

June 16, 2017

Senate Unveils Substitute Version of Budget Bill

On Monday, June 12, 2017, the Senate Finance Committee adopted a substitute version of House Bill 49, the state budget bill. The bill would close a projected \$1 billion revenue shortfall while making significant changes to education policy and school funding. Overall, the Senate version spends less on K-12 education than the bill passed by the House but more than the Governor's proposal. The number of districts experiencing reductions in funding is significantly reduced in the Senate version compared to the House plan.

Policy changes highlighted in the summary of the substitute bill are below. You may view the new district-by-district funding spreadsheet by clicking [here](#).

The Senate Finance Committee is expected to adopt an omnibus amendment with additional changes next week and that the bill will be voted on by the full Senate on June 21st. The House and Senate will then have a conference committee to work out the differences between the versions of the bill passed by each chamber. By Ohio law, the final version of the budget is to be completed by June 30th.

K-12 Provisions

Funding

- Reduces the per-pupil amount from \$6,020 in the bill passed by the House to \$6,010 in FY 2018. Retains the House-passed per-pupil amount of \$6,020 in FY 2019.
- Changes the calculation of guarantee payments based on the percentage change in ADM to FY 2014 – FY 2016 instead of FY 2011 – FY 2016
- Changes the gain cap from a uniform 5.5% in each fiscal year to a scaled amount between 3% and 5.5% in FY 2018 and between 3% and 6% in FY 2019 corresponding to the district's enrollment change from FY 2014 – FY 2016

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- Modifies the current phase-down of direct reimbursements for tangible personal property (TPP) losses by calculating the reimbursement payment in FY 2016 as the greater of (a) current law, which phases-down the payments by 5/8 mill of average valuation starting in FY 2018 and (b) the sum of the district's FY 2017 reimbursement and FY 2017 TPP supplements minus 3.5% of the district's total resources
- Reduces the pupil transportation line item by an additional \$5 million over the biennium compared to the House-passed version

Resident Educator and Licensure

- Maintains the elimination of the Resident Educator Program
- Removes provisions creating two new career technical educator licenses

Assessments

- Removes provisions permitting schools to use a paper format for state assessments
- Eliminates the fourth- and sixth-grade social studies tests but requires schools to teach and assess social studies in those grades
- Permits schools to administer parts of the Kindergarten Readiness Assessment in the two weeks before the first day of school

Charter School and Vouchers

- Removes a provision that permits an ESC to continue sponsoring e-schools regardless of its sponsor rating
- Removes a provision that would have permitted ODE to know the identities of students associated with a SSID number
- Beginning in the 2018-2019 school year, permits certain e-schools to be separated into two or three schools – K-8 and 9-12 or K-5, 6-8, or 9-12. The subsequent ratings of a school would continue to count toward the school closure law
- Clarifies that consecutive years of enrollment in an e-school be used for purposes of withdrawing a student for failure to participate in state assessments for two years
- Prohibits ODE from making changes to community/charter school sponsor evaluation system until the following rating period and requires any changes be specified on its website

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- Permits a sponsor that received a “B” or better on the academic component of the sponsor evaluation but was rated “Poor” in the 2015-2016 school year to continue sponsoring a previously sponsored school through the 2018-2019 school year so long as the academic component was and remains a “B” or better and the overall rating is not “Poor” in the future
- Reinserts a provision permitting ODE not to conduct a second application period for the EdChoice scholarship program if the first period used all the available funding
- Eliminates provision establishing community school sponsor appeal before the publication of final ratings

College Credit Plus (CCP)

- Sets dates by when ODE must pay institutions for College Credit Plus (CCP) students unless there is incomplete or disputed information for a participant
- Removes provisions requiring high schools and colleges to only award credit for a “C” or better in a CCP course at both the high school and college
- Restores current law requiring school districts to pay the full cost of textbooks for CCP students
- Allows the Chancellor of Higher Education to approve a CCP payment below the default floor, rather than requires the Chancellor to approve that rate

Other

- Removes a provision permitting a school district to offer early retirement or severance pay only if both of the following conditions are met: 1) the agreement is financially-sound 2) the district must comply with tax levy provisions concerning wage and salary increases
- Beginning, January 1, 2018, makes the School Employees Retirement System (SERS) cost-of-living adjustment permissive and at the discretion of the SERS board
- Eliminates the Joint Education Oversight Committee (JEOC) beginning October 1, 2017
- Eliminates the Straight A Fund
- Requires a school district that provides summer academic services and opts out of summer food service in a school in which at least half of the students are eligible for free lunches to allow a food service program sponsor to use the school's facilities

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- Requires Education Management Information System (EMIS) for the next two years to maintain data regarding the classification of a person (student, teacher, nonteaching personnel) at whom violent student behavior was directed and requires ODE to prepare a report on the data for the legislature
- Permits the funding of eligible three-year-olds for early childhood programs if funds remain after October 1
- Removes requirement that absence intervention team assignments be made within ten days
- Removes provision requiring chartered nonpublic schools to publish student enrollment, background check policies, curricula, and reading lists on its website
- Adds STEM schools to the list of public schools to receive right-of-first-refusal when districts sell real property
- Prohibits a school district from requiring a doctor's note in order to administer sunscreen to a student treatment
- Eliminates school transportation payments in lieu language
- Eliminates requirements for an at-risk student clearinghouse and eliminates appropriation
- Permits F-1 visa holders at certain schools to participate in interscholastic athletics

Higher Education

- Removes provisions on sick leave for employees of state colleges & universities
- Removes requirements on higher education institutions enacting post-tenure review policies
- Removes requirements that faculty members who assign textbooks must fill out financial disclosure forms, but requires higher education institutions to adopt policies for the faculty assignment of textbooks
- Authorizes state institutions of higher education to establish paid leave donated programs
- Restores current law for the term of office for members of a state university's board of trustees from 9 years to 6 years
- Revises the Chancellor's authority on fees. Revises the list of fees exempt from the special fee freeze
- Modifies the bill's provisions on allowing community colleges to offer bachelor's degrees
- Restores current law for undergraduate tuition guarantees

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- Permits a state university to increase tuition by \$10 per credit hour in its first year, and by either the Consumer Price Index (CPI) or 2% whichever is less in year 2 and requires new revenue support quality academics
- Qualifies individuals with intellectual disabilities enrolled in a comprehensive transition and postsecondary program for the Ohio College Opportunity Grant (OCOG)
- Increases General Revenue Fund (GRF) appropriations for the Ohio College Opportunity Grant program by \$4M using the OCOG reserve fund
- Eliminates the Completion & Retention for Education Success Program and transfers that amount to the GRF for OCOG

Taxes

- Increases from \$2,000 per year to \$4,000 per year the tax deductions for a college savings plan and disability expense savings accounts
- Requires a 2018 Ohio Sales Tax Holiday in addition to the one scheduled for 2017
- Includes Senate Bill 36, as passed by the Senate, dealing with the Current Agricultural Use Value (CAUV) formula changes

Other

- Excludes from the Public Employees' Collective Bargaining Law any municipal corporation with a population of less than 5,000, according to the most recent federal decennial census, after excluding individuals incarcerated in a state or federal prison within the municipal corporation
- Permits county jails to confine certain felons with a sentence of 12 months or less and makes other changes to give the Ohio Department of Rehabilitation and Correction the discretion to admit certain offenders to substance abuse

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