



H.B. 147

123rd General Assembly
(As Introduced)

Reps. Williams, Jordan, Van Vyven

BILL SUMMARY

- Exempts school districts classified as "effective" from specified operation and budget requirements, including requirements related to the textbook set-aside fund, capital and maintenance fund, and the budget reserve balance.
- Establishes the child-centered scholarship program for students in districts that are "under an academic watch" or "in a state of academic emergency" and establishes requirements and procedures to carry out that program.
- Specifies how the scholarship amounts will be calculated under the program, provides for the Department of Education to pay the scholarships to parents of students in eligible districts for enrollment of those students in registered private schools, and directs the Department to deduct scholarship payments from the school district's state funds.
- Stipulates the requirements that registered private schools must meet in order to receive payments from parents of students awarded scholarships under the program.
- Opens enrollment in community schools to any student living anywhere in Ohio.

CONTENT AND OPERATION

Background--classification of school districts

Beginning in the fiscal year that starts on July 1, 1999, the Department of Education will classify school districts in Ohio according to the per cent of

specified performance standards for which the district has acceptable performance.¹ The Department will classify districts every three years and, whenever possible, use three-year averaging of the district's percentages on performance standards.

Based on the percentage of the performance standards the district meets, each district must be assigned to one of the following classifications (sec. 3302.03, not in the bill):

Effective (meets at least 94% of performance standards);

In Need of Continuous Improvement (meets more than 50% but less than 94% of the performance standards);

Under an Academic Watch (meets more than 33% but not more than 50% of the performance standards);

In a State of Academic Emergency (does not meet more than 33% of the performance standards).

The bill's exemptions for effective districts

(sec. 3302.06)

The bill exempts school districts that are classified as "effective" in the Department's latest report from requirements that school districts must otherwise meet, specifically the requirements to deposit percentages of district revenues in three funds: (1) a textbook and instructional materials fund (sec. 3315.17), (2) a capital and maintenance fund (sec. 3315.18), and (3) a budget reserve ("rainy day") fund (sec. 5705.29).

Child-centered scholarship program

(sec. 3302.23)

The bill directs the Superintendent of Public Instruction to establish a child-centered scholarship program in each school district that is classified as "under an academic watch" or in a "state of academic emergency." The scholarship program, which must commence the first school year that begins after the district receives

¹ *The performance standards are specified in section 3302.02 of the Revised Code (not in the bill). At the time of the bill's introduction, section 3302.02 contained 18 performance standards, including specified passage rates for various proficiency tests, a school attendance rate of at least 93%, and a drop out rate of 3% or less.*

the report, pays a scholarship in an amount determined pursuant to the bill (see "**Amount of scholarship**," below) to the parent of each "native" student enrolled in grades kindergarten through 12 in a registered private school.²

Procedures for parent to acquire scholarship

(sec. 3302.25)

The bill specifies that a parent seeking a scholarship under the program notify the Department of Education in the form and manner that the State Board of Education prescribes. The parent must provide the student and parent's names and address, the registered private school in which the student has been accepted for enrollment in the upcoming school year, the tuition charged by the school, and additional information that the State Board requires. The parent must report this information no later than March 15 of the preceding school year.

Amount of scholarship

(sec. 3302.27)

The amount of each child-centered scholarship is based on the state share of the calculated per pupil base cost of an education in the school district plus the state share of any additional money calculated based on the student's classification as a handicapped student or as a beneficiary of Ohio Works First (OWF).³

Base cost portion of scholarship. Under current law, the base cost to educate a student in FY 1999 is \$3,851.⁴ This base cost amount is adjusted by a factor that allows for determining the relative costs of educating a student in each of the 88 counties (called the "cost-of-doing-business factor"). As a result of this factor, the base cost amount in FY 1999 actually varies within the state from \$3,851 in Gallia County (the lowest cost county) to \$4,275 in Hamilton County (the highest cost county).

² A "native student" is defined by the bill as a student entitled (under section 3313.64 or 3313.65 of the Revised Code) to attend a school in the school district (sec. 3302.21).

³ Because the state share percentage varies from district to district, the amount of the scholarship would also vary widely among school districts.

⁴ The actual base cost determined by the General Assembly for that year is \$4,063, but the new school funding system is phasing in the base cost, accounting for the lower \$3,851 figure.

Each school district is responsible for a percentage of the cost of educating all its students, based on the district's wealth. The higher the assessed valuation of the district, the greater the percentage of its base education costs the district is required to pay. The state pays the remainder of the district's base cost. The calculated percentage of the base cost paid by the state is known as the "state share percentage."

Under the bill, the basic scholarship amount for each student would be the state share percentage of the base cost amount, adjusted for the district's cost of doing business. For example, if a Hamilton County school district had a scholarship program, the scholarship amount would be the percentage of Hamilton County's \$4,275 base cost amount paid by the state under the funding formula. As a result, the scholarship amount would vary inversely with the wealth of the district (the wealthier the district, the smaller the amount of the scholarship).

Adjustment for special education. The new state funding formula provides an additional percentage of the base cost amount (known as a "weight") for each student who is receiving special education and related services as a handicapped student. The additional weight varies depending on the severity of the student's handicap. As is the case with the base cost funding, special education funding is "equalized" among poor and wealthier districts by assigning a state and local share of the additional weight based on the district's assessed property valuation.

The bill provides for adding to the basic scholarship amount, the state share of any weight assigned to a scholarship student as a result of his or her receiving special education. Again, the wealthier the district, the less additional funding will be provided.

Disadvantaged Pupil Impact Aid. The new funding formula provides additional funds to school districts based on the concentration (compared to the rest of the state) of Ohio Works First recipients in the district. This additional funding (called "disadvantaged pupil impact aid" or DPIA) is not adjusted for district wealth. The funds are divided into three categories. Most districts receive an amount for safety and remediation. Districts with higher concentrations of OWF students receive funds to provide additional instructional services to students (known as "class size reduction funds"). Any district with a greater than the statewide average percentage of OWF students also receives the option to offer and receive funding for all-day kindergarten.

Under the bill, if a scholarship student lives in a family participating in OWF, the student would receive a per-OWF pupil share of the district's DPIA funds received for safety and remediation and for class size reduction (but not for all-day kindergarten).

Payment of scholarships

(sec. 3302.27(C))

The bill requires the Department of Education to pay each parent who files a proper application a portion of the calculated scholarship amount from time to time during the school year. The first payment must be no later than the last day of November and must equal at least one-third of the scholarship amount.

Reduction in amount if student withdraws

(sec. 3302.27(D))

The Department must proportionately reduce the payment to the parent of a student who withdraws from the private school prior to the end of the school year. The State Board of Education is directed to adopt rules prescribing procedures for parents, administrators of schools, or both, to report to the Department when a student withdraws from school.

Adjustments in payments to school district

(sec. 3302.29)

The bill requires the Department of Education to deduct the aggregate amount paid each fiscal year to parents of native students in a school district under the program from the regular state aid payments the Department makes to the school district.

District no longer under academic watch or in state of academic emergency

(sec. 3302.31)

If a school district in which a child-centered scholarship program is operating receives a report that the district is no longer under an academic watch or in a state of academic emergency, no new students may receive scholarships beginning in the first school year that starts after the district receives that report. However, each student who received a scholarship in the previous year will continue to receive a scholarship for as long as the student remains a native student and attends a registered private school, and until the student completes 12th grade.

If a district subsequently receives a report that it is once again under an academic watch or in a state of academic emergency, the Department must resume payment of new scholarships to native students beginning in the school year that starts after the district receives the report.

Requirements of private schools

(sec. 3302.33)

The bill stipulates that no private school may receive payments from parents awarded scholarships under the program until the chief administrator of the private school registers the school with the Superintendent of Public Instruction. The State Superintendent *must* register any school that meets the following requirements:

(1) The school indicates in writing its commitment to follow all the bill's requirements for a child-centered scholarship program;

(2) The school meets all state minimum standards for chartered nonpublic schools in effect on July 1, 1992 except that the State Superintendent may choose to register any nonchartered nonpublic schools meeting the other requirements set forth in the bill;

(3) The school agrees to administer all state proficiency tests that pertain to the grade levels served by the school. The Department must furnish the tests to the school.

(4) The school does not discriminate on the basis of race, religion, or ethnic background;

(5) The school enrolls a minimum of ten students per class or a sum of at least 25 students in all the classes offered;

(6) The school does not advocate or foster unlawful behavior or teach hatred of any person or group on the basis of race, ethnicity, national origin, or religion;

(7) The school does not provide false or misleading information about the school to parents, students, or the general public.

The bill requires the State Superintendent to revoke the registration of any school if, after a hearing, the Superintendent determines that the school is in violation of any of the requirements of private schools as specified in the bill.

Changes to high school diploma requirements

(sec. 3313.612)

The bill amends existing law governing the granting of high school diplomas so that students in any *nonchartered*, nonpublic private schools

registered under the program must meet the same state proficiency test requirements as public school and chartered nonpublic school students must meet to receive a high school diploma under current law.

District may not have both pilot project scholarship program and child-centered scholarship program

(sec. 3313.975)

Under the bill, a district may not have both a child-centered scholarship program and a pilot project scholarship program, which is for districts that are, or ever have been, under federal court order requiring supervision and operational management of the district by the State Superintendent (currently, the pilot project program only operates in Cleveland). The bill amends the law governing the pilot project scholarship program to stipulate that a pilot project scholarship program may be established in such a district if the district does *not* have a child-centered scholarship program.

Admission to community schools

(secs. 3314.06 and 3314.08)

Under current law, a student may be admitted to a community school only if the student is entitled to attend school in the district in which the school is located (or was enrolled in a converted school during the school year preceding the year of conversion).

Under the bill, admission to a community school is open to any student in the state. The bill amends the language governing reporting of students by requiring that the community school report the district in which each student is entitled to attend pursuant to sections 3313.64 or 3313.65 of the Revised Code. The funding that a community school receives is likewise adjusted by the bill to deduct funding from the district in which each student is entitled to attend.

Other changes made by the bill

District reporting requirements

(sec. 3317.03)

The bill makes changes in the reporting of a district's average daily membership (ADM) to reflect that some students in a district will receive educational services at a private school pursuant to the child-centered scholarship program.

Changes to Lucas County area community schools

(Section 50.52.8 of Am. Sub. H.B. 215 of the 122nd General Assembly)

The bill amends the law governing the Lucas County area community school program to eliminate the requirement restricting admission to the Lucas County community schools to students entitled to attend school in any of the Lucas County districts. Instead, the bill allows the community schools to admit students from anywhere in the state.

HISTORY

ACTION	DATE	JOURNAL ENTRY
Introduced	02-08-99	p. 169

H0147-I.123/rss