

# 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: \$332.8 million for FY 2026 and \$288.5 million for FY 2027.
  - Sources of the budget: GRF (93.6%), state construction management fees deposited into an Internal Service Activity Fund (3.2%), and commercial activity tax (CAT) revenue deposited into a Revenue Distribution Fund (3.2%).
  - Uses of the budget: 90.1% for debt service on bonds issued to support school facilities and cultural and sports facilities, 6.7% for OFCC's operations, and 3.2% for the construction or renovation of a school building that meets certain criteria.

Fund Group	FY 2024 Actual	FY 2025 Actual	FY 2026 Appropriation	FY 2027 Appropriation
General Revenue	\$408,011,278	\$339,674,910	\$303,250,000	\$278,250,000
Dedicated Purpose	\$110,451,627	\$102,516,749	\$0	\$0
Internal Service Activity	\$7,930,654	\$8,161,170	\$9,590,355	\$10,233,822
Revenue Distribution	\$0	\$0	\$20,000,000	\$0
Total	\$526,393,559	\$450,352,829	\$332,840,355	\$288,483,822
% change	--	-14.4%	-26.1%	-13.3%
GRF % change	--	-16.7%	-10.7%	-8.2%

## 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 2025, OFCC has a staff of 99 full-time and four part-time or intermittent employees.

## Appropriation summary

The budget provides total appropriations of \$332.8 million in FY 2026 and \$288.5 million in FY 2027 for OFCC. As an agency focused on capital projects, OFCC's funding mostly is appropriated in the capital budget. Of the biennial operating funding of \$621.3 million, \$560.0 million (90.1%) is for debt service on bonds issued to support school facilities and cultural and sports facilities, \$41.3 million (6.7%) supports OFCC's operating costs, and \$20.0 million (3.2%) supports the construction or renovation of a school building that meets certain criteria.

The preceding table shown in the “**Quick look**” section presents the appropriations by fund group. The General Revenue Fund (GRF) supports 93.6% of the budget appropriations for OFCC. Non-GRF appropriations make up the remaining 6.4% of OFCC's budget with 3.2% of OFCC's appropriations each supported by state construction management fees deposited into an Internal Service Activity Fund and commercial activity tax (CAT) revenue deposited into a Revenue Distribution Fund. The budget does not appropriate any funding from a Dedicated Purpose Fund (DPF) in the FY 2026-FY 2027 biennium. In FY 2024 and FY 2025, federal American Rescue Plan Act (ARPA) funds were deposited into certain DPF funds to support construction projects at career-technical schools, grants to improve school security, radios in schools under the Multi-Agency Radio Communications System (MARCS)-in-Schools Program, and grants to establish community innovation centers in the Appalachian region of the state. These programs were not appropriated new money in the budget.

## Analysis of FY 2026-FY 2027 budget

### Funding for operating expenses

The line items in this category are used to provide oversight of capital projects for K-12 schools, cultural facilities, 20 state agencies that perform construction, and 27 state-supported universities and community colleges. Total appropriations for operating expenses increase by 8.1% from a spending level of \$18.8 million in FY 2025 to \$20.3 million in FY 2026, then by 3.2% to \$21.0 million in FY 2027. According to the Ohio Facilities Construction Commission (OFCC), the budget for operating expenses will support a total of 110 full-time positions, four part-time and intermittent staff, and two interns.

### Operating Expenses (ALI 230321)

FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Actual	FY 2026 Appropriation	FY 2027 Appropriation
<b>GRF ALI 230321, Operating Expenses</b>					
\$5,735,027	\$6,772,155	\$10,165,497	\$10,659,596	\$10,750,000	\$10,750,000
% change	18.1%	50.1%	4.9%	0.8%	0.0%

FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Actual	FY 2026 Appropriation	FY 2027 Appropriation
<b>GRF ALI 230458, State Construction Management Services</b>					
\$1,395,469	\$1,906,019	\$127,706	\$0	\$0	\$0
% change	36.6%	-93.3%	-100.0%	N/A	N/A
<b>Total</b>					
\$7,130,496	\$8,678,174	\$10,293,203	\$10,659,596	\$10,750,000	\$10,750,000
% change	21.7%	18.6%	3.6%	0.8%	0.0%

Line item 230321 provides funding for OFCC's administration and oversight of various school facilities assistance programs and cultural facilities projects. Since FY 2024, it has also integrated line item 230458 to support OFCC staff who, in addition to administering cultural facilities projects and school safety grants, 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. Funding largely supports personal services, such as agency payroll, but also supports contracts, supplies and maintenance, and equipment.

This line item will also be used for additional IT investments. OFCC's IT staff develop software and data systems that track project budgets, contracts, and other construction project information. In the FY 2026-FY 2027 biennium, OFCC also plans to upgrade the Educational Facilities Planning Guide, converting it into a dynamic website tailored to the specific needs of different users. The guide is an essential resource for districts as they begin exploring or planning new school facility projects. It provides important insights into working with OFCC, design considerations, and key decisions required before starting facility renovations or construction.

### **State Construction Management Operations (ALI 230639)**

FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Actual	FY 2026 Appropriation	FY 2027 Appropriation
<b>Fund 1310 ALI 230639, State Construction Management Operations</b>					
\$5,578,876	\$6,239,909	\$7,930,654	\$8,161,170	\$9,590,355	\$10,233,822
% change	11.8%	27.1%	2.9%	17.5%	6.7%

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 \$3.0 million. Line item 230639 supports OFCC staff who provide capital project management, contract management, and competitive selection services to state agencies, universities, and community colleges and 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.

OFCC administrative fees vary widely, mostly determined by the scope and type of project staff is administering. The project administration fee for OFCC administered single-site 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. OFCC administered multi-site projects are also calculated on a similar sliding scale with slightly higher fee rates to account for increased project management responsibilities. Fees for locally administered projects are 1% of total project costs. Agencies that use OFCC's prequalified consultant list for architectural and engineering services pay a flat fee of \$2,000 per agreement. OFCC's criteria architect fees range from 1.5% to 3.0% of total construction costs. The fees are deposited into the Ohio Facilities Construction Commission Fund (Fund 1310).

## Funding for special school facilities projects

### Project Support (ALI 230647)

FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Actual	FY 2026 Appropriation	FY 2027 Appropriation
<b>Fund 7047 ALI 230647, Project Support</b>					
\$0	\$0	\$0	\$0	\$20,000,000	\$0
% change	N/A	N/A	N/A	N/A	-100.0%

This new line item will be used to support the construction or renovation of a school building that meets certain criteria. OFCC must provide facilities funding under this line item to each district for which all of the following apply: (1) the district operates at least one school building in a county with a population of more than 100,000 people and at least one school building in another county with a population of less than 50,000 people, (2) the district's classroom facilities project was deferred or lapsed, and (3) the existing building included in the project for which the district applies for funding was originally constructed prior to June 30, 1925. School districts must apply for funding by December 31, 2025, in a form and manner prescribed by OFCC. The amount of state funding will be based on the district's most recent equity ranking provided that the state share must be at least 90% of the cost of the project. If necessary, OFCC may proportionately reduce funding for each district so as not to exceed the amount appropriated for this purpose. The budget reappropriates the unused balance of line item 230647 at the end of FY 2026 for the same purpose in FY 2027.

## 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 GRF.

### Cultural Facilities Lease Rental Bond Payments (ALI 230401)

FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Actual	FY 2026 Appropriation	FY 2027 Appropriation
<b>GRF ALI 230401, Cultural Facilities Lease Rental Bond Payments</b>					
\$27,553,710	\$28,687,241	\$30,860,700	\$30,845,528	\$37,500,000	\$37,500,000
% change	4.1%	7.6%	0.0%	21.6%	0.0%

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. Generally, 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 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Actual	FY 2026 Appropriation	FY 2027 Appropriation
<b>GRF ALI 230908, Common Schools General Obligation Bond Debt Service</b>					
\$417,931,002	\$381,462,381	\$366,857,374	\$298,169,786	\$255,000,000	\$230,000,000
% change	-8.7%	-3.8%	-18.7%	-14.5%	-9.8%

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. According to OFCC, the reduction in payments for debt service over the last several years is due to fewer bonds being issued. For example, in June 2023 and June 2024, the Office of Budget and Management (OBM) Director transferred \$150 million and \$500 million, respectively, out of the GRF to support the School Building Program Assistance Fund (Fund 7032) pursuant to H.B. 687, the capital appropriations act of the 134<sup>th</sup> General Assembly.

## Notable budget provisions

### Ohio Cultural and Sports Facility Performance Grant Fund

The budget establishes the Ohio Cultural and Sports Facility Performance Grant Fund (Fund 5CY1) to support construction or renovation costs of cultural facilities, sports facilities, and major sports facilities throughout Ohio. It earmarks \$600.0 million of the \$1.0 billion appropriated for Fund 5CY1 under the budget of OBM to support construction of the Cleveland Browns transformational major sports facility mixed-use project in the city of Brook Park, with the remaining \$400.0 million for other qualifying projects. Fund 5CY1 consists of unclaimed funds

deposited into the fund by the Director of Commerce (COM). Generally, Fund 5CY1 grants will be administered by OBM, in consultation with OFCC. For more details about these provisions and Fund 5CY1, please see the LSC bill analysis, comparison document for H.B. 96, and LBO's COM and OBM Greenbooks.

### **Local share calculation for CFAP**

As described in the **“Classroom Facilities Assistance Program: State and local share determination”** section of LBO's [OFCC Redbook \(PDF\)](#) for H.B. 96, a school district is responsible for financing its share of the basic project cost with local resources to receive state funding for a facilities project under the Classroom Facilities Assistance Program (CFAP), OFCC's main school facilities assistance program. Under current law, a school district's local share is the greater amount calculated (up to a maximum 95%) from either (1) the district's required percentage of the basic project cost or (2) the district's required level of indebtedness, which can range from 5.00% to 6.98% of its total taxable valuation, depending on the district's percentile ranking, and includes its local share plus its current debt that qualifies for the calculation.

The budget eliminates the latter method of determining a school district's local share of its facilities assistance project, meaning that a school district's local share will be determined by only its required percentage of the basic project cost. Historically, nearly all school districts served under CFAP have had their local shares determined by their percentage of the basic project cost, so OFCC expects the elimination of the net indebtedness method will affect only a small number of school districts in the future by not penalizing them for not having debt. OFCC anticipates that when qualifying for CFAP these school districts will have a lower local share than they otherwise would have had calculated under the current method of local share determination.

Similarly, a school district that opts to segment its classroom facilities project has its local share determined by the greater of either the district's required percentage of the basic project cost or the required level of indebtedness method. The budget, instead, requires for a segmented project that the local share of the basic project cost for the first segment be calculated using the required percentage of the basic project costs method. It further requires that any future segment's portion of the basic project cost use the same share as the one calculated in the first segment.

### **Facilities construction process**

The budget contains a number of provisions related to streamlining the facilities construction process, some of which are summarized below. According to OFCC, these provisions will generally provide more flexibility, reduce project delays, and significantly improve efficiency. For more details about these provisions, please see the LSC bill analysis and comparison document for H.B. 96. The budget:

- Establishes, for contracts between public authorities and construction managers at risk (CMR) or design-build firms (DBF), an expedited proposal and selection process for projects under \$4.0 million whereby an authority may require a CMR or DBF to submit an initial qualification proposal or statement, respectively, and pricing proposal at the same time, instead of sending them in separate rounds.

- Decreases, for partial payments on a public improvements contract, the public authority's required retainage amount from 8% on the first 50%, and 0% on the second 50%, of the contract to 4% or less for 100% of the contract and eliminates certain current law requirements that the public authority deposit the retained amount in an escrow account.
- Requires, for contracts authorized by competitive bidding, a state agency or political subdivision that finds a low bidder is not responsive or responsible to send the bidder a notice electronically, permitting certified mail delivery only if an electronic method is not available (rather than by either method).
- Requires, for contracts to employ a construction manager or CMR, a public authority to advertise its intent by electronic means and permits advertising in news media available in the county (rather than requiring advertisement in a newspaper of general circulation and permitting electronic advertisement).
- Reduces the minimum advertisement period for contracts to employ a construction manager from 30 days to 14 days.

### **Vocational Facilities Assistance Program**

Created by H.B. 675 of the 124<sup>th</sup> General Assembly, the Vocational Facilities Assistance Program (VFAP) provides classroom facilities assistance to the state's 49 joint vocational school districts (JVSDs). The program is similar to CFAP in that lower wealth JVSDs are generally served first and with a greater state share. Under prior law, OFCC had the authority to spend 2% of its annual capital appropriations on VFAP projects. The budget, instead, permits OFCC to set aside a portion of its capital appropriations to provide assistance to at least two JVSDs per biennium.



**FY 2026 - FY 2027 Final Appropriations  
All Fund Groups - Detail**

**H.B. 96 - Main Operating Appropriations Bill**

Detail by Agency			FY 2024	FY 2025	Appropriation FY 2026	Appropriation FY 2027	FY 2025 to FY 2026 % Change	FY 2026 to FY 2027 % Change
<b>FCC Ohio Facilities Construction Commission</b>								
GRF	230321	Operating Expenses	\$10,165,497	\$10,659,596	\$10,750,000	\$10,750,000	0.85%	0.00%
GRF	230401	Cultural Facilities Lease Rental Bond Payments	\$30,860,700	\$30,845,528	\$37,500,000	\$37,500,000	21.57%	0.00%
GRF	230458	State Construction Management Services	\$127,706	\$0	\$0	\$0	N/A	N/A
GRF	230908	Common Schools General Obligation Bond Debt Service	\$366,857,374	\$298,169,786	\$255,000,000	\$230,000,000	-14.48%	-9.80%
<b>General Revenue Fund Subtotal</b>			<b>\$408,011,278</b>	<b>\$339,674,909</b>	<b>\$303,250,000</b>	<b>\$278,250,000</b>	<b>-10.72%</b>	<b>-8.24%</b>
5CV3	230650	ARPA School Security	\$9,995,000	\$0	\$0	\$0	N/A	N/A
5CV3	230652	Career-Technical Construction Program	\$100,456,627	\$99,464,012	\$0	\$0	-100.00%	N/A
5CV3	230655	Multi-Agency Radio Communication System (MARCS)- In-School Security Grant	\$0	\$651,309	\$0	\$0	-100.00%	N/A
5CV5	230654	Appalachian Community Innovation Centers	\$0	\$2,401,428	\$0	\$0	-100.00%	N/A
<b>Dedicated Purpose Fund Group Subtotal</b>			<b>\$110,451,627</b>	<b>\$102,516,749</b>	<b>\$0</b>	<b>\$0</b>	<b>-100.00%</b>	<b>N/A</b>
1310	230639	State Construction Management Operations	\$7,930,654	\$8,161,170	\$9,590,355	\$10,233,822	17.51%	6.71%
<b>Internal Service Activity Fund Group Subtotal</b>			<b>\$7,930,654</b>	<b>\$8,161,170</b>	<b>\$9,590,355</b>	<b>\$10,233,822</b>	<b>17.51%</b>	<b>6.71%</b>
7047	230647	Project Support	\$0	\$0	\$20,000,000	\$0	N/A	-100.00%
<b>Revenue Distribution Fund Group Subtotal</b>			<b>\$0</b>	<b>\$0</b>	<b>\$20,000,000</b>	<b>\$0</b>	<b>N/A</b>	<b>-100.00%</b>
<b>Ohio Facilities Construction Commission Total</b>			<b>\$526,393,559</b>	<b>\$450,352,829</b>	<b>\$332,840,355</b>	<b>\$288,483,822</b>	<b>-26.09%</b>	<b>-13.33%</b>