

Summary of HB 59 (As Enacted) – August 2013

- Total State GRF funding is almost \$8.0 billion for FY14 (4.6% increase from FY13) and almost \$8.4 billion for FY15 (5.2% increase from FY14). State GRF funding includes homestead and rollback payments to school districts.
- Lottery funding totals \$891.5 million for FY14 (28.0% increase from FY13) and \$1.027 billion for FY15 (15.3% increase from FY14).

- **State Support to Schools**

- A new funding formula for FY14-15 for traditional school districts includes the following components:
 - ◆ An opportunity grant per pupil amount of \$5,745 in FY14 and \$5,800 in FY15, which is adjusted by each district’s state share index.
 - ◆ A district’s state share index is a minimum of 5% and a maximum of 90% and is determined using a district’s wealth index. The wealth index is based either entirely on property valuations or a combination of income and property valuations depending on the district’s circumstances. The wealth index is used to determine the district’s state share index in the following manner:

Wealth Index	State Share Index
If less than or equal to 0.35	90%
If less than or equal to 0.9 and greater than 0.35	Between 50% and 90%
If less than 1.8 and greater than 0.9	Between 5% and 50%
If greater than or equal to 1.8	5%

A district’s wealth index will not change from FY14 to FY15 because the variables used to calculate it will be the same in both years. For example, the three-year average valuation per pupil in both years will be the taxable values from FYs 2012, 2013 and 2014, the total ADM will be that used for FY14, and the median Ohio adjusted gross income is from tax year 2011. The three year average valuation will be adjusted by subtracting the difference between the tax exempt value and 30% of the potential value if more than 30% of the district’s potential value is exempt from taxation.

- ◆ Targeted assistance funds provide additional revenue for districts in two tiers.
 1. The first tier of funding is provided to districts that have a combined income and property wealth that is below the 80th percentile of district wealth, as calculated by taking 50% of the average of income per pupil and 50% of property valuation per pupil to create a local wealth value per pupil. Each district below the 80th percentile is provided per pupil funding equal to the difference between the 80th percentile district and the district’s wealth times a millage rate. The millage rate for each district is calculated by comparing the district wealth per pupil to the statewide average wealth per pupil (creating a wealth index) times a target millage rate of 6 mills in each fiscal year. The ADM used subtracts 75% of students who reside in the district who are enrolled in a brick and mortar community school and subtracts all e-school and scholarship students.
 2. The second tier of funding is based on the percentage of a district’s real property that is agricultural. A district receives supplemental targeted assistance funding of up to 40% of its tier I funding.

- ◆ Additional state aid for special education and related services applies the categories and associated amounts shown in the table under the “Special Education” section and is multiplied by the state share index of the district.
- ◆ Kindergarten through third grade literacy funding is provided in two tiers. Students enrolled in e-schools who reside in the district are not included in the count for this funding.
 1. The first tier provides \$125 in FY14 and \$175 in FY15 for each student in grades K-3 multiplied by the district’s state share index.
 2. The second tier provides \$86 in FY14 and \$115 in FY15 for each student in grades K-3, but no state share index is applied.
- ◆ Economically disadvantaged funding provides for each economically disadvantaged student \$269 in FY14 and \$272 in FY15 multiplied by the district’s economically disadvantaged index, which is the square of the quotient of the district’s percentage of economically disadvantaged students divided by the statewide average percentage of economically disadvantaged students. Students enrolled in e-schools who reside in the district are not included in the poverty count for this funding. This funding must be used by districts, JVSDS, community schools, and STEM schools to provide any of the following initiatives: 1) extended school day and school year; 2) reading improvement and intervention; 3) instructional technology or blended learning; 4) professional development in reading instruction for teachers of students in grades K-3; 5) dropout prevention; 6) school safety and security measures; 7) community learning centers that address barriers to learning; and 8) academic interventions for students in any of grades 6-12. Districts and schools must submit a report to ODE on the use of the funds at the end of each fiscal year and, starting in 2015, ODE must submit a report to the General Assembly not later than the first day of December of each odd-numbered year.
- ◆ Limited English proficiency (LEP) funding provides \$1,500 in FY14 and \$1,515 in FY15 per English language learner for the first year a student attends school in the United States multiplied by the state share index. This amount decreases by 25% for the next two categories as the student moves to being mainstreamed (typically over each of the next two years). Students enrolled in e-schools who reside in the district are not included in the LEP count for this funding.
- ◆ Gifted funding includes the following provisions:
 - Identification funding is provided through per pupil funding of \$5.00 in FY14 and \$5.05 in FY15 for every student who resides in the district.
 - For gifted services, funding of \$37,000 in FY14 and \$37,370 in FY15 is provided for every 1,100 students for intervention specialist services and every 3,300 students for coordination services, except that all districts are provided a minimum amount of funding for coordination and intervention specialist services, and a maximum amount of funding is set for coordination services funding. Also, the ADM used for coordination and gifted intervention specialist funding is based on the resident count of the district minus community school and STEM school students. No state share index is applied to this funding and districts may assign coordination and intervention specialist funding to another school district, an educational service center, a community school, or a STEM school.
 - While the statute references the grouping of 1,100 students and 3,300 students as “units” this funding methodology should not be confused with the unit funding methodology in place prior to FY10. The gifted funding methodology outlined in HB 59 is an automatic allocation with no specific spending requirements. It should be noted, however, that districts are accountable for the performance of subgroups (including gifted). For more information on subgroup accountability see the “Financial Reporting and Accountability” section.

- Vetoed from the bill was a requirement that gifted funds for services be used specifically for a specified number of gifted intervention specialists and coordinators.
- ◆ Career-technical education funding is provided through five categories using the amounts outlined in the table under the “Career-Technical Education” section. These supplemental amounts are multiplied by the district’s state share index. The lead district in each career-technical planning district (CTPD) also receives \$225 in FY14 and \$227 in FY15 for associated services for the percentage of time each student in the planning district is in approved career-technical education programming.
- ◆ Transportation funding is provided using the greater of the cost per rider or cost per mile and adjusted by the greater of the district’s state share index or 60%. Funding is prorated to stay within the appropriation provided. This formula is based on transportation costs as reported by school districts for the prior fiscal year but current year ridership counts are used. In addition, funding totaling \$25.3 million in FY14 and \$23.1 million in FY15 is provided for districts that are both low wealth and low density with qualifying districts receiving a greater percentage of their total transportation calculation. In addition to these funds, which are provided within the overall guarantee, \$5.0 million in each year is provided through lottery funds set aside within the Straight A program to these same low wealth, low density districts to support innovations that improve the efficiency of pupil transportation, which may include the purchase of buses and other equipment. Note that additional transportation provisions are described later in this section.
- ◆ Districts are guaranteed to the amount received for FY13 (including transportation aid and funding for career-technical education) and no district can receive an increase greater than 6.25% in FY14 and 10.5% in FY15.
- Other transportation provisions include the following:
 - ◆ \$5.0 million in FY14 and \$2.5 million in FY15 is provided to reimburse districts for payments school districts make to parents in lieu of transporting students. The minimum amount that districts must provide to parents is established in the bill as \$250.
 - ◆ Districts are now required to report transportation funding data through the Education Management Information System (EMIS).
 - ◆ Transportation funding for special education students is described under the “Special Education” section of this document.
- Student Counts for Funding
 - ◆ Funding continues to be based on a count of where students reside (rather than where they are educated). For FY14, the ADM count for districts continues to use the current fiscal year count taken during the first full week of October and 20% of career-technical full-time equivalent (FTE) continues to remain with a district.
 - ◆ Kindergarten students are funded on an FTE basis to differentiate between part-day and full-day kindergarten programs. If a district charges tuition for all day kindergarten, the full time equivalency of the student will be multiplied by 50% by ODE.
 - ◆ Starting in FY15, annualized enrollment that is updated three times per year will be used. Enrollment updates will occur in October, March and June. It should be noted that this new count does not represent three separate counts; but instead, a count of student enrolled in the district over the course of the entire year on a full time equivalency basis.
- ODE must show state funding for each subgroup of students (special education, limited English proficient, economically disadvantaged, and gifted) at the building level.

- Open Enrollment
 - ◆ Open enrollment continues to be funded through a deduction and transfer mechanism. Changes to the amount deducted and transferred include:
 - The per pupil amount is set at \$5,745 in FY14 and \$5,800 in FY15 with “add on building block” funding no longer included.
 - The amount for career-technical education students equals that for the student’s career-technical category (displayed in a table within the “Career-Technical Education” section).
 - ◆ The Ohio Open Enrollment Task Force is created to review and make recommendations on open enrollment.
 - The State Superintendent is directed to consult with the Governor's Office of 21st Century Education to convene the Task Force consisting of representatives from school districts that represent all sectors of Ohio's educational community.
 - The Task Force must review and make recommendations by December 31, 2013 regarding the process by which students may enroll in other school districts under open enrollment and the funding mechanisms associated with open enrollment deductions and credits.
- The deduction and transfer mechanism for funding community schools, other choice programs, and open enrollment is continued. Funding and policy-related changes in each of these areas are discussed in each corresponding section that addresses that area.
- School districts (including joint vocational school districts) are required to deposit three percent of their opportunity grant (as opposed to “formula amount” under current law) into a capital and maintenance fund.
- There are no changes to Tangible Personal Property (TPP) and Electric Deregulation Property Tax Reimbursements (Not GRF/Lottery).
- The following changes were made to homestead and rollback provisions:
 - ◆ The 2.5% and 10% real property tax rollbacks will no longer be applied to new or replacement levies approved at elections held after the effective date of the bill.
 - ◆ The homestead exemption for elderly or disabled homeowners will only be available to homeowners who have an Ohio adjusted gross income of less than \$30,000 as computed for state income purposes starting with individuals who become eligible after 2013 unless the individual lives in a manufactured home, in which case the income test begins for those who become eligible after 2014.
- **Straight A Fund**
 - The Straight A Fund, appropriated at \$100.0 million in FY14 and \$150.0 million in FY15 from lottery funds, is created.
 - The program provides grants to city, local, exempted village, and joint vocational school districts, educational service centers, community schools, STEM schools, college-preparatory boarding schools, individual school buildings, education consortia (which may represent a partnership with other school districts, school buildings, community schools or STEM schools), institutions of higher education, and private entities partnering with one or more of the educational entities identified. If an education consortium applies, the lead applicant must be a school district, school building, community school, or STEM school.
 - The grants must be used to achieve one or more of the following goals: 1) Student achievement, 2) Spending reduction in 5-year forecast, and/or 3) Utilization of a greater share of resources in the classroom.
 - Grant proposals must include the following:
 - ◆ A description of the project for which the applicant is seeking a grant, including a description of how the project will have substantial value and lasting impact.

- ◆ An explanation of how the project will be self-sustaining. If the project will result in increased ongoing spending, the applicant must show how the spending will be offset by verifiable, credible, permanent spending reductions.
 - ◆ A description of quantifiable results of the project that can be benchmarked.
- The grants will be awarded by a nine-member governing board and are capped at \$5 million per fiscal year for individual grant awards and \$15 million per fiscal year for awards to consortia unless approved by the Controlling Board to exceed these caps. All grants must be approved by Controlling Board and grant advisors must be selected.
- An advisory committee to annually review the program and provide advice will consist of 11 members appointed by the Governor.
- The following earmarks are included out of the Straight A fund appropriation:
 - ◆ Up to \$250,000 in each fiscal year for the purpose of providing grants to Promise Neighborhood programs for administrative costs associated with the program.
 - ◆ Up to \$70,000 in each fiscal year for Kids Unlimited of Toledo for after-school tutoring and mentoring programs in two elementary schools.
 - ◆ Up to \$6.0 million in FY14 for the Cleveland Municipal School District for the purpose of implementing provisions of HB 525 of the 129th General Assembly.
 - ◆ Up to \$5.0 million in each fiscal year for transportation funding to low wealth/low density districts (as previously discussed under the “State Support for Schools” section).
- **Financial Reporting and Accountability**
 - Subgroup Accountability:
 - ◆ School districts and schools will be required to show satisfactory achievement and progress, as defined by the State Board of Education, for any subgroup of students (students with disabilities, economically disadvantaged students, limited English proficient students, and gifted students) based on performance measures included on, but not limited to, the local report card.
 - ◆ ODE must make its first determinations not later than September 1, 2015 (and annually thereafter) and districts or schools failing to show satisfactory achievement and progress must submit an improvement plan to ODE for approval. ODE may require that the plan include an agreement to partner with another organization that has demonstrated the ability to improve the educational outcomes for that subgroup of students. ODE is required to publish a list of schools, districts and providers that have a demonstrated ability to serve each subgroup.
 - Financial reporting standards
 - ◆ The standards to be developed by the State Board of Education for financial reporting by school districts and educational service centers are modified to also include community schools, STEM schools, and college-preparatory boarding schools and to be formatted to allow reporting at both the district and building level.
 - ◆ ODE is directed to post financial reports for each district and building in a prominent location on its website and ODE is required to make these reports available in a way that allows for comparison with reports produced in prior years.
 - ◆ ODE also must include expenditure information for both classroom and nonclassroom purposes for each subgroup of students.
 - ODE is required to create a performance management section on its website that includes academic and performance metrics for each school district based on performance index score and the expenditure per equivalent pupils, and graphs with comparisons of the performance of like districts.

- The bill adds to the measures ODE is currently required to compute and post on its website, both total operating expenditures per pupil and total operating expenditures per equivalent pupil.
- The expenditure rankings required under current law are modified by specifying the ranking be done by expenditures per equivalent pupil.
- The Governor’s Effective and Efficient Schools Recognition Program is modified to allow the standards for recognition to vary based on types of public schools.

- **Special Education**

- Supplemental special education aid to traditional school districts, joint vocational school districts, community schools, STEM schools, county boards of developmental disabilities, and state institutions are provided the following amounts for each category:

Category	Description	Amount
1	Speech Only	\$1,503 in FY14 and \$1,517 in FY15
2	Cognitive Disabilities, Specific Learning Disability, Developmentally Delayed, Other Health Impaired (Minor)	\$3,813 in FY14 and \$3,849 in FY15
3	Hearing Impaired, Emotional Disturbance	\$9,160 in FY14 and \$9,248 in FY15
4	Visual Impairment, Other Health Impaired (Major)	\$12,225 in FY14 and \$12,342 in FY15
5	Multiple Disabilities, Orthopedic	\$16,557 in FY14 and \$16,715 in FY15
6	Deaf-Blind, Autism, Traumatic Brain Injury	\$24,407 in FY14 and \$24,641 in FY15

- Funding totaling \$40M per year is provided for special education students in categories two through six if costs exceed specified thresholds in statute.
- County Boards of Developmental Disabilities (CBDDs) and State Institutions
 - ◆ Special education funding to CBDDs and state institutions is increased by \$4.7 million (10.4%) in FY14 over FY13. Funding is flat from FY14 to FY15.
 - ◆ CBDDs that provide special education and related services for school age children will be paid the sum of the per pupil opportunity grant plus the supplemental special education funds for the student’s disability category as described under this section. The supplemental funding for specified categories is multiplied by the student’s resident district state share index.
 - ◆ State institutions that provide special education services will be paid the specified supplemental per pupil disability category amounts as outlined under this section with no state share index applied.
- The following supplements within the Special Education Enhancements line item are flat-funded in FY14-15:
 - ◆ School psychologist interns
 - ◆ Parent mentoring
- The set-aside for Home Instruction within the Special Education Enhancements line item is eliminated.
- The funding level for special education transportation is flat-funded and the same formula is used as has been used in the past.

- **Career-Technical Education**

- Supplemental career-technical education aid to traditional school districts, joint vocational school districts (JVSDs), community schools, and STEM schools, are provided the following amounts for each category:

Category	Career Fields	Amount
1	Agricultural & environmental systems, construction technologies, engineering & science technologies, finance, health science, information technology, manufacturing technologies	\$4,750 in FY14 and \$4,800 in FY15
2	Business & administration, hospitality & tourism, human services, law & public safety, transportation systems, arts & communications	\$4,500 in FY14 and \$4,550 in FY15
3	Career based intervention	\$1,650 in FY14 and \$1,660 in FY15
4	Education & training, marketing, workforce development academics, public administration, career development	\$1,400 in FY14 and \$1,410 in FY15
5	Family and consumer sciences (which includes students enrolled in GRADs)	\$1,200 in FY14 and \$1,210 in FY15

- A new funding formula for JVSDs includes the following:
 - ◆ An opportunity grant per pupil amount of \$5,745 in FY14 and \$5,800 in FY15, which is adjusted by each district’s state share percentage.
 - ◆ A JVSD’s state share percentage is different than a traditional district’s state share index. A JVSD’s state share percentage is determined based on a 0.5 mill charge off to determine the local share of each JVSD and there is no minimum or maximum state share percentage.
 - ◆ Additional state aid for special education and related services applies the categories and associated amounts shown in the table under the “Special Education” section and is multiplied by the state share percentage.
 - ◆ Economically disadvantaged funds are provided for each economically disadvantaged student of \$269 in FY14 and \$272 in FY15 multiplied by the JVSD’s poverty index, which is the square of the quotient obtained by dividing the district’s poverty percentage by the statewide poverty percentage.
 - ◆ Limited English proficiency (LEP) funding provides \$1,500 per English language learner for the first year a student attends school in the United States multiplied by the state share percentage. This amount decreases by 25% for the next two categories as the student moves to being mainstreamed (typically over each of the next two years).
 - ◆ Career-technical education funding is provided through five categories using the amounts listed in the table under this section and multiplied by the JVSD’s state share percentage. JVSDs, as the lead district of a CTPD, also receive \$225 in FY14 and \$227 in FY15 for associated services for the percentage of time each student in the planning district is in approved career-technical education programming.
 - ◆ JVSDs do not receive funding for K-3 literacy, gifted, or targeted assistance.
 - ◆ JVSDs are guaranteed to the amount received for FY13 in both fiscal years and no district can receive an increase greater than 6.25% in FY14 and 10.5% in FY15 over prior year funding.

- As also described in the “Community Schools” and “STEM Schools” sections, community schools and STEM schools that serve grades seven and up must be assigned to a CTPD. Also, a community school student can participate in any programming of the CTPD to which the resident district belongs.
- A new process for approving career-technical education programs is included in the bill:
 - ◆ The lead district must approve or disapprove the programming by March 1 prior to the fiscal year for which it will be funded. The decision can be appealed to ODE by March 15. ODE must review the approval decisions of each lead district and the appeals of schools or districts for programs not approved by the lead district. ODE has until May 15 to make final decisions.
 - ◆ Approval is good for five years but ODE still must review programs annually and can apply directives for performance improvement for continued funding.
 - ◆ Existing programs are to be reviewed upon their current 5-year schedule. New programs must be reviewed in the fiscal year prior to them being funded and all programs of a new member of a CTPD must be reviewed in the first year.
- Not later than December 31, 2013, ODE must adopt new quality program standards for career-based intervention (category 3). Not later than June 30, 2015, ODE must adopt quality program standards for all other career-technical education programs (categories 1, 2, 4 and 5). During FY15, ODE must conduct a review of all category 3 programs using the new quality program standards and determine those approved for funding for FY16. The review must be complete by May 15, 2015.
- The bill establishes a new governing structure for JVSDs that includes the following:
 - ◆ The total number of members of a JVSD board and the manner of appointment for such members are in accordance with the plan for the JVSD on file with ODE and members of an appointing school district or ESC board can serve on a JVSD board, as under current law, as long as the individual has experience in or understanding of workforce needs in the state. New appointments will be made as the terms of the existing JVSD board members expire.
 - ◆ The term of office for a JVSD board member is three years and members are limited to two consecutive terms.
 - ◆ The members of the JVSD board must have experience as chief financial officers, chief executive officers, human resource managers, or other business, industry, or career counseling professionals and the appointing board is required to select members who represent regional employers and who are qualified to consider the state’s workforce needs.
 - ◆ Not less than 3/5ths of the members of the JVSD boards must be employed within or reside in the territory of the JVSD board upon which the member serves.
 - ◆ Appointing districts and ESCs may give preference to individuals who have served on JVSD business advisory committees.
 - ◆ The bill specifies that the JVSD plans already on file with ODE are not required to be changed.
- \$410,000 is provided in each fiscal year to pay CTPDs \$500 for each student that receives a journeyman certification.
- \$2.0 million is provided in each fiscal year for CTPDs to reimburse individuals taking the GED test for the first time for test fees in excess of \$40. Each CTPD is required to designate a site where individuals may register and take the GED exam, and shall make available and offer career counseling services, including information on adult education programs that are available.
- Extended Programming and Agricultural Programming
 - ◆ Extended programming for career-technical education is redefined to include hours outside of the normal school day, rather than only for time outside of the normal school year. Such programming

is now required to be used for activities that involve direct contact with students or are directly related to student programs and activities.

- ◆ Educators cannot provide more than 8 hours of extended programming in a 24 hour day.
- ◆ ODE is required to issue a report, not later than December 31, 2013, with recommendations for quality agricultural programs based on certain specified standards. ODE is allowed to periodically review and update the report as it considers necessary.
- ◆ All agricultural education instructors are required to utilize a three-part model of agricultural education instruction focusing on classroom instruction, FFA activities and extended programming projects. Agricultural education instructors are required to submit a monthly time log to the principal of the school at which the extended programming is offered for review.

- **Community Schools**

- Foundation Funding for community schools is calculated in a manner similar to that of traditional school districts but with no state share index or percentage applied. Payments continue to be deducted from each student's resident school district, with the exception of the \$100 per pupil facilities payment to site-based community schools, and includes the following components:
 - ◆ An opportunity grant per pupil amount of \$5,745 in FY14 and \$5,800 in FY15.
 - ◆ The per pupil amount of tier I targeted assistance funds from the resident district multiplied by 25%.
 - ◆ Additional aid for special education and related services based on the student's disability category and corresponding amount listed in the table under the "Special Education" section.
 - ◆ Kindergarten through third grade literacy funding provided at \$211 in FY14 and \$290 in FY15 for each student in grades K-3.
 - ◆ For economically disadvantaged students, \$269 in FY14 and \$272 in FY15 multiplied by the resident district's economically disadvantaged index. See a description of the district's economically disadvantaged index under the "State Support for Schools" section.
 - ◆ Additional aid for limited English proficiency based on the student's LEP category and corresponding amount described above under the "State Support to Schools" section.
 - ◆ Additional aid for career-technical education services based on the student's participation in approved career-technical education programs in one of five categories. The supplemental amounts are provided for each category under the "Career-Technical Education" section.
- E-schools are ineligible for K-3 literacy, economically disadvantaged, limited English proficiency, and targeted assistance funds. E-schools are for the first time authorized to provide and receive funding for career-technical education, if approved.
- E-schools have an enrollment limit starting in FY15 that is based on the following percentage increases applied to the enrollment at the end of the 2012-13 school year for e-schools open in that year or applied to 1,000 if newly opened in the 2013-14 school year :
 - ◆ If the e-school has enrollment equal to or greater than 3,000 students, the enrollment limit is a 15% increase;
 - ◆ If the e-school has enrollment of less than 3,000 students, the enrollment limit is a 25% increase.ODE is required to deduct the amount of state funds credited to an e-school for students in excess of the enrollment limit and restore that amount on a pro rata basis to the students' resident school districts.
- Site-based community schools and STEM schools are funded \$100 per student for facilities costs. However, \$7.5 million is provided in each fiscal year through lottery funds, and payments are prorated to stay within that amount. (Therefore, this funding is not deducted from community school students' or STEM school students' resident districts.)

- All community schools that serve grades seven or above must be assigned to a career technical planning district (CTPD) by ODE. Community school students can also participate in any career-technical education program of the CTPD in which the student’s resident district belongs.
- The community school funding guarantee for SBH students (now more commonly referred to as students with emotional disabilities) is continued. For community schools that enroll a number of students receiving special education and related services for emotional disabilities equal to at least fifty per cent of the total number of students this funding provides the difference between the aggregate amount calculated and paid for special education weighted costs for the emotionally disabled students and the aggregate amount that would have been calculated for those same students in FY01.
- Statute was added to allow community schools to charge tuition for out-of-state students as long as the students do not receive state foundation funding. However, the U.S. Department of Education prohibits community schools to charge any students tuition.
- ODE is now permitted, in lieu of revoking a sponsor’s authority, to require sponsors found to be noncompliant with applicable laws and administrative rules to place temporary limits on the breadth and scope of the sponsor’s authority until the sponsor remedies its noncompliance.
- ODE is now authorized to deny an application submitted under the Ohio School Sponsorship Program by an existing community school if the school’s contract with its sponsor was terminated, not just if the contract is not renewed as under current law.
- Language now specifies that the initial term for an agreement between ODE and a community school sponsor runs for up to seven years and ODE is required to add one year to the agreement term , unless the sponsor notifies ODE that it does not wish to have the term of the agreement extended, if the following conditions are met:
 - ◆ Prior to January 1, 2015, is not ranked in the bottom 20% of sponsors statewide according to composite performance index score and meets all the statutory requirements pertaining to community school sponsors; or
 - ◆ On or after January 1, 2015, is rated as “exemplary” or “effective” under the new sponsor rating system, and in either case continues to meet all the statutory requirements pertaining to community school sponsors.
- Community schools that primarily enroll students enrolled in a dropout prevention and recovery program can attain a rating of “exceeds standards,” in addition to “meets standards” as specified under current law, if the program improves by 10% both its graduation rate and its percentage of twelfth grade students and other students passing the graduation assessments.
- The state board of education is required, not later than December 31, 2014, to review the performance levels and benchmarks for report cards issued for dropout recovery community schools.
- The bill removes from the list of requirements that community schools must meet to operate in multiple facilities the following: 1) their contracts were filed by May 15, 2008 and 2) they were open prior to July 1, 2008.
- Beginning with the 2013-14 school year a community school’s contract that has been suspended is void, if the school’s governing authority fails to provide a proposal to remedy issues by September 30 for which the school’s contract was suspended. If a community school sponsor has suspended the operation of a school prior to the bill’s effective date, the contract with the sponsor is void if the school’s governing authority fails to provide by September 30, 2014, a proposal to remedy issues for which the school’s contact was suspended.
- Any closing community school that has received hardware or software from the former Ohio SchoolNet or e-Tech is required to turn over the equipment to ODE, rather than e-Tech.

- Transportation services relating to community schools:
 - ◆ New community schools, beginning with the 2014-15 school year, are allowed to accept responsibility for providing or arranging for the transportation of the district’s native students before it is open for its first year of operation.
 - ◆ Community schools that are scheduled to open in the 2014-15 school year and each year thereafter are required to notify districts of them if responsibility to transport students is assumed no later than April 15 of the previous school year.
 - ◆ Community schools are required to follow current law once the school has been open for one year after renewing or relinquishing transportation responsibility.
- Criteria for closing community schools that offer any of grades four to eight and do not offer a grade higher than nine is made consistent with criteria prior to July 1, 2013 by including that such schools must also show less than one standard year of academic growth in either reading or math in order to be closed.
- A provision of current law is removed that requires any classroom teacher initially hired by a community school after July 1, 2013 to provide physical education instruction to hold a valid license from the state board of education for teaching physical education.
- **STEM Schools**
 - STEM schools with independent governing boards are funded using the same formula as site-based community schools.
 - As discussed under the “Community Schools” section, STEM schools qualify for the \$100 per pupil facility funding.
 - As discussed under the “Community Schools” section, All STEM school serving grades seven or above must be assigned by ODE to a career-technical planning district (CTPD).
 - STEM schools are expressly permitted to contract with any services necessary for the operation of the school. The bill also specifies that the governing body of each STEM school must “engage the services of” administrative officers, teachers and nonteaching employees instead of “employ and fix the compensation” of such individuals as under current law.
 - Changes made to extracurricular participation of STEM school students within their resident district are outlined under the “Other” section.
- **Scholarship Programs**
 - Educational Choice (EdChoice) Scholarships
 - ◆ The EdChoice Scholarship program is expanded to qualify students in grades K - 3 who are enrolled in a district-operated school that has received a grade of “D” or “F” in “making progress in improving K-3 literacy” in two of the three most recent state report cards and does not receive an “A” in the most recent school year. There will be no financial impact associated with this provision in this biennium.
 - ◆ The EdChoice Scholarship program is expanded to qualify students with family incomes at or below 200% of the federal poverty guidelines, regardless of the academic rating of the school they otherwise would attend. Other items to note for these income-based EdChoice scholarships:
 - Upon renewal, the amounts of these scholarships will be reduced on a tiered basis if the family income of the student increases above 200% of poverty. If the family’s income increases above 400% of poverty, the student no longer eligible for a scholarship.
 - These scholarships are not included within the overall EdChoice cap of 60,000 scholarships per year.

- These scholarships are phased in by qualifying only kindergartners in FY14, with the next grade higher than the preceding year added in each subsequent year.
 - These scholarships are directly funded (as opposed to a deduction from the resident district) through an appropriation of lottery funds totaling \$8.5 million in FY14 and \$17.0 million in FY15.
 - ◆ EdChoice eligibility is modified such that any student enrolling in any of grades K - 12 in Ohio for the first time in the school year for which a scholarship is sought and will be at least five years old by January of the school year for which a scholarship is sought qualifies. This would mean that homeschoolers and out-of-state students would be eligible.
 - Jon Peterson Special Needs (JPSN) Scholarship Program
 - ◆ JPSN scholarship amounts are the lesser of the following: the fees charged by the provider; \$20,000; or the per pupil opportunity grant amount of the student's resident district (as defined under the "State Support to Schools" section) plus the supplemental special education aid associated with the student's disability category (as outlined in a table under the "Special Education" section).
 - ◆ ODE's study of the Jon Peterson Special Needs Scholarship Program is delayed from December 2014 to December 2015 and the study must be based on the 2014-15 school year.
 - ◆ \$5 million is provided in FY14 to reimburse school districts the amount deducted for scholarship students who did not attend a public school in their resident district in the previous school year.
 - ◆ Beginning in the 2014-15 school year, a scholarship received by an eligible applicant under the program for a child who is a category one special education student (speech only) may only be used to pay for related services that are included in the child's individual education plan (IEP).
 - The maximum scholarship award for the Cleveland Scholarship program is increased to \$5,700 for grades nine through twelve but the funds set aside for this program were not increased.
 - The deadline for individuals who provide services to a child under the Autism Scholarship Program to obtain a one-year, renewable instructional assistant permit is delayed from December 20, 2013 to December 20, 2014. There are no changes to the funding formula for this program.
- **Nonpublic Schools**
 - Funding for the Auxiliary Services line item is increased by 3.4% in FY14 and 5.9% in FY15, with Postsecondary Enrollment Option (PSEO) funding for nonpublic students increased by 5.5% in FY14 and 3.0% in FY15 and funding for auxiliary service reimbursement increased by 3.4% in FY14 and 6.0% in FY15. (See the "PSEO/Dual Enrollment" section for additional changes made to the PSEO program.)
 - Nonpublic Administrative Cost Reimbursement is increased by 3.4% in FY14 and 5.9% in FY15. The maximum per pupil amount for this reimbursement is increased to \$360 (from \$325 under current law).
 - The governing authority of a chartered nonpublic school is permitted to charge a students' parent or guardian a fee for transportation to and from school, regardless of whether the student is eligible for transportation by a school district, if the governing authority purchased the vehicle transporting the student using no state or federal funds. The transportation fee is prohibited from exceeding the per student cost of transportation, as determined by the governing authority. The parent or guardian of a student who is eligible for transportation by a school district is permitted to decline that transportation and accept transportation from a chartered nonpublic school.
 - Each chartered nonpublic school is required to administer the state achievement assessments to all of its students if at least 65% of its total enrollment is made up of students who are participating in the state's scholarship programs except that the parent of a student not receiving a scholarship is allowed to opt out of the assessments.

- **Early Childhood Education and Kindergarten Provisions**
 - Support for early childhood education (previously known as public preschool) is increased by \$10.0 million in FY14 and by an additional \$12 million in FY15. Eligible providers include traditional school districts, joint vocational school districts, educational service centers, chartered nonpublic schools, and early childhood education child care providers that participate in and meet at least the third highest tier of the Step Up to Quality rating system. Community schools are listed as eligible providers, however, under permanent statute community schools are not eligible to serve students under the age of five. If the early childhood program is licensed by ODE and not highly rated, the program must meet program requirements from FY12-13.
 - The Early Childhood Advisory Council is required to issue recommendations regarding an early childhood program to the State Superintendent, the Governor’s Office of 21st Century Education and certain members of the General Assembly by October 1, 2013.
 - Up to \$50,000 in each fiscal year is earmarked for the operations of the Ready, Set, Go...to Kindergarten program in Lorain County.
 - Preschool Special Education
 - ◆ A new funding formula for preschool special education funds replaces unit funding based on the minimum teacher salary schedule in place prior to 2002. The new funding formula provides \$4,000 per preschool pupil plus the result from taking one-half of the special education funds per the categories listed under the “Special Education” section times the state share index.
 - ◆ The appropriation for this funding is increased by \$18.5 million (22.0%) in FY14 over FY13, and by \$1.0 million (1.0%) in FY15 over FY14.
 - ◆ The new method of counting students starting in FY15 will allow preschool special education students enrolled after December to be funded based on the percentage of the year they are served.
 - ◆ Funding for ESCs or county boards of developmental disabilities that serve preschool special education students will be deducted from each student’s resident district. Funds to ESCs will have to be authorized by the resident school district before being transferred.
 - School districts can charge tuition for providing all day kindergarten if either 1) the district is providing it for the first time or 2) the district previously provided it and charged tuition.
 - Tuition charged by one district to another for preschool special education students is multiplied by 0.5.
 - Kindergarten Early Enrollment
 - ◆ A child who will be five or six years old prior to January 1 of the year in which admission is requested must be evaluated for early admittance and admitted, based on the decision of the district, in accordance with the school district’s policy. A child who turns five or six years old after January 1 can only be admitted if the child is accelerated.
 - ◆ For the 2012-13 school year, any student who was admitted to and successfully completed kindergarten in that school year is prohibited from having to repeat kindergarten based solely on the student’s age.
- **Post-Secondary Enrollment Option (PSEO)/ Dual Enrollment**
 - The bill adds early college high schools as a type of dual enrollment program.
 - The bill specifies that a school district, community school or STEM school may not charge an enrolled student an additional fee or tuition for participation in a dual enrollment program but that students may be required to pay the costs associated with taking advanced placement or international baccalaureate examinations.

- PSEO
 - ◆ Participation in PSEO is based on the participating college’s placement standards for credit-bearing, college-level courses. This requirement replaces a requirement that a student may not enroll in any specific college course through the program if the student has taken high school courses in the same subject area as that college course and has failed to attain a cumulative grade point average of at least 3.0 in such completed high school courses.
 - ◆ Alternative funding agreements are allowed but an institution may not receive reimbursement through an alternative funding agreement that involves charging a participating student any tuition or fees.
 - ◆ ODE may not reimburse a college for any remedial college courses.
 - ◆ ODE is required to annually compile a list of all institutions of higher education that currently participate in PSEO or in other dual enrollment programs and, not later than December 31 of each school year, to distribute that list to all school districts, STEM schools and chartered nonpublic schools in the state. Districts or schools are required to provide the list, as part of the required counseling services on PSEO, to both the interested student and the student’s parent or guardians.
 - ◆ \$250,000 in FY15 is provided to allow students who have been excused from the compulsory attendance law for the purpose of home education to participate in PSEO. Language allows ODE to accept late applications for PSEO for the 2013-14 school year for home-schooled students who wish to participate in the program during that school year but no funding is provided.
- The Chancellor of the Board of Regents must report, by December 31, 2013, recommendations to the Governor, the President of the Senate, and the Speaker of the House to establish the College Credit Plus Program for implementation in the 2014-15 school year. The program would allow high school students to earn credits through Ohio institutions of higher education and likely replace and broaden the PSEO program.

- **Regional Services**

- Educational Service Centers (ESCs)
 - ◆ Current law regarding supervisory services provided to school districts by ESCs is repealed but the \$6.50 per pupil funding deducted from ESC member districts is retained.
 - ◆ Supplemental funding for ESCs totals \$43.5 million in FY14 (a 22.5% increase) and \$40.0 million in FY15 (a 8.0% reduction).
 - ◆ School improvement funding, which is distributed to ESCs through performance agreements, is flat funded at \$3.5 million in each fiscal year. Also, funding for school improvement appropriated in the Educator Preparation line item is increased by \$350,000 (44.5%) in FY14 and then flat funded in FY15 to support Ohio’s State System of Support.
 - ◆ A joint vocational school district (JVSD) is permitted to enter into a fee-for-service agreement with an educational service center in the same manner as districts.
 - ◆ School districts, community schools, or STEM schools are authorized to agree to share any services offered by an ESC with one another, provided that each participant in those shared services specifies in the services agreement the amount of funds it will be contributing toward the total cost of the shared services, the services that will be shared and the other participating districts or schools.
 - ◆ Changes are made to align the relationship between ESCs and their member school districts, replacing outdated relationships of “local” and “client” school districts.
- \$3.8 million in each year is provided for ESCs for gifted units as previously funded prior to FY10.
- Funds for the Union Catalog and InfoOhio Network appropriated in the Ohio Education Computer Network (OECN) line item, are increased by nearly \$1.1 million (73.6%) in FY14 and are flat funded for FY15.

- \$10.0 million is appropriated in the OECN line item for FY14 for middle mile connections for the information technology centers and large urban districts to connect to the state broadband backbone. The plan is required to facilitate instructional technology/blended learning initiatives.
 - A district board of education , community school governing authority, STEM school governing board, or governing body of another political subdivision is permitted to elect, at the end of the fiscal year, to have unexpended funds that were paid to an ESC during that fiscal year apply toward any payment owed to the ESC in the next fiscal year. The bill also specifies that these funds must be unobligated as well as unexpended. The client's treasurer or fiscal officer is required to indicate this decision and the amount of funds retained by the ESC on the client's end-of-year financial report. Carryover funds are required to be used only for services specified in the service agreement and the treasurer of the ESC is required to keep records of these expenditures and to notify the client's treasurer or fiscal officer of them on at least an annual basis or upon request. The treasurer or fiscal officer of the client is required to include the information received from the ESCs treasurer in the financial report made at the next meeting of the client's governing body.
 - The governing board of an ESC is required to submit to ODE an affidavit certifying that it has received all moneys owed to it by a school district on the date of termination of an agreement for services with the ESC not later than 15 days after the termination's effective date. ODE is prohibited from making any payments to any other ESCs with which the district enters into an agreement for services until ODE receives the affidavit.
- **Academic Standards, Assessments and Accountability**
 - Funding for academic content standards is increased by 2.7% in FY14 and flat funded in FY15.
 - Funding for student assessments is increased 1.6% in FY14 and 35.8% in FY15.
 - The timeline for the kindergarten readiness assessment is modified to not earlier than the first day of the school year and not later than November 1, except that the literacy portion of the assessment (if being used for the diagnostic assessment for the Third Grade Reading Guarantee) must be complete by September 30.
 - Students of chartered nonpublic school accredited through the Independent Schools Association of the Central States are exempt from passing the end-of-course examinations required for graduation.
 - Changes to language regarding the timing of graduation requirements was not included in the bill which results in the Ohio Graduation Test (OGT) continuing to be administered in FY15 along with the new assessment system consisting of end of course exams. If language is not changed in future legislation, the OGT will have to be administered through the 2016-17 school year. A Graduation Committee of the State Board is currently working with stakeholders to make recommendations on the new graduation requirements.
- **Educator Provisions**
 - Funds within line item 200448, Educator Preparation, are increased an additional \$427,500 (37.6%) in FY15 for the implementation of teacher and principal evaluation systems.
 - A school district board of education may elect to assign business manager duties to other employees, including a district treasurer.
 - The Department of Developmental Disabilities, Mental Health and Addiction Services, Health and Education; the Ohio Board of Regents; and any other appropriate state agency are required to work with the Ohio Center for Autism and Low Incidence or another qualified entity to create a certification or endorsement process for individuals providing evidence-based interventions to serve or support an individual with an autism spectrum disorder. The legislative recommendations are required to be submitted to the Governor, the President and Minority Leader of the Senate, and the Speaker and Minority Leader of the House of Representatives not later than October 31, 2013.

- Teacher Evaluation
 - ◆ When calculating student academic growth for a teacher evaluation, students who have 45 or more excused or unexcused absences during the school year must be excluded (rather than those students with 60 unexcused absences).
 - ◆ The term “proficient” is replaced with “skilled” for the second highest level of performance for teachers and principals.
 - The New Leaders for Ohio Schools Pilot Project is established and funded at \$500,000 in FY14 and \$3.0 million in FY15. The State Superintendent is authorized to appoint three individuals to set up a nonprofit corporation to develop the pilot program. The purpose of the program is to provide individuals with training and development in public school administration and to promote placement of those individuals in public schools with poverty percentages greater than 50%. The state board of education is required to adopt rules for the issuance of an alternative principal or administrator license to an individual who successfully completes the pilot program.
 - Vetoed from the bill was a provision to exempt teachers in community schools primarily comprised of students with disabilities from re-testing provisions.
- **Other**
 - Days to Hours
 - ◆ Effective in the 2014-2015 school year, the minimum school year for school districts, STEM schools, and chartered nonpublic schools is changed from 182 days to 1) 455 hours for half-day kindergarten, 2) 910 hours for full-day kindergarten and grades 1 through 6, and 3) 1,001 hours for grades 7 through 12. Excused calamity days are generally eliminated.
 - ◆ School district boards are required to hold a public hearing on the school calendar 30 days prior to adopting the school calendar.
 - ◆ School districts are prohibited from reducing the total number of hours of instruction from the previous school year, unless the reduction is approved by the district board.
 - Participation in Extracurricular Activities
 - ◆ The bill specifies that a student enrolled in a STEM school must “not be prohibited from participating” in an extracurricular activity at the school operated by the student’s resident district.
 - ◆ The superintendent of a school is required to enroll students receiving home instruction in an extracurricular activity at the school of the student’s resident school district to which the student would otherwise be assigned. The superintendent of a school district is also required to enroll students in nonpublic schools in an extracurricular activity at the school of the student’s resident school district to which the student would otherwise be assigned if the activity is not offered by the nonpublic school.
 - ◆ The superintendent of a school district is permitted to allow any student who is enrolled in a nonpublic school and is not entitled to attend school in that district to participate in a school’s extracurricular activities if the nonpublic school where the student is enrolled does not offer the activity and the extracurricular activity is not interscholastic athletics or interscholastic contests or competition in music, drama or forensics.
 - ◆ The superintendent of a school district is authorized, but not required, to allow a student receiving home instruction who is not entitled to attend school in the district to participate in the school’s extracurricular activities, if the activity is not offered by the student’s resident district.
 - ◆ A school district, interscholastic conference, or organization that regulates interscholastic conferences or events is prohibited from imposing eligibility requirements on nonpublic school or homeschooled students that conflict with the provisions above.

- eTech Ohio Reconstitution
 - ◆ The eTech Ohio Commission is renamed and reconstituted as the Broadcast Educational Media Commission, effective July 1, 2013.
 - ◆ The terms of eTech members are terminated on June 30, 2013 but the membership of the new commission is the same 15 members, including 11 voting members. All public members must have a demonstrated interest in educational broadcast media.
 - ◆ The Educational Technology Practice Office is established as a cross-functional office with employees from both the Board of Regents and ODE, including former employees of eTech. The bill requires that this office develop digital learning, blended learning, and professional development materials, and evaluate and promote educational technology and methodologies. This new office must oversee the annual eTech Ohio Conference.
- A juvenile or detention facility is responsible for coordinating the education of a child placed in its care and may, under certain circumstances, provide the child with in-house education. The facility is also permitted to contract with an ESC or the school district in which it is located to provide education to a child in its care. A student who is placed in a detention or juvenile facility who is also enrolled in an e-school is permitted to continue receiving instruction from the e-school. It should be noted that the changes made in the bill do not override resident district responsibilities for special education students under federal IDEA.
- Human trafficking content is required to be included in a school's in-service staff training program for school safety and violence prevention.
- Changes are made to the requirements for minimum operating standards for all elementary and secondary schools by eliminating certain requirements. The state board of education will have to update the administrative rules pertaining to minimum operation standards.
- School Safety and Security
 - ◆ School districts are authorized to levy a property tax exclusively for school safety and security purposes.
 - ◆ \$12 million is provided over the biennium for the School Security Grant Program within the School Facilities Construction Commission's budget to provide funding to all public schools for school security expenditures including up to \$2,000 for the purchase of one Multi-Agency Radio Communication system (MARC) unit (or other emergency communications system) per school building and up to \$5,000 for a security door system.
- A district board of education is authorized to pay money received from the sale of real property into the district's general fund to be used to:
 - ◆ Retire any debt that was incurred by the district with respect to that real property;
 - ◆ Pay the proceeds that are in excess of what is necessary to retire related debt into the district's capital and maintenance fund; and
 - ◆ Use the proceeds only to pay for the costs of non-operating capital expenses related to technology infrastructure and equipment.
- The state board of education, beginning with the 2015-16 school year and at least once every three years thereafter, must review and may adjust the benchmarks for assigning letter grades to the performance measures and components included on report cards.
- The board of directors of the Cleveland Transformation Alliance and its committees and subcommittees are authorized to hold an executive session for any reason allowable under the Open Meetings Act.
- A school district participating in the physical activity pilot program is required to select one or more, instead of all buildings, to participate in the program. Also, the programs' requirements are modified for a participating school's students to engage in 30 minutes of physical activity daily by allowing the students to satisfy the requirement with at least 150 minutes of physical activity in a week.

- The board of education of a school district or the governing board of an ESC is permitted to designate a different individual to perform the task of nominating for employment any teacher who is related to the superintendent of that district or board.
- Vetoed from the bill was a provision that would have authorized licensed chiropractors from assessing and clearing concussed student athletes.