

Introduction to the Strickland Administration's Educational Philosophy

Transforming Ohio's Public Education System

As expressed in the Northwest Ordinance of 1787, good government, economic prosperity, and civic well-being are the founding principles for the state of Ohio. These founding principles were the driving force behind the state's development as an agricultural and industrial leader across the nation and world. These are the same principles that will propel Ohio into the future and maintain its status as a national and international leader. But, to continue our growth and prosperity as a state, the Strickland Administration believes the state of Ohio must focus its attention on one of the most important institutions in our society, public education.

Public education is the cornerstone that binds the forces of good government, economic prosperity and civic engagement together to advance the state. It is through public education that the state produces the talent pool sufficient and necessary to create the economic prosperity and social advancement for future generations. Public education is also the great equalizer that provides all of Ohio's students with equal universal access to obtain a quality education.

The current educational system in Ohio was designed to serve a 20th century economy. The 20th century economy was focused on mass reproduction, rote memorization of information, manual labor, and segmentation as guiding principles. The educational system, in support of this economic model, is designed according to the same guiding principles. As a result, the primary and secondary public education system evolved into an isolated system separate from the development of preschool and higher education.

The 21st century economy is focused on the mastery of core knowledge, critical thinking, possibility thinking, knowledge creation, development of strong interpersonal skills and effective work habits. The demands of this information and technology driven economy requires a new public education system that is reformed to ensure the success of all students. Ohio's public educational system must undergo a systemic transformation.

To ensure that every student will have access to this 21st century education, the Strickland education reform plan proposes a number of reforms to the preschool, primary and secondary, and higher education learning continuum. The result of the reforms is a comprehensive and systemic transformation of the public education system that will truly integrate the three systems into an aligned P16 system dedicated to serve all Ohioans, regardless of their location in the state or station in life. The Executive Budget recommendations will:

1. Create one comprehensive quality early care and education system at the Department of Education that is focused on the whole child and preserves access for all early learners.
2. Transform the primary and secondary education system through an alignment with early care and education and higher education that will create a student-centered focus and meet the constitutional mandate to fund a 21st century education for all students with an unprecedented level of resource management accountability.
3. Maintain affordability and momentum within the University System of Ohio to create lifelong learning opportunities for all Ohioans.

System Overview

Ohio's philosophy is that education starts from the beginning, gives a fair chance to every Ohio child, and leads to a degree that counts. Consequently, the Executive Budget makes sure every child has the chance to start school ready and able to learn. This requires quality early learning experiences and effective care (adequate nutrition, timely health care, and behavioral health screenings) to keep challenges from becoming problems.

Children who are ready to learn will do their best in schools that have the right tools and well-prepared teachers to help them learn to be the kind of creative problem-solvers we need for 21st century jobs. From books and

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technology to more accurate ways to measure proficiency, to providing a richer curriculum, Ohio schools will make the most of each child's talents.

And our bright, hard-working graduates will be assured of affordable access to the advanced education they need to move ahead. Any student accepted to a state college or university will have the opportunity to attend, even if their family cannot afford to send them. And, working with universities and community colleges, we'll find ways to help them control tuition, contain their costs, and serve the needs of a broad range of students, from job-training and adult education to the highest levels of math and science.

Early Childhood Education

Overview

Governor Ted Strickland has said that education starts from the beginning and every child must be given a fair start. The Executive Budget provides a fair start by ensuring access to high quality services and providing support promoting the comprehensive early childhood development of young children. Investing in early childhood development is the most efficient economic development strategy available. The Executive Budget aligns state policy and maximizes federal resources to solidify the early childhood development system. Specifically, it focuses on the whole child, improves the quality of services, and supports access to affordable care and education for working families.

Background

A baby's brain architecture develops rapidly during the early childhood years. It is a period of tremendous growth and opportunity that can be enhanced through nurturing, positive relationships. Our obligation as a state is to ensure that state investments contribute to developing and sustaining the support that parents, families and early childhood professionals need to facilitate the healthy development and learning of young children.

Governor Strickland recognizes the importance of the early childhood years. The creation of the Early Childhood Cabinet in March 2007 and the Early Childhood Advisory Council in August 2008 has offered the administration an opportunity to better understand the existing system infrastructure and the opportunities that exist for a more efficient, effective, and high quality delivery system. In order to achieve the Administration's vision, Ohio needs to align its resources and policies and develop a new administrative structure in order to create a strong foundation for the system.

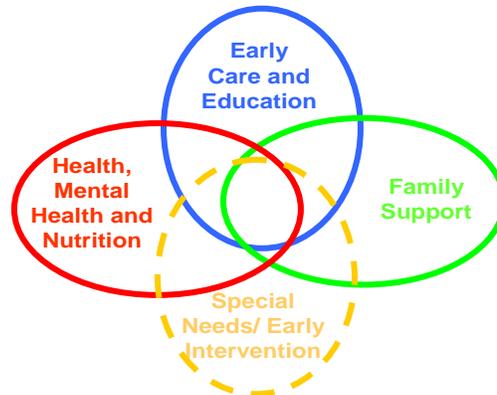
Ohio supports early childhood development through a comprehensive system serves children through the following subsystems:

- **Early Care and Education:** Provides early care and education opportunities in nurturing environments where children can learn what they need to succeed in school and life;
- **Health, Mental Health and Nutrition:** Provides a comprehensive health services that meet children's vision, hearing, nutrition, behavioral, and oral health as well as medical health needs;
- **Special Needs/Early Intervention:** Provides early identification, assessment and appropriate services for children with special health care needs, disabilities, or developmental delays; and
- **Family Supports:** Provides economic and parenting supports to ensure children have nurturing and stable relationships with caring adults.

All four subsystems are critical to ensuring each child has a fair start and all systems have areas of overlap (see diagram below). The Early Childhood Cabinet and Advisory Council have helped to streamline goals to bring these four subsystems into alignment.

Figure D-1

State Early Childhood Development System



Governance

A key feature of the early childhood development system in this budget is the creation of a single administrative structure with the authority and responsibility to implement and coordinate state-funded or administered early childhood programs and services for children prenatal until entry into kindergarten. To accomplish this goal, the Center for Early Childhood Development will be created in the Department of Education. Staff from multiple departments will be brought together along with the following functions: licensing, quality, research, professional development, communications, accountability, and regulations. In addition, this budget codifies the role and responsibilities of the Early Childhood Advisory Council to ensure a continued and comprehensive focus on programming for young children.

Quality & Standards

The Executive Budget for early childhood development will improve the quality of early care and education programming and ensure that standards for practitioners and programs are aligned and developmentally appropriate. This is accomplished by effectively using the quality set aside in the Child Care Development Block Grant to continue the “Step Up to Quality” program, professional development support, and core child care resource and referral services. Ohio will also develop a single set of standards and guidelines for children and programs serving children birth to five years of age.

Regulatory

The Executive Budget increases compliance with standards for children age birth to five that promote the health and safety of young children by creating a single regulatory process for all early care and education programs and increasing licensing and professional development requirements for lead teachers. The Center for Early Childhood Development will establish the foundation for Ohio’s definition of quality in all out-of-home settings by developing new standards for licensing family child care providers and will seek legislation to adopt these standards.

Professional Development

The Executive Budget will ensure early childhood professionals have access to professional development opportunities and on-going supports that build their knowledge, competencies and skills for working with young children by:

- Requiring professional development that is funded, delivered or sponsored by an Early Childhood Cabinet agency to be entered in or linked to the Ohio’s Professional Development Training Registry;
- Establishing a common trainer and training approval process for specialized training required through the departments of Education, Job and Family Services, and Health;

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- Developing a core knowledge and competencies document for directors and administrators of early care and education agencies that serves as the foundation for the creation of an administrator credential;
- Creating a system of tiered professional development for early childhood professionals based on the core knowledge and competencies; and
- Aligning professional development opportunities within a P-16 framework.

Comprehensive Family Supports and Services

The Executive Budget will ensure high quality services are available, accessible and affordable to families to address the comprehensive development of their child. This is accomplished by: redefining the core services of Help Me Grow to include evidence or research based practices for home visiting services and maternal depression screening. Also, Early Childhood Mental Health consultative services that are targeted to Ohio's most vulnerable children and early care and education programs are also maintained in the Executive Budget. Further, the development of a statewide coordinated communication plan for families with young children and alignment of the eligibility definitions of Part C (Early Intervention) and Part B (Preschool Special Education) are key to comprehensive support.

Streamlined Financing for Early Childhood System

The Executive Budget explores the development of a single stream of stable funding that is sufficient to support and sustain services and quality enhancements. These features are critical to an effective, coherent, equitable early childhood system. The Executive Budget also seeks to streamline existing eligibility and payment systems. The primary means for accomplishing these tasks will be the establishment of an Early Childhood Financing Workgroup. The Workgroup will be charged with: exploring a single financing system for early care and education programs that includes aligned payment systems and consistent eligibility criteria and family copayment policies. In addition eligibility processes will be automated to include child care; a streamlined payment process through a statewide time and attendance system will be developed; quality achievement awards will be continued to support the maintenance of quality standards; and all-day kindergarten will be expanded in every school district in Ohio.

Highlights of the 2010/2011 Executive Budget

The Executive Budget maintains momentum and funding to support access to the early childhood system. The Executive Budget will maintain eligibility at 200 percent of the federal poverty level for all of the state-supported early care and education programs. Funding is also provided for 8,000 full-time enrollment slots for the Early Learning Initiative. Rates paid by the state to child care providers in the subsidized child care program are continued at the 65th percentile of the 2006 market rate survey and the full-time child care provider reimbursement rate will be set at 35 hours. Continuation funding for the Early Care and Education program (formerly known as Public Preschool) housed in the Department of Education is also provided in the Executive Budget. GRF support for the Help Me Grow Program is increased to maintain core services and replace the dollars formerly received from the Temporary Assistance for Needy Families (TANF) program.

Primary and Secondary Education

Academic, Funding, and Accountability Reforms

The cognitive and affective development of the whole student is at the center of the education universe in the primary and secondary reforms outlined in the Strickland education reform plan. It is a comprehensive and systemic reform plan that will move our state forward in the right direction. In paraphrasing a recent comment by President E. Gordon Gee on the Strickland education reform plan, it is a bold plan and it is the right plan for the future of Ohio. It is a plan that will create lifelong learning opportunities for all Ohioans. It is a plan that will align our educational system to the economic and job development strategies of the state, while preserving our historical roots as a democracy.

To guide the primary and secondary reforms, the Strickland education reform plan utilized the following guidelines to align the primary and secondary education system to the early care and education and higher education systems,

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which will transform Ohio's public education system into a 21st century P16 system to meet the needs of all students:

- The mission for public education in the state of Ohio should be the full development of all students to reach their fullest potential and to become successful economically, to experience social and emotional well-being, and to function as a productive citizen in a global society.
- The vision for public education in the state of Ohio should be the establishment and maintenance of student-centered, personalized 21st century learning environments that foster and nurture creativity, innovation, and global competence to meet the needs of all students.

To achieve that mission and vision statement, the state of Ohio should:

- Strengthen its commitment to public education to address today's many educational and social challenges;
- Link its educational system to the civic well being and economic prosperity of the state;
- Encourage creativity and innovation by leading and encouraging our students to think past the limits of what's been done and imagine the possibility of what can be done;
- Identify and use the creative and innovative best practices developed by educators;
- Emphasize the importance of personalized educational experiences for all students and the use of instructional methods that emphasize positive student-teacher relationships and ensure academic success;
- Use measurement and assessments, both for accountability and diagnostic purposes, to guide the personalized education of all students; and
- Promote education as a shared responsibility between families, educators and communities by providing the means to build strong relationships between the home, school and community to support a 21st century education for all students.

Committed to this mission, vision and guiding principles, the Strickland education reform plan propose a systemic and comprehensive preschool through post-secondary public education system that will prepare Ohioans for the challenges of the 21st century. To ensure that the plan will guide the department of education in its work with educators across the state, the Executive Budget recommendations will require the State Superintendent of Public Instruction (State Superintendent) to create, in consultation with the Chancellor of the Board of Regents (Chancellor) to create a ten year strategic plan no later than December 1, 2009. The state superintendent will align the ten year strategic plan to the University System of Ohio strategic plan and deliver the plan to the General Assembly, in accordance with division (B) of section 101.68 of the Revised Code, and to the Governor. The Executive Budget recommendations will require the plan to:

- Establish a framework for development of student centered, collaborative, professional, innovative and thinking 21st century learning environments;
- Measure Ohio students against the world;
- Expand learning opportunities for all Ohio students;
- Prepare and support Ohio's educators for a successful instructional career; and
- An effective funding system according to Chapter 3306 of the Revised Code and an enhanced financial and resource management accountability system.

Student-Centered 21st Century Learning Environments

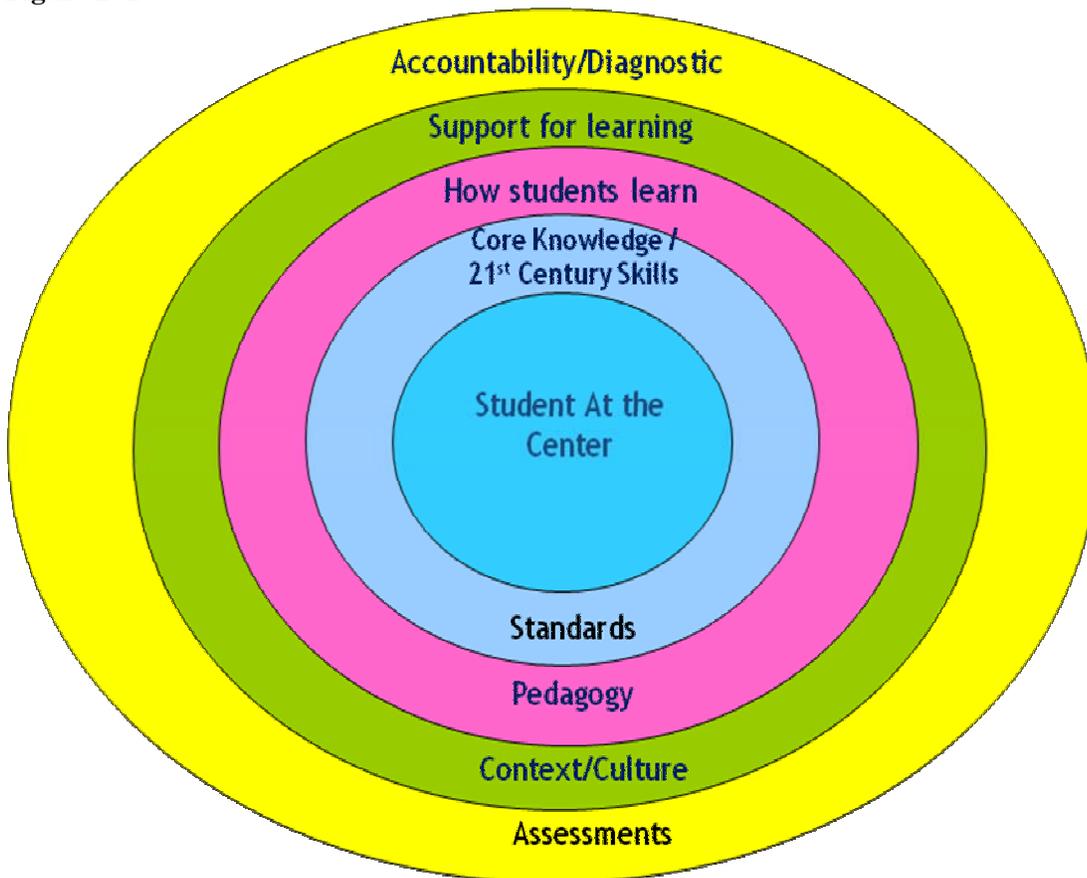
Student-centered 21st century learning environments are creative and innovative classrooms and school buildings dedicated to meeting the personalized unique needs of each and every student in a student-centered 21st century learning environment. The classroom and school building, in a student-centered 21st century learning environment, are transformed into nurturing, exciting and stimulating spaces where all students are challenged to think, problem solve, take risks, work together, and explore knowledge within the context of the world around them. A student-centered 21st century learning environment is a space where diversity is celebrated and students feel safe to be

themselves free of bullying and violence. Students are highly motivated to meet high expectations established by educators in student-centered 21st century learning environments. And, the educators in student-centered 21st century learning environments work collaboratively to think, learn, grow and lead as professionals.

The following is a diagram to illustrate the major components of a student-centered 21st century learning environment in Ohio:

Ohio's 21st Century Student-Centered Learning Environment

Figure D-2



As the diagram illustrates, the student is at the center of the educational universe. The student is not an empty vessel for educators to fill with information. In a student centered 21st century learning environment, there is an acknowledgement, understanding and healthy respect for each students family and community experience. The student enters the learning process each day with a set of natural skills and talents that are informed by the knowledge and experiences from their family and community. It is through this acknowledgement, understanding and healthy respect that educators create the relationships to make a difference in the lives of their students.

A student-centered 21st century learning environment also includes a number of factors that revolve around the student to ensure their academic success. The factors are clear expectations (standards), effective educators with proven instructional strategies (pedagogy), nurturing learning environments and quality academic supports (context/culture), and appropriate tools for accountability and diagnostic purposes (assessments).

Academic Standards and Curricula

The Strickland administration recognizes that the transformation of our educational system to meet the needs of Ohio's students in the 21st century will require a different set of expectations and model curricula. New academic standards and model curricula must reflect the demands of a 21st century education system. To achieve this transformation, the Executive Budget Recommendations will:

Revise our current academic standards to:

1. Be vertically articulated, rigorous, focused, and coherent. Vertical articulation, rigor, focus and coherence are defined in the Executive Budget recommendations as follows:
 - a. Vertical articulation Key academic concepts and skills associated with mastery in particular content areas should be articulated and reinforced in a developmentally appropriate manner at each grade level so that over time students acquire a depth of knowledge and understanding in the core academic disciplines.
 - b. Rigor: the benchmarking of state's standards to international standards to create challenging and demanding standards and curricula for students.
 - c. Focus: limit the number of topics covered in the standards to allow for deeper exploration of the subject matter.
 - d. Coherence: The development of standards that follow the structure of the subject's discipline so that the body of knowledge in the discipline is sequenced from kindergarten through twelfth grade to meet age appropriate learning expectations.
2. Emphasize the development of 21st century skills to prepare students for postsecondary instruction or the workplace. Twenty-first century skills are defined in the recommendations to include:
 - a. The development of creative, innovative, critical thinking, problem solving, communication and interpersonal skills.
 - b. The development of information, media, and technology literacy skills.
 - c. The development of skills that promote flexibility and adaptability, initiative and self direction, global and cultural competence, productivity and accountability, responsibility and leadership.
 - d. The development of computer, wellness, financial, and entrepreneurship literacy.
 - e. Encourage the use of interdisciplinary, project based, real world, and service learning instructional strategies.
 - f. Require a periodic review of the standards and curricula.
3. Add a Life and Career Readiness course at the middle school grade levels. The course will focus on the development of like skills, financial literacy, and entrepreneurship. Students, as a requirement of the course, must create a career and college plan that reflects their future aspirations.
4. The State Superintendent must develop a plan to implement the academic standards and model curricula recommendations.

Collaborative, Professional and Continuous Learning Environments

To establish a safe, healthy, and vibrant learning environment, the Strickland education reform plan presents a comprehensive set of reforms that will transform our schools into thinking and learning environments for students to develop and thrive. The reforms are grounded in the systems thinking and school improvement research. This research emphasizes:

- A focus on the needs of all students and clearly defined results;
- The use of research and data to drive decision making;
- High expectations and relevant instruction for all students;
- The creation of effective relationships between educators and students;

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- A collective sense of responsibility and leadership by educators to create safe, nurturing and globally competent experiences for all students through collaborative and collegial relationships that focus on continuous professional development and growth of the educators; and
- Effective linkages between educators, families and members of the community that will support the success of all students.

The Executive Budget Recommendations will require a revision of the Operational Standards, chapter 3301-35 of the Administrative Code to make the following changes:

- Leadership teams in each organizational unit within a district;
- Family and community engagement teams in every district to align the districts family and community engagement strategies;
- Collaborative and job embedded professional development strategies which include peer evaluation and cultural competency;
- Coaching and mentoring of educators;
- Collaborative lesson planning time;
- Classroom instruction that emphasizes educating the whole child through interdisciplinary, project based, real world, and service learning opportunities;
- The spending of state funds consistent with the proposed new funding model in section 3306 of the Revised Code; and
- The use of positive behavior intervention support strategies.

Celebrating Creativity, Innovation, and Learning

The Strickland education reform plan adopts the premise that creativity and innovation is Ohio's natural heritage and must be integrated into Ohio's learning environments in the 21st century. Ohioans such as Thomas Edison, Granville Woods, Charles Kettering, the Wright Brothers, Steven Spielberg, Toni Morrison, Neil Armstrong, and Senator John Glenn changed the path of human existence with your contributions of creativity and innovation. Ohio companies such as BF Goodrich, Firestone, Nationwide, Procter and Gamble and the Limited blazed a trail for others to follow as Ohio established itself as a national and international economic force.

Due to this heritage, creativity and innovation are Ohio's differential advantage in the global marketplace. As the state's differential advantage, education policy must nurture and foster the development of creative and innovative skills as important integrated elements within the state's educational system from pre-school to post-secondary learning.

A 21st century learning environment is a space for the exploration of creativity and innovation. Creativity and innovation, in recent years, have captured imagination and attention of the nation and world. Both are seen as commodities to market throughout the world. Both are seen as the skills that one can hone and develop to lead successful lives. Both are seen as being highly marketable to be bought and sold. The producers of goods and services travel the world find those with the most creativity and innovation. Celebrating creativity and innovation on a daily basis is must become an important element of a 21st century learning environment.

As a result, the Strickland education reform places a special emphasis on celebrating, cultivating, nurturing, and harvesting the creative and innovative fruits throughout the P16 system by creating the Ohio Academic Olympics at the Department of Education. The Ohio Academic Olympics will be a statewide competition at the local, regional and state levels. The purpose of the statewide competition will be to recognize and celebrate the academic talents of Ohio's students in science, math, writing, debate, arts, technology and other areas of academic excellence.

To achieve this important integration of creativity and innovation throughout the P16 system, the Executive Budget Recommendations will:

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1. Establish the Center for Creativity and Innovation at the Department of Education. The purpose of the center for creativity and innovation will be to monitor, capture, develop, and disseminate best practices and research information on the most creative and innovative education practices across the state, nation and world. As a result of the center, Ohio's educators will be informed, in a systemic way, about the new advances in the education field. The Center for Creativity and Innovation will be the research and development function for the state's educational system.
2. Encourage the establishment of creative conversion community schools. The creativity conversion community schools will utilize current state law to focus on the principles and ideas developed at the Governor's Institute of Creativity and Innovation in June of 2008. The purpose of the creativity conversion community schools will be to expand the state's knowledge of how to create 21st century learning environments and instructional practices that foster and nurture creativity, innovation and global competence. This initiative will be an important role within the Center for Creativity and Innovation.
3. Dedicate state resources to encourage student enrichment activities. In order to fully develop the cognitive knowledge and affective skills of students in a meaningful and real way, students must have the opportunity to explore knowledge and develop skills in a variety of settings. The student enrichment activity resources in the Executive Budget may be utilized for gifted services, field trips, and experiential learning opportunities.

Culture/Context: Family and Community Engagement

The educational development of a child is not merely the responsibility of our education institutions – it is a responsibility shared jointly with families and communities. The Public Private Collaborative Commission emphasized the importance of this relationship in its report, *Supporting Student Success: A New Learning Day in Ohio*, by stating, “Educators, especially school leaders, are centerpieces in this work, but they cannot do it all, and they cannot do it alone. Entire communities must share responsibility for the well-being of children, youth and families – and also for the educational performance of every student. Nothing short of this kind of sustained accountable, representative engagement, evident in the ability to organize and mobilize for collective action to achieve common purposes, will get the job done. As the job gets done, the education system will change for the better and all Ohioans will benefit.”

The Strickland education reform plan proposes the establishment of a systemic structure at the school building and district level to enhance and strengthen this ability of educators to build and enhance this important relationship between educators, students, families and communities. The Executive Budget will recommend:

1. The establishment of a family and community engagement team in every school district. The teams will be comprised of educators, support staff, parents, business representatives and community members. The teams will align its work with the county Family and Children First Council's and be charged with the responsibility to:
 - a. Create a five year family and community engagement strategic plan. The family and community engagement strategic plan will outline the district's common purpose, vision, beliefs, objectives, goals, strategies and measures of success for addressing the non-academic barriers to student success.
 - b. Create an annual family and community engagement work plan to guide the day to day achievement of the five year strategic plan.
 - c. Issue an annual progress report on the work plan achievements for that year's efforts.
 - d. Submit the five year strategic plan, annual work plan, and annual progress reports to the county and state Family and Children First Councils.
2. Dedicated resources to establish family and community engagement coordinators in each organizational unit. The family and community engagement coordinators will carry out the strategies of the district's five year strategic family and community engagement plan in all of the district's organizational units. The

family and community engagement coordinator will serve as a critical link between the school's educators and the student, their family and the community's resources.

Culture/Context: Closing the Achievement Gap

Research indicates that school dropouts cost the state of Ohio's economy approximately \$8 billion a year. It is commonly understood across the nation that a person leaving high school without a diploma will have fewer opportunities and choices for lifelong success. Dropouts are likely to have low lifetime earnings and higher incarceration rates. The dropout phenomenon is a vicious cycle because the children of many dropouts also do not complete high school.

In the last biennium, the Strickland administration launched the Closing the Achievement Gap Initiative (Initiative) to break this vicious cycle by creating and implementing locally developed strategies to reduce high school dropout rates in Ohio high schools. The primary objective was to increase the number of ninth grade students that matriculate to the tenth grade. Research documents that the transition from ninth to tenth grade is the critical point where high risk students drop out of school. The Initiative supported the students by providing a structure to support the day to day growth of the students through regional coordinators, local liaisons, educator training, strategic mentoring and student enrichment activities.

The Initiative achieved strong results in the first year of the biennium. For instance, as reported, the promotion rate for ninth grade students improved for all participating high schools in one school district. The promotion rate from ninth to tenth grade increased by double digit percentage points in many cases. Building upon that success, the Strickland education reform plan integrates the Initiative into the funding and accountability strategies by including the following recommendations in the Executive Budget:

All districts with one high school with a graduation rate at 70 percent or lower will be a part of the Initiative through the accountability reforms in Strickland's education reform plan.

1. Under the accountability reforms, a district with one high school with a graduation rate at 70 percent or lower will be required to utilize the family and community engagement resources in the funding model to establish a linkage coordinator in each of the district's organizational units. The linkage coordinator's role will be to serve as the primary mentor, coach and motivator for students identified as potential non-graduates. The linkage coordinator will also coordinate student participation in the academic programs (remedial tutoring, literacy programs, etc.), social service programs, out of school cultural and work related experiences within the Initiative. The Linkage Coordinator will also establish and coordinate the work of the academic promotion teams and coordinate the remedial disciplinary plans as needed. They will work with school personnel to gather student academic information and work with school personnel to engage parents of targeted students. The linkage coordinator will serve as a liaison between the school and the Office of Closing the Achievement Gap Initiative, and participate in all professional development activities as determined by the office.
2. The district will be required to coordinate the expenditure of several resources in the annual spending plan with the Office of Closing the Achievement Gap Initiative and the State Superintendent.
3. The district will be required to demonstrate the expenditure of resources in the annual spending report to ensure the efficient and effective deployment of funds to close the achievement gap and increase graduation rates.

The Executive Budget will also recommend the creation of the Office of Urban and Rural Student Success at the Department of Education. The purpose of the office will be to assist urban and rural districts with improving the academic success of the students that face non-academic barriers to learning created by poverty. The office will:

- Provide system redesign and improvement strategies for urban and rural school districts;

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- Provide urban and rural school districts with recommendations and strategies to improve the academic success of students from economically disadvantaged backgrounds and communities;
- Provide districts with recommendations and strategies to address the non-academic barriers to learning, including, but not limited to the social, emotional, physical, and psychological barriers faced by students;
- Work with University System of Ohio institutions, private institutions of higher education and national and international experts to support the efforts of the office; and
- Provide any other assistance and support that urban and rural districts may need to meet the unique circumstances of their districts.

The Executive Budget will establish the Cleveland Municipal School District Early Adopter Initiative to will support the ongoing creative and innovative strategies established by the district to improve the academic success of all Cleveland students. The project will:

- Fully fund the Cleveland Municipal School District in the Executive Budget's school funding reform model;
- Permit the Chief Executive Officer of the Cleveland Municipal School District to assign educators to meet the needs of students and the district's mission;
- Provide resources to conduct a curriculum audit and business and operations management study;
- Provide resources to implement the recommendations of the curriculum audit, business and operations management study, and the district's Human Ware audit;
- Require the Chief Executive Officer to create a five year strategic plan to improve the district's ability to effectively and efficiently meet the district's mission;
- Require the district to hire a Chief Systems Redesign Officer, establish a district system redesign advisory council, and organizational unit transformational leadership teams. The Chief Systems Redesign Officer will report to the Chief Executive Officer. The Chief Systems Redesign Officer will work with the transformational leadership teams to create five year redesign and school improvement plans for each organizational unit in the district. The district system redesign advisory council and transformational leadership teams will advise the district on the creation of the strategic plans;
- Require the Chief Executive Officer to issue annual progress reports; and
- Establish consequences for not making sufficient progress toward meeting the recommendations of the curriculum audit, business and operations management study and the Human Ware audit.

Culture/Context: School Health and Wellness

Education of the whole student involves more than simply providing for his or her academic needs. The physical well-being of our students – as well as our faculty and staff – is important for providing a valuable and enriching experience. The Strickland education reform plan understands the importance of health and wellness. The Executive Budget recommendations will incorporate the following:

Providing Resources for School Health and Wellness: Understanding that physiological needs, when not met, can cause impediments to the learning process. The Governor's plan provides resources to address health and wellness needs of Ohio's students. As a part of the funding model, each organizational unit is provided resources to provide a licensed practical nurse (LPN) to serve as a nurse wellness coordinator, and each district is provided resources to provide a registered nurse to supervise the LPN's hired by the district.

Establish a School Health and Wellness Advisory Committee: The committee will be established within the Department of Health with representatives from Health, Education, the Board of Regents, the Board of Nursing, and other critical stakeholders to make recommendations as to the appropriate content and level of professional training a licensed school practical nurse and a school nurse should have to obtain a professional license through the Department of Education. This committee will also make recommendations as to best practices for health and wellness for the entire school community – students, faculty, and staff – which will truly establish these positions as more than individuals to handle the day-to-day health needs of students but also the long-term health and well-being of the entire school community.

Administration of Medications: Amend the current law that permits any designated school staff to administer medication to students. Such actions and their related decisions should be made by qualified health professionals, and beginning in FY 2012, only licensed and qualified health care professionals will be allowed to administer medications. This is a common sense approach to the issue, allowing districts time to put the necessary staff in place while moving in the direction that will ultimately be the best scenario for students.

Establish Standards in Wellness Literacy: In an era of growing childhood obesity, increasing rates of diabetes among youth, and a diminishment of physical activity, it is critical that our schools educate our children not only in science, reading, and math but also in how to live and make healthy life decisions. It is only through learning how to live healthy and make healthy choices that we can begin to combat some of the most preventable diseases of our time.

Measure Students Against the World

An effective academic accountability system must be aligned and measure all intelligence possessed by a student. The curricula must be aligned to the standards and the assessments must be aligned to the standards and curricula. But, a single standardized test should not determine the future of Ohio students and cannot appropriately measure all of the knowledge and skills of student. Multiple measures of student performance are a better strategy for determining the level of academic knowledge and skills learned by a student.

An effective academic accountability system must serve an accountability and diagnostic purpose. The accountability purpose ensures the quality of teaching and learning in the classroom. The diagnostic purpose ensures the use of assessments as a tool to guide instructional strategies.

The Strickland education reform plan will make the requirements to graduate from high school more rigorous and relevant, and establish better methods to measure creativity, problem solving and other key skills. To achieve better alignment to 21st century learning and an accurate measurement of 21st century skills, the Executive Budget recommendations will:

- Replace the reading and writing assessments with a English language arts assessment at all grade levels;
- Align all assessments to the revised standards and curricula;
- Reduce the number of skill levels that indicate a student's performance on an assessment from five levels to three levels (Advanced, Proficient, and Basic); and
- Replace the Ohio Graduation Test (OGT) with a four-part assessment to measure college and life readiness. The four-part assessment will be used determine whether a student is ready to graduate with a high school diploma. The four assessments are:
 - A. The ACT, or a college readiness examination to measure student competencies in writing, science, math, and language arts;
 - B. End-of-course exams in the areas of science, mathematics, language arts and social studies;
 - C. A service learning project developed in accordance with the service learning plan established in section 3313.605 of the Revised Code that will demonstrate a student's ability on a number of 21st century skills; and
 - D. A senior project that will demonstrate the student's ability to demonstrate a number of 21st century skills.

Expanded Learning Opportunities

The Strickland education reform plan proposes increased opportunities for students to learn by engaging the community and encouraging life-long learning.

The Executive Budget Recommendations will provide additional learning opportunities for students and include the following:

- Establish kindergarten students as one full time student for funding purposes and require all day kindergarten services. In fiscal year 2011, school districts without all day kindergarten must assess their ability to offer the

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service in fiscal year 2012. If a district presents the state superintendent with an equivalent kindergarten service or a valid reason that services cannot be provided in fiscal year 2012, the State Superintendent may grant the district a waiver to utilize the alternative service or not provide the service. The waiver is valid for one year.

- Phase-in four additional learning days over 5 biennia, which will amount to 20 additional learning days at the end of the 5th biennium for a total of 200 learning days in a learning year.
- Provide resources for extended learning opportunities before or after the school day which will permit students an opportunity to receive additional tutoring or enrichment services.

Prepare and Support Ohio's Educators

The second most influential factor that predicts the academic success of a student is the level of quality instruction received by the student during a school year. There is nothing more consequential to a student than the learning relationship with a top quality teacher. The Strickland education reform plan will revolutionize the education profession by reforming the way we recruit, prepare, induct, license, and develop Ohio's teachers. The Executive Budget will make the following recommendations to address teacher recruitment, preparation, licensure, induction, and development issues:

Teacher Recruitment: The creation of a program to establish a pipeline of recruits for those interested in the teaching profession is an important strategy of the Strickland education reform plan. The Teach Ohio initiative is an effort to raise the profile of the teaching profession and encourage Ohioans to enter the field of teaching. Teach Ohio recognizes the importance of recruiting and retaining individuals in the profession. The Teach Ohio initiative is comprised of following three components in the Executive Budget recommendations:

- 1) A program to allow high school students the opportunity to explore the possibility of becoming a future educator through a summer experience and an introduction to the profession;
- 2) The Ohio Teaching Fellows is a new scholarship designed to recruit excellent undergraduate students into the profession while providing summer enrichment experiences; and
- 3) A revision to the alternative licensure program to allow mid-career professionals a means of entering the education profession. These revisions include the creation of a six-week intensive institute on pedagogy and child development. The institute must be successfully completed prior to receiving the license. Once the mid-career professional completes the institute, the person is eligible for a alternative resident educator license and the educator residency program (see Teacher Induction below).

Teacher Preparation: Currently, the State Board of Education is responsible for setting the standards and content for educator preparation programs. Recognizing that the Chancellor of the Board of Regents is responsible for institutions and programs of higher education in every other area, responsibility for educator preparation programs will be transferred to the Chancellor and the Board of Regents. The State Superintendent of Public Instruction will work with the Chancellor to ensure alignment of the content and courses of study as well as the metrics to be used for evaluation purposes.

Teacher Induction: As colleges of education prepare undergraduate students for a career in education, there are limited opportunities for a prospective educator to spend actual time in the classroom as the facilitator and teacher. The student teaching internship is insufficient to provide the necessary, real-world experience required to prepare our educators for 21st century learning environments. The Strickland education reform plan calls for the creation of an induction, field experience residency program. The program will provide Ohio's educators with the coaching, mentoring and guidance that is critical for long and successful careers as an educator. Based on the concept of a medical residency program, the educator residency program will be a four-year experience in which a lead educator in each organizational unit will provide coaching and mentoring for those just entering the profession. The successful completion of the program is required to be eligible for a professional educator license (see Teacher License section above). The State Superintendent of Public Instruction and the Chancellor of the Board of Regents

will develop the scope and content of the program, better aligning the work of our colleges of education with the needs of educators in the field.

Teacher License: There are few opportunities today for teachers to advance within their careers. Many times teachers will enter the school administration field to create advancement as an educator. While these are critical positions of leadership within the education system, they often require different skill sets and needs. As one businessman stated, you don't take your best salesperson out of the field and put them into management – you cultivate and reward their skills as a salesperson in a fitting manner. Recognizing the importance of developing and retaining excellent teachers in the classroom, the Strickland education reform plan creates a career ladder embedded within the state's educator licensing framework. This career ladder creates four distinct licenses for the teaching profession:

1. Resident educator license, with a minimum requirement of graduation from an accredited teacher preparation program. Resident educator license holders must successfully complete a teacher residency program prior to being eligible for the professional educator license. The license is valid for four years and is non-renewable.
2. Professional educator license, with the minimum requirement of graduation from a college or university and successful completion of the teacher residency program. This license is similar to the current professional educator license, and may be renewed every five years.
3. Senior professional educator license, with the minimum requirements of holding a valid professional educator license, graduating with a master's degree, and meeting the "Accomplished" or "Distinguished" criteria on the Professional Educator Standards established by the Educator Standards Board. This license is valid for five years and may be renewed.
4. Lead professional educator license, with the minimum requirements of holding a valid professional educator or senior professional educator license; obtaining a master's degree; meeting the "Distinguished" criteria on the Professional Educator Standards established by the Educator Standards Board; and being either a National Board Certified Teacher or meeting the requirements of a "lead teacher" established by the Educator Standards Board. This license is valid for five years and may be renewed.

The criteria to advance to the next step on the ladder will include the use of student performance measures over a one year period, peer to peer evaluation, and the educator standards for teachers and any other criterion developed by the state superintendent of public instruction and the chancellor.

Teachers who choose to remain at the level of professional educator may continue to renew their licenses on a five-year cycle. For those interested in progressing further in the profession, they will now have the opportunity for those accomplishments to be recognized with either the senior professional educator or lead professional educator license. The senior professional and lead professional educator licenses are also renewable on a five year cycle. A teacher must have a lead professional educator license to be eligible for a lead teacher position within an organizational unit.

Teacher Development: At the same time a transformation is occurring with the educator profession for those entering the field, a transformation of the profession must occur for those already working in Ohio's schools. To that end, the Executive Budget recommendations will empower the Chancellor and the State Superintendent to better coordinate and align professional development activities and funds, including the offering of job-embedded professional development in which instruction will take place in the school rather than in a distant university classroom or conference center. Furthermore, the funding model provides resources to school districts to provide professional development opportunities for their staff. Finally, in an effort to achieve efficient and effective use of resources, the Executive Budget recommendations will allow the chancellor to monitor the quality of professional preparation and development of educators in Ohio's colleges of education based on outcomes.

The development of teachers to provide high quality instruction in the STEM disciplines is a critical strategy in the Executive Budget recommendations. The recommendations will provide resources to facilitate the ongoing, job-embedded professional development of STEM teachers utilizing the STEM platform schools within the Ohio STEM Learning Network. The Ohio STEM Learning Network is the organization authorized by the state to build and connect STEM teaching and learning capacity in regions across the State of Ohio through a public-private

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collaborative. In the Executive Budget recommendations, STEM platform schools will be used to promote teacher professional development through STEM fellows and master teacher and apprentice programs.

Teacher Dismissal: The Executive Budget recommendations will establish a new standard for the dismissal of teachers. The current standard for dismissal of a teacher is at a higher level than it is for any other public employee. The new standard proposed in the Budget Recommendations will establish a standard equal to the standard of other public employees.

Principal and District Leadership: The Executive Budget recommendations will enhance the licensure for Ohio's principals, aligning their licenses to the professional standards developed by the Educator Standards Board. Student performance measures over a one year period will also be used to determine the renewal of a principal license. This recommendation will hold them accountable as management leaders of their individual buildings.

The Executive Budget recommendations will also direct the Educator Standards Board to create educator standards for superintendents, treasurers and school business officials. The new standards for district administrators will enhance the ability of district administrators to effectively and efficiently provide leadership within the district.

Effective Funding and Enhanced Fiscal Accountability Systems: Overview

The Strickland Administration has committed to developing an education system that not only builds on past achievements, but also reforms key areas of service to provide all Ohio children high quality education that meets their individual needs and is both effective and equitable. An effective funding system promotes a system that recognizes the 21st century challenges and opportunities. It also ensures that educational needs are met for all young people in a rapidly changing world. Such a system is grounded on the following principles:

- Ensure the success of all children regardless of their socio-economic situation;
- Align state resources to address disparities;
- Create a flexible and adaptable system that encourages innovation and creativity;
- Recognize that instructional quality is a central driver of educational attainment;
- Recognize that each student is different and allocate resources based on need;
- Retain the state-local partnership, but accurately account for local resources; and
- Use most recent data and information to recalibrate the model in future years.

The current models that are used in various states include the professional judgment model, econometric model, successful schools model and the evidence-based model. Ohio has used a combination of the successful schools and professional judgment models to date to determine funding levels needed for an adequate education.

There are several critical elements in the current funding system that must be improved upon to make it adequate, thorough, efficient, and equitable. These elements include:

- A clear definition of what components make an adequate education;
- Fair utilization of local resources;
- Transparency in how educational components are funded;
- Accountability at both the state and district levels that clearly communicate to taxpayers;
- How state education funding is determined for each district at the state level;
- How they are deployed at the local level; and
- A rational basis for allocating funds to achieve equity through a distribution method is understandable.

The foundation formula, the current funding methodology, maintained the same general components for funding and distribution. The most significant change occurring in House Bill 66 was the development of the "Building Blocks" concept. This concept identifies costs of certain educational components that are linked to academic success. Over

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time, other changes have occurred to target resources to those districts that had high concentrations of students living in poverty (Poverty-based Assistance) and low taxing capacity (Parity Aid and Charge-Off Supplement, otherwise known as Gap Aid).

Ohio Evidence-Based Model (OEBM)

The Strickland education funding reform proposal is built upon the evidence-based approach for the following reasons:

- Determines an adequate funding amount for each district based on the unique needs of students;
- Assures that instructional quality and the components needed to achieve this goal drive the resources;
- Provides flexibility responsive to Ohio’s unique circumstances and priorities;
- Uses research to inform what is needed for student success;
- Maximizes transparency;
- Is easy to understand;
- Addresses disparities across all Ohio school districts in a systematic way; and
- Recognizes the different needs of a 21st century education.

The approach of the evidence-based methodology is one that links educational research on academic achievement and successful outcomes with funding components to achieve results. The Ohio Evidence-based Model (OEBM) was developed using models found in other states in combination with what works for Ohio and the values that we as a state place on fiscal accountability and results.

**Figure D-3
Comparison of Proposed Ohio Evidence Based Model (OEBM) to Present System**

PRESENT		OHIO EVIDENCE BASED MODEL (OEBM)
<i>Uses a sampling of successful Ohio “gap aid” school districts to define a statewide adequate per pupil amount. Other funding supplements are provided to target resources to low-wealth districts and economically disadvantaged students.</i>	Philosophy	<i>Uses research to identify educational components that result in academic success thereby defining adequacy. Incorporates real financial data and socioeconomic factors to fund resources and implement proven school programs according to student need to achieve educational adequacy.</i>
For traditional public schools, two enrollment counts (October and February) are conducted each year and averaged. These counts determine current year funding.	Average Daily Membership	In the proposed system, the prior year’s ADM count in October will be applied for current year funding to calculate adequacy unless a 2% ADM increase is realized, in which case the current year October ADM count will be used. The February ADM count will be eliminated.
For community schools and internet-based schools, monthly counts are conducted and current year funding is determined.		The same system will be used for community and internet-based schools.

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PRESENT		OHIO EVIDENCE BASED MODEL (OEBM)
Funding does not consider school year (or at least an extended school year).	Extended School Year	Provides funding for building operations to extend the school year.
Portion of base cost per pupil amount.	Base Classroom Teachers	“Core” subject teachers – predicated upon student-to-teacher ratios.
Portion of base cost per pupil amount.	Specialized Teachers	“Specialist” elective teachers – predicated upon the number of core teachers. Provide instructions in the visual and performing arts, physical education, etc.
Funding not currently provided for teacher leaders/mentors.	Teacher Leaders	Teacher Leaders – one for every “organizational unit” ¹ .
Portion of base cost per pupil amount.	Building Administration	Provides funding to support principal, building manager, and secretary/administrative assistant, to each “organizational unit”.
Funding not explicitly provided for these educational services/resources.	Media Services	Provides a funding allocation for each “organizational unit” ¹ to support media services staff, materials, supplies, and equipment.
Portion of base cost per pupil amount.	Non-personnel support	Resources provided for technology, instructional materials, and student enrichment, plant operations, and maintenance.
Poverty based assistance program – generates aid for school districts to accomplish objectives. <ul style="list-style-type: none"> • Increased classroom learning opportunities 	Poverty	Ohio Instructional Quality Index: Index is used to target additional resources to school districts that have a combination of characteristics that make it difficult to attract, recruit, and retain instructional talent. Funding also serves to provide professional

¹ An “organizational unit” as used within the school district EBM means groupings of specified numbers of students within three grade bands (Elementary School K-3; Middle School 6-8; High School 9-12). It does not refer to actual brick and mortar school buildings or districts.

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PRESENT		OHIO EVIDENCE BASED MODEL (OEBM)
<ul style="list-style-type: none"> • Academic intervention • Limited English proficiency • Dropout prevention • Community outreach • All day kindergarten • Professional development • Closing the achievement gap <p>Also included are other funding supplements outside of the Foundation Program formula that address poverty.</p>		<p>development and other services needed to support academic achievement.</p> <p>Define roles for additional teachers and tutors to administer proven academic support for at-risk students. Amount of teachers varies by need of student population and concentration of poverty through application of the Ohio Instructional Quality Index.</p> <ul style="list-style-type: none"> • In-class and after-school intervention • Summer intervention and enrichment • Family and student support – family liaison, student advocates, and social worker assigned for each 200 economically disadvantaged students.
<p>Not funded in the current formula.</p>	<p>Guidance Counselor</p>	<p>One guidance counselor allocated for every 250 students in middle and high school “organizational units.”¹</p>
<p>Building blocks provide modest aid for purposes of professional development within the Foundation Program. Also included are other supplements funded outside of the Foundation Program formula.</p>	<p>Professional Development</p>	<p>Increased investment in professional development funding. Moves most professional development funding within in the EBM but maintains a few funding supplements outside of the EBM formula.</p>
<p>Six different student weights (2002 weights) for different special education categories funded at 90%. Also includes funding for other special education services like reimbursement for home instruction.</p>	<p>Special Education</p>	<p>Special education teachers and classroom aides assigned based on the enrollment of students with special needs. The special education weights (2006 updated weights funded at 90%) are applied to the students, thereby inflating enrollment and generating the teachers and resources needed for special education services. Some of the funding for other special education programs like home instruction is maintained.</p>
<p>Funding provided for gifted students based on a unit-based methodology.</p>	<p>Gifted and Enrichment</p>	<p>Provides per pupil funding for gifted services and a separate component of per pupil funding for enrichment activities.</p>
<p>Present funding system supports full day</p>	<p>Early Childhood</p>	<p>Full day kindergarten for all students.</p>

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PRESENT	OHIO EVIDENCE BASED MODEL (OEBM)	
kindergarten for 36.6% of kindergarten population. Includes funding for early childhood education programs (also referred to as public preschool) and preschool special education students.	Education	Maintains funding for early childhood education programs (also referred to as public preschool) and preschool special education students.
Current formula does not provide funding for student health and wellness.	Health and Wellness	Provides funding to support one nurse’s aid (or equivalent services) per “organizational unit ¹ ” and one registered nurse per school district.
Current Foundation formula provides LEP funding through poverty based assistance. However, ODE has recognized that there is not a strong link between LEP and poverty and have proposed funding this category of students separately in the upcoming biennium.	Limited English Proficiency (LEP)	Funding for LEP teacher resources area allocated based on the number of students that require services.
Includes parity aid, gap aid, excess cost supplement, guarantee funding, and TPP direct payment reimbursement.	Guarantees & Other	The Ohio Instructional Quality Index incorporates the concept of parity aid. The funding package includes moving the charge-off to 20-mills, removing the need for gap aid. No change to current TPP reimbursement and other tax relief policies with the exception of a new incentive to districts that pass a conversion levy to have their TPP reimbursement increased to 100% through the phase-out period. Also a new guarantee is included to hold districts harmless for any loss of class II tax revenue or public utility tangible tax revenue if a conversion levy is approved. Guarantee funding will be maintained at 100% of prior year funding in FY 2010 and 98% of prior year funding in FY 2011
Funding provided to support student transportation on an across-the-board percentage increase basis regardless of the actual level of transportation services provided by the district.	Transportation	Funding provided to support student transportation using a new ODE proposed transportation formula that better aligns funding to actual transportation services provided.
Weighted funding for traditional districts and joint vocational school	Career Tech	The allocation of career technical education teachers is one for every ten core teachers at

PRESENT		OHIO EVIDENCE BASED MODEL (OEBM)
districts.		the high school level for school districts. See summary below for JVSDs.
Present funding system provides for a Foundation Program formula specific to these districts.	Joint Vocational School Districts	No changes for these school districts in the upcoming biennium, however the goal is to move JVSDs to an Evidence-based approach as well. For FY 2010-2011 a 1.9% increase is provided in each year for overall Foundation Program funding.
Present funding system provides for a deduction for community school students from their district of residence for most of the Foundation Program supplements.	Community Schools	Separate models have been developed for traditional brick and mortar community schools and internet-based community schools that identify components necessary for an adequate education. The models generate adequacy costs specific to those types of schools and are funded directly.

Components of the Model

The EBM model includes several components that compose the formula by which districts are funded.

Average Daily Membership (ADM): Measuring enrollment is the first component of the new model. In the current funding model, a school district receives funding for the first six months of the fiscal year based on final enrollment at the end of June in the previous fiscal year. In late January, enrollment figures are updated and reflected in bi-weekly payments called the “foundation payment.” In some cases, there are significant changes between the enrollments used to make payments in the first six months compared to the enrollment that drives funding in later half of the year. This system creates instability and in some cases fiscal uncertainty for many districts.

The Ohio Evidence-Based Model will use a trailing average daily membership (ADM) to incorporate an element of funding stability and predictability for school districts. Under the new system, the funding for the current fiscal year will be based on the prior year ADM count taken once in October (eliminating the second count in February). For those school districts that experience high levels of growth, greater than two-percent, the current ADM will be used for funding purposes.

Universal All Day Kindergarten: The evidenced-based model includes All-day Kindergarten (ADK) as a necessary part of an adequate education. Currently, kindergarten enrollment is included in the formula at half the rate of other grades. The new model will include all kindergarten students at the full rate in a district’s formula ADM, rather than as half a student. All school districts will be required to accommodate ADK programs beginning in fiscal year 2011.

Teacher Compensation: The most critical component of any education funding system is teachers. Teachers make the difference in providing quality instruction for all children. In any school district’s annual budget one will see that teachers make up over 80% of directed resources. There are several factors that must be considered when addressing compensation for this most critical resource:

- Accounting for district differences;
- Targeting resources to socioeconomic and educational need; and

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- Sharing state and local responsibility and control.

Research shows that teacher salary patterns differ according to location and the type of school district. For example, wealthy districts may receive hundreds of resumes for every open position regardless of the subject area and can pick the most qualified, experienced, and talented individual. Districts in more isolated areas in the state have several critical factors that they must overcome when recruiting teaching professionals: location, compensation package, and the shortage of qualified applicants to fill needed core subject areas.

These real-life situations create challenges for us all in terms of connecting the most talented teachers with our most impoverished and most at-risk students. These challenges even exist within school districts. In many cases at-risk students are placed in classrooms with our most inexperienced teachers, as demonstrated by a recent report by the Education Trust. Ohio has already identified this to be a problem and the Ohio Department of Education is working on this difficult policy issue. The Ohio Evidence-Based Model addresses this problem with the implementation of the Ohio Instructional Quality Index (Ohio IQ Index).

The Ohio IQ Index measures the wealth of a community, the poverty of students residing in the district, and the educational attainment of the adult population residing within a district. These components measure the challenge inherent in attracting, recruiting, hiring, and retaining teaching talent. The Index is set at a range between 0.9 and 1.65 and a value is assigned to each school district using data from the U.S. Census Bureau, the Ohio Department of Education, and the Ohio Department of Taxation. The index is multiplied by the identified average teacher salary in the state plus the employer mandated share of State Teacher Retirement System contributions. Other benefits such as health and life insurance vary from district to district and are assumed to be supported by local revenue since and based on locally negotiated contracts.

Student-Teacher Ratio: An adequate education in the new model is partially defined by the student-teacher ratio in the core subject areas of English language arts, Science, Math, Foreign language, and social studies. In grades kindergarten through three, the ratio is 1:15. In grades four through twelve the ratio is 1:25. Resources are targeted for instructional support.

Specialist teachers are also included as part an adequate education, providing instruction in the visual and performing arts, physical education, career-technical education and other areas of instruction in addition to the core subjects. Resources are assigned as a ratio of specialist teacher to core teacher. In grades kindergarten through eight the ratio is 1:5. In grades nine through twelve, the ratio is 1:4. Thus, in a high school of 700 students, resources will be assigned to support 28 core teachers and 7 specialist teachers. Additionally, in grades nine to twelve, career-technical specialists will be funded at a ratio of 1:10 core teachers. A new type of specialist teacher, the “lead teacher,” will be funded for each “organizational unit” (defined below).

Special Education: In the current funding formula, special education resources are based on a system which weights students with disabilities more heavily when applied to the base per pupil amount. Since the EBM model does not use a base per pupil amount, the weights will be applied directly to the number of students with disabilities, using the updated 2006 Special Education Weights.

The result is that the new model will assign more resources for special education students to provide an adequate education. This includes providing one special education aide per every two special education teachers are generated in the model. The model treats this position as a regular teacher acknowledging the specialized training required.

Poverty-focused resources: The model is designed to target funding where they are needed the most. Thus, districts that educate high numbers of economically disadvantaged children are assigned additional resources to provide support to those students and their families. Poverty-focused resources include:

- Additional teachers for academic intervention services;

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- Summer School;
- Family Liaisons, social workers, or student advocates; and
- Limited English Proficiency assistance

Gifted & Talented Education: The model recognizes gifted education as critical piece to an adequate education. Current policies to identify students as gifted and to provide specialized services will continue. The Ohio Evidence Based Model provides \$25 for each student regardless if the student has been identified as gifted or not. These funds are restricted for the identification of gifted and talented students and offering specialized education based on current standards implemented by the Ohio Department of Education.

Enrichment Activities: Funding for enrichment activities will serve all children within a district. The funding is \$62 per student in the upcoming biennium (funding represents 25% of full phase which is projected to occur over four biennia. In 2016-2017, the funding would reach \$250 per pupil). Funding is flexible and may be used to augment gifted and talented education or be used for non-athletic extracurricular activities such as field trips with an educational purpose, math and science Olympiads, etc. At the high school level, these funds may be used to provide accelerated courses, advanced placement, post-secondary enrollment option, implementation of an International Baccalaureate program and similar activities.

Technology Support and Equipment: The funding is \$62.50 per pupil to support the use of technology and modern equipment where it is educationally appropriate (funding represents 25% and full phase in which is projected to occur over four biennia. In 2016-2017, the funding would reach \$250 per pupil).

Instructional Materials and Assessments: The funding is \$41.25 per pupil to support purchases of textbooks, ancillaries, district selected assessment and diagnostic tests for students and other materials (funding represents 25% and full phase in which is projected to occur over four biennia. In 2016-2017, the funding would reach \$165 per pupil).

Organizational Unit Resources: Each district is assigned a number of “organizational units” based on a grade level. An organizational unit is defined as a base number of students within a grade band (i.e. kindergarten through fifth grade would represent an elementary school organization unit) that would require a certain number of non-instructional staff. Organizational units are not the equivalent of school buildings, in fact multiple organizations may exist within a brick and mortar building, however they are based on what research says are the ideal size of a school building to achieve effective teaching and learning outcomes. Organizational units have been defined for Ohio as having the following number of students:

- Grades kindergarten through five: 418;
- Grades six through eight: 557;
- Grades nine through twelve: 733; and
- School districts that enroll fewer than 800 students are categorized as “small districts” and are treated as one organizational unit. In many cases, these districts house all grades in one school building.

The resources assigned by organizational unit are as follows:

- One principal and one secretary;
- One school clerk per elementary and middle school unit. Three will be funded per high school unit;
- Two non-instructional aides will be funded per elementary and middle school unit. Three will be funded per high school unit. However, one non-instructional aide will be provided for small districts;
- One wellness coordinator (nurse’s aide) per organizational unit. However, small districts will receive only one registered nurse described under district level resources;
- One Lead teacher to provide peer mentoring and professional development;
- Media service resources; and

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- One building manager assigned to procurement, non-academic administrative duties, etc. that will allow the Principal to devote time to educational leadership in partnership with the instructional staff.

Small School Districts: Ohio has many small school districts as defined by those having enrollments less than 800 students. In the Ohio Evidence-Based Model, small districts are assigned one building for the district, regardless of the actual number of school buildings that exist for purposes of generating resources that are driven by organizational unit calculations.

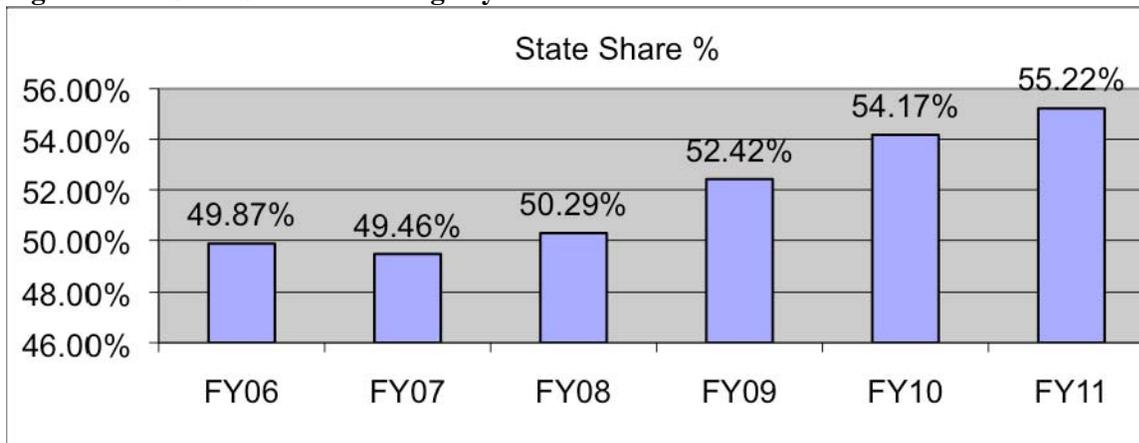
District-Level Resources: Each of the 613 school districts in the state is assigned district-level resources to support effective educational, financial management, and leadership activities. These resources include a superintendent, treasurer, and a registered nurse. The Superintendent and Treasurer resource component is funded at \$46,764 per school district (funding represents 25% and full phase in which is projected to occur over four biennia. In 2016-2017, the funding would reach \$213,612 per district).

Treatment of School Districts under the New Ohio Evidence-Based Model

Increased State Investments to School Districts Statewide: Overall, Ohio is poised to invest an additional \$321.5 million dollars in FY 2010 and \$603.5 million in FY 2011 in primary and secondary education (\$925 million over the biennium). This marked increase in investment represents 4.7% increase from FY 2009 to FY 2010 and 4.0% increase from FY 2010 to FY 2011. This is accomplished by redirecting approximately \$140 million dollars from existing programs in the Department of Education, increased profit transfers from the Ohio Lottery, and increased general revenue funds support.

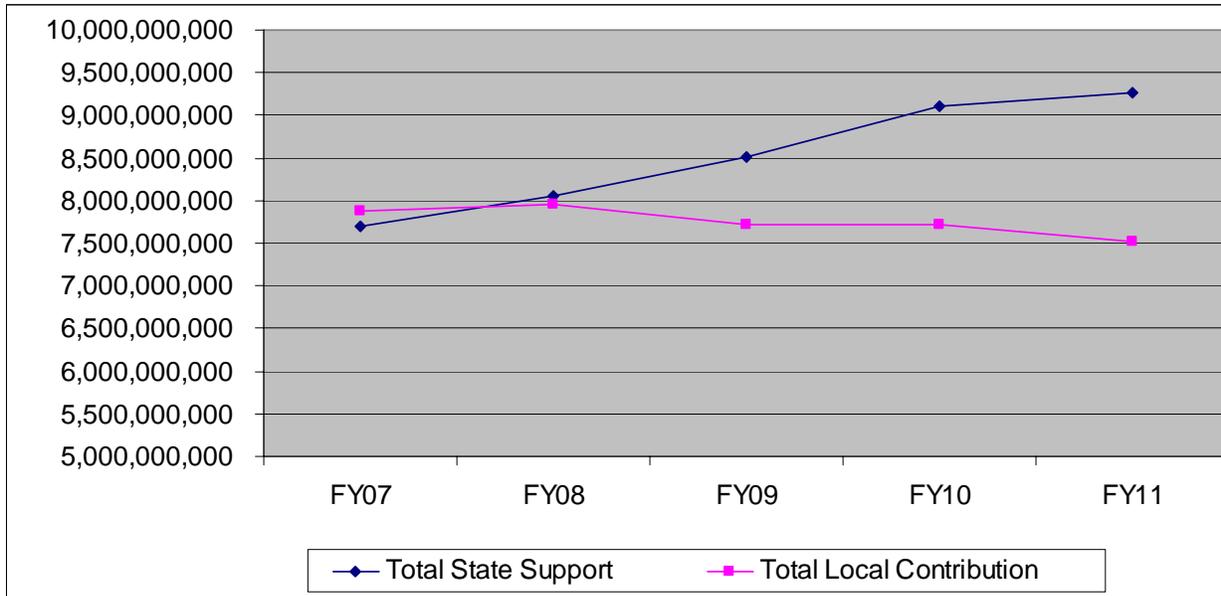
The additional investment in primary and secondary education system is significant and represents an increase in the state share of 52.42% in FY 2009 to 54.17% in FY 2010 and 55.22% in FY 2011. This marked increase in investment shown on the chart below illustrates the increasing state investment into the educational system over the past four years and into the next biennium. These figures include school funding, tax relief, and tax replacement payments to school districts.

Figure D-4 – State Share Percentage by Fiscal Year



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Figure D-5 – Total State Support by Fiscal Year



Increases in state funding for school districts: Under the Ohio Evidence-Based Model, statewide, 348 districts (57%) of the districts will get more funding over FY2009. When compared Ohio EBM phased-in funding in fiscal year 2010 over estimated spending in fiscal year 2009, EBM provides more funding to poor rural and poor urban districts.

- 55% of poor rural districts experience growth over FY2009 (54 of 97 districts). Of these 39% achieve substantial gains of more than 5% in additional funding over the prior year (38 of 97 districts).
- 85% of the poor urban district realize funding increases (87 of 102 districts), and 72% of achieve substantial growth of more than 5% additional funding over the prior year (74 districts).
- 66% of the major urban districts achieve growth (10 of 15 districts).
- Wealthy districts have less growth in funding. The highest percentage (67%) of districts that would be flat-funded is in high wealth suburban category of districts.

Figure D-6 – State Funding in FY 2010 by District Type

Type	Total	Growth over Prior year	Percent With Growth	Guarantee	Percent on Guarantee
Rural/agricultural – high poverty, low median income	97	54	54%	43	44%
Rural/agricultural – small student population, low poverty, low to moderate median income	161	89	55%	72	45%
Rural/Small Town – moderate to high median income	81	32	40%	49	60%

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Urban – low median income, high poverty	102	87	85%	15	15%
Major Urban – very high poverty	15	10	67%	5	33%
Urban/Suburban – high median income	107	61	57%	46	43%
Urban/Suburban – very high median income, very low poverty	46	15	33%	31	67%
TOTAL	609	348	57%	261	43%

**Does not include the island districts and College Corner*

Transition to the Ohio Evidence-Based Model (OEBM)

In fiscal year 2010 and 2011, there will be a 25% phase-in of the following components: Superintendent, Treasurer, Enrichment activities, Media Services, Technology/Equipment, Instructional Materials, and Operations/Maintenance. These phase-in provisions do not apply to the Cleveland Municipal School District, which will serve Early Adopter Initiative District for implementing all components of the model beginning in the FY 2010 and 2011 biennium.

Transitional funding is needed to assist districts in their adjustment to a new funding approach. The funding system will provide a guaranteed funding floor, to protect districts against drastic changes in state aid due to factors outside of the district's control such as decreases in student enrollment, sharp growth in property valuations, and the implementation of the new system.

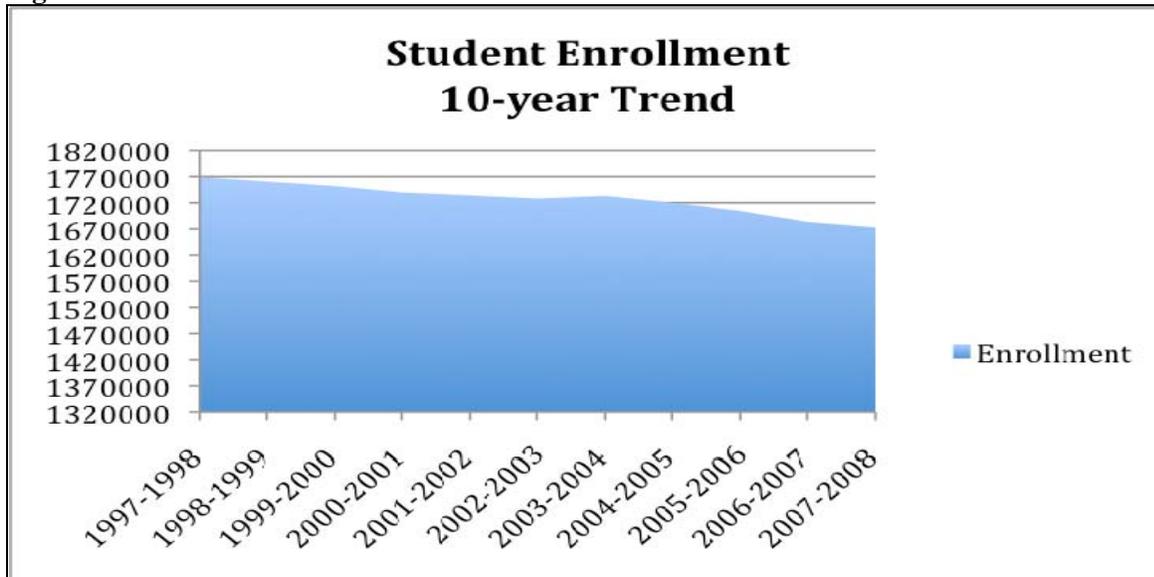
Similarly, there will a funding gain cap in order to limit the dramatic gains that some districts may experience with the new funding model. The funding gain cap will become larger each year in order to gradually adjust school districts to the new system. In the same way, the transitional aid guarantee will gradually diminish to enable districts to adapt over time to the changing circumstances in their districts.

Districts on the Guarantee: As Figure F indicates, the majority (67%) of districts in the wealthiest category (Urban/Suburban – very high median income, very low poverty) are on the guarantee in FY2010. Low percentages of the urban (15%) and major urban (33%) category are on the guarantee.

In FY 2009, there were 288 schools districts on the guarantee. In FY 2010, OEBM removes 27 districts from the guarantee. In FY 2011, another 68 districts will fall off the guarantee (note that the funding guarantee will be adjusted in FY 2011 to 98% of prior year funding).

For many low-wealth districts, the effect of the Ohio IQ and lowering the charge-off are not sufficient to garner additional funding or mitigate demographic shifts in population, in other words, significant enrollment decreases over time. This funding behavior of the model indicates that there is a significant disconnect between many districts' funded levels and the formula-driven amount for which they would otherwise qualify. In many districts, the function of the guarantees has masked these demographic shifts and other changes that have occurred over the past decade or longer. For example, changes over time in enrollment have not adequately been addressed in state funding or in some instances in terms of operations at the local school district level. For these reasons some districts will not receive increases in state funding.

Figure D-7 - Student Enrollment Trend



We see from funding trends over the past decade that Ohio's public schools have experienced a slow decline in total student enrollment. However, in recent years we have experienced declines in student populations in some areas and marked growth in others. More specifically, Ohio has seen drastic declines in student population in rural, small towns, and urban areas and increases in the more affluent suburban areas. Statewide, the rate of decline has averaged 0.5% per year over the past ten years.

Local Share of Educational Costs – the Charge-off: Previously funded items such as Gap Aid (Charge-Off Supplement) will no longer be necessary as a result of lowering the charge-off from 23 mills to 20 mills. The charge-off represents what the state recognizes as the local funding responsibility. In the foundation formula, the charge-off was recognized as 23 mills regardless of whether the district actually received that level of tax revenue. Due to tax reduction factors, many local districts with more than 20 effective mills did not receive the actual revenue that the state had assumed they would receive. These districts were provided with additional funding called Gap Aid or Charge-Off Supplement. Because the new funding model sets the charge-off value to that of the floor for the tax reduction factors, the state's assumption of local revenues will better reflect actual local tax receipts.

An Adequate Education Model for Ohio's School Choice System

Community School Model: The Ohio Evidence-Based Model also includes community schools. The same components that exist for traditional public schools will be provided to community schools as well. However, there will be with some variation in the Community School Model. These variations include:

- The Ohio-Instructional Quality Index component will not apply to community schools. Instead the model assumes that teacher salaries for community schools are equal to the teacher salaries included in the base calculations for the public school model;
- Community Schools will be assumed to have one Organizational Unit, regardless of actual enrollment;
- Community Schools will have one of the following: non-instructional aide, principal, secretary, building manager, and registered nurse or wellness coordinator (depending on enrollment); and
- Community Schools will not be provided a funding for a superintendent or a treasurer.

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Internet-based Schools: The Ohio Evidence-Based Model also includes internet-based schools. Given the structure of internet-based schools, certain components found in the model for community schools and traditional schools are different for internet-based schools. These differences are:

- The Ohio-Instructional Quality Index will not be applied. Teacher salaries for internet-based schools are equal to the teacher salaries included in the base calculations for the public school model;
- Class size is 125, regardless of grade level;
- Allowances for gifted and talented and enrichment funding is not provided;
- Funding for specialist, career-technical, and lead teachers is not provided;
- Funding for student intervention is not provided;
- Funding for summer school is not provided;
- Funding for non-instructional aides, building managers, secretary, principal, wellness coordinator, RN, support staff, professional development, operations/maintenance, and district level administration is not provided; and
- Additional resources are provided for technology support and equipment. This funding is increased to \$1,037 per student and is not phased-in for internet-based schools.

STEM Schools: They will operate the same as they have in the current model.

Education Choice: Vouchers for students eligible to participate in the Education Choice program will remain unchanged as will their funding method.

Early College High Schools: They will continue to be funded in the new model. However, districts and their partnering institutions of higher education will be required to work collaboratively to adjust to the new funding system.

Joint Vocational School Districts (JVS): Funding will remain unchanged in the upcoming biennium except for an increase of 1.9% in each fiscal year. A taskforce will be assembled to examine how to transform the system's state funding methodology in a manner consistent with the Ohio Evidence-Based Model.

Educational Service Centers (ESC): Funding will remain unchanged in the upcoming biennium. However, the Executive Budget proposes funding performance audits of all 59 ESCs in the state in the upcoming biennium. The audits will inform a taskforce charged with recommending a new funding system for ESCs consistent with the Ohio Evidence Based Model and one that incorporates the concept of performance contracting and enhanced entrepreneurship.

School District Accountability

The Strickland education reform plan establishes an unprecedented level of school district accountability and transparency to improve the efficiency and effectiveness of school districts and school buildings. The Executive Budget will make recommendations to improve fiscal and resource management accountability in the following areas:

- **Improving district accountability:** Just as any other public entity, school districts must remain accountable to the public they serve. While some accountability mechanisms exist currently, the Strickland education reform plan improves upon the existing systems in order to monitor the effectiveness of the reform efforts as well as the efficient and responsible use of the funding provided through the school funding reform model. The Executive Budget recommendations require school districts to comply with the following:
 1. Spending Plans; the auditor of state shall be required to provide a management letter stating a district's compliance with district spending plans, as submitted to the department of education, as a part of the district's annual audit.

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2. Submission of a spending plan detailing how funds will be deployed. The new funding model breaks funding into several components, and districts will be required to spend funds for the required purpose unless they obtain a waiver from the State Superintendent.
3. For districts with an organizational unit that has a graduation rate of 70 percent or less, joint submission of a spending plan to the Department of Education and the Governor's Closing the Achievement Gap initiative. This will expand the number of students being served by this initiative while also ensuring that the goals of the program are achieving measurable results.
4. Submission of a compliance report at the end of each fiscal year. The report will show actual expenditures against the spending plan submitted to the Department to provide accountability as to how well district's complied with its plan.
5. Performance audits shall be conducted for each district every five years. Districts will be required to comply with the recommendations of the audits unless granted a waiver by the State Superintendent. To assist districts in implementing the recommendations, the duties of each district's business advisory council has been amended to include assisting districts with meeting this requirement.

For districts who fail to comply with any of the provisions listed above, a series of graduated sanctions are recommended in the Executive Budget. The Executive Budget recommends that the department of education must provide technical assistance to districts prior to enacting any sanctions. If non-compliance continues after technical assistance has been provided, districts face the following penalties:

1. In the first year, districts will be required to develop a three year improvement plan. The plan must be submitted to the department of education and placed on the district's website or a public location within the district if the district does not have a website.
 2. In the second year, an intervention team will be sent to the district, to be paid at the district's expense.
 3. In the third year, the State Superintendent may either appoint a commission to oversee the operations of the district or appoint a trustee for the district.
 4. In the fourth year, the State Board of Education will be required to take action to revoke the district's charter.
- **Improving building accountability:** In addition to the enhanced accountability mechanisms being put into place for school districts, additional accountability measures have been developed for school buildings in the Executive Recommendations. The additional requirements proposed in the Executive Recommendations include the following:
1. School districts are required to submit five-year school building spending plans to the department of education. The five year spending plans will ensure that funds are properly spent at the building level.
 2. School building expenditure reports must be submitted to the department of education on an annual basis.
 3. School site visits will be conducted by the department of education to monitor compliance and provide technical assistance. A pilot project of ten school buildings will be conducted during the biennium to explore issues of content and capacity for the site visits.
- **Improving community school accountability:** Community schools, as a part of the public education system, will be held to the same standards as school districts detailed above. In addition to those requirements and due to the unique model of community schools, additional accountability provisions are being proposed in the Executive Budget recommendations. The accountability provisions include the following:
1. Grant ODE authority and regulation over all charter schools and sponsors;
 2. Eliminate first offer language on school district property sales;
 3. Require charters to adhere to highly qualified teacher standard;
 4. Create performance report cards for all charters;
 5. Competitively bid management service contracts;
 6. Prohibit for-profit management services;

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7. Grant ODE authority to place sponsors on probationary status or suspend sponsoring authority
 8. Make unauditible language permanent law;
 9. Require ODE to conduct an on-site visit every 5 years, permit sponsor to use the on-site report to take action against a school or revoke sponsorship authority for failure to act;
 10. Require charter school operators to have at least one Ohio school in at least continuous improvement;
 11. Prohibit “sponsor shopping” by charter school operators; and
 12. Provide penalties for non-compliance with the assurances required of community school sponsors; technical assistance will be provided prior to any sanctions being imposed.
- **Improving regional sub-system efficiency:** Ohio’s unique regional sub-system design will also experience a number of changes due to the implementation of the Strickland education reform plan and the new funding model. In an effort to fully understand the impact of these changes on the regional sub-system, as well as exploring ways in which to deploy its resources and services in a more efficient manner, the Executive Budget recommendations creates two study panels – one for educational service centers (ESCs) and another for joint vocational school districts. Each panel shall be comprised of national and state experts as well as local practitioners with the charge of providing recommendations for the subsystem under their jurisdiction.
 - **Improving financial and resource management data:** As the funding model uses a variety of financial and resource management data provided by school districts, it is imperative that the Strickland education reform plan provides the system and structure to ensure the accuracy of the data as well as continue to examine it to identify best practices. To this end, the Executive Budget will utilize the findings and recommendations from the department of education’s implementation of the Fiscal Data Management Resource Pilot Project in House Bill 119 of the 127 General Assembly. The Fiscal Data Management Resource Pilot Project produced a number of recommendations that will be used to fulfill the Executive Budget recommendation to create a fiscal report card for each district in the state. The Department of Education will identify comparable districts with which to benchmark district performance. The goal of the project is not only to provide local districts with information to improve operational efficiencies but also to provide an enhanced level of accountability to the citizens of their respective districts.
 - **Improving statewide use of technology:** In an effort to more efficient use of limited state resources, the Executive Budget recommendations will direct the Chancellor and state superintendent of public instruction to create a P-16 statewide technology plan. The development of the plan should enable early childhood providers, districts, community schools, and institutions of higher education to better maximize their financial resources to provide services through the deployment of technology while also eliminating unnecessary duplication. The plan will also include the development and implementation of a virtual platform for the dissemination of K12 content and educator professional development.

Additional Tools to Help Local Districts: Conversion Levies and Local Revenue Growth

Background

Since school financing in Ohio is a state and local partnership, rationalizing state aid is only half the solution, while addressing problems in local school financing is the other half. Ohio school finance now has certain elements of an “insider-outsider” model, where almost two-thirds (64%) of the districts have managed to choose a portfolio of property tax levies so that they can get growth in revenues with reappraisal and update of property, but the other roughly one-third of the districts (36%) get almost no growth in revenues from existing property. Addressing this inequity in local school financing directly is made difficult by the restrictions in the Ohio Constitution. The Governor’s school financing plan attacks the problem by making interlocking changes in the state funding formula and in local levy law.

The interaction of the property tax limits in the Ohio Constitution and statutes (the House Bill 920 tax reduction factors) and the school funding formula creates the phenomenon popularly known as “phantom revenue.”² In short, the current school funding formula assumes that each school district’s local voters contribute 23 mills (2.3%) of assessed tax valuation to financing the cost of education for its pupils. This is known as the 23-mill charge-off. That amount, 23 mills times valuation, grows every time there is a reappraisal or update of existing property. So, for example, a district with \$100 million in assessed valuation will have a charge-off, or required local contribution, of \$2.3 million toward its cost of an adequate education. If valuation increases when property is reappraised by 20%, to \$120 million, the required local contribution rises to \$2.76 million, an increase of \$460,000. However, in many cases the H.B. 920 tax reduction factors (TRFs) keep actual property taxes from growing by \$460,000. This increase in the required local share of education funding which is not matched by an increase in actual local revenues is reappraisal phantom revenue.

The H.B. 920 TRFs are prohibited by statute (again, with specific authorization in the Ohio Constitution) from reducing school district property taxes below 20 mills (2%) of assessed valuation. Some school districts, particularly those that are poor, have not voted many mills of taxation, and so it did not take long for the HB 920 TRFs to take the districts’ tax rate to the 20-mill minimum and leave it there. In other school districts, board members, superintendents, and treasurers gradually became aware of the benefits of being at the 20-mill floor. A key element in school district decision making is that not all operating levies count toward the 20-mill floor. Emergency levies, for example, do not. Over time, school districts have increasingly chosen to use emergency levies for operating revenues and to let the “ordinary” current expense levies be reduced by the HB 920 TRFs to the 20-mill floor.

School districts that are at the 20-mill floor get revenue growth from 20 mills (2 percent) of property taxes on existing property when the property is revalued at reappraisal or update (every three years). School districts that are not at the 20-mill floor get growth only from their inside (unvoted) millage, which is typically only about 4.5 mills. On all the voted millage, the H.B. 920 TRFs act to reduce the effective rate of taxation so that there is no growth in revenue from the voted millage at reappraisal or update. This “all or nothing” growth in property tax revenue under the current school financing is not well understood by the public. A school district with 20 mills of property taxation that counts toward the 20-mill floor gets growth on 20 mills of tax when property is revalued. A school district with, for example, 22 mills of property taxation gets growth on its 4 or 5 inside mills, but no growth at all on its 17 or 18 voted mills.

In tax year 2008 there are 389 school districts at the Class I (residential and agricultural property) 20-mill floor. These “insider” districts no longer worry much about reappraisal phantom revenue, although there is still a gap between the 23 mill charge-off and the 20-mill floor. So, the district in the example above with growth in value of existing property from \$100 million to \$120 million would see its chargeoff rise from \$2.3 million to \$2.76 million (an increase of \$460,000), while its Class I property tax would increase from \$2.0 million to \$2.4 million (an increase of \$400,000). So, the increase in local revenue does not quite match the increase in the charge-off (it falls short by \$60,000), and reappraisal phantom revenue is ameliorated but not eliminated. However, for one of the 225 “outsider” districts with the same increase in value but not at the 20-mill floor, the increase in revenue, if it had five inside mills, would be only \$100,000 (5 inside mills multiplied by a \$20 million increase in value), and thus would fall short of the increase in the charge-off by \$360,000.

² The tax reduction factors are implemented by the statutory law enacted by H.B. 920 in 1976, but they are also authorized by Article XII, section 2a of the Ohio Constitution.

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To make it clear how arbitrary the current system can be, one may examine a case where there are two districts with virtually identical tax rates on Class I property, but the districts have different types of levies, so that one is at the 20-mill floor and one is not. Dover CSD has an effective Class I operating tax rate of 25.90 mills (it also has non-operating levies: a bond levy at a 1.75 mill rate and a permanent improvement levy with a 0.16 mill rate). It is a 20-mill floor district, because it has 4.4 inside mills, and current expense levies that have been reduced to 15.6 mills by the HB 920 TRFs. The other 5.9 mills of operating taxes come from an emergency levy.

Pettisville LSD has an effective Class I operating tax rate of 26.05 mills, or just 0.15 mills different from Dover (to put in perspective how small this difference is, it would amount to \$10.50 in annual tax on a \$200,000 home). But Pettisville is not a 20-mill floor district. Pettisville has 5.5 inside mills and its current expense levies have “only” been reduced to 20.55 mills by the TRFs (like Dover, Pettisville also has non-operating millage, specifically a 2.98 mill permanent improvement levy). So if both Pettisville and Dover get a \$20 million increase in tax value due to reappraisal of existing property, Dover gets a \$400,000 increase in local revenue. Pettisville gets only \$110,000.

Reappraisal phantom revenue causes school districts to lose state funding without that loss being made up by additional local revenues, unless the school districts get new operating levies approved by voters. Even if the districts do manage to get new levies approved, making school districts spend so much time and money on just keeping their funding the same is inefficient, and it confuses local voters who cannot understand why they must keep voting for new taxes without seeing an increase in education services provided. A system that gave school districts not currently at the 20-mill floor the ability to realize local revenue growth without going to the ballot so often would be both fairer and more efficient.

	Total Class I Tax Rate	Inside Mills	Mills That Count Toward the Floor	Mills With Revenue Growth
Dover CSD	25.90	4.40	20.00	20.00
Pettisville LSD	26.05	5.50	26.05	5.50

The Governor’s Plan – Conversion Levies

The Governor’s proposal thus has two elements to address reappraisal phantom revenue. The first is to reduce the charge-off from the current 23 mills to 20 mills, and thus make the floor and the charge-off equal at 20 mills for the first time since FY 1993. This proposal has been discussed already in the section that covers the Evidence Based Model implementation in Ohio. The second element would directly address the inequity in the current system and allow the current “outsider” districts a better chance at getting to the 20-mill floor, and thus achieving revenue growth with reappraisal, and reducing the frequency of levy requests.

The new type of levy that would be created for districts not already at the 20-mill floor for residential/agricultural (Class 1) property is the “conversion levy.” The conversion levy would act, in general terms, like an emergency levy does under current law, but with a couple of significant advantages from the school district point of view. The conversion levy would allow districts to convert current expense Class 1 millage above 20 effective mills to a fixed-sum levy, subject to a vote of its residents, without the risk of losing money because of differences in rates and tax reduction factors among gross voted millage (charged to public utility tangible property), Class 2 millage (charged to real property other than residential or agricultural), and Class I millage. The period that such levies could be put on the ballot would run from January 1, 2010 through December 31, 2013. To prevent the loss of money, the state would hold harmless school districts for the revenue losses that would otherwise be suffered through the conversion.

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The loss in revenue that would occur as conversion levies are passed is essentially because of business tax relief. Under the Ohio Constitution, if levy millage is reduced, the full levy must be reduced (the gross millage rate, the Class 1 rate, and the Class 2 rate). In general, for any given levy, both the gross millage rate and the Class 2 millage rate are higher than the Class 1 millage rate. So for any given level of Class 1 rate reduction, the reduction for the other two rates will generally be greater. If the reduced rates are then replaced with a conversion levy equal to the reduced rate on Class 1 property, there will be a net reduction of tax rates for public utilities and Class 2 property (the difference between the rate being reduced and the rate of the new conversion levy).

Under the proposal being considered, the state would hold the school district harmless for 12 years (two full property reappraisal cycles) after the initial full payment for the losses due to business tax relief. Over the 12 years, hold harmless payments would be reduced. The phase-out of the hold harmless would be done based on growth in Class 1 taxes that would occur at reappraisal or triennial update since districts passing conversion levies would now be at the 20-mill floor. Each time a district goes through a reappraisal or update, the amount of growth in Class 1 revenues from the update would be determined. The hold harmless payment would be reduced by one-half of the amount of the increase in local property taxes on Class 1 property. After 12 years of reimbursements, the payments would stop even if they would not otherwise be fully phased-out.

As an added incentive to districts to adopt conversion levies, the tangible personal property tax reimbursements on any millage that is converted would be recalculated. Rather than direct payments on the converted millage phasing out beginning in 2011, the reimbursement would continue in full through FY 2017, the same as for emergency levies.

CONVERSION LEVY EXAMPLE

	Current Expense Rate (1)	Rate After Conversion Levy (2)
(A) Tangible Tax Rate	56.0	40.0
(B) Class 1 Tax Rate	28.0	20.0
(C) Class 2 Tax Rate	33.6	24.0
(D) Conversion levy rate (B1 – 20)	0	8.00
(E) New Tangible Rate (A2 + D2)	--	40 + 8 = 48
(F) New Class 1 Rate (B2 + D2)	--	20 + 8 = 28
(G) New Class 2 Rate (C2 + D2)	--	24 + 8 = 32
(H) Hold harmless formula	(56 – 48) * PU Value + (33.6 – 32) * class 2 value	

In this example, the school district has a Class 1 current expense real property (residential/agricultural) tax rate of 28 mills. To get to the 20-mill floor in Class 1, the Class 1 rate must be reduced by eight mills. In order to keep the total Class I effective tax rate constant, the conversion levy rate must also be eight mills. So, the Class I tax rate

stays unchanged at 28 mills, but the district is now at the 20-mill floor with an 8 mill conversion levy (similar to how many districts today are at the 20-mill floor with an 8 mill emergency levy).

Over time, the HB 920 TRFs have reduced the district's 56 gross mills to 28 effective mills (half the gross rate) for Class I property and to 33.6 mills (60 % of the gross rate) for Class II property. The TRFs typically reduce the Class I tax rate by more than the Class II tax rate because Class I property appreciates faster.

Under the Constitutional requirement of uniform rule, the tax rates in both Class 1 and Class 2 (commercial/industrial) property must stay proportional to the tangible tax rate. Therefore, because the Class 1 tax rate in the example is exactly half the tangible tax rate, the tangible tax rate must be reduced by 16 mills in order for the Class 1 tax rate to decline by eight mills. Since the Class 2 tax rate is 60 percent of the tangible tax rate, the Class 2 tax rate must be reduced by sixty percent of the 16 mills of tangible tax rate being removed, or 9.6 mills.

The conversion levy would be eight mills on all types of property. Since 16 mills of tangible property tax rate would be repealed, the net decline in the tangible property tax rate would be eight mills. Since 9.6 mills of Class 2 millage would be repealed off, the net decline in the Class 2 tax rate would be 1.6 mills

The hold harmless would compensate the school district for the net decline of eight mills of tangible taxes and 1.6 mills of Class 2 taxes. Since tangible property of public utilities is the only type of tangible property that is remaining taxable, the hold harmless compensation for this school district would be eight mills times total public utility tangible property taxable value plus 1.6 mills times total Class 2 real property taxable value.

Conversion Levies and Ballot Frequency

A key attraction of conversion levies is their potential to reduce the frequency with which school districts go to the ballot. To restate some of the earlier discussion, the Ohio school formula assumes that local property tax revenues grow as valuation increases, whereas in fact the Ohio Constitution and implementing statutes severely limit property tax revenue growth. This means that school districts must repeatedly go back to voters just to maintain existing funding. This is the phenomenon commonly referred to as "phantom revenue." Although voter approval of levies is an important feature of Ohio school finance, this phantom revenue results in an inefficient over-allocation of resources to running levy campaigns rather than educating students, while at the same time leading to persistent misunderstanding of school budgets and voter suspicion of the motives of school officials.

If conversion levies can get more school districts to the 20-mill floor, then the growth in local property tax revenues with each reappraisal or update of property (at three-year intervals) should prevent school districts from having to go to the ballot simply to maintain existing funding. Instead, school districts should be able to run levy campaigns only when additional funds are needed.

This argument for the ability of conversion levies to simplify and rationalize the school financing process by helping school districts get to the 20-mill floor rests on the assumption that school districts at the 20-mill floor in fact go to the ballot less frequently than districts not at the floor. This is an empirical question that requires analysis of recent levy behavior by school districts. A review of school district levies from the 2002-2008 period reveals that in fact school districts at the 20-mill floor have asked voters to approve property tax levies less frequently than districts not at the floor.

The most basic distinction between school districts in terms of levy behavior is between districts that have asked their voters for a new levy and districts that have managed to support their operations with existing levies. The table below shows current expense levy data from November 2002 through November 2008. In the table, districts are

categorized as either being on the 20-mill floor through that whole period, being on the 20-mill floor for part of the period, or being above 20 mills for the entire period.

New Current Expense Levy Attempts, November 2002 – November 2008

All Ohio School Districts

	Number of Districts	Number on the Ballot	Percentage on the Ballot
Floor All Years	281	170	60.5%
Floor Some Years	136	108	79.4%
Floor No Years	190	171	90.0%
All Districts	607	449	74.0%

District analysis excludes island school districts and districts that have merged or split over the time period.

The table shows that, while statewide 74% of school districts have put a new current expense levy before voters in the past seven years, only 60% of those districts that were at the 20-mill floor for the entire period sought a new operating levy. On the other hand, 79% of those districts that were at the floor only for some of those seven years sought a new operating levy, and 90% of those never at the floor sought a new levy.

Put another way, over the past seven years, districts at the 20-mill floor have been a third less likely to have been on the ballot than districts not on the floor and a quarter less likely to have been on the ballot than districts on the floor through only a portion of the period. These differences in ballot frequency over the 2002 through 2008 period strongly indicate that being at the 20-mill floor significantly reduces the need to go to the ballot for additional current expense revenue.

Higher Education – Affordability Promise

Overview

The passage of Sub. House Bill 2 of the 127th General Assembly in May 2007, which made the Chancellor of the Ohio Board of Regents a member of the Governor’s Cabinet, created renewed momentum and energy around higher education in the State of Ohio. Under the leadership of Chancellor Eric Fingerhut, Ohio’s system of higher education is holding itself accountable for increasing Ohio’s prosperity using clear benchmarks of success.

In August 2007, Governor Strickland issued a Directive creating the University System of Ohio. For the first time, Ohio’s leadership took the bold action necessary to recognize that collaboration and cooperation make Ohio’s public higher education institutions more competitive, affordable, and efficient.

In the fiscal year 2008-2009 biennial budget (Am. Sub. H.B. 119 of the 127th General Assembly) enacted in June 2007, Ohio’s legislature provided record financial support for higher education. This funding, in combination with H.B. 2 and the August 2007 Directive, has put Ohio in the national spotlight.

While the fiscal year 2010-2011 budget is prepared at a time of significant economic challenges for the State of Ohio, the recommendations in the Executive Budget allow the momentum of the past two years to continue. The overall goal of funding in the Executive budget is to target funding to make college in Ohio affordable to all.

Strategic Plan for Higher Education

On March 31, 2008, Chancellor Fingerhut released the Strategic Plan for Higher Education. For the first time, Ohio has a specific and detailed document that charts the future course of higher education. The Strategic Plan recognizes that Ohio’s primary goal must be to raise the educational attainment of the state’s population. In order to accomplish this, the focus must be on three targets:

- Graduate more students;
- Keep more graduates in Ohio; and
- Attract more degree holders from out of state.

The strategic plan sets forth dozens of specific strategies that are designed to accelerate Ohio’s progress in these three target areas. These range from extending community college education into new geographic areas like the Mahoning Valley to intensified efforts to make college more affordable. They include such things as linking all community colleges into a shared course and program network to surveying Ohio’s business community regarding its satisfaction with public higher education.

Finally, the Strategic Plan defines 20 specific metrics by which the progress of the system will be measured. These metrics are divided into four categories driven by visionary goal statements, as follows:

- Access: The University System of Ohio will be a flexible, integrated higher education provider making the widest range of education opportunities available to, and raising the educational aspirations of, all Ohioans;
- Quality: The University System of Ohio will be known for the excellence of the teaching and learning of its faculty and students and the reputation of its institutions;
- Affordability and Efficiency: The University System of Ohio will enable all Ohioans to afford the education and training they need to succeed; and
- Economic Leadership: The University System of Ohio will provide the intellectual and organizational infrastructure to measurably improve the economic outlook for all Ohioans.

Educational Attainment: Goal One

The ultimate desired outcome is for Ohio to be able to demonstrate improvements in the educational attainment of its population. In this regard, recent reports are already showing positive improvements. As shown in the table

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below, in all but one category, Ohio has moved up in overall educational attainment. Although Ohio's rank, when compared to other states, declined when measuring graduate and higher degree attainment among 25-34 year olds, the percentage of Ohio residents with these degrees increased.

Figure D-8 – Breakdown by Degree Type

	Associates Degrees and Higher		Bachelors Degrees and Higher		Graduate Degree and Higher	
	Percent	Rank	Percent	Rank	Percent	Rank
Ages 25-64 National	33.41%	38	25.17%	37	8.93%	29
Ages 25-64 Current	34.65%	36	26.28%	35	9.40%	26
Ages 25-34 National	34.71%	32	26.61%	30	7.66%	17
Ages 25-34 Current	36.37%	26	27.66%	27	7.75%	22

While this progress is good news, even more must be done if Ohio is to significantly raise the educational attainment of its citizens.

Access

Enrollment Growth: If educational attainment is to be improved, then students must have more opportunities to access the system and receive educational services. The accessibility of Ohio's public institutions of higher education demonstrated by changes in college and university headcount enrollment levels. Colleges and universities experienced headcount enrollment growth of 2.7 percent in fall 2008 over fall 2007, with several institutions reporting enrollment growth in excess of seven percent. The Strategic Plan calls for continuing efforts to attract, enroll, and graduate more students.

Figure D-9 – Highest Enrollment Growth by Ohio Public Campus

Institution	% Change	Institution	% Change
Wright State University, Lake	27.8%	Stark State College of Technology	10.3%
Central Ohio Technical College	15.5%	University of Cincinnati, Clermont	10.2%
NEOUCOM	14.9%	Ohio University, Southern	9.2%
Bowling Green State University, Firelands	14.0%	James A. Rhodes State College	8.2%
Ohio University, Chillicothe	13.8%	Kent State University, Geauga	7.7%
Miami University, Hamilton	11.8%	Shawnee State University	7.5%
Zane State College	11.3%	Central State University	7.4%
Ohio University, Lancaster	10.5%	Northwest State Community College	7.0%
Marion Technical College	10.5%		

GI Promise: In an effort to enhance the benefits for veterans established in the federal Post-9/11 GI Bill, Governor Ted Strickland through Executive Order 2008-17S granted veterans that live in Ohio while attending a college or university the status of residents. This allows them to pay in-state tuition costs. This action forms the keystone of a

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variety of efforts designed to support the participation of veterans in higher education. Such efforts include certifying college and universities in Ohio as Service Members Opportunity Colleges, thereby allowing the granting of college credit for certain training received during military service as approved by the American Council on Education.

30-mile Promise: Governor Ted Strickland's 30-Mile Promise seeks to ensure high-quality, low-cost associate and bachelor's degrees within 30 miles of every Ohioan. Across the state, community colleges and universities are teaming up to offer joint packages of associate and bachelor's degrees. The savings offered by attending a community college for two years and completion of the bachelor's degree on a community college or regional campus will make this one of the lowest cost paths in the nation for earning a bachelor's degree. These flexible and affordable paths to a bachelor's degree are a convenient option for many of Ohio's adult learners—as well as recent high school graduates—looking for ways to save money on their college education.

Building an Adult Learning System: The fiscal year 2008-2009 biennial budget called for the transfer of both oversight and funding for Adult Basic Literacy Education (ABLE) programs, as well as the Adult Workforce Education (AWE) programs, to the Ohio Board of Regents. The State Advisory Committee on the Transfer of Adult Career-Technical Programs was charged with defining specific actions and strategies to successfully implement the transition. The Committee articulated a vision whereby all adult Ohioans will have an opportunity to continue their education beyond high school and earn the degrees and industry-recognized credentials that give them the knowledge and skills needed to get and advance in good jobs that pay family-sustainable wages. Additionally, the committee also envisioned that all Ohio employers will have access to customized, flexible and industry-driven skills training, giving them a competitive edge in the 21st-century global economy.

The Committee issued findings and an action plan, which focuses on raising the educational attainment level of Ohio's population in order to help the state grow and prosper. The report recommends that the structures, programs and funding of Ohio's adult learning system be aligned with employers' workforce needs and students' expectations by:

- Creating new accessible pathways for adult learners through alignment of non-credit and credit-bearing programs, certificates, and degrees;
- Developing concurrent enrollment policies and practices;
- Conducting an inventory of student aid "best practices;"
- Implementing the Ohio Skills Bank initiative;
- Working with employers and organized labor to double the number of post-secondary students engaged in college-level work-based learning experiences; and
- Creating an integrated data system for the entire University System of Ohio.

Seniors to Sophomores: In the 2008 State of the State address, Governor Ted Strickland announced a new initiative called Seniors to Sophomores. The goal, he said, is "to raise the aspirations of all students, to challenge students who might feel disengaged from their high school studies, and to help students who want to accelerate their college education."

Seniors to Sophomores is designed to help fulfill higher education's responsibility to encourage high school students to aspire to go to college and prepare them to be successful when they get there, while also making a college education significantly more affordable for those who participate. Seniors to Sophomores is a dual enrollment program, which enables academically qualified high school seniors to earn both high school and college credit at the same time. In April 2008, the state awarded 49 "early adopter" grants of up to \$100,000 to school districts and partners interested in implementing Seniors to Sophomores. By September, many students and districts were actively participating in the program. In fact, 374 students have participated in the Seniors to Sophomores program during the 2008-2009 academic year.

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P-16 Collaborations: The goal of getting students to and through college cannot be accomplished without thoroughly integrating Ohio's approaches to education technology and data collection, teacher education and quality, and assessment and college readiness. Through increasing collaboration between the Ohio Board of Regents and the Ohio Department of Education more can be done to ensure that high school graduates are ready to succeed in college. Current collaborations include the establishment of STEM schools designed to promote greater focus on science, technology, engineering and mathematics education. Funding to establish eight new STEM high schools was awarded over this past biennium.

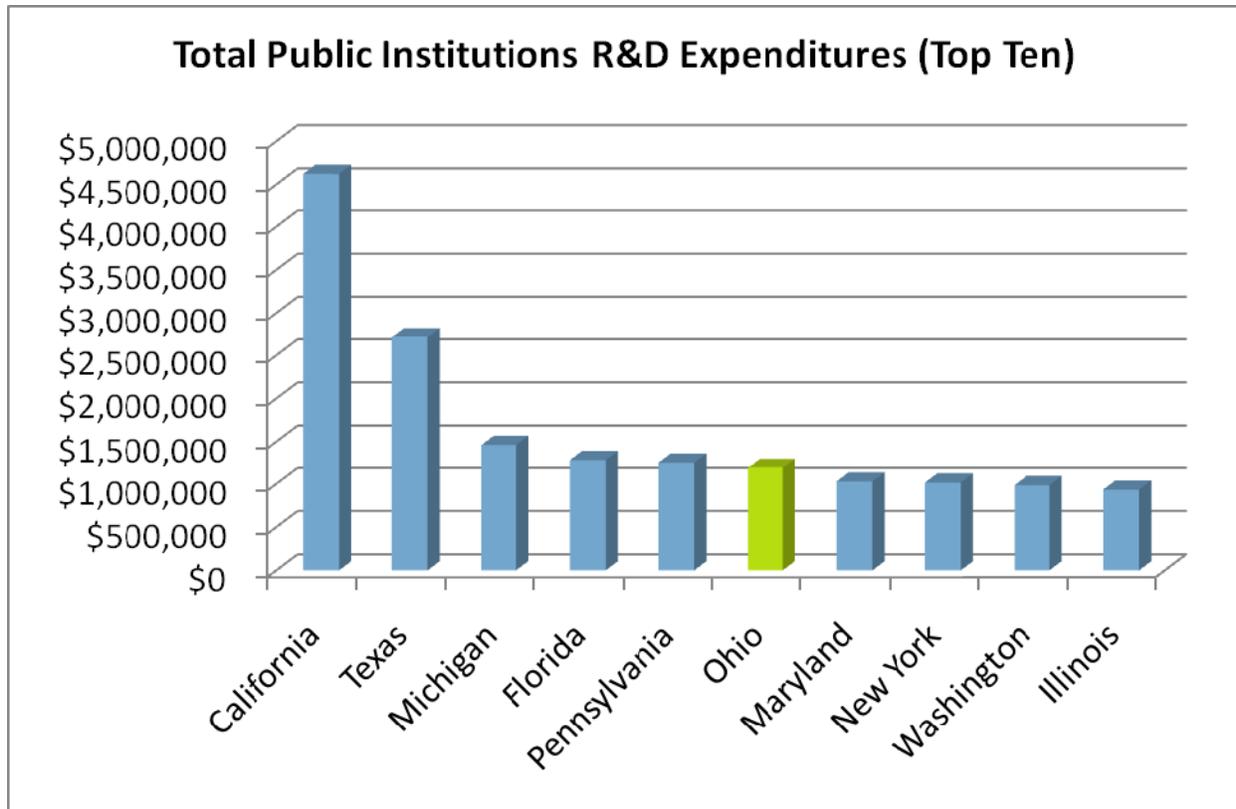
Access Highlights of the fiscal year 2010-2011 Executive Budget

- ***Expanding Community College Education into the Mahoning Valley:*** The Executive Budget includes the statutory language that will allow for the creation of the Eastern Gateway Community College, serving Columbiana, Jefferson, Mahoning, and Trumbull counties. This new entity will create a powerful access point for students in the area to enter into higher education.
- ***Adult Learning System:*** Ohio will continue to integrate and leverage the full spectrum of adult learner settings.
- ***P-16 Collaboration:*** The Executive Budget calls for more collaborative planning and implementation of joint efforts between the Board of Regents and the Department of Education in the areas of educational technology, teacher quality and college readiness assessment.

Quality

Research Expenditures: The quality of university research is often measured by the amount of federal and industrial research funding awarded. Since such funding is generally competitive in nature, the ability to secure such research funding is a sign of quality. Ohio's rich history of strong research strength positions Ohio favorably on such measures. The graph below illustrates Ohio ranked sixth in the nation for the research and development expenditures of public higher education institutions. The Strategic Plan calls for Ohio to continue to improve on this ranking.

Figure D-10 – Top Ten Higher Education Research and Development Expenditures



Voluntary System of Accountability: Ohio’s 14 public universities have signed a system-wide agreement indicating that they all intend to join the Voluntary System of Accountability (VSA), a national program that allows the public to review information on each university’s performance on a wide range of measures, and to compare that data to other schools across the country. The program is jointly sponsored by the American Association of State Colleges and Universities and the National Association of State University and Land-Grant Colleges. The state of Ohio is one of the first in the U.S. to have all its public universities participate in the program as a system. The “Ohio College Portrait” for each institution is already available through the VSA and the University System of Ohio website at www.uso.edu.

Centers of Excellence: The Strategic Plan for Higher Education calls for the designation of Centers of Excellence at Ohio’s public universities. The designation of these Centers will be based on the distinctive mission of each university and will be recognized by students, faculty, and business leaders as defining aspects of the institution. The Centers will be measured by externally verifiable standards of excellence, and will seek to be national and international leaders in their field. The process for designating these Centers has begun and will be completed by the end of fiscal year 2009.

Private Colleges and Universities: Among the contributors to the quality of Ohio’s higher education system is the diverse and outstanding collection of private colleges and universities that rivals any state in the nation. These institutions are the beneficiaries of state funding for research, grants and scholarships, and financial aid. The state also assists these institutions with obtaining tax exempt capital financing for specific campus facilities. The prosperity of Ohio’s private colleges and universities will continue to be an important goal for the state.

Affordability and Efficiency

States with a high quality, low-cost higher education system have a great advantage in today's economy. Achieving this competitive combination of cost and quality takes years of sustained commitment and support. It is imperative that Ohio maintain momentum in this area.

Tuition Freeze: A key feature of the fiscal year 2008-2009 biennial budget was the provision of financial support to freeze tuition at all institutions. This tuition freeze was able to be maintained through the exemption by Governor Ted Strickland of Ohio's higher education subsidy funding from budget cuts made in January 2008, July 2008, and December 2008. Because of this commitment and prioritization, a study by the College Board showed Ohio had the lowest increase in tuition of the 50 states for the last school year. It is expected that they will find the same things when tuition rates for the current school year are reported. But affordability of higher education is not simply defined by the sticker price. It is defined by the actual out-of-pocket cost to students. Here too, Ohio can be proud. Currently, after considering federal and state financial aid, 38 percent of Ohio community college students have no out-of-pocket cost for tuition and fees. Over 46 percent of university full time students pay less than \$5,000 out-of-pocket for tuition and fees. Ohio is committed making higher education truly affordable for students, regardless of sticker price.

Emphasizing Efficiency: Colleges and universities throughout the state have diligently pursued efficiencies in their operations. The fiscal year 2008-2009 budget called for each campus to demonstrate the attainment of efficiency targets of one percent in fiscal year 2008 and three percent in fiscal year 2009. All institutions met and in many cases exceeded these goals, saving money that allowed them to focus resources on higher priority uses. Additionally, the Chancellor recently created the Advisory Committee on Efficiency in the University System of Ohio in order to aggressively pursue even greater efficiency – particularly those that can be gained through cross-institutional efforts in procurement, administration, and academic delivery.

Affordability and Efficiency Highlights of the FY2010-2011 Executive Budget

The Strategic Plan for Higher Education makes clear that affordability is achieved through four distinct elements – operational efficiency, low-cost educational options, need based aid, and state support for instruction. All four must be pursued creatively and aggressively.

- ***Extending the In-state Undergraduate Tuition Freeze:*** Ohio's community colleges and university regional campuses are the fastest growing, lowest cost part of the public higher education system. They are the core of the 30 Mile Promise. The budget will provide funding to continue the tuition freeze on these campuses for two additional academic years. Additionally, the tuition freeze at university main campuses will continue through the 2009-2010 academic year. With this action, more than 60 percent of all students in the University System of Ohio will have seen no increase in tuition and general fees for four full years.
- ***Voluntary University Tuition Restrain:*** Governor Strickland has asked that presidents and trustees of Ohio's public universities voluntarily limit increases in tuition and general fees for in-state undergraduates on main campuses to no more than 3.5 percent per year in the 2010-2011 academic year. Additionally, changes to financial aid programs should allow many university students to see no increase in out-of-pocket costs for tuition and fees – effectively freezing tuition for these students as well. In combination, efforts across Ohio's public higher education institutions are conservatively estimated to result in 70 percent of undergraduate students paying the same level of tuition and fees over the next two years than they paid over the last three years.
- ***Outcome Based Funding Formula:*** The Executive Budget recommends the implementation of a subsidy funding formula that is based on outcomes. Universities will be paid only for students who complete courses and degrees. Community colleges will be paid for helping students reach specified benchmarks of progress towards degrees and certificates.

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- ***Student Financial Aid Program Changes:*** The Executive Budget proposes a variety of changes to student financial aid programs to maximize the extent to which available state need based aid is being used to offset tuition and fees for as many students as possible. These changes are as follows:
 - **Ohio College Opportunity Grants (OCOG).** The OCOG program will be limited to students attending public institutions only, and will be configured in a manner which requires the application of federal Pell Grant funds first in paying the cost of tuition and fees. Additionally, the state will define a “state cost of attendance” amount reflecting tuition and general fees as well as the cost of textbooks and transportation. The amount of OCOG support will be the amount required to ensure that the state cost of attendance is met for any OCOG eligible student after applying Pell funds and the student’s expected family contribution (EFC), up to currently established state maximum of \$2,496 per student.
 - **Non-Public Need-Based Financial Aid.** Two new block grant programs will be established to support need-based financial aid at non-public institutions of higher education. One of these will be directed to private, non-profit colleges and universities, and the second will be directed to for-profit proprietary colleges and universities. The share of each block grant that each school receives will be tied to just one factor – the number of lower income students the school accepts and graduates. The block grant will have the added benefit of giving non-public schools greater flexibility and relief from bureaucratic red tape.
- ***Mandated Efficiency Targets:*** The fiscal year 2010-2011 budget will require institutions to achieve and document reports on an additional three percent efficiency gain each year. The Chancellor’s Advisory Committee on Efficiency in the University System of Ohio will assist with the goal of identifying and implementing significant cost saving measures.

Economic Leadership

If the state is to grow and prosper, Ohio’s colleges and universities must become leaders in the state’s economic development efforts. Governor Ted Strickland and the Ohio General Assembly created the Ohio Innovation Partnership as part of the fiscal year 2008-2009 biennial budget. The Innovation Partnership was clearly intended to increase the role of Ohio’s higher education institutions in building the talent and research pipelines critical to the state’s economic success. The Ohio Innovation Partnership includes two distinct elements – the Choose Ohio First Scholarship Program and the Ohio Research Scholars Program. A third component of the Ohio Innovation Partnership is a major effort to increase co-op and internship programs in Ohio was included in Am. Sub. H.B. 554 of the 127th General Assembly, but was not scheduled to be implemented until the fiscal year 2010-2011 biennial budget.

Choose Ohio First Scholarships: Unlike most scholarship programs that direct funds to students or schools based on a formula or a set group of criteria, the Choose Ohio First Scholarship Program called for schools to submit proposals describing how they would recruit students to the Science, Technology, Engineering, and Mathematics (STEM) disciplines, as well as the strategies they would employ to make sure that the students are successful once they enroll. It sought partnerships between public and private institutions, between community colleges and universities, between high schools and higher education, and between education and business to create internships and co-op programs. The goal is to recruit students to study in the state’s best and most innovative programs. The first round recipients of the Choose Ohio First Scholarship Program consisted of eight collaborations that shared more than \$23.6 million in scholarship funds in areas of pharmacy, nursing, science, engineering and mathematics. Collaborating institutions selected in round one will put forth more than \$38 million in cost shared funds in support of their proposed scholarship program.

The second round of awards directed \$26 million to 28 Ohio public and private colleges and universities across the state, who will provide an additional \$30 million in cost shared funds to be used specifically to attract, retain and graduate more than 2,600 new STEM students over the next five years. When combined with the first group of recipients announced in March 2008, Ohio expects to see more than 5,700 STEM graduates who have been scholars

Developing a P-16 Statewide System

in the state's Choose Ohio First Scholarship Program. The process for awarding the third round of awards has begun and will be completed in the spring of 2009. The third round will total \$50 million.

Ohio Research Scholars: Jointly funded and administered by the Ohio Department of Development and the Chancellor of the Ohio Board of Regents, the Ohio Research Scholars Program (ORSP) provides grants to strengthen and increase the number of clusters of research excellence, led by Ohio's academic institutions that support regional economic priorities. The ORSP will achieve this through:

- Aggressive investment in the attraction of senior research talent and related facilities and equipment; and
- Promotion of unique collaborations needed to build and sustain scientifically and commercially promising lines of research.

The ORSP is placing high priority on building a critical mass of research scientists and engineers in the five targeted technology/research focus areas identified below. The emphasis of this program is on the recruitment of research talent from outside Ohio. Some funding, however, will be available to support the retention or hiring from within Ohio of personnel that are important to the growth of a research cluster.

In May 2008, the Third Frontier Commission and the Board of Regents recommended 10 collaborations between University System of Ohio schools, private universities, and industry partners throughout the State for more than \$143 million in grants through the Ohio Research Scholars Program. The addition of 26 new Research Scholars through these recommendations is an achievement that strengthens and deepens Ohio's higher education institutions and growing centers of excellence. These projects will stimulate research in areas of importance to Ohio's economy such as advanced materials, bio-imaging, spinal implants, photovoltaics, and power and propulsion.

Ohio Skills Bank: To remain globally competitive, Ohio's employers need a skilled talent pool. The Ohio Skills Bank initiative will strategically position the state's collection of adult education, training and workforce assets to build pipelines of talented graduates and certificate holders to meet targeted regional economic needs. Educators and workforce professionals will work closely with regional employers through the Ohio Skills Bank to align education programs, short-term training opportunities and workforce services that meet both the quantitative and qualitative occupation and skill needs of their employer communities. In the process, the Ohio Skills Bank will promote the principles of demand-driven, sector strategy workforce planning across the state.

Collaboration with Ohio Department of Development: There is a high level of cooperation between the Ohio Board of Regents and the Ohio Department of Development (ODOD). ODOD's strategic plan, "Ohio, Home of Innovation & Opportunity," released in August 2008, was closely aligned with many of the strategic initiatives in the Strategic Plan for Higher Education. Cooperative efforts have ranged from Workforce Development activities including the Ohio Skills Bank, to technology projects funded by the Third Frontier Commission.

Economic Leadership Highlights of the FY2010-2011 Executive Budget

- **Co-op/Internship Program:** Am. Sub. H.B. 554 of the 127th General Assembly created a new program of \$50 million per year for five years designed to make Ohio a leader in experiential learning opportunities by increasing the amount of co-operative learning and internship opportunities for Ohio college students. This program will help meet the goal of keeping Ohio's college graduates in Ohio by linking them to good job opportunities in the state, and help Ohio's employers get easy access to Ohio's top college graduates. The Executive Budget contains the first two years of appropriations for this program. The Advisory Committee established by the legislation is already meeting and the process for awarding the first year of funding is underway.
- **Choose Ohio First Scholarships:** Funding is provided to support fiscal year 2010 and 2011 expenditures for a third round of awards totaling \$50 million in scholarship support.

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- **Research Scholars:** \$8 million each fiscal year from Third Frontier bond proceeds will be dedicated toward continued support for the Research Scholars program.