



Ohio Legislative Service Commission

Bill Analysis

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H.B. 268

128th General Assembly
(As Introduced)

Reps. Driehaus, Foley, Fende, Skindell, Belcher, Newcomb, Boyd, Heard, Garland, Harris, Bolon, Slesnick

BILL SUMMARY

- Reduces by \$700 the fiscal year 2010 and 2011 per pupil base-cost payments to community schools in academic watch or academic emergency.
- Uses the reduction to finance (1) supplemental Auxiliary Services payments for chartered nonpublic school students and (2) supplemental administrative cost reimbursement payments to chartered nonpublic schools.
- Makes an appropriation.

CONTENT AND OPERATION

Reduction of community school payments

(R.C. 3314.088(C))

Under current law, not changed by the bill, students who attend community schools (public charter schools) are counted in the average daily membership (ADM) of their resident school districts so that the districts are credited with state operating funds attributable to those students. Then, specified per pupil amounts for those students are deducted from a resident district's state aid account and paid to the community school each student attends. The new funding system for school districts, recently enacted in Am. Sub. H.B. 1 of the 128th General Assembly, does not actually compute per pupil amounts for each student in a district's ADM, as the former funding system did. But for fiscal years 2010 and 2011, H.B. 1 prescribes the following per pupil amounts to be used for community school payments and corresponding school district deductions: \$5,718

for fiscal year 2010 and \$5,703 for fiscal year 2011. Each amount represents a reduction of about 0.25% from the previous fiscal year.¹

The bill reduces by \$700 the per pupil base-cost payments in fiscal year 2010 or 2011 for community schools that are rated as academic watch or academic emergency. Accordingly, the per pupil amount payable to an applicable community school under the bill is \$5,018 for fiscal year 2010 and \$5,003 for fiscal year 2011. These reductions are triggered by a school's performance rating on its state report card issued for the previous school year. For example, a reduction of a school's payment for fiscal year 2010 (the 2009-2010 school year) would be based on the rating published in August 2009, which reflects the school's performance for the 2008-2009 school year.

However, it appears that the bill affects only community schools that are in academic watch or academic emergency and are in at least their fourth year of operation. That is, a community school's payments likely would not be reduced until after a report card has been issued for the school's third year of operation. That is because recent amendments by H.B. 1, which this bill does not change, provide that laws prescribing consequences for community schools based on report card ratings may not be applied to a school based on its rating for the first two years of operation.²

The amount deducted from a school district's account for each community school student remains the same as under current law. Thus, the bill creates a \$700 difference between the per pupil amount deducted from a student's resident school district and the per pupil amount actually paid to an academic watch or academic emergency community school. The bill requires the Department of Education to transfer that difference into the Auxiliary Services and Administrative Cost Supplement Fund, which the bill creates.

¹ H.B. 1 establishes the same arrangement for transfer payments to independent STEM schools. For special education and vocational education, deductions and payments are computed by multiplying the respective fiscal year 2009 weight times the fiscal year 2009 formula amount of \$5,732. Per pupil deductions and payments for base funding supplements, poverty-based assistance, and parity aid also are based on fiscal year 2009 amounts.

² R.C. 3314.012, as amended by H.B. 1, effective October 16, 2009 (not in the bill). Those amendments also eliminate prior law that prohibited the Department of Education from issuing report cards for community schools for their first two years of operation, but since the amendments are not effective until October 2009, any such schools likely will not have a report card issued until August 2010.

Supplemental Auxiliary Services and administrative cost payments

(Sections 3, 4, and 5)

The bill creates in the state treasury the Auxiliary Services and Administrative Cost Supplement Fund, to consist of the aggregate difference between the per pupil deductions and payments for students attending community schools in academic watch and academic emergency in fiscal years 2010 and 2011. Money in the fund must be used to make supplemental payments for students enrolled in chartered nonpublic schools for both Auxiliary Services and administrative cost reimbursement.

Specifically, the bill earmarks up to \$23,382,321, in fiscal year 2010, and up to \$23,043,817, in fiscal year 2011, for supplemental Auxiliary Services payments to school districts. The districts must use those payments to purchase goods and services for students enrolled in chartered nonpublic schools, just as they must use regular Auxiliary Services funds paid to them under current law.

It also earmarks up to \$10,603,611, in fiscal year 2010, and up to \$10,450,103, in fiscal year 2011, for supplemental administrative cost reimbursement payments to chartered nonpublic schools. Nonpublic schools must use those payments to defray some of the cost of record-keeping and other administrative mandates imposed on them by state or federal law or local regulations, just as they must use regular administrative cost reimbursements they receive under current law. However, the total amount of reimbursement payments to each chartered nonpublic school, both regular and supplemental payments combined, may not exceed the \$325 per pupil limit prescribed by current law.³

Background

A chartered nonpublic school is a private school that has been issued a charter by the State Board of Education. In return for abiding by certain chartering standards, a nonpublic school's students are entitled to some goods and services purchased with state Auxiliary Services funds by the school district in which the school is located. Auxiliary Services funds may be used to purchase such things as secular books, instructional materials, computers, diagnostic services, special education, gifted education, remedial services, and counseling.⁴ In addition, each chartered nonpublic school may receive direct reimbursement of some of its administrative costs. Reimbursable administrative costs include, among other things, the preparation, filing,

³ The \$325 per pupil limit is established by R.C. 3317.063, as amended by H.B. 1, effective July 17, 2009 (not in the bill).

⁴ R.C. 3317.06, not in the bill.

and maintenance of records for charter approval, student attendance and transfer, student health, transportation, federal grants, standardized testing, and educator licensure.⁵

H.B. 1 appropriated and earmarked for each of fiscal years 2010 and 2011 \$111,979,388 for Auxiliary Services and \$50,838,939 for administrative cost reimbursement. The supplemental payments prescribed by the bill are in addition to these regular payments.

HISTORY

ACTION	DATE
Introduced	08-18-09

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⁵ R.C. 3317.063, not in the bill.

