LSC Redbook

Analysis of the Executive Budget Proposal

Department of Education

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READER'S GUIDE

The Legislative Service Commission prepares an analysis of the executive budget proposal for each agency. These analyses are commonly called "Redbooks." This brief introduction is intended to help readers navigate the Redbook for the Department of Education (ODE), which includes the following four sections.

1. Overview: Provides a brief description of ODE and an overview of the provisions of the executive budget that affect ODE, including major new initiatives.
2. Facts and Figures: Provides some additional data on Ohio's primary and secondary education system.[1]
3. Analysis of Executive Proposal: Provides a detailed analysis of the executive budget recommendations for ODE, including funding for each appropriation line item. The line items for ODE are organized into ten categories.
4. Attachments: Includes the School Funding Complete Resource, which describes the current school funding formula in detail, the Catalog of Budget Line Items (COBLI) for ODE, which briefly describes each line item, and the LSC budget spreadsheet for ODE.

[1] Much of this information is also presented in the LSC publication *Ohio Facts* that is available on the LSC website: www.lsc.state.oh.us.

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ATTACHMENTS:

School Funding Complete Resource
Catalog of Budget Line Items
Budget Spreadsheet By Line Item

Department of Education

- Modifies school funding formula, including increases to the formula amount to $5,900 in FY 2016 and $6,000 in FY 2017
- Provides increases of 4.9% and 4.0% in FY 2016 and FY 2017, respectively, in GRF and lottery spending, net of property tax rollbacks
- Resumes phase-out of TPP reimbursements
- Continues the Straight A competitive grant program at a lower funding level
- Expands public preschool funding and provides for greater linkage with publicly funded child care

OVERVIEW

Agency Overview

The Ohio Department of Education (ODE) oversees a public education system consisting of 611 public school districts, 49 joint vocational school districts (JVSDs), and approximately 380 public community schools. This system enrolls approximately 1.8 million students in grades kindergarten through 12 and graduates approximately 123,000 students each year. In addition, ODE monitors 53 educational service centers, other regional education providers, several early learning programs, and approximately 725 state-chartered nonpublic schools. ODE also administers the school funding system, collects school fiscal and performance data, develops academic standards and model curricula, administers the state achievement tests, issues district and school report cards, administers Ohio's school choice programs, provides professional development, and licenses teachers, administrators, treasurers, superintendents, and other education personnel. Details of ODE's many programs and initiatives are given in the "**Analysis of Executive Proposal**" section of this Redbook.

ODE is governed by a 19-member State Board of Education. Eleven of those 19 members are elected by the citizens of Ohio and the other eight members are appointed by the Governor. The Superintendent of Public Instruction, who is hired by the State Board of Education, is responsible for ODE's day-to-day operation.

Staffing Levels

As of the end of January 2015, ODE has 516 full-time permanent employees by headcount. This staffing level is 13 below January 2013, when the number of such employees was 529, and 85 below January 2010, when the number of such employees was 601. Currently, ODE also has 29 intermittent employees and 14 part-time employees.

Appropriation Overview

Appropriations by Fund Group

The executive budget provides a total appropriation of $10.78 billion in FY 2016 and $11.13 billion in FY 2017 for ODE. Table 1 and Chart 1 present the executive recommended appropriations by fund group. As the chart shows, appropriations from the GRF and State Lottery Fund (SLF) Group make up a majority of ODE's funding for the biennium at 81.0%. Federal funds account for the next largest portion at 18.1%. The Dedicated Purpose Fund (DPF) Group and the Internal Service Activity (ISA) Fund Group account for the remaining 0.8%.

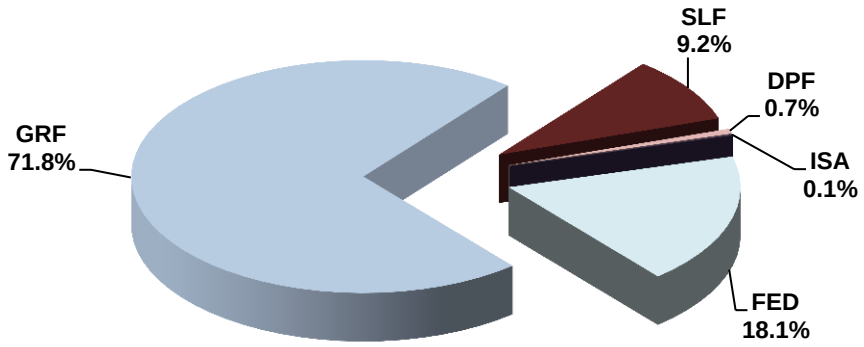
The executive budget proposes to move GRF appropriations that pay the reimbursements for property tax rollbacks and the homestead exemption as well as appropriations in the Revenue Distribution Fund (RDF) Group, which provide direct reimbursements to school districts and JVSDs for property tax losses due to utility deregulation and the phase-out of the business tangible personal property tax, out of ODE's budget and into the RDF budget section for the upcoming biennium. As a result, Table 1 shows ODE's GRF appropriations declining by $718.6 million (8.5%) from FY 2015 to FY 2016. Comparing FY 2016 appropriations to FY 2015 estimated spending net of the property tax rollbacks, GRF funding increases by $441.2 million (6.1%) in FY 2016 while GRF plus lottery funding increases by $410.1 million (4.9%).

Table 1. Executive Budget Recommendations by Fund Group, FY 2016-FY 2017

Fund Group	FY 2015*	FY 2016	% change, FY 2015-FY 2016	FY 2017	% change, FY 2016-FY 2017
General Revenue	$8,415,765,295	$7,697,170,506	-8.5%	$8,041,580,485	4.5%
Dedicated Purpose	$95,147,453	$74,491,329	-21.7%	$75,032,510	0.7%
Internal Service Activity	$12,998,133	$14,950,090	15.0%	$14,950,090	0.0%
State Lottery	$1,042,200,000	$1,011,050,000	-3.0%	$1,012,400,000	0.1%
Revenue Distribution	$510,000,000	$0	-100.0%	$0	0.0%
Federal	$2,024,801,495	$1,986,665,123	-1.9%	$1,988,559,443	0.1%
TOTAL	**$12,100,912,376**	**$10,784,327,048**	**-10.9%**	**$11,132,522,528**	**3.2%**
GRF and Lottery	$9,457,965,295	$8,708,220,506	-7.9%	$9,053,980,485	4.0%

*FY 2015 figures represent estimated expenditures.

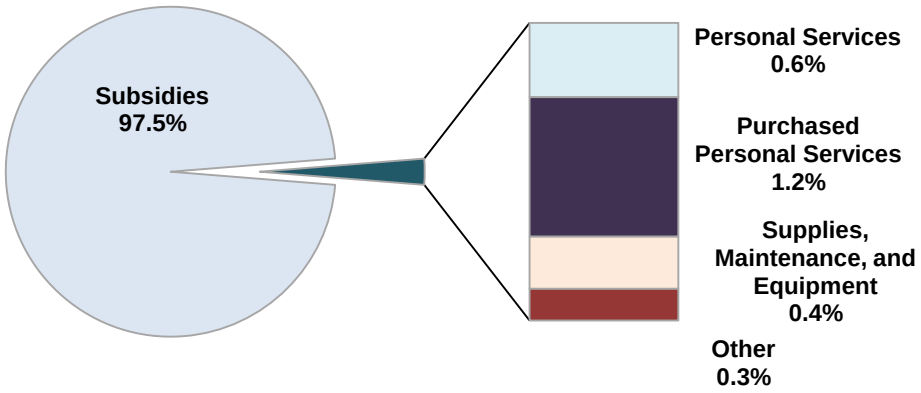
Chart 1: Biennial Executive Budget Recommendations by Fund Group, FY 2016-FY 2017



Appropriations by Object of Expense

Chart 2 shows the executive recommended appropriations by object of expense. Over 97% of ODE's budget is paid out as subsidies, mainly to traditional school districts, but also to JVSDs, community schools, educational service centers (ESCs), chartered nonpublic schools, and other education providers.

Chart 2: Biennial Executive Budget Recommendations by Object of Expense, FY 2016-FY 2017



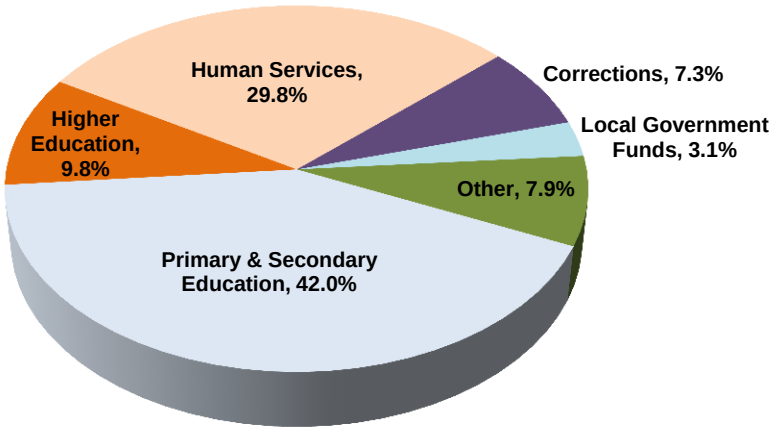
ODE retains approximately $497.2 million (2.3%) of its total recommended budget for the biennium at the state level for personal services, purchased services, and supplies, maintenance, and equipment spending. Personal services accounts for

approximately $138.8 million (27.9%) of these funds expended at the state level. Purchased personal services accounts for approximately $260.7 million (52.4%) of these funds. Well over half of the purchased personal services appropriations, $162.3 million, are for contracts to run the state's assessment system.

Primary and Secondary Education's Share of the State GRF Budget[2]

The four major spending areas of the state budget are: primary and secondary education, human services, higher education, and corrections. The executive GRF budget recommendations total $49.95 billion for the FY 2016-FY 2017 biennium. Chart 3 shows these recommendations broken down by the four major spending areas as well as spending allocated to local government funds and all other areas. Under the executive budget, spending on primary and secondary education continues to be the largest spending area at 42.0% of the executive recommendations. The proportions for the other areas of spending are: 29.8% for human services, 9.8% for higher education, 7.3% for corrections, 3.1% for local government funds, and 7.9% for all other areas.

Chart 3: State Appropriations by Program Area, FY 2016-FY 2017 Biennium



Lottery Profits and State Spending on Education

In 1973, voters amended the Ohio Constitution to allow the creation of the Ohio Lottery. In 1987, voters approved an additional constitutional amendment that permanently earmarked lottery profits for education. In FY 2012, the Ohio Lottery began regulating video lottery terminals (VLTs) at Ohio horse racetracks (racinos). Generally,

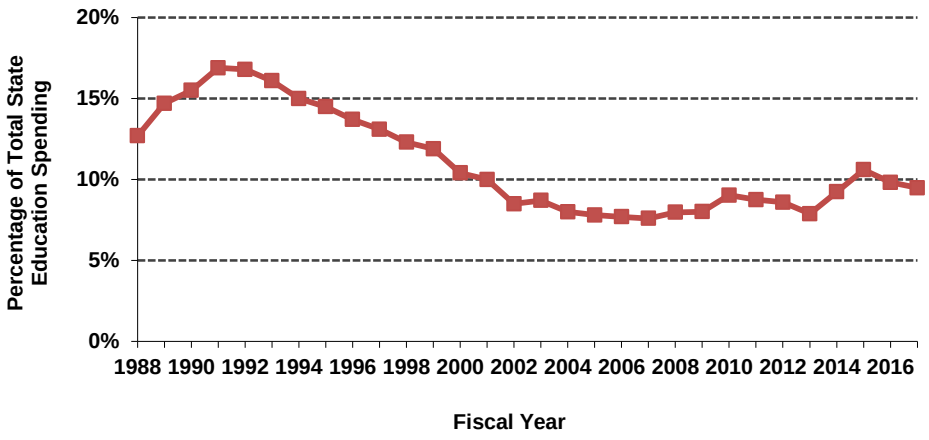
[2] For this section, the state GRF budget includes allocations from the General Revenue Fund (GRF), as well as from the local government funds (LGFs), and the Lottery Profits Education Fund (LPEF) but does not include spending reimbursed by the federal government.

the majority of lottery profits in each year have been combined with the GRF to provide foundation funding to schools in Ohio.

Chart 4 shows the percentage of state GRF and LPEF spending on primary and secondary education that comes from lottery profits. As can be seen from Chart 4, lottery profits have always been a relatively small percentage of this spending. After reaching a peak of 16.9% in FY 1991, this percentage decreased to a record low of 7.6% in FY 2007. Since then, this percentage stabilized between around 8.0% and 9.0% until the emergence of VLTs at Ohio racinos in FY 2014, which along with other factors, significantly increased lottery profits. In FY 2014 and FY 2015, the percentage increased to 9.2% and an estimated 10.6%, respectively. The percentage is expected to decrease somewhat in each year of the upcoming biennium, as more GRF funding flows into the primary and secondary education area and the budgeted commitment of lottery profits decreases slightly.

Since reaching a high of $718.7 million in FY 1999, the annual dollar amount of lottery profits accounted for in the budget fell to $637.9 million in FY 2007 before rising to a then record of $745.0 million in FY 2010. The budgeted commitment of lottery profit transfers was below this amount until FY 2014, when lottery profit commitments reached $840.1 million. In FY 2015, they are estimated to eclipse $1.04 billion. From FY 1988 to FY 2014, total state GRF and lottery spending on primary and secondary education increased by $5.65 billion (164.2%). Of this growth, $404.5 million (7.2%) was provided by the lottery. The executive budget lowers lottery profits spending by $31.2 million, to $1.01 billion, in FY 2016 compared to the FY 2015 estimate and increases it by $1.4 million in FY 2017. Even so, the budgeted commitment of lottery profits remains near the record high level of FY 2015 due to revenues associated with VLTs at Ohio racinos.

Chart 4: Lottery Profits as a Percentage of Total State GRF and Lottery Spending for K-12 Education, FY 1988-FY 2017



Traditional School District Funding

The executive budget largely retains the current method used to determine the amount and allocation of state aid for traditional school districts. Even so, the executive makes various changes to the school funding formula for FY 2016 and FY 2017, including the computation of the state share index, increases in the formula amount and certain other per-pupil amounts in each year of the biennium, alterations to the pupil transportation formula, a revised basis for determining temporary transitional aid, and a slight decrease in the percentage by which a district's state aid may grow from year to year under the gain cap. These changes are described in more detail below. For a detailed analysis of the current system of funding public schools in Ohio, including state, local, and federal revenues, please refer to the School Funding Complete Resource section of this document.

State Share Percentage

Valuation and Income Indices

The state share index (renamed "state share percentage" in the executive proposal) is the formula's measure of a district's capacity to raise local revenue. In general, the current index is translated from a district's wealth index, which is based on valuation per pupil and, for districts with low median income relative to valuation, on median income. To do so, the formula calculates a valuation index and an income index that measures how a district's three-year average valuation per pupil (adjusted for districts that have a relatively large amount of state property that is exempt from property taxation) and median income compare to the statewide average and median district median income, respectively. Though school districts receive most local revenue through property taxes, the inclusion of median income provides a measure of each district's ability to pay property taxes. The executive proposal calculates the valuation and income indices in generally the same manner as current law, except that index values are recalculated each year instead of once for both years of the biennium. Further, the valuation data is based on the average property valuation for tax years (TYs) 2013, 2014, and 2015 for FY 2016 and on the average property valuation for TYs 2014, 2015, and 2016 for FY 2017.[3] Income data is based on median income for

[3] Tax years are generally from January 1 to December 31, whereas state and school fiscal years are from July 1 to June 30. Most property taxes for a given tax year are paid in the following tax year. Taxes paid for TY 2012, therefore, are mostly received in FY 2014. Therefore, for purposes of the school funding formula, property values in a given tax year typically correspond to the fiscal year two years later. However, in each fiscal year, the executive proposal uses property values that lag only one tax year behind the applicable fiscal year. This requires the use of projected valuations in the formula until May of each fiscal year, when updated valuation data for that tax year is finalized.

TY 2012 or TY 2013, whichever is the latest available data. The FY 2016 and FY 2017 calculations also use total ADM that lags one year behind the current fiscal year, that is, FYs 2015 and 2016, respectively.

Capacity Measure

The executive proposes to modify how median income is addressed in the calculation of the wealth index (renamed "capacity measure" in the executive proposal). The current formula's computation of the wealth index addresses low income relative to valuation. Therefore, if a district's income index is less than its valuation index, then the district's wealth index is based on two-thirds of the valuation index and one-third of the income index. This lowers the wealth index for the district and, because of the inverse relationship between the wealth index and the state share index, leads to a higher share of the formula paid by the state. The current formula also does not lower a district's state share index due to the income factor. If a district's income index is higher than its valuation index, the wealth index is equal to the district's valuation index. In FY 2014 and FY 2015, the income adjustment applies to 190 school districts (31.0%).

Instead of addressing low income relative to a district's valuation, the executive proposal addresses low and high incomes relative to the state. To do so, the executive proposal calculates an upper limit and a lower limit based on the mean and standard deviation of the income index. The upper limit is the mean income index value plus one-half of the standard deviation while the lower limit is the mean minus one-half of the standard deviation. For the 114 relatively high-income districts with an income index above the upper limit, the capacity measure is increased, resulting in a lower state share percentage than if the valuation index alone was used to determine the state share percentage. This adjustment is phased in at 20% in FY 2016 and 40% in FY 2017. Conversely, for the 175 relatively low-income districts with an income index below the lower limit, the capacity measure is decreased, resulting in a higher state share percentage than otherwise. For the 320 or so districts whose income index equals or falls in between the upper and lower limits, there is no adjustment for income. These calculations are summarized below.

Capacity Measure
If Income index < Lower limit: Capacity measure = [Valuation index - (Lower limit - Income index)]; If Income index > Upper Limit: Capacity measure = {Valuation index + [(Income index - Upper limit) x Phase-in percentage)]}; If Lower limit ≤ Income index ≤ Upper limit: Capacity measure = Valuation index
Lower limit = Mean index - ½ standard deviation
Upper limit = Mean index + ½ standard deviation
Phase-in percentage = 20% in FY 2016 and 40% in FY 2017

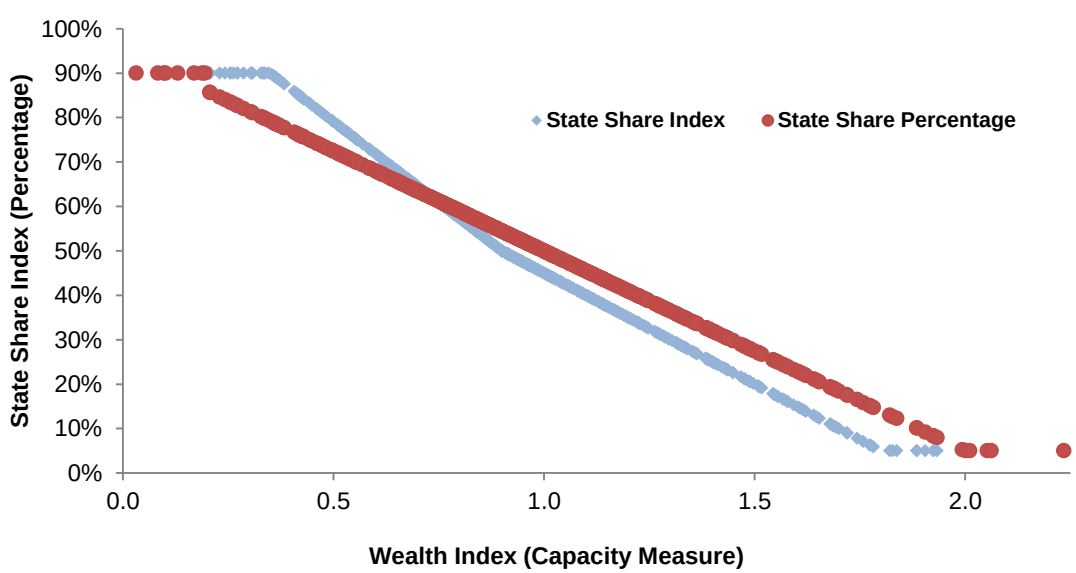
Translation to State Share Percentage

Using a district's computed capacity measure, the executive proposal then determines a district's state share percentage according to the calculation shown below. While the formula for translating the capacity measure differs from that used in the current formula for the state share index, no district has a state share percentage greater than 90% or less than 5%, the same as under current law.

State Share Percentage
If Capacity measure ≤ 0.20: State share percentage = 0.90; If Capacity measure > 0.20 but < 2.0: State share percentage = 0.90 x [(2.11 - Capacity measure) / 2.0]; If Capacity measure ≥ 2.0: State share percentage = 0.05

This formula results in a different distribution of state share percentages, as illustrated in the following chart. The blue line represents the state share index as computed under the current formula. It results in two lines meeting at a wealth index of 0.9 and a state share index of 50%. The state share index is bent in such a way that it directs more state funds to districts with lower wealth indices. The red line represents the state share percentage under the executive proposal, which is more linear. For a given wealth index (capacity measure) value, the executive proposal provides a somewhat higher state share percentage to higher wealth districts and a somewhat lower state share percentage to lower wealth districts. This effect is more pronounced at the extremes until the calculation's floor and ceiling amounts of 5% and 90% are reached.

Chart 5: Comparison of State Share Methodologies



Per-Pupil Formula and Categorical Amounts

The executive budget proposes annual increases in the per-pupil formula amount used to calculate the opportunity grant as well as the per-pupil amounts for special education additional aid, K-3 literacy funds, and career-technical education funds. The per-pupil amounts and other various factors for economically disadvantaged funds, gifted education funds, and limited English proficiency funds remain unchanged from those used in FY 2015.

Opportunity Grant

The opportunity grant is the largest part of foundation funding. As under the current formula, it is based on a per-pupil formula amount, each district's formula ADM, and the state share percentage. The executive budget increases the per-pupil formula amount from $5,800 in FY 2015 to $5,900 in FY 2016 and $6,000 in FY 2017, increases of 1.7% per year.

Special Education Additional Aid

The executive proposal increases the per-pupil amounts used to calculate special education additional aid by 2.0% each year for each of the six categories of disability for funding purposes. The following table provides the per-pupil amount for each special education category provided under the current formula in FY 2015 and the proposed increases under the executive budget.

Proposed Special Education Per-pupil amounts			
Category	FY 2015	Executive Proposal FY 2016	Executive Proposal FY 2017
1 Speech only	$1,517	$1,547	$1,578
2 Specific learning disabled, developmentally disabled, other health – minor	$3,849	$3,926	$4,005
3 Hearing impaired, severe behavior disabled	$9,248	$9,433	$9,622
4 Vision impaired, other health – major	$12,342	$12,589	$12,841
5 Orthopedically disabled, multi-disabled	$16,715	$17,049	$17,390
6 Autism, traumatic brain injury, both visually and hearing impaired	$24,641	$25,134	$25,637

K-3 Literacy Funds

The executive proposal increases the per-pupil amounts used to calculate each district's K-3 literacy funds by roughly 5% per year. The following table provides the per-pupil amount for each of the component's two tiers provided under the executive proposal as well as the per-pupil amounts under the current formula in FY 2015.

Proposed K-3 Literacy Funds Per-Pupil Amounts			
Category	FY 2015	Executive Proposal FY 2016	Executive Proposal FY 2017
Tier 1 (State pays 100%)	$115	$121	$127
Tier 2 (Equalized according to state share index)	$175	$184	$194

Career-Technical Education Funds

The executive proposal increases the per-pupil amounts used to calculate career-technical education funds by 4.0% per year for each of the five categories used for funding purposes and for associated services funds. These categories and the amounts are given in the table below.

Proposed Career-Technical Education and Associated Services Per-Pupil Amounts			
Category	FY 2015	Executive Proposal FY 2016	Executive Proposal FY 2017
1 Workforce development programs in agricultural and environmental systems, construction technologies, engineering and science technologies, finance, health science, information technology, and manufacturing technologies	$4,800	$4,992	$5,192
2 Workforce development programs in business and administration, hospitality and tourism, human services, law and public safety, arts and communications, and transportation systems	$4,550	$4,732	$4,921
3 Career-based intervention programs	$1,660	$1,726	$1,795
4 Workforce development programs in education and training, marketing, workforce development academics, public administration, and career development	$1,410	$1,466	$1,525
5 Family and consumer science programs	$1,210	$1,258	$1,308
Associated Services	$227	$236	$245

Pupil Transportation

While the budget largely retains the mechanism used to allocate funding to school districts under the pupil transportation formula, three significant adjustments are made. The executive budget includes riders that live less than one mile from the school they attend in the calculation of the *statewide* cost per rider. Under current law, these riders are excluded. Broadening the number of riders included in the calculation effectively lowers the statewide cost per rider. However, the executive budget continues to multiply the statewide cost per rider by each district's ridership that live more than one mile away in determining a *district's* calculated transportation costs (under continuing law, funding is based on the greater of costs based on riders or annual miles driven for each district). The executive proposal also decreases the minimum state share applied to a district's calculated transportation cost to 50% from the current 60%.

These formula changes, combined with additional appropriations in GRF appropriation item 200502, Pupil Transportation, provide full funding for the formula's calculated amounts. This is in contrast to the current formula, which requires ODE to prorate the calculated amount for each district to fit within the appropriation. As a result, the executive budget eliminates proration of the payments as well as the transportation supplement for low wealth and low density districts, which is currently calculated as the difference between the base unrestricted amount and the prorated amount.

Core Funding Summary

In aggregate, the executive proposal increases the amount of state aid for traditional school districts. The following table lists the estimated funding for the seven components of core funding in FY 2016 and FY 2017, as well as the percentage each comprises of core funding. As under the current formula, final foundation funding is determined by adjusting the calculated core funding based on a guarantee and cap. The executive budget makes some changes in the way these adjustments are calculated.

State Core Funding Components for Traditional Districts, FY 2016-FY 2017 ($ in millions)

Component	Estimated Funding FY 2016	Estimated Funding FY 2017	% of Biennium Core Funding
Opportunity grant	$5,173.0	$5,195.4	65.5%
Targeted assistance	$802.9	$853.0	10.5%
Additional special education aid	$773.6	$781.4	9.8%
Transportation aid	$470.2	$478.4	6.0%
Economically disadvantaged funds	$383.0	$383.0	4.8%
K-3 literacy funds	$111.1	$116.0	1.4%
Gifted funds	$80.6	$80.6	1.0%
Career-technical education funds	$47.4	$49.2	0.6%
Limited English proficiency funds	$26.1	$25.8	0.3%
Total core funding before caps and guarantees	**$7,867.8**	**$7,962.8**	**100%**

State Aid Adjustments

Temporary Transitional Aid

Under the current formula, temporary transitional aid is provided to districts in FY 2014 and FY 2015 to guarantee 100% of their FY 2013 state aid. The budget modifies the calculation of temporary transitional aid to ensure that the funding calculated by the formula will result in a decrease of no more than 1% of each district's state and local resources for the prior fiscal year, which includes state aid, school district property and income taxes, gross casino revenue taxes, and state direct reimbursements for operating and certain fixed-sum property tax levy losses due to utility deregulation and the

phase-out of the tax on general business tangible personal property (TPP). The calculation of temporary transitional aid is summarized below.

Temporary Transitional Aid
Temporary transitional aid in FY 2016 = 99% x FY 2015 State and local resources – (FY 2016 Foundation funding + FY 2015 State and local resources less FY 2015 state aid) Temporary transitional aid in FY 2017 = 99% x FY 2016 State and local resources – (FY 2017 Foundation funding + FY 2016 State and local resources less FY 2016 state aid) If these calculations result in a negative number, then Temporary transitional aid = $0
FY 2015 State and local resources = FY 2015 State aid + FY 2015 TPP and Deregulation reimbursement payments for current expense levies and nondebt fixed sum levies + TY 2014 property taxes for current expenses + FY 2015 school district income taxes + CY 2014 shared municipal income taxes + FY 2015 gross casino revenue taxes
FY 2016 State and local resources = FY 2016 State aid + FY 2016 TPP and Deregulation reimbursement payments for current expense levies and nondebt fixed sum levies + TY 2015 property taxes for current expenses + FY 2016 school district income taxes + CY 2015 shared municipal income taxes + FY 2016 gross casino revenue taxes

Gain Cap

Total foundation funding is equal to the sum of foundation funding and temporary transitional aid. However, total foundation funding under the executive proposal continues to be subject to a gain cap. In FY 2015, the gain cap is set at 10.5% compared to the previous year's funding. The executive proposal sets the gain cap at 10% of prior year funding in each year of the biennium. The calculation of the gain cap is summarized below.

Gain Cap
FY 2016 gain cap = FY 2015 final state aid x 1.10
FY 2017 gain cap = FY 2016 final state aid x 1.10

Final State Aid

As under the current formula, a district's final state aid in each fiscal year is the lesser of the district's total foundation funding or its gain cap. The calculation of final state aid for each school district is summarized below. Overall, final state aid for traditional school districts is estimated at $7.41 billion in FY 2016, an increase of $401.5 million (5.7%) compared to estimated FY 2015 state aid of $7.01 billion, and $7.73 billion in FY 2017, an increase of $322.3 million (4.3%) compared to the FY 2016 level.

Final State Aid
Final state aid = the lesser of: 1. Total foundation aid; or 2. Gain cap

Joint Vocational School District Funding

JVSDs continue to be funded separately from regular school districts. The executive budget calculates the opportunity grant, special education additional funds, career-technical education funds, limited English proficiency funds, and economically disadvantaged funds using the same per-pupil amounts as traditional school districts in FY 2016 and FY 2017. The executive budget also adjusts core foundation funding by guaranteeing and limiting foundation funding in substantially the same manner as traditional school districts. No other significant changes are proposed for the JVSD formula. The executive budget allocates an estimated $271.9 million in FY 2016 and $272.2 million in FY 2017 for final state aid to JVSDs. These levels are slightly higher than estimated FY 2015 state aid of $271.1 million.

Deductions and Transfers

The executive proposal continues to count most students in the district where they reside. If a student is educated in a community school, STEM school, another district through open enrollment, or a chartered nonpublic school through a state scholarship program, or if students take college level courses through the revamped College Credit Plus Program (formerly the Post-Secondary Enrollment Options Program (PSEO)), funding for that student is generally deducted from the state aid allocated to the resident district and transferred to the educating school, district, or program. The executive proposal retains the overall structure of the formulas used to calculate the deductions from school districts, but, in general, uses the same dollar amounts as are used in the formula for traditional school districts in FY 2016 and FY 2017.

EdChoice Scholarship Program

The executive proposal changes the calculation of deductions and transfers for the Educational Choice ("EdChoice") Scholarship Program. Under current law, EdChoice scholarships are $4,250 for students in grades K-8 and $5,000 for students in grades 9-12. The executive proposal increases the maximum scholarship amount to $5,700 for high school students. This maximum amount is commensurate with the maximum amount for high school students attending a nonpublic school under the Cleveland Scholarship and Tutoring Program.

Property Tax Reimbursement Phase-out

The bill resumes the phase-out of payments currently being made to school districts and other local taxing units to partly reimburse them for the loss of property tax revenue resulting from previously legislated reductions in local property taxes on tangible personal property (TPP). Beginning in 2001, the taxable value of some electric utility TPP was reduced by legislation that partly deregulated electric utilities. Subsequent utility deregulation legislation in following years reduced the taxable value of natural gas utility TPP and telephone utility TPP. In 2005, legislation eliminated taxes on TPP used in business over a five-year period. These reductions caused locally levied property taxes to decline accordingly. The legislation provided initial reimbursement for most of the revenue loss and gradual phase-out of the reimbursement over several years. In FY 2012 and FY 2013, Am. Sub. H.B. 153 of the 129th General Assembly accelerated the phase-out of the direct reimbursements for many districts based on the proportion of the district's state and local funding attributable to the reimbursement in FY 2011. Reimbursements were phased out in FY 2012 and FY 2013 so that each district's reliance on the reimbursements fell by up to 2% per year. Under current law, reimbursement payments are generally constant for those districts whose reimbursements have not already been phased out under the changes in H.B. 153.

The executive budget recommends resuming the phase-out of reimbursements for the loss of property tax revenue from tax on business TPP and for the reduction in taxes on some public utility TPP. The phase-out of TPP reimbursements will resume in FY 2016 on the basis of a district's combined business and utility property tax replacement payments in FY 2015. Payments based on the current expense class of tax levies are reduced by a certain percentage of total resources each year, starting between 1% and 2% in FY 2016, according to the district's property wealth and personal income. As a result, payments to districts with lower per-pupil property wealth and personal income are phased out more gradually. As the percentages increase incrementally each year, the amount of a district's payment decreases until the payments eventually end. Reimbursements based on emergency levies are phased out over five years, while payments for permanent improvement levies end after FY 2016. In FY 2015, reimbursement payments to school districts are appropriated at $510.0 million. The executive budget's proposal decreases the reimbursements to an estimated $360.9 million in FY 2016 and $249.8 million in FY 2017, reductions of $149.1 million (29.2%) and $111.1 million (30.8%), respectively.

Early Childhood Education

The executive proposal increases the funding for early childhood education programs for children by $15.0 million in FY 2016 and another $10.0 million in FY 2017. The additional funding will provide access to early childcare for approximately 3,675 additional children in FY 2016 and 6,125 in FY 2017. The executive proposal also limits

eligibility for the program in FY 2017 to only four year olds, instead of three and four year olds as under current law.

Beginning in FY 2017, the executive budget proposes to develop joint processes between the Ohio Department of Job and Family Services (ODJFS)-administered Publicly Funded Child Care Program, and ODE's Early Childhood Education Program in the areas of program eligibility determinations, applications, attendance tracking, and alignment of copays. The executive budget also permits community schools sponsored by exemplary authorizers to offer preschool opportunities.

The executive budget provides non-GRF funding of $20.0 million in each fiscal year, funded out of Casino Operator Settlement Fund moneys, to identify, develop, and evaluate high quality early childhood programs for economically disadvantaged families. Ultimately, ODE, ODJFS, and the Governor's Early Childhood Education and Development Office will develop program guidelines and criteria for how the money will be spent.

Straight A Program

The bill extends the Straight A Program to FY 2016 and FY 2017. This program was created by H.B. 59 of the 130th General Assembly to provide grants for FY 2014 and FY 2015 to school districts, educational service centers (ESCs), community schools, STEM schools, college-preparatory boarding schools, individual school buildings, education consortia, institutions of higher education, and private entities partnering with one or more of those educational entities. The purpose of those grants is to fund projects aiming to achieve significant advancement in one or more of the following goals: (1) student achievement, (2) spending reduction in the five-year fiscal forecast, (3) utilization of a greater share of resources in the classroom, and (4) use of a shared services delivery model.

The bill largely retains the provisions of the Straight A Program, as enacted in H.B. 59 and as subsequently amended in H.B. 342 of the 130th General Assembly. It does, however, change these provisions to (1) permit governmental entities partnering with one or more educational entities to apply for grants, (2) replace the requirement that the Straight A governing board issue a decision on a grant application within 90 days of receiving the application with a requirement that the board issue a "timely decision," and (3) eliminate the advisory committee that annually reviewed the grant program and provided strategic advice to the governing board and the Director of the Governor's Office of 21st Century Education. H.B. 59 appropriates $144.7 million in FY 2015 to support the competitive grant program. The executive proposal lowers funding to $90 million in FY 2016 and $91.5 million in FY 2017.

New Programs for Academic Achievement

Summer Literacy Camps

The executive budget proposes $2.5 million in each fiscal year to fund summer literacy camps that assist K-3 students in meeting the third grade reading guarantee. Elementary school buildings with a high percentage of economically disadvantaged students, buildings with low student achievement, and school buildings making progress in improving students' literacy skills will receive prioritization. Grants will range from $5,000 to $15,000 and discretion will be left to applicants as to how and when the camps operate.

Competency-Based Education Pilot Program

The bill establishes the Competency-Based Education Pilot Program to provide grants to school districts, community schools, and STEM schools for designing and implementing competency-based models of education for their students during the 2016-2017, 2017-2018, and 2018-2019 school years. Pilot sites receive up to $250,000 in each fiscal year to plan and then implement those plans, and are also able to decide the scope of their projects. The executive budget appropriates $2.5 million in FY 2016 and FY 2017 for this program.

Provisions Related to Testing

Time Limits on State Assessments

Beginning with the 2015-2016 school year, the bill requires school districts and other public schools to limit the cumulative amount of time spent on the administration of state assessments to 2% of the school year. The state assessments under this limit include: (1) the applicable achievement assessments administered to students in grades 3-8, (2) the assessments required by the College and Work Ready Assessment System (which includes a nationally standardized assessment that measures college and career readiness and the seven end-of-course examinations), (3) the kindergarten readiness assessment, and (4) any assessment required by the district or school to be administered district-wide to the majority of students in a specified subject area or grade level.

The bill also limits the cumulative duration for preparation for the assessments listed above to 1% of the school year unless otherwise required by an agreement with ODE or the federal government. Preparation for assessments includes formal practice assessments, lessons on test-taking skills, and content reviews that immediately precede and are specifically for an assessment listed above.

The bill exempts time spent on the following from the 2% limitation: (1) assessments created by teachers for regular classroom instruction, (2) assessments for children with disabilities, (3) assessments for limited English proficient students,

(4) end-of-course examinations that exceed the number of examinations typically taken in one year by a student in a particular grade, (5) assessments administered to less than 50% of students in a grade in a school year or to less than 50% of students in a cohort of students within three years, and (6) assessments administered to a student at the request of the student, parent, or guardian, including multiple administrations of end-of-course examinations and assessments taken to earn post-secondary credit. The bill requires ODE to publish guidelines for the assessment limitations and exceptions.

Third Grade English Language Arts Assessment

Instead of requiring two administrations of the third grade English language arts assessment, as under current law, the bill requires that school districts and schools only administer that assessment at least once annually. Effectively, this eliminates the fall administration of the third grade English language arts assessment. However, the bill does allow districts and schools to administer the assessment in the summer to students who failed to attain the required score for promotion. The bill also specifies that scores from the optional summer administration not be included in calculating performance measures for the state report cards.

High School Graduation Testing Requirements

The bill provides additional pathways to high school graduation for students who entered ninth grade prior to the 2014-2015 school year. Under current law, such students must attain a passing score on each of the Ohio Graduation Tests (OGT), but beginning with students who enter ninth grade in the 2014-2015 school year or later, high school students must complete one of three graduation pathways to be eligible for a diploma. Those pathways are: (1) score at "remediation-free" levels in English, math, and reading on nationally standardized assessments, (2) attain a cumulative passing score on the end-of-course examinations, or (3) attain a passing score on a nationally recognized job skills assessment and obtain either an industry-recognized credential or a state agency- or board-issued license for practice in a specific vocation.

The bill makes eligible for graduation a person who entered ninth grade prior to the 2014-2015 school year, and who satisfies either of the following conditions: (1) the person completes one of the graduation pathways described above, or (2) the person successfully completes some, but not all, areas of the OGT, but also completes one of the graduation pathways, in accordance with rules established by the State Board of Education. Under the bill, the State Board's rules must be adopted by December 31, 2015, and must prescribe the manner in which such a person may be eligible to graduate from high school under the second option described above.

Exemptions for High-Performing School Districts

Current law requires the State Board of Education to adopt rules freeing specified higher performing school districts from state education statutes and rules,

except certain State Board operating standards for school districts. The bill repeals that provision and, instead, creates a new exemption provision. For this purpose, the bill defines a "high-performing school district" as any school district (city, local, or exempted village school district, specifically including a municipal school district (Cleveland Municipal School District), and a JVSD) that: (1) has for the two most recent school years received an "A" for the overall value-added progress dimension on the state report card, (2) had at least 95% of its third grade students score proficient or higher on the third grade English language arts state achievement assessment, and (3) had a four-year adjusted cohort graduation rate of 93% or higher. In order to determine if a JVSD is considered "high performing," ODE must develop performance criteria that are equivalent to the requirements for other types of districts based on report cards issued for JVSDs.

Provisions Related to Community Schools

Community School Law Reforms

The executive budget includes a host of permanent law revisions to the Community School Law. Among other provisions, the bill requires ODE to approve all sponsors, modifies the length and renewal of sponsor agreements with ODE, modifies the law governing contracts between sponsors and governing authorities, makes changes to the sponsor evaluation system, and expands the authority of ODE's Office of Ohio School Sponsorship in a number of ways relating to its role as a direct authorizer of community schools. For additional details, please see the LSC Bill Analysis. To assist ODE in implementing these changes, the executive budget increases GRF funding for ODE's oversight of community schools and sponsors by $1.2 million in FY 2016 and an additional $80,000 in FY 2017. Also receiving a small increase in FY 2017 is the non-GRF appropriation item funding ODE's community school sponsorship program to allow for additional staff support, if needed.

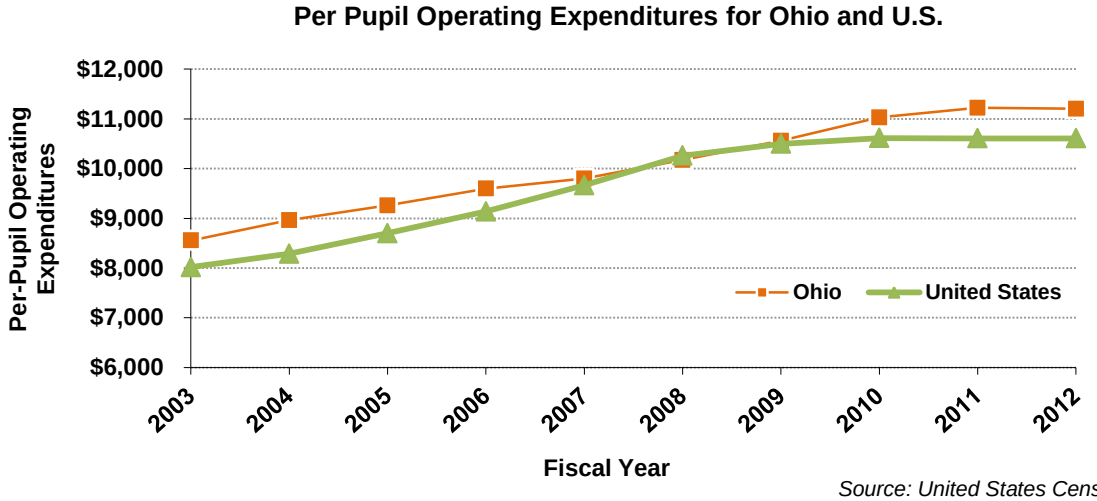
Community School Facilities

The executive budget increases from $100 to $200 the per-pupil amount that brick-and-mortar community schools receive in order to assist with the costs of facilities. E-schools are not eligible to receive these funds. To support the per-pupil increase, the budget appropriates $17.8 million in FY 2016 and $18.6 million in FY 2017 for community school facilities.[4]

[4] The executive budget also includes a capital appropriation of $25.0 million in the Facilities Construction Commission budget to provide facilities grants to certain community schools.

FACTS AND FIGURES

Ohio's Per-Pupil Operating Expenditures Compared to the National Average



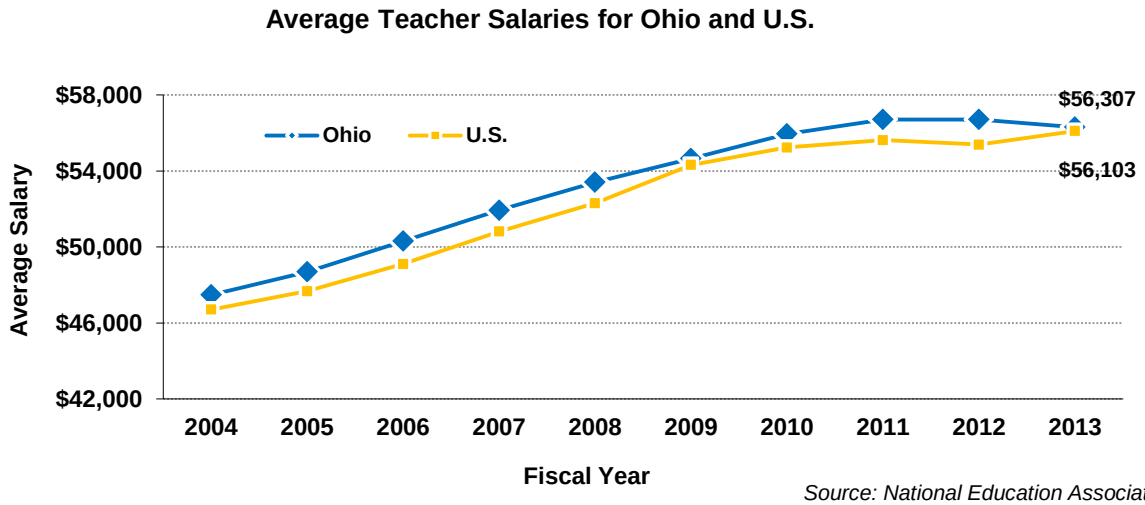
Source: United States Census Bureau

- In FY 2012, Ohio's public school per-pupil operating expenditures were $11,204, $596 (5.6%) above the national average of $10,608.
- Except for FY 2008, Ohio's per-pupil operating expenditures have exceeded the national average every year since FY 2003. In FY 2008, Ohio's expenditures were less than 1% below the national average.
- During the ten-year period from FY 2003 to FY 2012, Ohio's per-pupil operating expenditures increased by $2,649 (31.0%) and the national average increased by $2,589 (32.3%). During the same period, inflation, as measured by the consumer price index (CPI), was 27.0%.
- In FY 2012, Ohio's per-pupil operating expenditures of $11,204 ranked 21st in the nation. As shown in the table below, compared to its neighboring states, Ohio's per-pupil operating expenditures were higher than Michigan, Indiana, and Kentucky but lower than Pennsylvania and West Virginia.

Public School Per-Pupil Operating Expenditures for Neighboring States, FY 2012

Neighboring State	National Rank	Per-pupil Expenditures
Pennsylvania	13	$13,340
West Virginia	18	$11,445
Ohio	21	$11,204
Michigan	23	$10,855
Indiana	29	$9,719
Kentucky	34	$9,391

Ohio's Teacher Salaries Compared to the National Average



Source: National Education Association

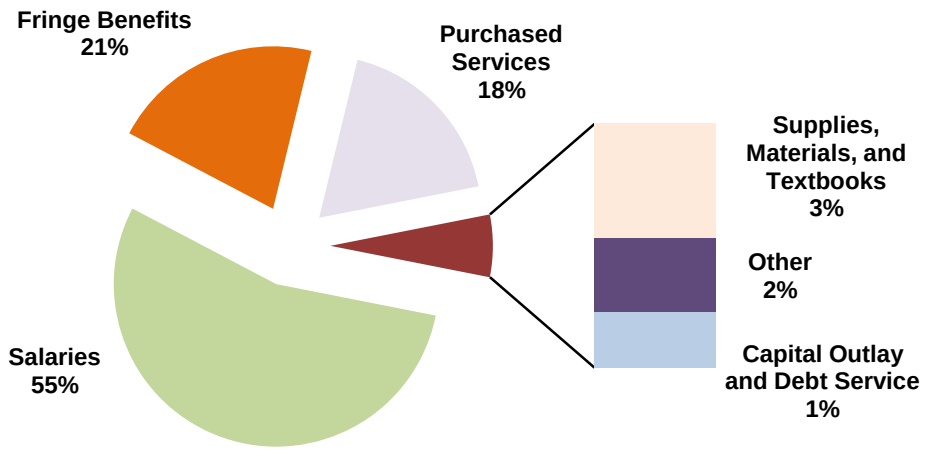
- Ohio's average teacher salary for FY 2013 was 0.4% ($204) higher than the national average
- Although Ohio's average teacher salaries have been above the national average since FY 2004, the difference fell from $1,326 in FY 2012 as Ohio's average teacher salary decreased by $408 from FY 2012 to FY 2013. Meanwhile, the U.S. average grew $714 during the same period.
- Ohio's average teacher salary increased by 18.6% from $47,482 in FY 2004 to $56,307 in FY 2013. The national average increased by 20.1%, from $46,704 in FY 2004 to $56,103 in FY 2013. During the same period, inflation, as measured by the consumer price index (CPI), was 24.3%.
- In FY 2013, Ohio's average teacher salary of $56,307 ranked 16th in the nation. As shown in the table below, compared to its neighboring states Ohio's average teacher salary was higher than Indiana, Kentucky, and West Virginia, but lower than Pennsylvania and Michigan.

Average Teacher Salaries for Neighboring States, FY 2013

Neighboring State	National Rank	Average Salary
Pennsylvania	10th	$62,994
Michigan	11th	$61,560
Ohio	16th	$56,307
Kentucky	27th	$50,203
Indiana	28th	$50,065
West Virginia	47th	$45,453

School District Spending by Object of Expense

Breakdown of a Typical School District Budget, FY 2013



Source: Ohio Department of Education

- Salaries and fringe benefits account for approximately 76% of school district general fund budgets statewide in FY 2013. This percentage has decreased only slightly over the past five years from 77% in FY 2009. This decrease is entirely due to a reduction in the portion spent on salaries, as the portion spent on fringe benefits has increased slightly.
- The cost of fringe benefits as a percentage of the cost of salaries increased to approximately 39% in FY 2013, up from 36% in FY 2009.
- Public schools in Ohio employed about 242,600 full-time equivalent (FTE) workers in FY 2013, including about 113,600 FTE teachers.
- As the percentage of district budgets spent on salaries has declined, the percentage spent on purchased services such as pupil transportation, utilities, maintenance and repairs, and other services not provided by district personnel has increased, from 16% in FY 2009 to 18% in FY 2013.
- State law requires each school district to set aside a uniform per-pupil amount for capital and maintenance needs. In FY 2015, the required set-aside amount is about $172 per pupil. A similar set-aside for textbooks and instructional materials ended in FY 2012 after being repealed in H.B. 30 of the 129th General Assembly.

Per-Pupil Operating Spending By District Comparison Group

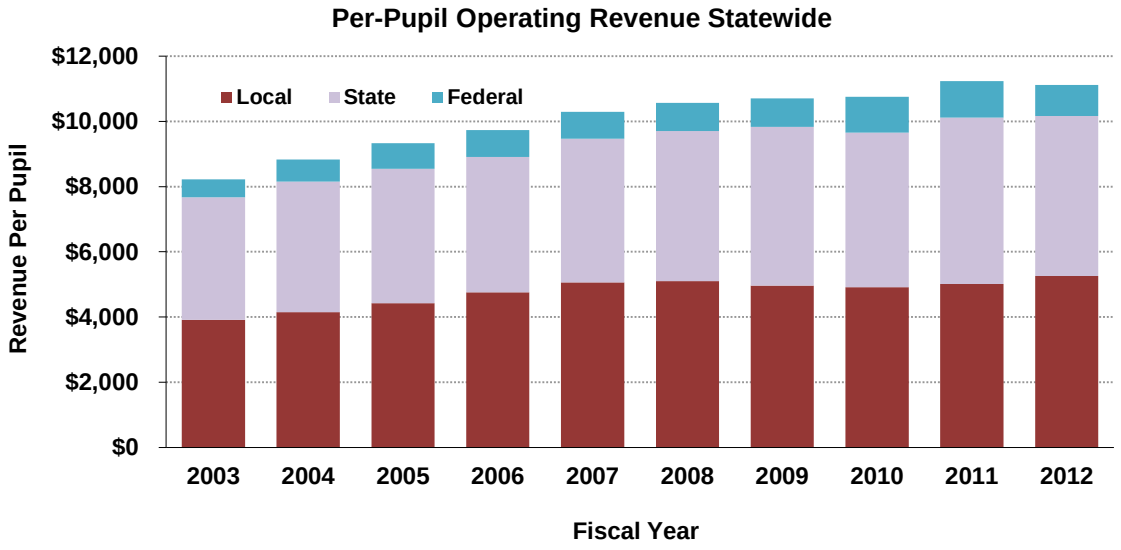
Spending Per-Pupil by District Comparison Group, FY 2013				
Comparison Group – Description		Number of Districts	Enrollment %	Spending Per Pupil
Rural	High poverty, small population	124	10.2%	$9,247
Rural	Average poverty, very small population	107	6.7%	$9,259
Small Town	Low poverty, small population	111	11.4%	$8,864
Small Town	High poverty, average population	89	12.1%	$9,322
Suburban	Low poverty, average population	77	19.8%	$10,145
Suburban	Very low poverty, large population	46	15.0%	$11,210
Urban	High poverty, average population	49	13.7%	$11,130
Urban	Very high poverty, very large population	6	11.0%	$13,792
	State Total*	**609**	**100.0%**	**$10,446**

*Three small outlier districts are not included.

Source: Ohio Department of Education

- In FY 2013, the average per-pupil spending for different district comparison groups varied from a low of $8,864 for low-poverty small town districts to a high of $13,792 for very large urban districts with very high poverty. The state average was $10,446. Very large urban districts with very high poverty spent 32.0% ($3,346) above the state average.
- Small town and rural districts tend to have the lowest spending per pupil, averaging $9,164 for the four comparison groups, which is 12.3% ($1,282) below the state average. Large suburban districts with very low poverty had the second highest spending per pupil at 7.3% ($764) above the state average.
- On average, school districts spent 67.8% on classroom instruction, which includes pupil and staff support. Nonclassroom activities, such as administration and building operations, comprised 32.2% of spending.
- Spending allocations vary only slightly across district comparison groups. Rural districts tend to spend a higher than average percentage on building operations, which includes pupil transportation; small town districts tend to spend a higher than average percentage on administration; suburban districts tend to spend a higher than average percentage on instruction; and urban districts tend to spend a higher than average percentage on staff support.

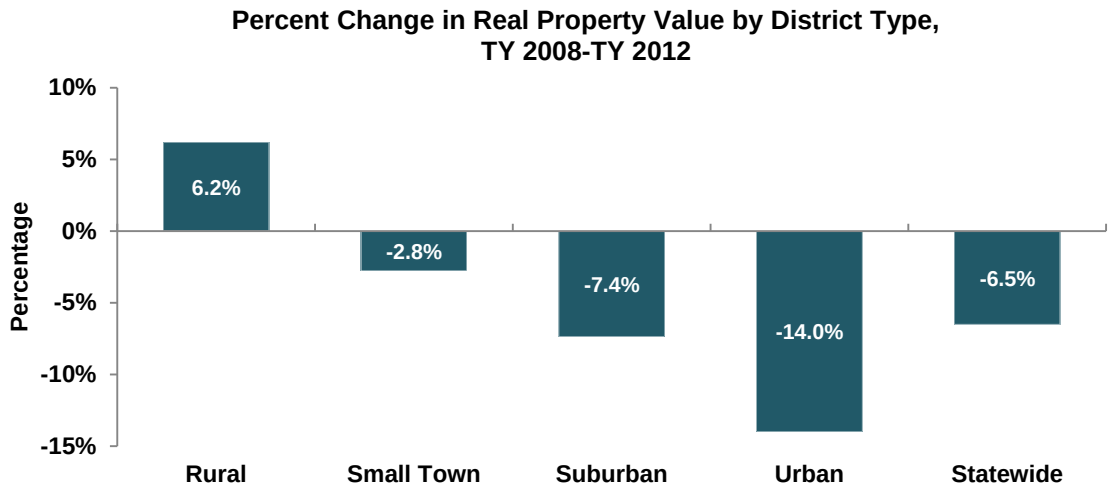
Per-Pupil Operating Revenue for Schools



Source: Ohio Department of Education

- Ohio schools' per-pupil operating revenue from all sources increased 35.2% from $8,225 in FY 2003 to $11,122 in FY 2012.
- During this ten-year period, state revenue per pupil increased 30.5% from $3,759 to $4,905; local revenue per pupil increased 34.2% from $3,916 to $5,256; and federal revenue per pupil increased 74.7% from $550 to $960.
- Per-pupil operating revenue increased each year from FY 2003 to FY 2011, but decreased $110 (1.0%) from FY 2011 to FY 2012. The decrease is mostly due to lower per-pupil revenue from state (-$204) and federal (-$152) sources, which more than offset a $245 increase in local revenue per pupil.
- State revenues comprised 44.1% of total school revenues in FY 2012. State funding comes mainly from the GRF, which receives revenues primarily from the state income and sales taxes. Most state funds are distributed through the school funding formula, followed by tax reimbursements and competitive and noncompetitive grants.
- Local revenues comprised 47.3% of total school revenues in FY 2012. Locally voted property taxes accounted for 96.1% of local revenues, while school district income taxes accounted for the remaining 3.9%.
- Federal revenues comprised 8.6% of total school revenues in FY 2012. These revenues mainly target special education and disadvantaged students.

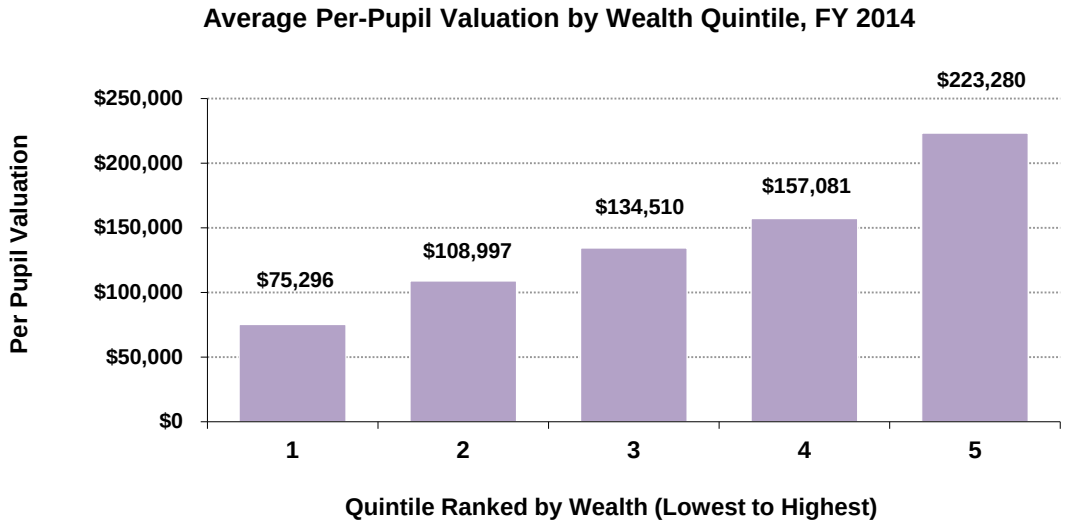
Variation in Real Property Valuation Growth by District Type



Sources: Ohio Department of Taxation; Ohio Department of Education

- Since school district real property values reached their peak in TY 2008, rural school districts are the only school district type to gain aggregate real property valuation. The other district types – urban, suburban, and small town – have all lost valuation.
- Urban school districts fared the worst, losing 14.0% of their valuation, followed by those in suburban (-7.4%) and small town (-2.8%) areas. Real property valuation for rural school districts increased by 6.2%. The increase for rural districts was due largely to increases in the valuation of agricultural real property. In TY 2012, agricultural real property makes up 26.8% of the valuation in rural districts, but only 5.8% of the valuation statewide. From TY 2008 to TY 2012, agricultural real property valuation increased 27.6%.
- Residential real property accounts for 71.8% of total statewide real property valuation in TY 2012. From TY 2008 to TY 2012, residential real property valuation decreased 8.8% statewide. This decrease, however, was not even across school districts. Residential real property valuation decreased 17.1% in urban districts, 7.8% in suburban districts, 5.6% in small town districts, and only 2.2% in rural districts.
- The remaining 22.4% of real property valuation in TY 2012 is made up of commercial, industrial, mineral, and railroad real property. From TY 2008 to TY 2012, this property valuation decreased 5.6% statewide.
- In TY 2012, real property valuation was $225.5 billion, representing 95.4% of the total property valuation statewide.

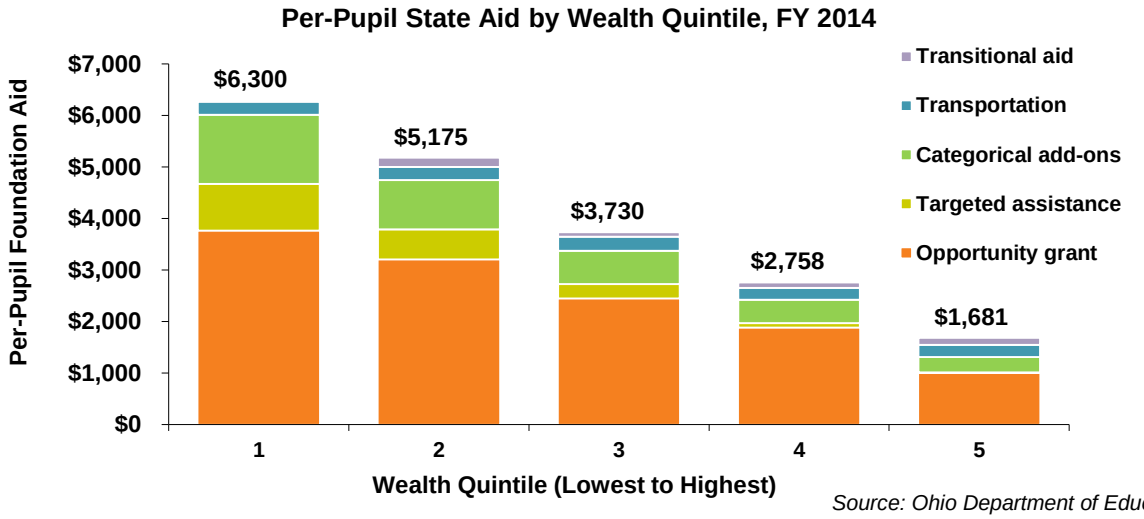
Average Per-Pupil Valuation by District Wealth



Sources: Ohio Department of Taxation; Ohio Department of Education

- In FY 2014, approximately 20% of Ohio's students resided in school districts with per-pupil property valuations that averaged about $75,000 while another 20% resided in school districts with per-pupil property valuations that averaged about $223,000. The statewide average valuation was $140,000 per pupil.
- A 20-mill (2%) property tax levy generates $1,500 per pupil for a district with a valuation per pupil of $75,000 and $4,460 per pupil for a district with a valuation per pupil of $223,000.
- Since locally voted property tax levies represent about 96% of school district local revenues, per-pupil valuation (also called district property wealth) indicates each district's capacity to raise local revenue. Since FY 1991, a major goal of the state's school funding formula is to neutralize the effect of local property wealth disparities on students' access to a common, basic level of education as defined by the state.
- To achieve this goal, Ohio's current school funding formula uses an index, based on a district's three-year average property valuation and in some circumstances median income, to direct more state funds to districts with lower wealth.
- To create the quintiles used on this and the following three pages, school districts are first ranked from lowest to highest in property valuation per pupil. They are then divided into five groups, each of which includes approximately 20% of total students statewide. As can be seen in the chart above, districts in quintile 1 have the lowest wealth and districts in quintile 5 have the highest wealth.

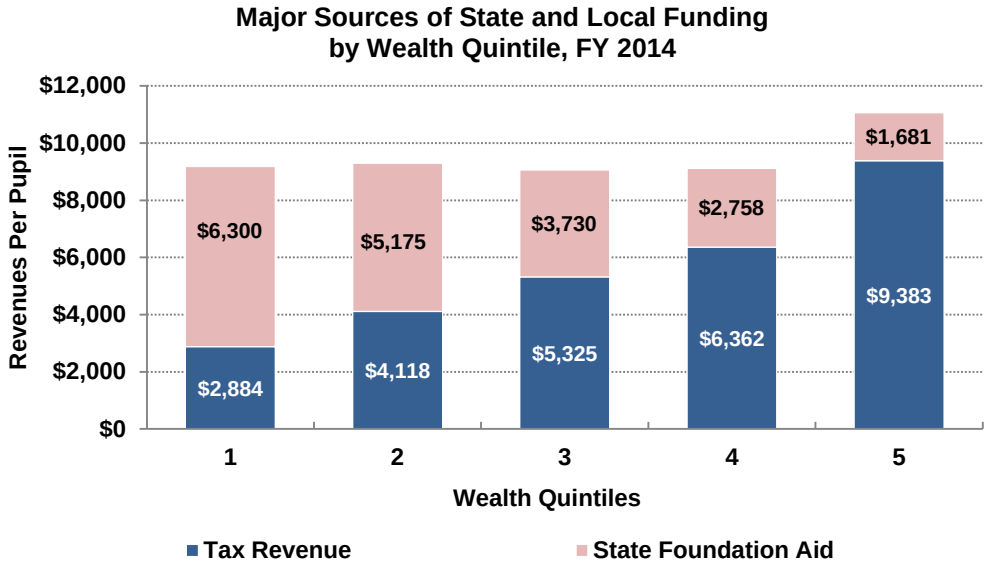
State Foundation Aid Per Pupil by Wealth Quintile



Source: Ohio Department of Education

- Low wealth districts receive more state foundation aid per pupil than high wealth districts. In FY 2014, the average per-pupil state foundation aid for wealth quintiles 1 through 5 was $6,300, $5,175, $3,730, $2,758, and $1,681, respectively.
- The opportunity grant (62.7% of total) is based on a per-pupil formula amount ($5,745 in FY 2014), which is adjusted by the state share index to distribute a higher per-pupil amount to lower wealth districts. In FY 2014, the average per-pupil opportunity grant for wealth quintiles 1 through 5 was $3,764, $3,204, $2,447, $1,881, and $999, respectively.
- Targeted assistance (9.3% of total) provides additional funding to low wealth districts. In FY 2014, the average per-pupil targeted assistance for wealth quintiles 1 through 5 was $905, $582, $274, $83, and $10, respectively.
- Categorical add-ons include funding for special education (10.8% of total), economically disadvantaged (5.1%), gifted (1.0%), K-3 literacy (1.0%), career-technical education (0.6%), and limited-English proficiency (0.3%). In FY 2014, the average per-pupil categorical add-ons for wealth quintiles 1 through 5 was $1,344, $960, $648, $453, and $300, respectively.
- Transportation funding (6.3% of total) is distributed to districts based on the number of miles or the number of pupils transported. In FY 2014, the average per-pupil transportation funding for wealth quintiles 1 through 5 was $249, $250, $273, $230, and $236, respectively.
- Finally, transitional aid (2.8% of total) guarantees a district's state aid allocation for all of its resident students does not fall below its FY 2013 level.

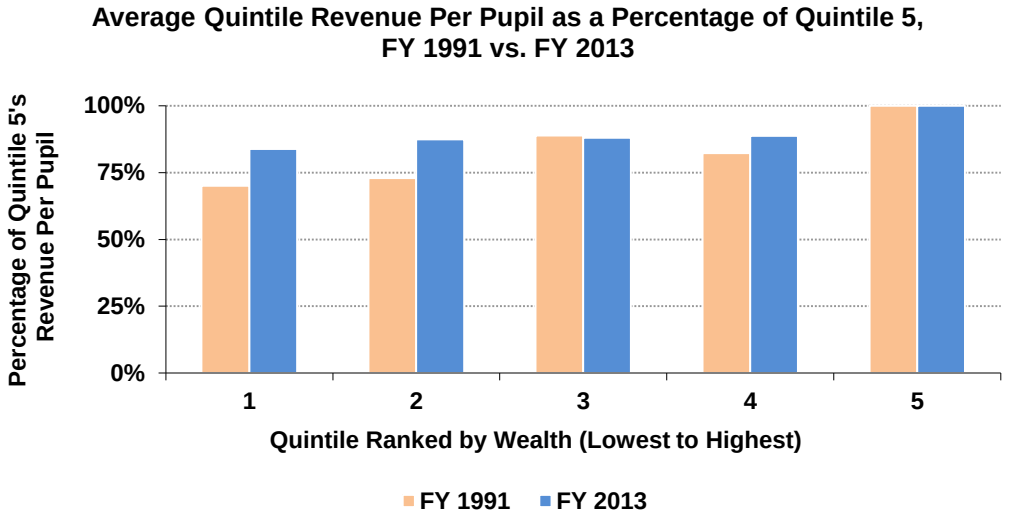
State Foundation Aid Equalization of School District Property Tax Revenues



Source: Ohio Department of Education

- State foundation aid helps to equalize school district property tax revenue, although disparities still exist for the highest wealth districts. In FY 2014, tax revenue plus state foundation aid per pupil for wealth quintiles 1 through 5 were $9,183, $9,293, $9,055, $9,120, and $11,065, respectively.
- The percentage of revenue attributable to state foundation aid is much higher for lower wealth districts. This percentage was 68.6%, 55.7%, 41.2%, 30.2%, and 15.2%, respectively, for wealth quintiles 1 through 5 in FY 2014.
- In the chart, tax revenue includes locally paid school district property and income taxes, and state-paid property tax rollbacks, homestead exemption reimbursements, and tangible personal property (TPP) tax reimbursements.
- Wealthier districts are able to collect significantly more tax revenue per pupil. Per-pupil tax revenues for wealth quintiles 1 through 5 were $2,844, $4,118, $5,325, $6,362, and $9,383, respectively, in FY 2014.
- In FY 2014, tax revenues in quintiles 1 through 4 were 30.7%, 43.9%, 56.8%, and 67.8%, respectively, of tax revenues in quintile 5. Adding state foundation aid, however, increases those percentages to 83.0%, 84.0%, 81.8%, and 82.4%, respectively.
- Tax revenues are determined by a combination of the wealth of the district as well as the ability and willingness of the district's taxpayers to approve tax levies. In Ohio, there is no limit on the amount of taxes local voters may approve for their schools. In FY 2014, seven wealthy districts raised more than $15,000 per pupil and four raised more than $20,000 per pupil.

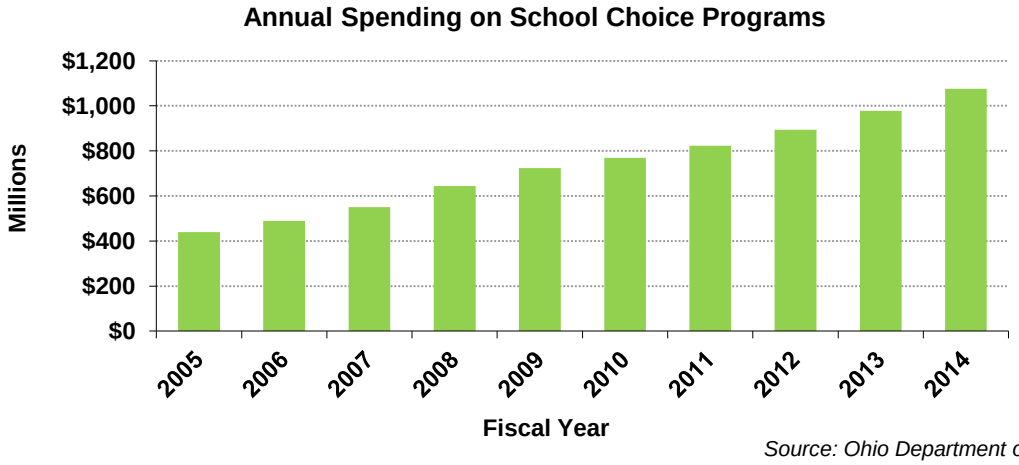
Comparison of Interdistrict Equity Based on Wealth Quintile



Source: Ohio Department of Education

- From FY 1991 to FY 2013, the average revenue per pupil of the districts in the lower wealth quintiles, except for those in quintile 3, moved closer to that of the districts in the highest wealth quintile.
- The biggest changes came in the two lowest wealth quintiles. In FY 1991, the districts in quintile 1 had, on average, 70.0% of the revenue received by the districts in quintile 5. This percentage increased to 83.9% in FY 2013. Likewise, the percentage for quintile 2 rose from 72.9% in FY 1991 to 87.4% in FY 2013.
- The percentage for quintile 4 also rose from 82.3% in FY 1991 to 88.7% in FY 2013. Only quintile 3 lost ground, dropping from 88.8% in FY 1991 to 88.0% in FY 2013.
- Revenue on this page includes traditional school district operating revenue from all sources as reported by districts. From FY 1991 to FY 2013, per-pupil operating revenue increased by 198.4% ($7,369) in quintile 1, 198.3% ($7,681) in quintile 2, 146.4% ($6,907) in quintile 3, 168.1% ($7,349) in quintile 4, and 148.8% ($7,904) in quintile 5. The overall increase was 169.0% ($7,440).
- In FY 1991, approximately 76% of the variation in per-pupil revenue across districts could be explained by the variation in per-pupil property value. In FY 2013, this percentage dropped to 36%. This means that, in FY 2013, the amount of financial resources available for the education of a student depends less on the wealth of the district in which the student attends school than it did in FY 1991.

School Choice Program Spending



Source: Ohio Department of Education

- Spending on Ohio school choice programs has increased 144.7% over the last decade, from $439.7 million in FY 2005 to $1.08 billion in FY 2014. These programs include community and STEM schools, the Educational Choice (EdChoice) Scholarship, the Autism Scholarship, the Cleveland Scholarship and Tutoring Program (CSTP), and the Jon Peterson Special Needs (JPSN) Scholarship.
- Community and STEM schools are funded primarily through state education aid transfers. In FY 2014, such transfers amounted to $908.5 million, representing 84.4% of school choice spending. Approximately 122,000 students were enrolled in community and STEM schools in FY 2014.
- The state also provides various scholarships for students to obtain education services from private providers. In most cases, scholarships are financed by deductions to the state education aid of scholarship recipients' districts of residence. However, CSTP is financed by both deductions and direct state payments and income-based EdChoice scholarships are financed solely by direct state payments.
- Within the EdChoice Scholarship Program, 16,987 students received scholarships under the traditional "low-performing school" criteria and 992 students received scholarships under new income-based criteria in FY 2014. Scholarship payments for each group of students totaled $70.7 million and $3.8 million in FY 2014, respectively, for a total of $74.5 million, or 6.9% of school choice spending.
- A combined 11,063 students received scholarships under the remaining three programs in FY 2014: the Autism Scholarship Program (2,623), CSTP (6,337), and the JPSN Scholarship Program (2,103). FY 2014 payments for these scholarship students amounted to $45.4 million, $28.8 million, and $18.7 million, respectively, for a total of $93.0 million, or 8.6% of school choice spending.

Ohio School District Report Card Ratings

School District Report Card Results, 2013-2014 School Year						
Component	A	B	C	D	F	No Rating
Performance Indicators	31%	19%	21%	19%	10%	0%
Performance Index	6%	71%	19%	4%	0%	0%
Four-Year Cohort Graduation Rate	54%	23%	14%	5%	4%	0%
Five-Year Cohort Graduation Rate	44%	35%	13%	5%	2%	0%
Annual Measurable Objectives	5%	25%	21%	19%	31%	0%
Value-Added Progress Dimension – Overall	47%	8%	17%	6%	23%	0%
Value-Added Progress Dimension – Gifted	18%	15%	34%	14%	11%	8%
Value-Added Progress Dimension – Disabled	27%	16%	32%	9%	13%	3%
Value-Added Progress Dimension – Lowest 20%	19%	15%	42%	12%	10%	3%

Note: Grades for a tenth measure, K-3 literacy, are not yet available due to local reporting inconsistencies.

Source: Ohio Department of Education

- The percentage of schools earning A's or B's on the performance indicator measure decreased from 71% in 2012-2013 to 50% in 2013-2014. This drop is due to a change instituted by H.B. 555 of the 129th General Assembly that increased the percentage of students needing to score proficient or higher to meet the indicator from 75% to 80% for elementary achievement assessments and the tenth grade OGT and from 80% to 85% for the eleventh grade OGT.
- As measured by the total percentage of A's and B's, school districts fared the best on graduation rates and the performance index. Over 75% of districts received A's or B's on the performance index (77%) component of the report card. The same was true for the four-year (77%) and five-year (79%) graduation rates.
- Districts fared less well on the value-added progress dimension components, especially those measuring progress of specific groups. The percentages of A's and B's on the overall value-added measure was 55%, whereas the percentages of A's and B's on the measure for gifted, disabled, and lowest achieving student groups were 33%, 33%, and 34%, respectively.
- Based on the percentage of D's and F's, school districts struggled most with meeting annual measurable objectives for closing achievement gaps between certain federally designated groups and all students and the value-added dimensions designed to measure progress for certain groups. Although 30% of districts received A's or B's on this measure, 50% received D's or F's.
- New this year to the report card ratings are ungraded measures assessing college- and career-readiness, including the number of students earning remediation-free scores on college admissions exams and the number of career-technical education students earning necessary industry credentials.

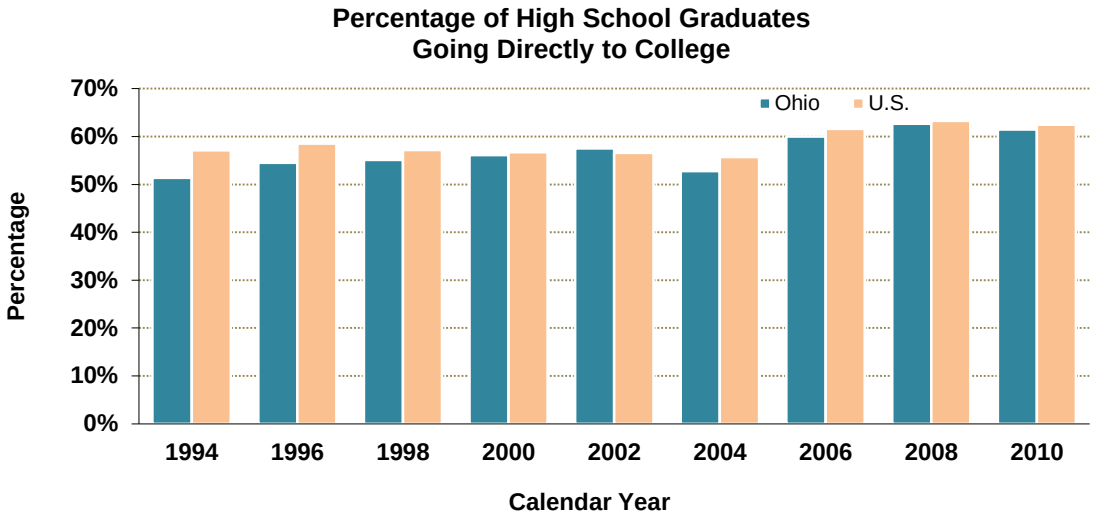
Changes in Public and Nonpublic School Enrollments

Ohio School Enrollment, FY 2004-FY 2014						
Fiscal Year	Public		Nonpublic		Total	
	Enrollment	Annual Change	Enrollment	Annual Change	Enrollment	Annual Change
FY 2004	1,815,881	4,714	222,830	-9,262	2,038,711	-4,548
FY 2005	1,815,613	-268	213,312	-9,518	2,028,925	-9,786
FY 2006	1,811,708	-3,905	207,054	-6,258	2,018,762	-10,163
FY 2007	1,803,226	-8,482	204,402	-2,652	2,007,628	-11,134
FY 2008	1,794,134	-9,092	200,598	-3,804	1,994,732	-12,896
FY 2009	1,790,809	-3,325	195,343	-5,255	1,986,152	-8,580
FY 2010	1,782,713	-8,096	187,994	-7,349	1,970,707	-15,445
FY 2011	1,774,538	-8,175	181,420	-6,574	1,955,958	-14,749
FY 2012	1,760,902	-13,636	178,702	-2,718	1,939,604	-16,354
FY 2013	1,753,068	-7,834	176,166	-2,536	1,929,234	-10,370
FY 2014	1,747,528	-5,540	173,966	-2,200	1,921,494	-7,740
Total Change		**-68,353**		**-48,864**		**-117,217**

Source: Ohio Department of Education

- Total school enrollment in Ohio has decreased by 117,217 students over the last decade, from 2.04 million in FY 2004 to 1.92 million in FY 2014.
- Total school enrollment in Ohio has declined every year during this same period.
- Of the total enrollment decrease since FY 2004, 41.7% (48,864) occurred in nonpublic schools and 58.3% (68,353) occurred in public schools. This represents a 21.9% decline in nonpublic school enrollment over those ten years, compared to a 3.8% decline in public school enrollment.
- In FY 2014, nonpublic school enrollment represented 9.1% of total enrollment in Ohio, compared to 10.9% in FY 2004.
- Public school enrollment has decreased every year since FY 2005. During these ten years, the largest annual decrease in public school enrollment was 13,636 students in FY 2012. The smallest annual decrease during these eight years was 268 students in FY 2005.
- The decrease in total school enrollment in FY 2014 (7,740) is the lowest decrease since FY 2004 and is roughly half the average annual decrease of the four preceding years (FY 2010 through FY 2013).

Percentage of Ohio High School Graduates Going Directly to College



Sources: ACT; College Board; NCHEMS; Ohio Board of Regents

- The percentage of Ohio high school graduates going directly to college decreased 1.2 percentage points from 62.7% in 2008 to 61.5% in 2010. The national average decreased by 0.8 percentage points in the same period, from 63.3% to 62.5%.
- The percentage of Ohio high school graduates going directly to college has been below the national average every year since 1994 except for 2002. In 2010, Ohio's percentage was 1.0 percentage point below the national average.
- In fall 2012, 42% of graduates from Ohio public high schools enrolled directly in an Ohio college or university – approximately 31% in a four-year institution and approximately 11% in a two-year institution.
- Over the last several years, about 40% of Ohio public high school graduates enrolled directly in Ohio colleges and universities have taken remedial mathematics or English courses.
- ACT and SAT scores are indicators that help predict how well students will perform in college. Since 1994, ACT and SAT scores for Ohio high school seniors have been consistently higher than the national average.
- The average Ohio ACT score was 21.8 in 2013, in comparison with the national average of 20.9. The mean Ohio SAT score was 1635 in 2013, in comparison with the national mean score of 1498.

Analysis of Executive Proposal

Introduction

This section provides an analysis of the Governor's recommended funding for each appropriation item in ODE's budget. In this analysis, ODE's line items are grouped into ten major categories. For each category, a table is provided listing the recommended appropriation in each fiscal year of the biennium. Following the table, a narrative describes how the appropriation is used and any changes affecting the appropriation that are proposed by the Governor. If the appropriation is earmarked, the earmarks are listed and described. The ten categories used in this analysis are as follows:

1. Basic Public School Support;
2. Property Tax Reimbursements;
3. Educational Enhancements;
4. Nonpublic School Support;
5. School Operations Support;
6. Academic Achievement;
7. Early Childhood Education;
8. Educator Quality;
9. Curriculum, Assessment, and Accountability; and
10. State Administration.

To aid the reader in finding each item in the analysis, the following table shows the category in which each appropriation has been placed, listing the line items in order within their respective fund groups and funds. This is the same order the line items appear in the budget bill.

Categorization of ODE's Appropriation Line Items for Analysis of Executive Proposal				
Fund	**ALI and Name**		**Category**	
General Revenue Fund Group				
GRF	200321	Operating Expenses	10:	State Administration
GRF	200408	Early Childhood Education	7:	Early Childhood Education
GRF	200420	Information Technology Development and Support	10:	State Administration
GRF	200421	Alternative Education Programs	6:	Academic Achievement
GRF	200422	School Management Assistance	5:	School Operations Support
GRF	200424	Policy Analysis	9:	Curriculum, Assessment, and Accountability
GRF	200425	Tech Prep Consortia Support	3:	Educational Enhancements
GRF	200426	Ohio Educational Computer Network	5:	School Operations Support
GRF	200427	Academic Standards	9:	Curriculum, Assessment, and Accountability
GRF	200437	Student Assessment	9:	Curriculum, Assessment, and Accountability
GRF	200439	Accountability/Report Cards	9:	Curriculum, Assessment, and Accountability
GRF	200442	Child Care Licensing	7:	Early Childhood Education
GRF	200446	Education Management Information System	9:	Curriculum, Assessment, and Accountability
GRF	200447	GED Testing	9:	Curriculum, Assessment, and Accountability
GRF	200448	Educator Preparation	8:	Educator Quality
GRF	200455	Community Schools and Choice Programs	1:	Basic Public School Support
GRF	200465	Education Technology Resources	5:	School Operations Support
GRF	200502	Pupil Transportation	1:	Basic Public School Support
GRF	200505	School Lunch Match	5:	School Operations Support
GRF	200511	Auxiliary Services	4:	Nonpublic School Support
GRF	200532	Nonpublic Administrative Cost Reimbursement	4:	Nonpublic School Support
GRF	200540	Special Education Enhancements	3:	Educational Enhancements
GRF	200545	Career-Technical Education Enhancements	3:	Educational Enhancements
GRF	200550	Foundation Funding	1:	Basic Public School Support
GRF	200566	Literacy Improvement	6:	Academic Achievement
GRF	200572	Adult Diploma	6:	Academic Achievement
GRF	200573	EdChoice Expansion	1:	Basic Public School Support
GRF	200574	Half-Mill Maintenance Equalization	1:	Basic Public School Support
GRF	200588	Competency Based Education Pilot	6:	Academic Achievement
Dedicated Purpose Fund Group				
4520	200638	Fees and Refunds	10:	State Administration
4540	200610	GED Testing	9:	Curriculum, Assessment, and Accountability
4550	200608	Commodity Foods	5:	School Operations Support

Categorization of ODE's Appropriation Line Items for Analysis of Executive Proposal				
Fund	**ALI and Name**		**Category**	
4L20	200681	Teacher Certification and Licensure	8:	Educator Quality
5980	200659	Auxiliary Services Reimbursement	4:	Nonpublic School Support
5H30	200687	School District Solvency Assistance	5:	School Operations Support
5KT0	200673	Early Childhood Education	7:	Early Childhood Education
5KX0	200691	Ohio School Sponsorship Program	1:	Basic Public School Support
5MM0	200677	Child Nutrition Refunds	5:	School Operations Support
5U20	200685	National Education Statistics	9:	Curriculum, Assessment, and Accountability
6200	200615	Educational Improvement Grants	10:	State Administration
Internal Service Activity Fund Group				
1380	200606	Information Technology Development and Support	10:	State Administration
4R70	200695	Indirect Operational Support	10:	State Administration
4V70	200633	Interagency Program Support	10:	State Administration
State Lottery Fund Group				
7017	200612	Foundation Funding	1:	Basic Public School Support
7017	200629	Community Connectors	6:	Academic Achievement
7017	200648	Straight A Fund	6:	Academic Achievement
7017	200684	Community School Facilities	5:	School Operations Support
Federal Fund Group				
3090	200601	Neglected and Delinquent Education	3:	Educational Enhancements
3670	200607	School Food Services	5:	School Operations Support
3700	200624	Education of Exceptional Children	3:	Educational Enhancements
3AF0	200603	Schools Medicaid Administrative Claims	3:	Educational Enhancements
3AN0	200671	School Improvement Grants	6:	Academic Achievement
3C50	200661	Early Childhood Education	7:	Early Childhood Education
3CG0	200646	Teacher Incentive	8:	Educator Quality
3D10	200664	Drug Free Schools	5:	School Operations Support
3D20	200667	Math Science Partnerships	3:	Educational Enhancements
3EH0	200620	Migrant Education	3:	Educational Enhancements
3EJ0	200622	Homeless Children Education	3:	Educational Enhancements
3EK0	200637	Advanced Placement	9:	Curriculum, Assessment, and Accountability
3FD0	200665	Race to the Top	6:	Academic Achievement
3FN0	200672	Early Learning Challenge Grant – Race to the Top	7:	Early Childhood Education
3GE0	200674	Summer Food Service Program	5:	School Operations Support
3GF0	200675	Miscellaneous Nutrition Grants	5:	School Operations Support
3GG0	200676	Fresh Fruit and Vegetable Program	5:	School Operations Support
3GP0	200600	School Climate Transformation	6:	Academic Achievement
3GQ0	200679	Project Aware	3:	Educational Enhancements

Categorization of ODE's Appropriation Line Items for Analysis of Executive Proposal				
Fund	**ALI and Name**		**Category**	
3H90	200605	Head Start Collaboration Project	7:	Early Childhood Education
3L60	200617	Federal School Lunch	5:	School Operations Support
3L70	200618	Federal School Breakfast	5:	School Operations Support
3L80	200619	Child/Adult Food Programs	5:	School Operations Support
3L90	200621	Career-Technical Education Basic Grant	1:	Basic Public School Support
3M00	200623	ESEA Title 1A	1:	Basic Public School Support
3M20	200680	Individuals with Disabilities Education Act	1:	Basic Public School Support
3Y20	200688	21st Century Community Learning Centers	6:	Academic Achievement
3Y60	200635	Improving Teacher Quality	8:	Educator Quality
3Y70	200689	English Language Acquisition	6:	Academic Achievement
3Y80	200639	Rural and Low Income Technical Assistance	3:	Educational Enhancements
3Z20	200690	State Assessments	9:	Curriculum, Assessment, and Accountability
3Z30	200645	Consolidated Federal Grant Administration	10:	State Administration

Basic Public School Support

This category of appropriations includes the major sources of state and federal formula-driven support for public schools.

Governor's Recommended Amounts for Basic Public School Support						
Fund	**ALI**	**Title**		**FY 2016**		**FY 2017**
General Revenue Fund (GRF)						
GRF	200455	Community Schools and Choice Programs	$	3,651,395	$	3,731,395
GRF	200502	Pupil Transportation	$	527,823,920	$	528,286,409
GRF	200550	Foundation Funding	$	6,502,580,561	$	6,815,304,196
GRF	200573	EdChoice Expansion	$	23,500,000	$	31,500,000
GRF	200574	Half-Mill Maintenance Equalization	$	18,750,000	$	19,250,000
		General Revenue Fund Subtotal	***$***	***7,076,305,876***	***$***	***7,398,072,000***
Dedicated Purpose Fund Group (DPF)						
5KX0	200691	Ohio Schools Sponsorship Program	$	487,419	$	528,600
		Dedicated Purpose Fund Group Subtotal	***$***	***487,419***	***$***	***528,600***
State Lottery Fund Group (SLF)						
7017	200612	Foundation Funding	$	877,700,000	$	877,700,000
		State Lottery Fund Group Subtotal	***$***	***877,700,000***	***$***	***877,700,000***
Federal Fund Group (FED)						
3L90	200621	Career-Technical Education Basic Grant	$	44,663,900	$	44,663,900
3M00	200623	ESEA Title 1A	$	590,000,000	$	600,000,000
3M20	200680	Individuals with Disabilities Education Act	$	444,000,000	$	445,000,000
		Federal Fund Group Subtotal	***$***	***1,078,663,900***	***$***	***1,089,663,900***
Total Funding: Basic Public School Support			**$**	**9,033,157,195**	**$**	**9,365,964,500**

Foundation Funding (200550 and 200612)

These items are the main source of state foundation aid payments to all school districts, community schools, and joint vocational school districts (JVSDs) in the state. The executive budget proposes increases of $371.1 million (5.3%) in FY 2016 and $312.7 million (4.2%) in FY 2017 for these two line items combined. As described in the "**Overview**" section of this Redbook, the executive budget largely retains the structure of the existing school funding formula to distribute state foundation aid to public schools and districts in FY 2016 and FY 2017, but makes some notable modifications. Appropriation item 200550 also includes earmarks, which are listed in the following table.

200550, Foundation Funding		
Earmarks	**FY 2016**	**FY 2017**
Catastrophic Cost Supplement	$ 40,000,000	$ 40,000,000
Gifted Education – Educational Service Centers	$ 3,800,000	$ 3,800,000
Educational Service Centers	$ 37,700,000	$ 30,200,000
School Improvement Initiatives – Educational Service Centers	$ 3,500,000	$ 3,500,000
Valuation Adjustments	$ 20,000,000	$ 20,000,000
CTPD GED Reimbursement	$ 2,000,000	$ 2,000,000
School Choice Programs	$ 29,900,000	$ 38,000,000
Cleveland School Choice Deduct	$ 11,901,887	$ 11,901,887
College Credit Plus for Home-Instructed Students	$ 250,000	$ 250,000
Private Treatment Facility Project	$ 700,000	$ 700,000
Remainder – Foundation Payments	$ 6,364,730,561	$ 6,676,854,196
Total Funding: Foundation Funding	**$ 6,502,580,561**	**$ 6,815,304,196**

Catastrophic Cost Supplement

This funding is provided to support exceptionally high costs associated with individual special education students. Subject to the amount of funding appropriated, the state reimburses a portion of the cost of providing services above $27,375 for students in categories two through five and above $32,850 for students in category six. The executive budget proposes flat funding in FY 2016 and FY 2017 for this earmark.

Educational Service Center Gifted Education

These funds are used to provide gifted education services at educational service centers (ESCs). Prior to FY 2010, gifted education was funded based on units. H.B. 1 of the 128th General Assembly changed gifted funding for school districts in the foundation formula, but continued to provide ESCs gifted unit funding based on the funding they received in FY 2009. The budget specifies that these funds be distributed to ESCs providing gifted services by using the unit-based funding model from FY 2009. The executive budget proposes flat funding in FY 2016 and FY 2017 for this earmark.

Educational Service Centers

These funds are provided as state support to the 53 ESCs in Ohio. In FY 2015, each ESC receives $35 per pupil. However, the calculated state subsidy payments have been prorated to avoid exceeding the amount appropriated. Thus far in FY 2015, the proration factor is 75.9%, for an effective per-pupil amount of $26.55. The executive proposal provides each ESC with per-pupil funding of $25 and $20 in FY 2016 and FY 2017, respectively. Accordingly, the executive budget proposes a decrease of $2.3 million (5.8%) in FY 2016 from the FY 2015 earmark of $40 million, and a decrease of $7.5 million (19.9%) in FY 2017 from the FY 2016 earmark.

School Improvement Initiatives – Educational Service Centers

These funds are used by ESCs to provide direct services to districts in support of their continuous improvement plans. All schools and districts benefit from this support; however, focus is placed on those identified with the highest level of need. The executive budget proposes flat funding in FY 2016 and FY 2017 for this earmark.

Valuation Adjustments

These funds are used for payments to school districts resulting from property tax refunds and certain recomputations of state foundation aid due to changes in property tax valuation. The executive proposal requires ODE to prorate these payments, if needed, to remain within the earmarked amount. The executive budget proposes flat funding in FY 2016 and FY 2017 for this earmark.

CTPD GED Reimbursement

These funds are used to reimburse students taking the online General Educational Development (GED) test for the first time for application and test fees in excess of $40. In January 2014, a revamped, online-only GED assessment debuted. Without state assistance, the new online assessment costs $120 for the entire test or $30 per test section. Under this program, a voucher is issued to individuals to reduce the cost of the test to no more than $40 for the entire test or $10 per section, the amounts charged for the former paper-based test. Any remaining funds in each fiscal year must be reimbursed to the Department of Youth Services and the Department of Rehabilitation and Correction for individuals in their facilities who have taken the GED for the first time. The executive budget proposes flat funding in FY 2016 and FY 2017 for this earmark.

School Choice Programs

This funding supports the Cleveland Scholarship and Tutoring Program in addition to the funds deducted from Cleveland's state aid allocation (see below). This earmark also may be used, along with appropriation item 200455, Community Schools and School Choice Programs, for ODE's costs in administering the state's other school choice programs. The executive budget recommends increases of $3.7 million (14.1%) for FY 2016 and an additional $8.1 million (27.1%) for FY 2017 to reflect an increasing number of students participating in the scholarship program in recent years.

Cleveland School Choice Deduction

This funding supports the Cleveland Scholarship and Tutoring Program, also known as the Pilot Project Scholarship Program, through a deduction from foundation funding calculated for the Cleveland Municipal School District (CMSD). This program provides scholarships to students who are residents of CMSD to be used to attend a participating nonpublic school. For FY 2015, there are 34 chartered nonpublic schools

registered to participate in the program. The program serves students in grades K-12, giving priority to students from low-income families. Scholarships are based on a school's tuition cost, with a maximum scholarship of $4,250 for students in grades K-8 and $5,700 for students in grades 9-12. In FY 2014, 6,337 students participated in the program with an estimated average scholarship of $4,552. Scholarship students are not counted in Cleveland's ADM for funding purposes. In addition to scholarships, the program funds tutoring services for students who remain in CMSD. The executive budget sets aside $1.0 million in each fiscal year from this earmark for CMSD to provide tutorial assistance. The executive budget proposes to maintain the total deduction at its FY 2015 level.

College Credit Plus for Home-Instructed Students

This funding is used to make payments on behalf of students instructed at home and enrolled in the College Credit Plus Program in FY 2016 and FY 2017. The executive budget proposes flat funding in FY 2016 and FY 2017 for this earmark.

Private Treatment Facility Project

These funds pay for educational services for youth who have been assigned by a court to a facility participating in the Private Treatment Facility Project. The facilities are to follow certain performance standards, ensure that the students participate in required assessments, and ensure that special education students have an individualized education program (IEP) and receive appropriate services. The executive budget proposes flat funding in FY 2016 and FY 2017 for this earmark.

Remainder – Foundation Payments

The remaining funding is provided to support the general operating expenses of traditional school districts, JVSDs, community schools, and STEM schools. These funds are combined with lottery funding from item 200612.

Educational Choice Scholarship Pilot Program

Foundation payments also support the Educational Choice Scholarship Pilot Program that awards scholarships that can be used to attend participating nonpublic schools. All traditional scholarship students are counted in their resident district's ADM for the purposes of calculating funding through the school funding formula. Under current law, the maximum scholarship amount is set at $4,250 for students in grades K-8 and $5,000 for students in grades 9-12. The executive budget proposes to increase the maximum scholarship amount for high school students to $5,700, the same amount as the maximum for such students under the Cleveland Scholarship and Tutoring Program. In FY 2014, 16,987 scholarships were awarded.

Under continuing law, students are eligible for EdChoice if the public school they would normally be assigned to is "low performing." The executive proposal makes some adjustments to the eligibility criteria for the traditional scholarship program.

EdChoice scholarships are also provided to certain low-income students, regardless of the performance of their public school. However, these scholarships are currently paid for directly from Fund 7017 line item 200666, EdChoice Expansion, not through a deduction of school district foundation funding. The executive proposes to shift funding for the income-based scholarships to the GRF (see GRF line item 200574, EdChoice Expansion, below).

Autism Scholarship Program

Foundation payments also support the Autism Scholarship Program. Scholarship students are counted in their district's ADM for the purposes of the state funding formula. The amount of the scholarship, the lesser of the total fees charged by the alternative provider or $20,000, is then deducted from the resident district's state aid and paid to the alternative provider. Currently, 270 providers are registered to participate in the program. In FY 2014, 2,623 students received scholarships.

Jon Peterson Special Needs Scholarship Program

The Jon Peterson Special Needs Scholarship Program is similar to the Autism Scholarship Program except that it is available to all disabled students with an IEP established by their resident school districts. Funding for the program is provided in the same way as that of the Autism Scholarship Program, through a transfer of state aid from the resident district to the alternate provider. Scholarship students are also counted in their district's ADM for the purposes of the state funding formula. Under current law, the amount of the scholarship cannot exceed $20,000 and is the lesser of the tuition charged by the alternate provider and the sum of the formula amount and the applicable special education amount for the student's disability category. Currently, 268 providers are registered to participate. In FY 2014, 2,103 students received scholarships.

College Credit Plus

The College Credit Plus (CCP) Program, which replaces the Post-Secondary Enrollment Options Program beginning in FY 2016, allows qualified Ohio high school students to take college courses at state expense for both college and high school credit. Under the CCP Program, participating students are counted in their resident district's ADM and a deduction is made and transferred to the college or university attended by the students. If a student attends another district under open enrollment, a community school, or a JVSD, state funding follows the student. Ultimately, the educating district or school pays the tuition cost. In general, CCP payments made by ODE will be based on the number of credit hours in which a student is enrolled during the previous term and certain default per credit hour amounts unless an agreement specifying an alternative payment structure is entered into by the high school and the college.

Pupil Transportation (200502)

This line item supports the operating costs of transporting students to and from school. The executive budget proposes an increase of $6.8 million (1.3%) in FY 2016 compared to FY 2015 estimated spending of $521.0 million, and an increase of about $462,500 (0.1%) in FY 2017 compared with the FY 2016 level. This item includes the following earmarks.

200502, Pupil Transportation				
Earmarks		**FY 2016**		**FY 2017**
Bus Driver Training	$	838,930	$	838,930
Special Education Transportation	$	60,469,220	$	60,469,220
Payment in lieu of Transporation	$	2,500,000	$	2,500,000
Remainder – Pupil Transportation	$	464,015,770	$	464,478,259
Total Funding: Pupil Transportation	**$**	**527,823,920**	**$**	**528,286,409**

Bus Driver Training

These funds are used by ODE to contract with seven ESCs and one JVSD to administer and complete the Ohio Preservice Driver Training Program. This activity provides driver training for about 3,000 new bus drivers and recertification training for about 3,000 veteran bus drivers each year. In addition to this training, annual in-service training is provided for bus drivers across the state. The executive budget proposes flat funding in FY 2016 and FY 2017 for this earmark.

Special Education Transportation

This funding is provided to school districts and county boards of developmental disabilities to assist them in providing required transportation services to students with disabilities. In FY 2014, about 30,000 special education students were transported at a total cost of nearly $195 million. The state reimbursed about 31% of this cost. The executive budget proposes flat funding in FY 2016 and FY 2017 for this earmark.

Payments In Lieu of Transportation

These funds are used to partially reimburse school districts that provide payments to parents in lieu of providing transportation services in cases where it is impractical for school districts to transport students to school. The bill continues a current law requirement that school districts must pay a minimum of $250 per student but not more than the amount ODE determines as the average cost of pupil transportation for the previous school year. According to ODE, in FY 2014, approximately 20,500 students were declared impractical to transport. At the recommended level of $2.5 million per year, which represents flat funding with the FY 2015 earmark, the reimbursement amounts to about $122 per student.

Remainder – Pupil Transportation

The state requires that districts provide transportation to the district's students as well as to certain community school students and nonpublic students who reside in the district. State transportation requirements only apply to students in grades K-8 who live more than two miles from the school. However, historically, the state has funded transportation service for high school students and for students who live between one and two miles from the school in addition to the transportation services required by the state. According to data collected by ODE, in FY 2014, almost 795,000 students were transported on buses owned by a district or operated through a contract at a total reported cost of $715.5 million. Of the total amount of riders, about 762,000 (96%) lived more than one mile away from the school they attend. The state provided funding of $413.3 million that year, including a relatively small amount for students transported to school by other means.

The executive budget proposes to increase the amount for pupil transportation formula payments by $30.0 million (6.9%) in FY 2016 compared to the FY 2015 amount of $434.1 million and by about $462,500 in FY 2017 compared to the FY 2016 amount. These additional funds, in combination with the Governor's proposals to modify the pupil transportation formula (described further in the "**Overview**" section of this Redbook), provide full funding for the formula's calculated amounts. This is in contrast to the current formula, which requires ODE to prorate the calculated amount for each district to fit within the appropriation. As a result, the executive budget eliminates proration of the payments as well as the transportation supplement for low-wealth and low-density districts, which is currently calculated as the difference between the base unrestricted amount and the prorated amount. While the amount earmarked for the supplement in FY 2015 is $23.1 million, actual supplement payments are estimated to be about $6.4 million statewide.

Community Schools and Choice Programs (200455)

This line item is used by ODE to provide oversight and evaluation of community school sponsors and, along with funding provided in an earmark of appropriation item 200550, Foundation Funding, administration of other school choice programs. The executive budget increases funding in this line item by $1.2 million (46.6%) in FY 2016 and by an additional $80,000 (2.2%) in FY 2017. According to ODE, the funding increase for the FY 2016-FY 2017 biennium will pay for costs associated with the community school sponsor (also called authorizer) evaluation system that took effect in January 2015 as well as two vacant and nine new staff positions. These positions will assist ODE in providing additional accountability, oversight, and development of community schools in concert with the reforms to the Community School Law proposed in the bill, which are briefly described below.

Community School Law Reforms

The executive budget includes a host of permanent law revisions to the Community School Law. Among other provisions, the bill requires ODE to approve all sponsors, modifies the length and renewal of sponsor agreements with ODE, modifies the law governing contracts between sponsors and governing authorities, makes changes to the sponsor evaluation system, and expands the authority of ODE's Office of Ohio School Sponsorship in a number of ways relating to its role as a direct authorizer of community schools. For additional details, please see the LSC Bill Analysis.

EdChoice Expansion (200573)

This new line item supports the EdChoice scholarships provided to students whose family income is less than 200% of the federal poverty guidelines (FPG), regardless of the academic rating of the school they would otherwise attend. Currently, the scholarships are funded through an appropriation of state lottery profits in Fund 7017, appropriation item 200666. The executive proposes to move the funding for income-based scholarships to the GRF.

The executive budget continues to phase in additional grades under continuing law by increasing the funding to account for eligible students in the second and third grades in FY 2016 and FY 2017, respectively. Thus, the executive proposes appropriations of $23.5 million in FY 2016 and $31.5 million in FY 2017 for this program, increased from the $17.0 million available in FY 2015. The number of scholarships awarded under the expansion will be limited to the appropriation so that in FY 2016, 5,529 scholarships will be available ($23.5 million/$4,250 per scholarship) and in FY 2017, 7,411 scholarships will be available ($31.5 million/$4,250 per scholarship). In FY 2014, the first year of the program, 992 kindergarten students were awarded income-based scholarships.

Half-Mill Maintenance Equalization (200574)

School districts participating in the Ohio School Facilities Commission's (SFC) School Building Assistance Program are required to levy one-half mill to help pay for the maintenance costs of their new or renovated buildings. This new GRF line item will be used to provide payments to districts for which the per-pupil tax revenues from this half-mill levy are less than the state average. The payments are equal to the difference between the district's yield per pupil and the state average yield per pupil at the time the district enters into the project agreement with SFC. Currently, this program is funded through the transfer of excess funds from the School District Property Tax Replacement Fund (Fund 7053) that are not needed to make reimbursement payments to school districts for tax losses incurred as a result of the deregulation of electric and gas utilities. The excess funds are transferred to Fund 5BJ0 where they are used to make half-mill maintenance equalization payments from line item 200626. If the funds are not

needed for the Half-Mill Equalization Program, they are used for the School Building Assistance Program. The Half-Mill Equalization Program began in FY 2007.

The executive budget proposes to phase out the reimbursements in a manner that allows the deposit of a portion of kilowatt hour tax receipts into Fund 7053, the funding source for the deregulation reimbursements, to end. Instead, all kilowatt hour tax receipts will be deposited into the GRF. This necessitates the use of GRF funds for the Half-Mill Equalization Program going forward. Compared to FY 2015 appropriations of $20.0 million from Fund 5BJ0, line item 200626, the executive budget decreases appropriations for the payments by $1.25 million in FY 2016 and increases appropriations by $500,000 in FY 2017.

Ohio School Sponsorship Program (200691)

The Ohio School Sponsorship Program, established by H.B. 153 of the 129th General Assembly, allows ODE to act as a sponsor to a limited number of community schools. For the first five years of the program, which began in FY 2012, ODE is limited to approving applications for the program to 15 existing and five new community schools each year. In FY 2015, ODE is sponsoring 21 community schools under the program. The Ohio School Sponsorship Fund (Fund 5KX0) was established by the Controlling Board on November 14, 2011, to support the administrative duties associated with ODE's sponsorship of these schools. The fund is supported by sponsorship fees of up to 3% of each community school's operating revenue. The executive budget recommends flat funding of $487,419 in FY 2016 and an increase in funding of over $41,000 (8.5%) in FY 2017. According to ODE, the additional funding will permit the Office of School Sponsorship to expand by 0.5 FTE in FY 2017, if needed, as the office sponsors additional schools.

Career-Technical Education Basic Grant (200621)

These federal funds support the development of academic, career, and technical skills of secondary and post-secondary students who enroll in career and technical programs. A majority of these funds flow as entitlement grants to JVSDs and school districts based on census population, particularly the percentage of the population in poverty. ODE may use up to 10% of the state's grant allocation for state leadership activities in career-technical education and up to 5% for administration of the federally required state plan for career-technical education. Recommended appropriations for this grant decrease by $1.8 million (3.8%) in FY 2016 and remain flat in FY 2017. Even so, the recommended appropriation amounts fully fund ODE's request, which is based on historical trends and anticipated federal grant awards. A portion of the funds in appropriation item 200321, Operating Expenses, provide the dollar-for-dollar required state match for the administrative portion of the federal grant.

Individuals with Disabilities Education Act (200680)

This line item supports the provision of special education and related services to students with disabilities. The federal Individuals with Disabilities Education Act (IDEA) requires that school districts provide a free and appropriate education to all children with disabilities from the age of three to the age of 21. These federal funds are provided to school districts, county developmental disabilities boards, the Ohio State School for the Blind, the Ohio School for the Deaf, the Department of Youth Services, community schools, and chartered nonpublic schools to assist in the provision of this mandated education. A portion of these funds may be used by ODE for administration and other state-level activities. Compared to FY 2015 estimated spending of $428.7 million, recommended appropriations increase by $15.3 million (3.6%) to $444.0 million in FY 2016 and by $1.0 million (0.2%) to $445.0 million in FY 2017. As with other sources of federal funding, the recommendations are based on historical trends and anticipated federal grant awards.

ESEA Title 1A (200623)

This appropriation item is used to distribute federal funding to school districts to provide educational services to disadvantaged students. School districts are allocated funding based on a federal formula. Nearly all districts receive basic grants, which are based on the state per-pupil education expenditure and the number of school-age children from low-income families. Three other types of grants are targeted to districts with high concentrations of poor students. Up to 1% of the grant award may be used by ODE to administer the program. The executive proposal increases appropriations for this line item by about $10 million (1.7%) per year, amounts that enable ODE to fulfill anticipated subsidy requests from school districts to draw down the federal funds allocated to them.

Ohio continues to operate under federal Elementary and Secondary Education Act (ESEA) flexibility waivers granted by the U.S. Department of Education, which release the state from a number of federal No Child Left Behind Act requirements in exchange for committing to various reforms. The waivers, which were originally granted in May 2012, are currently in effect through the 2014-2015 school year. Prior to the waiver, districts who had not made the federal designation of "adequate yearly progress" (AYP) for two years in a row were required to use up to 20% of their Title I allocation to provide transportation to students from failing schools that choose to attend a school in the district that is not failing. After three years of failing to make AYP, districts were required to use up to 20% of their allocation to provide transportation as before and to provide supplemental services to children in failing schools. Under the waivers, Ohio no longer mandates school choice and supplemental services be offered. Instead, a school district identified as having a priority or focus school must direct 20% of its Title I allocation to those schools. In general, priority

schools represent the lowest performing schools while focus schools have the highest achievement or graduation gaps and have not made sufficient progress in decreasing those gaps in recent years. Eligible uses of the revised 20% set-aside include expanded learning time, other school-specific needs identified through intervention models or school improvement plans, teacher collaboration, and implementation of college and career readiness activities. ODE plans to submit an application to the U.S. Department of Education in March to extend its waivers for an additional three years. The deadline to apply for this longer term extension is March 31, 2015. ODE expects a decision on the request in June or July of this year.

Property Tax Reimbursements

This category of appropriations includes reimbursements to school districts for property tax losses due to state tax policy. The executive proposes to shift the line items used to make the payments from ODE's budget section to the RDF budget section.

Governor's Recommended Amounts for Property Tax Reimbursements				
Fund	**ALI**	**Title**	**FY 2016**	**FY 2017**
General Revenue Fund (GRF)				
GRF	200903	Property Tax Reimbursement – Education	$ 1,181,760,000	$ 1,201,340,000
		General Revenue Fund Subtotal	***$ 1,181,760,000***	***$ 1,201,340,000***
Revenue Distribution Fund Group (RDF)				
7047	200902	Property Tax Replacement Phase Out – Education	$ 360,873,101	$ 249,760,497
		Revenue Distribution Fund Group Subtotal	***$ 360,873,101***	***$ 249,760,497***
Total Funding: Property Tax Reimbursements			**$ 1,542,633,101**	**$ 1,451,100,497**

State Revenue Distributions

The State Revenue Distributions (RDF) section of the budget bill contains appropriations for line items used by several agencies to distribute money to designated recipients under various programs. Each of the funds in the RDF section of the budget is administered by a state agency, but the funds are not included as part of the budget of the administering agency. The executive proposes to move line items related to property tax reimbursements out of ODE's budget section and into the RDF section.

Previously, property tax reimbursements were appropriated under ODE's budget, as GRF line item 200901, Property Tax Allocation – Education, and as RDF line items 200900, School District Property Tax Replacement – Utility, and 200909, School District Property Tax Replacement – Business. These line items have been replaced with the two discussed below. In FY 2015, estimated payments for property tax reimbursements to school districts are $1.67 billion. Under the executive budget, these payments decrease by a total of $127.2 million (7.6%) in FY 2016 and $91.5 million (5.9%) in FY 2017 due to the phase-out in property tax reimbursements proposed in the executive budget. The following analysis discusses the proposed new line items and the phase-out in greater detail.

Property Tax Allocation – Education (200903)

The state pays 10% of locally levied property taxes for residential and agricultural real property owners and an additional 2.5% for homeowners, thus decreasing property taxes paid by individual property taxpayers in Ohio. These provisions are often referred to as property tax "rollbacks." This line item funds the rollback reimbursements for school districts and JVSDs. H.B. 59 of the 130th General Assembly eliminated the rollbacks on new property taxes levied after TY 2014. This line item also funds the portion of the Homestead Exemption Program for the elderly and

disabled payable to school districts. The Homestead Exemption Program includes all homeowners who are 65 years of age or older or who are disabled, and have an Ohio adjusted gross income of less than $30,000. Prior to 2007, the homestead exemption was also means-tested. Persons who became eligible for the exemption from 2007 through 2013 were not subject to any income qualifications. H.B. 59 of the 130th General Assembly reinstated means-testing for persons who had not received the exemption for TY 2013 and who became eligible for the exemption thereafter. Each homeowner receives an exemption equal to $8,750 of taxable value ($25,000 true value). Under the executive budget, rollback and homestead exemption reimbursements paid to districts are expected to increase by $22.0 million (1.9%) in FY 2016 and $19.6 million (1.7%) in FY 2017.

Property Tax Replacement Phase Out – Education (200902)

The executive budget discontinues appropriation line items 200909, School District Property Tax Replacement – Business, and 200900, School District Property Tax Replacement – Utility, and instead uses this new line item to make the payments replacing the loss in school district tax revenues due to both the phase-out of general business tangible personal property (TPP) tax and changes in the taxation of utilities. Due to the phase-out of general business TPP and utility deregulation reimbursement payments proposed in the executive budget, the portion of kilowatt hour tax revenues deposited into Fund 7053 for utility deregulation reimbursement payments is redirected to the GRF. Therefore, revenues from the commercial activities tax (CAT) deposited into Fund 7047 are proposed to support both TPP and utility deregulation payments. A brief history of both the TPP and utility deregulation reimbursements is presented below, followed by a summary of the executive's plan to phase out the reimbursements.

General Business Tangible Personal Property Tax Reimbursements

H.B. 66 of the 126th General Assembly started to phase out the tax on general business TPP. This phase-out began in TY 2006 and the tax was completely phased out by TY 2011. The lost property tax revenue for each district was determined by the Department of Taxation. Starting in FY 2011, the tax loss is $1.1 billion for one year. Districts were compensated for this loss partially through an increase in state aid (the state education aid offset). H.B. 66 also created the CAT. Under current law, 35% of the revenues from the CAT is deposited into RDF Fund 7047, which is used to provide direct reimbursements to districts for the value of the loss above the increase in state aid. Under H.B. 66, the direct reimbursements were scheduled to begin to be phased out beginning in TY 2014. In FY 2012 and FY 2013, H.B. 153 of the 129th General Assembly accelerated the phase-out of the direct reimbursements for many districts based on the proportion of the district's state and local funding attributable to the reimbursement in FY 2011. Reimbursements were phased out in FY 2012 and FY 2013 so that each

district's reliance on the reimbursements fell by up to 2% per year. Current law freezes the direct reimbursements at their FY 2013 level for FY 2014 and future years.

Property Tax on Utilities Reimbursements

S.B. 3 and S.B. 287 of the 123rd General Assembly deregulated electric and natural gas utilities in Ohio, reduced the property tax assessment rates on utility property, and created new taxes on utility output. A portion of the revenues from these new taxes is deposited into RDF Fund 7053. The decrease in assessment rates decreased the property valuation and property tax receipts of school districts containing utility property. The lost property tax revenue for each district was determined by the Department of Taxation. In total, the tax loss was $198 million for one year. Districts are compensated for this loss partially through an increase in state aid (the state education aid offset).

The state provides direct reimbursements to districts for the value of the loss above the increase in state aid. All school districts were completely reimbursed for these losses for five years, from FY 2002 to FY 2006. Starting in FY 2007, however, only districts whose tax loss, inflated to current dollars, was greater than their increase in state aid from FY 2002 continued to receive direct reimbursement payments. Also, all JVSDs continued to receive direct reimbursements. In FY 2012 and FY 2013, H.B. 153 of the 129th General Assembly accelerated the phase-out of the direct reimbursements for many districts based on the proportion of the district's state and local funding attributable to the reimbursement in FY 2011. Reimbursements were phased out in FY 2012 and FY 2013 so that each district's reliance on the reimbursements fell by up to 2% per year. Current law freezes the direct reimbursements at their FY 2013 level for FY 2014 and future years.

Property Tax Reimbursement Phase-out

Under current law, reimbursement payments are generally constant for those districts whose reimbursements have not already been phased out under the changes made in H.B. 153. The executive budget recommends resuming the phase-out of reimbursements for the loss of property tax revenue from tax on business TPP and for the reduction in taxes on some public utility TPP. The phase-out of TPP reimbursements will resume in FY 2016 on the basis of a district's combined business and utility property tax replacement payments in FY 2015. Payments based on the current expense class of tax levies are reduced by a certain percentage of total resources each year, starting between 1% and 2% in FY 2016, according to the district's property wealth and personal income. As a result, payments to districts with lower per-pupil property wealth and personal income are phased out more gradually. As the percentages increase incrementally each year, the amount of a district's payment decreases until the payments eventually end. Reimbursements based on emergency levies are phased out over five years, while payments for permanent improvement levies end after FY 2016.

In FY 2015, reimbursement payments to school districts are appropriated at $510.0 million. The executive budget's proposal decreases the reimbursements to an estimated $360.9 million in FY 2016 and $249.8 million in FY 2017, reductions of $149.1 million (29.2%) and $111.1 million (30.8%), respectively.

Educational Enhancements

This category of appropriations includes funding for educational enhancements for special education, career-technical education, and the education of students at risk.

Governor's Recommended Amounts for Educational Enhancements				
Fund	**ALI**	**Title**	**FY 2016**	**FY 2017**
General Revenue Fund (GRF)				
GRF	200425	Tech Prep Consortia Support	$ 260,542	$ 260,542
GRF	200540	Special Education Enhancements	$ 162,871,292	$ 162,871,292
GRF	200545	Career-Tech Educational Enhancements	$ 12,539,418	$ 12,564,418
		General Revenue Fund Subtotal	***$ 175,671,252***	***$ 175,696,252***
Federal Fund Group (FED)				
3090	200601	Neglected and Delinquent Education	$ 1,600,000	$ 1,600,000
3700	200624	Education of Exceptional Children	$ 1,702,040	$ 1,274,040
3AF0	200603	Schools Medicaid Administrative Claims	$ 750,000	$ 750,000
3D20	200667	Math Science Partnerships	$ 7,500,000	$ 7,500,000
3EH0	200620	Migrant Education	$ 2,900,000	$ 2,900,000
3EJ0	200622	Homeless Children Education	$ 2,600,000	$ 2,600,000
3GQ0	200679	Project Aware	$ 1,907,423	$ 1,907,423
3Y80	200639	Rural and Low Income Technical Assistance	$ 3,300,000	$ 3,300,000
		Federal Fund Group Subtotal	***$ 22,259,463***	***$ 21,831,463***
Total Funding: Educational Enhancements			**$ 197,930,715**	**$ 197,527,715**

Special Education Enhancements (200540)

The executive budget recommends an increase of $5.0 million (3.2%) in FY 2016 and flat funding in FY 2017 for this line item, due to new earmarks for the Opportunities for Ohioans with Disabilities Agency and secondary transition services. This item includes the earmarks listed in the following table.

200540, Special Education Enhancements		
Earmarks	**FY 2016**	**FY 2017**
Special Education for DD Boards and Institutions	$ 50,000,000	$ 50,000,000
Parent Mentoring Programs	$ 1,333,468	$ 1,333,468
School Psychology Interns	$ 2,537,824	$ 2,537,824
Vocational Rehabilitation Services	$ 2,500,000	$ 2,500,000
Secondary Transition Services	$ 2,500,000	$ 2,500,000
Remainder – Preschool Special Education	$ 104,000,000	$ 104,000,000
Total Funding: Special Education Enhancements	**$ 162,871,292**	**$ 162,871,292**

Special Education for DD Boards and Institutions

This funding is provided to county boards of developmental disabilities (DD) and state institutions operated by the Department of Health, the Department of Rehabilitation and Correction, and the Department of Youth Services to fund special

education and related services provided by these entities. Prior to FY 2010, funding was distributed based on the base cost formula amount and the same weights used for special education students educated in school districts and community schools. For FY 2010 and FY 2011, the per-pupil amount received by each board and institution in the previous year was increased by 0.75% and that amount was provided for each student served by the board or institution in each of those years. In FY 2012 and FY 2013, each board and institution receive the same per-pupil amount as they received in FY 2011.

Beginning in FY 2014, a new formula is in use. For each child, a county board receives the full formula amount plus the applicable special education amount for that child's disability category, the latter of which is adjusted by the state share index of the child's resident district. Each state institution receives funding based on the applicable special education amount specified for each child receiving services for a disability. The executive budget proposes flat funding of $50 million in both FY 2016 and FY 2017.

Parent Mentoring

This funding supports parent mentors who offer support and information to other parents of children with disabilities and help them to become more involved in their children's education. The recommended funding will support 56 mentors. The executive budget recommends flat funding in FY 2016 and FY 2017 for parent mentors.

School Psychology Interns

This funding supports school psychology interns who spend one year in the schools serving students with disabilities and receiving supervised on-the-job training prior to obtaining licensure as school psychologists. The recommended funding will support 100 interns each year. The executive budget recommends flat funding in FY 2016 and FY 2017 for school psychology interns.

Vocational Rehabilitation Services

This allocation provides state matching funds for the Opportunities for Ohioans with Disabilities Agency (OOD) in order to receive federal funding for vocational rehabilitation services. The executive proposal requires that the funds be transferred to OOD via an intrastate transfer voucher and be used to hire vocational rehabilitation counselors to provide services for students with disabilities. Counselors must work with school districts in offering services, which can include career planning, general work experience, and job placement and retention for eligible students. The executive budget recommends $2.5 million annually in FY 2016 and FY 2017 for vocational rehabilitation services.

Secondary Transition Services

This funding supports regional training, support, and program delivery of secondary transition services for students with disabilities beginning at 14 years of age. Types of services include job exploration counseling, work-based learning experiences, counseling for post-secondary opportunities, and specific life skills training. Enhancements must support any student with a disability, regardless of partnering agency eligibility requirements. They must also support the expansion of training opportunities for special education intervention specialists to develop specific competencies in order to meet the secondary transition needs of students with disabilities aged 14 years and older. The executive budget recommends $2.5 million annually in FY 2016 and FY 2017 for secondary transition services.

Preschool Special Education

The State Preschool Special Education Program serves children with disabilities, ages three through five. Districts are mandated under federal law to provide a free and appropriate public education to these students. Formerly, state funding for preschool special education and related services provided by school districts, educational service centers, and county boards of developmental disabilities was distributed through units, which are based on the minimum number of students per class, teacher degree, and teacher experience. H.B. 59 replaced unit funding for these services with a per-pupil based approach. Specifically, each school district and state institution receives $4,000 for each preschool student with disabilities plus additional special education aid based on the applicable special education amount for each student and the resident district's state share percentage. Special education aid is then multiplied by 0.5 to reflect the half-day nature of those programs. Educational service centers and county boards continue to receive this funding through transfers from the amounts allocated to the school districts with which those entities have service agreements. The executive budget recommends flat funding of $104.0 million for this earmark in FY 2016 and FY 2017.

Tech Prep Consortia Support (200425)

These funds are distributed equally among the six Ohio College Tech Prep Regional Centers (representing 23 community and technical colleges, 14 universities, and 91 career-technical education planning districts) to support state-level activities designed to support, promote, and expand Tech Prep programs. Tech Prep programs allow students to enroll in a seamless career-technical program that begins in high school and continues through an associate's degree in college and beyond. In Ohio, Tech Prep students have a graduation rate of 95% compared to 82% for the state as a whole. The executive budget proposes flat funding of $260,542 annually in FY 2016 and FY 2017.

Career-Technical Education Enhancements (200545)

The executive budget recommends an increase in funding of $3.2 million (33.8%) in FY 2016 and an additional $25,000 (0.2%) in FY 2017 for this line item. This item is used to fund career-technical education at institutions as well as other programs and initiatives related to career-technical education. The item's earmarks are listed in the following table.

200545, Career-Technical Education Enhancements				
Earmarks		**FY 2016**		**FY 2017**
Career Counseling	$	1,000,000	$	1,000,000
Institution Career-Technical	$	2,563,568	$	2,563,568
Tech Prep Expansion Grants	$	3,587,800	$	3,587,800
High Schools That Work	$	3,100,850	$	3,100,850
Agriculture 5th Quarter Project	$	600,000	$	600,000
VoAg Programs	$	162,200	$	162,200
OhioMeansJobs Website	$	525,000	$	550,000
Industry-Recognized Credential Reimbursements	$	1,000,000	$	1,000,000
Total Funding: Career-Technical Education Enhancements	**$**	**12,539,418**	**$**	**12,564,418**

Career Counseling

These funds will be used to improve the effectiveness of career counseling for students on a statewide basis. ODE must identify and highlight successful models of career counseling through regional outreach or webinars. Professional development for school counselors must include training and informational resources from the OhioMeansJobs K-12 website, as well as exemplary models of career counseling. The executive budget proposes $1.0 million annually for this new earmark in FY 2016 and FY 2017.

Institution Career-Technical

These funds support career-based intervention programs at institutions, the Ohio School for the Deaf (OSD), and the Ohio State School for the Blind (OSB). Students are provided instructional programming in work and family literacy, career-based intervention, and workforce development. Previously, support was provided only to the 23 secondary job training programs and 42 correlated academic classes within eight institutions operated by either the Department of Youth Services or the Department of Rehabilitation and Correction. The executive budget also includes OSD and OSB as recipients, both of which provide career-technical programs for students. The funding will continue to be distributed using a grant-based methodology pursuant to a provision in temporary law. The executive budget recommends flat funding for this earmark in FY 2016 and FY 2017.

Tech Prep Expansion Grants

These funds are used to provide grants that support Tech Prep enrollment expansion and new Tech Prep programming. Eligible grantees include school districts, post-secondary entities, and other eligible recipients. Funds are initially distributed by formula to each of the six Ohio College Tech Prep Regional Centers. The Ohio Board of Regents (proposed to be renamed the Department of Higher Education) and ODE co-administer the program. The executive budget increases the funding for this earmark by almost $750,000 (26.4%) in FY 2016 and maintains flat funding in FY 2017. The additional funding will be used to provide more funding to recipients, enabling additional post-secondary credit options to be made available to students enrolled in secondary career-technical education programs.

High Schools That Work

High Schools That Work (HSTW) and Making Middle Grades Work (MMGW) are school improvement initiatives designed to accelerate learning and raise standards through rigorous course work, counseling, parental and community involvement, and teacher collaboration. The funds are used for professional development; a network for collaboration among superintendents, principals, and teachers; resources, including onsite speakers, print and electronic materials, and a website for the various site regions that assists in the implementation of key practices and conditions; and a regional office that assists sites with collaboration and technical support. The funds are also used to provide grants to implement individual sites and to assist the various regions with a number of activities through onsite coaching. In FY 2015, 113 high schools, 74 middle schools, and 23 career centers act as sites in the HSTW and MMGW initiatives. Though the executive budget provides flat funding in FY 2016 and FY 2017, new sites are expected to be added each year.

Agricultural 5th Quarter Project

The Agricultural 5th Quarter Project provides students in an agricultural education program with a supervised agricultural experience during the summer months. School districts apply to receive either $2,000 or $4,000 per instructor per year, depending on how many additional school days the program includes. Currently, this funding allows nearly 5,000 students in 45 school districts or JVSDs to receive supervised instruction from a total of 77 agricultural educators in courses relative to their projects in agriculture, food, and natural resources. The executive budget recommends flat funding for this activity in FY 2016 and FY 2017.

VoAg Programs

These funds are distributed to the Cleveland Municipal School District and the Cincinnati City School District for a VoAg Program in one at-risk nonvocational school in each district. Each year, the Cleveland Municipal School District receives an amount

equal to $78,600 minus the amount of career-technical education formula funds allocated to the district for students participating in the VoAg Program. The distribution to the Cincinnati City School District is similar, though the starting amount is $83,600 each year. The budget allocates formula funding of $4,992 in FY 2016 and $5,192 in FY 2017 for each FTE student enrolled in career-technical education programs in agricultural and environmental systems. The executive budget recommends flat funding for this activity in FY 2016 and FY 2017.

OhioMeansJobs Website

The executive budget proposes $525,000 in FY 2016 and $550,000 in FY 2017 in new funding to support career planning and reporting through the K-12 Student portal of the OhioMeansJobs website. Created pursuant to H.B. 393 of the 130th General Assembly, the K-12 Student portal allows students to take a career interest survey, browse detailed job descriptions, obtain wage and salary data, receive guidance on which courses to take for certain career tracks, research college financial aid and scholarship opportunities, and access practice tests for the SAT, ACT, Advanced Placement exams, and computer skills training, all free of charge. The OhioMeansJobs website is administered by the Ohio Department of Job and Family Services (ODJFS) in partnership with the jobseeker site Monster.com. The Superintendent of Public Instruction and the Governor's Office of Workforce Transformation consult with ODJFS in the development and maintenance of the portal. The K-12 Student portal replaces the Ohio Career Information System (OCIS), which was supported through user fees.

Industry-Recognized Credential Reimbursements

This new earmark provides up to $1.0 million in each fiscal year for reimbursements to school districts, community schools, STEM schools, and JVSDs for the cost of an industry-recognized credential or journeyman certification earned by economically disadvantaged students. In conjunction with the Department of Higher Education and the Governor's Office of Workforce Transformation, ODE must develop a schedule for the distribution of reimbursements that lists reimbursable credentials, the time needed to earn such a credential, and the cost to obtain it. If the total amount requiring reimbursement is greater than the appropriation, ODE must prorate the payments to each school or district. H.B. 59 provided $410,000 each in FY 2014 and FY 2015 for a similar program for students earning a journeyman certification through an earmark of GRF line item 200550, Foundation Funding.

Neglected and Delinquent Education (200601)

This federal grant provides financial assistance to state or local institutions that serve neglected and delinquent children to help meet their needs. The funds are used for supplementary education services that provide educational continuity for children and youths in state-operated institutions, in community day programs, and in adult

correctional institutions so that they can make successful transitions to school or employment once they are released. Recommended appropriations for this grant decrease 26.2% in FY 2016 to $1.6 million and remain flat in FY 2017, based on historical trends and anticipated federal grant awards.

Education of Exceptional Children (200624)

This funding is from federal State Personnel Development Grants (SPDG), which are used to support the Ohio Improvement Process (OIP) through the development of district, building, and teacher leadership teams focused on the district-wide improvement of instructional practice and student performance for students with disabilities. This program directly involves 48 school districts through the regional delivery system. Ohio was awarded SPDG funding through 2017, which will be used to continue development of the OIP and enhance the development and expansion of teacher-based leadership teams, the newest and thus least-developed component of the OIP. Recommended appropriations for this grant are $1.7 million in FY 2016 and $1.3 million in FY 2017.

School Medicaid Administrative Claims (200603)

This federal program provides districts with reimbursement for administrative services associated with providing services to Medicaid-eligible students. The executive proposal decreases the funding for this line item by $13,696 (1.8%) in FY 2016 and provides flat funding in FY 2017.

Math Science Partnerships (200667)

This grant provides funding to increase student achievement in mathematics and science by improving the skills and knowledge of teachers through partnerships between institutions of higher education; science, technology, engineering, and mathematics faculty; and high-need school districts. Recommended appropriations decrease by $0.3 million (4.1%) in FY 2016 and remain flat in FY 2017.

Migrant Education (200620)

This federal grant supports educational opportunities for migrant children to help reduce the educational disruptions and other problems that result from repeated moves. Funding for this grant is expected to be $2.9 million each fiscal year.

Homeless Children Education (200622)

This federal grant ensures access to a free and appropriate education for homeless school-age children and youth. The funds support subgrants to local education agencies to assist in the education of this population through enriched supplemental instruction, transportation, health care referral services, and professional development for teachers. Grant funds also may be used by ODE for state-level planning activities. Funding for this grant is nearly flat at $2.6 million each fiscal year.

Project Aware (200679)

This new federal award supports student, teacher, and community engagement with mental health awareness and advocacy in order to create safe and healthy schools. The initiative's focus population is students and families in 30 high-need school districts served by the ESCs in Cuyahoga, Warren, and Wood counties. Grant funds will be used by the three ESCs to develop, enhance, or expand systems of support for, and technical assistance to, schools in implementing evidence-based models of behavioral supports to improve student behavioral outcomes and learning conditions for all students. The grant program made its first awards in 2014. This line item was initially created by the Controlling Board in December 2014. Funding for this grant is expected to be $1.9 million in each fiscal year.

Rural and Low Income Technical Assistance (200639)

These federal grants are provided to rural and low-income school districts to help them attract qualified teachers and to provide professional development appropriate for teaching low-income students. Funding for this grant remains flat at $3.3 million in each fiscal year.

Nonpublic School Support

This category of appropriations includes funding to support chartered nonpublic schools. There are approximately 725 chartered nonpublic schools in Ohio.

Governor's Recommended Amounts for Nonpublic School Support				
Fund	**ALI**	**Title**	**FY 2016**	**FY 2017**
General Revenue Fund (GRF)				
GRF	200511	Auxiliary Services	$ 146,092,593	$ 153,105,038
GRF	200532	Nonpublic Administrative Reimbursement	$ 65,995,784	$ 69,163,582
		General Revenue Fund Subtotal	***$ 212,088,377***	***$ 222,268,620***
Dedicated Purpose Fund Group (DPF)				
5980	200659	Auxiliary Services Reimbursement	$ 1,328,910	$ 1,328,910
		Dedicated Purpose Fund Group Subtotal	***$ 1,328,910***	***$ 1,328,910***
Total Funding: Nonpublic School Support			**$ 213,417,287**	**$ 223,597,530**

Auxiliary Services (200511)

This line item funds services for chartered nonpublic schools and includes an earmark, which is shown in the following table. The executive budget proposes increases of $7.9 million (5.7%) in FY 2016 and $7.0 million (4.8%) in FY 2017 for this line item.

200511, Auxiliary Services		
Earmarks	**FY 2016**	**FY 2017**
College Credit Plus Program	$ 2,600,000	$ 2,600,000
Remainder – Auxiliary Services	$ 143,492,593	$ 150,505,038
Total Funding: Auxiliary Services	**$ 146,092,593**	**$ 153,105,038**

College Credit Plus Program

The executive budget earmarks funds for the College Credit Plus Program, which allows qualified Ohio high school students to take college courses at state expense for both college and high school credit. The program replaces the Post-Secondary Enrollment Options Program beginning in the 2015-2016 school year. These funds are used to pay the costs of the program for participants from nonpublic schools. The executive budget proposes an increase of about $655,000 (33.7%) in FY 2016 and flat funding in FY 2017 for this program.

Remainder – Auxiliary Services

This funding, which is distributed on a per-pupil basis, supports secular services provided to chartered nonpublic schools. Services include health, counseling, special education, standardized testing, and test scoring. Funds may also be used to purchase secular textbooks, materials, and equipment. In FY 2014, the average per-pupil amount of these auxiliary funds was $735.

Nonpublic Administrative Cost Reimbursement (200532)

Chartered nonpublic schools are required by the state to perform some administrative and clerical activities. These funds reimburse the schools for the costs of these mandated activities. The reimbursement is based on the actual costs from the prior year with a maximum reimbursement rate of $360 per pupil. In FY 2014, the average per-pupil amount of these reimbursements was about $337. The executive budget proposes an increase of $3.6 million (5.7%) in FY 2016 and $3.2 million (4.8%) in FY 2017 for this item.

Auxiliary Services Reimbursement (200659)

These funds are used to replace and repair mobile units that are used to provide auxiliary services, and can also be used to fund early retirement or severance pay for employees paid from line item 200511. The revenue for these expenses comes from transfers of cash from the Auxiliary Services Personnel Unemployment Compensation Fund that is estimated to be in excess of the amount needed to pay unemployment claims. Compared to the FY 2015 appropriation amount of $1.3 million, the executive budget proposes flat funding in FY 2016 and FY 2017.

School Operations Support

This category of appropriations includes funding to support expenses related to management, computer networks, school buses, and food service.

Governor's Recommended Amounts for School Operations Support				
Fund	**ALI**	**Title**	**FY 2016**	**FY 2017**
General Revenue Fund (GRF)				
GRF	200422	School Management Assistance	$ 3,000,000	$ 3,000,000
GRF	200426	Ohio Educational Computer Network	$ 16,200,000	$ 16,200,000
GRF	200465	Education Technology Resources	$ 5,491,545	$ 5,491,545
GRF	200505	School Lunch Match	$ 9,100,000	$ 9,100,000
		General Revenue Fund Subtotal	***$ 33,791,545***	***$ 33,791,545***
Dedicated Purpose Fund Group (DPF)				
4550	200608	Commodity Foods	$ 24,000,000	$ 24,000,000
5MM0	200677	Child Nutrition Refunds	$ 550,000	$ 550,000
5H30	200687	School District Solvency Assistance	$ 10,000,000	$ 10,000,000
		Dedicated Purpose Fund Group Subtotal	***$ 34,550,000***	***$ 34,550,000***
State Lottery Fund Group (SLF)				
7017	200684	Community School Facilities	$ 18,350,000	$ 19,700,000
		State Lottery Fund Group Subtotal	***$ 18,350,000***	***$ 19,700,000***
Federal Fund Group (FED)				
3670	200607	School Food Services	$ 9,240,111	$ 9,794,517
3D10	200664	Drug Free Schools	$ 521,000	$ 282,000
3GE0	200674	Summer Food Service Program	$ 14,423,915	$ 14,856,635
3GF0	200675	Miscellaneous Nutrition Grants	$ 3,000,000	$ 3,000,000
3GG0	200676	Fresh Fruit and Vegetable Program	$ 5,026,545	$ 5,177,340
3L60	200617	Federal School Lunch	$ 371,960,060	$ 383,118,860
3L70	200618	Federal School Breakfast	$ 117,332,605	$ 122,025,909
3L80	200619	Child/Adult Food Programs	$ 113,508,500	$ 116,913,755
		Federal Fund Group Subtotal	***$ 635,012,736***	***$ 655,169,016***
Total Funding: School Operations Support			**$ 721,704,281**	**$ 743,210,561**

School Management Assistance (200422)

The executive budget recommends flat funding in FY 2016 and FY 2017 for this item. This item includes the earmark listed in the following table.

200422, School Management Assistance		
Earmarks	**FY 2016**	**FY 2017**
State Auditor	$ 1,000,000	$ 1,000,000
Remainder – School Management Assistance	$ 2,000,000	$ 2,000,000
Total Funding: School Management Assistance	**$ 3,000,000**	**$ 3,000,000**

State Auditor

These funds are earmarked to be used by the Auditor of State to conduct performance audits of school districts in fiscal caution, fiscal watch, or fiscal emergency,

though an amount less than the earmark may be used if agreed upon by the Auditor and ODE. Although appropriated to ODE, these funds are passed directly to the Auditor for expenses associated with performing these audits. The executive budget proposes flat funding in FY 2016 and FY 2017 for this earmark.

Remainder – School Management Assistance

This funding allows ODE to provide technical assistance and in-service education for school management personnel to assist in managing their fiscal resources. It also funds ODE's administrative expenses related to districts in fiscal caution, fiscal watch, or fiscal emergency. The executive budget proposes flat funding in FY 2016 and FY 2017 for this item.

Ohio Educational Computer Network (200426)

The executive budget recommends funding of $16.2 million in FY 2016 and FY 2017, a 45% decrease from the estimated FY 2015 funding level of $29.6 million. However, this decline is mostly attributable to the loss of one-time funding for middle mile connections. This item includes the earmarks listed in the following table.

200426, Ohio Educational Computer Network				
Earmarks		**FY 2016**		**FY 2017**
Building Connectivity	$	10,000,000	$	10,000,000
Information Technology Centers	$	5,000,000	$	5,000,000
Remainder – Ohio Educational Computer Network	$	1,200,000	$	1,200,000
Total Funding: Ohio Educational Computer Network	**$**	**16,200,000**	**$**	**16,200,000**

Building Connectivity

This funding is used to support the connection of public school buildings and participating chartered nonpublic schools to the state education network. Schools receive a per-building subsidy for this purpose. In FY 2014, these funds subsidized connections to 22 information technology centers (ITCs), over 3,100 district and community school buildings, and 340 chartered nonpublic schools. Costs of connectivity may include operating and upgrading network connections, Internet service provider charges, Internet 2, which is a private network connecting schools and universities across the country, and the backup site for the state network. The executive budget proposes an approximate $700,000 per year reduction for this earmark. Nonetheless, ODE expects to be able to maintain its current service levels with the recommended funding.

Information Technology Centers (ITC)

This funding supports the 22 ITCs that provide computer support, software products, and information services to their member districts, including all but three school districts (Akron, Cleveland, and Columbus), community schools, JVSDs, and

ESCs. Funds also support the administration and collection of data for school districts and for providing front-line customer support related to data reporting. Distribution of funds to ITCs is provided through a per-pupil formula based on the enrollments of ITC member districts and software usage. According to ODE, ITCs support 280,000 email accounts and 1.2 million parent access accounts, process 1.2 million support requests, and issue 5.5 million paychecks and 6 million report cards annually. The executive budget proposes a $220,000 per year decrease for this earmark. ODE will prorate funds to stay within appropriation levels.

Remainder – Ohio Educational Computer Network

This funding supports the development and maintenance of administrative software that school districts use for accounting, payroll, scheduling, grade reporting, and inventory. In the FY 2016-FY 2017 biennium, funds will be used to update administrative software to meet new state and federal reporting requirements as well as to improve and maintain a customer service system related to reporting requirements. The executive budget proposes flat funding in FY 2016 and FY 2017 for this activity.

Education Technology Resources (200465)

The executive budget recommends funding of about $5.5 million in FY 2016 and FY 2017 for this line item, an increase of over $3.7 million from current appropriation levels. This growth is due to the consolidation of functions of line item 200464, General Technology Operations, and the realignment of an earmark. This line item includes the earmarks listed in the following table.

200465, Education Technology Resources				
Earmark		FY 2016		FY 2017
INFOhio and Union Catalog	$	2,500,000	$	2,500,000
Education Technology Centers	$	1,778,879	$	1,778,879
Remainder – Education Technology Resources	$	1,212,666	$	1,212,666
Total Funding: Education Technology Resources	**$**	**5,491,545**	**$**	**5,491,545**

INFOhio and Union Catalog

This earmark supports the INFOhio Network and the Union Catalog, which were previously funded under line item 200426, Ohio Educational Computer Network. INFOhio works with Ohio's other state-funded library networks, OPLIN (public libraries) and OhioLINK (universities), to provide resources and information access to Ohio's K-12 students. It includes electronic resources specifically geared toward the primary and secondary school student, such as *Encyclopedia Britannica,* and resources supporting the teaching of state academic content standards. In FY 2012, INFOhio released an eBook collection with approximately 1,200 titles available to K-12 students. Students also receive access to licensed databases through Library Connects Ohio (LCO), a digital content

buying consortium of libraries statewide. According to ODE, participation in LCO results in statewide savings of $85 million annually. The Union Catalog offers students and teachers anywhere in Ohio access to library and curriculum resources. The executive budget proposes flat funding in FY 2016 and FY 2017 for this earmark.

Education Technology Centers

This funding supports educational television stations and education technology centers that provide school districts with instructional resources and services, with priority given to services aligned with the state academic content standards. Resources may include, but are not limited to, pre-recorded video material, computer software for student use, live student courses, automated media systems, and instructional and professional development materials for teachers. During FY 2014, educational technology centers taught more than 1,400 classes that benefited 25,000 teachers. The executive budget proposes flat funding in FY 2016 and FY 2017 for this earmark.

Remainder – Education Technology Resources

This funding supports oversight for several technology-related initiatives, including administration of the federal E-Rate Program. This earmark was previously funded by line item 200464, General Technology Operations. According to ODE, approximately $260,000 will be used to support training, technical support, and guidance to school districts and public libraries in applying for federal E-Rate funds. Additionally, funding will be used for the following: (1) oversight and guidance of school district technology plans, (2) support to district technology personnel, and (3) support for the eTranscript system, a student records exchange initiative jointly sponsored by ODE and the Department of Higher Education that was previously supported by federal funding. The executive budget recommends approximately $1.2 million for this earmark in each fiscal year.

Commodity Foods (200608)

This funding supports school food programs by contracting with commercial food processors to convert bulk or raw United States Department of Agriculture (USDA) commodities into more convenient ready-to-use end products at a reduced cost for school districts participating in the school lunch and school breakfast programs. In this program, ODE obtains the donated food from the USDA and charges school districts for the processing and handling. In FY 2014, commodity foods were distributed to more than 1,000 participating schools and agencies. The executive budget recommends $24.0 million in each fiscal year.

Child Nutrition Refunds (200677)

This appropriation item is used to repay the USDA for child nutrition grant funds returned by program sponsors after the federal fiscal year ends. This item is also

used to make repayments to the USDA of funds received due to audit findings. Previously, these funds were paid out of appropriation line items 200617, 200618, and 200619. The executive budget proposes appropriations of $550,000 in each fiscal year.

School District Solvency Assistance (200687)

This funding is paid from two accounts: (1) the shared resource account, which is used to make interest-free advances to districts to enable them to remain solvent and to pay unforeseen expenses of a temporary or emergency nature and (2) the catastrophic expenditures account, which is used to make grants to districts for unforeseen catastrophic events. Advances made to districts from the shared resource account must generally be repaid no later than the end of the second year following the fiscal year in which the advance was made. In some cases, ODE and the Office of Budget and Management may approve alternate repayment schedules lasting no longer than ten years. Grants from the catastrophic expenditures account do not need to be repaid, unless reimbursed by a third party. The program was first appropriated $30.0 million in FY 1998 by H.B. 650 of the 122nd General Assembly. It is now funded through repayments of advances from the shared resource account.

The executive proposal provides funding of $10.0 million in each fiscal year and specifies that $5.0 million is for the shared resources account and $5.0 million for the catastrophic expenditures account. Combined expenditures for both funds were less than $5.0 million in both FY 2013 and FY 2014. The executive proposal continues to permit the Controlling Board to authorize a transfer of lottery profits from the Lottery Profits Reserve Fund (Fund 7018) to the School District Solvency Assistance Fund (Fund 5H30), if the cash in Fund 5H30 is insufficient to provide the needed assistance. The transferred cash is appropriated to appropriation item 200670, School District Solvency Assistance – Lottery. The executive budget also continues to permit the transfer of cash from the GRF or any other fund used by ODE to Fund 5H30, if necessary.

Community School Facilities (200684)

The executive budget recommends $18.4 million in FY 2016 and $19.7 million in FY 2017 for this line item. This item includes the earmark listed in the following table.

200684, Community School Facilities				
Earmarks		**FY 2016**		**FY 2017**
State Charter School Facilities Incentive Grant	$	550,000	$	1,100,000
Remainder – Community School Facilities	$	17,800,000	$	18,600,000
Total Funding: School Management Assistance	**$**	**18,350,000**	**$**	**19,700,000**

State Charter School Facilities Incentive Grant

This funding may be used as matching funds to support Ohio's State Charter School Facilities Incentive Grant application. This federal program, administered by the U.S. Department of Education, provides five-year competitive matching grants to help states establish and enhance or administer facilities funding for charter schools. Under this grant, the maximum federal share of funding decreases each year, from 90% in the first year to 20% in the fifth year. ODE plans to apply for this grant in the upcoming biennium. The executive budget proposes $550,000 in FY 2016 and $1.1 million in FY 2017 for this earmark. If the funds are not required, the executive proposal permits the earmark to be distributed with the remainder of the appropriation.

Remainder – Community School Facilities

This funding supports the facilities of community schools that are not e-schools. Currently, community schools receive an amount equal to $100 per each full-time equivalent student to assist with the costs of facilities. The executive proposal recommends increasing the per-pupil amount to $200. It further specifies that the per-pupil amounts are to be prorated if the appropriation is not sufficient to cover the full amount of the payments. The executive budget appropriates $17.8 million in FY 2016 and $18.6 million in FY 2017 for this earmark.

School Food Services (200607)

This federal funding is used by ODE for administrative support and monitoring of federally funded school food programs. States are required to meet a minimum level of state investment to receive federal funds. The executive budget appropriates $9.2 million in FY 2016 and $9.8 million in FY 2017 for this line item.

Drug Free Schools (200664)

This federal funding is used by ODE, in conjunction with the Ohio Department of Public Safety, to provide emergency management services to school districts. Specifically, ODE provides training, resources, tools, and information to support school safety and security, including emergency management planning. The Controlling Board established appropriation for this line item in December 2014. Prior to FY 2014, this line item supported drug and violence prevention activities under the federal Safe and Drug Free Schools and Communities Act. The executive budget appropriates approximately $520,000 in FY 2016 and $280,000 in FY 2017 for this line item.

Summer Food Service Program (200674)

This appropriation item is used to distribute federal funding under the USDA's Summer Food Service Program, which reimburses eligible service institutions (referred to as sponsors) that serve free meals to children up to the age of 18 during the summer when schools are closed, during the extended school vacation periods, if the school is

closed because of an emergency situation, and if a school is operating a year-round program. Participating sites must be located in areas where at least 50% of the children meet the income eligibility criteria for free and reduced price meals. Previously, these funds were paid out of appropriation item 200617, Federal School Lunch. The executive budget recommends $14.4 million in FY 2016 and $14.9 million in FY 2017 for this item.

Miscellaneous Nutrition Grants (200675)

This appropriation item is used to distribute federal funding under various USDA nutrition grant programs. In particular, this item supports team nutrition grants, which encourage nutritious school meals and nutrition education for children. Previously, such grants were disbursed through line item 200607, School Food Services.

Fresh Fruit and Vegetable Program (200676)

This appropriation item is used to distribute federal funding under the USDA's Fresh Fruit and Vegetable Program, which reimburses school districts for costs incurred in providing children in participating elementary schools with free, fresh produce outside of National School Lunch Program and School Breakfast Program food service times. The program is offered to elementary schools in low-income areas on a competitive basis. In FY 2014, the program provided reimbursement to 26 districts totaling 170 sites, as well as 52 community schools. Previously, these funds were paid out of appropriation item 200617, Federal School Lunch. The executive budget recommends $5.0 million in FY 2016, an increase of over $1.1 million from current appropriation levels, and $5.2 million in FY 2017 for this item.

School Lunches (200505 and 200617)

These items support the federal National School Lunch Program, which provides over one million meals per day at over 4,000 sites including public and nonprofit private schools, camps, and institutions. State funds from line item 200505 serve as the required match for receiving the federal funds in line item 200617. If appropriation remains after the match is met, these funds may also be used to partially reimburse schools that are required by the state to have a school breakfast program. The executive budget proposes flat funding in FY 2016 and FY 2017 for the GRF portion of this funding. Federal funding is expected to increase by 3.0% in each fiscal year.

Federal School Breakfast (200618)

This federal funding allows more than 40 million breakfasts to be served for low-income students at more than 2,000 sites including public and nonprofit private schools, camps, and institutions. Under state law, districts must participate in the school breakfast program if 20% of their students are eligible for free or reduced price lunches unless they opt out for financial reasons. This funding is expected to increase by 4.0% in both FY 2016 and FY 2017.

Child/Adult Food Programs (200619)

This federal funding provides reimbursements for nutritious snacks, as well as breakfast, lunch, and dinner, to children or adults enrolled in participating day care centers, after-school programs, or adult day care centers. This funding is expected to increase by 3.0% in both FY 2016 and FY 2017.

Academic Achievement

This category of appropriations includes funding to support a variety of programs and initiatives designed to improve the academic achievement of Ohio's students.

Governor's Recommended Amounts for Academic Achievement				
Fund	**ALI**	**Title**	**FY 2016**	**FY 2017**
General Revenue Fund (GRF)				
GRF	200421	Alternative Education Programs	$ 7,753,998	$ 7,753,998
GRF	200566	Literacy Improvement	$ 3,000,000	$ 3,000,000
GRF	200572	Adult Diploma	$ 7,500,000	$ 10,000,000
GRF	200588	Competency Based Education Pilot	$ 2,500,000	$ 2,500,000
		General Revenue Fund Subtotal	***$ 20,753,998***	***$ 23,253,998***
State Lottery Fund Group (SLF)				
7017	200629	Community Connectors	$ 15,000,000	$ 15,000,000
7017	200648	Straight A Fund	$ 100,000,000	$ 100,000,000
		State Lottery Fund Group Subtotal	***$ 115,000,000***	***$ 115,000,000***
Federal Fund Group (FED)				
3AN0	200671	School Improvement Grants	$ 32,400,000	$ 32,400,000
3FD0	200665	Race to the Top	$ 12,000,000	$ -
3GP0	200600	School Climate Transformation	$ 252,420	$ 252,420
3Y20	200688	21st Century Community Learning Centers	$ 50,000,000	$ 50,000,000
3Y70	200689	English Language Acquisition	$ 10,101,411	$ 10,101,411
		Federal Fund Group Subtotal	***$ 104,753,831***	***$ 92,753,831***
Total Funding:		**Academic Achievement**	**$ 240,507,829**	**$ 231,007,829**

Alternative Education Programs (200421)

The executive budget recommends $7.8 million in each fiscal year for this line item. This item includes the earmark listed in the following table.

200421, Alternative Education Programs		
Earmarks	**FY 2016**	**FY 2017**
Information Clearinghouse	$ 350,000	$ 350,000
Remainder – Alternative Education Programs	$ 7,403,998	$ 7,403,998
Total Funding: Alternative Education Programs	**$ 7,753,998**	**$ 7,753,998**

Information Clearinghouse

This funding supports a clearinghouse of information regarding the identification of and intervention for at-risk students. This information includes the following: (1) indicators of at-risk status that have been proven accurate or effective by research, (2) identification and intervention programs used in this state, categorized by type of district using ODE's most recent district typology categories, and (3) national identification and intervention programs. The executive budget appropriates up to $350,000 for this earmark.

Remainder – Alternative Education Programs

This funding is used to provide grants for 107 alternative education programs in Ohio's 21 urban school districts and 87 local education agencies to implement successful innovative practices in alternative education for students with behavioral problems including truancy. According to ODE, over 11,300 students participated in short-term and long-term alternative education programs in FY 2014. Of the nearly 5,900 students participating in long-term alternative education programs in FY 2014, approximately 33% of the program's participants advanced at least one grade level or graduated with a high school diploma. Alternative education grants require at least a 40% local funding match.

In addition to the grants, this funding is used to provide professional development and technical assistance to the schools that receive alternative education grants. Services include monitoring, engaging in oversight, conducting regional summits, and creating links with other state initiatives and other state agencies. The executive budget appropriates $7.4 million in each fiscal year for these programs.

Literacy Improvement (200566)

The executive budget appropriates $3.0 million in each fiscal year for this line item. This item includes the earmark listed in the following table.

200566, Literacy Improvement				
Earmarks		**FY 2016**		**FY 2017**
Summer Literacy Camps	$	2,500,000	$	2,500,000
Remainder – Literacy Improvement	$	500,000	$	500,000
Total Funding: Literacy Improvement	**$**	**3,000,000**	**$**	**3,000,000**

Summer Literacy Camps

This funding is proposed to provide grants to elementary school buildings to be used for summer literacy camps that assist K-3 students in meeting the third grade reading guarantee. In awarding grants, ODE will prioritize buildings with a high percentage of economically disadvantaged students, buildings with low student achievement, and buildings making progress in improving students' literacy skills. According to ODE, grants will range from $5,000 to $15,000 and discretion will be left to applicants as to how and when the camps operate. The executive budget recommends $2.5 million for this earmark in FY 2016 and FY 2017.

Remainder – Literacy Improvement

This new funding will be used by ODE to establish regional professional development teams in literacy. These teams will provide communication, outreach, and professional development opportunities targeted to K-3 language and literacy supports. They will be linked to Ohio's state support system, which includes State Support Teams

that use various tools to improve instructional practice and student performance on a continuing basis. The executive budget proposes $500,000 in each fiscal year for this earmark.

Adult Diploma (200572)

The executive budget recommends $7.5 million in FY 2016 and $10.0 million in FY 2017 for this line item. This item consists of the following earmarks.

200572, Adult Diploma				
Earmarks		**FY 2016**		**FY 2017**
Adult Diploma Pilot Program	$	5,000,000	$	10,000,000
Adult Diploma Pilot Program – Planning Grants	$	2,500,000	$	-
Total Funding: Adult Diploma	**$**	**7,500,000**	**$**	**10,000,000**

Adult Diploma Pilot Program

This funding supports a pilot program to offer the state's 1.1 million adults who have dropped out of high school a pathway to obtain a high school diploma. Upon completion of the program, graduates will earn both a high school diploma and an industry-recognized credential in an in-demand field such as manufacturing or medical technology. Created in H.B. 483 of the 130th General Assembly, the Adult Diploma Pilot Program was appropriated $2.5 million in FY 2015 to award planning grants to eligible institutions for the purpose of building capacity to implement the program beginning in FY 2016. In January 2015, ODE awarded five planning grants of $500,000 to Stark State Community College, Pickaway-Ross Joint Vocational School, Miami Valley Career Technical Center (Montgomery County), Cuyahoga Community College, and Penta Career Center (Wood County) to develop and offer programs of study in partnership with regional institutions and providers in FY 2016.

The executive budget appropriates $5.0 million in FY 2016 and $10.0 million in FY 2017 for this earmark, and permits ODE to use a portion of the earmark for administrative purposes.

Adult Diploma Pilot Program – Planning Grants

This funding supports additional planning grants for the Adult Diploma Pilot Program. The executive budget permits ODE to award planning grants of up to $500,000 to no more than five eligible institutions geographically dispersed throughout the state for the purpose of building capacity to implement the program beginning in FY 2017. The executive budget appropriates $2.5 million in FY 2016 for this earmark.

According to ODE, these schools will determine how to contact potential students, assess their current knowledge, and address potential challenges such as illiteracy during the development phase. They will also determine the most in-demand

jobs in their regions and identify the types of certifications graduates need to qualify for those positions.

Competency-Based Education Pilot (200588)

This new line item is proposed to provide funding for up to ten districts or schools to implement a competency-based pilot system that allows students to progress through classes at their own pace. Pilot sites will receive up to $250,000 in each fiscal year to plan and then implement those plans, and will also be able to decide the scope of their projects. Planning grants used during FY 2016 and FY 2017 must be used to implement a competency-based education system in FY 2017, FY 2018, or FY 2019. The executive budget appropriates $2.5 million in each fiscal year for this line item, and permits ODE to use a portion of the appropriation for administration of the program.

Community Connectors (200629)

This line item supports career advising and mentoring grants for students in low-performing, high-poverty schools. These funds are to be used by ODE to award competitive matching grants to eligible school districts in order to provide funding for local networks of volunteers and organizations to sponsor advising and mentoring activities. These districts must partner with members of the business community, civic organizations, or the faith-based community to provide sustainable career services to students in grades 5-12. In FY 2015, $10.0 million in state lottery profits is appropriated by H.B. 483 of the 130th General Assembly. The executive budget proposes $15.0 million in funding in each fiscal year for this line item.

Currently, eligible school districts are those with at least 40% of students in poverty, less than 92% of students graduating on time, and other criteria determined by the Superintendent of Public Instruction. The maximum award is $500,000 over three years. Under the executive proposal, the state match for grant awards is $3 for every $1 in local funding.

Straight A Fund (200648)

The executive budget recommends $100 million in each fiscal year for this line item, a decrease of 33% from the current appropriation level of $150 million. This item includes the following earmarks.

200648, Straight A Fund				
Earmarks		**FY 2016**		**FY 2017**
Graduate Coursework for High School Teachers	$	10,000,000	$	3,500,000
Advanced Placement and College Credit Plus Awards	$	-	$	5,000,000
Remainder – Straight A Fund	$	90,000,000	$	91,500,000
Total Funding: Straight A Fund	**$**	**100,000,000**	**$**	**100,000,000**

Graduate Coursework for High School Teachers

This new earmark is to be used by ODE, in conjunction with the Department of Higher Education, to support graduate coursework for high school teachers for them to receive credentialing to teach College Credit Plus courses. Priority will be given to educational consortia that include economically disadvantaged high schools and economically disadvantaged high schools in which there are limited or no teachers credentialed to teach College Credit Plus courses. The executive budget recommends up to $10.0 million in FY 2016 and up to $3.5 million in FY 2017 for this purpose.

Advanced Placement and College Credit Plus Awards

This new earmark will be used to make awards to school districts for outstanding "successful completion rates" for the Advanced Placement and College Credit Plus programs. The executive proposal defines successful completion rates as the percent of a school district's students in grades 11 and 12 who either received a score of three or better on an Advanced Placement exam or earned at least three college credits through the College Credit Plus program.

ODE is to make the following awards to school districts: (1) $750,000 to the school district, regardless of typology, that has the highest successful completion rate, (2) $650,000 to the school district, regardless of typology, that has the second highest successful completion rate, (3) $600,000 to the school district, regardless of typology, that has the third highest successful completion rate, (4) $500,000 to each school district that has the highest successful completion rate within each typology category of urban, suburban, small town, and rural, and (5) $250,000 to each school district that has the second highest successful completion rate within each typology category of urban, suburban, small town, and rural. The executive budget recommends $5.0 million in FY 2017 for this earmark.

Remainder – Straight A Fund

This funding provides grants to school buildings and districts, JVSDs, ESCs, community schools, STEM schools, college-preparatory boarding schools, institutions of higher education, and private or governmental entities that aim to achieve significant advancement in one or more of the following goals: (1) increased student achievement, (2) spending reductions or positive performance on other fiscal measures, (3) utilization of a greater share of resources in the classroom, and (4) use of a shared services delivery model. The grants are awarded by an appointed nine-member board. The board is also required to issue an annual report related to the types of grants awarded, the grant recipients, and the effectiveness of the program. The executive budget appropriates $90.0 million in FY 2016 and $91.5 million in FY 2017 to support this program, and permits ODE to use a portion of the appropriation for administrative expenses.

School Improvement Grants (200671)

This federal funding is used to help struggling schools improve academic performance. ODE awards competitive grants of $50,000 to $2.0 million paid over a five-year period. In line with federal requirements, ODE identified the lowest performing 5% of local education agencies (LEAs) in two categories (tier 1 and tier 2). A third category of LEAs (tier 3) was also eligible to apply for the grants although priority was given to LEAs in tier 1 and tier 2. Traditionally, LEAs in tiers 1 and 2 must implement one of four intervention models designated by the U.S. Department of Education. However, among other changes, Congress recently granted states permission to use a fifth intervention model that allows districts to pair struggling schools with an outside partner that has a track record of turning around low-performing schools. Notably, Congress also granted rural schools more leeway on existing model implementation. The executive recommends $32.4 million in each fiscal year, an increase of $12.0 million from the current appropriation level.

Race to the Top (200665)

Ohio was one of 12 states awarded a federal Race to the Top (RttT) competitive grant. Ohio's award totaled $400 million over four years, though the state received a one-year extension through FY 2015 to disburse grant funds. A little over half of the grant flowed directly to 438 RttT participating schools and districts. These schools used these funds for specific school improvement activities that were outlined in their applications. The remaining funds were used at the state level. State-level programs and projects focused on ensuring that participating schools and districts have the capacity to sustain reforms, standards and assessments, data systems, great teachers and leaders, turning around low-achieving schools, and STEM initiatives. The executive recommends $12.0 million in FY 2016 in order to spend down any remaining funds.

School Climate Transformation (200600)

This federal funding is used by ODE to build and expand the statewide resources and local implementation of a multi-tiered behavioral framework to improve school climate. The recently formed and ODE-sponsored Ohio Positive Behavioral Interventions and Supports (PBIS) Network increases the training, coaching, and resources available to school districts to support PBIS implementation and evaluation. The Ohio PBIS Network is composed of PBIS specialists from each of Ohio's 16 regional State Support Teams (SST). The PBIS Network specialists are integrated into the SSTs and are able to provide multi-tiered behavioral supports in a manner that is coordinated and aligned with other Ohio-specific change and improvement initiatives. The executive budget appropriates approximately $250,000 in each fiscal year.

21st Century Community Learning Centers (200688)

This federal grant provides opportunities for communities to establish or expand activities in community learning centers that provide for academic enrichment. The program increases time-on-task outside the regular school day for students attending low-performing or high-poverty schools and engages them in additional academic tasks to increase mathematics and reading skills. Under the Elementary and Secondary Education Act (ESEA) waiver granted in May 2012, the state may permit community learning centers to use these funds to support expanded learning time during the school day in addition to nonschool hours. Funds are distributed competitively to selected grantees for a five-year period, with a maximum of $200,000 per year. The executive budget appropriates $50 million for this item in each fiscal year.

English Language Acquisition (200689)

These federal funds provide assistance to school districts in meeting the special language needs of national origin minority and limited English proficiency students. In particular, the funds help ensure such students have equal educational opportunities and build school district capacity to close the academic achievement gap between these students and their peers. The executive budget appropriates $10.1 million in each fiscal year for this item.

Early Childhood Education

This category of appropriations includes funding to support early childhood education programs.

Governor's Recommended Amounts for Early Childhood Education				
Fund	**ALI**	**Title**	**FY 2016**	**FY 2017**
General Revenue Fund (GRF)				
GRF	200408	Early Childhood Education	$ 60,268,341	$ 70,268,341
GRF	200442	Child Care Licensing	$ 1,822,500	$ 1,822,500
		General Revenue Fund Subtotal	***$ 62,090,841***	***$ 72,090,841***
Dedicated Purpose Fund Group (DPF)				
5KT0	200673	Early Childhood Education	$ 20,000,000	$ 20,000,000
		Dedicated Purpose Fund Group Subtotal	***$ 20,000,000***	***$ 20,000,000***
Federal Fund Group (FED)				
3C50	200661	Early Childhood Education	$ 14,554,749	$ 14,554,749
3FN0	200672	Early Learning Challenge – Race to the Top	$ 8,000,000	$ 3,400,000
3H90	200605	Head Start Collaboration Project	$ 225,000	$ 225,000
		Federal Fund Group Subtotal	***$ 22,779,749***	***$ 18,179,749***
Total Funding: Early Childhood Education			**$104,870,590**	**$110,270,590**

Early Childhood Education (200408)

This line item funds the early childhood education program in school districts, JVSDs, ESCs, community schools sponsored by an exemplary sponsor, chartered nonpublic schools and specific childcare providers licensed by the Ohio Department of Job and Family Services (ODJFS) as providers eligible to receive funds. The executive budget recommends an increase of $15.0 million (33.0%) in FY 2016 and an increase of $10.0 million (16.6%) in FY 2017 for this line item, which contains the earmark listed in the following table.

200408, Early Childhood Education		
Earmarks	**FY 2016**	**FY 2017**
Early Childhood Support and Technical Assistance	$ 1,205,367	$ 1,405,367
Remainder – Early Childhood Education Grants	$ 59,062,974	$ 68,862,974
Total Funding: Early Childhood Education	**$ 60,268,341**	**$ 70,268,341**

Early Childhood Support and Technical Assistance

This funding is used by ODE to administer the early childhood education program and provide technical support to districts receiving funding under the program. The executive budget specifies that no more than 2.0% of the total appropriation in any fiscal year may be used by ODE for these purposes. The executive budget requires ODE to conduct an annual survey of each provider to obtain information on any tuition or fees charged by the provider for the program and to

provide an annual report regarding early childhood education programs and the early learning program standards.

Early Childhood Education Grants

This funding supports early childhood education programs that provide educational services for children from families with incomes below 200% of the federal poverty level. Currently, the program serves three and four-year-old children, but beginning in FY 2017, the executive proposes to limit funding to four-year-old children. Under the executive proposed level of funding, approximately 3,675 additional children will be served in FY 2016 and 6,125 in FY 2017 at a cost of $4,000 per child in FY 2016, the same as in FY 2015. Currently, approximately 11,090 children are educated through state-funded early childhood education programs. A district may self-operate or may contract with a Head Start agency, a chartered nonpublic school, or a licensed child care provider to provide Early Childhood Education services. These programs must align their curricula to the early learning program standards developed by ODE, administer diagnostic assessments prescribed by ODE, require all teachers to attend at least 20 hours of professional development every two years, report child progress in meeting the program standards, and participate in Ohio's tiered quality rating and improvement system.

Over the upcoming biennium, ODE plans to develop a joint process with ODJFS synchronizing early childhood education program eligibility, application, tracking, and payments. This includes aligning the copay system based on the federal poverty level.

Child Care Licensing (200442)

These funds are used by ODE to license and inspect preschool and school-age child care programs operated by school districts, chartered nonpublic schools, Head Start agencies, and county boards of developmental disabilities. ODE licenses and monitors more than 1,960 child care programs across the state. Current case load ratios have increased significantly over the last five years, with the current ratio being 1:190. The executive budget proposes increased funding by almost $1.0 million (120.3%) in FY 2016 and flat funding in FY 2017 for this item. Over the biennium, ODE will use most of the additional funding to hire more staff so that it can adequately serve the increasing number of preschool and school-age child care sites requiring licensure and to monitor compliance with the requirement that all programs participate in Ohio's tiered quality rating and improvement system by July 1, 2016. According to ODE, the recommended funding will allow the Department to reduce staff-to-program ratios to levels in line with ODJFS and national standards (1:100).

Early Childhood Education (200673)

This line item, funded by revenue from the Casino Operator Settlement Fund, will be used to develop programs and systems supporting high quality early childhood

opportunities for children from economically disadvantaged families. ODE, in partnership with the Governor's Early Childhood Education and Development Officer and ODJFS, will develop guidelines and performance criteria that identify and evaluate high-quality programs. Program guidelines and criteria must be completed by January 1, 2016. Funding for this purpose is $20.0 million per fiscal year.

Early Childhood Education (200661)

These federal funds are distributed to districts to support special education and related services to children with disabilities between the ages of three and five. Districts are mandated under federal law to provide a free and appropriate public education to these children and are required to develop IEPs for them. These federal grant funds are provided as supplemental funding in addition to the preschool special education funding provided by state funds. Funds are distributed based on 1997 service levels with adjustments for total population and poverty. Federal funding for this program is expected to increase $2.4 million (20.2%) in FY 2016 and remain flat in FY 2017.

Race to the Top – Early Learning Challenge Grant (200672)

These federal funds are designed to focus on improving early learning and development programs for young children (from birth through kindergarten) by (1) increasing the number and percentage of low-income and disadvantaged children who are enrolled in high-quality early learning programs, (2) implementing a common tiered quality rating and improvement system for all types of early childhood programs, and (3) implementing a comprehensive assessment system, including pre-kindergarten to kindergarten formative assessments and a kindergarten readiness assessment. The total grant award is for approximately $70 million and covers a four-year period from January 2012 through December 2015. In addition to ODE, the Ohio departments of Job and Family Services, Health, and Mental Health use portions of the total grant award to implement critical components of the program. Federal funding for this item is expected to be $8.0 million in FY 2016 and decrease to $3.4 million in FY 2017 as programs make final expenditures from the federal funds.

Head Start Collaboration Project (200605)

This federal grant provides funding for the coordination of federal, state, and local policies to support a coordinated early childhood education and child care system. Funds are used to support federal Head Start and child care providers in increasing services to families. Activities funded include the dissemination of information, the support of partnerships between Head Start and child care providers, and leadership services. Federal funding for this grant is expected to decrease $59,000 (20.7%) in FY 2016 and remain flat in FY 2017.

Educator Quality

This category of appropriations includes funding to support programs that aim to improve the quality of educators in Ohio.

Governor's Recommended Amounts for Educator Quality				
Fund	**ALI**	**Title**	**FY 2016**	**FY 2017**
General Revenue Fund (GRF)				
GRF	200448	Educator Preparation	$ 1,564,237	$ 1,564,237
		General Revenue Fund Subtotal	***$ 1,564,237***	***$ 1,564,237***
Dedicated Purpose Fund Group (DPF)				
4L20	200681	Teacher Certification and Licensure	$ 16,400,000	$ 16,900,000
		Dedicated Purpose Fund Group Subtotal	***$ 16,400,000***	***$ 16,900,000***
Federal Fund Group (FED)				
3CG0	200646	Teacher Incentive	$ 12,500,000	$ 200,000
3Y60	200635	Improving Teacher Quality	$ 90,000,000	$ 90,000,000
		Federal Fund Group Subtotal	***$ 102,500,000***	***$ 90,200,000***
Total Funding: Educator Quality			**$ 120,464,237**	**$ 108,664,237**

Educator Preparation (200448)

These funds are used primarily by ODE to implement teacher and principal evaluation systems, including the use of student growth and teacher value-added reports. The executive budget recommends flat funding in FY 2016 and FY 2017 for this line item, which contains the earmarks listed in the following table.

200448, Educator Preparation		
Earmarks	**FY 2016**	**FY 2017**
State System of Support Assistance	$ 500,000	$ 500,000
Educator Standards Board	$ 100,000	$ 100,000
Remainder – Teacher and Principal Evaluation Systems	$ 964,237	$ 964,237
Total Funding: Educator Preparation	**$ 1,564,237**	**$ 1,564,237**

State System of Support Assistance

The executive budget authorizes ODE to use up to $500,000 in each fiscal year from this item to monitor and support Ohio's State System of Support in accordance with the "No Child Left Behind Act of 2011" as administered pursuant to ESEA flexibility waivers approved for Ohio by the U.S. Department of Education. Specifically, the funds will be used to support additional contractors that serve as facilitators and direct service providers to additional school districts, community schools, and local education agencies implementing the Ohio Improvement Process, which is an integrated, research-based planning approach for districts to use as they develop and implement a focused improvement plan. The funding in FY 2016 will support five contractors to train and monitor public schools and districts. Funding also supports school transformation specialists, which evaluate the state's persistently lowest

achieving schools for academic achievement and progress in turning those schools around. These funds are used in conjunction with the $3.5 million set-aside for school improvement in GRF line item 200550, Foundation Funding, to ensure the state meets the requirements of the ESEA flexibility waiver.

Educator Standards Board

The budget authorizes ODE to use up to $100,000 in each fiscal year from this item to support the Educator Standards Board, which is responsible for the development and implementation of statewide standards for Ohio's teachers and principals. The executive proposal recommends flat funding for this earmark in FY 2016 and FY 2017.

Remainder – Teacher and Principal Evaluation Systems

This funding supports the implementation of the teacher and principal evaluation systems, including incorporation of student growth as a metric in those systems, and teacher value-added reports. Formerly, student growth and teacher performance measures comprised 50% each of the teacher evaluation. H.B. 362 of the 130th General Assembly provided an alternative framework that lowers the percentage of both components to 42.5% and provides for alternative measures such as student surveys and portfolios to comprise the remaining 15%.

Teacher Certification and Licensure (200681)

This program provides funds for the processing of licensure applications, technical assistance related to licensure, and the administration of the teacher disciplinary process. Funding for this item is provided by licensure fees that are deposited into DPF Fund 4L20. Fees are $40 per year on an annualized basis. Approximately 120,000 licenses are issued annually. According to ODE, about 950 cases of educator misconduct are investigated annually, with an average of 430 cases resulting in disciplinary action. In addition to conducting these investigations and hearings, ODE also provides products and services that improve stakeholder awareness, understanding, and practice of professional conduct. The program also administers the retained applicant fingerprint database program for Ohio educators.

The executive budget proposes increases of $2.3 million (16.3%) in FY 2016 and $0.5 million (3.0%) in FY 2017. The increased funding will be used mainly to support additional staff in both the certification and licensing and professional conduct areas in order to improve licensure processing and reduce call-wait times and ensure efficient case investigations.

Teacher Incentive (200646)

These federal funds are used to develop and implement performance-based teacher and principal compensation systems, based primarily on increases in student achievement in high-needs schools. ODE, working in conjunction with Battelle for Kids, as well as 24 school district partners, is working to design, implement, and learn from best practices around performance-based compensation. Recommended appropriations decrease to $12.5 million in FY 2016 and to $200,000 in FY 2017 as expenditures from the five-year federal grant wind down.

Improving Teacher Quality (200635)

Most of this federal grant (95%) is passed through directly to school districts based on a federal formula that considers enrollment and poverty in each district. Districts must use the funds for professional development and educator quality purposes. The remainder of the grant is used by ODE for administration (1%) and to support partnerships between districts and institutions of higher education in developing educator training activities (4%). This funding is expected to increase $7.7 million in FY 2016 and remain flat in FY 2017.

Curriculum, Assessment, and Accountability

This category of appropriations includes funding to support the state model curriculum, state assessments, and the state school accountability system.

Governor's Recommended Amounts for Curriculum, Assessment, and Accountability						
Fund	ALI	Title		FY 2016		FY 2017
General Revenue Fund (GRF)						
GRF	200424	Policy Analysis	$	1,528,558	$	1,528,558
GRF	200427	Academic Standards	$	3,800,000	$	3,800,000
GRF	200437	Student Assessment	$	73,816,438	$	73,405,050
GRF	200439	Accountability/Report Cards	$	6,897,310	$	6,897,310
GRF	200446	Education Management Information System	$	7,429,070	$	7,479,070
GRF	200447	GED Testing	$	474,000	$	474,000
		General Revenue Fund Subtotal	***$***	***93,945,376***	***$***	***93,583,988***
Dedicated Purpose Fund Group (DPF)						
4540	200610	GED Testing	$	250,000	$	250,000
5U20	200685	National Education Statistics	$	300,000	$	300,000
		Dedicated Purpose Fund Group Subtotal	***$***	***550,000***	***$***	***550,000***
Federal Fund Group (FED)						
3EK0	200637	Advanced Placement	$	432,444	$	498,484
3Z20	200690	State Assessments	$	10,263,000	$	10,263,000
		Federal Fund Group Subtotal	***$***	***10,695,444***	***$***	***10,761,484***
Total Funding: Curriculum, Assessment, and Accountability			**$**	**105,190,820**	**$**	**104,895,472**

Policy Analysis (200424)

This line item supports research and data collection related to education policy analysis. ODE staff members supported by this item are responsible for developing reports, analyses, and briefings to inform education policymakers of current trends in educational practices, efficient and effective use of resources, and evaluations of programs to improve educational results. The executive budget recommends $1.5 million in FY 2016 and FY 2017, an increase of over 350% from current funding levels. According to ODE, this additional funding will mostly be used for ad hoc research projects that will be bid out to external organizations. It will also offset some of the loss of Race to the Top funding that supported research-based activities.

Academic Content Standards (200427)

This funding supports the development and dissemination of the state academic content standards and model curricula. Academic content standards describe what the state expects all students to know and be able to do at each grade level. Model curricula are resources that schools can use to develop courses of study that are aligned to the academic content standards. The standards and model curricula can be accessed from ODE's website (education.ohio.gov) by clicking on the "Ohio's New Learning Standards" link under the "Topics" section of the home page.

H.B. 1 of the 128th General Assembly required ODE to develop new standards and model curricula. In response, the State Board adopted revised academic content standards in English language arts and mathematics (that together comprise the Common Core State Standards, or CCSS) and science and social studies in June 2010. Updated model curricula for these four subjects were adopted in March 2011. New or updated standards for fine arts, financial literacy, world languages, and noncareer-technical business education were adopted in June 2012. Model curricula for fine arts and world languages were finalized in June 2014. As of the current 2014-2015 school year, the new standards are fully in use. The executive budget recommends flat funding for this item in FY 2016 and FY 2017. This funding provides technical support in the application of the new academic content standards to ensure they are used effectively, including professional development programs and other tools for teachers.

Student Assessment (200437 and 200690)

This funding supports the development, printing, distribution, collection, scoring, and reporting of state assessments. Both federal and state funding supports this programming. Federal funding for assessments, appropriated in line item 200690, State Assessments, is expected to be $10.3 million in each fiscal year. From the GRF, the executive budget appropriates $73.8 million in FY 2016 and $73.4 million in FY 2017 for line item 200437. This item includes one earmark for diagnostic assessments, which is listed below in the following table. Combined state and federal funding for assessments totals approximately $84.1 million in FY 2016 and $83.7 million in FY 2017. These appropriation levels are slightly lower than the $86.4 million appropriated for this purpose in FY 2015. According to ODE, the long-term forecast for assessment expenditures should trend downward as more districts and schools shift from paper-based testing to computer-based testing.

200437, Student Assessment				
Earmarks		**FY 2014**		**FY 2015**
Diagnostic Assessments	$	1,206,000	$	2,760,000
Remainder – Student Assessments	$	72,610,438	$	70,645,050
Total Funding: Student Assessment	**$**	**73,816,438**	**$**	**73,405,050**

Diagnostic Assessments

This funding supports diagnostic assessments for kindergarten through third grade students, including the kindergarten readiness assessment. The diagnostic assessments measure student comprehension of academic content and mastery of related skills in reading, writing, and mathematics. Results of the diagnostic assessments are used to determine students who are not performing at grade level and are in need of intervention. Diagnostic assessments are made available to public schools

and districts at no cost. The executive budget recommends $1.2 million in FY 2016 and $2.7 million in FY 2017, a significant increase from the current earmark level of $95,000.

Through the 2013-2014 school year, Ohio's 130,000 kindergarteners took the Kindergarten Readiness Assessment-Literacy (KRA-L) to assist teachers in evaluating a student's language and literacy skills at the beginning of the school year. Beginning in the current 2014-2015 school year, an expanded kindergarten readiness assessment was administered for the first time. This new diagnostic assessment continues to measure language and literacy, but now also assesses mathematics, science, social studies, social foundations, and physical well-being and motor development. According to ODE, increased funding for this earmark will be used, in part, to provide professional development and technology support to teachers and administrators.

Under current law, public schools must administer diagnostic assessments in reading, writing, and math to students in kindergarten through second grade, and reading and writing to students in the third grade. The executive proposal eliminates this requirement for all diagnostic assessments except for the Kindergarten Readiness Assessment. However, it does require districts to use reading "skills" assessments in grades 1-3 for purposes of the third grade reading guarantee, of which the state's reading diagnostic assessments would fulfill the requirement. Furthermore, it requires these reading skills assessments to be completed by September 30th of each school year.

Remainder – Student Assessment

These funds support all other state assessments that are administered to students enrolled in public schools. The aggregate student scores on those assessments are used in computing annual state report card ratings for school districts and other public schools. Currently, ODE is implementing a new generation of computer-based assessments that will begin to be administered in the current 2014-2015 school year, including assessments in English language arts and mathematics aligned to the CCSS, state-developed assessments in science and social studies, and the new College and Work Ready Assessment System (comprised of seven end-of-course exams and a nationally standardized college readiness assessment) that will replace the Ohio Graduation Tests (OGT). These new assessments were developed and field tested over the course of the 2012-2013 and 2013-2014 school years. Additionally, ODE supports mid-year performance assessments to better inform teachers and students of progress made over the course of the school year as well as updated diagnostic assessments aligned to the revised content standards for grades K-3.

High school students take assessments in part to fulfill graduation requirements. Beginning with students who enter ninth grade in the 2014-2015 school year or later, current law requires high school students to complete one of three graduation pathways to be eligible for a diploma. Those pathways are: (1) score at "remediation-free" levels in

English, math, and reading on nationally standardized assessments, (2) attain a cumulative passing score on the end-of-course examinations, or (3) attain a passing score on a nationally recognized job skills assessment and obtain either an industry-recognized credential or a state agency- or board-issued license for practice in a specific vocation. Students who entered ninth grade prior to the 2014-2015 school year must attain a passing score on each of the Ohio Graduation Tests. The current assessments for both elementary and secondary students are described below.

Achievement Assessments and End-of-Course Exams

The elementary level achievement assessments and high school end-of-course exams test each student's achievement of the knowledge and skills delineated in the academic content standards. Currently, there are achievement assessments in English language arts and mathematics in each of grades three through eight; in science in grades five and eight; and in social studies in grades four and six. The end-of-course exams assess student achievement in the areas of English language arts I, English language arts II, science, Algebra I, geometry, American history, and American government. In addition, eleventh grade students in public and chartered nonpublic high schools must take a nationally standardized assessment that measures college and career readiness beginning in the 2016-2017 school year, likely either the SAT or ACT. Students with special needs are given alternate assessments that are developed by ODE. Additionally, English language learners are given the Ohio Test of English Language Acquisition (OTELA).

In FY 2014, ODE estimates that over 2 million achievement assessments, 1.3 million OGT assessments, 46,000 alternate assessments, and 39,000 OTELAs were distributed, collected, scored, and reported. In addition, funding supported the production of about 85,000 special versions of these assessments and other resource materials for approximately 1.2 million parents. The $10.3 million in each fiscal year from federal Fund 3Z20, appropriation line item 200690, State Assessments, is used to support the federally mandated achievement assessments in reading and mathematics in grades three through eight and the high school end-of-course exams.

The executive proposal makes several relevant changes to current law. First, it imposes new time limitations on state assessments. Specifically, it limits the cumulative amount of time spent on preparing for and administering state assessments to 1% and 2% of the school year, respectively. Assessments administered to special education and limited English proficient students, among other tests, are exempt from these limitations. Second, it eliminates the fall administration of the third grade English language arts assessment. Third, the executive proposal exempts chartered nonpublic schools from being required to administer end-of-course exams in the current 2014-2015 school year. Furthermore, it exempts these schools from this requirement in future school years so long as a school publishes the results of the nationally standardized

assessment that measures college and career readiness for each graduating class. Lastly, the executive proposal permits a student who entered ninth grade prior to the current 2014-2015 school year to earn a high school diploma if the student completes one of the graduate pathways required for students entering the ninth grade in the 2014-2015 school year or later.

Accountability/Report Cards (200439)

These funds are used to produce local report cards for 610 school districts and almost 4,000 public school buildings, including community schools, as well as a state report card that presents results for the state as a whole. The report cards can be accessed from ODE's website (education.ohio.gov) by clicking on the "Report Card" link under the "Topics" section of the home page. The executive budget proposes an increase of 84% from FY 2015 to $6.9 million in each fiscal year for this item. According to ODE, increased funding for this line item will enable the continuation of teacher value-added reports and teacher-student linkage roster verification. These activities were previously supported by Race to the Top funding. Additionally, this funding will allow ODE to fill two vacant staff positions and improve its performance management tool.

Prior to the 2012-2013 school year, these report cards presented data on district and building performance according to four basic metrics (the performance indicators established by the State Board, the performance index, adequate yearly progress, and the value-added progress dimension) as well as descriptive and financial data. Based on these metrics, each district and building received one of six designations ranging from "excellent with distinction" to "academic emergency." In May 2012, the state was granted a waiver from a number of federal No Child Left Behind Act requirements in exchange for committing to various reforms, one of which is a more rigorous accountability rating system using an A-F letter grading system. The new accountability rating system, established by H.B. 555 of the 129th General Assembly, was first used in the report cards issued for the 2012-2013 school year.

The new academic performance rating and report card system will be fully phased in beginning with the report cards for the 2015-2016 school year published in August 2016. Eventually, this system will assign school districts and individual schools "A," "B," "C," "D," or "F" letter grades using six reported and ten graded performance measures, mostly based on student scores on the academic achievement assessments. The major six components of the rating system are: (1) gap closing, (2) achievement, (3) progress, (4) graduation rate, (5) K-3 grade literacy, and (6) prepared for success. Most of the separate performance measures are graded separately and then used to assign the grade for the respective organizing component and an overall grade. However, for the current 2014-2015 school year, overall grades and grades for components will not be calculated. The timeline for implementation is detailed below.

Implementation Timeline for A-F Report Card System, August 2013-August 2016				
Performance Measures	**August 2013**	**August 2014**	**August 2015**	**August 2016**
Overall Grade	---	---	---	*Calculated*
Component Grades	---	---	---	*Calculated*
Performance Components and Measures				
Achievement Component	---	---	---	**Graded**
Performance Index	Graded	Graded	Graded	Graded
Performance Indicators	Graded	Graded	Graded	Graded
Progress Component	---	---	---	**Graded**
Value-Added: Overall	Graded	Graded	Graded	Graded
Value-Added: Gifted	Graded	Graded	Graded	Graded
Value-Added: Students with Disabilities	Graded	Graded	Graded	Graded
Value-Added: Lowest 20% in Achievement	Graded	Graded	Graded	Graded
Value-Added: High School	---	---	Reported	Graded
Graduation Rate Component	---	---	---	**Graded**
Graduation Rate (4-year)	Graded	Graded	Graded	Graded
Graduation Rate (5-year)	Graded	Graded	Graded	Graded
Gap Closing Component	---	---	---	**Graded**
Annual Measurable Objectives	Graded	Graded	Graded	Graded
K-3 Literacy Component	---	---	---	**Graded**
K-3 Literacy Improvement	---	Graded*	Graded	Graded
Prepared for Success Component	---	---	---	**Graded**
College Admission Test (Participation Rate and Non-Remediation Score	---	Reported	Reported	Reported
Dual Enrollment Credits	---	Reported	Reported	Reported
Industry Credentials	---	Reported	Reported	Reported
Honors Diplomas Awarded	---	Reported	Reported	Reported
AP Participation and Score	---	Reported	Reported	Reported
IB Participation and Score	---	Reported	Reported	Reported

*Grades for the K-3 Literacy Improvement measure are not yet available due to district-level reporting inconsistencies.

The executive proposal makes several changes pertaining to the performance components. Among other provisions, the bill renames the "Kindergarten through Third Grade Literacy" component to "Early Literacy," adds a new measure to the K-3 literacy component that assigns a grade to the percentage of third grade students who have never been retained under the third grade reading guarantee, and disaggregates the high school student progress measure from the progress component. For additional details, please see the LSC Bill Analysis.

Education Management Information System (200446)

These funds support the Education Management Information System (EMIS). EMIS is ODE's primary system for collecting student, staff, course, program, and financial data from Ohio's public schools. The data collected via EMIS are used to determine both state and federal performance accountability designations, to produce the local report cards, to calculate and administer state funding to school districts, to determine federal funding allocations, and to meet federal reporting requirements. The executive budget proposes $7.4 million in FY 2016 and $7.5 million in FY 2017 for this item, an increase from the current appropriation level of $6.8 million. This line item includes the earmark listed in the following table.

200446, Education Management Information System				
Earmarks		**FY 2014**		**FY 2015**
Information Technology Center Subsidy	$	725,000	$	725,000
Remainder – Education Management Information System	$	6,704,070	$	6,754,070
Total Funding: Education Management Information System	**$**	**7,429,070**	**$**	**7,479,070**

Information Technology Center Subsidy

These funds are earmarked for distribution to the 22 information technology centers (ITCs) for costs related to processing, storing, and transferring data for the effective operation of EMIS. The costs include: personnel, hardware purchases, software development, communications connectivity, professional development, support services, and the provision of services related to the State Education Technology Plan. Among other things, these centers help all school districts (except Akron, Cleveland, and Columbus), community schools, JVSDs, and ESCs electronically transmit required EMIS data. Funds are distributed to the 22 ITCs using a per-pupil formula based on the enrollment of member districts. The executive budget recommends flat funding in FY 2016 and FY 2017 for this earmark.

Remainder – Education Management Information System

This funding supports the development and implementation of data standards and a data exchange system, EMIS-R. These activities include developing and maintaining the data dictionary, data warehouse, and the data system itself. In the current biennium, EMIS-R expanded to include a statewide daily enrollment check application and additional community school data collection features. It also supported enhanced electronic sharing of student information among districts and between districts and institutions of higher education.

The executive budget recommends funding increases of $6.7 million in FY 2016 and $6.8 million in FY 2017 for this earmark, increases of over $600,000 in each fiscal year from the current earmark level. According to ODE, the increased funding will

support additional data management staff needed to implement systemic data quality checks and to comply with increased reporting requirements.

GED Testing (200447 and 200610)

The GED program provides a national test for Ohio adults without a high school diploma. Upon passing the GED, nongraduates receive an Ohio High School Equivalence Diploma. GRF funding, through line item 200447, supports the administrative costs of ODE's GED office. The executive budget recommends approximately $475,000 in GRF funding each fiscal year. According to ODE, the number of staff and workload for the GED office has decreased following the transfer of GED test administration and transcript processing to Pearson VUE's GED Testing Service in 2014. Staff now serve as a state presence, answer questions, oversee the testing sites, and process the GED reimbursements funded through GRF line item 200550.

Formerly, GRF funding was supplemented with application fee revenues that were deposited into DPF Fund 4540. Following the shift in administration of and credentialing for the GED, application fees are no longer collected by the state. The national testing service now collects the fees, reimburses the testing centers, and operates an electronic transcript system. Though this fund no longer receives fee revenue, the executive proposes flat funding of $250,000 each fiscal year for line item 200610 in case a need for the funding were to arise.

Advanced Placement (200637)

These federal funds are used to reimburse low-income students for all or part of the costs associated with the Advanced Placement tests and the International Baccalaureate exam. This program was originally supported by Fund 3700, line item 200624, Education of Exceptional Children. The executive proposal recommends funding of $430,000 in FY 2016 and $500,000 in FY 2017 for this line item.

National Education Statistics (200685)

This federal funding is deposited into DPF Fund 5U20 to support the collection of education statistics at the state and local level to be reported to the National Center for Education Statistics (NCES) and to support the position of the National Assessment of Education Progress (NAEP) state coordinator. The No Child Left Behind Act of 2001 requires states to participate in NAEP, which is a nationally representative student assessment. The executive budget recommends $300,000 for this item in each fiscal year, nearly double the amount of its current appropriation level.

State Administration

This category of appropriations includes funding for the administrative costs of ODE.

Governor's Recommended Amounts for State Administration				
Fund	**ALI**	**Title**	**FY 2016**	**FY 2017**
General Revenue Fund (GRF)				
GRF	200321	Operating Expenses	$ 15,717,708	$ 16,017,708
GRF	200420	Information Technology Development and Support	$ 5,241,296	$ 5,241,296
		General Revenue Fund Subtotal	***$ 20,959,004***	***$ 21,259,004***
Dedicated Purpose Fund Group (DPF)				
4520	200638	Fees and Refunds	$ 1,000,000	$ 1,000,000
6200	200615	Educational Improvement Grants	$ 175,000	$ 175,000
		Dedicated Purpose Fund Group Subtotal	***$ 1,175,000***	***$ 1,175,000***
Internal Service Activity Fund Group (ISA)				
1380	200606	Information Technology Development and Support	$ 6,850,090	$ 6,850,090
4R70	200695	Indirect Operational Support	$ 7,600,000	$ 7,600,000
4V70	200633	Interagency Program Support	$ 500,000	$ 500,000
		Internal Service Activity Fund Group Subtotal	***$ 14,950,090***	***$ 14,950,090***
Federal Fund Group (FED)				
3Z30	200645	Consolidated Federal Grant Administration	$ 10,000,000	$ 10,000,000
		Federal Fund Group Subtotal	***$ 10,000,000***	***$ 10,000,000***
Total Funding: State Administration			**$ 47,084,094**	**$ 47,384,094**

Operating Expenses (200321)

This line item primarily funds administrative functions not funded through line items dedicated to specific programs as well as the administrative expenses necessary to meet certain federal matching or maintenance of effort (MOE) requirements. Overall, the executive recommends an increase of $2.6 million (19.6%) in FY 2016 and $300,000 (1.9%) in FY 2017. The table below summarizes the funding of the programs receiving support from this line item. Following the table is a brief discussion of each program.

200321, Operating Expenses		
Program	**FY 2016**	**FY 2017**
Administrative Support	$ 13,636,084	$ 13,936,084
Career-Technical Education State Match	$ 1,772,095	$ 1,772,095
State Administrative Expenses for Child Nutrition MOE	$ 309,529	$ 309,529
Total Funding: Operating Expenses	**$ 15,717,708**	**$ 16,017,708**

Administrative Support

This portion of the line item funds expenses associated with administrative functions not directly related to one program, such as the Superintendent's office, communications, legal counsel, legislative services and budgetary planning, board relations, policy analysis and research, and internal audit. Administrative expenses

related to specific programs are funded in the line items that fund those programs. The entire amount of the increase recommended for this line item is allocated for this purpose. Approximately $1.8 million per year of the increase supports higher supplies and maintenance costs, most of which is due to rent that is currently being funded through the Department of Administrative Services (DAS) budget. The executive budget proposes to end the practice of DAS paying agency GRF rent costs and instead begin DAS billings of agencies for all their occupied space in state office buildings rather than only for the non-GRF portion of those costs, as is the case currently. The executive budget accommodates the increased agency expense by allocating the GRF funding that would otherwise be appropriated in DAS's budget for rent costs to existing GRF line items in agency budgets.

The remainder of the increase, $0.8 million in FY 2016 and $1.1 million in FY 2017 will be used to support payroll-related costs, including the funding of eight new positions. According to ODE, new programs such as the Straight A Fund, Community Connectors, and others have produced the need for additional staff.

Career-Technical Education State Match

The line item also provides for the administration of career-technical programs, the spending for which constitutes the state match for the administrative portion of federal career-technical education funds expended through line item 200621, Career-Technical Education Basic Grant. The executive proposal recommends flat funding for this purpose over the biennium.

State Administrative Expenses for Child Nutrition MOE

This portion of the line item funds the administrative expenses needed to comply with federal MOE requirements associated with the State Administrative Expenses for Child Nutrition grant. The federal funds from this grant are expended through line item 200607, School Food Services. The executive proposal recommends flat funding for this purpose over the biennium.

Information Technology Development and Support (200420 and 200606)

GRF funding in line item 200420 is used to develop and implement information technologies that meet the needs of the various business centers in ODE. These technologies include Internet and Intranet enhancements. ODE has several online applications, such as the interactive local report card and interactive continuous improvement planning, that are supported with this funding. The executive budget proposes to increase the funding for this line item by $1.0 million (23.6%) in FY 2016 and provide flat funding in FY 2017. The increased funding for this line item over the biennium was intended to support projected increases associated with DAS's IT Optimization project. That project receives dedicated support from charges assessed to state agencies based on the agencies' IT spending. However, since its budget request

was submitted, ODE has learned that the increase in funds will not be needed to maintain service levels.

Non-GRF funding in line item 200606 also supports information technology services and support for various ODE programs. This support includes development and maintenance of the network infrastructure and software, purchase of all computer hardware and software, project management, and programming services. The various programs pay fees via a payroll charge for these services, which are deposited into Fund 1380. The executive budget recommends an increase of $1.3 million (22.6%) in FY 2016 and flat funding in FY 2017. Increased funding for this line item will be used mainly for additional IT personnel, the goal of which is to allow ODE to implement IT solutions more quickly.

Combined, these two line items are recommended a total of $12.1 million in each fiscal year, which represents a 23.0% increase compared to FY 2015 estimated spending of $9.8 million.

Fees and Refunds (200638)

This funding is provided through fees for products or services provided by ODE, such as publications or conferences sponsored by ODE, as well as through donations made to ODE. These funds are used to support the specific purpose for which the fee was charged or for the purposes specified by donors.

This line item is also used to redistribute assets of permanently closed community schools to the students' resident school districts. Fund 4520 receives any funds remaining from the assets of permanently closed community schools after the retirement funds, employees of the school, and private creditors receive the compensation owed them. The remaining funds are sent to ODE to distribute to the students' resident school districts in proportion to each district's share of the total enrollment of the community school. In January 2015, ODE received Controlling Board approval for an increase in this line item's appropriation from $500,000 to $1.2 million, as the amount of funds needing to be redistributed exceeded the amount of appropriation available.

As can be seen from the above, revenues to Fund 4520 and expenditures from this line item are reliant on isolated events. The executive proposes $1 million in each fiscal year for this line item to cover such expenses.

Educational Improvement Grants (200615)

This line item receives revenues from various grants from private donors for special projects. Expenditures are dependent on the number and amount of grants received. ODE indicates that the number of grants the Department has sought from private sources has decreased over the past several years. The executive proposes $175,000 in each fiscal year for this line item.

Indirect Operational Support (200695)

These funds are used to pay for a variety of administrative purposes not directly tied to a specific funding source, including accounting, human resources, federal grants management, and internal auditing functions. Funding for these costs is recouped from the federal government and other various funds used by ODE containing payroll expenses by applying an indirect cost rate that is approved annually by the U.S. Department of Education. Revenue from the indirect charges is then deposited into Fund 4R70 via intrastate transfer voucher (ISTV). The executive budget recommends an increase in funding for this item of about $783,000 (11.5%) in FY 2016 and flat funding in FY 2017. The additional funding will be used mainly for additional staff support performing back office functions in an effort to operate the organization more efficiently.

Interagency Program Support (200633)

This line item is supported by funding from other state agencies for specific programs that require assistance from ODE. The executive budget recommends $500,000 in each fiscal year for this item.

Consolidated Federal Grant Administration (200645)

This federal funding represents a pool of state administrative funds from various federal grants. The funding is used to administer the grants, to provide technical assistance to grant recipients, and to engage in state-level activities related to the grants. The recommended funding for this line item is $10 million in both FY 2016 and FY 2017, representing an increase of about $675,000, or 7.2%, from FY 2015 estimated expenditures.

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LEGISLATIVE SERVICE COMMISSION

SCHOOL FUNDING COMPLETE RESOURCE

February 2015

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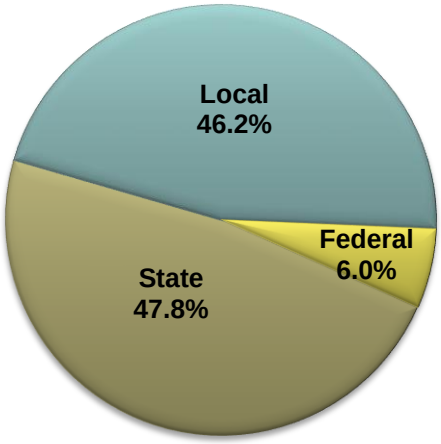
INTRODUCTION

Primary and secondary education is one of the primary focuses of the state budget process in Ohio. This area has traditionally comprised the largest share of state-source General Revenue Fund (GRF) and lottery spending in the state budget. In FY 2014, of total state-source GRF and lottery spending of $21.49 billion, 42.3%, or $9.10 billion, went to this program area, and most of this was distributed to public schools. The operating costs of public schools in Ohio are funded primarily with these state revenues and revenues raised at the school district level. A smaller amount is provided by the federal government. The state uses a foundation funding formula to distribute the bulk of its contribution. A new foundation funding formula was enacted in H.B. 59 of the 130th General Assembly and began to be used in FY 2014. This document presents an analysis of that foundation formula and is primarily meant to assist legislators in understanding it. In addition, this document analyzes other major sources of operating revenue from state, local, and federal government sources.

Chart I.1 illustrates, for FY 2014, the composition of public school operating revenues by source. The revenue included in this chart is broken down in Table I.1.[1] As the chart shows, state sources comprise 47.8% of public school operating revenue, followed by local tax sources (46.2%), and federal sources (6.0%). As can be seen from the table, the foundation formula comprises 78.5% of state source revenues, property tax rollbacks and tangible personal property (TPP) direct reimbursements, together,

Chart I.1: Public School Operating Revenues by Source, FY 2014



[1] This revenue does not include competitive grants, such as the state's Straight A Fund or the federal government's Race to the Top grant. It also does not include fees and donations collected at the local level or federal reimbursements for free and reduced-price meals. This measure of operating revenue differs from that available on the Department of Education's website, which has previously been reported by LSC, and should not be compared with it.

comprise 18.9%, and all other sources comprise the remaining 2.8%. Local revenues are comprised of property taxes (94.4%), school district income taxes (4.5%), and the gross casino revenue tax (1.1%). Federal revenues come mainly through the Elementary and Secondary Education Act's (ESEA) Title I (51.7%) and the Individuals with Disabilities Education Act (IDEA, 35.5%); with all other sources comprising the remaining 12.8%.

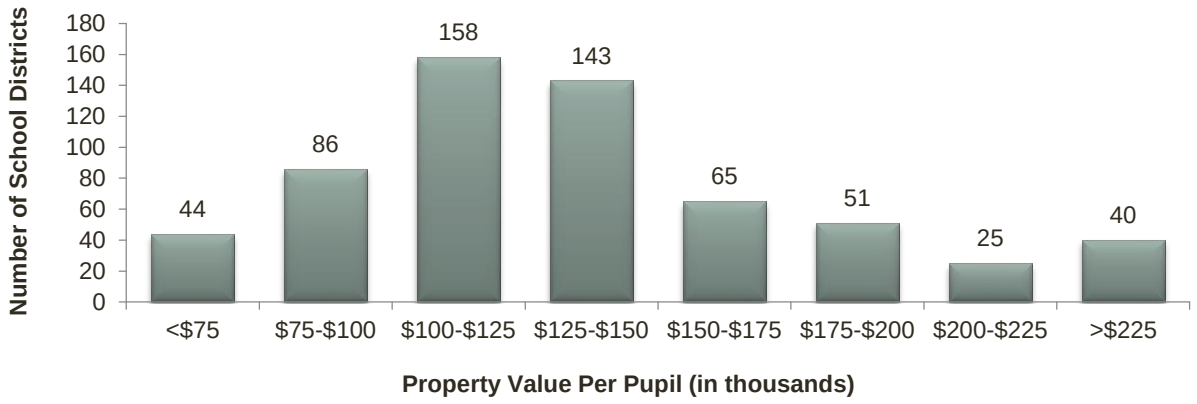
Table I.1: Public School Operating Revenues by Source, FY 2014

Source Components	Revenue (in millions)	Percentage of Source
State Sources		
Foundation Formula	$6,866.6	78.5%
Property Tax Rollbacks	$1,142.3	13.1%
TPP Direct Reimbursements	$509.7	5.8%
Preschool Special Education	$100.0	1.1%
Special Education Transportation	$55.4	0.6%
Educational Service Centers	$47.3	0.5%
Directly Funded Scholarships	$21.1	0.2%
Community School Facilities	$7.5	0.1%
Total State Sources	**$8,749.9**	**100.0%**
Local Sources		
Property Taxes	$7,982.1	94.4%
Income Taxes	$380.9	4.5%
Casino Tax	$92.7	1.1%
Total Local Sources	**$8,455.6**	**100.0%**
Federal Sources		
ESEA Title I	$566.8	51.7%
Special Education (IDEA)	$389.5	35.5%
Improving Teacher Quality	$80.5	7.3%
Career and Technical Education	$36.7	3.3%
Special Education Preschool	$10.7	1.0%
English Language Acquisition	$9.2	0.8%
Rural Education	$3.1	0.3%
Total Federal Sources	**$1,096.4**	**100.0%**
Total All Sources	**$17,843.9**	

The main driver behind the distribution of state revenue through the foundation formula is each public school district's capacity to raise revenues at the local level for the students residing in the district. This capacity varies among the 612 school districts in Ohio as it is largely dependent on the taxable property value per pupil of the district. Chart I.2 shows the distribution of property value per pupil in tax year (TY) 2012. Taxable value per pupil ranges from less than $75,000 in 44 districts to more than

$225,000 in 40 districts. The statewide weighted average is $137,000 and the statewide median is $128,000.

Chart I.2: Distribution of Taxable Property Value Per Pupil, TY 2012



The variation in per pupil property values impacts each individual district's ability to raise local revenue. The same one-mill property tax levy generates $75 per pupil for a district with a property value per pupil of $75,000 and $225 per pupil for a district with a property value per pupil of $225,000. As a result, local per pupil operating revenues vary significantly across school districts in Ohio.[2] In Chart I.3, school districts are ranked from lowest to highest property value per pupil and separated into four quartiles with roughly the same number of pupils. Districts in quartile 1 have the lowest taxable property value per pupil, whereas districts in quartile 4 have the highest. The bottom portions of the bars in the chart show average property tax revenue per pupil. As expected, property tax revenue per pupil is lower for districts with lower property value per pupil. It ranges from an average of $2,989 for districts with the lowest property value per pupil to an average of $8,306 for districts with the highest.

The foundation formula partially offsets the results of variations in per pupil property values. The top portions of the bars in the chart show average state foundation aid per pupil for each of the district quartiles. Per pupil foundation aid is higher for districts with lower property value per pupil. It ranges from an average of $6,314 for districts with the lowest property value per pupil to an average of $1,737 for districts with the highest. The following analysis looks at the three sources of public school revenues in more detail, concentrating on the state foundation funding formula.

[2] The other variable that affects local property tax revenue is tax effort – the millage rate levied in each district, which is mainly determined by the voters residing in the district.

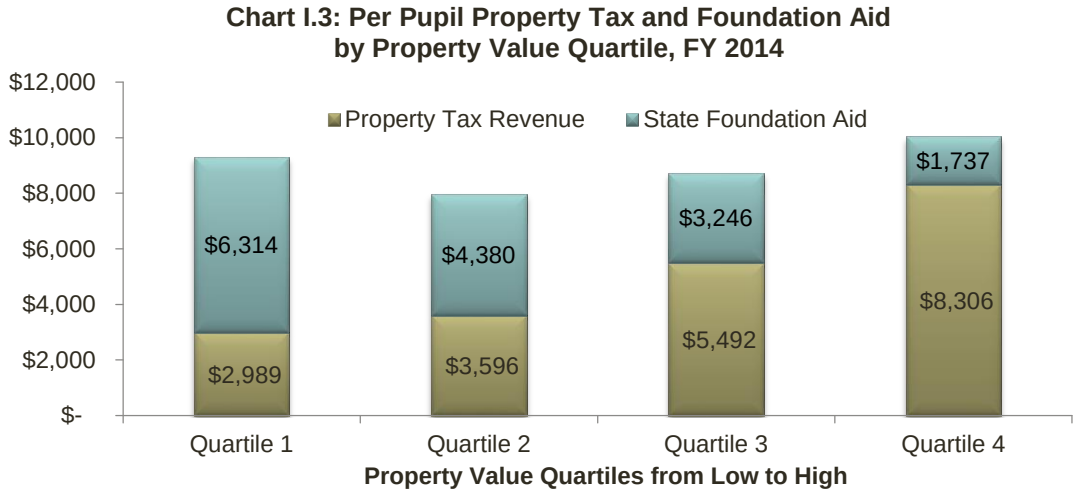


Chart I.3: Per Pupil Property Tax and Foundation Aid
by Property Value Quartile, FY 2014
$12,000
$10,000
$8,000
$6,000
$4,000
$2,000
$-
Property Tax Revenue
State Foundation Aid
$6,314
$2,989
$4,380
$3,596
$3,246
$5,492
$1,737
$8,306
Quartile 1
Quartile 2
Quartile 3
Quartile 4
Property Value Quartiles from Low to High

STATE OPERATING REVENUE

The following discussion describes the major sources of state revenue for educating public school students at traditional school districts, community schools, educational service centers, and joint vocational school districts as well as students attending chartered nonpublic schools with state scholarships.

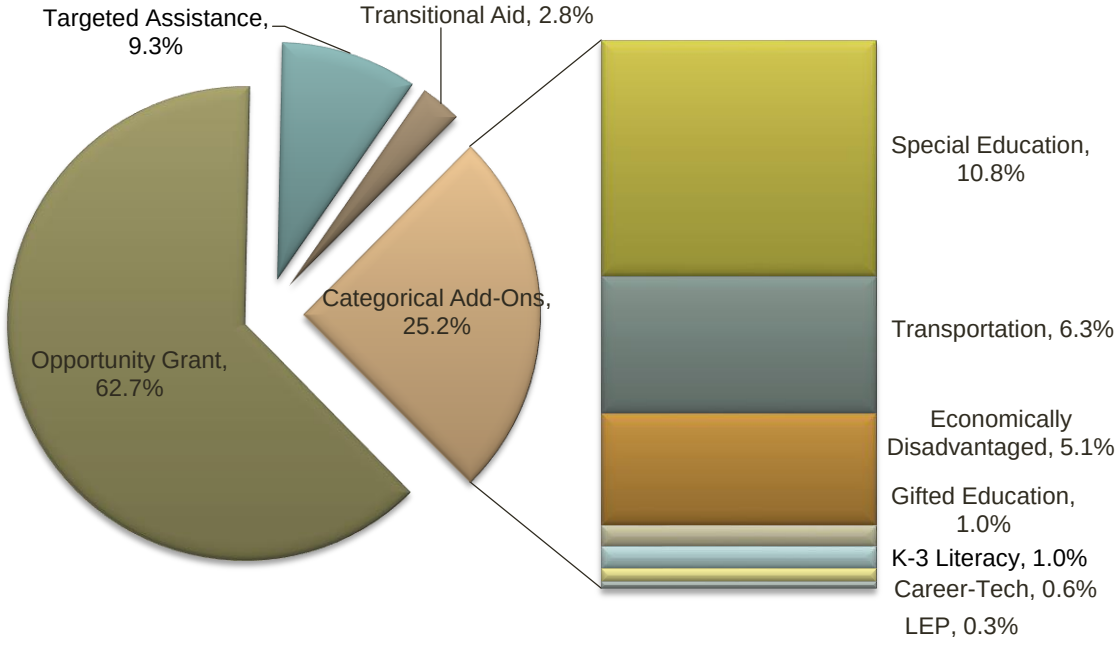
Traditional school district funding

As stated in the introduction, of the major sources of state revenue distributed to public schools in Ohio, the majority (78.5% in FY 2014) comes through the state foundation formula. In FY 2014, Ohio began using new foundation formulas for traditional and joint vocational school districts (JVSDs). The formulas are similar and more is said about the JVSD formula below. This section discusses the formula for traditional districts. The foundation formula for traditional districts funds students based on the district in which they reside. Generally, if a student is not educated by the student's resident district, funding for that student is deducted from the resident district's allocation and transferred to the educating school. The foundation formula for traditional districts can be broken into four main components:

- **Opportunity grant**: This component is based on a uniform per-pupil formula amount. It makes up the largest portion of state foundation aid.
- **Targeted assistance**: This component provides additional funding to districts with lower capacities to raise local revenues.
- **Categorical add-ons**: These variable funding components address the needs of "nontypical" students: those receiving special, gifted, or career-technical education services, those who are economically disadvantaged, and those who are limited English proficient. This area also includes transportation, which varies greatly among districts, partly due to the size and road conditions of each district.
- **Additional funding adjustments:** In contrast to the above categories, most of which are funded based on each student's individual characteristics, the formula includes two district-based funding elements, temporary transitional aid and a gain cap, that smooth out large fluctuations in state aid.

State foundation aid, after the application of temporary transitional aid and the gain cap, averages $3,902 per pupil statewide in FY 2014. Of this amount, $2,445 (62.7%) is for the opportunity grant, which is based on a uniform formula amount of $5,745 in FY 2014. On average, categorical add-ons totaled $982 per student statewide and comprised 25.2% of state foundation aid. Average targeted assistance amounted to $364 per pupil statewide, or 9.3% of the statewide total. The remaining component, temporary transitional aid, accounts for $111 per pupil, or 2.8%. The total average state foundation aid per pupil for FY 2014 is separated into its components in Chart S.1.

Chart S.1: Elements of State Foundation Aid, FY 2014



State foundation aid is based largely on the number of students residing in each district and the capacity of each district to raise revenues locally. The formula uses average daily membership (ADM) and the state share index, respectively, to measure these two variables.

Average daily membership

Average daily membership (ADM) is the measure the state uses to determine the number of students residing in each district. In FY 2014 and prior years, districts counted their students over one week in October then calculated the daily average. Beginning in FY 2015, students are counted based on the portion of the year they are enrolled in public education and residing in the district. For example, a full-time student who moves from one district to another one-quarter of the way through the school year will be counted as 0.25 full-time equivalent (FTE) in the first district and 0.75 FTE in the second district. School districts may provide the Ohio Department of Education (ODE) with updated data as changes occur, but must report data by the last day of October, March, and June.

Two slightly different ADM calculations are used in the funding formula – total ADM and formula ADM. Total ADM is the number of all students who reside in the district even if they attend a nonpublic school under the traditional Educational Choice Scholarship Program,[3] the Jon Peterson Special Needs Scholarship Program, or the

[3] The traditional Educational Choice Scholarship Program differs from the new income-based program in that scholarships awarded under the latter are paid directly by the state instead of the deduction and

Autism Scholarship Program; or a public school that is not part of the district, such as a school in a different district under open enrollment, a community school, or a JVSD. Since funding for JVSDs is provided by a separate formula, not a transfer, the second ADM calculation - formula ADM - is calculated by subtracting 80% of the JVSD student count from total ADM. The largest component of foundation funding, the opportunity grant is distributed using formula ADM. Traditional school districts include 20% of their JVSD student count in their formula ADM in order to cover expenses the resident district may incur for these students. Beginning in FY 2015, the formula also adds 20% of the number of students residing in each district that are enrolled in another school district under a career-technical education compact. These students are not counted in their resident district's total ADM. This adjustment had been included in previous school funding formulas. However, the school funding formula enacted in H.B. 59 omitted it. Subsequently, H.B. 483 of the 130th General Assembly restored the adjustment effective FY 2015.

The formula below summarizes the calculation of formula ADM for each district. Statewide, school district formula ADM in Ohio totaled 1.7 million students in FY 2014.

Calculation of Formula ADM
Formula ADM = Total ADM – 80% x JVS ADM + 20% CTE compact ADM

State share index

As seen in the introduction, the amount of local revenue a district raises is dependent, largely, on the property value of the district. The formula uses the state share index to account for a district's capacity to raise local revenue when distributing state funds. A district's three-year average property value forms the basis of the state share index.

Three-year average value

Real property values are reappraised every six years in Ohio and updated in the third year following each sexennial reappraisal. As a result, in the reappraisal and update years, school districts generally experience significant changes in real property value. A three-year average is used to smooth these large changes in value. To make the formula even more stable, the state share index is calculated once for both years of the biennium. That is, the index for FY 2014 and FY 2015 is based on the average property value for FY 2012, FY 2013, and FY 2014 (TY 2010, TY 2011, and TY 2012).[4]

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transfer method used for the former. Thus, students awarded a scholarship under the income-based criteria are not counted in their resident district's ADM.

[4] Tax years are generally from January 1 to December 31, whereas state and school fiscal years are from July 1 to June 30. Most property taxes for a given tax year are paid in the following tax year. Taxes paid

Adjusted value

Three-year average value is adjusted for districts that have a relatively large amount of state property exempt from property taxation. If a district's tax exempt property value (not counting property owned by the federal government) is at least 30% of its potential property value, its value is reduced for the purposes of the formula. The calculation of this adjustment is summarized below. Since adjusted value is lower for these districts, their state share index values and thus the state's share of the formula cost ultimately increase. In FY 2014, 15 districts received this adjustment. These districts' values were reduced by a total of $1.16 billion. While this adjustment increases the initial calculation of FY 2014 state funding by about $33.1 million statewide, the subsequent application of the formula's gain cap provision limits the net increase to about $620,000.

The state share index takes into account a district's property value per pupil and, in some circumstances, median income to measure a district's capacity to raise local revenue.

Adjusted Property Value
Three-year average value = Average of taxable property value for fiscal years 2012, 2013, and 2014
Potential value = Three-year average value + Exempt value
Adjustment = Greater of $0 or (Exempt value - 0.30 x Potential value)
Adjusted value = Three-year average value - Adjustment

To demonstrate how the state foundation aid formula works, this item and others throughout this section will illustrate the calculations used in the state foundation aid formula using one or more hypothetical school districts. The following is an example of the FY 2014 formula ADM calculation for a hypothetical district, District A.

District A's Formula ADM for FY 2014	
Factor	**Count**
A. Total ADM	1,000
B. JVS ADM	30
C. Formula ADM = A - (0.8 x B)	976

for TY 2012, therefore, are mostly received in FY 2014. For purposes of the school funding formula, property values in a given tax year correspond to the fiscal year two years later.

Property value index

Using adjusted values, the formula computes a property value index for each district by dividing a district's adjusted value per pupil for FY 2014 by the statewide average per pupil, as shown in the table below. Thus, a district with an adjusted value per pupil the same as the state average will have a value index of 1.0. For FY 2014 and FY 2015, the statewide three-year average value per pupil is $140,500. The property value index ranges from about 0.24 to 5.51, excluding several outlier districts.

Property Value Index
District value per pupil = Adjusted value / Total ADM for FY 2014
State value per pupil = Sum of all districts' three-year average unadjusted values / Sum of all districts' total ADM
Property value index = District value per pupil / State value per pupil

Median income index

The formula also takes into account the ability of a district's residents to pay property taxes by including median income in the determination of the state share index for certain districts. To do so, the formula calculates the median income index for each district by dividing a district's median Ohio adjusted gross income by the statewide median. The statewide median was $32,000. Median income index values range from 0.54 to 2.34.

Median Income Index
Median income index = District median Ohio adjusted gross income / Median of the median Ohio adjusted gross income of all districts statewide

Wealth index

The formula then compares a district's median income index with its property value index in order to determine the district's wealth index. For a district with relatively low median income (a median income index less than its property value index), the wealth index is based on 2⁄3 of the property value index and 1⁄3 of the median income index. This makes an applicable district look less wealthy to the formula and thus, increases its state share. For a district not meeting this criterion, the wealth index is equal to the property value index, so the use of the median income index can never result in a wealth index that is lower than the property value index. In FY 2014 and FY 2015, the median income adjustment applies to 190 school districts (31.0%). While this adjustment increases the initial calculation of FY 2014 state funding by about $114.6 million statewide, the subsequent application of the formula's gain cap provision limits the net increase to about $4.2 million.

Wealth Index
If Median income index < Property value index: Wealth index = ($\frac{2}{3}$ x Property value index) + ($\frac{1}{3}$ x Median income index) If Median income index ≥ Property value index: Wealth index = Property value index

Final calculation

Using a district's computed wealth index, the formula then determines a district's state share index according to the calculations shown below. As the table indicates, no district has a state share index greater than 0.90 or less than 0.05.

State Share Index
If Wealth index ≤ 0.35: State share index = 0.90; If Wealth index > 0.35 but ≤ 0.90: State share index = {0.40 x [(0.90 – Wealth index) / 0.55]} + 0.50; If Wealth index > 0.90 but < 1.8: State share index = {0.45 x [(1.8 – Wealth index) / 0.9]} + 0.05; If Wealth index ≥ 1.8: State share index = 0.05

This formula may appear complicated, but it merely results in two lines meeting at a wealth index of 0.9 and a state share index of 50%, as illustrated in Chart S.2. The state share index directs more state funds to districts with lower wealth indexes. It is used in the calculation of the opportunity grant and five other components of the state foundation aid formula.

Chart S.2: State Share Index

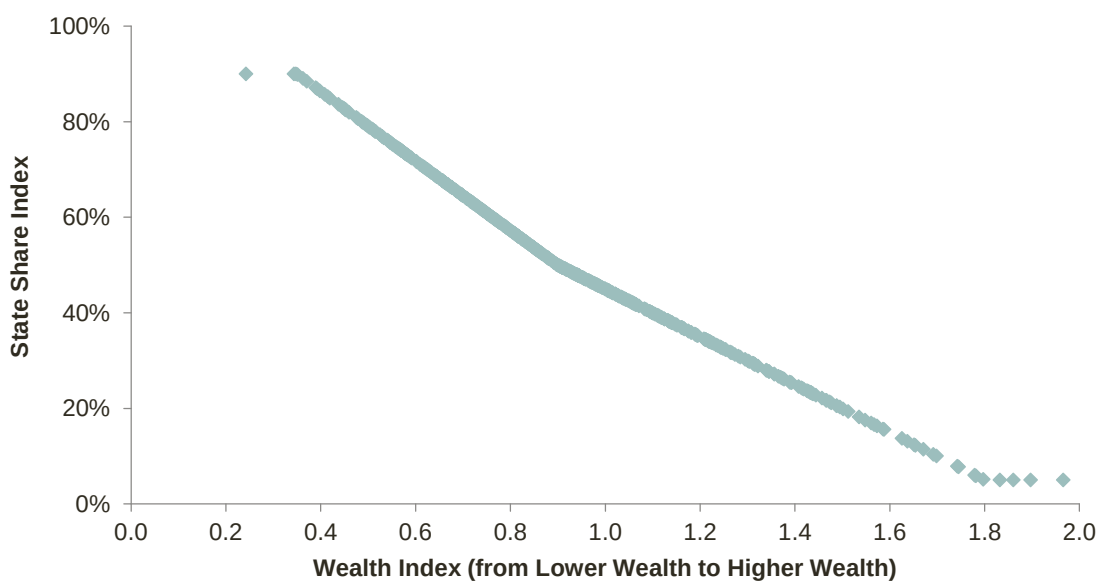
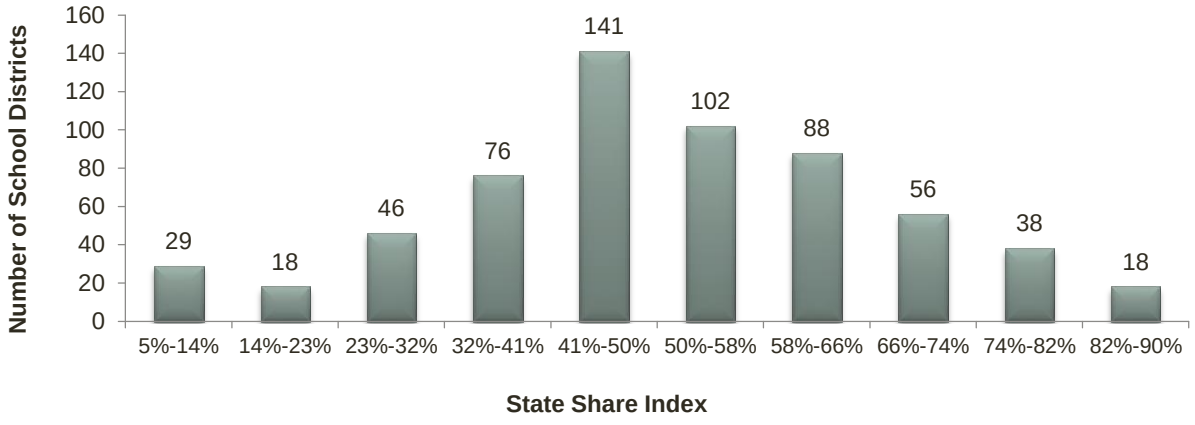


Chart S.3 shows the distribution of the state share index over the 612 school districts. As can be seen from the chart, there is a spike in the middle of the distribution. The state share index lies between 32% and 66% for 407 districts (66.5%). In FY 2014 and FY 2015, 17 high-wealth districts have state share index values of 5%, the index's floor level, while three low-wealth districts are at the ceiling level of 90%.

Chart S.3: Distribution of State Share Index, FY 2014



Opportunity grant

As indicated above, the opportunity grant makes up the largest portion of state foundation aid. It is based on a per-pupil formula amount of $5,745 in FY 2014 and $5,800 in FY 2015, which is adjusted by a district's state share index to distribute a higher per-pupil amount to lower wealth districts. Preschool autism scholarship students are included in the formula for calculating a district's opportunity grant in order to credit the district with funding for such students prior to the deduction for their scholarships. The opportunity grant totaled approximately $4,802.8 million in FY 2014. Note that this and other formula funding data for the components that follow represent the funding calculated by the formula before the application of the gain cap.

Opportunity Grant
Opportunity grant = Formula amount x (Formula ADM + Preschool autism scholarship ADM) x State share index
Formula amount = $5,745 in FY 2014 and $5,800 in FY 2015

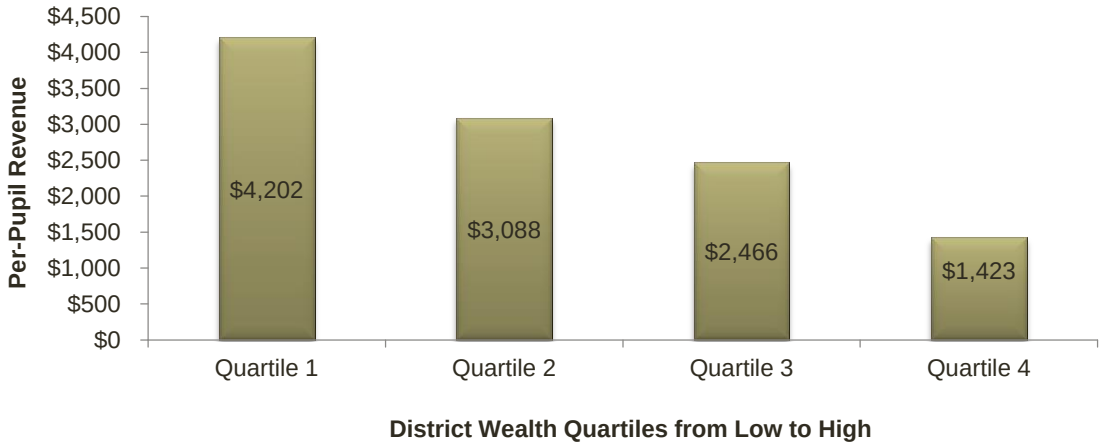
The following table computes the state share index for the hypothetical District A as well as two other hypothetical districts that have identical total ADM but differing values per pupil, which are indicated in line L below. In general, the state share index for a district depends on how its value per pupil compares to the statewide average. District A is a little less wealthy than the statewide average while districts B and C are the least and most wealthy of the three, respectively. Note that District B has a large amount of state tax-exempt property and thus, qualifies for the value adjustment that makes the district look even less wealthy. Also notice that District C's relative median income is less than its relative value per pupil. The formula compensates for this through the inclusion of the income factor in the calculation of the district's wealth index to make the district look less wealthy and thus to provide a greater share of state funding. Had there been no income factor, District C's state share index would have been 0.1707, or about 17.1%.

State Share Index for FY 2014 and FY 2015			
Factor	**District A**	**District B**	**District C**
A. Taxable property value for FY 2012	$105,000,000	$78,000,000	$219,000,000
B. Taxable property value for FY 2013	$130,000,000	$75,000,000	$218,000,000
C. Taxable property value for FY 2014	$131,000,000	$72,000,000	$220,000,000
D. 3-year average value = (A + B + C) / 3	$122,000,000	$75,000,000	$219,000,000
E. State tax-exempt property value	$13,000,000	$80,000,000	$30,000,000
F. U.S. government-owned property value	$300,000	$0	$6,000,000
G. Potential value = D + E - F	134,700,000	$155,000,000	$243,000,000
H. 30% of Potential value = G x 0.3	$40,410,000	$46,500,000	$72,900,000
I. Adjustment = Greater of (E - F - H) or $0	$0	$33,500,000	$0
J. Adjusted 3-year Average Value = D - I	$122,000,000	$41,500,000	$219,000,000
K. Total ADM for FY 2014	1,000	1,000	1,000
L. District Value Per Pupil= J / K	$122,000	$41,500	$219,000
M. Statewide Value Per Pupil	$140,513	$140,513	$140,513
N. Value Index = L / M	0.8682	0.2953	1.5586
O. Median Income for TY 2011	$32,000	$30,000	$35,000
P. Statewide Median for TY 2011	$32,180	$32,180	$32,180
Q. Median Income Index = O / P	0.9944	0.9323	1.0876
R. Wealth Index	0.8682	0.2953	1.4016
S. State Share Index	0.5231	0.9000	0.2492

The equalization effect of the state share index is evident from this example as the highest wealth district, District C, has the lowest share provided by the state (24.9%) whereas the lowest wealth district, District B, has the highest share provided by the state (90%). District A is in the middle of the two, at 52.3%.

Chart S.4 shows the average per-pupil funding in FY 2014 calculated under the opportunity grant for districts in each wealth quartile. As the chart shows, the opportunity grant for the lowest wealth districts (quartile 1) calculated to an average of $4,202 per pupil. The average per-pupil amount for districts in wealthier quartiles is progressively smaller. The statewide average in FY 2014 was $2,840 per pupil.

Chart S.4: Average Opportunity Grant Per Pupil by Wealth Quartile, FY 2014



Targeted assistance

The targeted assistance component of the formula directs additional funding to districts with lower capacities to raise local revenues. Most of the funding in this component is distributed through a base tier that equalizes a varying amount of millage for districts outside of the top 20% on a measure of per-pupil wealth. In addition, this component contains a supplemental tier for districts with high percentages of

The following calculates the opportunity grant for the hypothetical Districts A, B, and C, which are assumed to have identical ADM figures. Due to the state share index, the lowest wealth district, District B, receives the largest opportunity grant amount while the highest wealth district, District C, receives the lowest amount.

Opportunity Grant for FY 2014			
Factor	**District A**	**District B**	**District C**
A. Formula ADM	976	976	976
B. Preschool autism scholarship ADM	2	2	2
C. State share index	0.5231	0.9000	0.2492
D. Opportunity grant = $5,745 x (A + B) x C	$2,939,095	$5,056,749	$1,400,158

agricultural real property. Combined, both tiers of targeted assistance for school districts totaled approximately $695.1 million in FY 2014.

Base tier

Unlike the opportunity grant, the base tier of targeted assistance does not use the state share index to measure a district's revenue-generating capacity. Rather, the base tier depends on a combination of a district's property value per pupil and income per pupil. Property value is computed as the average of the preceding three years. While this is similar to the measure used for the state share index, there is no adjustment for tax-exempt property, the measure is recomputed each year,[5] and formula ADM is used as the student count. Income is computed as the three-year average of federally adjusted gross income (FAGI). The formula defines a district's wealth per pupil as the average of its property value per pupil and its income per pupil. Similarly, the formula also computes the statewide wealth per pupil using statewide sums of property value, FAGI, and formula ADM. These calculations are summarized below.

Wealth Per Pupil
District wealth per pupil = 0.5 x (Average of last three years' taxable property value / Formula ADM) + 0.5 x (Average of last three years' FAGI / Formula ADM)
Statewide wealth per pupil = 0.5 x (Sum of the average of all districts' taxable property value / Sum of all districts' formula ADM) + 0.5 x (Sum of the average of all districts' FAGI / Sum of all districts' formula ADM)

Base targeted assistance is provided to the 489 districts with the lowest wealth per pupil. Millage is equalized to the wealth per pupil of a threshold district, which is the district with the 490th lowest wealth per pupil. In FY 2014, the threshold district's wealth per pupil is $183,500. The millage equalized by the base tier varies depending on the wealth per pupil of the district. The formula calculates a wealth index for each district that is equal to the statewide wealth per pupil divided by the district's wealth per pupil. So, if a district's wealth per pupil is average (equal to the state's) then the wealth index is 1.0. If a district's wealth per pupil is greater than average, its wealth index will be less than 1.0 and if it is lower than average, its index will be greater than 1.0. In FY 2014, statewide wealth per pupil is $150,000 and the wealth index values of the 489 districts eligible for base targeted assistance vary from about 0.82 to about 2.48. The wealth index of each district is multiplied by a target millage rate of six mills in each fiscal year. As a result, the millage equalized by the base tier in FY 2014 ranges

[5] That is, for FY 2014, value per pupil is the average of FYs 2012, 2013, and 2014 and, for FY 2015, it is the average of FYs 2013, 2014, and 2015.

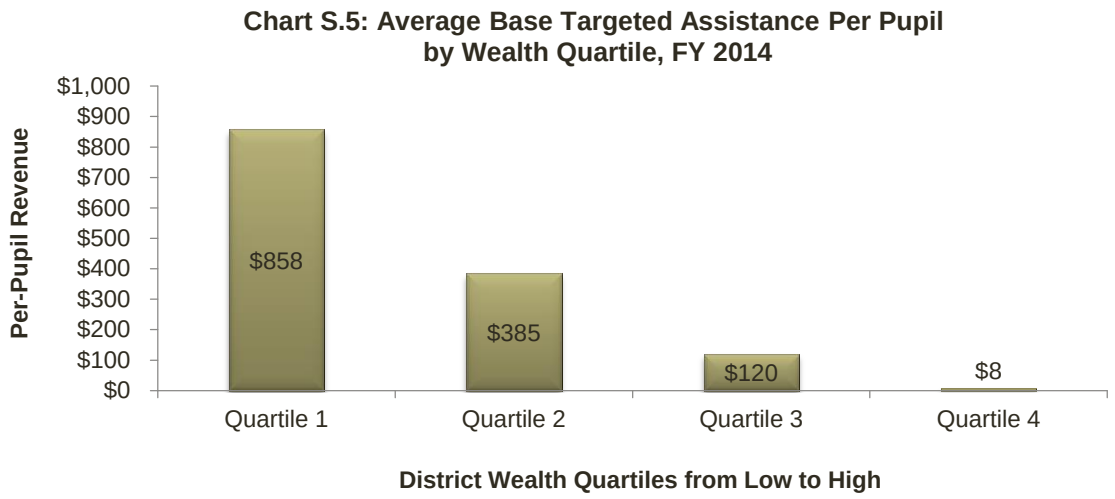
from about 4.9 mills (6 mills x 0.82) to about 14.9 mills (6 mills x 2.48). The calculation of a district's equalized millage is summarized below.

Millage Equalized by Base Targeted Assistance
District wealth index = Statewide wealth per pupil / District wealth per pupil
District additional millage = 0.0006 x District wealth index

Although targeted assistance is computed on a per-pupil basis, it is not included in the calculation of the Educational Choice, Autism, and Jon Peterson Special Needs scholarships. It is also not provided to e-schools and provided at only 25% to "brick and mortar" community and STEM schools. Therefore, an adjustment is made to the formula ADM of each district so as to not credit the district with targeted assistance for students educated through these programs. The resulting ADM figure is referred to as "net formula ADM." Base targeted assistance per pupil calculated by the formula for eligible districts ranged from about $2 to about $1,828. The calculation of the base tier is given below. Base targeted assistance for school districts totaled approximately $604.1 million in FY 2014.

Base Targeted Assistance
Base targeted assistance per pupil = (Wealth per pupil of 490th lowest wealth district - District wealth per pupil) x Target millage x District wealth index
Base targeted assistance = Base targeted assistance per pupil x Net formula ADM
Target millage = 0.0006
Net formula ADM = Formula ADM - EdChoice Scholarship ADM - Autism Scholarship ADM - Jon Peterson Special Needs Scholarship ADM - e-school ADM - 75% of "brick and mortar" community and STEM school ADM

Chart S.5 illustrates the equalized distribution of these funds by wealth quartile on an average per-pupil basis calculated using the district's formula ADM. As the chart shows, districts in quartile 1 receive significantly more per pupil (an average of $858) than the other quartiles. The chart also illustrates the effect of applying the wealth index to the target millage rate. On average, the districts in quartile 1 have a wealth index of 1.69, while districts in quartiles 2 and 3 have an average wealth index of 1.18 and 0.91, respectively. Thus, the base tier equalizes an average of 10.11 mills (6 mills x 1.69) for the least wealthy districts, close to double the average 5.49 mills equalized in districts comprising quartile 3 (6 mills x 0.91).



Supplemental tier

The formula also provides supplemental targeted assistance based on a district's percentage of agricultural property value. This tier is equal to a maximum of 40% of the base tier for districts with three-year average agricultural property value equal to 10% or more of three-year average real property value scaling down to 0% for districts with agricultural property value equal to 0% of real property value. School districts must receive base targeted assistance in order to receive supplemental tier funding. As with the calculation of the state share index, the property value data used in the calculation of this tier is fixed to three specific fiscal years (2012, 2013, and 2014) so that it does not vary between FY 2014 and FY 2015. The calculation of supplemental targeted assistance is given below. Supplemental targeted assistance for school districts totaled approximately $91.0 million in FY 2014.

Supplemental Targeted Assistance
Agricultural percentage = Three-year average value of real property classified as agricultural property for FYs 2012, 2013, and 2014 / Three-year average value of all real property for FYs 2012, 2013, and 2014
If Agricultural percentage ≥ 10%: Agricultural targeted percentage = 40%; If Agricultural percentage < 10%: Agricultural targeted percentage = 4 x Agricultural percentage
Supplemental targeted assistance = Base targeted assistance x Agricultural targeted percentage

The following calculates base and supplemental targeted assistance in FY 2014 for the hypothetical districts A, B, and C. Once again, assume that these districts have identical ADM figures. Note that, because of its high wealth rank (550), District C is ineligible for these funds.

Targeted Assistance for FY 2014			
Factor	**District A**	**District B**	**District C**
A. 3-year average value	$122,000,000	$75,000,000	$219,000,000
B. Formula ADM	976	976	976
C. Value per pupil = A / B	$125,000	$76,844	$224,385
D. FAGI for TY 2009	$115,000,000	$80,000,000	$220,000,000
E. FAGI for TY 2010	$110,000,000	$83,000,000	$215,000,000
F. FAGI for TY 2011	$105,000,000	$84,000,000	$200,000,000
G. 3-year Average FAGI = (D + E + F) / 3	$110,000,000	$82,333,333	$211,666,667
H. FAGI per pupil = G / B	$112,705	$84,358	$216,872
I. Wealth per pupil = (0.5 x C) + (0.5 x H)	$118,852	$80,601	$220,628
J. Statewide wealth per pupil	$150,412	$150,412	$150,412
K. Wealth index = J / I	1.2655	1.8661	0.6817
L. Wealth rank (from lowest to highest)	212	33	550
M. Threshold wealth = 490th rank	$183,583	$183,583	$183,583
N. Base tier per pupil = (M - I) x 0.006 x K	$492	$1,153	$0
O. EdChoice Scholarship students	7	7	7
P. Autism Scholarship students	3	3	3
Q. Jon Peterson Special Needs Scholarship students	1	1	1
R. E-school ADM	10	10	10
S. Brick and mortar community school ADM	20	20	20
T. Net formula ADM = O - P - Q - R - (0.75 x S)	940	940	940
U. Base targeted assistance = N x T	$462,012	$1,083,865	$0
V. 3-year average agricultural real property value	$50,000,000	$5,000,000	$45,000,000
W. 3-year average total real property value	$118,000,000	$70,000,000	$215,000,000
X. Agricultural percentage = V / W	0.4237	0.0714	0.2093
Y. Agricultural targeted percentage = if X < 0.10, then X x 4, else 0.4	0.4	0.2856	0.4
Z. Supplemental targeted assistance = U x Y	$184,805	$309,552	$0
AA. Total targeted assistance = U + Z	$646,817	$1,393,417	$0

Categorical components

The opportunity grant is the cornerstone of the state foundation aid formula. However, funding based on a flat per-pupil amount will not ensure a similar education for every student in every district since students have different needs and districts face different challenges. The current school funding formula includes a series of additional components to account for individual districts' unique characteristics. They account for students receiving special education and related services, economically disadvantaged students, gifted students, students in grades K-3, students receiving career-technical education services, and limited English proficiency students. Since the size and road conditions of districts also vary considerably, this section also discusses the formula for determining transportation aid.

State funding accounts for a district's unique characteristics that result in differences in costs that are beyond the district's control.

Special education additional aid

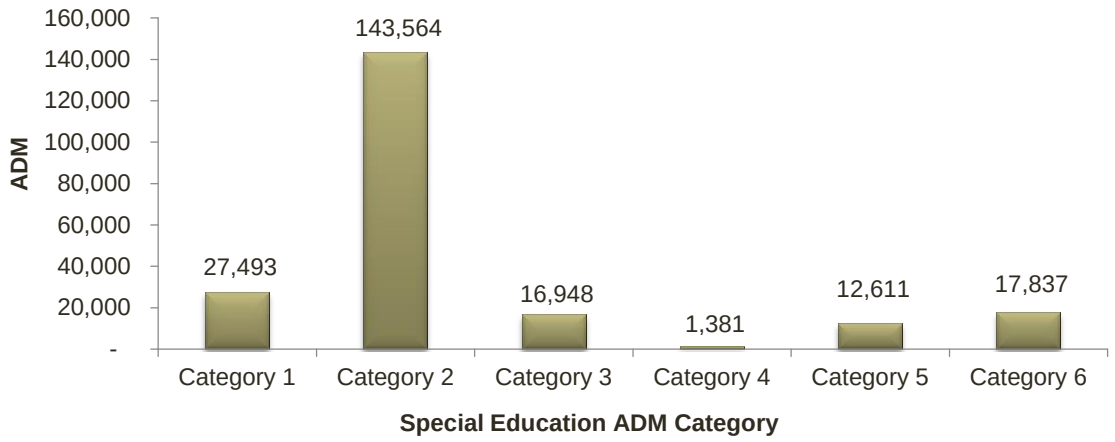
Federal and state law requires children with disabilities ages three to 21 to be provided a free appropriate public education. Accordingly, school districts must develop an individualized education program (IEP) for each child with a disability. Among other items, an IEP contains a statement of the special education and related services and accommodations the child will be provided. The school foundation formula groups special education students into six categories based on their disabilities, and assigns an additional per pupil amount for each category. The categories and amounts are listed below.

Special Education Categories		
Category	**Funding Per Pupil FY 2014**	**Funding Per Pupil FY 2015**
1 Speech only	$1,503	$1,517
2 Specific learning disabled, developmentally disabled, other health – minor	$3,813	$3,849
3 Hearing impaired, severe behavior disabled	$9,160	$9,248
4 Vision impaired, other health – major	$12,225	$12,342
5 Orthopedically disabled, multi-disabled	$16,557	$16,715
6 Autism, traumatic brain injury, both visually and hearing impaired	$24,407	$24,641

Each special education student is counted in the district's ADM as one student for the purposes of calculating the opportunity grant for the district. These students are also counted in each district's special education ADM, which, as noted above, is broken out by each special education category. Across all six categories, special education ADM amounted to 219,833 in FY 2014. Chart S.6 displays the incidence of each of the six

special education categories. As the chart shows, over 65% of special education ADM falls under category two.

Chart S.6: Special Education ADM by Category, FY 2014



In order to determine special education additional aid, the formula calculates the sum of the amounts obtained by multiplying the special education ADM for each category by the per-pupil amount for that category and, to equalize this funding based on school district capacity to raise local revenues, by the state share index. This calculation is summarized below. The total amount calculated for special education additional aid statewide was $712.9 million in FY 2014.

Special Education Additional Aid
Special education additional aid = (Category 1 ADM x Per-pupil amount + Category 2 ADM x Per-pupil amount + Category 3 ADM x Per-pupil amount + Category 4 ADM x Per-pupil amount + Category 5 ADM x Per-pupil amount + Category 6 ADM x Per-pupil amount) x State share index

Economically disadvantaged funds

Another categorical cost is that incurred by districts for disadvantaged students. These students may not have access to the same resources and opportunities outside of school that other students have. In order to provide these students with an education similar to that provided to more advantaged students, schools may need to provide additional resources and opportunities. The state uses students from low-income families (i.e., families eligible for free and reduced price school lunch) as a proxy for disadvantaged students. Studies have shown that students from low-income families perform less well in school than their peers from middle- and high-income families. The school foundation aid formula provides additional funding to school districts based on the number and concentration of economically disadvantaged students in a district. In order to provide more funding to districts with higher concentrations of economically

The following calculations continue the example of the hypothetical District A. The table shows District A's assumed ADM for each of the six special education categories and the calculation of District A's special education additional aid for FY 2014.

Special Education Additional Aid for FY 2014				
Category	**A. Special Education ADM**	**B. Per Pupil Amount**	**C. State Share Index**	**D. Calculated Funding = A x B x C**
One	15	$1,503	0.5231	$11,793
Two	82	$3,813	0.5231	$163,556
Three	11	$9,160	0.5231	$52,708
Four	0	$12,225	0.5231	$0
Five	5	$16,557	0.5231	$43,305
Six	12	$24,407	0.5231	$153,208
Total	**125**	**--**	**--**	**$424,570**

disadvantaged students, the formula calculates an economically disadvantaged index. The index is created by dividing the percentage of students in the district that are economically disadvantaged by the percentage of students in the state that are economically disadvantaged. The result is squared to target funding to districts with higher concentrations of poverty. This index ranges from 0.0 to 4.22. Calculation of the index is summarized below.

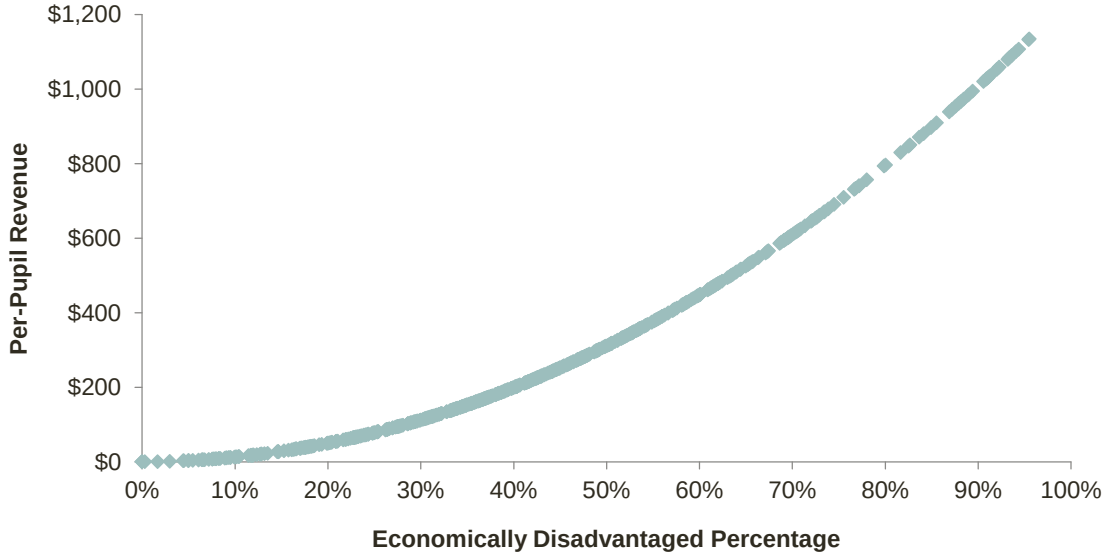
Economically Disadvantaged Index
% Economically disadvantaged = Economically disadvantaged ADM / Total ADM
Economically disadvantaged index = (District % economically disadvantaged / State % economically disadvantaged)^2

The formula provides a per-pupil amount of $269 in FY 2014 and $272 in FY 2015 times the district's economically disadvantaged index for each student in the district's ADM who is identified as economically disadvantaged (except for students attending an e-school, since e-schools are ineligible for this funding component). This calculation is summarized below. The total amount calculated for economically disadvantaged aid statewide was $382.2 million in FY 2014.

Economically Disadvantaged Funds
Economically disadvantaged funds = Economically disadvantaged per-pupil amount x Economically disadvantaged index x Economically disadvantaged ADM
Economically disadvantaged per-pupil amount = $269 in FY 2014 and $272 in FY 2015

Chart S.7 shows the effect of the economically disadvantaged index on the per economically disadvantaged pupil amount in FY 2014. The chart illustrates that the increase in per-pupil funding becomes more rapid as the economically disadvantaged percentage increases. This is due to the inclusion of the square factor in the computation of the index. For example, a district at the state average percentage (46.5%) has an economically disadvantaged index of 1.0, which results in a per-pupil amount of $269 ($269 x 1.0), the base amount specified by the formula for FY 2014. In contrast, the economically disadvantaged index for the district with the highest economically disadvantaged percentage (95.5%) in FY 2014 was about 4.22. Thus, that district's per-pupil amount in FY 2014, in effect, was about $1,135 ($269 x 4.22).

Chart S.7: Per-Pupil Economically Disadvantaged Funds by Economically Disadvantaged Percentage, FY 2014



The following calculations continue the example of the hypothetical District A. The table shows the calculation of District A's economically disadvantaged funds for FY 2014. Since District A's economically disadvantaged percentage is very close to the state average, its economically disadvantaged index is close to 1.0.

Economically Disadvantaged Funds for FY 2014	
Factor	**Amount**
A. Economically disadvantaged ADM	468
B. Resident district e-school economically disadvantaged ADM	2
C. Total ADM	1,000
D. Economically disadvantaged percentage = A / C	0.4680
E. State economically disadvantaged percentage	0.4652
F. Economically disadvantaged index = $(D / E)^2$	1.0121
G. Economically disadvantaged funds = $269 x F x (A - B)	$126,871

Gifted funds

Identification funds

Current law requires school districts to identify gifted students in grades K-12. School districts identify gifted students through the use of certain screening tools and assessments approved by ODE. The school foundation aid formula assists districts with the costs of identification. Funds for gifted identification are provided at a rate of $5.00 in FY 2014 and $5.05 in FY 2015 per formula ADM. This calculation is summarized below. In FY 2014, the total amount calculated for gifted identification funds statewide was $8.5 million.

Gifted Identification Funds
Gifted identification funds = Gifted identification per-pupil amount x Formula ADM
Gifted identification per-pupil amount = $5.00 in FY 2014 and $5.05 in FY 2015

Unit funding

While school districts are required to identify gifted students, they are not required to offer gifted services. Even so, the formula provides unit funding for gifted education services based upon certain prescribed ratios of gifted coordinators and gifted intervention specialists. The formula allocates one gifted coordinator unit for every 3,300 students in a district's gifted unit ADM, which is calculated as the district's formula ADM minus the ADM of resident students from the district attending a community or STEM school. No district may have fewer than 0.5 nor more than eight

such units allocated under the formula. One gifted intervention specialist unit is allocated for every 1,100 gifted unit ADM with a minimum of 0.3 units allocated to each district. There is no cap on the number of gifted intervention specialist units. The total number of units is then multiplied by the specified unit cost to determine the district's unit funding. The formula specifies that the unit cost for each gifted coordinator and gifted intervention specialist unit is $37,000 in FY 2014 and $37,370 in FY 2015. The

The following calculations continue the example of the hypothetical District A. The table shows the calculation of District A's gifted funds for FY 2014.

Gifted Funds for FY 2014	
Factor	**Amount**
A. Formula ADM	976
B. Gifted identification funds = A x $5	$4,880
C. Resident district community and STEM school ADM	30
D. Gifted unit ADM = A - C	946
E. Gifted coordinator units = D / 3,300 (min. of 0.5; max. of 8)	0.5
F. Gifted intervention specialist units = D / 1,100 (min. of 0.3)	0.86
G. Gifted unit funds = $37,000 x (E + F)	$50,320
H. Total gifted funds = B + G	$55,200

calculations for gifted units are summarized below. In FY 2014, the number of gifted coordinator and gifted intervention specialist units calculated by the formula statewide was 526 and 1,422, respectively. The total amount calculated for gifted unit funding statewide in FY 2014 was $72.1 million.

Gifted Unit Funding
Gifted unit ADM = Formula ADM - Community and STEM school ADM
Gifted coordinator units = Gifted unit ADM / 3,300 (minimum of 0.5 units and maximum of 8 units)
Gifted intervention specialist units = Gifted unit ADM / 1,100 (minimum of 0.3 units)
Gifted unit funds = Gifted unit cost x (Gifted coordinator units + Gifted intervention specialist units)
Gifted unit cost = $37,000 in FY 2014 and $37,370 in FY 2015

K-3 literacy funds

Under a policy in current law known as the third grade reading guarantee, each district and community school must annually assess the reading skills of each student in grades K-3 to identify students reading below grade level. The district or school must

provide intervention services to those students to help them improve their reading skills. Once the policy is fully phased-in, school districts and community schools generally will be prohibited from promoting to fourth grade a student that is not reading at grade level by the end of the third grade. The school foundation aid formula provides additional funding to school districts in support of the third grade reading guarantee. This funding is based on a district's K-3 ADM, with the exception of such resident students attending an e-school (e-schools are ineligible for this component of funding), through two tiers, one equalized and the other unequalized. The equalized

The following calculations continue the example of the hypothetical District A. The table shows District's A's assumed K-3 ADM and the calculation of District A's K-3 literacy funds for FY 2014.

K-3 Literacy Funds for FY 2014	
Factor	**Amount**
A. K-3 ADM	315
B. K-3 E-school ADM	5
C. State share index	0.5231
D. Equalized K-3 literacy funds = (A - B) x 125 x C	$20,270
E. Unequalized K-3 literacy funds = (A - B) x $86	$26,660
F. Total K-3 literacy funds = D + E	$46,930

portion of a school district's K-3 literacy funds, which depends on the district's state share index, uses per-pupil amounts of $125 in FY 2014 and $175 in FY 2015 while the unequalized portion is calculated using per-pupil amounts of $86 in FY 2014 and $115 in FY 2015. The calculation of this funding is summarized below. The total amount calculated for K-3 literacy funds statewide in FY 2014 was $75.5 million.

K-3 Literacy Funds
K-3 literacy funds = (K-3 ADM x Equalized per-pupil amount x State share index) + (K-3 ADM x Unequalized per-pupil amount)
Equalized per-pupil amount = $125 in FY 2014 and $175 in FY 2015 Unequalized per-pupil amount = $86 in FY 2014 and $115 in FY 2015

Career-technical education funds

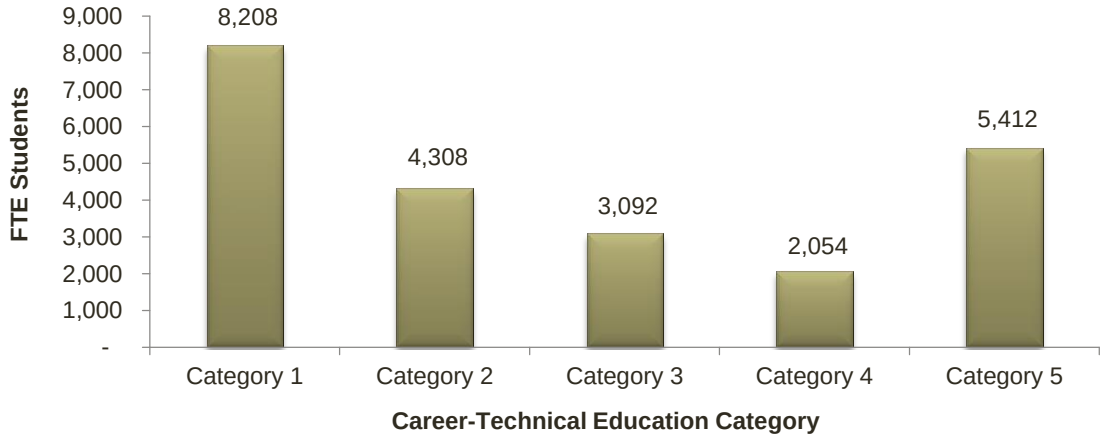
Current law requires school districts to provide students in grades 9-12 with the opportunity of career-technical education that adequately prepares them for an

occupation. School districts can meet this requirement by establishing their own State Board of Education-approved career-technical education programs, being a member of a joint vocational school district (JVSD), or by contracting with a JVSD or another school district for career-technical education services. The formula provides additional funding to school districts to cover the higher costs for career-technical education services. The formula for calculating this funding separates career-technical FTEs into five categories and funds a per FTE amount for each category. The five categories and the amounts are given in the table below. The same career-technical education amounts apply to students enrolled in JVSDs. JVSDs are funded through a separate but comparable formula that is discussed at the end of this section.

Career-Technical Education Categories		
Category	**Funding Per FTE FY 2014**	**Funding Per FTE FY 2015**
1 Workforce development programs in agricultural and environmental systems, construction technologies, engineering and science technologies, finance, health science, information technology, and manufacturing technologies	$4,750	$4,800
2 Workforce development programs in business and administration, hospitality and tourism, human services, law and public safety, arts and communications, and transportation systems	$4,500	$4,550
3 Career-based intervention programs	$1,650	$1,660
4 Workforce development programs in education and training, marketing, workforce development academics, public administration, and career development	$1,400	$1,410
5 Family and consumer science programs	$1,200	$1,210

Across all five categories, career-technical education FTE amounted to 23,074 in FY 2014. Chart S.8 displays statewide FTE by career-technical education category. As the chart shows, categories one and five contain the highest number of FTEs,

Chart S.8: Career-Technical Education FTE by Category, FY 2014



representing a combined 59% of the total.

The formula multiplies the FTE in each category by the dollar amounts above and by the state share index. The amounts for each category are then summed. This calculation is summarized below. The amount calculated for career-technical education funds statewide was $39.6 million in FY 2014.

Career-Technical Education Funds
Career-technical education funds = (Category 1 FTE x Per-pupil amount + Category 2 FTE x Per-pupil amount + Category 3 FTE x Per-pupil amount + Category 4 FTE x Per-pupil amount + Category 5 FTE x Per-pupil amount) x State share index

The formula also provides career-technical education associated services funds based on the sum of a district's career-technical education FTE in categories one through five and a specified per-pupil amount, as summarized in the table below. Like career-technical education additional funds, associated services funding is equalized based on a district's state share index. The amount calculated for career-technical education associated services funds statewide was $2.8 million in FY 2014.

Career-Technical Education Associated Services Funds
Career-technical education associated services funds = (Category 1 FTE + Category 2 FTE + Category 3 FTE + Category 4 FTE + Category 5 FTE) x Associated services per-pupil amount x State share index
Associated services per-pupil amount = $225 in FY 2014 and $227 in FY 2015

Ultimately, funding for associated services is deducted and transferred to the lead district of the career-technical planning district (CTPD) with which the school district is affiliated. The lead district of a CTPD provides primary career-technical education leadership for the districts comprising the CTPD and is responsible for reviewing and approving or disapproving each member school district's career-technical education program. Under H.B. 59 of the 130th General Assembly, a district or school's career-technical education program must be approved by the lead district, or by ODE if initially disapproved by the lead district, before it receives career-technical education funds.

Limited English proficiency funds

Limited English proficient (LEP) students are, in general, those who were not born in the United States or whose native language is a language other than English, whose difficulties in communicating in or understanding the English language make it difficult for the student to achieve academically or fully participate in society. To assist school districts in providing additional educational services to these students, the school foundation aid formula provides additional funding based on the ADM of LEP

The following calculations continue the example of the hypothetical District A. The table shows District A's assumed FTE for each of the five career-technical education categories and the calculation of District A's career-technical education funds for FY 2014.

Career-Technical Education Funds for FY 2014				
Category	**A. Career-Technical FTE**	**B. Per Pupil Amount**	**C. State Share Index**	**D. Calculated Funding = A x B x C**
One	30	$4,750	0.5231	$74,542
Two	15	$4,500	0.5231	$35,309
Three	10	$1,650	0.5231	$8,631
Four	5	$1,400	0.5231	$3,662
Five	20	$1,200	0.5231	$12,554
Subtotal	**80**	**--**	**--**	**$134,698**
Associated Services FTE	80	$225	0.5231	$9,416
Total	--	---	--	**$144,114**

students in a manner similar to the funding provided for special and career-technical education students.

LEP ADM is divided into three categories, based on the amount of time the student has been enrolled in schools in the United States. The following table describes the three categories as well as the additional cost applied under the formula. In FY 2014, LEP ADM totaled 43,398 statewide. About two-thirds of these students (28,733) fell under category two, which represents students in U.S. schools more than 180 school days or previously exempted from either of the spring reading or writing English language arts assessments.

Limited English Proficiency Categories		
Category	**Funding Per Pupil FY 2014**	**Funding Per Pupil FY 2015**
1 LEP students in U.S. schools for no more than 180 school days and not previously exempted from spring English assessments	$1,500	$1,515
2 LEP students in U.S. schools more than 180 school days or previously exempted from spring English assessments	$1,125	$1,136
3 LEP students in a Trial-Mainstream period	$750	$758

The formula multiplies the ADM in each category by the applicable dollar amount. Each result is equalized based on the state share index and then summed to calculate a district's funding. The calculation of LEP funds is summarized below. In FY 2014, the amount calculated for LEP funds statewide was $23.8 million.

Limited English Proficiency Funds
Limited English proficiency funds = (Category 1 ADM x Per-pupil amount + Category 2 ADM x Per-pupil amount + Category 3 ADM x Per-pupil amount) x State share index

The following calculations continue the example of the hypothetical District A. The table shows District A's assumed ADM for each of the three LEP categories and the calculation of District A's LEP funds for FY 2014.

Limited English Proficiency Funds for FY 2014				
Category	**A. LEP ADM**	**B. Per Pupil Amount**	**C. State Share Index**	**D. Calculated Funds = A x B x C**
One	2	$1,500	0.5231	$1,569
Two	7	$1,125	0.5231	$4,119
Three	1	$750	0.5231	$392
Total	**10**	**--**	**--**	**$6,080**

Transportation

Current law requires school districts to provide transportation to the district's students as well as to certain community school students and nonpublic students who reside in the district. State transportation requirements only apply to students in grades K-8 who live more than two miles from the school. Even so, the transportation formula supports the transportation of all "regular" pupils in buses owned by the district or operated through a contract. All other types of regular pupil transportation to and from school are reimbursed through a method determined separately through rules adopted by the State Board. The transportation formula is based on transportation costs as reported by school districts for the prior fiscal year and current year ridership counts. However, the total amount of state aid for transportation is restricted to the appropriation level in both FY 2014 and FY 2015. Additionally, a supplemental transportation payment is provided to districts with a state share index of 50% or more

and bus ridership density at or below the state median. Details of these calculations are given below.

The transportation formula looks at two statewide cost measures from the previous year: the average cost per pupil transported and the average cost per mile driven. These state averages are computed after removing the ten districts with the highest and lowest costs per pupil and costs per mile, respectively. These average costs are then applied to the number of pupils transported and the number of miles driven in the current year for each district. To calculate the base payment for each district, the greater of these two amounts is then multiplied by the greater of 60% or the district's state share index. The total base cost calculated by the formula was $813.0 million in

§ The following calculations continue the example of the hypothetical District A. Assume the hypothetical District A has 500 qualifying riders and 125,000 annual miles driven, the district covers 150 square miles, and the median rider density statewide is 30.2 riders per square mile. The table shows the calculation of District A's transportation aid for FY 2014.

Transportation Aid for FY 2014	
Factor	**Amount**
A. State average cost per pupil in FY 2013	$908.24
B. State average cost per mile in FY 2013	$4.54
C. Qualifying riders in FY 2014	500
D. Annual miles driven in FY 2014	125,000
E. Per pupil subsidy = A x C	$454,120
F. Per mile subsidy = B x D	$567,500
G. Base cost = Greater of E or F	$567,500
H. State share index	0.5231
I. Base payment = G x (Greater of 0.6 or H)	$340,500
J. Payment amount for other types of transportation	$10,000
K. Total transportation allocation = I + J	$350,500
L. Adjustment percentage	80.77%
M. Prorated transportation aid = K x L	$283,099
N. District square miles	150
O. Total ADM in FY 2013	1,000
P. Rider density = O / N	6.7
Q. Supplement density threshold	30.2
R. Supplemental transportation aid = if (P ≤ Q and H ≥ 0.5), then K – M, else $0	$67,401
S. Total transportation aid = M + R	$350,500

FY 2014. Once the applicable state share was applied, the amount calculated for the base payment statewide was $509.6 million in FY 2014. The payment amounts for other types of transportation are added to the base payment to determine each district's total transportation allocation. The amount calculated for payments for these other types was $2.3 million in FY 2014. The calculation of the total transportation allocation for each school district is summarized below. The amount calculated for the total transportation allocation statewide in FY 2014 was $511.8 million.

Total Transportation Allocation
District's per-pupil subsidy = (State average cost per pupil in previous year) x (Number of pupils transported in current year)
District's per-mile subsidy = (State average cost per mile in previous year) x (Number of miles driven in current year)
If the district's per-pupil subsidy is greater than its per-mile subsidy: Base payment = (District's per-pupil subsidy) x (Greater of 60% or district's state share index) If the district's per-mile subsidy is greater than its per-pupil subsidy: Base payment = (District's per-mile subsidy) x (Greater of 60% or district's state share index)
Total transportation allocation = Base payment + Payment for other types of school transportation

Prorated transportation aid

In order to keep the statewide payment to the amount earmarked for such purposes in GRF line item 200502, Pupil Transportation, the percentage the appropriation amount is of the current year's statewide total transportation allocation is applied to each district's allocation. The calculation of the prorated transportation payment for each school district is summarized below. The appropriation is set at approximately $413.4 million in FY 2014 and $434.1 million in FY 2015.

Prorated Transportation Aid
Total statewide allocation = Sum of all district total transportation allocations
Adjustment percentage = Earmarked appropriation / Total statewide allocation
Prorated transportation aid = District's transportation allocation x Adjustment percentage

Supplemental transportation aid

The formula requires a supplemental transportation payment be granted to districts with a state share index of 50% or more and bus ridership density at or below the state median. Qualifying districts are paid the difference between the full calculated amount for transportation and the prorated payment the district would otherwise receive. The calculation of the supplemental transportation payment for each school district is summarized below. In FY 2014, the supplemental transportation payment totaled $6.0 million for 199 districts.

Supplemental Transportation Aid
If (District's state share index ≥ 50%) and (District bus ridership density ≤ State median bus ridership density): Supplemental transportation aid = District's transportation allocation - District's prorated transportation payment
If (District's state share index < 50%) or (District bus ridership density > State median bus ridership density): Supplemental transportation aid = $0

Special education transportation

In addition to funding a portion of regular pupil transportation costs as described above, the state provides funds outside of the main foundation formula to school districts and county boards of developmental disabilities to assist them in providing required transportation services to students with disabilities whom it is impossible or impractical to transport by regular school bus. Such transportation costs are reimbursed through a method determined separately through rules adopted by the State Board. Under these rules, the state calculates a base amount of $6 per rider per instructional day plus one half of the actual cost in excess of $6 per rider per day. However, the base amount is limited to the actual reported cost of transportation or 200% of the statewide average cost of transportation per child, whichever is less. The resulting amount is then multiplied by the greater of 60% or the district's state share index and, if necessary, prorated so that the amount appropriated for the payments is not exceeded. In FY 2014, these payments totaled $60.5 million, of which $54.5 million went to school districts.

Additional funding adjustments

The final allocation for each district may be adjusted further by either guaranteeing districts receive no less than their state foundation aid in FY 2013 or by limiting the increases in funding through application of a funding cap. Generally, the effect of these adjustments is to smooth district funding so that, in FY 2014 for example, each district is allocated between 100% and 106.25% of the funding the district was allocated in FY 2013.

Temporary transitional aid

Temporary transitional aid is provided to districts in FY 2014 and FY 2015 to guarantee 100% of their FY 2013 state aid. Temporary transitional aid in each fiscal year is computed by comparing each district's FY 2013 foundation funding to the district's computed foundation funding before transitional aid is added. The calculation of temporary transitional aid is summarized below. In FY 2014, temporary transitional aid totaling $187.8 million was paid to 200 (32.7%) districts.

The following calculations continue the example of the hypothetical District A. Assume District A's FY 2013 foundation funding is $5 million. The table shows the calculation of District A's temporary transitional aid for FY 2014.

Temporary Transitional Aid for FY 2014	
Factor	**Amount**
A. FY 2013 foundation funding	$5,000,000
B. FY 2014 computed foundation funding before transitional aid	$4,740,177
C. Temporary transitional aid = if B < A, A - B, else $0	$259,823

Temporary Transitional Aid
Foundation funding before transitional aid = Opportunity grant + Targeted assistance + Special education additional aid + Economically disadvantaged funds + Gifted funds + K-3 literacy funds + Career-technical education funds + Limited English proficiency funds + Prorated transportation aid + Supplemental transportation aid

If Foundation funding before transitional aid < FY 2013 foundation funding, then
Temporary transitional aid = FY 2013 foundation funding - Foundation funding before transitional aid
If Foundation funding before transitional aid ≥FY 2013 foundation funding, then
Temporary transitional aid = $0

Gain cap

Total foundation funding is subject to a gain cap of 6.25% in FY 2014 and 10.5% in FY 2015 compared to the previous year's funding. The formula calls for a district's opportunity grant, targeted assistance, economically disadvantaged funds, gifted funds, K-3 literacy funds, LEP funds, and prorated and supplemental transportation aid to be reduced proportionately to comply with the gain cap. Because special education and career-technical education are subject to federal maintenance of effort requirements, special education additional aid and career-technical education funds are exempt from the gain cap unless the calculated amounts for the other components are insufficient to fully comply with the cap limitation. In that case, ODE may proportionately reduce a district's special education and career-technical education funds. In FY 2014, it was not necessary to apply the gain cap to those two components. The calculation of the gain cap is summarized below. In FY 2014, the gain cap reduced funding to 341 (55.7%) districts by a total of $893.4 million.

Gain Cap
FY 2014 gain cap = FY 2013 foundation funding x 1.0625
FY 2015 gain cap = FY 2014 final foundation funding x 1.105

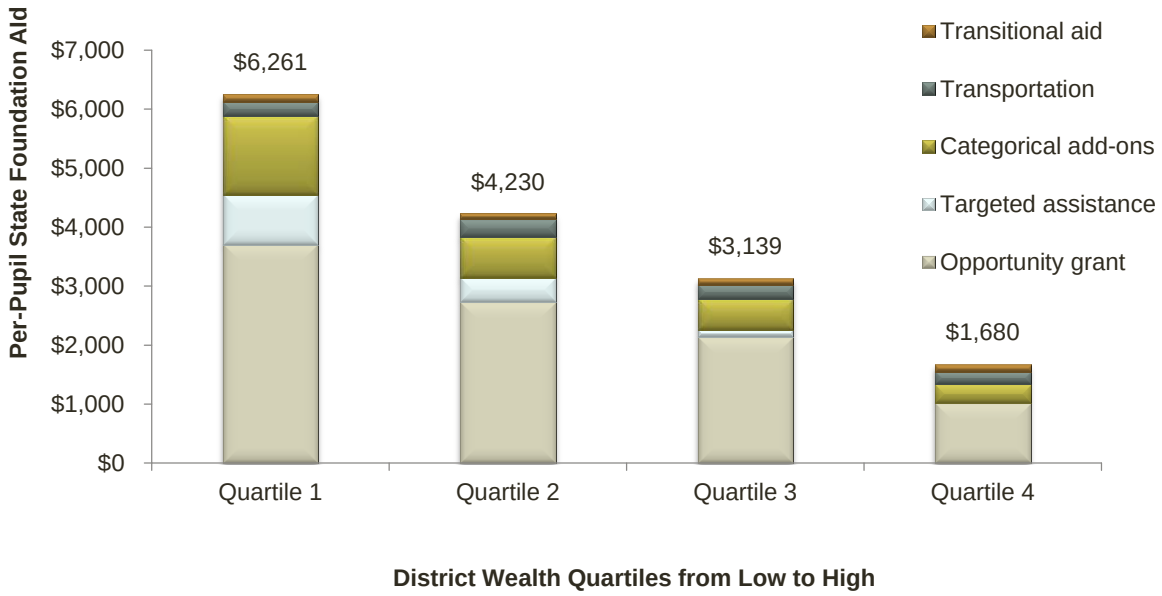
Final foundation funding

A district's final foundation funding in each fiscal year is the lesser of the district's total foundation funding or its gain cap. The calculation of final foundation funding for each school district is summarized below. In FY 2014, a total of $6.60 billion was allocated to the 612 school districts in Ohio.

Final Foundation Funding
Final foundation funding = the lesser of: 1. Total foundation funding; or 2. Gain cap

As noted above, overall, the statewide average final foundation funding per pupil in FY 2014 was $3,902. Chart S.9 displays final foundation funding per pupil by formula component and wealth quartile.

Chart S.9: Per Pupil Final Foundation Funding by Wealth Quartile, FY 2014



State funding transfers

As mentioned previously, the ADM for each district is based on a count of students who reside in the district. The district is legally required to provide an education for these students. After each school district's state aid is calculated as explained above, ODE performs a number of deductions and transfers for various services provided to the students counted in the districts' ADMs. For example, school districts whose students receive services from a regional educational service center (ESC) have an amount deducted and transferred to the ESC to pay for these services. Some students choose to obtain all of their education at schools that are not part of their resident districts. For example, some students attend community schools and some students attend other districts through open enrollment. In general, for these students, the funding they generate in the formula for the district in which they reside is deducted from the state aid allocated to that district and added to the payment for the district or community school where the students are actually educated. In addition, state programs such as the Cleveland Scholarship Program, the Autism Scholarship Program, the Jon Peterson Special Needs Scholarship Program, and the traditional Educational Choice Scholarship Program provide for deductions of state aid from school districts to support the provision of vouchers to district residents to be used in alternative educational programs. Finally, the Post-Secondary Enrollment Options (PSEO) Program, which will undergo changes beginning in the 2015-2016 school year and be renamed College Credit Plus, allows students to attend post-secondary institutions for both high school and college credit. The tuition for most of these students is paid from a deduction from the school district. This section describes how funding for these programs typically works.

The following calculations continue the example of the hypothetical District A. The table shows the calculation of District A's gain cap and final foundation funding for FY 2014. As the table shows, District A is not subject to the cap.

Gain Cap and Final Foundation Funding for FY 2014	
Factor	**Amount**
A. FY 2013 foundation funding	$5,000,000
B. Gain cap = A x 1.0625	$5,312,500
C. Total foundation funding = Foundation funding before transitional aid + temporary transitional aid	$5,000,000
D. Final foundation funding = Lesser of B or C	$5,000,000

Community and STEM schools

Community schools are public schools that are exempt from certain state requirements. These schools are not part of any school district and do not have taxing authority. Community schools were first established in Ohio in FY 1999. They have grown from 15 schools educating 2,245 FTE students (0.1% of public school enrollment) in FY 1999 to 388 schools educating 120,826 FTE students (7.0% of public school enrollment) in FY 2014. Community schools include e-schools, which provide educational services electronically instead of in a traditional classroom setting, and the more traditional brick-and-mortar schools. Funding for these two types of community schools is a bit different. Science, technology, engineering, and mathematics (STEM) schools were first authorized by law in June 2007. These public schools are similar to community schools in many respects but educate students in grades 6-12 using curriculum emphasizing STEM. STEM schools must operate in collaboration with higher education institutions and business organizations. Currently, there are four STEM schools that are governed independently from any school district.[6] In FY 2014, these schools educated a total of 1,194 FTE students.

Students are counted where they live and funding follows the students to where they are educated.

As stated previously, all students are counted in the school district in which they reside for funding purposes, including those who are educated outside of their home district, such as community and STEM school students. Funding for these schools is provided as a per-pupil transfer from each community and STEM school student's district of residence. There is no local share for community and STEM schools since they do not have taxing authority. The formula for the transfers for community and STEM schools follows the formula for traditional districts with some modifications. Community and STEM school ADM is based on a monthly count during the current fiscal year.

Opportunity grant

Community and STEM schools are provided opportunity grant funding, which is based on the per-pupil formula amount. Since these schools do not have authority to levy taxes, there is no state share applied to their funding. A school's per-pupil opportunity grant is, therefore, equal to the formula amounts of $5,745 in FY 2014 and $5,800 in FY 2015, the same amounts used for traditional school districts. The total amount transferred for the opportunity grant statewide was $701.0 million in FY 2014.

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[6] STEM schools may also be governed by a traditional or joint vocational school district board of education. In this case, the school is considered one of the schools of the district and the formula for deductions discussed in this section does not apply.

Targeted assistance

Brick-and-mortar community and STEM schools are provided targeted assistance for each student that is equal to the per-pupil base targeted assistance amount for the student's resident district multiplied by 0.25. E-schools do not receive targeted assistance. The total amount transferred for targeted assistance statewide was $14.8 million in FY 2014.

Special education additional aid, career-technical education funds, and LEP funds

Brick-and-mortar community and STEM schools are provided additional aid for students receiving special education or career-technical education services or those who are classified as limited English proficient. E-schools receive special education and career-technical education additional funds, but do not receive LEP funding. For these components, a community or STEM school receives the full per-pupil amount for the school's FTE student count in each applicable category. That is, the calculations are the same as those for traditional districts except no state share index is applied. The total amounts transferred for special education additional aid, career-technical education funds, and LEP funds statewide in FY 2014 were $122.1 million, $4.9 million, and $4.1 million, respectively.

Economically disadvantaged funds

In addition to the above funding, brick-and-mortar community and STEM schools receive economically disadvantaged funds for each student identified as economically disadvantaged equal to $269 in FY 2014 and $272 in FY 2015 multiplied by the economically disadvantaged index of the student's resident district. E-schools do not receive this funding. The total amount transferred for economically disadvantaged funds statewide was $50.7 million in FY 2014.

K-3 literacy funds

For each student in grades K-3, a brick-and-mortar community school receives a per-pupil amount of $211 in FY 2014 and $290 in FY 2015, each of which equals the sum of the equalized and unequalized portions of the K-3 literacy component for traditional school districts. Though the law includes this component in the formula for STEM school deductions and transfers, in practice, those schools do not receive this funding since they educate students only in grades 6-12. E-schools do not receive this funding. The total amount deducted for K-3 literacy funds statewide was $6.7 million in FY 2014.

Transportation funds

Generally, a district must provide transportation for students in grades K-8 who live more than two miles from school, whether they attend district schools, community schools, or chartered nonpublic schools. However, community schools may transport their own students and receive a payment for doing so, either through an agreement

with the students' resident school district or by unilaterally assuming the district's transportation responsibility. In the case of a bilateral agreement, ODE makes payments to the community school according to the terms of the agreement. In the case of a unilateral assumption of transportation responsibility, the payment for each student the school transports will be the amount that would have been calculated for the district under the transportation formula for the transportation mode the district would have used. Nevertheless, the community school is not required to use that same mode of transportation. In either case, ODE transfers the payment amount from the state aid of the student's resident district. In FY 2014, a total amount of $4.2 million was transferred to 30 community schools.

Summary of state aid for community and STEM schools

The total amount of state aid for community and STEM schools is calculated by adding together the different types of aid. State aid for community and STEM schools is not subject to a guarantee or a gain cap. The calculation is summarized below. The total amount transferred for community and STEM schools statewide was $908.5 million in FY 2014.

State Aid for Community and STEM Schools
State aid for brick-and-mortar community and STEM schools = Opportunity grant + Targeted assistance + Special education additional aid + Career-technical education funds + LEP funds + Economically disadvantaged funds + K-3 literacy funds + Transportation funds
State aid for e-schools = Opportunity grant + Special education additional aid + Career-technical education funds

Facilities funding

In addition to the funding received through transfers of state aid from a student's school district of residence, each brick-and-mortar community and STEM school receives an amount equal to $100 per student to assist with facilities costs. Facilities funding is paid directly by the state using lottery profits. In FY 2014 and FY 2015, aggregate funding for this purpose is limited to the appropriated amount of $7.5 million per year, requiring the per student amount to be prorated. In FY 2014, the proration percentage was 91.9%.

Open enrollment

Each school district in Ohio can choose to accept students from other districts under an open enrollment policy. If a student chooses to attend a district other than the one in which the student resides under open enrollment, the formula amount of $5,745 in FY 2014 and $5,800 in FY 2015 and any career-technical education per-pupil amount applicable to the student are deducted from the resident district's state aid and transferred to the educating district. These amounts are calculated in the same way as they are calculated for community schools (see above). If the student receives special

education, the costs of this education above the formula amount are billed from the educating district to the resident district.

Approximately 70.6% of school districts (including joint vocational school districts) allow statewide open enrollment, 10.7% of school districts allow adjacent district open enrollment only, and the remaining 18.7% of school districts do not accept open enrollment students. In FY 2014, approximately 65,325 (3.9%) FTE students attended schools other than their resident district schools through the open enrollment option and $373.8 million in school foundation aid was transferred on behalf of those students.

Educational Choice Scholarship Pilot Program

The Educational Choice Scholarship Pilot Program ("EdChoice") provides up to 60,000 scholarships each year to students, other than those residing in the Cleveland Municipal School District, who attend or who would otherwise be entitled to attend a school that meets one of a number of conditions indicative of poor academic performance. Students use the scholarships to attend participating nonpublic schools. The amount awarded under the program is the lesser of the actual tuition charges of the school or the maximum scholarship award. The maximum scholarship award is $4,250 for students in grades K-8 and $5,000 for students in grades 9-12. Scholarship students are counted in the resident district's ADM in order to calculate state aid. In FY 2014, a total of $69.1 million was deducted statewide for about 17,000 scholarship students in 39 school districts.

H.B. 59 of the 130th General Assembly expanded EdChoice eligibility to students whose family income is at or below 200% of the federal poverty guidelines (FPG), regardless of the academic rating of the school they would otherwise attend. Unlike the traditional program, students qualifying for EdChoice under the income-based program are not counted in their resident district's ADM for funding purposes and, accordingly, deductions are not taken from school districts to fund the scholarships. Instead, the scholarships are paid directly by the state. In FY 2014, $3.8 million was provided by the state to fund these scholarships.

Cleveland Scholarship Program

The Cleveland Scholarship Program allows students who are residents of the Cleveland Municipal School District to obtain scholarships to attend participating nonpublic schools. The scholarships are the lesser of the tuition charged by the alternative provider or the maximum scholarship award. The maximum scholarship award is $4,250 for students in grades K-8 and $5,700 for students in grades 9-12. Scholarship students are not counted in Cleveland's ADM for funding purposes. A portion of Cleveland's state aid has been earmarked in the state operating budget to be used to help fund this program. The rest of the funding for the program comes from the

state GRF without any deduction from Cleveland. In FY 2014, $11.9 million was deducted from Cleveland's state aid to fund this program for total program spending of about $29.3 million. This amount was used to provide over 6,300 students with scholarships under the program.

Autism Scholarship Program

The Autism Scholarship Program provides scholarships to autistic students whose parents choose to enroll the student in an approved special education program other than the one offered by the student's school district. The scholarships are the lesser of the total fees charged by the alternative provider or $20,000. Scholarship students are counted in their resident district's ADMs for purposes of the state funding formula. The amount of the scholarship is then deducted from the resident district's state aid and paid to the alternate provider. In FY 2014, $50.2 million was transferred for the scholarships for about 2,600 students in 401 districts.

Jon Peterson Special Needs Scholarship Program

The Jon Peterson Special Needs Scholarship Program, which began operations in FY 2013, is similar to the Autism Scholarship Program except that it is available to all disabled students with IEPs established by their resident school districts. Funding for the program is provided in the same way as that of the Autism Scholarship Program, through a transfer of state aid from the resident district to the alternate provider. Likewise, scholarship students are also counted in their district's ADM for the purposes of the state foundation aid formula. Under current law, the amount of the scholarship cannot exceed $20,000 and is the lesser of the tuition charged by the alternate provider or the special education funding calculated for the student, which is the formula amount plus the applicable special education amount used to calculate funding for the student under the formula for traditional school districts. In FY 2014, $22.0 million was transferred for the scholarships for about 2,100 students in 320 districts.

Post-Secondary Enrollment Options Program

The Post-Secondary Enrollment Options Program (PSEO) allows both public and nonpublic high school students to attend classes at post-secondary education institutions and earn both high school and college credits without cost to the students. Public high school students are counted in their resident districts' ADMs for funding purposes. If the student participating in PSEO attends a public school outside of the resident district, the funding for the student follows the student to where they are educated, as described above. The tuition amounts for the college classes the student attends are deducted from the educating districts' state aid to pay for the program. In FY 2014, $26.3 million was deducted statewide from school districts (including joint vocational school districts) and community schools for the program. For nonpublic high

school students, the costs of taking college classes under PSEO are paid by an earmark of GRF line item 200511, Auxiliary Services. In FY 2014, $1.9 million was set aside for this purpose. H.B. 59 of the 130th General Assembly expanded the program to include home-instructed students, the payments for which are funded starting in FY 2015 through an earmark of $250,000 from GRF line item 200550, Foundation Funding.

Beginning in the 2015-2016 school year, PSEO will be replaced by the College Credit Plus Program pursuant to program modifications contained in H.B. 487 of the 130th General Assembly.

Educational service centers (ESCs)

Educational service centers (ESCs) are regional entities that offer a broad spectrum of services, including curriculum development, professional development, purchasing, publishing, human resources, special education services, and counseling services, to school districts and community schools in their regions. By law, every city, local, and exempted village school district with a student count of 16,000 or less must enter into an agreement for services with an ESC. Practically, this requirement applies to all but the seven largest districts in Ohio. The districts with a greater student count may also enter into such agreements. Districts that have established agreements with ESCs are considered "client districts."

In recent years, legislation has been enacted that modified the relationship of ESCs and school districts and, consequently, eliminated and modified some ESC funding mechanisms. Notwithstanding the changes, a per-pupil amount for the general expenses of the ESC continues to be required of client districts. Generally, this per-pupil amount is $6.50. ODE deducts this payment from the state funding provided to the districts and transfers it to the appropriate ESC. In FY 2014, the statewide cost of the per-pupil amount was $11.3 million.

In addition to the per-pupil amount, if an ESC is providing preschool special education services through an agreement with a school district, that district may authorize ODE to transfer funds computed under the new pupil-based preschool special education formula to the ESC. In FY 2014, the statewide amount computed under the preschool special education formula and transferred to ESCs for the services was $8.3 million. In other circumstances, the ESC and district may agree to a different amount than what is provided through the preschool special education formula and have that amount deducted and transferred pursuant to a contract for additional services.

ESCs receive nearly 75% of their overall funding through additional services contracts with school districts, the cost of which is also deducted from the school districts' state aid allocations and transferred to the ESCs. In FY 2014, the cost of these

contracts totaled $197.3 million. In sum, therefore, a total of $216.8 million was deducted from school district state aid and transferred to ESCs in FY 2014.

ESCs also receive funding directly from the state. This funding includes a per-pupil amount, gifted funding, and special education transportation funding. In FY 2014, direct state funding for ESCs totaled $48.2 million.

Joint vocational school district funding

Currently, there are 49 joint vocational school districts (JVSDs) in Ohio. They have a total of 507 associate school districts that may send students to their schools. As with a regular school district, each JVSD has its own taxing authority. Levies need to be approved by taxpayers in all associate districts and the same JVSD millage rate applies to all associate districts within a JVSD. As with school districts, the ability of a JVSD to raise local revenues is dependent on its property value. JVSDs receive state operating funding through a separate formula similar to that used to fund traditional school districts. Under the current formula, JVSDs receive an opportunity grant, career-technical education funds, additional special education aid, economically disadvantaged funds, and LEP funds. There are two main differences between the formulas for traditional school districts and JVSDs: the calculation of the opportunity grant and the calculation of the percentage used to distribute the state's share of funding for career-technical education funds, special education additional aid, and LEP funds. Each component of the JVSD formula is described in more detail below.

Opportunity grant

JVSDs combine territory of more than one traditional school district and typically educate students for the last two years of their high school careers. Since JVSDs are larger and they educate fewer students than traditional districts, their values per pupil are much higher and their average property tax rates and tax effort requirements are much lower than those of traditional districts. The formula uses a base cost approach to calculate each JVSD's opportunity grant. Under this approach, a base cost is established by multiplying the same per-pupil formula amount used for traditional school districts by the JVSD's formula ADM. The local share of this cost is calculated by multiplying a uniform charge-off rate of 0.5 mill by the JVSD's three-year average taxable property value. The opportunity grant (the state share) is simply the base cost minus the local share. If this calculation results in a negative number, the JVSD's opportunity grant is $0. The calculation of the opportunity grant for JVSDs is summarized below. Statewide, the opportunity grant for JVSDs totaled approximately $139.4 million in FY 2014.

JVSDs receive state operating funding through a separate formula similar to that used for traditional school districts.

JVSD Opportunity Grant
Base cost = Formula amount x Formula ADM
Local share = Three-year average value x Charge-off rate
Opportunity grant = Base cost - Local share If this calculation is negative, the opportunity grant is $0
Formula amount = $5,745 in FY 2014 and $5,800 in FY 2015
Charge-off rate = 0.0005

State share percentage

In order to determine the state's share of the cost for career-technical education funds, special education additional aid, and LEP funds for JVSDs, the formula calculates a state share percentage for each JVSD by dividing the district's opportunity grant by its base cost. The resulting figure is multiplied by the calculated cost for each of the above components. Unlike the state share index used for traditional school districts, the state share percentage will vary between FY 2014 and FY 2015. JVSD state share percentages in FY 2014 ranged from 0% to 91.6% with a statewide average of 64.6% and a median of 69.7%. The calculation of the state share percentage is summarized below.

JVSD State Share Percentage
State share percentage = Opportunity grant / Base cost

Categorical components

Like traditional school districts, the current JVSD funding formula includes categorical add-ons that address the needs of "nontypical" students, such as those receiving special education or career-technical education services, those who are economically disadvantaged, or those who are limited English proficient. The amount for these add-ons is determined for JVSDs similarly to the way it is determined for traditional school districts. For example, the same per-pupil amounts are used for each component. However, each JVSD's state share percentage (rather than the state share index) is used to equalize its state funding for career-technical education funds, special education additional aid, and LEP funds. Economically disadvantaged funds are not subject to the state share percentage. The calculations of these add-ons are summarized below.

Career-technical education funds

Across all five career-technical education categories, career-technical education FTEs at JVSDs statewide amounted to about 29,460 in FY 2014. Career-technical education funds for JVSDs totaled $60.5 million in FY 2014.

JVSD Career-Technical Education Funds
Career-technical education funds = (Category 1 FTE x Per-pupil amount + Category 2 FTE x Per-pupil amount + Category 3 FTE x Per-pupil amount + Category 4 FTE x Per-pupil amount + Category 5 FTE x Per-pupil amount) x State share percentage

Like traditional school districts, the formula also provides career-technical education associated services funds based on the sum of a district's career-technical education FTE in categories one through five and a specified per-pupil amount, as summarized in the table below. Career-technical education associated services funding is equalized based on a district's state share percentage. The amount calculated for career-technical education associated services funds for JVSD students was $4.3 million in FY 2014.

JVSD Career-Technical Education Associated Services Funds
Career-technical education associated services funds = (Category 1 FTE + Category 2 FTE + Category 3 FTE + Category 4 FTE + Category 5 FTE) x Associated services per-pupil amount x State share percentage
Associated services per-pupil amount = $225 in FY 2014 and $227 in FY 2015

Special education additional aid

Across all six special education categories, special education ADM at JVSDs statewide amounted to about 8,800 in FY 2014. Special education additional aid for JVSDs totaled $31.8 million in FY 2014.

JVSD Special Education Additional Aid
Special education additional aid = (Category 1 ADM x Per-pupil amount + Category 2 ADM x Per-pupil amount + Category 3 ADM x Per-pupil amount + Category 4 ADM x Per-pupil amount + Category 5 ADM x Per-pupil amount + Category 6 ADM x Per-pupil amount) x State share percentage

Economically disadvantaged funds

In FY 2014, JVSDs educated about 14,600 students identified as economically disadvantaged. The economically disadvantaged percentage for JVSDs ranged from 0% for two districts to 69.5%. The resulting economically disadvantaged index values were as high as about 2.23. Thus, the per economically disadvantaged pupil amount, in effect, ranged from $0 to $600 in FY 2014 ($269 x 2.23). The total amount calculated for JVSD economically disadvantaged funds statewide was $3.7 million in FY 2014.

JVSD Economically Disadvantaged Funds
Economically disadvantaged funds = Economically disadvantaged aid per-pupil amount x Economically disadvantaged index x Economically disadvantaged ADM
Economically disadvantaged aid per-pupil amount = $269 in FY 2014 and $272 in FY 2015

Limited English proficiency funds

Across all three LEP categories, JVSDs educated about 78 LEP students statewide in FY 2014. LEP funds for JVSDs totaled $49,118 in FY 2014.

JVSD Limited English Proficiency Funds
Limited English proficiency funds = (Category 1 ADM x Per-pupil amount + Category 2 ADM x Per-pupil amount + Category 3 ADM x Per-pupil amount) x State share percentage

JVSD additional funding adjustments

Temporary transitional aid

Like traditional school districts, temporary transitional aid is provided to JVSDs in FY 2014 and FY 2015 to guarantee 100% of their FY 2013 state aid. The calculation for temporary transitional aid is summarized below. In FY 2014, temporary transitional aid totaling $32.0 million was paid to 34 JVSDs.

JVSD Temporary Transitional Aid
Transitional aid guarantee base = FY 2013 state aid
Foundation funding = Opportunity grant + Special education additional aid + Economically disadvantaged funds + Limited English proficiency funds + Career-technical education funds

If Foundation funding < Transitional aid guarantee base, then
Temporary transitional aid = Transitional aid guarantee base - Foundation funding
If Foundation funding ≥Transitional aid guarantee base, then
Temporary transitional aid = $0

Gain cap

Total foundation funding is equal to the sum of foundation funding and temporary transitional aid. However, like traditional school districts, JVSD total foundation funding is subject to a gain cap of 6.25% in FY 2014 and 10.5% in FY 2015 compared to the previous year's funding. The same exemption from the gain cap for traditional school district special education and career-technical education funds applies to JVSDs as well. In FY 2014, it was not necessary to apply the gain cap to those two components. The calculation of the gain cap is summarized below. In FY 2014, the gain cap reduced funding to nine JVSDs by a total of $4.6 million.

JVSD Gain Cap
FY 2014 gain cap = Transitional aid guarantee base x 1.0625
FY 2015 gain cap = FY 2014 final state aid x 1.105

JVSD final foundation funding

A JVSD's final foundation funding in each fiscal year is the lesser of the district's total foundation funding or its gain cap. The calculation of final foundation funding for each school district is summarized below. In FY 2014, final foundation funding for JVSDs totaled $267.2 million.

JVSD Final Foundation Funding
Final foundation funding = the lesser of: 1. Total foundation funding; or 2. Gain cap

Preschool Special Education

Outside of the main funding formula, the state provides funding to school districts and some state institutions for the special education and related services they provide to preschool-aged (ages three through five) children with disabilities. Districts are mandated under federal law to provide a free appropriate public education to these students. Under the formula for distributing these funds, enacted in H.B. 59 of the 130th General Assembly, funding is equal to $4,000 per preschool special education student plus additional special education aid based on the applicable special education amount for each student and the resident district's state share index. Special education aid is then multiplied by 0.5. The special education categories and amounts are the same as those used for primary and secondary students. The state share index for a state institution is the index for the student's resident district. This calculation is summarized in the following table. Ultimately, ESCs and county boards of developmental disabilities also receive a portion of this funding through transfers from the amounts allocated to the school districts with which those entities have service agreements. School districts may also opt to pay an ESC directly for preschool special education services. In FY 2014, preschool special education payments totaled $100.0 million.

Preschool Special Education Funding
Preschool special education funding = $4,000 x preschool special education ADM + (Category 1 ADM x $1,902 + Category 2 ADM x $4,827 + Category 3 ADM x $11,596 + Category 4 ADM x $15,475 + Category 5 ADM x $20,959 + Category 6 ADM x $30,896) x State share index x 0.5

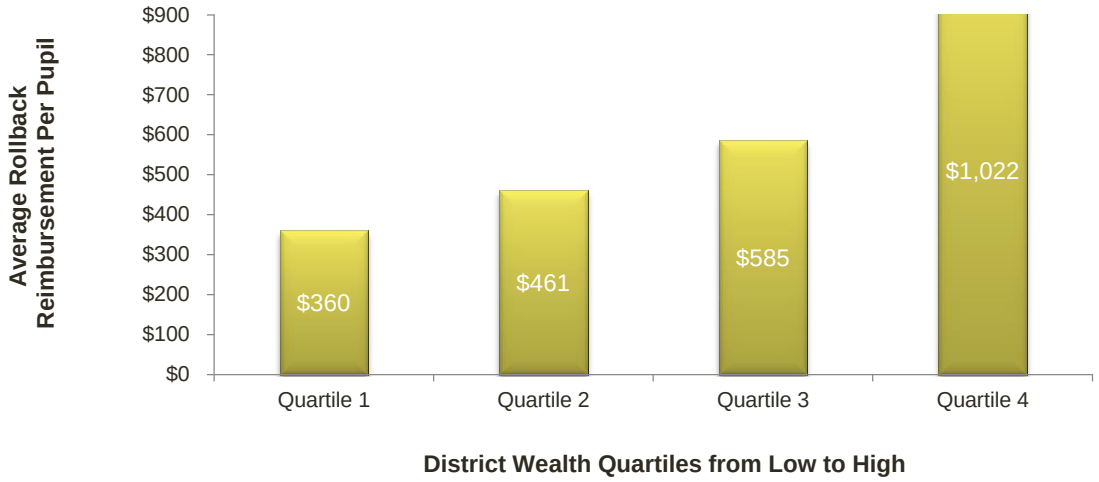
Tax Loss Reimbursements

Rollbacks and Homestead Exemption

As part of its tax policy, the state reduces property taxes on residential and agricultural real property by 10.0% and the property taxes on owner-occupied homes by an additional 2.5% for all levies initially approved in August 2013 or before. These two reductions in real property taxes provided by the state are often called property tax rollbacks. The state also provides a reduction in property taxes for certain senior citizens and disabled persons. This policy is called the homestead exemption. The state reimburses school districts and JVSDs (and other local governments) for these reductions in real property taxes. In FY 2014, school districts received a total of $1,089.5 million and JVSDs received a total of $41.5 million statewide in property tax rollback and homestead exemption reimbursements. These reimbursements are directly related to the amount of property tax revenue paid in each district, so unlike state education aid, property tax rollback reimbursements tend to be higher in higher wealth districts. Chart S.10 shows the average rollback reimbursement per pupil in the four wealth quartiles for FY 2014. Although state spending on property tax rollbacks has increased steadily since they were instituted in the 1970s, this spending should stabilize in future years as the rollbacks no longer apply to new levies.

One effect of the TPP tax phase-out is to increase state aid to school districts.

Chart S.10: Average Rollback Reimbursement Per Pupil by Wealth Quartile, FY 2014



Tangible Personal Property (TPP)

The state also provides partial reimbursements for tax losses incurred by school districts due to the elimination of the tax on general business tangible personal property

and the deregulation of electric and natural gas utilities. These reimbursements are targeted to districts for which these tax revenues represented a significant portion of the districts' total resources. For FY 2014, the direct reimbursement for districts was $470.6 million and for JVSDs was $11.0 million. Under current law, these payments will stay largely constant in future years.

LOCAL OPERATING REVENUE

The primary local funding source for schools is locally voted property taxes, which account for approximately 94.4% of local operating revenue, excluding the portion of property taxes paid by the state (property tax rollbacks and homestead exemption). Another 4.5% comes from school district income taxes and about 1.1% comes from the casino gross revenue tax. In TY 2012, school districts levied a total of $8.67 billion in property tax operating revenue. An additional $1.20 billion was levied for permanent improvements and debt service. In TY 2012, joint vocational school districts levied a total of $320.0 million in property tax operating revenue and an additional $23.1 million for permanent improvements and debt service. As stated in the section on state operating revenue, $1.14 billion of locally levied property tax was paid by the state through property tax rollbacks and reimbursements for the homestead exemption. School district income taxes totaled $380.9 million in FY 2014. Gross casino revenue distributions totaled $83.0 million for school districts, $3.6 million for JVSDs and $6.1 million for nontraditional schools such as community schools in FY 2014. Local operating revenue is discussed in more detail in this section.

Property Taxes

Assessed or Taxable Property Value

Property taxes are calculated on the assessed or taxable property value, which is a percentage of fair market value. This percentage is called the assessment rate. Property value in Ohio is divided into three major categories with different assessment rates:

- Class I real property (residential and agricultural);
- Class II real property (commercial, industrial, and mineral); and
- Public utility tangible personal property.

Real property is generally assessed at 35% of true value, which is determined by the county auditor. This means that if the auditor appraises a home's true value as $100,000, for example, that home's taxable property value would be $35,000 ($100,000 x 0.35). Public utility tangible personal property (TPP) is assessed at rates ranging from 23% to 100% of true value, which is self-reported by businesses based on certain approved methods. Table L.1 shows the statewide total taxable property value composition based on the three property categories for TY 2012. It can be seen from the table that class I real property makes up the bulk of total taxable property value, followed by class II real property, and then public utility tangible personal property.

Over 74% of state taxable property value is residential and agricultural real property.

Table L.1: Taxable Property Value, TY 2012		
Property Category	**Amount**	**Percentage**
Class I real property	$175.00 billion	74.0%
Class II real property	$50.47 billion	21.4%
Public utility TPP	$10.94 billion	4.6%
Total Taxable Property Value	**$236.41 billion**	**100.0%**

School District Taxable Property Value Composition

Table L.1 gives the taxable property value composition in TY 2012 for the state. However, the composition for each individual district varies widely across the state. Table L.2 shows the maximum, minimum, and median ranges for each category.

Table L.2: The Taxable Property Value Composition, TY 2012			
Category	**Minimum**	**Maximum**	**Median**
Class I Real	15.6%	97.0%	80.1%
Class II Real	1.1%	74.5%	14.2%
Public Utility TPP	0.4%	65.1%	4.0%

A change in the taxable value of a particular category of property through changes in the economy or changes in tax policy generally has an uneven impact on districts due to the variation in property composition across districts.

School District Value Per Pupil

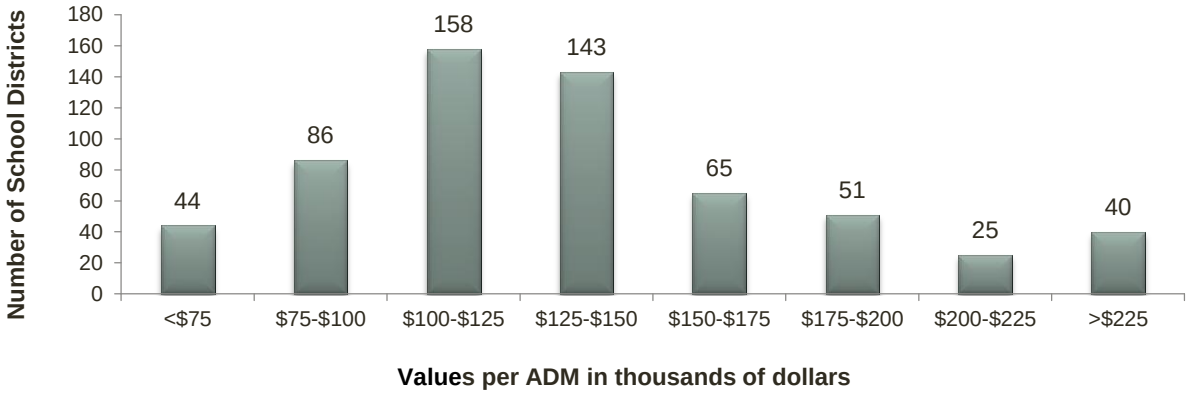
Value per pupil is the most important indicator of each district's ability to raise local revenues. Due to the uneven distribution of taxable property, value per pupil varies widely across school districts. Chart I.2 from the introduction is reproduced below. It shows the distribution of values per total ADM in TY 2012. It can be seen that values per-pupil range from less than $75,000 in 44 districts to more than $225,000 in 40 other districts. The statewide weighted average is $137,000 per pupil while the statewide median district's value per pupil is $128,000. The weighted average represents a per-pupil based ranking, which takes into account the size of school districts. The median represents a district ranking, which is represented by the middle district (the 306th district out of 612). Values per total ADM for the majority (387 or 63.2%) of school districts range from $75,000 to $150,000 in TY 2012.

For the same tax effort, a high wealth school district raises more local revenue.

The variation in per-pupil value impacts each individual district's ability to raise local revenue. The same one-mill property tax levy generates $75 per pupil for a district

with a value per pupil of $75,000 and $225 per pupil for a district with a value per pupil of $225,000.

Chart I.2: Distribution of Values Per Pupil, TY 2012



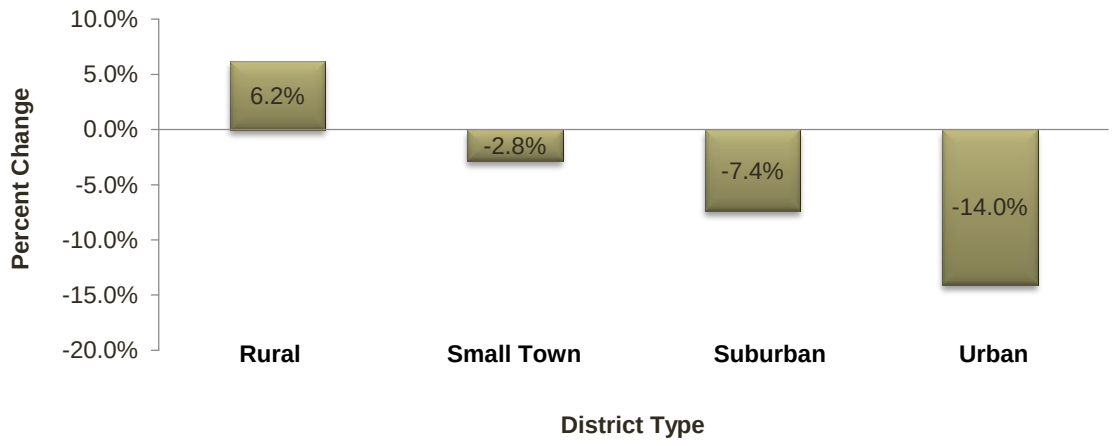
Changes in Taxable Property Values

After several years of annual increases, real property value statewide peaked in TY 2008 and decreased 6.5% from TY 2008 to TY 2012. As shown in Chart L.1, since TY 2008, real property value for all district types except rural districts decreased. Real property value in urban districts decreased the most (14%), followed by suburban districts (7.4%), and small town districts (2.8%). Real property value for rural districts increased 6.2% from TY 2008 to TY 2012.

The increase in real property value for rural districts is due to the growth of agricultural property value. Agricultural property value increased by $2.84 billion (27.6%) from TY 2008 to TY 2012. Of this total increase, $1.92 billion occurred in rural districts. For the state as a whole, the increase in agricultural property value was offset by a decrease of $15.55 billion (8.8%) in residential property. Although residential property value fell in rural districts as it did in the rest of the state, the decrease ($400.0 million) was not enough to offset the increase in agricultural value, as it was for other district types. In TY 2012, agricultural value comprised 26.8% of total real property value in rural districts, in contrast to accounting for only 5.8% of total statewide real property value.

In addition to the comparative importance of agricultural value in rural districts, the decrease in residential property value was more severe in urban versus rural areas, In fact, rural districts saw a decrease in residential value between TY 2008 and TY 2012 of only 2.2% compared to 5.6% for small town districts, 7.8% for suburban districts, and 17.0% for urban districts.

Chart L.1 Percentage Change in Real Property Value, TY 2008 to TY 2012



Local Property Tax Levy Rates and H.B. 920 Tax Reduction Factors

Generally, school districts have the option to use five different types of levies: inside mills, current expense levies, emergency levies, permanent improvement levies, and bond levies. Inside mills can be used for any purposes designated by local school boards of education. The vast majority of school districts use inside mills for current or operating expenses. Current expense and emergency levies are used for operating expenses. The revenue from permanent improvement levies and bond levies is used for permanent improvements and debt service. Current expense and permanent improvement levies are fixed-rate levies – voters vote for a certain millage rate that is applied to the taxable property value to calculate the tax each year (subject to tax reduction factors, which are discussed below). Emergency and bond levies are fixed-sum levies – voters vote for a certain amount of tax revenue to be collected each year regardless of taxable property value.

Inside Mills and Voted (Outside) Mills

The Ohio Constitution prohibits governmental units from levying property taxes that in the aggregate exceed 1% of the true value of the property in their district unless the voters approve them. This is known as the ten-mill limitation and these unvoted ten mills are called inside mills. The ten inside mills are shared by three levels of government: counties, school districts, and cities or townships. Inside mills for school districts range from less than three mills in a few districts to more than six mills in a few other districts. On average school districts have approximately 4.4 inside mills. All levies other than inside mills need to be approved by the voters and are referred to as voted or outside mills. While voted current expense mills are subject to H.B. 920 tax reduction factors, inside mills are not (see below).

H.B. 920 Tax Reduction Factors

H.B. 920 is a tax policy that was enacted in 1976. It limits changes in revenue from property taxes on existing real property (real property that has previously been taxed). The effect of this policy, in general, is to require taxing jurisdictions, including school districts and JVSDs, to periodically ask the voters for approval of new levies if they want to collect revenue beyond the H.B. 920 limitations. Without the H.B. 920 limitations, a 10% increase or decrease in a district's real property value would result in a 10% increase or decrease in real property tax revenue for the district even without new levies. With the H.B. 920 limitations, however, a 10% increase or decrease in real property generally leads to a much smaller change in real property tax revenue for the district unless voters approve new levies. In the long run, real property values generally experience inflationary increases, although, as discussed above, real property values have been subject to decreases.

H.B. 920 tax reduction factors were put into the Ohio Constitution in 1980 through a constitutional amendment that also created the two separate classes of real property. Separate tax reduction factors are applied to each class of real property. However, not all property value and not all tax levies are subject to H.B. 920 tax reduction factors. New construction (real property that did not exist in the prior year) and tangible property are not affected by the tax reduction factors; taxes on these two types of property will grow at the same rate as property values grow. Since emergency levies and bond levies are fixed-sum levies, (they are designed to raise the same amount of tax revenue every year) there is no reason to apply tax reduction factors to them. As indicated earlier, inside mills are not affected by the tax reduction factors either. So, H.B. 920 tax reduction factors apply only to current expense and permanent improvement levies on existing real property. After tax reduction factors are applied, the millage rate actually charged on each class of real property falls below the voted millage rate. This lower millage rate is commonly called the effective millage rate. It can be calculated by dividing the actual taxes charged by the taxable property value for each class of real property. In times of falling real property values, effective mills may increase, but they will never go above the voted millage rate.

Inside mills are not subject to voter approval or to H.B. 920 tax reduction factors.

H.B. 920 20-Mill Floor

Although H.B. 920 limits the tax revenue growth on existing real property, it does not allow a school district's combined real property millage (from current expense levies and inside mills for operating expenses) to fall below 20 effective mills. This provision of H.B. 920 is referred to as the 20-mill floor. Under H.B. 920, if a school district's combined real property millage falls to 20 effective mills, tax reduction factors no longer apply. Real property taxes based on these 20 mills will grow at the same rate

as real property values grow. School district income tax levies are not included in the 20-mill floor determination and neither are emergency levies, although these levies are generally used for operating expenses. The 20-mill floor determination includes only inside mills used for operating expenses and current expense levies.

A total of 120 districts (19.6%) were at the H.B. 920 20-mill floor in at least one class of real property in TY 2012. These 120 floor districts tend to be smaller than average and represent only 9.2% of statewide total ADM. The number of floor districts has decreased over the last several years as real property values have fallen. In TY 2008 there were 329 floor districts. Of the 120 floor districts in TY 2012, 26 districts were at the floor in both class I and class II real property, 78 districts were in class I only, and the other 16 districts were in class II only.

Table L.3 shows the number and percentage of school districts at the H.B. 920 floor by district type. These types were developed by ODE based on districts' demographic characteristics. It can be seen from the table that the H.B. 920 floor district percentages for rural districts (types 1 and 2) tend to be higher than the others, at 29.8% and 41.1%, respectively. In fact, 81 (67.5%) of the floor districts in TY 2012 are rural districts.

Table L.3: The Number and Percentage of H.B. 920 Floor Districts by District Type, TY 2012

District Type	Description	Total Districts	Floor Districts	% Districts on Floor
Type 0	Outliers - island districts	3	1	33.3%
Type 1	Rural - High Student Poverty & Small Student Population	124	37	29.8%
Type 2	Rural - Average Student Poverty & Very Small Student Population	107	44	41.1%
Type 3	Small Town - Low Student Poverty & Small Student Population	111	26	23.4%
Type 4	Small Town - High Student Poverty & Average Student Population Size	89	8	9.0%
Type 5	Suburban - Low Student Poverty & Average Student Population Size	77	2	2.6%
Type 6	Suburban - Very Low Student Poverty & Large Student Population	46	2	4.3%
Type 7	Urban - High Student Poverty & Average Student Population	49	0	0.0%
Type 8	Urban - Very High Student Poverty & Very Large Student Population	6	0	0.0%
	Total	**612**	**120**	**19.6%**

Since tax reduction factors do not apply to a district at the 20-mill floor, once a district reaches the floor it begins to receive greater increases in revenue when real property values increase due to reappraisals and updates without having to ask voters to approve additional levies. Most districts, however, do not choose to limit local operating revenue to 20 mills; districts on the floor tend to supplement their current

expense millage and inside millage with emergency levies and school district income tax levies, which are not included in the floor calculation. In fact, of the 120 floor districts in TY 2012, 84 districts (70.0%) had either emergency levies or school district income taxes. However, Table L.4 shows that only a minority of districts that levy these two types of taxes are floor districts: 17.5% of districts with emergency levies and 30.8% of districts with school district income taxes. Floor districts, however, still tend to have lower operating tax rates even when taking all taxes into account. The average effective operating tax rate (including both property taxes and school district income taxes) for the 120 floor districts was 27.62 mills in TY 2012, compared to an average of 38.96 mills for nonfloor districts and an average of 37.96 mills for all districts.

Table L.4: H.B. 920 Floor District Supplemental Levies, TY 2012

	Total Districts	Floor Districts	% Districts on Floor
Emergency Levies	246	43	17.5%
School District Income Tax (FY 2014)	195	60	30.8%

Summary of Local Tax Levies and H.B. 920

Table L.5 summarizes the above discussion on which levies and which properties are subject to H.B. 920 reduction factors as well as which levies are included in the 20-mill floor determination.

Table L.5: Summary of Local Tax Levies and H.B. 920 Tax Reduction Factors

Type of Levy	Purpose of Levy	Subject to H.B. 920 Tax Reduction Factors?	Included in H.B. 920 20-Mill Floor Determination?
Inside Mills	Designated by school boards – generally operating	No	Yes – if designated as operating
Current Expenses	Operating	Yes	Yes
Emergency	Operating	No	No
Income Tax	Operating	No	No
Permanent Improvement	Permanent improvements or items with at least 5 years of useful life	Yes	No
Bond	Debt service	No	No
Type of Property		**Subject to H.B. 920 Tax Reduction Factors?**	
Existing Real Property	--	Yes	--
New Construction – Real Property	--	No	--
Tangible Personal Property	--	No	--

School District Income Tax

The school district income tax is paid by residents of the school district regardless of where they work. Nonresidents working in the district and corporations are not taxed. A total of $380.9 million in school district income taxes was collected by 195 school districts (31.9%) in FY 2014. As shown in Table L.4, 30.8% of these are H.B. 920 20-mill floor districts. These 195 districts tend to be smaller than average and represent approximately 17.4% of statewide total ADM. These districts have an average ADM of approximately 1,540 students and an average property value per pupil of approximately $127,400 compared to an average ADM of approximately 3,400 students and an average property value per pupil of approximately $208,600 for the other 417 districts.

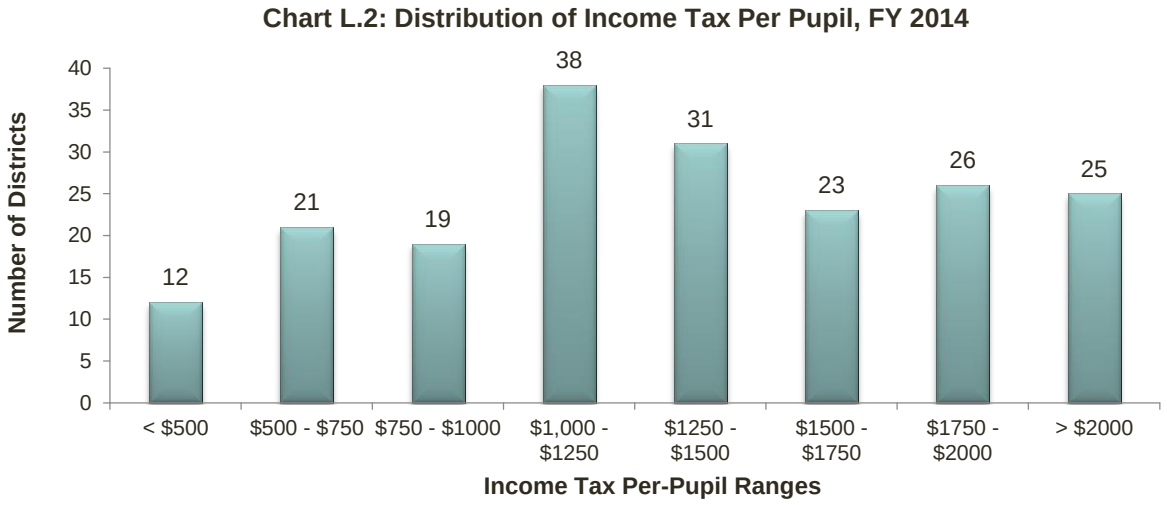
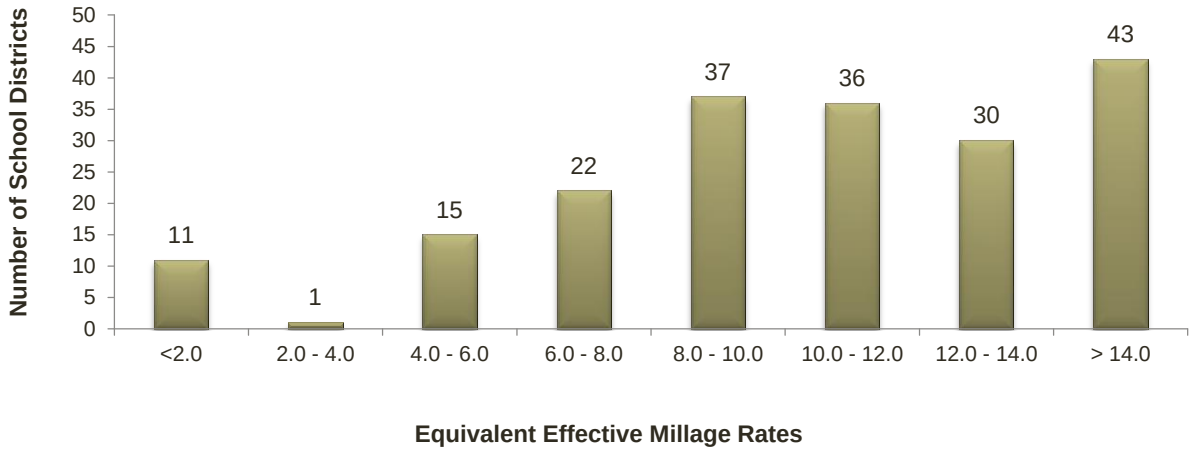


Chart L.2 shows the distribution of income tax revenues per pupil for the 195 districts with such revenues in FY 2014. Per-pupil school district income tax collections range from less than $100 to almost $3,800 with an average of $1,350 per pupil for these 195 districts. Per-pupil amounts of less than $100 often indicate the beginning or ending of a tax levy. By dividing income tax revenue into total property value, the equivalent effective millage rate is calculated. Chart L.3 shows the distribution of income tax equivalent effective millage rates for the 195 districts with income tax revenues in FY 2014. Effective millage rates range from less than one mill to over 25 mills with an average of 10.7 mills for these 195 districts. In general, school districts with income tax levies tend to have relatively low business property wealth. Farming communities predominate on the list of school districts with income tax levies.

Chart L.3: Distribution of School District Income Tax Equivalent Effective Tax Rates, FY 2014



Summary of School District Effective Operating Tax Rates

By combining revenues received from all operating tax levies, including the school district income tax, it is possible to calculate overall effective operating tax rates. In TY 2012, these range from about 18 mills in the bottom nine districts to more than 57 mills in the top ten districts. The Shaker Heights City SD (Cuyahoga County), the Ottawa Hills Local SD (Lucas County), and the Cleveland Heights-University Heights City SD (Cuyahoga County) have the highest overall effective operating tax rates of 92.0, 73.2, and 73.2 mills, respectively. The statewide average is 33.3 mills and the statewide median is 32.9 mills. Chart L.4 shows the distribution of overall effective operating tax rates. It can been seen from the chart that the equivalent overall effective rates for 330 school districts (53.9%) range from 27.5 to 40.0 mills.

Chart L.4: Distribution of Overall Effective Operating Tax Rates, TY 2012

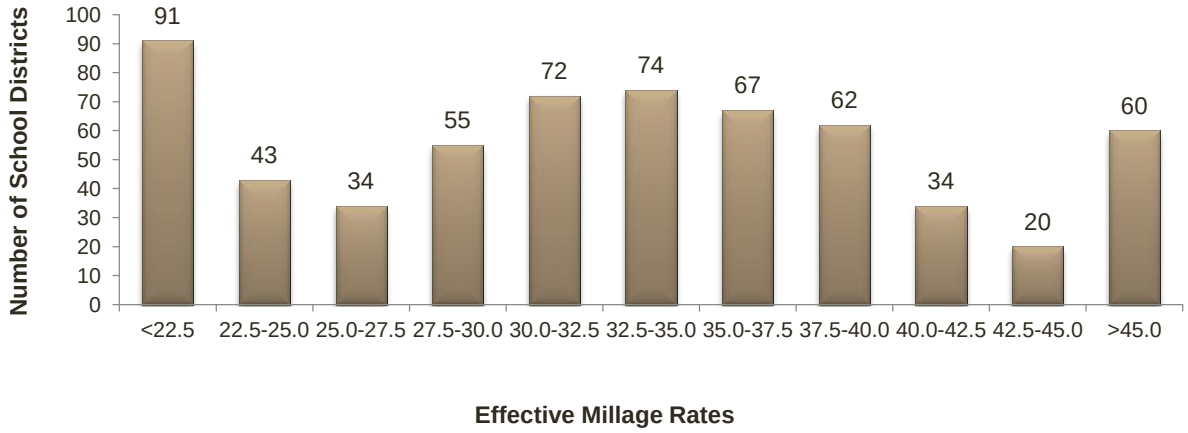


Chart L.5 shows the average equivalent overall effective operating tax rates for groups of districts categorized by value per pupil in TY 2012. Average rates are generally lower for those districts with the lowest values per pupil although they tend to decrease for the highest wealth districts. Having too many low wealth districts with high tax rates is generally a sign of a poorly designed school finance system. In such a situation, low wealth districts are forced to levy high millage rates to provide a basic education. In general, this does not appear to be the pattern in Ohio.

Chart L.5: Average Overall Effective Operating Tax Rates by Value Per Pupil, TY 2012

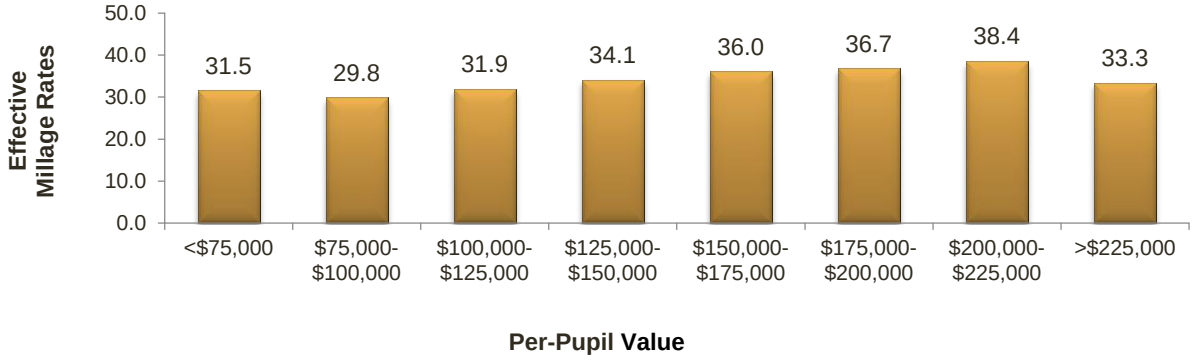
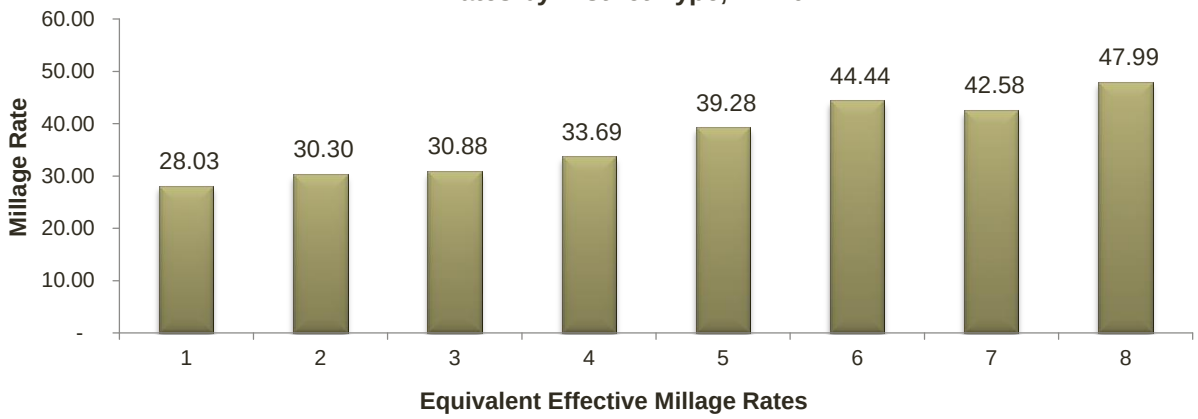


Chart L.6 takes a different look at tax effort by showing the equivalent millage rate on locally-paid (subtracting out state-paid property tax rollbacks) property and school district income taxes for both operating and nonoperating purposes by the district types described in Table L.3. This chart shows that urban (types 7 and 8) and suburban (types 5 and 6) districts tend to have higher rates than rural (types 1 and 2) and small town (types 3 and 4) districts. This coincides with rural districts being more likely to be on the H.B. 920 floor.

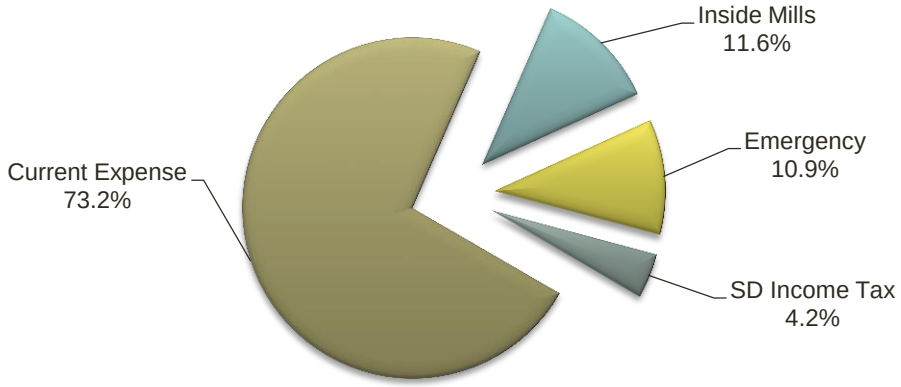
Chart L.6: Equivalent Millage Operating and Nonoperating Locally-Paid Rates by District Type, FY 2014



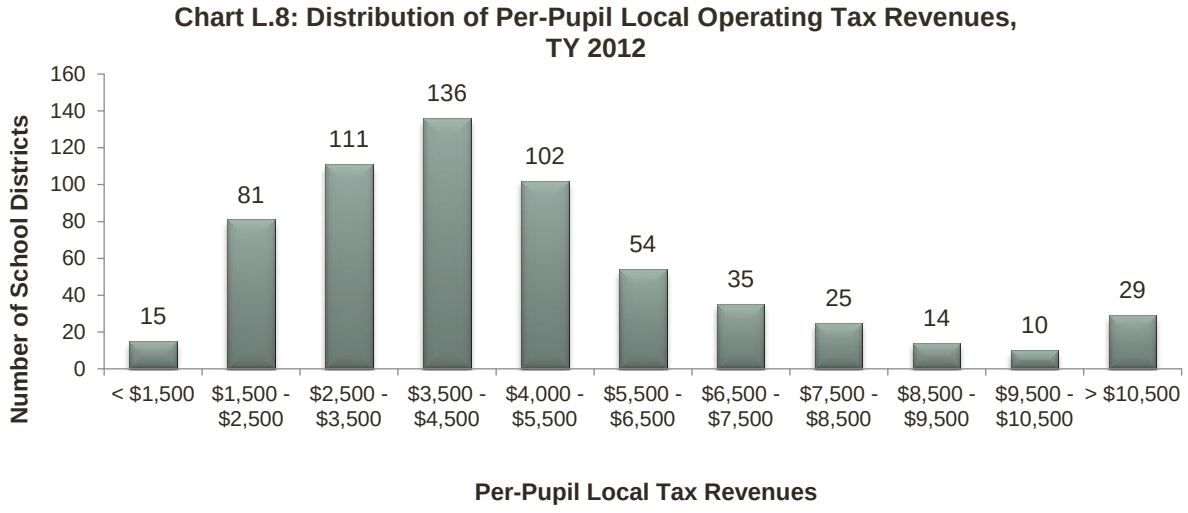
Summary of School District Operating Tax Revenue

School districts collected a total of $9.05 billion in operating taxes in TY 2012, including the portion paid by the state through property tax rollbacks and the homestead exemption. Chart L.7 shows school district operating tax revenues by levy type. Current expense levies, representing approximately 73.2% of total operating tax revenues, were the largest component. Inside millage generated 11.6%, emergency levies 10.9%, and school district income tax levies 4.2%.

Chart L.7: School District Operating Revenues by Levy Type, TY 2012



In TY 2012, local operating tax revenues per-pupil ranged from a little over $1,000 in the bottom two school districts to more than $20,000 in the top four districts. The statewide weighted average is $5,250 and the statewide median is $4,190. It should be noted that state education aid is largely equalized based on each district's wealth as measured by property value per pupil and not directly based on each district's local tax revenue per pupil. School districts have no control over their wealth levels, but they do have some control over their revenues. Two districts with the same value per pupil will have different local revenues per pupil if they have different tax rates.



Joint Vocational School Districts

As stated in the state operating revenue section, there are 49 joint vocational school districts (JVSD). Like a regular school district, each JVSD has its own taxing authority. In TY 2012, the 49 JVSDs collected a total of $343.9 million in local revenue. Levies need to be approved by taxpayers in all associate districts and the same JVSD millage rate applies to all associate districts within a JVSD. Since a JVSD may include several regular school districts, its tax base is generally much larger. In TY 2012, average value per pupil for all JVSDs is approximately $4.1 million.

JVSDs do not have inside mills and they do not levy emergency levies or income tax levies. For operating revenues, therefore, JVSDs are restricted to voted current expense levies. As with regular school districts, JVSDs current expense and permanent improvement levies are subject to H.B. 920 tax reduction factors. The floor on effective current expense millage for JVSDs is 2.0 mills, although several JVSDs are below this millage rate because they have not had levies approved by voters for more than this amount.

Gross Casino Revenue Tax

In 2009, Ohio voters approved a constitutional amendment that authorizes the opening of four casinos in the state and requires a 33% tax on gross casino revenue. The County Student Fund receives 34% of the revenue from this tax. These funds are distributed to schools based on the number of students at each school. In FY 2014, a total of 92.7 million was distributed to schools, consisting of $83.0 million to traditional school districts, $3.6 million to JVSDs, and $6.1 million to nontraditional schools such as community schools.

FEDERAL OPERATING REVENUE

Federal dollars accounted for 6.0% of all public school revenue in FY 2014. The federal revenue counted for purposes of this analysis includes the main formula-based funding that flows to schools through the state budget. It does not include competitive grants that either flow through the state budget or that flow directly to grant recipients. In FY 2014, this federal revenue totaled $1.09 billion. It is mainly directed toward economically disadvantaged and special education students. Spending of federal revenue is generally restricted to purposes allowed by each grant.

The federal government's main program for economically disadvantaged students is authorized by Title I of the Elementary and Secondary Education Act (ESEA) and is generally referred to simply as "Title I." In FY 2014, $566.8 million in Title I funds were distributed to local education agencies (LEAs) in Ohio. Table F.1 shows the distribution of federal Title I funding by district typology. As can be seen from the table, federal funding through Title I is concentrated in districts with high percentages of student poverty. Average Title I funding per pupil in FY 2014 ranges from a high of $804 for urban districts with very high poverty to a low of $85 for suburban districts with very low poverty.

Table F.1. Title I and IDEA Funding Per Pupil by District Type, FY 2014

Comparison Group—Description		Number of Districts	Student Poverty %	Title I Per Pupil	% Special Education	IDEA Per Pupil
Rural	High poverty, small population	124	47.4%	$308	13.3%	$194
Rural	Average poverty, very small population	107	37.9%	$220	12.0%	$162
Small Town	Low poverty, small population	111	31.1%	$162	11.2%	$177
Small Town	High poverty, average population	89	50.8%	$307	13.3%	$209
Suburban	Low poverty, average population	77	28.4%	$155	11.6%	$192
Suburban	Very low poverty, large population	46	13.9%	$85	10.4%	$178
Urban	High poverty, average population	49	63.1%	$474	14.8%	$234
Urban	Very high poverty, very large population	6	84.5%	$808	15.1%	$236
		AVERAGE	**42.4%**	**$294**	**12.8%**	**$199**

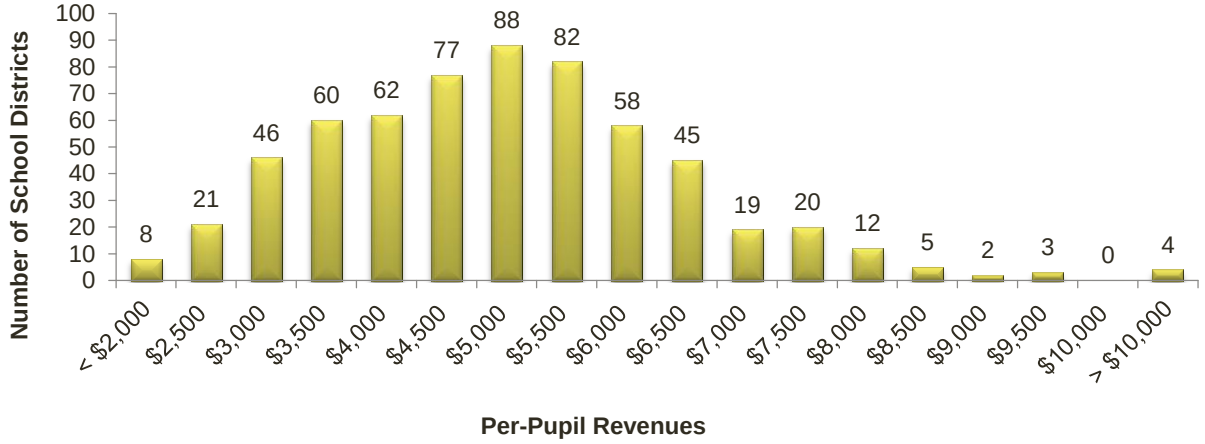
The second largest source of federal operating revenues for school districts is authorized by the Individuals with Disabilities Education Act (IDEA). This funding is directed toward students with disabilities to assist districts in complying with federal requirements to serve these students. In FY 2014, $389.5 million in IDEA funds were distributed to LEAs in Ohio. Table F.1 shows the distribution of federal IDEA funding by district typology. Although special education students are more evenly distributed among districts than economically disadvantaged students, they are more heavily concentrated in urban districts. Average IDEA funding per pupil in FY 2014 ranges from a high of $236 for very large urban districts, which have an average of 15.1% of enrollment receiving special education, to a low of $178 for large suburban districts, which have an average of 10.4% of enrollment receiving special education.

SUMMARY

As stated in the introduction, this analysis of operating funding for public schools in Ohio is meant to assist legislators in understanding the current school funding system. This analysis has discussed the respective roles played by state, local, and federal revenues in funding school operations in Ohio.

In summary, the largest part of state revenues flow to schools through the state foundation formula. The state foundation aid formula helps to equalize school district tax revenues by providing a greater share of state aid to districts with lower capacities to raise local revenue through the state share index and targeted assistance. However, this funding is adjusted in FY 2014 and FY 2015, through temporary transitional aid and the gain cap, to smooth any large fluctuations in state foundation aid for individual school districts during the transition to the current formula. Chart X.1 shows the distribution of per-pupil revenues from net state foundation aid and two other major sources of state revenue, property tax rollbacks and reimbursements, in FY 2014. As can be seen from the chart, these per-pupil revenues ranged from less than $2,000 in eight districts to more than $10,000 in four districts. Most districts (427, 69.8%) received per-pupil revenues from $3,500 to $6,000.

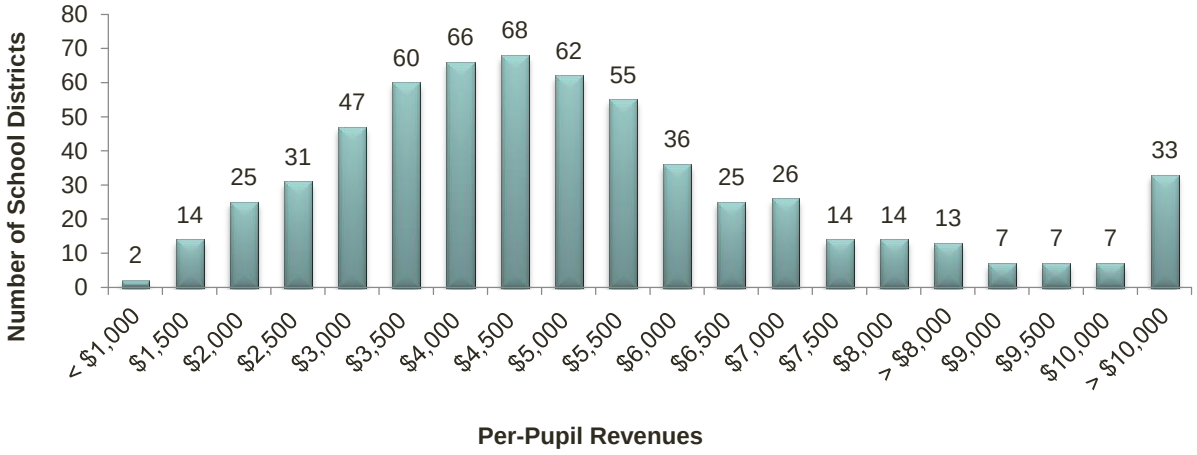
Chart X.1: Distribution of Per-Pupil Revenues from Major State Sources, FY 2014



Local tax revenues are primarily determined by a district's taxable property value and effective property tax rates. These effective tax rates are determined through periodic tax levies that are either approved or rejected by the voters residing in the district. The rates for certain types of levies are reduced by H.B. 920 when a district's taxable real property value increases due to inflation. A small percentage of local tax revenues are determined by the incomes of district residents and the school district income tax rate approved by voters in certain districts. Chart X.2 shows the distribution

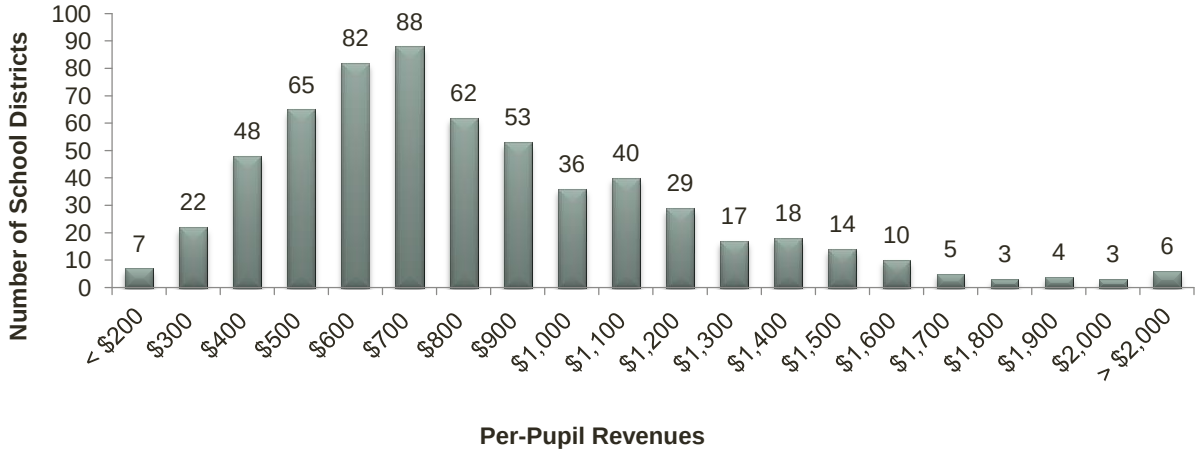
of per-pupil local tax revenues in FY 2014. As can be seen from the chart, per-pupil local tax revenues in FY 2014 ranged from less than $1,000 in two districts to more than $10,000 in 33 districts. Most districts (394, 64.4%) received per-pupil local tax revenues from $3,000 to $6,000.

Chart X.2: Distribution of Per-Pupil Local Tax Revenues, FY 2014



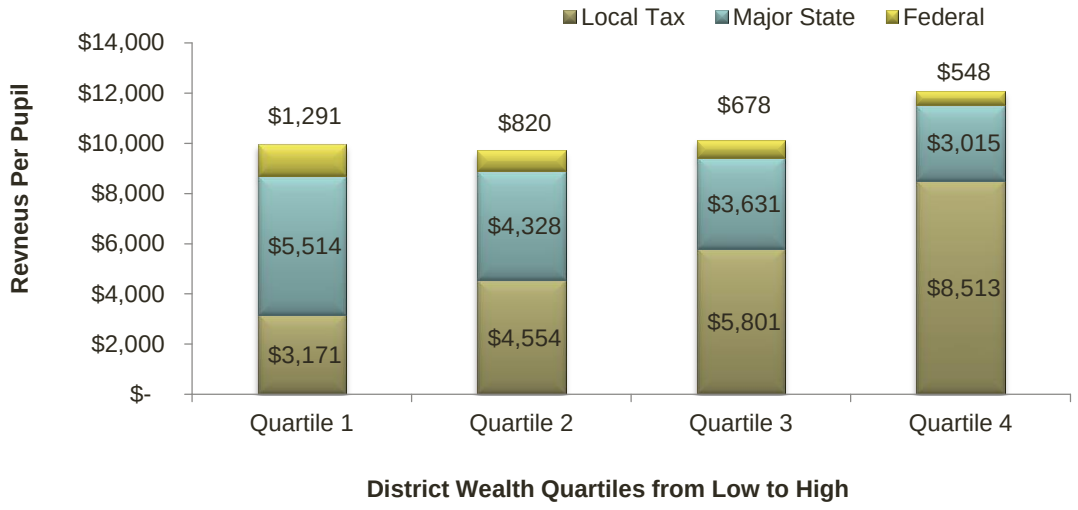
Federal revenues mainly are targeted to special education and economically disadvantaged students. Chart X.3 shows the distribution of per-pupil federal revenues in FY 2014. As can be seen from the chart, per-pupil federal revenues in FY 2014 ranged from less than $200 in seven districts to more than $2,000 in six districts. Most districts (398, 65.0%) received per-pupil federal revenues from $400 to $900.

Chart X.3: Distribution of Per-Pupil Federal Revenues, FY 2014



Finally, Chart X.4 presents per-pupil revenues in FY 2014 from all three of the above sources by district wealth quartile. In FY 2014, average per-pupil revenues were $9,976 in quartile 1, $9,702 in quartile 2, $10,110 in quartile 3, and $12,076 in quartile 4. As can be seen from the chart, state and federal revenues help to counteract the relatively high local revenues collected by high wealth districts, resulting in a more even revenue distribution than if funding came solely from local sources.

Chart X.4: Revenues Per Pupil, FY 2014



General Revenue Fund

GRF 200100 Personal Services

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$8,421,779	$6,098	$0	$0	**$0**	**$0**
	-99.9%	-100%	N/A	**N/A**	**N/A**

Source: General Revenue Fund

Legal Basis: Discontinued line item (originally established by Am. Sub. H.B. 155 of the 111th G.A.)

Purpose: This line item was used for payroll and fringe benefits for employees of the Ohio Department of Education (ODE). Beginning in FY 2013, funds for these purposes are provided through GRF line item 200321, Operating Expenses.

GRF 200320 Maintenance and Equipment

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$2,833,948	$12,485	$0	$0	**$0**	**$0**
	-99.6%	-100%	N/A	**N/A**	**N/A**

Source: General Revenue Fund

Legal Basis: Discontinued line item (originally established by Am. Sub. H.B. 282 of the 123rd G.A.)

Purpose: This line item was used to provide funds for maintenance and equipment for ODE. Beginning in FY 2013, funds for these purposes are provided through GRF line item 200321, Operating Expenses.

GRF 200321 Operating Expenses

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$0	$13,088,196	$13,289,084	$13,142,780	**$15,717,708**	**$16,017,708**
	N/A	1.5%	-1.1%	**19.6%**	**1.9%**

Source: General Revenue Fund

Legal Basis: Section 263.20 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by Am. Sub. H.B. 487 of the 129th G.A.)

Purpose: This line item provides funds for personal services, maintenance, and equipment for ODE, including administrative expenses that constitute the state match for federal career-technical education funds, which are deposited in Fund 3L90 to support line item 200621, Career-Technical Education Basic Grant, and the administrative expenses needed to comply with federal maintenance of effort requirements associated with the State Administrative Expenses for Child Nutrition grant. The federal funds from this latter grant are expended through Fund 3670 line item 200607, School Food Services. This line item (200321) replaced GRF line items 200100, Personal Services, 200320, Maintenance and Equipment, and 200416, Career-Technical Education Match, beginning in FY 2013.

GRF 200408 Early Childhood Education

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$23,185,585	$22,703,835	$27,786,614	$45,318,341	**$60,268,341**	**$70,268,341**
	-2.1%	22.4%	63.1%	**33.0%**	**16.6%**

Source: General Revenue Fund

Legal Basis: Section 263.20 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by Am. Sub. H.B. 298 of the 119th G.A.)

Purpose: This line item provides funds to help finance early childhood education (ECE) programs provided by school districts, educational service centers, community schools, chartered nonpublic schools, and certain licensed early childhood education child care providers for children at least age three (four beginning in FY 2017) as of the district entry date for kindergarten and not kindergarten age eligible. The programs are directed at those families with an income level at or below 200% of the federal poverty level (FPL). Families with incomes above 200% of the FPL pay fees on a sliding scale to participate in these programs. Each ECE program must participate in the state's tiered quality rating and improvement system under ORC 5104.30. A program must maintain a high rating, or, if not yet highly rated, meet teacher qualification requirements, align its curriculum to early learning content standards developed by ODE, meet any child or program assessment requirements prescribed by ODE, require teachers to attend at least 20 hours of professional development every two years, and document and report child progress as prescribed by ODE.

GRF 200416 Career-Technical Education Match

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$2,227,490	$6,300	$0	$0	**$0**	**$0**
	-99.7%	-100%	N/A	**N/A**	**N/A**

Source: General Revenue Fund

Legal Basis: Discontinued line item (originally established by Am. Sub. H.B. 191 of the 112th G.A.)

Purpose: This line item supported ODE's administrative costs related to career-technical education, which constituted the state match required for federal career-technical education funds deposited in Fund 3L90 to support line item 200621, Career-Technical Education Basic Grant. State career-technical education administrative costs are supported in GRF line item 200321, Operating Expenses, beginning in FY 2013.

GRF 200420 Information Technology Development and Support

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$4,090,042	$4,137,681	$3,842,442	$4,241,296	**$5,241,296**	**$5,241,296**
	1.2%	-7.1%	10.4%	**23.6%**	**0.0%**

Source: General Revenue Fund

Legal Basis: Section 263.30 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by Am. Sub. H.B. 282 of the 123rd G.A.)

Purpose: This line item supports development and implementation of information technology solutions designed to improve the performance and services of ODE. These funds may also be used to support data-driven decision-making and differentiated instruction, as well as to communicate academic content standards and curriculum models to schools through web-based applications.

GRF 200421 Alternative Education Programs

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$6,950,100	$7,415,016	$6,933,012	$12,403,998	**$7,753,998**	**$7,753,998**
	6.7%	-6.5%	78.9%	**-37.5%**	**0.0%**

Source: General Revenue Fund

Legal Basis: ORC 3314.38, 3317.23, 3317.24, 3345.86; Section 263.40 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by Am. Sub. H.B. 640 of the 123rd G.A.)

Purpose: This line item is used to provide alternative education program grants to school districts and educational service centers. These programs focus on youth who have been expelled or suspended, are at risk of dropping out of school, are habitually truant or disruptive, or are on probation or on parole from a Department of Youth Services facility. Alternative education grants require at least a 40% local funding match. In FY 2015, this line item also funds payments to school districts, community schools, and community colleges for up to 1,000 adult students enrolled in dropout prevention and recovery programs. In order to qualify for funding, programs must offer services for individuals who are 22 years of age or older and who have previously not received a high school diploma or certificate of high school equivalence. A portion of this line item may also be used for program administration, monitoring, technical assistance, support, research, and evaluation.

GRF 200422 School Management Assistance

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$2,425,977	$2,558,586	$2,846,556	$3,000,000	**$3,000,000**	**$3,000,000**
	5.5%	11.3%	5.4%	**0.0%**	**0.0%**

Source: General Revenue Fund

Legal Basis: ORC 3301.073 and 3316; Section 263.50 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by Am. H.B. 1285 of the 112th G.A.)

Purpose: This line item is 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 Chapter 3316. of the Revised Code. Additionally, a portion of this line item is earmarked to support Auditor of State expenses relating to fiscal caution, fiscal watch, and fiscal emergency activities and performance audits of other school districts determined to be employing fiscal practices or experiencing budgetary conditions that could produce a state of fiscal watch or fiscal emergency.

GRF 200424 Policy Analysis

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$314,572	$333,633	$307,927	$328,558	**$1,528,558**	**$1,528,558**
	6.1%	-7.7%	6.7%	**365.2%**	**0.0%**

Source: General Revenue Fund

Legal Basis: Section 263.60 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by Am. Sub. H.B. 204 of the 113th G.A.)

Purpose: This line item supports research and data collection related to education policy analysis. ODE staff supported by this item are responsible for developing reports, analyses, and briefings to inform education policymakers of current trends in educational practices, efficient and effective use of resources, and evaluations of programs to improve educational results.

GRF 200425 Tech Prep Consortia Support

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$434,375	$258,246	$147,626	$260,542	**$260,542**	**$260,542**
	-40.5%	-42.8%	76.5%	**0.0%**	**0.0%**

Source: General Revenue Fund

Legal Basis: Section 263.60 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by Controlling Board in FY 2001 and modified by Am. Sub. H.B. 94 of the 124th G.A.)

Purpose: This line item is used for state-level activities designed to support, promote, and expand tech prep programs. The funds are distributed equally to the six Ohio College Tech Prep Regional Centers. Eligible activities include administration of grants, program evaluation, professional development, curriculum development, assessment development, program promotion, communications, and statewide coordination of tech prep consortia.

GRF 200426 Ohio Educational Computer Network

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$16,097,181	$17,282,315	$19,731,471	$29,625,569	**$16,200,000**	**$16,200,000**
	7.4%	14.2%	50.1%	**-45.3%**	**0.0%**

Source: General Revenue Fund

Legal Basis: ORC 3301.07; Section 263.70 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by Am. Sub. H.B. 204 of the 113th G.A.)

Purpose: This line item is used to maintain and provide technical assistance for a system of information technology throughout Ohio in support of the State Education Technology Plan. The bulk of funding supports connecting public and state-chartered nonpublic schools to the state's education network, to each other, and to the Internet. Funds from this line item also support information technology centers (ITCs) that provide computer services to member school districts on a regional basis, the Union Catalog and INFOhio Network library-related services, and, in FY 2015, broadband connection initiatives and upgrades. Beginning in FY 2016, the executive proposes to move funds for the Union Catalog and INFOhio Network to GRF line item 200465, Education Technology Resources.

GRF 200427 Academic Standards

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$3,826,352	$3,428,547	$3,365,362	$3,800,000	**$3,800,000**	**$3,800,000**
	-10.4%	-1.8%	12.9%	**0.0%**	**0.0%**

Source: General Revenue Fund

Legal Basis: ORC 3301.079; Section 263.80 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by Am. Sub. H.B. 94 of the 124th G.A.)

Purpose: This line item supports the development and dissemination of the state academic content standards and model curricula to school districts. The line item is also used to develop professional development programs and other tools on Ohio's New Learning Standards and model curriculum in English language arts, mathematics, science, social studies, and other subjects. The new standards go into full effect during the FY2014-FY2015 biennium.

GRF 200431 School Improvement Initiatives

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$809,151	$0	$0	$0	**$0**	**$0**
	-100%	N/A	N/A	**N/A**	**N/A**

Source: General Revenue Fund

Legal Basis: Discontinued line item (originally established by Am. Sub. H.B. 111 of the 118th G.A.)

Purpose: This line item was used to support the continuous improvement planning initiative that provides technical assistance to academic watch and academic emergency school districts for the development of their continuous improvement plans and to school buildings not meeting the accountability measures established by the federal No Child Left Behind Act of 2001. A portion of this line item was also used to support administrative activities associated with middle and high school reform programs.

GRF 200437 Student Assessment

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$54,521,009	$59,859,053	$48,185,438	$75,895,000	**$73,816,438**	**$73,405,050**
	9.8%	-19.5%	57.5%	**-2.7%**	**-0.6%**

Source: General Revenue Fund

Legal Basis: ORC 3301.079, 3301.0710, 3301.0711, 3301.0712, 3301.0715, 3301.27, and 3313.608; Section 263.90 of Am. Sub. H.B. 59 of the 130th G.A.(originally established by Am. Sub. H.B. 111 of the 118th G.A.)

Purpose: This line item is used to develop, field test, print, distribute, collect, score, and report results of achievement assessments for elementary and high school students and diagnostic assessments for students in grades K-3. In FY 2015, a new generation of computer-based assessments will be fully implemented statewide, including the Partnership for Assessment of Readiness in College and Careers (PARCC) assessments in English language arts and mathematics and state-developed assessments in science and social studies. Among the new generation of assessments are a series of seven end-of-course exams for high school students that will replace the Ohio Graduation Tests (OGTs) beginning with students who enter the 9th grade in the 2014-2015 school year. In addition, the new high school assessment system includes a nationally standardized assessment used for college admissions that will be given to 11th grade students.

GRF 200439 Accountability/Report Cards

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$3,393,204	$3,343,572	$3,086,176	$3,750,000	**$6,897,310**	**$6,897,310**
	-1.5%	-7.7%	21.5%	**83.9%**	**0.0%**

Source: General Revenue Fund

Legal Basis: ORC 3302.03; Section 263.110 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by Am. Sub. H.B. 95 of the 125th G.A.)

Purpose: This line item funds the development of an accountability system that includes the preparation and distribution of local and state report cards, funding and expenditure accountability reports, and the development and maintenance of teacher value-added reports. Funds are also provided for the incorporation of a statewide value-added progress dimension into performance ratings for school districts as well as for training district and regional specialists in the use of the value-added progress dimension.

GRF 200442 Child Care Licensing

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$681,021	$699,585	$733,078	$827,140	**$1,822,500**	**$1,822,500**
	2.7%	4.8%	12.8%	**120.3%**	**0.0%**

Source: General Revenue Fund

Legal Basis: ORC 3301.52 through 3301.59; Section 263.110 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by Controlling Board on October 16, 1995)

Purpose: This line item is used by ODE to license and inspect preschool and school-age child care programs.

GRF 200446 Education Management Information System

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$5,494,454	$6,226,803	$6,702,464	$6,833,070	**$7,429,070**	**$7,479,070**
	13.3%	7.6%	1.9%	**8.7%**	**0.7%**

Source: General Revenue Fund

Legal Basis: ORC 3301.0714; Section 263.120 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by Am. Sub. H.B. 111 of the 118th G.A.)

Purpose: This line item supports the collection and reporting of student, staff, and financial data through the Education Management Information System (EMIS). A portion of the funding from this line item is distributed to 22 information technology centers on a per pupil basis to assist them with costs relating to collecting, processing, storing, and transferring data for the effective operation of EMIS. Funds are also used to develop and maintain a common core of data definitions and standards.

GRF 200447 GED Testing

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$816,367	$751,668	$918,920	$879,551	**$474,000**	**$474,000**
	-7.9%	22.3%	-4.3%	**-46.1%**	**0.0%**

Source: General Revenue Fund

Legal Basis: ORC 3313.531; Section 263.130 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by Controlling Board on January 8, 1990)

Purpose: This line item pays the operating costs of ODE's General Educational Development (GED) test office. Formerly, this line item, in conjunction with DPF Fund 4540 line item 200610, GED Testing, also was used to reimburse testing centers. During 2014, GED test administration and credentialing transitioned from the state to the national testing entity, GED Testing Service. Now, the national testing entity centrally collects testing fees, reimburses the testing centers, and operates an electronic transcript system.

GRF 200448 Educator Preparation

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$589,776	$514,162	$983,783	$1,564,237	**$1,564,237**	**$1,564,237**
	-12.8%	91.3%	59.0%	**0.0%**	**0.0%**

Source: General Revenue Fund

Legal Basis: Section 263.140 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by Am. Sub. H.B. 95 of the 125th G.A.)

Purpose: This line item is used to support the Educator Standards Board, Ohio's State System of Support, and the implementation of teacher and principal evaluation systems.

GRF 200455 Community Schools and Choice Programs

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$1,683,248	$2,328,567	$2,492,996	$2,491,395	**$3,651,395**	**$3,731,395**
	38.3%	7.1%	-0.1%	**46.6%**	**2.2%**

Source: General Revenue Fund

Legal Basis: ORC 3314.015 and 3314.11; Section 263.150 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by Am. Sub. H.B. 215 of the 122nd G.A.)

Purpose: This line item is used for ODE's costs related to school choice programs. ODE develops and conducts training sessions for community school sponsors and provides oversight of and technical assistance to community schools. Beginning in FY 2012, ODE began to use these funds for training and assistance to schools participating in any school choice program.

GRF 200457 STEM Initiatives

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$304,997	$0	$0	$0	**$0**	**$0**
	-100%	N/A	N/A	**N/A**	**N/A**

Source: General Revenue Fund

Legal Basis: Discontinued line item (originally established by Am. Sub. H.B. 119 of the 127th G.A.)

Purpose: This line item was used for initiatives that supported innovative mathematics and science education and professional development for teachers, including on-site laboratories, job-embedded professional development, and mentoring and coaching.

GRF 200458 School Employees Health Care Board

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$2,060	$0	$0	$0	**$0**	**$0**
	-100%	N/A	N/A	**N/A**	**N/A**

Source: General Revenue Fund

Legal Basis: Discontinued line item (originally established by Am. Sub. H.B. 1 of the 128th G.A.)

Purpose: This line item supported the administrative staff of the School Employees Health Care Board, which was tasked with investigating health care plan best practices, promoting cost containment measures, and improving the health status of school district employees and their families. Prior to FY 2010, support for the Board was provided in the budget of DAS. H.B. 153 of the 129th G.A. eliminated the Board and replaced it with the Public Employees Health Care Program, also funded through DAS.

GRF 200464 General Technology Operations

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$0	$0	$192,048	$192,097	**$0**	**$0**
	N/A	N/A	0.0%	**-100%**	**N/A**

Source: General Revenue Fund

Legal Basis: Discontinued line item (originally established by Am. Sub. H.B. 59 of the 130th G.A.)

Purpose: This line item supported ODE's general overhead expenses related to former responsibilities of the eTech Ohio Commission (reconstituted as the Broadcast Educational Media Commission in FY 2014). Until FY 2014, these expenses were funded through eTech Ohio Commission line item 935408, General Operations. Under H.B. 59 of the 130th G.A., a portion of line item 935408 was also transferred to Ohio Board of Regents line item 235480, General Technology Operations, for the same purpose. The executive budget proposes to consolidate funding for these activities into GRF line item 200465, Education Technology Resources.

GRF 200465 Education Technology Resources

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$0	$0	$1,778,879	$1,778,879	**$5,491,545**	**$5,491,545**
	N/A	N/A	0.0%	**208.7%**	**0.0%**

Source: General Revenue Fund

Legal Basis: Section 263.160 of Am. Sub. H.B. 59 of the 130th G.A.

Purpose: This line item is used to provide grants to educational television stations working with education technology centers to provide public schools with instructional resources and services. Until FY 2014, these contracts were funded under eTech Ohio Commission (reconstituted as the Broadcast Educational Media Commission in FY 2014) line item 935411, Technology Integration and Professional Development. Under H.B. 59 of the 130th G.A., a portion of line item 935411 was also transferred to Ohio Board of Regents line item 235483, Technology Integration and Professional Development, to provide funding for professional development on the use of technology in the classroom and other staff development resources. In FY 2016 and FY 2017, the executive proposes to fund Union Catalog and INFOhio Network library-related services from this line item. Currently, these services are funded through GRF appropriation item 200426, Ohio Educational Computer Network. The executive also proposes to use this line item to administer the federal E-Rate program, currently funded from GRF line item 200464, General Technology Operations, and to support the eTranscript system, a student records exchange initiative jointly sponsored by ODE and the Department of Higher Education.

GRF 200502 Pupil Transportation

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$438,248,935	$442,113,527	$485,297,611	$521,013,527	**$527,823,920**	**$528,286,409**
	0.9%	9.8%	7.4%	**1.3%**	**0.1%**

Source: General Revenue Fund

Legal Basis: ORC 3317.024, 3317.0212, and 3327.02; Section 263.170 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by Am. Sub. H.B. 191 of the 112th G.A.)

Purpose: This line item is used to partially reimburse school districts and county boards of developmental disabilities for the operating costs of transporting public and nonpublic school students to and from school. Funding for transporting special education students is distributed based on rules and formulas adopted by the State Board of Education. Funding for non-special education students is provided as part of the school foundation program. Funding for transporting these students is allocated through a formula which uses prior year costs and current year ridership or miles driven to determine funding levels. However, except for certain low wealth/low density districts, districts' allocations are prorated to stay within the appropriation. The executive budget proposes certain changes to the formula, including eliminating the proration.

GRF 200503 Bus Purchase Allowance

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$52,500	$0	$0	$0	**$0**	**$0**
	-100%	N/A	N/A	**N/A**	**N/A**

Source: General Revenue Fund

Legal Basis: Discontinued line item (originally established by Am. Sub. H.B. 191 of the 112th G.A.)

Purpose: This line item was used to assist school districts, educational service centers, county boards of developmental disabilities, the Ohio State School for the Blind, and the Ohio School for the Deaf in purchasing school buses. A majority of the appropriation for this line item was distributed to school districts, on a per pupil basis, to purchase buses used to transport regular students. The remaining portion of the appropriation was earmarked for "handicapped and nonpublic" buses.

GRF 200505 School Lunch Match

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$9,099,987	$9,099,938	$9,099,993	$9,100,000	**$9,100,000**	**$9,100,000**
	0.0%	0.0%	0.0%	**0.0%**	**0.0%**

Source: General Revenue Fund

Legal Basis: ORC 3313.81 and 3317.024; Section 263.180 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by Am. Sub. H.B. 191 of the 112th G.A.)

Purpose: This line item is used to match federal funds deposited in Fund 3L60 line item 200617, Federal School Lunch. School districts use these funds for food service operations in an effort to lower the cost of lunches provided to students. A portion of this line item may also be used to partially reimburse school buildings within school districts that are required to have a school breakfast program.

GRF 200511 Auxiliary Services

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$124,136,876	$126,176,279	$129,204,629	$138,214,374	**$146,092,593**	**$153,105,038**
	1.6%	2.4%	7.0%	**5.7%**	**4.8%**

Source: General Revenue Fund

Legal Basis: ORC 3317.024 and 3317.06; Section 263.190 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by Am. Sub. H.B. 191 of the 112th G.A.)

Purpose: This line item provides assistance to chartered nonpublic elementary and secondary schools. These moneys may be used for the purchase of secular textbooks; instructional equipment, including computers; health services; guidance, counseling, and social work services; remedial services; programs for children with disabilities or for gifted children; and mobile units used in the provision of certain services; among other purposes. Moneys may not be expended for any religious activities. Funds are distributed to school districts on a per nonpublic pupil basis to provide eligible services to chartered nonpublic school students. Funds are also set aside for payment of the College Credit Plus Program for nonpublic students.

GRF 200532 Nonpublic Administrative Cost Reimbursement

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$56,105,714	$57,062,034	$58,925,664	$62,436,882	**$65,995,784**	**$69,163,582**
	1.7%	3.3%	6.0%	**5.7%**	**4.8%**

Source: General Revenue Fund

Legal Basis: ORC 3317.063; Section 263.200 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by Am. Sub. H.B. 694 of the 114th G.A.)

Purpose: This line item is used to reimburse chartered nonpublic schools for the mandated administrative and clerical costs they incurred during the preceding year. Mandated activities include the preparation, filing, and maintenance of forms, reports, or records related to state chartering or approval of the school, pupil attendance, transportation of pupils, teacher certification and licensure, and other education-related data. Beginning in FY 2014, the maximum reimbursement rate is the lesser of the actual cost or $360 per pupil, increased from $325 per pupil by Am. Sub. H.B. 59 of the 130th G.A.

GRF 200540 Special Education Enhancements

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$129,042,668	$129,959,138	$141,906,869	$157,871,292	**$162,871,292**	**$162,871,292**
	0.7%	9.2%	11.2%	**3.2%**	**0.0%**

Source: General Revenue Fund

Legal Basis: ORC 3317.0213, 3317.20, and 3317.201; Section 263.210 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by Am. Sub. H.B. 650 of the 122nd G.A.)

Purpose: This line item is primarily used to fund preschool special education and related services at school districts, educational service centers, and county boards of developmental disabilities and special education and related services for school-aged students at county boards of developmental disabilities and state institutions. This line item also funds school psychology interns, parent mentoring programs, vocational rehabilitation services for the Opportunities for Ohioans with Disabilities Agency, and secondary transition services.

GRF 200545 Career-Technical Education Enhancements

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$7,441,255	$9,048,240	$9,178,998	$9,372,999	**$12,539,418**	**$12,564,418**
	21.6%	1.4%	2.1%	**33.8%**	**0.2%**

Source: General Revenue Fund

Legal Basis: Section 263.220 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by Am. Sub. H.B. 650 of the 122nd G.A.)

Purpose: This line item supports various career-technical education programs and initiatives, including career counseling improvement, High Schools that Work, tech prep program expansion, career-technical education at state institutions, the Agriculture 5th Quarter Project, VoAg programs in the Cleveland Municipal and Cincinnati City school districts, support of career planning and reporting through the Ohio Means Jobs web site, and reimbursements for credentials and certifications earned by economically-disadvantaged students.

GRF 200550 Foundation Funding

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$5,505,853,275	$5,604,808,936	$5,785,592,097	$6,151,463,768	**$6,502,580,561**	**$6,815,304,196**
	1.8%	3.2%	6.3%	**5.7%**	**4.8%**

Source: General Revenue Fund

Legal Basis: ORC 3317; Sections 263.230, 263.240, and 263.250 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by Am. Sub. H.B. 66 of the 126th G.A.)

Purpose: This line item, combined with 200502, Pupil Transportation, and 200612, Foundation Funding (Lottery), is the main source of state foundation payments to all school districts in the state. Allocations are based on the school foundation formulas, and are administered by ODE, with the approval of the Controlling Board. Am. Sub. H.B. 59 of the 130th G.A. replaced the foundation formula in Chapter 3317. of the Revised Code, which hasn't been used for traditional school districts since FY 2009, with a new foundation funding formula beginning in FY 2014. In FY 2012 and FY 2013, the amounts paid to each district were determined under guidelines contained in H.B. 153 of the 129th General Assembly. In FY 2010 and FY 2011, the amounts were determined under guidelines contained in Chapter 3306. of the Revised Code and temporary law in H.B. 1 of the 128th General Assembly. In addition to foundation funding for school districts, moneys in this line item are used for funding educational service centers, catastrophic special education, and various other purposes.

GRF 200566 Literacy Improvement

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$0	$0	$150,000	$150,000	**$3,000,000**	**$3,000,000**
	N/A	N/A	0.0%	**1,900.0%**	**0.0%**

Source: General Revenue Fund

Legal Basis: Section 263.255 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by Am. Sub. H.B. 1 and modified by Am. Sub. H.B. 282 of the 123rd G.A.)

Purpose: This line item is used to support the Read, Baby, Read! program, which is a research-based book club program aligned with state and national English language arts standards. The program operates in conjunction with school districts, public libraries, and arts and cultural institutions across Ohio. Prior to FY 2011, this line item was used by ODE to provide grants to school districts, community schools, and educational service centers. These grants supported volunteer reading improvement efforts in low-performing public schools that were intended to close achievement gaps and improve reading outcomes. The executive proposes to use these funds for grants for summer literacy camps and to support regional professional development teams.

GRF 200572 Adult Diploma

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$0	$0	$0	$0	**$7,500,000**	**$10,000,000**
	N/A	N/A	N/A	**N/A**	**33.3%**

Source: General Revenue Fund

Legal Basis: ORC 3313.902; Proposed in Section 263.10 of H.B. 64 of the 131st G.A. (originally established by Am. Sub. H.B. 282 of the 123rd G.A.)

Purpose: This funding supports a pilot program to offer the state's 1.1 million adults who have dropped out of high school a pathway to obtain a high school diploma. Funds are set aside for planning grants and for operation of the pilot sites. Upon completion of the program, graduates will earn both a high school diploma and an industry-recognized credential in an in-demand field such as manufacturing or medical technology. In FY 2015, funding for initial planning grants was provided through DPF Fund 5JC0 line item 200654, Adult Career Opportunity Pilot Program.

GRF 200573 EdChoice Expansion

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$0	$0	$0	$0	**$23,500,000**	**$31,500,000**
	N/A	N/A	N/A	**N/A**	**34.0%**

Source: General Revenue Fund

Legal Basis: ORC 3310.032; Proposed in Section 263.10 of H.B. 64 of the 131st G.A.

Purpose: This line item will be used to provide funding for EdChoice scholarships for students whose family income is less than 200% of the federal poverty guidelines to attend chartered nonpublic schools. Students meeting the income requirements qualify for the program regardless of the academic rating of the school they would otherwise attend. Currently, these scholarships are paid from lottery profits using Fund 7017 line item 200666, EdChoice Expansion. In FY 2016 and FY 2017, income-based scholarships will be extended to second and third grade students, respectively. Scholarship amounts are the lesser of the cost of tuition and $4,250 for students in grades K-8 and $5,000 (proposed to increase to $5,700 under the executive budget) for students in grades 9-12.The number of scholarships awarded are limited to the appropriation.

GRF 200574 Half-Mill Maintenance Equalization

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$0	$0	$0	$0	**$18,750,000**	**$19,250,000**
	N/A	N/A	N/A	**N/A**	**2.7%**

Source: General Revenue Fund

Legal Basis: ORC 3318.18; Proposed in Section 263.10 of H.B. 64 of the 131st G.A.

Purpose: This line item will be used to equalize the half-mill levy that school districts participating in the School Facilities Commission's school building assistance program are required to levy to help pay for the maintenance costs of their state-assisted buildings. Districts with per pupil valuations that are less than the state average receive funds to equalize this half-mill levy to the state average. Funding can be used only to maintain school buildings constructed with state assistance. Currently, these payments are supported by the transfer of excess funds from the School District Property Tax Replacement Fund (Fund 7053) and are paid out of DPF Fund 5BJ0 line item 200626, Half-Mill Maintenance Equalization. As part of the executive proposal to phase-down the reimbursement payments to school districts for tax losses incurred as a result of the deregulation of electric and gas utilities, the deposit of a portion of kilowatt-hour tax receipts into Fund 7053 to fund the reimbursements will end, necessitating the use of GRF funds for half-mill maintenance equalization payments going forward.

GRF 200578 Violence Prevention and School Safety

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$12,128	$0	$0	$0	**$0**	**$0**
	-100%	N/A	N/A	**N/A**	**N/A**

Source: General Revenue Fund

Legal Basis: Discontinued line item (originally established by Am. Sub. H.B. 1 of the 128th G.A.)

Purpose: This line item was used to support a safe school center to provide resources for parents and for school and law enforcement personnel.

GRF 200588 Competency Based Education Pilot

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$0	$0	$0	$0	**$2,500,000**	**$2,500,000**
	N/A	N/A	N/A	**N/A**	**0.0%**

Source: General Revenue Fund

Legal Basis: Proposed in Section 263.10 of H.B. 64 of the 131st G.A.

Purpose: This line item will be used to provide funding for up to ten districts or schools to implement a competency-based pilot system that allows students to progress through classes at their own pace. Pilot sites would receive up to $250,000 in each fiscal year to plan and then implement those plans from FY 2017 to FY 2019, and they would also be able to decide the scope of their projects.

GRF 200901 Property Tax Allocation - Education

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$1,074,778,419	$1,110,399,461	$1,142,318,445	$1,159,810,000	**$0**	**$0**
	3.3%	2.9%	1.5%	**-100%**	**N/A**

Source: General Revenue Fund

Legal Basis: Discontinued line item (originally established by Am. Sub. H.B. 204 of the 113th G.A.)

Purpose: This line item was used to reimburse school districts for losses incurred as a result of the 10% and 2.5% "rollback" reductions in real property taxes and as a result of the "homestead exemption" reduction in real property taxes. Beginning in FY 2010, this line item could also reimburse school districts for tax revenue lost from Class 2 real property and public utility tangible personal property as a result of passing a conversion levy. Under Am. Sub. H.B. 59 of the 130th G.A., the rollback payments no longer applied to new or replacement levies approved by voters at the November 2013 election and onward. That bill also altered the homestead exemption program so that newly eligible elderly or disabled homeowners must have an Ohio adjusted gross income of less than $30,000 to qualify (persons currently receiving the exemption for their current home do not lose it). Since 2007, all elderly or disabled homeowners have qualified regardless of income. Prior to that, the homestead exemption was also means-tested. The executive proposes to discontinue this line item and instead fund these payments from GRF line item 200903, Property Tax Reimbursement - Education, located in the State Revenue Distributions (RDF) section of the

Dedicated Purpose Fund Group

4520 200638 Fees and Refunds

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$295,578	$80,292	$193,488	$1,200,000	**$1,000,000**	**$1,000,000**
	-72.8%	141.0%	520.2%	**-16.7%**	**0.0%**

Source: Dedicated Purpose Fund Group: Registration fees for conferences sponsored by ODE, sale of publications, gifts and bequests

Legal Basis: Section 263.10 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by Controlling Board on April 13, 1972)

Purpose: Moneys are used for materials and facilities for conferences and for the purposes specified by gifts and bequests. This line item is also used to redistribute assets of permanently closed community schools to the students' resident school districts after the retirement funds of employees of the school, employees of the school, and private creditors are paid the compensation due them. The funds are distributed to resident school districts in proportion to each district's share of the total enrollment of the community school.

4540 200610 GED Testing

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$1,055,415	$1,023,761	$1,048,112	$250,000	**$250,000**	**$250,000**
	-3.0%	2.4%	-76.1%	**0.0%**	**0.0%**

Source: Dedicated Purpose Fund Group: Sales of tests and test services; fees for transcripts and duplicate diplomas

Legal Basis: Section 263.10 of Am. Sub. H.B. 59 of the 130th G.A. (originally established in 1929)

Purpose: This line item was used primarily for reimbursements to GED testing centers. The funds were provided through a fee charged for taking the test. During 2014, GED test administration and credentialing transitioned from the state to the national testing entity, GED Testing Service. Now, the national testing entity centrally collects testing fees, reimburses the testing centers, and operates an electronic transcript system. According to ODE, this fund no longer receives fee revenue and will not be needed unless the above duties were to return to the state. GRF line item 200447, GED Testing, provides the operating dollars for ODE's GED office.

4550 200608 Commodity Foods

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$16,440,152	$12,835,687	$13,189,058	$27,478,371	**$24,000,000**	**$24,000,000**
	-21.9%	2.8%	108.3%	**-12.7%**	**0.0%**

Source: Dedicated Purpose Fund Group: Food processing and handling charges

Legal Basis: Section 263.10 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by Controlling Board in September 1978)

Purpose: This line item is used to contract with commercial food processors to convert bulk or raw commodity foods (meats, cheese, fruits, and vegetables) donated by the USDA into more convenient, ready-to-use end products at a reduced cost for school districts and various other agencies participating in the National School Lunch Program or the Summer Food Service Program. ODE also uses this line item to pay the associated warehousing and distribution costs for the program. Recipients of the food pay food processing and handling charges.

4L20 200681 Teacher Certification and Licensure

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$5,642,495	$6,859,329	$7,873,847	$14,097,015	**$16,400,000**	**$16,900,000**
	21.6%	14.8%	79.0%	**16.3%**	**3.0%**

Source: Dedicated Purpose Fund Group: Fees set by the State Board of Education for teacher, principal, superindentent, school district treasurer, and business manager licenses

Legal Basis: ORC 3319.51; Section 263.270 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by Am. Sub. H.B. 152 of the 120th G.A.)

Purpose: These funds are used to cover the costs of processing licensure applications, technical assistance related to licensure, and the administration of the educator disciplinary process.

5960 200656 Ohio Career Information System

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$312,898	$416,777	$322,035	$655,186	**$0**	**$0**
	33.2%	-22.7%	103.5%	**-100%**	**N/A**

Source: Dedicated Purpose Fund Group: Service fees

Legal Basis: Discontinued line item (originally established by Am. Sub. H.B. 238 of the 116th G.A.)

Purpose: This line item provided funding for a computer-based career information system, which contains national and state information on occupations, education, and financial aid for use by students, counselors, and the public. Educational institutions, libraries, agencies, and others pay for their use of the system on a fee-for-service basis, with all fees paid into Fund 5960. The executive proposes to discontinue this line item due to the replacement of the Ohio Career Information System with the Ohio Means Jobs K-12 student portal, access to which is provided free of charge. Funding for the K-12 student portal is proposed through an earmark of GRF line item 200545, Career-Technical Enhancements.

5980 200659 Auxiliary Services Reimbursement

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$801,669	$413,053	$619,753	$2,629,582	**$1,328,910**	**$1,328,910**
	-48.5%	50.0%	324.3%	**-49.5%**	**0.0%**

Source: Dedicated Purpose Fund Group: Funds from the Auxiliary Services Personnel Unemployment Compensation Fund deemed to be in excess of the amount needed to pay unemployment claims

Legal Basis: ORC 3317.064; Section 263.10 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by Am. Sub. H.B. 238 of the 116th G.A.)

Purpose: This line item is used to relocate, replace, or repair mobile units used in providing auxiliary services to chartered nonpublic schools. The funds may also be used to fund early retirement or severance pay for employees paid from auxiliary services GRF funding.

5BB0 200696 State Action for Education Leadership

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$306,723	$59,462	$0	$0	**$0**	**$0**
	-80.6%	-100%	N/A	**N/A**	**N/A**

Source: Dedicated Purpose Fund Group: Grants from the Wallace and the Bill and Melinda Gates Foundations

Legal Basis: Discontinued line item (originally established by Am. Sub. H.B. 16 of the 126th G.A.)

Purpose: This line item was used to develop leadership programs for the Big Eight school districts; to target training to teacher-leaders, principals, and union leaders; to develop a Teacher Leader and Urban Principal Endorsement; and to develop the Ohio Superintendent and Principal Evaluation System. The grant ended in FY 2010 (remaining funds from the grant were exhausted in FY 2013).

5BJ0 200626 Half-Mill Maintenance Equalization

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$17,398,854	$17,751,520	$17,839,478	$20,000,000	**$0**	**$0**
	2.0%	0.5%	12.1%	**-100%**	**N/A**

Source: Dedicated Purpose Fund Group: Excess funds from the School District Property Tax Replacement Fund (Fund 7053)

Legal Basis: Discontinued line item; ORC 3318.18 (originally established by Am. Sub. H.B. 66 of the 126th G.A.)

Purpose: This line item is used to equalize the half-mill levy that school districts participating in the School Facilities Commission's school building assistance program are required to levy to help pay for the maintenance costs of their state-assisted buildings. Districts with per pupil valuations that are less than the state average receive funds to equalize this half-mill levy to the state average. Funding can be used only to maintain school buildings constructed with state assistance. The executive budget proposes to the shift the funding source for these payments to GRF line item 200574, Half-Mill Maintenance Equalization.

5H30 200687 School District Solvency Assistance

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$14,719,218	$4,030,366	$4,974,000	$25,000,000	**$10,000,000**	**$10,000,000**
	-72.6%	23.4%	402.6%	**-60.0%**	**0.0%**

Source: Dedicated Purpose Fund Group: Advance repayments and transfers from the GRF and potentially other funds used by ODE

Legal Basis: ORC 3316.20; Section 263.270 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by Am. Sub. H.B. 650 of the 122nd G.A.)

Purpose: This line item supports two accounts: (1) the shared resource account, which is used to make interest-free advances to districts to enable them to remain solvent and to pay unforeseen expenses of a temporary or emergency nature; and (2) the catastrophic expenditures account, which is used to make grants to districts for unforeseen catastrophic events. Advances made to districts from the shared resource account must be repaid by the end of the second year following the fiscal year in which the advance was made unless the Superintendent of Public Instruction and Director of Budget and Management approve an alternative payment schedule of up to 10 years. Grants from the catastrophic expenditures account do not need to be repaid, unless reimbursed by a third party. H.B. 650 of the 122nd G.A. originally transferred $30 million from FY 1998 surplus GRF revenue to Fund 5H30.

5JA0 200611 ARRA Compliance

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$12,797,418	$0	$0	$0	**$0**	**$0**
	-100%	N/A	N/A	**N/A**	**N/A**

Source: Dedicated Purpose Fund Group: Transfers from the GRF

Legal Basis: Discontinued line item (originally established by S.B. 181 of the 128th G.A.)

Purpose: This appropriation was used to provide additional revenue to school districts to comply with the conditions of the federal American Recovery and Reinvestment Act.

5JC0 200654 Adult Career Opportunity Pilot Program

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$0	$0	$0	$2,500,000	**$0**	**$0**
	N/A	N/A	N/A	**-100%**	**N/A**

Source: Dedicated Purpose Fund Group: Casino licensing revenue

Legal Basis: Discontinued line item; ORC 3313.902 (originally established by Section 610.20 of H.B. 483 of the 130th G.A.)

Purpose: This line item supported planning grants of up to $500,000 to not more than five community colleges, technical colleges, or technical centers to build capacity to implement the Adult Career Opportunity Pilot Program beginning in the 2015-2016 school year. This program will permit such an institution to develop and offer a program of study approved by the State Board of Education and Chancellor of the Board of Regents that allows individuals that are at least 22 years old and have not received a high school diploma or certificate of high school equivalence to obtain a high school diploma. The planning grants must be made to eligible institutions geographically dispersed across the state. Any remaining appropriation after providing grants to eligible institutions may be used to provide technical assistance to grant recipients. H.B. 64 proposes to move funding for this program to GRF line item 200572, Adult Diploma.

5KT0 200673 Early Childhood Education

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$0	$0	$0	$0	**$20,000,000**	**$20,000,000**
	N/A	N/A	N/A	**N/A**	**0.0%**

Source: Dedicated Purpose Fund Group: Dedicated Purpose Fund Group: Revenue from the Casino Operating Settlement Fund

Legal Basis: Proposed in Section 263.10 of H.B. 64 of the 131st G.A.

Purpose: This line item will provide funds to develop programs supporting high quality early childhood opportunities for children from economically disadvantaged families. ODE, in partnership with JFS and the Governor's Early Childhood Education and Development Office, must develop and publish guidelines and performance criteria that identify and evaluate programs by January 1, 2016.

5KX0 200691 Ohio School Sponsorship Program

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$0	$224,653	$278,035	$487,419	**$487,419**	**$528,600**
	N/A	23.8%	75.3%	**0.0%**	**8.4%**

Source: Dedicated Purpose Fund Group: Sponsorship fees of up to 3% of each sponsored school's operating revenue

Legal Basis: ORC 3314.029; Section 263.10 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by Controlling Board on November 14, 2011)

Purpose: This line item supports ODE's administrative duties for sponsoring certain community schools. Beginning in FY 2012, ODE may act as a sponsor for up to 15 existing and five newly established community schools in each school year.

5KY0 200693 Community Schools Temporary Sponsorship

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$83,012	$135,599	$19,797	$0	**$0**	**$0**
	63.3%	-85.4%	-100%	**N/A**	**N/A**

Source: Dedicated Purpose Fund Group: Sponsorship fees of up to 3% of each sponsored school's operating revenue

Legal Basis: Discontinued line item; ORC 3314.015 and 3314.03 (originally established by Controlling Board on November 14, 2011)

Purpose: This line item supported the State Board of Education's temporary sponsorship of certain community schools. H.B. 364 of the 124th G.A. gave ODE the authority to revoke sponsorship privileges from community school sponsors under certain conditions and to assume temporary sponsorship until the schools' governing authorities obtain new sponsors. ODE's Office of Community Schools is responsible for monitoring each school and for issuing monthly reviews, providing technical assistance, and conducting on-site visits.

5MM0 200677 Child Nutrition Refunds

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$0	$85	$4,693	$500,000	**$550,000**	**$550,000**
	N/A	5,421.5%	10,553.6%	**10.0%**	**0.0%**

Source: Dedicated Purpose Fund Group: Unused funds returned by program sponsors and funds received due to audit findings

Legal Basis: Section 263.10 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by the Controlling Board on October 29, 2012)

Purpose: This line item is used to repay the USDA for child nutrition grant funds returned by program sponsors after the federal fiscal year ends and is used to make repayments to the USDA of funds received due to audit findings. Prior to creation of this item, these repayments were paid out of line items 200617, Federal School Lunch, 200618, Federal School Breakfast, and 200619, Child/Adult Food Programs.

5T30 200668 Gates Foundation Grants

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$0	$0	$46,000	$153,000	**$0**	**$0**
	N/A	N/A	232.6%	**-100%**	**N/A**

Source: Dedicated Purpose Fund Group: Grants from the Gates Foundation

Legal Basis: Discontinued line item (orginally established by Section 263.300 of Am. Sub. H.B. 59 of the 130th G.A.)

Purpose: This line item funded a technology leadership program for Ohio's principals and superintendents in public and nonpublic schools. The program extended technology training opportunities to school administrators across Ohio. Until FY 2014, this program was funded through eTech Ohio Commission (reconstituted as the Broadcast Educational Media Commission in FY 2014) line item 935607, Gates Foundation Grants.

5U20 200685 National Education Statistics

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$223,376	$169,340	$138,555	$154,880	**$300,000**	**$300,000**
	-24.2%	-18.2%	11.8%	**93.7%**	**0.0%**

Source: Dedicated Purpose Fund Group: Grant for NAEP

Legal Basis: Section 263.10 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by Controlling Board on May 6, 2002)

Purpose: This line item funds the position of National Assessment of Educational Progress (NAEP) state administrator as well as other specific data collection tasks associated with NAEP. The state administrator position provides technical assistance to state and local education agencies on the collection of education statistics. The No Child Left Behind Act of 2001 requires states to participate in NAEP.

6200 200615 Educational Improvement Grants

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$167,287	$107,038	$46,797	$42,000	**$175,000**	**$175,000**
	-36.0%	-56.3%	-10.3%	**316.7%**	**0.0%**

Source: Dedicated Purpose Fund Group: Miscellaneous education grants

Legal Basis: Section 263.10 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by Am. Sub. H.B. 282 of the 123rd G.A.)

Purpose: This line item receives funds from miscellaneous educational grants from private foundations for specified purposes.

Internal Service Activity Fund Group

1380 200606 Information Technology Development and Support

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$5,071,682	$4,936,402	$5,157,656	$5,585,458	**$6,850,090**	**$6,850,090**
	-2.7%	4.5%	8.3%	**22.6%**	**0.0%**

Source: Internal Service Activity Fund Group: Proceeds from a payroll charge assessed to ODE offices and the sale of education directories and labels

Legal Basis: Section 263.10 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by Controlling Board on July 20, 1961)

Purpose: This line item is used to collect, process, and disseminate statistical information concerning schools and to provide data-processing services within ODE. This line item is also used to furnish statistical data about Ohio schools to various organizations, including government agencies.

4R70 200695 Indirect Operational Support

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$5,055,570	$5,229,130	$6,205,549	$6,816,716	**$7,600,000**	**$7,600,000**
	3.4%	18.7%	9.8%	**11.5%**	**0.0%**

Source: Internal Service Activity Fund Group: Federally-approved indirect cost payments from all ODE GRF and federal line items that spend funds on personnel and maintenance

Legal Basis: Section 263.10 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by Controlling Board in December 1993)

Purpose: These funds are used for a variety of administrative purposes, including accounting, human resources, grants management, and internal auditing functions. The indirect cost rate is approved annually by the U.S. Department of Education.

4V70 200633 Interagency Program Support

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$441,438	$234,160	$47,806	$595,959	**$500,000**	**$500,000**
	-47.0%	-79.6%	1,146.6%	**-16.1%**	**0.0%**

Source: Internal Service Activity Fund Group: Funds received from other agencies for specific purposes

Legal Basis: Section 263.10 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by Controlling Board in June 1995)

Purpose: This line item supports joint initiatives or collaborations for specific programs that require ODE's assistance.

State Lottery Fund Group

7017 200612 Foundation Funding

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$717,500,000	$680,500,000	$775,500,000	$857,700,000	**$877,700,000**	**$877,700,000**
	-5.2%	14.0%	10.6%	**2.3%**	**0.0%**

Source: State Lottery Fund Group: Net profits from lottery ticket sales and revenue from video lottery terminals (VLTs) at Ohio horse racetracks (racinos)

Legal Basis: ORC 3770.06; Section 263.320 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by Am. Sub. H.B. 650 of the 122nd G.A.)

Purpose: This line item is used in conjunction with GRF line item 200550, Foundation Funding, to fund state foundation payments to school districts and joint vocational school districts. Also see the description for line item 200550, Foundation Funding.

7017 200629 Community Connectors

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$0	$0	$0	$10,000,000	**$15,000,000**	**$15,000,000**
	N/A	N/A	N/A	**50.0%**	**0.0%**

Source: State Lottery Fund Group: Net profits from lottery ticket sales and revenue from video lottery terminals (VLTs) at Ohio horse racetracks (racinos)

Legal Basis: ORC 3770.06; Section 610.20 of H.B. 483 of the 130th G.A.

Purpose: These funds are used to award competitive matching grants to eligible school districts to provide funding for local networks of volunteers and organizations to sponsor career advising and mentoring for students. Eligible school districts are those with a high percentage of students in poverty, a high number of students not graduating on time, and other criteria determined by the Superintendent of Public Instruction. These districts must partner with members of the business community, civic organizations, or the faith-based community to provide sustainable career advising and mentoring services. Grant awards match up to three times the funds allocated to the project by the local network.

7017 200648 Straight A Fund

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$0	$0	$43,027,597	$150,000,000	**$100,000,000**	**$100,000,000**
	N/A	N/A	248.6%	**-33.3%**	**0.0%**

Source: State Lottery Fund Group: Net profits from lottery ticket sales and revenue from video lottery terminals (VLTs) at Ohio horse racetracks (racinos)

Legal Basis: ORC 3770.06; Section 263.320 of Am. Sub. H.B. 59 of the 130th G.A.

Purpose: This line item provides funds for competitive grants awarded to eligible entities for projects that aim to achieve significant advancement in one or more of the following goals: increased student achievement, spending reductions or positive performance on other fiscal measures, resource utilization in the classroom, or use of a shared services delivery model demonstrating increased efficiency and effectiveness, long-term sustainability, and scalability. Eligible entities include public districts and schools, educational service centers, institutions of higher education, education consortia, and private entities partnering with educational entities. A maximum amount of $1 million per year may be awarded to an individual applicant; an education consortium may receive up to $15 million per year.

7017 200666 EdChoice Expansion

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$0	$0	$3,772,221	$17,000,000	**$0**	**$0**
	N/A	N/A	350.7%	**-100%**	**N/A**

Source: State Lottery Fund Group: Net profits from lottery ticket sales and revenue from video lottery terminals (VLTs) at Ohio horse racetracks (racinos)

Legal Basis: Discontinued line item; ORC 3310.032, 3770.06 (originally established by Am. Sub. H.B. 59 of the 130th G.A.)

Purpose: This line item provides funding for EdChoice scholarships for students whose family income is less than 200% of the federal poverty guidelines to attend chartered nonpublic schools. Students meeting the income requirements qualify for the program regardless of the academic rating of the school they would otherwise attend. Scholarship amounts are the lesser of the cost of tuition and $4,250 for students in grades K-8 and $5,000 for students in grades 9-12. The number of scholarships awarded are limited to the appropriation. H.B. 64 proposes to move the funding for this program to GRF line item 200573, EdChoice Expansion.

7017 200684 Community School Facilities

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$0	$0	$7,500,000	$7,500,000	**$18,350,000**	**$19,700,000**
	N/A	N/A	0.0%	**144.7%**	**7.4%**

Source: State Lottery Fund Group: Net profits from lottery ticket sales and revenue from video lottery terminals (VLTs) at Ohio horse racetracks (racinos)

Legal Basis: ORC 3770.06; Section 263.320 of Am. Sub. H.B. 59 of the 130th G.A.

Purpose: This line item provides funds to brick and mortar community and STEM schools to assist with the costs of facilities. Each school receives $100 per full-time equivalent student, unless that amount is prorated in order to fit within the appropriation. E-schools are not eligible to receive these funds. H.B. 64 proposes to increase the per pupil amount to $200 beginning in FY 2016.

7018 200683 Jon Peterson Scholarship Reimbursement

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$0	$1,131,094	$0	$0	**$0**	**$0**
	N/A	-100%	N/A	**N/A**	**N/A**

Source: State Lottery Fund Group: Net profits from lottery ticket sales and revenue from video lottery terminals (VLTs) at Ohio horse racetracks (racinos)

Legal Basis: Discontinued line item (originally established by Sub. H.B. 280 of the 129th G.A.)

Purpose: This line item reimbursed school districts that received a supplemental operating funding allocation through the bridge formula in FY 2013 for deductions connected to Jon Peterson Special Needs Scholarship students who had never attended a public school in Ohio. In FY 2014, a similar reimbursement program was funded though an earmark of GRF line item 200550, Foundation Funding.

7018 200686 Early Learning Programs

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$0	$324,174	$10,333,429	$0	**$0**	**$0**
	N/A	3,087.6%	-100%	**N/A**	**N/A**

Source: State Lottery Fund Group: Net profits from lottery ticket sales and revenue from video lottery terminals (VLTs) at Ohio horse racetracks (racinos)

Legal Basis: Discontinued line item (originally established in Am. Sub. H.B. 487 of the 129th G.A.)

Purpose: This line item was used to make competitive grants to school districts and community schools to support reading intervention efforts that assisted students in meeting the third grade reading guarantee.

Revenue Distribution Fund Group

7047 200909 School District Property Tax Replacement-Business

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$728,329,088	$482,144,127	$481,703,493	$482,000,000	**$0**	**$0**
	-33.8%	-0.1%	0.1%	**-100%**	**N/A**

Source: Revenue Distribution Fund Group: 34.7% of receipts from the commercial activities tax

Legal Basis: Discontinued line item (originally established by Am. Sub. H.B. 66 of the 126th G.A.)

Purpose: This line item is used by ODE, in consultation with the Department of Taxation, to make payments to school districts and joint vocational school districts. These payments help to compensate school districts and joint vocational school districts for their losses arising from the phase-out of general business tangible personal property taxes as a result of H.B. 66 of the 126th G.A. H.B. 153 of the 129th G.A. accelerated the phase-out of the direct reimbursements for many districts based on the proportion of the district's state and local funding attributable to the reimbursement received in FY 2011. Reimbursements were frozen at the FY 2013 level for FY 2014 and FY 2015. The executive budget proposes to resume the phase-out of reimbursements beginning in FY 2016. Reimbursements will be phased out by a certain percentage each year based on a district's property wealth and personal income until the reimbursements eventually end. The executive proposes to discontinue this line item and instead fund these payments from RDF Fund 7047 line item 200902, Property Tax Replacement Phase Out - Education, located in the State Revenue Distributions (RDF) section of the budget bill.

7053 200900 School District Property Tax Replacement-Utility

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$31,586,068	$27,959,682	$27,950,753	$28,000,000	**$0**	**$0**
	-11.5%	0.0%	0.2%	**-100%**	**N/A**

Source: Revenue Distribution Fund Group: 9.0% of receipts from the kilowatt-hour tax on electricity

Legal Basis: Discontinued line item (originally established by Am. Sub. S.B. 3 of the 123rd G.A.)

Purpose: This line item was used by ODE, in consultation with the Department of Taxation, to make payments to school districts and joint vocational school districts. These payments helped to compensate school districts and joint vocational school districts for their losses of property tax revenues because of changes in public utility assessment rates as a result of S.B. 3 and S.B. 287 of the 123rd G.A. H.B. 153 of the 129th G.A. accelerated the phase-out of the direct reimbursements for many districts based on the proportion of the district's state and local funding attributable to the reimbursement received in FY 2011. Reimbursements were frozen at the FY 2013 level for FY 2014 and FY 2015. The executive budget proposes to resume the phase-out of reimbursements beginning in FY 2016. Reimbursements will be phased out by a certain percentage each year based on a district's property wealth and personal income until the reimbursements eventually end. The executive proposes to discontinue this line item and instead fund these payments from RDF Fund 7047 line item 200902, Property Tax Replacement Phase Out - Education, located in the State Revenue Distributions (RDF) section of the budget bill.

Federal Fund Group

3090 200601 Neglected and Delinquent Education

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$1,648,383	$1,810,171	$1,344,133	$2,168,642	**$1,600,000**	**$1,600,000**
	9.8%	-25.7%	61.3%	**-26.2%**	**0.0%**

Source: Federal Fund Group: CFDA 84.013, Title I Program for Neglected and Delinquent Children and Youth

Legal Basis: Section 263.10 of Am. Sub. H.B.59 of the 130th G.A. (originally established by Controlling Board on March 28, 1966)

Purpose: This line item is used to provide supplementary education services for children and youths in state institutions, in community day programs for neglected and delinquent children and youths, and in adult correctional institutions so that they can make successful transitions to school or employment once they are released.

3670 200607 School Food Services

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$5,030,639	$6,654,399	$7,182,055	$9,926,992	**$9,240,111**	**$9,794,517**
	32.3%	7.9%	38.2%	**-6.9%**	**6.0%**

Source: Federal Fund Group: CFDA 10.560, State Administrative Expenses for Child Nutrition

Legal Basis: Section 263.10 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by Controlling Board on October 27, 1967)

Purpose: This line item supports the state administration and monitoring of child nutrition programs.

3690 200616 Career-Technical Education Federal Enhancement

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$1,238,547	$67,943	$0	$0	**$0**	**$0**
	-94.5%	-100%	N/A	**N/A**	**N/A**

Source: Federal Fund Group: CFDA 84.243, Tech-Prep Education

Legal Basis: Discontinued line item (originally established by Controlling Board on September 23, 1964)

Purpose: This line item provided funds to the six Ohio Tech Prep Regional Centers, which are consortia consisting of school districts and postsecondary institutions, to develop and operate programs that led to a two-year associate's degree or a two-year certificate in a specific career field in addition to a high school diploma. Though the federal funding for this program has been discontinued, similar programs are eligible for funding through the federal Career and Technical Education State Grants Program, which is appropriated in Fund 3L90 line item 200621, Career-Technical Education Basic Grant.

3700 200624 Education of Exceptional Children

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$1,895,469	$1,047,764	$1,800,413	$2,557,348	**$1,702,040**	**$1,274,040**
	-44.7%	71.8%	42.0%	**-33.4%**	**-25.1%**

Source: Federal Fund Group: CFDA 84.323, Special Education-State Personnel Development

Legal Basis: Section 263.10 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by Controlling Board on May 9, 1968)

Purpose: This line item is used to pilot the Ohio Improvement Process, which develops district, building, and teacher-based leadership teams focused on improving instruction for and performance of students with disabilities.

3780 200660 Learn and Serve

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$230,780	$41,379	$0	$0	**$0**	**$0**
	-82.1%	-100%	N/A	**N/A**	**N/A**

Source: Federal Fund Group: CFDA 94.004, Learn and Serve America

Legal Basis: Discontinued line item (originally established by Controlling Board on July 29, 1985)

Purpose: This line item funded programs that combined classroom instruction and community service for at-risk youth. Grants were awarded to local education agencies that engaged K-12 students in opportunities to help communities address education, public safety, human, and environmental needs.

3AF0 200603 Schools Medicaid Administrative Claims

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$189,388	$274,100	$227,295	$763,696	**$750,000**	**$750,000**
	44.7%	-17.1%	236.0%	**-1.8%**	**0.0%**

Source: Federal Fund Group: CFDA 93.778, Medical Assistance Program

Legal Basis: ORC 5162.64; Section 263.280 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by Controlling Board on September 22, 2003)

Purpose: This line item is used to administer the Ohio Medicaid Schools Program, which provides districts and schools with reimbursement for providing services to Medicaid-eligible students, including the costs of enrolling eligible children in the Medicaid Program and assisting children who are already enrolled to access the benefits available to them. ODE receives claims and financial reports from local education agencies and then submits the claims to the Ohio Department of Medicaid for reimbursement. ODE also provides technical assistance and program monitoring to verify federal program mandates and assure compliance and accountability. ODE receives federal reimbursement for these activities.

3AN0 200671 School Improvement Grants

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$812,710	$32,590,864	$25,453,443	$32,400,000	**$32,400,000**	**$32,400,000**
	3,910.1%	-21.9%	27.3%	**0.0%**	**0.0%**

Source: Federal Fund Group: CFDA: 84.377, School Improvement Grants

Legal Basis: Section 263.10 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by Controlling Board on April 7, 2008)

Purpose: This line item supports grants of $50,000 to $2.0 million per year over a three year period to the lowest performing schools in the state. These schools must use the funds to implement one of five intervention models designated by the U.S. Department of Education. ODE may use up to 5% of the federal grant award for administration, evaluation, and technical assistance expenses.

3AX0 200698 Improving Health and Educational Outcomes of Young People

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$459,017	$384,351	$35,424	$0	**$0**	**$0**
	-16.3%	-90.8%	-100%	**N/A**	**N/A**

Source: Federal Fund Group: CFDA: 93.938, Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems

Legal Basis: Discontinued line item (originally established by Controlling Board on May 5, 2008)

Purpose: This line item was used for the coordination of school health, physical activity, nutrition, and tobacco prevention programs. The programs were funded by the U.S. Department of Health and Human Services, Centers for Disease Control.

3BK0 200628 Longitudinal Data Systems

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$601,001	$11,540	$875,462	$1,126,499	**$0**	**$0**
	-98.1%	7,486.6%	28.7%	**-100%**	**N/A**

Source: Federal Fund Group: CFDA 84.372, Statewide Longitudinal Data Systems

Legal Basis: Discontinued line item (originally established by Section 263.10 of Am. Sub. H.B. 59 of the 129th G.A.and by Controlling Board on January 9, 2006)

Purpose: This line item was used to continue development of the state's longitudinal data system by enhancing the electronic exchange of student records between schools and other education entities.

3C50 200661 Early Childhood Education

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$12,788,202	$11,982,382	$11,651,075	$12,106,168	**$14,554,749**	**$14,554,749**
	-6.3%	-2.8%	3.9%	**20.2%**	**0.0%**

Source: Federal Fund Group: CFDA 84.173, Special Education Preschool Grants

Legal Basis: Section 263.10 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by Controlling Board on November 11, 1986)

Purpose: This line item is used to provide federal formula funding for special education and related services to districts and other providers that serve preschool-aged children with disabilities. A portion of the funding may be used for state-level activities.

3CG0 200646 Teacher Incentive

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$1,385,088	$1,496,204	$7,305,559	$22,647,751	**$12,500,000**	**$200,000**
	8.0%	388.3%	210.0%	**-44.8%**	**-98.4%**

Source: Federal Fund Group: CFDA 84.374, Teacher Incentive Fund

Legal Basis: Section 263.10 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by Controlling Board on December 4, 2006)

Purpose: This line item is used to develop and implement performance-based teacher and principal compensation systems, based primarily on increases in student achievement in high-needs schools. The Ohio Teacher Incentive Fund is a partnership of ODE, Battelle for Kids, and 24 participating school districts.

3D10 200664 Drug Free Schools

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$4,478,137	$662,142	$0	$962,025	**$521,000**	**$282,000**
	-85.2%	-100%	N/A	**-45.8%**	**-45.9%**

Source: Federal Fund Group: CFDA 84.186, Safe and Drug Free Schools and Communities

Legal Basis: Controlling Board on May 4, 1987

Purpose: This line item provides emergency management services to school districts. Specifically, ODE provides training, resources, tools, and information to support school safety and security, including emergency management planning. Prior to FY 2014, this line item promoted drug free schools in accordance with federal Safe and Drug Free Schools and Communities Act. Traditionally, most of these funds were distributed to school districts based on a federal formula for use in drug and violence prevention activities, with the remaining funds used for related ODE administrative and state level activities. When the federal law expired, ODE used the remainder of the federal grant award to provide competitive grants to Ohio's schools. In addition, funds were used for personal service contracts to maintain an online career development resource, to sustain the School Climate Profile System, and to train parent advocates on prevention and intervention strategies to reduce violence, alcohol, tobacco, and drug abuse in schools and communities.

3D20 200667 Math Science Partnerships

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$2,255,143	$3,455,844	$3,814,974	$7,819,852	**$7,500,000**	**$7,500,000**
	53.2%	10.4%	105.0%	**-4.1%**	**0.0%**

Source: Federal Fund Group: CFDA 84.366, Mathematics and Science Partnerships

Legal Basis: Section 263.10 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by Controlling Board on April 20, 1987)

Purpose: This line item is used to provide Mathematics and Science Partnership competitive grants to improve student achievement in mathematics and science through projects that involve, at a minimum, high need school districts and higher education. These projects promote strong teaching skills for elementary and secondary school math and science teachers and integrate teaching methods based on scientifically-based research and technology into the curriculum.

3DG0 200630 Federal Stimulus - McKinney Vento Grants

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$368,272	$0	$0	$0	**$0**	**$0**
	-100%	N/A	N/A	**N/A**	**N/A**

Source: Federal Fund Group: CFDA 84.387, Education for Homeless Children and Youth, Recovery Act

Legal Basis: Discontinued line item (originally established by Am. Sub. H.B. 2 of the 128th G.A.)

Purpose: This line item received American Recovery and Reinvestment Act funds that, in conjunction with funds the state receives annually under the McKinney - Vento Act, supported a free and appropriate education for homeless children and youth. Schools used these funds to offer supplemental tutoring, early childhood, or other education programs to homeless children and youth.

3DJ0 200699 IDEA Part B - Federal Stimulus

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$39,176,292	$6,158	$0	$0	**$0**	**$0**
	-100.0%	-100%	N/A	**N/A**	**N/A**

Source: Federal Fund Group: CFDA 84.391, Special Education Grants to States, Recovery Act

Legal Basis: Discontinued line item (originally established by Am. Sub. H.B. 1 of the 128th G.A.)

Purpose: This line item received American Recovery and Reinvestment Act funds that, in conjunction with funds from line item 200680, Individuals with Disabilities Education Act, supported the provision of special education and related services to students with disabilities.

3DK0 200642 Title IA - Federal Stimulus

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$42,950,339	$3,355,177	$0	$0	**$0**	**$0**
	-92.2%	-100%	N/A	**N/A**	**N/A**

Source: Federal Fund Group: CFDA 84.389, Title I Grants to Local Educational Agencies, Recovery Act

Legal Basis: Discontinued line item (originally established by Am. Sub. H.B. 1 of the 128th G.A.)

Purpose: This line item received American Recovery and Reinvestment Act funds that were used to supplement funds from line item 200623, ESEA Title IA, to provide grants to school districts for additional academic support and learning opportunities to help disadvantaged children meet state standards in core academic subjects.

3DL0 200650 IDEA Preschool - Federal Stimulus

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$1,379,479	$0	$0	$0	**$0**	**$0**
	-100%	N/A	N/A	**N/A**	**N/A**

Source: Federal Fund Group: CFDA 84.392, Special Education - Preschool Grants, Recovery Act

Legal Basis: Discontinued line item (originally established by Am. Sub. H.B. 1 of the 128th G.A.)

Purpose: This line item received American Recovery and Reinvestment Act funds that were used to supplement funds in line item 200661, Early Childhood Education, to provide special education and related services to preschool-aged children.

3DM0 200651 Title IID Technology - Federal Stimulus

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$2,081,013	$0	$0	$0	**$0**	**$0**
	-100%	N/A	N/A	**N/A**	**N/A**

Source: Federal Fund Group: CFDA 84.386, Education Technology State Grants, Recovery Act

Legal Basis: Discontinued line item (originally established by Am. Sub. H.B. 1 of the 128th G.A.)

Purpose: This line item was used, in conjunction with funds from line item 200641, Education Technology, to support both a formula grant program based on the number of Title I students served and the Twenty-First Century Learning Environments Technology Program, a competitive grant program operated jointly with the eTech Ohio Commission. The competitive grant program was focused on using professional development to enable teachers to create technology-enabled learning environments and to integrate technology into the curriculum.

3DP0 200652 Title I School Improvement - Federal Stimulus

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$59,172,513	$20,692,850	$7,028,162	$12,434	**$0**	**$0**
	-65.0%	-66.0%	-99.8%	**-100%**	**N/A**

Source: Federal Fund Group: CFDA 84.388, School Improvement Grants, Recovery Act

Legal Basis: Discontinued line item (originally established by Controlling Board on August 5, 2013; Am. Sub. H.B. 1 of the 128th G.A.)

Purpose: This line item received American Recovery and Reinvestment Act funds that were used to provide grants of $50,000 to $2.0 million per year over a three year period to the lowest performing schools in the state. These schools were required to use the funds to implement one of four intervention models designated by the U.S. Department of Education. The state used up to 5% of the federal grant award for administration, evaluation, and technical assistance expenses.

3EC0 200653 Teacher Incentive - Federal Stimulus

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$3,893,939	$6,820,085	$2,110,582	$0	**$0**	**$0**
	75.1%	-69.1%	-100%	**N/A**	**N/A**

Source: Federal Fund Group: CFDA 84.385, Teacher Incentive Fund, Recovery Act

Legal Basis: Discontinued line item (originally established by Section 263.10 of Am. Sub. H.B. 59 of the 130th G.A. and by Controlling Board on December 14, 2009)

Purpose: This line item received American Recovery and Reinvestment Act funds that were used to develop and implement performance-based teacher and principal compensation systems, based primarily on increases in student achievement in high-needs schools.

3EF0 200694 National School Lunch Program - Equipment

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$10,900	$0	$0	$0	**$0**	**$0**
	-100%	N/A	N/A	**N/A**	**N/A**

Source: Federal Fund Group: CFDA 10.579, Child Nutrition Discretionary Grants

Legal Basis: Discontinued line item (originally established by Controlling Board on March 22, 2010)

Purpose: This line item was used to purchase equipment for schools that improved the quality of school food service meals, the safety of food served in school meals programs, and the overall energy efficiency of school food service operations, and supported expanded participation in school meals programs.

3EH0 200620 Migrant Education

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$2,887,617	$2,848,328	$2,678,076	$3,421,924	**$2,900,000**	**$2,900,000**
	-1.4%	-6.0%	27.8%	**-15.3%**	**0.0%**

Source: Federal Fund Group: CFDA 84.011 Migrant Education State Grants

Legal Basis: Section 263.10 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by Controlling Board on July 19, 2010)

Purpose: This line item is used for migrant education to help ensure that migrant children are provided with appropriate educational services. ODE distributes subgrants to local operating entities, such as school districts and educational service centers, based on the numbers of migrant children, those students at risk of failing, and the availability of other funds to serve migrant children. ODE may use up to 1% of the federal allocation for program administration. Prior to FY 2011, this federal grant was deposited into Fund 3090.

3EJ0 200622 Homeless Children Education

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$2,385,251	$2,839,121	$2,542,530	$2,610,376	**$2,600,000**	**$2,600,000**
	19.0%	-10.4%	2.7%	**-0.4%**	**0.0%**

Source: Federal Fund Group: CFDA 84.196 Education for Homeless Children and Youth

Legal Basis: Section 263.10 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by the Controlling Board on July 19, 2010)

Purpose: The bulk of this line item is used to provide competitive grants to school districts to help ensure access to a free and appropriate education for homeless children and youth through such services as enriched supplemental instruction, transportation, health care referral services, and professional development for teachers. ODE may use up to 25% of the state's federal formula allocation for administration of the state plan for educating homeless children and youth and other state-level activities. Prior to FY 2011, this federal grant was deposited into Fund 3090.

3EK0 200637 Advanced Placement

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$350,525	$236,221	$360,567	$897,750	**$432,444**	**$498,484**
	-32.6%	52.6%	149.0%	**-51.8%**	**15.3%**

Source: Federal Fund Group: CFDA 84.330 Advanced Placement Program

Legal Basis: Section 263.10 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by the Controlling Board on July 19, 2010)

Purpose: This line item is used to cover all or part of the cost of Advanced Placement tests and International Baccalaureate registration and exam fees for low income students. This program was originally supported by Fund 3700 line item 200624, Education of Exceptional Children.

3EM0 200643 Byrd Scholarship

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$4,539	$0	$0	$0	**$0**	**$0**
	-100%	N/A	N/A	**N/A**	**N/A**

Source: Federal Fund Group: CFDA 84.185, Byrd Honors Scholarships

Legal Basis: Discontinued line item (originally established by Controlling Board on July 19, 2010)

Purpose: This line item was used to provide Byrd Scholarships, which were merit scholarships of $1,500 per year for four years that were awarded to exceptional students to be used for study at an institution of higher education.

3EN0 200655 State Data Systems - Federal Stimulus

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$1,160,268	$1,869,997	$539,135	$1,853,066	**$0**	**$0**
	61.2%	-71.2%	243.7%	**-100%**	**N/A**

Source: Federal Fund Group: CFDA 84.384 State Data Systems, Recovery Act

Legal Basis: Discontinued line item (originally established by Section 263.10 of Am. Sub. H.B. 59 of the 130th G.A. and by Controlling Board on October 25, 2010)

Purpose: This line item was used for the state's longitudinal data system. The federal grant mandated that states ensure their longitudinal data system includes the prescribed elements in the America COMPETES Act, including having linked P-20 systems; a teacher identification system that can be linked to students; college readiness test scores; postsecondary remedial coursework data, and a data auditing system.

3ES0 200657 General Supervisory Enhancement Grant

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$943,590	$304,404	$0	$0	**$0**	**$0**
	-67.7%	-100%	N/A	**N/A**	**N/A**

Source: Federal Fund Group: CFDA 84.324 Research in Special Education

Legal Basis: Discontinued line item (originally established by Controlling Board on September 27, 2010)

Purpose: This line item was used to support a collaboration between ODE and the American Institutes for Research to develop assessments for certain special education students.

3ET0 200658 Education Jobs Fund

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$269,709,603	$25,543,533	$0	$0	**$0**	**$0**
	-90.5%	-100%	N/A	**N/A**	**N/A**

Source: Federal Fund Group: 84.410 Education Jobs Fund

Legal Basis: Discontinued line item (originally established by Controlling Board on September 27, 2010)

Purpose: This line item was used to allocate Ohio's federal Education Jobs Fund award to school districts and community schools based on the state's primary funding formula, as it is defined under the federal American Recovery and Reinvestment Act (ARRA). Though these funds were aimed at saving education jobs in the 2010-2011 school year, they were made available for use until September 30, 2012.

3FD0 200665 Race to the Top

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$72,891,986	$114,263,267	$119,936,684	$74,810,397	**$12,000,000**	**$0**
	56.8%	5.0%	-37.6%	**-84.0%**	**-100%**

Source: Federal Fund Group: CFDA 84.395 State Fiscal Stabilization Fund Race to the Top Incentive Grants, Recovery Act

Legal Basis: Section 263.10 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by Controlling Board on November 22, 2010)

Purpose: This line item is used for grants to schools and districts and for state level activities related to school improvement. A little over half of the grant is passed through to 425 Race to the Top (RttT) participating schools and districts. These schools and districts must use the funds for specific school improvement activities that were outlined in their applications. The remaining funds are used at the state level. Projects are focused on ensuring that participating schools and districts have the capacity to sustain reforms, standards and assessments, data systems to support instruction, great teachers and leaders, turning around low-achieving schools, and STEM initiatives.

3FE0 200669 Striving Readers

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$74,760	$23,162	$0	$0	**$0**	**$0**
	-69.0%	-100%	N/A	**N/A**	**N/A**

Source: Federal Fund Group: CFDA 84.371B Striving Readers

Legal Basis: Discontinued line item (originally established by Controlling Board on December 13, 2010)

Purpose: This line item was used to support a State Literacy Team to develop a comprehensive literacy plan for Ohio. The purpose of the plan was to advance literacy skills for students from birth to grade 12 by focusing on literacy development and education. These funds were awarded pursuant to a formula based on each state's share of non-ARRA Title IA funds for FFY 2009. Formula grant funding under the Striving Readers Program was discontinued after FFY 2010.

3FN0 200672 Early Learning Challenge - Race to the Top

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$2,786	$1,407,724	$7,066,797	$10,909,909	**$8,000,000**	**$3,400,000**
	50,421.8%	402.0%	54.4%	**-26.7%**	**-57.5%**

Source: Federal Fund Group: CFDA 84.412, Race to the Top - Early Learning Challenge

Legal Basis: Section 263.10 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by Controlling Board on February 27, 2012)

Purpose: This line item provides funds designed to improve early learning and development programs for young children (from birth through kindergarten) by (1) increasing the number and percentage of low-income and disadvantaged kids who are enrolled in high quality early learning programs, (2) implementing a common tiered quality rating and improvement system for all types of early childhood programs, and (3) implementing a comprehensive assessment system, including pre-kindergarten to kindergarten formative assessments and a kindergarten readiness assessment. The total grant award is about $70 million and covers the four-year period from January 2012 to December 2015, with final expenditures occuring in FY 2017. In addition to ODE, the Department of Job and Family Services, the Ohio Department of Health, and the Ohio Department of Mental Health and Addiction Services uses portions of the award to implement other components of the grant program.

3GE0 200674 Summer Food Service Program

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$0	$1,286,407	$11,415,575	$13,650,000	**$14,423,915**	**$14,856,635**
	N/A	787.4%	19.6%	**5.7%**	**3.0%**

Source: Federal Fund Group: CFDA: 10.559, Summer Food Service Program for Children

Legal Basis: Section 263.10 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by the Controlling Board on October 29, 2012)

Purpose: This line item is used to reimburse eligible service institutions that serve free meals to children up to the age of 18 during the summer months and other approved times when school is not in session. Participating sites must be located in areas where at least 50% of the children meet the income eligibility criteria for free and reduced price meals. Prior to creation of this line item, the program was supported through Fund 3L60 line item 200617, Federal School Lunch.

3GF0 200675 Miscellaneous Nutrition Grants

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$0	$291,995	$171,120	$814,720	**$3,000,000**	**$3,000,000**
	N/A	-41.4%	376.1%	**268.2%**	**0.0%**

Source: Federal Fund Group: CFDA 10.574, Team Nutrition Grants

Legal Basis: Section 263.10 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by the Controlling Board on October 29, 2012)

Purpose: This line item is used to distribute federal funding under various USDA nutrition grant programs. One example is the Team Nutrition grant program, which encourages nutritious school meals and nutrition education for children. Prior to creation of this line item, these grants were supported through Fund 3670 line item 200607, School Food Services.

3GG0 200676 Fresh Fruit and Vegetable Program

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$0	$3,413,115	$3,775,953	$3,880,140	**$5,026,545**	**$5,177,340**
	N/A	10.6%	2.8%	**29.5%**	**3.0%**

Source: Federal Fund Group: CFDA 10.582, Fresh Fruit and Vegetable Program

Legal Basis: Section 263.10 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by the Controlling Board on October 29, 2012)

Purpose: This line item is used to distribute federal funding under the USDA's Fresh Fruit and Vegetable Program, which reimburses school districts for costs incurred in providing children in participating elementary schools with free, fresh produce outside of National School Lunch Program and School Breakfast Program food service times. The program is offered to elementary schools in low-income areas on a competitive basis. Prior to creation of this line item, the program was supported through Fund 3L60 line item 200617, Federal School Lunch.

3GP0 200600 School Climate Transformation

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$0	$0	$0	$260,427	**$252,420**	**$252,420**
	N/A	N/A	N/A	**-3.1%**	**0.0%**

Source: Federal Fund Group: Federal Fund Group: CFDA 84.184F, Safe and Drug-Free Schools and Communities - National Programs

Legal Basis: Established by the Controlling Board on December 15, 2014

Purpose: This federal funding is used by ODE to build and expand the statewide resources and local implementation of a multi-tiered behavioral framework to improve school climate. The recently formed and ODE sponsored Ohio Positive Behavioral Interventions and Supports (PBIS) Network increases the training, coaching, and resources available to school districts to support PBIS implementation and evaluation. The Ohio PBIS Network is composed of PBIS specialists from each of Ohio's 16 regional State Support Teams (SST). The PBIS Network specialists are integrated into the SSTs and are able to provide multi-tiered behavioral supports in a manner that is coordinated and aligned with other Ohio-specific change and improvement initiatives.

3GQ0 200679 Project Aware

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$0	$0	$0	$1,924,316	**$1,907,423**	**$1,907,423**
	N/A	N/A	N/A	**-0.9%**	**0.0%**

Source: Federal Fund Group: Federal Fund Group: CFDA 93.243, Substance Abuse and Mental Health Services - Projects of Regional and National Significance

Legal Basis: Established by the Controlling Board on December 15, 2014

Purpose: This line item is used to support student, teacher, and community involvement in mental health awareness and advocacy within school settings. The initiative's focus population is students and families in 30 high-need school districts served by the ESCs in Cuyahoga, Warren, and Wood counties. Grant funds will be used by the three ESCs to develop, enhance, or expand systems of support for, and technical assistance to, schools in implementing evidence-based models of behavioral supports to improve student behavioral outcomes and learning conditions for all students.

3H90 200605 Head Start Collaboration Project

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$185,998	$158,724	$236,649	$283,798	**$225,000**	**$225,000**
	-14.7%	49.1%	19.9%	**-20.7%**	**0.0%**

Source: Federal Fund Group: CFDA 93.600, Head Start

Legal Basis: Section 263.10 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by the Controlling Board on January 24, 1994)

Purpose: This line item provides funds to create partnerships that provide better coordination of Head Start programs for disadvantaged children and their families.

3L60 200617 Federal School Lunch

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$340,090,544	$359,921,399	$333,159,200	$361,126,273	**$371,960,060**	**$383,118,860**
	5.8%	-7.4%	8.4%	**3.0%**	**3.0%**

Source: Federal Fund Group: CFDA 10.555, National School Lunch Program; CFDA 10.556 Special Milk Program for Children

Legal Basis: Section 263.10 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by Am. Sub. H.B. 152 of the 120th G.A.)

Purpose: This line item is used to provide reimbursements to school districts to assist them in providing school lunch programs. State matching funds are provided through GRF line item 200505, School Lunch Match. The line item also supports special milk programs, which provide free milk to qualifying children when school lunch and school breakfast programs are not available. Prior to FY 2013, these funds also supported summer food and fruit and vegetable programs. These programs are now supported under Fund 3GE0 line item 200674, Summer Food Service Program, and Fund 3GG0 line item 200676, Fresh Fruit and Vegetable Program.

3L70 200618 Federal School Breakfast

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$100,296,361	$108,160,935	$102,694,920	$112,819,813	**$117,332,605**	**$122,025,909**
	7.8%	-5.1%	9.9%	**4.0%**	**4.0%**

Source: Federal Fund Group: CFDA 10.553, School Breakfast Program

Legal Basis: Section 263.10 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by Am. Sub. H.B. 152 of the 120th G.A.)

Purpose: This line item is used to provide reimbursements to school districts to assist them in providing school breakfast programs.

3L80 200619 Child/Adult Food Programs

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$94,548,435	$99,017,088	$90,103,317	$110,202,428	**$113,508,500**	**$116,913,755**
	4.7%	-9.0%	22.3%	**3.0%**	**3.0%**

Source: Federal Fund Group: CFDA 10.558, Child and Adult Care Food Program

Legal Basis: Section 263.10 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by Am. Sub. H.B. 152 of the 120th G.A.)

Purpose: This line item provides reimbursements for nutritious snacks, as well as breakfast, lunch, and dinner, to children or adults enrolled in participating day care centers, after-school programs, or adult day care centers.

3L90 200621 Career-Technical Education Basic Grant

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$42,133,727	$44,524,682	$42,839,370	$46,438,035	**$44,663,900**	**$44,663,900**
	5.7%	-3.8%	8.4%	**-3.8%**	**0.0%**

Source: Federal Fund Group: CFDA 84.048, Career and Technical Education - Basic Grants to States

Legal Basis: Section 263.10 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by Am. Sub. H.B. 152 of the 120th G.A.)

Purpose: A majority of the funds in this line item provides formula grants to districts and postsecondary institutions administering career-technical programs. ODE may use up to 10% of the state's grant allocation for state leadership activities in career-technical education and up to 5% for administration of the federally-required state plan for career-technical education. State matching funds for this item are provided through GRF line item 200321, Operating Expenses. Prior to FY 2013, state matching funds were provided through GRF line item 200416, Career-Technical Education Match.

3M00 200623 ESEA Title 1A

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$528,844,064	$547,971,348	$567,416,547	$580,154,709	**$590,000,000**	**$600,000,000**
	3.6%	3.5%	2.2%	**1.7%**	**1.7%**

Source: Federal Fund Group: CFDA 84.010, Title I Grants to Local Educational Agencies

Legal Basis: Section 263.10 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by Am. Sub. H.B. 152 of the 120th G.A.)

Purpose: This line item provides federal formula dollars to school districts for additional academic support and learning opportunities to help disadvantaged children meet state standards in core academic subjects. Nearly all districts receive basic grants, but three other types of grants are targeted to schools with high concentrations of students from low-income families. ODE may use up to 1% of the state's federal allocation for administration. In May 2012, the state was granted waivers from a number of federal No Child Left Behind Act of 2001 requirements in exchange for committing to various reforms. Under the waivers, since extended through the 2014-2015 school year, a school district having one or more schools identified as struggling the most in achievement or gap closing must direct 20% of its Title I funds to those schools, which may be used for a variety of programs designed to improve achievement. Previously, schools in improvement status had 20% of their Title I funds set aside for public school choice transportation and tutoring services.

3M20 200680 Individuals with Disabilities Education Act

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$429,430,482	$427,840,829	$405,622,192	$428,708,256	**$444,000,000**	**$445,000,000**
	-0.4%	-5.2%	5.7%	**3.6%**	**0.2%**

Source: Federal Fund Group: CFDA 84.027, Special Education - Grants to States

Legal Basis: Section 263.10 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by Am. Sub. H.B. 152 of the 120th G.A.)

Purpose: This line item supports the provision of special education and related services to students with disabilities. Most of these funds are distributed to school districts, county boards of developmental disabilities, community schools, the State School for the Blind, the School for the Deaf, the Department of Youth Services, and chartered and non-chartered nonpublic schools based on a formula prescribed by the U.S. Department of Education, including a base amount for each local education agency and additional population and poverty allocations. Districts use the funds to provide a free and appropriate public education to children with disabilities, as required by the federal Individuals with Disabilities Education Act. A portion of these funds may be used by ODE for administration and other state-level activities.

3S20 200641 Education Technology

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$4,193,937	$2,429,165	$0	$0	**$0**	**$0**
	-42.1%	-100%	N/A	**N/A**	**N/A**

Source: Federal Fund Group: CFDA 84.318, Education Technology State Grants

Legal Basis: Discontinued line item (originally established by Controlling Board on June 22, 1998)

Purpose: This line item provided the federal funding for two types of Enhancing Education Through Technology (EETT) grants: formula and competitive. The grants were used for hardware, software, professional development, curriculum management tools, and other resources that assisted districts in integrating technology into their language arts and mathematics curricula in grades K-8. ODE was permitted to use up to 3% of the federal allocation for administration and up to 2% for other state-level activities.

3T40 200613 Public Charter Schools

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$5,835,894	$2,772,231	$413,566	$0	**$0**	**$0**
	-52.5%	-85.1%	-100%	**N/A**	**N/A**

Source: Federal Fund Group: CFDA 84.282, Charter Schools

Legal Basis: Discontinued line item (originally estabished by Section 263.10 of Am. Sub. H.B. 59 of the 130th G.A. and by Controlling Board on December 7, 1998)

Purpose: This line item assisted in the planning, design, initial implementation, and dissemination of information on charter schools, known in Ohio as community schools. Grants were made for start-up costs in planning, development, and early implementation phases of community school development. Funding also supported evaluation of community schools' effects on students, staff, and parents. Each community school funded through this program was able to qualify for a maximum of $150,000 per year over a three-year period.

3Y20 200688 21st Century Community Learning Centers

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$40,952,869	$45,645,478	$42,474,190	$50,867,847	**$50,000,000**	**$50,000,000**
	11.5%	-6.9%	19.8%	**-1.7%**	**0.0%**

Source: Federal Fund Group: CFDA 84.287, 21st-Century Community Learning Centers

Legal Basis: Section 263.10 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by Controlling Board on July 29, 2002)

Purpose: This line item is used to provide grants to local educational agencies and to community and faith-based organizations to create community learning centers that provide academic enrichment opportunities for children, particularly students who attend high-poverty and low-performing schools. The grant funds are used for remedial education activities and academic enrichment programs, tutorial and mentor services, after school activities emphasizing language skills, recreation activities for limited English proficient students, technology programs, and activities that promote parental involvement, drug prevention, arts and music education, mathematics and science education, violence prevention, and character education. ODE may use up to 2% of the funds for administrative expenses and up to 3% of the funds for other state-level activities. Under the state's ESEA flexibility waivers, the state may permit community learning centers to use these funds to support expanded learning time during the school day in addition to non-school hours.

3Y40 200632 Reading First

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$679,292	$0	$0	$0	**$0**	**$0**
	-100%	N/A	N/A	**N/A**	**N/A**

Source: Federal Fund Group: CFDA 84.357, Reading First

Legal Basis: Discontinued line item (originally established by Controlling Board on July 29, 2002)

Purpose: This line item supported the federal Reading First program. Approximately 80% of these funds were provided to school districts through competitive grants to assist in the establishment of research-based reading programs for students in grades K-3. The remaining funds were used by ODE for federal diagnostic tests; resource materials; program research, monitoring, and evaluation; and administration of the program. Reading First was a classroom- and teacher-based program and was available only for high poverty schools.

3Y60 200635 Improving Teacher Quality

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$88,561,965	$87,428,092	$81,327,248	$82,287,713	**$90,000,000**	**$90,000,000**
	-1.3%	-7.0%	1.2%	**9.4%**	**0.0%**

Source: Federal Fund Group: CFDA 84.367, Improving Teacher Quality State Grants

Legal Basis: Section 263.10 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by Controlling Board on August 12, 2002)

Purpose: This line item supports teacher quality. The bulk of the funds are distributed to school districts for recruitment and retention of highly qualified teachers and for professional development. District allocations are based on a federal formula that takes into account a district's enrollment and poverty rate. Up to 1% of the state's grant allocation may be used for state administration and planning, which is shared between ODE and the Department of Higher Education (previously known as the Board of Regents or BOR). Of the remaining state allocation, ODE receives 2.5% for state-level activities. Note that BOR also receives 2.5% of the remaining state allocation to make competitive grants that support partnerships between school districts and higher education institutions that develop education training activities. BOR's 2.5% allocation and its share of administrative funds are appropriated within BOR's budget in Fund 3120 line item 235617, Improving Teacher Quality Grant.

3Y70 200689 English Language Acquisition

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$8,370,320	$9,072,959	$9,218,354	$9,700,000	**$10,101,411**	**$10,101,411**
	8.4%	1.6%	5.2%	**4.1%**	**0.0%**

Source: Federal Fund Group: CFDA 84.365, English Language Acquisition State Grants

Legal Basis: Section 263.10 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by Controlling Board on July 29, 2002)

Purpose: This line item provides funds to school districts to improve the education of limited English proficient children by assisting the children in learning English and in meeting the state's academic content and student achievement standards. ODE may use up to 5% of the funds for planning, evaluation, administration, professional development activities, and technical assistance to school districts.

3Y80 200639 Rural and Low Income Technical Assistance

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$2,466,374	$3,014,637	$3,057,857	$3,300,000	**$3,300,000**	**$3,300,000**
	22.2%	1.4%	7.9%	**0.0%**	**0.0%**

Source: Federal Fund Group: CFDA 84.358, Rural Education

Legal Basis: Section 263.10 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by Controlling Board on July 21, 2003)

Purpose: This line item provides funds to rural and low income school districts to increase student achievement and reduce drop-out rates. Funds are used to, among other things, help attract qualified teachers and provide professional development appropriate for teaching low income students. ODE may use up to 5% of the grant to administer the program and provide technical assistance to eligible districts.

3Z20 200690 State Assessments

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$12,872,972	$10,124,356	$10,666,361	$22,062,905	**$10,263,000**	**$10,263,000**
	-21.4%	5.4%	106.8%	**-53.5%**	**0.0%**

Source: Federal Fund Group: CFDA 84.369, Grants for State Assessments

Legal Basis: Section 263.10 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by Controlling Board on July 29, 2002)

Purpose: This line item supports the development, production, scoring, and reporting of state reading and mathematics achievement assessments in grades three through eight and in grade ten that are mandated by the federal No Child Left Behind Act of 2001. The funds in this line item are used in conjunction with funds from GRF line item 200437, Student Assessments.

3Z30 200645 Consolidated Federal Grant Administration

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
$6,754,158	$5,873,592	$5,893,401	$9,325,286	**$10,000,000**	**$10,000,000**
	-13.0%	0.3%	58.2%	**7.2%**	**0.0%**

Source: Federal Fund Group: Various federal grant programs

Legal Basis: Section 263.10 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by Controlling Board on July 7, 2003)

Purpose: This line item is an administrative pool for various federal funds and is used to administrate, to coordinate the programs with other federal programs, to establish and operate peer review mechanisms under the federal Elementary and Secondary Education Act, to disseminate information regarding model programs and practices, to provide technical assistance, to engage in state level activities, and to train personnel engaged in monitoring activities.

FY 2016 - FY 2017 Introduced Appropriation Amounts

All Fund Groups

Line Item Detail by Agency

Report For Main Operating Appropriations Bill **Version: As Introduced**

EDU Department of Education

			FY 2014	Estimate FY 2015	Introduced FY 2016	FY 2015 to FY 2016 % Change	Introduced FY 2017	FY 2016 to FY 2017 % Change
GRF	200321	Operating Expenses	$ 13,289,084	$ 13,142,780	$ 15,717,708	19.59%	$ 16,017,708	1.91%
GRF	200408	Early Childhood Education	$ 27,786,614	$ 45,318,341	$ 60,268,341	32.99%	$ 70,268,341	16.59%
GRF	200420	Information Technology Development and Support	$ 3,842,442	$ 4,241,296	$ 5,241,296	23.58%	$ 5,241,296	0.00%
GRF	200421	Alternative Education Programs	$ 6,933,012	$ 12,403,998	$ 7,753,998	-37.49%	$ 7,753,998	0.00%
GRF	200422	School Management Assistance	$ 2,846,556	$ 3,000,000	$ 3,000,000	0.00%	$ 3,000,000	0.00%
GRF	200424	Policy Analysis	$ 307,927	$ 328,558	$ 1,528,558	365.23%	$ 1,528,558	0.00%
GRF	200425	Tech Prep Consortia Support	$ 147,626	$ 260,542	$ 260,542	0.00%	$ 260,542	0.00%
GRF	200426	Ohio Educational Computer Network	$ 19,731,471	$ 29,625,569	$ 16,200,000	-45.32%	$ 16,200,000	0.00%
GRF	200427	Academic Standards	$ 3,365,362	$ 3,800,000	$ 3,800,000	0.00%	$ 3,800,000	0.00%
GRF	200437	Student Assessment	$ 48,185,438	$ 75,895,000	$ 73,816,438	-2.74%	$ 73,405,050	-0.56%
GRF	200439	Accountability/Report Cards	$ 3,086,176	$ 3,750,000	$ 6,897,310	83.93%	$ 6,897,310	0.00%
GRF	200442	Child Care Licensing	$ 733,078	$ 827,140	$ 1,822,500	120.34%	$ 1,822,500	0.00%
GRF	200446	Education Management Information System	$ 6,702,464	$ 6,833,070	$ 7,429,070	8.72%	$ 7,479,070	0.67%
GRF	200447	GED Testing	$ 918,920	$ 879,551	$ 474,000	-46.11%	$ 474,000	0.00%
GRF	200448	Educator Preparation	$ 983,783	$ 1,564,237	$ 1,564,237	0.00%	$ 1,564,237	0.00%
GRF	200455	Community Schools and Choice Programs	$ 2,492,996	$ 2,491,395	$ 3,651,395	46.56%	$ 3,731,395	2.19%
GRF	200464	General Technology Operations	$ 192,048	$ 192,097	$ 0	-100.00%	$ 0	N/A
GRF	200465	Education Technology Resources	$ 1,778,879	$ 1,778,879	$ 5,491,545	208.71%	$ 5,491,545	0.00%
GRF	200502	Pupil Transportation	$ 485,297,611	$ 521,013,527	$ 527,823,920	1.31%	$ 528,286,409	0.09%
GRF	200505	School Lunch Match	$ 9,099,993	$ 9,100,000	$ 9,100,000	0.00%	$ 9,100,000	0.00%
GRF	200511	Auxiliary Services	$ 129,204,629	$ 138,214,374	$ 146,092,593	5.70%	$ 153,105,038	4.80%
GRF	200532	Nonpublic Administrative Cost Reimbursement	$ 58,925,664	$ 62,436,882	$ 65,995,784	5.70%	$ 69,163,582	4.80%
GRF	200540	Special Education Enhancements	$ 141,906,869	$ 157,871,292	$ 162,871,292	3.17%	$ 162,871,292	0.00%
GRF	200545	Career-Technical Education Enhancements	$ 9,178,998	$ 9,372,999	$ 12,539,418	33.78%	$ 12,564,418	0.20%
GRF	200550	Foundation Funding	$ 5,785,592,097	$ 6,151,463,768	$ 6,502,580,561	5.71%	$ 6,815,304,196	4.81%

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			FY 2014	Estimate FY 2015	Introduced FY 2016	FY 2015 to FY 2016 % Change	Introduced FY 2017	FY 2016 to FY 2017 % Change
EDU	**Department of Education**							
GRF	200566	Literacy Improvement	$ 150,000	$ 150,000	$ 3,000,000	1,900.00%	$ 3,000,000	0.00%
GRF	200572	Adult Diploma	$0	$ 0	$ 7,500,000	N/A	$ 10,000,000	33.33%
GRF	200573	EdChoice Expansion	$0	$ 0	$ 23,500,000	N/A	$ 31,500,000	34.04%
GRF	200574	Half-Mill Maintenance Equalization	$0	$ 0	$ 18,750,000	N/A	$ 19,250,000	2.67%
GRF	200588	Competency Based Education Pilot	$0	$ 0	$ 2,500,000	N/A	$ 2,500,000	0.00%
GRF	200901	Property Tax Allocation - Education	$ 1,142,318,445	$ 1,159,810,000	$ 0	-100.00%	$ 0	N/A
General Revenue Fund Total			**$ 7,904,998,180**	**$ 8,415,765,295**	**$ 7,697,170,506**	**-8.54%**	**$ 8,041,580,485**	**4.47%**
4520	200638	Fees and Refunds	$ 193,488	$ 1,200,000	$ 1,000,000	-16.67%	$ 1,000,000	0.00%
4540	200610	GED Testing	$ 1,048,112	$ 250,000	$ 250,000	0.00%	$ 250,000	0.00%
4550	200608	Commodity Foods	$ 13,189,058	$ 27,478,371	$ 24,000,000	-12.66%	$ 24,000,000	0.00%
4L20	200681	Teacher Certification and Licensure	$ 7,873,847	$ 14,097,015	$ 16,400,000	16.34%	$ 16,900,000	3.05%
5960	200656	Ohio Career Information System	$ 322,035	$ 655,186	$ 0	-100.00%	$ 0	N/A
5980	200659	Auxiliary Services Reimbursement	$ 619,753	$ 2,629,582	$ 1,328,910	-49.46%	$ 1,328,910	0.00%
5BJ0	200626	Half-Mill Maintenance Equalization	$ 17,839,478	$ 20,000,000	$ 0	-100.00%	$ 0	N/A
5H30	200687	School District Solvency Assistance	$ 4,974,000	$ 25,000,000	$ 10,000,000	-60.00%	$ 10,000,000	0.00%
5JC0	200654	Adult Career Opportunity Pilot Program	$0	$ 2,500,000	$ 0	-100.00%	$ 0	N/A
5KT0	200673	Early Childhood Education	$0	$ 0	$ 20,000,000	N/A	$ 20,000,000	0.00%
5KX0	200691	Ohio School Sponsorship Program	$ 278,035	$ 487,419	$ 487,419	0.00%	$ 528,600	8.45%
5KY0	200693	Community Schools Temporary Sponsorship	$ 19,797	$0	$0	N/A	$0	N/A
5MM0	200677	Child Nutrition Refunds	$ 4,693	$ 500,000	$ 550,000	10.00%	$ 550,000	0.00%
5T30	200668	Gates Foundation Grants	$ 46,000	$ 153,000	$ 0	-100.00%	$ 0	N/A
5U20	200685	National Education Statistics	$ 138,555	$ 154,880	$ 300,000	93.70%	$ 300,000	0.00%
6200	200615	Educational Improvement Grants	$ 46,797	$ 42,000	$ 175,000	316.67%	$ 175,000	0.00%
Dedicated Purpose Fund Group Total			**$ 46,593,648**	**$ 95,147,453**	**$ 74,491,329**	**-21.71%**	**$ 75,032,510**	**0.73%**
1380	200606	Information Technology Development and Support	$ 5,157,656	$ 5,585,458	$ 6,850,090	22.64%	$ 6,850,090	0.00%
4R70	200695	Indirect Operational Support	$ 6,205,549	$ 6,816,716	$ 7,600,000	11.49%	$ 7,600,000	0.00%

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			FY 2014	Estimate FY 2015	Introduced FY 2016	FY 2015 to FY 2016 % Change	Introduced FY 2017	FY 2016 to FY 2017 % Change
EDU	**Department of Education**							
4V70	200633	Interagency Program Support	$ 47,806	$ 595,959	$ 500,000	-16.10%	$ 500,000	0.00%
Internal Service Activity Fund Group Total			**$ 11,411,011**	**$ 12,998,133**	**$ 14,950,090**	**15.02%**	**$ 14,950,090**	**0.00%**
7017	200612	Foundation Funding	$ 775,500,000	$ 857,700,000	$ 877,700,000	2.33%	$ 877,700,000	0.00%
7017	200629	Community Connectors	$0	$ 10,000,000	$ 15,000,000	50.00%	$ 15,000,000	0.00%
7017	200648	Straight A Fund	$ 43,027,597	$ 150,000,000	$ 100,000,000	-33.33%	$ 100,000,000	0.00%
7017	200666	EdChoice Expansion	$ 3,772,221	$ 17,000,000	$ 0	-100.00%	$ 0	N/A
7017	200684	Community School Facilities	$ 7,500,000	$ 7,500,000	$ 18,350,000	144.67%	$ 19,700,000	7.36%
7018	200686	Early Learning Programs	$ 10,333,429	$0	$0	N/A	$0	N/A
State Lottery Fund Group Total			**$ 840,133,247**	**$ 1,042,200,000**	**$ 1,011,050,000**	**-2.99%**	**$ 1,012,400,000**	**0.13%**
7047	200909	School District Property Tax Replacement-Business	$ 481,703,493	$ 482,000,000	$ 0	-100.00%	$ 0	N/A
7053	200900	School District Property Tax Replacement-Utility	$ 27,950,753	$ 28,000,000	$ 0	-100.00%	$ 0	N/A
Revenue Distribution Fund Group Total			**$ 509,654,246**	**$ 510,000,000**	**$ 0**	**-100.00%**	**$ 0**	**N/A**
3090	200601	Neglected and Delinquent Education	$ 1,344,133	$ 2,168,642	$ 1,600,000	-26.22%	$ 1,600,000	0.00%
3670	200607	School Food Services	$ 7,182,055	$ 9,926,992	$ 9,240,111	-6.92%	$ 9,794,517	6.00%
3700	200624	Education of Exceptional Children	$ 1,800,413	$ 2,557,348	$ 1,702,040	-33.45%	$ 1,274,040	-25.15%
3AF0	200603	Schools Medicaid Administrative Claims	$ 227,295	$ 763,696	$ 750,000	-1.79%	$ 750,000	0.00%
3AN0	200671	School Improvement Grants	$ 25,453,443	$ 32,400,000	$ 32,400,000	0.00%	$ 32,400,000	0.00%
3AX0	200698	Improving Health and Educational Outcomes of Young People	$ 35,424	$0	$0	N/A	$0	N/A
3BK0	200628	Longitudinal Data Systems	$ 875,462	$ 1,126,499	$ 0	-100.00%	$ 0	N/A
3C50	200661	Early Childhood Education	$ 11,651,075	$ 12,106,168	$ 14,554,749	20.23%	$ 14,554,749	0.00%
3CG0	200646	Teacher Incentive	$ 7,305,559	$ 22,647,751	$ 12,500,000	-44.81%	$ 200,000	-98.40%
3D10	200664	Drug Free Schools	$0	$ 962,025	$ 521,000	-45.84%	$ 282,000	-45.87%
3D20	200667	Math Science Partnerships	$ 3,814,974	$ 7,819,852	$ 7,500,000	-4.09%	$ 7,500,000	0.00%
3DP0	200652	Title I School Improvement - Federal Stimulus	$ 7,028,162	$ 12,434	$ 0	-100.00%	$ 0	N/A
3EC0	200653	Teacher Incentive - Federal Stimulus	$ 2,110,582	$0	$0	N/A	$0	N/A

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EDU	**Department of Education**							
3EH0	200620	Migrant Education	$ 2,678,076	$ 3,421,924	$ 2,900,000	-15.25%	$ 2,900,000	0.00%
3EJ0	200622	Homeless Children Education	$ 2,542,530	$ 2,610,376	$ 2,600,000	-0.40%	$ 2,600,000	0.00%
3EK0	200637	Advanced Placement	$ 360,567	$ 897,750	$ 432,444	-51.83%	$ 498,484	15.27%
3EN0	200655	State Data Systems - Federal Stimulus	$ 539,135	$ 1,853,066	$ 0	-100.00%	$ 0	N/A
3FD0	200665	Race to the Top	$ 119,936,684	$ 74,810,397	$ 12,000,000	-83.96%	$ 0	-100.00%
3FN0	200672	Early Learning Challenge - Race to the Top	$ 7,066,797	$ 10,909,909	$ 8,000,000	-26.67%	$ 3,400,000	-57.50%
3GE0	200674	Summer Food Service Program	$ 11,415,575	$ 13,650,000	$ 14,423,915	5.67%	$ 14,856,635	3.00%
3GF0	200675	Miscellaneous Nutrition Grants	$ 171,120	$ 814,720	$ 3,000,000	268.22%	$ 3,000,000	0.00%
3GG0	200676	Fresh Fruit and Vegetable Program	$ 3,775,953	$ 3,880,140	$ 5,026,545	29.55%	$ 5,177,340	3.00%
3GP0	200600	School Climate Transformation	$0	$ 260,427	$ 252,420	-3.07%	$ 252,420	0.00%
3GQ0	200679	Project Aware	$0	$ 1,924,316	$ 1,907,423	-0.88%	$ 1,907,423	0.00%
3H90	200605	Head Start Collaboration Project	$ 236,649	$ 283,798	$ 225,000	-20.72%	$ 225,000	0.00%
3L60	200617	Federal School Lunch	$ 333,159,200	$ 361,126,273	$ 371,960,060	3.00%	$ 383,118,860	3.00%
3L70	200618	Federal School Breakfast	$ 102,694,920	$ 112,819,813	$ 117,332,605	4.00%	$ 122,025,909	4.00%
3L80	200619	Child/Adult Food Programs	$ 90,103,317	$ 110,202,428	$ 113,508,500	3.00%	$ 116,913,755	3.00%
3L90	200621	Career-Technical Education Basic Grant	$ 42,839,370	$ 46,438,035	$ 44,663,900	-3.82%	$ 44,663,900	0.00%
3M00	200623	ESEA Title 1A	$ 567,416,547	$ 580,154,709	$ 590,000,000	1.70%	$ 600,000,000	1.69%
3M20	200680	Individuals with Disabilities Education Act	$ 405,622,192	$ 428,708,256	$ 444,000,000	3.57%	$ 445,000,000	0.23%
3T40	200613	Public Charter Schools	$ 413,566	$0	$0	N/A	$0	N/A
3Y20	200688	21st Century Community Learning Centers	$ 42,474,190	$ 50,867,847	$ 50,000,000	-1.71%	$ 50,000,000	0.00%
3Y60	200635	Improving Teacher Quality	$ 81,327,248	$ 82,287,713	$ 90,000,000	9.37%	$ 90,000,000	0.00%
3Y70	200689	English Language Acquisition	$ 9,218,354	$ 9,700,000	$ 10,101,411	4.14%	$ 10,101,411	0.00%
3Y80	200639	Rural and Low Income Technical Assistance	$ 3,057,857	$ 3,300,000	$ 3,300,000	0.00%	$ 3,300,000	0.00%
3Z20	200690	State Assessments	$ 10,666,361	$ 22,062,905	$ 10,263,000	-53.48%	$ 10,263,000	0.00%
3Z30	200645	Consolidated Federal Grant Administration	$ 5,893,401	$ 9,325,286	$ 10,000,000	7.24%	$ 10,000,000	0.00%
Federal Fund Group Total			**$ 1,912,438,184**	**$ 2,024,801,495**	**$ 1,986,665,123**	**-1.88%**	**$ 1,988,559,443**	**0.10%**

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EDU Department of Education						
Department of Education Total	$ 11,225,228,516	$ 12,100,912,376	$ 10,784,327,048	-10.88%	$ 11,132,522,528	3.23%