

Senate Unveils Substitute Version of Budget Bill

On Tuesday, June 11, 2019, the Senate Finance Committee adopted a substitute version of House Bill 166, the state budget bill. The Senate substitute bill retains House-passed language on the repeal of Academic Distress Commissions (HB 154). However, the Senate is expected to make changes to this language in an omnibus amendment next week. The substitute bill also does not currently include provisions related to high school graduation.

A committee and Senate floor vote are expected next week. 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 30, 2019.

A summary of the policy changes of the substitute bill is below.

K-12 Provisions

Funding

- Removes House-passed \$125 million increase for Student Wellness and Success Program.
- Permits school districts to also utilize student wellness and success funds for child nutrition, physical health, and fitness services, and for student services provided before or after the regular school day.
- Appropriates \$38.5 million over the biennium for the Enrollment Growth Supplement for school districts experiencing enrollment growth.
- Guarantees, beginning in FY 2022, that school districts receive at least as much funding per pupil as the statewide per-pupil amount paid for chartered nonpublic schools. The statewide per-pupil amount paid for chartered nonpublic schools in Auxiliary Funds is about \$1,305 in FY19 (approximately 40 districts will benefit from this provision).
- Removes all House inserted studies on special education, gifted funding, incentive programs for rural districts serving gifted children, economically disadvantaged students, preschool, English learners and Educational Service Centers by December 31, 2020. Recommendations from these studies shall be the basis of legislation to be enacted by the General Assembly in order to take effect for FY 2022 or FY 2023.

Academic Distress Commissions

- Maintains the House-passed HB 154 language that repeals the failed state takeover law, restores local control and teacher collective bargaining rights, and holds all school districts accountable for locally developed school improvement teams and student-centered improvement plans in F-rated school buildings.

Educator Licensure

- Eliminates the requirement that teachers in school districts and STEM school be "properly certified or licensed."
- Eliminates the requirement that paraprofessionals in school districts and STEM school be "properly certified or licensed."
- Allows a nontraditional teacher candidate to complete a program operated by a for-profit organization to meet the pedagogical training requirement. Current law only allows non-profit organizations to provide these teacher preparation services.
- Removes several House provisions related to substitute teacher licenses.

Report Cards

- Maintains the provision specifying that the higher of the performance index score or the value-added progress score be used for the overall grade on the state report card.
- Removes House language regarding the issuance of preliminary data for report cards and charter schools at risk of closure.
- Removes House language regarding report card grades, charter school sponsor ratings and ODE's failure to assign ratings by statutory deadline.

Vouchers

- Includes a provision to trigger an automatic increase in the number of traditional EdChoice vouchers if the number of applicants reaches 90% of the cap, which is currently 60,000.
- Beginning in school year 2020-21, expands eligibility for the income-based EdChoice voucher program to grades K-12.
- Calculates EdChoice voucher amounts prior to application of financial aid or scholarships received by the student.

Charter Schools

- Decreases funding for the newly proposed Quality Community School Support Program from \$60 million to \$40 million over the biennium.
- Modifies House language by increasing the frequency of ODE's evaluation of any charter school sponsor rated "effective" for three or more consecutive years to once in each three-year period, instead of once every five-years. (improves House provision)
- Removes House provision requiring ODE to permit charter sponsors to review the information used to determine the sponsor's rating on the academic performance component and to request an adjustment prior to the publication of the final ratings.
- Maintains House provision that changes the dropout prevention and recovery school report card measure of percentage of 12th grade students who have attained the designated passing score on all applicable high school assessments to the percentage who have

attained the cumulative performance score on the end-of-course exams, but modifies the provision by specifying the change only applies to students who entered ninth grade on or after July 1, 2014.

- New Senate language requires ODE to recalculate the 2017-2018 school year report card ratings for dropout recovery schools and calculate the 2018-2019 school year report card ratings using the new state test passage rate measure.
- New Senate language prohibits the closure of a dropout recovery charter school, beginning in the 2019-2020 school year, based on the report card issued for that school for the 2017-2018 or 2018-2019 school year if the overall ratings issued for those years using the new state test passage rate measure results in an overall rating of a "meets standards" or "exceeds standards."
- New Senate language specifies that an overall rating issued for each dropout recovery charter school using the new state test passage rate measure does not make a school that was permanently closed prior to the 2019-2020 school year eligible to reopen.
- New Senate language modifies the closure criteria for a dropout prevention and recovery charter school to those receiving a designation of "Does Not Meet Standards" on the report card for the three most recent school years, rather than for two of the three most recent school years as under current law.
- Removes House provision requiring the State Board of Education to coordinate a committee comprising appointees from the Senate, the House of Representatives, the Governor's office, and the State Board to conduct a study of charter schools that primarily serve students enrolled in dropout prevention and recovery programs that offer two or more of the following models: (1) blended learning, (2) portfolio learning, and (3) credit flexibility.
- Removes House provision prohibiting ODE from issuing report cards for charter schools in which a majority of students are enrolled in dropout prevention and recovery programs operated by those schools until the General Assembly enacts the committee's recommendations or takes other legislative action that addresses the classification, authorization, and report card ratings of such schools.
- Reinstates requirement that charter sponsors must annually verify that no finding for recovery has been issued against any individual who proposes to create a charter school or any member of the governing authority, the operator, or any employee of each charter school.
- Maintains charter school merger language that was proposed in the Executive budget and maintained by the House.
- Removes House requirement that ODE, in consultation with charter school governing authorities and other appropriate stakeholders, evaluate the cost of operating charter schools on a per-pupil or other reasonable basis as a replacement for the discontinuance of a fixed per-pupil formula amount and submit a report of its findings by December 31, 2020.

- New Senate language requires ODE to pay each charter school that operates a program that uses the Montessori method as its primary method of instruction an amount equal to the formula amount (\$6,020) for each student younger than four years old who is enrolled in the school. Appropriates \$100,000 in each fiscal year in GRF appropriation.
- Removes House requirement that ODE (rather than school governing authority) pay sponsor fees directly to sponsor out of the school's state operating payments.
- Removes House requirement that each charter school sponsor provide a list of assurances specified in current law to ODE at least 10 business days prior to the opening of a school's first year of operation or, if the school is not an e-school and changes the building from which it operates, prior to the opening of the first year it operates from the new building. (Under current law, sponsors must provide this list of assurances annually to ODE not later than 10 business days prior to the opening of the school.)
- Maintains House requirement that each internet- or computer-based charter school (e-school) to prepare and submit to ODE, in a time and manner prescribed by ODE, a report that contains information about all of the following: (1) classroom size, (2) student-teacher ratio per classroom, (3) the number of student-teacher meetings conducted in-person or by video conference, and (4) any other information determined necessary by ODE. ODE must annually submit a report of this data to the State Board of Education.
- Maintains House revisions to the charter school closure criteria for schools that are not dropout prevention and recovery schools, which may reduce the number of charter schools subject to permanent closure.
- Maintains requirement that ODE study and make recommendations on the feasibility of a new funding system for e-schools by December 31, 2019.

Other

- Retains House-passed proposal to increase minimum salary for teachers with bachelor's degrees to \$30,000 rather than \$20,000 as under current law.
- Removes a previously added provision allowing a board of education of a school district to propose a school safety levy and share the revenue with chartered nonpublic schools located in the district.
- Removes House-passed language that would deem some substitute teachers to be "properly certified or licensed."
- Removes provision that would have allowed for students who are being dropped off and who are being transported to nonpublic or community schools to be up to 30 minutes prior to start time and pickup within 30 minutes after dismissal.
- Retains House-passed language that prohibits a school district from reducing transportation it has opted to provide to students the district is not required to transport after the first day of the school year.
- Authorizes automatic enrollment in the Ohio Public Employees Deferred Compensation Program for new state and local government employees.

- Retains school breakfast program language that requires higher-poverty districts to offer breakfast to all students during the school day. Adds language permitting a school district to choose not to establish a school breakfast program in a school for financial reasons or it already has a successful breakfast program in place.
- Removes a provision requiring the Auditor of State to perform a performance audit of ODE.
- Phases out the Joint Education Oversight Committee.
- Removes House-passed language regarding school district territory transfers.
- Eliminates the provision to allow students to use two full seasons of show choir to fulfill high school physical education requirements.

Higher Education

- Restores Executive Budget language that excludes out-of-state students at community colleges in the State Share of Instruction funding calculation.
- Permits in the 2019-2020 and 2020-2021 academic years, community colleges, state community colleges, and technical colleges to charge \$5 per credit hour over what the institution charged in the previous academic year for in-state undergraduate instructional and general fees, instead of limiting the increase of instructional and general fees to 2% as under previous versions of the bill.
- Increases support for the State Share of Instruction by an additional 1% over the biennium.
- Increases House-passed appropriation for OCOG by \$5.74 million over the biennium.
- Eliminates the \$6 million appropriation over the biennium to award grants to students enrolled in community and technical colleges and university branches for the purchase of textbooks and instructional materials.
- Removes requirement that all students applying to the College Credit Plus program to complete the Free Application for Federal Student Aid.
- Allows the Ohio Auditor of State to conduct additional performance audits of state institutions of higher education.

Tax Provisions

- Authorizes a personal income tax deduction for up to \$250 of an Ohio teacher's out-of-pocket expenses for professional development and classroom supplies, beginning in tax year 2020.
- Restores the business income tax deduction to \$250,000 and delays the implementation of the 3% rate on income above that until 2020.
- Maintains the elimination of the bottom two income tax brackets (frozen at 2018 levels for two years) and expands the proposed income tax cuts for all remaining tax brackets from 6.6% (proposed in the House) by 4% in 2019 and 8% in 2020 and thereafter.
- Requires county budget commissions to provide a public notice and hearing when they consider rolling back a county DD board's voter-approved millage.