ODE Update

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State Revenues and FY21 Budget
State Revenues

• How much of the Rainy-Day Fund will be used in FY21 and How much will be saved for the next biennium? (The balance of the Budget Stabilization Fund is $2.7 billion) **Update: No planned use of the Rainy-Day Fund.**

• How much will state spending be reduced in FY21? Will state funding be reduced beyond the current funding reductions? (Current reduction to ODE’s Budget - $335 million) **Update: FY21 Reduction - $184 million**

• How will state revenues perform compared to estimates? What are reasonable estimates of sales tax and income tax performance? (OBM previously predicted a $2.4 billion shortfall) **Update: Revenues exceed pre-pandemic estimates with strong growth in FY22/23.**
February 10, 2021

MEMORANDUM TO: The Honorable Mike DeWine, Governor
                 The Honorable Jon Husted, Lt. Governor

FROM: Kimberly Murnicks, Director

SUBJECT: Monthly Financial Report

Report Overview:

The Ohio unemployment rate decreased to 5.5 percent in December, a 0.2 percentage point drop compared to the November rate. During the week ending January 23, 2021, 47,786 initial unemployment claims were filed. This was an 82.6 percent decline from the peak week in March 2020 when 274,288 initial claims were filed.
Governor’s Monthly Financial Report

ACTUALS VS ESTIMATES: YTD GRF NON-FEDERAL SOURCES
(MILLIONS OF $)

- YTD Estimate
- Non-auto sales tax
- Personal income tax
- Auto sales tax
- Other above estimate
- Cigarette & OTP tax
- Foreign insurance tax
- Commercial activity tax
- Public utility tax
- Kilowatt-hour tax
- Other below estimate
- Financial institutions tax

Graph showing comparisons between actuals and estimates for various sources.
State Revenues

- Revenues have met or beat estimates for the last 7 months.
- Total Tax Receipts are $539.1 million ahead of year-to-date estimates.
- Income tax withholdings are strong.
- Sales Tax continues to benefit from the “Pandemic Effect”
FY21 Executive Budget Reductions Finalized

- Governor DeWine released $160 million of the $335 million original reduction to education.
  - $152 million to traditional districts. Net state foundation reductions are $125 million for FY21.
  - $4.9 million returned to non-public schools.
  - Fully fund half-mill maintenance equalization payments to schools.
  - Additional funding for the 22+ Adult Diploma Program.

- Establishes revised baseline for FY22-FY23 recommendations.
Budget Highlights and Education Funding
Restoration of State Foundation Funding

• Fully restores funding to pre-pandemic levels.
• Additional $125 million for traditional districts in FY22 compared to FY21 levels.
• No change for JVSDs or ESCs
Student Wellness and Success Funding

$1.1 billion in funding over the biennium compared to $675 million in the current biennium.

- $500 million FY22
- $600 million FY23
Student Wellness and Success Funding

• Remember Simulations vs. Actuals
• Census Poverty Data – fixed for FY22/FY23
• Maintains guarantee mechanism.
• Uses FY22 enrollment for FY22 and FY23 payments as a result of the pandemic.
Student Wellness and Success Funding

• Slight modification of allowable uses to focus on more direct services.

• Requires two community partners: ADAMH Board/Community-Based Mental Health Treatment or Prevention Provider AND one of the existing 8 community partners.
Other Funding Related Provisions

• Enrollment Growth Supplement funding in FY22 and FY23 held flat to FY21 levels.
• Power plant devaluation payments continue.
• All non-public schools may elect for direct payment of Auxiliary Services funding.
Federal Funds

More than $2 billion over the biennium

• Additional federal Elementary and Secondary School Emergency Relief Funding.
• Appropriation so schools can continue to access Coronavirus Relief Funding and Governor’s Emergency Education Relief Funding.
Career-Based Learning

Industry Recognized Credentials & Innovative Workforce Incentive Program.

$20.5 million annually
Budget Bill
Policy Items
Graduation Requirements

• New pathways to earn Social Studies and Science Seals
  – “B” or higher on American history AND American government or on an advanced science course
  – Achieve score on relevant section of the Alternative Assessment for Students with Significant Cognitive Disabilities (AASCD)
Graduation Requirements

• Complete the Free Application for Student Aid (FAFSA)
• Clarifies how a school should handle local seals earned by students transferring into the district.
• Allows a student to use a remediation-free score on the SAT or ACT as an alternative demonstration of competency.
Literacy

• Except for KRA, requires diagnostic assessments for K-3 to include items related to identification of students with dyslexia and allows schools to use these diagnostic assessments to meet the Tier One screening requirement from HB 436 (133d GA)

• Adjusts time for administering KRA to July 1 through the 20th day of instruction.
Transportation

• Establishes time by which nonpublic and charter schools must share start and end time information with public school districts for purposes of planning transportation.

• If there are more than 20 nonpublic/charter schools within a district, the ESC must convene a meeting to discuss transportation coordination.
Transportation

• Generally prohibits use of public transportation in grades K-8, unless an agreement is in place.
  – With parameters, generally allows use of public transit for grades 9-12.
• Establishes timeframe for determining payment in lieu of transportation and requires notification to parent.
Computer Science

• “Right to Computer Science”: student is able to take a class either offered by the district or through a rigorous, high-quality online computer course approved by ODE.

• Requires creation of a state plan for computer science education.

• Extends waiver for computer science licensure through the 2022-2023 school year.
Timeline

Feb. - April 2021:
Governor submits FY22-FY23 budget proposal to legislature

April - June 2021:
Consideration in Senate

June 2021:
Conference Committee

July 1, 2021:
FY22-FY23 biennium begins
Federal Relief Funding
CARES Act Funding for Ohio’s Schools and Districts*

- Elementary and Secondary School Emergency Relief (ESSER): $489.2 Million
- Coronavirus Relief Fund (CRF): $100 Million
- BroadbandOhio Connectivity Grant: $50 Million
- Governor’s Emergency Education Relief (GEER): $18.5 Million

**TOTAL $657.7 Million**

* As of Sept. 18, 2020
Elementary and Secondary School Relief (Fund 507)

• **Who:** Traditional Districts and Community Schools
• **How:** Formula based on Title I allocations
• **When:** Awarded in late May
• **What:** 12 Broad Allowable Uses (Federal uses, pandemic related, other activities)
• **Period of Availability:** March 13, 2020-September 30, 2022
• **Consider:** Nonpublic Equitable Services Required for low-income students.
Coronavirus Relief Funds  
(Fund 510)

- **Who**: Traditional Districts, CS, STEM, JVSD, CBDD, Non-Pub.
- **How**: State formula using enrollment, special populations, and transportation.
- **When**: Awarded in early August.
- **What**: 3 prong test – pandemic expense, unbudgeted, March-December.
- **Period of Availability**: March 1, 2020-December 31, 2021
- **Consider**: Local governments are getting most of the CRF funds. Connect with townships and counties to request funds.
BroadbandOhio Connectivity Grant (Fund 510)

- **Who**: Traditional Districts, CS, STEM, JVSD, CBDD, Non-Pub, and ESCs
- **How**: Requests from schools for up to $250,000 (prorated)
- **When**: Awarded in late August.
- **What**: Connectivity AND 3 prong test – pandemic expense, unbudgeted, July-December.
- **Period of Availability**: July 1, 2020-December 31, 2021
- **Consider**: You can’t pre-pay for services. Only goods.
Governor’s Emergency Education Relief Fund (Fund 508)

- **Who**: K-12, Higher Ed, Other Education Entities
  - ESCs, JVSDs, CBDDs, OSB/OSD, Publicly Funded Childcare, K-12/Higher Ed Mental Health (so far).

- **How**: Governor’s discretion.

- **When**: Awarded in late August.

- **What**: Emergency relief funding.

- **Period of Availability**: March 13, 2020-September 30, 2022
Supplemental COVID Relief

• Passed by Congress in Late December.

• Includes additional ESSER and GEER Funds
  – $1.99 billion in ESSER funds – in addition to the funds provided last spring.
  – 90% distributed to traditional districts and community schools using updated Title I allocations.
  – Existing allowable uses, with increased focus on summer remediation and learning loss.

• Period of Availability: March 13, 2020-September 30, 2023

• No non-public equitable services requirement.
ESSER II

• Three additional allowable uses:
  – Addressing learning loss,
  – School facility repairs and improvements to reduce virus transmission, and
  – HVAC and related maintenance, repair, and replacement.

• Prioritize Extended Learning Plans and data to drive decision making.

• Consider “continuity of operations” allowable use.

• Be mindful of ongoing MOE requirements.
Let’s Stay Connected

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