



**Looking Forward,  
Looking Back,  
Looking in the Mirror:**



**Executive Director's  
Review of the  
Ohio School Facilities  
Commission**



**April 2007**

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## *Message from the Executive Director*

At its February meeting, the Ohio School Facilities Commission charged me with the task of reviewing the goals, programs and funding of Ohio's mission to build school facilities. I am reporting the results of this review for your consideration.

The review process was based on my experience as a legislator, Commission Member, and educator, and on observations from many people who care about the places where children learn. During my first two months as Executive Director, I have heard from OSFC staff, school district administrators, construction trade organizations, legislators, and others who are interested in how we build school facilities in Ohio.

I am pleased to report that OSFC's fundamental underpinnings remain strong, as does the commitment that every child in the state should be able to attend a school that is bright, well-ventilated, physically accessible, well equipped, and conducive to learning.

As with any program of this magnitude, there are opportunities for improvement. This review includes several findings. The most basic of which is that OSFC must be more closely aligned with the educational community. The word "School" precedes "Facilities" in our name and our efforts must always reflect that our mission is to support the educational needs of Ohio's children.

This review addresses:

- Commitment to Districts
- School Facilities Program Goals
- Program Costs
- Program Review
  - Looking Forward: Districts Not Yet Served
  - Looking Back: Districts Already Served
  - Looking in the Mirror
- Options for Long Term Funding

## Commitment to Districts

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OSFC was created in 1997 as a separate state agency to oversee the rebuilding of Ohio's public schools. Prior to its creation, a limited state school construction program was administered by the Ohio Department of Education. A 1997 report by the General Accounting Office ranked Ohio last out of all 50 states in dollars spent per student on school facilities. Journalist and commentator Bill Moyers spotlighted Ohio's old, unsafe, deplorable buildings in a national documentary on inequalities in America's school facilities.

In the *DeRolph* case, the Ohio Supreme Court ruled that school facilities construction in Ohio was underfunded and that it was a state responsibility to ensure proper learning environments for students. The continued funding of the Commission is a continued commitment of state funding to every public school district to improve educational opportunities.

The General Assembly has displayed an unwavering commitment to this program and the school districts it serves. The compelling need for safe and educationally appropriate facilities existed since 1997 and continues today. While the Commission has addressed many of the facility needs across the state, too many of our children still attend inadequate schools. The concept of equity calls for us to ensure that any district that has a need is able to participate in an OSFC-funded program.



## Ohio School Facilities Program Goals

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OSFC has disbursed over \$5 billion for construction and renovation of school facilities to date. Each project has been a partnership between the Commission and school district – with shared funding, oversight, decision-making, and assumption of risk. There are four goals that are central to ensuring the continued success of the school building program.



### ***Build high-quality school facilities***

Educational achievement is accelerated when students have the opportunity to learn and teachers have the opportunity to teach in buildings that are built for educational delivery in the 21<sup>st</sup> century. Through its programs and its willingness to adapt to specific situations, the Commission will continue to meet the needs of each district while maintaining a statewide standard of quality and accountability.

OSFC has a number of quality control processes. Going forward, OSFC will focus on quality construction even more aggressively. The Commission's resolution 07-16 regarding responsible bidder criteria and standards is an important tool. Another is the use of performance measures that will quantitatively highlight successful practices and areas for improvements. We will also have staff positions dedicated to quality assurance. I have hired a construction administrator who will support our project administrators and construction managers in quickly addressing issues during the building process.



### ***Build school facilities that reflect Ohio's educational program***

One of Governor Strickland's Turnaround Ohio initiatives calls for "...schools that work for every child by giving teachers the tools and technology they need to stimulate creative, problem-solving students to power Ohio's 21st century economy."

OSFC is committed to the continual review of all aspects of its programs and the enhancement of its ongoing relationships with the Ohio Department of Education (ODE). We must strengthen our collaboration with the educational community to ensure that the schools we build fulfill their primary objective of enhancing education. Our schools must reflect the curriculum requirements and standards established by the State Board of Education. They must also reflect the manner in which individual school districts choose to implement those standards.

The Commission has strong ties with ODE, eTech Ohio, education associations such as Buckeye Association of School Administrators (BASA), Ohio School Boards Association (OSBA), and other groups. OSFC will more actively reach out to the educational community through education associations such as those listed above, and by engaging in open conversation with the teachers who are on the front lines of delivering Ohio's educational program.



### ***Enhance the partnership with the school districts we serve***

The legacy of this program is reflected in each facility we leave behind. OSFC works closely with school districts during all phases of a building project including planning, design, and construction. However, the partnership can be improved through such measures as post-project debriefings. Teachers and administrators who actually use the buildings can provide critical information on how well the design standards translate into student achievement. Local officials and community groups involved in the project can also provide valuable feedback. OSFC is committed to expanding its current evaluation process to allow for increased objective input on our programs.

Through the partnership with the districts, we enter into a relationship with the wider community. We recognize that these facilities are centers of the community and will continue to encourage local partnerships with health clinics, YMCAs/YWCAs, arts organizations, adult learning programs, libraries, and other community resources. There are wonderful examples of how these types of relationships work for their communities.



### ***Preserve equity while addressing the needs of the districts***

In his State of the State speech, Governor Strickland addressed the importance of providing an adequate education to all Ohio children when he said, “where you grow up in Ohio should not determine where you end up in life.”

OSFC must continue to provide an environment of stability in its programs so that school districts can make reasonable assumptions about addressing their facility needs. OSFC has been able to offer funding to districts from the lowest ranking district in terms of local property wealth to number 243 on the most current eligibility ranking list. We have reached the 40th percentile of districts. With the support of the Governor and the General Assembly, OSFC will be able to reach districts in the 50<sup>th</sup> percentile within the next three years.



## Program Costs

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Currently, the four primary programs administered by the Commission are the Classroom Facilities Assistance Program (CFAP), the Exceptional Needs Program (ENP), the Vocational Facilities Assistance Program (VFAP), and the Expedited Local Partnership Program (ELPP). The first three of these involve state funding for school construction, and include over 99 percent of the annual capital spending of the Commission.

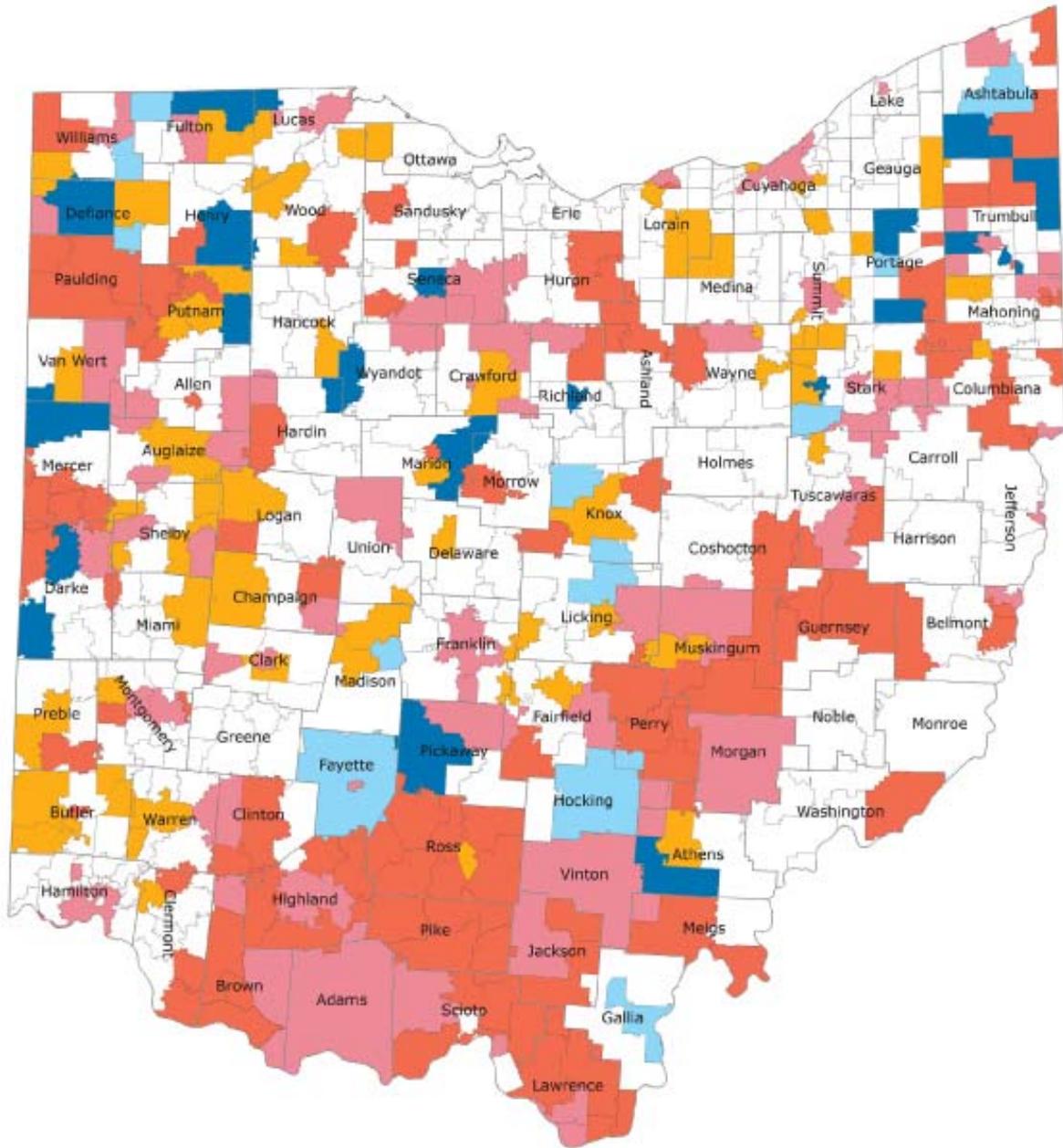
In the early years of the Commission, there were significant state funds dedicated to other programs, including the Emergency Repair Program (\$120 million), Big Eight Assistance Program (\$120 million), and Disability Access Program (\$10 million.) No new funds have been appropriated for these programs since 2000 and they are in various stages of close-out. OSFC also administers a community school loan guarantee program that has approximately \$1.5 million remaining of a \$10 million pool of funds for loan guarantees for renovations to community schools.

The four primary programs all offer a state partnership to local school districts to build or renovate schools. Though the different programs may affect the timing of when a school district or a part of the district is served, as well as the timing of the flow of state and local funds, the four programs work in concert toward the goal of providing appropriate facilities to the 612 school districts and 49 joint vocational districts in Ohio.

The best estimate for the total state cost of offering funding to all these school districts is \$14.85 billion. This includes \$299 million for the Vocational Facilities Assistance Program. From Fiscal Year 1998 to present, \$5.53 billion in revenue has been provided. OSFC projects that an additional \$9.32 billion in additional revenue will be needed to complete the program.

These amounts are estimates, based on many assumptions including participation rate, timing, and construction inflation rate. They assume continuation of current law. They also include the projected obligations to districts participating in the Urban Initiative and the Expedited Local Partnership Program. Under the Classroom Facilities Assistance Program's Urban Initiative, more than 20 buildings have been opened with 300 buildings remaining to be renovated or rebuilt. Under the Expedited Program, more than 87 school districts have pursued projects totaling \$1.4 billion based upon the expectation of state funding in the future. Eighteen of the ELPP districts have gone forward to participate in one of the OSFC's funded programs.

The primary basis for the estimates is the budgeted costs in the approved master facilities plans. These plans are based on an item-by-item renovation estimate for each existing building, square footage cost estimate for additions or new construction, projected enrollment and decisions approved by school board and OSFC including building choices such as grade configuration, size, and renovation or new construction. The total cost estimate is based on data from approximately 380 approved master facilities plans, and estimates for the remaining districts.



<b>CFAP Projects Finished (109 Districts)</b>	
Local Share	\$448,251,389
State Share	\$2,357,489,510
<b>Total Project Cost</b>	<b>\$2,805,740,899</b>

<b>CFAP Projects Underway (64 Districts)</b>	
Local Share	\$779,711,169
State Share	\$2,533,880,778
<b>Total Project Cost</b>	<b>\$3,313,591,947</b>

<b>UI Projects Underway (6 Districts)</b>	
Local Share	\$2,728,932,497
State Share	\$2,881,279,141
<b>Total Project Cost</b>	<b>\$5,610,211,638</b>

### OSFC Project Status as of 12/31/2006

<b>VFAP Projects Underway (6 Districts)</b>	
Local Share	\$22,499,755
State Share	\$67,499,755
<b>Total Project Cost</b>	<b>\$89,999,020</b>
(VFAP districts not shown on map)	

<b>ENP Project Finished (21 Districts)</b>	
Local Share	\$173,703,874
State Share	\$295,957,022
<b>Total Project Cost</b>	<b>\$469,660,896</b>

<b>ENP Project Underway (12 Districts)</b>	
Local Share	\$103,451,132
State Share	\$195,341,376
<b>Total Project Cost</b>	<b>\$298,792,508</b>

<b>ELPP Projects (69 Districts)</b>	
Districts with ELPP Credit pending	

## Program Review

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### *Looking Forward: Districts Not Yet Served*

As we move up the eligibility ranking list, the expectations of the program change. The conditions faced by the early districts required closely adhering to the “full fix” standard, where OSFC worked to ensure that 100 percent of the student population was provided new or completely renovated classroom space. This standard ensured that students within the district were not subject to disparate treatment, with some students in new or completely renovated buildings while other students were attending less suitable schools. “Full fix” may have a different look in districts that have a mix of newer and older facilities. Their needs are just as important – but they may be slightly different than previously encountered by OSFC. In response, OSFC staff developed a guideline that accounts for recent construction or renovation projects that a district completed prior to participating in OSFC-funded programs.

Another issue is the challenges that are facing high growth districts. Many of these districts are dealing with over-crowded conditions that are detrimental to their student’s educational environment. I propose the Commission explore expanding the qualifications for participation in the Exceptional Needs Program to include factors such as severe overcrowding.

As the Classroom Facilities Assistance Program moves forward, we must do more to incorporate energy conscious design and embrace the concepts of environmentally sustainable buildings. OSFC has contracted with experts in these areas to examine where our design standards promote energy conscious design, where the standards impede those efforts, and to make recommendations that are consistent with best practices. This study supports the direction given by the previous General Assembly in House Bill 251 to compare OSFC design manual standards with the Leadership in Environmental and Energy Design (LEED) for Schools standards. The OSFC study will look at LEED for Schools, as well as other practices that incorporate environmentally sustainable goals.

An additional opportunity for improvement comes as we more fully recognize the impact this program has on the economy of local communities. We will ensure that small, socially disadvantaged businesses are engaged in our program. In exploring ways to quantify the economic impact, we will more actively seek out the resources at the Ohio Department of Development. We will also seek that agency’s support in working with local economic development organizations as communities plan these new facilities.



### *Looking Back: Districts Already Served*

A team of well-respected educators from Antioch McGregor University in Yellow Springs is currently visiting a select number of districts that have completed OSFC-funded projects. They are listening to school administrators, teachers and support staff who are working in new facilities. The team is assembling success stories and lessons learned from the perspective of educational professionals. The intent is to translate the experiences of districts already served in a way that will assist new districts. The Antioch McGregor report will be completed this summer, but one preliminary finding suggests that OSFC can do a better job of assisting districts in translating their educational plan to architects and design professionals.

While we must continually work to address the needs of districts that are in line to be served by our programs, we must also recognize that districts already served will have repair and replacement needs as their facilities age. The maintenance plans and the ½ mill maintenance levy provided for each project, as well as the recent state funds to equalize this amount, serve a vital purpose, but may not always be adequate for major repairs. To that end, I am meeting with districts to determine what their needs are and if additional resources will be required to address those needs.



### *Looking in the Mirror*

BASA is scheduling several “town hall” meetings with groups of teachers and administrators to discuss the classroom facilities program from every phase – planning, construction, post-occupancy and maintenance. There is no set agenda. This is just an opportunity for educators to talk and for me to listen. These town hall meetings are just one example of the direction I intend to take OSFC – we have a wealth of construction expertise that should be augmented with the educational expertise that exists in every district. Open and frequent communication about the educational experience is necessary for our continued success.

Another vital component in improving our programs, processes and procedures is listening to the expertise that resides with the OSFC staff. While this document represents a review of OSFC programs, the review is on-going. Our staff members are continually making recommendations that will improve the efficiency of this agency. Those ideas are “bubbling up” from every part of our organization. I anticipate being able to report many of these ideas to the Commission in the coming months.

## Options for Long Term Funding

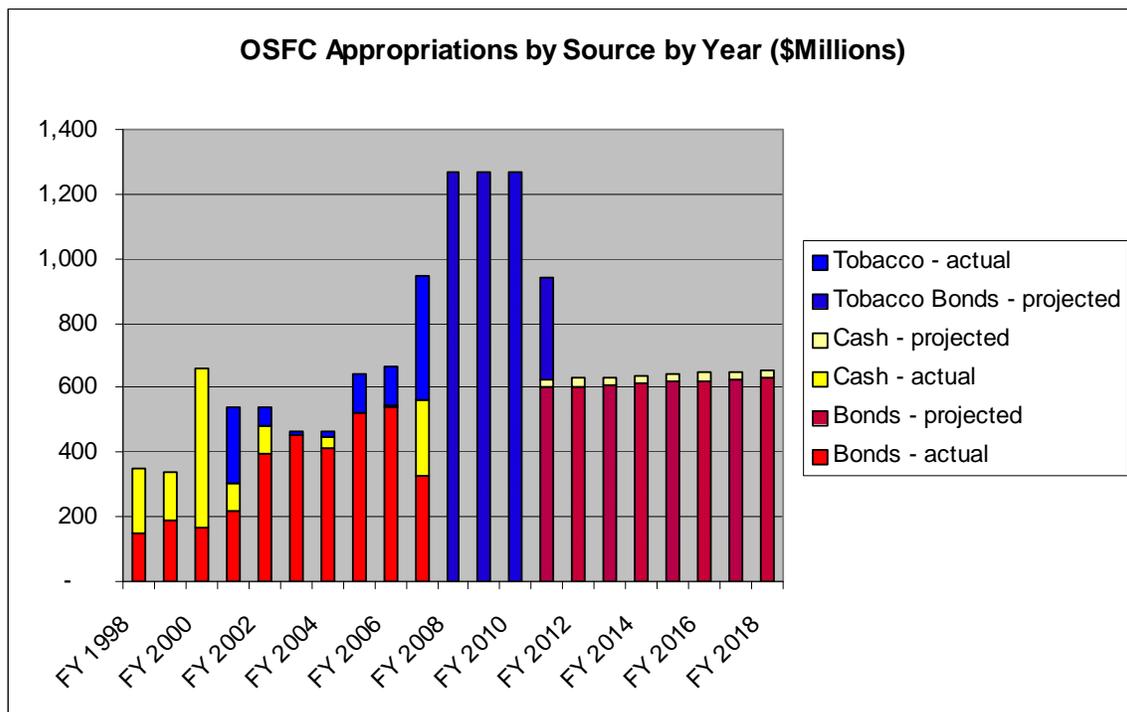
The commitment to improving the facilities for Ohio's school children is a commitment that extends across all the school districts in the state. A key to the success of the overall classroom facilities program is a funding plan which looks out into the coming decade for realistic and achievable yearly revenue targets, coupled with an informed estimate of the spending needs.

As stated earlier, the best current estimate of the additional revenue needed to offer funding to all school districts is \$9.32 billion over the next nine years.

The revenue plan to meet this need starts with the tobacco securitization plan outlined by Governor Strickland in March 2007, in his proposed operating budget. This plan centers on a \$4.1 billion deposit into OSFC's building fund in late 2007. This deposit would allow the OSFC to begin projects in more districts right away, and accelerate the funding offers to districts that have not yet been served.

To assist districts with their community planning and their decision to accept funding during this period of acceleration, I propose that the FY 2007 eligibility ranking list be used to determine the priority order for all districts funded during the securitization period.

The commitment to resources cannot end there. A plan for the remaining revenue extends until FY 2018.



The funding of OSFC's programs in the first ten years of its history relied on the combination of three revenue streams: GRF-backed bonds, tobacco settlement funds, and cash transfers from the GRF and other funds. With the anticipated \$4.1 billion in tobacco securitization funds (essentially a one-time "pay-out" repaid over time by the State's yearly tobacco settlement payments), almost all spending in the next three fiscal years from other revenue sources will cease. This is due to the spend-down requirements of the securitization, to meet the tax conditions of the issuance. After that three-year window, ending in late 2010, GRF-backed bonds will become once again the primary revenue source for the Commission's programs.

Under this long-term funding plan, OSFC would be able to increase the number of districts served in the next cycle, from the earlier estimate of 30 to a revised estimate of 45. The timing of the offers would also be accelerated. Instead of a yearly cycle with all offers of state funding being approved by the Commission at the start of the fiscal year, in July 2008, OSFC would be able to offer funding to many of the districts in late 2007. This accelerated option would be available to school districts that would be ready to act quickly, would want to take advantage of the offer, and would want to seek bond funding in the May 2008 election. Other districts that would desire more preparation time would have the option of continuing on the normal approval cycle, including Commission approval in July 2008, in advance of possible November 2008 approval of bonds.

### *Final Thoughts*

Our effectiveness as an agency is not in the number of buildings we build, but in how well we manage the quality of the facilities we build, how effectively those buildings allow districts to present their educational programs, and how efficient we are in building these structures within a reasonable budget.

I believe we have a moral obligation to our children to provide them with build healthy, accessible, technology-rich facilities that will be community assets for generations to come. I look forward to working with the staff to bring to you initiatives that will improve the schools we build. This review is a starting point and frame of reference for the recommendations we will be bringing to you for consideration in the coming months.

