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**Ohio School Facilities Commission**

10 West Broad Street, Suite 1400  
Columbus, Ohio 43215

*John R. Kasich*  
Governor

*Richard M. Hickman*  
Executive Director

**Testimony of Richard Hickman, Executive Director  
Ohio School Facilities Commission**

**Ohio Senate Finance Committee  
May 11, 2011**

Good morning, Chairman Widener and members of the Senate Finance Committee. I am Richard Hickman, the Executive Director of the Ohio School Facilities Commission. Thank you for the opportunity to testify on behalf of the OSFC's FY 2012-2013 operating budget request.

In 1997, a report by the General Accounting Office named Ohio as having some of the worst school facilities in the country. Journalist and commentator Bill Moyers spotlighted Ohio's deplorable school buildings in a national documentary on inequalities in America's school facilities.

By the end of 1997, the Ohio School Facilities Commission was created to address this problem. Our clear mission was and is to help school districts fund, plan, design, and build or renovate schools. An "equity list" based on the assessed property valuation per student guides the approval of projects and the distribution of funds. OSFC started moving up the "equity list" to serve districts with the least amount of wealth first. Since then, OSFC has:

- built new or renovated 789 school buildings in 253 school districts across Ohio
- completed all needed facility construction or renovations in 193 of those districts
- welcomed more than 439,000 Ohio school children into schools built to deliver a 21<sup>st</sup> century education

In addition, we are working with the Ohio School for the Deaf and Ohio State School for the Blind to rebuild their facilities. Construction is already underway on the new dormitories, and we hope to have construction started on the main academic buildings yet this year.

The Executive and House Budgets for the FY 2012-2013 biennium recommend appropriations of \$159.6 million in FY 2012 and \$350.5 million in FY 2013. The majority of the Commission's budget request—95 percent—funds projected debt service for the school building construction programs that receive appropriations through the capital budget process. OSFC's debt service was restructured for FY 2010 and FY2011 in H.B. 1, and only for FY 2012 in H.B. 153. This debt service restructuring explains the need for a larger appropriation in FY 2013. The restructuring, therefore, created three "artificially" low years of debt service, followed by a normal year.

Our operating budget is approximately one percent of the Commission's total capital appropriations. The non-debt portion of our operating budget request is \$8.95 million in FY 2012 and \$8.55 million in FY 2013. The source of funding for these operating expenses is interest earnings and transfer from the Commission's capital funds—not the General Revenue Fund.

OSFC is currently working with 155 districts in the planning phase, and an additional 108 districts have raised their local share and are actively involved in project design and construction. State and local spending on OSFC projects stands at \$4 million a day, which is an economic engine for construction jobs and material suppliers.

The Classroom Facilities Assistance Program, or CFAP, is the most comprehensive program OSFC administers. Under CFAP, OSFC evaluates the facility needs of an entire school district and then provides the state share of funding for necessary construction and renovation. OSFC also provides standard contracting and design guidance and managerial oversight during the design and construction phases of the projects. There are 194 projects underway for this program in fiscal year 2011. This number includes the six districts participating in the Accelerated Urban Initiative—Akron, Cincinnati, Cleveland, Columbus, Dayton, and Toledo. I'm pleased to say that Dayton and Toledo have bid their last buildings and they are on track to complete their construction programs within the next 24 months.

In 2007, OSFC received \$4.12 billion of tobacco securitization funds to disburse between FY 2009 through FY 2011. This allowed us to offer CFAP funding to approximately 120 districts significantly sooner than we otherwise projected. Our current forecast is that the tobacco securitization funds will be fully disbursed to school districts by September 2011. Because it takes three to five years from the time funding is announced to the time students occupy a building, our staff will be managing project delivery for the last of the securitization projects through 2016.

As I mentioned before, our operating budget is less than one percent of the capital funding that we oversee. Every school construction project represents a significant investment of state and local resources. It is important for OSFC to have the appropriate staffing to provide assistance at every phase of the project through facility planning, building design, construction, and final project closeout. This includes planning, budgeting, design review, construction administration and post-construction activities. OSFC planners and project administrators are out in the field every day, working with the districts and project teams to ensure projects meet budget, schedule and quality expectations and meet the districts' educational needs. Supporting the field operations are our employees in finance, information technology, communications, legal, and human resources. On a billion-dollar-a-year capital program, our highly qualified staff provides value well beyond their cost in the operating budget and provides the necessary accountability of state funds. The House Budget provides sufficient funding to maintain a level of staffing that appropriately supports the school construction program.

After funding for personnel, funding for technology support is our most significant budget priority. Our investments in information technology allow us to manage, simultaneously, more than 230 projects. Our full portfolio includes 194 CFAP projects, 14 Vocational Facilities Assistance projects, 27 Exceptional Needs projects and the School for the Blind/School for the Deaf project. The four major IT projects included in our request are: systems maintenance and upgrades; document management enhancements; desktop virtualization; and an expansion of the school district information center database. For the next biennium, we have identified an integrated document management system as being especially important for increasing operational efficiencies. This system will increase productivity by reducing the amount of paper generated at multiple points from field locations and streamlining our document management process.

We now have more than a decade of experience upon which to build for the future, and we are up to the challenge of continuing one of the most successful school construction programs in the country. With the General Assembly's support of CFAP and other OSFC programs, we further the academic success of Ohio's students by giving them places to learn that are secure, bright, well-ventilated, accessible and equipped with the technology they need.

I am proud of our ability to provide exceptional school buildings for our children all across the state. Mr. Chairman, thank you for this opportunity to appear before the committee in support of our budget request. At this time, I am happy to answer any questions the members of the committee may have about OSFC's operations and funding requirements for the upcoming biennium.