

Budget Update

Am. Sub. H.B. 33

**As Passed by the House*

The 135th General
Assembly

June 2, 2023



Executive Budget Priorities

INVESTING IN OHIOANS:

- Children
- Higher Education
- Workforce Development
- Mental Health
- Clean Water
- Economic Development

Budget Priorities: How its Funded

**As passed by House*

**Where
do GRF
moneys
come
from?**

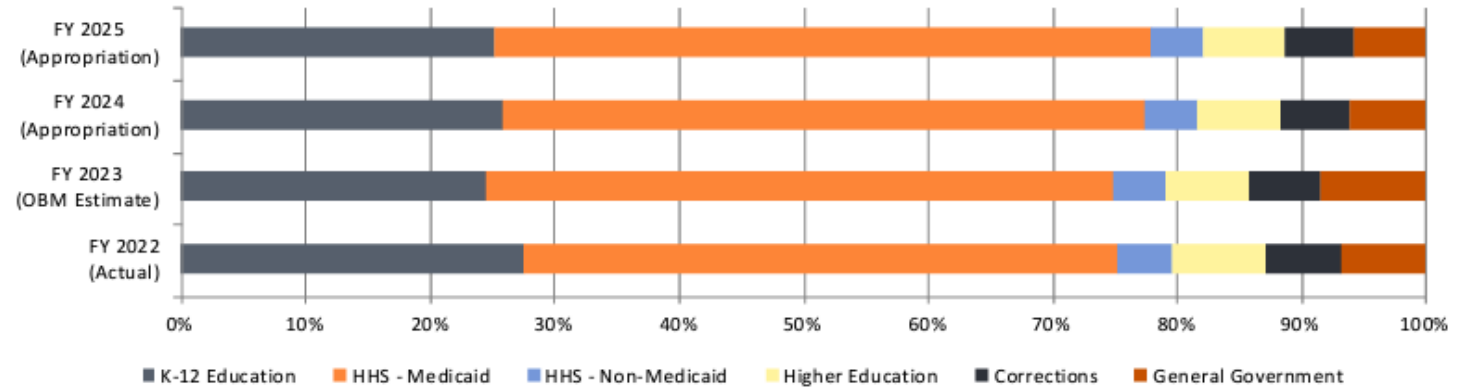
Source	FY 2022 (Actual)	FY 2023 (OBM Estimate)	FY 2024 (Forecast)	FY 2025 (Forecast)
Sales & Use Tax	\$13,029.6	\$13,431.3	\$13,656.7	\$14,186.7
Personal Income Tax	\$10,752.2	\$10,428.7	\$10,059.6	\$11,201.3
Other State Receipts	\$4,981.1	\$4,883.7	\$5,366.5	\$5,420.5
Federal Grants	\$11,897.3	\$13,451.9	\$14,613.9	\$15,697.3
GRF Source Total	\$40,660.2	\$42,195.7	\$43,696.6	\$46,505.8
% Change		3.8%	3.6%	6.4%
GRF Tax Total	\$28,152.5	\$28,375.7	\$28,579.6	\$30,333.8
% Change		0.8%	0.7%	6.1%



Budget Priorities: How its Spent

Where
do GRF
moneys
go?

Program Category	FY 2022 (Actual)	FY 2023 (OBM Estimate)	FY 2024 (Appropriation)	FY 2025 (Appropriation)
K-12 Education	\$9,852.9	\$10,083.2	\$11,170.8	\$11,473.9
HHS - Medicaid	\$17,079.3	\$20,579.5	\$22,041.4	\$24,049.0
HHS - Non-Medicaid	\$1,516.5	\$1,675.9	\$1,849.0	\$1,880.6
Higher Education	\$2,742.3	\$2,763.0	\$2,834.8	\$2,950.7
Corrections	\$2,163.5	\$2,319.8	\$2,415.5	\$2,540.4
General Government	\$2,358.3	\$3,422.9	\$2,560.6	\$2,579.1
GRF Program Total	\$35,712.8	\$40,844.3	\$42,872.2	\$45,473.6
% Change		14.4%	5.0%	6.1%



Size and Scope of the State Budget: *Dividing Up the Pie*

- H.B. 33, as passed by the House, provides **state and federal GRF** appropriations totaling **\$42.87 billion** for FY 2024 and **\$45.47 billion** for FY 2025, increases of 5.0% and 6.1%, respectively.
 - Medicaid (52.2%) and **K-12 Education (25.6%)** together make up 77.8% of the biennial total.
- **State-source GRF** appropriations total **\$28.21 billion** in FY 2024 and **\$29.72 billion** in FY 2025, increases of 3.5% and 5.4%, respectively.
 - **K-12 Education** and Medicaid represent **39.1%** and 27.1%, respectively, of the biennial total.
- In addition to GRF appropriations, H.B. 33 transfers \$5.38 billion in FY 2024 and \$1.80 billion in FY 2025 to non-GRF funds.
- The bill also appropriates **\$429.7 million** in FY 2024 and **\$10.0 million** in FY 2025 from the state's remaining allocation from the federal State Fiscal Recovery Fund (**ARPA**).
- **Across all funds, appropriations total \$97.07 billion in FY 2024, an increase of 2.1%, and \$95.81 billion in FY 2025, a decrease of 1.3%.**

K-12 Education

Ohio Department of Education

- For overall funding – largest expenditures include:
 - Fair School Funding Plan continuation
 - Per pupil increases for high quality charter and community schools up to \$3,000/pupil
 - Expansion of Ed Choice Scholarships up to 450% of FPL
- **State will invest approximately \$132 million (down from \$174.1 million) to improve literacy**
 - State will provide evidence-based, best practice curriculum in literacy learning (phonics)
 - ODE will create professional development for teachers in evidence-based literacy programs (phonics)
 - ODE will support and provide more than 100 literacy coaches to schools with the lowest literacy proficiency levels

K-12 Education

- The bill appropriates \$10.36 billion in FY 2024 and \$10.73 billion in FY 2025, increases of 10.2% and 3.5%, for formula funding to school districts, joint vocational school districts (technical centers), community and STEM schools, and participating chartered nonpublic schools through the state's various scholarship programs. These appropriations are funded through a combination of GRF, including a transfer from the GRF to the Student Wellness and Success Fund of \$600.0 million in each fiscal year, lottery profits, and sports gaming revenue.
 - H.B. 33 continues to phase in the school funding formula enacted in H.B. 110 of the 134th General Assembly at 50% in FY 2024 and almost 67% in FY 2025. It also updates the formula's cost data from FY 2018 to FY 2022.

K-12 Education

Sub. H.B. 33: School Funding Increases			
	FY 2024	FY 2025	
	\$ Increase over Exec (as Introduced)	\$ Increase over Exec (as Introduced)	Total Increase
Traditional Public School Districts	\$497,100,000	\$607,300,000	\$1,104,400,000
JVSD	\$34,500,000	\$46,000,000	\$80,500,000
Community and STEM Schools	\$53,000,000	\$74,800,000	\$127,800,000
Creation of New Independent STEM Schools	\$10,000,000	\$10,000,000	\$20,000,000
County Boards of DD	\$6,000,000	\$6,000,000	\$12,000,000
Income Based EdChoice Scholarship	\$49,000,000	\$49,000,000	\$98,000,000
Educational Service Centers	\$0	\$0	\$0

To treat ESCs the same as traditional public schools would require an \$8.9 million increase over the executive budget in FY 2024 and \$11.9 million above in FY 2025; this is \$20.8 million more over the biennium, which is consistent with increases for other entities and would represent 1.4% of the overall increase for education.

K-12 Education

- H.B. 33 appropriates **\$135.0 million** in each fiscal year from lottery profits, an increase of \$81.0 million over FY 2023, to make payments to community schools and independent STEM schools that meet certain quality standards, increasing the annual per pupil amount compared to FY 2023 from \$1,750 to \$3,000 for economically-disadvantaged students, and from \$1,000 to \$2,250 for all other students.
- Appropriates **\$87.1 million in FY 2024 and \$88.6 million in FY 2025**, increases of 107.3% and 1.7% for community school facilities, increasing the annual per pupil amount for brick and mortar schools from \$500 to \$1,000 compared to FY 2023.

K-12 Education

- New GRF-supported funding for the Department of Education includes \$50.0 million in each fiscal year to assist public schools in establishing or expanding career-technical programs;
- \$21.5 million in each fiscal year to reimburse public schools for stipends to teachers to complete professional development in reading;
- \$44.0 million in FY 2024 to subsidize the cost for public schools to purchase curricula and materials for English language arts and reading intervention;
- \$6 million in FY 2024 and \$12 million in FY 2025 for Literacy Coaches
- \$15.0 million in FY 2025 for tutoring;
- \$7.5 million in each fiscal year to support teacher credentialing to teach College Credit Plus courses; and
- \$3.2 million in each fiscal year for the Ohio Military Veterans Educators Program to assist veterans in becoming teachers.
- \$200.0 million in ARPA funding in FY 2024 to the Facilities Construction Commission to assist with construction projects that establish or expand career-technical education programs.

Opportunities to Monitor

- **Career Awareness and Exploration funds (CAE).** By FY25, funding to Career Tech Planning Districts on behalf of their home schools will go from \$5 to \$10 per student.
- **Work-based Learning Incentive Program.** \$10 million each fiscal year to pay school districts, community schools, and STEM schools \$1,000 for each student that completes at least 250 hours of work-based learning. Estimates it will fund up to 10,000 students per year!
- **Business Advisory Council incentive funds.** Payments of up to \$50,000 in each fiscal year to each business advisory council designated as “high quality” by receiving a rating of three or four stars under ODE’s business advisory council recognition. BACs will be required to use payments to support business advisory council duties under continuing law, increase career awareness and exploration activities for students, and expand access to work-based learning opportunities.

Opportunities to Monitor

- **Industry Recognized Credential Reimbursement** . During the last 2 fiscal years, ODE only paid out about ½ of the \$8 million available. This budget the state is allocating \$5.5 million per year to better align with what has been used in the past.
- **Innovative Workforce Incentive Program continuation.** ODE pays each school district, community school, STEM school, and JVSD \$1,250 for each qualifying credential earned by a student during the prior fiscal year. The recommended funding of \$10.5 million per year will support full payment for up to 8,400 qualifying credentials annually. This recommendation is slightly lower than FY23 since the Department only paid out about \$4.5 million in FY22.

Potential Structural Changes

Early Childhood Education/Children and Youth Department

- Budget creates the new Ohio Department of Children and Youth
 - Allocation of \$46.1 million in both years of the biennium to provide low-income children with high quality early learning opportunities
 - Allocates \$119.4 million over the biennium for Help Me Grow
 - An additional \$16 million over the biennium for the Imagination Library
 - Eligibility expansion for childcare from 142% to 160% of the FPL

Senate Bill 1 / House Bill 12

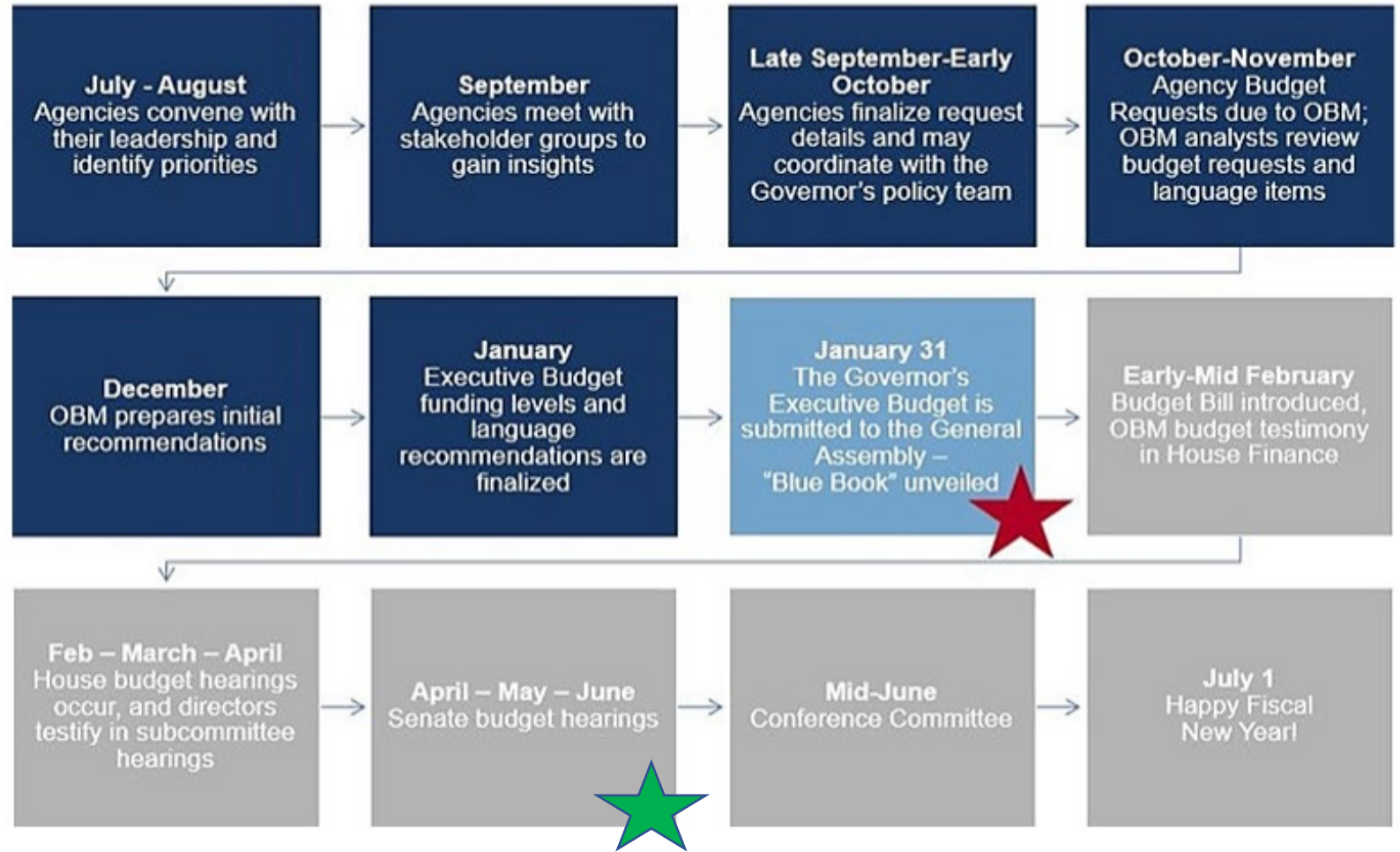
- Department of Education -> Department of Education and Workforce
- Important issue to watch

ESC-Specific Provisions

- ESC funding in Gov budget up 16.6667 percent per year aligned with 6-year phase-in; retained by House
 - Did not see increases like rest of K-12
- ESC gifted units funded at \$5.4 million per year up from \$3.8 million fully funding existing units
- ODE to use ESCs for PD in literacy initiative and hiring of 100 literacy coaches.
 - \$12 million over biennium for regional literacy workgroups
- New ECE slots will be available to ESCs with existing need and those wanting to add preschools
- \$1 million regional transportation pilot for up to 5 ESCs

What Next? Budget Timeline

Figure A-4: Budget Timeline



Budget Resources

Office of Budget and Management:

https://obm.ohio.gov/areas-of-interest/budget-and-planning/03_operating-budget/01-fiscal-years-2024-2025

Legislative Service Commission (Budget Central):

<https://www.lsc.ohio.gov/budget>

House Finance Committee:

<https://ohiohouse.gov/committees/finance>

Senate Finance Committee:

<https://www.ohiosenate.gov/committees/finance>

Budget Resources

School District Simulations

- **Traditional public schools:**

https://archives.obm.ohio.gov/Files/Budget_and_Planning/Operating_Budget/Fiscal_Years_2024-2025/StudentWellnessSuccess/Traditional_Districts.pdf

- **JVS:**

https://archives.obm.ohio.gov/Files/Budget_and_Planning/Operating_Budget/Fiscal_Years_2024-2025/StudentWellnessSuccess/Joint_Vocational_School_Districts.pdf

- **Community Schools:**

https://archives.obm.ohio.gov/Files/Budget_and_Planning/Operating_Budget/Fiscal_Years_2024-2025/StudentWellnessSuccess/Community_Schools.pdf

The logo for the OESCA Association features the letters 'OESCA' in a large, bold, sans-serif font. The letter 'O' is stylized with a black circle inside a white square. Below 'OESCA' is the word 'ASSOCIATION' in a smaller, all-caps, sans-serif font. The logo is set against a white background with a large grey arc on the left and a blue circle on the right.

OESCA ASSOCIATION

Follow all the latest state budget news on the OESCA state budget resource page in the **Advocate** section of our website:

<https://www.oesca.org/vnews/display.v/SEC/ADVOCATE%7CState%20Operating%20Budget>