



Ohio Legislative Service Commission

Bill Analysis

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H.B. 447

130th General Assembly
(As Introduced)

Reps. Lynch, J. Adams, Patterson, Roegner, Sprague, Stebelton, Thompson

BILL SUMMARY

- Permits a city, local, or exempted village school district resulting from the consolidation of two or more school districts to apply to the School Facilities Commission for a loan of up to \$10 million for the purpose of constructing a new classroom facility if specified conditions are satisfied.
- Makes an appropriation.

CONTENT AND OPERATION

Loan for the construction of a new classroom facility

The bill permits an eligible school district to apply to the School Facilities Commission, in a form and manner specified by the Commission, for a loan of up to \$10 million for the purpose of constructing a new classroom facility to meet the district's needs.¹ For purposes of this provision, an "eligible school district" is a city, local, or exempted village school district that meets all of the following conditions:

(1) The district results from the consolidation of two or more contiguous city, local, or exempted village school districts following a proposal for consolidation by the State Board of Education and a vote by the electors residing in the territory of the new district;²

(2) The consolidating districts are located in the same county, which has a population of less than 100,000 as of the most recent federal decennial census;

¹ R.C. 3318.75(B).

² See R.C. 3311.37, not in the bill.

(3) Each of the consolidating districts has a student enrollment of less than 1,700 students on the effective date of the consolidation;

(4) Neither of the consolidating districts has previously received assistance from the Commission (see "**Background on Commission programs**," below);

(5) Prior to the consolidation, the Commission determined, in a study conducted under the bill's provisions (see "**Study to identify savings from proposed consolidation of school districts**," below), that the school district resulting from the consolidation would be able to repay a loan made under the bill's provisions within 15 years after receiving the loan by using up to 80 per cent of the projected savings from consolidation.³

The Commission must adopt rules regarding the making and repayment of loans under the bill's provisions, including the interest rate for loans.⁴

Study to identify savings from proposed consolidation of school districts

The bill requires the Commission, upon the request of two or more districts that are seeking to consolidate into a single district that may be eligible for a loan under the bill's provisions, to conduct a study in order to identify any savings that could result from the proposed consolidation.⁵

Appropriation

The bill appropriates \$10 million for fiscal year 2015 that is to be used to award loans to school districts under the bill's provisions.⁶

Background on Commission programs

The School Facilities Commission administers several programs that provide state assistance to school districts and community schools in constructing classroom facilities. The main program, the Classroom Facilities Assistance Program, is designed to provide each city, exempted village, and local school district with partial funding to address all of the district's classroom facilities needs. It is a graduated, cost-sharing program where a district's portion of the total cost of the project and priority for funding are based on the district's relative wealth. Districts are ranked by wealth into

³ R.C. 3318.75(A).

⁴ R.C. 3318.75(C).

⁵ R.C. 3318.751.

⁶ Sections 2 and 3.



percentiles. The poorest districts are served first and receive a greater amount of state assistance than wealthier districts will receive when it is their turn to be served based on their respective wealth percentile. Other smaller programs address the particular needs of certain types of districts and schools but most assistance continues to be based on relative wealth.⁷

Except for a loan guarantee program for community schools, the Commission's existing programs do not loan state funds to schools but provide grants.

Generally, the Commission's funds are acquired by the sale of state bonds.

HISTORY

ACTION	DATE
Introduced	02-12-14

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⁷ Generally, R.C. Chapter 3318.

