

- GRF funding increases by 73.6% in FY 2004 and 28.7% in FY 2005
- Through FY 2003, 113 school districts have been served by the CFAP, 22 districts by the ENP, and 104 districts by the ELPP

School Facilities Commission

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ROLE

The Ohio School Facilities Commission (OSFC) was created in Am. Sub. S.B. 102 of the 122nd General Assembly and charged with providing funding, management oversight, and assistance for the construction and renovation of public school facilities. Since its inception in 1997, the OSFC has spent nearly \$2.8 billion on various school facility projects out of a total of \$3.6 billion in appropriations. The three main sources of funding for these projects have been bond proceeds, tobacco settlement payments, and the General Revenue Fund.

The largest and most comprehensive school building program is the Classroom Facilities Assistance Program (CFAP). Program guidelines require the OSFC to begin with the lowest wealth districts according to the Department of Education's Equity List, and to provide funding for facility needs of an entire district. Through FY 2003, 113 school districts throughout the state have been served by the CFAP.

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2004	2005	2004	2005	
53	\$173.3 million	\$212.9 million	\$138.1 million	\$177.7 million	Am. Sub. H.B. 95

*Employee head count obtained from the Department of Administrative Services (DAS) payroll reports as of June 28, 2003.

OVERVIEW

The total appropriations for FY 2004 are \$173,322,624, a 73.8% increase over the FY 2003 spending level. The total appropriations for FY 2005 are \$212,917,824, a 22.8% increase over the FY 2004 appropriation level. The appropriations made out of the General Revenue Fund are \$138,098,800 in FY 2004, a 73.6% increase over FY 2003 and \$177,694,000 in FY 2005, a 28.7% increase over FY 2004. All of OSFC's GRF appropriations are used to pay for the debt service of bonds issued for school building construction and renovation.

The operating expenses of the OSFC are paid out of funds in line item 230-644, Operating Expenses (Fund 5E3). This line item is supported by transferred interest earnings from the School Building Assistance Fund (Fund 032) and the Public School Building Fund (Fund 021). The appropriation for this line item in FY 2004 is \$7,009,766, a 26.3% increase over FY 2003, and remains the same for FY 2005. The large increase in FY 2004 is due to the fact that approximately \$400,000 in FY 2003 funds has been

encumbered and carries into FY 2004 and that another \$600,000 in FY 2003 funds went unspent because merit based pay raises of up to 4% that had been planned for July 2002 were not given, and a number of vacant positions at the agency either went unfilled or were filled late in FY 2003.

Spending authority for federal line item 230-601, Federal School Facilities Grant, is \$28,214,058 in each fiscal year. However, this line item is funded by a one-time federal grant totaling \$28,214,058. This grant is to fund certain emergency repair and renovation projects. Approximately \$27.9 million, or 99% of the grant is to be distributed to school districts, with the remaining 1% to be used for administrative purposes. Because of the uncertainty about the timing of disbursements in each fiscal year, the OSFC, in consultation with the Office of Budget and Management, has requested spending authority in each year in the amount of the total grant award. In FY 2003 \$4,613,891 of the grant was spent, leaving a balance of \$23,600,167 to be spent in the FY 2004-2005 biennium.

BUDGET ISSUES

EXCEPTIONAL NEEDS PROGRAM

The budget allows school districts with a territory greater than 300 square miles, regardless of their wealth level, to participate in the Exceptional Needs Program (ENP). Currently, only school districts in the lower half of the Department of Education's Equity List are eligible to participate in the ENP. There are 12 school districts with a territory greater than 300 square miles. Some of these districts have already participated in other state programs.

In addition, the budget expands participation in the ENP by allowing school districts that participate in the Expedited Local Partnership Program (ELPP) to also participate in the ENP, provided that the school district was selected to participate in the ELPP prior to September 14, 2000.

ELIMINATED PROGRAMS

The budget eliminates three programs previously administered by the OSFC: the Short-Term Loan Program, the Emergency School Repair Program, and the Disability Access Program. No school districts are currently participating in either the Short-Term Loan Program or the Emergency School Repair Program. While there are still school districts participating in the Disability Access Program, the program will not be eliminated until March 31, 2004. Any school district receiving assistance under the Disability Access Program before its elimination will still receive assistance in accordance with the terms and agreements it has entered into with the OSFC. By eliminating the Disability Access Program, it is estimated that approximately \$4 million in unencumbered and unallotted funds will be transferred and made available for the CFAP.

CREDIT FOR CERTAIN APPROVED EXPENDITURES

The budget also eliminates the provision in the CFAP and the ELPP of permitting a school district to count as part of its share of a state-funded classroom facilities project certain approved prior expenditures. In the CFAP, these are certain approved expenditures that were made in 18 months prior to the notice of the district's eligibility, while in the ELPP, these are certain approved expenditures that were made 18 months prior to September 14, 2000. However, school districts can still receive the credit in the ELPP if certain conditions are met prior to 180 days after the effective date of this change.

TOBACCO SETTLEMENT TRANSFER

The budget allows the Director of Budget and Management to transfer up to \$122.8 million of tobacco settlement payments intended for school facilities in FY 2004 to the General Revenue Fund. Bond authority will be issued in the same amount to compensate for the transfer. It is expected that this transfer will not negatively impact the number of districts that can be served by the OSFC in FY 2004. 

FY 2004 - 2005 Final Appropriation Amounts

All Fund Group

Line Item Detail by Agency

FY 2001: FY 2002: FY 2003: FY 2004 % Change FY 2005 % Change
Appropriations: Appropriations: Appropriations: 2003 to 2004: Appropriations: 2004 to 2005:

Report For: Main Operating Appropriations Bill

Version: Enacted

SFC School Facilities Commission

GRF	230-428	Lease Rental Payments	\$ 41,706,824	\$ 41,615,833	\$37,642,524	\$ 31,776,500	-15.58%	\$ 31,704,700	-0.23%
GRF	230-908	Common Schools G. O. Debt Service	----	\$ 30,014,488	\$41,903,405	\$ 106,322,300	153.73%	\$ 145,989,300	37.31%
General Revenue Fund Total			\$ 41,706,824	\$ 71,630,320	\$ 79,545,929	\$ 138,098,800	73.61%	\$ 177,694,000	28.67%
3X9	230-601	Federal School Facilities Grant	----	----	\$4,613,891	\$ 28,214,058	511.50%	\$ 28,214,058	0.00%
Federal Special Revenue Fund Group Total			----	----	\$ 4,613,891	\$ 28,214,058	511.50%	\$ 28,214,058	0.00%
5E3	230-644	Operating Expenses	\$ 4,199,907	\$ 4,963,293	\$5,549,472	\$ 7,009,766	26.31%	\$ 7,009,766	0.00%
State Special Revenue Fund Group Total			\$ 4,199,907	\$ 4,963,293	\$ 5,549,472	\$ 7,009,766	26.31%	\$ 7,009,766	0.00%
5S6	230-602	Community School Loan Guarantee	----	----	\$10,000,000	\$ 0	-100.00%	\$ 0	N/A
School Building Assistance Fund Total			----	----	\$ 10,000,000	\$ 0	-100.00%	\$ 0	N/A
018	230-649	Disability Access Project	\$ 63,966	----	\$0	\$ 0	N/A	\$ 0	N/A
Lottery Profits/Education Fund Group Total			\$ 63,966	----	\$ 0	\$ 0	N/A	\$ 0	N/A
School Facilities Commission Total			\$ 45,970,697	\$ 76,593,613	\$ 99,709,292	\$ 173,322,624	73.83%	\$ 212,917,824	22.84%