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*Bill Analysis*  
*Legislative Service Commission*

## **H.B. 631**

126th General Assembly  
(As Introduced)

**Reps. Wolpert, Peterson, Combs, Raussen, Trakas, Schaffer, Hughes,  
G. Smith**

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### **BILL SUMMARY**

- Creates the Rapid Enrollment Growth School Facilities Assistance Program to provide state assistance for classroom facilities to school districts that experience an average increase in their formula ADM of at least 100 students per year for five consecutive years.
- Specifies that the school district's share of the basic project cost under the rapid-growth program is the lesser of 75% or the district's wealth percentile.
- Exempts school districts that participate in the rapid-growth program from the requirement to levy a tax for maintenance of the classroom facilities acquired with state assistance.

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### **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 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. 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.

Other programs have been established to address the particular needs of certain types of districts. The Exceptional Needs School Facilities Assistance Program provides low-wealth districts and "large land area" districts with funding in advance of their district-wide CFAP projects to construct single buildings in order to address acute health and safety issues. The Accelerated Urban School Building Assistance Program allows Big-Eight school districts that are not yet eligible for assistance under CFAP to receive that assistance earlier than otherwise permitted.<sup>1</sup>

**Rapid Enrollment Growth School Facilities Assistance Program**

(R.C. 3318.39)

The bill creates the Rapid Enrollment Growth School Facilities Assistance Program to provide state assistance for school facilities to certain high-growth school districts prior to those districts becoming eligible for CFAP assistance based on their wealth rankings. Under the new program, a city, exempted village, or local school district may receive early assistance if it meets two conditions:

- (1) The district has not previously received assistance under CFAP; and
- (2) During the five fiscal years prior to applying for assistance under the new program, the district experienced an average increase in its formula ADM (average daily membership) of at least 100 students per year.<sup>2</sup>

If, in any fiscal year, the School Facilities Commission determines that it does not have sufficient funds to pay for projects for all the qualified districts seeking assistance under the rapid-growth program, the Commission must grant priority to the districts with the highest percentage of students who exceed the total occupant capacity of the district's schools. A student exceeds the occupant capacity of the district's schools only if there is no other district school serving the same grade to which the student could be assigned without causing that school to surpass its occupancy limit.

Each project funded under the new program must meet the district's total classroom facilities needs and comply with the Commission's design

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<sup>1</sup> See R.C. Chapter 3318. The Big-Eight school districts are Akron, Canton, Cincinnati, Cleveland, Columbus, Dayton, Toledo, and Youngstown.

<sup>2</sup> Districts must report their formula ADM twice annually, for the first full week of October and for the third full week of February (R.C. 3317.02(D) and 3317.03(A), neither section in the bill).

specifications. All requirements for participation in CFAP are applicable to projects under the new program, except as otherwise described below.

**District share of project cost**

(R.C. 3318.39(E))

Under CFAP, a school district's share of the basic project cost generally is equal to the district's wealth percentile, up to a maximum of 95%.<sup>3</sup> (For example, a district in the 45th percentile has a district share of 45% and a state share of 55%.) For a district participating in the Rapid Enrollment Growth Program, however, the district share of the basic project cost is the *lesser* of 75% or the district's wealth percentile. Therefore, a fast-growing district at the 85th percentile would have an 85% share for a CFAP project but a 75% share for a project undertaken through the new program. Conversely, a district at the 60th percentile would have a 60% share, regardless of whether the project was completed through CFAP or the new program.

**Exemption from maintenance tax**

(R.C. 3318.39(G))

Besides raising funds to pay its share of the project cost, a school district receiving assistance under CFAP (and most other programs administered by the School Facilities Commission) must raise an additional amount earmarked for the maintenance of the facilities acquired. Each district levy with voter approval an additional tax of one-half mill for 23 years or generate an equivalent amount through some other authorized means. For example, a district may use donated funds or funds from other public sources to pay all or part of its maintenance obligation. It might also dedicate a portion of an existing permanent improvement levy or an income tax levy to generate the required amount.<sup>4</sup>

The bill exempts a high-growth school district that receives assistance under the new program from the requirement to levy a tax for, or to otherwise generate moneys dedicated to, the maintenance of the classroom facilities acquired under the district's project. But the bill also specifies that the district is obligated under continuing law to maintain the facilities in accordance with a plan approved by the School Facilities Commission.<sup>5</sup> In addition, the district must have a capital

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<sup>3</sup> R.C. 3318.032, not in the bill. For some districts, the district share is based on the district's existing debt where relative wealth is also a factor.

<sup>4</sup> R.C. 3318.052 and 3318.084, neither section in the bill.

<sup>5</sup> R.C. 3318.08(Q), not in the bill.

and maintenance fund and make annual deposits into the fund as otherwise required for all school districts under existing law.<sup>6</sup>

**Eligibility for other school facilities assistance programs**

(R.C. 3318.39(F))

The bill prohibits a school district participating in the Rapid Enrollment Growth Program from receiving facilities assistance through the Exceptional Needs Program or the Accelerated Urban Program, both of which also provide early assistance in advance of CFAP eligibility. The district may be eligible for additional facilities assistance under CFAP, though, in limited cases.

When a school district participating in the rapid-growth program becomes eligible for CFAP assistance based on its wealth ranking, the School Facilities Commission must conduct an on-site visit to reevaluate the district's facilities needs at that time. If the district's total facilities needs have been met by the rapid-growth program (or will be met when the project under that program is complete), the district is not eligible for further state assistance under CFAP. However, if the reevaluation shows that the district has additional facilities needs that will not be met by the rapid-growth program, the district may receive CFAP assistance to address those additional needs by entering into a separate project agreement with the Commission. The additional project is subject to all CFAP requirements, including the apportionment of the district share of the project cost, which would be based on the district's wealth percentile. In other words, any lower share the district qualified for under the rapid-growth program would not carry over to a subsequent CFAP project.

**Funding for Rapid Enrollment Growth Program**

(R.C. 3318.023; Section 3)

Current law gives some school districts priority for funding over most other CFAP districts. Those districts receiving priority include (1) districts in the Exceptional Needs Program and the Accelerated Urban Program, (2) districts that

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<sup>6</sup> R.C. 3315.18 and 3315.181 (neither section in the bill) require all school districts to establish and maintain capital and maintenance funds. In general, each district annually must deposit into its capital and maintenance fund an amount that is not less than 3% of the per pupil formula amount under the operations funding formula for the previous fiscal year times the number of students enrolled in the district during that fiscal year. The formula amount for fiscal year 2007 is \$5,403 (R.C. 3317.012, not in the bill). The fund may be used to pay the cost of maintenance and construction of facilities regardless of whether the district receives state assistance for facilities acquisition.

had been approved for assistance previously but were not able to secure voter approval of the necessary tax levies and bond issues at that time, and (3) certain districts that were served prior to May 20, 1997, and did not receive district-wide service. The bill adds districts in the rapid-growth program to the list of districts that receive priority for funding.

The bill also specifies that, subject to appropriations by the General Assembly, the rapid-growth program is to begin in the capital biennium for fiscal years 2007 and 2008. It further states the General Assembly's intent that the program's funding will be in addition to any other funds appropriated in that biennium for classroom facilities assistance programs and will not reduce those funds.

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## **HISTORY**

| <b>ACTION</b> | <b>DATE</b> |
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| Introduced    | 07-13-06    |

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