

# Legislative Update

January 19, 2023

Katie Johnson

*Deputy Executive Director, OASBO*

# Today's Agenda

1. OASBO AOS Committee Update
2. Lame Duck Update
3. 135<sup>th</sup> General Assembly
4. FY24-25 Biennium Budget
5. Q&A



# OASBO Auditor of State Committee



# OASBO Auditor of State Committee

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- OASBO AOS Committee - November meeting at Capital Conference
  - Auditor Faber update:
    1. **Levy guidance** will be **released by the end of January**; and
    2. Reminded districts of requirements in **ORC 3365.04** (College Credit Plus Program), which **will be tested for FY 2023 audits**.
  - ORC 3365.04 complete list of the requirements - click [here](#)
  - November agenda, questions, and written answers - click [here](#)
  
- Next AOS Committee meeting - **February 7, 2023** at 10:00 a.m.
  - Submit topics to Tina Hageman (Chair), Jennifer Bruns (Vice-Chair), or Katie Johnson

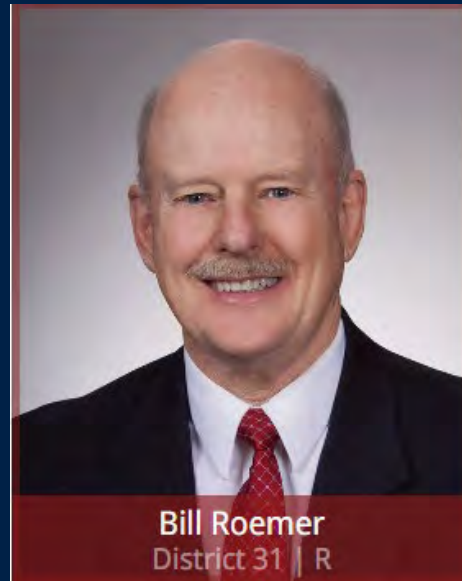


# Lame Duck Update



# Lame Duck Update

## HB 45 ESSER Appropriation, DPIA Phase-in, School Safety Grant Program, and More



<https://www.legislature.ohio.gov/legislation/134/hb45/documents>

# HB 45 – ESSER Appropriation, DPIA Phase-in, and More

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- [Bill text, LSC Analysis and Fiscal Notes.](#)
- **Bill Language** – HB 45 was amended during lame duck to include:
  - **ESSER appropriation**: Provides approximately ***\$1.7 billion*** in Elementary and Secondary School Emergency Relief Fund (***ESSER***) ***appropriation*** authority to schools, as requested by the Ohio Department of Education.
  - **Disadvantaged Pupil Impact Aid (DPIA) phase-in**: For fiscal year 2023, increases the phase-in percentage for DPIA from ***14% to 33.33%***.
  - **School Safety Grant Program**: Provides ***\$112 million for additional grants*** under the School Safety Grant Program, which will be used to award competitive grants of up to \$100,000 per school building to eligible public school districts and chartered nonpublic schools for building security and safety enhancements.
  - **School raffles**: Restores the ability of school districts to conduct a raffle, fixing the change included in budget bill (HB 110).

# HB 45 – ESSER Appropriation, DPIA Phase-in, and More

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- **Bill Language** - included a number of amendments during lame duck (continued):
  - **School storm shelter requirement**: Prohibits the Board of Building Standards from requiring the installation of storm shelters in school buildings operated by public or private schools or undergoing or about to undergo construction, alteration, repair, or maintenance.
  - **School district transportation payment**: *Adds* the following ***weights to calculate transportation payments*** for school districts using ***miles driven*** for school bus service:
    - 1.5 to the number of miles driven for community school and STEM school students for the current fiscal year; and
    - 2.0 to the number of miles driven for nonpublic school students for the current fiscal year.
- **Bill Status**: Signed by Gov. DeWine on **01/06/2023** – appropriations effective immediately; all other provisions effective in 90 days.

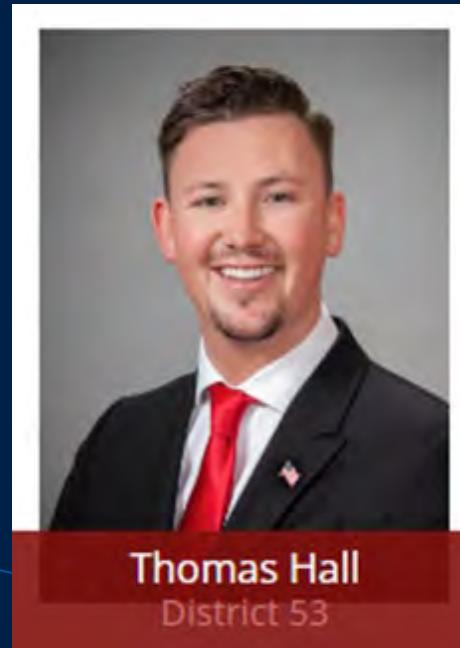


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# Lame Duck Update

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## HB 458 Elimination of August Special Election



<https://www.legislature.ohio.gov/legislation/134/hb458/documents>

# HB 458 – Elimination of August Special Election; Election Laws; Voter ID Requirements

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- [Bill text, LSC Analysis and Fiscal Notes.](#)
- **Bill Language:**
  - Eliminates the August special election, with limited exceptions
    - special election for a congressional seat;
    - the school district or political subdivision is under fiscal emergency
    - a special election in August 2022 for adopting of a city or county charter
  - Bill also changes Ohio’s election laws and voter ID requirements
- **Bill Status:** Signed by Gov. DeWine on **01/06/2023** – effective in 90 days
- **NOTE:** IP Testimony – [“Ohio Should Limit Tax Levy Questions to General Election Ballots”](#) – The Buckeye Institute

# Lame Duck Update

## SB 33

### Amended to include HB 123 Modifying Community Reinvestment Areas



**Mark Fraizer**  
District 71



**Jon Cross**  
District 83

<https://www.legislature.ohio.gov/legislation/134/hb123/documents>

# SB 33 – Community Reinvestment Areas

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- [Bill text, LSC Analysis and Fiscal Notes.](#)
- **Bill Language:**
  - ***Extends the authority*** to designate a community investment area (CRA) to ***limited home rule townships***.
  - ***Eliminates the requirement*** that the Department of Development (DEV) ***approve a proposed CRA***.
  - ***Repeals annual reporting requirements***, eliminating locally impacted boards of education from receiving reports on agreements that are in place during a given year.
  - Increases the threshold requiring board approval ***from 50% to 75%*** for a CRA property tax exemption for a commercial or industrial project.
  - Increases the threshold ***from \$1,000,000 to \$2,000,000*** (indexed to inflation) ***to trigger the requirement that municipalities share municipal income tax revenue*** generated by new employees at a large CRA commercial or industrial project with the school district encompassing that project
- **Bill Status:** HB 123 was amended into [SB 33 \(Ed. Savings Plans Tax Deductions\)](#)
  - Signed by Gov. DeWine on **01/02/2023**; effective 90 days

# Economic Development – Community Discussion

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- Please continue to work with your city and county officials **and economic development directors**
- Schools as a partner:
  - Strong schools means that ***your community can offer an effective workforce***, attract new population, and provide a great quality of life.
  - An ***ongoing supply of quality labor is one of the most critical elements in business attraction***, even more important than incentives offered for the construction of a new building.
  - Tax abatement process can be used to ***help companies see the school's value*** and can even ***inform workforce and career development programs***.

# Lame Duck Update

## HB 66 Review of Property Tax Exemptions; Authorization for Combined Renewal Levy



<https://www.legislature.ohio.gov/legislation/134/hb66/documents>

# HB 66 - Review of Property Tax Exemptions

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- [Bill text, LSC Analysis and Fiscal Notes.](#)
- **Bill Language:**
  - Requires the Tax Commissioner’s biennial report on state tax expenditures ***to include information on property tax exemptions.***
  - Allows a school district to propose to renew an ***emergency property tax levy*** and a ***combination income and property tax levy*** in a single ballot question.
    - Applies the changes to resolutions adopted or proceedings that are pending or completed on or before the provision’s effective date
- **Bill Status:**
  - Signed by Gov. DeWine on **01/02/2023** – appropriations effective immediately; all other provisions effective in 90 days.

# Lame Duck Update

## HB 554 Temporary Teaching Licenses for Expired License Holders



Mary Lightbody  
District 19



Adam C. Bird  
District 66

<https://www.legislature.ohio.gov/legislation/134/hb554/documents>



# HB 554 – Temporary Teaching Licenses

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- [Bill text, LSC Analysis and Fiscal Notes.](#)
  - Requires the State Board of Education, upon application, to **issue nonrenewable, two-year temporary educator licenses** to individuals with **expired professional teacher’s certificates** (issued under former law) or professional educator licenses
  - Requires the **OFCC**, if approving an increase in basic project costs for any **independent STEM** school, **to share increased cost** in proportion with the original project agreement.
  - **Repeals budget language** that added **registered behavior technicians and certified behavior analysts** to the list of individuals who, while employed by or under supervision of a psychologist, can provide intervention services under the Autism Scholarship Program.
  - Requires schools to allow children from **military families** either **complete remotely or terminate without academic or financial penalty College Credit Plus courses** when they must withdraw from those schools because the family is assigned to a new military installation.

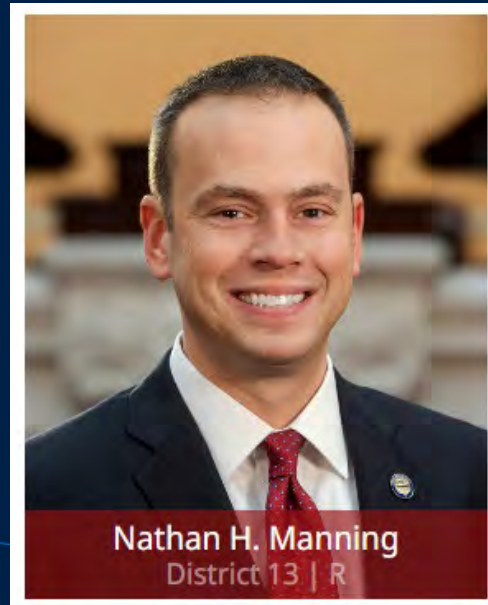
# HB 554 – Temporary Teaching Licenses

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- **Bill Language (continued):**
  - ***Allow charter schools*** to establish ***satellite facilities*** in counties ***adjacent to their home county***.
  - Incorporate SB 356, which expands the definition of children with a developmental delay, affecting special education funding levels for those students.
    - ***Includes*** all children identified as “developmentally delayed” ***into Category 2*** of the special education funding formula for districts and schools.
      - Current law includes only preschool children with developmental delays.
    - ***Expands*** the definition of a “child with a disability” to include children ***ages 3 through 9*** who are experiencing a developmental delay,
      - Current law definition includes developmentally delayed children ages 3 through 5.
- **Bill Status:** Signed by Gov. DeWine on **01/05/2023** – effective in 90 days.

# Lame Duck Update

## SB 288 Includes “Erin’s Law”



<https://www.legislature.ohio.gov/legislation/134/sb288/documents>

# SB 288 – Includes “Erin’s Law”

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- [Bill text, LSC analysis, and Fiscal Notes.](#)
- **Background:**
  - The House Criminal Justice Committee amended language from [HB 105 \(Age-Appropriate Child Sexual Abuse Instruction\)](#) into SB288 (Manning), a criminal justice omnibus bill
  - HB 105 –“Erin's Law,” requiring instruction in prevention of child sexual abuse and sexual violence.
- **Requires:**
  - Each public school to ***provide annual developmentally appropriate instruction in child sexual abuse prevention*** for grades K-6.
  - Each public school to include ***developmentally appropriate instruction in sexual violence prevention*** education for grades 7-12.

# SB 288 – Revise the Criminal Law

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- **Requires:**
  - That parents or guardians *may examine the instructional materials*, upon request
  - That a student will be *excused from the instruction* upon the parent or guardian’s written request.
  - **ODE** to provide on its website *links to free curricula* addressing sexual violence prevention to assist schools in developing their curricula.
  - Each school district, educational service center, community school, and STEM school to *incorporate training* on child sexual abuse into its *required in-service training* for teachers and other professionals.
- **Bill Status:** Signed by Gov. DeWine on **01/03/2023** – effective in 90 days.

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Lame Duck Update

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# SB 178

## Reform Ohio Department of Education



Bill Reineke  
District 26

<https://www.legislature.ohio.gov/legislation/134/sb178/documents>

# SB 178 Reform Ohio Department of Education – Did NOT Pass in Lame Duck

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- [Bill text, LSC Analysis and Fiscal Notes.](#)
- **Bill Language:**
  - Would restructure the State Board of Education and the Ohio Department of Education
  - Creates the Department of Education and Workforce (DEW) with two divisions
    - K-12 Education including preschool
    - Career Technical Education
    - Creates a director of the DEW who will be appointed by the Governor and a member of the Governor’s cabinet
    - Keeps the current makeup of the State Board of Education but restricts their duties to selecting a state superintendent of public instruction, licensure decisions, and territory transfer requests
    - All other duties will lie with the DEW
- **Bill Status:** Did not pass in the 134<sup>th</sup> General Assembly; likely to see reintroduced in the 135<sup>th</sup> GA.

135<sup>th</sup> General Assembly

# SB 1

## Reform Ohio Department of Education



Bill Reineke  
District 26

<https://www.legislature.ohio.gov/legislation/135/sb1/documents>



# 135<sup>th</sup> General Assembly



# 135<sup>th</sup> Ohio General Assembly – Ohio Senate

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- President – Matt Huffman (R-Lima)
- President Pro Tempore – Kirk Schuring (R-Canton)
- Majority Floor Leader – Rob McColley (R-Napoleon)
- Majority Whip – Theresa Gavarone (R-Bowling Green)
- Minority Leader – Nickie Antonio (D-Lakewood)
- Assistant Minority Leader – Hearcel Craig (D-Columbus)
- Minority Whip – Kent Smith (D-Euclid)
- Assistant Minority Whip - Paula Hicks-Hudson (D-Toledo)
- Created two new standing committees:
  - **Medicaid**, to be chaired by Sen. Mark Romanchuk (R-Ontario); and
  - **Community revitalization**, to be chaired by Sen. Terry Johnson (R-McDermott).



**Matt Huffman**  
District 12 | R

# 135<sup>th</sup> Ohio General Assembly – House of Representatives

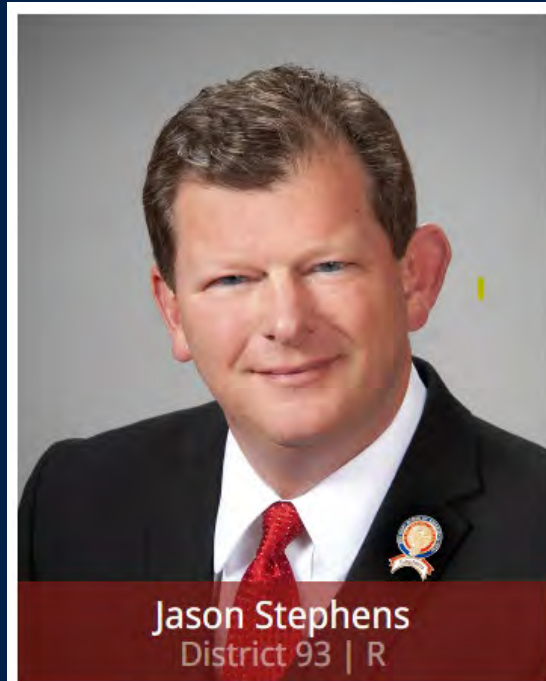
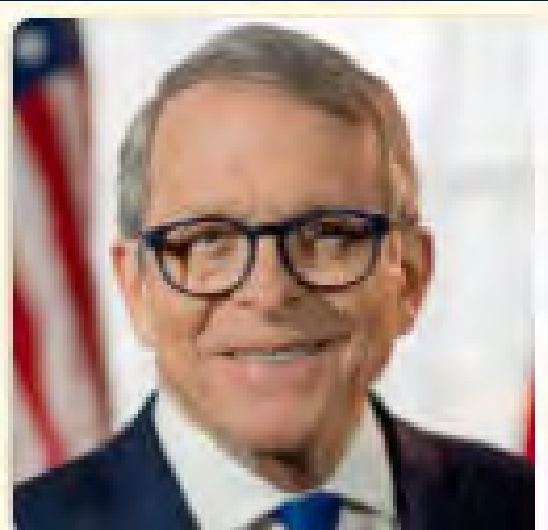
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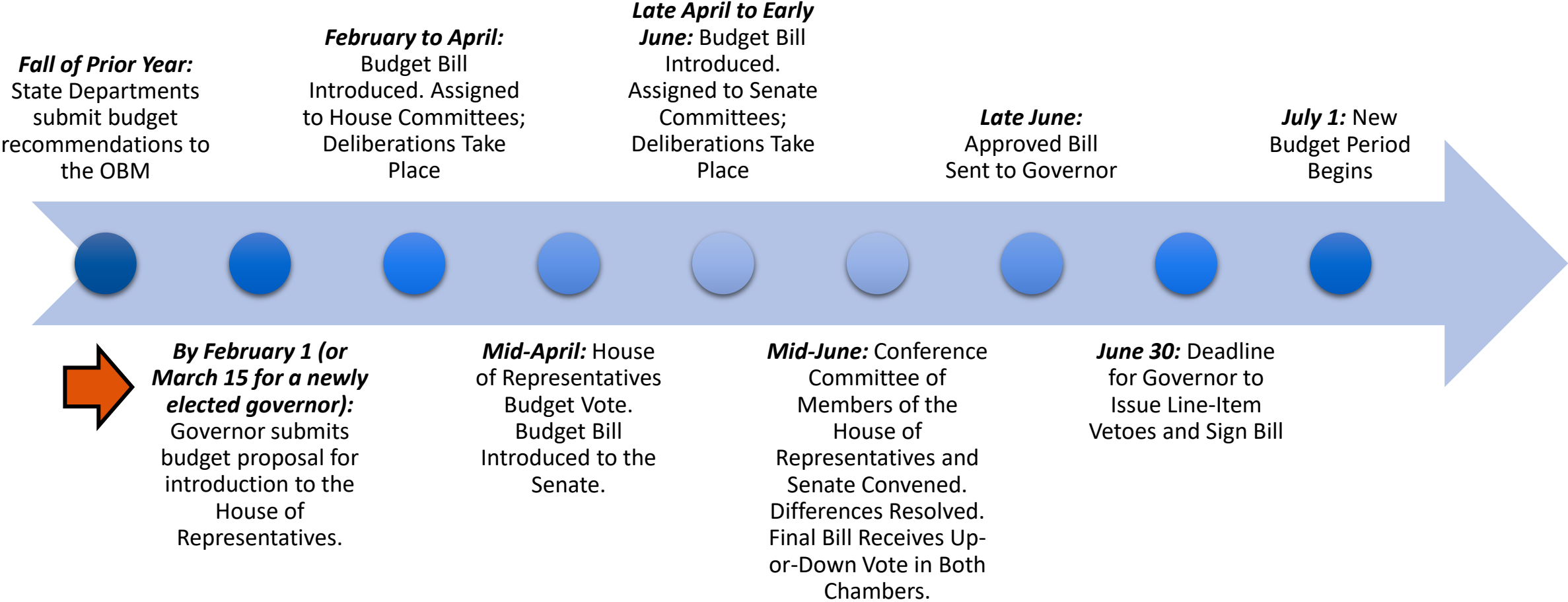
- Speaker – Rep. Jason Stephens (R-Kitts Hill)
- Speaker Pro Tempore – Rep. Scott Oelslager (R-North Canton)
- Minority Leader – Rep. Allison Russo (D-Upper Arlington)
- Assistant Minority Leader – Rep. Dontavius Jarrells (D-Columbus)
- Minority Whip - Rep. Jessica Miranda (D-Forest Park)
- Assistant Minority Whip - Rep. Tavia Galonski (D-Akron)



# FY 24-25 Biennial Budget



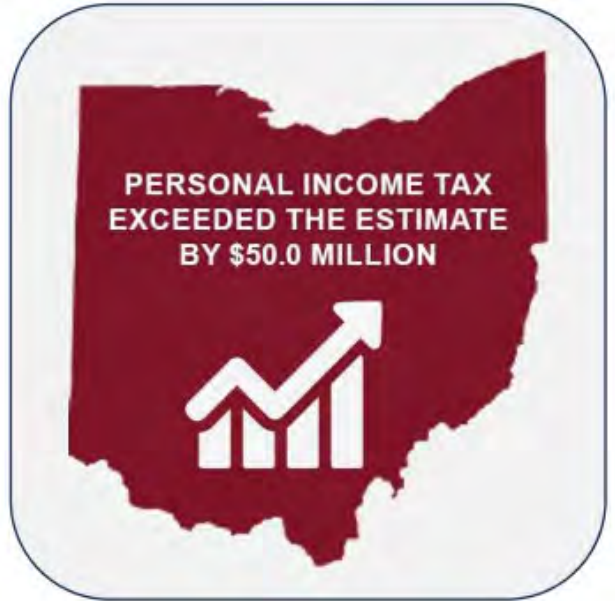
# Timeline



# How is the State Doing?

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**OBM's Monthly Report –  
Dec. 2022 - Click [here](#)**







# **FY22 General Revenue Fund: \$2.7 Billion Above Estimates**



# Ohio's Rainy Day Fund: Nearly \$3.5 Billion



# Rating Agencies Upgrade Ohio Credit Score

# Rating Agencies Upgrade Ohio Credit Score

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- **Fitch upgrades Ohio to AAA**
  - Fitch Rating Report – linked [here](#)
  - Raised targeted balance of Ohio's rainy-day fund to 8.5% of prior-year general fund revenues from 5%
  - FY 2022 concluded with more than \$2 billion in operating surplus
  - “Based on fiscal 2022 unaudited results, state officials now expect fiscal 2022-23 state source revenues to exceed the prior biennium by approximately \$7 billion (14.3%)”
- **Moody’s upgrades Ohio’s credit outlook; “Stress-testing” Report**
  - Outlook from stable to positive – linked [here](#)
  - Moody’s – “Stress-Testing States” – linked [here](#)

# Fair School Funding Plan

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# Can the State Continue to Afford the Phase-In?

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At least ***\$300 Million needed annually*** to fully phase-in formula, plus updating inputs from Cost Studies

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FY 2022 concluded with more than \$2 billion in operating surplus (excludes \$2.7 billion in Rainy Day Fund)

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For FY 2023, net bottom line through October (first three months) is a positive \$410 million,

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Expect fiscal 2022-23 state source revenues to exceed the prior biennium by approximately \$7 billion (14.3%)

# Fair School Funding Plan – Budget Resources

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- Continuing Phase-in
- Updating inputs
- **Resources for budget**
  - Talking points - click [here](#)
  - OpEd for local paper - click [here](#)
  - Letters to community/business leaders and more - click [here](#)
  - Testimony template - click [here](#)
  - Talking points for HB 290 (“Backpack Bill”) - click [here](#)

# Fair School Funding Plan – Cost Studies

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**College Credit Plus Results and Effectiveness Study** - Conducted by ODE and the Ohio Department of Higher Education (ODHE) in compliance with a requirement in HB110.

**Funding Pilot Program for Online DOPR Schools Report**- Conducted by ODE, the report fulfills a requirement of HB110 to evaluate a pilot program created via 133-HB123.

**Study of Ohio's Funding Approach for Community Schools** - Conducted for ODE by contractor Augenblick, Palaich and Associates; required by SB310; studies methods for funding charter schools.

**Ohio Community E-Schools Cost Study** - Conducted for ODE by Augenblick, Palaich and Associates as well as WestEd; study required by SB310; looks at the expenses for serving general e-school students, as well as dropout prevention and recovery (DOPR) e-school students.

**Educational Service Center Study** - Conducted by ODE in consultation with the AOS and the ESC Association; report required in SB310; looks at ESC services, costs, revenue generation from nonmandatory services, average per-pupil operating costs and effectiveness and efficiency of ESCs.

**Ohio English Learner Cost Study** - Conducted by WestEd and Augenblick, Palaich and Associates for ODE, the study fulfills a requirement of SB310 and looks at the current annual cost of English learning programs and the costs necessary to achieve success.

**Gifted Funding Accountability Recommendations** - Conducted by ODE in consultation with the auditor and a workgroup, the study fulfills a requirement of SB310 and reviews reporting protocols and requirements for gifted services.

**Ohio Gifted Education Incentives Study** - Conducted for ODE by Augenblick, Palaich and Associates Inc. with support of research partners from the University of Denver, the study fulfills a requirement of SB310, and is meant to identify challenges, barriers and best practices in gifted education and recommend an incentive program for rural schools.

**Special Education in Ohio: Best Practices, Costs and Policy Implications** - Conducted by American Institutes for Research (AIR) for ODE, the report fulfills a requirement of SB310 and looks at current special education costs in comparison to the expense of implementing best practices for special education, as well as how other states fund it.



# Fair School Funding Plan – Cost Studies


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- [Special Education in Ohio: Best Practices, Costs and Policy Implications](#)
- Findings from study:
  - ***The current funding weights are lower*** than the funding weights that ***would be necessary to cover the estimated per-student cost of implementing best practices*** for all disability classifications -- the report states.
  - Current ***funding categories are misaligned*** with the estimated per-student cost of implementing best practices and that a ***regrouping of disability classifications*** may more ***closely represent the variation in costs*** of serving students in each disability classification.
  - Along with increasing weights and regrouping disabilities based on estimated costs, the report ***recommends an additional review of funding levels every five years.***
- Hannah article – linked [here](#)

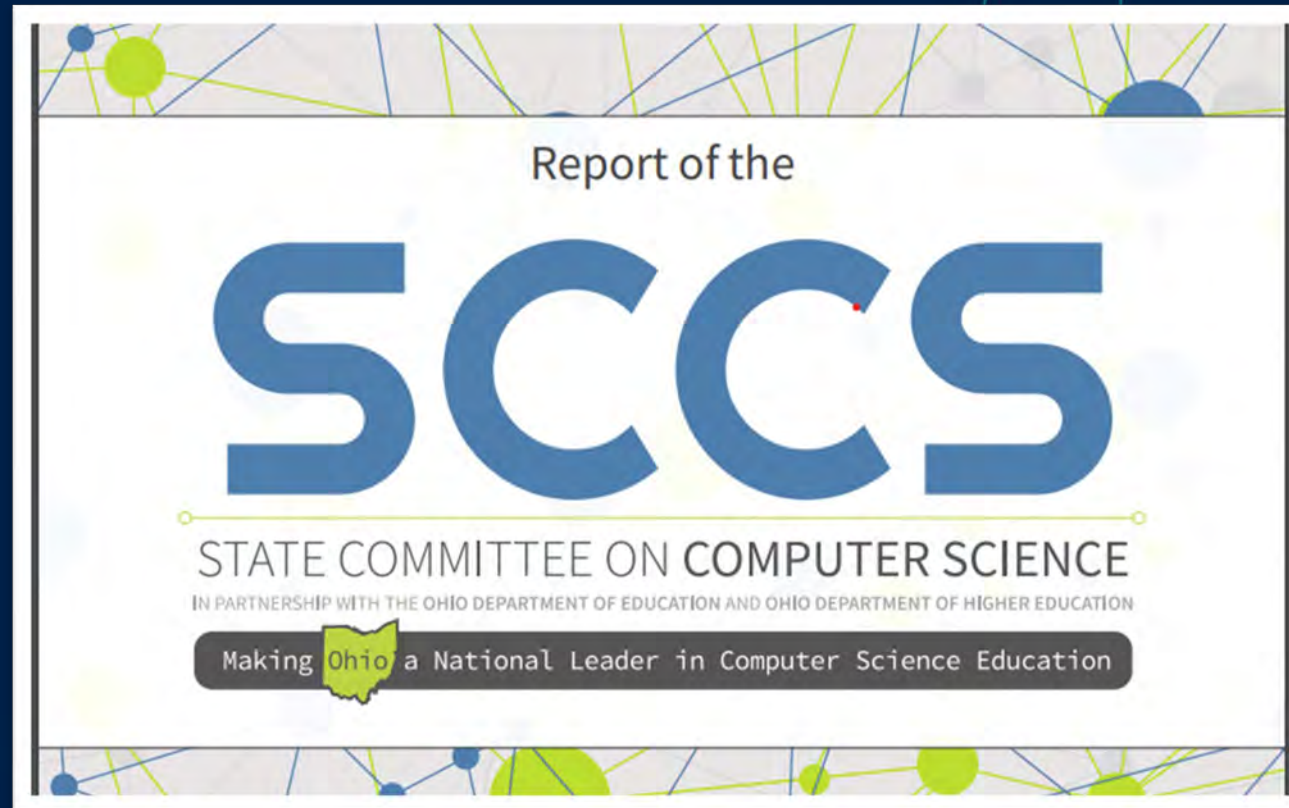
# OEPI Study – Economically Disadvantaged Students



OHIO EDUCATION  
POLICY INSTITUTE  
INFORMING EDUCATION PUBLIC POLICY

- **Funding of Supplement Services for Economically Disadvantaged Students** – OEPI study linked [here](#) 
  - Case study of three Ohio districts to evaluate current policy and practices
  - Overview of federal and state funding for low-income students in Ohio
  - Best practices and analysis of funding of economically disadvantage student in other states
  - Key policies implications, presented as questions, intended to facilitate the thinking and design of a comprehensive cost study
- **What services are being provided?**
  - Early intervention services
  - Supplemental educational supports
  - Health and wellness supports
- **How do we define economically disadvantaged?**
  - **Move** from definition based on *free and reduced lunch participation* (185% of federal poverty level) to one that utilizes *either Medicaid enrollment or eligibility* (which is 206% of the federal poverty level)

# Computer Science Committee



# EdChoice Scholarships/Vouchers



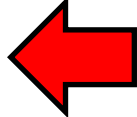
# Setting the Record Straight!



# Statewide Voucher System – “Backpack Bill”

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## Setting the Record Straight!

- Resource [here](#) 
- Unique Programming
  - Hearts & Souls – get them in your buildings!
- Fair School Funding Plan
  - Objective base cost
  - State/local share
  - Phase-in (only 1/3 of the way there!)
- Choice and Competition
  - How do we create a truly competitive system among schools in Ohio—public and private—when there are **not** parallel ***academic accountability requirements*** nor parallel financial ***accountability requirements***?



# Statewide Voucher System – “Backpack Bill”

## HB 290—“The Backpack Bill” Talking Points

### OVERVIEW OF THE LEGISLATION

- Overseen by the Treasurer of State (TOS) which provides an Education Savings Account (ESA) for any Ohio student.
  - \$7,500 for 9 through 12 students
  - \$6,500 for K through 8 students
  - These amounts grow at the same rate as the statewide per pupil funding amount
- Can be used to purchase educational goods and services, including tuition at participating chartered and non-chartered nonpublic schools
  - non-chartered nonpublic—think “Bishop Sycamore”
  - can be used for homeschooling expenses
- The TOS shall employ necessary personnel and engage the services of:
  - private consultants
  - actuaries
  - auditors
  - counsel
  - managers
  - trustees
  - “any other contractor or professional needed for rendering professional and technical assistance and advice”

# Setting the Record Straight – ESSER Funds

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For YOUR district, you should know:

- Total ESSER allocation
- How much you have spent
- Amount unspent
- Plans to spend remaining funds

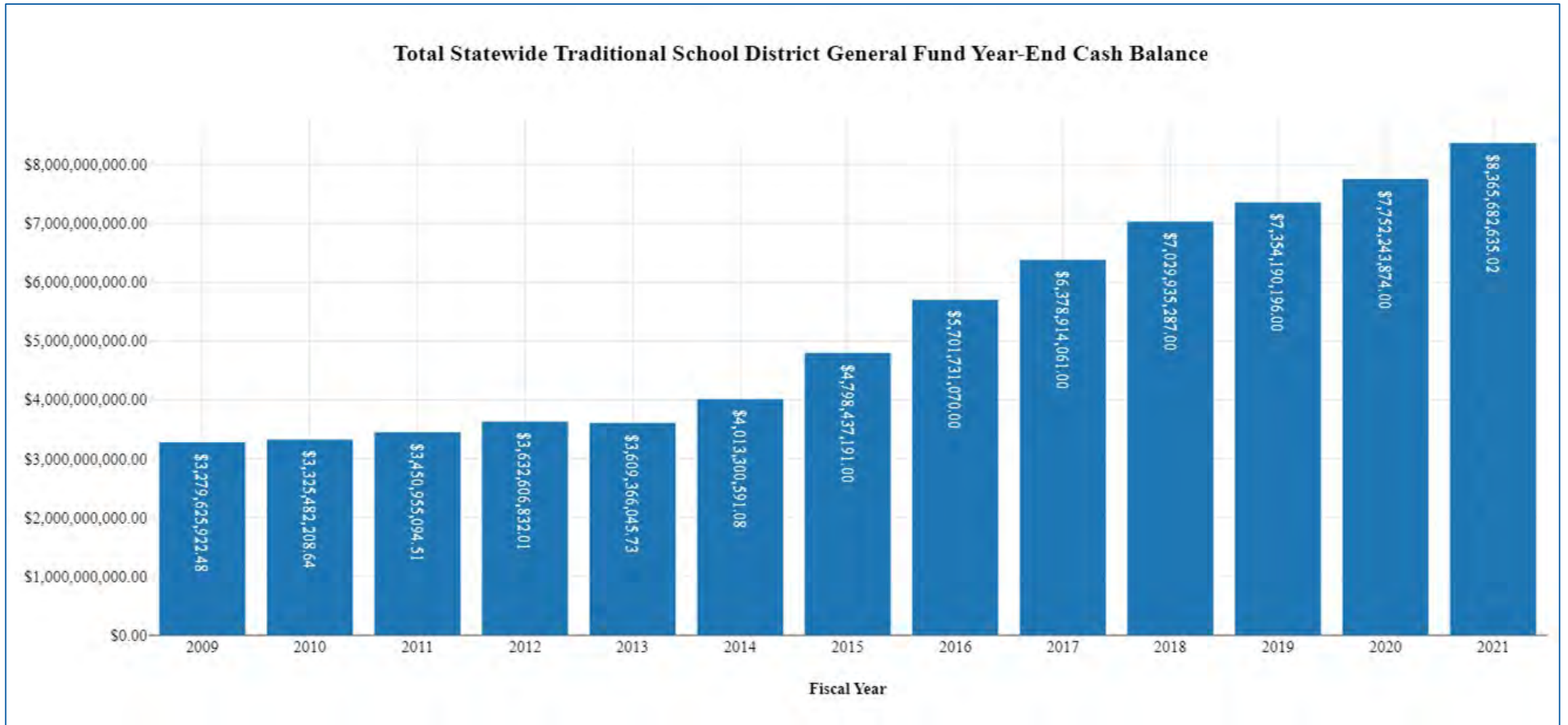
 Incorporate reimbursement process into your discussion!

 Watch for article in SBO magazine!





# Setting the Record Straight – Cash Balances – ODE Website



# Cash Balances – FY22 Summary

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***Traditional School Districts*** reported ending FY22 with a cash balance of ***\$9.23 billion***, which represents approximately ***45.30% of FY22 expenditures*** (\$20.37 billion).

- The ending cash balance statewide ***increased 6.5%***.
- In ***FY21***, ending cash balance was \$8.67 billion or ***41.6% of FY21 expenditures***.
- In ***FY12***, the ending cash balance was ***20.8% of FY12 expenditures***.
- ***382 (of 611) traditional districts*** reported cash balances of ***at least 40% of their FY22 expenditures***, compared to 347 last year.

# Cash Balances – FY22 Summary

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Ohio's 49 *Joint Vocational School Districts* (Career-Centers) reported ending FY22 with a cash balance of \$624.1 million, which represents ***approximately 77.2% of FY22 expenditures (\$808.1 million)***.

- The ending cash balance statewide ***increased 5.3%***.
- In **FY21**, ending cash balance ***80.3% of FY21 expenditures***.
- In **FY12**, the ending cash balance was ***59.3% of FY12 expenditures***.
- ***45 (of 49) career centers*** reported cash balances of at least ***40% of their FY22 expenditures***, compared to 45 last year.

# Setting the Record Straight – Cash Balances – ODE Website

**Ohio** | Department of Education

Home > Finance & Funding > Five-Year Forecasts > Five-year Forecast Submissions of Traditional and Joint Vocational Districts

## Five-year Forecast Submissions of Traditional and Joint Vocational Districts

The five-year forecast serves as a tool to communicate and assess the financial health of a school district. City, local, exempted village and joint vocational school districts are required to submit five-year forecasts twice annually to the Ohio Department of Education (see [Ohio Revised Code 5705.391](#) and [Ohio Administrative Code 3301-92-04](#)) and may elect to submit additional updates at any time.

Each five-year forecast contains two components: 1) historical and projected financial data and 2) notes to explain any significant changes or “assumptions” a district used to develop the reported financial projections. For more detailed information about five-year forecast content, please visit the “[How to Read a Five-Year Forecast](#)” webpage.

**Five-Year Forecast Part 1: Financial Data**

- ▶ [Current and Historical Five-Year Forecasts](#)

**Five-Year Forecast Part 2: Notes and Assumptions**

- ▶ [Current Notes and Assumptions](#)

**Five-Year Forecast Analytics**

- ▶ [Cash Balance Reports](#) by fiscal year provide the ending cash balance, total expenditures and cash as a percentage of expenditures for each reported district.

**QUICK LINKS**

- ▶ [Finance & Funding Home Page](#)
- ▶ [How to Read A Five-Year Forecast](#)
- ▶ [Five-Year Forecast Helpful Links for Treasurers](#)
- ▶ [Five-Year Forecasts – Community Schools](#)
- ▶ [Five-Year Forecasts – Independent STEM Schools](#)

**RELATED EVENTS**

- 6/15/2022** Summer School Bus Driver Training Program, June 15-16
- 6/22/2022** Summer School Bus Driver Training Program, June 22-23

[View All Events](#)

# Setting the Record Straight – Cash Balances – [ODE Website](#)

**Cash Balance Reports** by fiscal year provide the ending cash balance, total expenditures and cash as a percentage of expenditures.

The historical actual data for each previous fiscal year is obtained from each district's required fall forecast submission. In the event a district elects to submit a subsequent forecast in the first optional submission period, the more recent optional submission data is used.

**Cash as a percentage of expenditures** is a measure of a district's financial solvency. Like individuals, a district may have cash reserves in the bank that can be used to support expenses when there is not enough income (think of this as a district savings account). Put another way, the amount of cash "savings" a district has may allow a district to more easily manage unplanned events or a short-term revenue loss. The nature of levy cycles may lead to high cash balances in some years and low cash balances in other years.

To easily see changes in cash balances over time, multiple years can be displayed side-by-side.

See the Department's website for more information on [Typology of Ohio School Districts](#).

Statewide Trends

Traditional School Districts

Joint Vocational School Districts

Cash as % of Expense by County

Cash as % of Expense by Typology

All Data

# Education Finance/ODE Advisory Committee




# Members of Ed Finance Subcommittee

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<b>George Anagnostou</b>	Treasurer/CFO, Strongsville City Schools	<b>Scott Paul</b>	Treasurer/CFO, Franklin Local Schools
<b>John Espy</b>	Treasurer/CFO, Miamisburg City Schools	<b>Ryan Pendleton</b>	Executive Director, NCSSA
<b>Rhonda Feasel</b>	Treasurer/CFO, Mohawk Local Schools	<b>Maria Rellinger</b>	Treasurer/CFO, Apollo Career Center
<b>Todd Griffith</b>	Treasurer/CFO, Licking Heights Local Schools	<b>Megan Rohde</b>	Treasurer/CFO, Bay Village City Schools
<b>Cajon Keeton</b>	Treasurer/CFO, Benton Carroll Salem Local Schools	<b>Tom Siloy</b>	Treasurer/CFO, Old Fort Local
<b>Matthew Ketcham</b>	Treasurer/CFO, Madison-Champaign ESC	<b>Kyle Smith</b>	Treasurer/CFO, Bexley City Schools
<b>Deborah Lawwell</b>	Treasurer/CFO, Fairfield Local Schools	<b>Jennifer Sudhoff</b>	Treasurer/CFO, Benjamin Logan Local Schools
<b>Jenni Logan</b>	Butler County ESC	<b>Melcie Wells</b>	Treasurer/CFO, Warren Local Schools
<b>Jamie Mullet</b>	Treasurer/CFO, West Holmes Local Schools	<b>Kent Zeman</b>	Treasurer/CFO, Lakewood City Schools
<b>Bill Parkinson</b>	Treasurer/CFO, Bedford City Schools	<b>Kent Cashell</b>	RBC Capital Markets
		<b>Jacob McDonald</b>	RBC Capital Markets

# Overview – OASBO Whitepaper

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- **Purpose - Establish a common vocabulary and understanding of cash balances across the state**
  - Overview of the cause and necessity of cash balances
  - Guidance in navigating the budgeting, cash flow management, and end-of-year cash balance reserve process
- **Best Practices & Guiding Principles - Cash Management**
  - Budget Reserve Policy
  - Establishment of Special Funds – Ohio Revised Code § 5705.13
- **Resources and Tools**
  - Appendix A – Terminology, Statutory Requirement & Sample Calendar
  - Appendix B – Sample Cash Balance Policies
  - Appendix C - Fund Balance Guidelines for the General Fund – GFOA
  - Appendix D – Ohio Revised Code § 5705.13
  - Appendix E – Rating Agencies Analysis and General Fund Cash Balance
- **Whitepaper linked [here](#)** 





# Causes of Cash Balances – Some, but not all, may apply

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- Levy Cycles; House Bill (HB) 920
- More Conservative Spending; Prudent Cash Reserve Policies
- Pipelines
- Receipt of One-time Funds – COVID-19 Funding & Other Rebates
- Student Wellness and Success Funds (SWSF)
- Changes in State Law
- Lower Costs for Medical Expense
- Timing of Receipts & Expenses



**See pages 2-5**

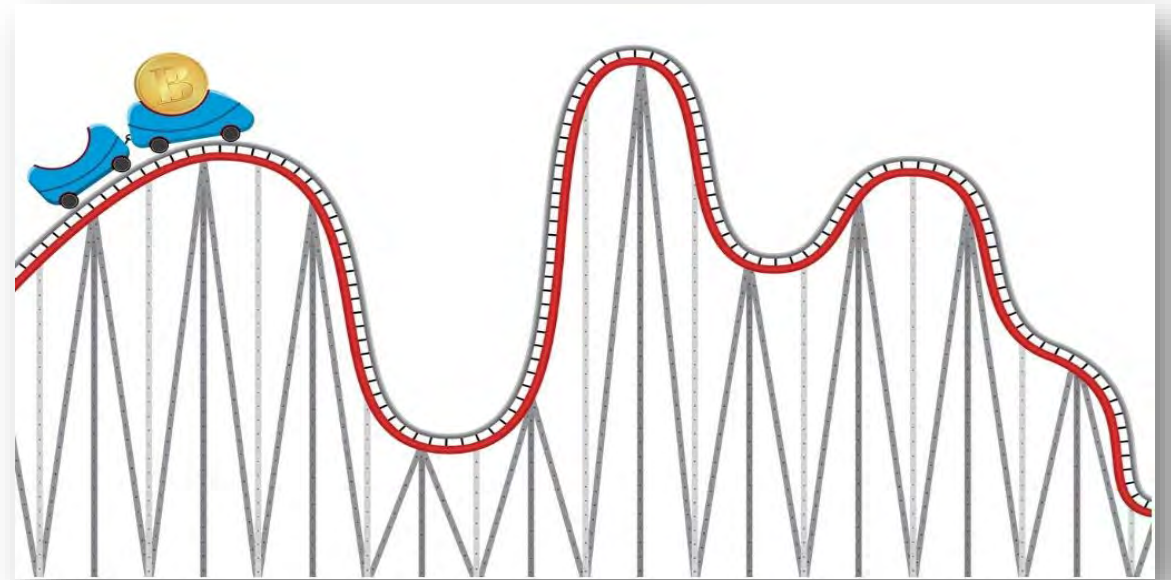
# Cash Management – Budget Reserve Policy – Factors to Consider



# Cash Management – Budget Reserve Policy – Factors to Consider

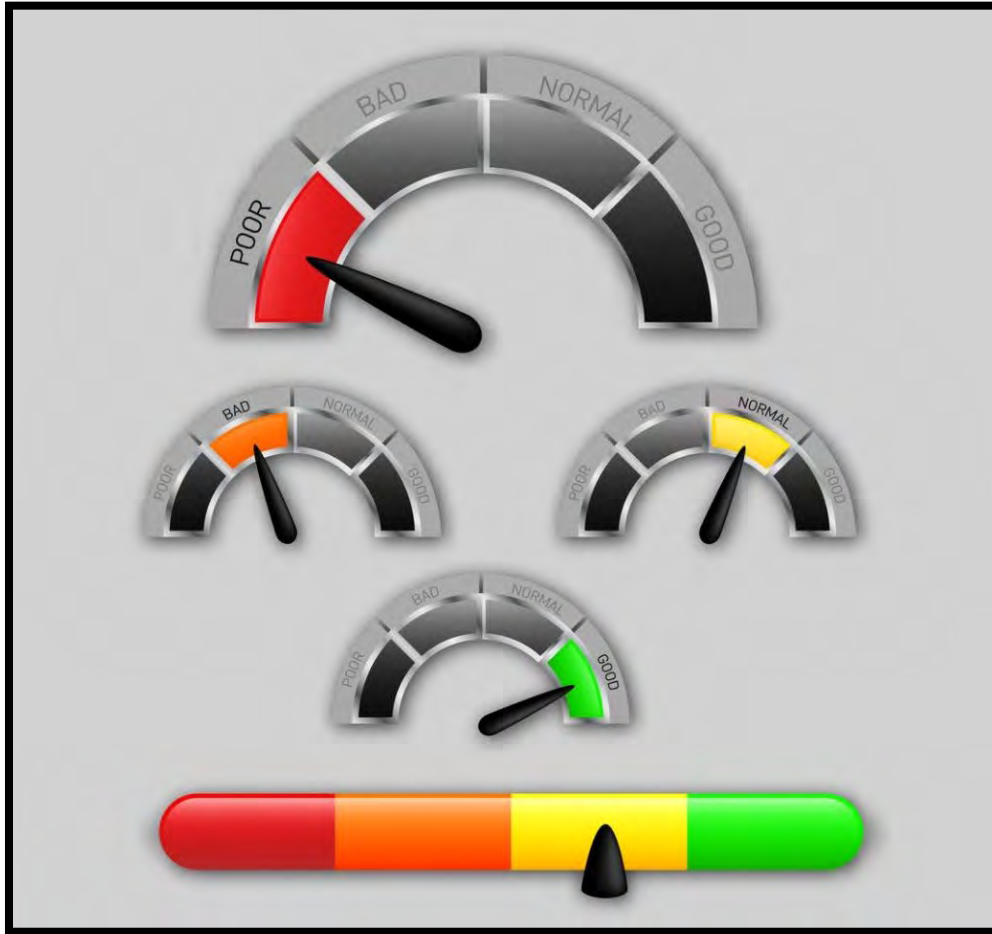
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- Decisions are driven by trend data (both student and financial)
- Revenue predictability
- Expenditure volatility
- Exposure to significant one-time outlays
- Plans after ESSER
- Unfunded pension liability
- School safety and security
- Among others...




**See pages 5-8**

# Cash Management – Budget Reserve Policy – Factors to Consider



## Appropriate Reserve Balance Fund

- Depends on the circumstances of district and community
- **GFOA recommends** school districts maintain an unrestricted budgetary fund balance in their general fund of **no less than two months** of regular general fund operating revenues or regular general fund operating expenditures.
- This recommendation is a **minimum** balance to be maintained regardless of the size of the school district.
- See **Appendix C** for a copy of the GFOA Fund Balance Guidelines.



**See Appendix B for more  
School Board Cash  
Balance Policy Samples**

# SAMPLE #1 – Appendix B – Cash Balance Policy

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## 6200 - GENERAL FUND CASH BALANCE RESERVE

The Board of Education supports good stewardship of taxpayer dollars and as such, believes that maintaining a cash reserve balance of **ten percent (10%) of operating expenses** is necessary in the interest of sound fiscal management.

Operating the District with fiscally sound management practices is integral to the ongoing well-being of the School District. Responsible management of operations costs while maintaining a high level of educational excellence within the District is the primary focus of the Board of Education, administrators, teachers and other school personnel when making budgetary decisions.

The Board affirms that tax levies may be pursued, and/or the District's finances otherwise managed, to ensure a General Fund cash balance equivalent to at least ten percent (10%) of operating expenses.

**Upon receiving any indication that such a cash balance may not be achieved** at any point within the rolling five (5) -year financial forecast period, the **Treasurer shall report** such a finding to the Board. Upon such notification by the Treasurer, the **Superintendent and Treasurer will propose options** that the Board may consider to forestall such an eventuality.

# SAMPLE #4 – Appendix B – Cash Balance Policy

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## 6215 - CASH RESERVE BALANCE

Operating the District with fiscally sound management practices is integral to the ongoing well-being of the school district. Responsible management of operational costs while maintaining a high level of educational excellence within the District is the primary focus of the Board of Education, administrators, teachers, and other school personnel when making budgetary decisions.

The District maintains that, to preserve financial effectiveness, a yearly cash balance equal **to One Hundred Five (105) True Days operating cash**, as defined as the prior year's General Fund expenditures, including transfers and advances, divided by 365, times One Hundred Five (105), is to be the minimum operational benchmark for determining ending cash needs for the General Fund. The benchmark will be calculated at the end of each fiscal year and will be used as the benchmark for the upcoming year.

The minimum benchmark should be reflected on the five-year forecast in the current year and the next three (3) projected years of the five-year forecast. **Upon receiving any indication that an ending cash balance equal to One Hundred Five (105) True Days operating cash may not be achieved**, the Treasurer shall report such finding to the Board and Superintendent.

Upon receiving such notification from the Treasurer, a **plan will be developed by the Board, Superintendent and the Treasurer prior to the next five-year forecast adoption** as to how the District will work toward attaining a One Hundred Five (105) True Days operating cash ending balance for the General Fund over the next four (4) forecasted years which includes the current year.

# SAMPLE #2 – Appendix B – Cash Balance Policy

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## 6218 - CASH BALANCE RESERVE POLICY

The Board believes that maintaining a cash reserve unencumbered unreserved balance of ninety (90) days of operating expenditures is necessary in the interest of sound fiscal management. The Board affirms that tax levies shall be pursued, and/or the District's finances otherwise managed, to ensure a General Operating Fund unencumbered unreserved cash balance equivalent ***to at least ninety (90) days of operating expenditures.***

Promptly upon receiving any indication that such cash balance ***may not be achieved within any year of the five (5) year forecast,*** the ***treasurer/CFO shall report*** such a finding to the Board. Upon such notification by the treasurer/CFO, the ***Superintendent and treasurer/CFO will prepare and propose options*** that the Board may consider to forestall such an eventuality.

Further, the Board believes the financial goals of the District should be in alignment with the District's strategic plan and instructional goals. When a General Operating Fund ***cash balance exceeds 150 days the Superintendent may prepare a plan for the expenditure of the excess General Operating cash balance on one or more of the deliverables of the strategic plan.*** This plan must be approved by the Board of Education and cannot result in the General Operating Fund cash balance falling below ninety (90) days in any year of the rolling five (5) year forecast.



# Cash Management – ORC § 5705.13 – Special Funds

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- **ORC § 5705.13(A)** - Reserve balance accounts and funds

- Budget Stabilization Fund

- Self-insurance Program

- Retrospective Ratings Plan for Workers' Compensation

**See pages 9-11**

- **ORC § 5705.13(B)** - Termination Benefits

- **ORC § 5705.13(C)** - Capital Projects Fund

# Cash Management – ORC § 5705.13 – Special Funds

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- Ohio Auditor of State Uniform School Accounting System (USAS) user manual includes the following funds related to **ORC § 5705.13**:
  - Liability Self-Insurance – Fund 023;
  - Employee benefits self-insurance – Fund 024;
  - Workers’ Compensation Self-Insurance – Fund 027;
  - Termination Benefits – Fund 035; and
  - Capital Projects Fund – Fund 070.

Please note that there are limits placed on these special funds.

Districts *should consult legal counsel and/or other experts* for more information on implementation and compliance as appropriate.



# Cash Management Plan/Policies

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- It is important for district leaders to ***keep the community informed***.
- ***Implementing a cash management plan policy*** can ***help guide*** a district in planning for and managing its funds.
- The ORC § 5705.13 special funds are a “tool” ***to assist in planning for and managing*** the districts funds.
- Regardless of your balance, utilize your tools at hand to ***facilitate discussions*** regarding your district’s ***future needs*** and realistic ***revenue/expenditure trends***.

# See Appendices for...

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<b>Appendix A</b>	School District Budget Process Terminology & Sample Calendar
<b>Appendix B</b>	Sample School Board Cash Balance Policies
<b>Appendix C</b>	Fund Balance Guidelines for the General Fund – GFOA
<b>Appendix D</b>	Ohio Revised Code § 5705.13
<b>Appendix E</b>	Rating Agencies Analysis and General Fund Cash Balance

# 135<sup>th</sup> General Assembly



135<sup>th</sup> General Assembly

# SB 1

## Reform Ohio Department of Education



Bill Reineke  
District 26

<https://www.legislature.ohio.gov/legislation/135/sb1/documents>

# SB 1 - Reform Ohio Department of Education

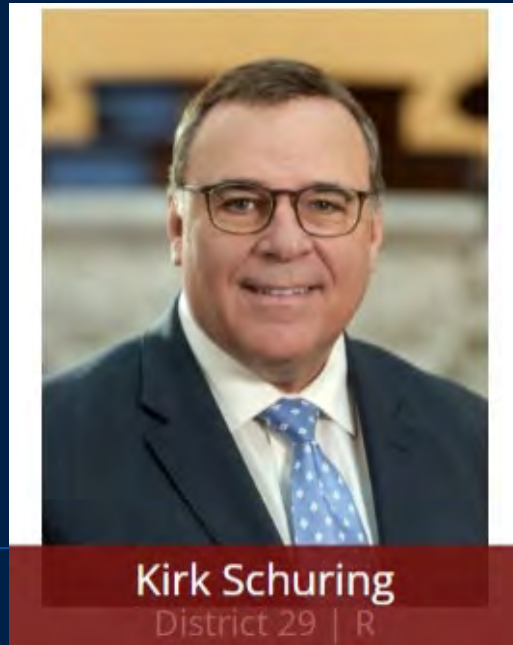
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- [Bill text, LSC analysis, and Fiscal Notes.](#)
  - Restructures the State Board of Education and the Ohio Department of Education
  - Creates the Department of Education and Workforce (DEW) with two divisions
    - K-12 Education including preschool
    - Career Technical Education
    - Creates a director of the DEW who will be appointed by the Governor and a member of the Governor's cabinet
    - Keeps the current makeup of the State Board of Education but restricts their duties to selecting a state superintendent of public instruction, licensure decisions, and territory transfer requests
    - All other duties will lie with the DEW
- **Bill Status:** Introduced, 1/11/2023; Referred and first hearing in Senate Education Committee, 1/17/23



# 135<sup>th</sup> General Assembly

## SB 2 Neighborhood Development Areas



<https://www.legislature.ohio.gov/legislation/135/sb2/documents>

# SB 2 – Neighborhood Development Areas

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- [Bill text, LSC analysis, and Fiscal Notes.](#)
- Similar to SB 212 of the 133<sup>rd</sup> General Assembly; SB 329 of the 134<sup>th</sup> General Assembly
- **Bill Language – from SB 329 of 134<sup>th</sup> GA:**
  - Allows a *municipality* or *township* to designate a portion of its territory as a Neighborhood Development Area (NDA) (***after making certain findings about the local housing stock.***)
  - Would allow up to three NDAs within each municipality or township, with each area limited to 300 acres.

# SB 2 – Neighborhood Development Areas

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## The resolution designating the NDA must include the following information:

1. Finding that there is a lack of adequate affordable **or** workforce housing **or** there is a housing shortage in the municipality or township.
2. Finding that the NDA designation will encourage the construction or renovation of residential buildings in the area, **and** that such construction or renovation would be unlikely to occur without the designation.
3. A projection of how the designation will enhance property values and cause additional property tax revenue to be generated.
4. A list of all parcels included in the NDA.
5. The percentage of value of property that will be exempt from taxation
6. The number of years, not exceeding ten, the area will be designated as an NDA.
7. Identification of the employee/officer who will accept applications from developers and property owners.

# SB 2 – Neighborhood Development Areas

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- **Bill Language – from SB 329 of 134<sup>th</sup> GA:**
  - Authorizes the following property tax exemptions, which apply to all residential property within an NDA:
    - ***A full or partial ten-year property tax exemption*** for owners of a newly constructed residence, so long as the owner occupies the residence.
    - A five-year incremental value property tax exemption for owners who renovate their residence, so long as the owner occupies the residence.
    - Specifies that if a property is already exempt under a tax increment financing (TIF) agreement, or as part of a Community Reinvestment Area (CRA), it cannot also be part of an NDA.
  - A property ***tax exemption in excess of 75%*** must be approved by board of education.
- **Bill Status:** Introduced, 1/11/23; Referred to Senate Finance, 1/17/23

135<sup>th</sup> General Assembly

# SB 11 Parental Educational Freedom Act



Sandra O'Brien

<https://www.legislature.ohio.gov/legislation/135/sb11/documents>

# SB 11 – Parental Educational Freedom Act

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- [Bill text, LSC analysis, and Fiscal Notes.](#)
- Expands eligibility for the Education Choice (“EdChoice”) Scholarship Program to all students in grades K-12 beginning in the 2023-2024 school year (FY 2024),
  - LSC analysis assumes that all chartered nonpublic school students who do not have a state scholarship due to income or other eligibility factors will apply for and accept a voucher (approximately 90,500 chartered nonpublic school students)
  - Cost to the state annually – approximately \$536.4 million.
  - The bill does not alter Jon Peterson Special Needs or Autism scholarships.
- Expands personal income tax credit for households who provide home instruction to their children.
  - Currently, qualifying households may claim the credit for the lesser of \$250 or the amount expended on eligible educational expenses.
  - The bill increases the credit to the lesser of \$2,000 or the amount expended on eligible educational expenses.
- Bill Status: Introduced, 1/11/23; Referred to Senate Education Committee, 1/17/23

# SB 11 – Parental Educational Freedom Act

Fiscal Note – from SB 368 of 134<sup>th</sup> GA:

Table 6. EdChoice Eligibility Expansion Cost Summary (\$ in millions)		
Category	FY 2024	FY 2025
Nonpublic students – new state responsibility	90,476	90,476
Public transfer students	10,320	10,019
<b>Total scholarships</b>	<b>100,796</b>	<b>100,495</b>
Scholarship cost for nonpublic students – new state responsibility	\$536.4	\$536.4
Scholarship cost for public transfer students	\$59.7	\$58.0
<b>Total scholarship cost</b>	<b>\$596.1</b>	<b>\$594.4</b>
Change in foundation aid to public schools	-\$68.5	-\$66.5
<b>Total marginal cost</b>	<b>\$527.6</b>	<b>\$527.9</b>

135<sup>th</sup> General Assembly

# SB 14

## Eligibility for Veterans to Serve as Teachers



Frank Hoagland

<https://www.legislature.ohio.gov/legislation/135/sb14/documents>



# SB 14 - Eligibility for Veterans to Serve as Teachers

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- [Bill text, LSC analysis, and Fiscal Notes.](#)
  - Permits a school district, community school, or STEM school to employ an eligible veteran who does not hold an educator license as a teacher.
  - Establishes related service, educational, registration, and mentorship requirements that a veteran must meet in order to be employed as a teacher.
- Bill Status: Introduced, 1/11/23; Referred to Senate Education Committee, 1/17/23

135<sup>th</sup> General Assembly

# SB 17

## Financial Literacy Education - Capitalism



Steve Wilson

<https://www.legislature.ohio.gov/legislation/135/sb17/documents>

# SB 17 - Financial Literacy Education - Capitalism

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- [Bill text, LSC analysis, and Fiscal Notes.](#)
  - Bill requires the State Board of Education to incorporate ***academic concepts of free market capitalism*** into the ***standards and model curriculum*** for ***financial literacy*** and entrepreneurship for grades 9 through 12.
  - Under current law:
    - The State Board of Education is ***required to adopt standards*** and model curriculum for instruction in financial literacy.
    - ***However***, the law ***does not specify*** what must be included in the standards or model curriculum.
- Bill Status: Introduced, 1/11/23; Referred to Senate Education Committee, 1/17/23

# Power of the Education Community!

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The  
**Hearts & Souls**  
Project

**“Behind the test scores are the hearts and souls of children.”**

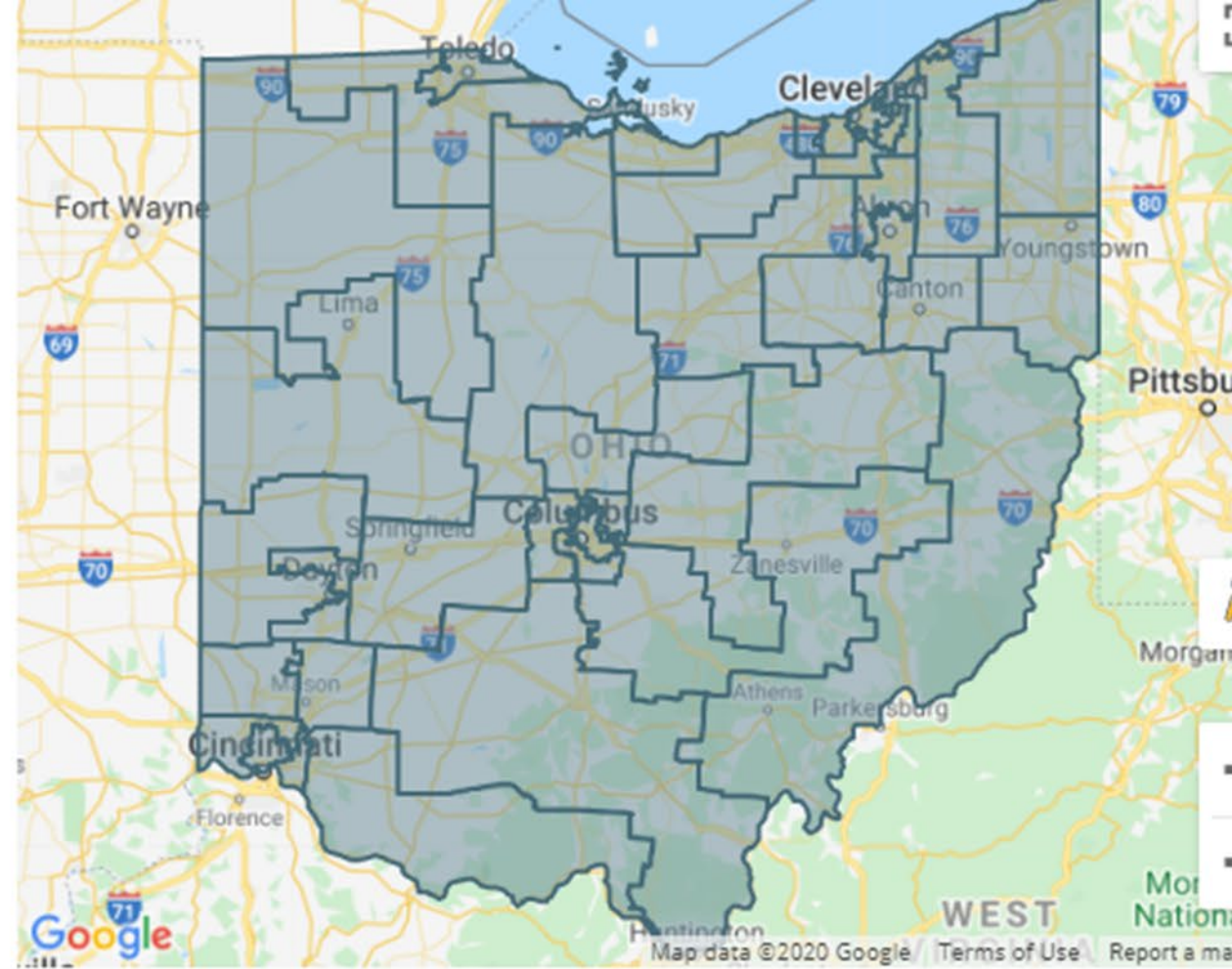
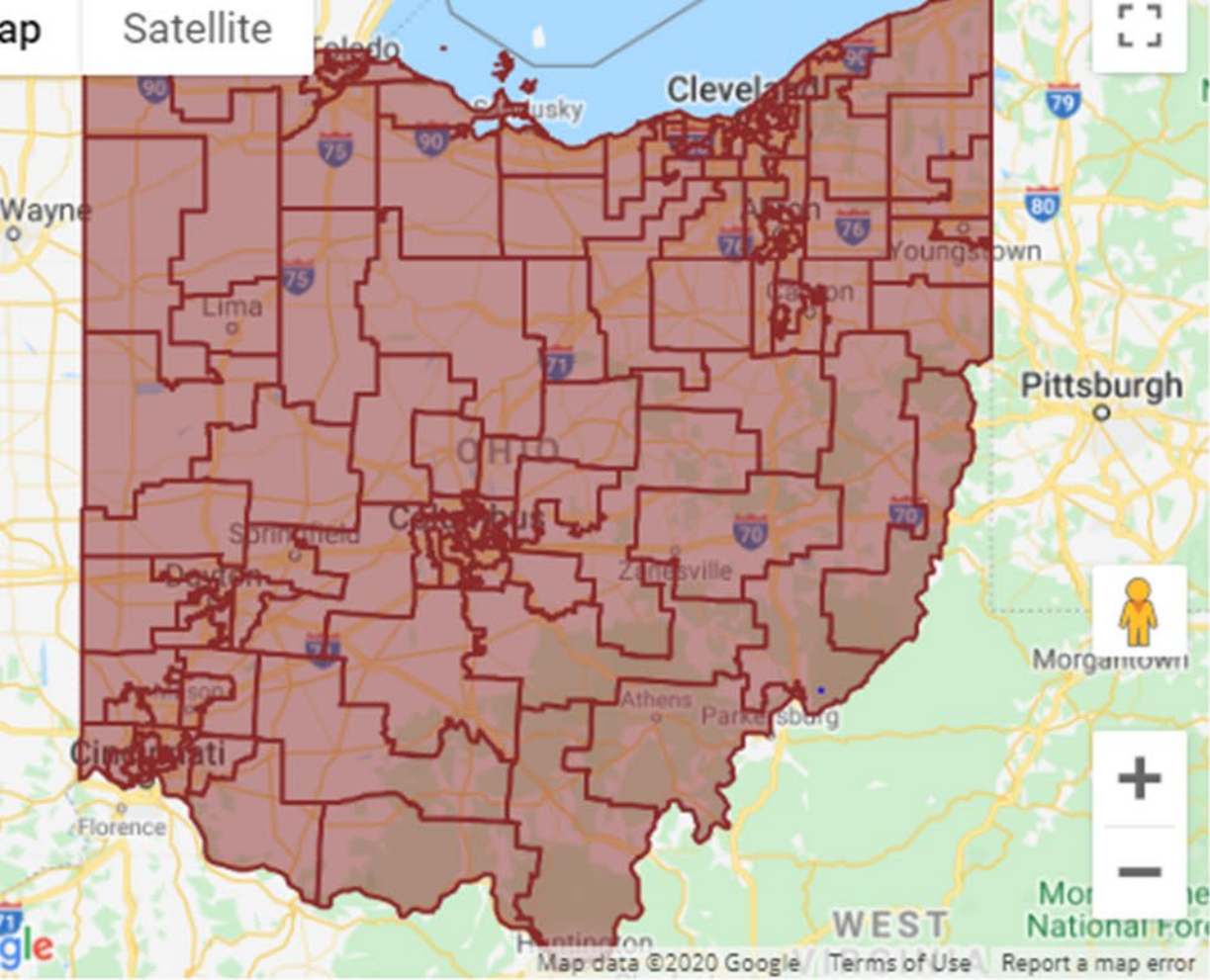


# Goal & Purpose

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- Goal:
  - **100% of our member districts will host their House of Representative Member and State Senator** in their school district during the **2021-2022** school year.
- Purpose:
  - To “put a face” on the students of Ohio’s public schools and the educators who work tirelessly to serve them
  - To establish and enhance the relationship our members have with their legislators
- Resources – Click [here](#)
  - Form letters, resource library of ideas, and more!
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# Find Your Legislators



# Legislator Contacts – 135th General Assembly

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- Ohio Senate – Click [here](#)
- Ohio House – Click [here](#)



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