Budgeting and Fund Management Process

After the Master Facilities Plan and Scope of the Project have been determined, the Commission will provide a Project Budget Breakdown to the School District. The Project Budget Breakdown will establish the amount and line items of the Construction Budget and the Non-Construction Budget.

The components of the Construction Budget include:

- Basic Building Construction Cost
- Hazardous Material Abatement
- Loose Furnishings
- Technology
- Bid Contingency
- Construction Contingency

The components of the Non-Construction Budget include:

- Professional Design and Owner’s Agent Service Fees
- Land Survey
- Soil Borings/Phase I Environmental Report
- Agency Approval Fees
- Construction Testing
- Printing – Bid Documents
- Advertising for Bids
- Builder’s Risk Insurance
- Project Insurance
- Partnering
- Commissioning
- Maintenance Plan Advisor
• Non-Construction Contingency

An allowance is provided in the budget for demolition of facilities which are being replaced. A School District may use the demolition allowance for the partial demolition of a facility; however, the cost of any work to restore a partially demolished structure is not funded by the Commission, unless the partial demolition is required in the Master Facilities Plan for an addition. The state share of any unused portion of the demolition allowance shall be withheld by, or returned to, the Commission upon completion of the project.

The School District will establish a Project Construction Fund (the “Fund”) for both the state and local shares of the project, by using special cost centers. All investment earnings of the Fund shall be credited to the Fund and held as a contingency reserve to pay costs of the project. The School District shall maintain a separate accounting of the investment earnings attributable to the respective contributions to the Fund by the School District and the Commission.

The School District Board may, in accordance with Ohio Revised Code (“R.C.”) Section 3318.12(B)(2), and by a duly adopted resolution, choose to use all or part of the investment earnings of the School District’s project construction fund that are attributable to the School District’s contribution to the fund to pay the cost of classroom facilities or portions or components of classroom facilities that are not included in the School District’s basic project cost but that are related to the School District’s project. However, if the School District Board chooses to use any or all the investment earnings in this manner, and, subsequently, the cost of the project exceeds the amount in the project construction fund, the School District Board shall restore to the project construction fund the full amount of the investment earnings used under R.C. Section 3318.12(B)(2), before any additional state moneys shall be released for the project.

The Commission may approve exchanges between the budgets for separate facilities within a district. The Commission may approve increases and decreases within the line items of the Construction Budget, but will reject a proposal to forego completing a scope of work indicated in the Master Facilities Plan. If it is not necessary to use the funds in a line item in the Non-Construction Budget, the funds become a contingency within the Non-Construction Budget and may be used to pay costs of the project, as approved by the Commission.

The Construction Contingency of the Construction Budget shall be used only to pay costs resulting from unforeseen job conditions, to comply with rulings regarding building and other codes, to pay costs related to design clarifications or corrections to contract documents, and to pay the cost of settlements and judgments related to the project, unless otherwise approved by the Commission.

In the event there appears to be a budget surplus during any phase of the Project, the Commission will not approve increasing the scope of the Project beyond the standards, specifications and recommended alternatives provided in the Design Manual, or adding square footage. The Commission will not approve the use of project dollars to fund systems that exceed the standards set forth in the Design Manual. If a School District desires to exceed design standards and procure these systems, an alternate bid process may be used to establish the differential between that system or material and those provided in the Design Manual. The School District would be required to pay the additional cost to the project for the Commission to accept the alternative.

While the Commission will not approve the use of project dollars to increase the scope of the Project, in the event a surplus in the project budget (the amount originally approved by the Commission, the Ohio
Controlling Board, and local Board of Education) exists once Project scope is satisfied, the School District may submit a list of alternate items that it would like to add to the Project and that are supported by the Design Manual. This list should be prioritized and would be funded to the extent that any budget surplus exists. Items proposed for additional funding may not include additional construction, but should instead be limited to such things as loose furnishings, equipment, and other facilities assets supported by the Design Manual.

Should the Construction Contingency become depleted, the first source of money used to replenish it will be the investment earnings credited to the Fund (both state and local). If the Fund, including all investment earnings credited to the Fund, becomes depleted by payments of proper project costs, and the School District and Commission agree to complete the project, then both the School District and the Commission will contribute additional moneys to the Fund in proportion to their respective initial contribution to the Fund, pursuant to R.C. Section 3318.083.

If any moneys remain in the Fund after the project has been completed, any investment earnings remaining in the Fund that are attributed to the School District’s contribution to the Fund shall be retained in the project construction fund for future projects; transferred to the School District’s Maintenance Fund for the project; or transferred to the School District’s permanent improvement fund. Any investment earnings remaining in the Fund that are attributable to the state’s contribution to the Fund shall be transferred to the Commission. Any other moneys remaining in the Fund shall be transferred to the Commission and the School District in proportion to their respective contributions to the Fund.

**Legal Expenses**

The Commission will not approve the use of funds in the Project Construction Fund for legal services retained by a School District, except in cases when the Commission and School District have executed a Joint Defense and Confidentiality Agreement.

**Bond Sale and Other Financing Costs**

The Commission will not approve the use of funds in the Project Construction Fund for bond sale costs such as bond counsel fees, printing costs and rating service fees. These costs are typically accounted for within the bond sale transaction, before any deposit to the Project Construction Fund is made. Similarly, other transaction costs for alternate revenue sources, such as lease purchase arrangements, are not eligible.

**District Owner Representative Services**

The Commission will not approve the use of funds in the Project Construction Fund for services contracted by a School District to coordinate the activities of the School District or the Board of Education for a project.