

LSC Greenbook

Analysis of the Enacted Budget

Ohio Facilities Construction Commission

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ATTACHMENT:

Budget Spreadsheet By Line Item

Ohio Facilities Construction Commission

- Merges the former Cultural Facilities Commission (AFC) and certain capital project oversight from the Department of Natural Resources (DNR) into OFCC
- Provides \$12 million in capital funds for a school security grant program
- Over 95% of total appropriations support debt service payments

OVERVIEW

Agency Overview

The Ohio Facilities Construction Commission (OFCC), established by H.B. 487 of the 129th General Assembly, provides oversight of and construction guidelines for capital projects for state agencies, state-supported universities and community colleges, and public K-12 schools. Under H.B. 487, OFCC combines the operations of the former State Architect's Office and Office of Energy Services (both formerly under the Department of Administrative Services) and the Ohio School Facilities Commission (SFC). The budget merges the Cultural Facilities Commission (AFC) and certain capital project oversight from the Department of Natural Resources (DNR) to OFCC. SFC remains an independent commission under OFCC and is responsible for oversight and management of public K-12 school facilities projects.

OFCC is governed by a three-member commission, which consists of the Director of Budget and Management, the Director of Administrative Services, and a member appointed by the Governor. The Executive Director, who is appointed by the Commission, oversees OFCC's daily operations.

Appropriation Overview

Agency Appropriations by Fund Group, FY 2014 and FY 2015 (Am. Sub. H.B. 59)					
Fund Group	FY 2013*	FY 2014	% change, FY 2013-FY 2014	FY 2015	% change, FY 2014-FY 2015
General Revenue	\$307,856,684	\$387,408,251	25.8%	\$409,464,951	5.7%
General Services	\$3,883,095	\$9,463,342	143.7%	\$9,463,342	0.0%
State Special Revenue	\$6,997,031	\$8,750,000	25.0%	\$8,750,000	0.0%
School Building Assistance	\$53,907	\$0	-100.0%	\$0	0.0%
TOTAL	\$318,790,717	\$405,621,593	27.2%	\$427,678,293	5.4%

*FY 2013 figures represent actual expenditures.

The preceding table shows OFCC's appropriations by fund group. OFCC's GRF appropriations are mostly used for debt service on the bonds issued to finance the state share of school facilities projects. This continues under the budget as GRF appropriation item 230908, Common Schools General Obligation Debt Services, which receives appropriations of \$351.8 million and \$377.4 million in FY 2014 and FY 2015, respectively. With the budget's addition of the Cultural Facilities Commission (AFC) duties to OFCC, OFCC also absorbs debt service payments used for the costs of capital improvement and construction projects for cultural, sports, and state historic facilities. Combined debt service appropriations make up over 95% of OFCC's total recommended budget in the next biennium. The remaining GRF appropriation of \$2.5 million and \$2.3 million in FY 2014 and FY 2015, respectively, support OFCC's staff that provide certain tools and services, including the OAKS Capital Improvements Module (OAKS-CI), to state agency, university, and K-12 public school projects.

OFCC's General Services (GSF) appropriations support the operations of the Office of Energy Services (OES) and other OFCC staff who provide capital project management, contract management, and competitive selection services to state agencies and universities. The large increase in FY 2014 for the GSF will assist OFCC in adding staff positions to fulfill the needs that accompanied the merger and the needs that may arise from the addition of certain DNR responsibilities. State Special Revenue appropriations will continue to support the operating expenses of SFC, as well as support payroll and other operating costs related to the administration of capital improvement and construction projects for cultural, sports, and historical facilities.

Finally, School Building Assistance funds supported payments to schools for school entrance improvements in FY 2013. The budget does not appropriate funds for payments under this program in the FY 2014-FY 2015 biennium.

Budget Provisions

OFCC Executive Director Powers

The budget makes several changes to the powers of OFCC and OFCC's executive director. These changes include specifying that the OFCC executive director serves as the executive director of SFC; transferring from DAS to the OFCC executive director the power to take and use lands, materials, and other property necessary for the maintenance, protection, or repair of the public works during a public exigency; transferring from DAS to the OFCC executive director the ability to contract for the design and implementation of energy and water conservation programs; authorizing SFC to permit OFCC to make and enter into contracts and to execute all corresponding instruments on SFC's behalf; amending H.B. 482 of the 129th General Assembly to give OFCC's executive director the authority to allow various agencies to administer certain

capital facilities projects; and transferring from DNR to OFCC, with certain exceptions, the authority to administer DNR's capital facilities projects.

School District Energy Conservation Measures

According to OFCC, the Office of Energy Services (OES) currently manages the school district energy conservation program. The program allows school districts with older facilities to borrow funds to make energy-saving facilities improvements without seeking voter approval. The cost of the improvements may not exceed the savings in energy, operating, and maintenance costs over a 15-year period.

The budget makes numerous changes with regard to SFC's approval of these conservation measures, including requiring that SFC approve a district's request only after SFC determines that the request; and the installations, modifications, or remodeling are consistent with a project being completed under an SFC program. The budget also authorizes SFC, in consultation with the Auditor of State, to deny a request from a district declared to be in state fiscal watch if they determine that the expenditure of funds is not in the best interest of the district, prohibits a district declared to be in fiscal emergency from submitting a request without providing certain evidence that the proposed measures have been approved by the district's financial planning and supervision commission, and prohibits a district for which the Superintendent of Public Instruction is required to establish an academic distress commission from submitting a request without receiving approval from the academic distress commission.

Abolition of the Ohio Cultural Facilities Commission

As mentioned above, the budget abolishes the Ohio Cultural Facilities Commission (AFC) and transfers its construction administration duties to OFCC. The budget requires that OFCC administer AFC's portfolio of active projects and re-establishes the Cultural and Sports Facilities Building Fund (Fund 7030), the Ohio Cultural Facilities Administration Fund (Fund 4T80), and the Capital Donations Fund (Fund 5A10) for use by OFCC in administering Ohio's cultural facilities projects. For these projects, the budget revises the requirements for an agreement between OFCC and a government agency or cultural organization to provide construction services for a cultural project and the conditions under which state funds may be spent on a sports facility. For more detailed analysis of this provision, please see the final bill analysis for OFCC.

Design Standards

Under prior law, SFC had to consider the extent to which its design standards support and facilitate smaller classes and the trend towards smaller schools. The budget replaces this requirement with one that requires SFC to consider the extent to which the design standards support the "trends in educational delivery methods, including digital access and blended learning."

Next Ten List

Under prior law, SFC had to identify and give priority to the next ten school districts for funding in future fiscal years, based on wealth eligibility rankings, when it conditionally approves projects for which it plans to provide assistance in a fiscal year. The budget repeals this requirement.

Disposal of School District Property

Under continuing law, SFC must enter into a written agreement with a school district board for the construction of a state-assisted classroom facilities project. These agreements contain numerous stipulations specified under continuing law. The budget requires that an agreement contain stipulations ensuring that SFC will not release project funds or approve demolition of a facility unless and until the district complies, and remains in compliance, with the provision of continuing law requiring districts to offer unused property for sale or lease to community schools and college-preparatory schools.

School Security Grant Program

The budget amends Section 201.80 of H.B. 482 of the 129th General Assembly to appropriate \$12 million in the FY 2013-FY 2014 capital biennium for Fund 7032 capital appropriation item C23020, School Security Grant Program. Under the program, SFC will provide funds to all public schools for the purchase and installation of one Multi-Agency Radio Communication System (MARCS) unit or other emergency communications system per school building and a security door system, consisting of a security camera, an intercom, and remote access, at one entrance per school building. The budget authorizes a school to apply to SFC for reimbursement of up to \$2,000 for one MARCS unit or other emergency communications system per building, and up to \$5,000 for costs incurred with the purchase of a security door system that was installed on or after January 1, 2013. A school is able to receive reimbursement for either a MARCS unit or another emergency communications system, but not both.

Vetoed Provisions

The Governor vetoed a provision that specified that the local share of a Classroom Facilities Assistance Program (CFAP) project for a school district that participated in the Expedited Local Partnership Program (ELPP) and whose Tangible Personal Property (TPP) valuation made up 18% or more of its total taxable value for tax year 2005, be the lesser of (1) the percentage locked in when the district signed the ELPP agreement or (2) the percentage computed using its current wealth percentile rank. The vetoed provision also specified that priority for funding for a qualifying district be based on the smaller of (1) its wealth percentile when it entered into the ELPP agreement or (2) its current percentile.

ANALYSIS OF ENACTED BUDGET

Introduction

This section provides an analysis of the funding for each appropriation item in OFCC's budget. OFCC's line items are grouped into three major categories. For each category a table is provided listing the appropriation in each fiscal year of the biennium. Following the table, a narrative describes how the appropriation is used and any changes affecting the appropriations that are enacted in the budget. If the appropriation is earmarked, the earmarks are listed and described. The three categories used in this analysis are as follows:

1. State Agency Construction Project Services;
2. Arts and Sports Facilities Administration; and
3. School Facilities Commission.

To aid the reader in finding each item in the analysis, the following table shows the category in which each appropriation has been placed, listing the line items in order within their respective fund groups and funds. This is the same order the line items appear in the budget.

Categorization of OFCC's Appropriation Line Items for Analysis of the Budget			
Fund		ALI and Name	Category
General Revenue Fund			
GRF	230401	Lease Rental Payments	2: Arts and Sports Facilities Administration
GRF	230458	State Construction Management Services	1: State Agency Construction Project Services
GRF	230908	Common School G.O. Debt Service	3: School Facilities Commission
General Services Fund Group			
1310	230639	State Construction Management Operations	1: State Agency Construction Project Services
State Special Revenue Fund Group			
4T80	230603	Community Project Administration	2: Arts and Sports Facilities Administration
5E30	230644	Operating Expenses	3: School Facilities Commission

Category 1: State Agency Construction Project Services

The line items in this category are used to support OFCC's oversight of capital projects for state agencies and state-supported universities and community colleges.

Funding for State Agency Construction Project Services				
Fund	ALI and Name		FY 2014	FY 2015
General Revenue Fund				
GRF	230458	State Construction Management Services	\$2,495,751	\$2,245,751
General Revenue Fund Subtotal			\$2,495,751	\$2,245,751
General Services Fund Group				
1310	230639	State Construction Management Operations	\$9,463,342	\$9,463,342
General Services Fund Group Subtotal			\$9,463,342	\$9,463,342
Total Funding: State Agency Construction Project Services			\$11,959,093	\$11,709,093

State Construction Management Services (230458)

This line item provides funding for OFCC staff who provide certain tools and services to state agency, university, and K-12 public school projects. Services include providing oversight of the Ohio Administrative Knowledge System Capital Improvements Module (OAKS-CI), which is an enterprise-wide project management system that is available to all state agencies and universities. OAKS-CI provides full project management capabilities from project initiation through closeout, provides users a centralized communication tool during the length of a capital project, and serves as the required Encouraging Diversity, Growth and Equity (EDGE) participation reporting system for design and construction projects.

State Government Management Operations (230639)

This line item provides funding for OFCC staff who provide capital project management, contract management, and competitive selection services to state agencies and state universities and community colleges. It also supports an Energy Services unit which helps state agencies and public schools reduce their energy consumption and costs. Prior to consolidation in OFCC, these services were provided by the State Architect's Office (SAO) through support from Fund 1310 appropriation item 100639, State Architect's Office.

Category 2: Arts and Sports Facilities Administration

The line items in this category are used to support OFCC's administration of arts and sports facilities projects.

Funding for Arts and Sports Facilities Administration				
Fund	ALI and Name		FY 2014	FY 2015
General Revenue Fund				
GRF	230401	Lease Rental Payments – Cultural Facilities	\$33,106,400	\$29,854,500
General Revenue Fund Subtotal			\$33,106,400	\$29,854,500
State Special Revenue Fund Group				
4T80	230603	Community Project Administration	\$200,000	\$200,000
State Special Revenue Fund Group Subtotal			\$200,000	\$200,000
Total Funding: Arts and Sports Facilities Administration			\$33,306,400	\$30,054,500

Lease Rental Payments – Cultural Facilities (230401)

This line item supports the repayment of bonds issued by the Treasurer of State, the proceeds of which go toward the costs of capital improvement and construction projects for cultural, sports, and state historical facilities. Prior to the budget, this item was under the Cultural Facilities Commission (AFC) as appropriation line item 371401, Lease Rental Payments.

Community Project Administration (230603)

These funds support OFCC's payroll and other operating costs related to the administration of capital improvement and construction projects for cultural, sports, and historical facilities. The revenue that supports this appropriation consists of transfers of money authorized by the General Assembly and revenues received by OFCC for administering cultural projects that are deposited into the Cultural Facilities Administration Fund (Fund 4T80), which is re-established to be used by OFCC under the budget.

Category 3: School Facilities Commission

The line items in this category are used to support the School Facilities Commission (SFC), which is an independent commission under OFCC that provides oversight and management of K-12 public school district facilities projects.

Funding for the School Facilities Commission				
Fund	ALI and Name		FY 2014	FY 2015
General Revenue Fund				
GRF	230908	Common Schools G.O. Debt Service	\$351,806,100	\$377,364,700
General Revenue Fund Subtotal			\$351,806,100	\$377,364,700
State Special Revenue Fund Group				
5E30	230644	Operating Expenses	\$8,550,000	\$8,550,000
State Special Revenue Fund Group Subtotal			\$8,550,000	\$8,550,000
Total Funding: School Facilities Commission			\$360,356,100	\$385,914,700

Common Schools General Obligation Debt Service (230908)

This line item is used to pay the debt service on general obligation (G.O.) bonds issued to raise funds for the state share of school facilities project costs.

Operating Expenses (230644)

This line item provides funding for administrative support for all of SFC's programs. SFC's operating costs are primarily driven by the amount of capital appropriations OFCC receives annually. The budget authorizes SFC to determine the amount of capital funding available for disbursement in a given fiscal year for any Classroom Facilities Assistance Program (CFAP) project in order to keep aggregate state capital spending within approved limits. The budget also permits SFC to take actions including, but not limited to, determining the schedule for design or bidding of approved projects, to ensure an appropriate and sustainable cash flow.

Historically, SFC's operating expenses were supported entirely by investment earnings from the School Buildings Assistance Fund (Fund 7032), the Public School Building Fund (Fund 7021), and the Education Facilities Trust Fund (Fund N087). The investment earnings are transferred quarterly to Fund 5E30 to cover the projected disbursements for the quarter. H.B. 1 of the 128th General Assembly permitted the transfer of noninterest cash from Fund 7021 and Fund N087 to support SFC operations. The first transfer of noninterest cash occurred in November 2011. The budget continues to permit the transfer of noninterest cash.

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FY 2014 - FY 2015 Final Appropriation Amounts

All Fund Groups

Line Item Detail by Agency

			FY 2012	FY 2013	Appropriation FY 2014	FY 2013 to FY 2014 % Change	Appropriation FY 2015	FY 2014 to FY 2015 % Change
Report For Main Operating Appropriations Bill			Version: Enacted					
FCC Ohio Facilities Construction Commission								
GRF	230401	Lease Rental Payments - Cultural Facilities	\$0	\$0	\$ 33,106,400	N/A	\$ 29,854,500	-9.82%
GRF	230458	State Construction Management Services	\$0	\$ 2,463,324	\$ 2,495,751	1.32%	\$ 2,245,751	-10.02%
GRF	230908	Common Schools General Obligation Debt Service	\$ 120,581,098	\$ 305,393,360	\$ 351,806,100	15.20%	\$ 377,364,700	7.26%
General Revenue Fund Total			\$ 120,581,098	\$ 307,856,684	\$ 387,408,251	25.84%	\$ 409,464,951	5.69%
1310	230639	State Construction Management Operations	\$0	\$ 3,883,095	\$ 9,463,342	143.71%	\$ 9,463,342	0.00%
General Services Fund Group Total			\$0	\$ 3,883,095	\$ 9,463,342	143.71%	\$ 9,463,342	0.00%
4T80	230603	Community Project Administration	\$0	\$0	\$ 200,000	N/A	\$ 200,000	0.00%
5E30	230644	Operating Expenses	\$ 8,029,640	\$ 6,997,031	\$ 8,550,000	22.19%	\$ 8,550,000	0.00%
State Special Revenue Fund Group Total			\$ 8,029,640	\$ 6,997,031	\$ 8,750,000	25.05%	\$ 8,750,000	0.00%
5S60	230602	Community School Loan Guarantee	\$ 870,595	\$0	\$0	N/A	\$0	N/A
7021	230909	School Entrance Improvements	\$ 0	\$ 53,907	\$ 0	-100.00%	\$ 0	N/A
School Building Assistance Fund Group Total			\$ 870,595	\$ 53,907	\$ 0	-100.00%	\$ 0	N/A
Ohio Facilities Construction Commission Total			\$ 129,481,332	\$ 318,790,718	\$ 405,621,593	27.24%	\$ 427,678,293	5.44%