



OHIO EDUCATION ASSOCIATION

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OEA Legislative Watch

An OEA Newsletter

Do you know that the political process affects virtually everything in your school day?

Take action — Become an OEA Member Lobbyist!

Questions?

Contact your Government Relations Team

Ron Rapp
Director
rapp@ohea.org

Melissa Clark
Lobbyist
clarkm@ohea.org

Robert Davis
Lobbyist
davisr@ohea.org

Matthew Dotson
Lobbyist
dotsonm@ohea.org

Dan Ramos
UniServ Political Advocacy Consultant
ramosd@ohea.org

Russ Harris
Education Research Development Consultant
harrisr@ohea.org

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Kasich Unveils Executive Budget Proposal

On Monday, February 4, 2013, Governor Kasich released his Executive Budget Blue Book detailing his plans for the state budget for Fiscal Years (FY) 2014 and 2015. Below is a review of the governor's proposal. Please note that there is little detail at this point. The spreadsheets detailing funds for individual school districts were released late Wednesday afternoon. OEA staff is currently reviewing this information. The actual language in the format of a bill is expected to be introduced next week. OEA Government Relations staff will share additional information as it becomes available.

School Funding

The governor has stated that education funding will increase by 6% in FY 2014 and 3.2% in FY 2015 for a total increase of \$1.2 billion over the biennium. Without budget details, we do not know how these figures are derived or whether they are truly accurate. It is clear that any increase will only be a partial restoration of the massive budget cuts enacted in the last budget. Further, there is no mention of what components are needed to provide a high quality public education for all students and what it costs to provide this education.

The school funding model is based on a number of factors outlined below:



Core Opportunity Aid: This aid ensures that each district that levies 20 mills in property taxes (\$20 for every \$1,000 of assessed property value) generates \$5,000 per pupil. This is achieved by providing state funds to make up the difference. Lower wealth districts will receive more per-pupil. The administration has stated that 96% of districts will receive some level funding based on this calculation.

Targeted Assistance: School districts would be grouped based on a combination of property wealth and income. The lower 80% of districts would receive some level of additional support, with the poorest districts receiving up to an additional 15 mills of funding.

Guarantee Funds: No district would receive less in formula state aid than it did in the current fiscal year. However, the administration has stated that these funds are “unsustainable and unfair” and school districts should begin “preparing for their eventual phase-out.” Guarantee funds account for approximately \$880 million over the two-year period.

Student Needs: The plan would also allocate funds for students who have identified needs. Per-pupil allocations are to be provided for special education students, English language learners, children in poverty and gifted students.

Funding Limitations: The plan limits increases to any district where the increase in state aid above the core opportunity funds would result in more than 25 percent of the prior year’s state aid or 10 percent of the district’s total resources. State aid growth is limited to the lower of these two tests.

Vouchers and Charter Schools

The governor has proposed a new, statewide voucher program funded through lottery profits. The proposal would allow students from families with family income below 200% of the federal poverty level (\$46,000 for a family of four) to receive a voucher for private school education. In FY 2014, the program would be limited to students entering Kindergarten and would be expanded to first grade the following year. Additionally, there would be an eligibility expansion of the EdChoice Voucher program to students in grades K-3 if their school is not graded a “C” or above on the early literacy component of the report card.

Little information was given about the funding of charter schools. Kasich noted that charter schools would receive an additional \$100 per student for facility costs. Separate media accounts have suggested that each student would receive \$5,000 and additional funding based on student needs and “targeted assistance” funds that would vary by district. This could represent a sizable increase in funding for many charter schools including e-schools.

Additional Provisions

- The proposal creates a new program, appropriating \$300 million over the biennium, to provide one-time grants to districts to “increase their operational efficiency.” The “Straight ‘A’ Fund” would be allocated to fund projects (not ongoing programs) aimed at reducing costs. This program is funded through lottery profits.
- The proposal does not provide direct funding for the Third Grade Reading Guarantee.
- The proposal will require “salary schedules without defining structures.” OEA is concerned about this provision and will need actual language to determine its meaning.
- The proposal holds the current (FY 2013) reimbursements for revenue due to the elimination of the Tangible Personal Property Tax and other changes to tax law.
- The proposal calls for the State Board of Education to review and revise the operating standards to eliminate additional requirements outside of safety and core curriculum.
- The proposal allows school districts to base school calendars on a minimum number of hours rather than days.
- The proposal eliminates the minimum staffing requirement for speech pathologists and school psychologists.
- The proposal allocates a \$100 million fund to help districts pay costs for students with the most severe disabilities.
- Additional resources are proposed for districts with large populations of disadvantaged students but limited access to early childhood education programs.

Higher Education

State Share of Instruction (SSI): The proposal implements a new state funding formula for the State Share of Instruction which prioritizes degree completion. Fifty percent of the funding available for universities within the SSI will be awarded according to the number of students who complete a degree.

Community Colleges: The proposal will shift a system of funding based on enrolled students to a system that funds completion of classes, degrees and success points. The enrollment based factor will be entirely eliminated in FY 2015.

Tuition Cap: The proposal creates a 2% tuition cap. The cap is the greater of the 2% that the individual institution charged in the prior year or the statewide average cost based on the college sector.

Access Challenge and Foot-Based Plan Operation and Maintenance (POM) Funding: The proposal eliminates the funding for these programs for regional campuses in FY 2014 and for university main campuses in FY 2016. Kasich reports that these funds will reward performance based upon outcomes in the formula.

Developmental Disabilities

Overall Funding: The proposal reports that state General Revenue Funding for FY 2014 is \$520.2 million (1.3% increase from FY 2013) and \$525.9 million in FY 2014 (1.1% increase from FY 2014).

Home and Community Based Services: The proposal increases Medicaid payments related to home and community based long-term services and supports. It also authorizes Ohio Medicaid to pay a flat rate for all individuals residing in an intermediate care facility for individuals with intellectual disabilities.

Employment First Initiative: The proposal provides a \$1 million appropriation in each year for continued implementation of the Employment First Initiative.

Taxation

Income Tax: The proposal provides a 20% income tax cut over three years and provides a reduction in taxes for small business owners. Additionally, the proposal would provide for a \$415 million one-time income tax cut this year. These changes will result in billions of dollars of losses in revenue this biennium.

Ohio Sales Tax: The Ohio sales tax is currently 5.5%. The budget would move the tax to a rate of 5% while expanding the base to include all services except those as designated essential (ex. child care, medical).

Severance Tax: The proposal makes changes to the Oil and Gas Severance Tax. The \$200 million increase over the biennium would go to funding the income tax reduction.

State Council of Professional Educators (SCOPE)

Below are notable line-items, as proposed by the Governor, for state agencies employing SCOPE members. The FY 2014 percentage change is based on FY 2013 figures; FY 2015 percentage change is based on FY 2014 figures. The available budget information does not reveal major policy changes impacting SCOPE members in these state agencies.

Department of Rehabilitation and Correction

| | |
|--------------------------------|---|
| Institution Education Services | FY 2014 - \$19.1 million – 5.6% increase FY 2015 - \$19.11 million – 0.1% increase |
| Education Services | FY 2014 - \$4.1 million - 74.4% increase FY 2015 - \$4.1 million - 0% no change |
| Prisoner Programs | FY 2014 - \$17.5 million – 17.4% increase FY 2015 - \$17.5 million – 0% increase |

Grand Total DRC (All Line-Items) FY 2014 - \$1.572 billion – 0.0% no change
FY 2015 - \$1.559 billion - 0.8% decrease

Department of Youth Services

RECLAIM Ohio FY 2014 - \$166.3 million – 2.5% increase
FY 2015 - \$166.3 million – 0% no change

Education Reimbursement FY 2014 - \$3.9 million – 30.2% decrease
FY 2015 - \$3.6 million – 8.9% decrease

Education FY 2014 - \$1.48 million – 2.4% decrease
FY 2015 - \$1.2 million – 18.7% decrease

Vocational Education FY 2014 - \$1.795 million – 0.4% decrease
FY 2015 - \$1.795 million – 0.0% no change

Grand Total DYS (All Line-Items) FY 2014 - \$249.4 million – 0.0% no change
FY 2015 - \$247.5 million – 0.8% decrease

School for the Deaf

Grand Total School for the Deaf FY 2014 - \$11.0 million – 0.8% increase
FY 2015 - \$11.0 million – 0.0% no change

School for the Blind

Grand Total School for the Blind FY 2014 - \$10.9 million – 1.9% increase
FY 2015 - \$10.9 million – 0.0% no change

State Library Board

Grand Total State Library Board FY 2014 - \$21.2 million – 1.5% decrease
FY 2015 - \$21.3 million – 0.5% increase

Legislative Changes Expected to Address Concerns with Value-Added Portion of Teacher Evaluation and Third Grade Reading Guarantee Teacher Credential Options

The House Education Committee received a presentation from Acting State Superintendent Michael Sawyers and State Board of Education Member Tom Gunlock on February 6, 2013. The presentation covered a wide range of education issues, including new school district report cards and teacher evaluations. During the presentation, Superintendent Sawyers stated that Senate Education Chair Peggy Lehner (R-Kettering) plans to lower the percentage of value-added data required to be used as part of the 50% student growth measure in the new teacher evaluation



framework. The required percentage of value-added data was recently increased in House Bill 555, which required that value-added data comprise up to 100% of the 50% student growth measure on teacher evaluations, in proportion to a teacher's value-added course load. In addition, Board Member Gunlock stated that he expects the State Board of Education to explore the use of multi-year averaging of any value-added data used on teacher evaluations.

The OEA has been working extensively with Senate and House legislators, as well as other education stakeholders, to seek a change in the House Bill 555 value-added language, which was amended into the bill in the last committee hearing before receiving a full Senate and House vote. The OEA will continue to lobby for a change in law related to this issue.

With regard to the Third Grade Reading Guarantee, Superintendent Sawyers also indicated that Senate Education Committee Chair Peggy Lehner (R-Kettering) plans to address concerns with the options available to teachers to meet the credential required to deliver reading instruction to students retained by the guarantee or who are placed on reading improvement and monitoring programs. The OEA has been advocating for additional credential options that provide lower cost and less time intensive pathways to a credential. In addition, the OEA will continue to advocate for the funding required to support school districts and teachers in meeting the Third Grade Reading Guarantee mandate.