

# Redbook

## LBO Analysis of Executive Budget Proposal

# Ohio Facilities Construction Commission

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Attachment:

Appropriation Spreadsheet

# LBO Redbook

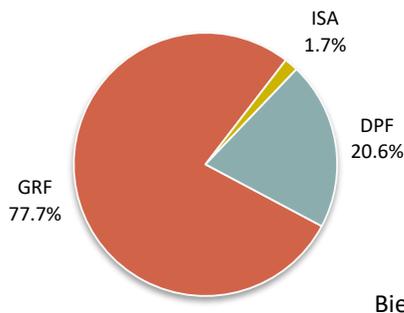
## Ohio Facilities Construction Commission

### 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 recommendations: \$620.8 million for FY 2024 and \$348.4 million for FY 2025.
  - Sources of the budget: GRF (77.7%), dedicated purpose funds (20.6%), and state construction management fees deposited into an Internal Service Activity (ISA) Fund (1.7%).
  - Uses of the budget: 75.2% for debt service on bonds issued to support school facilities and cultural and sports facilities, 20.6% for subsidies to support a new career-technical education construction program, and 4.1% for OFCC's operations.
- In FY 2023, federal American Rescue Plan Act (ARPA) funds support \$212.0 million for K-12 school safety grants, which are disbursed through a dedicated purpose fund line item.

Fund Group	FY 2022 Actual	FY 2023 Estimate	FY 2024 Introduced	FY 2025 Introduced
General Revenue	\$452,615,208	\$427,697,932	\$412,626,827	\$340,098,168
Dedicated Purpose	\$0	\$212,000,000	\$200,000,000	\$0
Internal Service Activity	\$5,578,876	\$8,748,901	\$8,129,013	\$8,305,828
Total	\$458,194,084	\$648,446,833	\$620,755,840	\$348,403,996
% change	--	41.5%	-4.3%	-43.9%
GRF % change	--	-5.5%	-3.5%	-17.6%

**Chart 1: OFCC Budget by Fund Group  
FY 2024-FY 2025 Biennium**



**Chart 2: OFCC Budget by Expense Category  
FY 2024-FY 2025 Biennium**



## Agency overview

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 February 2023, OFCC has a staff of 89 full-time and two part-time or intermittent employees.

## Analysis of FY 2024-FY 2025 budget proposal

### Summary of executive recommendations

As an agency focused on capital projects, OFCC’s funding mostly is appropriated in the capital budget. Of the biennial operating funding of \$969.2 million proposed by the Governor, \$729.0 million (75.2%) is for debt service on bonds issued to support school facilities and cultural and sports facilities, \$200.0 million (20.6%) is for subsidies to support a new career-technical education construction program, and \$40.2 million (4.1%) supports OFCC’s operating costs.

The following is an analysis of the Governor’s recommended funding amounts for each appropriation item in OFCC’s budget. Each appropriation item contains a table with six years of spending and appropriation data along with annual percentage changes for each appropriation item. Following the table is a narrative describing how the appropriation is used and any changes affecting the appropriation that are proposed by the Governor.

### Funding for career-technical education construction projects

#### Career-Technical Construction Program (ALI 230651)

FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Estimate	FY 2024 Introduced	FY 2025 Introduced
<b>Fund 5ZJ0 ALI 230651, Career-Technical Construction Program</b>					
\$0	\$0	\$0	\$0	\$200,000,000	\$0
% change	0.0%	0.0%	0.0%	N/A	-100.0%

This new line item will be used to support construction projects that establish or expand career-technical education programs. Funds will be distributed to joint vocational school districts (JVSD) and city, local, and exempted village school districts designated as the lead district of a career-technical planning district (CTPD), according to guidelines established by OFCC, in consultation with the Governor’s Office of Workforce Transformation (OWT) and the Department of Education (ODE). The guidelines must consider establishing or expanding career-technical education programs that support the occupations on OWT’s Ohio’s Top Jobs List or that qualify for the Innovative Workforce Incentive Program under ODE. The executive proposal supports this

line item with a cash transfer of \$200.0 million from the FY 2023 GRF ending balance to the Career-Technical Construction Program Fund (Fund 5ZJ0). It also reappropriates the unused balance of line item 230651 at the end of FY 2024 for the same purpose in FY 2025.

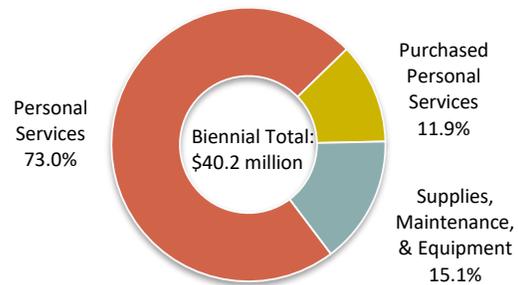
Separately, the executive proposal appropriates \$50 million in each fiscal year from the GRF in the ODE budget to support career-technical education equipment purchases necessary to start new or expand career-technical education programs for in-demand career fields and industry-recognized credentials.

### Funding for operating expenses

The line items in this category are used to provide oversight of capital projects for K-12 schools, cultural facilities, 19 state agencies that perform construction, and 27 state-supported universities and community colleges. As can be seen from Chart 3, of the \$40.2 million proposed by the Governor for OFCC’s operating expenses over the biennium, 73.0% is for personal services to pay payroll costs for OFCC’s employees, 15.1% is for supplies, maintenance, and equipment, and 11.9% is for purchased personal service contracts.

Total appropriations for operating expenses under the Governor’s proposal increase by 11.4% in FY 2024 from an estimated spending level of \$17.7 million in FY 2023 to \$19.8 million in FY 2024, then by 3.3% to \$20.4 million in FY 2025. According to OFCC, the Governor’s proposed budget for operating expenses will support a total of 110 full-time positions, five part-time and intermittent staff, and one intern.

Chart 3: OFCC Operating Expenses by Expense Category, FY 2024-FY 2025 Biennium



### Operating Expenses (ALI 230321)

	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Estimate	FY 2024 Introduced	FY 2025 Introduced
<b>GRF ALI 230321, Operating Expenses</b>						
	\$6,068,333	\$5,586,906	\$5,735,027	\$6,981,723	\$11,626,827	\$12,098,168
% change		-7.9%	2.7%	21.7%	66.5%	4.1%
<b>GRF ALI 230458, State Construction Management Services</b>						
	\$1,416,520	\$1,477,987	\$1,395,469	\$1,996,209	\$0	\$0
% change		4.3%	-5.6%	43.0%	-100.0%	N/A
<b>Total</b>						
	\$7,484,852	\$7,064,893	\$7,130,496	\$8,977,932	\$11,626,827	\$12,098,168
% change		-5.6%	0.9%	25.9%	29.5%	4.1%

The executive budget combines OFCC’s two GRF administrative line items: 230321, Operating Expenses, and 230458, State Construction Management Services, under line

item 230321. Currently, line item 230321 provides funding for OFCC’s administration and oversight of various school facilities assistance programs. With the proposed addition of line item 230458, the combined line item 230321 will also support OFCC staff who administer cultural facilities projects and school safety grants 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. Funding largely supports personal services, such as agency payroll, but also supports contracts, supplies and maintenance, and equipment.

The proposed merger of these two line items is intended to streamline OFCC’s operations and better reflect the integrated nature of the Commission’s activities and functions. The approximately \$2.6 million (29.5%) and \$470,000 (4.1%) increases in combined funding under line item 230321 for FY 2024 and FY 2025, respectively, will be used, in part, to support 25 new OFCC staff, including 21 additional full-time and four other part-time employees. Filling vacant positions as well as hiring staff for new positions will be a priority for the coming biennium.

The increases in this ALI will also be used for additional information technology (IT) investments in the next biennium. OFCC’s IT staff develop software and data systems that track project budgets, contracts, and other construction project information. OFCC’s plan to hire new employees in FY 2024 will include two new consultants who will initiate an IT data management and construction planning solution using \$3.0 million of an eventual total \$12.0 million in capital funding for the FY 2023-FY 2024 capital biennium appropriated in H.B. 687 of the 134<sup>th</sup> General Assembly. OFCC anticipates requesting \$9.0 million more in capital funding over the next two capital budgets to complete this project.

In the FY 2024-FY 2025 biennium, OFCC also plans to complete the most comprehensive update to the Ohio School Design Manual (OSDM) since it was created, streamlining and significantly updating it to make it more visual and accessible. The OSDM is a comprehensive set of construction standards for the design of school facilities to ensure statewide equity and quality. Each year OFCC revises the OSDM based on input from design and construction professionals, school districts, state agencies, and other interested parties.

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

FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Estimate	FY 2024 Introduced	FY 2025 Introduced
<b>Fund 1310 ALI 230639, State Construction Management Operations</b>					
\$7,743,587	\$5,096,480	\$5,578,876	\$8,748,901	\$8,129,013	\$8,305,828
% change	-34.2%	9.5%	56.8%	-7.1%	2.2%

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. According to OFCC, this line item’s proposed funding in FY 2024 and FY 2025 is sufficient to support

management of the agency projects funded in recent capital budgets. Line item 230639 supports the following:

- OFCC staff who provide capital project management, contract management, and competitive selection services to state agencies, universities, and community colleges;
- 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; and
- Claim settlements 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.

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 pre-qualified 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 Architect Fees and Transcription Center Fund (Fund 1310).

### 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 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Estimate	FY 2024 Introduced	FY 2025 Introduced
<b>GRF ALI 230401, Cultural Facilities Lease Rental Bond Payments</b>					
\$33,041,731	\$28,881,618	\$27,553,710	\$28,720,000	\$31,000,000	\$31,000,000
% change	-12.6%	-4.6%	4.2%	7.9%	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. 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 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Estimate	FY 2024 Introduced	FY 2025 Introduced
<b>GRF ALI 230908, Common Schools General Obligation Bond Debt Service</b>					
\$412,148,221	\$276,430,614	\$417,931,002	\$390,000,000	\$370,000,000	\$297,000,000
% change	-32.9%	51.2%	-6.7%	-5.1%	-19.7%

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.

### School security grants

In FY 2023, OFCC is overseeing the administration of \$212.0 million in K-12 school security grants supported by funds from the federal American Rescue Plan Act (ARPA). Under the program, OFCC makes competitive grants of up to \$100,000 per school building to public and chartered nonpublic schools for physical security enhancement, equipment, or inspection and screening equipment to improve the overall physical security and safety of their buildings. Through February 2023, OFCC has awarded approximately \$173.0 million to approximately 2,400 schools. OFCC anticipates the remaining \$39.0 million to be awarded by the end of this fiscal year.

### Capital appropriation overview

Much of OFCC's operations are in support of school, state agency, and cultural facility projects appropriated through the capital budget. Such projects totaled \$3.5 billion for the FY 2023-FY 2024 capital biennium, including \$600 million for school facilities. A snapshot of a portion of OFCC's projects in progress, broken down by category and phase of the project, is shown below.

OFCC Active Project Summary, January 2023			
Category	Number of Projects in Design	Number of Projects in Construction	Value of Projects in Design and Construction
K-12 Schools	18	60	\$1,867 million
State Agencies	59	70	\$741 million
Cultural Grants	0	93	\$33 million
Higher Education	1	0	\$240,000
<b>Total</b>	<b>78</b>	<b>223</b>	<b>\$2,640 million</b>

In addition to completed and active facilities projects, 74 additional K-12 district projects are in the planning phase, with OFCC able to begin projects for 15 to 20 districts each biennium, including up to two JVSs, at current funding levels.

## Overview of school facilities programs

### Classroom Facilities Assistance Program

The Classroom Facilities Assistance Program (CFAP) – OFCC’s largest – was established in 1997. Through CFAP, OFCC utilizes a comprehensive approach to address the entire facilities needs of a district from kindergarten to the twelfth grade. Of the nearly \$13.1 billion in capital funds OFCC has distributed through FY 2022, over 88% (approximately \$11.5 billion) was disbursed through CFAP. Funding is prioritized based on the relative property wealth per pupil (using a three-year average) of each district, with priority going to lower wealth districts. The state-local share breakdown of each project is also based on this relative wealth measure. The calculation for the three-year property wealth average and the district ranking process are discussed in more detail below.

As OFCC has finished projects for high priority districts (i.e., the least wealthy), the average state share of each project has decreased, from 60% at OFCC’s creation, to 52% currently. While this signifies reduced costs for the state, this reduction also provides challenges because the same level of funding requires OFCC to manage more capital projects.

### CFAP eligibility and state and local share determinations

As mentioned above, lower wealth districts generally receive state funding sooner and receive a larger share than higher wealth districts. A district’s wealth is measured as the three-year average adjusted valuation per pupil. This converts to a percentile ranking that largely determines the order in which a district is served, as well as the state-local share of the district’s basic project cost.

#### *Eligibility ranking list*

By September 1 of each year, the Ohio Department of Education (ODE) must certify a ranking of all districts in the state according to their three-year average adjusted valuation per pupil. The three-year average adjusted valuation per pupil encompasses the current and prior two fiscal years. Below is the formula for one year of this wealth measure:

Adjusted Valuation Per Pupil =

Taxable Property Valuation / ADM - [\$30,000 x (1 - income factor)]

ADM = Average Daily Membership (a measure of student enrollment)

Income Factor = District's Median Income / Statewide Median Income

The adjustment is based on the income level of the district's residents and is applied to a uniform valuation per pupil (\$30,000) to standardize its effects. This means two districts with the same median income will have the same adjustment regardless of their property valuations per pupil. This makes a district with a median income below the state median appear poorer, and conversely, a district with a median income above the state median appear wealthier. The adjustment is intended to measure a district's ability to pay for education services, whereas a district's property wealth is considered a measure of its capacity to pay.

ODE ranks school districts from lowest to highest based on the three-year average adjusted valuation per pupil and divides them into percentiles (i.e., 100 approximately equal groups). Each percentile contains about six districts, with the first percentile containing the least wealthy districts and the 100<sup>th</sup> containing the wealthiest. OFCC uses these percentile rankings to determine which schools are next in line for funding assistance, as well as the state and local share of each district's basic project cost.

***State and local share determination***

Upon receipt of ODE's certified rankings, OFCC identifies the districts next in line for funding and then assesses their facilities' needs to determine their basic project cost. In order to receive state funding, each district is responsible for financing its share of the basic project cost with local resources. A district's local share is the greater amount calculated from the following two methods (up to a maximum of 95%):

1. The district's required percentage of the basic project cost.

District's Required Project % =

0.01 x (District's Percentile Ranking)

Local Share = District's Required Project % x Basic Project Cost

2. The district's required level of indebtedness. A district's required level of indebtedness 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.

District's Required Level of Indebtedness % =

0.05 + 0.0002 x (District's Percentile Ranking - 1)

Local Share = (District's Required Level of Indebtedness % x District's Taxable Valuation) - Current Qualifying Debt

The state share for each district is the difference between the total basic project cost and the district's calculated local share.

### ***Examples of local share determination***

Two examples are provided below to demonstrate calculations of the local share for two fictitious school districts.

1. **School District A.** District A has an adjusted valuation per pupil of \$108,000, ranking it 150<sup>th</sup> in the state and placing it in the 25<sup>th</sup> percentile. The district's total taxable valuation is \$112.9 million and it currently has no debt that qualifies for the required indebtedness calculation. District A's total basic project cost is estimated at \$26.0 million and its local share is equal to the greater of the following two calculations.

District A's Required Project % =
$0.01 \times (\text{District A's Percentile Ranking}) = 0.01 \times 25 = 0.25 = 25\%$
Local Share = District A's Required Project % x Basic Project Cost
$= 25\% \times \$26.0 \text{ million} = \$6.5 \text{ million}$
District A's Required Indebtedness % =
$0.05 + 0.0002 \times (\text{District A's Percentile Ranking} - 1) = 0.05 + 0.0002 \times (25 - 1) = 0.0548 = 5.48\%$
Local Share = District A's Required Indebtedness % x Taxable Valuation
$= 5.48\% \times \$112.9 \text{ million} = \$6.2 \text{ million}$

District A's local share of the basic project cost would be \$6.5 million, leading to a state share of \$19.5 million (\$26.0 million - \$6.5 million).

2. **School District B.** District B has an adjusted valuation per pupil of \$227,258, ranking it 560<sup>th</sup> in the state and placing it in the 92<sup>nd</sup> percentile. The district's total taxable valuation is \$201.0 million and it currently has no debt that qualifies for the required indebtedness calculation. District B's total basic project cost is estimated at \$14.5 million and its local share is equal to the greater of the following two calculations.

District B's Required Project % =
$0.01 \times (\text{District B's Percentile Ranking}) = 0.01 \times 92 = 0.92 = 92\%$
Local Share = District B's Required Project % x Basic Project Cost
$= 92\% \times \$14.5 \text{ million} = \$13.3 \text{ million}$
District B's Required Indebtedness % =
$0.05 + 0.0002 \times (\text{District B's Percentile Ranking} - 1) = 0.05 + 0.0002 \times (92 - 1) = 0.0682 = 6.82\%$
Local Share = District B's Required Indebtedness % x Taxable Valuation
$= 6.82\% \times \$201.0 \text{ million} = \$13.7 \text{ million}$

District B's local share of the basic project cost would be \$13.7 million, and is based on the district's required level of indebtedness. This would result in a state share of \$0.8 million (\$14.5 million - \$13.7 million).

Most school district's state and local shares have been and will likely continue to be determined by the "required percentage of the basic project cost," as seen in the first example with fictitious school district A. However, higher wealth districts (such as fictitious district B) and districts with smaller projects are more likely to have their state and local shares determined by the "required level of indebtedness" method.

It should be noted that, under the current method, as the basic project cost increases, so does the likelihood that the local share will be determined by the "required percentage of basic project cost" method. Since the required local share will increase proportionately with the overall cost of the project, the relationship between project size and the method of calculating the local share acts as a built-in incentive for districts to hold down costs. For example, if school district B's actual project cost is \$23.0 million, instead of \$14.5 million, its local share under the "required percentage of basic project cost" method would be approximately \$21.2 million (\$23.0 million x 92%), which is higher than the \$13.7 million calculated under the "required level of indebtedness" method. Therefore, the required local share for school district B in this case would be \$21.2 million rather than \$13.7 million.

### **Accelerated Urban Initiative**

S.B. 272 of the 123<sup>rd</sup> General Assembly, enacted in 2000, established a program to provide accelerated service under CFAP beginning in FY 2003 to six of the state's major urban school districts (Akron, Cincinnati, Cleveland, Columbus, Dayton, and Toledo). These six districts were otherwise not yet eligible for service under CFAP at the time due to their ranking on the equity list (the two other major urban districts, Canton and Youngstown, had already been served by CFAP prior to FY 2003). Due to size and complexity, these projects were divided into multiple segments. As of the end of FY 2022, about 250 of the districts' buildings had been constructed or renovated. Akron, Cincinnati, Dayton, and Toledo have completed their master facilities plans, while work is ongoing in Columbus and Cleveland. In total, master facility plan costs for the six districts are about \$5.4 billion, with the state share amounting to approximately \$2.7 billion.

### **Expedited Local Partnership Program**

The Expedited Local Partnership Program (ELPP), which was created by S.B. 272 of the 123<sup>rd</sup> General Assembly, permits a school district that is not yet eligible for CFAP to enter into an agreement with OFCC allowing the district to spend local resources for new construction or renovation of existing classroom facilities. The local resources spent are later applied to the district's share of the basic project cost when it becomes eligible for CFAP funding. Through FY 2022, 396 districts have applied to participate in ELPP. Of those districts, 79 have signed project agreements, which allow them to receive credit towards their CFAP project. Districts approved for ELPP have accumulated \$1.7 billion in credit that will ultimately be counted towards their local share when they become eligible for CFAP.

## **Exceptional Needs Program**

Created by H.B. 850 of the 122<sup>nd</sup> General Assembly, the Exceptional Needs Program (ENP) is designed to assist school districts in addressing the health and safety needs of a specific building rather than the district's entire facilities' needs. S.B. 316 of the 129<sup>th</sup> General Assembly removed any qualifications for school districts to utilize ENP, which, prior to S.B. 316's passage, were limited to school districts ranked up to the 75<sup>th</sup> percentile or with territory larger than 300 square miles. The state and local share breakdown of an ENP project are the same as they would be under CFAP. As of the end of FY 2022, 61 districts have been approved – and 55 have signed project agreements – for ENP funding and OFCC has disbursed state funds totaling \$843.4 million.

## **Extreme Environmental Contamination Program**

The Extreme Environmental Contamination Program is a subprogram of ENP, codified by H.B. 153 of the 129<sup>th</sup> General Assembly. It was established for the purpose of a necessary relocation or replacement of school facilities as the result of extreme environmental contamination. River Valley Local (Marion), Gorham-Fayette Local (Fulton), and Three Rivers Local (Hamilton) received assistance under this program in 2000, 2006, and 2010, respectively.

## **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. OFCC has the authority to spend up to 2% of its annual capital appropriations on VFAP projects. Additionally, a provision in temporary law requires OFCC to provide VFAP assistance to at least one JVSD each year in which funds are available for additional projects, if it reaches the 2% limit. OFCC has disbursed \$261.6 million in capital funds to 17 JVSDs since VFAP's creation in 2003.

## **Vocational Expedited Local Partnership Program (VFAP ELPP)**

JVSDs may participate in a slightly modified version of ELPP that was authorized by H.B. 675 of the 124<sup>th</sup> General Assembly and created by OFCC rule. The program allows JVSDs to use local resources for new construction or renovations prior to being eligible for VFAP. No state funding is disbursed, but OFCC provides assessments, planning, approval, and monitoring of the local construction projects. Through FY 2022, two JVSDs have been approved for participation in this program, with a total of \$10.3 million local dollars spent that will be counted towards the JVSDs' local share upon program eligibility.

## **Funding for community and STEM schools**

### **STEM Schools Facilities Assistance Program**

H.B. 153 of the 129<sup>th</sup> General Assembly established a facilities assistance program for science, technology, engineering, and mathematics (STEM) schools. Specifically, it authorized OFCC, with Controlling Board approval, to provide funding to any STEM school that is not governed by a single school district board for constructing, reconstructing, repairing, or making additions to the school's classroom facilities. STEM schools are required to secure at least 50% of

the total project cost. Through FY 2022, five schools have been approved for participation. OFCC has disbursed \$31.5 million in support of this program.

### **Community Schools Classroom Facilities Grants**

The Community Schools Classroom Facilities Grants Program, originally created in H.B. 64 of the 131<sup>st</sup> General Assembly, provides competitive grants to certain “high performing” community schools for the purchase, construction purchase, construction, or renovation of classroom facilities. In order to receive a grant, an eligible community school must demonstrate that the funds will be used to increase classroom seating, serve unmet student needs, and show innovation in design and the potential for replication. Additionally, any facility supported by the grant funds must be used for educational purposes for at least ten years. Like the program for STEM schools described above, community schools are required to secure at least 50% of the total project cost. A total of 12 community schools have been awarded funds. Through FY 2022, \$21.0 million has been spent in support of the program.

### **Corrective Action Program**

The Corrective Action Program (CAP) is used to correct or remediate work found to be defective or omitted from a facility constructed with OFCC assistance. A district must notify the Executive Director within five years of occupancy to be eligible. OFCC evaluates the work and determines a scope of work to be funded proportionately through state and local funding. OFCC also assesses responsibility for the omissions or defections and seeks cost recovery. Any recovered funds are first credited to the district, then to OFCC. As of the end of FY 2022, OFCC has spent \$5.7 million on this program.

### **Alternative Facilities Assistance Program**

Also known as the 1:1 School Facilities Option Program, the Alternative Facilities Assistance Program (AFAP) was established by S.B. 8 of the 132<sup>nd</sup> General Assembly. Under this program, OFCC provides a reduced portion of projected state funds to assist eligible districts in constructing, reconstructing, or making additions to any feature of a classroom facility, such that it is consistent with the Master Facilities Plan (MFP) and meets the standards of the Ohio School Design Manual (OSDM). The reduced state share allows districts more flexibility in creating the project’s scope of work. Through the end of FY 2022, one district (Northridge Local in Licking County) has applied.

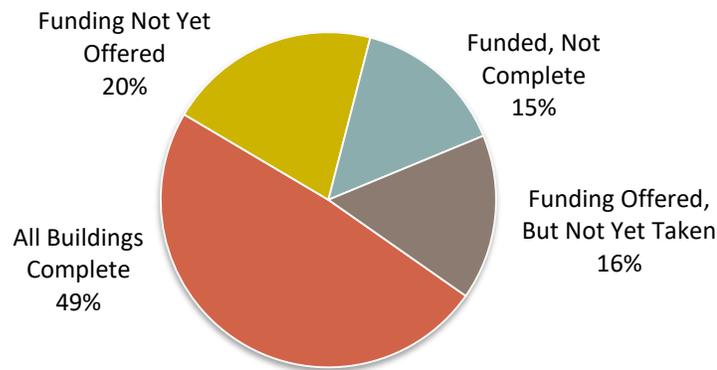
### **Green Schools**

The Green Schools Program has been in existence since 2007, when OFCC adopted the Leadership in Energy and Environmental Design (LEED) for Schools as the standard for K-12 projects. LEED for Schools utilizes a rating system that takes into account design and construction practices, including classroom acoustics, indoor air quality, building materials, and energy efficiency. As of January 2023, Ohio has 404 LEED-certified schools.

## Progress in rebuilding Ohio’s schools

Through FY 2022, 306 traditional school districts (50%) and 15 JVSDs (31%) have completed all buildings on their master facilities plans. An additional 96 districts (16%) and one JVSD (2%) have projects that have been funded but not yet completed. Finally, 94 districts (15%) and 11 JVSDs (22%) have been offered funding, but have either deferred the offer or allowed it to lapse because they were unable to secure the local share, or are currently seeking the required local share within the 13-month window allowed by law. These districts will be eligible for funding in the future. This leaves 113 districts (19%) and 22 JVSDs (45%) that have not been offered funding. These statistics are summarized in the following chart.

**Chart 4: Status of School Districts Completing Master Facilities Plans, July 2022**



# FY 2024 - FY 2025 Appropriations - As Introduced

# All Fund Groups

Line Item Detail by Agency			Estimate	Introduced	FY 2023 to FY 2024	Introduced	FY 2024 to FY 2025	
			FY 2022	FY 2023	FY 2024	% Change	FY 2025	% Change
<b>Report For: Main Operating Appropriations Bill</b>			<b>Version: As Introduced</b>					
<b>FCC Ohio Facilities Construction Commission</b>								
GRF	230321	Operating Expenses	\$ 5,735,027	\$ 6,981,723	\$ 11,626,827	66.53%	\$ 12,098,168	4.05%
GRF	230401	Cultural Facilities Lease Rental Bond Payments	\$ 27,553,710	\$ 28,720,000	\$ 31,000,000	7.94%	\$ 31,000,000	0.00%
GRF	230458	State Construction Management Services	\$ 1,395,469	\$ 1,996,209	\$ 0	-100.00%	\$ 0	N/A
GRF	230908	Common Schools General Obligation Bond Debt Service	\$ 417,931,002	\$ 390,000,000	\$ 370,000,000	-5.13%	\$ 297,000,000	-19.73%
<b>General Revenue Fund Total</b>			<b>\$ 452,615,208</b>	<b>\$ 427,697,932</b>	<b>\$ 412,626,827</b>	<b>-3.52%</b>	<b>\$ 340,098,168</b>	<b>-17.58%</b>
5CV3	230650	ARPA School Security	\$ 0	\$ 212,000,000	\$ 0	-100.00%	\$ 0	N/A
5ZJ0	230651	Career-Technical Construction Program	\$ 0	\$ 0	\$ 200,000,000	N/A	\$ 0	-100.00%
<b>Dedicated Purpose Fund Group Total</b>			<b>\$ 0</b>	<b>\$ 212,000,000</b>	<b>\$ 200,000,000</b>	<b>-5.66%</b>	<b>\$ 0</b>	<b>-100.00%</b>
1310	230639	State Construction Management Operations	\$ 5,578,876	\$ 8,748,901	\$ 8,129,013	-7.09%	\$ 8,305,828	2.18%
<b>Internal Service Activity Fund Group Total</b>			<b>\$ 5,578,876</b>	<b>\$ 8,748,901</b>	<b>\$ 8,129,013</b>	<b>-7.09%</b>	<b>\$ 8,305,828</b>	<b>2.18%</b>
<b>Ohio Facilities Construction Commission Total</b>			<b>\$ 458,194,084</b>	<b>\$ 648,446,833</b>	<b>\$ 620,755,840</b>	<b>-4.27%</b>	<b>\$ 348,403,996</b>	<b>-43.87%</b>