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Bill Analysis

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Version: As Reported by House Finance

Primary Sponsors: Reps. Cupp and Patterson

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OVERVIEW

Sub H.B. 305 creates a new financing system for school districts and other public entities that provide primary and secondary education to be implemented beginning in FY 2022. It requires state operating funding to be paid directly to school districts, community schools, and STEM schools for the students they are educating. This direct funding concept differs from current law where community and STEM school students and students who open enroll are included in the student count of their resident school districts, and the funds attributable to those students are deducted from their resident districts and then paid to the schools in which they are enrolled. Similarly, it requires direct payment of state scholarships, rather than deducting the amounts of those scholarships from students' resident districts.

This system also uses 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, disadvantaged pupil impact aid, English learner funds, gifted funds, career-technical education funds, and career-technical associated services funds. These components, except for disadvantaged pupil impact aid, are to be phased-in over a period of time that will be specified by the General Assembly in separate legislation and subject to a guarantee for FY 2022 and for each fiscal year thereafter. Disadvantaged pupil impact aid is subject to a guarantee for FY 2022 and for each fiscal year thereafter.

In contrast to the bill, current law prescribes a fixed "formula amount" for use in computing a base cost and categorical payments for all school districts and other public schools.

* This analysis was prepared before the report of the House Finance Committee appeared in the House Journal. Note that the list of co-sponsors and the legislative history may be incomplete.

The bill eliminates this term. Where the bill's system relies on a static base cost amount, it uses the "statewide average base cost per pupil" or, in the case of career-technical education funds, the "statewide average career-technical base cost per pupil."

City, local, and exempted village school districts also receive transportation funding supplemental targeted assistance, and career awareness and exploration funds. These payments are not subject to the phase-in. However, the bill does guarantee transportation funding for FY 2022 and 2023.

The bill provides a substantially similar formula for joint vocational school districts (JVSDs) (including a phase-in over a period of time specified by the General Assembly and a 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 each community and STEM school, the system also specifies a unique base cost per pupil. These schools receive a payment for each student of the school's base cost per pupil plus per-pupil amounts of special education funds, disadvantaged pupil impact aid, English learner funds, career-technical education funds, and career-technical associated services funds. This funding is also subject to a phase-in over a period of time to be specified by the General Assembly. Community schools also receive career awareness and exploration funds, which are not subject to the phase-in.

Additionally, the bill (1) establishes a new funding formula for educational service centers (ESCs), (2) requires the Department of Education, beginning in FY 2021, to implement a program to distribute bus purchasing grants of not less than \$45,000 to city, local, and exempted village school districts for the purpose of replacing the oldest and highest mileage buses in the state assigned to routes, (3) requires the Department to award transportation collaboration grants, (4) makes several changes related to student transportation policy, (5) requires the completion of several studies regarding school financing and appropriates \$5 million for those studies, and (6) creates the School Funding Oversight Commission to monitor and make recommendations regarding the implementation of the bill.

Finally, the bill prioritizes the funding of school districts, community and STEM schools, and ESCs. Under those priorities, the bill first requires the use of unexpended, unencumbered balances from each of the next five fiscal years for disadvantaged pupil impact aid. After disadvantaged pupil impact aid is fully funded, it next requires the use of those balances for ESCs. After both disadvantaged pupil impact aid and ESCs are fully funded, the bill requires funding of the remainder of payments to school districts, community schools, and STEM schools and of state scholarships, using the General Revenue Fund and Nongeneral Revenue Fund moneys in the Department's budget, on a pro-rated basis if necessary.

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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 using data from FY 2018.

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 2022, 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 2023, 2024, 2025, 2026, and 2027, the amount calculated for FY 2022; and
 - ❖ For FY 2028 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.

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 2022, 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 2023, 2024, 2025, 2026, and 2027, the amount calculated for FY 2022; and
 - ❖ For FY 2028 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.

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:
 - ❖ Ranking all districts using each district’s 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, from the highest quotient to the lowest quotient;
 - ❖ If the district’s quotient is less than the quotient of the district with the 40th highest quotient but greater than 1.0, specifying that the district’s “per-pupil local capacity percentage” is equal to a percentage between 2.25% and 2.5% that is calculated based on a sliding scale;
 - ❖ If the district’s quotient is less than or equal to 1.0, specifying that the district’s “per-pupil local capacity percentage” is equal to the district’s quotient times 2.25%;
 - ❖ If the district’s quotient is greater than or equal to the quotient of the district with the 40th highest quotient, 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, 3317.014(C) and (D), 3317.016, 3317.017(B) and (C), 3317.02, 3317.022, 3317.0217, and 3317.051)

- Requires the Department of Education to compute and distribute each city, local, and exempted village school district the sum of the following in state core 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. (When calculating a district's wealth per pupil, a district's enrolled ADM is adjusted by subtracting the number of students enrolled in the district under an open enrollment policy and adding the number of students entitled to attend school in the district who open enroll in another district.)

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. Disadvantaged pupil impact aid

- ❖ Specifies that a district's disadvantaged pupil impact aid equals \$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.

- ❖ Specifies that the initiatives for which economically disadvantaged funds must be spent under current law are also the initiatives for which disadvantaged pupil impact aid must be spent under the bill, and adds the following initiatives to that list:
 - Reduced class size;
 - One year of quality preschool for every child who is four years of age and identified as economically disadvantaged;
 - Student mentoring programs;
 - Family engagement pertinent to enhanced student educational success;
 - District-wide professional development to provide greater insight into the needs, culture, and perspective of disadvantaged populations and enhanced ability to recognize and address those needs;
 - Mental health services;
 - Services for homeless youth;
 - Services for child welfare involving youth;
 - Community liaisons;
 - Physical health care services;
 - Mentoring programs;
 - Family engagement and support services;
 - City connects programming;
 - Professional development regarding the provision of trauma informed care;
 - Professional development regarding cultural competence; and
 - Student services provided prior to or after the regularly scheduled school day or any time school is not in session.

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.
- ❖ Specifies that English learner funds must be spent only for services for English learners.

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 2022, \$14 for FY 2023, \$21 for F 2024, or \$28 for FY 2025. (Gifted professional development funds are not paid after FY 2025.);
 - 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.
- ❖ Specifies that gifted funds must be spent only for gifted education and related services.

7. Career-technical education funds

- ❖ Calculates career-technical education 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.

8. 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 product of (1) the district's career-technical education students, (2) the statewide average career-technical base cost per pupil, (3) the associated services multiple, and (4) the district's state share percentage.

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

(R.C. 3317.019, 3317.02, and 3317.022)

- Provides a phase-in of most of a city, local, or exempted village school district's foundation funding payments over a period of time to be determined by the General Assembly, but specifies that a district's disadvantaged pupil impact aid is not subject to the phase-in.
- Specifies that it is the intent of the General Assembly that the phase-in occurs over the course of no more than six fiscal years.
- Calculates the phase-in of a district's foundation funding other than disadvantaged pupil impact aid (before application of the guarantee) as follows:
 - ❖ Determine the district's "phase-in funding base," which equals the district's FY 2020 foundation funding under current law (excluding economically disadvantaged funds (under current law), base and "other" transportation funding, and the current law transportation supplement but including the current law transportation supplement) prior to any state budget reductions ordered by the Governor, 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, English learner funds, gifted funds, career-technical education funds, and career-technical associated services 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 the bill states the General Assembly must determine for each fiscal year;
- ❖ 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 2022 and 2023, guarantees each district a total amount of foundation funding equal to its “phase-in funding base” plus its economically disadvantaged funds for FY 2020 (prior to any state budget reductions ordered by the Governor but after adjusting for the applicable transfers described above).
- For FY 2024 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 2021, the district’s “phase-in funding base” plus its economically disadvantaged funds for FY 2020 (prior to any state budget reductions ordered by the Governor but after adjusting for the applicable transfers described above) and, for FY 2022 and for each fiscal year thereafter, the foundation funding guaranteed under the bill’s provisions.)
- During the phase-in, requires that, if a city, local, or exempted village school district has a decrease in incoming open enrollment students between one fiscal year and the next that equals the greater of 20 students or a 10% decrease in open enrollment students, its guaranteed funding must be reduced by an amount equal to the statewide average base cost per pupil times the reduction in the number of students in excess of that prescribed minimum decrease.

Transportation funding

(R.C. 3301.0714(B)(5), (6), and (7), 3317.024(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 29.17% for FY 2022, 33.33% for FY 2023, 37.5% for FY 2024, 41.66% for FY 2025, 45.83% for FY 2026, and 50% for FY 2027 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, (3) preschool students are included in the district’s qualifying rider count, (4) 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, and (5) a weight of 1.5 for community and STEM school students and a weight of 2.0 for nonpublic school students is applied when calculating a district’s cost for the number of students transported;

- ❖ 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;
 - ❖ A density supplement for districts with low rider density calculated in the same manner as current law, except that (1) “rider density” is defined as a district’s total number of qualifying riders divided by the number of square miles in the district (rather than the district’s total ADM per square mile as under current law) and (2) eligibility for the supplement is limited to those districts with a rider density less than 28 (rather than those districts with a rider density less than 50 as under current law).
- For FYs 2022 and 2023, specifies that each district is 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 2020 prior to any state budget reductions ordered by the Governor.
 - Requires that a district’s payment for the approved cost of transporting eligible students with disabilities whom it is impossible or impractical to transport by regular school bus is equal to the actual costs incurred when transporting those students multiplied by the greater of the district’s state share percentage or 29.17% for FY 2022, 33.33% for FY 2023, 37.5% for FY 2024, 41.66% for FY 2025, 45.83% for FY 2026, and 50% for FY 2027 and for each fiscal year thereafter (rather than the approved cost of such transportation as under current law).
 - Requires the State Board of Education to establish the deadline for each district to report its actual costs for transporting eligible students with disabilities whom it is impossible or impractical to transport by regular school bus, and specifies that costs reported by each district or ESC must be subject to periodic, random audits by the Department.
 - Requires each district’s annual report to the Department of its qualifying ridership and any other information requested by the Department to be submitted no later than November 1, rather than October 15 as under current law.
 - Requires each district to report the average number of students riding on school buses routed to community schools, STEM schools, and nonpublic schools to the Department of Education through the Education Management Information System (EMIS).

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.

Career awareness and exploration funds

(R.C. 3317.014(E) and 3317.023)

- Specifies that a district's career awareness and exploration funds are equal to a district's enrolled ADM times \$2.50 for FY 2022, \$5 for FY 2023, \$7.50 for FY 2024, or \$10 for FY 2025 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.

State operating 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 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, 3314.085, 3314.088, 3314.091(D)(1)(b), 3317.023, 3326.33, 3326.39, and 3326.43)

- Requires the Department to compute and distribute state core foundation funding to each community school and science, technology, engineering, and mathematics (STEM) school in an amount equal to the sum of the following for each student enrolled in the school on a full-time equivalency basis:
 - The school’s unique base cost per pupil, which is computed using a unique “aggregate” base cost that is divided by the school’s enrollment for that fiscal year. Calculates the unique aggregate base cost using the same four components for the base cost that are calculated for city, local, and exempted village school districts (with all of the average salaries and costs within the base cost computation calculated using data from FY 2018), but with the following changes:
 - ❖ For purposes of the school’s teacher cost component, does not require a minimum of special teachers funded, but otherwise calculates this component in the same manner as it is calculated for city, local, and exempted village school districts.

- ❖ Calculates the school's student support base cost as 90% of the product of (1) the school's enrollment and (2) the per-pupil statewide average student support base cost for all city, local, and exempted village school districts minus the per-pupil statewide average athletic co-curricular activities cost component for all city, local, and exempted village school districts.
- ❖ Calculates the school's leadership and accountability base cost as 90% of the product of (1) the school's enrollment and (2) the per-pupil statewide average leadership and accountability base cost for all city, local, and exempted village school districts.
- ❖ Calculates the school's building leadership and operations base cost as 90% of the product of (1) the school's enrollment and (2) the per-pupil statewide average building leadership and operations base cost for all city, local, and exempted village school districts.
- Special education funds equal to the product of the student's special education category's multiple and the statewide average base cost per pupil;
- Disadvantaged pupil impact aid 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-technical associated services funds equal to the product of the school's career-technical education students, the statewide average career-technical base cost per pupil, and the associated services multiple;
 - Career awareness and exploration funds equal to \$2.50 for FY 2022, \$5 for FY 2023, \$7.50 for FY 2024, or \$10 for FY 2025 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.)
- Provides a phase-in of a community school's or STEM school's funding components described above (excluding disadvantaged pupil impact aid and career awareness and

exploration funds) that is substantially similar to the phase-in of a school district's foundation funding.

- 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).
- Specifies that a community school's transportation payment is equal to either (1) 1.0 times the statewide transportation cost per student, for a student whose school district of residence would have used a method of transportation for the student for which payments would have been computed and paid using the base transportation payment calculation described above, or (2) the amount that otherwise would have been computed and paid to the student's school district of residence, if the district would have used any other method of transportation for the student.

(Under continuing law, a community school receives this payment only if it takes over from a school district the responsibility to provide transportation to the district's students that are enrolled in the school, and the payment amount equals the amount calculated on a per-rider basis that otherwise would have been paid to the student's school district of residence regardless of the method of transportation that the district would have used.)

Educational service center funding

(R.C. 3317.11)

- Requires the Department to pay the governing board of each educational service center (ESC) in each fiscal year as follows:
 - If the ESC has a student count of 5,000 or less, a lump sum of \$356,250;
 - If the ESC has a student count greater than 5,000 but less than or equal to 35,000, the lump sum amount specified above, plus a per-pupil payment of \$24.72 for each student above 5,000 in the ESC's student count;
 - If the ESC has a student count greater than 35,000, the lump sum amount specified above, plus a per pupil payment of \$24.72 for each student above 5,000 in the ESC's student count, plus an additional per pupil payment for each student above 35,000 in the ESC's student count.

State scholarship programs

(R.C. 3310.08, 3310.41, 3310.51, 3310.54, 3310.56, and 3313.979)

- Requires the Department to compute and distribute scholarships under the Educational Choice Scholarship Pilot Program, the Autism Scholarship Program, and the Jon Peterson Special Needs Scholarship Program using state core foundation funding, rather than deducting the amounts of those scholarships from students' districts of residence.

Subsidy for school bus purchases

(R.C. 3317.071; Section 7)

- For FY 2021 and for each fiscal year thereafter, requires the Department to implement a program to distribute bus purchasing grants of not less than \$45,000 to city, local, and exempted village school districts for the purpose of replacing the oldest and highest mileage buses in the state assigned to routes.
- Requires the Department to annually collect age, mileage, and vehicle condition data from districts through its transportation data collection system.
- Specifies that it is the intent of the General Assembly to appropriate \$45 million in each of FYs 2022 and 2023 to provide school bus purchase assistance as described above and that the appropriations will be supported by transfers of cash in the same amount in each fiscal year made by the Director of Budget and Management from the General Revenue Fund to the School Bus Purchase Fund.

Transportation collaboration grants

(R.C. 3317.072; Section 8)

- Requires the Department of Education to award transportation collaboration grants of no more than \$10,000 each fiscal year to city, local, and exempted village 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.
- Specifies that it is the intent of the General Assembly to appropriate \$250,000 in each of FYs 2022 and 2023 for the transportation collaboration grants and that the appropriations will be supported by transfers of cash in the same amount in each fiscal year made by the Director of Budget and Management from the General Revenue Fund to the Transportation Collaboration Fund.

Student transportation policy

(R.C. 3327.01 and 3327.016)

- Requires school districts, ESCs, and private school transportation contractors to make a good faith effort to “deliver” students enrolled in preschool through twelfth 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 thirty minutes after the close of their respective schools each day.
- Authorizes a school district to contract, in writing, with a public or private not-for-profit agency, group, or organization, with a municipal corporation or other political subdivision or agency of the state, or with an agency of the federal government to assist the agency, group, organization, or political subdivision in the fulfillment of its legitimate activities and in times of emergency, subject to the following conditions:

- These contracts must be entered into under the authority of the school district as a political subdivision;
- These contracts are not considered commerce;
- The buses must be operated by individuals holding certificates issued by either the ESC governing board that has entered into an agreement with the district or the district's superintendent that certify that the individuals satisfy specified requirements for bus drivers;
- All State Board of Education regulations governing the operation of school buses when transporting students apply when buses are used under this provision;
- Any district that makes one or more of its vehicles available under this provision must procure liability and property damage insurance covering all vehicle used and passengers transported; and
- The board of education may recover expenses from contracting entities, not to exceed the costs of operation and insurance coverage.

Studies conducted by the Department of Education

(R.C. 3317.60, 3317.61(A) (2), (3), (4) (5), (6), and (7), (B), and (C), and 3317.62)

- 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, the costs of providing special education, and transportation of special education students.

Gifted services

- Specifies that the Department 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 Auditor of State and a workgroup established by the Department that consists of educators, auditors, and employees of the Department.

Incentives for rural districts serving identified gifted children

- Specifies that the Department 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.

Educational service centers

- Specifies that the Department must conduct an evaluation of educational service centers (ESCs), including services provided, cost of existing services, the ability to generate revenue for providing nonmandatory services and offset fixed costs with that revenue, the average operating cost per pupil, the effectiveness and efficiency of all ESCs, and a uniform, consistent, and standardized methodology for reporting ESC operating revenue and expenditures.
- Requires this study to be conducted in collaboration with the Auditor and the Ohio Educational Service Center Association.
- Requires the Department to submit a recommendation for a funding formula for ESCs along with a report of its findings.

English learners

- Specifies that the Department must evaluate the current funding amounts and required services for all categories of English language learners.

Cost to educate e-school students

- Specifies that the Department must conduct a study of the cost to educate students enrolled in e-schools.
- Requires the Department to consult with e-schools when conducting the study.

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 the Department to collaborate with community school governing authorities and other appropriate stakeholders while conducting this evaluation.
- Requires all of these studies to be submitted by December 31, 2022, to the Superintendent of Public Instruction, the President of the State Board of Education, 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, and the School Funding Oversight Commission created by the bill (see below).
- 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 2023.
- Specifies that it is the intent of the General Assembly that the recommendations regarding special education, gifted services, incentives for rural districts serving identified gifted children, English language learners, and the cost to educate e-school students be the basis of legislation enacted by the General Assembly in order to take effect for FY 2024.

- Changes the deadline for the Department to complete the studies of economically disadvantaged students and preschool education required under current law from December 31, 2020, to December 31, 2022, and requires them to be submitted to the School Funding Oversight Commission created by the bill (see below), in addition to the President and Minority Leader of the Senate, the Speaker and Minority Leader of the House of Representatives, and the members of the standing committees of the Senate and House that consider legislation regarding primary and secondary education, as specified under current law.

Study conducted by the Office of Budget and Management

(R.C. 3317.61(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, 2022, to the state Superintendent, the President of the State Board of Education, 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, and the School Funding Oversight Commission created by the bill (see below).

Transportation study by joint legislative task force

(R.C. 3317.63)

- 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, 2022, to the Speaker, the Senate President, and the School Funding Oversight Commission created by the bill (see below).

Appropriations

(Sections 4 and 5)

- Appropriates \$5 million for FY 2021 from the Lottery Profits Education Fund for the studies described above, and permits the state Superintendent, on July 1, 2021, or as soon as possible thereafter, to certify to the Director of Budget and Management an amount up to the unexpended, unencumbered balance of that appropriation at the end of FY 2021 to be reappropriated to FY 2022. 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).

Priorities for funding the bill's provisions

(R.C. 3317.0110)

- Requires that, notwithstanding the bill's other provisions, school districts, community schools, STEM schools, and educational service centers must be funded as follows:
 - On July 1, 2022, and on July 1 of each of the succeeding five years thereafter, requires the Director of Budget and Management to transfer the unexpended, unencumbered balances in the General Revenue Fund at the end of the previous fiscal year to appropriation item 200550, Foundation Funding, and specifies that the Department must use that amount exclusively to fund disadvantaged pupil impact aid for school districts, community schools, and STEM schools;
 - After disadvantaged pupil impact aid is fully funded, on July 1, 2022, and on July 1 of each of the succeeding five years thereafter, requires the Director of Budget and Management to transfer the unexpended, unencumbered balanced in the General Revenue Fund at the end of the previous fiscal year to appropriation item 200550, Foundation Funding, and specifies that the Department must use that amount exclusively to fund educational service centers;
 - After disadvantaged pupil impact aid and educational service centers are fully funded, requires the remainder of the payments to school districts, community schools, and STEM schools and state scholarships to be funded using the General Revenue Fund and Nongeneral Revenue Fund appropriation items in the Department's budget;

- Specifies that, for this purpose, Nongeneral Revenue Fund appropriation items include both federal and state Nongeneral Revenue Fund appropriation items, provided the money disbursed from those appropriation items is not restricted to certain purposes. Provides that, if the amount available is insufficient, the Department must prorate the payments so that the amount allocated is not exceeded.
- Specifies that it is the intent of the General Assembly that an amount equal to the estimated increase in revenues in the General Revenue Fund that is determined as part of the development of the main operating budget for FY 2022 and FY 2023 first be used to fund disadvantaged pupil impact aid for school districts, community schools, and STEM schools.

School Funding Oversight Commission

(R.C. 3317.64)

- Creates the School Funding Oversight Commission to do all of the following:
 - Evaluate and analyze the manner in which the funding requirements of the bill are being implemented and make recommendations to the General Assembly to ensure that, if at all possible, the funding priorities specified in the bill are implemented as directed and that all other provisions are funded as equitably and evenly as possible as additional funding becomes available;
 - Analyze and make recommendations to the General Assembly regarding any appropriate adjustments to the provisions of the bill for inflation, technology developments, changes in instructional methodology, or the use of databases;
 - Review and analyze the findings or implications of any of the studies described above, as those studies become available, or any other school funding studies authorized in related legislation and make appropriate recommendations to the General Assembly;
 - Upon the implementation of the provisions of the bill, assess the impact of its calculations and other basic concepts and make recommendations to the General Assembly regarding appropriate modifications to those calculations and other basic concepts; and
 - Generally monitor the implementation of the provisions of the bill to ensure that they are implemented in a timely and effective manner that is consistent with the intent of the General Assembly at the time those provisions were enacted and make recommendations to the General Assembly regarding its implementation.
- Specifies that the Commission consist of the following members:
 - Two members of the House of Representatives, appointed by the Speaker of the House of Representatives, and two members of the Senate, appointed by the President of the Senate (of the members appointed from each chamber, one must

- be a member of the majority party and one must be a member of the minority party with the most members);
- Three school district superintendents, appointed by the state Superintendent with advice from those statewide organizations that represent school district superintendents, and three school district treasurers, appointed by the state Superintendent with advice from those statewide organizations that represent school district treasurers (the state Superintendent must attempt to ensure that these superintendents and treasurers represent a combination of urban, suburban, and rural school districts and a combination of school districts with different per-pupil local capacity amounts as calculated under the bill's provisions);
 - Three parents, not more than two of whom may be of the same gender, appointed by the Governor (the Governor must attempt to ensure that the parents appointed are a combination of parents of students who are enrolled in, will enroll in, or were enrolled in public schools);
 - Three teachers appointed by the state Superintendent (the state Superintendent must attempt to ensure that these superintendents and treasurers represent a combination of urban, suburban, and rural school districts and a combination of school districts with different per-pupil local capacity amounts as calculated under the bill's provisions); and
 - Three school board members appointed by the state Superintendent (the state Superintendent must attempt to ensure that these superintendents and treasurers represent a combination of urban, suburban, and rural school districts and a combination of school districts with different per-pupil local capacity amounts as calculated under the bill's provisions).
- Specifies that not more than one of the members of the Commission (other than the legislative members) may represent the same school district.
 - Requires the members of the Commission to be appointed prior to the Commission's first meeting.
 - Specifies that half of the members appointed under each of the categories described above must be appointed for two-year terms and the other half must be appointed for four-year terms, and specifies that all members subsequently appointed must be appointed for four-year terms.
 - Specifies that no member is eligible for reappointment except for those members appointed to initial two-year terms.
 - Requires the Superintendent of Public Instruction, no more than one year after the bill's effective date, to call the first meeting of the Commission.
 - Requires the members of the Commission to select a chair and vice-chair at the Commission's first meeting.
 - Requires the Commission to meet at least once every six months at the call of the chair.

HISTORY

Action	Date
Introduced	06-26-19
Reported, H. Finance	---
