

Executive

School Funding

EDUCD79 Funding for Traditional School Districts

R.C. 3306., (Repealed or renumbered), Section 267.30.50

Repeals the current formula for funding traditional school districts, commonly called the Evidence-Based Model (EBM).

Establishes a method of allocating state funding for school districts in FY 2012 and FY 2013 as follows:

Recalculates average daily membership (ADM) for FY 2011 by basing it on the FY 2011 October count for all districts, instead of on the FY 2010 October count for most districts and the FY 2011 October count for districts with an ADM increase from FY 2010 to FY 2011 of more than 2%.

Calculates each district's FY 2011 state aid per pupil as the district's actual state aid allocation in FY 2011 divided by the district's recalculated FY 2011 ADM.

Calculates each district's FY 2011 charge-off valuation per pupil as the district's FY 2011 charge-off valuation divided by the district's recalculated FY 2011 ADM.

Calculates each district's charge-off valuation index as the district's FY 2011 charge-off valuation per pupil divided by the state median FY 2011 charge-off valuation per pupil.

Requires ODE to calculate a statewide per pupil adjustment in each fiscal year so that statewide funding does not exceed the appropriation for that year.

Calculates each district's adjustment amount for each fiscal year as the statewide per pupil adjustment for that fiscal year multiplied by the district's charge-off valuation index and the district's current year ADM.

Calculates each district's funding allocation in each fiscal year as the district's FY 2011 state aid per pupil multiplied by the district's current year ADM minus the district's current year adjustment amount.

Specifies that the amount of state funding allocated in each fiscal year for special education and related services and for career-technical education for each district be equal to the amounts allocated for those purposes in FY 2011. Requires ODE to indicate this funding on the form used to calculate each district's total funding allocation.

Requires each district to spend its allocation for career-technical education on career-technical education expenses.

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Fiscal effect: The bill appropriates approximately \$6.18 billion in FY 2012 and \$6.24 billion in FY 2013 for this funding. This amount is about \$336.8 million (approximately \$195 per pupil) lower in FY 2012 and \$273.8 million (approximately \$158 per pupil) lower in FY 2013 than the estimated funding in FY 2011. Application of the charge-off valuation index results in higher wealth districts receiving larger per pupil reductions compared to FY 2011 than lower wealth districts.

EDUCD35 School Funding Advisory Council

R.C. *3306.29, 3306.291, 3306.292, (All Repealed)*

Abolishes the School Funding Advisory Council, which is charged with making biennial recommendations with respect to the EBM.

Fiscal effect: Reduction in expenditures for ODE for no longer providing staffing assistance to the Council.

EDUCD51 School Funding

R.C. *3317., various other sections of law*

Retains the special education funding weights and categories used in the EBM, but does not use them for funding in FY 2012 or FY 2013

Retains the current formula for transportation funding but suspends it for FY 2012 and FY 2013.

Discontinues the practice of using the prior year's October student count unless the current year's October count is 2% greater and, instead requires use of the current-year count to derive a district's formula ADM, but continues to count each kindergarten student as one FTE.

Sets the formula amount at \$5,653 for transfer payments for students attending community schools, STEM schools, and other districts through open enrollment, and colleges and universities through the Post-Secondary Enrollment Options Program.

Retains the FY 2009 per pupil level of payments to community schools and STEM schools for special education, career-technical education, poverty-based assistance, and parity aid.

Specifies that payments for excess special education cost from resident districts to other districts providing those services be computed using the FY 2009 formula amount (\$5,732) and special education weights.

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Specifies that state payments for catastrophic special education costs be computed using the FY 2009 special education weights and categories.

Eliminates the requirement that ODE submit an annual report to OBM on the amount of local, state, and federal pass-through special education funds allocated for each school district.

Eliminates the requirement that ODE submit an annual report to the Governor and the General Assembly on the amount of weighted career-technical education funding spent by each school district.

Reduces from three to one the number of school funding reports that ODE annually must submit to the Controlling Board.

Reduces the amount deducted from school districts' state aid accounts for each Educational Choice scholarship from \$5,200 to the actual amount of the scholarship (which is the lesser of tuition actually charged or \$4,250 for grades K to 8 or \$5,000 for grades 9 to 12).

Limits operating payments to an island district to the lesser of actual cost or the district's fiscal year 2011 amount multiplied by 93%. Specifies that if the district did not receive any funding in FY 2011, it may not receive funding in either FY 2012 or FY 2013.

Fiscal effect: Transfers from school district state funding allocations to community schools, STEM schools, and other districts under open enrollment are \$50 less per pupil in FY 2012 and FY 2013 than in FY 2011. Deductions from school district state funding allocations for Ed Choice scholarships are at least \$950 less per scholarship student in grades K to 8 and \$200 less per scholarship student in grades 9 to 12.

EDUCD80 Utility Property Tax Replacement Payments**R.C. 5727.84, 5727.85, 5727.86, Section 757.20**

Accelerates the phase-out of fixed-rate public utility property tax loss reimbursements for most school districts and JVSDs based on each district's reliance on the reimbursements as measured by the district's public utility direct reimbursement as a percentage of its total resources (total state and local operating revenue) as defined in the bill.

Specifies that beginning in FY 2012, reimbursements are to be phased out so that each district's reliance on the reimbursements falls by two percentage points per year.

Beginning in FY 2012, phases out reimbursements for nonoperating fixed rate levies by 25% per year.

Permits a school district or JVSD to file an appeal with the Tax Commissioner contesting a levy classification or any amount used in the calculation of their total resources. Prohibits changes to the classifications or calculations after June 30, 2013.

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Requires reimbursement payments to be made on or before August 31 and February 28 instead of in late August and February as under current law.

States that, with respect to unvoted debt levies within the ten-mill limit, if the levy was no longer levied for debt purposes for tax year 2010 or for any tax year thereafter, payments for that levy are to be made under the new reimbursement mechanism beginning the earlier of tax year 2012 or the first tax year for which it is no longer levied for debt purposes.

Modifies the procedure to determine how fixed-rate levy reimbursements are calculated when a district merges with or transfers territory to another district in the same manner as for TPP reimbursements (see following).

Fiscal effect: See LSC's Bill Analysis for H.B. 153 for a more extensive discussion of these proposed statutory changes. The bill appropriates \$34.0 million in FY 2012 and \$30.0 million in FY 2013 for public utility tax reimbursements. Reimbursements are estimated to be \$74.3 million in FY 2011.

EDUCD81 Tangible Personal Property Tax Replacement Payments**R.C. 5751.20, 5751.21-5751.23, Section 757.20**

Accelerates the phase-out of fixed rate TPP tax loss reimbursements for most school districts, based on each district's reliance on the reimbursements as measured by the district's FY 2010 TPP direct reimbursement as a percentage of the district's total resources (total state and local operating revenue) as defined in the bill.

Specifies that beginning in FY 2012, reimbursements for operating levies are to be phased out so that each district's reliance on the reimbursements falls by two percentage points per year.

Beginning in FY 2012, phases out reimbursements for nonoperating levies by 25% per year.

Permits a school district or JVSD to file an appeal with the Tax Commissioner contesting a levy classification or any amount used in the calculation of its total resources. Prohibits changes to the classifications or calculations after June 30, 2013.

Specifies that reimbursement payments be made twice per year, in May and on or before November 20, beginning in FY 2012. (Current law requires three payments per year, in May, August, and October.)

Modifies the procedure to determine how fixed-rate levy reimbursements are calculated when a district merges with or transfers territory to another district. Requires the recalculation of an affected district's reliance on the reimbursement in order to calculate the modified reimbursement amount.

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Specifies that the state education aid offsets (the increase in a district's state aid due to the decrease in its taxable property value) for FY 2012 and FY 2013 equal the offset for FY 2011. Beginning in FY 2014, eliminates the transfer from the School District Property Tax Replacement Fund to the GRF to help pay for state formula aid for schools.

Fiscal effect: See LSC's Bill Analysis for H.B. 153 for a more extensive discussion of these proposed statutory changes. The bill appropriates \$722.0 million in FY 2012 and \$475.0 million in FY 2013 for TPP reimbursements. Reimbursements are estimated to be \$1.04 billion in FY 2011.

EDUCD55 Funding for Joint Vocational School Districts**Section: 267.30.60**

Allocates funding to each joint vocational school district (JVSD) in FY 2012 and FY 2013 equal to the JVSD's total state funding allocation for the previous fiscal year.

Fiscal effect: Funding for JVSDs totals approximately \$263.0 million in each fiscal year.

EDUCD67 Educational Service Centers Funding**Section: 267.40.70**

Specifies that state funding for ESCs in FY 2012 is 90% of the funding provided in FY 2011 and that funding in FY 2013 is 70% of the funding provided in FY 2012.

Fiscal effect: The bill earmarks \$41.8 million in FY 2012 and \$29.3 million in FY 2013 for this funding.

EDUCD75 Foundation and Transitional Aid Funding Reimbursement**Section: 267.50.60**

Specifies that no school district for which a reduction was made in its reported formula ADM for FY 2005 based on community school enrollment reports and, accordingly, for which a reduction was made in its foundation or transitional aid funding for FY 2005, FY 2006, or FY 2007, has a legal right to reimbursement for that reduction in funding except as expressly provided in a final court judgment or a settlement agreement executed on or before June 1, 2009.

Executive**EDUCD77 Family and Children First Flexible Funding Pool****Section: 267.50.80**

Permits school districts, community schools, STEM schools, JVSDs, ESCs, and county DD boards that receive state aid to transfer portions of their allocations to a flexible funding pool created by a county family and children first council to support the provision of services to families and children.

Fiscal effect: May provide entities with flexibility in providing services to families and children.

Community Schools**EDUCD5 Lease of School District Property****R.C. 3313.411**

Requires a school district board to offer a right of first refusal to community schools located within the district whenever the board decides to lease out real property suitable for classroom use or other educational purposes; however, permits the board to renew any existing leases it has with other entities. Provides highest priority for leasing district property to conversion community schools sponsored by the district.

Fiscal effect: May give community schools more opportunity to obtain space for operation.

EDUCD18 Joint Educational Programs**R.C. 3313.842**

Permits a community school to enter into an agreement with one or more school districts or other community schools for the joint operation of an educational program, in the same manner as school districts may do under current law.

Prohibits community schools from charging tuition or fees for their students participating in the joint program (unlike school districts under current law).

Fiscal effect: None.

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EDUCD10 Moratorium on New Community Schools - Eliminate

R.C. *3314.013, 3314.014, 3314.016, 3314.017,*
 (Repealed)

Repeals sections of the community school law that place a qualified moratorium on new start-up (brick and mortar) community schools and an outright moratorium on new Internet- or computer-based community schools (e-schools).

Specifies that if a community school is in academic watch or academic emergency on the provision's effective date, the school's sponsor may not sponsor any additional schools and the school's operator, if any, may not operate additional schools.

Fiscal effect: If the provision leads to an increase in the number of community school students, transfers of state funding from school districts will increase. Districts may also have a decrease in expenditures since the district will no longer be obligated to educate the student.

EDUCD38 E-School Spending Requirement

R.C. *3314.085, (Repealed)*

Eliminates the requirement that e-schools spend per pupil on instruction at least as much as the per pupil statewide classroom teacher amount specified under the former Building Blocks school funding model (\$2,931 in FY 2009)

Fiscal effect: Gives e-schools more flexibility in the use of state funds.

EDUCD70 Community School SBH Subsidy

Section: *267.50.10*

Continues the payment in FY 2012 and FY 2013 of a subsidy for certain community schools with at least 50% of students enrolled receiving education and services for a severe behavior handicap (SBH). Specifies that the amount of the subsidy not be deducted from the students' resident school district.

Fiscal effect: Provides for higher state payments to affected community schools.

Executive**EDUCD72 Community School Operation from Residential Facilities****Section: 267.50.30**

Continues to prohibit a community school that was not open for operation as of May 1, 2005, from operating from certain residential facilities that receive and care for children.

Fiscal effect: None.

EDUCD73 Early College Start Up Community School**Section: 267.50.40**

Continues to permit an early college high school that is currently run by a Big Eight school district in partnership with a private university to operate as a start-up community school if certain conditions are met.

Fiscal effect: None.

EDUCD76 Unauditable Community Schools**Section: 267.50.70**

Prescribes procedures for the Auditor of State, community school sponsors, and ODE, with regard to community schools that are declared unauditabile.

Fiscal effect: None. Continues current law.

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Educator Provisions

EDUCD22 Teacher Incentive Payment Program

R.C. *3302.23, 3302.24, Section 512.40*

Establishes a new program to pay \$50 per-student stipends to certain classroom teachers in school districts, community schools, and STEM schools for each student enrolled in classes that have achieved more than a standard year of value-added growth. Applies the program only to teachers who teach subject areas and grade levels for which data under the value-added progress dimension is available (English language arts and math teachers in grades 4 to 8). Requires teachers to divide the stipends in the case of team teaching or students who attain the requisite value-added growth in more than one subject area. Specifies that the first stipends be based on the district and school report cards issued in August of 2012 for the 2011-2012 school year.

Creates the Teacher Incentive Payment Program Fund, Fund 5KG0, to consist of moneys specifically appropriated for the new incentive payment program.

Fiscal effect: The bill directs the Director of OBM to transfer half the surplus GRF revenue that exists on June 30, 2011 to Fund 5KG0.

EDUCD11 Teacher Compensation

R.C. *3317.14, Repealed: R.C. 3317.13, 3317.14*

Repeals the minimum salary schedule based on training and years of service that applies to teachers employed by school districts, ESCs, and county DD boards.

Requires each school district, ESC, and county DD board to annually adopt a teachers' salary schedule that establishes a salary range for each of the four levels of teacher licensure.

Requires each district, ESC, and county DD board to determine each teacher's salary within the appropriate range based on evaluations, whether the teacher is "highly qualified" under federal law, and any other factors considered relevant.

Prohibits ever increasing the salary of a teacher whose salary is already higher than the maximum salary for the teacher's license, unless the teacher's salary falls below the maximum in the future.

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Specifies that these provisions prevail over collective bargaining agreements entered into on or after the provisions' (immediate) effective date.

Fiscal effect: School districts, ESCs, and county DD boards may incur costs in the development and adoption of salary schedules, as well as in the process of determining each teacher's salary within the schedule.

EDUCD7 Teacher and Administrator Termination**R.C. 3319.16, 5126.23, Repealed: 3319.161**

Eliminates the option for a teacher, administrator, treasurer, internal auditor, or superintendent employed by a school district or ESC to request that a hearing on the matter of the employee's termination be held before a referee, rather than the board of education or ESC governing board.

Eliminates the prohibition against holding a termination hearing during summer vacation without the teacher's consent.

Prohibits the employee from both appealing the board's termination decision to the common pleas court and invoking the grievance procedure in any collective bargaining agreement covering the employee. Instead, requires the employee to choose just one of those processes for an appeal.

Fiscal effect: May decrease district's administrative and litigation costs.

EDUCD6 Teacher Layoffs**R.C. 3319.17, 3319.18**

Requires school districts and ESCs to consider quality of performance as the principal factor in determining the order of teacher layoffs.

Requires a teacher's quality of performance to be measured by (1) the type of educator license held by the teacher, (2) whether the teacher is "highly qualified" under federal law, (3) evaluations of the teacher, and (4) any other criteria established by the district or ESC.

Permits a district or ESC to consider seniority in determining the order of layoffs only after considering the factors listed above.

Eliminates the requirement that, in rehiring tenured teachers when positions become available, the order of rehiring be based on seniority.

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Specifies that these provisions prevail over conflicting provisions of a collective bargaining agreement entered into on or after the provision's effective date.

Fiscal effect: Since, under current law, teachers with less seniority are paid less than those with more seniority, changing the order of teacher layoffs may result in districts laying off higher cost teachers, enabling them to obtain larger decreases in expenditures with fewer lay offs.

EDUCD3

Out-of-State Teachers

R.C. 3319.227

Requires the State Board of Education, by July 1, 2013, to approve a list of states with licensure standards that are inadequate to ensure that a person with five years of licensure and teaching experience in that state is qualified for a professional educator license in Ohio.

Prohibits the State Board or ODE from having reciprocity agreements with any state on the list of states with inadequate licensure standards.

Until the list is approved, requires the State Board to issue a one-year provisional educator license to an applicant who (1) has a bachelor's degree, (2) has been licensed and employed as a teacher in another state for the last 5 years, (3) was initially licensed in a state within the last 15 years, and (4) has never had a teacher's license suspended or revoked.

Once the list is approved, requires the State Board to automatically issue a professional educator license to any applicant who meets the above criteria and was most recently licensed in a state not on the list.

Once the list is approved, requires the State Board to issue, to a provisional license holder who was most recently licensed to teach in a state on the list, a professional educator license upon expiration of the provisional license, if the person (1) was employed under the provisional license by a school district, community school, STEM school, or an entity contracted by a district or school to provide online instruction and (2) the district or school certifies that the person's teaching was satisfactory.

Fiscal effect: There are potential administrative costs in developing the list of states with inadequate licensure standards. Generally, the costs of ODE's licensing responsibilities are paid from licensing fees.

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EDUCD82 Alternative Resident Educator License

R.C. 3319.26

Changes the qualifications for obtaining and holding an alternative resident educator license in the following ways:

- (1) Eliminates the requirement that applicants complete an intensive pedagogical training institute in the principles and practices of teaching;
- (2) Prohibits the State Board from requiring applicants to have a major in the teaching area; and
- (3) Allows license holders to satisfy continuing education requirements with professional development provided as part of a teacher preparation program that is operated by a nonprofit organization and approved by the Chancellor of the Board of Regents.

Requires the Chancellor to approve any teacher preparation program that requires participants to have a bachelor's degree, have a cumulative undergraduate GPA of 2.5 or higher, and complete a summer training institute.

Fiscal effect: Decrease in expenditures for ODE and the Board of Regents for no longer being required to establish the intensive pedagogical training institute. Minimal increase in administrative costs for the Board of Regents in approving teacher preparation programs.

EDUCD16 Criminal Records Check of Adult Education Instructors

R.C. 3319.39

Prohibits a school district, community school, STEM school, ESC, or chartered nonpublic school from requiring an applicant for the position of adult education instructor to undergo a criminal records check, if the applicant had a records check within the previous two years as a condition of being hired for short-term employment with that district, school, or ESC.

Fiscal effect: None.

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EDUCD15 Retesting Teachers

R.C. 3319.58

Requires ODE annually to rank order all city, exempted village, and local school districts into percentiles according to performance index score.

Requires each district in the lowest 10 percentiles to require its core subject area teachers to retake any written tests prescribed by the State Board for licensure in the teacher's subject area and grade level. ("Core subject areas" are: reading and English language arts, math, science, foreign language, government, economics, fine arts, history, and geography, as defined by state and federal law for determining "highly qualified teacher" status.)

Permits a district board to use the results of the required retesting to develop or revise teachers' professional development plans or to decide whether or not to continue employing the teacher. Specifies that no decision to terminate or not to renew a teacher's employment contract may be made solely on the basis of the results of a teacher's examination until and unless the teacher has not attained a passing score on the same required examination for at least three consecutive administrations of that exam.

Fiscal effect: Minimal.

Early Childhood

EDUCD24 Early Childhood Education

Section: 267.10.10

Continues the GRF-funded early childhood education program at school districts, JVSDs, and ESCs for children at least three years old but not yet eligible for kindergarten, and whose families earn not more than 200% of the federal poverty guidelines.

Specifies the following for participating programs: (1) prohibits development and administration costs from exceeding 15% of the cost of each program, (2) requires maintenance of fiscal records, (3) requires implementation of a corrective action plan, when needed, (4) requires certain qualifications for teachers, (5) requires alignment of curriculum to the early learning content standards, (6) requires documentation and reporting of child progress, (7) requires adherence to early learning program guidelines, (8) requires certain child or program assessments, (9) requires charging a fee, based on a sliding scale, to families who earn more than the 200% of the federal poverty guidelines.

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Requires ODE to conduct an annual survey of each provider to determine whether the provider charges families tuition or fees, the amount the families are charged relative to family income levels, and the number of families and students charged.

Specifies that per-pupil funding must be sufficient to provide eligible children with services for a standard early childhood schedule, defined as a minimum of 12.5 hours per week, for the minimum school year.

Requires ODE to provide an annual report regarding early childhood education programs and the early learning program guidelines.

Requires eligible expenditures to be claimed each fiscal year to help meet the state's TANF maintenance of effort requirement and requires the Superintendent of Public Instruction and the Director of Job and Family Services to enter into an interagency agreement to fulfill this requirement including developing reporting guidelines for these expenditures.

Fiscal effect: The bill appropriates \$23.3 million in each fiscal year for the program, including an earmark of 2% for ODE's administrative costs.

Scholarship Programs

EDUCD9 Educational Choice Scholarships

R.C. *3310.02, 3310.03, Section 733.10*

Increases the number of Educational Choice scholarships from 14,000 to 30,000 for the 2011-2012 school year and 60,000 for the 2012-2013 school year and thereafter.

Adds, as a new eligibility category for Ed Choice Scholarships, students who attend a district-operated school that, for at least two of the three preceding years, ranked in the lowest 10% of all school buildings by performance index score (and was not rated excellent or effective in the third year). Qualifies kindergartners and community school students who otherwise would be assigned to such a building, and students attending a nonqualifying district school who would move to such a school in the next year.

Assigns lower priority to students in the new category than students qualifying under the existing Ed Choice criteria, if the number of applications exceeds the number of available scholarships.

Requires ODE to hold a second, 60-day application period for the 2011-2012 school year to award the newly authorized scholarships.

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Fiscal effect: ODE may realize an increase in administrative costs related to the additional 60-day application period. School districts may realize a decrease in revenues as cost of the scholarship is deducted from the districts' state aid allocations. District may also realize a decrease in expenditures related to no longer being obligated to educate the scholarship students.

EDUCD37 Autism Scholarship Program

R.C. 3310.41

Specifies that the services provided under the Autism Scholarship program must include an educational component.

Fiscal effect: None.

Other Education Provisions

EDUCD19 Educational Service Center Contracts with Local Entities

R.C. 307.86, 505.101, 3313.846

Permits ESCs to enter into service contracts, with other political subdivisions. Specifies that contracts with counties and townships are not subject to competitive bidding.

Fiscal effect: Provides ESCs with an additional source of revenue and expense.

EDUCD39 School District Operating Standards

R.C. 3301.07, 3306.33 (*Repealed*)

Makes permissive, rather than mandatory, the State Board's adoption of the following additional operating standards for school districts: (1) effective and efficient organization, administration, and supervision of each district and building; (2) establishment of business advisory councils and family and civic engagement teams; (3) job-embedded professional development and professional mentoring and coaching, release time for professional development, and reasonable access to classrooms for administrators for observation and professional development experiences; and (4) creation of a school leadership team for each building.

Eliminates the State Board's explicit authority to revoke the charter of a school district that fails to comply with the standards.

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Fiscal effect: May reduce the administrative burden of the State Board.

EDUCD14 Governor's School Recognition Program

R.C. 3301.31

Creates the Governor's Effective and Efficient School program to annually recognize the top 10% of all public (school district, community, JVSD, and STEM schools) and chartered nonpublic schools based on student performance and cost effectiveness. Directs ODE to establish criteria for the program.

Fiscal effect: Likely increase in administrative costs for ODE for the development of the program.

EDUCD4 Parent Petitions for School Reforms

R.C. 3302.042

Requires ODE annually to rank all district-operated schools in order according to their performance index scores.

Specifies that when a school has been ranked in the lowest 5% for three or more consecutive years and the parents of at least 50% of the school's students petition to implement one of the following reforms, the district must implement that reform in the next school year:

- (1) reopen the school as a community school,
- (2) replace at least 70% of the school's personnel who are related to the poor academic performance, or retain up to but no more than 30% of the staff,
- (3) contract with a regular public school district, or a nonprofit or for-profit entity to operate the school,
- (4) turn operation of the school over to ODE, or
- (5) any other restructuring of the school that makes fundamental reforms in staffing or governance.

Prohibits the school district from implementing the requested reform if:

- (1) The district board of education determines that the request is for reasons other than improving student academic achievement or student safety,
- (2) The Superintendent of Public Instruction determines that the request does not comply with ODE's Model of Differentiated Accountability,

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- (3) The petitioners have requested ODE to take over the school's operation and ODE has not agreed, or
- (4) The district has held a public hearing on the matter and issued a statement explaining why it cannot implement the requested reform and agreeing to implement another of the reforms, and both the Superintendent and State Board of Education have approved the alternative reforms.

Fiscal effect: Implementation of one of the reform plans would likely increase administrative costs for the affected school district.

EDUCD12 Innovation Schools and Innovation Zones**R.C. 3302.06, 3302.061-3302.068**

Allows a school district to designate a single school as an innovation school, or a group of schools as an innovation school zone, for the purpose of implementing an innovation plan designed to improve student academic performance.

Requires a majority of the teachers and a majority of the administrators in each participating school to consent to apply for the designation.

Requires school districts to give preference to applications that propose innovations in the areas of (1) curriculum, (2) student assessments, (3) class scheduling, (4) accountability measures, (5) provision of student services, (6) provision of social services, (7) preparation of students for transition to higher education or the workforce, (8) teacher recruitment, employment, and evaluation, (9) compensation for school personnel, (10) professional development, (11) school governance and the role of the principal, or (12) use of resources.

Requires the State Board to designate a district that approves an application for an innovation school or innovation school zone as a school district of innovation, which authorizes the district to implement the innovation plan, unless the State Board finds that the plan is financially unfeasible or will likely result in decreased student achievement.

Requires the State Board to waive any education laws or administrative rules that prevent implementation of an innovation plan, except for laws and rules related to (1) school district funding, (2) services for disabled or gifted students, (3) provision of career-technical education, (4) state achievement assessments, (5) district and building report cards, (6) sanctions under the federal No Child Left Behind Act, (7) education data reporting, (8) criminal records checks, and (9) contributions to state retirement systems.

Allows any provisions of a collective bargaining agreement to be waived to implement an innovation plan, if at least 60% of the members of the bargaining unit working in each participating school approve the waiver.

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Requires a school district to review the performance of each innovation school or innovation school zone every three years, and permits the district to revoke the designation if the participating schools are not making sufficient improvements in student academic achievement.

Authorizes a school district or a participating school to accept funds from any public or private entity to support implementation of an innovation plan.

Requires ODE to issue an annual report on school districts of innovation.

Fiscal effect: Minimal increase in administrative costs for ODE to issue annual report and for the State Board in approving school innovation plans. Schools and districts applying for school innovation status may incur administrative costs in the application process. These schools may also experience increases flexibility

EDUCD17 Restructuring of District-Operated Schools**R.C. 3302.12**

Requires the Superintendent of Public Instruction to rank all district-operated schools annually according to their performance index scores. In the case of schools to which the performance index score does not apply, requires the Superintendent to develop another measure of student performance to enable inclusion in the rankings.

Specifies that if a school is ranked in the lowest 5% statewide for three consecutive years and is in academic watch or academic emergency, the district board of education must either:

- (1) Close the school and reassign the students to other buildings;
- (2) Contract with a regular public school district, or nonprofit or for-profit entity with a demonstrated record of effectiveness to operate the school;
- (3) Replace the school's principal and teaching staff, exempt the school from board rules regarding curriculum and instruction upon request of the new principal, and provide funding for each student in the school at least equal to the per pupil amount of all district revenues; or
- (4) Reopen the school as a conversion community school.

Fiscal effect: Increase in administrative costs for ODE to develop another measure of student performance for schools to which the performance index score does not apply. Potential increase in expenditures for school districts to adopt one of the specified actions.

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EDUCD8 Classroom Expenditure and Student Performance Data

R.C. 3302.20

Requires ODE to develop, by January 1, 2012, and the State Board of Education to adopt, by July 1, 2012, standards for determining the amount of school district, community school, and STEM school annual operating expenditures for classroom instruction and the amount for nonclassroom purposes.

Requires ODE to use those standards and existing data to:

- (1) determine the percentage of each district's, community school's, or STEM school's total operating budget that is spent for classroom instruction for each fiscal year, beginning with FY 2008,
- (2) categorize districts and schools primarily by size,
- (3) rank districts and schools within each category according to percentage of operating expenditures for classroom instruction, and
- (4) report on ODE's website and on district and school report cards the percentages and ranking for each district or school, for each category, and for all districts and schools combined.

Requires ODE to denote, within the classroom expenditure rankings, districts and schools that are among the lowest 20% statewide in total operating expenditures per pupil or among the highest 20% statewide on the academic performance index.

Fiscal effect: Likely increase in ODE's administrative costs for development of standards and for reporting.

EDUCD13 Performance and Expenditure Reports

R.C. 3302.21

Requires ODE, annually, to rank order each school district, community school, and STEM school according to:

- (1) performance index score,
- (2) student performance growth from year to year (as measured by either the value-added progress dimension where available or, for grades or subjects for which it is not available, some other indicator designated by the Superintendent of Public Instruction),
- (3) career-technical performance measures as required under federal law,

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- (4) current operating expenditures per pupil, and
 (5) percentage of total current operating expenditures spent for classroom instruction.

Requires the Department to issue an annual report for each school district, community school, and STEM school indicating its ranking on each of those five measures.

Requires that, if a school district is a vocational education planning district or lead (vocational education) district, its ranking and report under (3) above must include the performance of all of the career technical students served by the district (including those from other districts).

Fiscal effect: Potential increase in ODE's administrative costs for development of a yearly progress measure and production of the report.

EDUCD20 School District Agreements with Educational Service Centers

**R.C. 3311.05, 3313.843, 3311.845, 3319.19,
 3311.059 (Repealed)**

Requires every school district with a student count of 16,000 or less to enter into an agreement with an ESC for services. Permits, but does not require, every school district with a student count greater than 16,000 to enter into an agreement with an ESC for services.

Permits a district to terminate its agreement with its current ESC by notifying the ESC governing board by January 1 of the year of the termination. Specifies that the termination is effective on June 30. If the aggregate student count of the districts that plan to terminate agreements with their current ESC makes up at least 30% of the ESC's "service center ADM" for funding purposes, requires the district or districts to notify all other districts that receive services from the ESC. Permits any of the other districts to notify the ESC governing board, by May 31, that the district is terminating its agreement effective June 30.

Repeals the current authority of a "local" school district to leave the territory of its current ESC subject to both approval of the State Board and referendum by petition of the district's voters, and limited to no more frequently than once every five years.

Requires the governing boards of ESCs affected by the termination of a service center agreement or the making of a new agreement by a "local" school district to take the necessary steps for the election of new members and for re-organization of the governing boards to reflect the change of the territories of those ESCs caused by the termination or new agreement. (Under current law, not affected here, the territory of an ESC from which its governing board is elected is the

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territory of the "local" school districts that it serves.)

Fiscal effect: Permitting school districts to terminate agreements annually may increase administrative costs related to elections and re-organization of ESC governing boards.

EDUCD21 Educational Service Centers
R.C. 3329.08, 3331.01

Removes the requirement that local school districts adopt their textbooks or electronic textbooks from lists provided by ESCs.

Removes permissive language that allows the superintendent of an ESC to be the designee of a superintendent of a local school district within the ESC's service territory in issuing age and schooling certificates.

Fiscal effect: Minimal.

EDUCD68 Private Treatment Facility Project
Section: 267.40.80

Establishes procedures by which Ohio youth who have been assigned to a participating residential treatment facility are enrolled in an approved educational program in or near the facility. Requires that the school district responsible for tuition for a residential child pay the tuition to the provider for the educational programs. Prohibits a district from including the youth in the district's average daily membership (ADM). Requires that ODE track the utilization of funds and monitor the program for educational accountability.

Fiscal effect: In addition to the tuition payment, the bill earmarks \$1.0 million in each fiscal year for the Private Treatment Facility Project.

EDUCD69 National Assessment of Education Progress
Section: 267.40.90

Expresses the General Assembly's intention that Ohio school districts participate in the administration of the National Assessment of Education Progress (NAEP). Requires each school and school district selected to participate.

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Fiscal effect: Minimal cost for districts chosen to participate. Federal funding is provided for coordination of the state's participation in NAEP.

EDUCD74 Use of Volunteers**Section: 267.50.50**

Authorizes ODE to use the services of volunteers to accomplish any of the purposes of ODE.

Authorizes the Superintendent of Public Instruction to reimburse volunteers for necessary expenses in accordance with state guidelines and to designate volunteers as state employees for the purposes of motor vehicle accident liability insurance and for indemnification from liability incurred in the performance of their duties.

Fiscal effect: Potential cost savings for ODE if they can utilize volunteers for purposes which they would otherwise need to hire additional employees.

EDUCD78 Educational Shared Services Model**Section: 267.50.90**

Requires that the Governor's Director of 21st Century Education develop a plan for the integration and consolidation of the publicly supported regional shared services organizations serving Ohio's public and chartered nonpublic schools. Specifies that the plan include recommendations for implementation beginning July 1, 2012.

Requires that the Director, by January 1, 2012, submit recommendations for implementation of the plan to the Governor and the General Assembly.

Fiscal effect: Increased administrative costs for the Governor's office for preparation of the plan.

Appropriation Language**EDUCD23 Early Childhood Education****Section: 267.10.10**

Earmarks up to 2% of GRF appropriation item 200408, Early Childhood Education, in each fiscal year to be used by ODE for support and technical assistance of early childhood education programs.

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Directs that remaining funds first be distributed to those who received funds for early childhood programs in the previous fiscal year, and the balance be distributed to new providers of early childhood education programs, existing providers to serve more eligible children, or for purposes of program expansion, improvement, or projects to promote quality and innovation.

EDUCD25 Career-Technical Education Match**Section: 267.10.20**

Specifies that GRF appropriation item 200416, Career-Technical Education Match, be used to provide vocational administration matching funds.

EDUCD26 Computer/Application/Network Development**Section: 267.10.20**

Specifies that GRF appropriation item 200420, Computer/Application/Network Development, be used to support the development and implementation of information technology solutions designed to improve the performance and services provided by ODE. Permits this appropriation to also be used to support data-driven decision-making and differentiated instruction and to communicate academic content standards and curriculum models through the Internet.

EDUCD27 Alternative Education Programs**Section: 267.10.30**

Specifies that GRF appropriation item 200421, Alternative Education Programs, be used for the renewal of successful implementation grants and for competitive matching grants to school districts for alternative education programs for at-risk and delinquent youth. Specifies that grants be awarded according to the criteria established by the Alternative Education Advisory Council in 1999.

Permits ODE to waive minimum education standards for the alternative schools funded by the grants.

Permits a portion of the appropriation to be used for program administration, monitoring, technical assistance, support, research, and evaluation.

Executive**EDUCD28 School Management Assistance****Section: 267.10.40**

Earmarks \$1,000,000 in FY 2012 and \$1,300,000 in FY 2013 of GRF appropriation item 200422, School Management Assistance, to be used by the Auditor of State, in consultation with ODE, for expenses incurred in the Auditor's role relating to fiscal caution, fiscal watch, and fiscal emergency activities. Authorizes these funds to also be used by the Auditor to conduct performance audits of districts in fiscal distress, including those that the Auditor, in consultation with ODE, determines are employing fiscal practices or experiencing budgetary conditions that could produce a state of fiscal watch or emergency.

Specifies that the remainder be used by ODE to provide fiscal technical assistance and in-service education for school district management personnel and to administer, monitor, and implement the fiscal caution, fiscal watch and fiscal emergency provisions of the Revised Code.

EDUCD30 Policy Analysis**Section: 267.10.50**

Specifies that GRF appropriation item 200424, Policy Analysis, be used to support a system of administrative, statistical, and legislative education information to be used for policy analysis. Allows ODE to use funding from this appropriation item to purchase or contract for the development of software systems or contract for policy studies that will assist in the provision and analysis of policy-related information.

Allows a portion of this appropriation item to be used in conjunction with GRF appropriation item 200439, Accountability/Report Cards, to support a fiscal reporting dimension that contains fiscal data reported for the prior fiscal year.

Executive**EDUCD31 Tech Prep Consortia Support****Section: 267.10.50**

Specifies that GRF appropriation item 200425, Tech Prep Consortia Support, be used to support state-level activities in support of tech prep programs.

EDUCD32 Ohio Educational Computer Network**Section: 267.10.60**

Specifies that GRF appropriation item 200426, Ohio Educational Computer Network, be used to maintain a system of information technology throughout Ohio and to provide technical assistance in support of the P-16 State Education Technology Plan. Makes the following earmarks:

- (1) Up to \$10,705,569 in each fiscal year to support connection of all public school buildings and participating chartered nonpublic schools to the state's education network, to each other, and to the Internet.
- (2) Up to \$1,440,000 in each fiscal year for the Union Catalog and InfOhio Network.
- (3) Up to \$5,220,000 in each fiscal year to subsidize the activities of designated information technology centers.

Specifies that the remainder of the appropriation be used to support a network of uniform and compatible computer-based information and instructional systems.

EDUCD33 Academic Standards**Section: 267.10.70**

Specifies that GRF appropriation item 200427, Academic Standards, be used by ODE for the development and dissemination of academic content standards and curriculum models.

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EDUCD36 Student Assessment**Sections: 267.10.80, 267.10.90, 267.20.10**

Earmarks up to \$95,000 of GRF appropriation item 200437, Student Assessment, in each fiscal year for costs associated with the state's required diagnostic assessments.

Specifies that the remainder of the appropriation be used to develop, field test, print, distribute, score, and report results of assessments, including the English language arts, mathematics, and science assessments and the Ohio Graduation Test.

Permits ODE to use any remaining appropriation to develop end-of-course exams.

Authorizes, with Controlling Board approval, the transfer in each fiscal year of unexpended and unencumbered GRF appropriations within ODE to GRF appropriation item 200437, Student Assessment.

Authorizes, with Controlling Board approval, the transfer of up to \$9,000,000 cash from the Lottery Profits Education Reserve Fund (Fund 7018) to the GRF and appropriates the transferred funds for student assessments.

Delays until a date set by the State Board of Education (1) the administration of elementary English language arts assessments as a replacement for separate reading and writing assessments, and (2) the requirement for three score ranges on all of the elementary assessments.

Prohibits the administration of the elementary writing and social studies achievement assessments during the 2011-2012 and 2012-2013 school years, unless the Superintendent of Public Instruction determines that ODE has sufficient funds to pay the costs of furnishing and scoring the assessments.

EDUCD41 Accountability/Report Cards**Section: 267.20.20**

Permits a portion of GRF appropriation item 200439, Accountability/Report Cards, in each fiscal year to be used to train district and regional specialists and district educators in the use of the value-added progress dimension and data as it relates to improving student achievement. Allows a portion of this appropriation to be provided to a credible nonprofit organization with expertise in value-added progress dimensions.

Specifies that the remainder of the appropriation be used to incorporate a statewide value-added progress dimension into performance ratings for school districts and develop an accountability system that includes the preparation and distribution of school report cards and funding and expenditure accountability reports.

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EDUCD42 Child Care Licensing**Section: 267.20.20**

Specifies that GRF appropriation item 200442, Child Care Licensing, be used by ODE to license and to inspect preschool and school-age child care programs.

EDUCD43 Education Management Information System**Section: 267.20.30**

Specifies that GRF appropriation item 200446, Education Management Information System, be used to improve the education management information system (EMIS) and makes the following earmarks:

Up to \$729,000 in each fiscal year to be distributed to information technology centers for costs related to processing, storing, and transferring data for the effective operation of EMIS.

Specifies that the remainder of the appropriation be used to develop and support a common core of data definitions and standards as adopted by the Education Data Advisory Board. Specifies that any provider of software meeting the standards approved by the Board be designated as an approved vendor and be permitted to enter into contracts with educational entities for the purpose of collecting and managing data required under Ohio's EMIS law. Prohibits school districts, STEM schools, and community schools that are not implementing a common and uniform set of data definitions and data format standards from receiving funding until they are in compliance.

EDUCD44 GED Testing**Section: 267.20.40**

Specifies that GRF appropriation item 200447, GED Testing, be used to provide General Educational Development (GED) testing under rules adopted by the State Board of Education.

Executive**EDUCD45 Educator Preparation****Section: 267.20.40**

Permits GRF appropriation item 200448, Educator Preparation, to be used by ODE to support the Educator Standards Board, to develop alternative preparation programs for school leaders, and to coordinate a career ladder for teachers.

EDUCD46 Community Schools and Choice Programs**Section: 267.20.60**

Permits GRF appropriation item 200455, Community Schools and Choice Programs, to be used by ODE to support the State Office of Community Schools and to operate school choice programs.

Permits a portion of the appropriation in each fiscal year to be used by ODE for developing and conducting training sessions for sponsors and prospective sponsors of community schools and other schools participating in school choice programs.

EDUCD47 Pupil Transportation**Section: 267.20.70**

Makes the following earmarks to GRF appropriation item 200502, Pupil Transportation:

- (1) Up to \$838,930 in each fiscal year for training school bus drivers.
 - (2) Up to \$60,469,220 in each fiscal year for special education transportation reimbursements to school districts and county DD boards.
 - (3) Up to \$650,000 in each fiscal year to partially reimburse school districts for costs of providing transportation services to nontraditional schools when those schools are open on a day the school district is not scheduled to be open.
 - (4) Specifies that the remainder of the appropriation be used for foundation funding.
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Executive**EDUCD48 School Lunch Match****Section: 267.20.80**

Specifies that GRF appropriation item 200505, School Lunch Match, be used to provide matching funds to obtain federal funds for the school lunch program.

Permits any remaining appropriation to be used to partially reimburse school buildings required to have a school breakfast program.

EDUCD50 Auxiliary Services**Section: 267.20.90**

Specifies that GRF appropriation item 200511, Auxiliary Services, be used for providing services and materials to certain students enrolled in nonpublic schools.

Earmarks up to \$1,789,943 in each fiscal year for nonpublic school student participation in the Post-Secondary Enrollment Options Program and requires ODE to adopt rules for the distribution of these funds.

EDUCD49 Nonpublic Administrative Cost Reimbursement**Section: 267.30.10**

Specifies that GRF appropriation 200532, Nonpublic Administrative Cost Reimbursement, be used to reimburse chartered nonpublic schools for their administrative costs associated with maintaining their state charter.

EDUCD52 Special Education Enhancements**Section: 267.30.20**

Makes the following earmarks to GRF appropriation item 200540, Special Education Enhancements:

(1) Up to \$2,206,875 in each fiscal year for home instruction for children with disabilities.

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(2) Up to \$45,282,959 in each fiscal year to fund special education and related services at county DD boards and institutions. Notwithstanding the distribution formulas for those students and specifies the per pupil amount received by each DD board and institution in the prior fiscal year is the per pupil amount for each student served in the current fiscal year.

(3) Up to \$1,333,468 in each fiscal year for parent mentoring programs.

(4) Up to \$2,537,824 in each fiscal year for school psychology interns.

Specifies that the remainder of the appropriation be used to fund preschool special education and preschool supervisory units at county DD boards, educational service centers, and school districts. Requires funded entities to adhere to Ohio's Early Learning Program Guidelines, to document child progress using research-based indicators, and to report results annually.

EDUCD53 Career-Technical Education Enhancements**Section: 267.30.30**

Makes the following earmarks to GRF appropriation item 200545, Career-Technical Education Enhancements:

(1) Up to \$2,563,568 in each fiscal year to fund secondary career-technical education at institutions.

(2) Up to \$2,838,281 in each fiscal year to fund competitive expansion grants to tech prep consortia.

(3) Up to \$3,100,850 in each fiscal year to support existing High Schools That Work (HSTW) sites, develop and support new sites, fund technical assistance, and support regional centers and middle school programs.

(5) Up to \$300,000 in each fiscal year to fund the Agriculture 5th Quarter Project.

EDUCD54 Foundation Funding**Section: 267.30.40**

Makes the following earmarks to GRF appropriation item 200550, Foundation Funding:

(1) Up to \$425,000 in each fiscal year to help defray the cost of educating children who are placed in a private institution, school, or residential treatment center by the order of an Ohio court.

(2) Up to \$8,100,000 in each fiscal year to fund gifted education units at educational service centers (ESCs). Specifies that each ESC that received gifted education funding for the prior fiscal year receive the same amount for the current fiscal year, unless the ESC notifies ODE in writing that it will no longer be providing services or will be providing fewer services

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than it provided in the prior fiscal year. Requires, for these cases, ODE to deduct the funding received by the ESC for the prior fiscal year from the ESC's allocation for the current fiscal year and redistribute the deducted funds to other ESCs through the unit-based funding methodology in place prior to FY 2010.

(3) Up to \$10,000,000 in each fiscal year to provide additional state aid to school districts, joint vocational school districts, and community schools for the special education catastrophic cost supplement. Permits the Controlling Board to increase the amount if requested.

(4) Up to \$2,000,000 in each fiscal year for Youth Services tuition payments.

(5) Up to \$41,760,000 in FY 2012 and up to \$29,323,000 in FY 2013 to fund the state reimbursement of ESCs.

(6) Up to \$3,545,752 in each fiscal year to be distributed to ESCs for School Improvement Initiatives.

(7) Up to \$1,000,000 in each fiscal year for the private treatment facility project.

(8) Up to \$7,522,860 in each fiscal year to support the Cleveland school choice program.

(9) An amount to fund joint vocational school districts (JVSDs).

Earmarks up to \$11,901,887 in each fiscal year of the foundation program funds credited to the Cleveland Municipal School District for the Cleveland school choice program. Earmarks of that amount, up to \$1,000,000 in each fiscal year for the district to provide tutorial assistance.

Specifies that GRF appropriation items 200502, Pupil Transportation, 200540, Special Education Enhancements, and 200550, Foundation Funding, other than specific set-asides, are to fund state formula aid obligations. Provides that ODE seek Controlling Board approval to transfer funds among these items, or other GRF appropriation items in which there are excess appropriation, in order to meet these obligations.

EDUCD56 Property Tax Allocation - Education
Section: 267.30.70

Prohibits the Superintendent of Public Instruction from requesting, and the Controlling Board from approving, the transfer of funds from GRF appropriation item 200901, Property Tax Allocation - Education, to any other appropriation item.

Specifies that GRF appropriation item 200901, Property Tax Allocation - Education, be used to pay for the state's costs incurred for school districts and JVSDs because of the homestead exemption, the property tax rollback, and reimbursements associated with conversion levies. Appropriates any additional amount needed to fully fund these costs.

Executive**EDUCD57 Teacher Certification and Licensure****Section: 267.30.80**

Specifies that GSF Fund 4L20 appropriation item 200681, Teacher Certification and Licensure, be used in each fiscal year to administer and support teacher certification and licensure activities.

EDUCD58 School District Solvency Assistance**Section: 267.30.80**

Specifies that funds in GSF Fund 5H30 appropriation item 200687, School District Solvency Assistance, be used to provide assistance and grants to school districts to enable them to remain solvent. Requires that assistance and grants be subject to the approval of the Controlling Board.

Earmarks \$20,000,000 in each fiscal year for the School District Shared Resource Account to make advances to districts that must be repaid.

Earmarks \$5,000,000 in each fiscal year for the Catastrophic Expenditures Account to make grants to school districts that need be repaid only if the district receives third party reimbursement funding.

Permits the Director of Budget and Management to make cash transfers into the School District Solvency Assistance Fund (Fund 5H30) in each fiscal year from any funds used by ODE or the GRF to maintain sufficient cash balances in the fund. Appropriates any funds so transferred. Requires the Director to notify the Controlling Board of any such transfers.

Permits, if the cash balance of Fund 5H30 is insufficient to pay solvency assistance, and with approval of the Controlling Board, the transfer of cash from the Lottery Profits Education Reserve Fund (Fund 7018) to Fund 5H30 to provide assistance and grants. Appropriates any funds so transferred to Fund 5H30 appropriation item 200670, School District Solvency Assistance - Lottery.

Executive**EDUCD59 Schools Medicaid Administrative Claims****Section: 267.30.90**

Authorizes the Director of Budget and Management, at the request of the Superintendent of Public Instruction, to transfer up to \$639,000 in each fiscal year from the GRF to the Schools Medicaid Administrative Claims Fund (Fund 3AF0) used by ODE. Specifies that these funds be used to pay expenses incurred in administering the Medicaid School Component of the Medicaid program.

Requires the Director of Budget and Management on June 1 of each fiscal year, or as soon as possible thereafter, to transfer cash from Fund 3AF0 back to the GRF in an amount equal to that transferred to Fund 3AF0 in that fiscal year.

EDUCD60 Half-Mill Maintenance Equalization**Section: 267.40.10**

Specifies that SSR Fund 5BJ0 appropriation item 200626, Half-Mill Maintenance Equalization, be used to make payments to eligible school districts to equalize districts' half-mill maintenance levies required under the Classroom Facilities Assistance program of the School Facilities Commission to the statewide average wealth level.

EDUCD61 Auxiliary Services Reimbursement**Section: 267.40.20**

Requires that the Treasurer of State transfer, if the unobligated cash balance is sufficient, \$1,500,000 in each fiscal year from the Auxiliary Services Personnel Unemployment Compensation Fund to the Auxiliary Services Reimbursement Fund (Fund 5980) used by ODE.

Executive**EDUCD62 Lottery Profits Education Fund****Section: 267.40.30**

Specifies that LPE Fund 7017 appropriation item 200612, Foundation Funding, be used in conjunction with GRF appropriation item 200550, Foundation Funding, to provide formula aid payments to school districts.

Requires ODE, with the approval of the Director of Budget and Management, to determine the monthly distribution schedules of items 200550 and 200612.

EDUCD63 Lottery Profits Education Reserve Fund**Section: 267.40.40**

Creates the Lottery Profits Education Reserve Fund (Fund 7018) in the State Treasury. Authorizes the Director of Budget and Management to transfer cash from Fund 7018 to the Lottery Profits Education Fund (Fund 7017) in each fiscal year. Appropriates the transferred amounts.

Requires that the Director of Budget and Management, on July 15 or as soon as possible thereafter following the respective fiscal year, certify the amount by which the lottery profit transfers received by the Lottery Profits Education Fund (Fund 7017) for FY 2011 exceed \$711,000,000 and for FY 2012 exceed \$717,500,000. Allows the Director to transfer the certified amount, plus the cash balance in Fund 7017 to Fund 7018.

EDUCD64 School District Property Tax Replacement - Business**Sections: 267.40.50, 267.40.60**

Permits the Director of Budget and Management to make temporary transfers between the GRF and the School District Property Tax Replacement - Business Fund (Fund 7047) used by ODE to ensure sufficient balances in Fund 7047 and to replenish the GRF for such transfers.

Specifies that RDF Fund 7047 appropriation item 200909, School District Property Tax Replacement - Business, be used to make direct reimbursement payments to school districts and joint vocational school districts for losses due to the phase-out of tangible personal property taxes. Appropriates any additional funds determined to be necessary by the Director of

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Budget and Management.

EDUCD65 School District Property Tax Replacement - Utility**Section: 267.40.60**

Specifies that RDF Fund 7053 appropriation item 200900, School District Property Tax Replacement - Utility, be used to make direct reimbursements to school districts and joint vocational school districts for losses incurred due to the reduction of assessment rates on public utility tangible personal property. Appropriates any additional appropriations determined to be necessary by the Director of Budget and Management.

EDUCD66 Distribution Formulas**Section: 267.40.60**

Requires that ODE report to the Director of Budget and Management and the Legislative Service Commission the following changes: (a) changes in formulas for distributing state appropriations; (b) discretionary changes in formulas for distributing federal appropriations; and (c) federally mandated changes in formulas for distributing federal appropriations. Requires these changes be reported two weeks prior to their effective date.

EDUCD71 Earmark Accountability**Section: 267.50.20**

Authorizes the Superintendent of Public Instruction to request accountability reports from any entity that receives a budget earmark under ODE's budget.

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DASCD35 Health Care Pooling Program

R.C. *9.883, 9.90, 9.901, 305.171, 505.60, 505.601, 505.603, 1545.071, 3313.202, Section 701.20*

- (1) Eliminates the School Employees Health Care Board and transfers the majority of the Board's duties to DAS. Renames the School Employees Health Care Fund the Public Employees Health Care Fund.
- (2) Requires DAS to design health insurance plans for political subdivisions, school districts (including educational service centers), and institutions of higher education. Permits any or all of the plans designed by DAS to be self-insured. Requires these plans to incorporate the best practices adopted by DAS. Requires DAS to set employee and employer health care premiums for these plans. Permits health benefits to be provided by those entities until DAS implements these new plans. Requires that any such interim plan for school district employees must contain those best practices established by the School Employees Health Care Board or by DAS.
- (3) Requires DAS to determine geographic regions for the availability of providers, networks, costs, and other factors relating to providing health care benefits.
- (4) Requires DAS to examine those plans currently offered through a consortium of public entities, including the benefits and the strategies of these plans to manage health care costs.
- (5) Permits such consortiums that are composed of at least 2,500 employees to continue offering health benefit plans to seek permission from DAS to continue offering such plans.
- (6) Eliminates the Public Schools Health Care Advisory Committee.
- (7) Requires DAS to contract with an independent consultant to analyze costs related to employee health care benefits provided by existing entities. Requires the consultant to submit certain written recommendations to DAS for the development of a successful program for pooling purchasing power for the acquisition of employee health care plans.
- (8) Requires any health care provider that has provided coverage for these entities within the last two years to provide DAS with nonidentifiable aggregate claims data within 30 days of receiving such a request for information from DAS.
- (9) Requires DAS to develop a request for proposals and to solicit bids for the provision of those plans that it develops. Requires DAS, in consultation with the Superintendent of Insurance and using competitive selection, to contract with one or more insurance companies for the issuance of these plans. Permits all health care benefits for these entities to be provided through these plans.

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(10) Prohibits these entities, once the plans developed by DAS are in their final form and are fully implemented, from receiving state aid while being in violation of these provisions.

(11) Permits these entities to offer health care benefits to their employees that the entity is currently authorized to offer and that are not covered by DAS's plan.

(12) Requires DAS, not later than 12 months after the section's effective date, to submit a report to the General Assembly on the feasibility of providing care plans that cover persons employed by these entities.

Fiscal effect: Providing pooled health insurance to local governments, school districts, and institutions of higher education may decrease personnel costs for these agencies, if discounts can be achieved through the program. The bill provides GRF funding of \$400,000 in both FY 2012 and FY 2013 to support this initiative in DAS line item 100403, Public Employees Health Care Program.

Executive**OBMCD1** **FY 2011 GRF Ending Balance****Section: 512.40**

Requires the OBM Director to transfer cash into the Disaster Services Fund (Fund 5E20) and the Teacher Incentive Program Fund (Fund 5KG0) from the FY 2011 surplus GRF revenue that would otherwise be transferred to the Budget Stabilization Fund (Fund 7013) or the Income Tax Reduction Fund (Fund 4R80). Specifies that half the amount of the FY 2011 surplus GRF revenue be transferred to Fund 5E20 and the other half to Fund 5KG0.

Executive**BORCD78 Distance Learning Clearinghouse****R.C. 3333.81, 3333.82, 3333.87**

Expands the entities required to adopt rules for the distance learning clearinghouse to include the State Board of Education in addition to the Chancellor, and specifies the rules be adopted in consultation with the Director of the Governor's Office of 21st Century Education.

Eliminates a provision permitting the Chancellor to contract with another entity to administer the distance learning clearinghouse.

Requires the eTech Ohio Commission, in consultation with the Chancellor and the State Board of Education, to distribute information about the clearinghouse in an easily understandable format to students and parents.

Fiscal effect: Increase in administrative costs for eTech to the development and distribution of information about the clearinghouse.

BORCD79 Distance Learning Clearinghouse Location**R.C. 3333.81, Section 371.60.70**

Specifies that the distance learning clearinghouse is to be located at the Ohio Resource Center for Mathematics, Science, and Reading administered by the College of Education and Human Ecology at The Ohio State University. Requires the College to provide access to its online repository of educational content to offer courses from multiple providers at competitive prices for Ohio students.

Requires the College to review the content of courses, assess their alignment with Ohio academic standards, and publish information about the degree of alignment.

Requires the College to indicate a reasonable amount of academic credit to be earned for each course. Specifies that schools retain full authority to determine the actual credit awarded to their students.

Specifies that fees charged for courses are to be set by course providers and permits the College to retain a percentage of the fee.

Permits the College to establish policies to protect the proprietary interest or intellectual property of the educational content and courses in the clearinghouse. Permits the College to require end users to agree to the terms of any such policies

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before accessing the courses.

Fiscal effect: Increase in expenditures for the College offset by fee revenue collected by the College.

BORCD76 Distance Learning Clearinghouse Guidelines
R.C. 3333.81, 3333.82

Establishes the following guidelines for the distance learning clearinghouse:

(1) Requires all Ohio students to have access to high quality distance learning courses at any point in their educational careers;

(2) Requires all students to be able to customize their education using distance learning courses offered through the clearinghouse. Specifies that no eligible student is to be denied access to any course in the clearinghouse;

(3) Permits students to take distance learning courses for all or any portion of their curriculum requirements. Permits students to use a combination of distance learning courses and traditional classroom courses;

(4) Permits students to earn an unlimited number of academic credits through distance learning courses;

(5) Permits students to take distance learning courses at any time of the calendar year;

(6) Requires student advancement to be based on a demonstration of subject area competency instead of completion of any particular number of hours of instruction;

Fiscal effect: Presumably any additional costs related to the clearinghouse will be borne by the Board of Regents and, possibly, The Ohio State University.

BORCD77 Distance Learning Clearinghouse School Involvement
R.C. 3333.81, 3333.83, 3333.84, 3333.85, 3313.603

Replaces a requirement that distance learning students have course enrollment, grades, and credits approved by their district or school with a requirement that each district and school encourage and assist students to enroll in distance learning courses.

Requires that a district or school award a student credit for successful completion of a distance learning course. Requires that the credit awarded for the distance learning course be equal to the credit awarded for a similar course offered by the district or school.

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Specifies that districts and schools are not required to pay distance learning course fees.

Specifies that districts or schools cannot limit student access to or participation in clearinghouse courses, or refuse to recognize clearinghouse courses as fulfilling curriculum requirements, including high school diploma requirements.

Fiscal effect: Schools may be able to decrease expenditures by awarding credit for distance learning courses taken by their students instead of courses offered by the school. Presumably, schools may choose to pay course fees for their students, but they are not required to do so.

BORCD80**Digital Learning Task Force**

R.C. 3333.81, Section 371.60.80

Creates the Ohio Digital Learning Task Force to develop a strategy for the expansion of digital learning that enables students to customize their education, produces cost savings, and meets the needs of Ohio's economy. Provides a list of members for the Task Force.

Requires that members of the Task Force be appointed by September 30, 2011. Specifies that Task Force vacancies are to be filled in the same manner as the original appointments. Specifies that members serve without compensation.

Requires the Governor to designate the chairperson of the Task Force. Specifies that meetings of the Task Force are to be held at the call of the chairperson.

Provides a list of issues that the task force is to make recommendations on, including: (1) free, high quality digital content and instruction; (2) professional development for teachers and principals; (3) funding strategies; (4) student assessment and accountability; (5) digital learning infrastructure; (6) mobile learning; (7) the distance learning clearinghouse; (8) ways to align the resources and digital learning initiatives of state agencies and offices; (9) a request for proposals for a digital learning site, to replace the OhioLearns! Gateway; (10) methods of addressing future changes in technology and learning.

Requires the Task Force to issue a report to the Governor and the General Assembly by March 1, 2012. Specifies that, upon issuance of its report, the Task Force will cease to exist.

Fiscal effect: Probable increase in administrative costs relating to the establishment and operations of the task force.

Executive

BORCD75 College Remediation

R.C. 3345.061

Requires the presidents of the state institutions to jointly establish, by December 31, 2012, uniform statewide standards in math, science, reading, and writing for a college student to be considered as having a "remediation-free" status. Allows the presidents also to establish assessments for determining if students meet the standards. Requires the state institutions' boards of trustees or managing authorities to adopt the remediation-free status standard and any related assessments into the institution's policies.

Requires the state institutions annually to report (1) their remediation costs, both in the aggregate and disaggregated according to the school districts from which the students graduated and (2) any other information with respect to remedial courses that the Chancellor considers appropriate.

Requires the Chancellor and the Superintendent of Public Instruction to issue a report no later than December 31, 2011, and annually thereafter, recommending policies and strategies for reducing the need for college remedial courses at state institutions.

Fiscal effect: Possible increase in administrative expenditures for institutions' creation of statewide standards and the annual report. Possible minimal increase in administrative expenditures for the creation of the annual report by the Chancellor and Superintendent.
