

Ohio School Facilities Commission Factsheet

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1. What is the Ohio School Facilities Commission?

The Ohio School Facilities Commission (OSFC) was established in 1997 after the March, 1997 Ohio Supreme Court ruling which found Ohio's school funding system unconstitutional. At the time of the ruling, there was virtually no state support for school building construction (apart from a very small program administered by the Ohio Department of Education), placing low property wealth school districts at a great disadvantage in terms of their ability to build and maintain school facilities. The issue of facility needs and inequity was explicitly mentioned in the Supreme Court ruling.

2. How is OSFC Funded?

OSFC has been funded in a variety of ways over time. In 2007, \$4.1 billion in funds were provided from securitizing Ohio's share of the national tobacco settlement. In 2012 \$250 million was derived from licensing fees paid by the owners of Ohio's 7 "Racinos" (horse racing/casino combination sites). However, the largest source of ongoing funding for OSFC has been State General Obligation Bonds backed by the Ohio's General Revenue Fund. OSFC operating expenses are derived from the General Revenue Fund.

3. What is the Classroom Facilities Assistance Program (CFAP)?

The primary OSFC program is the Classroom Facilities Assistance Program (CFAP). From FY1998 through FY2015 the Ohio School Facilities Commission over \$9.7 billion has been disbursed or committed to school building projects in Ohio school districts through the Classroom Facilities Assistance Program.

4. How is Funding through CFAP Disbursed to School Districts?

The CFAP is a partnership between the state and local school districts. Ohio's 610 K-12 school districts are ranked according to a combination of their property valuation per pupil as well as in accordance with the income of the district's residents. The district wealth rankings serve 2 purposes:

- a) The wealth rankings establish priority for state assistance, with lower wealth school districts receiving state assistance before wealthier school districts do.
- b) The wealth rankings also determine the state share of funding that each district will receive for their classroom facilities project, with the lowest wealth school districts receiving the highest state share, and wealthier school districts receiving a lower state share. For example, a district at the 10th percentile in local wealth will pay a local share of 10% of its facilities needs and receive 90% of the funding from the state.

5. What is the Local Share Requirement?

While the wealth ranking determines school district eligibility for the CFAP as well as the state share of funding, school districts will not receive state assistance for their construction project unless they meet the local share requirement. The local share requirement has two components:

- a) Passage of a property tax bond levy to generate the district's local share of construction costs.
- b) A "maintenance levy" of ½ mill (a mill is 1/10th of a percent) to raise funds that can be used to maintain the newly constructed facilities once they are in operation. The district can satisfy the ½ mill maintenance requirement either by passing a new levy or by earmarking the proceeds of an existing property tax or school income tax levy.

Most, *although not all*, Ohio school districts have been able to meet their local share requirement.

6. Does OSFC Fund Additional School Building programs Beyond CFAP?

Yes, there are several other OSFC school building programs. These include:

- a) ***Expedited Local Partnership Program*** – Once the Classroom Facilities Assistance Program had been functioning for a few years it became clear that the pace of school construction projects in Ohio could be accelerated if districts were allowed to begin construction *before* they were eligible for the CFAP program. The Expedited Local Partnership Program allows districts not yet participating in CFAP to begin construction on portions of their facilities project to be paid for out of local funds. Once they enter the CFAP program they will then receive credit for any local dollars already spent as part of their local share of the CFAP project.
- b) ***Exceptional Needs Program*** – A third construction assistance program offered by the Ohio School Facilities commission is the Exceptional Needs Program (ENP). This program operates at the school building level rather than the district level. The purpose of the Exceptional Needs Program is to identify individual facilities most in need of replacement from among the school districts eligible for the Classroom Facilities Assistance Program. In this manner a school district that may be lower on the priority list than another district, but with a particular school building greatly in need of replacement, can have that single building bumped up the priority list. Districts must go through an application and evaluation process in order to receive Exceptional Needs designation and funding.
- c) ***Vocational School Construction Programs*** - In addition to the 610 K-12 school districts, Ohio also has 49 Joint Vocational School Districts (JVSDs). JVSDs are county or multi-county units that provide career technical education programs. JVSDs are also eligible to participate in the OSFC classroom facilities construction program and expedited local partnership programs. However, because JVSDs are county or multi-county units, their property tax bases are larger than in the typical K-12 school district. Consequently, the JVSDs have

their own wealth rankings to determine eligibility and the state/local share of their school building projects.

7. Who Determines What Gets Built?

While all OSFC projects are a partnership between OSFC and local school districts, the *OSFC Design Manual* and *District Master Facility Plan* largely determine the parameters of the resulting construction.

- a) ***OSFC Design Manual*** – The Ohio School Design Manual establishes the construction standards for all OSFC projects to ensure equity and quality of completed projects. The Design Manual also provides guidelines of what types facilities will and will not be paid for by the state. For example, traditional auditoriums and many athletics spaces are not included in the OSFC guidelines.
- b) ***District Master Facility Plan*** – The Master Facility Plan defines the scope of work and budget on a comprehensive district-wide basis for each OSFC project. It is based on the Design Manual, projected district enrollment and grade configurations, the cost of renovating vs. replacing buildings, and other criteria. While OSFC develops the Master Facility Plan, it does so with district input and each school district’s Board of Education must approve the final Master Facility Plan.

8. Is There Some Latitude for Local Control of Facilities Projects?

Yes, OSFC does allow for school districts a degree of local control over the resulting construction.

- a) ***Renovation vs. Replacement of Buildings*** – As part of the development of the Master Facility Plan in each school district, OSFC conducts an assessment of all existing buildings within each school district. If OSFC estimates that renovation of a building is more than 2/3 the cost of replacing the building with a newly constructed one, it is typically recommended that the building be replaced. However, districts do have the option of choosing to renovate any building and will receive funding up to 100% of the replacement cost from OSFC if they choose to do so. Any renovation costs beyond 100% of replacement become the responsibility of the district.
- b) ***Locally Funded Initiatives*** – While the OSFC Design Manual and Master Facility Plan govern the construction of Classroom Facilities Assistance Program projects, districts are free to pursue construction initiatives outside the Master Facility Plan as long as they are paid for entirely with local funds. Examples of these initiatives are extra gymnasium space, football stadiums, auditoriums, and additional square footage for additional classrooms beyond those prescribed in the Master Facility Plan. Of course, lower wealth districts are less able to pursue such initiatives than are wealthier districts because of their smaller local tax base.

9. Do Districts Ever Choose to Opt out of OSFC Funding?

Some districts feel that the OSFC construction and building standards are overly rigid. Thus, it is not uncommon for wealthier school districts for whom the state share of facilities projects districts is relatively to decline to participate in the Classroom Facilities Assistance Program. In these instances, the district is free to construct and renovate their buildings as they see fit, however they must pay 100% of the cost themselves.