Jim Kelly *Legislative Service Commission*

S.B. 314

123rd General Assembly
(As Introduced)

Sen. Ray

BILL SUMMARY

- Requires the Department of Education to pay, in FY 2001 and FY 2002, "community school transitional aid" to any school district where community school enrollment growth is 1% or more of the district's formula ADM.
- Eliminates the law requiring payment of community school transitional aid to Lucas County school districts in FY 2000 and FY 2001, and instead places these districts under the bill's new transitional aid plan for FY 2001 and FY 2002.
- Permits school districts to use state school bus subsidies to acquire school buses with which to transport community school students.
- Permits school districts to use state school bus subsidies to acquire school buses not only through purchase, but also through lease and lease-purchase arrangements.
- Appropriates $10 million for the FY 2001 transitional aid payments and $5 million to increase the FY 2001 state school bus subsidies to school districts.

CONTENT AND OPERATION

Background: community school payment procedures

Community schools, popularly called "charter schools," are public schools that operate independently of any school district. They receive state funding for base costs and for providing special education for disabled students. They also can receive state DPIA funds if they serve children whose families participate in the Ohio Works First public assistance program. Community school funding flows

through a process in which (1) the community schools' students are counted in the enrollments of their resident school districts, (2) the districts' state payments are calculated with the community school students counted in their enrollments, which for most districts (but not all) results in their being credited with the state funding that the community school students would have generated for them, and (3) the state deducts the community schools' funds from the school districts' state payments and pays them to the community schools.[1] This arrangement is commonly referred to as the state funding "following the students" from school district schools to community schools.

The bill establishes temporary "transitional aid" for districts with strong community school enrollment growth

(Section 11)

The bill proposes two years of supplementary state payments to certain school districts, designated as "state community school transitional aid." The Department of Education is to make the payments in FY 2001 and FY 2002, no later than December 31 each year, based on the previous fiscal year's community school and school district enrollments.

District eligibility

In the case of all districts outside Lucas County, districts are eligible for the payments in FY 2001 if the number of resident students who attended community schools in FY 2000 was 1% or more of the districts' "formula ADM" for FY 2000.[2] (Eligibility of Lucas County districts in FY 2001 is described below, under "***FY 2001 payments to Lucas County districts***.") Districts eligible for payments in FY 2002 are those, including those in Lucas County, where the community school *growth* in FY 2001 (that is, the *additional* number of resident students enrolling in FY 2001 over FY 2000) was 1% or more of the districts' formula ADM in FY 2001. Eligible districts are to receive in FY 2001 a per pupil amount for each resident student enrolled in a community school in FY 2000. In FY 2002, they are to receive a payment for each *additional* resident student enrolled in a community school in FY 2001.

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[1] *Revised Code § 3314.08, not in the bill.*

[2] *"Formula ADM" is used to calculate school districts' state base-cost payments, and approximates a school district's average, full-time-equivalent enrollment during the first full school week of October. (R.C. § 3317.03, not in the bill.)*

Per pupil amount of payment

The per pupil amount is one-fourth (25%) of the state base-cost formula amount for the previous fiscal year, adjusted by the particular school district's cost-of-doing-business factor for the previous year.[3] The unadjusted base-cost formula amount is $4,052 per pupil for FY 2000 and $4,294 per pupil for FY 2001.[4] One-fourth of those amounts is $1,013 and $1,073.50, respectively. Each eligible school district's actual per pupil amount will be higher, depending on the cost-of-doing-business factor assigned to its county.

The amount to be paid to eligible districts (except in Lucas County) in FY 2001, therefore, is:

$1,013 x district's FY 2000 cost-of-doing-business factor x
the number of resident students reported by the district
in FY 2000 as enrolled in community schools

The FY 2002 amount to be paid to eligible districts (including in Lucas County) is:

$1,073.50 x district's FY 2001 cost-of-doing-business factor x
(the number of resident students reported by the
district in FY 2001 as enrolled in community schools, minus
the number of resident students reported by the
district in FY 2000 as enrolled in community schools)

These payments are not subject to the state aid cap that applies to some school districts, so whether a district is capped will not affect its receipt of its payment. If an eligible district receives funds under the state guarantee, the payments are in addition to the minimum guarantee amount.

FY 2001 payments to Lucas County districts

(Sec. 32 of H.B. 282, amended by Sections 9 and 10 of the bill; Section 11(B)(2) of the bill)

Transitional payments under former pilot project. Prior to the 1999-2001 biennium, community schools in Lucas County operated under a pilot project that

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[3] *The cost-of-doing-business factor is a component of the state base-cost formula that is intended to reflect relative differences in the cost of doing business across the state. (R.C. §§ 3317.02(N) and 3317.022(A), neither in the bill.)*

[4] *R.C. §§ 3317.012(A) and 3317.02(A), neither in the bill.*

was originally scheduled to operate from FY 1998 through FY 2003. The pilot project was terminated by Am. Sub. H.B. 282 of the 123rd General Assembly, the 1999-2001 biennial education budget act, and Lucas County became subject to the statewide community school laws. One unique feature of the pilot project was its requirement that, in the first year of each community school's operation, the state had to pay the Lucas County school districts one-half (50%) of their "per pupil state funds" for each of their resident students enrolled in the community school. The "per pupil state funds" included state basic aid and guarantee payments.[5] These payments were to be made every year that a new community school began operating, but no schools were allowed to start operations after June 30, 2000.[6] The transitional payments therefore would have ended after FY 2000.

Transitional aid requirement continued for FY 2000 and FY 2001. When H.B. 282 of the 123rd General Assembly ended the pilot project, it maintained the requirement that the state pay districts 50% of "per pupil state funds" in the first year of a community school's operation in FY 2000, extended the requirement through FY 2001, and added state special education payments to the amount of the districts' "per pupil state funds" in the calculation of the aid. However, it does not appear that H.B. 282 appropriated funds for these payments in either fiscal year.

The bill places Lucas County districts under its new transitional aid plan. The bill eliminates the requirement that these payments be made to Lucas County school districts in FY 2000 and FY 2001. Instead, Lucas County districts are to be paid transitional aid under the bill's new provisions in FY 2001 and FY 2002, based on the previous year's community school enrollments. However, unlike other school districts, whose eligibility for an FY 2001 payment is based on total community school enrollment in FY 2000, Lucas County districts' eligibility will be based on community school enrollment *growth* from FY 2000 to FY 2001. A Lucas County district qualifies for payment in FY 2001 if the *additional* number of its resident students enrolling in community schools in FY 2000 from FY 1999 was 1% or more of the districts' formula ADM for FY 2000. If it qualifies, the amount of its FY 2001 payment is $1,013, adjusted by its FY 2000 cost-of-doing-business factor, for each of those additional students.

The FY 2002 transitional payments for Lucas County districts are to be calculated in the same manner as the bill requires for all other school districts.

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[5] *Section 50.52.10(A)(7) and (F) of Am. Sub. H.B. 215 of the 122nd General Assembly, amended by Am. Sub. H.B. 650 and Am. Sub. H.B. 770 of the 122nd General Assembly and repealed by Section 31 of Am. Sub. H.B. 282 of the 123rd General Assembly.*

[6] *Section 50.52.2(C) of Am. Sub. H.B. 215 of the 122nd General Assembly, eliminated in Sections 21 and 22 of Am. Sub. H.B. 282 of the 123rd General Assembly.*

Appropriation

(Secs. 4 and 4.10 of H.B. 282, amended by Sections 3 to 6 of the bill)

The bill appropriates $10 million from the General Revenue Fund to make the payments in FY 2001. Payments in FY 2002, which is the first year of the next fiscal biennium, are contingent on future appropriations.

The bill allows school districts to use state school bus subsidies to acquire buses to transport community school students

(R.C. 3317.07)

The bill specifically permits school districts to use state school bus subsidies to acquire school buses with which to transport community school students. The amount of the state subsidies paid to school districts that do so must be 100% of the school districts' "net costs" (the same requirement specified in current law for districts using state subsidies to purchase buses to transport disabled children or nonpublic school students). Under current law, districts may only use state subsidies to obtain buses to transport district students and nonpublic school students.

The obligation to transport community school students to and from school rests with the school districts. Current law requires school districts to provide transportation to and from school to their resident students who enroll in community schools "on the same basis" that they provide transportation to students of the district's schools.[7] For example, if a school district elects to transport students to and from its own high schools, it must provide transportation to other resident students who enroll in high school at a community school and live the same minimum distance from school as the students transported to the district's high schools.

The bill allows school districts to use state school bus subsidies to acquire buses by lease or lease-purchase

(R.C. 3317.024(E), 3317.07, and 3327.08)

Current law allows school districts to use state school bus subsidies only for the *purchase* of school buses. The bill allows school districts also to obtain them through lease or lease-purchase arrangements, as allowed by current law for school

[7] *R.C. § 3314.09, not in the bill.*

district acquisition of other motor vehicles.[8] It maintains the requirement for competitive bidding for school bus acquisition.[9]

Additional appropriation for school bus subsidies

(Secs. 4 and 4.11 of H.B. 282, amended by Sections 3, 4, 7, and 8 of the bill)

The bill appropriates an additional $5 million from the General Revenue Fund for state school bus subsidies to school districts in FY 2001. Districts may use the additional money to acquire school buses to transport community school students.

HISTORY

ACTION	DATE	JOURNAL ENTRY
Introduced	06-29-00	p. 1945

S0314-I.123/jc

[8] *R.C. § 3313.172, not in the bill.*

[9] *R.C. § 3313.46, not in the bill.*