
Executive Biennial Budget Proposal Update FY2012 – FY 2013

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ODE's FY12-13 GRF Budget

- Total State GRF funding is \$7.4 billion for FY12 (1.3% increase from FY11) and \$7.5 billion for FY13 (1.3% increase from FY12).
- State GRF funding **does not** include federal State Fiscal Stabilization Funding (SFSF) provided through the American Recovery Reinvestment Act (ARRA), but **does** include homestead and property tax rollback payments to school districts.
- Lottery funding totals \$717.5 million for FY12 (0.9% increase from FY11) and \$680.5 million for FY13 (5.2% decrease from FY12).

State Support to Schools

School Districts/Community Schools

- State GRF/Lottery funding for *foundation funding* is proposed to increase 1.9% in FY12 and 1.0% in FY13, which does not include SFSF in the base for FY11.
- SFSF accounts for about 7% of foundation funding in FY11.

State Support to Schools

School Districts/Community Schools

- A bridge funding formula is proposed for distributing foundation funding in FY12 and FY13.
- Funding is still based on where students reside with a deduction and transfer mechanism for funding community schools, scholarship programs, and open enrollment.
- The Evidence-Based Model for school funding and the School Funding Advisory Council is repealed.

State Support to Schools

School Districts/Community Schools

- Bridge Formula:
 - Begins with a per-pupil level of funding for each district derived from overall FY11 funding levels.
 - FY11 funding is then adjusted for the loss of SFSF and by a new property tax valuation index.
 - The property tax valuation index allows more state funding to flow to districts with less capacity to generate revenue.
- The Governor has indicated that his plan is to develop a new formula for FY13.

State Support to Schools

TPP and Electric Dereg. Property Tax Reimbursement (Not GRF/Lottery)

- Reimbursements will begin to be phased out in FY12.
- The phase-out is accelerated for districts that are less reliant on these payments and prolonged for districts that are more reliant.
- A district's phase-out for **each** reimbursement is limited to no more than 2% of a district's total state and local resources.

Community Schools

- The funding formula for community schools is essentially the same, but the “basic aid” per pupil amount is \$5,653, a reduction of \$50.
- FY09 formula amount of \$5,732 is used for calculating special education and career-technical education weighted funding.
- Community schools continue to receive parity aid and poverty-based assistance (PBA) payments.

Community Schools

- Moratorium on e-schools is eliminated.
- “Operator provision” is repealed, which requires new start-up community schools to contract with an operator that manages schools that perform at a level higher than academic watch.
- Community school sponsors and operators with schools in academic watch or emergency may not sponsor or operate any additional schools.
- Community schools receive the right of first refusal for property leased by the school district in which they are located.

Scholarship Programs

- Educational Choice Scholarships
 - Number of scholarships is increased from 14,000 to 30,000 in FY12 and 60,000 thereafter.
 - Amount deducted from school districts for EdChoice scholarships is reduced from \$5,200 to the actual amount paid for the scholarship or a maximum of \$4,250 for grades K-8 and \$5,000 for grades 9-12.
 - Additional eligibility criteria using Performance Index rankings are added that will likely increase the number of eligible students.
- No changes are proposed for Cleveland Scholarship or Autism Scholarship payment methodologies.

Early Childhood Education

- Funding for early childhood education (public preschool) is flat-funded in FY12-13.
- Funding for child care licensing is flat-funded in FY12-13
- No references are made to the creation of an early childhood center at ODE, which was proposed in HB 1.

Special Education

- Overall special education funding to schools is flat-funded in FY12-13, allowing for maintenance of effort to be met for federal IDEA grant.
- Out of foundation funding, school districts have the same special education weighted funding level as FY11.

Special Education

- Special Education Enhancements line item is flat-funded in FY12-13, supplements include:
 - Home instruction
 - School psychologist interns
 - Parent mentoring
 - Unit funding for preschool special education
 - County Boards of Developmental Disabilities
- Funding levels for catastrophic special education and special education transportation are also flat-funded in FY12-13.

Career-technical Education

- Overall career-technical education funding to schools is flat-funded in FY12-13, allowing for maintenance of effort to be met for federal Perkins grant.
- Out of foundation funding, school districts would have to spend the same level of career-technical education funding as was provided to them in FY11.
- All JVSDs are flat-funded in FY12-13.
- Tech Prep Consortia funding is reduced by \$1.0 million and reallocated to High Schools that Works and Tech Prep grants.
- Voc Ag 5th Quarter funding and career-technical education funding for incarcerated youth are flat-funded in FY12-13.

Gifted Education

- Gifted education funding in FY12-13 is included in foundation funding for school districts.
- Spending requirements for gifted education are eliminated.
- Gifted funding to ESCs is flat-funded in FY12-13 at \$8.1 million per year.

Regional Services

Educational Service Centers

- Supplemental funding for ESCs totals \$41.76 million in FY12 (10.0% decrease) and \$29.32 million in FY13 (29.8% decrease).
- School improvement funding, distributed to ESCs, is funded at \$3.5 million in FY12 (50.0% decrease) and flat-funded in FY13.
- Every district with 16,000 students or less has to enter into a service agreement with an ESC (optional for larger districts).
- New process for districts to terminate agreements with ESCs is proposed.
- ESCs are authorized to enter into service contracts with other political subdivisions besides school districts.

Regional Services

- Governor's Director of 21st Century Education is required to develop a plan for regional shared services organizations by January 1, 2012, and the recommendations are to be implemented by July 1, 2012.
- OECN is reduced by 10.0% in FY12 and flat-funded in FY13, including support for connectivity funding, ITC funding, state software support, and INFOhio.
- EMIS
 - EMIS support to ITCs is decreased by 10.0% in FY12 and flat-funded in FY13.
 - EMIS support to school districts and other entities is eliminated and repurposed for foundation funding.

Nonpublic schools

- Funding for Auxiliary Services and Nonpublic Administrative Cost reimbursement is increased by 1.4% in FY12 and 1.5% in FY13.
- Nonpublic schools also receive vouchers through Cleveland Scholarship and EdChoice.

Teachers

- Funding for Educator Preparation (supports the Education Standards Board) is decreased by 40.8% in FY12 and flat-funded in FY13.
- Changes are made for obtaining an alternative educator license, which will allow Teach for America educators to operate in Ohio.
- State Board has to approve by July 1, 2013 a list of states with licensure standards that are inadequate for licensure reciprocity agreements.
- Teacher Incentive Payment Program is established that pays \$50 per student to English language arts and math teachers in grades 4-8 whose students achieve more than a standard year of academic growth.

Teachers

- Salary schedules:
 - Minimum teacher salary schedule in statute is repealed.
 - Each school district, ESC, and County Board of Developmental Disabilities is required to adopt a teachers' salary schedule based on the four levels of teacher licensure.
 - In determining a teacher's salary within the appropriate range on the new salary schedule, teacher evaluations, HQT measure and other relevant factors would have to be considered.
- Core teachers in districts ranked in the lowest 10% of the Performance Index measure are required to retake all written exams needed for licensure.

Teachers

- Termination and layoff process altered:
 - Option of requesting a referee is eliminated and local board is required to hold the hearing.
 - Employee can choose to either appeal a board's termination decision to the common pleas court or through the grievance procedure, but not both.
 - School districts and ESCs are required to consider quality of performance as the principal factor in determining the order of teacher layoffs, as measured by license, HQT status, evaluations, and other criteria.

Standards, Assessments and Accountability

- Funding for academic content standards is decreased by 16.7% in FY12 and decreased by an additional 15.0% in FY13.
- Student assessments:
 - Funding for student assessments is decreased by 1.3% in FY12 and flat-funded in FY13.
 - Pre-high school social studies and writing assessments continue to be suspended.
 - GRF funding for GED program is reduced by 11.0% in FY12 and flat-funded in FY13.
- Funding for development of the Local Report Card is decreased by 0.9% in FY12 and flat-funded in FY13.

School/District Reforms

- Poor performing schools would be identified by being ranked in the lowest 5% for three consecutive years (according to the Performance Index) and by being labeled in academic watch or emergency. These schools must take one of four specified actions.
- Parents of at least 50% of students can petition for reforms in traditional public school buildings that are in the lowest 5% according to Performance Index for at least three consecutive years.
- Traditional public school districts can designate one or more schools as an innovation school or zone with a plan to improve student performance, and the State Board can waive any laws or rules necessary for implementation (with certain exceptions).

School/District Reforms

- Governor's Effective and Efficient Schools program is established to recognize the top 10% of all public schools and chartered nonpublic schools based on student performance and cost effectiveness.
- ODE must develop and the State Board must adopt standards for determining classroom expenditures.
- ODE required to rank schools according to:
 - Performance Index,
 - Student performance growth,
 - Career-technical performance measures,
 - Expenditures per pupil, and
 - Percentage of expenditures for classroom instruction.

Other Budget Related Items

- State match reimbursement for school lunches is flat-funded in FY12-13.
- Alternative Education funding is decreased by 6.5% in FY12 and flat-funded in FY13.
- Funding is eliminated for:
 - Safe School Center in Cincinnati
 - STEM grants
 - School Employee Health Care Board

Questions?

- ODE home page: www.education.ohio.gov
 - Search for Office of Budget and Planning
 - Link to FY12-FY13 Budget information is located at bottom of web page.
- Office of Budget and Management
 - www.obm.ohio.gov
- Legislative Service Commission
 - <http://www.lsc.state.oh.us/>