

Redbook

LBO Analysis of Executive Budget Proposal

State Board of Education

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TABLE OF CONTENTS

Quick look.....	1
Agency overview	2
Appropriation summary	2
Analysis of FY 2026-FY 2027 budget proposal.....	3
Operating Expenses (ALI 210600).....	3
Licensure, investigation, and enforcement	4
State Board of Education Licensure Fund cash balance	4
Rapback (ALI 210400)	5
Title II A/Supporting Effective Instruction (ALI 210601).....	5

Attachment:

Appropriation Spreadsheet

LBO Redbook

State Board of Education

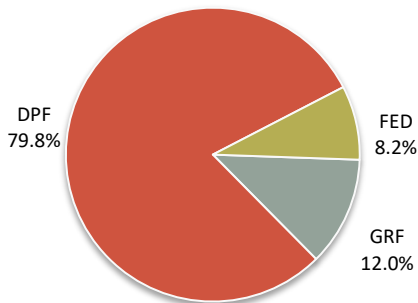
Quick look...

- The State Board of Education (SBE) licenses educators and other school staff, administers the educator disciplinary process, operates teacher and school counselor evaluation systems, and oversees school district territory transfers, among other responsibilities.
- The State Board consists of 19 members: 11 elected and eight appointed by the Governor. The State Board’s operations are overseen by the Superintendent of Public Instruction, who is appointed by the State Board.
- The State Board employs 58 full-time employees and issues about 140,000 educator credentials annually.
- Total budget recommendations: \$16.4 million in FY 2026 and \$16.9 million in FY 2027.
 - Budget sources: GRF (12.0%), dedicated purpose funds (79.8%), and federal grants (8.2%).
 - Budget uses: 49.3% for personal services; 19.3% for purchased personal services; 31.3% for supplies and maintenance; and a very small share (0.1%) for fee refunds.

Fund Group	FY 2024 Actual *	FY 2025 Estimate	FY 2026 Introduced	FY 2027 Introduced
General Revenue	\$0	\$0	\$2,000,000	\$2,000,000
Dedicated Purpose	\$14,805,143	\$15,300,000	\$13,010,991	\$13,519,872
Federal	\$0	\$1,355,000	\$1,355,000	\$1,355,000
Total	\$14,805,143	\$16,655,000	\$16,365,991	\$16,874,872
% change	--	12.5%	-1.7%	3.1%
<i>GRF % change</i>	--	<i>N/A</i>	<i>N/A</i>	<i>0.0%</i>

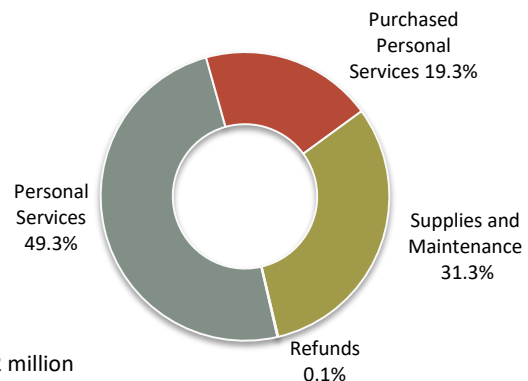
*For comparison purposes, the FY 2024 actual includes spending from ALI 200681, Teacher Certification and Licensure, in the Department of Education and Workforce budget, during the State Board’s transition to a separate state agency.

**Chart 1: SBE Budget by Fund Group
FY 2026-FY 2027 Biennium**



Biennial total: \$33.2 million

**Chart 2: SBE Budget by Expense Category
FY 2026-FY 2027 Biennium**



Agency overview

The Ohio Constitution establishes the State Board of Education and requires a Superintendent of Public Instruction to be appointed by the State Board. The selection and terms of members of the State Board, as well as the powers and duties of the State Board and the Superintendent are prescribed by law. The State Board carries out responsibilities associated with educator licensure; enrollment of educators in the Ohio Attorney General's Retained Applicant Fingerprint Database (RAPBACK), a continuous criminal record monitoring service for Ohio educators and other school staff; the educator disciplinary process; teacher and school counselor evaluation systems; the Educator Standards Board; and school district territory transfers. It also must make recommendations to the Director of Education and Workforce regarding priorities for primary and secondary education.

The State Board consists of 19 members, 11 of which are elected and eight of which are appointed by the Governor. State Board members receive compensation for the performance of official duties and travel reimbursement. The State Board must employ personnel to carry out its duties and powers. The Superintendent is the State Board's executive officer and may serve as an adviser to the Director of Education and Workforce. The Superintendent exercises general supervision of the State Board's employees and may appoint them, fix their salary, and terminate their employment. The State Board is staffed by 58 full-time positions.

Appropriation summary

The executive budget provides the State Board with appropriations that total \$16.4 million in FY 2026 and \$16.9 million in FY 2027 across three line items. Most of the State Board's budget (79.8%) is supported by state non-GRF funds, consisting of fees paid by teachers and school or district staff that are deposited into the State Board of Education Licensure Fund (Fund 4L20). New GRF funds provide 12.0% of the budget and federal funds make up the remaining 8.2%.

As a regulatory agency, personal services (employee salaries and benefits) is the largest expense category for the State Board. As shown in Chart 2 on the "**Quick Look**" section, 49.3% of the recommended funding for the biennium is for personal services, 19.3% is for purchased personal services (contracts), 31.3% is for supplies and maintenance (mainly payments to other agencies for services such as RAPBACK), and the remaining 0.1% is for refunds of license fees.

Overall, the executive budget decreases funding for the State Board in FY 2026 by about \$290,000 (1.7%) compared to FY 2025 estimated spending but provides an increase of \$509,000 (3.1%) in FY 2027. The decline in FY 2026 is mainly due to the proposed budget's elimination of the Resident Educator Summative Assessment (RESA) portion of the resident educator program for new teachers, currently a \$1.1 million annual expense for the State Board. The executive budget shifts most of the State Board's cost for RAPBACK from non-GRF funds to the GRF.

Analysis of FY 2026-FY 2027 budget proposal

Operating Expenses (ALI 210600)

FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Estimate	FY 2026 Introduced	FY 2027 Introduced
Fund 4L20 ALI 210600, Operating Expenses					
\$0	\$0	\$8,152,155	\$15,300,000	\$13,010,991	\$13,519,872
% change	N/A	N/A	87.7%	-15.0%	3.9%
Fund 4L20 ALI 200681, Teacher Certification and Licensure (under DEW budget)					
\$12,227,102	\$12,768,475	\$6,652,988	\$0	\$0	\$0
% change	4.4%	-47.9%	-100.0%	N/A	N/A
Total					
\$12,227,102	\$12,768,475	\$14,805,143	\$15,300,000	\$13,010,991	\$13,519,872
% change	4.4%	16.0%	3.3%	-15.0%	3.9%

This line item is the main source of support for the State Board of Education's operating costs. It mainly funds educator licensure activities and the educator disciplinary process. As part of the educator disciplinary process, it also funds the cost of AGO's assistant attorneys general that represent the state in administrative hearings for educator misconduct and appeals. Prior to FY 2024, the State Board's operating expenses were supported in Fund 4L20 line item 200681, Teacher Certification and Licensure, in the Department of Education and Workforce budget. During a portion of FY 2024, the State Board's expenditures continued to be paid from line item 200681 while the State Board transitioned to a separate state agency following the restructuring of K-12 education governance under H.B. 33 of the 135th General Assembly.

In FY 2026, the executive budget decreases funding for this line item by \$2.3 million (15.0%) compared to the FY 2025 estimated level. In FY 2027, funding increases by \$509,000 (3.9%). The decrease in FY 2026 is due to several factors. The executive budget shifts \$2.0 million in each fiscal year in costs for continuous criminal record monitoring of educators through the Retained Applicant Fingerprint Database (RAPBACK) from this line item to the GRF (ALI 210400, Rapback, which is discussed below) beginning in FY 2026. The State Board estimates that the annual costs associated with RAPBACK will total about \$2.5 million, with the remaining \$500,000 each year supported by ALI 210600.

In addition, the executive budget eliminates the Resident Educator Summative Assessment (RESA) portion of the resident educator program for new teachers. For the RESA, a teacher submits a 20-minute video to demonstrate the candidate's teaching abilities, which is scored by licensed teachers with at least ten years of teaching experience. A resident educator must successfully complete the RESA to receive a professional educator license. According to the State Board, about 99% of teachers pass the RESA. The State Board contracts with a vendor to operate the RESA at a cost of about \$1.1 million per year. The vendor contract includes maintaining the RESA website, assessment scoring, telephone and online support to RESA candidates, and other duties. The State

Board pays for the operational and technical costs for the RESA using educator license fees appropriated from Fund 4L20 line item 210600, Operating Expenses.

The executive budget enables the State Board to maintain its current roster of 58 full-time positions and pay cost-of-living adjustments for existing staff. No new staff are funded.

Licensure, investigation, and enforcement

The State Board issues a variety of licenses for educators, administrators, and related staff, including several alternative credentials with an accelerated pathway to licensure and supplemental licenses for educators who already hold an active license. Statewide, 364,000 individuals currently hold 486,000 active credentials. On average, the State Board issues about 140,000 credentials annually, including renewals.

The State Board's regulatory obligations include investigating allegations of educator misconduct involving criminal or ethical violations and, if warranted, initiating disciplinary action against the educator's credentials. In calendar year 2023, the Board's Office of Professional Conduct opened 1,277 investigations of misconduct, resolved 1,090 cases, and imposed disciplinary action in 527 of them. If discipline is intended, educators may request a due process administrative hearing before a hearing officer. A continuum of sanctions is available to discipline an educator depending on the severity of the misconduct, including a written reprimand, permanent loss of license, or a consent agreement that outlines the terms for bringing the educator's license into good standing with the State Board. For more information on its investigative and enforcement activities, see the State Board's [2023 Educator Conduct Report](#).

State Board of Education Licensure Fund cash balance

Educator licensing fee revenues collected by the State Board are deposited into the State Board of Education Licensure Fund (Fund 4L20), which supports its teacher licensure and disciplinary activities, costs for RAPBACK, and other operating expenses. License fees generally equate to \$40 per year on an annualized basis. Fund 4L20's expenditures have generally exceeded its revenues each year since FY 2015. The table below shows Fund 4L20's actual revenues, expenditures, and year-end cash balance from FY 2022 to FY 2024, the estimated amounts for FY 2025, and projected amounts based on estimated revenues in the State Board's budget request and appropriations in the executive budget.

Fund 4L20 Revenues, Expenditures, and Ending Cash Balance (in millions), FY 2022-FY 2027						
Category	FY 2022	FY 2023	FY 2024	Estimate FY 2025	Introduced FY 2026	Introduced FY 2027
Revenue	\$10.7	\$12.4	\$12.3	\$11.7	\$11.4	\$11.7
Transfers-In	\$0	\$0	\$0	\$4.7	\$0	\$0
Expenses	\$12.2	\$12.8	\$14.8	\$15.3	\$13.0	\$13.5
Net	-\$1.5	-\$0.3	-\$2.6	\$1.0	-\$1.6	-\$1.8
Ending Cash	\$6.0	\$5.6	\$3.1	\$4.1	\$2.4	\$0.6

The fund's finances were significantly impacted by the transfer of K-12 governance to DEW. Following this transfer, the fund began to cover expenses that were previously paid by the

GRF, including rent, IT costs, and salaries and benefits for the Superintendent of Public Instruction and support staff. Consequently, Fund 4L20’s expenditures increased from \$12.8 million in FY 2023 to \$14.8 million in FY 2024. In August 2024, the Controlling Board approved a request from the State Board to transfer \$4.7 million from the Controlling Board Emergency Purposes Fund (Fund 5KM0) to Fund 4L20 to prevent the exhaustion of the fund’s cash balance.

In response to the August 2024 Controlling Board request, the State Board stated that they were reviewing operations to find efficiencies and decrease operating costs moving forward. To date, they have outsourced budget and human resources functions to the Office of Budget and Management’s Central Service Agency; engaged in LeanOhio activities to make licensure processing more efficient; ended overnight travel for staff; reduced the number of board meeting days from two to one, which also is reducing board member travel reimbursement costs; and removed deceased individuals from the RAPBACK database to eliminate associated costs.

Rapback (ALI 210400)

FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Estimate	FY 2026 Introduced	FY 2027 Introduced
GRF ALI 210400, Rapback					
\$0	\$0	\$0	\$0	\$2,000,000	\$2,000,000
% change	N/A	N/A	N/A	N/A	0.0%

This new GRF line item will support most of the State Board’s costs associated with the RAPBACK, a continuous criminal record monitoring service for Ohio educators. RAPBACK provides participating entities notice that an individual they have enrolled in the database has been arrested or convicted of a criminal offense. The Attorney General’s Bureau of Criminal Investigation charges participating agencies an initial fee for each individual entered in RAPBACK and an ongoing annual fee per individual, both of which are \$5. All individuals issued a license by the State Board, as well as nonlicensed school employees who routinely interact with students, such as school bus drivers and custodians, are required to enroll in the database. Currently, these expenses are covered by ALI 210600, Operating Expenses. As noted above, the State Board estimates that the annual costs associated with RAPBACK will total about \$2.5 million, meaning that this proposed GRF funding will support about 80% of those costs and ALI 210600 will support the remaining \$500,000 each year.

Title II A/Supporting Effective Instruction (ALI 210601)

FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Estimate	FY 2026 Introduced	FY 2027 Introduced
Fund 3IS0 ALI 210601, Title II A/Supporting Effective Instruction					
\$0	\$0	\$0	\$1,355,000	\$1,355,000	\$1,355,000
% change	N/A	N/A	N/A	0.0%	0.0%

This line item provides federal Title II, Part A funds to support programs related to educator evaluation and licensure. It primarily funds the Ohio Teacher Evaluation System, online

educator licensure through the Connected Ohio Records for Educators (CORE) system, technical support staff, and Ohio Teacher of the Year supports. The State Board receives a transfer of a portion of DEW's state activity funds under Title II, Part A to carry out the activities described above. The State Board's work is guided by a memorandum of understanding with DEW that will be reviewed annually.

**FY 2026 - FY 2027 Appropriations - As Introduced
All Fund Groups - Detail**

H.B. 96 - Main Operating Appropriations Bill

Detail by Agency	FY 2024	Estimate FY 2025	Introduced FY 2026	Introduced FY 2027	FY 2025 to FY 2026 % Change	FY 2026 to FY 2027 % Change
SBE State Board of Education						
GRF 210400 Rapback	\$0	\$0	\$2,000,000	\$2,000,000	N/A	0.00%
General Revenue Fund Subtotal	\$0	\$0	\$2,000,000	\$2,000,000	N/A	0.00%
4L20 210600 Operating Expenses	\$8,152,155	\$15,300,000	\$13,010,991	\$13,519,872	-14.96%	3.91%
Dedicated Purpose Fund Group Subtotal	\$8,152,155	\$15,300,000	\$13,010,991	\$13,519,872	-14.96%	3.91%
3IS0 210601 Title II A/Supporting Effective Instruction	\$0	\$1,355,000	\$1,355,000	\$1,355,000	0.00%	0.00%
Federal Fund Group Subtotal	\$0	\$1,355,000	\$1,355,000	\$1,355,000	0.00%	0.00%
State Board of Education Total	\$8,152,155	\$16,655,000	\$16,365,991	\$16,874,872	-1.74%	3.11%
Main Operating Appropriations Bill Total	\$8,152,155	\$16,655,000	\$16,365,991	\$16,874,872	-1.74%	3.11%