



Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: [H.B. 21 of the 129th G.A.](#)

Date: January 31, 2011

Status: As Introduced

Sponsor: Rep. Combs

Local Impact Statement Procedure Required: Yes

Contents: Creates an exception to the moratorium on new e-schools and requires the use of student value-added performance data in evaluating teachers and principals

State Fiscal Highlights

- No significant fiscal impact on the state.

Local Fiscal Highlights

- If the bill's exception to the e-school moratorium results in more e-school students, the bill may lead to a decrease in state revenues for school districts; this may also result in a decrease in expenditures if the district is currently educating these students.

Detailed Fiscal Analysis

Exception to e-school moratorium

The bill creates an exception to the existing moratorium on new e-schools. Under the bill, an entity may sponsor a new e-school for each community school sponsored by the entity that, on or after September 1, 2010, is rated in need of continuous improvement or above on the annual school building report cards. In FY 2010, 145 community schools met this criterion. This provision may result in more e-schools being opened, which in turn, may result in more students choosing to attend e-schools.

If a student leaves a traditional school district school to attend an e-school, the district's revenues and expenditures may both be affected. Under the state funding formula, the student will continue to be counted in the average daily membership¹ (ADM) of the district for funding purposes. Funding for the student, however, will be deducted from the district's calculated state funding allocation and will "follow" the student to the community school. In FY 2011, the base amount deducted for each e-school student is \$5,703.² School district expenditures may decrease, since the district will no longer be responsible for educating the student.

If a student leaves a nonpublic school to attend an e-school, the district will likely not be able to decrease expenditures, since the district was not educating the student. On the revenue side, the district's ADM will increase; causing an increase in its state funding allocation, and it will have funding deducted as described above. The state's expenditures may increase under this scenario, because the student will now be counted in statewide ADM, whereas the student was not counted when attending a nonpublic school.

The effects on school district revenues and state expenditures are complicated by provisions of the school funding formula that provide districts with a certain level of funding, either through a guarantee or a cap, that is not dependent on the districts' ADMs. Districts on the guarantee or under the cap may not see an increase in their state funding allocation when their ADM increases, although they will still receive a deduction for each community school student. In FY 2011, approximately 575 (94.0%) of the districts are either on the guarantee or under the cap.

¹ ADM is the measure the state uses for the number of students residing in each district.

² Base funding supplements totaling \$50.91 are also deducted for each student plus additional funding if the student receives special education.

Teacher and principal licensure

The bill modifies the qualifications for new teacher licenses and principal licenses, primarily by adding a value-added measure of student performance. These modifications are not likely to significantly increase costs for the Department of Education.

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