



# Ohio Legislative Service Commission

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## Bill Analysis

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### **Sub. H.B. 228**

130th General Assembly  
(LSC 130 0927-1)

Rep. Brenner

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### **BILL SUMMARY**

- For fiscal year 2016, and for each fiscal year thereafter, requires that each school district receive, at a minimum, a per-pupil amount of state operating funding that is equal to the greater of \$1,000 or the per-pupil amount computed for the district for fiscal year 2013.
  - For fiscal year 2016, and for each fiscal year thereafter, requires that the Department increase any limitation that the General Assembly may have enacted for the current fiscal year on the growth of a school district's aggregate state operating funding from the previous fiscal year to permit twice as much growth of the aggregate operating funding for each district with a 3% growth in enrollment compared to the previous fiscal year.
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### **CONTENT AND OPERATION**

#### **Minimum amount of state operating funding for school districts**

For fiscal year 2016, and for each fiscal year thereafter, the bill requires that each city, local, exempted village, and joint vocational school district receive, at a minimum, a per-pupil amount of state operating funding that is equal to the greater of \$1,000 or the per-pupil amount computed for the district for fiscal year 2013. If the amount computed for a district under the statutory formulas for state core foundation funding and transportation funding (see "**Background**," below) for those fiscal years divided by the number of students currently enrolled is less than the minimum per-pupil amount, the Department of Education must make an additional payment to the district that is equal to the difference times the district's current enrollment.

The Department must make this payment even if any provision of law enacted by the General Assembly, including any provision of the bill (see "**Maximum amount of state operating funding for school districts**," below), imposes a limitation on the growth of a school district's aggregate operating funding from one fiscal year to the next.<sup>1</sup> For an example of such a limitation, see "**Background: Payment caps and guarantees**," below.

## **Maximum amount of state operating funding for school districts**

For fiscal year 2016, and for each fiscal year thereafter, if a limitation for the current fiscal year on the growth of a city, local, exempted village, or joint vocational school district's aggregate state operating funding from the previous fiscal year has been enacted by the General Assembly, the bill requires that the Department increase the limitation for each district that experiences at least a 3% growth in enrollment compared to the previous fiscal year. This increase must permit *twice* as much growth of the district's aggregate operating funding in comparison to the previous fiscal year.<sup>2</sup> For an example of the limitation that the General Assembly has enacted for fiscal years 2014 and 2015, see "**Background: Payment caps and guarantees**," below.

## **Background**

The biennial budget act for fiscal years 2014 and 2015 (Am. Sub. H.B. 59 of the 130th General Assembly) created a new system of financing for school districts and other public entities that provide primary and secondary education. Under this new system, each school district receives an aggregate amount of core foundation funding and transportation funding which is then adjusted by the Department to cap the district's increase in funding and provide a guaranteed amount of state aid.

### **Core foundation funding**

#### **City, local, and exempted village school districts**

A city, local, or exempted village school district's core foundation funding is the sum of the following:

(1) An opportunity grant that is equal to the formula amount (\$5,745, for fiscal year 2014, and \$5,800, for fiscal year 2015) times the sum of the district's formula ADM and the district's preschool scholarship ADM times the district's state share index.

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<sup>1</sup> R.C. 3317.018(A) and 3317.019(A).

<sup>2</sup> R.C. 3317.018(B) and 3317.019(B).



A district's ADM is its average daily membership, which for fiscal year 2014 is the full-time equivalent number of students counted and certified annually by a school district that is used by the Department of Education to compute the district's formula ADM. Beginning in fiscal year 2015, a district is required to report its enrollment three times during a school year, and the Department must use the reported enrollment to calculate a district's formula ADM.<sup>3</sup>

A district's preschool scholarship ADM is the number of preschool children receiving a scholarship to attend an alternative provider under the Autism Scholarship Program.<sup>4</sup>

A district's state share index is an index that depends on valuation and, for districts with relatively low median income, on median income. This index is adjusted for school districts where 30% or more of the potential taxable valuation is exempted from taxation, which reduces the qualifying districts' three-year property valuation in the formula and, thereby, increases their calculated core funding.<sup>5</sup> It also applies to the calculation of special education funds, kindergarten through third grade literacy funds, limited English proficiency funds, and career-technical education funds.

(2) Targeted assistance funding based on a district's property value and income;

(3) Targeted assistance supplemental funding based on a district's percentage of agricultural property;

(4) A specific amount for each of six categories of disabilities for special education and related services;

(5) Kindergarten through third grade literacy funds;

(6) Economically disadvantaged funds;

(7) A specific amount for each of three limited English proficiency categories;

(8) Gifted identification funds;

(9) Gifted unit funding;

(10) A specific amount for each of five career-technical education categories;

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<sup>3</sup> R.C. 3317.02 and 3317.03, neither in the bill.

<sup>4</sup> R.C. 3317.02.

<sup>5</sup> R.C. 3317.017, not in the bill.

(11) Career-technical education "associated services" funds.<sup>6</sup>

### **Joint vocational school districts**

A joint vocational school district's core foundation funding is the sum of the following:

(1) An opportunity grant based on a district's valuation calculated under the following formula:

(The formula amount X the district's formula ADM) – (0.0005 (½ mill) X the district's three-year average valuation)

A joint vocational school district's state share percentage, which applies to the calculation of special education funds, limited English proficiency funds, and career-technical education funds, is equal to the opportunity grant divided by the product of the formula amount and the district's formula ADM.

(2) A specific amount for each of six categories of disabilities for special education and related services;

(3) Economically disadvantaged funds;

(4) A specific amount for each of three limited English proficiency categories;

(5) A specific amount for each of five career-technical education categories;

(6) Career-technical education associated services funds.<sup>7</sup>

### **Transportation funding**

For fiscal years 2014 and 2015, the Department must pay each city, local, and exempted village school district a pro rata portion of the transportation payment calculated for the district (which is based on the greater of per rider or per mile costs). Additionally, the Department must pay a transportation supplement to low-wealth and low-rider density school districts that is equal to the difference between the district's unrestricted pupil transportation formula amount and the prorated amount.<sup>8</sup>

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<sup>6</sup> R.C. 3317.022, not in the bill.

<sup>7</sup> R.C. 3317.16, not in the bill.

<sup>8</sup> R.C. 3317.0212, not in the bill.



## Payment caps and guarantees

For fiscal years 2014 and 2015, the Department must adjust each city, local, and exempted village school district's aggregate amount of core foundation funding and transportation funding by imposing a cap that restricts the increase in the aggregate amount of funding over the previous year's state aid to no more than 6.25% (for fiscal year 2014) or 10.5% (for fiscal year 2015) over the previous year's state aid. The Department must further adjust each district's capped funding to guarantee that it receives at least the amount of state aid that is received in fiscal year 2013.<sup>9</sup>

Similarly, for fiscal years 2014 and 2015, the Department must adjust each joint vocational school district's aggregate amount of core foundation funding by imposing a cap that restricts the increase in the aggregate amount of funding over the previous year's state aid to no more than 6.25% (for fiscal year 2014) or 10.5% (for fiscal year 2015) over the previous year's state aid. The Department also must further adjust each district's capped funding to guarantee that it receives at least the amount of state aid that it received in fiscal year 2013.<sup>10</sup>

## Further information

A more detailed description of the new school funding formula is available in the following documents:

- The final analysis of Am. Sub. H.B. 59 of the 130th General Assembly;
- The LSC Greenbook for the Department of Education;
- The LSC Comparison Document of the act.

All three of these documents are published on the LSC website at [www.lsc.state.oh.us/](http://www.lsc.state.oh.us/). Click on "Budget Bills and Related Documents," then on "Main Operating," and then on "Bill Analysis," "Greenbooks," or "Comparison Document."

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## HISTORY

ACTION	DATE
Introduced	07-02-13

H0228 (LSC 0927-1)-130.docx/emr

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<sup>9</sup> Section 263.240 of Am. Sub. H.B. 59 of the 130th General Assembly.

<sup>10</sup> Section 263.250 of Am. Sub. H.B. 59 of the 130th General Assembly.

