

Substitute House Bill 110 Analysis

April 15, 2021

On Tuesday, April 13, the Ohio House Finance Committee adopted a substitute version of House Bill (HB) 110, the state budget bill for Fiscal Years (FY) 2022 and 2023.

Notably, the substitute measure includes the Fair School Funding Plan formula (House Bill 1) with some adjustments outlined below. The Plan will continue to be phased-in over a six-year period – with \$4.5 billion in American Recovery Act funds put on top of the additional state aid included during the phase in period, which helps to ease the transition to the new formula. The bill also eliminates separate funding for the Success and Wellness program, currently funded outside of the funding formula, merging those funds into the Fair School Funding Plan. With this change, the substitute bill ensures that all districts in this budget cycle will receive from the state an amount equal to at least the sum of their total FY 2019 formula aid plus total FY 2021 Success and Wellness Funds.

The substitute bill removes the requirement that each student, as a condition of graduation, provide evidence of having completed and submitted a free application for federal student aid (FAFSA). OEA supports this change. Additionally, the measure retains the Executive Budget proposal, supported by OEA, that prohibits the Superintendent of Public Instruction from establishing new academic distress commissions (ADCs) for the 2021-2022 and 2022-2023 school years.

OEA Government Relations staff is currently reviewing the language in the substitute bill and will provide additional details as they become available. District runs are not currently available. HB 110 is expected to have additional amendments and a vote next week in the Ohio House.

Below is a summary of the major changes included in the substitute budget measure.

K-12

School Funding

- Incorporates the Fair School Funding Plan (House Bill 1) with some modifications listed below.
- Funds the non-teacher components of base cost for community and STEM schools at 100% of the per-pupil amount for traditional districts instead of 90% in the as introduced version. This change increases the formula aid distributed to these schools by \$30.3 million.
- Creates a fifth component of the base cost by shifting athletic co-curricular activities cost from a subcomponent of student support to its own component. The component is

calculated the same as in the as introduced version, by multiplying the school's base cost enrolled ADM by the FY 2018 athletic co-curricular cost per pupil. All traditional districts would qualify for payment. However, the bill limits payments through the athletic co-curricular activities component only to those community and STEM schools that are either a member of an organization that regulates interscholastic athletics (i.e., the Ohio High School Athletic Association) or have teams that play at least three different sports in an interscholastic league.

- Provides a transitional supplement in FY 22 and 23 to ensure that no school district loses state funding during implementation phase of the new formula.
- Renames the "student social, emotional, and security support" component of the base cost calculation as the "student wellness and success" component. Maintains the list under current law of allowable expenses for student wellness and success.
- Makes changes to the calculation of state funding for county board of developmental disabilities educating school-age children in recognition of the new school funding formula by replacing (1) the state share index with the state share percentage, (2) the formula amount with the statewide average base cost per pupil, and (3) the applicable special education dollar amount with the applicable special education weight times the statewide average base cost per pupil. The bill increases the amount earmarked from Special Education Enhancements, for payments to county boards by \$4 million in each fiscal year.
- Re-Establishes a school bus purchase program at \$45 million in each fiscal year.
- Establishes a program to award transportation collaboration grants of no more than \$10,000 each fiscal year to traditional school districts for efforts that lead to shared resource management, routing consolidation, regional collaboration, or other activities that have the potential to reduce transportation operating costs. Establishes the Transportation Collaboration Fund to be used for this purpose. The bill earmarks \$250,000 in each fiscal year for this purpose.
- Funds the Quality Community Support Program from the Lottery Profits Fund instead of the General Revenue Fund as proposed by the Executive Budget and appropriates \$30 million instead of \$54 million in each fiscal year. This fund was created in the last budget to provide additional per-pupil funding for the highest performing charter schools.

Gifted Education

- Requires a school district to spend the gifted funds it receives only for the identification of gifted students, gifted coordinator services, gifted intervention specialist services, other service providers approved by the Ohio Department of Education (ODE), and gifted professional development.
- Requires ODE, if it determines that a district is not in compliance with the spending requirements, to reduce the district's foundation funding payments by the amount not spent in accordance with the requirements.

- Requires, rather than permits as under current law, ODE to reduce a district's foundation funding if the district is not in compliance with existing requirements regarding gifted identification.
- Requires ODE's annual report of each district's expenditures of gifted funding (as required under continuing law) to also include the amount of gifted funding received by each district.

Other Policy

- Eliminates the requirement for high school students to take a nationally standardized college admission assessment beginning with the class of 2026. Requires the assessment to continue to be offered to all 11th grade students in the spring of each school year but specifies that participation is voluntary.
- Removes the requirement that each student, as a condition of graduation, provide evidence of having completed and submitted a free application for federal student aid (FAFSA).
- Retains Executive Budget proposal that prohibits the Superintendent of Public Instruction from establishing new academic distress commissions (ADCs) for the 2021-2022 and 2022-2023 school years. Specifies this provision has no effect on existing ADCs.
- Requires ODE to establish the Career Promise Academy Summer Demonstration Pilot Program to provide one grant to an eligible city school district to operate a career promise academy in the summers of 2021 and 2022 to provide students entering ninth grade who are at risk of not qualifying for a high school diploma with prescribed literacy, academic preparedness, and life skills instruction and internship or mentoring experiences. The bill earmarks \$250,000 for this purpose in each fiscal year from the Federal Coronavirus School Relief fund.
- Requires school districts, ESCs, and private school transportation contractors to make a good faith effort to "deliver" students enrolled in preschool through 12th grades to their respective public and nonpublic schools no sooner than 30 minutes prior to the beginning of school and to be available to pick them up no later than 30 minutes after the close of their respective schools each day.
- Extends to FY 22 and FY 23 the pilot program established for FY 21 to provide additional funding on a per-pupil basis for certain internet- or computer-based community schools operating dropout prevention and recovery programs for students in grades 8-12; (2) Require that an e-school must have participated in the program for FY 21 to be eligible for FY 22 and FY 23; and (3) delays the deadline for ODE's report on the program from December 31, 2021, to December 31, 2023. The bill earmarks \$2.5 million in each fiscal year.
- Lowers the minimum age to participate in the Adult Diploma Pilot Program from 22 to 20.

- Requires the presentation of information to students on advanced standing programs (as required under continuing law) be done at least annually.

College Credit Plus (CCP)

- Requires ODE, in consultation with the Department of Higher Education (DHE), to produce a report by January 1, 2023, concerning the cost-effectiveness of the CCP Program for secondary schools and participants, as well as whether participants save money on college tuition and reduce the amount of time to degree completion.
- Requires ODE and DHE to jointly develop a permission slip regarding the potential for mature subject matter in courses taken through the CCP Program and to post it on their CCP websites.
- Requires each public and participating chartered nonpublic school to include the permission slip in CCP counseling information.
- Requires the student and the student's parent, as a condition of participating in the CCP Program, to sign the permission slip and include it in the student's application to a participating institution of higher education.
- Requires participating institutions of higher education to include the following in each CCP student's enrollment materials:
 - A questionnaire for students acknowledging that the student possesses the necessary social and emotional maturity to attend college-level courses;
 - Guidance on reviewing course materials available prior to enrolling in a course;
 - Information about the college's and the program's policies on withdrawing from or dropping a course; and
 - Information about the student's right to speak with the student's high school counselor or with the academic advisor assigned to the student.
- Requires each participating higher education institution to include a discussion about the potential for mature subject matter in courses taken through the CCP Program at student orientation.
- Requires ODE and DHE, and each participating institution to post in a prominent place on their CCP websites a disclaimer about the potential for mature subject matter in courses taken under CCP.

Higher Education

- Establishes separate State Share of Instruction (SSI) line items for universities and regional campuses and community and technical colleges.
- Makes permissive a proposed requirement for any institution that receives additional SSI subsidy from SSI, compared to the prior year to use the additional distribution to provide need-based aid and counseling, support services, and workforce preparation services to its students.

- Removes a provision that permits the Chancellor of Higher Education to adopt rules regarding when a state institution of higher education may withhold official transcripts from a student including for student-owed debts to the institution.
- Grants in-state tuition residency status, for tuition and state operating subsidies purposes, to a student who is not an Ohio resident if that student completes a bachelor's degree program at a state institution of higher education and then immediately enrolls in a graduate program at that, or another, state institution.
- Requires Southern State Community College (SSCC) to establish and maintain the five-year Ohio Code-Scholar Pilot Program to support technical workforce needs. The bill earmarks \$240,000 in each fiscal year to support the program.
- Allows the board of trustees of a state institution of higher education to adopt a policy allowing the trustees to attend a board meeting via means of electronic communication.

Tax

- Reduces tax rates on nonbusiness income by 2% across-the board, starting for taxable years beginning in 2021. This proposal reduces revenue by approximately \$380 million over the biennium.