

(SFC) SCHOOL FACILITIES COMMISSION

Public School Building Fund	\$150,000,000
School Building Program Assistance Fund	\$355,000,000
Total – All Funds	\$505,000,000

PUBLIC SCHOOL BUILDING FUND (021)

CAP-622	Public School Buildings (Statewide)	Renovation/ Replacement	\$145,000,000
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These monies are from available cash balances and appropriations and provide the state share of basic project costs to those school districts having received the approval of the School Facilities Commission pursuant to Chapter 3318. of the Revised Code. Eligibility and priority for a district receiving state assistance is determined by the relative wealth of the district as measured through its adjusted valuation per pupil and the need to replace classroom facilities as assessed by the School Facilities Commission. Under a provision in the bill, the School Facilities Commission cannot commit more than \$205 million of the total appropriation for the Public School Buildings Fund and the Public School Building Program Assistance Fund until after June 30, 1999.

CAP-777	Disability Access Projects (Statewide)	Other	\$5,000,000
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These monies are from available cash balances and appropriations and will provide \$5 million for grants to school districts for purposes of construction, reconstruction, or renovation projects in classroom facilities in order to improve access to such facilities by physically handicapped persons. Funding for this purpose was initiated in Amended Substitute House Bill 215 of the 122nd General Assembly and transferred to the School Facilities Commission from the Department of Education in Amended Substitute House Bill 650 of the 122nd General Assembly.

SCHOOL BUILDING PROGRAM ASSISTANCE FUND (032)

CAP-737	School Building Program Assistance (Statewide)	Renovation/ Replacement	\$355,000,000
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These monies are generated from the sale of bonds and provide the state share of basic project costs to those school districts having received the approval of the School Facilities Commission

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pursuant to Chapter 3318. of the Revised Code. Eligibility and priority for a district receiving state assistance is determined by the relative wealth of the district as measured through its adjusted valuation per pupil and the need to replace classroom facilities as assessed by the School Facilities Commission. Under a provision in the bill, the School Facilities Commission cannot commit more than \$205 million of the total appropriation for the Public School Buildings Fund and the Public School Building Program Assistance Fund until after June 30, 1999.

Exceptional Needs Pilot Project

The bill also creates a pilot program within the School Facilities Commission to assist low wealth school districts, that would not be served in the next three fiscal years with urgently needed classroom facility improvements. Specifically, the bill permits the School Facilities Commission to set aside up to ten percent (\$30 million) of the \$300 million that it cannot commit until after June 30, 1999. These moneys could then be distributed to eligible districts under guidelines developed by the School Facilities Commission in consultation with education and construction experts. A "low wealth district" is defined in the bill as one in the lowest 50 percent in terms of adjusted valuation per pupil.

Classroom Facilities Assistance Program - State and Local Share:

Under the program, a qualifying school district is generally responsible for financing a portion of the project with its own bond issue and tax levy and must contribute the greater amount yielded by the following formulas:

a) the amount necessary to increase the net bonded indebtedness of the school district to within \$5,000 of its required level of indebtedness. Depending on the district's adjusted valuation per pupil, the required level of indebtedness is determined as follows:

RANK ACCORDING TO DISTRICT'S VALUATION PER PUPIL	REQUIRED LEVEL OF INDEBTEDNESS AS A PERCENTAGE OF VALUATION
First Percentile	5%
Subsequent Percentiles	$.05 + .0002 [(percentile\ rank) - 1]$

b) the district's required percent of the basic project cost. Depending on the district's percentile ranking in terms of relative wealth as measured by the adjusted valuation per pupil, the required percent of the local share of the basic project cost is computed as follows:

Local Share = .01 X (District Percentile Rank)

Two Examples

Two examples are provided below to demonstrate calculation of the local share and the amount two specific districts would be required to pay.

Example A – United Local School District

The United Local School District is located in Columbiana County with an adjusted valuation per pupil of \$42,622, ranking it 63rd in the state and placing it in the 11th percentile. The district's total assessed valuation is \$74,282,950.

District County	United Local School District Columbiana
Total Assessed Valuation	\$74,282,950
Hypothetical Cost - New Building	\$10 million

Local Share Equals the Greater of:

a) required level of indebtedness:	5.2% of assessed valuation	\$3.9 million
b) required percentage of program cost:	11% of project costs	\$1.1 million

Example B – Mohawk Local School District

The Mohawk Local School District is located in Wyandot County with an adjusted valuation per pupil of \$52,539, ranking it 129th in the state and placing it in the 21st percentile. The district's total assessed valuation is \$64,548,017.

District County	Mohawk Local Wyandot
Total Assessed Valuation	\$64,548,017
Hypothetical Cost - New Building	\$10 million

Local Share Equals the Greater of:

a) required level of indebtedness:	5.4% of assessed valuation	\$3.5 million
b) required percentage of program cost:	21% of project costs	\$2.1 million

While both districts detailed in the examples above would be responsible for a local share based on the required level of indebtedness, both examples assume a district with no outstanding debt. As a result, if either district is currently at or near its required level of indebtedness, the amount of the local share could actually be what appears as the much lower figure generated by the required percentage of program costs.

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Change in use of ½ mill

Prior to the enactment of Amended House Bill 748 of the 121st General Assembly, districts receiving state assistance under the Classroom Facilities Assistance Program were required to levy a ½ mill property tax for a period not to exceed 23 years. Revenue generated by the ½ mill property tax levy were then used by the district to pay back what was viewed as a state loan. If the state loan to the district was not retired from the revenue generated by the levy over the 23 years, the outstanding balance of the loan was then forgiven. While districts continue to be required to levy the ½ million property tax levy, those at or below the statewide median in terms of its adjusted valuation per pupil now retain the ½ mill for use in maintaining the new classroom facilities. For those districts above the statewide median, half of the ½ mill, or ¼ mill, is paid to the state with the other ¼ mill used to maintain the classroom facilities paid for under the program.

Priority List

Currently, a district's priority in receiving state assistance for school building projects is determined by the district's adjusted valuation per pupil and the assessed need for improving or replacing classroom facilities. Table 1 lists 40 districts that have yet to receive state assistance and that based on adjusted valuation per pupil are next in line to be considered for state assistance in repairing, renovating, or replacing existing facilities. (See map 1 for geographic distribution of districts.) The last district included in Table 1 is Lowellsville Local School District in Mahoning County, which is ranked 97th in terms relative wealth as measured by adjusted per pupil valuation (\$48,919).

Table 1 – Next Round of Districts		
County	District	Adjusted Valuation Per Pupil
Allen	Lima City SD	\$37,825
Mahoning	Youngstown City SD	\$38,591
Richland	Plymouth Local SD	\$39,698
Guernsey	East Guernsey Local SD	\$39,794
Tuscarawas	Newcomerstown EVSD	\$39,947
Marion	Marion City SD	\$40,260
Meigs	Meigs Local SD	\$40,942
Columbiana	East Palestine City SD	\$41,985
Seneca	Bettsville Local SD	\$42,051
Knox	Danville Local SD	\$42,178
Stark	Canton City SD	\$42,245
Mahoning	Campbell City SD	\$42,573
Columbiana	United Local SD	\$42,662

Seneca	New Riegel Local SD	\$43,086
Columbiana	Southern Local SD	\$43,178
Coshocton	Ridgewood Local SD	\$43,269
Trumbull	Maplewood Local SD	\$43,904
Trumbull	McDonald Local SD	\$43,999
Clermont	Bethel-Tate Local SD	\$44,165
Logan	Riverside Local SD	\$44,559
Hardin	Upper Scioto Valley Local SD	\$44,794
Ross	Union Scioto Local SD	\$44,965
Fairfield	Amanda Clearcreek Local SD	\$45,294
Ross	Scioto Valley Local SD	\$45,299
Clinton	Blanchester Local SD	\$45,595
Darke	Mississinawa Valley Local SD	\$45,690
Mercer	St. Henry Consolidated Local SD	\$45,760
Columbiana	Lisbon EVSD	\$45,767
Clermont	Goshen Local SD	\$45,921
Ashtabula	Conneaut Area City SD	\$46,657
Mahoning	Struthers City SD	\$46,796
Putnam	Miller City-New Cleveland Local SD	\$46,822
Jackson	Oak Hill Union Local SD	\$46,825
Stark	Alliance City SD	\$46,831
Lawrence	South Point Local SD	\$47,211
Muskingum	East Muskingum Local SD	\$47,297
Mercer	Marion Local SD	\$47,543
Guernsey	Cambridge City SD	\$48,233
Huron	Western Reserve Local SD	\$48,872
Mahoning	Lowellsville Local SD	\$48,919

Based on the last round of construction projects funded through the School Facilities Commission, the average state share for a project was approximately \$20 million. While it is questionable as to whether this amount will remain constant throughout the life of projects in the above districts, assuming it were, up to 25 of the districts could be funded.

Phased-In Funding for Large Projects

Under current law, once a district is conditionally approved for assistance, the full amount of funding deemed necessary to cover the state share of the basic project costs must be encumbered. Since a number of larger districts have projects that are to be considered for assistance in the next round, and these projects have estimated state shares in excess of \$40 million, the number of districts that the School Facilities Commission would actually be able to fund would obviously

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be reduced. Specifically, based on estimates developed by LBO for fiscal year 1997, at least four of the districts identified in Table 1 that are likely to be addressed with this round of funding will each require a state share in excess of \$40 million. As illustrated in Table 2, these districts together would require the state to encumber approximately \$250 million or 50 percent of the moneys appropriated in the bill.

County	School District	Estimated Cost	Percent of Total Appropriation
Allen	Lima City SD	\$47 million	9.4
Mahoning	Youngstown City SD	\$73 million	14.6
Marion	Marion City SD	\$53 million	10.5
Stark	Canton City SD	\$77 million	15.5
Total		\$250 million	50.0

However, the bill provides a mechanism to afford the School Facilities Commission the flexibility to encumber the state share of the basic project costs in phases over the life of that project. Specifically, under this provision, if the state share of the basic cost for any project exceeds \$40 million, the School Facilities Commission may authorize that the amount of the state funds encumbered be limited to reflect funding necessities as dictated by construction schedules for the biennium in question. During subsequent years, projects whose funding was impacted by the mechanism would have priority in the receipt of state funds over those for which initial funding is being sought.

Based on the last round of projects served, for which the average state share of basic project costs was slightly more than \$20 million, this approach to funding districts with significant costs could free up enough moneys to fully fund a number of additional projects each fiscal year. Therefore, based on the average state share of basic project costs in the last round and the 1997 estimates provided in Table 2, and assuming the Controlling Board approves capping state assistance at \$40 million per project over the biennium, this provision could free up nearly \$90 million. The \$90 million would become a state obligation for the following biennia.