

The FY12-13 Budget for the Department of Education as Passed by the House
May 6, 2011

- **Overall**

- Total State GRF funding is \$7.46 billion in FY12 (2.0% increase from FY11) and \$7.57 billion in FY13 (1.4% 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 rollback payments to school districts. These figures represent \$51.6 million more in FY12 and \$57.4 million more in FY13 over what was proposed in the Executive version of the bill.
- Lottery funding totals \$717.5 million in FY12 (0.9% increase from FY11) and \$680.5 million in FY13 (5.2% decrease from FY12). These are the same figures used for the Executive version of the bill.

- **State support to schools**

- School districts/community schools
 - The House version added a supplemental payment to the new bridge formula proposed by the Governor. In FY12 this supplemental payment would cap a district's losses at 20% of FY11 levels of state foundation funding (minus SFSF in FY11). In FY13 the districts that receive the supplemental payment in the prior year would be guaranteed 100% of prior year foundation funding (including the supplemental payment in FY12).
 - The House version made no changes to how ADM counts are determined for foundation funding.
 - The House adds \$5.0 million per year to reimburse districts for payments they make to parents in lieu of transporting students.
 - Community school funding remains a deduction and transfer mechanism.
- Tangible Personal Property (TPP) and Electric Deregulation Property Tax Reimbursement (Not GRF/Lottery)
 - The phase-out for both reimbursements is unchanged from what was proposed in the Executive version for FY12 and FY13 for fixed rate levies but the remainder of the phase-out in FY14 and thereafter is frozen. This means that any reimbursement a district is still receiving in FY13 would continue to be received at that level in the future.
 - There are no changes to the phase-out schedule for fixed sum levies (emergency and bond levies). (This is the same as proposed in the Executive version.)

- **Community Schools** (The provisions outlined below were not provisions in the Executive version unless specified.)

- Funding formula:
 - There are no changes to the funding formula for community schools from that proposed in the Executive version.
 - ODE would be required to pay community schools for serving children with disabilities regardless of whether a child enrolls in a community school after the federal reporting date of December 1.
- Changes with regard to sponsors:
 - The cap on the number of schools a sponsor can authorize is increased from 50 to 100.
 - A sponsor would be required to notify a governing authority at least 180 days prior of its intent to not renew its contract with the governing authority.
 - ODE would be required to serve as *de facto* sponsor to any entity that directly applies to the department to establish a community school.
 - Sponsors would be required to provide assurances to ODE in writing about their preparedness to open (as provided in Code) five calendar days prior to the opening of a school (as opposed to ten business days in current law).

- Changes made with regard to governing authorities and/or operators:
 - A maximum single term-length of three years is established for an individual serving on a community school governing authority (current law does not define a length of term), and the amount of compensation that a member of a governing authority may receive would be limited to \$5,000 per year.
 - A governing board member, or immediate relative, would be prohibited from being an owner, employee, or consultant of a community school sponsor for one year after the conclusion of the member's term.
 - A governing authority would have to notify an operator at least 180 days prior of its intent to not renew a contract with its operator.
 - If an operator appeals a decision of a governing authority to terminate its contract with the operator and it is determined that the operator should continue to manage the school, the contract between the governing authority and the operator would continue until the terms of office of all governing board members have expired and those members have been replaced with individuals recommended by the operator (as opposed to current law where the operator immediately replaces all members of the governing authority).
 - A governing authority would be required to offer the operator a chance to renew its contract before seeking another operator.
 - A governing authority would now be permitted to delegate any or all of the rights, duties and responsibilities of the governing authority to an operator.
 - An operator would have the authority to bring a court action concerning the school's operation or the renewal, nonrenewal, or termination of the school's contract with its sponsor. Also, the renewal of a contract between the community school and the sponsor would be subject to the approval by the operator.
- Other community school changes:
 - The moratorium on new e-schools (which was repealed in the Executive version) is retained in the House version. The State Superintendent, the Chancellor of the Board of Regents and the Governor's Director of 21st Century Education are required to develop and submit recommendations on e-school standards to the General Assembly by July 1, 2013.
 - E-schools would be exempt from collecting student immunization records and all community schools would be exempt from participating in Body Mass Index screenings.
 - The House version repeals the "operator provision" (as proposed by the Executive bill) which only permits new start-up community schools to open if they contract with an operator that currently manages schools that perform at a level higher than academic watch. The House version modifies the Executive version by requiring ODE to establish a ranking system for community school sponsors. The ranking system would consist of a composite performance index score that measures the academic performance of students enrolled in all community schools sponsored by that entity. Sponsors ranked in the bottom 10% would not be permitted to sponsor additional schools.
 - Community schools could be established as a for-profit corporation or a limited liability corporation. (Current law allows a school to be established as a nonprofit corporation or public benefit corporation.)
 - A community school would be permitted to be located in multiple facilities under the same contract and to assign students in the same grade level to multiple facilities (under certain circumstances). Two or more separate community schools would also be permitted to be located in the same facility.
 - Dropout recovery programs operated by community schools would be allowed to enroll students between the ages of 22 and 30 who have not received a high school diploma or GED. It is stipulated that such students cannot generate funding that exceeds the equivalent of 2 cumulative school years. The State Board would be required to adopt rules prescribing standards and requirements for services to students with disabilities enrolled under this provision. The students would be paid per the community school

funding formula from a \$1.0 million set aside designated for this purpose, rather than as a deduction from the resident district.

- Employees of community schools would be prohibited from collectively bargaining (which is permissive under current law) and in the case of any community school for which a collective bargaining agreement is currently in place (i.e. a conversion school), the bill would prohibit any future collective bargaining agreement after the expiration of the current contract.
 - The following changes are made to the mandatory closure provisions for poorly performing schools:
 - A school would be designated to close if it does not offer a grade level higher than 3 and has been in Academic Emergency for 2 out of the last 3 years (current law is 3 out of the last 4 years).
 - A school would be designated to close if the school offers any of grade levels 10-12 and has been in Academic Emergency for 2 out of the last 3 years (current law is 3 out of the last 4 years).
 - No changes are made to criteria for schools that offer grades 4-8.
 - Community schools would be provided the right of first refusal for the lease of any property owned by a school district that is suitable for use as classroom space (as proposed in the Executive version). Current law grants community schools this right for the purchase of school district real property but the House version modifies this provision.
 - The deadlines for adoption and signing of contracts for new conversion community schools that open in the 2011-2012 school are waived.
- **Scholarship Programs**
 - EdChoice Scholarships - There are no additional changes made to the EdChoice Scholarship Program from that proposed in the Executive version.
 - Cleveland Scholarships (No changes were proposed for the payment methodology in the Executive version.)
 - The House version increases the scholarship amounts to be equal to that used for the EdChoice Scholarship Program (\$4,250 for grades K-8 and \$5,000 for high school) and adds \$5.0 million per year to pay for these increases. The amount paid by the state continues to be the lesser of the actual amount of the tuition or 75% or 90% of the scholarship amount depending on whether the student is low income.
 - New students may enroll in the program in high school regardless of whether they participated in the program in grades K-8.
 - Autism Scholarship – There are still no changes to the payment methodology.
 - **Early Childhood Education**
 - Funding for child care licensing is cut by \$50,000 in FY12 and then flat funded in FY13. (This was flat-funded in the Executive proposal.)
 - Early Childhood Education (public preschool) funding is still flat funded and there is still no mention of a new Early Childhood Center being created at ODE.
 - **Special education**
 - The House version adds that an IEP must specify the manner in which the student will participate in the state assessments.
 - Each special education supplement continues to be flat-funded, as proposed in the Executive version.

- **Career-technical education**
 - The overall funding levels for career-technical education supplements continue to be the same as that proposed in the Executive budget, but the House version adds language that allows ODE to reallocate any unexpended career-technical education amounts allocated through foundation funding first to districts within the career-technical planning districts with growing career-technical populations and then to other districts based on career-technical enrollment growth.

- **Gifted Education**
 - The House version provides that a qualified school principal or any other position assigned to a school would be able to serve as a gifted coordinator.
 - As proposed in the Executive version, gifted funding for school districts continues to be included in foundation funding but the House added a provision that requires districts to spend at levels they received in FY09 from the state for gifted unit and identification funding.
 - ESCs continue to be flat-funded in FY12-13.

- **Regional Services**
 - Educational Service Centers
 - Supplemental funding for ESCs totals \$41.76 million in FY12 (a 10% reduction) and \$35.32 million (a 15% reduction) in FY13. The Executive version had proposed a 30% reduction in FY13. Also, provisions were added by the House to allow this funding to be combined for ESCs that merge and to allow the funding of closed ESCs to be redistributed to other ESCs.
 - There were no changes to the Executive proposal for school improvement funding to ESCs, but \$150,000 from the Educator Preparation line item is now allowed to be used by ODE to monitor the State's System of Support.
 - The Executive version of the budget proposed that every district with 16,000 students or less would have to enter into a service agreement with an ESC and those with more than 16,000 students would be permitted to enter into such agreements. The House version modifies the count to be based on an enrollment count of the district rather than a resident ADM count.
 - The House version continues to repeal permanent law outlining the process that a district must follow to leave the territory of its current ESC and annex to an adjacent ESC. The new process proposed by the Executive version is modified by the House version such that 1) districts are only permitted to terminate agreements with its current ESC by January 1, 2012 and every odd-numbered year thereafter and 2) the option for additional districts to notify ESCs that they are leaving by May 31 (under certain circumstances) is eliminated.
 - ESCs are authorized to enter into service contracts with other political subdivisions besides school districts, as proposed by the Executive version.
 - A process for dissolving an ESC is included if all the local school districts that make up the territory of an ESC severs from the ESC. There was no provision in the Executive version.
 - In addition to the shared services study by the Governor's Director of 21st Century Education, the House version adds that the Director must also conduct a shared services survey by October 15, 2011 to gather baseline data on the current status of shared services and to determine where opportunities for additional shared services exist.
 - The OECN line item is reduced by 12.0% in FY12 and flat-funded in FY13. (The Executive budget reduced this line item by 10%.) This additional reduction of \$408,511 in each fiscal year is entirely taken from funding that was

proposed in the Executive version to be used for state software support but the House repurposes this funding to support the College of Education and Human Ecology at the Ohio State University in its work reviewing course content for the distance learning clearinghouse.

- There are no changes to EMIS funding from what was proposed in the Executive version of the budget.

- **Nonpublic Schools**

- Funding for Auxiliary Services is increased by 5.0% in FY12 and by 1.5% in FY13. (The Executive version proposed increases of 1.4% in FY12 and 1.5% in FY13.)
- The allowable uses of Auxiliary Services funding is updated to include such items as electronic textbooks and other hardware, software and electronic devices. (There was no provision in the Executive version.)
- Funding for Nonpublic Administrative Cost Reimbursement is increased by 3.4% in FY12 and by 1.5% in FY13. (The Executive version proposed increases of 1.4% in FY12 and 1.5% in FY13.)
- The bill permits the certification of teachers without a bachelor's degree for chartered nonpublic schools in the subject areas of foreign language, music, religion, computer technology, and fine arts if the person 1) shows specialized knowledge, skills, or expertise, 2) has three or more years of teaching experience, or 3) has completed a teacher training program. (There was no provision in the Executive version.)

- **Educators**

- There are no changes to the following teacher provisions recommended within the Executive version of the budget:
 - Provisions regarding how teachers can obtain an alternative educator license.
 - The requirement for the State Board to approve a list of states with teacher licensure standards that are inadequate to Ohio's.
 - Establishment of the Teacher Incentive Payment Program.
 - The following provisions regarding the termination and layoff process:
 - The option to have a referee is eliminated.
 - The ability to appeal is limited to either the common pleas court or the grievance procedure, not both.
- Following are changes by the House version to teacher provisions proposed within the Executive version of the budget:
 - The teacher compensation provisions proposed in the Executive version of the budget are changed to require school districts, community schools, STEM schools, ESCs and county DD boards to annually adopt a teacher salary schedule based upon performance starting in the 2013-2014 school year. Performance would have to be based on a teacher's level of license, whether the teacher is highly qualified under federal law, and evaluation ratings. Annual adjustments would have to be based on evaluations and additional compensation would be permitted for teachers who perform duties that the local board determines warrant additional compensation.
 - Core teachers in school buildings (the Executive version referred to districts) ranked in the lowest 10% according to the Performance Index measure would be required to retake all written exams needed for licensure in the teacher's subject area and grade level.
 - Teacher layoffs would have to occur in order of their evaluation ratings, starting with teachers who receive "unsatisfactory" ratings. Also, seniority cannot be a factor under any circumstance unlike the Executive version.

- New teacher provisions added by the House version:
 - Teachers who receive their initial license after January 1, 2011 would be prohibited from being awarded continuing contracts (tenure), and employment contracts would be limited to two to five years (must be three years for the first contract).
 - Teacher and Principal Evaluations
 - The State Superintendent would be required to develop a framework for teacher evaluations by December 31, 2011. The framework would have to evaluate instructional practice, communication and professionalism, parent and student satisfaction, and would be required to have at least 50% of the evaluation based on measures of student growth. The Superintendent would also have to 1) develop standards and criteria that distinguish between four levels of performance, 2) designate a standard of student academic growth that a teacher or principal must meet to be rated at each of the performance levels, and 3) develop a list of assessments in grades and subjects not covered by value-added from which districts could use or choose one that is not on the list.
 - Districts, community schools, STEM schools and ESCs would have to adopt evaluation systems by July 1, 2012, and the Department would have to approve or make recommendations for improvement of these evaluation systems by November 1.
 - By December 1, 2013 and annually thereafter, the Department would have to issue a report of the evaluation results for the previous school year. The Department would also be required to serve as a clearinghouse of promising evaluation procedures and models and provide districts with technical assistance.
 - The evaluation procedures for principals would be required to be comparable to the teacher evaluation policy but tailored to their duties and responsibilities. These evaluations would have to be considered in decisions about compensation, termination, reductions in force, and professional development.
 - District superintendents would not be able to assign teachers to a school without the mutual consent of the school's principal and the teacher if the teacher receives a low evaluation.
 - The State Board would be required to establish a definition of "good and just cause" for the purpose of teacher termination. A school district or ESC would be permitted to terminate first-year teachers without "good and just cause" if the teacher has a one-year contract.
- **Content standards, assessments and accountability**
 - Funding for academic content standards is decreased by 18.0% in FY12 and by 14.9% in FY13, which is a slightly a larger cut than that proposed by the Executive version of the budget.
 - Funding for student assessments is decreased by 3.0% in FY12 and is flat-funded in FY13. The Executive version had proposed a 1.3% decrease in FY12.
 - The House version repeals requirements for academic standards to address skills such as creativity and innovation and for assessments to evaluate 21st century skills. Also, the senior project is removed from the new graduation assessment and there would no longer be a composite score required. There were no such provisions in the Executive version.
 - Funding for development of the Local Report Card is decreased by 5.9% in FY12 and flat-funded in FY13. The Executive version had proposed a decrease of 0.9%.
 - There are no changes to funding for the GED program from what was proposed in the Executive budget, but students ages 16-18 who want to take the GED would need to have approval from the district superintendent

and would count as a drop-out for the purposes of the district's report card. ODE could also require a student to obtain permission from their guardian.

- **School/District Reforms**

- There were no changes made to the following provisions from the Executive version:
 - Restructuring of district-operated schools
 - Innovations schools/zones
 - Governor's School Recognition Program
 - Performance and expenditure ranking reports
- The new provision in the Executive version that would allow parents to petition for school reforms would be changed to a pilot project in Columbus City School District and ODE would have to evaluate the pilot and submit a report to the General Assembly.
- The standards for determining the amount of operating expenditures for classroom instruction and nonclassroom instruction are modified to require ODE to distinguish between brick-and-mortar community school and e-schools. ODE would also be required to report additional information regarding these standards to schools and schools would be required to publish the report on their websites.

- **Other**

- There were no changes to the Executive version funding levels for the School Lunch Match and Alternative Education Programs and funding for the following continue to be eliminated: Ohio Safe School Center in Cincinnati, STEM grants, and School Employee Health Care Board.
- The following were all new provisions in the House version:
 - A pilot project using a multiple-track high school curriculum, including college prep and career-tech tracks, would be established in Columbiana County by the Superintendent of Public Instruction. The Superintendent would have to solicit districts to participate, and to pursue non-state funding for the project. The project would open in the fall of 2012 and the Superintendent would be required to report to the General Assembly on the progress of the school after three years.
 - College-preparatory boarding schools would be authorized to be established as public schools operated by private nonprofit corporations. Students for the school would have to come from participating districts, be at risk for dropping out, meet academic or behavior criteria and come from a family at or below 200% of the poverty level. The schools would be governed by a board of trustees and would receive an annual report card. They would be able to serve 80 students in grades 5-6 in their first year of operation, but would be able to expand grades and serve up to 400 students in future years. The State Board of Education would have to issue an RFP to secure an operator for a school and would be permitted to close the school if the school violates the contract. There would also be a College-Preparatory Boarding School Facilities Program established through the School Facilities Commission.
 - A joint superintendent for the Ohio State School for the Blind and the State School for the Deaf would be authorized.
 - Schools would be allowed to make up three calamity days through online lessons or "blizzard bags."
 - A new provision regarding districts placed in fiscal emergency would allow the Auditor of State to notify the State Superintendent if the Auditor determines that the financial recovery plan cannot reasonably be expected to correct the district's fiscal emergency conditions within five years. The State Superintendent would have to develop an operation plan and submit this plan to the State Board for approval. The State Board would then take over the operation of the district until the Auditor determines the district has an acceptable plan.