

THE
NATIONAL LAW REVIEW

Ohio State Budget Update: K-12 Education and Higher Education

Thursday, July 6, 2017

This is the final budget of Gov. John Kasich's two-term administration and it was a challenging budget for the legislature and the administration, with an ongoing decline in state revenue during the current fiscal year. With the initial announcement in March, state leaders proposed that the pending budget would need to be reduced by \$800 million in general revenue funds over the biennium. This total grew to nearly \$1 billion by mid-June. As a result, most state agencies received a 4-6 percent across-the-board cut and K-12 education received modest increases, while higher education institutions were mostly flat funded.

K-12 Education

The Education budget traditionally centers on the school funding formula, and this budget was no exception. Overall, the FY2018 appropriated amount of \$6.799 billion for the foundation formula in the final version of the conference report is above the FY2017 appropriation of \$6.655 billion. FY2019 appropriations for the foundation formula were increased nearly \$300 million over FY2017 levels to \$6.937 billion. The General Assembly limited increases on a district level to a modest 3 percent over the prior fiscal year, with exceptions for those districts who saw substantial student growth in the previous three years that exceeded 5.5 or 6 percent or greater. In these cases, funding increases were capped at 6 percent of the prior year's funding. Perhaps the biggest win for many districts in this funding cycle was funding for career technical education and career technical education associated services, which were not restricted by any funding cap gains.

Also of note are changes coming to Ohio's graduation system, with the General Assembly authorizing additional pathways towards a high school diploma amid concerns from educators that far fewer students, particularly within the class of 2018, would be able to meet recently implemented graduation requirements.

New pathways for graduation now include, in addition to the traditional end-of-course exams, a combination of at least two of the following: attaining a 93 percent rate of attendance during the senior year; 2.5 G.P.A. in four classes; completion of a capstone project; completion of 120 hours of work in a community service role or position of employment including internships, work study, co-ops, and apprenticeships; earning three or more transcribed credit hours under College Credit Plus; and attaining certain scores on the AP or IB exams among other options now provided by the state. Similar changes were also adopted for the state's career and technical students reflecting changes necessary to recognize options available to those students.

Another significant change in the state budget was the decision to eliminate the Straight A Program, an innovation grant program that was established nearly four years ago to cultivate innovative ideas in education across the state. The Ohio Senate eliminated the program in its entirety and tasked the Department of Education with developing a report at the end of the year to speak to the program's overall effectiveness. When it was first created in 2013, the Straight A program was heralded as one of the largest education innovation funds in the country with over \$300 million in grants given out to districts and partnerships across the state.

Perhaps two of the most talked about and controversial proposals this budget cycle were the placement of three non-voting members on each school district's board of education and the requirement that teachers undergo an externship experience. Both provisions were quickly scrapped by the House and did not appear in the final version of the budget.



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Lastly, changes were made to the state's testing system based loosely on recommendations from the Department of Education. They included the elimination of the fourth- and sixth-grade social studies end-of-course exam, as well as allowing districts to choose to administer the state assessments in paper/pencil format instead of online.

Higher Education

The Higher Education budget began relatively tenuously, as many of the proposals introduced by the administration were not well-received by many stakeholders, particularly in the higher education community. Perhaps the most controversial administration proposal that was stripped out by the House would have required all state institutions of higher education, for the 2018-2019 academic year, to provide textbooks to all undergraduate students as a mandatory service while authorizing institutions to charge a textbook fee of no more than \$300 per year for a full-time student. The practical effect of this proposal, according to Ohio's higher education community, would have been, in some cases, millions of dollars in additional costs to the universities and colleges.

Of course, many in Ohio watched intently for changes to the State Share of Instruction (SSI) for modest increases. Recent past budgets have allocated these dollars in a performance-based funding formula and have placed a greater emphasis within the formula on degree and course completion. This did not change in this budget cycle, however, SSI was flat funded in the upcoming biennium.

This post is part of a series of blog posts that explore the Ohio Budget Update.

[Ohio Budget Update- July 6, 2017](#)

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