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Ohio Administrative Code

Rule 3301-8-01 Payment of debt charges under the state credit enhancement program.

Effective: November 1, 2026

(A) As used in this rule:

(1) The terms "debt charges" and "securities" have the same meanings as in section 133.01 of the Revised Code, and "state education aid " has the same meaning as is in section 5727.84 of the Revised Code.

(2) The term "state education aid" has the same meaning as is in section 5727.84 of the Revised Code.

(3) The term "financial forecast" has the same meaning as in rule 3301-92-04 of the Administrative Code.

(B) The board of education of any school district seeking approval from the department of education and workforce and the office of budget and management for participation in the payment of debt charges under the state credit enhancement program is to submit to the department of education and workforce and the office of budget and management a copy of a school district board-approved resolution requesting participation in the program and certifying the district debt obligations are in compliance and within statutory debt limitations established for the school district. In addition to the resolution, the district will submit an application certified by the treasurer attesting to the accuracy and completeness of the following information:

(1) The current credit rating or ratings for the school district, the latest rating report or surveillance rating report from the rating agency or agencies, and an indication if the school district has made, or expects to make, an application for a credit rating with one or more nationally recognized credit rating organizations with respect to the securities proposed to be issued in connection with the state credit enhancement program outlined under section 3317.18 of the Revised Code.

(2) The following debt schedules in the format specified by the office of budget and management, including a description of the debt (series name); payment details by payment date of principal, interest, and total payment; and annual totals by fiscal year for the following:

(a) Current outstanding obligations, as identified in division (B)(2)(a) of section 3317.18 of the Revised Code, to which state education aid from Chapter 3317. of the Revised Code is pledged, including but not limited to prior issuances under the state credit enhancement program, obligations purchased and held by the treasurer of state under division (G)(1) of section 135.143 of the Revised Code, and solvency assistance advances;

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(b) The securities proposed to participate in the state credit enhancement program as outlined under section 3317.18 of the Revised Code;

(c) An aggregated debt schedule combining all outstanding and proposed obligations detailed in paragraph (B)(2) of this rule such that the debt schedules of paragraph (B)(2)(a) plus the debt schedules of paragraph (B)(2)(b) of this rule equal the aggregated debt schedule.

(3) Any schedule of findings from the latest school district financial audit reviewed and approved by the auditor of state and the district's official response to the findings, including any corrective action plan when available.

(4) The latest school district appropriation budget pursuant to section 5705.38 of the Revised Code documenting appropriations to support the operational needs of the district.

(5) The latest school district financial forecast, including both projections and notes, submitted through EMIS (education management information system) or in such other format as specified by the department of education and workforce within thirty days prior to submission of the state credit enhancement program application. If the latest submission is older than thirty days, it may be submitted provided the treasurer certifies it still accurately represents the current financial status of the district.

(6) If the school district is designated as a fiscal oversight district in accordance with Chapter 3316. of the Revised Code when the application for participation in the state credit enhancement program is submitted or at any time prior to the sale and issuance of the securities proposed for participation in this program, the district treasurer is to certify a statement to accompany the financial forecast detailing the district's current and proposed efforts to restore financial solvency and how participation in the program may assist in restoring fiscal solvency. The statement will include disclosure of any loans obtained from the state for solvency assistance and the unpaid balance of these loans at the time of application for participation in the program as detailed in the debt schedules provided in accordance with paragraph (B)(2) of this rule.

(7) A statement as to how participation in the state credit enhancement program will enhance the marketability of the securities.

(8) A statement of the current and projected state education aid due to the school district per the most recent "Foundation Payment Report - Statement of Settlement," or any subsequent replacement report, provided by the department of education and workforce and located on its website (education.

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ohio.gov). For purposes of the calculation of the ratios described in paragraphs (B)(9) and (B)(10) of this rule, the bottom line on this report described as "Total Payment" is considered to be the amount of state education aid to be distributed to the school district.

(9) Documentation in the format specified by the office of budget and management showing the district's calculation of the ratio of the projected amount of state education aid to be distributed to the school district for the current fiscal year to the maximum annual debt charges for debt participating in the state credit enhancement program, including the proposed securities due in the current or any future fiscal year as documented in the aggregated debt schedule set forth in paragraph (B)(2)(c) of this rule, and the identification of the year in which the maximum annual debt charges occur.

(10) Documentation in the format specified by the office of budget and management showing the district's calculation of the ratio of the projected amount of state education aid remaining to be distributed to the school district for the current fiscal year to the debt charges remaining to be paid in the fiscal year for debt participating in the state credit enhancement program, including the proposed securities as documented in the aggregated debt schedule set forth in paragraph (B)(2)(c) of this rule.

(11) A statement regarding the purpose of the securities to be issued in connection with the state credit enhancement program outlined under section 3317.18 of the Revised Code (if the issue is for refunding purposes, explain what previous securities are being refunded and whether they were issued under the state credit enhancement program).

(12) A statement indicating the estimated net savings afforded to the school district through participation in the state credit enhancement program.

(13) Contact information for the school district's underwriter and/or municipal advisor, bond counsel, and primary paying agent or fiscal agent if available.

(14) A financing schedule of significant events detailing the estimated time frame for the issuance and sale of securities. Approval of the request for participation in the state credit enhancement program is valid only during the estimated time frame for the issuance and sale of bonds, which may be extended, but not to exceed twelve months from the original approval date.

(15) Bonds supported by an income tax under division (E) of section 3318.052 of the Revised Code need to include each of the following documents that can be obtained from the department of taxation:

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(a) Certification letter providing tax rate, equivalent millage, and, if necessary, effective millage reduction estimates;

(b) Certification of the first year's collections pursuant to section 5748.05 of the Revised Code;

(c) The report of income tax returns by level of income for the most recent tax year available.

(16) Any supplemental information the department of education and workforce or the office of budget and management requests to evaluate the securities for participation in the state credit enhancement program outlined in section 3317.18 of the Revised Code.

(C) Approval of the request for participation in the state credit enhancement program under division (B) of section 3317.18 of the Revised Code will only be granted if the projected amount to be distributed to the school district from state education aid for the current fiscal year exceeds the maximum annual debt charges due in the current or any future fiscal year by a ratio of 2.5 to one and at any time during the current or any fiscal year, the projected amount of state education aid remaining to be distributed in the fiscal year exceeds the debt charges remaining to be paid in that fiscal year by a ratio of 1.25 to one. For purposes of these calculations, debt charges include outstanding and proposed debt under this program plus any other outstanding obligations of the school district to which state education aid has been pledged as the senior lien security.

(D) Any school district with outstanding obligations approved under these provisions cannot pledge state education aid due to the school district as senior lien security for any debt unless the projected state education aid to be distributed to the school district in the current fiscal year exceeds the maximum annual debt charges due in the current or any future year on all outstanding and proposed obligations to which state aid is pledged as the senior lien security by a ratio of 2.5 to one. However, if after the district has been approved for credit enhancement, the auditor of state certifies a deficit and the district receives a solvency assistance advance under Chapter 3316. of the Revised Code, calculation of the ratio for this provision will not include the solvency assistance advance.

(E) If the department of education and workforce approves the request of a school district to withhold and deposit funds pursuant to section 3317.18 of the Revised Code and this rule, the school district is to identify a primary paying agent or fiscal agent who is not an officer or employee of the school district. The department of education and workforce will then enter into a written agreement with the school district and the primary paying agent or fiscal agent for the withholding of funds pursuant to section

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3317.18 of the Revised Code and this rule for the payment of debt charges on those securities. This agreement needs to include each of the following:

(1) A provision that states at least fifteen business days prior to the date on which debt charges on program securities are due, the school district will certify to the department of education and workforce and the primary paying agent or fiscal agent the amount of any insufficiency in the amount of funds needed to pay in full the debt charges when due.

(2) A provision that states at least ten business days prior to the date on which debt charges are due, the school district will make a deposit with the paying agent or fiscal agent in an amount sufficient to pay in full all debt charges.

(3) A provision that states at least ten business days prior to the date on which debt charges are due, the primary paying agent or fiscal agent will notify the department of education and workforce of any insufficiency in the amount of funds on deposit from the school district from which debt charges are to be paid. Notification under this paragraph will be provided verbally and in writing to the telephone number(s) and email address(es) identified in the bond registrar agreement, respectively. The email communication is to include a copy of the delinquent payment invoice(s) and the fully executed bond registrar agreement documenting authority to intercept. In the event the primary paying agent or fiscal agent is unable to receive confirmation from a department of education and workforce representative that it is aware of the insufficiency in the amount of funds on deposit, the paying agent or fiscal agent will contact the district treasurer and the district's bond counsel for further assistance. The agent will provide the department of education and workforce a valid state of Ohio ID and affirm that all EFT banking information is up to date to enable the transfer of funds in accordance with the timeline established in the agreement.

(4) An attachment which documents the finalized debt schedule for the securities to be issued in connection with the state credit enhancement program outlined in section 3317.18 of the Revised Code in the format described in paragraph (B)(2) of this rule.

(5) An attachment which documents the final ratio calculations as set forth in paragraphs (B)(9) and (B)(10) of this rule demonstrating compliance with the provisions of paragraphs (C) and (D) of this rule. The attachment also needs to include the most recent "Foundation Payment Report - Statement of Settlement" used to complete the ratio calculations on the date of sale as set forth in paragraph (B)(8) of this rule.

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(6) An attachment which documents the primary paying agent or fiscal agent has established a business relationship with Ohio shared services, or any subsequent designee of the office of budget and management, to provide the state of Ohio all current electronic funds transfer ("EFT") banking information necessary to ensure transfer of funds to the agent within the specified time frames of the agreement. The document has to certify the current ID issued by the state of Ohio and that the agent agrees to maintain the ID and EFT banking information throughout the life of the agreement. The agent will designate the EFT account established as the primary format for receipt of payments from the state of Ohio to enable the department of education and workforce to comply with the specified time frames of the agreement.

(7) A provision that states a copy of the fully executed written agreement will be provided to the department of education and workforce and the office of budget and management within five business days of the issuance closing date.

(F) Upon receipt of a notification of insufficiency, the department of education and workforce will immediately determine whether the school district is able to make the payment to cover the insufficiency by the third business day prior to the payment date. If the department of education and workforce confirms or determines that the school district will be unable to make such payment by the third business day prior to the payment date, the department of education and workforce will deposit, provided a valid state of Ohio ID with current EFT banking information has been provided, with the primary paying agent or fiscal agent by two p.m. (Ohio time) at least one business day prior to the payment date, in immediately available funds, the amount of the deficiency (not exceeding the amount of state education aid due to the school district for the remainder of the state fiscal year). Payments made under this provision are to be made before any reduction in state education aid is made for reimbursement of a solvency assistance advance under Chapter 3316. of the Revised Code.

(G) If a transfer of state education aid is necessary by paragraph (F) of this rule, the school district in conjunction with the department of education and workforce will evaluate its inability to pay the debt charges and will develop and implement corrective actions to ensure full and timely payment by the school district of future debt charges. This plan for corrective action is to be presented by way of letter to the department of education and workforce.

(H) The agreements between school districts and the department of education and workforce under this rule are irrevocable as long as any of the respective school district's program securities participating in the state credit enhancement program outlined in section 3317.18 of the Revised Code are outstanding.

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(I) Any credit rating agency which has a current rating of this program will be notified of future material changes to this rule.