



# Ohio Legislative Service Commission

## Bill Analysis

Carol Napp

### Sub. H.B. 447

130th General Assembly  
(As Reported by H. Education)

**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 or from the voluntary transfer of the entire territory of a school district 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.<sup>1</sup>

#### Eligible school district

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) Consolidation or transfer:** The district results from any of the following:

---

<sup>1</sup> R.C. 3318.75(B).

(a) 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;<sup>2</sup>

(b) The voluntary transfer of the entire territory of a school district following the adoption of a resolution to transfer the territory by the State Board (after the State Board conducts a study or a majority vote of the district board of education requests transfer of the entire district), a vote of the electors in the transferring district, and the approval of the board of education of the acquiring district;<sup>3</sup>

(c) The voluntary transfer of the entire territory of a school district following the district's filing of a proposal for transfer with the State Board (after obtaining written consent from 75% of the owners of parcels of real property on the tax duplicate within that district),<sup>4</sup> the State Board's approval or disapproval of the transfer after conducting a hearing, the district's adoption of a resolution transferring the territory after its approval by the State Board, and the acquiring district's adoption of a resolution accepting the transfer.<sup>5</sup>

**(2) The districts prior to consolidation or transfer:** With respect to the districts as they existed prior to the consolidation or transfer:

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

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

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

**(3) The eligible district's ability to repay a loan:** Prior to the district applying for a loan, the Department of Education, in consultation with the Commission and the Auditor of State, determined, in a study conducted under the bill's provisions (see "**Study to identify savings from proposed consolidation of school districts**," below), that the district resulting from the consolidation or transfer would be able to

---

<sup>2</sup> See R.C. 3311.37, not in the bill.

<sup>3</sup> R.C. 3311.38, not in the bill.

<sup>4</sup> R.C. 3311.24(A)(1)(a), not in the bill.

<sup>5</sup> R.C. 3311.24.

repay a loan made under the bill's provisions within 15 years after receiving the loan by using up to 80% of the savings from the consolidation or transfer.<sup>6</sup>

## **Rules**

The Commission must adopt rules regarding the making and repayment of loans under the bill's provisions.<sup>7</sup>

## **Study to identify savings from proposed consolidation of school districts**

The bill requires the Department of Education, upon the request of a district that may be eligible for a loan under the bill's provisions, to conduct a study in consultation with the School Facilities Commission and the Auditor of State in order to identify any savings that resulted from the consolidation or transfer that led to the district's formation.<sup>8</sup>

A district requesting a study must submit all of the following information to the Department, which the Department must use when conducting the study:<sup>9</sup>

(1) The district's effective tax rate;

(2) A description of the district's buildings obtained through the consolidation or transfer that led to the district's formation that have been or will be closed;

(3) The district's teacher and staffing levels.<sup>10</sup>

## **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.<sup>11</sup>

## **Background on Commission programs**

The School Facilities Commission administers several programs that provide state assistance to school districts and community schools in constructing classroom

---

<sup>6</sup> R.C. 3318.75(A).

<sup>7</sup> R.C. 3318.75(C).

<sup>8</sup> R.C. 3318.751(A).

<sup>9</sup> R.C. 3318.751(A) and (B).

<sup>10</sup> R.C. 3318.751(B).

<sup>11</sup> Sections 2 and 3.



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 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.<sup>12</sup>

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
Reported, H. Education	04-02-14

H0447-RH-130.docx/ks

---

<sup>12</sup> Generally, R.C. Chapter 3318.

