

Restructuring Ohio Department of Education and State Board of Education

Senate Bill 1/
House Bill 12

Summary

Senate Bill (SB) 1 is sponsored by Sen. Bill Reineke (R-Tiffin). House Bill (HB) 12 is sponsored by Reps. Don Jones (R-Freeport) and Dave Dobos (R-Columbus). This bill would create a cabinet-level Department of Education and Workforce (DEW). DEW would have two divisions: the division of K-12 education and the division of career technical education. The director of DEW would be appointed by the governor.

The State Board of Education would maintain its current membership, with 11 elected and eight appointed members, but the role of the State Board would be drastically changed. All board responsibilities would move to DEW, except for duties related to teacher licensure, territory transfer and selecting a state superintendent of public instruction. Under the bills, the state superintendent could serve as an advisor to the DEW director, but the current responsibilities of the state superintendent would move to the director of DEW.

Position

OSBA supports the need to highlight great things occurring at career-tech centers, the opportunities they provide for students and the partnerships shared with local employers to help fill Ohio's workforce needs. While OSBA supports the elevation of career-technical education and opportunities for students, we have significant concerns about restructuring the roles of the State Board and the superintendent of public instruction.

OSBA believes that the goals of highlighting and elevating career-technical education can be accomplished without engaging in drastic restructuring.

OSBA strongly opposes the creation of a new agency resulting in the reduction of the role and significance of the State Board and superintendent of public instruction. These bills would undermine the role and authority of the State Board's elected members. The board would no longer be acting in any significant way on behalf of the citizens they represent. At the core of OSBA's existence is the belief that education in Ohio will be at its best when the interests of the people are served through publicly elected boards. The State Board is no different. The current State Board policymaking process is transparent with many observers and interested parties weighing in on the decisions before the board. Associations, parents, school leaders, educators and the public take advantage of the public nature of these deliberations. OSBA appreciates that the bills have been amended to include a stakeholder outreach process that will allow input during the rulemaking process. However, OSBA is still concerned that decisions about important topics, such as setting the state's learning standards, graduation requirements for students and school district report cards, would be removed from State Board's responsibilities, thus diminishing the voice of Ohio citizens who voted to elect their State Board member. **OSBA requests that the changes to the State Board's role be removed from the bill to allow for the continuation of open, transparent policymaking that exists today.**



Voucher expansion

HB 33, SB 11 and HB 11

As introduced in budget proposal, HB 33

Summary

Gov. Mike DeWine's budget proposal includes an expansion of the income-based EdChoice vouchers. Provisions in the proposal include:

- Eligibility for income based EdChoice vouchers would increase from 250% of federal poverty level to 400% of federal poverty level. This change would mean a family of four making \$111,000 or less would be eligible for an income-based voucher.
- Approximately 80% of Ohio families would qualify for this voucher under the proposed change.
- The accountability measures would follow current law and require annual testing for voucher students with some exceptions/alternatives.
- There are no additional financial accountability/transparency measures included in this proposal.

The cost of this proposal has been estimated by the nonpartisan Legislative Service Commission (LSC) to be an additional \$178 million in the first year, with the cost increasing moving forward.

- The voucher amounts are \$5,500 (K-eight) and \$7,500 (nine-12).
- In addition to the voucher amounts, chartered nonpublic schools would continue to receive funding for auxiliary services and administrative cost reimbursement totaling around \$1,400 per student.

Position

We oppose the expansion of vouchers until three conditions are met:

1. The Fair School Funding Plan is updated and fully funded.
2. Provide additional academic transparency to allow parents a transparent choice when deciding where to educate their children. All schools accepting state vouchers must be required to collect and submit the same data as public schools for all students they educate. This data must be publicly reported annually, providing parents and taxpayers the same information across educational settings.
3. All schools accepting voucher funds must provide the same open, transparent financial reporting as public schools and undergo audits to ensure the proper use of taxpayer dollars.



SB 11

Summary

SB 11, the Parent Educational Freedom Act, is sponsored by Sen. Sandra O'Brien (R-Rome). It would provide vouchers for any Ohio student in grades K-12 to attend a chartered nonpublic school. An overview of the provisions include:

- All students in grades K-12 are eligible.
- The voucher must be used for tuition only at a chartered nonpublic school.
- The accountability measures would follow current law and require annual testing for voucher students with some exceptions/alternatives.
- There are no additional financial accountability/transparency measures included in this proposal.

The cost has been estimated by the LSC at an additional \$536.4 million in the first year, with the cost increasing moving forward.

- The voucher amounts are \$5,500 (K-eight) and \$7,500 (nine-12).
- In addition to the voucher amounts, chartered nonpublic schools would continue to receive funding for auxiliary services and administrative cost reimbursement totaling almost \$1,400 per student.

Position

We oppose the expansion of vouchers until three conditions are met:

1. The Fair School Funding Plan is updated and fully funded.
2. Provide additional academic transparency to allow parents a transparent choice when deciding where to educate their children. All schools accepting state vouchers must be required to collect and submit the same data as public schools for all students they educate. This data must be publicly reported annually, providing parents and taxpayers the same information across educational settings.
3. All schools accepting voucher funds must provide the same open, transparent financial reporting as public schools and undergo audits to ensure the proper use of taxpayer dollars.

HB 11

Summary

HB 11, the Backpack Scholarship Program, is sponsored by Reps. Riordan McClain (R-Upper Sandusky) and Marilyn John (R-Shelby). HB 11 would provide educational savings accounts for all Ohio students, including students attending a chartered nonpublic school, nonchartered nonpublic (08) school or those being homeschooled. The funds deposited into the educational savings account may be used for tuition or other approved expenses. Accountability measures would be reduced to include testing every other year in grades first through eighth using a state test or other nationally recognized measure of achievement. There are no additional financial accountability/transparency measures included in this proposal.

The cost of this proposal has been estimated by LSC at an additional \$1.13 billion in the first year, with the cost increasing moving forward.

- The voucher amounts are \$5,500 (K-eight) and \$7,500 (nine-12).
- In addition to the educational savings account amounts, chartered nonpublic schools would continue to receive funding for auxiliary services and administrative cost reimbursement totaling almost \$1,400 per student.

Position

We oppose the expansion of vouchers until three conditions are met:

1. The Fair School Funding Plan is updated and fully funded.
2. Provide additional academic transparency to allow parents a transparent choice when deciding where to educate their children. All schools accepting state vouchers must be required to collect and submit the same data as public schools for all students they educate. This data must be publicly reported annually, providing parents and taxpayers the same information across educational settings.
3. All schools accepting voucher funds must provide the same open, transparent financial reporting as public schools and undergo audits to ensure the proper use of taxpayer dollars.

Income and property tax reform

HB 1

Summary

HB 1 is sponsored by Rep. Adam Mathews (R-Lebanon). It is an income and property tax reform bill that proposes a "flat" income tax of 2.75%, under most circumstances, and modifies several provisions of the current property tax system. Below is an overview of the provisions in the current version of HB 1:

- Eliminates the current income tax brackets and applies a single income tax rate of 2.75% on income over \$26,050.
- Eliminates the 10% property tax rollback reimbursement for schools and local governments (on its own, this change would result in an automatic 10% increase for property taxpayers).
- Revises the 2.5% homestead property tax rollback to be a flat \$125 credit for all owner-occupied homes.
- Revises the homestead exemption program.
- Reduces the property tax assessment percentage for Class 1 and Class II property from 35% to 31.5%.
- Applies an annual inflation adjustment to the assessment percentage, which can result in the assessment percentage being lower than 31.5%, but not greater than 31.5%.

As introduced, HB 1 results in a property tax increase to residential and agricultural property taxpayers and a decrease in funding to schools and local governments due to Ohio property tax law (including the application of HB 920).

The elimination of the 10% rollback reimbursement and the reduction of the assessment percentage by 10% (35% to 31.5%) were intended to offset each other. However, due to Ohio property tax law (including HB 920), the elimination of the 10% rollback and reduction of the assessment percentage (35% to 31.5%) results in:

- \$929 million annual tax increase for residential and agricultural property taxpayers;
- \$157 million annual tax decrease for business and commercial property taxpayers;
- \$538 million annual decrease in local tax revenues for schools and local governments.



HB 920 applies to certain voted levies to ensure the taxes charged and payable on a property remain consistent and do not increase or decrease beyond their previous level after property reappraisal. When property values increase, the HB 920 tax reduction factors apply and decrease the effective tax rates to preserve property tax revenue at the previous level. When property values decrease, the HB 920 tax reduction factors apply and increase the effective tax rates to preserve property tax revenue at the previous level. Therefore, if the assessment percentage is reduced to 31.5%, the HB 920 tax reduction factors will apply and increase the effective tax rates to preserve property tax revenue at the previous level.

The specific fiscal impact on local residential and agricultural taxpayers, as well as on schools and other local governments, will depend on their mixture of inside millage; voted "fixed sum" levies, such as bond, emergency and substitute levies and voted "fixed rate" levies.

Position

We oppose HB 1 due to the tax increase for residential and agricultural property taxpayers and the annual decrease in local tax revenues for schools and local governments.

Fiscal year (FY) 2024 and 2025 biennial budget

HB 33

Summary

HB 33 is sponsored by Rep. Jay Edwards (R-Nelsonville). This bill would make operating appropriations for the biennium beginning July 1, 2023, and ending June 30, 2025.

School funding

The bill would continue the implementation of the Fair School Funding Plan (FSFP), providing funding for years three and four of the six-year phase-in. The bill would increase funding by 50% (\$159 million) in FY 24 and 66.7% (\$274 million) in FY 25. The state share component of the funding model uses updated local capacity data (property and income data) and the base cost component uses FY 18 inputs.

Additionally, the bill would provide funding for Disadvantaged Pupil Impact Aid (DPIA) and phases-in the funding at the same rate as other components of the FSFP.

Student wellness and success funds

HB 33 would require districts and schools to spend student wellness and success funds (SWSF) on the same initiatives required for DPIA funds. Also, schools would be required to spend at least 50% of SWSF for either physical or mental health-based initiatives, or a combination of both. Lastly, the bill would require schools to spend existing funds (allocated in FY 20-23) by the end of FY 25 and would allow carry over of new funding (FY 24 and FY 25) for only one year or funds would be repaid to the Ohio Department of Education (ODE).

Transportation funding

The bill includes an increase to the minimum state share for transportation of approximately 37.5% in FY 24 and 41.66% in FY 25. Currently, the bill does not include funding for the school bus purchase program. However, school bus purchase funding that was awarded in FY 22 or FY 23 that has not been expended would be rolled over to FY 24.

Career center funding

The bill would allocate \$300 million in one-time funding for capital improvements and equipment to increase eligibility and programming.

School resource officer funding

HB 33 would provide funding to support school resource officers at public and private schools as an "opt-in" model. A school district's state share would be applied to the funding while private and charter schools would not be subject to the state share calculation.



Literacy instruction and funding

The bill would require evidence-based reading instruction in the Science of Reading. ODE would be required to create professional development coursework that would be required for teachers and administrators to complete by June 30, 2025. Additionally, the bill would provide stipends to teachers for the completion of required professional development. School districts also would receive funding to offset the cost of required evidence-based curriculum and instructional materials. Additionally, school districts with the lowest percentage of proficient students would receive literacy coaches to assist with literacy instruction in the schools.

Position

We are advocating for the following changes to the funding provisions:

- update base cost inputs to use FY 22 data;
- full phase-in of the FSFP;
- include funding for a cost study on economically disadvantaged students;
- remove the local share requirement for school resource officers and provide full funding of \$94,500 for public schools.