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House Finance Committee Unveils Substitute Budget Bill – Attacks Collective Bargaining Rights for Higher Education Faculty

On Tuesday, April 13, 2015, the Ohio House Finance and Appropriations Committee adopted a substitute bill to House Bill 64, the budget bill for Fiscal Years (FY) 2016 and 2017. The bill includes a provision that would effectively strip nearly all full-time higher education faculty members of their collective bargaining rights unless the employer elects to engage in collective bargaining with these members. OEA strongly opposes this provision which would consider higher education faculty to be management employees if they are involved in decisions regarding courses, curriculum, instruction, research, personnel, planning and use of physical resources, educational policies related to admissions, budget preparation and any other matters of institutional policy. This language closely mirrors a provision that was included in Senate Bill 5 from 2011 that was overwhelmingly rejected by Ohio voters. Click here to urge your State Representative to protect collective bargaining rights for higher education faculty.

The bill also seeks to exclude employees of charter schools from membership in the state retirement systems if the employees elect to organize under federal collective bargaining laws. In addition, it makes numerous changes to the K-12 school funding formula, and removes provisions regarding testing, evaluation and charter schools that are currently being debated in other bills.

OEA Government Relations staff is currently reviewing the language in the bill, including analyzing changes to the K-12 school funding formula, and will provide additional information as it becomes available. You may view the new district-by-district funding spreadsheet by clicking here. House Bill 64 is expected to have additional amendments and a vote next week.

Below is a synopsis of the major changes in substitute House Bill 64:
Primary and Secondary Education

Funding

- Maintains the framework of what had been proposed by the Governor with several changes.
- Retains the increase in foundation formula aid from $5,800 in FY15 to $5,900 in FY16 and $6,000 in FY17.
- Includes an additional $179 million in the foundation formula aid above what had been proposed by the Governor.
- Ensures no district will receive less state foundation formula aid in FY16 or FY17 than it did in FY15 (transitional aid guarantee).
- Restores a 20-mill charge-off.
- Retains the Tangible Personal Property Tax (TPP) phase out, with 93 districts receiving less combined formula aid and TPP replacement funding in FY17 than in FY15.
- Phases in a provision that over time assures districts receive at least 20% of the per-pupil Opportunity Grant (foundation formula aid). This will be phased-in over the biennium with the additional state funding necessary to bring the district’s funding up to the 20% minimum. 27 districts will receive an overall increase larger than 15.56% because of this provision.
- Under the House proposal, 494 districts are projected to receive an increase in state formula aid from FY15 to FY17, while 116 districts are held harmless.
  - 356 districts would receive the maximum increase of 7.5% (gain cap) in state aid in each year.
- Prohibits state General Revenue Funds (GRF) from being used to purchase an assessment developed by PARCC.
- Provides the majority of districts with Future Formula Aid (FFA) that will allow “budget predictability” for districts.
- Creates a Joint Taskforce on School Transportation.
- Authorizes e-schools to receive facilities funding at $25 per pupil.
- Provides supplemental College Credit Plus payments for school districts that provide an incentive for districts to see that students earn at least three college credits while still in high school. Establishes a floor amount per credit hour earned as the basis for supplemental payments to school districts.

Other

- Removes policy language regarding charter schools, testing and teacher evaluations that is currently being debated in other measures.
- Excludes community school employees from membership in STRS or SERS if they elect to organize under federal collective bargaining laws.
- Removes the requirements for the Educator Standards Board to develop standards for school counselors and for the State Board of Education to develop an evaluation framework for school counselors.
- Makes permissive, rather than mandatory, the development of the high school student academic progress measure by the State Board of Education (SBOE). If the SBOE creates such a measure, the bill prohibits it from being used to determine a district or school’s overall grade and that the measure would not be reported sooner than the 2017-2018 school year.
- Permits career-technical educators employed under an alternative resident educator license to enter into the Resident Educator Program at the third year. Requires the
completion of requirements in years three and four, including the successful completion of the current performance based assessment (RESA).

- Requires that both school boards must approve the change in district boundaries created by an annexation. Current law requires only the approval of the State Board of Education unless the district is under a prior annexation agreement.
- Prohibits the SBOE from requiring any fee to be paid for a license, certificate or permit issued for teaching in a Junior ROTC program.

Higher Education

- Considers faculty members of state institutions of higher education involved in specified policy decisions to be supervisors or management level employees.
- Eliminates a proposal to allow the Director of Higher Education to set entry standards for teacher education programs.
- Allows universities to raise tuition by $200 and community colleges by $100 over the biennium instead of the 2% cap in FY 16 and 0% in FY 17.
- Requires all colleges and universities participating in the College Credit Plus Program to offer an associate degree pathway.
- Requires that the recommendations of the Taskforce on Affordability and Efficiency in Higher Education be made to the General Assembly before any action is taken.

Developmental Disabilities

- Specifies that it is the General Assembly’s intent for individuals currently being serviced through the existing array of adult services, including those delivered in sheltered workshops (1) to be informed of any new home and community-based services and their option to receive those services and (2) continue receiving services in a variety of settings if those settings offer community integration.
- Creates a procedure so that when a Governor proposes to close a developmental center, a commission will be created to review the issue and provide a recommendation to the Governor.
- Prohibits service and support administrators for county DD boards from providing programs or services to individuals with developmental disabilities through self-employment.
- Removes language prohibiting the Department of Medicaid from entering into Medicaid provider agreements with independent providers.

Taxes

- Creates the 2020 Tax Policy Study Commission.
- Provides a 6.3% across the board income tax cut beginning in FY15. Lowers the top rate to below 5% costing $1.2 billion over the next two years.
- Makes permanent the 75% small business tax deduction.
- Removes all the proposed tax increases, except for the means testing of retirement income credits.
- Eliminates the political contribution tax credit.
- Exempts a local taxing authority from the TPP phase-out if it has a nuclear power plant.

Other
Requires the Ohio Retirement Study Council (ORSC) to establish for each state retirement system a custodial bank selection committee that consists of the Council’s Director, the Treasurer of State and the ED of the system. Requires the committee, instead of the Treasurer, to select the financial institutions to serve as the depository of the system.

Senate Bill 148 – Senate Introduces Charter Reform Legislation

Sen. Peggy Lehner (R-Kettering) introduced a Senate package of charter school reforms on April 15, 2015. SB 148 also has a Democratic joint co-sponsor, Sen. Tom Sawyer (D-Akron). The bill will be considered by the Senate Finance Education Subcommittee.

SB 148 contains many elements already in HB 2 (R-Roegner/Dovilla) and the budget, HB 64 (Smith), but adds important new provisions, including accounting transparency proposals pushed by Auditor Dave Yost. Both HB 2 and SB 148 had initial hearings Wednesday in the Senate Finance Education Subcommittee chaired by Sen. Cliff Hite (R-Findlay).

Lehner said the bill takes direction from two recent studies commissioned by the Fordham Institute, a Stanford University study on academic performance of Ohio charter students, and a Bellwether Education Partners report on the state’s laws and policies. It also borrows from model policies of the National Alliance of Public Charter Schools and the National Association of Charter School Authorizers.

SB 148 has a companion bill in the House (HB 156), jointly sponsored by Rep. Kristina Roegner (R-Hudson) and Rep. John Patterson (D-Jefferson). Roegner cited two provisions that won her over to Lehner’s bill as well - alignment of charter truancy policies with those of local district schools, and inclusion of the so-called 20 percent footnote. Adding that footnote, as advocated by Yost, would require a more detailed disclosure of spending when more than 20 percent of a charter school’s public funding goes to a private operator. The House had rejected efforts to add the footnote and an accompanying suggestion from Yost to require adherence to Government Accounting Standards Board practices in HB 2.