



OHIO LEGISLATIVE SERVICE COMMISSION

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Fiscal Note & Local Impact Statement

Bill: H.B. 246 of the 132nd G.A.
(L_132_0868-3)

Status: In House Education and Career Readiness

Sponsor: Reps. Bocchieri and Rezabek

Local Impact Statement Procedure Required: No

Subject: Classroom facilities funding for county boards of developmental disabilities and state institutions of higher education with buildings used to educate K-12 students with developmental disabilities

State & Local Fiscal Highlights

- The bill requires the Ohio Facilities Construction Commission (OFCC) to provide funding to certain county boards of developmental disabilities (county DD boards) and certain state institutions of higher education to assist in the acquisition or renovation of classroom facilities used to educate K-12 students with developmental disabilities.
- The bill will thus divert funding from school districts to county DD boards and state institutions of higher education, likely delaying the offering of state funding to certain districts and lengthening the time it will take for the state to reach its goal of offering facilities funding to all school districts in the state. Assuming the state continues to fund this goal, the overall cost to the state will increase.
- The amount of state funding received by county DD boards will depend on each board's average valuation per pupil and total project costs. County DD boards with lower average valuation per pupil generally will be served sooner and receive a greater share of state funding. Under the bill, the local share of project costs is limited to between 25% and 95%. The state share, therefore, ranges from 5% to 75%.
- The amount of state funding received by state institutions of higher education will depend on the guidelines established by OFCC for and the proposals submitted by those institutions. Under the bill, a state institution of higher education must match the amount of state funding requested with funding from other sources.

Detailed Fiscal Analysis

Assistance to county boards of developmental disabilities

The bill requires the Ohio Facilities Construction Commission (OFCC) to provide funding to certain county boards of developmental disabilities (county DD boards) to assist in the acquisition and renovation of classroom facilities used for students in grades kindergarten through twelve. This new program is designed similarly to the existing Vocational Facilities Assistance Program (VFAP). Under the bill, OFCC may set

aside for the program appropriations equal to the amount permitted to be set aside for VFAP. Currently, this is up to 2% of the aggregate amount appropriated to OFCC for classroom facilities assistance projects from the Public School Building Fund and the School Building Program Assistance Fund. In the most recent capital budget for the FY 2017-FY 2018 biennium, these two funds received a total of \$600 million in appropriations. Therefore, if the bill had been effective during the current capital budget biennium, up to \$12 million would have been available for county DD board facilities. Funding in future biennia will depend on future appropriations.

Most of OFCC's appropriations for school facilities are provided to school districts through the Classroom Facilities Assistance Program (CFAP). CFAP funding is based on each district's relative wealth. Lower wealth districts are funded before higher wealth districts and receive a larger percentage of their total project funding from the state. As of the end of FY 2017, 137 districts (21%) had not yet been offered funding and another 131 (20%) had been offered funding but had not yet accepted it.¹ The effect of the bill will likely be to divert state funding from school districts to county DD boards. Assuming the state continues to fund CFAP, this may result in delaying the offering of funding to some school districts and lengthening the time it takes for the state to offer funding to all remaining districts, thus increasing the overall cost to the state of the program. Additionally, OFCC's administrative costs will increase to establish and operate the new funding program created by the bill.

Distribution of funding to county DD boards

The bill establishes a method of distributing facilities funding to county DD boards that is substantially similar to the method used to distribute funding to joint vocational school districts through VFAP. Under the bill, OFCC is to rank county DD boards based on each county's valuation per pupil. This ranking is to be used to establish the order funding is offered to each county DD board and the state share of the project cost that each county DD board must provide. County DD boards with lower valuation per pupil are to be offered funding before those with higher valuation per pupil and receive a larger percentage of the project cost from the state. Each year OFCC must provide assistance to at least one eligible county DD board unless no eligible county DD boards elect to receive assistance.

Determining the county DD board ranking

The measure of valuation per pupil used for the calculation of the ranking of county DD boards averages several years of taxable valuation. First, OFCC is to divide the average valuation of the county for the second, third, and fourth preceding tax years by the kindergarten through twelfth grade enrollment in the county DD board's programs for the preceding fiscal year; this is the county DD board's valuation per pupil for the current fiscal year. Then, OFCC is to take the average of the valuation per pupil for the current and two preceding fiscal years. Finally, OFCC is to rank county DD

¹ Districts must raise the local share of their project costs before accepting OFCC's funding offer.

boards from lowest to highest based on this three-year average valuation per pupil. The county DD board with the lowest valuation per pupil is to be offered funding first. The county DD board's share of the project cost is to be 1% times the county DD board's percentile in the ranking, except that the minimum local share is set at 25% and the maximum at 95%. The state share, therefore, ranges from 5% to 75%.

For example, the calculations for FY 2019 would be:

**FY 2019 average taxable property valuation =
average of valuations for TY 2017, TY 2016, and TY 2015**

**FY 2019 valuation per pupil =
FY 2019 average taxable property valuation/eligible enrollment for FY 2018**

**FY 2019 ranking is based on the average of valuation per pupil for
FY 2017, FY 2018, and FY 2019**

State and local share determination

After generating the ranking list, OFCC identifies the county DD boards next in line for funding, and then reviews these boards' applications for assistance. Each county DD board is responsible for financing a portion of its total basic project cost with local resources. The board's local share is calculated according to the following method:

**Board's required cost % =
0.01 x (board's percentile ranking)
Local share = board's required cost % x total project cost**

Once a board's local share is determined, the state share is the difference between the total project cost and the district's local share as follows:

State share = total project cost - local share

County DD board maintenance account

Each county DD board that is provided state assistance must annually deposit 1.5% of the current insurance value of the classroom facilities into a separate account for 23 years after the beginning of the project. These funds are to be used to maintain the facilities.

Assistance to state institutions of higher education

The bill also requires OFCC, in consultation with the Superintendent of Public Instruction and the Chancellor of Higher Education, to establish guidelines and provide funding for state institutions of higher education to renovate or expand buildings that are used to provide programming to K-12 students with developmental disabilities. Based on the guidelines, state institutions of higher education may submit proposals indicating the total amount of funding requested and the amount of other funding

pledged for the facilities, which must be at least equal to the amount requested from the state. As with the program for county DD boards, this program for state institutions of higher education will likely divert state funding from school districts to state institutions of higher education and may delay the offering of funding to some school districts and lengthen the time it takes for the state to offer funding to all remaining districts, thus increasing the overall cost to the state of facilities funding. Additionally, OFCC's administrative costs will increase to establish and operate this new funding program. Unlike with the program for county DD boards, the bill does not set aside a certain amount of funding for state institutions of higher education. Also, as indicated above, the project costs will be split evenly between OFCC and the institution.

Synopsis of Fiscal Effect Changes

- The substitute bill (L_132_0868-3) adds the program for state institutions of higher education, thus increasing future expenditures for OFCC, possibly delaying funding for some school districts, and potentially increasing revenues for state institutions of higher education.
- The funding program for county DD boards in the As Introduced version of the bill was similar to the program for state institutions of higher education in L_132_0868-3. That is, the As Introduced version did not set aside a specific amount of funding for the program, established a local share of 50% for all county DD boards, and did not require county DD boards to set funds aside for maintenance.