
(SFC) SCHOOL FACILITIES COMMISSION APPENDIX

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 + .002 [(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:

$$\text{Local Share} = .01 \times (\text{District Percentile Rank})$$

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 – Wheelersburg Local School District

The Wheelersburg Local School District is located in Scioto County with an adjusted valuation per pupil of \$66,707, ranking it 152nd in the state and placing it in the 25th percentile. The district's total assessed valuation is \$112,947,910.

District	Wheelersburg Local School District
County	Scioto
Total Assessed Valuation	\$112,947,910
Estimated Cost of Facilities Upgrade	\$26,098,528

Local Share Equals the Greater of:

a) required level of indebtedness:	5.48% of assessed valuation	\$6.2 million
b) required percentage of program cost:	25% of project costs	\$6.5 million

Example B – Ironton Local School District

The Ironton Local School District is located in Lawrence County with an adjusted valuation per pupil of \$69,187, ranking it 173rd in the state and placing it in the 29th percentile. The district's total assessed valuation is \$123,362,380.

District	Ironton Local
County	Lawrence
Total Assessed Valuation	\$123,362,380
Estimated Cost of Facilities Upgrade	\$26,899,928

Local Share Equals the Greater of:

a) required level of indebtedness:	5.56% of assessed valuation	\$6.9 million
b) required percentage of program cost:	29% of project costs	\$7.8 million

While both districts detailed in the examples above would be responsible for a local share based on the percentage of project costs, both examples assume that cost estimates released by the School Facilities Commission as part of its spending allocation plan are accurate. In the event, district facility needs are lower than stated here, there comes a point at which the greater local share would be generated using the required level of indebtedness method. This is tied to the fact that as the basic project cost increases so does the likelihood that the local share would be determined using the required percentage of program cost method. Since the dollar amount provided by a district would increase proportionately with the overall cost of the project, the relationship between project size and the method of calculating the local share, thus acts as a built in incentive for districts to hold down costs.

Local Share Funding Options

While the state and local shares determination assumes that a district uses debt to fund the local share of facilities cost, sources of local funding are actually more flexible than just one method. In addition to selling bonds to produce the local share a district may also use a combination of funds including cash from the general fund or a permanent improvement fund, proceeds from a permanent improvement levy, or certain other tax levies, an assured local funding source, and several other options (see R.C. Chapter 3318) to help support local share funding requirements.

Use of ½ Mill Maintenance Levy

Prior to the enactment of Am. H.B. 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 was 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 mill property tax levy, those at or below the statewide median in terms of its adjusted valuation per pupil have been permitted to 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 to be paid to the state with the other ¼ mill used to maintain the classroom facilities paid for under the program. Changes made in Sub. H.B. 524 of the 124th General Assembly allow local school districts an additional option to passing the half mill maintenance levy necessary for participating in the Expedited Local Partnership Program by allowing them to dedicate existing taxes or a local contribution in place of the levy.

Priority List

Currently, a district’s priority in receiving state assistance for school building projects under the Classroom Facilities Assistance Program (CFAP) is determined by the district’s adjusted valuation per pupil and the assessed need for improving or replacing classroom facilities. According to Sub. H.B. 524 of the 124th General Assembly, the Ohio School Facilities Commission is required to fix the priority of the next ten school districts according to their ranking by adjusted valuation per pupil for eligibility for state assistance under the Classroom facilities Assistance Program every fiscal year, as shown in Table 1. The last district included in Table 1 is Mohawk Local School District in Wyandot County, which is ranked 151st in terms of relative wealth as measured by adjusted per pupil valuation (\$66,572).

Table 1 – Next Round of Districts		
County	District	Adjusted Valuation Per Pupil
Preble	College Corner Local	\$ 59,463
Noble	Noble Local	\$ 60,547
Trumbull	Warren City	\$61,063
Belmont	Bridgeport EV	\$ 62,743
Allen	Allen East Local	\$ 63,206
Allen	Spencerville Local	\$ 63,319
Brown	Georgetown EV	\$ 63,850
Champaign	Mechanicsburg EV	\$ 64,074
Clark	Techumseh Local	\$ 64,683
Wyandot	Mohawk Local	\$ 66,572

Based on the last round of construction projects funded through the School Facilities Commission, the average state share for a project was approximately \$25 million. Also competing for a portion of the funding is moderate to larger projects that were phase funded in prior years. As a result of HB 524 in the 124th General Assembly, the School facilities Commission will set aside the entire state share for CFAP projects with a state share of less than \$25 million, and phase fund districts such as Warren City in the above list. Under this procedure, the funding needed each fiscal year is the amount estimated to meet construction costs for the entire year. Districts currently receiving phase funding include Mansfield, Youngstown, Canton and Lima.

REVENUES	FY 2003-FY 2004	
TOBACCO ¹	\$148,400,000	
SB 261 ¹	\$345,000,000	
CAPITAL BILL CASH (FUND 021)	\$30,000,000	
CAPITAL BILL BONDS (FUND 032)	\$284,200,000	
TOTAL	\$807,600,000	
EXPENDITURES	FY 2003	FY 2004
JVSD's		\$ 9,276,000
FACILITY STUDIES & COST CONTINGENCIES	\$ 47,000,000,	\$ 23,000,000
OLD PHASED DISTRICTS	\$ 246,170,940	\$ 270,335,117
PREVIOUSLY APPROVED DISTRICTS	\$ 11,239,309	\$ 25,446,891
BIG 6	\$ 94,704,333	\$ 168,614,442
RETRO 1990	\$ 5,677,049	\$ 18,923,498
EXCEPTIONAL NEEDS	\$ 6,815,280	\$ 22,717,599
NEXT ON LIST CFAP	\$ 9,488,357	\$ 31,627,858

¹SB 261 of the 124th General Assembly authorized \$345,000,000 appropriated to the School Building Assistance Program in the Tobacco Budget to be transferred to the General Revenue Fund. The state was then authorized to issue bonds in that amount instead.

JVSD's

This bill would create a School Facilities program for Joint Vocational School District (JVSD's). The program would be organized similar to the Accelerate Urban Program. The 49 joint vocational school districts would need to spend all local funds for a project before state funds could be spent. Districts would be eligible for funding in fiscal year 2004. The School Facilities Commission has set aside \$9.3 million in FY 2004 for this program.