# Summary of the Mid-Biennial Review (MBR) As Passed by the House April 27, 2012

#### MBR Management Efficiency - H.B. 487

#### Appropriations

- The Auditor of State's set-aside in GRF line item 200422, School Management Assistance, is reduced from \$1.3 million to \$1.0 million for FY 2013. This subsequently increases the remaining appropriation for ODE to provide fiscal technical assistance to school districts by \$300,000.
- O GRF line item 200550, Foundation Funding, is increased by \$2,271,625 for FY 2013 by the House Finance Committee. A set-aside for school choice programs in that line item is increased by that same amount (from \$12.5 million to \$14.8 million). Additionally, language allows that any sums, in addition to the amounts specifically appropriated, determined necessary by the Superintendent of Public Instruction for payments of scholarships under the Cleveland Scholarship and Tutoring Program are hereby appropriated. (See "Cleveland Scholarship and Tutoring Program" for details of changes to that program linked to the increased appropriation.) The bill continues to allow increased flexibility to use the set-aside for "school choice programs" rather than for "the Cleveland school choice program."
- GRF line items 200100, Personal Services, 200320, Maintenance and Equipment, and 200416, Career-Technical Education Match, are consolidated into 200321, Operating Expenses, for FY 2013. The new line item's total appropriation for FY 2013 is \$500,000 less than the combined total was for 200100, 200320, and 200416. The new line item is required to support the same activities as the line items being consolidated, including the career-technical education state match.
- GRF line item 200646, General Technology Operations, appropriated at \$501,677 for FY 2013, and State Special Revenue Fund 5D40, line item 200673, Conference/Special Purposes, appropriated at \$100,000 for FY2013 are created by the House floor. Each is related to the transfer of eTech Ohio Commission's duties associated with technology assistance for schools. (See "eTech Ohio Commission" for more details.)
- Appropriation is reduced for various non-GRF line items to better align expected revenue with authorized spending levels.

#### Cleveland Scholarship and Tutoring Program (added by House Finance Committee)

- Changes are made to the Cleveland Scholarship and Tutoring Program to pay 100% of the scholarship amount for all participating students.
  - Under current law, the scholarships (\$4,250 for grades K-8, \$5,000 for grades 9-12) are paid at 90% for students with family incomes at or below 200% of the maximum income level established by the State Superintendent for low income families, and 75% for students with family incomes above 200% of the maximum income for low income families.
- Nonpublic schools participating in the Cleveland Scholarship and Tutoring Program are prohibited from charging: 1) tuition in excess of the scholarship amount to scholarship students in grades K-8 with family incomes at or below 200% of the Federal poverty guidelines, 2) tuition in excess of the difference between the actual tuition and scholarship amount to scholarship students in grades K-8 with family incomes above 200% of the Federal poverty guidelines and requires the school to permit the tuition (equal to the difference) to be satisfied by in-kind contributions or services, and 3) tuition in excess of the difference between the actual tuition and scholarship amount to scholarship students in grades 9-12.
  - This language is similar to current law except that the requirement that 10% of the scholarship amount required of low-income parents and 25% for other parents is eliminated and paid by the state.
- See "Appropriations" above for details of related appropriation changes.

#### eTech Ohio Commission (added on the House floor)

- The eTech Ohio Commission is abolished, effective July 1, 2012.
- The Commission's duties for educational telecommunications activities and teacher professional development are transferred to the Chancellor of the Board of Regents.
- The Commission's duties for technology assistance for schools are transferred to the Department of Education. (See "Appropriations" above for details of related appropriation changes.)
- The following are eliminated:
  - The requirement for the development of a state educational technology plan;
  - The Interactive Distance Learning Pilot Project;
  - The Educational Technology Trust Fund; and
  - The Information Technology Service Fund.

#### • Early Childhood Education

Early childhood education programs funded through GRF line item 200408, Early Childhood Education, and school districts, educational service centers (ESCs), and county boards of developmental disabilities (CBDDs) serving preschool special education children, are required to participate in the Ohio Department of Job and Family Service's (ODJFS's) tiered quality rating and improvement system (Step Up to Quality). Programs must be rated respectively by July 1, 2016 and July 1, 2018. (This relates to ODE's work for the Race to the Top – Early Learning Challenge grant.)

#### Medicaid eligibility transformation

- The Governor's Office of Health Transformation is statutorily created. The Office is to support agency collaboration for health transformation purposes, including modernization of Medicaid, streamlining health and human services programs, and improving health care systems' quality, continuity, and efficiency.
  - ODE is considered a participating agency. The bill allows state agencies to exchange protected
    health information relating to eligibility and enrollment in government programs providing public
    benefits in certain circumstances and for health transformation initiatives.
  - ODE is required to collaborate with ODJFS, and the Departments of Aging, Alcohol and Drug Addiction Services, Development, Developmental Disabilities, and Health to revise eligibility standards and eligibility determination procedures of Medicaid programs they administer to make them more uniform across agencies.

#### Other

- The Ohio Digital Learning Task Force, which under H.B. 153 was to issue its report by March 1, 2012 and then cease to exist, is extended until June 30, 2012 (rather than June 30, 2013 in the As-Introduced version of the bill). The Task Force is required to monitor the implementation of its recommendations and by June 30, 2012 issue a report as to whether digital learning is advancing Ohio's schools and submit recommendations for further enhancing digital learning.
- The filing fees associated with financial disclosure statements required of certain state employees and all State Board of Education members is increased respectively from \$40 to \$60, and from \$25 to \$35.
- The Board of Regents is required to report value-added data associated with teacher preparation programs. ODE is required to share necessary data for the report.
- The Board of Regents is required to report and post on their web site descriptions of dual enrollment programs offered by school districts, community schools, STEM schools, collegepreparatory boarding schools, and chartered nonpublic high schools.

- A school district board of education is granted the ability to provide 403b retirement plans using a standardized plan document developed by the Board of Regents to select providers of investment options. (This provision was added by the House Finance Committee.)
- A school district board of education is permitted to offer real property for sale to a state university whose main campus population is between 17,000 and 22,000 if the property is within 100 feet of another university building, rather than to a community school or through public auction. The property may be offered in exchange for a price not higher than the appraised fair market value or for in-kind services, educational programs, or assistance of a value reasonably related to the building's appraised fair market value. (This provision was added by the House Finance Committee.)
- A provision in a previous budget bill regarding the exemption of public auction requirements for the sale of school district property during the period of June 30, 2005 and December 31, 2005, is amended to allow the land used for residential, in additional to commercial, development. (This provision was added by the House Finance Committee.)

## MBR General Tax Law Changes – H.B. 508 (The following provisions were moved from HB 487 to HB 508 by the House Finance Committee.)

- Corrective changes are made to the formulae for the reimbursement of fixed-rate levy losses on public utility and general business tangible personal property taxes for school districts. There is no effect on payments to school districts because the Department of Taxation is currently calculating the payments using the formulae as corrected in the bill.
- The revaluation of real property is authorized to be extended by not more than one year beginning in 2014 and continuing for five years. The change allows a shift to a reappraisal schedule in which the number of counties per reappraisal cycle is grouped more evenly and regionally.
- The Tax Commissioner is excused from certifying certain property tax information to ODE and OBM relating to property valuation adjustments. These certifications are unnecessary presently with the Bridge funding formula.

### MBR Local Government – H.B. 509 (The following provision was moved from HB 487 to HB 509 by the House Finance Committee.)

 A school district declared to be in fiscal watch must include in its financial plan to eliminate a current operating deficit, and a financial planning and supervision commission of a district declared to be in fiscal emergency must include in its financial recovery plan, actions to enter into shared services agreements with other political subdivisions.