



**House Finance Primary and Secondary Education Subcommittee  
House Bill 49 Testimony  
Ohio School Boards Association  
Buckeye Association of School Administrators  
Ohio Association of School Business Officials  
March 8, 2017**

Good morning, Chairman Cupp, Ranking Member Miller, and members of the House Finance Primary and Secondary Education Subcommittee. Thank you for the opportunity to speak to you today regarding House Bill (HB) 49. My name is Barbara Shaner, Associate Executive Director for the Ohio Association of School Business Officials (OASBO). Joining me today for this testimony and in answering your questions are Damon Asbury, Director of Legislative Services for the Ohio School Boards Association (OSBA) and Thomas Ash, Director of Government Relations for the Buckeye Association of School Administrators (BASA).

Our organizations represent public school district boards of education, superintendents, treasurers/CFOs, business managers and other school business officials from around the state. Our members of course have a keen interest in the provisions proposed in HB 49. We are here today to offer our thoughts on the bill.

Before we begin, we want to acknowledge the work of this subcommittee and the Ohio House of Representatives in the last biennial budget process (HB 64), particularly your work on the school funding formula. We recognize your attempts to make changes to the funding formula aimed at appropriately directing scarce state resources to meet the needs of all students in Ohio. We believe HB 64 took steps to move Ohio toward a more effective school funding formula as a result of your work.

However, there is more work to be done. Disparities in educational opportunities for students still exist across the state. We urge you to continue efforts to eliminate those disparities to the extent possible. Our testimony will discuss areas of concern from a public policy perspective. Dr. Howard Fleeter, consultant for the Ohio Education Policy Institute (OEPI) will follow our testimony with more detailed explanations of issues with the current school funding formula and the proposed changes in HB 49.

**Provisions in HB 49**

It is our position that issues remain with the current calculation for determining the state and local shares of funding for schools, the State Share Index (SSI). HB 49's continuation of the use of the SSI in its current form serves to intensify subtle changes in property valuations which has the effect of causing significant shifts in district wealth. The SSI puts low density, large geographic districts at a disadvantage because it relies on "valuation per pupil" to determine

wealth. Additionally, the flawed income adjustment within the SSI serves to exacerbate this problem. Dr. Fleeter will explain these factors in more detail.

We agree with Governor Kasich's stated premise that state aid should be directed based on the capacity of local districts and their communities' ability to provide local funding. The question is whether the formula works in the appropriate way and whether districts have enough resources to serve students. There is no increase in the per-pupil Core Opportunity Aid or the other categorical components of the formula in the administration's proposal.

Dr. Fleeter's analysis (attached to this testimony) demonstrates that increases in state funding for education since the Great Recession have not kept pace with inflation. Further, there is no method in place for determining the cost of educating students. This has been a concern of our members for many years and it raises questions about the appropriateness of proposals in HB 49 to take funds away from school districts.

The bottom line is this — does a district have the necessary resources to serve its students? What programs and courses can be offered to students? Ohio's school funding formula should be calibrated in such a way that allows every district to prepare its students for college or a successful career. Again, we believe the current funding formula (adopted in HB 64) has made progress, but falls short of this objective.

The following list represents the fundamental concerns we have with the funding related changes found in HB 49.

#### **Transitional Aid Guarantee**

House Bill 49 would reduce funding for school districts receiving transitional aid guarantee funds. The reductions would be based on districts' enrollment loss over a five-year period.

It is our understanding that proponents of these funding cuts assert that changes in the districts' circumstance (such as the loss of students) are the causes for a district receiving transitional aid funds. Yet no direct correlation can be found between these changes in districts and the fact they qualify for Transitional Aid funds.

**We oppose this change.** If the legislature adopts the governor's ADM formula loss factor, it should not do so for districts spending below the statewide average expenditures per pupil, an indication that they have not had enough resources for their students to begin with.

We believe the rationale for reducing transitional aid funding is flawed. Ironically, an example which shows that the formula itself plays a role in districts receiving Transitional Aid can be found in the proposal in HB 49 itself. The number of districts on the transitional aid guarantee in Fiscal Year (FY) 2017 is 133 but that number would increase under proposed HB 49 to 315 in FY 2018 and 321 in FY 2019. Dr. Fleeter will discuss this in more detail, but we believe the proposed flat-funding of the Core Opportunity Aid and all the components of the formula are driving this phenomenon.

#### **Pupil Transportation**

Pupil transportation has been an underfunded line item for several biennia. The administration's proposal cuts funding for transportation even further to below current levels. We urge you to restore funding for transportation to at least FY 2017 levels.

This funding is essential for districts not only for their district students, but more importantly for students who are transported to nonpublic, community and STEM schools. This transportation is even more costly than district school transportation because of the wide dispersion of these students and lack of influence that the public schools have over these calendars and bell times.

Pupil transportation presents a significant challenge for many school districts. In many areas of the state, students would face great challenges in getting to school were it not for the option to ride a school bus. And rural districts often encompass a large geographic area but have low-density populations. HB 49 significantly reduces state funding for pupil transportation. While the administration's stated intent for the transportation formula changes is to target higher wealth districts, over 373 would lose transportation money in year one, and 164 of those would lose additional funding in year two. **We believe funding for transportation should be increased, not decreased.**

The funding formula for transportation services should incentivize efficiencies and account for specific circumstances among districts. Pete Japikse, Senior Transportation Consultant for the Ohio School Boards Association, will provide more information about our recommendations for transportation funding in separate testimony. He will also discuss the Transportation Supplement for low density districts.

**We urge this committee to recommend that school bus purchase funds be reinstated for districts that need it most.** Data would show that the safest way for students to get to school is on a yellow school bus. Yet the average age of Ohio's school bus fleet is 10 years, with many buses being kept until they are 15 years old. Because of the recent economic stress experienced by districts, bus purchases have been postponed. This leads to higher maintenance and repair costs, more pollution emissions and could raise safety concerns. These additional operating costs also places more burden upon the state budget for operational funding.

*I will now turn the testimony over to Tom Ash.*

#### **Tangible Personal Property Tax Reimbursements & TPP Supplement**

Separate from the funding formula changes found in proposed HB 49, is a provision in current law which phases out of the Tangible Personal Property (TPP) and Public Utility Tangible Personal Property Tax (PUTPP) replacement payments to school districts.

Many of the districts still receiving these replacement funds rely on them heavily and will have extreme difficulty in raising the lost revenue locally. TPP and PUTPP replacement funds were originally intended to phase out over time as the state school funding formula accounted for the loss (increased formula aid to replace the TPP loss). Because of many changes in the school funding formula over the years, and because the loss is so significant for some districts, replacement through the formula has not happened.

Further, as mentioned earlier, the proposed school funding formula in HB 49 allows for very little growth in state aid to overcome the continuation of TPP and PUTPP payment losses. The TPP Supplement the legislature added in the last biennial budget bill to hold districts harmless at FY 2015 levels is not continued under the current version of HB 49. Therefore, the lack of growth in state aid coupled with the elimination of the TPP Supplement, will mean a number of districts would see a net reduction in funding (state aid plus TPP payments).

Additionally, our understanding of the original intent of the Commercial Activity Tax (CAT), the

state tax enacted for purposes of replacing local TPP tax losses, was that the majority of the revenue would go to schools in some form. We believe current law does not honor that promise.

**We request that if there are to be continued reductions in TPP and PUTPP replacement payments as planned, these reductions be offset by increases in state aid through an improved school funding formula, or through a hold harmless provision.**

### **ESC funding**

Governor Kasich has stated his support for shared services. Educational Service Centers are the epitome of shared services, providing resources for districts that can't afford them individually. Yet HB49 as introduced, represents a reduction of approximately 25% in the operating subsidy for educational service centers for FY 2018. The line item 200-550 earmark is cut from the current appropriation of \$41.6 million to \$31 million, thereby reducing the per pupil allocation from \$27 per pupil to \$20 per student in each year.

Those who have been familiar with ESCs over the years, could surmise that educational service centers may be the victims of term limits. In 1995, the Ohio General Assembly passed legislation that created the ESCs. Funding was set at \$37 per pupil for what had been 88 separate county boards of education. However, for those county boards that merged to form multi-county ESCs, the appropriation was set at \$40.52 per student as an incentive to combine to increase efficiencies and to improve services. That \$40.52 was 1% of the then basic subsidy of \$4,052 per pupil for school districts, and the discussion at that time was that the ESC subsidy would remain 1% of future per pupil basic state aid.

Now, 22 years later, the per pupil basic aid has risen 48.04% while the subsidy for ESCs has been reduced by 33.38%.

Should the proposed \$20 per pupil for ESCs go unchanged from the "As Introduced" version, this will create additional costs for school districts relying on services from the ESCs, which will have no choice but to pass along the excess costs for such services. These are services often targeted for students with special needs; preschool classes for students with disabilities, services that school districts are required to provide those services. Related service providers, such as school psychologists, speech and language therapists, occupational therapists, and physical therapists are often provided through ESC arrangements. As we start a new school year with a renewed emphasis on reducing the rates of student absence and truancy, attendance officers are essential and these services are often obtained through ESCs.

In addition, temporary law proposed in the bill would have the State Superintendent of Public Instruction establish criteria and guidelines on how the ESC operating funds could be used. These criteria would specify that the funds would be used to reduce client school district expenditures and support improvement of student achievement at schools and districts identified by the department of education. Earmarking these funds could make current services no longer permitted to be subsidized by the ESC per pupil amount. Continuing such services would then fall to the client districts, thereby increasing school district costs.

Moreover, this temporary law appears to be in conflict with permanent law in ORC section 3313.843, which provides in division (G):

(1) For purposes of calculating any state operating subsidy to be paid to an educational service center for the operation of that service center and any services required under Title XXXIII of the Revised Code to be provided by the service center to a school district, the service center's student

count shall be the sum of the total student counts of all the school districts with which the educational service center has entered into an agreement under this section.

The law refers to any operating subsidy "for the operation of that service center and any services required under Title XXXIII of the Revised Code to be provided by the service center to a school district." Permitting the State Superintendent to establish any criteria and guidelines on the expenditure of these funds would appear to us to be in conflict with current law.

**For these reasons, we are advocating that (1) the ESC operating subsidy remain at least at the current level of \$41.6 million (if not increased to begin to approach the goal from 1995) and (2) that the temporary language potentially earmarking these funds be removed.**

### **Career Technical Education**

**We support the exemption of the career-technical weighted funding and the associated services funding from any capped amounts.** This change put in place in the last biennial budget bill (HB 64) was supported by the career-technical education stakeholders. The concept is that when capped, new programming designed to meet the needs of the work force not only in regions of this state but throughout Ohio, is discouraged. In other words, it is difficult for districts to add new programs when they cannot receive funding for the new students served.

Emerging technologies and the need to replace a skilled work force approaching retirement create a very real challenge for the training needs for Ohio's young people. Our career-tech members understand this challenge but should not be discouraged from expanding current programs for additional students by imposing artificial caps on funding. After all, enrollment in career-technical programs is voluntary on the part of students and their families.

Likewise, the associated services funding supports career counseling not only for those currently enrolled in such programs but also for those younger students who are not aware of the job opportunities available in their futures.

**We also support the new career-technical educator licenses (Ohio Revised Code section 3319.229 repealed and reenacted in the bill).** The current provisions create significant roadblocks for experienced individuals to teach the next generation of Ohio's skilled work force. While the General Assembly has enacted measures to reduce the burden of the educator residency requirements, the current requirements have created disincentives in attracting qualified individuals to train the next generation of Ohio's workers.

These new requirements emphasize the work experience of the aspiring career-technical educator and an industry credential (where applicable). In addition, the licensure would still require the following for renewal: classroom support provided by an institution of higher education; college coursework in the teaching of reading in the subject area; alignment with the career-technical and workforce development competencies developed by the Department of Education; and a summative performance-based assessment evaluating that career-tech teacher's knowledge and skills.

Ohio needs to attract the best possible individuals to teach the next generation of Ohio's workers. Creating a pathway for the most talented individuals to train our young people in possibly lifelong careers should be our goal.

*Damon Asbury will continue the testimony.*

### **Board Members & Externships**

The Governor's budget proposal, as contained in HB 49, includes some of the recommendations included in a report issued by the Governor's Office of Workforce Transformation. The report, entitled "Building Ohio's Future Workforce," includes ideas on how to better prepare Ohio's students for in-demand jobs today and in the future.

The ideas represent the thinking of a group of business leaders and workforce development specialists. As such, they offer an important perspective and deserve serious consideration. However, we submit that they should more properly be considered as recommendations and suggestions, but certainly not as policy directives incorporated into state policy and statute. And not in a 3500-page budget bill that will not allow ample opportunity to fully consider the recommendations and the short and long-range implications.

We do fully support the need for schools and business to establish improved cooperation and communication about the needs of students, schools and the workforce and agree that many of the recommendations merit study and even implementation. **However, there are two recommendations that we believe should not be adopted as policy directives.**

**The first is the idea that every teacher should be required to participate in an on-site work experience with a local business or chamber of commerce as a condition of license renewal.** While we agree that such experiences may indeed be valuable preparation for some teachers in some situations, we do not agree that it should be a mandate and certainly not for every teacher. Just the sheer number of such required externships every year – nearly 30,000 – could be challenging, not to mention the difficulty of monitoring the quality, meaning and value of the experience. This is clearly an area where one size does not fit all.

The means of establishing such experiences is already possible through the requirement that every teacher seeking renewal of his or her license must submit and complete an independent approved professional development plan. Let this be the vehicle for testing out this policy recommendation.

**The second area is the notion that the local superintendent of each school district appoint to the board of education three nonvoting, advisory members to represent local business.** Further, the current requirement that each board of education and educational services center appoint a business advisory council (BAC) is to be repealed. We have concerns about these recommendations from both a policy and a practical perspective.

The members of local boards of education are elected by the community to serve the educational needs of the children in the community. In addition, many board members also have careers in business, industry, and the professions themselves. A survey of current board members shows that over 55% of all school board members in Ohio are executives or business professionals. The roster includes attorneys, accountants, architects, bankers, dentists, doctors, engineers, real estate professionals and small business owners.

Boards of Education already have the authority and responsibility to establish Business Advisory Committees (BAC) and often include local business members on these committees. BACs are meant to advise the board of education on important issues related to the employment needs of the business community. Replacing an established BAC with three individuals may actually be a step backward from the current practice.

We believe that the current requirement for BACs is the best way to achieve the desired goals. In fact, the currently stated purposes of the BACs is identical to the language contained in the bill as to the purposes of the new three nonvoting members. Many of the BACs are indeed working well and effectively.

We have heard criticism that some are not or that some are operating below the desired level of public awareness. That is a relatively simple fix; to reinforce the importance of the BAC, language could be included to charge it with making formal and public reports to the board of education on some fixed schedule and review the BAC membership to ensure that the chamber of commerce or other similar business organizations are represented. The law could also require that the Office of Workforce Transformation share important information concerning in-demand jobs and work skills to the local BACs.

**Our organizations certainly lend our full support to the proposed mission, but believe it can best be achieved in ways outlined today with respect to ex officio board members and teacher externships.**

### **College Credit Plus (CCP) Issues**

HB 49 contains proposals to change the current CCP program. Our organizations have been pursuing changes since the program's inception. Some of the changes in HB 49 represent a step in the right direction, however, we urge you to consider additional changes.

The following are the CCP provisions in HB 49 in its current form:

- Student Eligibility: CCP participation would be limited to students who demonstrate college preparedness, such as scoring remediation-free on a college entrance exam.
- Course Eligibility: There will be some restrictions, established by rule, on the courses eligible for CCP funding.
- Continuing Student Participation: Students who underperform in CCP will need to meet certain requirements in order to continue participation.
- Textbooks: The cost to high schools for textbooks will be limited to \$10 per credit hour for districts, or to a cost and distribution arrangement negotiated with the college.
- Funding Floor & Ceiling: The budget eliminates the ability for higher education institutions (IHEs) to negotiate per credit hour funding below the established floor.

The student, course eligibility and continuing student participation provisions are very much needed. School districts have reported that some college courses students are taking under CCP do not match the rigor of some high school level courses that do not qualify for CCP. Districts have also expressed concerns that students that are not truly "college ready" are being accepted into institutions of higher education. These changes could help to alleviate those concerns.

The textbook change limiting the cost to school districts to \$10 per credit hour is a tremendous improvement over the current system. However, we call your attention to a second attachment to this testimony which outlines our specific recommendations for CCP as well as rationale for the changes. **We support greater flexibility for school districts in dealing with the costs of the program.**

**We oppose the elimination of the waiver for districts and IHEs to negotiate a credit hour price below the established floor.** You'll see from our attached recommendations that we favor a more market driven approach to local agreements. Currently, school districts have little

power to negotiate under CCP.

### **Miscellaneous Issues**

HB 49 proposes to eliminate the Ohio School Facilities Commission and instead roll that work under the Ohio Facilities Construction Commission (OFCC). While we agree that this will streamline the process, we have a very real concern that there will no longer be any legislative input on the commission responsible for school facilities projects. **We would like to see the bill amended to require the appointment of legislators to the OFCC so that districts will have a representative on the commission with whom they can share their input and concerns on decisions before the commission.**

The bill also removes the Superintendent of Public Instruction or his designee from the board of Bright New Leaders eliminating education representation on the board of directors. **We would like to see the bill amended to return the Superintendent to the board of directors. We further require that an amendment be added to have the Joint Education Oversight Committee conduct a cost benefit analysis of the Bright New Leaders Program.**

HB 49 requires each state university president to issue a remediation report outlining the number of students who required remediation courses at the university. **We would like to see this provision amended to include a definition of criteria for determining students in need of remediation.** This amendment should also require reports from both public and private institutions of higher education that are disaggregated by students coming from school districts, charter schools and chartered non-public schools.

**Finally, we request that language be reinstated to allow districts with remaining early learning slots to offer those slots to three year olds once all four year olds have been given the opportunity to accept the slot.** The previous biennial budget, HB 64, changed this provision so that only four year olds are currently eligible for participation. Many slots have gone unfilled because providers were unable to find additional four year olds wanting to enroll. Allowing these slots to be awarded to three year olds will increase the amount of service our youngest students receive ensuring that they enter kindergarten with an improved chance for success.

*Barbara Shaner will wrap up our testimony.*

### **Balance Reserves**

It is our understanding based on testimony provided by the administration on HB 49, the level of school district carryover balances projected in five-year forecasts is sufficient to withstand reductions in Transitional Aid Guarantee funds, transportation funding and reductions in TPP and PUTPP replacement payments.

However, it is our position that there are valid reasons for districts' carryover balances, including cash flow protection for future expenditures, levy management, unexpected capital costs and concerns about future reductions in state and local revenues. Additionally, five-year forecasts are meant to be used as a planning tool for districts. Policies vary from district to district as to the assumptions made in developing the forecast. Therefore, painting districts' ability to withstand reductions with a broad brush because of perceived large carryover balances is ill-advised. Further, money in districts' local version of a rainy-day fund should be considered "one-time money" and not appropriate for use in funding ongoing operations.

### **PUTPP – Power Plant Devaluations**



Dr. Fleeter will discuss in his testimony, the immediate and drastic revenue losses some school districts are facing as a result of the devaluation of electricity power plants. **Because those property values have been such an important tax revenue source for these districts, we urge the legislature to take action to help mitigate the damage the devaluations are having.**

This concludes our testimony. We will be happy to address your questions.

**College Credit Plus**  
**BASA, OASBO & OSBA Detailed Recommendations**  
**July 15, 2016**

At the request of State Representative Mike Duffey, Chairman of the Higher Education Subcommittee of the House Finance Committee, BASA, OASBO, and OSBA developed a very specific set of recommendations for changes related to Ohio's new College Credit Plus (CCP) program. The recommendations are based on the collective testimony presented to the Subcommittee by public school district representatives, who came forward to address concerns about CCP based on their own experiences and the experiences of their students. Representative Duffey charged the organizations with identifying specific problems and developing recommendations to solve them. To accomplish the task, the organizations re-convened their joint CCP writing team which has been collecting information and identifying issues with the program for many months.

**The following recommendations were gleaned from the school district testimony. They are viewed as the prevailing themes underlying all the anecdotal problems described by the witnesses.**

Revisit the CCP statutes in the ORC and amend/modify to reflect the following changes until such time there is valid evidence to show the need for further mandates.

1. Amend to reflect previous law/practice where school districts utilized local dual enrollment agreements by restoring the relevant sections to the ORC.
  - a. Require school districts to enter into at least one agreement with a local institution of higher education (IHE). This allows options for students and also promotes a market approach to the agreements, giving school districts more leverage in negotiating the details of the agreements (IHEs will compete for the opportunity to engage).
  - b. Collect data on those local agreements (currently, no statewide data exists for the number of students who were participating in college level courses other than through the PSEO program, prior to the enactment of CCP (i.e, there is no evidence that shows there were barriers to student participation in college level courses previously)).
2. Allow school districts and IHEs to negotiate local agreements on their own terms as they had successfully done before CCP.
3. Allow school districts to use discretion as to whether or not parents should contribute to the tuition and textbook costs. The current program represents an expansion of government "entitlement" with no discretion as to who qualifies.
  - a. May require income or means-testing to determine ability to pay ~ see example below in the specific recommendations section).
  - b. Textbook costs were previously:
    - i. Covered by the local dual enrollment agreements;
    - ii. Paid for by the students/parents; or
    - iii. paid for by the IHE
  - c. Tuition costs students/parents paid under previous dual enrollment opportunities were:
    - i. Typically much lower than college tuition paid by the traditional college student, a fact appreciated by even parents of means.
    - ii. Often based on income or means-testing.
    - iii. Collected to offset costs; not profit.
    - iv. A means to create shared responsibility for student success (parents had "skin in the game").
4. School districts must have some discretion in determining whether or not a student is prepared for college level courses and/or the college experience.

## Recommendations on specific topics for any statewide mandated program for dual credit (high school & college credit) should the above amendments not be adopted:

### **HB 474 Provisions:**

Given the widespread opposition to the expansion of CCP provision proposed in HB 474 where remediation courses would be approved for CCP, this provision should be removed from the bill.

Given the widespread opposition to the HB 474 proposed elimination of the waiver option (Chancellor sign waiver for the “floor” requirement).

### **Problems with the current CCP Program:**

- The witnesses overwhelmingly oppose the current CCP requirement that a funding “floor” be required. There should not be a need for a waiver if districts are permitted to negotiate with IHEs locally.
- Because there is so much inconsistency among the various IHE agreements, and school districts appear to have no leverage or a position from which to negotiate agreements, a change is needed to the requirement that districts participate with every IHE in the area.
  - To achieve access to college credit for all qualified students, school districts should be required to enter into a minimum of one local agreement (negotiated locally), with additional agreements optional.
    - This will result in a more market-based environment.
  - We recommend the following changes:
    - **ORC 3365.01:**~~(O) "Partnering secondary school" means a public or nonpublic secondary school with which a college has entered into an- one agreement with a partnering college in order to offer the program established by this chapter. A partnering secondary school may enter into multiple agreements but is not required to do so.~~
- Textbook costs ~ develop one standard for how textbooks are handled. For example:
  - Textbooks should be utilized for at least two years.
    - If the IHE wishes to replace textbooks sooner, they must bear the cost.
  - If school districts are responsible for the cost of textbooks, the cost for one textbook should not exceed 25% of the “ceiling” amount for the course.
  - The definition of “textbooks” must include the requirement that the textbook has an ISBN#.
  - Districts should have permissive authority to pass textbook costs along to parents on a sliding scale, means-tested basis. The following parameters should be utilized (taken from the means-tested voucher program in the ORC):
    - **ORC 3365.07 (A) (3)** ~~No participant that is enrolled in a public college shall be charged for any tuition, textbooks, or other fees related to participation in the program. A partnering school may charge tuition and/or textbook fees for students enrolled in College Credit Plus in any school year following the 2016-2017 school year. If a district charges tuition and/or textbook fees under this divisions, the district shall develop a sliding fee scale based on family incomes consisting of at least three tiers. For instance:~~
      - (a) If the student's family income is above two hundred percent but at or below three hundred percent of the federal poverty guidelines, the student shall be responsible for twenty-five percent of the cost.
      - (b) If the student's family income is above three hundred percent but at or

below four hundred percent of the federal poverty guidelines, the student shall be responsible for fifty percent of the cost.

If the student's family income is above four hundred percent of the federal poverty guidelines, the student shall be responsible for seventy-five percent of the cost.

(Note: This same language also needs to be inserted as ORC 3365.07 (B)(3) to cover students attending private IHEs)

- A statewide textbook depository should be created for use by all school districts; or
- A resource list created to be utilized for textbook purchases
- Local agreements cannot restrict where or how the textbooks are purchased
- IHE bookstores should not be permitted to profit from textbooks purchased for high school students).
- Due to the inconsistencies whereby IHEs are accepting students, something must be done to address how college readiness is determined.
  - The law should require that stakeholders be convened to develop uniform standards for college readiness.
  - The law should eliminate the requirement that students in grades below 9 be permitted to participate in college courses. However, discretion could be given to the district student to allow exceptions on a case-by-case basis, for students in lower grades to participate in college courses in core subject areas.
  - School districts must be able to limit students' participation in college courses to those deemed to be college ready.
  - Enforcement is needed once uniform standards for acceptance is developed.
- Comparable courses on the college campus must be at least equal in rigor to those available at the high school level.
  - School districts must sign off on the IHEs determination of comparability before a course is permitted to be offered to a high school student from the district.
  - Courses qualifying for college credit should only be in what are considered core subject areas.
- Require IHEs to be approved by the National Alliance of Concurrent Enrollment Providers (NACEP) to elevate the regulation of rigor. Give IHEs a timeline for when the requirement would become effective.
  - **ORC 3365.01 (N)** *"Partnering college" means a college with which a public or nonpublic secondary school has entered into an agreement in order to offer the program established by this chapter. In order to enter into such agreement for the 2018-2019 school year and thereafter, a partnering college must adopt and implement the program standards and required evidence for accreditation by the National Alliance of Concurrent Enrollment Partnership or similar organization approved by the chancellor and state superintendent or public instruction.*
- Weighted grades for college level courses should only be weighted the same as high school courses when they are comparable courses ~ not simply courses in the same subject area (i.e., an algebra I course should not be equal to AP Calculus).
  - **ORC 3365.04 (E)** *Implement a policy for the awarding of grades and the calculation of class standing for courses taken under division (A)(2) or (B) of section 3365.06 of the Revised Code. The policy adopted under this division shall be equivalent to the school's policy for comparable courses taken under the*

*advanced standing programs described in divisions (A)(2) and (3) of section 3313.6013 of the Revised Code or for other comparable courses designated as honors courses by the school. If the policy includes awarding a weighted grade or enhancing a student's class standing for these courses, the policy adopted under this section shall also provide for these procedures to be applied to comparable courses taken under the college credit plus program.*

*However, for courses taken under the college credit plus program that are not comparable to courses taken under other advanced standing programs or courses designated as honors courses by the school, the school shall not be required to award a weighted grade or enhance a student's class standing under this division.*

- School districts must have more control over who can teach college courses (i.e., qualifications, etc.) under local dual enrollment agreements. If the district has teachers holding the qualifications/standards designated by the state, the IHE must agree to allowing the school district's teacher to provide the instruction.

- **ORC 3365.11(A)** *Each instructor teaching a course under the college credit plus program shall meet the credential requirements set forth in guidelines and procedures established by the ~~chancellor of the ohio board of regents~~ director of the department of higher education. If the guidelines require high school teachers to take any additional graduate-level coursework in order to meet the credential requirements, that coursework shall be applicable to continuing education and professional development requirements for the renewal of the teacher's educator license.*

*(B) If a district has a teacher holding the qualifications/standards designated in division A of this section, at the district's request, the IHE must agree to allow the school district's teacher to provide the instruction for College Credit Plus Courses.*

- Districts should have permissive authority to pass tuition costs along to parents on a sliding scale, means-tested basis. The following parameters should be utilized (taken from the means-tested voucher program in the ORC):

- **ORC 3365.07 (A) (3)** *~~No participant that is enrolled in a public college shall be charged for any tuition, textbooks, or other fees related to participation in the program. A partnering secondary school may charge tuition and/or textbook fees for students enrolled in College Credit Plus in any school year following the 2016-2017 school year. If a district charges tuition and/or textbook fees under this divisions, the district shall develop a sliding fee scale based on family incomes consisting of at least three tiers. For instance:~~*

- (a) *If the student's family income is above two hundred percent but at or below three hundred percent of the federal poverty guidelines, the student shall be responsible for twenty-five percent of the cost.*
- (b) *If the student's family income is above three hundred percent but at or below four hundred percent of the federal poverty guidelines, the student shall be responsible for fifty percent of the cost.*
- (c) *If the student's family income is above four hundred percent of the federal poverty guidelines, the student shall be responsible for seventy-five percent of the cost.* (I made this 75% where the language in the voucher section would have had them pay 100%. It is my belief that they should receive some benefit and not pay the entire cost. Thoughts?)

(Note: This same language also needs to be inserted as ORC 3365.07 (B)(3) to cover students attending private IHEs)

- Because some districts have such limited resources, the funds deducted for CCP has the effect of eating into the funds (resources for programs) meant for the students that are left in the district – those not wishing to take CCP courses. Therefore, the education opportunities for those students are affected.
  - Ohio law should allow for creativity in CCP delivery so as to not affect students not participating in CCP.
  - Every effort should be made to keep the resources of the school district from being syphoned away.
    - This could be achieved by allowing the majority of courses to be offered on the high school campus, permitting the blending traditional students and dual enrollment students to be in the same class.
    - If local agreements are truly permitted to be negotiated by the two parties, creativity is more likely to be prevalent.
- More should be done to improve communication between the IHEs and school districts. Districts do not receive timely information about which students have been accepted and what courses they are taking until very late in the process. Codify in law the following portions of **OAC 3333-1-65.3:**
  - (A) Chapter 3365. of the Revised Code, and all regulations adopted pursuant to that chapter, shall apply to all participating institutions of higher education, public or nonpublic, in-state or out-of-state.

(1) Failure to comply with the requirements of the college credit plus program, including, but not limited to, reporting data, may result in the chancellor and the superintendent withholding payment to, demanding repayment from, sending a distribution amount that is in favor of the other participating party, suspending the ability to negotiate future alternative funding structure, or suspending the institution of higher education's eligibility to continue participating in the program.

(2) The chancellor shall make available a current list of institutions that are suspended from participation due to noncompliance.

(B) Each institution of higher education admitting and enrolling a student under the college credit plus program shall issue the following:

(1) A pre-term notice of admission to the institution, including the specific course registrations and credit hours, to be sent not later than fourteen calendar days prior to the first day of classes for the term of enrollment if the student's enrollment is within fourteen calendar days prior to the first day of classes of the term, then a pre-term notice of admission shall be sent upon enrollment to all of the following:

(a) The participant;

(b) The participant's parent;

(c) The secondary school of the participant;

(d) The superintendent of public instruction.

(2) A confirmation of course enrollment notice, listing the courses and

hours of enrollment, and the option elected by the participant under division (A) or (B) of section 3365.06 of the Revised Code for each course not later than twenty-one calendar days after the first day of classes for a term of enrollment to all of the following:

- (a) The participant;
- (b) The secondary school of the participant;
- (c) The superintendent of public instruction.

(C) Prior to the first day of the term of enrollment at the institution, each institution of higher education enrolling a student under the college credit plus program shall provide to each school counselor or other identified school staff designated to provide counseling services to students of the secondary school the following information:

- (1) A roster of participants from that school who are enrolled in the institution and a list of course enrollment for each participant;
- (2) The date signifying when withdrawal from a course would negatively affect a participant's grade.

- If there is to be a state-mandated program, there must be joint oversight between K-12 representatives and representatives from Higher Education. Ohio law actually required an oversight board to be appointed with the implementation of CCP. To date, no information about such a group has been announced. Overall, many of the problems reported by school districts about CCP, point to their lack of involvement in decision making at the macro and micro levels. Changes are needed to ensure more school district involvement in structuring local programs.

- **ORC 3365.15 (D)** Establish a college credit plus advisory committee to assist in the development of performance metrics and the monitoring of the program's progress. The committee shall include an equal number of representatives of partnering secondary schools and partnering colleges.

(1) The advisory committee shall include the following:

- (a) at least one member of the advisory committee shall be a school guidance counselor;
- (b) at least one member representing superintendents selected from a list of two nominees submitted by the buckeye association of school administrators;
- (c) at least one member representing school district treasurers or business managers selected from a list of two nominees submitted by the Ohio association of school business officials; and
- (d) at least one member of a school district board of education selected from a list of two nominees submitted by the Ohio school boards association.

## Changes in Ohio School Funding & TPP Replacement Since the FY10-11 Biennium

**Bottom Line: State Funding for Schools from FY11-FY19** — The table on the following page of this analysis summarizes changes in Ohio K-12 public school foundation formula funding and Tangible Personal Property (TPP) replacement payments from FY10 through FY19 (note that FY17 figures are based on ODE January #1 SFPR payment and FY18 & FY19 figures are from OBM). Foundation formula and TPP replacement payments are the two primary forms of general purpose state funding provided to Ohio's 610 K-12 school districts.

State Foundation formula funding has increased in the aggregate each year from FY13 onward. However, reductions in TPP replacement payments to school districts have undercut the impact of these formula funding increases. The following three points summarize the main findings from reviewing this data:

- It was not until FY16 that formula funding had increased enough to offset the loss in TPP at the aggregate state level over the time period.
- Even though total formula + TPP funding is now higher than it was in FY11, the net increase (5.7%) has only been slightly more than half that of inflation (10.1%) over the same time frame. This trend continues in FY18 and FY19.
- Even though aggregate state formula + TPP funding is now higher than in FY11, that does not necessarily mean that every school district now has more total state aid now than they did in FY11.

**Explanation of Table** — The table shows foundation formula funding from FY10-FY19 for Ohio's 610 K-12 school districts as well as for Ohio's 49 Joint Vocational Districts and Career Technical Centers (JVSDs). The table also shows general business and public utility Tangible Personal property (TPP) tax replacement payments made to Ohio school districts to offset the repeal and reduction of these local taxes in previous years. The TPP replacement payment amounts in FY16 & FY17 include the TPP Supplement. The bottom three rows of the table show total formula + TPP funding for each year and the changes in total state funding from one year to the next and in comparison to FY11.

The table shows that formula funding increased in both FY12 and FY13. However, because TPP replacement payments decreased by an even larger amount, total state funding decreased from FY11 to FY12 and again from FY12 to FY13. From FY14 and onward total state formula + TPP funding has increased.

The table also shows that total foundation formula + TPP replacement funding in FY12, FY13, FY14, and FY15 are below the FY11 total state funding level. FY16 formula + TPP funding was \$252.2 million (3.0%) higher than in FY11 while FY17 total formula + TPP funding is \$453.3 million (5.7%) higher than in FY11. Inflation (as measured by the CPI) was 10.1% from calendar year 2010 through 2016 indicating that the 5.7% increase in state funding was slightly more than half that necessary to keep pace with inflation.

Using the 2.4% annual inflation rate cited by LSC in their February 1, 2017 testimony to the House Finance Committee, the gap between the increase in school funding and inflation only widens in FY18 and FY19.



**FY10-FY19 School District Formula Aid & Tangible Personal Property (TPP) Tax Replacement Payments (\$ in Millions)**

	<b>FY10</b>	<b>FY11</b>	<b>FY12</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16 Final</b>	<b>FY17 ODE</b>	<b>Est. FY18 Governor</b>	<b>Est. FY19 Governor</b>
School District Foundation Aid	\$6,536.8	\$6,514.7	\$6,266.1	\$6,325.6	\$6,599.5	\$7,028.8	\$7,473.5	\$7,778.7	\$7,925.3	\$8,054.0
JVSD Foundation Aid	\$261.0	\$263.0	\$263.0	\$263.0	\$267.2	\$271.1	\$280.7	\$293.0	\$292.4	\$292.4
<b><i>Total K-12 Foundation Aid*</i></b>	<b>\$6,797.8</b>	<b>\$6,777.7</b>	<b>\$6,529.1</b>	<b>\$6,588.6</b>	<b>\$6,866.7</b>	<b>\$7,299.9</b>	<b>\$7,754.2</b>	<b>\$8,071.7</b>	<b>\$8,217.7</b>	<b>\$8,346.4</b>
Business TPP Tax Replacement*	\$1,041.4	\$1,052.3	\$728.3	\$482.0	\$482.0	\$482.0	\$357.8	\$245.0	\$201.9	\$162.7
Public Utility TPP Tax Replacement*	\$79.9	\$76.8	\$31.6	\$28.0	\$28.0	\$28.0				
TPP Supplement							\$47.0	\$43.4	\$0.0	\$0.0
<b><i>Total TPP Replacement</i></b>	<b>\$1,121.3</b>	<b>\$1,129.1</b>	<b>\$759.9</b>	<b>\$510.0</b>	<b>\$510.0</b>	<b>\$510.0</b>	<b>\$404.8</b>	<b>\$288.4</b>	<b>\$201.9</b>	<b>\$162.7</b>
<b>Total Foundation Aid &amp; TPP Replacement</b>	<b>\$7,919.0</b>	<b>\$7,906.8</b>	<b>\$7,289.1</b>	<b>\$7,098.6</b>	<b>\$7,376.7</b>	<b>\$7,809.9</b>	<b>\$8,159.0</b>	<b>\$8,360.1</b>	<b>\$8,419.6</b>	<b>\$8,509.1</b>
<b>Change vs Previous Yr.</b>		(\$12.2)	(\$617.7)	(\$190.5)	\$278.1	\$433.2	\$349.1	\$201.0	\$59.6	\$89.5
<b>Change vs. FY11</b>			(\$617.7)	(\$808.2)	(\$530.1)	(\$96.9)	<b>\$252.2</b>	<b>\$453.3</b>	<b>\$512.8</b>	<b>\$602.3</b>

\* Foundation Aid figures include Federal Stimulus funds of \$417.6 million in FY10 and \$515.5 million in FY11

All data are from the Ohio Legislative Service Commission with the exception of the FY14-FY17 Foundation Aid and FY16 & FY17 TPP amounts that are from ODE. FY17 Foundation figures are from most recent SFPR Reports as of Jan. 13, 2017.

The FY18 and FY19 figures are from OBM. The FY18 and FY19 inflation rate of 2.4% annually is from LSC.

**FY17-19 School Funding Increases vs. Inflation**

	<b>FY17</b>	<b>FY18 (Est.)</b>	<b>FY19 (Est.)</b>
Funding Increase in \$ vs. FY11	\$453.3	\$512.8	\$602.3
% Funding Increase vs. FY11	<b>5.7%</b>	<b>6.5%</b>	<b>7.6%</b>
CPI Inflation Rate since FY11	<b>10.1%</b>	<b>12.5%</b>	<b>14.9%</b>