
Executive

1 AUD - 1 Fiscal Watch/Emergency Technical Assistance**Section: 225.10**

Requires GRF appropriation item 070403, Fiscal Watch/Emergency Technical Assistance, to be used to pay the expenses incurred by the Auditor of State in its role relating to fiscal watch or fiscal emergency activities under Chapters 118. and 3316. of the Revised Code.

Specifies that these qualifying expenses include but are not limited to: (1) duties related to the determination or termination of fiscal watch or fiscal emergency of municipal corporations, counties, townships, or school districts; (2) development of preliminary accounting reports; (3) performance of annual forecasts; (4) provision of performance audits; and (5) supervisory, accounting, or auditing services for the municipal corporations, counties, townships, or school districts.

Reappropriates the unexpended, unencumbered portion of appropriation item 070403, Fiscal Watch/Emergency Technical Assistance, at the end of FY 2010 for the same purpose in FY 2011.

2 AUD - 2 Public Audit Expense Transfer**Section: 512.80**

Requires the Director of Budget and Management to transfer \$400,900 in cash in FY 2010 from the GRF to the Public Audit Expense Intra-State Fund (Fund 1090), to be used to pay for expenses incurred in the Auditor of State's role relating to fiscal caution, fiscal watch, and fiscal emergency activities, as well as for performance audits of school districts in fiscal distress.

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School Funding

3 EDU - 112 Educational Service Centers Funding

R.C. 3306.15, Section 265.50.10

Specifies that state funding for educational service centers (ESCs) in FY 2010 and FY 2011 be equal to 90% of the funding provided in FY 2009.

Establishes the Educational Service Center (ESC) Study Committee to study the extent to which the current ESC system supports school districts in academic achievement, teacher quality, shared educational services, and the purchasing of services and commodities. Directs the committee to make recommendations regarding (1) a new regional service delivery system, (2) ESC governance structure, and (3) accountability metrics for ESCs. Requires a progress report due by July 1, 2010 and a final report due to the Governor by October 1, 2010.

Requires each ESC to undergo a performance audit during FY 2010 and FY 2011 conducted by the Auditor of State or a vendor contracted by ODE. Directs ODE, the Office of Budget and Management, and the Auditor of State to agree to the audits' scope and set metrics for (1) operational standards utilized by each ESC, (2) utilization of services by school districts, and (3) the quality of educational and professional development services.

Fiscal effect: The bill earmarks \$42.3 million in each fiscal year for payments to ESCs. The bill earmarks \$16.4 million in FY 2010 and \$18.0 million in FY 2011 for audits and a portion of the amount is directed to be used for the performance audits of ESCs. There are likely administrative costs associated with the ESC Study Committee.

4 EDU - 23 School Spending Accountability

R.C. 3306.30, 3306.18, 3306.31-3306.34, 3306.40,
117.54

Requires each school district, each community school, and each STEM school to submit to ODE a spending plan for state funds received for components of the school funding adequacy amount that deploys those funds for the purposes designated for each component and complies with the operating standards adopted by the State Board.

Requires each school district that has a high school with a graduation rate of 70% or less (1) to obtain the approval of its spending plan from ODE and the Governor's Closing the Achievement Gap Initiative and (2) to create and staff within its state-funded student support staff the position of linkage coordinator to serve as the primary mentor and service coordinator for students identified as potential nongraduates.

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Requires ODE to annually reconcile each district's, community school's, and STEM school's spending plan with its actual spending.

Requires the Superintendent of Public Instruction to certify to the State Board of Education by July 15 each year the amount each city, local, and exempted village school district spent in the previous fiscal year on each component of the district's adequacy amount.

Requires each school district, community school, and STEM school to undergo a performance audit once every five years under the direction of the Office of School Resource Management within ODE. Requires each district or school to submit a written response that specifies a timeline for implementing the audit recommendations. Requires that, at the end of that timeline, each district or school report its progress on implementing the recommendations.

Specifies the actions ODE must take when a school district, community school, or STEM school either fails to properly allocate state funds for at least five components of the adequacy amount, fails to submit or comply with a spending plan, fails to cooperate with a performance audit or submit a response or progress report, or fails to implement recommendations from a performance audit. Requires (1) ODE to provide technical assistance and the district or school to develop a three-year operations improvement plan in the first year of noncompliance, (2) ODE to appoint a State Intervention Team to assist the district or school in the second year of noncompliance, (3) the Superintendent of Public Instruction to appoint an Accountability Compliance Commission or a trustee to manage the district or school in the third year of noncompliance, and (4) the State Board of Education to revoke the district's charter or ODE to order the community school or STEM school to close in the fourth year of noncompliance.

Specifies that the State Board of Education, at any time that a school district fails to comply with the spending accountability measures or to comply with the State Board's new operating standards, may revoke the district's charter. Specifies that ODE may order a community school or STEM school to close if it fails to comply with the spending accountability measures.

Requires the Auditor of State, when conducting an audit of a school district, community school, or STEM school, to determine whether the district or school (1) has developed and submitted, and is complying with a spending plan, and (2) is implementing recommendations from a performance audit. Requires that these determinations be recorded in the audit report.

Permits school districts, community schools, and STEM schools to apply to the Superintendent of Public Instruction for a waiver of the bill's spending requirements or the State Board of Education's new operating standards. Directs that the waiver may be in effect for up to five years and may be renewed.

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Fiscal effect: (1) School district flexibility in the use of state funds will be restricted.

(2) School districts, community schools, and STEM schools will likely bear a local administrative cost for the preparation of spending plans, audit responses, and implementation plans.

(3) ODE will bear an administrative cost relating to the review of spending plans and associated monitoring and reconciliation.

(4) ODE will bear the cost of the performance audits. The bill earmarks \$16.4 million in FY 2010 and \$18.0 million in FY 2011 for these audits.

Community Schools

5 EDU - 6 Unauditable Community Schools

R.C. 3314.38, 269.60.60

Codifies and makes permanent Section 269.60.60 of Am. Sub. H.B. 119 of the 127th General Assembly, which prescribes procedures for the Auditor of State, community school sponsors, and ODE, with regard to community schools that are declared unauditabile.

Fiscal effect: None.

Educator Provisions

6 EDU - 34 Ohio Teaching Fellows Program

R.C. 3333.391, 3333.392

Creates the Ohio Teaching Fellows Program to provide undergraduate scholarships for qualified students going into the teaching profession who commit to teaching in a hard-to-staff or academic watch or emergency public school for at least four years. Provides additional consideration in the scholarship application process to students participating in the Teach Ohio program that encourages economically disadvantaged high school students to become teachers, and to those planning to teach students with special needs or within the STEM disciplines.

Stipulates that failure to fulfill the four year teaching commitment will result in the conversion of the scholarship into a loan that accrues interest at 10% annually.

Fiscal effect: The bill appropriates \$2.5 million in FY 2011 for the Ohio Teaching Fellows Program.

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Other Education Provisions

7 EDU - 8 Office of School Resource Management

R.C. *3301.80*

Establishes the Office of School Resource Management within ODE. Requires the office to (1) determine fiscal data to be included on the funding and expenditure accountability reports; (2) collaborate with the Auditor of State in establishing metrics for performance audits of schools and in publishing best practices identified in the audits; (3) ensure that districts and schools act timely to develop plans for implementation of recommendations contained in the performance audits; (4) provide staff assistance to the Ohio Research-Based Funding Model Advisory Council; and (5) conduct assessments and evaluations as directed by the Superintendent of Public Instruction.

Fiscal effect: The bill earmarks \$600,000 in each fiscal year to support this office.
