



Jim Kelly

## *Bill Analysis*

*Legislative Service Commission*

### **S.B. 82**

124th General Assembly  
(As Introduced)

**Sens. Ryan, Shoemaker, R.L. Gardner, Fingerhut, Furney, Herington, Brady, Prentiss**

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#### **BILL SUMMARY**

- Requires the Department of Education to adjust the formula ADM of a school district whenever a community school student is found to have been excluded from the district's October formula ADM, and then recalculate the district's state funding based on that adjustment.
- Specifies that a community school student must be counted in the formula ADM of a school district for the same proportion of the school year that the student is counted in the enrollment of the community school.
- Permits the State Board of Education to distinguish methods and timelines for community schools to report data to the state through the Education Management Information System (EMIS).
- Designates the financial officer of each community school as the individual responsible for reporting the school's data through EMIS, and authorizes the state Superintendent of Public Instruction to impose a \$100 civil penalty (after an opportunity for a hearing) on that officer for failing to report or for reporting erroneous data.

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#### **CONTENT AND OPERATION**

##### **Background on community schools**

Community schools, popularly called "charter schools," are public schools that operate independently of any school district. They receive state funding for their base costs and their costs 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. This arrangement is commonly referred to as state funding "following" students to community schools.

**The bill requires adjustments to district formula ADMs when community school students omitted**

(R.C. 3317.03(F)(3))

For state funding purposes, each school district's enrollment (formally called the "formula ADM") is measured as the average daily number of students attending school during the first full school week in October. To this count is added (among other categories of students) those students who are legally entitled to attend school in the district but who instead enroll in community schools. This arrangement allows the school district (in most cases) to be credited with the state funding generated by those students before the money is transferred to the community schools. But if a community school opens after the first full week of October, the students presumably are not counted in any school district's formula ADM, while the community school's funding nevertheless is deducted from school districts.<sup>1</sup> In such a scenario, school districts would experience a net loss of state funds because their formula ADMs do not include the community school students, and the districts are never credited with the state funds generated by those students to offset the transfer.

The bill addresses this scenario by directing the Department of Education to adjust the formula ADM of any school district whenever a community school student has been excluded from the appropriate school district's formula ADM by adding the student. After adjusting the formula ADM to include the student, the Department then must recalculate the district's state funds for the entire fiscal year based on that adjustment. The bill specifies that this requirement applies regardless of whether the student was enrolled in the community school during the first full week of October, when the district's formula ADM was counted.

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<sup>1</sup> Specifically, R.C. 3317.03(E) allows a school district to count only those students who are actually "enrolled" in a school. If a community school delays its opening until after the first full week of October, the student technically is not "enrolled" during that week.

**The bill requires community school students be counted in district formula ADMs for the same proportion of the school year**

(R.C. 3317.03(C)(2))

The bill further specifies that a community school student is to be counted in the formula ADM of a school district "for the same proportion of the school year that the student is counted in the enrollment of the community school."

Current law, not changed by the bill, requires the Department of Education to prorate state funding to a community school when a student is enrolled for less than a full school year.<sup>2</sup>

**Community school compliance with EMIS**

(R.C. 3314.03(A)(11)(d) and 3314.17)

While community schools are exempt from most state laws that apply to school districts, there are some laws with which they must comply, such as building and safety requirements and state proficiency testing. Another state requirement with which they must comply is the state's Education Management Information System (EMIS), under which school districts report data to the state. Current law states that each community school must comply with EMIS "as if it were a school district."

The bill retains the requirement to comply with EMIS, but specifies how community schools are to comply and permits the State Board of Education to tailor the system to community schools' circumstances. First, it permits the State Board of Education to distinguish methods and timelines for community schools to annually report their data. These methods and timelines must be appropriate to the academic schedules and financing of community schools. They cannot, however, modify the actual data that is to be reported under EMIS.

Second, the bill designates the financial officer of each community school as the individual responsible for reporting the school's data through EMIS.<sup>3</sup> It makes that officer liable to a \$100 civil penalty for:

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<sup>2</sup> R.C. 3314.08(L), not in the bill.

<sup>3</sup> R.C. 3314.011, which the bill rennumbers as R.C. 3314.16, requires each community school to designate a financial officer. The Auditor of State may require each financial officer to post a bond conditioned on the faithful performance of all duties required of the officer.

- (1) Willfully failing to report data in any one year ;
- (2) Willfully reporting erroneous, inaccurate, or incomplete data in any one year; or
- (3) Negligently reporting erroneous, inaccurate, or incomplete data in the current *and* a previous year.

The penalty may be imposed by the state Superintendent of Public Instruction, but only after affording the officer with notice and an opportunity for a hearing under the state Administrative Procedure Act (*i.e.*, R.C. Chapter 119.). The bill specifies that this new authority to impose a civil penalty does not preclude the State Board of Education from also exercising its pre-existing authority to suspend or revoke the license of a community school employee who willfully reports erroneous, inaccurate, or incomplete data to EMIS.<sup>4</sup>

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## HISTORY

ACTION	DATE	JOURNAL ENTRY
Introduced	3-28-01	pp. 255-256

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<sup>4</sup> R.C. 3301.0714(N), not in the bill.