Bill Analysis

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H.B. 205

124th General Assembly
(As Introduced)

Reps. Williams, Grendell, Goodman, Faber, Gilb, Flowers, Schaffer, Seitz, Brinkman

BILL SUMMARY

- Exempts "effective" school districts from the requirement to establish a textbook and instructional materials fund and a capital and maintenance fund and to annually deposit a specified amount into each fund.

CONTENT AND OPERATION

Background

School district set-asides for textbooks and maintenance

Continuing law requires the board of education of each city, local, exempted village, and joint vocational school district to establish a textbook and instructional materials fund and a capital and maintenance fund, each to consist of a certain annual set-aside of the district's revenues. Beginning July 1, 2001, the mandatory annual deposit into each of the funds will be 3% of the state base cost formula amount for the preceding fiscal year, times the number of students in the district's student population during the preceding fiscal year. (The statute defines "student population" as the average, daily, full-time-equivalent number of school-aged students during the first full school week in October who receive any educational services from the district, including students from other districts attending under open enrollment, a compact, or tuition payment.)

There are two circumstances in which a district's annual deposit into either fund may be an amount other than the 3% calculation specified in statute. First, the Auditor of State may impose a different percentage than 3% that must be deposited. Second, any school district may annually elect to comply with the set-aside amounts in effect for either fund prior to July 1, 2001, instead of the amounts required after that date. If a district chooses this option, the district is required to deposit 3% of its "qualifying revenues" into the appropriate fund. "Qualifying revenues" generally consist of the state funds a district receives for regular (nonspecial education or vocational) students plus general fund revenue from property and school district income taxes.[1]

School district performance ratings

Under continuing law, the Department of Education issues an academic rating for each school district every three years based upon the percentage of specific performance indicators met by the district. There are currently 27 performance indicators, which consist of the district's graduation and attendance rates, and specified passage rates on each of the statewide proficiency tests (ranging from a 60% passage rate on the 12th grade tests to an 85% passage rate for 10th graders on the 9th grade tests). School districts receive a rating of effective, continuous improvement, academic watch, or academic emergency. Districts that meet at least 94% of the indicators are deemed "effective" and receive the highest possible rating from the Department.[2]

The bill

(R.C. 3302.06)

The bill exempts school districts that have been declared "effective" from the requirement to establish a textbook and instructional materials fund and a capital and maintenance fund and to make annual deposits into those funds. Since the Department of Education issues district performance ratings only *triennially*, "effective" districts need not maintain those funds or deposit any money into them for at least three years. If a district receives a lower performance rating in the future, however, the district must resume annual deposits in the required amounts into textbook and maintenance funds.

For "effective" districts that do not wish to take advantage of the exemption, the bill clarifies that such districts are not prohibited from choosing to comply with any of the fund requirements in continuing law. An "effective" district, for example, may choose to retain its capital and maintenance fund but make smaller deposits into the fund each year than is required for districts not deemed "effective."

[1] *R.C. 3315.17, 3315.18, and 3315.19, none in the bill.*

[2] *R.C. 3302.02 and 3302.03, neither section in the bill.*

HISTORY

ACTION	DATE	JOURNAL ENTRY
Introduced	04-05-01	p. 297

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