
(SFC) SCHOOL FACILITIES COMMISSION

Public School Building Fund	\$3,000,000
School Building Program Assistance Fund	\$541,600,000
TOTAL - All Funds	\$544,600,000

PUBLIC SCHOOL BUILDING FUND (021)

CAP-622 Public School Buildings **\$3,000,000**

Category: School Building Projects

County: Statewide

These moneys are from available cash balances and appropriations. Funds received from both CAP-622 and CAP-770 will be used to provide the state share of basic project costs to those school districts having received the approval of the SFC pursuant to Chapter 3318. of the Revised Code. Eligibility and priority for a district receiving state assistance is generally determined by the relative wealth of the district as measured through its three-year average adjusted valuation per pupil and the need to replace classroom facilities as assessed by the SFC. The bill states that the Controlling Board may increase appropriations to appropriation item CAP-622, Public School Buildings, based on revenues received by the fund, including cash transfers and interest that may accrue to the fund.

SCHOOL BUILDING PROGRAM ASSISTANCE FUND (032)

CAP-770 School Building Program Assistance **\$541,600,000**

Category: School Building Projects

County: Statewide

These moneys are generated from the sale of bonds and provide the state share of basic project costs to those school districts having received the conditional approval of the School Facilities Commission (SFC) pursuant to Chapter 3318. of the Revised Code. Eligibility and priority for a district is generally determined by the relative wealth of the districts as measured through its three-year average adjusted valuation per pupil and the need to replace classroom facilities as assessed by the SFC.

Funds received from both CAP-770 and CAP-622 will be used to fund SFC obligations for constructing and renovating public school buildings. A large portion of the funds provided under this bill will go towards previously approved district projects under the Classroom Facilities Assistance Program, the Accelerated Urban Program, and the Exceptional Needs Program.

The bill continues to permit the Director of the Budget and Management, at the request of SFC's Executive Director, to cancel any encumbrances for school district projects from a previous biennium if those specific school districts did not raise their respective local shares within one year of

receiving Controlling Board approval. The bill states that these amounts are to be appropriated to the SFC and will be used for other school district projects. During the FY 2003-2004 biennium, three school districts did not acquire their local share within one year of Controlling Board approval. The total state money encumbered for these districts was approximately \$6.9 million. These encumbrances have been canceled.

Additional Analysis of the School Facilities Commission

The Ohio School Facilities Commission (SFC) was created in 1997 by S.B. 102 of the 122nd General Assembly to provide funding, management oversight, and technical assistance to school districts in the construction and renovation of school facilities. From FY 1998 to FY 2004, the SFC received approximately \$3.61 billion in capital appropriations and disbursed approximately \$3.35 billion. Capital appropriations for the SFC for the FY 2005-2006 biennium would be over \$1.31 billion, bringing the total to approximately \$4.92 billion since its inception. Funding for the SFC mainly comes from bond moneys, cash, and tobacco settlement moneys. The table, below, shows the SFC's total capital appropriations and disbursements by fund.

Table: Capital Appropriations and Disbursements by Fund				
Appropriations	Bond Money (Fund 032)	Cash (Fund 021)	Tobacco Money (Fund N87)	Total
FY 1998-FY 2004	\$2,001,400,000	\$1,175,603,489*	\$431,205,714	\$3,608,209,203
FY 2005-FY 2006				\$1,310,500,000
Sub. S.B. 189**	\$522,600,000			
Sub. H.B.434**			\$243,300,000	
H.B. 16 (126th G.A.)	\$541,600,000	\$3,000,000		
Disbursements				
FY 1998-FY 2004	\$1,908,559,329	\$1,159,788,218	\$260,511,976	\$3,328,859,523***
FY 2005 (12/06/04)	\$121,020,246	\$4,166,308	\$10,869,924	\$136,056,478

*Includes \$5,000,000 appropriation in Lottery Profits Education Fund (Fund 018).

**Sub. S.B. 189, the capital reappropriations act of the 125th G.A., was passed in March 2004 and Sub. H.B. 434, the tobacco budget act of the 125th G.A., was passed in May 2004.

***Federal funds and state lottery profits account for another \$26,097,118 in disbursements, bringing the total disbursements through FY 2004 to \$3,354,956,641.

The SFC operates four major programs: the Classroom Facilities Assistance Program, the Exceptional Needs Program, the Expedited Partnership Program, and the Vocational Facilities Assistance Program. These four programs had served approximately 275 districts through FY 2004; over 200 new or renovated buildings across Ohio school districts have opened as a result.

The Classroom Facilities Assistance Program (CFAP). The CFAP, the main program operated by the SFC, addresses school districts' entire facilities needs. Of \$3.35 billion disbursed through the end of FY 2004, approximately 83.4% (or \$2.80 billion) was disbursed through this program. Under the CFAP, school districts with the lowest wealth are served first and receive a greater share of state assistance than the higher wealth school districts will receive when it is their turn to be served. A school district's wealth level is measured by its three-year average adjusted valuation per pupil. Each district's percentile ranking based on this wealth measure largely determines the order in which the district is served and the state share of the basic project cost for the district. Through FY 2004, the CFAP had served 129 districts. In July 2004, 16 additional school districts were approved for funding under the CFAP. The total cost for these 16 projects is approximately \$612.6 million, with a state share of over \$468.2 million (or 76.4%) and a local share of approximately \$144.4 million (or 23.6%). For FY 2006, the SFC estimates that they may be serving districts at the 26th or 27th percentile ranking.

Included within the 129 districts served by the CFAP are the six major urban districts (Akron, Cincinnati, Cleveland, Columbus, Dayton, and Toledo) that were accepted into the CFAP in FY 2003 under the Accelerated Urban Initiative.¹ Due to the size and complexity, these six district projects are divided into multiple phases. Currently, only Toledo has entered phase three of the project. Cincinnati, Cleveland, and Columbus have reached phase two while Akron and Dayton are still in phase one.

The Exceptional Needs Program (ENP). The ENP is designed to assist school districts in addressing the health and safety needs associated with a specific building. School districts with below statewide average wealth or with a territory larger than 300 square miles are eligible for participation in the program. Twenty-seven² districts had been served by the program through FY 2004 and received a total in state funding of \$293.6 million. The SFC expects to serve another five districts under this program in FY 2005 at a total cost of \$145.6 million. The state share is approximately \$92.1 million (or 63.3%), and the local share is approximately \$53.5 million (or 36.7%).

The Expedited Local Partnership Program (ELPP). The ELPP permits a school district not yet eligible for the CFAP to enter into an agreement with the SFC allowing the district to spend local resources to construct new classroom facilities or to make major renovations to the district's existing classroom facilities. The local resource amount spent by the districts will then be applied to the district's share of the basic project cost when it becomes eligible for assistance under the CFAP. Through the end of FY 2004, 122 school districts had been approved to participate in this program. Since the ELPP requires participating districts to use local resources first, the SFC has not yet disbursed any state funds under this program. These 122 participating districts, however, have accumulated a total credit of approximately \$2.80 billion against state funds.

¹ The other two major urban districts, Canton and Youngstown, had already been served by the CFAP.

² Another three districts participated in both the Exceptional Needs Program and the Expedited Local Partnership Program. These three districts are included in both programs' districts' counts.

The Vocational Facilities Assistance Program (VFAP). Pursuant to Sub. H.B. 675 of the 124th General Assembly, the SFC has developed the VFAP to assist the state's 49 joint vocations school districts. The VFAP operates similarly to the CFAP. The program begins with the poorest joint vocational school districts and ends with the wealthiest ones. The state share is greater for a lower wealth joint vocational school district than that for a higher wealth one. The SFC has the authority to spend up to 2% of its annual appropriations for the VFAP projects. According to the SFC, three joint vocational school districts are being served under the VFAP in FY 2005. The state and local shares for these three projects are estimated to be \$32.8 million (or 75.1%) and \$10.9 million (or 24.9%), respectively, for a total cost of \$43.7 million. The joint vocational school districts are also eligible for participating in a slightly modified version of the ELPP program under which they will be able to use local resources for new construction or renovations prior to being eligible for the VFAP.