

Summary of HB 59 (As Introduced) – February 26, 2013

- Total State GRF funding is \$8.0 billion for FY14 (5.2% increase from FY13) and \$8.3 billion for FY15 (3.0% increase from FY14). State GRF funding includes homestead and rollback payments to school districts.
- Lottery funding totals \$841.0 million for FY14 (20.7% increase from FY13) and \$974.5 million for FY15 (15.9% decrease from FY14).
- **State Support to Schools**
 - A new funding formula, referred to as Core Foundation Funding, includes the following components:
 - An opportunity grant equalizes funding to \$250,000 valuation per pupil to 20 mills.
 - Targeted assistance funds provide additional revenue for 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 per pupil (creating a wealth index) times a target millage rate of 6 mills in FY14 and 7 mills in FY15. In FY14, the millage rates will range from low of 5.04 mills to a high of 15.73 mills and in FY15 the range is from 5.86 mills to 17.91 mills.
 - Additional state aid for special education and related services applies the categories and associated amounts shown in the table below. Each district is provided aid based on the capacity of the district to provide additional resources from local tax revenues through a state share index. However, no district is provided less than five percent or greater than ninety-five percent of the amount calculated.

Category	Description	Amount
1	Speech Only	\$1,902
2	Cognitive Disabilities, Specific Learning Disability, Developmentally Delayed, Other Health Impaired (Minor)	\$4,827
3	Hearing Impaired, Emotional Disturbance	\$11,596
4	Visual Impairment, Other Health Impaired (Major)	\$15,475
5	Multiple Disabilities, Orthopedic	\$20,959
6	Deaf-Blind, Autism, Traumatic Brain Injury	\$30,896

- Early childhood access provides funds for districts with an above average poverty rate and an access index that is 50% or more of the statewide access index. The access index compares the availability of preschool programs in a district or, if there are no programs in the district, the county the district is primarily located to the state average access. A funding target of \$600 for the estimated number of preschool students (estimated by multiplying the kindergarten count by 2) is set and adjusted up or down based on the access index.
- Economically disadvantaged funds provide \$500 per disadvantaged student for a district with a percentage of students equal to the statewide average poverty rate. This amount is adjusted

higher for districts with above average poverty rates and decreases for districts with below average poverty rates by multiplying the \$500 by each district's poverty index.

- Limited English proficiency funds provide \$1,500 per English language learner for the first year a student attends school in the United States. This amount decreases by 25% as the student moves to being mainstreamed (typically over each of the next two years). Funding continues after the student is mainstreamed (typically in the fourth year) and beyond at \$375 per LEP pupil when the student's family are not English speakers. Each district is provided aid based on the capacity of the district to provide additional resources from local tax revenues, by applying the state share index. However, no district is provided less than five percent or greater than ninety-five percent of the amount calculated.
 - Gifted funds provide \$50 per pupil for all pupils (not only those identified as gifted).
 - Districts are guaranteed to the amount received for FY13 (not including transportation aid and funding for career-technical education) and no district can receive an increase greater than the lesser of 25% of state aid in the prior fiscal year or 10% of the district's total resources for the second preceding fiscal year. However, a district will receive the entire amount calculated for the opportunity grant portion of state funding regardless of whether it exceeds the previously explained cap.
 - Funding continues to be based on an average daily membership (ADM) count of where students reside (rather than where they are educated). The ADM count for districts continues to use the current fiscal year count taken during the first week of October and 20% of career-technical full-time equivalent (FTE) continues to remain with a district. However, kindergarten students are funded on an FTE basis to differentiate between part-day and full-day kindergarten programs.
 - School districts and schools that fail to show consistent progress for a student subgroup for which funds are allocated (students with disabilities, economically disadvantaged students, limited English proficient students, and gifted students) are required to partner with, and pay funds to, an organization that has demonstrated ability to improve the educational outcomes of students within that subgroup.
 - The deduction and transfer mechanism for funding community schools, other choice programs, and open enrollment is continued (with certain exceptions). Funding and policy-related changes in each of these areas are discussed later in this document.
 - School districts (including JVSDs) are required to deposit three percent of their opportunity grant (as opposed to "formula amount" under current law) into a capital and maintenance fund.
 - Transportation is funded using the formula recommended by the State Board of Education in June 2006 but 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 and current year ridership counts. Funding consists of a base payment and additional amounts for districts that transport nontraditional riders, districts that transport high school students, districts that transport students who live between one and two miles from school, and districts that meet an efficiency target.
 - \$5.0 million per year continues to be available to reimburse districts for payments school districts make to parents in lieu of transporting students.
 - There are no changes to Tangible Personal Property (TPP) and Electric Deregulation Property Tax Reimbursements (Not GRF/Lottery).
- **Community Schools**
 - Core Foundation Funding for community schools is calculated in a manner similar to that of traditional school districts as detailed on a per pupil level below. 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.

- An opportunity grant of \$250,000 times 20 mills.
- The per pupil amount of targeted assistance funds calculated for the student's resident district.
- Additional aid for special education and related services based on the student's disability category and corresponding amount listed in the table above under "State Support to Schools".
- For kindergarten students, the per pupil amount of early childhood access funds for the student's resident district multiplied by the full-time equivalency of the student.
- For economically disadvantaged students, \$500 multiplied by the resident district's poverty index.
- Additional aid for limited English proficiency based on the student's LEP category and corresponding amount described above under "State Support to Schools".
- Gifted funds of \$50 per pupil for every student.
- E-schools are ineligible for early childhood access funds and targeted assistance funds.
- Site-based community schools are funded \$100 per student for facilities costs. \$7.5 million is provided in each fiscal year through lottery funds. (Therefore, this funding is not deducted from community school students' resident districts.)
- All community schools are required to join a career technical planning district. As with traditional school districts, career technical education programs must be approved by the lead district of the career technical planning district (CTPD) prior to the transfer of funds to the school district, community school, or STEM school.
- The community school funding guarantee for SBH students is eliminated. Under current law, for community schools that enroll a number of students receiving special education and related services for severe behavior disabilities equal to at least fifty per cent of the total number of students this provides a subsidy equal to the difference between the aggregate amount calculated and paid for special education weighted costs for the SBH students and the aggregate amount that would have been calculated for those same students in FY01.
- **Open Enrollment**
 - As previously explained, 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 \$5,704 (which is nearly equal to the "adjusted formula amount" of \$5,703.91 used currently).
 - The amount for career-technical students equals that for the student's career-technical category (displayed in a table below under "Career-Technical Education").
 - The Ohio Open Enrollment Task Force is created to review and make recommendations on open enrollment.
 - The Superintendent of Public Instruction is directed to consult with the Governor's Office of 21st Century Education to convene the taskforce 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.
- **Straight A Fund**
 - The Straight A Fund, appropriated at \$100.0 million in FY14 and \$200.0 million in FY15 from lottery funds, is created.

- The program provides grants to city, local, exempted village, and joint vocational school districts, ESCs, community schools, STEM schools, individual school buildings, education consortia (which may represent a partnership with other school districts), institutions of higher education, and private entities for projects that aim to achieve significant advancement in student achievement, spending reductions in the five year fiscal forecast, or utilization of a greater share of resources in the classroom.
 - The grants will be awarded by a nine-member governing board appointed by the Governor. ODE will provide administrative support.
 - An advisory committee to annually review the program and provide advice will consist of 17 members appointed by the Governor, one member of the Senate appointed by the Senate President, one member of the Senate appointed by the Senate minority leader, one member of the House of Representatives appointed by the Speaker, and one member of the House of Representatives appointed by the House minority leader.
- **Scholarship Programs**
 - Educational Choice (EdChoice) Scholarships
 - The EdChoice Scholarship program is expanded to qualify students in kindergarten through third grade 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. 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 of note:
 - 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 funded through an appropriation of lottery funds totaling \$8.5 million in FY14 and \$17.0 million in FY15.
 - 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 student’s resident district’s per pupil opportunity grant (calculated as described above under “State Support to Schools”) plus the special education aid associated with the student’s disability category (as described and displayed in a table above under “State Support to Schools”).
 - There are no changes to the Autism Scholarship Program or the Cleveland Scholarship and Tutoring Program.
 - **Early Childhood Education**
 - Support for early childhood education (previously known as public preschool) is increased by \$2.0 million in FY15.
 - Preschool Special Education
 - Preschool special education funds, which are currently allocated by unit funding based on the minimum teacher salary in place prior to 2002, are proposed at \$4,000 per preschool pupil plus the result from taking one-half of the special education funds per the categories listed above times the state share percentage index. The appropriation for these funds is increased by \$18.5 million (22.0%) in FY14 over FY13, and by \$1.0 million (1.0%) in FY15 over FY14.

- Funding for ESCs or county boards of developmental disabilities that serve preschool special education students will be deducted from funds provided to each student’s district of residence for such purpose upon authorization of the resident school district.
 - School districts that did not receive funding for all-day kindergarten through Poverty-Based Assistance in FY09 may continue to charge tuition for all-day kindergarten on a sliding scale based on family income.
- **Special Education**
 - Special Education Exceptional Cost Fund
 - In lieu of the previous Catastrophic Special Education funding, a Special Education Exceptional Cost Fund is created into which 15% of the state share of special education and related services is transferred. For traditional school districts the 15% is applied after special education deductions are made for community schools and STEM schools, Autism scholarships, and Jon Peterson Special Needs scholarships.
 - School districts (including JVSDs), community schools, and STEM schools can seek reimbursement from the fund for special education students in categories two through six whose costs exceed an exceptional cost threshold.
 - The following criteria must be met to be eligible for funding:
 - The district or school did not carry forward more than 40% of IDEA Part B funds or lapse these funds for the year in which reimbursement is requested.
 - The district or school does not have an annual special education determination by ODE of less than “needs assistance.”
 - The district or school has complied with all systems of accountability and reporting required by ODE, including accountability ratings, performance-based monitoring, compliance, fiscal requirements, and procedural safeguards processes.
 - County Boards of Developmental Disabilities and State Institutions
 - County boards of developmental disabilities (CBDDs) that provide special education and related services for a school age child with a disability will be paid the sum of the following:
 - The per pupil opportunity grant plus the special education funds for the student’s disability category as described previously in this document. This sum is multiplied by the student’s resident district’s state share index.
 - The per pupil targeted assistance for the student’s resident school district.
 - State institutions that provide special education services will be paid the sum of the following:
 - Special education funds based on the per pupil disability categories of students served described previously in this document.
 - Targeted assistance funds equal to the sum of all the per pupil amounts of targeted assistance funds for all of the school districts in which the institution’s special education students are entitled to attend school multiplied by the total number of the districts’ students enrolled at the institution.
 - 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.
 - 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 levels for special education transportation are also flat-funded.
- The requirement that school districts provide speech-language pathology services at a ratio of one per 2,000 students and school psychological services at a ratio of one per 2,500 students is eliminated.

- **Career-Technical Education**

- A new funding formula for joint vocational school districts (JVSDs) is proposed, closely resembling that described above for city, local, and exempted village school districts and community schools except that:
 - The opportunity grant equalizes funding to \$10 million property valuation per pupil to 0.5 mills.
 - Targeted assistance funds provide additional revenue for JVSDs that have a combined income and property wealth that is below the 39th JVSD ranked by this wealth measure. Each JVSD below the 39th JVSD is provided per pupil funding equal to the difference between the 39th JVSD and the JVSD’s wealth times a millage rate. The millage rate for each JVSD is calculated by comparing the JVSD wealth per pupil to the average per pupil times a target millage rate of 2.5 mills.
 - JVSDs are ineligible for early childhood access funds.
 - JVSDs are guaranteed to the amount received in the prior fiscal year (not including funding for career-technical education).
- All public schools in Ohio serving middle and high school students, including community schools and STEM schools, are required to join a career technical planning district (CTPD). Career technical education programs must be approved by the lead district of the CTPD prior to the transfer of any funds to the school district, community school, or STEM school. If the career-technical education programs of a school or district are not approved, ODE must automatically review the decision and may override it and transfer the funds.
- Funds for career technical education associated services are paid directly to the lead district of a career technical planning district at \$150 per career-technical education FTE.
- Supplemental funding for career-technical courses will be funded using the per FTE amount for each category of career technical programs as reflected in the table below.

Category	Career Fields	Amount
1	Environmental & Agricultural Systems, Construction Technologies, Engineering & Science Technologies, Finance, Health Science, Information Technology, Manufacturing Technologies	\$2,900
2	Business & Administrative, Hospitality & Tourism, Human Services, Law & Public Safety, Transportation Systems	\$2,600
3	Career Based Intervention	\$1,650
4	Arts & Communications, Education & Training, Marketing, Workforce Development Academics, Career Development	\$1,200
5	GRADS, Family and Consumer Sciences	\$900

- \$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 career-technical planning district 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.
- **Regional Services**
 - Educational Service Centers (ESCs)
 - Current law regarding supervisory services provided to school districts by ESCs for those services and the \$6.50 per pupil are repealed.
 - Supplemental funding for ESCs totals \$27.5 million in FY14 (a 22.5% reduction) and \$20.0 million in FY15 (a 27.3% 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 to support Ohio's State System of Support.
 - An ESC is defined as a regional public entity that provides select services to school districts, community schools, and other public and nonpublic schools with whom they enter into an agreement for those services (as opposed to a definition based on the territorial lines of the local school districts served by the ESC.) Changes are also made to align the relationship between ESCs and their client school districts, which in all districts with an agreement outlined under section 3313.843.
 - The number and terms of office of members of an ESC governing board and the allocation and structure shall be determined by a majority of clients (a client being any local government, local, city, or exempted village school district, STEM school, community school, or chartered nonpublic school), as opposed to by election as under current law.
 - 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 and for other necessary connectivity upgrades. ODE is directed to develop an expenditure plan aligned with the capacity and timeline requirements of the achievement assessments developed by PARCC and other instructional technology/blended learning initiatives.
- **Nonpublic Schools**
 - Funding for Auxiliary Services and Nonpublic Administrative Cost Reimbursement is increased by 5.5% in FY14 and 3.0% in FY15.
 - The set-aside for payment of the College Credit Plus Program is also increased by 5.5% in FY14 and 3.0% in FY15. (Previously this set-aside was for the Post-Secondary Enrollment Options program.)
- **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.

- **Educators**

- 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.

- **Other**

- An “advanced standing program” is defined as a program that enables a student to earn credit toward a degree from an institution of higher education while enrolled in high school or that enables a student to complete coursework while enrolled in high school that may earn credit toward a degree from an institution of higher education upon the student's attainment of a specified score on an examination covering the coursework. These programs include:
 - The College Credit Plus Program explained below;
 - Advanced placement courses; and
 - International baccalaureate program credits.
- College Credit Plus Program
 - The College Credit Plus Program is created, replacing the Post-Secondary Enrollment Options program.
 - All Ohio public colleges and public and private secondary schools are required to participate. Private colleges may participate but are not required.
 - The Chancellor of the Board of Regents is directed to calculate the statewide average tuition rate per credit hour for 1) state universities, 2) community colleges, and 3) state university branches.
 - For participating public students, funds are deducted from their district or school based on the type of higher education institution they are attending and adjusted based upon the person teaching the course and the location of the course. A higher percentage of the statewide average tuition rate per credit hour is paid to private universities recognizing that they do not receive State Share of Instruction funds.
 - Participating nonpublic students are funded directly through a set-aside in the Auxiliary Services line item.
- As part of the dissolution of the ETech Ohio Commission, funding from the agency’s programs is consolidated into ODE beginning in FY14 and continuing in FY15. Such funds are appropriated in line items 200464, General Technology Operations (GRF), 200465, Technology Integration and Professional Development (GRF), and 200668, Gates Foundation Grants (SSR).
- Financial reporting standards
 - The standards to be developed by the State Board of Education for financial reporting by school districts and ESCs 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.
- 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.

- A juvenile or detention facility is responsible for coordinating the education of a child 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.
- 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.
- Human trafficking content is required to be included in a school's in-service staff training program for school safety and violence prevention.
- While a salary schedule must still be filed with the Department, the following items related to salary schedules are eliminated:
 - Specified minimum salary steps for teachers;
 - The requirement that each local school board file a copy of salary schedules with its ESC superintendent;
 - Filing deadlines and the conditions upon which the salary schedules for nonteaching school employees must be based; and
 - The requirement that teachers who have completed training resulting in eligibility for a higher salary file evidence with the district treasurer.
- The ability of the Superintendent of Public Instruction to issue loans from the Lottery Profits Education Fund to qualifying school districts is repealed.
- Minimum Operating Standards
 - 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 is directed to review and revise the operating standards no later than December 31, 2013 to limit the standards to those necessary to ensure the health and safety of students and the requirements necessary to ensure each student has mastered a common knowledge base in order to graduate from high school. The State Board is further directed to provide schools with flexibility in meeting the standards adopted.
- The parent trigger reform mechanism, previously established as a pilot project for the Columbus City School District, is expanded to apply to any district in the state.