

Greenbook

LBO Analysis of Enacted Budget

Ohio Facilities Construction Commission

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Attachment:

Appropriation Spreadsheet

LBO Greenbook

Ohio Facilities Construction Commission

Quick look...

- The Ohio Facilities Construction Commission (OFCC) guides capital projects for state agencies, state-supported universities and community colleges, public K-12 schools, and state-funded cultural facilities.
- OFCC is a seven-member commission, three of whom are voting members: the directors of the Office of Budget and Management (OBM) and the Department of Administrative Services (DAS) and an additional administrative department head appointed by the Governor.
- Total budget appropriations: \$465.6 million for FY 2022 and \$435.3 million for FY 2023.
 - Sources of the budget: GRF (98.1%) and state construction management fees deposited into an Internal Service Activity (ISA) Fund (1.9%).
 - Uses of the budget: 96.2% for debt service on bonds issued to support school facilities and cultural and sports facilities and 3.8% for OFCC's operations.

Fund Group	FY 2020 Actual	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
General Revenue	\$453,796,855	\$312,377,125	\$457,373,976	\$426,732,443
Internal Service Activity	\$7,743,587	\$5,096,480	\$8,257,500	\$8,546,513
Total	\$461,540,442	\$317,473,605	\$465,631,476	\$435,278,956
% change	--	-31.2%	46.7%	-6.5%
GRF % change	--	-31.2%	46.4%	-6.7%

Overview

Agency overview

The Ohio Facilities Construction Commission (OFCC) guides capital construction projects for state agencies and state-supported universities and community colleges, as well as overseeing Ohio's comprehensive public primary and secondary school construction and renovation program. OFCC also administers grants for cultural facilities. OFCC is a seven-member commission with three voting members. The voting members are the Director of Budget and Management, the Director of Administrative Services, and an additional administrative department head who is appointed by the Governor. Of the four nonvoting members, two are appointed by the President of the Senate and two are appointed by the Speaker of the House of Representatives. The Commission appoints an executive director who oversees the day-to-day operations of the agency. As of July 2021, OFCC has a staff of 79 full-time employees and one part-time employee.

Appropriation summary

As an agency focused on capital projects, most of OFCC's funding is appropriated in the capital budget. Of the biennial operating appropriation of \$900.9 million, \$867.0 million (96.2%) is for debt service on bonds issued to support school facilities and cultural and sports facilities, while \$33.9 million (3.8%) supports OFCC's operating costs.

Analysis of FY 2022-FY 2023 budget

Funding for debt service payments

The line items in this category support OFCC's debt service payments for K-12 and cultural facility capital projects appropriated through the biennial capital budget. These debt service payments are funded exclusively through the General Revenue Fund.

Cultural Facilities Lease Rental Bond Payments (ALI 230401)

FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
GRF ALI 230401, Cultural Facilities Lease Rental Bond Payments					
\$30,705,247	\$32,249,476	\$33,041,731	\$28,881,618	\$22,000,000	\$28,000,000
% change	5.0%	2.5%	-12.6%	-23.8%	27.3%

This line item supports the repayment of bonds issued by the Treasurer of State, the proceeds of which go towards the costs of capital improvement and construction projects for cultural, sports, and state historical facilities. Projects for cultural organizations are funded through a grant that requires a match of \$1 of nonstate resources for every \$2 of state funding. Sports facilities projects must raise a local match of at least 85% of the initial estimated construction costs. OFCC does not approve these grants until the necessary project funding has been raised.

Common Schools General Obligation Bond Debt Service (ALI 230908)

FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
GRF ALI 230908, Common Schools General Obligation Bond Debt Service					
\$369,935,688	\$401,832,305	\$412,148,221	\$276,430,614	\$427,000,000	\$390,000,000
% change	8.6%	2.6%	-32.9%	54.5%	-8.7%

This line item is used to pay debt service on general obligation bonds issued to raise funds for the state share of school facilities projects. General obligation bonds are backed by the full faith and credit of the state and thus can be issued at lower interest rates than other types of bonds. Since FY 2000, only general obligation bonds have been issued for state-supported school facilities projects.

In June 2020, the state refinanced and restructured \$271.8 million worth of common schools general obligation bonds, along with general obligation debt for other types of projects, to a lower interest rate. The move significantly lowered GRF debt service costs on the bonds during FY 2021, freeing up cash for other purposes.

Funding for operating expenses

The line items in this category are used to provide oversight of capital projects for K-12 schools, cultural facilities, 24 state agencies that perform construction, and 27 state-supported universities and community colleges. Total appropriations for operating expenses increase by 36.8% from a spending level of \$12.2 million in FY 2021 to \$16.6 million appropriated in FY 2022, then by 3.9% to \$17.3 million in FY 2023.

As of July 2021, OFCC has several full-time staff vacancies. Filling these vacant positions is a priority for OFCC in the FY 2022-FY 2023 biennium. The budget supports a total of 90 full-time positions, whereas in July 2021, OFCC has 79 full-time employees.

OFCC's budget also includes increased funding for technology support. Investments in mobile technology enabled employees to access documents from their remote working locations using OFCC's cloud-based document management system during the COVID-19 pandemic. OFCC will maintain and update data systems that track project budgets, contracts, and other construction project information.

Operating Expenses (ALI 230321)

FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
GRF ALI 230321, Operating Expenses					
\$6,131,758	\$5,743,126	\$6,068,333	\$5,586,906	\$6,449,865	\$6,769,488
% change	-6.3%	5.7%	-7.9%	15.5%	5.0%

This line item provides funding for OFCC's administration and oversight of various school facilities assistance programs. Funding largely supports personal services, such as agency payroll, but also supports contracts, supplies and maintenance, and equipment.

A portion of this item's appropriation each year is also used by OFCC to revise the Ohio School Design Manual (OSDM) based on input from design and construction professionals, school districts, state agencies, and other interested parties. The OSDM is a comprehensive set of construction standards for the design of school facilities to ensure statewide equity and quality. Because it is a foundational resource, OFCC intends to streamline and significantly update the OSDM to make it more visual and accessible. OFCC expects to complete this project by June 2022.

State Construction Management Services (ALI 230458)

FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
GRF ALI 230458, State Construction Management Services					
\$1,662,660	\$1,375,194	\$1,416,520	\$1,477,987	\$1,924,111	\$1,962,955
% change	-17.3%	3.0%	4.3%	30.2%	2.0%

This line item funds OFCC staff who administer cultural facilities projects and oversee the enterprise-wide project management system known as the Ohio Administrative Knowledge System Capital Improvement (OAKS-CI) module. OAKS-CI is the information technology (IT) application that supports state agency and university projects, and is embedded in OFCC technology initiatives and financial processes. OAKS-CI is central to two important OFCC initiatives over the next biennium: upgrading the current version of OAKS-CI to version 2.0, and integrating OAKS-FIN (financials) with OAKS-CI. These initiatives are expected to be completed by January 2022.

State Construction Management Operations (ALI 230639)

FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
Fund 1310 ALI 230639, State Construction Management Operations					
\$13,399,528	\$10,299,869	\$7,743,587	\$5,096,480	\$8,257,500	\$8,546,513
% change	-23.1%	-24.8%	-34.2%	62.0%	3.5%

This non-GRF line item is funded in part via fees charged to state agencies and state-supported universities and community colleges for managing capital construction and energy projects. By law, agencies must use OFCC for projects greater than \$1.5 million. The project administration fee for these projects is calculated on a sliding scale based upon the total project costs: 3% for the first \$4 million, 1% on costs from \$4 million to \$20 million, and 0.75% on costs above \$20 million. The fees are deposited into Fund 1310, Architect Fees and Transcription Center. This line item supports OFCC staff who provide capital project management, contract management, and competitive selection services to state agencies, universities, and community colleges. This line item also supports the Office of Energy Services (OES) unit that provides state agency, higher education, and K-12 school clients with energy engineering and design services, energy auditing, and performance contracting to achieve cost-effective, efficient energy use.

These funds also support payment to pre-qualified design consultants that provide architectural and engineering services for state agency capital projects. These consultants provide technical expertise in the types and volume of work that are not possible with available staff, thus allowing state projects to proceed with minimal delays. The consultants are paid with these operating funds, which are reimbursed by the state agencies using the capital funds appropriated for the projects. Fluctuations in this item's spending are driven in large part by payments to the consultants. A higher volume of projects funded in recent capital budget acts increased demand for the consultants and, thus, OFCC's outlays from this line item. This line item

also funds settlement of claims against OFCC capital projects; however, the promotion of alternate dispute resolution (ADR) techniques has increased claims avoidance for OFCC, reducing fees and settlement costs in recent years.

Budget provisions

Capital appropriation changes

The budget amends S.B. 310 of the 133rd General Assembly, the budget for the FY 2021-FY 2022 capital biennium, to do all of the following with respect to Fund 7030 capital line item C230FM, Cultural and Sports Facilities Projects:

- Eliminates a \$400,000 earmark for the Cincinnati Opera House.
- Increases an existing earmark by \$75,000, from \$50,000 to \$125,000, for the Williams County Fountain City Amphitheater Project.
- Earmarks \$50,000 for the Wright Patterson Air Force Base Holocaust Museum.

Water bottle filling stations

S.B. 259 of the 133rd General Assembly established requirements regarding drinking fountains and water bottle filling stations for classroom facility construction projects administered by OFCC. The budget makes the following changes to those requirements:

- Specifies that a water bottle filling station may be integrated into a drinking fountain as a “combination unit.”
- Requires each building to have a minimum of one “combination unit,” instead of drinking fountain as in current law, or water bottle filling station on each floor or wing of the building and per 100 students projected to attend the building.
- Requires that a water bottle filling station be accessible to all people in compliance with the federal Americans with Disabilities Act.
- Requires a minimum of one water bottle filling station in or near each cafeteria, gymnasium, outdoor recreation space, or other high traffic area.

The budget also requires a school district or other public school to permit students, teachers, and other school staff to carry and use water bottles that meet prescribed conditions, but also permits a district or school to prohibit water bottles from a library, computer lab, science lab, or other areas where it is dangerous to have drinking water and to issue disciplinary actions for misuse of a water bottle.

FY 2022 - FY 2023 Final Appropriations

All Fund Groups

Line Item Detail by Agency			FY 2020	FY 2021	Appropriations FY 2022	FY 2021 to FY 2022 % Change	Appropriations FY 2023	FY 2022 to FY 2023 % Change
Report For: Main Operating Appropriations Bill			Version: As Enacted					
FCC Ohio Facilities Construction Commission								
GRF	230321	Operating Expenses	\$ 6,068,333	\$ 5,586,906	\$ 6,449,865	15.45%	\$ 6,769,488	4.96%
GRF	230401	Cultural Facilities Lease Rental Bond Payments	\$ 33,041,731	\$ 28,881,618	\$ 22,000,000	-23.83%	\$ 28,000,000	27.27%
GRF	230458	State Construction Management Services	\$ 1,416,520	\$ 1,477,987	\$ 1,924,111	30.18%	\$ 1,962,955	2.02%
GRF	230500	Program and Project Support	\$ 1,122,050	\$ 0	\$ 0	N/A	\$ 0	N/A
GRF	230908	Common Schools General Obligation Bond Debt Service	\$ 412,148,221	\$ 276,430,614	\$ 427,000,000	54.47%	\$ 390,000,000	-8.67%
General Revenue Fund Total			\$ 453,796,855	\$ 312,377,125	\$ 457,373,976	46.42%	\$ 426,732,443	-6.70%
1310	230639	State Construction Management Services	\$ 7,743,587	\$ 5,096,480	\$ 8,257,500	62.02%	\$ 8,546,513	3.50%
Internal Service Activity Fund Group Total			\$ 7,743,587	\$ 5,096,480	\$ 8,257,500	62.02%	\$ 8,546,513	3.50%
Ohio Facilities Construction Commission Total			\$ 461,540,442	\$ 317,473,605	\$ 465,631,476	46.67%	\$ 435,278,956	-6.52%