

House Bill 110 – The Biennial Budget Bill  
Sub. H.B. 110, As Passed by House  
Budget Webinar – April 30, 2021  
OSBA, BASA, OASBO

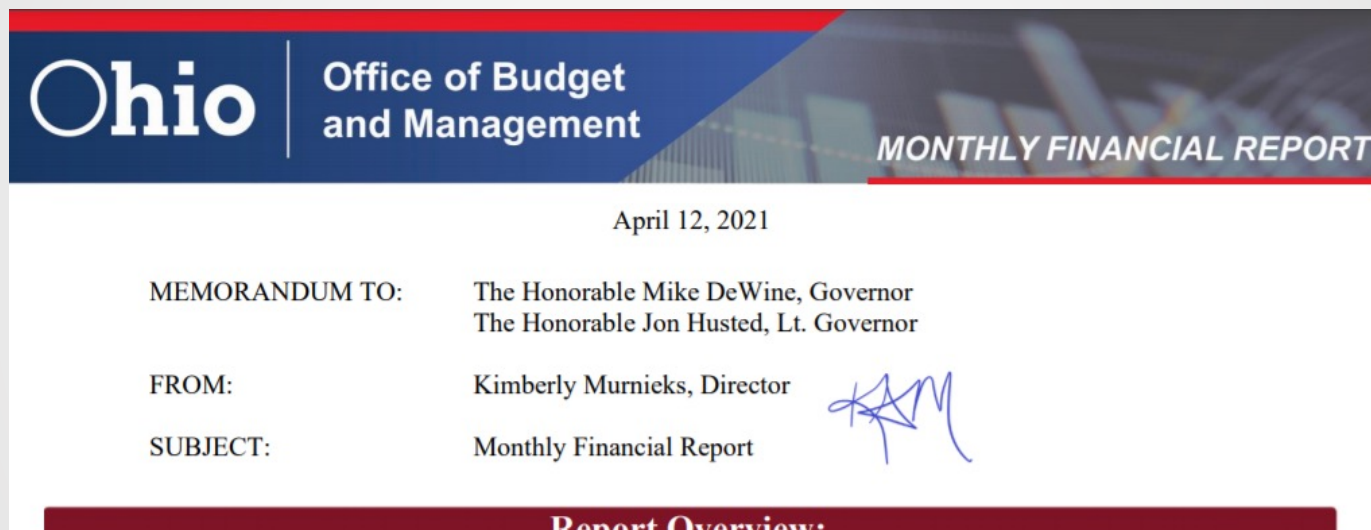
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# Today's Agenda

- I. Budget Process Overview
- II. School Funding
- III. Graduation Requirements
- IV. Curriculum and Assessment
- V. Property and Income Taxes
- VI. Pupil Transportation
- VII. Post-Secondary and Career Options
- VIII. Miscellaneous
- IX. Community, STEM, Nonpublic Schools
- X. Questions and Answers

# I. State Funding



OBM's Monthly Report - Click [here](#) for April 2021 report

# Biennial Budget





**Robert R. Cupp**  
District 4 | R



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# Budget Process – Timeline

- **Fall 2020:** State Departments submit budget recommendations to the Ohio Office of Budget & Management 
- **February 1, 2021:** Governor submits budget proposal for introduction to the House of Representatives
- **February to April:** Budget bill introduced in House; assigned to House Committees; deliberations take place.
- **Mid-April:** House of Representatives vote on budget bill. Budget bill introduced to the Senate. 
- **Late April to Early June:** Budget bill introduced in Senate; assigned to Senate Committees; deliberations take place
- **Mid-June:** Conference Committee of Members of the House of Representatives and Senate convened. Differences resolved. Final bill receives up-or-down vote in both chambers.
- **Late June:** Approved bill sent to governor
- **June 30, 2021:** Deadline for governor to issue Line-Item vetoes and sign bill
- **July 1, 2021:** New budget period begins; Budget for 2021 and 2022 fiscal years

# Budget Bill - H.B. 110

- Sub. H.B. 110 – 72-27 vote out of the House
- Pending in the Senate Finance Committee
- Holding hearings in respective Senate committees
  - OSBA, BASA and OASBO testified on April 22, 2021 before the Senate Primary and Secondary Education Committee
- Key Resources:
  - [lsc.ohio.gov](http://lsc.ohio.gov)
  - [budget.ohio.gov](http://budget.ohio.gov)
  - [Bill text, LSC Analysis and Fiscal Notes](#)
  - [LSC Budget Comparison Document](#)

## II. Funding

Sub. H.B. 110 *incorporates* the Fair School Funding Plan (H.B. 1):

- Phase-in over a six-year period
- Base cost calculation remains substantially similar
- Distribution of the state and local share remains the same
- All categoricals remain in place

# Funding

Sub. H.B. 110 *modifies* the Fair School Funding Plan as follows:

1. Base cost modifications include changes to the component for athletic co-curricular activities and the differentiation between charter and traditional school students
2. Includes new provisions related to gifted education
  - Establishes new funding for gifted professional development
  - Requires districts to spend the gifted funds on:
    - The identification of gifted students, gifted coordinator services, gifted intervention specialist services, other service providers approved by ODE, and gifted professional development
  - If fail to comply with spending requirements, directs ODE to reduce a district's foundation funding by the amount not spent in accordance with requirements



# Funding

Sub. H.B. 110 *modifies* the Fair School Funding Plan as follows:

3. Changes terminology from “economically disadvantaged” to Disadvantaged Pupil Impact Aid (DPIA)
4. Requires a district to develop a plan for utilizing its DPIA funds in coordination with both a board of alcohol, drug and mental health services *and* one other community partner.
5. DPIA is being phased-in at a slower pace the first two years due to SAL
  - Most components are phased in at 16.67% in FY 22 and 33% in FY 23.
  - Sub. H.B. 110 proposes to phase-in DPIA at 0% in FY 22 and 14% in FY 23

# Funding - State Appropriations Limitation (SAL)



# Funding - State Appropriations Limitation (SAL)

- Enacted in 2006, ORC 107.033 (B) operates to limit growth in spending (appropriation) for the state
- ORC107.033 (B) - For each fiscal year thereafter that is not a recast fiscal year, the state appropriation limitation is the sum of the following:
  - (1) The state appropriation limitation for the previous fiscal year; plus
  - (2) The state appropriation limitation for the previous fiscal year multiplied by either three and one-half per cent, or the sum of the rate of inflation plus the rate of population change, whichever is greater
- The base amount is reset in presidential election years (recast year)
  - Per Ohio law, SAL equates to 1.035% increase in appropriation for FY22
  - While actual state revenues continue to exceed estimates month over month, this does not impact the SAL.
- The SAL can be overridden by the General Assembly.

# Funding

- Student Wellness and Success Funds are incorporated into the budget.
- Because of SAL restrictions and incorporation of 2020 data reflected in district capacity, many districts, in the first two years of the phase-in, may not see increases in formula aid beyond the cut restoration
- Establishing a temporary guarantee for FY 2022 and FY 2023 for school districts to ensure that no school district receives less than its combined funding for FY2021 from (1) foundation aid before state funding reductions, net of transfers, (2) Student Wellness and Success Funds and enhancement funds, and (3) enrollment growth supplement funds

# Funding - Simulations

A	B	D	E	F	G	H	I	J	K	L
County	District	Formula-Related State Aid and Additional Aid Net of Transfers Before Budget Reductions FY21	Total State Foundation Aid and Additional Aid Fully Phased-in (House) FY22	\$ Change FY21-FY22 Fully Phased-in	Total State Foundation Aid and Additional Aid Phased-in (House) FY22	Total State Foundation Aid and Additional Aid Phased-in (House) FY23	\$ Change FY21-FY22 Phased-in	\$ Change FY22-FY23 Phased-in		Total Federal Temporary ESSER II and ESSER III Funds
Adams	Manchester Local SD	\$ 4,017,788	\$ 10,187,271	\$ 6,169,483	\$ 5,000,990	\$ 6,101,038	\$ 983,202	\$ 1,100,047		\$ 3,359,754
Adams	Ohio Valley Local SD	\$ 31,472,869	\$ 30,885,042	\$ (587,827)	\$ 31,735,934	\$ 31,773,592	\$ 263,065	\$ 37,658		\$ 15,940,623
Allen	Allen East Local SD	\$ 7,195,912	\$ 7,418,894	\$ 222,981	\$ 7,220,268	\$ 7,226,185	\$ 24,355	\$ 5,917		\$ 1,316,038
Allen	Bath Local SD	\$ 6,771,272	\$ 8,864,530	\$ 2,093,258	\$ 6,971,193	\$ 7,277,460	\$ 199,921	\$ 306,268		\$ 2,806,195
Allen	Bluffton Ex Vill SD	\$ 5,849,570	\$ 6,979,462	\$ 1,129,892	\$ 5,972,042	\$ 6,157,164	\$ 122,471	\$ 185,122		\$ 870,551
Allen	Delphos City SD	\$ 3,558,881	\$ 3,509,984	\$ (48,897)	\$ 3,612,979	\$ 3,623,926	\$ 54,098	\$ 10,947		\$ 2,060,489
Allen	Elida Local SD	\$ 9,361,109	\$ 11,157,455	\$ 1,796,346	\$ 9,360,591	\$ 9,573,249	\$ (519)	\$ 212,658		\$ 6,359,229
Allen	Lima City SD	\$ 37,578,853	\$ 39,064,125	\$ 1,485,272	\$ 39,038,817	\$ 39,134,578	\$ 1,459,964	\$ 95,761		\$ 31,304,986
Allen	Perry Local SD	\$ 3,709,257	\$ 6,387,392	\$ 2,678,135	\$ 3,968,199	\$ 4,425,603	\$ 258,942	\$ 457,403		\$ 2,001,837
Allen	Shawnee Local SD	\$ 5,565,324	\$ 6,213,150	\$ 647,827	\$ 5,695,944	\$ 5,712,294	\$ 130,620	\$ 16,350		\$ 2,692,682
Allen	Spencerville Local SD	\$ 6,688,918	\$ 8,020,451	\$ 1,331,533	\$ 6,813,370	\$ 7,108,492	\$ 124,451	\$ 295,123		\$ 1,596,329



# Funding – Column D

Column D for Simulation:

FY21 formula aid (which includes restoration of the governor’s funding cuts), plus SWSF FY21, plus growth supplement aid for qualifying districts in FY21

Provides payments to districts experiencing public utility valuation reductions

County	District	IRN	Formula-Related State Aid and Additional Aid Net of Transfers Before Budget Reductions FY21
Perry	Northern Local SD	43679	\$ 11,918,775
SFPR Line:			
A	Line A from SFPR (Reduced)		\$11,350,370
	Budget Restoration		\$210,573
B	Wellness		\$259,193
C	Enrollment Growth		\$18,521
D	Preschool		\$149,615
E	Special Ed Transportation		\$81,162
I	Net Open Enrollment Adj.		\$385,821
J	Less Community School Transfer		(\$411,761)
K	Less STEM		\$0
L	Scholarship Transfers		(\$107,036)
Approximate FY 2021 Base for Illustration			\$11,936,458

# Funding – Federal Funds Oversight

- Sub. H.B. 110 includes a provision to establish a “Joint Legislative Oversight and Review Committee of Federal COVID Relief Aid”
  - Specifies that the Committee consists of five members from each chamber, with three of the five members from each chamber representing majority party.
- Committee to oversee and review the distribution and spending of funds received from the federal government for COVID relief purposes.
  - Permits the Committee to hold hearings, receive testimony, issue reports, and make recommendations regarding the oversight, expenditure, and reporting of COVID relief aid usage.

## III. Graduation Requirements—One Change

- **Removes the FAFSA as a graduation requirement**
- Requires the Chancellor and MCOECN to establish a data system to track the FAFSA completion rate of Ohio's students
- Requires each school district and chartered nonpublic school that is a high school to:
  - enter into a data sharing agreement and,
  - provide principals and school counselors with access to the system to assist with efforts to support and encourage students to complete the FAFSA



## Unchanged Graduation Requirements

- Requires each school and school district selected to participate in the National Assessment of Education Progress (NAEP)
- Provides alternative pathways for chartered non-public school students to meet graduation requirements
- Outlines graduation requirements for students enrolling in a public or chartered non-public school coming from out-of-state, homeschooling, or a non-chartered, non-public school

# Unchanged Graduation Requirements

- Expands the ways in which a student may earn a diploma seal:
  - In citizenship with a “B” or higher in an American history and American government course offered by the student’s high school
  - In science with a “B” or higher in a prescribed science course offered by the student’s high school
- Outlines qualifications for an industry-recognized credential diploma seal
- Requires guidelines for a locally defined state diploma seal to include a method to give a transfer student credit for any work done at the school from which the student transfers

## Unchanged Graduation Requirements

- Makes changes to the alternative demonstrations of competency that a student may use to demonstrate math and English language arts competency if the student is unable to attain a competency score on the Algebra I and English Language Arts II end-of-course exams
- Provides pathways to earning diploma seals for a student with an IEP and significant cognitive disabilities who is administered alternative assessments

## IV. Curriculum and Assessment

### What Changed?

- Permits the parent or guardian of a high school student to opt the student out of the requirement to take the ACT or SAT beginning with the Class of 2026
- Prohibits a district or school from administering the test to those that opt out

# Curriculum and Assessment

## What Didn't Change?

- Retools the K-3 diagnostic assessments so they can be used as a Tier I screener for dyslexia
- Adjusts the assessment window for the kindergarten readiness assessment and the kindergarten reading skills assessment to July 1 through the 20<sup>th</sup> day of instruction
- Keeps all the computer science provisions proposed by the governor and adds a requirement that courses must be aligned with the State Board's computer science standards
- Retains the provisions prohibiting individuals from helping students cheat on assessments including obtaining prior knowledge of the assessment content
- Allows the State Board to take action (suspension, revocation or limitation) on a license for individuals involved in assessment cheating

# Educator Licensure

## What Didn't Change?

- Qualifies an individual holding a GED for a two-year initial career technical workforce development educator license or a five-year advanced career technical workforce development educator license
- Cleans up and strengthens provisions related to the State Board's action on educator licensure
- Adds human trafficking to the list of absolute bars to the teaching profession
- Permits a district to request ODE provide any report of misconduct received regarding an individual the district is considering for employment. Upon receiving the request, ODE must provide the contents of any report it received and must notify the district that the information received is confidential and may not be disseminated to another person or entity

## V. Property and Income Taxes

- Gov. DeWine proposed a property tax exemption for qualifying housing used by individuals diagnosed with mental illness or substance use disorder and their families.
  - Potential losses statewide of \$15-32 million annually
  - House retained the provision

# Property and Income Taxes

- Qualified renewable energy projects (wind and solar)
  - Extends, by two years, the deadline by which the owner or lessee of may apply for a property tax exemption
- Property for housing individuals with developmental disabilities
  - Waives requirement for charitable organizations that own the property to receive funding from one or more county boards of developmental disabilities, if at least 75% of the persons who lease the property for housing are eligible for certain Medicaid-funded service
- Income tax deduction for all or a portion of capital gains received by investors in certain Ohio-based "venture capital operating companies" (VCOCs), beginning FY26
- Extends through FY26 (instead of FY23 under the Executive version) the requirement for payments to be made to Benton Carroll Salem Local (Ottawa) and Perry Local (Lake) for having a nuclear power plant located within their territory



# Property and Income Taxes

- Revenue restructuring for CAT tax; reduces earmark for administrative use and redirects that funding to the state GRF, the School District Tangible Property Tax Replacement Fund and the Local Government Tangible Property Tax Replacement Fund
- Income tax deduction for capital gains for taxpayers with an ownership interest in a business, beginning FY26
  - This provision requires the deduction be added back for the purposes of Ohio's credits/exemptions, which holds a traditional base income school district harmless.

## VI. Pupil Transportation

- House added all of HB 1's transportation provisions
  - Higher of AM or PM ridership count
  - School bus purchase
  - Weighted per pupil amounts for community and nonpublic students
  - Incremental increase in state share of the transportation formula, ending at 50% in FY27
- House retained most of governor's transportation provisions
  - Prohibition on the use of mass transit
  - Deadlines for transportation plans for community, nonpublic, STEM school students
  - Deadlines for payment in lieu notification, providing service to newly eligible resident students in community, nonpublic, STEM schools

## VII. Post-Secondary and Career Options

- Joint Legislative Study Committee
- Focuses on career pathways and post-secondary workforce training programs
- Requires the Committee to review:
  - Current workforce training programs offered by post-secondary institutions and whether the programs are aligned with local, regional, and statewide workforce needs
  - Current career pathways and how they align with state, regional and local labor market demand data, and whether they prioritize credentials that carry the most value in the labor market

# Joint Legislative Study Committee

- Committee required to develop recommendations:
  - State's workforce education priorities
  - Funding for workforce education priorities
  - A common definition for short-term credentials and certificates of value
  - Strategies to increase student's success and career readiness by increasing the number of workforce certificates and credentials
  - Awareness strategies to increase participation
  - Increase work-based learning programs (apprenticeships)
  - Strategies to improve and expand short-term workforce career pathway opportunities

# Ohio Code-Scholar Pilot Program

- Requires Southern State Community College (SSCC) to establish and maintain the five-year Ohio Code-Scholar Pilot Program to support technical workforce needs
- Receives \$240,000 in state funding to support the program
- Requires SSCC, by July 31, 2021, to appoint a program coordinator
- Program coordinator required to:
  - Form a coalition who will help develop a curriculum for grades 7-12 that focuses on industry standards in computer science, including coding
  - Recruit school districts from eligible counties (Fayette, Clinton, Adams, Highland, Brown and Pike)
  - Develop a plan to incorporate CCP in the pilot program
  - Help to develop an articulation system for credits earned under the pilot program

# Adult Diploma Pilot Program

- Under current law, the program allows an eligible student to complete the requirements for obtaining a high school diploma while also completing requirements for an approved industry credential or certificate
- HB 110 changes the age eligibility by lowering the minimum age from 22 to 20

# College Credit Plus Study

- Requires the Ohio Department of Education and the Department of Higher Education to study CCP program (report due by Jan. 1, 2023)
  - Report must include the cost-effectiveness of the CCP Program for secondary schools and participants
  - Report must include whether participants save money on college tuition and reduce the amount of time to degree completion.

# College Credit Plus

- Changes academic eligibility requirements for students who are not remediation-free
  - Removes the current alternative pathway to eligibility
  - Requires the Chancellor and Superintendent of Public Instruction to create an alternative remediation-free eligibility option
  - Grandfathers in students who qualified under the current law condition prior to the bill's effective date



# College Credit Plus

- Mature subject matter disclosures

# Advanced Standing Programs

- Specifies that a school district or chartered nonpublic school's presentation of information to its students on advanced standing programs be done at least annually

## VIII. Miscellaneous Provisions

### Virtual Attendance at Public Meetings

- Extends the temporary authorization for public bodies to meet via electronic technology currently scheduled to expire on July 1, 2021 to December 31, 2021.

# State Teachers Retirement Board Meetings

- Authorizes the State Teachers Retirement Board to adopt a permanent policy that allows Board members to attend Board meetings by means of teleconference or video conference
- 
- Requires, if the Board adopts the policy, that at least one-third of the Board members (4 of 11) be present in person where the meeting is being held for other members to attend via teleconference or video conference

# State and Local Government Expenditure Database

- Requires the Treasurer of State (TOS), in collaboration with the Director of Budget and Management (OBM) and the Director of Administrative Services (DAS), to establish and maintain the Ohio State and Local Government Expenditure Database
  - Includes detailed data on expenditures of state government and those of volunteering political subdivisions and state retirement systems;
  - Requires the database be made freely available to the public via the TOS and OBM websites

# State and Local Government Expenditure Database

- Requires the database to include specified expenditure information and salary and employment information for state and school district workers
- Requires the database to omit any information that is confidential or not a public record under state law, and exempts the state and state employees from liability in the event a confidential record is published
- Requires each state agency to display a link to the database on their website

# Joint Legislative Study Committee Regarding Career Pathways

- Establishes a 13-member Joint Legislative Study Committee regarding career pathways and post-secondary workforce training programs
- Requires the Committee to review:
  - current workforce training programs offered by post-secondary institutions and whether the programs are aligned with workforce needs, and
  - current career pathways and how they align with labor market demand data
- Requires the Committee to issue a report to the General Assembly by November 1, 2022, that contains its findings and recommendations, as well as any proposed legislative changes or funding recommendations.

# Regional Council of Governments Cost of Health Care Benefits

- Specifies that a regional council of governments, with an educational service center as its fiscal agent, established to provide health care benefits, may:
  - acquire, establish, manage, or operate a separate business entity, and
  - utilize its unencumbered reserve funds for that acquisition, establishment, management, or operation, to cover potential costs of health care benefits



## Educational Content Development and Distribution

- \$964,496 in each fiscal year to be allocated equally among Ohio's educational television stations for the production of interactive instructional programming
  - must be targeted to the needs of the one-third lowest capacity school districts as determined by the state share index calculated by the Department of Education
- \$294,474 in each fiscal year to support the operations of Ohio's qualified public educational television stations and radio stations

# P-Tech Model of Education Pilot Program

- Requires ODE and the Department of Higher Education (DHE) to jointly create a P-Tech model of education pilot program to be implemented in up to three public schools, partnering with:
  - a state institution of higher education, or a nonprofit institution of higher education, and
  - one or more businesses offering employment in skilled occupations
- P-Tech is a model that provides high school students from underserved backgrounds with the academic, technical, and professional skills and credentials they need for competitive STEM job

# P-Tech Model of Education Pilot Program

- Specifies that the model provides a STEM-focused curriculum for students beginning in the ninth grade for up to six years, during which students may dually enroll in high school and college courses at no cost to the student
  - The student earns a high school diploma and an associate degree
  - The program prioritizes enrolling student populations who have been historically underrepresented in college and skilled occupations

# Interscholastic Athletics

- Reinstates the limit (lifted in 2019) on participation of international students with U.S. F-1 visas in K-12 interscholastic athletics to only those who attend a school that began operating a dormitory on its campus prior to 2014
- Repeals the requirement (enacted in 2019) that school districts, interscholastic conferences, and organizations that regulate interscholastic athletics have uniform transfer rules for public and nonpublic schools

# Accelerate Great Schools

- Makes an appropriation to support the Accelerate Great Schools public-private partnership, which aims to increase access to high-quality schools for underserved students in Cincinnati

# Literacy Improvement

- Appropriates \$500,000 in each fiscal year to expand the federally funded Model Demonstration Project for Early Identification of Students with Dyslexia Grant Program
  - Addresses literacy needs of students in preschool through first grade
- Requires participating school districts and schools to:
  - receive professional learning and support for teachers and principals to improve their ability to provide instruction for children with dyslexia and
  - collaborate with ODE to identify professional learning opportunities aligned to the science of reading

# Career Promise Academy

- Requires ODE to establish the Career Promise Academy Summer Demonstration Pilot Program
  - provides one grant to an eligible city school district to operate a career promise academy in the summers of 2021 and 2022
  - will 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
  - earmarks \$250,000 in each fiscal year

# Unchanged Miscellaneous Provisions

- Academic distress commissions (ADCS) - prohibition on new ADCS through FY23
- School safety training grants
- School counselor standards
- Authority to provide counseling to victims of sexual harassment or sexually-related conduct
- Vaping in state health curriculum
- Montessori preschool payments for community schools
- Use of volunteers at ODE
- ODE partnership with business community to increase student engagement and job readiness
- Authority to provide counseling to victims of sexual harassment or sexually-related conduct
- Elimination of obsolete reports



## IX. Community, STEM, Nonpublic Schools

- New or revised provisions:
  - Increase in per-pupil payment for administrative cost reimbursement - \$475 from \$446
  - Prohibition on closure of community schools for 22-23 SY
  - Waiver for 21-22 SY from requirement for community schools to automatically withdraw a student who fails to participate in 72 consecutive hours of learning opportunities
  - Requires ODE business rules for community schools or EMIS changes that affect community schools to go through JCARR review
  - ESC of Western Reserve pilot program
    - \$320,000 in FY23 to support innovative STEM initiatives for middle school students in Ashtabula, Cuyahoga, Geauga, Lake, Portage, and Trumbull counties affiliated with the Alliance for Working Together; goal to create pipeline of workers for automated manufacturing industry
  - Extension of dropout e-school pilot program that provides a per-pupil guarantee

## IX. Community, STEM, Nonpublic Schools

- New or revised provisions:
  - Adds registered behavior technicians and certified Ohio behavior analysts as individuals who can provide intervention services under the Autism Scholarship Program
  - Requires criminal records checks for private providers and employees for the Autism Scholarship Program
  - Allows private schools to administer prescription drugs to students within specified conditions

## IX. Community, STEM, Nonpublic Schools

- Unchanged provisions:
  - Quality Community Schools Support Program
  - Appropriation for EdChoice Expansion (income-based vouchers)
  - Direct receipt of auxiliary service funds by nonpublic schools
  - Community school sponsor evaluation system – frequency of evaluations
  - Elimination of certain community school state fund groups
  - Community school facility payments - \$250 traditional; \$25 e-school
  - Operation of community schools in foster homes, group homes, other residential facilities
  - STEM and STEAM designations by ESCs, JVSDs and others
  - ODE STEM committee membership
  - STEM grade level offerings
  - Exemption for district-operated STEM schools from annual compliance notifications

## X. Questions and Answers

### Contact:

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