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H.B. 12
135th General Assembly

Fiscal Note & Local Impact Statement

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Version: As Introduced

Primary Sponsor: Reps. Jones and Dobos

Local Impact Statement Procedure Required: No

Andrew C. Ephlin, Budget Analyst

Highlights

- The bill's effects on state operating expenditures appear to be limited, as the reorganization of the Ohio Department of Education (ODE) into a renamed Department of Education and Workforce (DEW) and the transfer of most of the powers and duties of the State Board of Education and the Superintendent of Public Instruction into DEW do not alter the scope or operations of current programs.
- The bill creates the position of Director of Education and Workforce to lead DEW, with a total annual payroll (salary and benefit) cost that could be up to \$254,000. The bill also creates two deputy director positions to head the new divisions of Primary and Secondary Education and Career-Technical Education within DEW. Total annual payroll costs for each deputy director position may range from \$151,000 to \$189,000.
- State operating expenditures may also increase if the State Board needs to hire staff in administrative areas. Such costs will depend on the extent of new staff needed and any shared services arrangements that the State Board enters into with DEW.
- There may be some minimal costs to procure new signage and other branded material and for DEW to participate in certain workforce development-related initiatives.

Detailed Analysis

Reorganization of Department of Education

Overview

The bill reorganizes the functions and responsibilities of the State Board of Education, the Superintendent of Public Instruction, and the Ohio Department of Education (ODE). Under current law, ODE serves as the administrative unit through which the Superintendent administers

the policies and statutorily prescribed powers and duties of the State Board and the Superintendent. Under the Ohio Constitution, the Superintendent is appointed by the State Board. The bill renames ODE as the Department of Education and Workforce (DEW) and transfers control over the Department from the State Board and Superintendent to the new position of Director of Education and Workforce (DEW Director), who is appointed by the Governor with the advice and consent of the Senate. The bill establishes two divisions under DEW, the Division of Primary and Secondary Education and the Division of Career-Technical Education. Each division is headed by a deputy director appointed by the DEW Director with the advice and consent of the Senate. The bill transfers to DEW most of the powers and duties of the State Board and the Superintendent. DEW, the State Board, and the Superintendent must complete any action necessary to implement the bill's provisions by June 30, 2023. The State Board and Superintendent retain some current law responsibilities. From a fiscal perspective, this most notably involves administration of educator licenses, the educator disciplinary process, and oversight of teacher and school counselor evaluation systems.

Fiscal effects

Potential staffing costs

The bill transfers all employees and resources of DEW necessary for the State Board to perform its duties and responsibilities to the State Board. The bill does not alter the scope of operation of the programs currently administered by ODE. As a result, most, if not all, of the current ODE employees will continue to perform their currently prescribed duties and the effect on state operating expenditures appears to be limited. According to the Department of Administrative Services, ODE employed 636 full-time, permanent staff as of February 2023. ODE staff indicated that 10% of current ODE employees would transfer to the State Board to carry out the current law responsibilities it retains.

The new annual payroll (salary and fringe benefit) cost associated with the creation of the DEW Director position may be comparable to the payroll costs of the Superintendent of Public Instruction, depending on the qualifications and experience of the individual appointed. The base pay rate for the Superintendent is about \$97 per hour. The annual salary for the Superintendent is \$202,000, with a total payroll cost (including fringe benefits) ranging from \$239,000 to \$254,000 depending on the single or family health insurance coverage the individual may enroll in.

The annual payroll costs of each of the deputy directors of the divisions of Primary and Secondary Education and Career-Technical Education would likely be comparable to those for senior executive officials within ODE. Each position may receive base pay rates from \$60 to \$70 per hour, with annual salaries ranging from \$125,000 to \$146,000. Total annual payroll costs for each position may range from \$151,000 to \$189,000, depending on health insurance coverage.

The bill also may lead to some additional administrative costs if the State Board needs to hire staff in nonprogrammatic areas, such as fiscal services, legal services, human resources, communications, and information technology. However, the bill permits the State Board to request DEW's assistance in exercising the State Board's powers and duties. To the extent the DEW Director determines that assistance is necessary and practicable, DEW must provide the requested assistance. Therefore, it may be that DEW and the State Board share some services.

Signage and other costs

DEW may incur some minimal costs to rebrand buildings, offices, letterhead, and other materials and to participate in certain workforce development-related activities. The bill requires DEW to develop and make available informational materials for seventh and eighth graders about career opportunities available to them, including in-demand jobs. The materials also must address how a career-technical education may help those students satisfy state high school graduation requirements. DEW must also participate in the processes established under continuing law to identify in-demand jobs, conduct a survey of employers about in-demand jobs, and publish an OhioMeansJobs website. DEW will collaborate with various prescribed entities as part of this work, including the Governor's Executive Workforce Board, the Governor's Office of Workforce Transformation, the Department of Job and Family Services, the Department of Higher Education, and higher education institutions.

Budget changes

As part of the reorganization, the bill requires the Director of Budget and Management to transfer the balance of all appropriations made related to the statutorily prescribed powers and duties of the State Board from DEW to the State Board for the same purposes.

Other provisions

The bill removes the requirement that, prior to excusing a child from attending school, the school district superintendent receive satisfactory assurance that the child is being instructed at home by a qualified person to teach. Instead, the bill exempts a child from compulsory school attendance when receiving instruction in core subjects from the child's parent. In the event of cessation of proper home instruction, the bill also removes the power of the school district superintendent to recall the excused absences that were granted and removes the ability to proceed against the child or the child's parents for truancy. These provisions may decrease school district administrative costs. The bill also codifies Administrative Code rules regarding nonchartered nonpublic schools and prohibits DEW from adopting additional rules for home education and nonchartered nonpublic schools.