
Detailed Fiscal Analysis

The Classroom Facilities Assistance Program (CFAP), the main program of the School Facilities Commission (SFC), is a state and local partnership to rebuild all Ohio schools. The funding priority as well as the state and local shares of a project cost are largely determined by a district's percentile ranking in its three-year average valuation per pupil (with a small income adjustment). A school district with a lower percentile ranking (i.e., a lower wealth district) is generally served first and has a greater state share of the project cost than a district with a higher percentile ranking (i.e., a higher wealth district). Under current law, the Ohio Department of Education (ODE) is required to certify to SFC, by September 1st of each year, a list of school district percentile rankings in valuations per pupil. This percentile ranking list is also commonly known as the equity list. In a given fiscal year the prior year's equity list is used for purposes of determining CFAP funding eligibility as well as state and local shares of a project cost. Therefore, CFAP funding for FY 2009 is based on the equity list for FY 2008.

Am. Sub. H.B. 119 of the 127th General Assembly instituted a policy change to include a district's net gain in open enrollment students in its formula average daily membership (ADM) for purposes of calculating the district's valuation per pupil if the district's net gain in open enrollment student is at least 10% of its formula ADM.¹ With a constant total taxable valuation, adding additional students to a district's formula ADM effectively lowers the district's valuation per pupil, thus lowering the district's percentile ranking and allowing the district to be served sooner and receive a greater state share. This policy change took effect September 29, 2007, a date after the deadline by which ODE is required to certify the equity list for FY 2008. Therefore, the policy change made in Am. Sub. H.B. 119 will first affect the equity list for FY 2009, which will be used for CFAP funding in FY 2010.

The bill requires ODE, within 30 days of the bill's effective date, to calculate an alternate equity list for FY 2008. This alternate list is to include net open enrollment students in a district's formula ADM as required by H.B. 119 for purposes of calculating a district's valuation per pupil. SFC is to use this alternate list to determine FY 2009 CFAP funding for a district that has not previously been offered funding. The bill effectively allows school districts to start receiving the H.B. 119 benefits one year sooner, in FY 2009 instead of FY 2010. This alternate list, however, cannot affect a district's eligibility for funding in FY 2009 under the Exceptional Needs Program, an SFC program that addresses a district's acute health and safety issues before the district becomes eligible for CFAP funding. School districts ranked in the 75th percentile or below and certain large land area districts are eligible for funding under the Exceptional Needs Program.

According to the most current data received from ODE, about 47 districts receive lower percentile rankings in the alternate equity list for FY 2008. Of these 47 districts, 28 districts either have already been offered CFAP funding or have too high percentile rankings on the alternate list to be offered funding in FY 2009. SFC anticipates that many of the remaining 19 districts, shown in the table below, may be offered CFAP funding in FY 2009. As seen from the table, the differences in school

¹ A district's formula ADM generally includes students who are residents of the district. Open enrollment students are those nonresident students who enroll in the district through an interdistrict open enrollment policy.

district percentile rankings between the original and alternate equity lists for FY 2008 range from a thirty-seven percentile rank change for New Boston Local in Scioto County to a two-percentile rank change for Elgin Local in Marion County. Note that the number of districts, as well as their percentile rank changes, may be somewhat different by the time the final alternate list is calculated.

Comparison of Percentile Rankings for School Districts that May Be Served in FY 2009				
School Districts	County	Percentile Ranking – Original Equity List for FY 2008	Percentile Ranking – Alternate Equity List for FY 2008	Ranking Difference
New Boston Local SD	Scioto	49	12	-37
Old Fort Local SD	Seneca	53	25	-28
Fairport Harbor Ex Vill SD	Lake	72	50	-22
Pettisville Local SD	Fulton	39	18	-21
Weathersfield Local SD	Trumbull	58	40	-18
Franklin-Monroe Local SD	Darke	34	17	-17
Hopewell-Loudon Local SD	Seneca	67	52	-15
Botkins Local SD	Shelby	44	30	-14
Jefferson Township Local SD	Montgomery	48	35	-13
Shadyside Local SD	Belmont	57	45	-12
Clay Local SD	Scioto	32	20	-12
Ridgedale Local SD	Marion	52	41	-11
Arcadia Local SD	Hancock	59	49	-10
Western Reserve Local SD	Mahoning	56	46	-10
Pleasant Local SD	Marion	66	57	-9
Crestview Local SD	Columbiana	27	20	-7
Russia Local SD	Shelby	41	35	-6
College Corner Local SD	Preble	13	10	-3
Elgin Local SD	Marion	45	43	-2

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