**HB 96, the biennial budget**

**Summary of Changes made by Senate substitute bill**

[**Link to the legislative service commission comparison document**](https://www.lsc.ohio.gov/assets/legislation/136/hb96/psc/files/hb96-comparison-document-as-pending-in-senate-committee-136th-general-assembly.pdf)

**School funding**

* The Senate’s school funding proposal continues years five and six of the Fair School Funding Plan phase-in with guarantees, ensuring that no district receives less state aid than it received in fiscal year (FY) 2021. The Senate did not increase the base cost inputs.
* Alters the House’s per-pupil growth supplement to be $225 in FY 2026 for districts whose enrollment grew by at least 5% and $250 in FY 2027 for districts whose enrollment grew by at least 3%.
* Provides a performance supplement in FY 2026 and FY 2027 to districts that received any of the following on the state report card for the 2023-2024 school year: (a) an overall performance rating of four or more stars, (b) a performance rating of three or more stars on the Progress component, or (c) a higher performance rating on the Progress component than the district received for that component on its 2022-2023 report card. Calculates the payment as equal to a district's current year enrollment multiplied by $26, times the greater of the number of stars the district received for its overall performance rating or its progress component rating on the state report card for the 2023-24 school year.
* Creates an Education Demonstration Projects fund with $15 million over the biennium. Requires the fund to issue grants for primary education-related demonstration projects and requires the Ohio Department of Education and Workforce (ODEW) to solicit proposals from organizations with a demonstrated record of increased student achievement or improved test results. Requires ODEW to begin distributing the grants by Jan. 1, 2026.
* Requires ODEW, for FY 2026 and FY 2027, to calculate a district's disadvantaged pupil impact aid (DPIA) by using a weighted number of economically disadvantaged students equal to the sum of (a) the number of economically disadvantaged students reported for the district for FY 25, as of June 1, 2025, multiplied by 75% for FY 26 and 65% for FY 27, and (b) the number of directly certified economically disadvantaged students for the fiscal year multiplied by 25% for FY 26 and 35% for FY 27.
* Increases from 30% to 50% the threshold of carryover balance allowed before a county budget commission must reduce a school district's property tax collections. Further, permits a district to adopt a resolution reserving an amount of carryover balance for current or future permanent improvement expenses to be used within the next three years that will not count toward the 50% threshold. If not used for this purpose within three years, the money will be used to reduce property taxes. Also restores the county prosecutor as a member of the county budget commission.
* Allows a county budget commission to reduce millage on any voter-approved tax levy, aside from a debt levy, if the commission finds it reasonably necessary or prudent to avoid unnecessary, excessive, or unneeded property tax collections.
* Requires school districts to obtain approval from the county budget commission before adjusting inside millage in a manner that increases tax rates.

**District financial reporting**

* Requires school boards to submit appropriations, revenue and fund balance assumptions contained in the boards’ budget for that fiscal year, in addition to three-year projections of operational revenues and expenditures.
* Requires each district board to submit its current budget information and three-year projections by August 31 of each fiscal year and updated information and projections by the last day of February of that fiscal year.
* For FY 2026, requires each school district to make the initial submission of current budget information and three-year projections by Oct. 15, 2025.
* Requires ODEW and the auditor of state (AOS) to jointly adopt rules governing the submission of current budget information and three-year projections.
* Requires the rules to specify the information required for the submissions and any additional financial and operating information necessary for the audits and analyses conducted by the auditor of state or the department, including special and federal funds expenditures, revenues, and balances.
* Adds current budget information to provisions of law where three-year forecasts are used or required.
* Requires ODEW and AOS to label projections regarding property tax allocation as "state reimbursement for property tax credits."

**Property tax reform**

* Requires that current emergency and substitute tax levies be included in the calculation of a school district's 20-mill floor or a joint vocational school district's 2- mill floor for property tax purposes.
* Eliminates the following types of levies: replacement property tax levy, fixed sum emergency levy, substitute levy, and combined school district income tax and fixed-sum property tax levy; generally beginning with elections held on or after January 1, 2026.
* Prohibits a school district from proposing a current expense levy if it has a general fund carryover balance of over 100%.
* Requires current expense levy ballot language to include the percentage and dollar amount of any general fund carryover balances.
* Prohibits a school district or other education-related taxing authority from combining a renewal levy with an increase to an existing levy and makes other changes.
* Changes, beginning with elections held on or after Jan. 1, 2026, the term employed in property tax ballot language and election notices to describe the true value of property from "the county auditor's appraised value" to "market value."
* Requires two-thirds of a school board or other governing authority of a school district, joint vocational school district, regional student education district, career-technical cooperative education district, or a qualifying school district partnership to approve submission of a tax levy to voters for all educational levies instead of only for certain types of education levies under current law.
* Increases the reduction amount of the standard property tax homestead exemption from $28,000 to $32,000 while increasing the income threshold from $40,000 to $42,500. Also increases the enhanced homestead exemptions for disabled veterans and surviving spouses from $56,000 to $59,000.
* Requires the creation of a statewide screening system to ensure that the owner-occupied property tax credit and homestead exemptions are properly applied.
* Removes the House provisions to the board of revision complaint and counter complaint laws.
* Removes the House provisions to community reinvestment areas.

**Income tax reform**

* Reduces Ohio state income tax to a flat rate of 2.75% starting in tax year 2026. The plan maintains that Ohioans earning less than $26,050 pay no state income tax. The marginal tax paid on income over $26,050 begins to reduce (in tax year 2025 for those making less than $100,000 and in tax year 2026 for all taxpayers.) Similarly, taxpayers with higher incomes will begin to phase out of eligibility for the joint filer credit and personal, dependent and spousal deductions.

**Transportation**

* Authorizes the Montgomery County Pupil Transportation Pilot Program to transport students to and from their place of employment in addition to the students’ residence and extends the program to FY 26 only.
* Requires ODEW to create and administer a community school transportation pilot program for the 2025-2026 and 2026-2027 school years.
* Permits two or more community schools to enter into an agreement to provide or arrange transportation to and from school for students enrolled in participating schools.
* Removes provisions authorizing school boards to contract with a transportation network company (like Uber or Lyft) to transport unaccompanied students
* Removes language requiring certain districts that use mass transit systems to transport students to ensure transfers between routes do not occur at the central transfer hub.
* Eliminates the School Bus Safey Grants proposed by the governor and supported by the House.
* Eliminates the former School Bus Purchase Program that required ODEW to distribute bus purchasing grants to school districts for FY 22 and FY 23, authorizes the Office of Budget and Management (OBM) director to transfer the cash balance in the fund to the GRF.
	+ Eliminates the associated reporting requirement that ODEW annually collect age, mileage and vehicle condition data from districts through its transportation data collection system.
* Removes House language creating the rural transportation grant program, awarded each fiscal year to dropout prevention and recovery community schools meeting certain criteria.
* Authorizes school districts, chartered nonpublic schools, and community schools to use a multifunction school activity bus (i.e. a school bus without the stop-arms or typical school bus lights) to transport students between school and other school-related functions or activities.
	+ Prohibits a multifunction school activity bus from being used for transporting students between school and home or a designated bus stop.
	+ Requires drivers of multifunction school activity buses to meet all the same standards of a school bus driver.
	+ Authorizes school district boards of education and governing authorities of educational service centers to purchase multifunction school activity buses in the same manner as other school buses.

**Facilities**

* Restores the executive proposal changing the definition of an unused school facility to include any building that has been used for direct academic instruction and the building’s student enrollment is less than 60% of either the Ohio Facilities Construction Commission (OFCC) maximum enrollment, or the highest student enrollment over the last two years (a reduction from the governor’s proposal of the last 10 years enrollment data).
* Changes the sale method for an unused facility from an auction to a lottery if more than one high-performing community school or chartered nonpublic school located in the district notifies the district of its intent to purchase the property.
* Requires a district, if no high-performing community school or chartered nonpublic school located in the district offers to purchase or lease a property, to offer the property for sale or lease to high performing community school or chartered nonpublic school located outside of the district prior to offering to sell or lease the property to other start-up community schools, college-preparatory boarding schools, and STEM schools.
* Exempts unused school facilities from the involuntary disposition law if the facility is less than ten years old.
	+ Permits a school district, if it believes extraordinary circumstances should exempt it from the involuntary disposition law, to appeal the requirement to the ODEW Director, who must issue a decision within 60 days.
* Restores the executive proposed requirement that each district annually report to ODEW by November 30 information related to determining whether a school building operated by the district is an unused school facility.
* Modifies House language related to the disposal or demolition of school property to make the public auction permissive if the building is not initially purchased and adds educational service centers that have territory in a school district to the list of qualifying schools to which school districts must offer property under the right of first refusal law.
* Eliminates the House requirement that community or chartered nonpublic schools pay the school district any profit they receive from a future sale of a property previously purchased from a school district.
* Increases the $1,000 FY 2025 per student facilities payment for community and STEM schools to $1,100 in FY 2026 and $1,200 in FY 2027.
* Removes the ability for OFCC to biannually adjust for inflation the cost threshold for construction projects under the expedited proposal and selection process.
* Eliminates the creation of the Career-Technical Planning District Construction Study Committee.

**Career technical schools**

* Decreases from $10 to $3 the amount multiplied by the enrollment for all districts and schools within a Career Technical Planning District (CTPD) to calculate the career awareness and exploration funds ODEW must pay to the lead district of each CTPD.
* OBM Requires tech prep expansion grants to be distributed to entities within the seven JobsOhio regions to align with ODEW’s redesign of tech prep centers
* Provides $5.6M each fiscal year in support of competitive expansion grants to tech prep consortia.
* Eliminates the Aim Higher Pilot Program that the House added.

**Educational Regional Support Systems**

* Returns to the Executive provision regarding the redesign of Ohio’s State Support Teams and the requirement that they support state and regional workforce development initiatives.

**Vouchers / Schools of choice**

* Eliminates the home school tax credit expansion.
* Provides additional increases to the categorical amounts for the Jon Peterson Special Needs Scholarship, increasing state support by $3M each fiscal year.
* Removes House language requiring ODEW to collect certain data regarding EdChoice voucher recipients.
* Removes House language creating Educational Savings Accounts for nonchartered, nonpublic school students.
* Reduces the set aside for the administration of state scholarship programs by $2 million each fiscal year.
* Establishes a separate special education catastrophic aid cost pool for community and STEM schools and requires ODEW to withhold 5% of each school’s special education funding to be added to the cost pool.
* Provides funding for Quality Community and Independent STEM schools of $115 million in FY 2026 and $125 million in FY 2027.

**Release Time for Religious Instruction**

* Modifies a provision regarding religious instruction release time to require districts to permit students at least 33 periods per school year in release time. It further specifies that districts cannot prohibit students from bringing external educational materials into school.

**Governor’s Merit Scholarship**

* Removes House provisions placing contingencies on private institutions’ participation in the Governor’s Merit Scholarship.
* Changes eligibility for Governor’s Merit Scholarship to the top 2% of each graduating class with a minimum of one person per district and establishes requirement that recipients of scholarship must stay in Ohio for three years after graduation or repay scholarship funds.
* Revises the guaranteed admission provision such that each graduate in the top 5% of a high school graduating class—not just a recipient of the Governor’s Merit Scholarship—is guaranteed admission to Ohio’s public universities.

**Assessments and curriculum**

* Restores language requiring ODEW to adopt a universal K-three diagnostic assessment for math and reading and removes provisions that eliminate the kindergarten readiness assessment. Restores funding for the kindergarten readiness assessment at $2.76 million each fiscal year.
* Restores executive language to require schools to report their math core curriculum and instructional materials.
* Requires ODEW to identify and make available at no cost to districts or schools a tier one dyslexia screening measure, requires districts and schools to use the screening measure beginning in the 2026-27 school year. Lays out required timelines for screening to various age groups, reporting results to parents, and follow-up assessments.
* Eliminates the requirement for ODEW to publicly release state assessment questions.
* Requires all public school districts to provide evidence-based academic intervention services, free of cost, to students who demonstrate a limited level of skill in state assessments in math or English language arts.
* Includes language from [Senate Bill 19](https://www.legislature.ohio.gov/legislation/136/sb19/documents), requiring districts and schools to develop a mathematics improvement and monitoring plan for each student who qualifies for math intervention services and a mathematics achievement improvement plan if 51% or less of the district or school's students who took the third grade math achievement assessment attained at least a proficient score on the assessment, beginning with the 2025-26 school year. Requires ODEW to establish a list of high-quality math core curriculum and instructional materials and randomly survey 5% of districts to ensure compliance.
* Clarifies that a student may be enrolled in a math course that is two grade levels above the student’s current grade level for purposes of automatic enrollment in advanced math placements.
* Returns to the executive provision requiring schools to report the number of school personnel who have completed Science of Reading training.
* Requires ODEW to include supplemental curriculum in the list of high-quality core curriculum and instructional materials that are aligned with the Science of Reading.
* Revises exceptions from a public school's authority to request to use the three-cueing approach by eliminating current law and creating an exemption for a school from needing to apply for a waiver for a child if it has already received a waiver because they are deaf or hard of hearing.

**Graduation requirements**

* Removes language that adds completion of 250 hours of work-based learning experience as a foundational option to demonstrate competency, restoring the current law’s high school graduation requirements.
* Removes provisions that would broadly exempt students from the current financial literacy high school graduation requirement as well as the House-added Financial Literacy and Workforce Readiness Programming Initiative.
* Restores language requiring the industry-recognized credentials committee to establish alternate criteria for credentials, other than a point value system, under which a student may qualify for a high school diploma.
* Restores language requiring high school graduation plans to include post-graduation career goals but does not give ODEW rulemaking authority regarding the content of graduation and career plans.

**Student health and wellness**

* Requires public schools to provide annual, age-appropriate instruction to K-12 students on the harmful effects of short-term and chronic substance use, and to include bullying and hazing in health education curriculum ([Senate Bill 7](https://www.legislature.ohio.gov/legislation/136/sb7/documents)).
* Decreases by $7.5 million each fiscal year for the Health Program Support line under the Ohio Department of Health. And decreases an earmark for school-based health centers by the same amount.
* Restores the executive provision providing greater flexibility for school districts regarding the development and offering of youth suicide awareness and prevention and child sexual abuse educator in-service trainings.

**Absences**

* Removes House language requiring school districts to report causes of student absences by category.
* Removes a provision requiring school districts to provide excused absences for high school students to attend private driver education courses.

**Education Technology Resources**

* Eliminates funding to provide grants to educational television stations working with partner education technology centers to provide public schools with instructional resources and services aligned with state academic content standards. Requires that such resources and services be based upon the advice and approval of ODEW, based on a formula developed in consultation with educational television stations and educational technology centers.
* Eliminates funding to support the training, technical support, guidance, and assistance with compliance reporting to school districts and public libraries applying for federal E-Rate funds; for oversight and guidance of school district technology plans; for support to district technology personnel; and for support of the development, maintenance, and operation of a network of computer-based information and instructional systems.

**Auditor of state**

* Removes the authority of the AOS to (1) alter the formula used to calculate the amount a school district must deposit into its capital and maintenance fund and (2) designate alternative sources of revenue a school district can deposit in the fund.
* Requires a school district, rather than AOS, to notify ODEW when the school district transfers the required deposit for certain projects.
* Removes the requirement that the AOS issue a finding for recovery against a school district when funds are overdue to the FCC. Instead, requires the FCC to certify the amount to the Attorney General’s Office for collection.
* Removes the AOS or their representative as an alternate person responsible for counting all remaining money, bonds, and other securities of a library or board of education fiscal officer.
* Allows the AOS full discretion in selecting which school districts to audit for enrollment information.

**Miscellaneous policy provisions**

* Excludes any person who is employed by a private employer that has contracted with a school district from School Employees Retirement System (SERS) membership.
* Prohibits a school district board of education from paying employee contributions to the State Teachers Retirement System on behalf of a superintendent employed by the school district or to SERS on behalf of a treasurer employed by the school district.
* Waives qualified immunity for a school district board of education or member if the board or member knowingly instructs the superintendent to violate any provision of the law.
* Clarifies that the existing law, which permits a student-athlete who is a victim of bullying or harassment to participate in sports at a different school, applies only to homeschooled students.
* Reinstates language permitting ODEW to collect data from districts and schools on their use of artificial intelligence.
* Restores provision requiring ODEW to collect school district employment and vacancy data, extends the requirement to community and STEM schools, and requires data to be collected at the state, district and school level to the extent possible.
* Modifies the provision requiring schools to adopt a policy banning cell phone use to allow cell phone use for monitoring a health concern with a written statement from a student’s physician. This further requires school administrators to include a protocol that addresses cell phone use during active threats or emergencies as part of their comprehensive emergency management plan.
	+ Requires the policy to be adopted by Oct. 6, 2025.
* Removes the requirement for ODEW to establish a principal apprenticeship program.
* Requires the legislative authority of a political subdivision to adopt a cybersecurity program that safeguards the political subdivision's data.
* Restores current law regarding notice of open meetings for public bodies by removing changes impacting how a reasonable method of providing notice is accomplished, specifying that advance notice of a meeting may be done by email to all email-list subscribers, and regarding use of self-addressed, stamped envelopes provided by a person requesting advanced notice.
* Repeals the requirement that the Chancellor of Higher Education establish and administer a statewide system of regional FAFSA support teams to support public schools with FAFSA completion and college access programming.
* Removes the governor’s provisions regarding College Credit Plus Program engagement and model pathways.
* Removes the House’s provision that required public schools, community schools, STEM schools, and private schools that serve elementary school students to provide a paper or electronic copy of the informational materials to each student's parent or guardian regarding Type 1 diabetes.
* Removes House language establishing a peer review appeals process for Step Up to Quality ratings.

**Miscellaneous funding provisions**

* Eliminates earmarks for various entities totaling $2.8 million in FY 2026 and $2.4 million in FY 2027.
* Eliminates $500,000 in FY 2026 and the requirement for ODEW to contract with experts in civics education and social studies to develop an integrated model curriculum.
* Increases funding by $1 million each fiscal year for the GRIT Program.
* Removes earmarked funds for duties and activities related to the establishment of academic distress commissions, to provide support and assistance to academic distress commissions, and to provide technical assistance and tools to support districts subject to academic distress commissions.