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## Bill Analysis

**Version:** As Introduced

**Primary Sponsors:** Reps. Cupp and Patterson

Carol Napp, Research Associate

CORRECTED VERSION<sup>\*</sup>

### OVERVIEW

The bill creates a new financing system for school districts and other public entities that provide primary and secondary education to be implemented beginning in FY 2020. It requires funding under this system to be paid directly to school districts, community schools, and STEM schools for the students they are educating (rather than including community and STEM school students and students who open enroll in the student count of the districts in which they reside, deducting funds attributable to those students from their resident districts, and paying those funds to the schools in which they are enrolled as under current law). Similarly, it requires direct payment of state scholarships, rather than deducting the amounts of those scholarships from students' resident districts.

This system specifies a unique base cost and a unique "per-pupil local capacity amount" for each city, local, and exempted village school district. Generally, a district's per-pupil local capacity amount is subtracted from the district's per-pupil amount of its base cost to determine the district's per-pupil state share of the base cost. Each district's foundation funding is equal to the district's aggregate state share of the base cost plus targeted assistance, special education funds, economically disadvantaged funds, English learner funds, and gifted funds. These components of the system are phased-in over six years and subject to a guarantee for FY 2020 and for each fiscal year thereafter.

City, local, and exempted village school districts also receive transportation funding, supplemental targeted assistance, and career-technical education funding. These payments are not subject to the phase-in. The system does, however, guarantee transportation funding for FY 2020 and 2021 for those districts that are subject to the foundation funding guarantee.

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\* This version of the analysis corrects the description of the calculation for determining a district's state share of the base cost in the "**OVERVIEW**" section of the analysis.

This system provides a substantially similar formula for joint vocational school districts (JVSDs) (including a six-year phase in and guarantee). It does make some JVSD-specific changes to the base cost computation and uses a charge-off rather than a “per-pupil local capacity amount” to determine the district’s per-pupil state share of the base cost. Additionally, as under current law, it does not provide targeted assistance, gifted funding, or transportation funding to JVSDs.

For community and STEM schools, the system specifies a set base cost per pupil. These schools receive a payment for each student of that base cost per pupil plus per-pupil amounts of special education funds, economically disadvantaged funds, English learner funds, and career-technical education funding.

Finally, the system establishes a new funding formula for educational service centers, requires development of a program to provide school bus purchase assistance to school districts beginning in FY 2021, makes several changes related to student transportation policy, and requires the completion of several studies regarding school financing.

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## SUMMARY

### State operating funding for city, local, and exempted village school districts

#### Enrolled ADM and base cost enrolled ADM

(R.C. 3317.02; conforming changes in numerous R.C. sections)

- Specifies that a city, local, or exempted village school district’s “enrolled ADM” is the count of the students that are being educated by the district, minus 80% of the district’s students receiving services at a joint vocational school district pursuant to a compact, cooperative education agreement, or a contract, plus 20% of the district’s students who are enrolled in another district under a career-technical education compact. (Currently, a district’s “formula ADM” counts students in the district in which they reside rather than the district in which they are being educated.)
- Specifies that a city, local, or exempted village school district’s “base cost enrolled ADM” is equal to the *greater* of (1) the district’s enrolled ADM for the prior fiscal year or (2) the average of the district’s enrolled ADM for the three prior fiscal years.

#### Base cost

(R.C. 3317.011)

- Specifies that a city, local, or exempted village school district’s base cost consists of the following four components:

##### 1. Teacher base cost

- Specifies that the teacher base cost includes all of the following components:
  - The district’s classroom teacher cost, which is calculated using (a) an average teacher cost (the sum of the average statewide salary of teachers with salaries between \$30,000 and \$95,000, an amount for benefits

equal to 16% of the salary amount, and district-paid insurance costs equal to the statewide weighted average employer-paid monthly premium times 12), and (b) specified student to teacher ratios for kindergarten (20 to 1), grades 1 through 3 (23 to 1), grades 4 through 8 (25 to 1), grades 9 through 12 (27 to 1), and career-technical education programs or classes (18 to 1).

- The district's special teacher cost, which is calculated using the average teacher cost and a student to teacher ratio of 150 to 1, with a minimum of six teachers funded.
- The district's substitute teacher cost, which is calculated using a daily rate of \$90 plus benefits for five substitute teacher days for every classroom and special teacher.
- The district's professional development cost, which is calculated using the average teacher cost (less insurance) per day (based on 180 contract days) for four professional development days for every classroom and special teacher.

## **2. Student support base cost**

- Specifies that the student support base cost includes all of the following components:
  - The district's guidance counselor cost, which is calculated using the average statewide salary of guidance counselors with salaries between \$30,000 and \$95,000 and a high school student to counselor ratio of 360 to 1, with a minimum of one counselor funded.
  - The district's librarian and media staff cost, which is calculated using the average statewide salary of librarian and media staff with salaries between \$30,000 and \$95,000 and a student to librarian and media staff ratio of 1,000 to 1.
  - The district's staffing cost for student social, emotional, and security support, which is calculated using the average statewide salary of counselors with salaries between \$30,000 and \$95,000 and a student to staff ratio of 250 to 1, with a minimum of five staff members funded.
  - The district's academic co-curricular activities cost, which is calculated using the average per-pupil spending reported statewide by districts for academic co-curricular activities.
  - The district's athletic co-curricular activities cost, which is calculated using the average per-pupil spending reported statewide by districts for athletic co-curricular activities.
  - The district's building safety and security cost, which is calculated using the average per-pupil spending reported statewide by districts for building safety and security.

- The district's supplies and academic content cost, which is calculated using the average per-pupil spending reported statewide by districts for supplies and academic content (excluding supplies for transportation and maintenance).
- The district's technology cost, which is calculated using a per-pupil amount of \$37.50.

### **3. District leadership and accountability base cost**

- Specifies that the district leadership and accountability base cost includes all of the following components:
  - The district's superintendent cost, which is calculated as a scaled amount of salary (using a salary range of \$80,000 to \$160,000) plus benefits, with an additional amount added for insurance.
  - The district's treasurer cost, which is calculated as a scaled amount of salary (using a salary range of \$60,000 to \$130,000) plus benefits, with an additional amount added for insurance.
  - The district's other district administrator cost, which is calculated using (a) the district's superintendent cost, (b) the ratio of the average salary of all assistant superintendents and directors statewide with salaries between \$50,000 and \$135,000 to the average salary of superintendents with salaries between \$60,000 and \$180,000, and (c) a student to staff ratio of 750 to 1, with a minimum of two administrators funded.
  - The district's fiscal support cost, which is calculated based on the average statewide salary of bookkeeping and accounting employees with salaries between \$20,000 and \$80,000 and a student to staff ratio of 850 to 1, with a minimum of two positions funded and a maximum of 35 positions funded.
  - The district's education management information system (EMIS) support cost, which is calculated based on the average statewide salary of EMIS support employees with salaries between \$30,000 and \$90,000 and a student to staff ratio of 5,000 to 1, with a minimum of one position funded.
  - The district's leadership support cost, which is calculated based on the average statewide salary of administrative assistants with salaries between \$20,000 and \$65,000 and an administrator to staff ratio of 3 to 1, with a minimum of one position funded.
  - The district's information technology center support cost, which is calculated using a per-pupil amount of \$31.

#### 4. Building leadership and operations base cost

- Specifies that the building leadership and operations base cost includes all of the following components:
  - The district's building leadership cost, which is calculated using (a) the district's superintendent cost, (b) the ratio of the average statewide salary of principals with salaries between \$50,000 and \$120,000 to the average salary of superintendents statewide with salaries between \$60,000 and \$180,000, and (c) a student to staff ratio of 450 to 1.
  - The district's building leadership support cost, which is based on the average statewide salary of clerical employees with salaries between \$15,000 and \$50,000 and a student to staff ratio of 400 to 1, with a minimum number of positions funded that is equal to the number of buildings in the district and a maximum of three positions per building funded.
  - The district's building operations cost, which is calculated using the product of the six-year average of the statewide average building square feet per pupil and the six-year statewide average cost per square foot for those buildings, less the district's building safety and security cost.
- Uses a district's "base cost enrolled ADM" for those factors of the base cost computation which are paid on a per-pupil basis.
- Specifies that all of the average salaries and costs within the base cost computation are to be calculated as follows:
  - For FY 2020, using data from FY 2018;
  - For FYs 2021, 2022, and 2023, using the data determined for the base cost computation for FY 2020;
  - For FY 2024, adjusting the data determined for the base cost computation for FY 2020 by the average rate of inflation, as measured by the Consumer Price Index prepared by the Bureau of Labor Statistics of the United States Department of Labor (all urban consumers, all items) for the previous 12-month period;
  - For FY 2025, using the data determined for the base cost computation for FY 2024; and
  - For FY 2026 and for each succeeding fourth fiscal year thereafter, using data reported for the second preceding fiscal year, and for the intervening fiscal years, using the data for the fiscal year for which data was most recently determined.

## **Base cost per pupil and statewide average base cost per pupil**

(R.C. 3317.018(A) and 3317.02)

- Prescribes a unique “base cost per pupil” for each city, local, and exempted village school district that is equal to the district’s base cost divided by the district’s “base cost enrolled ADM.”
- Specifies that the “statewide average base cost per pupil” is equal to the following:
  - For FY 2020, the sum of the aggregate base cost calculated for all city, local, and exempted village school districts in the state for that fiscal year divided by the sum of the “base cost enrolled ADMs” of all of the city, local, and exempted village school districts in the state for that fiscal year;
  - For FYs 2021, 2022, 2023, 2024, and 2025, the amount calculated for FY 2020; and
  - For FY 2026 and for each fiscal year thereafter, the sum of the aggregate base cost calculated for all city, local, and exempted village school districts in the state for that fiscal year divided by the sum of the “base cost enrolled ADMs” of all of the city, local, and exempted village school districts in the state for that fiscal year.

## **Per-pupil local capacity percentage**

(R.C. 3317.017(A)(4))

- Determines a city, local, or exempted village school district’s “per-pupil local capacity percentage,” which is used to calculate a district’s per-pupil local capacity amount, by doing the following:
  - Calculating 2.3% of the quotient of the district’s median federal adjusted gross income for the most recent tax year for which data is available and the median of the median federal adjusted gross incomes for all districts statewide for the most recent tax year for which data is available.
  - If the result of the calculation is between 2.0% and 2.5%, specifying that the district’s “per-pupil local capacity percentage” is equal to the result of that calculation.
  - If the result of the calculation is less than or equal to 2.0%, specifying that the district’s “per-pupil local capacity percentage” is equal to 2.0%.
  - If the result of the calculation is greater than or equal to 2.5%, specifying that the district’s “per-pupil local capacity percentage” is equal to 2.5%.

## **Per-pupil local capacity amount**

(R.C. 3317.017(A))

- Specifies that a city, local, or exempted village school district’s per-pupil local capacity amount is equal to the sum of the following three factors, which are calculated using a city, local, or exempted village school district’s “base cost enrolled ADM”:

### **1. Valuation per pupil**

- Calculated as 60% of the district’s “per-pupil local capacity percentage” times the per-pupil amount of the minimum of (a) the average valuation for the three most recent tax years for which data is available and (b) the district’s taxable value for the most recent tax year for which data is available.

### **2. Adjusted federal gross income per pupil**

- Calculated as 20% of the district’s “per-pupil local capacity percentage” times the per-pupil amount of the minimum of (a) the average of the total federal adjusted gross income of the district’s residents for the three most recent tax years for which data is available and (b) the total federal adjusted gross income of the district’s residents for the most recent tax year for which data is available.

### **3. Adjusted local share federal adjusted gross income per pupil**

- Calculated as 20% of the district’s “per-pupil local capacity percentage” times the per-pupil amount of the product of (a) the median federal adjusted gross income of the district’s residents for the most recent tax year for which data is available and (b) the number of state tax returns filed by taxpayers residing in the district for the most recent tax year for which data is available.

## **Foundation funding**

(R.C. 3317.013, 3317.016, 3317.017(B) and (C), 3317.019(A)(1) and (B), 3317.02, 3317.022, 3317.0217, and 3317.051)

- Requires the Department of Education to pay each city, local, and exempted village school district the sum of the following in foundation funding:

#### **1. State share of the base cost**

- Specifies that a district’s state share of the base cost is equal to the following:
  - If the district’s per-pupil local capacity amount divided by the district’s base cost per pupil is greater than 95%, the district’s base cost per pupil times 5% times the district’s enrolled ADM.
  - Otherwise, the district’s enrolled ADM times the difference between the district’s base cost per pupil and the district’s per-pupil local capacity amount.
- Specifies that the district’s “state share percentage” is equal to the district’s state share divided by the district’s aggregate base cost.

#### **2. Targeted assistance**

- Specifies that targeted assistance includes both of the following:
  - A capacity amount if the district’s enrolled ADM is greater than or equal to 200 and its capacity index is greater than one (where a district’s capacity index is calculated by first computing the district’s weighted wealth (60% of the aggregate amount used to calculate its valuation per

pupil and 40% of the aggregate amount used to calculate its adjusted federal gross income per pupil) and then dividing the statewide median weighted wealth by the district's weighted wealth), calculated based on the difference between the statewide median wealth times eight mills and the district's weighted wealth times eight mills. 100% of the calculated amount is paid if the district's enrolled ADM is greater than or equal to 600, a percentage of the calculated amount between 5% and 100% (determined on a sliding scale) is paid if the district's enrolled ADM is between 400 and 600, and 5% of the calculated amount is paid if the district's enrolled ADM is greater than or equal to 200 but less than or equal to 400. (A capacity index greater than one indicates that a district's capacity is lower than the statewide median capacity.)

- A wealth amount if the district's wealth index (the statewide median weighted wealth per pupil divided by the district's weighted wealth per pupil) is greater than or equal to 0.8, calculated based on the difference between the statewide median wealth per pupil times 14 mills and the district's weighted wealth per pupil times 11.2 mills and then multiplied by the district's enrolled ADM.

### **3. Special education funds**

- Calculates special education funds for each of the six categories of special education students specified in current law using multiples instead of dollar amounts.
- Specifies that, for each category, a district's special education funds are equal to the product of the category's multiple, the statewide average base cost per pupil, the number of students in the district's enrolled ADM in that category, and the district's state share percentage.
- Sets aside 10% of a district's aggregate special education funds for catastrophic costs.

### **4. Economically disadvantaged funds**

- Specifies that a district's economically disadvantaged funds are equal to \$422 times the district's "economically disadvantaged index" times the number of students in the district's enrolled ADM who are economically disadvantaged.
- Specifies that the district's "economically disadvantaged index" is equal to the square of the quotient of the percentage of the district's enrolled students who are economically disadvantaged divided by the statewide percentage of economically disadvantaged students in all public schools.

### **5. English learner funds**

- Calculates English learner funds for each of the three categories of English learner students, with Category 1 including the same students as under current law (those who have been enrolled in schools in the United States for no more



than 180 days and were not previously exempted from taking the spring administration of either of the state's English language arts assessments (reading or writing)), Category 2 including those students who have been enrolled for more than 180 days until they successfully achieve proficiency on the assessments, and Category 3 including those students who have achieved proficiency for two successive school years.

- Uses multiples rather than dollar amounts to calculate English learner funds.
- Specifies that, for each category, a district's English learner funds are equal to the product of the category's multiple, the statewide average base cost per pupil, the number of students in the district's enrolled ADM in that category, and the district's state share percentage.
- Changes references of "limited English proficient student" throughout the funding formula to "English learner" to align with federal law.

## **6. Gifted funds**

- Specifies that a district's gifted student funding includes all of the following:
  - Gifted identification funds equal to \$24 times the district's enrolled ADM for grades kindergarten through 6 times the district's state share percentage.
  - Gifted referral funds equal to \$2.50 times the district's enrolled ADM times the district's state share percentage.
  - Gifted professional development funds equal to the greater of the number of gifted students enrolled in the district and 10% of the district's enrolled ADM times the district's state share percentage times \$7 for FY 2020, \$14 for FY 2021, \$21 for FY 2022, or \$28 for FY 2023. (Gifted professional development funds are not paid after FY 2023.)
  - Gifted coordinator unit funds equal to \$85,776 for every unit (with a unit equaling 3,300 students in the district's enrolled ADM, with a minimum of 0.5 units and a maximum of eight units allocated) times the district's state share percentage.
  - Gifted intervention specialist units for grades kindergarten through 8 equal to \$89,378 for every unit (with a unit equaling 140 gifted students enrolled in grades kindergarten through 8 in the district, with a minimum of 0.3 units allocated) times the district's state share percentage.
  - Gifted intervention specialist units for grades 9 through 12 equal to \$80,974 for every unit (with a unit equaling 140 gifted students enrolled in grades 9 through 12 in the district, with a minimum of 0.3 units allocated) times the district's state share percentage.

## **Total foundation funding after application of the phase-in and the guarantee**

(R.C. 3317.02 and 3317.022)

- Provides a six-year phase-in of a city, local, or exempted village school district's foundation funding under the proposed formula, calculated (before application of the guarantee) as follows:
  - Determine the district's "phase-in funding base," which equals the district's FY 2019 foundation funding under current law after any guarantees or funding limitations are applied (excluding base and "other" transportation funding and career-technical education funding but including the current law transportation supplement) after adjusting for transfers for (1) students attending community and STEM schools (other than those for career-technical education and transportation), (2) students receiving state scholarships, and (3) students open enrolling (other than those open enrolling for career-technical education).
  - Determine the sum of the district's state core foundation funding components that are subject to the phase-in (the district's state share of the base cost, targeted assistance, special education funds, economically disadvantaged funds, English learner funds, and gifted funds under the formula).
  - Compute the difference between the district's "phase-in funding base" and the sum of the district's state core foundation funding components that are subject to the phase-in.
  - Multiply that difference by the district's phase-in percentage, which equals 16.67% for FY 2020, 33.33% for FY 2021, 50% for FY 2022, 66.67% for FY 2023, 83.33% for FY 2024, and 100% for FY 2025 and for each fiscal year thereafter.
  - Specifies that that product plus a district's "phase-in funding base" equals the district's foundation funding (before application of the guarantee).
- For FYs 2020 and 2021, guarantees each district a total amount of foundation funding equal to its "phase-in funding base" minus the current law transportation supplement.
- For FY 2022 and for each fiscal year thereafter, guarantees each district a per-pupil amount of foundation funding equal to the district's "guaranteed funding" for the third preceding fiscal year divided by the average of the district's enrolled ADM for the third, fourth, and fifth preceding fiscal years. (For this purpose, a district's "guaranteed funding" is, for FY 2019, the district's "phase-in funding base" minus the current law transportation supplement and, for FY 2020 and for each fiscal year thereafter, the foundation funding guaranteed under the bill's provisions.)

## **Transportation funding**

(R.C. 3317.019(A)(2) and 3317.0212)

- Requires the Department to pay each city, local, and exempted village school district the sum of the following in transportation funding:

- Base transportation funding calculated in the same manner as current law, except that (1) the state share is increased to the greater of the district's state share percentage or 30.83% for FY 2020, 36.67% for FY 2021, 42.5% for FY 2022, 48.33% for FY 2023, 54.16% for FY 2024, and 60% for FY 2025 and for each fiscal year thereafter, (2) students who live less than one mile away from school are included in the district's qualifying rider count, and (3) a district's qualifying ridership count is the greater of the average number of qualifying riders counted in the morning or counted in the afternoon who are provided school bus service by the district during the first full week of October.
- A nontraditional rider adjustment equal to 10% of the district's base transportation funding multiplied by the percentage of the district's qualifying ridership who attend nonpublic, community, or STEM schools.
- An efficiency adjustment based on the district's demonstration of efficiency by transporting more than a target number of students per bus, calculated based on the district's base transportation funding times a percentage that increases from 0% to 15% as the district's efficiency increases.
- Payments for other types of pupil transportation as prescribed in rule in accordance with current law.
- For FYs 2020 and 2021, specifies that each district that is subject to the foundation funding guarantee described above is also guaranteed an amount of transportation funding equal to the sum of the district's base transportation funding, transportation supplement, and "other" transportation funding for FY 2019.

### **Supplemental targeted assistance**

(R.C. 3317.0218)

- Requires the Department to pay supplemental targeted assistance if a city, local, or exempted village school district has both (1) a targeted assistance wealth index for FY 2019 greater than 1.6 and (2) an enrolled ADM for FY 2019 that is less than 88% of the district's total ADM for FY 2019, calculated based on the district's wealth index for FY 2019 in comparison to the maximum wealth index for FY 2019 of those districts eligible for the supplemental amount and equal to a scaled amount between \$75 and \$750 per pupil times the district's enrolled ADM.

### **Statewide average career-technical base cost per pupil**

(R.C. 3317.018(B))

- Specifies that the "statewide average career-technical base cost per pupil" is equal to the following:
  - For FY 2020, the sum of the aggregate base cost calculated for all joint vocational school districts in the state for that fiscal year (see below) divided by the sum of the "base cost enrolled ADMs" of all of the joint vocational school districts in the state for that fiscal year;

- For FYs 2021, 2022, 2023, 2024, and 2025, the amount calculated for FY 2020; and
- For FY 2026 and for each fiscal year thereafter, the sum of the aggregate base cost calculated for all joint vocational school districts in the state for that fiscal year divided by the sum of the “base cost enrolled ADMs” of all of the joint vocational school districts in the state for that fiscal year.

## **Career-technical education funding**

(R.C. 3317.014 and 3317.023)

- Requires the Department to pay each city, local, and exempted village school district the sum of the following in career-technical education funding (unlike current law, this funding is paid outside of the foundation funding formula):

### **1. Career-technical categorical funds**

- Calculates career-technical categorical funds for each of the five categories of career-technical education students specified in current law using multiples instead of dollar amounts.
- Specifies that, for each category, a district’s career-technical categorical funds are equal to the product of the category’s weight, the statewide average career-technical base cost per pupil, the number of students in the district’s enrolled ADM in that category, and the district’s state share percentage.

### **2. Career-technical associated services funds**

- Uses a multiple rather than a dollar amount for the calculation of career-technical associated services funds.
- Specifies that a district’s career-technical associated services funds are equal to the sum of the district’s career-technical education students times the statewide average base cost per pupil times the associated services multiple times the district’s state share percentage.

### **3. Career awareness and exploration funds**

- Specifies that a district’s career awareness and exploration funds are equal to a district’s enrolled ADM times \$2.50 for FY 2020, \$5 for FY 2021, \$7.50 for FY 2022, or \$10 for FY 2023 and each fiscal year thereafter.
- Requires a district’s career awareness and exploration funds to be transferred to the lead district of the career-technical planning district (CTPD) to which the district belongs.
- Requires each lead district of a CTPD to disperse career awareness and exploration funds to school districts receiving services from the CTPD that provide plans for the use of those funds that are consistent with the CTPD’s plan that is on file with the Department.
- Specifies that career awareness and exploration funds must be spent only for the following purposes:

- Delivery of career awareness programs to students enrolled in grades kindergarten through 12;
  - Provision of a common, consistent curriculum to students throughout their primary and secondary education;
  - Assistance to teachers in providing a career development curriculum to students;
  - Developments of a career development plan for each student that stays with that student for the duration of the student's primary and secondary education;
  - Provision of opportunities for students to engage in activities, such as career fairs, hands-on experiences, and job shadowing, across all career pathways at each grade level.
- Permits the Department to deny payment of these funds to any district that the Department determines is using the funds for other purposes.

### **School funding for joint vocational school districts**

(R.C. 3317.012, 3317.014, 3317.16, and 3317.162)

- Provides a substantially similar funding formula for joint vocational school districts (JVSDs) as that for city, local, and exempted village school districts (including the phase-in and guarantee), with the following changes:
  - Replaces the “special teacher” cost in the base cost computation with the “cost for teachers providing health and physical education, instruction regarding employability and soft skills, development and coordination and internships and job placements, career-technical student organization activities, pre-apprenticeship and apprenticeship coordination, and any assessment related to career-technical education, including any nationally recognized job skills or end-of-course assessment,” but calculates the cost in the same manner.
  - Does not specify a minimum for the number of staff members for student social, emotional, and security support for the district in the base cost computation.
  - Replaces the cost computations for academic and athletic co-curricular activities in the base cost computation, combines them into one cost computation for “career-technical curriculum specialists and coordinators, career assessment and program placement, recruitment and orientation, student success coordination, analysis of test results, development of intervention and remediation plans and monitoring of those plans, and satellite program coordination,” and calculates this cost as the district’s “base cost enrolled ADM” multiplied by the sum of the per-pupil academic co-curricular costs and the per-pupil athletic co-curricular costs for city, local, and exempted village school districts.
  - Calculates a JVSD’s state share using a  $\frac{1}{2}$  mill charge-off times the lesser of the district’s three-year average valuation or most recent valuation.

- As under current law, does not provide targeted assistance, gifted funding, or transportation funding to JVSDs.

## **Community school and STEM school funding**

(R.C. 3314.08, 3314.088, 3317.023, 3326.33, and 3326.39)

- Requires the Department to pay each community school and science, technology, engineering, and mathematics (STEM) school the sum of the following for each student enrolled in the school on a full-time equivalency basis:
  - The school's base cost per pupil, which is equal to \$6,179 for FY 2020 and \$6,338 for FY 2021 and for each fiscal year thereafter.
  - Special education funds equal to the product of the student's special education category's multiple and the statewide average base cost per pupil.
  - Economically disadvantaged funds equal to \$422 times the school's "economically disadvantaged index." (The school's "economically disadvantaged index" is equal to the square of the quotient of the percentage of the school's students who are economically disadvantaged divided by the statewide percentage of economically disadvantaged students in all public schools.)
  - English learner funds equal to the product of the category's multiple and the statewide average base cost per pupil.
- Requires the Department to pay each community school and STEM school the sum of the following in career-technical education funding for each student enrolled in the school on a full-time equivalency basis:
  - Career-technical categorical funds equal to the product of the student's career-technical education category's multiple and the statewide average career-technical base cost per pupil (see above).
  - Career awareness and exploration funds equal to \$2.50 for FY 2020, \$5 for FY 2021, \$7.50 for FY 2022, or \$10 for FY 2023 and each fiscal year thereafter. (These funds are transferred to a school's CTPD and paid to the school in the same manner described above for school districts. The schools are also subject to the same spending restrictions for these funds as specified above for school districts.)
- Maintains current law regarding the payments for internet- and computer-based community schools (e-schools) (requires payment of the base cost per pupil, special education funds, and career-technical education funds).

## **Educational service center funding**

(Section 6)

- Requires the Department to pay the governing board of each educational service center (ESC) in each fiscal year as follows:
  - \$32 per pupil for the first 5,000 students in the ESC's student count.

- \$30 per pupil for the next 10,000 students in the ESC's student count.
- \$28 per pupil for the next 10,000 students in the ESC's student count.
- \$26 per pupil for any students over the first 25,000 students in the ESC's student count.
- Prohibits any school district that has not entered into an agreement for services with an ESC as of June 30, 2019, from entering into such an agreement during the period from July 1, 2019, through June 30, 2021.

## **State scholarship programs**

(R.C. 3310.08, 3310.41, 3310.51, 3310.54, and 3310.56)

- Requires the Department to pay scholarships under the Educational Choice Scholarship Pilot Program, the Autism Scholarship Program, and the Jon Peterson Special Needs Scholarship Program using funds appropriated specifically for that purpose, rather than deducting the amounts of those scholarships from students' districts of residence.

## **Subsidy for school bus purchases**

(Sections 7 and 8)

- Requires the Ohio Facilities Construction Commission, in partnership with the Departments of Administrative Services and Public Safety, to develop a program to provide school bus purchase assistance to school districts beginning in FY 2021.
- Requires this assistance to be provided in a manner comparable to the method by which school facilities assistance is provided under the Classroom Facilities Assistance Program.
- Requires the Commission and the Departments to submit a report to the General Assembly by January 31, 2020, describing how the program will operate.
- Appropriates \$20 million in FY 2021 for the program's implementation.

## **Student transportation policy**

(R.C. 3327.01 and 3327.016)

- For students attending a nonpublic or community school, specifies that a district's bus drop-off time may be up to 30 minutes prior to the start of the school day and the pick-up time may be up to 30 minutes after the end of the school day.
- Authorizes a school district to permit the use of district-owned buses by community organizations to support community events as long as the organization reimburses the district for the cost of the use of those buses.

## **Studies conducted by the Department of Education**

(R.C. 3317.60(A)(1), (2), (5), (6), and (8), (B), and (C) and 3317.61)

- Requires the Department to conduct separate studies of all of the following:

## Special education

- Specifies that the Department must evaluate the categories of special education students specified in the Revised Code and the funding amounts corresponding to those categories, best practices for providing education to special education students, protocols for providing treatment for special education students, technology to enhance the provision of special education, and the costs of providing special education.
- Requires this study to be conducted in consultation with the Joint Education Oversight Committee (JEOC).<sup>1</sup>

## Economically disadvantaged students<sup>2</sup>

- Specifies that the Department must (1) evaluate and revise the current definition of “economically disadvantaged student” and (2) evaluate and determine the essential types and amounts of resources needed to provide economically disadvantaged students the emotional, social, and academic services necessary to ensure adequate opportunities for success.
- Requires this study to be conducted in consultation with JEOC.

## Preschool education<sup>3</sup>

- Specifies that the Department must evaluate the cost effectiveness of continuing the existing multiple provider system for preschool education, ways in which the existing system of preschool education may be better coordinated and cost efficient, and alternative ways in which the state can supply high quality preschool, especially for economically disadvantaged students.
- Requires this study to be conducted in consultation with JEOC, the Department of Job and Family Services, and the Auditor of State.

## English language learners

- Specifies that the Department must evaluate the current funding amounts and required services for all categories of English language learners.
- Requires this study to be conducted in consultation with JEOC.

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<sup>1</sup> H.B. 166 (the main operating budget for FY 2020 and 2021) abolishes JEOC on October 1, 2019.

<sup>2</sup> H.B. 166 requires the Department to conduct a study of this topic (see R.C. 3317.60, as enacted by H.B. 166).

<sup>3</sup> H.B. 166 requires the Department to conduct a study of this topic (see R.C. 3317.60, as enacted by H.B. 166).



## **Community school operations cost**

- Specifies that the Department must evaluate the cost of operating community schools on a per-pupil or other reasonable basis as a replacement for the discontinuance of a fixed per pupil formula amount.
- Requires this study to be conducted in consultation with community school governing authorities and other appropriate stakeholders.
- Requires all of these studies to be submitted by December 31, 2020, to the Superintendent of Public Instruction, the President of the State Board of Education, and the chairs, vice-chairs, and ranking members of the House and Senate standing committees and finance subcommittees regarding K-12 education and the House and Senate finance committees.
- Specifies that it is the intent of the General Assembly that the recommendations regarding special education, economically disadvantaged students, preschool education, and English language learners be the basis of legislation enacted by the General Assembly in order to take effect for FY 2022.

## **Studies conducted by the Joint Education Oversight Committee<sup>4</sup>**

(R.C. 3317.60(A)(3), (4), and (7), (B), and (C))

- Requires JEOC to conduct separate studies of all of the following:

### **Gifted services**

- Specifies that JEOC must review the funding reporting protocols and requirements for gifted services with the intention of recommending improvements regarding accountability for spending of gifted funds paid to city, local, and exempted village school districts.
- Requires this study to be conducted in collaboration with the Department of Education, the Auditor, and a workgroup established by JEOC that consists of educators, auditors, and employees of the Department.

### **Incentives for rural districts serving identified gifted children**

- Specifies that JEOC must develop recommendations for an incentive program for school districts in rural areas of the state that provide services to students identified as gifted under current law.
- Requires this study to be conducted in consultation with the Department.

### **Educational service centers**

- Specifies that JEOC must conduct an evaluation of educational service centers (ESCs), including services provided, cost of existing services, the ability to generate revenue for

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<sup>4</sup> H.B. 166 (the main operating budget for FY 2020 and 2021) abolishes JEOC on October 1, 2019.

providing nonmandatory services and offset fixed costs with that revenue, the average operating cost per pupil, and the effectiveness and efficiency of all ESCs.

- Requires this study to be conducted in collaboration with the Department, the Auditor, and the Ohio Educational Service Center Association.
- Requires JEOC to submit a recommendation for a funding formula for ESCs along with a report of its findings.
- Requires the ESC study to be submitted by January 30, 2020, and the gifted studies to be submitted by December 31, 2020, to the Superintendent of Public Instruction, the President of the State Board, and the chairs, vice-chairs, and ranking members of the House and Senate standing committees and finance subcommittees regarding K-12 education and the House and Senate finance committees.
- Specifies that it is the intent of the General Assembly that the recommendations regarding ESCs be the basis of legislation enacted by the General Assembly in order to take effect for FY 2021.
- Specifies that it is the intent of the General Assembly that the recommendations regarding gifted services and incentives for rural districts serving identified gifted children be the basis of legislation enacted by the General Assembly in order to take effect for FY 2022.

## **Study conducted by the Office of Budget and Management**

(R.C. 3317.60(A)(1) and (B))

- Requires the Office of Budget and Management (OBM), in consultation with the Department, to create an inventory of all state budget line items that, in OBM's determination, provide funding services to children, including (1) the FY 2019 funding for each line item, (2) a brief description of services provided by each line item, (3) estimates of funding and program descriptions of all line items that are also used to fund other types of programs, including a description explaining how those different programs interact and for whom they are provided, and (4) a preliminary analysis of policy implications regarding the potential creation and funding of "wrap-around services," as defined by OBM, including health clinics provided in educational settings.
- Requires the data to be disaggregated into three categories based on students' age ranges: (1) students receiving special education services for a disability specified in current law between ages 0 and 21, (2) students not receiving special education services between ages 0 and 4, and (3) students not receiving special education services between ages 5 and 18.
- Requires the data to also be disaggregated into service categories that may be provided by multiple agencies, funds, and line items, such as children's mental health, children's physical health, child nutrition, early childhood education, primary and secondary education, special education, juvenile detention services, and any other categories that receive significant and federal funding.
- Requires this inventory to be submitted by December 31, 2020, to the Superintendent of Public Instruction, the President of the State Board of Education, and the chairs, vice-chairs,

and ranking members of the House and Senate standing committees and finance subcommittees regarding K-12 education and the House and Senate finance committees.

## Transportation study

(R.C. 3317.62)

- Establishes a joint legislative task force consisting of six members, three each appointed by the Speaker of the House and the Senate President, to study the transportation of community school and nonpublic school students and to determine methods to create greater efficiency and minimize costs in transporting those students.
- Requires the task force to work in consultation with the state Superintendent, the Auditor, and other stakeholders.
- Requires the task force to report its findings and a recommendation for a funding formula for the transportation of those students by December 31, 2020, to the Speaker and the Senate President.

## Appropriations

(Sections 4, 5, and 9)

- Makes appropriations for programs and line items directly affected by the bill's provisions (but does not make appropriations for other line items and earmarks in the Department of Education's budget).

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## HISTORY

Action	Date
Introduced	06-26-19

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