



Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: [Sub. H.B. 487 of the 130th G.A.](#)

Date: April 11, 2014

Status: As Passed by the House

Sponsor: Rep. Brenner

Local Impact Statement Procedure Required: Yes

Contents: Modifies law related to primary and secondary education

State Fiscal Highlights

Tax credit for volunteers providing safety and security services for schools

- The bill creates a nonrefundable personal income tax credit of up to \$500 per year for volunteers providing safety and security services for schools. If each of the approximately 4,250 schools in Ohio were to secure a volunteer, the loss in personal income tax revenue would be about \$2.1 million per year.

Post Secondary Enrollment Options replaced by College Credit Plus

- The bill renames the Post Secondary Enrollment Options Program (PSEO) as the College Credit Plus Program (CCP) and makes numerous changes to the program that will go into effect for the 2015-2016 school year.
- In FY 2013, payments to colleges under PSEO totaled about \$28.5 million. For public school students, these payments are made through a transfer of school district state aid. For nonpublic students, these payments are made directly by the state, subject to an appropriation.
- The bill's changes to the payment structure may decrease the per credit hour payments received by colleges and universities in some cases.
- The bill makes students enrolled under CCP eligible for state share of instruction (SSI) subsidies, which could change the distribution of SSI to colleges and universities.
- The bill may lead to an increase in costs for public colleges, the Ohio Board of Regents, and the Ohio Department of Education (ODE) due to additional administrative requirements.

EdChoice eligibility

- The bill makes students residing in the Cleveland Municipal School District eligible for the Educational Choice Scholarship Pilot Program ("EdChoice") under certain circumstances. This may increase state expenditures for the income-based EdChoice scholarship that is funded directly by the state.

Graduation requirements for chartered nonpublic schools

- Under the bill, any chartered nonpublic school may forgo the administration of end-of-course exams, which are paid for by the state. Thus, the bill may reduce ODE's assessment system costs, if nonpublic schools choose to forgo the exams.

Solvency Assistance Fund debt forgiveness

- If any districts take advantage of the bill's provision allowing the net amount of solvency assistance owed by a school district that transfers its entire territory to another district to be cancelled, the Solvency Assistance Fund (Fund 5H30) will experience a decrease in revenue. The Director of Budget and Management may transfer cash from the GRF to offset this decrease.

Local Fiscal Highlights

Post Secondary Enrollment Options replaced by College Credit Plus

- In FY 2013, payments to colleges under PSEO totaled about \$28.5 million. For public school students, these payments are made through a transfer of school district state aid.
- Currently, school districts may have dual enrollment agreements with colleges that are similar to PSEO, but outside of the PSEO payment structure. The bill largely eliminates these outside agreements, incorporating all similar agreements within the CCP structure.
- The bill's changes to the payment structure may decrease the per credit hour payments deducted from district state aid in some cases.
- The bill extends CCP eligibility to students in grades 7-8, potentially resulting in additional CCP participants and thus, an increase in deductions of school district state aid to pay colleges.
- The bill may lead to an increase in costs for school districts due to additional administrative requirements.

EdChoice eligibility

- The bill expands eligibility for EdChoice. If, as a result, more scholarships are awarded, deductions of school district state aid will increase. Districts may also experience a decrease in expenditures due to educating fewer students.

Solvency Assistance Fund debt forgiveness

- Under the bill, if certain conditions are met, a school district that acquires another school district that has received, but not completely repaid, a solvency assistance advance will not absorb the net amount owed by the transferring district. As a result, this district's expenditures will be lower under the bill than otherwise.

Detailed Fiscal Analysis

The bill makes many changes to the laws governing primary and secondary education. Provisions in the bill with a fiscal effect are discussed below.

Post Secondary Enrollment Options replaced with College Credit Plus

Overview

The Post Secondary Enrollment Options Program (PSEO) permits students to take courses for both college and high school credit while in high school. Under the program, students may take the course free of charge and have the college reimbursed for the costs associated with the course. PSEO payments to colleges for public high school students are deducted from the state aid of the educating school district or school. Such payments for nonpublic and home-instructed students are made from set-asides of certain GRF appropriations. According to Ohio Department of Education (ODE) data, 14,860 public school and 1,202 nonpublic school students participated in PSEO statewide in the 2011-2012 school year, the latest data readily available.¹

The bill renames PSEO as the College Credit Plus Program (CCP) and makes numerous changes to the program. Many of the bill's changes reflect recommendations made by the Chancellor of the Ohio Board of Regents pursuant to H.B. 59 of the 130th General Assembly. Most notably from a fiscal perspective, these changes involve (1) the formula for payments to colleges, (2) CCP's elimination of other dual enrollment agreements similar to PSEO, (3) the extension of eligibility to students in grades 7-8, (4) permitting a public college to include a student enrolled under CCP in its "state share of instruction" count for state higher education subsidies, and (5) additional program requirements for public colleges and high schools. The net effect of these changes on the overall amount paid to colleges through deductions of school district state aid and expenditure of dedicated state funds is unclear, as the bill contains changes that have the effect of both decreasing and increasing aggregate payment amounts. These provisions are discussed in more detail below. Under the bill, CCP will not begin operation until the 2015-2016 school year. Until then, PSEO will continue to operate in its current form.

Payment formula

Current law

Under current law, colleges are paid based on the lesser of (1) the actual cost of tuition, textbooks, materials, and fees that the student otherwise would have been responsible for or (2) an amount based on the tuition base (equal to the formula amount), the full-time equivalency percentage of the student, and the percentage of

¹ H.B. 59 of the 130th General Assembly expanded the program to include home-instructed students beginning with the current 2013-2014 school year.

time during the school day that the student spends at the college. In practice, the amount paid depends on the number of Carnegie units the high school permits a student to earn per year.² One Carnegie unit is equal to one five-credit hour semester class. If a full-time student may earn six Carnegie units per year, then the amount paid for a five-credit hour course under PSEO is one-sixth of the tuition base, or about \$967 in FY 2015 based on the formula amount of \$5,800 ($\$5,800 \times (1/6)$). This translates to about \$193 per credit hour ($\$967 \div 5$). If a full-time student may earn seven Carnegie units per year, then the amount paid per credit hour is somewhat smaller. In this case, the amount paid for a five-credit hour course is one-seventh of the tuition base, or about \$829, which translates to about \$166 per credit hour. Current law permits the Superintendent of Public Instruction and the Chancellor to adopt rules permitting schools to enter into alternative PSEO funding agreements with colleges. However, since the Ohio Department of Education (ODE) is unaware of any such agreement being requested, the rules have yet to be adopted.

Changes made by the bill

In general, the bill requires the CCP payments made by ODE to be based on the number of credit hours in which a student is enrolled during the previous term. Further, unless an agreement specifying an alternative payment structure is entered into by the high school and the college, which the bill permits under certain conditions, ODE must pay the college the following default per credit hour amounts:

- The default ceiling amount for a student enrolled in a college course delivered on the college campus, at another location operated by the college, or online. This amount is calculated as 83% of the formula amount divided by either 30 or 45, depending on whether the college operates on a semester or quarter schedule, respectively. Using the FY 2015 formula amount of \$5,800, this calculates to about \$160 for each semester credit hour ($\$5,800 \times 0.83 = \$4,814$; $\$4,814 \div 30 = \160.47 per credit hour) and about \$107 for each quarter credit hour.
- 50% of the default ceiling amount, for a student enrolled in a college course delivered at the student's high school but taught by college faculty.
- The default floor amount, defined as 25% of the default ceiling amount, for a participant enrolled in a college course delivered at the student's high school and taught by a high school teacher who has met the established credential requirements.
- For a home-instructed student enrolled in a public or private college, ODE must pay the college the default ceiling amount for each completed credit hour when the student is enrolled in a college course delivered on the college campus, at another location operated by the college, or online.

² A Carnegie unit is the basic unit of credit used to meet high school graduation requirements. Typically, one Carnegie unit is awarded for courses scheduled for 120 instructional hours.

Because the full formula amount will no longer be the basis of the payments, payment amounts to colleges may decrease. For example, instead of being paid \$967 for a five-credit hour semester class, as in the example above, a college would be paid about \$802 under the bill for a course delivered on a college campus (\$160.47 per credit hour x 5 credit hours = \$802.35). The amount would be less for a course delivered at the student's high school. The amount of any decrease will vary by school district and community school, as it will depend on the maximum number of Carnegie units currently allowed by each school and the format and location in which students receive instruction through the program. On the other hand, the bill makes a public or nonpublic secondary school responsible for paying the cost of textbooks for participants enrolled in a public college. These costs are currently paid by a college receiving reimbursement under PSEO. Ultimately, the result of these changes is likely to be a shift in a portion of the cost of educating such students to the colleges in which they enroll. Note that the bill's change from an annual payment schedule to a semiannual schedule will artificially inflate the total amount of the payments made in FY 2016. Statewide, payments to colleges totaled \$28.5 million for students attending college under PSEO in the 2012-2013 school year. For additional details concerning PSEO payments, please see the **Appendix** below.

Elimination of other dual enrollment agreements

While PSEO is one dual enrollment option for high school students, current law also permits a school district or a participating nonpublic school to enter into an agreement with a college or university to establish a similar dual enrollment program. These agreements do not carry the same payment amount requirements and prohibitions on student charges as PSEO. Also, school districts make payments directly to the college under these agreements rather than through the deduction and transfer mechanism of PSEO. Some school districts may currently pay less per credit hour under these alternative dual enrollment agreements than under PSEO, or potentially nothing at all if, for example, the student or parent is responsible for the entire cost of tuition negotiated between the district or school and the college. LSC is unaware of any comprehensive source of data concerning these arrangements that indicates how prevalent they are or what payment rates are commonly negotiated.

The bill eliminates the authority for schools and colleges to enter into these agreements and instead states that, in general, CCP will govern arrangements in which a secondary grade student enrolls in a college and, upon successful completion of coursework taken under the program, receives transcribed credit from the college.³ The bill permits a high school and a college to enter into an agreement establishing an

³ The bill grants exceptions for (1) an agreement governing an early college high school program that meets certain exemption criteria, (2) an advanced placement course or international baccalaureate diploma course, and (3) until July 1, 2016, an approved career-technical education program that grants articulated credit to students.

alternative payment structure for tuition, textbooks, and fees. However, the payments made under these agreements must be distributed through the state, either through the method of deducting and transferring school district state aid or disbursement of dedicated state funds for nonpublic or home-instructed students. In general, the payments made for each student by ODE under such an agreement cannot exceed the default ceiling amount but may be less than the default floor amount. The effect of this change is an increase in deductions of school district state aid for districts that are currently participating in other dual enrollment agreements. However, direct expenditures made by these school districts will decrease. The net effect on a school district will depend on the difference, if any, in rates paid under the current agreements and the rates paid under CCP or an alternative payment structure.

Student eligibility

Under current law, public and nonpublic school students are eligible to participate in PSEO if they are enrolled in grades 9-12, or are in the equivalent of those grades if instructed at home. The bill extends CCP eligibility to public and nonpublic school students in grades 7-8 and home-instructed students in the equivalent of those grades as long as a student meets the applicable eligibility criteria required of secondary students for participation. Extending eligibility may result in additional participants in the program. If so, the effect of this provision is an increase in deductions of school district state aid and expenditures of dedicated state funds to pay colleges. Because of this change, the bill also requires each public and participating nonpublic school to provide information and counseling services about CCP to all students enrolled in grades 6-11, instead of grades 8-11 as under current law. This provision may increase the administrative burden of school districts and community schools.

State share of instruction count

Though public colleges may receive less from payments of school district state aid and state funds set aside specifically for CCP, the bill makes students enrolled under CCP eligible for state share of instruction (SSI) subsidies. A public college's "state share of instruction" is the main subsidy that is paid by the state toward the instructional operating cost of the institution. Note that an increase in the number of students eligible for the SSI subsidy formula could result in a small decrease in the amount of subsidy funding per student, depending on the amount appropriated.

Program requirements

The bill revises various requirements associated with the program. For instance, the bill requires all public colleges, with the exception of the Northeast Ohio Medical University, to participate in CCP. While all such colleges currently participate, they are not required to do so under current law. The bill also makes changes to the information provided by high schools and colleges, requires public and participating nonpublic high schools and public and participating colleges to collect, report, and track specified data related to the program, and requires that CCP courses be taught by teachers meeting

credential requirements established by the Chancellor. In addition, colleges must provide high school teachers teaching CCP courses for a college with at least one professional development session per school year and conduct at least one classroom observation per school year of each course authorized by the college. These provisions, which are discussed in more detail in the LSC Bill Analysis, may lead to an increase in costs for colleges, school districts, the Ohio Board of Regents, and ODE due to additional administrative requirements.

EdChoice scholarship eligibility

The Educational Choice Scholarship Program ("EdChoice") provides scholarships to eligible students to attend participating nonpublic schools. Similarly, the Cleveland Scholarship and Tutoring Program (CSTP) provides scholarships to students who are residents of the Cleveland Municipal School District (CMSD). Under current law, CMSD residents are not eligible for EdChoice. The bill permits CMSD residents to obtain EdChoice scholarships if the number of applicants for CSTP exceeds the number of available CSTP scholarships. A student cannot be awarded a scholarship under both programs for the same school year. For the current 2013-2014 school year, there were 7,500 applicants for CSTP, but only 6,200 scholarships available.

The bill also modifies the determination of whether a school is low-performing for the purposes of the EdChoice program by adding a new qualification. Beginning in the 2016-2017 school year, students will be eligible if they are enrolled in or will be enrolling in a building that serves any of grades 9-12 and received a grade of "D" or "F" on the four-year adjusted cohort graduation rate component of the local report card for two of the three most recent report cards. As a point of reference, 135 traditional school district buildings received a grade of "D" or "F" on that component on the 2012-2013 report cards. Of these, 31 already meet one or more of the existing EdChoice program qualifications.

If more schools are considered to be low-performing under the bill or CSTP applications continue to exceed award capacity, it is likely that more students will be eligible for EdChoice. EdChoice scholarships are funded in two different ways, depending on whether students qualify under the traditional program because their resident school is low-performing or under the new expansion because their families are low income. Under continuing law, traditional EdChoice students are counted in their resident districts' ADM for funding purposes. Funding for the student, however, is deducted from the district's calculated state funding allocation and transferred to the nonpublic school. If more students participate under the traditional program criteria, deductions from qualifying school districts, including CMSD, will increase. Students receiving scholarships under the income-based expansion are not counted in their resident districts' ADM. The funding for this component is paid for directly by the state, currently through an appropriation of lottery profits. If additional CMSD students qualify under the income-based component, expenditures of lottery profits earmarked for scholarships will increase. Districts may also experience a decrease in expenditures

due to educating fewer students. The maximum EdChoice scholarship amount is \$4,250 for grades K-8 and \$5,000 for grades 9-12.

Provisions relating to assessments

Graduation requirements for chartered nonpublic schools

Under continuing law, public and chartered nonpublic school students must meet both curriculum and testing requirements in order to successfully earn a high school diploma. The College and Work Ready Assessment System that is set to replace the Ohio Graduation Tests (OGTs) as the testing requirement is comprised of a series of end-of-course exams and a nationally standardized assessment that measures college and career readiness.⁴ Currently, the 40 Ohio nonpublic schools accredited through the Independent School Association of the Central States are exempt from any end-of-course examination required under the new assessment system. The bill allows any chartered nonpublic school to forgo end-of-course examinations if that school publishes the results of the college and career readiness assessment for each graduating class. It also prohibits the State Board from imposing any additional requirements or assessments for chartered nonpublic schools to grant a diploma. The bill reiterates that ODE must furnish the PSAT administered by a nonpublic school. Under continuing law, the state furnishes the assessments comprising the OGTs and, once implemented, the College and Work Ready Assessment System to chartered nonpublic schools. Thus, this provision may reduce ODE's assessment system costs, if nonpublic schools choose to forgo the exams.

High school assessments for students in nonchartered nonpublic schools and home-instructed students

The bill permits any student enrolled in a nonchartered nonpublic school or home-instructed student to participate in the college and career readiness assessment and the end-of-course examinations under the state's new College and Work Ready Assessment System. ODE is required to adopt rules for the administration and scoring of these assessments. The cost of providing these assessments should not be significant as it will depend on the number of students choosing to participate in the assessment system, which is likely to be low.

Diagnostic assessments

The bill updates and adds consistency to requirements associated with diagnostic assessments. The changes are designed to clarify flexibility for school districts, clean up older erroneous language, exempt students with significant cognitive disabilities from testing in the same manner as the third grade reading guarantee, and allow ODE to implement the K-3 literacy measure using diagnostic data as previously required.

⁴ In 2013, ODE and BOR jointly selected the Preliminary SAT (PSAT) as the nationally standardized assessment measuring college and career readiness.

The bill should reduce the administrative costs associated with the diagnostic assessments for ODE and local school districts.

Provisions relating to career advising and career-technical education

Student career advising

The bill requires ODE to develop and post on its website model policies on career advising and student success plans by December 1, 2014. These requirements will minimally increase the administrative burden of ODE.

The bill requires school districts to adopt a policy on career advising for the 2016-2017 school year and update that policy every two years, identify students who are at risk of dropping out using a research-based method and develop a student success plan, and notify a student's parents and allow them to assist in the development of a student success plan. These requirements will increase the administrative burden on school districts.

Student career-technical education

Under current law, a school district may already provide career-technical education to seventh and eighth graders. ODE has developed and posted sample course descriptions and outlines covering grades 7-8. Beginning in the 2015-2016 school year, the bill requires districts to provide this type of education in grades 7-8 unless the district receives a waiver from ODE. As a result of this change certain school districts could see an increase in administrative expenses associated with providing career-technical education to grades 7-8. The current school funding formula provides additional funding for students enrolled in career-technical programs. In FY 2015, this funding ranges from \$1,210 to \$4,800 per full-time equivalent student depending on the type of career-technical program. If the provision results in more seventh and eighth graders enrolling in career-technical courses, state formula funding for career-technical education will increase.

Provisions relating to community schools

Sponsor confirmations

The bill prohibits ODE from making any payment of state aid to a community school opening for its first year of operation until the sponsor of that school makes certain confirmations with respect to the operations and facilities of the school. As a result, payments of state aid to new community schools may be delayed if the confirmations are not made on a timely basis.

Sponsor ratings

Under the community school sponsor evaluation system set to take effect January 1, 2015, sponsors are rated "exemplary," "effective," or "ineffective," based on three components: the academic performance of the students enrolled in the sponsored schools, adherence by the sponsor to quality practices prescribed by ODE, and

compliance with applicable laws and administrative rules. Current law requires ODE to develop and implement the system. The bill provides additional direction regarding how the evaluation system should be implemented. The fiscal effect of this provision appears to be minimal.

Sponsor approval from ODE

The bill exempts an educational service center that proposes to establish a conversion community school located in a county within the territory of the service center or in a county contiguous to such county from the requirement to obtain sponsor approval by ODE. This provision may reduce ODE's administrative burden.

Reopening of a permanently closed community school

The bill prohibits a community school that is permanently closed for poor academic performance from being reopened if various conditions indicative of the school simply reopening without significant changes in oversight, administration, teaching staff, and accountability plans are met. If a student were to leave a community school that is prevented from reopening under the bill to attend a school in the student's resident school district, the funding for the student would no longer be deducted from the resident district's state aid. Since the district would be responsible for educating the student, its expenditures may increase. Deductions for each community school student are at least \$5,745 in FY 2014 and \$5,800 in FY 2015; deductions are higher for students receiving special education, career-technical, or limited English proficient services or who are economically disadvantaged or in grades K-3.

Cleveland Transformation Alliance

Current law authorizes the mayor of Cleveland to establish a municipal school district transformation alliance (referred to as the Cleveland Transformation Alliance) as a nonprofit corporation generally responsible for confirming and monitoring compliance with a plan prepared by the mayor. Certain prospective community school sponsors must apply to the Alliance for a recommendation as well as to ODE for approval in order to sponsor community schools in CMSD. ODE must use sponsor evaluation criteria as well as the recommendation of the Alliance in determining whether certain sponsors may sponsor new schools in CMSD. The bill makes an Alliance recommendation regarding the sponsor optional rather than required as under current law. The bill also requires prospective sponsors to initially apply to ODE, who then must notify the Alliance, and requires ODE to establish a schedule by which the Alliance will recommend entities that are sponsoring community schools in CMSD as of the effective date of the bill. These provisions may increase ODE's administrative burden.

Other provisions

Volunteer law enforcement officers

The bill authorizes schools to enter into an agreement with a volunteer who is a current or retired law enforcement officer to patrol school premises for up to nine hours per week to prevent or respond to a mass casualty event. The bill provides a nonrefundable income tax credit of up to \$500 per year for the volunteer services described in the bill. It also provides immunity to a school or volunteer from civil liability for injury, death, or loss arising from the volunteer's services.

Any loss of revenue as a result of the credit will be determined by the number of such volunteers. For example, if each of the approximately 4,250 schools in Ohio were to secure a volunteer, the loss would be about \$2.1 million per year, which will mainly be incurred by the GRF.⁵ Also, the bill may increase the administrative burden of county sheriffs who must maintain a list of qualified volunteers and may decrease expenditures for schools that are able to replace paid services with volunteer services.

Solvency Assistance Fund debt forgiveness for certain consolidating school districts

Through the Solvency Assistance Fund (Fund 5H30) shared resources account, ODE provides interest-free advances to school districts in fiscal emergency to enable them to remain solvent and to pay unforeseen expenses of a temporary or emergency nature that the districts otherwise cannot pay from existing resources. The bill provides that the net amount of solvency assistance owed by a school district that transfers its entire territory to another district is cancelled, as long as certain specified conditions are satisfied. If any districts take advantage of this provision, Fund 5H30 will experience a decrease in revenue. The Director of Budget and Management may transfer cash from the GRF to offset this decrease. A school district that acquires another school district that has received, but not completely repaid, a solvency assistance advance will not absorb the net amount owed by the transferring district. As a result, this district's expenditures will be lower under the bill than otherwise.

Third grade reading guarantee for scholarship students

The bill requires any third grade student enrolled in a chartered nonpublic school with a scholarship under EdChoice or CSTP to be subject to the third grade reading guarantee. Additionally, chartered nonpublic schools that enroll students in grades K-3 and accept students under those scholarship programs must adopt policies and procedures for the annual assessment of reading. If a chartered nonpublic school opts to use the ODE-developed diagnostic assessments to assess reading skills, ODE

⁵ A percentage (1.66% each) of personal income tax revenue is deposited to the Local Government Fund (LGF) and the Public Library Fund. The provision could result in a negligible (no more than \$35,000) decrease in local government revenues from the LGF.

must furnish them to the school. There is likely only a negligible cost, at most, for ODE as a result of this provision. Such assessments are available online at the ODE website.

Report of expenditures for gifted students

Under the current school funding formula, the state provides school districts with funding for gifted identification and education. The bill requires each school district to submit a report by July 31 each year to ODE detailing its spending of these funds. This provision may increase school district administrative costs.

School Energy Conservation Program

The bill modifies school district reporting requirements under the School Energy Conservation Program, which may minimally decrease the administrative costs of certain districts.

Resident educator license renewal

The bill requires the State Board of Education to adopt rules regarding the renewal of resident educator licenses and alternative educator licenses. Current law allows the State Board to extend resident educator licenses as well as alternative educator licenses on a case-by-case basis without adopting specific rules to govern those license renewals. Under the bill, the State Board may experience a minimal administrative burden to establish the required rules concerning license renewals.

School Based Health Care Advisory Workgroup

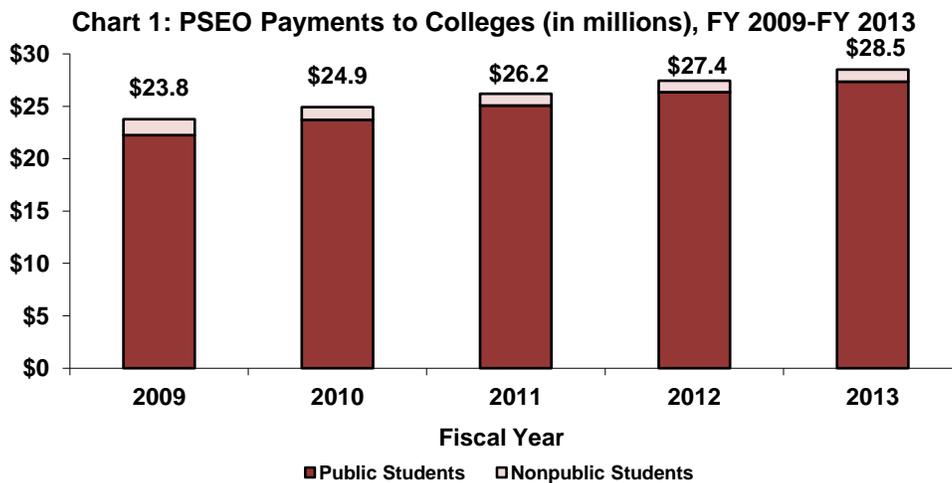
The bill creates a School Based Health Care Advisory Workgroup, which serves primarily to study and recommend health-related practices and strategies that improve student academic achievement and health outcomes. The Workgroup consists of one member from each of the following seven state agencies: the Superintendent of Public Instruction's office, the Department of Developmental Disabilities, the Department of Health, the Department of Job and Family Services, the Department of Medicaid, the Department of Mental Health and Addiction Services, and the Office of Health Transformation. The Workgroup also consists of 21 members from various education and health-related associations and organizations, as well as four state legislators.

The School Based Health Care Advisory Workgroup is tasked with studying the correlation between student health and academic achievement, identifying and recommending model practices for communities to use in improving academic achievement through better student health, recommending financial strategies to sustain these models, recommending health care delivery strategies that improve health outcomes, and exploring the community learning center model delivery of student health care services. Since the members of this Workgroup will serve without compensation, there is no direct financial impact on the state or any state agency. However, since involvement with this Workgroup may be considered among an employee's duties, the agencies involved may experience a slight increase in their administrative workload.

Appendix

Background information on PSEO payments

Statewide, deductions from FY 2013 state aid for PSEO payments to colleges were about \$27.4 million, according to ODE statements of settlement of state aid for school districts and community schools while payments for nonpublic students amounted to about \$1.2 million, based on data in the state's accounting system. Chart 1 below illustrates the statewide amount of PSEO payments to colleges over the past five fiscal years. As the chart shows, the overall amount paid under PSEO has risen steadily in recent years, driven mostly by payments for public school students. Note that the fiscal year indicated in the chart represents the year for which the payments were made, not the year in which the payments were disbursed.



The majority of PSEO payments flow to community colleges followed by university and regional branches. Payments to private colleges make up a relatively small share of the total. Chart 2 below shows the relative share of PSEO payments flowing to each sector, based on data in the state's accounting system.

