

Massachusetts School Building Authority

Timothy P. Cahill
Chairman, State Treasurer

Katherine P. Craven
Executive Director

January 15, 2009

His Excellency Governor Deval L. Patrick
Office of the Governor
State House, Room 360
Boston, MA 02133

The Honorable Therese Murray
Office of the Senate President
State House, Room 330
Boston, MA 02133

The Honorable Salvatore DiMasi
Office of the Speaker of the House
State House, Room 356
Boston, MA 02133

Dear Governor Patrick, Senate President Murray and Speaker DiMasi,

The promise of several billion dollars of federal stimulus funds for the construction of local schools also brings with it the obligation to disburse these funds in the most expeditious, legal and orderly fashion. History has proven repeatedly that proper planning and thorough oversight are necessary components of ensuring that scarce taxpayer dollars are well invested in construction projects. The Massachusetts School Building Authority, created through the wisdom of the Legislature in 2004, has developed a logical and innovative grant authorization and distribution system after much input from local officials, educators, and construction professionals. Since its inception, the MSBA has based our reimbursement program on fiscally conservative practices that have preserved our ability to continue to fund our share of local school projects despite declining sales tax revenues. However, the currently projected dire financial situation of our local community partners will be an insurmountable roadblock in getting "shovels in the ground" for much needed school construction projects. We recommend taking advantage of potential federal stimulus monies by using them to offset the required local contribution for MSBA approved school construction projects. In addition, we recommend targeting federal stimulus funds to regional vocational schools which would have the dual effect of improving the economy by training the next generation of Massachusetts's technical workforce and jump-starting construction projects that would otherwise be overlooked.

No other agency has distributed such a large amount of local construction funds over such a short period of time while maintaining rigorous oversight: since 2004, the MSBA has distributed \$5.9 billion to cities, towns and regional school districts. Since 2005, the MSBA has completed 789 school construction audits to ensure proper expenditure of state funds, and has saved almost \$796 million state tax dollars as a result of these audits. Our implementation of an invoice based "Progress Payment"

system ensures timely audits and payments within a 15 day turnaround and has resulted in \$2.36 billion in avoided interest costs. Oversight and standard contracting language of owner's project managers and designers has perpetuated "best practices" that we have learned from cities and towns who have successfully completed projects. Our process for identifying eligible projects relies on a self-evaluation of the local communities' school facility problems and our partnership in developing educationally sound, affordable and appropriately sized solutions to those problems. MSBA regulations aim to eradicate mistakes of the past that ultimately wasted taxpayer money, such as: overly optimistic enrollment projections which resulted in half-empty new school buildings; the former distribution of state grant money based upon a "first come, first serve" wait list, without attention to need or urgency; and ill-conceived planning and project definition which encouraged subsequent scope creep.

The MSBA is very grateful that you have supported our efforts at reforming this formerly disjointed system, and stands ready with 500 potential school projects ranging from simpler repair projects to more complicated major renovations and new construction projects.

There are several projects that are ready to be bid at the time of this writing. However, given the tight timeframes on getting projects to "shovel ready" condition, we would ask that the following recommendations be considered as guidance on the expedited expenditure of these federal funds:

1. The MSBA is a reimbursement program requiring communities to fund 20% to 60% of the costs of the project. Many cities, towns and regional school districts will have difficulty in voting for their share of the funds given the tough local economic climate. As such, the MSBA would recommend that the Commonwealth set aside a portion of these federal funds to exclusively pay the local share of MSBA approved school projects. There are many projects already in our pipeline that could be accelerated if the local community did not have to wait for the uncertainty of funding votes to pass. MSBA recommends that federal funds, used in conjunction with the work we have already done to date in 163 communities across the Commonwealth, would be best suited to accelerating the projects by eliminating the need for local financing.
2. A program of "accelerated design" such as what MSBA recently accomplished by doing the Model School procurement with the town of Norwood helped reduce the anticipated Norwood High School project cost by \$25 million and one year less of design time. The entire process for procuring the Model School to getting detailed designs was only 3 months and the result is a design that preserves Norwood's traditional high school exterior while incorporating already proven design elements. This program could be easily implemented in many of the 500 potential projects which have been submitted to the MSBA.
3. Another program to quickly procure accelerated repairs and modernization projects across the Commonwealth would be an efficient and best priced option for many school districts in need of boilers, HVAC, technology, window and building envelope upgrades while ensuring bulk efficiency.
4. Finally, we think that a "New Deal" improvement program for vocational high schools would be a once-in-a-generation way to improve the quality of aging vocational facilities, most of which are owned by multiple cities and towns and therefore are not prioritized as highly for improvement funds as a school owned by a single community. This would also be a great way to stimulate the economy by providing state of the art facilities to educate the workforce of

Massachusetts future. Fixing today's vocational facilities helps guarantee talented workers for tomorrow's jobs.

Thank you for the consideration of these recommendations. Over the next two years, the MSBA is poised to complete many school buildings. Targeted investment of the federal stimulus funds to support the local share for projects in the MSBA pipeline would eliminate the uncertainty of local funding vote outcomes, stimulate local jobs, and preserve the reform and oversight of the needs-based system for distributing school construction taxpayer dollars.

Sincerely,



Timothy P. Cahill
Chair, MSBA Board of Directors



Katherine Craven
Executive Director, MSBA