
LOCAL DONATED CONTRIBUTIONS/THIRD PARTY EXPENDITURES POLICY

Subject: Third Party Contributions
Approval: Executive Staff
Code Section/Reference: ORC 3318.084
Owner: Operations-Finance

Policy Number: OP-FI-06
Originally Issued: May 2000
Revised: December 2017

APPLIES TO

CFAP, VFAP, ENP, or the Accelerated Urban School Building Assistance Program

Pursuant to R.C. Section 3318.084, upon approval of the Commission, a school district participating in the Classroom Facilities Assistance Program, Vocational Facilities Assistance Program, Exceptional Needs Program, or the Accelerated Urban School Building Assistance Program, may receive credit toward the local share of project costs for qualifying expenditures made by a third party, which is considered a Locally Donated Contribution under R.C. 3318.084. In order for the school district board to receive credit for expenditures made on its behalf by a third party, the expenditures must meet all of the following conditions: 1) be made by an entity other than the state or the school district; 2) be “moneys spent” (as opposed to in-kind contributions); and 3) have been previously identified and approved in an agreement between the Commission, the school district, and the third party prior to the expenditure being made.

When a school district wants to gain credit for a third-party expenditure, it shall provide to the Commission, prior to any expenditures occurring, the name and contact information of the third party, and a description of the portion of the master plan to be funded, including its budget. The Commission shall then work with the project team for the district to review the appropriateness of the scope and budget of the work, and identify any logistical concerns with the proposal. The work shall fit within the budget and schedule of the project.

If the Commission agrees to proceed, the three parties shall enter an agreement including a description of the work to be funded by the third party, a budget amount representing the maximum allowable expenditure to count as a credit, and the following provisions:

1. that the maximum amount of credit that the school district may receive toward the local share of project costs shall not exceed the lesser amount of actual cash expenditures incurred by the third party and the estimated cost identified by the Commission;
2. that any cash expenditure made by the entity on behalf of the school district that is over and above the maximum amount established by the Commission or its representative, shall under no condition be considered for credit toward the school district share of project costs;

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3. that the scope of work identified and approved as acceptable for funding by the third party shall be subject to the same management controls and scheduling requirements as any other portion of the project;
 4. that a record of any all expenditures provided by a third party under this agreement, along with all related records shall be subject to audit or review by the Commission;
 5. that the third-party entity agrees to abide by all schedules and requirements set forth by the project team and that if any claim or cost overrun is incurred by the project because of negligence or non-performance by the third party, the third party agrees to absorb the full cost of the claim and/or cost overruns;
 6. that to insure protection of the project the third party agrees either to put in place a bond or other financial instrument to provide for adequate liability protection in the event of a claim or cost overrun incurred by the project as a result of negligence or non-performance or that in the absence of a bond or financial instrument, the school district and third party agree to a plan for providing liability protection for the project that is deemed as acceptable by the Commission; and
 7. that the scope of work approved to be funded for school district credit by the third party shall adhere to the material and design specifications set forth in the Ohio School Design Manual.

The agreement shall also include stipulations that require an audit by the Commission of such expenditures made on behalf of the district and that specify the maximum amount of credit to be allowed for those expenditures. Upon completion of the construction or renovation, the Commission shall determine the actual amount that the Commission will credit, at the request of the district board, toward the district's portion of the basic project cost, any project cost overruns, or the basic project cost of future segments if the project has been divided into segments under section 3318.38 of the Revised Code. The actual amount of the credit shall not exceed the lesser of the amount specified in the agreement or the actual cost of the construction or renovation.

Upon completion of the scope of work identified in the agreement described above, the project team and the third party making the contribution shall meet to review the project and to determine the following: 1) that the scope of work is complete, acceptable, and in accordance with the material and design specifications set forth in the Ohio School Design Manual; 2) that the expenditures reported by the third party are accurate and supported by financial documentation maintained by the third party; and 3) the actual credit that the school district board will receive toward its local share of project costs and the impact that the credit awarded toward the local share of project costs will have on the overall project budget. Once the amount of credit is established and the impact on the overall project budget is determined, the Commission and the school district board will execute an amendment to the project agreement that reflects the changes to the overall state and school district shares of the project budget.