

**Role and Overview**

The Ohio School Facilities Commission (OSFC) provides funding to public school districts as authorized by the General Assembly and oversees the construction and renovation of school facilities. Senate Bill 102 of the 122nd General Assembly created OSFC in May 1997 and transferred the School Building Assistance Program from the Ohio Department of Education to the commission. The commission consists of seven members, three of whom are voting members. The voting members are the Director of Administrative Services, the Superintendent of Public Instruction, and the Director of the Office of Budget and Management. The four non-voting members include two members from both the House and the Senate. The commission has 70 employees with an annual operating budget of \$9.0 million. Appropriations for school building construction are typically provided through the state capital bill process.

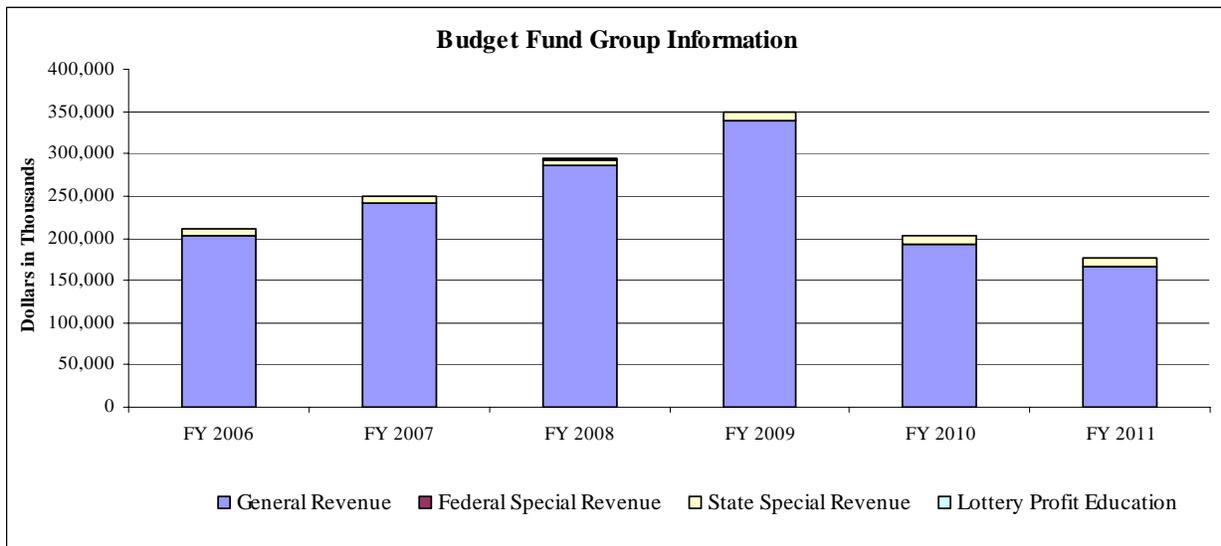
Through six main programs, OSFC manages planning, design, and construction for school facilities, and has received over \$10.2 billion in appropriations. Through December 2008, OSFC has opened 593 new or completely renovated buildings and has completed 149 district-wide fixes.

Additional information regarding the Ohio School Facilities Commission is available at <http://osfc.ohio.gov>.

**Agency Priorities**

- Administer and oversee the construction and renovation of school buildings, as funded in the capital budget, to provide an appropriate learning environment for Ohio's school children.

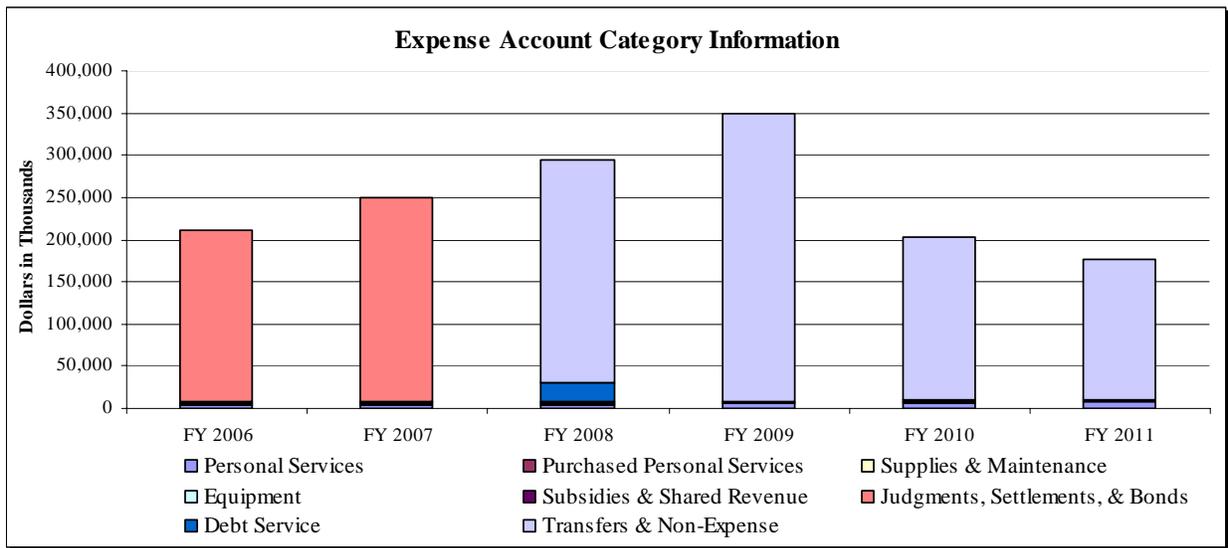
**Summary of Budget History and Recommendations**



- The decrease in GRF funding in the fiscal year 2010-2011 biennium is due to a debt restructuring proposal (outlined in the Special Analysis section) designed to help provide funding for core state services and investments in a time of constrained resources.

State of Ohio  
School Facilities Commission

(In Thousands) BUDGET FUND GROUP	ACTUAL			EST.	%	RECOMMENDED				
	FY 2006	FY 2007	FY 2008	FY 2009	FY 08-09	FY 2010	%	CHANGE	FY 2011	%
General Revenue	203,140	241,850	285,773	339,648	18.9	192,559	-43.3		165,511	-14.0
Federal Special Revenue	890	762	0	0	0.0	0	0.0		0	0.0
State Special Revenue	6,458	7,349	7,373	8,970	21.7	9,885	10.2		10,132	2.5
Lottery Profit Education	0	150	850	0	-100.0	0	0.0		0	0.0
<b>TOTAL</b>	<b>210,488</b>	<b>250,111</b>	<b>293,996</b>	<b>348,618</b>	<b>18.6</b>	<b>202,445</b>	<b>-41.9</b>		<b>175,643</b>	<b>-13.2</b>



- The decrease in transfers for debt service payments in the fiscal year 2010-2011 biennium is due to a debt restructuring proposal (outlined in the Special Analysis section) designed to help provide funding for core state services and investments in a time of constrained resources.
- Due to changes in the method of coding transactions in the state accounting system, the Transfers & Non-Expense category and Debt Service category expenditures have been aggregated and reported as the Judgments, Settlements and Bonds category in fiscal years 2006 and 2007.

(In Thousands) EXPENSE ACCOUNT CATEGORY	ACTUAL			EST.	%	RECOMMENDED				
	FY 2006	FY 2007	FY 2008	FY 2009	FY 08-09	FY 2010	%	CHANGE	FY 2011	%
Personal Services	4,375	4,862	4,928	6,167	25.1	6,925	12.3		7,164	3.4
Purchased Personal Services	1,106	1,078	1,371	1,297	-5.5	1,323	2.0		1,349	2.0
Supplies & Maintenance	875	1,049	854	1,299	52.0	1,228	-5.4		1,253	2.0
Equipment	121	369	219	207	-5.4	410	97.4		366	-10.6
Subsidies & Shared Revenue	871	752	0	0	0.0	0	0.0		0	0.0
Judgments, Settlements, & Bonds	203,140	242,000	0	0	0.0	0	0.0		0	0.0
Debt Service	0	0	22,693	0	-100.0	0	0.0		0	0.0
Transfers & Non-Expense	0	0	263,930	339,648	28.7	192,559	-43.3		165,511	-14.0
<b>TOTAL</b>	<b>210,488</b>	<b>250,111</b>	<b>293,996</b>	<b>348,618</b>	<b>18.6</b>	<b>202,445</b>	<b>-41.9</b>		<b>175,643</b>	<b>-13.2</b>

**PROGRAM SERIES 01: School Facilities Construction**

This program series is comprised of programs that provide school facilities construction assistance to public school districts, joint vocational school districts, and qualifying community schools throughout the State of Ohio. Appropriations for the planning and construction of these facilities are funded primarily through the capital and tobacco bills. Currently, the commission is managing projects funded through the securitization of tobacco payments, which yielded \$4.1 billion in October 2007. The operating budget provides for the proper administration of these programs and debt service payments.

**Program 01.01: Classroom Facilities Assistance**

The Classroom Facilities Assistance Program (CFAP) is the most comprehensive program OSFC administers. Under CFAP, OSFC evaluates the facility needs of an entire school district and then provides the state share of funding for necessary construction and renovation. The OSFC also provides standard contracting and design guidance and managerial oversight during the design and construction phases of the projects. School district eligibility to participate in CFAP is based on their placement on the Ohio Department of Education's Eligibility Ranking List. CFAP also includes the six districts participating in the Accelerated Urban Initiative (Akron, Cincinnati, Cleveland, Columbus, Dayton, and Toledo). There are 205 projects underway for this program in fiscal year 2009, including 97 completed by December 2008. The number of projects will likely rise to 240 and to 275 in fiscal years 2010 and 2011, respectively. From the inception of CFAP through December 2008, 149 school districts have been completed.

**The Executive Recommendation will fund the following objectives:**

- Pay interest and principal for bonds issued to finance Classroom Facilities Assistance Program projects.

FUND				RECOMMENDED	
GROUP	FUND	ALI	ALI NAME	FY 2010	FY 2011
GRF	GRF	230908	Common Schools/General Obligation	167,737,701	144,175,666
<b>TOTAL FOR PROGRAM</b>				<b>167,737,701</b>	<b>144,175,666</b>

**Program 01.02: Exceptional Needs**

The Exceptional Needs Program (ENP) is designed to address the health and safety needs of districts that are below the median per pupil property wealth. Unlike the eligibility determination and the district-wide renovation of CFAP, districts receiving ENP funding have submitted an application for the renovation or replacement of specific buildings. Applications are rank ordered based on the severity of the problem. There were nine new buildings approved in the ENP program in fiscal year 2009. From the inception of ENP through December 2008, 47 school buildings have been funded.

**The Executive Recommendation will fund the following objectives:**

- Pay interest and principal for bonds issued to finance Exceptional Needs Program projects.

FUND				RECOMMENDED	
GROUP	FUND	ALI	ALI NAME	FY 2010	FY 2011
GRF	GRF	230908	Common Schools/General Obligation	15,516,392	13,336,811
<b>TOTAL FOR PROGRAM</b>				<b>15,516,392</b>	<b>13,336,811</b>

**Program 01.03: Expedited Local Partnership**

The Expedited Local Partnership Program (ELPP) is designed to give districts not yet eligible to participate in CFAP the opportunity to move ahead with portions of their project. After a district applies for the ELPP, OSFC performs an assessment of the district's facilities and enters into an agreement with the district on a Facility Master Plan that covers the entire needs of the district. The district then chooses a "discrete portion" of its Master Plan to fund

through local efforts. When the district later becomes eligible for CFAP, the money spent by the district will be credited toward the overall CFAP project. While school districts receive no state money under ELPP, OSFC still must assess, plan, provide approval, and monitor construction. Through December 2008, 96 buildings were opened under ELPP. The number of projects will likely decrease as more districts become eligible through other OSFC programs.

**The Executive Recommendation will fund the following objectives:**

- Support for this program is provided through the capital budget.

**Program 01.04: Vocational Facilities Assistance**

The Vocational Facilities Assistance Program is designed to provide funding and technical assistance to ensure quality classroom and career-technical facilities to all students attending Ohio's 49 joint vocational school districts (JVSD). As with CFAP, OSFC evaluates the facility needs of an entire JVSD and then provides the state share of funding for necessary construction and renovation. The OSFC also provides standard contracting and design guidance, and managerial oversight during the design and construction phases of the projects. There were two JVSDs offered assistance under this program in fiscal year 2009, a number that is expected to increase somewhat in fiscal years 2010 and 2011.

**The Executive Recommendation will fund the following objectives:**

- Pay interest and principal for bonds issued to finance Vocational Facilities Assistance Program projects.

FUND				RECOMMENDED	
GROUP	FUND	ALI	ALI NAME	FY 2010	FY 2011
GRF	GRF	230908	Common Schools/General Obligation	2,737,228	2,352,731
<b>TOTAL FOR PROGRAM</b>				<b>2,737,228</b>	<b>2,352,731</b>

**Program 01.05: Energy Conservation**

This program gives school districts an opportunity to make energy efficient improvements to their buildings and use the cost savings to pay for those improvements. As statutorily authorized, the Energy Conservation Program gives districts the ability to borrow funds, in this one limited instance, without having to pass a ballot issue for the authority to borrow. That limited borrowing authority has given districts the ability to save millions in utility bills and operating costs. The cost of the improvements may not exceed the savings in energy, operation, and maintenance costs. The OSFC approves the projects following an analysis and review of a district's application, but is not involved in the actual financing, design, or construction.

**The Executive Recommendation will fund the following objectives:**

- The Energy Conservation Program gives districts the ability to borrow funds without having to pass a ballot issue for the authority to borrow. The OSFC does not provide any state funding for Energy Conservation Program projects.

**Program 01.06: Community School Loan Guarantee**

This program offers facilities assistance to community schools in the form of a state guarantee on a loan, not to exceed \$1 million for up to 15 years, from a bank or lending firm to the community school. Fifteen guarantees have been executed, of which eight remain outstanding as of December 2008. The OSFC's specific charge is to review and approve the application for a loan guarantee.

**The Executive Recommendation will fund the following objectives:**

- There are no appropriations for the Community School Loan Guarantee Program because the state does not issue bonds for this program.

**Program 01.07: General School Facilities Assistance**

General School Facilities Assistance supports the continued administration necessary to provide an appropriate level of management and oversight for school construction projects.

**The Executive Recommendation will fund the following objectives:**

- Support 77 staff positions to provide the management and oversight required to ensure accountability for the various school facilities programs; support project planning, budgeting, and review for compliance with the Ohio School Design Manual; and provide project administration, including tracking, approval, and assistance at every phase of the project through building design, construction, and final closeout;
- Maintain purchased personal services, primarily for information technology systems, design manual updates, auditing and LEED (Leadership in Energy and Environmental Design) for Schools technical support;
- Replace computer equipment for aging technology systems, and maintain and upgrade equipment as necessary to support both on-going and future construction projects; and
- Pay interest and principal for debt incurred for the “Big 8” and Emergency Repair programs. These are programs that largely have been closed out and are not scheduled for additional appropriations.

FUND				RECOMMENDED	
GROUP	FUND	ALI	ALI NAME	FY 2010	FY 2011
GRF	GRF	230908	Common Schools/General Obligation	6,567,879	5,645,292
SSR	5E30	230644	Operating Expenses	9,885,436	10,132,034
<b>TOTAL FOR PROGRAM</b>				<b>16,453,315</b>	<b>15,777,326</b>

**Program 01.08: Blind and Deaf Schools**

This program provides for the planning, design, and construction of new facilities for The Ohio School for the Deaf and The Ohio State School for the Blind on their Columbus campuses.

**The Executive Recommendation will fund the following objectives:**

- Support for this program is provided through the capital budget.

**Appropriation Line Item Analyses for Fiscal Years 2010 and 2011**

**Line Item Notes**

230908, Common Schools/General Obligation Debt Service: Funding reductions for this line item result from the Debt Restructuring proposal detailed in the Special Analysis section of this Executive Budget. The approximately \$400 million combined reduction in fiscal years 2010 and 2011 for debt service line items for higher education, common schools, and infrastructure bonds, will help to provide funding for core state services and investments in a time of constrained resources.

**LINE ITEM SUMMARY - School Facilities Commission**

FUND	ALI	ALI NAME	FY 2006 ACTUAL	FY 2007 ACTUAL	FY 2008 ACTUAL	FY 2009 ESTIMATE	FY 2010 RECOMMENDED	% CHANGE	FY 2011 RECOMMENDED	% CHANGE
GRF	230428	Lease Rental Payments	31,684,689	31,286,432	22,692,653	0	0	.0	0	.0
GRF	230908	Common Schools/General Obligation Debt	171,455,309	210,563,506	263,080,401	339,648,300	192,559,200	-43.3	165,510,500	-14.0
<b>TOTAL General Revenue</b>			<b>203,139,998</b>	<b>241,849,938</b>	<b>285,773,054</b>	<b>339,648,300</b>	<b>192,559,200</b>	<b>-43.3</b>	<b>165,510,500</b>	<b>-14.0</b>
3X90	230601	Federal School Facilities Grant	889,532	761,942	0	0	0	.0	0	.0
<b>TOTAL Federal Special Revenue</b>			<b>889,532</b>	<b>761,942</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>.0</b>	<b>0</b>	<b>.0</b>
5E30	230644	Operating Expenses	6,458,322	7,348,635	7,373,078	8,969,942	9,885,436	10.2	10,132,034	2.5
<b>TOTAL State Special Revenue</b>			<b>6,458,322</b>	<b>7,348,635</b>	<b>7,373,078</b>	<b>8,969,942</b>	<b>9,885,436</b>	<b>10.2</b>	<b>10,132,034</b>	<b>2.5</b>
7020	230620	Career-Tech School Building Assistance	0	150,000	850,000	0	0	.0	0	.0
<b>TOTAL Lottery Profit Education</b>			<b>0</b>	<b>150,000</b>	<b>850,000</b>	<b>0</b>	<b>0</b>	<b>.0</b>	<b>0</b>	<b>.0</b>
<b>TOTAL School Facilities Commission</b>			<b>210,487,852</b>	<b>250,110,516</b>	<b>293,996,132</b>	<b>348,618,242</b>	<b>202,444,636</b>	<b>-41.9</b>	<b>175,642,534</b>	<b>-13.2</b>