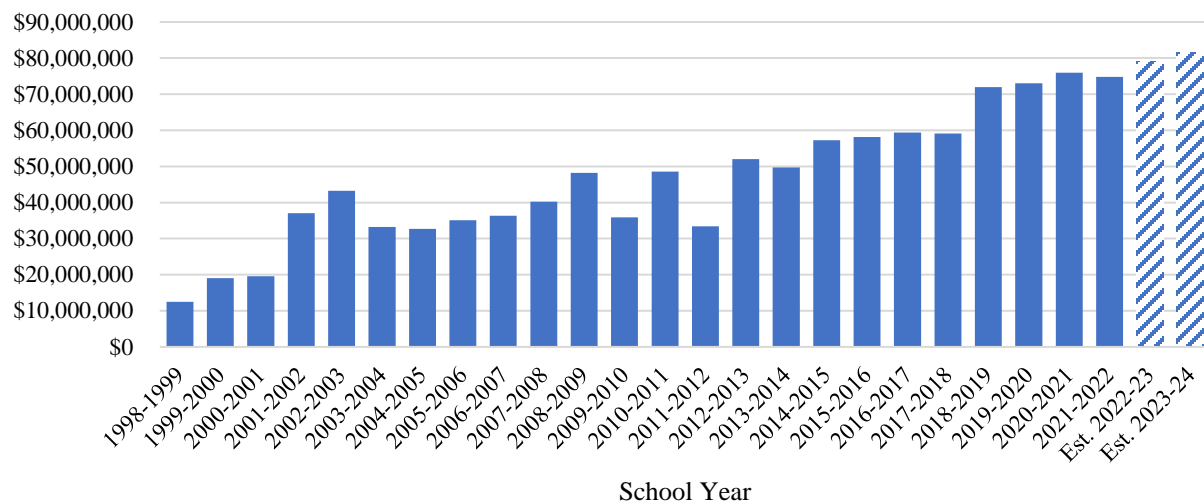
Major Maintenance for Local Enhancements

In accordance with W.S. 21-15-109(f), school districts are allowed to expend up to 10 percent of the allocation for major building and facility repair and replacement needs which are not specified in the district's facility plan, including expenditures for maintenance of district enhancements.¹⁰ However, expenditures can only be made after the district's building and facility repair and replacement needs specified in its facility plan have been addressed in accordance with W.S. 21-15-109(e) and the SCD has approved the district's proposed expenditures.

Historical Major Maintenance Funding

Between SY 1998-99 to SY 2021-22, school districts received \$1.1 billion in major maintenance funding. Figure 6 illustrates the total funding for SY 1998-1999 to estimated SY 2023-24, which includes the most recent biennial appropriation of \$159.0 million.

Figure 6. Major Maintenance Payments, SY 1998-1999 to Est. SY 2023-2024.



Source: LSO analysis of historical and estimated payments.

Major maintenance payments are required to be accounted for separately by each district and the balance, including investment earnings, can accumulate from year-to-year.¹¹ School district major maintenance expenditures are limited to projects identified in the district's facility plan under W.S. 21-15-116 and are required to be approved by the SCD.¹² Annually, school districts and the SCD are required to report on major maintenance expenditures – districts to the SCD and the SCD to the Select Committee.¹³

Prior Studies

The Select Committee has received prior studies related to major maintenance. Studies began during the 2016 interim with a **presentation** at its August 2016 meeting and **report** at its October 2016 meeting from Facility Engineering Associates, P.C. (FEA), consultant under contract with the SCD. FEA provided another **presentation** and **report** during the 2017 interim at its June 2017 meeting. At the September 2017 meeting **SCD's report** coincided with draft legislation, **18LSO-0091 WD 0.6** that amended the major maintenance program's definitions to create three categories of major building and facility repair and

¹⁰ W.S. 21-15-111(a)(iii) defines "local enhancements" as "any renovation, construction, replacement, repair or other improvement of or to any school building or facility initiated by a school district which is designed to bring the building or facility to a condition exceeding the statewide building adequacy standards."

¹¹ See W.S. 21-15-109(e).

¹² Ibid.

¹³ Ibid.

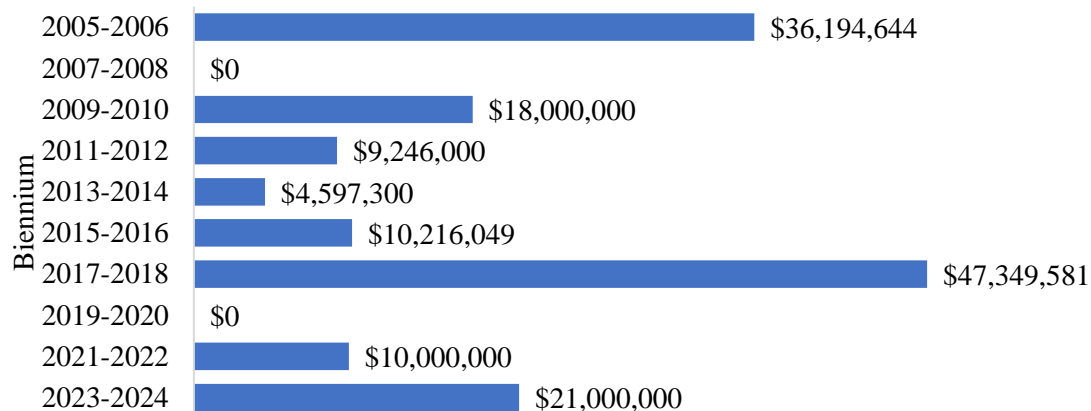
replacement: code compliance, site improvements, and system improvements. The draft legislation also increased the multiplier from 2 percent to 2.5 percent. The Select Committee sponsored this legislation and it was enacted into law (**2018 Wyo. Sess. Laws, Ch. 35**), however, the multiplier was not increased from 2 percent to 2.5 percent in the adopted legislation.

The Select Committee once again reviewed the major maintenance program during the 2018 interim and received another **report** from the SCD at its June 2018 meeting. The Select Committee at its September 2018 meeting sponsored **19LSO-0010 WD 0.2** to increase the multiplier from 2 percent to 2.5 percent. This bill was sponsored as **2019 House Bill 0008** but was not enacted into law. During the 2020 interim, the Select Committee at its October 2020 meeting discussed 21LSO-0171 WD 0.4 that reduced the multiplier from 2 percent to 1.75 percent. The bill ultimately sponsored by the Committee did not contain any reduction to the multiplier. Finally, during the 2021 interim, the Select Committee received a similar **summary** from the SCD on the history of the major maintenance discussion.

COMPONENT PROJECT FUNDING

For certain school facility projects, school districts may seek additional state financial assistance through "component project funding" to supplement major maintenance projects. Prior to "component projects" this type of funding was called "minor capital construction." The SCD states that component funding requests go through a Commission approved procedure and a committee of 12 members made up of district personnel that reviews and scores all component project requests and compiles a prioritized statewide list to be submitted to the Commission.¹⁴ Figure 7 summarizes component project (minor capital construction) appropriations for the FY 2005-2006 to FY 2023-2024 biennium, totaling \$156.6 million.

Figure 7. Component Project Appropriations, FY 2005-2006 to FY 2023-2024 Biennium.



Source: LSO analysis of historical appropriations.

ROUTINE MAINTENANCE FUNDING

Within the K-12 funding model, as administered by the Wyoming Department of Education, allocations are made for routine maintenance funding. The routine maintenance components within the K-12 funding model include custodians, maintenance workers, groundskeepers, supplies and materials, and utilities. Table 2 depicts the K-12 funding model SY 2021-2022 allocations, totaling \$140.3 million.

¹⁴ See **2021 Annual Report** from the SCD. While this may be the practice of the Commission and the SCD, formal rules, methodology that outlines the exact make-up of the committee, criteria examined, or the prioritization standards used in this process could not be located or could not be identified by the SCD prior to publication of this memo.

Table 2. SY 2021-2022 K-12 Funding Model Routine Maintenance.

Routine Maintenance Component	K-12 Funding Model Allocations
Custodians	\$43,314,286
Maintenance Workers	\$21,002,654
Groundskeepers	\$25,631,639
Supplies and Materials	\$14,176,690
Utilities	\$36,124,898
Total	\$140,250,166

Source: LSO analysis of SY 2021-2022 K-12 funding model.

The duties of custodians, maintenance workers and groundskeepers are outlined within the **2005 school finance study** and summarized in Table 3.¹⁵ The resources allocated from the K-12 funding model to a school district provides the district the ability to hire these personnel directly, contract for these services, or a combination thereof.

Table 3. K-12 Funding Model Routine Maintenance Personnel Duties.

Personnel	Duties
Custodians	<ul style="list-style-type: none"> • Daily duties: sweep and vacuum classroom floors; empty trash can and pencil sharpeners in each classroom; clean one sink with faucet; and security of room. • Weekly duties: dust reachable surfaces; dust chalk trays and clean doors; clean student desktops; clean sink counters and spots on floors; and dust chalk/white boards and trays. • Other duties: opening school (checking for vandalism, safety and maintenance concerns); playground and field inspection; miscellaneous duties (teacher/site-manager requests, activity set-ups, repairing furniture and equipment, ordering and delivering supplies); and putting up the Flag and PE equipment.
Maintenance Workers	<ul style="list-style-type: none"> • Core tasks provided by maintenance workers include preventative maintenance, routine maintenance and emergency response activities. • Individual maintenance worker accomplishment associated with core tasks are: (a) HVAC systems, HVAC equipment, and kitchen equipment; (b) electrical systems, electrical equipment; (c) plumbing systems, plumbing equipment; and, (d) structural work, carpentry and general maintenance/repairs of buildings and equipment.
Groundskeepers	<ul style="list-style-type: none"> • Lawn activities: (a) spraying herbicides, (b) preparing grounds for special events, and (c) cutting and maintaining grass every 12 days. • Other activities: (a) landscaping grounds; (b) grinding tree stumps and removal of dead trees; (c) installing and maintaining playground equipment and playground areas; (d) delivering and spreading mulch, topsoil, rock salt and gravel; (e) ordering, installing and maintaining signs; (f) installing and repairing fences; (g) repairing potholes; (h) building walkways; (i) making minor concrete repairs; (j) excavating underground utilities; (k) cleaning and repairing storm drains; (l) cleaning vandalism damage; (m) maintaining and repairing sandpits, running tracks, wooden walks, benches and platforms; (n) conducting drainage projects; (o) picking up equipment from sites for annual repairs; (p) other duties such as snow removal, graduation setup, delivery assistance, etc. as assigned.

Source: LSO summary of 2005 recalibration report.

¹⁵ *An Evidence-Based Approach to Recalibrating Wyoming's Block Grant School Funding Formula*, Lawrence O. Picus and Associates, November 30, 2005, pp. 118-134.