- Parity aid increases by 59.2% in FY 2004 and 33.1% in FY 2005
- The special education weighted funding percentage increases to 88% in FY 2004 and 90% in FY 2005

Education, Department of

Melaney A. Carter, Economist
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ROLE

The role of the Department of Education is to assist school districts in providing every student in Ohio with an education that prepares the student to successfully meet the challenges of the 21st century. The Department is governed by a 19-member State Board of Education. The Superintendent of Public Instruction, who is hired by the State Board of Education, is responsible for the Department's day-to-day operation. The Department oversees an education system consisting of 612 school districts, 49 joint vocational school districts, and 132 public community schools. The combined state and local expenditures of the system totaled more than $16 billion in FY 2002. In addition, the Department monitors educational service centers, Head Start programs, state chartered nonpublic schools, and other school-related entities.

Agency In Brief

Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2004	2005	2004	2005	
725	$9,334.1 million	$9,648.1 million	$7,149.3 million	$7,317.8 million	Am. Sub. H.B. 95

*Employee head count obtained from the Department of Education (EDU) payroll reports as of June 30, 2003.

OVERVIEW

Am. Sub. H.B. 95, the main operating appropriations bill of the 125th General Assembly, maintains primary and secondary education as Ohio's highest spending priority; 38.5% of the $41.7 billion state budget is devoted to K-12 education over the biennium. This includes the general revenue fund (GRF), local government funds, and lottery profits. The total budget for the Department of Education features funding increases of 4.9% for FY 2004 and 3.4% for FY 2005. Table 1 below details the Department's appropriations by fund group.

Table 1: Appropriations By Fund Group					
Fund Group	**FY 2003**	**FY 2004**	**% Change FY 03 - FY 04**	**FY 2005**	**% Change FY 04 – FY 05**
GRF	$6,951,307,954	$7,149,334,615	2.8%	$7,317,750,989	2.4%
General Services	$20,563,948	$32,606,401	58.6%	$33,049,227	1.4%
State Special Revenue	$19,416,165	$77,766,171	300.5%	$129,344,695	66.3%
Lottery	$673,522,600	$637,900,000	-5.3%	$637,900,000	0.0%
Revenue Distribution	$106,853,446	$115,911,593	8.5%	$115,911,593	0.0%
Federal Special Revenue	$1,125,063,091	$1,320,564,193	17.4%	$1,414,191,626	7.1%
Grand Total	**$8,896,727,204**	**$9,334,082,973**	**4.9%**	**$9,648,148,130**	**3.4%**
GRF + Lottery	**$7,624,830,554**	**$7,787,234,615**	**2.1%**	**$7,955,650,989**	**2.2%**

It can be seen from the table that the budget increases the GRF appropriations by 2.8% in FY 2004 and 2.4% in FY 2005. The Lottery Profits Education Fund (LPEF) appropriations decrease by 5.3% in FY 2004 and are flat in FY 2005. Total GRF and Lottery appropriations increase by 2.1% in FY 2004 and 2.2% in FY 2005.

Lower expenditures ($8.7 million in actual expenditures vs. $24 million in original appropriation) in the school district solvency assistance program in FY 2003 account for the large increase in the general service fund appropriations in FY 2004. The budget appropriates $18 million to the program in each year of the FY 2004-2005 biennium.

The significant increase in the state special revenue appropriations is largely because the budget shifts funding for Head Start from the GRF to Fund 5W2 in the state special revenue fund group. Appropriations in this item total approximately $57.2 million in FY 2004 and $108.2 million in FY 2005.

The budget for the Department is organized into nine program series. Table 2 gives the appropriation levels by program series. The section below entitled "Budget Issues" briefly describes the major programs in these series funded with GRF dollars.

Table 2: Appropriations by Program Series		
Program Series	**Total Appropriations**	
	2004	**2005**
Academic Standards and Student Assessments	$65.0 million	$70.2 million
Early Childhood	$110.4 million	$155.4 million
Teaching Profession	$142.5 million	$143.4 million
Innovation and Best Practices	$100.1 million	$106.9 million
Basic Support	$7,366.0 million	$7,539.3 million
Safe Schools and Communities	$20.4 million	$20.6 million
Basic Support Enhancements	$1,473.6 million	$1,555.9 million
Accountability System	$21.0 million	$21.0 million
Administration and Infrastructure	$38.5 million	$39.0 million

SCHOOL FUNDING OVERVIEW

DETERMINING THE BASE COST FORMULA AMOUNT

One goal of state funding for schools is to ensure that every school district in Ohio has enough funding to provide a sound basic education to its students. In order to accomplish this goal, the base cost per pupil of a sound basic education, or the base cost formula amount, has been determined by the Ohio Legislature. It was last determined by the 124th General Assembly using data from FY 1999, by the following method.

1. In order to make the districts comparable, each district's spending per pupil was corrected for the district's:

   a. spending on special education;

   b. spending on career-technical education;

   c. spending on transportation;

   d. state disadvantaged pupil impact aid;

   e. federal funding; and

   f. cost of doing business factor adjustment.

2. In order to remove outliers (district's with unusually low or unusually high wealth), the districts were ranked by both their median incomes and property valuations per pupil, and the top 5% and bottom 5% of school districts on each wealth measure were removed from the calculation.

3. In order to consider only spending that resulted in a sound basic education, districts that met fewer than 20 out of the 27 performance indicators in FY 1999 were removed from the calculation. One hundred twenty-seven districts remained.

4. Some of these 127 districts were also included in the base cost model adopted by the 122nd General Assembly, which was based on a similar analysis of the FY 1996 performance and base cost data of all school districts. In order to correct for the fact that the state may end up funding similar spending twice,[2] theses districts' per pupil spending in FY 1999 was replaced with their

[2] In the process of updating the base cost, it was recognized that without any adjustment the state would end up funding similar spending twice. As can be seen in step 1, the state funding for many grant programs (professional development, technology grants, etc.) and local revenues above 23 mills were not removed from a district's base cost. And the base cost therefore included the state funding for grant programs and additional local spending above 23 mills. Meanwhile, the state has continued to fund many grant programs as separate line items and the local contribution requirement for the base cost has remained at 23 mills. Additional local spending and grant programs totaled approximately $1.9 billion in FY 1999. With the potential of funding such a significant amount of spending twice, without any adjustment it could result in base expenditures that might be higher than necessary for some school districts to maintain their high performance status.

per pupil spending in FY 1996, inflated 2.8% per year, if this spending was lower than the districts' FY 1999 spending.

5. The corrected per pupil spending for each of the 127 districts was averaged.

6. In order to account for an increase in the minimum number of credits required by the state for graduation, $12 was added to this average.

7. Finally, this figure was inflated 2.8% per year to arrive at a per pupil base cost of $4,814 in FY 2002 and $4,949 in FY 2003.

Am. Sub. H.B. 95 of the 125th General Assembly inflates the FY 2003 figure 2.2% per year to arrive at a base cost formula amount of $5,058 in FY 2004 and $5,169 in FY 2005.

ENSURING THAT ALL SCHOOL DISTRICTS HAVE ENOUGH REVENUES TO COVER THEIR BASE COST

The base cost for each district is determined by multiplying the base cost per pupil by the number of pupils enrolled in the district and applying the cost of doing business factor for the district. The number of pupils is calculated by computing the formula average daily membership (ADM) in the district during the first week of October of the school year. The cost of doing business factor has been determined for each county and is listed in R.C. 3317.02 (N). For example, suppose District A has an October ADM count of 1,000 in FY 2004 and is in a county with a cost of doing business factor of 1.05. District A's base cost for FY 2004 is then $5,310,900 ($5,058/pupil x 1.05 x 1,000 pupils). The state ensures that District A has revenues at least equal to $5,310,900.

Figure 1: Base Cost Formula
Base Cost = Base Cost Formula Amount x CDBF x Formula ADM

School districts typically have three major sources of revenues: local property and income taxes, state government funding, and federal government funding. As mentioned above, in determining the base cost per pupil, federal funding was subtracted from district spending. Federal funding is, likewise, disregarded in ensuring that all districts have enough revenues to cover the base cost, only local revenues and state funding are considered. For local revenues, the state assumes that each district will contribute an amount equal to the product of multiplying 23 mills by the district's total recognized valuation (property value) towards covering the district's base cost. This amount is called the district's local share or charge-off, and the 23 mills is known as the charge-off rate. The district's charge-off is deducted from the district's base cost and the state makes up the difference.

For example, District A's base cost was calculated above as $5,310,900. Suppose District A's property valuation is equal to $125,000,000. District A's charge-off would then be $2,875,000 ($125,000,000 x 0.023). District A's state base cost funding or state share would equal $2,435,900 ($5,310,900 - $2,875,000). District A would cover 54% of its base cost with local revenues and 46% with state aid. Suppose, instead, that District A has a property valuation equal to $250,000,000. District A's local share would then be $5,750,000 ($250,000,000 x 0.023). In this case, District A's charge-off is greater than District A's base cost ($5,310,900) so that state base cost funding would be equal to zero. In this example, District A is wealthy enough to cover its base cost without state aid. About 20 districts in Ohio

are this wealthy (most state funding for these districts are distributed through the guarantee provision). In contrast, the lowest wealth school district receives approximately 85% of its base cost from the state.

Figure 2: State Base Cost Funding Formula
Local Share = Total Recognized Valuation x 0.023
State Share = Base Cost – Local Share
State Share = Base Cost Formula Amount x CDBF x Formula ADM – Local Share

FACTORS THAT AFFECT A DISTRICT'S STATE BASE COST FUNDING

Base cost funding is the biggest line item within the Department of Education's budget. Approximately $11,768.5 million in state formula aid will be distributed to 612 school districts over the FY 2004-2005 biennium. Of this amount, approximately $8,422.5 million (or 71.6%) will be distributed as state base cost funding. In FY 2004, state share percentages of base cost funding range from zero percent in about 20 very wealth school districts to more than 80% in a few very poor school districts. The statewide average is estimated to be 46.6% while the statewide median is 54.1%. More than 350 school districts are estimated to receive more than 50% of their base cost funding from the state in FY 2004.

As can be seen from the preceding discussion, a district's state base cost funding is determined by:

- The district's cost of doing business factor;
- The district's formula ADM;
- The district's property valuation;
- The base cost formula amount; and
- The charge-off rate.

Cost of Doing Business Factor (CDBF)

The countywide cost of doing business factor has been in place in the base cost formula since 1980. It is based on weighted average weekly wage data for all workers within a county, and for workers in all of its contiguous counties as reported by the Ohio Department of Job and Family Services. To compensate school districts for the higher costs they may have to incur to provide similar education services due to the county-by-county systematic differences in regional labor markets, the formula amount is adjusted by the countywide-based CDBF. H.B. 94 permanently froze the range of CDBF at 7.5%, meaning that districts in the lowest cost county (Gallia County) have a factor of one and those in the highest cost county (Hamilton County) have a factor of 1.075.

Formula ADM

Formula ADM is an adjusted form of the October count, the average daily membership (ADM) of students during the first full week of October classes for that fiscal year. All K-12 students, including special and career-technical education students are included, but kindergarten students are counted at the 50% level and joint vocational school (JVS) students are counted at the 20% level.

Figure 3: Formula ADM
Formula ADM = 0.5 x Kindergarten ADM + Grades 1-12 ADM + 0.2 JVS ADM

Previously, JVS students were counted at the 25% level. The budget decreased this percentage to 20%. The education of these students at the JVS is funded through a separate formula. The additional 20% accounts for some of the administrative responsibilities the home school district retains when a student attends a JVS.

The district's formula ADM does not affect its required local share amount. As long as the district's base cost remains greater than its local share, a decrease of one student will decrease a district's state share by the base cost formula amount times the district's CDBF. Revisiting our example of District A with an ADM of 1,000 and a CDBF of 1.05, a decrease in District A's ADM from 1,000 to 970 would result in a decrease in its state share of $159,327 (30 x $5,058 x 1.05) from $2,435,900 to $2,276,573. District A's local share would remain at $2,875,000. District A would now cover 56% of its base cost with local revenues (local share percentage) and 44% with state aid (state share percentage).

Previously, districts with declining enrollments could use the average of their three years' formula ADM in their base cost funding calculations. This provision provided state aid to districts for students who were not actually enrolled in any school. In FY 2003, approximately 302 school districts benefited from the three-year average provision and received a total of $60 million in state base cost funding for students they did not actually have. Am. Sub. H.B. 95 removed the three-year average provision so that districts may only be funded under the current year's formula ADM. In other words, school districts will now only be funded based on the actual number of students they have during the first full week of October classes.

Prior to FY 2003, the statewide K-12 student enrollment had declined steadily from its peak in FY 1998. However, the statewide total ADM increased by 0.4% in FY 2003. It is estimated that the statewide student enrollment will increase by approximately 0.2% in FY 2004 and by 0.1% in FY 2005.

Property Value

A district's property value affects the district's local share, and therefore, the district's state share too. The higher a district's property value, the higher the district's local share, and therefore, the lower the district's state share. Real property is updated every three years and reappraised every six years in Ohio. School districts generally will experience significant increases in real property value in the reappraisal or update year. Revenue from voted operating mills on existing (carryover) real property, however, does not grow with appreciation in value of property due to H.B. 920. Millage rates are generally adjusted downward to maintain the same dollar amount of revenue from levies. For example, a school district may have a 15% increase in real property valuation in a reappraisal year and end up with only a 3% growth in revenue from real property.

To minimize the fluctuation in state funding due to reappraisal/update cycles, Am. Sub. H.B. 215 of the 122nd General Assembly adopted the "recognized" valuation provision. Since FY 1998, a school district's inflationary increase in carryover real property in the reappraisal/update year has been "recognized" evenly over a three-year phase-in period. If a district experiences a 15% inflationary increase in real property in a reappraisal year, the base cost formula only recognizes a 5% increase in that year, 10% increase in the following year, and the full 15% growth in the third year.

In addition to the recognized valuation provision, the reappraisal guarantee provision guarantees that a reappraisal or update district receives at least the same amount of formula funding it received in the previous year.

The Base Cost Formula Amount

As mentioned earlier, the base cost formula amount was last updated by the 124th General Assembly using the FY 1999 performance and base cost of all school districts. The budget inflates the FY 2003 base cost formula amount of $4,949 by 2.2% per year to arrive at a base cost formula amount of $5,058 in FY 2004 and $5,169 in FY 2005.

The Charge-Off Rate

The charge-off rate for the base cost has remained at 23 mills since FY 1997. The statewide average school district operating millage rate (including both property tax and school district income tax levies) was approximately 31.9 mills in tax year 2002. At the 23-mill charge-off rate, the base cost formula equalizes about 72.1% (23/31.89) of local operating tax levies. Additional millage is equalized through special and career-technical education weighted cost funding. Parity aid, as discussed later, further equalizes additional 9.5 mills above the basic education level.

Increasing the charge-off rate improves overall inter-district equity since a greater portion of local revenue is subject to formula equalization. However, a higher charge-off rate will also increase the local share of school districts and would result in lower state shares unless the base cost formula amount were also increased. Also, some school districts do not actually collect 23 mills of local property and/or school district income tax levies. However, the charge-off supplement, as discussed later, will make up any missing local revenue and guarantee every district the amount of local revenue assumed by the formula.

ACCOUNTING FOR DIFFERENCES IN THE STUDENTS TAUGHT AT EACH DISTRICT

As seen above, the base cost funding formula takes into account differences in the cost of doing business in each district, the ADM of each district, and the property value in each district. There are also differences in the types of students taught at each district. Students requiring special education and related services, career-technical education, and gifted education may cost more to educate than a typical student. In addition, research has shown that students from disadvantaged backgrounds may also require additional services beyond a basic education. The school funding formula takes these differences into account in a variety of ways.

Special Education and Related Services

As discussed previously, the base cost formula amount was computed as the cost of a sound basic education for a typical student. Special education students, however, often require additional services in order to have a similar basic education and thus result in higher costs. Am. Sub. H.B. 94 of the 124th General Assembly created six categories of disabilities and assigned a weight to each category.

These weights, when multiplied by the base cost formula amount, represent the additional cost of educating these students. For example, the additional weight for a student receiving speech only services is 0.2892. A student falling in this category is assumed to cost the district the base cost formula amount ($5,058) plus the weight times the base cost formula amount ($1,463 = $5,058 x 0.2892), a total of $6,521 in FY 2004. The highest weight is 4.7342 for a student with autism, traumatic brain injury, or both a visual and hearing impairment. A student in this category is assumed to cost the district an additional $23,946 ($5,058 x 4.7342) for a total of $29,004 in FY 2004.

The additional cost of special education for a district is calculated by adding the weights for all the students in the district receiving special education and multiplying that by the base cost formula amount. For example, suppose District A has 20 students in category one (weight = 0.2892) and ten students in category two (weight = 0.3691), and one student in category five (weight = 3.1129). The total special education weights for District A would equal 12.5879 (20 x 0.2892 + 10 x 0.3691 + 1 x 3.1129). The additional cost of special education for District A would equal $63,670 (12.5789 x $5,058). The state share is equal to the total cost times the district's state share percentage as determined in the base cost formula. For District A, the state share would equal $29,288 ($63,670 x 0.46) if this six-weight system were fully implemented. However, the system is phased in at 88% in FY 2004 and 90% in FY 2005. District A would, therefore, receive $25,773 ($29,288 x 0.88) in FY 2004 of state aid for special education weight funding.

Figure 4: State Special Education Weighted Funding
Total Special Education Weights = (ADM cat. 1 x 0.2892) + (ADM cat. 2 x 0.3691) + (ADM cat. 3 x 1.7695) + (ADM cat. 4 x 2.3646) + (ADM cat. 5 x 3.1129) + (ADM cat. 6 x 4.7342)
Additional Special Education Cost = Total Special Education Weights x Base Cost Formula Amount
State Share = Additional Special Education Cost x State Share Percentage
State Payment = State Share x Phase-in Percentage Phase-in Percentage = 88% in FY 2004 and 90% in FY 2005

In addition to weighted funding, supplemental funding for one speech service personnel for every 2,000 ADM is also provided for special education. The personnel allowance is $30,000 per year, and the state share is based on each district's state share percentage of the base cost funding (see Figure 5).

Figure 5: State Speech Service Supplemental Funding
State Share = Formula ADM/2,000 x $30,000 x State Share Percentage

In FY 2003, approximately 209,952 students received special education weighted funding, representing approximately 12.3% of the formula ADM in 612 school districts. Approximately $694.6 million in state special education weighted funding (including speech service supplemental funding) will be distributed to 612 school districts over the FY 2004-2005 biennium.

Furthermore, all special education students except students who receive only speech services are eligible for an additional catastrophic cost subsidy. For FY 2004 and FY 2005, a catastrophic cost is defined as

when the cost per pupil for category six students (autism, traumatic brain injury, both visual and hearing impairments) exceeds $30,840 and for all other eligible students exceed $25,700. The state pays half of the cost above these threshold amounts plus the district's state share percentage of the other half of the cost above the thresholds (see Figure 6). For example, suppose District A spends $45,000 for it's one category six student. The cost of educating this student exceeds the threshold by $14,160 ($45,000 - $30,840). District A would receive a catastrophic cost subsidy equal to $7,546 (($14,160 x 0.5) x (1 + 0.46)). The budget sets aside $15 million within line item 200-501, Base Cost Funding, in each fiscal year for the additional catastrophic cost subsidy.

Figure 6: Catastrophic Cost Subsidy
Subsidy = ((Actual Cost – Threshold) x 0.5) x (1+ State Share Percentage)

Career-Technical Education

Like special education students, career-technical students may require additional services at a higher cost in order to have a sound basic education. Districts receive weighted funding for career-technical students like they do for special education students. Career-technical students receive weights depending on the type of program they are in and the amount of time they spend in the program. There are two weight categories, workforce development programs (weight = 0.57) and non-workforce development programs (weight = 0.28). In addition, all career-technical programs receive an associated service weight of 0.05. Since career-technical students spend only a portion of their time in career-technical classes, weighted funding is based not on ADM, but on the full-time equivalent (FTE) of the time spent in the career-technical program. For example, if a student spends half the day in a career-technical program the student counts as 0.5 FTE for weighted funding.

The additional cost of career-technical education for a district is calculated by adding the weights for all FTE students in the district receiving career-technical education and multiplying that by the base cost formula amount. For example, suppose District A has 40 FTEs in non-workforce development programs and 20 FTEs in workforce development programs. District A's total career-technical education weights would equal 25.6 (40 x 0.28 + 20 x 0.57 + 60 x 0.05). The additional career-technical education cost for District A in FY 2004 would therefore be $129,485 (25.6 x $5,058). The state share is equal to the total cost times the district's state share percentage as determined in the base cost formula. For District A, the state share would equal $59,563 ($129,485 x 0.46).

Figure 7: State Career-Technical Education Weighted Funding
Total Career-Technical Education Weights = (FTE workforce development x 0.57) + (FTE non-workforce development x 0.28) + (FTE all career-technical x 0.05)
Additional Career-Technical Education Cost = Total Career-Technical Education Weights x Base Cost Formula Amount
State Share = Additional Career-Technical Education Cost x State Share Percentage

In addition to weighted funding, the state provides grants for up to 225 FTE GRADS (Graduation, Reality, and Dual-Role Skills) teachers. The grant is equal to the personnel allowance times the number of approved FTE GRADS teachers times the district's state share percentage. The budget increases the personnel allowance from $46,260 in FY 2003 to $47,555 in both FY 2004 and FY 2005. For example,

suppose District A has 0.5 FTE approved GRADS teachers. District A would receive a state grant equal to $10,938 (0.5 x $47,555 x 0.46).

Figure 8: State GRADS Teacher Grant
GRADS Teacher Grant = $47,555 x Approved GRAD FTE Teachers x State Share Percentage

The budget provides approximately $92.6 million in additional career-technical education funding (including both weighted funding and GRADS teacher grants) for 612 school districts over the biennium. Additional amounts will be distributed to 49 joint vocational school districts for the same purpose (see the "Joint Vocational School District Funding Formulas" section of this analysis for details).

Gifted Education

Gifted students may also require additional services beyond those of typical students. The budget funds 1,110 gifted units in each fiscal year. Gifted units are held by school districts and educational service centers. State funding is equal to the number of approved gifted units times the sum of the gifted salary allowance, 15% of the salary allowance for fringe benefits, a classroom allowance of $2,678, and a supplemental unit allowance of $5,241. (Approximately 50% of the supplemental unit allowance is equalized based on each district's state share percentage of base cost funding. There is no equalization component for units held by educational service centers.) The salary allowance is equal to the state teacher minimum salary given the teacher's education level and years of experience. Suppose an average wealth district has one approved unit and hires one gifted teacher with a Master's degree and five years of experience. The salary allowance for this teacher would be $26,700. This average wealth district would receive $38,624 for gifted education (1 unit x ($26,700 + $4,005 + $2,678 + $5,241)).

Figure 9: State Gifted Unit Funding
State Funding = Number of approved units x (Salary Allowance + 15% Fringe Benefits + $2,678 + $5,241)

Currently, about 22% of state funded gifted units are located in educational service centers. The budget provides approximately $82.3 million in gifted unit funding over the biennium. The unit reimbursement value will largely remain at the FY 2003 level of approximately $36,893 in each year.

Education of Disadvantaged Students

The state provides additional funding for districts with high concentrations of disadvantaged students. This funding is known as Disadvantaged Pupil Impact Aid (DPIA). The budget suspends the statutory calculation of DPIA during FY 2004 and FY 2005. For these two fiscal years, districts that received DPIA in FY 2003 receive a 2% annual increase in FY 2004 and FY 2005 except for those receiving DPIA through the guarantee provision. For districts that were on the DPIA guarantee in FY 2003, their DPIA funding in FY 2004 and FY 2005 would equal their FY 2003 funding amounts. In FY 2003, 337 school districts received approximately $327.2 million in DPIA. These 337 school districts will continue to receive DPIA in FY 2004 and FY 2005.

The budget provides approximately $672.6 million in DPIA over the biennium. Major urban school districts tend to have much higher concentrations of disadvantaged students, and they are the primary

beneficiaries of the DPIA program. For example, Big 8 districts are estimated to receive 66.3% (or $221.0 million) of the total DPIA funding of $333.2 million in FY 2004. Disadvantaged Pupil Impact Aid funding per ADM for Big 8 districts ranges from $631.8 in Canton City to $937.2 in Youngstown City. Cleveland City will receive about $926.5 in DPIA funding per ADM. (These per pupil amounts are calculated based on districts' formula ADM, not based on their DPIA eligible students. Per pupil amounts based on DPIA eligible students are higher than the ones based on the formula ADM.)

In FY 2003, a disadvantaged student was defined as a student whose family participated in Ohio Works First (OWF). The amount of DPIA a district received was based on the district's DPIA index, which equals the district's percentage of disadvantaged students divided by the statewide percentage of disadvantaged students. Based on this DPIA index a district may receive three different types of DPIA funding: all-day kindergarten, K-3 class size reduction, and safety and remediation.

All-day kindergarten. In FY 2003, districts with a DPIA index of at least one or with a three-year average formula ADM of at least 17,500 were eligible for all-day kindergarten funding. An eligible district received funding equal to the district's kindergarten ADM times 50% times the base cost formula amount ($4,949 in FY 2003) times the percentage of the district's kindergarten students that receive all-day kindergarten. For example, suppose District A has a DPIA index of 1.2, a kindergarten ADM of 90, and offers 30% of its kindergarten students all-day kindergarten. In FY 2003, District A would have received $66,812 (90 x 0.5 x $4,949 x 0.3) in DPIA all-day kindergarten funding.

Figure 10: DPIA All-day Kindergarten Funding in FY 2003
State Funding = Kindergarten ADM x 50% x $4,949 x Percentage of Kindergarten Students Receiving All-Day Kindergarten

In FY 2004 and FY 2005, District A would receive $68,148 ($66,812 x 1.02) and $69,511 ($68,148 x 1.02), respectively, in DPIA all-day kindergarten funding. In FY 2003, 107 school districts received a total of $101.6 million in DPIA all-day kindergarten funding. These 107 school districts will continue to receive this funding in FY 2004 and FY 2005.

K-3 Class Size Reduction. In FY 2003, districts with a DPIA index of at least 0.6 were eligible for K-3 class size reduction funding. This funding was based on the assumption that all districts start with a student teacher ratio of 23:1. Districts with DPIA indices above 2.5 receive funding to hire enough teachers to bring the student teacher ratio down to 15:1. In FY 2003, the salary allowance for each teacher was $43,658. Suppose District A has a K-3 ADM of 300. Assuming a student teacher ratio of 23:1 would mean District A has 13 teachers (300/23). In order for District A to have the desired student teacher ratio of 15:1, District A must have 20 teachers (300/15). So, District A would receive funding for seven teachers, $305,606 (7 x $43,658).

Figure 11: DPIA K-3 Class Size Reduction Funding in FY 2003 for Districts with DPIA Indices Greater then 2.5
Teachers Funded = K-3 ADM/15 – K-3 ADM/23
State Funding = Teachers Funded x $43,658

District A, however, has a DPIA index of 1.2, so it would not have qualified for this level of funding in FY 2003. Districts with DPIA indices between 0.6 and 2.5 receive funding to hire enough teachers to

bring the student teacher ratio down to somewhere between 15:1 and 23:1, depending on the districts' DPIA indices. A district with a DPIA index of 0.6 would have been the lowest concentration of poverty to be eligible for this funding. These districts' DPIA indices are 1.9 points lower than districts with indices of 2.5, which receive full funding. District A's index is 1.2, 1.3 points lower than 2.5. The difference between District A's index and 2.5 is, therefore, 68% of the difference between 2.5 and 0.6 (1.3/1.9). District A was eligible for funding to hire enough teachers to bring the student teacher ratio down to 17.6:1 (23 – (23-15) x 0.68). District A must have 17 teachers to achieve this ratio (300/17.6). District A would then have received funding for four additional teachers, for a total of $174,632 (4 x $43,658).

Figure 12: DPIA K-3 Class Size Reduction Funding in FY 2003 for Districts with DPIA Indices Between 0.6 and 2.5
Target Number Of Students Per Teacher = 23 – 8 x (DPIA index – 0.6)/1.9
Teachers Funded = K-3 ADM/Target Number of Students Per Teacher – K-3 ADM/23
State Funding = Teachers Funded x $43,658

In FY 2004 and FY 2005, District A would receive $178,125 ($174,632 x 1.02) and $181,687 ($178,125 x 1.02), respectively. In FY 2003, 154 school districts received a total of $132.0 million in DPIA K-3 class size reduction funding. These 154 districts will continue to receive this funding in FY 2004 and FY 2005.

Safety and Remediation. In FY 2003, districts with DPIA indices of at least 0.35 were eligible for safety and remediation funding. Districts with indices at least 0.35 but less than one received $230 per DPIA eligible student. Districts with indices greater than one received $230 times the district's DPIA index per DPIA eligible student. For example, District A with a DPIA index of 1.2 would have received $276 ($230 x 1.2) per DPIA eligible student. Suppose District A has 120 DPIA eligible students, it would have received $33,120 of DPIA safety and remediation funding in FY 2003 (120 x $276).

Figure 13: DPIA Safety and Remediation Funding in FY 2003
Districts with indices between 0.35 and 1: Per Pupil Allocation = $230
Districts with indices greater than 1: Per Pupil Allocation = $230 x DPIA index
State Funding = Number of DPIA Eligible Students x Per Pupil Allocation

In FY 2004 and FY 2005, District A would receive $33,782 ($33,120 x 1.02) and $34,458 ($33,782 x 1.02), respectively. In FY 2003, 262 school districts received a total of $83.2 million in DPIA safety and remediation measure funding. These 262 school districts will continue to receive this funding in FY 2004 and FY 2005.

DPIA Guarantee. Under the DPIA formulas, eligible school districts are guaranteed to receive total DPIA funding at least equal to the total DPIA funding they received in FY 1998. As indicated earlier, these districts will receive the same amount of DPIA funding in FY 2004 and FY 2005 as they received in

FY 2003. In FY 2003, approximately $10.2 million in DPIA funding was distributed to 224 school districts through the guarantee provision.

FUNDING FOR PUPIL TRANSPORTATION

Transportation spending is not part of the base cost formula amount. The costs of transportation vary across districts depending on the district's ADM, the percentage of students that are transported, the number of miles students are transported, the quality of the roads in the district, and some factors in the district's control such as class schedules. Instead of paying districts according to their actual costs of transportation that depend on factors in the districts' control as well as those outside the districts' control, the state pays districts according to a modeled cost that depends only on factors outside the district's control. This gives districts the incentive to choose the least costly transportation method for their district. The model cost is derived from a regression of districts' actual transportation expenditures per ADM on a constant, districts' daily miles per ADM, and districts' transported pupil percentage. A regression is similar to finding an average, it tells you what a "typical" district would spend per ADM given the specific district's daily miles per ADM and transported pupil percentage. The total expected cost for a district is its modeled cost per ADM times its ADM. The state pays the greater of 60% or the district's state share percentage of the total expected cost. For example, suppose District A's model transportation cost per ADM is $522 (calculation not shown). District A's total model cost is $522,000 ($522 x 1,000). District A's state share percentage of the base cost (46%) is less than 60%, so District A would receive $313,200 ($522,000 x 0.6) in state transportation funding.

Figure 14: Funding for Transportation Model Cost
Districts with state share percentage less than 60%: Transportation Funding = Total Model Cost x 60%
Districts with state share percentage greater than 60%: Transportation Funding = Total Model Cost x State Share Percentage

In addition to this funding, low-density districts with high percentages of rough roads receive a rough road supplement. The Department of Transportation has defined what qualifies as a rough road and there are data available giving the percentage of rough roads in each county and in the state as a whole. The highest subsidy is $0.75 per rough road mile. This is for districts in the county with the highest percentage of rough roads. Districts in counties with a rough road percentage equal to or less than the rough road percentage for the state as a whole do not receive a subsidy. Those districts in counties with rough road percentages between the state percentage and the maximum county percentage, have a rough road subsidy that is scaled down the closer the county rough road percentage gets to the state percentage. The rough road subsidy is then adjusted for the pupil density within the district. The pupil density multiplier percentage is measured in a manner similar to the rough road subsidy. The largest multiplier is 100% for the district with the lowest pupil density. For other districts the multiplier is scaled down as the pupil density increases. The specific formula is given in Figure 15 below.

Figure 15: Rough Road Subsidy
For Districts in counties with rough road percentages greater than the state percentage: Rough Road Scale Factor = (Maximum County Rough Road Percentage – District's County Rough Road Percentage)/(Maximum County Rough Road Percentage – State Percentage)
Subsidy per Rough Road Mile = $0.75 x (1-District's Rough Road Scale Factor)
Total Rough Road Miles = Total Miles Transported Annually x District's County Rough Road Percentage
Total Rough Road Subsidy = Subsidy per Rough Road Mile x Total Rough Road Miles
For Districts with pupil densities less than the state pupil Density: Pupil Density Scale Factor = (Maximum Pupil Density – District's Pupil Density)/(Maximum Pupil Density – State Pupil Density)
Pupil Density Multiplier = 100% x (1-District's Pupil Density Scale Factor)
Adjusted Total Rough Road Subsidy = Total Rough Road Subsidy x Pupil Density Multiplier

About 211 school districts are estimated to receive more than 60% of their base cost funding from the state in FY 2004. These 211 school districts will, therefore, receive more than 60% of their modeled pupil transportation costs from the state. The other 401 school districts will receive 60% of pupil transportation funding from the state. The budget provides approximately $680.6 million in pupil transportation operating funding for school districts over the biennium. In addition, the budget also provides $120.0 million and $34.4 million over the biennium for special education pupil transportation operations and school bus purchases, respectively.

OTHER ADJUSTMENTS TO STATE FUNDING OF A SOUND BASIC EDUCATION

Excess Cost Supplement

As seen above, the state share of special education weighted funding, career-technical education weighted funding, and transportation funding depends on the district's state share percentage of base cost funding. The local share of these costs is, therefore, equal to the total cost minus the state share. The excess cost supplement limits this local share based on the property tax levies in the district. Previously, the local share was limited to 3 mills of the district's property tax levies. The budget bill increases this threshold to 3.3 mills. Consider District A, its total cost for special education, career-technical education, and transportation equals $715,155 ($63,670 + $129,485 + $522,000). District A receives $398,536 ($25,773 + $59,563 + $313,200) in state funding for these three items. District A's local share is, therefore, $316,619 ($715,155 – $398,536). District A would not receive an excess cost supplement because its local share is less than the amount of revenue generated by 3.3 mills of property tax levies ($125,000,000 x 0.0033 = $412,500). If District A's property value is $80,000,000 instead of $125,000,000, District A would be eligible for the excess cost supplement in the amount of $52,619 ($316,619 - $80,000,000 x 0.0033).

Figure 16: Excess Cost Supplement
Local Share of Special Education, Career-Technical Education, and Transportation Funding = Total Cost – State Share
Excess Cost Threshold = Total Recognized Valuation x 0.0033
For Districts with Local Share above the Threshold: Excess Cost Supplement = Local Share – Excess Cost Threshold

The budget provides approximately $47.0 million for the excess cost supplement over the biennium. About 239 school districts in FY 2004 and 251 school districts in FY 2005 are estimated to be eligible for this supplemental funding.

Teacher Experience and Training Adjustment

School districts receive additional funding for having teachers who are above the state average teacher education and experience level. In general, teachers earn higher salaries as their level of education and experience increase. The budget provides approximately $32.0 million for the teacher experience and training adjustment over the biennium.

Guarantee and Transitional Aid

It should be noted that guarantee funding provides subsidies above the formula calculated amounts to eligible districts. When a district receives guarantee funding, it means that the district receives more state and local revenues than the amounts determined by the basic education funding formulas. Therefore, the guarantee moneys can also be viewed as funding for education enhancements.

The so-called fundamental aid provision guarantees each district receives at least the same amount of fundamental aid the district received in FY 1998. Fundamental aid includes: (1) base cost funding, (2) equity aid, (3) special education weight cost funding, (4) special education speech service supplement, (5) career-technical education weight cost funding, (6) career-technical education GRADS teacher grant, (7) DPIA, (8) gifted unit funding, and (9) teacher training and experience adjustment. In FY 2004, about 87 school districts will be eligible for funding of approximately $53.8 million through the FY 1998 fundamental aid guarantee provision. This funding will amount to approximately $72.4 million for 108 eligible school districts in FY 2005.

The reappraisal guarantee provision guarantees school districts receive at least the same amount of foundation aid (fundamental aid plus excess cost supplement, pupil transportation, and parity aid) the district received in the previous year when the district has a reappraisal or an update. Since the adoption of the recognized value provision in FY 1998, the fiscal effect of the reappraisal guarantee provision has been reduced substantially. The state paid less than $3 million per year under the reappraisal guarantee provision from FY 1998 to FY 2003. However, this funding is estimated to increase significantly over the biennium. About 76 school districts are estimated to be eligible for funding of approximately $32.0 million through the reappraisal guarantee provision in FY 2004. This supplemental funding is estimated to decrease to $11.2 million in FY 2005 for about 44 school districts. The significant increase in reappraisal guarantee funding is partially due to the fact that many counties (including many big counties, such as Franklin, Hamilton, and Cuyahoga, etc.) had a reappraisal or an update in 2002 or 2003.

The budget establishes a new transitional aid to prevent a school district's state formula aid from decreasing by more than 5% of the funding received by the district in the previous year. It provides approximately $27.0 million in transitional aid over the biennium. For the purpose of transitional aid, the state formula aid amount received by a district includes fundamental aid, the excess cost supplement, pupil transportation, parity aid, and the charge-off supplement (see below).

Charge-Off Supplement

In order for a district to receive any state aid, the district must levy the equivalent of 20 mills of property taxes. Districts are assumed, however, to contribute a local share of 23 mills to cover their base cost, plus up to 3.3 additional mills to cover special education, career-technical education, and transportation costs. If a district's local revenue is less than that assumed by the state funding formula, then the district does not have the revenues to provide a basic education that are guaranteed by the state. The charge-off supplement, also known as gap aid, provides districts with these additional revenues. For example, suppose District A's local operating revenues only equal 20 mills of District A's property value or $2,510,440 ($125,000,000 x 0.02). District A would receive gap aid equal to its local share of base cost, special education weight cost, career-technical education weight cost, transportation model cost minus any excess cost supplement and its local operating revenue. For District A, that would equal $681,179 ($2,875,000 + $37,897 + $69,922 + $208,800 - $0 - $2,510,440)

Figure 17: Gap Aid

Gap Aid = Local Share of Base Cost Funding (23 mill Charge-Off)

+ Local Share of Special Education Weight Cost Funding

+ Local Share of Career-Technical Education Weight Cost Funding

+ Local Share of Transportation Funding

- Excess Cost Supplement

- Total Local Operating Revenue

On the surface, the charge-off supplement may just seem to be another supplemental funding program. However, it has significant implications. The charge-off supplement requires the state to fill any missing local revenue (either due to H.B. 920 reduction factors or due to the fact that the district did not levy those mills) for every district's formula share of base cost, special and career-technical education weight costs, and the pupil transportation model cost. It effectively ensures every district has both state and local shares of the basic education model cost and thus guarantees a similar basic education for every district. The budget provides approximately $97.0 million for the charge-off supplement over the biennium. Approximately 128 school districts will be eligible for the charge-off supplement in FY 2004. Per pupil benefits range from more than $450.0 in some districts to less than $40.0 in some other districts. The average benefit for these eligible districts is about $224.6 per pupil.

It should be noted that the charge-off supplement and the excess cost supplement are somewhat interdependent. For example, if two districts both have the same total formula local share of 27.3 mills (23 mills for the base cost and 4.3 mills for special education, career-technical education, and pupil transportation), District 1 has 22.3 mills of operating property tax levies and District 2 has 26.3 mills. District 1 would receive an amount of state subsidy equal to a one-mill (4.3 mills – 3.3 mills) levy from

the excess cost supplement and the equivalent of four mills (26.3 mills – 22.3 mills) of levies from the charge-off supplement. District 2 would be eligible for the equivalent of one-mill (4.3 mills – 3.3 mills) levy from the excess cost supplement. If there were no excess cost supplement, District 1 would receive an amount of state aid equal to five mills (27.3 mills – 22.3 mills) of levies from the charge-off supplement. District 2 would be eligible for the equivalent of a one-mill (27.3 mills – 26.3 mills) levy from the charge-off supplement.

JOINT VOCATIONAL SCHOOL DISTRICT (JVSD) FUNDING FORMULAS

The 49 joint vocational school districts serve approximately 35,600 career-technical education students from their 495 associate school districts. They are funded through separate foundation formulas that are parallel to the ones used for the 612 school districts. The JVSD funding formulas also include the base cost funding, special education weighted funding, speech service supplement, career-technical education weighted funding, and GRADS teacher grants. Joint vocational school districts are guaranteed to receive at least their FY 1999 funding amounts.

Joint vocational school districts are required to contribute 0.5 mills of local property tax levies toward base cost funding. The state share percentage of base cost funding for JVSDs ranged from zero percent to approximately 90% with an average of 67% in FY 2003. Forty-two out of the 49 JVSDs received more than 50% of base cost funding from the state. Two districts were too wealthy to receive any state base cost funding from the formula calculation alone. State share percentages for the remaining five JVSDs ranged from 6% to almost 47%. State funding for the special education weight cost, speech service supplement, career-technical education weight cost, and GRADS teacher grants for JVSDs is, like regular districts, equalized based on the JVSDS' state share percentages of base cost funding.

Joint Vocational School District foundation funding for the FY 2004-2005 biennium is estimated to be approximately $406.8 million. Of this amount, approximately 60.9% (or $247.9 million) will be distributed as state base cost funding. The remaining 39.1% (or $158.9 million) will be distributed as the additional state funding for career-technical education, special education, and the guarantee provision. As indicated earlier, JVSDs are guaranteed to receive at least the amount of funding they received in FY 1999. About 11 or 12 JVSDs are estimated to receive approximately $19.6 million in state aid over the biennium through this guarantee provision.

The budget requires each JVSD to spend the amount calculated for combined state and local shares of base cost and weighted funding on special education and related services approved by the Department of Education. A similar requirement was enacted in 2001 for city, exempted village, and local school districts. The budget extends JVSDs another similar spending requirement and requires each JVSD to spend career-technical education weighted funding only on services approved by the Department. It further requires each school district and JVSD to report data annually so that the Department may monitor the district's compliance with the career-technical education weighted funding spending requirement.

PARITY AID – FUNDING FOR EDUCATION BEYOND BASIC

The foundation formulas guarantee funding for a similar basic education for every district. Under current law, however, there is no limit on the amount of taxes local residents can approve for their schools. The state foundation program equalizes approximately 75% of the local operating revenues generated by 612 school districts. The other 25% (about $1.7 billion in FY 2003) is available for local school districts to provide education services beyond basic. The 25% of students in the wealthiest districts (about 20% of all school districts) have a disproportionate share of local enhancement revenues. The state would have to

equalize spending beyond the basic education level somewhat, if it wishes to narrow disparities in local enhancement revenues and improve the system's overall equity.

Am. Sub. H.B. 94 of the 124th General Assembly established parity aid to address disparities in local enhancement revenues. Parity aid equalizes an additional 9.5 mills (above the basic education level) to the 80th percentile district's wealth level. As mentioned above, the wealthiest 20% of school districts have a much higher share of existing local enhancement revenues. Providing equalized parity aid to school districts below the 80th percentile level helps reduce this gap. The parity aid wealth is a weighted average of property wealth (2/3) and income wealth (1/3). These weights generally reflect the recognition of the main local revenue source (property taxes) and the importance of income wealth in determining a district's ability to raise local revenues beyond the basic education level. The combination of property wealth and income wealth also provide a better local capacity measure than property wealth or income wealth alone does. Property wealth is measured by per pupil property value and income wealth is measured by the federal adjusted gross income per pupil.

There is no additional local levy requirement for receiving parity aid. School districts are eligible for parity aid largely based on their wealth levels. Alternatively, a few districts receive parity aid at the FY 2001 income factor adjustment benefit level. H.B. 94 of the 124th General Assembly eliminated the income factor adjustment in base cost funding, which provided state funding for education enhancement services for lower income districts. But it provided alternative parity aid to continue the income factor adjustment benefit at the FY 2001 benefit level to a school district with a cost of doing business factor greater than 1.0375 and a DPIA index greater than one. An individual district's parity aid is calculated as follows:

Figure 18: Parity Aid

Standard Parity Aid Per Pupil = (Threshold Wealth Per Pupil – District's Wealth Per Pupil) x 0.095 x State Payment %
Threshold = The 490th Lowest Wealth District's Wealth Per Pupil
State payment percentage = 58% in FY 2004 and 76% in FY 2005

Alternative Parity Aid Per Pupil = $60,000 x (1 – District's Income Factor) x 4/15 x 0.023
Income Factor = District's Median Income/Statewide Median School District Median Income

Total Parity Aid = The Greater of Standard or Alternative Parity Aid Per Pupil x Formula ADM

Overall, about 492 school districts are eligible for parity aid. The vast majority of these districts receive standard parity aid. The budget provides approximately $320.7 million in FY 2004 and $427.0 million in FY 2005 for parity aid. The parity aid funding percentage continues to be phased in, increasing from 40% in FY 2003 to 58% in FY 2004, and to 76% in FY 2005. The per pupil wealth threshold is estimated to be approximately $149,942 in FY 2004 and $154,434 in FY 2005. The average per pupil benefit is approximately $245.1 in FY 2004 and $326.8 in FY 2005 for those districts receiving parity aid.

Students attending community schools are included in their resident districts' ADM counts for parity aid calculations. Prior to this budget, parity aid for community school students remained in their resident districts. Under the budget, parity aid generated by community school students will be transferred to community schools where those students are enrolled beginning in FY 2004. The amount of parity aid that would be transferred to community schools would depend on the community school student enrollment and the wealth of their resident districts. Based on the FY 2003 community school student enrollment data, it is estimated that approximately $8.1 million in FY 2004 and $10.8 million in FY 2005 in parity aid will follow students to community schools.

BUDGET ISSUES

ACADEMIC STANDARDS AND STUDENT ASSESSMENTS

Academic Standards 200-427

Am. Sub. S.B. 1 of the 124th General Assembly (S.B. 1) requires the Department to develop and disseminate academic standards and model curricula in English language arts, mathematics, science, social studies, technology, the arts, and foreign languages. Academic standards are statements of what Ohio expects each student to know and be able to do at the end of each year of his or her education. Model curricula are guides for school districts in developing local courses of study that are aligned with the state academic standards. Am. Sub. H.B. 94 of the 124th General Assembly began funding these activities in FY 2002. Standards for English language arts, mathematics, science, and social studies, as well as model curricula for English language arts and mathematics, have already been adopted. The Department is scheduled to complete the remaining standards and curricula by the end of this biennium. The budget appropriates $9.0 million in both FY 2004 and FY 2005 (an increase of 47.1% over FY 2003) for this purpose. This item also contains funding of $731,250 in each fiscal year for the new program, Teachers-on-Loan, that will compensate districts for the cost of "lending" teachers to work with the Department to assist districts throughout Ohio in implementing the standards and curricula.

Student Assessment 200-437

In addition to academic standards and model curricula, S.B. 1 requires an overhaul of the state's testing system in order to align it with the new standards and curricula. Since enactment of S.B. 1, the federal No Child Left Behind Act of 2001 increased federal testing requirements. Am. Sub. H.B. 3 of the 125th General Assembly updates Ohio's testing system to reflect the changes in federal law. In addition to the testing requirements of these bills, the budget requires that districts in academic watch or academic emergency administer and score a practice Ohio Graduation Test (OGT) to ninth grade students. The budget appropriates $41.4 million in FY 2004 and $46.0 million in FY 2005 (increases of 55.2% and 11.1% respectively) to continue the development and operation of the new testing system. Of these funds, $500,000 in FY 2004 and $100,000 in FY 2005 is set aside to train district personnel in scoring the practice OGT required by the bill. These appropriations are supplemented with $11.9 million in FY 2004 and $12.5 million in FY 2005 of federal funds appropriated in appropriation item 200-690, State Assessments (Fund 3Z2).

EARLY CHILDHOOD

Head Start and Head Start Plus

Head Start is a *federal* program first funded in 1965 as a component of the Head Start Act. The program provides comprehensive developmental services to low-income children at least three years of age and not kindergarten age eligible through local community action organizations, schools, single purpose agencies, and their delegates. *State* funding for Head Start was first provided in Am. Sub. H. B. 111 of the 118th General Assembly in 1989. During the FY 2002-2003 biennium, the state program was partially funded through federal Temporary Assistance to Needy Families (TANF) funds. The budget creates a new state special revenue fund, Head Start Plus/Head Start (Fund 5W2). This fund receives federal TANF dollars to be used for the state administered Head Start Plus and Head Start programs in the FY 2004-2005 biennium. Temporary Assistance to Needy Families operates on a reimbursement basis; the budget, therefore, appropriates $16.0 million in FY 2004 and $5.0 million in FY 2005 in the new GRF

appropriation item 200-449, Head Start/Head Start Plus Start Up. This GRF money is given as grants to Head Start providers to cover initial expenditures that would then be reimbursed with TANF dollars. Providers must reimburse the GRF the amount of the grant if the program ceases to be funded with TANF dollars, or if the provider ceases to participate in the program.

The budget appropriates $57.2 million in FY 2004 from federal TANF funds for state-administered Head Start. Combined with the $16.0 million of GRF funding, Head Start receives appropriations totaling $73.2 million in FY 2004, a decrease of 16.9% from FY 2003. In FY 2005, the budget sets aside $22.8 million of TANF funds to support up to 4,000 traditional half-day Head Start slots. An additional $83.5 million is set aside to support up to 10,000 slots in the new Head Start Plus program. The Head Start Plus program combines traditional Head Start services with state administered childcare services and provides all-day services to eligible children and their families. The total appropriation in FY 2005 is $113.2 million, $108.2 million of TANF funds plus $5.0 million of GRF funds. In FY 2003, about 18,000 children received state-funded half-day Head Start services.

Public Preschool 200-408

This appropriation item assists local schools in financing comprehensive preschool programs for low-income children at least three years of age and not kindergarten age eligible. Public preschool programs are required to meet the federal Head Start performance standards; therefore components of the program include education, health services, nutrition, and parent involvement. Children from families with incomes below the federal poverty level attend these programs tuition free. Children from families with incomes between 100% and 185% of the federal poverty level attend on a prorated tuition basis. Programs may only enroll children from families with incomes above 185% of the federal poverty level if all of their state-funded positions have been filled and there is space available. These families must pay full tuition. Currently, 8,029 children are served through these programs. The budget appropriates $19.0 million in each fiscal year for this program (an increase of 0.2% over FY 2003).

TEACHING PROFESSION

The Governor's Commission on Teaching Success issued 15 recommendations to the Governor on February 20, 2003 related to improving teaching in Ohio. The budget appropriates $31.2 million in FY 2004 and $31.5 million in FY 2005 in the GRF appropriation items in this program series, increases of 14.4% and 0.9% respectively. The GRF appropriation items are 200-410, Professional Development, 200-448, Educator Preparation, and 200-452, Teaching Success Commission Initiatives. Major GRF funding initiatives are described below. In addition, the budget appropriates $106.3 million in FY 2004 and $106.7 million in FY 2005 of federal funds related to the teaching profession, most of which is distributed to districts based on a federal formula.

Ohio Regional Education Delivery System

The budget requires the Department to submit recommendations to the General Assembly by March 31, 2004 for the establishment of the Ohio Regional Education Delivery System (OREDS). This system is to provide the services to school districts currently provided by the regional professional development centers as well as other regional providers such as educational service centers, data acquisition sites, special education resource centers, and educational technology centers. The budget provides a set aside of $5.2 million in FY 2004 for the current system of regional professional development centers and a set aside of $5.2 million in FY 2005 for OREDS. Other regional providers are funded separately in the budget.

National Board Certification

The budget sets aside $7.1 million in FY 2004 and $7.3 million in FY 2005 to fund stipends for Ohio teachers who are certified by the National Board for Professional Teaching Standards. The budget reduces the stipend for certified teachers from $2,500 to $1,000 per year if they are accepted into the certification program after May of 2003 or are certified after 2004. Teachers accepted into the certification program by May 31, 2003 and certified in 2004 or earlier remain eligible for the $2,500 annual stipend. Currently, Ohio has 1,797 certified teachers.

These funds are also used to provide $2,000 of the application fee for 500 first time applicants in FY 2004 and 400 in FY 2005. In FY 2003, the state paid the full amount of the application fee of $2,300 for each approved applicant.

Teacher Entry Year Programs

School districts are required by rule to provide an entry-year program to all qualifying beginning teachers in order to assist the teachers in preparing for the Praxis III assessment that is required for professional teaching licensure. The budget sets aside $10.4 million in each fiscal year to assist districts and chartered nonpublic schools in providing these programs.

Professional Development for the OGT

The budget provides $4.6 million in each fiscal year for a new program to provide grants to districts in academic emergency for five days of embedded professional development to 9th and 10th grade teachers of the subjects covered by the Ohio Graduation Test (OGT).

INNOVATION AND BEST PRACTICES

Reading/Writing/Math Improvement 200-433

The budget appropriates $20.5 million in each fiscal year for this appropriation item. In general, these funds are used to support literacy in Ohio. The largest portion ($12.7 million in each fiscal year) of the appropriation is used for professional development in literacy for classroom teachers, administrators, and literacy specialists, and for intensive summer training for mathematics teachers.

OhioReads

OhioReads is Governor Taft's initiative to improve reading outcomes for Ohio's kindergarten through 4th grade students, especially outcomes on reading proficiency and achievement tests. The budget provides funds for administration, stipends for volunteer coordinators, background checks of volunteers, and evaluations of programs through GRF appropriation item 200-445, OhioReads Administration/Volunteer Support. The budget appropriates $4.5 million in each fiscal year to this item (a decrease of 6.9% from FY 2003). Funding for OhioReads grants is provided through GRF appropriation item 200-566, OhioReads Grants. The budget appropriates $12.9 million in FY 2004 (a decrease of 51.4% from FY 2003). The budget appropriates $12.8 million in FY 2005, a decrease of 0.3% from FY 2004. These funds are used to provide grants to public schools, community schools, and educational service centers to support local reading literacy initiatives including reading programs, materials, professional development, tutoring, tutor recruitment and training, and parental involvement. The "As Reported by the Committee of Conference" version of Am. Sub. H.B. 95 earmarks $2.1 million in FY 2004 and $2.2 million in FY 2005 of this appropriation for the STARS program, which places senior citizens as tutors in schools.

This earmark was vetoed by the Governor. However, many schools that receive OhioReads grants have already used senior citizens as tutors.

Community Schools 200-455

Community schools are public schools that operate independently of any school district and are governed through a contract between the school's governing authority and a sponsor. The budget appropriates $4.2 million in each fiscal year to provide start-up grants for new community schools (an increase of 9.4% over FY 2003). Similar start-up grants for community schools are also provided under federally funded appropriation item 200-613, Public Charter Schools, which has an appropriation of $23.3 million in FY 2004 and $26.2 million in FY 2005. A portion of GRF appropriation item 200-455, Community Schools, is used by the Department for administration associated with oversight and technical assistance. Currently, 132 community schools are in operation with a total enrollment of approximately 34,000 students (or 1.9% of the statewide public school enrollment).

BASIC SUPPORT

Base Cost Funding 200-501 and 200-612

These two line items (GRF and Lottery) provide the main source of state foundation payments to school districts and joint vocational school districts. The budget appropriates $4,391.0 million in GRF funding and $606.1 million in lottery funding for base cost funding in FY 2004 for a total of $4,997.2 million (a decrease of 0.3%). In FY 2005 the appropriations are $4,410.0 million GRF and $606.2 million lottery for a total of $5,106.2 million (an increase of 0.4%). Allocations are based on the school foundation (SF-3) formula, which is administered by the Department of Education with the approval of the Controlling Board. A brief overview of the funding formula is given in the previous section entitled School Funding Overview. The budget makes the following changes to the formula that affects these two appropriation items:

- provides a 2.2% annual increase in the base cost formula amount, resulting in $5,058 in FY 2004 and $5,169 in FY 2005;
- updates the cost of doing business factor;
- increases the excess cost supplement eligibility threshold from 3 mills to 3.3 mills of local property tax levies;
- removes the option of using three-year average formula ADM, requiring that current year ADM be used for all districts; and
- includes JVSD students and contractual career-technical students in their resident districts' ADM at the 20% level rather than the 25% level as prior to FY 2004.

Property Tax Assistance

General Revenue Fund appropriation items 200-901, Property Tax Allocation, and 200-906, Tangible Tax Exemption – Education as well as revenue distribution fund appropriation item 200-900, School District Property Tax Replacement (Fund 053) provide additional funds to school districts for basic operations in order to compensate them for state law changes to the property tax system. The state of Ohio pays 10% of locally levied property taxes for all property owners and an additional 2.5% for homeowners, thus decreasing property taxes paid by individual taxpayers. This provision is often referred to as property tax rollbacks. Item 200-901 funds the portion of the rollbacks payable to school districts. In addition, this item funds the portion of the Homestead Exemption Program for the elderly and disabled payable to

school districts. The budget appropriates $783.4 million in FY 2004 and $822.4 million in FY 2005 for these payments, increases of 6.3% and 5.0% respectively.

Item 200-906 reimburses school districts for revenue "losses" incurred by the creation of the $10,000 tangible property tax exemption for both incorporated and unincorporated businesses. The budget appropriates $70.7 million in FY 2004 and $67.7 million in FY 2005 for these payments, an increase of 4.6% in FY 2004 and a decrease of 4.2% in FY 2005. The budget reduces the reimbursement of the tangible tax exemption by 10% per year beginning in FY 2004 to phase out the reimbursement over a ten-year period. However, school districts will generally recover about one-half of their "losses" from increases in state formula aid. Finally, the budget appropriates $115.9 million (item 200-900) in each fiscal year to assist in compensating districts for lost property taxes due to electric and natural gas deregulation (an increase of 8.5% over FY 2003).

Parity Aid 200-525 and Equity Aid 200-500

Equity aid and parity aid are two programs designed to provide additional state funds to lower wealth school districts to supplement local revenues and assist districts in providing services above a basic education. Equity aid is being phased-out as parity aid is gradually phased-in. The budget appropriates $14.0 million in FY 2004 and $7.8 million in FY 2005, decreases of 28.7% and 44.3%, respectively, for equity aid. Meanwhile, the budget appropriates $320.7 million in FY 2004 and $427.0 million in FY 2005, increases of 59.2% and 33.1%, respectively, for parity aid. These appropriations fund parity aid at 58% in FY 2004 and 76% in FY 2005.

Funding for community schools is generally deducted from the resident school districts' state aid, including base cost funding, DPIA, as well as special and career-technical education weight funding. The budget requires that the resident district's parity aid per ADM also be deducted from the district's state aid and transferred to the community school for each community school student within the district. Prior to this budget, community schools were not eligible for parity aid. Approximately $8.1 million in FY 2004 and $10.8 million in FY 2005 will be deducted from districts and transferred to community schools due to this provision.

Pupil Transportation 200-502 and Bus Purchase Allowance 200-503

These items provide districts with financial assistance for providing transportation to their students. Item 200-502 provides the greater of 60% or the district's state share percentage of a modeled transportation operating cost for regular students. It also includes earmarked funds for special education transportation operating cost, which is reimbursed based on the actual expenditures. Item 200-503 provides funds to assist districts with bus purchase or bus service contracts. It also includes funds for purchasing buses that are used to transport special education and nonpublic school students. These buses are fully reimbursed by the state. The budget includes funding for operating and bus purchase expenses incurred by MR/DD boards in these items. Mental Retardation and Developmental Disability boards were previously funded through GRF appropriation items 200-553, County MR/DD Boards Transportation Operating and 200-552, County MR/DD Boards Vehicle Purchases. The budget discontinues these two items. The appropriation for line item 200-502 is $394,950,126 in FY 2004 and $404,245,812 in FY 2005, increases of 7.5% and 2.4% respectively. The appropriation for line item 200-503 is $17,199,960 in each fiscal year, a decrease of 49.2% in from FY 2003.

Chartered Nonpublic Schools

Many of the programs funded by the state are available to public schools as well as chartered nonpublic schools. In addition, two items, 200-511, Auxiliary Services, and 200-532, Nonpublic Administrative Cost Reimbursement, provide funding specifically for nonpublic schools. The auxiliary services program provides specific secular services and materials to state chartered nonpublic schools. The budget appropriates $127.9 million in each fiscal year for this program, an increase of 3.9% over FY 2003 funding. The budget appropriates $55.8 million in each fiscal year for item 200-532, an increase of 0.4% over FY 2003. These funds are used to reimburse chartered nonpublic schools for mandated administrative and clerical costs incurred for such things as filing reports and maintaining records.

Ohio Educational Computer Network 200-426

The budget appropriates $34.3 million in each fiscal year, an increase of 3.3% over FY 2003. These funds are used by the Department of Education to maintain a system of information technology throughout the state and to provide technical assistance for such a system in support of the State Education Technology Plan. The bulk of the appropriation is used to support connection of all public school buildings to the state's education network, to each other, and to the Internet. Funds are also used to increase use of the state's education network by chartered nonpublic schools.

SAFE SCHOOLS AND COMMUNITIES

The budget appropriates a total of $6.9 million in each fiscal year from the GRF for this program series, an increase of 1.2% over FY 2003. The programs in this series help to ensure safe and supportive educational and community environments for students.

BASIC SUPPORT ENHANCEMENTS

Special Education Programs

The budget provides weighted funding for special education and related services at public schools through GRF appropriation item 200-501, Base Cost Funding. In addition, the budget appropriates $137.2 million in FY 2004 and $139.5 million in FY 2005 to GRF appropriation item 200-540, Special Education Enhancements (increases of 4.8% and 1.7%, respectively). Of this appropriation, $78.4 million is set aside each fiscal year for preschool education and supervisory units, and $44.2 million in FY 2004 and $45.4 million in FY 2005 is set aside to fund special education and related services at county MR/DD boards. The budget also funds various other special education enhancement programs.

Career-Technical and Adult Education Programs

As with special education, the budget provides weighted funding for career-technical education at public schools through GRF appropriation item 200-501, Base Cost Funding. In addition, the budget appropriates $45.4 million in each fiscal year from the GRF for various career-technical and adult education programs.

The "As Reported by the Committee of Conference" version of Am. Sub. H.B. 95 requires the Ohio Department of Job and Family Services (ODJFS) to reserve $3.5 million from Workforce Investment Act funds (Fund 3V0) for the Jobs for Ohio Graduates program administered by the Department of Education and to enter into an interagency agreement for this program. This item was vetoed by the Governor.

However, ODJFS and the Department already have discretion to implement this program through an interagency agreement.

Programs for "At-Risk" and Economically Disadvantaged Students

Disadvantaged Pupil Impact Aid 200-520 and the Cleveland Scholarship and Tutoring Program. The budget appropriates $371.8 million in FY 2004 and $373.3 million in FY 2005 for this item, increases of 15.9% and 0.4% respectively. Most of these funds are used to compensate school districts with a high concentration of student poverty for their higher costs of providing similar education services. Instead of following DPIA allocation formulas specified in section 3317.029 of the Revised Code, the budget gives each district that receives DPIA funding in FY 2003 a uniform 2% annual increase in FY 2004 and FY 2005. The budget sets aside $16.4 million in FY 2004 and $17.9 million in FY 2005 for the Cleveland Scholarship and Tutoring Program. Of this amount, $11.9 million in each fiscal year is taken from the Cleveland Municipal School District's DPIA allocation. The remaining balances ($4.5 million in FY 2004 and $6.0 million in FY 2005) are funded by the GRF. The budget increases the maximum scholarship from $2,500 to $3,000 and permits schools participating in the program to charge certain students the difference between the school's actual tuition and the scholarship amount it receives from the state. It also permits students in 9th and 10th grades who have previously received a scholarship to continue to receive scholarships for high school. These high school scholarships cannot exceed $2,700. Participating high schools are also allowed to charge the student's family the difference between the school's actual tuition and the scholarship amount.

Other state programs for "at-risk" students. The budget appropriates $16.1 million in each fiscal year for GRF appropriation item 200-421, Alternative Education Programs, an increase of 3.6% over FY 2003. Most of these funds are used to provide grants to school districts for programs for "at-risk" students. The budget appropriates $38.9 million in FY 2004 and $41.1 million in FY 2005 for GRF appropriation item 200-513, Students Intervention Services, to partially reimburse school districts for state-mandated intervention services (increases of 2.3% and 5.7% respectively). (The item was mainly funded by TANF dollars in the FY 2002-2003 biennium.) This appropriation includes a new set aside of $3.7 million in FY 2004 and $5.9 million in FY 2005 for academic emergency districts to provide intervention services to 9th and 10th grade students whose scores on the practice Ohio Graduation Test (OGT) taken in 9th grade indicate they are at-risk of not passing the actual OGT by the end of 10th grade. These funds are to be distributed on a per pupil basis. The budget requires academic emergency districts to select high schools to provide intervention services based on graduation rates and scores on the practice OGT.

Gifted Pupil Program 200-521

The budget appropriates $48.2 million in each fiscal year for this item, an increase of 6.9% over FY 2003. The bulk of these funds are distributed to school districts and educational service centers through unit funding. In each fiscal year, the state will fund up to 1,110 gifted units. This appropriation also includes supplemental funding of $5.0 million in each fiscal year for identifying gifted students.

ACCOUNTABILITY SYSTEM

Accountability/Report Cards 200-439

The budget appropriates $4.1 million in each fiscal year for the development of an accountability system that includes the development and distribution of school report cards.

Education Management Information System 200-446

The budget appropriates $16.9 million in each fiscal year for this item, an increase of 16.8% over FY 2003. The Education Management Information System (EMIS) is the principal data collection tool used by the Department. These funds support continued improvement of the system. About one-half of this appropriation is distributed, on a per pupil basis, to school districts, community schools, educational service centers, joint vocational school districts, and any other education entity that reports data through EMIS. The budget requires the Department to develop and implement a common core of EMIS data definitions and data format standards to be implemented by school districts and community schools by July 1, 2004. Education Management Information System related funding will be withheld for school districts or community schools that are not in compliance.

ADMINISTRATION AND INFRASTRUCTURE

This program series supports the personnel, maintenance and equipment, and technical systems development expenditures of the Department. The budget appropriates $23.6 million in each fiscal year from the GRF for these expenditures.

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Report For: Main Operating Appropriations Bill **Version:** Enacted

EDU Education, Department of

			FY 2001:	FY 2002:	FY 2003:	FY 2004 Appropriations:	% Change 2003 to 2004:	FY 2005 Appropriations:	% Change 2004 to 2005:
GRF	200-100	Personal Services	$ 12,074,656	$ 10,531,142	$10,142,648	$ 12,211,314	20.40%	$ 12,211,314	0.00%
GRF	200-320	Maintenance and Equipment	$ 8,994,194	$ 4,367,532	$3,797,203	$ 5,066,249	33.42%	$ 5,066,249	0.00%
GRF	200-406	Head Start	$ 100,707,798	$ 90,945,956	$88,128,462	$ 0	-100.00%	$ 0	N/A
GRF	200-408	Public Preschool	$ 19,421,348	$ 19,645,352	$18,988,832	$ 19,018,551	0.16%	$ 19,018,551	0.00%
GRF	200-410	Professional Development	$ 28,399,477	$ 20,318,867	$22,899,551	$ 29,490,073	28.78%	$ 29,765,073	0.93%
GRF	200-411	Family and Children First	$ 10,436,510	$ 3,610,414	$3,337,000	$ 3,324,750	-0.37%	$ 3,324,750	0.00%
GRF	200-416	Career-Technical Education Match	$ 2,222,334	$ 2,514,676	$2,320,440	$ 0	-100.00%	$ 0	N/A
GRF	200-420	Technical Systems Development	$ 6,318,470	$ 5,444,897	$4,777,259	$ 5,703,750	19.39%	$ 5,703,750	0.00%
GRF	200-421	Alternative Education Programs	$ 19,820,361	$ 17,916,669	$15,463,104	$ 16,135,547	4.35%	$ 16,135,547	0.00%
GRF	200-422	School Management Assistance	$ 979,884	$ 1,357,008	$1,488,696	$ 1,778,000	19.43%	$ 1,778,000	0.00%
GRF	200-424	Policy Analysis	$ 578,388	$ 626,310	$534,757	$ 592,220	10.75%	$ 592,220	0.00%
GRF	200-425	Tech Prep Consortia Support	$ 2,173,151	$ 2,544,635	$1,928,060	$ 2,133,213	10.64%	$ 2,133,213	0.00%
GRF	200-426	Ohio Educational Computer Network	$ 37,900,112	$ 36,570,537	$33,225,168	$ 34,331,741	3.33%	$ 34,331,741	0.00%
GRF	200-427	Academic Standards	$ 620,821	$ 5,585,331	$6,117,709	$ 9,000,592	47.12%	$ 9,000,592	0.00%
GRF	200-431	School Improvement Initiatives	$ 28,409,374	$ 11,633,254	$9,100,175	$ 10,905,625	19.84%	$ 10,905,625	0.00%
GRF	200-432	School Conflict Management	$ 573,083	$ 650,112	$556,006	$ 0	-100.00%	$ 0	N/A
GRF	200-433	Reading/Writing/Math Improvement	----	$ 17,752,384	$17,694,082	$ 20,488,264	15.79%	$ 20,488,264	0.00%
GRF	200-437	Student Assessment	$ 14,294,054	$ 20,537,754	$26,640,902	$ 41,353,391	55.23%	$ 45,953,391	11.12%
GRF	200-438	Safe Schools	----	$ 2,047,833	$1,292,483	$ 0	-100.00%	$ 0	N/A
GRF	200-439	Accountability/Report Cards	----	----	$0	$ 4,087,500	N/A	$ 4,087,500	0.00%
GRF	200-441	American Sign Language	$ 148,387	$ 305,781	$112,768	$ 207,717	84.20%	$ 207,717	0.00%
GRF	200-442	Child Care Licensing	$ 1,459,886	$ 1,455,487	$1,141,777	$ 1,385,633	21.36%	$ 1,385,633	0.00%
GRF	200-444	Professional Recruitment	----	$ 1,201,899	$1,036,990	$ 0	-100.00%	$ 0	N/A
GRF	200-445	OhioReads Admin/Volunteer Support	$ 4,146,708	$ 5,070,365	$4,830,977	$ 4,500,000	-6.85%	$ 4,500,000	0.00%
GRF	200-446	Education Management Information Sy	$ 14,396,653	$ 14,106,466	$14,490,683	$ 16,928,969	16.83%	$ 16,928,969	0.00%
GRF	200-447	GED Testing/Adult High School	$ 1,289,211	$ 2,093,048	$1,483,570	$ 1,829,106	23.29%	$ 1,829,106	0.00%
GRF	200-448	Educator Preparation	----	----	$0	$ 24,375	N/A	$ 24,375	0.00%
GRF	200-449	Head Start/Head Start Plus Start Up	----	----	$0	$ 11,000,000	N/A	$ 5,000,000	-54.55%
GRF	200-450	Summer Institute for Reading Interventi	$ 627,702	----	$0	$ 0	N/A	$ 0	N/A

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			FY 2001:	FY 2002:	FY 2003:	FY 2004 Appropriations:	% Change 2003 to 2004:	FY 2005 Appropriations:	% Change 2004 to 2005:
GRF	200-452	Teaching Success Comm Initiatives	----	----	$0	$ 1,650,000	N/A	$ 1,650,000	0.00%
GRF	200-455	Community Schools	$ 2,336,946	$ 3,879,159	$3,866,793	$ 4,231,842	9.44%	$ 4,231,842	0.00%
GRF	200-500	School Finance Equity	$ 33,407,695	$ 22,649,115	$18,924,026	$ 14,039,495	-25.81%	$ 7,819,443	-44.30%
GRF	200-501	Base Cost Funding	$ 3,804,827,428	$ 4,275,243,309	$4,376,553,639	$ 4,391,033,023	0.33%	$ 4,409,958,425	0.43%
GRF	200-502	Pupil Transportation	$ 310,276,105	$ 334,065,252	$367,530,294	$ 394,950,126	7.46%	$ 404,245,812	2.35%
GRF	200-503	Bus Purchase Allowance	$ 38,614,950	$ 34,790,655	$33,855,064	$ 17,199,960	-49.20%	$ 17,199,960	0.00%
GRF	200-505	School Lunch Match	$ 9,623,241	$ 8,929,403	$9,101,127	$ 8,998,025	-1.13%	$ 8,998,025	0.00%
GRF	200-509	Adult Literacy Education	$ 10,019,630	$ 8,739,607	$8,805,234	$ 8,774,250	-0.35%	$ 8,774,250	0.00%
GRF	200-510	County Commissioners Reimbursemen	----	----	$1,029,995	$ 0	-100.00%	$ 0	N/A
GRF	200-511	Auxiliary Services	$ 117,725,453	$ 122,606,208	$123,058,286	$ 127,903,356	3.94%	$ 127,903,356	0.00%
GRF	200-513	Student Intervention Services	$ 28,999,995	$ 5,685,846	$38,021,766	$ 38,890,815	2.29%	$ 41,090,815	5.66%
GRF	200-514	Postsecondary Adult Career-Technical	$ 22,349,060	$ 23,958,167	$21,200,354	$ 19,919,464	-6.04%	$ 19,919,464	0.00%
GRF	200-520	Disadvantaged Pupil Impact Aid	$ 340,906,643	$ 345,638,782	$320,722,966	$ 371,766,738	15.92%	$ 373,266,738	0.40%
GRF	200-521	Gifted Pupil Program	$ 43,315,449	$ 44,553,303	$45,089,424	$ 48,201,031	6.90%	$ 48,201,031	0.00%
GRF	200-524	Educational Excellence and Competen	$ 11,730,966	----	$0	$ 0	N/A	$ 0	N/A
GRF	200-525	Parity Aid	----	$ 97,467,789	$201,492,689	$ 320,677,373	59.15%	$ 426,951,154	33.14%
GRF	200-532	Nonpublic Administrative Cost Reimbur	$ 51,327,971	$ 53,520,200	$55,561,342	$ 55,803,103	0.44%	$ 55,803,103	0.00%
GRF	200-533	School-Age Child Care	$ 1,400,849	$ 102,087	$0	$ 0	N/A	$ 0	N/A
GRF	200-534	Desegregation Costs	$ 7,095,107	$ 32,925,509	$458	$ 0	-100.00%	$ 0	N/A
GRF	200-540	Special Education Enhancements	$ 132,556,391	$ 133,528,920	$130,906,483	$ 137,214,484	4.82%	$ 139,536,046	1.69%
GRF	200-545	Career-Technical Education Enhancem	$ 29,326,745	$ 23,662,201	$21,006,699	$ 14,572,907	-30.63%	$ 14,572,907	0.00%
GRF	200-546	Charge-Off Supplement	$ 12,735,476	$ 39,306,115	$36,494,973	$ 48,478,418	32.84%	$ 48,478,418	0.00%
GRF	200-547	Power Equalization	$ 32,039,506	$ 52,495	$0	$ 0	N/A	$ 0	N/A
GRF	200-551	Reading Improvement	$ 1,699,175	----	$0	$ 0	N/A	$ 0	N/A
GRF	200-552	County MR/DD Boards Vehicle Purcha	$ 1,522,916	$ 1,410,153	$1,148,261	$ 0	-100.00%	$ 0	N/A
GRF	200-553	County MR/DD Boards Transportation	$ 8,114,355	$ 8,623,588	$8,849,536	$ 0	-100.00%	$ 0	N/A
GRF	200-558	Emergency Loan Interest Subsidy	$ 5,367,627	$ 4,156,147	$3,304,902	$ 3,022,500	-8.54%	$ 2,300,000	-23.90%
GRF	200-566	OhioReads Grants	$ 25,062,720	$ 27,140,498	$26,476,783	$ 12,874,777	-51.37%	$ 12,832,272	-0.33%
GRF	200-570	School Improvement Incentive Grants	$ 10,025,000	$ 837,500	$836,202	$ 0	-100.00%	$ 0	N/A
GRF	200-572	Teacher Incentive Grants	$ 624,500	$ 265,500	$0	$ 0	N/A	$ 0	N/A
GRF	200-573	Character Education	$ 1,100,000	----	$0	$ 0	N/A	$ 0	N/A

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GRF	200-574	Substance Abuse Prevention	$ 2,570,000	$ 1,962,800	$1,618,147	$ 0	-100.00%	$ 0	N/A
GRF	200-578	Safe and Supportive Schools	----	----	$0	$ 3,576,348	N/A	$ 3,576,348	0.00%
GRF	200-580	Bethel School Clean-Up	----	$ 65,000	$65,000	$ 0	-100.00%	$ 0	N/A
GRF	200-901	Property Tax Allocation	$ 661,412,414	$ 705,731,854	$736,647,353	$ 783,350,000	6.34%	$ 822,360,000	4.98%
GRF	200-906	Tangible Tax Exemption-Education	$ 66,208,453	$ 66,925,963	$67,610,856	$ 70,710,000	4.58%	$ 67,710,000	-4.24%
General Revenue Fund Total			**$ 6,140,315,324**	**$ 6,727,256,836**	**$ 6,951,307,954**	**$ 7,149,334,615**	**2.85%**	**$ 7,317,750,989**	**2.36%**
4D1	200-602	Ohio Prevention/Education Resource C	$ 128,418	$ 370,082	$827,500	$ 347,000	-58.07%	$ 347,000	0.00%
138	200-606	Computer Services	$ 3,580,430	$ 4,975,341	$6,053,815	$ 7,404,690	22.31%	$ 7,635,949	3.12%
452	200-638	Miscellaneous Revenue	$ 362,265	$ 294,508	$387,027	$ 500,000	29.19%	$ 500,000	0.00%
5B1	200-651	Child Nutrition Services	$ 51,067	$ 197,303	$142,171	$ 800,000	462.70%	$ 800,000	0.00%
596	200-656	Ohio Career Information System	$ 415,970	$ 434,661	$438,323	$ 516,694	17.88%	$ 529,761	2.53%
4L2	200-681	Teacher Certification and Licensure	$ 4,399,677	$ 4,000,236	$3,973,112	$ 5,038,017	26.80%	$ 5,236,517	3.94%
5H3	200-687	School District Solvency Assistance	$ 3,846,000	$ 1,989,988	$8,742,000	$ 18,000,000	105.90%	$ 18,000,000	0.00%
General Services Fund Group Total			**$ 12,783,827**	**$ 12,262,120**	**$ 20,563,948**	**$ 32,606,401**	**58.56%**	**$ 33,049,227**	**1.36%**
309	200-601	Educationally Disadvantaged	$ 11,764,820	$ 18,449,596	$18,270,274	$ 22,148,769	21.23%	$ 22,899,001	3.39%
366	200-604	Adult Basic Education	$ 17,188,596	$ 17,432,788	$20,499,344	$ 21,369,906	4.25%	$ 22,223,820	4.00%
3H9	200-605	Head Start Collaboration Project	$ 243,635	$ 238,056	$94,073	$ 275,000	192.33%	$ 275,000	0.00%
367	200-607	School Food Services	$ 8,744,567	$ 10,581,675	$8,704,579	$ 10,767,759	23.70%	$ 11,144,631	3.50%
3T6	200-611	Class Size Reduction	$ 47,245,533	$ 60,849,889	$11,178,929	$ 0	-100.00%	$ 0	N/A
3T4	200-613	Public Charter Schools	$ 3,581,161	$ 15,928,769	$13,605,505	$ 23,287,500	71.16%	$ 26,187,113	12.45%
368	200-614	Veterans' Training	$ 506,460	$ 576,478	$558,716	$ 626,630	12.16%	$ 655,587	4.62%
369	200-616	Career-Technical Education Federal En	$ 7,352,141	$ 4,112,166	$8,390,141	$ 8,165,672	-2.68%	$ 8,165,672	0.00%
3L6	200-617	Federal School Lunch	$ 158,544,020	$ 169,651,990	$178,548,675	$ 185,948,186	4.14%	$ 191,898,528	3.20%
3L7	200-618	Federal School Breakfast	$ 33,846,571	$ 36,523,743	$38,709,804	$ 48,227,431	24.59%	$ 49,524,254	2.69%
3L8	200-619	Child/Adult Food Programs	$ 48,803,838	$ 52,840,562	$57,921,272	$ 63,577,244	9.76%	$ 65,293,830	2.70%
3L9	200-621	Career-Technical Education Basic Gra	$ 43,123,892	$ 43,522,748	$48,268,600	$ 48,029,701	-0.49%	$ 48,029,701	0.00%
3M0	200-623	ESEA Title 1A	$ 323,682,944	$ 285,941,101	$321,638,342	$ 356,458,504	10.83%	$ 384,975,184	8.00%
370	200-624	Education of Exceptional Children	$ 1,202,380	$ 1,171,454	$2,164,775	$ 1,933,910	-10.66%	$ 1,933,910	0.00%
3T5	200-625	Coordinated School Health	$ 11,249	----	$0	$ 0	N/A	$ 0	N/A
3N7	200-627	School-To-Work	$ 5,596,364	$ 1,261,383	$494,652	$ 0	-100.00%	$ 0	N/A

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			FY 2001:	FY 2002:	FY 2003:	FY 2004 Appropriations:	% Change 2003 to 2004:	FY 2005 Appropriations:	% Change 2004 to 2005:
EDU	**Education, Department of**								
371	200-631	EEO Title IV	$ 988,258	$ 981,137	$495,745	$ 0	-100.00%	$ 0	N/A
3Y4	200-632	Reading First	----	----	$165,177	$ 29,881,256	17,990.45%	$ 33,168,194	11.00%
3Y5	200-634	Community Service Grants	----	----	$305,458	$ 1,637,148	435.97%	$ 0	-100.00%
3Y6	200-635	Improving Teacher Quality	----	----	$70,742,971	$ 103,686,420	46.57%	$ 104,100,000	0.40%
3Y8	200-639	Rural and Low Income	----	----	$1,129,979	$ 1,473,148	30.37%	$ 1,500,000	1.82%
3S2	200-641	Education Technology	$ 13,320,001	$ 17,902,804	$6,664,124	$ 19,682,057	195.34%	$ 20,469,339	4.00%
3Z3	200-645	Consolidated USDE Administration	----	----		$ 8,700,000	N/A	$ 9,200,000	5.75%
374	200-647	Troops to Teachers	$ 71,196	$ 86,096	$71,746	$ 2,618,076	3,549.09%	$ 2,622,370	0.16%
376	200-653	Job Training Partnership Act	$ 1,343,617	----	$0	$ 0	N/A	$ 0	N/A
3R3	200-654	Goals 2000	$ 21,447,976	$ 6,006,502	$896,815	$ 0	-100.00%	$ 0	N/A
378	200-660	Math/Science Technology Investments	$ 14,943,819	$ 13,196,410	$3,970,420	$ 0	-100.00%	$ 0	N/A
3C5	200-661	Early Childhood Education	$ 18,588,983	$ 17,954,770	$20,835,677	$ 21,508,746	3.23%	$ 21,508,746	0.00%
3U2	200-662	Teacher Quality Enhancement Grants	$ 885,552	$ 814,332	$351,518	$ 1,285,452	265.69%	$ 0	-100.00%
3D1	200-664	Drug Free Schools	$ 13,737,056	$ 12,490,673	$13,294,978	$ 13,169,757	-0.94%	$ 13,347,966	1.35%
3U3	200-665	Reading Excellence Grant Program	$ 11,587,216	$ 13,347,010	$2,414,940	$ 0	-100.00%	$ 0	N/A
3D2	200-667	Honors Scholarship Program	$ 1,296,610	$ 1,673,000	$1,570,008	$ 1,786,500	13.79%	$ 1,786,500	0.00%
3U6	200-675	Provision 2 & 3 Grant	$ 195,724	$ 93,160	$0	$ 0	N/A	$ 0	N/A
3M1	200-678	Innovative Education	$ 13,675,128	$ 13,516,811	$14,054,445	$ 15,041,997	7.03%	$ 16,094,937	7.00%
3M2	200-680	Individuals with Disabilities Education A	$ 158,263,935	$ 176,829,543	$226,640,545	$ 288,468,284	27.28%	$ 331,392,575	14.88%
3X5	200-684	School Renovation/IDEA	----	----	$12,061,228	$ 0	-100.00%	$ 0	N/A
3Y2	200-688	21st Century Community Learning Ctr	----	----	$7,217,553	$ 17,138,239	137.45%	$ 18,500,000	7.95%
3Y7	200-689	English Language Acquisition	----	----	$2,433,854	$ 4,872,334	100.19%	$ 5,505,737	13.00%
3Z2	200-690	State Assessments	----	----	$10,698,229	$ 11,894,315	11.18%	$ 12,489,031	5.00%
Federal Special Revenue Fund Group Total			**$ 981,783,239**	**$ 993,974,645**	**$ 1,125,063,091**	**$ 1,333,659,941**	**18.54%**	**$ 1,424,891,626**	**6.84%**
455	200-608	Commodity Foods	$ 8,408,290	$ 9,646,991	$12,777,743	$ 11,308,000	-11.50%	$ 11,624,624	2.80%
454	200-610	Guidance & Testing	$ 434,712	$ 481,341	$192,794	$ 956,761	396.26%	$ 956,761	0.00%
620	200-615	Educational Grants	$ 682,011	$ 486,255	$855,577	$ 1,000,000	16.88%	$ 1,000,000	0.00%
4V7	200-633	Interagency Support	$ 445,158	$ 472,554	$258,576	$ 800,000	209.39%	$ 800,000	0.00%
4M4	200-637	Emergency Services Telecommunicati	$ 20,366	----	$0	$ 0	N/A	$ 0	N/A
598	200-659	Auxiliary Services Reimbursement	$ 1,493,484	$ 1,144,208	$1,227,792	$ 1,328,910	8.24%	$ 1,328,910	0.00%
5W2	200-663	Head Start Plus/Head Start	----	----	$0	$ 57,170,000	N/A	$ 108,184,000	89.23%

Line Item Detail by Agency			FY 2001:	FY 2002:	FY 2003:	FY 2004 Appropriations:	% Change 2003 to 2004:	FY 2005 Appropriations:	% Change 2004 to 2005:
EDU Education, Department of									
5U2	200-685	National Education Statistics	----	----	$78,619	$ 200,000	154.39%	$ 200,000	0.00%
4R7	200-695	Indirect Cost Recovery	$ 2,622,415	$ 3,525,941	$4,025,064	$ 5,002,500	24.28%	$ 5,250,400	4.96%
State Special Revenue Fund Group Total			**$ 14,106,437**	**$ 15,757,289**	**$ 19,416,165**	**$ 77,766,171**	**300.52%**	**$ 129,344,695**	**66.33%**
017	200-612	Base Cost Funding	$ 628,967,000	$ 604,000,000	$637,000,000	$ 606,123,500	-4.85%	$ 606,195,300	0.01%
020	200-620	Vocational School Building Assistance	$ 1,650,000	$ 1,207,564	$800,000	$ 0	-100.00%	$ 0	N/A
017	200-682	Lease Rental Payments Reimburseme	$ 59,486,000	$ 29,722,100	$35,722,600	$ 31,776,500	-11.05%	$ 31,704,700	-0.23%
017	200-694	Bus Purchase One-Time Supplement	$ 110,536	----	$0	$ 0	N/A	$ 0	N/A
Lottery Profits/Education Fund Group Total			**$ 690,213,536**	**$ 634,929,664**	**$ 673,522,600**	**$ 637,900,000**	**-5.29%**	**$ 637,900,000**	**0.00%**
053	200-900	School District Property Tax Replacem	----	$ 99,000,108	$106,853,446	$ 115,911,593	8.48%	$ 115,911,593	0.00%
Revenue Distribution Fund Group Total			**----**	**$ 99,000,108**	**$ 106,853,446**	**$ 115,911,593**	**8.48%**	**$ 115,911,593**	**0.00%**
Education, Department of Total			***$ 7,839,202,363***	***$ 8,483,180,662***	***$ 8,896,727,204***	***$ 9,347,178,721***	***5.06%***	***$ 9,658,848,130***	***3.33%***