

History of the K-12 Program

The Ohio School Facilities Commission (OSFC) was created in 1997 through the passage of Senate Bill 102 of the 122nd General Assembly. The state had previously funded the construction of school buildings through the Ohio Department of Education (ODE), with funds appropriated for school construction from 1957 to 1997 totaling \$508 million.

The Commission's creation was the direct result of the first Supreme Court decision related to *DeRolph vs. Ohio*, the school finance case that ended with the determination that the state's school funding system was unconstitutional. A specific section of the decision by the Ohio Supreme Court stated that the state's facilities funding program was unconstitutional, but only in as far as it was underfunded.

OSFC became responsible for the administration of the state's Building Assistance Program, which was then an application-based program with limited resources per district. Building Assistance was repurposed into the **Classroom Facilities Assistance Program (CFAP)**, a deliberate contrast to previous attempts at state funding of local school facilities.

The following are fundamental principles embedded in CFAP, which have continued throughout the K-12 program since its inception:

- **Increased and sustained funding.** Funding from 1957 to 1997 had averaged \$13 million per year, which was inadequate and unpredictable. Program funding increased and has been sustained to an average of \$570 million per year since 1997.
- **Objective funding process.** The previous application-based program was subjective. S.B. 102 created an objective formula that co-funded facility projects based upon a prescribed calculation of a district's relative wealth based on property value, updated annually. The formula determined both the priority order of funding and the amount of state/local share, giving both a higher priority and more state funding to districts that were determined to be lower in wealth.
- **Whole district, master planned approach.** The previous program typically funded single building projects. S.B. 102 required OSFC to address the facility needs of an entire district, from kindergarten through grade 12 through the development of a Master Facility Plan (MFP) for the entire district.
- **Minimum quality standards.** Previously there were no statewide standards for school construction quality. S.B. 102 required the development of a series of guidelines, specifications and estimating tools which became the **Ohio School Design Manual (OSDM)**.

In addition to CFAP, S.B. 102 established the **Big 8 Program**, which funded major repairs and renovations to the eight largest urban districts. Because of the many immediate needs of Ohio's districts, that same year H.B. 215 created two other limited duration programs: the **Emergency Repair Program**, which directed funds to eligible districts to repair their most urgent needs; and the **ADA Program**, which supplied grants to districts to assist in compliance with the Americans with Disabilities Act.

As the Commission moved forward with its work on the state's highest priority districts, it became apparent that there were still a number of districts with immediate facility needs that were not yet eligible for funding. In 1999 Am. Sub. H.B. 850 established the **Exceptional Needs Program (ENP)**, at that time a pilot program which allowed OSFC to serve districts not yet eligible for funding, but that had an immediate need for building assistance to protect the health and safety of staff and students. It was later followed by Sub. H.B. 245 in 2000 which established the **Expedited Local Partnership Program (ELPP)**. This pilot program allowed districts to fund a portion of their Master Facility Plan with local funding only, in exchange for a credit against their local share once they became eligible for state funding. It allowed districts to move forward with some of their desired work without losing the benefits of CFAP.

The Commission's primary responsibility had been the management of **Rebuilding Ohio's Schools**, a comprehensive program to rebuild all of Ohio's aging school facilities. The General Assembly adopted the

framework for Rebuilding Ohio's Schools in Senate Bill 272, which became effective in 2000. This legislation codified programs that accelerated funding to the state's urban districts and made the Exceptional Needs and Expedited Local Partnership programs permanent.

S.B. 272's **Accelerated Urban Program** provided for the assessment of all facilities within the state's six largest urban districts – Akron, Cincinnati, Cleveland, Columbus, Dayton, and Toledo – all of which were not yet eligible for state funding through CFAP. Master Facility Plans were to be developed for those districts within the next two years. The bill addressed the enormity of the work that needed to be done by adding two provisions: 1) the ability of the urban districts to address their projects in segments, and 2) allowing all districts to use alternative sources of funding beyond property tax bond levies to fund their local share of a project.

OSFC began planning for career-technical education facilities in 2001 and began funding these facilities in 2002 with the enactment of H.B. 675. This law created the **Vocational Facilities Assistance Program (VFAP)**, which provided classroom facilities assistance to joint vocational school districts (JVSDs) and set aside an initial capital appropriation for this purpose. VFAP was modeled after CFAP, establishing an equity ranking list based upon wealth for JVSDs. It also allowed JVSDs not yet participating in the program to move ahead with portions of their projects by spending local funds first, creating an ELPP option for JVSDs.

Recognizing the Rebuilding Ohio's Schools growing potential for positive impact on our local communities and the environment, OSFC implemented several changes over the next few years. Starting in 2006, OSFC-funded projects included a requirement that subcontracts meet small and disadvantaged business participation goals. The new requirements reflect OSFC's implementation of the state's **Encouraging Diversity, Growth and Equity (EDGE) Program**. In 2007 the Commission initiated a "green schools" program by adopting a resolution that all future OSFC-funded projects would be designed in an effort to meet the U.S. Green Building Council's *LEED for Schools* standards. **LEED for Schools** is a comprehensive tool that considers sustainable and energy efficient design and construction practices.

In 2007, the Commission began receiving the majority of funding proceeds from securitization of the **Tobacco Master Settlement Agreement (MSA) Fund**. From 2007 through 2011, the Commission received \$4.1 billion in funding from this source. This period represented the highest five years of annual funding thus far appropriated to the Commission for K-12 projects.

In 2008 the Commission approved a policy for **segmenting** projects, putting into place a change in statute from H.B. 562. Under previous law, only the "Big 6" urban districts were allowed to subdivide their CFAP projects into smaller segments. For all other districts, the only option was to execute a master plan for the entire facility needs of the district and raise the local share of that entire project. It is important to note that while districts had new flexibility to undertake a master plan in segments, OSFC and the district still mutually agreed to the entire master plan, consistent with the fundamentals envisioned in the original program.

In 2008 the General Assembly passed H.B. 266, which authorized OSFC to create the **Corrective Action** grants program. These funds were to be used to fix work found to be defective or omitted from an OSFC-funded school construction project. Later the grant funded element was eliminated, and the Corrective Action Program required co-funding similar to other OSFC programs.

In 2009 H.B. 1, a comprehensive and sweeping set of education reforms, was signed into law. In light of these reforms, the Commission undertook a substantive review of its school construction programs to ensure it was supporting the appropriate delivery of Ohio's new educational programs. This strategic alignment, formalized by Commission resolution as the **21st Century Learning Environments** initiative, included changes in classroom design, facility assessment practices, and collaboration with local partners on school projects.

Concurrently in 2008-2009, the Ohio Construction Reform Panel was created to discuss and recommend fundamental changes in the way Ohio manages public construction. The panel's 2009 report led to landmark construction reform legislation, first with H.B. 153 in 2011 and second with H.B. 487 in 2012.

While H.B. 153 changed public construction laws, practices and contracts statewide, H.B. 487 was narrower in focus, reorganizing state government to consolidate public construction operations. The law merged the operations of the State Architect's Office (SAO) and the Ohio School Facilities Commission (OSFC) into the newly created Ohio Facilities Construction Commission (OFCC). The new Commission was charged with guiding capital projects for state agencies, state-supported universities and community colleges, and most of Ohio's public K-12 schools. In 2012 **OFCC began operations**, with the OSFC remaining as a separate commission under OFCC, sharing staff and administration.

During the next four years the General Assembly created two new programs designed to address a specific issue in all schools statewide. The **School Security Grant Program** was created by H.B. 59 in 2013 to provide grant funding for facility-related security measures, such as secure entrances and emergency communication systems. Later in 2016, H.B. 390 created the **Lead Plumbing Fixture Replacement Assistance Grant Program** to provide grant funding to eligible schools to reimburse for the sampling and replacement of plumbing fixtures that were found to be the cause of lead in school drinking water. These grant programs differed from previous OSFC programs in that no local matching funds were required, and for the first time, private schools were eligible for OSFC funding.

While these two previously mentioned grant programs expanded eligibility to private schools, two other programs expanded eligibility to additional types of public schools. The **Community Schools Classroom Facilities Grant Program** was created by H.B. 64 in 2015 to award facility grants to certain high-performing community schools on a competitive basis. The same legislation expanded state facility funding eligibility to **STEM Schools**.

In 2017 H.B. 49 established the 1:1 School Facilities Option Program, now known as the **Alternative Facilities Assistance Program (AFAP)**. Under this program, the Commission offered a reduced portion of projected state funds to assist eligible districts in implementing a project consistent with the district's Master Facilities Plan and meeting the standards of the OSDM. In consideration for the reduced state share, the district had more flexibility to create its own reduced scope of work for the project.

H.B. 49 also merged all authorities and duties of the OSFC into the OFCC. **OSFC ceased to exist** as a separate commission on September 29, 2017, twenty years after its establishment in 1997. OFCC continues to administer the K-12 facility programs today.

Historical Perspective on K-12 Program Changes

Throughout its history, the K-12 program has continued to evolve while remaining generally consistent with its initial founding principles.

Legislative changes have been made most commonly to expand participation and flexibility. Expansion changes consistent with the Commission's fundamental wealth-based funding formula include VFAP, ELPP, Segmenting, and AFAP. Expansion into community schools and STEM schools represent funding priorities based on factors other than the standard wealth-based formula.

Other legislative changes have been to recognize and address urgent facility conditions, independent of school district wealth. The Emergency Repair program addressed this need temporarily, while ENP created a permanent program to consider exceptional facility needs.

On occasion the General Assembly chose to address a single issue for all schools statewide, regardless of wealth or master plan status. Examples include ADA, school security, and lead plumbing.

Changes from commission-level actions have generally been driven by best practices and consistency with larger initiatives, e.g. 21st Century Learning Environment, EDGE, LEED for Schools, and the creation of OFCC. More routine changes not reflected in the narrative are made on a regular basis, such as annual updates to the OSDM and the annual recalculation of the equity list.

Some of these changes represent a departure from the K-12 principles of master planning or wealth-based funding. However, the overwhelming majority (91%) of the \$12 billion in state funding for K-12 programs through 2018 has been provided through the wealth-based funding process. About 7% of the funding has been provided based upon urgent facility conditions, and the remaining 1% has been directed to programs addressing a single issue statewide.