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Bill Analysis
Legislative Service Commission

H.B. 520

126th General Assembly
(As Introduced)

Rep. Schaffer

BILL SUMMARY

- Prevents a school district's percentile wealth ranking from being raised to a higher percentile for purposes of scheduling assistance under the Classroom Facilities Assistance Program if (1) the district has entered into an agreement with the School Facilities Commission under the Expedited Local Partnership Program and (2) the district's voters have approved a bond issue to pay the district's portion of the basic project cost of the classroom facilities project.
- Gives highest priority for assistance under the Classroom Facilities Assistance Program for districts (1) that have entered into an agreement with the School Facilities Commission under the Expedited Local Partnership Program at least three years before the bill's effective date, (2) the voters of which have approved a bond issue to pay the district's portion of the basic project cost of the classroom facilities project, and (3) the adjusted valuation per pupil ranking of which has increased in the last three years and the increase in ranking is equal to or greater than 20% of the total number of ranked districts.

CONTENT AND OPERATION

Background

The Ohio School Facilities Commission administers several programs that provide state assistance to school districts and community schools in the acquisition of classroom facilities. The main program, the Classroom Facilities Assistance Program (CFAP), is designed to provide each city, exempted village, and local school district with partial funding to address on a district-wide basis all of the district's classroom facilities needs. It is a graduated, cost-sharing program where a district's portion of the total cost of the project and priority for funding are

based on the district's relative wealth. Under this program, the poorest districts are served first and receive a greater amount of state assistance than wealthier districts will receive when it is their turn to be served.¹ This wealth ranking is done by the Department of Education. As the General Assembly appropriates funding for CFAP, the School Facilities Commission determines which districts are next in line (as they are rank ordered by wealth percentile) and allocates that funding based on the districts' needs and relative shares.²

Other programs have been established to address the particular needs of certain types of districts. For example, the Accelerated Urban School Facilities Assistance Program provides early CFAP assistance to the state's six large urban school districts that were not served under CFAP prior to July 1, 2002: Akron, Dayton, Cincinnati, Cleveland, Columbus, and Toledo.³ Under a third program, the Exceptional Needs School Facilities Assistance Program, low-wealth districts and "large land area" districts may receive assistance in advance of their district-wide CFAP projects to construct single buildings in order to address acute health and safety issues.⁴ Finally, under the Expedited Local Partnership Program, most school districts that have not been served under CFAP may enter into agreements permitting them to apply the advance expenditure of *district* money on approved parts of their district-wide needs toward their shares of their CFAP projects when they become eligible for that program.

The total cost of a district's project under these programs (called the "basic project cost") is based on an assessment of the district's needs conducted by the Commission compared with specifications established in the Commission's design

¹ *The wealth of a school district is determined by calculating the "adjusted valuation per pupil" of each school district, where a district's taxable valuation per pupil is modified by a factor of the income of the taxpayers of the district. A three-year average adjusted valuation per pupil is calculated. Then all districts are rank ordered from lowest to highest average adjusted valuation per pupil and are placed in percentiles. Generally, lower percentile districts are served before higher percentile districts.*

² *CFAP is codified in R.C. 3318.01 through 3318.20. Joint vocational school districts are served by a similar, but not identical, program designed to address the specific needs of those districts (see R.C. 3318.40 through 3318.46, none in the bill).*

³ *R.C. 3318.38, not in the bill. Canton and Youngstown, the other "Big-Eight" school districts, had already received service under CFAP by that date.*

⁴ *R.C. 3318.37, not in the bill. For purposes of this program, a "low-wealth district" is one with an average adjusted valuation per pupil that is at or below the statewide median, and a "large land area district" is one with a territory of greater than 300 square miles regardless of wealth.*

manual. The cost of a site for new facilities, if needed, is not included in the basic project cost.

For most districts, the portion of the basic project cost that a district must pay is 1% times its percentile wealth ranking. Thus, a district ranked in the 15th percentile would pay 15% of the cost of the project and the state would pay 85%. (For some districts, the district portion is based on the district's existing debt where relative wealth is also a factor.) However, a school district's portion of the basic project cost is capped at 95%.

The bill

Percentile rank cap under CFAP for districts participating in the Expedited Local Partnership Program

(R.C. 3318.011 and 3318.36; 3318.01 and 3318.023 conforming changes)

The bill provides that if a school district has entered into an agreement with the Commission under the Expedited Local Partnership Program and the district's voters have approved a bond issue to pay the district's portion of the basic project cost, the district cannot be ranked under the percentile wealth ranking for CFAP purposes in a higher percentile than the percentile in which the district was ranked on the date that the bond issue was approved, regardless of the district's three-year average adjusted valuation per pupil calculated under the ranking for any subsequent fiscal year. The bill also provides that this "capped" percentile ranking is to be used by the Commission only to determine when the district is eligible for assistance under CFAP, and not for calculating the district's portion of the basic project cost. As a result, the bill requires the Commission to annually notify the Department of Education of all school districts whose percentile rankings have been capped since the Department completed its most recent rankings.

Change in CFAP assistance priority

(Section 3)

The bill provides that any school district that has not received assistance under CFAP and to which all of the following conditions apply, has highest priority for CFAP assistance over all other school districts:

- The district entered into an agreement with the Commission under the Expedited Local Partnership Program not later than three years prior to the bill's effective date;
- The district's voters approved a bond issue to pay the district's portion of the basic project cost of the classroom facilities needs;

- The district's three-year average adjusted valuation per pupil ranking on the bill's effective date is higher than the district's ranking three years prior to the bill's effective date and the difference in the rankings on those two dates is equal to or greater than 20% of the total number of ranked school districts on the bill's effective date.

HISTORY

ACTION	DATE
Introduced	02-16-06

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