



HOW DOES THE FUNDING WORK?

How to pay for the local share of a school facilities project is a crucial question facing every district entering an OSFC program.

OHIO SCHOOL FACILITIES COMMISSION

PARTNERSHIP BETWEEN THE STATE AND SCHOOL DISTRICT

Ohio's school facilities construction program is a partnership between the state and the local school district in both funding and management. In addition to increasing public accountability, this arrangement brings statewide expertise in assessment, planning, and contracting, along with knowledge of the construction industry to each school district. The local district provides their local funding share and knowledge of the district's educational needs. Consistent with the theory of "shared responsibility," state law requires the local district to pay a portion of the overall cost of an OSFC-funded project.

HOW IS THE LOCAL SHARE DETERMINED?

The amount depends on the district's placement on a yearly eligibility ranking list compiled by the Ohio Department of Education. The total of the value of all taxable property in a district is divided by the number of students the district serves. This figure is known as the "valuation per pupil." A district with a large valuation per pupil is considered to be better able to raise funds locally, so it is both lower in priority and receives a lower state share of funding.



Akron Public School District

STATE FUNDING SHARE

The Commission serves as a funding partner for school districts to finance their school building projects. The state provides the difference between the total cost and the local share. The amount of state funds to be encumbered for a project in each fiscal biennium is determined by the Commission based upon a project's estimated construction schedule for that biennium. For each project, the Commission transfers funds to the project construction fund held by the school district. The school district must submit quarterly draw requests to the Commission for approval.



Allen East Local School District

LOCAL FUNDING SHARE

Varying with the district's assessed property valuation per pupil, the district will pay a local share or percentage of the total project cost. For most districts, the local share is the total cost of the project multiplied by the eligibility ranking list percentile.

School districts must also raise the equivalent of one-half mill for each dollar of valuation for the maintenance of the new or renovated facilities. The district may elect to satisfy its local maintenance requirement by earmarking the proceeds of an existing continuing permanent improvement tax. A district can also satisfy the requirement by applying the proceeds of a property tax, an income tax, or a combination of the two.

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HOW CAN LOCAL DISTRICTS RAISE FUNDS?

In Ohio, school districts can raise the local share of a school facilities project through a number of methods including cash on hand and contributions from outside sources. The most common method, however, is through the passage of a property tax to raise money to sell bonds.

WHY DOES PROPERTY VALUE MATTER?

Whether for operational expenses or facilities construction, Ohio schools are primarily funded through property taxes.

County auditors assess the value of homes and businesses, along with the land on which the structures sit. The value placed on your home for tax purposes does not equal the value of your house if you sold it. The value for tax purposes is 35% of the auditor's property value.

Taxes are based on a factor called "millage," which is applied to the value of a property. A "mill" is 1/10th of a cent. Therefore, for every \$1,000 a house is valued, a mill produces \$1 in yearly revenue.

HOW MUCH WOULD I PAY?

If your house has a property value of \$100,000, then it has a taxable value of \$35,000. As a result, for each mill of tax in effect in your district, you pay \$35 in taxes each year. A tax issue of 5 mills to raise money for a school facilities project would mean an additional \$175 per year – or \$14.58 per month until the bonds are repaid, typically in 26-30 years (less appropriate rollbacks).

HOW DOES THE FUNDING WORK FOR THE COMMISSION'S EXPEDITED LOCAL PARTNERSHIP PROGRAM?

In other OSFC programs, such as the Classroom Facilities Assistance Program (CFAP) or the Exceptional Need Program (ENP), the project costs for all of the



Joseph Badger School District

approved work are funded from both state and local funds. Districts who have not yet reached eligibility for funding under either of those two programs may still proceed with needed facilities work, however, using the Expedited Local Partnership Program (ELPP).

In ELPP, once the district and the Commission have reached agreement on a facility plan for the district, the district chooses a specific portion of the plan to do with local funding only. Once the district becomes eligible for CFAP, any qualified expenditures they have made under ELPP are counted towards the local share needed for their project.

This program gives districts the option of moving forward on needed facilities work now, instead of waiting for state funding. Under some circumstances, it can also help lower the overall cost of a project for a district. It is important to note, however, that participation does not make a district eligible for state funding any sooner than it would normally be.

ABOUT THE COMMISSION

Established in 1997, the Ohio School Facilities Commission administers the state's comprehensive Kindergarten through 12th grade public school construction program. The agency helps school districts fund, plan, design, and build or renovate schools.