



OHIO LEGISLATIVE SERVICE COMMISSION

Adam Wefler

Fiscal Note & Local Impact Statement

Bill: H.B. 37 of the 132nd G.A.

Status: As Introduced

Sponsor: Rep. Arndt

Local Impact Statement Procedure Required: No

Subject: School technology and safety and security improvement funding program

State & Local Fiscal Highlights

- School districts that may not actually participate in and therefore may not receive any actual funding from the existing Classroom Facilities Assistance Program may choose to participate in this new program to receive some state funds to improve technology infrastructure and school safety and security.
- The number of districts opting for this CFAP alternative program and the amount of state funds these districts will receive depend on the program's guidelines, procedures, and appropriation levels.

Detailed Fiscal Analysis

The bill requires the School Facilities Commission (SFC) to establish, by December 31, 2017, a program that allows school districts to apply for state funds for technology and physical alterations to improve technology infrastructure or safety and security. In order to qualify, a school district must not have received state assistance from the Classroom Facilities Assistance Program (CFAP), SFC's main school facilities assistance program. Under CFAP, the state funds a portion of a district's "basic project cost" to address the entire classroom facilities need of the district. All school districts are eligible for CFAP funding. However, the state share of a district's basic project cost is generally higher for lower wealth districts. A school district generally passes a bond levy to meet its required local share to participate in CFAP. A lower wealth district is also generally served sooner as the order for each district to be served by CFAP largely depends on the district's wealth.

The bill stipulates that a district opting to participate in this new program established under the bill will no longer be eligible for CFAP funding. It requires SFC to adopt guidelines and procedures for the administration of the new program, including a method for determining the amount of funding awards and whether the awards should be related to a district's state share of the basic project cost, if applicable.

Presumably, a district may choose to participate in this CFAP alternative funding program if the district is not likely to participate in CFAP even in the absence of this alternative funding program. Some higher wealth districts may not actually participate in CFAP when their turn comes up, due to their relatively low state shares of the basic project costs. A district may also choose to participate in this CFAP alternative funding program if the district has concluded that it may not be able to raise its required CFAP local share. Overall, this new program may provide some state funds to districts that may not actually receive any funding from CFAP although they are eligible for CAFP funding. The actual amounts of state funding these districts will receive depend on the program's guidelines, procedures, and appropriations.

Through the end of FY 2016, 21% of school districts statewide, including 121 regular districts and 17 joint vocational school districts (JVSDs), have not yet been offered CFAP funding. Another 23% of districts, including 133 school districts and 17 JVSDs, have been offered funding, but have either deferred the offer, allowed it to lapse because they were unable to secure the required local share, or are in the process of seeking the required local share. Presumably, some of these districts may choose to participate in the new funding program established under the bill.

In contrast, 41% of districts statewide, including 257 school districts and 14 JVSDs, had completed CFAP projects that fully addressed their facilities needs and another 15% of districts, including 99 regular districts and one JVSD have buildings in the design or construction phase. These districts will not be eligible for funding from the new program established under the bill.

Through the end of FY 2016, the General Assembly has appropriated \$12.9 billion and SFC has disbursed a total of \$11.3 billion for school facilities projects. The average state share of new school facilities assistance projects is about 45% in FY 2017. This percentage is expected to decrease to 40% in the FY 2018-FY 2019 biennium as more districts with higher wealth will be served by CFAP. On average, SFC embarks on 20 to 25 new projects each year.