OHIO LEGISLATIVE SERVICE COMMISSION

Jason Glover

Fiscal Note & Local Impact Statement

Bill: H.B. 98 of the 132nd G.A.

Status: As Reported by Senate Education

Sponsor: Reps. Duffey and Boggs

Local Impact Statement Procedure Required: No

Subject: Payment to certain school districts with nuclear power plants in their territories; career-technical educator licenses; presentation of career information to students; calculation of Ohio College Opportunity Grant awards

State & Local Fiscal Highlights

- The bill provides an estimated $1.8 million to $1.9 million annually from FY 2019 to FY 2021 to guarantee that a school district that lost certain amounts of property value due to nuclear power plant devaluation receives at least 97% of the district's average total resources per pupil from FY 2015 to FY 2018. Benton-Carroll-Salem Local School District appears to be the only eligible district. In FY 2019, the payment is supported by redirecting certain excess GRF funds already appropriated.
- The bill replaces the current professional career-technical teaching license with two new career-technical workforce development educator licenses, which may provide public districts and schools with additional flexibility in responding to certain staffing needs.
- The bill may increase the administrative responsibilities of school districts to provide representatives of skills trades, career-technical education providers, and other organizations with two opportunities per school year to present career information to students.

Detailed Fiscal Analysis

Payment to certain school districts with a nuclear power plant in territory

In general, the bill provides a payment each year from FY 2019 to FY 2021 to school districts that (1) have a nuclear power plant in their territory and (2) lost at least 50% of their public utility tangible personal property (TPP) value between tax year (TY) 2016 and TY 2017 to guarantee that the district receives at least 97% of its average "total resources" per pupil from FY 2015 to FY 2018. "Total resources" includes state foundation aid, TPP reimbursements for tax losses due to changes in state tax policy, local property taxes from levies in effect as of the effective date of the bill, and casino revenue taxes, among other revenues.

Specifically, each eligible district will receive a per-pupil amount equal to the difference between (1) 97% of the average of the district's total resources per pupil each year from FY 2015 to FY 2018 and (2) the district's total resources per pupil for the fiscal year in which the payment is to be made. This per-pupil amount is then multiplied by the district's total average daily membership (ADM), a measure of the number of students residing in the district, for the applicable fiscal year to determine the district's total payment. However, if a district has experienced a decrease in total ADM from the previous fiscal year, half of the district's decrease in ADM is added to the district's total ADM when determining the district's total payment.

The bill appears to apply only to Benton-Carroll-Salem Local School District in Ottawa County. The payments are estimated at approximately $1.9 million in FY 2019, $1.9 million in FY 2020, and $1.8 million in FY 2021, according to an Ohio Department of Education (ODE) simulation. Actual payments will depend on the district's actual revenues comprising "total resources" and the district's total ADM those years. In FY 2019, the bill funds the payments by redirecting a portion of the $7.0 million currently earmarked from GRF line item 200550, Foundation Funding, for payments made under R.C. 3317.028 (often called the "028 adjustment").[1] ODE indicates that the existing amount earmarked in FY 2019 for the 028 adjustment payments should be sufficient to also cover the FY 2019 payment under the bill. However, if the earmark is not sufficient, the bill permits the Superintendent of Public Instruction to reallocate excess funds from 200550 to fully make the payments, provided that the total appropriation for 200550 is not exceeded.

Career-technical teacher licenses

The bill replaces the current professional career-technical teaching license with two new career-technical workforce development educator licenses (a two-year "initial" license and a five-year "advanced" license) for individuals teaching in career-technical and workforce development subject areas in any of grades four to twelve. However, the bill allows individuals holding a professional career-technical teaching license issued under current law to continue to renew their licenses for the remainder of their teaching careers. As of July 1, 2019, new applicants for a career-technical educator license must obtain one of the new licenses, rather than the current professional career-technical teaching license. The bill requires the State Board, in collaboration with the Chancellor of Higher Education, to adopt rules for the two licenses, which will increase the administrative responsibilities of the State Board, ODE, and the Department of Higher Education (DHE). The provision may also provide public districts and schools with additional flexibility in employing qualified individuals to teach career-technical education courses.

---

[1] The "028 adjustment" earmark provides funds for payments to school districts resulting from certain recomputations of state foundation aid due to changes in property tax valuation.

Presentation of career information to students

The bill prohibits school districts from imposing restrictions on the presentation of career information to students by representatives of skilled trades and career-technical education providers that are not uniformly imposed on representatives of business, industry, charitable institutions, institutions of higher education, the armed forces, and other employers. Further, the bill requires school districts to provide two opportunities every school year for any of these organizations to make their presentations in person to all high school students. However, this requirement can be satisfied by providing common area access for presentation of information materials or by providing a scheduled educational or career fair.

The administrative responsibilities of school districts may increase to schedule such events if a district is not already in compliance with the bill's requirements. The bill does not require districts to provide any materials or staff for the presentations. Finally, the bill permits districts to develop an application process and standards of conduct for organizations that desire to participate in the career information presentations, increasing the administrative responsibilities for the districts that opt to do so.

Ohio College Opportunity Grant awards

The bill modifies the statutory calculation of awards provided under the Ohio College Opportunity Grant (OCOG) Program, the state's primary need-based financial aid program for students attending institutions of higher education. Under current codified law, OCOG awards are based on the "remaining cost of attendance," as determined by the Chancellor of Higher Education, after a student's expected family contribution (EFC) and federal Pell grant are applied to the instructional and general charges for the student's educational program. The bill modifies this statutory calculation so that it is based on institutional sector averages. Specifically, the Chancellor must determine the maximum per-student award amount for each institutional sector by subtracting the sum of the maximum Pell grant and maximum EFC amounts from the average instructional and general fees charged by the institutional sector. The bill also requires DHE to publish an annual OCOG award table on its website.

According to DHE, OCOG awards generally have been calculated in the manner proposed by the bill under temporary law and administrative rule since FY 2010 through authority granted in the applicable main operating budget acts. During the same time period, DHE has also posted the OCOG institution-based award amounts on its website. Overall, the bill effectively codifies DHE's current practice and, therefore, has no fiscal effect.