# Biennial Budget Proposal FY 2012 - FY 2013



July 11, 2010

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### Section 3301.07 of the Revised Code requires the State Board of Education to:

...prepare "a report on the status, needs, and major problems of the public schools of the state, with recommendations for necessary legislative action."

### This Budget Proposal...

- Continues the reforms outlined in H.B. 1, which aligns to the State Board's vision that *all students* will graduate well prepared for success.
- Aligns to the objectives the Board has identified to achieve its vision:
  - Teaching 21<sup>st</sup> century knowledge and skills for realworld success;
  - Effectively delivering support for high quality education; and
  - Providing sufficient resources which are effectively and efficiently managed.

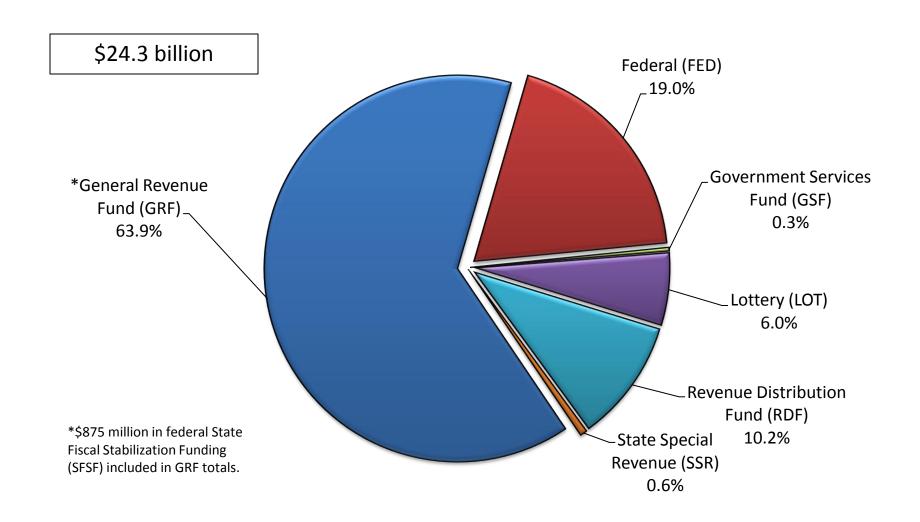
### Overview of July Presentations

- Today
  - Big picture look at proposed budget
  - EBM and other Foundation recommendations
- Tuesday
  - Non-Foundation recommendations

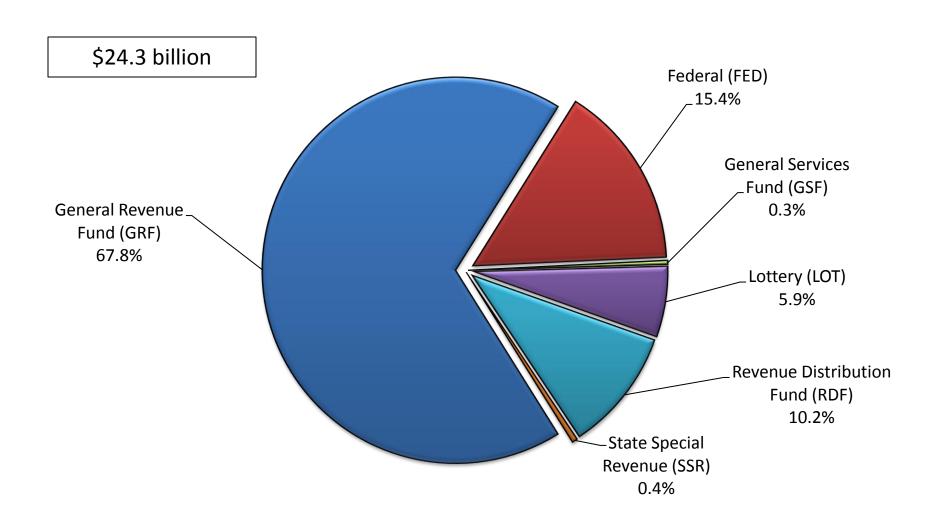
### Organization of the Budget Book

- Table of Contents:
  - Letter of Transmittal
  - Program Recommendations and Narratives
  - Appendices
    - A: EBM/Foundation Assumptions and Budget Structure
    - B: Policy Options
    - C: New Center for Early Childhood Development: Funds and Programs
    - D: Appropriation Line Item Detail
    - E: Program Line Item Detail
    - F: 2011-2012 Board of Education State Legislative Platform (DRAFT)
    - G: Key Terms and Definitions

### FY 2010-2011 by Funding Source All Funds



### FY 2012-2013 by Funding Source All Funds



### Total GRF and Lottery Fund Request FY 2012-2013 Biennium

	Total	Increase
FY 2012 Proposal	\$7.78 billion	\$333.2 million (4.5% over FY 2011)
FY 2013 Proposal	\$8.04 billion	\$262.6 million (3.4% over FY 2012)

Note: GRF does not include property tax allocations, which is included as a placeholder in the Basic Aid Support program area.

### EBM and Other Foundation Funding

- Important to hear your feedback this month
  - Some changes require data needs that take time to aggregate
  - The financial impact of additional modifications are many times not intuitive.
- Being Reviewed by School Funding Advisory Council
- Costs driven mostly by:
  - Property Valuations
  - ADM counts

### **District Assessed Valuations**

	Valuations	% Change	
FY10	\$256.2 billion		
FY11	\$248.0 billion	-3.2%	
FY12 Est.	\$247.7 billion	-0.1%	
FY13 Est.	\$239.8 billion	-3.2%	

### Average Daily Membership (ADM)

	School Districts	Community Schools	Total
FY09 (Actual)	1,690,504	88,536	1,779,040
FY10 Proj.	1,685,991	93,049	1,779,040
FY11 Proj.	1,681,163	97,877	1,779,040
FY12 Proj.	1,675,988	103,052	1,779,040
FY13 Proj.	1,670,435	108,605	1,779,040

Note: The projected FY12-13 ADM counts will be updated and incorporated into September's draft budget book.

### Average Daily Membership (ADM)

### • Proposed:

- Continue to use a prior year count or, if the current year count increases by 2% or more, use the current year count.
- Count kids where they are educated.
  - Promotes transparency
  - Allows for better accountability
  - Helps foster better collaboration between traditional school districts and community schools

### Evidence-Based Model (EBM)

### Background:

- H.B. 1 changed the allocation methodology for school districts from a per-pupil basis to one that specifies the educational strategies and operational resources necessary for academic success.
- Being phased in over 10 years.
- Only used for traditional school districts currently.

#### **Proposal:**

- Continue to support EBM as implemented in H.B. 1 with the following implementation adjustments:
  - 1. Reorganize the EBM Components:
    - Traditional needs of all students
    - Supplemental Services
    - Other Funding and Adjustments
  - 2. Fund all components at 100% and provide inflationary increases
  - 3. Apply overall gain cap of 1.5%

- Why reorganize the components?
  - Helps bring greater understanding of the purposes for each EBM component.
  - Allows common per pupil amounts to be provided which can be used for:
    - Funding community schools directly
    - Making consistent payments via deduction and transfer for special education and career-tech contracts, compacts, and cooperatives.

- Why phase-in components to 100%?
  - Pushes state funding into EBM components where districts will be held accountable for their use rather through the transitional aid guarantee.
  - Allows components to be phased in consistently as the gain cap is increased and eventually eliminated.

- Why cap of 1.5%?
  - Based on the Employment Cost Index (ECI) for wages and salaries of civilian workers as of April 2010.
  - Allows progress to be made on fully phasing in the EBM by FY 2018.

- More on reorganization of components
- Current organization is by function
  - Instructional Services
  - Additional Services Support
  - Administrative Services
  - Operations and Maintenance
  - Technology Resources
  - Other

- Proposed organization
  - Funding for all Students
  - Supplemental Services
  - Other Funding and Adjustments

#### Proposed organization:

### EBM Components that support the needs of all students

Core Teachers+

Specialist Teachers+

**Lead Teachers** 

**Guidance Counselors\*** 

School Wellness Coordinators\*

District Health Professionals\*

Administration

**Principals** 

**Building Managers** 

**Secretaries** 

Non-Instructional Aides\*

Enrichment+

Licensed Librarians/Media Specialists+

Technical Equipment<sup>+</sup>

**Professional Development** 

Instructional Materials+

Operations and Maintenance<sup>+</sup>

Some components above are either currently not funded(\*) or are being phased in(+) directly or indirectly.

- From the EBM components provided for the needs of all students, common per pupil amounts can be generated:
  - \$5,823 for FY 2012
  - \$5,911 for FY 2013
- These amounts are determined prior to the application of the Educational Challenge Factor (ECF).

### EBM Components that support Supplemental Needs

#### **Special Education**

- Teachers+
- Aides+

#### **Poverty Funding**

- Supplemental Teachers
- Family and Community Liaisons
- Summer Remediation

#### **Gifted Services**

- Gifted Intervention Specialists+
- Coordinators
- Identification
- Professional Development<sup>+</sup>

Career-Technical Education

Limited English Proficient (LEP)

Some components above are currently being phased in(+).

### **Proposed:**

- Guarantee funding at 100% of what districts received in FY 2011 for the following programs:
  - Limited English Proficiency (LEP) funding
  - Poverty funding
- Increase Supplemental Career-Technical Education funding by 1.5% per year for each district (currently increase is 0.75% per year).

### **Adjustments and Other Funding**

#### Adjustments

- Charge-Off (Local Share)^
- Gain Cap^
- Transitional Aid Guarantee
- Educational Challenge Factor

#### Other Funding

- Transportation
- Special Education Transportation
- Preschool Special Education Units

- Funding totals are not shown separately in the budget book (^).
- •Programs under Other Funding are not officially part of the EBM but they are included on each district's Pathway to Student Success (PASS) Form.

### **Proposed:**

- The following adjustments are outlined in the Basic Aid Support program area of the budget book.
  - Charge-Off (Local Share)
    - Reduce the charge-off to 21 mills in FY 2012-13 as set out in H.B. 1.
  - Gain Cap
    - Increase the gain cap to 1.5% per year (from 0.75%)
    - Does not apply to Supplemental Career-Technical Education Funding, LEP and Poverty Guarantees, Transportation for regular students, Special Education Transportation, and Preschool Special Education Units

- Educational Challenge Factor (ECF)
  - Unique index for each district to recognize the socioeconomic differences that reflect each district's degree of challenge to delivering quality instruction to students
  - Embedded into calculations of many EBM components
  - Explained within Students At Risk program area of budget book

#### Proposed:

Use the same ECF as outlined in H.B. 1 for each district.

#### Transitional Aid Guarantee

 For FY 2011, it guarantees districts receive 98% of what they received in prior year overall funding.

### Proposed:

- Guarantee to overall prior year funding at 95% in each year.
- Remove Transportation Funding entirely from the Guarantee.
- Eliminate nonpublic per-pupil guarantee for school districts.

# Foundation Funding -Community Schools-

- Current funding methodology:
  - Formula generally reflects what was used in FY 2009.
  - Payments are deducted from each student's resident district.

# Foundation Funding -Community Schools-

- <u>Proposed:</u> Use H.B. 1 funding methodology with the following changes:
  - Fund community schools directly rather than by a deduction from each student's resident district.
  - Base funding on the common per pupil amounts of \$5,823 for FY 2012 and \$5,911 for FY 2013.
  - Provide inflationary increases to other components.
  - Apply a gain cap of 1.5% in each year and a transitional aid guarantee of 95% in each year – but on a per pupil basis.

# Foundation Funding -Community Schools-

#### Foundation funding that supports needs of all students

Common per pupil amounts

#### Foundation funding that supports supplemental needs

Special education - Weights applied to common per pupil amounts

Career-technical education - Weights applied to common per pupil amounts

LEP funding — Per-pupil amounts provided through PBA in FY 2009 with inflationary adjustments

Poverty and Wealth

- PBA per pupil amounts provided in FY 2009 with inflationary adjustments
- Parity Aid per pupil amounts provided in FY 2009 with inflationary adjustments

#### **Adjustments and Other Funding**

Gain Cap of 1.5% on a per pupil basis

Transitional Aid Guarantee provided at 95% in each year on a per pupil basis

Note: E-schools only receive common per pupil amount funding, special education funding, the transitional aid guarantee, and are subject to the 1.5% gain cap.

# Foundation Funding -Joint Vocational School Districts-

- Current funding methodology
  - Each JVSD received a 0.75% increase in each year for all components of their funding.

### Proposed:

 Provide each JVSD a 1.5% increase in each year to all components of their funding.

# Foundation Funding -Joint Vocational School Districts-

#### Foundation funding that supports needs of all students

FY 2011 Formula Aid funding with a 1.5% increase in each year

#### Foundation funding that supports supplemental needs

Special education – FY 2011 funding with a 1.5% increase in each year Career-technical education - FY 2011 funding with a 1.5% increase in each year

#### **Adjustments and Other Funding**

Transitional Aid Guarantee – FY 2011 with a 1.5% increase in each year

## Funding for All Students -Basic Aid Support-

Funding for All Students	FY11	FY12	% Chg	FY13	% Chg
School Districts	\$4,075.4	\$4,247.2	18.4%	\$4,383.0	3.2%
Community Schools		\$578.1		\$618.4	7.0%
JVSDs	\$159.3	\$161.7	1.5%	\$164.1	1.5%
Total (in millions)	\$4,234.7	\$4,987.0	17.8%	\$5,165.5	3.6%

# Supplemental Special Education -Special Education-

Supplemental Special Education	FY11	FY12	% Chg	FY13	% Chg
School Districts	\$558.0	\$524.1	8.2%	\$565.6	7.9%
Community Schools		\$79.8		\$83.4	4.5%
JVSDs	\$21.9	\$22.2	1.5%	\$22.6	1.5%
Total (in millions)	\$579.9	\$626.1	8.0%	\$671.6	7.3%

### Supplemental Career-Technical -Career Technical Education-

Supplemental Career-Tech	FY11	FY12	% Chg	FY13	% Chg
School Districts	\$51.5	\$47.4	5.2%	\$48.1	1.5%
Community Schools		\$6.8		\$7.1	3.6%
JVSDs	\$72.7	\$73.8	1.5%	\$74.9	1.5%
Total (in millions)	\$124.3	\$128.0	3.0%	\$130.1	1.6%

# Limited English Proficiency (LEP) Services -Academic Improvement-

LEP Services	FY11	FY12	% Chg	FY13	% Chg
School Districts	\$11.58	\$11.48	5.5%	\$11.47	-0.1%
Community Schools		\$0.73		\$0.74	1.7%
JVSDs					
Total (in millions)	\$11.58	\$12.21	5.5%	\$12.22	0.0%

## Gifted Funding -Gifted Education-

Gifted Funding	FY11	FY12	% Chg	FY13	% Chg
School Districts	\$61.2	\$111.3	81.8%	\$114.8	3.1%
Community Schools					
JVSDs					
Total (in millions)	\$61.2	\$111.3	81.8%	\$114.8	3.1%

## Poverty Funding -Students At Risk-

Poverty Funding	FY11	FY12	% Chg	FY13	% Chg
School Districts	<b>.</b>	\$543.5	2.00/	\$543.3	0.0%
Community Schools	\$614.4	\$88.6	2.9%	\$95.3	7.5%
JVSDs					
Total (in millions)	\$614.4	\$632.1	2.9%	\$638.6	1.0%

## Transitional Aid Guarantee -Basic Aid Support-

Transitional Aid Guarantee	FY11	FY12	% Chg	FY13	% Chg
School Districts	\$623.0	\$19.0	-97.0%	\$17.0	-10.6%
Community Schools	NA	-		1	
JVSDs	\$17.2	\$17.4	1.5%	\$17.7	1.5%
Total (in millions)	\$640.1	\$36.4	-94.3%	\$34.6	-4.8%

# Other Foundation Programs -Academic Improvement-

- Postsecondary Enrollment Options Public
  - No changes proposed
  - Continue to fund per a deduction from school districts

	FY11	FY12	% Chg	FY13	% Chg
PSEO - Public	\$22.9	\$23.3	1.5%	\$23.6	1.5%

# Other Foundation Programs -Basic Aid Support-

#### Educational Service Centers

- Base ADM counts used for ESC funding on counts used for funding their member districts and the community schools located in their member districts.
- Include ADM of all member districts, including exempted village and city districts with a city-county contract in place prior to Jan. 1, 1997.
- Provide all ESCs the same per-pupil amounts of \$35.05 for FY 2012 and \$35.58 for FY 2013 but provide 100% guarantee to prior year funding.
- Require ESCs to report how they use this per-pupil funding and the funding that is deducted from districts for FY 2012 and FY 2013.
- Property Valuation Adjustments No changes
- Youth Services Tuition No changes

# Other Foundation Programs -Basic Aid Support-

	FY11	FY12	% Chg	FY13	% Chg
ESCs	\$46.4	\$47.9	3.2%	\$48.4	1.0%
Property Val. Adjs.	\$15.0	\$15.0	0.0%	\$15.0	0.0%
Youth Services Tuition	\$2.0	\$2.0	0.0%	\$2.0	0.0%

## Other Foundation Programs - Career-Technical Education-

- Institution Career-Technical
  - Proposal is to change distribution methodology from units to grants.

	FY11	FY12	% Chg	FY13	% Chg
Institution Career- Technical	\$2.56	\$2.60	1.5%	\$2.64	1.5%

## Other Foundation Programs - Early Childhood Education -

### All Day Kindergarten

- Funding not shown separately because it is embedded within the calculations of many EBM components.
- Students counted as 1.0 FTE but EBM subject to overall gain cap.

### Preschool Special Education Units

 No changes to allocation methodology but overall funding provided a 1.5% increase in each year.

	FY11	FY12	% Chg	FY13	% Chg
Preschool Spec. Ed. Units	\$84.5	\$85.7	1.5%	\$87.0	1.5%

## Other Foundation Programs -School Choice-

### Cleveland Scholarship and Tutoring Program

 Scholarship and Tutoring – Cleveland Deduct: Continue making same deduction from Cleveland MSD.

### EdChoice Scholarship Program

- Fund directly instead of as a deduction from school districts.
- Increases based on assumption that student participation cap of 14,000 will be reached in FY 2011 and tuition payments will experience inflationary increases.

	FY11	FY12	% Chg	FY13	% Chg
Schol. & Tutoring  – Cleve. Deduct	\$11.9	\$11.9	0.0%	\$11.9	0.0%
EdChoice Scholarships	\$57.1	\$57.9	1.5%	\$58.8	1.5%

# Other Foundation Programs -School Operation Support-

### Pupil Transportation Reimbursement

- Continue new formula.
- Fund low-wealth/low density districts 100% of their formula.
- Provide an inflationary statewide increase for other districts.
- Move funding out of the guarantee and do not apply the gain cap.

### Special Education Transportation

No changes to formula but provide statewide increase of 1.5% per year.

# Other Foundation Programs -School Operation Support-

	FY11	FY12	% Chg	FY13	% Chg
Pupil Transp. Reimb.	\$400.9	\$411.9	2.8%	\$420.4	2.0%
Special Ed. Transp.	\$60.5	\$61.4	1.5%	\$62.3	1.5%
Supplement for Nontraditional Transportation	\$0.650	\$0.650	0.0%	\$0.650	0.0%

# Other Foundation Programs -Special Education-

- Institution/CBDD Special Education
  - Per pupil funding received in FY 2011 is provided a 1.5% increase in each year (currently 0.75% per year).
- Catastrophic Special Education
  - No changes but proposed increase would return to levels previously provided.
- Autism Scholarship
  - Fund directly instead of through a deduction from districts.
  - Increases based on assumption that additional 300 students will participate in each year and tuition charged will experience inflationary increases.

# Other Foundation Programs -Special Education-

	FY11	FY12	% Chg	FY13	% Chg
Institution/CBDD	\$45.3	\$45.3	0.0%	\$45.3	0.0%
Catastrophic	\$10.0	\$21.0	110.0%	\$21.0	0.0%
Autism Scholarship	\$31.2	\$37.2	19.3%	\$43.5	17.0%

- The State Board heard feedback from many education stakeholders on their budget priorities.
- School Funding Advisory Council is still deliberating.
- Appendix B outlines a number of options that might be considered based on feedback heard.

## Options for Consideration -Traditional Needs of All Students-

### District Administration

 Fund on a per-pupil basis but guarantee at least the amounts currently provided in H.B. 1.

### Salaries

 Add a percentage for health care benefits to all salary amounts used in the EBM.

### Principals

 Apply a guarantee to all districts so that every district is guaranteed a principal for every building with 15 teachers.

- -Supplemental Needs of Some Students-
- Supplemental Special Education
  - Apply 2006 OCECD weights to common per-pupil amounts.
  - Fund weights at 100% (may want to phase in).
  - Use same allocation methodology for community schools, JVSDs, County Boards of DDs and institutions.

- -Supplemental Needs of Some Students-
- Supplemental Career-Technical Education
  - Return to weighted allocation methodology by applying previous or newly developed weights to common per-pupil amount in districts, site-based community schools and JVSDs.

### GRADS

 Apply the EBM teacher salary to the GRADS teacher FTE (may want to apply state share percentages of districts).

### -Supplemental Needs of Some Students-

### LEP Services

- Fund on a weighted allocation methodology by applying speech-only special education weight to common per-pupil amount.
- Previously recommended by the State Board.

-Supplemental Needs of Some Students-

### Gifted Education

- Fund gifted intervention specialists on a weighted allocation methodology for students identified as gifted.
- Previously supported by the State Board (with a weight of 0.2).
- May want to prioritize the areas of giftedness to receive services ensuring areas most in need would be served first.

-Supplemental Needs of Some Students-

- Poverty Components
  - Provide funding for the EBM poverty components on a sliding scale so that districts below the statewide average poverty percentage receive less funding.
  - May want to eliminate poverty funding for districts with very low concentrations of poverty.

## Options for Consideration -Other Funding and Adjustments-

- Preschool Special Education Units
  - Fund the unit on the teacher salary used in the EBM along with an additional 15% to 20% for noninstructional support.
  - May want to apply the state share percentage to the payments.

## Options for Consideration -Other Funding and Adjustments-

- Educational Challenge Factor (ECF)
  - Base ECF on two components: poverty and income-adjusted wealth.
  - Update the data used for each district.
  - Rescale the ECF
  - Scale the minimum ECF to 1.0.

- Site-Based Community Schools
  - Fund on same EBM as school districts with the exception of using the ECF of the district where school is located.
- Joint Vocational School Districts
  - Fund on same EBM as school districts with few possible exceptions:
    - Study the need for an ECF for JVSDs.
    - Study whether other supplemental funding needed besides special education and career-technical education.

### E-Schools

- Provide modified EBM but provide some level of guarantee so that e-schools have time to provide feedback on whether the EBM meets the needs of their business model.
- Possible considerations:
  - Organizational unit can likely be larger and not differentiated by grade band.
  - Class size assumptions can likely be larger.

- E-Schools (Possible considerations continued)
  - Funding may not be needed for...
    - School wellness coordinators
    - District health professionals
    - Summer remediation
    - Gifted factors
    - Career-technical education funding

- E-Schools (Possible considerations continued)
  - Funding for district administration and operations and maintenance could possibly be less.
  - Funding for technical equipment and media services should be more.
  - A thorough study should be conducted before an ECF adjustment is provided.

## Remaining Steps in the State Board Budget Process

- Tuesday
  - Non-Foundation recommendations
- August
  - –No meeting
- September
  - -Continue budget discussions with full Board
- October
  - Adopt budget and policy recommendations

## Questions?

