
COMMUNITY SCHOOL CLASSROOM FACILITIES GRANT PROJECT APPROVAL GUIDELINES

Subject: Project Approval Guidelines
Approval: Commission Resolution 15-35

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APPLIES TO

Community School Classroom Facilities Grant Projects

GUIDELINES

I. Background

In June 2015 Amended Substitute House Bill 64 authorized the creation of the Community School Classroom Facilities Grant Program, and created an appropriation of \$25,000,000 in state funding to be used for this purpose.

These guidelines outline the major steps that the Ohio School Facilities Commission (the “Commission”) and the Ohio Department of Education (the “Department”) undertake in the review and approval of a Community School Classroom Facilities Grant Project (the “Project”) based upon relevant information, including materials provided by the applicant (the “Community School”). Final approval and release of funds under this grant program must be given by the state Controlling Board.

II. Process

A. Submittal

The Community School will complete and submit to the Commission a grant application in the form prescribed by the Commission by the established deadline. The program schedule, including application deadlines and anticipated award announcements, will be determined by the Commission and posted to the Commission’s website.

B. Review and Evaluation

In consultation with the Department staff, the Commission staff evaluates the applications based upon a number of factors including but not limited to provisions included within these guidelines, published evaluation criteria, and laws and requirements of the program. Additionally, the review and evaluation may include requests for clarification, supplemental information, and/or a site visit. Commission staff completes their review, analysis and assessment and develops a recommendation for grant awards to the Superintendent of Public Instruction of the Department (“Superintendent”) and the Executive Director of the Commission (“Executive Director”) for their approval.

The Commission and Department reserve the right to offer grant awards in the entire amount of the application, or for a lesser amount at their sole discretion.

C. Award

After a grant is approved by the Superintendent, Executive Director and the state Controlling Board, the Community School and the Commission shall enter into a Grant Agreement. The Grant Agreement fully describes the understanding between the two parties regarding appropriate use of the grant funds and continuing obligations over the life of the capital bonds that finance the project.

D. Grant Administration

The Commission will reimburse the Community School for eligible work, consistent with the scope and budget specified in the Grant Agreement, based upon invoices submitted in a form prescribed by the Commission.

III. Review and Evaluation of Grant Requirements

A. Grantee Eligibility

1. High Performing Community School

As required in Section 501.10 of Am. Sub. House Bill 64, Department staff verifies whether the Community School, as defined in Chapter 3314 of the ORC, is an eligible high-performing community school. For the purposes of this program, an eligible high-performing community school meets the following conditions:

- a. Using the 2014-2015 report card data, has received a grade of "A," "B," or "C" for the performance index score under division (C)(1)(b) of section 3302.03 of the Revised Code or using 2011-2012, 2012-2013, 2013-2014 and 2014-2015 report card data, has increased its performance index score under division (C)(1)(b) of section 3302.03 of the Revised Code in each of the previous three years of operation; and
- b. Has received a grade of "A" or "B" for the value-added progress dimension under division (C)(1)(e) of section 3302.03 of the Revised Code on its most recent report card rating issued under that section.

2. High Performing Community School serving only grades kindergarten through three

Using the 2014-2015 report card data, has received a grade of "A" or "B" for making progress in improving literacy in grades kindergarten through three under division (C)(1)(g) of section 3302.03 of the Revised Code on its most recent report card issued under that section.

3. Dropout Prevention and Recovery Community School

Using the 2014-2015 report card data, has received a rating of "exceeds standards" on its most recent report card issued under section 3314.017 of the Revised Code.

4. Newly Established Community School

- a. Replicating a Model Currently Operating in Ohio – Option 1

- i. The Governing Authority identifies the operator its school is replicating, and ODE reviews Ohio's 2014-2015 school report card data of schools currently operating in Ohio who use the same operator. Schools with less than three years of operation are not considered when calculating the roll up of Ohio's school report card data for purposes of this grant program.
 - ii. ODE will roll up a select number of state report card measures for the existing Ohio schools that the newly established school will be replicating. These rolled up data will generate an operator performance analysis rating. The performance analysis score must meet the following:
 - a) If the model is a dropout prevention and recovery model, the performance analysis score must meet the equivalent of an Overall Exceeds Standards rating.
 - b) If the model serves any combination of 9th through 12th grades, the performance analysis score for the Four-Year Graduation Rate must meet the equivalent of A or B and the performance analysis score for Performance Index must meet either the equivalent of A, B or C or must have increased for the previous three years of operation.
 - c) If the model serves any combination of 4th through 8th grades, the performance analysis score for Overall Value-Added must meet the equivalent of A or B and the performance analysis score for Performance Index must meet either the equivalent of A, B or C or must have increased for the previous three years of operation.
 - d) If the model serves only a combination of Kindergarten through 3rd grades, the performance analysis score for the K-3 Literacy measure must meet the equivalent of A or B.
 - iii. If the school meets the above criteria for replicating a model currently operating in Ohio, its Governing Authority may apply for a grant award.
- b. Replicating a Model Currently Operating in Ohio – Option 2
- i. The Governing Authority identifies the operator model its school is replicating, and ODE reviews Ohio's 2011-2012, 2012-2013, 2013-2014 and 2014-2015 school report card data of all schools currently operating in Ohio who use the same operator.
 - ii. ODE will roll up a select number of state report card measures for the existing Ohio schools that the newly established school will be replicating. These rolled up data will generate an operator performance analysis ranking. When ranking the operators, the performance analysis shall use the following data:
 1. If the model is a dropout prevention and recovery model, the operator shall be ranked using the 4-year Graduation Rate and Twelfth Grade Passage Rate. If a school does not have a grade/score for one measure, it will still be included in the analysis using the measure that is graded/scored.
 2. If the model serves any combination of 9th through 12th grades, the operator shall be ranked using the Four-Year Graduation Rate and the Performance Index Score. If a school does not have a grade/score for one measure, it will still be included in the analysis using the measure that is graded/scored.
 3. If the model serves any combination of 4th through 8th grades, the operator shall be ranked using the Overall Value-Added grade and the Performance Index score. If

a school does not have a grade/score for one measure, it will still be included in the analysis using the measure that is graded/scored.

4. If the model serves only a combination of Kindergarten through 3rd grades, the operator shall be ranked using the K-3 Literacy measure and the Performance Index score. If a school does not have a grade/score for one measure, it will still be included in the analysis using the measure that is graded/scored.
 - iii. A scaled point system of 1 through 5 is assigned to each measure. The points for each operator are averaged based on the number of measures available per school used in the performance analysis. The operators are ranked based on average number of points earned. The highest ranked 33% of operators will be eligible.
 - iv. If the operator meets the above criteria for replicating a model currently operating in Ohio, its Governing Authority may apply for a grant award.
- c. Replicating a Model Currently Operating outside of Ohio
- i. The Governing Authority identifies the operator and/or model its school is replicating, and ODE reviews the 2011-2012, 2012-2013, 2013-2014 and 2014-2015 accountability data of schools currently operating outside of Ohio who use the same model and/or operator. Schools with less than three years of operation are not considered when calculating the roll up of the accountability data in other states that is similar in nature to Ohio's report card data.
 - ii. ODE will review the out of state accountability data of schools identified by the Governing Authority, as well as complete its own identification of similar schools operating outside of Ohio.
 - iii. ODE will evaluate the accuracy of the data reported by the Governing Authority, and determine if the level of performance is comparable to the criteria established for high performing models currently operating in Ohio.
 - iv. If the school meets the above criteria, its Governing Authority may apply for a grant award.

B. Project Scope and Criteria

The Commission staff verifies that the Project scope is for the purchase, construction, reconstruction, renovation, remodeling, or addition to classroom facilities.

The Commission and Department staff verify that the Project scope will be used to purchase or support classroom facilities construction or modifications that demonstrate the criteria listed below. Criteria to be considered in the evaluation may include, but are not limited to various educational (see section III A.); financial (see section III C.) and construction related (see section III. D.) factors.

1. Increase the supply of seats in high performing schools. The applicant should provide evidence that:

- Facility design will result in an increase in seats over the current number.
- Facility design will result in a reasonable cost per seat considering capital expenses for the construction.
- A demand for additional seats exists and the demand aligns with the facility design.
- School's operational business plan and financials support increased seats based on verifiable revenue, staff, professional development, curriculum, curricular resources, technology, etc.

and

2. Service specific unmet student needs through community school education. The applicant should provide market research of the area where the facility will be located to demonstrate the following:
 - A demand for the student population to be served.
 - The expansion serves subgroups whose needs are not currently being met by schools in the community.
 - Other public school choices in the community are academically low performing.
 - A demand for additional community school seats.

and

3. Show innovation in design and potential as a successful, replicable school model. The applicant should provide a:
 - Demonstrated history of strong financial performance for the three most recent years. For newly established schools that are replicating an existing model, the operational performance of the schools being replicated shall be considered.
 - Demonstrated history of strong operational performance for the three most recent years. For newly established schools that are replicating an existing model, the operational performance of the schools being replicated shall be considered.
 - Detailed explanation of the educational plan that includes:
 - Strong partnerships with external organizations that may provide non-academic services for students and families.
 - Strong partnerships with local businesses and postsecondary institutions that may create opportunities for career exploration, job shadowing, career mentoring, internships, or employment to increase student exposure to a variety of career options.
 - Utilization of a mixture of methods to personalize learning.
 - Facility design incorporates the necessary elements for an innovative learning model including, but not limited to:
 - Technology that is integrated into the facility design
 - Classrooms are designed to allow students different learning experiences
 - Allocation of space for non-academic services
 - Allocation of space for differentiated learning and cross collaboration for students and teachers
 - Other best practices in school design and construction

C. Financial Considerations

1. Full Funding

The Commission staff reviews the Project costs and the available funding to determine whether the Project can be constructed with the available funds.

The Community School will submit to the Commission a project cost estimate and schedule prepared by a design or construction professional. This estimate will be used as the basis for full funding.

A fully funded Project is one in which the total funds needed to cover the proposed project's costs are provided jointly by the Community School and the Commission. The Community School's grant application must demonstrate that the funds to pay for *at least* half of the proposed Project have been raised. "Raised" means written pledges from credit-worthy entities, written funding commitments from governmental entities and/or written guaranties and/or cash receipts, or a combination of these supported by evidence to the Commission staff's satisfaction.

Any lines of credit, loans, local bonding, bridge financing and/or other cash flow mechanisms must be secured by acceptable written agreements. These agreements include written pledges or written guaranties from credit-worthy entities, written funding commitments from governmental entities, and/or a combination of these. These written agreements are the only instruments acceptable as security for such financing.

Adequate funding is additionally based on the idea that the Community School can:

- Show a positive cash flow during the construction period
- Verify that any loans and lines of credit are backed up by written pledges or legally binding written guaranties for the full loan amount

2. Local Matching Contributions

The Community School must demonstrate, prior to expenditure of state funds on a Project that it has local contributions amounting to not less than 50 percent of the cost of the Project.

The Commission staff verifies that the Community School can demonstrate that it has obtained non-state resources equal to at least 50 percent of the cost of the Project. The match must represent funds that will be used for the current Project and may be satisfied by the following:

- Written fundraising pledge letters or pledge cards signed by donors to a capital campaign
- Documentation that other grants have been fully approved for the Project, and are not subject to other, still unmet, qualifications
- Certification of cash on hand or in a capital fund account
- Endowment funds, which must be newly raised and restricted or designated for operations and/or maintenance of the Project
- Substantiated value of in-kind contributions of goods or services to the capital Project

D. Real Estate and Construction

1. Community School-Owned Property

The Community School certifies that the Project site (the "Premises") is, and will be, free of any restrictions of record with respect to the Premises or the Project, including without

limitation, any encumbrances, liens or other matters, which would interfere with or otherwise impair the use of the Premises as a Community School or restrict the rights and obligations granted by the Community School to the Commission.

Commission staff may request supporting documentation, including but not limited to:

- Deed and legal description of the property, and site survey map, if available
- Title opinion letter or title insurance commitment letter and/or title insurance policy
- Loan or mortgage documents and/or liens against the property identifying any bond documents, letters of credit or security/collateral agreements and a loan pay-down plan

2. Community School-Leased Property

If the Community School leases the Premises, it must provide to the Commission:

- The facility lease agreement, which includes the authority for the Community School to lease the Premises for at least ten years from the date of substantial completion of construction;
- Written approval and legal assurance from the owner of the Premises for the Community School to enter into an agreement with the Commission for the proposed construction.

3. Project Schedule and Cost Estimate

The Community School will be required to submit:

- A Project Schedule with major milestones and a start and end date. In the Grant Agreement, the Community School will be required to affirm that it will reasonably adhere to the schedule, and construct the Project with reasonable speed.
- A Cost Estimate, prepared by a design or construction professional, that matches the Project schedule and Project scope

4. Applicable ORC Exemptions

Construction funded under this program is not subject to:

- Public advertising, competitive selection or competitive bidding procedures of ORC Chapter 153
- Prevailing wages under ORC Chapter 4115

E. Operations

Consistent with statutory requirements, a facility that is purchased, constructed, or modified by the grant funds shall be used for educational purposes for a minimum of ten years after receiving the grant funds. The Grant Agreement includes provisions for the ownership and disposal of the facilities funded under this program in the event the Community School closes at any time within the ten year period.

F. Risk Management

The Community School is required to submit documentation that it maintains, and will continue to maintain, commercial general liability and property insurance, in an amount sufficient to cover the full replacement costs of the improvements funded. During the construction period, the Community School is required to maintain a builder's risk policy in an amount sufficient to cover the full replacement costs of the improvements funded. If the Community School is self-insured, it may fulfill the insurance requirement by naming the State as an additional insured.

IV. Award

Upon completion of the review and evaluation process, the Commission and Department may approve the Project for a grant award and authorize reimbursement to the Community School for certain costs of the Project.

A. Delegation of Authority to the Executive Director

The Commission delegates its authority to approve projects, authorize the expenditure of funds, and enter into legal agreements for all Community School Classroom Facilities Grant projects to the Executive Director of the Commission. A report of grant awards is provided to the Commission at the next quarterly Commission meeting and is incorporated into the minutes for that meeting.

B. Legal Agreements

Upon full approval of the Project, the Community School and Commission must enter into legal agreements prior to expenditure of state funds.

The Commission must enter into a Grant Agreement for each approved Project. The Grant Agreement must be signed by the Community School's board president and fiscal officer. The Community School shall submit to the Commission a copy of the Community School's Board resolution or ordinance authorizing its execution of agreements.

The Community School shall submit to the Commission written assurance from its Sponsor that the Sponsor supports the work contemplated under this grant.

All matters related to the reimbursement of approved Project-related expenses are documented in the Grant Agreement.

In cases where the Community School leases the facility, the Commission, the fee simple owner and the Community School enter into a Non-Disturbance and Estoppel Agreement ("NDE") dated the effective date of the Grant Agreement. The NDE identifies all restrictions or encumbrances affecting the premises so the Commission may determine that the Project can be constructed on the premises and operated for the term of the agreement.

C. State Controlling Board Approval

The State Controlling Board approves and certifies the release and availability of funds.

V. Grant Administration

A. Reimbursement of Project Costs

The overall cost of the Project may include, but is not limited to, professional design and construction fees, facility construction, fixtures, furniture, and equipment costs.

Commission staff reviews the Project budget to ensure that only expenses that meet the criteria for reimbursement are included in the Project costs submitted to the Commission for reimbursement approval. Criteria for allowable capital expenditures are set forth in Am. Sub. H.B. 64 subject to federally imposed restrictions on the use of tax-exempt bond proceeds and Ohio Law, and may be amended from time to time.

Reimbursement of Project costs is made on a pro rata basis. Payments to the Community School are made after costs are incurred and in accordance with the terms of the Grant Agreement. The Grant Agreement provides, among other things, that the Community School submit invoices no less frequently than on a quarterly basis to the Commission, with sufficient documentation to substantiate each invoice and certifications that the work being invoiced is completed.

B. Accountability

During the term of the Grant Agreement, the Community School shall keep and make all reports and records associated with the project available to the Commission upon request. The Commission may conduct reviews or inspections of the Project to determine compliance with the requirements of the grant agreement.