

OSBA/OASBO/BASA State Legislative Conference

Tuesday, March 21, 2023

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- 9:00 a.m. Lobbyists' briefing on key issues
Katie Johnson, Ohio Association of School Business Officials
Jennifer Hogue and Nicole Piscitani, Ohio School Boards Association
Dr. Paul Imhoff, Buckeye Association of School Administrators
- 9:45 a.m. Gov. Mike DeWine
- 10:00 a.m. Sen. Matt Huffman, Senate President, District 12
- 10:30 a.m. Rep. Jason Stephens, House Speaker, District 93
- 11:00 a.m. **Senator Andrew O. Brenner**, Chair of the Senate Education Committee
Rep. Adam Bird, Chair of the House Primary and Secondary Education Committee
Senator Catherine D. Ingram, Ranking Member of the Senate Education Committee
Rep. Phillip M. Robinson, Jr., Ranking Member of the House Primary and Secondary Education Committee
- 12 - 1:00 p.m. Lunch with your legislators





Legislative Update

MARCH 21, 2023

JENNIFER HOGUE & NICOLE PISCITANI, OSBA

KATIE JOHNSON, OASBO

DR. PAUL IMHOFF, BASA

HB 33- Governor's Budget Proposal

School Funding

- Continues the implementation of the Fair School Funding Plan, providing funding for years three and four of the six-year phase-in
- Increases funding by 50% (\$159 million) in FY 24 and 66.7% (\$274 million) in FY 25
- Uses updated local capacity data (property and income data)
- Keeps base cost inputs at FY 18 levels



HB 33- Governor's Budget Proposal

Disadvantaged Pupil Impact Aid (DPIA)

- Funding for Disadvantaged Pupil Impact Aid (DPIA) is phased in at that same rate
- Funding for an Economically Disadvantaged cost study not included in the budget proposal

Student Wellness and Success Funds

- Requires districts and schools to spend student wellness and success funds (SWSF) on the same initiatives required for disadvantaged pupil impact aid (DPIA) funds
- Of those initiatives, requires districts and schools to spend at least 50% of SWSF for either physical or mental health-based initiatives, or a combination of both
- Requires schools to spend existing funds (allocated in FYs 20-23) by the end of FY25
- Allows carry over of new funding (FY 24 and FY 25) for only one year or funds must be repaid to ODE.



HB 33- Governor's Budget Proposal

Transportation Funding

- Increases the minimum state share for transportation of approximately 37.5% in FY 24 and 41.66% in FY 25
- Does not include funding for the school bus purchase program
- 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

- Allocates \$300 million in one-time funding for capital improvements and equipment to increase eligibility and programming

School Resource Officer Funding

- Provides 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



HB 33- Governor's Budget Proposal

Requires evidence-based reading instruction – Science of Reading

- Requires ODE to create professional development coursework that would be required for teachers and administrators to be completed by June 30, 2025
 - Provides \$43 million to schools in reimbursement payments for paying stipends to teachers to complete ODE-provided professional development in the Science of Reading and evidence-based strategies for effective literacy instruction
 - \$1,200 stipends for all K-5 teachers, grades 6-12 ELA teachers, intervention specialists, EL teachers, reading specialists, and preK-12 instructional coaches; \$400 stipends for non-ELA teachers in grades 6-12



HB 33- Governor's Budget Proposal

Curriculum and instructional material requirements, with associated funding

- Provides \$64 million to subsidize the cost for schools to purchase high-quality core curriculum and instructional materials in English language arts and evidence-based reading intervention programs from ODE-established lists
- ODE must compile a list of high-quality core curriculum and instructional materials in English language arts and a list of evidence-based reading intervention programs that are aligned with the Science of Reading and strategies for effective literacy instruction
- Starting with the 2024-25 school year, districts and schools must use the core curriculum, instructional materials, and intervention programs only from these ODE-compiled lists



HB 33- Governor's Budget Proposal

- Funding for literacy coaches to assist schools with the lowest literacy proficiency rates



HB 1 – Property/Income Tax

- Sponsored by Rep. Adam Mathews (R-Lebanon)
- 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



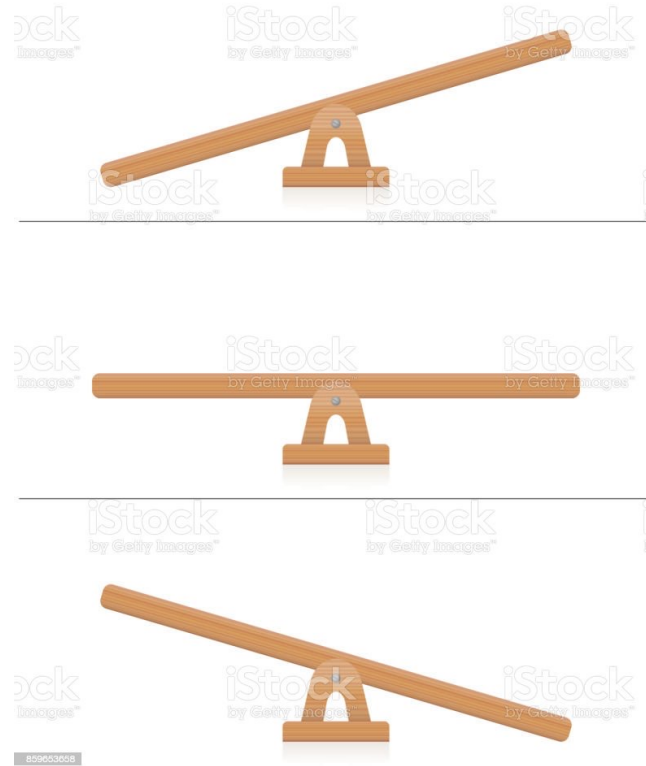
HB 1 – Property/Income Tax

- Reduces the *property tax assessment percentage* for Class I and Class II property from **35% to 31.5%** (a 10% decrease; however, see impact of HB 920 next slide)
- 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%

Note: The assessment percentage may be reduced annually and between reappraisal/update cycles without a corresponding adjustment to property valuations; thus, annual adjustments to the assessment percentage on account of inflation *may not* correspond to changes in real property valuation



HB 1 – Property/Income Tax – HB 920 Applies



HB 1 – Property/Income Tax – HB 920 Applies

- Eliminating the 10% rollback and reducing the assessment percentage by 10% are 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
- The specific **fiscal impact** on any school or local government and their taxpayers will **depend on their mixture** of:
 - inside millage
 - voted “fixed sum” levies (emergency, substitute, and bond levies)
 - voted “fixed rate” levies



HB 1 – Property/Income Tax

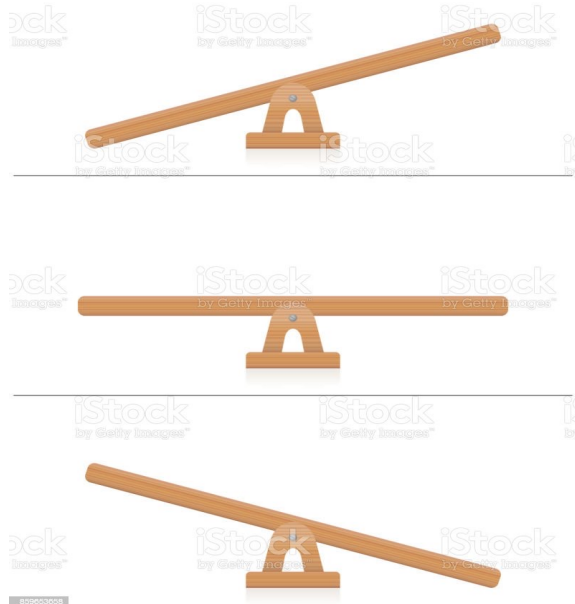
- **Inside Millage** (unvoted 10 mills per the Ohio Constitution)
 - Schools typically receive 4-5 inside mills
 - HB 920 **does not** apply to inside millage
 - If the assessment percentage is reduced to 31.5%, ***local tax revenues*** from inside millage will be ***reduced***
- **Bond and Emergency Levies** (voted “fixed sum” levies)
 - Voters approve a dollar amount rather than a millage rate
 - HB 920 **does not** apply to voted “fixed sum” levies; ***however***, the millage rate on these types of levies is adjusted every year to ensure the voted dollar amount is generated
 - If the assessment percentage is reduced to 31.5%, the ***tax rates will automatically increase*** so that the tax revenue collected by these levies remains the same.



HB 1 – Property/Income Tax

Operating and Permanent Improvement Levies (voted “fixed rate” levies)

- Voters approve a millage rate rather than a dollar amount
- HB 920 **does** apply to fixed rate levies.
 - When **property values increase**, the HB 920 tax reduction factors apply and **decrease the effective tax rates** in order 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** in order to preserve property tax revenue at the previous level
- Therefore, when the assessment percentage is **decreased from 35% to 31.5%**, the HB 920 tax reduction factors apply and **increase the effective tax rates** in order to preserve property tax revenue at the previous level



HB 1 – Property/Income Tax

- 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
- The specific **fiscal impact** on any school or local government and their taxpayers will **depend on their mixture** of inside millage, voted fixed rate levies, and emergency, substitute, and/or bond levies
- Resources:
 - **Analysis of HB 1**, prepared by Ohio Education Policy Institute Consultant Dr. Howard Fleeter based on currently available information, can be viewed by [clicking here](#)
 - **Calculator**, prepared by Jared Bunting (Treasurer/CFO, Jackson CSD; OASBO Board Member; Chair of OASBO Legislative Committee) and Matt Bunting (Treasurer/CFO, Athens CSD) based on the “as introduced” version of the bill



HB 1 - Property/Income Tax

43521		Athens City SD	
	Property Value	Assessed Rate	
Full Class I Value	1,177,145,571		
Full Class II Value	586,826,429		
Full PUPP Value	163,940,457		
Current Class I Assessed Value	412,000,950	35.0%	
Current Class II Assessed Value	205,389,250	35.0%	
Current PUPP Assessed Value	57,379,160	35.0%	
HB1 Class I Assessed Value	370,800,855	31.5%	
HB1 Class II Assessed Value	184,850,325	31.5%	
HB1 PUPP Assessed Value	57,379,160	35.0%	

House Bill 1 - As Introduced

Projections based on current bill language as of March 02, 2023

* A levy year of 9999 indicates Inside Millage.

** Increase to Class I Taxpayers is accounting for the reduction in the 10% rollback if the levy is eligible. This does not increase the revenue to the district.

2.5% Non Business Tax Credit is assumed to be net zero due to lack of available data to compute this change.

*Levy Year	Levy Name	Full Rate	Class I Effective Rate	Class II Effective Rate	Eligible for Rollbacks	HB1 Class I Millage Adjustment	HB1 Class II Millage Adjustment	HB1 PUPP Millage Adjustment	**Increase to Class I Taxpayers due to HB920 Adjustment	Gross Revenue Loss
9999	GENERAL FUND	1.38	1.380000	1.380000	Y	-	-	-	-	(85,200)
9999	PERMANENT IMPROVEMENT	2.62	2.620000	2.620000	Y	-	-	-	-	(161,756)
1976	CURRENT EXPENSE	2.20	0.833124	0.830090	Y	0.092570	0.092235	-	34,325	-
1976	CURRENT EXPENSE	3.80	1.439033	1.433793	Y	0.159893	0.159312	-	59,288	-
1976	CURRENT EXPENSE	4.10	1.552641	1.546987	Y	0.172517	0.171885	-	63,969	-
1976	CURRENT EXPENSE	4.30	1.628379	1.622450	Y	0.180932	0.180273	-	67,089	-
1976	CURRENT EXPENSE	5.10	1.931334	1.924301	Y	0.214591	0.213813	-	79,571	-
1976	CURRENT EXPENSE	5.80	2.196419	2.188421	Y	0.244047	0.243157	-	90,493	-
1976	CURRENT EXPENSE (#2)	3.80	1.439033	1.433793	Y	0.159893	0.159312	-	59,288	-
1980	CURRENT EXPENSE	5.50	2.212952	2.171224	Y	0.245883	0.241247	-	91,174	-
1984	CURRENT EXPENSE	3.00	1.338108	1.326690	Y	0.148679	0.147411	-	55,130	-
1990	CURRENT EXPENSE	6.50	3.120669	3.281239	Y	0.346742	0.364581	-	128,572	-
1999	BOND (\$16,400,000)	1.19	1.190000	1.190000	Y	0.119846	0.119846	0.119846	44,439	-
1999	CURRENT EXPENSE	1.50	0.929488	0.982977	Y	0.103277	0.109220	-	38,295	-
2012	SUBSTITUTE RC 5705.199	5.45	5.450000	5.450000	Y	0.548875	0.548875	0.548875	203,523	-
2018	BOND (\$60,500,000)	4.19	4.190000	4.190000	N	0.421979	0.421979	-	(16,158)	(1)
2018	CLASSROOM FACILITIES	0.50	0.465716	0.446346	N	0.034284	0.049596	-	(6,475)	(6,475)
Total Projected Change due to HB1						3.194007	3.222741	1.090700	992,523	(253,432)

Sources:
Property Values pulled from ABS22SD - ODT



HB 33 – Vouchers

- **Estimated Cost** – \$178 million for first year followed by annual increases
- **Voucher Use** – Chartered non-public school (tuition only)
- **Accountability** – Follows current law – annual testing for voucher students with some exemptions/alternatives



HB 33- Vouchers

- **Voucher Amount**– \$5500 (K-8) and \$7500 (9-12)
- **Auxiliary Services & Administrative Cost Reimbursement Amounts**
 - Approximately \$1500 per student
- **Total Funding** – Approximately \$7000 (K-8) and \$9000 (9-12)



HB 11- Backpack Bill

- Sponsored by Reps. Riordan McClain (R-Nevada) and Marilyn John (R-Shelby)
- Universal vouchers for all students in any type of school in Ohio including chartered non-public, homeschool, and non chartered non-public (08) schools
- Prior attendance at a public school not required



HB 11- Backpack Bill

- **Estimated Cost** – \$1.16 billion for first year followed by annual increases
- **Voucher Use** – Chartered non-public school, homeschool, non-chartered non-public schools with options for funds including tuition and other items
- **Accountability** – Reduces frequency of assessments to every other year in grades 1-8 – use of state tests or a school selected that is a nationally recognized measure of achievement. Applies current high school requirements



HB 11- Backpack Bill

- **Voucher Amount**– \$5500 (K-8) and \$7500 (9-12)
- **Auxiliary Services and Administrative Cost Reimbursement Amounts** – Approximately \$1500 per student attending a chartered non-public school
- **Total Funding** – Approximately \$7000 (K-8) and \$9000 (9-12) for students attending a chartered non-public school



SB 11 – Parent Educational Freedom Act

- Sponsored by Sen. Sandra O'Brien (R-Rome)
- Universal vouchers for all students attending an Ohio chartered nonpublic school
- Prior attendance at a public school not required



SB 11 – Parent Educational Freedom Act

- **Estimated cost** - \$536.4 million for first year followed by annual increases
- **Voucher use** - Chartered nonpublic school (tuition only)
- **Accountability** – Follows current law – annual testing from voucher students with some exemptions/alternatives



SB 11 – Parent Educational Freedom Act

- Voucher amount - \$5500 (K-8) and \$7500 (9-12)
- Auxiliary Services and Administrative Cost Reimbursement Amounts – approximately \$1500 per student
- Total funding – approximately \$7000 (K-8) and \$9000 (9-12)



Senate Bill 1/House Bill 12

- Sponsored by Sen. Bill Reineke (R-Tiffin), Reps. Don Jones (R-Freeport) and Dave Dobos (R-Columbus)
- Would restructure the State Board of Education and the Ohio Department of Education
- OSBA opposes both bills



SB 1/HB 12

- Keeps the current makeup of the State Board of Education, but restricts their duties to selecting the state superintendent of public instruction, licensure decisions and territory transfer requests
- All other duties will lie with DEW



SB 1/HB 12

- Creates the Department of Education and Workforce (DEW) with two divisions
 - K-12 Education including preschool
 - Career Technical Education
- Creates the director of DEW who will be appointed by the governor and will serve as a member of the governor's cabinet



SB 1/HB 12

- Keeps the current makeup of the State Board of Education, but restricts their duties to selecting the state superintendent of public instruction, licensure decisions and territory transfer requests
- All other duties will lie with DEW



SB 1/HB 12

- Codifies current rules related to home schooling and nonchartered, nonpublic schools (08 schools)
- Prevents the director of DEW from adopting additional rules in these areas



SB 1/HB 12

- Amendments added in committee
 - Require the two deputy directors to have relevant educational, managerial or professional experience
 - Mandate that DEW publicly engage with interested parties when considering or drafting rules
 - Prevent DEW from endorsing policies or guidance unless they have followed the rulemaking process
- Pending in the House Primary and Secondary Education Committee



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