

OHIO EDUCATION ASSOCIATION ANALYSIS: House Bill 49 (State Budget)

As Signed by the Governor – June 30, 2017

Spending Provisions Effective Immediately
Policy Provisions Generally Effective September 29, 2017

The following analysis is based on the final version of House Bill 49, the state budget bill for FY 2018 and 2019 as signed by the Governor.

K-12 EDUCATION

Department of Education	HB 49 As Enacted				
	FY 2017	FY 2018	% Change	FY 2019	% Change
Total (State GRF)	\$7,873,631,736	\$7,988,711,535	1.46%	\$8,117,425,393	1.61%
All Funds Total (State + Fed)	\$10,956,726,034	\$11,167,226,625	1.92%	\$11,319,006,518	1.36%
Foundation Funding (GRF)	\$6,637,364,628	\$6,799,882,816	2.45%	\$6,937,228,845	2.02%
Pupil Transportation	\$592,304,753	\$546,738,753	-7.69%	\$527,129,809	-3.59%

School Funding

- Retains the current school district funding structure with a change to the transportation component.
 - Modifies the pupil transportation formula by decreasing the minimum state share applied to a district's calculated transportation cost from 50% in FY 2017 to 37.5% in FY 2018 and 25% in FY 2019.
- Increases the foundation formula from \$6,000 in FY 2017 to \$6,010 in FY 2018 and \$6,020 in FY 2019. But makes no increases in other dollar amounts in the formula.
- Ensures that no school district will lose state aid under the formula from FY 2017 levels if the decline in enrollment between FY 2014 and FY 2016 is less than 5%.
- Reduces guaranteed funding for school districts that have lost more than 5% of students from FY 2014 and FY 2016. Schools with populations that have declined with rates higher than 5% will see direct state aid reduced by 1% from each additional percentage below the 95% threshold. The maximum loss is set at 5% of state aid.
- Separately guarantees that districts will receive over the biennium at least 100% of the funding for career-technical education and associated services they received in FY 2017.
- Sets the gain cap at 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.

- Provides a cap offset payment in FY 2018 only for capped districts experiencing a net loss between state aid and tangible personal property (TPP) payments (impacts approximately 18 districts).
- Eliminates the TPP tax supplement.
- Addresses the loss in property values from closed and devalued power plants by using the tax year immediately preceding the most recent tax year instead of a three-year taxable average for calculating a districts valuation index if:
 - Public utility personal property (PUPP) taxable value is at least 10% of total taxable value, and
 - Total taxable value of PUPP for current tax year is 10% less than for previous tax year, and
 - Total taxable value of power plants for current tax year is at least 10% less than for previous tax year.
- Requires the Ohio Department of Education (ODE) to recommend annually to the General Assembly a structure to compensate districts that experience at least a 50% decrease in PUPP valuation from one year to the next.
- Provides approximately \$293.1 million in FY 2018 and \$ 293.9 million in FY 2019 for Joint Vocational School Districts (JVSD).
- Requires ODE to conduct a study of appropriate funding levels and methods for gifted students and to report its findings by May 1, 2018.
- Appropriates up to \$450,000 each for the Teach for America program.

Charter School Funding

- Permits ODE to know the identities of students associated with student data verification codes (often called student "SSID" numbers) for making per-pupil payments to community/charter schools. This provision is intended to assist ODE in preventing duplicate payments (and district deductions) that occur when a single student has more than one SSID entered into the EMIS – School Options Enrollment System.

Vouchers

- Increases the maximum amount that may be awarded under the Cleveland Scholarship Program to students in grades K-8 from \$4,250 to \$4,650, and to students in grades 9-12 from \$5,700 to \$6,000.
- Requires ODE to conduct a second application period if there are funds remaining to award income-based EdChoice vouchers after the first application period.
- Eliminates the application periods for the Jon Peterson Voucher Program and instead requires ODE to pay the voucher amount upon receiving the parent's application for the voucher.

Testing

- Eliminates state achievement assessments for Social Studies in fourth and sixth grade.
- Permits school districts to administer the selected response and performance task items that are part of the kindergarten readiness diagnostic assessment up to two weeks prior to the first day of the school year and specifies that the provision is effective immediately (under current law, a district must administer the assessment not earlier than the first day of the school year and not later than the first day of November).
- Requires that at least 40% of the questions from each elementary state assessment and high school end-of-course exam become public records beginning in the 2017-2018 school year.

High School Graduation

- Creates two additional graduation pathways for the class of 2018:
 - 1) Requires students take all end-of-course exams, retake at least once any ELA exam or math exam where they scored below a 3, complete required units of instruction and meet at least **two** of the following:
 - a. 93% attendance in 12th grade
 - b. 2.5 GPA or higher in 12th grade (min. of four courses)
 - c. Completed capstone project (defined by district)
 - d. 120 hours of work experience/internship etc. during 12th grade
 - e. 3 or more CCP credit hours
 - f. AP or IB course completion and test results
 - g. Earned at least “level three” score on each of the “reading for information” “applied mathematics” and “locating information” components of WorkKeys
 - h. Obtain an industry-recognized credential(s) equal to at least 3 points
 - i. Meets the conditions required to receive an OhioMeansJobs-readiness seal (created under the bill)
 - 2) Career tech pathway: Requires students take all end-of-course exams, complete required units of instruction, complete a career-tech program approved by ODE that includes at least four courses and meet **one** of the following conditions:
 - a. Attain a cumulative score of at least proficient on career-tech exams or test modules required for the career-tech program
 - b. Obtain an industry-recognized credential(s) equal to at least 12 points
 - c. Demonstrates successful workplace participation evidenced by documented completion of 250 hours of workplace experience

A student may still meet the requirements for graduation under current law, this language just provides additional options.

- Requires a OhioMeansJobs Readiness seal to be attached to diplomas and transcripts of high school graduates who satisfy such requirements as demonstrating work-readiness and work ethic competencies. Requires the student form to be validated by at least three individuals, each of whom must have been an employer, teacher, business mentor, community/school leader or a coach to qualify.

Teacher Licensure

- The governor VETOED the elimination of the Ohio Teacher Residency program, a four-year, entry-level program for educators that must be completed in order to qualify for a professional educator license. The Ohio General Assembly has indicated it may seek to override the veto unless ODE makes satisfactory reforms to the summative assessment portion of the program (years 3 and 4). OEA is working with ODE and other stakeholders on reform proposals.
- Requires ODE to request fingerprints from licensed educators and applicants for licensure who are not enrolled in the Retained Applicant Fingerprint Database (RAPBACK) in order to enroll them. (RAPBACK is a criminal record monitoring service overseen by the Attorney General's Office.
- No changes to current law regarding career-technical educator licenses.
- Permits a superintendent to allow an unlicensed educational aide to work as a substitute so long as the following are met:
 - The application materials indicate the individual is qualified to obtain a permit or license.
 - The individual passes a criminal records check.
 - The individual has filed an application with ODE for a permit of license.

College Credit Plus (CCP)

- Moves the CCP program information deadline from March 1 to February 1 for all students in grades 6-11.
- Requires participating students to be “remediation free” on an assessment (ACT or SAT).
 - Alternative score within one standard error of measurement and either have a GPA of 3.0 or receive a recommendation from teacher or counselor.
 - Requires the college to pay for one assessment to determine eligibility and any additional assessments are the financial responsibility of the student.
- Requires that the student must also meet the college’s standards for admission and course placement to participate in CCP.
- Requires the Superintendent of Public Instruction and the Chancellor of Higher Education to adopt rules specifying conditions under which participants determined to be underperforming may continue to participate in CCP. Requires a process to receive input from interested parties.

- Moves the appeal process of the principal’s decisions on CCP participation from the State Board of Education to the school district superintendent whose decision is final.
- Moves the appeals of granting of credit for CCP courses to the ODE.
- Allows districts to negotiate CCP payments below the default floor. State Chancellor of Higher Education can approve or deny the agreement.
- Mandates the Superintendent of Public Instruction and the Chancellor of Higher Education to study the outcomes of the CPP program annually and submit each report by December 31.

Early Childhood Education

- Creates an Early Childhood Education pilot program in no more than two counties in Appalachia.
- Prioritizes funding for early childhood education funds to providers receiving funds in the previous fiscal year. Any balance of funding will be given to new eligible providers.
- Permits ODE to establish a pilot program in one or two geographical areas of the state that employs one or more parent choice models to deliver early childhood education services to eligible children.
- Extends eligibility to three-year olds if early childhood education funds remain after awards are made for eligible four-year olds. Requires ODE to approve the spending.

Other

- Beginning July 1, 2018, districts are required to report by classification the person at whom a student’s violent behavior was directed when discipline is reported (i.e., student, teacher, nonteaching employee, etc.).
- Requires a district that offers summer academic intervention services to allow an approved summer food service program sponsor to use the school’s facilities if certain conditions are met.
- Removes requirement that absence intervention team assignments be made within ten days.
- Permits school districts to integrate academic content in subject areas for which the State Board of Education has adopted standards into a course in a different subject area (including a career-technical course).
 - Permits a school district to administer a related end-of-course exam for the integrated course.
 - Requires guidance on appropriate teacher licensure for course to be issued by ODE by July 1, 2018.

- Requires ODE to develop a framework for granting units of high school credit to students who demonstrate subject area competency through work-based learning experiences, internships or cooperative education.
 - School districts must comply beginning with the 2018-2019 school year.
- Abolishes the Ohio School Facilities Commission (SFC) and transfers its responsibilities to the Ohio Facilities Construction Commission (FCC). No effect on service delivery. Currently, FCC and SFC work as one organization. However, it may reduce administrative costs by, for example, eliminating the required quarterly meetings for SFC.
- Requires local school district business advisory councils to meet at least quarterly and advise the local school board on employment skill needs, job market changes and suggestions for developing working relationships with business and labor.
- Requires the Superintendent of Public Instruction in consultation with the Governor’s Executive Workforce Board to create operating standards for business advisory councils.
- Prohibits a school district from requiring a doctor’s note in order to administer sunscreen to a student and permits students to possess and apply sunscreen.
- Exempts certain classes of part-time or intermittent school district employees, including substitute teachers, from mandated automated external defibrillator (AED) training. Coaches and athletic supervisors are still subject to the training.
- Prohibits until October 1, 2021 a school district that is party to an annexation agreement from transferring territory that is or will be used for nonresidential purposes to another school district that is party to the agreement without the approval of the board of education of each of the school districts. Excludes situations in which the district boards overlap with a “new community authority.”
- Repeals the requirement for ODE to establish a clearinghouse of information regarding the identification of and intervention for at-risk students.
- Specifies that a student participating in a school athletic activity submit the signed form indicating review of sudden cardiac arrest guidelines prior to participating in an athletic activity once every year rather than once every year for every athletic activity.
- Permits F-1 visa holders at certain schools to participate in interscholastic athletics.
- Adds STEM and STEAM school to the list of public school to receive right-of-first-refusal when districts sell real property.
- Prohibits the use or possession of betel nuts on school property or at any activity supervised by a school district or ESC.
- Eliminates the Straight A Fund.

DEVELOPMENTAL DISABILITIES

Developmental Disabilities	HB 49 As Enacted				
	FY 2017	FY 2018	% Change	FY 2019	% Change
Total (State GRF)	\$656,761,719	\$673,310,954	2.52%	\$678,927,354	0.83%
All Funds Total (GRF + Fed)	\$2,628,471,157	\$2,893,448,300	10.08%	\$2,961,467,605	2.35%
County Board Subsidies	\$44,149,280	\$43,266,294	-2.00%	\$43,266,294	0.00%

- Requires a County Board of Developmental Disabilities (DD) to pay the nonfederal share of Medicaid expenditures for all individuals who have been involuntarily committed to a state-operated intermediate care facility for individuals with intellectual disabilities (ICF/IID), as opposed to only those individuals who are receiving supported living or home and community based services.
- Modifies a provision in current law to prohibit a county commissioner's spouse, son, or daughter (rather than an "immediate family member") from being employed by the County Board of DD for the county the commissioner serves.
- Revises the law governing the waiting lists County Boards of DD establish for Home and Community Based Services available under Medicaid waivers.
- Requires ODODD, not later than 30 days after the bill's effective date, to convene a stakeholder workgroup to evaluate services provided to individuals living in the community and develop recommendations related to those services. Requires the workgroup to submit a report with recommendations to ODODD and the General Assembly not later than one year after the workgroup convenes.

HIGHER EDUCATION

Funding

Higher Education	HB 49 As Enacted				
	FY 2017	FY 2018	% Change	FY 2019	% Change
Total (State GRF)	\$2,540,291,994	\$2,560,414,560	0.79%	\$2,596,150,182	1.40%
All Funds Total (GRF + Fed)	\$2,600,036,188	\$2,607,758,081	0.30%	\$2,648,693,703	1.57%
State Share of Instruction	\$1,977,320,820	\$1,979,416,550	0.11%	\$1,979,416,550	0.00%
Ohio College Opportunity Grant	\$95,020,298	\$99,425,000	4.64%	\$100,875,000	1.46%
Shawnee State Supplement	\$2,326,097	\$2,537,456	9.09%	\$2,537,456	0.00%

- Requires that 50% of the state share of instruction (SSI) appropriation for community colleges and technical colleges be allocated for course completion. The remaining 50%

will be allocated in proportion to each campus's share of college student success factors and on completion milestones.

- Authorizes the Chancellor to investigate all fees charged by state institutions of higher education and prohibit any state institution from charging a fee that the Chancellor determines is not in the best interest of students.
- Allow community colleges to implement a \$10 per credit hour increase for the 2018-2019 academic year.

Financial Aid

- Extends eligibility to Ohio College Opportunity Grant (OCOG) students who are enrolled in a program at a state institution of higher education that may be completed in less than one year in an in-demand job.
- Extends eligibility to OCOG persons with intellectual disabilities who are enrolled in a comprehensive transition and postsecondary program certified by the United States Department of Education.

Other

- Requires the board of trustees of each state higher education institutions to adopt policies for the faculty assignment of textbooks and instruction materials.
- Requires each state institution of higher education to report annually to the Efficiency Advisory Committee on its efforts to reduce textbook costs and to conduct a study to determine the current costs of textbooks and submit those findings to the Chancellor.
- Encourages agreements between community colleges and 4-year institutions to allow students to complete three years of coursework at a community college and finish their degree at a 4-year institution. Requires the model for "3+1" baccalaureate degree programs to be developed by June 2018.
- Requires the Chancellor to establish and approve programs under which community and technical colleges can offer applied bachelor's degree programs for in-demand fields that are not offered by any state university or private college. Creates a second pathway for program approval, under which the Chancellor may approve a program if the program clearly demonstrates a "unique approach" as determined by the Chancellor.
- Requires the Chancellor to adopt rules that require instruction in opioid and other substance abuse prevention be included in teacher preparation programs for educators and other school personnel for all content areas and grade levels.
- Beginning in 2018, the Chancellor is required, in conjunction with ODE, to submit an annual report on the progress the state is making in increasing the percentage of adults in the state with a college degree, industry certificate, or other postsecondary credential to 65% by 2025.

- Permits the Chancellor to recognize or endorse an eligible institution of higher education for providing competency-based education programs (Western Governors University).
- Requires a plan to be created that enables students to transfer credits earned from a career college to a state institution of higher education without “unnecessary duplication” or institutional barriers.

DEPARTMENT OF REHABILITATION AND CORRECTION (DRC)

DRC	HB 49 As Enacted				
	FY 2017	FY 2018	% Change	FY 2019	% Change
DRC Grand Total	\$1,823,007,660	\$1,823,007,660	5.65%	\$1,847,730,245	1.36 %
Institution Educ. Services	\$30,100,734	\$32,581,211	8.24%	\$33,372,312	2.43%
Prisoner Programs	\$ 1,826,415	\$ 1,300,000	-28.82%	\$1,300,000	0.0%
Education Services	\$ 4,273,757	\$ 4,725,000	10.56%	4,725,000	0.0%
Institutional Services	\$2,408,176	\$2,925,000	21.46%	\$ 2,925,000	0%

- Allows an incarcerated person to receive 90 days of early release credit or 10% reduction of sentence, whichever is less, by earning an Ohio high school diploma or certificate of high school equivalence certified by the Ohio Central School System. Does not apply to offenders serving a mandatory prison term for a violent or a sexually oriented offense.
- Prohibits, on July 1, 2018, a person sentenced to a prison term that is 12 months or less for a fifth-degree felony (except for offenses of violence, sex and drug trafficking) from serving that term in an institution under the control of DRC, and instead requires that the person serve the sentence in a facility under local control. This only applies to the 10 most populous counties (Franklin, Cuyahoga, Hamilton, Summit, Montgomery, Lucas, Butler, Stark, Lorain, and Mahoning), and any other counties that agree to participate in the local confinement procedures.
- Authorizes the boards of county commissioners to enter into an agreement with the Director of Administrative Services for the use of the Ohio River Valley Facility (ORVF) or a portion of the ORVF as a multicounty, municipal-county, or multicounty-municipal correctional center, provided that at least one of the counties is adjacent to Scioto County.
- Allocates \$1 million annually for Institution Addiction Treatment Services.
- Additional reimbursements for individuals taking high school equivalency examination (see DYS bullet).

DEPARTMENT OF YOUTH SERVICES (DYS)

DYS	HB 49 As Enacted				
	FY 2017	FY 2018	% Change	FY 2019	% Change
DYS Grand Total	\$ 62,862,165,938	\$ 65,699,972,013	4.51%	\$ 67,086,725,775	2.11%
Education Services	\$ 3,390,794	\$ 3,385,248	-0.16%	\$ 3,492,983	3.18%
Vocational Education	\$ 1,661,288	\$ 1,690,000	1.73%	\$ 1,463,162	-13.42%
Education	\$ 970,590	\$ 947,275	-2.40%	\$ 961,519	1.50%

- Specifies that any unused ODE funds for reimbursing individuals for the cost of taking a nationally recognized high school equivalency examination in each fiscal year (from ODE line item 200572 - Adult Education Programs), be reimbursed to DYS and DRC for individuals in these facilities (first time for application/examination fees more than \$40 up to a maximum of \$80). Funding for this line-item is \$7,533,216 in FY 2018 (202% increase) and \$8,702,475 in FY 2019 (up another 15%).

OHIO SCHOOL FOR THE BLIND (OSB) and OHIO SCHOOL FOR THE DEAF (OSD)

OSB and OSD	HB 49 As Enacted				
	FY 2017	FY 2018	% Change	FY 2019	% Change
OSB Grand Total	\$ 10,195,399	\$ 11,905,788	16.78%	\$ 12,143,959	2.00%
OSD Grand Total	\$ 11,079,908	\$ 11,995,486	8.26%	\$ 12,218,316	1.86%

- Permits OSB and OSD to administer a capital facilities project for which the estimated cost is less than \$1.5 million.
- Requires the Director of OBM to transfer \$1,274,194 cash each fiscal year from the State Library Board to the Library for the Blind Fund.

STATE LIBRARY BOARD (LIB)

LIB	HB 49 As Enacted				
	FY 2017	FY 2018	% Change	FY 2019	% Change
LIB Grand Total	\$ 21,721,753	\$ 21,807,930	0.40%	\$ 21,812,930	0.02%

TAXATION

- Requires the Ohio Department of Taxation to publish Current Agricultural Use Value (CAUV) data by school district.
- Adds two new factors to be considered in calculating the CAUV (“typical cropping and land use patterns” and “typical production costs”) and deletes one existing factor of “market value.”
- Makes other changes to the CAUV formula. Policy experts estimate that the CAUV changes will result in an average statewide reduction of 30%.
- Eliminates the bottom two income tax brackets (\$0-\$5,000 and \$5,000 to \$10,000) and specifies that taxpayers with an Ohio adjusted gross income minus exemptions or a taxable business income of \$10,500 or less will owe no tax.
- Provides a three-day sales tax “holiday” in August 2018 during which clothing and school supplies within certain price ranges are exempt from sales and use taxes.
- Increases the maximum annual income tax deduction for contributions to a federally tax-advantaged college savings account to \$4,000 from \$2,000 for each beneficiary.